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HALF YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2014

FOCUS ON TWO 'WORLD CLASS' MINING DISTRICTS

Financial performance

- **Revenue 4.2% lower, at $2,661.4 million**, following realised copper prices falling by 2.2% as prices trended downwards during the period, and lower gold sales and realised prices
- **EBITDA fell 11.5% to $1,128.3 million**, reflecting decreased revenue and increased net cash costs
- **EBITDA margin remains strong at 42.4%**
- **Net earnings fell 16.3% to $330.8 million**, in line with the decrease in EBITDA
- **Operating cash flow generation of $1,170.0 million in the period**, compared with $1,373.5 million in the first half of 2013
- **Interim dividend of 11.7 cents per share**, representing a 35% pay-out ratio of the half year net earnings
- **Capital expenditure of $767.3 million in first six months**, full year outlook is reduced by $200 million to $1.7 billion due to expected delays in the timing of payments at Antucoya
- **Group attributable net cash of $403.5 million**, following payment of large 2013 final dividend and ongoing capital expenditure programme

Operational performance

- **Group copper production in H1 2014 was 348,200 tonnes**, 4.4% lower than in the same period last year primarily due to lower grades at Los Pelambres and Esperanza
- **Group cash costs (before by-product credits) were $1.87/lb**, 6.3% higher than 2013 primarily due to the one-off signing bonuses made by Los Pelambres and Esperanza to their respective labour unions
- **Group net cash costs were $1.46/lb**, up 15.9% compared to 2013 reflecting lower gold and molybdenum volumes and lower gold prices
- **Group guidance for the year remains unchanged**, with production of copper expected to be 700,000 tonnes at a net cash cost of $1.45/lb

Project update

- **Merger of Esperanza and El Tesoro** into one single operation, Minera Centinela, announced in June
- **Cost reduction initiatives** are underway across the Group which are intended to produce significant cost savings in 2015 and beyond
- **Antucoya project progressing on-time and on-budget**, with 74% construction progress as at 30 June 2014
- **Feasibility studies on Encuentro Oxides and the Los Pelambres incremental expansion** both expected to be completed by end of 2014
- **Primary focus remains on utilising brownfield growth to deliver greatest returns**, including increasing throughput at Esperanza to 105ktpd, the Los Pelambres expansion and Encuentro Oxides projects.

SIX MONTHS ENDING 30 JUNE		2014	2013	%
Group revenue	$m	**2,661.4**	2,777.4	(4.2)%
EBITDA	$m	**1,128.3**	1,275.5	(11.5)%
Earnings per share	cents	**33.6**	40.1	(16.2)%
Dividend per share	cents	**11.7**	8.9	31.5%
Cash flow from operations	$m	**1,170.0**	1,373.5	(14.8)%
Group attributable net cash at period end (1)	$m	**403.5**	1,662.8	(75.7)%
Average realised copper price	$/lb	**3.08**	3.15	(2.2)%
Copper sales	kt	**343.3**	341.1	0.6%
Gold sales	koz	**125.2**	140.4	(10.8)%
Moly sales	kt	**3.2**	4.3	(25.6)%
Cash costs before by-product credits (2)	$/lb	**1.87**	1.76	6.3%
Net cash costs	$/lb	**1.46**	1.26	15.9%

(1) Cash refers to the total of cash, cash equivalents and liquid investments, as analysed in Note 16 to the preliminary results announcement.

(2) Cash cost is a method used by the mining industry to express the cost of production in US dollars per pound of copper and is further explained in Note 30(b)) to the preliminary results announcement.

Antofagasta Minerals CEO Diego Hernandez said: *"I am pleased to report a good set of financials for the first six months of 2014, despite the current weaker market conditions. While copper production in the first half of the year was ahead of original expectations, we do not believe that there will be any changes to our copper guidance for the full year.*

This half year has seen the continued progress in our strategy of optimising our current asset base within Chile. The recently announced merger of Esperanza and El Tesoro to form Minera Centinela will create value and savings for the existing business and also supports the longer-term development of the Centinela Mining District. Antofagasta has two 'world class' mining districts with a total of some 13 billion tonnes of resources These districts lie at the heart of our business and provide optionality as to how we grow in the medium to long term and this merger is one step in the process of realising the full potential of the Centinela Mining District.

We continue to operate in a challenging market, however, we believe that the market fundamentals for copper are strong. Despite recent increases in new mine supply from various projects coming on-stream, the market remains balanced, contrary to expectations earlier in the year that a supply surplus would emerge."

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DIRECTORS' COMMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

FINANCIAL

Group revenues for the first six months of the year were $2,661.4 million, 4.2% lower than in the same period last year as the average LME copper price decreased by 8.3% to $3.14/lb. The realised copper price fell by 2.2% to $3.08/lb between the two periods reflecting the declining trend in the copper price during this period.

EBITDA for the current period was $1,128.3 million, a 11.5% decrease on the equivalent period in 2013, primarily reflecting the lower revenues and a 15.9% increase in net cash costs, which were partially offset by lower exploration and evaluation expenditure. This has resulted in earnings per share for the period of 33.6 cents per share, a 16.2% decrease compared with the comparative period.

The interim ordinary dividend of 11.7 cents per share, represents a 35% pay-out of the half year earnings per share and is consistent with the new dividend policy which was approved by the Board earlier this year.

PRODUCTION AND CASH COSTS

Group copper production in the first half of 2014 was slightly ahead of expectations at 348,200 tonnes, 4.4% lower than in the same period last year primarily due to lower grades at Los Pelambres and Centinela Concentrates (formerly Esperanza). Group gold production was 123,900 ounces in the first six months of the year, 39,000 ounces less than in the first half of 2013 as a result of significantly lower grades and recoveries at Esperanza. Molybdenum production at Los Pelambres was 3,300 tonnes in the first half of 2014, compared with 4,700 tonnes in the first six months of 2013, principally due to lower grade.

Group cash costs before by-product credits in the first half of 2014 were $1.87/lb, a 6.3% increase compared with the same period last year. This increase mainly related to the one-off signing bonuses made by Los Pelambres and Centinela Concentrates with their respective labour unions.

Net cash costs for the first half of 2014 at $1.46/lb were consistent with guidance for the year, 15.9% higher than the same period last year primarily due to the lower by-product credit at Centinela Concentrates and ceased mining activities at El Tesoro's lower cash cost Mirador pit.

The Group remains on track to meet its full year guidance of 700,000 tonnes of copper, 270,000 ounces of gold and 7,500 tonnes of molybdenum and net cash costs of $1.45/lb.

CENTINELA MERGER

In Chile the Group is focusing its mining activities on two districts, Los Pelambres and Centinela. As the latest stage of this process the Group is merging Esperanza and El Tesoro into a single operating company, Minera Centinela, and expects this to be completed during the fourth quarter of this year. Centinela and Los Pelambres are two of the largest mining districts in Chile with a total of some 14 billion tonnes of resources.

The merger will not only provide a greater focus for the Group's activities in the Centinela Mining District, but will also lead to value creation through operational synergies. These synergies will arise from the sharing of operational overheads, integration of the mine plans of the two operations, sharing of mining properties and facilities, such as waste ore dumps, economies of scale from tendering larger contracts, combining the management team and operating a single, more flexible mining fleet deployment.

This merger also opens up further potential opportunities and synergies through future development of the Centinela Mining District.

TAX

As previously announced, in April a comprehensive tax reform bill was presented to the Chilean National Congress. The key proposed tax changes set out in the bill which will impact the Group relate to corporate tax and withholding tax.

The bill has been passed by the Chamber of Deputies, but following a period of deliberation by the Senate a number of changes to the original bill have been proposed, including an alternative corporate and withholding tax structure.

The amended bill was returned to the Chamber of Deputies where further amendments have been introduced and the bill is expected to re-presented to the Senate for approval in August or September. As certain parts of the bill are intended to be retrospective to the beginning of this year the Government is keen that the bill is passed as soon as possible to allow adequate time for their implementation. It is therefore expected that the bill will be passed by the end of September.

COST REDUCTION

The Group continues to focus on cost control at each of the operations and projects. In 2013, a process began to review all costs including the supply chain, work practices and use of contractors. During the first half of 2014, this review has continued and a number of cost reduction initiatives have been implemented with some operational and capital cost savings already being captured.

The Group is confident that it will continue to achieve significant improvements and will rebase costs to a level from which the growth programme can be implemented over the coming years. The focus is on profitability at each of the operations.

The supply chain has been a key focus of the Group's efforts through the gradual centralisation of all goods purchasing, simplification of supplier base and negotiation of group agreements with key suppliers on significantly improved terms. The Centinela merger is another key area that will offer further operational synergies, as set out above, which will support the cost base of the combined business as well the future development of the Centinela Mining District.

From a project perspective, the Group is assessing the way it approaches the development of new assets. Encuentro Oxides has been identified as the first opportunity to use a larger Antofagasta led project team (larger owner's team) to run the project instead of using a traditional EPCM contractor with the intention of ensuring the Group's aims lie at the heart of the project.

SAFETY

Sadly, during the first half of the year there was a fatality at Centinela Concentrates (formerly Esperanza). This is completely unacceptable and the Board of Directors and Senior Management team extend their heartfelt condolences to the family of Johnny Lara Colman who passed away. The root causes of this fatality have been carefully investigated and actions have been taken to ensure that such incidents do not happen again. The Group is committed to achieving zero fatalities and continually working to strengthen and deepen the safety culture at all of the operations.

Further information on the Group's effort to support and develop safety culture within the business are set out on pages 54-55 of the 2013 Annual Report and Accounts.

OUTLOOK

The Group reiterates production guidance for the full year of 700,000 tonnes of copper, 270,000 ounces of gold and 7,500 tonnes of molybdenum and net cash costs of $1.45/lb.

The expected surplus in the copper market continues not to materialise, but is still expected to occur by the end of the year although with a less significant tonnage than previously anticipated. Economic, industry and financing activities in China all impact on both supply and demand and this is further impacted by developments in Indonesia and variations in the scrap market. Overall the outlook for the copper market looks encouraging in the short to medium term and remains strong in the longer term.

This year will continue to be a year of consolidation in which the Group will create a solid base from which to grow over the coming years. Evaluation procedures are being strengthened and the cost base lowered while the Group invests in projects that will improve operating efficiencies at the operations and generate significant value for the Group and shareholders.

REVIEW OF OPERATIONS AND PROJECTS

MINING DIVISION

LOS PELAMBRES

Operating profit

Operating profit at Los Pelambres was $661.0 million in the first half of 2014, compared with $726.7 million in the first six months of 2013. This decrease in profitability can be explained by two main factors, marginally higher net cash costs and lower realised prices.

Production

Copper production was 196,600 tonnes in the first half of 2014, compared with 203,600 tonnes in the same period last year. This 3.4% decrease in production was mainly due to lower grade, partially offset by improved recoveries.

Molybdenum production of 3,300 tonnes was also lower in the first half of 2014 compared to the same period last year, again due primarily to lower grade. However, guidance for the full year remains at 7,500 tonnes with improved grades expected in the second half of the year. Gold production was 38.3% higher in the first half of 2014 at 33,600 ounces produced and sold, compared with 24,300 ounces in the first six months of 2013.

Costs

Cash costs before by-product credits were $1.62/lb in the first half of the year, $0.04/lb higher than in the same period last year. This 2.5% increase was mostly due to the impact of the one-off labour agreement signed in 2014, partially offset by the weaker Chilean peso. Net cash costs for the first half of 2014 were $1.21/lb, compared with $1.19/lb in the first half of 2013 supported by marginally better by-product credits as gold sales increased, partially offset by lower molybdenum sales.

Capital expenditure

Capital expenditure in the first six months of 2014 was $111.2 million, which included new mine equipment and new mine infrastructure as part of a mine optimisation project. Capital expenditure for the 2014 full year is expected to be approximately $250 million.

Legal update – El Mauro tailings dam

Over the years since the Mauro tailings dam began operating in 2008 there have been a series of legal claims by some members of the Caimanes community who live in the area seeking to stop the operation of the dam. These claims have been through various courts and stages of appeal, but Los Pelambres has always complied with all applicable laws, regulations and controls. To date, Los Pelambres has successfully defended its right to continue operating the dam and the details of certain claims currently before the courts in Chile are set out in Note 17.

CENTINELA CONCENTRATES (PREVIOUSLY ESPERANZA)

Operating profit

The operating profit at Centinela concentrates in the first six months of 2014 was $198.7 million, compared with $271.7 million in the same period last year, this was despite a 62.4% increase in net cash costs during the period as sales were supported by higher volumes. The realised copper price marginally decreased from $3.09/lb in first half of 2013 to $3.06/lb in the same period in 2014, whilst the realised gold price fell 4.4% to $1,377/oz in the period.

Production

Centinela Concentrates produced 82,300 tonnes of copper in the first half of 2014 compared with 90,100 tonnes in the first half of 2013, principally reflecting the lower grade and to a lesser extent, lower recoveries. Gold production in the first half of the year was 34.8% lower than in the same period last year as a result of significantly lower grades and recoveries. Gold production guidance for the full year remains on track, supported by expected higher grades in the second half of the year.

Costs

Compared with the first six months of 2013, cash costs before by-product credits were 11.2% higher, primarily due to payment of a one-off signing bonus to employees following the successful completion of a new four-year agreement in May 2014 and lower production. Net cash costs for the first half of 2014 were $1.60/lb compared with $0.99/lb in the first half of 2013. This increase is primarily due to the significant decrease in gold production and realised price, and the increase in cash costs before by-product credits as explained above.

Capital expenditure

Capital expenditure in the first six months of 2014 was $207.5 million, which included $89.7 million related to the ACD project and $69.1 million on mine equipment and new truck fleet. Capital expenditure for the 2014 full year is expected to be approximately $430 million, which includes approximately $235 million with respect to the ACD project..

ACD project

During the first half of the year, work continued on the optimisation of Centinela concentrates (previously Esperanza) to bring the level of throughput to the original design capacity of 97,000 tonnes per day. This project, which includes the installation of two additional tailings thickeners, crushing equipment and flotation cells, is due to be completed in early 2015.

The total capital expenditure required for this project is approximately $460 million, of which $217 million has been spent as at 30 June 2014. The operation is also undertaking a brownfield expansion which will see a further increase in throughput, further information on this project is included within the projects section below.

Molybdenum plant

The Group is currently undertaking a feasibility study for construction of a separate molybdenum plant which would produce approximately 2,000 tonnes per year of molybdenum. The feasibility study is currently expected to be completed in late 2014 and production could commence from 2016.

