NEWS RELEASE, 20 AUGUST 2020

HALF YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020
Strong Operating and Cost Performance in a Challenging Environment

Antofagasta plc CEO Iván Arriagada said: *"Following the outbreak of COVID-19 and its impact on consumer markets, the realised copper price was 12.5% lower compared with the same period last year and this impacted our revenue. However, despite these challenges the Group had a strong operating and cost performance with copper production of 371,700 tonnes, sales volumes falling by only 2% compared to the first half of 2019, and a 6% improvement in net cash costs, aided by savings of $78 million from our Cost and Competitiveness Programme.*

"As the COVID-19 emergency has unfolded during the period, our focus has been on the health and safety of our employees and contractors, and the communities near our operations. Our growth projects have been temporarily suspended and we have been running our operations with approximately two-thirds of the workforce on-site, with the remainder either quarantining or working remotely. During this period, we also completed our final power contract that will allow all our mining operations to be using 100% renewable power from 2022 at lower cost.

"Work on our growth projects is now accelerating and we are maintaining our full year guidance at the lower end of the original 725-755,000 tonnes range, at a net cash cost of $1.20/lb.

"The interim dividend declared of 6.2 cents per share is consistent with our dividend policy of paying out a minimum of 35% of underlying net earnings.

"Our focus on copper, a critical metal for a modern low-carbon economy, our strong financial and operating position together with our portfolio of growth projects will allow us to deliver long-term value creation for all our stakeholders through the cycle."

HIGHLIGHTS

Financial performance

- **Revenue for the first half of 2020 was $2,139 million**, 15.3% lower than the same period in 2019 mainly as a result of lower realised copper prices and sales volumes, partially offset by the increase in the realised gold price
- **EBITDA(1) was $1,013 million**, $293 million lower than in the same period last year on lower revenue partially offset by lower operating costs due to the weaker Chilean peso, lower input costs and continued tight cost control
- **EBITDA margin(2) was 47.4%**, compared to 51.7% in H1 2019
- **The Cost and Competitiveness Programme generated savings of $78 million** in the first half of 2020, equivalent to 8c/lb of unit cash costs
- **Net debt decreased by $244 million to $320 million** during the period following the refinancing of Antucoya. The net debt to EBITDA ratio fell to 0.15 times
- **Capital expenditure of $549 million was 42% of full year guidance**, and while growth projects have been temporarily suspended since March, engineering and procurement work has continued
- **Earnings per share from continuing operations and excluding exceptional items were 17.8 cents per share**, this was 12.9 cents per share lower than in HY 2019 due to the fall in EBITDA and higher depreciation and amortisation, partially offset by lower net interest expenses and lower tax

- **Earnings per share including exceptional items fell from 30.7 cents per share to 13.7 cents per share**
- **Exceptional after-tax loss of approximately $61 million with an impact on attributable net earnings of $40 million** as a result of the impairment of an indirect 40% interest in the Hornitos coal fired power station prior to its final disposal in 2021. This was part of the value accretive renegotiation of Centinela's power purchase agreement which as a result will be wholly supplied from lower cost renewable sources from 2022
- **Interim dividend of 6.2 cents per share**, equivalent to a payout ratio of 35% of underlying net earnings(2), consistent with our dividend policy

Production and costs performance (as previously announced)

- The Group as completed 20 months without a fatal accident
- Group copper production in the first six months of the year was 371,700 tonnes, in line with expectations and 4.0% lower than in the same period last year on lower grades, particularly at Centinela Concentrates
- Cash costs before by-product credits for the first half of the year were $1.51/lb, a 9.0% improvement on the same period last year primarily due to the weaker Chilean peso, lower input prices and tighter cost control
- Net cash costs were $1.12/lb for the first half of the year, a 5.9% improvement on the first half of 2019. This was primarily due to lower cash costs before by-product credits, partially offset by lower by-product credits

2020 Guidance (as previously announced)

- Group copper production guidance is at the lower end of the original 725-755,000 tonnes range, on the basis that no COVID-19 related shutdowns are required during the rest of the year
- Net cash costs guidance for the full year is $1.20/lb, 10c/lb lower than originally guided, assuming revised production guidance is achieved and the Chilean peso averages 800 pesos to the US dollar for the year
- Capital expenditure for the year is expected to be less than $1.3 billion, assuming the work on the Los Pelambres Expansion and Zaldívar Chloride Leach projects ramps-up in the second half of the year

COVID-19 (as previously announced)

- Since the beginning of the outbreak, the Company has coordinated its actions with local and regional government to introduce many new measures to prevent the infection of its workforce and local communities and the transmission of the disease. These measures have included health self-assessments prior to site access, strict social distancing, health monitoring, the provision of hygiene kits, strict facilities cleaning protocols and Company-arranged chartered transport to and from the mine sites. The Company has also established a $6 million fund to support local communities
- The Company is operating with approximately two-thirds of its workforce at its operations with most of the balance working from home. Mine development and maintenance were initially restricted, but as the operations have adjusted to the new working conditions, work in these areas has resumed

Growth projects in execution

- As previously announced, the construction work on the Los Pelambres Expansion project has been temporarily suspended since March with some limited work continuing, mostly on the desalination plant at Los Vilos. The project is now restarting in stages during H2 2020, integrating new COVID-19 health protocols. To reduce the risk to water availability, the original design capacity of the desalination plant is being reviewed to facilitate a future phased expansion to 800 litres per second, up from the original 400 litres per second design.

  The future capacity increase from 400 to 800 litres per second will be a separate project to the Los Pelambres Expansion project and is expected to be approved once the additional necessary environmental permits have been received. In the meantime, additional pumping capacity and other infrastructure will be installed as part of the Los Pelambres Expansion project to improve the overall capital efficiency and execution time of the two stages of the capacity increase.

The additional capital cost of the changes to the desalination plant and marine works are estimated to be approximately $150 million. In turn, at the time of the restart of construction in August, the suspension of activities to date has already delayed the original project schedule by six months at an additional cost of approximately $50 million.

The COVID-19 restrictions on future construction work require the project to continue with reduced manpower numbers and as this, together with the additional changes to the desalination plant, will impact the construction schedule and costs beyond what is included in the above estimates, the project schedule and cost remain under review. An updated estimate will be provided in Q4 2020.

- At Zaldívar construction of the Chloride Leach project had just commenced at the time of the COVID-19 outbreak and as a result further mobilisation to site was suspended in March. Activities are now resuming largely as per the original schedule but delayed by approximately six months to the first half of 2022 due to the suspension and integration of fully revised health protocols. The impact of the suspension of activities is expected to be absorbed within the original estimated project cost of $190 million

Other

- The Company is pleased to have been an active participant in the International Council on Mining and Metals' (ICMM) working group on the Global Industry Standard on Tailings Management that was released earlier this month. The new standard is an important step in strengthening current practices in the industry for the management of tailings facilities from site selection to after a facility is closed
- Together with the Hornitos disposal agreement in April, Centinela signed a 100% renewable energy contract which will be effective from 2022 until 2033. This new contract will be value accretive as power costs will be significantly reduced in stages from 2020 onwards. From 2022 all the Group's mines will use only renewable energy, with Zaldívar being the first to go 100% renewable on 1 July 2020
- The water situation in central Chile has improved due to substantial rain and snow fall during the last two months. Although this has improved the 2020-21 water balance at Los Pelambres, water usage optimisation and recycling improvements will continue
- Labour agreements were successfully agreed with the supervisor's and the largest workers' union at Centinela and the workers' union at Zaldívar during June and July. Negotiations with the two other workers' unions at Centinela will be completed later in the year

UNAUDITED RESULTS SIX MONTHS ENDED 30 JUNE		2020	2019	%
Revenue	$m	**2,138.8**	2,525.6	*(15.3)*
EBITDA[1]	$m	**1,012.8**	1,305.9	*(22.4)*
EBITDA margin[1, 2]	%	**47.4**	51.7	*(8.3)*
Underlying earnings per share[1]	cents	**17.8**	30.7	*(42.0)*
Earnings per share	cents	**13.7**	30.7	*(55.3)*
Dividend per share	cents	**6.2**	10.7	*(42.1)*
Cash flow from operations[3]	$m	**906.9**	1,514.5	*(40.1)*
Capital expenditure[4]	$m	**548.6**	465.5	*17.9*
Net debt at period end	$m	**319.5**	517.4	*(38.2)*
Realised copper price	$/lb	**2.46**	2.81	*(12.5)*
Copper sales[5]	kt	**346.8**	354.5	*(2.2)*
Gold sales	koz	**108.4**	148.3	*(26.9)*
Molybdenum sales	kt	**4.7**	6.6	*(28.5)*
Cash costs before by-product credits[1]	$/lb	**1.51**	1.66	*(9.0)*
Net cash costs[1]	$/lb	**1.12**	1.19	*(5.9)*

***Note**: The financial results are for continuing operations and are prepared in accordance with IFRS other than as noted in (2) below.*

(1) Non-IFRS measures. Refer to the alternative performance measures section on page 57 to the half-year financial report below.

(2) Calculated as EBITDA/Revenue. If Associates and JVs' revenue is included EBITDA Margin was 44.1% in HY 2020 and 47.8% in HY 2019.

(3) Includes a VAT tax refund of $274.8 million in HY 2019. Excluding the effect of this one-off refund, cash flow from operations decreased by 26.8%.

(4) On a cash basis.
(5) Does not include 27,400 tonnes of sales by Zaldívar in HY 2020 and 26,900 tonnes in HY 2019, as it is equity accounted.

A recording and copy of the 2020 Half Year Results presentation is available for download from the Company's website www.antofagasta.co.uk.

There will be a Q&A video conference call on 20 August 2020 at 12:00pm BST hosted by Iván Arriagada, Chief Executive Officer, Mauricio Ortiz, Chief Financial Officer and René Aguilar, Vice President of Corporate Affairs and Sustainability. Participants can join the conference call here.

Register on our website to receive our email alerts at http://www.antofagasta.co.uk/investors/email-alerts/

Investors – London		**Media – London**	
Andrew Lindsay	alindsay@antofagasta.co.uk	Carole Cable	antofagasta@brunswickgroup.com
Telephone	*+44 20 7808 0988*	*Telephone*	*+44 20 7404 5959*
Andres Vergara	avergara@antofagasta.co.uk	Will Medvei	antofagasta@brunswickgroup.com
Telephone	*+44 20 7808 0988*	*Telephone*	*+44 20 7404 5959*
		Media – Santiago	
		Pablo Orozco	porozco@aminerals.cl
		Paola Raffo	praffo.van@aminerals.cl
		Telephone	*+56 2 2798 7000*

DIRECTORS' COMMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

Group revenue was $2,138.8 million, 15.3% lower than in the same period last year as the realised copper price decreased by 12.5%, copper sales volumes decreased by 2.2% and by-product revenues decreased by 25.0%, mainly on lower sales volumes of molybdenum and gold, which were partially offset by the higher realised gold price.

EBITDA during the first six months was $1,012.8 million reflecting lower revenue partially offset by lower cost of sales.

Cash flow from operations was $906.9 million, a 40.1% decrease compared to the same period last year reflecting the Group's lower EBITDA and a one-off VAT refund of $274.8 million in HY 2019.

The Board has declared an interim ordinary interim dividend of 6.2 cents per share, which represents a payout ratio of 35%, consistent with the Group's dividend policy and the interim payout ratio in previous years. Any distribution of excess cash, as defined under the policy, will be made as part of the final dividend.

PRODUCTION AND CASH COSTS[1]

Group copper production in the first half of 2020 was 371,700 tonnes, 4.0% lower than in the same period last year, largely due to expected lower ore grades at Centinela Concentrates.

Group gold production for the first six months of the year decreased by 25.5% to 111,100 ounces on expected lower grades at Centinela.

Molybdenum production was 5,500 tonnes, compared with 6,400 tonnes in the first six months of 2019, principally due to lower grades and throughput at Los Pelambres.

Group cash costs before by-product credits in the first half of 2020 were $1.51/lb, 15c/lb lower than last year, a result of the weaker Chilean peso, lower input prices and savings arising from the Cost and Competitiveness Programme.

Net cash costs for the first half of 2019 were $1.12/lb, 7c/lb lower than in the same period last year reflecting the lower cash costs before by-product credits, partially offset by lower by-product credits.

SAFETY AND HEALTH

There were no fatalities in the period and the Group continues to develop ways to ensure there are no fatal accidents.

The Group continues its focus on the effective implementation of critical control management and promoting operational discipline to build a robust and proactive safety culture. Antofagasta is fully committed to achieving zero fatalities and, following an extension of its focus to health, zero occupational diseases.

For the first six months of the year the Group Lost Time Injury Frequency Rate (LTIFR) decreased to 0.88 from 1.01 in the full year 2019, with the Mining Division and Transport Division's LTIFRs falling to 0.67 and 3.35 respectively.

COVID-19

In Chile the outbreak of COVID-19 started in March and the rate of infections accelerated in mid-May leading to a lockdown being declared in Santiago and other parts of the country. The rate of infections has now been decreasing for some weeks and it is expected that restrictions will be progressively eased over the coming months. However, the risk of a resurgence of infections or a second wave remains.

During this period the Company has coordinated its actions with local and regional government to introduce many new measures to prevent the infection of its workforce and local communities and the transmission of the disease. These measures have included health self-assessments prior to site access, strict social distancing, health monitoring, the provision of hygiene kits, strict facilities cleaning protocols and Company-arranged chartered transport to and from the mine sites. The Company has also established a $6 million fund to support local communities through the pandemic.

The Company is operating with approximately two-thirds of its workforce at its operations with most of the balance working from home. Mine development and maintenance were initially restricted, but as the operations have adjusted to the new working conditions, work in these areas has resumed.

While the Company's growth projects at Los Pelambres, Centinela and Zaldívar were largely suspended in March some work has continued, mostly on the desalination plant at Los Pelambres. Work is now accelerating in stages on the Los Pelambres Expansion and Zaldívar Chloride Leach projects with new COVID-19 health protocols fully integrated into the revised project execution plans

Some $38 million of costs related to actions taken because of COVID-19 have been incurred during the period, of which $21 million, associated to the growth projects, have been capitalised.

COST AND COMPETITIVENESS PROGRAMME

During the first half of the year, the Cost and Competitiveness Programme achieved savings of $78 million, equivalent to 8c/lb. The Group is on track to achieve its savings target for the year of $100 million.

In addition to achieving cost savings, the Company has also focused on reducing cash expenditure by optimising inventory levels, services efficiency and capital expenditure.

EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs decreased by $7.8 million to $44.2 million, mainly as a result of lower activity, partially offset by increased geotechnical drilling at Los Pelambres.

TAXATION

The effective tax rate for the period was 34.6% before exceptional items and 36.7% after exceptional items, which compares with 35.7% during the same period in 2019.

CAPITAL EXPENDITURE AND DEPRECIATION & AMORTISATION

Group capital expenditure on a cash basis was $550.1 million during the period of which $164.6 million was on mine development, $151.4 million on sustaining and $209.9 million was on development, of which $189.3 million was on the Los Pelambres expansion project. The balance was at the Transport Division and at the corporate centre. Expected capital expenditure for the full year is less than $1.3 billion.

Depreciation and amortisation for the first half of 2020 was $495.3 million, an increase of $57.7 million compared to same period in 2019 mainly as a result of increased amortisation of capitalised stripping at Centinela. Depreciation and amortisation for the full year is expected to be approximately $1 billion.

NET DEBT

Net debt was $319.5 million at the end of the period, $243.9 million lower than at the end of 2019 with Antucoya refinancing $700.0 million of its subordinated debt with equity during the period. The net debt to EBITDA ratio fell from 0.23 times to 0.15 times.

During the first six months of 2020, Los Pelambres drew down $197.4 million of its corporate loan bringing the total drawn down to $666.4 million of the $1.3 billion facility.

Attributable net debt at the period end was $238.8 million, $36.5 million lower than at the end of last year.

DIVIDENDS

The Board has declared an interim dividend of 6.2 cents per share, equivalent to $61.1 million and a payout ratio of 35%, consistent with the Company's policy of paying out a minimum of 35% of underlying net earnings from continuing operations and previous interim dividends.

LABOUR AGREEMENTS

Labour agreements were successfully agreed with the largest workers' union at Centinela in June and with the supervisors at Centinela and workers at Zaldívar during July. Negotiations with the two other workers' unions at Centinela will be completed during the rest of the year

SOCIAL AND POLITICAL SITUATION IN CHILE

Following the social unrest that started in Chile last year, wide political agreement was reached to hold a vote to either rewrite the country's constitution or to maintain the current one. Due the COVID-19 emergency the vote has been postponed from April to 25 October 2020 and if the decision is made to rewrite the constitution a special assembly will be formed, and a new constitution is expected to be agreed in 2022.

RENEWABLE ENERGY CONTRACTS

Antofagasta´s Energy Management Strategy has four pillars: supply security, price, source and energy efficiency. This strategy has been applied in the negotiation of supply contracts to decarbonise the Group's electricity supply, taking advantage of the price of renewable energy which, in Chile, is cheaper than more polluting technologies.

New energy supply contracts have been negotiated at all the Group's mining operations over the last three years and they are progressively converting to 100% renewable energy, with Zaldívar making the transition at the beginning of July this year. From 2022 the Mining Division will use only renewable energy.

WATER SITUATION

The water situation in central Chile has improved due to substantial rain and snow fall during the last two months. Although this has improved the 2020-21 water balance at Los Pelambres, water usage optimisation and recycling improvements will continue.

Zaldívar submitted an Environmental Impact Assessment (EIA) to extend the mine life to 2031. With delays in the permitting process caused by COVID-19, a decision is now expected in 2021. This EIA includes the extension of the water extraction permit to 2031 and remediation at the end of the mine's life.

FUTURE GROWTH

Growth in copper production in the medium term will come from completion of the Los Pelambres Expansion, Zaldívar Chloride Leach and Esperanza Sur projects in 2022, which will increase production by an average of 80-90,000 tonnes per year.

