

ANTOFAGASTA  PLC

Results Presentation
First Half 2002

3 September 2002

Antofagasta plc

Important notice

Statements in this presentation include "forward-looking statements" that express expectations of future events or results. All statements based on future expectations rather than on historical facts are forward-looking statements that involve a number of risks and uncertainties, and the company cannot give assurance that such statements will prove to be correct.

Highlights

First half 2002

- **Strong operational performance**
 - Copper production : 210,900 tonnes (2001 H1: 193,900 tonnes)
 - Cash cost : 39.2 c/lb average (2001 H1: 41.0 c/lb)
- **Los Pelambres:** first stage of 114/120 ktpd plant upgrade now completed
- **El Tesoro:** bank refinancing with less restrictive covenants signed in August
- **Michilla:** cash cost target achieved after 2001 Q4 cost reduction programme
- **Exploration:** joint venture in Peru with CVRD signed in July

Financial highlights

First half 2002

	<u>2002 H1</u>	<u>2001 H1</u>	
LME copper price	71.9 c/lb	77.6 c/lb	- 7.3%
	<u>US\$m</u>	<u>US\$m</u>	
Revenues	418.7	342.6	+ 22%
EBITDA	175.6	136.2	+ 29%
ROCE (annualised)	9.2%	7.4%	+ 24%
	<u>cents</u>	<u>cents</u>	
EPS	26.6	14.4	+ 85%
Interim dividend	10.0	7.25	+ 38%

Group

Overview and Update

First Half 2002

Group operations

Overview

Copper mining

Los Pelambres (60%) : 325,000 tpy in concentrates

El Tesoro (61%) : 85,000 tpy of cathodes

Michilla (74%) : 52,000 tpy of cathodes

Exploration programmes in Chile and Peru

Transport

Chile (FCAB-100%) and Bolivia (FCA-50%)

4.2 million tons expected for 2002

Other investments

Quiñenco S.A. (33.6%)

