ANTOFAGASTA PLC

NEWS RELEASE, 16 AUGUST, 2016

HALF YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2016
FURTHER PROGRESS ON COST REDUCTIONS AND IMPROVING MARGINS

Antofagasta plc CEO Iván Arriagada said: *"A 24.7% reduction in operating costs offset the decline in the copper price and lower sales volumes resulting in EBITDA of $571.6 million, 2.3% higher than in the same period last year.*

"Continued management actions to reduce costs and preserve cash contributed to our EBITDA margin strengthening to 39.5%, from 26.2% in the full year 2015. While reducing costs in absolute terms is important we are focused on achieving improved efficiencies in a sustainable manner to ensure long-term shareholder value.

"Given the current economic uncertainty we are cautious in our outlook and remain conservative in our approach to managing capital. The Board has declared a dividend of 3.1 cents per share equal to 35% of net earnings at the interim, in line with our policy to pay a minimum of 35% of full year net earnings which remains unchanged.

"At Los Pelambres, following the agreement reached with the Caimanes community in April, the two longstanding court cases relating to the Mauro tailings dam have recently been resolved. Although an appeal is possible, it is unlikely to be accepted and Los Pelambres and the Antofagasta group now move into a new era of community engagement."

Financial performance

- **Revenue 18.5% lower at $1,448.0 million**, on lower copper prices and sales volumes, and the closure of Michilla at the end of 2015
- **EBITDA (1) increased 2.3% to $571.6 million** despite the fall in revenue, reflecting a 24.7% reduction in operating costs and a first time EBITDA contribution from Zaldívar and other associates
- **EBITDA margin (2) strengthened to 39.5%**, up from 31.5% in the same period last year
- **Operating cost reductions of $124 million achieved,** contributing to savings of $0.11/lb in cash costs
- **Operating profit and earnings per share fell by 9.2% and 3.3% respectively**
- **Operating cash flow generation of $774.1 million in the period**, 4.2% less than in the first half of 2015
- **Capital expenditure of $385.4 million**, **$276.9 million lower than in the first half of 2015.** Full year expenditure expected to be lower than original guidance
- **Interim dividend of 3.1 cents per share.** Dividend policy to pay a minimum pay-out ratio of 35% of net earnings for the full year remains unchanged
- **Group net debt of $1,039.7 million**, almost unchanged since the end of 2015

Operational performance

- **Group copper production in H1 2016 was 323,300 tonnes**, 6.6% higher than in the same period last year with the inclusion of production from Antucoya and attributable production from Zaldívar offset by the closure of Michilla and lower production from Centinela
- **Group cash costs before by-product credits were $1.60/lb**, 14.9% lower than 2015 primarily due to higher production, improved cost performance and the weaker Chilean Peso
- **Group net cash costs were $1.26/lb**, down 17.6% compared to 2015 reflecting lower cash costs before by-product credits

Outlook

- **Group copper production for the year is expected to be at the lower end of the 710-740,000 tonnes** guided in January and unit costs \$0.05/lb lower with cash costs before by-product credits of \$1.60/lb and net cash costs of \$1.30/lb
- **Production for the year is weighted to the second half of the year** with the completion of the Centinela Concentrates expansion and Antucoya, and an increase in grade at Centinela

Other

- **Outstanding court cases concerning Los Pelambres' Mauro tailings dam resolved.** The company will now proceed with the plans presented to the courts and the community to invest in future water supply solutions, additional safety measures, community development projects and to provide access to benefits for families in the community.

UNAUDITED RESULTS SIX MONTHS ENDING 30 JUNE		2016	2015	%
Group revenue	\$m	1,448.0	1,775.9	(18.5)
EBITDA [(1)]	\$m	571.6	558.7	2.3
Earnings per share	cents	8.9	9.2	(3.3)
Dividend per share	cents	3.1	3.1	-
Cash flow from operations	\$m	774.1	807.7	(4.2)
Group net (debt)/cash at period end	\$m	(1,039.7)	743.6	-
Average realised copper price	\$/lb	2.17	2.54	(14.6)
Copper sales	kt	309.4[(3)]	290.1	6.7
Gold sales	koz	97.1	106.0	(8.4)
Moly sales	kt	3.1	4.4	(29.5)
Cash costs before by-product credits [(4)]	\$/lb	1.60	1.88	(14.9)
Net cash costs [(4)]	\$/lb	1.26	1.53	(17.6)

Note: The financial results are prepared in accordance with IFRS, unless otherwise noted below.

(1) EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation and is a non-GAAP measure comprising of 100% of the EBITDA from the Group´s subsidiaries and the Group´s proportional share of the EBITDA of its associates and JVs.

(2) Calculated as EBITDA/Group revenue. If Associates and JVs revenue is included EBITDA Margin was 35.5% in H1 2016 and 30.8% in H1 2015.

(3) Includes 37,400 tonnes of sales by Zaldívar, which is equity accounted, and Antucoya pre commercial production.

(4) Cash cost is a non-GAAP measure used by the mining industry to express the cost of production in US dollars per pound of copper produced and is further explained in the notes to the production and sales statistics in the 2016 half yearly financial report below.

This announcement contains inside information

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DIRECTORS' COMMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL

Group revenue was $1,448.0 million, 18.5% lower than in the same period last year due to lower copper prices and sales volumes, and the closure of Michilla at the end of 2015. Revenue from the sale of by-products was similar to the same period last year as lower production offset the increase in realised prices.

Despite the fall in revenue, EBITDA increased by 2.3% to $571.6 million reflecting a 24.7% reduction in operating costs and the inclusion of EBITDA from Zaldívar and other associates for the first time. This has resulted in earnings per share from continuing operations for the period of 8.9 cents per share, down 3.3% compared with the same period last year.

The Board has declared an interim ordinary dividend of 3.1 cents per share, which represents a pay-out ratio of 35%, consistent with the Group's dividend policy.

PRODUCTION AND CASH COSTS

Group copper production in the first half of 2016 was 323,300 tonnes, 6.6% higher than in the same period last year with the inclusion of production from Antucoya and attributable production from Zaldívar, which were not contributing to Group production in the first half of 2015. This more than offset the loss of production following the closure of Michilla at the end of 2015.

Group gold production was 109,500 ounces in the first six months of the year, 3,000 ounces less than in the first half of 2015 as a result of lower grades at Centinela.

Molybdenum production at Los Pelambres was 3,300 tonnes in the first half of 2016, compared with 4,700 tonnes in the first six months of 2015, principally due to lower throughput and grades

Group cash costs before by-product credits in the first half of 2016 were $1.60/lb, a $0.28/lb decrease compared with the same period last year. This decrease was due to higher production, improved cost performance, the weaker Chilean Peso and a revised estimation of stripping costs, which accounted for $0.10/lb of the decrease.

Net cash costs for the first half of 2016 at $1.26/lb were 17.6% lower than in the same period last year reflecting the lower cash costs before by-product credits.

COST AND COMPETITIVENESS PROGRAMME

The Group introduced the Cost and Competitiveness Programme in 2014 with the aim of reducing the cost base and improving the Group's competitiveness within the industry.

During the first half of 2016, the Group continued to focus on reducing its operating costs through the Programme and achieved cost savings of approximately $67 million in mine site costs and $57 million in corporate, exploration and evaluation expenses. The target for full year is $160 million.

The Programme focuses on four areas:

- **Services productivity:** Improving productivity and quality of contracts while reducing costs
- **Operational and maintenance management:** Improving performance of critical processes and implementation of standardised maintenance management practices
- **Corporate and organisational effectiveness:** Reducing costs and restructuring the Group's organisational functions
- **Energy efficiency:** Optimising energy efficiencies, while achieving lower contract prices for energy

The Group is implementing changes to the support areas at each of the operations, including Finance, Human Resources, External Affairs and Legal, with the objective of simplifying their organisation, avoiding duplication, creating improved capability to implement best practices across the Group and focusing operations on the core activities of sustainability (particularly safety), production and costs. At the same time operational and maintenance processes are being strengthened at each site. This standardisation will result in higher efficiency across the functions whilst providing the same level of service and quality across the mining operations.

CEO SUCCESSION

As previously announced Iván Arriagada succeeded Diego Hernández as CEO of Antofagasta plc on 8 April 2016 having held the position of CEO of Antofagasta Minerals since February 2015. Since joining the Group, Iván has led a rigorous cost reduction programme, focusing on maintaining the Group´s healthy balance sheet while ensuring all of the Group´s operations are generating operating cash flow at current copper prices.

CHANGE IN BASIS OF ESTIMATION OF DEFERRED STRIPPING COSTS

The Group has revised its estimation of deferred stripping costs in 2016 compared with that used in the original guidance announced in January 2016. This change has affected Los Pelambres and the 2016 full year cash costs before by-products credits are now expected to be $1.50/lb. The corresponding increase in capital expenditure, as mine development, for the year is expected to be $112 million, with total forecast cash expenditure for 2016, operating and capital, remaining unchanged.

LABOUR AGREEMENTS

Negotiations are underway with employees at Antucoya and the supervisors at Los Pelambres and Zaldívar in respect of entering into new labour agreements for two years or longer. The agreements at Antucoya and Zaldívar will be the first term agreements under the Group's operatorship and all of the agreements are expected to be concluded by the end of the year.

SAFETY

Regrettably there was a fatal accident at Antucoya during the period and another in the Transport Division in July. A full investigation has now been completed at Antucoya and actions identified during the review are being implemented with direct oversight by senior management. An investigation of the causes and lessons learned is underway at the Transport Division. The Group remains committed to achieving zero fatalities and is continually working to strengthen and deepen the safety culture at all of the operations under the Group Safety and Health model. The Group continues to report high-potential near misses, which is a fundamental preventative measure in improving understanding of the key risk areas.

Since the start of the year the executive team has visited the Group's mining operations periodically as part of a safety leadership programme, demonstrating to employees and contractors the importance of safety and empowering employees to ensure safety comes first.

Further information on the Group's effort to support and develop a safety culture within the business is set out on pages 62-64 of the 2015 Annual Report and Accounts.

TAX

During the first six months of the year the Effective Tax Rate (ETR) was 42.7%, higher than the 39.6% in the same period last year, but lower than the full year rate of 61.8% in 2015. For the full year this year, the ETR is expected to be in the range of 40-45%, depending on realised metal prices during the rest of the year. Under the Tax Reform Bill signed in to law in Chile, the corporate tax rate for the Group has increased to 24% in 2016. Withholding tax on distributions remains at 35% and allows a rebate of the corporate tax paid when distributing dividends. Mining tax (royalties) rates are also unchanged.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the first half of 2016 was $247.3 million compared to the $245.4 million in the first half of 2015 and for the full year it is expected to be broadly similar to 2015.

OUTLOOK

Group copper production for the full year is expected to be at the lower end of the 710-740,000 tonnes guided in January, and cash costs before by-product credits and net cash costs are expected to be $0.05/lb lower at $1.60/lb and $1.30/lb respectively. Production for the year is weighted to the second half with the Centinela Concentrates expansion and Antucoya reaching full capacity, and as the grade at Centinela increases as planned.

The outlook for the short term copper market is expected to continue to be volatile as national stimulus programmes, macroeconomic events and movements in the US dollar continue to dominate the financial markets and affect the price of copper. The market is also affected by the weak scrap supply where refining charges for smelters are lower than concentrate TC/RCs with new supply coming from Peru and elsewhere.

There have been few cuts in mine production so far this year reflecting the industry's continued success in reducing costs and the strengthening of the copper price. If prices weaken towards $2.00/lb or below with conviction then supply cuts can be expected, but in the meantime supply surpluses are forecast until at least 2018 as demand growth is forecast to remain modest. The outlook beyond 2018 looks stronger when the market is expected to go into deficit.

During 2015 the Group consolidated and optimised its asset portfolio through sales, purchases and closures while also reducing costs. This year the Group is focusing on completing the Antucoya ramp-up and the expansion at Centinela Concentrates while continuing to enhance the efficiency of its operations, with particularly focus on achieving sustainable improvements in productivity. On completion of the Group's current capital programmes, together with the restructuring of its operations, it will be well positioned to withstand continued weakness in the copper market and to benefit from its recovery, when it comes.

REVIEW OF OPERATIONS AND PROJECTS

MINING DIVISION

LOS PELAMBRES

Operating profit

Operating profit at Los Pelambres was $338.5 million in the first half of 2016, compared with $309.8 million in the first six months of 2015. This increase can be explained by higher sale volumes and lower operating costs, partially offset by a lower realised copper price.

Production

Copper production increased 1.6% to 172,100 tonnes in the first half of 2016 reflecting the impact of improved recoveries as throughput is lowered to process a higher proportion of harder ore. In addition, production in the first half of 2015 was disrupted by community protests which have since been addressed through the implementation of an improved long term community engagement plan.

Molybdenum production in the first six months of 2016 at 3,300 tonnes was 29.8% lower than last year, primarily due to lower grades and lower throughput.

Changes in Estimation Methods of Deferred Stripping

The Group has revised its estimation of deferred stripping costs at Los Pelambres in 2016 compared with that used in the original guidance announced in January 2016. The 2016 full year cash costs before by-products credits are now expected to be $1.50/lb. The corresponding increase in capital expenditure, as mine development, for the year is expected to be $112 million, with total forecast cash expenditure for 2016, operating and capital, remaining unchanged.

Costs

Cash costs before by-product credits in the first half of the last year were $1.33/lb, which is $0.34/lb lower than the same period last year ($0.26/lb before the change in estimation of deferred stripping) with lower materials movement and lower input prices being the main contributors.

Net cash costs for the first half of the year were 25.0% lower than the same period last year at $1.02/lb as a result of lower onsite costs, as explained above, combined with higher by-product prices and favourable movements in the Chilean Peso exchange rate, offset by lower molybdenum production.

Capital expenditure

Capital expenditure, excluding mine development, in the first six months of 2016 was $43 million and for the 2016 full year is expected to be approximately $185 million. A further $112 million will be spent on mine development, of which $52 million was spent in the first six months.

Resolution of outstanding claims relating to the Mauro tailings dam

Following recent decisions of the Supreme Court of Chile and the Court of Appeal of La Serena and an agreement reached with the Caimanes community in April, outstanding and long-running claims relating to the Mauro tailings dam have been recently resolved.

The Mauro tailings dam began operating in 2008. Since then, there have been a series of civil claims filed by some members of the Caimanes community seeking to stop the dam's operations. Two claims have been through various courts and stages of appeal over a number of years: one on the grounds that the Mauro tailings dam affects the flow and quality of the Pupío stream; the other on the grounds that the tailings dam wall would not withstand an extreme seismic event.

Although Los Pelambres has always complied with all applicable laws, regulations and controls and has successfully defended its right to continue operating the dam, Los Pelambres has also committed to understanding and addressing the underlying concerns expressed by the Caimanes community.

In 2015 and 2016, Los Pelambres engaged in formal and transparent dialogue process designed to allow Los Pelambres to better understand community concerns and to share views and information about its own activities which concluded in an open consultation process. In May 2016, Los Pelambres reached an agreement with the Caimanes community which will see Los Pelambres invest in future water supply solutions, additional safety measures, community development projects and compensation for the Caimanes community.

Following on from this agreement, the Supreme Court has recently accepted a settlement agreement filed by Los Pelambres and the members of the Caimanes community pursuing the claim that the dam wall would not withstand extreme seismic events with the consequence that this longstanding claim has now been extinguished.

Additionally, the Court of Appeal of La Serena has recently accepted the plan of works put forward by Los Pelambres to ensure the operation of the tailings dam does not affect the normal flow and quality of the Pupío stream. This decision overturns an earlier ruling from the Civil Court in Los Vilos that was appealed by Los Pelambres, which had rejected this plan of works and ordered the demolition of the tailings dam wall. The works performed by Los Pelambres will also include the additional works set out in the agreement reached with the Caimanes community.

Further details on other material claims affecting Los Pelambres can be found in Note 20 to the 2016 half yearly financial report below.

CENTINELA

Operating profit

In the first six months of 2016 Centinela made an operating loss of $38.0 million, compared with a $66.3 million profit in the same period last year. This decrease was due to revenue falling as sales volumes fell and the realised copper price dropped, offset by lower operating costs. Sales volumes were, in part, impacted by poor weather conditions at the end of June that delayed shipments over the period end.

Production

During the first six months of the year Centinela produced 98,100 tonnes of copper, down 17.1% compared to the same period in 2015 primarily due to significantly lower production of copper cathodes.

