

4 September 2001

Interim Results Announcement For The Six Months Ended 30 June 2001

HIGHLIGHTS

- *Revenues of US\$342.6 million (2000 – US\$316.2 million).*
- *Operating cash flow of US\$129.7 million (2000 – US\$91.4 million).*
- *Profit before tax of US\$50.6 million (2000 – US\$100.0 million).**
- *Earnings per share of 14.4 cents (2000 – 36.4 cents).**
- *Interim dividend of 7.25 cents per share (5.0170 pence) (2000 – 4.92 cents per share (3.25 pence)).*

**2000 half year included a dividend of US\$31.3 million received from Quiñenco S.A., which contributed 15.9 cents to earnings per share. No dividend income from Quiñenco was received in 2001.*

The Group increased copper production by 16 per cent from 167,700 tonnes in the first half of 2000 to 193,900 tonnes in this period, boosted by increased output from Los Pelambres. Group weighted average cash costs remained low at 41.0 cents per pound (2000 first half – 39.2 cents), while results were affected by lower copper prices in the period and their effect on provisionally-priced sales of concentrates. The average LME copper price in the period was 77.6 cents per pound (2000 first half - 80.2 cents). No dividend income was received from Quiñenco S.A. (2000 half year – US\$31.3 million).

Construction at El Tesoro is now complete, with 9,000 tonnes of cathodes produced to June. El Tesoro is expected to produce 41,300 tonnes of cathodes this year rising to 85,000 tonnes in 2002.

Mr. Jean-Paul Luksic, CEO of the mining division, commented, “Costs remain among the lowest in the industry and cash flow remains strong. Group copper production this year will exceed 400,000 tonnes, with higher output from Los Pelambres and El Tesoro now in production.”

Antofagasta is a Chilean-based mining Group listed in the United Kingdom. In addition to copper mining, its interests include rail and road transport operations and a 33.6% interest in Quiñenco S.A. (LQ – NYSE).

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DIRECTORS' COMMENTS for the half year to 30 June 2001

The Group increased copper production by 16 per cent from 167,700 tonnes in the first half of 2000 to 193,900 tonnes in this period, boosted by increased output from Los Pelambres. Group weighted average cash costs were 41.0 cents (2000 half year - 39.2 cents) while the LME copper price averaged 77.6 cents compared with 80.2 cents in the first six months of last year. The El Tesoro mine, which was being developed in the first half of this year, produced 9,000 tonnes of cathodes to 30 June during its commissioning period and is now built. Group profit before tax was US\$50.6 million compared with US\$100.0 million in the same period last year, when a substantial dividend of US\$31.3 million was received from the Group's investment in Quiñenco. Earnings per share were 14.4 cents compared with 36.4 cents (20.5 cents excluding the Quiñenco dividend) in the first half of 2000.

Interim Review of Operations

Los Pelambres

Following optimisation of production at Los Pelambres in the second half of 2000, processing levels at the 60 per cent-owned mine increased by 15 per cent to an average of 100,500 tonnes per day ("tpd") in the first six months of this year compared to 87,400 tpd in the same period last year. These higher processing levels combined with improved ore grades increased production to 170,000 tonnes of payable copper in concentrates compared with 141,200 tonnes to 30 June 2000, while cash costs averaged 37.0 cents per pound compared to 35.4 cents to 30 June last year. The cash costs reflected higher treatment and refining charges (TC/RCs) and a higher stripping ratio in the current phase of the mine plan, together with unscheduled repairs to the grinding lines and conveyor belts in February. Total costs (including depreciation and financial expenses) reduced to 57.4 cents compared with 60.7 cents to June 2000, helped by lower interest costs and increased production.

Los Pelambres shipped 165,500 tonnes of payable copper in the period, compared with 128,200 tonnes in the six months to June 2000. Tonnages shipped in any period may differ from tonnages produced because of loading schedules. Revenues at Los Pelambres in the period were US\$269.2 million (2000 half year - US\$238.9 million). In line with industry practice, copper concentrate sales agreements generally provide for provisional pricing at the time of shipment with final pricing settlement based on the average LME copper price for specified future periods. Copper revenues on provisionally priced tonnages are adjusted monthly until final settlement. Sales volumes are also adjusted based on the final metallurgical content of the concentrate. Revenues in the six months to 30 June 2001 included adverse adjustments to sales of concentrates open at 31 December 2000 totalling US\$16.2 million, affecting profit after tax and minorities by US\$8.3 million (equivalent to 4.2 cents earnings per share). At 30 June 2001, copper sales totalling 79,500 tonnes remained to be finally priced, and were recorded at that date at an average price of 70.8 cents. A one cent change in the average price realised for these provisionally-priced tonnes would have an approximate effect on revenues in the second half of US\$1.8 million and on profit after tax and minorities of US\$0.9 million (equivalent to 0.5 cents earnings per share).

In addition to on-going interest payments, Los Pelambres reduced its project borrowings with a further principal repayment in June of US\$43.7 million. Of the US\$946 million originally drawn down to finance the development, US\$835 million now remains outstanding. In May, Los Pelambres declared a dividend of US\$43.7 million which it paid to its shareholders in July, increasing total distributions since the start of the project to US\$152.1 million.

