

2 September 2003

Interim Results Announcement for the six months ended 30 June 2003

HIGHLIGHTS

- *Turnover of US\$471.9 million (2002 – US\$418.7 million).*
- *Operating cash flow of US\$206.2 million (2002 – US\$148.8 million).*
- *Profit before tax of US\$138.1 million (2002 – US\$94.8 million).*
- *Earnings per share of 34.0 cents (2002 – 26.6 cents).*
- *Interim dividend of 11 cents per share (2002 – 10 cents per share)*.*
- *Proposed demerger of investment in Quiñenco via dividend in specie of shares in Andsberg Limited.*

** The interim dividend is paid in either sterling or US dollars. A conversion rate of £1=US\$1.595 will be applied to the interim dividend giving shareholders who receive dividends in sterling an interim dividend of 6.8966 pence.*

The Group increased copper production by 7% per cent from 210,900 tonnes in the first half of 2002 to 225,100 tonnes this period. Group weighted average cash costs were 4% lower at 37.6 cents per pound (2002 half year – 39.2 cents). LME copper prices also improved in the period, averaging 74.9 cents per pound compared with 71.9 cents in the first half of 2002. These factors, together with continued strong by-product sales of molybdenum at Los Pelambres, enabled the Group to increase profit before tax from US\$94.8 million last period to US\$138.1 million, and earnings per share rose from 26.6 cents to 34.0 cents.

Jean-Paul Luksic, CEO of the mining division, commented “This has been another excellent set of results for Antofagasta, with pre-tax profits up 46% compared with the first half of last year. The proposal to demerge the holding in Quiñenco will allow Antofagasta to focus on its core mining and transportation activities and, as a low cost producer, the Group should continue to benefit from any further improvement in copper prices.”

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.

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DIRECTORS' COMMENTS FOR THE HALF YEAR TO 30 JUNE 2003

The Group's copper production during the period increased by 7% to 225,100 tonnes compared with 210,900 tonnes in the first six months of 2002. Group weighted average cash costs were 4% lower at 37.6 cents per pound (2002 half year – 39.2 cents). LME copper prices also improved in the period, averaging 74.9 cents per pound compared with 71.9 cents in the first half of 2002. These factors, together with continued strong by-product sales of molybdenum at Los Pelambres, enabled the Group to increase profit before tax from US\$94.8 million last period to US\$138.1 million, and earnings per share rose from 26.6 cents to 34.0 cents.

Proposed Demerger

In order to focus on its core mining and transportation activities, the Group has announced a proposal to demerge its holding in Quiñenco S.A. via a special dividend to ordinary shareholders of shares in Andsberg Limited, a wholly owned subsidiary of the Group. Andsberg is an unlisted Jersey registered holding company which has as its principal ultimate asset the Group's 33.6% interest in Quiñenco.

Under the terms of the proposed demerger, ordinary shareholders will receive, by way of dividend in specie, one share in Andsberg for every ordinary share held in Antofagasta plc at the record date, which is expected to be 1 October 2003. The Andsberg shares will carry a redemption right until 30 October 2003 at a fixed price of US\$1.11 per Andsberg share.

The proposed demerger is subject to shareholder approval at an Extraordinary General Meeting to be held on 1 October 2003.

Interim Review of Operations

Los Pelambres

Los Pelambres produced 155,200 tonnes of payable copper compared with 144,800 tonnes in the 2002 first half. The increase was due mainly to higher throughput at the plant which averaged 111,300 tonnes per day (tpd) of ore compared with 107,100 tpd in the first six months of 2002, as a result of the continuing optimisation programme. In addition, the ore grade improved from 0.86% to 0.90%.

Cash costs, which include by-product credits, were further reduced to 31.5 cents per pound (2002 half year – 35.4 cents) mainly as a result of lower treatment and refining charges which were 3 cents per pound lower. Los Pelambres continued to benefit from high molybdenum prices, which averaged US\$4.60 per pound in the period compared with US\$3.40 per pound in the 2002 half year. Higher prices more than compensated for the drop in molybdenum production from 4,400 tonnes in the first half of 2002 to 3,800 tonnes this

period, and as a result, by-product credits were 12.9 cents per pound of copper produced (2002 half year – 12.4 cents).

The combination of improved copper prices, lower cash costs and higher production volumes enabled Los Pelambres to increase operating profits by 38% to US\$116.2 million compared with US\$84.5 million. Los Pelambres also continued to benefit from positive adjustments on final settlement of concentrate sales, reflecting the improvement in the copper price since the year-end. Revenues in this period included positive adjustments of US\$8.8 million relating to sales open at 31 December 2002 (2002 half year – positive adjustments of US\$10.5 million relating to 2001 sales).

