

**Preliminary Results Announcement
for the year ended 31 December 2004**

15 March 2005

- *Turnover of US\$1,908.7 million (2003 – US\$978.0 million); up 95%.*
- *Operating cash flow of US\$1,253.5 million (2003 – US\$510.2 million); up 146%.*
- *Profit before tax of US\$1,162.7 million (2003 – US\$357.2 million); up 226%.*
- *Earnings per share of 283.1 cents (2003 – 91.5 cents); up 209%.*
- *Final dividend of 64 cents* per share, comprising:*
 - *an ordinary dividend of 24 cents (2003- 24 cents); and*
 - *a special dividend of 40 cents (2003 – nil).*
- *Total dividend for year of 79 cents per share including special dividend (2003 – 35 cents per share); total dividend up 126%; ordinary dividend for the year up 11% .*

LME copper prices were significantly stronger in the year, averaging 130.0 cents per pound compared with 80.7 cents in 2003. Group copper production rose by 5.6% to 498,400 tonnes (2003 – 471,800 tonnes). Group weighted average cash costs** were 33.2% lower at 24.3 cents per pound (2003 – 36.4 cents per pound), as by-product credits at Los Pelambres increased significantly due to higher molybdenum prices. Group profit before tax increased from US\$357.2 million in 2003 to US\$1,162.7 million, and earnings per share from 91.5 cents per share to 283.1 cents.

Jean-Paul Luksic, Chairman of Antofagasta, commented, “This is another good set of results for Antofagasta reflecting very strong copper and molybdenum prices throughout 2004. Strong demand for metals has continued into 2005 and we continue to benefit from these markets. ”

Antofagasta is a Chilean-based mining group listed in the United Kingdom. In addition to copper mining, its interests include rail and road transport operations and water distribution.

**Dividends are paid either in US dollars or sterling. A conversion rate of £1=US\$1.9183 will be applied to the final dividend of 64 cents, giving shareholders who receive dividends in sterling a final dividend of 33.3629p.*

***Cash cost is a method used by the mining industry to express the cost of production in cents per pound of copper, and is further explained in Note 2(d) to the Preliminary Results Announcement.*

Enquiries – London

Antofagasta plc
Tel: +44 20 7808 0988
Desmond O’Conor
Email: doconor@antofagasta.co.uk

www.antofagasta.co.uk

Enquiries – Santiago

Antofagasta Minerals S.A.
Tel: +562 377 5145
Alejandro Rivera
Email: arivera@aminerals.cl

Issued by Bankside Consultants Ltd

Keith Irons
Email: keith@bankside.com
Tel: +44 20 7444 4155

DIRECTORS' COMMENTS for the year to 31 December 2004

Group earnings increased significantly against a background of higher commodity prices. Profit before tax was US\$1,162.7 million (2003 – US\$357.2 million), up 226% and earnings per share were 283.1 cents (2003 – 91.5 cents), up 209%. LME copper prices averaged 130.0 cents per pound (2003 – 80.7 cents per pound) while molybdenum prices averaged US\$16.2 per pound (2003 – US\$5.3 per pound). Group copper production increased 5.6% to 498,400 tonnes while weighted average cash costs, which include by-product credits, were 33% lower mainly due to high molybdenum prices which offset higher operating costs.

During 2004, operating cash flow was US\$1,253.5 million (2003 – US\$510.2 million) and the Group made net debt repayments of US\$263.3 million. This included voluntary prepayments of US\$74.1 million relating to the project loans at Los Pelambres and El Tesoro, both of which were refinanced at the end of the year. Net cash at the year end was US\$282.5 million (2003 – net debt US\$661.8 million), comprising cash and deposits of US\$881.4 million and debt of US\$598.8 million and this will partly be used to fund the Group's capital expenditure, including the Mauro tailings dam which is estimated to cost US\$450 million between 2005 and 2007. The Board is also recommending a final dividend for payment in June 2005 of 64 cents per ordinary share (2003 – 24 cents) which comprises an ordinary dividend of 24 cents and a special dividend of 40 cents. The total dividend for the year, including the interim dividend paid in October, is 79 cents (2003 – 35 cents).

On 5 November 2004, Antofagasta announced that Mr. Andronico Luksic had stepped down as Chairman of Antofagasta and had been invited to become Honorary President in recognition of his contribution to the Group over many years. Mr. Jean-Paul Luksic, then Deputy Chairman, was elected Chairman. On 1 December 2004, Mr. Marcelo Awad, previously Senior Commercial Vice-President of Antofagasta Minerals S.A. ("AMSA"), the Group's mining division, was appointed Chief Executive Officer of AMSA, the position previously held by Mr. Jean-Paul Luksic.

Review of Operations

Los Pelambres

Los Pelambres produced 350,600 tonnes of payable copper, an increase of 7.3% over the 326,700 tonnes produced in 2003. The increase was mainly due to higher throughput at the concentrator plant which averaged 125,900 tonnes per day (tpd) following the completion of modifications to the grinding lines at the end of the previous year (2003 – averaged 113,300 tpd). This higher processing level compensated for lower ore grades, which averaged 0.88% compared with 0.91% in 2003 and slightly lower recoveries. Molybdenum production was 7,900 tonnes (2003 – 8,700 tonnes), due to lower molybdenum ore grades and lower recoveries.

Cash costs, which include by-product credits, fell to 7.9 cents per pound of copper produced (2003 – 29.3 cents per pound), due to the very significant increase in molybdenum prices. Cash costs in the year excluding by-product

credits were 53.7 cents per pound compared with 45.6 per pound cents in 2003. The increase was due to higher treatment and refining charges (TC/RCs), as well as the effect of lower ore grades, higher shipping costs, the effect of the stronger peso and higher maintenance costs. These factors were partly offset by the economies achieved by higher throughput levels.

Realised copper prices were 142.2 cents (2003 – 84.6 cents per pound), due to higher LME copper prices and also because Los Pelambres continued to benefit from positive adjustments on final settlement of concentrate sales. Realised molybdenum prices in the period were US\$20.0 per pound (2003 – US\$5.5 per pound), also due to higher market prices and similar positive adjustments on final settlement of molybdenum oxide concentrate sales. The combination of higher realised copper and molybdenum prices and higher copper production level offset the higher underlying costs and lower molybdenum volume to enable Los Pelambres to increase operating profits by 208% to US\$964.8 million compared with US\$313.3 million in 2003.

