ANTOFAGASTA PLC

Half yearly financial report for the six months ended 30 June 2013
Strong cash generation; 4.7% increase in dividend

27 August 2013

SIX MONTHS TO 30 JUNE		2013	2012	% Change
Group revenue	US$'m	**2,777.4**	3,160.8	(12.1%)
EBITDA	US$'m	**1,275.5**	1,852.7	(31.2%)
Earnings per share	cents	**40.1**	65.5	(38.9%)
Net cash at period end (1)	US$'m	**1,507.6**	1,340.3	12.5%
Cash flow from operations	US$'m	**1,373.5**	1,774.9	(22.6%)
Dividend per share	cents	**8.9**	8.5	4.7%
Average realised copper price	US$/lb	**3.15**	3.73	(15.5%)
Copper production volumes	'000 tonnes	**364.1**	336.0	8.4%
Copper sales volumes	'000 tonnes	**341.1**	322.2	5.9%
Weighted average cash costs - excluding by-product credits (2)	US$/lb	**1.76**	1.61	9.3%
Weighted average cash costs - net of by-product credits (2)	US$/lb	**1.26**	0.99	27.3%
Gold production	'000 ounces	**162.9**	136.1	19.7%
Molybdenum production	'000 tonnes	**4.7**	6.5	(27.7%)

(1) Cash refers to the total of cash, cash equivalents and liquid investments, as analysed in Note 17 to the half yearly financial report.
(2) Cash cost is a method used by the mining industry to express the cost of production in dollars per pound of copper, and is further explained in Note 22(b(iii)) to the half yearly financial report.

Highlights

- **Copper production up 8.4% to 364,100 tonnes and gold production increased 19.7% to 162,900 ounces**, mainly due to higher plant throughput at Esperanza.
- **Revenue 12.1% lower, at US$2,777.4 million**, following the average LME market price of copper falling by 6.8% and realised copper prices falling by 15.5% as prices trended downwards during the period.
- **Group cash costs (before by-product credits) were US$1.76/lb**, 9.3% higher than the previous half primarily due to expected higher energy costs at Los Pelambres.
- **Group net cash costs were US$1.26/lb**, up 27.3% additionally reflecting lower molybdenum volumes and lower molybdenum and gold prices.
- **EBITDA fell 31.2% to US$1,275.5 million,** with increased production offset by the decrease in realised copper prices and the increase in net cash costs mainly due to higher pre-credit costs and lower by-product credits.
- **EBITDA margin remains strong at 45.9%**, though down on H1 2012 margin of 58.6%.
- **Group remains on track to achieve full year production target of 700,000 tonnes of copper.**
- **Strong operating cash flow generation of US$1,373.5 million in the period,** despite reduced margins**.**
- **Interim ordinary dividend of 8.9 cents per share, representing a 4.7% increase on 2012**, payable on 10 October 2013.

Projects Update

- **Optimisation of Esperanza on track** with average throughput of 86,700 tonnes per day achieved and expected to reach 105,000 tonnes per day in 2015. Esperanza has also recently satisfied the completion test under the project financing agreements and the debt is now non-recourse to the Company.
- **Acquisition of 40% interest in the Alto Maipo hydroelectric project in July**, which will provide power to Los Pelambres at competitive prices.
- **Antucoya project progressing on schedule** and completion of approximately US$650 million project financing expected by the end of the year.
- **Various development options being considered for the Centinela Mining District**, with a feasibility study focused on the expansion of Esperanza and the development of Encuentro Oxides due to be completed next year.
- **Pre-feasibility study for the phased expansion of Los Pelambres nearing completion.**
- **Twin Metals pre-feasibility study progressing well**. Expected to be completed in 2014.

Diego Hernandez, Chief Executive Officer of Antofagasta Minerals S.A. commented:

"Antofagasta has delivered a good start to 2013 with stronger production levels than during the same period last year and we remain on track to meet full year guidance of 700,000 copper tonnes. Market conditions remain challenging with lower prices and higher costs impacting our revenues and profitability. However, cash generation by the business was strong and the interim dividend has been increased by 4.7% to 8.9 cents.

"We will continue to concentrate on controlling unit costs in a rising cost environment while also seeking to optimise production from our existing operations.

"We have made encouraging progress in the period set against our strategy to drive future growth. Our focus remains on the brownfield opportunities we have around our existing mines. At Esperanza our work to increase production by installing additional crushing capacity is progressing well with throughput now expected to be above previous estimates from 2015 at 105,000 tonnes per day. At Los Pelambres a pre-feasibility study is underway to expand throughput to 205,000 tonnes per day and our recent Alto Maipo transaction will provide a new source of energy for the mine. In the Centinela Mining District the Environmental Impact Assessment was approved for the Encuentro Oxides project to maintain El Tesoro's annual output at 100,000 tonnes, which would otherwise have declined over time due to lower grades.

"With new copper supply coming online during the remainder of this year and demand growth largely dependent on the economies of China and the United States, the pricing environment for copper is expected to remain challenging. Against this backdrop we remain focused on cost control, advancing our current projects and maintaining a strong balance sheet while being alert to opportunities that may arise."

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DIRECTORS' COMMENTS FOR THE SIX MONTHS TO 30 JUNE 2013

Overview

The Group produced 364,100 tonnes of copper during the half year, 28,100 tonnes more than the first half of last year and in line with expectations. Gold production also increased and the growth in the production of both metals can be mainly attributed to the increased throughput at Esperanza.

Revenues decreased by US$383.4 million to US$2,777.4 million as the average LME copper price decreased by 6.8% between the current period and the equivalent period last year with copper trading at US$3.06/lb at the end of the current period. The realised copper price fell by 15.5% between the two periods reflecting the declining trend in the copper price during this period.

Cash costs before by-products increased by 9.3% to US$1.76/lb as unit costs at Los Pelambres and Esperanza increased, and net cash costs increased by 27.3% additionally due to a decrease in molybdenum volumes and a fall in gold and molybdenum prices.

As a result of the lower metal prices and higher costs, EBITDA fell by US$577.2 million, or 31.2%, between the current half year and the same period last year. Earnings per share for the period are 40.1 cents per share, 38.9% down on the first half of last year.

The interim ordinary dividend for the year has been increased by 0.4 cents to 8.9 cents per share payable on 10 October 2013.

Metals production and revenue

Group copper production for the half year was 364,100 tonnes with Los Pelambres and Esperanza accounting for 55.9% and 24.7% of production respectively and El Tesoro and Michilla the balance. Sales volumes for the current half year were 23,000 tonnes lower than production volumes as a result of an increase in inventory at each of the operations.

The Group's two copper concentrate producers, Los Pelambres and Esperanza, accounted almost entirely for the Group's increase in copper production. At Esperanza production increased by 21,900 tonnes and at Los Pelambres production increased by 6,400 tonnes. At both mines throughput increased together with the feed grade. At Esperanza throughput moved closer to design capacity although the average throughput was impacted in the current period by a scheduled shutdown of the plant for maintenance. Production at Michilla increased slightly and there was a small decline at El Tesoro.

Gold production for the half year was 162,900 ounces, 26,800 ounces more than the first half of last year. This increase was due to higher throughput and improved recoveries at Esperanza, while at Los Pelambres production was down slightly on last year, but was ahead of expectations.

Molybdenum production for the half year at Los Pelambres was 1,800 tonnes less than the first half of last year at 4,700 tonnes, in line with expectations, with a decline in grade and recoveries.

As previously mentioned, the half year was marked by significant downturns in the price of copper and gold, both triggered by weaker economic data from China and the concern that growth generated from the region would be weaker than originally expected. In addition the gold price was further impacted by indications given by central bankers that suggested quantitative easing might be reduced. Having started the year at US$3.59/lb, the LME copper price weakened and finished the current period at US$3.06/lb, averaging US$3.42/lb over the half year. This compared with the average price in the first half of 2012 of US$3.67/lb, representing a 6.8% decline. Reflecting the trend of declining metal prices during the period the realised copper price fell by an even greater percentage, some 15.5% between the two periods as a result of the impact of negative provisional pricing adjustments in the current period.

The gold price fared worse than the copper price and has declined by approximately 20% since April, but averaged US$1,524 per ounce over the period, which is 7.7% lower than in the equivalent period last year. The realised price for the period was 12.3% lower than the equivalent period last year.

The molybdenum market price also declined by 20.7% averaging US$11.1/lb in the current period compared to US$14.0/lb in the first half of last year.

Group revenues for the current half year were US$2,777.4 million, some US$383.4 million or 12.1% lower than the first half of last year. This decline was due to the fall in metal prices, partly offset by the increases in copper and gold sales volumes.

Cash costs

There has been continued upward pressure on costs during the half year that have resulted in Group cash costs before by-product credits increasing by US$0.15/lb to US$1.76/lb. The largest single factor contributing to this rise is the increase in the cost of energy at Los Pelambres as the mine moved from a long-term power provision agreement to spot prices at the beginning of this year. This increase in energy costs accounted for approximately US$0.10/lb of the increase in the Group's cash costs.

Cash costs also increased at Esperanza compared with the previous period due to the consumption of higher cost inventories and higher mine movement. The overall increase in cash costs at Esperanza accounted for approximately US$0.05/lb of the increase in the Group's cash costs.

Group net cash costs for the current period were US$1.26/lb, some US$0.27/lb higher than in the equivalent period last year with the additional US$0.12c/lb increase over the increase in cash costs before by-product credits due to the decrease in the gold and molybdenum prices as well as the decrease in molybdenum volumes, offset slightly by the increased level of gold production.

EBITDA and earnings per share

EBITDA for the current period was US$1,275.5 million, a 31.2% decrease on the equivalent period in 2012, and reflects the marked decline in metal prices and the increase in the Group's cash costs. This has resulted in earnings per share for the period of 40.1 cents per share, a fall of 25.4 cents per share compared with the comparative period.

Dividend

The interim ordinary dividend is 8.9 cents per share, an increase of 0.4 cents per share on the previous year. At the end of the year the Group will consider the payment of a final ordinary dividend and any special dividend having taken into consideration the Group's cash generation capacity, its funding commitments and the prudent level of cash retention to allow for potential acquisitions and/or unexpected contingencies. These outcomes are assessed under a variety of scenarios.

Development projects

The Group seeks to maximise value through investment in projects inside and outside of Chile.

The Group currently has a variety of projects at the pre-feasibility and feasibility study stages that could be brought on-stream over the next decade. These include brownfield developments at Esperanza and Los Pelambres and greenfield developments in the Centinela Mining District in northern Chile and at the Twin Metals project in Minnesota.

At Esperanza the installation of additional crushing capacity and tailings thickeners during 2013 and 2014 was originally intended to bring the level of throughput to the original design capacity of 97,000 tonnes per day. However, it has now been determined that with an incremental amount of further investment, throughput can be increased to 105,000 tonnes per day. Subject to the receipt of the necessary environmental approvals, which were applied for in June, the increased throughput is expected to be achieved in 2015.

The Esperanza Sur deposit has now been incorporated into the Esperanza mine plan extending its life by approximately 30 years. However, the possibility that Esperanza could instead be further expanded by an additional 25,000 tonnes per day using feed from Esperanza Sur is currently being evaluated.

Following the decision in March to continue with the construction of the Antucoya project, the main focus of the work this year has been on early stage construction work, with total project progress (design, procurement and construction) at 30% by the end of June. The project is on schedule with production expected to start in 2015 and will ramp-up to full production, of 85,000 tonnes per year of copper cathodes over the first decade, by 2016.

The Group is currently conducting a pre-feasibility study on the expansion of Los Pelambres by approximately 30,000 tonnes per day to 205,000 tonnes per day through the installation of a new grinding line, while utilising the mine's current infrastructure. The Group is also considering a further expansion to more fully utilise the mine's large mineral resources that could eventually result in an approximate doubling of the mine's current throughput.

In the Centinela Mining District the Group is conducting a feasibility study on the development of Encuentro Oxides to provide feed for El Tesoro's SX-EW plant within the next three years to allow El Tesoro to maintain its annual output at some 100,000 tonnes per annum, which would otherwise decline as the mined grade reduces over time. The large sulphide deposit below Encuentro Oxides, and Esperanza Sur, could both potentially support operations in the future that could be of a similar size to Esperanza. However, the current focus is on the nearer-term brownfield expansion projects.

At Twin Metals the project team has successfully completed metallurgical test work and is considering the option of the preferred processing route for the project's copper, gold, PGMs deposit in Minnesota. The current pre-feasibility study will be completed in 2014 and it is expected that the project will then proceed to the feasibility study stage. Given the significant environmental and other permitting required in the State, it is not expected that construction will commence before the end of this decade.

After the end of the current period, on 2 July 2013 the Group announced that it had acquired a 40% interest in the Alto Maipo hydroelectric project from AES Gener, who will retain the balance of the project. Alto Maipo will construct, own and operate two run-of-river hydroelectric power stations located in the upper section of the Maipo River, approximately 50 kilometres to the southeast of Santiago, with a total installed capacity of 531MW. As part of this transaction the Group also signed two 20-year power purchase agreements (PPAs) that will secure the provision of energy to Los Pelambres for up to 160MW, with the first PPA starting in 2015 and the second in 2018. Some 60% of the total cost will be debt financed by the project with the Group's share of the equity expected to be some US$300 million.

Health and safety

Sadly, during the period there were two fatalities at the Group's operations, one at Los Pelambres and one at Esperanza. There is never an excuse for any fatality and the root causes of these fatalities has been carefully investigated and actions have been taken to further improve training and procedures to ensure that such incidents do not occur again. This has been combined with further work to strengthen the safety culture at all of the operations as safety is about people and not only controls and procedures.

Outlook

With new global copper production coming online during the remainder of this year and in 2014 and 2015, and with demand growth depending largely on the economies of China and the United States, it is expected that the copper price will stay at current levels, although short-term falls may be seen.

In line with the guidance announced earlier in the year copper ore grades are expected to decline at Los Pelambres, Esperanza and El Tesoro in the second half of the year and production for the full year is expected to achieve guidance of approximately 700,000 tonnes of copper.

The Group will continue to focus on cost control and the advancement of its current projects. It will also maintain its strong balance sheet to allow it to benefit from any opportunities that may arise over this period.

Review of operations

Mining division

Los Pelambres

Operating profit at Los Pelambres was US$726.7 million in the 2013 half year compared with US$1,168.6 million in the first six months of 2012, mainly reflecting a reduction in the realised copper price from US$3.73/lb in H1 2012 to US$3.08/lb in H1 2013, an increase in on-site and shipping costs, and lower molybdenum and gold sales volumes and prices.

Los Pelambres produced 203,600 tonnes of copper in the first half of 2013 compared with 197,200 tonnes in H1 2012 mainly due to an increase in grade and plant throughput. Shipments of payable copper in the first half of 2013 were 195,000 tonnes, 8,600 tonnes lower than production as a result of the timing of shipments (H1 2012 – sales volumes of 191,000 tonnes). Molybdenum production decreased by 27.7% to 4,700 tonnes in H1 2013 compared with the first half of 2012, mainly reflecting the expected decrease in grades from 0.023% to 0.016%. Shipments of payable molybdenum in the first half of 2013 were 4,300 tonnes, 400 tonnes lower than production as a result of inventory movements. Gold sales volumes were 24,300 ounces in the first half of 2013 compared with 26,300 ounces in the first half of 2012.

Net cash costs for the first half of 2013 were US$1.19/lb, compared with US$0.77/lb in the first half of 2012 as a result of an increase in on-site and shipping costs, further impacted by lower molybdenum and gold by-product credits due to lower production and prices. Pre-credit cash costs were US$1.58/lb, compared with US$1.37/lb in H1 2012. The increase in on-site and shipping costs was primarily attributable to a US$0.15/lb increase in energy costs resulting from the move to spot prices following the expiry of the long-term contracts at the end of 2012.

Most of the operation's energy demand during 2011 and 2012 had been supplied at a favourable fixed price significantly below the spot price. In January 2013 following the expiry of the long-term power purchase agreements (PPAs), Los Pelambres commenced a new PPA based on spot prices on the central grid, which has resulted in a significant step-up in energy costs. The Group has recently signed two 20-year PPAs that will secure the provision of energy to Los Pelambres for up to 160MW, with the first PPA starting in 2015 and the second in 2018. The prices of these PPAs will be significantly more favourable than the current spot prices.

Capital expenditure in the first half of 2013 was US$92.4 million compared with US$66.7 million in the first half of 2012 due to work during the current period to construct new mine infrastructure, which includes a new truck workshop.

Full year copper and molybdenum production is still expected to be in line with the previous guidance of approximately 390,000 tonnes and 8,000 tonnes respectively. As announced earlier in the year the average copper ore grade for the full year is expected to be 0.69% and therefore grades are expected to decline in H2 compared with H1. Gold production for the full year is now expected to be 50,000 ounces compared with the initial guidance of 30,000 ounces due to higher than expected grades.

On 4 July 2013 the Group announced that the Supreme Court of Chile reached a decision regarding the Mauro tailings dam at Los Pelambres. As previously announced, construction of the Mauro tailings dam was carried out in compliance with all the necessary permits granted to it and following an exhaustive environmental approval process and safety measures required by the relevant authority. The Supreme Court has ordered the responsible authorities to introduce an early warning system and evacuation plan for the safety of the local population. Los Pelambres is continuing to work closely with the authorities to develop these additional protocols. Although the original decision in favour of Los Pelambres by the Court of Appeal of La Serena has been overturned, the Supreme Court's decision will not affect the operation of the mine and there are no material adverse consequences of the ruling.

Esperanza

Operating profit at Esperanza was US$271.7 million in the 2013 half year, compared with US$332.0 million in the first six months of 2012. This reflected the lower realised copper and gold prices and higher pre by-product cash costs partly offset by higher copper and gold sales volumes as a result of increased throughput. The realised copper price decreased from US$3.73/lb in H1 2012 to US$3.09/lb in H1 2013 and the realised gold price decreased from US$1,653 per ounce in H1 2012 to US$1,440 per ounce in H1 2013.

