

For immediate release

5 Princes Gate  
London  
SW7 1QJ  
United Kingdom

Telephone: + 44 20 7808 0988  
Fax: + 44 20 7808 0986  
Email: [info@antofagasta.co.uk](mailto:info@antofagasta.co.uk)

## Unaudited Results for the Nine Months ended 30 September 2010

London, 25 November 2010

### Highlights

	Nine months ended 30 September 2010 US\$m	Nine months ended 30 September 2009 US\$m	Change %	Full year 2009 US\$m
Group revenue	<u>3,168.9</u>	<u>2,019.6</u>	56.9%	<u>2,962.6</u>
Group EBITDA	<u>1,957.3</u>	<u>1,127.3</u>	73.6%	<u>1,680.7</u>

### Revenue

Group revenue in the nine months ended 30 September 2010 was US\$3,168.9 million compared with US\$2,019.6 million in the same period of 2009. This increase mainly reflected the impact of higher realised prices for copper and molybdenum during the period, as well as increased copper sales volumes.

LME copper prices averaged 325.2 cents per pound compared with 211.5 cents per pound in the nine months ended 30 September 2009. Positive pricing adjustments of US\$107.5 million on provisionally invoiced sales due to the increase in the copper price during the period were partly offset by a loss of US\$52.6 million on commodity derivatives at Michilla which matured in the period. This resulted in a realised copper price higher than the LME average for the first nine months of 2010 at 329.9 cents per pound, 31.8% higher than the 250.3 cents per pound realised in the comparative period.

Market molybdenum prices averaged US\$15.7 per pound compared with US\$10.9 per pound in the nine months ended 30 September 2009. The realised molybdenum price this period of US\$16.3 per pound (nine months ended 30 September 2009 - US\$11.9 per pound) was slightly higher than the corresponding average market price due to the impact of positive provisional pricing adjustments.

Pricing adjustments in the final quarter of the year will depend on average metal prices during the fourth quarter and mark-to-market prices at the end of the year, relative to the mark-to-market prices at 30 September 2010 as disclosed in Note 4. The weighted average mark to market price at 30 September 2010 was 363.5 cents per pound for open copper sales and US\$15.6 per pound for open molybdenum sales.

The volume of copper sold was 388,400 tonnes, a 20.3% increase on the 322,800 tonnes sold in the nine months ended 30 September 2009. This was mainly due to the completion at the end of Q1 2010 of the expansion of plant capacity at Los Pelambres to 175,000 tonnes per day. Molybdenum sales volumes were 6,300 tonnes, compared with 5,800 tonnes in the nine months ended 30 September 2009.

The transport division's sales increased to US\$113.2 million (nine months ended 30 September 2009 - US\$103.2 million) mainly as a result of an increase in road tonnages partly offset by a slight reduction in rail volumes. The water division's sales increased to US\$67.1 million (nine months ended 30 September 2009 - US\$61.3 million) mainly as a result of increased volumes.

Further details of production and sales volumes and realised prices by mining operation are given in Note 2, and an analysis of revenue by business segment is given in Note 3. Further details of the operating performance of each mine and the rail and water division are also given in the Group's third quarter production report released on 3 November 2010.

**EBITDA**

Group EBITDA in the nine months ended 30 September 2010 was US\$1,957.3 million, compared with US\$1,127.3 million in the first nine months of 2009. The increased revenues discussed above were partly offset by increased operating costs. Excluding by-product credits (which are reported as part of revenue) and tolling charges for concentrates (which are deducted from revenue), 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 103.0 cents per pound in the first nine months of 2009 to 117.5 cents per pound in the nine months ended 30 September 2010. This increase was mainly due to higher energy costs and the stronger Chilean peso partly offset by lower sulphuric acid costs. Further details of the cash costs of each mine are given in the Group's third quarter production report.

The amount recognised within revenue and EBITDA during the current period in respect of the Group's commodity hedging programme was a loss of US\$52.6 million (nine months ended 30 September 2009 – loss of US\$28.5 million) in respect of derivative instruments which matured during the period. In addition to this amount recognised within EBITDA, a loss of US\$19.8 million (nine months ended 30 September 2009 – loss of US\$9.4 million) was recognised within other finance items, in respect of other amounts which do not form part of designated hedging relationships as well as realised and unrealised losses on exchange derivatives. A net gain of US\$25.1 million (nine months ended 30 September 2009 – net loss of US\$125.0 million) on a pre-tax basis was recognised directly within reserves and minority interests, in respect of mark-to-market adjustments for commodity, exchange and interest rate derivatives, which form part of designated effective hedging relationships.

Further details of cash costs by mining operation are given in Note 2, and an analysis of EBITDA by business segment is given in Note 3. Details of commodity derivative instruments, including those entered into after the period end, are given in Note 5.

**Cash and Borrowings**

At 30 September 2010 the Group had cash and cash equivalents of US\$3,685.3 million (31 December 2009 – US\$3,222.3 million). Excluding the minority share in each partly-owned operation, the Group's attributable share of total cash and cash equivalents was US\$3,382.0 million (31 December 2009 – US\$2,934.3 million).