Los Pelambres has again reduced its project borrowings with a further principal repayment in June of US\$43.7 million. A total of US\$285.6 million of the original US\$946 million project borrowings have now been repaid since operations began in 2000. In June, Los Pelambres also declared a dividend of US\$43.7 million paid to its shareholders in July, and the Group's share amounted to US\$26.2 million. Los Pelambres is also continuing with the Environmental Impact Study, announced in May, to mine additional reserves and to enable a potential future expansion of its concentrator.

Processing levels should increase in the second half of this year, reaching 120,000 tpd by the year end when the installation of a permanent pebble crusher completes the current optimisation programme. Total production of payable copper is expected to reach 325,000 tonnes this year. Molybdenum prices are currently trading at over US\$5.50 per pound, and should this level be maintained, cash costs for the year would remain below 35 cents per pound, compared with an original forecast of 37 cents.

El Tesoro

El Tesoro produced 45,500 tonnes of cathodes in the period to June 2003 compared with 40,600 in the 2002 first half, mainly resulting from improved recoveries and better ore grades. Cash costs in the first six months of this year were 41.0 cents per pound (2002 half year – 39.7 cents per pound). Higher production together with improved copper prices enabled El Tesoro to contribute US\$26.2 million to operating profit compared to US\$20.9 million in the first half of 2002.

El Tesoro continued to repay its project borrowings with principal repayments totalling US\$28.1 million in February and August this year following the refinancing arrangements in 2002. The balance now outstanding after these instalments is US\$156.6 million.

El Tesoro obtained certification from the London Metal Exchange (LME) in July to have its cathodes listed as Grade A quality under the MET brand, enabling them to be traded as a standard commodity on the LME.

With cathode production ahead of budget in the first half of this year, El Tesoro now expects to produce 90,000 tonnes this year at cash costs of around 41 cents per pound, compared with an original forecast of 85,000 tonnes.

Michilla

Michilla produced 24,400 tonnes of cathodes to 30 June compared with 25,500 tonnes in the first half of 2002. The lower production was mainly due to difficulties encountered in the first quarter when modifications were made to increase the capacity of the crusher line; these difficulties have now been resolved and cathode production in the second quarter returned to expected levels.

Cash costs averaged 69.9 cents per pound this period compared to 60.3 cents per pound in the first six months of last year. The higher costs resulted partly from the disruption to production at the start of the year, but also from the higher waste-to-ore ratio and lower ore grade expected under the current phase of the mine plan. Although the increase in cash costs were partly compensated by improved copper prices, Michilla's operating loss was US\$4.4 million compared with an operating loss of US\$1.1 million in the first half of 2002. Nevertheless, Michilla remains cash positive, and EBITDA (earnings before interest, tax, depreciation and amortisation) was US\$3.9 million (2002 half year – US\$7.2 million).

Cash costs in the second half are expected to be lower as the waste-to-ore ratio improves. Forecast production for the year is 52,000 tonnes at cash costs of around 67 cents. A development plan to extend the mine life from 2007 to 2012 through the incorporation of additional reserves is being considered.

Exploration

The Group spent US\$1.5 million in the six months to June 2003, mainly in the Sierra Gorda district around El Tesoro in Chile. A total of 28,246 metres was drilled to identify further oxide and sulphide deposits to complement the Esperanza project. Drilling is continuing at a number of sites in Southern Peru near Cuzco, where Antofagasta has a joint-venture exploration programme with CVRD.

Railway and Other Transport Services

Rail tonnages were virtually unchanged at 2.1 million tons (2002 half year – 2.1 million tons), and turnover was also similar at US\$35.7 million (2002 half year – US\$35.5 million). Freight from existing customers and marginal expansions from mines in the region should enable rail tonnages to be maintained. In October, the Railway will start shipping cathodes from Chuquicamata to the new port at Mejillones, under a renewed freight contract with Codelco. Train Ltda., the road subsidiary, continued to perform well with transport volumes also at similar levels to last year. The Railway is currently evaluating further

opportunities in the area including the concession from ESSAN, the water utility company in the Antofagasta region.

Investments

The Group's 33.6% holding in Quiñenco S.A., a diversified industrial and financial group listed in Santiago and New York, is accounted for on a dividends received basis. Quiñenco reported a loss after tax and minorities of US\$105.0 million in 2002 when its businesses suffered from the difficult economic conditions in Latin America, and accordingly has not paid a dividend in 2003. In 2002, the Group received a dividend of US\$3.2 million. The market value of the Group's investment in Quiñenco was US\$214.1 million at 30 June 2003.

As explained, the Group has announced a proposal, which is subject to shareholder approval, to demerge its holding in Quiñenco via a special dividend in specie to ordinary shareholders of shares in Andsberg Limited.

Dividends

An interim dividend of 11 cents (2002 interim – 10 cents) will be paid on 10 October 2003 to ordinary shareholders on the register at the close of business on 12 September 2003. Dividends are payable in either US dollars or sterling, and shareholders who receive dividends in sterling will be paid an interim dividend of 6.8966 pence per share, based on an exchange rate of £1=US\$1.595. Further details are given in Note 9 to the Interim Report.