Esperanza produced 90,100 tonnes of payable copper in the first half of 2013, 21,900 tonnes higher than in the first half of 2012 due to higher throughput and higher grades. Shipments of payable copper in the first half of 2013 were 78,200 tonnes, 11,900 tonnes lower than production as a result of an inventory build-up at the port.

Gold production in the first half of 2013 was 138,600 ounces compared with 109,800 ounces in the first half of 2012 as a result of the higher plant throughput and higher recoveries. Shipments of payable gold in the first half of 2013 were 116,100 ounces, 22,500 ounces lower than production as a result of inventory movements, as explained above.

Net cash costs for the first half of 2013 were US$0.99/lb, compared with US$0.60/lb in the first half of 2012 mainly due to lower by-product credits, as gold prices dropped off, and higher pre-credit cash costs. Pre-credit cash costs were US$2.12/lb, compared with US$1.92/lb in H1 2012. The increase was principally due to the consumption of higher cost inventories and higher mine movement costs.

At Esperanza the installation of additional crushing capacity and tailings thickeners during 2013 and 2014 was originally intended to bring the level of throughput to the original design capacity of 97,000 tonnes per day. However, it has now been determined that with an incremental amount of further investment throughput can be increased to 105,000 tonnes per day.

The Esperanza Sur deposit has now been incorporated into the Esperanza mine plan extending its life by approximately 30 years. Subject to the receipt of the necessary environmental approvals, which were applied for in June, the increased throughput is expected to be achieved in 2015.

The total capital expenditure required to increase throughput to 105,000 tonnes per day from the average throughput level achieved in 2012 of 81,100 tonnes per day is expected to be approximately US$500 million, which includes approximately US$120 million for additional thickeners and US$260 million for modifications to the grinding and flotation systems. The two tailings thickeners are currently being installed and the detailed engineering for the additional grinding equipment has been completed with all orders expected to be placed by the end of 2013. In the meantime Esperanza has recently satisfied the completion test under the project financing agreements and the debt is now non-recourse to the Company and its partner Marubeni. Esperanza could also be expanded by a further 25,000 tonnes per day using feed from Esperanza Sur and this is being evaluated.

Esperanza is also evaluating the potential for construction of a separate molybdenum plant to recover approximately 2,000 tonnes per year of molybdenum in concentrate over the remaining life of the mine with first potential production starting in 2015.

Capital expenditure at Esperanza in the first half of 2013 was US$134.5 million compared to US$46.2 million in the same period last year. The expenditure in the first half of 2013 includes US$20.9 million relating to Esperanza's share of the Centinela Mining District feasibility study as well as investments across a range of smaller operational projects. Capital expenditure is expected to be approximately US$300 million for 2013.

Full year copper and molybdenum production is still expected to be in line with the previous guidance of approximately 170,000 tonnes and 230,000 ounces respectively. As announced earlier in the year average copper and gold grades are expected to be 0.66% and 0.32g/tonne respectively for the 2013 full year and therefore grades in H2 are expected to be lower than in H1.

El Tesoro

Operating profit at El Tesoro decreased to US$196.5 million from US$227.8 million in the first half of 2012, reflecting the reduction in realised prices from US$3.70/lb in H1 2012 to US$3.37/lb in H1 2013, partially offset by lower cash costs.

Copper cathode production at El Tesoro was 51,800 tonnes in the first half of 2013 compared with 52,700 tonnes in the first half of 2012 due to lower production from the ROM, marginally offset by better grades and recovery at the heap-leach operation, despite lower throughput.

Cash costs in the first half of 2013 were US$1.26/lb compared with US$1.57/lb in the first half of 2012. This is principally explained by lower consumption of acid, due to the mineralogy of the ore being processed, and the impact of inventory movements. During the current period the ore feed mainly came from the high grade Mirador pit whilst in the second half of 2013 the feed to the plant will primarily come from the lower grade the Tesoro Central and Tesoro North East pits. This significant decline in average ore grade in the second half will lead to an increase in unit costs in the second half.

Capital expenditure in the first half of 2013 was US$71.7 million compared with US$48.3 million in the first half of 2012, mainly related to long-term stripping at the Tesoro North East pit.

The 2013 full year production forecast, as originally announced in February, is for approximately 100,000 tonnes of copper cathodes. The Centinela Mining District section below provides further detail on the Encuentro Oxides project that is expected to enable El Tesoro to maintain annual output at 100,000 tonnes, which would otherwise have declined over time due to falling grades.

Michilla

Michilla reported an EBITDA of US$7.3 million which was offset by a depreciation charge of US$15.6 million resulting in an operating loss of US$8.3 million compared with an operating profit of US$17.1 million in the first half of 2012. This decrease reflects the increase in cash costs as well as the reduction in the realised copper price from US$3.77/lb in H1 2012 to US$3.59/lb H1 2013, which was supported by favourable hedging derivatives.

Michilla produced 18,600 tonnes of copper cathode during the first half of the year compared with 18,000 tonnes in the first half of 2012. This increase was mainly due to higher throughput from both the company's own operations and from third party mines, partly offset by the impact of a reduction in the grade of the ore feed from the third parties.

Cash costs in the first half of 2013 were US$3.36/lb compared with US$3.14/lb in 2012 partly due to additional costs expensed in 2013 related to stripping of material to expose ore that will be mined next year.

Capital expenditure in the period was US$10.9 million, a 67.4% reduction compared with US$33.4 million in the first half of 2012, due to a significant level of investment in the first half of 2012 relating to the open pit mine fleet as well as the completion of infrastructure relating to the spent ore secondary leaching operation.

The 2013 full year production forecast, as originally announced in February, is for approximately 38,000 tonnes of copper cathodes.

Growth projects and opportunities

The Group is focused on developing its projects and growth opportunities, both around its existing mining districts in Chile and also beyond those areas, elsewhere in Chile and internationally. The Group's primary focus is on value to ensure that potential production from existing operations is maximised through debottlenecking and incremental expansions. The Group has a portfolio of growth options which are currently being evaluated as part of pre-feasibility and feasibility studies. Given the early-stage nature of these projects, their potential and timing is inherently uncertain, and so the following outline is only intended to provide a high-level indication of potential opportunities.

The Group's exploration and evaluation expenditure in the first half of 2013 was US$149.6 million compared with US$118.1 million in the comparative period in 2012, mainly reflecting the increased expenditure on the Los Pelambres pre-feasibility study. In addition to US$21.9 million of exploration and evaluation expenditure expensed in relation to the Centinela Mining District, a further US$20.9 million in relation to the feasibility study was capitalised. As previously announced the 2013 full year forecast expenditure in relation to exploration and evaluation activities is approximately US$280 million.

Antucoya

Antucoya is an oxide deposit located approximately 45 kilometres east of Michilla in Chile's Antofagasta Region. The Group has a 70% economic interest in the project.

In late March the decision was made to resume the Antucoya project following completion of a comprehensive review of the project. This review, which included renegotiation of the main construction contracts, has provided greater certainty and control over development costs and other relevant parameters for the project. This included the generation of an updated resources model for the project following significant additional drilling, which has strengthened the mine plan, particularly in the early years.

The main focus of the work this year has been on early stage construction work, with total project progress (design, procurement and construction) at 30% by the end of June. The project is on schedule with production expected to start in 2015 and will ramp-up to full production, of 85,000 tonnes per year of copper cathodes over the first ten years, by 2016. The mine plan includes proved and probable ore reserves of 642 million tonnes of 0.35% copper (using a cut-off grade of 0.21%) during the 20 year mine life.

Total development costs for the project are expected to be US$1.9 billion, of which US$620 million have been incurred up to 30 June 2013. In addition to these costs approximately a further US$80 million was incurred in respect to the feasibility study. By the end of 2013 approximately US$1billion is expected to have been spent. Of the remaining development costs it is expected that Antucoya will procure some US$650 million through project finance by the end of 2013.

Centinela Mining District

The Centinela Mining District is the main area of focus for the Group's medium and longer term growth opportunities. Given the particular pressure on capital costs in the market at present, the Group is focusing on ensuring that production from existing operations is optimised through debottlenecking and incremental plant expansions.

The main focus of the work in the District is on the brownfield debottlenecking project currently being performed at Esperanza that will enable the plant to reach 105,000 tonnes per day by the end of 2015. The Esperanza Sur deposit has now been incorporated into the Esperanza mine plan extending its life by approximately 30 years. Further detail on this is included in the Esperanza section above. Additionally the Encuentro Oxides project remains a high priority given that it provides the opportunity to continue to maximise the use of the existing SX-EW plant at El Tesoro.

In order to process the Encuentro Oxides deposit it is currently envisaged that new crushing and heap leach facilities would be located at the Encuentro mine site, with a pipeline to take the leach solution to the existing El Tesoro plant for processing. Construction is likely to commence in 2014 for a two year period, followed by first production in 2016. The project could produce approximately 50,000 tonnes of copper cathode per year over an eight year period utilising the existing capacity at the El Tesoro SX-EW plant. This could potentially enable the plant to continue to produce at its capacity of 100,000 tonnes per annum for a number of years from 2015, thereby helping to offset a decline in production that would otherwise occur due to falling mined grade. Preliminary indications of the potential capital cost of the Encuentro Oxides project are that it could be in the range of US$750 million at today's prices. In July 2013 the Environmental Impact Assessment in respect of the Encuentro Oxides project was approved by the relevant authorities. The results of the pre-feasibility study include an updated measured and indicated resource of 132 million tonnes (36 million tonnes measured and 97 million tonnes indicated) at 0.49% copper. The feasibility study on Encuentro Oxides will be completed in early 2014.

In the slightly longer term there are further options for development projects in the District including the use of the Esperanza Sur deposit to increase the throughput at Esperanza as well as the potential for a standalone plant. The feasibility study evaluating how best to utilise the Esperanza Sur deposit is being conducted separately to the Encuentro Oxides feasibility study and is expected to be completed by the end of 2014.

The Esperanza Sur deposit could increase the throughput at Esperanza by approximately 25,000 tonnes per annum to reach 130,000 tonnes per annum. This brownfield expansion would require a further grinding line and additional flotation cells at the Esperanza plant, but would benefit from being able to use the existing sea water and concentrate pipelines as well as the current power supply. Additionally, the Esperanza Sur deposit could support a new concentrator plant with a throughput of approximately 100,000 tonnes of ore per day. There is also the option to process the Encuentro sulphide deposit following the development of the oxide resource, but this is not the focus of the current feasibility study.

The Group is also continuing to evaluate the earlier-stage opportunities in the Centinela Mining District. Current work is focused on the Polo Sur deposit, which has a resource of 704 million tonnes at 0.37% copper grade with gold and molybdenum by-products (including 71.3 million tonnes of copper oxides at 0.41% copper as well as some additional leachable supergene sulphides). This oxide deposit is situated approximately 35 km from the El Tesoro deposit and could provide additional feed for the El Tesoro SX-EW plant. This scoping study in respect of Polo Sur is expected to be completed at the end of 2013, potentially to be followed by a pre-feasibility study.

Los Pelambres

The Group is continuing to work on a pre-feasibility study examining the options for both an incremental expansion of the current Los Pelambres operation as well as a significant expansion of the mine. The priority is the potential incremental expansion, which would increase throughput to approximately 205,000 tonnes per day and allow the processing of the harder ore expected in later stages of the mine plan.

Given the size of the resource base, which at 5.6 billion tonnes is more than three times the quantity of ore that is expected to be processed under the existing mine plan, there is significant scope to increase the existing plant capacity. In the longer term it is possible that the existing plant capacity could be increased by a further 125,000 tonnes per day with first production from this potential large-scale expansion possibly starting at some point from 2022 onwards. The pre-feasibility study on both expansion options is expected to be completed at the end of 2013, potentially then to be followed by separate feasibility studies on each of the expansion options. Expenditure of US$40.0 million was incurred during the first half of 2013 in relation to the pre-feasibility study.

United States – Twin Metals

The Group has a 40% controlling stake in Twin Metals Minnesota LLC ("Twin Metals"). The principal assets are the Maturi, Birch Lake and Spruce Road copper-nickel-PGM deposits, which are located in north-eastern Minnesota, USA.

Twin Metals is continuing to make good progress on the pre-feasibility study. Twin Metals has a total resource of 2.2 billion tonnes with an average copper grade of 0.53% and 0.17% nickel.

The pre-feasibility study is based on a large scale phased underground mine plan. The Twin Metals project team has successfully completed metallurgical test work and is considering the option of a preferred processing route including potential separate copper and nickel concentrates, although the pilot plant trials have also shown that a hydrometallurgical process could viably be used to process the bulk copper-nickel concentrates to recover copper, nickel and PGMs. The current focus of the work is on the development of a plant using feed from the Maturi deposit, although development of the plant in the future is expected to process the other deposits as well. The pre-feasibility study is expected to be completed during 2014 and, if approved, Twin Metals will commence advanced studies to support the environmental permitting process. The date for commencement of construction depends on the regulatory approval process.

The US$130 million of initial funding was completed during 2012 and since then the Group has been responsible for 65% of costs whilst maintaining a 40% interest in the project. The balance of the funding is the responsibility of the Group's partner Duluth Metals Limited. During the first half of 2013 a total of US$35.4 million of expenditure was incurred in respect of the project.

Other exploration and evaluation activities

The Group is also conducting a wide range of early-stage exploration activities, both through its in-house exploration team and also through partnerships with third-parties, to build a portfolio of longer-term growth opportunities across an increasingly diversified geographical area.

Chile

The Group's internal exploration team continued to perform exploration work in Chile, in areas beyond the existing core locations of the Centinela Mining District and Los Pelambres. The combined expenditure on these exploration and evaluation activities in Chile during the first half of 2013 was US$24.8 million.

The Group is continuing with exploration activities to identify prospective targets in Chile focusing on northern Chile, which includes studies on covered copper porphyries in the Tarapaca Region. Work is continuing at the Conchi deposit to define the potential resource and following further exploration activities in areas close to Conchi (including the Cerro Las Papas project), additional drilling will be carried out in these areas during the second half of the year. Additionally, further drilling work has been conducted at the near-by Brujulina Sur and Astillas deposits and this will continue in the second half of the year.

During the period work has continued on the evaluation of a new coal deposit suitable for underground coal gasification purposes in the Magallanes area in southern Chile.

International

The Group has also continued to expand its portfolio of early-stage international exploration interests through a number of strategic alliances and earn-in agreements. During the first half of 2013 the Group incurred US$15.6 million of exploration and evaluation expenditure in relation to its international early-stage exploration activities. During 2013 the Group has entered into new agreements in Finland, Australia, Peru, Mexico and Zambia and terminated an agreement in Namibia.

Energy Opportunities

During 2013 the Group has continued its programme of exploration and development of energy prospects and has made additional investments in power generation projects.

Energía Andina

Energía Andina S.A. is a geothermal energy joint venture with Origin Energy Limited in which the Group holds a 60% stake. To date, the company has drilled three slim holes which has demonstrated the existence of an active geothermal system at the Tingiririca project, located close to Santiago. In the second half of 2013 two additional slim holes are planned at the Juncalito and Tuyajto projects located in the north of Chile. The results of the drilling performed to date are currently being reviewed before further development is undertaken.

El Arrayan

Antofagasta has a 30% interest in Parque Eolico El Arrayan SPA ("El Arrayan"), which is engaged in the construction of a wind power plant located close to the Group's Los Pelambres operation. The plant is expected to supply 40MW of power to Los Pelambres under a 20-year supply contract.

The Group is responsible for its 30% equity contributions to project development costs. El Arrayan started construction in early 2012 and has an estimated total cost of approximately US$300 million, of which it is expected that up to approximately US$210 million, representing 70% of the total costs, will be funded through project financing. The plant is currently expected to start operating in the second half of 2014. The Group made no capital contributions to El Arrayan in the first half of 2013.

Inversiones Hornitos

The Antofagasta Railway Company ("FCAB") group owns a 40% interest in Inversiones Hornitos S.A. ("Inversiones Hornitos"), which operates the 165MW Hornitos thermoelectric power plant located in Mejillones, in Chile's Antofagasta Region. The main offtakers of the energy are the mining operations of Esperanza and El Tesoro. Inversiones Hornitos contributed US$6.0 million to the Group results in the first half of 2013.

Alto Maipo

On 2 July 2013 the Group acquired a 40% interest in the Alto Maipo hydroelectric project. Alto Maipo will construct, own and operate two run-of river hydroelectric power stations located in the upper section of the Maipo River, approximately 50 kilometres to the southeast of Santiago, with a total installed capacity of 531MW. As part of this transaction, the Group also signed two 20-year power purchase agreements (PPAs) that will secure the provision of energy to Los Pelambres operations for up to 160MW, with the first PPA starting in 2015 and the second in 2018. Some 60% of the total cost will be debt financed by the project with the Group's share of the equity expected to be some US$300 million.

Transport Division

Total transport volumes in the first six months of 2013 were 3.7 million tonnes compared with 3.9 million tonnes in the first half of 2012, comprising 3.0 million tonnes of rail volumes (2012 half year – 3.0 million tonnes) and 0.7 million tonnes of road volumes (2012 half year – 0.8 million tonnes).

Revenue increased by 5.6% to US$96.0 million, largely reflecting a change in the mix of the sales volumes as well as tariff adjustments. Operating profit for the first half of 2013 was US$31.1 million.

Water Division

The water business continued to perform well, with volumes for the first half of 2013 of 25.7 million cubic metres, a similar level to the same period last year. Revenue increased by 9.6% to US$71.1 million, mainly reflecting improved tariffs. Operating profit decreased by 13.6% to US$28.0 million due to an increase in operating costs, which were partly offset by the increased revenues.