Total Group borrowings at 30 September 2010 were US\$2,246.0 million (31 December 2009 – US\$1,626.6 million). Of this, US\$1,512.3 million (31 December 2009 – US\$1,067.6 million) is proportionally attributable to the Group after excluding the minority shareholdings in partly-owned operations. The increase in debt is mainly due to the draw downs on the Esperanza, Los Pelambres and El Tesoro facilities partly offset by the repayment of short term loans at Los Pelambres.

**Other information**

At Esperanza commissioning of the plant has now commenced; as previously announced, the first shipment of copper concentrate is expected by the end of the year.

Labour negotiations were satisfactorily concluded at Los Pelambres on 17 November 2010 with the main union, which covers more than 70% of the mine's employees, for a new 46 month labour agreement. This was concluded in advance of the expiry of the existing agreement, which ran until February 2011.

After evaluation of the results of the exploration activities to date, the Group decided in October 2010 not to proceed further with its agreement with International Base Metals Limited of Australia in respect of its Kopermyn mining property in northern Namibia.

## **Basis of Information**

The Group revenue and EBITDA figures included in this release for the nine-month period ended 30 September 2010 are presented on a basis consistent with the accounting policies used in the Group's 2009 Annual Report and Financial Statements under International Financial Reporting Standards and Interpretations ("IFRS").

The Group's four mining companies, Los Pelambres, El Tesoro, Michilla and Esperanza will today also file quarterly financial statements under Chilean GAAP for the nine-month period ended 30 September 2010 with the Chilean securities regulator, the Superintendencia de Valores y Seguros de Chile ("SVS"). This release includes a summary of the Chilean GAAP income statement, balance sheet and cash flow statement for each of the four mining companies to be filed with the SVS.

### **Enquiries**

#### **London**

#### **Investor relations - Antofagasta plc**

Tel: +44 20 7808 0988

[www.antofagasta.co.uk](http://www.antofagasta.co.uk)

Desmond O'Connor - [doconor@antofagasta.co.uk](mailto:doconor@antofagasta.co.uk)

Hussein Barma - [hbarma@antofagasta.co.uk](mailto:hbarma@antofagasta.co.uk)

Philip Holden - [pholden@antofagasta.co.uk](mailto:pholden@antofagasta.co.uk)

#### **Media enquiries - Bankside Consultants**

Tel: +44 20 7367 8871

Simon Rothschild - [simon.rothschild@bankside.com](mailto:simon.rothschild@bankside.com)

#### **Santiago**

#### **Antofagasta Minerals S.A.**

Tel: +562 798 7000

Alejandro Rivera - [arivera@aminerals.cl](mailto:arivera@aminerals.cl)

Eduardo Tagle - [etagle@aminerals.cl](mailto:etagle@aminerals.cl)

Luis Eduardo Bravo - [lbravo@aminerals.cl](mailto:lbravo@aminerals.cl)

## Notes

### 1. General information and accounting policies

These unaudited third quarter results are for the nine-month period ending 30 September 2010 and were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union. The Group revenue and EBITDA information, including all comparatives, have been prepared on the basis of the accounting policies consistent with those applied in the financial statements for the year ended 31 December 2009, except as set out below.

While the revenue and EBITDA information contained in this nine month results announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The information included in this announcement for the nine month periods ending 30 September 2009 and 30 September 2010 is unaudited.

The information contained in this announcement for the year ended 31 December 2009 does not constitute statutory accounts. 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 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. The comparative information contained in Note 2 of this announcement is not derived from the statutory accounts for the year ended 31 December 2009 and is accordingly not covered by the auditors' report.

#### 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.

### 2. Production and Sales Statistics

(See notes following Note 2(b).)

#### (a) Production and sales volumes for copper and molybdenum

	<u>Production</u>			<u>Sales</u>		
	Nine months ended 30 September 2010 '000 tonnes	Nine months ended 30 September 2009 '000 tonnes	Full year 2009 '000 tonnes	Nine months ended 30 September 2010 '000 tonnes	Nine months ended 30 September 2009 '000 tonnes	Full year 2009 '000 tonnes
<b>Copper</b>						
Los Pelambres	292.3	231.7	311.6	286.2	231.7	313.6
El Tesoro	71.4	65.9	90.2	71.4	62.0	89.8
Michilla	29.9	30.5	40.6	30.8	29.1	39.5
<b>Group total</b>	<b>393.6</b>	328.1	442.5	<b>388.4</b>	322.8	442.9
<b>Molybdenum</b>						
Los Pelambres	6.7	5.8	7.8	6.3	5.8	7.7