A temporary pebble crusher was installed in July in order to improve capacity. Results so far have been positive and this should enable ore throughput to be sustained at up to 110,000 tpd. Los Pelambres is expected to meet its forecast production of 350,000 tonnes of copper this year – an increase of 17 per cent over 2000. An investment of approximately US\$24 million, to install a permanent pebble crusher alongside the grinding lines and to increase the cyclones capacity, has been approved. The crusher is expected to be operational by August 2002 and will increase ore processing levels from 113,000 tpd in 2002 up to 121,000 tpd in 2004 and will maintain an average of 114,000 tpd over the mine plan. This initial step will not preclude further expansions which are now being studied.

El Tesoro

Construction of the El Tesoro mine, which is 61 per cent owned by the Group, has now been completed. Heap-leaching of ore began in March this year and El Tesoro produced its first 1,100 tonnes of cathodes by the end of April, approximately three weeks ahead of schedule. Ore grades and recoveries are in line with expectations. During the commissioning period to the end of June, El Tesoro produced a total of 9,000 tonnes of cathodes, and made initial shipments of 2,350 tonnes. El Tesoro will enter the operational phase in the second half of this year. At 30 June, US\$271 million of the total US\$296 million budget had been spent and total eventual development costs are expected to be approximately US\$4 million under budget. At 30 June, US\$181.5 million had been drawn down from the US\$205 million financing facilities. These borrowings will become non-recourse when the project achieves completion and principal repayments are expected to begin from August 2002.

El Tesoro is a heap-leach SX-EW operation with a 21-year mine life and is expected to produce 41,300 tonnes of cathodes this year, rising to 85,000 tonnes in 2002. Cash costs are expected to average 40 cents in the first five years, which places the El Tesoro mine among the world's lowest cost producers.

Michilla

Cathode production to June was 23,800 tonnes compared with 25,400 tonnes in the first half of 2000. Both sulphide and oxide ores are being treated at the SX-EW plant. The marginal decrease in cathode production was caused by lower ore grades under the current mine plan, and by a fault in one of the transformers at the electro-winning plant in February. Cash costs at Michilla increased to 69.4 cents per pound in 2001 compared to 59.4 cents in the same period last year and was mainly due to lower grades and higher stripping costs during the current mine plan, together with lower production levels because of the transformer fault. Total costs were 89.4 cents compared to 78.8 cents in the same period last year. Michilla made an operating loss of US\$6.3 million (2000 half year – loss of US\$1.5 million), before incurring costs of US\$0.6 million as part of its exploration programme.

Exploration

The Group spent US\$3.1 million in the six months to June 2001 on its exploration programmes in Chile and Peru.

In Chile, the main focus is on the Esperanza deposit located 5 kilometres from the El Tesoro open pit. The results of the drilling programme completed in May were positive, and Esperanza is estimated to have reserves of 268 million tonnes of sulphides with an average copper grade of 0.70 per cent and 0.33 g/t of gold, and 70 million tonnes of oxides with an average grade of 0.42 per cent. Engineering studies are now being carried out and the potential for developing an open pit mine is good. The Group announced in April that it had acquired a 51 per cent interest in a number of exploration properties located in Chile's Second Region. The most significant properties are located in the Sierra Gorda and El Abra districts along the West Fissure, which is recognised as one of the most prolific copper districts in the world. A drilling programme has been completed at Centinela, which is located 35 kilometres south of El Tesoro, and the results are now being studied. Both Esperanza and Centinela could provide low cost ore for any future expansion of the Group's activities in the district. Michilla's 60,000 metre drilling programme continued.

In Peru, the 14,000 metre (Phase 3) drilling programme at Magistral has been completed with results due in mid-September. Current estimates indicate an inferred resource of 190 million tonnes with a copper grade of 0.83 per cent and a molybdenum grade of 0.062 per cent. Under the terms of the option agreement, the Group now has a 51 per cent interest in this project subject to an internal review by its partner Inca Pacific.

Railway and other transport services

Rail tonnages were maintained at 1.9 million tons (2000 half year – 1.9 million tons) and turnover increased from US\$33.9 million to US\$34.3 million, mainly due to continued growth in road transport and ancillary services. A ten year freight agreement has been concluded with El Tesoro. The Railway will transport approximately 85,000 tonnes of cathodes to the Pacific port and deliver 180,000 tons of sulphuric acid a year to the mine when it is in full production. Rail tonnages are expected to increase in 2002 as a result of other expansions in the Antofagasta region, and additional locomotives and rolling stock have been acquired to provide for additional tonnage.

Investments

The Group holds a 33.6 per cent interest in Quiñenco S.A., a diversified industrial and financial group listed in Santiago and New York and the market value of the Group's investment at 30 June was US\$274.0 million. Income from Quiñenco is accounted for on a dividends received basis. During 2000, Quiñenco's results were affected by a restructuring programme at Madeco and a net loss on the sale of Quiñenco's food operations in Argentina. Quiñenco reported a net loss of US\$9.8 million and did not declare a dividend this year. Last year, the Group received a dividend of US\$31.3 million due to significant gains realised by Quiñenco in 1999 through the sale of its banking and cable television interests.

