Half yearly financial report for the six months ended 30 June 2010

24 August 2010

HIGHLIGHTS

SIX MONTHS TO 30 JUNE		2010	2009	% Change
Group turnover	US$'m	**1,761.3**	1,178.3	49.5%
Cash flows from operations	US$'m	**1,087.7**	52.8	1,960.0%
Net earnings[1]	US$'m	**451.2**	235.7	91.4%
Earnings per share	cents	**45.8**	23.9	91.6%
Net cash at period end	US$'m	**1,401.2**	1,773.3	(21.0)%
Dividend per share[2]	cents	**4.0**	3.4	17.6%
Average LME copper price (per pound)	cents	**323.4**	183.5	76.2%
Group copper production	'000 tonnes	**252.9**	218.2	15.9%
Group weighted average cash costs[3] (net of by-product credits)	cents	**91.5**	97.5	(6.2)%
Group weighted average cash costs[3] (excluding by-product credits)	cents	**126.5**	116.0	9.1%
Average market molybdenum price (per pound)	US$	**16.1**	9.1	76.9%
Group molybdenum production	'000 tonnes	**4.4**	3.7	18.9%

See footnotes on following page.

- **Net earnings were US$451.2 million, 91.4% above the 2009 half year**, reflecting increased production volumes as well as the improved commodity price environment.

- **Ordinary interim dividend of 4.0 cents declared**. This represents an increase of 17.6% on the 2009 interim dividend of 3.4 cents, reflecting the strong underlying operating and financial performance of the Group.

- **Strong operating performance** with copper production of 252,900 tonnes, 15.9% above the first half of 2009, mainly due to the higher plant throughput at Los Pelambres as a result of the plant expansion. Full year copper production is expected to be approximately 530,000 tonnes, marginally below the original forecast for the full year.

- **Weighted average cash costs in the first six months of 2010 reduced to 91.5 cents**, compared with 97.5 cents per pound in the first half of 2009, reflecting higher by-product credits at Los Pelambres. Excluding by-product credits, cash costs were in line with forecast at 126.5 cents per pound, an increase compared with 116.0 cents per pound in the 2009 half year, reflecting the stronger Chilean peso, higher energy costs and the reopening of the Lince open pit at Michilla, although largely stable compared with the second half of 2009, when costs were 124.4 cents.

- **Los Pelambres plant expansion completed as planned and on budget**, increasing capacity by more than 30% to 175,000 tonnes per day based on current environmental permits.

- **Esperanza on track to commence operations during the fourth quarter of 2010.** In 2011 production from Esperanza, along with a full year's impact of the Los Pelambres plant expansion, is expected to lift the Group's annual production to over 700,000 tonnes.

- **Mirador oxides to enhance El Tesoro mine plan following completion of a feasibility study.** The inclusion of Mirador oxides into El Tesoro's mine plan is expected to increase El Tesoro's cathode production between 2012 to 2014 to approximately 100,000 tonnes, reducing cash costs and extending the life of the operation from 2019 to 2022. The intragroup transfer of the oxides from the wholly-owned Mirador deposit into the 70% owned El Tesoro operation will be based on an independent valuation of US$350 million plus interest to completion.

- **Significant progress in the Sierra Gorda district.** Mineral resource estimates have been completed for the Caracoles and Telégrafo deposits, increasing the Group's total mineral resources by 3.7 billion tonnes with an average copper grade of 0.40% (along with additional gold and molybdenum credits), representing a 25% tonnage increase on the Group's 2009 year-end total resources of 15.1 billion tonnes with an average copper grade of 0.46%. Further expenditure of approximately US$70 million approved to evaluate growth options in the district.

- **Conclusion of agreement for Nokomis project.** In July 2010 the Group signed a definitive agreement with Duluth Metals Limited to acquire an initial 40% stake in the Nokomis copper-nickel-platinum group metal deposit, a potentially world class base and precious metal deposit located in the highly prospective Duluth Complex in Minnesota.

Marcelo Awad, Chief Executive Officer of Antofagasta Minerals S.A., commented:

"We had a very strong first half in 2010 with the successful completion of the Los Pelambres expansion bringing increased production, while costs have remained in line with expectations. Combined with the more positive pricing environment, this has resulted in significantly higher earnings compared with the first half of 2009. The Esperanza mine remains on track to commence operations during the fourth quarter of this year, and in 2011, the Group's annual production is expected to exceed 700,000 tonnes which represents an increase of approximately 60% from 2009 levels.

Demand for commodities has remained strong so far this year and while prices could remain volatile, the medium term outlook remains positive. The Group is therefore well placed to benefit from its disciplined approach to investment and its strong financial position, which has enabled it to continue with its strategy of profitable and low cost growth through the economic cycle. Initiation of a prefeasibility study in the Sierra Gorda district following successful exploration results and the conclusion of the agreement for a stake in the Nokomis project are further significant steps for securing the longer-term potential of the Group for further growth.

Given the Group's increased production profile, proven ability to deliver major expansion projects, promising exploration prospects and robust balance sheet, together with positive copper market fundamentals, we are well positioned to continue delivering value for our shareholders."

1 *Net earnings refer to profit for the financial year attributable to equity holders of the Company.*

2 *Dividends are paid in either sterling or US dollars. The conversion rate for dividends to be paid in sterling will be set on 22 September 2010.*

3 *Cash cost is a method used by the mining industry to express the cost of production in cents per pound of copper, and is further explained in Note 2831(b)(iii).*

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DIRECTORS' COMMENTS FOR THE HALF YEAR TO 30 JUNE 2010

Overview

The Group delivered a strong performance in the first six months of 2010. The successful completion of the Los Pelambres plant expansion as planned during the period resulted in increased production in the first six months of 2010, and is expected to bring continued growth in the second half of the year. Construction at Esperanza is also progressing well, with the mine on track to commence operations during the fourth quarter of 2010. Together the Los Pelambres expansion and the Esperanza mine will result in a significant step-change in the Group's production capacity which is expected to exceed 700,000 tonnes per annum from 2011. Net earnings were US$451.2 million compared with US$235.7 million in the first half of 2009, with the increase reflecting the stronger price environment as well as the higher production volumes. Cash flows from operations were US$1,087.7 million, compared with US$52.8 million in the first six months of 2009, reflecting the improved earnings in the current period, as well as large negative working capital adjustments in the comparative period which arose mainly as a result of provisional pricing adjustments. At 30 June 2010 the Group had a net cash position of US$1,401.2 million.

Metal prices during the first six months of 2010 were significantly higher than the 2009 comparative period. The LME copper price averaged 323.4 cents per pound, compared with 183.5 cents in the first half of 2009, although a fall in the market price at the end of the current period resulted in negative pricing adjustments on provisionally invoiced sales, whereas rising prices in first six months of 2009 resulted in positive pricing adjustments in that period. Molybdenum market prices averaged US$16.1 per pound, compared with US$9.1 per pound in the first half of 2009. As explained in "Current Trading Prospects" below, the copper price has strengthened since the end of the first half, and the outlook for copper remains positive. Nevertheless given continuing concerns over the macro-economic environment and the increased role of financial investment in commodity markets in recent years, prices are likely to remain subject to volatility.

Copper production for the half year was 252,900 tonnes, 15.9% above the first half of 2009, mainly due to the higher plant throughput at Los Pelambres as a result of the plant expansion. Sales volumes of copper were 229,300 tonnes, due to a delay in programmed shipments at Los Pelambres at the end of June due to adverse weather conditions. The accumulated inventory of filtered concentrate at the port was shipped in July. Molybdenum production at Los Pelambres was 4,400 tonnes, 18.9% above the first half of 2009, mainly due to the higher plant throughput, as well as slightly improved ore grades. The transport and water divisions performed well with both divisions achieving growth in their overall volume levels. For the 2010 full year, Group copper production from the three operating mines is expected to be approximately 530,000 tonnes, slightly below the forecast of 543,000 tonnes announced in March, reflecting updated forecasts at Los Pelambres and El Tesoro. Molybdenum production is expected to be 9,200 tonnes.

Weighted average cash costs in the first six months of 2010 were 91.5 cents compared with 97.5 cents per pound in the first half of 2009, reflecting higher by-product credits at Los Pelambres. Excluding by-product credits, cash costs were 126.5 cents per pound compared with 116.0 cents per pound in the 2009 half year, reflecting the stronger Chilean peso, higher energy costs and the reopening of the Lince open pit at Michilla, although largely stable compared with the second half of 2009, when costs were 124.4 cents.

In July 2010 El Tesoro approved the inclusion of additional material into its mine plan from the Mirador oxide deposit, following the completion of a feasibility study in the first half of the year. The inclusion of Mirador oxides into El Tesoro's mine plan is expected to increase El Tesoro's cathode production between 2012 to 2014 to approximately 100,000 tonnes, reducing cash costs and extending the life of the operation from 2019 to 2022. The intragroup transfer of the oxides from the wholly-owned Mirador deposit into the 70% owned El Tesoro operation will be based on an independent valuation of US$350 million plus interest to completion.

The Group has progressed with its exploration and development programme in its key areas of focus around the existing asset base. The Group's primary focus remains the Sierra Gorda district, and during the first half of 2010 mineral resource estimates have been completed for the Caracoles and Telégrafo deposits. This has increased the Group's total mineral resources by 3.7 billion tonnes with an average copper grade of 0.40% (along with additional gold and molybdenum credits), representing a 25% tonnage increase on the Group's 2009 year-end total resources of 15.1 billion tonnes with an average copper grade of 0.46%. In May 2010 the Group approved further expenditure of approximately US$70 million on growth options in the district for the period to the end of 2011, covering further exploration, the preparation of a pre-feasibility study for the district and for infill drilling, geotechnical and metallurgical studies to support eventual feasibility studies at Caracoles and Telégrafo. The pre-feasibility studies for both of these deposits are now underway.

The Group is continuing to review the options for utilising the major resource base at Los Pelambres, including the potential for longer-term growth of the scale of the operation. Work is continuing at the Antucoya deposit, with the necessary permits for a test pit being granted during the first half of 2010, which will allow the extraction of ore for metallurgical testwork to commence during the second half of the year.

The Group has also continued with its other early stage opportunities and prospects. In July 2010 the Group signed a definitive Participation and Limited Liability Agreement with Duluth Metals Limited ("Duluth"), under which the Group will acquire an initial 40% stake in Duluth's Nokomis copper-nickel-platinum group metal deposit, a potentially world class base and precious metal deposit located in the highly prospective Duluth Complex in north-eastern Minnesota. At the Reko Diq joint venture in Pakistan work on the feasibility study has now been concluded and the environmental and social impact assessment study is also being finalised. Discussions with the relevant authorities in Pakistan are continuing on matters including a mineral agreement. During the second half of 2010 it is envisaged that an application for a mining licence will be submitted, to replace the existing exploration licence which expires in February 2011. The Group has also continued with exploration work on its portfolio of early-stage international exploration projects in South America, Europe and Africa.

The Chilean government has progressed with its plans to fund the reconstruction of the southern areas of Chile affected by the major earthquake which hit the country in February 2010. The reconstruction costs are expected to be funded through a combination of temporary taxation measures, government borrowing and use of the state's stabilization fund. A temporary increase in the corporate income tax rate for 2011 and 2012 was enacted into law in July 2010. Under the new measure the present 17% rate will temporarily increase to 20% in 2011 and 18.5% in 2012, before reverting back to 17% from 2013. The government's proposal to amend the mining royalty was rejected by the Chilean Congress, and it is likely that further discussions in respect of potential changes to the royalty will continue over the forthcoming months.

The Board has declared an ordinary interim dividend of 4.0 cents per share for the 2010 half-year. This represents a 17.6% increase on the 2009 interim dividend of 3.4 cents, reflecting the strong underlying operating and financial performance of the Group. As in previous years, the Board intends to determine an appropriate level of final dividend when the full year results are announced in March 2011 taking into account the level of profits earned in the period under review, the cash position of the Group and significant known or expected funding commitments.

Review of operations

Mining division

Operations and development projects

Los Pelambres (60% owned)

Los Pelambres produced 186,100 tonnes in the first six months of 2010, 18.2% above the first half of 2009, mainly due to higher plant throughput as a result of the plant expansion. The expansion added additional infrastructure including a third SAG mill and sixth ball mill, and as a result the plant is now able to operate at an annual average throughput of 175,000 tonnes per day under the current environmental permits, compared with the previous plant capacity of approximately 130,000 tonnes per day. The plant now has the engineering capacity to operate at a higher throughput level, and is able to do so for periods during the year, provided the average annual throughput does not exceed the permitted maximum level. The 175,000 tonnes per day level was reached at the end of March 2010, despite slight delays resulting from the effects of the major earthquake which struck Chile in February 2010, which caused some damage to the dedicated electricity sub-station, as well as impacting the families of some of the workforce, many of whom consequently had to return home. Throughput continued at just below the 175,000 level during Q2 2010 and for the half year as a whole averaged 156,200 tonnes per day (2009 half year – 132,000 tonnes per day). Ore grades and recoveries averaged 0.77% and 89.9% respectively (2009 half year – 0.74% and 92.6% respectively). Shipments of payable copper in the first half of 2010 were 162,400 tonnes, 23,700 tonnes lower than production due to a delay in programmed shipments at the end of June as a result of adverse weather conditions. The accumulated inventory of filtered concentrate at the port was shipped in July. These sales volumes of 162,400 tonnes were 9.4% higher than the first half of 2009, when sales volumes were 148,400 tonnes.

Molybdenum production was 4,400 tonnes in the first half of the year, 18.9% above the first half of 2009. The higher production was mainly due to the higher plant throughput, as well as slightly improved ore grades.

Realised copper prices at Los Pelambres were 304.1 cents per pound (2009 half year – 238.6 cents per pound), reflecting the effect of the higher average LME copper price compared with the first half of 2009, partly offset by the impact of provisional pricing adjustments. Realised copper prices in H1 2010 were lower than the average LME copper price for the period of 323.4 cents per pound, mainly because the decrease in the copper price at the period-end resulted in a negative mark-to-market adjustment of US$64.6 million, which is equivalent to 18.1 cents per pound. Conversely, the realised copper price in the first half of 2009 was higher than the average LME price of 183.5 cents per pound, due to the increasing copper price during that period. Realised molybdenum prices were US$16.8 per pound compared with US$9.7 per pound in the first half of 2009, reflecting the increase in average market prices. Realised molybdenum prices in both periods marginally exceeded average market prices, reflecting small provisional pricing adjustments in both periods. Further details of pricing adjustments for both copper and molybdenum are given in the Financial Commentary under "Turnover" and in Note 4(a) to the condensed financial statements;

Cash costs, which are stated net of by-product credits and include tolling charges, were 68.1 cents per pound in the first half of 2010, compared with 84.7 cents per pound in H1 2009. The decrease in net costs was mainly due to the increase in by-product credits as a result of higher molybdenum market prices and a decrease in tolling charges, partly offset by an increase in on-site and shipping costs. By-product credits increased to 47.6 cents per pound (2009 half year – 25.6 cents per pound), reflecting higher molybdenum market prices, as well as the increased molybdenum production. Excluding by-product credits, cash costs were therefore 115.8 cents per pound (2009 first half – 110.2 cents). On-site and shipping costs increased to 98.4 cents pound (2009 half year – 90.8 cents per pound), mainly due to higher energy costs and a stronger Chilean peso compared to the weaker economic environment in the first half of 2009. Tolling charges decreased slightly to 17.4 cents per pound (2009 half year – 19.4 cents per pound) reflecting the reduced annual terms for treatment and refining charges.

Depreciation charges at Los Pelambres increased to US$78.9 million in the 2010 half year (2009 half year – US$62.8 million), mainly as a result of depreciation commencing on the capitalised cost of the plant expansion during the second quarter of the year.

Consequently, Los Pelambres achieved an operating profit of US$773.6 million in the 2010 half year, 75.1% above the 2009 first half, as the higher realised copper and molybdenum prices and higher sales volumes offset the impact of higher on-site and shipping costs and depreciation.

Total borrowings at Los Pelambres at 30 June 2010 were US$730.7 million, relating to unsecured syndicated loans. This compared with US$821.9 million at the beginning of the year and US$614.5 million at 30 June 2009.

Total capital expenditure during the first six months of 2010 was US$117.7 million, mainly relating to the plant expansion. US$85.1 million of expenditure was incurred on the expansion in the first half of 2010, taking total cumulative expenditure on the project to US$1 billion, in line with the original budget.

The full year production forecast is expected to be approximately 400,000 tonnes of payable copper and approximately 9,200 tonnes of molybdenum, compared with the initial forecasts of the year of 407,000 tonnes and 9,500 tonnes respectively, as a result of the slight delays in commissioning the plant expansion during the first quarter due to the impact of the earthquake. The full year cost forecast is for cash costs (before by-product credits) of approximately 120 cents per pound, compared with the original forecast for the year of 114 cents per pound, due to higher expected costs in the second half of the year, including energy and steel prices. However, this should be offset by stronger molybdenum prices. The original forecasts were based on an average molybdenum price for the year of US$13 per pound, and on this basis by-product credits were expected to be approximately 33 cents per pound, which resulted in forecast net cash costs for 2010 of approximately 81 cents. The molybdenum price for the first half of 2010 averaged US$16.1 per pound and should this level of pricing be maintained through the second half of the year this should keep Los Pelambres' net cash costs at a similar level.

El Tesoro (70% owned)

Copper cathode production at El Tesoro was 47,300 tonnes during the first six months of 2010, 18.0% above the first half of 2009. This partly reflects the impact of production from the fully operational Esperanza Run-of-Mine ("ROM") oxide leaching project which started operations in the second half of 2009, as well as production from the Tesoro North-East deposit which began in the second quarter of 2009.

In total 40,200 tonnes of cathodes were produced with ore from the original El Tesoro pit ("Tesoro Central") and the Tesoro North-East deposit, as well as some Esperanza higher-grade oxides from that operation's pre-stripping. This ore is all processed through the heap-leach process at El Tesoro, and the average ore grade for this material was 1.20% during the first half of 2010 (2009 half year – 1.10%). The metallurgical recoveries averaged 74.2% (2009 half year – 72.5%). In addition to these amounts, 7,100 tonnes of cathodes were produced from the ROM processing of low-grade Esperanza oxides, which commenced in the second half of 2009.

Realised copper prices at El Tesoro were 319.7 cents per pound compared with 206.5 cents per pound in the 2009 half year, mainly reflecting the higher average LME prices which were partly offset by negative provisional pricing adjustments due to the decrease in the copper price towards the end of the current period. There was no impact on revenues in the first half 2010 from the commodity hedging instruments in place, whereas realised gains of US$6.2 million were recognised in the first six months of 2009. Further details of pricing adjustments are given in the Financial Commentary under "Turnover" and in Note 4(a) to the condensed financial statements; further details of the effects of commodity hedge instruments in place are given in the Financial Commentary under "Derivative Financial Instruments" and in Note 4(b) to the condensed financial statements.

Cash costs in the first half of 2010 were 146.6 cents per pound, which was below budget although a 23.8 cents per pound increase on the first half of 2009. This increase was mainly due to the stronger Chilean peso, higher fuel costs, the impact of inventory movements on costs and inclusion of costs for the Tesoro North-East and the ROM operations. These factors were partly offset by lower sulphuric acid prices.