Capital expenditure in the year amounted to US\$47.7 million, including US\$17.0 million relating to the Mauro dam. The dam will provide storage capacity for all tailings from the total mine plan, which were increased to 2.1 billion tonnes following the approval of the Environmental Impact Assessment during 2004. The Mauro dam will cost approximately US\$450 million, to be funded out of Group cash balances, and is expected to be completed by the end of 2007.

During 2004, Los Pelambres examined alternatives for an expansion of the concentrator plant. Engineering studies for an initial upgrade of up to 140,000 tpd have been completed, for which a decision to proceed could be taken in the first half of 2005. Studies are also continuing for a possible expansion which would increase processing levels to 175,000 tpd compared with the current 125,000 level of tpd.

Project borrowings were reduced by US\$134.9 million during the year, including a voluntary prepayment of US\$50 million. Los Pelambres took advantage of favourable debt market conditions to refinance the outstanding balance of US\$460 million in December with a new unsecured corporate facility. The new loan, which is repayable in equal semi-annual instalments over six years, benefits from lower interest rates and less restrictive covenants.

In 2005, the ore processing level is expected to remain at around 125,000 tpd while the ore grade is expected to decrease to approximately 0.81%. As a result, production of payable copper in 2005 is expected to be around 321,000 tonnes. Molybdenum production in 2005 is forecast to be around 7,200 tonnes also due to slightly lower grades. Cash costs before by-product credits are expected to increase by approximately 9 cents, reflecting further increases in treatment and refining charges, higher shipping costs, the effect of the lower ore grade and other factors. Nevertheless, cash costs remain highly sensitive to molybdenum prices, which are still at historical highs, and this should continue to benefit Los Pelambres. Capital expenditure is estimated at US\$232.0 million, which includes US\$163.5 million relating to the Mauro project.

El Tesoro

Cathode production at El Tesoro reached 97,800 tonnes in 2004, 5.8% higher than the production level of 92,400 tonnes in 2003. Higher ore throughput, resulting from an optimisation of the crushing circuits in the year, compensated for lower ore grades which averaged 1.35% compared with 1.46% in 2003. Ore crushing capacity is now at the 9.7 million tonnes per annum level compared to 9.0 million tonnes per annum previously. Cash costs in the year were 52.4 cents per pound compared with 42.4 cents per pound in 2004, resulting from a combination of lower ore grades, higher costs of sulphuric acid and fuel as well as a higher waste to ore ratio in the mine.

Higher copper prices and strong cathode premiums for El Tesoro's cathodes due to tight market conditions offset the increase in cash costs, and enabled operating profit to reach US\$152.0 million (2003 - US\$58.5 million).

Project borrowings at El Tesoro were reduced to US\$100.0 million, after repayments of US\$56.6 million during the year. This included a voluntary prepayment of US\$24.1 million. El Tesoro also refinanced its project borrowings in December with an unsecured corporate facility to benefit from lower interest rates and less restrictive covenants. The new facility is repayable in equal semi-annual instalments over 5 years. In January 2005, the finance leases of US\$12.2 million relating to the purchase of the power line were fully repaid.

In 2005, El Tesoro expects to maintain production at around 97,000 tonnes, with cash costs of 61 cents per pound. This reflects the impact of higher operating costs, including a higher waste to ore ratio, slightly lower grades and higher input costs including sulphuric acid and fuel prices.

Michilla

Michilla produced 50,000 tonnes of cathodes in 2004 compared with 52,700 tonnes the previous year. The fall in production was caused by a reduction in grades in the first half of the year when changes in the sequence of ore extracted were made to avoid old mine workings in the vicinity of Michilla's open pit. This prevented Michilla from taking full advantage of the additional crushing capacity installed during 2003.

Cash costs increased from 69.8 cents per pound in 2003 to 85.6 cents in 2004. Once again, lower grades and higher sulphuric acid prices and fuel costs were the principal reasons, together with a stronger Chilean peso. In addition, Michilla did not fully benefit from higher copper prices throughout the year, as part of its production in the first quarter had been hedged in 2003 at a cost of US\$9.3 million. Nevertheless, the strong copper prices overall outweighed the increase in costs and hedging losses, enabling Michilla to achieve an operating profit of US\$27.0 million compared with an operating loss of US\$3.6 million in 2003.

Cathode production in 2005 is expected to reach 53,000 tonnes, while cash costs are expected to be around 89 cents per pound, mainly due to higher acid prices and a higher waste to ore ratio at the Lince open pit, partly offset by better ore grades and higher production. In addition, Michilla has initiated an intensive US\$10 million exploration

programme in the Lince Este, Estefania Este and Florida areas which, if successful, would lower operating costs and extend the mine life beyond 2011.

Exploration

During 2004, the Group decided to advance its Esperanza project, located near El Tesoro, to pre-feasibility stage, at a cost of US\$15.3 million. This includes the construction of a 2.25 km long exploration decline to obtain bulk samples for detailed metallurgical testing and a 40,000 metre drilling programme to establish proven and probable reserves.

Drilling continued in the Conchi-Brujulinas area near El Abra, approximately 120 km north-east of El Tesoro. A total of 30,549 metres was drilled as part of the on-going programme to explore these deposits in detail and to increase the oxide base in the area. A 14,196 metre drilling programme was also conducted in the Polo Sur area south of El Tesoro.

Exploration activities have also continued in southern Peru, where the Group and CVRD have a joint venture exploration programme. Drilling will continue at Antilla, the best prospect encountered to date, in 2005. The Group sold its 51% interest in the Magistral project in northern Peru for US\$2.1 million in February 2004.

Exploration costs in 2004 amounted to US\$10.3 million, which included US\$1.7 million at Esperanza and US\$3.0 million at Michilla as part of the exploration programme described above.

