

MINERA ESCONDIDA

MERRILL LYNCH INVESTOR VISIT

NOVEMBER 18, 2002



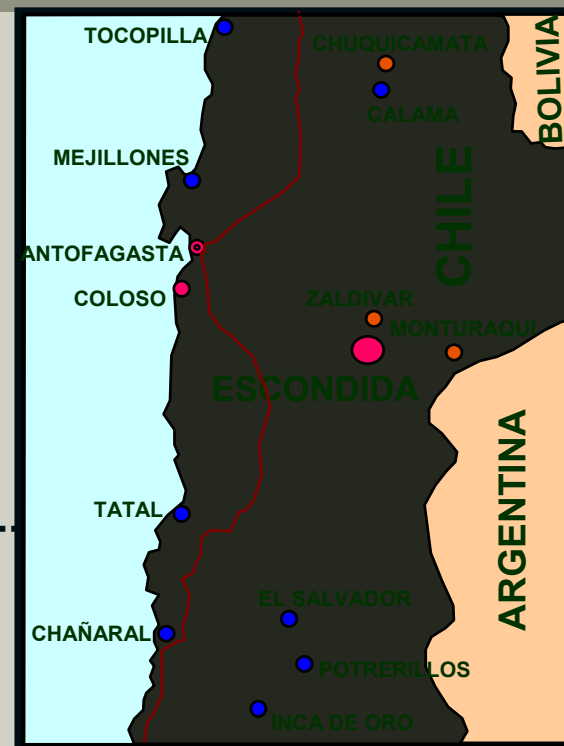
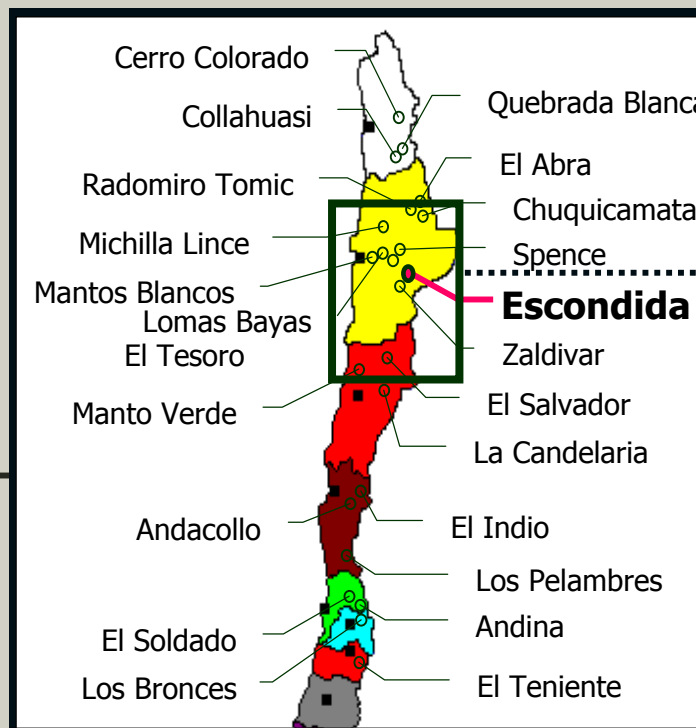
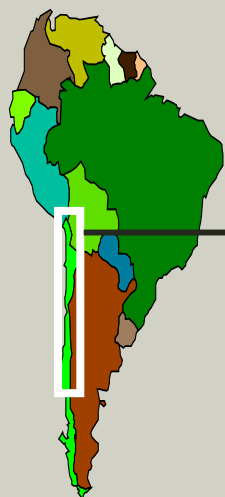
Presentation Content

- **Geographical Location**
- Escondida Strengths
- Operations Overview
- Production (Including Apollo)
- Financials
- Business Strategy
- Growth Opportunities
- Current Activities



World's Premium Copper Region

Northern Chile's Atacama Desert,
160 km south east of Antofagasta.





**Zaldivar
Leach Pads**

**Escondida
Norte**

**Zaldivar
Pit**

Concentrator

**Main
Pit**

**Oxide
Leach Pads**

**Hamburgo
Tails**

**Phase IV
Plant site**

5 km

N



Coloso Filter & Port Facilities

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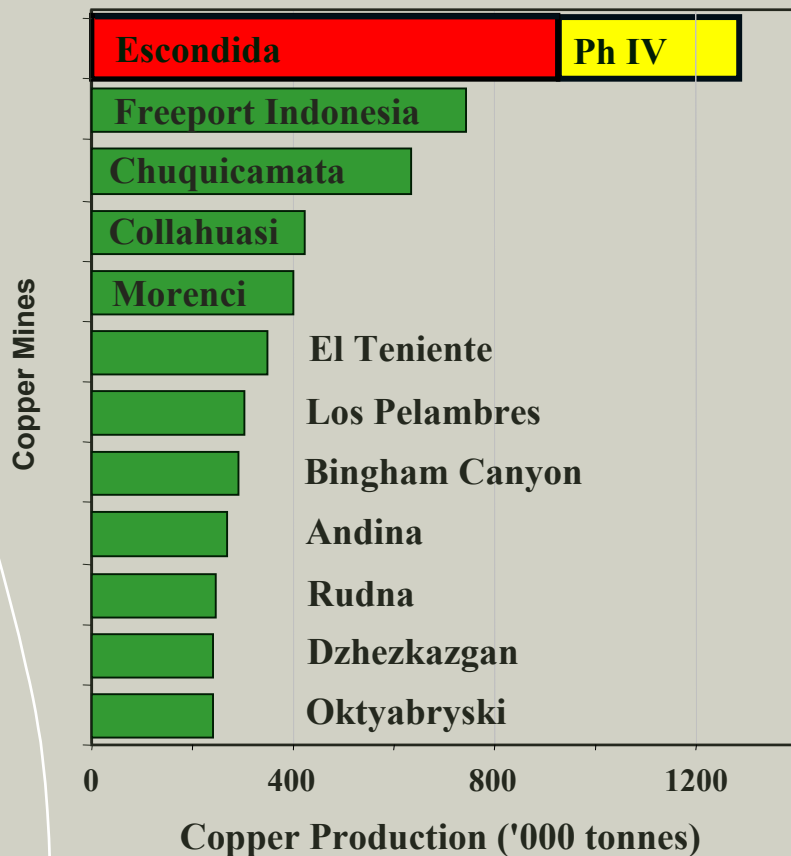


Escondida's Strategy Builds on its Strengths to Maximize Long Term Value



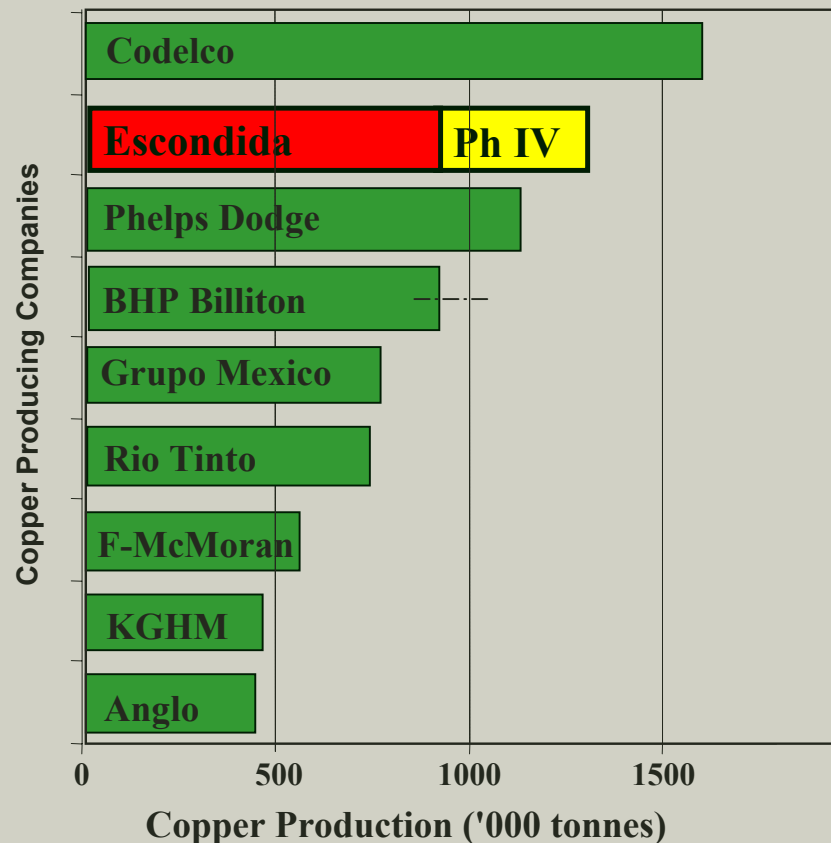
World's Largest Copper Mine

Leading Copper Mine Sites



Source: Brook Hunt & Associates,
Calendar year 2000, plus
Escondida Ph IV 2004 projection.

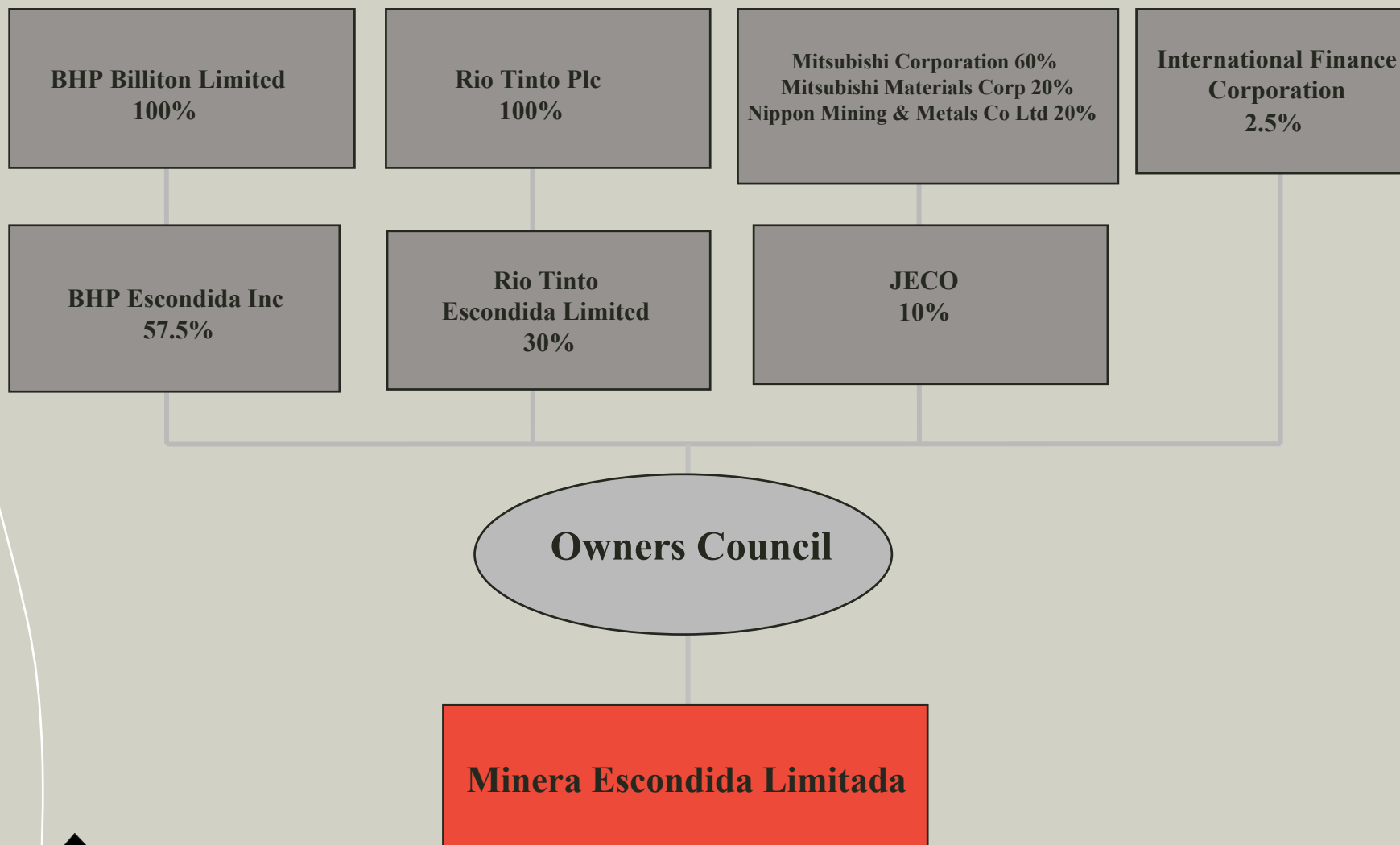
Leading Copper Producers



Note: BHP and Rio Tinto production shares include shares of Escondida production. Brook Hunt do not rate Escondida as a stand alone company.



