

**PRELIMINARY RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000**

6 March 2001

- *Profit before tax of US\$ 223.3 million (1999 – US\$13.2 million).*
- *Operating cash flow of US\$326.6 million (1999 – US\$4.3 million).*
- *Earnings per share of 70.0 cents (1999 – 8.1 cents).*
- *Special dividend of 12.5 pence (18.03 cents) and ordinary dividend of 10 pence (14.42 cents) resulting in a final dividend of 22.5 pence (32.45 cents).*
- *Group copper production of 351,100 tonnes (1999 – 60,500 tonnes) including 298,900 from first year of Los Pelambres.*
- *Average cash costs per pound for mining operations of 39.2 cents (1999 – 55.4 cents).*
- *El Tesoro project now 93% complete and on budget with first production scheduled for May 2001.*
- *Total dividend for year (including special dividend) of 25.75 pence per share (37.37 cents) (1999 - 8.0 pence (12.82 cents)).*

Production from the new Los Pelambres mine together with improved copper prices enabled the Group to increase profit before tax substantially to US\$223.3 million (1999 – US\$13.2 million) and earnings per share to 70.0 cents (1999 – 8.1 cents). Group copper production was 351,100 tonnes (1999 - 60,500 tonnes) including 298,900 tonnes from Los Pelambres and group average cash costs were down to 39.2 cents per pound from 55.4 cents in 1999. The El Tesoro project is on schedule with first production expected in May 2001. El Tesoro will produce 75,000 tonnes of copper cathodes annually. Increased tonnage from the Railway and a high dividend from Quiñenco S.A. of US\$31.3 million (1999 – US\$5.3 million) also contributed to Group profits.

Mr Jean-Paul Luksic, CEO of the mining division commented, “2000 has been excellent for the Group with a very successful first year at Los Pelambres, which was operating at nearly 25% above design capacity by the last quarter. With El Tesoro also coming on stream shortly, we expect group copper production to exceed 400,000 tonnes in 2001. We are now evaluating the expansion potential for Los Pelambres and the outlook for the Group remains excellent.”

Antofagasta is a UK-listed mining group based in Chile. In addition to copper mining, its interests include rail and road transport operations and a 33.6% interest in Quiñenco S.A. (LQ – NYSE).

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DIRECTORS' COMMENTS for the year to 31 December 2000

Following a successful first year of operations at the new Los Pelambres mine, the Group increased its copper production in 2000 to 351,100 tonnes compared with 60,500 tonnes in 1999. The average copper price also improved to 82.3 cents per pound compared to 71.3 cents per pound the previous year. Mainly as a result of these factors, Group turnover increased from US\$145.5 million to US\$766.1 million and Group profit before tax increased from US\$13.2 million to US\$223.3 million.

Review of Operations

Los Pelambres

The development of the Group's 60% owned Los Pelambres mine, which began in November 1997, was completed on schedule in the first quarter of 2000 and within the original US\$1.36 billion budget. During 2000, Los Pelambres produced 298,900 tonnes of copper in concentrates compared with a forecast at the start of the year of 275,000 tonnes. Cash costs, which included low treatment and refining charges (TC/RCs), averaged 35.6 cents per pound, while total costs after depreciation and financial expenses were 59.7 cents. These factors enabled Los Pelambres to contribute US\$169.7 million to Group profit before tax and US\$88.5 million to Group profit after tax and minority interests. Los Pelambres paid back US\$108.4 million to its shareholders in December, of which US\$65.0 million was received by the Group.

Los Pelambres exceeded its planned ore producing capacity of 85,000 tonnes per day (tpd) in February 2000 and further improvements were carried out on the grinding lines between August and September. As a result, processing levels averaged 93,100 tpd during 2000 and reached 106,200 tpd in the fourth quarter of the year. These higher levels are expected to be maintained, and consequently production of copper in concentrates is expected to increase to 350,000 tonnes in 2001. Cash costs in 2001 are expected to increase marginally to approximately 37 cents due to higher TC/RCs compared with 2000. Los Pelambres is now evaluating the advantages of further expanding production capacity.

In July, the Group was released from all its obligations under the Project Completion Guarantee. This guarantee, to ensure timely construction and start-up of operations, was issued by the Group and its Japanese partners in favour of the banks and institutions which provided US\$946 million of finance towards the development. The Group's US\$133 million escrow account and the charge over its 33.6% interest in Quiñenco, which were established to secure the Completion Guarantee, were released and Los Pelambres' borrowings are now non-recourse. In December, Los Pelambres made its first principal repayment on senior debt of US\$67.3 million in addition to its on-going interest payments.

DIRECTORS' COMMENTS for the year to 31 December 2000 - continued...**El Tesoro**

Construction began in November 1999 at the El Tesoro project, immediately following completion of the US\$205 million project financing agreements. At the end of December 2000, US\$221.9 million of the total US\$296 million budget had been spent and US\$149.5 million drawn down from the financing facilities. The project remains within budget and is now 93% complete with all principal infrastructure and facilities in place. Pre-stripping of the open pit began in early December, when the crushing facilities were also satisfactorily tested, and agglomeration of crushed ore began in January. Heap-leaching will begin later this month and first production of cathodes is expected in May. El Tesoro will be a heap-leach SX-EW operation with an annual cathode production of 75,000 tonnes and average cash costs of 40 cents per pound in the first five years. This will place the El Tesoro mine among the world's low cost producers alongside Los Pelambres. El Tesoro is owned 61% by the Group and 39% by Equatorial Mining Ltd, a subsidiary of AMP.