FINANCIAL REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2013

Results

	Six months ended 30.06.2013 US$'m	Six months ended 30.06.2012 US$'m	Movement US$'m	Movement %
Turnover	**2,777.4**	3,160.8	(383.4)	(12.1)
EBITDA	**1,275.5**	1,852.7	(577.2)	(31.2)
Depreciation and amortisation	**(239.8)**	(241.8)	2.0	(0.8)
Net finance expense	**(44.6)**	(47.6)	3.0	(6.3)
Profit before tax	**981.0**	1,563.6	(582.6)	(37.3)
Income tax expense	**(320.2)**	(487.7)	167.5	(34.3)
Earnings per share (US cents)	**40.1**	65.5	(25.4)	(38.9)
Net cash	**1,507.6**	1,340.3	167.3	12.5

A detailed segmental analysis of the components of the income statement is contained in Note 4 to the half yearly financial report.

The following table reconciles EBITDA in the first half of 2012 to EBITDA in the first half of 2013:

		US$'m
EBITDA in the first half of 2012		**1,852.7**
Turnover		
Decrease in realised price	(408.7)	
Increase in volume sold	131.4	
Increase in tolling charges	(18.6)	
Decrease in turnover from copper concentrate and cathodes	**(295.9)**	
Decrease in gold revenues	(7.3)	
Decrease in molybdenum revenues	(86.9)	
Decrease in silver revenues	(4.6)	
Decrease in turnover from by-products	**(98.8)**	
Increase in transport division turnover	5.1	
Increase in water division turnover	6.2	
Increase in turnover from transport and water divisions	**11.3**	
Decrease in Group turnover	**(383.4)**	
Operating costs		
Increase in volume sold	(67.2)	
Increase in cost per unit sold	(92.4)	
Increase in exploration and evaluation costs	(31.5)	
Decrease in corporate costs	5.7	
Decrease in charge for closure provisions	1.5	
Increase in operating costs for mining division	**(183.9)**	
Increase in transport division operating costs	(2.7)	
Increase in water division costs	(7.2)	
Increase in operating costs for transport and water divisions	**(9.9)**	
Decrease in EBITDA		**(577.2)**
EBITDA in the first half of 2013		**1,275.5**

Turnover

Group turnover in the first half of 2013 was US$2,777.4 million compared with US$3,160.8 million in the first half of 2012, with increased copper and gold volumes offset by lower realised prices for copper, gold and molybdenum as well as lower molybdenum volumes.

Turnover from the mining division

Turnover from copper

Turnover from copper sales was US$2,272.1 million compared with US$2,568.0 million in the first half of 2012. The decrease reflected the impact of lower realised copper prices, partly offset by higher copper volumes.

(i) Realised copper prices

The Group's average realised copper price decreased to US$3.15 per pound in the first six months of 2013 (first six months of 2012 – US$3.73 per pound). The decrease reflected the lower average LME copper price, which decreased by 6.8% to US$3.42 per pound from US$3.67 in the first half of 2012, as well as significant negative provisional pricing adjustments compared with positive pricing adjustments in the first six months of 2012. The decrease in average realised prices led to a US$408.7 million reduction in turnover.

Realised copper prices are determined by comparing turnover (gross of tolling charges for concentrate sales) with sales volumes in the year. Realised copper prices differ from market prices mainly because, in line with industry practice, concentrate and cathode sales agreements generally provide for provisional pricing at the time of shipment with final pricing based on the average market price for future periods (normally about 30 days after delivery to the customer in the case of cathode sales and up to 150 days after delivery to the customer in the case of concentrate sales). Realised copper prices also reflect the impact of realised losses or gains of commodity derivative instruments hedge accounted for in accordance with IAS 39 "Financial Instruments: Recognition and Measurements".

The decrease in the copper price in the first half of 2013 resulted in negative provisional pricing adjustments from the settlement of invoices for sales provisionally priced in the final months of the prior year, as well as negative mark-to-market adjustments to invoices for sales outstanding at the end of the period. Pricing adjustments decreased provisionally priced sales (before adjusting for tolling charges) by US$231.5 million in the first half of 2013, compared with an increase of US$43.4 million in the first half of 2012. Further details of provisional pricing adjustments are given in Note 5 to the half yearly financial report.

Turnover in the first half of 2013 includes a gain of US$9.7 million (first six months of 2012 – net loss of US$3.3 million). This relates to gains on commodity derivatives mainly at Michilla and to a lesser extent El Tesoro which matured during the first half of the year. Further details of hedging activity in the year are given in Note 6(b) to the half yearly financial report.

(ii) Copper volumes

Copper sales volumes increased by 5.9% from 322,200 tonnes in the first half of 2012 to 341,100 tonnes in the first half of this year, representing a US$131.4 million increase in turnover. The increased sales volumes in first six months of the year reflected higher production levels of 364,100 tonnes (first six months of 2012 – 336,000 tonnes), which were mainly due to improved production at Esperanza as a result of the increase in plant throughput levels and improved ore grade. The difference between production and sales volumes at the end of June 2013 reflects short term delays in shipments mainly due to temporary weather conditions at the Los Pelambres and Esperanza ports.

(iii) Tolling charges

Tolling charges for copper concentrate increased by US$18.6 million to US$99.1 million in the first half of 2013 from US$80.5 million in the first half of 2012. This reflected increased benchmark tolling charges at Los Pelambres and Esperanza, as well as increased sales volumes. Tolling charges are deducted from concentrate sales in reporting turnover and hence the increase in these charges has had a negative impact on turnover.

Turnover from molybdenum, gold and other by-products

Turnover from by-products at Los Pelambres and Esperanza relate mainly to molybdenum and gold, and a lesser extent silver. Turnover from by-products was US$338.2 million in the first half of 2013, compared with US$437.0 million in the first half of 2012.

Turnover from gold in concentrate (net of tolling charges) was US$202.5 million compared with US$209.8 million in the first half of 2012. This reflected a decrease in the realised gold price from US$1,650 per ounce in the first half of 2012 to

US$1,447 in the first half of 2013 which included negative provisional pricing adjustments of US$19.4 million, largely offset by increased sales volumes at Esperanza.

Turnover from molybdenum (net of roasting charges) was US$96.1 million in the first half of 2013 compared with US$183.0 million in the first half of 2012. This reflected a decrease in the realised molybdenum price from US$12.9 per pound in the first half of 2012 to US$10.8 per pound in the first half of 2013 as well as lower sales volumes of 4,300 tonnes (first half of 2012 – 6,800 tonnes).

Turnover from silver decreased by US$4.6 million to US$39.6 million in the first half of 2013 (first half of 2012 - US$44.2 million). The decrease reflected a decrease in the realised silver price from US$30.6 per ounce in the first half of 2012 to US$25.7 per ounce in the first half of 2013, partly offset by increased sales volumes of 1,567,000 ounces in the first half of 2013 compared with 1,458,000 ounces in the first half of 2012.

Turnover from the transport and water divisions

Turnover from the transport division (FCAB) increased by US$5.1 million or 5.6% to US$96.0 million in the first six months of 2013 from US$90.9 million in the first six months of 2012. This mainly reflected a change in the sales mix as well as tariff adjustments.

Turnover at Aguas de Antofagasta, which operates the Group's water business, increased by US$6.2 million or 9.6% to US$71.1 million in the first half of 2013. The increase was due to a number of factors including increased demand from both regulated and unregulated customers and tariff adjustments.

Operating costs (excluding depreciation, amortisation and impairments)

Operating costs (excluding depreciation, amortisation and impairments) amounted to US$1,501.9 million in the first half of 2013 (first half of 2012 – US$1,308.1 million), an increase of US$193.8 million. This was mainly due to higher unit costs as well as higher production and sales volumes.

Operating costs (excluding depreciation, amortisation and impairments) at the mining division

Operating costs at the mining division increased by US$183.9 million to US$1,413.1 million in the first half of 2013, an increase of 15.0%.

Of this increase, US$67.2 million is attributable to the higher copper and gold sales volumes detailed above, partly offset by the lower molybdenum volumes. As explained in more detail above, the additional turnover (including by-product revenues) associated with these increased volumes was US$93.4 million.

US$92.4 million of the cost increase is attributable to higher unit costs. Excluding by-product credits (which are reported as part of turnover) and tolling charges for concentrates (which are deducted from turnover), weighted average cash costs for the Group (comprising on-site and shipping costs in the case of Los Pelambres and Esperanza and cash costs in the case of the other two operations) increased from US$1.48 per pound in the first half of 2012 to US$1.61 per pound in the first half of 2013. This increase is mainly due to increased on-site costs at Los Pelambres reflecting higher energy costs and increased on-site costs at Esperanza due to the consumption of higher cost inventories and higher mine movement costs.

Exploration and evaluation costs increased by US$31.5 million to US$149.6 million in the first half of 2013 (first half of 2012 – US$118.1 million), mainly reflecting increased expenditures on the pre-feasibility study at Los Pelambres.

Corporate costs decreased by US$5.7 million to US$40.1 million in the first half of 2013 (first half of 2012 – US$45.8 million).

Operating costs (excluding depreciation and amortisation) at the transport and water divisions

Operating costs at the transport division increased by US$2.7 million to US$57.7 million, mainly due to increased rail volumes under the mix of contracts compared with the previous year.

Operating costs at Aguas de Antofagasta increased by US$7.2 million to US$31.1 million. The increase mainly related to the increased costs associated with the higher volume of water sold.

EBITDA and operating profit from subsidiaries

EBITDA

EBITDA (earnings before interest, tax, depreciation, and amortisation) from subsidiaries was US$1,275.5 million in the first half of 2013 compared with US$1,852.7 million in the first half of 2012.

EBITDA at the mining division was US$1,197.2 million in the first half of 2013 compared with US$1,775.8 million in the first half of 2012. As explained above, this mainly reflected lower realised commodity prices, higher unit costs and lower molybdenum volumes, partly offset by higher copper and gold volumes.

EBITDA at the transport division increased by US$2.4 million to US$38.3 million in the first half of 2013, with the increased revenue only partly offset by associated increased operating costs. Aguas de Antofagasta contributed US$40.0 million in the first half of 2013 compared to US$41.0 million in the first half of 2012, reflecting the increased operating costs as explained above only partly offset by increased revenue.

Depreciation and amortisation

Depreciation and amortisation was US$239.8 million in the first half of 2013, broadly in line with the expense in the first half of 2012 of US$241.8 million.

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries was US$1,029.7 million in the first half of 2013 compared with US$1,616.0 million in the first half of 2012.

Share of results from associates and joint ventures

The Group's share of net loss from its associates and joint ventures in the first half of 2013 was US$4.1 million compared with US$4.8 million in the first half of 2012.

As detailed in the notes to the half yearly financial report, the Group has elected to early adopt IFRS 11 *Joint Arrangements*. As a result the Group's interests in Tethyan Copper Company Pty. Limited ("Tethyan") and Energia Andina have been classified as joint ventures. Accordingly, the Group's share of the results of these joint ventures is no longer accounted for under proportionate consolidation but is equity accounted. Included in the share of net loss from associates and joint ventures is a net loss of US$3.0 million (first half of 2012 – US$5.1 million) from its 50% interest in Tethyan and a net loss of US$8.9 million (first half of 2012 – US$5.9 million) from its 60% interest in Energia Andina. Refer to Note 1 of the half yearly financial report for more details.

Net finance expense

Net finance expense in the first half of 2013 was US$44.6 million, compared with a net finance expense of US$47.6 million in the first half of 2012.

	Six months ended 30.06.13	Six months ended 30.06.12
	US$'m	US$'m
Investment income	**6.1**	14.9
Interest expense	**(33.7)**	(44.2)
Other finance items	**(17.0)**	(18.3)
Net finance expense	**(44.6)**	(47.6)

Investment income decreased from US$14.9 million in the first half of 2012 to US$6.1 million in the first half of 2013, mainly reflecting lower average interest rates in the first half of the current year.

Interest expense decreased from US$44.2 million in the first half of 2012 to US$33.7 million in the first half of 2013, mainly due to a decrease in interest payable at Esperanza with part repayment of loans.

Other finance items comprised a loss of US$17.0 million (first half of 2012 – loss of US$18.3 million). A loss of US$8.1 million (first half of 2012 – loss of US$5.1 million) has been recognised in respect of the time value element of changes in the fair value of commodity derivative options, which is excluded from the designated hedging relationship, and is therefore recognised directly in profit or loss. Foreign exchange losses included in finance items were US$2.4 million in the first half of 2013, compared with a loss of US$8.4 million in the first half of 2012. An expense of US$6.5 million (first half of 2012 - US$4.8 million) has been recognised in relation to the unwinding of the discount on provisions.

Profit before tax

As a result of the factors set out above, profit before tax was US$981.0 million in the first half of 2013 compared with US$1,563.6 million in the first half of 2012.

Income tax expense

The tax charge for the first half of 2013 was US$320.2 million (first half of 2012 – US$487.7 million) and the effective tax rate was 32.6% (first half of 2012 – 31.2%).

	Six months ended		Six months ended	
	30.06.2013		30.06.2012	
	US$'m	**%**	US$'m	%
Profit before tax	**981.0**		1,563.6	
Taxes (Current and deferred)				
Corporate tax	**(221.2)**	**22.5**	(293.2)	18.7
Royalty	**(45.4)**	**4.6**	(87.4)	
Withholding tax	**(53.2)**	**5.4**	(107.4)	6.9
Exchange rate	**(0.4)**	**0.1**	0.3	-
	(320.2)	**32.6**	(487.7)	31.2

First category tax

The rate of first category (i.e. corporation) tax in Chile is currently 20%. In the first half of 2012 the rate was 18.5%. During the second half of 2012 the Chilean Government passed a bill to increase the rate to 20% and to apply this increase retrospectively with effect from 1 January 2012.

The effective corporate tax rate of 22.5% exceeds the statutory rate mainly due to the effect of items which are not deductible from first category tax. These mainly relate to corporate expenses which primarily comprise exploration and evaluation costs.

Mining tax

The Group's mining operations are also subject to a mining tax (royalty). From 1 January 2013 production from Los Pelambres, the Tesoro Central and Mirador pits at El Tesoro and Michilla have been subject to the mining tax at a rate of 4% applied to taxable operating profit, and Esperanza has been subject to a rate of 5%. Production from the Tesoro North-East pit and the run-of-mine processing at El Tesoro has been subject to a rate of between 5 – 14% of taxable operating profit, based on a sliding scale with the minimum rate of 5% applying to operations with an operating profit margin of below 35% and a maximum rate of 14% applied to operations with an operating profit margin above 85%. During 2012 production from Los Pelambres, Esperanza, the Tesoro Central and Mirador pits at El Tesoro and Michilla were subject to a rate of between 4-9% of taxable operating profit, and production from the Tesoro North East pit and the run-of-mine processing at El Tesoro was subject to a rate of between 5-14%, depending on the level of operating profit margin. The lower rate of royalty in the current period results from the lower rates applicable compared with the first half of 2012.

Withholding taxes

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile and deferred tax is provided on undistributed earnings to the extent that remittance is probable in the foreseeable future. Withholding tax is levied on remittances of profits from Chile at 35% less first category (i.e. corporation) tax already paid in respect of the profits to which the remittances relate. Prior to 2011 the rate of first category tax had been 17% for a number of years. Accordingly, withholding tax will be levied at a rate of 18% in respect of remittances of profits earned in previous years when the 17% rate applied. Withholding tax will be levied at a rate of 15% in respect of remittances of profits earned when the current 20% rate has applied. The lower amount of withholding tax in the current period results from the lower amount of remittances compared with the first six months of 2012.

Non-controlling interests

Profit for the first half of the year attributable to non-controlling interests was US$265.8 million, compared with US$429.8 million in the first half of 2012. The decrease is mainly due to the effect of the decreased Group profit in the first half of 2013 in comparison with the first half of 2012.

Earnings per share

	Six months ended 30.06.13	Six months ended 30.06.12
	US cents	US cents
Earnings per share	**40.1**	65.5

Earnings per share calculations are based on 985,856,695 ordinary shares. As a result of the factors set out above, profit for the first of 2013 attributable to equity shareholders of the Company was US$395.0 million compared with US$646.1 million in the first half of 2012. Accordingly, earnings per share were 40.1 cents in the first half of 2013 compared with 65.5 cents in the first half of 2012, a decrease of 38.9%.

There were no exceptional items affecting earnings per share in either period.

Dividends

Details of dividends proposed in relation to the first half of 2013, and the Board's policy regarding dividends, are set out on page 4.

Capital expenditure

Details of capital expenditure during the period are set out in the cash flow summary below.

Treasury management and hedging

The Group periodically uses derivative financial instruments to reduce exposure to commodity price movements. At 30 June 2013 the Group had min/max instruments for 46,500 tonnes of copper production at Michilla covering a total period up to 31 December 2014. The weighted average remaining period covered by the min/max hedges calculated with effect from 1 July 2013 was 10.4 months. The instruments had a weighted average floor of US$3.48 per pound and a weighted average cap of US$4.59 cents per pound.

In addition the Group also uses futures contracts with the purpose of swapping COMEX prices for LME prices without eliminating underlying market price exposure. At 30 June 2013 the Group had futures contracts of this nature covering 4,900 tonnes of copper production at El Tesoro over a total period up to 31 January 2014. The weighted average remaining period covered by the arbitrage hedges calculated with effect from 1 July 2013 was 4.0 months. The instruments had a weighted average price of US$3.74 per pound.

Details of the impact on the income statement and reserves for the first half of 2013 and the mark-to-market position of these instruments at 30 June 2013, together with details of any interest and exchange derivatives held by the Group, are given in Note 6(d) to the half yearly financial report.

The Group periodically uses foreign exchange derivatives to cover expected operational cash flow needs. At 30 June 2013 the Group had cross currency swaps with a principal value of US$21.0 million relating to Michilla to swap Chilean pesos for US dollars, at an average rate of Ch$558.5/US$1, covering a total period up to 16 September 2013. The weighted average remaining period covered by these hedges calculated with effect from 1 July 2013 is 2.1 months.

The Group also periodically uses interest rate swaps to swap the floating rate interest for fixed rate interest. At 30 June 2013 the Group had entered into contracts in relation to the Esperanza financing for a maximum notional amount of US$290.1 million at a weighted average fixed rate of 3.372% fully maturing in August 2018.

Cash flows

The key features of the Group cash flow statement are summarised in the following table.