Sponsored By World's Premier Metals & Mining Houses



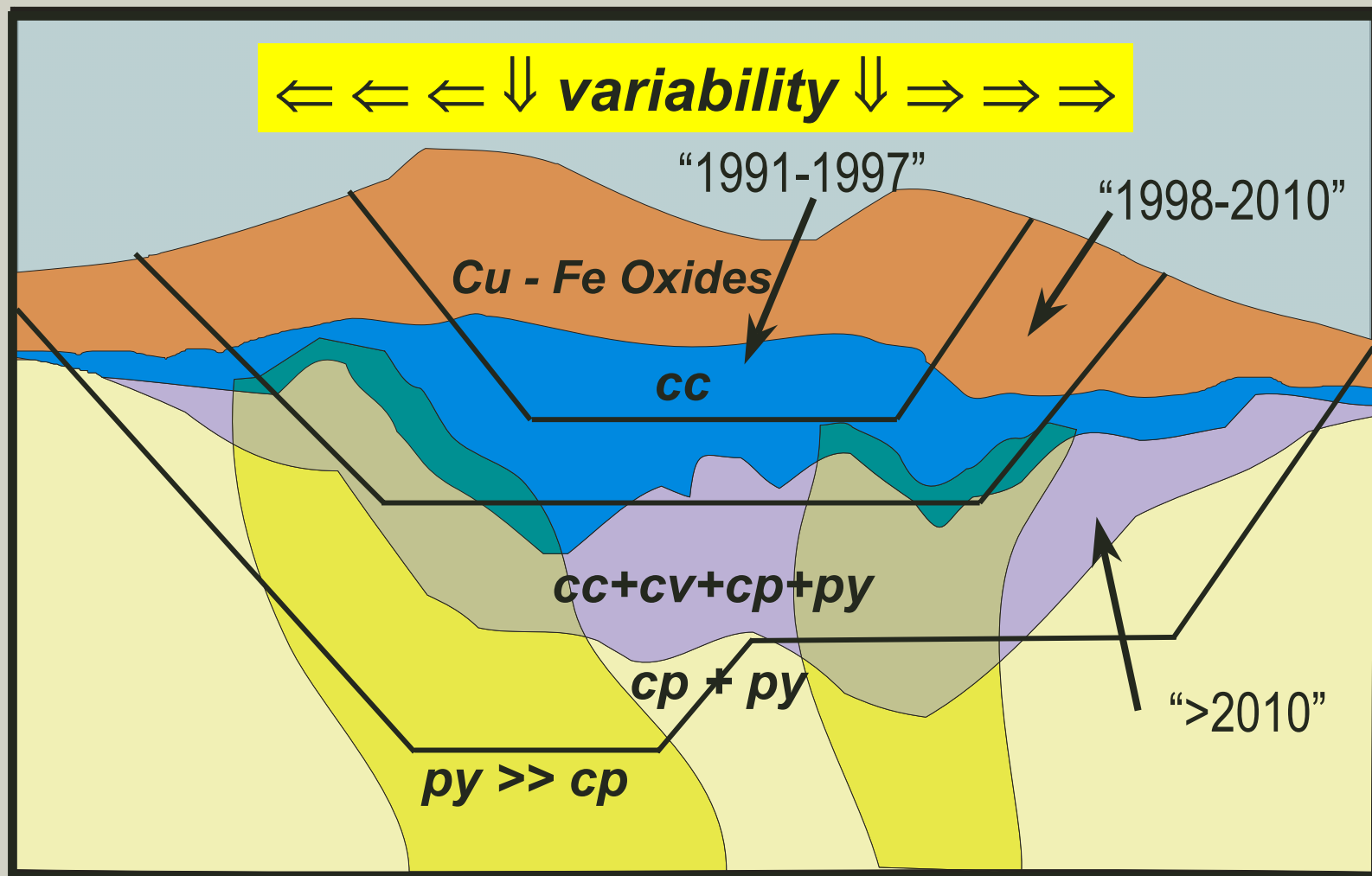
Total Ore Reserves and Mineral Resources:

Official declaration at June 30, 2002, JORC Competent Person: Dr J M Gilligan

	Ore Type	Ore Reserves			Mineral Resources		
		Tonnes (millions)	Grade (%Cu)	Metal (mlbs)	Tonnes (millions)	Grade (%Cu)	Metal (mlbs)
Escondida	Sulphide	1,568	1.24	36,503	2,182	1.14	54,835
	LG Float	582	0.60	6,157	1,409	0.59	18,421
	LG Leach				658	0.43	6,209
	Mixed	50	1.02	431	113	0.81	2,023
	Oxide	208	0.69	2,706	280	0.64	3,935
Escondida Norte	Sulphide				649	1.33	19,014
	LG Float				642	0.58	8,190
	Mixed				43	0.81	761
	Oxide				142	0.79	2,476
Sub-Totals	All Sulphide	2,149	1.07	42,660	5,540	0.87	106,669
	Mixed	50	1.02	431	155	0.81	2,784
	Oxide	208	0.69	2,706	422	0.69	6,411
TOTAL	All Types	2,408		45,797	6,117		115,864

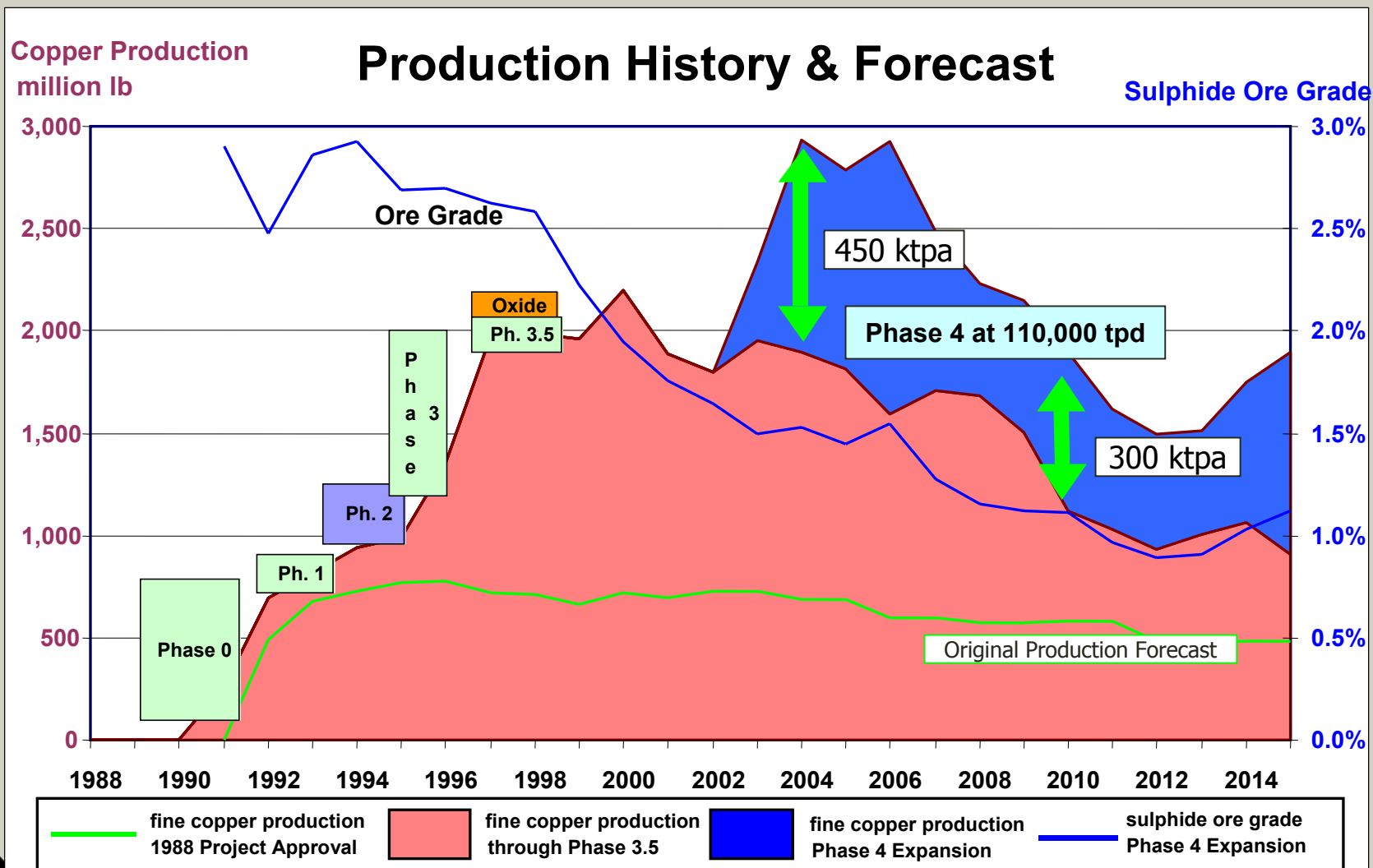
Escondida Schematic Deposit Evolution Profile:

Increasingly complex & variable geological conditions



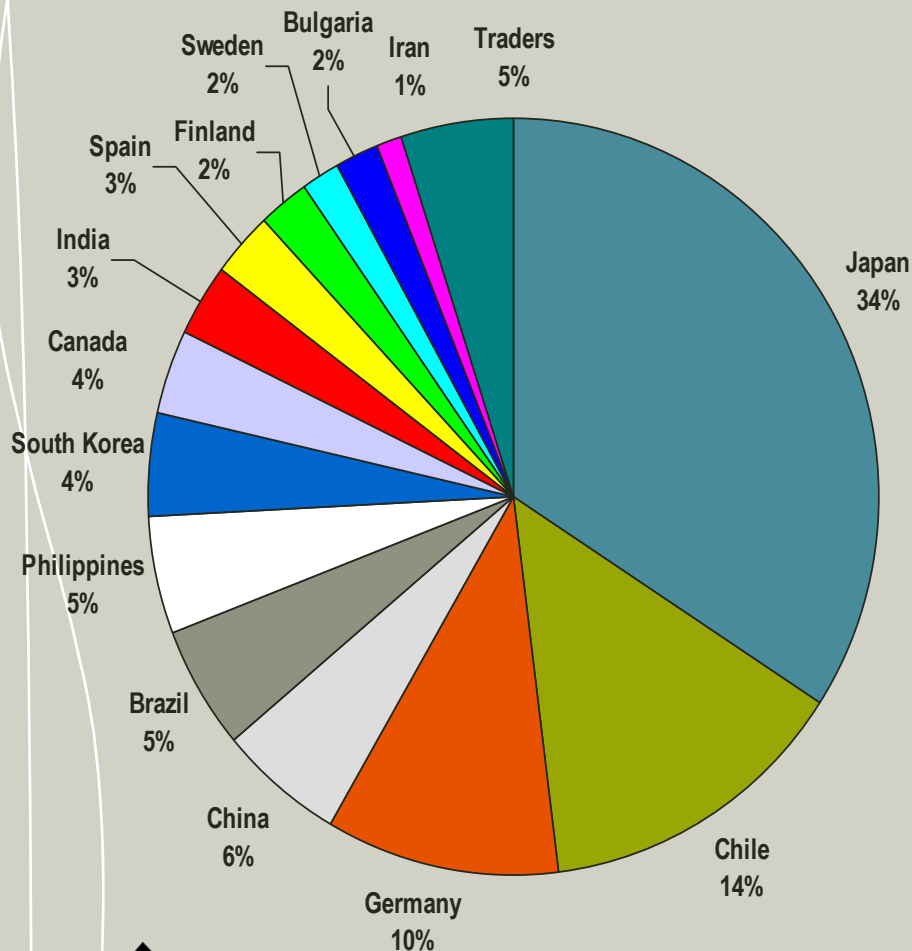
Copper Production & Head Grade:

Incremental Expansion to offset Progressive Reduction in Head Grade with Time
Graphic Represents Mine Capacity, Actual Production Depends on Market Conditions