Operating profit at El Tesoro was US$144.0 million compared with US$50.2 million in the 2009 half year, reflecting the higher realised copper prices and increased cathode production, partly offset by the higher cash costs. Capital expenditure in the first half of 2010 was US$14.1 million.

On 20 August 2010 El Tesoro decided to temporarily suspend operations at the Tesoro North-East open pit to permit the completion of geotechnical studies to ensure the safety of certain walls of that open pit. During this period the plant will be fed with ores mined from the Tesoro Central pit and from stockpiles. As a consequence of lower ore grades, full year cathode production is currently estimated to be approximately 90,000 tonnes compared with the initial forecast of 96,000 tonnes at the start of the year. Cash costs for the year were originally forecast to be approximately 156 cents per pound, though this may be impacted in the second half of the year by the mining of lower grade material.

In July 2010 El Tesoro approved the inclusion of additional material into its mine plan from the Mirador oxide deposit. Mirador is located approximately 6 kilometres east of the El Tesoro mine in the Sierra Gorda district of northern Chile, and which is 100% owned by Antofagasta through its indirect wholly-owned subsidiary, Antofagasta Minerals S.A. ("AMSA"). The deposit was identified by AMSA in 2008 through its on-going exploration programme. A feasibility study focused on the oxide mineral resource at Mirador was completed in the first half of 2010, resulting in proved and probable oxide ore reserves of 22.2 million tonnes with an average copper grade of 1.33% based on a cut-off grade of 0.35%. There is an ongoing exploration programme at Mirador targeted on the underlying sulphide deposit.

The boards of El Tesoro and AMSA have approved an agreement to transfer the right to mine and process the Mirador oxide ores to El Tesoro for a consideration of US$350 million (plus interest to completion). The consideration, which is based on an independent valuation, is derived from the estimated incremental net present value to El Tesoro of incorporating oxide ores from Mirador into its mine plan. The consideration is expected to be mainly funded by bank debt. Completion is expected to take place during the second half of 2010. This intragroup agreement will be entered pursuant to the partnership agreement signed between the Antofagasta group and Marubeni Corporation ("Marubeni") in 2008 under which Marubeni acquired a 30% interest in each of El Tesoro and Minera Esperanza, and which permitted Antofagasta to introduce further properties in the Sierra Gorda district in the Antofagasta Region in northern Chile to the partnership with Marubeni.

The Mirador oxide deposit is expected to require one year of pre-stripping which is expected to be completed by the end of 2011, and development capital expenditures of approximately US$32 million. Environmental approval for the project is already in place and applications have been made for local permits. The oxide reserves are expected to produce a total of approximately 231,000 tonnes of copper in cathode between 2012 and 2014 which, when combined with other ore feed to the SX-EW plant, is expected to increase El Tesoro's annual cathode production in this period to approximately 100,000 tonnes. It will also extend El Tesoro's operating life by three years from 2019 under its existing base case to 2022, while reducing average cash costs as compared with the existing base case by approximately 20 cents per pound.

Michilla (74.2% owned)

Michilla produced 19,500 tonnes of copper cathode during the first half of the year, which was ahead of budget, although slightly below the first six months of 2009, mainly due to lower throughput and metallurgical recoveries. Production from the Lince open pit resumed from the start of 2010, having been suspended during 2009 as part of the Group's cost reduction programme in response to the difficult market conditions in the early part of that year. Ore throughput was lower at 14,100 tonnes per day compared with 14,800 tonnes in the 2009 half year. Ore grades were unchanged at 0.99% and metallurgical recoveries were lower at 76.8% (2008 half year – 78.3%).

Cash costs were 180.4 cents per pound in the first half of the year, only marginally above budget, although a 33.9 cents per pound increase on the first six months of 2009. The increase was due to the reopening of the Lince open pit (reopened given the improved copper price environment), a stronger Chilean peso and the higher cost of ore purchased from ENAMI partly offset by the lower sulphuric acid cost.

Realised copper prices in the period were 244.2 cents per pound compared with 178.9 cents per pound in the 2009 half year. This reflected the higher average LME prices which were partly offset by realised losses on commodity hedging instruments, with losses of US$34.7 million (equivalent to approximately 77.6 cents per pound) recognised in the first half of 2010, as well as negative provisional pricing adjustments due to the decrease in the copper price towards the end of the current period. Further details of pricing adjustments are given in the Financial Commentary under "Turnover" and in Note 4(a) to the condensed financial statements; further details of the effects of commodity hedge instruments in place are given in the Financial Commentary under "Derivative Financial Instruments" and in Note 4(b) to the condensed financial statements.

Operating profit at Michilla was US$23.0 million compared with US$6.3 million in the 2009 half year, reflecting the higher realised copper prices, partly offset by the increased cash costs and the slightly lower cathode production. Capital expenditure in the period was US$6.6 million.

The full year production forecast, as originally announced in March, is for approximately 40,000 tonnes of copper cathodes. The full year cost forecast, as also originally announced in March, was for cash costs of approximately 162 cents per pound, although as explained above, the relatively strong market conditions seen in the first half of year have resulted in higher costs. If relatively strong market conditions continue through the second half of 2010 this may keep cost levels at Michilla at a similar level to the first half.

Michilla's current mine plan runs until 2012. Michilla is continuing with studies to examine the potential to further extend the mine life, firstly to 2015, with a further possible extension to 2018.

Esperanza (70% owned)

The Esperanza project remains on schedule to commence operations during the fourth quarter of 2010. This is despite some disruption to the construction progress from the earthquake which occurred in February 2010, which impacted the families of some of the workforce and the timely availability of some of the construction supplies coming from the affected areas. Overall construction was 85% complete at the end of June. 150 million tonnes of material had been moved as part of the pre-strip by the end of June, with the pre-stripping completed during July. The primary crusher is also now complete and commissioned.

The mine life given current reserves is 16 years. In its first ten years of operation Esperanza is projected to produce on average per year approximately 714,000 tonnes of concentrate containing 191,000 tonnes of payable copper. However, with slightly lower grades in its initial full year of production, 2011 is expected to be below this average level. In addition, the concentrate is expected to contain an annual average of 215,000 ounces of payable gold, as well as silver which is treated as a by-product credit. Cash costs before by-product credits are currently estimated to be approximately 136 cents per pound over the same period. The gold by-product is expected to reduce cash costs on average during this period by approximately five cents per pound per US$100 in the gold price. There is potential for molybdenum production from 2015 at a rate of 2,000 tonnes per year over the following ten years. As explained in the Sierra Gorda section below, the adjacent Telégrafo deposit could utilise the Esperanza plant and facilities well beyond Esperanza's existing mine life or provide the basis for a future expansion.

Capital expenditure in the period was US$504 million, taking cumulative capital expenditure on the project to US$1,722 million. As announced earlier this month, the total development cost (including working capital, financing and exchange impacts) is estimated to be $2.5 billion, compared with the previous estimate of US$2.3 billion, reflecting exchange effects and cost revisions including the impact of the earthquake earlier in the year on construction activities.

Opportunities around existing asset bases

Sierra Gorda district

In Chile, the Group's primary focus remains the Sierra Gorda district, where El Tesoro and Esperanza are located, and where the Group owns or controls a number of other properties. During the first six months of 2010 a total of US$20.0 million of exploration expenditure was incurred in this district, predominantly in respect of the Caracoles and Telégrafo deposits.

During the first half of 2010 mineral resource estimates have been completed for the Caracoles and Telégrafo deposits, which are primarily sulphide deposits with smaller upper oxide layers. In May 2010 Antofagasta Minerals approved further expenditure of approximately US$70 million on growth options in the Sierra Gorda district for the period to the end of 2011, covering further exploration, the preparation of a pre-feasibility study for the district and for infill drilling, geotechnical and metallurgical studies to support eventual feasibility studies at Caracoles and Telégrafo. The pre-feasibility studies for both of these deposits are now underway.

The Caracoles deposit is situated approximately 10 kilometres south-east of Esperanza, and is 100% owned by the Group. During the first six months of 2010 US$7.1 million of further exploration work was undertaken at the deposit. The mineral resource at Caracoles is 1,129 million tonnes at an average copper grade of 0.45%, of which the sulphide deposit represents 997 million tonnes at 0.45% copper (plus 0.015% molybdenum and 0.18 g/tonne gold) and the oxide deposit represents 132 million tonnes at 0.50% copper. Depending on the results of the on-going pre-feasibility study it will be possible to evaluate whether the deposit could provide additional feed for the Esperanza plant, or support a stand-alone project.

The Telégrafo deposit is adjacent to Esperanza and could be used to extend that mine's life or increase the size of the operation. The Telégrafo deposit is owned through Minera Esperanza and hence the Group's interest in the deposit is 70%. In the first half of 2010 US$8.9 million of exploration work was carried out at the deposit. The mineral resource at the Telégrafo deposit is 2,604 million tonnes at an average copper grade of 0.38%, of which the sulphide deposit represents 2,557 million tonnes at 0.38% copper (plus 0.012% molybdenum and 0.11 g/tonne gold) and the oxide deposit represents 46 million tonnes at 0.25% copper.

Together, the Caracoles and Telégrafo resource estimates have increased the Group's total mineral resources by 3.7 billion tonnes with an average copper grade of 0.40% copper (along with additional gold and molybdenum credits), representing a 25% tonnage increase on the Group's 2009 year-end total mineral resources of 15.1 billion tonnes with an average copper grade of 0.46%.

The Mirador deposit is located approximately 6 kilometres east of the El Tesoro mine, and contains both sulphide and oxide ores. As discussed above in the El Tesoro section, in July 2010 El Tesoro approved the inclusion of additional material into its mine plan from the oxide deposit. Exploration work is also continuing on the Mirador sulphide deposit, and during the first half of 2010 US$1.6 million of exploration expenditure was incurred in relation to this sulphide deposit.

In addition to the above properties, a further US$2.4 million of exploration work was performed in the Sierra Gorda district, in respect of a number of other properties which the Group owns in the area.

Los Pelambres district (60% owned)

Los Pelambres has total mineral resources of 6.2 billion tonnes with an average copper grade of 0.52%, which are significantly in excess of the 1.5 billion tonnes of ore reserves currently incorporated in Los Pelambres' mine plan. The Group is continuing to review the options for utilising this resource base, including the potential for longer-term growth of the scale of the operation, through a scoping study focusing particularly on the key issues of water supply, community engagement and environmental impact.

Antucoya (100% owned)

Antucoya is an oxide deposit located approximately 45 kilometres east of Michilla. The deposit has a mineral resource of 1.5 billion tonnes, with an average copper grade of 0.27% at a cut-off grade of 0.10%. Work is continuing to assess a potential stand-alone operation based on a combination of heap leaching on dynamic pads and ROM leaching on permanent pads. The necessary permits for a test pit were granted during the first half of 2010, which will allow the extraction of ore for metallurgical testwork to commence during the second half of the year. The wider environmental permitting process for the feasibility study is currently in progress. It is expected that detailed engineering feasibility work will start in the second half of 2010, with work on the study expected to be completed by mid-2011.

Other exploration and evaluation activities

During the first half of 2010 the Group's internal exploration team continued to perform exploration work in Chile, in areas beyond the existing core locations of the Sierra Gorda, Los Pelambres and Michilla / Antucoya districts. As well as this internal exploration work in Chile, the Group also continued to fund work at Rio Figueroa, the exploration project located in the Atacama Region in which the Group holds a 30% stake.

On 20 August 2010 the Group entered into an agreement with Minera Picacho, a wholly-owned subsidiary of Corporacion Nacional del Cobre (Chile) ("Codelco"), in respect of the Cumbres prospect in Chile's Antofagasta Region. The Group has the right to earn a 60% interest over a four-year period by funding US$2.5 million in exploration (with a minimim commitment of US$300,000 in the first year) and delivering a feasibility study within a further two years.

The Group is also undertaking exploration and evaluation work in a number of other countries. Normally when the Group wishes to engage in early-stage exploration work in areas outside of its traditional areas of deepest experience, namely Chile and Peru, it typically does so through partnerships with other companies already established in those locations or otherwise with significant international experience. During the first half of 2010, the Group established an office in Toronto, Canada, to support its continuing search for such opportunities.

Reko Diq (37.5% owned)

The Group holds a 50% interest in Tethyan Copper Company Limited ("Tethyan"), its joint venture with Barrick Gold Corporation ("Barrick"). Tethyan's principal assets are a 75% interest in the exploration licence encompassing the Reko Diq prospects in the Chagai Hills region of South-West Pakistan (in which the Government of Balochistan holds the remaining 25%) including the Western Porphyries, and a 100% interest in certain other licences in the region.

The Group's 50% share of exploration expenditure which has been expensed during the first six months of 2010 was US$9.0 million.

Work on the feasibility study has now been completed and the environmental and social impact assessment study is also being finalised. The feasibility study indicates potential capital costs for the project of approximately US$3.3 billion on a 100% basis, based on a 110,000 tonne per day plant, which would be capable of future expansions. The study indicates average annual production for the first five full years of operation of approximately 190,000 tonnes of copper and 270,000 ounces of gold, again on a 100% basis, at an estimated net cash cost after by-products of approximately 80 cents per pound, based on a gold price assumption of US$925 per ounce.

Discussions with the relevant authorities in Pakistan are continuing on matters including a mineral agreement. During the second half of 2010 it is envisaged that an application for a mining licence will be submitted, to replace the existing exploration licence which expires in February 2011.

United States – Nokomis deposit / Duluth Metals Limited

On 21 July 2010, the Group signed a definitive Participation and Limited Liability Agreement with Duluth Metals Limited ("Duluth"), a company listed on the Toronto Stock Exchange, to become a partner in Duluth's Nokomis copper-nickel-platinum group metal deposit ("Nokomis"), located in north-eastern Minnesota, USA. Subject to all applicable government and regulatory approvals, the Group will acquire a 40% stake in the project company, Twin Metals Minnesota LLC by providing US$130 million of funding over a three year period to advance the project to a bankable feasibility study. The Group also has the option to acquire an additional 25% of the project company following the completion of the feasibility study, based on the then net present value of Nokomis as determined by that study.

Nokomis is a potentially world class base and precious metal deposit located in the highly prospective Duluth Complex in north-eastern Minnesota. Duluth Metals published a NI 43-101 compliant resource estimate for Nokomis in October 2009 which consisted of 550 million tonnes of indicated resources with average grades of 0.639% for copper, 0.200% for nickel and 0.660 grams per tonne for platinum, palladium and gold, plus an additional 274 million tonnes of inferred resources with average grades of 0.632% for copper, 0.207% for nickel and 0.685 grams per tonne for platinum, palladium and gold.

Other international exploration agreements

The Group has continued with exploration work on its portfolio of early-stage international exploration projects, in particular the La Zarza project in Spain, the Loma Colorada project in Peru, the Kopermyn project in Namibia and the Asmara project in Eritrea.

In 10 August 2010 the Group entered into an agreement with Full Metal Minerals Limited ("Full Metal") of Canada in respect of its Pyramid copper-gold-molybdenum porphyry project in southwest Alaska. The Group has the right to earn up to a 51% interest in the project over a four-year period by funding up to US$6.0 million of exploration activities and making cash payments totalling US$200,000. Antofagasta will have the right to further increase its interest in the project to 65% by funding a scoping study and can then earn an additional 15% interest by funding a feasibility study.

After evaluation of the results of the exploration activities to date, the Group decided not to proceed further with the partnership with TEAL Exploration & Mining in Zambia, and accordingly assigned and therefore withdrew from the agreement in May 2010.

Opportunities in geothermal and coal exploration and generation

The Group is also continuing with its exploration and development activities relating to geothermal and coal energy prospects.

Energía Andina S.A, the joint venture between the Group and the Chilean state-owned Empresa Nacional del Petróleo ("ENAP"), is continuing with its activities for the exploration and development of geothermal energy prospects in Chile. During the first half of 2010 it was awarded a further five exploration concessions, taking the total number of concessions held to thirteen. The company is continuing with its exploration activities, both to evaluate its existing concessions, with a view to commencing drilling work later in 2010, and also to identify further potential concessions.

Work is continuing on the potential underground coal gasification project at the Mulpun coalfield, situated near Valdivia in southern Chile, along with the Group's 30% partner in the project, Carbon Energy Limited of Australia. In August 2010 the Group received environmental approvals for the first stage of the project, and during the second half of 2010 the Group is planning to undertake engineering studies in relation to the trial project.

Railway and other transport services (100% owned)

Rail and road volumes in the first half of 2010 were 3.0 million tons (2009 half year – 3.1 million tons) and 1.0 million tons (2009 half year – 0.7 million tons) respectively, representing a combined increase of 5.8%. Turnover (net of sales to the mining division) increased by 8.9% to US$72.4 million (2009 half year – US$66.5 million), reflecting the increase in total volumes and tariff adjustments in line with costs including fuel, inflation and exchange. However, increased operating costs meant operating profit decreased slightly to US$21.5 million (2009 half year – US$23.6 million).

The Antofagasta Railway Company ("FCAB") owns a 40% interest in Inversiones Hornitos S.A. ("Inversiones Hornitos"). Inversiones Hornitos is constructing the 150 MW Hornitos thermoelectric power plant in Mejillones, in Chile's Antofagasta Region, which will provide energy to the Group's Esperanza mine when the power plant enters commercial operation in 2011. The Group is responsible for its 40% share of the estimated total US$0.4 billion development costs of the power plant. As at 30 June 2010 the cumulative funding provided to Inversiones Hornitos, comprising a combination of equity contributions and loans, was US$134 million.

Aguas de Antofagasta S.A. (100% owned)

The water business performed well in the first half of the year. Volumes sold during this period increased by 3.1% in comparison with the first half of 2009, reaching 22.7 million cubic metres (2009 half year – 22.1 million cubic meters). This was principally due to a 5.7% increase in demand from domestic clients which offset a 2.7% decrease in demand from industrial customers.

Turnover increased by 3.9% to US$43.1 million, reflecting the improved volumes as well as the stronger Chilean peso (being the currency in which the majority of sales are billed). However, the improved revenue was offset by higher operating costs, reflecting the stronger peso and also the impact of the earthquake which temporarily disrupted some normal supply channels. As a result, operating profit consequently decreased marginally to US$22.5 million (2009 half year – US$22.9 million).

Dividends

The Board has declared an ordinary interim dividend of 4.0 cents per share for the 2010 half-year, a 17.6% increase on the 2009 interim dividend of 3.4 cents.

The Board's policy is to establish an ordinary dividend which can be maintained or progressively increased at conservative long-term copper prices and through the economic cycle. The Board recommends special dividends when it considers these appropriate after taking into account the level of profits earned in the period under review, the existing cash position of the Group and significant known or expected funding commitments.

The interim dividend of 4.0 cents will be paid on 7 October 2010 to ordinary shareholders on the register at the close of business on 17 September 2010. Dividends are payable in either US dollars or sterling, and the exchange rate to be applied to dividends to be paid in sterling will be set on 22 September 2010.

Current trading prospects

LME copper prices remained strong during the first half of 2010, following the rally in prices during 2009. The price at the start of 2010 was 333 cents per pound, and this was largely maintained during the first six months of the year, when prices averaged 323 cents. Prices dipped at the end of the period to 296 cents at 30 June 2010, but have since recovered back to a level of around 330 cents by mid-August. Visible inventory levels have been reducing over recent months. After steadily rising during the second half of 2009 and peaking in early March 2010 at over 790,000 tonnes, there has been a steady decrease to less than 670,000 tonnes at 30 June 2010 and reducing further to just over 600,000 tonnes by mid-August.

