ANTOFAGASTA PLC

NEWS RELEASE, 19 AUGUST 2021

HALF YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2021
Strong Financial Performance

Antofagasta plc CEO Iván Arriagada said: *"We have seen strong copper demand and prices at multi-year highs over the first half of this year which has contributed to the robust financial performance of the Group, generating revenues of $3.6 billion and increasing EBITDA by 133% to a record $2.4 billion and our EBITDA margin to 66%.*

"The half year was not without challenges as we continued to manage our operations and projects under COVID-19 conditions, although the resilience and agility of the Group has resulted in costs below guidance. COVID-19 continues to impact our communities as well, which is why we have extended our community COVID Fund into 2021, totalling now $12 million since the outbreak of the pandemic.

"The weather in central Chile during H1 saw unprecedentedly dry conditions, with almost no rainfall. We have now had 12 years of drought, and the precipitation in 2021 has so far been less than in 2019, which itself was one of the driest years on record. As a result, assuming there is only minimal precipitation during the rest of H2, we are adjusting our full year copper production guidance to 710-740,000 tonnes as the winter rainy season is now coming to an end. However, we are maintaining net cost guidance at $1.25/lb.

"Following our strong performance in H1, the Board has declared an interim dividend of 23.6 cents per share, in line with our normal pay-out ratio for interims of 35% of net earnings.

"Our key growth projects are on track and we remain focused on operating discipline and cost control, while producing copper responsibly and sustainably for all our stakeholders."

HIGHLIGHTS

Safety

- Sadly, after 33 months without a fatality a contractor suffered a fatal accident at Los Pelambres in July. Our condolences go to the family of our colleague, and a full investigation is underway, following which actions identified during the review will be implemented under the direct oversight of senior management. Safety remains the Group's top priority

Financial performance

- **Revenue for the first half of 2021 was $3,591 million**, 67.9% higher than the same period in 2020 mainly as a result of higher realised copper prices, partially offset by a decrease in the volume of copper sales
- **EBITDA(1) was a record $2,357 million**, 132.7% higher than in the same period last year on higher revenue partially offset by higher operating costs due to the stronger Chilean peso, and higher energy and diesel prices
- **EBITDA margin(2) was 65.6%**, compared to 47.4% in H1 2020 and 53.4% for the full year 2020
- **The Cost and Competitiveness Programme generated savings of $43 million** in the first half of 2021, equivalent to 5c/lb of unit cash costs
- **Profit before tax was $1,784 million,** a $1,396 million increase on the same period in 2020
- **Strong balance sheet with net cash of $701 million at 30 June,** an improvement of $783 million from the net debt position at the end of 2020. Cash flow from operations was $2,461 million compared with $907 million in the first half of 2020
- **Capital expenditure of $782 million was 49% of full year guidance**

- **Earnings per share of 67.5 cents,** 53.8 cents higher than the same period in 2020
- **Interim dividend of 23.6 cents per share,** an increase of 280.6% on last year's interim. Dividends for both periods were equivalent to a payout ratio of 35% of underlying net earnings

Production and cost performance (as previously announced)

- **Group copper production in the first six months of the year was 361,500 tonnes**, in line with expectations and 2.8% lower than in the same period last year mainly because of lower grades
- **Cash costs before by-product credits for the first half of the year were $1.73/lb**, 14.6% higher than in the same period last year primarily because of the stronger Chilean peso (11%), higher energy and diesel prices, and the lower copper production
- **Net cash costs were $1.14/lb for the first half of the year**, 1.8% higher than in the first half of 2020. This was mainly due to higher cash costs before by-product credits, offset by higher by-product credits on higher realised prices

2021 Guidance

- This year has been the driest of a 12-year drought in Chile. Since the Company released its Quarterly Production Report on 21 July there has been no precipitation at Los Pelambres and temperatures have been unseasonably high. Given the traditional rainy season runs from June to September, it is looking increasingly likely that the low levels of precipitation will continue until at least the Southern Hemisphere winter next year. As water is essential to the operation of Los Pelambres's concentrator plant, if there is only minimal precipitation during the balance of winter full year Group copper production would be impacted. Guidance has therefore been revised from 730-760,000 tonnes to 710-740,000 tonnes
- Net cash cost guidance for the full year is maintained at $1.25/lb, assuming by-product prices and the Chilean Peso exchange rate remain at similar levels as in the first half of the year
- Next year's mine plans are being prepared and Group production guidance will be released, as usual, in the Q3 Production Report. Different weather and associated operating scenarios are being evaluated. However, if there is no precipitation until the next rainy season and when the desalination plant comes into operation in H2 2022, preliminary estimates are that up to approximately 50,000 tonnes of production could be at risk at Los Pelambres in 2022
- Capital expenditure during H1 was in line with annual guidance of $1.6 billion. As COVID-19 infection rates continue to fall in Chile, opportunities to accelerate the execution of selected capital expenditure programmes are being considered

Growth projects in execution

- As previously announced, at the end of H1 the Los Pelambres Expansion project was 52% complete and is expected to be completed in H2 2022 in line with guidance
- The desalination plant and related marine works have been minimally impacted by COVID-19
- At the concentrator expansion site, managing health risks and higher absenteeism during the recent peak of infections in the neighbouring communities has required adjustments to manpower numbers and shift patterns. However, these are returning to normal with more than 70% of the project workforce fully vaccinated and the number of cases in local communities decreasing
- On completion of the desalination plant, the Group's exposure to water scarcity risk will be very substantially removed. An application to further expand the plant is underway
- At Zaldívar construction of the Chloride Leach project at the end of H1 was 76% complete and is expected to be completed in H1 2022 in line with guidance

Sustainability

- In line with the UN Sustainable Development Goals and after a voluntary evaluation process, Centinela obtained the international Copper Mark in July. The Copper Mark certifies that the company's operations comply with strict internationally recognised sustainable production standards

- Having achieved the Company's first targeted reduction of 300,000 tonnes of CO2e in 2020, the Company announced a new target to further reduce its direct (Scope 1) and indirect (Scope 2) GHG emissions by 30%, or 730,000 tonnes of CO2e by 2025, relative to 2020

Other

- On track to achieve savings target of $100 million for the full year
- The proposed new mining royalty is currently being considered by the Senate. A revision to the proposed draft is expected to be presented to the Senate in the coming weeks

UNAUDITED RESULTS SIX MONTHS ENDED 30 JUNE		2021	2020	%
Revenue	$m	**3,591.0**	2,138.8	*67.9*
EBITDA[1]	$m	**2,357.1**	1,012.8	*132.7*
EBITDA margin[1, 2]	%	**65.6**	47.4	*38.5*
Underlying earnings per share[1]	cents	**67.5**	17.8	*279.2*
Earnings per share	cents	**67.5**	13.7	*392.7*
Dividend per share	cents	**23.6**	6.2	*280.6*
Cash flow from operations	$m	**2,460.5**	906.9	*171.3*
Capital expenditure[3]	$m	**781.9**	548.6	*42.5*
Net (cash)/debt at period end	$m	**(701.3)**	319.5	-
Realised copper price	$/lb	**4.42**	2.46	*79.5*
Copper sales[4]	kt	**325.1**	346.8	*(6.3)*
Gold sales	koz	**103.7**	108.4	*(4.3)*
Molybdenum sales	kt	**5.7**	4.7	*20.6*
Cash costs before by-product credits[1]	$/lb	**1.73**	1.51	*14.6*
Net cash costs[1]	$/lb	**1.14**	1.12	*1.8*

***Note**: The financial results are for continuing operations and are prepared in accordance with IFRS unless otherwise noted below.*

(1) Non-IFRS measures. Refer to the alternative performance measures section on page 59 in the half-year financial report below.

(2) Calculated as EBITDA/Revenue. If Associates and JVs' revenue is included EBITDA Margin was 62.1% in HY 2021 and 44.1% in HY 2020.

(3) On a cash basis.

(4) Does not include 21,100 tonnes of sales by Zaldívar in HY 2021 and 27,400 tonnes in HY 2020, as it is equity accounted.

A recording and copy of the 2021 Half Year Results presentation is available for download from the Company's website www.antofagasta.co.uk.

There will be a Q&A video conference call on 19 August 2021 at 1:00pm BST hosted by Iván Arriagada-Chief Executive Officer, Mauricio Ortiz-Chief Financial Officer and René Aguilar, Vice President-Corporate Affairs and Sustainability. Participants can join the conference call here.

Investors – London
Andrew Lindsay alindsay@antofagasta.co.uk
Telephone *+44 20 7808 0988*
Rosario Orchard rorchard@antofagasta.co.uk
Telephone *+44 20 7808 0988*

Media – London
Carole Cable antofagasta@brunswickgroup.com
Telephone *+44 20 7404 5959*

Media – Santiago
Pablo Orozco porozco@aminerals.cl
Carolina Pica cpica@aminerals.cl
Telephone *+56 2 2798 7000*

Register on our website to receive our email alerts at https://www.antofagasta.co.uk/investors/news/email-alerts/

DIRECTORS' COMMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

Group revenue was $3,591.0 million, 67.9% higher than in the same period last year as the realised copper price increased by 79.5%, and as by-product revenues increased by 45.0%, mainly due to higher molybdenum prices. These increases were partially offset by copper sales volumes falling by 6.3% or 21,700 tonnes of which some 15,000 tonnes was due to shipments delayed over the period end by adverse weather conditions.

EBITDA during the first six months was a record $2,357.1 million, 132.7% higher than in the same period in 2020, reflecting higher revenue partially offset by higher cost of sales.

Cash flow from operations was $2,460.5 million, a 171.3% increase compared to the same period last year reflecting the Group's higher EBITDA.

The Board has declared an interim ordinary interim dividend of 23.6 cents per share, an increase of 280.6% compared with last year's interim.

PRODUCTION AND CASH COSTS

Group copper production in the first half of 2021 was 361,500 tonnes, 2.8% lower than in the same period last year, mainly because of lower grades.

Group gold production for the first six months increased by 8.5% to 120,500 ounces.

Molybdenum production was 5,800 tonnes, 5.5% higher than in the same period last year.

Group cash costs before by-product credits in the first half of 2021 were $1.73/lb, 22c/lb higher than last year, a result of the stronger Chilean peso, higher energy and diesel prices, and the lower copper production.

Net cash costs for the first half of 2021 were $1.14/lb, 2c/lb higher than in the same period last year reflecting the higher cash costs before by-product credits, offset by higher by-product credits.

COST AND COMPETITIVENESS PROGRAMME

During the first half of the year, the Cost and Competitiveness Programme achieved savings of $43 million, equivalent to 5 c/lb. Even though cost pressures have risen throughout the industry, the Group has managed to build a portfolio of initiatives focused on reducing cash expenditure by optimising and negotiating third party services and increasing productivity in terms of greater throughputs and recoveries. The benefit of the initiatives is weighted to the second half of the year and is on track to achieve the savings target for the year of $100 million.

More generally, the inflationary pressure on costs has to date been moderate and mainly arisen from higher commodity prices, such as for diesel, acid and energy, and the strengthening of the Chilean peso, but there is no evidence of wage inflation or other permanent price effects on local goods and services.

EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs increased by $8.1 million to $52.3 million, mainly as a result of a higher level of activity.

TAXATION

The effective tax rate for the period was 37.1%, which compares with 34.6% before exceptional items and 36.7% after exceptional items during the same period in 2020.

CAPITAL EXPENDITURE AND DEPRECIATION & AMORTISATION

Group capital expenditure on a cash basis was $781.9 million during the period of which $235.6 million was on mine development, $131.6 million was on sustaining (mining) and $398.2 million was on development, of which $239.2 million was on the Los Pelambres Expansion project. The balance was at the Transport Division and at the corporate centre. Expected capital expenditure for the full year is in line with original guidance at $1.6 billion, although as COVID-19 infection rates continue to fall in Chile, opportunities to accelerate the execution of selected capital expenditure programmes will continue to be evaluated.

Depreciation and amortisation for the first half of 2021 was $482.5 million, a decrease of $12.8 million compared to same period in 2020 as amortisation of capitalised stripping decreased at Centinela. Depreciation and amortisation for the full year is expected to be approximately $1 billion.

NET DEBT

Net cash was $701.3 million at the end of the period, $783.4 million higher than at the end of 2020 as a result of the higher EBITDA. Cash flow from operations was $2,460.5 million compared with $906.9 million in the first half of 2020.

DIVIDENDS

The Board has declared an interim dividend of 23.6 cents per share, equivalent to $232.7 million and a payout ratio of 35%, consistent with the Company's policy and previous interim dividends. Any distribution of excess cash for the year, as defined under the policy, will be made as part of the final dividend.

LABOUR AGREEMENTS

Labour negotiations were successfully concluded at Los Pelambres during the period and no further negotiations are scheduled in the Mining division until next year.

PROPOSED MINING ROYALTY

Having been approved by the lower house of Congress in May, the proposed new mining royalty is now being debated in the Senate. The Senate is not restricted to the specific terms of the proposal presented by the lower house and has received evidence from a much broader base of interested parties including academics and mining industry representatives. It is now assessing these representations before proposing amendments to the draft legislation.

SUSTAINABILITY

Safety and health

Sadly, after 33 months without a fatality, a contractor suffered a fatal accident at Los Pelambres in July. Our condolences go to the family of our colleague, and we continue to investigate the accident to ensure zero fatalities in the future. Continuous improvement in safety risk management remains central to the Group's culture and activities.

For the first six months of the year, with the increased amount of project construction activity, the Group's Mining division's Lost Time Injury Frequency Rate (LTIFR) increased to 1.05 from 0.73 in the full year 2020, and the Transport division's LTIFR increased to 4.33 from 2.37. The Group's LTIFR for the half year was 1.28.

The Group also measures its safety performance through the number of High Potential Incidents (HPIs) which are a useful indicator of potentially fatal risks. For the first half of 2021 the number of HPIs in the Group was 29 compared with 43 in the first half of 2020 following a significant improvement in light vehicle incidents.

COVID-19

The second wave of COVID-19 cases in Chile, which began in late February, fell back to pre-wave levels by the end of the half year period and has continued to decline since then. The impact on the Company was mainly limited to the work on the concentrator plant expansion at Los Pelambres, resulting in project activity delays and, in addition, some scheduled maintenance at the operations has been delayed until later in the year.

The COVID-19 restrictions introduced last year are still in force and are expected to continue for the rest of the year.

As at the end of July 82% of employees were fully vaccinated and 13% have had a single injection. Infection rates are low.

Environment

During May the Company announced two new greenhouse gas (GHG) reduction targets as part of its Climate Change Strategy and its wider commitment to operate sustainably as a leading copper producer. The first target is to reduce the Company's direct (Scope 1) and indirect (Scope 2) GHG emissions by 30%, or 730,000 tonnes of CO2e by 2025, relative to 2020. The second, longer-term, target is to achieve carbon neutrality by 2050, in line with Chile's own national target, or earlier if suitable technologies are developed over the coming years that allow this goal to be achieved sooner.

Zaldívar converted to using only renewable power last year, and at the beginning of next year Centinela and Antucoya will do the same. Los Pelambres's full conversion to renewable power is expected by the end of 2022, the exact date depending on the completion of a hydro-electric plant being built by a third party.

The Company became the first mining company to join the Chilean Hydrogen Association, which promotes the development of green hydrogen and aims to accelerate the transition of its mining fleet from diesel to hydrogen.

The Company joined a group of leading mining companies in the Charge On Innovation Challenge, to develop solutions for large-scale haul truck electrification systems to reduce consumption of diesel and cut emissions.

Water

So far this year precipitation at Los Pelambres has been significantly less than in 2019, which was the driest year of the current 12-year drought, and temperatures have been unseasonably high. The outlook for the rest of the winter remains uncertain but the potential for continued exceptionally low levels of precipitation is increasing as the normal rainy season comes to an end in September. Strict water management protocols are in place and various actions to mitigate the impact of the reduced rainfall and higher temperatures continue to be evaluated. However, if there is minimal further precipitation in H2 2021, production at Los Pelambres could be impacted and if this continues up to approximately 50,000 tonnes could be at risk in 2022. The next rainy season should start in June 2022 and the desalination plant is expected to be completed in H2 next year, which will mitigate any prolonged water shortage.

In 2018 Zaldívar submitted an Environmental Impact Assessment (EIA), which included an application to extend its water permit from 2025 to 2031. So far approval has been received from five government agencies. However, an indigenous community consultation process, which is led by the environmental authority, is currently underway and progress has been slower than was expected when the EIA was first submitted. We have been working with our indigenous partners and we continue to support this important process. The schedule has also been impacted by COVID-19 restrictions and a growing opposition by some communities in the north of Chile to the use of continental water for industrial purposes. We expect the application to be resolved early in 2022, but this timing is conditional on the evolution of COVID-19 restrictions and the progress of the indigenous consultation.

Zaldívar's updated mine life now extends to 2036. Looking beyond this date, field work and studies are underway on further extending the life of the mine by exploiting the primary sulphide ore body that lies below the current ore reserves. Water planning beyond the extension to 2031 is being evaluated as part of these studies.

Task Force on Climate-related Financial Disclosures (TCFD)

Following the launch of the Company's climate change strategy last year and the introduction of climate change as a specific key risk, the Company has recently set itself a new five-year emissions reduction target and a carbon neutrality goal. These are steps towards the Company strengthening its resilience to future physical and transition climate impacts and fully implementing the TCFD recommendations. A comprehensive progress report aligned with the four reporting pillars of the TCFD recommendations will be released shortly.

Copper Mark

In line with the UN Sustainable Development Goals and after a voluntary evaluation process, Centinela obtained the international Copper Mark in July. The Copper Mark certifies that the company's operations comply with strict internationally recognised sustainable production standards.

Communities

Antofagasta seeks to build sustainable long-term relations with the communities near its operations, anchored in proactive and transparent dialogue. The benefits of this engagement for both the communities and the Group are measured to assess its impact.

The Group has identified the improvement of community digital integration in all the regions where its operations are present as a pillar of its social management programme and is providing support in these areas. This requires improved connectivity and the development of the necessary digital skills in the areas of education and health, and the participation of the communities. The programme is currently underway in mainly rural areas and includes the provision of tablets to schools and teachers in the Antofagasta Region and the Province of Choapa.

In response to the continuing effects of the pandemic, during H1, the Company increased its COVID-19 fund to $12 million. The fund provides health, economic and general support to local communities.

FUTURE GROWTH

The Group has a pipeline of growth projects which it is currently advancing through a disciplined process of project evaluation.

Growth in copper production in the medium term will come from completion of the Los Pelambres Expansion, Zaldívar Chloride Leach and Esperanza Sur projects in 2022, which will increase production by an average of 80-90,000 tonnes per year.

Work on completing an optimised feasibility study for the Centinela Second Concentrator project continues together with the evaluation of third parties investing in Centinela’s water supply infrastructure. It is expected that the project will be taken to the Board for an investment decision in 2022.