Work on completing an optimised feasibility study for the Centinela Second Concentrator continues together with the evaluation of alternatives to direct investment in the water supply infrastructure. It is expected that the project will be taken to the Board for an investment decision in 2022.

The Company's growth projects at Los Pelambres, Centinela and Zaldívar have been largely suspended since March with some work continuing in this period, mostly on the desalination plant at Los Pelambres. All three projects are restarting in stages during H2 2020 while fully integrating new health protocols for COVID-19 into the revised project execution plans.

OUTLOOK

As previously announced, Group copper production for the full year is expected to be at the lower end of the original 725-755,000 tonnes guidance range, on the basis that no COVID-19 related shutdowns occur during the rest of the year. Net cash cost guidance has been reduced by 10c/lb to $1.20/lb, assuming production guidance is achieved and the Chilean peso averages 800 pesos to the US dollar for the year.

With the widespread onset of COVID-19 in March copper prices fell to below $2.20/lb, but with the recovery in markets and confidence since then the price rose to $2.74/lb by the end of the period and has since increased to over $2.90/lb. The outlook for the remainder of the year depends largely on the impact of COVID-19 on global consumption. The Company will continue to seek to achieve its production targets and to control its expenditure.

REVIEW OF OPERATIONS AND PROJECTS

MINING DIVISION

LOS PELAMBRES

Financial performance

EBITDA at Los Pelambres was $639.1 million in the first half of 2020, a 9.6% decrease compared with $706.9 million in the first six months of 2019. This decrease was mainly due to the lower realised copper price, which was partially offset by a higher copper sales tonnage and lower operating costs during the period.

Production

In the first six months of 2020, copper production increased by 1.6% to 183,200 tonnes compared with the same period last year. This increase was primarily due to the higher copper grades and recoveries, partially offset by lower throughput.

Molybdenum production of 5,200 tonnes and gold production of 29,100 ounces were 16.1% and 2.3% lower respectively than the same period in 2019 mainly due to lower throughput and grades.

Costs

Cash costs before by-product credits for the first six months were $1.20/lb, 16.7% lower than the same period last year. Tight cost control, productivity improvements, the weakening of the Chilean Peso and higher copper production have contributed to reducing unit costs.

For the first six months of 2020, by-product credits were $0.40/lb, $0.15/lb lower than the same period last year primarily due to lower molybdenum production and realised prices, partially offset by higher realised gold prices.

Net cash costs for the year to date were $0.80/lb, or 10.1% lower than in the same period last year.

Capital expenditure

Capital expenditure in the first six months of 2020 was $321.0 million in total of which $65.1 million was sustaining capital expenditure, $63.9 million mine development and $189.3 million was on the Los Pelambres expansion. The rate of expenditure is expected to accelerate in the second half of the year as the expansion project advances.

CENTINELA

Financial performance

EBITDA for the first six months of 2020 was $309.6 million, a decrease of 41.9% compared with $532.5 million in the first half of 2019. This decrease was due to lower copper and gold sales volumes and the lower realised copper price compared to same period last year.

Production

Total copper production in H1 2020 it was 121,600 tonnes, 14.3% lower than in H1 2019, primarily as a result of expected lower grades at Centinela Concentrates. Production of copper in concentrates was 74,800 tonnes, compared with 100,100 tonnes in the same period last year, mainly reflecting lower ore grades which fell from 0.71% to 0.53%. As previously guided, lower ore grades will continue in Q3 and will then recover in Q4 and into the following year.

Copper cathode production for the first six months was 46,800 tonnes, 11.7% higher than in the same period last year primarily due to the Encuentro Oxides plant operating at above design capacity and higher grades. Gold production in H1 was 82,000 ounces, 31.2% lower than H1 last year, primarily due to anticipated lower grades. Molybdenum production during the first half of 2020 was 300 tonnes.

Costs

Cash costs before by-product credits for the first six months of 2020 were $1.84/lb, 5.7% higher than the same period in 2019 due to lower copper production, partially compensated by the weaker Chilean peso and lower input prices, including energy.

For the first six months of 2020, by-product credits were $0.58/lb, 2c/lb higher than in the same period last year due to the improved realised gold price, offset by lower production.

Net cash costs in first six months of the year were $1.26/lb, 6.8% higher than in H1 2019 due to higher cash costs before by- product credits.

Capital expenditure

Capital expenditure in the first six months of 2020 was $181.0 million of which $71.6 million was sustaining capex, $91.0 million was mine development and $18.4 million was development capex.

ANTUCOYA

Financial performance

For the first half of the year, EBITDA was $64.7 million, compared with $41.2 million in the same period last year, due to higher sales volumes and lower unit costs of sales, partially offset by lower realised copper prices.

Production

Production in the first six months of 2020 was 40,400 tonnes, 7.7% higher than the same period last year on higher throughput, grades and recoveries.

Costs

For the first six months, cash costs at $1.73/lb were 23.5% lower than in H1 2019 due to tight cost control, higher production, the weaker Chilean peso and lower input prices.

Capital expenditure

Capital expenditure in the first six months of the year was $22.0 million. Sustaining capital expenditure was $11.5 million and mine development $9.8 million.

ZALDÍVAR

Financial performance

Attributable EBITDA at Zaldívar was $42.8 million in the first half of 2020, compared to $59.4 million in the same period last year largely because of lower realised copper prices, despite higher sales volumes.

Production

The Group’s share of production for the year to date was 26,500 tonnes, 3.6% lower compared to the same period last year due to lower copper grades and recoveries, partially offset by improved throughput.

Costs

Cash costs during the first six months of 2020 were $1.72/lb compared with $1.79/lb in the same period in 2019, primarily due to the weaker Chilean peso and lower input prices, partially offset by lower production.

Capital expenditure

In the first six months of 2020, attributable capital expenditure was $28.8 million of which $6.5 million was sustaining capital expenditure, $7.7 million mine development and $14.4 million was development capital expenditure.

TRANSPORT DIVISION

Financial performance

EBITDA at the Transport Division was $28.6 million in the first half of 2020, compared to $45.1 million in the same period last year, a reduction primarily due to higher input costs.

Transport volumes

For the first six months of the year, transport volumes increased by 2.2% as new transport contracts came into effect during the period.

Capital expenditure

Capital expenditure for the first half of the year was $22.8 million.

GROWTH PROJECTS AND OPPORTUNITIES

Los Pelambres Expansion

This expansion project is divided into two phases.

Phase 1

Phase 1 of the expansion is designed to increase the current throughput capacity of Los Pelambres from 175,000 tonnes of ore per day to an average of 190,000 tonnes of ore per day and to provide desalinated water to the operation. The desalination plant will initially produce 400 litres per second of water, but to reduce the risk to water availability the original design is being reviewed to facilitate a future expansion to 800 litres per second once the necessary additional environmental approvals have been obtained.

The future capacity increase from 400 to 800 litres per second will be a separate project to the Los Pelambres Expansion project and is expected to be approved once the additional necessary environmental permits have been received. In the meantime, additional pumping capacity and other infrastructure will be installed as part of Phase 1 to improve the overall capital efficiency and execution time of the two stages of the capacity increase.

Phase 1 of the project will increase annual copper production by an average of 60,000 tonnes per year over 15 years, starting at approximately 40,000 tonnes per year for the first four to five years and growing to 70,000 tonnes for the rest of the period as the hardness of the ore increases and the benefit of higher milling capacity is fully realised.

As announced in April this year, the execution of the project was temporary suspended as a result of the health emergency caused by the COVID-19. However, some limited activity has continued during this period, mainly at the desalination plant at Los Vilos. The project is now restarting in stages during H2 2020, integrating new COVID-19 health protocols.

The additional capital cost of the changes to the desalination plant and marine works are estimated to be approximately $150 million. In turn, at the time of the restart of construction in August, the suspension of activities to date has already delayed the original project schedule by six months at an additional cost of approximately $50 million.

The COVID-19 restrictions on future construction work require the project to continue with reduced manpower numbers and as this, together with the additional changes to the desalination plant, will impact the construction schedule and costs beyond what is included in the above estimates, the project schedule and cost remain under review. An updated estimate will be provided in Q4 2020

As at the end of June 2020, the project progress to completion was 36.6%.

Phase 2

In the second phase of the expansion, throughput will be further optimised. As part of this development the Group will submit a new EIA to increase the capacity of the Mauro tailings storage facility and the mine waste dumps, as well as extend certain operating permits. The granting of these permits will extend the mine’s life by 15 years beyond the current 15 years, accessing a larger portion of Los Pelambres’s six billion tonne mineral resources base.

Work has begun on the environmental baseline study for the new EIA, along with the early stages of community engagement activities. Critical studies on tailings and waste storage capacity have been undertaken and are now progressing towards the feasibility study stage.

Capital expenditure for this phase was estimated in the pre-feasibility study in 2014 at approximately $500 million.

Esperanza Sur pit

Esperanza Sur pit is 4 km south of the Esperanza pit and is close to Centinela's concentrator plant. The deposit contains 1.4 billion tonnes of reserves with a grade of 0.4% copper, 0.13g/t of gold and 0.012% of molybdenum. Stripping started in Q2 2020 and following delays caused by COVID-19 the project is now expected to be completed in the first half of 2022. The capital cost estimate for the project is unchanged at $175 million.

Opening the Esperanza Sur pit will improve Centinela's flexibility to supply its concentrator and the higher-grade material, over the initial years, will increase production by some 10–15,000 tonnes of copper per year, compared to how much would be produced if material was solely supplied from the Esperanza pit. This greater flexibility will allow Centinela to smooth and optimise its year-on-year production profile, which has in the past been variable.

Centinela Second Concentrator

The construction of a second concentrator and tailings deposit some 7 km from the existing concentrator in two phases is currently being evaluated. Phase 1 would have an ore throughput capacity of approximately 90,000 tonnes per day, producing copper, and gold and molybdenum as by-products, with an annual production of approximately 180,000 tonnes of copper equivalent. Once Phase 1 has been completed and is operating successfully, a further expansion is possible increasing the capacity of the concentrator to 150,000 tonnes of ore per day with annual production increasing to 250,000 tonnes of copper equivalent, maximising the potential of Centinela's large resource base.

Ore for the second concentrator would be sourced initially from the Esperanza Sur deposit and later from Encuentro Sulphides. The latter lies under the Encuentro Oxides reserves, which are expected to be depleted by 2026.

The EIA for both phases of the project was approved in 2016 and the completion of an optimised feasibility study and review for Phase 1 is expected to be completed by the end of 2020. The capital cost estimated in the 2015 pre-feasibility study for Phase 1 was $2.7 billion, which included capitalised stripping, mining equipment, a concentrator plant, a new tailings deposit, water pipeline and other infrastructure, plus the owner's and other costs. The optimised feasibility study will update these estimates as well as including an evaluation of the potential disposal of Centinela's existing water infrastructure and the evaluation of a new milling and crushing strategy using high pressure grinding rolls rather than the more traditional SAG mills. In addition, a third party may be invited to provide water to the site and build the new pipeline. It is expected that the project will be taken to the Board for an investment decision in 2022.

Zaldívar Chloride Leach

At Zaldívar construction of the Chloride Leach project had just commenced at the time of the COVID-19 outbreak and as a result further mobilisation to site was suspended in March. Activities are now resuming largely as per the original schedule but delayed by approximately six months to the first half of 2022 due to the suspension and integration of fully revised health protocols. The impact of the suspension of activities is expected to be absorbed within the original estimated project cost of $190 million

The project includes an upgrade of the Solvent Extraction (SX) plant and the construction of additional washing ponds to increase copper recoveries by approximately 10 percentage points with further upside in recoveries possible, depending on the type of ore being processed. This will increase production at Zaldívar by approximately 10–15,000 tonnes per annum of copper over the remaining life of the mine.

As the Group equity accounts its interest in Zaldívar, capital expenditure at the operation is not included in Group total capital expenditure amounts.

Twin Metals Minnesota

In December 2019, Twin Metals Minnesota presented its Mine Plan of Operations (MPO), a prerequisite for permitting applications, to the US Bureau of Land Management and a Scoping Environmental Assessment Worksheet Data Submittal to the Minnesota Department of Natural Resources. These submissions start a multi-year scoping and environmental review process that will thoroughly evaluate the proposed project. The review process will include additional baseline data collection, impact analyses, and multiple opportunities for public input and is expected to take some five years.

Twin Metals Minnesota is a wholly owned copper, nickel and platinum group metals (PGM) underground mining project, which holds the Maturi, Maturi Southwest, Birch Lake and Spruce Road copper-nickel PGM deposits in north-eastern Minnesota, US. In 2018 an update of the pre-feasibility study was completed on an 18,000 tonnes of ore per day project producing an average of 42,000 tonnes of copper per year plus nickel and PGM as by-products, the equivalent in total to some 65,000 tonnes of copper per year.

FINANCIAL REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2020

Results (unaudited)

	Before exceptional items	Exceptional items	Six Months ended 30.06.2020 Total	Six Months Ended 30.06.2019 Total
	$m	$m	$m	$m
Revenue	2,138.8	-	**2,138.8**	**2,525.6**
EBITDA (including share of EBITDA from associates and joint ventures)	1,012.8	-	**1,012.8**	**1,305.9**
Total operating costs	(1,665.5)	-	**(1,665.5)**	**(1,733.9)**
Operating profit from subsidiaries	473.3	-	**473.3**	**791.7**
Net share of results from associates and joint ventures	(2.3)	-	**(2.3)**	**16.9**
Impairment of investment in associate	-	(80.8)	**(80.8)**	-
Total profit from operations, associates and joint ventures	471.0	(80.8)	**390.2**	**808.6**
Net finance expense	(2.7)	-	**(2.7)**	**(45.6)**
Profit before tax	468.3	(80.8)	**387.5**	**763.0**
Income tax expense	(162.1)	19.7	**(142.4)**	**(272.6)**
Profit for the period	306.2	(61.1)	**245.1**	**490.4**
Attributable to:				
Non-controlling interests	130.8	(20.9)	**109.9**	**188.0**
Profit for the financial period attributable to the owners of the parent	175.4	(40.2)	**135.2**	**302.4**
	cents	cents	cents	cents
Basic earnings per share from continuing operations	17.8	(4.1)	**13.7**	30.7

The $167.2 million decrease in the profit for the financial period attributable to the owners of the parent (including exceptional items) from $302.4 million in the first six months of 2019 to $135.2 million in the current period reflected the following factors:

	$m
Profit for the financial period attributable to the owners of the parent in H1 2019	**302.4**
Decrease in revenue	(386.8)
Decrease in total operating costs	68.4
Decrease in net share of profit from associates and joint ventures (excluding exceptional items)	(19.2)
Decrease in net finance expenses	42.9
Decrease in income tax expense	110.5
Decrease in profit attributable to non-controlling interests	57.2
	(127.0)
Profit for the financial period attributable to the owners of the parent in H1 2020, excluding exceptional items	**175.4**
Exceptional items – impairment of investment in associate	(40.2)
Profit for the financial period attributable to the owners of the parent in H1 2020, including exceptional items	**135.2**

COVID-19

The COVID-19 situation has impacted the general copper market during the period. In March copper prices fell to below $2.20/lb, but with the recovery in markets and confidence since then the price rose to $2.74/lb by the end of the period and then increased to over $2.90/lb in July. The outlook for the year depends largely on the impact of COVID-19 on global consumption.

The COVID-19 situation in Chile has not had a significant negative impact on the Group's operational performance, with all of its sites continuing to operate throughout the period. However, the risk of a resurgence of infections or a second wave remains. The Group is operating with approximately two-thirds of its workforce at its operations with most of the balance working from home. Mine development and maintenance were initially restricted, but as the operations have adjusted to the new working conditions, work in these areas has resumed. The Group has incurred $11 million of operating expenses in the first six month of 2020 relating to the COVID-19 situation, including additional travel costs for its employees travelling to and from the mine sites, hygiene kits, additional costs for third-party services and community support. The Group also purchased $6 million of equipment including hygiene kits and other items in response to the situation, which were held in inventory at 30 June 2020 and will be expensed when consumed.

The Company's growth projects at Los Pelambres, Centinela and Zaldívar have largely been suspended since March but some work has continued, mostly on the desalination plant at Los Pelambres. Work is now accelerating in stages on the Los Pelambres Expansion and Zaldívar Chloride Leach projects with new COVID-19 health protocols fully integrated into the revised project execution plans. The Group has capitalised $21 million of additional project costs in the first six months of 2020 which are linked to the impact of the COVID-19 situation, mainly relating to additional costs for the third-party contractors as well as the purchase of hygiene kits and other items for the project workers.

Revenue

The $386.8 million decrease in revenue from $2,525.6 million in the first half of 2019 to $2,138.8 million in the first half of 2020 reflected the following factors:

	$m
Revenue in the first six months of 2019	**2,525.6**
Decrease in realised copper price	(268.2)
Decrease in copper sales volumes	(47.0)
Decrease in treatment and refining charges	35.0
Decrease in molybdenum revenue	(79.1)
Decrease in gold revenue	(14.3)
Decrease in silver revenue	(0.6)
Decrease in transport division revenue	(12.6)
	(386.8)
Revenue in the first six months of 2020	**2,138.8**

Revenue from the mining division

Revenue in the first half of 2020 from the mining division decreased by $374.2 million, or 15.3%, to $2,069.2 million, compared with $2,443.4 million in 2019. The decrease mainly reflected lower copper sales, arising from both a lower realised copper price and reduced sales volumes, as well as decreased molybdenum sales.

Revenue from copper sales

Revenue from copper concentrate and copper cathode sales decreased by $280.2 million, or 13.6%, to $1,786.5 million, compared with $2,066.7 million in first six months of 2019. The decrease reflected the $268.2

million impact of the lower realised copper price and the $47.0 million impact of lower sales volumes, partly offset by the $35.0 million positive impact of lower treatment and refining charges.

