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PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 2013

RETURNING CAPITAL TO SHAREHOLDERS

Antofagasta Minerals CEO Diego Hernandez said: *"I am pleased to report that even in this period of depressed prices we have been able to deliver a strong set of results and a final dividend of 86.1 cents per share, which represents a significant return of capital to shareholders.*

For a second year running we achieved a record level of copper production of 721,200 tonnes, 1.6% more than in 2012 with all of our operations exceeding their production targets for the year. Los Pelambres remained the largest contributor to our total copper production, at 56%, and the lowest cost operation contributing 67% to EBITDA.

There is no doubt that this has been a challenging year with weaker commodity prices and higher costs, particularly energy. Net earnings have been further impacted by the withholding tax on the higher dividend pay-out. These factors have resulted in a decline in net earnings of 36.4% to $659.6 million. In this environment we are focused on resetting our cost base and optimising our operating assets, while continuing to invest in the future.

Looking ahead, we expect the operating environment in 2014 to be a similar to 2013 and we enter the year in a strong position. The changes we have put in place will continue to result in improved operational efficiency, our development projects are on-time and on-budget, and we are focussed on profitability and productivity across the Group".

HIGHLIGHTS

Financial performance

- **Final dividend of 86.1 cents per share,** representing a significant return of capital to shareholders and a pay-out ratio for the year of 142%
- **Revenue 11.4% lower, at $5,971.6 million**, following the average LME market price of copper falling by 7.9% and realised copper prices falling by 10.6% as prices trended downwards during the period.
- **EBITDA fell 30.1% to $2,702.2 million,** with increased production offset by the decrease in realised metal prices and the increase in cash costs.
- **EBITDA margin remains strong at 45.3%**, though down on last year's margin of 57.3%.
- **Net earnings fell 36.4% to $659.6 million,** primarily impacted by the decrease in EBITDA and the increase in withholding tax related to this year's dividend.
- **Operating cash flow generation of $2,659.2 million in the period**, compared with $3,826.0 million in 2012.
- **Balance sheet remains strong** with Group attributable net cash at 31 December of $1,472.3 million**.**

Operational performance

- **Record copper production of 721,200 tonnes, 1.6% increase on 2012** mainly due to higher plant throughput at Esperanza.
- **Group cash costs (before by-product credits) were in-line with expectations at $1.79/lb**, 9.8% higher than 2012 primarily due to expected higher energy costs at Los Pelambres.
- **Group net cash costs were slightly lower than expectations at $1.36/lb**, up 32.0% compared to 2012 reflecting lower molybdenum volumes and lower molybdenum and gold prices.
- Ongoing review of costs across supply chain, procurement and work practices.

Investing through the cycle

- **Antucoya project progressing on-schedule and on-budget,** $650 million project financing completed in December with ramp-up expected in the first half of 2015
- **Primary focus on brownfield growth to deliver greatest returns**, including increasing throughput at Esperanza to 105ktpd and commencement of feasibility studies on the Los Pelambres marginal expansion and Encuentro Oxides projects.
- **Longer term growth options advanced** with current focus in the Centinela Mining District on the joint development of Esperanza Sur and Encuentro Sulphides, and ongoing work at the Twin Metals project.
- **Reviewing options for reducing the capital cost of the projects,** including the impact of using fewer EPCM contractors and more Chinese-sourced equipment.
- Group production expected to rise to nearly 900,000 tonnes per annum by 2018 on capital investment of $3 billion

YEAR ENDING 31 DECEMBER		2013	2012 (1)	%
Group revenue	$m	**5,971.6**	6,740.1	(11.4)%
EBITDA	$m	**2,702.2**	3,864.4	(30.1)%
Earnings per share	cents	**66.9**	105.2	(36.4)%
Dividend per share	cents	**95.0**	98.5	(3.6)%
Cash flow from operations	$m	**2,659.2**	3,826.0	(30.5)%
Group attributable net cash at period end (2)	$m	**1,472.3**	2,564.7	(42.6)%
Average realised copper price	$/lb	**3.28**	3.66	(10.5%
Copper sales	kt	**722.2**	703.2	2.7%
Gold sales	koz	**282.7**	300.1	(5.8)%
Moly sales	kt	**8.8**	12.6	(30.2)%
Cash costs before by-product credits (3)	$/lb	**1.79**	1.63	9.8%
Net cash costs	$/lb	**1.36**	1.03	32.0%

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

(2) Cash refers to the total of cash, cash equivalents and liquid investments, as analysed in Note 23 to the preliminary results announcement.

(3) Cash cost is a method used by the mining industry to express the cost of production in US dollars per pound of copper and is further explained in Note 30(b) to the preliminary results announcement.

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DIRECTORS' COMMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

For the second year running the Group has achieved a record level of copper production of 721,200 tonnes, 1.6% more than in 2012 with all of the operations exceeding their production targets for the year. Los Pelambres and Michilla maintained their 2012 levels of production and Esperanza succeeded in increasing production by 11,700 tonnes to 174,900 tonnes as throughput was raised by 7.5%. Gold production remained strong at 293,800 ounces, slightly less than in the previous year and molybdenum production at Los Pelambres decreased by 26.3% to 9,000 tonnes following a record year in 2012. Both by-products were affected by lower grades.

Despite record production levels, with realised copper prices for the year down by 10.6% to $3.28/lb and gold and molybdenum prices also significantly lower, Group revenue fell by $768.5 million to $5,971.6 million, an 11.4% reduction.

Group cash costs before by-product credits rose by 10.0% to $1.79/lb as higher energy costs at Los Pelambres and increased mine movements at Esperanza adversely impacted costs. Los Pelambres had previously benefited from a low cost long-term Power Purchase Agreement (PPA), but this expired at the end of 2012. With energy prices significantly higher it was not possible to negotiate a further long-term PPA at acceptable rates and the mine moved to purchasing power at spot prices for 2013. This increased Group costs by $0.07/lb. At Esperanza, despite higher throughput, as the mine entered a new phase of the mine plan, a considerable amount of material had to be moved, which was further impacted by higher inventory movements. This led to net cash costs before by-product credits increasing by $0.42/lb to $2.36/lb.

Net cash costs for the Group were affected by the above factors and by the decline in the production and prices of gold and molybdenum, which reduced by-product credits by $0.17/lb, bringing net cash costs to $1.36/lb. The step-up in net cash costs of $0.33/lb from 2012 was a much higher increase than the Group has experienced before and arose through the combination of factors outlined above and is not expected to be repeated in 2014.

Whilst the average copper price did decrease between 2012 and 2013, the fall was by less than most commentators had anticipated. Initial indications of a supply surplus by the end of 2013 did not materialise despite an estimated 6.0% increase in mine production as lower prices reduced the availability of scrap leading to a drawdown of inventories, the reversal of which may support the market in 2014. The gold price also fell significantly, averaging $1,410/oz for the year and closing at $1,202/oz, having averaged $1,669/oz during 2012. The molybdenum market was also weaker averaging $10.3/lb for the year, 18.9% lower than in 2012.

Los Pelambres remained both the largest contributor to copper production and the lowest cost operation, producing 56.2% of Group production and contributing 71.2% of the mining division's EBITDA. While this is a similar production contribution to 2012, it is an increase in the contribution to EBITDA.

Earnings per share for the year were 66.9 cents, 38.3 cents lower than in 2012, which again reflects the challenging market conditions during the year and the significant return of capital to shareholders. The Group's cash flow from operations declined by $1.1 billion to $2.7 billion and it continued to invest in Antucoya and other projects whilst maintaining our spending on evaluation and exploration.

STRATEGY AND GROWTH

The Group's three pillars strategy of optimising the existing business, brownfields development around its assets and growth beyond the core business, remains unchanged. In the face of weaker and more uncertain markets the Group continues to focus on optimising and enhancing the existing operations to generate the greatest returns on investment. The purpose of the second and third pillars of the strategy is to invest in projects to ensure a solid pipeline of growth and profitability throughout the cycles. The pipeline is robust with a combination of brownfield developments and in the case of Antucoya, a greenfield one.

At the end of 2012, the Antucoya project was placed under review in order to update the evaluation using new data that had been collected since the completion of the feasibility study in 2011. Following a detailed analysis which concluded in March, it was decided to proceed with the project. The new mine plan resulting from the review has increased the average production from the mine, compared with the original plan, to 85,000 tonnes per annum and the total capital expenditure was estimated at $1.9 billion. Construction re-started in June and by the end of the year overall progress (design, procurement and construction) was 60% complete with physical construction 32% complete. The project remains on-time and on-budget with ramp-up expected to commence in the first half of 2015.

The Group is also investing in an expansion at Esperanza, conducting feasibility studies on Encuentro Oxides and the Los Pelambres Marginal Expansion projects and has started a pre-feasibility study on the joint development of Esperanza Sur and Encuentro Sulphides in the Centinela Mining District.

Based on the current timetables for each project, and assuming that they all proceed, Group production is expected to rise to nearly 900,000 tonnes per annum by 2018, an increase of almost 25% over current levels. This would require a capital investment of approximately $3 billion during the period 2014 to 2018. A series of investments such as these would depend on many factors, particularly market conditions, financing availability, and the viability and economic return of each individual project, and therefore each investment will be continually reassessed to ensure that it delivers value to the Group.

At Esperanza the project to increase throughput at the mine to the original design capacity of 97,000 tonnes of ore per day was altered as it became clear that for an investment of a further $105 million throughput could be raised to 105,000 tonnes per day, substantially improving project returns. This investment will add an additional 10-12,000 tonnes per year of copper production when it is completed in 2015.

At El Tesoro mined grades are dropping following completion of mining activities at the higher grade Mirador pit and the move to lower grade pits. While the impact on production will be partly compensated for by increasing throughput at the plant, production will continue to fall over time. To enable El Tesoro to maintain production at 100,000 tonnes per year it is planned to mine the nearby Encuentro Oxide deposit to provide feed for the mine. The Encuentro Oxide project feasibility study will be completed in 2014 and if the results are positive production will commence in 2016.

At Los Pelambres a feasibility study is being conducted to evaluate the marginal expansion of the mine to a throughput capacity of 205,000 tonnes of ore per day. As a brownfield project utilising most of the mine’s existing infrastructure, project returns are expected to be high. This expansion will not only increase the mine’s production, but will also compensate for what would otherwise be a fall in the plant throughput and production as mining moves into areas of harder ores over the coming years. The net increase in production is estimated at 40-45,000 tonnes per year and the project will require an investment of some $1.2 billion to complete in 2018.

During the year it was decided that instead of developing the Esperanza Sur and Encuentro Sulphides projects separately, a single concentrator could be used to source feed from both deposits. This would reduce the capital intensity of the combined project whilst still allowing for the installation of a further concentrator in the future when needed. The original studies have now been combined and a pre-feasibility study is underway and is expected to be completed this year. If the project proceeds according to its current timetable, production will start in 2019.

In the longer term the Group also has the further expansion of Los Pelambres and the Twin Metals project in Minnesota. At Los Pelambres work is being concentrated on the Marginal Expansion Project while at Twin Metals the pre-feasibility study will be completed in the middle of this year. Each project has its own challenges, particularly as regards the permitting requirements in their respective locations which makes it difficult to estimate their development timetables, but it is unlikely that either will be in production before the end of the current decade.

The possibility of high returns comes from the discovery and development of a new deposit. The Group therefore has an active exploration programme in Chile using its own exploration teams on its properties, and abroad where the Group enters into exploration agreements with junior mining companies in order to utilise their knowledge and local expertise. Currently all of these projects are early-stage, and outside of Chile the Group are active in North America, Europe, Africa, Australia and elsewhere in South America.

Growth through acquisition always remains a possibility and the Group evaluates opportunities that are identified internally or are brought to it. However, it remains a competitive environment and the number of suitable opportunities is small.

SAFETY

Early in 2013 the Group had two fatalities in separate incidents at Los Pelambres and Esperanza and since the year end there was another fatality at Esperanza. These fatalities are unacceptable and it is deeply regretable that they have occurred. The Board of Directors and Senior Management team extend their heartfelt condolences to the families those who passed away. The root causes of the fatalities last year have been investigated and actions have been taken and procedures are being implemented to ensure that incidents such as this do not occur again. The causes of the latest fatality are currently being investigated and once completed the necessary changes will be implemented.

COST CONTROL

The Group continues to focus relentlessly on cost control at each of the operations. In 2013 a process began to review all costs including the supply chain, work practices and the use of contractors. During 2014 this review will continue and the implementation will begin later in the year. The Group is confident that it will achieve significant improvements and will rebase costs to a level from which the growth programme can be implemented over the coming years. The focus is on profitability at each of the mines.

There is a particular effort in three key areas: water consumption, energy and labour productivity. The Group already achieves water recycle rates of up to 85% and are leaders in the use of untreated sea water which is used at Esperanza and Michilla, and when Antucoya is commissioned it will use sea water as well. The cost of energy at Los Pelambres is currently high and volatile as it depends to a significant extent on the amount of precipitation in the region. The Group has therefore invested in a wind farm and a run-of-river hydroelectric project to secure long-term sustainable energy supply for the mine and has also negotiated a further power purchase agreement that will satisfy all of the mine’s current power needs by the end of 2018. A further focus area is to improve the productivity of the workforce by studying work practices, the efficient use of contractors, and the full utilisation of automated processes.

The project team is continuing to review options for reducing the capital cost of the Group’s projects, including the impact of using a larger Antofagasta led project team (larger owner’s team), as opposed to an EPCM contractor, as well as other capital cost saving initiatives such as the procurement of mining equipment from China.

DIVIDENDS

Earnings per share for the year were 66.9 cents, 38.3 cents lower than in 2012, reflecting the challenging market conditions during the year and the increased withholdings tax incurred as a result of the significant return of capital to shareholders. The Group’s cash flow from operations declined to $2.7 billion and it continued to invest in Antucoya and other projects whilst maintaining spending on evaluation and exploration.

The Board has amended the Group’s dividend policy to simplify it and to set a minimum level of dividend relative to profits while considering the amount of excess cash held by the Group. The new dividend policy is to determine the appropriate dividend each year based on consideration of the Group’s cash balance, the level of free cash flow and earnings generated during the year, and significant known or expected funding commitments and to pay a total annual dividend equal to at least 35% of net earnings.

As the first stage of implementing the new dividend policy the Group will make a return of capital to shareholders of the existing surplus cash, while still retaining the Group’s capacity to grow either through the development of projects or by acquisition. The Group continues to hold debt at the operating company level and not at the centre, as this structure provides greater financing flexibility for the Group.

The Board has decided to recommend a final dividend of 86.1 cents per share, bringing the total dividend for the year to 95.0 cents per share. This represents a total amount of $936.6 million and a pay-out ratio of 142% of net earnings.

As the recommended dividend includes a significant return of capital to shareholders, the pay-out ratio for this year does not reflect the pay-out that the Company may make in the future and this will be determined each year by the Board.

OUTLOOK

This year will be a year of consolidation in which the Group will create a strong base from which to grow over the coming years. Evaluation procedures are being strengthened and the cost base lowered while the Group invests in projects that will improve operating efficiencies at the operations and generate significant value for the Group and shareholders.

In 2014 the Group expects to produce some 700,000 tonnes of copper, similar to the production levels in 2013. Pre-credit cash costs are expected to remain in-line with 2013 costs at $1.80/lb, however, net cash costs will be impacted by lower production and price assumptions for gold and molybdenum. The profitability of the operations will depend to a large extent on the copper price during the year which is expected to be reasonably stable for the year at levels similar to 2013, although there will of course be short-term fluctuations.