CENTINELA CATHODES (PREVIOUSLY EL TESORO)

Operating profit

The operating profit at El Tesoro in the first six months of 2014 was $86.7 million, compared with $196.5 million in the same period last year. This decrease was primarily due to higher cash costs and a 6.6% fall in the realised copper price. Sales volumes were also down as production decreased following a fall in the copper grade.

Production

Production in the first half of 2014 was 11.2% lower than in the same period last year. This decrease was mainly due to the drop in grades and recoveries following completion of mining activities at the higher grade Mirador pit during the last quarter of 2013 and the resumption of mining at the lower grade and higher cost Tesoro Central and Tesoro North-East pits.

Cash costs

Cash costs in the first half of 2014 were 42.4% higher than in the same period last year primarily reflecting the end last year of the lower cost of production from processing the higher grade Mirador ore.

Capital expenditure

Capital expenditure in the first six months of 2014 was $41.9 million, which included capitalised long-term stripping works at the Tesoro Central pit. Capital expenditure is expected to be approximately $130 million for the full year.

MICHILLA

Operating profit

Michilla had an operating profit of $9.7 million in the first six months of 2014, in comparison to a $8.3 million loss in the same period last year. The operating profit was supported by a significant improvement in Michilla's cash costs, which fell from $3.36/lb in the first half of 2013 to $2.38/lb in the same period in 2014. Michilla's realised copper price of $3.34/lb was significantly higher than the other operations due to hedging instruments, which cover approximately 80% of the production in 2014.

Production

Copper production at Michilla was 23,200 tonnes during the first six months of 2014, 24.7% higher than in the same period last year primarily as a result of higher grade and throughput.

Costs

Cash costs for the first half of 2014 were $2.38/lb compared with $3.36/lb in the first half of 2013. This decrease was primarily due to lower stripping costs, less processing of higher cost, third party ores and the weaker peso.

Mine plan extension

Michilla continue to look at feasible options for the extension of mining activities at the operation. At this stage, the Board has made no formal decision on the future of the operation and the current mine plan is set to end by the end of 2015.

GROWTH PROJECTS AND OPPORTUNITIES

The Group is focused on developing its projects and growth opportunities, both around its existing mining districts in Chile and elsewhere in Chile and internationally. The Group's primary focus is on value, to ensure that potential production from existing operations is maximised through debottlenecking and incremental expansions. The Group also has a portfolio of longer term growth options which are currently being evaluated as part of several pre-feasibility and feasibility studies. Given the early-stage nature of some of these projects, their potential and timing are inherently uncertain so the following outline is only intended to provide a high-level indication of potential opportunities.

The Group's exploration and evaluation expenditure in the first six months of 2014 was $93.4 million in comparison to expenditure in the same period last year of $149.6 million.

Projects under construction

Antucoya

Antucoya is an oxide deposit located approximately 45km east of Michilla in Chile's Antofagasta Region. The Group has a 70% economic interest in the project.

During the first half of 2014, good progress has been made on construction with 86% total project progress (including design, engineering, procurement and construction) and 74% construction progress as of 30 June 2014.

The project is on-time and on-budget with first production expected in the second quarter of 2015 and ramp-up to full production of 85,000 tonnes per year of copper cathodes expected by 2016. Cash costs are expected to be approximately $1.80/lb for the first five years of operation. The mine plan includes proved and probable ore reserves of 629 million tonnes of 0.35% copper (using a cut-off grade of 0.16%) over the 20-year mine life.

Total development costs, pre-financing, for the project are expected to be $1.9 billion, of which approximately $1.2 billion has been incurred up to 30 June 2014.

Brownfield growth projects

Given the particular pressure on capital costs in the market at present, the Group is focused on ensuring that production from existing operations is optimised through debottlenecking and incremental plant expansions. Brownfield expansions offer lower risk, lower capital intensive and operational performance and are the focus of the Group's short to medium term production strategy. The Group has three main brownfield projects at its existing operations.

Centinela concentrates incremental expansion to 105,000tpd

A study was undertaken in 2013 which identified that for a small additional capital investment, Centinela concentrates (previously Esperanza) would be able to increase the plant's throughput capacity beyond the 97,000 tonnes per day being provided by the ACD project to 105,000 tonnes per day for the investment of a further $105 million. This project is currently finalising basic engineering and offers attractive investment returns. A significant proportion of the capital expenditure would include the installation of a sixth tailings thickener at the plant as well as further mining equipment to support additional activities. The ramp up to 105,000 tonnes per day is expected to commence in late 2015.

With the merger of Esperanza and El Tesoro this project forms a key part of the development of Centinela concentrates' development strategy.

Los Pelambres

The Group commenced a feasibility study in late 2013 to further evaluate an incremental brownfield expansion which would increase Los Pelambres' daily plant throughput from the current 175,000 tonnes per day to 205,000 tonnes per day, representing a 15% increase.

The feasibility study is expected to be completed by the end of 2014 with the intention to submit an updated environmental study to authorities mid-2015. The brownfield expansion is necessary to provide additional grinding capacity without which the mine would see a drop in throughput levels as the mine plan moves into a harder ore phase towards the end of the decade. However, the expansion has been sized to maximise the capacity of the conveyor running from the mine to the plant and this will result in a net increase in production of an average of 40-45,000 tonnes of copper per year once the project is completed.

Encuentro Oxides

The Group is conducting a feasibility study on the development of Encuentro Oxides to provide feed for Centinela's (previously El Tesoro's) cathodes plant and is expected to produce approximately 50,000 tonnes of copper cathode per year over an eight-year period. This would allow the plant to maintain its annual output at approximately 100,000 tonnes per annum for the remainder of the mine life as opposed to seeing a steady decline in production that would otherwise occur if material was not sourced from Encuentro Oxides.

The Group's approach to the project has changed since commencing the feasibility study in late 2013. As opposed to traditionally engaging an EPCM contractor to manage the project, the Group is building an experienced internal management team (owner's team) to lead the project going forward. This strategy of more closely aligning the interests of those running the project with the Group's should support the project execution, including its timing and cost.

The main capital expenditure items of the project will include a crushing circuit, heap leach facilities and a pipeline to take the copper rich solution to the existing Centinela (previously El Tesoro) SX-EW plant for processing. Additionally, a run-of-mine (ROM) heap will be developed for lower grade copper ore.

Early works relating to pre-stripping commenced in July, with first production expected in 2016.

Preliminary indications of the potential capital cost of the project were approximately $760 million following the pre-feasibility study. However, one focus of the feasibility study is to reduce this figure. The Group will provide further information once the feasibility study is completed in Q4 2014.

Longer term growth projects

Centinela Mining District Development

Following the merger of Esperanza and El Tesoro the Group's development of the Centinela Mining District, which includes the construction of a second concentrator, will now be carried out as part of the integrated Minera Centinela, rather than as a separate project. Over the longer term the Group's ambition is to transform the existing assets and projects into a world class mining district operating multiple deposits to feed initially two concentrators and one SX-EW plant.

The prefeasibility study on the second Centinela concentrator is underway with the intention to complete the study in Q1 2015. The current initial scope of the project is for a 88,000 tonne per day plant with annual copper and gold production of 140,000 tonnes and 150,000 ounces respectively. Production could commence in 2019 and at the scoping study stage capital development costs were estimated at $2.7 billion. The Centinela Mining District remains a key focus area for the Group with over 8 billion tonnes of resources giving significant optionality as to how the district is developed in the future.

Los Pelambres

Los Pelambres remains a world class deposit with a resource base triple that of the current mine plan. A full expansion could see a considerable increase in the current throughput capacity, however, the Group's current focus remains on the nearer term, incremental expansion.

A project of this scale and complexity will take time to progress with community, energy and water the key challenges to advancing the project and in the longer term the Group remains committed to exploring options for the further development of the resource.

United States – Twin Metals

The Group has a 40% interest in Twin Metals Minnesota LLC ("Twin Metals"), which holds the Maturi, Maturi SW, Birch Lake and Spruce Road copper-nickel-PGM deposits in Minnesota, USA.

In July 2014, the Group terminated its option to acquire an additional 25% of Twin Metals from its project partner Duluth Metals Limited ("Duluth"). As a result Duluth has the right to purchase, within 180 days, the Group's interest in Twin Metals for a price equal to the Group's sunk costs (currently estimated to be approximately $220 million) plus approximately $10 million currently outstanding (plus accrued and unpaid interest) under the bridge loan facility. If Duluth does not exercise its buy-back right, the Group will continue to own 40% of Twin Metals and Duluth will control the management and development of the Twin Metals Project.

During the first half of 2014 a total of $20.8 million (2013 half year $35.4 million) of expenditure was incurred in respect of the project and the pre-feasibility study was completed in July.

Other exploration and evaluation activities

The Group has been involved with a wide range of early-stage exploration activities in areas beyond the existing core locations of the Centinela Mining District and Los Pelambres, both through its in-house exploration team and through partnerships with third parties, in order to build a portfolio of longer term opportunities across an increasingly diversified geographical area.

Chile

The Group continues with exploration activities in Chile to identify prospective targets on the main copper belts in the northern and central regions, including studies on covered copper porphyries in Northern Chile. Exploration work continues at the Brujulina Sur deposit as well as in areas nearby (including the Cerro Las Papas project) to define potential resources. During the 2014 half year, 1.2 billion tonnes of mineral inventory relating to the Los Volcanes project was upgraded to mineral resource, demonstrating the Group's ability to continually expand and develop its resource base.

The total expenditure on exploration and evaluation activities in Chile during the first half of 2014 was $61.5 million (2013 half year - $98.6 million).

International

The Group operates international exploration offices in Lima, Toronto and Brisbane to support a strategy which permits global exposure to exploration opportunities in a cost effective manner. The team's approach is to partner with experienced junior exploration companies, funding their exploration programmes and benefiting from their local expertise and knowledge.

As at 30 June 2014, the Group has over 20 earn-in agreements and strategic alliances across Africa, Australia, Europe, and the Americas and incurred exploration and evaluation expenditure of $11.1 million during the first half of the year (2013 half year - $15.6 million).

Power Generation in Chile

Over the last few years the Group has developed an energy strategy to support the power supply requirements of the Group's mining operations and has been particularly successful at investing in renewable energy generators which are core to its broader strategy.

El Arrayan

The Group has a 30% interest in Parque Eolico El Arrayan SpA ("El Arrayan"), which has recently commissioned one of the largest wind farms in Chile, that now supplies approximately 20% of Los Pelambres' energy requirements at long-term, favourable prices compared to the current spot price.

Inversiones Hornitos

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

Alto Maipo

The Group holds a 40% interest in the 531MW Alto Maipo run-of-river hydroelectric project located in the upper section of the Maipo river, approximately 50km to the southeast of Santiago.

As part of the transaction, the Group also signed two 20-year PPAs that will secure the provision of up to 160MW to Los Pelambres, with the first PPA starting in early 2015 and the second in 2018, this last one following commissioning of the Alto Maipo project.

In December 2013, Alto Maipo secured $1.2 billion project financing for construction of the $2.1 billion project. The project started construction in December 2013 and, during the first six months of 2014, the Group has provided funding to Alto Maipo of $77.4 million.

Energía Andina

Energía Andina SA is a geothermal energy joint venture with Origin Energy Limited of Australia in which the Group holds a 60% stake. To date, exploration has demonstrated the existence of an active geothermal system at the Tingiririca project located close to Santiago.

TRANSPORT DIVISION

Total transport volumes in the first half of 2014 were 3.5 million tonnes compared with 3.7 million tonnes in the first half of 2013, comprising 2.9 million tonnes of rail volumes (2013 half year – 3.0 million tonnes) and 0.6 million tonnes of road volumes (2013 half year – 0.7 million tonnes).

Revenue decreased by 5.9% to $90.3 million, principally due to a reduction in customer tonnage volumes and a weaker Chilean peso. Operating profit decreased by 8.0% to $28.6 million as the decrease in operating costs was not able to offset the decline in revenues.

WATER DIVISION

The water business continued to perform well, with volumes for the first half of 2014 of 25.6 million cubic metres, a similar level to the same period last year.

Revenue decreased by 13.2% to $61.7 million, mainly reflecting the weakening of the peso. Despite lower revenues, operating profit increased by 15.4% to $32.3 million reflecting efforts to control operating costs.

The water business is currently undertaking a project to expand the existing desalination plant to support anticipated higher future consumption.

FINANCIAL REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2014

Results

	Six months ended 30.06.2014 $m	Six months ended 30.06.2013 $m	Movement $m	Movement %
Turnover	**2,661.4**	2,777.4	(116.0)	(4.2)
EBITDA	**1,128.3**	1,275.5	(147.2)	(11.5)
Depreciation and amortisation	**(247.5)**	(239.8)	7.7	3.2
Net finance expense	**(22.8)**	(44.6)	21.8	(48.9)
Profit before tax	**850.7**	981.0	(130.3)	(13.3)
Income tax expense	**(279.1)**	(320.2)	41.1	(12.8)
Earnings per share (US cents)	**33.6**	40.1	(6.5)	(16.2)
Net cash	**145.0**	1,507.6	(1,362.6)	(90.4)

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

The following table reconciles between EBITDA in the first half of 2013 and the first half of 2014:

	$m
EBITDA in the first half of 2013	**1,275.5**
Turnover	
Increase in copper volumes sold	14.9
Decrease in copper realised price	(56.8)
Increase in tolling charges	(26.2)
Decrease in turnover from copper concentrate and cathodes	**(68.1)**
Decrease in gold revenues	(32.9)
Decrease in silver revenues	(1.5)
Increase in molybdenum revenues	1.6
Decrease in turnover from by-products	**(32.8)**
Decrease in transport division turnover	(5.7)
Decrease in water division turnover	(9.4)
Decrease in turnover from transport and water divisions	**(15.1)**
Decrease in Group turnover	**(116.0)**
Operating costs	
Increase in unit cost	(87.0)
Increase in volume sold	(8.3)
Increase in charge for closure provisions	(2.4)
Decrease in exploration and evaluation costs	56.2
Increase in corporate costs	(1.7)
Decrease in other mining division cost	0.6
Increase in operating costs for mining division	**(42.6)**
Decrease in transport division operating costs	3.7
Decrease in water division costs	7.7
Decrease in operating costs for transport and water divisions	**11.4**
Decrease in EBITDA	**(147.2)**
EBITDA in the first half of 2014	**1,128.3**

Turnover

Group turnover in the first half of 2014 was $2,661.4 million, 4.2% below the $2,777.4 million achieved in the first half of 2013. The decrease of $116.0 million mainly reflected a decrease in the realised copper price as well as lower gold by-product revenues.