Demand, particularly from China, has remained strong throughout the year to date. While imports of refined copper into China in 2010 have been below 2009 levels this is above most original forecasts for the year given the high level of restocking which took place during 2009. The decrease in refined copper imports has also been compensated by higher imports of copper concentrates and scrap into China. Demand from Europe and Japan is also starting to come back, after limited interest in 2009. The supply side remains under constraint, given the limited number of major new projects coming on-stream and the natural decline of grades at existing mines. During 2010 to date approximately 600,000 tonnes of expected global production has been lost due to supply disruptions, which along with limited scrap availability has provided support to market prices. Consensus estimates are for a 2010 full year average price of approximately 320 cents per pound, in line with the pricing levels during the first half of the year, although prices are likely to remain subject to volatility given continuing concerns over the macro-economic environment and the increased role of financial investment in commodity markets in recent years.

The concentrate market remains in deficit, which is likely to continue for the foreseeable future as smelting capacity continues to outstrip mine supply. Mid-year contracts are reported as having been settled at US$39 per dry metric tonne for smelting and 3.9 cents per pound of copper for refining, more than 15% below the US$46.5 and 4.65 cents for the 2010 calendar year.

The molybdenum market strengthened during the first part of period, with the price increasing from US$11.8 per pound at the start of 2010 to reach a peak of US$18.6 during March. The price then fell back later in the period, reaching US$14.8 per pound at 30 June 2010, remaining at this level in mid-August. Limited new supply, and the relatively high cost of the industry’s marginal production, may help to support the molybdenum price in the medium term. Consensus estimates are for a 2010 full year average price of approximately US$16 per pound, again in line with the pricing levels during the first half of the year.

With its growth projects now coming on stream, the Group is well placed to benefit from these market conditions. Group copper production is expected to be approximately 530,000 tonnes of payable copper with the commissioning of the Los Pelambres plant expansion, and molybdenum production at Los Pelambres is expected to be approximately 9,200 tonnes. Weighted average cash costs before by-product credits for the full year are expected to be approximately 130 cents per pound. Construction at Esperanza is progressing well, with the mine on track to commence operations during the fourth quarter of 2010. In 2011 production from Esperanza, along with a full year’s impact of the Los Pelambres plant expansion, is expected to lift the Group’s annual production to over 700,000 tonnes, approximately 60% above 2009 levels. Initiation of a pre-feasibility study for expansion in the Sierra Gorda district following successful exploration results and the conclusion of the agreement for a stake in the Nokomis project are further significant steps for securing the longer-term potential of the Group for further growth.

FINANCIAL COMMENTARY FOR THE SIX MONTHS ENDED 30 JUNE 2010

Results

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

Turnover

	Six months ended 30.06.10	Six months ended 30.06.09	Year ended 3.12.09
	US$'m	US$'m	US$'m
Turnover	**1,761.3**	1,178.3	2,962.6

Group turnover in the first half of 2010 was US$1,761.3 million, 49.5% above the US$1,178.3 million achieved in the first half of 2009. This mainly reflected increased sales at the mining division in respect of both copper and molybdenum.

Turnover from the mining division

Turnover from copper concentrate and copper cathodes

Turnover from copper concentrate and copper cathode sales from the Group's three mines increased by 49.3% to US$1,471.5 million, compared with US$985.3 million in the first half of 2009. The increase mainly reflected the impact of higher realised prices as well as higher copper volumes.

(i) Realised copper prices

The Group's average realised copper price increased by 33.2% to 301.9 cents per pound (first half of 2009 – 226.6 cents per pound), reflecting the higher average LME copper price, which increased by 76.2% to 323.4 cents per pound (first half of 2009 – 183.5 cents per pound), partly offset by the negative adjustments to provisionally priced sales and the impact of realised hedging losses.

Realised copper prices are determined by comparing turnover (gross of tolling charges for concentrate sales) with sales volumes in the year. Realised copper prices differ from market prices mainly because, in line with industry practice, concentrate and cathode sales agreements generally provide for provisional pricing at the time of shipment with final pricing based on the average market price for future periods (normally about 30 days after delivery to the customer in the case of cathode sales and up to 180 days after delivery to the customer in the case of concentrate sales). Realised copper prices also reflect the impact of realised losses or gains of commodity derivative instruments hedge accounted in accordance with IAS 39 "Financial Instruments: Recognition and Measurements".

In the case of Los Pelambres, initially invoiced sales were US$1,162.4 million (first half of 2009 – US$592.6 million), representing an average price of 324.7 cents per pound (first half of 2009 – 181.1 cents per pound), in line with the average LME price for the period of 323.4 cents per pound (first half of 2009 – 183.5 cents per pound). Pricing adjustments decreased initially invoiced sales (before adjusting for tolling charges) by US$73.7 million for the first half of 2010, compared with a US$188.4 million increase to sales in the first half of 2009. The adjustments in the first half of 2010 comprised a deduction of US$4.6 million in respect of sales invoiced in 2009 (net of the reversal of mark-to-market adjustments made at the end of 2009) which were finally priced in 2010, and a deduction of US$69.1 million in respect of sales invoiced in 2010 (including a negative mark-to-market provision for open sales at the period end of US$64.6 million). Pricing adjustments in the first half of 2010 at El Tesoro and Michilla decreased revenues by US$5.7 million (first half of 2009 – increased revenues by US$13.3 million) and US$2.7 million (first half of 2009 – increased revenues by US$6.5 million) respectively. Further details of provisional pricing adjustments are given in Note 4(a) to the half yearly financial report.

In the first half of 2010 turnover also included a loss of US$34.7 million (first half of 2009 – net loss of US$2.8 million) on commodity derivatives at El Tesoro which matured during the year. Further details of hedging activity in the year are given in Note 4(b) to the half yearly financial report.

Realised prices are analysed by mine in the Directors' Comments on pages 4 to 6. The movement in the LME copper price during the period is described in the Directors' Comments on page 10.

(ii) Copper volumes

Copper sales volumes increased by 9.3% from 209,800 tonnes in the first half of 2009 to 229,300 tonnes this year. Sales volumes differed from production in each period mainly due to a delay in programmed shipments at Los Pelambres at the end of June due to adverse weather conditions. The accumulated inventory of filtered concentrate at the port was shipped in July.

Production volumes are analysed by mine in the Directors' Comments on pages 3 to 7. The increased production volumes in the period were mainly due to increased production at Los Pelambres, reflecting higher throughput as a result of the plant expansion which reached design capacity at the end of Q1.

(iii) Tolling charges

Tolling charges for copper concentrate at Los Pelambres decreased from US$62.6 million in the first half of 2009 to US$54.9 million in 2010, reflecting the decreased level of annual treatment and refining charges (partly mitigated by the "brick system" under which terms are often averaged over two years) partly offset by the impact of increased realised copper prices on certain contracts. Tolling charges are deducted from concentrate sales in reporting turnover and hence the decrease in these charges has had a positive impact on turnover compared with 2009.

Turnover from molybdenum and other by-products

Turnover from by-products at Los Pelambres, which relate mainly to molybdenum, increased by 105.1% to US$174.3 million in the first half of 2010 compared with US$85.0 million in the first half of 2009, mainly due to increased molybdenum realised and market prices as well as increased molybdenum volumes. Molybdenum revenues (net of roasting charges) were US$145.3 million (first half of 2009 – US$69.0 million).

(i) Realised molybdenum prices

The realised molybdenum price increased by 73.2% to US$16.8 per pound in the first half of 2010 (first half of 2009 – US$9.7 per pound), compared to a 76.9% increase in the average market price to US$16.1 per pound (first half of 2009 – US$9.1 per pound). Molybdenum concentrate sales are also subject to provisional pricing with an average open period of up to approximately 90 days.

(ii) Molybdenum volumes

Molybdenum sales volumes increased by 13.9% to 4,100 tonnes, compared with 3,600 tonnes in the first half of 2009. Small differences between production and sales volumes in each period reflected shipping and loading schedules.

Production volumes for Los Pelambres are analysed in the Directors' Comments on page 4.

(iii) Gold and silver credits in copper concentrate sales

Credits received from gold and silver contained in copper concentrate sold increased to US$29.0 million (first half of 2009 – US$16.0 million). This was mainly due to an increase in volumes, particularly the gold content which increased from 9,200 ounces in the first half of 2009 to 15,500 ounces in the first half of 2010, as well as the increase in average gold and silver prices in this period.

Turnover from the transport and water divisions

Turnover from the transport division increased by US$5.9 million or 8.9% to US$72.4 million, mainly due to a 38.6% increase in road tonnages partly offset by a slight decrease in rail tonnages and normal tariff adjustments in line with contractual terms.

Turnover at Aguas de Antofagasta, which operates the Group's water business, increased by US$1.6 million or 3.9% to US$43.1 million in the first half of 2010. This was mainly due to increased demand from domestic clients and to a lesser extent to increased demand from industrial customers.

EBITDA and operating profit from subsidiaries and joint ventures

	Six months ended 30.06.10	Six months ended 30.06.09	Year ended 3.12.09
	US$'m	US$'m	US$'m
EBITDA	**1,058.5**	603.1	1,680.7
Depreciation and amortisation	**(130.5)**	(103.2)	(217.5)
Loss on disposals	**(6.8)**	(5.0)	(4.2)
Operating profit from subsidiaries and joint ventures	**921.2**	494.9	1,459.0

EBITDA

EBITDA (earnings before interest, tax, depreciation, and amortisation) from subsidiaries and joint ventures increased by 75.5% to US$1,058.5 million (first half of 2009 – US$603.1 million).

EBITDA at the mining division increased by 84.6% from US$541.2 million to US$998.8 million, due to the increase in turnover as explained in greater detail above, partly offset by increased operating costs. At Los Pelambres, EBITDA increased from US$504.6 million in the first half of 2009 to US$852.5 million in the first half of 2010. EBITDA at El Tesoro increased by US$100.7 million to US$175.3 million. At Michilla, EBITDA increased by US$18.9 million to US$28.1 million.

Operating costs (excluding depreciation and amortisation) at the mining division increased by 22.3% to US$647.0 million. Excluding by-product credits (which are reported as part of turnover) and tolling charges for concentrates (which are deducted from turnover), weighted average cash costs for the Group (comprising on-site and shipping costs in the case of Los Pelambres and cash costs in the case of the other two operations) increased from 101.9 cents per pound in the first half of 2009 to 113.7 cents per pound in the first half of 2010. This increase was mainly due to the increased on-site and shipping costs as a result of the stronger Chilean peso, higher energy costs and the reopening of the Lince open pit at Michilla. Cash costs are analysed by mine in the Directors' Comments on pages 4 to 7.

Exploration expenditure increased from US$31.3 million in the first half of 2009 to US$39.0 million in the first half of 2010, mainly reflecting the increased level of exploration expenditure in the Sierra Gorda District. Net costs in respect of corporate and other items were US$17.3 million (2009 half year – US$14.9 million).

EBITDA at the transport division decreased by US$2.2 million to US$29.3 million, with the increased revenue as explained above offset by higher operating costs. EBITDA at Aguas de Antofagasta remained at the same level as in the first half of 2009 at US$30.4 million.

Depreciation, amortisation and impairments

Depreciation and amortisation increased by US$27.3 million to US$130.5 million in the first half of 2010, mainly due to higher charges at Los Pelambres as a result of the plant expansion and at El Tesoro in relation to the Tesoro North-East deposit. The loss on disposal of property, plant and equipment in the first half of 2010 was US$6.8 million, compared with US$5.0 million in the prior year.

Operating profit from subsidiaries and joint ventures

As a result of the above factors, operating profit from subsidiaries and joint ventures increased by 86.1% to US$921.2 million.

Share of (loss)/income from associates

	Six months ended 30.06.10	Six months ended 30.06.09	Year ended 3.12.09
	US$'m	US$'m	US$'m
Share of (loss)/income from associates	**(1.2)**	0.8	4.5

The Group's share of net loss from its associates was US$1.2 million (first half of 2009 – net profit of US$0.8 million), comprised of a net loss of US$1.6 million (first half of 2009 – nil) from its 40% interest in Inversiones Hornitos S.A. ("Inversiones Hornitos"), a net profit of US$0.6 million (first half of 2009 – net profit of US$0.8 million) from its 30% interest in Antofagasta Terminal Internacional S.A. ("ATI") and a net loss of US$0.2 million (first half of 2009 – nil) from its 17.8% interest in Sunridge Gold Corp ("Sunridge").

Net finance income/(expense)

	Six months ended 30.06.10	Six months ended 30.06.09	Year ended 3.12.09
	US$'m	US$'m	US$'m
Investment income	**6.1**	6.6	13.2
Interest expense	**(6.5)**	(15.2)	(24.0)
Other finance items	**12.5**	(10.5)	(15.1)
Net finance income/(expense)	**12.1**	(19.1)	(25.9)

Net finance income in the first half of 2010 was US$12.1 million, compared with a net finance expense of US$19.1 million in the first half of 2009.

Interest receivable decreased from US$6.6 million in the first half of 2009 to US$6.1 million in the first half of 2010, reflecting a decrease in average interest rates.

Interest expense decreased from US$15.2 million in the first half of 2009 to US$6.5 million in the first half of 2010, mainly due to the refinancing of short-term loans at Los Pelambres together with a decrease in average interest rates. Interest costs at Esperanza are capitalised.

Other finance items comprised a gain of US$12.5 million (first half of 2009 – loss of US$10.5 million). A gain of US$7.4 million (first half of 2009 – loss of US$6.0 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 the income statement. Foreign exchange gains included in finance items were US$2.0 million in the first half of 2010, compared with a gain of US$2.8 million in the previous period. A gain on foreign exchange derivatives of US$4.7 million (first half of 2009 – loss of US$6.0 million) is also included in other finance items. An expense of US$1.6 million (first half of 2009 - US$1.3 million) has been recognised in relation to the unwinding of the discount on provisions.

Profit before tax

The resulting profit before tax for the period was US$932.1 million compared to US$476.6 million in the first half of 2009, reflecting the increase in operating profit and the net finance income compared with net finance expense in 2009.

Income tax expense

	Six months ended 30.06.10	Six months ended 30.06.09	Year ended 3.12.09
	US$'m	US$'m	
Total tax charge (Income tax expense)	**(195.6)**	(87.3)	(317.7)

The rate of first category (i.e. corporation) tax in Chile was 17% for both the first half of 2009 and 2008. Los Pelambres, El Tesoro and Michilla are also subject to a mining tax (royalty) which imposes an additional tax of 4% of tax-adjusted operating profit. Production from the Tesoro North East deposit and the run-of-mine processing at El Tesoro is subject to the mining tax at a rate of 5% of tax-adjusted operating profit.

In addition to first category tax and the mining tax, the Group incurs withholding taxes on the remittance of profits from Chile. Withholding tax is levied on remittances of profits from Chile at 35% less first category tax already paid. Accordingly, the effective tax rate of withholding tax for the purpose of paying dividends to Group shareholders is approximately 18% of the amount remitted or expected to be remitted.

A temporary increase in the corporate income tax rate for 2011 and 2012 calendar years to 20% and 18.5% respectively was enacted into law in Chile on 31 July 2010. As at 30 June 2010 deferred tax assets and liabilities which are expected to be realised during 2011 and 2012 have been calculated using the existing 17% rate, as the changes had not been enacted at that time. Any adjustments to the deferred tax assets and liabilities as a result of the application of the revised rates are not expected to be significant.

The tax charge for the period was US$195.6 million and the effective tax rate was 21.0 %. This rate varies from the standard rate principally due to the effect of mining tax which resulted in a charge of US$37.1 million, and the effect of items which are not subject to or deductible from first category tax. In the first half of 2009 the total tax charge was US$87.3 million and the effective tax rate was 18.3%. This was principally due to exchange gains on Chilean-peso denominated tax prepayments due to the strengthening of the Chilean peso against the US dollar in the 2009 half year.

Minority interests

	Six months ended 30.06.10	Six months ended 30.06.09	Year ended 3.12.09
	US$'m	US$'m	US$'m
Minority interests	**285.3**	153.6	452.2

Profit for the financial year attributable to minority shareholders was US$285.3 million, compared with US$153.6 million in the first half of 2009. The increase is mainly due to the effect of the increased Group profit in first half of 2010 in comparison to the first half of 2009.

Earnings per share

	Six months ended 30.06.10	Six months ended 30.06.09	Year ended 3.12.09
	US cents	**US cents**	**US cents**
Earnings per share	**45.8**	23.9	67.7

Earnings per share calculations are based on 985,856,695 ordinary shares. As a result of the factors set out above, profit for the first half of 2010 attributable to equity shareholders of the Company was US$451.2 million compared with US$235.7 million in the first half of 2009. Accordingly, basic earnings per share were 45.8 cents in the first half of 2010 compared with 23.9 cents for the first half of 2009.

Dividends

Details of dividends proposed in relation to the first half of 2010, and the Board's policy regarding dividends, are set out in the Directors' comments on page 10.

Capital Expenditure

Details of capital expenditure during the period are set out in the cash flow summary below on page 18.

Treasury Management and Hedging

The Group periodically uses derivative financial instruments to reduce exposure to commodity price movements. The Group does not use such derivative instruments for speculative trading purposes. The impact of derivative instruments on the Group's results for the period is set out above in the sections on turnover, operating profit from subsidiaries and net finance income, and in Note 4(b) to this half yearly financial report.

The Group has applied the hedge accounting provisions of IAS 39 "Financial Instruments: Recognition and Measurement" to its commodity derivatives. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in the income statement in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in the income statement. Realised gains and losses on commodity derivatives recognised in the income statement have been recorded within turnover. 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.

At 30 June 2010 the Group had min/max instruments for 29,100 tonnes of copper production and futures for 4,800 tonnes at Michilla covering a total period up to 31 December 2012. The weighted average remaining period covered by the min/max hedges calculated with effect from 1 July 2010 is 17.2 months. The instruments have a weighted average floor of 263.0 cents per pound and a weighted average cap of 337.5 cents per pound. The weighted average remaining period covered by the futures hedges calculated with effect from 1 July 2010 is 3.5 months. The instruments have a weighted average price of 200.8 cents per pound.

At 30 June 2010 the Group also had futures for 7,000 tonnes at El Tesoro to both buy and sell copper production, with the effect of swapping COMEX prices for LME prices without eliminating underlying market price exposure, covering a period up to 31 January 2012. The remaining weighted average period covered by these instruments calculated with effect from 1 July 2010 is 8.9 months.

Details of the mark-to-market position of these instruments at 30 June 2010, together with details of any interest and exchange derivatives held by the Group, are given in Note 4(b) to the half yearly financial report.

The Group periodically uses foreign exchange derivatives to reduce its exposure to fluctuations in the exchange rates influencing operating costs and the fair value of non-US dollar denominated assets or liabilities. At 30 June 2010 the Group had cross currency swaps with a principal value of US$276.2 million (of which US$160.0 million relates to Esperanza, US$79.9 million relates to the Railway and other transport services, US$20.8 million relates to Michilla and US$15.5 million relates to Corporate and other items) to swap Chilean pesos for US dollars, at an average rate of Ch$543.9/ US$1, covering a total period up to 6 January 2011. The weighted average remaining period covered by these hedges calculated with effect from 1 July 2010 is 2.1 months.