(i) Realised copper price

The average realised price decreased by 12.5% to $2.46/lb in the first six months of 2020 (first half of 2019 – $2.81/lb), resulting in a $268.2 million decrease in revenue. The LME average market price decreased by 11.0% in H1 2020 to $2.49/lb (first half of 2019 - $2.80/lb). In the first half of 2020 there was a $27.3 million negative impact from provisional pricing adjustments, mainly reflecting the decrease in the period-end copper price to $2.74/lb at 30 June 2020, compared with $2.79/lb at 31 December 2019. Conversely there had been a $5.5 million positive impact from provisional pricing adjustments in the first six months of 2019, which mainly reflected the increase in the period-end copper price to $2.72/lb at 30 June 2019, compared with $2.70/lb at 31 December 2018.

Realised copper prices are determined by comparing revenue (gross of treatment and refining 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 in future periods (normally around one month after delivery to the customer in the case of cathode sales and normally four months after delivery to the customer in the case of concentrate sales).

Further details of provisional pricing adjustments are given in Note 6 to the half-year financial report.

(ii) Copper volumes

Copper sales volumes reflected within revenue decreased by 2.2% from 354,500 tonnes in 2019 to 346,800 tonnes in 2020, decreasing revenue by $47.0 million. The decrease reflected lower sales volumes at Centinela (27,700 tonne decrease, mainly due to the expected lower production due to reduced sulphide ore grades), partly offset by Los Pelambres (15,900 tonne increase, mainly due to shipment timing differences in the prior period) and Antucoya (4,100 tonne increase, mainly due to the higher production volumes).

(iii) Treatment and refining charges

Treatment and refining charges (TC/RCs) for copper concentrate decreased by $35.0 million to $93.6 million in the first half of 2020 from $128.6 million in the first six months of 2019, mainly due to a reduction in the average TC/RC rates, as well as the decrease in the copper concentrate sales volumes. Treatment and refining charges are deducted from concentrate sales when reporting revenue and hence the decrease in these charges has had a positive impact on revenue.

Revenue from molybdenum, gold and other by-product sales

Revenue from by-product sales at Los Pelambres and Centinela relate mainly to molybdenum and gold and, to a lesser extent, silver. Revenue from by-products decreased by $94.0 million or 25.0% to $282.7 million in the first half of 2020, compared with $376.7 million in the first six months of 2019, predominantly due to lower molybdenum sales.

Revenue from molybdenum sales (net of roasting charges) was $76.0 million (first half of 2019 - $155.1 million), a decrease of $79.1 million. The decrease was due to lower sales volumes of 4,700 tonnes (first half of 2019 – 6,600 tonnes) as well as the lower realised price of $8.6/lb (first half of 2019 – $12.1/lb).

Revenue from gold sales (net of treatment and refining charges) was $181.6 million (first half of 2019 - $195.9 million), a decrease of $14.3 million, which reflected a decrease in sales volumes, partly offset by the increased realised price. Gold sales volumes decreased by 26.9% from 148,300 ounces in the first half of 2019 to 108,400 ounces in the first six months of 2020, mainly due to lower grades at Centinela. The realised gold price was $1,680/oz in the first half of 2020 compared with $1,326/oz in the first half of 2019.

Revenue from silver sales decreased by $0.6 million to $25.1 million (first six months of 2019 - $25.7 million). The decrease was due to lower of sales volumes of 1.6 million ounces (first half of 2019 – 1.7 million ounces) partly offset by a higher realised silver price of $16.2/oz (first six months of 2019 - $15.2/oz).

Revenue from the transport division

Revenue from the transport division (FCAB) decreased by $12.6 million or 15.3% to $69.6 million, mainly due to the effect of the weaker Chilean peso and, to a lesser extent, lower sales volumes.

Total operating costs

The $68.4 million decrease in total operating costs from $1,733.9 million in the first half of 2019 to $1,665.5 million in the first six months of 2020 reflected the following factors:

	$m
Total operating costs in the first half of 2019	**1,733.9**
Decrease in mine-site operating costs	(99.5)
Decrease in other mining division costs	(7.3)
Decrease in exploration and evaluation costs	(7.8)
Decrease in corporate costs	(1.2)
Decrease in transport division operating costs	(9.5)
Increase in depreciation, amortisation and loss on disposals	56.9
	(68.4)
Total operating costs in the first six months of 2020	**1,665.5**

Operating costs (excluding depreciation, amortisation and loss on disposals) at the mining division

Operating costs (excluding depreciation, loss on disposals and impairments) at the mining division decreased by $115.8 million to $1,125.5 million in the first half of 2020, a decrease of 9.3%. Of this decrease, $99.5 million is attributable to lower mine-site operating costs. This decrease in mine-site costs reflected the weaker Chilean peso, lower key input prices, cost savings from the Group's Cost and Competitiveness Programme and the decreased sales volumes in the period, partly offset by the cost impact of the expected lower sulphide ore grades at Centinela and the $11 million of operating expenses incurred relating to the COVID-19 situation. As a result, weighted average unit cash costs excluding by-product credits (which are reported as part of revenue) and TC/RCs for concentrates (which are deducted from revenue) decreased from $1.48/lb in the first six months of 2019 to $1.37/lb in the first half of 2020.

The Cost and Competitiveness Programme has been implemented to reduce the Group's cost base and improve its competitiveness within the industry. During the first half of 2020 the programme achieved savings of $63.0 million at the Group's mining subsidiary companies.

Other mining division costs decreased by $7.3 million. Exploration and evaluation costs decreased by $7.8 million to $44.2 million (first half of 2019 – $52.0 million), mainly due to lower activity at the Encierro and Twin Metals projects and reduced drilling at Centinela in relation to the reserve and resource estimates as a result of the general reduction in activity due to COVID-19, partly offset by increased expenditure on evaluation studies at Los Pelambres. Corporate costs decreased by $1.2 million.

Operating costs (excluding depreciation and loss on disposals) at the transport division

Operating costs (excluding depreciation and loss on disposals) at the transport division decreased by $9.5 million to $43.4 million (first half of 2019 - $52.9 million), mainly due the effect of the weaker Chilean peso and lower diesel price as well as lower consumption of materials and fuel.

Depreciation, amortisation and disposals

The depreciation and amortisation charge increased by $57.7 million in the first half of 2020 to $495.3 million (first half of 2019 - $437.6 million), mainly reflecting higher amortisation of IFRIC 20 stripping costs at Centinela. The loss on disposal of property, plant & equipment was $1.3 million, a decrease of $0.8 million (2019 - $2.1 million).

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries decreased in 2020 by 40.2% to $473.3 million (first half of 2019 - $791.7 million).

Share of results from associates and joint ventures

The Group's share of results from associates and joint ventures was a loss of $2.3 million in the first six months of 2020, compared with a gain of $16.9 million in the first half of 2019. Of this decrease, $10.3 million was due to the lower profit from Zaldívar. In addition, in the first half of 2019 Hornitos had generated a net profit of $7.2 million but in the first three months of 2020, prior to the agreement to dispose of the Group's investment in the company (as detailed below), Hornitos did not generate a net profit.

EBITDA

EBITDA (earnings before interest, tax, depreciation, amortisation) decreased by $293.1 million or 22.4% to $1,012.8 million (first half of 2019 - $1,305.9 million). EBITDA includes the Group's proportional share of EBITDA from associates and joint ventures.

EBITDA from the Group's mining division decreased by $276.6 million or 21.9% from $1,260.8 million in the first six months of 2019 to $984.2 million this half year, reflecting the lower revenue explained above partly offset by the lower mine-site operating costs.

EBITDA at the transport division decreased by $16.5 million to $28.6 million in 2020, reflecting its decreased revenue, partly offset by the lower operating cost.

Commodity price and exchange rate sensitivities

The following sensitivities show the estimated approximate impact on EBITDA for the first six months of 2020 of a 10% movement in the average copper, molybdenum and gold prices and a 10% movement in the average US dollar / Chilean peso exchange rate.

The impact of the movement in the average commodity prices reflects the estimated impact on the relevant revenues during the first six months of 2020, and the impact of the movement in the average exchange rate reflects the estimated impact on Chilean peso denominated operating costs during the period. These estimates do not reflect any impact in respect of provisional pricing or hedging instruments, any potential inter-relationship between commodity price and exchange rate movements, or any impact from the retranslation or changes in valuations of assets or liabilities held on the balance sheet at the period-end.

	Average market commodity price / average exchange rate during the six months ended 30.06.20	Impact of a 10% movement in the commodity price / exchange rate on EBITDA for the six months ended 30.06.20
		$m
Copper price	$2.49/lb	205
Molybdenum price	$9.0/lb	9
Gold price	$1,647/oz	18
US dollar / Chilean peso exchange rate	813	55

Net finance expense

Net finance expense decreased by $42.9 million to $2.7 million, compared with $45.6 million in 2019.

	Six months ended 30.06.20	Six months ended 30.06.19
	$m	$m
Investment income	16.7	26.0
Interest expense	(44.6)	(61.3)
Other finance items	25.2	(10.3)
Net finance expense	**(2.7)**	**(45.6)**

Investment income decreased from $26.0 million in 2019 to $16.7 million in 2020, mainly due to a decrease in average interest rates.

Interest expense decreased from $61.3 million in 2019 to $44.6 million in 2020, reflecting both a decrease in the average interest rates and also a reduction in the average relevant debt balances.

Other finance items were a net income of $25.2 million (first half of 2019 – expense of $10.3 million). This reflected an income of $29.0 million in respect of foreign exchange gains (first half of 2019 – expense of $3.5 million) partly offset by an expense of $3.7 million for the unwinding of the discounting of provisions (first half of 2019 - $6.7 million).

Profit before tax

As a result of the factors set out above, profit before tax decreased by 49.2% to $387.5 million in the first half of 2020 (first half of 2019 - $763.0 million).

Income tax expense

The tax charge in the first half of 2020 was $162.1 million excluding exceptional items, and $142.4 million including exceptional items (first half of 2019 – $272.6 million). The effective tax rate excluding exceptional items was 34.6% and the effective rate including exceptional items was 36.7% (first half of 2019 – 35.7%).

	Six months ended 30.06.2020 Excluding exceptional items		Six months ended 30.06.2020 Including exceptional items		Six months ended 30.06.2019	
	$m	%	$m	%	$m	%
Profit before tax	**468.3**		**387.5**		763.0	
Tax at the Chilean corporate rate tax of 27%	**(126.5)**	**27.0**	**(104.6)**	**27.0**	(206.0)	27.0
Exceptional items – impairment of investment in associate	**-**	**-**	**(2.2)**	**0.6**		
Mining tax (royalty)	**(28.3)**	**6.0**	**(28.3)**	**7.2**	(42.6)	5.5
Deduction of mining royalty as an allowable expense in determination of first category tax	**7.6**	**(1.6)**	**7.6**	**(1.9)**	11.3	(1.5)
Items not deductible from first category tax	**(7.2)**	**1.5**	**(7.2)**	**1.8**	(3.8)	0.5
Adjustment in respect of prior years	**(2.0)**	**0.4**	**(2.0)**	**0.5**	7.4	(1.0)
Withholding taxes	**(1.3)**	**0.3**	**(1.3)**	**0.3**	(27.1)	3.6
Tax effect of share of results of associates and joint ventures	**0.7**	**(0.1)**	**0.7**	**(0.2)**	4.8	(0.6)
Unrecognised tax losses	**(5.1)**	**1.1**	**(5.1)**	**1.3**	(16.9)	2.2
Net other items	**-**	**-**	**-**	**-**	0.3	-
Tax expense and effective tax rate for the period	**(162.1)**	**34.6**	**(142.4)**	**36.7**	(272.6)	35.7

The effective tax rate excluding exceptional items of 34.6% varied from the statutory rate principally due to the impact of the mining tax (royalty) (net impact of $20.7 million / 4.4% including the deduction of the mining tax (royalty) as an allowable expense in the determination of first category tax), the withholding tax relating to the remittance of profits from Chile (impact of $1.3 million / 0.3%), items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $7.2 million / 1.5%) and unrecognised tax losses (impact of $5.1 million / 1.1%), partly offset by the impact of the recognition of the Group's share of results from associates and joint ventures, which are included in the Group's profit before tax net of their respective tax charges (impact of $0.7 million / 0.1%).

The impact of the exceptional items on the effective tax rate including exceptional items was $2.2 million / 0.6%.

Exceptional items

On 31 March 2020 the Group agreed to dispose of its 40% interest in the Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. This was part of the value accretive renegotiation of Centinela's power purchase agreement which as a result will be wholly supplied from lower cost renewable sources from 2022. Under the terms of the agreement the Group will dispose of its investment to Engie in 2021 for a nominal consideration, and will not be entitled to receive any further dividend income from Hornitos from the date of the agreement. Accordingly, the Group no longer has any effective economic interest in Hornitos from 31 March 2020 onwards, and has therefore recognised an impairment of $80.8 million in respect of its investment in associate balance, and will no longer recognise any share of Hornitos' results. The post-tax impact of the impairment is $61.1 million, of which $40.2 million is attributable to the equity owners of the Company.

Non-controlling interests

Profit for the first half of year attributable to non-controlling interests (excluding exceptional items) was $130.8 million, compared with $188.0 million in the first half of 2019, a decrease of $57.2 million. This reflected the decrease in earnings analysed above.

Earnings per share

	Six months ended 30.06.20 $ cents	Six months ended 30.06.19 $ cents
Earnings per share (excluding exceptional items)	**17.8**	30.7
Earnings per share (exceptional items)	**(4.1)**	-
Earnings per share (including exceptional items)	**13.7**	30.7

Earnings per share calculations are based on 985,856,695 ordinary shares.

As a result of the factors set out above, profit attributable to equity shareholders of the Company excluding exceptional items was $175.4 million compared with $302.4 million in the first half of 2019, and total earnings per share excluding exceptional items were 17.8 cents per share (first half of 2019 – 30.7 cents per share). Earnings per share including exceptional items were $13.7 cents per share.

Dividends

Dividends per share declared in relation to the period are as follows:

	Six months ended 30.06.20 $ cents	Six months ended 30.06.19 $ cents
Ordinary dividends:		
Interim	**6.2**	10.7
Total dividends to ordinary shareholders	**6.2**	10.7

The Board determines the appropriate dividend each year based on consideration of the Group's cash balance, the level of free cash flow and underlying earnings generated during the year and significant known or expected funding commitments. It is expected that the total annual dividend for each year would represent a payout ratio based on underlying net earnings for that year of at least 35%.

The Board has declared an interim dividend for the first half of 2020 of 6.2 cents per ordinary share, which amounts to $61.1 million and will be paid on 2 October 2020 to shareholders on the share register at the close of business on 4 September 2020.

Capital expenditure

Capital expenditure increased by $84.6 million from $465.5 million in the first half of 2019 to $550.1 million in the current period, mainly due to expenditure in respect of the Los Pelambres Expansion project, partly offset by the lower sustaining capital expenditure at Centinela and lower mine development, again mainly at Centinela.

As a result of the COVID-19 situation the Group's growth projects at Los Pelambres, Centinela and Zaldívar have largely been suspended since March but some work has continued, mostly on the desalination plant at Los Pelambres. Work is now accelerating in stages on the Los Pelambres Expansion and Zaldívar Chloride Leach projects with new COVID-19 health protocols fully integrated into the revised project execution plans. The Group has capitalised $21 million of additional project costs in the first six months of 2020 which are linked to the impact of the COVID-19 situation, mainly relating to additional costs for the third-party contractors as well as the purchase of hygiene kits and other items for the project workers.

NB: capital expenditure figures quoted in this report are on a cash flow basis, unless stated otherwise.

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. At 30 June 2020 the derivative financial instruments in place had a negative fair value of $16.8 million (31 December 2019 – negative fair value of $7.3 million).

Cash flows

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

	Six months ended 30.06.20 $m	Six months ended 30.06.19 $m
Cash flows from continuing operations	**906.9**	1,514.5
Income tax paid	(203.8)	(208.3)
Net interest paid	(14.5)	(17.9)
Capital contributions and loans to associates	(1.4)	-
Purchases of property, plant and equipment	(550.1)	(465.5)
Dividends paid to equity holders of the Company	(70.0)	(364.8)
Dividends paid to non-controlling interests	-	(200.0)
Capital increase from non-controlling interest	210.0	-
Dividends from associates	-	4.0
Other items	(2.4)	0.8
Changes in net debt relating to cash flows	**274.7**	262.8
Other non-cash movements	(37.5)	(184.0)
Foreign exchange	6.7	0.1
Movement in net debt in the period	**243.9**	78.9
Net debt at the beginning of the year	(563.4)	(596.3)
Net debt at the end of the period	**(319.5)**	(517.4)

Cash flows from continuing operations were $906.9 million in the first half of 2020 compared with $1,514.5 million in the first half of 2019. This reflected EBITDA from subsidiaries for the period of $969.9 million (first half of 2019 – $1,231.4 million), adjusted for the negative impact of a net working capital increase of $53.5 million (first half of 2019 – positive impact of $301.7 million from a net working capital decrease) and the negative impact of a decrease in provisions of $9.5 million (first half of 2019 – negative impact of a decrease in provisions of $18.6 million). The working capital increase in the first six months of 2020 was mainly due to a decrease in payables due to the general reduction in the level of operating expenses compared with the prior year, partly offset by a decrease in receivables due to the lower sales volumes at the end of the current period compared with the end of 2019. The working capital decrease in the first half of 2019 was mainly due to the $275 million refund of the one-off short-term VAT payment which had been made in December 2018 and was refunded to the Group as expected in January 2019.

The net cash outflow in respect of tax in the first half of 2020 was $203.8 million (first half of 2019 – $208.3 million). This amount differs from the current tax charge in the consolidated income statement of $196.9 million (first half of 2019 – $189.2 million) mainly because cash tax payments for corporate tax and the mining tax include payments on account for the current year (based on prior periods' profit levels) of $179.0 million (first half of 2019 - $279.4 million), withholding tax due on remittances of profits from Chile of $32.7 million (first half of 2019 – nil), the settlement of outstanding balances in respect of the previous year's tax charge of $0.6 million (first half of 2019 - $0.6 million) and the recovery of $8.5 million in 2020 relating to prior years (first half of 2019 – recovery of $71.8 million).

