

ANTOFAGASTA  PLC

Results Presentation
First Half 2005

13 September 2005

Antofagasta plc

Important notice

Statements in this presentation include "forward-looking statements" that express expectations of future events or results. All statements based on future expectations rather than on historical facts are forward-looking statements that involve a number of risks and uncertainties, and the company cannot give assurance that such statements will prove to be correct.

Highlights 2005 H1 (comparatives vs 2004 H1)

- **Commodity prices** Average LME copper price up 21% to 151 c/lb;
Molybdenum price up 193% to US\$33.4/lb
- **Group cash cost** Reduced to -8.7 c/lb (-48.1 c/lb at Los Pelambres including by-product credits)
- **Copper production** Reduced 3% to 227,400 tonnes, mainly due to lower grades in Los Pelambres
- **Moly production** Increased 27% to 4,700 tons
- **Los Pelambres** Plant expansion to 140 ktpd started
Construction of El Mauro tailings underway
- **Esperanza project** Pre-feasibility study in progress, and expected to be completed in Q4 2006
- **Railway** Contracts signed with two new mining projects (Spence and San Cristóbal)

Financial highlights

	<u>2005 H1</u>	<u>2004 H1</u>	<u>% change</u>
Realised copper price ¹ (c/lb)	159.1	133.1	↑ 20%
Realised moly price ¹ (US\$/lb)	36.0	14.4	↑ 150%
	<u>US\$m</u>	<u>US\$m</u>	
Revenues	1,123.6	753.4	↑ 49%
EBITDA	806.4	505.7	↑ 59%
ROCE (annualised)	64.5%	37.9%	↑ 70%
	<u>cents</u>	<u>cents</u>	
EPS	186.4	105.2	↑ 77%
Interim dividend	16.0	15.0	↑ 7%

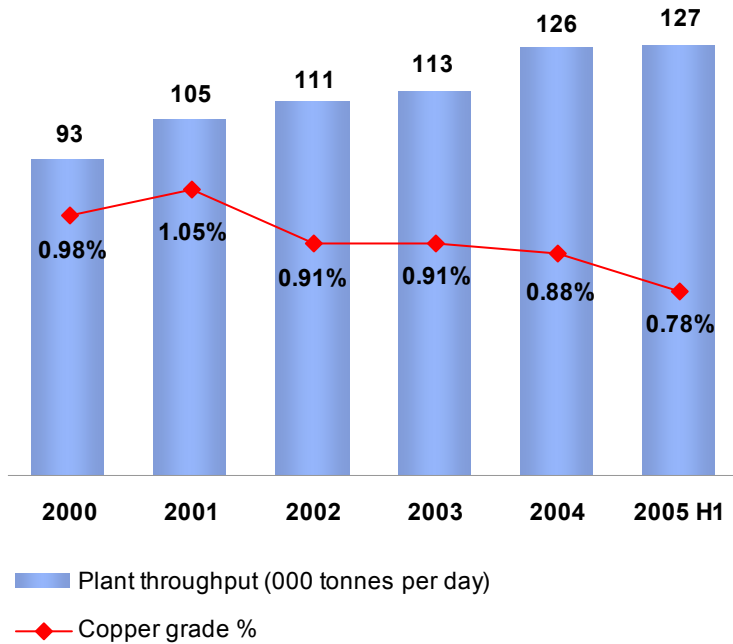
(1) Determined by comparing revenues with sales volume

(2) Revenues presented net of treatment and refining charges (TC/RC's) of US\$ 84.8m (US\$ 49.2m in 2004)

Update and Outlook

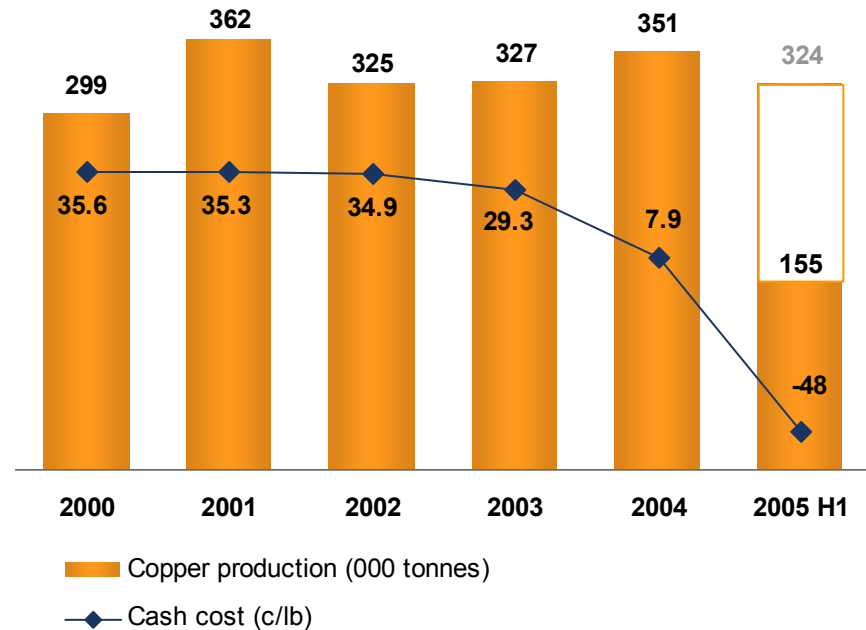
2005

Los Pelambres – Operational performance



- Lowest cash cost of Chilean mines (-48 c/lb, with by product credits of 118 c/lb)
- Best safety record of the Chilean mining industry in 2005 H1 (also in 2004)

- Plant throughput increased 4% (vs 2004 H1), partially offsetting the impact of lower copper grades
- Moly production increased 27% to 4,700 tonnes, as result of mine plan optimisation



Los Pelambres – Financial update

- EBITDA of US\$ 655m (up 75% from 2004 H1)

	<u>2005 H1</u>	<u>2004 H1</u>	<u>% change</u>
Copper sales (000 tonnes)	150.6	139.8	↑ 8%
Realised price (c/lb)	159.8	134.1	↑ 19%
Moly sales (000 tonnes)	4.3	3.7	↑ 16%
Realised price (US\$/lb)	36.0	14.4	↑ 150%
Cash cost (c/lb) (including by-product credits)	-48.1	18.0	↓ n.m