The Group also periodically uses interest rate swaps to swap the floating rate interest for fixed rate interest. At 30 June 2010 the Group had entered into contracts in relation to the Esperanza financing for a maximum notional amount of US$787.8 million at a weighted average fixed rate of 1.353% maturing in February 2011 and a maximum notional amount of notional amount of US$840.0 million at a weighted average fixed rate of 3.372% maturing in February 2018.

Cash Flows

The Group cash flow statement is presented on page 24. The key features are summarised in the following table.

	Six months ended 30.06.10	Six months ended 30.06.09	Year ended 31.12.09
	US$'m	US$'m	US$'m
Cash flows from operations	**1,087.7**	52.8	1,167.8
Income tax paid	**(197.8)**	(40.0)	(135.2)
Net interest paid	**(2.7)**	(1.2)	(11.2)
Acquisition of available for sale investments	**(12.6)**	-	-
Acquisition of minority interest in subsidiary	**-**	(25.0)	(25.0)
Acquisition of associates and subsequent capital contributions	**-**	-	(114.5)
Purchases of property, plant and equipment	**(639.0)**	(579.8)	(1,323.6)
Purchases of intangible assets	**-**	(52.5)	(52.5)
Dividends paid to equity holders of the Company	**(197.2)**	(528.4)	(561.9)
Dividends paid to minority interests	**(220.8)**	-	(310.0)
Other items	**0.7**	0.6	0.5
Changes in net cash relating to cash flows	**(181.7)**	**(1,173.5)**	**(1,365.6)**
Exchange and other non-cash movements	**(12.8)**	27.7	42.2
Movement in net cash in the year	**(194.5)**	**(1,145.8)**	**(1,323.4)**
Net cash at the beginning of the year	**1,595.7**	2,919.1	2,919.1
Net cash at the end of the year (analysed on page 19)	**1,401.2**	**1,773.3**	**1,595.7**

Cash flows from operations were US$1,087.7 million in the first half of 2010 compared with US$52.8 million in the first half of 2009, reflecting the operating results adjusted for depreciation, amortisation, impairments and disposals gains and losses of US$137.3 million (first half of 2009 – US$108.2 million) and a net working capital decrease of US$29.2 million (first half of 2009 – increase of US$550.3 million). The net decrease reflected a decrease in debtors mainly due to a reduction in current tax assets at Los Pelambres, partly offset by an increase in inventories as a result of the delay to shipments at the period end at Los Pelambres and the increased work in progress at El Tesoro relating to the ROM. The significant increase in the 2009 half year reflected a number of factors, principally the cash requirement resulting from the settlement early in 2009, of provisionally invoiced sales in 2008 which had been marked down to market as a result of the sharp fall in the copper price at the end of that year.

A dividend of US$0.8 million (first half of 2009 – US$0.7 million) was received from the Group's investment in ATI.

Cash tax payments in the year were US$197.8 million (first half of 2009 – US$40.0 million), comprising corporation tax of US$165.0 million (first half of 2009 – US$34.6 million) and mining tax of US$32.8 million (first half of 2009 – US$5.4 million).

In the first half of 2009 the cash outflow for the acquisition of the minority interest in Minera Caracoles amounted to US$25.0 million.

Cash disbursements relating to capital expenditure in the first half of 2010 was US$639.0 million compared with US$579.8 million in the first half of 2009. This included expenditure of US$479.7 million relating to the Esperanza project (first half of 2009 – US$289.4 million) and US$85.1 million (first half of 2009 – US$178.7 million) relating to the plant expansion at Los Pelambres.

Purchase of intangibles in the first half of 2009 was US$52.5 million relating to acquisition of the desalination plant by ADASA.

Dividends (including special dividends) paid to ordinary shareholders of the Company in the first half of 2010 were US$197.2 million (first half of 2009 – US$528.4 million), which related to the final dividend declared and paid in respect of the previous year.

New borrowings in the period amounted to US$472.9 million (first half of 2009 – US$413.3 million), mainly due to drawdowns on the Esperanza Project finance facility, an increase in the long term subordinated debt provided to Esperanza by

Marubeni Corporation and the new loan by Japan Bank for International Cooperation to Los Pelambres. Repayments of borrowings and finance leasing obligations in the period were US$345.6 million, relating mainly to repayment of the Los Pelambres short-term borrowings and to a lesser extent regular repayments on existing loans (first half of 2009 – US$180.4 million mainly relating to regular repayments on existing loans).

Details of other cash inflows and outflows in the period are contained in the Consolidated Cash Flow Statement.

Financial Position

	At 30.06.10	At 30.06.09	At 31.12.09
	US$'m	US$'m	US$'m
Cash and cash equivalents	**3,155.4**	2,453.3	3,222.3
Total borrowings	**(1,754.2)**	(680.0)	(1,626.6)
	1,401.2	1,773.3	1,595.7

At 30 June 2010 the Group had cash and cash equivalents of US$3,155.4 million (30 June 2009 – US$2,453.3 million). Excluding the minority share in each partly owned operation, the Group's attributable share of total cash and cash equivalents was US$2,878.8 million (30 June 2009 – US$2,254.8 million).

Total Group borrowings at 30 June 2010 were US$1,754.2 million (30 June 2009 – US$680.0 million). Of this, US$1,164.7 million (2008 – US$424.9 million) is proportionally attributable to the Group after excluding the minority shareholdings in partly-owned operations. The increase in debt is mainly due to draw downs on the Esperanza and Los Pelambres facilities since June 2009 offsetting the repayment of short term loans at Los Pelambres.

Balance Sheet

Net equity (i.e. equity attributable to ordinary shareholders of the Company) increased from US$5,338.6 million at 1 January 2010 to US$5,594.4 million at 30 June 2010, relating mainly to profit after tax and minority interests for the period less ordinary dividends declared and paid in the year. Other changes relate mainly to movements in the fair value of hedges and available for sale investments and the currency translation adjustment; these are set out in the Consolidated Statement of Changes in Equity.

Minority interests increased from US$1,278.8 million at 1 January 2010 to US$1,348.8 million at 30 June 2010. This principally reflected the minority's share of profit after tax less the minority's share of the dividends paid by subsidiaries in the year. Other movements affecting minority interest are also set out in the Consolidated Statement of Changes in Equity.

Foreign Currency Exchange Differences

The principal subsidiaries with a functional currency other than the US dollar are Chilean peso denominated, of which the most significant is Aguas de Antofagasta S.A. Exchange rates used to translate the results of such subsidiaries are given in Note 27 to the half yearly financial report.

In the first half of 2010 the currency translation adjustment loss to net equity of US$17.5 million resulted mainly from the weakening of the Chilean peso during the period from Ch$507 = US$1 at the start of 2010 to Ch$547= US$1 at 30 June 2010.

Going Concern

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Directors' Comments. Details of the cash flows of the Group during the year, along with its financial position at the year-end are set out in this Financial Commentary. The half yearly financial report includes details of the Group's cash and cash equivalent balances in Note 22, and details of borrowings are set out in Note 16.

In assessing the Group's going concern status the Directors have taken into account the above factors, including the financial position of the Group and in particular its significant net-cash position, the current copper price and market expectations in the medium-term, and the Group's capital expenditure and financing plans.

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

Principal Risks and Uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The 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 2009. A detailed explanation of the risks summarised below can be found on pages 14 and 15 of the annual report which is available at www.antofagasta.co.uk.

Cautionary Statement about forward looking statements

The half yearly financial report contains certain forward looking statements with respect to the financial position, results of operations and business of the Group. Examples of forward looking statements include those regarding ore reserve and mineral resource estimates, anticipated production or construction commencement dates, costs, outputs, demand, trends in commodity prices, growth opportunities and productive lives of assets or similar factors. The words "intend", "aim", "project", "anticipate", "estimate", "plan", "believe", "expect", "may", "should", "will", "continue", or similar expressions, commonly identify such forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties, assumptions and other factors that are beyond the Group's control. For example, future ore reserves will be based in part on long term price assumptions that may vary significantly from current levels. These may materially affect the timing and feasibility of particular developments. Other factors include the ability to produce and transport products profitably, demand for products, the effect of foreign currency exchange rates on market prices and operating costs, activities by governmental authorities, such as changes in taxation or regulation, and political uncertainty.

Given these risks, uncertainties and assumptions, actual results could be materially different from any future results expressed or implied by these forward looking statements which speak only as at the date of this report. Except as required by applicable regulations or by law, the Group does not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information or future events. The Group cannot guarantee that its forward looking statements will not differ materially from actual results.

Condensed Consolidated Income Statement

	Notes	**Six months ended 30 June 2010** US$'m	Six months ended 30 June 2009 US$'m	Year ended 31 December 2009 US$'m
Group revenue	2,3	**1,761.3**	1,178.3	2,962.6
Total operating costs		**(840.1)**	(683.4)	(1,503.6)
Operating profit from subsidiaries and joint ventures	2,3	**921.2**	494.9	1,459.0
Share of (loss)/income from associates	2,12	**(1.2)**	0.8	4.5
Total profit from operations and associates	2	**920.0**	495.7	1,463.5
Investment income		**6.1**	6.6	13.2
Interest expense		**(6.5)**	(15.2)	(24.0)
Other finance items		**12.5**	(10.5)	(15.1)
Net finance income/(expense)	5	**12.1**	(19.1)	(25.9)
Profit before tax		**932.1**	476.6	1,437.6
Income tax expense	6	**(195.6)**	(87.3)	(317.7)
Profit for the financial period		**736.5**	389.3	1,119.9
Attributable to:				
Non-controlling interests		**285.3**	153.6	452.2
Equity holders of the Company (net earnings)		**451.2**	235.7	667.7
		US cents	US cents	US cents
Basic earnings per share	7	**45.8**	23.9	67.7

	Notes			
Dividends to ordinary shareholders of the Company				
Per share		**US cents**	US cents	US cents
Dividends per share proposed in relation to the period	8			
- ordinary dividend (interim)		**4.0**	3.4	3.4
- ordinary dividend (final)		**-**	-	6.0
- special dividend (interim)		**-**	-	-
- special dividend (final)		**-**	-	14.0
		4.0	3.4	23.4
Dividends per share paid in the period and deducted from net equity				
- ordinary dividend (interim)		**-**	-	3.4
- ordinary dividend (final)		**6.0**	5.6	5.6
- special dividend (interim)		**-**	-	-
- special dividend (final)		**14.0**	48.0	48.0
		20.0	53.6	57.0
In aggregate		**US$'m**	US$'m	US$'m
Dividends proposed in relation to the period	8	**39.4**	33.5	230.7
Dividends paid in the period and deducted from net equity		**197.2**	528.4	561.9

Revenue and operating profit are derived from continuing operations.

Condensed Consolidated Statement of Comprehensive Income

	Notes	**Six months ended 30 June 2010**	Six months ended 30 June 2009	Year ended 31 December 2009
		US$'m	US$'m	US$'m
Profit for the financial period		**736.5**	389.3	1,119.9
Losses in fair value of cash flow hedges deferred in reserves		**(4.1)**	(65.6)	(177.9)
(Losses)/gains in fair value of available for sale investments	14	**(0.6)**	1.4	0.5
Currency translation adjustment		**(17.5)**	37.1	46.2
Deferred tax effects arising on cash flow hedges deferred in reserves		**0.7**	14.9	34.0
Total expense recognised in equity		**(21.5)**	(12.2)	(97.2)
Losses in fair value of cash flow hedges transferred to the income statement		**34.7**	2.8	65.8
Gains in fair value of cash flow hedges transferred to the balance sheet		**-**	(22.0)	(22.0)
Deferred tax effects arising on cash flow hedges transferred to the income statement		**(5.9)**	(0.5)	(11.2)
Total transferred to the income statement or balance sheet		**28.8**	(19.7)	32.6
Total comprehensive income for the period		**743.8**	357.4	1,055.3
Attributable to:				
Minority interests		**290.8**	133.5	421.6
Equity holders of the Company		**453.0**	223.9	633.7

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Minority interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2010	89.8	199.2	(50.1)	(2.6)	30.1	5,072.2	**5,338.6**	1,278.8	**6,617.4**
Total comprehensive income for the period	-	-	19.9	(0.6)	(17.5)	451.2	**453.0**	290.8	**743.8**
Dividends	-	-	-	-	-	(197.2)	**(197.2)**	(220.8)	**(418.0)**
Balance at 30 June 2010	89.8	199.2	(30.2)	(3.2)	12.6	5,326.2	**5,594.4**	1,348.8	**6,943.2**

For the six months ended 30 June 2009

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Minority interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2009	89.8	199.2	30.5	(3.1)	(16.0)	4,966.4	**5,266.8**	1,165.8	**6,432.6**
Total comprehensive income for the period	-	-	(50.3)	1.4	37.1	235.7	**223.9**	133.5	**357.4**
Acquisition of minority interest	-	-	-	-	-	-	**-**	1.4	**1.4**
Dividends	-	-	-	-	-	(528.4)	**(528.4)**	-	**(528.4)**
Balance at 30 June 2009	89.8	199.2	(19.8)	(1.7)	21.1	4,673.7	**4,962.3**	1,300.7	**6,263.0**

For the year ended 31 December 2009

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Minority interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2009	89.8	199.2	30.5	(3.1)	(16.0)	4,966.4	**5,266.8**	1,165.8	**6,432.6**
Total comprehensive income for the year	-	-	(80.6)	0.5	46.1	667.7	**633.7**	421.6	**1,055.3**
Acquisition of minority interest	-	-	-	-	-	-	**-**	1.4	**1.4**
Dividends	-	-	-	-	-	(561.9)	**(561.9)**	(310.0)	**(871.9)**
Balance at 31 December 2009	89.8	199.2	(50.1)	(2.6)	30.1	5,072.2	**5,338.6**	1,278.8	**6,617.4**

Condensed Consolidated Balance Sheet

	Notes	At 30.06.10 US$'m	At 30.06.09 US$'m	At 31.12.09 US$'m
Non-current assets				
Intangible assets	9	**286.0**	309.0	311.2
Property, plant and equipment	10	**5,381.2**	4,290.3	4,873.2
Investment property	11	**3.2**	3.2	3.4
Investment in associates	12	**119.3**	3.1	121.3
Trade and other receivables		**48.0**	34.2	36.6
Derivative financial instruments	4	**8.7**	-	-
Available for sale investments	14	**13.0**	2.1	1.2
Deferred tax assets	19	**22.0**	30.8	31.1
		5,881.4	4,672.7	5,378.0
Current assets				
Inventories	15	**341.3**	220.2	240.1
Trade and other receivables		**478.4**	485.8	608.6
Current tax assets		**54.9**	103.4	59.8
Derivative financial instruments	4	**0.6**	-	1.7
Cash and cash equivalents	22	**3,155.4**	2,453.3	3,222.3
		4,030.6	3,262.7	4,132.5
Total assets		**9,912.0**	7,935.4	9,510.5
Current liabilities				
Short-term borrowings	16	**(181.2)**	(589.2)	(431.8)
Derivative financial instruments	4	**(26.3)**	(36.0)	(81.2)
Trade and other payables		**(431.9)**	(285.0)	(437.6)
Current tax liabilities		**(40.6)**	(12.1)	(45.0)
		(680.0)	(922.3)	(995.6)
Non-current liabilities				
Medium and long-term borrowings	16	**(1,573.0)**	(90.8)	(1,194.8)
Derivative financial instruments	4	**(28.1)**	(7.2)	(4.5)
Trade and other payables		**(8.7)**	(13.8)	(12.3)
Post-employment benefit obligations	17	**(49.3)**	(36.5)	(48.2)
Long-term provisions	18	**(129.9)**	(125.9)	(127.9)
Deferred tax liabilities	19	**(499.8)**	(475.9)	(509.8)
		(2,288.8)	(750.1)	(1,897.5)
Total liabilities		**(2,968.8)**	(1,672.4)	(2,893.1)
Net assets		**6,943.2**	6,263.0	6,617.4
Equity				
Share capital	20	**89.8**	89.8	89.8
Share premium	20	**199.2**	199.2	199.2
Hedging, translation and fair value reserves		**(20.8)**	(0.4)	(22.6)
Retained earnings		**5,326.2**	4,673.7	5,072.2
Equity attributable to equity holders of the Company		**5,594.4**	4,962.3	5,338.6
Non-controlling interests		**1,348.8**	1,300.7	1,278.8
Total equity		**6,943.2**	6,263.0	6,617.4

The interim financial information was approved by the Board of Directors on 23 August 2010.

Condensed Consolidated Cash Flow Statement

	Notes	Six months ended 30 June 2010 US$'m	Six months ended 30 June 2009 US$'m	Year ended 31 December 2009 US$'m
Cash flows from operations	21	**1,087.7**	52.8	1,167.8
Interest paid		**(18.9)**	(10.4)	(27.0)
Dividends from associate	12	**0.8**	0.7	0.7
Income tax paid		**(197.8)**	(40.0)	(135.2)
Net cash from operating activities		**871.8**	3.1	1,006.3
Investing activities				
Acquisition of and capital contributions to associates		**-**	-	(114.5)
Acquisition of available-for-sale investments		**(12.6)**	-	-
Acquisition of minority interest in subsidiary		**-**	(25.0)	(25.0)
Purchases of property, plant and equipment		**(639.0)**	(579.8)	(1,323.6)
Purchases of intangible assets		**-**	(52.5)	(52.5)
Interest received		**16.2**	9.2	15.8
Net cash used in investing activities		**(635.4)**	(648.1)	(1,499.8)
Financing activities				
Dividends paid to equity holders of the Company		**(197.2)**	(528.4)	(561.9)
Dividends paid to preference shareholders of the Company		**(0.1)**	(0.1)	(0.2)
Dividends paid to minority interests		**(220.8)**	-	(310.0)
Net proceeds from issue of new borrowings	22	**472.9**	413.3	2,051.6
Repayments of borrowings	22	**(339.3)**	(174.2)	(863.6)
Repayments of obligations under finance leases	22	**(6.3)**	(6.2)	(10.9)
Net cash used in financing activities		**(290.8)**	(295.6)	305.0
Net decrease in cash and cash equivalents		**(54.4)**	(940.6)	(188.5)
Cash and cash equivalents at beginning of the period		**3,222.3**	3,358.0	3,358.0
Net decrease in cash and cash equivalents	22	**(54.4)**	(940.6)	(188.5)
Effect of foreign exchange rate changes	22	**(12.5)**	35.9	52.8
Cash and cash equivalents at end of the period	22	**3,155.4**	2,453.3	3,222.3

Notes

1. General information and accounting policies

a) General information

These June 2010 interim condensed consolidated financial statements ("the condensed financial statements") are for the six months ended 30 June 2010. The condensed financial statements are unaudited.

The information for the year ended 31 December 2009 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) (regarding adequacy of accounting records and returns) or section 498(3) (regarding provision of necessary information and explanations) of the Companies Act 2006.

b) Accounting policies and adoption of new accounting standards

The annual financial statements of Antofagasta plc for the year ended 31 December 2009 were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and the requirements of the UK Disclosure and Transparency Rules (DTR) of the Financial Services Authority (FSA) 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 FSA. 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 2009.

The interim financial information has also been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2009, except as set out below.

Adoption of new standards

In the current financial year the Group has adopted the following new standards:

IFRS 3 *Business Combinations (2008)*. In the current period the Group has adopted IFRS 3 *Business Combinations (2008)* for accounting for business combinations. The change in accounting policy has been applied prospectively and there was no impact on the Group's results in the current period. For acquisitions on or after 1 January 2010, the Group measures goodwill as the fair value of the consideration transferred and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

IAS 27 *Consolidated and Separate Financial Statements (2008)*. In the current period the Group has adopted IAS 27 *Consolidated and Separate Financial Statements (2008)* for accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and there was no impact on the Group's results in the current period. From 1 January 2010, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised.