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

	<u>Cash cost</u>			<u>Realised prices</u>		
	<b>Nine months ended 30 September 2010 US cents</b>	Nine months ended 30 September 2009 US cents	Full year 2009 US cents	<b>Nine months ended 30 September 2010 US cents</b>	Nine months ended 30 September 2009 US cents	Full year 2009 US cents
<b>Copper</b>						
Los Pelambres	73.4	77.0	80.4	338.2	264.7	286.8
El Tesoro	161.3	119.1	123.4	329.4	226.0	246.3
Michilla	183.6	150.5	157.6	253.7	186.4	195.7
<b>Group weighted average (net of by-products)</b>	<b>97.7</b>	92.2	96.3	<b>329.9</b>	250.3	270.6
<b>Group weighted average (before deducting by-products)</b>	<b>130.7</b>	116.7	120.3			
<b>Group weighted average (before deducting by-products and excluding tolling charges from concentrate)</b>	<b>117.5</b>	103.0	106.8			
<b>Cash costs at Los Pelambres comprise:</b>						
On-site and shipping cost	100.0	92.1	95.3			
Tolling charges for concentrates	17.8	19.5	19.2			
<b>Cash costs before deducting by-product credits</b>	<b>117.8</b>	111.6	114.5			
By-product credits (principally molybdenum)	(44.4)	(34.6)	(34.1)			
<b>Cash costs (net of by-product credits)</b>	<b>73.4</b>	77.0	80.4			
<b>LME average</b>				<b>325.2</b>	211.5	234.2
				<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Molybdenum</b>						
Los Pelambres				<b>16.3</b>	11.9	11.3
<b>Market average price</b>				<b>15.7</b>	10.9	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 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. Realised prices also 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 2(a) and the cash cost information in Note 2(b) is derived from the Group's production report for the third quarter of 2010 published on 3 November 2010.

### 3. Revenue and EBITDA analysed by business segment

	Revenue			EBITDA		
	Nine months ended	Nine months ended	Full year	Nine months ended	Nine months ended	Full year
	30 September 2010	30 September 2009	2009	30 September 2010	30 September 2009	2009
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Los Pelambres	2,297.8	1,426.6	2,081.5	1,656.6	952.2	1,408.9
El Tesoro	518.5	308.9	487.6	261.6	139.2	231.7
Michilla	172.3	119.6	170.5	45.1	17.5	27.9
Exploration	-	-	-	(63.6)	(46.7)	(67.1)
Corporate and other items	-	-	-	(33.6)	(26.7)	(37.5)
<b>Mining</b>	<b>2,988.6</b>	<b>1,855.1</b>	<b>2,739.6</b>	<b>1,866.1</b>	<b>1,035.5</b>	<b>1,563.9</b>
<b>Railway and other transport services</b>	<b>113.2</b>	<b>103.2</b>	<b>139.4</b>	<b>44.3</b>	<b>46.4</b>	<b>56.6</b>
<b>Water concession</b>	<b>67.1</b>	<b>61.3</b>	<b>83.6</b>	<b>46.9</b>	<b>45.4</b>	<b>60.2</b>
<b>Group revenue and EBITDA</b>	<b>3,168.9</b>	<b>2,019.6</b>	<b>2,962.6</b>	<b>1,957.3</b>	<b>1,127.3</b>	<b>1,680.7</b>

### Revenue by product

	Nine months ended	Nine months ended	Full year
	30 September 2010	30 September 2009	2009
	US\$m	US\$m	US\$m
<b>Copper concentrate</b>			
- Los Pelambres	2,031.2	1,257.5	1,858.0
<b>Copper cathode</b>			
- El Tesoro	518.5	308.9	487.6
- Michilla	172.3	119.6	170.5
<b>Molybdenum</b>			
- Los Pelambres	217.1	142.1	180.1
<b>Silver</b>			
- Los Pelambres	19.0	12.3	19.8
<b>Gold</b>			
- Los Pelambres	30.5	14.7	23.6
<b>Total Mining</b>	<b>2,988.6</b>	<b>1,855.1</b>	<b>2,739.6</b>
<b>Railway and transport services</b>	<b>113.2</b>	<b>103.2</b>	<b>139.4</b>
<b>Water concession</b>	<b>67.1</b>	<b>61.3</b>	<b>83.6</b>
	<b>3,168.9</b>	<b>2,019.6</b>	<b>2,962.6</b>

**Notes to revenue and EBITDA by business segment**

- (i) Revenue from Railway and other transport services is stated after eliminating inter-segmental sales to the mining division of US\$10.0 million (nine months ended 30 September 2009 – US\$7.7 million; full year 2009 – US\$10.3 million).

Revenue from the water concession is stated after eliminating inter-segmental sales to the mining division of US\$6.4 million (nine months ended 30 September 2009 – US\$5.9 million; full year 2009 – US\$8.6 million), and to the Railway and other transport services of US\$0.1 million (nine months ended 30 September 2009 – US\$0.2 million; full year 2009 – US\$0.2 million).

- (ii) 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.
- (iii) In the current period revenue and EBITDA includes a realised net loss of US\$52.6 million in respect of commodity derivatives which matured during the period (nine months ended 30 September 2009 – net loss of US\$28.5 million; full year 2009 – net loss of US\$65.8 million). Further details are given in Note 5.
- (iv) EBITDA is calculated by adding back depreciation, amortisation and disposals of plant, property and equipment and any impairment charges to operating profit from subsidiaries.

**4. 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 120 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 for that commodity.