OUTLOOK

Considering the risk of continued low levels of precipitation at Los Pelambres, which impacts the operation’s ability to optimise processing at the concentrator plant, Group copper production guidance for the full year has been revised from 730-760,000 tonnes to 710-740,000 tonnes with the bottom end of the range based on the assumption that there is minimal precipitation for the rest of the year. However, net cash cost guidance for the full year remains at $1.25/lb, assuming by-product prices and the Chilean Peso exchange rate are at similar levels as in the first half of the year.

The copper, gold and molybdenum markets have been strong throughout the first half of the year, with copper trading two-thirds higher than last year at well over $4.00/lb and this strength has continued into the second half of the year. As vaccination levels increase around the world, the global economy is expected to continue to recover strongly from the pandemic providing further support for the copper market.

REVIEW OF OPERATIONS AND PROJECTS

MINING DIVISION

LOS PELAMBRES

Financial performance

EBITDA at Los Pelambres was $1,346.9 million in the first half of 2021, a 110.7% increase compared with $639.1 million in the first six months of 2020. This increase was mainly due to the higher realised copper price, which was partially offset by a lower copper sales tonnage (11.4%) and higher operating costs during the period.

Production

In the first six months of 2021, copper production decreased by 7.6% to 169,300 tonnes compared with the same period last year. This decrease was primarily due to the expected lower copper grade, offset partly by higher throughput.

Molybdenum production was 5,100 tonnes, 100 tonnes lower than the same period last year.

Costs

Cash costs before by-product credits for the first six months were $1.51/lb, 25.8% higher than the same period last year. This was due to the decrease in production, the stronger Chilean peso, higher input prices and the payment of a one-off signing bonus in Q1 following the successful completion of labour negotiations.

For the first six months of 2021, by-product credits were $0.68/lb, $0.28/lb higher than the same period last year on higher realised prices.

Net cash costs for the year to date were $0.83/lb, or 3.8% higher than in the same period last year.

Capital expenditure

Capital expenditure in the first six months of 2021 was $386.7 million in total of which $94.0 million was sustaining capital expenditure, $49.0 million mine development and $239.2 million was on the Los Pelambres Expansion project.

CENTINELA

Financial performance

EBITDA for the first six months of 2021 was $831.5 million, an increase of 168.6% compared to the first half of 2020. This increase was due to the higher copper realised price compared to same period last year. Sales during the period were 12,700 tonnes less than production with shipments delayed over the period end by adverse weather conditions.

Production

Total copper production in H1 2021 was 132,100 tonnes, 8.6% higher than in H1 2020 due to higher ore grades and throughput at Centinela Concentrates.

Production of copper in concentrate was 90,400 tonnes for the half year, 20.9% higher than in the same period last year, mainly reflecting higher ore grades and throughput.

Copper cathode production for the first six months was 41,700 tonnes, 10.9% lower than in the first half of 2020 primarily due to expected lower grades and recoveries, despite higher throughput.

Gold production in H1 it was 92,500 ounces, 12.8% higher than H1 last year, primarily due to higher throughput and grades.

Molybdenum production in H1 2021 increased to 700 tonnes from 300 tonnes in H1 2020, due to higher grades.

Costs

Cash costs before by-product credits for the first six months of 2021 were $1.80/lb, 2.2% lower than the same period in 2020 due to higher copper production, partially offset by the stronger Chilean peso, higher input prices and higher maintenance costs as a result of bringing forward some scheduled work.

For the first six months of 2021, by-product credits were $0.72/lb, 14c/lb higher than in the same period last year due to higher production and improved realised prices.

Net cash costs during the first six months of the year were $1.08/lb, 14.3% lower than in H1 2020 due to lower cash costs before by-product credits and higher by-product credits.

Capital expenditure

Capital expenditure in the first six months of 2021 was $347.9 million of which $23.6 million was sustaining capex, $169.6 million was mine development and $154.7 million was development capex, of which $139.4 million was on the Esperanza Sur pit project.

ANTUCOYA

Financial performance

For the first half of the year, EBITDA was $159.0 million, an increase of 145.7% compared to $64.7 million in the same period last year, due to higher copper realised prices, partially offset by higher operating costs.

Production

Antucoya produced 39,500 tonnes of copper in the first six months of 2021, 2.2% lower than the same period last year due to expected lower grades and consequentially lower recoveries, partly offset by a 7.7% increase in throughput.

Costs

During the first six months, cash costs were 17.9% higher than in H1 2020 at $2.04/lb due to lower production, the unfavourable local exchange rate and higher expenditure on maintenance.

Capital expenditure

Capital expenditure in the first six months of the year was $31 million. Sustaining capital expenditure was $14 million and mine development $17 million.

ZALDÍVAR

Financial performance

Attributable EBITDA at Zaldívar was $76.4 million in the first half of 2021, compared to $42.8 million in the same period last year largely because of higher realised copper prices, despite lower sales volumes and higher operating costs.

Production

The Group's share of production for the year to date was 20,600 tonnes, 22.3% lower than the same period last year due to lower copper grades and throughput.

Costs

Cash costs for the first six months of 2021 were $2.46/lb compared with $1.72/lb in the same period in 2020, mainly due to lower grades, higher maintenance costs and the stronger Chilean peso.

Capital expenditure

In the first six months of 2021, attributable capital expenditure was $34.8 million of which $3.2 million was sustaining capital expenditure, $4.2 million mine development and $27.4 million was development capital expenditure, mainly on the Chloride Leach project.

TRANSPORT DIVISION

Financial performance

EBITDA at the Transport Division was $36.0 million in the first half of 2021, compared to $28.6 million in the same period last year, as a result of higher revenues.

Transport volumes

For the first six months of the year, transport volumes decreased by 0.8% mainly due to customers' lower copper production and sulphuric acid consumption, and the impact of sea swells affecting port access at the beginning of the year, partly offset by a new transport contract that came into effect during the period.

Capital expenditure

Capital expenditure for the first half of the year was $10.4 million.

GROWTH PROJECTS AND OPPORTUNITIES

Los Pelambres Expansion

This expansion project is divided into two phases.

Phase 1

This phase is designed to optimise throughput within the limits of the existing operating, environmental and water extraction permits.

As mining progresses at Los Pelambres ore hardness will increase. The expansion is designed to compensate for this, increasing plant throughput from the current capacity of 175,000 tonnes of ore per day to an average of 190,000 tonnes of ore per day. The plant expansion includes a desalination plant and pumping infrastructure, as well as an additional SAG mill, ball mill and six additional cells in the concentrator plant.

Annual copper production will be increased by an average of 60,000 tonnes per year over 15 years, starting at approximately 40,000 tonnes per year for the first four to five years and 70,000 tonnes for the rest of the period as the hardness of the ore increases and the benefit of the higher milling capacity is fully realised.

During 2020 the decision was made to change the scope of the project and double the planned capacity of the desalination plant that is part of Phase 1 of the project, from 400 l/s to 800 l/s. However, the amount of work that can be done on the expansion of the desalination plant during Phase 1 is limited by what is allowed under the permits that have already been issued. The inclusion of these additional works and some changes to the marine works increased the capital expenditure estimate for Phase 1 to $1.7 billion.

As at the end of H1 the Los Pelambres Expansion project was 52.0% complete and is expected to be completed in H2 2022 in line with guidance. The desalination plant and related marine works have been minimally impacted by COVID-19 during the half year given the dispersed nature of the site and small construction teams involved.

At the concentrator expansion site, the bulk earthworks and most of the foundations have been completed, and the key milling and flotation equipment is being installed. Managing health risks and higher absenteeism during the recent peak of infections in the neighbouring communities has required adjustments to manpower numbers and shift patterns at the concentrator plant expansion site. However, these are gradually returning to normal with more than 70% of the project workforce fully vaccinated and the number of cases in local communities decreasing.

Phase 2 – Further expansion

Following the decision in 2020 to increase the size of the desalination plant, Phase 2 of the expansion now requires two separate Environmental Impact Assessment (EIA) applications:

Desalination plant expansion

This project is to protect Los Pelambres from the future impact of climate change and the deteriorating availability of water in the region.

The additional works required, beyond those being completed as part of Phase 1, include the expansion of the desalination plant and the construction of a new water pipeline from the Mauro tailings storage facility to the concentrator plant. During April Los Pelambres submitted the EIA required for this project, which includes the desalination plant expansion and two sustaining capital infrastructure projects, the replacement of the concentrate pipeline, which is approaching the end of its useful life, and the construction of certain planned enclosures at the Mauro tailings storage facility. The EIA is expected to be approved within approximately two years with the project being completed by 2025 at which time over 95% of Los Pelambres's water needs will be from either desalinated or recycled water.

Mine life extension

The current mine life of Los Pelambres is 14 years and is limited by the capacity of the Mauro tailings storage facility. The scope of the second EIA will include increasing the capacity of the tailings storage facility and the mine waste dumps. This will extend the mine's life by a minimum of 15 years, accessing a larger portion of Los Pelambres's six billion tonnes of mineral resources. The EIA will also include the option to increase throughput to 205,000 tonnes of ore per day, increasing copper production by 35,000 tonnes per year.

Critical studies on tailings and waste storage capacity have been completed and are now progressing towards the feasibility study stage. The study will also include repowering the conveyor that runs from the primary crusher in the pit to the concentrator plant to support the additional throughput.

The capital expenditure to extend the mine life was estimated in a pre-feasibility study in 2014 at approximately $500 million, with most of the expenditure on mining equipment and increasing the capacity of the concentrator and the Mauro tailings facility. Community consultation is in its early stages and the EIA application is expected to be submitted to the authorities during 2022.

Esperanza Sur pit

Esperanza Sur pit is 4 km south of the Esperanza pit and is close to Centinela's concentrator plant. The deposit contains 1.4 billion tonnes of reserves with a grade of 0.4% copper, 0.13g/t of gold and 0.012% of molybdenum. Stripping started in Q2 2020 and the project is expected to be completed in the first half of 2022. The capital cost estimate for the project is $175 million.

The stripping is being carried out by a contractor and the cost is being capitalised. Once it is completed, autonomous trucks operated by Centinela will be used to mine the deposit.

Opening the Esperanza Sur pit will improve Centinela's flexibility to supply its concentrator and, over the initial years, the higher-grade material from the pit will increase production by some 10–15,000 tonnes of copper per year, compared to how much would be produced if material was solely supplied from the Esperanza pit. This greater flexibility will allow Centinela to smooth and optimise its year-on-year production profile, which has in the past been variable.

Zaldívar Chloride Leach

The project is expected to increase copper recoveries by approximately 10 percentage points with further upside in recoveries possible, depending on the type of ore being processed. This will increase copper production at Zaldívar by approximately 10–15,000 tonnes per annum over the remaining life of the mine.

The project requires an upgrade of the Solvent Extraction (SX) plant, new reagents facilities and the construction of additional washing ponds for controlling the chlorine levels, at an estimated capital cost of $190 million.

As the Group equity accounts for its interest in Zaldívar, capital expenditure at the operation is not included in Group total capital expenditure amounts.

Construction of the project at the end of H1 was 76% complete and is expected to be completed in H1 2022 in line with guidance.

Centinela Second Concentrator

We are currently evaluating the construction of a second concentrator and tailings deposit some 7 km from the existing concentrator at Centinela in two phases.

Phase 1 would have an ore throughput capacity of approximately 90,000 tonnes per day, producing copper, and gold and molybdenum as by-products, with an annual production of approximately 180,000 tonnes of copper equivalent. Once Phase 1 has been completed and is operating successfully, a further expansion (Phase 2) is possible and would involve increasing the capacity of the concentrator to 150,000 tonnes of ore per day with annual production increasing to 250,000 tonnes of copper equivalent, maximising the potential of Centinela's large resource base.

Ore for the second concentrator will be sourced initially from the Esperanza Sur deposit and later from Encuentro Sulphides. The latter lies under the Encuentro Oxides reserves, which are expected to be depleted by 2026.

The EIA for both phases of the project was approved in 2016 and the initial feasibility study for Phase 1 was completed during 2020 with further detailed and supplier engineering progressing during 2021 ahead of an expected decision by the Board in 2022. The capital cost estimated in the 2015 pre-feasibility study for Phase 1 was $2.7 billion, which included capitalised stripping, mining equipment, a concentrator plant, a new tailings storage facility, a water pipeline and other infrastructure, plus the owner's and other costs.

In late 2020 a tender process was started to invite third parties to provide water for Centinela's current and future operations, by acquiring the existing water supply system, and building the new water pipeline. It is expected this process will be completed during 2021.

Twin Metals Minnesota (TMM)

In late 2019, Twin Metals Minnesota presented its Mine Plan of Operations (MPO) to the US Bureau of Land Management (BLM) and a Scoping Environmental Assessment Worksheet Data Submittal was also issued to the Minnesota Department of Natural Resources (DNR). These submissions started a multi-year scoping and environmental review process that will thoroughly evaluate the proposed project.

In June 2020, the BLM issued its Notice of Intent (NOI) to begin its environmental review, a process that is likely to take several years. The review process will include additional baseline data collection, impact analyses and multiple opportunities for public input. Permitting for the project will follow the environmental review. In 2021, BLM and DNR continued to advance the initial phases of the environmental review, and TMM submitted baseline data and supporting documentation to the agencies.

Twin Metals Minnesota is a wholly owned copper, nickel and platinum group metals (PGM) underground mining project, which holds the Maturi, Maturi Southwest, Birch Lake and Spruce Road copper, nickel, cobalt-PGM deposits in north-eastern Minnesota, US. The MPO design is based on mining and processing 18,000 tonnes of ore per day for 25 years. The concentrator will produce three saleable concentrates – copper, nickel and cobalt/PGMs.

FINANCIAL REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2021

Results (unaudited)

	Six Months ended 30.06.2021			Six Months Ended 30.06.2020
	Total	Before exceptional items	Exceptional items	Total
	$m	$m	$m	$m
Revenue	**3,591.0**	2.138.8	-	2,138.8
EBITDA (including share of EBITDA from associates and joint ventures)	2,357.1	1,012.8	-	1,012.8
Total operating costs	**(1,790.4)**	(1,665.5)	-	(1,665.5)
Operating profit from subsidiaries	**1,800.6**	473.3	-	473.3
Net share of results from associates and joint ventures	**19.4**	(2.3)	-	(2.3)
Impairment of investment in associate	**-**	-	(80.8)	(80.8)
Total profit from operations, associates and joint ventures	**1,820.0**	471.0	(80.8)	390.2
Net finance expense	**(36.5)**	(2.7)	-	(2.7)
Profit before tax	**1,783.5**	468.3	(80.8)	387.5
Income tax expense	**(661.9)**	(162.1)	19.7	(142.4)
Profit for the period	**1,121.6**	306.2	(61.1)	245.1
Attributable to:				
Non-controlling interests	**456.3**	130.8	(20.9)	109.9
Profit for the financial period attributable to the owners of the parent	**665.3**	175.4	(40.2)	135.2
	cents	**cents**	**cents**	cents
Basic earnings per share from continuing operations	**67.5**	17.8	(4.1)	13.7

The $489.9 million increase in the profit for the financial period attributable to the owners of the parent from $175.4 million in the first six months of 2020 (excluding exceptional items) to $665.3 million in the current period reflected the following factors:

	$m
Profit for the financial period attributable to the owners of the parent in H1 2020 (before exceptional items)	**175.4**
Increase in revenue	1,452.2
Increase in total operating costs	(124.9)
Increase in net share of results from associates and joint ventures	21.7
Increase in net finance expenses	(33.8)
Increase in income tax expense	(499.8)
Increase in profit attributable to non-controlling interests	(325.5)
	489.9
Profit for the financial period attributable to the owners of the parent in H1 2021	**665.3**

COVID-19

The Group has continued to proactively manage the risks of COVID-19 on its operations and projects, allowing its operations to continue to operate without interruption throughout the period. The Group incurred $31 million of operational expenses (including the 50% attributable share of Zaldívar's expenditure) during the first six months of 2021 in respect of COVID-19 measures, including costs relating to testing, additional travel expenses for its employees travelling to and from the mine sites, hygiene supplies and additional costs for third-party services. This compares with $40 million incurred during the 2020 full-year.

During 2020 the Group established a $6 million fund to provide COVID-19 related support to local communities, and during the first six months of 2021 the fund was extended by a further $6 million.

The Group has capitalised $15m of additional project costs during H1 2021 which are linked to the impact of the COVID-19 situation, mainly relating to additional costs for the third-party contractors, testing costs, increased travel costs for employees and project contractors travelling to the sites and the purchase of hygiene supplies. This compares with $31 million capitalised during the 2020 full-year.

Revenue

The $1,452.2 million increase in revenue from $2,138.8 million in the first half of 2020 to $3,591.0 million in the first half of 2021 reflected the following factors:

	$m
Revenue in the first six months of 2020	**2,138.8**
Increase in realised copper price	1,401.4
Decrease in copper sales volumes	(117.6)
Decrease in treatment and refining charges	24.0
Increase in molybdenum revenue	108.8
Increase in gold revenue	2.2
Increase in silver revenue	16.7
Increase in Transport division revenue	16.7
	1,452.2
Revenue in the first six months of 2021	**3,591.0**

Revenue from the Mining division

Revenue in the first half of 2021 from the Mining division increased by $1,435.5 million, or 69.4%, to $3,504.7 million, compared with $2,069.2 million in the first six months of 2020. The increase mainly reflected higher copper sales due to the higher realised copper price, partly offset by reduced sales volumes.

Revenue from copper sales

Revenue from copper concentrate and copper cathode sales increased by $1,307.8 million, or 73.2%, to $3,094.3 million, compared with $1,786.5 million in the first six months of 2020. The increase reflected the $1,401.4 million impact of the higher realised copper price and $24.0 million positive impact of lower treatment and refining charges, partly offset by the $117.6 million impact of lower sales volumes.

(i) Realised copper price

The average realised price increased by 79.7% to $4.42/lb in the first six months of 2021 (first half of 2020 – $2.46/lb), resulting in a $1,401.4 million increase in revenue. The LME average market price increased by 65.9%

in H1 2021 to $4.13/lb (first half of 2020 - $2.49/lb). In the first half of 2021 there was a $282.1 million positive impact from provisional pricing adjustments, mainly reflecting the increase in the period-end copper price to $4.26/lb at 30 June 2021, compared with $3.52/lb at 31 December 2020. Conversely there had been a $27.3 million negative impact from provisional pricing adjustments in the first six months of 2020, which mainly reflected the decrease in the period-end copper price to $2.74/lb at 30 June 2020, compared with $2.80/lb at 31 December 2020. In addition, during the first six months of 2021 there was a negative impact of $84.7 million in respect of realised losses from commodity hedging instruments which matured during the period (first six months of 2020 – nil impact).