Group operations Overview

Northern Chile

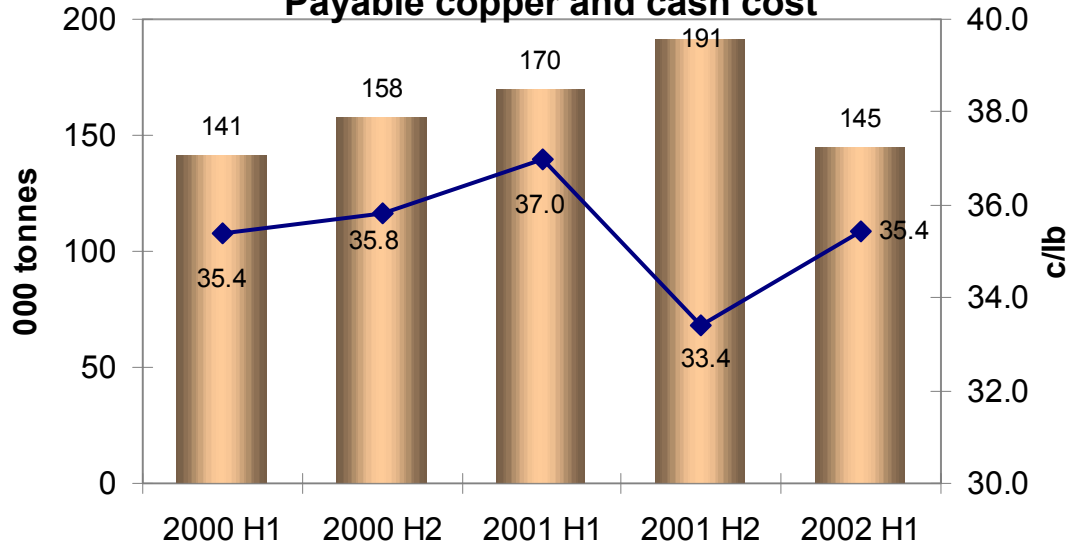


Peru



First half 2002 update

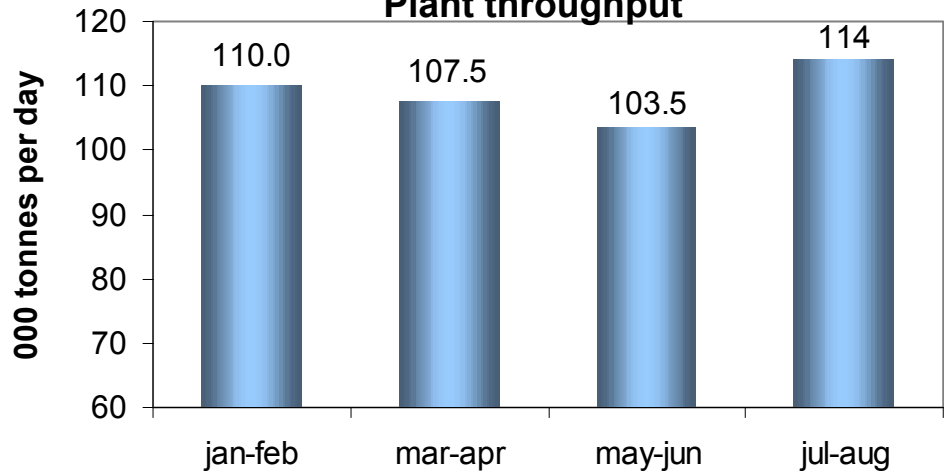
Payable copper and cash cost



Copper production decreases due to lower grades in 2002 H1 as expected

Ore processing levels further increased in July-August

Plant throughput



First half 2002 update

Operating highlights

- Copper production 144,800 tonnes
- Moly production 4,450 tonnes (50% above 2001 H1)
- Average cash cost 35.4 c/lb
- US\$ 15m invested in plant upgrade - throughput expected to be above 115,000 tpd for second half 2002

First half 2002 update

Financial performance

- EBITDA of US\$ 125.6m
- Project debt reduced by US\$ 43.7m to US\$ 747.7m
 - total repayments since start up of US\$ 198.3m
- US\$ 43.7m dividend in July
 - total distributions to shareholders of US\$ 195.8m
(48% payback)

First half 2002 update

Operating highlights

- Cathode production 40,600 tonnes
- Average cash cost 39.7 c/lb
- Project completion formalised in January
- Copper recoveries stabilized 1% above original project forecast
- Cathode certification process (in LME) initiated in May
- Agreement with work force signed for 4 years in July

First half 2002 update

Financial highlights

- EBITDA of US\$ 30.5m
- Cash distribution to shareholders of US\$ 24.4m in January
- First principal repayment of US\$ 12.3m in August - senior debt reduced to US\$ 184.7m
- Refinancing agreements signed in August
 - Less restrictive covenants and more favourable interest rates
 - Further cash distribution to shareholders of US\$ 23m expected after closing (33% payback)

Michilla

First half 2002 update

- Cash cost target achieved 60 c/lb
- Cathode production maintained 25,500 tonnes
- Copper recoveries from the underground sulphide ores have been increased from 75% to 82% with the Cuprochlor process
- 25% increase in crushing capacity achieved in July to compensate for future lower grades
- EBITDA of US\$ 7.2m
- Low debt levels US\$ 2.5m

Key exploration projects

Chile & Peru update - first half 2002

Joint Venture in Peru with CVRD

- Agreement 50-50 joint venture called Cordillera de las Minas
- Target Cuzco area in Southern Peru covering a region 60,000 sq km
- Activities Exploration started in August 2002 with spend of US\$1.8m in the first year and US\$ 6.7m over 3 years

Peru - other activities

- Exploration in northern Peru - near Magistral

Chile

- Drilling continues in the areas surrounding Esperanza

Railway and other transport

First half 2002 update

- 13% growth in rail transport tonnages to 2.1 million tonnes
(2001 H1 : 1.9 million tonnes)
- Additional volumes from El Tesoro and Zaldívar
- 45% growth in sales at road transport subsidiary
- Total revenues of US\$ 35.3 million

Other investments

First half 2002 update

Quiñenco S.A. (33.6%)