In the six months to June of this year, Quiñenco reported a profit after tax and minorities of US\$36.3 million, including a profit of US\$37.4 million on the sale of part of its investment in Entel S.A. This compared with a loss after tax of

US\$12.6 million to June 2000. In March, Quiñenco acquired control of Banco de Chile and in August announced it would merge Banco de Chile with its other subsidiary, Banco Edwards, by 2 January 2002. The planned merger is subject to approval by the banking authorities and shareholders of both banks. Quiñenco will have a 52.2 per cent interest in the merged entity, which will be the largest banking group in Chile.

Dividends

An interim dividend of 7.25 cents (2000 interim – 4.92 cents) will be paid on 12 October 2001 to ordinary shareholders on the Register at the close of business on 14 September 2001. Dividends may be paid in either US dollars or sterling, and shareholders who receive dividends in sterling will be paid an interim dividend of 5.0170 pence per share, based on an exchange rate of £1=US\$1.4451. Further details are given in Note 9 to the Interim Results.

Current trading prospects

Base metal prices have been severely affected as the slowdown in the United States has now taken on many of the characteristics of a recession and has spread to Europe and Asia. Although demand from China remains strong, global consumption of copper has weakened and LME inventories have increased from 357,000 tonnes at the beginning of the year to 667,000 tonnes on 28 August, reversing the trend in declining inventory levels seen in 2000. Most commodity analysts now expect the market to remain in surplus this year. Copper prices averaged 77.6 cents in the first half of this year, and have since traded in a range of 65 to 70 cents and any significant recovery will depend on increased demand worldwide. The Group, as one of the lowest cost producers in the industry, is well placed to benefit from any improvement in prices.

4 September 2001

FINANCIAL COMMENTARY FOR THE HALF YEAR TO 30 JUNE 2001

Results

Turnover increased from US\$316.2 million to US\$342.6 million. Turnover from the mining division was US\$308.3 million (2000 half year – US\$282.3 million) which included US\$269.2 million (2000 half year – US\$238.9 million) from Los Pelambres. The increase resulted mainly from higher production at Los Pelambres offset by lower copper prices. As explained above, these revenues also included adjustments of US\$16.2 million relating to concentrate sales open at 31 December 2000. Turnover from the transport division was US\$34.3 million (2000 half year – US\$33.9 million).

Operating profits were US\$77.4 million (2000 half year – US\$92.1 million), including US\$80.3 million (2000 half year – US\$88.4 million) in respect of Los Pelambres. The decrease in operating profits resulted from a combination of lower copper prices and marginally increased cash costs and the effect of adjustments to prior year concentrate sales, partly compensated by increased production volumes. Operating profit is stated after depreciation and the loss on disposal of fixed assets, giving EBITDA (earnings before interest, tax, depreciation and amortisation) of US\$136.2 million (2000 half year – US\$149.6 million).

Income from fixed asset investments was US\$0.1 million, compared with US\$31.4 million in the 2000 half year when a dividend of US\$31.3 million was received from Quiñenco.

During the six months to 2000, the Group sold surplus mining assets resulting in a profit of US\$3.9 million (US\$3.3 million after tax) which was disclosed separately as an exceptional item.

Net interest expense was US\$26.9 million, compared with net expense of US\$27.4 million in the 2000 half year. This included interest costs of US\$34.6 million (2000 half year – US\$36.5 million) relating to Los Pelambres. Interest costs in El Tesoro were capitalised in the period as the project remained under development, but future interest costs will be expensed after a commercial level of operations has been achieved. This is expected in the second half of this year.

As a result of these factors profit before tax for the period was US\$50.6 million compared to US\$100.0 million (US\$68.7 million excluding the Quiñenco dividend) in the first six months of 2000, and earnings per share were 14.4 cents compared with 36.4 cents (20.5 cents excluding the Quiñenco dividend) for the corresponding period last year.

Tax amounted to US\$8.4 million (2000 half year – US\$10.4 million), representing an effective tax rate (including deferred tax) of 16.6 per cent (2000 half year – 10.4 per cent), compared with the statutory Chilean tax rate of 15 per cent. The lower tax rate in the previous period arose mainly because the dividend from Quiñenco was paid out of its post-tax profits and was not subject to further tax on receipt.

Cash Flows

Net cash inflow from operating activities was US\$129.7 million in the first six months of 2001 compared with US\$91.4 million in the same period last year. Net cash inflow this period was affected by the build-up of stocks as part of the El Tesoro start-up, and in the 2000 half year net cash inflow was affected by the build-up of stocks and debtors as part of the Los Pelambres start-up.

Net capital expenditures in the period were US\$82.6 million, of which US\$37.7 million related to the El Tesoro development. Net capital expenditure in the 2000 half year was US\$165.8 million when El Tesoro remained under development and final construction costs at the Los Pelambres project were incurred.

Cash and debt

At 30 June 2001, the Group had cash and deposits of US\$236.1 million (2000 – US\$344.4 million). This includes US\$26.8 million held by El Tesoro to fund the remainder of its development costs. After taking into account the minority share of the non-wholly owned operations, the Group's share of the total balance at this half year was US\$205.1 million.

