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**COMMENTS MADE BY MR. JEAN-PAUL LUKSIC, CHAIRMAN,  
AT THE 2008 ANNUAL GENERAL MEETING**

**London, 11 June 2008**

Good morning ladies and gentlemen. First and foremost let me say that it is a pleasure to be with you again and that there is much good news to share. For example between 2003 and 2007 earnings per share have cumulatively increased by 666% and over those five years total shareholder return has averaged 46% per year. This latter figure includes both share price and dividends. Net assets at the end of 2007 have grown to almost US\$5 billion, a US\$1 billion increase on 2006 as a result primarily of the strong performance throughout the year.

The economic benefits of this profitable growth continue to be passed substantially to the shareholders. Shareholders have seen steady (but sustainable) growth in the ordinary dividends and the payment of special dividends. This year we hope that you will agree later in this meeting to approve the proposed final dividend, which would give a total ordinary dividend for the 2007 financial year of 8.6 cents and a special dividend totalling 41 cents representing a total distribution for this year of approximately 35% of net earnings.

We believe in a careful approach to financing, and the cash retained in the business will be used prudently to achieve future profitable growth in projects like Esperanza and Reko Diq, not to mention the potential for future exploration and acquisition successes.

I would like especially to mention how pleased we are to expand our relationship with Marubeni, a seasoned industry player. On closing our agreement to sell them 30 per cent of Esperanza and El Tesoro, which is likely to be in the third quarter of this year, Antofagasta plc will receive a net cash infusion of just over US\$1.0 billion. This will enable us not only to meet our share of the US\$1.9 billion total development costs at Esperanza but also to move forward with confidence as we continue to grow in the international arena.

Your company is profitable, it is growing and it intends to continue along this path. While achievable it will not be without challenges. The international business climate is becoming more and more complex. By that I refer to changing tax regimes, increasingly onerous regulatory environments and unprecedented cost inflation such as oil and energy. All of these translate to our major challenge which is maintaining our profit margins. I can assure you that even with these higher copper prices we are focusing very carefully on our costs.

As you may know, both copper and molybdenum prices continued their strong upward trends through 2007. Copper averaged 323.3 cents per pound – up 5.9 per cent on 2006 - and molybdenum averaged 30.2 dollars per pound – up 21.8 per cent on 2006. We continue to see strong demand and difficulties in supply. These record price levels largely offset lower copper production and higher operating costs leaving the Group in 2007 with similar results for those of 2006 at US\$3.8 billion turnover and US\$1.4 billion net earnings.

Before commenting specifically on our three mines, Los Pelambres, El Tesoro and Michilla, I should mention that the mining sector in general and not least in Chile continues to be increasingly subject to global economic pressures. These pressures affect not only the cost but in some cases the availability of

steel, energy, fuel and oil products, sulphuric acid and equipment – all essential components of mining operations – as well as a shortage of trained labour and professionals. To illustrate how we are facing these pressures we have recently installed back-up generators at all three mines. We have also put in place an aggressive training programme to help reduce turnover and attract new staff.

So, having said that, a few words about the various companies that make up the Group.

Los Pelambres again produced good results in 2007, despite lower grades as per the mine plan and a larger percentage of harder primary ore which affected throughput. Production of copper in concentrates in 2007 was 10.6% lower at 289,900 tonnes but is expected to increase to 330,000 tonnes in 2008 due to better ore grades and higher throughput. The lower production and higher operational costs in 2007 were, however, offset by higher copper and molybdenum prices and lower tolling charges. In addition, Los Pelambres has substantially completed a two year exploration programme and drilling results under review, so far, are promising.

The new Mauro tailings dam is over 98 per cent completed and is scheduled to start up in early 2009. All but one of the ten legal challenges have now been resolved after the Supreme Court called for an agreed settlement and we remain confident of our position in the outstanding case not covered by this settlement.

El Tesoro produced 93,000 tonnes of grade A cathodes compared to 94,000 in 2006. Production in 2008 is expected to be about 90,000 tonnes. Costs at El Tesoro have increased substantially in 2007 and 2008 due to higher energy and sulphuric acid, both important elements in SX-EW production facilities like El Tesoro's.

Finally Michilla, where production of grade A cathodes was 45,100 tonnes compared to 47,300 tonnes in 2006. Decreasing ore grades are expected to reduce production further in 2008 to around 43,000 tonnes. As mentioned in the Annual Report, several alternatives are being considered for extending the mine life and production at the SX-EW plant beyond 2009. A feasibility study that is expected to be finished by April 2009 will determine the viability of Antucoya as a stand alone project or a satellite mine for Michilla. Antucoya has a copper resource of 531.4 million tonnes of 0.39 per cent.

The Esperanza project in the Sierra Gorda district has continued on schedule with the first production of copper concentrate, gold and silver still scheduled for the end of 2010. Esperanza is expected to produce 195,000 tonnes of payable copper and 229,000 ounces of gold, as an annual average, for the first ten years of operation. This is relevant because it will increase by more than seven times our gold production. Also, we expect molybdenum production to start in 2015. Pre-stripping has already begun and the final Environmental Impact Assessment should be approved in the near future allowing plant construction to commence.

The Group's 2007/2008 exploration programmes were again focused on four main areas – Reko-Diq in Western Pakistan which we are developing on a fifty-fifty basis with Barrick Gold, in Zambia with TEAL Mining, our first move into the African copper belt, in the Sierra Gorda District of Northern Chile and in the Los Pelambres area. Progress has continued at Reko-Diq where a revised resource of 4.1 billion tonnes of 0.50 percent copper and 0.29 grammes per tonne of gold was defined earlier this year in the Western Porphyries, with a further 0.8 billion tonnes of resource in other areas. The infrastructure required for the project is being defined and a full feasibility study for a 72,000 tonnes per day project is now in progress and will be completed by the second quarter of 2009. Exploration results in the Los Pelambres area have been encouraging and further drilling will hopefully confirm additional resources to the southeast of the open pit. We continue to explore the Sierra Gorda district where we believe there is great potential for Esperanza type deposits. As mentioned in the Annual Report we are planning to start geo-thermal exploration in Chile, and recently entered into a Memorandum of Understanding with ENAP, the state-owned petroleum company.

Both our transport and water distribution operations had a good year as mining activity in the north of Chile has grown substantially. Both divisions have been able to make important contributions to the economy of the region. FCAB's rail and road transport operations carried just over 6.3 million tons in 2007, a 6.4 per cent increase on 2006 and the water company increased its sales of water to domestic and industrial users by 5.5 per cent.

Finally a few points that I have not covered hitherto. Our staff and executives are the really important element of any success story we have to tell. Our sincerest thanks go out to them. We believe we have some of the best in the industry and we dedicate a lot of time to training and most especially to safety. I would like here publicly to thank them for their dedication and effort. Relations with our work force remain good and in 2007 labour contracts at Pelambres and Michilla were concluded for up to the next four years which is the maximum period permitted under the Chilean labour laws.

We have a lot going on and everyone is very busy. We are all excited for the future in both the medium and long term.

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