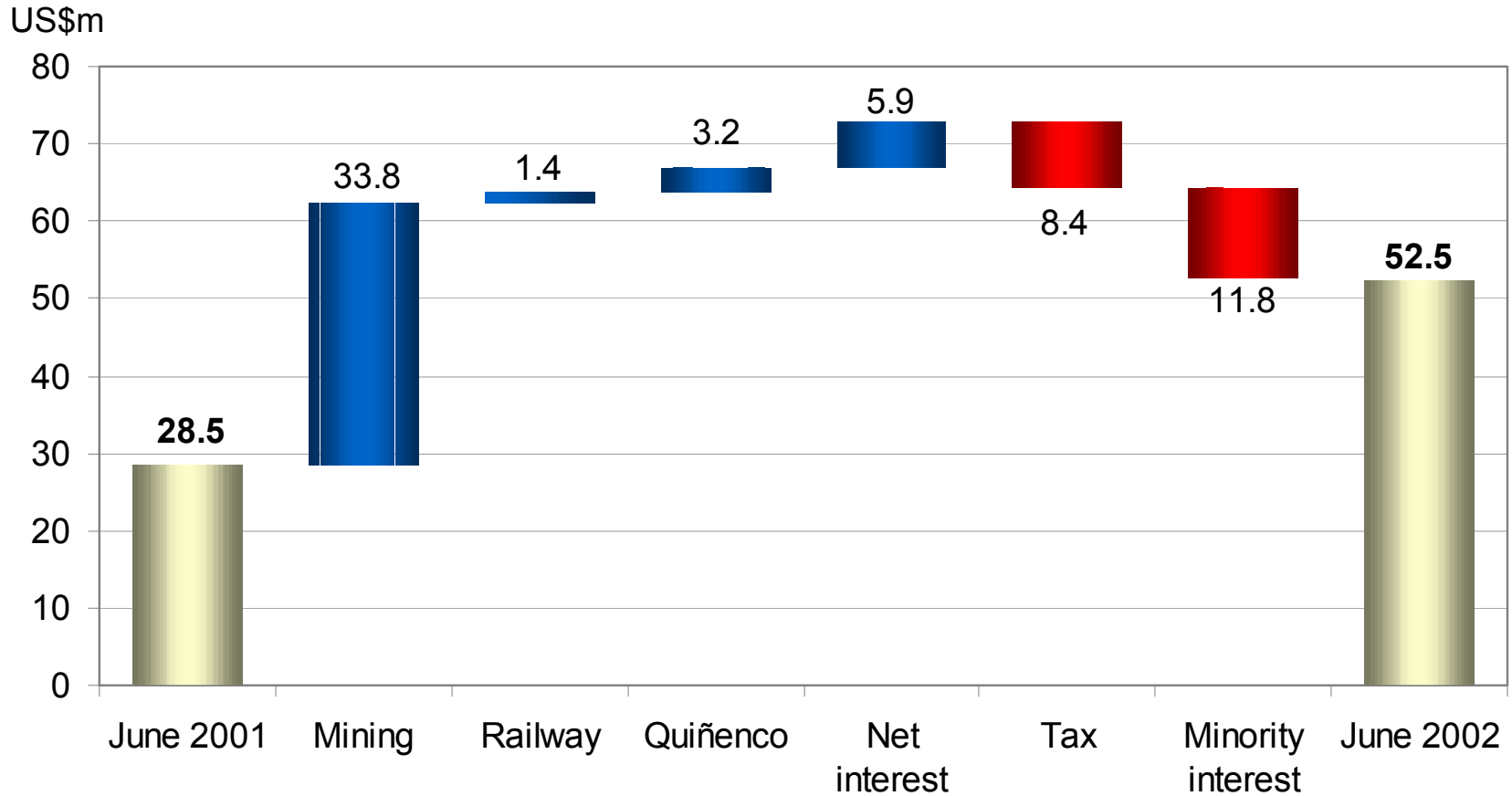
- Industrial and financial group
- Listed in Santiago and New York (LQ)
- Market value of Antofagasta's investment US\$ 178m at 30 June
- US\$ 3.2m dividend received this year