Total Group debt at 30 June 2001 was US\$1,085.3 million (2000 – US\$1,162.7 million); of this, US\$633.8 million is proportionally attributable to the Group after taking the minority share of partly-owned operations into account. The total Group borrowings included US\$835.0 million under the Los Pelambres non-recourse project financing arrangements of which 40 per cent is attributable to minority shareholders and US\$181.5 million under the El Tesoro project financing arrangements of which 39 per cent is attributable to minority shareholders. The El Tesoro borrowings will become non-recourse when that project satisfies its completion test.

Balance Sheet

Shareholders' funds increased from US\$948.5 million at the beginning of the year to US\$961.6 million, reflecting mainly profit after tax and minorities for the period.

Minority interests decreased from US\$292.8 million at the beginning of the year to US\$289.2 million, principally reflecting the excess of the minority's share of dividend declared by Los Pelambres over the minority's share of profit after tax in the period.

Group Profit and Loss Account

		US Dollars			Sterling		
Notes		Unaudited half year to 30.6.01 US\$m	Unaudited half year to 30.6.00 US\$m	Audited year to 31.12.00 US\$m	Unaudited half year to 30.6.01 £'m	Unaudited half year to 30.6.00 £'m	Audited year to 31.12.00 £'m
	Turnover	3	342.6	316.2	766.1	237.8	201.8
Operating profit	3,4	77.4	92.1	246.0	53.7	58.7	162.4
Profit on disposal of fixed assets (exceptional)	5	-	3.9	4.1	-	2.5	2.7
Income from other fixed asset investments		0.1	31.4	31.5	0.1	20.0	20.1
Net interest payable	6	(26.9)	(27.4)	(58.3)	(18.7)	(17.4)	(38.4)
Profit before tax		50.6	100.0	223.3	35.1	63.8	146.8
Tax	5,7	(8.4)	(10.4)	(29.0)	(5.8)	(6.6)	(19.1)
Profit after tax		42.2	89.6	194.3	29.3	57.2	127.7
Minority interests – equity		(13.7)	(17.7)	(56.1)	(9.5)	(11.3)	(37.0)
Profit for the financial period		28.5	71.9	138.2	19.8	45.9	90.7
Dividends							
Preference – non equity		(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)
Ordinary - equity	9	(14.3)	(9.7)	(73.7)	(9.9)	(6.4)	(50.8)
Retained profit		14.1	62.1	64.3	9.8	39.4	39.8
Earnings per share	8	14.4c	36.4c	70.0c	10.0p	23.2p	45.9p
Dividends per ordinary share	9	7.25c	4.92c	37.37c	5.02p	3.25p	25.75p

Turnover and profit are derived from continuing operations.

The final dividend in 2000 included a special dividend of 18.03 cents (12.5 pence) per share.

Other recognised gains and losses

Other recognised gains and losses in the period (translation differences) amounted to a gain of US\$14.8 million (£29.5 million; 2000 half year – a gain of US\$15.0 million; £24.1 million), and are shown in Note 14 together with other movements in shareholders' funds.

Group Balance Sheet

		US Dollars			Sterling			
		Unaudited 30.6.01 US\$m	Unaudited 30.6.00 US\$m	Audited 31.12.00 US\$m	Unaudited 30.6.01 £m	Unaudited 30.6.00 £m	Audited 31.12.00 £m	
Notes								
Fixed assets								
	Tangible fixed assets	10	1,954.2	1,799.5	1,926.7	1,383.1	1,186.0	1,286.8
	Other investments	11	185.6	185.8	185.5	108.2	108.3	108.2
			2,139.8	1,985.3	2,112.2	1,491.3	1,294.3	1,395.0
Current assets								
	Stocks		61.0	52.8	41.6	43.4	34.9	27.8
	Debtors		81.6	115.5	110.1	58.0	76.3	73.7
	Current asset investments (including time deposits)		233.7	338.8	297.1	166.2	223.8	198.9
	Cash at bank and in hand		2.4	5.6	3.0	1.7	3.7	2.0
			378.7	512.7	451.8	269.3	338.7	302.4
Creditors – amounts falling due within one year								
	Trade and other creditors		(89.4)	(67.8)	(87.1)	(63.6)	(44.7)	(58.3)
	Loans	12	(90.9)	(122.4)	(92.2)	(64.6)	(80.9)	(61.7)
	Dividends		(14.3)	(9.7)	(64.0)	(9.9)	(6.4)	(44.4)
			(194.6)	(199.9)	(243.3)	(138.1)	(132.0)	(164.4)
	Net current assets		184.1	312.8	208.5	131.2	206.7	138.0
	Total assets less current liabilities		2,323.9	2,298.1	2,320.7	1,622.5	1,501.0	1,533.0
Creditors – amounts falling due after more than one year								
	Other creditors		(26.0)	(30.0)	(28.5)	(18.6)	(19.8)	(19.1)
	Loans	12	(994.4)	(1,040.3)	(1,003.5)	(707.0)	(687.1)	(671.8)
	Provisions for liabilities and charges	13	(52.7)	(30.4)	(47.4)	(37.5)	(20.1)	(31.6)
			1,250.8	1,197.4	1,241.3	859.4	774.0	810.5
Capital and reserves								
	Called up share capital		16.7	18.0	17.7	11.9	11.9	11.9
	Share premium		238.3	256.5	253.1	169.4	169.4	169.4
	Reserves		706.6	672.5	677.7	472.5	427.3	433.2
	Shareholders' funds	14	961.6	947.0	948.5	653.8	608.6	614.5
	Minority interests		289.2	250.4	292.8	205.6	165.4	196.0
			1,250.8	1,197.4	1,241.3	859.4	774.0	810.5

Approved by the Board of Directors on 4 September 2001, P J Adeane, Director.