Turnover from the mining division

Turnover from copper concentrate and copper cathodes
Turnover from copper concentrate and copper cathode sales decreased by $68.1 million, or 3%, to $2,204.1 million, compared with $2,272.1 million in the first half of 2013. The decrease reflected the impact of lower realised prices and increased tolling charges partly offset by improved volumes.

(i) Copper volumes
Copper sales volumes increased by 0.6% from 341,100 tonnes in the first half of 2013 to 343,300 tonnes in the first half of this year. The uplift in sales volumes accounted for an increase of $14.9 million in turnover from copper concentrate and cathode sales.

(ii) Realised copper prices
The Group's average realised copper price decreased by 2.2% to $3.08 per pound in the first six months of 2014 (first six months of 2013 – $3.15 per pound). The level of decrease was lower than the reduction in the average LME copper price, which decreased by 8.2% to $3.14 per pound from $3.42 in the first half of 2013, due to a lower level of negative provisional pricing adjustments in the current period compared with the prior year. The decrease in average realised prices led to a $56.8 million reduction in turnover from copper concentrate and cathode sales.

Realised copper prices are determined by comparing turnover (gross of tolling charges for concentrate sales) with sales volumes in the period. Realised copper prices differ from market prices mainly because, in line with industry practice, concentrate and cathode sales agreements generally provide for provisional pricing at the time of shipment with final pricing based on the average market price for future periods (normally about 30 days after delivery to the customer in the case of cathode sales and up to 150 days after delivery to the customer in the case of concentrate sales). Realised copper prices also reflect the impact of realised gain or losses of commodity derivative instruments hedge accounted for in accordance with IAS 39 "Financial Instruments: Recognition and Measurements".

Provisional pricing adjustments decreased initially invoiced sales (before adjusting for tolling charges) by $57.4 million in the first half of 2014, compared with a decrease of $231.5 million in the first half of 2013. The negative adjustment in the current period reflected the decrease in the copper price in the first half of 2014, partly offset by positive period-end mark to market adjustment reflecting the increase in the price immediately prior to the period-end. Further details of provisional pricing adjustments are given in Note 4 to the half yearly financial report.

In the first half of 2014 turnover also includes a gain of $8.2 million (first six months of 2013 – gain of $9.7 million), mainly relating to commodity derivatives at Michilla which matured during the first half of the year. Further details of hedging activity in the period are given in Note 5(b) to the half yearly financial report.

(iii) Tolling charges

Tolling charges for copper concentrate increased by $26.2 million to US$125.3 million in the first half of 2014 from $99.1 million in the first half of 2013. This reflected increased tolling charges at Los Pelambres and Centinela Concentrates (previously Esperanza), mainly due to an increase in average tolling charges during the period as well as a minor impact of the increased sales volumes mainly at Centinela Concentrates.

Tolling charges are deducted from concentrate sales in reporting turnover and hence the increase in these charges has had a negative impact on turnover.

Turnover from molybdenum, gold and other by-products

Turnover from by-products at Los Pelambres and Centinela Concentrates relate mainly to molybdenum and gold, and a lesser extent silver. Turnover from by-products decreased by $32.9 million or 9.7% to $305.3 million in the first half of 2014, compared with $338.2 million in the first half of 2013.

Turnover from gold in concentrate (net of tolling charges) was $169.6 million (first half of 2013 - $202.5 million), a decrease of $32.9 million, which mainly reflected a decrease in the realised gold price, as well as lower volumes. The realised gold price was $1,355 per ounce in the first half of 2014 compared with $1,447 per ounce in the first half of 2013, with the decrease largely reflecting the general reduction in average market prices. Gold sales volumes decreased from 140,000 ounces in the first half of 2013 to 125,000 ounces in the first half of 2014, mainly due to the lower gold grades and recoveries at Centinela Concentrates.

Turnover from molybdenum (net of roasting charges) was $97.7 million (first half of 2013 - $96.1 million), an increase of $1.6 million. The increase was mainly due to higher realised price of $14.8 per pound (first half of 2013 - $10.8 per pound) partly offset by decreased sales volumes of 3,200 tonnes (first half of 2013 – 4,300 tonnes).

Turnover from silver decreased by $1.6 million to $38.0 million in the first half of 2014 (first half of 2013 - $39.6 million). The decrease was mainly due to a decrease in the realised silver price from $25.7 per ounce in the first half of 2013 to $19.8 per ounce in the first half of 2014, partially offset by increased sales volumes of 2.0 million ounces (first half of 2013 – 1.6 million ounces).

Turnover from the transport and water divisions

Turnover from the transport division (FCAB) decreased by $5.7 million or 5.9% to $90.3 million. This mainly reflected a decrease in rail tonnages. Turnover at Aguas de Antofagasta, which operates the Group's water business, decreased by $9.4 million or 13.2% to $61.7 million in the first half of 2014, mainly reflecting the impact of the weaker Chilean peso.

Operating costs (excluding depreciation and amortisation)

Operating costs (excluding depreciation and amortisation) amounted to $1,533.1 million (first half of 2013 – $1,501.9 million), an increase of $31.2 million. This was mainly due to increased average mining unit costs, as well as the impact of the higher mining production and sales volumes, partly offset by lower exploration and evaluation costs.

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

Operating costs at the mining division increased by $42.6 million to $1,455.7 million in the first half of 2014, an increase of 3.0%.

Of this increase, $8.3 million is attributable to the higher mining sales volumes described above. As explained in more detail above, the additional turnover associated with the increased copper sales volumes was $14.9 million.

$87.0 million of the overall cost increase is attributable to higher unit costs. 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 Centinela Concentrates and cash costs in the case of Centinela Cathodes (previously El Tesoro) and Michilla increased from $1.61/lb in the first half of 2013 to $1.69/lb. This increase was mainly due to the labour agreement signing bonuses at Los Pelambres and Centinela Concentrates, and ceased mining activities at the lower cash cost Mirador pit by Centinela Cathodes.

Exploration and evaluation costs decreased by $56.2 million to $93.4 million (first half of 2013 – $149.6 million). This mainly reflected decreases relating to the pre-feasibility studies at Los Pelambres and Twin Metals.

The charge to the income statement for mine closure rehabilitation costs was $4.2 million (first half of 2013 - $1.7 million).

Operating costs (excluding depreciation and amortisation) at the transport and water divisions

Operating costs at the transport division decreased by $3.7 million to $54.0 million. This was mainly due to decreased expenditure on fuel, salaries and maintenance. Operating costs at the water division decreased by $7.7 million to $23.4 million, mainly reflecting the weaker Chilean peso.

EBITDA and operating profit from subsidiaries and joint ventures

EBITDA

EBITDA (earnings before interest, tax, depreciation, and amortisation) from subsidiaries and joint ventures decreased by $147.2 million or 11.5% to $1,128.3 million in the first half of 2014 (first half of 2013- $1,275.5 million).

EBITDA at the mining division decreased by 12.0% from $1,197.2 million in the first half of 2013 to $1,053.7 million in the first half of 2014. As explained above, this was mainly due to the decrease in the realised copper price and higher unit costs, partly offset by lower exploration and evaluation costs, and increased copper sales volumes.

EBITDA at the transport division decreased by $2.0 million to $36.3 million in the first half of 2014, reflecting the decreased revenue as explained above. The water division contributed $38.3 million in the first half of 2014 compared with $40.0 million in the first half of 2013, reflecting the decreased revenue as well as operating costs, as explained above.

Depreciation and amortisation
The depreciation and amortisation charge was broadly stable at $247.5 million (first half of 2013 - $239.8 million). Increased depreciation at Centinela Cathodes and Michilla was offset by decreases at Centinela Concentrates and Corporate.

Operating profit from subsidiaries
As a result of the above factors, operating profit from subsidiaries decreased by 14.4% to $881.0 million.

Share of results from associates and joint ventures
The Group's share of results from its associates and joint ventures was a loss of $7.5 million (first half of 2013 – loss of $4.1 million). This mainly reflects a decrease in the profit at Inversiones Hornitos and losses at Alto Maipo, an associate which the Group acquired in the second half of 2013, partly offset by lower expenditures in respect of the Energia Andina joint venture.

Net finance expense
Net finance expense in the first half of 2014 was $22.8 million, compared with a net finance expense of $44.6 million in the first half of 2013.

	Six months ended 30.06.14 **$'m**	Six months ended 30.06.13 $'m
Investment income	**8.5**	6.1
Interest expense	**(27.9)**	(33.7)
Other finance items	**(3.4)**	(17.0)
Net finance expense	**(22.8)**	(44.6)

Interest income increased from $6.1 million in the first half of 2013 to $8.5 million in the first half of 2014, mainly reflecting additional interest income in respect of a loan from Los Pelambres to the Alto Maipo associate.

Interest expense decreased from $33.7 million in the first half of 2013 to $27.9 million in the first half of 2014, mainly due to a decrease of interest payable at Centinela Concentrates as a consequence of debt repayments as well as lower interest rates in Centinela Cathodes' borrowings.

Other finance items comprised a loss of $3.4 million (first half of 2013 – loss of $17.0 million). A loss of $3.3 million (first half of 2013 – loss of $8.1 million) has been recognised in respect of the time value element of changes in the fair value of commodity derivative options, which is excluded from the designated hedging relationship, and is therefore recognised directly in profit or loss. Foreign exchange gains included in finance items were $7.5 million in the first half of 2014, compared with a loss of $2.4 million in the first half of 2013. An expense of $7.6 million (first half of 2013 - $6.5 million) has been recognised in relation to the unwinding of the discount on provisions.

Profit before tax
As a result of the factors set out above, profit before tax decreased by $130.3 million or 13.3% to $850.7 million in the first half of 2014 compared with $981.0 million in the first half of 2013.

Income tax expense
The tax charge for the first half of 2014 was $279.1 million (first half of 2013 – $320.2 million) and the effective tax rate was 32.8% (first half of 2013 – 32.6%).

	Six months ended 30.06.2014 $m	Effective tax rate %	Six months ended 30.06.2013 $m	Effective tax rate %
Profit before tax	**850.7**		981.0	
Taxes (Current and deferred)				
Corporate tax	**(187.2)**	**22.0**	(221.2)	22.5
Royalty	**(43.4)**	**5.1**	(45.4)	4.6
Withholding tax	**(48.8)**	**5.7**	(53.2)	5.4
Exchange rate	**0.3**	**-**	(0.4)	0.1
Total tax charge	**(279.1)**	**32.8**	(320.2)	32.6

The effective tax rate in the first half of 2014 varies from the standard rate of Chilean corporation tax of 20% principally due to the additional mining tax (royalty) and withholding tax.

Corporation (first category) tax
The rate of corporation (first category) tax in Chile is 20%. The effective rate of corporation tax is higher than the statutory rate principally due to the impact of exploration expenditure (in particular in countries outside of Chile) which does not give rise to tax credits.

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

Withholding taxes
In addition to corporation (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 corporation (first category) tax already paid in respect of the profits to which the remittances relate. Accordingly the effective tax rate of withholding tax is approximately 15% of the amount remitted or expected to be remitted.

Chilean tax reform
In April a comprehensive tax reform bill was presented to the Chilean National Congress. The key proposed tax changes set out in the bill which will impact the Group relate to corporate tax and withholding tax. The bill has been passed by the Chamber of Deputies, but following a period of deliberation by the Senate a number of changes to the original bill have been proposed, including an alternative corporate and withholding tax structure. The amended bill was returned to the Chamber of Deputies where further amendments have been introduced and the bill is expected to re-presented to the Senate for approval in August or September. As certain parts of the bill are intended to be retrospective to the beginning of this year the Government is keen that the bill is passed as soon as possible to allow adequate time for their implementation. It is therefore expected that the bill will be passed by the end of September.

Non-controlling interests
Profit for the first half of the year attributable to non-controlling interests was $240.8 million, compared with $265.8 million in the first half of 2013, reflecting the lower profit attributable to the non-controlling interests as a consequence of the decrease in the earnings of the mining operations analysed above.

Earnings per share

	Six months ended 30.06.14 US cents	Six months ended 30.06.13 US cents
Earnings per share	**33.6**	40.1

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 2014 attributable to equity shareholders of the Company was $330.8 million compared with $395.0 million in the first half of 2013. Accordingly, earnings per share were 33.6 cents in the first half of 2014 compared with 40.1 cents in the first half of 2013, a decrease of 16.2%.

Dividends

Dividends per share proposed in relation to the first half of 2014 are as follows:

	Six months ended 30.06.14 US cents	Six months ended 30.06.13 US cents
Ordinary		
Interim	**11.7**	8.9
Final	**-**	-
Total dividends to ordinary shareholders	**11.7**	8.9

Details of dividends proposed in relation to the first half of 2014, and the Board's policy regarding dividends, are set out on page 3.

Capital expenditure

Capital expenditure increased by $226.4 million from $540.9 million in the first half of 2013 to $767.3 million in the first half of 2014. This was mainly due to the on-going construction at the Centinela Concentrates ACD project and the Antucoya project, as discussed on pages 6 and 7 respectively.

Derivatives financial instruments

The Group periodically uses derivative financial instruments to reduce exposure to commodity price movements. At 30 June 2014 Michilla had min/max instruments for 18,000 tonnes of copper production covering a total period up to 31 December 2014. The weighted average remaining period covered by the min/max hedges calculated with effect from 1 July 2014 was 3.5 months. The instruments had a weighted average floor of $331.7 per pound and a weighted average cap of $433.0 cents per pound. The portion maturing in 2014 represents approximately 80% of Michilla's forecast production, and approximately 5% of Group copper production for this year. The Group´s exposure to the copper price will be limited by the extent of these instruments.

The Group periodically uses foreign exchange derivatives to cover expected operational cash flow needs. At 30 June 2014 Michilla had cross-currency swaps with a principal value of $48 million to swap Chilean pesos for US dollars at an average rate of Ch$594.4/$1, covering a total period up to 15 December 2014. Antucoya had cross-currency swaps with a principal value of $153 million to swap Chilean pesos for US dollars at an average rate of Ch$563.3/$1, covering a total period up to 15 April 2015. The weighted average remaining period covered by these hedges calculated with effect from 1 July 2014 is 3.6 months for Michilla and 4.5 months for Antucoya. Additionally, at 30 June 2014 Antucoya had zero cost collars instruments with a principal value of $153.9 million covering a total period up to 15 May 2015. The weighted average remaining period covered by the zero cost collars hedges calculated with effect from 1 July 2014 was 4.1 months. The instruments had a weighted average floor of Ch$586.6/$1 and a weighted average cap of Ch$547.1/$1.