The mark-to-market adjustments at the end of each period and the effect on revenue in the income statement for each period are as follows:

	<b>Balance sheet -</b>		
	<b>net mark to market effect on debtors</b>		
	<b>At 30.09.10</b>	At 30.09.09	At 31.12.09
	<b>US\$m</b>	US\$m	US\$m
Los Pelambres - copper concentrate	<b>92.5</b>	35.6	62.1
Los Pelambres - tolling charges for copper concentrate	<b>(1.1)</b>	(0.6)	(0.6)
Los Pelambres - molybdenum concentrate	<b>0.8</b>	(1.6)	(1.1)
El Tesoro - copper cathodes	<b>2.1</b>	(0.7)	2.0
Michilla - copper cathodes	<b>0.9</b>	(0.3)	0.4
	<b>95.2</b>	32.4	62.8

## (a) Copper sales

	Nine months ended 30 September 2010			Nine months ended 30 September 2009			Full year 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	2,032.9	513.6	223.6	1,068.1	290.3	134.3	1,602.8	476.5	204.5
<b>Effects of pricing adjustments to previous period invoices</b>									
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	55.7	2.6	0.4	(179.6)	0.6	1.3	(179.6)	0.6	1.3
<b>Total effect of adjustments to previous period invoices in the current period</b>	<b>(6.4)</b>	<b>0.6</b>	<b>-</b>	<b>78.0</b>	<b>1.4</b>	<b>1.1</b>	<b>78.0</b>	<b>1.4</b>	<b>1.1</b>
<b>Effects of pricing adjustments to current period invoices</b>									
Settlement of copper sales invoiced in the current period	15.2	2.2	0.4	170.8	22.4	8.5	240.2	27.7	10.3
Mark-to-market adjustments at the end of the current period	92.5	2.1	0.9	35.6	(0.7)	(0.3)	62.1	2.0	0.4
<b>Total effect of adjustments to current period invoices</b>	<b>107.7</b>	<b>4.3</b>	<b>1.3</b>	<b>206.4</b>	<b>21.7</b>	<b>8.2</b>	<b>302.3</b>	<b>29.7</b>	<b>10.7</b>
<b>Total pricing adjustments*</b>	<b>101.3</b>	<b>4.9</b>	<b>1.3</b>	<b>284.4</b>	<b>23.1</b>	<b>9.3</b>	<b>380.3</b>	<b>31.1</b>	<b>11.8</b>
<b>Realised losses on commodity derivatives</b>	<b>-</b>	<b>-</b>	<b>(52.6)</b>	<b>-</b>	<b>(4.5)</b>	<b>(24.0)</b>	<b>-</b>	<b>(20.0)</b>	<b>(45.8)</b>
<b>Revenue before deducting tolling charges</b>	<b>2,134.2</b>	<b>518.5</b>	<b>172.3</b>	<b>1,352.5</b>	<b>308.9</b>	<b>119.6</b>	<b>1,983.1</b>	<b>487.6</b>	<b>170.5</b>
<b>Tolling charges</b>	<b>(103.0)</b>	<b>-</b>	<b>-</b>	<b>(95.0)</b>	<b>-</b>	<b>-</b>	<b>(125.1)</b>	<b>-</b>	<b>-</b>
<b>Revenue net of tolling charges</b>	<b>2,031.2</b>	<b>518.5</b>	<b>172.3</b>	<b>1,257.5</b>	<b>308.9</b>	<b>119.6</b>	<b>1,858.0</b>	<b>487.6</b>	<b>170.5</b>

\* The total net impact of provisional pricing adjustments at all three mines for the nine months ended 30 September 2010, including both the settlement of open sales during the period and mark to market adjustments at the end of the period, was a positive adjustment of US\$107.5 million (nine months ended 30 September 2009 – positive adjustment of US\$316.8 million; full year 2009 – positive adjustment of US\$423.2 million).

**Copper concentrate**

At 30 September 2010, 30 September 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 September 2010, sales totalling 110,600 tonnes remained open as to price, with an average mark-to-market price of 363.5 cents per pound compared with an average provisional invoice price of 325.6 cents per pound. At 30 September 2009, sales totalling 81,300 tonnes remained open as to price, with an average mark-to-market price of 279.3 cents per pound compared with an average provisional invoice price of 259.5 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.

*Copper cathodes*

At 30 September 2010, 30 September 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 September 2010, sales totalling 10,500 tonnes remained open as to price, with an average mark-to-market price of 363.3 cents per pound compared with an average provisional invoice price of 352.5 cents per pound. At 30 September 2009, sales totalling 7,400 tonnes remained open as to price, with an average mark-to-market price of 279.1 cents per pound compared with an average provisional invoice price of 285.1 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.