Michilla

Michilla adopted a new mine plan during the year which has extended its operations to at least 2007. Reserves under this mine plan are 28.3 million tonnes with an average copper grade of 1.28%. Under this plan, the existing open pit is being expanded in successive phases and the underground mine will also continue in operation to maintain existing levels of production. Michilla has initiated an aggressive exploration programme to identify additional reserves and further extend its mine life.

Michilla produced 51,100 tonnes of cathodes in 2000 compared with 51,300 tonnes in 1999, and exceeded its 50,000 tonnes design capacity for the third successive year. The concentrator also produced 1,100 tonnes before it was mothballed in February 2000 (1999 – 9,200 tonnes). Today, both sulphide and oxide ores are being treated by leaching rather than using the traditional flotation method for sulphides. Cash costs at Michilla increased to 59.8 cents per pound in 2000 compared with 55.4 cents per pound last year, due to a higher waste to ore ratio during the current expansion of the open pit and total costs were 79.9 cents per pound in 2000. Michilla made an operating profit of US\$1.3 million in 2000, before incurring costs of US\$2.9 million as part of its exploration programme. Michilla remains strongly cash positive, having low debt levels and low on-going capital expenditure requirements. It contributed US\$26.6 million to Group operating cash flow and made a distribution of US\$18.4 million to its shareholders in May 2000. Michilla expects to maintain production at 50,000 tonnes in 2001, while cash costs are expected to average 66 cents per pound due to changes in waste to ore ratio and ore grades.

DIRECTORS' COMMENTS for the year to 31 December 2000 - continued...**Exploration**

The Group continued with its exploration programmes in Peru and Chile, spending US\$5.4 million in 2000 in addition to amounts spent at Michilla. The two main targets remain the Esperanza copper/gold porphyry deposit located in the Santa Carmen district near El Tesoro in Chile and the Magistral project in Peru. To date, 20,000 metres of drilling at Esperanza have indicated a geological resource of 10 million tonnes of copper oxides with an average copper grade of 0.62% and 150 million tonnes of sulphides with an average copper grade of 0.81% and 0.46g/t of gold. Further drilling will be carried out in the Esperanza and neighbouring Telegrafo properties to expand the resource base.

At Magistral, the Phase 2 drilling programme which was completed during the year indicates the existence of a copper/molybdenum porphyry-skarn deposit. Mineralisation extends 1,200 metres long, 125 metres wide and 350 metres in depth. Drill results suggest an inferred resource of 190 million tonnes with an average copper grade of 0.83% and a molybdenum grade of 0.062%. Under the terms of its option agreement with Inca Pacific, the Group has now acquired a 30% interest in the project. During 2001, the Group will spend US\$2.95 million on the Phase 3 drilling programme which includes an infill drilling campaign of 14,000 metres and several metallurgical, geotechnical and engineering studies to improve knowledge of the deposit. On completion of Phase 3, the Group's interest will increase to 51%. This will further increase to 65% on the subsequent completion of a feasibility study.

Railway and other transport services

Turnover from railway and other transport services increased from US\$51.9 million to US\$70.0 million, principally due to the inclusion for the first time of revenues from Bolivian operations which amounted to US\$12.1 million. These revenues are now consolidated following a restructuring of investments at the beginning of the year. Turnover from existing operations also increased by US\$6.0 million, mainly because of growth in road transport and ancillary services. Rail tonnages from existing operations were increased and reached 3.3 million tons compared with 3.1 million tons in 1999. Production levels at existing mines together with the start-up of operations at El Tesoro indicate that current tonnage levels can be maintained for the foreseeable future.

Investments

The Group holds a 33.6% interest in Quiñenco, a diversified industrial and financial group listed in Santiago and New York with interests in the Southern Cone of Latin America and Brazil. Income from Quiñenco is accounted for on a dividends-received basis and in May 2000 the Group received US\$31.3 million (1999 – US\$5.3 million). This represents a distribution of 30% of Quiñenco's previous year's profits after tax and minorities, which included a substantial profit on the sale of its banking and cable television interests. No comparable disposals took place during 2000. Although the Chilean economy returned to growth during the year, difficult economic conditions persisted throughout the region. The market value of the Group's holding in Quiñenco was US\$251.5 million at 31 December 2000 and US\$277.6 million at 28 February 2001.

DIRECTORS' COMMENTS for the year to 31 December 2000 - continued...**Financial Review****Results**

Profit before tax rose to US\$223.3 million in 2000 from US\$13.2 million in 1999, and earnings per share increased to 70.0 cents from 8.1 cents. Profit before tax excluding exceptional items rose to US\$219.2 million from US\$31.8 million in 1999, and earnings per share excluding exceptional items increased to 68.2 cents from 13.5 cents. The significant improvement came mainly from the production at Los Pelambres in its first year of operations helped by higher copper prices and the substantial dividend from Quiñenco.

Turnover increased from US\$145.5 million in 1999 to US\$766.1 million in 2000; US\$603.9 million of this was from Los Pelambres. Operating profits increased from a loss of US\$8.6 million in 1999 (operating profit excluding exceptional items of US\$10.0 million) to a profit of US\$246.0 million in 2000. This included US\$241.9 million in respect of Los Pelambres.

Income from fixed asset investments increased to US\$31.5 million from US\$5.4 million in 1999, due to the higher dividend received from Quiñenco.

During the year, the Group sold surplus mining assets, resulting in a profit of US\$4.1 million (US\$3.5 million after tax). This amount has been separately disclosed as an exceptional item. Exceptional items in 1999, which were charged against operating profit, related to provisions for write-down of mining assets and temporary closure costs of US\$12.0 million and non-incremental overhead costs of US\$6.6 million incurred during the Los Pelambres development which were expensed as required by United Kingdom accounting standards rather than capitalised.