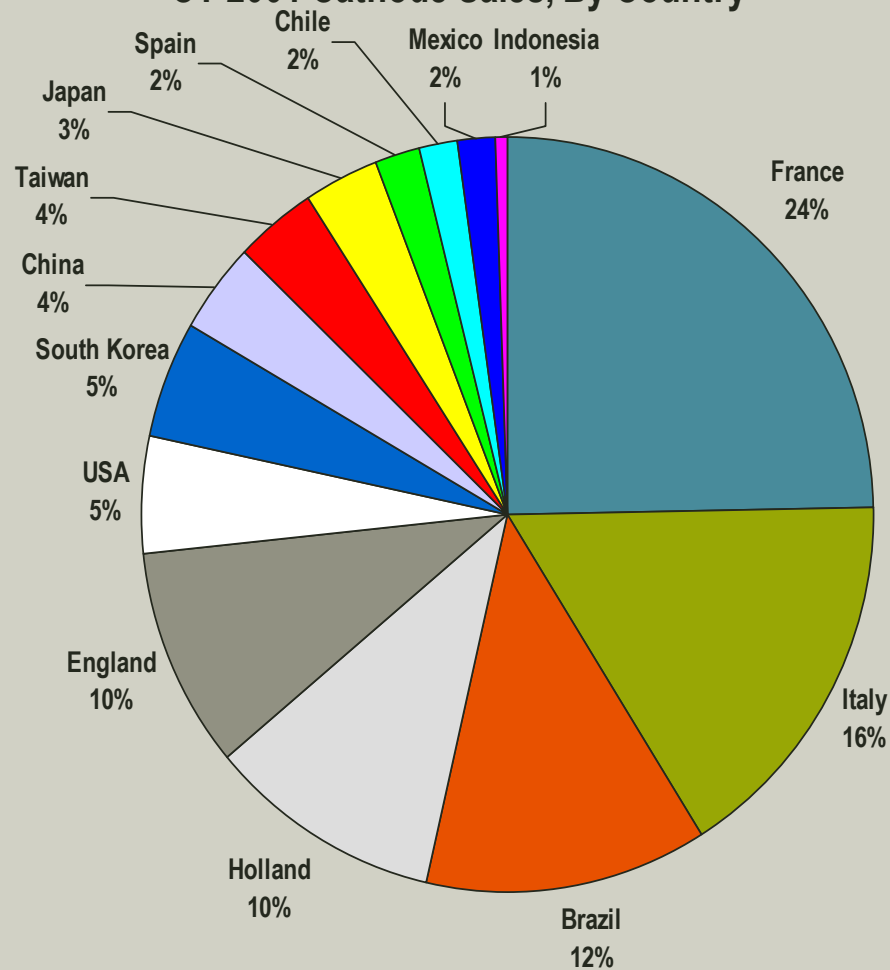


Diverse Customer Base

CY 2001 Concentrate Sales, By Country

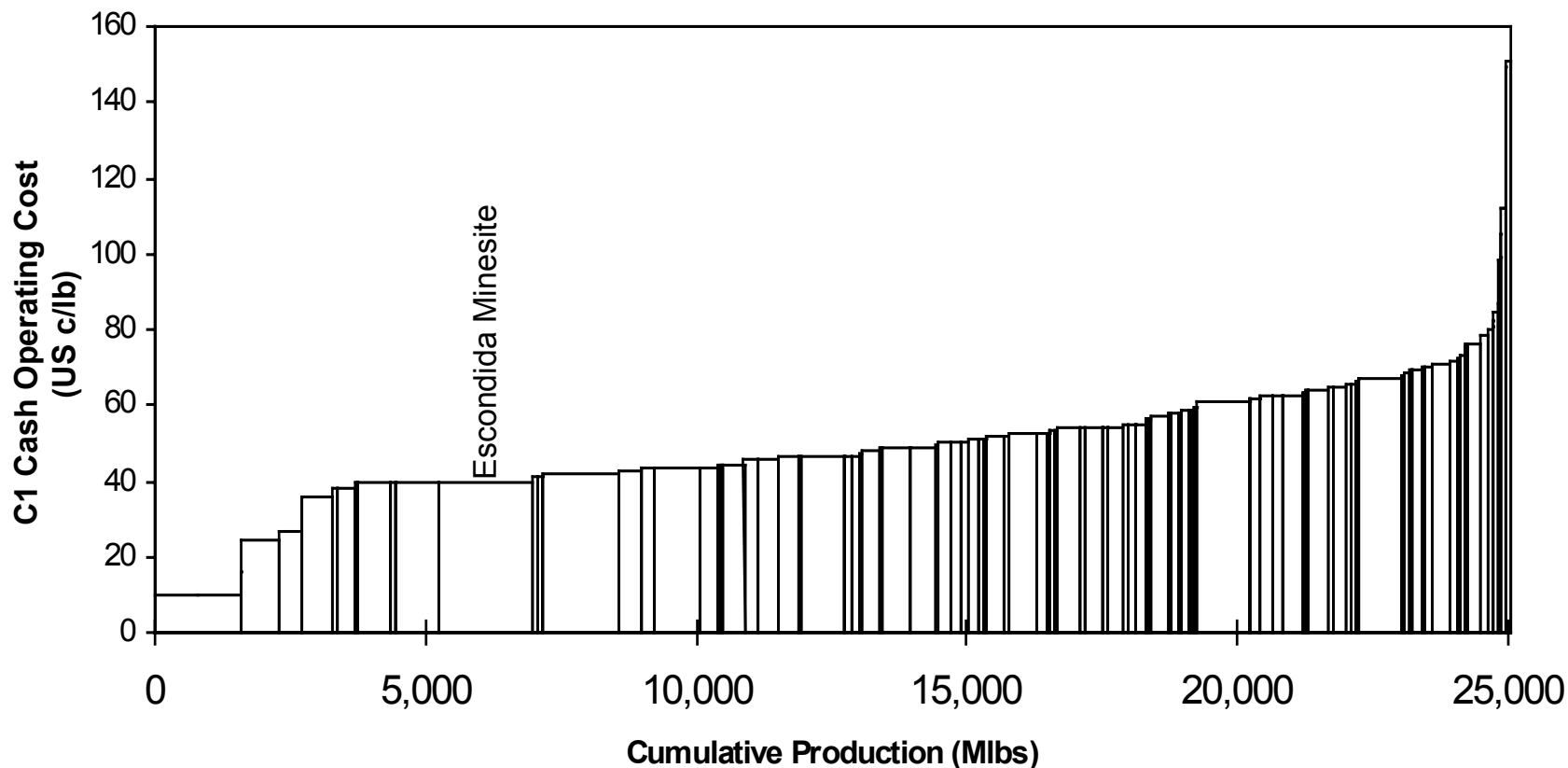


CY 2001 Cathode Sales, By Country



C1 Unit Costs in the 1st Quartile

CY01 Brook Hunt, Copper Industry C1 Cost Curve

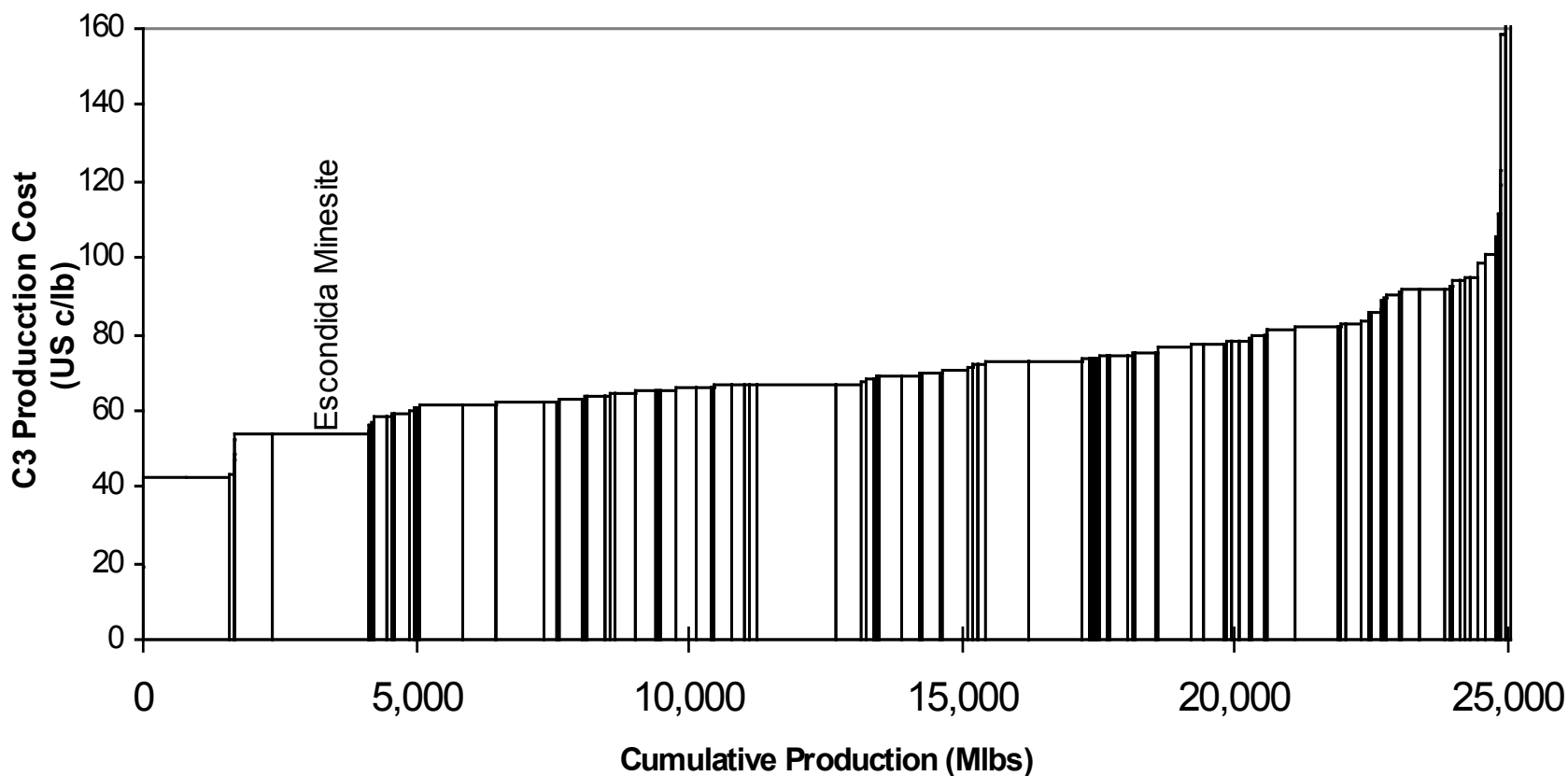


Escondida Real Cost and Cooper Industry estimate



Only 3 Producers with a Lower C3 Unit Cost

CY01 Brook Hunt, Copper Industry C3 Cost Curve



Escondida Real Cost and Copper Industry estimated Cost

Phase IV Expansion Components

- An additional mine fleet
 - (1) 65 yd³ shovel, (6) 380 st haul trucks, (1) drill
 - Support equipment and maintenance shop expansion
- In-pit ore crusher and conveyor to Phase IV concentrator
 - Relocation of existing crushers
- 110,000 tpd Concentrator
 - 38-ft. SAG mill and (3) 25-ft. Ball mills
 - Conventional flotation using large cells, regrind, column cells
- Concentrate handling
 - Slurry pipeline to existing concentrator, then on to the port
 - Added concentrate filtering and storage capacity
 - Modifications to port facility
- Laguna Seca Tailings Facility
 - Tailings disposal for life of mine – both mills
 - Improved water reclaim to both mills

Phase IV: Laguna Seca Concentrator: Detailed Site Layout



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Employment

	Antofagasta	Coloso	Escondida	Santiago	Total
Expatriates	3	0	24	2	29
Operators	2	70	1627	0	1699
Téchnical & Admin	15	1	89	1	106
Professional/Mgrs	51	17	426	9	503
Total	71	88	2166	12	2337

- Avg workforce age – 38 years
- Avg length of service – 7 years
- Employee turnover - 2%
- Attendance rates - 97%+
- Female employees - 4%
- Expatriate employees – 0.8%