As explained above, the Group has also proposed a special dividend in specie of shares in Andsberg Limited. Under the proposal, ordinary shareholders will receive one share in Andsberg for every ordinary share held in Antofagasta plc at the record date for this special dividend, which is expected to be 1 October 2003. The Andsberg shares will carry a redemption right until 30 October 2003 at a fixed price of US\$1.11 per Andsberg share. The proposed demerger is subject to shareholder approval at an Extraordinary General Meeting to be held on 1 October 2003.

Current Trading Prospects

There are some recent signs of improvement in copper consumption in the United States and Japan and demand in China and other Asian countries remains strong, although the market continues to be affected by weak demand in Europe. LME stocks have steadily declined from a peak of 980,000 tonnes in May 2002 to an approximate level of 620,000 tonnes by the end of August this year. Copper prices have recently reached the 80 cent-level and, although markets remain volatile, most commentators are

cautiously optimistic that prices should steadily improve from the levels of recent years, when prices averaged around 70 cents.

The Group expects to maintain its performance in the second half of 2003, with annual copper production forecast to be around 460,000 tonnes and cash costs expected to remain under 40 cents per pound. As a low cost producer, the Group remains well-placed to continue to benefit from any further improvement in copper prices.

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FINANCIAL COMMENTARY FOR THE HALF YEAR TO 30 JUNE 2003

Results

Turnover increased from US\$418.7 million in the 2002 half-year to US\$471.9 million this period. Turnover from the mining division increased by US\$52.8 million. This was mainly due to the combination of increased shipments of copper as a result of higher production at Los Pelambres and El Tesoro and better realised copper prices at all three mines following the improvement in the LME average for the period. By-product revenues at Los Pelambres remained at similar levels to the 2002 first-half, as higher molybdenum prices compensated for a decrease in the volume of molybdenum produced. Revenues at the transport division were similar to the 2002 half-year.

Operating profits were US\$153.2 million (2002 half year – US\$112.6 million). Operating profits at the mining division increased by US\$32.4 million. This reflected the combined effect of higher production and improved copper prices, together with lower cash costs at Los Pelambres compared to the first six months of 2002. Consequently, operating profit increased by US\$31.7 million at Los Pelambres and US\$5.3 million at El Tesoro. Michilla's operating loss increased however by US\$3.3 million as the benefits of a higher copper price were outweighed by higher cash costs. Operating profit at the transport division included other operating income of US\$6.5 million for the cancellation of a contract for additional tonnages. Excluding this, operating profit at the transport division remained at similar levels. Operating profit is stated after depreciation and disposal of fixed assets, giving EBITDA (earnings before interest, tax, depreciation and amortisation) for the Group of US\$218.6 million (2002 half year – US\$175.6 million).

The Group did not receive a dividend from Quiñenco this period, and income from other fixed asset investments amounted to US\$0.1 million. In the first six months of 2002, dividend income was US\$3.2 million which related almost entirely to Quiñenco.

Interest costs relate mainly to the project loans which financed the Los Pelambres and El Tesoro mines. Net interest expense was US\$15.2 million, compared with net interest expense of US\$21.0 million in the 2002 half year, as the Group benefited from lower market interest rates and regular principal repayments.

As a result of these factors profit before tax for the period was US\$138.1 million compared to US\$94.8 million in the first six months of 2002.

Tax amounted to US\$30.0 million (2002 half year – US\$16.8 million), representing an effective tax rate (including deferred tax) of 21.7% (2002 half year – 17.7%), compared with the present statutory Chilean tax rate of 16.5% (2002 – 16%). The effective tax rate is higher than the statutory rate partly because deferred tax is measured at the rates expected to apply in the period in which timing differences are expected to reverse. Legislative changes at the end of 2001 increased the tax rate progressively to reach

17% in 2004. Additionally, the tax charge in the first six months of 2003 include provision for the payment of certain withholding taxes.

Earnings per share were 34.0 cents compared with 26.6 cents for the corresponding period last year, reflecting the higher profit after tax and minority interests.

Cash Flows

Net cash inflow from operating activities was US\$206.2 million in the first six months of 2003 compared with US\$148.8 million in the same period last year, reflecting the improved operating results adjusted for depreciation and normal working capital movements.

Net capital expenditure and financial investment was US\$42.6 million in the period. Of this amount, US\$28.4 million related to Los Pelambres, which included expenditures in respect of the optimisation programme to increase ore throughput to 120,000 tonnes per day. Net capital expenditures in the first half of 2002 amounted to US\$33.6 million.

Cash and Debt

At 30 June 2003, the Group had cash and deposits of US\$302.4 million (2002 – US\$240.5 million). Excluding the minority share in each partly-owned operation, the Group's share of this balance was US\$253.1 million (2002 – US\$207.4 million).