Net interest expense in 2000 was US\$58.3 million, compared with net interest income in 1999 of US\$14.7 million. This comprised interest income of US\$21.0 million, discounting adjustments to provisions of US\$1.2 million and interest expense of US\$80.5 million, of which US\$80.1 million related to Los Pelambres. During 1999, Los Pelambres costs were capitalised while the project remained under development. Interest costs in El Tesoro will continue to be capitalised until a commercial level of operations has been achieved during 2001. Tax amounted to US\$29.0 million, including deferred tax (principally in respect of Los Pelambres) of US\$27.0 million. This represents an effective tax rate (including deferred tax) of 13.0%, compared with the statutory Chilean tax rate of 15%. The lower tax rate arises mainly because the dividend from Quiñenco is paid out of its post-tax profits and is not subject to further tax on receipt. Excluding the Quiñenco dividend, the effective tax rate would have been 15.1%.

DIRECTORS' COMMENTS for the year to 31 December 2001 - continued...**Cash flows**

Net cash inflow from operating activities increased to US\$326.6 million in 2000 from US\$4.3 million in 1999. Net cash inflow in both 1999 and 2000 was affected by the build-up of stocks and debtors as part of the Los Pelambres start-up. Excluding working capital movements, cash inflow would have been US\$354.9 million (1999 – US\$26.1 million).

Net capital expenditures in the period were US\$314.5 million, compared with US\$600.6 million in 1999 during the Los Pelambres development period. Amounts spent in 2000 relate mainly to the El Tesoro project and final construction costs in the first quarter of the year at Los Pelambres.

Cash and debt

At 31 December 2000, the Group had cash and deposits of US\$300.1 million (1999 – US\$331.6 million). These included US\$37.8 million held by El Tesoro to fund its development costs. After taking into account the minority share of the non-wholly owned operations, the Group's share of the total balance of US\$300.1 million is US\$267.4 million.

Group debt at the end of 2000 was US\$1,095.7 million (1999 – US\$1,071.1 million); of this, US\$641.6 million is proportionately attributable to the Group after taking the minority share of non-wholly owned operations into account. The total group borrowings included US\$878.7 million due under the Los Pelambres non-recourse project financing arrangements, of which 40% is attributable to minority shareholders. El Tesoro had drawn down US\$149.5 million of its US\$205 million project financing arrangements of which 39% is attributable to minority shareholders. These borrowings will become non-recourse when the project satisfies its completion test, expected in 2002.

Balance Sheet

Shareholders' funds increased from US\$887.3 million at the beginning of the year to US\$948.5 million, reflecting mainly profit after tax and minorities for the period of US\$138.2 million, less dividends paid and proposed of US\$73.9 million.

Minority interests increased from US\$216.3 million at the beginning of the year to US\$292.8 million. This resulted from the acquisition of the Bolivian network, further contributions from minority shareholders to complete the Los Pelambres project and share of profit after tax partly offset by dividends received from subsidiaries.

DIRECTORS' COMMENTS for the year to 31 December 2001 - continued...**Dividends**

The Board is recommending a final dividend of 22.5 pence per ordinary share (1999 – 5.75 pence) payable on 8 June 2001 to shareholders on the Register at the close of business on 4 May 2000. The final dividend comprises an ordinary dividend of 10 pence and a special dividend of 12.5 pence. This gives a total dividend for 2000 of 25.75 pence (1999 – 8.0 pence). Dividends are now paid in US dollars and sterling, and shareholders who receive dividends in US dollars will be paid the final dividend of 32.45 cents per ordinary share, based on an exchange rate of £1=US\$1.4421. Further details are given in Note 9 to the Preliminary Results.

Current trading prospects

Copper prices recovered strongly during 2000 to a peak of 91.1 cents per pound in September, before easing back to end the year at 82.0 cents against a background of slowing economic growth in the United States. Copper prices have since averaged 80.6 cents in the first two months of 2001 and the direction that prices take will depend significantly on the degree of this slowdown and the impact this may have on world growth and the demand for copper. Copper market fundamentals remain sound, with LME inventory levels having declined from a high of 843,000 tonnes in March 2000 to 329,200 tonnes on 28 February 2001. Limited new production capacity is due to come on stream over the next few years. Despite slower growth in the United States, demand for most base metals remains good in other parts of the world, particularly Europe and China. Unless an unexpectedly sharp global downturn occurs, a decline in prices to the low 1998 and 1999 levels is unlikely in the short term. Most commodity analysts expect the copper market to remain either balanced or in deficit, with prices improving in the second half of 2001 and through 2002.

With the successful optimisation of Los Pelambres in the second half of 2000 and the imminent start-up of El Tesoro, Group copper production is expected to exceed 400,000 tonnes this year compared with 351,100 tonnes in 2000. These further increases in low-cost copper production and the ability to benefit from any increase in prices mean that the prospects for the Group remain excellent.

