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ANTOFAGASTA WINS ESSAN WATER CONCESSION IN CHILE'S II REGION

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Antofagasta plc (ANTO.L) – the UK listed mining group with operations in Chile – announces that its wholly owned subsidiary the FCAB Railway has been awarded a 30 year concession to operate the water rights and facilities in the Antofagasta Region previously controlled by ESSAN.

The Concession consists of two businesses, one an unregulated business supplying mines and other industrial users and the other a regulated water business supplying domestic customers.

The award followed a competitive tender managed by SEP – (Sistema de Empresas Públicas), a Chilean Government entity, and the Concession is one of four water utilities in Northern Chile included in the current privatisation programme.

The Consideration, amounting to US\$185 million (including IVA tax) is payable in cash within a 40 day period and will be satisfied from the Group's existing resources. The Concession will begin following that period.

In 2002, ESSAN had a turnover of CH\$ 26.8 billion (US\$ 39.0 million), profit before tax of CH\$ 14.2 billion (US\$ 20.6 million) and net assets at 31 December 2002 of CH\$ 77.1 billion (US\$ 107.3 million). The Concession will include all the necessary assets and facilities for operating the business which will comprise substantially all of the assets of ESSAN.

Antofagasta considers that the transaction is very positive for the Group and can also be viewed as being a strategic investment which will ensure reliable water supplies for the future development of mining operations in the region and for the expected increased demand in domestic consumption.

The Concession will complement both Antofagasta's transportation and mining activities in the region and its existing water distribution business already operated by the FCAB Railway.

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