Copper in concentrate production for the first six months of the year was 6.6% lower compared to 2015 as lower grades and lower recoveries impacted production despite higher throughput. On completion of design improvements to the second thickener, throughput is expected to reach the expanded capacity of 105,000 tonnes of ore per day on a peak basis during the fourth quarter. In addition, copper grades will be over 0.60% during the second half of the year as mining moves, as planned, into a higher grade area of the pit. Throughput will run at the new design capacity on a continuous basis once the third thickener has been completed.

Compared with the first half of last year, cathode production during 2016 was 37.8% lower as grades declined, as expected, as mining moved to the lower grade zones of the Tesoro Central pit and throughput decreased due to restrictions in the reclamation system. The restrictions are caused by the high moisture levels of the ore coming from the current phase of the pit and are expected to continue until the end of the year.

Gold production for the year to date was 80,500 ounces, 10.7% lower than the first six months of 2015 with significantly lower gold grades and lower recoveries.

Costs

For the year to date cash costs before by-product credits were 3.3% lower than in 2015 at $2.06/lb reflecting costs improvements and lower prices of consumables such as acid and diesel.

Net cash costs for the first half of 2016 were $1.53/lb compared with $1.67/lb in the first half of 2015. This decrease is mainly due to the fall in cash costs before by-product credits.

Capital expenditure

Capital expenditure in the first six months of 2016 was $175.3 million. Capital expenditure for the 2016 full year is expected to be approximately $430 million, which includes approximately $195 million with respect to the Encuentro Oxide project and $53 million related to the new molybdenum plant. The development of both projects is proceeding in line with the revised schedule announced earlier this year with completion expected in 2017. A further $265 million will be spent on mine development for the year, of which $94.6 million was spent in the first six months of the year.

ANTUCOYA

Operating profit

For the first half of the year the operating loss at Antucoya was $0.5 million with commercial production being achieved at the beginning of April 2016 and sales and costs being no longer capitalised from that point.

Production

Copper production at Antucoya was 27,000 tonnes as the project ramps up to full capacity of 85,000 tonnes per annum in the second half of 2016. Improvements to the dust suppression systems are now being implemented and are expected to be completed by the end of the year.

Costs

During the second quarter cash costs were $1.82/lb compared with guidance for the year given in January of $1.80/lb.

Capital expenditure

Capital expenditure in the first six months of 2016 was $7.3 million and for the full year is expected to be approximately $71.4 million, including approximately $5.8 million for the dust suppression systems.

ZALDÍVAR

Following completion of the acquisition of 50% of Zaldívar in December 2015, purchase price and other customary adjustments are now complete and no further sums are payable to Barrick Gold Corporation. The total acquisition price paid was $950 million.

EBITDA

Attributable EBITDA at Zaldívar was $37.1 million in the first half of 2016.

Production

Copper production at Zaldívar was 26,000 tonnes on an attributable basis in the first six months of 2016. During the year there has been a significant increase in copper recovery through the use of improved sulphide leaching, following the application of experience gained at other Group operations.

Costs

Cash costs for the first six months of 2016 were $1.50/lb. Cost synergies have been realised at Zaldívar with the integration of the operation into the Group's procurement practices and contracts.

Capital expenditure

Attributable capital expenditure in the first six months of 2016 was $29.8 million, of which $22.6 million related to mine development (deferred stripping). Capital expenditure for the 2016 full year is expected to be approximately $55 million, which includes approximately $25 million with respect to stripping.

GROWTH PROJECTS AND OPPORTUNITIES

The Group seeks to increase copper production in Chile and abroad through the development of projects and other potential opportunities. Brownfield development within the Group's Los Pelambres and Centinela mining districts in Chile remain the primary focus for maximising value while managing risks associated with execution.

The Group will complete several projects at Centinela over the next 18 months that will increase production while reducing unit costs. At the same time it is advancing its two major expansion projects at Los Pelambres and Centinela to a stage that they will be ready for an investment decision to be made on one or both of them at the end of 2017. However, these projects will only be advanced if they satisfy the Group's evaluation criteria. The Group believes investing through the cycle in the right opportunities.

The Group's exploration and evaluation expenditure in the first six months of 2016 was $18.9 million in comparison to expenditure in the same period last year of $56.1 million. The reduction in expenditure reflects the current prioritisation of cost management over long-term potential growth through exploration success.

Projects under construction

Encuentro Oxides

The Encuentro Oxides deposit is within the Centinela Mining District. It is expected to produce an average of approximately 43,000 tonnes of copper cathode per year over an eight-year period, utilising the existing capacity at Centinela's SX-EW plant. This will enable the plant to return to its full operating capacity of 100,000 tonnes per annum for a number of years once the project is complete.

The construction budget for the project of $636 million was approved by the Board at the end of 2014. As of the end of June 2016, the project had achieved over 68% completion (including design, engineering, procurement and construction) with first production expected in the second half of 2017.

During the first six months of the year project expenditure was $88.8 million, bringing the total construction expenditure to $421 million.

Molybdenum Plant

During the first half of the year, the construction of the Centinela Molybdenum Plant continued with the project achieving 39% completion (including design, engineering, procurement and construction) by the end of June 2016. Total capital costs are expected to be approximately $125 million of which approximately $32.2 million has been incurred by 30 June 2016. Once completed by the end of 2017, the plant will produce some 2,400 tonnes of molybdenum per year, which will contribute to a reduction in Centinela's net cash costs.

Brownfield growth projects

The Group recognises the importance of capital cost control and optimising production from existing operations, and manages this by constantly monitoring the efficiency of its mines, plants and transport infrastructure. Where possible, it conducts debottlenecking and incremental plant expansions to increase throughput and improve overall efficiencies. However, in current market circumstances the Group has deferred these projects to reduce expenditure while keeping the project teams active and focusing on completion of key time-critical feasibility study work, such as the preparation of Environmental Impact Assessments.

Los Pelambres Incremental Expansion

As previously announced the Group has split the Los Pelambres Incremental Expansion into two phases to simplify the development of the project and to conserve development capital in light of lower commodity prices.

Phase 1

During Phase 1, Los Pelambres will operate at an average throughput of 190,000 tonnes per day through the addition of a new grinding and flotation circuit, to mitigate the decline in throughput resulting from the higher proportion of hard ore being mined as the pit gets deeper. In addition, the project includes a 400l/s desalination plant and water pipeline as a backup for dry seasons. Desalinated water will be pumped to the Mauro tailing storage facility where it will connect with the water recycling circuit that returns water from the tailings facility to the Los Pelambres processing plant.

In April 2016 the Group submitted the Environmental Impact Assessment ("EIA") for Phase 1 to the authorities to begin the formal permitting application process for the project. This process will involve a formal dialogue between the Group and the authorities regarding the scope and scale of the project and is expected to be completed in 2017. Once the EIA is in place and the feasibility study is completed towards the end of 2017 the Group will decide whether to proceed with the project, with consideration for the then prevailing market conditions.

Capital expenditure for this project is estimated at approximately $1.1 billion, with some $600 million allocated to the additional mine fleet, crushing and flotation circuits and the balance for the desalination plant and water pipeline.

Phase 2

In Phase 2, the Group will increase throughput to 205,000 tonnes per day and to extend the mine's life beyond the currently approved 22 years. During this phase, a new EIA will be submitted to increase the capacity of the mine's Mauro tailings storage facility and the mine waste dumps.

Initial capital expenditure for this phase is estimated to be approximately $500 million, with the majority of the expenditure being on mining equipment, further crushing and grinding capacity, and flotation cells. In addition, the conveyors from the primary crusher to the concentrator plant will have to be repowered to support the increased throughput.

The Group is currently advancing the conceptual studies for the increase in the capacity of the tailing storage facility and the waste rock dumps in parallel with the Phase 1 feasibility study.

Greenfield growth projects

Centinela Second Concentrator

The Group continues to evaluate options for the development of the Centinela Mining District, which is a key region for longer-term growth containing approximately 7 billion tonnes of resources and significant options for expansion growth.

The second concentrator will be built some 7 km from Centinela's current concentrator. It is expected to have an ore throughput capacity of approximately 90,000 tonnes per day, with annual production of approximately 140,000 tonnes of copper, 150,000 ounces of gold and 3,000 tonnes of molybdenum. It is currently planned that ore will first be sourced from the Esperanza Sur deposit and, once mining at Encuentro Oxides is completed, ore will also be sourced from Encuentro Sulphides, which lies below the oxide deposit.

The pre-feasibility study for this $2.7 billion project was completed at the end of 2015 and the preparation of the feasibility study is currently underway and is expected to be completed by the end of 2017. The EIA was submitted in 2015, with the outcome expected during the second half of 2016.

During the year the Group has completed construction of a pilot test plant for a high pressure grinding roller (HPGR) system which is being considered in preference to conventional SAG and ball mills. The preferred crushing technology will be included in the feasibility study, which will be completed by the end of 2017. A decision to proceed with the project will only be made if it is supported by the market outlook at the time. If approval is granted at the end of 2017, production would be expected to begin in 2021.

Los Pelambres

Los Pelambres is a world-class deposit with a resource base of more than three times the quantity of ore planned to be processed under the current mine plan. These resources could support an expansion considerably greater than that planned under Phases 1 and 2 of the Incremental Expansion, however, the Group's current focus remains on the nearer-term.

United States – Twin Metals

Twin Metals Minnesota LLC ("Twin Metals") is a copper, nickel and platinum group metals ("PGM") underground-mining project which holds the Maturi, Maturi Southwest and Spruce Road copper-nickel PGM deposits in Minnesota, USA.

The pre-feasibility study on the project was completed in August 2014 and in November 2014 the Group entered into an agreement to acquire all of the issued and outstanding shares of its project partner, Duluth Metals Limited, bringing the Group's ownership in the project to 100%. The acquisition was completed in early 2015 and further optimisations of the pre-feasibility study are now being evaluated. The permitting process is complex and is expected to take at least five years to complete with challenges expected along the way. The project has significant copper and nickel resources and is a world-class deposit in terms of size and potential mine life.

Other exploration and evaluation activities

The Group has an early-stage exploration programme beyond its existing core Centinela and Los Pelambres mining districts. This programme is conducted through its in-house exploration team and partnerships with third parties with the aim of building a portfolio of longer-term opportunities mainly in Chile and the Americas, plus select regions in the rest of the world such as Australia and Zambia. However, in the current depressed market conditions priority is being given to reducing expenditure rather than increasing resources. The programme has therefore been significantly reduced.

The total expenditure on exploration and evaluation during the first half of 2016 was $18.9 million, 66.3% less than in the equivalent period last year.

Chile

The Group continues with exploration activities in Chile to identify prospective targets on the main porphyry copper belts in the northern and central regions. During the year, the Group conducted an asset rationalisation to relinquish low priority tenements and acquire new tenements more closely aligned with the Group's target areas. Drilling continued at the Cachorro deposit south of Antucoya and the El Encierro deposit in the third region of Chile.

International

The Group has an exploration office in Toronto to increase its exposure to exploration opportunities in a cost-effective manner. The Group's approach is to partner with experienced junior exploration companies benefiting from their local expertise and knowledge while complimenting that with the Group's experience in exploration and project management. Working in partnership with selected companies, both public and private, the Group advanced projects in Argentina, Australia, Canada, Mexico and Zambia during the first half of the year, while exiting from projects in Australia, Canada, Finland and Portugal.

Energy Opportunities

Over the last few years, the Group has acquired a series of minority interests in energy generators and projects as part of its power supply strategy for its mining operations. The strategy has a particular focus on renewable energy generation, supporting the Group's broader aim of increasing the sustainability of its operations and stability of its energy costs. Over the last five years the Group has invested some $575 million in power-generating assets that have a combined installed capacity of 880MW (100% basis) of which, at the end of June 2016, 349MW, were in operation. By 2020 some 80% of Los Pelambres energy requirements will be from sustainable sources.

El Arrayán

The Group has a 30% interest in Parque Eolico El Arrayán SpA ("El Arrayán"), approximately 400 km north of Santiago, which in 2014 commissioned a 115MW wind farm in northern Chile, that now supplies approximately 20% (40MW) of Los Pelambres' energy requirements under a 20-year supply contract.

Inversiones Hornitos

The Antofagasta Railway Company ("FCAB") owns a 40% interest in Inversiones Hornitos SA ("Inversiones Hornitos"), which operates the 165MW Hornitos thermoelectric power plant in Mejillones, in Chile's Antofagasta Region. Inversiones Hornitos continues to supply Centinela under long-term power purchase agreements ("PPAs").

Alto Maipo

Los Pelambres holds a 40% interest in the 531MW Alto Maipo run-of-river hydroelectric project which is operated by AES Gener and is in the upper section of the Maipo river, 50 km south-east of Santiago. Construction is underway and is expected to be completed in 2019. The Group is contributing its share of the capital cost, which is currently under review. Once completed, the Alto Maipo project will supply Los Pelambres with up to 110MW under 20-year PPA.

Los Pelambres has also signed a 20-year PPA with AES Gener for the provision of up to 50MW of power which started in 2015 with power coming from a coal fired power station.

Solar Energy

Los Pelambres has long-term PPAs with two solar power providers for a total of 50MW of power, approximately 25% of its total energy requirement. The first of these PPAs came on stream in June 2015 and the second will start in the second half of 2016. These PPAs provide Los Pelambres with secure supply of renewable energy for a 20-year period at competitive prices.

TRANSPORT DIVISION

Total transport volumes in the first half of 2016 were 3.3 million tonnes, compared to 2.9 million tonnes in the first half of 2015, including 2.7 million tonnes of rail volumes. The 14.9% increase in volumes was driven by the railway operation with an additional 0.3 million tonnes of concentrate production from a new mine and the improved utilisation of the rolling stock fleet to haul an additional 0.2 million tonnes of acid and copper cathodes. The truck operation remains focused on supporting the railway logistics chain.

Operating Costs

Transport unit costs for the first half of 2016 were $10.8/tonne compared with $14.1/tonne in the first half of 2015. This 23.4% decrease was primarily due to increased volumes and lower diesel prices.

Operating profit

The Transport Division generated $31.7 million of operating profits in the first half of 2016, 29.4% higher than in the first six months of 2015. The increased profitability is explained by the improved transport volumes and significantly lower operating costs.

New Operating Model

During first half of 2016 the Division implemented a new operating model based on three focus areas; sustainability (including safety and community relations), productivity improvements and cost savings.

The model targets a balanced approach between cost savings and productivity improvements to ensure the sustainable development and expansion of operations, particularly considering the rail division operates in the populated areas of the fast growing Antofagasta Region.

Safety

Sadly, on 23 July one of the Division’s trains was involved in a road traffic accident near to the town of Sierra Gorda. A thorough investigation is currently underway and actions have already been taken to safeguard the Division’s employees and contractors. The Division remains committed to achieving zero fatalities and the new operating model is a further step to achieve this goal.

FINANCIAL REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2016

Results (unaudited)

	Six months ended 30.06.2016 $m	Six months ended 30.06.2015 $m	Movement $m	Movement %
Revenue	**1,448.0**	1,775.9	(327.9)	(18.5)
EBITDA	**571.6**	558.7	12.9	2.3
Depreciation, amortisation and disposals	**(247.5)**	(245.9)	(1.6)	0.7
Net finance expense	**(17.7)**	(11.2)	(6.5)	58.0
Profit before tax	**276.1**	301.4	(25.3)	(8.4)
Income tax expense	**(118.0)**	(117.4)	(0.6)	0.5
Profit from continuing operations	**158.1**	184.0	(25.9)	14.1
Profit from discontinued operations	**-**	619.5	(619.5)	(100.0)
Earnings per share from continuing operations (US cents)	**8.9**	9.2	(0.3)	(3.0)
Earnings per share from discontinued operations (US cents)	**-**	62.4	(62.4)	(100.0)
Total earnings per share from continuing and discontinued operations (US cents)	**8.9**	71.6	(62.7)	(87.5)
Net cash/(debt)	**(1,039.6)**	743.6	(1,783.3)	(239.8)

A detailed segmental analysis of the components of the income statement is contained in Note 3 to the 2016 half yearly financial report.