Group Profit and Loss Account – US Dollars

	Notes	Unaudited year to 31.12.00			Audited year to 31.12.99		
		Before excepl items US\$'m	Excepl items Note 5 US\$'m	Total US\$'m	Before excepl items US\$'m	Excepl items Note 5 US\$'m	Total US\$'m
Turnover							
Continuing operations		754.0	-	754.0	145.5	-	145.5
Acquisitions	11	12.1	-	12.1	-	-	-
	3	766.1	-	766.1	145.5	-	145.5
Operating profit/(loss)							
Continuing operations		244.2	-	244.2	10.0	(18.6)	(8.6)
Acquisitions	11	1.8	-	1.8	-	-	-
	3,4	246.0	-	246.0	10.0	(18.6)	(8.6)
Share of operating profit in associates		-	-	-	1.7	-	1.7
Profit on disposal of fixed assets		-	4.1	4.1	-	-	-
Income from other fixed asset investments		31.5	-	31.5	5.4	-	5.4
Net interest (payable)/receivable							
Group							
Associates	6	(58.3)	-	(58.3)	14.4	-	14.4
		-	-	-	0.3	-	0.3
Profit before tax							
		219.2	4.1	223.3	31.8	(18.6)	13.2
Tax							
Group	7	(28.4)	(0.6)	(29.0)	(4.2)	-	(1.4)
Associates	7	-	-	-	(0.5)	-	(0.5)
Profit after tax							
		190.8	3.5	194.3	27.1	(15.8)	11.3
Minority interests – equity		(56.1)	-	(56.1)	(0.9)	5.5	4.6
Profit for the financial period							
		134.7	3.5	138.2	26.2	(10.3)	15.9
Dividends							
Preference – non equity		(0.2)	-	(0.2)	(0.2)	-	(0.2)
Ordinary - equity	9	(73.7)	-	(73.7)	(25.4)	-	(25.4)
Retained profit/(loss)							
		60.8	3.5	64.3	0.6	(10.3)	(9.7)
Earnings per share							
	8	68.2c		70.0c	13.5c		8.1c
Dividend per share							
	9			37.37c			12.82c

The dividend in 2000 includes a special dividend of 18.03 cents per share. Further details are given in Note 9.

Other recognised gains and losses

Other recognised gains and losses in the period were exchange differences which amounted to a gain of US\$18.0 million (1999 – a gain of US\$3.9 million), and are shown in Note 15 together with other movements in shareholders' funds.

Group Profit and Loss Account – Sterling

	Notes	Unaudited year to 31.12.00			Audited year to 31.12.99		
		Before excepl items £'m	Excepl items Note 5 £'m	Total £'m	Before excepl items £'m	Excepl items Note 5 £'m	Total £'m
Turnover							
Continuing operations		497.4	-	497.4	89.8	-	89.8
Acquisitions	11	8.0	-	8.0	-	-	-
	3	505.4	-	505.4	89.8	-	89.8
Operating profit/(loss)							
Continuing operations		161.2	-	161.2	6.2	(11.5)	(5.3)
Acquisitions	11	1.2	-	1.2	-	-	-
	3, 4	162.4	-	162.4	6.2	(11.5)	(5.3)
Share of operating profit in associates		-	-	-	1.0	-	1.0
Profit on disposal of fixed assets		-	2.7	2.7	-	-	-
Income from other fixed asset investments		20.1	-	20.1	3.3	-	3.3
Net interest (payable)/receivable							
Group							
Associates	6	(38.4)	-	(38.4)	8.9	-	8.9
		-	-	-	0.2	-	0.2
Profit before tax		144.1	2.7	146.8	19.6	(11.5)	8.1
Tax							
Group	7	(18.7)	(0.4)	(19.1)	(2.7)	1.8	(0.9)
Associates	7	-	-	-	(0.3)	-	(0.3)
Profit after tax		125.4	2.3	127.7	16.6	(9.7)	6.9
Minority interests – equity		(37.0)	-	(37.0)	(0.6)	3.4	2.8
Profit for the financial period		88.4	2.3	90.7	16.0	(6.3)	9.7
Dividends							
Preference – non equity		(0.1)	-	(0.1)	(0.1)	-	(0.1)
Ordinary – equity	9	(50.8)	-	(50.8)	(15.8)	-	(15.8)
Retained profit/(loss)		37.5	2.3	39.8	0.1	(6.3)	(6.2)
Earnings per share	8	44.8p		45.9p	8.2p		5.0p
Dividend per share	9			25.75p			8.0p

The dividend in 2000 includes a special dividend of 12.5 pence per share. Further details are given in Note 9.

Other recognised gains and losses

Other recognised gains and losses in the period (exchange differences) amounted to a gain of £29.6 million (1999 – a gain of £8.5 million), and are shown in Note 15 together with other movements in shareholders' funds.

Group Balance Sheet

		US Dollars		Sterling	
		Unaudited 31.12.00 US\$m	Restated 31.12.99 US\$m	Unaudited 31.12.00 £m	Restated 31.12.99 £m
	Notes				
Fixed assets					
Tangible fixed assets	10	1,926.7	1,635.8	1,286.8	1,016.6
Investments in associates	11	-	20.6	-	13.2
Other investments	12	185.5	185.8	108.2	108.3
		2,112.2	1,842.2	1,395.0	1,138.1
Current assets					
Stocks		41.6	32.4	27.8	20.1
Debtors		110.1	81.5	73.7	50.6
Current asset investments (including time deposits)		297.1	328.4	198.9	204.0
Cash at bank and in hand		3.0	3.2	2.0	2.0
		451.8	445.5	302.4	276.7
Creditors – amounts falling due within one year					
Trade and other creditors		(87.1)	(77.4)	(58.3)	(48.2)
Loans	13	(92.2)	(64.8)	(61.7)	(40.1)
Dividends		(64.0)	(18.3)	(44.4)	(11.3)
		(243.3)	(160.5)	(164.4)	(99.6)
Net current assets		208.5	285.0	138.0	177.1
Total assets less current liabilities		2,320.7	2,127.2	1,533.0	1,315.2
Creditors – amounts falling due after more than one year					
Other creditors		(28.5)	-	(19.1)	-
Loans	13	(1,003.5)	(1,006.3)	(671.8)	(625.0)
Provisions for liabilities and charges	14	(47.4)	(17.3)	(31.6)	(10.7)
		1,241.3	1,103.6	810.5	679.5
Capital and reserves					
Called up share capital		17.7	19.1	11.9	
Share premium		253.1	272.8	169.4	169.4
Reserves		677.7	595.4	433.2	363.8
Shareholders' funds	15	948.5	887.3	614.5	545.1
Minority interests		292.8	216.3	196.0	134.4
		1,241.3	1,103.6	810.5	679.5

Approved by the Board of Directors on 5 March, 2001. P J Adeane, Director.