There were contributions and loans to associates and joint ventures in the first six months of 2020 of $1.4 million (first half of 2019 was nil).

Capital expenditure in the first half of 2020 was $550.1 million compared with $465.5 million in the first half of 2019. This included expenditure of $321.0 million at Los Pelambres (first half of 2019 – $189.2 million), $181.0 million at Centinela (first half of 2019 – $226.7 million), $22.0 million at Antucoya (first half of 2019 – $30.3 million), $3.3 million at Corporate (first half of 2019 – $0.8 million) and $22.8 million at the transport division (first half of 2019 - $18.5 million).

At 30 June 2020 dividends paid to equity holders of the Company were $70.0 million (first half of 2019 – $364.8 million), related to the payment of the final dividend declared in respect of 2019.

Dividends paid by subsidiaries to non-controlling shareholders were nil in the first half of 2020 (first half of 2019 – $200.0 million).

A capital contribution of $210.0 million was received from Marubeni, the minority partner at Antucoya, in order to replace part of the subordinated debt financing with equity.

Financial position

	At 30.06.20 **$m**	At 31.12.19 $m
Cash, cash equivalents and liquid investments	**2,367.6**	2,193.4
Total borrowings	**(2,687.1)**	(2,756.8)
Net debt at the end of the period	**(319.5)**	(563.4)

At 30 June 2020 the Group had combined cash, cash equivalents and liquid investments of $2,367.6 million (31 December 2019 – $2,193.4 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 $1,892.4 million (31 December 2019 – $1,849.7 million).

Total Group borrowings at 30 June 2020 were $2,687.1 million (at 31 December 2019 – $2,756.8 million). The decrease of $69.7 million mainly reflected a repayment of $210 million of the subordinated debt due from Antucoya to Marubeni which was replaced with equity, a $33 million repayment of Antucoya's senior loan and a $31 million net repayment of finance leases, partly offset by a $197 million draw-down of the senior loan at Los Pelambres being used to fund the Expansion project.

Of the total borrowings, $1,973.1 million (at 31 December 2019 – $2,041.3 million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

This resulted in net debt at 30 June 2020 of $319.5 million (at 31 December 2019 - $563.4 million). Excluding the non-controlling interest share in each partly-owned operation, the Group's attributable net debt was $80.7 million (31 December 2019 - $191.6 million).

Going concern

The financial information contained in this half-year financial report has been prepared on the going concern basis. Details of the factors which have been taken into account in assessing the Group's going concern status are set out in Note 1 to the half-year 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 risks and uncertainties which were analysed in the 2019 Annual Report are as follows:

- Talent management and labour relations
- Safety and health
- Environmental management
- Climate change
- Community relations
- Political, legal and regulatory
- Corruption
- Operations
- Tailing storage
- Strategic resources
- Cyber security
- Liquidity
- Commodity prices and exchange rates
- Growth of mineral resource base and opportunities
- Project execution
- Innovation and digitisation

A detailed explanation of the risks summarised above can be found in the Risk Management section of the 2019 annual report, which is available at www.antofagasta.co.uk.

During the first six months of 2020 the Group has added an additional risk category to its risk analysis, covering high-impact / low-probability events including natural disasters such as earthquakes and major health incidents such as COVID-19.

In addition, during the first half of 2020 the Group has also re-assessed the specific risks within the above categories to determine the impact of COVID-19 on those risks. As noted above, the COVID-19 situation has impacted the general copper market during the period. In March copper prices fell to below $2.20/lb, but with the recovery in markets and confidence since then the price rose to $2.74/lb by the end of the period and then increased to over $2.90/lb in July. The outlook for the year depends largely on the impact of COVID-19 on global consumption. The COVID-19 situation in Chile has not had a significant negative impact on the Group's operational performance, with all of its sites continuing to operate throughout the period. However, the risk of a resurgence of infections or a second wave remains.

Cautionary statement about forward-looking statements

This preliminary results announcement 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 and other 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.

Consolidated Income Statement

	Notes	Six months ended 30.06.2020 (Unaudited) Excluding exceptional items $m	Six months ended 30.06.2020 (Unaudited) Exceptional items note 3 $m	Six months ended 30.06.2020 (Unaudited) Total $m	Six months ended 30.06.2019 (Unaudited) Total $m	Year ended 31.12.2019 (Audited) Total $m
Revenue	5,6	**2,138.8**	**-**	**2,138.8**	2,525.6	4,964.5
Total operating costs	2	**(1,665.5)**	**-**	**(1,665.5)**	(1,733.9)	(3,588.7)
Operating profit from subsidiaries	2,5	**473.3**	**-**	**473.3**	791.7	1,375.8
Net share of (loss)/income from associates and joint ventures	2,5	**(2.3)**	**-**	**(2.3)**	16.9	24.4
Impairment of investment in associate	3	**-**	**(80.8)**	**(80.8)**	-	-
Total profit from operations, associates and joint ventures		**471.0**	**(80.8)**	**390.2**	808.6	1,400.2
Investment income		**16.7**	**-**	**16.7**	26.0	47.1
Interest expense		**(44.6)**	**-**	**(44.6)**	(61.3)	(111.1)
Other finance items		**25.2**	**-**	**25.2**	(10.3)	13.0
Net finance expense	8	**(2.7)**	**-**	**(2.7)**	(45.6)	(51.0)
Profit before tax		**468.3**	**(80.8)**	**387.5**	763.0	1,349.2
Income tax expense	9	**(162.1)**	**19.7**	**(142.4)**	(272.6)	(506.1)
Profit for the period		**306.2**	**(61.1)**	**245.1**	490.4	843.1
Attributable to:						
Non-controlling interests		**130.8**	**(20.9)**	**109.9**	188.0	341.7
Profit for the period attributable to the owners of the parent		**175.4**	**(40.2)**	**135.2**	302.4	501.4
		Cents	**Cents**	**Cents**	Cents	Cents
Basic earnings per share from continuing operations	10	**17.8**	**(4.1)**	**13.7**	30.7	50.9

Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30.06.2020 (Unaudited) $m	Six months ended 30.06.2019 (Unaudited) $m	Year ended 31.12.2019 (Audited) $m
Profit for the period		**245.1**	490.4	843.1
Items that may be or were subsequently reclassified to profit or loss:				
(Losses)/gains on cash flow hedges - time value		**(0.9)**	0.9	0.4
(Losses)/gains on cash flow hedges - intrinsic value		**(8.6)**	1.4	(7.7)
Deferred tax effects arising on cash flow hedges deferred in reserves		**2.6**	-	-
Current tax effects arising on amounts transferred to income statement		**-**	-	2.0
(Gains)/losses in fair value of cash flow hedges transferred to the income statement		**-**	(0.4)	(0.8)
Currency translation adjustment		**(0.8)**	-	-
Total items that may be or were subsequently reclassified to profit or loss		**(7.7)**	1.9	(6.1)
Items that will not be subsequently reclassified to profit or loss:				
Actuarial (losses)/gains on defined benefit plans		**(1.2)**	2.1	(5.0)
Tax on items recognised through OCI which will not be reclassified to profit or loss in the future		**0.2**	(1.2)	0.9
Gains/(losses) in fair value of equity investments	**15**	**5.5**	(0.9)	0.3
Total Items that will not be subsequently reclassified to profit or loss		**4.5**	-	(3.8)
Total other comprehensive (loss)/income		**(3.2)**	1.9	(9.9)
Total comprehensive income for the period		**241.9**	492.3	833.2
Attributable to:				
Non-controlling interests		**107.1**	188.4	338.6
Equity holders of the Company		**134.8**	303.9	494.6

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020 (Unaudited)

	Share capital	Share premium	Other reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2020	89.8	199.2	(18.1)	7,112.8	7,383.7	2,017.3	9,401.0
Capital increases on behalf of non-controlling interest (Note 16)	-	-	-	-	-	210.0	210.0
Profit for the period	-	-	-	135.2	135.2	109.9	245.1
Other comprehensive income/(loss) for the year	-	-	0.5	(0.9)	(0.4)	(2.8)	(3.2)
Dividends	-	-	-	(70.0)	(70.0)	-	(70.0)
Balance at 30 June 2020	89.8	199.2	(17.6)	7,177.1	7,448.5	2,334.4	9,782.9

For the six months ended 30 June 2019 (Unaudited)

	Share capital	Share premium	Other reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2019	89.8	199.2	(14.5)	7,084.9	**7,359.4**	2,078.7	**9,438.1**
Profit for the period	-	-	-	302.4	**302.4**	188.0	**490.4**
Other comprehensive income for the year	-	-	1.0	0.5	**1.5**	0.4	**1.9**
Dividends	-	-	-	(364.8)	**(364.8)**	(320.0)	**(684.8)**
Balance at 30 June 2019	**89.8**	**199.2**	**(13.5)**	**7,023.0**	**7,298.5**	**1,947.1**	**9,245.6**

For the year ended 31 December 2019 (Audited)

	Share capital	Share premium	Other reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2019	89.8	199.2	(14.5)	7,084.9	**7,359.4**	2,078.7	**9,438.1**
Profit for the year	-	-	-	501.4	**501.4**	341.7	**843.1**
Other comprehensive loss for the year	-	-	(3.6)	(3.2)	**(6.8)**	(3.1)	**(9.9)**
Dividends	-	-	-	(470.3)	**(470.3)**	(400.0)	**(870.3)**
Balance at 31 December 2019	**89.8**	**199.2**	**(18.1)**	**7,112.8**	**7,383.7**	**2,017.3**	**9,401.0**

Consolidated Balance Sheet

		At 30.06.2020 (Unaudited)	At 30.06.2019 (Unaudited)	At 31.12.2019 (Audited)
Non-current assets	**Notes**	**$m**	**$m**	$m
Intangible assets	12	**150.1**	150.1	150.1
Property, plant and equipment	13	**9,593.3**	9,413.4	9,556.7
Other non-current assets		**1.4**	2.9	2.1
Inventories		**294.2**	179.8	208.0
Investments in associates and joint ventures	14	**967.9**	1,069.7	1,024.8
Trade and other receivables		**47.8**	47.2	48.2
Derivative financial instruments	7	**-**	0.8	1.7
Equity investments	15	**10.2**	3.9	5.1
Deferred tax assets		**7.7**	7.6	8.2
		11,072.6	10,875.4	11,004.9
Current assets				
Inventories		**536.5**	594.5	586.4
Trade and other receivables		**563.7**	486.2	682.4
Current tax assets		**143.9**	93.8	140.2
Derivative financial instruments	7	**-**	1.9	3.1
Liquid investments	19	**1,571.6**	-	1,539.7
Cash and cash equivalents	19	**796.0**	2,189.2	653.7
		3,611.7	3,365.6	3,605.5
Total assets		**14,684.3**	14,241.0	14,610.4
Current liabilities				
Short-term borrowings and leases	16	**(879.5)**	(726.5)	(723.9)
Derivative financial instruments	7	**(16.8)**	-	(9.6)
Trade and other payables		**(595.2)**	(699.7)	(750.6)
Short-term decommissioning & restoration provisions		**(20.2)**	-	(22.0)
Current tax liabilities		**(32.3)**	(31.9)	(42.8)
		(1,544.0)	(1,458.1)	(1,548.9)
Non-current liabilities				
Medium and long-term borrowings and leases	16	**(1,807.6)**	(1,980.1)	(2,032.9)
Derivative financial instruments	7	**-**	-	(2.5)
Trade and other payables		**(7.0)**	(10.9)	(8.2)
Liabilities in relation to joint ventures	14	**(2.7)**	(1.7)	(1.8)
Post-employment benefit obligations		**(112.5)**	(112.0)	(118.7)
Decommissioning & restoration provisions		**(383.6)**	(419.6)	(391.2)
Deferred tax liabilities		**(1,044.0)**	(1,013.0)	(1,105.2)
		(3,357.4)	(3,537.3)	(3,660.5)
Total liabilities		**(4,901.4)**	(4,995.4)	(5,209.4)
Net assets		**9,782.9**	9,245.6	9,401.0
Equity				
Share capital	17	**89.8**	89.8	89.8
Share premium	17	**199.2**	199.2	199.2
Other reserves		**(17.6)**	(13.5)	(18.1)
Retained earnings		**7,177.1**	7,023.0	7,112.8
Equity attributable to equity holders of the Company		**7,448.5**	7,298.5	7,383.7
Non-controlling interests		**2,334.4**	1,947.1	2,017.3
Total equity		**9,782.9**	9,245.6	9,401.0

The condensed consolidated interim Financial Statements were approved by the Board of Directors for issue on 19 August 2020.

Consolidated Cash Flow Statement

	Notes	At 30.06.2020 (Unaudited) $m	At 30.06.2019 (Unaudited) $m	At 31.12.2019 (Audited) $m
Cash flows from operations	18	**906.9**	1,514.5	2,570.7
Interest paid		**(32.5)**	(38.9)	(76.3)
Income tax paid		**(203.8)**	(208.3)	(403.6)
Net cash from operating activities		**670.6**	1,267.3	2,090.8
Investing activities				
Capital contributions and loan to associates and joint ventures	14	**(1.4)**	-	(1.8)
Dividends from associates	14	-	4.0	58.0
Acquisition of mining properties		**(1.5)**	-	(5.2)
Proceeds from sale of property, plant and equipment		**0.1**	1.6	1.9
Purchases of property, plant and equipment		**(548.6)**	(465.5)	(1,073.6)
Net (increase)/decrease in liquid investments	19	**(31.9)**	863.2	(676.5)
Interest received		**18.0**	21.0	41.0
Net cash (used in)/from investing activities		**(565.3)**	424.3	(1,656.2)
Financing activities				
Dividends paid to equity holders of the Company		**(70.0)**	(364.8)	(470.3)
Dividends paid to preference shareholders of the Company		**(0.1)**	-	(0.1)
Dividends paid to non-controlling interests		-	(200.0)	(400.0)
Capital increase from non-controlling interest[1]	16	**210.0**	-	-
Proceeds from issue of new borrowings	19	**713.6**	398.0	741.4
Repayments of borrowings	19	**(765.5)**	(325.9)	(588.1)
Principal elements of lease payments	19	**(42.9)**	(50.2)	(92.5)
Net cash generated from/(used in) financing activities		**45.1**	(542.9)	(809.6)
Net increase / (decrease) in cash and cash equivalents	19	**150.4**	1,148.7	(375.0)
Cash and cash equivalents at beginning of the period		**653.7**	1,034.4	1,034.4
Net increase / (decrease) in cash and cash equivalents	19	**150.4**	1,148.7	(375.0)
Effect of foreign exchange rate changes	19	**(8.1)**	6.1	(5.8)
Cash and cash equivalents at end of the period	19	**796.0**	2,189.2	653.7

1 A capital contribution of $210 million was received from Marubeni, the minority partner at Antucoya, in order to replace part of Antucoya's subordinated debt financing with equity (see Note 16).

Notes

1. General information and accounting policies

a) General information

These June 2020 interim condensed consolidated financial statements (“the condensed financial statements”) have been prepared for the six months ended 30 June 2020. The condensed financial statements are unaudited. The condensed financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34, ‘Interim Financial Reporting’. They should be read in conjunction with the Group’s Annual Report and Financial Statements 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Article 4 of the IAS Regulation. The information for the year ended 31 December 2019 does not constitute the Group’s statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act") but is derived from those accounts. The statutory accounts for the year ended 31 December 2019 have been approved by the Board and have been delivered to the Registrar of Companies. The auditor has reported on those accounts and their report was unqualified, with no matters by way of emphasis, and did not contain statements under section 498(2) of the Act (regarding adequacy of accounting records and returns) or under section 498(3) (regarding provision of necessary information and explanations).

These condensed financial statements have been prepared under the accounting policies as set out in the statutory accounts for the year ended 31 December 2019, other than the changes required by the implementation of new accounting standards as set out below.

b) Going concern

The Group’s business activities, together with those factors likely to affect its future performance, are set out in the Directors’ Comments for the Six Months Ended 30 June 2020 and the Review of Operations and Projects. Details of the cash flows of the Group during the period, along with its financial position at the period-end,are set out in the Financial Review. The half-year financial report includes details of the Group’s cash, cash equivalents and liquid investment balances in Note 19, and details of borrowings are set out in Note 16.

When assessing the going concern status of the Group the Directors have considered in particular its financial position, including its significant balance of cash, cash equivalents and liquid investments and the borrowing facilities in place, including their terms and remaining durations. When assessing the prospects of the Group, the Directors have considered the Group’s copper price forecasts, the Group’s expected production levels, operating cost profile, capital expenditure and financing plans.

The Directors have assessed the principal risks which could impact the prospects of the Group over this period and consider the most relevant to be risks to the copper price outlook. Robust down-side sensitivity analyses have been performed, assessing the impact of:

- a significant deterioration in the copper price outlook, both in terms of a general prolonged reduction in expected prices, and also a particularly pronounced short-term price reduction;
- no additional borrowing facilities being available to the Group over the review period;
- a shut-down of the Group’s operations for several months as the result of COVID-19 related issues; and
- the occurrence of several of the Group’s most significant potential risks within a single year.