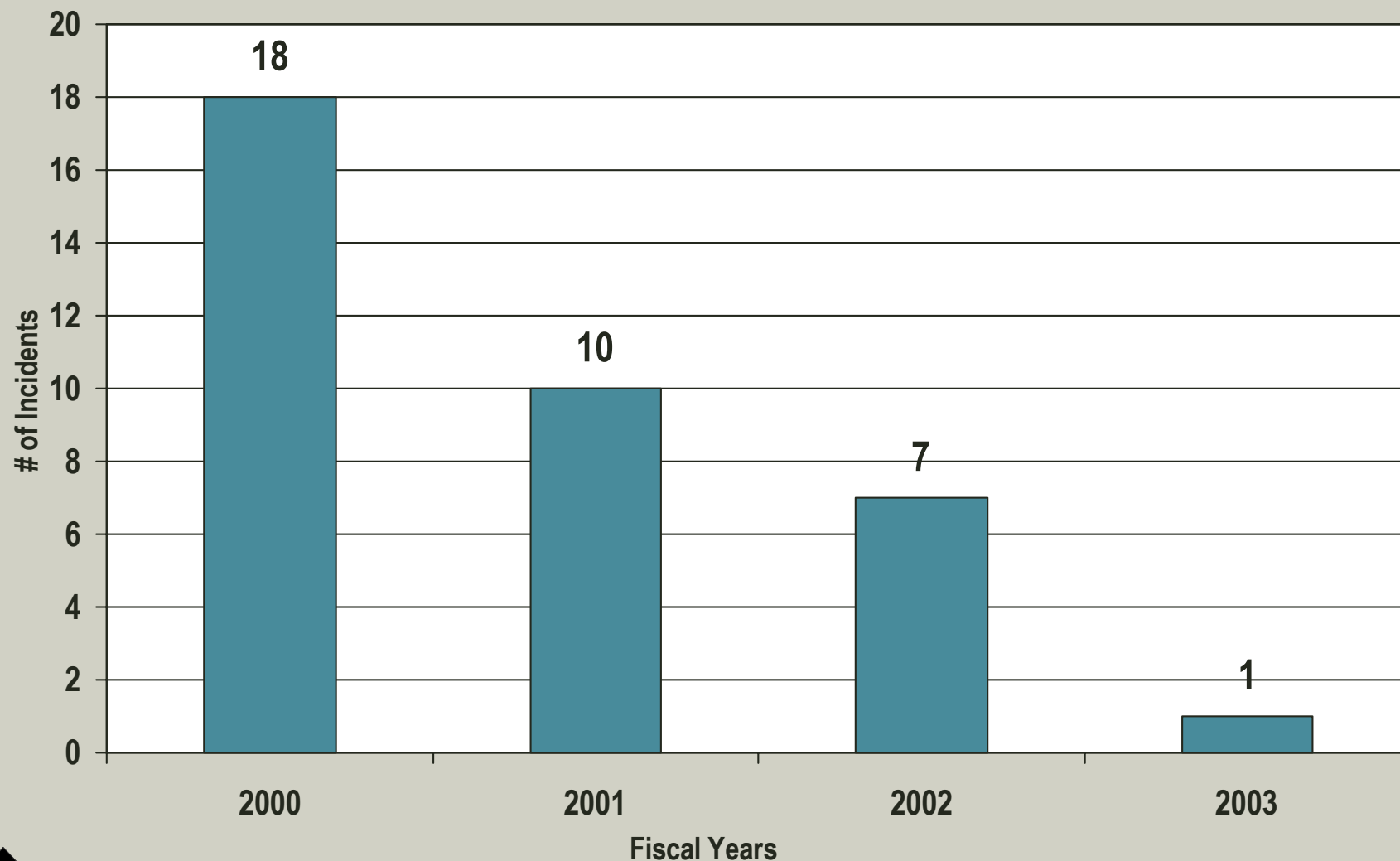
Permanent Contractors 1770

Projects & Construction 740

Total 4847



Safety – Potential or Actual Level 4 Incidents



Dimensions	Now	Final
E-W	2.2km	3.5km
N-S	3.2km	4.8km
Depth	465m	750m

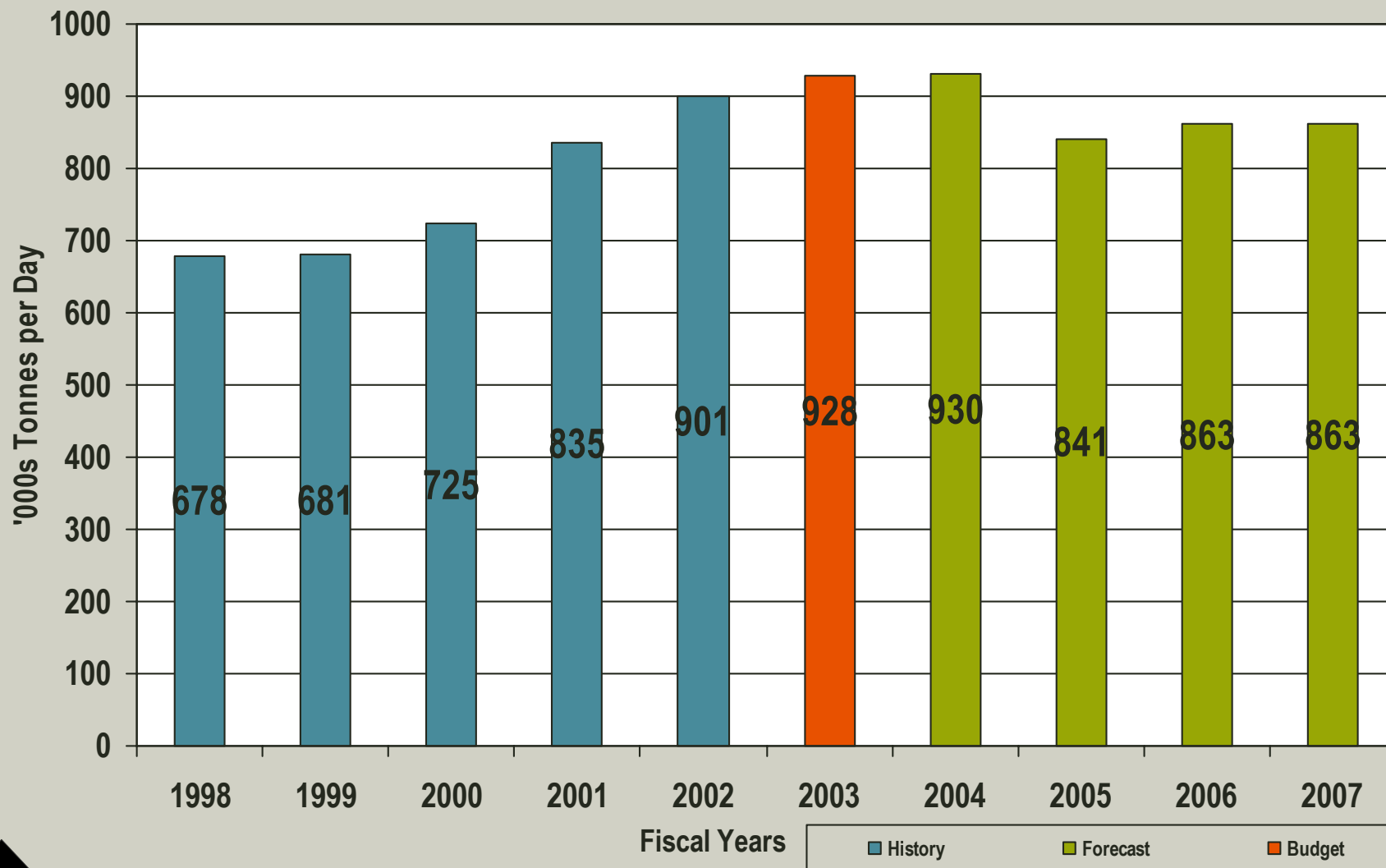
Escondida Mine Pit



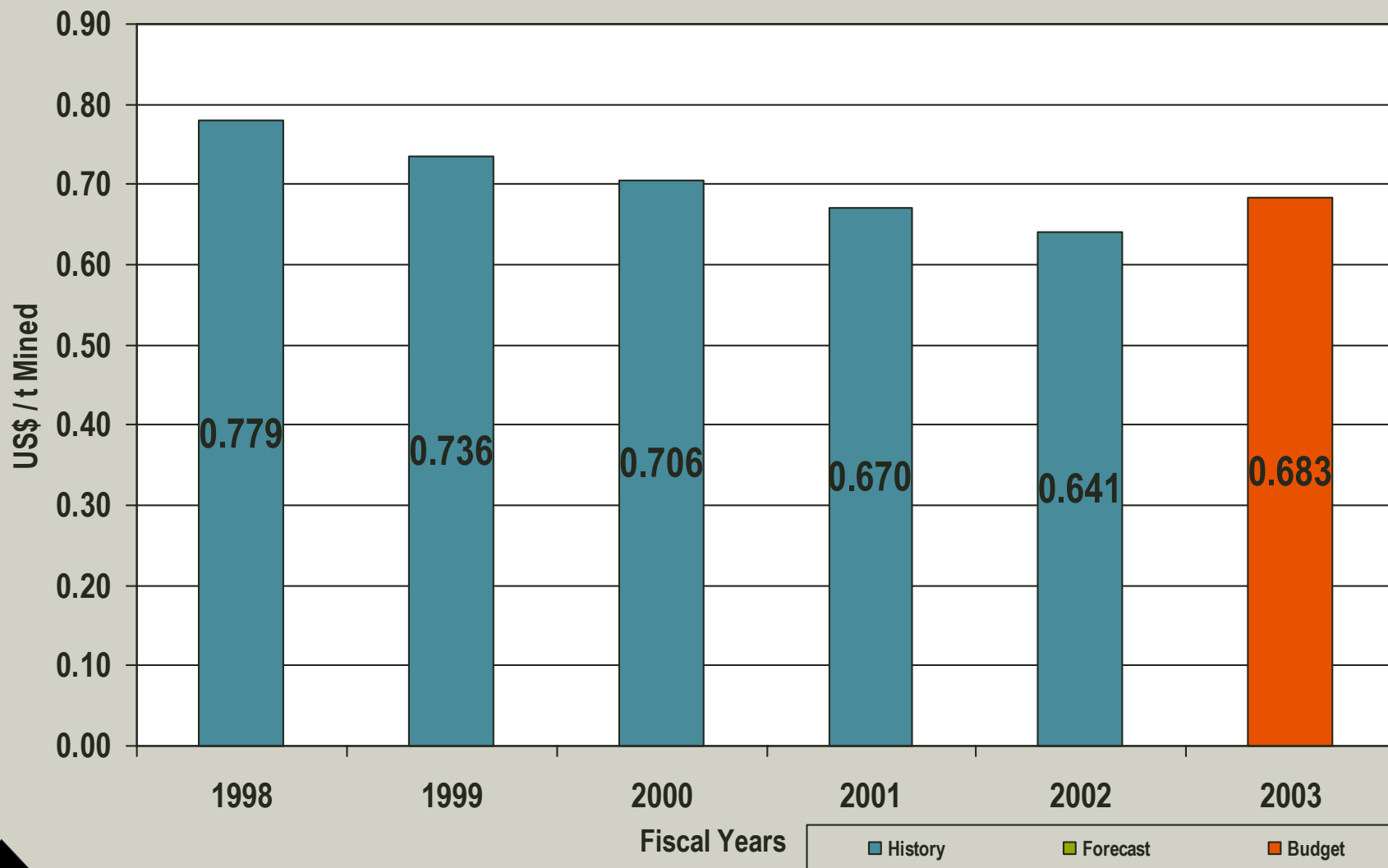
Escondida Mining Fleet FY-02

• Electric Rope Shovels – Total	13
– P&H 4100 XPB (73 yd Dipper)	2
– BE 495 (55 yd Dipper)	10
– BE 395 (30 yd Dipper)	1
• Haul Trucks – Total	89
– Komatsu 830E (240 mt)	28
– CAT 793 B&C (240 mt)	47
– CAT 797 (380 mt)	14
• Front End Loaders – Total	3
– CAT 994 (23 yd Bucket)	3
• Drills – Total	12
– BE 49R & R2s (8), IR DMM2s (2) & P&H 250XPs (2)	
• Auxiliary Equipment – Total	44
– Dozers (9-D10s & 4-D11s), Tiger 690s (2), RTDs (13), Graders (5-16Gs & 2-24Hs), Water Trucks (6-CAT 777s) & Cable Reelers (3-CAT950Fs)	