In 2014, there is an expectation that the copper market will move into surplus, however, this remains highly dependent on the new mine supply, which this year is driven by greenfield projects, which are naturally higher risk. China continues to be key to the copper industry, although volatility is expected to continue. However, in the longer term the fundamentals for the copper market remain strong.

Overall, 2013 was a successful year in challenging circumstances and a similar operational performance is expected in 2014. The changes put in place during the year have resulted in improved operational efficiency and the development projects are on-time and on-budget and this process will continue during 2014. The focus remains on profitability and productivity across the Group.

REVIEW OF OPERATIONS

MINING DIVISION

LOS PELAMBRES

2013 Performance

Operating profit

Operating profit at Los Pelambres was $1,635.3 million in 2013, compared with $2,292.0 million in 2012. This decrease in profitability can be explained by two factors: higher net cash costs and lower realised prices. Net cash costs were affected by higher energy costs and lower by-product credits, as detailed below. Lower realised copper prices, which fell to $3.25/lb from $3.67/lb also impacted operating profit.

Production

Copper production was 405,300 tonnes in 2013, which exceeded the original forecast for the year and was marginally ahead of 2012 production of 403,700 tonnes. Production was supported by slightly higher ore grades (2.9% higher than in 2012) offset by lower plant throughput, resulting in the 1,600 tonne increase in production.

Molybdenum production decreased by 26.2% to 9,000 tonnes in 2013 compared with record production of 12,200 tonnes in 2012, mainly due to mining a lower molybdenum grade phase of the pit. Gold production was 10.1% higher in 2013 at 56,700 ounces produced and sold, compared with 51,500 ounces in 2012.

Costs

Cash costs before by-product credits were $1.52/lb in 2013, $0.13/lb higher than in 2012. This 9.4% increase was principally due to the $0.12/lb impact of higher spot energy prices following the expiration of a favourably priced energy contract in 2012 and subsequent exposure to higher spot prices. Net cash costs increased 34.9% to $1.16/lb, reflecting the impact of higher energy costs and lower by-product credits, as molybdenum production and prices for molybdenum and gold decreased in the year.

Capital expenditure

Total capital expenditure in 2013 was $208.9 million, which included works on a new truck shop and El Mauro tailings dam facilities. Parts of the capital expenditure programme were deferred so expenditure was lower than budgeted. Capital expenditure is expected to be approximately $240 million in 2014, reflecting some carry-over from the 2013 budget and the feasibility study costs relating to the marginal expansion of Los Pelambres.

Legal update – El Mauro tailings dam

The El Mauro tailings dam began operating in 2008 and has always complied with all applicable laws, regulations and controls. During 2013, the Supreme Court of Chile ruled that the responsible authorities should install an early warning system and evacuation plan for the dam to ensure the safety of the local population in the case of an earthquake. Los Pelambres is working with the authorities to assist them to fulfil their obligations. The Supreme Court has not required any changes to the existing operation of the tailings dam or to Los Pelambres's operations.

Los Pelambres has defended a series of unsuccessful legal claims filed by some members of the Los Caimanes community since 2008 relating to the dam´s operation. Two of these claims are currently before the Courts in Chile. Details of these *claims* are set out in Note 24 to the financial statements.

Outlook

Production

The initial forecast for production in 2014 is for approximately 390,000 tonnes of payable copper, compared with 405,300 tonnes in 2013. This decrease is mainly due to lower expected ore grades, averaging 0.69% in 2014 compared with 0.72% in 2013. The initial forecast for 2014 molybdenum production is for approximately 7,500 tonnes, a decrease of 1,500 tonnes compared with 2013 volumes. Similarly to copper, this is primarily due to lower grade. Gold production is forecast to be 55,000 ounces, in line with 2013.

Cash costs

Cash costs before by-products for 2014 are forecast to be approximately $1.55/lb, similar to 2013 levels of $1.52/lb, and net cash costs are forecast at approximately $1.25/lb, assuming a molybdenum price of $9.5/lb and a gold price of $1,200/oz. Energy prices remain a key input cost for Los Pelambres and are largely dependent on the level of precipitation in the region, where much of the power is generated by hydroelectric schemes.

To address the energy cost increase at Los Pelambres, the Group has entered into several new power purchase agreements (PPAs). Los Pelambres will start to see the benefit of these in the second half of 2014 when the El Arrayan wind power plant, in which the Group has a 30% interest, commences operation. It will provide approximately 20% of Los Pelambres' energy needs at attractive, long-term prices.

During 2013, the Group also acquired a 40% interest in the Alto Maipo run-of-river hydroelectric project and, as part of this agreement, two further PPAs were signed, securing the balance of Los Pelambres' current energy requirements by the end of 2018.

ESPERANZA

2013 Performance

Operating profit

The operating profit at Esperanza in 2013 was $474.5 million, compared with $878.3 million in 2012, reflecting higher net cash costs and lower realised copper prices, partly offset by increased sales volumes as Esperanza lifted its daily throughput by 7.5% to an average of 87,200 tonnes per day during the year. The realised copper price decreased from $3.65/lb in 2012 to $3.22/lb in 2013, whilst the realised gold price also fell from $1,677/oz in 2012 to $1,357/oz in 2013.

Production

Esperanza produced 174,900 tonnes of copper in 2013, a 7.2% increase compared with 2012, reflecting the increase in throughput, marginally offset by lower grades. Gold production in 2013 was 237,100 ounces compared with 248,400 ounces in 2012, following the expected 14.3% drop in the gold grade, partly offset by the higher plant throughput.

Costs

Net cash costs rose significantly to $1.43/lb in 2013, compared with $0.66/lb in 2012, primarily due to higher mining costs associated with entering a new phase of the pit, which required significantly higher movement of ore, as well as a $0.35/lb drop in by-product credits due to lower gold production and the 19.1% fall in realised gold prices.

Capital expenditure

During 2013 work continued on the optimisation of the operation, including the installation of two additional tailings thickeners. As an extension of the original project, it was determined that for a minimal additional investment the daily throughput of the operation could be increased by a further 10-12,000 tonnes of ore to a daily throughput level of 105,000 tonnes. This additional amount was approved during the year, further improving the return on the project, which will be completed by the end of 2015.

Capital expenditure in 2013 was $325.3 million, which included approximately $130 million in respect of the optimisation and expansion project mentioned above. The remaining capital expenditure required for the completion of this project is approximately $300 million, with some $210 million being spent during 2014 and a further $90 million in 2015. Total capital expenditure in 2014 is expected to be approximately $460 million.

Outlook

Production

The forecast for 2014 is for production of approximately 170,000 tonnes of payable copper and 215,000 ounces of gold. This forecast is based on an average plant throughput similar to that achieved in 2013, as work continues on the optimisation and expansion, which will not benefit the operation until 2015. The mined copper grade is expected to be similar to 2013 at 0.65%.

Cash costs

Cash costs before by-products for 2014 are forecast to be approximately $2.25/lb, $0.11/lb lower than in 2013, mainly due to a reduction in mine movement activities, which were a major cost factor in 2013. Net cash costs are forecast at approximately $1.45/lb, assuming a gold price of $1,200/oz. Esperanza's net cash costs are sensitive to the gold price and production, with each $100/oz movement in the realised gold price having a $0.07/lb impact on net cash costs in 2014.

Esperanza continues to evaluate the potential for construction of a separate molybdenum plant which would produce approximately 2,000 tonnes per year of molybdenum over the remaining life of the mine. The project is currently at the feasibility study stage, however, if it is approved, production could commence from 2016.

EL TESORO

2013 Performance

Operating profit

The 2013 operating profit at El Tesoro was $370.5 million, compared to the 2012 operating profit of $446.7 million. This decrease was primarily due to lower realised prices, which fell from $3.65/lb in 2012 to $3.34/lb in 2013 and marginally lower production, partly offset by an 8.7% decrease in unit cash costs.

Production

Copper cathode production was 102,600 tonnes in 2013 compared with the 105,000 tonnes produced in 2012, primarily due to lower copper grades, particularly in the fourth quarter when mining activities concluded at the higher grade Mirador pit and resumed at the lower grade Tesoro North East (TNE) and Tesoro Central (TC) pits. The average ore grade decreased to 1.52% in 2013, compared with 1.72% in 2012. Throughput at the plant from the heap-leach operation averaged 21,300 tonnes per day in 2013, compared with the 2012 throughput of 19,900 tonnes per day.

Cash costs

Despite lower production and grade, cash costs decreased from $1.49/lb in 2012 to $1.36/lb in 2013, supported by the lower cost and consumption of acid and favourable inventory movements.

Capital expenditure

Capital expenditure in the year was $155.6 million, including approximately $100 million relating to development and stripping costs at the TNE and TC pits, which resumed mining activities in the fourth quarter of 2013. Capital expenditure is expected to drop to approximately $90 million in 2014 following completion of development work at the TNE and TC pits in 2013.

Outlook

Production

For 2014, total cathode production is forecast at approximately 95,000 tonnes. Production from the heap-leach operation is expected to be approximately 87,000 tonnes which will comprise of ore from both the TNE and TC pits. The run-of-mine (ROM) operation is expected to produce approximately 8,000 tonnes. Ore grades for the heap-leach operation are expected to decrease to an average grade of 1.14% in 2014, versus 1.52% in 2013, as mining activities focus on the lower grade pits.

To partly compensate for this fall in grade, El Tesoro will increase throughput. However, overall production will still decrease. The steady decline in production is expected to be compensated for by sourcing feed from the Encuentro Oxides deposit, which is expected to start production in 2016. This deposit is located some 15km south of El Tesoro and will pump pregnant leach solution to El Tesoro's SX-EW plant in order to maintain production at approximately 100,000 tonnes per year.

Cash costs

Cash costs at El Tesoro are forecast to be approximately $1.70/lb in 2014, compared with $1.36/lb during 2013. This increase is primarily due to mining activities moving to the lower grade and higher cost TNE and TC pits.

MICHILLA

2013 Performance

Operating profit

Michilla had an operating loss of $43.1 million in 2013, compared to an operating profit of $29.3 million in 2012. The operating loss in 2013 was due to significant stripping activities during the year which were recognised in operating costs due to the short remaining mine life and accelerated depreciation. The operation is expected to return to a profit during 2014 due to a significant reduction in operating costs in 2014 compared with 2013 as well as a higher production base in 2014. Michilla was also impacted by a 2.4% reduction in realised prices in 2013 compared to 2012 and accelerated depreciation as the end of mine life nears. Michilla's realised copper price of $3.64/lb was significantly higher than the other operations due to hedging instruments covering approximately 80% of the production in 2013.

Production

Total annual production in 2013 was 38,300 tonnes of copper cathodes, a marginal increase on the 2012 production of 37,700 tonnes, reflecting higher plant throughput and recoveries, offset by a decrease in grade. Production from the secondary leaching of ore that has already been through the heap-leach process was higher than in 2012, providing approximately 17% of the copper production compared to 12% in 2012. It is expected that this secondary leaching process will remain an important source of material for the Michilla plant during 2014.

Costs

Cash costs remained at a similar level to 2012, increasing 1.3% to $3.22/lb. However, the composition of the costs has changed since 2012, when a significant amount of ore was purchased from third parties, with the cost of the ore linked to the copper price and therefore higher cost than ore from Michilla's own mining operations. In 2013, most of the ore feed came from Michilla's own mines, reducing the cost of the ore during the year. Nonetheless, in 2013 cash costs included stripping activities related to the open pit Lince mine, which will be mined in 2014, which raised costs above the costs incurred during 2012.

Capital expenditure

Capital expenditure in the year was $17.2 million in 2013 compared to $58.4 million in 2012.

Outlook

Production

Cathode production in 2014 is forecast at approximately 45,000 tonnes. The majority of this production is expected to come from the open pit Lince mine, which commenced activities in late 2013, and from the secondary heap leaching process.

Cash costs

The forecast cash costs for 2014 are approximately $2.40/lb, significantly lower than 2013, reflecting the impact of a higher production base and no planned stripping activities during the year.

Under the current mine plan, 2014 will be Michilla's last full year of operation. However, the Group is continuing to review options to extend the life of the operation beyond 2015.

The Group has acquired the minorities' interests in Michilla since the year end, taking its interest to 99.9%, to allow it greater flexibility in how it manages the closure of the mine and the utilisation of its assets, particularly those relating to its strategic coastal location, which may allow the better capture of potential synergies with the Group's other operations.

GROWTH PROJECTS AND OPPORTUNITIES

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

The Group's exploration and evaluation expenditure remained relatively stable with $274.9 million spent in 2013 compared with $283.4 million in 2012. The 2014 full year forecast expenditure in relation to exploration and evaluation activities is approximately $210 million. The decrease in the exploration and evaluation expense is due to the completion of the Los Pelambres pre-feasibility study at the end of 2013.

Projects under construction

Antucoya

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

A feasibility study on the project was completed in 2011 and construction commenced during 2012. However, during December 2012 the project was temporarily suspended while a review of the project's cost estimates was undertaken. A full impairment charge of $500 million was recognised in respect of the project's assets as at 31 December 2012 and no further adjustment has been made during 2013.

Following completion of the review and decision to resume the project in March, good progress has been made on construction with 60% total project progress (design, procurement and physical progress) and 32% construction progress as of 31 December 2013. The project is on-schedule and on-budget with first production expected in the first half of 2015 and ramp-up to full production of 85,000 tonnes per year of copper cathodes expected by 2016. Cash costs are expected to be approximately $1.80/lb for the first five years of operation. The mine plan includes proved and probable ore reserves of 635.8 million tonnes of 0.35% copper (using a cut-off grade of 0.21%) over the 20-year mine life.

Total development costs for the project are expected to be $1.9 billion, of which approximately $1,025 million has been incurred up to 31 December 2013. In December 2013 Antucoya completed its $650 million project financing, which was provided by a consortium of lenders for a term of 12 years as well as securing a competitive long-term power purchase agreement from 2014.

Brownfield growth projects

Given the particular pressure on capital costs in the market at present, the Group is focused on ensuring that production from existing operations is optimised through debottlenecking and incremental plant expansions.

Esperanza

The debottlenecking project currently being performed at Esperanza will enable throughput at the plant to reach 105,000 tonnes of ore per day by the end of 2015. Further detail on this is provided in the Esperanza section above.

Los Pelambres

During the year the Group completed the pre-feasibility study examining the options for an incremental expansion and a larger longer term expansion of the current Los Pelambres operation. During November a feasibility study was started on the marginal expansion, which is expected to be completed by the end of 2014, with possible first production from 2018. It is currently expected that throughput could be increased to approximately 205,000 tonnes per day whilst at the same time modifying the plant to allow the processing of harder ore, which is expected to be mined in the later stages of the mine plan. These factors combined would support a net increase in average production of approximately 40-45,000 tonnes per year.

El Tesoro – Encuentro Oxides

The Encuentro Oxides deposit is located within the Centinela Mining District and is expected to produce approximately 50,000 tonnes of copper cathode per year over an eight-year period, utilising the existing capacity at the El Tesoro SX-EW plant. This could potentially enable the plant to continue to produce at full capacity of 100,000 tonnes per annum for a number of years from 2016, thereby helping to offset a decline in production that would otherwise occur due to falling mined grades.