- Total debt reduced to US\$ 438.4m (from US\$479.1m in December 2004)

Los Pelambres – Outlook and targets

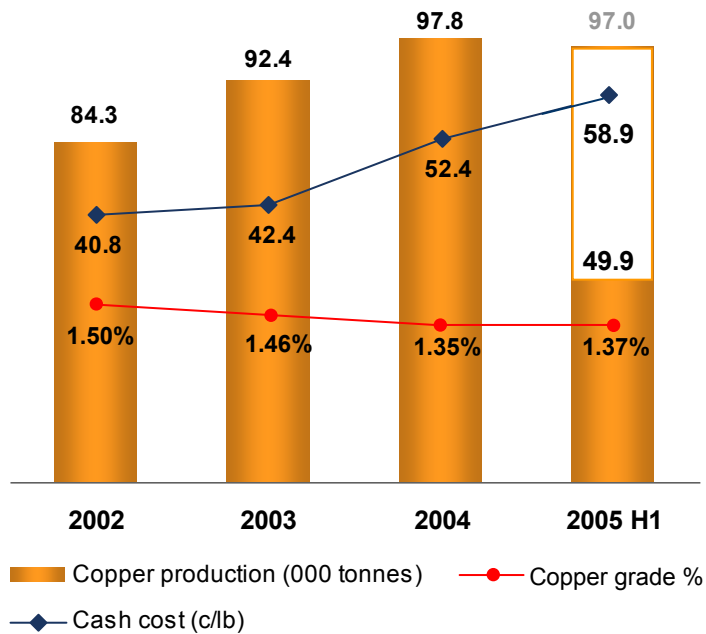
- **Production and costs 2005**

- Copper: 324,000 tonnes (Cu grade of 0.79% vs 0.88% in 2004)
- Moly: 8,300 tonnes, with lower grades in the second half
- Cash cost of -10 c/lb

- **Growth plans**

- Plant expansion to 140 ktpd initiated
- Capex of US\$ 182 million
- First increase in production expected in 2H 2006. Expansion will be completed by Q2 2007
- Mauro tailings dam under construction, with 6% progress. Start-up expected by the end of 2007

El Tesoro – Operational performance



- Copper production increased 6% (vs H1 2004)
 - Metallurgical recoveries improved to 82%, from 78% in H1 2004
 - Plant throughput up 2%
 - Copper grades maintained

- Cash costs affected by¹:

	<u>c/lb</u>
– Stripping ratio	↑ 6.4
– Acid prices	↑ 1.8
– Fuel prices	↑ 1.5
– Other (incl. higher production)	↓ 1.3

(1) Compared to 50.5 c/lb in H1 2004

Financial update

- EBITDA of US\$ 110.8m (34% above 2004 H1)

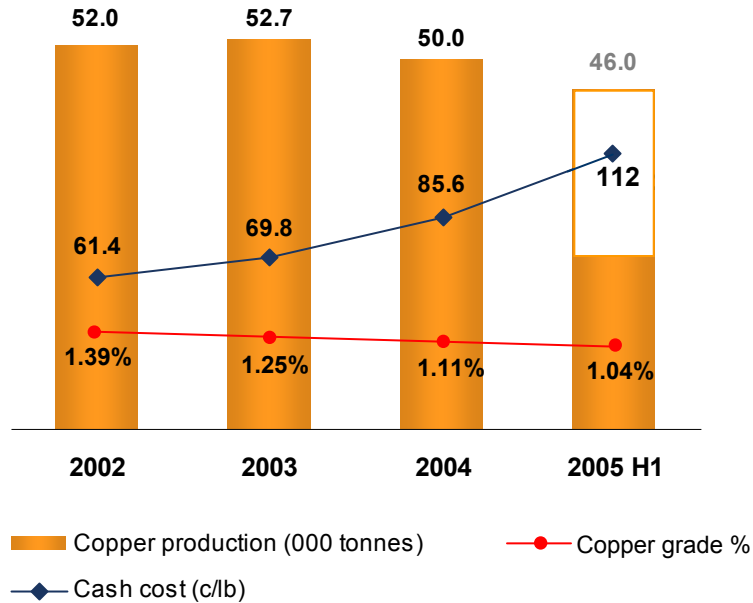
	<u>2005 H1</u>	<u>2004 H1</u>	
Sales volume (000 tonnes)	50.6	47.1	↑ 7%
Realised price (c/lb)	157.9	131.2	↑ 20%
Cash cost (c/lb)	58.9	50.5	↑ 17%

- Total debt reduced to US\$ 74m (from US\$ 112m in December 2004)

Outlook and targets 2005

- Production target of 97,000 tonnes
- Cash costs expected to increase to 65 c/lb
- Plant optimisation to 10.5 million tonnes per year nearly completed, with start-up expected in Q4

Michilla – operational and financial review



- Copper production down 4% (vs H1 2004)
 - Operational difficulties in the open pit and underground mine
 - Lower than expected copper grades

- Cash costs affected by¹

	<u>c/lb</u>
• Stripping ratio	↑ 3.9
• Input costs	↑ 8.7
• Lower prodn.	↑ 3.6
• Exchange rate	↑ 2.2
• Other	↑ 9.1

- EBITDA down 8% to US\$ 18m

- Low debt levels maintained (US\$ 3.3m)

(1) Compared to 84.7 c/lb in H1 2004

Michilla – Outlook and targets

- 2005: 46,000 tonnes at 116 c/lb cash cost
- US\$ 10m exploration programme underway. Key targets will be explored in the following six months
- Plant optimisation for separate treatment of sulphide and oxide ores has been completed. Metallurgical recoveries for sulphides expected to increase in the following months



- Pre-feasibility underway (US\$ 15m)
 - 2.25 km exploration decline with 40% progress (to obtain metallurgical and geotechnical bulk samples)
 - 40,000 metres infill drilling campaign completed.
 - Comminution and flotation testwork initiated
 - Pre-feasibility completion expected in Q4 2006