Mine Production – '000s TPD Ex-Pit



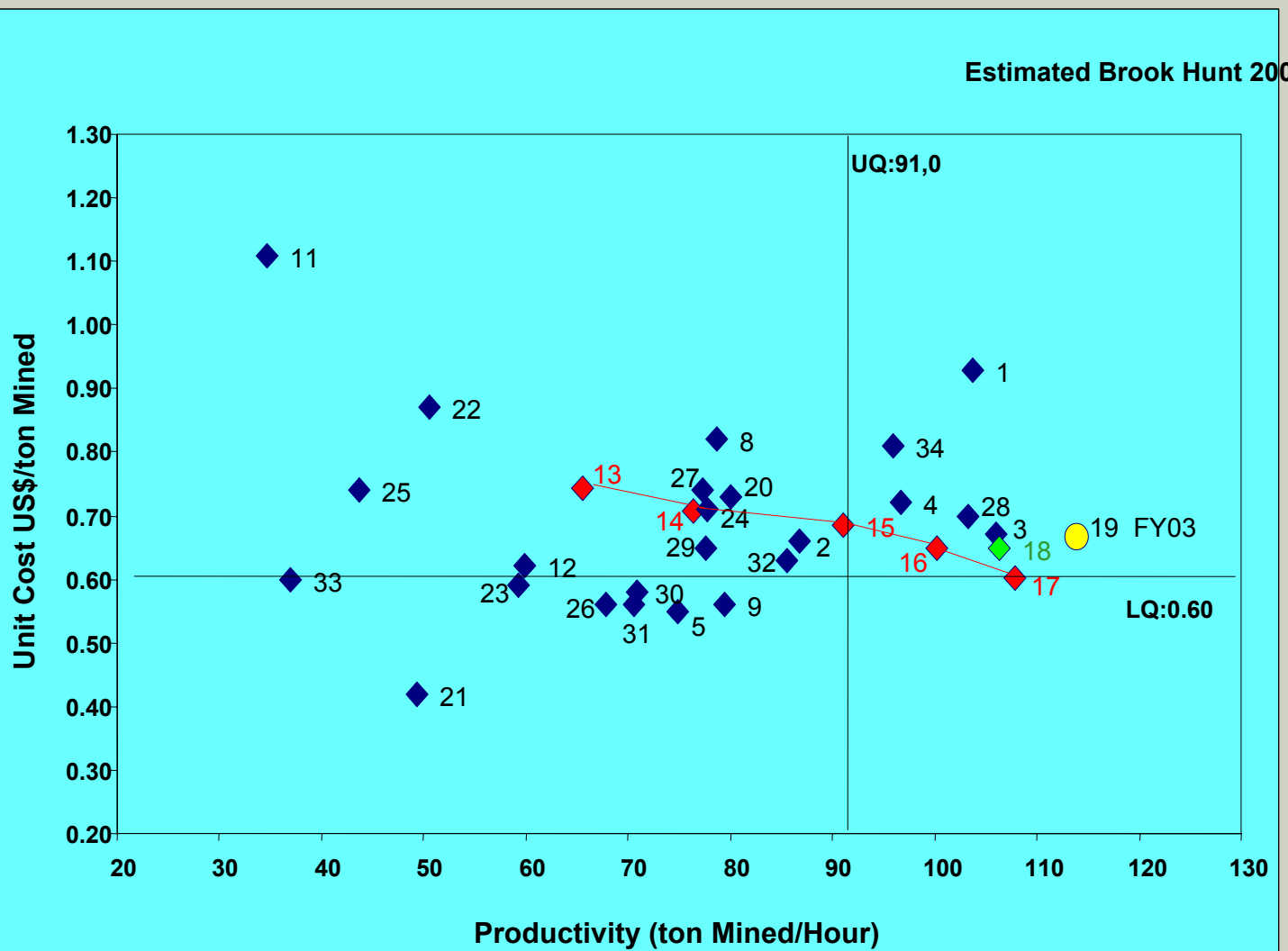
Mine Unit Cost – US\$/t Mined



Unit Cost & Productivity: Mine

Mines

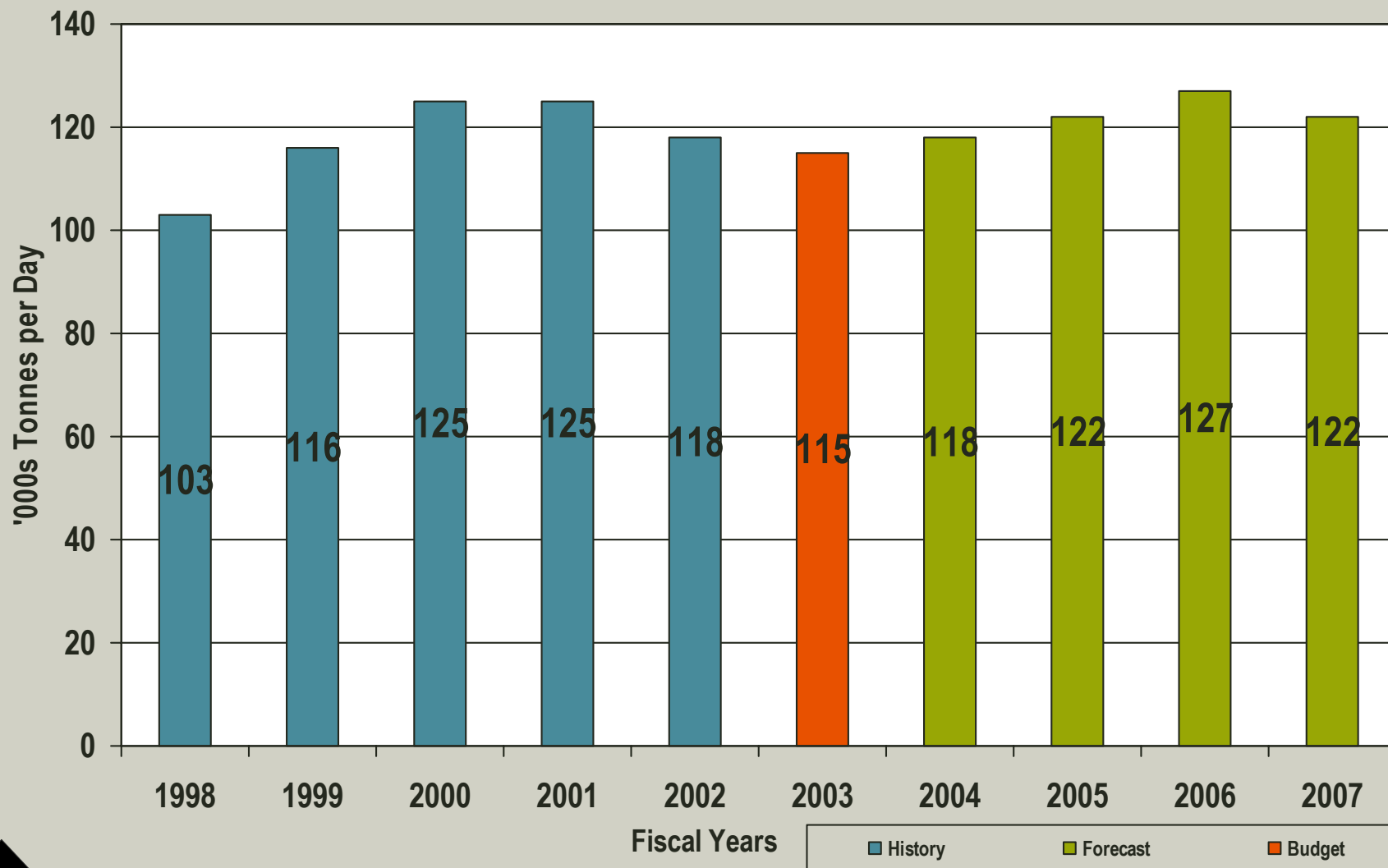
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Escondida FY98	13
Escondida FY99	14
Escondida FY00	15
Escondida FY01	16
Escondida YTD FY02	17
Escondida Budget FY02	18
Escondida Budget FY03	19
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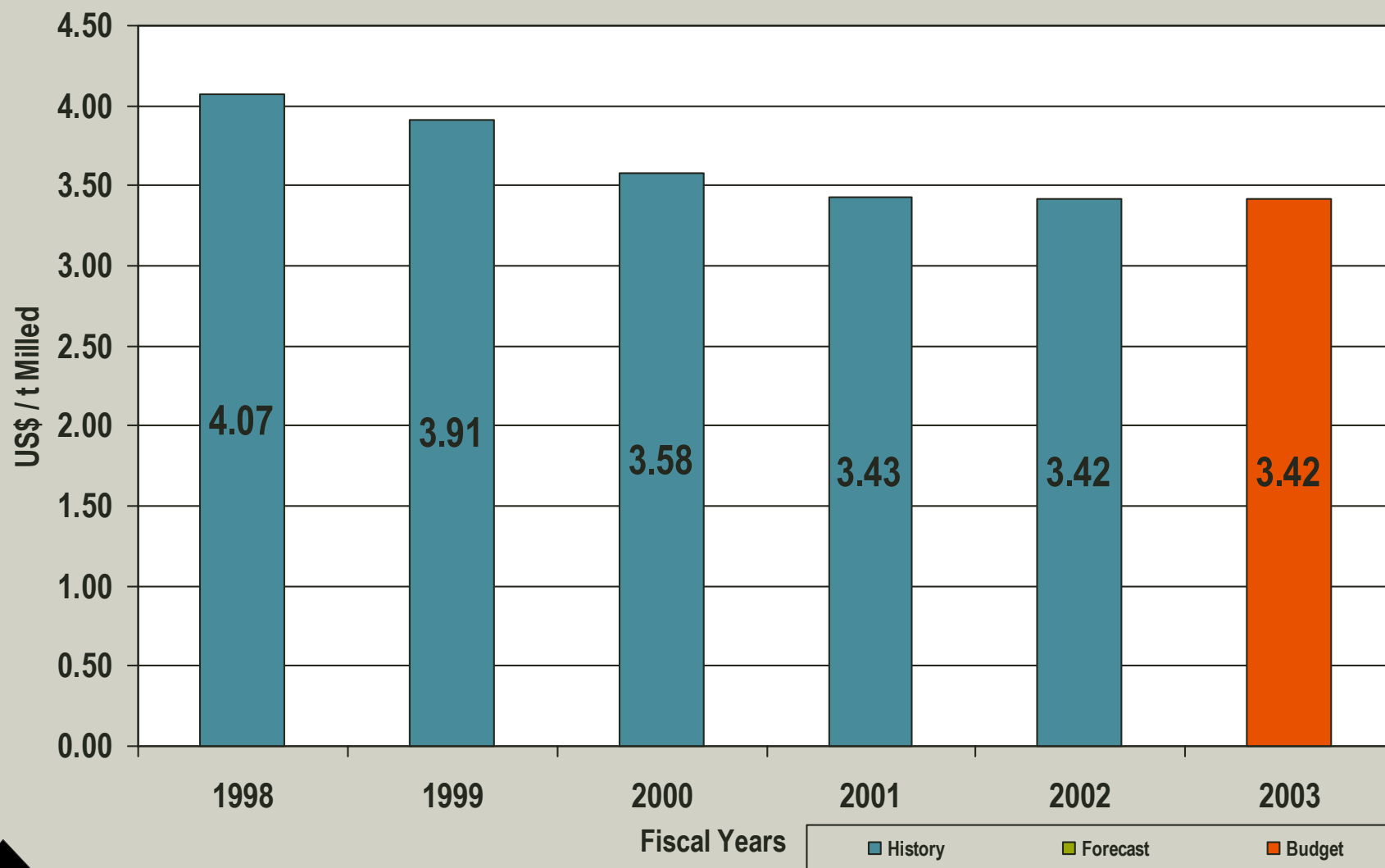
Los Colorados Concentrator



Los Colorados Production – '000s TPD Milled



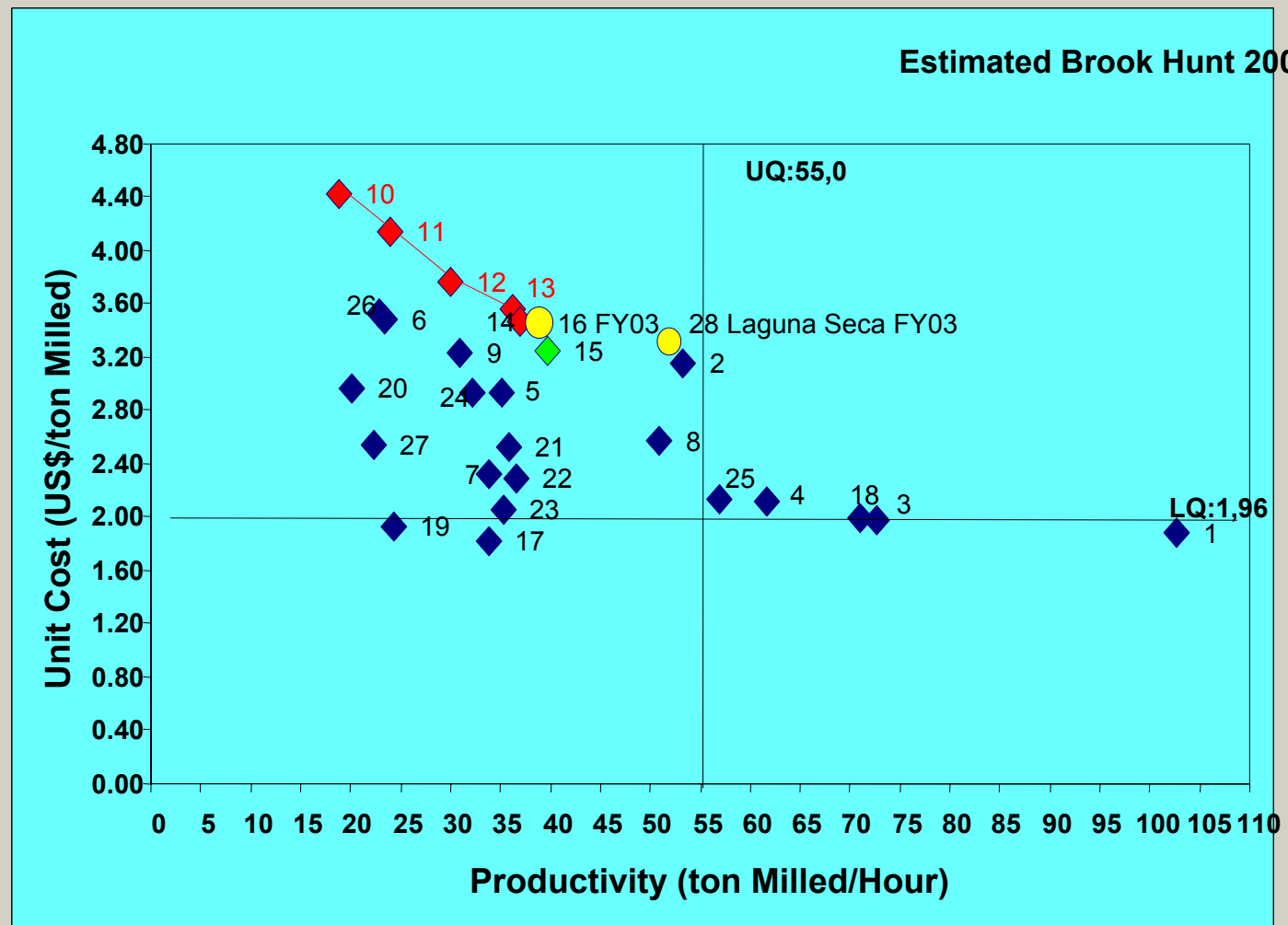
Los Colorados Unit Cost – US\$/t Milled



Unit Cost & Productivity: Concentrators

Mills

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Escondida FY98	10
Escondida FY99	11
Escondida FY00	12
Escondida FY01	13
Escondida YTD FY02	14
Escondida Budget FY02	15
Escondida Budget FY03	16
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Escondida Laguna Seca	28