There are no other Standards or Interpretations which apply or are expected to apply for the first time for the year ended 31 December 2010 which are expected to have any material impact on the Group.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements. Detail of the factors that which have been taken into account in assessing the Group's going concern status are set out on page 19 of the financial commentary.

2. Total profit from operations and associates

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Revenue	**1,761.3**	1,178.3	2,962.6
Cost of sales	**(655.2)**	(530.3)	(1,166.8)
Gross profit	**1,106.1**	648.0	1,795.8
Administrative and distribution expenses	**(134.5)**	(116.8)	(244.2)
Closure provision	**(1.3)**	(1.6)	(2.2)
Severance charges	**(5.8)**	(3.5)	(13.3)
Exploration and evaluation costs	**(39.0)**	(31.3)	(67.1)
Other operating income	**6.2**	6.4	10.0
Other operating expenses	**(10.5)**	(6.3)	(20.0)
Operating profit from subsidiaries and joint ventures	**921.2**	494.9	1,459.0
Share of (loss)/income from associates	**(1.2)**	0.8	4.5
Total profit from operations and associates	**920.0**	495.7	1,463.5

3. Segmental analysis

The Group's reportable segments are as follows:

- Los Pelambres
- El Tesoro
- Michilla
- Esperanza
- 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, El Tesoro and Michilla are all operating mines and Esperanza is a mine currently under construction. Los Pelambres produces primarily copper concentrate and molybdenum as a by-product. El Tesoro and Michilla both produce copper cathodes. The transport division provides rail cargo (based in Chile and Bolivia) and road cargo (based in Chile) together with a number of ancillary services (based in Chile). The water division produces and distributes potable water to domestic customers and untreated water to industrial customers in Chile's Antofagasta Region. The Exploration and evaluation segment incurs exploration and evaluation expenses. Exploration costs relating to Tethyan Copper Company Limited ("Tethyan") are included within the Exploration and evaluation segment, and all other Tethyan related costs are included within "Corporate and other items". "Corporate and other items" also comprise costs incurred by the Company and Antofagasta Minerals S.A., the Group's mining corporate centre, that are not allocated to any individual business segment. Consistent with its internal management reporting, the Group's corporate and other items are included within the mining division.

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

a) Segment revenues and results

For the six months ended 30 June 2010

	Los Pelambres	El Tesoro	Michilla	Esperanza	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	**US$'m**	**US$'m**	**US$'m**
Revenue	**1,208.1**	**328.4**	**109.3**	**-**	**-**	**-**	**1,645.8**	**72.4**	**43.1**	**1,761.3**
EBITDA	**852.5**	**175.3**	**28.1**	**-**	**(39.0)**	**(18.1)**	**998.8**	**29.3**	**30.4**	**1,058.5**
Depreciation and Amortisation	(78.9)	(30.7)	(4.3)	-	-	(1.1)	(115.0)	(7.6)	(7.9)	**(130.5)**
Loss on disposals	-	(0.6)	(0.8)	-	-	(5.2)	(6.6)	(0.2)	-	**(6.8)**
Operating profit	**773.6**	**144.0**	**23.0**	**-**	**(39.0)**	**(24.4)**	**877.2**	**21.5**	**22.5**	**921.2**
Share of income from associates	-	-	-	-	-	(0.2)	(0.2)	(1.0)	-	**(1.2)**
Investment income	1.2	0.7	0.1	-	-	2.7	4.7	1.4	-	**6.1**
Interest expense	(5.2)	-	-	-	-	(1.1)	(6.3)	(0.2)	-	**(6.5)**
Other finance items	(0.6)	0.5	8.9	-	-	0.6	9.4	3.3	(0.2)	**12.5**
Profit before tax	**769.0**	**145.2**	**32.0**	-	**(39.0)**	**(22.4)**	**884.8**	**25.0**	**22.3**	**932.1**
Tax	(156.7)	(26.1)	(6.9)	-	1.5	2.5	(185.7)	(5.2)	(4.7)	**(195.6)**
Minority interests	(244.9)	(36.1)	(6.5)	-	2.2	-	(285.3)	-	-	**(285.3)**
Net earnings	**367.4**	**83.0**	**18.6**	**-**	**(35.3)**	**(19.9)**	**413.8**	**19.8**	**17.6**	**451.2**
Additions to non-current assets										
Capital expenditure	117.7	14.1	6.6	504.4	-	10.1	652.9	7.9	5.0	**665.8**
Additions to intangibles	-	-	-	-	-	-	-	-	-	**-**
Segment assets and liabilities										
Segment assets	3,504.0	872.2	116.0	2,162.0	-	2,291.1	8,945.3	729.3	237.4	**9,912.0**
Segment liabilities	(1,246.3)	(135.3)	(65.5)	(1,236.4)	-	(192.5)	(2,876.0)	(44.8)	(48.0)	**(2,968.8)**

For the six months ended 30 June 2009

	Los Pelambres	El Tesoro	Michilla	Esperanza	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	**US$'m**	**US$'m**	**US$'m**
Revenue	**803.4**	**185.3**	**81.6**	**-**	**-**	**-**	**1,070.3**	**66.5**	**41.5**	**1,178.3**
EBITDA	**504.6**	**74.6**	**9.2**	**-**	**(31.3)**	**(15.9)**	**541.2**	**31.5**	**30.4**	**603.1**
Depreciation and Amortisation	(62.8)	(23.2)	(2.2)	-	-	(1.2)	(89.4)	(6.7)	(7.1)	**(103.2)**
Loss on disposals	-	(1.2)	(0.7)	-	-	(1.5)	(3.4)	(1.2)	(0.4)	**(5.0)**
Operating profit	**441.8**	**50.2**	**6.3**	**-**	**(31.3)**	**(18.6)**	**448.4**	**23.6**	**22.9**	**494.9**
Share of income from associates	-	-	-	-	-	-	-	0.8	-	**0.8**
Investment income	0.9	2.2	0.1	-	-	2.5	5.7	0.7	0.2	**6.6**
Interest expense	(13.1)	(0.2)	-	-	-	(1.5)	(14.8)	(0.4)	-	**(15.2)**
Other finance items	(7.4)	14.4	(10.1)	-	-	(4.6)	(7.7)	(3.9)	1.1	**(10.5)**
Profit before tax	**422.2**	**66.6**	**(3.7)**	-	**(31.3)**	**(22.2)**	**431.6**	**20.8**	**24.2**	**476.6**
Tax	(81.9)	(14.6)	11.0	-	-	6.3	(79.2)	(3.7)	(4.4)	**(87.3)**
Minority interests	(136.1)	(15.9)	(1.7)	-	-	-	(153.7)	0.1	-	**(153.6)**
Net earnings	**204.2**	**36.1**	**5.6**	**-**	**(31.3)**	**(15.9)**	**198.7**	**17.2**	**19.8**	**235.7**
Additions to non-current assets										
Capital expenditure	216.0	54.1	7.0	307.9	-	34.8	619.8	9.2	5.4	**634.4**
Additions to intangibles	-	-	-	-	-	-	-	-	52.5	**52.5**
Segment assets and liabilities										
Segment assets	3,237.6	820.2	101.8	1,116.9	-	2,110.1	7,386.6	313.7	235.1	**7,935.4**
Segment liabilities	(1,051.0)	(101.2)	(75.8)	(148.2)	-	(212.2)	(1,588.4)	(38.3)	(45.7)	**(1,672.4)**

For the year ended 31 December 2009

	Los Pelambres	El Tesoro	Michilla	Esperanza	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	**US$'m**	**US$'m**	**US$'m**
Revenue	**2,081.5**	**487.6**	**170.5**	-	**-**	**-**	**2,739.6**	**139.4**	**83.6**	**2,962.6**
EBITDA	**1,408.9**	**231.7**	**27.9**	**-**	**(67.1)**	**(37.5)**	**1,563.9**	**56.6**	**60.2**	**1,680.7**
Depreciation and Amortisation	(128.1)	(52.3)	(5.5)	-	-	(2.2)	(188.1)	(14.8)	(14.6)	**(217.5)**
Loss on disposals	(0.1)	(1.5)	(0.7)	-	-	(1.1)	(3.4)	(0.5)	(0.3)	**(4.2)**
Operating profit	**1,280.7**	**177.9**	**21.7**	**-**	**(67.1)**	**(40.8)**	**1,372.4**	**41.3**	**45.3**	**1,459.0**
Share of income from associates	-	-	-	-	-	(0.2)	(0.2)	4.7	-	**4.5**
Investment income	1.9	2.7	0.2	-	-	6.6	11.4	1.6	0.2	**13.2**
Interest expense	(19.1)	(0.2)	-	-	-	(4.1)	(23.4)	(0.6)	-	**(24.0)**
Other finance items	(15.6)	11.1	(4.1)	-	-	(2.6)	(11.2)	(5.0)	1.1	**(15.1)**
Profit before tax	**1,247.9**	**191.5**	**17.8**	**-**	**(67.1)**	**(41.1)**	**1,349.0**	**42.0**	**46.6**	**1,437.6**
Tax	(249.3)	(40.8)	6.1	-	-	(16.8)	(300.8)	(9.8)	(7.1)	**(317.7)**
Minority interests	(399.5)	(46.5)	(6.0)	-	-	-	(452.0)	(0.2)	-	**(452.2)**
Net earnings	**599.1**	**104.2**	**17.9**	**-**	**(67.1)**	**(57.9)**	**596.2**	**32.0**	**39.5**	**667.7**
Additions to non-current assets										
Capital expenditure	475.4	65.2	12.2	716.4	-	38.9	1,308.1	21.1	6.1	**1,335.3**
Additions to intangibles	-	-	-	-	-	-	-	-	52.5	**52.5**
Segment assets and liabilities										
Segment assets	3,494.9	759.5	130.0	1,815.8	-	2,364.6	8,564.8	703.4	242.3	**9,510.5**
Segment liabilities	(1,350.5)	(109.4)	(130.2)	(966.2)	-	(247.4)	(2,803.7)	(41.7)	(47.7)	**(2,893.1)**

Notes to segment revenues and results

(i) The accounting policies of the reportable segments are the same as the Group's accounting policies. Operating profit excludes the share of net loss from associates of US$1.2 million (six months ended 30 June 2009 – income of US$0.8 million; year ended 31 December 2009 – income of US$4.5 million).

(ii) Inter-segment revenues are eliminated on consolidation. Revenue from the Railway and other transport services is stated after eliminating inter-segmental sales to the mining division of US$5.9 million (six months ended 30 June 2009 – US$5.6 million; year ended 31 December 2009 - US$11.6 million). Revenue from the Water concession is stated after eliminating inter-segmental sales to the mining division of US$4.9 million (six months ended June 2009 – US$3.4 million; year ended 31 December 2009 - US$8.6 million) and after eliminating sales to the Railway and other transport services of US$0.1 million (six months ended June 2009 – US$0.1 million; year ended 31 December 2009 - US$0.2 million).

(iii) Revenue includes the effect of both final pricing and mark-to-market adjustments to provisionally priced sales of copper and molybdenum concentrates and copper cathodes. Further details of such adjustments are given in Note 4(a).

(iv) Revenue includes realised losses at Michilla of US$34.7 million (six months ended 30 June 2009 – loss of US$9.0 million; year ended 31 December 2010 – loss of US$45.8 million) and at El Tesoro there were no realised gains or losses (six months ended 30 June 2009 – gain of US$6.2 million; year ended 31 December 2009 – loss of US$20.0 million) relating to derivative financial instruments. Further details of such gains or losses are given in Note 4(b).

(v) The copper and molybdenum concentrate sales are stated net of deductions for tolling charges. Tolling charges for copper and molybdenum concentrates are detailed in Note 4(a).

(vi) The effects of tax and minority interests on the expenses within the Exploration and evaluation segment are allocated to the mine that the exploration work relates to.

(vii) Capital expenditure represents purchases of property, plant and equipment stated on an accruals basis (see Note 10) and may therefore differ from the amount included in the cash flow statement.

(viii) The assets of the Railway and transport services segment includes US$111.1 million (six months ended June 2009 – nil; year ended 31 December 2009 - US$112.7 million) relating to the Group's 40% interest in Inversiones Hornitos S.A. ("Inversiones Hornitos"), which owns the 150MW Hornitos thermoelectric power plant under construction in Mejillones, in Chile's Antofagasta Region, and US$3.6 million (six months ended June 2009 – US$3.1 million; year ended 31 December 2009 - US$3.8 million) relating to the Group's 30% interest in Antofagasta Terminal International S.A. ("ATI"), which operates a concession to manage installations in the port of Antofagasta. The assets of the corporate and other items segment include US$4.6 million (six months ended June 2009 – nil; year ended 31 December 2009 - US$4.8 million) relating to the Group's approximately 18% interest in Sunridge Gold Corp ("Sunridge"), which has a base and precious metals project in Eritrea.

b) Entity wide disclosures

Revenue by product

	Revenue by product		
	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Copper			
- Los Pelambres	**1,033.8**	718.4	1,858.0
- El Tesoro	**328.4**	185.3	487.6
- Michilla	**109.3**	81.6	170.5
Molybdenum			
- Los Pelambres	**145.3**	69.0	180.1
Silver			
- Los Pelambres	**11.1**	7.4	19.8
Gold			
- Los Pelambres	**17.9**	8.6	23.6
Total Mining	**1,645.8**	1,070.3	2,739.6
Railway and transport services	**72.4**	66.5	139.4
Water concession	**43.1**	41.5	83.6
	1,761.3	1,178.3	2,962.6

Revenue by location of customer

	Revenue		
	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Europe			
- United Kingdom	**-**	14.4	148.1
- Switzerland	**51.3**	93.7	348.1
- Rest of Europe	**326.0**	158.2	377.5
Latin America			
- Chile	**142.7**	132.1	278.2
- Rest of Latin America	**115.2**	71.3	166.1
North America			
- United States	**95.7**	53.5	151.8
- Rest of North America	**-**	2.4	11.7
Asia Pacific			
- Japan	**512.2**	347.9	784.9
- China	**343.9**	171.8	392.8
- Rest of Asia	**174.3**	133.0	303.4
	1,761.3	1,178.3	2,962.6

Information about major customers

Included in revenues arising from Los Pelambres for the six months ended 30 June 2010 are revenues of approximately US$477.1 million (six months ended 30 June 2009 - US$337.9 million, year ended 31 December 2009 - US$720.5 million) which arose from sales to two of the Group's largest customers, which are the only customers that individually account for more than 10% of the Group's revenues.

Non-current assets by location of asset

	Non-Current Assets		
	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
- Chile	**5,658.4**	4,458.5	5,159.7
- Bolivia	**32.3**	33.6	33.7
- Pakistan	**136.1**	141.5	141.3
- Other	**10.9**	6.2	11.0
	5,837.7	4,639.8	5,345.7

Notes to geographical information

(i) Non-current assets balance disclosed by location of asset excludes derivative financial instruments and deferred tax assets.

4. Derivatives and embedded derivatives

a) Embedded derivatives – provisionally priced sales

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 30 to 180 days after delivery to the customer.

Under IFRS, both 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. The mark-to-market adjustments to the balance sheet at the end of each period are as follows:

	Balance sheet net mark to market effect on debtors		
	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Los Pelambres - copper concentrate	**(64.6)**	39.7	62.1
Los Pelambres - tolling charges for copper concentrates	**0.8**	(0.3)	(0.6)
Los Pelambres - molybdenum concentrate	**(5.7)**	2.2	(1.1)
El Tesoro - copper cathodes	**0.5**	(0.6)	2.0
Michilla - copper cathodes	**(0.1)**	(0.2)	0.4
	(69.1)	40.8	62.8

(i) Copper sales

	Six months ended 30 June 2010			Six months ended 30 June 2009			Year ended 31 December 2009		
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m
	Los Pelambres	El Tesoro	Michilla	Los Pelambres	El Tesoro	Michilla	Los Pelambres	El Tesoro	Michilla
	Copper concentrate	Copper cathodes	Copper cathodes	Copper concentrate	Copper cathodes	Copper cathodes	Copper concentrate	Copper cathodes	Copper cathodes
Provisionally invoiced gross sales	**1,162.4**	**334.1**	**146.7**	592.6	165.8	84.1	1,602.8	476.5	204.5
Effects of pricing adjustments to previous period invoices									
Reversal of mark-to-market adjustments at the end of the previous period	**(62.1)**	**(2.0)**	**(0.4)**	257.6	0.8	(0.2)	257.6	0.8	(0.2)
Settlement of copper sales invoiced in the previous period	**57.5**	**2.6**	**0.4**	(179.6)	0.6	1.3	(179.6)	0.6	1.3
Total effect of adjustments to previous period invoices in the current period	**(4.6)**	**0.6**	**-**	78.0	1.4	1.1	78.0	1.4	1.1
Effects of pricing adjustments to current period invoices									
Settlement of copper sales invoiced in the current period	**(4.5)**	**(6.8)**	**(2.6)**	70.7	12.5	5.6	240.2	27.7	10.3
Mark-to-market adjustments at the end of the current period	**(64.6)**	**0.5**	**(0.1)**	39.7	(0.6)	(0.2)	62.1	2.0	0.4
Total effect of adjustments to current period invoices	**(69.1)**	**(6.3)**	**(2.7)**	110.4	11.9	5.4	302.3	29.7	10.7
Total pricing adjustments	**(73.7)**	**(5.7)**	**(2.7)**	188.4	13.3	6.5	380.3	31.1	11.8
Realised gains/(losses) on commodity derivatives	**-**	**-**	**(34.7)**	-	6.2	(9.0)	-	(20.0)	(45.8)
Revenue before deducting tolling charges	**1,088.7**	**328.4**	**109.3**	781.0	185.3	81.6	1,983.1	487.6	170.5
Tolling charges	**(54.9)**	**-**	**-**	(62.6)	-	-	(125.1)	-	-
Revenue net of tolling charges	**1,033.8**	**328.4**	**109.3**	718.4	185.3	81.6	1,858.0	487.6	170.5

Copper concentrate

At 30 June 2010, 30 June 2009 and 31 December 2009 copper concentrate sales at Los Pelambres had an average settlement period of approximately three months after shipment date.

At 30 June 2010, copper concentrate sales totalling 91,000 tonnes remained open as to price, with an average mark-to-market price of 294.9 cents per pound compared with an average provisional invoice price of 327.1 cents per pound. At 30 June 2009, copper concentre sales totalling 77,800 tonnes remained open as to price, with an average mark-to-market price of 225.0 cents per pound compared with an average provisional invoice price of 201.9 cents per pound. At 31 December 2009, sales totalling 73,700 tonnes remained open as to price, with an average mark-to-market price of 334.0 cents per pound compared with an average provisional invoice price of 295.8 cents per pound.

Tolling charges include a mark-to-market gain for copper concentrate sales open as to price at 30 June 2010 of US$1.1 million (30 June 2009 – loss of US$4.8 million, 31 December 2009 – loss of US$5.1 million).

Copper cathodes

At 30 June 2010, 30 June 2009 and 31 December 2009 copper cathode sales at El Tesoro and Michilla had an average settlement period of approximately one month after shipment date.