**(b) Molybdenum sales**

	<b>Nine months ended 30 September 2010</b>	Nine months ended 30 September 2009	Full year 2009
	US\$m	US\$m	US\$m
	<b>Los Pelambres</b>	Los Pelambres	Los Pelambres
	<b>Molybdenum concentrate</b>	Molybdenum concentrate	Molybdenum concentrate
<b>Provisionally invoiced gross sales</b>	<b>225.7</b>	137.8	189.2
<b>Effects of pricing adjustments to previous period invoices</b>			
Reversal of mark-to-market adjustments at the end of the previous period	<b>1.1</b>	13.3	13.3
Settlement of molybdenum sales invoiced in the previous period	<b>8.1</b>	(15.5)	(15.5)
<b>Total effect of adjustments to previous period invoices in the current period</b>	<b>9.2</b>	(2.2)	(2.2)
<b>Effects of pricing adjustments to current period invoices</b>			
Settlement of molybdenum sales invoiced in the current period	<b>(9.3)</b>	17.6	6.4
Mark-to-market adjustments at the end of the current period	<b>0.8</b>	(1.6)	(1.1)
<b>Total effect of adjustments to current period invoices</b>	<b>(8.5)</b>	16.0	5.3
<b>Total pricing adjustments</b>	<b>0.7</b>	13.8	3.1
<b>Revenue before deducting tolling charges</b>	<b>226.4</b>	151.6	192.3
<b>Tolling charges</b>	<b>(9.3)</b>	(9.5)	(12.2)
<b>Revenue net of tolling charges</b>	<b>217.1</b>	142.1	180.1

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

At 30 September 2010, sales totalling 1,100 tonnes remained open as to price, with an average mark-to-market price of US\$15.6 per pound compared with an average provisional invoice price of US\$15.3 per pound. At 30 September 2009, sales totalling 1,400 tonnes remained open as to price, with an average mark-to-market price of US\$14.4 per pound compared with an average provisional invoice price of US\$14.9 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.

## 5. 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. Realised gains and losses and changes in the fair value of exchange and interest derivatives are recognised within other finance items.

### (a) 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 period ended 30 September 2010

	<u>Income statement impact for nine months ended</u> <u>30.09.10</u>			<u>Impact on</u> <u>reserves at</u> <u>30.09.10</u>	<u>Total balance</u> <u>sheet impact of</u> <u>mark-to-market</u> <u>adjustments at</u> <u>30.09.10</u>
	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
<b>Commodity Derivatives</b>					
El Tesoro	-	-	-	(0.2)	(0.1)
Michilla	(52.6)	(16.0)	(68.6)	51.7	(42.2)
<b>Exchange Derivatives</b>					
Los Pelambres	(0.2)	-	(0.2)	-	-
Michilla	0.9	-	0.9	0.6	0.6
Esperanza	-	-	-	8.9	8.9
Corporate and other items	-	0.2	0.2	-	-
Railway and other transport services	(1.1)	(3.8)	(4.9)	-	(2.2)
Water concession	(1.7)	1.9	0.2	-	-
<b>Interest Derivatives</b>					
Esperanza	-	-	-	(35.9)	(41.6)
	<b>(54.7)</b>	<b>(17.7)</b>	<b>(72.4)</b>	<b>25.1</b>	<b>(76.6)</b>

## For the period ended 30 September 2009

	<u>Income statement impact for nine months ended</u> <u>30.09.09</u>			<u>Impact on</u> <u>reserves at</u> <u>30.09.09</u>	<u>Total balance sheet impact of</u> <u>mark-to-market</u> <u>adjustments at</u> <u>30.09.09</u>
	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
<b>Commodity Derivatives</b>					
El Tesoro	(4.5)	0.9	(3.6)	(65.2)	(12.6)
Michilla	(24.0)	(6.2)	(30.2)	(54.5)	(60.7)
<b>Exchange Derivatives</b>					
Railway and other transport services	(1.6)	0.9	(0.7)	-	0.5
Water concession	(1.4)	(2.0)	(3.4)	-	(2.0)
<b>Interest Derivatives</b>					
Esperanza	-	-	-	(5.3)	(5.3)
	<b>(31.5)</b>	<b>(6.4)</b>	<b>(37.9)</b>	<b>(125.0)</b>	<b>(80.1)</b>

## For the year ended 31 December 2009

	<u>Income statement impact for year ended 31.12.09</u>			<u>Impact on</u> <u>reserves at</u> <u>31.12.09</u>	<u>Total balance sheet impact of</u> <u>mark-to-market</u> <u>adjustments at</u> <u>31.12.09</u>
	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
<b>Commodity Derivatives</b>					
El Tesoro	(20.0)	0.9	(19.1)	(52.5)	0.1
Michilla	(45.8)	(2.0)	(47.8)	(75.9)	(77.9)
<b>Exchange Derivatives</b>					
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)
<b>Interest Derivatives</b>					
Esperanza	-	-	-	(5.7)	(5.7)
	<b>(77.7)</b>	<b>(1.6)</b>	<b>(79.3)</b>	<b>(134.1)</b>	<b>(84.0)</b>

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 30.09.10	At 30.09.09	At 31.12.09
	US\$m	US\$m	US\$m
<b>Analysed between:</b>			
Current assets	9.5	0.5	1.7
Current liabilities	(45.1)	(53.4)	(81.2)
Non-current liabilities	(41.0)	(27.2)	(4.5)
	<u>(76.6)</u>	<u>(80.1)</u>	<u>(84.0)</u>

## (b) Outstanding derivative financial instruments

### (i) Commodity derivatives

The Group periodically uses commodity derivatives to reduce its exposure to fluctuation in the copper price.