Realised copper prices are determined by comparing revenue (gross of treatment and refining charges for concentrate sales) with sales volumes in the period. 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 in future periods (normally around one month after delivery to the customer in the case of cathode sales and normally three to four months after delivery to the customer in the case of concentrate sales). Further details of provisional pricing adjustments are given in Note 6 to the half-year financial report.

(ii) Copper volumes

Copper sales volumes reflected within revenue decreased by 6.3% from 346,800 tonnes in 2020 to 325,100 tonnes in 2021, resulting in a decrease in revenue of $117.6 million. The volume decrease was mainly due to lower production at Los Pelambres as a result of the expected lower ore grades, and approximately 14,000 tonnes of shipments delayed over the period end by bad weather conditions at the ports.

(iii) Treatment and refining charges

Treatment and refining charges (TC/RCs) for copper concentrate decreased by $24.0 million to $69.6 million in the first half of 2021 from $93.6 million in the first six months of 2020, mainly due to a reduction in the average TC/RC rates, as well as the decrease in the copper concentrate sales volumes. Treatment and refining charges are deducted from concentrate sales when reporting revenue and hence the decrease in these charges has had a positive impact on revenue.

Revenue from molybdenum, gold and other by-product sales

Revenue from by-product sales at Los Pelambres and Centinela relate mainly to molybdenum and gold and, to a lesser extent, silver. Revenue from by-products increased by $127.7 million or 45.2% to $410.4 million in the first half of 2021, compared with $282.7 million in the first six months of 2020, mainly due to the higher molybdenum price.

Revenue from molybdenum sales (net of roasting charges) was $184.7 million (first half of 2020 - $76.0 million), an increase of $108.7 million. The increase was due to the higher realised price of $16.1/lb (first half of 2020 – $8.6/lb) as well as the slightly higher sales volumes of 4,900 tonnes (first half of 2020 – 4,700 tonnes).

Revenue from gold sales (net of treatment and refining charges) was $183.8 million (first half of 2020 - $181.6 million), an increase of $2.2 million due to the higher realised price of $1,776/oz (first six months of 2020 - $1,680/oz), partly offset by the decrease in sales volumes by 4.3% from 108,400 ounces in the first half of 2020 to 103,700 ounces in the first six months of 2021, mainly due to lower recoveries at Los Pelambres and shipment delays due to bad weather conditions at Centinela's port.

Revenue from silver sales increased by $16.8 million to $41.9 million (first six months of 2020 - $25.1 million). The increase was due to the higher realised silver price of $26.9/oz (first six months of 2020 - $16.2/oz).

Revenue from the Transport division

Revenue from the Transport division (FCAB) increased by $16.7 million or 24.0% to $86.3 million, as a result of the impact of the stronger Chilean peso on sales denominated in local currency, revenues from sales of industrial water and higher sales to certain clients.

Total operating costs

The $124.9 million increase in total operating costs from $1,665.5 million in the first half of 2020 to $1,790.4 million in the first six months of 2021 reflected the following factors:

	$m
Total operating costs in the first half of 2020	**1,665.5**
Increase in mine-site operating costs	95.3
Increase in other mining division costs	16.4
Increase in exploration and evaluation costs	8.1
Increase in corporate costs	9.5
Increase in transport division operating costs	9.1
Decrease in depreciation, amortisation and loss on disposals	(13.5)
	124.9
Total operating costs in the first six months of 2021	**1,790.4**

Operating costs (excluding depreciation, amortisation and loss on disposals) at the Mining division

Operating costs (excluding depreciation, loss on disposals and impairments) at the Mining division increased by $129.3 million to $1,254.8 million in the first half of 2021, an increase of 11.5%. Of this increase, $95.3 million is attributable to higher mine-site operating costs. This increase in mine-site costs reflected the stronger Chilean peso, higher key input prices, and the cost impact of the expected lower ore grades at Los Pelambres, partly offset by the decreased sales volumes in the period and the cost savings from the Group's Cost and Competitiveness Programme. As a result, weighted average unit cash costs excluding by-product credits (which are reported as part of revenue) and TC/RCs for concentrates (which are deducted from revenue) increased from $1.37/lb in the first six months of 2020 to $1.61/lb in the first half of 2021.

The Cost and Competitiveness Programme has been implemented to reduce the Group's cost base and improve its competitiveness within the industry. During the first half of 2021 the programme achieved savings of $30.0 million at the Group's mining subsidiary companies.

Other Mining division costs increased by $16.4 million, mainly due to the impact of inventory adjustments. Exploration and evaluation costs increased by $8.1 million to $52.3 million (first half of 2020 – $44.2 million), mainly due to higher expenditure at Twin Metals and increased project evaluation costs at Centinela. Corporate costs increased by $9.5 million.

Operating costs (excluding depreciation and loss on disposals) at the Transport division

Operating costs (excluding depreciation and loss on disposals) at the Transport division increased by $9.1 million to $52.5 million (first half of 2020 - $43.4 million), mainly due the effect of the stronger Chilean peso, higher diesel prices and increased maintenance expenditure in respect of wagons, locomotives and railway tracks.

Depreciation, amortisation and disposals

The depreciation and amortisation charge decreased by $12.8 million in the first half of 2021 to $482.5 million (first half of 2020 - $495.3 million), mainly reflecting lower amortisation of IFRIC 20 stripping costs at Centinela, partly offset by higher depreciation and inventory variation impacts, also at Centinela. The loss on disposal of property, plant & equipment was $0.6 million, a decrease of $0.7 million (2020 - $1.3 million).

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries increased in 2021 by 280.4% to $1,800.6 million (first half of 2020 - $473.3 million).

Share of results from associates and joint ventures

The Group's share of results from associates and joint ventures was a profit of $19.4 million in the first six months of 2021, compared with a loss of $2.3 million in the first half of 2020 (excluding exceptional items). Of this increase, $24.7 million was due to the higher profit from Zaldívar.

EBITDA

EBITDA (earnings before interest, tax, depreciation, amortisation) increased by $1,344.3 million or 132.7% to $2,357.1 million (first half of 2020 - $1,012.8 million). EBITDA includes the Group's proportional share of EBITDA from associates and joint ventures.

EBITDA from the Group's Mining division increased by $1,336.9 million or 135.8% from $984.2 million in the first six months of 2020 to $2,321.1 million this half year, reflecting the higher revenue explained above partly offset by the higher mine-site operating costs.

EBITDA at the Transport division increased by $7.4 million to $36.0 million in 2021 ($28.6 million – first half of 2020), reflecting its increased revenue partly offset by the higher operating cost.

Commodity price and exchange rate sensitivities

The following sensitivities show the estimated approximate impact on EBITDA for the first six months of 2021 of a 10% movement in the average copper, molybdenum and gold prices and a 10% movement in the average US dollar / Chilean peso exchange rate.

The impact of the movement in the average commodity prices reflects the estimated impact on the relevant revenues during the first six months of 2021, and the impact of the movement in the average exchange rate reflects the estimated impact on Chilean peso denominated operating costs during the period. These estimates do not reflect any impact in respect of provisional pricing or hedging instruments, any potential inter-relationship between commodity price and exchange rate movements, or any impact from the retranslation or changes in valuations of assets or liabilities held on the balance sheet at the period-end.

	Average market commodity price / average exchange rate during the six months ended 30.06.21	Impact of a 10% movement in the commodity price / exchange rate on EBITDA for the six months ended 30.06.21
		$m
Copper price	$4.13/lb	315
Molybdenum price	$12.7/lb	16
Gold price	$1,808/oz	19
US dollar / Chilean peso exchange rate	720	72

Net finance expense

Net finance expense increased by $33.8 million to $36.5 million, compared with $2.7 million in 2020.

	Six months ended 30.06.21	Six months ended 30.06.20
	$m	$m
Investment income	2.9	16.7
Interest expense	(33.5)	(44.6)
Other finance items	(5.9)	25.2
Net finance expense	**(36.5)**	**(2.7)**

Investment income decreased from $16.7 million in 2020 to $2.9 million in 2021, mainly due to a decrease in average interest rates partially offset by higher average cash and liquid investment balances.

Interest expense decreased from $44.6 million in 2020 to $33.5 million in 2021, reflecting the decrease in the average interest rates and also a reduction in the average relevant borrowing balances.

Other finance items were a net expense of $5.9 million (first half of 2020 – income of $25.2 million). This reflected an expense of $2.4 million in respect of foreign exchange (first half of 2020 – gain of $29.0 million) and an expense of $3.4 million in respect of the unwinding of the discounting of provisions (first half of 2020 – expense of $3.7 million).

Profit before tax

As a result of the factors set out above, profit before tax increased by 360.3% to $1,783.5 million in the first half of 2021 (first half of 2020 - $468.3 million excluding exceptional items).

Income tax expense

The tax charge in the first half of 2021 was $661.9 million (first half of 2020 – $162.1 million excluding exceptional items and $142.4 million including exceptional items). The effective tax rate was 37.1% (first half of 2020 – 34.6% excluding exceptional items and 36.7% including exceptional items).

	Six months ended 30.06.2021 ítems $m	**%**	Six months ended 30.06.2020 Excluding exceptional ítems $m	%	Six months ended 30.06.2020 Including exceptional items $m	%
Profit before tax	**1,783.5**		468.3		387.5	
Tax at the Chilean corporate rate tax of 27%	**(481.6)**	**27.0**	(126.5)	27.0	(104.6)	27.0
Exceptional items – impairment of investment in associate	**-**	**-**	-	-	(2.2)	0.6
Mining tax (royalty)	**(128.5)**	**7.2**	(28.3)	6.0	(28.3)	7.2
Deduction of mining royalty as an allowable expense in determination of first category tax	**36.0**	**(2.0)**	7.6	(1.6)	7.6	(1.9)
Items not deductible from first category tax	**(7.2)**	**0.4**	(7.2)	1.5	(7.2)	1.8
Adjustment in respect of prior years	**0.8**	**-**	(2.0)	0.4	(2.0)	0.5
Withholding taxes	**(111.3)**	**6.2**	(1.3)	0.3	(1.3)	0.3
Tax effect of share of results of associates and joint ventures	**5.2**	**(0.3)**	0.7	(0.1)	0.7	(0.2)
Reversal of previously unrecognised tax losses/ (unrecognised tax losses)	**24.7**	**(1.4)**	(5.1)	1.1	(5.1)	1.3
Tax expense and effective tax rate for the period	**(661.9)**	**37.1**	(162.1)	34.6	(142.4)	36.7

The effective tax rate varied from the statutory rate principally due to the mining tax (royalty) (net impact of $92.5 million / 5.2% including the deduction of the mining tax (royalty) as an allowable expense in the determination of first category tax), the withholding tax relating to the remittance of profits from Chile (impact of $111.3 million / 6.2%), items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $7.2 million / 0.4%), partly offset by unrecognised tax gains (impact of $24.7 million / 1.4%) and the impact of the recognition of the Group's share of profit from associates and joint ventures, which are included in the Group's profit before tax net of their respective tax charges (impact of $5.2 million / 0.3%).

Exceptional items

There were no exceptional items in the six months ended 2021.

On 31 March 2020 the Group agreed to dispose of its 40% interest in the Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. This was part of the value accretive renegotiation of Centinela's power purchase agreement which as a result will be wholly supplied from lower cost renewable sources from 2022. Under the terms of the agreement the Group agreed to dispose of its investment to Engie in 2021 for a nominal consideration and was not entitled to any further dividend income from Hornitos from the date of the agreement. Accordingly, the Group no longer had any effective economic interest in Hornitos from 31 March 2020 onwards and therefore recognised an impairment of $80.8 million in respect of its investment in associate balance in the first half of 2020, and no longer recognises any share of Hornitos' results. The post-tax impact of the impairment was $61.1 million, of which $40.2 million was attributable to the equity owners of the Company.

Non-controlling interests

Profit for the first half of year attributable to non-controlling interests was $456.3 million, compared with $130.8 million in the first half of 2020 (excluding exceptional items), an increase of $325.5 million. This reflected the increase in earnings analysed above.

Earnings per share

	Six months ended 30.06.21 $ cents	Six months ended 30.06.20 $ cents
Basic earnings per share (excluding exceptional items)	**67.5**	17.8
Basic earnings per share (exceptional items)	**-**	(4.1)
Basic earnings per share (including exceptional items)	**67.5**	13.7

Earnings per share calculations are based on 985,856,695 ordinary shares.

As a result of the factors set out above, profit attributable to equity shareholders of the Company was $665.3 million compared with $175.4 million in the first half of 2020 (excluding exceptional items), and total earnings per share were 67.5 cents for first half of 2021 (first half of 2020 – 17.8 cents per share excluding exceptional items).

Dividends

Dividends per share declared in relation to the period are as follows:

	Six months ended 30.06.21 $ cents	Six months ended 30.06.20 $ cents
Ordinary dividends:		
Interim	**23.6**	6.2
Total dividends to ordinary shareholders	**23.6**	6.2

The Board determines the appropriate dividend each year based on consideration of the Group's cash balance, the level of free cash flow and underlying earnings generated during the year and significant known or expected funding commitments. It is expected that the total annual dividend for each year would represent a payout ratio based on underlying net earnings for that year of at least 35%.

The Board has declared an interim dividend for the first half of 2021 of 23.6 cents per ordinary share, which amounts to $232.7 million. The interim dividend will be paid on 1 October 2021 to ordinary shareholders that are on the register at the close of business on 3 September 2021.

Capital expenditure

Capital expenditure increased by $231.8 million from $550.1 million in the first half of 2020 to $781.9 million in the current period. The capital expenditure in the first six months of 2021 included $239.2 million in respect of the construction costs at the Los Pelambres Expansion project, $235.6 million of IFRIC 20 stripping costs and $139.4 million in respect of the Esperanza Sur pit project at Centinela.

NB: capital expenditure figures quoted in this report are on a cash flow basis, unless stated otherwise.

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. At 30 June 2021 the derivative financial instruments in place had a negative fair value of $51.1 million (30 June 2020 – negative fair value of $16.8 million).

Cash flows

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

	Six months ended 30.06.21 $m	Six months ended 30.06.20 $m
Cash flows from continuing operations	**2,460.5**	906.9
Income tax paid	(348.1)	(203.8)
Net interest paid	(26.5)	(14.5)
Capital contributions and loans to associates	(5.5)	(1.4)
Purchases of property, plant and equipment	(781.9)	(550.1)
Dividends paid to equity holders of the Company	(478.1)	(70.0)
Dividends paid to non-controlling interests	(40.0)	-
Capital increase from non-controlling interest	-	210.0
Dividends from associates	65.0	-
Other items	1.7	(2.4)
Changes in net debt relating to cash flows	**847.1**	274.7
Other non-cash movements	(59.3)	(37.5)
Foreign exchange	(4.5)	6.7
Movement in net debt in the period	**783.3**	243.9
Net debt at the beginning of the year	(82.0)	(563.4)
Net cash/(debt) at the end of the period	**701.3**	(319.5)

Cash flows from continuing operations were $2,460.5 million in the first half of 2021 compared with $906.9 million in the first half of 2020. This reflected EBITDA from subsidiaries for the period of $2,283.7 million (first half of 2020 – $969.9 million), adjusted for the positive impact of a net working capital decrease of $187.6 million (first half of 2020 – negative impact of $53.5 million from a net working capital increase) and the negative impact of a decrease in provisions of $10.8 million (first half of 2020 – negative impact of a decrease in provisions of $9.5 million).

The working capital decrease in the first six months of 2021 was mainly due to a decrease in receivables, reflecting lower sales volumes towards the end of the current period compared with the end of 2020, as well as the impact of a negative mark-to-market adjustment of $53.9 million at 30 June 2021 compared with a positive mark-to-market adjustment of $86.9 million at 31 December 2020.

The net cash outflow in respect of tax in the first half of 2021 was $348.1 million (first half of 2020 – $203.8 million). This amount differs from the current tax charge in the consolidated income statement of $543.4 million (first half of 2020 – $196.9 million) mainly because cash tax payments for corporate tax and the mining tax include payments on account for the current year (based on prior periods' profit levels) of $286.4 million (first half of 2020 - $179.0 million), withholding tax payments of $50.9 million, the settlement of outstanding balances in respect of the previous year's tax charge of $30.8 million (first half of 2020 - $0.6 million), as well as the recovery of $20.0 million in 2021 relating to prior years (first half of 2020 – recovery of $8.5 million).

There were contributions and loans to associates and joint ventures in the first six months of 2021 of $5.5 million (first half of 2020 - $1.4 million).

Capital expenditure in the first half of 2021 was $781.9 million compared with $550.1 million in the first half of 2020. This included expenditure of $386.7 million at Los Pelambres (first half of 2020 – $321.0 million), $347.9 million at Centinela (first half of 2020 – $181.0 million), $30.8 million at Antucoya (first half of 2020 – $22.0 million), $6.1 million at Corporate (first half of 2020 – $3.3 million) and $10.4 million at the transport division (first half of 2020 - $22.8 million).

Dividends paid to equity holders of the Company in the first half of 2021 were $478.1 million (first half of 2020 – $70.0 million), related to the payment of the final dividend declared in respect of 2020.

Dividends paid by subsidiaries to non-controlling shareholders were $40.0 million for first half of 2021 (first half of 2020 was nil).

Financial position

	At 30.06.21	At 31.12.20
	$m	$m
Cash, cash equivalents and liquid investments	**4,239.9**	3,672.8
Total borrowings	**(3,538.6)**	(3,754.8)
Net cash/(debt) at the end of the period	**701.3**	(82.0)

At 30 June 2021 the Group had combined cash, cash equivalents and liquid investments of $4,239.9 million (31 December 2020 – $3,672.8 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 $3,264.9 million (31 December 2020 – $3,046.9 million).

Total Group borrowings at 30 June 2021 were $3,538.6 million (at 31 December 2020 – $3,754.8 million). The decrease of $216.2 million mainly reflected a repayment of $104.6 million of the senior loan at Los Pelambres being used to fund the Expansion project, a $55.6 million repayment of the senior loan at Centinela, a $33.0 million repayment of Antucoya's senior loan and a $30.0 million repayment of the subordinated loan at Centinela, partly offset by $12.7million of new finance leases.

Of the total borrowings, $2,666.0 million (at 31 December 2020 – $2,805.5 million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

This resulted in net cash at 30 June 2021 of $701.3 million (at 31 December 2020 – net debt $82 million). Excluding the non-controlling interest share in each partly-owned operation, the Group's attributable net cash was $598.9 million (31 December 2020 – attributable net cash of $241.4 million).

Going concern

The financial information contained in this half-year financial report has been prepared on the going concern basis. Details of the factors which have been taken into account in assessing the Group’s going concern status are set out in Note 1 to the half-year 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 risks and uncertainties which were analysed in the 2020 Annual Report are as follows:

- Talent management and labour relations
- Safety and health
- Environmental management
- Climate change
- Community relations
- Political, legal and regulatory
- Corruption
- Operations
- Tailing storage
- Strategic resources
- Cyber security
- Liquidity
- Commodity prices and exchange rates
- Growth of mineral resource base and opportunities
- Project execution
- Innovation and digitisation

There have been no changes to the above categories of key risks in the first six months of 2021.