At 30 June 2010, sales totalling 9,400 tonnes remained open as to price, with an average mark-to-market price of 294.5 cents per pound compared with an average provisional invoice price of 292.7 cents per pound. At 30 June 2009, sales totalling 9,500 tonnes remained open as to price, with an average mark-to-market price of 224.7 cents per pound compared with an average provisional invoice price of 228.9 cents per pound. At 31 December 2009, sales totalling 10,400 tonnes remained open as to price, with an average mark-to-market price of 333.5 cents per pound compared with an average provisional invoice price of 322.9 cents per pound.

(ii) Molybdenum sales

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
	Los Pelambres	Los Pelambres	Los Pelambres
	Molybdenum concentrate	Molybdenum concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	**150.2**	72.1	189.2
Effects of pricing adjustments to previous period invoices			
Reversal of mark-to-market adjustments at the end of the previous period	**1.1**	13.3	13.3
Settlement of molybdenum sales invoiced in the previous period	**8.1**	(15.5)	(15.5)
Total effect of adjustments to previous period invoices in the current period	**9.2**	(2.2)	(2.2)
Effects of pricing adjustments to current period invoices			
Settlement of molybdenum sales invoiced in the current period	**(2.0)**	3.0	6.4
Mark-to-market adjustments at the end of the current period	**(5.7)**	2.2	(1.1)
Total effect of adjustments to current period invoices	**(7.7)**	5.2	5.3
Total pricing adjustments	**1.5**	3.0	3.1
Revenue before deducting tolling charges	**151.7**	75.1	192.3
Tolling charges	**(6.4)**	(6.1)	(12.2)
Revenue net of tolling charges	**145.3**	69.0	180.1

At 30 June 2010, 30 June 2009 and 31 December 2009 molybdenum sales at Los Pelambres had an average settlement period of approximately two months after shipment date.

At 30 June 2010, sales totalling 1,300 tonnes remained open as to price, with an average mark-to-market price of US$14.6 per pound compared with an average provisional invoice price of US$16.7 per pound. At 30 June 2009, sales totalling 1,100 tonnes remained open as to price, with an average mark-to-market price of US$10.3 per pound compared with an average provisional invoice price of US$9.3 per pound. At 31 December 2009, sales totalling 1,400 tonnes remained open as to price, with an average mark-to-market price of US$11.3 per pound compared with an average provisional invoice price of US$11.6 per pound.

b) Derivative financial instruments

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

The Group has applied the hedge accounting provisions of IAS 39 "Financial Instruments: Recognition and Measurement". Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in the income statement in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in the income statement. Realised gains and losses on commodity derivatives recognised in the income statement have been recorded 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 for each period, are as follows:

For the six months ended 30 June 2010

	Impact on income statement for six months ended 30.06.10			Impact on reserves at 30.06.10	Total balance sheet impact of mark-to-market adjustments at 30.06.10
	Realised gains/(losses)	Gains/(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)
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
El Tesoro	-	-	-	0.1	0.2
Michilla	(34.7)	7.4	(27.3)	58.2	(12.3)
Exchange Derivatives					
Los Pelambres	(0.2)	-	(0.2)	-	-
Michilla	-	-	-	(0.1)	(0.1)
Esperanza	-	-	-	(0.7)	(0.7)
Corporate and other items	-	0.2	0.2	-	-
Railway and other transport services	5.7	(1.2)	4.5	-	0.4
Water concession	(1.7)	1.9	0.2	-	-
Interest Derivatives					
Esperanza	-	-	-	(26.9)	(32.6)
	(30.9)	**8.3**	**(22.6)**	**30.6**	**(45.1)**

For the six months ended 30 June 2009

	Impact on income statement for six months ended 30.06.09			Impact on reserves at 30.06.09	Total balance sheet impact of mark-to-market adjustments at 30.06.09
	Realised gains/(losses)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Losses resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
El Tesoro	6.2	2.7	8.9	(61.6)	(7.1)
Michilla	(9.0)	(8.7)	(17.7)	(23.2)	(32.0)
Exchange Derivatives					
Railway and other transport services	(3.3)	1.4	(1.9)	-	-
Water concession	-	(4.1)	(4.1)	-	(4.1)
	(6.1)	**(8.7)**	**(14.8)**	**(84.8)**	**(43.2)**

For the year ended 31 December 2009

	Income statement impact for year ended 31.12.09			Impact on reserves at 31.12.09	Total balance sheet impact of mark-to-market adjustments at 31.12.09
	Realised losses	Gains/(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)
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
El Tesoro	(20.0)	0.9	(19.1)	(52.5)	0.1
Michilla	(45.8)	(2.0)	(47.8)	(75.9)	(77.9)
Exchange Derivatives					
Corporate and other items	(0.8)	(0.2)	(1.0)	-	(0.2)
Railway and other transport services	(8.4)	1.6	(6.8)	-	1.6
Water concession	(2.7)	(1.9)	(4.6)	-	(1.9)
Interest Derivatives					
Esperanza	-	-	-	(5.7)	(5.7)
	(77.7)	**(1.6)**	**(79.3)**	**(134.1)**	**(84.0)**

The gains/(losses) recognised in reserves are disclosed before minority interest and tax.

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

	At 30.06.10	At 30.06.09	At 31.12.09
	US$'m	US$'m	US$'m
Analysed between:			
Non-current assets	8.7	-	-
Current assets	0.6	-	1.7
Current liabilities	(26.3)	(36.0)	(81.2)
Non-current liabilities	(28.1)	(7.2)	(4.5)
	(45.1)	(43.2)	(84.0)

(ii) Outstanding derivative financial instruments

Commodity derivatives

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

- **Min/max instruments**

	At 30.06.10	For instruments held at 30.06.10			
	Copper production hedged	Weighted average remaining period from 1 July 2010	Covering a period up to:	Weighted average floor	Weighted average cap
	000 tonnes	Months		US cents	US cents
Michilla	29,100	17.2	31.12.12	263.0	337.5

Between 1 July 2010 and 31 July 2010 no additional min/max instruments were entered into, and min/max instruments for 1,850 tonnes of copper production matured. As a result up to 31 July 2010:

(i) 22,200 tonnes of 2010 Group copper production had been hedged with min-max options of which 12,950 tonnes matured by 31 July 2010 and 9,250 tonnes remain outstanding and will mature by the end of the year.

(ii) 9,600 tonnes of 2011 Group copper production has been hedged with min-max options.

(iii) 8,400 tonnes of 2012 Group copper production has been hedged with min-max options.

- **Futures – copper production**

	At 30.06.10	For instruments held at 30.06.10		
	Copper production hedged	Weighted average remaining period from 1 July 2010	Covering a period up to:	Weighted average price
	000 tonnes	Months		US cents
Michilla	4,800	3.5	31.12.10	200.8

Between 1 July 2010 and 31 July 2010 no additional futures were entered into, and futures instruments for 800 tonnes of copper production matured. As a result up to 31 July 2010:

(i) 9,800 tonnes of 2010 Group copper production had been hedged with futures of which 5,800 tonnes matured by 31 July 2010 and 4,000 tonnes remain outstanding and will mature by the end of the year.

- **Combined min-max instruments and futures-copper production**

In total, up to 31 July 2010:

(i) 31,800 tonnes of 2010 Group copper production had been hedged with either min-max options or futures of which 18,550 tonnes matured by 31 July 2010 and 13,250 tonnes remain outstanding and will mature by the end of the year.

(ii) 9,600 tonnes of 2011 Group copper production has been hedged with either min-max options or futures.

(iii) 8,400 tonnes of 2012 Group copper production has been hedged with either min-max options or futures.

- **Futures – arbitrage**

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

	At 30.06.10	For instruments held at 30.06.10		
	Copper production hedged	Weighted average remaining period from 1 July 2010	Covering a period up to:	Weighted average price
	000 tonnes	Months		US cents
El Tesoro	7,000	8.9	31.01.12	290.3

(iii) Exchange derivatives

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

- Cross currency swaps

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

	At 30.06.10	For instruments held at 30.06.10		
	Principal value of cross currency swaps held	Weighted average remaining period from 1 July 2010	Covering a period up to:	Weighted average rate
	US$'m	Months		Ch$/US$
Michilla	20.8	1.6	05/10/10	540.9
Esperanza	160.0	2.8	06/01/11	543.7
Corporate and other items	15.5	1.0	31/07/10	546.9
Railway and other transport services	79.9	1.0	04/08/10	544.6
	276.2	2.1		543.9

(iv) Interest derivatives

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

- Interest rate swaps

The Group has used interest rate swaps to swap the floating rate interest relating to the Esperanza financing for fixed rate interest. At 30 June 2010 the Group had entered into the contracts outlined below.

	Phase	Start date	Maturity date	Maximum notional amount	Weighted Average Fixed Rate
				US$'m	%
Esperanza	1	15/02/10	15/02/11	787.8	1.353
Esperanza	2	15/02/11	15/02/18	840.0	3.372

5. Net finance income/(expense)

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Investment income			
Interest receivable	**6.1**	6.6	13.2
Interest expense			
Interest payable	**(5.5)**	(14.9)	(23.4)
Amortisation of deferred finance costs	**(0.9)**	(0.2)	(0.4)
Preference dividends	**(0.1)**	(0.1)	(0.2)
	(6.5)	(15.2)	(24.0)
Other finance items			
Time value effect of derivatives	**7.4**	(6.0)	(1.1)
Foreign exchange derivatives	**4.7**	(6.0)	(12.4)
Unwinding of discount on provisions	**(1.6)**	(1.3)	(2.8)
Foreign exchange	**2.0**	2.8	1.2
	12.5	(10.5)	(15.1)
Net finance income/(expense)	**12.1**	(19.1)	(25.9)

An expense of US$17.4 million (2009 half year - income of US$29.2 million, 2010 full year – income of US$8.7 million) relating to the net interest expense and other finance items at Esperanza was capitalised within the development expenditure of that project during the year, and is consequently not included within the above table.

6. Taxation

The tax charge for the period comprised the following:

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Current tax charge			
Corporate tax (principally first category tax in Chile)	**(159.2)**	(17.0)	(161.6)
Mining tax (Royalty)	**(36.3)**	(4.5)	(41.4)
Withholding tax provision	**(0.2)**	(0.2)	(0.4)
Exchange gains/(losses) on corporate tax balances	**(0.9)**	15.4	18.3
	(196.6)	(6.3)	(185.1)
Deferred tax credit/(charge)			
Corporate tax (principally first category tax in Chile)	**1.8**	(66.8)	(91.2)
Mining tax (Royalty)	**(0.8)**	(14.2)	(13.7)
Withholding tax provision	**-**	-	(27.7)
	1.0	(81.0)	(132.6)
Total tax charge (Income tax expense)	**(195.6)**	(87.3)	(317.7)

The rate of first category (i.e. corporation) tax in Chile was 17% for both 2010 and 2009. Los Pelambres, El Tesoro and Michilla are also subject to a mining tax (royalty) which imposes an additional tax of 4% of tax-adjusted operating profit. Production from the Tesoro North East deposit and the run-of-mine processing at El Tesoro is subject to the mining tax at a rate of 5% of tax-adjusted operating profit.

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile and deferred tax is provided on undistributed earnings to the extent that remittance is probable in the foreseeable future. Withholding tax is levied on remittances of profits from Chile at 35% less first category tax already paid. Accordingly, the effective tax rate of withholding tax is approximately 18% of any amount remitted or expected to be remitted.

The tax charge for the six months ended 30 June 2010 was $195.6 million and the effective tax rate was 21.0%. The tax charge for the six months ended 30 June 2009 was $87.3 million and the effective tax rate was 18.3%. This rate varied from the standard rate (comprising first category tax and mining tax) principally due to exchange gains on Chilean peso denominated tax prepayments due to the strengthening of the Chilean peso against the US dollar in the 2009 half year.

A temporary increase in the corporate income tax rate for the 2011 and 2012 calendar years to 20% and 18.5% respectively was enacted into law in Chile on 31 July 2010. As at 30 June 2010 deferred tax assets and liabilities which are expected to be realised during 2011 and 2012 have been calculated using the existing 17% rate, as the changes had not been enacted at that time. Any adjustments to the deferred tax assets and liabilities as a result of the application of the revised rates are not expected to be significant.

7. Basic earnings per share

Basic earnings per share is calculated on profit after tax and minority interest giving net earnings of US$451.2 million (six months ended 30 June 2009 – US$235.7 million, year ended 31 December 2009 - US$667.7 million) and based on 985,856,695 ordinary shares. There was no potential dilution of ordinary shares in any period.

8. Dividends

The Board has declared an interim dividend of 4.0 cents per ordinary share (2009 half year – 3.4 cents) for payment on 7 October 2010 to shareholders on the register at the close of business on 17 September 2010. The 2010 interim dividend comprises an ordinary dividend of 4.0 cents per ordinary share (2009 half year – ordinary dividend of 3.4 cents). Dividends are declared and paid gross.

Dividends per share actually paid in the period and recognised as a deduction from net equity under IFRS were 20.0 cents (2009 half year – 53.6 cents), representing the final dividend (including the special dividend) declared in respect of the previous year.

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 close of business on the record date of 17 September 2010. The exchange rate to be applied to dividends to be paid in sterling will be set on 22 September 2010.

9. Intangible assets

	Concession right	Exploration licenses	**Six months ended 30 June 2010**	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	**US$'m**	US$'m	US$'m
Balance at the beginning of the period	185.5	125.7	**311.2**	233.6	233.6
Additions	-	-	**-**	52.5	52.5
Disposal	-	(5.0)	**(5.0)**	-	-
Amortisation	(6.9)	-	**(6.9)**	(5.7)	(12.4)
Foreign currency exchange difference	(13.3)	-	**(13.3)**	28.6	37.5
Balance at the end of the period	165.3	120.7	**286.0**	309.0	311.2

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

The exploration licences relate to the US$120.7 million value attributed to the exploration licences in the Reko Diq area of south-west Pakistan. This intangible asset will be amortised in accordance with the Group's policy for mining properties when the related mining properties enter into production.

After evaluation of the results of the exploration activities to date the Group has decided not to proceed further with the partnership with TEAL Exploration & Mining Incorporated ("TEAL"), and accordingly has withdrawn from the agreement. The US$5.0 million disposal relates to the Group's interests in the mining licences relating to the project with TEAL. Further details are disclosed in Note 23.

10. Property, plant and equipment

	Mining	Railway and other transport	Water Concession	**Six months ended 30 June 2010**	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m	**US$'m**	US$'m	US$'m
Balance at the beginning of the period	4,653.3	186.2	33.7	**4,873.2**	3,679.7	3,679.7
Additions	652.9	7.9	5.0	**665.8**	634.4	1,335.3
Reclassification	-	-	(9.0)	**(9.0)**	-	-
Provisions capitalised	-	-	-	**-**	105.1	105.1
Depreciation charge for the period	(115.0)	(7.6)	(1.0)	**(123.6)**	(97.5)	(205.1)
Depreciation capitalised	(19.7)	-	-	**(19.7)**	(33.1)	(48.3)
Asset disposals	(1.6)	(0.2)	-	**(1.8)**	(5.0)	(4.2)
Foreign currency exchange difference	-	(1.3)	(2.4)	**(3.7)**	6.7	10.7
Balance at the end of the period	5,169.9	185.0	26.3	**5,381.2**	4,290.3	4,873.2

US$12.1 million (30 June 2009 – US$11.6 million; 31 December 2009 - US$24.2 million) of depreciation in respect of assets relating to the Esperanza project has been capitalised within the development expenditure of that project, and US$7.6 million (30 June 2009 – US$21.5 million; 31 December 2009 - US$24.1 million) of depreciation in respect of assets relating to El Tesoro has been included in work in progress and accordingly is excluded from the depreciation and amortisation charge recorded in the income statement as shown in Note 3(a).

The US$9.0 million reclassified from the water concession relates to certain specified amounts recoverable at the end of the concession period which have been reclassified into trade and other receivables.

Future capital commitments at 30 June 2010 were US$376.5 million (30 June 2009 – US$490.2 million; 31 December 2009 - US$495.1 million).

11. Investment property

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Balance at the beginning of the period	**3.4**	2.7	2.7
Foreign currency exchange difference	**(0.2)**	0.5	0.7
Balance at the end of the period	**3.2**	3.2	3.4

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

12. Investment in associates

	Inversiones Hornitos	**ATI**	**Sunridge**	**Six months ended 30 June 2010**	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	**US$'m**	**US$'m**	**US$'m**		US$'m
Balance at the beginning of the period	112.7	3.8	4.8	**121.3**	3.0	3.0
Acquisitions	-	-	-	**-**	-	85.9
Capital contributions	-	-	-	**-**	-	28.6
Share of (loss)/profit before tax	(1.9)	0.8	(0.2)	**(1.3)**	1.0	5.5
Share of tax	0.3	(0.2)	-	**0.1**	(0.2)	(1.0)
Share of (loss)/income from associate	(1.6)	0.6	(0.2)	**(1.2)**	0.8	4.5
Dividends received	-	(0.8)	-	**(0.8)**	(0.7)	(0.7)
Balance at the end of the period	111.1	3.6	4.6	**119.3**	3.1	121.3

The investments which are included in the US$119.3 million balance at 30 June 2010 are set out below:

(i) The Group's 40% interest in Inversiones Hornitos S.A. ("Inversiones Hornitos"), which owns the 150 MW Hornitos thermoelectric power plant under construction in Mejillones, in Chile's Antofagasta Region.

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

(iii) The Group's 17.8% interest in Sunridge Gold Corp ("Sunridge") which was acquired in October 2009 has a base and precious metals project in Eritrea. Although the Group holds less than a 20% interest in Sunridge, the Group's representation on the board of directors of Sunridge gives it significant influence over the entity and it is therefore accounted for as an associate. The fair value of the Group's interest in Sunridge at 30 June 2010 was US$5.2 million (31 December 2009 - US$6.0 million).

13. Joint venture agreements

Tethyan Copper Company Limited

In September 2006 the Group entered into a joint venture agreement with Barrick Gold Corporation ("Barrick Gold"), to establish a 50:50 joint venture in relation to Tethyan Copper Company Limited's ("Tethyan") mineral interests in Pakistan. Tethyan's principal assets are a 75% interest in the exploration licence encompassing the Reko Diq prospects in the Chagai Hills region of South-West Pakistan (in which the Government of Balochistan holds the remaining 25%) including the Western Porphyries, and a 100% interest in certain other licences in the region. The Group's 50% share of the assets and liabilities and results of the jointly controlled entity are included in the consolidated balance sheet and in the consolidated income statement of the Group under the proportionate consolidation method.

Energía Andina S.A.

In October 2008 Energía Andina S.A. was formed as a vehicle for the exploration and exploitation of potential sources of geothermal energy. The company is 60% owned by the Group and 40% owned by Empresa Nacional del Petróleo ("ENAP") of Chile. Control over the key operational and financial decisions in respect of the company are jointly exercised by the Group and ENAP, and accordingly the company is accounted for as a jointly-controlled entity, with results included in the consolidated balance sheet and in the consolidated income statement of the Group under the proportionate consolidation method.

14. Available for sale investments

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Balance at the beginning of the period	**1.2**	0.7	0.7
Additions	**12.6**	-	-
Movements in fair value	**(0.6)**	1.4	0.5
Foreign currency exchange difference	**(0.2)**	-	-
Balance at the end of the period	**13.0**	2.1	1.2

Available for sale investments represent those investments which are not subsidiaries, associates or joint ventures and are not held for trading purposes.