Group Cash Flow Statement

		US Dollars			Sterling		
		Unaudited half year to 30.6.01 US\$'m	Unaudited half year to 30.6.00 US\$'m	Audited year to 31.12.00 US\$'m	Unaudited half year to 30.6.01 £'m	Unaudited half year to 30.6.00 £'m	Audited year to 31.12.00 £'m
	Notes						
Net cash inflow from operating activities	15	129.7	91.4	326.6	90.0	58.3	215.4
Returns on investment and servicing of finance							
Dividends received from other fixed asset investments		0.1	31.4	31.5	0.1	20.0	20.1
Interest received (including capitalised interest)		8.5	13.5	22.3	5.9	8.6	14.7
Interest paid (including capitalised interest)		(40.7)	(35.5)	(86.0)	(28.2)	(22.7)	(56.7)
Dividends paid to minority interests		(1.1)	(4.1)	(10.2)	(0.8)	(2.6)	(6.7)
Preference dividends paid		(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)
Net cash inflow/(outflow) from returns on investment and servicing of finance		(33.3)	5.2	(42.6)	(23.1)	3.2	(28.7)
Tax (paid)/recovered		(1.3)	(1.6)	1.1	(0.9)	(1.0)	0.7
Net cash outflow from capital expenditure and financial investment		(82.6)	(165.8)	(314.5)	(57.4)	(105.8)	(207.5)
Acquisitions and disposals							
Net cash balances acquired with subsidiary		-	0.9	0.9	-	0.5	0.5
Equity dividends paid		(63.7)	(17.2)	(26.6)	(44.2)	(11.3)	(17.7)
Cash outflow before management of liquid resources		(51.2)	(87.1)	(55.1)	(35.6)	(56.1)	(37.3)
Management of liquid resources							
Net decrease/(increase) in time deposits		64.2	(1.9)	40.2	44.6	(1.3)	26.5
Financing							
Contribution from minority interests		-	7.9	8.0	-	5.1	5.3
Net (repayments)/borrowings in period		(12.6)	86.7	9.8	(8.7)	55.3	6.4
Net cash (outflow)/inflow from financing		(12.6)	94.6	17.8	(8.7)	60.4	11.7
Net cash inflow in the period	16	0.4	5.6	2.9	0.3	3.0	0.9

Notes

1 Reporting currency and accounting policies

a) Reporting currency

The functional reporting currency of the Group is US dollars, the principal currency in which the Group operates and in which assets and liabilities are held. These interim results have additionally been presented in sterling on a supplementary basis. Share capital remains denominated in sterling and, for the purposes of reporting in US dollars, share capital and share premium are translated at the period end rate of exchange. As explained in Note 9, dividends may be paid in either US dollars or sterling.

b) Accounting policies

The profit and loss account, balance sheet and cash flow statement for the half year to 30 June 2001 have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year to 31 December 2000.

2 Production (neither audited nor reviewed by the auditors)

The Group announced second quarter production volumes and cash costs on 31 July 2001. Production information on current mining operations for the first six months may be summarised as follows:

a) Tonnes of copper produced (neither audited nor reviewed by the auditors)

	Half year to 30.6.01 '000 tonnes	Half year to 30.6.00 '000 tonnes	Year to 31.12.00 '000 tonnes
Los Pelambres			
Payable copper in concentrate	170.0	141.2	298.9
Michilla			
Copper cathodes	23.9	25.4	51.1
Payable copper in concentrate	-	1.1	1.1
Group total	193.9	167.7	351.1

El Tesoro remained under development in the first six months of the year, producing 9,000 tonnes of cathodes during the commissioning period in the second quarter. This production has not been included in the Group figures above relating to current operations.

b) Cash costs per pound (neither audited nor reviewed by the auditors)

	Half year to 30.6.01 cents	Half year to 30.6.00 cents	Year to 31.12.00 cents
Los Pelambres			
	37.0	35.4	35.6
Michilla			
	69.4	59.4	59.8
Group weighted average	41.0	39.2	39.2

Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced. Cash costs exclude depreciation, financial income and expenses, exchange gains and losses and corporation tax.

3 Segmental analysis

a) Turnover by geographical destination

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$'m	Unaudited half year to 30.6.00 US\$'m	Audited year to 31.12.00 US\$'m	Unaudited half year to 30.6.01 £'m	Unaudited half year to 30.6.00 £'m	Audited year to 31.12.00 £'m
UK	2.9	1.0	5.7	2.0	0.6	3.7
Rest of Europe	83.1	61.4	169.1	57.7	39.2	111.6
Chile	30.7	33.0	78.2	21.3	21.1	51.6
Rest of Latin America	22.9	28.4	54.9	15.9	18.1	36.2
North America	23.3	9.4	38.4	16.2	6.0	25.4
Asia Pacific / other	179.7	183.0	419.8	124.7	116.8	276.9
	342.6	316.2	766.1	237.8	201.8	505.4

b) Turnover and operating profit by class of business and geographical location

Operations are based in Latin America. Turnover and operating profit can be analysed as follows:

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$'m	Unaudited half year to 30.6.00 US\$'m	Audited year to 31.12.00 US\$'m	Unaudited half year to 30.6.01 £'m	Unaudited half year to 30.6.00 £'m	Audited year to 31.12.00 £'m
Turnover						
Mining	308.3	282.3	696.1	214.0	180.1	459.2
Railway and other transport services	34.3	33.9	70.0	23.8	21.7	46.2
	342.6	316.2	766.1	237.8	201.8	505.4
Operating profit						
Mining	66.1	80.3	224.9	45.9	51.3	148.3
Railway and other transport services	11.3	11.8	21.1	7.8	7.4	14.1
	77.4	92.1	246.0	53.7	58.7	162.4

4 Operating profit

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$m	Unaudited half year to 30.6.00 US\$m	Audited year to 31.12.00 US\$m	Unaudited half year to 30.6.01 £m	Unaudited half year to 30.6.00 £m	Audited year to 31.12.00 £m
Turnover (see note below)	342.6	316.2	766.1	237.8	201.8	505.4
Cost of sales	(223.7)	(180.8)	(418.9)	(155.3)	(115.4)	(276.2)
Gross profit	118.9	135.4	347.2	82.5	86.4	229.2
Administrative expenses	(37.5)	(40.4)	(88.7)	(26.0)	(25.8)	(58.5)
Closure provision	(0.5)	-	(1.0)	(0.3)	-	(0.7)
Severance charges	(0.5)	(0.6)	(2.7)	(0.3)	(0.4)	(1.8)
Exploration costs	(3.1)	(2.4)	(8.3)	(2.2)	(1.5)	(5.5)
Other net operating income/(expenditure)	0.1	0.1	(0.5)	-	-	(0.3)
Operating profit	77.4	92.1	246.0	53.7	58.7	162.4

Depreciation charges amounted to US\$52.6 million (£36.5 million; 2000 half year - US\$54.6 million; £34.9 million). Of this amount, US\$47.8 million (£33.2 million; 2000 half year - US\$46.3 million; £29.6 million) is included in cost of sales and US\$4.8 million (£3.1 million; 2000 half year - US\$8.3 million; £5.3 million) is included in administrative expenses.

In line with industry practice, copper concentrate sales agreements generally provide for provisional pricing at the time of shipment with final pricing settlement based on the average LME copper price for specified future periods. Copper revenues on provisionally priced tonnages are adjusted monthly until final settlement. Sales volumes are also adjusted based on the final metallurgical content of the concentrates. Revenues in the six months to 30 June 2001 included adjustments to sales of concentrates open at 31 December 2000 totalling US\$16.2 million.

5 Non-operating exceptional items

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$m	Unaudited half year to 30.6.00 US\$m	Audited year to 31.12.00 US\$m	Unaudited half year to 30.6.01 £m	Unaudited half year to 30.6.00 £m	Audited year to 31.12.00 £m
Profit on disposal of fixed assets at El Chacay	-	3.9	4.1	-	2.5	2.7
Tax effect	-	(0.6)	(0.6)	-	(0.4)	(0.4)
	-	3.3	3.5	-	2.1	2.3

6 Net interest payable

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$m	Unaudited half year to 30.6.00 US\$m	Audited year to 31.12.00 US\$m	Unaudited half year to 30.6.01 £m	Unaudited half year to 30.6.00 £m	Audited year to 31.12.00 £m
Interest receivable	8.1	9.7	21.0	5.6	6.2	13.9
Interest payable	(34.9)	(36.8)	(80.5)	(24.2)	(23.4)	(53.1)
Foreign exchange	0.3	-	-	0.2	-	-
Discount charge relating to provisions	(0.4)	(0.3)	1.2	(0.3)	(0.2)	0.8
	(26.9)	(27.4)	(58.3)	(18.7)	(17.4)	(38.4)

In addition to the above, interest payable capitalised in the period amounted to US\$8.4 million (£5.9 million; 2000 half year - US\$5.8 million; £3.7 million) and interest receivable credited against fixed assets amounted to US\$0.5 million (£0.3 million; 2000 half year - US\$2.5 million; £1.6 million). These amounts related to the El Tesoro development.

7 Tax

The tax charge of US\$8.4 million (£5.8 million; 2000 half year – US\$10.4 million; £6.6 million) represents an effective rate of 16.6 per cent (2000 half year – 10.4 per cent) on profit before tax, as compared with the Chilean statutory tax rate of 15 per cent. The lower effective tax rate in 2000 arose principally because the dividend of US\$31.3 million (£19.9 million) received from Quiñenco was paid out of Quiñenco's post-tax profits and was not subject to further tax on receipt.

8 Earnings per share

Earnings per share is calculated on profit after tax, minority interest and preference dividends giving earnings of US\$28.4 million (£19.7 million; 2000 half year – US\$71.8 million; £45.8 million) and based on 197,171,339 (2000 half year – 197,171,339) ordinary shares in issue throughout the period.