A detailed explanation of the risks summarised above can be found in the Risk Management section of the 2020 annual report, which is available at www.antofagasta.co.uk.

Cautionary statement about forward-looking statements

This preliminary results announcement 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 and other 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.

Consolidated Income Statement

	Notes	Six months ended 30.06.2021 (Unaudited)[1] Total $m	Six months ended 30.06.2020 (Unaudited) Excluding exceptional items $m	Exceptional items Note 3 $m	Total $m	Year ended 31.12.2020 (Audited) Excluding exceptional items $m	Exceptional items Note 3 $m	Total $m
Revenue	5,6	**3,591.0**	2,138.8	-	2,138.8	5,129.3	-	5,129.3
Total operating costs	2	**(1,790.4)**	(1,665.5)	-	(1,665.5)	(3,537.1)	-	(3,537.1)
Operating profit from subsidiaries	2,5	**1,800.6**	473.3	-	473.3	1,592.2	-	1,592.2
Net share of results from associates and joint ventures	2,5,15	**19.4**	(2.3)	-	(2.3)	5.1	-	5.1
Impairment of investment in associate	3	**-**	-	(80.8)	(80.8)	-	(80.8)	(80.8)
Total profit from operations, associates and joint ventures		**1,820.0**	471.0	(80.8)	390.2	1,597.3	(80.8)	1,516.5
Investment income		**2.9**	16.7	-	16.7	18.9	-	18.9
Interest expense		**(33.5)**	(44.6)	-	(44.6)	(77.1)	-	(77.1)
Other finance items		**(5.9)**	25.2	-	25.2	(45.2)	-	(45.2)
Net finance expense	8	**(36.5)**	(2.7)	-	(2.7)	(103.4)	-	(103.4)
Profit before tax		**1,783.5**	468.3	(80.8)	387.5	1,493.9	(80.8)	1,413.1
Income tax expense	9	**(661.9)**	(162.1)	19.7	(142.4)	(546.2)	19.7	(526.5)
Profit for the period		**1,121.6**	306.2	(61.1)	245.1	947.7	(61.1)	886.6
Discontinued operations								
Profit for the period from discontinued operations	10	**-**	-	-	-	7.3	-	7.3
Profit for the period		**1,121.6**	306.2	(61.1)	245.1	955.0	(61.1)	893.9
Attributable to:								
Non-controlling interests		**456.3**	130.8	(20.9)	109.9	408.4	(20.9)	387.5
Profit for the period attributable to the equity holders of the Company		**665.3**	175.4	(40.2)	135.2	546.6	(40.2)	506.4
Basic earnings per share from continuing operations	11	**67.5**	17.8	(4.1)	13.7	54.7	(4.1)	50.6
From discontinued operations	11	**-**	-	-	-	0.7	-	0.7
Total continuing and discontinued operations		**67.5**	17.8	(4.1)	13.7	55.4	(4.1)	51.3

[1] There were no exceptional items in the six months ended 2021.

Consolidated Statement of Comprehensive Income

	Notes	**Six months ended 30.06.2021 (Unaudited) $m**	Six months ended 30.06.2020 (Unaudited) $m	Year ended 31.12.2020 (Audited) $m
Profit for the period		**1,121.6**	245.1	893.9
Items that may be or were subsequently reclassified to profit or loss:				
Losses on cash flow hedges		**(88.7)**	(9.5)	(32.1)
Losses in fair value of cash flow hedges transferred to the income statement		**73.5**	-	3.4
Currency translation adjustment		**0.1**	(0.8)	0.9
Income tax relating to these items		**2.7**	2.6	2.4
Total items that may be or were subsequently reclassified to profit or loss		**(12.4)**	(7.7)	(25.4)
Items that will not be subsequently reclassified to profit or loss:				
Actuarial (losses)/gains on defined benefit plans		**(2.7)**	(1.2)	9.8
Tax on items recognised through OCI which will not be reclassified to profit or loss in the future		**0.5**	0.2	(2.6)
(Losses)/gains in fair value of equity investments		**(1.3)**	5.5	5.5
Total Items that will not be subsequently reclassified to profit or loss		**(3.5)**	4.5	12.7
Total other comprehensive loss		**(15.9)**	(3.2)	(12.7)
Total comprehensive income for the period		**1,105.7**	241.9	881.2
Attributable to:				
Non-controlling interests		**451.9**	107.1	383.2
Equity holders of the Company		**653.8**	134.8	498.0

	Six months ended 30.06.2021 (Unaudited) $m	Six months ended 30.06.2020 (Unaudited) $m	Year ended 31.12.2020 (Audited) $m
Total comprehensive income for the period – continuing operations	**1,105.7**	241.9	873.9
Total comprehensive income for the period – discontinued operations	-	-	7.3
	1,105.7	241.9	881.2

Consolidated Statement of Changes in Equity

For the six months ended 30.06.2021 (Unaudited)

	Share capital	Share premium	Other reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2021	89.8	199.2	(30.6)	7,492.2	**7,750.6**	2,330.5	**10,081.1**
Profit for the period	-	-	-	665.3	**665.3**	456.3	**1,121.6**
Other comprehensive loss for period	-	-	(10.0)	(1.5)	**(11.5)**	(4.4)	**(15.9)**
Dividends	-	-	-	(478.1)	**(478.1)**	(240.0)	**(718.1)**
Balance at 30 June 2021	**89.8**	**199.2**	**(40.6)**	**7,677.9**	**7,926.3**	**2,542.4**	**10,468.7**

For the six months ended 30 June 2020 (Unaudited)

	Share capital	Share premium	Other reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2020	89.8	199.2	(18.1)	7,112.8	**7,383.7**	2,017.3	**9,401.0**
Capital increases from non-controlling interest [1]	-	-	-	-	**-**	210.0	**210.0**
Profit for the period	-	-	-	135.2	**135.2**	109.9	**245.1**
Other comprehensive income/(loss) for the year	-	-	0.5	(0.9)	**(0.4)**	(2.8)	**(3.2)**
Dividends	-	-	-	(70.0)	**(70.0)**	-	**(70.0)**
Balance at 30 June 2020	**89.8**	**199.2**	**(17.6)**	**7,177.1**	**7,448.5**	**2,334.4**	**9,782.9**

For the year ended 31 December 2020 (Audited)

	Share capital	Share premium	Other reserves (Note 23)	Retained earnings (Note 23)	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2020	89.8	199.2	(18.1)	7,112.8	**7,383.7**	2,017.3	**9,401.0**
Capital increases from non-controlling interest [1]	-	-	-	-	**-**	210.0	**210.0**
Profit for the year	-	-	-	506.4	**506.4**	387.5	**893.9**
Other comprehensive expense for the year	-	-	(12.5)	4.1	**(8.4)**	(4.3)	**(12.7)**
Dividends	-	-	-	(131.1)	**(131.1)**	(280.0)	**(411.1)**
Balance at 31 December 2020	**89.8**	**199.2**	**(30.6)**	**7,492.2**	**7,750.6**	**2,330.5**	**10,081.1**

1. During the six months ended 30 June 2020 a capital contribution of $210 million was received from Marubeni, the minority partner at Antucoya, in order to replace part of Antucoya's subordinated debt financing with equity (see Note 16).

Consolidated Balance Sheet

	Notes	At 30.06.2021 (Unaudited) $m	At 30.06.2020 (Unaudited) $m	At 31.12.2020 (Audited) $m
Non-current assets				
Intangible assets	13	**150.1**	150.1	150.1
Property, plant and equipment	14	**10,217.4**	9,593.3	9,851.9
Other non-current assets		**2.4**	1.4	2.6
Inventories		**248.2**	294.2	278.1
Investments in associates and joint ventures	15	**939.1**	967.9	914.6
Trade and other receivables		**67.5**	47.8	55.9
Derivative financial instruments	7	**-**	-	0.3
Equity investments		**9.8**	10.2	11.1
Deferred tax assets		**7.2**	7.7	6.4
		11,641.7	11,072.6	11,271.0
Current assets				
Inventories		**650.9**	536.5	592.7
Trade and other receivables		**646.8**	563.7	1,016.9
Current tax assets		**50.4**	143.9	49.8
Derivative financial instruments	7	**0.3**	-	1.1
Liquid investments	18	**2,979.9**	1,571.6	2,426.0
Cash and cash equivalents	18	**1,260.0**	796.0	1,246.8
		5,588.3	3,611.7	5,333.3
Total assets		**17,230.0**	14,684.3	16,604.3
Current liabilities				
Short-term borrowings and leases	16	**(547.7)**	(879.5)	(603.4)
Derivative financial instruments	7	**(51.4)**	(16.8)	(37.4)
Trade and other payables		**(994.7)**	(595.2)	(808.8)
Short-term decommissioning & restoration provisions		**(16.1)**	(20.2)	(22.2)
Current tax liabilities		**(341.6)**	(32.3)	(153.9)
		(1,951.5)	(1,544.0)	(1,625.7)
Non-current liabilities				
Medium and long-term borrowings and leases	16	**(2,990.9)**	(1,807.6)	(3,151.4)
Trade and other payables		**(13.5)**	(7.0)	(11.0)
Liabilities in relation to joint ventures	15	**(0.7)**	(2.7)	(1.1)
Post-employment benefit obligations		**(125.8)**	(112.5)	(123.2)
Decommissioning & restoration provisions		**(447.3)**	(383.6)	(498.0)
Deferred tax liabilities		**(1,231.6)**	(1,044.0)	(1,112.8)
		(4,809.8)	(3,357.4)	(4,897.5)
Total liabilities		**(6,761.3)**	(4,901.4)	(6,523.2)
Net assets		**10,468.7**	9,782.9	10,081.1
Equity				
Share capital		**89.8**	89.8	89.8
Share premium		**199.2**	199.2	199.2
Other reserves		**(40.6)**	(17.6)	(30.6)
Retained earnings		**7,677.9**	7,177.1	7,492.2
Equity attributable to equity holders of the Company		**7,926.3**	7,448.5	7,750.6
Non-controlling interests		**2,542.4**	2,334.4	2,330.5
Total equity		**10,468.7**	9,782.9	10,081.1

The condensed consolidated interim financial statements were approved by the Board of Directors on 18 August 2021.

Consolidated Cash Flow Statement

	Notes	At 30.06.2021 (Unaudited) $m	At 30.06.2020 (Unaudited) $m	At 31.12.2020 (Audited) $m
Cash flows from operations	**17**	**2,460.5**	906.9	2,431.1
Interest paid		**(30.9)**	(32.5)	(52.7)
Income tax paid		**(348.1)**	(203.8)	(319.7)
Net cash from operating activities		**2,081.5**	670.6	2,058.7
Investing activities				
Capital contributions and loans to associates and joint ventures	**15**	**(5.5)**	(1.4)	(7.2)
Dividends from associates and joint ventures	**15**	**65.0**	-	-
Acquisition of mining properties		**-**	(1.5)	(1.5)
Proceeds from sale of property, plant and equipment		**0.3**	0.1	0.8
Purchases of property, plant and equipment		**(781.9)**	(548.6)	(1,305.9)
Net increase in liquid investments	**18**	**(553.9)**	(31.9)	(886.3)
Interest received		**4.4**	18.0	12.6
Net cash used in investing activities		**(1,271.6)**	(565.3)	(2,187.5)
Financing activities				
Dividends paid to equity holders of the Company		**(478.1)**	(70.0)	(131.1)
Dividends paid to preference shareholders of the Company		**(0.1)**	(0.1)	(0.1)
Dividends paid to non-controlling interests		**(40.0)**	-	(280.0)
Capital increase from non-controlling interest [1]		**-**	210.0	210.0
Proceeds from issue of new borrowings	**16**	**-**	713.6	2,398.6
Repayments of borrowings	**16**	**(228.5)**	(765.5)	(1,393.8)
Repayments of lease obligations	**16**	**(42.7)**	(42.9)	(86.5)
Net cash (used in) / generated from financing activities		**(789.4)**	45.1	717.1
Net increase in cash and cash equivalents	**18**	**20.5**	150.4	588.3
Cash and cash equivalents at beginning of the period		**1,246.8**	653.7	653.7
Net increase in cash and cash equivalents	**18**	**20.5**	150.4	588.3
Effect of foreign exchange rate changes	**18**	**(7.3)**	(8.1)	4.8
Cash and cash equivalents at end of the period	**18**	**1,260.0**	796.0	1,246.8

1. During the six months ended 30 June 2020 a capital contribution of $210 million was received from Marubeni, the minority partner at Antucoya, in order to replace part of Antucoya's subordinated debt financing with equity (see Note 16).

Notes

1. General information and accounting policies

a) General information

This condensed consolidated interim financial statements for the half-year reporting period ended 30 June 2021 have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The condensed consolidated interim financial statements are unaudited. They should be read in conjunction with the Group's 2020 Annual Report and Financial Statements. The information for the year ended 31 December 2020 does not constitute the Group's statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act") but is derived from those accounts. The statutory accounts for the year ended 31 December 2020 have been approved by the Board and have been delivered to the Registrar of Companies. The auditors have reported on those accounts and their report was unqualified, with no matters included by way of emphasis, and did not contain statements under section 498(2) of the Act (regarding adequacy of accounting records and returns) or under section 498(3) (regarding provision of necessary information and explanations).

These condensed consolidated interim financial statements have been prepared under the accounting policies as set out in the statutory accounts for the year ended 31 December 2020, other than the changes required by the implementation of new accounting standards as set out below.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Antofagasta plc transitioned to UK-adopted International Accounting Standards in its condensed consolidated interim financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The condensed consolidated interim financial statements do not include all of the notes of the type normally included in annual financial statements. Accordingly, they are to be read in conjunction with the annual report for the year ended 31 December 2020, which was prepared in accordance with both International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The financial information contained in these condensed consolidated interim financial statements has been prepared on the going concern basis.

Going concern

The Directors have assessed the going concern status of the Group, considering the period to 31 December 2022.

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Directors' Comments, and in particular within 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 the Financial Review. The financial statements include details of the Group's cash, cash equivalents and liquid investment balances in Note 18, and details of borrowings are set out in Note 16.

When assessing the going concern status of the Group the Directors have considered its financial position, including its significant balance of cash, cash equivalents and liquid investments and the borrowing facilities in place, including their terms and remaining durations. The Group had a strong financial position as at 30 June 2021, with combined cash, cash equivalents and liquid investments of $4,239.9 million. Total borrowings were $3,538.6 million, resulting in a positive net cash position of $701.3 million. When evaluating the prospects of the Group the Directors have assessed the Group's copper price forecasts, the Group's expected production levels, operating cost profile and capital expenditure. This analysis has focused on the existing asset base of the Group, without factoring in potential development projects, which is considered appropriate for an assessment of the Group's ability to manage the impact of a depressed economic environment. The analysis has only included the draw-down of existing committed borrowing facilities, and has not assumed that any new borrowing facilities will be put in place. The Directors have assessed the principal risks which could impact the prospects of the Group over the going concern period and consider the most relevant to be risks to the copper price outlook. Robust down-side sensitivity analyses have been performed, assessing the impact of:

- A significant deterioration in the future copper price forecasts throughout the going concern period
- In addition to the above deterioration in the copper price throughout the review period, an even more pronounced short-term reduction in the copper price
- Plant throughput restrictions at Los Pelambres due to water scarcity
- The Group's most significant individual operational risks, including risks relating to the Group's tailings dams and mine-site infrastructure
- A shut-down of the Group's operations for a period of three months as the result of COVID-19 or other issues
- The proposed new Chilean mining royalty

These stress-tests all indicated results which could be managed in the normal course of business. The analysis indicated that the Group is expected to remain in compliance with all of the covenant requirements of its borrowings throughout the review period and retain sufficient liquidity. Based on their assessment of the Group's prospects and viability, the Directors have formed a judgement, at the time of approving the condensed consolidated interim financial statements, that there are no material uncertainties that cast doubt on the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the condensed consolidated interim financial statements. The Directors, therefore, consider it appropriate to adopt the going concern basis of accounting in preparing its condensed consolidated interim financial statements.

b) Critical accounting judgements and key sources of estimation uncertainty

The Group's critical accounting judgements and key sources of estimation uncertainty are detailed in Note 3 to the 2020 annual report which is available at www.antofagasta.co.uk.

The critical judgements relate to:

- capitalisation of project costs within property, plant and equipment
- deferred taxation

The key sources of estimation uncertainty relate to:

- non-financial assets impairment
- inventory valuation
- useful economic lives of property, plant and equipment and ore reserves estimates
- provisions for decommissioning and site restoration costs

There has been no significant change to these judgements and uncertainties during the first six months of 2021. In particular, the Group has considered whether the COVID-19 situation has had a significant impact on these aspects, including the estimates relating to non-financial asset impairment and inventory valuation, and concluded this has not been the case. The COVID-19 situation in Chile has not had a significant negative impact on the Group's operational performance during the first six months of 2021, with all of its sites continuing to operate throughout the period. The market demand for copper has been strong during the current period, reflected in the average LME market price during the first six months of 2021 of $4.13/lb, compared with $2.49/lb in the first six months of 2021.

c) Adoption of new accounting standards

The following accounting standards, amendments and interpretations became effective in the current reporting period but the application of these standards and interpretations had no material impact on the amounts reported in these condensed consolidated interim financial statements:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

d) Accounting standards issued but not yet effective

The following accounting standards, interpretations and amendments have been issued by the IASB, but are not yet effective:

New Standards	**Effective date (Subject to EU endorsement)**
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1, 2023
Amendments to IFRSs	**Effective date (Subject to EU endorsement)**
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2023
Reference to the Conceptual Framework (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)	Annual periods beginning on or after January 1, 2022
Onerous Contract – Cost of Fulfilling a Contract (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022
Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	Annual periods beginning on or after January 1, 2022

The item which is expected to have most relevance to the Group is the amendment to *IAS 16 Property, Plant and Equipment – Proceeds before intended use*. Currently the Group deducts amounts received from the sale of products during the initial ramp-up of new projects, before commercial production is achieved, from the capital cost of the project. Under the amendment to IAS 16 such amounts will instead be recognised as revenue in the income statement along with a corresponding allocation of related operating expenses, which is likely to result in increased revenue and operating expenses and a higher initial capitalised amount.

