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For immediate release - Friday, 23 December 2005

**Antofagasta plc to enter into a joint venture with Tethyan Copper Company Limited  
in relation to the Reko Diq copper-gold region in Pakistan**

LONDON - 23 December 2005: Antofagasta plc (“Antofagasta”) is pleased to announce that it has signed a binding Heads of Agreement (“HoA”) with Tethyan Copper Company Limited (“Tethyan”), a company listed on the Australian Stock Exchange, involving the acquisition by Antofagasta of a 50% equity interest in Tethyan’s mineral interests in Pakistan and the concurrent subscription for a 19.95% shareholding in Tethyan. Antofagasta, together with Tethyan, have also entered into a deed of termination with BHP Billiton entities (“BHP Billiton”) whereby BHP Billiton’s rights to claw-back a material interest in certain of Tethyan’s mineral interests (“Claw-back Right”) will be extinguished (“BHP Billiton Termination Deed”).

Tethyan’s principal assets are a 75% interest in the exploration licence encompassing the highly prospective Chagai Hills region of North West Pakistan known as Reko Diq, which includes the Tanjeel Mineral Resource and the Western Porphyries, and a 100% interest in certain other licences in the region. This mining district hosts significant copper-gold porphyry deposits as part of an extended copper-gold belt. Tethyan has reported total indicated and inferred mineral resource estimates at these properties of 1,213 million tonnes with a copper grade of 0.58% and a gold grade of 0.28 grams per tonne. The resource estimates include probable reserves at the Tanjeel Mineral Resource of 128.8 million tonnes with a copper grade of 0.7%. Reserve and resource estimates have been reported by Tethyan to JORC standards.

Under the HoA, Antofagasta has agreed to:

- acquire a 50% equity interest in Tethyan’s mineral interests in Pakistan through the subscription for US\$37.5 million of newly issued equity capital into a joint venture vehicle to be established;
- commit to funding further exploration and development expenditure and related joint venture costs of up to US\$75 million. In the event that Antofagasta spends less than this amount, its 50% equity interest will be reduced on a pro-rata basis; and
- subscribe for 33 million new ordinary shares in Tethyan for a total subscription price of US\$20.5 million, equating to 19.95% of Tethyan’s enlarged issued share capital (17.3% on a fully diluted basis).

Under the BHP Billiton Termination Deed, Tethyan have agreed to pay BHP Billiton a compensation amount of US\$50M in consideration for terminating the Claw-Back Right and other rights under the Alliance Agreement between BHP Billiton and Tethyan, of which US\$45M is payable at closing and US\$5M is payable in four equal instalments over the four years following closing.

It is expected that Antofagasta’s total financial commitment under this transaction, including the exploration and development expenditure commitment under the HoA, will amount to US\$133 million. Implementation of the proposed transactions under the HoA and the BHP Billiton Termination Deed are subject to certain conditions precedent including due diligence, Tethyan shareholder approval,

necessary Pakistan and Balochistan authority approvals and receipt of all other necessary regulatory and third party approvals.

Tethyan is currently subject to an unsolicited takeover offer from Skafell Pty Ltd (“Skafell”), a subsidiary of Crosby Capital Partners Inc. and IB Daiwa Corporation. The Tethyan Board has unanimously recommended that its shareholders reject the Skafell takeover offer and approve the proposed transaction with Antofagasta, in the absence of a superior offer for Tethyan emerging. Tethyan has agreed to pay Antofagasta a break fee in certain circumstances, including where the Tethyan Board withdraws its recommendation for the proposed transaction with Antofagasta.

Marcelo Awad, CEO of Antofagasta Minerals S.A., stated, *“Our agreement with Tethyan Copper Company provides Antofagasta with a window into a very prospective mining region and represents a strategic investment opportunity for us. A partnership with Tethyan will allow Antofagasta to apply its mining and development skills and its experience in large-scale projects, to evaluate the mineral resources at Reko Diq and ensure that they are developed to their full potential to the mutual benefit of the shareholders of both Antofagasta and Tethyan. Whilst Latin America, and Chile in particular, will continue to be Antofagasta’s primary region of focus, this investment is consistent with our long term growth strategy and subject to our rigorous investment and risk evaluation criteria. Antofagasta continues to look at opportunities globally to secure rights to world-class mining assets to enhance its overall growth profile.”*

The agreements referred to above were signed after the last time at which an announcement of the transaction could have been made by Tethyan through the Australian Stock Exchange. A detailed announcement is expected to be made by Tethyan at the opening of trading on the Australian Stock Exchange on Wednesday 28 December 2005.

Antofagasta plc is a Chilean-based mining group listed on the London Stock Exchange and is a constituent of the FTSE-100 index. Its principal mining assets include the Los Pelambres, El Tesoro and Michilla mines and the Esperanza copper project. In addition to copper mining, Antofagasta’s interests include rail and road transport operations and water distribution.

Rothschild is advising Antofagasta in relation to this transaction.

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