The following table reconciles between EBITDA in the first half of 2015 and the first half of 2016:

	$m
EBITDA in the first half of 2015	**558.7**
Revenue	
Decrease in copper volumes sold	(101.1)
Decrease in copper realised price	(218.0)
Increase in tolling charges	1.3
Decrease in revenue from copper concentrate and cathodes	**(317.8)**
Decrease in gold revenues	(4.5)
Increase in silver revenues	4.3
Increase in molybdenum revenues	(15.9)
Decrease in revenue from by-products	**(16.1)**
Increase in transport division revenue	6.0
Decrease in Group revenue	**(327.9)**
Operating costs	
Decrease in mining operational costs	235.2
Decrease in charge for closure provisions	5.5
Decrease in exploration and evaluation costs	37.2
Decrease in other mining division costs and corporate costs	20.9
Decrease in operating costs for mining division	**298.8**
Decrease in transport division operating costs	2.0
Decrease in EBITDA from subsidiaries	(27.1)
EBITDA in the first half of 2016	**531.6**
EBITDA relating to Zaldivar (*)	37.1
EBITDA relating to other investment in associates and in joint ventures (*)	2.9
Total EBITDA in the first half of 2016	**571.6**

(*) attributable

Revenue

Group revenue in the first half of 2016 was $1,448.0 million, 18.5% below the $1,775.9 million achieved in the first half of 2015. The decrease of $327.9 million mainly reflected a decrease in the realised copper price and lower copper sales volumes, as well as lower by-product revenues.

Revenue from the mining division

Revenue from copper concentrate and copper cathodes
Revenue from copper concentrate and copper cathode sales decreased by $317.8 million, or 21.3%, to $1,172.0 million, compared with $1,489.8 million in first six months of 2015. The decrease reflected the impact of lower sales volumes and lower realised prices.

(i) Copper volumes
Copper sales volumes decrease from 290,100 tonnes in the first half of 2015 to 272,000 tonnes in this period. The decrease in sales volumes accounted for a decrease of $101.1 million in revenue from copper concentrate and cathode sales.

(ii) Realised copper prices
The Group's average realised copper price decreased to $2.17/lb in first six months of 2016 (first six months of 2015 – $2.54/lb). The level of decrease was lower than the reduction in the average LME copper price, which decreased to $2.13/lb from $2.69/lb in the first half of 2015, due to a lower level of negative provisional pricing adjustments in the current period compared with the prior year. The decrease in average realised prices led to a $218.0 million reduction in revenue from copper concentrate and cathode sales.

Realised copper prices are determined by comparing revenue (gross of tolling charges for concentrate sales) with sales volumes in the period. Realised copper prices differ from market prices mainly because, in line with industry practice, concentrate and cathode sales agreements generally provide for provisional pricing at the time of shipment with final pricing based on the average market price 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 gain or losses of commodity derivative instruments hedge accounted for in accordance with IAS 39 "Financial Instruments: Recognition and Measurements".

Provisional pricing adjustments increased initially invoiced sales (before adjusting for tolling charges) by $21.1 million in first six months of 2016, compared with a decrease of $109.2 million in the first six months of 2015. Further details of provisional pricing adjustments are given in Note 4 to the 2016 half yearly financial report.

In first six months of 2016 revenue also includes a gain of $0.1 million (first six months of 2015 – loss of $0.1 million), mainly relating to commodity derivatives which matured during the year. Further details of hedging activity in the period are given in Note 4(b) to the half yearly financial report.

(iii) Tolling charges

Tolling charges for copper concentrate decreased by $1.3 million to US$131.7 million in the first six months of 2016 from $133.0 million in the first six months of 2015.

Tolling charges are deducted from concentrate sales in reporting revenue and hence the decrease in these charges has had a positive impact on revenue.

Revenue from molybdenum, gold and other by-products

Revenue from by-products at Los Pelambres and Centinela relate mainly to molybdenum and gold, and a lesser extent silver. Revenue from by-products decreased by $16.1 million or 7.6% to $195.9 million in the first half of 2016, compared with $212.0 million in the first half of 2015.

Revenue from gold in concentrate (net of tolling charges) was $124.6 million (first half of 2015 - $129.1 million), a decrease of $4.5 million, which mainly reflected a decrease in volumes and partly offset by a higher realised price. The realised gold price was $1,288.1/oz in the first half of 2016 compared with $1,222.1/oz in the first half of 2015, with the increase reflecting higher market prices. Gold sales volumes decreased from 106,000 ounces in the first half of 2015 to 97,200 ounces in this period, mainly due to lower gold ore grades at Centinela.

Revenue from molybdenum (net of roasting charges) was $43.8 million (first half of 2015 - $59.7 million), a decrease of $15.9 million. The decrease was mainly due to lower sales volumes of 3,100 tonnes (first half 2015 – 4,400 tonnes) and partly offset by increased realised price of $7.4/lb (first half of 2015 - $7.0/lb).

Revenue from silver increased by $4.3 million to $27.5 million in the first six month of 2016 (first six months of 2015 - $23.2 million). The increase was due to higher sales volumes of 1.7 million ounces (first half of 2015 – 1.4 million ounces) and partly offset by decreased realised silver price of $16.1/oz (first half of 2015 - $16.5/oz).

Revenue from the transport division

Revenue from the transport division (FCAB) increased by $6.0 million or 8.1% to $80.1 million, mainly due to higher tonnages transported.

Operating costs (excluding depreciation, amortisation and disposals)

Operating costs (excluding depreciation and amortisation) amounted to $916.4 million (first half of 2015 – $1,217.2million), a decrease of $300.8 million. This was mainly due to lower mining operational costs and reduced exploration, evaluation and corporate costs.

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

Operating costs at the mining division decreased by $298.8 million to $875.3 million in the first six months of 2016, a decrease of 25.4%. Of this decrease, $234.5 million is attributable to lower mining operational costs. As explained above, copper sales volumes decrease from 290,100 tonnes in the first half of 2015 to 272,000 tonnes in this period.

In addition, weighted average unit cash costs for the Group excluding by-product credits (which are reported as part of revenue) and tolling charges for concentrates (which are deducted from revenue) decreased from $1.66/lb in first half of 2015 to $1.38/lb in this period.

Exploration and evaluation costs decreased by $37.2 million to $18.9 million (first half of 2015 – $56.1 million). This reflected a general decrease in exploration activity, and in particular at the Centinela District in Chile and the Twin Metals project in the United States.

The income statement includes a charge for mine closure rehabilitation of $3.5 million (first half of 2015 – charge of $9.0 million). This mainly reflects lower costs at Michilla and to a lesser extent Los Pelambres.

Operating costs (excluding depreciation, amortisation and disposals) at the transport division

Operating costs at the transport division decreased by $2.0 million to $41.1 million, mainly reflecting lower diesel prices.

EBITDA and operating profit from subsidiaries and joint ventures

EBITDA
EBITDA (earnings before interest, tax, depreciation, and amortisation) from subsidiaries and joint ventures increased by $12.9 million or 2.3% to $571.6 million in the first six months of 2016 (first six months of 2014 - $558.7 million).

EBITDA includes the Group's proportional share of EBITDA from associates and joint ventures. Zaldívar contributed $37.1 million in the first six months of 2016 (first half of 2015 – nil). Other associates and joint ventures contributed $2.9 million.

EBITDA from the Group's mining subsidiaries decreased by 6.7% from $527.7 million in the first half of 2015 to $492.6 million in this period. As explained above, this was mainly due to the decrease in the revenues resulting from the lower realised copper price and copper volumes, partly offset by the lower unit cash cost and lower exploration and evaluation expenses, and corporate costs.

EBITDA at the transport division increased by $8.0 million to $39.0 million in the first half of 2016, mainly reflecting the increased revenue as explained above and lower operating costs.

Depreciation, amortisation and disposals
The depreciation, amortisation and disposals charge was marginally higher at $247.3 million (first half of 2015 - $245.4 million), with increased depreciation at Los Pelambres and Antucoya largely offset by reduced depreciation at Centinela.

Operating profit from subsidiaries
As a result of the above factors, operating profit from subsidiaries decreased by 3.4% to $293.8 million.

Share of results from associates and joint ventures
The Group's share of results from its associates and joint ventures was a gain of $9.7 million (first half of 2015 – loss of $0.2 million). This mainly reflects the Group's share of results from Zaldívar.

Net finance expense
Net finance expense in the first half of 2016 was $17.7 million, compared with a net finance expense of $11.2 million in the first half of 2015.

	Six months ended 30.06.16 **$m**	Six months ended 30.06.15 $m
Investment income	**13.5**	8.8
Interest expense	**(32.0)**	(15.7)
Other finance items	**0.8**	(4.2)
Net finance expense	**(17.7)**	(11.1)

Interest income increased from $8.8 million in first six months of 2014 to $13.5 million in first six months of 2015.

Interest expense increased from $15.7 million in the first half of 2015 to $32.0 million in the first half of 2016, mainly due to the interest expense of Antucoya, which has been expensed since the start of commercial production on 1 April 2016. Additionally, there was higher corporate interest expense reflecting a new long-term loan of $500 million taken out during the period.

Other finance items comprised a gain of $0.8 million (first half of 2015 – loss of $4.2 million). A loss of $0.3 million (first half of 2015 – gain of $0.1 million) has been recognised in respect of the time value element of changes in the fair value of commodity derivative options, which is excluded from the designated hedging relationship, and is therefore recognised directly in profit or loss. Foreign exchange gains included in finance items were $6.0 million in first half of 2016, compared with a gain of $0.2 million in first half of 2015. An expense of $4.9 million (first half of 2015 - $4.7 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 $25.3 million or 8.4% to $276.1 million in the first half of 2016 compared with $301.4 million in the first half of 2015.

Income tax expense

The tax charge in the first half of 2016 was $118.0 million (first half of 2015 – $117.8 million) and the effective tax rate was 42.7% (first half of 2015 – 39.6%).

	Six months ended 30.06.2016	**Effective tax rate**	Six months ended 30.06.2015	Effective tax rate
	$m	**%**	$m	%
Profit before tax from continuing operations	**276.1**		297.3	
Taxes (Current and deferred)				
Corporate tax	**(82.2)**	**29.8**	(79.4)	26.7
Royalty	**(32.8)**	**11.8**	(23.3)	7.8
Withholding tax	**(8.3)**	**3.0**	(14.8)	5.0
Exchange rate	**5.3**	**(1.9)**	(0.3)	0.1
Total tax charge	**(118.0)**	**42.7**	(117.8)	39.6

The effective rate of corporate tax was 29.8% compared to the statutory tax rate of 24.0%. The difference was principally due to tax losses which under Chilean tax carry-back rules generated a credit at historic tax rates below the current year statutory rate (impact of $11.8 million / 4.3%) and the effect of expenses not deductible for Chilean corporate tax purposes (principally the funding of expenses outside of Chile) (impact of $8.7 million / 3.1). In addition, the overall effective tax rate reflects the Chilean mining royalty charge of $32.8 million and a withholding tax charge of $8.3 million. Further details are given in Note 7 of the 2016 half yearly financial report.

Profit from discontinued operations

On 2 June 2015 the Group completed the disposal of the water division and the resulting profit of $615.0 million has been reflected as a profit from discontinued operations in the prior year comparative figures.

Non-controlling interests

Profit for the first half of the year attributable to non-controlling interests was $70.0 million, compared with $93.2 million in the first half of 2015, reflecting the lower profit attributable to the non-controlling interests as a consequence of the decrease in the earnings of the mining operations analysed above.

Earnings per share

	Six months ended 30.06.16	Six months ended 30.06.15
	$ cents	$ cents
Earnings per share from continuing operations	**8.9**	9.2
Earnings per share from discontinued operations	**-**	62.4
Total earnings per share from continuing and discontinued operations	**8.9**	71.6

Earnings per share calculations are based on 985,856,695 ordinary shares. As a result of the factors set out above, profit from continuing operations in the first half of 2016 attributable to equity shareholders of the Company was $88.1 million compared with $90.8 million in the first half of 2015. Accordingly, earnings per share from continuing operations were 8.9 cents in the first half of 2016 compared with 9.2 cents in first half of 2015, a decrease of 3.3%. Including the earnings from discontinued operations, total earnings per share from continuing and discontinued operations in the first half of 2015 were 71.6 cents.

Dividends

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

	Six months ended 30.06.16 **$ cents**	Six months ended 30.06.15 $ cents
Ordinary	**-**	-
Interim	**3.1**	3.1
Final	**-**	-
Total dividends to ordinary shareholders	**3.1**	3.1

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 declared an interim dividend for the first half of 2016 of 3.1 cents per ordinary share, which amounts to $30.6 million and will be paid on 30 September 2016 to shareholders on the Register at the close of business on 9 September 2016.

Capital expenditure

Capital expenditure decreased by $87.0 million from $595.9 million in the first half of 2015 to $508.9 million in the period. This was mainly due to decreased construction costs at Antucoya which is now in operation and the Encuentro Oxides project, partly offset by increased expenditure in respect of Los Pelambres, relating mainly to capitalised stripping costs. NB: capital expenditure figures quoted in other sections of this report are on a cash flow basis, unless stated otherwise.

Derivative financial instruments

The Group periodically uses derivative financial instruments to reduce exposure to commodity price movements. At 30 June 2016 the Group had entered into min/max contracts at Centinela for a notional amount of 12,000 tonnes of copper production covering a period up to 31 December 2016, with an average minimum price of $2.11/lb and an average maximum price of $2.69/lb. The Group also periodically uses interest rate swaps to swap the floating rate interest for fixed rate interest. At 30 June 2016 the Group had entered into contracts at Centinela for a maximum notional amount of $105 million at a weighted average fixed rate of 3.372 % fully maturing in August 2018. The Group had also entered into contracts in relation to a financing loan at the FCAB for a maximum notional amount of $120 million at weighted average fixed rate of 1.634% fully maturing in August 2019.

Cash flows

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

	Six months ended 30.06.16 $m	Six months ended 30.06.15 $m
Cash flows from continuing and discontinued operations	**774.1**	807.7
Income tax paid	**(257.5)**	(191.2)
Net interest paid	**(13.6)**	(10.6)
Disposal of subsidiary	**-**	947.3
Capital contribution and loan to associates	**(1.0)**	(39.4)
Capital increase from non-controlling interest	**-**	-
Change in ownership interest in subsidiary	**-**	-
Acquisition of available-for-sale investments	**-**	-
Purchases of property, plant and equipment	**(385.4)**	(662.3)
Acquisition of mining properties	**(7.0)**	(78.0)
Proceeds from sale of property, plant and equipment	**0.1**	-
Dividends paid to equity holders of the Company	-	(96.6)
Dividends paid to non-controlling interests	**(40.0)**	-
Dividends from associates	**13.6**	6.6
Other items	**(115.1)**	-
Changes in net cash relating to cash flows	**(31.8)**	683.5
Exchange and other non-cash movements	**15.7**	61.7
Movement in net cash in the period	**(16.1)**	745.2
Net cash at the beginning of the year	**(1,023.5)**	(1.6)
Net cash/(debt) at the end of the year	**(1,039.6)**	743.6

Cash flows from continuing and discontinued operations were $774.1 million in the first half of 2016 compared with $807.7 million in the first half of 2015. This reflected EBITDA from subsidiaries for the period of $531.6 million[1] (first half of 2015 – $558.7 million) adjusted for a net working capital decrease of $242.5 million (first half of 2015 – decrease of $226.4 million).

Cash tax payments in the first half of 2016 year were $257.5 million (first half of 2015 – $191.2 million), comprising corporate tax of $255.3 million (first half of 2015 – $165.6 million), mining tax of $2.2 million (first half of 2015 – $11.7 million) and withholding tax of $12.9 million (first half of 2015 – $12.9 million). These amounts differ from the current tax charge in the consolidated income statement of $118.0 million (first half of 2015 – $117.8 million) mainly because cash tax payments for corporate tax and the mining tax partly comprise the settlement of outstanding balances in respect of the previous year's tax charge and payments on account for the current year based on the prior year profit levels.

At 30 June 2015 the disposal of subsidiary amount of $947.3 million related to the disposal of Aguas de Antofagasta S.A., which carried out of the Group's water operations.

Contributions and loans to associates and joint ventures of $1.0 million relates to the Group's share of the funding of the costs of Energia Andina.

Cash disbursements relating to capital expenditure in the first half of 2016 were $385.4 million compared with $662.3 million in the first half of 2015. This included expenditure of $7.3 million at Antucoya (first half of 2015 – $175.4 million), $262.1 million relating to Centinela (first half of 2015 – $233.6 million) and $94.4 million relating to Los Pelambres (first half of 2015 – $101.8 million).

At 30 June 2015 dividends paid to ordinary shareholders of the Company were $96.6 million, which related to the payment of the final dividend declared in respect of the previous year.

[1] EBITDA excluding the Group's share of EBITDA from associates and joint ventures.

Dividends paid by subsidiaries to non-controlling shareholders were $40 million (first half of 2015 – nil).

Financial position

	At 30.06.16 **$m**	At 30.06.15 $m
Cash, cash equivalents and liquid investments	**2,180.1**	3,220.0
Total borrowings	**(3,219.7)**	(2,476.4)
Net cash/(debt) at the end of the period	**(1,039.6)**	743.6

At 30 June 2016 the Group had combined cash, cash equivalents and liquid investments of $2,180.1 million (30 June 2015 – $3,220.0 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 $1,801.8 million (30 June 2014 – $2,785.0 million).