2. Total profit from operations, associates and joint ventures

	Six months ended 30.06.2021 (Unaudited)	Six months ended 30.06.2020 (Unaudited)	Year ended 31.12.2020 (Audited)
	$m	$m	$m
Revenue	**3,591.0**	2,138.8	5,129.3
Cost of sales	**(1,417.2)**	(1,364.9)	(2,856.9)
Gross profit	**2,173.8**	773.9	2,272.4
Administrative and distribution expenses	**(269.6)**	(204.9)	(484.6)
Other operating income	**18.5**	10.0	27.0
Other operating expenses	**(122.1)**	(105.7)	(222.6)
Operating profit from subsidiaries	**1,800.6**	473.3	1,592.2
Net share of income/(loss) from associates and joint ventures	**19.4**	(2.3)	5.1
Impairment of investment in associate	-	(80.8)	(80.8)
Total profit from operations, associates and joint ventures	**1,820.0**	390.2	1,516.5

Other operating expenses comprise $52.3 million of exploration and evaluation expenditure (30 June 2020 - $44.2 million), $8.1 million in respect of the employee severance provision (30 June 2020 - $8.6 million), $4.6 million in respect of the closure provision (30 June 2020 - $3.8 million credit) and $57.1 million of other expenses (30 June 2020 - $49.1 million).

3. Exceptional items

Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash.

There were no exceptional items in the six months ended 30th June 2021.

On 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. This was part of the value accretive renegotiation of Centinela's power purchase agreement which as a result will be wholly supplied from lower cost renewable sources from 2022. Under the terms of the agreement the Group will dispose of its investment to Engie at the end of 2021 for a nominal consideration, and has not been be entitled to receive any further dividend income from Hornitos from the date of the agreement. Accordingly, the Group no longer had any effective economic interest in the results or assets of Hornitos from 31 March 2020 onwards, and therefore recognised an impairment of $80.8 million in respect of its investment in associate balance during 2020, and no longer recognises any share of Hornitos' results. The post-tax impact of the impairment was $61.1 million, of which $40.2 million was attributable to the equity owners of the Company.

4. Asset sensitivities

Based on an assessment of both qualitative and quantitative factors, there were no indicators of potential impairment, or reversal of previous impairments, for the Group's non-current assets associated with its mining operations as at 30 June 2021, and accordingly no impairment reviews have been performed. The quantitative element of the trigger assessment provides an indication of what the approximate recoverable amount of the Group's operations would be, were a full impairment test under IAS 36 to be performed. In order to provide an indication of the sensitivities of the approximate recoverable amount of the Group's mining operations, a sensitivity analysis has been performed on the preliminary valuation, prepared as part of the Group's impairment indicator analysis.

The COVID-19 situation is not expected to have a material negative impact on the future production, operating expenses or capital projects of the Group's mining operations.

If a full IAS 36 impairment test were to be prepared, which was not the case as at 30 June 2021, the recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal reflects the net amount the Group would receive from the sale of the asset in an orderly transaction between market participants. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued use, further development or eventual disposal of the asset. Value in use reflects the expected present value of the future cash flows which the Group would generate through the operation of the asset in its current condition, without taking into account potential enhancements or further development of the asset. The fair value less costs of disposal valuation will normally be higher than the value in use valuation, and accordingly the Group typically applies this valuation estimate in its impairment or valuation assessments.

This impairment indicator valuation exercise demonstrated positive headroom for all of the Group's mining operations, with the recoverable amount of the assets in excess of their carrying value.

The individual assumption to which the value of the assets is most sensitive is the future copper price. The copper price forecasts (representing the Group's estimates of the assumptions that would be used by independent market participants in valuing the assets) are based on the forward curve for the short term and consensus analyst forecasts including both investment banks and commodity consultants for the longer term. A long-term copper price of $3.10/lb has been used in the base valuations used in the impairment indicator assessment. As an additional down-side sensitivity an indicative valuation was performed with a long-term copper price of $2.95/lb, which was below the lower quartile price in the consensus of analyst forecasts used when assessing the appropriate long-term price. All of the Group's mining operations still showed positive headroom in this alternative down-side scenario This was a simple sensitivity exercise, looking at an illustrative change in the forecast long-term copper price in isolation. In reality, a deterioration in the long-term copper price environment is likely to result in corresponding improvements in a range of input cost factors. In particular, given that copper exports account for over 50% of Chile's exports, movements in the US dollar/Chilean peso exchange rate are highly correlated to the copper price, and a decrease in the copper price is likely to result in a weakening of the Chilean peso, with a resulting reduction in the Group's operating costs and capital expenditure. These likely cost reductions, as well as potential operational changes which could be made in a weaker copper price environment, could partly mitigate the impact of the lower copper price modelled in these estimated potential sensitivities.

In addition to the future copper price, the valuations are sensitive to the assumptions in respect of the discount rate used to determine the present value of the future cash flows, future operating costs, sustaining and development capital expenditure, and the US dollar/Chilean peso exchange rate. As an additional down-side sensitivity an indicative valuation was performed with a 10% stronger long-term Chilean peso exchange rate assumption. All of the Group's mining operations still showed positive headroom in this alternative down-side scenario.

A real post-tax discount rate of 8% has been used in determining the present value of the forecast future cash flow from the assets as part of the impairment indicator assessment.

Antucoya recognised impairments totalling $716 million in 2012 and 2016. If there is a future significant improvement in the performance and value of Antucoya, for example due to operational changes or a significant increase in the copper price outlook, this could trigger a full or partial reversal of these impairments.

Climate change aspects relevant to asset sensitivities

The Group is undertaking on-going work to assess and reduce the Group's exposure to climate risks, in line with the TCFD framework. During 2020 the Group conducted an initial qualitative assessment of the potential risks and opportunities and likely business impacts under two climate change scenarios, and during 2021 will select the most material risks and opportunities to undergo a quantitative scenario analysis in order to estimate in more detail the potential operational and financial impact to our operations. The following section provides a high-level summary of the way in which climate change related factors could be relevant to the sensitivities of the values of the Group's mining operations, based on the Group's existing analysis.

<u>Relevant aspects of the Group's operations</u>

The following aspects of the Group's mining operations are particularly relevant when looking at the potential impacts of climate change on the operational performance and value of the Group's mining operations:

- The Group's mining business is focused on copper. The transition to a low-carbon economy requires many carbon reduction measures with two major drivers being the increased demand for renewable energy and the electrification of transportation systems. As copper is a primary component in these technologies, this is expected to have a positive impact on copper demand in the medium- to long-term.

- The Group has been working to eliminate its involvement with coal-fired electricity generation. The Group has electricity supply contracts in place which mean that from 2022 all of the mining operations' electricity supply will be from renewable sources.

- The Group's sensitivity analysis has identified an increased risk of drought in the Coquimbo region where Los Pelambres is situated as one of the principal potential climate related physical risks for the Group. In the Atacama region where Antucoya, Centinela and Zaldívar are situated, water scarcity has always been acute and is expected to remain so. The Group has been focused on reducing its use of continental fresh water for a number of years, through the use of sea water and maximising the level of recycling of water in its operations. Centinela and Antucoya were designed to operate entirely with raw (i.e. non-desalinated) sea water. Los Pelambres is currently constructing a desalination plant, and by 2025 this will result in 95% of its water usage coming from desalinated sea water or recycled water. Zaldívar has submitted an Environmental Impact Assessment for an extension of its mine life to 2031 and this includes an application to extend the mine's water extraction rights from 2025, when they currently expire.

<u>Relevant aspects of the asset sensitivity and valuation analysis</u>

The nature of the asset sensitivity and valuation analysis described above means that some level of assessment of potential future climate-related risks should effectively already be incorporated into a number of the key assumptions used in this analysis. As explained above, the Group typically uses a "fair value less cost to dispose" methodology when performing this analysis, which reflects the price the Group could expect to receive from the sale of the asset to an external market participant. Accordingly, the Group uses assumptions which an external market participant could reasonably be expected to use when valuing the asset. Therefore, where possible the Group uses assumptions which are supported by external market data – in particular, in respect of the forecasts for the future copper price, the future US dollar / Chilean peso exchange rate and the discount rate. This market data should reflect the market's current best estimate of the risks and opportunities impacting, for example, the future copper price or comparable mining assets etc – including within those overall risks and opportunities the market's current assessment of the probable impact of climate-related factors.

5. Segmental analysis

The Group's reportable segments are as follows:

- Los Pelambres
- Centinela
- Antucoya
- Zaldívar
- Exploration and evaluation
- Corporate and other items
- Transport division

For management purposes, the Group is organised into two business divisions based on their products – Mining and Transport. The mining division is split further for management reporting purposes to show results by mine and exploration activity. Los Pelambres produces primarily copper concentrate and molybdenum as a by-product. Centinela produces copper concentrate containing gold as a by-product, molybdenum concentrates and copper cathodes. Antucoya and Zaldívar produce copper cathodes. The transport division provides rail and road cargo transport together with a number of ancillary services. All the operations are based in Chile. The Exploration and evaluation segment incurs exploration and evaluation expenses. "Corporate and other items" comprises costs incurred by the Company, Antofagasta Minerals S.A., the Group's mining corporate centre and other entities, 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.

The Chief Operating decision-maker (the Group's Chief Executive Officer) monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and 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 30.06.2021 (Unaudited)

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Transport division**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	1,878.7	1,289.6	336.4	-	-	-	**3,504.7**	86.3	**3,591.0**
Operating costs excluding depreciation	(531.8)	(458.1)	(177.4)	-	(52.3)	(35.2)	**(1,254.8)**	(52.5)	**(1,307.3)**
Depreciation and amortisation	(132.5)	(282.5)	(46.9)	-	-	(5.6)	**(467.5)**	(15.0)	**(482.5)**
Loss on disposals	-	-	-	-	-	-	**-**	(0.6)	**(0.6)**
Operating profit/(loss)	1,214.4	549.0	112.1	-	(52.3)	(40.8)	**1,782.4**	18.2	**1,800.6**
Net share of income/(loss) from associates and joint ventures	-	-	-	24.5	-	(5.1)	19.4	-	19.4
Investment income	0.9	0.8	0.2	-	-	1.0	2.9	-	2.9
Interest expense	(1.9)	(9.2)	(7.4)	-	-	(14.5)	(33.0)	(0.5)	(33.5)
Other finance items	(2.7)	(2.3)	(0.4)	-	-	(0.1)	(5.5)	(0.4)	(5.9)
Profit/(loss) before tax	1,210.7	538.3	104.5	24.5	(52.3)	(59.5)	**1,766.2**	17.3	**1,783.5**
Tax	(395.1)	(157.6)	(3.2)	-	-	(96.9)	**(652.8)**	(9.1)	**(661.9)**
Profit/(loss) for the period	815.6	380.7	101.3	24.5	(52.3)	(156.4)	**1,113.4**	8.2	**1,121.6**
Non-controlling interests	322.9	106.8	26.5	-	-	0.1	**456.3**	-	**456.3**
Profit/(loss) for the period attributable to owners of the parent	492.7	273.9	74.8	24.5	(52.3)	(156.5)	**657.1**	8.2	**665.3**
EBITDA[1]	1,346.9	831.5	159.0	76.4	(52.3)	(40.4)	**2,321.1**	36.0	**2,357.1**
Additions to non-current assets									
Capital expenditure [3]	460.7	346.6	25.5	-	-	6.2	**839.0**	10.4	**849.4**
Segment assets and liabilities									
Segment assets	6,171.1	6,236.6	1,704.4	-	-	1,794.9	**15,907.0**	383.9	**16,290.9**
Investments in associates and joint ventures	-	-	-	933.5	-	-	**933.5**	5.6	**939.1**
Segment liabilities	(2,873.6)	(1,875.5)	(673.2)	-	-	(1,246.3)	**(6,668.6)**	(92.7)	**(6,761.3)**

[1] EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.
[2] Operating cash outflow in the exploration and evaluation segment was $40.0 million.
[3] The capital expenditure shown above excludes $46.3 million in respect of leases.

For the six months ended 30.06.2020 (Unaudited)

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Transport division**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	1,086.9	759.4	222.9	-	-	-	**2,069.2**	69.6	**2,138.8**
Operating costs excluding depreciation	(447.8)	(449.8)	(158.2)	-	(44.2)	(25.5)	**(1,125.5)**	(43.4)	**(1,168.9)**
Depreciation and amortisation	(126.2)	(301.4)	(48.6)	-	-	(3.8)	**(480.0)**	(15.3)	**(495.3)**
Loss on disposals	(0.6)	-	-	-	-	-	**(0.6)**	(0.7)	**(1.3)**
Operating profit/(loss)	512.3	8.2	16.1	-	(44.2)	(29.3)	**463.1**	10.2	**473.3**
Net share of (loss)/income from associates and joint ventures	-	-	-	(0.2)	-	(2.3)	(2.5)	0.2	(2.3)
Impairment of investment in associate[3]	-	(95.6)	-	-	-	-	(95.6)	14.8	(80.8)
(Loss)/profit from associates and joint ventures	-	(95.6)	-	(0.2)	-	(2.3)	(98.1)	15.0	(83.1)
Investment income	3.8	3.7	0.6	-	-	8.5	16.6	0.1	16.7
Interest expense	(2.3)	(14.8)	(17.0)	-	-	(9.4)	(43.5)	(1.1)	(44.6)
Other finance items	11.9	10.2	(0.2)	-	-	1.8	23.7	1.5	25.2
Profit/(loss) before tax	525.7	(88.3)	(0.5)	(0.2)	(44.2)	(30.7)	**361.8**	25.7	**387.5**
Tax	(161.3)	26.4	(0.3)	-	-	1.0	**(134.2)**	(8.2)	**(142.4)**
Profit/(loss) for the period	364.4	(61.9)	(0.8)	(0.2)	(44.2)	(29.7)	**227.6**	17.5	**245.1**
Non-controlling interests	141.3	(25.7)	(5.7)	-	-	-	**109.9**	-	**109.9**
Profit/(loss) for the period attributable to owners of the parent	223.1	(36.2)	4.9	(0.2)	(44.2)	(29.7)	**117.7**	17.5	**135.2**
EBITDA[1]	639.1	309.6	64.7	42.8	(44.2)	(27.8)	**984.2**	28.6	**1,012.8**
Additions to non-current assets									
Capital expenditure	348.3	191.0	23.3	-	-	2.3	**564.9**	15.8	**580.7**
Segment assets and liabilities									
Segment assets	4,716.5	5,670.7	1,597.6	-	-	1,363.1	**13,347.9**	368.5	**13,716.4**
Investments in associates and joint ventures	-	-	-	961.5	-	-	**961.5**	6.4	**967.9**
Segment liabilities	(1,813.5)	(1,684.6)	(685.7)	-	-	(624.8)	**(4,808.6)**	(92.8)	**(4,901.4)**

[1] EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.

[2] During the period, operating cash outflow used in the exploration and evaluation segment was $41.0 million.

[3] On 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. (“ENGIE”), the owner of the remaining 60% interest. This has resulted in a $80.8 million impairment in respect of the Group’s investment in associate balance.

For the year ended 31.12.2020 (Audited)

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Transport division**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	2,655.1	1,844.5	480.3	-	-	-	**4,979.9**	149.4	**5,129.3**
Operating costs excluding depreciation	(992.1)	(932.8)	(314.5)	-	(85.1)	(66.2)	**(2,390.7)**	(91.4)	**(2,482.1)**
Depreciation and amortisation	(252.6)	(662.9)	(94.6)	-	-	(7.8)	**(1,017.9)**	(30.8)	**(1,048.7)**
Loss on disposals	(2.5)	(1.8)	-	-	-	-	**(4.3)**	(2.0)	**(6.3)**
Operating profit/(loss)	1,407.9	247.0	71.2	-	(85.1)	(74.0)	**1,567.0**	25.2	**1,592.2**
Equity accounting profit /(loss)	-	-	-	12.2	-	(6.5)	5.7	(0.6)	5.1
Impairment of investment in associate[3]	-	(95.6)	-	-	-	-	(95.6)	14.8	(80.8)
Net share of results from associates and joint ventures	-	(95.6)	-	12.2	-	(6.5)	**(89.9)**	14.2	(75.7)
Investment income	4.7	4.3	0.8	-	-	9.0	18.8	0.1	18.9
Interest expense	(4.3)	(24.9)	(25.5)	-	-	(20.7)	(75.4)	(1.7)	(77.1)
Other finance items	(26.0)	(13.7)	(4.0)	-	-	(5.5)	(49.2)	4.0	(45.2)
Profit/(loss) before tax	1,382.3	117.1	42.5	12.2	(85.1)	(97.7)	**1,371.3**	41.8	**1,413.1**
Tax	(435.8)	(23.0)	(0.3)	-	-	(59.2)	**(518.3)**	(8.2)	**(526.5)**
Profit/(loss) for the year from continuing operations	**946.5**	**94.1**	**42.2**	**12.2**	**(85.1)**	**(156.9)**	**853.0**	**33.6**	**886.6**
Profit for the period from discontinued operations	-	-	-	-	-	7.3	**7.3**	-	**7.3**
Profit/(loss) for the year	**946.5**	**94.1**	**42.2**	**12.2**	**(85.1)**	**(149.6)**	**860.3**	**33.6**	**893.9**
Non-controlling interests	371.5	12.9	3.1	-	-	-	**387.5**	-	**387.5**
Profit/(loss) for the period attributable to owners of the parent	575.0	81.2	39.1	12.2	(85.1)	(149.6)	**472.8**	33.6	**506.4**
EBITDA[1]	1,663.0	911.7	165.8	95.5	(85.1)	(72.7)	**2,678.2**	61.0	**2,739.2**
Additions to non-current assets									
Capital expenditure	827.3	441.8	44.6	-	-	8.4	**1,322.1**	26.2	**1,348.3**
Segment assets and liabilities									
Segment assets	5,475.9	5,898.8	1,641.5	-	-	2,286.9	**15,303.1**	386.6	**15,689.7**
Investments in associates and joint ventures	-	-	-	909.0	-	-	**909.0**	5.6	**914.6**
Segment liabilities	(2,700.1)	(1,823.2)	(702.5)	-	-	(1,202.6)	**(6,428.4)**	(94.8)	**(6,523.2)**

[1] EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.

[2] Operating cash outflow in the exploration and evaluation segment was $43.1 million

[3] On 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. (“ENGIE”), the owner of the remaining 60% interest. This has resulted in a $80.8 million impairment in respect of the Group’s investment in associate balance.

b) Entity wide disclosures

Revenue by product[1]

	Six months Ended 30.06.2021	Six months ended 30.06.2020	Year ended 31.12.2020
	$m	$m	$m
Copper			
- Los Pelambres	**1,646.2**	950.1	2,323.6
- Centinela concentrates	**785.9**	350.1	940.4
- Centinela cathodes	**325.8**	263.4	603.9
- Antucoya	**336.4**	222.9	480.3
Gold			
- Los Pelambres	**45.5**	46.8	106.4
- Centinela	**138.3**	134.8	251.3
Molybdenum			
- Los Pelambres	**161.2**	74.7	181.8
- Centinela	**23.5**	1.3	27.7
Silver			
- Los Pelambres	**25.8**	15.3	43.3
- Centinela	**16.1**	9.8	21.2
Total Mining	**3,504.7**	2,069.2	4,979.9
Transport division	**86.3**	69.6	149.4
	3,591.0	2,138.8	5,129.3

Revenue by location of customer[1]

	Six months ended 30.06.2021	Six months ended 30.06.2020	Year ended 31.12.2020
	$m	$m	$m
Europe			
- United Kingdom	**37.5**	45.4	123.3
- Switzerland	**778.2**	185.5	593.5
- Spain	**33.2**	7.7	29.3
- Germany	**62.6**	32.5	116.4
- Rest of Europe	**104.4**	34.0	92.3
Latin America			
- Chile	**139.2**	86.4	224.4
- Rest of Latin America	**110.9**	120.3	182.0
North America			
- United States	**350.5**	110.7	216.5
Asia Pacific			
- Japan	**811.6**	560.3	1,631.1
- China	**466.2**	310.5	531.4
- Singapore	**419.7**	324.9	667.5
- South Korea	**115.3**	128.7	353.4
- Hong Kong	**52.1**	68.3	235.7
- Rest of Asia	**109.6**	123.6	132.5
	3,591.0	2,138.8	5,129.3

[1] Figures include both revenue from the sale of products and the associated income from the provision of shipping services.