- Drill inferred resource:
 - Esperanza: 469 Mt, 0.63% copper+0.27 g/t gold (0.75% equiv. copper)
 - Telégrafo: 898 Mt, 0.45% copper+0.17 g/t gold (0.57% equiv. copper)

Railway and other transport

- Rail tonnages increased 4%
- Total revenues of US\$ 44.7 million*.
- EBITDA of US\$ 19.8 million
- New contracts
 - Spence: 12 years, 400,000 tpa
 - San Cristóbal (Bolivia): 17 years, 500,000 tpa
- Growth prospects
 - Escondida sulphide leach: 650,000 tpa



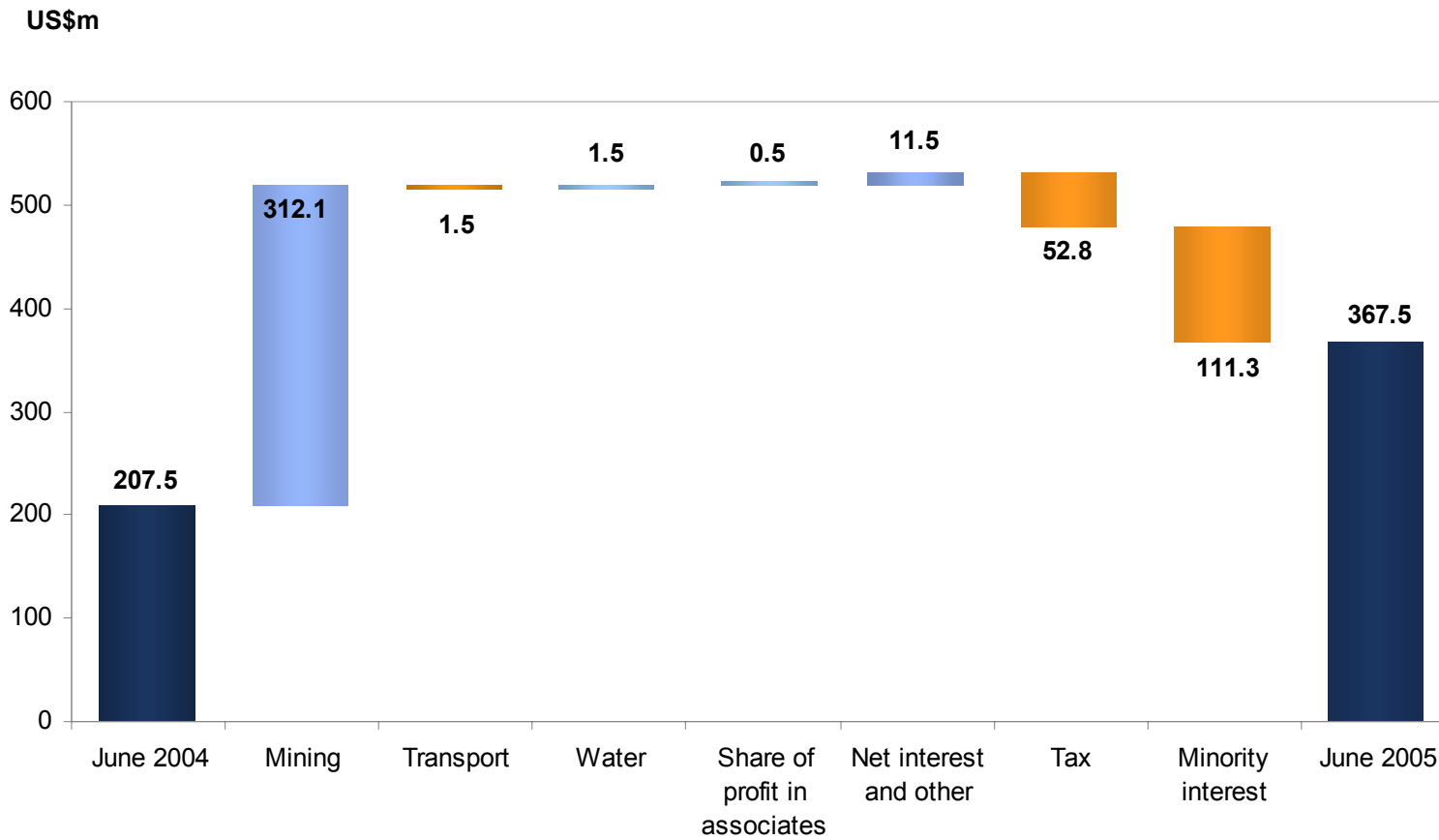
* Represents third party revenues, stated after eliminating sales to Antofagasta's mining division of US\$ 4.1m (2004 H1 – US\$ 3.3m)

- Strong operational performance
 - Revenues of US\$ 25.8 million
 - EBITDA of US\$ 17.1 million
 - 3% growth in water volumes to 16.6 million m³
 - Water losses reduced 1%, to 26%
- Growth prospects
 - Spence: water supply for the operation will start in July 2006. In addition, water will be provided for the construction period.
 - Collahuasi expansion: Option agreement until 2008.