These stress-tests all indicated results which could be managed in the normal course of business. Based on their assessment of the Group’s prospects and viability, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing its condensed interim financial statements.

c) Critical accounting judgements and key sources of estimation uncertainty

The Group’s critical accounting judgements and key sources of estimation uncertainty are detailed in Note 3 to the 2019 annual report which is available at www.antofagasta.co.uk. There has been no significant change to these judgements and uncertainties during the first six months of 2020. In particular, the Group has considered whether the COVID-19 situation has had a significant impact on these aspects, including the estimates relating to non-financial assets impairments and inventory valuation, and concluded this has not been the case. This evaluation has included the impact of the COVID-19 on the general copper market during the period. While the copper price fell to below $2.20/lb in March, with the recovery in markets and confidence since then the price rose to $2.74/lb by the end of the period and then increased to over $2.90/lb in July, and there is not considered to have been any significant change to the long-term price outlook. In addition, the COVID-19 situation in Chile has not had a significant negative impact on the Group’s operational performance, with all of its sites continuing to operate throughout the period.

d) Adoption of new accounting standards

The following accounting standards, amendments and interpretations became effective in the current reporting period but the application of these standards and interpretations had no material impact on the amounts reported in these condensed consolidated financial statements:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

e) Accounting standards issued but not yet effective

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

New Standards	**Effective date (Subject to EU endorsement)**
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1, 2021
Amendments to IFRSs	**Effective date (Subject to EU endorsement)**
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2022.
Reference to the Conceptual Framework (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022.
Property, Plant and Equipment – Proceeds before Intended Used (Amendments to IAS 16)	Annual periods beginning on or after January 1, 2022.
Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022.
Annual Improvements to IFRS Standards 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	Annual periods beginning on or after January 1, 2022.
COVID 19-related Rent Concessions (amendments to IFRS 16)	Annual periods beginning on or after June 1, 2020.

The Group is continuing to evaluate the impact of adopting these new standards and amendments. The item which is expected to have most relevance to the Group is the amendment to IAS 16 Property, Plant and Equipment – Proceeds before intended use. Currently the Group deducts amounts received from the sale of products during the initial ramp-up of new projects, before commercial production is achieved, from the capital cost of the project. Under the amendment to IAS 16 such amounts will instead by recognised as revenue in the income statement, resulting in increased revenue and a higher initial capitalised amount.

2. Total profit from operations, associates and joint ventures

	Six months ended 30.06.2020 (Unaudited)	Six months ended 30.06.2019 (Unaudited)	Year ended 31.12.2019 (Audited)
	$m	$m	$m
Revenue	**2,138.8**	2,525.6	4,964.5
Cost of sales	**(1,364.9)**	(1,428.2)	(2,963.6)
Gross profit	**773.9**	1,097.4	2,000.9
Administrative and distribution expenses	**(204.9)**	(233.8)	(445.9)
Other operating income	**10.0**	16.3	28.4
Other operating expenses	**(105.7)**	(88.2)	(207.6)
Operating profit from subsidiaries	**473.3**	791.7	1,375.8
Net share of (loss)/income from associates and joint ventures	**(2.3)**	16.9	24.4
Impairment of investment in associate	**(80.8)**	-	-
Total profit from operations, associates and joint ventures	**390.2**	808.6	1,400.2

Other operating expenses comprise $3.8 million relating to the decommissioning and restoration provisions (30 June 2019 - $5.6 million net credit), $44.2 million of exploration and evaluation expenditure (30 June 2019 - $52.0 million), $8.6 million relating to severance charges (30 June 2019 - $9.8 million) and $49.1 million of other expenses (30 June 2019 - $41.8 million).

3. Exceptional items

Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash movements. The exceptional items in the first six months of 2020 and their impact on the results are set out below. There were no exceptional items in 2019.

	Operating profit		SHARE OF (LOSS)/PROFIT FROM ASSOCIATES AND JOINT VENTURES		IMPAIRMENT OF INVESTMENT IN ASSOCIATE		Profit before tax		Earnings per share	
	Six month ended 30.06.2020 $m	Six month ended 30.06.2019 $m	**Six month ended 30.06.2020 $m**	Six month ended 30.06.2019 $m	**Six month ended 30.06.2020**	Six month ended 30.06.2019	**Six month ended 30.06.2020 $m**	Six month ended 30.06.2019 $m	**Six month ended 30.06.2020 US cents**	**Six month ended 30.06.2019 US cents**
Excluding exceptional items	**473.3**	791.7	**(2.3)**	24.4	-	-	**468.3**	763.0	**17.8**	30.7
Hornitos – impairment of Investment in associate	-	-	-	-	**(80.8)**	-	**(80.8)**	-	**(4.1)**	-
Including exceptional items	**473.3**	791.7	**(2.3)**	24.4	**(80.8)**	-	**387.5**	763.0	**13.7**	**30.7**

On 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. (“ENGIE”), the owner of the remaining 60% interest. This was part of the value accretive renegotiation of Centinela’s power purchase agreement which as a result will be wholly supplied from lower cost renewable sources from 2022. Under the terms of the agreement the Group will dispose of its investment to Engie in 2021 for a nominal consideration, and will not be entitled to receive any further dividend income from Hornitos from the date of the agreement. Accordingly, the Group no longer has any effective economic interest in the results or assets of Hornitos from 31 March 2020 onwards, and has therefore recognised an impairment of $80.8 million in respect of its investment in associate balance, and will no longer recognise any share of Hornitos’ results. The post-tax impact of the impairment is $61.1 million, of which $40.2 million is attributable to the equity owners of the Company.

4. Asset sensitivities

Based on an assessment of both qualitative and quantitative factors, there were no indicators of potential impairment, or reversal of previous impairments, for the Group’s non-current assets associated with mining operations at the 2020 half-year, and accordingly no impairment reviews have been performed. The quantitative element of the trigger assessment provides an indication of what the approximate recoverable amount of the Group’s operations would be, were a full impairment test under IAS 36 to be performed. In order to provide an indication of the sensitivities of the approximate recoverable amount of the Group’s mining operations, a sensitivity analysis has been performed on the preliminary valuation, prepared as part of the Group’s impairment indicator analysis.

While the COVID-19 situation has impacted the general copper market during the period, there has already been a recovery in the spot price, and there is not considered to have been any significant change to the long-term price outlook. In March copper prices fell to below $2.20/lb, but with the recovery in markets and confidence since then the price rose to $2.74/lb by the end of the period and then increased to over $2.90/lb in July. The COVID-19 situation in Chile has not had a significant negative impact on the Group’s operational performance, with all of its sites continuing to operate throughout the period.

If a full IAS 36 impairment test were to be prepared, which was not the case as at 30 June 2020, the recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal reflects the net amount the Group would receive from the sale of the asset in an orderly transaction between market participants. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued use, further development or eventual disposal of the asset. Value in use reflects the expected present value of the future cash flows which the Group would generate through the operation of the asset in its current condition, without taking into account potential enhancements or further development of the asset. The fair value less costs of disposal valuation will normally be higher than the value in use valuation, and accordingly the Group typically applies this valuation estimate in its impairment or valuation assessments.

The key assumptions to which the value of the assets are most sensitive are future commodity prices, the discount rate used to determine the present value of the future cash flows, future operating costs, sustaining and development capital expenditure and the US dollar/Chilean peso exchange rate. The commodity price forecasts (representing the Group's estimates of the assumptions that would be used by independent market participants in valuing the assets) are based on the forward curve for the short term and consensus analyst forecasts including both investment banks and commodity consultants for the longer term. A long-term copper price of $3.10/lb has been used in the base valuations used in the impairment indicator assessment. A real post-tax discount rate of 8% has been used in determining the present value of the forecast future cash flow from the assets as part of the impairment indicator assessment.

This impairment indicator valuation exercise demonstrated positive headroom for all of the Group's mining operations, with this approximate recoverable amount of the assets in excess of their carrying value. As an additional down-side sensitivity, a valuation was performed with a 5% reduction in the long-term copper price. Los Pelambres, Centinela and Zaldívar still showed positive headroom in this alternative down-side scenario, however the Antucoya valuation indicated a potential deficit of $160 million.This was a simple sensitivity exercise, looking at an illustrative change in the forecast long-term copper price in isolation. In reality, a deterioration in the long-term copper price environment is likely to result in corresponding improvements in a range of input cost factors. In particular, given that copper exports account for over 50% of Chile's exports, movements in the US dollar/Chilean peso exchange rate are highly correlated to the copper price, and a decrease in the copper price is likely to result in a weakening of the Chilean peso, with a resulting reduction in the Group's operating costs and capital expenditure.

5. Segmental information

The Group's reportable segments are as follows:

- Los Pelambres
- Centinela
- Antucoya
- Zaldívar
- Exploration and evaluation
- Corporate and other items
- Transport division

For management purposes, the Group is organised into two business divisions based on their products – Mining and Transport. The mining division is split further for management reporting purposes to show results by mine and exploration activity. Los Pelambres produces copper concentrate, and molybdenum, gold and silver as by-products. Centinela produces copper concentrate, and copper cathodes, and molybdenum, gold and silver as by-products. Antucoya and Zaldívar produce copper cathodes. The transport division provides rail and road cargo together with a number of ancillary services. All the operations are based in Chile. The Exploration and evaluation segment includes exploration and evaluation expenses. "Corporate and other items" comprises costs incurred by Antofagasta plc ("the Company"), Antofagasta Minerals S.A., (the Group's mining corporate centre) and other entities, 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.

The Chief Operating decision-maker monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

a) Segment revenues and results

For the six months ended 30.06.2020 (Unaudited)

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Transport division**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	1,086.9	759.4	222.9	-	-	-	**2,069.2**	69.6	**2,138.8**
Operating costs excluding depreciation	(447.8)	(449.8)	(158.2)	-	(44.2)	(25.5)	**(1,125.5)**	(43.4)	**(1,168.9)**
Depreciation and amortisation	(126.2)	(301.4)	(48.6)	-	-	(3.8)	**(480.0)**	(15.3)	**(495.3)**
Loss on disposals	(0.6)	-	-	-	-	-	**(0.6)**	(0.7)	**(1.3)**
Operating profit/(loss)	512.3	8.2	16.1	-	(44.2)	(29.3)	**463.1**	10.2	**473.3**
Net share of (loss)/income from associates and joint ventures	-	-	-	(0.2)	-	(2.3)	(2.5)	0.2	(2.3)
Impairment of investment in associate[3]	-	(95.6)	-	-	-	-	(95.6)	14.8	(80.8)
(Loss)/profit from associates and joint ventures	-	(95.6)	-	(0.2)	-	(2.3)	(98.1)	15.0	(83.1)
Investment income	3.8	3.7	0.6	-	-	8.5	16.6	0.1	16.7
Interest expense	(2.3)	(14.8)	(17.0)	-	-	(9.4)	(43.5)	(1.1)	(44.6)
Other finance items	11.9	10.2	(0.2)	-	-	1.8	23.7	1.5	25.2
Profit/(loss) before tax	525.7	(88.3)	(0.5)	(0.2)	(44.2)	(30.7)	**361.8**	25.7	**387.5**
Tax	(161.3)	26.4	(0.3)	-	-	1.0	**(134.2)**	(8.2)	**(142.4)**
Profit/(loss) for the period	364.4	(61.9)	(0.8)	(0.2)	(44.2)	(29.7)	**227.6**	17.5	**245.1**
Non-controlling interests	141.3	(25.7)	(5.7)	-	-	-	**109.9**	-	**109.9**
Profit/(loss) for the period attributable to owners of the parent	223.1	(36.2)	4.9	(0.2)	(44.2)	(29.7)	**117.7**	17.5	**135.2**
EBITDA[1]	639.1	309.6	64.7	42.8	(44.2)	(27.8)	**984.2**	28.6	**1,012.8**
Additions to non-current assets									
Capital expenditure	348.3	191.0	23.3	-	-	2.3	**564.9**	15.8	**580.7**
Segment assets and liabilities									
Segment assets	4,716.5	5,670.7	1,597.6	-	-	1,363.1	**13,347.9**	368.5	**13,716.4**
Investments in associates and joint ventures	-	-	-	961.5	-	-	**961.5**	6.4	**967.9**
Segment liabilities	(1,813.5)	(1,684.6)	(685.7)	-	-	(624.8)	**(4,808.6)**	(92.8)	**(4,901.4)**

1 EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.
2 During the period, operating cash outflow used in the exploration and evaluation segment was $41.0 million.
3 On 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. This has resulted in a $80.8 million impairment in respect of the Group's investment in associate balance.

For the six months ended 30 June 2019 (Unaudited)

	Los Pelambres $m	Centinela $m	Antucoya $m	Zaldívar $m	Exploration and evaluation[2] $m	Corporate and other items $m	**Total Mining $m**	**Transport division $m**	**Total $m**
Revenue	1,177.8	1,040.9	224.7	-	-	-	**2,443.4**	82.2	**2,525.6**
Operating costs excluding depreciation	(470.9)	(508.4)	(183.5)	-	(52.0)	(26.5)	**(1,241.3)**	(52.9)	**(1,294.2)**
Depreciation and amortisation	(123.4)	(256.0)	(45.2)	-	-	(3.9)	**(428.5)**	(9.1)	**(437.6)**
Loss on disposals	(1.6)	(0.5)	-	-	-	-	**(2.1)**	-	**(2.1)**
Operating profit/(loss)	581.9	276.0	(4.0)	-	(52.0)	(30.4)	**771.5**	20.2	**791.7**
Equity accounting profit	-	-	-	10.1	-	(0.8)	9.3	7.6	16.9
Investment income	6.0	3.5	0.9	-	-	15.2	25.6	0.4	26.0
Interest expense	(4.1)	(21.1)	(23.4)	-	-	(11.4)	(60.0)	(1.3)	(61.3)
Other finance items	(4.4)	(4.8)	-	-	-	(1.3)	(10.5)	0.2	(10.3)
Profit/(loss) before tax	579.4	253.6	(26.5)	10.1	(52.0)	(28.7)	**735.9**	27.1	**763.0**
Tax	(170.2)	(66.3)	(0.1)	-	-	(29.5)	**(266.1)**	(6.5)	**(272.6)**
Profit/(loss) for the period	409.2	187.3	(26.6)	10.1	(52.0)	(58.2)	**469.8**	20.6	**490.4**
Non-controlling interests	162.7	44.1	(18.8)	-	-	-	**188.0**	-	**188.0**
Profit/(loss) for the period attributable to owners of the parent	246.5	143.2	(7.8)	10.1	(52.0)	(58.2)	**281.8**	20.6	**302.4**
EBITDA[1]	706.9	532.5	41.2	59.4	(52.0)	(27.2)	**1,260.8**	45.1	**1,305.9**
Additions to non-current assets									
Capital expenditure	242.9	271.9	16.6	-	-	0.7	**532.1**	18.6	**550.7**
Segment assets and liabilities									
Segment assets	4,125.4	5,639.1	1,658.6	-	-	1,393.3	**12,816.4**	354.9	**13,171.3**
Investment in associates and joint ventures	-	-	-	1,006.5	-	(0.1)	**1,006.4**	63.3	**1,069.7**
Segment liabilities	(1,555.9)	(1,758.4)	(925.5)	-	-	(639.6)	**(4,879.4)**	(116.0)	**(4,995.4)**

1 EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.
2 During the period, operating cash outflow used in from exploration and evaluation segment was $50.0 million

For the year ended 31 December 2019 (Audited)

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Transport division**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	2,363.9	2,007.9	432.2	-	-	-	**4,804.0**	160.5	**4,964.5**
Operating costs excluding depreciation	(979.8)	(1,048.4)	(345.9)	-	(111.1)	(70.8)	**(2,556.0)**	(105.7)	**(2,661.7)**
Depreciation and amortisation	(258.5)	(532.2)	(92.2)	-	-	(7.9)	**(890.8)**	(23.5)	**(914.3)**
Loss on disposals	(10.5)	(1.5)	-	-	-	-	**(12.0)**	(0.7)	**(12.7)**
Operating profit/(loss)	1,115.1	425.8	(5.9)	-	(111.1)	(78.7)	**1,345.2**	30.6	**1,375.8**
Equity accounting profit /(losses)	-	-	-	15.5	-	(2.5)	13.0	11.4	24.4
Investment income	11.1	7.9	1.4	-	-	26.2	46.6	0.5	47.1
Interest expense	(7.7)	(36.5)	(42.7)	-	-	(21.7)	(108.6)	(2.5)	(111.1)
Other finance items	8.8	3.4	(0.5)	-	-	1.8	13.5	(0.5)	13.0
Profit/(loss) before tax	1,127.3	400.6	(47.7)	15.5	(111.1)	(74.9)	**1,309.7**	39.5	**1,349.2**
Tax	(341.4)	(88.5)	(0.2)	-	-	(68.2)	**(498.3)**	(7.8)	**(506.1)**
Profit/(loss) for the year from continuing operations	785.9	312.1	(47.9)	15.5	(111.1)	(143.1)	**811.4**	31.7	**843.1**
Non-controlling interests	309.0	69.4	(36.7)	-	-	-	**341.7**	-	**341.7**
Profit/(loss) for the year attributable to owners of the parent	**476.9**	**242.7**	**(11.2)**	**15.5**	**(111.1)**	**(143.1)**	**469.7**	**31.7**	**501.4**
EBITDA[1]	**1,384.1**	**959.5**	**86.3**	**112.6**	**(111.1)**	**(73.3)**	**2,358.1**	**80.8**	**2,438.9**
Additions to non-current assets									
Capital expenditure	573.0	535.9	43.0	-	-	16.0	**1,167.9**	68.6	**1,236.5**
Segment assets and liabilities									
Segment assets	4,251.1	5,792.2	1,647.1	-	-	1,548.8	**13,239.2**	346.4	**13,585.6**
Investments in associates and joint ventures	-	-	-	961.8	-	-	**961.8**	63.0	**1,024.8**
Segment liabilities	(1,696.7)	(1,789.6)	(933.3)	-	-	(694.0)	**(5,113.6)**	(95.8)	**(5,209.4)**

[1]EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.
[2]Operating cash outflow in the exploration and evaluation segment was $43.0 million

b) Entity wide disclosures

Revenue by product[1]

	Six months ended 30.06.2020	Six months ended 30.06.2019	Year ended 31.12.2019
	$m	$m	$m
Copper			
- Los Pelambres	**950.1**	981.2	2,009.1
- Centinela concentrates	**350.1**	582.8	1,137.7
- Centinela cathodes	**263.4**	278.0	504.4
- Antucoya	**222.9**	224.7	432.2
Gold			
- Los Pelambres	**46.8**	32.8	75.2
- Centinela	**134.8**	163.1	332.5
Molybdenum			
- Los Pelambres	**74.7**	150.2	249.0
- Centinela	**1.3**	4.9	5.6
Silver			
- Los Pelambres	**15.3**	13.6	30.7
- Centinela	**9.8**	12.1	27.6
Total Mining	**2,069.2**	2,443.4	4,804.0
Transport division	**69.6**	82.2	160.5
	2,138.8	2,525.6	4,964.5

Revenue by location of customer[1]

	Six months ended 30.06.2020	Six months ended 30.06.2019	Year ended 31.12.2019
	$m	$m	$m
Europe			
- United Kingdom	45.4	88.9	152.3
- Switzerland	185.5	326.1	612.4
- Spain	7.7	86.9	158.0
- Germany	32.5	49.5	102.7
- Rest of Europe	34.0	61.2	85.0
Latin America			
- Chile	86.4	122.0	213.8
- Rest of Latin America	120.3	23.6	95.3
North America			
- United States	110.7	55.0	88.9
Asia Pacific			
- Japan	560.3	779.5	1,561.5
- China	310.5	251.0	517.2
- Singapore	324.9	312.7	692.1
- South Korea	128.7	197.7	371.2
- Hong Kong	68.3	101.2	171.0
- Rest of Asia	123.6	70.3	143.1
	2,138.8	2,525.6	4,964.5

1 Figures include both revenue from the sale of products and the associated income from the provision of shipping services.