Financial

analysis

Financial analysis

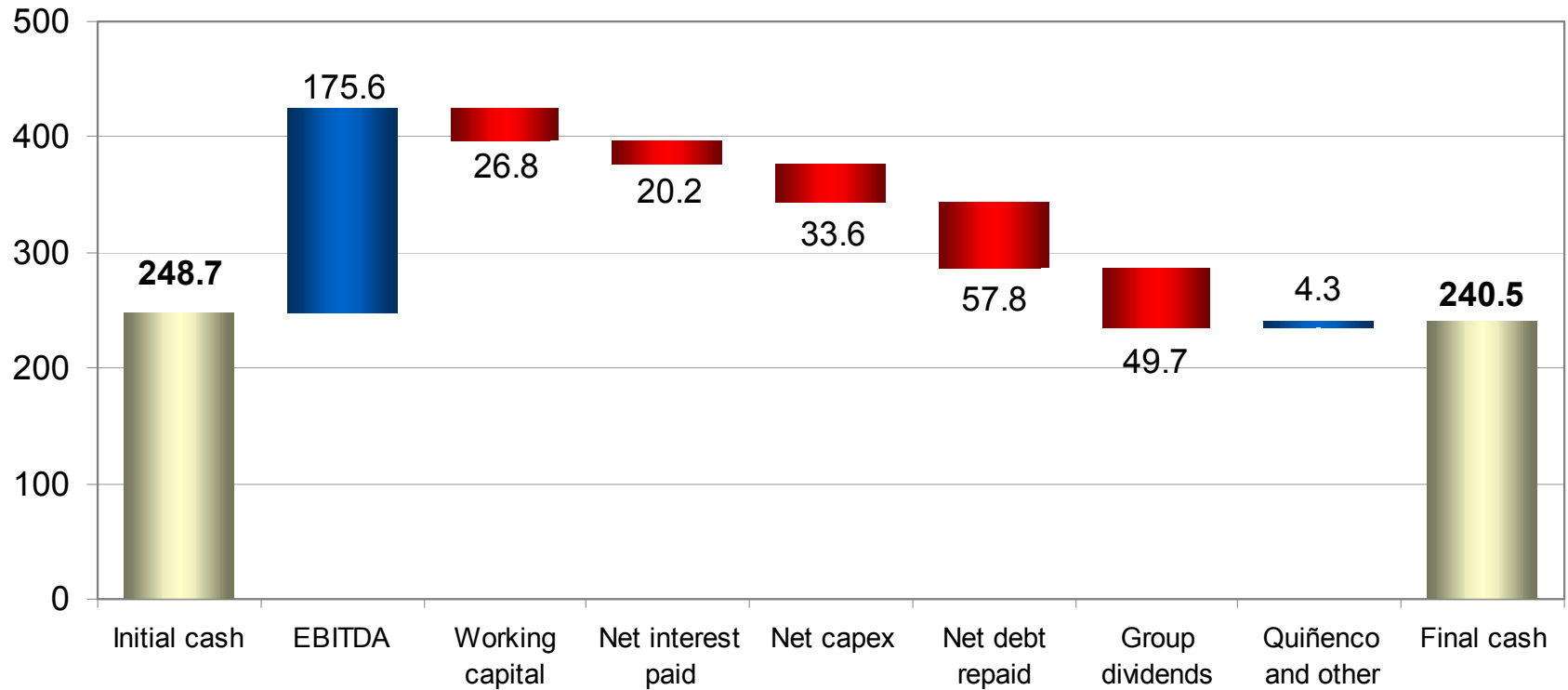
Profit after tax and minorities - Variances 2002 H1 vs 2001 H1



