

**Comments made by Mr Jean-Paul Luksic, Deputy Chairman
at the Annual General Meeting – 12 June 2003**

I would like to give a brief update on the Group's activities since the Annual Report was issued on 9th May. The copper price which was around 72 cents per pound in April has risen to around 77 cents today, an increase of about 7% – and copper stocks which stood at 1.14 million tonnes on 30th April have continued their downward slide to around 1.07 million tonnes. Molybdenum prices – we produce about 7,000 tonnes per year as a by-product – have also risen since April when the price was US\$4.70 per pound and is now US\$5.80 per pound. For the record, a one cent increase in the copper price boosts Group profit before tax by US\$10.2 million and a one dollar increase in the molybdenum price reduces cash costs at Los Pelambres by 2.3 cents per pound. The Group's three mines are all performing well. Los Pelambres is on track to produce 325,000 tonnes of payable copper in concentrate as planned and El Tesoro should exceed its forecast production of 85,000 tonnes of cathodes. Michilla had some production problems in the first quarter and consequently it may struggle a little to achieve its forecast figure of 54,000 tonnes of cathodes. However, it should at least reach its 2002 production level of 51,800 tonnes. We expect Group cash costs to be maintained at around the 40 cents per pound level and will continue to benefit from improved molybdenum prices and low treatment and refining charges (TCRC's).

The latest developments on Los Pelambres are that an Environmental Impact Study was submitted in May. This covers an expansion of the concentrator from the current 115,000 tonnes per day of ore to 175,000 tonnes per day at an estimated cost of US\$450 million and also the construction of the Mauro Dam with capacity to meet existing processing levels until 2049 at an estimated cost of US\$300 million. Expansion projects of this size can take several years to develop and so realistically we are looking at first production in 2007 or 2008.

Finally, I would like to mention the Railway which has performed very well. Results for the first five months compare favourably with last year and the outlook is positive. The Railway recently signed a renewed four year contract with Codelco to carry copper cathodes from Chuquicamata to the newly operational port of Mejillones. The total annual cathode shipments from Codelco should exceed 700,000 tonnes and will begin in October. We are obviously very pleased to be providing services to the new port as well as to the Port of Antofagasta. Incidentally the Railway is participating in the pre-qualification process for the concession from ESSAN, which is the water utility company in the Antofagasta region. The Railway's road transport subsidiary Train Ltda has continued to perform well providing specialised door-to-door services throughout the Northern Region and now as far as Santiago – 1400 kilometres – due South.

Overall, the Group's prospects for 2003 continue to be good, and the recent strength of the copper price gives some grounds for optimism. Any significant increase will depend on the health of the world economy and demand from China and to a lesser extent from the United States will be crucial factors.

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