The Group also periodically uses interest rate swaps to swap the floating rate interest for fixed rate interest. At 30 June 2014 the Group had entered into contracts in relation to the Centinela Concentrates financing for a maximum notional amount of $140 million at a weighted average fixed rate of 3.372 % fully maturing in August 2018.

Cash flows

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

	Six months ended 30.06.14 $m	Six months ended 30.06.13 $m
Cash flows from operations	**1,170.0**	1,373.5
Income tax paid	**(389.0)**	(577.5)
Net interest paid	**(17.2)**	(20.1)
Capital contribution and loan to associates	**(84.9)**	(12.0)
Change in ownership interest in subsidiaries	**(30.9)**	-
Capital increase from non-controlling interest	**3.8**	30.4
Acquisition of available-for-sale investments	**(1.5)**	(2.0)
Purchases of property, plant and equipment	**(788.5)**	(619.0)
Proceeds from sale of property, plant and equipment	**0.6**	-
Dividends paid to equity holders of the Company	**(848.8)**	(887.3)
Dividends paid to non-controlling interests	**(192.2)**	(162.1)
Dividends from associate	**20.0**	-
Other items	**(0.1)**	(0.1)
Changes in net cash relating to cash flows	**(1,158.7)**	(876.2)
Exchange and other non-cash movements	**(7.5)**	(18.9)
Movement in net cash in the period	**(1,166.2)**	(895.1)
Net cash at the beginning of the period	**1,311.2**	2,402.7
Net cash at the end of the period	**145.0**	1,507.6

Cash flows from operations were $1,170.0 million in the first half of 2014 compared with $1,373.5 million in the first half of 2013. This reflected EBITDA for the period of $1,128.3 million (first half of 2013 – $ 1,275.5 million) adjusted for a net working capital decrease of $41.7 million (first half of 2013 – decrease of $98.0 million).

Cash tax payments in the first half of 2014 year were $389.0 million (first half of 2013 – $577.5 million), comprising corporation tax of $99.0 million (first half of 2013 – $318.4 million), mining tax of $59.0 million (first half of 2013 – $81.0 million) and withholding tax of $231.1 million (first half of 2013 – $178.1 million). These amounts differ from the current tax charge in the consolidated income statement of $441.7 million (first six months 2013 – $418.1 million) mainly because cash tax payments for corporation tax and the mining tax partly comprise the settlement of outstanding balances in respect of the previous year's tax charge and payments on account for the current year based on the prior year profit levels.

Contributions and loans to associates and joint ventures of $84.9 million mainly relate to the Group's share of the funding of the development of the Alto Maipo project, in which the Group acquired a 40% interest in the second half of 2013.

Cash disbursements relating to capital expenditure in the first half of 2014 were $788.5 million compared with $619.0 million in the first half of 2013. This included expenditure of $373.5 million at Antucoya (first half of 2013 – $277.7 million), $223.8 million relating to Centinela Concentrates (first half of 2013 – $142.9 million), $109.5 million relating to Los Pelambres (first half of 2013 – $82.4 million) and $43.7 million relating to Centinela Cathodes (first half of 2013 – $71.2 million).

Dividends (including special dividends) paid to ordinary shareholders of the Company in the first half of 2014 were $848.8 million (first half of 2013 – $887.3 million), which related to the final dividend declared in respect of the previous year.

Dividends paid by subsidiaries to non-controlling shareholders were $192.2 million (first half of 2013 – $162.1 million), consisting mainly of distributions by Los Pelambres and Centinela Cathodes.

Financial position

	At 30.06.14 $m	At 30.06.13 $m	At 31.12.13 $m
Cash, cash equivalents and liquid investments	**2,264.4**	3,077.0	2,685.1
Total borrowings	**(2,119.4)**	(1,569.4)	(1,373.9)
Net cash at the end of the period	**145.0**	1,507.6	1,311.2

At 30 June 2014 the Group had combined cash, cash equivalents and liquid investments of $2,264.4 million (31 December 2013 – $2,685.1 million). Excluding the non-controlling interest share in each partly-owned operation, the Group's attributable share of cash, cash equivalents and liquid investments was $1,864.2 million (31 December 2013 – $2,420.8 million).

New borrowings in the first half of 2014 were $1,167.9 million (first half of 2013 – $68.1 million), mainly due to new long-term borrowings at Centinela Concentrates of $548.4 million and Antucoya of $455.3 million, and new short-term borrowings at Los Pelambres of $160.0 million. Repayments of borrowings and finance leasing obligations in the first half of 2014 were $420.4 million, relating mainly to prepayments on senior debt at Centinela Concentrates of $266.4 million and to regular repayments on existing loans at Los Pelambres of $67.7 million (first half 2013 – $142.2 million), the repayment of subordinated debt at Centinela Concentrates of $31.2 million and repayment of Centinela Cathodes senior debt of $41.8 million.

Total Group borrowings at 30 June 2014 were $2,119.4 million (31 December 2013 – $1,373.9million). Of this, $1,460.7 million (31 December 2013 – $948.5million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

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.

In the first half of 2014 the currency translation loss recognised in net equity was $8.5 million (first half of 2013 – loss of $11.8 million).

Going concern

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Review of Operations. Details of the cash flows of the Group during the period, along with its financial position at the period-end are set out in this Financial Review. The half yearly financial report includes details of the Group's cash, cash equivalent and liquid investment balances in Note 16, and details of borrowings are set out in Note 13.

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 balance of cash, cash equivalents and liquid investments, the borrowing facilities (including the undrawn committed facilities) in place and their terms, the current copper price and market expectations in the medium-term, the Group's expected operating cost profile and the its 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 2013. A detailed explanation of the risks summarised below can be found in the Risk Management section of that annual report which is available at www.antofagasta.co.uk. Key headline risks relate to the following:

- Community relations
- Strategic resources
- Operational risks
- Development projects
- Political, legal and regulatory risks
- Health and safety
- Environmental management
- Growth opportunities
- Commodity prices
- Foreign currency exchange
- Identification of new mineral resources
- Ore reserves and mineral resources estimates
- Talent and labour relations

Cautionary statement about forward-looking statements

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

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

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

Condensed Consolidated Income Statement

	Notes	Six months ended 30 June 2014 (Unaudited) US$'m	Six months ended 30 June 2013 (Unaudited) US$'m	Year ended 31 December 2013 US$'m
Group revenue	2,3	**2,661.4**	2,777.4	5,971.6
Total operating costs		**(1,780.4)**	(1,747.7)	(3,799.5)
Operating profit from subsidiaries	2,3	**881.0**	1,029.7	2,172.1
Share of results from associates and joint ventures	2	**(7.5)**	(4.1)	(14.4)
Total profit from operations, associates and joint ventures	2	**873.5**	1,025.6	2,157.7
Investment income		**8.5**	6.1	12.6
Interest expense		**(27.9)**	(33.7)	(62.0)
Other finance items		**(3.4)**	(17.0)	(24.8)
Net finance expense	6	**(22.8)**	(44.6)	(74.2)
Profit before tax		**850.7**	981.0	2,083.5
Income tax expense	7	**(279.1)**	(320.2)	(843.7)
Profit for the financial period		**571.6**	660.8	1,239.8
Attributable to:				
Non-controlling interests		**240.8**	265.8	580.2
Equity holders of the Company (net earnings)		**330.8**	395.0	659.6
		US cents	US cents	US cents
Basic earnings per share	8	**33.6**	40.1	66.9

	Notes	Six months ended 30 June 2014 (Unaudited)	Six months ended 30 June 2013 (Unaudited)	Year ended 31 December 2013
Dividends to ordinary shareholders of the Company				
Per share		**US cents**	US cents	US cents
Dividends per share proposed in relation to the period	9			
- ordinary dividend (interim)		**11.7**	8.9	8.9
- ordinary dividend (final)		**-**	-	86.1
- special dividend (final)		**-**	-	-
		11.7	8.9	95.0
Dividends per share paid in the period and deducted from net equity				
- ordinary dividend (interim)		**11.7**	-	8.9
- ordinary dividend (final)		**86.1**	12.5	12.5
- special dividend (final)		**-**	77.5	77.5
		97.8	90.0	98.9
In aggregate		**US$'m**	US$'m	US$'m
Dividends proposed in relation to the period	9	**115.3**	87.7	936.5
Dividends paid in the period and deducted from net equity		**964.2**	887.3	975.0

Revenue and operating profit are derived from continuing operations.

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June 2014 (Unaudited) US$'m	Six months ended 30 June 2013 (Unaudited) US$'m	Year ended 31 December 2013 US$'m
Profit for the financial period		**571.6**	660.8	1,239.8
Items that may be reclassified subsequently to profit or loss:				
Gains in fair value of cash flow hedges deferred in reserves		**6.9**	41.6	18.2
(Losses)/gains in fair value of cash flow hedges deferred in reserves of associates		**(26.2)**	(0.1)	1.9
Losses in fair value of available for sale investments	12	**(2.9)**	(20.0)	(28.2)
Currency translation adjustment		**(8.5)**	(11.8)	(20.8)
Deferred tax effects arising on cash flow hedges deferred in reserves		**(1.5)**	(9.5)	(5.7)
Items that will not be subsequently reclassified to profit or loss				
Actuarial gains/(losses) on defined benefit plans		**2.0**	(1.5)	(10.4)
Tax on items recognised directly in equity that will not be reclassified		**(0.4)**	0.3	1.8
Total (losses) recognised in equity		**(30.6)**	(1.0)	(43.2)
(Losses) in fair value of cash flow hedges transferred to the income statement		**(4.7)**	(11.3)	(25.6)
Deferred tax effects arising on cash flow hedges transferred to the income statement		**0.9**	2.3	5.1
Total transferred to the income statement		**(3.8)**	(9.0)	(20.5)
Total comprehensive income for the period		**537.2**	650.8	1,176.1
Attributable to:				
Non-controlling interests		**233.6**	270.6	573.9
Equity holders of the Company		**303.6**	380.2	602.2

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2014	89.8	199.2	(6.8)	(30.9)	25.7	6,447.5	**6,724.5**	1,939.1	**8,663.6**
Total comprehensive income for the period	-	-	(17.4)	(2.9)	(8.5)	332.4	**303.6**	233.6	**537.2**
Change in ownership interest in subsidiaries	-	-	-	-	-	1.5	**1.5**	(32.4)	**(30.9)**
Capital increase of non-controlling interest	-	-	-	-	-	(2.7)	**(2.7)**	2.7	**-**
Capital contribution from non-controlling interests	-	-	-	-	-	-	**-**	3.8	**3.8**
Dividends	-	-	-	-	-	(848.8)	**(848.8)**	(192.2)	**(1041.0)**
Balance at 30 June 2014	**89.8**	199.2	(24.2)	(33.8)	17.2	5,929.9	**6,178.1**	1,954.6	**8,132.7**

For the six months ended 30 June 2013

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2013	89.8	199.2	(3.6)	(2.7)	46.5	6,781.4	**7,110.6**	1,694.2	**8,804.8**
Total comprehensive income for the period	-	-	18.2	(20.0)	(11.8)	393.8	**380.2**	270.6	**650.8**
Capital increase on behalf of non-controlling interests	-	-	-	-	-	(6.7)	**(6.7)**	6.7	**-**
Capital contribution from non-controlling interests	-	-	-	-	-	-	**-**	30.4	**30.4**
Dividends	-	-	-	-	-	(887.3)	**(887.3)**	(162.1)	**(1,049.4)**
Balance at 30 June 2013	**89.8**	**199.2**	**14.6**	**(22.7)**	**34.7**	**6,281.2**	6,596.8	**1,839.8**	8,436.6

For the year ended 31 December 2013

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	US$'m	**US$'m**
Balance at 1 January 2013	89.8	199.2	(3.6)	(2.7)	46.5	6,781.4	**7,110.6**	1,694.2	**8,804.8**
Total comprehensive income for the year	-	-	(3.2)	(28.2)	(20.8)	654.4	**602.2**	573.9	**1,176.1**
Capital increase of non-controlling interests	-	-	-	-	-	(13.3)	**(13.3)**	13.3	**-**
Capital contribution from non-controlling interests	-	-	-	-	-	-	**-**	109.8	**109.8**
Dividends	**-**	-	-	-	-	(975.0)	**(975.0)**	(452.1)	**(1,427.1)**
Balance at 31 December 2013	**89.8**	**199.2**	(6.8)	(30.9)	25.7	6,447.5	**6,724.5**	1,939.1	**8,663.6**

Condensed Consolidated Balance Sheet

	Notes	At 30.06.14	At 30.06.13	At 31.12.13
Non-current assets		**US$'m**	US$'m	US$'m
Intangible assets	10	**122.9**	142.0	133.0
Property, plant and equipment	11	**7,937.6**	6,781.0	7,424.8
Investment property		**2.7**	3.2	3.3
Inventories		**175.8**	165.8	178.3
Investment in associates and in joint ventures		**129.0**	114.3	175.2
Trade and other receivables		**242.3**	110.7	180.8
Derivative financial instruments	5	**-**	16.7	-
Available for sale investments	12	**15.7**	24.7	16.6
Deferred tax assets		**87.2**	96.2	76.9
		8,713.2	7,454.6	8.188.9
Current assets				
Inventories		**519.0**	617.2	476.5
Trade and other receivables		**915.2**	712.3	904.6
Current tax assets		**87.7**	71.7	121.6
Derivative financial instruments	5	**10.8**	38.4	12.9
Liquid investments	16	**1,426.8**	1,752.7	2,071.4
Cash and cash equivalents	16	**837.6**	1,324.3	613.7
		3,797.1	4,516.6	4,200.7
Total assets		**12,510.3**	11,971.2	12,389.6
Current liabilities				
Short-term borrowings	13	**(327.6)**	(513.7)	(341.0)
Derivative financial instruments	5	**(3.5)**	(3.3)	(3.4)
Trade and other payables		**(807.1)**	(728.5)	(776.6)
Current tax liabilities		**(33.2)**	(15.0)	(9.6)
		(1,171.4)	(1,260.5)	(1,130.6)
Non-current liabilities				
Medium and long-term borrowings	13	**(1,791.8)**	(1,055.7)	(1,032.9)
Derivative financial instruments	5	**(4.9)**	(5.6)	(6.4)
Trade and other payables		**(3.5)**	(5.6)	(4.7)
Post-employment benefit obligations		**(84.5)**	(83.1)	(91.2)
Decommissioning & restoration and other long term provisions		**(508.3)**	(388.4)	(494.3)
Deferred tax liabilities		**(813.2)**	(735.7)	(965.9)
		(3,206.2)	(2,274.1)	(2,595.4)
Total liabilities		**(4,377.6)**	(3,534.6)	(3,726.0)
Net assets		**8,132.7**	8,436.6	8,663.6
Equity				
Share capital	14	**89.8**	89.8	89.8
Share premium	14	**199.2**	199.2	199.2
Hedging, translation and fair value reserves		**(40.8)**	26.6	(12.0)
Retained earnings		**5,929.9**	6,281.2	6,447.5
Equity attributable to equity holders of the Company		**6,178.1**	6,596.8	6,724.5
Non-controlling interests		**1,954.6**	1,839.8	1,939.1
Total equity		**8,132.7**	8,436.6	8,663.6

The interim financial information was approved by the Board of Directors on 25 August 2014.