	Six months ended 30.06.13	Six months ended 30.06.12
	US$'m	US$'m
Cash flows from operations	**1,373.5**	1,774.9
Income tax paid	**(577.5)**	(540.0)
Net interest paid	**(20.1)**	(24.3)
Acquisition of associates and joint ventures and subsequent capital contributions	**(12.0)**	(30.8)
Capital increase from non-controlling interest	**30.4**	-
Acquisition of available-for-sale investments	**(2.0)**	(1.5)
Purchases of property, plant and equipment	**(619.0)**	(337.7)
Dividends paid to equity holders of the Company	**(887.3)**	(354.9)
Dividends paid to non-controlling interests	**(162.1)**	(277.5)
Other items	**(0.1)**	5.6
Changes in net cash relating to cash flows	**(876.2)**	213.8
Exchange and other non-cash movements	**(18.9)**	(8.6)
Movement in net cash in the period	**(895.1)**	205.2
Net cash at the beginning of the period	**2,402.7**	1,135.1
Net cash at the end of the period	**1,507.6**	1,340.3

Cash flows from operations were US$1,373.5 million in the first half of 2013 compared with US$1,774.9 million in the first half of 2012. This reflected EBITDA for the year of US$1,275.5 million (first half of 2012 – US$ 1,852.7 million) adjusted for a net working capital decrease of US$98.0 million (first half of 2012 – increase of US$77.8 million). The working capital movements relate mainly to a decrease in debtors at Los Pelambres, Esperanza and El Tesoro and an increase in creditors, offset by an increase in inventories (principally due to the timing of shipments).

Cash tax payments in the first half of 2013 year were US$577.5 million (first half of 2012 – US$540.0 million), comprising corporation tax of US$318.4 million (first half of 2012 – US$290.4 million), mining tax of US$81.0 million (first half of 2012 – US$137.3 million) and withholding tax of US$178.1 million (first half of 2012 – US$112.3 million). These amounts differ from the current tax charge in the consolidated income statement of US$418.1 million (first six months 2012 – US$493.3 million) mainly because cash tax payments for corporation tax and the mining tax partly comprise the settlement of outstanding balances in respect of the previous year's tax charge. Additionally, the level of withholding tax actually paid in remitting cash to fund the 2012 final dividend payment in June 2013 was greater due to the higher level of dividend as compared with the 2011 final dividend paid in June 2012.

Contributions to associates and joint ventures of US$12.0 million in the first half of 2013 mainly relate to the Group's portion of funding of exploration at Energia Andina (US$9.0 million) and costs relating to Tethyan Copper Company (US$3.0 million). Contributions of US$30.8 million in the first half of 2012 included US$19.6 million relating to the Group's portion of funding of development at El Arrayan, in which the Group acquired its 40% interest in 2011, US$5.5 million relating to Energia Andina and US$5.7 million relating to Tethyan.

Cash disbursements relating to capital expenditure in the first half of 2013 were US$619.0 million compared with US$337.7 million in the first half of 2012. This included expenditure of US$277.7 million at Antucoya (first half of 2012 – US$95.6 million), US$142.9 million relating to Esperanza (first half of 2012 – US$52.1 million), US$82.4 million relating to Los Pelambres (first half of 2012 – US$61.9 million) and US$71.2 million relating to El Tesoro (first half of 2012 – US$51.5 million).

Dividends (including special dividends) paid to ordinary shareholders of the Company in the first half of 2013 were US$887.3 million (first half of 2012 – US$354.9 million), which related to the final dividend declared in respect of the previous year.

Dividends paid by subsidiaries to non-controlling shareholders were US$162.1 million (first half of 2012 – US$277.5 million), consisting of distributions by Los Pelambres.

Details of other cash inflows and outflows in the first half of the year are contained in the Consolidated Cash Flow Statement.

Financial position

	At 30.06.13	At 30.06.12	At 31.12.12
	US$'m	US$'m	US$'m
Cash, cash equivalents and liquid investments	**3,077.0**	3,348.0	4,291.9
Total borrowings	**(1,569.4)**	(2,007.7)	(1,889.2)
Net cash at the end of the period	**1,507.6**	1,340.3	2,402.7

At 30 June 2013 the Group had combined cash, cash equivalents and liquid investments of US$3,077.0 million (31 December 2012 – US$4,291.9 million). Excluding the non-controlling interest share in each partly owned operation, the Group's attributable share of cash, cash equivalents and liquid investments was US$2,740.8 million (31 December 2012 – US$3,860.2 million).

Total Group borrowings at 30 June 2013 were US$1,569.4 million (31 December 2012 – US$1,889.2 million). Of this, US$1,078.1 million (31 December 2012 – US$1,295.6 million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

At 30 June 2013 the net cash balance of the Group was US$1,507.6 million (31 December 2012 – US$2,402.7 million). Excluding the non-controlling interest share in each partly owned operation, the Group's attributable share of net cash was US$1,662.8 million (31 December 2012 – US$2,564.7 million).

Foreign currency exchange differences

The principal subsidiaries with a functional currency other than the US dollar are Chilean peso denominated, of which the most significant is Aguas de Antofagasta S.A.

In the first half of 2013 the currency translation loss recognised in net equity was US$11.8 million (first half of 2012 – gain of US$5.6 million).

Going concern

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Review of Operations. Details of the cash flows of the Group during the period, along with its financial position at the period-end are set out in this Financial Review. The half yearly financial report includes details of the Group's cash, cash equivalent and liquid investment balances in Note 17, and details of borrowings are set out in Note 14.

In assessing the Group's going concern status the Directors have taken into account the above factors, including the financial position of the Group and in particular its significant balance of cash, cash equivalents and liquid investments, the borrowing facilities in place and their terms, the current copper price and market expectations in the medium-term, the Group's expected operating cost profile and the its capital expenditure and financing plans.

After making appropriate enquiries, the Directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the half yearly financial report.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2012. A detailed explanation of the risks summarised below can be found in the Risk Management section of that annual report which is available at www.antofagasta.co.uk. Key headline risks relate to the following:

- Community relations
- Strategic resources
- Operational risks
- Development projects
- Political, legal and regulatory risks
- Health and safety
- Environmental management
- Growth opportunities
- Commodity prices
- Identification of new mineral resources
- Ore reserves and mineral resources estimates
- Talent

Cautionary statement about forward-looking statements

This half yearly financial report contains certain forward-looking statements. All statements other than historical facts are forward-looking statements. Examples of forward-looking statements include those regarding the Group's strategy, plans, objectives or future operating or financial performance; reserve and resource estimates; commodity demand and trends in commodity prices; growth opportunities; and any assumptions underlying or relating to any of the foregoing. Words such as "intend", "aim", "project", "anticipate", "estimate", "plan", "believe", "expect", "may", "should", "will", "continue" and similar expressions identify forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that are beyond the Group's control. Given these risks, uncertainties and assumptions, actual results could differ materially from any future results expressed or implied by these forward-looking statements, which speak only as at the date of this report. Important factors that could cause actual results to differ from those in the forward-looking statements include: global economic conditions; demand, supply and prices for copper; long-term commodity price assumptions, as they materially affect the timing and feasibility of future projects and developments; trends in the copper mining industry and conditions of the international copper markets; the effect of currency exchange rates on commodity prices and operating costs; the availability and costs associated with mining inputs and labour; operating or technical difficulties in connection with mining or development activities; employee relations; litigation; and actions and activities of governmental authorities, including changes in laws, regulations or taxation. Except as required by applicable law, rule or regulation, the Group does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Past performance cannot be relied on as a guide to future performance.

Condensed Consolidated Income Statement

	Notes	**Six months ended 30 June 2013**	Six months ended 30 June 2012 Restated[2]	Year ended 31 December 2012 Restated[2]
		US$'m	US$'m	US$'m
Group revenue	2,4	**2,777.4**	3,160.8	6,740.1
Total operating costs (including 2012 full year exceptional item[1])		**(1,747.7)**	(1,544.8)	(3,866.6)
Operating profit from subsidiaries	2,4	**1,029.7**	1,616.0	2,873.5
Share of results from associates and joint ventures	2	**(4.1)**	(4.8)	(20.8)
Total profit from operations, associates and joint ventures	2	**1,025.6**	1,611.2	2,852.7
Investment income		**6.1**	14.9	24.6
Interest expense		**(33.7)**	(44.2)	(85.9)
Other finance items		**(17.0)**	(18.3)	(29.6)
Net finance expense	7	**(44.6)**	(47.6)	(90.9)
Profit before tax		**981.0**	1,563.6	2,761.8
Income tax expense	8	**(320.2)**	(487.7)	(1,022.2)
Profit for the financial period		**660.8**	1,075.9	1,739.6
Attributable to:				
Non-controlling interests		**265.8**	429.8	702.4
Equity holders of the Company (net earnings)		**395.0**	646.1	1,037.2
		US cents	US cents	US cents
Basic earnings per share	9	**40.1**	65.5	105.2

	Notes			
Dividends to ordinary shareholders of the Company				
Per share		**US cents**	US cents	US cents
Dividends per share proposed in relation to the period	10			
- ordinary dividend (interim)		**8.9**	8.5	8.5
- ordinary dividend (final)		**-**	-	12.5
- special dividend (final)		**-**	-	77.5
		8.9	8.5	98.5
Dividends per share paid in the period and deducted from net equity				
- ordinary dividend (interim)		**-**	-	8.5
- ordinary dividend (final)		**12.5**	12.0	12.0
- special dividend (final)		**77.5**	24.0	24.0
		90.0	36.0	44.5
In aggregate		**US$'m**	US$'m	US$'m
Dividends proposed in relation to the period	10	**87.7**	83.8	971.1
Dividends paid in the period and deducted from net equity		**887.3**	354.9	438.7

Revenue and operating profit are derived from continuing operations.

[1] The exceptional item included within "Total operating costs" in respect of the year ended 31 December 2012 was a US$500.0 million provision against the carrying value of property, plant and equipment relating to the Antucoya project. Excluding this exceptional item, operating profit from subsidiaries was US$3,373.5 million, profit before tax was US$3,261.8 million and earnings per share was US140.7 cents. Further details of this exceptional item are set out in Note 3.

[2] The prior period and prior year comparative figures have been restated as a result of the early adoption of IFRS 11 Joint Arrangements and the application of the amendments to IAS 19 Employee Benefits. See Note 1 for further details.

Condensed Consolidated Statement of Comprehensive Income

	Notes	**Six months ended 30 June 2013** US$'m	Six months ended 30 June 2012 Restated US$'m	Year ended 31 December 2012 Restated US$'m
Profit for the financial period		**660.8**	1,075.9	1,739.6
Items that may be reclassified subsequently to profit or loss:				
Gains/(losses) in fair value of cash flow hedges deferred in reserves		**41.6**	3.2	(0.3)
Losses in fair value of cash flow hedges deferred in reserves of associates		**(0.1)**	(1.3)	(1.8)
(Losses)/gains in fair value of available for sale investments	13	**(20.0)**	(7.3)	5.4
Currency translation adjustment		**(11.8)**	5.6	14.4
Deferred tax effects arising on cash flow hedges deferred in reserves		**(9.5)**	(0.5)	0.1
Items that will not be subsequently reclassified to profit or loss				
Actuarial losses on defined benefit plans		**(1.5)**	-	(7.6)
Tax on items recognised directly in equity that will not be reclassified		**0.3**	-	1.6
Total (losses)/gains recognised in equity		**(1.0)**	(0.3)	11.8
(Gains)/losses in fair value of cash flow hedges transferred to the income statement		**(11.3)**	12.3	12.6
Deferred tax effects arising on cash flow hedges transferred to the income statement		**2.3**	(2.3)	(2.5)
Total transferred to the income statement		**(9.0)**	10.0	10.1
Total comprehensive income for the period		**650.8**	1,085.6	1,761.5
Attributable to:				
Non-controlling interests		**270.6**	433.4	709.4
Equity holders of the Company		**380.2**	652.2	1,052.1

The prior period comparative figures have been restated for application of the amendments to IAS 19 Employee Benefits. See Note 1 for further details.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2013	89.8	199.2	(3.6)	(2.7)	46.5	6,781.4	**7,110.6**	1,694.2	**8,804.8**
Total comprehensive income for the period	-	-	18.2	(20.0)	(11.8)	393.8	**380.2**	270.6	**650.8**
Capital increase on behalf of non-controlling interests	-	-	-	-	-	(6.7)	**(6.7)**	6.7	**-**
Capital contribution from non-controlling interests	-	-	-	-	-	-	**-**	30.4	**30.4**
Dividends	-	-	-	-	-	(887.3)	**(887.3)**	(162.1)	**(1,049.4)**
Balance at 30 June 2013	**89.8**	**199.2**	**14.6**	**(22.7)**	**34.7**	**6,281.2**	**6,596.8**	**1,839.8**	**8,436.6**

For the six months ended 30 June 2012

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2012	89.8	199.2	(3.9)	(8.1)	32.1	5,887.1	**6,196.2**	1,611.2	**7,807.4**
Total comprehensive income for the period	-	-	7.8	(7.3)	5.6	646.1	**652.2**	433.4	**1,085.6**
Capital contribution from non-controlling interests	-	-	-	-	-	(24.0)	**(24.0)**	24.0	**-**
Dividends	-	-	-	-	-	(354.9)	**(354.9)**	(277.5)	**(632.4)**
Balance at 30 June 2012	**89.8**	**199.2**	**3.9**	**(15.4)**	**37.7**	**6,154.3**	**6,469.5**	1,791.1	**8,260.6**

For the year ended 31 December 2012

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2012	89.8	199.2	(3.9)	(8.1)	32.1	5,887.1	**6,196.2**	1,611.2	**7,807.4**
Total comprehensive income for the year	-	-	0.3	5.4	14.4	1,032.0	**1,052.1**	709.4	**1,761.5**
Change in ownership interest in subsidiaries	-	-	-	-	-	332.1	**332.1**	18.2	**350.3**
Capital increase on behalf of non-controlling interests	-	-	-	-	-	(31.1)	**(31.1)**	31.1	**-**
Capital contribution from non-controlling interests	-	-	-	-	-	-	**-**	26.8	**26.8**
Dividends	-	-	-	-	-	(438.7)	**(438.7)**	(702.5)	**(1,141.2)**
Balance at 31 December 2012	89.8	199.2	(3.6)	(2.7)	46.5	6,781.4	**7,110.6**	1,694.2	**8,804.8**

Condensed Consolidated Balance Sheet

	Notes	At 30.06.13 US$'m	At 30.06.12 Restated[1] US$'m	At 31.12.12 Restated[1] US$'m
Non-current assets				
Intangible assets	11	**142.0**	153.8	157.6
Property, plant and equipment	12	**6,781.0**	6,508.0	6,513.2
Investment property		**3.2**	3.5	3.5
Inventories		**165.8**	151.2	162.5
Investment in associates and in joint ventures [1]		**114.3**	109.9	106.4
Trade and other receivables		**110.7**	68.3	108.3
Derivative financial instruments	6	**16.7**	32.8	8.0
Available for sale investments	13	**24.7**	31.4	44.5
Deferred tax assets		**96.2**	85.4	103.8
		7,454.6	7,144.3	7,207.9
Current assets				
Inventories		**617.2**	506.4	494.9
Trade and other receivables		**712.3**	873.2	801.5
Current tax assets		**71.7**	24.7	32.3
Derivative financial instruments	6	**38.4**	25.1	35.3
Liquid investments	17	**1,752.7**	1,873.9	2,480.6
Cash and cash equivalents	17	**1,324.3**	1,474.1	1,811.3
		4,516.1	4,777.4	5,655.9
Total assets		**11,971.2**	11,921.7	12,863.8
Current liabilities				
Short-term borrowings	14	**(513.7)**	(333.3)	(447.0)
Derivative financial instruments	6	**(3.3)**	(7.8)	(6.2)
Trade and other payables		**(728.5)**	(448.5)	(704.5)
Current tax liabilities		**(15.0)**	(113.4)	(137.4)
		(1,260.5)	(903.0)	(1,295.1)
Non-current liabilities				
Medium and long-term borrowings	14	**(1,055.7)**	(1,674.4)	(1,442.2)
Derivative financial instruments	6	**(5.6)**	(15.6)	(13.1)
Trade and other payables		**(5.6)**	(10.9)	(7.4)
Post-employment benefit obligations		**(83.1)**	(66.9)	(81.5)
Decommissioning & restoration and other long term provisions		**(388.4)**	(325.5)	(384.6)
Deferred tax liabilities		**(735.7)**	(664.8)	(835.1)
		(2,274.1)	(2,758.1)	(2,763.9)
Total liabilities		**(3,534.6)**	(3,661.1)	(4,059.0)
Net assets		**8,436.6**	8,260.6	8,804.8
Equity				
Share capital	15	**89.8**	89.8	89.8
Share premium	15	**199.2**	199.2	199.2
Hedging, translation and fair value reserves		**26.7**	26.2	40.2
Retained earnings		**6,281.1**	6,154.3	6,781.4
Equity attributable to equity holders of the Company		**6,596.8**	6,469.5	7,110.6
Non-controlling interests		**1,839.8**	1,791.1	1,694.2
Total equity		**8,436.6**	8,260.6	8,804.8

The interim financial information was approved by the Board of Directors on 23 August 2013.

[1] The comparatives have been restated as a result of the early adoption of IFRS 11 Joint Arrangements. See Note 1 for further details.