Total Group debt at 30 June 2003 was US\$906.3 million (2002 – US\$1,032.5 million); of this, US\$532.9 million (2002 – US\$604.9 million) is proportionally attributable to the Group after excluding the minority share of partly-owned operations. The decrease in debt is mainly due to continued principal repayments at Los Pelambres and El Tesoro. At 30 June 2003, the total borrowings of US\$906.3 million included US\$660.4 million under the Los Pelambres non-recourse project financing arrangements of which 40% is attributable to minority shareholders and US\$172.4 million under the El Tesoro non-recourse project financing arrangements of which 39% is attributable to minority shareholders.

Balance Sheet

Shareholders' funds increased from US\$960.4 million at the beginning of the year to US\$1,007.1 million, relating mainly to profit after tax and minorities for the period less the interim dividend declared.

Minority interests increased from US\$314.3 million at the beginning of the year to US\$337.2 million, principally reflecting the minority's share of profit after tax less the minority's share of the dividend declared by Los Pelambres in the period.

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Consolidated Profit and Loss Account

	Notes	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Turnover	3	471.9	418.7	863.1
Operating profit	3,5	153.2	112.6	213.9
Income from other fixed asset investments		0.1	3.2	3.2
Net interest payable	6	(15.2)	(21.0)	(40.3)
Profit on ordinary activities before tax		138.1	94.8	176.8
Tax on profit on ordinary activities	7	(30.0)	(16.8)	(29.9)
Profit on ordinary activities after tax		108.1	78.0	146.9
Minority interests – equity		(40.9)	(25.5)	(50.1)
Profit for the financial period		67.2	52.5	96.8
Dividends				
Preference – non equity		(0.1)	(0.1)	(0.2)
Ordinary - equity	9	(21.7)	(19.7)	(55.2)
Transferred to reserves		45.4	32.7	41.4
Earnings per share	8	34.0c	26.6c	49.0c
Dividends per ordinary share	9	11.0c	10.0c	28.0c

Turnover and profit are derived from continuing operations.

Other recognised gains and losses

Other recognised gains and losses in the period (translation differences) amounted to a gain of US\$1.3 million (2002 half year – a loss of US\$1.5 million), and are shown in Note 14 together with other movements in shareholders' funds.

Consolidated Balance Sheet

	Notes	Unaudited 30.6.03 US\$m	Unaudited 30.6.02 US\$m	Audited 31.12.02 US\$m
Fixed assets				
Tangible fixed assets	10	1,808.9	1,879.5	1,830.3
Other investments	11	187.9	185.5	187.4
		1,996.8	2,065.0	2,017.7
Current assets				
Stocks		57.7	55.7	57.5
Debtors		129.6	127.0	130.7
Current asset investments (including time deposits)		298.1	237.5	249.0
Cash at bank and in hand		4.3	3.0	3.4
		489.7	423.2	440.6
Creditors – amounts falling due within one year				
Trade and other creditors		(96.8)	(79.5)	(87.5)
Loans	12	(127.7)	(117.8)	(124.0)
Dividends payable		(21.7)	(19.7)	(35.5)
		(246.2)	(217.0)	(247.0)
Net current assets		243.5	206.2	193.6
Total assets less current liabilities		2,240.3	2,271.2	2,211.3
Creditors – amounts falling due after more than one year				
Loans	12	(778.6)	(914.7)	(841.3)
Provisions for liabilities and charges	13	(117.4)	(83.5)	(95.3)
		1,344.3	1,273.0	1,274.7
Capital and reserves				
	1(a)			
Preference share capital called up – non-equity		3.3	3.1	3.2
Ordinary share capital called up – equity		16.2	15.0	15.8
Share premium - equity		279.1	258.5	271.7
Reserves - equity		708.5	683.9	669.7
Shareholders' funds - including non-equity interests	14	1,007.1	960.5	960.4
Minority interests – equity		337.2	312.5	314.3
		1,344.3	1,273.0	1,274.7

Approved by the Board of Directors on 2 September 2003

P J Adeane, Director.