Financial analysis

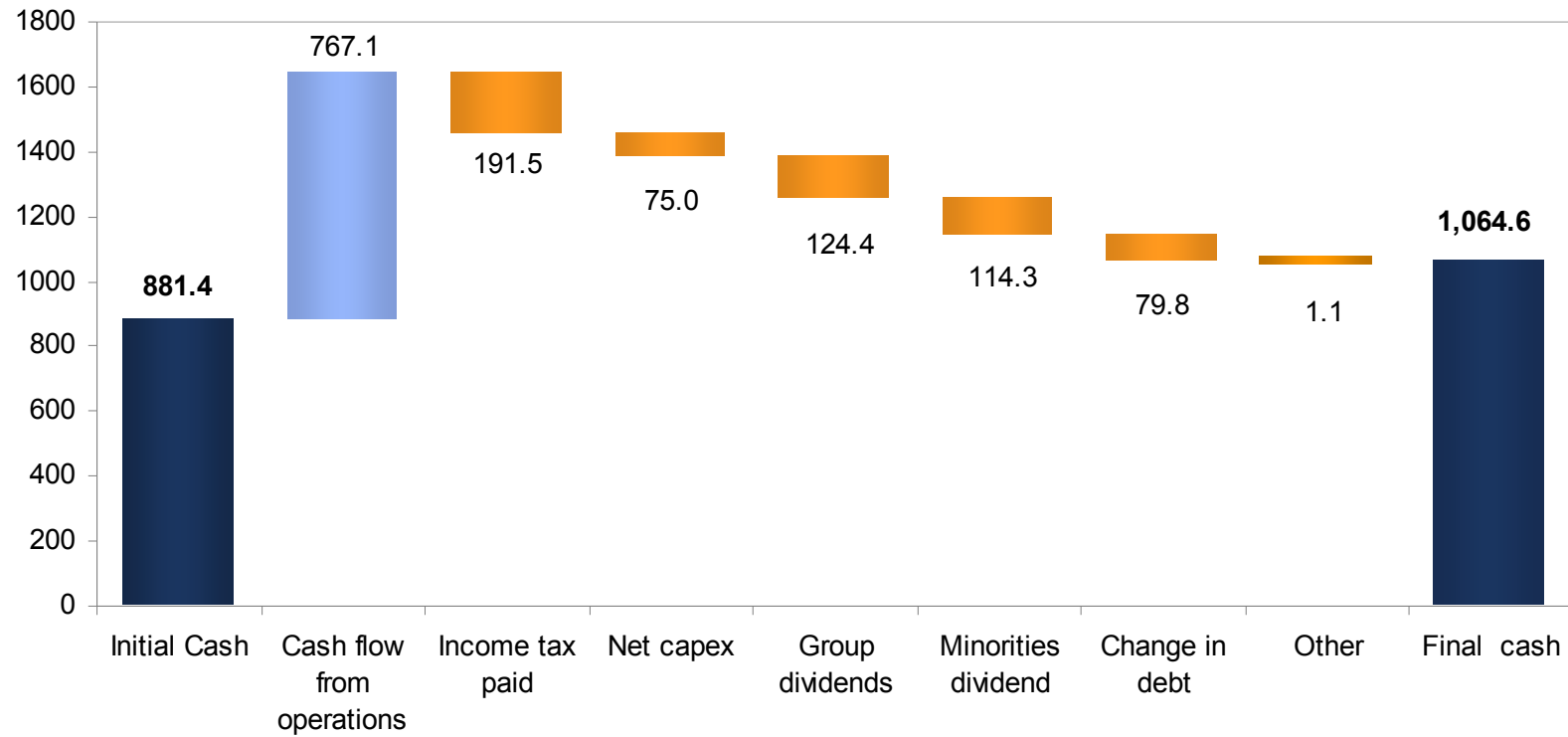
Profit after tax and minorities

Variations 2005 H1 vs 2004 H1



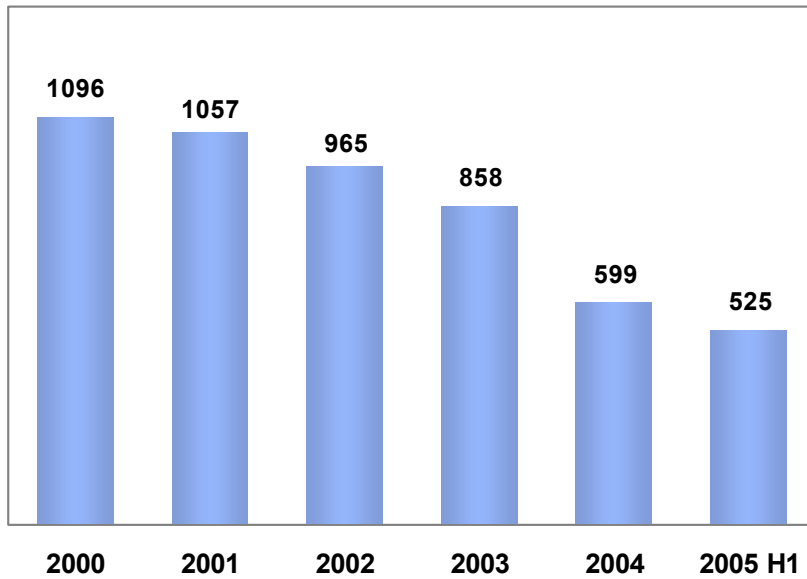
Cash flow 2005 H1

US\$m

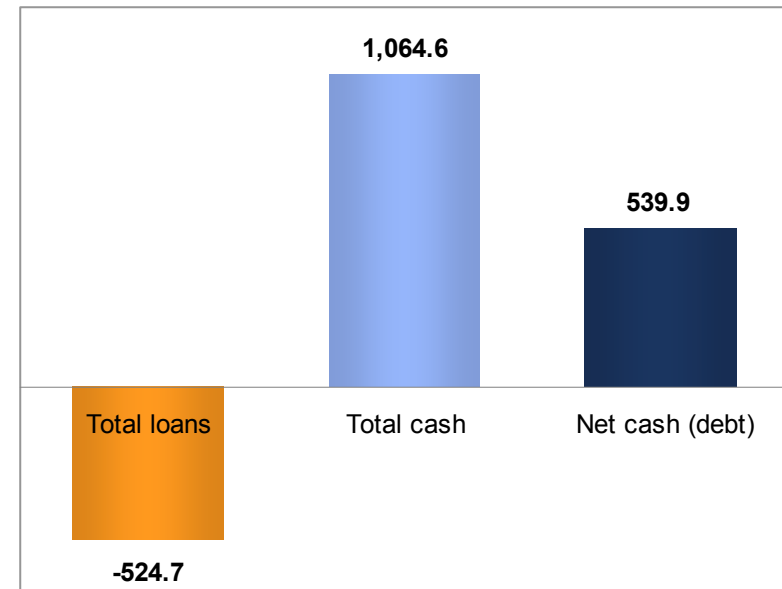


Group debt (US\$ million)