Condensed Consolidated Cash Flow Statement

	Notes	**Six months ended 30 June 2013**	Six months ended 30 June 2012 Restated[1]	Year ended 31 December 2012 Restated[1]
		US$'m	US$'m	US$'m
Cash flows from operations	16	**1,373.5**	1,774.9	3,826.0
Interest paid		**(27.6)**	(39.0)	(88.1)
Dividends from associate		**-**	1.1	1.1
Income tax paid		**(577.5)**	(540.0)	(901.2)
Net cash from operating activities		**768.4**	1,197.0	2,837.8
Investing activities				
Capital contributions to associates and joint ventures		**(12.0)**	(30.8)	(44.0)
Acquisition of available for sale investments	13	**(2.0)**	(1.5)	(1.5)
Proceeds from sale of available for sale investment		**-**	-	1.4
Proceeds from repayment of loan to associate		**-**	-	83.8
Proceeds from sale of property plant and equipment		**-**	-	9.3
Purchases of property, plant and equipment		**(619.0)**	(337.7)	(873.5)
Purchases of intangible assets		**-**	-	(3.9)
Net decrease/(increase) in liquid investments		**727.9**	71.0	(535.7)
Interest received		**7.5**	14.7	24.8
Net cash provided by/(used in) investing activities		**102.4**	(284.3)	(1,339.3)
Financing activities				
Dividends paid to equity holders of the Company		**(887.3)**	(354.9)	(438.7)
Dividends paid to preference shareholders of the Company		**(0.1)**	(0.1)	(0.2)
Dividends paid to non-controlling interests		**(162.1)**	(277.5)	(702.5)
Change in ownership interest in subsidiaries		**-**	-	351.8
Capital increase from non-controlling interests		**30.4**	-	26.8
Net proceeds from issue of new borrowings	17	**66.3**	2.3	104.9
Repayments of borrowings	17	**(389.1)**	(139.0)	(365.2)
Repayments of obligations under finance leases	17	**(6.7)**	(9.9)	(12.7)
Net cash used in financing activities		**(1,348.6)**	(779.1)	(1,035.8)
Net (decrease)/increase in cash and cash equivalents		**(477.8)**	133.6	462.7
Cash and cash equivalents at beginning of the period		**1,811.3**	**1,335.1**	1,335.1
Net (decrease)/increase in cash and cash equivalents	17	**(477.8)**	**133.6**	462.7
Effect of foreign exchange rate changes	17	**(9.2)**	**5.4**	13.5
Cash and cash equivalents at end of the period	17	**1,324.3**	**1,474.1**	1,811.3

[1] The comparatives have been restated as a result of the early adoption of IFRS 11 Joint Arrangements. See Note 1 for further details.

Notes

1. General information and accounting policies

a) General information

These June 2013 interim condensed consolidated financial statements ("the condensed financial statements") are for the six months ended 30 June 2013. The condensed financial statements are unaudited.

The information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on these accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) (regarding adequacy of accounting records and returns) or section 498(3) (regarding provision of necessary information and explanations) of the Companies Act 2006.

b) Basis of preparation

The annual financial statements of Antofagasta plc for the year ended 31 December 2012 were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and the requirements of the UK Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) in the United Kingdom as applicable to interim financial reporting.

The condensed financial statements represent a "condensed set of financial statements" as referred to in the DTR issued by the FCA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's financial statements for the year ended 31 December 2012.

c) **Going concern**

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of no less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements. Detail of the factors which have been taken into account in assessing the Group's going concern status are set out in the Going Concern section of the Financial Review above.

d) **Accounting policies**

The interim financial information has been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2012, except for the changes arising from the adoption of new accounting standards, amendments and interpretations as set out below.

The following accounting standards, amendments and interpretations became effective in the current reporting period:

IAS 19 (revised) Employee benefits

IFRS 13 Fair value measurement

IFRIC 20 Stripping costs in the production phase of a surface mine

The Group has elected to early adopt the following standards, which have been endorsed by the European Union but which are only mandatory for financial periods beginning on or after 1 January 2014:

IFRS 10 Consolidated financial statements

IFRS 11 Joint arrangements

IFRS 12 Disclosure of interests in other entities

IAS 27 Separate financial statements

IAS 28 Investment in associates and joint ventures

The nature and impact on the financial statements of the Group of those new standards, amendments and interpretations which have a significant impact on this half yearly financial report is described below:

IAS 19 (revised) *Employee benefits*

IAS 19R includes a number of changes to the accounting for defined benefit plans and termination benefits. The principal change for the Group is the requirement for all actuarial gains and losses to be recognised immediately through comprehensive income. As the Group's plan (which relates to severance indemnity obligations) is unfunded, the amendments to the standard relating to the accounting for plan assets have not had an effect on the financial statements of the Group.

The standard has been applied retrospectively according to the transitional provisions of the standard. This did not have a significant impact on the comparative figures for the six month period ended 30 June 2012. For the year ended 31 December 2012 actuarial losses of US$7.6 million have been reclassified from the income statement and included in other comprehensive income.

IFRS 13 ***Fair value measurement***

IFRS 13 establishes a single framework for measuring fair value. When an item is required or permitted to be measured at fair value by another standard, the fair value is determined according to the framework established in IFRS 13.

IFRS 13 includes a new definition of fair value that emphasises that fair value is a market-based measurement. The main impact of this for the Group has been to incorporate an element of own credit risk in the valuation of financial liabilities. In accordance with the transitional provisions of IFRS 13 the amended valuation methodology has been applied prospectively from 1 January 2013, and accordingly has not impacted the prior period comparative figures. The net impact in the six months ended 30 June 2013 in comparison with the previous fair value methodology has been a gain of US$3 million in equity relating to the Group's interest rate swaps and a gain of US$2.2 million in profit and loss relating to the Group's commodity derivatives.

The application of IFRS 13 has not had a significant impact on any other items measured at fair value.

IFRS 13 requires specific disclosures on fair values. The Group provides these disclosures in Note 6.

IFRIC 20 ***Stripping costs in the production phase of a surface mine***

IFRIC 20 clarifies the requirements for stripping costs in the production phase of a surface mine.

The adoption of IFRIC 20 has not had a significant impact on the accounting for operational stripping costs by the Group. The on-going mining and development of the Group's open-pit mines is generally performed via a succession of individual phases. The costs of extracting material from an open-pit mine are generally allocated between ore and waste stripping in proportion to the tonnes of material extracted. Waste stripping costs are generally absorbed into inventory and expensed as that inventory is processed and sold. Where the stripping costs relate to a significant stripping campaign which is expected to provide improved access to an identifiable component of the ore body (typically an individual phase within the overall mine plan), the costs of removing waste in order to improve access to that part of the ore body are capitalised within mining properties within property, plant and equipment. The capitalised costs are then amortised on a unit of production basis, in proportion to the volume of ore extracted compared with the total ore contained in the component of the pit to which the stripping campaign relates.

The standard has been applied retrospectively with effect from 1 January 2012 according to the transitional provisions of the standard. As at 1 January 2012 the Group did not have any capitalised or deferred operational stripping costs. During 2012 the Group had capitalised US$56.6 million of operational stripping costs. These amounts have been reviewed and determined to be in compliance with the requirements of IFRIC 20, and accordingly no restatement of the prior period comparative figures has been required by the adoption of the new Interpretation. In the six months ended 30 June 2013 a further US$44.7 million of operational stripping costs has been capitalised by the Group.

IFRS 10 ***Consolidated financial statements*** **and IAS 27** ***Separate financial statements***

IFRS 10 replaces the parts of IAS 27 that dealt with consolidated financial statements. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from the investment with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The adoption of IFRS 10 has not had an impact on the consolidation of investments by the Group.

IFRS 11 ***Joint arrangements*** **and IAS 28** ***Investment in associates and joint ventures***

IFRS 11 replaces IAS 31 Joint ventures and establishes principles for financial reporting by parties to a joint arrangement. Under IFRS 11 the classification of joint arrangements has changed. Investments in joint arrangements are classified as either joint ventures or joint operations based on the rights and obligations of the parties to the arrangement.

In assessing the joint arrangements to which the Group is currently party, consideration was given to legal form of the arrangement, the terms of the contractual arrangement and any relevant facts and circumstances. The Group has determined its interests in joint arrangements to be joint ventures in terms of IFRS 11.

Under the superseded IAS 31 the Group applied the option to account for joint ventures using proportionate consolidation. IFRS 11 removes this option and requires joint arrangements that are joint ventures to be accounted for using the equity method. The standard has been applied retrospectively in accordance with the transitional provisions of the standard. The impact on the Group financial statements for the six months ended 30 June 2012 and the year ended 31 December 2012 are set out in the table below.

IFRS 12 ***Disclosure of interests in other entities***

IFRS 12 includes disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities. These disclosure requirements are not applicable for condensed financial statements, unless required as a result of significant events or transactions in the period, of which there have been none in the six months ending 30 June 2013. Accordingly, these disclosures will be provided in the Group financial statements for the year ending 31 December 2013.

Impact of accounting standards, amendments and interpretations on prior period comparatives

The following tables set out the impact of retrospectively applying IFRS 11 and IAS 19R for the six month period ended 30 June 2012 and the year ended 31 December 2012:

	Six months ended 30.06.12 as previously stated	IFRS 11	Six months ended 30.06.12 restated
	US$'m	US$'m	US$'m
Adjustments to Consolidated income statement			
Total operating costs	(1,566.1)	11.3	(1,554.8)
Share of results from associates and joint ventures	6.2	(11.0)	(4.8)
Income tax expense	(487.4)	(0.3)	(487.7)
Profit for the financial period	**1,075.9**	**-**	**1,075.9**
Adjustments to the Consolidated balance sheet			
Property, plant and equipment	6,508.1	(0.1)	6,508.0
Investment in joint ventures	0.0	2.2	2.2
Deferred tax assets	85.7	(0.3)	85.4
Trade and other receivables	875.4	(2.2)	873.2
Cash and cash equivalents	1,478.6	(4.5)	1,474.1
Trade and other payables	(453.1)	4.6	(448.5)
Post-employment benefit obligations	(67.2)	0.3	(66.9)
Net assets	**8,260.6**	-	**8,260.6**
Adjustments to Consolidated cash flow statement			
Cash flow from operations	1,768.2	6.7	1,774.9
Capital contribution to associates and joint ventures	(19.6)	(11.2)	(30.8)
Net increase in cash and cash equivalents	**138.1**	**(4.5)**	**133.6**
Adjustments to non-GAAP data			
EBITDA	**1,841.4**	**11.3**	**1,852.7**

	Year ended 31.12.12 as previously stated	IFRS 11	IAS 19R	Year ended 31.12.12 restated
	US$'m	US$'m	US$'m	US$'m
Adjustments to Consolidated income statements				
Total operating costs	(3,901.7)	27.5	7.6	(3,866.6)
Share of results from associates and joint ventures	6.7	(27.5)	-	(20.8)
Income tax expense	(1,020.6)	-	(1.6)	(1,022.2)
Profit for the financial year	**1,733.6**	**-**	**6.0**	**1,739.6**
Adjustments to the Consolidated statements of comprehensive income				
Profit for the financial period	1,733.6	-	6.0	1,739.6
Actuarial losses on defined benefit plans	-	-	(7.6)	(7.6)
Tax on items recognised directly that will not be reclassified	-	-	1.6	1.6
Total comprehensive income for the period	**1,761.5**	**-**	**-**	**1,761.5**
Adjustments to the Consolidated balance sheets				
Investment in joint ventures	-	(1.1)	-	(1.1)
Trade and other receivables	801.9	(0.4)	-	801.5
Cash and cash equivalents	1,815.9	(4.6)	-	1,811.3
Trade and other payables	(710.2)	5.7	-	(704.5)
Post-employment benefit obligations	(81.9)	0.4	-	(81.5)
Net assets	**8,804.8**	**-**	**-**	**8,804.8**
Adjustments to Consolidated cash flow statements				
Cash flow from operations	3,806.2	19.8	-	3,826.0
Capital contribution to associates and joint ventures	(19.6)	(24.4)	-	(44.0)
Net increase in cash and cash equivalents	**467.3**	**(4.6)**	**-**	**462.7**
Adjustments to non-GAAP data				
EBITDA	**3,829.3**	**27.5**	**7.6**	**3,864.4**

2. Total profit from operations, associates and joint ventures

	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	US$'m	US$'m
Group revenue	**2,777.4**	3,160.8	6,740.1
Cost of sales	**(1,297.9)**	(1,116.2)	(2,464.5)
Gross profit	**1,479.5**	2,044.6	4,275.6
Administrative and distribution expenses	**(288.0)**	(296.0)	(596.0)
Closure provision	**(1.7)**	(3.2)	0.3
Severance charges	**(7.5)**	(6.2)	(14.2)
Provision against carrying value of assets (see Note 3)	**-**	-	(500.0)
Exploration and evaluation costs	**(149.6)**	(118.1)	(283.4)
Other operating income	**10.2**	3.8	14.3
Other operating expenses	**(13.2)**	(8.9)	(23.1)
Operating results from subsidiaries	**1,029.7**	1,616.0	2,873.5
Share of income from associates and joint ventures	**(4.1)**	(4.8)	(20.8)
Total profit from operations, associates and joint ventures	**1,025.6**	1,611.2	2,852.7

3. Exceptional item

	Operating profit			Profit before tax			Earnings per share		
	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Year ended 31 December 2012	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	US$'m	US$'m	**US$'m**	US$'m	US$'m	**US cents**	US cents	US cents
Before exceptional item	**1,029.7**	1,616.0	3,373.5	**981.0**	1,563.6	3,261.8	**40.1**	65.5	140.7
Provision against carrying value of assets	**-**	-	(500.0)	**-**	-	(500.0)	**-**	-	(35.5)
After exceptional item	**1,029.7**	1,616.0	2,873.5	**981.0**	1,563.6	2,761.8	**40.1**	65.5	105.2

2012 - provision against the carrying value of assets

Development of the Antucoya project was temporarily suspended in December 2012 while a review of the project was undertaken. The resumption of the project was announced on 27 March 2013 following conclusion of the process. An impairment review was performed in respect of the project as at 31 December 2012, and as a consequence an impairment of US$500 million was recognised in respect of the project's assets at that date. The Group's attributable share of the impairment was US$350 million. No tax credit was recorded relating to the impairment. The recoverable amount in the impairment review was determined by a value in use calculation prepared using management's forecasts as to capital expenditure, future commodity prices, operating costs and production volumes. The present value of the forecast future cash flows was calculated using a post-tax real discount rate of 7.5%.

4. Segmental analysis

The Group's reportable segments are as follows:

- Los Pelambres
- Esperanza
- El Tesoro
- Michilla
- Antucoya
- Exploration and evaluation
- Railway and other transport services
- Water concession
- Corporate and other items

For management purposes, the Group is organised into three business divisions based on their products – Mining, Railway and other transport services and the Water concession. The mining division is split further for management reporting purposes to show results by mine and exploration activity. Los Pelambres, Esperanza, El Tesoro and Michilla are all operating mines and Antucoya is a development project. Los Pelambres produces primarily copper concentrate and molybdenum as a by-product. Esperanza produces primarily copper concentrate containing gold as a by-product. El Tesoro and Michilla both produce copper cathodes. The transport division provides rail cargo (based in Chile and Bolivia) and road cargo (based in Chile) together with a number of ancillary services (based in Chile). The water division produces and distributes potable water to domestic customers and untreated water to industrial customers in Chile's Antofagasta Region. The Exploration and evaluation segment incurs exploration and evaluation expenses. "Corporate and other items" also comprise costs incurred by the Company, other holding companies of the Group and Antofagasta Minerals S.A., the Group's mining corporate centre, that are not allocated to any individual business segment. Consistent with its internal management reporting, the Group's corporate and other items are included within the mining division.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on the operating profit of each of the segments.

a) Segment revenues and results

For the six months ended 30 June 2013

	Los Pelambres	Esperanza	El Tesoro	Michilla	Antucoya	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	**US$'m**	**US$'m**	**US$'m**
Revenue	**1,416.4**	**680.2**	**367.1**	**146.6**	**-**	**-**	**-**	**2,610.3**	**96.0**	**71.1**	**2,777.4**
EBITDA	**809.1**	**349.8**	**220.7**	**7.3**	**-**	**(149.6)**	**(40.1)**	**1,197.2**	**38.3**	**40.0**	**1,275.5**
Depreciation and amortisation	(82.4)	(78.1)	(22.5)	(15.6)	-	-	(25.6)	**(224.2)**	(7.4)	(8.2)	**(239.8)**
(Loss)/gain on disposals	-	-	(1.7)	-	-	-	(0.7)	**(2.4)**	0.2	(3.8)	**(6.0)**
Operating profit	**726.7**	**271.7**	**196.5**	**(8.3)**	**-**	**(149.6)**	**(66.4)**	**970.6**	**31.1**	**28.0**	**1,029.7**
Share of results from associates and joint ventures	-	-	-	-	-	-	(10.6)	**(10.6)**	6.5	-	**(4.1)**
Investment income	0.9	0.9	0.7	0.1	-	-	2.6	**5.2**	0.6	0.3	**6.1**
Interest expense	(4.4)	(25.0)	(2.2)	-	-	-	(2.0)	**(33.6)**	(0.1)	-	**(33.7)**
Other finance items	(3.2)	1.1	(1.5)	(2.6)	-	-	(10.6)	**(16.8)**	0.1	(0.3)	**(17.0)**
Profit before tax	**720.0**	**248.7**	**193.5**	**(10.8)**	**-**	**(149.6)**	**(87.0)**	**914.8**	**38.2**	**28.0**	**981.0**
Tax	(164.8)	(58.4)	(44.4)	3.5	-	-	(12.8)	**(276.9)**	(37.2)	(6.1)	**(320.2)**
Non-controlling interests	(205.3)	(52.3)	(33.9)	2.8	-	-	22.7	**(266.0)**	0.2	-	**(265.8)**
Net earnings	**349.9**	**138.0**	**115.2**	**(4.5)**	**-**	**(149.6)**	**(77.1)**	**371.9**	**1.2**	**21.9**	**395.0**
Additions to non-current assets											
Capital expenditure	92.4	134.5	71.7	10.9	199.7	-	10.7	**519.9**	13.1	7.9	**540.9**
Segment assets and liabilities											
Segment assets	3,671.3	3,357.3	1,192.8	288.6	350.4	-	2,428.1	**11,288.7**	434.9	247.6	**11,971.2**
Segment liabilities	(1,132.0)	(1,343.1)	(317.2)	(85.2)	(274.5)	-	(276.4)	**(3,428.6)**	(55.8)	(50.2)	**(3,534.6)**