Information about major customers

In the first half of 2020 the Group´s mining revenue included $294.2 million related to one large customer that individually accounted for more than 10% of the Group's revenue (six months ended 30 June 2019 – one large customer representing $375.1 million; year ended 31 December 2019 – one large customer representing $711.9 million).

Non-current assets by location of asset

	Six months ended 30.06.2020	Six months ended 30.06.2019 Restated	Year ended 31.12.2019 Restated
	$m	$m	$m
- Chile	**10,887.1**	10,694.6	10,818.0
- USA	**177.7**	172.3	176.9
- Other	**0.1**	0.1	0.1
	11,064.9	10,867.0	10,995.0

The above amounts reflect non-current assets excluding financial assets (in particular, derivative financial instruments) and deferred tax assets. The prior period comparatives have been restated to exclude financial assets and deferred tax assets, resulting in a reduction in respect of the assets located in Chile of $8.4 million as at 30 June 2019 and $9.9 million as at 31 December 2019.

6. Revenue

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 four months after shipment to the customer. For sales contracts which contain provisional pricing mechanisms the total receivable balance is measured at fair value through profit or loss. Gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade debtors in the balance sheet. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market in the market price references for that commodity in the majority of the Group's contracts.

The total revenue from contracts with customers and the impact of provisional pricing adjustments in respect of concentrate and cathode sales is as follows:

	Six months ended 30.06.2020	Six months ended 30.06.2019	Year ended 31.12.2019
	$m	$m	$m
Revenue from contracts with customers			
Sale of products	**2,041.7**	2,399.6	4,711.1
Transport services	**69.6**	82.2	160.5
Provision of shipping services associated with the sale of products	**54.8**	34.5	74.4
Provisional pricing adjustments in respect of copper, gold and molybdenum	**(27.3)**	9.3	18.5
Total revenue	**2,138.8**	2,525.6	4,964.5

The categories of revenue which are principally affected by different economic factors are the individual product types. A summary of revenue by product is set out in Note 5.

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.

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 2020[1]

	$m	$m	$m	$m	$m	$m	$m
	Los Pelambres	Centinela	Centinela	Antucoya	Los Pelambres	Centinela	Los Pelambres
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	**1,019.8**	**398.9**	**263.6**	**225.1**	**45.9**	**130.1**	**94.0**
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	**(29.1)**	**(15.2)**	**(0.4)**	**(0.4)**	**-**	**(1.2)**	**0.4**
Settlement of sales invoiced in the previous year	**(43.6)**	**(18.7)**	**(0.3)**	**(0.4)**	**0.2**	**3.7**	**(1.5)**
Total effect of adjustments to previous year invoices in the current period	**(72.7)**	**(33.9)**	**(0.7)**	**(0.8)**	**0.2**	**2.5**	**(1.1)**
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	**(1.2)**	**(9.2)**	**(0.7)**	**(2.7)**	**0.8**	**1.5**	**(1.7)**
Mark-to-market adjustments at the end of the current period	**66.5**	**25.6**	**1.2**	**1.3**	**-**	**1.1**	**(3.3)**
Total effect of adjustments to current period invoices	**65.3**	**16.4**	**0.5**	**(1.4)**	**0.8**	**2.6**	**(5.0)**
Total pricing adjustments	**(7.4)**	**(17.5)**	**(0.2)**	**(2.2)**	**1.0**	**5.1**	**(6.1)**
Revenue before deducting tolling charges	**1,012.4**	**381.4**	**263.4**	**222.9**	**46.9**	**135.2**	**87.9**
Tolling charges	**(62.3)**	**(31.3)**	**-**	**-**	**(0.1)**	**(0.4)**	**(13.2)**
Revenue net of tolling charges	**950.1**	**350.1**	**263.4**	**222.9**	**46.8**	**134.8**	**74.7**

1 Figures include both revenue from the sale of products and the associated income from the provision of shipping services.

The revenue from the main products shown in the above tables are contained in Note 5(b).

For the period ended 30 June 2019[1]

	$m	$m	$m	$m	$m	$m	$m
	Los Pelambres	Centinela	Centinela	Antucoya	Los Pelambres	Centinela	Los Pelambres
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	**1,057.6**	**621.6**	**284.3**	**226.2**	**34.4**	**160.2**	**167.7**
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	**23.6**	**9.5**	**1.7**	**0.7**	**-**	**(0.7)**	**(0.6)**
Settlement of sales invoiced in the previous year	**0.4**	**8.3**	**0.6**	**(0.9)**	**(1.2)**	**1.4**	**(8.4)**
Total effect of adjustments to previous year invoices in the current period	**24.0**	**17.8**	**2.3**	**(0.2)**	**(1.2)**	**0.7**	**(9.0)**
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	**(9.8)**	**0.6**	**(7.9)**	**(1.9)**	**(0.3)**	**1.1**	**10.7**
Mark-to-market adjustments at the end of the current period	**(15.6)**	**(3.6)**	**(0.7)**	**0.5**	**-**	**1.7**	**0.2**
Total effect of adjustments to current period invoices	**(25.4)**	**(3.0)**	**(8.6)**	**(1.4)**	**(0.3)**	**2.8**	**10.9**
Total pricing adjustments	**(1.4)**	**14.8**	**(6.3)**	**(1.6)**	**(1.5)**	**3.5**	**1.9**
Realised losses on commodity derivatives	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**
Revenue before deducting tolling charges	**1,056.2**	**636.4**	**278.0**	**224.7**	**32.9**	**163.7**	**169.6**
Tolling charges	**(75.0)**	**(53.6)**	**-**	**-**	**(0.1)**	**(0.6)**	**(19.4)**
Revenue net of tolling charges	**981.2**	**582.8**	**278.0**	**224.7**	**32.8**	**163.1**	**150.2**

1 Figures include both revenue from the sale of products and the associated income from the provision of shipping services.

The revenue from the main products shown in the above tables are contained in Note 5(b).

For the year ended 31 December 2019[1]

	$m	$m	$m	$m	$m	$m	$m	$m
	Los Pelambres	Centinela	Centinela	Antucoya	Los Pelambres	Centinela	Los Pelambres	Centinela
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	**2,144.9**	**1,222.3**	**506.1**	**434.8**	**76.2**	**325.3**	**298.1**	**7.4**
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	**23.6**	**9.5**	**0.7**	**0.7**	**-**	**(0.7)**	**(0.7)**	**-**
Settlement of sales invoiced in the previous year	**0.3**	**9.9**	**(1.0)**	**(0.9)**	**(1.3)**	**1.4**	**(8.4)**	**-**
Total effect of adjustments to previous year invoices in the current period	**23.9**	**19.4**	**(0.3)**	**(0.2)**	**(1.3)**	**0.7**	**(9.1)**	**-**
Effects of pricing adjustments to current period invoices								
Settlement of sales invoiced in the current period	**(41.3)**	**(14.6)**	**(1.8)**	**(2.9)**	**0.5**	**6.4**	**(7.0)**	**(0.8)**
Mark-to-market adjustments at the end of the current period	**29.1**	**15.2**	**0.4**	**0.4**	**-**	**1.2**	**(0.4)**	**-**
Total effect of adjustments to current period invoices	**(12.2)**	**0.6**	**(1.4)**	**(2.5)**	**0.5**	**7.6**	**(7.4)**	**(0.8)**
Total pricing adjustments	**11.7**	**20.0**	**(1.7)**	**(2.7)**	**(0.8)**	**8.3**	**(16.5)**	**(0.8)**
Realised losses on commodity derivatives	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**
Revenue before deducting tolling charges	**2,156.6**	**1,242.3**	**504.4**	**432.2**	**75.4**	**333.6**	**281.6**	**6.6**
Tolling charges	**(147.5)**	**(104.6)**	**-**	**-**	**(0.2)**	**(1.1)**	**(32.6)**	**(1.0)**
Revenue net of tolling charges	**2,009.1**	**1,137.7**	**504.4**	**432.2**	**75.2**	**332.5**	**249.0**	**5.6**

1 Figures include both revenue from the sale of products and the associated income from the provision of shipping services.

The revenue from the main products shown in the above tables are contained in Note 5(b).

(i) Copper concentrate

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

		At 30.06.2020	At 30.06.2019	At 31.12.2019
Sales	Tonnes	**153,400**	171,000	158,600
Average mark-to-market price	$/lb	**2.73**	2.72	2.81
Average provisional invoice price	$/lb	**2.44**	2.77	2.68

(ii) Copper cathodes

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

		At 30.06.2020	At 30.06.2019	At 31.12.2019
Sales	Tonnes	**15,400**	12,400	12,000
Average mark-to-market price	$/lb	**2.73**	2.72	2.80
Average provisional invoice price	$/lb	**2.65**	2.67	2.77

(iii) Gold in concentrate

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

		At 30.06.2020	At 30.06.2019	At 31.12.2019
Sales	Ounces	**11,500**	20,000	21,200
Average mark-to-market price	$/oz	**1,776**	1,413	1,542
Average provisional invoice price	$/oz	**1,677**	1,328	1,485

(iv) Molybdenum concentrate

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

		At 30.06.2020	At 30.06.2019	At 31.12.2019
Sales	Tonnes	**2,000**	2,500	1,900
Average mark-to-market price	$/lb	**8.01**	12.25	9.20
Average provisional invoice price	$/lb	**8.76**	12.21	9.30

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:

	Gain/(loss) on debtors of period end mark-to-market adjustments		
	Six months ended 30.06.2020	Six months ended 30.06.2019	Year ended 31.12.2019
	$m	$m	$m
Los Pelambres - copper concentrate	**66.5**	(15.6)	29.1
Los Pelambres - molybdenum concentrate	**(3.3)**	0.2	(0.4)
Centinela - copper concentrate	**25.6**	(5.0)	15.2
Centinela - gold in concentrate	**1.1**	1.7	1.2
Centinela - copper cathodes	**1.2**	0.7	0.4
Antucoya - copper cathodes	**1.3**	0.5	0.4
	92.4	(17.5)	45.9

7. Financial instruments

a) Categories of financial instruments

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

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	Total
				Six months ended 30.06.2020
	$m	**$m**	**$m**	**$m**
Financial assets				
Equity investments	-	10.2	-	**10.2**
Loans and receivables	468.5	-	80.9	**549.4**
Cash and cash equivalents	-	-	796.0	**796.0**
Liquid investments	1,571.6	-	-	**1,571.6**
	2,040.1	**10.2**	**876.8**	**2,927.2**
Financial liabilities				
Derivative financial liabilities	(16.8)	-	-	**(16.8)**
Trade and other payables	(3.3)	-	(615.3)	**(618.6)**
Borrowings and leases	-	-	(2,687.1)	**(2,687.1)**
	(20.1)	**-**	**(3,302.4)**	**(3,322.5)**

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	Total
				Six months ended 30.06.2019
	$m	**$m**	**$m**	**$m**
Financial assets				
Derivatives financial assets	2.7	-	-	**2.7**
Equity investments	-	3.9	-	**3.9**
Loans and receivables (restated[1])	421.8	-	34.8	**456.6**
Cash and cash equivalents	-	-	2,189.2	**2,189.2**
Liquid investments	-	-	-	**-**
	424.5	3.9	2,224.0	**2,652.4**
Financial liabilities				
Derivatives financial liabilities	-	-	-	**-**
Trade and other payables	(19.9)	-	(686.9)	**(706.8)**
Borrowings and leases	-	-	(2,706.6)	**(2,706.6)**
	(19.9)	-	(3,393.5)	**(3,413.4)**

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	Total
				Year ended 31.12.2019
	$m	**$m**	**$m**	**$m**
Financial assets				
Derivative financial assets	4.8	-	-	**4.8**
Equity investments	-	5.1	-	**5.1**
Loans and receivables (restated[1])	571.3	-	97.1	**668.4**
Cash and cash equivalents	-	-	653.7	**653.7**
Liquid investments	1,539.7	-	-	**1,539.7**
	2,115.8	**5.1**	**750.8**	**2,871.7**
Financial liabilities				
Derivative financial liabilities	(12.1)	-	-	**(12.1)**
Trade and other payables	(0.4)	-	(755.9)	**(756.3)**
Borrowings and leases	-	-	(2,756.8)	**(2,756.8)**
	(12.5)	**-**	**(3,512.7)**	**(3,525.2)**

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

[1] The "Loans and receivables" balances for the comparative periods have been restated to exclude certain amounts which are outside the scope of the definition of "financial assets" per IAS 32 *Financial Instruments: Presentation*, resulting in a $76.8 million reduction in the balance as at 30 June 2019 and a $62.2 million reduction in the balance as at 31 December 2019.

Fair value of financial instruments

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

				Six months ended 30.06.2020
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Equity investments (b)	10.2	-	-	**10.2**
Loans and receivables (c)	-	468.5	-	**468.5**
Liquid investment (d)	1,571.6	-	-	**1,571.6**
	1,581.8	468.5	-	**2,050.3**
Financial liabilities				
Derivatives financial liabilities (a)	-	(16.8)	-	**(16.8)**
Trade and other payables	-	(3.3)	-	**(3.3)**
	-	(20.1)	-	**(20.1)**

				Six months ended 30.06.2019
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Derivatives financial assets (a)	-	2.7	-	**2.7**
Equity investments (b)	3.9	-	-	**3.9**
Loans and receivables (c)	-	421.8	-	**421.8**
Liquid investment (d)	-	-	-	**-**
	3.9	424.5	-	**428.4**
Financial liabilities				
Derivatives financial liabilities (a)	-	-	-	**-**
Trade and other payables	-	(19.9)	-	**(19.9)**
	-	(19.9)	-	**(19.9)**

				Year ended 31.12.2019
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Derivative financial assets (a)	-	4.9	-	**4.9**
Equity investments (b)	5.1	-	-	**5.1**
Loans and receivables (c)	-	571.3		**571.3**
Liquid investment (d)	1,539.7	-	-	**1,539.7**
	1,544.8	576.2	-	**2,121.0**
Financial liabilities				
Derivative financial liabilities (a)	-	(12.1)	-	**(12.1)**
Trade and other payables	-	(0.4)	-	**(0.4)**
	-	(12.5)	-	**(12.5)**

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

a) 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.

b) Equity 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.

c) 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.

d) Liquid investments 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 period ended 30 June 2020, there were no transfers between levels in the hierarchy.

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

The Group has applied the hedge accounting provisions of IFRS 9 "Financial Instruments" 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 other comprehensive income, with such amounts subsequently recognised in the income statement in the period when the hedged item has been recognised in the income statement or balance sheet. The time value element of changes in the fair value of derivative options is recognised in other comprehensive income.

8. Net finance expense

	Six months ended 30.06.2020 $m	Six months ended 30.06.2019 $m	Year ended 31.12.2019 $m
Investment income			
Interest receivable	**2.5**	5.2	9.8
Gains on fair value through profit or loss	**14.2**	20.8	37.3
	16.7	26.0	47.1
Interest expense			
Interest expense	**(44.6)**	(61.3)	(111.1)
	(44.6)	(61.3)	(111.1)
Other finance items			
Unwinding of discount on provisions	**(3.7)**	(6.7)	(22.7)
Preference dividends	**(0.1)**	(0.1)	(0.1)
Foreign exchange	**29.0**	(3.5)	35.8
	25.2	(10.3)	13.0
Net finance expense	**(2.7)**	(45.6)	(51.0)

In the six months ended 30 June 2020, amounts capitalised and consequently not included within the above table were as follows: $2.9 million at Centinela (six months ended 30 June 2019 – $1.7 million; year ended 31 December 2019 - $3.0 million) and $7.4 million at Los Pelambres (six months ended 30 June 2019 – $1.1 million; year ended 31 December 2019 - $6.0 million).

9. Taxation

The tax charge for the period comprised the following:

	Six months ended 30.06.2020 $m	Six months ended 30.06.2019 $m	Year ended 31.12.2019 $m
Current tax charge			
Corporate tax (principally first category tax in Chile)	**(132.7)**	(145.0)	(255.5)
Mining tax (royalty)	**(30.2)**	(42.9)	(67.2)
Withholding tax	**(34.0)**	(1.6)	(32.4)
Exchange gains on corporate tax balances	**-**	0.3	0.7
	(196.9)	(189.2)	(354.4)
Deferred tax			
Corporate tax (principally first category tax in Chile)	**24.2**	(64.7)	(125.1)
Mining tax (royalty)	**(2.4)**	6.7	0.6
Withholding tax	**32.7**	(25.4)	(27.2)
	54.5	(83.4)	(151.7)
Total tax charge (income tax expense)	**(142.4)**	(272.6)	(506.1)

The rate of first category (i.e. corporate) tax in Chile is 27%.

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile. 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.

The Group's mining operations are also subject to a mining tax (royalty). Production from Los Pelambres, Antucoya, Encuentro (oxides), 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. Production from Centinela Concentrates and the Tesoro Central and Mirador pits is subject to a rate of 5% of taxable operating profit.