At the site of the Encuentro Oxides deposit there will be new crushing and heap leach facilities and a pipeline to take the leach solution to the existing El Tesoro plant for processing some 15km away. The higher grade ore will be crushed and sent to the new heap leach facilities whilst lower grade ore will be processed on a ROM leach pad. The cash costs at El Tesoro once processing of the Encuentro Oxides deposit has commenced is expected to be approximately $1.75/lb.

The feasibility study is expected to be completed in the first half of 2014 and pre-stripping is likely to commence in late 2014 for a two-year period, followed by first production in 2016. Preliminary indications of the potential capital cost of the Encuentro Oxides project are approximately $760 million. However, the Group is reviewing ways to reduce this capital cost, including sourcing equipment from China and the use of a larger Antofagasta led project team (larger owner's team) as opposed to an EPCM contractor.

In July 2013 the Environmental Impact Assessment for the Encuentro Oxides project was approved by the relevant authorities. The results of the pre-feasibility study include an updated resource of 178.8 million tonnes at 0.44% copper.

Greenfield growth projects

Centinela Mining District Development

The Group's El Tesoro and Esperanza operations are located in the Centinela Mining District. This District is the main focus area for the Group's longer term growth opportunities and includes the significant Esperanza Sur and Encuentro deposits.

During the year the Esperanza mine plan was updated to incorporate the Esperanza Sur deposit, which extended Esperanza's life by approximately 30 years (see Esperanza above). The Encuentro Sulphides deposit is a large sulphide deposit (resource of 1,193.5 million tonnes at 0.40% copper grade with gold and molybdenum by-products) and an oxide cap (Encuentro Oxides). This oxide cap will be processed at the existing SX-EW plant at El Tesoro as explained in greater detail above.

The Group is continuing to evaluate the options for the development of the Centinela Mining District. Previously the plan had been to develop Esperanza Sur and Encuentro Sulphides separately, but during the year it was decided that it would be more effective if both deposits were used to feed a single new concentrator. This concentrator plant is expected to have a daily ore throughput of approximately 90,000 tonnes per day, with annual copper and gold production of approximately 140,000 tonnes and 150,000 ounces respectively. First production could come through from 2019 onwards, with capital development costs have initially been estimated at $2.7 billion. The project team is continuing to review options for reducing the capital cost of the project, including the impact of using a larger owner's team, as opposed to an EPCM contractor, as well as other capital cost saving initiatives.

The Group is also continuing to evaluate other earlier-stage opportunities in the Centinela Mining District. Currently work is focused on the Polo Sur deposit, which has a resource of 1.4 billion tonnes at 0.34% copper grade (including 112.2 million tonnes of copper oxides at 0.40% copper as well as some additional leachable supergene sulphides) with gold and molybdenum by-products. This oxide deposit is situated approximately 35km from the El Tesoro deposit and could provide additional feed for the El Tesoro SX-EW plant. The scoping study in respect of Polo Sur was completed in 2013 and a pre-feasibility study is underway.

Los Pelambres

Given the size of the resource base, which at 5.7 billion tonnes is more than three times the quantity of ore that is expected to be processed under the existing mine plan, there is significant scope to increase the existing plant capacity. In the longer term it is possible that the existing plant capacity could be increased by a further 125,000 tonnes per day beyond the Marginal Expansion project, with first production from this potential large-scale expansion starting at some point from 2022 onwards. No date has been decided on when to commence a feasibility study on this longer term expansion.

United States – Twin Metals

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

Twin Metals is continuing to make progress on the pre-feasibility study. As at the end of December 2013 Twin Metals had a total resource of 2.3 billion tonnes within its three separate deposits, with an average copper grade of 0.52%, 0.17% nickel and other significant contained precious metals (gold, platinum and palladium).

The pre-feasibility study is expected to be completed during 2014 and, if approved, Twin Metals will commence advanced studies to support the environmental permitting process. The date for commencement of construction depends on the regulatory approval process.

Other exploration and evaluation activities

The Group is also conducting a wide range of early-stage exploration activities in areas beyond the existing core locations of the Centinela Mining District and Los Pelambres, both through its in-house exploration team and through partnerships with third-parties, to build a portfolio of longer-term opportunities across an increasingly diversified geographical area.

Chile

The Group is continuing with exploration activities to identify prospective targets on the main copper belts in Chile, focusing on the northern and central regions, which includes studies on covered copper porphyries in the Tarapaca Region. Work is continuing at the Conchi and Brujulina Sur deposits as well as in areas nearby (including the Cerro Las Papas project) to define potential resources. The area is now referred to as the Los Volcanes district and work will continue there during 2014.

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

International

The Group has also continued to expand its portfolio of early-stage international exploration interests through a number of strategic alliances and earn-in agreements, with new agreements being entered into in Finland, Australia, Peru, Mexico and Zambia, Canada and United States and terminated agreements in Namibia, Australia, Ireland and Brazil.

Energy Opportunities

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

Energía Andina

Energía Andina SA is a geothermal energy joint venture with Origin Energy Limited of Australia in which the Group holds a 60% stake. To date, explorationhas demonstrated the existence of an active geothermal system at the Tingiririca project located close to Santiago.

El Arrayan

Antofagasta has a 30% interest in Parque Eolico El Arrayan SpA ("El Arrayan"), which is engaged in the construction of what will be one of the largest wind farms in Chile, about 400km north of Santiago. The plant will supply 40MW of power to Los Pelambres under a 20-year supply contract, accounting for about 20% of Los Pelambres' total power requirement.

The Group is responsible for its 30% equity contributions to project development costs. El Arrayan started construction in early 2012 and has a total cost of $300 million, of which approximately $225 million was funded by project financing. The plant is expected to start operating in the second half of 2014.

Inversiones Hornitos

The Antofagasta Railway Company ("FCAB") group owns a 40% interest in Inversiones Hornitos SA ("Inversiones Hornitos"), which operates the 165MW Hornitos thermoelectric power plant located in Mejillones, in Chile's Antofagasta Region. The main offtakers of the energy are the mining operations of Esperanza and El Tesoro.

Alto Maipo

In July 2013 the Group acquired a 40% interest in the Alto Maipo hydroelectric project. Alto Maipo will construct, own and operate two run-of-river hydroelectric power stations located in the upper section of the Maipo river, approximately 50km to the southeast of Santiago, with a total installed capacity of 531MW. As part of this transaction, the Group also signed two 20-year power purchase agreements (PPAs) that will secure the provision of energy to Los Pelambres for up to 160MW, with the first PPA starting in 2015 and the second in 2018. The total capital cost is expected to be $2.1 billion, with $1.2 billion funded by project financing secured in December 2013.

TRANSPORT DIVISION

The transport division's total volumes transported were lower in 2013, falling to 7.4 million tonnes compared with 7.7 million tonnes in 2012. This decrease was primarily due to a 13.1% decrease in the road transportation volumes during the year.

Combined turnover at the transport division was $196.6 million, a 3.3% increase compared to turnover of $190.4 million in 2012, mainly reflecting an increase in tariffs, partly offset by a decrease in rail tonnages. Operating profit fell to $63.0 million in 2013, mainly reflecting the exclusion of a $5.0 million gain on land sales that had supported 2012 operating profit. Capital expenditure in 2013 was $28.7 million compared to $22.7 million in 2012.

The Antofagasta port is managed by the Group's 30% associate Antofagasta Terminal Internacional S.A. ("ATI"). ATI is a strategic investment for the Group and complements transport division's principal business as the main transporter of cargo within Chile's Antofagasta Region.

The transport division also owns Forestal S.A., which manages the Group's forestry assets. Forestal's two properties, Releco-Puñir and Huilo-Huilo, comprise 26,295 hectares of native forest near the Panguipulli and Neltume lakes, in Chile's Region de Los Lagos. During 2013, Forestal continued with its ongoing forestation, fertilisation and thinning programme to maintain these assets.

WATER DIVISION

In 2013, the water division sold 51.3 million cubic metres of water to domestic and commercial customers, compared with volumes of 50.8 million cubic metres in 2012, mainly driven by higher demand from domestic clients.

Turnover in 2013 increased 1.9% to $135.9 million from $133.4 million in 2012, due to a number of factors including increased demand from both regulated and unregulated customers. Operating costs rose in the year due to increased depreciation and maintenance costs, partly explaining the decrease in operating profit to $57.2 million from $65.1 million in 2012. Capital expenditure in 2013 was $13.4 million compared to $8.0 million in 2012.

During 2013, studies into a second desalination plant were put on hold, as the business reviews alternative, cost-effective options to meet future demand, which include an expansion of the existing plant.

FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2013

Results

	Year ended 31.12.13 $m	Year ended 31.12.12 $m	Movement $m	Movement %
Turnover	**5,971.6**	6,740.1	(768.5)	(11.4)
EBITDA	**2,702.2**	3,864.4	(1,162.2)	(30.1)
Depreciation and amortisation	**(517.7)**	(494.2)	(23.5)	4.8
Impairment	-	(500.0)	500.0	100.0
Net finance expense	**(74.2)**	(90.9)	16.7	18.4
Profit before tax	**2,083.5**	2,761.8	(678.3)	(24.6)
Income tax expense	**(843.7)**	(1,022.2)	178.5	(17.5)
Earnings per share (US cents)	**66.9**	105.2	(38.3)	(36.4)
Net cash	**1,311.2**	2,402.7	(1,091.5)	(45.4)

A detailed segmental analysis of the components of the income statement is contained in Note 4 to the preliminary results announcement.

The following table reconciles between the 2012 and 2013 EBITDA:

	$m		
EBITDA in 2012	**3,864.4**		
Turnover			
Increase in copper volumes sold	137.2		
Decrease in copper realised price	(603.4)		
Increase in tolling charges	(34.5)		
Decrease in turnover from copper concentrate and cathodes	**(500.7)**		
Decrease in molybdenum revenues	(134.4)		
Decrease in gold revenues	(118.7)		
Decrease in silver revenues	(23.4)		
Decrease in turnover from by-products	**(276.5)**		
Increase in transport division turnover	6.2		
Increase in water division turnover	2.5		
Increase in turnover from transport and water divisions	**8.7**		
Decrease in Group turnover	**(768.5)**		
Operating costs			
Increase in unit costs	(252.1)		
Increase in volume sold	(69.0)		
Increase in charge for closure provisions	(70.0)		
Decrease in exploration and evaluation costs	8.5		
Decrease in corporate costs	1.0		
Increase in other mining division cost	(1.0)		
Increase in operating costs for mining division	**(382.6)**		
Increase in transport division operating costs	(5.0)		
Increase in water division costs	(6.1)		
Increase in operating costs for transport and water divisions	**(11.1)**		
Decrease in EBITDA	**(1,162.2)**		
EBITDA in 2013	**2,702.2**		

Turnover

Group turnover in 2013 was $5,971.6 million, 11.4% below the $6,740.1 million achieved in 2012. The decrease of $768.5 million mainly reflected a decrease in the realised copper price as well as lower molybdenum and gold by-product revenues, partly offset by higher copper sales volumes.

Turnover from the mining division

Turnover from copper concentrate and copper cathodes

Turnover from copper concentrate and copper cathode sales decreased by $500.7 million, or 9.1%, to $4,998.0 million, compared with $5,498.7 million in 2012. The decrease reflected the impact of a lower realised price and increased tolling charges partly offset by improved volumes.

(i) Copper volumes

Copper sales volumes increased by 2.7% from 703,200 tonnes in 2012 to 722,200 tonnes this year. The uplift in sales volumes accounted for an increase of $137.2 million in turnover from copper concentrate and cathode sales. The increased production in the year was mainly due to higher production at Esperanza reflecting the improved performance of the operation with increased plant throughput.

(ii) Realised copper prices

The Group's average realised copper price decreased by 10.6% to 327.5 cents per pound (2012 – 366.4 cents), largely reflecting the lower average LME copper price, which decreased by 7.9% to 332.1 cents per pound (2012 – 360.6 cents), as well as the negative impact of provisional pricing adjustments in the current year. The decrease in average realised prices led to a decrease of $603.4 million in turnover from copper concentrate and cathode sales.

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

Provisional pricing adjustments decreased initially invoiced sales (before adjusting for tolling charges) by $127.2 million in 2013, compared with an increase of $81.3 million in 2012. The negative adjustments in the current year reflected the decrease in the copper price in the first half of 2013, partly offset by positive year-end mark-to-market adjustments reflecting the increase in the price immediately prior to the year-end. Further details of provisional pricing adjustments are given in Note 5 to the preliminary results announcement.

In 2013 turnover also includes a net gain of $25.4 million (2012 – net gain of $0.4 million), mainly relating to commodity derivatives at Michilla which matured during the year. Further details of hedging activity in the year are given in Note 6(c) to the preliminary results announcement.

(iii) Tolling charges

Tolling charges for copper concentrate increased by $34.5 million to $216.3 million in 2013. This reflected increased tolling charges at Los Pelambres and Esperanza, mainly due to an increase in average tolling charges during 2013 as well as a minor impact of the increased sales volumes.

Tolling charges are deducted from concentrate sales in reporting turnover and hence the increase in these charges has had a negative impact on turnover.

Turnover from molybdenum, gold and other by-products

Turnover from by-products at Los Pelambres and Esperanza relate mainly to molybdenum and gold, and a lesser extent silver. Turnover from by-products decreased by $276.5 million or 30.1% to $641.1 million in 2013, compared with $917.6 million in 2012.

Turnover from gold in concentrate (net of tolling charges) was $382.5 million (2012 – $501.2 million), a decrease of $118.7 million, which mainly reflected a decrease in the realised gold price, as well as to a lesser extent lower volumes. The realised gold price was $1,358 per ounce in 2013 compared with $1,675 per ounce in 2012, with the decrease largely reflecting the general reduction in average market prices. Gold sales volumes decreased from 300,100 ounces in 2012 to 282,700 ounces in 2013, mainly due to lower gold grades at Esperanza.

Turnover from molybdenum (net of roasting charges) was $180.3 million (2012 – $314.7 million), a decrease of $134.4 million. The reduction in turnover was mainly due to lower molybdenum sales volumes of 8,800 tonnes (2012 – 12,600 tonnes), reflecting lower molybdenum grades, as well as a decrease in the realised price to $10.0 per pound (2012 – $11.9 per pound).

Turnover from silver decreased by $23.4 million to $78.3 million in 2013 (2012 – $101.7 million). The decrease was mainly due to a decrease in the realised silver price from $31.1 per ounce in 2012 to $22.7 per ounce in 2013, partially offset by increased sales volumes of 3,500 ounces (2012 – 3,300 ounces).

Turnover from the transport and water divisions

Turnover from the transport division (FCAB) increased by $6.2 million or 3.3% to $196.6 million. This mainly reflected an increase in tariffs, partly offset by a decrease in rail tonnages. Turnover at Aguas de Antofagasta, which operates the Group's water business, increased by $2.5 million or 1.9% to $135.9 million in 2013, due to a number of factors including increased demand from both regulated and unregulated customers.

Operating costs (excluding depreciation, amortisation and impairments)

Operating costs (excluding depreciation, amortisation and impairments) amounted to $3,269.4 million (2012 – $2,875.7 million), an increase of $393.7 million. This was mainly due to increased average mining unit costs, as well as the impact of the higher mining production and sales volumes.

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

Operating costs at the mining division increased by $382.6 million to $3,091.4 million in 2013, an increase of 14.1%.

Of this increase, $69.0 million is attributable to the higher mining copper production and sales volumes described above. As explained in more detail above, the additional turnover (including by-product revenues) associated with these increased volumes was $ 137.2 million.