Consolidated Cash Flow Statement

	Notes	Unaudited half year to 30.6.03 US\$m	Unaudited half year to 30.6.02 US\$m	Audited year to 31.12.02 US\$m
Net cash inflow from operating activities	15	206.2	148.8	350.3
Dividends received from other fixed asset investments		0.1	3.2	3.2
Interest received		2.1	4.0	7.0
Interest paid		(17.2)	(24.2)	(46.0)
Dividends paid to minority interests		(0.2)	(0.2)	(40.7)
Preference dividends paid		(0.1)	(0.1)	(0.2)
Net cash outflow from returns on investment and servicing of finance		(15.3)	(17.3)	(76.7)
Tax paid		(2.6)	(3.1)	(5.5)
Purchase of tangible fixed assets		(42.6)	(35.0)	(66.8)
Purchase of fixed asset investments		(0.5)	-	(1.8)
Sale of tangible fixed assets		0.4	1.4	1.3
Sale of fixed asset investments		0.1	-	-
Net cash outflow from capital expenditure and financial investment		(42.6)	(33.6)	(67.3)
Equity dividends paid		(36.4)	(49.6)	(69.8)
Cash inflow before management of liquid resources and financing		109.3	45.2	131.0
Management of liquid resources - Net (increase)/decrease in time deposits		(49.0)	8.9	(3.1)
New loans drawn down		0.4	28.7	210.0
Repayment of amounts borrowed		(58.8)	(55.7)	(304.8)
Repayment of principal element of finance leases		(1.6)	(0.9)	(2.0)
Repayment of other creditors on refinancing of supplier credit		-	(29.9)	(29.9)
Net cash outflow from financing		(60.0)	(57.8)	(126.7)
Net cash inflow/(outflow) in the period	16	0.3	(3.7)	1.2

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. Share capital is 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 are 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 2003 have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year to 31 December 2002.

2 Production and sales statistics (neither audited nor reviewed)

(See notes following Note 2(d).)

a) Copper production volumes

	Half year to 30.6.03 '000 tonnes	Half year to 30.6.02 '000 tonnes	Year to 31.12.02 '000 tonnes
Los Pelambres	155.2	144.8	324.6
El Tesoro	45.5	40.6	84.3
Michilla	24.4	25.5	51.8
Group total	225.1	210.9	460.7

b) Copper sales volumes

	Half year to 30.6.03 '000 tonnes	Half year to 30.6.02 '000 tonnes	Year to 31.12.02 '000 tonnes
Los Pelambres	160.8	144.6	318.2
El Tesoro	45.3	40.9	83.4
Michilla	23.9	24.1	51.6
Group total	230.0	209.6	453.2

c) Cash costs per pound

	Half year to 30.6.03 cents	Half year to 30.6.02 cents	Year to 31.12.02 cents
Los Pelambres	31.5	35.4	34.9
El Tesoro	41.0	39.7	40.8
Michilla	69.9	60.3	61.4
Group weighted average	37.6	39.2	38.9

d) LME and realised copper price per pound

	Half year to 30.6.03 cents	Half year to 30.6.02 cents	Year to 31.12.02 cents
Los Pelambres	77.6	74.8	71.2
El Tesoro	76.9	73.6	72.0
Michilla	77.6	73.4	73.2
Group weighted average	77.5	74.4	71.6
LME average	74.9	71.9	70.7

Notes to the production and sales statistics

- (i) The production and sales figures represent the actual volumes produced and sold, not the Group's attributable share of each mine. The Group owns 60% of Los Pelambres, 61% of El Tesoro and 74.2% of Michilla.
- (ii) Los Pelambres produces copper concentrate, and the figures for Los Pelambres are expressed in terms of payable copper contained in concentrate. El Tesoro and Michilla produce copper cathodes.
- (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 include by-product credits and exclude depreciation, financial income and expenses, exchange gains and losses and corporation tax.
- (iv) Realised copper prices are determined by comparing turnover from copper sales with sales volumes for each mine in the period.
- (v) The individual figures are sometimes more specific than the rounded numbers shown; hence small differences may appear in the totals.

3 Segmental analysis

a) Turnover by geographical destination

	Unaudited half year to 30.6.03 US\$m	Unaudited half year to 30.6.02 US\$m	Audited year to 31.12.02 US\$m
UK	8.6	12.4	14.0
Rest of Europe	143.2	99.9	241.8
Chile	68.9	59.1	120.7
Rest of Latin America	23.6	31.6	61.2
North America	29.9	21.2	50.8
Asia Pacific / other	197.7	194.5	374.6
	471.9	418.7	863.1

b) Turnover by operation

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Los Pelambres	318.7	278.0	576.7
El Tesoro	76.6	66.4	132.8
Michilla	40.9	39.0	83.2
Mining	436.2	383.4	792.7
Railway and other transport services	35.7	35.3	70.4
	471.9	418.7	863.1

Notes to turnover by operation

- (i) Turnover from Railway and other transport services is stated after eliminating inter-segmental sales to the mining division of US\$2.4 million (2002 half year – US\$2.3 million).
- (ii) Los Pelambres produces and sells copper and molybdenum concentrates. It is also credited for the gold and silver content in the copper concentrate it sells. Turnover by type of metal is analysed below. El Tesoro and Michilla do not have by-products from their copper cathode operations.