New borrowings in the first half of 2016 were $656.8 million (first half of 2015 – $357.3 million), including new short-term borrowings at Los Pelambres of $160.0 million and new long-term borrowings at Corporate of $496.8 million. Repayments of borrowings and finance leasing obligations in the first half of 2016 were $307.2 million, relating mainly to repayments at Los Pelambres of $229.9 million and Centinela $75.0 million.

Total Group borrowings at 30 June 2016 were $3,219.7 million (at 30 June 2015 – $2,479.4 million). Of this, $2,410.1 million (at 30 June 2015 – $1,754.8 million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

Going concern

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Review of Operations. Details of the cash flows of the Group during the period, along with its financial position at the period-end are set out in this Financial Review. The half yearly financial report includes details of the Group's cash, cash equivalent and liquid investment balances in Note 19, and details of borrowings are set out in Note 15. When assessing the going concern status of the Group the Directors have considered in particular its financial position, including its significant balance of cash, cash equivalents and liquid investments and the borrowing facilities in place, including their terms and remaining durations. When assessing the prospects of the Group, the Directors have considered the Group's copper price forecasts, the Group's expected production levels, operating cost profile, capital expenditure and financing plans. The Directors have taken into consideration the Group's key risks which could impact the prospects of the Group, with the most relevant to this assessment considered to be risks to the copper price outlook. Robust down-side sensitivity analyses have been performed, assessing the impact of a significant deterioration in the copper price outlook. These stress-tests all indicated results which could be managed in the normal course of business. Based on their assessment of the Group's prospects and viability, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing its condensed interim financial statements.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2015. A detailed explanation of the risks summarised below can be found in the Risk Management section of that annual report which is available at www.antofagasta.co.uk. Key headline risks relate to the following:

- Community relations
- Strategic resources
- Operational risks
- Projects management
- Political, legal and regulatory risks

- Health and safety
- Environmental management
- Growth opportunities
- Commodity prices
- Foreign currency exchange
- Identification of new mineral resources
- Ore reserves and mineral resources estimates
- Talent management and labour relations

Cautionary statement about forward-looking statements

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

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

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

Condensed Consolidated Income Statement

	Notes	Six months ended 30.06.2016 (Unaudited) $m	Six months ended 30.06.2015 (Unaudited) $m	Year ended 31.12.2015 $m
Group revenue	2,3	**1,448.0**	1,775.9	3,394.6
Total operating costs		**(1,163.9)**	(1,463.1)	(3,090.2)
Operating profit from subsidiaries	2,3	**284.1**	312.8	304.4
Share of results from associates and joint ventures	3	**9.7**	(0.2)	(5.8)
Total profit from operations, associates and joint ventures	2,3	**293.8**	312.6	298.6
Investment income		**13.5**	8.8	18.1
Interest expense		**(32.0)**	(15.6)	(33.7)
Other finance items		**0.8**	(4.4)	(23.6)
Net finance expense	6	**(17.7)**	(11.2)	(39.2)
Profit before tax		**276.1**	301.4	259.4
Income tax expense	7	**(118.0)**	(117.4)	(160.4)
Profit for the period from continuing operations		**158.1**	184.0	99.0
Discontinued operations				
Profit for the period from discontinued operations	8	**-**	615.0	602.7
Profit for the period		**158.1**	799.0	701.7
Attributable to:				
Non-controlling interests		**70.0**	93.2	93.5
Owners of the parent		**88.1**	705.8	608.2
		US cents	US cents	US cents
Basic earnings per share	9			
From continuing operations		**8.9**	9.2	0.6
From discontinued operations		**-**	62.4	61.1
Total continuing and discontinued operations		**8.9**	71.6	61.7

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30.06.2016 (Unaudited) $m	Six months ended 30.06.2015 (Unaudited) $m	Year ended 31.12.2015 $m
Profit for the period		**158.1**	**799.0**	701.7
Items that may be reclassified subsequently to profit or loss:				
Gains/(losses) in fair value of cash flow hedges deferred in reserves		**(3.6)**	**2.5**	1.7
Share of other comprehensive losses of associates and joint ventures, net of tax		**(17.5)**	**0.7**	(16.0)
Gains/(losses) in fair value of available-for-sale investments	13	**1.2**	**(1.3)**	(3.2)
Currency translation adjustment	8	**-**	**(3.9)**	(1.8)
Deferred tax effects arising on cash flow hedges deferred in reserves		**1.3**	**(0.3)**	-
Losses/(gains) in fair value of cash flow hedges transferred to the income statement	5	**3.6**	**2.5**	5.8
Losses in fair value of available-for-sale investments transferred to income statement	6	**-**	**-**	1.0
Deferred tax effects arising on amounts transferred to the income statement		**(0.9)**	**(0.5)**	(1.3)
Total items that may be reclassified subsequently to profit or loss		**(15.9)**	**(0.3)**	(13.8)
Items that will not be subsequently reclassified to profit or loss:				
Actuarial (losses)/gains on defined benefit plans		**(2.3)**	**(5.7)**	3.8
Tax on items that will not be reclassified		**1.1**	**0.9**	(1.2)
Total Items that will not be subsequently reclassified to profit or loss		**(1.2)**	**(4.8)**	2.6
Total other comprehensive income		**(17.1)**	**(5.1)**	(11.2)
Total comprehensive income for the period		**141.0**	**793.9**	690.5
Attributable to:				
Non-controlling interests		**70.0**	**93.8**	90.9
Owners of the parent		**71.0**	**700.1**	599.6

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 (Unaudited)

	Share capital	Share premium	Other reserves (note 17)	Retained earnings (note 17)	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2016	89.8	199.2	(59.3)	6,416.4	**6,646.1**	1,873.2	**8,519.3**
Profit for the period	-	-	-	88.1	**88.1**	70.0	**158.1**
Other comprehensive expense for the period	-	-	(15.6)	(1.5)	**(17.1)**	-	**(17.1)**
Dividends	-	-	-	-	**-**	(40.0)	**(40.0)**
Balance at 30 June 2016	**89.8**	**199.2**	**(74.9)**	**6,503.0**	**6,717.1**	**1,903.2**	**8,620.3**

For the six months ended 30 June 2015 (Unaudited)

	Share capital	Share premium	Other reserves (note 17)	Retained earnings (note 17)	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2015	89.8	199.2	(47.4)	5,932.1	**6,173.7**	1,861.0	**8,034.7**
Profit for the period	-	-	-	705.8	**705.8**	93.2	**799.0**
Other comprehensive expense for the period	-	-	(4.4)	(1.4)	**(5.8)**	0.6	**(5.1)**
Dividends	-	-	-	(96.6)	**(96.6)**	(80.0)	**(176.6)**
Balance at 30 June 2015	**89.8**	**199.2**	**(51.8)**	**6,540.0**	**6,777.2**	**1,874.8**	**8,652.0**

For the year ended 31 December 2015 (Audited)

	Share capital	Share premium	Other reserves (note 17)	Retained earnings (note 17)	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2015	89.8	199.2	(47.4)	5,932.1	**6,173.7**	1,861.0	**8,034.7**
Profit for the year	-	-	-	608.2	**608.2**	93.5	**701.7**
Other comprehensive expense for the year	-	-	(11.9)	3.3	**(8.6)**	(2.6)	**(11.2)**
Loss of control in subsidiaries	-	-	-	-	**-**	(13.3)	**(13.3)**
Capital contribution from non-controlling interests	-	-	-	-	**-**	14.6	**14.6**
Dividends	-	-	-	(127.2)	**(127.2)**	(80.0)	**(207.2)**
Balance at 31 December 2015	**89.8**	**199.2**	**(59.3)**	**6,416.4**	**6,646.1**	**1.873.2**	**8,519.3**

Dividends

Dividends to ordinary shareholders of the Company	Notes	**Six months ended 30.06.2016**	Six months ended 30.06.2015	Year ended 31.12.2015
Per share		**US cents**	US cents	US cents
Dividends per share proposed in relation to the period	10			
- ordinary dividend (interim)		**3.1**	3.1	3.1
- ordinary dividend (final)		**-**	-	-
		3.1	3.1	3.1
Dividends per share paid in the period and deducted from net equity				
- ordinary dividend (interim)		**-**	-	-
- ordinary dividend (final)		-	9.8	9.8
		-	9.8	9.8
In aggregate		**$m**	$m	$m
Dividends proposed in relation to the period	10	**30.6**	30.6	30.6
Dividends paid in the period and deducted from net equity		**-**	96.6	127.2

Condensed Consolidated Balance Sheet

		At 30.06.2016 (Unaudited)	At 30.06.2015 (Unaudited)	At 31.12.2015 (Audited)
Non-current assets	Notes	$m	$m	$m
Intangible asset	11	**150.1**	150.1	150.1
Property, plant and equipment	12	**8,799.1**	8,535.1	8,601.1
Investment property		**2.6**	2.2	2.0
Inventories		**213.9**	233.8	263.9
Investment in associates and in joint ventures		**1,081.3**	161.4	1,146.6
Trade and other receivables		**308.1**	233.9	292.9
Available-for-sale investments	13	**4.1**	4.5	2.7
Deferred tax assets		**150.3**	144.6	124.6
		10,709.5	9,465.6	10,583.9
Current assets				
Inventories		**364.7**	442.4	297.1
Trade and other receivables		**385.9**	511.6	604.8
Current tax assets		**341.8**	129.5	319.5
Derivative financial instruments	5	**0.4**	0.1	0.2
Liquid investments	19	**1,602.4**	1,366.8	924.1
Cash and cash equivalents	19	**577.7**	1,853.2	807.5
		3,272.9	4,303.6	2,953.2
Total assets		**13,982.4**	13,769.2	13,537.1
Current liabilities				
Short-term borrowings	15	**(813.2)**	(465.8)	(758.9)
Derivative financial instruments	5	**(1.9)**	(2.9)	(2.0)
Trade and other payables		**(464.7)**	(806.0)	(478.9)
Current tax liabilities		**(25.6)**	(254.3)	(198.8)
		(1,305.4)	(1,529.0)	(1,438.6)
Non-current liabilities				
Medium and long-term borrowings	15	**(2,406.5)**	(2,010.6)	(1,996.2)
Derivative financial instruments	5	**(2.1)**	(2.8)	(1.5)
Trade and other payables		**(4.5)**	(3.2)	(24.4)
Post-employment benefit obligations		**(100.1)**	(102.6)	(86.9)
Decommissioning & restoration and other long term provisions		**(399.6)**	(432.3)	(394.0)
Deferred tax liabilities		**(1,143.9)**	(1,036.7)	(1,076.2)
		(4,056.7)	(3,588.2)	(3,579.2)
Total liabilities		**(5,362.1)**	(5,117.2)	(5,017.8)
Net assets		**8,620.3**	8,652.0	8,519.3
Equity				
Share capital	16	**89.8**	89.8	89.8
Share premium	16	**199.2**	199.2	199.2
Other reserves	17	**(74.9)**	(73.4)	(59.3)
Retained earnings	17	**6,503.0**	6,561.6	6,416.4
Equity attributable to owners of the parent		**6,717.1**	6,777.2	6,646.1
Non-controlling interests		**1,903.2**	1,874.8	1,873.2
Total equity		**8,620.3**	8,652.0	8,519.3

The interim condensed consolidated financial statements were approved by the Board of Directors on 15 August 2016.

Condensed Consolidated Cash Flow Statement

	Notes	**Six months ended 30.06.2016 (Unaudited) $m**	Six months ended 30.06.2015 (Unaudited) $m	Year ended 31.12.2015 (Audited) $m
Cash flows from operating activities	18	**774.1**	807.7	858.3
Interest paid		**(20.5)**	(20.2)	(38.6)
Income tax paid		**(257.5)**	(191.2)	(427.1)
Net cash from operating activities		**496.1**	596.3	392.6
Investing activities				
Capital contributions and loans to associates and joint ventures		**(1.0)**	(39.4)	(112.0)
Acquisition of joint ventures	16	**-**	-	(972.8)
Dividends from associate		**13.6**	6.6	12.1
Acquisition of available-for-sale investments	13	**-**	-	(0.2)
Disposal of subsidiaries	8	**-**	947.3	942.9
Acquisition of mining properties	13	**(7.0)**	(78.0)	(78.0)
Proceeds from sale of property plant and equipment	12	**0.1**	-	1.6
Purchases of property, plant and equipment	12	**(385.4)**	(662.3)	(1,048.5)
Net (increase)/decrease in liquid investments		**(678.3)**	162.3	605.0
Interest received		**6.9**	9.6	11.1
Net cash (used)/from in investing activities		**(1,051.1)**	346.1	(638.9)
Financing activities				
Dividends paid to equity holders of the Company		**-**	(96.6)	(127.2)
Dividends paid to preference shareholders of the Company		**(0.1)**	(0.1)	(0.2)
Dividends paid to non-controlling interests		**(40.0)**	-	(80.0)
Capital increase from non-controlling interests		**-**	-	14.6
Net proceeds from issue of new borrowings	15	**656.8**	357.3	725.9
Repayments of borrowings	15	**(292.5)**	(182.9)	(276.4)
Repayments of obligations under finance leases	15	**(14.7)**	(5.7)	(11.9)
Net cash generated from financing activities		**309.5**	72.0	244.8
Net (decrease)/ increase in cash and cash equivalents		**(245.5)**	1,014.4	(1.5)
Cash and cash equivalents at beginning of the period		**807.5**	845.4	845.4
Net (decrease)/increase in cash and cash equivalents	19	**(245.5)**	1,014.4	(1.5)
Effect of foreign exchange rate changes	19	**15.7**	(6.6)	(36.4)
Cash and cash equivalents at end of the period	19	**577.7**	1,853.2	807.5

Notes

1. General information and accounting policies

a) General information

These June 2016 interim condensed consolidated financial statements ("the condensed financial statements") are for the six months ended 30 June 2016. The condensed financial statements are unaudited.

The information for the year ended 31 December 2015 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 2015 have been approved by the Board and have been delivered to the Registrar of Companies. 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).

b) Significant events during 2016

The Antucoya operation achieved commercial production in 1 April 2016, and its revenue and costs have accordingly been recognised in the income statement from that date onwards.

c) Basis of preparation

The annual financial statements of Antofagasta plc for the year ended 31 December 2015 were prepared in accordance with International Financial Reporting Standards ("IFRS") and with those parts of the companies Act 2006 applicable to companies reporting under IFRS. For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC IC") that have been endorsed by the European Union ("EU").

The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the accounting policies for the year ended 31 December 2015 and the International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and the requirements of the UK Disclosure and Transparency Rules ("DTR") of the Financial Conduct Authority ("FCA") in the United Kingdom as applicable to interim financial reporting.

The condensed financial statements represent a "condensed set of financial statements" as referred to in the DTR issued by the FCA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's financial statements for the year ended 31 December 2015.

d) Change in estimation

The Group has revised its estimation of deferred stripping costs which has impacted the amounts capitalised at the Los Pelambres mine during the first six months of 2016, where $61 million of deferred stripping costs have been capitalised during the period.

e) Going concern

When assessing the going concern status of the Group the Directors have considered in particular its financial position, including its significant balance of cash, cash equivalents and liquid investments and the borrowing facilities in place, including their terms and remaining durations. When assessing the prospects of the Group, the Directors have considered the Group's copper price forecasts, the Group's expected production levels, operating cost profile, capital expenditure and financing plans. The Directors have taken into consideration the Group's key risks which could impact the prospects of the Group, with the most relevant to this assessment considered to be risks to the copper price outlook. Robust down-side sensitivity analyses have been performed, assessing the impact of a significant deterioration in the copper price outlook. These stress-tests all indicated results which could be managed in the normal course of business. Based on their assessment of the Group's prospects and viability, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing its condensed interim financial statements.

f) Adoption of new accounting standards

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

- *IFRS 14* Regulatory Deferral Accounts
- *IAS 19* Defined Benefit Plans*, Employee Contributions (Amendments to IAS 19)*
- Annual improvements 2010 – 2012 Cycle - *improvements to six IFRSs*
- Accounting for Acquisitions of Interests in Joint Operations *(Amendments to IFRS 11)*

- Clarification of Acceptable Methods of Depreciation and Amortisation *(Amendments to IAS 16 and IAS 38)*
- Agriculture: Bearer Plants *(Amendments to IAS 16 and IAS 41)*
- Equity Method in Separate Financial Statements *(Amendments to IAS 27)*
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(Amendments to IFRS 10 and IAS 28)*
- Investment Entities: *Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)*
- *D*isclosure Initiative *(Amendments to IAS 1)*

The application of these standards and interpretations effective for the first time in the current period has had no significant impact on the amounts reported in these condensed consolidated financial statements.