9 Dividends

Dividends are now declared in US dollars but may be paid in either dollars or sterling. Shareholders on the register of members with an address in the United Kingdom receive dividend payments in sterling, unless they elect to be paid in dollars. All other shareholders are paid by cheque in dollars, unless they have previously instructed the Company's registrar to pay dividends by bank transfer to a sterling bank account, or they elect for payment by cheque in sterling. The Company's registrar must receive any such election before the record date of 14 September 2001.

The Board has declared an interim dividend of 7.25 cents per ordinary share for payment on 12 October 2001 to shareholders on the Register at the close of business on 14 September 2001. Dividends are declared and paid gross. The exchange rate to be applied for the conversion of dividends will be £1 = US\$1.4451, giving a dividend for those shareholders who will be paid in sterling an interim dividend of 5.0170 pence per ordinary share. In 2000, the Board declared an interim dividend of 3.25 pence per share, equivalent to a dividend of 4.92 cents based on the exchange rate at 30 June 2000.

10 Tangible fixed assets

Net book value

1 January 2001 (audited)
 Additions
 Transfer to stocks
 Disposals
 Depreciation
 Exchange
30 June 2001 (unaudited)

US Dollars		
Mining US\$m	Railway and other transport US\$m	Total US\$m
1,810.8	115.9	1,926.7
79.2	10.0	89.2
-	(2.5)	(2.5)
(3.2)	(3.0)	(6.2)
(48.2)	(4.4)	(52.6)
0.2	(0.6)	(0.4)
1,838.8	115.4	1,954.2

Net book value

1 January 2001 (audited)
 Additions
 Transfer to stocks
 Disposals
 Depreciation
 Exchange
30 June 2001 (unaudited)

Sterling		
Mining £'m	Railway and other transport £'m	Total £'m
1,212.2	74.6	1,286.8
55.0	6.9	61.9
-	(1.7)	(1.7)
(2.2)	(2.1)	(4.3)
(33.5)	(3.0)	(36.5)
75.9	1.0	76.9
1,307.4	75.7	1,383.1

11 Other investments

1 January 2001 (audited)
 Additions
30 June 2001 (unaudited)

US\$m	£'m
185.5	108.2
0.1	-
185.6	108.2

The above investments are quoted. The market value of these investments was US\$277.8 million (£197.5 million; 2000 half year – US\$357.3 million; £236.6 million). These investments include a 33.61 per cent interest in Quiñenco S.A.

Antofagasta plc

12 Loans

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$m	Unaudited half year to 30.6.00 US\$m	Audited year to 31.12.00 US\$m	Unaudited half year to 30.6.01 £m	Unaudited half year to 30.6.00 £m	Audited year to 31.12.00 £m
Los Pelambres						
- Loans	(835.0)	(946.0)	(878.7)	(593.7)	(624.9)	(588.2)
- Subordinated debt	-	(31.2)	-	-	(20.6)	-
El Tesoro						
- Loans	(181.5)	(70.5)	(149.5)	(129.0)	(46.6)	(100.0)
- Subordinated debt	(37.9)	(98.9)	(36.2)	(26.9)	(65.3)	(24.2)
- Finance leases	(17.5)	-	(15.0)	(12.4)	-	(10.1)
Michilla						
- Finance leases	(1.9)	(1.1)	(2.1)	(1.4)	(0.7)	(1.4)
- Loans	-	(0.1)	(0.1)	-	(0.1)	(0.1)
Railway and other transport services						
- Loans	(11.5)	(14.9)	(14.1)	(8.2)	(9.8)	(9.5)
	(1,085.3)	(1,162.7)	(1,095.7)	(771.6)	(768.0)	(733.5)

Maturity of loans:

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$m	Unaudited half year to 30.6.00 US\$m	Audited year to 31.12.00 US\$m	Unaudited half year to 30.6.01 £m	Unaudited half year to 30.6.00 £m	Audited year to 31.12.00 £m
Due within one year	(90.9)	(122.4)	(92.2)	(64.6)	(80.9)	(61.7)
Due after more than one year	(994.4)	(1,040.3)	(1,003.5)	(707.0)	(687.1)	(671.8)
	(1,085.3)	(1,162.7)	(1,095.7)	(771.6)	(768.0)	(733.5)

13 Provisions for liabilities and charges

	US Dollars			
	Decommissioning and site rehabilitation US\$m	Severance indemnities US\$m	Deferred tax US\$m	Total US\$m
1 January 2001 (audited)	(5.3)	(8.9)	(33.2)	(47.4)
Charge to operating profit in period	(0.5)	(0.5)	-	(1.0)
Release of discount to net interest in period	(0.2)	(0.2)	-	(0.4)
Charge to tax on profit in period	-	-	(5.7)	(5.7)
Utilised in period	-	0.4	-	0.4
Capitalised in period	-	-	0.5	0.5
Exchange	-	0.4	0.5	0.9
30 June 2001 (unaudited)	(6.0)	(8.8)	(37.9)	(52.7)

	Sterling			
	Decommissioning and site rehabilitation £'m	Severance indemnities £'m	Deferred tax £'m	Total £'m
1 January 2001 (audited)	(3.5)	(5.9)	(22.2)	(31.6)
Charge to operating profit in period	(0.3)	(0.3)	-	(0.6)
Release of discount to net interest in period	(0.1)	(0.2)	-	(0.3)
Charge to tax on profit in period	-	-	(4.0)	(4.0)
Utilised in period	-	0.3	-	0.3
Capitalised in period	-	-	0.3	0.3
Exchange	(0.4)	(0.2)	(1.0)	(1.6)
30 June 2001 (unaudited)	(4.3)	(6.3)	(26.9)	(37.5)