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Los Pelambres turnover by type of metal			
Copper	274.9	238.5	499.3
Molybdenum	39.6	32.3	65.3
Gold and silver	4.2	7.2	12.1
	318.7	278.0	576.7

c) Earnings before interest, tax, depreciation and amortisation (EBITDA) by operation

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Los Pelambres	159.6	125.6	256.2
El Tesoro	36.0	30.5	58.9
Michilla	3.9	7.2	13.6
Exploration	(1.5)	(1.6)	(2.8)
Corporate and other	(4.0)	(2.3)	(8.2)
Mining	194.0	159.4	317.7
Railway and other transport services	24.6	16.2	32.0
	218.6	175.6	349.7

EBITDA is calculated by adding back depreciation, amortisation and the non-exceptional loss on disposal of fixed assets (see Note 3(d)) to operating profit (see Note 3(e)).

As explained in Note 3(e), the Railway and other transport services division includes other operating income of US\$6.5 million.

d) Depreciation and amortisation by operation

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Los Pelambres	43.0	41.2	84.9
El Tesoro	9.7	9.6	19.8
Michilla	8.2	8.3	16.8
Corporate and other	0.2	0.5	1.0
Mining	61.1	59.6	122.5
Railway and other transport services	3.7	3.5	6.2
Total depreciation and amortisation	64.8	63.1	128.7
Loss/(profit) on disposal of fixed assets included in operating profit	0.6	(0.1)	7.1
	65.4	63.0	135.8

e) Operating profit/(loss) by operation

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Los Pelambres	116.2	84.5	165.9
El Tesoro	26.2	20.9	36.4
Michilla	(4.4)	(1.1)	(3.4)
Exploration	(1.5)	(1.6)	(2.8)
Corporate and other	(4.2)	(2.8)	(8.0)
Mining	132.3	99.9	188.1
Railway and other transport services	20.9	12.7	25.8
	153.2	112.6	213.9

Operating profit at the Railway and other transport services division includes other operating income of US\$6.5 million for the cancellation of a contract for additional tonnages by a customer.

f) Capital expenditure by operation

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Los Pelambres	28.4	21.2	43.8
El Tesoro	6.1	3.5	7.5
Michilla	4.0	4.4	6.9
Corporate and other	0.1	-	0.1
Mining	38.6	29.1	58.3
Railway and other transport services	4.1	5.1	6.1
	42.7	34.2	64.4

Capital expenditure represents purchase of tangible fixed assets stated on an accruals basis (see Note 10) and may therefore differ from the amount included in the cash flow statement.

g) **Net assets by operation**

	Unaudited half year to 30.6.03 US\$m	Unaudited half year to 30.6.02 US\$m	Audited year to 31.12.02 US\$m
Los Pelambres	1,255.9	1,342.4	1,297.3
El Tesoro	344.4	353.5	354.6
Michilla	79.4	95.4	84.1
Corporate and other	2.0	9.2	7.2
Mining	1,681.7	1,800.5	1,743.2
Railway and other transport services	100.3	98.7	92.5
Operating net assets	1,782.0	1,899.2	1,835.7
Other fixed asset investments	187.9	185.5	187.4
Net debt	(603.9)	(792.0)	(712.9)
Group dividend	(21.7)	(19.7)	(35.5)
Net assets	1,344.3	1,273.0	1,274.7

Net assets are stated before deducting minority interests.

4 Provisional pricing and commodity hedging**a) Provisional pricing**

Copper concentrate 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 on the final metallurgical content of the concentrate.

Revenues in the six months to 30 June 2003 included positive adjustments to sales of concentrates open at 31 December 2002 totalling US\$8.8 million. Revenues in the six months to 30 June 2002 included positive adjustments to sales of concentrates open at 31 December 2001 totalling US\$10.5 million.

At 30 June 2003, copper sales totalling 66,040 tonnes remained to be finally priced, and were recorded at that date at an average price of 74.9 cents. At 30 June 2002, copper sales totalling 67,540 tonnes remained to be finally priced, and were recorded at that date at an average price of 72.8 cents.

b) Commodity hedging

The Group periodically enters into commodity hedging contracts to manage its exposure to the copper price. Turnover for the mining division for the six months to 30 June 2003 included gains of US\$1.9 million relating to commodity hedging activities. Turnover for the first six months of 2002 included losses of US\$1.0 million relating to commodity hedging.

At 30 June 2003, the Group had hedged 41,400 tonnes of copper production using futures with a price of 77.6 cents per pound and an outstanding duration of one month. The Group had also hedged 33,750 tonnes of production using min/max options with a weighted average floor and ceiling of 74.2 cents and 80.0 cents respectively, and an average duration of 2.3 months. The unrealised mark-to-market gain on these instruments at that date was US\$2.3 million, when the LME cash price was 74.6 cents. Further hedges were entered subsequent to 30 June covering the period to March 2004.