Railway and other transportation services

The transport division maintained its strong performance, with the Railway transporting 4.5 million tons (2003 – 4.4 million tons) while turnover was US\$85.7 million compared with US\$75.8 million in 2003, mainly due to the strengthening Chilean peso. Freight from existing customers and marginal mine expansions should enable these tonnage levels to be maintained in 2005. New mining projects in the area, including Spence and the Escondida sulphide leach project in Chile and the San Cristobal polymetallic project in Bolivia, may result in further increases in tonnages.

Water concession (Aguas de Antofagasta)

Aguas de Antofagasta began to operate the water rights and distribution and treatment facilities in Chile's Second Region on 29 December 2003. Programmes have been implemented to reduce water losses, reduce costs and improve the quality of service to domestic customers. Water volumes amounted to 32.6 million cu. M., a 5.3% increase over 2003 when controlled by ESSAN. Turnover in 2004 was US\$44.9 million.

The outlook for Aguas remains good, and it is currently planning and designing the water supply to two mining projects in the region – BHP Billiton's Spence project near El Tesoro, where initial supplies could start in 2005, and Noranda and Anglo-American's Collahuasi project near the border with Bolivia, where supplies could start in 2009 following a possible further expansion.

Proposed tax on Chilean mining industry

In December 2004, the Government of Chile proposed a new tax on mining companies' operating income of 4%-5% annually. This replaces the earlier proposal for a royalty on mining production which was rejected by the Senate.

The revised tax proposal has been sent to Congress for approval and a decision on the terms and implementation is expected during 2005.

Dividends

The Board is recommending a final dividend of 64 cents per ordinary share payable on 15 June 2005 to shareholders on the Register at the close of business on 13 May 2005. The final dividend comprises an ordinary dividend of 24 cents and a special dividend of 40 cents. Dividends may be paid in either US dollars or sterling, and shareholders receiving dividends in sterling will be paid a final dividend of 33.3629p, based on an exchange rate of £1=US\$1.9183.

Dividends for the year are as follows:

	US Dollars		% increase
	2004 cents	2003 cents	
Ordinary			
Interim	15	11	
Final	24	24	
	39	35	11.4%
Special			
Final	40	-	
Total	79	35	125.7%

In 2003, a dividend in specie of shares in Andsberg Limited was also declared, which carried a redemption right of US\$1.11 per share.

Further details are given in Note 9 to the Preliminary Announcement.

Current Trading Prospects

Copper prices remain at historic highs, averaging slightly over 145 cents per pound in the first two months of 2005, and with recent spot prices over 150 cents. Inventory levels still remain very low, with total visible stocks just under 140,000 tonnes, compared with over 800,000 tonnes at the start of 2004.

Most commentators expect the copper market to be in balance this year, as mine production has begun to respond to high metal prices and operational issues experienced in 2004, for example at Grasberg, have now been resolved. Nevertheless, although the growth in global copper consumption of over 8% last year is unlikely to be repeated, demand remains healthy, underpinned by continued growth in China, Russia and India. The current low level of visible stocks, long-term economic growth rates and the absence of significant new mine production in the near term indicate that copper prices should remain strong in 2005.

Group copper production is expected to be around 470,000 tonnes in 2005. Although some increase in cash costs is expected as a result of cost pressures at all mines, molybdenum prices remain high and should continue to favour Los Pelambres. As a low cost producer, Antofagasta should continue to benefit from current strength in metal prices.

15 March 2005

FINANCIAL COMMENTARY for the year to 31 December 2004

Results

Group turnover increased from US\$978.0 million in 2003 to US\$1,908.7 million in 2004. Turnover from the mining division increased by US\$876.3 million. Turnover from the transport division (FCAB) increased by US\$9.9 million while Aguas contributed US\$44.9 million in its first full year of operations, compared with US\$0.4 million last year. The significant increase in turnover from the mining division was mainly due to higher copper and molybdenum prices. Copper sales increased to 500,700 tonnes compared with 477,400 tonnes in 2003, due to the higher production levels at Los Pelambres and El Tesoro.

The Group's realised copper price averaged 139.8 cents per pound (2003 – 83.9 cents per pound), while the realised molybdenum price averaged US\$20.0 per pound (2003 – US\$5.5 per pound). Realised copper prices and molybdenum prices exceeded market prices mainly because, in line with industry practice, concentrate sales agreements at Los Pelambres generally provide for provisional pricing at the time of shipment with final pricing based on the average market price for specified future periods. Revenues on provisionally priced shipments are adjusted monthly until final settlement. Turnover from copper sales at Los Pelambres in 2004 included positive net pricing adjustments of US\$ 94.5 million. These include positive adjustments of US\$62.5 million relating to sales open at the beginning of 2004, and a further US\$32.0 million for sales both invoiced and settled in the year. Molybdenum sales at Los Pelambres in the first half of this year also included positive net pricing adjustments of US\$78.5 million. This included US\$8.2 million relating to sales open at the beginning of 2004 and US\$70.3 million relating to sales both invoiced and settled in the year.

Group operating profits were US\$1,175.2 million compared with US\$387.3 million in 2003. Operating profits at the mining division increased by US\$769.8 million, mainly due to the impact of higher copper and molybdenum prices together with higher copper sales volume, offset by higher operating costs. Operating profits at the transport division decreased by US\$3.4 million compared to 2003 which included other operating income of US\$6.5 million received from a third party relating to a contract cancellation. Aguas de Antofagasta contributed US\$21.7 million compared with US\$0.2 million after acquisition at the end of 2003.

EBITDA (earnings before interest, tax, and amortisation) for the year was US\$1,328.8 million (2003 - US\$524.3 million). This is calculated by adding back depreciation and amortisation of US\$134.5 million (2003 – US\$136.8 million) and other amounts written off fixed assets of US\$19.1 million (2003 – US\$0.2 million) to operating profit.

Interest costs relate mainly to the project borrowings at Los Pelambres and El Tesoro. Net interest expense was US\$12.5 million, compared with US\$31.3 million in 2003. This was partly due to lower interest cost with regular principal repayments of project debt, higher interest income with the increased cash balances in the Group and income of US\$7.5 million relating to gains under currency swaps in the period.

The resulting profit before tax was US\$1,162.7 million compared with US\$357.2 million in 2003.