Group Cash Flow Statement

		US Dollars		Sterling	
		Unaudited year to 31.12.00 US\$'m	Audited year to 31.12.99 US\$'m	Unaudited year to 31.12.00 £'m	Audited year to 31.12.99 £'m
	Notes				
Net cash inflow from operating activities	16	326.6	4.3	215.4	2.8
Returns on investment and servicing of finance					
Dividends received from associates		-	1.3	-	0.8
Dividends received from other fixed asset investments		31.5	5.4	20.1	3.3
Interest received (including capitalised interest)		22.3	19.6	14.7	12.2
Interest paid (including capitalised interest)		(86.0)	(39.6)	(56.7)	(24.5)
Dividends paid to minority interests		(10.2)	-	(6.7)	-
Preference dividends paid		(0.2)	(0.2)	(0.1)	(0.1)
Net cash outflow from returns on investment and servicing of finance		(42.6)	(13.5)	(28.7)	(8.3)
Tax recovered/(paid)		1.1	(4.5)	0.7	(2.8)
Net cash outflow from capital expenditure and financial investment		(314.5)	(600.6)	(207.5)	(370.6)
Acquisitions and disposals					
Net cash balances acquired with subsidiary		0.9	-	0.5	-
Equity dividends paid		(26.6)	(24.3)	(17.7)	(14.8)
Cash outflow before management of liquid resources		(55.1)	(638.6)	(37.3)	(393.7)
Management of liquid resources					
Net decrease in time deposits		40.2	55.4	26.5	34.2
Financing					
Contribution from minority interests		8.0	65.5	5.3	40.4
Net borrowings in period		9.8	517.2	6.4	319.3
Net cash inflow from financing		17.8	582.7	11.7	359.7
Net cash inflow/(outflow) in the period	17	2.9	(0.5)	0.9	0.2

Notes

1 Reporting currency and accounting policies

a) Reporting currency

The functional reporting currency of the Group is US dollars, the principal currency in which the Group operates and in which assets and liabilities are held. These preliminary results have additionally been presented in sterling on a supplementary basis. Share capital remains denominated in sterling and, for the purposes of reporting in US dollars, share capital and share premium are translated at the period end rate of exchange. As explained in Note 9, dividends are paid in both US dollars and sterling.

b) Accounting policies

Four new accounting standards have been adopted in these preliminary results. FRS 16, "Current Tax", FRS 17, "Retirement Benefits" and FRS 18 "Accounting Policies" have had no effect on the Group's financial position, results or cash flows. FRS 19, "Deferred Tax" has also been adopted. Certain amounts in the balance sheet have been reclassified from creditors to debtors and provisions as required by FRS 19 and prior year comparatives restated accordingly. This reclassification has had no effect on the Group's results, cash flows or net financial position.

Other than the reclassification in respect of FRS 19, the profit and loss account, balance sheet and cash flow statement for the year to 31 December 2000 have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year to 31 December 1999.

2 Production (neither audited nor reviewed by the auditors)

The Group announced production volumes and cash costs for 2000 on 31 January 2001. Production information on mining operations for the year may be summarised as follows:

a) Tonnes of payable copper produced (neither audited nor reviewed by the auditors)

	Year to 31.12.00 '000 tonnes	Year to 31.12.99 '000 tonnes
Los Pelambres		
Payable copper in concentrates	298.9	-
Michilla		
Copper cathodes	51.1	51.3
Payable copper in concentrates	1.1	9.2
Group total	351.1	60.5

During 1999, while still under development, Los Pelambres produced 17,400 tonnes of copper in concentrates before a commercial level of production was achieved. This production and the related sales were not accounted for in the 1999 profit and loss account, and are excluded from the production figures above.

b) Cash costs per pound (neither audited nor reviewed by the auditors)

	Year to 31.12.00 cents	Year to 31.12.99 cents
Los Pelambres		-
Michilla		55.4
Group weighted average	39.2	55.4

Cash costs are a measure of cost of operational production expressed in terms of cents per pound of payable copper produced. Cash costs exclude depreciation, financial income and expenses, exchange gains and losses and corporation tax.