Laguna Seca including Filter and excluding Overland Conveyors and Camp Cost

Base Metals CSG - Escondida - Merrill Lynch Analysts Andean Adventure

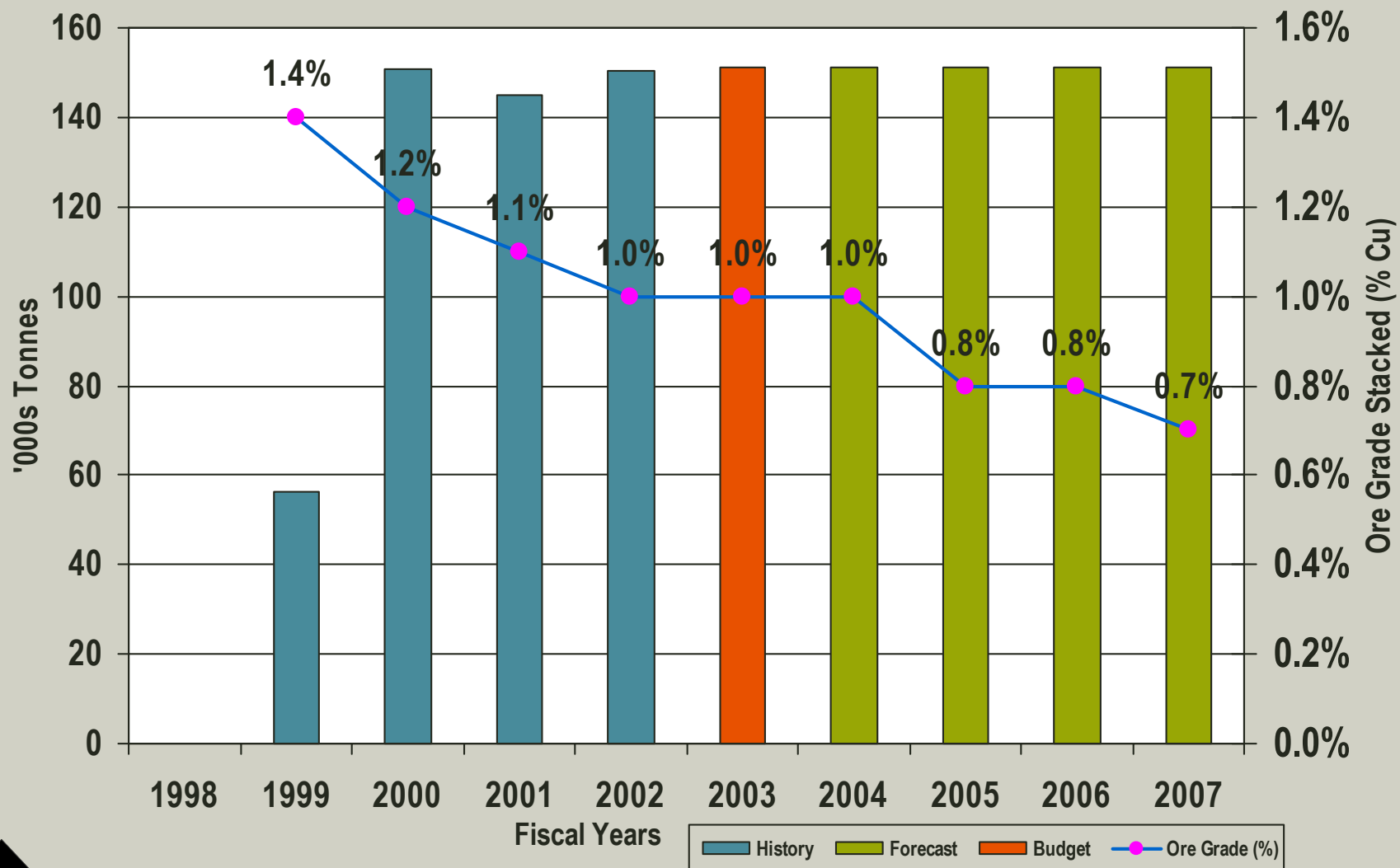
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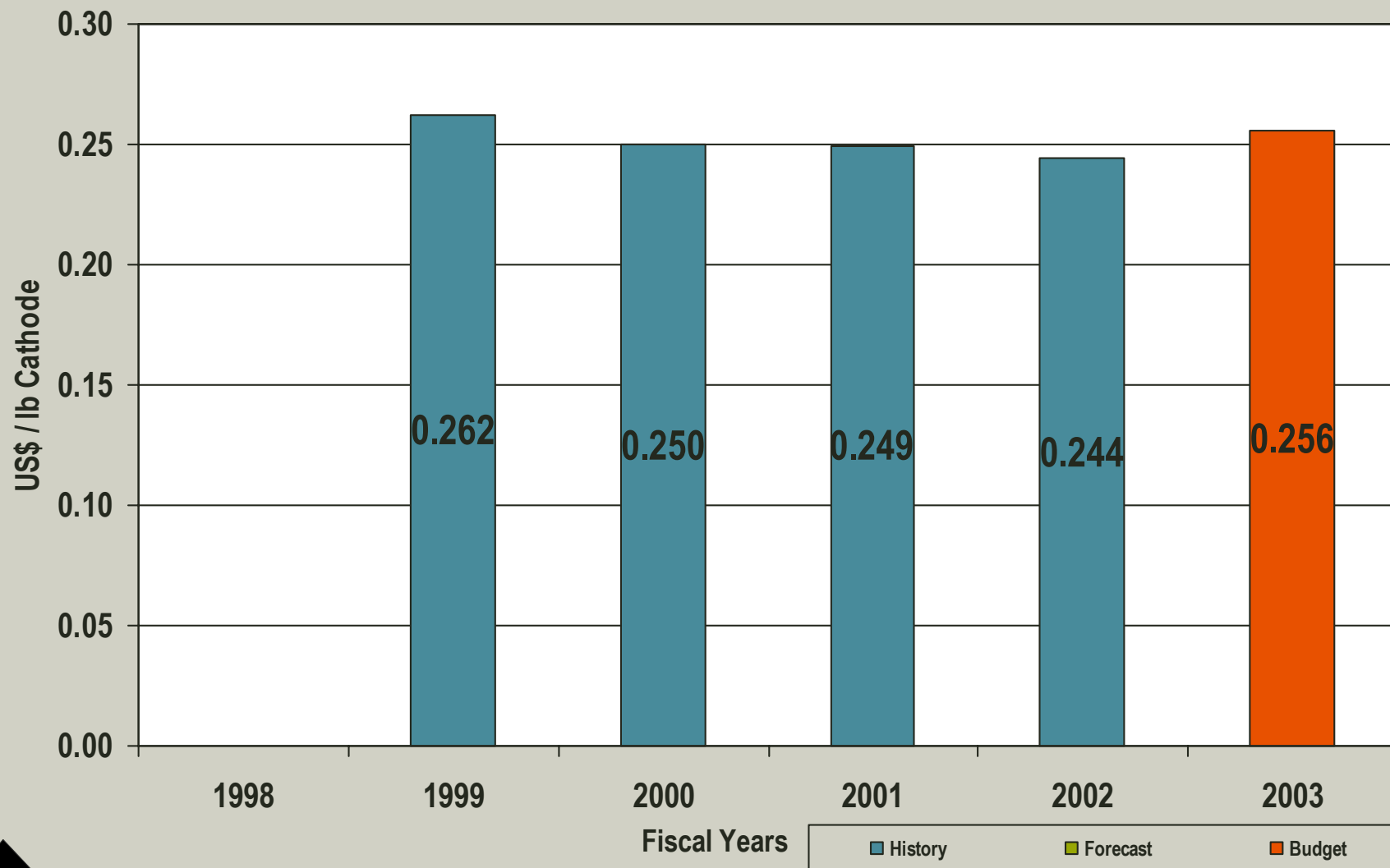


Escondido SX-EW Oxide Plant

Oxide Production – '000s Tonnes of Cathodes



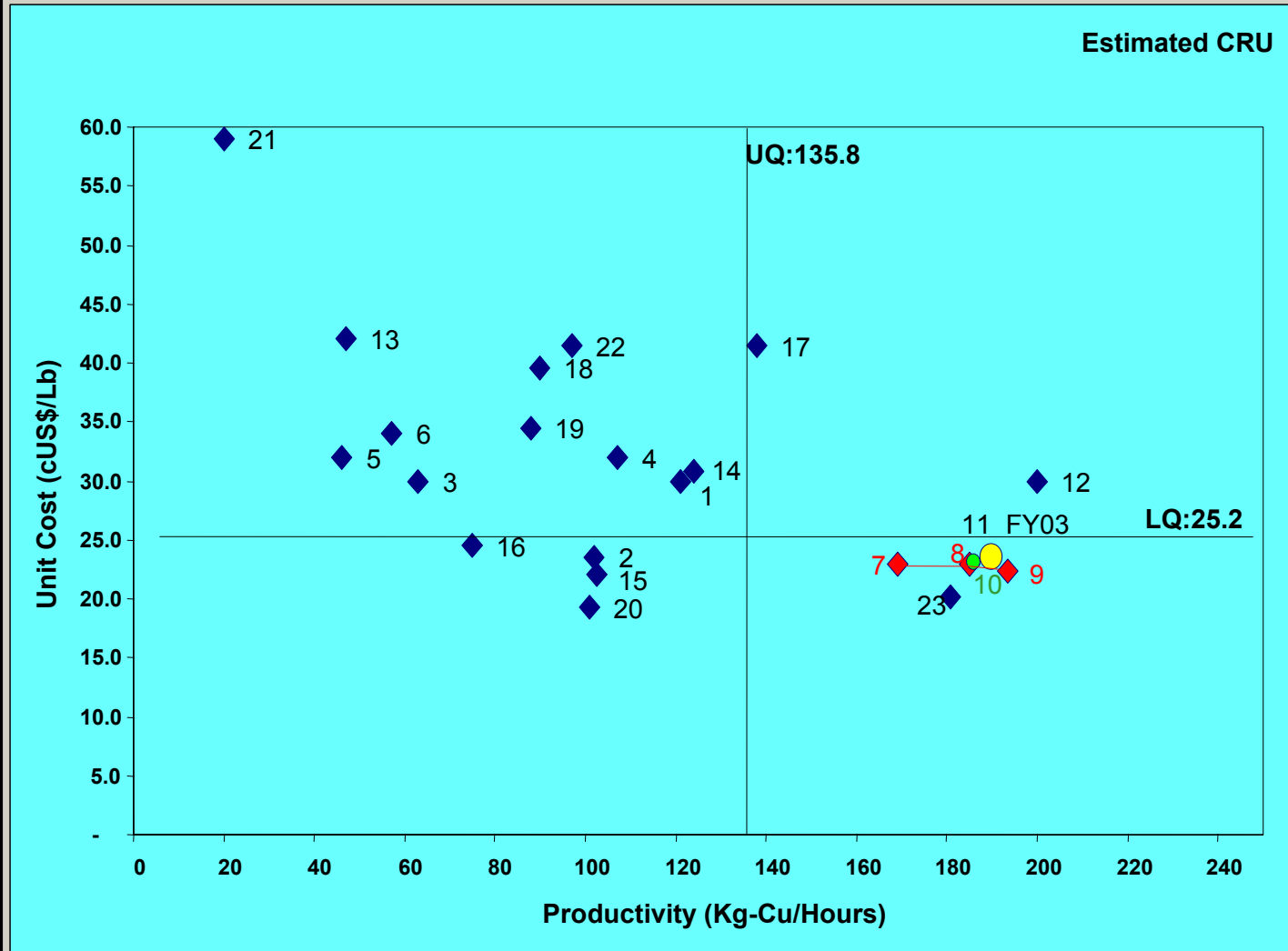
Oxide Unit Cost – US\$/lb Cathode



Unit Cost & Productivity: Oxide

Oxide

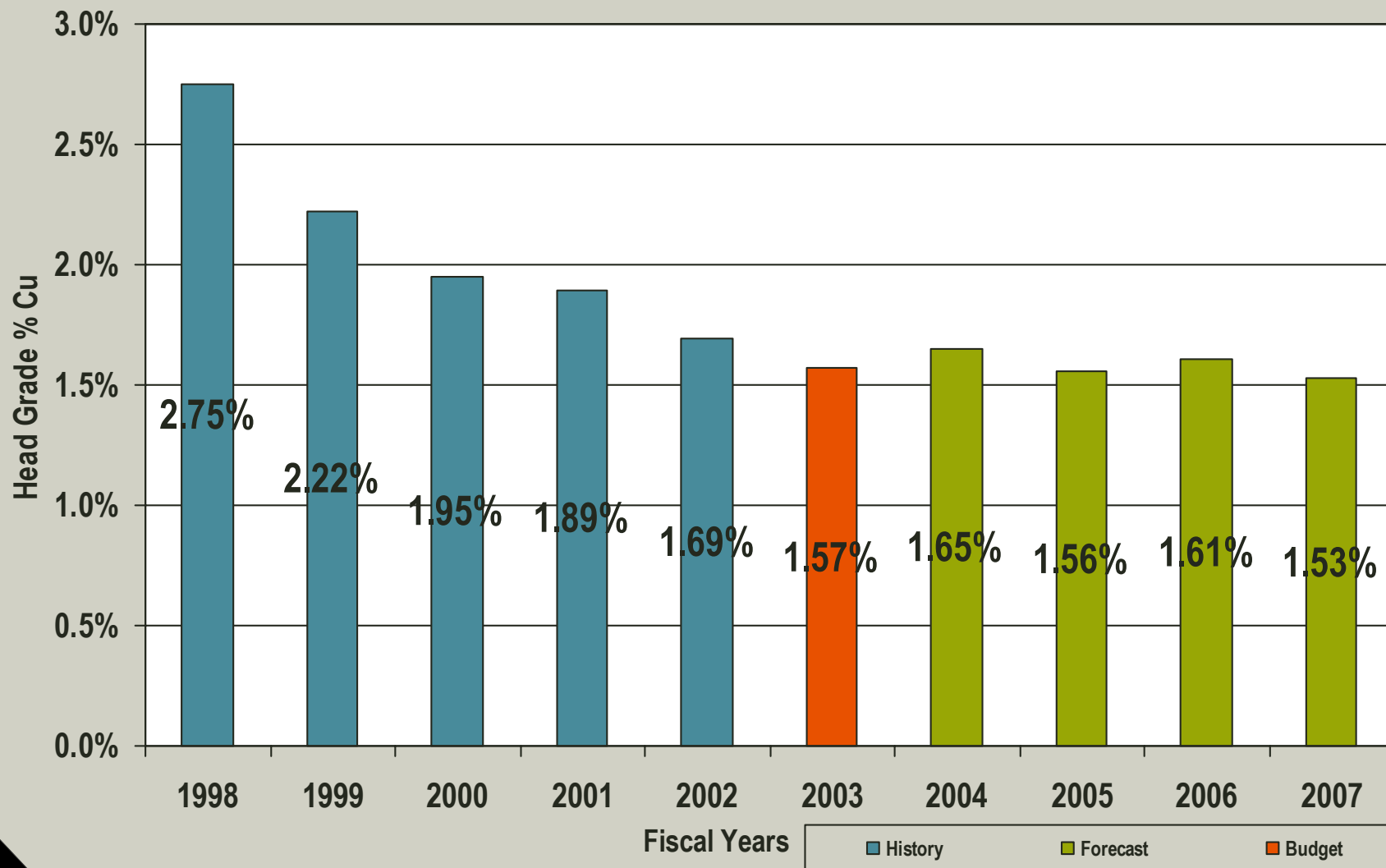
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Escondida FY00	7
Escondida FY01	8
Escondida YTD FY02	9
Budget FY02	10
Budget FY03	11
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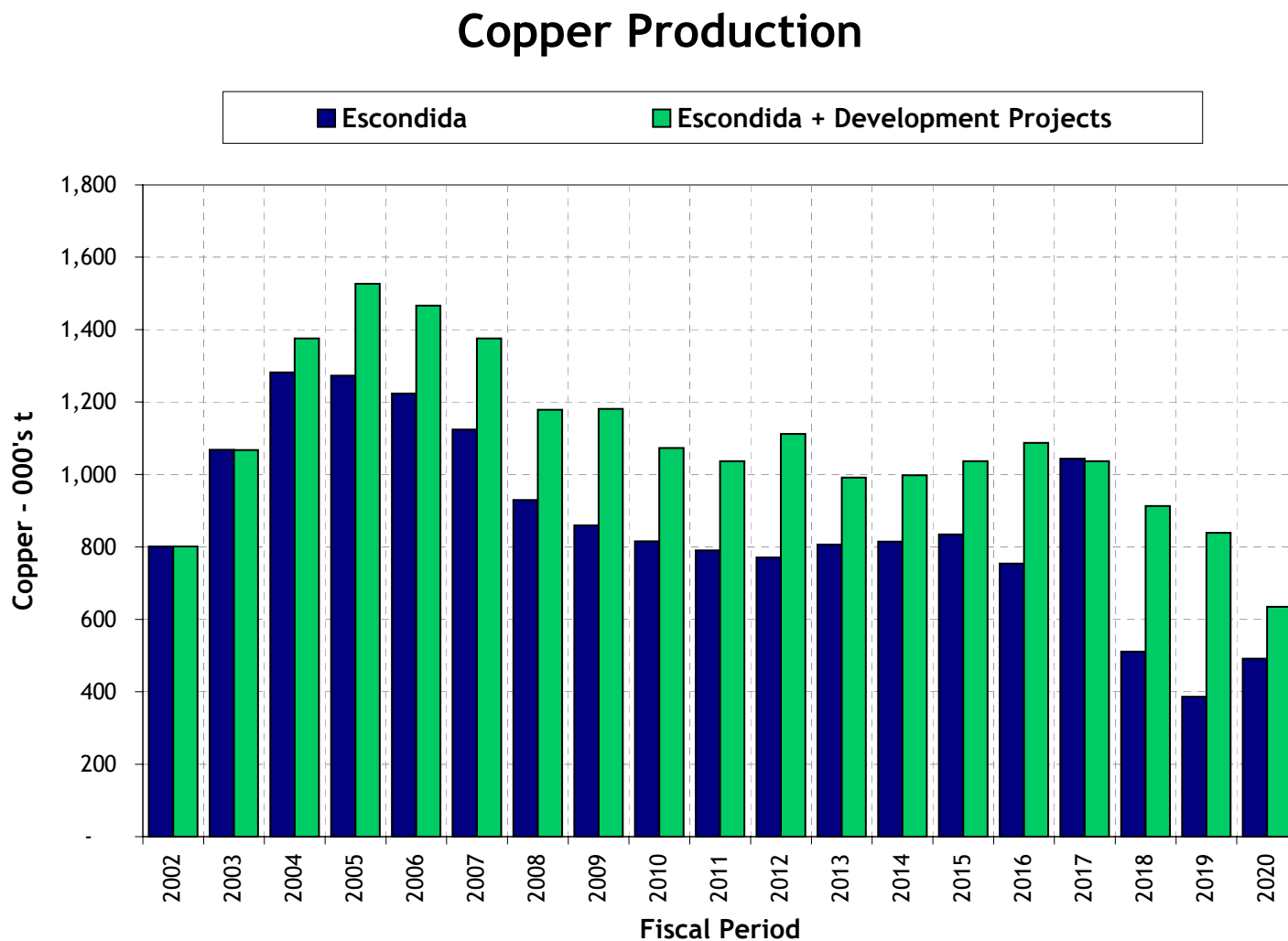
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Head Grade - % Contained Copper