Tax (including deferred tax) amounted to US\$238.7 million (2003 – US\$64.4 million), reflecting the increased profit for the year. The tax charge comprises current tax of US\$183.9 million (2003 – US\$9.6 million) and deferred tax of US\$54.8 million (2003 – US\$54.8 million). The current tax component has increased because, during this year, Los Pelambres and El Tesoro have absorbed the tax losses which derived from the start up of their operations in 1999 and 2001 respectively. Deferred tax includes provision for withholding taxes of US\$36.0 million for profits earned in Chile which are expected to be remitted abroad for dividend payments, and is the principal reason the effective tax rate of 20.5% (2003 – 18.0%) exceeded the Chilean statutory tax rate of 17%.

Minority interests were US\$365.7 million (2003 – US\$112.1 million), reflecting their share of increased profits, principally at Los Pelambres and El Tesoro.

Earnings per share were 283.1 cents in 2004 compared with 91.5 cents the previous year, reflecting the higher profit after tax and minority interests.

Commodity price sensitivities

Based on 2004 production volumes, and without taking into account the effects of provisional pricing and any hedging activity, a one-cent change in the average copper price would affect turnover and profit before tax by US\$11.0 million, and earnings per share by 2.9 cents. Similarly, a one-dollar change in the average molybdenum price would affect profit before tax by US\$17.4 million and earnings per share by 4.4 cents per share.

Cash Flows, Cash and Debt

Net cash inflow from operating activities was US\$1,253.5 million compared with US\$510.2 million in 2003, reflecting the improved operating result adjusted for depreciation, other amounts written off fixed assets and normal working capital movements.

Net capital expenditure was US\$80.1 million. Of this amount, US\$47.7 million related to Los Pelambres, which included initial expenditures on the El Mauro dam project. Net expenditure in 2003 was US\$78.2 million.

Net debt repayment in the year amounted to US\$263.3 million (2003 – US\$111.4 million), and this included voluntary prepayments of US\$74.1 million at Los Pelambres and El Tesoro. Details of other cash inflows and outflows in the year are contained in the Consolidated Cash Flow Statement on page 13.

At 31 December 2004, the Group held cash and deposits of US\$881.4 million (2003 – US\$195.7 million). After taking into account the minority share of non-wholly owned operations, the Group's share of the total balance was US\$655.8 million.

Total Group debt at 31 December was US\$598.9 million (2003 – US\$857.5 million). Of this amount, US\$362.6 million (2003 – US\$518.0 million) is proportionately attributable after taking into account the minority share of partly-owned operations.

Balance Sheet

Shareholders' funds increased from US\$905.9 million at the beginning of the year to US\$1,322.7 million, principally reflecting the profit attributable to shareholders and exchange movements less dividends for the year. Further details are given in Note 16 to the Preliminary Announcement.

Minority interests increased from US\$343.1 million at the beginning of the year to US\$588.9 million, principally reflecting the minority's share of profit after tax less minority share of distributions from the partly owned operations.

15 March 2005

Consolidated Profit and Loss Account

	Notes	Unaudited year to 31.12.04 US\$m	Restated year to 31.12.03 US\$m
Turnover	1,3	1,908.7	978.0
Operating profit	3,5	1,175.2	387.3
Income from fixed asset investments		-	0.1
Profit on disposal of fixed asset investments		-	1.1
Net interest payable	6	(12.5)	(31.3)
Profit on ordinary activities before tax		1,162.7	357.2
Tax on profit on ordinary activities	7	(238.7)	(64.4)
Profit on ordinary activities after tax		924.0	292.8
Minority interests – equity		(365.7)	(112.1)
Profit for the financial year		558.3	180.7
Dividends			
Preference shares – non equity		(0.2)	(0.2)
Ordinary shares – equity (including special dividend in 2004; excluding demerger dividend in 2003)		(155.8)	(69.0)
Demerger dividend – equity		-	(181.5)
Transferred to/(from) reserves		402.3	(70.0)
Earnings per share	8	283.1c	91.5c
Dividend per ordinary share (excluding demerger dividend in 2003)	9	79.0c	35.0c

Turnover and operating profit are derived from continuing operations. As explained in Note 1(b), turnover has been stated after deducting tolling charges for concentrate sales and prior year comparatives have been restated accordingly.

The dividend per ordinary share in 2004 of 79 cents (2003 – 35 cents) includes a special dividend of 40 cents (2003 – nil). Further details are given in Note 9.

Other recognised gains and losses

Other recognised gains and losses in the year (foreign currency exchange differences) amounted to a gain of US\$14.5 million (2003 – US\$15.5 million) and are shown in Note 16 together with other movements in shareholders' funds.

Consolidated Balance Sheet

	Notes	Unaudited 31.12.04 US\$'m	Audited 31.12.03 US\$'m
Fixed assets			
Intangible asset	10	93.2	90.6
Tangible assets	11	1,804.3	1,863.2
Investment in associate	12	2.9	-
Other investments	13	0.3	0.4
		1,900.7	1,954.2
Current assets			
Stocks		69.9	60.5
Debtors – amounts falling due after more than one year		24.5	29.0
Debtors – amounts falling due within one year		274.8	166.7
Current asset investments (term deposits)		877.0	188.1
Cash at bank and in hand		4.4	7.6
		1,250.6	451.9
Creditors – amounts falling due within one year			
Loans	14	(104.7)	(166.7)
Trade and other creditors		(297.5)	(94.9)
Dividends	9	(126.2)	(47.3)
		(528.4)	(308.9)
Net current assets			
		722.2	143.0
Total assets less current liabilities			
		2,622.9	2,097.2
Creditors – amounts falling due after more than one year			
Loans	14	(494.2)	(690.8)
Provisions for liabilities and charges			
	15	(217.1)	(157.4)
		1,911.6	1,249.0
Capital and reserves			
	1(a)		
Preference share capital called up – non-equity		3.9	3.5
Ordinary share capital called up – equity		18.9	17.5
Share premium – equity		326.3	300.4
Revaluation reserve - equity		16.3	15.7
Profit and loss reserve		957.3	568.8
Shareholders' funds – including non-equity interests			
	16	1,322.7	905.9
Minority interests – equity			
		588.9	343.1
		1,911.6	1,249.0

Approved by the Board of Directors and signed on their behalf by P J Adeane, Director.