	Six months ended Excluding exceptional items 30.06.2020		Six months ended Including exceptional items 30.06.2020		Six months ended 30.06.2019		Year ended 31.12.2019	
	$m	%			$m	%	$m	%
Profit before tax	**468.3**		**387.5**		763.0		1,349.2	
Tax at the Chilean corporate tax rate of 27%	**(126.5)**	**27.0**	**(104.6)**	**27.0**	(206.0)	27.0	(364.3)	27.0
Impairment of investment in associate	**-**	**-**	**(2.2)**	**0.6**	-	-	-	-
Mining Tax (royalty)	**(28.3)**	**6.0**	**(28.3)**	**7.2**	(42.6)	5.5	(66.6)	4.9
Deduction of mining royalty as an allowable expense in determination of first category tax	**7.6**	**(1.6)**	**7.6**	**(1.9)**	11.3	(1.5)	19.1	(1.4)
Items not deductible from first category tax	**(7.2)**	**1.5**	**(7.2)**	**1.8**	(3.8)	0.5	(11.9)	0.9
Adjustment in respect of prior years	**(2.0)**	**0.4**	**(2.0)**	**0.5**	7.4	(1.0)	4.3	(0.3)
Withholding tax	**(1.3)**	**0.3**	**(1.3)**	**0.3**	(27.1)	3.6	(59.3)	4.4
Tax effect of share of profit of associates and joint ventures	**0.7**	**(0.1)**	**0.7**	**(0.1)**	4.8	(0.6)	4.7	(0.3)
Unrecognised tax losses	**(5.1)**	**1.1**	**(5.1)**	**1.3**	(16.9)	2.2	(33.0)	2.4
Net other items	**-**	**-**	**-**	**-**	0.3	-	0.9	(0.1)
Tax expense and effective tax rate for the period	**(162.1)**	**34.6**	**(142.4)**	**36.7**	(272.6)	35.7	(506.1)	37.5

The tax charge in the first half of 2020 was $162.1 million excluding exceptional items, and $142.4 million including exceptional items (first half of 2019 – $272.6 million). The effective tax rate excluding exceptional items was 34.6% and the effective rate including exceptional items was 36.7% (first half of 2019 – 35.7%).

The effective tax rate excluding exceptional items of 34.6% varied from the statutory rate principally due to the impact of the mining tax (royalty) (net impact of $20.7 million / 4.4% including the deduction of the mining tax (royalty) as an allowable expense in the determination of first category tax), the withholding tax relating to the remittance of profits from Chile (impact of $1.3 million / 0.3%), items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $7.2 million / 1.5%) and unrecognised tax losses (impact of $5.1 million / 1.1%), partly offset by the impact of the recognition of the Group's share of profit from associates and joint ventures, which are included in the Group's profit before tax net of their respective tax charges (impact of $0.7 million / 0.1%).

The impact of the exceptional items on the effective tax rate including exceptional items was $2.2 million / 0.6%.

The current and deferred tax relating to items that are charged directly to equity was $2.8 million (30 June 2019 - $1.2 million).

There are no significant tax uncertainties which require critical judgements, estimates or potential provisions.

The main factors which could impact the sustainability of the Group's existing effective tax rate are:

- the level of future distributions made by the Group's Chilean subsidiaries out of Chile, which could result in increased withholding tax charges.
- the impact of expenses which are not deductible for Chilean first category tax. Some of these expenses are relatively fixed costs, and so the relative impact of these expenses on the Group's effective tax rate will vary depending on the Group's total profit before tax in a particular year.

10. Earnings per share

	Six months ended 30.06.2020	Six months ended 30.06.2019	Year ended 31.12.2019
	$m	$m	$m
Profit for the period attributable to equity holders of the Company (exc. exceptional items)	**175.4**	302.4	501.4
Exceptional Items	**(40.2)**	-	-
Profit for the period attributable to equity holders of the Company (inc. exceptional items)	**135.2**	302.4	501.4

	Number	Number	Number
Ordinary shares in issue throughout each period	**985,856,695**	985,856,695	985,856,695

	Six months ended 30.06.2020	Six months ended 30.06.2019	Year ended 31.12.2019
	US cent	US cent	US cent
Basic earnings per share (exc. exceptional items)	**17.8**	30.7	50.9
Basic earnings per share (exceptional items)	**(4.1)**	-	-
Basic earnings per share (inc. exceptional items)	**13.7**	30.7	50.9

Basic earnings per share are calculated as profit after tax and non-controlling interests, based on 985,856,695 ordinary shares.

There was no potential dilution of earnings per share in either year set out above, and therefore diluted earnings per share did not differ from basic earnings per share as disclosed above.

11. Dividends

The Board has recommended an interim dividend of 6.2 cents per ordinary share for the 2020 half year (2019 half year – 10.7 cents per ordinary share). Dividends are declared and paid gross. Dividends actually paid in the period and recognised as a deduction from net equity under IFRS were 7.1 cents per ordinary share (2019 half year – 37.0 cents per ordinary share), representing the final dividend declared in respect of the previous year.

The interim dividend will be paid on 2 October 2020 to ordinary shareholders that are on the register at the close of business on 4 September 2020. Shareholders can elect (on or before 7 September 2020) 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 10 September 2020). 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.

12. Intangible asset

	At 30.06.2020	At 30.06.2019	At 31.12.2019
	$m	$m	$m
Balance at the beginning of the year	**150.1**	150.1	150.1
Balance at the end of the period	**150.1**	150.1	150.1

The $150.1 million intangible asset reflects the value of Twin Metals' mining licences assets. The mining licences will be amortised once production commences.

13. Property, plant and equipment

	Mining	**Transport Division**	**At 30.06.2020**	At 30.06.2019	At 31.12.2019
	$m	**$m**	**$m**	$m	$m
Balance at the beginning of the year	9,286.3	270.4	**9,556.7**	9,184.1	9,184.1
Adoption of new accounting standards	-	-	**-**	131.4	131.4
Additions	559.2	15.0	**570.6**	518.7	1,174.4
Additions – depreciation capitalised	33.9	-	**33.9**	32.1	62.6
Reclassifications	-	-	**-**	4.6	19.9
Adjustment to capitalised decommissioning provisions	-	-	**-**	25.9	24.8
Depreciation	(480.0)	(15.3)	**(495.3)**	(437.6)	(914.3)
Depreciation capitalised in PP&E	(33.9)	-	**(33.9)**	(32.1)	(62.6)
Depreciation capitalised in inventories	(40.9)	-	**(40.9)**	(11.3)	(49.7)
Asset disposals	(0.6)	(0.8)	**(1.4)**	(2.4)	(13.9)
Balance at the end of the period	9,324.0	269.3	**9,593.3**	9,413.4	9,556.7

At 30 June 2020 $74.8 million (30 June 2019 - $43.4 million; 31 December 2019 – $112.3 million) of depreciation in respect of assets relating to Los Pelambres, Centinela and Antucoya has been capitalised within property, plant and equipment or inventories, and accordingly is excluded from the depreciation charge recorded in the income statement as shown in Note 5(a).

At 30 June 2020 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $924.4 million (30 June 2019 - $941.7 million; 31 December 2019 - $863.3 million).

There have been no indicators of potential impairments during the period to 30 June 2020, and accordingly no impairment reviews have been performed as at 30 June 2020.

Depreciation capitalised in property, plant and equipment of $33.9 million related to the depreciation of assets used in mine development (operating stripping) at Centinela, Los Pelambres and Antucoya (30 June 2019 – $32.1 million; 31 December 2019 – $62.6 million).

14. Investment in associates and joint ventures

	Inversiones Hornitos [i]	ATI [ii]	Minera Zaldívar [iii]	Tethyan Copper [iv]	**At 30.06.2020**	At 30.06.2019	At 31.12.2019
	$m	$m	$m	$m	$m	$m	$m
Balance at the beginning of the year	56.9	6.1	961.8	-	**1,024.8**	1,056.1	1,056.1
Obligations on behalf of JV	-	-	-	(1.8)	**(1.8)**	(1.0)	(1.0)
Capital contribution	23.9	-	-	1.4	**25.3**	-	1.8
Impairment of investment in associate [i]	(80.8)	-	-	-	**(80.8)**	-	-
Share of profit/(loss) before tax	-	0.4	1.2	(2.3)	**(0.8)**	24.7	36.2
Share of tax	-	(0.2)	(1.4)	-	**(1.5)**	(7.8)	(12.1)
Share of income/(loss) from associate	-	0.2	(0.2)	(2.3)	**(2.3)**	16.9	24.4
Dividends received	-	-	-	-	**-**	(4.0)	(58.0)
Balance at the end of the year	-	6.3	961.6	-	**967.9**	1,069.7	1,024.8
Obligations on behalf of JV	-	-	-	(2.7)	**(2.7)**	(1.7)	(1.8)

	Inversiones Hornitos	**ATI**	**Minera Zaldívar**	**Tethyan Copper**	**At 30.06.2020**	At 30.06.2019	At 31.12.2019
	$m	$m	$m	$m	$m	$m	$m
Share of income/(loss) from associate	-	0.3	(0.3)	(2.3)	(2.3)	16.9	24.4
Other comprehensive income of associates to profit for the year	-	-	-	-	-	-	(0.3)
Net share of profit from associates and joint ventures	-	0.3	(0.3)	(2.3)	(2.3)	16.9	24.1

The investments which are included in the $965.3 million balance at 30 June 2020 are set out below:

Investment in associates

(i) On 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. (“ENGIE”), the owner of the remaining 60% interest. This was part of the value accretive renegotiation of Centinela’s power purchase agreement which as a result will be wholly supplied from lower cost renewable sources from 2022. Under the terms of the agreement the Group will dispose of its investment to Engie in 2021 for a nominal consideration, and will not be entitled to receive any further dividend income from Hornitos from the date of the agreement. Accordingly, the Group no longer has any effective economic interest in the results or assets of Hornitos from 31 March 2020 onwards, and has therefore recognised an impairment of $80.8 million in respect of its investment in associate balance, and will no longer recognise any share of Hornitos’ results. The post-tax impact of the provision is $61.1 million, of which $40.2 million is attributable to the equity owners of the Company.

(ii) The Group’s 30% interest in ATI, which operates a concession to manage installations in the port of Antofagasta.

Investment in joint ventures

(iii) The Group’s 50% interest in Minera Zaldívar SpA (“Zaldívar”).

(iv) The Group’s 50% interest in Tethyan Copper Company Limited (“Tethyan”), which is a joint venture with Barrick Gold Corporation in respect of the Reko Diq project in Pakistan. Tethyan has been pursuing arbitration claims against the Islamic Republic of Pakistan (“Pakistan”) following the unlawful denial of a mining lease for the project in 2011. Detail in respect of the arbitration is set out in Note 21.

As the net carrying value of the interest in Tethyan is negative it is included within non-current liabilities, as the Group is liable for its share of the joint venture’s obligations.

Summarised financial information for the associates at June 2020 is as follows:

	Inversiones Hornitos[(i)]	**ATI**	**Total**	Total	Total
	30.06.2020	**30.06.2020**	**30.06.2020**	30.06.2019	31.12.2019
	$m	$m	**$m**	$m	$m
Cash and cash equivalents	-	1.1	1.1	17.8	30.1
Current assets	-	13.6	13.6	41.6	39.2
Non-current assets	-	112.2	112.2	386.7	377.6
Current liabilities	-	(16.1)	(16.1)	(58.9)	(62.1)
Non-current liabilities	-	(91.8)	(91.8)	(248.5)	(243.9)
Revenue	-	23.4	23.4	107.1	192.1
Profit/(loss) from continuing operations	-	0.7	0.7	19.8	29.4
Other comprehensive income	-	-	-	-	(0.3)
Total comprehensive income/(loss)	-	0.7	0.7	19.8	29.1

(i) As explained above, on 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos, and as a result of that agreement the Group no longer has any effective economic interest in the results or assets of Hornitos from that date onwards. Accordingly, the above table reflects the Group's nil economic interest in Hornitos' assets and liabilities.

Summarised financial information for the joint ventures at June 2020 is as follows:

	Minera Zaldívar	**Tethyan Copper**	**Total**	Total	Total
	30.06.2020	**30.06.2020**	**30.06.2020**	30.06.2019	31.12.2019
	$m	$m	**$m**	$m	$m
Cash and cash equivalent	170.1	0.7	170.8	158.1	140.4
Current assets	602.2	0.8	603	641.4	631.3
Non-current assets	1.814.9	-	1,814.9	1,838.20	1,846.8
Current liabilities	(99.2)	(6.0)	(105.2)	(91.6)	(123.8)
Non-current liabilities	(534.3)	(0.1)	(534.4)	(533.8)	(518.0)
Revenue	302.3	-	302.3	334.1	687.6
(Loss)/profit after tax	(0.4)	(4.7)	(5.1)	18.9	47.9
Other comprehensive income	-	-	-	-	(0.4)
Total comprehensive income	(0.4)	(4.7)	(5.1)	18.9	47.5

Notes to the summarised financial information

The summarised financial information is based on the amounts included in the IFRS Financial Statements of the associate or joint venture (ie. 100% of the results or balances of the associate or joint venture, rather than the Group's proportionate share), after the Group's fair value adjustments.

15. Equity investments

	At 30.06.2020	At 30.06.2019	At 31.12.2019
	$m	$m	$m
Balance at the beginning of the year	**5.1**	4.7	4.7
Movements in fair value	**5.5**	(0.9)	0.3
Foreign currency exchange difference	**(0.4)**	0.1	0.1
Balance at the end of the period	**10.2**	3.9	5.1

Equity investments represent those investments which are not subsidiaries, associates or joint ventures. The fair value of all equity investments are based on quoted market prices.

16. Borrowings and leases

	At 30.06.2020	At 30.06.2019	At 31.12.2019
	$m	$m	$m
Los Pelambres			
Senior loan	**(666.4)**	(197.4)	(469.4)
Short-term loan	-	(82.0)	-
Leases	**(95.2)**	(143.7)	(115.0)
Centinela			
Senior loan	**(495.9)**	(372.1)	(298.8)
Subordinated debt	**(212.4)**	(199.2)	(205.9)
Short-term loan	-	(200.0)	(200.0)
Leases	**(76.3)**	(95.8)	(81.0)
Antucoya			
Senior loan	**(293.5)**	(330.8)	(325.4)
Subordinated debt	**(187.5)**	(380.5)	(391.9)
Short-term loan	**(75.0)**	(75.0)	(75.0)
Leases	**(23.9)**	(29.3)	(27.7)
Corporate and other items			
Senior loan	**(499.6)**	(500.8)	(499.2)
Leases	**(16.9)**	(21.8)	(19.3)
Railway and other transport services			
Senior loan	**(41.4)**	(74.3)	(44.6)
Leases	**(0.6)**	(1.3)	(1.0)
Preference shares	**(2.5)**	(2.6)	(2.6)
Total	**(2,687.1)**	(2,706.6)	(2,756.8)

At 30 June 2020 $178.5 million (30 June 2019 – $247.5 million; 31 December 2019 - $199.3 million) of the borrowings has fixed rate interest and $2,508.6 million (30 June 2019 - $2,459.1 million; 31 December 2019 - $2,530.5 million) has floating rate interest. The Group periodically enters into interest rate derivative contracts to manage its exposure to interest rates.

During the six months ended 30 June 2020 Antucoya made a $210 million repayment of the subordinated debt due to Marubeni which was replaced with equity.

17. Share capital and share premium

There was no change in share capital or share premium in the six months ended 30 June 2020 or the comparative periods. Details are shown in the Consolidated Statement of Changes in Equity.

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

	At 30.06.2020	At 30.06.2019	At 31.12.2019
	$m	$m	$m
Profit before tax (exc. exceptional items)	**468.3**	763.0	1,349.2
Depreciation and amortisation	**495.3**	437.6	914.3
Net loss on disposals	**1.3**	2.1	12.6
Net finance expense	**2.7**	45.6	51.1
Share of loss/(profit) associates and joint ventures (exc. exceptional items)	**2.3**	(16.9)	(24.3)
Increase in inventories	**5.4**	(16.0)	(7.6)
Decrease/(Increase) in debtors	**106.2**	387.8	211.5
Decrease in creditors	**(165.1)**	(70.2)	88.0
(Decrease)/Increase in provisions	**(9.5)**	(18.5)	(24.1)
Cash flow from operations	**906.9**	1,514.5	2,570.7

19. Analysis of changes in net debt

	At 31.12.2019	Cash flows	Fair value gains	New leases	Amortisation of finance costs	Capitalisation of interest	Other	Reclassification	Exchange	**At 30.06.2020**
	$m	$m	$m	$m	$m	$m	$m	$m	$m	**$m**
Cash and cash equivalents	653.7	150.4	-	-	-	-	-	-	(8.1)	**796.0**
Liquid investments	1,539.7	29.5	2.4	-	-	-	-	-	-	**1,571.6**
Total	2,193.4	179.9	2.4	-	-	-	-	-	(8.1)	**2,367.6**
Borrowings due within one year	(648.4)	200.0	-	-	-	-	0.6	(363.9)	2.6	**(809.1)**
Borrowings due after one year	(1,861.8)	(148.1)	-	-	(3.6)	(12.9)	-	363.9	-	**(1,662.5)**
Leases due within one year	(75.6)	9.2	-	-	-	-	(1.0)	(8.5)	5.5	**(70.4)**
Leases due after one year	(168.4)	33.7	-	(22.9)	-	-	-	8.5	6.5	**(142.6)**
Preference shares	(2.6)	-	-	-	-	-	-	-	0.1	**(2.5)**
Total borrowings	(2,756.8)	94.8	-	(22.9)	(3.6)	(12.9)	(0.4)	-	14.7	**(2,687.1)**
Net (debt)/cash	(563.4)	274.7	2.4	(22.9)	(3.6)	(12.9)	(0.4)	-	6.6	**(319.5)**

Net debt

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

	At 30.06.2020	At 30.06.2019	At 31.12.2019
	$m	$m	$m
Cash, cash equivalents and liquid investments	**2,367.6**	2,189.2	2,193.4
Total borrowings	**(2,687.1)**	(2,706.6)	(2,756.8)
Net debt	**(319.5)**	(517.4)	(563.4)

20. Litigation and contingent liabilities

The Group is subject from time to time to legal proceedings, claims, complaints and investigations arising out of the ordinary course of business. The Group cannot predict the outcome of individual legal actions or claims or complaints or investigations. As a result, the Group may become subject to liabilities that could affect our business, financial position and reputation. Litigation is inherently unpredictable and large judgments may at times occur. The Group may incur, in the future, judgments or enter into settlements of claims that could lead to material cash outflows. The Group considers that no material loss to the Group is expected to result from the legal proceedings, claims, complaints and investigations that the Group is currently subject to. Provision is made for all liabilities that are expected to materialise through legal claims against the Group.