5 Operating profit

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Turnover	471.9	418.7	863.1
Cost of sales	(279.7)	(264.8)	(558.2)
Gross profit	192.2	153.9	304.9
Administrative expenses	(39.2)	(36.4)	(82.2)
Closure provision (Note 13)	(0.5)	(0.5)	(1.2)
Severance charges (Note 13)	(1.0)	(0.7)	(1.9)
Exploration costs	(1.5)	(1.6)	(2.8)
Other net operating income/(expenditure)	3.2	(2.1)	(2.9)
Operating profit	153.2	112.6	213.9

Depreciation charges in the six months to 30 June 2003 were US\$64.8 million (2002 half year – US\$63.1 million). Of this amount, US\$58.9 million (2002 half year – US\$56.2 million) is included in cost of sales and US\$5.9 million (2002 half year – US\$6.9 million) is included in administrative expenses.

6 Net interest payable

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Interest receivable and similar income	2.2	3.6	6.4
Interest payable and similar charges	(17.1)	(24.6)	(46.7)
Foreign exchange	0.3	(0.4)	(0.1)
Discount charge relating to provisions (Note 13)	(0.6)	0.4	0.1
	(15.2)	(21.0)	(40.3)

7 Tax

The tax charge of US\$30.0 million (2002 half year – US\$16.8 million) represents an effective rate (including deferred tax) of 21.7% (2002 half year – 17.7%) on profit before tax, as compared with the Chilean statutory tax rate of 16.5% (2002 half year – 16%).

The effective tax rate is higher than the statutory rate partly because deferred tax is measured at the rates expected to apply in the period in which timing differences are expected to reverse. Legislative changes at the end of 2001 increased the tax rate progressively to reach 17% in 2004. Additionally, the tax charge in the first six months of 2003 includes provision for the payment of certain withholding taxes.

8 Earnings per share

Earnings per share is calculated on profit after tax, minority interest and preference dividends giving earnings of US\$67.1 million (2002 half year – US\$52.4 million) and based on 197,171,339 (2002 half year – 197,171,339) ordinary shares in issue throughout the period.

9 Dividends

Dividends are 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 12 September 2003.

The Board has declared an interim dividend of 11 cents per ordinary share for payment on 10 October 2003 to shareholders on the register at the close of business on 12 September 2003. Dividends are declared and paid gross. The exchange rate to be applied for the conversion of dividends will be £1 = US\$1.595, giving those shareholders who will be paid in sterling an interim dividend of 6.8966 pence per ordinary share. In 2002, the Board declared an interim dividend of 10 cents per share, equivalent to a dividend of 6.5274 pence per share based on an exchange rate of £1=US\$1.532.

The Board has also proposed, subject to shareholder approval, a special dividend in specie of shares in Andsberg Limited. Further details are given in Note 17.

10 Tangible fixed assets

Net book value	Mining US\$m	Railway and other transport US\$m	Total US\$m
1 January 2003 (audited)	1,737.3	93.0	1,830.3
Additions	38.6	4.1	42.7
Disposals	(1.0)	-	(1.0)
Depreciation	(61.1)	(3.7)	(64.8)
Exchange	-	1.7	1.7
30 June 2003 (unaudited)	1,713.8	95.1	1,808.9

11 Other investments

	US\$m
1 January 2003 (audited)	187.4
Additions	0.5
Disposal	(0.1)
Exchange	0.1
30 June 2003 (unaudited)	187.9

Other investments include quoted investments with a book value of US\$187.7 million (2002 half year – US\$185.5 million). The market value of these investments at 30 June 2003 was US\$220.6 million (2002 half year – US\$181.8 million). These investments include a 33.6 per cent interest in Quiñenco S.A.

12 Loans

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Los Pelambres			
Projects loans	(660.4)	(747.7)	(704.0)
Other loans	(26.3)	(28.7)	(28.7)
El Tesoro			
Project loans	(169.2)	(197.0)	(181.3)
Subordinated debt	(24.9)	(31.6)	(24.3)
Finance leases	(15.3)	(16.4)	(16.4)
Michilla			
Finance leases	(1.5)	(2.5)	(2.0)
Railway and other transport services			
Loans	(8.7)	(8.6)	(8.6)
	(906.3)	(1,032.5)	(965.3)

Project loans at El Tesoro at 30 June 2003 are shown net of deferred financing costs of US\$3.2 million (30 June 2002 – nil). The gross amount due was US\$172.4 million.

Maturity of loans

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Due within one year	(127.7)	(117.8)	(124.0)
Due after more than one year	(778.6)	(914.7)	(841.3)
	(906.3)	(1,032.5)	(965.3)

At 30 June 2003, US\$27.2 million of project loans have been fixed at a rate of 5.56% for a remaining period of 1.7 years. The remainder of the loans are predominantly floating rate. However, the Group periodically enters into interest rate hedging contracts to manage its exposure to interest rates. At 30 June 2003, the Group had hedged US\$167.5 million of its borrowings using collars for a remaining weighted average period of 2.7 years. These limit the variability of the interest rate to a weighted average minimum (a floor) of 5.01% and a weighted average (a cap) of 5.99%.