Consolidated debt 2000-2005 H1



Net cash 2005 H1



- 2005 H1 financials prepared under International Financial Reporting Standards (“IFRS”)
 - New requirement for all listed companies in the EU
 - 2004 comparatives restated
- Limited impact on Antofagasta
 - Mark-to-market of provisionally priced sales
 - Mark-to-market of all derivatives
 - Most exchange differences taken to income statement
(including intercompany debt)
 - Differences in presentation and classification
- Several “high profile” areas not relevant
 - No funded defined benefit pensions schemes
 - No share option schemes
 - No goodwill on balance sheet

Implementation of IFRS

	Pro forma		
	Half year	Half year	Full year
	30.06.05	30.06.04	31.12.04
	US\$m	US\$m	US\$m
UK GAAP - profit after tax and minorities	388.3	222.3	558.3
Provisional sales - mark to market	(17.7)	(11.7)	12.0
Derivatives - mark to market	(1.9)	4.3	6.2
Exchange taken to income statement	(1.0)	(7.7)	0.5
Other differences	(0.2)	0.3	2.5
Total adjustments	(20.8)	(14.8)	21.2
IFRS - profit after tax and minorities	367.5	207.5	579.5
	cents	cents	cents
UK GAAP - EPS	196.9	112.7	283.1
IFRS - EPS	186.4	105.2	293.9
Percentage impact of change	-5.3%	-6.6%	3.8%

Pro-forma UK GAAP numbers for 2005 H1 based on accounting policies in 2004 Annual Report

Market outlook

Refined Copper Market Overview

- **Copper fundamentals remain strong.**

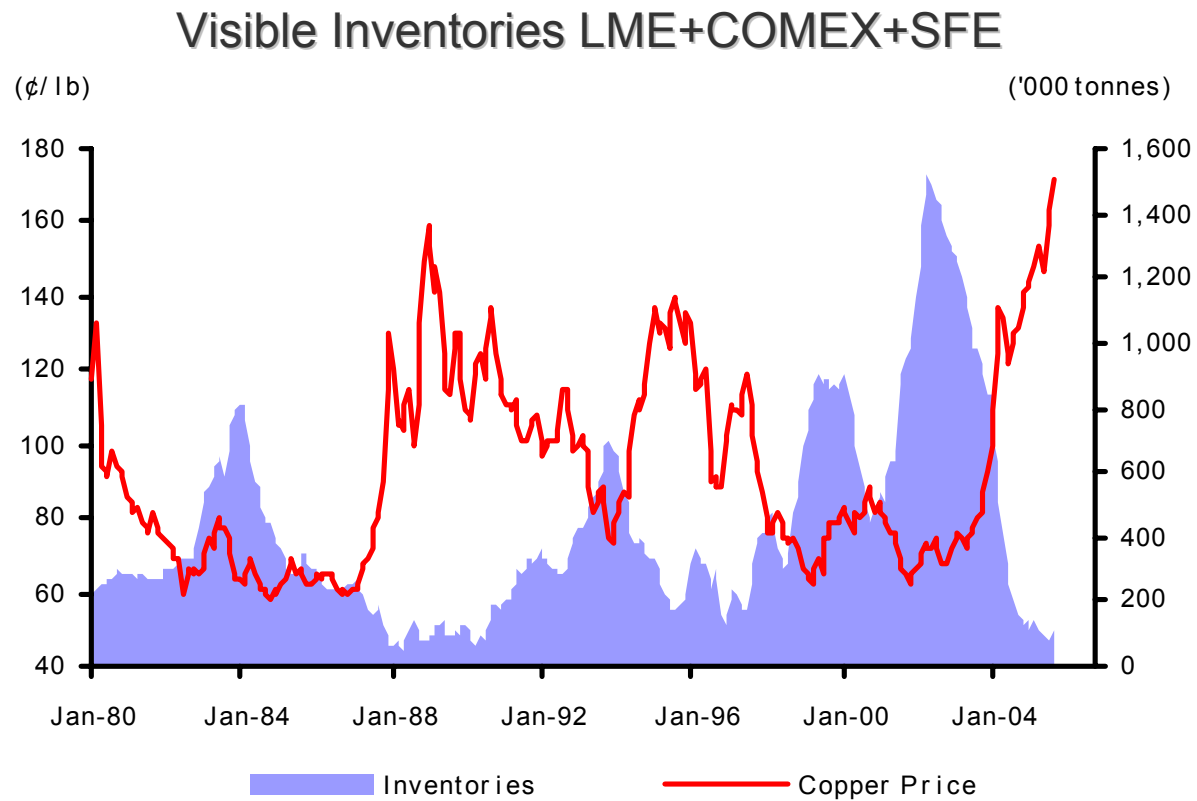
- Mine production during 1H-05 has been lower than during 2H-04.
- The refined copper deficit turning into a balance has been delayed to the end of 2005.

• Market Balance ('000 tonnes)	<u>2004a</u>	<u>2005e</u>
(Bloomsbury –August 05)	(850)	(300)

- 2005 deficit has been mainly absorbed through de-stocking.

Refined Copper Market Overview

- Despite the recent increase, stocks remain at critical level.



Refined Copper Market Outlook

- Demand is expected to recover during 2006 as re-stocking takes place.

Global Demand Change	<u>2004a</u>	<u>2005e</u>	<u>2006f</u>
(Bloomsbury –August 05)	7.0%	2.0%	5.5%

- 2006 production growth could be based on optimistic projections.

Mine Production Change	<u>2004a</u>	<u>2005e</u>	<u>2006f</u>
(Bloomsbury –August 05)	6.5%	2.7%	7.0%

- Forecast for 2006 is a balanced-surplus market.

Market Balance ('000 tonnes)	<u>2004a</u>	<u>2005e</u>	<u>2006f</u>
(Bloomsbury –August 05)	(850)	(300)	50

- Positive outlook for copper prices:

Consensus forecast is 135 c/lb for 2006 and 115 c/lb for 2007.