$252.1 million of the overall cost increase is attributable to higher unit costs. Excluding by-product credits (which are reported as part of turnover) and tolling charges for concentrates (which are deducted from turnover), weighted average cash costs for the Group (comprising on-site and shipping costs in the case of Esperanza and Los Pelambres and cash costs in the case of El Tesoro and Michilla) increased from $1.50/lb in 2012 to $1.65/lb. This increase was mainly due to higher mine movements costs at Esperanza and higher energy prices at Los Pelambres.

Exploration and evaluation costs decreased by $8.5 million to $274.9 million (2012 – $283.4 million). This mainly reflected decreases in the expenditure on the Centinela Mining District and the pre-feasibility studies at Los Pelambres and Twin Metals, partially offset by increased early-stage exploration work in Chile in areas outside of the existing core locations of the Centinela District and Los Pelambres.

Charges to the income statement for mine closure rehabilitation costs increased by $70.0 million in 2013. Operating costs at Los Pelambres and Michilla included one-off charges totalling $58.0 million reflecting increases in their closure provisions following updated assessments performed by external consultants during 2013.

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

Operating costs at the transport division increased by $5.0 million to $119.8 million. This was mainly due to the costs of a major maintenance programme. Operating costs at the water division increased by $6.1 million to $58.2 million, mainly due to increased labour and maintenance costs.

EBITDA and operating profit from subsidiaries and joint ventures

EBITDA

EBITDA (earnings before interest, tax, depreciation, and amortisation) from subsidiaries and joint ventures decreased by $1,162.2 million or 30.1% to $2,702.2 million in 2013 (2012 – $3,864.4 million).

EBITDA at the mining division decreased by 31.3% from $3,707.5 million in 2012 to $2,547.7 million in 2013. As explained above, this was mainly due to the decrease in the realised copper price and higher unit costs, partly offset by increased volumes of metal sold.

EBITDA at the transport division increased by $1.2 million to $76.8 million in 2013, reflecting the the increased revenue as explained above more. The water division contributed $77.7 million in 2013 compared to $81.3 million last year, reflecting the increased operating costs which offset the increased revenue, as explained above.

Depreciation and amortisation

Depreciation and amortisation increased by $23.5 million to $517.7 million in 2013. This increase was mainly due to the increased charge at Michilla, where depreciation increased by $42.1 million compared with the prior year, partly offset by decreased depreciation at Esperanza as a result of the extension of its mine life. In 2013 there was a loss on disposal of property, plant and equipment of $12.4 million, compared with a gain on disposal of $3.3 million in the prior year.

Provision against carrying values of intangibles and property, plant and equipment (exceptional items in the prior year)

There were no impairments or other exceptional items recorded in 2013.

During the prior year, development of the Antucoya project was temporarily suspended in December 2012 while a review of the project was undertaken. An impairment review was performed in respect of the project as at 31 December 2012, and as a consequence an impairment of US$500 million was recognised in respect of the project's assets at that date. The resumption of the project was announced on 27 March 2013 following conclusion of the project review. There has been no adjustment to the impairment provision recorded in 2012 during the current year.

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries decreased by 24.4% to $2,172.1 million.

Share of results from associates and joint ventures

The Group's share of results from its associates and joint ventures was a loss of $14.4 million (2012 – loss of $20.8 million), an improvement of $6.4 million. This reflected improved earnings at Inversiones Hornitos, as well as lower expenditure in respect of the Tethyan joint venture.

Net finance expense

Net finance expense in 2013 was $74.2 million, compared with a net finance expense of $90.9 million in 2012.

	Year ended 31.12.13 $'m	Year ended 31.12.12 $'m
Investment income	**12.6**	24.6
Interest expense	**(62.0)**	(85.9)
Other finance items	**(24.8)**	(29.6)
Net finance expense	**(74.2)**	(90.9)

Interest income decreased from $24.6 million in 2012 to $12.6 million in 2013, reflecting lower average cash balances and average rates received.

Interest expense decreased from $85.9 million in 2012 to $62.0 million in 2013, mainly due to the decrease of interest payable at Esperanza as consequence of debt repayments.

Other finance items comprised a loss of $24.8 million (2012 – loss of $29.6 million). A loss of $13.5 million (2012 – loss of $12.4 million) has been recognised in respect of the time value element of changes in the fair value of commodity derivative options, which is excluded from the designated hedging relationship, and is therefore recognised directly in profit or loss. Foreign exchange gains included in finance items were $2.9 million in 2013, compared with a loss of $4.8 million in the previous year. An expense of $14.2 million (2012 – $12.4 million) has been recognised in relation to the unwinding of the discount on provisions.

Profit before tax

As a result of the factors set out above, profit before tax decreased by $678.3 million or 24.6% to $2,083.5 million in 2013 compared with $2,761.8 million in 2012. Excluding exceptional items, profit before tax decreased by $1,178.3 million or 36.1% compared with $3,261.8 million in 2012.

Income tax expense

The tax charge for the year was $843.7 million (2012 – $1,022.2 million) and the effective tax rate was 40.5% (2012 – 37.0%).

	Year ended 31.12.13 $'m	**Effective tax rate %**	Year ended 31.12.12 $'m	Effective tax rate %
Profit before tax	**2,083.5**		2,761.8	
Taxes (Current and deferred)				
Corporation tax	**(455.0)**	**21.8**	(703.2)	25.5
Royalty	**(99.2)**	**4.8**	(177.6)	6.4
Withholding tax	**(289.1)**	**13.9**	(141.7)	5.1
Exchange rate	**(0.4)**	**0.0**	0.3	0.0
Total tax charge	**(843.7)**	**40.5**	(1,022.2)	37.0
Effective tax rate excluding exceptional items		**40.5**		31.3

The effective tax rate for 2013 varies from the standard rate of Chilean corporation tax of 20% principally due to the additional mining tax (royalty) and withholding tax.

Corporation (first category) tax

The rate of corporation (first category) tax in Chile is 20%. The effective rate of corporation tax is higher than the statutory rate principally due to the impact of exploration expenditure (in particular in countries outside of Chile) which did not give rise to tax credits.

Mining tax

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

Withholding taxes

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

Non-controlling interests

Profit for the financial year attributable to non-controlling interests was $580.2 million, compared with $702.4 million in 2012, reflecting lower profit attributable to the non-controlling interests as a consequence of the decrease in the earnings of the mining operations analysed above partly offset by the impact of the portion of the impairment loss attributable to the non-controlling interests at Antucoya in the prior year.

Earnings per share

	Year ended 31.12.13 US cents	Year ended 31.12.12 US cents
Earnings per share including exceptional items	**66.9**	105.2
Earnings per share excluding exceptional items	**66.9**	140.7

Earnings per share calculations are based on 985,856,695 ordinary shares. As a result of the factors set out above, profit for the 2013 financial year attributable to equity shareholders of the Company was $659.6 million compared with $1,037.2 million in 2012. Accordingly, earnings per share were 66.9 cents in 2013 compared with 105.2 cents in 2012, a decrease of 36.4%.

Profit for the 2013 financial year attributable to equity holders of the Company excluding exceptional items was $659.6 compared with $1,387.1 million in 2012. Basic earnings per share excluding exceptional items (detailed in Note 3 to the preliminary results announcement) were 66.9 cents in 2013 compared with 140.7 cents in 2012, a decrease of 52.4%.

Dividends

Dividends per share proposed in relation to the year are as follows:

	2013 US cents	2012 US cents
Ordinary		
Interim	**8.9**	8.5
Final	**86.1**	12.5
	95.0	21.0
Special		
Interim	**–**	–
Final	**–**	77.5
	–	77.5
Total dividends to ordinary shareholders	**95.0**	98.5

The Board determines the appropriate dividend each year based on consideration of the Group's cash balance, the level of free cash flow and 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 net earnings for that year of at least 35%.

The Board has recommended a final dividend for 2013 of 86.1 cents per ordinary share, which amounts to $848.8 million and if approved at the Annual General Meeting, will be paid on 23 May 2014 to shareholders on the Register at the close of business on 25 April 2014. This gives total dividends for the year of 95.0 cents, including the interim dividend of 8.9 cents.

In 2012 total dividends were 98.5 cents.

Capital expenditure

Capital expenditure increased by $455.2 million from $1,003.5 million in 2012 to $1,458.7 million in 2013. This was mainly due to the on-going construction of the Antucoya project.

Derivative financial instruments

The Group periodically uses derivative financial instruments to reduce exposure to commodity price movements.

At 31 December 2013 the Group had min/max instruments for 36,000 tonnes of copper production at Michilla covering a total period up to 31 December 2014. The weighted average remaining period covered by the min/max hedges calculated with effect from 1 January 2014 was 6.5 months. The instruments had a weighted average floor of 331.7 cents per pound and a weighted average cap of 433.0 cents per pound. The portion maturing in 2014 represents approximately 80% of Michilla's forecast production, and approximately 5% of

Group copper production for that year. The Group's exposure to the copper price will be limited by the extent of these instruments.

At 31 December 2013 the Group had futures contracts for 11,205 tonnes of copper production, predominantly at El Tesoro, with the effect of swapping COMEX prices for LME prices without impacting the general market price exposure. Details of the mark-to-market position of these instruments at 31 December 2013, together with details of any interest and exchange derivatives held by the Group, are given in Note 6(c) to the preliminary results announcement.

The Group periodically uses foreign exchange derivatives to cover expected operational cash flow needs. At 31 December 2013 the Group had cross-currency swaps with a principal value of $96.0 million relating to Michilla to swap Chilean pesos for US dollars, at an average rate of Ch$544.4/$1, covering a total period up to 15 December 2014. The weighted average remaining period covered by these hedges calculated with effect from 1 January 2014 is 6.6 months. Between 31 December 2013 and 31 January 2014 $8.0 million of cross-currency swaps matured.

The Group also periodically uses interest rate swaps to swap the floating rate interest for fixed rate interest. At 31 December 2013 the Group had entered into contracts in relation to the Esperanza financing for a maximum notional amount of $191.3 million at a weighted average fixed rate of 3.372% maturing in August 2018.

Commodity price sensitivities

Based on 2013 production volumes and without taking into account the effects of provisional pricing and any hedging activity, a change in commodity prices would affect turnover and profit before tax and earnings per share as follows:

	Amount of increase in price	Increase in turnover and profit $m before tax	Increase in earnings per share cents
Copper	$0.10/lb	158.9	7.9
Molybdenum	$1/lb	19.8	0.9
Gold	$100/ounce	29.4	1.5

Cash flows

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

	Year ended 31.12.13 $'m	Year ended 31.12.12 $'m
Cash flows from operations	**2,659.2**	3,826.0
Income tax paid	**(896.5)**	(901.2)
Net interest paid	**(43.2)**	(63.3)
Capital contributions and loan to associates	**(128.2)**	39.8
Change in ownership interest in subsidiaries	**-**	351.8
Capital increase from non-controlling interest	**109.9**	26.8
Acquisition of available-for-sale investments	**(2.1)**	(1.5)
Proceeds from available-for-sale investment	**-**	1.4
Purchase of property, plant and equipment	**(1,344.8)**	(873.5)
Proceeds from sale of property, plant and equipment	**10.6**	9.3
Purchase of intangible assets	**-**	(3.9)
Dividends paid to equity holders of the Company	**(975.0)**	(438.7)
Dividends paid to non-controlling interests	**(452.1)**	(702.5)
Other items	**(0.2)**	0.9
Changes in net cash relating to cash flows	**(1,062.4)**	1,271.4
Exchange and other non-cash movements	**(29.1)**	(8.4)
Movement in net cash in the year	**(1,091.5)**	1,263.0
Net cash at the beginning of the year	**2,402.7**	1,139.7
Net cash at the end of the year	**1,311.2**	2,402.7

Cash flows from operations were $2,659.2 million in 2013 compared with $3,826.0 million last year, a decrease of 30.5%. This reflected EBITDA for the year of $2,702.2 million (2012 – $3,864.4 million) and the decrease in net working capital of $43.0 million (2012 – decrease of $38.4 million).

Cash tax payments in the year were $896.5 million (2012 – $901.2 million), comprising corporation tax of $528.0 million (2012 – $527.5 million), mining tax of $160.0 million (2012 – $226.5 million) and withholding tax of $208.5 million (2012 – $147.2 million). These amounts differ from the current tax charge in the consolidated income statement of $686.0 million (2012 – $871.6 million) mainly because the cash tax payments for corporation tax and the mining tax comprise monthly payments on account in respect of the estimated current year tax charge, which is estimated based on prior year profits, as well as a settlement of any outstanding balance for the previous year.

Contributions and loans to associates of $128.2 million in 2013 are mainly related to the Group's share of the funding of the development of the Alto Maipo project, in which the Group acquired a 40% interest in 2013.

Cash disbursements relating to capital expenditure in 2013 were $1,344.8 million compared with $873.5 million in 2012. This included expenditure of $596.5 million at Antucoya (2012 – $313.6 million), $194.6 million (2012 – $164.0 million) relating to Los Pelambres, $339.4 million relating to Esperanza (2012 – $131.0 million) and $124.1 million (2012 – $132.3 million) relating to El Tesoro.

Dividends (including special dividends) paid to ordinary shareholders of the Company this year were $975.0 million (2012 – $438.7 million), which related to the final dividend declared in respect of the previous year and the interim dividend in respect of the current year.

Dividends paid by subsidiaries to non-controlling shareholders were $452.1 million (2012 – $702.5 million), consisting mainly of distributions by Los Pelambres and El Tesoro.

Financial position

	At 31.12.13 **$'m**	At 31.12.12 $'m
Cash, cash equivalents and liquid investments	**2,685.1**	4,291.9
Total borrowings	**(1,373.9)**	(1,889.2)
Net cash at the end of the year	**1,311.2**	2,402.7

At 31 December 2013 the Group had combined cash, cash equivalents and liquid investments of $2,685.1 million (2012 – $4,291.9 million). Excluding the non-controlling interest share in each partly-owned operation, the Group's attributable share of cash, cash equivalents and liquid investments was $2,420.8 million (2012 – $3,860.2 million).

New borrowings in the year amounted to $198.7 million (2012 – $109.0 million), mainly due to new short-term borrowings at Esperanza of $125.0 million and Antucoya of $63.0 million. Repayments of borrowings and finance leasing obligations in the year were $722.2 million, relating mainly to regular repayments on existing loans at Los Pelambres of $142.2 million (2012 – $134.7 million) and the repayment of senior and subordinated debt at Esperanza of $300.6 million and $55.8 million respectively and repayment El Tesoro senior debt of $83.4 million.

Total Group borrowings at 31 December 2013 were $1,373.9 million (2012 – $1,889.2 million). Of this, $948.5 million (2012 – $1,295.6 million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

Balance sheet

Long-term provisions increased from $384.6 million at 31 December 2012 to $494.3 million at 31 December 2013. This was due to an increase in the provision for future mine decommissioning and restoration costs at Los Pelambres and Michilla following updated assessments performed by external consultants during 2013, partly offset by a reduction in the discounted present-value of the provision at Esperanza as a result of the extension of its mine life.

Foreign currency exchange differences

The principal subsidiaries with a functional currency other than the US dollar are Chilean peso denominated, of which the most significant is Aguas de Antofagasta S.A. Exchange rates used to translate the results of such subsidiaries are given in Note 28 to the preliminary results announcement.