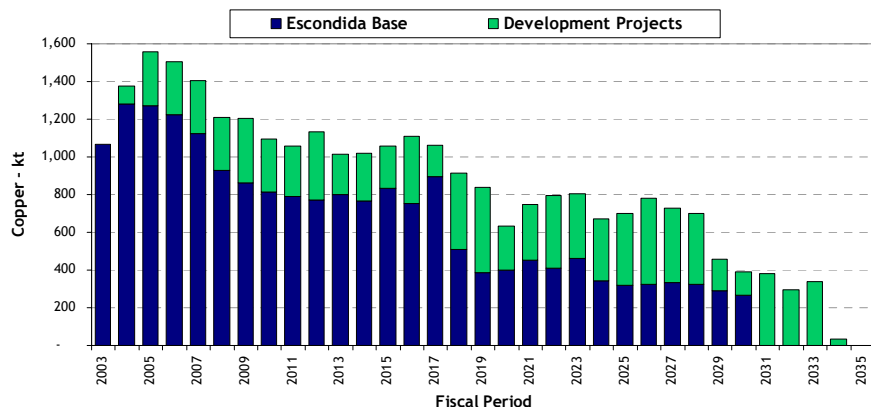


Escondida – Substantial Production Flexibility

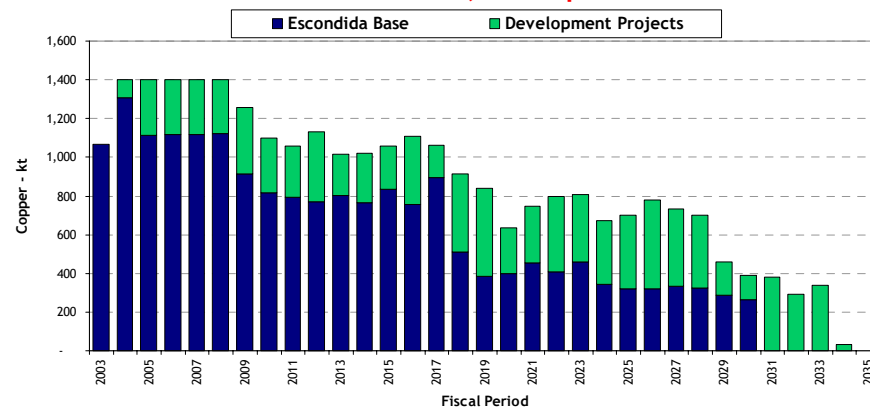


Escondida – Substantial Production Flexibility

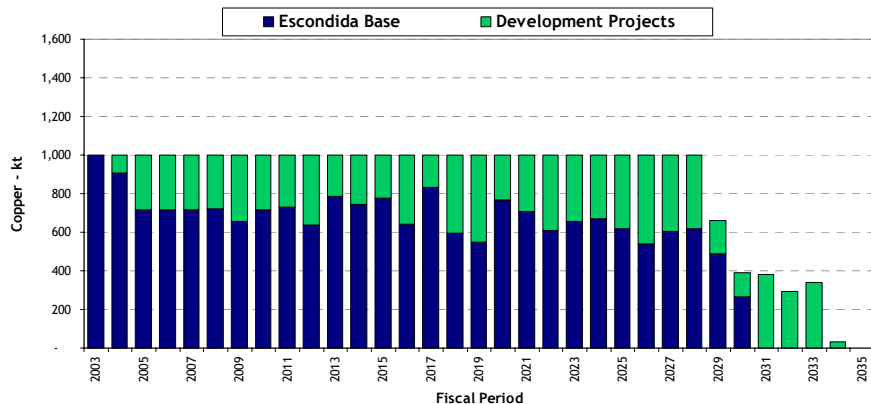
No Limits



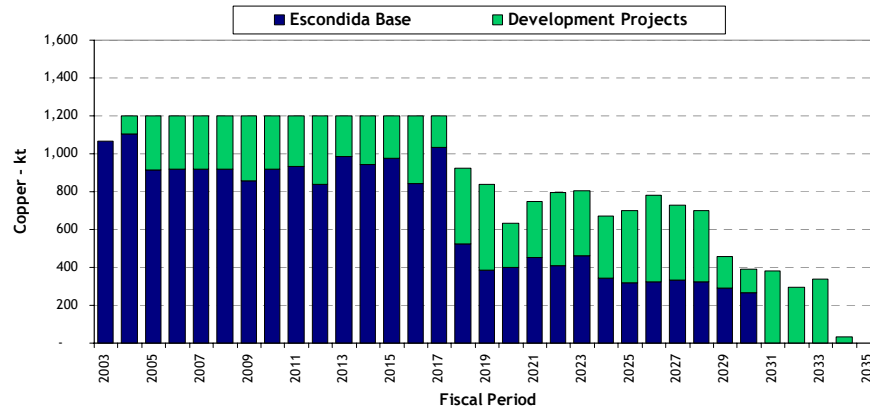
Limited at 1,400 ktpa



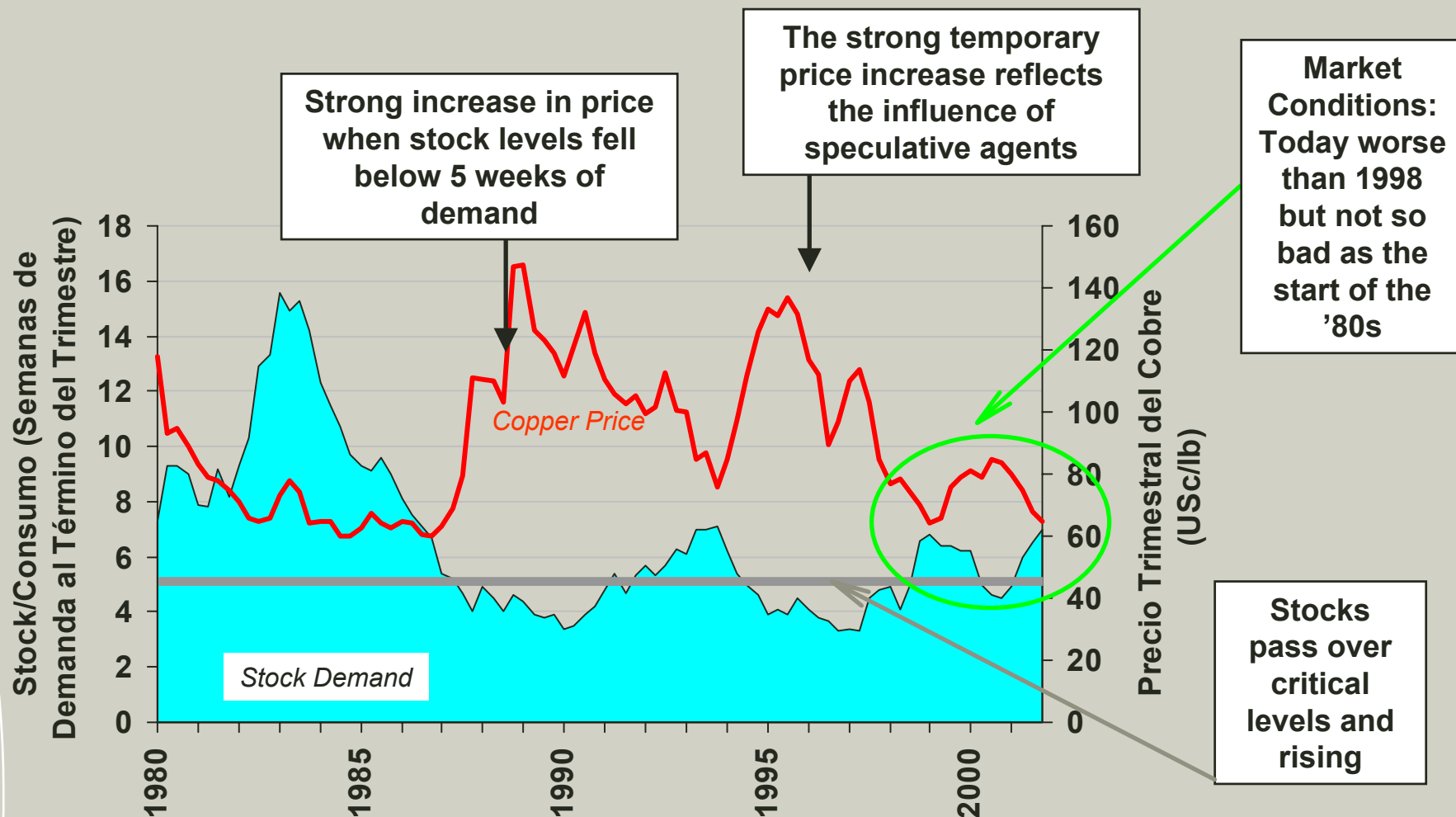
Limited at 1,000 ktpa



Limited at 1,200 ktpa



Historical Global Copper Market Situation



Resistance to Closure and Consolidation

- Persistent optimism of imminent return of higher prices
- Most operations making cash at \$0.65/lb
 - Higher cost assets have already closed or improved cost competitiveness
- Cross subsidization of asset portfolio
- Re-financing opportunities at historically low rates
- Country priorities: foreign exchange, employment, basic services, etc
- Lack of feed for integrated smelters
- Excessive environmental liabilities associated with many take-over targets

The Way Forward

- The Project Apollo has been very successful for FY02
 - Led to a supply-demand balance in the copper market
 - Prompted a 7 cent / lb rise in price
- No market commitment beyond Calendar 2002
- Major decision pending in December 2002 with regard to production levels for Calendar 2003

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Key Business Drivers

(Effect of Incremental Movements on EBIT)

- Copper Price 1c/lb = US\$21m
- C1 Costs 1c/lb = US\$21m
- Mill Recovery 1% = US\$16m
- Headgrade 0.01% = US\$8.5m
- Mill Throughput 1k TPD = US\$7.5m
- Concentrate Grade 1% = US\$7m
- TCRC's 5% change = US\$5.5m
- Peso FX Rate 10 peso = US\$4m
- Power 0.1c/kwh = US\$2m
- Fuel 1c/l = US\$1m