Copper Cathodes Market Outlook

- Cathode spot premiums have remained at a high level throughout 2005.
 - Currently at around US\$ 80 per tonne.
 - Expected to continue at this level or higher during the balance of 2005.
- Cathodes annual premium for 2006 is expected to be slightly below 2005 premium of US\$ 115 per tonne.

Copper Concentrates Market

- **Terms are expected to improve in favour of producers.**
- Spot TC/RC's reached an all time record high in 2Q05.
- During 2005 Q3, spot terms have rapidly improved and should continue improving in favour of producers.
 - More smelting capacity is available.
 - No significant increases of copper concentrates are expected for 2005.
 - Accumulated inventories should return to normal levels by the end of 2005.
- **Supply / demand balance** (numbers in thousand tonnes of fine copper)

	<u>2004a</u>	<u>2005e</u>	<u>2006f</u>
(Bloomsbury –August 05)	393	(45)	4

Copper Concentrates Market

- Long term contract settlements
 - 2005 calendar benchmark – 85.5 & 8.5.
 - 2005 mid-year benchmark – 112.5 & 11.25
 - Volume traded in mid-year contracts represent less than 15% of the world trade.
 - Los Pelambres does not have mid-year contracts
 - Expected reduction in the TC/RC's for 2006 calendar benchmark to levels between 2005 calendar and mid-year benchmark.

Molybdenum Market Outlook

- Strong market in 2005

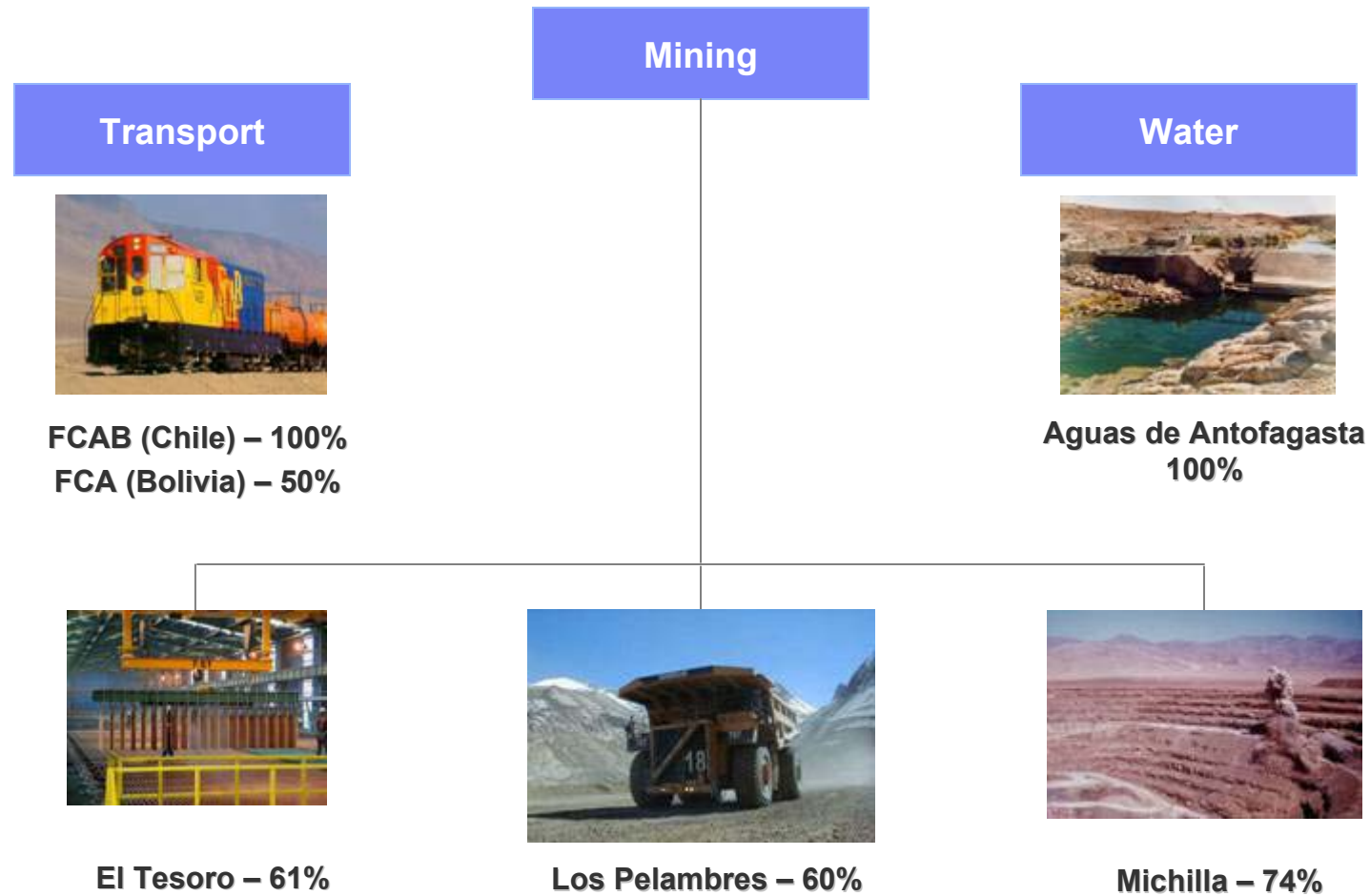
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
• Average market price (US\$/lb)	3.7	5.3	16.2	32.5 (running average)

- Prices supported by:
 - Supply limitations
 - *Temporary closure of primary mines in China (representing cutbacks of approximately 5% of world production).*
 - Demand continues growing at a rate of 3% or more.
 - *Strong Chinese increase in stainless steel demand (30% year on year).*
 - *Oil & Gas sector demand also increasing consumption*

- If Chinese production is increased the prices should trend downwards during 2006 but still trading at historically high levels and possible above an average of 15 US\$/lb.