Condensed Consolidated Cash Flow Statement

	Notes	**Six months ended 30 June 2014**	Six months ended 30 June 2013	Year ended 31 December 2013
		US$'m	US$'m	US$'m
Cash flows from operations	15	**1,170.0**	1,373.5	2,659.2
Interest paid		**(25.0)**	(27.6)	(57.2)
Dividends from associate		**20.0**	-	-
Income tax paid		**(389.0)**	(577.5)	(896.5)
Net cash from operating activities		**776.0**	768.4	1,705.5
Investing activities				
Capital contributions and loans to associates and joint ventures		**(84.9)**	(12.0)	(128.2)
Acquisition of available for sale investments	12	**(1.5)**	(2.0)	(2.1)
Change in ownership interest in subsidiaries	20.c	**(30.9)**	-	-
Proceeds from sale of property plant and equipment		**0.6**	-	10.6
Purchases of property, plant and equipment		**(788.5)**	(619.0)	(1,344.8)
Net decrease in liquid investments		**644.6**	727.9	409.2
Interest received		**7.8**	7.5	14.0
Net cash (used in)/provided by investing activities		**(252.8)**	102.4	(1,041.3)
Financing activities				
Dividends paid to equity holders of the Company		**(848.8)**	(887.3)	(975.0)
Dividends paid to preference shareholders of the Company		**(0.1)**	(0.1)	(0.2)
Dividends paid to non-controlling interests		**(192.2)**	(162.1)	(452.1)
Capital increase from non-controlling interests		**3.8**	30.4	109.9
Net proceeds from issue of new borrowings	16	**1,167.9**	66.3	194.1
Repayments of borrowings		**(413.8)**	(389.1)	(706.6)
Repayments of obligations under finance leases	16	**(6.5)**	(6.7)	(15.6)
Net cash used in financing activities		**(289.7)**	(1,348.6)	(1,845.5)
Net increase/(decrease) in cash and cash equivalents		**233.5**	(477.8)	(1,181.3)
Cash and cash equivalents at beginning of the period		**613.7**	1,811.3	1,811.3
Net increase/(decrease) in cash and cash equivalents	16	**233.5**	(477.8)	(1,181.3)
Effect of foreign exchange rate changes	16	**(9.6)**	(9.2)	(16.3)
Cash and cash equivalents at end of the period	16	**837.6**	1,324.3	613.7

Notes

1. General information and accounting policies

a) General information

These June 2014 interim condensed consolidated financial statements ("the condensed financial statements") are for the six months ended 30 June 2014. The condensed financial statements are unaudited.

The information for the year ended 31 December 2013 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 auditor's report on these accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements 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 Group is in the process of merging Minera Esperanza and Minera El Tesoro into a single entity – Mineral Centinela. In these condensed financial statements Minera Esperanza is now referred to as Centinela concentrates, and El Tesoro is referred to as Centinela cathodes.

b) Basis of preparation

The annual financial statements of Antofagasta plc for the year ended 31 December 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the companies Act 2006 applicable to companies reporting under IFRS. For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that have been endorsed by the European Union ("EU"). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and the requirements of the UK Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) in the United Kingdom as applicable to interim financial reporting.

The condensed financial statements represent a "condensed set of financial statements" as referred to in the DTR issued by the FCA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's financial statements for the year ended 31 December 2013.

c) 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, a period of no less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements. Detail of the factors which have been taken into account in assessing the Group's going concern status are set out in the Going Concern section of the Financial Review above.

d) Accounting policies

The following International Financial Reporting Standards (IFRS), amendments and interpretations are effective for the first time in the current period.

Amendment to standards

IAS 32, Financial instruments: Presentation – Clarified requirements for offsetting of financial assets and financial liabilities

Investment entities – Amendments to IFRS 10, Consolidated Financial Statements; IFRS 12, Disclosure interests in other entities and IAS 27, Separate Financial Statements.

IAS 36, Impairment of assets- Recoverable amount disclosure for non-financial assets

IAS 39, Financial Instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting.

Interpretations:

IFRIC 21, Levies

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

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

New Standards	**Effective date**
IFRS 9, Financial instruments	Annual periods beginning on or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods beginning on or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2017

Amendments to IFRSs	**Effective date**
Annual improvements to six IFRSs 2010 – 2012 cycle	Annual periods beginning on or after July 1, 2014
Annual improvements to four IFRSs 2011 – 2013 cycle	Annual periods beginning on or after July 1, 2014
IFRS 11, *Join Arrangements, Accounting for Acquisitions of Interests in Joint Operations*	Annual periods beginning on or after January 1, 2016
IAS 19,Defined Benefit Plans, *Employee Contributions (Amendments to IAS 19)*	Annual periods beginning on or after July 1, 2014
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	Applicable to annual periods beginning on or after 1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Applicable to annual periods beginning on or after 1 January 2016

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

2. Total profit from operations, associates and joint ventures

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'m	US$'m	US$'m
Group revenue	**2,661.4**	2,777.4	5,971.6
Cost of sales	**(1,403.5)**	(1,297.9)	(2,859.5)
Gross profit	**1,257.9**	1,479.5	3,112.1
Administrative and distribution expenses	**(255.4)**	(288.0)	(563.0)
Closure provision	**(4.2)**	(1.7)	(71.0)
Severance charges	**(6.4)**	(7.5)	(16.0)
Exploration and evaluation costs	**(93.4)**	(149.6)	(274.9)
Other operating income	**8.1**	10.2	18.7
Other operating expenses	**(25.6)**	(13.2)	(33.8)
Operating results from subsidiaries	**881.0**	1,029.7	2,172.1
Share of income from associates and joint ventures	**(7.5)**	(4.1)	(14.4)
Total profit from operations, associates and joint ventures	**873.5**	1,025.6	2,157.7

3. Segmental analysis

The Group's reportable segments are as follows:

- Los Pelambres
- Centinela Concentrates (previously Esperanza)
- Centinela Cathodes (previously El Tesoro)
- Michilla
- Antucoya
- Exploration and evaluation
- Railway and other transport services
- Water concession
- Corporate and other items

For management purposes, the Group is organised into three business divisions based on their products – Mining, Railway and other transport services and the Water concession. The mining division is split further for management reporting purposes to show results by mine and exploration activity. Los Pelambres, Centinela Concentrates, Centinela Cathodes and Michilla are all operating mines and Antucoya is a development project. Los Pelambres produces primarily copper concentrate and molybdenum as a by-product. Centinela Concentrates produces primarily copper concentrate containing gold as a by-product. Centinela Cathodes 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. "Corporate and other items" also comprise costs incurred by the Company, other holding companies of the Group 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 2014

	Los Pelambres	Centinela concentrates	Centinela cathodes	Michilla	Antucoya	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**	**US$'m**
Revenue	**1,356.6**	**675.3**	**313.5**	**164.0**	**-**	**-**	**-**	**2,509.4**	**90.3**	**61.7**	**2,661.4**
EBITDA	**743.8**	**269.4**	**132.7**	**42.4**	**-**	**(93.4)**	**(41.2)**	**1,053.7**	**36.3**	**38.3**	**1,128.3**
Depreciation and amortisation	(83.2)	(70.7)	(46.0)	(32.2)	-	-	(1.4)	**(233.5)**	(7.8)	(6.2)	**(247.5)**
Gain/(Loss) on disposals	0.4	-	-	(0.5)	-	-	-	**(0.1)**	0.1	0.2	**0.2**
Operating profit	**661.0**	**198.7**	**86.7**	**9.7**	**-**	**(93.4)**	**(42.6)**	**820.1**	**28.6**	**32.3**	**881.0**
Share of results from associates and joint ventures	(1.7)	-	-	-	-	-	(10.5)	**(12.2)**	4.7	-	**(7.5)**
Investment income	3.3	1.3	0.7	0.3	-	-	2.5	**8.1**	0.2	0.2	**8.5**
Interest expense	(2.5)	(23.1)	(0.6)	-	-	-	(1.5)	**(27.7)**	(0.2)	-	**(27.9)**
Other finance items	(3.1)	2.6	0.1	(5.2)	2.2	-	0.1	**(3.3)**	(0.3)	0.2	**(3.4)**
Profit before tax	**656.9**	**179.5**	**86.9**	**4.8**	**2.2**	**(93.4)**	**(52.0)**	**785.0**	**33.0**	**32.7**	**850.7**
Tax	(165.7)	(38.4)	(20.1)	(0.6)	1.1	-	5.7	**(218.0)**	(54.6)	(6.5)	**(279.1)**
Non-controlling interests	(195.5)	(39.0)	(18.9)	(0.1)	(0.4)	-	12.3	**(241.6)**	0.8	-	**(240.8)**
Net earnings	**295.7**	**102.1**	**47.9**	**4.1**	**2.9**	**(93.4)**	**(34.0)**	**325.4**	**(20.8)**	**26.2**	**330.8**
Additions to non-current assets											
Capital expenditure	111.2	207.5	41.9	5.1	374.4	-	11.0	**751.1**	8.3	7.9	**767.3**
Segment assets and liabilities											
Segment assets	4,045.7	3,733.9	1,262.2	214.8	1,220.3	-	1,352.9	**11,829.8**	446.3	234.2	**12,510.3**
Segment liabilities	(1,310.2)	(1,644.2)	(250.7)	(97.4)	(833.2)	-	(98.0)	**(4,233.7)**	(102.3)	(41.6)	**(4,377.6)**

For the six months ended 30 June 2013

	Los Pelambres	Centinela concentrates	Centinela cathodes	Michilla	Antucoya	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concessio n**	**Total**
	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m	**US$'m**	**US$'m**	**US$'m**	**US$'m**
Revenue	**1,416.4**	**680.2**	**367.1**	**146.6**	**-**	**-**	**-**	**2,610.3**	**96.0**	**71.1**	**2,777.4**
EBITDA	**809.1**	**349.8**	**220.7**	**7.3**	**-**	**(149.6)**	**(40.1)**	**1,197.2**	**38.3**	**40.0**	**1,275.5**
Depreciation and amortisation	(82.4)	(78.1)	(22.5)	(15.6)	-	-	(25.6)	**(224.2)**	(7.4)	(8.2)	**(239.8)**
(Loss)/gain on disposals	-	-	(1.7)	-	-	-	(0.7)	**(2.4)**	0.2	(3.8)	**(6.0)**
Operating profit	**726.7**	**271.7**	**196.5**	**(8.3)**	**-**	**(149.6)**	**(66.4)**	**970.6**	**31.1**	**28.0**	**1,029.7**
Share of results from associates and joint ventures	-	-	-	-	-	-	(10.6)	**(10.6)**	6.5	-	**(4.1)**
Investment income	0.9	0.9	0.7	0.1	-	-	2.6	**5.2**	0.6	0.3	**6.1**
Interest expense	(4.4)	(25.0)	(2.2)	-	-	-	(2.0)	**(33.6)**	(0.1)	-	**(33.7)**
Other finance items	(3.2)	1.1	(1.5)	(2.6)	-	-	(10.6)	**(16.8)**	0.1	(0.3)	**(17.0)**
Profit before tax	**720.0**	**248.7**	**193.5**	**(10.8)**	**-**	**(149.6)**	**(87.0)**	**914.8**	**38.2**	**28.0**	**981.0**
Tax	(164.8)	(58.4)	(44.4)	3.5	-	-	(12.8)	**(276.9)**	(37.2)	(6.1)	**(320.2)**
Non-controlling interests	(205.3)	(52.3)	(33.9)	2.8	-	-	22.7	**(266.0)**	0.2	-	**(265.8)**
Net earnings	**349.9**	**138.0**	**115.2**	**(4.5)**	**-**	**(149.6)**	**(77.1)**	**371.9**	**1.2**	**21.9**	**395.0**
Additions to non-current assets											
Capital expenditure	92.4	134.5	71.7	10.9	199.7	-	10.7	**519.9**	13.1	7.9	**540.9**
Segment assets and liabilities											
Segment assets	3,671.3	3,357.5	1,192.8	288.6	350.4	-	2,428.1	**11,288.7**	434.9	247.6	**11,971.2**
Segment liabilities	(1,132.0)	(1,343.1)	(317.2)	(85.2)	(274.5)	-	(276.4)	**(3,428.6)**	(55.8)	(50.2)	**(3,534.6)**