Information about major customers

In the first half of 2021 the Group´s mining revenue included $458.1 million related to one large customer that individually accounted for more than 10% of the Group's revenue (six months ended 30 June 2020 – one large customer representing $294.2 million; year ended 31 December 2020 – one large customer representing $763.4 million).

Non-current assets by location of asset

	Six months Ended 30.06.2021	Six months ended 30.06.2020	Year ended 31.12.2020
	$m	$m	$m
- Chile	**11,503.1**	10,887.1	11,092.7
- USA	**178.2**	177.7	178.3
- Other	**-**	0.1	-
	11,681.3	11,064.9	11,271.0

The above amounts reflect non-current assets excluding financial assets (in particular, derivative financial instruments) and deferred tax assets.

6. Revenue

Copper and molybdenum concentrate sale contracts and copper cathode sale contracts 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 four months after shipment to the customer. For sales contracts which contains provisional pricing mechanisms the total receivable balance is measured at fair value through profit or loss. Gains and losses from the mark-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade receivables 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.

The Group sells a significant proportion of its products on Cost, Insurance & Freight (CIF) Incoterms, which means that the Group is responsible for shipping the product to a destination port specified by the customer. The shipping service represents a separate performance obligation, and is recognised separately from the sale of the material over time as the shipping service is provided.

The total revenue from contracts with customers and the impact of provisional pricing adjustments in respect of concentrate and cathode sales is as follows:

	Six months Ended 30.06.2021	Six months ended 30.06.2020	Year ended 31.12.2020
	$m	$m	$m
Revenue from contracts with customers			
Sale of products	**3,136.3**	2,041.7	4,617.3
Provision of shipping services associated with the sale of products	**50.6**	54.8	95.4
Transport services	**86.3**	69.6	149.4
Provisional pricing adjustments in respect of copper, gold and molybdenum	**317.8**	(27.3)	267.2
Total revenue	**3,591.0**	2,138.8	5,129.3

The categories of revenue which are principally affected by different economic factors are the individual product types. A summary of revenue by product is set out in Note 5.

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 that follow.

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

For the period ended 30 June 2021[1]

	$m	$m	$m	$m	$m	$m	$m	$m
	Los Pelambres Copper concentrate	**Centinela** Copper concentrate	**Centinela** Copper cathodes	**Antucoya** Copper cathodes	**Los Pelambres** Gold in concentrate	**Centinela** Gold in concentrate	**Los Pelambres** Molybdenum concentrate	**Centinela** Molybdenum concentrate
Provisionally invoiced gross sales	**1,510.3**	**726.5**	**351.2**	**367.3**	**47.6**	**144.6**	**136.7**	**20.9**
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	**(58.7)**	**(26.8)**	**0.1**	**(0.5)**	**-**	**(0.9)**	**0.2**	**(0.3)**
Settlement of sales invoiced in the previous year	**175.1**	**74.7**	**1.8**	**1.5**	**(1.0)**	**(4.0)**	**6.4**	**1.2**
Total effect of adjustments to previous year invoices in the current period	**116.4**	**47.9**	**1.9**	**1.0**	**(1.0)**	**(4.9)**	**6.6**	**0.9**
Effects of pricing adjustments to current period invoices								
Settlement of sales invoiced in the current period	**107.5**	**59.3**	**8.8**	**7.0**	**(1.0)**	**(0.9)**	**19.9**	**2.4**
Mark-to-market adjustments at the end of the current period	**(45.0)**	**(21.2)**	**(0.6)**	**(0.9)**	**-**	**(0.2)**	**10.8**	**3.1**
Total effect of adjustments to current period invoices	**62.5**	**38.1**	**8.2**	**6.1**	**(1.0)**	**(1.1)**	**30.7**	**5.5**
Total pricing adjustments	**178.9**	**86.0**	**10.1**	**7.1**	**(2.0)**	**(6.0)**	**37.3**	**6.4**
Realised losses on commodity derivatives	**-**	**-**	**(35.5)**	**(38.0)**	**-**	**-**	**-**	**-**
Revenue before deducting tolling charges	**1,689.2**	**812.5**	**325.8**	**336.4**	**45.6**	**138.6**	**174.0**	**27.3**
Tolling charges	**(43.0)**	**(26.6)**	**-**	**-**	**(0.1)**	**(0.3)**	**(12.8)**	**(3.8)**
Revenue net of tolling charges	**1,646.2**	**785.9**	**325.8**	**336.4**	**45.5**	**138.3**	**161.2**	**23.5**

The revenue from the individual products shown in the above table is reconciled to total revenue in Note 5.

[1]Figures include both revenue from the sale of products and the associated income from the provision of shipping services.

For the period ended 30 June 2020[1]

	Los Pelambres	Centinela	Centinela	Antucoya	Los Pelambres	Centinela	Los Pelambres	Centinela
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate	Molybdenum concentrate
	$m	$m	$m	$m	$m	$m	$m	$m
Provisionally invoiced gross sales	**1,019.8**	**398.9**	**263.6**	**225.1**	**45.9**	**130.1**	**94.0**	**2.5**
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	**(29.1)**	**(15.2)**	**(0.4)**	**(0.4)**	**-**	**(1.2)**	**0.4**	**-**
Settlement of sales invoiced in the previous year	**(43.6)**	**(18.7)**	**(0.3)**	**(0.4)**	**0.2**	**3.7**	**(1.5)**	**-**
Total effect of adjustments to previous year invoices in the current period	**(72.7)**	**(33.9)**	**(0.7)**	**(0.8)**	**0.2**	**2.5**	**(1.1)**	**-**
Effects of pricing adjustments to current period invoices								
Settlement of sales invoiced in the current period	**(1.2)**	**(9.2)**	**(0.7)**	**(2.7)**	**0.8**	**1.5**	**(1.7)**	**(0.2)**
Mark-to-market adjustments at the end of the current period	**66.5**	**25.6**	**1.2**	**1.3**	**-**	**1.1**	**(3.3)**	**-**
Total effect of adjustments to current period invoices	**65.3**	**16.4**	**0.5**	**(1.4)**	**0.8**	**2.6**	**(5.0)**	**(0.2)**
Total pricing adjustments	**(7.4)**	**(17.5)**	**(0.2)**	**(2.2)**	**1.0**	**5.1**	**(6.1)**	**(0.2)**
Revenue before deducting tolling charges	**1,012.4**	**381.4**	**263.4**	**222.9**	**46.9**	**135.2**	**87.9**	**2.3**
Tolling charges	**(62.3)**	**(31.3)**	**-**	**-**	**(0.1)**	**(0.4)**	**(13.2)**	**(1.0)**
Revenue net of tolling charges	**950.1**	**350.1**	**263.4**	**222.9**	**46.8**	**134.8**	**74.7**	**1.3**

The revenue from the individual products shown in the above table is reconciled to total revenue in Note 5.

[1]Figures include both revenue from the sale of products and the associated income from the provision of shipping services.

For the year ended 31 December 2020[1]

	$m	$m	$m	$m	$m	$m	$m	$m
	Los Pelambres	Centinela	Centinela	Antucoya	Los Pelambres	Centinela	Los Pelambres	Centinela
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	**2,256.7**	**949.3**	**594.8**	**474.8**	**104.9**	**250.6**	**205.0**	**31.6**
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	**(29.1)**	**(15.2)**	**(0.4)**	**(0.4)**	**-**	**(1.2)**	**0.4**	**-**
Settlement of sales invoiced in the previous year	**(43.6)**	**(18.7)**	**(0.3)**	**(0.3)**	**0.2**	**3.7**	**(1.5)**	**(0.2)**
Total effect of adjustments to previous year invoices in the current period	**(72.7)**	**(33.9)**	**(0.7)**	**(0.7)**	**0.2**	**2.5**	**(1.1)**	**(0.2)**
Effects of pricing adjustments to current period invoices								
Settlement of sales invoiced in the current period	**194.5**	**67.0**	**11.2**	**7.8**	**1.5**	**(2.0)**	**4.6**	**2.1**
Mark-to-market adjustments at the end of the current period	**58.7**	**26.8**	**(0.1)**	**0.5**	**-**	**0.9**	**(0.2)**	**0.3**
Total effect of adjustments to current period invoices	**253.2**	**93.8**	**11.1**	**8.3**	**1.5**	**(1.1)**	**4.4**	**2.4**
Total pricing adjustments	**180.5**	**59.9**	**10.4**	**7.6**	**1.7**	**1.4**	**3.3**	**2.2**
Realised losses on commodity derivatives	**-**	**-**	**(1.3)**	**(2.1)**	**-**	**-**	**-**	**-**
Revenue before deducting tolling charges	**2,437.2**	**1,009.2**	**603.9**	**480.3**	**106.6**	**252.0**	**208.3**	**33.8**
Tolling charges	**(113.6)**	**(68.8)**	**-**	**-**	**(0.2)**	**(0.7)**	**(26.5)**	**(6.1)**
Revenue net of tolling charges	**2,323.6**	**940.4**	**603.9**	**480.3**	**106.4**	**251.3**	**181.8**	**27.7**

The revenue from the individual products shown in the above table is reconciled to total revenue in Note 5.
[1]Figures include both revenue from the sale of products and the associated income from the provision of shipping services.

(i) ***Copper concentrate***

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

		At 30.06.2021	At 30.06.2020	At 31.12.2020
Sales	Tonnes	**166,000**	153,400	162,300
Average mark-to-market price	$/lb	**4.25**	2.73	3.52
Average provisional invoice price	$/lb	**4.43**	2.44	3.28

(ii) ***Copper cathodes***

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

		At 30.06.2021	At 30.06.2020	At 31.12.2020
Sales	Tonnes	**12,000**	15,400	13,800
Average mark-to-market price	$/lb	**4.25**	2.73	3.52
Average provisional invoice price	$/lb	**4.31**	2.65	3.50

(iii) ***Gold in concentrate***

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

		At 30.06.2021	At 30.06.2020	At 31.12.2020
Sales	Ounces	**19,200**	11,500	16,300
Average mark-to-market price	$/oz	**1,781**	1,776	1,917
Average provisional invoice price	$/oz	**1,791**	1,677	1,861

(iv) ***Molybdenum concentrate***

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

		At 30.06.2021	At 30.06.2020	At 31.12.2020
Open Sales	Tonnes	**1,700**	2,000	2,000
Average mark-to-market price	$/lb	**18.14**	8.01	9.34
Average provisional invoice price	$/lb	**14.31**	8.76	9.38

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 receivables in the balance sheet. The effect of mark-to-market adjustments on the balance sheet at the end of each period are as follows:

	Gain/(loss) on debtors of period end mark-to-market adjustments		
	Six months ended 30.06.2021	Six months ended 30.06.2020	Year ended 31.12.2020
	$m	$m	$m
Los Pelambres - copper concentrate	**(45.0)**	66.5	58.7
Los Pelambres - molybdenum concentrate	**10.8**	(3.3)	(0.2)
Centinela - copper concentrate	**(21.2)**	25.6	26.8
Centinela - molybdenum concentrate	**3.1**	-	0.3
Centinela - gold in concentrate	**(0.2)**	1.1	0.9
Centinela - copper cathodes	**(0.6)**	1.2	(0.1)
Antucoya - copper cathodes	**(0.9)**	1.3	0.5
	(54.0)	92.4	86.9

7. Financial instruments

a) Categories of financial instruments

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

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	**Total**
				Six months ended 30.06.2021
	$m	**$m**	**$m**	**$m**
Financial assets				
Derivative financial assets	0.3	-	-	**0.3**
Equity investments	-	9.8	-	**9.8**
Loans and receivables	541.9	-	107.4	**649.3**
Cash and cash equivalents	-	-	1,260.0	**1,260.0**
Liquid investments	2,979.9	-	-	**2,979.9**
	3,522.1	**9.8**	**1,367.4**	**4,899.3**
Financial liabilities				
Derivative financial liabilities	(51.4)	-	-	**(51.4)**
Trade and other payables	-	-	(1,018.4)	**(1,018.4)**
Borrowings and leases	-	-	(3,538.6)	**(3,538.6)**
	(51.4)	**-**	**(4,557.0)**	**(4,608.4)**

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	**Total**
				Six months ended 30.06.2020
	$m	**$m**	**$m**	**$m**
Financial assets				
Equity investments	-	10.2	-	**10.2**
Loans and receivables	468.5	-	80.9	**549.4**
Cash and cash equivalents	-	-	796.0	**796.0**
Liquid investments	1,571.6	-	-	**1,571.6**
	2,040.1	**10.2**	**876.9**	**2,927.2**
Financial liabilities				
Derivative financial liabilities	(16.8)	-	-	**(16.8)**
Trade and other payables	(3.3)	-	(615.3)	**(618.6)**
Borrowings and leases	-	-	(2,687.1)	**(2,687.1)**
	(20.1)	**-**	**(3,302.4)**	**(3,322.5)**

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	**Total**
				For the year ended 31.12.2020
	$m	**$m**	**$m**	**$m**
Financial assets				
Derivative financial assets	1.4	-	-	**1.4**
Equity investments	-	11.1	-	**11.1**
Loans and receivables	808.0	-	184.6	**992.6**
Cash and cash equivalents	-	-	1,246.8	**1,246.8**
Liquid investments	2,426.0	-	-	**2,426.0**
	3,235.4	**11.1**	**1,431.4**	**4,677.9**
Financial liabilities				
Derivative financial liabilities	(37.4)	-	-	**(37.4)**
Trade and other payables	(0.3)	-	(815.8)	**(816.1)**
Borrowings and leases	-	-	(3,754.8)	**(3,754.8)**
	(37.7)	**-**	**(4,570.6)**	**(4,608.3)**

The fair value of the fixed rate bond included within the "Borrowings and leases" category was $483.6 million at 30 June 2021 (six months ended 30 June 2020 - nil; year ended 31 December 2020 - $503.5 million) compared with its carrying value of $495.7 million (six months ended 30 June 2020 - nil; year ended 31 December 2020 - $495.6 million). The fair value of all other financial assets and financial liabilities carried at amortised cost is not materially different from the carrying value presented above.

Fair value of financial instruments

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

	Six months ended 30.06.2021			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Derivatives financial assets (a)	-	0.3	-	**0.3**
Equity investments (b)	9.8	-	-	**9.8**
Loans and receivables (c)	-	541.9	-	**541.9**
Liquid investment (d)	2,979.9	-	-	**2,979.9**
	2,989.7	542.2	-	**3,531.9**
Financial liabilities				
Derivatives financial liabilities (a)	-	(51.4)	-	**(51.4)**
Trade and other payables	-	-	-	**-**
	-	(51.4)	-	**(51.4)**

	Six months ended 30.06.2020			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Equity investments (b)	10.2	-	-	**10.2**
Loans and receivables (c)	-	468.5	-	**468.5**
Liquid investment (d)	1,571.6	-	-	**1,571.6**
	1,581.8	468.5	-	**2,050.3**
Financial liabilities				
Derivatives financial liabilities (a)	-	(16.8)	-	**(16.8)**
Trade and other payables	-	(3.3)	-	**(3.3)**
	-	(20.1)	-	**(20.1)**

	For the year ended 31.12.2020			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Derivatives financial assets (a)	-	1.4	-	**1.4**
Equity investments (b)	11.1	-	-	**11.1**
Loans and receivables (c)	-	808.0	-	**808.0**
Liquid investment (d)	2,426.0	-	-	**2,426.0**
	2,437.1	809.4	-	**3,246.5**
Financial liabilities				
Derivatives financial liabilities (a)	-	(37.4)	-	**(37.4)**
Trade and other payables	-	(0.3)	-	**(0.3)**
	-	(37.7)	-	**(37.7)**

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

a) 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. Hedging instruments at 30 June 2021 relate to commodity options.

b) Equity 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.

c) 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 receivables 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.

d) Liquid investments 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 ended 30 June 2021, there were no transfers between levels in the hierarchy.

b) Derivative financial instruments

The Group periodically uses derivative financial instruments to reduce exposure to foreign exchange, interest rate and commodity price movements. The Group does not use such derivative instruments for trading purposes. The Group has applied the hedge accounting provisions of IFRS 9 *Financial Instruments*. The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in profit or loss in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in profit or loss. Realised gains and losses on commodity derivatives recognised in profit or loss are recorded within revenue. The time value element of changes in the fair value of derivative options is recognised within other comprehensive income. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value. Changes in fair value are reported in profit or loss for the year.

8. Net finance expense

	Six months ended 30.06.2021 $m	Six months ended 30.06.2020 $m	Year ended 31.12.2020 $m
Investment income			
Interest receivable	**1.5**	2.5	3.4
Gains on fair value through profit or loss	**1.4**	14.2	15.5
	2.9	16.7	18.9
Interest expense			
Interest expense	**(33.5)**	(44.6)	(77.1)
	(33.5)	(44.6)	(77.1)
Other finance items			
Unwinding of discount on provisions	**(3.4)**	(3.7)	(16.7)
Preference dividends	**(0.1)**	(0.1)	(0.1)
Foreign exchange	**(2.4)**	29.0	(28.4)
	(5.9)	25.2	(45.2)
Net finance expense	**(36.5)**	(2.7)	(103.4)

In the six months ended 30 June 2021 amounts capitalised and consequently not included within the above table were as follows: $10.0 million at Los Pelambres (six months ended 30 June 2020 – $7.4 million; year ended 31 December 2020 - $21.0 million) and $0.9 million at Centinela (six months ended 30 June 2020 – $2.9 million; year ended 31 December 2020 - $5.7 million). The interest expense shown above includes $4.2 million in respect of leases (six months ended 30 June 2020 – $5.1 million; year ended 31 December 2020 - $9.7 million).