#### Min/max instruments

	At 30.09.10	For instruments held at 30.09.10			
	Copper production hedged 000 tonnes	Weighted average remaining period from 1 October 2010 Months	Covering a period up to: Months	Weighted average floor US cents	Weighted average cap US cents
Michilla	58,125	16.7	31.12.12	298.3	376.7

Between 1 October 2010 and 31 October 2010 6,000 tonnes of 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 October 2010:

- (i) 22,200 tonnes of 2010 Group copper production had been hedged with min-max options of which 18,500 tonnes matured by 31 October 2010 and 3,700 tonnes remain outstanding and will mature by the end of the year.
- (ii) 32,775 tonnes of 2011 Group copper production has been hedged with min-max options.
- (iii) 25,800 tonnes of 2012 Group copper production has been hedged with min-max options.

#### Futures – copper production

	At 30.09.10	For instruments held at 30.09.10		
	Copper production hedged 000 tonnes	Weighted average remaining period from 1 October 2010 Months	Covering a period up to: Months	Weighted average price US cents
Michilla	2,400	2.0	31.12.10	200.8

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

- (i) 9,800 tonnes of 2010 Group copper production had been hedged with futures of which 8,200 tonnes matured by 31 October 2010 and 1,600 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 October 2010:

- (i) 32,000 tonnes of 2010 Group copper production had been hedged with either min-max options or futures of which 26,700 tonnes matured by 31 October 2010 and 5,300 tonnes remain outstanding and will mature by the end of the year.
- (ii) 32,775 tonnes of 2011 Group copper production has been hedged with min-max options.
- (iii) 25,800 tonnes of 2012 Group copper production has been hedged with min-max options.

### 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 30.09.10	For instruments held at 30.09.10		
	Copper production hedged 000 tonnes	Weighted average remaining period from 1 October 2010 Months	Covering a period up to:	Weighted average price US cents
El Tesoro	5,000	7.8	31.01.12	295.7

### (ii) 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 30.09.10	For instruments held at 30.09.10		
	Principal value of cross currency swaps held US\$m	Weighted average remaining period from 1 October 2010 Months	Covering a period up to:	Weighted average rate Ch\$/US\$
Michilla	4.8	1.0	05.10.10	543.3
Esperanza	69.0	2.0	06.01.11	548.0
Railway and other transport services	66.8	1.0	14.10.10	499.4
	<u>140.6</u>	<u>1.5</u>		<u>524.7</u>

### (iii) 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 September 2010 the Group had entered into the contracts outlined below.

	Phase	Start date	Maturity date	Maximum notional amount US\$m	Weighted Average Fixed Rate %
Esperanza	1	15.02.10	15.02.11	787.8	1.353
Esperanza	2	15.02.11	15.02.18	840.0	3.372