15 March, 2005

Consolidated Cash Flow Statement

	Notes	Unaudited year to 31.12.04 US\$'m	Audited year to 31.12.03 US\$'m
Net cash inflow from operating activities	17	1,253.5	510.2
Dividends received from other fixed asset investments		-	0.1
Interest received		11.1	4.7
Realised gains from currency swaps		7.5	-
Interest paid		(32.5)	(31.6)
Dividends paid to minority interests		(120.8)	(81.7)
Preference dividends paid		(0.2)	(0.2)
Net cash outflow from returns on investment and servicing of finance		(134.9)	(108.7)
Tax paid		(14.3)	(12.9)
Purchase of tangible fixed assets		(80.4)	(91.7)
Purchase of fixed asset investments		-	(1.3)
Sale of tangible fixed assets		0.2	5.4
Sale of fixed asset investments		0.1	9.4
Net cash outflow from capital expenditure and financial investment		(80.1)	(78.2)
Purchase of subsidiary		(0.1)	-
Purchase of interest in associate	12	(2.9)	-
Purchase of water concession		-	(193.8)
Recovery of IVA (Chilean VAT) previously paid on purchase of water concession		5.8	-
Cash balances included in demerged assets		-	(1.4)
Net cash inflow/(outflow) from acquisitions and disposals		2.8	(195.2)
Equity dividends paid		(76.5)	(58.2)
Cash inflow before management of liquid resources and financing		950.5	57.0
Management of liquid resources – Net (increase)/decrease in term deposits		(689.4)	52.9
New loans drawn down		558.0	41.4
Repayment of amounts borrowed		(818.4)	(149.5)
Repayment of principal element of finance leases		(2.9)	(3.3)
Net cash outflow from financing		(263.3)	(111.4)
Net cash outflow in the year	18	(2.2)	(1.5)

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. Share capital is 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 either US dollars or sterling.

b) Accounting policies

The profit and loss account, balance sheet and cash flow statement for the year to 31 December 2004 have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year to 31 December 2003 except in relation to turnover as explained below.

Turnover has been shown after deducting tolling charges for concentrates sold by Los Pelambres and prior year comparatives have been restated accordingly. Previously, such charges were included in cost of sales. The effect of this restatement on turnover is as follows:

	Year to 31.12.04 US\$m	Year to 31.12.03 US\$m
Group turnover – previous basis	2,037.1	1,076.2
Tolling charges previously included in cost of sales	(128.4)	(98.2)
Group turnover – revised basis	1,908.7	978.0

The change in presentation has no effect on either EBITDA, operating profit, profit before tax, net assets or shareholders' funds.

2 Production and sales statistics (neither audited nor reviewed)

(See notes following Note 2(d).)

a) Copper production volumes

	Year to 31.12.04 '000 tonnes	Year to 31.12.03 '000 tonnes
Los Pelambres	350.6	326.7
El Tesoro	97.8	92.4
Michilla	50.0	52.7
Group total	498.4	471.8

b) Copper sales volumes

	Year to 31.12.04 '000 tonnes	Year to 31.12.03 '000 tonnes
Los Pelambres	352.2	332.8
El Tesoro	98.3	92.0
Michilla	50.2	52.6
Group total	500.7	477.4

c) Cash costs per pound

	Year to 31.12.04 cents	Year to 31.12.03 cents
Los Pelambres	7.9	29.3
El Tesoro	52.4	42.4
Michilla	85.6	69.8
Group weighted average	24.3	36.4

d) LME and realised copper price per pound

	Year to 31.12.04 cents	Year to 31.12.03 cents
Los Pelambres	142.2	84.6
El Tesoro	136.9	82.5
Michilla	129.2	82.5
Group weighted average	139.8	83.9
LME average	130.0	80.7

Notes to the production and sales statistics

- (i) The production and sales figures represent the actual amounts produced and sold, not the Group's share of each mine. The Group owns 60% of Los Pelambres, 61% of El Tesoro and 74.2% of Michilla.
- (ii) Los Pelambres produces copper concentrate, and the figures for Los Pelambres are expressed in terms of payable copper contained in concentrate. Los Pelambres also produces molybdenum concentrate, and production in 2004 amounted to 7,900 tonnes (2003 – 8,700 tonnes). Los Pelambres is also credited for the gold and silver contained in the copper concentrate sold. El Tesoro and Michilla produce copper cathodes with no by-products.
- (iii) Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced. Cash costs include by-product credits and tolling charges for concentrates at Los Pelambres and exclude depreciation, financial income and expenses, exchange gains and losses and corporation tax for all three operations.
- By-product credits at Los Pelambres in 2004 were 45.8 cents per pound (2003 – 16.3 cents per pound).
- (iv) Realised copper prices are determined by comparing turnover from copper sales (grossing up for tolling charges for concentrates) with sales volumes for each mine in the period. Calculated on a similar basis, the realised molybdenum price at Los Pelambres in 2004 was US\$20.0 per pound compared with an average market price of US\$16.2 per pound (2003 – a realised molybdenum prices of US\$5.5 per pound compared with an average market price of US\$5.3 per pound).
- (v) The individual figures are sometimes more specific than the rounded numbers shown; hence small differences may appear in the totals.

3 Segmental analysis

a) Turnover by geographical destination

	Unaudited year to 31.12.04 US\$'m	Restated year to 31.12.03 US\$'m
UK	31.6	10.3
Rest of Europe	619.2	294.4
Chile	296.5	138.7
Rest of Latin America	64.3	52.0
North America	179.9	55.3
Asia Pacific / other	717.2	427.3
	1,908.7	978.0

b) Turnover by operation

	Unaudited year to 31.12.04 US\$'m	Restated year to 31.12.03 US\$'m
Los Pelambres	1,338.5	639.0
El Tesoro	296.7	167.2
Michilla	142.9	95.6
Mining	1,778.1	901.8
Railway and other transport services	85.7	75.8
Water concession (acquired 29 December 2003)	44.9	0.4
	1,908.7	978.0

Notes to turnover by operation

- (i) Turnover from Railway and other transport services is stated after eliminating inter-segmental sales to the mining division of US\$6.9 million (2003 – US\$5.2 million).
- (ii) Los Pelambres produces and sells copper and molybdenum concentrates. It is also credited for the gold and silver content in the copper concentrate it sells. Turnover by type of metal (net of tolling charges for concentrates) is analysed below. El Tesoro and Michilla do not have by-products from their copper cathode operations.