For the six months ended 30 June 2012

	Los Pelambres	Esperanza	El Tesoro	Michilla	Antucoya	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	**US$'m**	**US$'m**	**US$'m**
Revenue	**1,770.2**	**649.2**	**435.1**	**150.5**	**-**	**-**	**-**	**3,005.0**	**90.9**	**64.9**	**3,160.8**
EBITDA	**1,248.6**	**415.5**	**250.6**	**25.0**	**-**	**(118.1)**	**(45.8)**	**1,775.8**	**35.9**	**41.0**	**1,852.7**
Depreciation and amortisation	(80.0)	(83.5)	(22.8)	(7.7)	-	-	(30.8)	**(224.8)**	(8.4)	(8.6)	**(241.8)**
(Loss)/gain on disposals	-	-	-	(0.2)	-	-	-	**(0.2)**	5.3	-	**5.1**
Operating profit	**1,168.6**	**332.0**	**227.8**	**17.1**	**-**	**(118.1)**	**(76.6)**	**1,550.8**	**32.8**	**32.4**	**1,616.0**
Share of results from associates and joint ventures	-	-	-	-	-	-	(11.1)	**(11.1)**	6.3	-	**(4.8)**
Investment income	1.3	1.4	1.6	0.7	-	-	6.0	**11.0**	3.5	0.4	**14.9**
Interest expense	(6.7)	(32.9)	(3.3)	-	-	-	(1.2)	**(44.1)**	(0.1)	-	**(44.2)**
Other finance items	(5.2)	(4.3)	(1.7)	(6.2)	-	-	(0.1)	**(17.5)**	(1.0)	0.2	**(18.3)**
Profit before tax	**1.158.0**	**296.2**	**224.4**	**11.6**	**-**	**(118.1)**	**(83.0)**	**1,489.1**	**41.5**	**33.0**	**1,563.6**
Tax	(262.8)	(57.3)	(48.7)	(3.2)	-	-	4.4	**(367.6)**	(114.0)	(6.1)	**(487.7)**
Non-controlling interests	(348.1)	(64.5)	(41.2)	(1.6)	-	-	25.3	**(430.1)**	0.3	-	**(429.8)**
Net earnings	**547.1**	**174.4**	**134.5**	**6.8**	**-**	**(118.1)**	**(53.3)**	**691.4**	**(72.2)**	**26.9**	**646.1**
Additions to non-current assets											
Capital expenditure	66.7	46.2	48.3	33.4	95.6	-	25.3	**315.5**	7.4	4.6	**327.5**
Segment assets and liabilities											
Segment assets	3,812.7	3,151.7	1,067.0	285.7	174.7	-	2,599.7	**11.091.5**	575.0	255.2	**11,921.7**
Segment liabilities	(1,180.0)	(1,570.0)	(434.9)	(89.3)	(5.6)	-	(283.2)	**(3.563.0)**	(53.2)	(44.9)	**(3,661.1)**

For the year ended 31 December 2012

	Los Pelambres	Esperanza	El Tesoro	Michilla	Antucoya	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	**US$'m**	**US$'m**	**US$'m**
Revenue	**3,553.7**	**1,704.2**	**851.0**	**307.4**	**-**	**-**	**-**	**6,416.3**	**190.4**	**133.4**	**6,740.1**
EBITDA	**2,459.1**	**1,072.2**	**496.8**	**46.1**	**-**	**(283.4)**	**(83.3)**	**3,707.5**	**75.6**	**81.3**	**3,864.4**
Depreciation and amortisation	(167.1)	(193.9)	(48.6)	(16.8)	-	-	(37.8)	**(464.2)**	(14.6)	(15.4)	**(494.2)**
(Loss)/gain on disposals	-	-	(1.5)	-	-	-	-	**(1.5)**	5.6	(0.8)	**3.3**
Provision against carrying value of assets	-	-	-	-	(500.0)	-	-	**(500.0)**	-	-	**(500.0)**
Operating profit	**2,292.0**	**878.3**	**446.7**	**29.3**	**(500.0)**	**(283.4)**	**(121.4)**	**2,741.8**	**66.6**	**65.1**	**2,873.5**
Share of results from associates and joint ventures	-	-	-	-	-	-	(27.9)	**(27.9)**	7.1	-	**(20.8)**
Investment income	2.3	2.7	2.1	0.9	-	-	10.8	**18.8**	4.8	1.0	**24.6**
Interest expense	(12.6)	(63.5)	(6.5)	-	-	-	(3.0)	**(85.6)**	(0.3)	-	**(85.9)**
Other finance items	(10.8)	(5.0)	0.1	(14.1)	-	-	1.9	**(27.9)**	(1.8)	0.1	**(29.6)**
Profit before tax	**2,270.9**	**812.5**	**442.4**	**16.1**	**(500.0)**	**(283.4)**	**(139.3)**	**2,619.2**	**76.4**	**66.2**	**2,761.8**
Tax	(595.2)	(188.4)	(106.5)	(3.7)	-	-	44.8	**(849.0)**	(156.1)	(17.1)	**(1,022.2)**
Non-controlling interests	(646.7)	(175.3)	(70.8)	(2.5)	150.0	-	43.4	**(701.9)**	(0.5)	-	**(702.4)**
Net earnings	**1,029.0**	**448.8**	**265.1**	**9.9**	**(350.0)**	**(283.4)**	**(51.1)**	**1,068.3**	**(80.2)**	**49.1**	**1,037.2**
Additions to non-current assets											
Capital expenditure	178.8	130.3	130.9	58.4	440.0	-	34.4	**972.8**	22.7	8.0	**1,003.5**
Segment assets and liabilities											
Segment assets	3,689.1	3,639.7	1,089.1	270.2	113.9	-	3,285.7	**12,087.7**	512.5	263.6	**12,863.8**
Segment liabilities	(1,251.6)	(1,657.4)	(393.2)	(83.3)	(251.1)	-	(311.4)	**(3,948.0)**	(52.6)	(58.4)	**(4,059.0)**

b) Entity wide disclosures

Revenue by product

	Revenue by product		
	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	US$'m	US$'m
Copper			
- Los Pelambres	**1,259.7**	1,513.7	3,091.3
- Esperanza	**498.7**	468.7	1,249.0
- El Tesoro	**367.1**	435.1	851.0
- Michilla	**146.6**	150.5	307.4
Gold			
- Los Pelambres	**35.9**	43.0	85.7
- Esperanza	**166.6**	166.8	415.5
Molybdenum			
- Los Pelambres	**96.1**	183.0	314.7
Silver			
- Los Pelambres	**24.7**	30.5	62.0
- Esperanza	**14.9**	13.7	39.7
Total Mining	**2,610.3**	3,005.0	6,416.3
Railway and transport services	**96.0**	90.9	190.4
Water concession	**71.1**	64.9	133.4
	2,777.4	3,160.8	6,740.1

Revenue by location of customer

	Revenue		
	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	US$'m	US$'m
Europe			
- United Kingdom	**7.3**	-	35.2
- Switzerland	**-**	54.2	77.3
- Rest of Europe	**255.8**	415.7	635.7
Latin America			
- Chile	**195.4**	195.6	386.7
- Rest of Latin America	**81.8**	105.7	237.4
North America			
- United States	**192.3**	91.9	258.9
- Rest of North America	**-**	-	-
Asia Pacific			
- Japan	**916.7**	1,216.5	2,390.5
- China	**656.4**	573.1	1,508.9
- Rest of Asia	**471.7**	508.1	1,209.5
	2,777.4	3,160.8	6,740.1

Information about major customers

In the first half of 2013 the Group´s mining revenues included US$474.4 million related to one large customer that individually accounted for more than 10% of the Group’s revenues (six months ended 30 June 2012 – one large customer representing US$571.6 million; year ended 31 December 2012 – one large customer representing US$1,143.8 million).

Non-current assets by location of asset

	Non-Current Assets		
	At 30.06.13	At 30.06.12	At 31.12.12
	US$'m	US$'m	US$'m
- Chile	**7,188.5**	6,870.9	6,924.1
- Bolivia	**34.5**	31.2	34.1
- USA	**94.9**	93.5	93.8
- Other	**(0.9)**	(0.9)	(0.4)
	7,317.0	6,994.7	7,051.6

Notes to geographical information

The non-current assets balance disclosed by location of assets excludes financial instruments, available-for-sale investments and deferred tax assets.

5. Revenues

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. This normally ranges from one to five months after shipment to the customer. The provisional pricing mechanism within the sale agreements is an embedded derivative under IFRS. Gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade debtors in the balance sheet. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market in the market price references for that commodity in the majority of the Group's contracts.

In addition to mark to market and final pricing adjustments, revenue also includes realised gains and losses relating to derivative commodity instruments. Details of these realised gains or losses are shown in the tables below. Further details of derivative commodity instruments in place at the period end are given in Note 6.

Copper and molybdenum concentrate sales are stated net of deductions for tolling charges, as shown in the tables below.

For the period ended 30 June 2013

	Los Pelambres	Esperanza	El Tesoro	Michilla	Los Pelambres	Esperanza	Los Pelambres
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	**1,483.7**	**594.5**	**374.3**	**140.5**	**40.4**	**182.2**	**110.1**
Effects of pricing adjustments to previous period invoices							
Reversal of mark-to-market adjustments at the end of the previous period	**(1.8)**	**0.5**	**0.2**	**0.1**	**-**	**1.2**	**0.4**
Settlement of sales invoiced in the previous period	**(31.5)**	**(12.6)**	**1.1**	**0.2**	**(4.1)**	**(5.6)**	**0.1**
Total effect of adjustments to previous period invoices in the current period	**(33.3)**	**(12.1)**	**1.3**	**0.3**	**(4.1)**	**(4.4)**	**0.5**
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	**(70.0)**	**(28.3)**	**(7.0)**	**(3.3)**	**(0.3)**	**(9.2)**	**(5.8)**
Mark-to-market adjustments at the end of the current period	**(54.7)**	**(22.3)**	**(1.7)**	**(0.4)**	**-**	**(1.4)**	**(1.7)**
Total effect of adjustments to current period invoices	**(124.7)**	**(50.6)**	**(8.7)**	**(3.7)**	**(0.3)**	**(10.6)**	**(7.5)**
Total pricing adjustments	**(158.0)**	**(62.7)**	**(7.4)**	**(3.4)**	**(4.4)**	**(15.0)**	**(7.0)**
Realised gains on commodity derivatives	**-**	**-**	**0.2**	**9.5**	**-**	**-**	**-**
Revenue before deducting tolling charges	**1,325.7**	**531.8**	**367.1**	**146.6**	**36.0**	**167.2**	**103.1**
Tolling charges	**(66.0)**	**(33.1)**	**-**	**-**	**(0.1)**	**(0.6)**	**(7.0)**
Revenue net of tolling charges	**1,259.7**	**498.7**	**367.1**	**146.6**	**35.9**	**166.6**	**96.1**

For the period ended 30 June 2012

	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m
	Los Pelambres Copper concentrate	Esperanza Copper concentrate	El Tesoro Copper cathodes	Michilla Copper cathodes	Los Pelambres Gold in concentrate	Esperanza Gold in concentrate	Los Pelambres Molybdenum concentrate
Provisionally invoiced gross sales	1,537.2	485.9	436.4	148.9	42.9	165.4	204.1
Effects of pricing adjustments to previous period invoices							
Reversal of mark-to-market adjustments at the end of the previous period	18.0	(4.3)	0.2	0.2	-	1.6	0.1
Settlement of sales invoiced in the previous period	81.2	29.5	4.0	1.3	0.1	1.5	1.3
Total effect of adjustments to previous period invoices in the current period	99.2	25.2	4.2	1.5	0.1	3.1	1.4
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	(26.6)	(17.1)	(5.9)	(3.0)	0.1	(1.5)	(6.8)
Mark-to-market adjustments at the end of the current period	(32.1)	(2.9)	0.2	0.7	-	0.3	(4.8)
Total effect of adjustments to current period invoices	(58.7)	(20.0)	(5.7)	(2.3)	0.1	(1.2)	(11.6)
Total pricing adjustments	40.5	5.2	(1.5)	(0.8)	0.2	1.9	(10.2)
Realised (losses)/gains on commodity derivatives	(5.9)	-	0.2	2.4	-	-	-
Revenue before deducting tolling charges	1,571.8	491.1	435.1	150.5	43.1	167.3	193.9
Tolling charges	(58.1)	(22.4)	-	-	(0.1)	(0.5)	(10.9)
Revenue net of tolling charges	1,513.7	468.7	435.1	150.5	43.0	166.8	183.0

For the year ended 31 December 2012

	US$'m Los Pelambres Copper concentrate	US$'m Esperanza Copper concentrate	US$'m El Tesoro Copper cathodes	US$'m Michilla Copper cathodes	US$'m Los Pelambres Gold in concentrate	US$'m Esperanza Gold in concentrate	US$'m Los Pelambres Molybdenum concentrate
Provisionally invoiced gross sales	3,144.8	1,298.1	852.8	303.1	89.8	416.5	362.5
Effects of pricing adjustments to previous period invoices							
Reversal of mark-to-market adjustments at the end of the previous period	18.0	(4.3)	0.2	0.2	-	1.6	0.1
Settlement of sales invoiced in the previous period	75.8	29.5	4.0	1.3	0.2	1.5	1.3
Total effect of adjustments to previous period invoices in the current period	93.8	25.2	4.2	1.5	0.2	3.1	1.4
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	(23.5)	(11.7)	(6.0)	(3.2)	(4.1)	(1.6)	(29.6)
Mark-to-market adjustments at the end of the current period	1.8	(0.5)	(0.2)	(0.1)	-	(1.2)	(0.4)
Total effect of adjustments to current period invoices	(21.7)	(12.2)	(6.2)	(3.3)	(4.1)	(2.8)	(30.0)
Total pricing adjustments	72.1	13.0	(2.0)	(1.8)	(3.9)	0.3	(28.6)
Realised (losses)/gains on commodity derivatives	(5.9)	-	0.2	6.1	-	-	-
Revenue before deducting tolling charges	3,211.0	1,311.1	851.0	307.4	85.9	416.8	333.9
Tolling charges	(119.7)	(62.1)	-	-	(0.2)	(1.3)	(19.2)
Revenue net of tolling charges	3,091.3	1.249.0	851.0	307.4	85.7	415.5	314.7

Copper concentrate

The typical period for which sales of copper concentrate remain open until settlement occurs is a range of approximately three to five months from shipment date.

At 30 June 2013 copper concentrate sales totalling 161,900 tonnes remained open as to price, with an average mark-to-market price of US$3.06/lb compared with an average provisional invoice price of US$3.28/lb. At 30 June 2012 copper concentrate sales totalling 170,600 tonnes remained open as to price, with an average mark-to-market price of US$3.49/lb compared with an average provisional invoice price of US$3.58/lb. At 31 December 2012 sales totalling 203,400 tonnes remained open as to price, with an average mark-to-market price of US$3.60/lb compared with an average provisional invoice price of US$3.59/lb.

Copper cathodes

The typical period for which sales of copper cathodes remain open until settlement occurs is approximately one month from shipment date.

At 30 June 2013 sales totalling 10,700 tonnes remained open as to price, with an average mark-to-market price of US$3.06/lb compared with an average provisional invoice price of US$3.15/lb. At 30 June 2012 sales totalling 12,400 tonnes remained open as to price, with an average mark-to-market price of US$3.49/lb compared with an average provisional invoice price of US$3.46/lb. At 31 December 2012 sales totalling 13,400 tonnes remained open as to price, with an average mark-to-market price of US$3.59/lb compared with an average provisional invoice price of US$3.60/lb.

Gold in concentrate

The typical period for which sales of gold in concentrate remain open is approximately one month from shipment date.

At 30 June 2013 sales totalling 3,500 ounces remained open as to price, with an average mark-to-market price of US$1,215 per ounce compared with an average provisional invoice price of US$1,602 per ounce. At 30 June 2012 sales totalling 15,700 ounces remained open as to price, with an average mark-to-market price of US$1,597 per ounce compared with an average provisional invoice price of US$1,579 per ounce. At 31 December 2012, sales totalling 42,400 ounces remained open as to price, with an average mark-to-market price of US$1,677 per ounce compared with an average provisional invoice price of US$1,705 per ounce.

Molybdenum concentrate

The typical period for which sales of molybdenum remain open is approximately two months from shipment date.

At 30 June 2013 sales totalling 1,600 tonnes remained open as to price, with an average mark-to-market price of US$10.6/lb compared with an average provisional invoice price of US$11.1/lb. At 30 June 2012 sales totalling 2,700 tonnes remained open as to price, with an average mark-to-market price of US$13.4/lb compared with an average provisional invoice price of US$14.2/lb. At 31 December 2012 sales totalling 1,700 tonnes remained open as to price, with an average mark-to-market price of US$11.4/lb compared with an average provisional invoice price of US$11.5/lb.