Backup

Group structure



Listed on the London Stock Exchange (FTSE 100 since March 2004)

Market capitalisation: US\$ 5.2 billion at 9 Sep 2005, with a free float of 35%

Group Operations (2004 figures)

Copper mining	Los Pelambres (60%)	350,600 tpy in concentrates
	El Tesoro (61%)	97,800 tpy of cathodes
	Michilla (74%)	50,000 tpy of cathodes
	Exploration programmes in Chile and Peru (CVRD)	
<hr/>		
Transportation	Chile (FCAB-100%) and Bolivia (FCA-50%)	
	4.5 million tons carried for 2004	
<hr/>		
Water Supply	Aguas de Antofagasta	
	Concession acquired in December 2003	

Group Overview

Mining Operations and Exploration



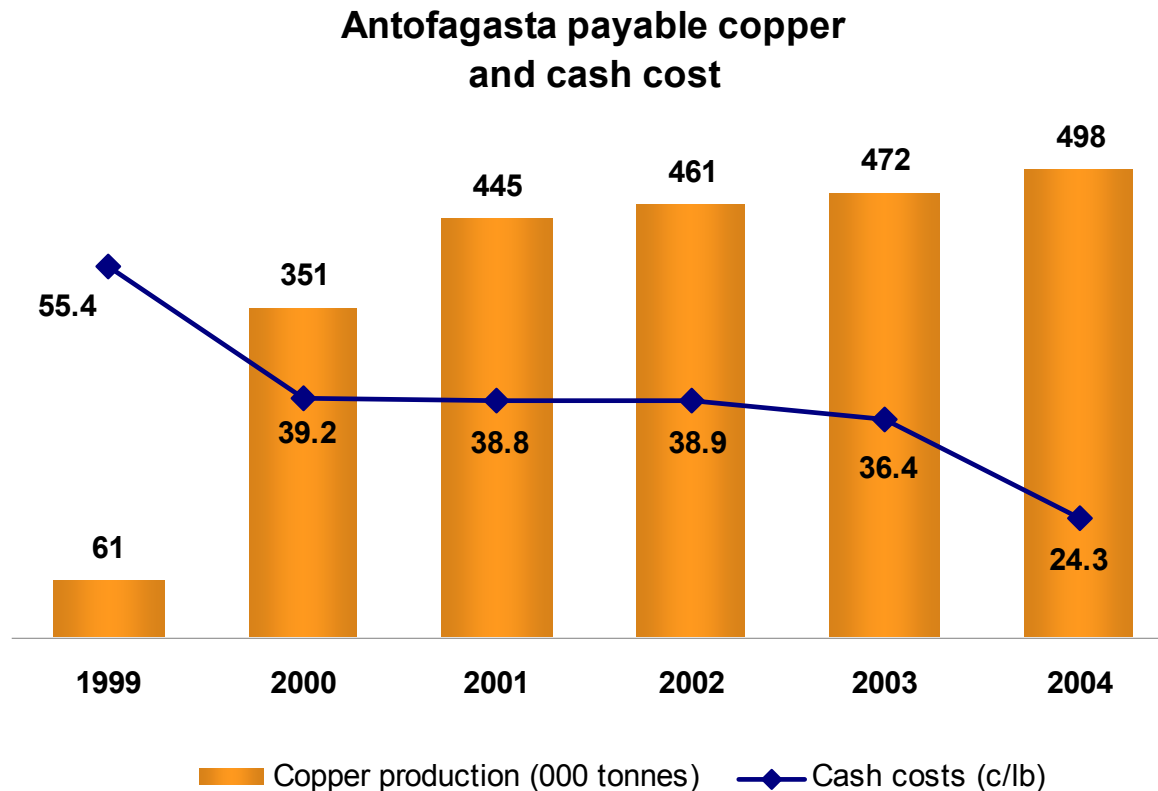
Peru



Brief history

- 1888 Antofagasta Railway incorporated and listed in London
- 1979 Luksic Group acquires controlling interest and begins investing in mining, financial and industrial sectors in Chile
- 1996 Financial and industrial interests exchanged for 33.6% interest in Quiñenco
- 1997 Development of large-scale mining projects commences
- 2000 Start of low-cost copper production with Los Pelambres
- 2003 Demerger of 33.6% interest in Quiñenco
Acquisition of Aguas de Antofagasta

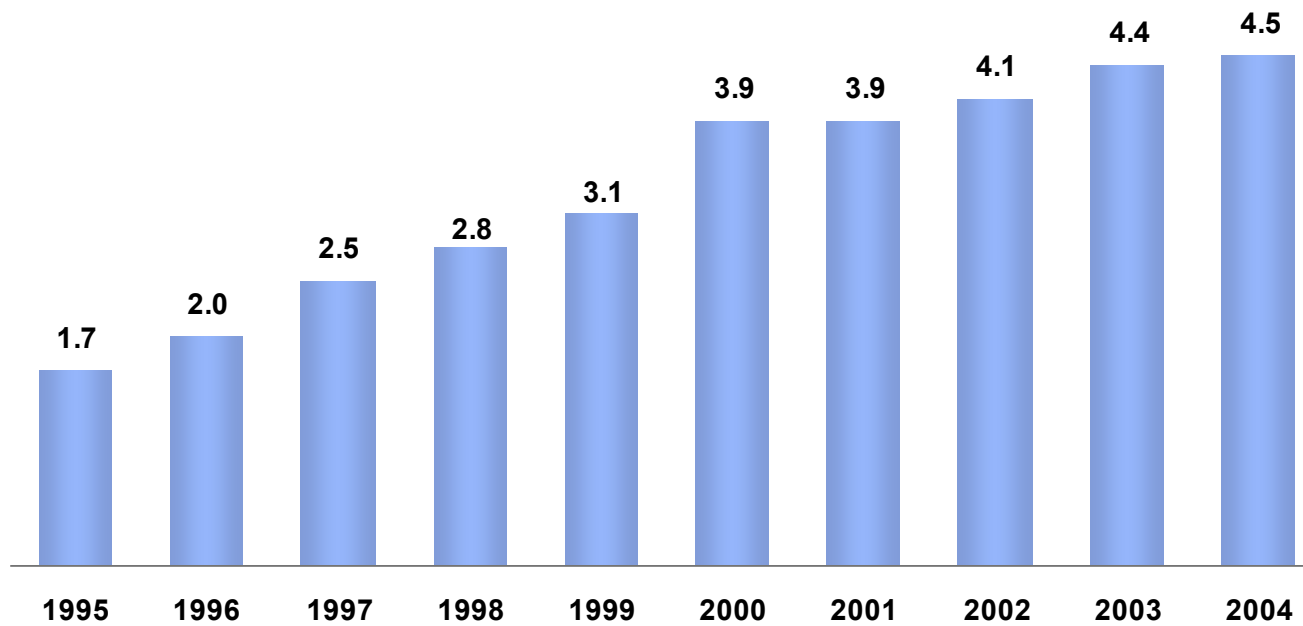
Growth record and cost base - mining



In 2004, Antofagasta was placed in the lowest 15% of the industry cost curve, with Los Pelambres being the third lowest cost worldwide