9. Taxation

The tax charge for the period comprised the following:

	Six months ended 30.06.2021 $m	Six months ended 30.06.2020 $m	Year ended 31.12.2020 $m
Current tax charge			
Corporate tax (principally first category tax in Chile)	**(352.8)**	(132.7)	(353.5)
Mining tax (royalty)	**(135.5)**	(30.2)	(106.1)
Withholding tax	**(55.1)**	(34.0)	(55.8)
Exchange gains on corporate tax balances	**-**	-	0.1
	(543.4)	(196.9)	(515.3)
Deferred tax			
Corporate tax (principally first category tax in Chile)	**(70.1)**	24.2	(1.1)
Mining tax (royalty)	**7.9**	(2.4)	4.2
Withholding tax	**(56.3)**	32.7	(14.3)
	(118.5)	54.5	(11.2)
Total tax charge (income tax expense)	**(661.9)**	(142.4)	(526.5)

The rate of first category (i.e. corporate) tax in Chile is 27.0% (2020 – 27.0%).

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile. 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.

The Group’s mining operations are also subject to a mining tax (royalty). Production from Los Pelambres, Antucoya, Encuentro (oxides), the Tesoro North East pit and the Run-of-Mine processing at Centinela Cathodes is subject to a rate of between 5–14%, depending on the level of operating profit margin, and production from Centinela Concentrates and the Tesoro Central and Mirador pits is subject to a rate of 5% of taxable operating profit.

	Six months ended 30.06.2021		Six months ended Excluding exceptional items 30.06.2020		Six months ended Including exceptional items 30.06.2020		Year ended Excluding exceptional items 31.12.2020		Year ended Including exceptional items 31.12.2020	
	$m	**%**	**$m**	**%**	**$m**	**%**	**$m**	**%**	**$m**	**%**
Profit before tax	**1,783.5**	**-**	468.3	-	387.5	-	1,493.9	-	1,413.1	
Tax at the Chilean corporate tax rate of 27%	**(481.6)**	**27.0**	(126.5)	27.0	(104.6)	27.0	(403.4)	27.0	(381.5)	27.0
Impairment of investment in associate	**-**	**-**	-	-	(2.2)	0.6	-	-	(2.2)	0.2
Mining Tax (royalty)	**(128.5)**	**7.2**	(28.3)	6.0	(28.3)	7.2	(101.3)	6.8	(101.3)	7.2
Deduction of mining royalty as an allowable expense in determination of first category tax	**36.0**	**(2.0)**	7.6	(1.6)	7.6	(1.9)	28.1	(1.9)	28.1	(2.0)
Items not deductible from first category tax	**(7.2)**	**0.4**	(7.2)	1.5	(7.2)	1.8	(9.8)	0.7	(9.8)	0.6
Adjustment in respect of prior years	**0.8**	**-**	(2.0)	0.4	(2.0)	0.5	(1.6)	0.1	(1.6)	0.1
Withholding tax	**(111.3)**	**6.2**	(1.3)	0.3	(1.3)	0.3	(70.0)	4.7	(70.0)	5.0
Tax effect of share of profit of associates and joint ventures	**5.2**	**(0.3)**	0.7	(0.1)	0.7	(0.1)	1.4	(0.1)	1.4	(0.1)
Reversal of previously unrecognised tax losses/(unrecognised tax losses	**24.7**	**(1.4)**	(5.1)	1.1	(5.1)	1.3	10.5	(0.7)	10.5	(0.7)
Net other items	**-**	**-**	-	-	-	-	(0.1)	-	(0.1)	-
Tax expense and effective tax rate for the period	**(661.9)**	**37.1**	**(162.1)**	**34.6**	**(142.4)**	**36.7**	**(546.2)**	**36.6**	**(526.5)**	**37.3**

The tax charge in the first half of 2021 was $661.9 million (first half of 2020 – $162.1 million excluding exceptional items and $142.4 million including exceptional items). The effective tax rate was 37.1% (first half of 2020 – 34.6% excluding exceptional items and 36.7% including exceptional items).

The effective tax rate varied from the statutory rate principally due to the mining tax (royalty) (net impact of $92.5 million / 5.2% including the deduction of the mining tax (royalty) as an allowable expense in the determination of first category tax), the withholding tax relating to the remittance of profits from Chile (impact of $111.3 million / 6.2%), items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $7.2 million / 0.4%), partly offset by unrecognised tax gains (impact of $24.7 million / 1.4%) and the impact of the recognition of the Group's share of profit from associates and joint ventures, which are included in the Group's profit before tax net of their respective tax charges (impact of $5.2 million / 0.3%).

The main factors which could impact the sustainability of the Group's existing effective tax rate are:

- The level of future distributions made by the Group's Chilean subsidiaries out of Chile, which could result in increased withholding tax charges.

- The impact of expenses which are not deductible for Chilean first category tax. Some of these expenses are relatively fixed costs, and so the relative impact of these expenses on the Group's effective tax rate will vary depending on the Group's total profit before tax in a particular year.

There are no significant tax uncertainties which would require critical judgements, estimates or potential provisions.

10. Discontinued operations

There were no profits from discontinued operations in the six months ended 2021.

In 2016 the Group disposed of Minera Michilla SA, with the profit on disposal, along with the results for that year, being presented on the "Profit for the period from discontinued operations" line in the income statement. The Group retained certain residual options over the Michilla operation, and in December 2020 the current owner of Michilla paid the Group $10.0 million in order to extinguish those options, resulting in a post-tax gain for the Group of $7.3 million. Consistent with the original presentation in 2016, this gain was reflected on the "Profit for the period from discontinued operations" line in the income statement for the year ended 2020.

11. Earnings per share

	Six months ended 30.06.2021	Six months ended 30.06.2020	Year ended 31.12.2020
	$m	$m	$m
Profit for the period attributable to equity holders of the Company (exc. exceptional items)	**665.3**	175.4	546.6
Exceptional Items	**-**	(40.2)	(40.2)
Less profit from discontinuing operations			(7.3)
Profit for the period attributable to equity holders of the Company (inc. exceptional items)	**665.3**	135.2	499.1

	Number	Number	Number
Ordinary shares in issue throughout each period	**985,856,695**	985,856,695	985,856,695

	Six months ended 30.06.2021	Six months ended 30.06.2020	Year ended 31.12.2020
	US cent	US cent	US cent
Basic earnings per share (exc. exceptional items)	**67.5**	17.8	54.7
Basic earnings per share (exceptional items)	-	(4.1)	(4.1)
Basic earnings per share (inc. exceptional items) from continuing operations	67.5	13.7	50.6
Basic earnings per share from discontinued operations	-	-	0.7
Total continuing and discontinued operations	67.5	13.7	51.3

Basic earnings per share are calculated as profit after tax and non-controlling interests, based on 985,856,695 (2020: 985,856,695) ordinary shares.

There was no potential dilution of earnings per share in either year set out above, and therefore diluted earnings per share did not differ from basic earnings per share as disclosed above.

12. Dividends

The Board has declared an interim dividend of 23.6 cents per ordinary share for the 2021 half year (2020 half year – 6.2 cents per ordinary share). Dividends are declared and paid gross. Dividends actually paid in the period and recognised as a deduction from net equity under IFRS were 48.5 cents per ordinary share (2020 half year – 7.1 cents per ordinary share), representing the final dividend declared in respect of the previous year.

The interim dividend will be paid on 1 October 2021 to ordinary shareholders that are on the register at the close of business on 3 September 2021. Shareholders can elect (on or before 6 September 2021) 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 9 September 2021). 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.

13. Intangible asset

	At 30.06.2021	At 30.06.2020	At 31.12.2020
	$m	$m	$m
Balance at the beginning of the year	**150.1**	150.1	150.1
Balance at the end of the period	**150.1**	150.1	150.1

The $150.1 million intangible asset reflects the value of Twin Metals' mining licences assets included within the corporate segment. These assets are classified as intangible assets as construction of the related mining operation has not yet commenced. When construction commences the licences will be transferred from intangible assets to the mining properties category within property, plant and equipment. Depreciation of these mining licences, along with the construction costs of the related mining operation, will commence when the operation is capable of commercial production.

14. Property, plant and equipment

	Mining	Railway and other transport	At 30.06.2021	At 30.06.2020	At 31.12.2020
	$m	$m	$m	$m	$m
Balance at the beginning of the year	9,582.7	269.2	**9,851.9**	9,556.7	9,556.7
Additions	885.1	10.6	**895.7**	574.2	1,348.3
Additions – depreciation capitalised	37.8	-	**37.8**	33.9	67.8
Capitalisation of critical spare parts	-	0.4	**0.4**	-	10.2
Capitalisation of interest	10.9	-	**10.9**	-	8.0
Adjustment to capitalised decommissioning provisions	(46.4)	-	**(46.4)**	-	59.4
Depreciation	(467.5)	(15.0)	**(482.5)**	(495.3)	(1,048.7)
Depreciation capitalised in PP&E	(37.8)	-	**(37.8)**	(33.9)	(67.8)
Depreciation capitalised in inventories	(9.8)	-	**(9.8)**	(40.9)	(74.8)
Asset disposals	(1.8)	(1.0)	**(2.8)**	(1.4)	(7.2)
Balance at the end of the period	9,953.2	264.2	**10,217.4**	9,593.3	9,851.9

During the six months ended 30 June 2021 $47.6 million of depreciation in respect of assets relating to Los Pelambres, Centinela and Antucoya has been capitalised within property, plant and equipment or inventories, and accordingly is excluded from the depreciation charge recorded in the income statement as shown in Note 5(a) (six months ended 30 June 2020- $74.8 million; year ended 31 December 2020 – $142.6 million).

At 30 June 2021 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $1,170.4 million (30 June 2020 - $924.4 million; 31 December 2020 - $849.5 million).

There have been no indicators of potential impairments during the period to 30 June 2021, and accordingly no impairment reviews have been performed as at 30 June 2021.

Depreciation capitalised in property, plant and equipment of $37.8 million related to the depreciation of assets used in mine development (operating stripping) at Centinela, Los Pelambres and Antucoya (30 June 2020 – $33.9 million; 31 December 2020 – $67.8 million).

15. Investment in associates and joint ventures

	ATI(ii)	Minera Zaldívar(iii)	Tethyan Copper(iv)	**At 30.06.2021**	At 30.06.2020	At 31.12.2020
	$m	**$m**	**$m**	**$m**	$m	$m
Balance at the beginning of the year	5.6	909.0	-	**914.6**	1,024.8	1,024.8
Obligations on behalf of JV	-	-	(1.1)	**(1.1)**	(1.8)	(1.8)
Capital contributions	-	-	5.5	**5.5**	25.3	31.1
Impairment of investment in associate (i)	-	-	-	**-**	(80.8)	(80.8)
Share of profit/(loss) before tax	-	35.7	(5.1)	**30.6**	(0.8)	12.4
Share of tax	-	(11.2)	-	**(11.2)**	(1.5)	(7.2)
Share of income/(loss) from associate	-	24.5	(5.1)	**19.4**	(2.3)	5.2
Dividends received	-	-	-	**-**	-	(65.0)
Balance at the end of the period	5.6	933.5	-	**939.1**	967.9	914.6
Obligations on behalf of JV	-	-	(0.7)	**(0.7)**	(2.7)	(1.1)

	ATI	Minera Zaldívar	Tethyan Copper	At 30.06.2021	At 30.06.2020	At 31.12.2020
	$m	$m	$m	$m	$m	$m
Net share of profit from associates and joint ventures	**-**	**24.5**	**(5.1)**	19.4	(2.3)	5.1

The investments which are included in the $938.4 million balance at 30 June 2021 are set out below:

Investment in associates

(i) On 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. This was part of the value accretive renegotiation of Centinela's power purchase agreement which as a result will be wholly supplied from lower cost renewable sources from 2022. Under the terms of the agreement the Group will dispose of its investment to Engie at the end of 2021 for a nominal consideration, and has not been entitled to receive any further dividend income from Hornitos from the date of the agreement. Accordingly, the Group no longer had any effective economic interest in the results or assets of Hornitos from 31 March 2020 onwards, and therefore recognised an impairment of $80.8 million in respect of its investment in associate balance during 2020, and no longer recognises any share of Hornitos' results. The post-tax impact of the provision was $61.1 million, of which $40.2 million was attributable to the equity owners of the Company.

(ii) The Group's 30% interest in ATI, which operates a concession to manage installations in the port of Antofagasta.

Investment in joint ventures

(iii) The Group's 50% interest in Minera Zaldívar SpA ("Zaldívar"). During 2020 the Group has received dividends of $65.0 million from Zaldívar and fully paid at January 2021.

(iv) The Group's 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation in respect of the Reko Diq project in Pakistan. Tethyan has been pursuing arbitration claims against the Islamic Republic of Pakistan ("Pakistan") following the unlawful denial of a mining lease for the project in 2011. Details in respect of the arbitration are set out in Note 22.

As the net carrying value of the interest in Tethyan is negative it is included within non-current liabilities, as the Group is liable for its share of the joint venture's obligations.

Summarised financial information for the associates at June 2021 is as follows:

ATI	**Total**	Total	Total
30.06.2021	**30.06.2021**	30.06.2020	31.12.2020

	$m	**$m**	$m	$m
Cash and cash equivalents	**1.1**	**1.1**	1.1	0.2
Current assets	**11.2**	**11.2**	13.6	11.3
Non-current assets	**104.0**	**104.0**	112.2	108.2
Current liabilities	**(18.2)**	**(18.2)**	(16.1)	(19.9)
Non-current liabilities	**82.0**	**82.0**	(91.8)	(83.5)
Revenue	**23.3**	**23.3**	23.4	40.4
Profit/(loss) from continuing operations	**-**	**-**	0.7	(1.9)

Summarised financial information for the joint ventures at June 2021 is as follows:

	Minera Zaldívar 30.06.2021	**Tethyan Copper 30.06.2021**	**Total 30.06.2021**	Total 30.06.2020	Total 31.12.2020
	$m	**$m**	**$m**	$m	$m
Cash and cash equivalents	**272.1**	**7.2**	**279.3**	170.8	285.2
Current assets	**702.6**	**0.1**	**702.7**	603	677.2
Non-current assets	**1,834.8**	**-**	**1,834.8**	1,814.9	1,856.3
Current liabilities	**(200.9)**	**(9.0)**	**(209.9)**	(105.2)	(296.2)
Non-current liabilities	**(707.2)**	**(0.2)**	**(707.4)**	(534.4)	(670.5)
Revenue	**394.6**	**-**	**394.6**	302.3	599.3
Profit/(loss) after tax	**48.9**	**(10.3)**	**38.6**	(5.1)	11.4
Other comprehensive expense	**-**	**-**	**-**	-	-
Total comprehensive income/(expense)	**48.9**	**(10.3)**	**38.6**	(5.1)	11.4

The above summarised financial information is based on the amounts included in the IFRS Financial Statements of the associate or joint venture (ie. 100% of the results or balances of the associate or joint venture, rather than the Group's proportionate share), after the Group's fair value adjustments.

16. Borrowings and leases

	At 30.06.2021	At 30.06.2020	At 31.12.2020
	$m	$m	$m
Los Pelambres			
Senior loan	**(1,185.2)**	(666.4)	(1,288.1)
Leases	**(77.5)**	(95.2)	(91.4)
Centinela			
Senior loan	**(441.7)**	(495.9)	(496.5)
Subordinated debt	**(177.2)**	(212.4)	(203.0)
Leases	**(79.6)**	(76.3)	(78.0)
Antucoya			
Senior loan	**(228.7)**	(293.5)	(261.1)
Subordinated debt	**(195.3)**	(187.5)	(191.5)
Short-term loan	**(75.0)**	(75.0)	(75.0)
Leases	**(27.8)**	(23.9)	(19.9)
Corporate and other items			
Senior loan	**(497.0)**	(499.6)	(496.6)
Bond	**(495.7)**	-	(495.6)
Leases	**(23.6)**	(16.9)	(18.6)
Railway and other transport services			
Senior loan	**(31.2)**	(41.4)	(36.5)
Leases	**(0.1)**	(0.6)	(0.3)
Preference shares	**(3.0)**	(2.5)	(2.7)
Total	**(3,538.6)**	(2,687.1)	(3,754.8)

At 30 June 2021 $682.3 million (30 June 2020 – $178.5 million; 31 December 2020 - $673.1 million) of the borrowings has fixed rate interest and $2,856.3 million (30 June 2020 - $2,508.6 million; 31 December 2020 - $2,554.9 million) has floating rate interest. The Group periodically enters into interest rate derivative contracts to manage its exposure to interest rates.

During the six months ended 30 June 2020 Antucoya made a $210 million repayment of the subordinated debt due to Marubeni which was replaced with equity.

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

	At 30.06.2021 $m	At 30.06.2020 $m	At 31.12.2020 $m
Profit before tax	**1,783.5**	387.5	1,413.1
Depreciation and amortisation	**482.5**	495.3	1,048.7
Net loss on disposals	**0.6**	1.3	6.3
Net finance expense	**36.5**	2.7	103.4
Net share of results from associates and joint ventures (exc. exceptional items)	**(19.4)**	2.3	(5.1)
Impairment of investment in associate	**-**	80.8	80.8
(Increase)/decrease in inventories	**(19.0)**	5.4	(13.6)
Decrease/(Increase) in debtors	**292.5**	106.2	(259.9)
(Decrease)/increase in creditors	**(85.9)**	(165.1)	31.0
(Decrease)/Increase in provisions	**(10.8)**	(9.5)	26.4
Cash flow from operations	**2,460.5**	906.9	2,431.1

18. Analysis of changes in net cash

	At 31.12.2020 $m	Cash flows $m	Fair value losses $m	New leases $m	Amortisation of finance costs $m	Capitalisation of interest $m	Other $m	Reclassification $m	Exchange $m	**At 30.06.2021 $m**
Cash and cash equivalents	1,246.8	20.5	-	-	-	-	-	-	(7.3)	**1,260.0**
Liquid investments	2,426.0	555.4	(1.5)	-	-	-	-	-	-	**2,979.9**
Total	3,672.8	575.9	(1.5)	-	-	-	-	-	(7.3)	**4,239.9**
Borrowings due within one year	(529.8)	228.5	-	-	-	-	(2.1)	(164.3)	-	**(467.7)**
Borrowings due after one year	(3,013.8)	-	-	-	(0.9)	(8.8)	(0.1)	164.3	-	**(2,859.3)**
Leases due within one year	(73.6)	9.0	-	-	-	-	(0.8)	(14.6)	-	**(80.0)**
Leases due after one year	(134.9)	33.7	-	(46.3)	-	-	1.2	14.6	3.1	**(128.6)**
Preference shares	(2.7)	-	-	-	-	-	-	-	(0.3)	**(3.0)**
Total borrowings	(3,754.8)	271.2	-	(46.3)	(0.9)	(8.8)	(1.8)	-	2.8	**(3,538.6)**
Net (debt)/cash	(82.0)	847.1	(1.5)	(46.3)	(0.9)	(8.8)	(1.8)	-	(4.5)	**701.3**

Net cash / (debt)

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

	At 30.06.2021 $m	At 30.06.2020 $m	At 31.12.2020 $m
Cash, cash equivalents and liquid investments	**4,239.9**	2,367.6	3,672.8
Total borrowings	**(3,538.6)**	(2,687.1)	(3,754.8)
Net cash / (debt)	**701.3**	(319.5)	(82.0)

19. Litigation and contingent liabilities

The Group is subject from time to time to legal proceedings, claims, complaints and investigations arising out of the ordinary course of business. The Group cannot predict the outcome of individual legal actions or claims or complaints or investigations. As a result, the Group may become subject to liabilities that could affect our business, financial position and reputation. Litigation is inherently unpredictable and large judgments may at times occur. The Group may incur, in the future, judgments or enter into settlements of claims that could lead to material cash outflows. The Group considers that no material loss to the Group is expected to result from the legal proceedings, claims, complaints and investigations that the Group is currently subject to. Provision is made for all liabilities that are expected to materialise through legal claims against the Group.