In 2013 the currency translation loss recognised in net equity of $20.8 million resulted mainly from the weakening in the Chilean peso during the year from Ch$479.9 = $1 at the start of 2013 to Ch$524.6 = $1 at the end of 2013. In 2012 the currency translation gain recognised in net equity of $14.4 million resulted mainly from the strengthening in the Chilean peso during the year from Ch$519.2 = $1 at the start of 2012 to Ch$479.9 = $1 at the end of 2012.

Going concern

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Directors' Comments. Details of the cash flows of the Group during the year, along with its financial position at the year-end are set out in this Financial Review. The preliminary results announcement includes details of the Group's cash, cash equivalent and liquid investment balances in Note 23 to the preliminary results announcement, and details of borrowings are set out in Note 17 to the preliminary results announcement.

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

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

Cautionary statement about forward-looking statements

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

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

Consolidated Income Statement

	Notes	Year ended 31.12.13 US$'m	Year ended 31.12.12 Restated[2] US$'m
Group revenue	4,5	**5,971.6**	6,740.1
Total operating costs (including 2012 exceptional item) [1]		**(3,799.5)**	(3,866.6)
Operating profit from subsidiaries	2,4,5	**2,172.1**	2,873.5
Share of results from associates and joint ventures	2,14	**(14.4)**	(20.8)
Total profit from operations, associates and joint ventures	2	**2,157.7**	2,852.7
Investment income		**12.6**	24.6
Interest expense		**(62.0)**	(85.9)
Other finance items		**(24.8)**	(29.6)
Net finance expense	7	**(74.2)**	(90.9)
Profit before tax		**2,083.5**	2,761.8
Income tax expense	8	**(843.7)**	(1,022.2)
Profit for the financial year		**1,239.8**	1,739.6
Attributable to:			
Non-controlling interests		**580.2**	702.4
Equity holders of the Company (net earnings)		**659.6**	1,037.2
		US cents	US cents
Basic earnings per share	9	**66.9**	105.2

	Notes	Year ended 31.12.13	Year ended 31.12.12
Dividends to ordinary shareholders of the Company			
Per share		**US cents**	US cents
Dividends per share proposed in relation to the year	10		
- ordinary dividend (interim)		**8.9**	8.5
- ordinary dividend (final)		**86.1**	12.5
- special dividend (final)		**-**	77.5
		95.0	98.5
Dividends per share paid in the year and deducted from net equity			
- ordinary dividend (interim)		**8.9**	8.5
- ordinary dividend (final)		**12.5**	12.0
- special dividend (final)		**77.5**	24.0
		98.9	44.5
In aggregate		**US$'m**	US$'m
Dividends proposed in relation to the year	10	**936.5**	971.1
Dividends paid in the year and deducted from net equity		**975.0**	438.7

Revenue and operating profit are derived from continuing operations.

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

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

Consolidated Statement of Comprehensive Income

	Notes	**Year ended 31.12.13**	Year ended 31.12.12[1] Restated
		US$'m	US$'m
Profit for the financial year		**1,239.8**	1,739.6
Items that may be reclassified subsequently to profit or loss			
Gains/ (losses) in fair value of cash flow hedges deferred in reserves		**18.2**	(0.3)
Gains/ (losses) in fair value of cash flow hedges deferred in reserves of associates		**1.9**	(1.8)
(Losses)/gains in fair value of available for sale investments	15	**(28.2)**	5.4
Currency translation adjustment		**(20.8)**	14.4
Deferred tax effects arising on cash flow hedges deferred in reserves		**(5.7)**	0.1
Items that will not be subsequently reclassified to profit or loss			
Actuarial losses on defined benefit plans		**(10.4)**	(7.6)
Tax on items recognised directly in equity that will not be reclassified		**1.8**	1.6
Total (losses)/gains recognised in equity		**(43.2)**	11.8
(Gains)/losses in fair value of cash flow hedges transferred to the income statement		**(25.6)**	12.6
Deferred tax effects arising on cash flow hedges transferred to the income statement		**5.1**	(2.5)
Total transferred to the income statement		**(20.5)**	10.1
Total comprehensive income for the year		**1,176.1**	1,761.5
Attributable to:			
Non-controlling interests		**573.9**	709.4
Equity holders of the Company		**602.2**	1,052.1

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2013	89.8	199.2	(3.6)	(2.7)	46.5	6,781.4	**7,110.6**	1,694.2	**8,804.8**
Total comprehensive income for the year	-	-	(3.2)	(28.2)	(20.8)	654.4	**602.2**	573.9	**1,176.1**
Capital increase of non-controlling interest	-	-	-	-	-	(13.3)	**(13.3)**	13.3	**-**
Capital contribution from non-controlling interest	-	-	-	-	-	-	**-**	109.8	**109.8**
Dividends	-	-	-	-	-	(975.0)	**(975.0)**	(452.1)	**(1,427.1)**
Balance at 31 December 2013	89.8	199.2	(6.8)	(30.9)	25.7	6,447.5	**6,724.5**	1,939.1	**8,663.6**

For the year ended 31 December 2012 (restated[1])

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

[1]The prior year comparative figures have been restated as a result of the application of the amendments to IAS 19 Employee Benefits. See Note 1 for further details.

Consolidated Balance Sheet

	Notes	At 31.12.13 US$'m	At 31.12.12 Restated US$'m
Non-current assets			
Intangible assets	11	**133.0**	157.6
Property, plant and equipment	12	**7,424.8**	6,513.2
Investment property	13	**3.3**	3.5
Inventories	16	**178.3**	162.5
Investment in associates and joint ventures [1]	14	**175.2**	106.5
Trade and other receivables		**180.8**	108.3
Derivative financial instruments	6	**-**	8.0
Available for sale investments	15	**16.6**	44.5
Deferred tax assets	20	**76.9**	103.8
		8,188.9	7,207.9
Current assets			
Inventories	16	**476.5**	494.9
Trade and other receivables		**904.6**	801.5
Current tax assets		**121.6**	32.3
Derivative financial instruments	6	**12.9**	35.3
Liquid investments	23	**2,071.4**	2,480.6
Cash and cash equivalents	23	**613.7**	1,811.3
		4,200.7	5,655.9
Total assets		**12,389.6**	12,863.8
Current liabilities			
Short-term borrowings	17	**(341.0)**	(447.0)
Derivative financial instruments	6	**(3.4)**	(6.2)
Trade and other payables		**(776.6)**	(704.5)
Current tax liabilities		**(9.6)**	(137.4)
		(1,130.6)	(1,295.1)
Non-current liabilities			
Medium and long-term borrowings	17	**(1,032.9)**	(1,442.2)
Derivative financial instruments	6	**(6.4)**	(13.1)
Trade and other payables		**(4.7)**	(7.4)
Post-employment benefit obligations	18	**(91.2)**	(81.5)
Decommissioning & restoration and other long term provisions	19	**(494.3)**	(384.6)
Deferred tax liabilities	20	**(965.9)**	(835.1)
		(2,595.4)	(2,763.9)
Total liabilities		**(3,726.0)**	(4,059.0)
Net assets		**8,663.6**	8,804.8
Equity			
Share capital	21	**89.8**	89.8
Share premium	21	**199.2**	199.2
Hedging, translation and fair value reserves		**(12.0)**	40.2
Retained earnings		**6,447.5**	6,781.4
Equity attributable to equity holders of the Company		**6,724.5**	7,110.6
Non-controlling interests		**1,939.1**	1,694.2
Total equity		**8,663.6**	8,804.8

The preliminary information was approved by the Board of Directors on 17 March 2014.

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

Consolidated Cash Flow Statement

	Notes	Year ended 31.12.13 US$'m	Year ended 31.12.12 Restated[1] US$'m
Cash flows from operations	22	**2,659.2**	3,826.0
Interest paid		**(57.2)**	(88.1)
Dividends from associate	14	-	1.1
Income tax paid		**(896.5)**	(901.2)
Net cash from operating activities		**1,705.5**	2,837.8
Investing activities			
Capital contribution and loan to associates and joint ventures		**(128.2)**	(44.0)
Acquisition of available for sale investments	15	**(2.1)**	(1.5)
Proceeds from sale of available for sale investment		-	1.4
Proceeds from repayment of loan to associates		-	83.8
Proceeds from sale of property plant and equipment		**10.6**	9.3
Purchases of property, plant and equipment		**(1,344.8)**	(873.5)
Purchases of intangible assets		-	(3.9)
Net decrease/(increase) in liquid investments		**409.2**	(535.7)
Interest received		**14.0**	24.8
Net cash provided by/(used in) investing activities		**(1,041.3)**	(1,339.3)
Financing activities			
Dividends paid to equity holders of the Company		**(975.0)**	(438.7)
Dividends paid to preference shareholders of the Company		**(0.2)**	(0.2)
Dividends paid to non-controlling interests		**(452.1)**	(702.5)
Change in ownership interest in subsidiaries		-	351.8
Capital increase from non-controlling interest		**109.9**	26.8
Net proceeds from issue of new borrowings	23	**194.1**	104.9
Repayments of borrowings	23	**(706.6)**	(365.2)
Repayments of obligations under finance leases		**(15.6)**	(12.7)
Net cash used in financing activities		**(1,845.5)**	(1,035.8)
Net (decrease)/increase in cash and cash equivalents		**(1,181.3)**	462.7
Cash and cash equivalents at beginning of the year		**1,811.3**	1,335.1
Net (decrease)/ increase in cash and cash equivalents	23	**(1,181.3)**	462.7
Effect of foreign exchange rate changes	23	**(16.3)**	13.5
Cash and cash equivalents at end of the year	23	**613.7**	1,811.3

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

Notes

1. General information and accounting policies

a) General information

This preliminary results announcement is for the year ended 31 December 2013. While the financial information contained in this preliminary results announcement has been prepared in accordance with International Financial Reporting Standards (“IFRS”), this announcement does not itself contain sufficient information to comply with IFRS. For these purposes, IFRS comprise the Standards issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) that have been endorsed by the European Union. The Group will send its full financial statements that comply with IFRS to shareholders in April 2014.

The financial information contained in this preliminary results announcement 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 within the Financial Review.

This preliminary results announcement 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 2013 have been approved by the Board and will be delivered to the Registrar of Companies following the Company’s Annual General Meeting which will be held on 21 May 2014. The auditor has reported on those accounts and their report was unqualified, with no matters 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).

The information contained in this announcement for the year ended 31 December 2012 also does not constitute statutory accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor’s report on those accounts was unqualified, with no matters by way of emphasis, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

The information contained in Note 30 of this preliminary results announcement is not derived from the statutory accounts for the years ended 31 December 2012 and 2013 and is accordingly not covered by the auditor’s reports.

b) Going concern

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

c) Accounting policies

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

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

IAS 19 (revised) Employee benefits

IFRS 13 Fair value measurement

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

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

IFRS 10 Consolidated financial statements

IFRS 11 Joint arrangements

IFRS 12 Disclosure of interests in other entities

IAS 27 Separate financial statements

IAS 28 Investment in associates and joint ventures

The nature and impact on the financial statements of the Group of those new standards, amendments and interpretations which have a significant impact on this preliminary results announcement are described below:

IAS 19 (revised) ***Employee benefits***

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

The standard has been applied retrospectively according to the transitional provisions of the standard. For the year ended 31 December 2012 actuarial losses of $7.6 million have been reclassified from the income statement and included in other comprehensive income. In the year ended 31 December 2013 an actuarial loss of $10.4 million has been included in other comprehensive income.

IFRS 13 ***Fair value measurement***

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

IFRS 13 includes a new definition of fair value that emphasises that fair value is a market-based measurement. The main impact of this for the Group has been to incorporate an element of own credit risk in the valuation of financial liabilities. In accordance with the transitional provisions of IFRS 13 the amended valuation methodology has been applied prospectively from 1 January 2013, and accordingly has not impacted the prior period comparative figures. The net impact in the year ended 31 December 2013 in comparison with the previous fair value methodology has been a gain of $0.3 million in equity relating to the Group's interest rate swaps and a loss of less than $0.1 million in profit and loss relating to the Group's commodity derivatives.

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

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

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

The standard has been applied retrospectively with effect from 1 January 2012 according to the transitional provisions of the standard. As at 1 January 2012 the Group did not have any capitalised or deferred operational stripping costs. During 2012 the Group had capitalised $56.6 million of operational stripping costs. These amounts have been reviewed and are in compliance with the requirements of IFRIC 20, and accordingly no restatement of the prior period comparative figures has been required by the adoption of the new Interpretation. In the year ended 31 December 2013 a further $99.6 million of operational stripping costs has been capitalised by the Group.

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

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

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

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

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

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

IFRS 12 *Disclosure of interests in other entities*

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

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

The following table set out the impact of retrospectively applying IFRS 11 and IAS 19R for the year ended 31 December 2012:

	Year ended 31.12.12 as previously stated	IFRS 11	IAS 19R	Year ended 31.12.12 restated
	US$'m	US$'m	US$'m	US$'m
Adjustments to Consolidated income statements				
Total operating costs	(3,901.7)	27.5	7.6	(3,866.6)
Share of results from associates and joint ventures	6.7	(27.5)	-	(20.8)
Income tax expense	(1,020.6)	-	(1.6)	(1,022.2)
Profit for the financial year	**1,733.6**	**-**	**6.0**	**1,739.6**
Adjustments to the Consolidated statements of comprehensive income				
Profit for the financial period	1,733.6	-	6.0	1,739.6
Actuarial losses on defined benefit plans	-	-	(7.6)	(7.6)
Tax on items recognised directly that will not be reclassified	-	-	1.6	1.6
Total comprehensive income for the period	**1,761.5**	**-**	**-**	**1,761.5**
Adjustments to the Consolidated balance sheets				
Investment in associates and joint ventures	107.6	(1.1)	-	106.5
Trade and other receivables	801.9	(0.4)	-	801.5
Cash and cash equivalents	1,815.9	(4.6)	-	1,811.3
Trade and other payables	(710.2)	5.7	-	(704.5)
Post-employment benefit obligations	(81.9)	0.4	-	(81.5)
Net assets	**8,804.8**	**-**	**-**	**8,804.8**
Adjustments to Consolidated cash flow statements				
Cash flow from operations	3,806.2	19.8	-	3,826.0
Capital contribution to associates and joint ventures	(19.6)	(24.4)	-	(44.0)
Net increase in cash and cash equivalents	**467.3**	**(4.6)**	**-**	**462.7**
Adjustments to non-GAAP data				
EBITDA	3,829.3	27.5	7.6	3,864.4

The 2012 comparative figures in the notes to the preliminary results announcement have accordingly been restated to reflect the impact of the adoption of IFRS 11 and IAS 19R.

2. Total profit from operations, associates and joint ventures

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Group Revenue	**5,971.6**	6,740.1
Cost of sales	**(2,859.5)**	(2,464.5)
Gross profit	**3,112.1**	4,275.6
Administrative and distribution expenses	**(563.0)**	(596.0)
Closure provision	**(71.0)**	0.3
Severance charges	**(16.0)**	(14.2)
Provision against carrying value of assets (see Note 3)	-	(500.0)
Exploration and evaluation costs	**(274.9)**	(283.4)
Other operating income	**18.7**	14.3
Other operating expenses	**(33.8)**	(23.1)
Operating results from subsidiaries	**2,172.1**	2,873.5
Share of results from associates and joint ventures	**(14.4)**	(20.8)
Total profit from operations, associates and joint ventures	**2,157.7**	2,852.7

3. Exceptional item

	Operating Profit		Profit before tax		Earnings per share	
	Year ended 31.12.13	Year ended 31.12.12	**Year ended 31.12.13**	Year ended 31.12.12	**Year ended 31.12.13**	Year ended 31.12.12
	US$'m	US$'m	**US$'m**	US$'m	**US cents**	**US cents**
Before exceptional item	**2,172.1**	3,373.5	**2,083.5**	3,261.8	**66.9**	140.7
Provision against carrying value of assets	-	(500.0)	-	(500.0)	-	(35.5)
After exceptional item	**2,172.1**	2,873.5	**2,083.5**	2,761.8	**66.9**	105.2

2012 – provision against the carrying value of assets

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

The resumption of the project was announced on 27 March 2013 following conclusion of the project review.