Accounting standards issued but not yet effective applied

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

New Standards	**Effective date (Subject to EU endorsement)**
IFRS 9, Financial instruments	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2018
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019

Amendments to IFRSs	**Effective date (Subject to EU endorsement)**
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	Annual periods beginning on or after January 1, 2017
Disclosure Initiative (Amendments to IAS 7)	Annual periods beginning on or after January 1, 2017
Annual improvements 2012 – 2014 Cycle – improvements to four IFRSs	Annual periods beginning on or after July 1, 2016

The Group is continuing to evaluate the impact of adopting these new standards and interpretations.

The Group is continuing to evaluate in detail the potential impact of *IFRS 9 Financial Instruments* and I*FRS 15 Revenue from contracts with customers* but does not currently expect these to have a material impact. In respect of *IFRS 16 Leases* the Group is not yet able to estimate the impact of the new rules on the Group´s financial statements. The Group will make more detailed assessments of the impact.

2. Total profit from operations, associates and joint ventures

	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015
	$m	$m	$m
Group revenue	**1,448.0**	1,775.9	3,394.6
Cost of sales (including depreciation, amortization and disposal)	**(936.9)**	(1,174.8)	(2,478.9)
Gross profit	**511.1**	601.1	915.7
Administrative and distribution expenses	**(194.5)**	(210.6)	(455.7)
Other operating income	**7.8**	6.2	37.6
Other operating expenses	**(40.3)**	(83.9)	(193.2)
Operating results of the parents and subsidiaries	**284.1**	312.8	304.4
Share of income/(loss) from associates and joint ventures	**9.7**	(0.2)	(5.8)
Total profit from operations, associates and joint ventures	**293.8**	312.6	298.6

3. Segmental analysis

The Group's reportable segments are as follows:

- Los Pelambres
- Centinela
- Michilla
- Antucoya
- Zaldivar
- 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, Centinela and Antucoya are operating mines, Michilla was placed on care and maintenance at the end of 2015, Zaldivar, in which the Group has acquired a 50% stake, was acquired in December 2015. Los Pelambres produces primarily copper concentrate and molybdenum as a by-product. Centinela produces primarily copper concentrate containing gold as a by-product and copper cathodes. Michilla, Antucoya and Zaldivar produce copper cathodes. The transport division provides rail cargo (based in Chile and formerly Bolivia) and road cargo (based in Chile) together with a number of ancillary services (based in Chile). The water division produced and distributed potable water to domestic customers and untreated water to industrial customers in Chile's Antofagasta Region, this segment had been disposed of during H1 2015. The Exploration and evaluation segment incurs exploration and evaluation expenses. "Corporate and other items" comprises costs incurred by the Company, Antofagasta Minerals S.A., the Group's mining corporate centre and other entities, that are not allocated to any individual business segment. Consistent with its internal management reporting, the Group's corporate and other items are included within the mining division.

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 and EBITDA of each of the segments.

Zaldivar, in which the Group has acquired 50% stake in December 2015, has been included as new segment in 2016.

a) Segment revenues and results

For the six months ended 30 June 2016

	Los Pelambres	Centinela	Michilla	Antucoya	Zaldivar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	**847.5**	**449.3**	**3.8**	**67.3**	**-**	**-**	**-**	**1,367.9**	**80.1**	**1,448.0**
Cost of sales	**(412.1)**	**(363.9)**	**(9.0)**	**(51.1)**	**-**	**(18.9)**	**(20.3)**	**(875.3)**	**(41.1)**	**(916.4)**
Depreciation and amortization	(96.7)	(123.4)	-	(16.7)	-	-	(3.2)	**(240.0)**	(7.3)	**(247.3)**
(Loss)/gains on disposals	(0.2)	-	-	-	-	-	-	**(0.2)**	-	**(0.2)**
Operating profit/(loss)	**338.5**	**(38.0)**	**(5.2)**	**(0.5)**	**-**	**(18.9)**	**(23.5)**	**252.4**	**31.7**	**284.1**
Share of results from associates and joint ventures	1.2	-	-	-	12.2	-	(5.7)	**7.7**	2.0	**9.7**
Investment income	7.6	3.1	0.4	0.2	-	-	1.8	**13.1**	0.4	**13.5**
Interest expense	(3.0)	(15.0)	-	(9.7)	-	-	(3.0)	**(30.7)**	(1.3)	**(32.0)**
Other finance items	1.1	(4.0)	2.9	0.8	-	-	0.9	**1.7**	(0.9)	**0.8**
Profit/(loss) before tax	**345.4**	**(53.9)**	**(1.9)**	**(9.2)**	**12.2**	**(18.9)**	**(29.5)**	**244.2**	**31.9**	**276.1**
Tax	(91.7)	(0.8)	1.8	(11.1)	-	-	(5.7)	**(107.5)**	(10.5)	**(118.0)**
Profit/(loss) for the period from continuing operations	253.7	(54.7)	(0.1)	(20.3)	12.2	(18.9)	(35.2)	**136.7**	21.4	**158.1**
Profit for the period from discontinued operations	-	-	-	-	-	-	-	**-**	-	**-**
Profit/(loss) for the period	253.7	(54.7)	(0.1)	(20.3)	12.2	(18.9)	(35.2)	**136.7**	21.4	**158.1**
Non-controlling interests	(101.6)	21.7	-	9.9	-	-	-	**(70.0)**	-	**(70.0)**
Profit/(loss) for the period attributable to owners of the parent (Net earnings)	**152.1**	**(33.0)**	**(0.1)**	**(10.4)**	**12.2**	**(18.9)**	**(35.2)**	**66.7**	**21.4**	**88.1**
Total EBIDTA[1]	**435.0**	**85.4**	**(5.2)**	**16.2**	**37.1**	**(18.9)**	**(24.5)**	**525.1**	**46.5**	**571.6**
Additions to non-current assets										
Capital expenditure	182.0	289.7	-	7.3	-	-	24.1	**503.1**	5.8	**508.9**
Segment assets and liabilities										
Segment assets	4,099.6	4,911.3	92.0	2,015.4	-	9.5	1,422.0	**12,549.8**	351.3	**12,901.1**
Investment in associates and joint ventures	18.3	-	-	-	-	-	991.4	**1,009.7**	71.6	**1,081.3**
Segment liabilities	(1,404.1)	(2,040.3)	(50.3)	(1,244.8)	-	(4.5)	(442.7)	**(5,186.7)**	(175.4)	**(5,362.1)**

[1]EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.
[2]During the period, operating cash outflow from exploration and evaluation was $17.6 million

For the six months ended 30 June 2015

	Los Pelambres	Centinela	Michilla	Antucoya	Exploration and evaluation[1]	Corporate and other items	**Total Mining**	**Railway and other transport services**	**Water concession**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**	**$m**
Revenue	918.3	688.4	95.1	-	-	-	**1,701.8**	74.1	-	**1,775.9**
Cost of sales	(521.5)	(470.8)	(84.5)	-	(56.1)	(41.2)	**(1,174.1)**	(43.1)	-	**(1,217.2)**
Depreciation and amortization	(86.3)	(151.3)	-	-	-	(1.1)	**(238.7)**	(6.7)	-	**(245.4)**
(Loss)/gain on disposals	(0.7)	-	-	-	-	-	**(0.7)**	0.2	-	**(0.5)**
Operating profit/(loss)	**309.8**	**66.3**	**10.6**	**-**	**(56.1)**	**(42.3)**	**288.3**	**24.5**	**-**	**312.8**
Share of results from associates and joint ventures	(0.9)	-	-	-	-	(3.5)	**(4.4)**	4.2	-	**(0.2)**
Investment income	4.6	1.9	0.3	-	-	1.6	**8.4**	0.4	-	**8.8**
Interest expense	(0.6)	(12.7)	-	-	-	(0.6)	**(13.9)**	(1.7)	-	**(15.6)**
Other finance items	(1.3)	2.5	0.5	(1.1)	-	(2.9)	**(2.3)**	(2.1)	-	**(4.4)**
Profit/(loss) before tax	**311.6**	**58.0**	**11.4**	**(1.1)**	**(56.1)**	**(47.7)**	**276.1**	**25.3**	**-**	**301.4**
Tax	(94.3)	(5.9)	(2.2)	2.6	-	1.9	(97.9)	(19.5)		(117.4)
Profit/(loss) for the period from continuing operations	**217.3**	**52.1**	**9.2**	**1.5**	**(56.1)**	**(45.8)**	**178.2**	**5.8**	**-**	**184.0**
(Loss)/profit for the period from discontinued operations	-	-	-	-	-	-	**-**	(4.5)	619.5	**615.0**
Profit/(loss) for the period	**217.3**	**52.1**	**9.2**	**1.5**	**(56.1)**	**(45.8)**	**178.2**	**1.3**	**619.5**	**799.0**
Non-controlling interests	(84.3)	(9.7)	(0.1)	0.4	-	-	**(93.7)**	0.5	-	**(93.2)**
Profit/(loss) for the period attributable to owners of the parent (Net earnings)	**133.0**	**42.4**	**9.1**	**1.9**	**(56.1)**	**(45.8)**	**84.5**	**1.8**	**619.5**	**705.8**
EBITDA	**391.1**	**210.4**	**10.6**	**-**	**(56.1)**	**(41.2)**	**527.7**	**26.5**	**-**	**558.7**
Additions to non-current assets										
Capital expenditure	92.8	222.9	-	132.5	-	124.1	**572.3**	7.2	16.4	**595.9**
Segment assets and liabilities										
Segment assets	3,861.8	5,081.9	174.5	1,787.4	181.7	1,242.2	**12,374.5**	1,310.0	-	**13,607.9**
Investment in associates and joint ventures	45.0	-	-	-	-	31.6	**76.6**	84.7		**161.3**
Segment liabilities	(1,352.2)	(2,004.1)	(96.5)	(1,073.7)	(4.5)	(106.8)	**(4,637.8)**	(479.4)	-	**(5,117.2)**

[1] During the period, operating cash outflow from exploration and evaluation was $43.5 million

For the year ended 31 December 2015

	Los Pelambres	Centinela	Michilla	Antucoya	Zaldivar	Exploration and evaluation[1]	Corporate and other items	**Total Mining**	**Railway and other transport services**	**Water concession**	**Total**
	$m	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**	**$m**
Revenue	1,807.2	1,266.1	168.9	-	-	-	-	**3,242.2**	152.4	-	**3,394.6**
Cost of sales	(1,057.9)	(1,027.7)	(154.8)	-	-	(101.9)	(67.6)	**(2,409.9)**	(94.0)	-	**(2,503.9)**
Depreciation and amortization	(191.6)	(367.6)	-	-	-	-	(3.1)	**(562.3)**	(13.8)	-	**(576.1)**
(Loss)/gains on disposals	(2.7)	(1.8)	1.3	-	-	-	(4.4)	**(7.6)**	(2.6)	-	**(10.2)**
Operating profit/(loss)	**555.0**	**(131.0)**	**15.4**	**-**	**-**	**(101.9)**	**(75.1)**	**262.4**	**42.0**	**-**	**304.4**
Share of results from associates and joint ventures	(3.7)	-	-	-	(2.8)	-	(7.5)	**(14.0)**	8.2	-	**(5.8)**
Investment income	10.2	4.3	0.6	-	-	-	2.2	**17.3**	0.8	-	**18.1**
Interest expense	(1.8)	(27.1)	-	-	-	-	(1.8)	**(30.7)**	(3.0)	-	**(33.7)**
Other finance items	(4.6)	(9.7)	0.6	(3.4)	-	-	(7.5)	**(24.6)**	1.0	-	**(23.6)**
Profit/(loss) before tax	**555.1**	**(163.5)**	**16.6**	**(3.4)**	**(2.8)**	**(101.9)**	**(89.7)**	**210.4**	**49.0**	**-**	**259.4**
Tax	(161.8)	49.6	(6.0)	(21.8)	-	-	1.8	**(138.2)**	(22.2)	-	**(160.4)**
Profit/(loss) for the period from continuing operations	**393.3**	**(113.9)**	**10.6**	**(25.2)**	**(2.8)**	**(101.9)**	**(87.9)**	**72.2**	**26.8**	**-**	**99.0**
(Loss)/profit for the period from discontinued operations	-	-	-	-	-	-	-	**-**	(13.1)	615.8	**602.7**
Profit/(loss) for the year	393.3	(113.9)	10.6	(25.2)	(2.8)	(101.9)	(87.9)	**72.2**	13.7	615.8	**701.7**
Non-controlling interests	(151.8)	46.5	(0.2)	11.9	-	-	-	**(93.6)**	0.1	-	**(93.5)**
Profit/(loss) for the period attributable to owners of the parent (Net earnings)	**241.5**	**(67.4)**	**10.4**	**(13.3)**	**(2.8)**	**(101.9)**	**(87.9)**	**(21.4)**	**13.8**	**615.8**	**608.2**
EBITDA	**749.3**	**238.4**	**14.1**	**-**	**-**	**(101.9)**	**(67.6)**	**832.3**	**58.4**	**-**	**890.7**
Additions to non-current assets											
Capital expenditure	188.3	535.1	-	147.9	-	-	111.0	**982.3**	13.9	16.4	**1,012.6**
Segment assets and liabilities											
Segment assets	3,753.3	5,013.0	122.7	1,974.4	-	-	1,026.4	**11,889.8**	500.7	-	**12,390.5**
Investment in associates and joint ventures	33.5	-	-	-	998.9	-	31.0	**1,063.4**	83.2	-	**1,146.6**
Segment liabilities	(1,205.9)	(2,068.9)	(46.0)	(1,185.5)	-	-	(151.6)	**(4,657.9)**	(359.9)	-	**(5,017.8)**

[1] During the year, operating cash outflow from exploration and evaluation was $38.3 million

b) Entity wide disclosures

Revenue by product

	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015
	$m	$m	$m
Copper			
- Los Pelambres	**741.7**	817.0	1,606.7
- Centinela concentrates	**245.9**	339.7	626.6
- Centinela cathodes	**113.3**	238.0	432.3
- Michilla	**3.8**	95.1	168.9
- Antucoya	**67.3**	-	-
Gold			
- Los Pelambres	**40.1**	26.9	60.7
- Centinela	**84.5**	102.1	191.3
Molybdenum			
- Los Pelambres	**43.8**	59.7	105.3
Silver			
- Los Pelambres	**21.9**	14.7	34.5
- Centinela	**5.6**	8.5	15.9
Total Mining	**1,367.9**	1,701.8	3,242.2
Railway and transport services	**80.1**	74.1	152.4
	1,448.0	1,775.9	3,394.6

Revenue by location of customer

	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015
	$m	$m	$m
Europe			
- United Kingdom	**0.1**	2.7	19.1
- Switzerland	**93.5**	72.7	175.2
- Spain	**48.8**	28.7	54.1
- Germany	**15.9**	63.2	167.0
- Rest of Europe	**58.7**	46.3	70.6
Latin America			
- Chile	**101.5**	85.6	167.0
- Rest of Latin America	**29.4**	17.2	74.1
North America			
- United States	**14.1**	61.0	107.3
Asia Pacific			
- Japan	**613.0**	615.7	1,147.0
- China	**250.2**	444.1	782.4
- Rest of Asia	**222.8**	338.7	630.8
	1,448.0	1,775.9	3,394.6

Information about major customers

In the first half of 2016 the Group´s mining revenue included $279.2 million related to one large customer that individually accounted for more than 10% of the Group's revenue (six months ended 30 June 2015 – one large customer representing $351.0 million; year ended 31 December 2015 – one large customer representing $426.0 million).