As detailed above, the effects of gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade debtors in the balance sheet. The effect of mark-to-market adjustments on the balance sheet at the end of each period are as follows:

	Effect on debtors of period end mark to market adjustments		
	At 30.06.13 **US$'m**	At 30.06.12 US$'m	At 31.12.12 US$'m
Los Pelambres - copper concentrate	**(54.7)**	(32.1)	1.8
Los Pelambres - molybdenum concentrate	**(1.7)**	(4.8)	(0.4)
Esperanza - copper concentrate	**(22.3)**	(2.9)	(0.5)
Esperanza - gold in concentrate	**(1.4)**	0.3	(1.2)
El Tesoro - copper cathodes	**(1.7)**	0.2	(0.2)
Michilla - copper cathodes	**(0.4)**	0.7	(0.1)
	(82.2)	(38.6)	(0.6)

6. Financial instruments

a) Categories of financial instruments

The carrying value of financial assets and financial liabilities is shown below:

	At 30.06.13 **US$'m**	At 30.06.12 US$'m	At 31.12.12 US$'m
Financial assets			
Derivatives in designated hedge accounting relationships	**55.1**	57.9	43.3
Available-for-sale-investments	**24.7**	31.4	44.5
Loans and receivables at amortised cost (including cash and cash equivalents)	**2,147.3**	2,415.6	2,721.1
Fair value through profit and loss (liquid investments)	**1,752.7**	1,873.9	2,480.6
Financial liabilities			
Derivatives in designated hedge relationships	**(8.9)**	(23.4)	(19.3)
Financial liabilities measured at amortised cost	**(2,303.5)**	(2,467.1)	(2,601.1)

The fair value of financial assets and financial liabilities carried at amortised cost is not materially different from the carrying value presented above.

b) Fair value of financial instruments

An analysis of financial assets and financial liabilities measured at fair value is presented below:

	Level 1	Level 2	Level 3	At 30.06.13	At 30.06.12	At 31.12.12
Recurring fair value measurements	US$'m	US$'m	US$'m	**US$'m**	US$'m	US$'m
Financial assets						
Derivatives in designated hedge accounting relationships	-	55.1	-	**55.1**	57.9	43.3
Available for sale investments	24.7	-	-	**24.7**	31.4	45.9
Fair value through profit and loss	1,752.7	-	-	**1,752.7**	1,873.9	2,480.6
Mark-to-market adjustments to provisionally priced sales	-	(82.2)	-	**(82.2)**	(38.6)	(0.6)
Financial liabilities						
Derivatives in designated hedge relationships	-	(8.9)	-	**(8.9)**	(23.4)	(19.3)

Recurring fair value measurements are those that are required in the balance sheet at the end of each reporting period.

Non-recurring fair value measurements are those that are required in particular circumstances e.g. when the recoverable amount of an asset is determined to be fair value less cost to sell according to IAS 36 *Impairment of assets*. There were no non-recurring fair value measurements in the six months ending 30 June 2013.

Derivatives in designated hedge accounting relationships are valued using a discounted cash flow analysis valuation model, which includes observable credit spreads and using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. These are level 2 inputs as described below.

Available for sale investments are investments in shares on active markets and are valued using unadjusted quoted market values of the shares at the financial reporting date. These are level 1 inputs as described below.

Provisionally priced metal sales for the period are marked-to-market at the end of the period. Gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and trade debtors in the balance sheet. Forward prices at the end of the period are used for copper sales while period-end average prices are used for molybdenum concentrate sales. These are level 2 inputs as described below.

Financial assets measured at fair value through profit and loss are highly liquid current asset investments that are valued using market prices at the period end. These are level 1 inputs as described below.

The inputs to the valuation techniques described above are categorised into three levels, giving the highest priority to unadjusted quoted prices in active markets (level 1) and the lowest priority to unobservable inputs (level 3 inputs):

- Level 1 fair value measurement inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurement inputs are derived from inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurement inputs are unobservable inputs for the asset or liability.

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the six months ending 30 June 2013 there were no transfers between levels in the hierarchy.

c) Embedded derivatives

As explained in Note 5, copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. The provisional pricing mechanism within the sale agreements is an embedded derivative under IFRS. Details of the provisional pricing arrangements are included in Note 5.

d) Derivative financial instruments

The Group periodically uses derivative financial instruments to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Group has applied the hedge accounting provisions of IAS 39 *"Financial Instruments: Recognition and Measurement"*. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in the income statement in the period when the hedged item affects derivatives recognise in the income statement have been recorded within revenue. The time value element of changes in the fair value of derivative options is excluded from the designated hedging relationship, and is therefore recognised directly in the income statement within other finance items.

(i) Mark-to-market adjustments and income statement impact

The balance sheet mark-to-market adjustments in respect of derivatives at the end of each period, and the total effect on the income statement and reserves for each period, are as follows. The impact on reserves is shown before tax and non-controlling interests.

For the six months ended 30 June 2013

	Impact on income statement for six months ended 30.06.13			Impact on reserves for six months ended at 30.06.13	Total balance sheet impact of mark-to-market adjustments at 30.06.13
	Realised gains/(losses)	Losses resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
El Tesoro	0.2	-	0.2	1.4	0.2
Michilla	9.5	(8.1)	1.4	35.4	53.3
Exchange Derivatives					
Michilla	5.3	-	5.3	(5.4)	1.6
Interest Derivatives					
Esperanza	(4.5)	-	(4.5)	9.2	(8.9)
Energy Derivatives					
Pelambres	0.8	-	0.8	(10.3)	-
	11.3	**(8.1)**	**3.2**	**30.3**	**46.2**

For the six months ended 30 June 2012

	Impact on income statement for six months ended 30.06.12			Impact on reserves at 30.06.12	Total balance sheet impact of mark-to-market adjustments at 30.06.12
	Realised gains/(losses)	Losses resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial liability
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
Pelambres	(5.9)	-	(5.9)	-	-
El Tesoro	0.2	-	0.2	(0.6)	(0.1)
Michilla	2.4	(5.1)	(2.7)	3.8	57.1
Exchange Derivatives					
Michilla	(1.0)	-	(1.0)	7.4	(0.4)
Interest Derivatives					
Esperanza	(8.0)	-	(8.0)	4.9	(22.1)
	(12.3)	**(5.1)**	**(17.4)**	**15.5**	**34.5**

For the year ended 31 December 2012

	Impact on income statement for six months ended 31.12.12			Impact on reserves at 31.12.12	Total balance sheet impact of mark-to-market adjustments at 31.12.12
	Realised (losses)/gains	Losses resulting from mark-to-market adjustments on hedging instruments	Total net (loss)/gain	(Losses)/gains resulting from mark-to-market adjustments on hedging instruments	Net financial (liability)/ asset
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
Los Pelambres	(5.9)	-	(5.9)	-	-
El Tesoro	0.2	-	0.2	(1.7)	(1.2)
Michilla	6.1	(12.4)	(6.3)	(20.0)	26.0
Exchange Derivatives					
Michilla	0.7	-	0.7	14.8	7.0
Interest Derivatives					
Esperanza	(13.7)	-	(13.7)	8.9	(18.1)
Energy Derivatives					
Pelambres	-	-	-	10.3	10.3
	(12.6)	**(12.4)**	**(25.0)**	**12.3**	**24.0**

The gains/(losses) recognised in reserves are disclosed before non-controlling interests and tax**.**

The net financial asset resulting from the balance sheet mark-to-market adjustments is analysed as follows:

	At 30.06.13	At 30.06.12	At 31.12.12
	US$'m	US$'m	US$'m
Analysed between:			
Current assets	**38.4**	25.1	35.3
Non-current assets	**16.7**	32.8	8.0
Current liabilities	**(3.3)**	(7.8)	(6.2)
Non-current liabilities	**(5.6)**	(15.6)	(13.1)
	46.2	34.5	24.0

(ii) Outstanding derivative financial instruments

Commodity derivatives

The Group periodically uses commodity derivatives to manage its exposure to commodity price fluctuations.

- **Min/max instruments**

	At 30.06.13	For instruments held at 30.06.13			
	Copper production hedged tonnes	Weighted average remaining period from 1 July 2013 months	Covering a period up to:	Weighted average floor US cents	Weighted average cap US cents
Michilla	46,500	10.4	31-12-2014	348.0	459.4

- **Futures – arbitrage**

The Group also has futures for copper production, to buy and sell copper production with the effect of swapping COMEX prices for LME prices without eliminating underlying market price exposure.

	At 30.06.13	For instruments held at 30.06.13		
	Copper production hedged tonnes	Weighted average remaining period from 1 July 2013 Months	Covering a period up to:	Weighted average price US cents
El Tesoro	4,900	4.0	31-01-2014	374.1

(iii) Exchange derivatives

The Group periodically uses foreign exchange derivatives to reduce its exposure to fluctuations in the exchange rates influencing operating costs and the fair value of non-US dollar denominated assets or liabilities.

- **Cross currency swaps**

The Group has used cross currency swaps to swap Chilean pesos for US dollars.

	At 30.06.13	**For instruments held at 30.06.13**		
	Principal value of cross currency swaps held US$'m	Weighted average remaining period from 1 July 2013 Months	Covering a period up to:	Weighted average rate Ch$/US$
Michilla	21.0	2.1	16-09-2013	558.5

(iv) Interest derivatives

The Group periodically uses interest derivatives to reduce its exposure to interest rate movements.

- **Interest rate swaps**

The Group has used interest rate swaps to swap the floating rate interest relating to the Esperanza financing for fixed rate interest. At 30 June 2013 the Group had entered into the contracts outlined below.

	Start date	Maturity date	Actual notional amount US$'m	Weighted Average Fixed Rate %
Esperanza	15-02-11	15-08-18	290.1	3.372

The actual notional amount hedge depends upon the amount of the related debt currently outstanding.

(v) Energy derivatives

The Group periodically uses energy derivatives to hedge the cost of spot prices at Los Pelambres. There were no derivatives outstanding at 30 June 2013.

7. Net finance expense

	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	US$'m	US$'m
Investment income			
Interest receivable	**4.5**	12.8	19.6
Fair value through profit or loss	**1.6**	2.1	5.0
	6.1	14.9	24.6
Interest expense			
Interest payable	**(33.6)**	(44.1)	(85.7)
Preference dividends	**(0.1)**	(0.1)	(0.2)
	(33.7)	(44.2)	(85.9)
Other finance items			
Time value effect of commodity derivatives	**(8.1)**	(5.1)	(12.4)
Unwinding of discount on provisions	**(6.5)**	(4.8)	(12.4)
Foreign exchange	**(2.4)**	(8.4)	(4.8)
	(17.0)	(18.3)	(29.6)
Net finance expense	**(44.6)**	(47.6)	(90.9)

In the six months ended 30 June 2013, US$2.2 million relating to net interest expense and other finance items at Antucoya (six months ended 30 June 2012 – nil; year ended 31 December 2012 - US$1.3 million) was capitalised during the period, and is consequently not included within the above table.

8. Taxation

The tax charge for the period comprised the following:

	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	US$'m	US$'m
Current tax charge			
Corporate tax (principally first category tax in Chile)	**(193.5)**	(290.9)	(546.7)
Mining tax (royalty)	**(46.4)**	(90.4)	(177.5)
Withholding tax provision	**(177.8)**	(112.3)	(147.7)
Exchange (losses)/gains on corporate tax balances	**(0.4)**	0.3	0.3
	(418.1)	(493.3)	(871.6)
Deferred tax credit/(charge)			
Corporate tax (principally first category tax in Chile)	**(27.7)**	(2.3)	(156.5)
Mining tax (royalty)	**1.0**	3.0	(0.1)
Withholding tax provision	**124.6**	4.9	6.0
	97.9	5.6	(150.6)
Total tax charge (income tax expense)	**(320.2)**	(487.7)	(1,022.2)

The rate of first category (i.e. corporation) tax in Chile is currently 20%. In the first half of 2012 the rate was 18.5%. During the second half of 2012 the Chilean Government passed a bill to increase the rate to 20% and to apply this increase retrospectively with effect from 1 January 2012.

The Group's mining operations are also subject to a mining tax (royalty). From 1 January 2013 production from Los Pelambres, the Tesoro Central and Mirador pits at El Tesoro and Michilla have been subject to the mining tax at a rate of 4% applied to taxable operating profit, and Esperanza has been subject to a rate of 5%. Production from the Tesoro North-East pit and the run-of-mine processing at El Tesoro has been subject to a rate of 5%-14% of taxable operating profit based on a sliding scale with minimum rate of 5% applying to operations with an operating profit margin of below 35% and maximum rate of 14% applied to operations with an operating profit margin above 85%. During 2012 production from Los Pelambres, Esperanza, the Tesoro Central and Mirador pits at El Tesoro and Michilla were subject to a rate of between 4-9% of taxable operating profit, and production from the Tesoro North East pit and the run-of-mine processing at El Tesoro was subject to a rate of between 5-14%, depending on the level of operating profit margin.

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile and deferred tax is provided on undistributed earnings to the extent that remittance is probable in the foreseeable future. Withholding tax is levied on remittances of profits from Chile at 35% less first category (i.e. corporation) tax already paid in respect of the profits to which the remittances relate. Prior to 2011 the rate of first category tax had been 17% for a number of years. Accordingly, withholding tax will be levied at a rate of 18% in respect of remittances of profits earned in previous years when the 17% rate applied. Withholding tax will be levied at a rate of 15% in respect of remittances of profits earned when the current 20% rate has applied.

	Six months ended 30 June 2013		Six months ended 30 June 2012		Year ended 31 December 2012	
	US$'m	**%**	US$'m	%	US$'m	%
Profit before tax	**981.0**		1,563.6		2,761.8	
Tax at the Chilean corporation tax rate of 20% (2012 half year – 18.5%; 2012 full year – 20%)	**(221.2)**	**22.5**	(293.2)	18.7	(703.2)	25.5
Royalty	**(45.4)**	**4.6**	(87.4)	5.6	(177.6)	6.4
Withholding taxes provided in year	**(53.2)**	**5.4**	(107.4)	6.9	(141.7)	5.1
Net other items	**(0.4)**	**0.1**	(0.3)	-	(0.3)	-
Tax expense and effective tax rate for the year	**(320.2)**	**32.6**	(487.7)	31.2	(1,022.2)	37.0

The tax charge for the six months ended 30 June 2013 was US$320.2 million and the effective tax rate was 32.6%. This rate varied from the standard rate (comprising first category tax) principally due to the effect of items not deductible from first category tax (mainly corporate items which principally comprise exploration and evaluation costs) withholding tax charge of US$53.2 million and the effect of the mining tax which resulted in a charge of US$45.4 million.

9. Earnings per share

Basic and diluted earnings per share is calculated on profit after tax and non-controlling interests giving net earnings of US$395.0 million (six months ended 30 June 2012 – US$646.1 million, year ended 31 December 2012 - US$1,037.2 million) and based on 985,856,695 ordinary shares. There was no potential dilution of ordinary shares in any period.

In the year ended 31 December 2012, basic earnings per share excluding exceptional items was calculated on profit after tax and non-controlling interest giving net earnings excluding exceptional items (and related tax and non-controlling interest), of US$1,387.2 million and amounted to US140.7 cents.

10. Dividends

The Board has declared an interim dividend of 8.9 cents per ordinary share for the 2013 half year (2012 half year – 8.5 cents). Dividends are declared and paid gross. Dividends actually paid in the period and recognised as a deduction from net equity under IFRS were 90.0 cents per ordinary share (2012 half year – 36.0 cents), representing the final dividend (including both the ordinary and special dividend) declared in respect of the previous year.

The interim dividend will be paid on 10 October 2013 to ordinary shareholders that are on the register at the close of business on 20 September 2013. Shareholders can elect (on or before 23 September 2013) to receive this interim dividend in US Dollars, Pounds Sterling or Euro, and the exchange rate to be applied to interim dividends to be paid in Pounds Sterling or Euro will be set as soon as reasonably practicable after that date (which is currently anticipated to be on 26 September 2013). Further details of the currency election timing and process (including the default currency of payment) are available on the Antofagasta plc website (www.antofagasta.co.uk) or from the Company's registrar, Computershare Investor Services PLC on +44 870 702 0159.

11. Intangible assets

	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	US$'m	US$'m
Balance at the beginning of the period	**157.6**	155.3	155.3
Additions	**-**	-	3.9
Amortisation	**(7.3)**	(7.6)	(14.6)
Foreign currency exchange difference	**(8.3)**	6.1	13.0
Balance at the end of the period	**142.0**	153.8	157.6

The balance relates to a 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 and any other subsequent additions or acquisitions subject to the terms of the concession. This intangible asset is being amortised on a straight-line basis over the life of the concession, or the useful life of any component part if less.

12. Property, plant and equipment

	Mining	**Railway and other transport**	**Water Concession**	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	**US$'m**	**US$'m**	**US$'m**	US$'m	US$'m
Balance at the beginning of the period	6,270.5	201.7	41.0	**6,513.2**	6,443.0	6,443.0
Additions	519.9	13.1	7.9	**540.9**	327.5	1,003.5
Reclassification	(0.5)	-	-	**(0.5)**	-	(2.0)
Decommissioning provisions capitalised	-	-	-	**-**	-	59.6
Depreciation	(224.2)	(7.4)	(0.9)	**(232.5)**	(234.3)	(479.6)
Depreciation capitalised	(30.9)	-	-	**(30.9)**	(26.6)	(8.1)
Provision against the carrying value of assets	-	-	-	**-**	-	(500.0)
Asset disposals	(2.5)	(0.7)	(3.8)	**(7.0)**	(2.1)	(6.0)
Foreign currency exchange difference	-	-	(2.2)	**(2.2)**	0.5	2.8
Balance at the end of the period	6,532.3	206.7	42.0	**6,781.0**	6 ,508.0	6,513.2

Depreciation of US$30.9 million (30 June 2012 – US$26.6 million; 31 December 2012 – US$8.1 million) has been capitalised within inventories, and accordingly excluded from the depreciation charge recorded in the income statement as shown in Note 4(a).

As explained in Note 3, the US$500.0 million provision in 2012 against the carrying value of property, plant and equipment relates to assets held by the Antucoya project.

Future capital commitments at 30 June 2013 were US$797.9 million (30 June 2012 – US$899.1 million; 31 December 2012 - US$748.0 million) of which US$556.6 million were related to the development of Antucoya project.

13. Available for sale investments

	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	US$'m	US$'m
Balance at the beginning of the period	**44.5**	36.5	36.5
Additions	**2.0**	1.5	1.5
Movements in fair value	**(20.0)**	(7.3)	5.4
Foreign currency exchange difference	**(1.8)**	0.7	1.1
Balance at the end of the period	**24.7**	31.4	44.5

Available for sale investments represent those investments which are not subsidiaries, associates or joint ventures and are not held for trading purposes.

The investments which are included in the US$24.7 million balance at 30 June 2013 are included US$18.7 million relating to the market value of shares in Duluth Metals Limited.