There has been no adjustment to the impairment provision recorded in 2012 during the current year.

4. Segmental analysis

The Group's reportable segments are as follows:

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

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

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

a) Segment revenues and results

For the year ended 31 December 2013

	Los Pelambres	Esperanza	El Tesoro	Michilla	Antucoya	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	**US$'m**	**US$'m**	**US$'m**
Revenue	**3,129.4**	**1,454.4**	**747.4**	**307.9**	**-**	**-**	**-**	**5,639.1**	**196.6**	**135.9**	**5,971.6**
EBITDA	**1,814.0**	**649.2**	**426.4**	**16.3**	**-**	**(274.9)**	**(83.3)**	**2,547.7**	**76.8**	**77.7**	**2,702.2**
Depreciation and Amortisation	(175.9)	(173.1)	(52.1)	(58.9)	-	-	(26.2)	(486.2)	(14.6)	(16.9)	**(517.7)**
(Loss)/profit on disposals	(2.8)	(1.6)	(3.8)	(0.5)	(0.7)	-	(0.2)	(9.6)	0.8	(3.6)	**(12.4)**
Operating profit/(loss)	**1,635.3**	**474.5**	**370.5**	**(43.1)**	**(0.7)**	**(274.9)**	**(109.7)**	**2,051.9**	**63.0**	**57.2**	**2,172.1**
Share of results from associates and joint ventures	-	-	-	-	-	-	(27.4)	(27.4)	13.0	-	**(14.4)**
Investment income	2.2	2.0	1.0	0.3	-	-	5.6	11.1	0.9	0.6	**12.6**
Interest expense	(8.4)	(46.0)	(3.8)	-	-	-	(3.6)	(61.8)	(0.2)	-	**(62.0)**
Other finance items	(7.9)	2.0	(2.6)	(6.5)	(4.2)	-	(5.8)	(25.0)	-	0.2	**(24.8)**
Profit/(loss) before tax	**1,621.2**	**432.5**	**365.1**	**(49.3)**	**(4.9)**	**(274.9)**	**(140.9)**	**1,948.8**	**76.7**	**58.0**	**2,083.5**
Tax	(374.8)	(109.6)	(84.6)	12.4	4.6	-	(216.6)	(768.6)	(64.2)	(10.9)	**(843.7)**
Non-controlling interests	(477.7)	(88.1)	(67.6)	11.5	1.6	-	39.9	(580.4)	0.2	-	**(580.2)**
Net earnings/(losses)	**768.7**	**234.8**	**212.9**	**(25.4)**	**1.3**	**(274.9)**	**(317.6)**	**599.8**	**12.7**	**47.1**	**659.6**
Additions to non-current assets											
Capital expenditure	208.9	325.3	155.6	17.2	678.9	-	30.7	1,416.6	28.7	13.4	**1,458.7**
Segment assets and liabilities											
Segment assets	3,748.9	3,373.6	1,285.2	226.6	764.4	-	2,346.3	11,745.0	409.9	234.7	**12,389.6**
Segment liabilities	(1,183.8)	(1,333.2)	(290.2)	(93.1)	(378.5)	-	(342.3)	(3,621.1)	(55.3)	(49.5)	**(3,726.0)**

For the year ended 31 December 2012

	Los Pelambres	Esperanza	El Tesoro	Michilla	Antucoya	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	**US$'m**	**US$'m**	**US$'m**
Revenue	**3,553.7**	**1,704.2**	**851.0**	**307.4**	**-**	**-**	**-**	**6,416.3**	**190.4**	**133.4**	**6,740.1**
EBITDA	**2,459.1**	**1,072.2**	**496.8**	**46.1**	**-**	**(283.4)**	**(83.3)**	**3,707.5**	**75.6**	**81.3**	**3,864.4**
Depreciation and amortisation	(167.1)	(193.9)	(48.6)	(16.8)	-	-	(37.8)	(464.2)	(14.6)	(15.4)	**(494.2)**
(Loss)/profit on disposals	-	-	(1.5)	-	-	-	-	(1.5)	5.6	(0.8)	**3.3**
Provision against the carrying value of assets	-	-	-	-	(500.0)	-	-	(500.0)	-	-	**(500.0)**
Operating profit/(loss)	**2,292.0**	**878.3**	**446.7**	**29.3**	**(500.0)**	**(283.4)**	**(121.1)**	**2,741.8**	**66.6**	**65.1**	**2,873.5**
Share of results from associates and joint ventures	-	-	-	-	-	-	(27.9)	(27.9)	7.1	-	**(20.8)**
Investment income	2.3	2.7	2.1	0.9	-	-	10.8	18.8	4.8	1.0	**24.6**
Interest expense	(12.6)	(63.5)	(6.5)	-	-	-	(3.0)	(85.6)	(0.3)	-	**(85.9)**
Other finance items	(10.8)	(5.0)	0.1	(14.1)	-	-	1.9	(27.9)	(1.8)	0.1	**(29.6)**
Profit before tax	**2,270.9**	**812.5**	**442.4**	**16.1**	**(500.0)**	**(283.4)**	**(139.3)**	**2,619.2**	**76.4**	**66.2**	**2,761.8**
Tax	(595.2)	(188.4)	(106.5)	(3.7)	-	-	44.8	(849.0)	(156.1)	(17.1)	**(1,022.2)**
Non-controlling interests	(646.7)	(175.3)	(70.8)	(2.5)	150.0	-	43.4	(701.9)	(0.5)	-	**(702.4)**
Net earnings	**1,029.0**	**448.8**	**265.1**	**9.9**	**(350.0)**	**(283.4)**	**(51.1)**	**1,068.3**	**(80.2)**	**49.1**	**1,037.2**
Additions to non-current assets											
Capital expenditure	178.8	130.3	130.9	58.4	440.0	-	34.4	972.8	22.7	8.0	**1,003.5**
Segment assets and liabilities											
Segment assets	3,689.1	3,639.7	1,089.1	270.2	113.9	-	3,285.7	12,087.7	512.5	263.6	**12,863.8**
Segment liabilities	(1,251.6)	(1,657.4)	(393.2)	(83.3)	(251.1)	-	(311.4)	(3,948.0)	(52.6)	(58.4)	**(4,059.0)**

b) Entity wide disclosures

Revenue by product

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Copper		
- Los Pelambres	**2,821.0**	3,091.3
- Esperanza	**1,121.7**	1,249.0
- El Tesoro	**747.4**	851.0
- Michilla	**307.9**	307.4
Gold		
- Los Pelambres	**77.0**	85.7
- Esperanza	**305.5**	415.5
Molybdenum		
- Los Pelambres	**180.3**	314.7
Silver		
- Los Pelambres	**51.1**	62.0
- Esperanza	**27.2**	39.7
Total Mining	**5,639.1**	6,416.3
Railway and transport services	**196.6**	190.4
Water concession	**135.9**	133.4
	5,971.6	6,740.1

Revenue by location of customer

	Year ended 31.12.13 US$'m	Year ended 31.12.12 US$'m
Europe		
- United Kingdom	**15.8**	35.2
- Switzerland	**143.9**	77.3
- Spain	**208.2**	225.7
- Germany	**146.4**	24.4
- Rest of Europe	**232.4**	385.6
Latin America		
- Chile	**375.3**	386.7
- Rest of Latin America	**186.4**	237.4
North America		
- United States	**320.1**	258.9
Asia		
- Japan	**1,984.5**	2,390.5
- China	**1,423.9**	1,508.9
- Rest of Asia	**934.7**	1,209.5
	5,971.6	6,740.1

Information about major customers

In the year ended 31 December 2013 the Group's mining revenues included $1,035.8 million related to one large customer that individually accounted for more than 10% of the Group's revenues (year ended 31 December 2012 - one large customer representing $1,143.8 million).

Non-current assets by location of asset

	Year ended 31.12.13 US$'m	Year ended 31.12.12 US$'m
- Chile	**7,962.4**	6,924.1
- Bolivia	**37.0**	34.1
- USA	**94.7**	93.8
- Other	**1.3**	(0.4)
	8,095.4	7,051.6

Notes to geographical information

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

5. Revenues

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

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

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

For the year ended 31 December 2013

	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m
	Los Pelambres	Esperanza	El Tesoro	Michilla	Los Pelambres	Esperanza	Los Pelambres
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	**3,042.9**	**1,237.3**	**750.0**	**285.9**	**82.7**	**331.3**	**210.0**
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	**(1.8)**	**0.5**	**0.2**	**0.1**	**-**	**1.2**	**0.4**
Settlement of sales invoiced in the previous year	**(31.5)**	**(14.4)**	**1.1**	**0.2**	**(4.1)**	**(5.6)**	**0.1**
Total effect of adjustments to previous year invoices in the current year	**(33.3)**	**(13.9)**	**1.3**	**0.3**	**(4.1)**	**(4.4)**	**0.5**
Effects of pricing adjustments to current year invoices							
Settlement of sales invoiced in the current year	**(72.8)**	**(37.1)**	**(5.1)**	**(3.4)**	**(1.4)**	**(15.8)**	**(14.9)**
Mark-to-market adjustments at the end of the current year	**27.1**	**8.8**	**1.0**	**(0.1)**	**-**	**(4.5)**	**(1.1)**
Total effect of adjustments to current year invoices	**(45.7)**	**(28.3)**	**(4.1)**	**(3.5)**	**(1.4)**	**(20.3)**	**(16.0)**
Total pricing adjustments	**(79.0)**	**(42.2)**	**(2.8)**	**(3.2)**	**(5.5)**	**(24.7)**	**(15.5)**
Realised gains on commodity derivatives	**-**	**-**	**0.2**	**25.2**	**-**	**-**	**-**
Revenue before deducting tolling charges	**2,963.9**	**1,195.1**	**747.4**	**307.9**	**77.2**	**306.6**	**194.5**
Tolling charges	**(142.9)**	**(73.4)**	**-**	**-**	**(0.2)**	**(1.1)**	**(14.2)**
Revenue net of tolling charges	**2,821.0**	**1,121.7**	**747.4**	**307.9**	**77.0**	**305.5**	**180.3**

For the year ended 31 December 2012

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

Copper concentrate

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

At 31 December 2013 sales totalling 172,000 tonnes remained open as to price, with an average mark-to-market price of $3.34/lb compared with an average provisional invoice price of $3.25/lb. At 31 December 2012 sales totalling 203,400 tonnes remained open as to price, with an average mark-to-market price of $3.60/lb compared with an average provisional invoice price of $3.59/lb.

Copper cathodes

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

At 31 December 2013, sales totalling 13,500 tonnes remained open as to price, with an average mark-to-market price of $3.34/lb compared with an average provisional invoice price of $3.31/lb. At 31 December 2012, sales totalling 13,400 tonnes remained open as to price, with an average mark-to-market price of $3.59/lb compared with an average provisional invoice price of $3.60/lb.

Gold in concentrate

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

At 31 December 2013, sales totalling 52,800 ounces remained open as to price, with an average mark-to-market price of $1,189 per ounce compared with an average provisional invoice price of $1,274 per ounce. At 31 December 2012, sales totalling 42,400 ounces remained open as to price, with an average mark-to-market price of $1,677 per ounce compared with an average provisional invoice price of $1,705 per ounce.

Molybdenum concentrate

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

At 31 December 2013, sales totalling 1,800 tonnes remained open as to price, with an average mark-to-market price of $9.7/lb compared with an average provisional invoice price of $10.0/lb.

At 31 December 2012, sales totalling 1,700 tonnes remained open as to price, with an average mark-to-market price of $11.4 per pound compared with an average provisional invoice price of $11.5 per pound.

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

	Effect on debtors of year end mark to market adjustments	
	At 31.12.13	At 31.12.12
	US$'m	US$'m
Los Pelambres - copper concentrate	**27.1**	1.8
Los Pelambres - molybdenum concentrate	**(1.1)**	(0.4)
Esperanza - copper concentrate	**8.8**	(0.5)
Esperanza - gold in concentrate	**(4.5)**	(1.2)
El Tesoro - copper cathodes	**1.0**	(0.2)
Michilla - copper cathodes	**(0.1)**	(0.1)
	31.2	(0.6)

6. Financial instruments

a) Categories of financial instruments

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

	At 31.12.13 US$m	At 31.12.12 US$m
Financial assets		
Derivatives in designated hedge accounting relationships	**12.9**	43.3
Available-for-sale-investments	**16.6**	44.5
Loans and receivables at amortised cost (including cash and cash equivalents)	**1,699.1**	2,721.1
Fair value through profit and loss (liquid investments)	**2,071.4**	2,480.6
Financial liabilities		
Derivatives in designated hedge relationships	**(9.8)**	(19.3)
Financial liabilities measured at amortised cost	**(2,155.2)**	(2,601.1)

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

b) Embedded derivatives

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

c) Derivative financial instruments

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

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

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

The gains or losses recorded in the income statement or in reserves during the year, and the fair value recorded on the balance sheet at the end of the year in respect of derivatives are as follows. The impact on reserves is shown before tax and non-controlling interests.

For the year ended 31 December 2013

	Impact on income statement for the year ended 31.12.13			Impact on reserves for the year ended at 31.12.13	Fair value recorded on balance sheet
	Realised (losses)/gains	Losses resulting from mark-to-market adjustments on hedging instruments	Total net (loss)/gain	(Losses)/gains resulting from mark-to-market adjustments on hedging instruments	Net financial (liability)/asset **31.12.13**
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
El Tesoro	0.2	-	0.2	0.8	(0.4)
Michilla	25.2	(13.5)	11.7	(1.3)	11.2
Exchange Derivatives					
Michilla	7.2	-	7.2	(5.3)	1.7
Interest Derivatives					
Esperanza	(7.8)	-	(7.8)	8.7	(9.4)
Energy Derivatives					
Pelambres	0.8	-	0.8	(10.3)	-
	25.6	**(13.5)**	**12.1**	**(7.4)**	**3.1**

For the year ended 31 December 2012

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

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

The net financial asset/(liability) resulting from the balance sheet mark-to-market adjustments are analysed as follows:

	At 31.12.13	At 31.12.12
	US$'m	US$'m
Analysed between:		
Current assets	**12.9**	35.3
Non-current assets	-	8.0
Current liabilities	**(3.4)**	(6.2)
Non-current liabilities	**(6.4)**	(13.1)
	3.1	24.0

(ii) Outstanding derivative financial instruments

Commodity derivatives

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

- **Min/max instruments**

	At 31.12.13	For instruments held at 31.12.13			
	Copper production hedged	Weighted average remaining period from 1 January 2014	Covering a period up to:	Weighted average floor	Weighted average cap
	000 tonnes	Months		US cents	US cents
Michilla	36,000	6.5	31-12-14	331.7	433.0

- **Futures arbitrage**

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

	At 31.12.13	For instruments held at 31.12.13	
	Copper production hedged	Weighted average remaining period from 1 January 2014	Covering a period up to:
	000 tonnes	Months	
El Tesoro	10,600	7.0	31-01-15
Michilla	605	1.0	31-01-14

(iii) Exchange derivatives

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

- **Cross currency swaps**

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

	At 31.12.13	For instruments held at 31.12.13		
	Principal value of cross currency swaps held	Weighted average remaining period from 1 January 2014	Covering a period up to:	Weighted average rate
	US$'m	Months		Ch$/US$
Michilla	96.0	6.6	15-12-14	544.4

(iv) Interest derivatives

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

- **Interest rate swaps**

The Group has used interest rate swaps to swap the floating rate interest relating to the Esperanza financing for fixed rate interest. At 31 December 2013 the Group had entered into the contracts outlined below.