## 6. Summary of mining companies' Chilean GAAP financial statements

The Group's four mining companies, Los Pelambres, El Tesoro, Michilla and Esperanza, will file financial statements under Chilean GAAP for the nine month period ended 30 September 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 30.09.10	Los Pelambres At 30.09.09	El Tesoro At 30.09.10	El Tesoro At 30.09.09	Michilla At 30.09.10	Michilla At 30.09.09	Esperanza At 30.09.10	Esperanza At 30.09.09
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Cash and cash equivalents	407.3	471.3	199.7	151.7	52.3	41.7	219.7	184.1
Trade and other receivables	399.6	269.0	102.6	76.8	28.3	9.2	44.9	45.2
Inventories	83.8	92.5	157.2	120.0	25.3	26.8	23.9	1.2
Current and deferred tax assets	19.5	16.9	13.6	9.5	4.2	6.7	37.6	48.2
<b>Current assets</b>	<b>910.2</b>	<b>849.7</b>	<b>473.1</b>	<b>358.0</b>	<b>110.1</b>	<b>84.4</b>	<b>326.1</b>	<b>278.7</b>
<b>Fixed assets</b>	<b>2,572.3</b>	<b>2,458.0</b>	<b>712.2</b>	<b>425.1</b>	<b>21.3</b>	<b>15.6</b>	<b>2,095.3</b>	<b>1,094.4</b>
<b>Other non-current assets</b>	<b>170.2</b>	<b>133.2</b>	<b>242.6</b>	<b>283.6</b>	<b>7.9</b>	<b>7.8</b>	<b>344.8</b>	<b>250.6</b>
<b>TOTAL ASSETS</b>	<b>3,652.7</b>	<b>3,440.9</b>	<b>1,427.9</b>	<b>1,066.7</b>	<b>139.3</b>	<b>107.8</b>	<b>2,766.2</b>	<b>1,623.7</b>
Short term borrowings	(178.6)	(462.4)	(0.2)	(0.2)	-	-	(3.5)	(3.1)
Trade and other payables	(142.6)	(146.6)	(151.3)	(50.0)	(40.8)	(27.7)	(257.4)	(115.9)
Current and deferred tax liabilities	(35.4)	(10.4)	(11.1)	(5.7)	(1.8)	-	-	-
<b>Current liabilities</b>	<b>(356.6)</b>	<b>(619.4)</b>	<b>(162.6)</b>	<b>(55.9)</b>	<b>(42.6)</b>	<b>(27.7)</b>	<b>(260.9)</b>	<b>(119.0)</b>
Medium and long term borrowings	(546.0)	(38.3)	(300.0)	(0.2)	-	-	(1,737.2)	(686.6)
Trade and other payables	(63.2)	(57.6)	(19.3)	(16.9)	(23.3)	(21.4)	(76.1)	(97.0)
Deferred tax liabilities	(306.7)	(256.2)	(52.0)	(58.8)	-	-	(10.3)	(26.6)
<b>Non-current liabilities</b>	<b>(915.9)</b>	<b>(352.1)</b>	<b>(371.3)</b>	<b>(75.9)</b>	<b>(23.3)</b>	<b>(21.4)</b>	<b>(1,823.6)</b>	<b>(810.2)</b>
<b>Total liabilities</b>	<b>(1,272.5)</b>	<b>(971.5)</b>	<b>(533.9)</b>	<b>(131.8)</b>	<b>(65.9)</b>	<b>(49.1)</b>	<b>(2,084.5)</b>	<b>(929.2)</b>
Share capital	(373.8)	(373.8)	(91.0)	(91.0)	(42.6)	(42.6)	(694.5)	(694.5)
Reserves	(2,006.4)	(2,095.6)	(803.0)	(843.9)	(30.8)	(16.1)	12.8	-
<b>Total shareholders' equity</b>	<b>(2,380.2)</b>	<b>(2,469.4)</b>	<b>(894.0)</b>	<b>(934.9)</b>	<b>(73.4)</b>	<b>(58.7)</b>	<b>(681.7)</b>	<b>(694.5)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>(3,652.7)</b>	<b>(3,440.9)</b>	<b>(1,427.9)</b>	<b>(1,066.7)</b>	<b>(139.3)</b>	<b>(107.8)</b>	<b>(2,766.2)</b>	<b>(1,623.7)</b>

## (b) Income statements

	Los Pelambres	Los Pelambres	El Tesoro	El Tesoro	Michilla	Michilla	Esperanza	Esperanza
	Nine months ended 30 September 2010 US\$m	Nine months ended 30 September 2009 US\$m	Nine months ended 30 September 2010 US\$m	Nine months ended 30 September 2009 US\$m	Nine months ended 30 September 2010 US\$m	Nine months ended 30 September 2009 US\$m	Nine months ended 30 September 2010 US\$m	Nine months ended 30 September 2009 US\$m
<b>Revenue</b>	<b>2,267.1</b>	1,396.1	<b>518.4</b>	308.9	<b>171.8</b>	119.8	-	-
Operating costs	<b>(647.2)</b>	(479.7)	<b>(303.3)</b>	(192.0)	<b>(121.9)</b>	(100.0)	-	-
Operating margin	<b>1,619.9</b>	916.4	<b>215.1</b>	116.9	<b>49.9</b>	19.8	-	-
Administrative and distribution expenses	<b>(107.4)</b>	(84.1)	<b>(33.9)</b>	(23.4)	<b>(13.2)</b>	(11.6)	<b>(15.4)</b>	-
<b>Operating profit</b>	<b>1,512.5</b>	832.3	<b>181.2</b>	93.5	<b>36.7</b>	8.2	<b>(15.4)</b>	-
Other income	<b>2.0</b>	1.6	<b>0.9</b>	0.9	<b>2.2</b>	6.4	-	-
Financial income	<b>4.2</b>	1.9	<b>4.7</b>	3.4	<b>0.3</b>	0.2	-	-
Financial expenses	<b>(11.0)</b>	(17.5)	<b>(0.3)</b>	(0.4)	<b>(0.2)</b>	(0.1)	-	-
Other expenses	<b>(7.7)</b>	(5.6)	<b>(0.7)</b>	(1.3)	<b>(0.1)</b>	(1.9)	-	-
Exchange difference	<b>0.7</b>	1.7	<b>1.4</b>	12.1	<b>1.3</b>	(0.2)	-	-
<b>Net non-operating income</b>	<b>(11.8)</b>	(17.9)	<b>6.0</b>	14.7	<b>3.5</b>	4.4	-	-
<b>Profit before tax</b>	<b>1,500.7</b>	814.4	<b>187.2</b>	108.2	<b>40.2</b>	12.6	<b>(15.4)</b>	-
Income tax expense	<b>(302.8)</b>	(171.1)	<b>(33.7)</b>	(23.2)	<b>(9.5)</b>	3.4	<b>2.6</b>	-
<b>Profit for the financial period</b>	<b>1,197.9</b>	643.3	<b>153.5</b>	85.0	<b>30.7</b>	16.0	<b>(12.8)</b>	-