For the year ended 31 December 2013

	Los Pelambres	Centinela concentrates	Centinela cathodes	Michilla	Antucoya	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**	**US$'m**
Revenue	**3,129.4**	**1,454.4**	**747.4**	**307.9**	**-**	**-**	**-**	**5,639.1**	**196.6**	**135.9**	**5,971.6**
EBITDA	**1,814.0**	**649.2**	**426.4**	**16.3**	**-**	**(274.9)**	**(83.3)**	**2,547.7**	**76.8**	**77.7**	**2,702.2**
Depreciation and amortisation	(175.9)	(173.1)	(52.1)	(58.9)	-	-	(26.2)	(486.2)	(14.6)	(16.9)	**(517.7)**
(Loss)/gain on disposals	(2.8)	(1.6)	(3.8)	(0.5)	(0.7)	-	(0.2)	(9.6)	0.8	(3.6)	**(12.4)**
Operating profit/(loss)	**1,635.3**	**474.5**	**370.5**	**(43.1)**	**(0.7)**	**(274.9)**	**(109.7)**	**2,051.9**	**63.0**	**57.2**	**2,172.1**
Share of results from associates and joint ventures	-	-	-	-	-	-	(27.4)	(27.4)	13.0	-	**(14.4)**
Investment income	2.2	2.0	1.0	0.3	-	-	5.6	11.1	0.9	0.6	**12.6**
Interest expense	(8.4)	(46.0)	(3.8)	-	-	-	(3.6)	(61.8)	(0.2)	-	**(62.0)**
Other finance items	(7.9)	2.0	(2.6)	(6.5)	(4.2)	-	(5.8)	(25.0)	-	0.2	**(24.8)**
Profit/(loss) before tax	**1,621.2**	**432.5**	**365.1**	**(49.3)**	**(4.9)**	**(274.9)**	**(140.9)**	**1,948.8**	**76.7**	**58.0**	**2,083.5**
Tax	(374.8)	(109.6)	(84.6)	12.4	4.6	-	(216.6)	(768.6)	(64.2)	(10.9)	**(843.7)**
Non-controlling interests	(477.7)	(88.1)	(67.6)	11.5	1.6	-	39.9	(580.4)	0.2	-	**(580.2)**
Net earnings/(losses)	**768.7**	**234.8**	**212.9**	**(25.4)**	**1.3**	**(274.9)**	**(317.6)**	**599.8**	**12.7**	**47.1**	**659.6**
Additions to non-current assets											
Capital expenditure	208.9	325.3	155.6	17.2	678.9	-	30.7	1,416.6	28.7	13.4	**1,458.7**
Segment assets and liabilities											
Segment assets	3,748.9	3,373.6	1,285.2	226.6	764.4	-	2,346.3	11,745.0	409.9	234.7	**12,389.6**
Segment liabilities	(1,183.8)	(1,333.2)	(290.2)	(93.1)	(378.5)	-	(342.3)	(3,621.1)	(55.3)	(49.6)	**(3,726.0)**

b) Entity wide disclosures

Revenue by product

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'m	US$'m	US$'m
Copper			
- Los Pelambres	**1.192.3**	1,259.7	2,821.0
- Centinela concentrates	**534.3**	498.7	1,121.7
- Centinela cathodes	**313.5**	367.1	747.4
- Michilla	**164.0**	146.6	307.9
Gold			
- Los Pelambres	**40.3**	35.9	77.0
- Centinela concentrates	**129.3**	166.6	305.5
Molybdenum			
- Los Pelambres	**97.7**	96.1	180.3
Silver			
- Los Pelambres	**26.3**	24.7	51.1
- Centinela concentrates	**11.7**	14.9	27.2
Total Mining	**2,509.4**	2,610.3	5,639.1
Railway and transport services	**90.3**	96.0	196.6
Water concession	**61.7**	71.1	135.9
	2,661.4	2,777.4	5,971.6

Revenue by location of customer

	Revenue		
	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'m	US$'m	US$'m
Europe			
- United Kingdom	**4.7**	7.3	15.8
- Switzerland	**66.1**	-	143.9
- Spain	**58.3**	-	208.2
- Germany	**43.1**	-	146.4
- Rest of Europe	**50.8**	255.8	232.4
Latin America			
- Chile	**171.7**	195.4	375.3
- Rest of Latin America	**68.7**	81.8	186.4
North America			
- United States	**71.2**	192.3	320.1
Asia Pacific			
- Japan	**1,005.8**	916.7	1,984.5
- China	**584.7**	656.4	1,423.9
- Rest of Asia	**536.3**	471.7	934.7
	2,661.4	2,777.4	5,971.6

Information about major customers

In the first half of 2014 the Group´s mining revenues included US$454.2 million related to one large customer that individually accounted for more than 10% of the Group's revenues (six months ended 30 June 2013 – one large customer representing US$474.4 million; year ended 31 December 2013 – one large customer representing US$1,035.8 million).

Non-current assets by location of asset

	At 30.06.14	At 30.06.13	At 31.12.13
	US$'m	US$'m	US$'m
- Chile	**8,479.2**	7,188.5	7,962.4
- Bolivia	**36.7**	34.5	37.0
- USA	**94.4**	94.9	94.7
- Other	**-**	(0.9)	1.3
	8,610.3	7,317.0	8,095.4

Notes to geographical information

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

4. Revenues

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

In addition to mark to market and final pricing adjustments, revenue also includes realised gains and losses relating to derivative commodity instruments. Details of these realised gains or losses are shown in the tables below. Further details of derivative commodity instruments in place at the period end are given in Note 5.

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

For the period ended 30 June 2014

	US$'m Los Pelambres Copper concentrate	US$'m Centinela concentrates Copper concentrate	US$'m Centinela cathodes Copper cathodes	US$'m Michilla Copper cathodes	US$'m Los Pelambres Gold in concentrate	US$'m Centinela concentrates Gold in concentrate	US$'m Los Pelambres Molybdenum concentrate
Provisionally invoiced gross sales	**1,309.3**	**595.1**	**316.9**	**157.3**	**40.5**	**126.3**	**86.3**
Effects of pricing adjustments to previous period invoices							
Reversal of mark-to-market adjustments at the end of the previous period	(27.1)	(8.8)	(1.0)	0.1	-	4.5	1.1
Settlement of sales invoiced in the previous period	(27.7)	(7.3)	0.3	(0.3)	-	(1.7)	0.2
Total effect of adjustments to previous period invoices in the current period	**(54.8)**	**(16.1)**	**(0.7)**	**(0.2)**	**-**	**2.8**	**1.3**
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	(13.6)	(14.9)	(3.3)	(2.0)	(0.1)	(1.8)	14.4
Mark-to-market adjustments at the end of the current period	31.2	15.7	0.8	0.5	-	2.0	3.2
Total effect of adjustments to current period invoices	**17.6**	**0.8**	**(2.5)**	**(1.5)**	**(0.1)**	**0.2**	**17.6**
Total pricing adjustments	**(37.2)**	**(15.3)**	**(3.2)**	**(1.7)**	**(0.1)**	**3.0**	**18.9**
Realised (losses)/gains on commodity derivatives	**-**	**-**	**(0.2)**	**8.4**	**-**	**-**	**-**
Revenue before deducting tolling charges	**1,272.1**	**579.8**	**313.5**	**164.0**	**40.4**	**129.3**	**105.2**
Tolling charges	**(79.8)**	**(45.5)**	**-**	**-**	**(0.1)**	**-**	**(7.5)**
Revenue net of tolling charges	**1,192.3**	**534.3**	**313.5**	**164.0**	**40.3**	**129.3**	**97.7**

For the period ended 30 June 2013

	US$'m Los Pelambres Copper concentrate	US$'m Centinela concentrates Copper concentrate	US$'m Centinela cathodes Copper cathodes	US$'m Michilla Copper cathodes	US$'m Los Pelambres Gold in concentrate	US$'m Centinela concentrates Gold in concentrate	US$'m Los Pelambres Molybdenum concentrate
Provisionally invoiced gross sales	1,483.7	594.5	374.3	140.5	40.4	182.2	110.1
Effects of pricing adjustments to previous period invoices							
Reversal of mark-to-market adjustments at the end of the previous period	(1.8)	0.5	0.2	0.1	-	1.2	0.4
Settlement of sales invoiced in the previous period	(31.5)	(12.6)	1.1	0.2	(4.1)	(5.6)	0.1
Total effect of adjustments to previous period invoices in the current period	(33.3)	(12.1)	1.3	0.3	(4.1)	(4.4)	0.5
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	(70.0)	(28.3)	(7.0)	(3.3)	(0.3)	(9.2)	(5.8)
Mark-to-market adjustments at the end of the current period	(54.7)	(22.3)	(1.7)	(0.4)	-	(1.4)	(1.7)
Total effect of adjustments to current period invoices	(124.7)	(50.6)	(8.7)	(3.7)	(0.3)	(10.6)	(7.5)
Total pricing adjustments	(158.0)	(62.7)	(7.4)	(3.4)	(4.4)	(15.0)	(7.0)
Realised gains on commodity derivatives	-	-	0.2	9.5	-	-	-
Revenue before deducting tolling charges	1,325.7	531.8	367.1	146.6	36.0	167.2	103.1
Tolling charges	(66.0)	(33.1)	-	-	(0.1)	(0.6)	(7.0)
Revenue net of tolling charges	1,259.7	498.7	367.1	146.6	35.9	166.6	96.1

For the year ended 31 December 2013

	US$’m Los Pelambres Copper concentrate	US$’m Centinela concentrates Copper concentrate	US$’m Centinela cathodes Copper cathodes	US$’m Michilla Copper cathodes	US$’m Los Pelambres Gold in concentrate	US$’m Centinela concentrates Gold in concentrate	US$’m Los Pelambres Molybdenum concentrate
Provisionally invoiced gross sales	3,042.9	1,237.3	750.0	285.9	82.7	331.3	210.0
Effects of pricing adjustments to previous period invoices							
Reversal of mark-to-market adjustments at the end of the previous period	(1.8)	0.5	0.2	0.1	-	1.2	0.4
Settlement of sales invoiced in the previous period	(31.5)	(14.4)	1.1	0.2	(4.1)	(5.6)	0.1
Total effect of adjustments to previous period invoices in the current period	(33.3)	(13.9)	1.3	0.3	(4.1)	(4.4)	0.5
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	(72.8)	(37.1)	(5.1)	(3.4)	(1.4)	(15.8)	(14.9)
Mark-to-market adjustments at the end of the current period	27.1	8.8	1.0	(0.1)	-	(4.5)	(1.1)
Total effect of adjustments to current period invoices	(45.7)	(28.3)	(4.1)	(3.5)	(1.4)	(20.3)	(16.0)
Total pricing adjustments	(79.0)	(42.2)	(2.8)	(3.2)	(5.5)	(24.7)	(15.5)
Realised gains on commodity derivatives	-	-	0.2	25.2	-	-	-
Revenue before deducting tolling charges	2,963.9	1,195.1	747.4	307.9	77.2	306.6	194.5
Tolling charges	(142.9)	(73.4)	-	-	(0.2)	(1.1)	(14.2)
Revenue net of tolling charges	2,821.0	1,121.7	747.4	307.9	77.0	305.5	180.3

Copper concentrate

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

At 30 June 2014 copper concentrate sales totalling 191,800 tonnes remained open as to price, with an average mark-to-market price of US$3.19/lb compared with an average provisional invoice price of US$3.07/lb. At 30 June 2013 copper concentrate sales totalling 161,900 tonnes remained open as to price, with an average mark-to-market price of US$3.06/lb compared with an average provisional invoice price of US$3.28/lb. At 31 December 2013 sales totalling 172,000 tonnes remained open as to price, with an average mark-to-market price of US$3.34/lb compared with an average provisional invoice price of US$3.25/lb.

Copper cathodes

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

At 30 June 2014 sales totalling 11,800 tonnes remained open as to price, with an average mark-to-market price of US$3.19 /lb compared with an average provisional invoice price of US$3.14 /lb. At 30 June 2013 sales totalling 10,700 tonnes remained open as to price, with an average mark-to-market price of US$3.06/lb compared with an average provisional invoice price of US$3.15/lb. At 31 December 2013 sales totalling 13,500 tonnes remained open as to price, with an average mark-to-market price of US$3.34/lb compared with an average provisional invoice price of US$3.31/lb.

Gold in concentrate

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

At 30 June 2014 sales totalling 69,000 ounces remained open as to price, with an average mark-to-market price of US$1,322 per ounce compared with an average provisional invoice price of US$1,293 per ounce. At 30 June 2013 sales totalling 3,500 ounces remained open as to price, with an average mark-to-market price of US$1,215 per ounce compared with an average provisional invoice price of US$1,602 per ounce. At 31 December 2013, sales totalling 52,800 ounces remained open as to price, with an average mark-to-market price of US$1,189 per ounce compared with an average provisional invoice price of US$1,274 per ounce.

Molybdenum concentrate

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

At 30 June 2014 sales totalling 1,700 tonnes remained open as to price, with an average mark-to-market price of US$14.5 /lb compared with an average provisional invoice price of US$13.6 /lb. At 30 June 2013 sales totalling 1,600 tonnes remained open as to price, with an average mark-to-market price of US$10.6/lb compared with an average provisional invoice price of US$11.1/lb. At 31 December 2013 sales totalling 1,800 tonnes remained open as to price, with an average mark-to-market price of US$9.7/lb compared with an average provisional invoice price of US$10.0/lb.

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

	Effect on debtors of period end mark to market adjustments		
	At 30.06.14 US$'m	At 30.06.13 US$'m	At 31.12.13 US$'m
Los Pelambres - copper concentrate	**31.2**	(54.7)	27.1
Los Pelambres - molybdenum concentrate	**3.2**	(1.7)	(1.1)
Centinela concentrates - copper concentrate	**15.7**	(22.3)	8.8
Centinela concentrates - gold in concentrate	**2.0**	(1.4)	(4.5)
Centinela cathodes - copper cathodes	**0.8**	(1.7)	1.0
Michilla - copper cathodes	**0.5**	(0.4)	(0.1)
	53.4	(82.2)	31.2

5. Financial instruments

a) Categories of financial instruments

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

	At 30.06.14	At 30.06.13	At 31.12.13
	US$'m	US$'m	US$'m
Financial assets			
Derivatives in designated hedge accounting relationships	**10.8**	55.1	12.9
Available-for-sale-investments	**15.7**	24.7	16.6
Loans and receivables at amortised cost (including cash and cash equivalents)	**1,995.1**	2,147.3	1,699.4
Fair value through profit and loss (liquid investments)	**1,426.8**	1,752.7	2,071.4
Financial liabilities			
Derivatives in designated hedge relationships	**(8.4)**	(8.9)	(9.8)
Financial liabilities measured at amortised cost	**(2,930.0)**	(2,303.5)	(2,155.2)

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

Fair value of financial instruments

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

	Level 1	Level 2	Level 3	At 30.06.14	At 30.06.13	At 31.12.13
Recurring fair value measurements	US$'m	US$'m	US$'m	US$'m	US$'m	US$'m
Financial assets						
Derivatives in designated hedge accounting relationships	-	10.8	-	**10.8**	55.1	12.9
Available for sale investments	15.7	-	-	**15.7**	24.7	16.6
Fair value through profit and loss	1,426.8	-	-	**1,426.8**	1,752.7	2,071.4
Debtors mark-to-market	-	53.4	-	**53.4**	-	36.9
Financial liabilities						
Derivatives in designated hedge relationships	-	(8.4)	-	**(8.4)**	(8.9)	(9.8)
Creditors mark-to-market	-	-	-	**-**	(82.2)	(5.7)

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

Non-recurring fair value measurements are those that are required in particular circumstances e.g. when the recoverable amount of an asset is determined to be fair value less cost to sell according to IAS 36 *Impairment of assets*. There were no non-recurring fair value measurements in the six months ending 30 June 2014.

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

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

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

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

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

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

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

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

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the six months ending 30 June 2014 there were no transfers between levels in the hierarchy.

b) Embedded derivatives

As explained in Note 4, copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. The provisional pricing mechanism within the sale agreements is an embedded derivative under IFRS. Details of the provisional pricing arrangements are included in Note 4.

c) Derivative financial instruments

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

The Group has applied the hedge accounting provisions of IAS 39 *"Financial Instruments: Recognition and Measurement"*. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in the income statement in the period when the hedged item affects derivatives recognise 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 and reserves for each period, are as follows. The impact on reserves is shown before tax and non-controlling interests.