Los Pelambres turnover by type of metal

	Unaudited year to 31.12.04 US\$'m	Restated year to 31.12.03 US\$'m
Copper	991.1	531.0
Molybdenum	331.1	97.1
Gold and silver	16.3	10.9
	1,338.5	639.0

c) Earnings before tax, interest, depreciation and amortisation (EBITDA) by operation

	Unaudited year to 31.12.04 US\$'m	Audited year to 31.12.03 US\$'m
Los Pelambres	1,048.1	402.9
El Tesoro	180.2	78.8
Michilla	49.0	14.0
Exploration	(10.3)	(3.5)
Corporate and other items	(10.1)	(11.0)
Mining	1,256.9	481.2
Railway and other transport services	41.8	42.9
Water concession (acquired 29 December 2003)	30.1	0.2
	1,328.8	524.3

EBITDA is calculated by adding back depreciation, amortisation and other amounts written off fixed assets (see Note 3(d) to operating profit (see Note 3 (e)).

As explained in Note 3(e), in 2003, the Railway and other transport services division included other operating income of US\$6.5 million.

d) Depreciation and amortisation by operation

	Unaudited year to 31.12.04 US\$'m	Audited year to 31.12.03 US\$'m
Los Pelambres	80.2	89.6
El Tesoro	22.3	20.2
Michilla	13.9	17.5
Corporate and other items	0.4	0.6
Mining	116.8	127.9
Railway and other transport services	9.4	8.9
Water concession (acquired 29 December 2003)	8.3	-
Total depreciation and amortisation	134.5	136.8
Other amounts written off fixed assets included in operating profit	19.1	0.2
	153.6	137.0

e) Operating profit/ (loss) by operation

	Unaudited year to 31.12.04 US\$'m	Audited year to 31.12.03 US\$'m
Los Pelambres	964.8	313.3
El Tesoro	152.0	58.5
Michilla	27.0	(3.6)
Exploration	(10.3)	(3.5)
Corporate and other items	(10.6)	(11.6)
Mining	1,122.9	353.1
Railway and other transport services	30.6	34.0
Water concession (acquired 29 December 2003)	21.7	0.2
	1,175.2	387.3

In 2003, operating profit at the Railway and other transport services division included other operating income of US\$6.5 million for the cancellation of a contract for additional tonnages by a customer.

f) Capital expenditure by operation

	Unaudited year to 31.12.04 US\$m	Audited year to 31.12.03 US\$m
Los Pelambres	47.7	62.4
El Tesoro	10.0	9.6
Michilla	14.8	10.8
Corporate and other items	0.2	0.2
Mining	72.7	83.0
Railway and other transport services	7.1	9.9
Water concession (acquired 29 December 2003)	1.4	-
	81.2	92.9

Capital expenditure represents purchase of tangible fixed assets stated on an accruals basis (see Note 11) and may therefore differ from the amount included in the cash flow statement.

g) Net assets by operation

	Unaudited year to 31.12.04 US\$m	Audited year to 31.12.03 US\$m
Los Pelambres	1,123.4	1,240.1
El Tesoro	306.1	337.1
Michilla	68.3	75.1
Corporate and other items	(2.2)	2.1
Mining	1,495.6	1,654.4
Railway and other transport services	107.2	107.8
Water concession	188.2	195.5
Operating net assets	1,791.0	1,957.7
Fixed asset investments	0.3	0.4
Net cash / (debt)	282.5	(661.8)
Unallocated liabilities – Group dividend and provision for withholding taxes	(162.2)	(47.3)
Net assets	1,911.6	1,249.0

Net assets are stated before deducting minority interests. The Railway and other transport services division includes US\$2.9 million (2003 – nil) for the carrying value of the investment in Antofagasta Terminal Internacional S.A. (“ATI”) which was acquired in December 2004 and is treated as an investment in associate (see Note 12).

4 Provisional pricing and commodity hedging

a) Provisional pricing

Copper

Copper concentrate agreements generally provide for provisional pricing at the time of shipment with final pricing settlement based on the average LME copper price for specified future periods, typically four months after shipment (known as “M+4”). Copper revenues on provisionally priced tonnages are adjusted monthly until final settlement. Sales volumes are also adjusted on the final metallurgical content of the concentrate.

Revenues in the year to 31 December 2004 included total positive pricing adjustments of US\$94.5 million, of which US\$32.0 million related to sales of concentrates during 2004 and US\$62.5 million related to sales of concentrates open at 31 December 2003. Revenues in the year to 31 December 2003 included total positive pricing adjustments of US\$38.3 million, of which US\$29.5 million related to sales of concentrates during 2003 and US\$8.8 million related to sales of concentrates open at 31 December 2002.

At 31 December 2004, copper sales totalling 134,605 tonnes remained to be finally priced, and were recorded at that date at an average price of 137.7 cents per pound based on provisional invoices. The average fair value price of these sales, based on forward prices at 31 December 2004, was 143.2 cents per pound, representing an unrecognised gain of US\$16.5 million at that date (2003 – unrecognised gain of US\$22.9 million).

Molybdenum

Molybdenum concentrate agreements generally provide for provisional pricing at the month prior to shipment with final pricing settlement based on the average molybdenum prices for specified future periods, typically two months after shipment. Molybdenum revenues on provisionally priced tonnages are adjusted monthly until final settlement. Sales volumes are also adjusted on the final metallurgical content of the concentrate.

Revenues in the year to 31 December 2004 included total positive pricing adjustments of US\$78.5 million, of which US\$70.3 million related to sales of concentrates during 2004 and US\$8.2 million related to sales of concentrates open at 31 December 2003. Revenues in the year to 31 December 2003 included total positive pricing adjustments of US\$7.1 million, of which US\$7.0 million related to sales of concentrates during 2003 and US\$0.1 million related to sales of concentrates open at 31 December 2002.