	Start date	Maturity date	Actual notional amount	Weighted Average Fixed Rate
			US$'m	%
Esperanza	15-02-2011	15-08-2018	191.3	3.372

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

7. Net finance expense

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Investment income		
Interest receivable	**9.0**	19.6
Fair value through profit or loss	**3.6**	5.0
	12.6	24.6
Interest expense		
Interest payable	**(61.8)**	(85.7)
Preference dividends	**(0.2)**	(0.2)
	(62.0)	(85.9)
Other finance items		
Time value effect of commodity derivatives	**(13.5)**	(12.4)
Unwinding of discount on provisions	**(14.2)**	(12.4)
Foreign exchange	**2.9**	(4.8)
	(24.8)	(29.6)
Net finance expense	**(74.2)**	(90.9)

At 31 December 2013 an expense of $6.4 million relating to net interest expense and other finance items at Antucoya was capitalised (31 December 2012 – $1.3 million had been capitalised and subsequently impaired).

8. Taxation

The tax charge for the year comprised the following:

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Current tax charge		
Corporate tax (principally first category tax in Chile)	**(382.6)**	(546.7)
Mining tax (Royalty)	**(90.5)**	(177.5)
Withholding tax provision	**(208.0)**	(147.7)
Exchange (losses)/ gains on corporate tax balances	**(0.4)**	0.3
	(681.5)	(871.6)
Deferred tax credit /(charge)		
Corporate tax (principally first category tax in Chile)	**(72.4)**	(156.5)
Mining tax (Royalty)	**(8.7)**	(0.1)
Withholding tax provision	**(81.1)**	6.0
	(162.2)	(150.6)
Total tax charge (Income tax expense)	**(843.7)**	(1,022.2)

The rate of corporate (first category) tax in Chile is currently 20% (2012 – 20%).

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

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

	Year ended 31.12.13		Year ended 31.12.12	
	US$'m	%	US$'m	%
Profit before tax	**2,083.5**		2,761.8	
Corporation (first category tax)	**(455.0)**	**21.8**	(703.2)	25.5
Royalty	**(99.2)**	**4.8**	(177.6)	6.4
Withholding taxes provided in year	**(289.1)**	**13.9**	(141.7)	5.1
Net other items	**(0.4)**	**-**	0.3	-
Tax expense and effective tax rate for the year	**(843.7)**	**40.5**	(1,022.2)	37.0

In 2013 the total charge was $843.7 million, with an overall effective tax rate of 40.5% compared with the statutory rate of corporate tax of 20%. The effective rate of corporate tax was 21.8%, principally due to the impact of exploration expenditure (in particular in countries outside of Chile) which did not give rise to tax credits. In addition, the overall effective tax rate reflects the Chilean mining tax charge of $99.2 million and the withholding tax charge of $289.1 million.

In 2012 the total charge was $1,022.2 million, with an overall effective tax rate of 37.0% compared with the statutory rate of corporate tax of 20%. The effective rate of corporate tax was 25.5%, principally due to the impact of the $500 million exceptional impairment provision, which did not give rise to a tax credit, and a deferred tax charge of $67.8 million as a result of the permanent increase in the first category tax rate in Chile from 17% to 20%. In addition, the overall effective tax rate reflected the Chilean mining tax charge of $177.6 million and the withholding tax charge of $141.7 million.

9. Earnings per share

Basic and diluted earnings per share is calculated on profit after tax and non-controlling interest giving net earnings of $659.6 million (2012 – $1,037.2 million) and based on 985,856,695 ordinary shares. There was no potential dilution of ordinary shares in either year.

In the year ended 31 December 2012, basic earnings per share excluding exceptional items was calculated on profit after tax and non-controlling interest giving net earnings excluding exceptional items (and related tax and non-controlling interest), of $1,387.2 million and amounted to 140.7 cents.

10. Dividends

The Board has recommended a final dividend of 86.1 cents per ordinary share, which amounts to $848.8 million. The interim dividend of 8.9 cents per share was an ordinary dividend and was paid on September. Together, this gives total dividends proposed in relation to 2013 of 95.0 cents per share.

The final dividend proposed in relation to 2012 was 90.0 cents, which comprised an ordinary dividend of 12.5 cents per share and a special dividend of 77.5 cents per share. Together with the interim dividend that year of 8.5 cents per share which was an ordinary dividend this gave total dividends proposed in relation to 2012 of 98.5 cents per share.

Dividends per share actually paid in the year and recognised as a deduction from net equity under IFRS were 98.9 cents (2012 – 44.5 cents) being the interim dividend for the year and the final dividend proposed in respect of the previous year.

If approved at the Annual General Meeting, the final dividend of 86.1 cents will be paid on 23 May 2014 to ordinary shareholders on the register at the close of business on 25 April 2014. Shareholders can elect (on or before 28 April 2014) 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 1 May 2014).

Further details of the currency election timing and process (including the default currency of payment) are available on the Antofagasta plc website (www.antofagasta.co.uk) or from the Company's registrar, Computershare Investor Services PLC on +44 870 702 0159.

11. Intangible assets

	Year ended 31.12.13 US$'m	Year ended 31.12.12 US$'m
Balance at the beginning of the year	**157.6**	155.3
Additions	**-**	3.9
Amortisation	**(11.7)**	(14.6)
Foreign currency exchange difference	**(12.9)**	13.0
Balance at the end of the year	**133.0**	157.6

The balance relates to a 30 year concession to operate the water rights and facilities in the Antofagasta Region of Chile which the Group's wholly-owned subsidiary, Aguas de Antofagasta S.A., acquired in December 2003 and any other subsequent additions or acquisitions subject to the terms of the concession. This intangible asset is being amortised on a straight-line basis over the life of the concession, or the useful life of any component part if less.

12. Property, plant and equipment

	Mining US$'m	Railway and other transport US$'m	Water Concession US$'m	Year ended 31.12.13 US$'m	Year ended 31.12.12 US$'m
Balance at the beginning of the year	6,270.5	201.7	41.0	**6,513.2**	6,443.0
Additions	1,416.6	28.7	13.4	**1,458.7**	1,003.5
Reclassification	(1.3)	-	(3.5)	**(4.8)**	(2.0)
Decommissioning provisions capitalised	31.8	-	-	**31.8**	59.6
Depreciation	(486.2)	(14.6)	(5.2)	**(506.0)**	(479.6)
Depreciation capitalized	(39.9)	-	-	**(39.9)**	(8.1)
Provision against the carrying value of assets	-	-	-	**-**	(500.0)
Asset disposals	(17.7)	(1.7)	(3.6)	**(23.0)**	(6.0)
Foreign currency exchange difference	-	(0.1)	(5.1)	**(5.2)**	2.8
Balance at the end of the year	7,173.8	214.0	37.0	**7,424.8**	6,513.2

Depreciation of $39.9 million (31 December 2012 – $8.1 million) has been capitalised within property, plant & equipment or inventory, and accordingly excluded from the depreciation charge recorded in the income statement as shown in Note 4(a).

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

Future capital commitments at 31 December 2013 were $842.8 million (31 December 2012 - $748.0 million) of which $421.0 million were related to the development of Antucoya project.

13. Investment property

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Balance at the beginning of the year	**3.5**	3.1
Foreign currency exchange difference	**(0.2)**	0.4
Balance at the end of the year	**3.3**	3.5

Investment property represents the Group's forestry properties, which are held for long-term potential and accordingly classified as investment property held at cost.

14. Investment in associates and joint ventures

	Inversiones Hornitos	ATI	El Arrayan	Energía Andina	Tethyan Copper	Alto Maipo	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m
Balance at the beginning of the year	80.8	4.8	22.0	1.4	(2.5)	-	**106.5**	86.8
Capital contribution	-	-	-	21.6	7.0	52.6	**81.2**	44.0
Gains/(losses) in fair value of cash flow hedges deferred in reserves of associates	-	-	2.3	-	-	(0.4)	**1.9**	(1.8)
Interest expense capitalised by associate payable to subsidiary	-	-	-	-	-	-	**-**	(0.6)
Share of profit/(loss) before tax	13.6	2.4	0.1	(21.9)	(5.3)	(0.4)	**(11.5)**	(18.6)
Share of tax	(2.5)	(0.5)	-	-	-	0.1	**(2.9)**	(2.2)
Share of income/(loss) from associate	11.1	1.9	0.1	(21.9)	(5.3)	(0.3)	**(14.4)**	(20.8)
Dividends received	-	-	-	-	-	-	**-**	(1.1)
Balance at the end of the year	91.9	6.7	24.4	1.1	(0.8)	51.9	**175.2**	106.5

The investments which are included in the $175.2 million balance at 31 December 2013 are set out below:

Investment in associates

(i) The Group's 40% interest in Inversiones Hornitos S.A., which owns the 165MW Hornitos thermoelectric power plant operating in Mejillones, in Chile's Antofagasta Region. Share of income from associates for the year ended 31 December 2013 includes $5.2 million (2012 – $3.4 million) for the Group's share of an additional insurance compensation as a result of business interruption that occurred between 20 September 2012 and 28 December 2012.

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

(iii) The Group´s 30% interest in El Arrayan, which will develop and operate an 115MW wind-farm project. Construction of the plant began in July 2012 with commercial operation expected to be achieved during the third quarter of 2014.

(iv) The Group's interest in Alto Maipo SPA ("Alto Maipo"), which will develop, construct, own and operate two run-of-river hydroelectric power stations located in the upper section of the Maipo River, approximately 50 kilometres to the southeast of Santiago, with a total installed capacity of 531MW. In July 2013, the Group exercised an option to acquire a 40% interest in Alto Maipo for a consideration of

$50.2 million, and will be responsible for its share of development costs. During the year, the Group contributed an additional $2.4 million for a total contribution of $52.6 million in 2013. The balance due from Alto Maipo to the Group at 31 December 2013 was $47.0 million representing loan financing with an interest rate of LIBOR six-months plus 4.25%.

Investment in joint ventures

(v) The Group's 60% interest in Energia Andina, which is a joint venture with Origin Geothermal Chile Limitada for the exploration and exploitation of potential sources of geothermal energy.

(vi) The Group's 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interest in Pakistan, which is now subject to international arbitration as set out in Note 26 below.

15. Available for sale investments

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Balance at the beginning of the year	**44.5**	36.5
Additions	**2.1**	1.5
Movements in fair value	**(28.2)**	5.4
Foreign currency exchange difference	**(1.8)**	1.1
Balance at the end of the year	**16.6**	44.5

Available for sale investments represent those investments which are not subsidiaries, associates or joint ventures and are not held for trading purposes. The fair value of all equity investments are based on quoted market prices.

16. Inventories

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Current:		
Raw materials and consumables	**201.3**	192.7
Work in progress	**214.7**	243.4
Finished goods	**60.5**	58.8
	476.5	494.9
Non-current:		
Work in progress	**178.3**	162.5
	654.8	657.4

Non–current work-in-progress is expected to be processed more than 12 months after the balance sheet date.

17. Borrowings

	Notes	At 31.12.13	At 31.12.12
		US$'m	US$'m
Los Pelambres			
Corporate loans	(i)	**(222.7)**	(357.8)
Finance leases	(ii)	**(17.9)**	(29.1)
Esperanza			
Project financing (senior debt)	(iii)	**(593.2)**	(893.8)
Shareholder loan (subordinated debt)	(iv)	**(190.7)**	(238.1)
Finance leases	(v)	**(0.7)**	(5.2)
El Tesoro			
Corporate loan	(vi)	**(131.5)**	(214.6)
Finance leases	(vii)	**(0.2)**	(0.9)
Antucoya			
Shareholder loan (subordinated debt)	(viii)	**(171.6)**	(102.0)
Finance leases	(ix)	**(1.8)**	-
Corporate and other items			
Finance leases	(x)	**(35.6)**	(39.3)
Railway and other transport services			
Bonds	(xi)	**(3.0)**	(4.7)
Short-term loans	(xii)	**(1.7)**	(0.5)
Other			
Preference shares	(xiii)	**(3.3)**	(3.2)
Total (see Note 23)		**(1,373.9)**	(1,889.2)

(i) Corporate loans at Los Pelambres are unsecured and US dollar denominated. These loans have a remaining term between one and three years and have an interest rate of LIBOR six-month plus margins between 0.9% – 1.6%.

(ii) Finance leases at Los Pelambres are US dollar denominated, comprising $15.6 million at fixed rate of 5.48% and $2.3 million at LIBOR three-month rate plus 3.0%, with remaining duration between of one and four years.

(iii) Senior debt at Esperanza comprises $593.2 million in respect of syndicated loans. These loans are for a remaining term of five years and have an interest rate of LIBOR six-month rate plus margins between 1.375% - 3.000%.
The Group has used interest rate swaps to swap the floating rate interest for fixed rate interest. At 31 December 2013 the current notional amount hedged of the senior debt at Esperanza was $191.3 million.

(iv) This balance includes long-term subordinated debt provided to Esperanza by Marubeni Corporation with a duration of eight years and weighted average interest rate of LIBOR six-months plus 3.75%. Long term subordinated debt provided by Group companies to Esperanza has been eliminated on consolidation.

(v) Finance leases at Esperanza are US dollar denominated, with a maximum remaining duration of three months and with an average interest rate at approximately LIBOR three-months plus 2.8%.

(vi) The corporate loan at El Tesoro is unsecured and US dollar denominated. This loan has approximately two years remaining, with an interest rate over the life of the loan of LIBOR six-month plus 2.8%.

(vii) Finance leases at El Tesoro are US dollar denominated, with a maximum remaining duration of two years and with an average interest fixed rate at approximately 1.5%.

(viii) This balance includes long-term subordinated debt to Antucoya by Marubeni with duration of eleven years and an interest rate of LIBOR six-months plus 3.65%. Long-term subordinated debt provided by Group companies to Antucoya has been eliminated on consolidation. The project finance was closed in December 2013 and its disbursement will start during 2014.

(ix) Finance leases at Antucoya are US dollar denominated, with a maximum remaining duration of one year and with an average interest fixed rate at approximately LIBOR three-months plus 2.8%.

(x) Finance leases at Corporate and other items are denominated in Unidades de Fomento (i.e. inflation-linked Chilean pesos) and have a remaining duration of fourteen years and fixed rate with an average interest rate of 5.29%.

(xi) Railway and other transport services includes a balance of $3.0 million related with bonds issued in the Bolivian stock market to refinance short-term loans with a fixed interest rate of 5.5% and duration of one year.

(xii) Short-term loans at Railway and other transport services mainly comprises $1.5 million from local banks with an average duration of six months and with a fixed interest rate of 5.0%.

(xiii) The preference shares are sterling-denominated and issued by the Company. There were 2,000,000 shares of £1 each authorised, issued and fully paid at 31 December 2013. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders, but are not entitled to participate further in any surplus. Each preference share carries 100 votes in any general meeting of the Company.