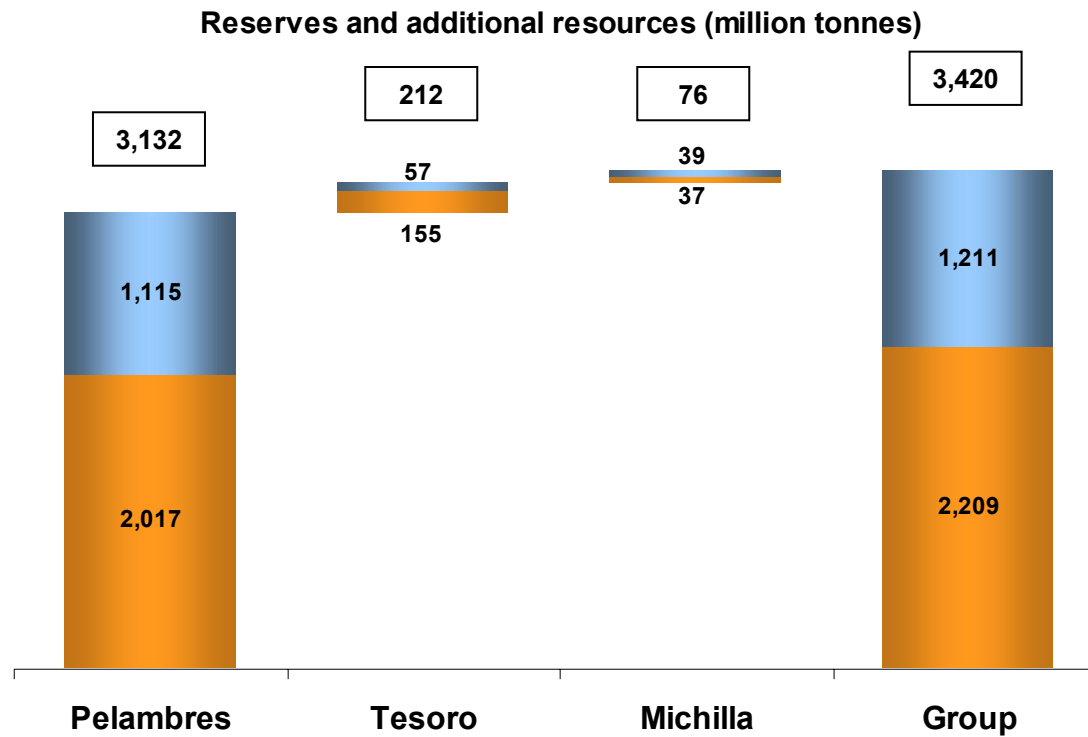
Growth record – railway

Railway tonnages (million tons)



Reserves & Resources at Operations

(at 31 Dec 2004)



Copper Market Data

<u>World Copper Consumption</u> <u>(000 tonnes)</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
North America	3,599	3,604	2,951	3,088	2,859	3,184
		0%	-18%	5%	-7%	11%
<i>of which US</i>	2,878	2,856	2,296	2,426	2,227	2,464
		-1%	-20%	6%	-8%	11%
South & Central America	489	527	536	410	493	549
		8%	2%	-24%	20%	11%
Europe	4,185	4,381	4,276	4,072	3,936	4,049
		5%	-2%	-5%	-3%	3%
<i>of which West. Europe</i>	3,812	4,002	3,854	3,676	3,540	3,668
		5%	-4%	-5%	-4%	4%
CIS	238	270	378	451	511	669
		13%	40%	19%	13%	31%
Asia	5,375	5,993	6,031	6,610	7,213	7,920
		11%	1%	10%	9%	10%
<i>of which China</i>	1,540	1,900	2,256	2,557	3,056	3,468
		23%	19%	13%	20%	13%
<i>of which Japan</i>	1,293	1,349	1,145	1,164	1,202	1,254
		4%	-15%	2%	3%	4%
Australasia	171	173	171	190	250	169
		1%	-1%	11%	32%	-32%
Africa	110	132	170	200	202	213
		20%	29%	18%	1%	5%
World Total	14,168	15,079	14,512	15,019	15,464	16,755
		6.4%	-3.8%	3.5%	3.0%	8.3%

Source: CRU International Ltd, Jan 2005

Copper Market Data

<u>Copper mine production (000 tonnes)</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
South & central America	5,398	5,746	5,671	6,018	6,837
Chile	4,665	4,798	4,603	4,967	5,551
Peru	552	719	823	824	997
North America	2,414	2,324	2,002	1,982	2,167
USA	1,467	1,359	1,125	1,111	1,208
Canada	622	637	587	558	567
Asia	2,030	2,057	2,148	2,011	1,934
China	595	587	568	604	675
Indonesia	1,006	1,047	1,163	1,000	793
CIS	1,132	1,171	1,185	1,183	1,203
Russia	602	634	636	632	653
Australasia	1,072	1,077	1,107	1,047	1,086
Australia	869	871	896	844	886
Central and east. Europe	569	590	618	614	589
Africa	522	551	534	583	643
Western Europe	247	239	230	217	244
World Total	13,384	13,754	13,495	13,656	14,703

Source: CRU International Ltd, Jan 2005

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