3 Segmental analysis

a) Turnover by geographical destination

	US Dollars		Sterling	
	Unaudited year to 31.12.00 US\$m	Audited year to 31.12.99 US\$m	Unaudited year to 31.12.00 £m	Audited year to 31.12.99 £m
UK	5.7	7.9	3.7	4.9
Rest of Europe	169.1	41.3	111.6	25.5
Chile	78.2	45.7	51.6	28.3
Rest of Latin America	54.9	33.2	36.2	20.5
North America	38.4	2.8	25.4	1.7
Asia Pacific / other	419.8	14.6	276.9	8.9
	766.1	145.5	505.4	89.8

b) Turnover and operating profit before exceptional items by class of business and geographical location

Operations are based in Latin America. Turnover and operating profit can be analysed as follows:

	US Dollars		Sterling	
	Unaudited year to 31.12.00 US\$m	Audited year to 31.12.99 US\$m	Unaudited Year to 31.12.00 £m	Audited year to 31.12.99 £m
Turnover				
Mining	696.1	93.6	459.2	57.8
Railway and other transport services				
- Continuing	57.9	51.9	38.2	32.0
- Acquisitions	12.1	-	8.0	-
	766.1	145.5	505.4	89.8
Operating profit before exceptional items				
Mining	224.9	(9.2)	148.4	(5.6)
Railway and other transport services				
- Continuing	19.3	19.2	12.8	11.8
- Acquisitions	1.8	-	1.2	-
	246.0	10.0	162.4	6.2
Exceptional items				
	-	(18.6)	-	(11.5)
Operating profit/(loss) after exceptional items	246.0	(8.6)	162.4	(5.3)

4 Operating profit / (loss)

	US Dollars		Sterling	
	Unaudited year to 31.12.00 US\$m	Audited year to 31.12.99 US\$m	Unaudited year to 31.12.00 £m	Audited year to 31.12.99 £m
Turnover	766.1	145.5	505.4	89.8
Cost of sales	(418.9)	(95.2)	(276.2)	(58.8)
Gross profit	347.2	50.3	229.2	31.0
Administrative expenses	(88.7)	(36.5)	(58.5)	(22.5)
Closure provision	(1.0)	-	(0.7)	-
Severance charges	(2.7)	(1.1)	(1.8)	(0.7)
Exploration costs	(8.3)	(3.3)	(5.5)	(2.0)
Other net operating (expense)/income	(0.5)	0.6	(0.3)	0.4
Operating profit before exceptional items	246.0	10.0	162.4	6.2
Exceptional items 5	-	(18.6)	-	(11.5)
Operating profit/(loss) after exceptional items	246.0	(8.6)	162.4	(5.3)

Depreciation charges in 2000 amounted to US\$105.9 million (£69.7 million). Of this amount, US\$95.4 million (£62.8 million) is included in cost of sales and US\$10.5 million (£ 6.9 million) is included in administrative expenses. Depreciation charges in 1999 amounted to US\$22.4 million (£13.9 million) of this amount, (£13.2 million) is included in cost of sales and US\$1.0 million (£0.6 million) is included in administrative expenses.

Exploration costs in 2000 include US\$2.9 million in relation to Michilla. In 1999, exploration costs previously capitalised at Michilla of US\$8.1 million were written off and included in the exceptional items disclosed in Note 5 below.

5 Exceptional items

	US Dollars		Sterling	
	Unaudited year to 31.12.00 US\$m	Audited year to 31.12.99 US\$m	Unaudited year to 31.12.00 £m	Audited year to 31.12.99 £m
Operating				
Provision for write-down of mining assets and stocks	-	(12.0)	-	(7.4)
Non-incremental overhead costs incurred in the course of mining development	-	(6.6)	-	(4.1)
Non-operating	4.1		2.7	-
Profit on disposal of fixed assets at El Chacay	4.1	(18.6)	2.7	(11.5)
Tax effect	(0.6)	2.8	(0.4)	1.8
Minority interest effect	-	5.5	-	3.4
	3.5	(10.3)	2.3	(6.3)

6 Net interest (payable)/receivable relating to the Group

	US Dollars		Sterling	
	Unaudited year to 31.12.00 US\$m	Audited year to 31.12.99 US\$m	Unaudited year to 31.12.00 £'m	Audited year to 31.12.99 £'m
Interest receivable	21.0	14.8	13.9	9.3
Interest payable	(80.5)	(0.2)	(53.1)	(0.2)
Discount charge relating to provisions	1.2		0.8	
	(58.3)	14.4	(38.4)	8.9

7 Tax

The tax charge of US\$29.0 million (£19.1 million; 1999 – US\$ 1.9 million; £1.2 million) represents an effective rate of 13.0% (1999 – 14.4%) on profit before tax, as compared with the Chilean statutory tax rate of 15%. The lower effective tax rate arises principally because the dividend of US\$31.3 million (£19.9 million) received from Quiñenco is paid out of Quiñenco's post-tax profits and is not subject to further tax on receipt.

8 Earnings per share

Earnings per share is calculated on profit after tax, minority interest and preference dividends giving adjusted earnings of US\$138.0 million (£90.6 million; 1999 – US\$15.7 million ; £9.6 million) and based on 197,171,339 ordinary shares in issue throughout the period (1999 – weighted average number of ordinary shares 193,278,188). Earnings per share excluding exceptional items is calculated on the same basis but excluding an exceptional gain of US\$3.5 million (£2.3million; 1999 – exceptional loss of US\$10.3 million; £6.3 million).

9 Dividends

Following requests from shareholders, Antofagasta plc recently changed its policy in respect of the currency in which dividend payments are paid to holders of ordinary shares. Shareholders on the register of members with an address in the United Kingdom will continue to receive dividend payments in pounds sterling, unless they elect to be paid in US dollars. All other shareholders will be paid by cheque in US dollars, unless they have previously instructed the company's registrar to pay dividends by bank transfer to a sterling bank account, or they elect for payment by cheque in pounds sterling. The company's registrar must receive any such election before the record date for a particular dividend.