At 31 December 2004, molybdenum sales totalling 1,700 tonnes remained to be finally priced, and were recorded at that date at an average price of US\$22.74 per pound based on provisional invoices. The average fair value price, based on spot prices at 31 December 2004, was US\$30.95 per pound, representing an unrecognised gain of US\$30.7 million at that date (2003 – unrecognised gain of US\$4.5 million).

b) Commodity hedging

The Group periodically enters into commodity hedging contracts to manage its exposure to the copper price. Turnover for the mining division for the year ended 31 December 2004 included losses of US\$9.3 million relating to commodity hedging activities. Turnover for the year ended 31 December 2003 included losses of US\$11.1 million relating to commodity hedging.

At 31 December 2004, the Group had hedged 6,000 tonnes of copper production at Michilla using put options with a weighted average minimum price of 121.8 cents per pound, covering a six month period to 30 June 2005 with a weighted average duration of 3 months. Further put options and min/max instruments were entered into by Michilla after the year end.

5 Operating profit

	Unaudited year to 31.12.04 US\$'m	Restated year to 31.12.03 US\$'m
Turnover	1,908.7	978.0
Cost of sales	(593.7)	(490.2)
Gross profit	1,315.0	487.8
Administrative expenses	(118.1)	(88.6)
Closure provisions (Note 15)	(1.2)	(1.1)
Severance charges (Note 15)	(3.2)	(2.7)
Exploration costs	(10.3)	(3.5)
Other net operating expenses	(7.0)	(4.6)
Operating profit	1,175.2	387.3

Depreciation and amortisation charges (before including other amounts written off fixed assets) in 2004 amounted to US\$ 134.5 million (2003 – US\$136.8 million). Of this amount, US\$132.3 million (2003 – US\$133.4 million) is included in cost of sales and US\$2.2 million (2003 – US\$3.4 million) is included in administrative expenses.

6 Net interest payable

	Unaudited year to 31.12.04 US\$'m	Audited year to 31.12.03 US\$'m
Interest receivable and similar income	19.2	4.6
Interest payable and similar charges	(34.0)	(32.7)
Foreign exchange	3.0	(2.1)
Discount charge relating to provisions (Note 15)	(0.7)	(1.1)
	(12.5)	(31.3)

Interest receivable and similar income includes US\$7.5 million relating to gains under currency swaps during 2004 (2003 – nil).

7 Tax

The tax charge for the year is comprised as follows:

	Unaudited year to 31.12.04 US\$'m	Audited year to 31.12.03 US\$'m
Current tax charge	183.9	9.6
Deferred tax charge	54.8	54.8
	238.7	64.4

The deferred tax charge for the year includes US\$36.0 million for withholding taxes relating to profits earned in Chile which are expected to be remitted abroad. Accordingly, the effective tax rate for the year is 20.5% compared to the Chilean statutory tax rate of 17%. During 2003, withholding taxes provided amounted to US\$8.6 million of which US\$7.5 million was paid and US\$1.1 million included in deferred tax, resulting in an effective tax rate of 18.0% compared with the Chilean statutory rate that year of 16.5%.

Up to and including 2003, tax at Los Pelambres and El Tesoro was provided mainly on a deferred basis due to the absorption of tax losses. Under Chilean tax legislation, full relief is given for pre-operational costs on the start-up of a mining project, and capital allowances are available on an accelerated basis for expenditure relating to the construction or purchase of tangible fixed assets. These factors resulted in a large deferred tax liability between 2000 and 2003 when these initial costs were deducted for tax purposes but were not fully depreciated through the financial accounts. These losses were absorbed in early 2004, resulting in a significantly larger current tax charge and lower deferred tax charge at these operations compared with previous years. Current tax due at the end of 2004 is expected to be paid during the first half of 2005.

8 Earnings per share

Earnings per share of 283.1 cents (2003 – 91.5 cents) is calculated on profit after tax, minority interest and preference dividends giving earnings of US\$ 558.1 million (2003 – US\$180.5 million) and is based on 197,171,339 ordinary shares in issue throughout both years.

9 Dividends

Dividends are declared in US dollars but may be paid in either dollars or sterling. Shareholders on the register of members with an address in the United Kingdom receive dividend payments in sterling, unless they elect to be paid in dollars. All other shareholders are paid by cheque in 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 sterling. The Company's registrar must receive any such election before the record date of 13 May 2005.

The Board will recommend a final dividend of 64 cents per ordinary share (2003 – 24 cents), which comprises an ordinary dividend of 24 cents and a special dividend of 40 cents. The final dividend will be paid on 15 June 2005 to shareholders on the Register at the close of business on 13 May 2005. Dividends are declared and paid gross. The exchange rate to be applied for the conversion of dividends will be £1 = US\$1.9183, giving a final dividend to those shareholders paid in sterling of 33.3629 pence per ordinary share (2003 – 12.8404 pence).

An interim dividend of 15 cents per ordinary share (2003 – 11 cents) was paid in October 2004, giving a total dividend for the year of 79 cents per ordinary share (2003 – 35 cents per ordinary share).

In October 2003, the Group made a dividend in specie of shares in Andsberg Limited (the "demerger dividend"), which was recorded in the profit and loss account at the book value of the assets demerged. No comparable transaction occurred in 2004.

10 Intangible fixed asset

	Concession right
	US\$'m
1 January 2004 (audited)	90.6
Amortisation	(3.3)
Exchange	5.9
31 December 2004 (unaudited)	93.2

The intangible asset relates to the 30-year concession to operate the water rights and facilities in the Antofagasta Region of Chile which the Group's wholly-owned subsidiary, Aguas de Antofagasta S.A., acquired in December 2003. The intangible asset is being amortised on a straight-line basis over the life of the concession.

11 Tangible fixed assets

Net book value	Mining US\$'m	Railway and other transport US\$'m	Water concession US\$'m	Total US\$'m
1 January 2004 (audited)	1,688.7	106.2	68.3	1,863.2
Acquisition	-	0.2	-	0.2
Additions	72.7	7.1	1.4	81.2
Reclassifications	-	0.3	-	0.3
Other amounts written off	(17.2)	(1.8)	(0.1)	(19.1)
Depreciation	(116.8)	(9.4)	(5.0)	(131.2)
Exchange	(0.2)	5.3	4.6	9.7
31 December 2004 (unaudited)	1,627.2	107.9	69.2	1,804.3

12 Investment in associate

	US\$'m
1 January 2004 (audited)	-
Acquisition	2.9
31 December 2004 (unaudited)	2.9

On 16 December 2004, the Group acquired a 30% interest in Antofagasta Terminal Internacional S.A. ("ATI"), which operates the sole concession to manage installations in the port of Antofagasta. The investment, acquired at a cost of US\$2.9 million, has been accounted for as an interest in associate and did not have any material effect on the Group's earnings or operating cash flows in the year.