Non-current assets by location of asset

	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015
	$m	$m	$m
- Chile	**10,384.6**	9,270.6	10,284.6
- Bolivia	**-**	26.0	-
- USA	**170.6**	171.2	171.2
- Other	**(0.1)**	(1.3)	0.8
	10,555.1	9,316.5	10,456.6

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

4. Revenue

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

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

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

For the period ended 30 June 2016

	Los Pelambres	Centinela	Centinela	Michilla	Antucoya	Los Pelambres	Centinela	Los Pelambres
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate
	$m	$m	$m	$m	$m	$m	$m	$m
Provisionally invoiced gross sales	**816.6**	**280.6**	**113.9**	**4.1**	**67.4**	**39.9**	**78.9**	**40.4**
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	**14.5**	**6.2**	**(0.2)**	**(0.1)**	**-**	**-**	**2.2**	**(1.0)**
Settlement of sales invoiced in the previous year	**(19.0)**	**(7.8)**	**-**	**(0.3)**	**-**	**(0.1)**	**(1.0)**	**1.5**
Total effect of adjustments to previous year invoices in the current period	**(4.5)**	**(1.6)**	**(0.2)**	**(0.4)**	**-**	**(0.1)**	**1.2**	**0.5**
Effects of pricing adjustments to current period invoices								
Settlement of sales invoiced in the current period	**9.3**	**1.2**	**(0.6)**	**0.1**	**(1.1)**	**0.3**	**2.4**	**7.8**
Mark-to-market adjustments at the end of the current period	**13.3**	**4.3**	**0.1**	**-**	**0.9**	**-**	**2.3**	**2.1**
Total effect of adjustments to current period invoices	**22.6**	**5.5**	**(0.5)**	**0.1**	**(0.1)**	**0.3**	**4.7**	**9.9**
Total pricing adjustments	**18.1**	**4.0**	**(0.7)**	**(0.4)**	**(0.1)**	**0.2**	**5.9**	**10.4**
Realised (losses)/gains on commodity derivatives	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**	**-**
Revenue before deducting tolling charges	**834.7**	**284.6**	**113.3**	**3.8**	**67.3**	**40.1**	**84.9**	**50.8**
Tolling charges	**(93.0)**	**(38.7)**	**-**	**-**	**-**	**(0.1)**	**(0.3)**	**(7.0)**
Revenue net of tolling charges	**741.7**	**245.9**	**113.3**	**3.8**	**67.3**	**40.0**	**84.5**	**43.8**

For the period ended 30 June 2015

	Los Pelambres	Centinela	Centinela	Michilla	Los Pelambres	Centinela	Los Pelambres
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate
	$m	$m	$m	$m	$m	$m	$m
Provisionally invoiced gross sales	978.2	418.2	242.5	97.1	27.0	105.3	80.2
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	45.5	19.6	1.4	0.4	-	1.8	2.0
Settlement of sales invoiced in the previous year	(101.6)	49.6	(5.7)	(2.3)	-	3.6	(7.1)
Total effect of adjustments to previous year invoices in the current period	(56.1)	69.2	(4.3)	(1.9)	-	5.4	(5.1)
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	14.3	(83.4)	1.2	(0.2)	-	(6.6)	(2.8)
Mark-to-market adjustments at the end of the current period	(31.9)	(18.9)	(1.3)	0.1	-	(1.6)	(4.2)
Total effect of adjustments to current period invoices	(17.6)	(102.3)	(0.1)	(0.1)	-	(8.2)	(7.0)
Total pricing adjustments	(73.7)	(33.1)	(4.4)	2.0	-	(2.8)	(12.1)
Realised (losses)/gains on commodity derivatives	-	-	(0.1)	-	-	-	-
Revenue before deducting tolling charges	904.5	385.1	238.0	95.1	27.0	102.5	68.1
Tolling charges	(87.5)	(45.4)	-	-	(0.1)	(0.4)	(8.4)
Revenue net of tolling charges	817.0	339.7	238.0	95.1	26.9	102.1	59.7

For the year ended 31 December 2015

	Los Pelambres	Centinela	Centinela	Michilla	Los Pelambres	Centinela	Los Pelambres
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate
	$m	$m	$m	$m	$m	$m	$m
Provisionally invoiced gross sales	**2,001.6**	**805.8**	**443.4**	**173.3**	**63.0**	**200.7**	**147.0**
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	**45.5**	**19.6**	**1.4**	**0.4**	**-**	**1.8**	**2.0**
Settlement of sales invoiced in the previous year	**(100.4)**	**(49.8)**	**(5.6)**	**(2.3)**	**-**	**3.6**	**(7.1)**
Total effect of adjustments to previous year invoices in the current year	**(54.9)**	**(30.2)**	**(4.2)**	**(1.9)**	**-**	**5.4**	**(5.1)**
Effects of pricing adjustments to current year invoices							
Settlement of sales invoiced in the current year	**(126.7)**	**(47.6)**	**(7.1)**	**(2.6)**	**(2.1)**	**(11.8)**	**(19.8)**
Mark-to-market adjustments at the end of the current year	**(14.5)**	**(6.2)**	**0.2**	**0.1**	**-**	**(2.2)**	**1.0**
Total effect of adjustments to current year invoices	**(141.2)**	**(53.8)**	**(6.9)**	**(2.5)**	**(2.1)**	**(14.0)**	**(18.8)**
Total pricing adjustments	**(196.1)**	**(84.0)**	**(11.1)**	**(4.4)**	**(2.1)**	**(8.6)**	**(23.9)**
Realised gains on commodity derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Revenue before deducting tolling charges	**1,805.5**	**721.8**	**432.3**	**168.9**	**60.9**	**192.1**	**123.1**
Tolling charges	**(198.8)**	**(95.2)**	**-**	**-**	**(0.2)**	**(0.8)**	**(17.8)**
Revenue net of tolling charges	**1,606.7**	**626.6**	**432.3**	**168.9**	**60.7**	**191.3**	**105.3**

The revenue from the individual products shown in the above tables is reconciled to total Group revenue in Note 3(b).

(i) *Copper concentrate*

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

At 30 June 2016 sales totalling 161,400 tonnes remained open as to price, with an average mark-to-market price of $2.20/lb compared with an average provisional invoice price of $2.15/lb.

At 30 June 2015 sales totalling 159,000 tonnes remained open as to price, with an average mark-to-market price of $2.61/lb compared with an average provisional invoice price of $2.75/lb.

At 31 December 2015, sales totalling 184,400 tonnes remained open as to price, with an average mark-to-market price of $2.13/lb compared with an average provisional invoice price of $2.18/lb.

(ii) Copper cathodes

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

At 30 June 2016 sales totalling 5,400 tonnes remained open as to price, with an average mark-to-market price of $2.15/lb compared with an average provisional invoice price of $2.07/lb.

At 30 June 2015 sales totalling 13,800 tonnes remained open as to price, with an average mark-to-market price of $2.61/lb compared with an average provisional invoice price of $2.66/lb.

At 31 December 2015, sales totalling 7,700 tonnes remained open as to price, with an average mark-to-market price of $2.13/lb compared with an average provisional invoice price of $2.12 /lb.

(iii) Gold in concentrate

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

At 30 June 2016 sales totalling 34,900 ounces remained open as to price, with an average mark-to-market price of $1,317/oz compared with an average provisional invoice price of $1,251/oz.

At 30 June 2015 sales totalling 58,100 ounces remained open as to price, with an average mark-to-market price of $1,170/oz compared with an average provisional invoice price of $1,197/oz.

At 31 December 2015, sales totalling 50,300 ounces remained open as to price, with an average mark-to-market price of $1,061/oz compared with an average provisional invoice price of $1,105/oz.

(iv) Molybdenum concentrate

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

At 30 June 2016 sales totalling 1,000 tonnes remained open as to price, with an average mark-to-market price of $7.9/lb compared with an average provisional invoice price of $6.9/lb.

At 30 June 2015 sales totalling 2,000 tonnes remained open as to price, with an average mark-to-market price of $7.0/lb compared with an average provisional invoice price of $7.9/lb.

At 31 December 2015, sales totalling 1,900 tonnes remained open as to price, with an average mark-to-market price of $5.1/lb compared with an average provisional invoice price of $4.8/lb.

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

	Gain/(loss) on debtors of period end mark-to-market adjustments		
	Six months ended 30.06.2016 $m	Six months ended 30.06.2015 $m	Year ended 31.12.2015 $m
Los Pelambres - copper concentrate	**13.3**	(31.9)	(14.5)
Los Pelambres - molybdenum concentrate	**2.1**	(4.2)	1.0
Centinela - copper concentrate	**4.4**	(18.9)	(6.2)
Centinela - gold in concentrate	**2.3**	(1.6)	(2.2)
Centinela - copper cathodes	**0.1**	(1.3)	0.2
Antucoya - copper cathodes	**1.0**	-	-
Michilla - copper cathodes	**-**	0.1	0.1
	23.2	(57.8)	(21.6)

5. Financial instruments

a) Categories of financial instruments

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

	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015
	$m	$m	$m
Financial assets			
Derivatives in designated hedge accounting relationships	**0.4**	0.1	0.2
Available-for-sale-investments	**4.1**	4.5	2.7
Loans and receivables at amortised cost (including cash and cash equivalents)	**1,271.7**	2,598.7	1,703.9
Fair value through profit and loss (liquid investments and mark-to-mark debtors)	**1,625.6**	1,366.8	925.4
Financial liabilities			
Derivatives in designated hedge relationships	**(4.0)**	(5.7)	(3.5)
Financial liabilities measured at amortised cost	**(3,688.9)**	(3,227.8)	(3,235.5)
Fair value through profit and loss (mark-to-mark creditors)	**-**	(57.8)	(22.9)

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

Fair value of financial instruments

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

	Level 1	Level 2	Level 3	**Six months ended 30.06.2016**	Six months ended 30.06.2015	Year ended 31.12.2015
Recurring fair value measurements	$m	$m	$m	**$m**	$m	$m
Financial assets						
Derivatives in designated hedge accounting relationships	-	0.4	-	**0.4**	0.1	0.2
Available-for-sale investments	4.1	-	-	**4.1**	4.5	2.7
Fair value through profit and loss	1,625.6	-	-	**1,625.6**	1,366.8	925.4
Debtors mark-to-market	-	23.2	-	**23.2**	-	1.3
Financial liabilities						
Derivatives in designated hedge relationships	-	(4.0)	-	**(4.0)**	(5.7)	(3.5)
Creditors mark-to-market	-	-	-	**-**	(57.8)	(22.9)

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

Non-recurring fair value measurements are those that are required in particular circumstances e.g. when the recoverable amount of an asset is determined to be fair value less cost to sell according to IAS 36 *Impairment of assets*. There were no non-recurring fair value measurements in the six months ending 30 June 2016.

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

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

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

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

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

- Level 1 fair value measurement inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

- Level 2 fair value measurement inputs are derived from inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 fair value measurement inputs are unobservable inputs for the asset or liability.

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the six months ending 30 June 2016 and 30 June 2015, there were no transfers between levels in the hierarchy.

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 other comprehensive income, with such amounts subsequently recognised in the income statement in the period when the hedged item has been recognised in the income statement within revenue. The time value element of changes in the fair value of derivative options is excluded from the designated hedging relationship, and is therefore recognised directly in the income statement within other finance items.

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

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

For the six months ended 30 June 2016

	Impact on income statement			Impact on reserves	Fair value recorded on balance sheet
	Realised gains/(losses)	Losses resulting from mark-to-market adjustments on hedging instruments	Total net loss	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	$m	$m	$m	$m	$m
Commodity Derivatives					
Centinela	0.1	(0.3)	(0.2)	0.4	0.4
Interest Derivatives					
Centinela	(2.7)	-	(2.7)	0.6	(2.4)
Railway and other transport services	(1.0)	-	(1.0)	(0.7)	(1.6)
	(3.6)	**(0.3)**	**(3.9)**	**0.3**	**(3.6)**

For the six months ended 30 June 2015

	Impact on income statement			Impact on reserves	Fair value recorded on balance sheet
	Realised gains/(losses)	Losses resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	$m	$m	$m	$m	$m
Commodity Derivatives					
Centinela	(0.1)	-	(0.1)	(0.1)	0.1
Foreign Exchange Derivatives					
Antucoya	0.2	-	0.2	3.8	-
Interest Derivatives					
Centinela	(1.9)	-	(1.9)	1.4	(4.6)
Railway and other transport services	(0.7)	-	(0.7)	(0.1)	(1.1)
	(2.5)	-	**(2.5)**	**5.0**	**(5.6)**

For the year ended 31 December 2015

	Impact on income statement			Impact on reserves	Fair value recorded on balance sheet
	Realised gains/(losses)	Losses resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	$m	$m	$m	$m	$m
Commodity Derivatives					
Centinela	(0.1)	-	(0.1)	0.4	0.1
Foreign Exchange Derivatives					
Antucoya	0.2	-	0.2	4.0	-
Interest Derivatives					
Centinela	(3.6)	-	(3.6)	(2.9)	(2.9)
Railway and other transport services	(2.3)	-	(2.3)	(0.5)	(0.5)
	(5.8)	**-**	**(5.8)**	**1.0**	**(3.3)**

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 is analysed as follows:

	At 30.06.2016	At 30.06.2015	At 31.12.2015
	$m	$m	$m
Analysed between:			
Current assets	**0.4**	0.1	0.2
Current liabilities	**(1.9)**	(2.9)	(2.0)
Non-current liabilities	**(2.1)**	(2.8)	(1.5)
	(3.6)	(5.6)	(3.3)

(ii) Outstanding derivative financial instruments

a) Commodity derivatives

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

- **Min/max instruments**

	At 30.06.2016	**For instruments held at 30.06.2016**			
	Copper production hedged tonnes	Weighted average remaining period from 1 July 2016 months	Covering a period up to:	Weighted average floor US cents/lb	Weighted average cap US cents/lb
Centinela	12,000	0.6	31.12.2016	465	594

b) 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 Centinela project financing and long-term loans at the Railway for fixed rate interest. At 30 June 2016 the Group had entered into the contracts outlined below.

	Start date	Maturity date	Actual notional amount $m	Weighted Average Fixed Rate %
Centinela	15.02.2011	15.08.2018	105.0	3.372
Railway and other transport services	12.08.2014	12.08.2019	120.0	1.634

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

6. Net finance expense

	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015
	$m	$m	$m
Investment income			
Interest receivable	**9.8**	6.8	16.7
Fair value through profit or loss	**3.7**	2.0	1.4
	13.5	8.8	18.1
Interest expense			
Interest expense	**(31.9)**	(15.5)	(33.5)
Preference dividends	**(0.1)**	(0.1)	(0.2)
	(32.0)	(15.6)	(33.7)
Other finance items			
Time value element of changes in the fair value of derivatives options	**(0.3)**	0.1	0.1
Unwinding of discount on provisions	**(4.9)**	(4.7)	(9.1)
Impairment of available-for-sale investments	**-**	-	(1.0)
Foreign exchange	**6.0**	0.2	(13.6)
	0.8	(4.4)	(23.6)
Net finance expense	**(17.7)**	(11.2)	(39.2)

In the six months ended 30 June 2016, $8.9 million relating to net interest expense and other finance items at Antucoya (six months ended 30 June 2015 – $24.0 million; year ended 31 December 2015 - $29.6 million), $19.0 million at Centinela (six months ended 30 June 2015 – $12.7 million; year ended 31 December 2015 - $4.1 million) and $2.0 million at Los Pelambres (six months ended 30 June 2015 – $0.6 million; year ended 31 December 2015 - $1.2 million) was capitalised during the period, and is consequently not included within the above table.

7. Taxation

The tax charge for the period comprised the following:

	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015
	$m	$m	$m
Current tax charge			
Corporate tax (principally first category tax in Chile)	**(57.1)**	(65.3)	(41.6)
Mining tax (royalty)	**(13.2)**	(12.3)	(20.4)
Withholding tax	**(8.3)**	(12.9)	(12.9)
Exchange gain/(losses) on corporate tax balances	**5.3**	(0.3)	(1.0)
	(73.3)	(90.8)	(75.9)
Deferred tax credit/(charge)			
Corporate tax (principally first category tax in Chile)	**(25.1)**	(13.7)	(69.0)
Mining tax (royalty)	**(19.6)**	(11.0)	(13.6)
Withholding tax provision	**-**	(1.9)	(1.9)
	(44.7)	(26.6)	(84.5)
Total tax charge (income tax expense)	**(118.0)**	(117.4)	(160.4)

The rate of first category (i.e. corporate) tax in Chile is currently 24% (six months ended 30 June 2015 – 22.5%; year ended 31 December 2015 – 22.5%).

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile. Withholding tax is levied on remittances of profits from Chile at 35% less first category (i.e. corporation) tax already paid in respect of the profits to which the remittances relate.

On 29 September 2014 a significant reform of the Chilean system was enacted into law. This introduced two alternative future taxation systems - the partially-integrated system (the default system for the Group's Chilean subsidiaries) or the attributable system. The Group has been accounting for deferred tax on the basis that it would apply the default partially-integrated system. On 1 February 2016 a Simplification of the Tax Reform was enacted into law. This specifies that for entities such as the Group's Chilean subsidiaries, whose members are corporate entities and not individual persons, only the partially-integrated system can be applied. Given that the Group has already been accounting for deferred tax on the basis that it would apply the default partially-integrated system this has not resulted in any accounting impact for the Group.