The Board will recommend a final dividend of 22.5p (1999 – 5.75p) per ordinary share for payment on 8 June 2001 to shareholders on the Register at the close of business on 4 May 2001. This dividend comprises a regular element of 10 pence and a special element of 12.5 pence. Dividends are declared gross, but dividends payable to United Kingdom shareholders will be paid net of withholding tax. The exchange rate to be applied for the conversion of dividends will be £1 = US\$1.4421, giving a dividend for those shareholders who will be paid in US dollars a final dividend of 32.45 cents per ordinary share, comprising an ordinary dividend of 14.42 cents and a special dividend of 18.03 cents.

10 Tangible fixed assets

	US Dollars				
	Freehold land and buildings US\$'m	Permanent way and works US\$'m	Rolling stock, plant, machinery and water distribution US\$'m	Mining US\$'m	Total US\$'m
Net book value					
1 January 2000 (audited)	30.6	33.3	39.4	1,532.5	1,635.8
Acquisition	-	9.9	21.3	-	31.2
Additions	0.1	3.0	4.1	367.2	374.4
Closure provision capitalised	-	-	-	0.9	0.9
Reclassified to stocks	-	-	-	(3.1)	(3.1)
Disposals	-	-	(0.1)	(3.6)	(3.7)
Depreciation	(0.1)	(1.7)	(4.9)	(99.2)	(105.9)
Exchange	(0.3)	(0.6)	(2.0)	-	(2.9)
31 December 2000 (unaudited)	30.3	43.9	57.8	1,794.7	1,926.7

	Sterling				
	Freehold land and buildings £'m	Permanent way and works £'m	Rolling stock, plant, machinery and water distribution £'m	Mining £'m	Total £'m
Net book value					
1 January 2000 (audited)	19.2	21.5	24.1	951.8	1016.6
Acquisition	-	6.2	13.2	-	19.4
Additions	0.1	2.0	2.7	242.2	247.0
Closure provision capitalised	-	-	-	0.6	
Reclassified to stocks	-	-	-	(2.0)	(2.0)
Disposals	-	-	(0.1)	(2.4)	(2.5)
Depreciation	(0.1)	(1.1)	(3.1)	(65.4)	(69.7)
Exchange	1.1	0.8	2.0	73.5	77.4
31 December 2000 (unaudited)	20.3	29.4	38.8	1,198.3	1,286.8

11 Disposal of associate and acquisition of subsidiary**Investments in associates**

1 January 2000 (audited)
Transferred to investments in subsidiaries and consolidated

31 December 2000 (unaudited)

US\$'m	£'m
20.6	13.2
(20.6)	(13.2)
-	-

At the beginning of the year, the Group restructured its interests in the Bolivian rail networks by exchanging its 12% interest in Empresa Ferroviaria Oriental S.A. ("Oriental") for a further 13.5% interest in Empresa Ferroviaria Andina S.A. ("Andino"), taking its interest in the Andino to a controlling 50% interest. Accordingly this investment has been treated as a subsidiary and consolidated from 1 January 2000.

12 Other investments

	US\$'m	£'m
1 January 2000 (audited)	185.8	108.3
Disposals	(0.3)	(0.1)
31 December 2000 (unaudited)	185.5	108.2

Investments held at 31 December 2000 were all quoted with an aggregate market value of US\$ 256.8 million (1999 – US\$ 406.0 million). These investments include a 33.61% interest in Quiñenco S.A.

13 Loans

	US Dollars		Sterling	
	Unaudited 31.12.00 US\$'m	Audited 31.12.99 US\$'m	Unaudited 31.12.00 £'m	Audited 31.12.99 £'m
Los Pelambres				
- Loans	(878.7)	(902.8)	(588.2)	(560.7)
- Subordinated debt	-	(34.7)	-	(21.5)
El Tesoro				
- Loans	(149.5)	(25.2)	(100.1)	(15.7)
- Subordinated debt	(36.2)	(94.9)	(24.3)	(58.9)
- Finance leases	(15.0)	-	(10.0)	-
Michilla				
- Finance leases	(2.1)	(1.2)	(1.4)	(0.7)
- Loans	(0.1)	(0.2)	(0.1)	(0.1)
Transport and other services				
- Loans	(14.1)	(12.1)	(9.4)	(7.5)
	(1,095.7)	(1,071.1)	(733.5)	(665.1)

Maturity of loans:

	US Dollars		Sterling	
	Unaudited 31.12.00 US\$'m	Audited 31.12.99 US\$'m	Unaudited 31.12.00 £'m	Audited 31.12.99 £'m
Due within one year	(92.2)	(64.8)	(61.7)	(40.1)
Due after more than one year	(1,003.5)	(1,006.3)	(671.8)	(625.0)
	(1,095.7)	(1,071.1)	(733.5)	(665.1)

14 Provisions for liabilities and charges

	US Dollars			
	Decommi- sioning and site rehabilitation US\$'m	Severance indemnities US\$'m	Deferred tax US\$'m	Total US\$'m
1 January 2000 (restated)	(3.1)	(7.2)	(7.0)	(17.3)
Acquisition	-	(1.7)	-	(1.7)
Charge to operating profit in period	(1.0)	(2.7)	-	(3.7)
Release of discount to net interest in period	(0.3)	1.5	-	1.2
Charge to tax on profit in period	-	-	(27.0)	(27.0)
Utilised in the period	-	0.8	0.7	1.5
Capitalised to fixed assets	(0.9)	-	-	(0.9)
Exchange	-	0.4	0.1	0.5
31 December 2000 (unaudited)	(5.3)	(8.9)	(33.2)	(47.4)