## (c) Cash flow statements

	Los Pelambres	Los Pelambres	El Tesoro	El Tesoro	Michilla	Michilla	Esperanza	Esperanza
	Nine months ended 30 September 2010 US\$m	Nine months ended 30 September 2009 US\$m	Nine months ended 30 September 2010 US\$m	Nine months ended 30 September 2009 US\$m	Nine months ended 30 September 2010 US\$m	Nine months ended 30 September 2009 US\$m	Nine months ended 30 September 2010 US\$m	Nine months ended 30 September 2009 US\$m
<b>Net cash flow from operating activities</b>	<b>1,178.3</b>	368.7	<b>223.3</b>	123.5	<b>46.2</b>	14.0	<b>52.2</b>	82.9
<b>Investing activities</b>								
Additions to fixed assets	<b>(150.5)</b>	(345.0)	<b>(370.2)</b>	(143.4)	<b>(11.6)</b>	(9.0)	<b>(838.5)</b>	(473.6)
<b>Net cash used in investing activities</b>	<b>(150.5)</b>	(345.0)	<b>(370.2)</b>	(143.4)	<b>(11.6)</b>	(9.0)	<b>(838.5)</b>	(473.6)
<b>Financing activities</b>								
New Loans	<b>245.0</b>	569.0	<b>300.0</b>	-	-	-	<b>683.4</b>	685.4
Dividends paid	<b>(900.0)</b>	-	<b>(50.0)</b>	-	<b>(22.5)</b>	-	-	-
Loans repaid	<b>(351.3)</b>	(447.3)	-	-	-	-	<b>(1.1)</b>	(383.4)
<b>Net cash used in financing activities</b>	<b>(1,006.3)</b>	121.7	<b>250.0</b>	-	<b>(22.5)</b>	-	<b>682.3</b>	302.0
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>21.5</b>	145.4	<b>103.1</b>	(19.9)	<b>12.1</b>	5.0	<b>(104.0)</b>	(88.7)
Cash and cash equivalents at the beginning of the period	<b>385.8</b>	325.9	<b>96.7</b>	171.6	<b>40.2</b>	36.7	<b>323.7</b>	272.8
<b>Cash and cash equivalents at the end of the period</b>	<b>407.3</b>	471.3	<b>199.8</b>	151.7	<b>52.3</b>	41.7	<b>219.7</b>	184.1

## Notes 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 nine months ended 30 September 2010 to be filed with the SVS in Chile on 25 November 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](http://www.antofagasta.co.uk) after these have been filed.

## 7. Reconciliation of Chilean GAAP results to Revenue and EBITDA under IFRS for individual business segments

### (a) Revenue

	Notes	Los Pelambres Nine months ended 30 September 2010 US\$m	Los Pelambres Nine months ended 30 September 2009 US\$m	El Tesoro Nine months ended 30 September 2010 US\$m	El Tesoro Nine months ended 30 September 2009 US\$m	Michilla Nine months ended 30 September 2010 US\$m	Michilla Nine months ended 30 September 2009 US\$m	Esperanza Nine months ended 30 September 2010 US\$m	Esperanza Nine months ended 30 September 2009 US\$m
Chilean GAAP - Revenue		2,267.1	1,396.1	518.4	308.9	171.8	119.8	-	-
Mark-to-market of provisionally priced sales	7(i)	30.7	30.5	0.1	-	0.5	(0.2)	-	-
<b>IFRS - Revenue</b>		<b>2,297.8</b>	<b>1,426.6</b>	<b>518.5</b>	<b>308.9</b>	<b>172.3</b>	<b>119.6</b>	<b>-</b>	<b>-</b>

### (b) EBITDA

	Notes	Los Pelambres Nine months ended 30 September 2010 US\$m	Los Pelambres Nine months ended 30 September 2009 US\$m	El Tesoro Nine months ended 30 September 2010 US\$m	El Tesoro Nine months ended 30 September 2009 US\$m	Michilla Nine months ended 30 September 2010 US\$m	Michilla Nine months ended 30 September 2009 US\$m	Esperanza Nine months ended 30 September 2010 US\$m	Esperanza Nine months ended 30 September 2009 US\$m
Chilean GAAP - Operating profit		1,512.5	832.3	181.2	93.5	36.7	8.2	(15.4)	-
Depreciation & amortisation		118.8	93.6	87.3	49.3	5.9	5.3	-	-
Chilean GAAP - EBITDA		1,631.3	925.9	268.5	142.8	42.6	13.5	(15.4)	-
Mark-to-market of provisionally priced sales	7(i)	30.7	30.5	0.1	-	0.5	(0.2)	-	-
Other IFRS and consolidation adjustments		(5.4)	(4.2)	(7.0)	(3.6)	2.0	4.2	15.4	-
<b>IFRS - EBITDA</b>		<b>1,656.6</b>	<b>952.2</b>	<b>261.6</b>	<b>139.2</b>	<b>45.1</b>	<b>17.5</b>	<b>-</b>	<b>-</b>

**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 120 days after shipment 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 credit of US\$29.9 million in respect of copper concentrate sales and a credit of US\$0.8 million in respect of molybdenum concentrate sales. For Michilla this results in a credit of US\$ 0.5 million and at El Tesoro a credit of US\$0.1 million.