13 Other investments

	US\$'m
1 January 2004 (audited)	0.4
Disposals	(0.1)
31 December 2004 (unaudited)	0.3

14 Loans

	Unaudited 31.12.04 US\$'m	Audited 31.12.03 US\$'m
Los Pelambres		
- Corporate loans (2003 - project loans)	(457.9)	(594.9)
- Other loans	(19.1)	(37.9)
El Tesoro		
- Corporate loans (2003 - project loans)	(99.7)	(153.8)
- Subordinated debt	-	(18.7)
- Finance leases	(12.2)	(14.2)
Michilla		
- Finance leases	(2.1)	(2.2)
Railway and other transport services		
- Loans	(7.9)	(9.0)
Corporate		
- Loans	-	(26.8)
	(598.9)	(857.5)

Loans are shown net of deferred financing costs. At 31 December 2004, these amounted to US\$ 2.4 million, of which US\$2.1 million relates to Los Pelambres and US\$0.3 million relates to El Tesoro. At 31 December 2003, deferred financing costs amounted to US\$3.0 million, of which US\$2.8 million related to El Tesoro and US\$0.2 million related to corporate loans.

Maturity of loans:

	Unaudited 31.12.04 US\$'m	Audited 31.12.03 US\$'m
Due within one year	(104.7)	(166.7)
Due after more than one year	(494.2)	(690.8)
	(598.9)	(857.5)

Loans are predominantly floating rate. However, the Group periodically enters into interest rate hedging contracts to manage its exposure to interest rates. At 31 December 2004, the Group had hedged US\$165.5 million of its borrowings using collars for a remaining weighted period of 1.2 years. These limit the variability of the interest rate to a weighted average minimum (a floor) of 5.01% and a weighted average maximum (a cap) of 5.99%.

15 Provisions for liabilities and charges

	Termination of water concession US\$'m	Decommi- ssioning and site rehabilitation US\$'m	Severance indemnities US\$'m	Deferred tax US\$'m	Total US\$'m
1 January 2004 (audited)	(0.1)	(8.9)	(15.7)	(132.7)	(157.4)
Charge to operating profit in year (Note 5)	(0.1)	(1.1)	(3.2)	-	(4.4)
Release of discount to net interest in year (Note 6)	-	(0.6)	(0.1)	-	(0.7)
Charge to tax on profit in year	-	-	-	(54.8)	(54.8)
Utilised in year	-	0.2	0.7	-	0.9
Exchange	-	-	(0.1)	(0.6)	(0.7)
31 December 2004 (unaudited)	(0.2)	(10.4)	(18.4)	(188.1)	(217.1)

16 Reconciliation of movements in shareholders' funds

	Unaudited year to 31.12.04 US\$'m	Audited year to 31.12.03 US\$'m
Profit for the financial year	558.3	180.7
Other recognised gains and losses relating to the year		
- Foreign currency exchange differences	14.5	15.5
Total recognised gains and losses	572.8	196.2
Dividends (2003 includes demerger dividend of US\$181.5 million)	(156.0)	(250.7)
	416.8	(54.5)
Opening shareholders' funds	905.9	960.4
Closing shareholders' funds	1,322.7	905.9

17 Reconciliation of operating profit to net cash inflow from operating activities

	Unaudited year to 31.12.04 US\$'m	Audited year to 31.12.03 US\$'m
Operating profit	1,175.2	387.3
Depreciation	134.5	136.8
Other amounts written off fixed assets	19.1	0.2
Increase in stocks	(9.5)	(1.6)
Increase in debtors	(112.8)	(23.7)
Increase in creditors and provisions	47.0	11.2
Net cash inflow from operating activities	1,253.5	510.2

18 Reconciliation of net cash flow to movement in net cash/(debt)

	Unaudited year to 31.12.04 US\$'m	Audited year to 31.12.03 US\$'m
Net cash outflow in the year	(2.2)	(1.5)
Cash outflow from decrease in debt	263.3	111.4
Cash outflow/(inflow) from increase/(decrease in) liquid resources	689.4	(52.9)
Change in net debt resulting from cash flows	950.5	57.0
Interest accrued on long-term loan balances and amortisation of deferred financing costs	(3.5)	(1.5)
New leases	(0.8)	(1.3)
Foreign currency exchange difference	(1.9)	(3.1)
Movement in net cash/(debt) in the year	944.3	51.1
Net debt at the beginning of the year	(661.8)	(712.9)
Net cash/(debt) at the end of the year	282.5	(661.8)

Composition of net cash/(debt)

	Unaudited 31.12.04 US\$'m	Audited 31.12.03 US\$'m
Cash at bank and in hand	4.4	7.6
Current asset investments (term deposits)	877.0	188.1
Long and short term loans including finance leases (Note 14)	(598.9)	(857.5)
Net cash/(debt) at the end of the year	282.5	(661.8)

19 Financial information

The financial information set out in this announcement does not constitute the Group's statutory accounts for the years ended 31 December 2004 or 2003. The financial information for the year ended 31 December 2003 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies as adjusted for the restatement of turnover as explained in Note 1. 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 2004 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.

20 Currency translation

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

	Year end rates	Average rates
31.12.04	US\$1.9257 = £1; US\$1 = Ch\$ 557	US\$1.8457 = £1; US\$1 = Ch\$607
31.12.03	US\$1.7727 = £1; US\$1 = Ch\$ 594	US\$1.6321 = £1; US\$1 = Ch\$692

21 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 2004, will be posted to all shareholders in May 2005. The Annual General Meeting will be held at Canning House, 2 Belgrave Square, London SW1 at 10.30 a.m. on Tuesday, 14 June 2005.