	Sterling			
	Decommi- sioning and site rehabilitation £'m	Severance indemnities £'m	Deferred tax £'m	Total £'m
1 January 2000 (restated)	(1.9)	(4.5)	(4.3)	(10.7)
Acquisition	-	(1.1)	-	(1.1)
Charge to operating profit in period	(0.7)	(1.8)	-	(2.5)
Release of discount to net interest in period	(0.2)	1.0	-	0.8
Charge to tax on profit in period	-	-	(17.8)	(17.8)
Utilised in the period	-	0.5	0.4	0.9
Capitalised to fixed assets	(0.6)	-	-	(0.6)
Exchange	(0.1)	-	(0.5)	(0.6)
31 December 2000 (unaudited)	(3.5)	(5.9)	(22.2)	(31.6)

Deferred tax balances were previously netted off against corporation tax debtor and creditor balances. These have been reclassified and separately disclosed in provisions for liabilities and charges above, following the implementation of FRS 19 "Deferred Tax". The amount reclassified at the start of year was US\$7.0 million (£4.3 million), and prior year comparatives in respect of debtors, creditors and provisions have been restated accordingly. The reclassification has no effect on results, cash flows or net assets.

Severance costs were previously calculated on a current value basis. These have been reassessed on a discounted basis taking into account the expected service lives of employees. The effect of this change in methodology has been to reduce the severance indemnities provision by US\$1.7 million (£1.1million). This has been credited to the profit and loss account in 2000 as an adjustment to the discounting charge for the period.

15 Reconciliation of movements in shareholders' funds

	US Dollars		Sterling	
	Unaudited year to 31.12.00 US\$m	Audited year to 31.12.99 US\$m	Unaudited year to 31.12.00 £m	Audited year to 31.12.99 £m
Profit for the financial period	138.2	15.9	90.7	9.7
Other recognised gains relating to the period				
- Currency translation adjustment	18.0	3.9	29.6	8.5
Total recognised gains and losses	156.2	19.8	120.3	18.2
Dividends	(73.9)	(25.6)	(50.9)	(15.9)
	82.3	(5.8)	69.4	2.3
Issue of ordinary shares	-	0.6	-	0.4
Share premium on issue	-	37.0	-	22.8
Exchange movement on sterling denominated share capital and share premium	(21.1)	(8.2)	-	-
Opening shareholders' funds	887.3	863.7	545.1	519.6
Closing shareholders' funds	948.5	887.3	614.5	545.1

16 Reconciliation of operating profit / (loss) to net cash inflow from operating activities

	US Dollars		Sterling	
	Unaudited year to 31.12.00 US\$m	Audited year to 31.12.99 US\$m	Unaudited year to 31.12.00 £m	Audited year to 31.12.99 £m
Operating profit/(loss)	246.0	(8.6)	162.4	(5.3)
Depreciation	105.9	22.4	69.7	13.9
Loss on disposal of tangible fixed assets	3.0	12.3	2.0	7.6
Increase in stocks	(6.0)	(20.9)	(4.0)	(12.9)
Increase in debtors	(70.5)	(0.1)	(46.5)	(0.1)
Increase/(decrease) in creditors and provisions	48.2	(0.8)	31.8	(0.4)
Net cash inflow from operating activities	326.6	4.3	215.4	2.8

17 Reconciliation of net cash flow to movement in net debt

	US Dollars		Sterling	
	Unaudited year to 31.12.00 US\$'m	Audited year to 31.12.99 US\$'m	Unaudited year to 31.12.00 £'m	Audited year to 31.12.99 £'m
Net cash inflow/(outflow) in the period	2.9	(0.5)	0.9	0.2
Cash inflow from increase in debt	(9.8)	(517.2)	(6.4)	(319.3)
Cash inflow from decrease in liquid resources	(40.2)	(55.4)	(26.5)	(34.2)
Change in net debt resulting from cash flows	(47.1)	(573.1)	(32.0)	(353.3)
Capitalisation of subordinated debt	10.3	-	6.8	-
Acquisition	5.1	(6.4)	3.2	(3.9)
Reclassification	3.5	(25.6)	2.2	(16.0)
Interest accrued on long-term loan balances	(8.1)	(4.6)	(5.3)	(2.8)
New leases	(16.3)	-	(10.8)	-
Exchange	(3.5)	(4.8)	(37.6)	(7.8)
Movement in net debt in the period	(56.1)	(614.5)	(73.5)	(383.8)
Net debt at the beginning of the period	(739.5)	(125.0)	(459.1)	(75.3)
Net debt at the end of the period	(795.6)	(739.5)	(532.6)	(459.1)

18 Financial information

The financial information set out in this announcement does not constitute the Group's statutory accounts for the years ended 31 December 2000 or 1999. The financial information for the year ended 31 December 1999 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies, as adjusted for the restatement in the balance sheet for FRS 19 "Deferred Tax" as explained in Note 1(b). The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237(2) or (3) Companies Act 1985. The statutory accounts for the year ended 31 December 2000 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

19 Currency translation

Assets and liabilities denominated in foreign currencies are translated into dollars and sterling at the period end rates of exchange. Results denominated in foreign currencies have been translated into dollars and sterling at the average rate for each period.

	Period end rates	Average rates
31.12.00	US\$1.49 = £1; US\$1 = Ch\$574	US\$1.52 = £1; US\$1 = Ch\$540
31.12.99	US\$1.61 = £1; US\$1 = Ch\$531	US\$1.62 = £1; US\$1 = Ch\$509

20 Distribution

The Annual Report and Financial Statements, including the Notice of the Annual General Meeting and Chairman's Statement for the year ended 31 December 2000 will be posted to all shareholders in May 2001. The Annual General Meeting will be held in the Armourers Hall, 81 Coleman Street, London EC2 at 10.30 a.m. on 7 June 2001.