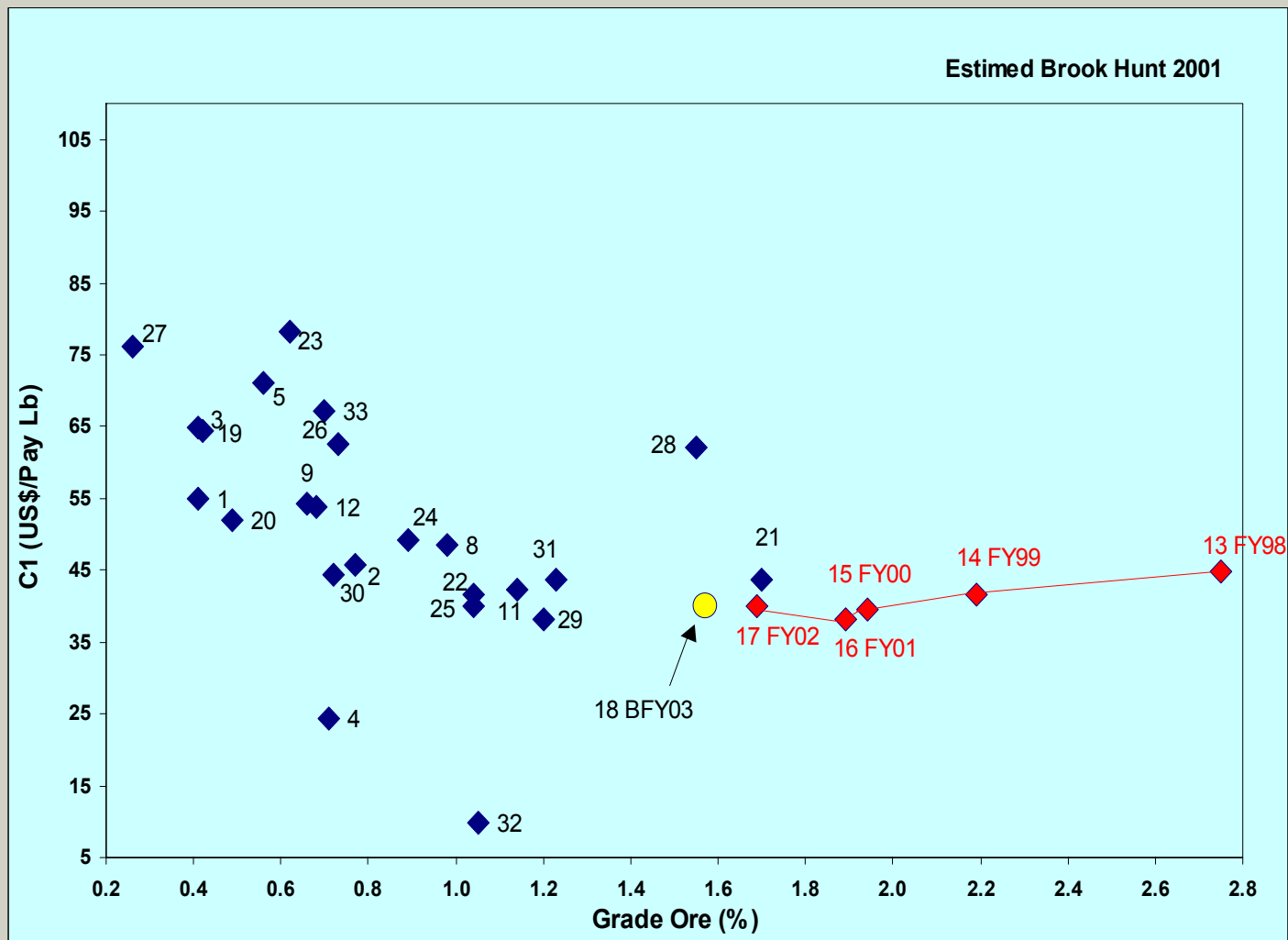
Financial Performance: Strong Cash Despite Poor Global Economic Conditions

Metric	FY00	FY01	FY02
Net Profit (US\$m)	481	375	143
FCF (US\$m)	456	134	(383)
EBIT SVA (US\$m)	341	111	(131)
ROC (%)	18.5	14.6	6.0
ROE (%)	35.8	35.1	16.1
Dividends (US\$m)	764	480	-

Controlling Cost (C1) Against a Declining Grade

Mines

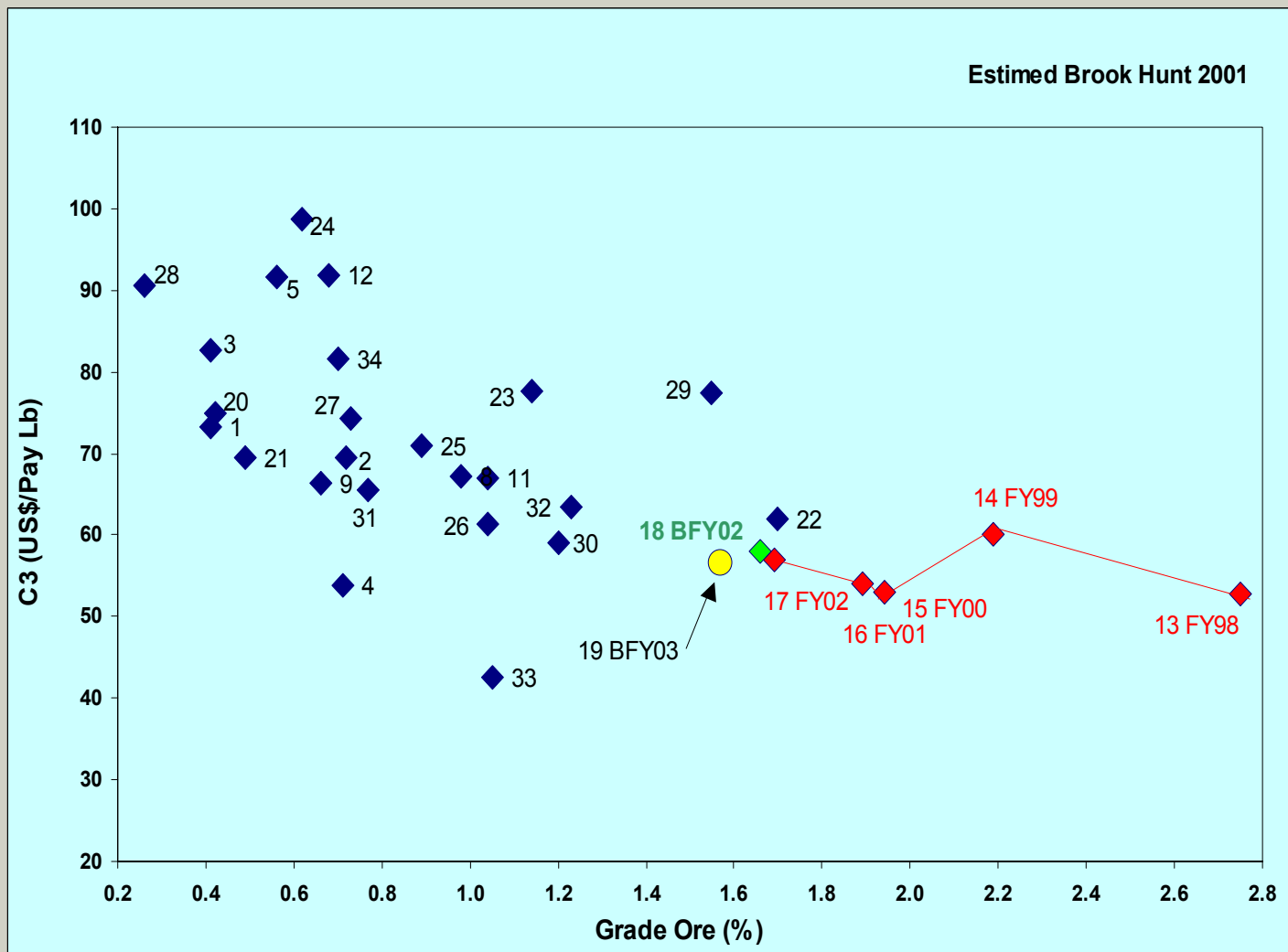
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Escondida FY98	13
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Escondida FY02	17
Escondida Budget FY03	18
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Maintaining C3 Units Costs Below US\$0.60/lb

Mines

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Escondida FY98	13
Escondida FY99	14
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Achieve a “Zero Harm” Culture

We will achieve our HSEC Zero Harm goals through:

- Managing by walking around with a focus on safe behaviours
- Simplifying and rationalizing our systems and procedures under the BHP Billiton Standards
- Entrenching Cardinal Rules into our culture
- Requiring demonstrated safety performance when considering promotions
- Engaging our contractors and subcontractors in the same way that we engage Escondida’s workforce in our safety program
- Being proactive and transparent on environment issues and maintaining our ISO 14001 accreditation
- Directing 1% of our pre-tax profit to activities that will benefit the community
- Promoting a culture that actively encourages the social and environmental responsibility of each of our employees

Optimize Escondida's Net Present Value

We will optimize NPV by:

- Taking a leadership role within the industry and adopting a flexible production profile
- Continually focusing on cost reduction
- Leveraging Operational Excellence and the Maintenance Improvement Programs
- Using tollgating to improve our Capital Productivity
- Capturing the synergies of both concentrators
- Leveraging leach technologies
- Taking a leadership position in the responsible management of the use of fossil water; 10% reduction in water requirements

Achieve Maximum Potential with Employees

We will ensure Maximum Alignment Among Employees, Organizational Structure & Performance Management Systems by:

- Attracting and retaining high quality employees
- Creating a high performance environment
- Focusing on the development of technical and people leaders
- Ensuring that learning and skills development are applied to everyone in the organization
- Creating a work environment where we have positive, mature, and direct working relationships

To Be The Preferred Supplier of Copper in Concentrate & Cathodes

We will achieve our value proposition to customers through:

- Achieving appropriate geographical and market diversification
- Leveraging the BHP Billiton Base Metals Marketing hub
- Minimizing the impact of variability and low concentrate grades
- Emphazising continuous and proactive interaction between the Operational and Marketing areas
- Maintain status as a quality supplier through producing improved levels of Grade A quality cathode

Presentation Content

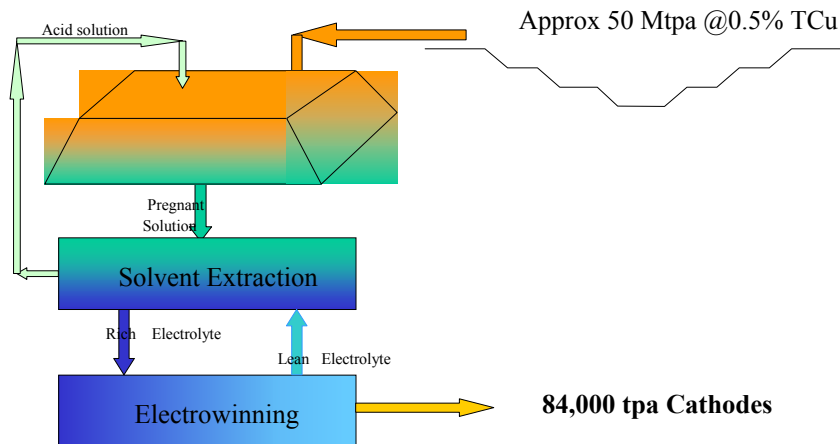
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- **Growth Opportunities**
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- This aerial photograph shows the Los Colorados Concentrator and its associated infrastructure. The central feature is the Los Colorados Concentrator, a large circular structure. To its left is the Norte Pit, and to its right is the Escondida Pit. A red line indicates a flow path from the Norte Pit, through the Crusher, to the ROM Leach Pads. A blue line shows a flow path from the Escondida Pit, through the Los Colorados Concentrator, to the Laguna Seca Conc. A green line indicates a flow path from the Escondida Pit, through the Los Colorados Concentrator, to a storage area. A yellow line shows a flow path from the Waste Dump, through the Facilities, to the Los Colorados Concentrator. A dotted blue line indicates a flow path from the Los Colorados Concentrator, through the Escondida Pit, to the storage area. A dotted green line indicates a flow path from the Los Colorados Concentrator, through the Escondida Pit, to the storage area. A dotted yellow line indicates a flow path from the Los Colorados Concentrator, through the Escondida Pit, to the storage area.
- Waste Dump**
- Facilities**
- Crusher**
- Norte Pit**
- CMZ**
- Los Colorados Concentrator**
- Escondida Pit**
- ROM Leach Pads**
- Laguna Seca Conc**

Escondida Sulphide Leach Outline

Sulphide Leach Circuit



- 2.3 Billion tonnes sulphide ore at 0.55%TCu
- Current stockpile 86Mt
- Copper recovery by:
 - ROM leaching
 - Solvent extraction
 - Electrowinning
- Expected recovery 30-35%
- Approx 50% of Cu is chalcopyrite
- Tonnage & mineralogy highly variable



- Initial copper production 84 ktpa
- Increasing to 234 ktpa as ore supply increases and oxide T/H capacity becomes available
- Estimated operating cost of <40 cents/lb
- Capital – Order of magnitude US\$500m

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- Growth Opportunities
- **Current Activities**

Action Plans – HSEC

- Simplification and streamlining proposal of the HSEC systems under the BHP Billiton Standards
- Employ the Landmark process to engage the workforce and ensure their commitment to a zero harm workplace
- Implementation of Cardinal Rules Program
- Development of Drug/Alcohol Policy
- Alignment of HSEC & RDO
- Encourage employee participation in Company sponsored assistance projects for the community to instill a sense of social responsibility in Escondida's employees,
- Adoption of Dupont Job Observation methodology

Action Plans – NPV

- Los Colorados Mill improvement program
- Mine to mill improvement project
- Light dump bodies project
- Develop long term water sourcing plan
- Inventory reduction program
- Flexible production plans
- Develop a program for coordinating plants, crushers, shovels, pipelines, filters shutdowns
- Development of an integrated production system

Action Plans – PEOPLE

- Implementation of an employee climate survey
- Continuous development of a team based work structure
- To build an integrated Performance Management system which links competency development, individual performance on the job and remuneration
- To perform the second teams check-up (HISI)

Action Plans – CUSTOMERS

- Realignment of specifications of concentrate grades in sale contracts
- Develop plan to address concentrate grade reduction and variability issues
- Develop LME average price achievement strategy
- Develop standards for exchange of commercial documentation

Escondida's Strengths to Maximize Long Term Value