13 Provisions for liabilities and charges

	Decommissioning and site rehabilitation US\$'m	Severance indemnities US\$'m	Deferred tax US\$'m	Total US\$'m
1 January 2003 (audited)	(7.5)	(10.6)	(77.2)	(95.3)
Charge to operating profit in period (Note 5)	(0.5)	(1.0)	-	(1.5)
Release of discount to net interest in period (Note 6)	(0.2)	(0.4)	-	(0.6)
Charge to tax on profit in period	-	-	(20.4)	(20.4)
Utilised in period	-	0.5	-	0.5
Exchange	-	(0.1)	-	(0.1)
30 June 2003 (unaudited)	(8.2)	(11.6)	(97.6)	(117.4)

14 Reconciliation of movements in shareholders' funds

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Profit for the financial period	67.2	52.5	96.8
Other recognised gains and losses relating to the period			
- Exchange	1.3	(1.5)	(10.3)
Total recognised gains and losses	68.5	51.0	86.5
Dividends	(21.8)	(19.8)	(55.4)
	46.7	31.2	31.1
Opening shareholders' funds	960.4	929.3	929.3
Closing shareholders' funds	1,007.1	960.5	960.4

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

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Operating profit	153.2	112.6	213.9
Depreciation	64.8	63.1	128.7
Loss/(profit) on disposal of tangible fixed assets	0.6	(0.1)	7.1
Increase in stocks	(0.1)	(4.3)	(8.0)
Decrease/(increase) in debtors	1.0	(14.9)	(10.2)
(Decrease)/increase in creditors and provisions	(13.3)	(7.6)	18.8
Net cash inflow from operating activities	206.2	148.8	350.3

16 Reconciliation of net cash flow to movement in net debt

	Unaudited half year to 30.6.03 US\$'m	Unaudited half year to 30.6.02 US\$'m	Audited year to 31.12.02 US\$'m
Net cash inflow/(outflow) in the period	0.3	(3.7)	1.2
Cash outflow from decrease in debt	60.0	27.9	96.8
Cash outflow/(inflow) from increase/(decrease) in liquid resources	49.0	(8.9)	3.1
Change in net debt resulting from cash flows	109.3	15.3	101.1
Interest accrued on long-term loan balances	(0.8)	(1.5)	(2.3)
New leases	-	(1.3)	(2.0)
Exchange	0.5	4.2	(1.0)
Movement in net debt in the period	109.0	16.7	95.8
Net debt at the beginning of the period	(712.9)	(808.7)	(808.7)
Net debt at the end of the period	(603.9)	(792.0)	(712.9)

Composition of net debt

	Unaudited 30.6.03 US\$'m	Unaudited 30.6.02 US\$'m	Audited 31.12.02 US\$'m
Cash in hand and demand deposits	4.3	3.0	3.4
Current asset investments	298.1	237.5	249.0
Long and short term loans including finance leases (Note 12)	(906.3)	(1,032.5)	(965.3)
Net debt at the end of the period	(603.9)	(792.0)	(712.9)

17 Post balance sheet event

On 2 September, Antofagasta plc announced a proposal to demerge its holding in Quiñenco S.A. via a special dividend in specie to ordinary shareholders of shares in Andsberg Limited, a wholly owned subsidiary of the Group. Andsberg is an unlisted Jersey registered holding company which has as its principal ultimate asset the Group's 33.6% interest in Quiñenco.

Under the terms of the proposed demerger, ordinary shareholders will receive, by way of a dividend in specie, one share in Andsberg for every ordinary share held in Antofagasta plc at the record date for this dividend in specie, which is expected to be 1 October 2003. The Andsberg shares will carry a redemption right until 30 October 2003 at a fixed price of US\$1.11 per Andsberg share.

The proposed demerger is subject to shareholder approval at an Extraordinary General Meeting to be held on 1 October 2003.

18 Financial information

The Group's statutory accounts for the year to 31 December 2002 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 2002 profit and loss account, balance sheet and cash flow statement 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.

19 Currency translation

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

	Period end rates	Average rates
30.6.03	US\$1.6469 = £1; US\$1 = Ch\$699	US\$1.6098 = £1; US\$1 = Ch\$724
30.6.02	US\$1.5281 = £1; US\$1 = Ch\$688	US\$1.4428 = £1; US\$1 = Ch\$665
31.12.02	US\$1.6033 = £1; US\$1 = Ch\$719	US\$1.4995 = £1; US\$1 = Ch\$689

20 Distribution

These results will be sent by first class post to all shareholders on 2 September 2003. 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 2003 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and related Notes 1 to 17, 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.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The 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 are 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 2003.

Deloitte & Touche LLP
Chartered Accountants
London

2 September 2003