14 Reconciliation of movements in shareholders' funds

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$m	Unaudited half year to 30.6.00 US\$m	Audited year to 31.12.00 US\$m	Unaudited half year to 30.6.01 £m	Unaudited half year to 30.6.00 £m	Audited Year to 31.12.00 £m
Profit for the financial period	28.5	71.9	138.2	19.8	45.9	90.7
Other recognised gains relating to the period						
- currency translation adjustment	14.8	15.0	18.0	29.5	24.1	29.6
Total recognised gains and losses	43.3	86.9	156.2	49.3	70.0	120.3
Dividends	(14.4)	(9.8)	(73.9)	(10.0)	(6.5)	(50.9)
	28.9	77.1	82.3	39.3	63.5	69.4
Exchange movement on sterling denominated share capital and share premium	(15.8)	(17.4)	(21.1)	-	-	-
Opening shareholders' funds	948.5	887.3	887.3	614.5	545.1	545.1
Closing shareholders' funds	961.6	947.0	948.5	653.8	608.6	614.5

15 Reconciliation of operating profit to net cash inflow from operating activities

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$m	Unaudited half year to 30.6.00 US\$m	Audited year to 31.12.00 US\$m	Unaudited half year to 30.6.01 £m	Unaudited half year to 30.6.00 £m	Audited Year to 31.12.00 £m
Operating profit	77.4	92.1	246.0	53.7	58.7	162.4
Depreciation	52.6	54.6	105.9	36.5	34.9	69.7
Loss on disposal of tangible fixed assets	6.2	2.9	3.0	4.3	1.9	2.0
Increase in stocks	(17.0)	(15.5)	(6.0)	(11.8)	(9.9)	(4.0)
Decrease/(increase) in debtors	27.1	(71.6)	(70.5)	18.8	(45.7)	(46.5)
(Decrease)/increase in creditors and provisions	(16.6)	28.9	48.2	(11.5)	18.4	31.8
Net cash inflow from operating activities	129.7	91.4	326.6	90.0	58.3	215.4

16 Reconciliation of net cash flow to movement in net debt

	US Dollars			Sterling		
	Unaudited half year to 30.6.01 US\$m	Unaudited half year to 30.6.00 US\$m	Audited year to 31.12.00 US\$m	Unaudited half year to 30.6.01 £m	Unaudited half year to 30.6.00 £m	Audited year to 31.12.00 £m
Net cash inflow in the period	0.4	5.6	2.9	0.3	3.0	0.9
Cash outflow/(inflow) from decrease/ (increase) in debt	12.6	(86.7)	(9.8)	8.7	(55.3)	(6.4)
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(64.2)	1.9	(40.2)	(44.6)	1.3	(26.5)
Change in net debt resulting from cash flows	(51.2)	(79.2)	(47.1)	(35.6)	(51.0)	(32.0)
Capitalisation of subordinated debt	-	-	10.3	-	-	6.8
Acquisition	-	5.1	5.1	-	3.2	3.2
Reclassification	-	3.5	3.5	-	2.2	2.2
Interest accrued on long-term loan balances	(1.7)	(4.0)	(8.1)	(1.2)	(2.5)	(5.3)
New leases	(1.5)	-	(16.3)	(1.0)	-	(10.8)
Exchange	0.8	(4.2)	(3.5)	(33.3)	(33.3)	(37.6)
Movement in net debt in the period	(53.6)	(78.8)	(56.1)	(71.1)	(81.4)	(73.5)
Net debt at the beginning of the period	(795.6)	(739.5)	(739.5)	(532.6)	(459.1)	(459.1)
Net debt at the end of the period	(849.2)	(818.3)	(795.6)	(603.7)	(540.5)	(532.6)

17 Financial information

The Group's statutory accounts for the year to 31 December 2000 have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not include a statement under S237 (2) or (3) of the Companies Act 1985. The 31 December 2000 profit and loss account, balance sheet and cash flow statements shown in this interim report are an abridged version of these statutory accounts. The financial information contained in this statement does not constitute statutory accounts within the meaning of S240 of the Companies Act 1985.

18 Currency translation

Results denominated in foreign currencies have been translated into dollars and sterling at the average rate for each period.

	Period end rates	Average rates
30.6.01	US\$1.41 = £1; US\$1 = Ch\$629	US\$1.44 = £1; US\$1 = Ch\$591
30.6.00	US\$1.51 = £1; US\$1 = Ch\$539	US\$1.57 = £1; US\$1 = Ch\$515
31.12.00	US\$1.49 = £1; US\$1 = Ch\$574	US\$1.52 = £1; US\$1 = Ch\$540

19 Distribution

These results will be sent by first class post to all shareholders on 4 September 2001. Copies of this report will be available for members of the public who are not shareholders at the Company's Registered Office, Park House, 16 Finsbury Circus, London EC2M 7AH.

Independent Review Report to Antofagasta plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2001 which comprises the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 16, with the exception of Note 2. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2001.

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

4 September 2001