Under the partially-integrated system the corporate tax rate will be 25.5% in 2017 and 27% from 2018 onwards. The immediate shareholders of the Chilean subsidiaries will pay withholding tax based on the cash distributions made by those subsidiary companies, as with the current tax system. If the subsidiary company's shareholders are tax resident in countries with applicable tax treaties with Chile (as is the case for the Group) the withholding tax will be 35%, less first category tax at the rate it was paid, so if the company distributes all of its earnings the total corporate and withholding tax burden will be 35%.

The Group's mining operations are also subject to a mining tax (royalty). Production from Los Pelambres, El Tesoro Central and Mirador pits at Centinela cathodes, Antucoya and Michilla are currently subject to a rate of 4% of taxable operating profit and Centinela concentrates of 5%, and production from El Tesoro North East pit and the run-of-mine processing at Centinela cathodes is subject to a rate of between 5–14%, depending on the level of operating profit margin.

	Six months ended 30.06.2016		Six months ended 30.06.2015		Year ended 31.12.2015	
	$m	**%**	$m	%	$m	%
Profit before tax	**276.1**		297.3		259.4	
Tax at the Chilean corporate tax rate of 24% (2015 – 22.5%)	**(66.3)**	**24.0**	(66.9)	22.5	(58.4)	22.5
Effect of increase in future first category tax rates on deferred tax balances	**1.7**	**(0.6)**	(11.5)	3.9	(8.9)	3.4
Items not subject to or deductible from first category tax	**(8.7)**	**3.1**	(1.0)	0.3	(17.1)	6.6
Carry-back tax losses resulting in credits at historic tax rates	**(11.8)**	**4.3**	-	-	(25.8)	9.9
Mining Tax (royalty)	**(32.8)**	**11.8**	(23.3)	7.8	(34.0)	13.1
Withholding tax	**-**	**-**	(14.8)	5.0	(14.8)	5.7
Withholding tax – adjustment to previous year	**(8.3)**	**3.0**	-	-	-	-
Tax effect of share of results of associates and joint ventures	**2.3**	**(0.8)**	(0.3)	0.1	(0.5)	0.2
Net other items	**5.9**	**(2.1)**	-	-	(0.9)	0.3
Tax expense and effective tax rate for the period	**(118.0)**	**42.7**	(117.8)	39.6	(160.4)	61.8

The tax charge for 2016 was $118.0 million and the effective tax rate was 42.7 %. In 2016 the effective tax rate varied from the statutory rate principally due to tax losses which under Chilean tax carry-back rules generated a credit at historic tax rates below the current year statutory rate (impact of $11.8 million / 4.3%), the effect of expenses not deductible for Chilean corporate tax purposes (principally the funding of expenses outside of Chile) (impact of $8.7 million / 3.1 %) and the mining tax (impact of $32.8 million / 11.8 %) and withholding tax charge (impact of $8.3 million / 3.0%).

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

8. Discontinued operations

(i) On 24 April 2015 the Group entered into a sale agreement to dispose of Aguas de Antofagasta S.A. ("ADASA"), which carried out of the group´s water operations. The disposal was completed on 2 June 2015. On 28 August 2015, the Group disposed of its 100% interest in Empresa Ferroviaria Andina S.A. ("FCA").The results of ADASA and FCA for the period prior to disposal as well as the profit on disposal have been presented on the "Profit for the period from discontinued operations" line in the income statement, reflecting the following amounts:

	Six months ended 30.06.2016	Six months ended 30.06.2015			Year ended 31.12.2015		
		ADASA	FCA	**Total**	ADASA	FCA	**Total**
	$m	$m	$m	**$m**	$m	**$m**	**$m**
Turnover	**-**	53.9	10.0	**63.9**	53.9	12.9	**66.8**
Total operating costs	**-**	(34.9)	(14.1)	**(49.0)**	(34.9)	(20.2)	**(55.1)**
Net finance income	**-**	(0.1)	-	**(0.1)**	(0.1)	(0.2)	**(0.3)**
Profit before tax	**-**	18.9	(4.1)	**14.8**	18.9	(7.5)	**11.4**
Attributable tax expense	**-**	(3.9)	(0.4)	**(4.3)**	(3.9)	-	**(3.9)**
Profit of discontinued operations	**-**	15.0	(4.5)	**10.5**	15.0	(7.5)	**7.5**
Profit on disposal of discontinued operations[1]	**-**	857.6	-	**857.6**	853.2	(5.6)	**847.6**
Attributable tax expense[2]	**-**	(253.1)	-	**(253.1)**	(252.4)	-	**(252.4)**
Net profit attributable to discontinued operations (attributable to owners of the Company)	**-**	619.5	(4.5)	**615.0**	615.8	(13.1)	**602.7**

[1] Profit on disposal included a loss of $3.9 million and a profit of $2.1 million related to the accumulated currency translation adjustment relating to ADASA and FCA respectively (2015 - $3.9 million and a profit of $2.1 million), which has been reclassified from translation reserves in other comprehensive income to the income statement upon disposal.
[2]Tax expense includes $57.2 million (2015 - $57.2 million) related to withholding tax.

During 2015, Aguas de Antofagasta S.A., contributed $21.7 million to the Group´s net cash flow from operating activities, $19.2 million in respect to net cash used in investing activities and paid $2.0 million in net cash provided in financing activities.

During 2015, Empresa Ferroviaria Andina, contributed $2.2 million to the Group´s net cash flow from operating activities, $2.1 million in respect to net cash used in investing activities and paid $0.1 million in net cash provided in financing activities.

(ii) Disposal of Aguas de Antofagasta S.A.

On 2 June 2015, the Group disposed of its 100% interest in Aguas de Antofagasta S.A. ("ADASA").The proceeds on disposal of $967.2 million were received in cash. The gain on disposal of ADASA is analysed below. No investment was retained in the former subsidiary.

The net assets of Aguas de Antofagasta S.A. at the date of disposal were as follows:

	At 31.05.2015
Proceeds	**$m**
Cash and cash equivalents	**962.8**
Asset Disposed of:	
Intangibles	113.7
Property, plant and equipment	64.1
Inventories	2.0
Current tax asset	2.5
Trade and other receivables	23.7
Cash and cash equivalents	19.9
Trade payables	(18.3)
Borrowings	(80.2)
Retirement benefit obligation	(2.8)
Long-term provision	(1.6)
Deferred tax liabilities	(13.4)
Total carrying amount disposed	**109.6**
Profit on disposal of discontinued operations (before tax)	**853.2**

Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents	962.8
Less: Cash and cash equivalents disposed of	(19.9)
	942.9

(iii) Disposal of Empresa Ferroviaria Andina S.A.

On 28 August 2015, the Group disposed of its 100% interest in Empresa Ferroviaria Andina S.A. ("FCA").The consideration of $1.3 million will be received in partial instalments during the next years. The loss on disposal of FCA is analysed below. No investment was retained in the former subsidiary.

	At 31.08.2015
Proceeds	**$m**
Cash and cash equivalents	-
Asset Disposed of:	
Property, plant and equipment	20.5
Trade and other receivables	6.6
Cash and cash equivalents	0.5
Other assets	4.6
Trade and other payables	(2.7)
Borrowings	(4.5)
Retirement benefit obligation	(6.1)
Non-controlling interests	(13.3)
Total carrying amount disposed	**5.6**

9. Earnings per share

Basic and diluted earnings per share is calculated on profit after tax and non-controlling interests giving net earnings of $88.1 million (six months ended 30 June 2015 – $705.8 million, year ended 31 December 2015 - $608.2 million) and amounted to 8.9 cents and based on 985,856,695 ordinary shares. There was no potential dilution of ordinary shares in any period.

10. Dividends

The Board has declared an interim dividend of 3.1 cents per ordinary share for the 2016 half year (2015 half year – 3.1 cents). Dividends are declared and paid gross. Dividends actually paid in the period and recognised as a deduction from net equity under IFRS were nil per ordinary share (2015 half year – 9.8 cents), representing the final dividend declared in respect of the previous year.

The interim dividend will be paid on 30 September 2016 to ordinary shareholders that are on the register at the close of business on 9 September 2016. Shareholders can elect (on or before 12 September 2016) 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 15 September 2016). 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 asset

	At 30.06.2016	At 30.06.2015	At 31.12.2015
	$m	$m	$m
Balance at the beginning of the period	**150.1**	118.6	118.6
Additions		-	-
Acquisition	**-**	150.1	150.1
Disposal	**-**	(113.7)	(113.7)
Amortisation	**-**	(2.4)	(2.4)
Foreign currency exchange difference	**-**	(2.5)	(2.5)
Balance at the end of the period	**150.1**	150.1	150.1

In January 2015 the Group completed its acquisition of 100% of Duluth Metals Limited ("Duluth"). The principal asset of Duluth was its 60% stake in Twin Metals Minnesota Limited ("Twin Metals"), a company in which the Group held the remaining 40% stake as at December 2014. This transaction has resulted in the Group consolidating 100% of the assets and liabilities relating to Twin Metals with effect from January 2015, including the above $150.1 million intangible asset reflecting the value of Twin Metals' mining property assets. The mining properties acquired will be amortised once production commences.

The prior year opening balance of $118.6 related to Aguas de Antofagasta S.A.'s ("ADASA") 30 year concession to operate the water rights and facilities in the Antofagasta Region of Chile. This balance was disposed of as part of the sale of ADASA on 2 June 2015, as disclosed in Note 8.

12. Property, plant and equipment

	Mining	Railway and other transport	At 30.06.2016	At 30.06.2015	At 31.12.2015
	$m	$m	$m	$m	$m
Balance at the beginning of the period	8,438.8	162.3	**8,601.1**	8,213.9	8,213.9
Additions	482.7	5.8	**488.5**	662.5	1,136.4
Acquisition	-	-	**-**	20.8	20.8
Adjustment to capitalised decommissioning provisions	-	-	**-**	-	(35.7)
Depreciation	(240.0)	(7.3)	**(247.3)**	(252.5)	(590.7)
Depreciation capitalised	(42.8)	-	**(42.8)**	(40.4)	(44.9)
Assets derecognized due to loss of control of subsidiary	-	-	**-**	-	(84.6)
Asset disposals	(0.3)	(0.1)	**(0.4)**	(67.8)	(12.3)
Foreign currency exchange difference	-	-	**-**	(1.4)	(1.8)
Balance at the end of the period	8,638.4	160.7	**8,799.1**	8,535.1	8,601.1

At 30 June 2016 $46.8 million (30 June 2015 – $40.4 million; 31 December 2015 – $44.9 million) of depreciation in respect of assets relating to Los Pelambres, Centinela, Antucoya and Michilla has been capitalised within property, plant and equipment or inventories, and accordingly is excluded from the depreciation charge recorded in the income statement as shown in Note 3(a).

At 30 June 2016 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $975.1 million (30 June 2015 – $401.7 million; 31 December 2015 - $283.1 million).

There have been no indicators of potential impairments during the first six months of 2016, and accordingly no impairment reviews have been performed as at 30 June 2016. The Group performed impairment reviews in respect of the Centinela and Antucoya operations at the 2015 year-end. For both Centinela and Antucoya the recoverable amount indicated by the review was greater than the carrying value of the assets, and accordingly no impairment charge was recognised. The following sensitivities in respect of the valuation estimates of Centinela and Antucoya are still considered relevant to the assets as at 30 June 2016. The assumptions used in the impairment review calculations which were considered to be subject to the most estimation uncertainty were the long-term copper price and the discount rate. To illustrate the sensitivity of the valuations of Centinela and Antucoya to negative movements in these parameters, a 5% decrease in the forecast long-term copper price would have resulted in an impairment of $375 million at Centinela and an impairment of $95 million at Antucoya, and an increase in the discount rate from 8% to 9% would have resulted in an impairment of $190 million at Centinela and an impairment of $50 million at Antucoya. These are simple sensitivities, looking at illustrative movements in the long-term copper price and discount rate in insolation. In reality, a deterioration in the long-term copper price environment is likely to result in corresponding improvements in a range of input cost factors, as well as potential operational changes, which could partly mitigate the above estimated potential impairment charges.

13. Available-for-sale investments

	At 30.06.2016	At 30.06.2015	At 31.12.2015
	$m	$m	$m
Balance at the beginning of the period	**2.7**	15.6	15.6
Additions	**-**	-	0.2
Reclassification	**-**	(9.4)	(9.4)
Movements in fair value	**1.2**	(1.3)	(3.2)
Disposal	**-**	-	(0.2)
Foreign currency exchange difference	**0.2**	(0.4)	(0.3)
Balance at the end of the period	**4.1**	4.5	2.7

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.

The reclassification of $9.4 million is related with the acquisition of Duluth Metals Limited ("Duluth"). As at 31 December 2014 the Group held 17.2% of Duluth's share capital, with a fair value of $9.4 million, accounted for as an available for sale investment. As explained in Note 14, in January 2015 the Group completed its acquisition of 100% of Duluth. Duluth holds a 60% stake in Twin Metals Minnesota Limited ("Twin Metals"), a company in which the Group held a 40% stake as at December 2014. Accordingly, as a consequence of the acquisition of Duluth the Group has a 100% interest in Duluth and as a result of this a 100% interest in Twin Metals. From January 2015

Twin Metals has therefore been consolidated as a 100% subsidiary of the Group, with this $9.4 million balance forming part of the total consideration reflected in the accounting for the acquisition of the subsidiary.

14. Acquisition of 50% stake in Zaldívar

On 1 December 2015 Antofagasta completed its acquisition of a 50% stake in Compañia Minera Zaldívar SpA ("Zaldivar") from Barrick Gold Corporation ("Barrick"), pursuant to an agreement entered into on 30 July 2015. As a result, Antofagasta has become operator of the Zaldivar mine. Zaldivar is an open-pit, heap-leach copper mine located in Northern Chile, which produces approximately 100,000 tonnes of copper cathodes annually.

Given that Antofagasta and Barrick have joint control over Zaldivar, Antofagasta is accounting for its 50% stake in Zaldivar as a joint venture, using the equity method of accounting.

Total preliminary consideration for the transaction was $1,005.0 million in cash, subject to adjustments based on the net debt and working capital levels of Zaldivar at the completion date. The net debt and working capital adjustments were finalised in August 2016 and resulted in a final adjusted consideration of $949.7 million. Including capitalised acquisition costs of $7.0 million the initial investment in joint venture balance is therefore $956.7 million. The allocation of the fair values of the individual assets and liabilities effectively contained within the overall investment in joint venture balance will be completed within 12 months of the acquisition date.

15. Borrowings

	At 30.06.2016 $m	At 30.06.2015 $m	At 31.12.2015 $m
Los Pelambres			
Corporate loans	**(34.6)**	(69.8)	(52.3)
Short-term loan	**(272.1)**	(246.0)	(312.1)
Finance leases	**(74.4)**	(10.1)	(7.9)
Centinela			
Project financing (senior debt)	**(817.5)**	(887.3)	(889.8)
Shareholder loan (subordinated debt)	**(178.5)**	(170.6)	(174.5)
Short-term loan	**(200.0)**	-	(200.0)
Antucoya			
Project financing (senior debt)	**(567.0)**	(623.3)	(630.2)
Shareholder loan (subordinated debt)	**(322.7)**	(282.2)	(308.7)
Short-term loan	**(104.9)**	-	(30.0)
Finance leases	**-**	(0.6)	-
Corporate and other items			
Long-term loan	**(496.9)**	-	-
Finance leases	**(26.3)**	(27.8)	(24.6)
Railway and other transport services			
Long-term loans	**(119.2)**	(148.6)	(119.1)
Finance leases	**(2.5)**	(2.5)	(2.9)
Andino			
Bonds	**-**	(3.0)	-
Short-term loans	**-**	(1.5)	-
Preference shares	**(3.1)**	(3.1)	(3.0)
Total	**(3,219.7)**	(2,476.4)	(2,755.1)

At 30 June 2016 $100.7 million (30 June 2015 – $48.0 million; 31 December 2015 - $30.5 million) of the borrowings has fixed rate interest and $3,119.1 million (30 June 2015 – $2,428.4 million; 31 December 2015 - $2,724.6 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 5, these include interest rate swaps which have the effect of converting $225.0 million of floating rate borrowings into fixed rate borrowings. Details of any derivative instruments held by the Group are given in Note 5(c).

During the period de Group entered into a loan agreement of $500.0 million. This borrowing has variable interest rate of LIBOR six-months plus 1.5% spread with a duration of five years.

16. Share capital and share premium

There was no change in share capital or share premium in the six months ended 30 June 2016 or the comparative periods.

