

Antofagasta plc

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NEWS RELEASE

Antofagasta to produce 350,000 tonnes of copper in 2000

New Los Pelambres mine exceeding planned capacity

Further expansion being considered

LONDON: 8 June 2000 – Antofagasta plc (ANTO.L), the UK-listed mining group with operations in Chile, is expecting to produce around 350,000 tonnes of copper this year, and 425,000 tonnes by 2002, it was reported at the Company's annual general meeting in London today.

Mr Jean-Paul Luksic, the Chief Executive Officer of Antofagasta's mining division in Chile, said that production at the new Los Pelambres mine, commissioned in November last year, was already exceeding its initial planned capacity.

“Production in the first five months of this year was 127,000 tonnes of fine copper in concentrates and the plant is operating at between 92,000 and 95,000 tpd, an increase of 12% over its planned capacity. We are now optimizing the plant in order to reach a production level of 95,000 to 100,000 tpd by the last quarter of 2000. Los Pelambres was expected to produce 275,000 tonnes of copper in 2000 but now we expect that production this year should exceed 300,000 tonnes,” he said.

“Los Pelambres is now about to conclude its Completion Test Phase, and once the tests have been approved by the Project Banks which we anticipate will be around mid-July, the project loans amounting to US\$950 million will become non-recourse to the sponsors, Antofagasta and our Japanese partners, and approximately US\$130 million will be released from escrow to us.”

Mr Luksic said that management figures show that after tax, Los Pelambres made a profit of US\$30.8m for the first four months of the current year. Due to current higher production and low treatment and refining charges, cash costs were down to 35.9 cents per lb, which is lower than the feasibility study forecast.

“We believe the future looks very promising for Los Pelambres, with its 43 cents per lb cash costs over the 30-year mine life, placing it squarely in the lowest cost quartile of the industry. We are now looking at the economic advantages of increasing production from the present level. An in-depth study is proceeding and will be completed by the year-end.

The expansion level is being evaluated up to 125,000 tonnes per day from the present 95,000 tpd. This would require an additional ball mill and ancillary equipment on the flotation plant, but the existing infrastructure could support this size of expansion,” said Mr Luksic.

He also reported that the El Tesoro mine, a US\$ 296 million low cost heap leach and SX-EW project currently under construction, will produce 75,000 tonnes of cathodes per year with a cash cost of 45 cents per lb over the first ten years. First cathode production is now expected in May 2001 and will increase the Group’s existing cathode production to 125,000 tonnes per year when in full production.

An extensive exploration programme centred around the main orebodies of the Michilla mine has established sufficient additional reserves to extend the life of the existing open pit until at least 2008. This will involve large scale earth moving operations and lead to cash costs increasing to about 60 cents/lb this year on production of about 50,000 tonnes a year of copper cathode. Further ongoing exploration is continuing in other areas in Michilla to try to identify additional reserves.

“The successful start-up of Los Pelambres, means this year’s copper production will be 350,000 tonnes. By the year 2002, the Group’s total copper production will be 425,000 tonnes per year, making it one of the largest copper producers worldwide.” Mr Luksic added.

The Chairman, Mr Andronico Luksic, also reported that the wholly-owned Antofagasta Railway Company, which operates in northern Chile, carried a record tonnage of 3.1 million tonnes of freight in 1999, and in the first five months of the current year had achieved a 9% increase over the same period. During May 2000 the railway set an all time record of 300,000 tonnes of freight carried.

“The railway is benefiting from the expansions at El Abra, Lomas Bayas and the giant Escondida mine, the latter now producing more copper than our long-standing customer, the Codelco-owned Chuquicamata mine. We are confident that our transportation business will have another successful year,” he said.

Mr Luksic also reported that Quiñenco S.A., a financial and industrial investment group in which Antofagasta has a 33.6% interest, in May paid the Company an exceptionally large dividend of US\$31.3 million, deriving largely from its sales last year of Banco Santiago to Banco Santander Central Hispano and also the sale of VTR’s cable interests to U.I.H.

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