In January 2010 the Group acquired 6,550,939 shares in Duluth Metals Limited ("Duluth Metals"), a company listed on the Toronto Stock Exchange for a total consideration of US$12.6 million. The Group acquired these shares by way of a private placement of 6 million new ordinary shares and a subsequent anti-dilution pre-emptive subscription of 550,939 shares at Cdn$2.00 per share in cash to become an approximately 7% shareholder in Duluth Metals.

At 30 June 2010, the balance of US$13.0 million includes US$11.7 million related to the market value of Duluth Metals' shares and US$1.2 million related to the market value of Panoro Minerals Limited's shares.

15. Inventories

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Raw materials and consumables	**78.4**	56.4	57.5
Work in progress	**198.5**	130.1	166.0
Finished goods	**64.4**	33.7	16.6
	341.3	220.2	240.1

Work in progress includes the following balances which are expected to be processed more than twelve months after the balance sheet date:

(i) US$28.7 million (30 June 2009 – US$32.9 million; 31 December 2009 US$30.0 million) relating to long term inventories at Los Pelambres.

(ii) US$5.1 million (30 June 2009 – US$4.2 million; 31 December 2009 US$5.2 million) relating to high carbonate ore inventories at El Tesoro.

Work in progress includes US$24.2 million (30 June 2009 – US$21.4 million; 31 December 2009 - US$18.8 million) relating to Tesoro North East and US$64.4 million (30 June 2009 – nil; 31 December 2009 - US$50.9 million) relating to the ROM project at El Tesoro.

16. Borrowings

	Notes	**At 30.06.10**	At 30.06.09	At 31.12.09
		US$'m	US$'m	US$'m
Los Pelambres				
Corporate loans	(i)	**(730.7)**	(114.5)	(576.9)
Other short term loans	(ii)	**-**	(500.0)	(245.0)
El Tesoro				
Finance leases	(iii)	**(0.2)**	(0.4)	(0.3)
Michilla				
Finance leases	(iv)	**(0.8)**	(2.2)	(1.5)
Esperanza				
Project financing	(v)	**(850.9)**	-	(677.6)
Subordinated debt	(vi)	**(118.6)**	-	(66.1)
Finance leases	(vii)	**(8.0)**	(14.8)	(11.8)
Corporate and other items				
Finance leases	(viii)	**(34.3)**	(36.3)	(37.6)
Railway and other transport services				
Loans	(ix)	**(7.7)**	(8.5)	(6.6)
Other				
Preference shares	(x)	**(3.0)**	(3.3)	(3.2)
Total (see Note 22)		**(1,754.2)**	(680.0)	(1,626.6)

(i) Corporate loans at Los Pelambres are unsecured and US dollar denominated. The balance of US$730.7 million comprises:

- US$692.5 million in respect of syndicated loans of US$699.5 million less deferred financing costs of US$7.0 million. These loans have a remaining term between 5 and 7 years and have an interest rate of LIBOR six-month plus margins between 0.9% - 1.6%.
- US$38.2 million in respect of syndicated loans of US$38.3 million less deferred financing costs of US$0.1 million. This loan has a remaining term of less than 1 year and has an interest rate of LIBOR plus 0.24%.

(ii) Short term loans at Los Pelambres outstanding at 31 December 2009 were repaid during the six months ended 30 June 2010.

(iii) Finance leases at El Tesoro are US dollar denominated, and are fixed rate with an average interest rate of 1.09%.

(iv) Finance leases at Michilla are US dollar denominated, and are fixed rate with an average interest rate of 6.25%.

(v) The project financing at Esperanza is US dollar denominated. The balance of US$850.9 million represents the US$890.2 million drawn down net of deferred financing costs of US$39.3 million. This loan has approximately 12 years remaining, with an interest rate over the life of the loan of LIBOR six-month rate plus margins of between 1.375% - 3.000%.

The Group has used interest rate swaps to swap the floating rate interest for fixed rate interest. At 30 June 2010 the Group had entered into contracts for a maximum notional amount of US$787.8 million at a weighted average fixed rate of 1.353% maturing in February 2011 and a maximum notional amount of US$840.0 million at a weighted average fixed rate of 3.372% maturing in February 2018.

(vi) This balance includes long term subordinated debt provided to Esperanza by Marubeni Corporation with a duration of 8 years and weighted average interest rate of LIBOR six-months plus 3.75%. Long term subordinated debt provided by Group companies to Esperanza has been eliminated on consolidation.

(vii) Finance leases at Esperanza are denominated in US dollars, Chilean Pesos and Unidades de Fomento (i.e. inflation-linked Chilean pesos) with a maximum remaining duration of 4.5 years and fixed rate with an average interest rate at approximately LIBOR three-month rate plus 2.8%.

(viii) Finance leases at Corporate and other items are denominated in Unidades de Fomento (i.e. inflation-linked Chilean pesos) and have a remaining duration of 20 years and a fixed rate of 5.29%.

(ix) Railway and other transport services includes a balance of US$6.0 million related with bonds issued in the Bolivian stock market to refinance short term loans with a fixed interest rate of 5.5% and duration of 5 years. The balance at 30 June 2010 also includes short term loans of US$1.5 million with a weighted average floating rate of 6.5% and remaining duration of less than one year and customer advances of US$0.2 million.

(x) The preference shares are sterling-denominated and issued by the Company. There were 2,000,000 shares of £1 each authorised, issued and fully paid at 30 June 2010. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders, but are not entitled to participate further in any surplus. Each preference share carries 100 votes in any general meeting of the Company.

Maturity of borrowings

	At 30.06.10	At 30.06.09	At 31.12.09
	US$'m	US$'m	US$'m
Short-term borrowings	**(181.2)**	(589.2)	(431.8)
Medium and long-term borrowings	**(1,573.0)**	(90.8)	(1,194.8)
Total (see Note 22)	**(1,754.2)**	(680.0)	(1,626.6)

At 30 June 2010 US$49.3 million (30 June 2009 – US$57.0 million; 31 December 2009 US$54.4 million) of the borrowings has fixed rate interest and US$1,704.9 million (30 June 2009 – US$623.0 million; 31 December 2009 US$1,572.2 million) has floating rate interest. The Group periodically enters into interest rate derivative contracts to manage its exposure to interest rates. Details of any derivative instruments held by the Group are given in Note 4(b) and Note 16(v) above.

17. Post-employment benefit obligation

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Balance at the beginning of the period	**(48.2)**	(29.0)	(29.0)
Charge to operating profit in the period	**(5.8)**	(3.5)	(13.3)
Release of discount to net interest in period	**(0.8)**	(0.6)	(1.3)
Charge capitalised	**(0.2)**	0.2	(0.4)
Reclassification	**-**	(0.4)	(0.4)
Utilised in the period	**2.2**	3.1	4.6
Foreign currency exchange difference	**3.5**	(6.3)	(8.4)
Balance at the end of the period	**(49.3)**	(36.5)	(48.2)

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

18. Long-term provisions

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Balance at the beginning of the period	**(127.9)**	(18.0)	(18.0)
Charge to operating profit in the period	**(1.3)**	(1.6)	(2.2)
Release of discount to net interest in the period	**(0.8)**	(0.7)	(1.5)
Charge capitalised	**(0.7)**	(0.7)	(1.3)
Capitalised adjustment to provision	**-**	(105.1)	(105.1)
Utilised in the period	**0.8**	0.4	0.4
Foreign currency exchange difference	**-**	(0.2)	(0.2)
Balance at the end of the period	**(129.9)**	(125.9)	(127.9)
Analysed as follows:			
Decommissioning and restoration	**(129.1)**	(125.2)	(127.1)
Termination of water concession	**(0.8)**	(0.7)	(0.8)
Balance at the end of the period	**(129.9)**	(125.9)	(127.9)

Decommissioning and restoration costs relate to the Group's mining operations. Costs are estimated on the basis of a formal closure plan and are subject to regular independent formal review. The provision will be utilised at the end of each of the mines' lives, which is estimated to cover a period of up to 27 years based on current mine plans.

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

19. Deferred tax assets and liabilities

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Net position at the beginning of the period	**(478.7)**	(355.4)	(355.4)
Charge to tax on profit in the period	**1.0**	(81.0)	(132.6)
Deferred tax recognised directly in reserves and minority interest	**(5.2)**	14.4	22.8
Deferred tax capitalised	**3.0**	(19.7)	(8.4)
Foreign currency exchange difference	**2.1**	(3.4)	(5.1)
Net position at the end of the period	**(477.8)**	(445.1)	(478.7)
Analysed between:			
Deferred tax assets	**22.0**	30.8	31.1
Deferred tax liabilities	**(499.8)**	(475.9)	(509.8)
Net position	**(477.8)**	(445.1)	(478.7)

20. Share capital and share premium

There was no change in share capital or share premium in the six months ended 30 June 2010 or the comparative periods.

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

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	US$'m	US$'m	US$'m
Profit before tax	**932.1**	476.6	1,437.6
Depreciation and amortisation	**130.5**	103.2	217.5
Loss on disposal of property, plant and equipment	**6.8**	5.0	4.2
Net finance (income)/expense	**(12.1)**	19.1	25.9
Share of loss/(profit) of associates	**1.2**	(0.8)	(4.5)
Increase in inventories	**(89.5)**	(64.3)	(59.8)
Decrease/(increase) in debtors	**99.7**	(170.4)	(266.2)
Increase/(decrease) in creditors and provisions	**19.0**	(315.6)	(186.9)
Cash flows from operations	**1,087.7**	52.8	1,167.8

22. Analysis of changes in net cash

	At 1.1.10	Cash flows	Other	Exchange	**At 30.06.10**
	US$'m	US$'m	US$'m	US$'m	**US$'m**
Cash and cash equivalents	3,222.3	(54.4)	-	(12.5)	**3,155.4**
Bank borrowings due within one year	(426.5)	338.9	(86.8)	-	**(174.4)**
Bank borrowings due after one year	(1,145.7)	(472.5)	84.7	-	**(1,533.5)**
Finance leases due within one year	(5.3)	6.3	(7.8)	-	**(6.8)**
Finance leases due after one year	(45.9)	-	6.9	2.5	**(36.5)**
Preference shares	(3.2)	-	-	0.2	**(3.0)**
Total borrowings	(1,626.6)	(127.3)	(3.0)	2.7	**(1,754.2)**
Net cash	1,595.7	(181.7)	(3.0)	(9.8)	**1,401.2**

Net cash

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

	At 30.06.10	At 30.06.09	At 31.12.09
	US$'m	US$'m	US$'m
Cash and cash equivalents	**3,155.4**	2,453.3	3,222.3
Total borrowings	**(1,754.2)**	(680.0)	(1,626.6)
	1,401.2	1,773.3	1,595.7

23. Other transactions

There have been no business combinations that would require disclosures under IFRS 3 *Business Combinations* during the six months ended 30 June 2010.

TEAL Exploration & Mining Incorporated

During 2008 the Group entered into an agreement with TEAL Exploration & Mining Incorporated ("TEAL") to acquire an initial 30% interest in two of TEAL's exploration licences on the Zambian Copperbelt for a consideration of US$5.0 million. After evaluation of the results of the exploration activities to date the Group has decided not to proceed further with the partnership with TEAL, and accordingly has withdrawn from the agreement. The Group will receive US$3.5 million from TEAL over a three year period for assigning its interests in the mining licences relating to the project.

24. Contingent assets and liabilities

There are a number of claims currently outstanding to which Antofagasta plc or its subsidiaries ("the Group") is a party, for which no provision has been made in the financial statements and are currently not expected to result in any material loss to the Group. Details of the principal claims in existence either during or at the end of the year and their current status are set out below:

a) Los Pelambres - Mauro tailings dam

As previously announced, during 2008 Los Pelambres entered into binding settlements in respect of litigation relating to the Mauro tailings dam. In December 2008, Los Pelambres became aware of further legal proceedings of which had been initiated in first instance courts in Santiago and Los Vilos by certain members of the Caimanes community located near the Mauro valley. These claims, some of which have already been rejected by the relevant courts, sought to prevent the operation of the Mauro tailings dam. Los Pelambres is continuing to take necessary steps to protect its position and remains confident of its rights to continue operation of the dam.

b) Tethyan Copper Company Limited – Chagai Hills Exploration Joint Venture

On 26 June 2007 the High Court of Balochistan at Quetta dismissed a petition which had sought to declare that the Chagai Hills Exploration Joint Venture of 1993 and the exploration licences granted to Tethyan were null and void and overturned an injunction passed earlier by the Court. The petition had been filed in November 2006 and was directed at several parties including the Group, the Government of Pakistan and the Government of Balochistan.

The petitioners have filed a Civil Petition for Leave to Appeal ("CPLA") against the judgment and this will be heard by the Supreme Court to decide whether the appeal should be heard on its merits.

25. Post balance sheet events

a) Duluth Metals Limited

On 14 January 2010, the Group signed a legally binding Heads of Agreement (“HoA”) with Duluth Metals Limited (“Duluth Metals”), a company listed on the Toronto Stock Exchange (“TSX”), to become an initial 40% partner in Duluth Metals’ Nokomis copper-nickel-platinum group metal (“PGM”) deposit (“Nokomis”), located in the highly prospective Duluth Complex in northeastern Minnesota, USA by committing to fund a total of US$130.0 million of further exploration and feasibility study expenditure over a 3 year period. The Group will also have the option to acquire an additional 25% interest in Nokomis under certain conditions. This transaction closed on 21 July 2010 with the signing of a definitive Participation and Limited Liability Company Agreement and the establishment of the project company, Twin Metals Minnesota LLC.

b) Full Metal Minerals Limited

On 10 August 2010, the Group entered into an agreement with Full Metal Minerals Limited (“Full Metal”) of Canada in respect of its Pyramid copper-gold-molybdenum porphyry project in southwest Alaska. The Group has the right to earn up to a 51% interest in the project over a four-year period by funding up to US$6.0 million of exploration activities and making cash payments totalling US$200,000. Antofagasta will have the right to further increase its interest in the project to 65% by funding a scoping study and can then earn an additional 15% interest by funding a feasibility study.

c) Minera Picacho (Codelco)

On 20 August 2010, the Group entered into an agreement with Minera Picacho, a wholly-owned subsidiary of Corporacion Nacional del Cobre (Chile) ("Codelco"), in respect of the Cumbres prospect in Chile's Antofagasta Region. The Group has the right to earn a 60% interest over a four-year period by funding US$2.5 million in exploration (with a minimum commitment of US$300,000 in the first year) and delivering a feasibility study within a further two years.

26. Related party transactions

a) Joint ventures

In September 2006 the Group entered into a joint venture agreement with Barrick Gold Corporation (“Barrick Gold”) to establish a 50:50 joint venture over Tethyan’s mineral interests in Pakistan. During the six months ended 30 June 2010 the Group contributed US$6.5 million (six months ended 30 June 2009 – US$12.8 million; year ended 31 December 2009 - US$31.1 million) to Tethyan to provide funds for Tethyan’s on-going work programme. The balance due from Tethyan to Group companies at 30 June 2010 was US$0.4 million. (30 June 2009 – 2.4 million; 31 December 2009 - US$0.5 million).

In October 2008 Energía Andina S.A. was formed as a vehicle for the exploration and exploitation of potential sources of geothermal energy. The company is 60% owned by the Group and 40% owned by Empresa Nacional del Petróleo (“ENAP”) of Chile. The balance due from Energía Andina S.A. to the Group at 30 June 2010 was US$0.2 million (30 June 2009 – US$0.2 million; 31 December 2009 – US$0.2 million).

b) Associates

The Group has a 30% interest in Antofagasta Terminal Internacional S.A. (“ATI”), which is accounted for as an associate. The Group received dividends during the period of US$0.8 million (six months ended 30 June 2009 – US$0.7 million; year ended 31 December 2009 – US$0.7 million), as disclosed in the Consolidated Cash Flow Statement.

In July 2009, the Group acquired a 40% interest in Inversiones Hornitos S.A. from GDF SUEZ. This interest is accounted for as an associate. The Group made an initial payment on 15 July 2009 of US$80.9 million to GDF SUEZ, representing the Group's share of costs already incurred plus interest to date of acquisition. During the six months ended 30 June 2010 the Group made further capital contributions of nil (six months ended 30 June 2009 – nil, year ended 31 December 2009 – US$28.6 million) to Inversiones Hornitos. The balance due from Inversiones Hornitos to the Group at 30 June 2010 was US$24.9 million (six months ended 30 June 2009 – nil; year ended 31 December 2009 – US$22.5 million).

In October 2009 the Group acquired 17.8% of the issued share capital of Sunridge under a private placement. This interest is accounted for as an associate. The Group paid US$5 million for the investment during the year ended 31 December 2009. During the six months ended 30 June 2010 the Group made contributions of US$1.4 million (six months ended 30 June 2009 – nil; year ended 31 December 2009 – nil million) to Sunridge to fund exploration work.

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. Antofagasta has the exclusive right to acquire at fair value under certain conditions the shareholding of Mineralinvest in Antomin 2 and Antomin Investors, or the underlying properties, for a period of five years from August 2008. The Group has also committed to meet in full any exploration costs relating to the properties held by these entities.

Minera Cerro Centinela S.A. ("Centinela"), an entity ultimately controlled by the Luksic family, has an interest of 7.973% in Minera Michilla S.A. ("Michilla"), a shareholding it has held since Michilla was created through the merger of two predecessor companies on 31 December 1993.

27. Currency translation

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

	Period end rates	**Average rates**
Six months ended 30 June 2010	US$1.4948 = £1; US$1 = Ch$547	US$1.5244 = £1; US$1 = Ch$525
Six months ended 30 June 2009	US$1.6458 = £1; US$1 = Ch$532	US$1.4865 = £1; US$1 = Ch$588
Year ended 31 December 2009	US$1.6062 = £1; US$1 = Ch$507	US$1.5591 = £1; US$1 = Ch$559

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 Chairman	CH Bailey Director

INDEPENDENT REVIEW REPORT TO ANTOFAGASTA PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related Notes 1 to 27. 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 condensed set of financial statements.

This report is made solely to the company 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. 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 half-yearly financial report 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 and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

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 inquiries, 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants
London, UK
23 August 2010

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

(See notes following Note 28(b).)

a) Production and sales volumes for copper and molybdenum

	Production			**Sales**		
	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009	**Six months ended 30 June 2010**	Six months ended 30 June 2009	Year ended 31 December 2009
	000 tonnes	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Copper						
Los Pelambres	**186.1**	157.5	311.6	**162.4**	148.4	313.6
El Tesoro	**47.3**	40.1	90.2	**46.6**	40.7	89.8
Michilla	**19.5**	20.6	40.6	**20.3**	20.7	39.5
Group total	**252.9**	218.2	442.5	**229.3**	209.8	442.9
Molybdenum						
Los Pelambres	**4.4**	3.7	7.8	**4.1**	3.6	7.7

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 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009	**Six months ended 30 June 2010**	Six months ended 30 June 2009	Year ended 31 December 2009
	US cents	US cents	US cents	**US cents**	US cents	US cents
Copper						
Los Pelambres	**68.1**	84.7	80.4	**304.1**	238.6	286.8
El Tesoro	**146.6**	122.8	123.4	**319.7**	206.5	246.3
Michilla	**180.4**	146.5	157.6	**244.2**	178.9	195.7
Group weighted average (net of by-products)	**91.5**	97.5	96.3	**301.9**	226.6	270.6
Group weighted average (before deducting by-products)	**126.5**	116.0	120.3			
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**113.7**	101.9	106.7			
Cash costs at Los Pelambres comprise:						
On-site and shipping costs	**98.4**	90.8	95.3			
Tolling charges for concentrates	**17.4**	19.4	19.2			
Cash costs before deducting by-product credits	**115.8**	110.2	114.5			
By-product credits (principally molybdenum)	**(47.6)**	(25.6)	(34.1)			
Cash costs (net of by-product credits)	**68.1**	84.7	80.4			
LME average				**323.4**	183.5	234.2
				US$	US$	US$
Molybdenum						
Los Pelambres				**16.8**	9.7	11.3
Market average price				**16.1**	9.1	11.1

Notes to the production and sales statistics

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

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

(iii) Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced. Cash costs are stated net of by-product credits and include tolling charges for concentrates at Los Pelambres. Cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses and corporation tax for all three operations. By-product calculations do not take into account mark-to-market gains for molybdenum at the beginning or end of each period.