For the six months ended 30 June 2014

	Impact on income statement for six months ended 30.06.14			**Impact on reserves for six months ended at 30.06.14**	**Fair value recorded on balance sheet 30.06.14**
	Realised gains/(losses)	Losses resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
Centinela cathodes	(0.2)	-	(0.2)	0.4	-
Michilla	8.4	(4.3)	4.1	1.4	8.4
Exchange Derivatives					
Michilla	(1.0)	-	(1.0)	(2.4)	(0.7)
Antucoya	-	1.0	1.0	1.5	2.4
Interest Derivatives					
Centinela concentrates	(2.5)	-	(2.5)	1.7	(7.7)
	4.7	**(3.3)**	**1.4**	**2.6**	**2.4**

For the six months ended 30 June 2013

	Impact on income statement for six months ended 30.06.13			Impact on reserves for six months ended at 30.06.13	Fair value recorded on balance sheet 30.06.13
	Realised gains/(losses)	Losses resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial liability
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
Centinela cathodes	0.2	-	0.2	1.4	0.2
Michilla	9.5	(8.1)	1.4	35.4	53.3
Exchange Derivatives					
Michilla	5.3	-	5.3	(5.4)	1.6
Interest Derivatives					
Centinela concentrates	(4.5)	-	(4.5)	9.2	(8.9)
Energy Derivatives					
Pelambres	0.8	-	0.8	(10.3)	-
	11.3	**(8.1)**	**3.2**	**30.3**	**46.2**

For the year ended 31 December 2013

	Impact on income statement for the year ended 31.12.13			Impact on reserves for the year ended at 31.12.13	Fair value recorded on balance sheet 31.12.13
	Realised (losses)/gains	Losses resulting from mark-to-market adjustments on hedging instruments	Total net (loss)/gain	(Losses)/gains resulting from mark-to-market adjustments on hedging instruments	Net financial (liability)/ asset
	US$'m	US$'m	US$'m	US$'m	US$'m
Commodity Derivatives					
Centinela cathodes	0.2	-	0.2	0.8	(0.4)
Michilla	25.2	(13.5)	11.7	(1.3)	11.2
Exchange Derivatives					
Michilla	7.2	-	7.2	(5.3)	1.7
Interest Derivatives					
Centinela concentrates	(7.8)	-	(7.8)	8.7	(9.4)
Energy Derivatives					
Pelambres	0.8	-	0.8	(10.3)	-
	25.6	(13.5)	12.1	(7.4)	3.1

The gains/(losses) recognised in reserves are disclosed before non-controlling interests and tax**.**

The net financial asset resulting from the balance sheet mark-to-market adjustments is analysed as follows:

	At 30.06.14	At 30.06.13	At 31.12.13
	US$'m	US$'m	US$'m
Analysed between:			
Current assets	**10.8**	38.4	12.9
Non-current assets	**-**	16.7	-
Current liabilities	**(3.5)**	(3.3)	(3.4)
Non-current liabilities	**(4.9)**	(5.6)	(6.4)
	2.4	46.2	3.1

(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 30.06.14	For instruments held at 30.06.14			
	Copper production hedged tonnes	Weighted average remaining period from 1 July 2014 months	Covering a period up to:	Weighted average floor US cents	Weighted average cap US cents
Michilla	18,000	3.5	31-12-14	331.7	433.0

- **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 30.06.14	For instruments held at 30.06.14	
	Copper production hedged tonnes	Weighted average remaining period from 1 July 2014 Months	Covering a period up to:
Centinela cathodes	5,600	4.0	31-01-15

(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 swap**

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

	At 30.06.14	For instruments held at 30.06.14		
	Principal value of cross currency swaps held US$'m	Weighted average remaining period from 1 July 2014 Months	Covering a period up to:	Weighted average rate Ch$/US$
Michilla	48.0	3.6	15-12-14	594.4
Antucoya	153.0	4.5	15-04-15	563.3

- **Zero Cost Collar**

The Group has used zero cost collar to swap Chilean pesos for US dollars.

	At 30.06.14	For instruments held at 30.06.14			
	Principal value of zero cost collar held US$'m	Weighted average remaning period from 1 July 2014 Months	Covering a period up to:	Weighted average rate call Ch$/US$	Weighted average rate put Ch$/US$
Antucoya	153.9	4.1	15-05-15	586.62	547.14

(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 Centinela concentrates financing for fixed rate interest. At 30 June 2014 the Group had entered into the contracts outlined below.

	Start date	Maturity date	Actual notional amount US$'m	Weighted Average Fixed Rate %
Centinela concentrates	15-02-2011	15-08-2018	140.0	3.372

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

6. Net finance expense

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'m	US$'m	US$'m
Investment income			
Interest receivable	**6.4**	4.5	9.0
Fair value through profit or loss	**2.1**	1.6	3.6
	8.5	6.1	12.6
Interest expense			
Interest payable	**(27.7)**	(33.6)	(61.8)
Preference dividends	**(0.2)**	(0.1)	(0.2)
	(27.9)	(33.7)	(62.0)
Other finance items			
Time value effect of commodity derivatives	**(3.3)**	(8.1)	(13.5)
Unwinding of discount on provisions	**(7.6)**	(6.5)	(14.2)
Foreign exchange	**7.5**	(2.4)	2.9
	(3.4)	(17.0)	(24.8)
Net finance expense	**(22.8)**	(44.6)	(74.2)

In the six months ended 30 June 2014, US$9.1 million relating to net interest expense and other finance items at Antucoya (six months ended 30 June 2013 – US$2.2 million; year ended 31 December 2013 - US$6.4 million) was capitalised during the period, and is consequently not included within the above table.

7. Taxation

The tax charge for the period comprised the following:

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'m	US$'m	US$'m
Current tax charge			
Corporate tax (principally first category tax in Chile)	**(174.6)**	(193.5)	(382.6)
Mining tax (royalty)	**(36.2)**	(46.4)	(90.5)
Withholding tax	**(231.1)**	(177.8)	(208.0)
Exchange gains/(losses) on corporate tax balances	**0.3**	(0.4)	(0.4)
	(441.6)	(418.1)	(681.5)
Deferred tax credit/(charge)			
Corporate tax (principally first category tax in Chile)	**(12.6)**	(27.7)	(72.4)
Mining tax (royalty)	**(7.2)**	1.0	(8.7)
Withholding tax provision	**182.3**	124.6	(81.1)
	162.5	97.9	(162.2)
Total tax charge (income tax expense)	**(279.1)**	(320.2)	(843.7)

The rate of first category (i.e. corporation) tax in Chile is currently 20%.

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

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 (i.e. corporation) tax already paid in respect of the profits to which the remittances relate.

	Six months ended 30 June 2014		Six months ended 30 June 2013		Year ended 31 December 2013	
	US$'m	**%**	US$'m	%	US$'m	%
Profit before tax	**850.7**		981.0		2,083.5	
Corporation (first category tax)	**(187.2)**	**22.0**	(221.2)	22.5	(455.0)	21.8
Royalty	**(43.4)**	**5.1**	(45.4)	4.6	(99.2)	4.8
Withholding taxes provided in period	**(48.8)**	**5.7**	(53.2)	5.4	(289.1)	13.9
Net other items	**0.3**	**-**	(0.4)	0.1	(0.4)	-
Tax expense and effective tax rate for the period	**(279.1)**	**32.8**	(320.2)	32.6	(843.7)	40.5

The tax charge for the six months ended 30 June 2014 was US$279.1 million and the effective tax rate was 32.8 %. This rate varied from the standard rate (comprising first category tax) principally due to the effect of items not deductible from first category tax (mainly corporate items which principally comprise exploration and evaluation costs), a withholding tax charge of US$48.8 million and the effect of the mining tax which resulted in a charge of US$43.4 million.

In April a comprehensive tax reform bill was presented to the Chilean National Congress. The key proposed tax changes set out in the bill which will impact the Group relate to corporate tax and withholding tax. The bill has been passed by the Chamber of Deputies, but following a period of deliberation by the Senate a number of changes to the original bill have been proposed, including an alternative corporate and withholding tax structure. The amended bill was returned to the Chamber of Deputies where further amendments have been introduced and the bill is expected to re-presented to the Senate for approval in August or September. As certain parts of the bill are intended to be retrospective to the beginning of this year the Government is keen that the bill is passed as soon as possible to allow adequate time for their implementation. It is therefore expected that the bill will be passed by the end of September.

8. Earnings per share

Basic and diluted earnings per share is calculated on profit after tax and non-controlling interests giving net earnings of US$330.8 million (six months ended 30 June 2013 – US$395.0 million, year ended 31 December 2013 - US$659.6 million) and amounted to 33.6 cents and based on 985,856,695 ordinary shares. There was no potential dilution of ordinary shares in any period.

9. Dividends

The Board has declared an interim dividend of 11.7 cents per ordinary share for the 2014 half year (2013 half year – 8.9 cents). Dividends are declared and paid gross. Dividends actually paid in the period and recognised as a deduction from net equity under IFRS were 86.1 cents per ordinary share (2013 half year – 90.0 cents), representing the final dividend declared in respect of the previous year.

The interim dividend will be paid on 9 October 2014 to ordinary shareholders that are on the register at the close of business on 19 September 2014. Shareholders can elect (on or before 22 September 2014) to receive this interim dividend in US Dollars, Pounds Sterling or Euro, and the exchange rate to be applied to interim dividends to be paid in Pounds Sterling or Euro will be set as soon as reasonably practicable after that date (which is currently anticipated to be on 25 September 2014). Further details of the currency election timing and process (including the default currency of payment) are available on the Antofagasta plc website (www.antofagasta.co.uk) or from the Company's registrar, Computershare Investor Services PLC on +44 870 702 0159.

10. Intangible assets

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'m	US$'m	US$'m
Balance at the beginning of the period	**133.0**	157.6	157.6
Amortisation	**(4.9)**	(7.3)	(11.7)
Foreign currency exchange difference	**(5.2)**	(8.3)	(12.9)
Balance at the end of the period	**122.9**	142.0	133.0

The balance relates to a 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.

11. Property, plant and equipment

	Mining	**Railway and other transport**	**Water Concession**	**Six months ended 30 June 2014**	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'m	**US$'m**	**US$'m**	**US$'m**	US$'m	US$'m
Balance at the beginning of the period	7,173.8	214.0	37.0	**7,424.8**	6,513.2	6,513.2
Additions	751.1	8.3	7.9	**767.3**	540.9	1,458.7
Reclassification	28.4	-	-	**28.4**	(0.5)	(4.8)
Decommissioning provisions capitalised	7.5	-	-	**7.5**	-	31.8
Depreciation	(233.5)	(7.8)	(1.3)	**(242.6)**	(232.5)	(506.0)
Depreciation capitalised	(44.7)	-	-	**(44.7)**	(30.9)	(39.9)
Asset disposals	(0.3)	(0.1)	-	**(0.4)**	(7.0)	(23.0)
Foreign currency exchange difference	-	0.2	(2.9)	**(2.7)**	(2.2)	(5.2)
Balance at the end of the period	7,682.3	214.6	40.7	**7,937.6**	6,781.0	7,424.8

Depreciation of US$44.7 million (30 June 2013 – US$30.9 million; 31 December 2013 – US$39.9 million) has been capitalised within inventories, and accordingly excluded from the depreciation charge recorded in the income statement.

Future capital commitments at 30 June 2014 were US$589.8 million (30 June 2013 – US$797.9 million; 31 December 2013 - US$842.8 million) of which US$179.7 million were related to the development of Antucoya project.

12. Available for sale investments

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'m	US$'m	US$'m
Balance at the beginning of the period	**16.6**	44.5	44.5
Additions	**1.5**	2.0	2.1
Movements in fair value	**(2.9)**	(20.0)	(28.2)
Foreign currency exchange difference	**0.5**	(1.8)	(1.8)
Balance at the end of the period	**15.7**	24.7	16.6

Available for sale investments represent those investments which are not subsidiaries, associates or joint ventures and are not held for trading purposes. The fair value of all equity investments are based on quoted market prices.

13. Borrowings

	At 30.06.14	At 30.06.13	At 31.12.13
	US$'m	US$'m	US$'m
Los Pelambres			
Corporate loans	**(315.0)**	(290.3)	(222.7)
Finance leases	**(14.4)**	(26.6)	(17.9)
Centinela concentrates			
Project financing (senior debt)	**(881.7)**	(674.8)	(593.2)
Shareholder loan (subordinated debt)	**(163.3)**	(186.6)	(190.7)
Finance leases	**-**	(4.4)	(0.7)
Centinela cathodes			
Corporate loans	**(89.7)**	(173.3)	(131.5)
Finance leases	**(0.1)**	(0.3)	(0.2)
Antucoya			
Project financing (senior debt)	**(436.5)**	-	-
Shareholder loan (subordinated debt)	**(176.1)**	(167.2)	(171.6)
Finance leases	**(1.7)**	-	(1.8)
Corporate and other items			
Finance leases	**(33.0)**	(37.6)	(35.6)
Railway and other transport services			
Bonds	**(3.0)**	(3.2)	(3.0)
Short-term loans	**(1.5)**	(2.1)	(1.7)
Other			
Preference shares	**(3.4)**	(3.0)	(3.3)
Total (see Note 16)	**(2,119.4)**	(1,569.4)	(1,373.9)

Maturity of borrowings

	At 30.06.14	At 30.06.13	At 31.12.13
	US$'m	US$'m	US$'m
Short-term borrowings	**(327.6)**	(513.7)	(341.0)
Medium and long-term borrowings	**(1,791.8)**	(1,055.7)	(1,032.9)
Total (see Note 16)	**(2,119.4)**	(1,569.4)	(1,373.9)

At 30 June 2014 US$47.5 million (30 June 2013 – US$64.5 million; 31 December 2013 - US$60.1 million) of the borrowings has fixed rate interest and US$2,071.9 million (30 June 2013 – US$1,504.9 million; 31 December 2013 - US$1,313.8 million) has floating rate interest. At February 2014, refinancing process at Centinela Concentrates (previously Esperanza) resulted in additional borrowing of US$548m. The Group periodically enters into interest rate derivative contracts to manage its exposure to interest rates. As explained in Note 5, these include interest rate swaps which have the effect of converting US$140.0 million of floating rate borrowings into fixed rate borrowings. Details of any derivative instruments held by the Group are given in Note 5(d).

14. Share capital and share premium

There was no change in share capital or share premium in the six months ended 30 June 2014 or the comparative periods.