Financial analysis

Cash flow first half 2002

US\$m

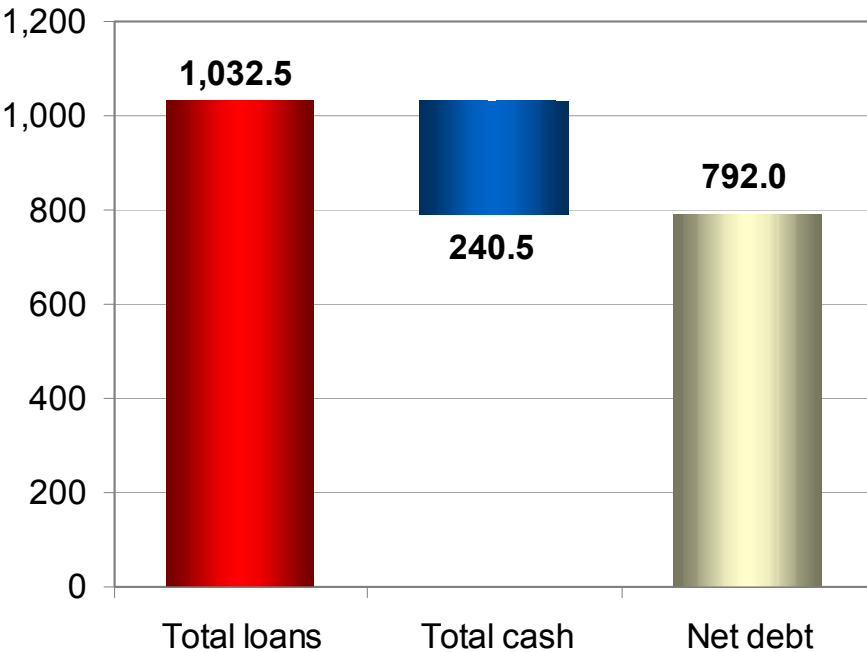


Financial analysis

Group net debt

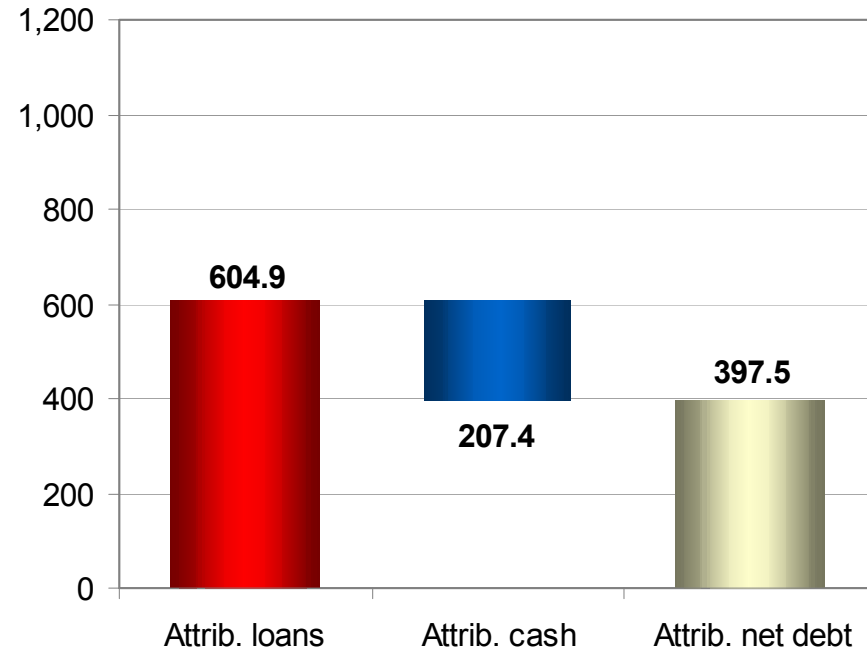
Consolidated net debt

US\$m



Attributable net debt

US\$m



<u>Net Debt</u>	<u>H1 02</u>	<u>H1 01</u>
Equity + Minority Interests =	0.62	0.68

<u>Net Debt</u>	<u>H1 02</u>	<u>H1 01</u>
Equity =	0.41	0.45

Outlook

for 2002-2003

Outlook and targets for 2002-2003

Los Pelambres

- Year 2002
 - Copper production of 325,000 tonnes
 - Better grades (around 1%) and higher ore throughput expected from Sep – Dec
 - Cash costs below 36 c/lb
- Increase ore throughput to over 115,000 tpd in 2003
- Conclude environmental studies and develop basic engineering for an eventual expansion to 175,000 tpd

Company outlook and targets

for 2002-2003

El Tesoro

- Year 2002 Copper production of 85,000 tonnes

Cash costs around 40 c/lb

Michilla

- Year 2002 Production target 52,000 tonnes

Cash cost of 60 c/lb
- Development plans Increase ore reserves to extend mine life beyond 2007

Extend Cuprochlor process to increase recovery of sulphide ores to 90% by the end of 2003

**“With costs among the lowest in the industry,
Antofagasta remains very well-placed to benefit
from any improvements in the copper market”**

Antofagasta

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