21. Tethyan arbitration award

On 12 July 2019 an international arbitration tribunal of the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") awarded $5.84 billion in damages to Tethyan Copper Company Pty Limited ("TCC"), the joint venture held equally by the Company and Barrick Gold Corporation, in relation to the arbitration claims filed against the Islamic Republic of Pakistan ("Pakistan") following the unlawful denial of a mining lease for the Reko Diq project in Pakistan in 2011.

Damages include compensation of $4.087 billion by reference to the fair market value of the Reko Diq project at the time of the mining lease denial, and interest until the date of the award of $1.753 billion. The Tribunal also awarded TCC just under $62 million in costs incurred in enforcing its rights. Compound interest applies to the compensation and cost awards from 12 July 2019 at a rate of US Prime +1% per annum until the award is paid.

On 8 November 2019, Pakistan applied to ICSID to annul the award and on 13 March 2020, ICSID appointed a committee to consider this application which is expected to reach a conclusion in the next one to two years. TCC is currently stayed from taking action to collect the award. Whether this stay remains in place is being litigated before the ICSID appointed committee.

It is not expected that proceeds of the award will be recognised in Antofagasta's financial statements until received.

22. Related party transactions

The Group holds a 40% equity interest in Inversiones Hornitos S.A ("Hornitos"). On 31 March 2020 the Group agreed to dispose of this interest in Hornitos to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest, effective 2021.

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 2020 the Group made a contribution to Tethyan of $1.4 million (six months ended 30 June 2019 - nil; year ended 31 December 2019 - $1.8 million).

The Group has a 50% interest in Minera Zaldívar, which is a joint venture with Barrick Gold Corporation. During the six months ended 30 June 2020 the Group has received dividends from Minera Zaldívar of nil (six months ended 30 June 2019 - nil; year ended 31 December 2019 - $50.0 million).

b) Associates

The Group has a 40% interest in Inversiones Hornitos S.A. During the six months ended 30 June 2020 the Group paid $75.6 million (six months ended 30 June 2019 - $109.1 million; year ended 31 December 2019 - $187.7 million) to Inversiones Hornitos in relation to the energy supply contract at Centinela. During the six months ended 30 June 2020 the Group received dividends from Inversiones Hornitos S.A. of nil (six months ended 30 June 2019 - $4.0 million; year ended 31 December 2019 - $8.0 million).

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., BanChile Corredores de Bolsa S.A., ENEX S.A. and Compañía de Inversiones Adriático S.A.. These transactions were all on normal commercial terms.

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 the Group incurred $0.1 million (30 June 2019 - $0.1 million; 31 December 2019 - $0.1 million) of exploration costs at these properties.

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

Jean-Paul Luksic	Ollie Oliveira
Chairman	Director

Independent review report to Antofagasta plc

Report on the interim condensed consolidated financial statements

Our conclusion

We have reviewed Antofagasta plc's interim condensed consolidated financial statements (the "interim financial statements") in the half yearly financial report of Antofagasta plc for the 6 month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 30 June 2020;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half yearly financial report, including the interim financial statements, 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 Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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 enquiries, 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, 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.

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 interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
19 August 2020

Alternative performance measures (not subject to audit or review)

This half yearly financial report includes a number of alternative performance measures, in addition to IFRS amounts. These measures are included because they are considered to provide relevant and useful additional information to users of the accounts. Set out below are definitions of these alternative performance measures, explanations as to why they are considered to be relevant and useful, and reconciliations to the IFRS figures.

a) UNDERLYING EARNINGS PER SHARE

Underlying earnings per share is earnings per share from continuing operations, excluding exceptional items. This measure is reconciled to basic earnings per share from continuing on the face of the income statement. This measure is considered to be useful as it provides an indication of the earnings generated by the ongoing businesses of the Group, excluding the impact of exceptional items which are non-regular or non-operating in nature.

b) EBITDA

EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures. EBITDA is considered to provide a useful and comparable indication of the current operational earnings performance of the business, excluding the impact of the historical cost of property, plant & equipment or the particular financing structure adopted by the business.

For the six month ended 30 June 2020

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	512.3	8.2	16.1	-	(44.2)	(29.3)	**463.1**	10.2	**473.3**
Depreciation and amortisation	126.2	301.4	48.6	-	-	3.8	**480.0**	15.3	**495.3**
Profit on disposals	0.6	-	-	-	-	-	**0.6**	0.7	**1.3**
EBITDA from subsidiaries	**639.1**	**309.6**	**64.7**	**-**	**(44.2)**	**(25.5)**	**943.7**	**26.2**	**969.9**
Proportional share of the EBITDA from associates and JVs	-	-	-	42.8	-	(2.3)	**40.5**	2.4	**42.9**
Total EBITDA	**639.1**	**309.6**	**64.7**	**42.8**	**(44.2)**	**(27.8)**	**984.2**	**28.6**	**1,012.8**

For the six month ended 30 June 2019

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	581.9	276.0	(4.0)	-	(52.0)	**(30.4)**	**771.5**	20.2	**791.7**
Depreciation and amortisation	123.4	256.0	45.2	-	-	3.9	**428.5**	9.1	**437.6**
Profit on disposals	1.6	0.5	-	-	-	-	**2.1**	-	**2.1**
EBITDA from subsidiaries	**706.9**	**532.5**	**41.2**	**-**	**(52.0)**	**(26.5)**	**1,202.1**	**29.3**	**1,231.4**
Proportional share of the EBITDA from associates and JVs	-	-	-	59.4	-	(0.7)	**58.7**	15.8	**74.5**
Total EBITDA	**706.9**	**532.5**	**41.2**	**59.4**	**(52.0)**	**(27.2)**	**1,260.8**	**45.1**	**1,305.9**

For the year ended 31 December 2019

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Transport division**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	1,115.1	425.8	(5.9)	-	(111.1)	**(78.7)**	**1,345.2**	30.6	**1,375.8**
Depreciation and amortisation	258.5	532.2	92.2	-	-	7.9	**890.8**	23.5	**914.3**
Profit on disposals	10.5	1.5	-	-	-	-	**12.0**	0.7	**12.7**
EBITDA from subsidiaries	**1,384.1**	**959.5**	**86.3**	**-**	**(111.1)**	**(70.8)**	**2,248.0**	**54.8**	**2,302.8**
Proportional share of the EBITDA from associates and JV	**-**	**-**	**-**	**112.6**	**-**	**(2.5)**	**110.1**	**26.0**	**136.1**
Total EBITDA	**1,384.1**	**959.5**	**86.3**	**112.6**	**(111.1)**	**(73.3)**	**2,358.1**	**80.8**	**2,438.9**

c) Net Earnings

Net Earnings represent profit for the period attributable to the owners of the parent

d) Cash costs

Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced.

This is considered to be a useful and relevant measure as it is a standard industry measure applied by most major copper mining companies which reflects the direct costs involved in producing each lb of copper. It therefore allows a straightforward comparison of the unit production cost of different mines, and allows an assessment of the position of a mine on the industry cost curve. It also provides a simple indication of the profitability of a mine when compared against the price of copper (per lb).

	At 30.06.2020	At 30.06.2019	At 31.12.2019
Reconciliation of cash costs excluding tolling charges and by-product revenue:			
Total Group operating costs ($m)	**1,665.5**	1,733.9	3,588.7
Zaldívar operating costs	**100.6**	108.5	224.3
Less:			
Total – Depreciation and amortisation ($m)	**(495.3)**	(437.6)	(914.3)
Total – Loss on disposal ($m)	**(1.3)**	(2.1)	(12.7)
Elimination of non-mining operations			
Corporate and other items – Total operating cost ($m)	**(25.5)**	(26.5)	(70.8)
Exploration and evaluation – Total operating cost ($m)	**(44.2)**	(52.0)	(111.1)
Railway and other transport services – Total operating cost ($m)	**(43.4)**	(52.9)	(105.7)
Closure provision and other expenses not included within cash costs ($m)	**(31.2)**	(38.6)	(81.8)
Inventories Variations	**(0.6)**	28.3	3.0
Total cost relevant to the mining operations' cash costs ($m)	**1,124.6**	1,261.0	2,519.6
Copper production volumes (tonnes)	**371,730**	387,300	769,970
Cash costs excluding tolling charges and by-product revenue ($/tonne)	**3,025**	3,256	3,272
Cash costs excluding tolling charges and by-product revenue ($/lb)	**1.37**	1.48	1.48

	At 30.06.2020	At 30.06.2019	At 31.12.2019
Reconciliation of cash costs before deducting by-products:			
Tolling charges - copper - Los Pelambres ($m)	**62.3**	75.0	147.5
Tolling charges - copper - Centinela ($m)	**31.3**	53.6	104.6
Tolling charges - copper – total ($m)	**93.6**	128.6	252.1
Copper production volumes (tonnes)	**371,730**	387,300	769,970
Tolling charges ($/tonne)	**251.8**	332.0	327.4
Tolling charges ($/lb)	**0.14**	0.18	0.17
Cash costs excluding tolling charges and by-product revenue ($/lb)	**1.37**	1.48	1.48
Tolling charges ($/lb)	**0.13**	0.18	0.17
Cash costs before deducting by-products (S/lb)	**1.50**	1.66	1.65

d) Cash costs (continued)

	At 30.06.2020	At 30.06.2019	At 31.12.2019
Reconciliation of cash costs (net of by-products):			
Gold revenue - Los Pelambres ($m)	**46.8**	32.8	75.2
Gold revenue - Centinela ($m)	**134.8**	163.1	332.5
Molybdenum revenue - Los Pelambres ($m)	**74.7**	150.2	248.9
Molybdenum revenue - Centinela ($m)	**1.3**	4.9	5.7
Silver revenue - Los Pelambres ($m)	**15.3**	13.6	30.7
Silver revenue - Centinela ($m)	**9.8**	12.1	27.6
Total by-product revenue ($m)	**282.7**	376.7	720.6
Copper production volumes (tonnes)	**371,730**	387,300	769,970
By-product revenue ($/tonne)	**760.5**	972.7	935.9
By-product revenue ($/lb)	**0.38**	0.47	0.43
Cash costs before deducting by-products (S/lb)	**1.50**	1.66	1.65
By-product revenue ($/lb)	**(0.38)**	(0.47)	(0.43)
Cash costs (net of by-products) ($/lb)	**1.12**	1.19	1.22

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

e) Attributable cash, cash equivalents & liquid investments, borrowings and net debt

Attributable cash, cash equivalents & liquid investments, borrowings and net debt reflects the proportion of those balances which are attributable to the equity holders of the Company, after deducting the proportion attributable to the non-controlling interests in the Group's subsidiaries.

This is considered to be a useful and relevant measure as a significant proportion of the Group's cash tends to be held at the corporate level and therefore 100% attributable to the equity holders of the Company, whereas the majority of the Group's borrowings tend to be at the level of the individual operations, and hence only a proportion is attributable to the equity holders of the Company.

	June 2020			June 2019		
	Total amount	Attributable share	**Attributable amount**	Total amount	Attributable share	Attributable amount
	$m		**$m**	$m		$m
Cash, cash equivalents and liquid investments:						
Los Pelambres	**677.2**	60%	**406.3**	578.9	60%	347.3
Centinela	**572.7**	70%	**400.9**	400.7	70%	280.5
Antucoya	**108.3**	70%	**75.8**	145.7	70%	102.0
Corporate	**985.8**	100%	**985.8**	1,033.0	100%	1,033.0
Railway and other transport services	**23.6**	100%	**23.6**	30.9	100%	30.9
Total	**2,367.6**		**1,892.4**	2,189.2		1,793.7
Borrowings:						
Los Pelambres (Note 16)	**(761.6)**	60%	**(456.9)**	(423.1)	60%	(253.9)
Centinela (Note 16)	**(784.6)**	70%	**(549.3)**	(867.1)	70%	(607.0)
Antucoya (Note 16)	**(579.9)**	70%	**(405.9)**	(815.6)	70%	(570.9)
Corporate (Note 16)	**(519.0)**	100%	**(519.0)**	(525.2)	100%	(525.2)
Railway and other transport services (Note 16)	**(42.0)**	100%	**(42.0)**	(75.6)	100%	(75.6)
Total (Note 16)	**(2,687.1)**		**(1,973.1)**	(2,706.6)		(2,032.6)
Net debt	**(319.5)**		**(80.7)**	**(517.4)**		**(238.9)**

Production and sales statistics (not subject to audit or review)

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

	Production			Sales		
	Six months ended 30.06.2020	Six months ended 30.06.2019	Year ended 31.12.2019	**Six months ended 30.06.2020**	Six months ended 30.06.2019	Year ended 31.12.2019
Copper	**000 tonnes**	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Los Pelambres	**183.2**	180.4	363.4	**186.8**	170.9	356.1
Centinela	**121.63**	141.9	276.6	**119.5**	147.2	287.8
Antucoya	**40.4**	37.5	71.9	**40.5**	36.4	71.6
Zaldívar	**26.5**	27.5	58.1	**27.4**	26.9	56.7
Group total	**371.7**	387.3	770.0	**374.2**	381.4	772.2
Gold	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**29.1**	29.8	59.7	**27.7**	24.9	52.6
Centinela	**82.0**	119.3	222.6	**80.7**	123.4	236.2
Group total	**111.1**	149.1	282.3	**108.4**	148.3	288.8
Molybdenum	**000 tonnes**	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Los Pelambres	**5.2**	6.2	11.2	**4.6**	6.4	11.8
Centinela	**0.3**	0.2	0.4	**0.1**	0.2	0.3
Group total	**5.5**	6.4	11.6	**4.7**	6.6	12.1
Silver	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**997.4**	1,077.8	2,141.7	**962.8**	908.9	1,889.1
Centinela	**655.5**	838.4	1,677.0	**624.4**	822.4	1,729.2
Group total	**1,652.9**	1,916.2	3,818.7	**1,587.2**	1,731.3	3,618.3

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 30.06.2020	Six months ended 30.06.2019	Year ended 31.12.2019	**Six months ended 30.06.2020**	Six months ended 30.06.2019	Year ended 31.12.2019
	$/lb	$/lb	$/lb	**$/lb**	$/lb	$/lb
Copper						
Los Pelambres	**0.80**	0.89	0.91	**2.46**	2.80	2.75
Centinela	**1.26**	1.18	1.26	**2.45**	2.82	2.75
Antucoya	**1.73**	2.26	2.17	**2.49**	2.80	2.74
Zaldivar (attributable basis – 50%)	**1.72**	1.79	1.75	**-**	-	-
Group weighted average (net of by-products)	**1.12**	1.19	1.22	**2.46**	2.81	2.75
Group weighted average (before deducting by-products)	**1.51**	1.66	1.65			
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.37**	1.48	1.48			
Cash costs at Los Pelambres comprise:						
On-site and shipping costs	**1.01**	1.20	1.17			
Tolling charges for concentrates	**0.19**	0.25	0.23			
Cash costs before deducting by-product credits	**1.20**	1.44	1.40			
By-product credits (principally molybdenum)	**(0.41)**	(0.56)	(0.48)			
Cash costs (net of by-product credits)	**0.80**	0.89	0.91			
Cash costs at Centinela comprise:						
On-site and shipping costs	**1.70**	1.57	1.66			
Tolling charges for concentrates	**0.14**	0.17	0.17			
Cash costs before deducting by-product credits	**1.84**	1.74	1.83			
By-product credits (principally gold)	**(0.57)**	(0.57)	(0.58)			
Cash costs (net of by-product credits)	**1.26**	1.18	1.26			
LME average copper price				**2.49**	2.80	2.72
Gold				$/oz	$/oz	$/oz
Los Pelambres				**1,693**	1,322	1,434
Centinela				**1,675**	1,327	1,412
Group weighted average				**1,680**	1,326	1,416
Market average price				**1,647**	1,309	1,394
Molybdenum				$/lb	$/lb	$/lb
Los Pelambres				**8.7**	12.0	10.8
Centinela				**8.4**	12.2	11.1
Group weighted average				**8.6**	12.1	10.8
Market average price				**9.0**	12.0	11.4
Silver				$/oz	$/oz	$/oz
Los Pelambres				**16.2**	15.2	16.5
Centinela				**16.2**	15.2	16.4
Group weighted average				**16.2**	15.2	16.4
Market average price				**16.6**	15.2	16.2

Notes to the production and sales statistics

(i) For the Group’s subsidiaries the production and sales figures reflect the total amounts produced and sold by the mine, not the Group’s share of each mine. The Group owns 60% of Los Pelambres, 70% of Centinela and 70% of Antucoya. For the Zaldívar joint venture the production and sales figures reflect the Group’s proportional 50% share.

(ii) Los Pelambres produces copper and molybdenum concentrates, Centinela produces copper concentrate, copper cathodes and molybdenum concentrate and Antucoya and Zaldívar produce copper cathodes. The figures for Los Pelambres and Centinela are expressed in terms of payable metal contained in concentrate and in cathodes. Los Pelambres and Centinela are also credited for the gold and silver contained in the copper concentrate sold. Antucoya and Zaldívar 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. Cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses and corporate 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 and the cash cost information is derived from the Group’s production report for the second quarter of 2020, published on 22 July 2020.