(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 prices at Los Pelambres are calculated on a similar basis. In the current year realised prices reflect gains and losses on commodity derivatives, which are included within revenue.

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

(vi) The production information in Note 28(a) and the cash cost information in Note 28(b) is derived from the Group's production report for the second quarter of 2010, published on 4 August 2010.

29. Update to Ore Reserves and Mineral Resources Estimate (not subject to audit or review)

Antofagasta plc has updated Mineral Resources Estimates for two projects in the Sierra Gorda district of Chile, Caracoles and Telégrafo. In the 2009 year-end publication of Mineral Resources, the Caracoles and the Telégrafo Norte and Telégrafo Sur deposits were reported, as a range of tonnes and grade, under the heading of 'Other Mineral Inventory'. The Caracoles deposit is 100% owned by Antofagasta plc, while the Telégrafo Norte and Telégrafo Sur deposits are 70% owned and form part of the Esperanza project. For the purposes of this update and in the future, Telégrafo Norte and Telégrafo Sur have been merged into one Resource Estimate, referred to as Telégrafo. Group total resources have increased by 3.7 billion tonnes, representing a 25% increase in resource tonnage on year-end 2009. Attributable total resources have increased by 3.0 billion tonnes, which represents a 35% increase on year-end 2009.

Based on the incorporation of the Mirador project into the El Tesoro mine, which has been approved by the El Tesoro board, a portion of the previously reported Mirador Mineral Resources have been upgraded to Ore Reserves. El Tesoro is owned 70% by Antofagasta plc. The 22 million tonnes of ore reserves estimated for Mirador represents a marginal increase of 1% over year-end 2009 reserves.

The Competent Person for Exploration Results and Mineral Resources is Jorge Artal (MAusIMM), Senior Geologist for Antofagasta Minerals S.A. The Competent Person for Ore Reserves is Murray Canfield (P.Eng. Ontario), Technical Manager Operations for Antofagasta Minerals S.A.

At 30 June 2010

	Notes	Tonnage	Copper	Molybdenum	Gold	Attributable Tonnage
Ore reserves		(millions of tonnes)	(%)	(%)	(g/tonne)	(millions of tonnes)
Mirador Oxides	29(i)					
Proved		5.1	3.13	-	-	3.6
Probable		17.2	0.80	-	-	12.0
Total		**22.2**	**1.33**	**-**	**-**	**15.6**
Mineral resources						
Telégrafo	29(ii)					
Oxides						
Measured		-	-	-	-	-
Indicated		9.0	0.23	-	-	6.3
Measured + Indicated		9.0	0.23	-	-	6.3
Inferred		37.2	0.25	-	-	26.1
Sub-total		**46.2**	**0.25**	**-**	**-**	**32.3**
Sulphides						
Measured		-	-	-	-	-
Indicated		749.1	0.44	0.015	0.15	524.4
Measured + Indicated		749.1	0.44	0.015	0.15	524.4
Inferred		1,808.1	0.36	0.011	0.09	1,265.7
Sub-total		**2,557.3**	**0.38**	**0.012**	**0.11**	**1,790.1**
Total		**2,603.5**	**0.38**	**-**	**-**	**1,822.4**
Caracoles	29(iii)					
Oxides						
Measured		-	-	-	-	-
Indicated		-	-	-	-	-
Measured + Indicated		-				-
Inferred		132.4	0.50	-	-	132.4
Sub-total		**132.4**	**0.50**	**-**	**-**	**132.4**
Sulphides						
Measured		7.8	0.68	0.017	0.35	7.8
Indicated		676.0	0.47	0.016	0.18	676.0
Measured + Indicated		683.8	0.48	0.016	0.18	683.8
Inferred		312.7	0.38	0.014	0.18	312.7
Sub-total		**996.5**	**0.45**	**0.015**	**0.18**	**996.5**
Total		**1,128.9**	**0.45**	**-**	**-**	**1,128.9**
Total Telégrafo + Caracoles						
Measured + Indicated		1,441.9	0.45	-	-	1,214
Inferred		2,290.4	0.37	-	-	1,737
Total		**3,732.3**	**0.40**	**-**	**-**	**2,951**

Notes to Ore Reserves and Mineral Resources Estimate

(i) Mirador Oxides

A recently completed Feasibility Study on the Mirador Oxide deposit demonstrated technical and economic viability of the project by processing the Mirador oxide ore through the El Tesoro mine facilities. The El Tesoro board has approved the incorporation of Mirador oxide ore into the El Tesoro mine plan, with pre-stripping on the Mirador pit to start late in 2010. Ore Reserves have been determined based on a long term copper price of US 170 cents per pound and a cut-off grade of 0.35% copper.

Mineral Resources for both Telégrafo and Caracoles have been estimated using a cut off grade of 0.20% copper, for both Oxide and Sulphide material, and include those mineral resources contained within an un-smoothed, optimised pit shell using a copper price of US 250 cents per pound, a molybdenum price of US 12.0 dollars per pound and a gold price of US 975 dollars per ounce.

(ii) Telégrafo

An infill drilling campaign was carried out during 2009 to achieve a target drill spacing of 100 by 120 metres, which is sufficient to define indicated resources. These resources will be used as a basis for the pre-feasibility study currently being undertaken. In the 2009 Annual Report, under the heading 'Other Mineral Inventory', the sum of values for Telégrafo Norte and Telégrafo Sur ranged from 1,430 million tonnes to 2,260 million tonnes with grades estimated to range from 0.45% to 0.34% copper.

(iii) Caracoles

An infill drilling campaign was carried out during 2009 to achieve a target drill spacing of 88 by 88 metres. For the sulphide material, indicated resources are supported by a drill spacing of 120 by 120 metres, while measured resources require a grid of 70 by 70 metres. These resources will be used as a basis for the pre-feasibility study currently being undertaken. In the 2009 Annual Report, under the heading 'Other Mineral Inventory', the range of values for Caracoles was from 700 million tonnes to 1,100 million tonnes with grades estimated to range from 0.60% to 0.49% copper.

30. Summary of mining companies' Chilean GAAP financial statements (not subject to audit or review)

The Group's four mining companies, Los Pelambres, El Tesoro, Michilla and Esperanza, will file financial statements under Chilean GAAP for the six month period ended 30 June 2010 with the Chilean securities regulator, the Superintendencia de Valores y Seguros de Chile ("SVS").

The balance sheets, income statements and cash flow statements prepared under Chilean GAAP and to be filed with the SVS are summarised below.

(a) Balance sheets

	Los Pelambres At 30.06.10	Los Pelambres At 30.06.09	**El Tesoro At 30.06.10**	El Tesoro At 30.06.09	**Michilla At 30.06.10**	Michilla At 30.06.09	**Esperanza At 30.06.10**	Esperanza At 30.06.09
	US$'m	US$'m	**US$'m**	US$'m	**US$'m**	US$'m	**US$'m**	US$'m
Cash and cash equivalents	**391.9**	302.0	**181.1**	186.1	**37.7**	21.2	**182.1**	63.6
Trade and other receivables	**215.0**	236.5	**85.1**	83.1	**21.8**	17.3	**49.4**	23.5
Inventories	**118.6**	106.4	**173.9**	88.4	**25.3**	21.9	**2.0**	1.1
Current and deferred tax assets	**33.3**	53.4	**13.8**	23.2	**3.9**	13.3	**49.2**	39.5
Current assets	**758.8**	698.3	**453.9**	380.8	**88.7**	73.7	**282.7**	127.7
Fixed assets	**2,575.9**	2,342.4	**379.7**	473.0	**18.7**	15.1	**1,773.0**	944.5
Other non-current assets	**170.7**	134.0	**246.6**	169.2	**7.6**	8.9	**318.6**	185.9
TOTAL ASSETS	**3,505.4**	3,174.7	**1,080.2**	1,023.0	**115.0**	97.7	**2,374.3**	1,258.1
Short term borrowings	**(175.7)**	(581.4)	**(0.2)**	(0.1)	**-**	-	**(8.4)**	**-**
Trade and other payables	**(154.0)**	(107.2)	**(48.0)**	(42.5)	**(29.5)**	(22.1)	**(191.6)**	(432.1)
Current and deferred tax liabilities	**(21.5)**	(1.7)	**(11.2)**	(5.9)	**(2.0)**	-	**-**	-
Current liabilities	**(351.2)**	(690.3)	**(59.4)**	(48.5)	**(31.5)**	(22.1)	**(200.0)**	(432.1)
Medium and long term borrowings	**(563.5)**	(38.3)	**(0.1)**	(0.2)	**-**	-	**(1,396.6)**	-
Trade and other payables	**(59.7)**	(58.4)	**(17.9)**	(16.7)	**(21.8)**	(21.6)	**(78.7)**	(104.4)
Deferred tax liabilities	**(286.9)**	(250.3)	**(51.9)**	(59.4)	**-**	-	**(11.4)**	(27.1)
Non-current liabilities	**(910.1)**	(347.0)	**(69.9)**	(76.3)	**(21.8)**	(21.6)	**(1,486.7)**	(131.5)
Total liabilities	**(1,261.3)**	(1,037.3)	**(129.3)**	(124.8)	**(53.3)**	(43.7)	**(1,686.7)**	(563.6)
Share capital	**(373.8)**	(373.8)	**(91.0)**	(91.0)	**(42.6)**	(42.6)	**(694.5)**	(694.5)
Reserves	**(1,870.3)**	(1,763.6)	**(859.9)**	(807.2)	**(19.1)**	(11.4)	**6.9**	-
Total shareholders' equity	**(2,244.1)**	(2,137.4)	**(950.9)**	(898.2)	**(61.7)**	(54.0)	**(687.6)**	(694.5)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**(3,505.4)**	(3,174.7)	**(1,080.2)**	(1,023.0)	**(115.0)**	(97.7)	**(2,374.3)**	(1,258.1)

(b) Income statements

	Los Pelambres	Los Pelambres	El Tesoro	El Tesoro	Michilla	Michilla	Esperanza	Esperanza
	Six months ended 30 June 2010 US$'m	Six months ended 30 June 2009 US$'m	**Six months ended 30 June 2010 US$'m**	Six months ended 30 June 2009 US$'m	**Six months ended 30 June 2010 US$'m**	Six months ended 30 June 2009 US$'m	**Six months ended 30 June 2010 US$'m**	Six months ended 30 June 2009 US$'m
Revenue	**1,269.0**	766.3	**329.9**	185.3	**109.7**	81.8	-	-
Operating costs	**(366.9)**	(306.2)	**(178.0)**	(119.8)	**(78.6)**	(69.6)	-	-
Operating margin	**902.1**	460.1	**151.9**	65.5	**31.1**	12.2	-	-
Administrative and distribution expenses	**(63.6)**	(53.5)	**(21.3)**	(17.0)	**(8.2)**	(10.4)	-	-
Operating profit	**838.5**	406.6	**130.6**	48.5	**22.9**	1.8	-	-
Other income	**3.6**	0.9	**0.5**	0.7	**1.0**	6.0	-	-
Financial income	**1.4**	1.6	**2.9**	2.2	**0.1**	0.1	-	-
Financial expenses	**(6.2)**	(13.7)	**(0.1)**	(1.2)	**(0.1)**	-	-	-
Other expenses	**(6.4)**	(3.4)	**(0.6)**	11.9	**(0.1)**	(1.9)	(8.9)	-
Exchange difference	**0.3**	5.2	**0.9**	(0.3)	**1.5**	(0.1)	-	-
Net non-operating (expense)/income	**(7.3)**	(9.4)	**3.6**	13.3	**2.4**	4.1	**(8.9)**	-
Profit before tax	**831.2**	397.2	**134.2**	61.8	**25.3**	5.9	**(8.9)**	-
Income tax expense	**(169.4)**	(85.8)	**(23.9)**	(13.5)	**(6.4)**	5.3	1.5	-
Profit for the financial period	**661.8**	311.4	**110.3**	48.3	**18.9**	11.2	**(7.4)**	-

(c) Cash flow statements

	Los Pelambres	Los Pelambres	El Tesoro	El Tesoro	Michilla	Michilla	Esperanza	Esperanza
	Six months ended 30 June 2010 US$'m	Six months ended 30 June 2009 US$'m	**Six months ended 30 June 2010 US$'m**	Six months ended 30 June 2009 US$'m	**Six months ended 30 June 2010 US$'m**	Six months ended 30 June 2009 US$'m	**Six months ended 30 June 2010 US$'m**	Six months ended 30 June 2009 US$'m
Net cash flow from operating activities	**709.7**	(51.5)	**147.0**	60.9	**26.7**	(8.9)	**(9.0)**	87.7
Investing activities								
Additions to fixed assets	**(114.8)**	(210.1)	**(12.6)**	(46.4)	**(6.7)**	(7.0)	**(481.7)**	(303.0)
Disposals of fixed assets	**-**	-	**-**	-	**-**	0.4	**-**	-
Other loans to related companies	**-**	-	**-**	-	**-**	-	**-**	6.1
Net cash used in investing activities	**(114.8)**	(210.1)	**(12.6)**	(46.4)	**(6.7)**	(6.6)	**(481.7)**	(296.9)
Financing activities								
New Loans	**245.0**	410.0	**-**	-	**-**	-	**349.1**	-
Dividends paid	**(500.0)**	-	**(50.0)**	-	**(22.5)**	-	**-**	-
Loans repaid	**(333.8)**	(172.3)	**-**	-	**-**	-	**-**	-
Net cash from financing activities	**(588.8)**	237.7	**(50.0)**	-	**(22.5)**	-	**349.1**	-
Net increase/(decrease) in cash and cash equivalents	**6.1**	(23.9)	**84.4**	14.5	**(2.5)**	(15.5)	**(141.6)**	(209.2)
Cash and cash equivalents at the beginning of the period	**385.8**	325.9	**96.7**	171.6	**40.2**	36.7	**323.7**	272.8
Cash and cash equivalents at the end of the period	**391.9**	302.0	**181.1**	186.1	**37.7**	21.2	**182.1**	63.6

Note to Chilean GAAP financial statements

(i) The above balance sheets, income statements and cash flow statements have been derived from the financial statements of Los Pelambres, El Tesoro, Michilla and Esperanza for the six months ended 30 June 2010 to be filed with the SVS in Chile on 24 August 2010. Certain detailed lines in the individual statements have been combined.

(ii) The balance sheets, income statements and cash flow statements above have been prepared under Chilean GAAP and therefore do not necessarily equate to the amounts that would be included in the Group's consolidated financial statements for a corresponding period either as to measurement or classification.

(iii) The amounts disclosed above represent the full amount for each company and not the Group's attributable share. The Group owns 60% of Los Pelambres, 70% of El Tesoro, 74.2% of Michilla and 70% of Esperanza.

(iv) All income and expenditure incurred in the development of Esperanza is capitalised as part of the mining property asset, and accordingly there are no income statement gains or losses in respect of Esperanza.

(v) A translation into English of the full financial statements as filed with the SVS for each company shown in summary form above will be available on the Group's website www.antofagasta.co.uk after these have been filed.

31. Reconciliation of Chilean GAAP results to Revenue and EBITDA under IFRS for individual business segments (not subject to audit or review)

(a) Revenue

	Notes	**Los Pelambres Six months ended 30 June 2010 US$'m**	Los Pelambres Six months ended 30 June 2009 US$'m	**El Tesoro Six months ended 30 June 2010 US$'m**	El Tesoro Six months ended 30 June 2009 US$'m	**Michilla Six months ended 30 June 2010 US$'m**	Michilla Six months ended 30 June 2009 US$'m	**Esperanza Six months ended 30 June 2010 US$'m**	Esperanza Six months ended 30 June 2009 US$'m
Chilean GAAP - Revenue		**1,269.0**	766.3	**329.9**	185.3	**109.7**	81.8	-	-
Mark-to-market of provisionally priced sales	32(i)	**(60.9)**	37.1	**(1.5)**	-	**(0.4)**	(0.2)	-	-
Reclassification of realised (gains)/losses on commodity derivatives to other operating expense/reserves	32(ii)	**-**	-	**-**	-	**-**	-	-	-
IFRS - Revenue		**1,208.1**	803.4	**328.4**	185.3	**109.3**	81.6	-	-

(b) EBITDA

	Notes	**Los Pelambres Six months ended 30 June 2010 US$'m**	Los Pelambres Six months ended 30 June 2009 US$'m	**El Tesoro Six months ended 30 June 2010 US$'m**	El Tesoro Six months ended 30 June 2009 US$'m	**Michilla Six months ended 30 June 2010 US$'m**	Michilla Six months ended 30 June 2009 US$'m	**Esperanza Six months ended 30 June 2010 US$'m**	Esperanza Six months ended 30 June 2009 US$'m
Chilean GAAP - Operating profit		**838.5**	406.6	**130.6**	48.5	**22.9**	1.8	-	-
Depreciation & amortisation		**78.3**	62.7	**43.6**	25.4	**4.3**	2.8	-	-
Chilean GAAP - EBITDA		**916.8**	469.3	**174.2**	73.9	**27.2**	4.6	**-**	-
Mark-to-market of provisionally priced sales	32(i)	**(60.9)**	37.1	**(1.5)**	-	**(0.4)**	(0.2)	-	-
Mark-to-market of financial derivatives	32(ii)	**-**	-	**-**	-	**-**	-	-	-
Other IFRS and consolidation adjustments		**(3.4)**	(1.8)	**2.6**	0.7	**1.3**	4.8	-	-
IFRS - EBITDA		**852.5**	504.6	**175.3**	74.6	**28.1**	9.2	-	-

Notes to reconciliation of revenue and EBITDA

(i) 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 30 to 180 days after delivery to the customer.

Under Chilean GAAP, the Group's accounting treatment is to value sales, which remain open as to final pricing at the period end, in aggregate at the lower of provisional invoice prices and mark-to-market prices at the balance sheet date. Mark-to-market adjustments in respect of tolling charges (whether positive or negative) are not taken into account. 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 for that commodity.

Under IFRS, both 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. Under IFRS, the Group determines mark-to-market prices in the same way as under Chilean GAAP.

This results in a GAAP adjustment in cases where the mark-to-market prices are higher than the provisional invoice prices either at the opening or closing periods. For Los Pelambres this results in a loss of US$60.9 million in respect of copper concentrate sales. For Michilla this results in a loss of US$0.4 million and for El Tesoro a loss of US$1.5 million.