14. Borrowings

	At 30.06.13	At 30.06.12	At 31.12.12
	US$'m	US$'m	US$'m
Los Pelambres			
Corporate loans	**(290.3)**	(425.2)	(357.8)
Finance leases	**(26.6)**	(31.3)	(29.1)
Esperanza			
Project financing	**(674.8)**	(1,008.7)	(893.8)
Subordinated debt	**(186.6)**	(232.8)	(238.1)
Finance leases	**(4.4)**	(6.2)	(5.2)
El Tesoro			
Corporate loans	**(173.3)**	(256.1)	(214.6)
Finance leases	**(0.3)**	-	(0.9)
Antucoya			
Short-term loans	**(167.2)**	-	(102.0)
Corporate and other items			
Finance leases	**(37.6)**	(37.3)	(39.3)
Railway and other transport services			
Bonds	**(3.2)**	(4.7)	(4.7)
Short-term loans	**(2.1)**	(2.3)	(0.5)
Other			
Preference shares	**(3.0)**	(3.1)	(3.2)
Total (see Note 17)	**(1,569.4)**	(2,007.7)	(1,889.2)

Maturity of borrowings

	At 30.06.13	At 30.06.12	At 31.12.12
	US$'m	US$'m	US$'m
Short-term borrowings	**(513.7)**	(333.3)	(447.0)
Medium and long-term borrowings	**(1,055.7)**	(1,674.4)	(1,442.2)
Total (see Note 17)	**(1,569.4)**	(2,007.7)	(1,889.2)

At 30 June 2013 US$64.5 million (30 June 2012 – US$64.8 million; 31 December 2012 - US$68.6 million) of the borrowings has fixed rate interest and US$1,504.9 million (30 June 2012 – US$1,942.9 million; 31 December 2012 - US$1,820.6 million) has floating rate interest. The Group periodically enters into interest rate derivative contracts to manage its exposure to interest rates. As explained in Note 6, these include interest rate swaps which have the effect of converting US$290.1 million of floating rate borrowings into fixed rate borrowings. Details of any derivative instruments held by the Group are given in Note 6(d).

15. Share capital and share premium

There was no change in share capital or share premium in the six months ended 30 June 2013 or the comparative periods.

16. Reconciliation of profit before tax to net cash inflow from operating activities

	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
	US$'m	US$'m	US$'m
Profit before tax	**981.0**	1,563.6	2,761.8
Depreciation and amortisation	**239.8**	241.8	494.2
Net loss/(profit) on disposal of property, plant and equipment	**6.0**	(5.1)	(3.3)
Provision against the carrying value of assets	**-**	-	500.0
Net finance expense	**44.6**	47.6	90.9
Share of profit from associates	**4.1**	(4.8)	20.8
Increase in inventories	**(94.8)**	(90.4)	(108.8)
Decrease/(increase) in debtors	**120.4**	62.2	25.4
Increase/(decrease) in creditors and provisions	**72.4**	(49.6)	45.0
Cash flows from operations	**1,373.5**	1,774.9	3,826.0

17. Analysis of changes in net cash

	At 1.1.13	Cash flows	Other	Exchange	**At 30.06.13**
	US$'m	US$'m	US$'m	US$'m	**US$'m**
Cash and cash equivalents	1,811.3	(477.8)	-	(9.2)	**1,324.3**
Liquid investments	2,480.6	(727.9)	-	-	**1,752.7**
Total cash and cash equivalents and liquid investments	4,291.9	(1,205.7)	-	(9.2)	**3,077.0**
Bank borrowings due within one year	(434.3)	102.1	(167.3)	-	**(499.5)**
Bank borrowings due after one year	(1,377.2)	220.7	158.5	-	**(988.0)**
Finance leases due within one year	(12.7)	6.7	(8.2)	-	**(14.2)**
Finance leases due after one year	(61.8)	-	5.4	1.7	**(54.7)**
Preference shares	(3.2)	-	-	0.2	**(3.0)**
Total borrowings	(1,889.2)	329.5	(11.6)	1.9	**(1,569.4)**
Net cash	2,402.7	(876.2)	(11.6)	(7.3)	**1,507.6**

Net cash

Net cash at the end of each period was as follows:

	At 30.06.13	At 30.06.12	At 31.12.12
	US$'m	US$'m	US$'m
Cash, cash equivalents and liquid investments	**3,077.0**	3,348.0	4,291.9
Total borrowings	**(1,569.4)**	(2,007.7)	(1,889.2)
	1,507.6	1,340.3	2,402.7

18. Contingent liabilities

The Group is subject to various claims from time to time which arise in the ordinary course of business. No provision has been made in the financial statements and no claims are currently expected to result in any material loss to the Group. Details of the principal claims in existence either during or at the end of the period and their current status are set out below.

Minera Los Pelambres and Antofagasta Minerals S.A. – mining properties

A number of mining concession applications have been submitted by third parties which overlap with mining concessions held by Minera Los Pelambres and/or Antofagasta Minerals S.A. Both companies have commenced legal action in order to protect their legal rights over those mining concessions. The Group believes these claims do not affect the current mining plan, do not have any merit and that the possibility of any significant adverse impact to the Group as a result of these actions is remote.

Los Pelambres – Mauro tailings dam

As previously announced, during 2008 Los Pelambres entered into binding settlements in respect of litigation relating to the Mauro tailings dam. In December 2008, Los Pelambres became aware of further legal proceedings which had been initiated in first instance courts in Santiago and Los Vilos by certain members of the Caimanes community located near the Mauro valley. These claims, some of which have already been rejected by the relevant courts, sought to stop the operation of the Mauro tailings dam. A number of these claims are ongoing and Los Pelambres is continuing to take necessary steps to protect its position.

Two claims were also filed with the Court of Appeals of La Serena in 2012 in respect of the Mauro tailings dam. These two claims followed several previous unsuccessful related claims made by the same claimants in different courts in the past four years as explained above. The first of these claims alleged that the tailings dam was affecting the quality of the water available to the Caimanes community located near the Mauro valley. The Court of Appeals of La Serena rejected this claim and in January 2013 the Supreme Court of Chile upheld this decision on appeal, thereby confirming the Group's view that the operation of the Mauro dam complies with applicable Chilean and international environmental standards without affecting the water quality of the Pupio river. The second of these claims alleged that the Mauro tailings dam posed a danger to the population of Caimanes because it would not resist an earthquake of certain magnitudes, and that indications of leaks could threaten the dam's stability. The Court of Appeals of La Serena also rejected this claim. In July 2013, the Supreme Court ordered the responsible authorities to introduce an early warning system and evacuation plan for the safety of the local population. Although the decision of the Court of Appeals of La Serena was overturned, the Supreme Court has not required any changes to the existing operation of the tailings dam or to Los Pelambres's operations. The Supreme Court's decision will not affect the operation of the Los Pelambres mine. Accordingly, the legal process has been concluded for these two claims.

19. Post balance sheet events

In July 2013 Antofagasta Minerals S.A., entered into a binding agreement with AES Gener S.A., to acquire 40% of Alto Maipo SpA, a company incorporated to develop, construct, own and operate two run-of river hydroelectric power stations located in the upper section of the Maipo River, approximately 50 kilometres to the southeast of Santiago, with a total installed capacity of 531MW. It is expected that approximately 60% of the total cost of the project will be debt financed with the balance funded by equity contributions. The Group's 40% share of the equity funding is expected to be approximately US$300 million, including an initial payment of US$70 million representing the Group's share of costs incurred to date.

20. Litigation

Tethyan Copper Company Pty Limited

The Group holds a 50% interest in Tethyan Copper Company Pty. Limited ("Tethyan"), its joint venture with Barrick Gold Corporation ("Barrick"). Tethyan completed a feasibility study in respect of the Reko Diq copper-gold deposit in the province of Balochistan in south-west Pakistan and submitted this to the government of Balochistan in 2010. In February 2011, Tethyan submitted an application to the government of Balochistan for a mining lease which was rejected by the government in November 2011. The relationship between Tethyan and the Government of Balochistan in respect of their interests in the project was governed by the Chagai Hills Exploration Joint Venture Agreement ("CHEJVA").

In January 2013, the Supreme Court of Pakistan, which had been hearing a number of constitutional petitions challenging the validity of the CHEJVA, issued a short order in favour of the petitioners declaring the CHEJVA illegal and void. The detailed judgement was issued in May 2013.

Tethyan is pursuing two international arbitrations in order to protect its legal rights: one against the government of Pakistan with the International Centre for Settlement of Investment Disputes ("ICSID"), and another against the government of Balochistan with the International Chamber of Commerce ("ICC"). In May 2013 Tethyan announced that it had withdrawn its request for specific performance in the international arbitrations, and as a result it is no longer seeking the grant of a mining lease at Reko Diq, and instead will seek monetary damages only. The government of Pakistan has received an extension to file its opposition brief in the ICSID matter until September 2013. The ICSID tribunal is considering scheduling a merits hearing for mid-2014. The ICC tribunal has scheduled hearing dates for June 2014, and is considering the scope of those hearings.

In 2011, the Group recognised a full provision against the US$140.5 million carrying value of the intangible assets and property, plant and equipment relating to the Reko Diq project.

21. Related party transactions

a) Joint ventures

In September 2006 the Group entered into a joint venture agreement with Barrick Gold Corporation ("Barrick Gold") to establish a 50:50 joint venture over Tethyan's mineral interests in Pakistan which is now subject to international arbitration as set out in Note 20 above. During the six months ended 30 June 2013 the Group contributed US$3.0 million (six months ended 30 June 2012 – US$5.7 million; year ended 31 December 2012 - US$9.9 million) to Tethyan. The balance due from Tethyan to Group companies at 30 June 2013 was nil (30 June 2012 – US$0.1 million; 31 December 2012 - US$0.1 million).

In October 2008 Energía Andina S.A. was formed as a vehicle for the exploration and exploitation of potential sources of geothermal energy. Initially, the company was 60% owned by the Group and 40% owned by Empresa Nacional del Petróleo ("ENAP") of Chile. On 6 May 2011 ENAP sold its 40% shareholding in Energía Andina to Origin Energy Geothermal Chile Limitada. During the six months ended 30 June 2013 the Group contributed US$9.0 million to Energia Andina (six months ended 30 June 2012 – US$5.5 million; year ended 31 December 2012 - US$14.5 million). The balance due from Energía Andina S.A. to the Group at 30 June 2013 was US$0.1 million (30 June 2012 – US$0.1 million; 31 December 2012 – US$0.1 million).

b) Associates

The Group has a 30% interest in Antofagasta Terminal Internacional S.A. ("ATI"), which is accounted for as an associate. The Group received dividends of nil during the period (six months ended 30 June 2012 – US$1.1 million; year ended 31 December 2012 – US$1.1 million), as disclosed in the condensed Consolidated Cash Flow Statement.

The Group has a 40% interest in Inversiones Hornitos S.A.. This interest is accounted for as an associate. The balance due from Inversiones Hornitos to the Group at 30 June 2013 was nil (six months ended 30 June 2012 – US$77.2 million; year ended 31 December 2012 – nil). The Group paid US$66.6 million (six months ended 30 June 2012 – US$67.6 million; year ended 31 December 2012 – US$129.0 million) to Inversiones Hornitos in relation to the energy supply contract at Esperanza.

In December 2011, the Group exercised an option to acquire a 30% interest in Parque Eólico El Arrayán S.A. ("El Arrayan") for a consideration of US$4.5 million, and will be responsible for its share of development costs. This interest is accounted for as an associate. During the six months ended 30 June 2013 the Group contributed nil to Parque Eólico El Arrayán S.A. El Arrayan is developing and will operate a 115MW wind power plant. Construction of the plant commenced in July 2012 with the expectation to achieve commercial operation during the third quarter of 2014.

c) Other related parties

The ultimate parent company of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested. The Company's subsidiaries, in the ordinary course of business, enter into various sale and purchase transactions with companies also controlled by members of the Luksic family, including Banco de Chile S.A., Madeco S.A. and Compañía Cervecerías Unidas S.A., which are subsidiaries of Quiñenco S.A., a Chilean industrial and financial conglomerate the shares of which are traded on the Santiago Stock Exchange. These transactions, all of which were on normal commercial terms, are in total not considered to be material.

The Group holds a 51% interest in Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, a company controlled by the Luksic family, which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. The Group is responsible for any exploration costs relating to the properties held by these entities. During the six months ended 30 June 2013 Group incurred US$11.9 million (six months ended 30 June 2012 – US$1.2 million; year ended 31 December 2012 – US$16.5 million) of exploration work at these properties.

Minera Cerro Centinela S.A. ("Centinela"), an entity ultimately controlled by the Luksic family, has an interest of 7.973% in Minera Michilla S.A. ("Michilla"), a shareholding it has held since Michilla was created through the merger of two predecessor companies on 31 December 1993. During the six months ended 30 June 2013 Michilla had not paid dividends (six months ended 30 June 2012 – US$1.2 million; year ended 31 December 2012 – US$1.2 million) to Centinela.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*;

b) the half yearly financial report includes a fair review of the information required by DTR 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year, and their impact on the half yearly financial report and a description of the principal risks and uncertainties for the remaining six months of the financial year); and

c) the half yearly financial report includes a fair review of the information required by DTR 4.2.8R (being disclosure of related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or the performance of the Group during that period and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year).

By order of the Board

J-P Luksic	WM Hayes
Chairman	Director

23 August 2013

INDEPENDENT REVIEW REPORT TO ANTOFAGASTA PLC

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2013 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related Notes 1 to 21. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the Directors. The directors are responsible for preparing the half yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
23 August 2013

22. Production and Sales Statistics (not subject to audit or review)

(See notes following Note 22(b).)

a) Production and sales volumes for copper, gold and molybdenum

	Production			Sales		
	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Year ended 31 December 2012
	000 tonnes	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Copper						
Los Pelambres	**203.6**	197.2	403.7	**195.0**	191.0	396.9
Esperanza	**90.1**	68.2	163.2	**78.2**	59.8	163.0
El Tesoro	**51.8**	52.7	105.0	**49.4**	53.3	105.9
Michilla	**18.6**	18.0	37.7	**18.5**	18.1	37.4
Group total	**364.1**	336.0	709.6	**341.1**	322.2	703.2
Gold	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**24.3**	26.3	51.5	**24.3**	26.3	51.5
Esperanza	**138.6**	109.8	248.4	**116.1**	101.2	248.6
Group total	**162.9**	136.1	299.9	**140.4**	127.5	300.1
Molybdenum						
Los Pelambres	**4.7**	6.5	12.2	**4.3**	6.8	12.6
Silver	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**972.1**	1,002.3	2,019.4	**972.1**	1,002.3	2,019.4
Esperanza	**738.9**	543.1	1,323.2	**594.9**	455.7	1,282.5
Group total	**1,711.0**	1,545.4	3,342.6	**1,567.0**	1,458.0	3,301.9

b) Cash costs per pound of copper produced and realised prices per pound of copper and molybdenum sold

	Cash costs			Realised prices		
	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Year ended 31 December 2012
	US/lb	US/lb	US/lb	**US/lb**	US/lb	US/lb
Copper						
Los Pelambres	**1.19**	0.77	0.86	**3.08**	3.73	3.67
Esperanza	**0.99**	0.60	0.66	**3.09**	3.73	3.65
El Tesoro	**1.26**	1.57	1.49	**3.37**	3.70	3.65
Michilla	**3.36**	3.14	3.18	**3.59**	3.77	3.73
Group weighted average (net of by-products)	**1.26**	0.99	1.03	**3.15**	3.73	3.66
Group weighted average (before deducting by-products)	**1.76**	1.61	1.63			
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.61**	1.48	1.50			
Cash costs at Los Pelambres comprise:						
On-site and shipping costs	**1.41**	1.21	1.23			
Tolling charges for concentrates	**0.17**	0.16	0.16			
Cash costs before deducting by-product credits	**1.58**	1.37	1.39			
By-product credits (principally molybdenum)	**(0.39)**	(0.60)	(0.53)			
Cash costs (net of by-product credits)	**1.19**	0.77	0.86			
Cash costs at Esperanza comprise:						
On-site and shipping costs	**1.92**	1.74	1.76			
Tolling charges for concentrates	**0.20**	0.18	0.18			
Cash costs before deducting by-product credits	**2.12**	1.92	1.94			
By-product credits (principally molybdenum)	**(1.13)**	(1.32)	(1.28)			
Cash costs (net of by-product credits)	**0.99**	0.60	0.66			
LME average				**3.42**	3.67	3.61
				US$	US$	US$
Gold						
Los Pelambres				**1,482**	1,639	1,668
Esperanza				**1,440**	1,653	1,677
Group weighted average				**1,447**	1,650	1,675
Market average price				**1,524**	1,651	1,669
				US$	US$	US$
Molybdenum						
Los Pelambres				**10.8**	12.9	11.9
Market average price				**11.1**	14.0	12.7
Silver						
Los Pelambres				**25.7**	30.7	31.0
Esperanza				**25.6**	30.5	31.3
Group weighted average				**25.7**	30.6	31.1
Market average price				**26.6**	31.1	31.1

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, 70% of Esperanza, 70% of El Tesoro and 74.2% of Michilla.

(ii) Los Pelambres produces copper and molybdenum concentrates and Esperanza produces copper concentrate. The figures for Los Pelambres and Esperanza are expressed in terms of payable metal contained in concentrate. Los Pelambres and Esperanza are also credited for the gold and silver contained in the copper concentrate sold. El Tesoro and Michilla produce 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 are stated net of by-product credits and include tolling charges for concentrates at Los Pelambres and Esperanza. Cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses and corporation tax for all four operations.

(iv) Realised copper prices are determined by comparing revenue from copper sales (grossing up for tolling charges for concentrates) with sales volumes for each mine in the period. Realised molybdenum and gold prices are calculated on a similar basis. Realised prices reflect gains and losses on commodity derivatives, which are included within revenue.

(v) The totals in the tables above may include some small apparent differences as the specific individual figures have not been rounded.

(vi) The production information in Note 22(a) and the cash cost information in Note 22(b) is derived from the Group's production report for the second quarter of 2013, published on 31 July 2013.