Maturity of borrowings

	At 31.12.13	At 31.12.12
	US$'m	US$'m
Short-term borrowings	**(341.0)**	(447.0)
Medium and long-term borrowings	**(1,032.9)**	(1,442.2)
Total (see Note 23)	**(1,373.9)**	(1,889.2)

At 31 December 2013 $60.1 million (2012 – $68.6 million) of the borrowings has fixed rate interest and $1,313.8 million (2012 – $1,820.6 million) has floating rate interest. The Group periodically enters into interest rate derivative contracts to manage its exposure to interest rates. As explained in Note 6, these include interest rate swaps which have the effect of converting $191.3 million of floating rate borrowings into fixed rate borrowings. Details of any derivative instruments held by the Group are given in Note 6.

18. Post-employment benefit obligation

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Balance at the beginning of the year	**(81.5)**	(61.2)
Current service cost	**(16.0)**	(11.7)
Actuarial losses	**(6.9)**	(9.7)
Interest cost	**(3.9)**	(3.3)
Charge capitalised	**(0.8)**	(0.4)
Paid in the year	**9.9**	10.4
Foreign currency exchange difference	**8.0**	(5.6)
Balance at the end of the year	**(91.2)**	(81.5)

The post employment benefit obligation relates to the provision for severance indemnities which are payable when an employment contract comes to an end, in accordance with normal employment practice in Chile and other countries in which the Group operates. The severance indemnity obligation is treated as an unfunded defined benefit plan, and the calculation is based on valuations performed by an independent actuary.

19. Decommissioning & restoration and other long term provisions

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Balance at the beginning of the year	**(384.6)**	(321.1)
Charge to operating profit in the year	**(71.0)**	(1.8)
Release of discount to net interest in the year	**(10.3)**	(9.1)
Actuarial (losses)/gain	**(3.5)**	2.1
Capitalised adjustment to provision	**(31.8)**	(59.6)
Utilised in the year	**5.5**	6.0
Foreign currency exchange difference	**1.4**	(1.1)
Balance at the end of the year	**(494.3)**	(384.6)
Analysed as follows:		
Decommissioning and restoration	**(492.5)**	(383.3)
Termination of water concession	**(1.8)**	(1.3)
Balance at the end of the year	**(494.3)**	(384.6)

Decommissioning and restoration costs relate to the Group's mining operations. Costs are estimated on the basis of a formal closure plan and are subject to regular independent formal review. It is estimated that the provision will be utilised over a period of up to 46 years based on current mine plans.

During the year ended 31 December 2013, the decommissioning and restoration provisions at the Group's mining operations were increased by a net total of $99.2 million of which $31.8 related to an increase in decommissioning costs which was capitalised, and a net charge of $67.4 million within operating profit related to an increase in restoration costs. These net increases mainly reflected the impact of increased cost estimates resulting from detailed updated reviews at Los Pelambres and Michilla, partly offset by a reduction in the discounted present value of the provision recognised at Esperanza, as a result of the extension of that operation's end of mine life from 2030 to 2059. The capitalised provision balances are depreciated over the life of the corresponding asset or mine life if shorter.

The provision for the termination of the water concession relates to the provision for items of plant, property and equipment and working capital items under Aguas de Antofagasta's ownership to be transferred to the previous state-owned operator ECONSSA at the end of the concession period, and is based on the net present value of the estimated value of those assets and liabilities in existence at the end of the concession.

20. Deferred tax assets and liabilities

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Net position at the beginning of the year	**(731.3)**	(581.3)
Charge to tax on profit in year	**(162.2)**	(149.0)
Deferred tax recognised directly in equity	**2.4**	(0.4)
Deferred tax capitalised	**-**	0.3
Foreign currency exchange difference	**2.1**	(0.9)
Net position at the end of the year	**(889.0)**	(731.3)
Analysed between:		
Deferred tax assets	**76.9**	103.8
Deferred tax liabilities	**(965.9)**	(835.1)
Net position	**(889.0)**	(731.3)

21. Share capital and share premium

There was no change in share capital or share premium in the year ended 31 December 2013 or 2012.

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

	Year ended 31.12.13	Year ended 31.12.12
	US$'m	US$'m
Profit before tax	**2,083.5**	2,761.8
Depreciation and amortisation	**517.7**	494.2
Net loss/(profit) on disposal of property, plant and equipment	**12.4**	(3.3)
Provision against carrying value of assets	**-**	500.0
Net finance expense	**74.2**	90.9
Share of results from associates and joint ventures	**14.4**	20.8
Decrease/(increase) in inventories	**1.8**	(108.8)
(Increase)/decrease in debtors	**(149.5)**	25.4
Increase in creditors and provisions	**104.7**	45.0
Cash flows from operations	**2,659.2**	3,826.0

23. Analysis of changes in net cash

	At 1.1.13	Cash flows	Other	Exchange	**At 31.12.13**
	US$'m	US$'m	US$'m	US$'m	**US$'m**
Cash and cash equivalents	1,811.3	(1,181.3)	-	(16.3)	**613.7**
Liquid investments	2,480.6	(409.2)	-	-	**2,071.4**
Total cash, cash equivalents and liquid investments	4,291.9	(1,590.5)	-	(16.3)	**2,685.1**
Bank borrowings due within one year	(434.3)	267.0	(162.1)	-	**(329.4)**
Bank borrowings due after one year	(1,377.2)	245.5	146.7	-	**(985.0)**
Finance leases due within one year	(12.7)	15.6	(14.5)	-	**(11.6)**
Finance leases due after one year	(61.8)	-	15.0	2.2	**(44.6)**
Preference shares	(3.2)	-	-	(0.1)	**(3.3)**
Total borrowings	(1,889.2)	528.1	(14.9)	2.1	**(1,373.9)**
Net cash	2,402.7	(1,062.4)	(14.9)	(14.2)	**1,311.2**

Net cash

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

	At 31.12.13	At 31.12.12
	US$'m	US$'m
Cash and cash equivalents, and liquid investment	**2,685.1**	4,291.9
Total borrowings	**(1,373.9)**	(1,889.2)
	1,311.2	2,402.7

24. Contingent liabilities

Antofagasta plc or its subsidiaries is subject to various claims which arise in the ordinary course of business. No provision has been made in the financial statements and none of these claims are currently expected to result in any material loss to the Group. Details of the principal claims in existence either during or at the end of the year and the current status is set out below:

Los Pelambres – Mauro tailings dam

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

In the first of these claims, the plaintiffs have argued that the tailings dam affects their alleged water rights and the environment. This claim was rejected by the Court of first instance of Los Vilos in a judgment issued in November 2012, which was than affirmed by the court of Appeals of La Serena in August 2013. An action to vacate this last judgment, based only on the application of the law (cassation), was later filed before the Supreme Court and is currently pending.

In the second claim, the plaintiffs are seeking demolition of the dam on the basis of the risk that its collapse would pose to the community. This case is still before the Court of first instance of Los Vilos. In considering its judgement, the Court is taking into account reports prepared by an independent expert at the request of the Court, reports prepared by experts commissioned by Minera Los Pelambres and several reports issued by the Chilean Mining Safety Authority (SERNAGEOMIN).

25. Post balance sheet events

During February 2014, Esperanza signed a re-financing agreement in respect of its project financing (senior debt). As detailed in Note 17, the balance of the existing project financing as at 31 December 2013 was $593 million. The re-financing has resulted in a net increase in the loan balance to $900 million, with the borrowings having a remaining term of between four and five years and an interest rate of LIBOR six-months plus 1%. As a result of this re-financing the guarantees in respect of Esperanza's fixed assets ($2,120.2 million) and inventories ($144.9 million) were released.

In March 2014 the Group acquired an additional 25.7% interest in Michilla for $30.9 million, increasing the Group's interest from 74.2% to 99.9%. This included the acquisition of the 7.973% stake held by Minera Cerro Centinela S.A., an entity ultimately controlled by the Luksic family, for $9.6 million.

26. Litigation

Tethyan Copper Company Limited

The Group holds a 50% interest in Tethyan Copper Company Pty Limited ("Tethyan"), its joint venture with Barrick Gold Corporation ("Barrick"). In February 2011, Tethyan submitted an application for a mining lease to the Government of Balochistan which was subsequently rejected in November 2011.

Tethyan is pursuing two international arbitrations in order to protect its legal rights: one against the Government of Pakistan under the auspices of the International Centre for Settlement of Investment Disputes ("ICSID"), and another against the Government of Balochistan under the auspices of the International Chamber of Commerce ("ICC"). Tethyan is seeking monetary damages only and is no longer seeking the grant of a mining lease at Reko Diq. The ICC tribunal has scheduled a hearing on preliminary issues to take place in the week commencing 23 June 2014. The ICSID tribunal has scheduled a hearing on jurisdiction and liability to take place over a two-week period commencing 6 October 2014.

27. 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 year the Group contributed $7.0 million (year ended 31 December 2012 - $9.9 million) to Tethyan, to provide funds for Tethyan's legal advisory and administrative costs. The balance due from Tethyan to Group companies at the end of the year was nil (31 December 2012 - $0.1 million).

The Group has a 60% interest in Energía Andina, which is a joint venture with Origin Energy Geothermal Chile Limitada for the exploration and exploitation of potential sources of geothermal energy. The balance due from Energía Andina S.A. to the Group at 31 December 2013 was less than $0.1 million (31 December 2012 – $0.1 million). During the year ended 31 December 2013 the Group contributed $21.6 million to Energía Andina (31 December 2012 – $14.5 million).

(b) Associates

The Group has a 30% interest in Antofagasta Terminal Internacional S.A. ("ATI"). During 2013, the Group has not received dividends from ATI (year ended 31 December 2012 – $1.1 million).

The Group has a 40% interest in Inversiones Hornitos S.A. The Group paid $167.8 million (year ended 31 December 2012 – $129 million) to Inversiones Hornitos in relation to the energy supply contract at Esperanza and El Tesoro.

The Group has a 30% interest in Parque Eolico el Arrayan S.A., ("El Arrayan"). During 2013 the Group has not contributed to El Arrayán (year ended December 2012 – $19.6 million).

The Group has a 40% interest in Alto Maipo SpA ("Alto Maipo"). In July 2013, the Group exercised an option to acquire a 40% interest in Alto Maipo for a consideration of $50.2 million, and will be responsible for its share of development costs. During the year, the Group contributed an additional $2.4 million for a total contribution of $52.6 million in 2013. The balance due from Alto Maipo to the Group at 31 December 2013 was $47.0 million representing loan financing with an interest rate of LIBOR six-months plus 4.25% .

(c) Other related parties

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

The Group holds a 51% interest in Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, a company controlled by the Luksic family, which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. During the year ended 31 December 2013 the Group incurred $22.1 million (year ended 31 December 2012 – $16.5 million) of exploration work at these properties.

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

28. Currency translation

Assets and liabilities denominated in foreign currencies are translated into dollars and sterling at the period end rates of exchange. Results denominated in foreign currencies have been translated into dollars at the average rate for each period.

	2013	2012
Year end rate	US$1.6515=£1; US$1 = Ch$525	US$1. 6163=£1; US$1 = Ch$480
Average rates	US$1.5630=£1; US$1 = Ch$495	US$1. 5835=£1; US$1 = Ch$487

29. Distribution

The Annual Report and Financial Statements for the year ended 31 December 2013, together with the Notice of the 2014 Annual General Meeting, will be posted to all shareholders in April 2014. The Annual General Meeting will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ from10.30 a.m. on Wednesday 21 May 2014.

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

(See notes following Note 30(b).)

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

	Production		Sales	
	Year ended 31.12.13	Year ended 31.12.12	**Year ended 31.12.13**	Year ended 31.12.12
	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes
Copper				
Los Pelambres	**405.3**	403.7	**414.0**	396.9
Esperanza	**174.9**	163.2	**168.2**	163.0
El Tesoro	**102.6**	105.0	**101.6**	105.9
Michilla	**38.3**	37.7	**38.4**	37.4
Group total	**721.2**	709.6	**722.2**	703.2
Gold	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**56.7**	51.5	**56.7**	51.5
Esperanza	**237.1**	248.4	**226.0**	248.6
Group total	**293.8**	299.9	**282.7**	300.1
Molybdenum	**000 tonnes**	000 tonnes	**000 tonnes**	000 tonnes
Los Pelambres	**9.0**	12.2	**8.8**	12.6
Silver	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**2,272.9**	2,019.4	**2,272.9**	2,019.4
Esperanza	**1,371.5**	1,323.2	**1,238.2**	1,282.5
Group total	**3,644.4**	3,342.6	**3,511.1**	3,301.9

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

	Cash costs		Realised prices	
	Year ended 31.12.13	Year ended 31.12.12	**Year ended 31.12.13**	Year ended 31.12.12
	US/lb	US/lb	**US/lb**	US/lb
Copper				
Los Pelambres	**1.16**	0.86	**3.25**	3.67
Esperanza	**1.43**	0.66	**3.22**	3.65
El Tesoro	**1.36**	1.49	**3.34**	3.65
Michilla	**3.22**	3.18	**3.64**	3.73
Group weighted average (net of by-products)	**1.36**	1.03	**3.28**	3.66
Group weighted average (before deducting by-products)	**1.79**	1.63		
Group weighted average (before deducting by-products and excluding tolling charges from concentrates)	**1.65**	1.50		
Cash costs at Los Pelambres comprise:				
On-site and shipping costs	**1.35**	1.23		
Tolling charges for concentrates	**0,17**	0.16		
Cash costs before deducting by-product credits	**1.52**	1.39		
By-product credits (principally molybdenum)	**(0.36)**	(0.53)		
Cash costs (net of by-product credits)	**1.16**	0.86		
Cash costs at Esperanza comprise:				
On-site and shipping costs	**2.16**	1.76		
Tolling charges for concentrates	**0.20**	0.18		
Cash costs before deducting by-product credits	**2.36**	1.94		
By-product credits (principally gold)	**(0.93)**	(1.28)		
Cash costs (net of by-product credits)	**1.43**	0.66		
LME average			**3.32**	3.61
			US$	US$
Gold				
Los Pelambres			**1,362**	1,668
Esperanza			**1,357**	1,677
Group weighted average			**1,357**	1,675
Market average Price			**1,410**	1,669
Molybdenum				
Los Pelambres			**10.0**	11.9
Market average Price			**10.3**	12.7
Silver				
Los Pelambres			**22.8**	31.0
Esperanza			**22.4**	31.3
Group weighted average			**22.7**	31.1
Market average price			**23.8**	31.1

Notes to the production and sales statistics

(i) The production and sales figures represent the actual amounts produced and sold, not the Group's share of each mine. The Group owns 60% of Los Pelambres, 70% of Esperanza, 70% of El Tesoro and 74.2% of Michilla.

(ii) Los Pelambres produces copper and molybdenum concentrates and Esperanza produces copper concentrate. The figures for Los Pelambres and Esperanza are expressed in terms of payable metal contained in concentrate. Los Pelambres and Esperanza are also credited for the gold and silver contained in the copper concentrate sold. El Tesoro and Michilla produce cathodes with no by-products.

(iii) Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced. Cash costs are stated net of by-product credits and include tolling charges for concentrates at Los Pelambres and Esperanza. Cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses and corporation tax for all four operations.

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

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

(vi) The production information in Note 30(a) and the cash cost information in Note 30(b) are derived from the Group's production report for the fourth quarter of 2013, published on 29 January 2014.