17. Other reserves and retained earnings

	At 30.06.2016	At 30.06.2015	At 31.12.2015
	$m	$m	$m
Hedging reserves [(1)]			
At 1 January	**(44.1)**	(36.2)	(36.2)
Parent and subsidiaries net cash flow hedge fair value gains/(losses)	**(3.6)**	2.5	0.1
Parent and subsidiaries net cash flow hedge gains/(losses) transferred to the income statement	**3.6**	2.5	3.5
Share of other comprehensive losses of equity accounted units, net of tax	**(17.5)**	(3.9)	(10.2)
Tax on the above	**0.7**	(0.3)	(1.3)
At 30 June	**(60.9)**	(35.4)	(44.1)
Available for sale revaluation reserves [(2)]			
At 1 January	**(12.9)**	(10.7)	(10.7)
Losses on available for sale investment	**1.2**	(1.3)	(3.2)
Losses on available for sale securities transferred to the income statement	**-**	-	1.0
Tax on the above	**-**	-	-
At 30 June	**(11.7)**	(12.0)	(12.9)
Foreign currency translation reserves [(3)]			
At 1 January	**(2.3)**	(0.5)	(0.5)
Parent and subsidiaries currency translation and exchange adjustments	**-**	-	-
Currency translation reclassified on disposal	**-**	(3.9)	(1.8)
Tax on the above	**-**	-	-
At 30 June	**(2.3)**	(4.4)	(2.3)
Total other reserves per balance sheet	**(74.9)**	(51.8)	(59.3)
Retained earnings [(4)]			
At 1 January	**6,416.4**	5,932.1	5,932.1
Parent and subsidiaries profit for the period	**78.4**	706.0	614.0
Equity accounted units' loss after tax for the period	**9.7**	(0.2)	(5.8)
Actuarial gains/(losses) [(5)]	**(1.5)**	(5.3)	4.5
Tax relating to components of other comprehensive income	**-**	3.9	(1.2)
Total comprehensive income for the period	**6,503.0**	6,636.5	6,543.6
Change in ownership interest in subsidiaries	**-**	-	-
Capital increase in non-controlling interest	**-**	-	-
Dividends paid	**-**	(96.6)	(127.2)
At 30 June	**6,503.0**	6,540.0	6,416.4

(1) The hedging reserve records gains or losses on cash flow hedges that are recognized initially in equity, as described in Note 5.
(2) The available for sale revaluation reserves record fair value gains or losses relating to available for sale investment, as described in Note 13.
(3) Exchange differences arising on the translation of the Group's net investment in foreign controlled companies are taken to the foreign currency translation reserve. The cumulative differences relating to an investment are transferred to the income statement when the investment is disposed of.
(4) Retained earnings and movements in reserves of subsidiaries include those arising from the Group's share of joint operations.
(5) Actuarial gains or losses relating long – term employee benefits.

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

	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015
	$m	$m	$m
Profit before tax from continuing and discontinued operations	**276.1**	1,173.8	1,118.4
Depreciation and amortisation	**247.3**	252.5	576.1
Net profit on disposals	**0.2**	1.3	10.2
Profit on disposal of discontinued operation	**-**	(857.6)	(859.0)
Net finance expense	**17.7**	11.1	39.2
Share of results from associates and joint ventures	**(9.7)**	0.2	5.8
(Increase)/decrease in inventories	**(13.8)**	(46.0)	60.5
Decrease in debtors	**254.4**	251.9	137.7
Increase in creditors and provisions	**1.9**	20.5	(230.6)
Cash flows from continuing and discontinued operations	**774.1**	807.7	858.3

19. Analysis of changes in net (debt)/cash

	At 01.01.2016	Cash flows	Other	Exchange	**At 30.06.2016**
	$m	$m	$m	$m	**$m**
Cash and cash equivalents	807.5	(245.5)	-	15.7	**577.7**
Liquid investments	924.1	678.3	-	-	**1,602.4**
Total cash and cash equivalents and liquid investments	1,731.6	432.8	-	15.7	**2,180.1**
Bank borrowings due within one year	(753.4)	72.2	(107.2)	-	**(788.4)**
Bank borrowings due after one year	(1,963.3)	(496.8)	135.0	-	**(2,325.1)**
Finance leases due within one year	(5.5)	13.9	(32.9)	(0.3)	**(24.8)**
Finance leases due after one year	(29.9)	2.1	(48.5)	(2.1)	**(78.4)**
Preference shares	(3.0)	-	(0.1)	-	**(3.1)**
Total borrowings	(2,755.1)	(408.6)	(53.7)	(2.4)	**(3,219.8)**
Net (debt)/cash	(1,023.5)	24.2	(53.7)	13.3	**(1,039.7)**

Net cash

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

	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015
	$m	$m	$m
Cash, cash equivalents and liquid investments	**2,180.1**	3,220.0	1,731.6
Total borrowings	**(3,219.7)**	(2,476.4)	(2,755.1)
	(1,039.6)	743.6	(1,023.5)

20. Litigation and Contingent liabilities

Antofagasta plc or its subsidiaries are 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 period and the current status of these claims are set out below:

Los Pelambres – Mauro tailings dam

Two civil claims filed by some members of the Caimanes community (which is located near the Mauro tailings dam) seeking to stop the operation of the dam have been ongoing for a number of years.

Following the agreement reached between Los Pelambres and the Caimanes community in April, one of these claims – a claim in which the plaintiffs sought demolition of the dam wall on the basis of the risk that its collapse would pose to the community – was finally settled before the Supreme Court in August.

In the second claim, the plaintiffs had argued that the tailings dam affected their alleged water rights and the environment. This allegation was based on assertions that the dam interfered with the flow and quality of the water in the Pupío stream, a stream that passes through the valley in which the dam is built down to the Caimanes community. This claim was rejected by the trial Court of Los Vilos in a judgement issued in November 2012, which was then affirmed by the Court of Appeals of La Serena in August 2013. In October 2014, the Supreme Court, by a 3–2 majority decision, upheld the appeal and ordered Los Pelambres to submit back to the trial Court of Los Vilos, within one month, an implementation plan for works that would ensure that the operation of the dam did not affect the normal flow and quality of the waters of the Pupío stream. That Court decided that the plan submitted by Los Pelambres was not sufficient to address the requirements of the Supreme Court order, and that as a consequence Los Pelambres must demolish part, or all, of the tailings dam wall. Los Pelambres appealed the Court's decision and in December 2015 the Court of Appeals ordered that, before it issues its decision, a Court appointed engineer must review the plan submitted by Los Pelambres and issue a report explaining whether or not the proposed works are enough to ensure that the flow of the Pupío stream to the Caimanes community is not altered by the operation of the tailings dam and, if the proposed works are not deemed to be sufficient to achieve this purpose, what additional or other works must be performed by Los Pelambres to achieve this goal. This report was submitted in June 2016 and confirmed that the proposed works are sufficient to comply with the decision of the Supreme Court. The Court of Appeal issued its final decision earlier in August 2016 accepting the plan of works. Los Pelambres has six months to submit the final details of the work plan to the Court, including the additional works set out in the agreement reached with the Caimanes community. It remains probable that the claimants in this case will seek leave from the Supreme Court of Chile to appeal this decision, however the Supreme Court will need to determine whether or not to accept that appeal in light of the surrounding circumstances and only if the appeal were accepted, would the Supreme Court be required to consider anything more substantive. Taking into account the agreement between Los Pelambres and the Caimanes community and the report issued by the independent expert appointed by the Court of Appeal of La Serena, Los Pelambres does not expect there to be a successful appeal in this case.

Los Pelambres – Cerro Amarillo Waste Dump

In 2004, Los Pelambres received all of the required authorisations from the Chilean government to deposit waste-rock from its mining activities in its current location (the "Cerro Amarillo Waste Dump"). According to the then official Chilean maps (1996), this area was located entirely within Chile. In 2007, Chile modified the official maps in this area without making the changes public.

In February 2012, a binational border commission, established to clarify the exact position of the Chile/Argentina border, determined accurately the location of the border in the area of the Cerro Amarillo Waste Dump, showing that part of the Cerro Amarillo Waste Dump was located in Argentina.

In May 2014, Xstrata Pachón S.A. ("Xstrata Pachón"), a subsidiary of Glencore plc and the holder of the mining properties on the Argentinian side of the border, filed a claim against Los Pelambres before the Federal Court of San Juan, Argentina, alleging that Los Pelambres had unlawfully deposited waste-rock on its property.

Xstrata Pachón has also filed a criminal complaint before a different Federal Court of San Juan alleging that when Los Pelambres was depositing rock on the Cerro Amarillo Waste Dump it violated several Argentinian laws relating to the misappropriation of land, unlawful appropriation of water bodies and that people's health was in jeopardy from the alleged contamination that the Cerro Amarillo Waste Dump might generate.

In both cases, Los Pelambres has submitted preliminary objections to the Argentinian courts.

In the civil case, a final decision on these preliminary objections is still pending and substantive arguments will not be made until and unless these preliminary objections are finally rejected.

In the meantime, and in accordance with a preliminary measure required by the Federal Court of San Juan, Los Pelambres and the Province of San Juan executed an agreement in April 2016 by means of which Los Pelambres has committed itself to perform a preventative process to isolate any environmental impacts of the Cerro Amarillo Waste Dump, regularly monitor underground and surface waters, and undertake other additional actions requested by the Province.

In the criminal proceedings, in March 2016, the Federal Court of Appeals of Mendoza held that the Argentinian courts had jurisdiction to hear this matter and MLP has taken steps to appeal this decision.

Los Pelambres will exercise all available legal avenues to defend its position and will continue to take steps to implement the environmental isolation of the Cerro Amarillo Waste Dump in accordance with the agreement reached with the Province of San Juan and the requirements of the Federal Court of San Juan.

21. Related party transactions

a) Joint ventures

The Group has a 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interests in Pakistan. During the six months ended 30 June 2016 the Group contribution was nil (six months ended 30 June 2015 - $2.1 million; year ended 31 December 2015 - $4.0 million) to Tethyan.

The Group has a 50.1% interest in Energía Andina, which is a joint venture with Origin Energy Geothermal Chile Limitada for the evaluation and development of potential sources of geothermal and solar energy. The balance due from Energía Andina S.A. to the Group at during the six months ended 30 June 2016 was nil (six months ended 30 June 2015 - nil; year ended 31 December 2015 was less than $0.1 million).

During the six months ended 30 June 2016 the Group contributed $1.0 million to Energia Andina. (six months ended 30 June 2015 -$0.6 million; year ended 31 December 2015 - $1.3 million).

The Group´s 50% interest in Minera Zaldivar which was acquired on 1 December 2015 (see Note 14), which is a joint venture with Barrick Gold Corporation. Antofagasta is the operator of Zaldivar from 1 December 2015 onwards.

b) Associates

The Group has a 40% interest in Inversiones Hornitos S.A. During the six months ended 30 June 2016 The Group paid $70.0 million (six months ended 30 June 2015 -$62.5 million; 2015 – $130.1 million) to Inversiones Hornitos in relation to the energy supply contract at Centinela. During the six months ended 30 June 2016 the Group has received dividends from Inversiones Hornitos S.A. for $13.6 million (six months ended 30 June 2015 - $6.6 million; year ended 31 December 2015 - $12.1 million).

The Group has a 30% interest in Parque Eólico El Arrayán S.A. ("El Arrayán"). During the six months ended 30 June 2016 The Group paid $19.9 million (six months ended 30 June 2015 - $21.9 million; year ended 31 December 2015 - $42.0 million) to El Arrayan in relation to the energy supply at Los Pelambres.

The Group has a 40% interest in Alto Maipo SpA ("Alto Maipo"). During the six months ended 30 June 2016 the Group has not made capital contributions to Alto Maipo. The balance due from Alto Maipo to the Group at six months ended 30 June 2015 was $235.2 million (Six months ended 30 June 2015 - $164.4 million; year ended 31 December 2015 -$229.7 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. The Group is responsible for any exploration costs relating to the properties held by these entities. During the six months ended 30 June 2016 the Group incurred $2.3 million (Six months ended 30 June 2015 - $2.3 million; year ended 31 December 2015 - $4.2 million) of exploration work at these properties.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

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

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

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

By order of the Board

J-P Luksic	WM Hayes
Chairman	Director

15 August 2016

Independent review report to Antofagasta plc

Report on the interim condensed consolidated financial statements

Our conclusion

We have reviewed Antofagasta plc's interim condensed consolidated financial statements (the "interim financial statements") in the half yearly financial report of Antofagasta plc for the 6 month period ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 June 2016;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
15 August 2016

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

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

	Production			Sales		
	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015	**Six months ended 30.06.2016**	Six months ended 30.06.2015	Year ended 31.12.2015
	000 tonnes	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Copper						
Los Pelambres	**172.1**	169.4	363.2	**173.6**	163.4	366.0
Centinela	**98.1**	118.4	221.1	**83.4**	110.5	224.4
Antucoya	**27.0**	-	12.2	**26.0**	-	9.2
Michilla	**-**	15.6	29.4	**0.9**	16.2	30.8
Zaldivar	**26.0**	-	4.4	**25.5**	-	5.5
Group total	**323.3**	303.4	630.3	**309.4**	290.1	635.9
Gold	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**29.0**	22.3	51.4	**32.6**	22.5	53.4
Centinela	**80.5**	90.1	162.5	**64.5**	83.5	165.8
Group total	**109.5**	112.4	213.9	**97.1**	106.0	219.2
Molybdenum	**000 tonnes**	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Los Pelambres	**3.3**	4.7	10.1	**3.1**	4.4	9.9
Silver	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**1,286.7**	1,035.0	2,451.9	**1,392.0**	899.9	2,281.9
Centinela	**482.0**	592.6	1,028.5	**356.2**	537.3	1,055.1
Group total	**1,768.7**	1,627.6	3,480.3	**1,748.2**	1,437.2	3,337.0

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

	Cash costs			Realised prices		
	Six months ended 30.06.2016	Six months ended 30.06.2015	Year ended 31.12.2015	**Six months ended 30.06.2016**	Six months ended 30.06.2015	Year ended 31.12.2015
	$/lb	$/lb	$/lb	**$/lb**	$/lb	$/lb
Copper						
Los Pelambres	**1.02**	1.36	1.23	**2.18**	2.51	2.24
Centinela	**1.53**	1.67	1.85	**2.17**	2.56	2.33
Antucoya	**1.82**	-	n/a	**2.15**	-	2.49
Michilla	**-**	2.25	2.14	**1.85**	2.67	0.00
Zaldivar (attributable basis – 50%)	**1.50**	-	1.73	**2.15**	-	0.00
Group weighted average (net of by-products)	**1.26**	1.53	1.50	**2.17**	2.54	2.28
Group weighted average (before deducting by-products)	**1.60**	1.88	1.81			
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.38**	1.66	1.58			
Cash costs at Los Pelambres comprise:						
On-site and shipping costs	**1.06**	1.40	1.24			
Tolling charges for concentrates	**0.26**	0.27	0.27			
Cash costs before deducting by-product credits	**1.33**	1.67	1.51			
By-product credits (principally molybdenum)	**(0.30)**	(0.31)	(0.28)			
Cash costs (net of by-product credits)	**1.02**	1.36	1.23			
Cash costs at Centinela comprise:						
On-site and shipping costs	**1.83**	1.94	2.07			
Tolling charges for concentrates	**0.22**	0.20	0.20			
Cash costs before deducting by-product credits	**2.06**	2.13	2.27			
By-product credits (principally gold)	**(0.53)**	(0.46)	(0.42)			
Cash costs (net of by-product credits)	**1.53**	1.67	1.85			
LME average				**2.13**	**2.69**	2.50
Gold				**$/oz**	$/oz	$/oz
Los Pelambres				**1,232**	1,203	1,141
Centinela				**1,316**	1,227	1,159
Group weighted average				**1,288**	1,222	1,155
Market average price				**1,219**	1,206	1,160
Molybdenum						
Los Pelambres				**7.4**	7.0	5.7
Market average price				**6.1**	8.0	6.7
Silver				**$/oz**	$/oz	$/oz
Los Pelambres				**16.1**	16.4	15.4
Centinela				**16.0**	16.4	15.4
Group weighted average				**16.1**	16.5	15.5
Market average price				**15.8**	15.9	15.4

Notes to the production and sales statistics

(i) For the Group's subsidiaries the production and sales figures reflect the total amounts produced and sold by the mine, not the Group's share of each mine. The Group owns 60% of Los Pelambres, 70% of Centinela, 70% of Antucoya and 99.9% of Michilla. For the Zaldivar joint venture the production and sales figures reflect the Group's proportional 50% share.

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

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

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

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

(vi) The production information and the cash cost information is derived from the Group's production report for the second quarter of 2016, published on 27 July 2016.