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

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'m	US$'m	US$'m
Profit before tax	**850.7**	981.0	2,083.5
Depreciation and amortisation	**247.5**	239.8	517.7
Net (profit) /loss on disposal of property, plant and equipment	**(0.2)**	6.0	12.4
Net finance expense	**22.8**	44.6	74.2
Share of results from associates and joint ventures	**7.5**	4.1	14.4
(Increase)/decrease in inventories	**(17.0)**	(94.8)	1.8
Decrease/ (Increase) in debtors	**6.2**	120.4	(149.5)
Increase in creditors and provisions	**52.5**	72.4	104.7
Cash flows from operations	**1,170.0**	1,373.5	2,659.2

16. Analysis of changes in net cash

	At 1.1.14	Cash flows	Other	Exchange	**At 30.06.14**
	US$'m	US$'m	US$'m	US$'m	**US$'m**
Cash and cash equivalents	613.7	233.5	-	(9.6)	**837.6**
Liquid investments	2,071.4	(644.6)	-	-	**1,426.8**
Total cash and cash equivalents and liquid investments	2,685.1	(411.1)	-	(9.6)	**2,264.4**
Bank borrowings due within one year	(329.4)	(48.0)	58.6	-	**(318.8)**
Bank borrowings due after one year	(985.0)	(706.0)	(57.1)	-	**(1,748.1)**
Finance leases due within one year	(11.6)	6.4	(3.6)	-	**(8.8)**
Finance leases due after one year	(44.6)	-	3.4	0.9	**(40.3)**
Preference shares	(3.3)	-	-	(0.1)	**(3.4)**
Total borrowings	(1,373.9)	(747.6)	1.3	(0.8)	**(2,119.4)**
Net cash	1,311.2	(1,158.7)	1.3	(8.8)	**145.0**

Net cash

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

	At 30.06.14	At 30.06.13	At 31.12.13
	US$'m	US$'m	US$'m
Cash, cash equivalents and liquid investments	**2,264.4**	3,077.0	2,685.1
Total borrowings	**(2,119.4)**	(1,569.4)	(1,373.9)
	145.0	1,507.6	1,311.2

17. Contingent liabilities

Antofagasta plc or its subsidiaries is subject to various claims which arise in the ordinary course of business. No provision has been made in the financial statements and none of these claims are currently expected to result in any material loss to the Group. Details of the principal claims in existence either during, or at the end of, the period and the current status of these claims are set out below:

Los Pelambres – Mauro tailings dam

As previously announced, during 2008 Los Pelambres entered into binding settlements in respect of litigation relating to the Mauro tailings dam. Since that time, Los Pelambres has become aware of further legal proceedings which had been initiated in first instance courts in Santiago and Los Vilos by representatives of 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 stop the operation of the Mauro tailings dam. Two of these claims are currently ongoing and Los Pelambres is continuing to take necessary steps to protect its position.

In the first of these claims, the plaintiffs have argued that the tailings dam affects their alleged water rights and the environment. This claim was rejected by the Court of first instance of Los Vilos in a judgment issued in November 2012, which was than affirmed by the Court of Appeals of La Serena in August 2013. An action to vacate this last judgment, based only on the application of the law (cassation), was later filed by the plaintiffs before the Supreme Court and is currently pending.

In the second claim, the plaintiffs are seeking demolition of the dam on the basis of the risk that its collapse would pose to the community. The Court of Los Vilos issued a decision in May 2014 denying the demolition request but ordering Minera Los Pelambres to undertake some additional measures to ensure protection of the community, in case a major earthquake or natural event occurs. These measures need to be reviewed and agreed with the technically competent bodies responsible for supervision of the dam. The decision of the Court of Los Vilos, has been appealed by both claimant and the defendant and these appeals will be heard before the Court of Appeal of La Serena. Any decision of the Court of Appeal may also be subject to a review of the correct application of law by the Supreme Court of Chile.

18. Post balance sheet events

On 3 July 2014 Antofagasta terminated its option to acquire an additional 25% of Twin Metals Minnesota LLC ("TMM"). As a result of being provided the option termination notice, Duluth Metals Limited ("Duluth Metals") has a right to purchase, within 180 days, Antofagasta's 40% of TMM for a price equal to Antofagasta's sunk costs (currently estimated to be approximately US$220m) plus approximately US$10m currently outstanding (plus accrued and unpaid interest) under a bridge loan facility. If Duluth Metals does not exercise its buy-back right, Antofagasta will continue to own 40% of TMM and Duluth Metals will be required to repay the loan facility, at its option, in either cash or Duluth Metals shares. Following the termination of the option, Duluth Metals controls the management and development of the Twin Metals Project.

19. Litigation

Tethyan Copper Company Pty Limited

The Group holds a 50% interest in Tethyan Copper Company Pty Limited ("Tethyan"), its joint venture with Barrick Gold Corporation ("Barrick"). In February 2011, Tethyan submitted an application for a mining lease to the Government of Balochistan which was subsequently rejected in November 2011.

Tethyan is pursuing two international arbitrations in order to protect its legal rights: one against the Government of Pakistan under the auspices of the International Centre for Settlement of Investment Disputes ("ICSID"), and another against the Government of Balochistan under the auspices of the International Chamber of Commerce ("ICC"). A hearing on preliminary issues was heard by the ICC tribunal in the week commencing 23 June 2014 and a decision is expected in the coming months. The ICSID tribunal has scheduled a hearing on jurisdiction and liability to take place over a two-week period commencing 6 October 2014.

20. Related party transactions

a) Joint ventures

The Group has a 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interests in Pakistan. During the six months ended 30 June 2014 the Group contributed US$2.5 million (six months ended 30 June 2013 – US$3.0 million; year ended 31 December 2013 - $7.0 million) to Tethyan, to provide funds for Tethyan's legal advisory and administrative costs. The balance due from Tethyan to Group companies at 30 June 2014 was US$nil (30 June 2013 – nil; 31 December 2013 – nil).

The Group has a 60% interest in Energía Andina, which is a joint venture with Origin Energy Geothermal Chile Limitada for the exploration and exploitation of potential sources of geothermal energy. The balance due from Energía Andina S.A. to the Group at 30 June 2014 was nil (30 June 2013 – US$0.1 million; 31 December 2013 – less than US$0.1 million). During the six months ended 30 June 2014 the Group contributed US$5.0 million to Energia Andina (six months ended 30 June 2013 – US$9.0 million; year ended 31 December 2013 - US$21.6 million).

b) Associates

The Group has a 40% interest in Inversiones Hornitos S.A. The Group paid US$68.6 million (six months ended 30 June 2013 – US$66.6 million; year ended 31 December 2013 – US$167.8 million) to Inversiones Hornitos in relation to the energy supply contract at Centinela concentrates. During 2014, the Group has received dividends from Inversiones Hornitos S.A. for US$20 million (30 June 2013 – nil; 31 December 2013 – nil).

The Group has a 40% interest in Alto Maipo SpA ("Alto Maipo"). During the period, the Group contribution for a total of nil (six months ended 30 June 2013 – nil; year ended 31 December 2013 – US$52.6 million). The balance due from Alto Maipo to the Group at 30 June 2014 was US$124.4 million (30 June 2013 –nil; 31 December 2013 –US$47.0 million) representing loan financing with an interest rate of LIBOR six-months plus 4.25%.

c) Other related parties

The ultimate parent company of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested. The Company's subsidiaries, in the ordinary course of business, enter into various sale and purchase transactions with companies also controlled by members of the Luksic family, including Banco de Chile S.A., Madeco S.A. and Compañía Cervecerías Unidas S.A., which are subsidiaries of Quiñenco S.A., a Chilean industrial and financial conglomerate the shares of which are traded on the Santiago Stock Exchange. These transactions, all of which were on normal commercial terms, are in total not considered to be material.

The Group holds a 51% interest in Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, a company controlled by the Luksic family, which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. The Group is responsible for any exploration costs relating to the properties held by these entities. During the six months ended 30 June 2014 Group incurred US$13.9 million (six months ended 30 June 2013 – US$11.9 million; year ended 31 December 2013 – US$22.1 million) of exploration work at these properties.

In March 2014 the Group acquired an additional 25.7% interest in Michilla for $30.9 million, increasing the Group's interest from 74.2% to 99.9%. This included the acquisition of the 7.973% stake held by Minera Cerro Centinela S.A., an entity ultimately controlled by the Luksic family, for $9.6 million. Prior to this transaction, Michilla paid dividends of US$1.6 million to Minera Cerro Centinela S.A. (six months ended 30 June 2013 – nil; year ended 31 December 2013 – nil).

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	WM Hayes Director

25 August 2014

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 2014 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity the condensed consolidated cash flow statement and related notes 1 to 20. 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 it 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 Conduct 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 2014 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 Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
25 August 2014

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

(See notes following Note 21(b).)

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

	Production			Sales		
	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013	**Six months ended 30 June 2014**	Six months ended 30 June 2013	Year ended 31 December 2013
	000 tonnes	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Copper						
Los Pelambres	**196.6**	203.6	405.3	**190.0**	195.0	414.0
Centinela concentrates	**82.3**	90.1	174.9	**85.9**	78.2	168.2
Centinela cathodes	**46.0**	51.8	102.6	**45.2**	49.4	101.6
Michilla	**23.2**	18.6	38.3	**22.2**	18.5	38.4
Group total	**348.2**	364.1	721.2	**343.3**	341.1	722.2
Gold	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**33.6**	24.3	56.7	**31.3**	24.3	56.7
Centinela concentrates	**90.3**	138.6	237.1	**93.9**	116.1	226.0
Group total	**123.8**	162.9	293.8	**125.2**	140.4	282.7
Molybdenum						
Los Pelambres	**3.3**	4.7	9.0	**3.2**	4.3	8.8
Silver	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**1,343.7**	972.1	2,272.9	**1,343.7**	972.1	2,272.9
Centinela concentrates	**611.1**	738.9	1,371.5	**611.1**	594.9	1,238.2
Group total	**1,954.8**	1,711.0	3,644.4	**1,954.8**	1,567.0	3,511.1

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 2014	Six months ended 30 June 2013	Year ended 31 December 2013	**Six months ended 30 June 2014**	Six months ended 30 June 2013	Year ended 31 December 2013
	US$/lb	US$/lb	US$/lb	**US$/lb**	US$/lb	US$/lb
Copper						
Los Pelambres	**1.21**	1.19	1.16	**3.04**	3.08	3.25
Centinela concentrates	**1.60**	0.99	1.43	**3.06**	3.09	3.22
Centinela cathodes	**1.80**	1.26	1.36	**3.15**	3.37	3.34
Michilla	**2.38**	3.36	3.22	**3.34**	3.59	3.64
Group weighted average (net of by-products)	**1.46**	1.26	1.36	**3.08**	3.15	3.28
Group weighted average (before deducting by-products)	**1.87**	1.76	1.79			
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.69**	1.61	1.65			
Cash costs at Los Pelambres comprise:						
On-site and shipping costs	**1.41**	1.41	1.35			
Tolling charges for concentrates	**0.21**	0.17	0,17			
Cash costs before deducting by-product credits	**1.62**	1.58	1.52			
By-product credits (principally molybdenum)	**(0.41)**	(0.39)	(0.36)			
Cash costs (net of by-product credits)	**1.21**	1.19	1.16			
Cash costs at Centinela concentrates comprise:						
On-site and shipping costs	**2.11**	1.92	2.16			
Tolling charges for concentrates	**0.24**	0.20	0.20			
Cash costs before deducting by-product credits	**2.36**	2.12	2.36			
By-product credits (principally molybdenum)	**(0.75)**	(1.13)	(0.93)			
Cash costs (net of by-product credits)	**1.60**	0.99	1.43			
LME average				**3.14**	3.42	3.32
				US$	US$	US$
Gold						
Los Pelambres				**1,291**	1,482	1,362
Centinela concentrates				**1,377**	1,440	1,357
Group weighted average				**1,355**	1,447	1,357
Market average price				**1,291**	1,524	1,410
				US$	US$	US$
Molybdenum						
Los Pelambres				**14.8**	10.8	10.0
Market average price				**11.8**	11.1	10.3
Silver						
Los Pelambres				**19.9**	25.7	22.8
Centinela concentrates				**19.6**	25.6	22.4
Group weighted average				**19.8**	25.7	22.7
Market average price				**20.1**	26.6	23.8

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 Centinela concentrates, 70% of Centinela cathodes and 99.9% of Michilla (74.2% prior to March 2014).

(ii) Los Pelambres produces copper and molybdenum concentrates and Centinela concentrates produces copper concentrate. The figures for Los Pelambres and Centinela concentrates are expressed in terms of payable metal contained in concentrate. Los Pelambres and Centinela concentrates are also credited for the gold and silver contained in the copper concentrate sold. Centinela cathodes 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 and Centinela concentrates. Cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses and corporation tax for all four operations.

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

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

(vi) The production information in Note 21(a) and the cash cost information in Note 21(b) is derived from the Group's production report for the second quarter of 2014, published on 31 July 2014.

22. Update to Mineral Resources Estimate (not subject to audit or review)

Antofagasta plc ("Group") has updated the Mineral Resources Estimate for the Los Volcanes deposit in northern Chile. In the 2013 year-end publication of Mineral Resources, Los Volcanes deposit was reported, as a range of tonnes and grade, under the heading 'Other Mineral Inventory'. Los Volcanes is 51% owned by Antofagasta plc.

The Competent Person for Mineral Resources is Guillermo Müller (Comision Calificadora de Competencias en Recursos y Reservas - Ley 20.235 -N° registro 0147), Resource Evaluation Manager for Antofagasta Minerals S.A.

At 30 June 2014

	Tonnage (millions of tonnes) 2014	Copper (%) 2014	Molybdenum (%) 2014	Gold (g/tonne) 2014	Attributable Tonnage (millions of tonnes) 2014
Mineral resources					
Los Volcanes (see note i)					
Oxides					
Inferred	77.7	0.40	-	-	39.6
Sub-total	77.7	0.40	-	-	39.6
Sulphides					
Inferred	1,158.4	0.46	-	-	590.8
Total	1,236.2	0.46	-	-	630.4

Notes to Mineral Resources Estimate

(i) Los Volcanes

Based on the 2013 resource model, Antofagasta plc recently completed a Scoping Study on the Volcanes deposit. The SS demonstrated potential technical and economic viability of the project. Mineral Resources have been estimated using a 0.20% copper cut-off grade, for both Oxide and Sulphide materials, and include those mineral resources contained within an un-smoothed, optimised pit shell using Antofagasta's long term copper price.

Los Volcanes is 51% owned by Antofagasta plc, with the remaining 49% owned by Mineral invest Establishment, a company controlled by the Luksic family.