20. Tethyan arbitration award

In July 2019 the World Bank Group's International Centre for Settlement of Investment Disputes ("ICSID") awarded $5.84 billion in damages (compensation and accumulated interest as at the date of the award) to Tethyan Copper Company Pty Limited ("Tethyan"), the joint venture held equally by the Company and Barrick Gold Corporation, in relation to an arbitration claim filed against the Islamic Republic of Pakistan ("Pakistan") following the unlawful denial of a mining lease for the Reko Diq project in Pakistan in 2011.

Damages include compensation of $4.087 billion by reference to the fair market value of the Reko Diq project at the time of the mining lease denial, and interest until the date of the award of $1.753 billion. The Tribunal also awarded Tethyan just under $62 million in costs incurred in enforcing its rights. Compound interest applies to the compensation and cost awards from 12 July 2019 at a rate of US Prime +1% per annum until the award is paid.

Later in 2019, Pakistan requested ICSID to annul the award, triggering a provisional stay of enforcement of the award under the ICSID Convention. In March 2020, ICSID appointed a committee to consider Pakistan's request for annulment and whether the provisional stay of enforcement should continue for the duration of the annulment proceedings. The Committee issued a decision partially terminating the stay of enforcement in October, permitting Tethyan to enforce 50% of the award plus accrued interest on the condition that any amounts collected through enforcement of the award must be put into escrow and returned if the award is annulled. Tethyan has resumed proceedings to enforce the award in accordance with the conditions set by the Committee. The Committee is expected to issue a decision on Pakistan's annulment application within the next one to two years.

On 14 March 2021, Pakistan applied to ICSID for revision of the award, triggering another provisional stay of enforcement of the award under the ICSID Convention. On 5 April 2021, the ICSID tribunal that issued the award was reconstituted to consider Pakistan's revision application. Tethyan has filed an application to dismiss Pakistan's revision application as manifestly meritless. Whether the provisional stay of enforcement remains in place for the duration of the revision proceedings is being litigated before the ICSID tribunal.

As at 12 July 2021, the outstanding award amount was approximately $6.36 billion.

It is expected that the proceeds of the award will only be recognised in Antofagasta's financial statements once they are received by the Company.

21. Related party transactions

a) Joint ventures

The Group has a 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interests in Pakistan. During the six months ended 30 June 2021 the Group made a contribution to Tethyan of $5.5 million (six months ended 30 June 2020 - $1.4 million; year ended 31 December 2020 - $7.2 million).

The Group has a 50% interest in Minera Zaldívar, which is a joint venture with Barrick Gold Corporation. During the six months ended 30 June 2021 the Group has received dividends from Minera Zaldívar of nil (six months ended 30 June 2020 - nil; year ended 31 December 2020 - $65.0 million).

b) Associates

As explained in Note 3, on 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. During 2020 the Group paid $128.2 million (2019 – $187.7 million) to Inversiones Hornitos in relation to the energy supply contract at Centinela.

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., BanChile Corredores de Bolsa S.A., ENEX S.A. and Compañía de Inversiones Adriático S.A.. These transactions were all on normal commercial terms.

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 the Group incurred $0.1 million (30 June 2020 - $0.1 million; 31 December 2020 - $0.1 million) of exploration costs at these properties.

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

Jean-Paul Luksic	Tony Jensen
Chairman	Director

Independent review report to Antofagasta plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Antofagasta plc's condensed consolidated interim financial statements (the "interim financial statements") in the half yearly financial report of Antofagasta plc for the six month period ended 30 June 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 30 June 2021;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half yearly financial report of Antofagasta plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half yearly financial report, including the interim financial statements, 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 Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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 enquiries, 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, 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.

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 interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
18 August 2021

Alternative performance measures (not subject to audit or review)

This preliminary results announcement includes a number of alternative performance measures, in addition to IFRS amounts. These measures are included because they are considered to provide relevant and useful additional information to users of the accounts. Set out below are definitions of these alternative performance measures, explanations as to why they are considered to be relevant and useful, and reconciliations to the IFRS figures.

a) Underlying earnings per share

Underlying earnings per share is earnings per share from continuing operations, excluding exceptional items. This measure is reconciled to earnings per share from continuing and discontinued operations (including exceptional items) on the face of the income statement. This measure is considered to be useful as it provides an indication of the earnings generated by the on-going businesses of the Group, excluding the impact of exceptional items which are non-regular or non-operating in nature.

b) EBITDA

EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.

EBITDA is considered to provide a useful and comparable indication of the current operational earnings performance of the business, excluding the impact of the historic cost of property, plant & equipment or the particular financing structure adopted by the business.

For the six months ended 30 June 2021

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	1,214.4	549.0	112.1	-	(52.3)	(40.8)	**1,782.4**	18.2	**1,800.6**
Depreciation and amortisation	132.5	282.5	46.9	-	-	5.6	**467.5**	15.0	**482.5**
Profit on disposals	-	-	-	-	-	-	-	0.6	**0.6**
EBITDA from subsidiaries	**1,346.9**	**831.5**	**159.0**	**-**	**(52.3)**	**(35.2)**	**2,249.9**	**33.8**	**2,283.7**
Proportional share of the EBITDA from associates and JVs	-	-	-	76.4	-	(5.2)	**71.2**	2.2	**73.4**
Total EBITDA	**1,346.9**	**831.5**	**159.0**	**76.4**	**(52.3)**	**(40.4)**	**2,321.1**	**36.0**	**2,357.1**

For the six months ended 30 June 2020

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	512.3	8.2	16.1	-	(44.2)	(29.3)	**463.1**	10.2	**473.3**
Depreciation and amortisation	126.2	301.4	48.6	-	-	3.8	**480.0**	15.3	**495.3**
Profit on disposals	0.6	-	-	-	-	-	**0.6**	0.7	**1.3**
EBITDA from subsidiaries	**639.1**	**309.6**	**64.7**	**-**	**(44.2)**	**(25.5)**	**943.7**	**26.2**	**969.9**
Proportional share of the EBITDA from associates and JVs	-	-	-	42.8	-	(2.3)	**40.5**	2.4	**42.9**
Total EBITDA	**639.1**	**309.6**	**64.7**	**42.8**	**(44.2)**	**(27.8)**	**984.2**	**28.6**	**1,012.8**

For the year ended 31 December 2020

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	1,407.9	247.0	71.2	-	(85.1)	(74.0)	**1,567.0**	25.2	**1,592.2**
Depreciation and amortisation	252.6	662.9	94.6	-	-	7.8	**1,017.9**	30.8	**1,048.7**
Profit on disposals	2.5	1.8	-	-	-	-	**4.3**	2.0	**6.3**
EBITDA from subsidiaries	**1,663.0**	**911.7**	**165.8**	**-**	**(85.1)**	**(66.2)**	**2,589.2**	**58.0**	**2,647.2**
Proportional share of the EBITDA from associates and JVs	-	-	-	95.5	-	(6.5)	**89.0**	3.0	**92.0**
Total EBITDA	**1,663.0**	**911.7**	**165.8**	**95.5**	**(85.1)**	**(72.7)**	**2,678.2**	**61.0**	**2,739.2**

c) Net Earnings

Net Earnings represent profit for the period attributable to the owners of the parent.

d) Cash costs

Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced.

This is considered to be a useful and relevant measure as it is a standard industry measure applied by most major copper mining companies which reflects the direct costs involved in producing each pound of copper. It therefore allows a straightforward comparison of the unit production cost of different mines, and allows an assessment of the position of a mine on the industry cost curve. It also provides a simple indication of the profitability of a mine when compared against the price of copper (per lb).

	At 30.06.2021	At 30.06.2020	At 31.12.2020
Reconciliation of cash costs excluding tolling charges and by-product revenue:			
Total Group operating costs (Note 5) ($m)	**1,790.4**	1,665.5	3,537.1
Zaldívar operating costs	**112.1**	100.6	190.9
Less:			
Total – Depreciation and amortisation (Note 5) ($m)	**(482.5)**	(495.3)	(1,048.7)
Total – Loss on disposal (Note 5) ($m)	**(0.6)**	(1.3)	(6.3)
Elimination of non-mining operations			
Corporate and other items – Total operating cost (Note 5) ($m)	**(35.0)**	(25.5)	(64.3)
Exploration and evaluation – Total operating cost (Note 5) ($m)	**(52.3)**	(44.2)	(85.1)
Railway and other transport services – Total operating cost (Note 5) ($m)	**(52.5)**	(43.4)	(91.4)
Closure provision and other expenses not included within cash costs ($m)	**(47.6)**	(31.2)	(105.8)
Inventories Variations	**50.8**	(0.6)	11.1
Total cost relevant to the mining operations' cash costs ($m)	**1,282.8**	1,124.6	2,337.5
Copper production volumes (tonnes)	**361,480**	371,730	733,920
Cash costs excluding tolling charges and by-product revenue ($/tonne)	**3,549**	3,025	3,185
Cash costs excluding tolling charges and by-product revenue ($/lb)	**1.61**	1.37	1.43

d) Cash costs (continued)

	At 30.06.2021	At 30.06.2020	At 31.12.2020
Reconciliation of cash costs before deducting by-products:			
Tolling charges - copper and subproducts- Los Pelambres (Note 5)	**56.2**	62.3	113.6
Tolling charges - copper and subproducts- Centinela (Note 5)	**30.9**	31.3	68.8
Tolling charges - copper – total	**87.1**	93.6	182.4
Copper production volumes (tonnes)	**361,480**	371,730	733,920
Tolling charges ($/tonne)	**241.0**	251.8	248.5
Tolling charges ($/lb)	**0.12**	0.14	0.13
Cash costs excluding tolling charges and by-product revenue ($/lb)	**1.61**	1.37	1.43
Tolling charges ($/lb)	**0.12**	0.13	0.13
Cash costs before deducting by-products ($/lb)	**1.73**	1.50	1.56

	At 30.06.2021	At 30.06.2020	At 31.12.2020
Reconciliation of cash costs (net of by-product credits):			
Gold revenue - Los Pelambres (Note 5) ($m)	**45.6**	46.8	106.4
Gold revenue - Centinela (Note 5) ($m)	**138.6**	134.8	251.3
Molybdenum revenue - Los Pelambres (Note 5) ($m)	**174.2**	74.7	181.8
Molybdenum revenue - Centinela (Note 5) ($m)	**27.2**	1.3	27.7
Silver revenue - Los Pelambres (Note 5) ($m)	**25.9**	15.3	43.3
Silver revenue - Centinela (Note 5) ($m)	**16.3**	9.8	21.2
Total by-product revenue ($m)	**427.8**	282.7	631.7
Copper production volumes (tonnes)	**361,480**	371,730	733,920
By-product revenue ($/tonne)	**1,183.5**	760.5	860.7
By-product revenue ($/lb)	**0.59**	0.38	0.42
Cash costs before deducting by-products (S/lb)	**1.73**	1.50	1.56
By-product revenue ($/lb)	**(0.59)**	(0.38)	(0.42)
Cash costs (net of by-products) ($/lb)	**1.14**	1.12	1.14

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

e) **Attributable cash, cash equivalents & liquid investments, borrowings and net debt**

Attributable cash, cash equivalents & liquid investments, borrowings and net debt reflects the proportion of those balances which are attributable to the equity holders of the Company, after deducting the proportion attributable to the non-controlling interests in the Group's subsidiaries.

This is considered to be a useful and relevant measure as the majority of the Group's cash tends to be held at the corporate level and therefore 100% attributable to the equity holders of the Company, whereas the majority of the Group's borrowings tend to be at the level of the individual operations, and hence only a proportion is attributable to the equity holders of the Company.

	June 2021	June 2020

	Total amount	**Attributable share**	**Attributable amount**	Total amount	Attributable share	Attributable amount
	$m		**$m**	$m		$m
Cash, cash equivalents and liquid investments:						
Los Pelambres	**1,381.1**	**60%**	**828.7**	677.2	60%	406.3
Centinela	**1,176.0**	**70%**	**823.2**	572.7	70%	400.9
Antucoya	**232.8**	**70%**	**163.0**	108.3	70%	75.8
Corporate	**1,400.1**	**100%**	**1,400.1**	985.8	100%	985.8
Railway and other transport services	**49.9**	**100%**	**49.9**	23.6	100%	23.6
Total	**4,239.9**		**3,264.9**	2,367.6		1,892.4
Borrowings:						
Los Pelambres (Note 17)	**(1,262.7)**	**60%**	**(757.6)**	(761.6)	60%	(456.9)
Centinela (Note 17)	**(698.5)**	**70%**	**(489.0)**	(784.6)	70%	(549.3)
Antucoya (Note 17)	**(526.8)**	**70%**	**(368.8)**	(579.9)	70%	(405.9)
Corporate (Note 17)	**(1,019.3)**	**100%**	**(1,019.3)**	(519.0)	100%	(519.0)
Railway and other transport services (Note 17)	**(31.3)**	**100%**	**(31.3)**	(42.0)	100%	(42.0)
Total (Note 17)	**(3,538.6)**		**(2,666.0)**	(2,687.1)		(1,973.1)
Net debt	**701.3**		**598.9**	**(319.5)**		**(80.7)**

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

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

	Production			Sales		
	Six months ended 30.06.2021	Six months ended 30.06.2020	Year ended 31.12.2020	**Six months ended 30.06.2021**	Six months ended 30.06.2020	Year ended 31.12.2020
Copper	**000 tonnes**	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Los Pelambres	**169.3**	183.2	359.6	**165.5**	186.8	366.0
Centinela	**132.1**	121.6	246.8	**119.4**	119.5	247.7
Antucoya	**39.5**	40.4	79.3	**40.1**	40.5	76.5
Zaldívar	**20.6**	26.5	48.2	**21.1**	27.4	48.3
Group total	**361.5**	371.7	733.9	**346.1**	374.2	738.5
Gold	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**28.0**	29.1	60.4	**25.8**	27.7	58.4
Centinela	**92.5**	82.0	143.7	**77.9**	80.7	141.2
Group total	**120.5**	111.1	204.1	**103.7**	108.4	199.6
Molybdenum	**000 tonnes**	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Los Pelambres	**5.1**	5.2	10.9	**4.9**	4.6	10.8
Centinela	**0.7**	0.3	1.7	**0.8**	0.1	1.7
Group total	**5.8**	5.5	12.6	**5.7**	4.7	12.5
Silver	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**1,006.0**	997.4	2,073.9	**960.8**	962.8	2,020.3
Centinela	**693.0**	655.5	1,118.4	**609.2**	624.4	1,064.3
Group total	**1,699.0**	1,652.9	3,192.3	**1,570.0**	1,587.2	3,084.6

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 30.06.2021	Six months ended 30.06.2020	Year ended 31.12.2020	**Six months ended 30.06.2021**	Six months ended 30.06.2020	Year ended 31.12.2020
	$/lb	$/lb	$/lb	**$/lb**	$/lb	$/lb
Copper						
Los Pelambres	**0.83**	0.80	0.81	**4.63**	2.46	3.02
Centinela	**1.08**	1.26	1.27	**4.33**	2.45	2.95
Antucoya	**2.04**	1.73	1.82	**3.80**	2.49	2.85
Zaldivar (attributable basis – 50%)	**2.46**	1.72	1.80	**-**	-	-
Group weighted average (net of by-products)	**1.14**	1.12	1.14	**4.42**	2.46	2.98
Group weighted average (before deducting by-products)	**1.73**	1.51	1.57			
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.61**	1.37	1.43			
Cash costs at Los Pelambres comprise:						
On-site and shipping costs	**1.36**	1.01	1.10			
Tolling charges for concentrates	**0.15**	0.19	0.18			
Cash costs before deducting by-product credits	**1.51**	1.20	1.27			
By-product credits (principally molybdenum)	**(0.69)**	(0.41)	(0.46)			
Cash costs (net of by-product credits)	**0.83**	0.80	0.81			
Cash costs at Centinela comprise:						
On-site and shipping costs	**1.68**	1.70	1.71			
Tolling charges for concentrates	**0.12**	0.14	0.14			
Cash costs before deducting by-product credits	**1.80**	1.84	1.85			
By-product credits (principally gold)	**(0.72)**	(0.57)	(0.58)			
Cash costs (net of by-product credits)	**1.08**	1.26	1.27			
LME average copper price				**4.13**	2.49	2.80

Gold	$/oz	$/oz	$/oz
Los Pelambres	**1,769**	1,693	1,827
Centinela	**1,779**	1,675	1,784
Group weighted average	**1,776**	1,680	1,797
Market average price	**1,808**	1,647	1,770

Molybdenum	$/lb	$/lb	$/lb
Los Pelambres	**16.0**	8.7	8.8
Centinela	**16.2**	8.4	8.9
Group weighted average	**16.1**	8.6	8.8
Market average price	**12.7**	9.0	8.7

Silver	$/oz	$/oz	$/oz
Los Pelambres	**27.0**	16.2	21.7
Centinela	**26.8**	16.2	20.4
Group weighted average	**26.9**	16.2	21.3
Market average price	**26.5**	16.6	20.5

Notes to the production and sales statistics

(i) For the Group's subsidiaries the production and sales figures reflect the total amounts produced and sold by the mine, not the Group's share of each mine. The Group owns 60% of Los Pelambres, 70% of Centinela and 70% of Antucoya. For the Zaldívar joint venture the production and sales figures reflect the Group's proportional 50% share.

(ii) Los Pelambres produces copper and molybdenum concentrates, Centinela produces copper concentrate and copper cathodes and Antucoya and Zaldívar produce copper cathodes. The figures for Los Pelambres and Centinela are expressed in terms of payable metal contained in concentrate and in cathodes. Los Pelambres and Centinela are also credited for the gold and silver contained in the copper concentrate sold. Antucoya and Zaldívar 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 Centinela. Cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses and corporate 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 and the cash cost information is derived from the Group's production report for the second quarter of 2021, published on 21 July 2021.