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COMPANY REGISTRATION NUMBER: FC032747

ANTOFAGASTA INVESTMENT COMPANY LIMITED

Annual Report and Financial Statements

31 December 2015



ANTOFAGASTA INVESTMENT COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

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ANTOFAGASTA INVESTMENT COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

A Atucha
A Lindsay

Company Secretary

Mourant Ozannes Secretaries (Jersey) Limited

Registered Office

22 Grenville Street
St Helier
Jersey
JE4 8PX

Solicitors

Mourant Ozannes

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT

The Directors present their Annual Report and financial statements for the year ended 31 December 2015

Business Review

The Company is part of the Antofagasta plc group ("the Group") The principal activity of the Company is the holding of investments in Group subsidiaries, which is not expected to change in the foreseeable future The Company does not have any branches

Results and Dividends

During the financial year under review, the Company generated an operating loss of US\$125.2 million (2014 – loss of US\$97.4 million) The Company's loss for the financial year after tax was US\$117.9 million (2014 – US\$128.9 million)

No dividends were declared by the Company during the current or prior year

Going Concern

The Company's business activities, performance and position are set out in this report The financial position of the Company is set out in the financial statements and related notes

In assessing the Company's going concern status the Directors have taken into account the above factors, including the financial position of the Company, in particular its positive net asset position, and the absence of any external debt

After making appropriate enquiries, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements

Principal risks and uncertainties

As explained above, the principal activity of the Company is the holding of investments in Group subsidiaries The Group's business activities together with those factors likely to affect its future performance are set out in the Group's Annual Report Details of the key risks facing the Group and financial risk management, including details on the management of liquidity and credit risk, are included in the report

Employees

The Company had no employees during the current or prior year

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT *(continued)*

Directors

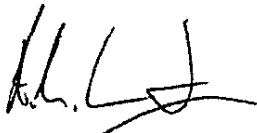
The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A Atucha
A Lindsay

No Director had an interest in the shares of the Company or in any contract to which the Company was a party during the year

In accordance with the Company's Articles of Association and to the extent permitted by the laws of England and Wales, Directors are granted an indemnity from the Company in respect of liabilities personally incurred as a result of their office. In respect of those matters for which the Directors may or may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year. A new policy has been entered into for the current financial year.

Approved by the Board and signed on its behalf by



A Lindsay
Director
30 November 2016

Registered office.

22 Grenville Street
St Helier
Jersey
JE4 8PX

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 US\$'000	2014 US\$'000
Administrative expenses		(11,246)	(21,070)
Provision against carrying value of investment in subsidiary		(113,940)	(76,314)
Operating loss		(125,186)	(97,384)
Net finance income / (expense)		7,238	(31,476)
Loss on ordinary activities before taxation		(117,948)	(128,860)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year		(117,948)	(128,860)

There were no operations other than continuing operations during the year.

There was no other comprehensive income either in the current or prior year

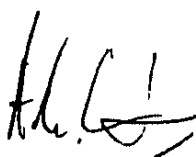
ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 US\$'000	2014 US\$'000
Non-current assets			
Investment in subsidiary undertakings	6	217,042	205,178
Available for sale investments	7	2,103	11,830
Property, plant and equipment	8	2,909	3,014
		<u>222,054</u>	<u>220,022</u>
Current assets			
Trade and other receivables		62	62
Liquid investments		194	3,199
Cash at bank and in hand		359	2,175
		<u>615</u>	<u>5,436</u>
Total assets		<u>222,669</u>	<u>225,458</u>
Current liabilities			
Creditors: amounts falling due within one year			
Trade and other payables		(93)	(1,782)
Amounts owed to fellow group undertakings		(747,675)	(629,683)
		<u>(747,768)</u>	<u>(631,465)</u>
Total liabilities		<u>(747,768)</u>	<u>(631,465)</u>
Net liabilities		<u>(525,099)</u>	<u>(406,007)</u>
Capital and Reserve			
Called up share capital	9	-	-
Profit and loss account	10	(515,933)	(397,985)
Available for sale revaluation reserve		(9,166)	(8,022)
Total Shareholders' Funds		<u>(525,099)</u>	<u>(406,007)</u>

The financial statements of Antofagasta Investment Company Limited (registered number FC032747) on pages 5 to 13 were approved by the Board of Directors and authorised for issue on 30 November 2016. They were signed on its behalf by:



A Lindsay
Director

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 US\$'000	2014 US\$'000
Loss for the financial year	(117,948)	(128,860)
<i>Items that may subsequently be reclassified to profit or loss</i>		
Losses in fair value of available-for-sale investments	(1,092)	(6,024)
(Gains)/losses in fair value of available-for-sale investments transferred to the income statement	(52)	26,866
Total other comprehensive income	(1,144)	20,842
Total comprehensive income	(119,092)	(108,018)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up Share Capital US\$'000	Profit and loss account US\$'000	Available for sale revaluation reserve US\$'000	Total Shareholders Funds US\$'000
Balance at 1 January 2014	-	(269,125)	(28,864)	(297,989)
Loss for the financial year	-	(128,860)	-	(128,860)
Other comprehensive income for the year	-	-	20,842	20,842
Total comprehensive income for the year	-	(128,860)	20,842	(108,018)
Balance at 31 December 2014 and 1 January 2015	-	(397,985)	(8,022)	(406,007)
Loss for the financial year	-	(117,948)	-	(117,948)
Other comprehensive income for the year	-	-	(1,144)	(1,144)
Total comprehensive income for the year	-	(117,948)	(1,144)	(119,092)
Balance at 31 December 2015	-	(515,933)	(9,166)	(525,099)

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Antofagasta Investment Company Limited is a Company incorporated in Jersey under the Companies (Jersey) Law 1991. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the business review on page 2.

1.1 Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101 (Financial Reporting Standard) "Reduced Disclosure Framework" as issued by the Financial Reporting Council, which applies the recognition and measurement bases of IFRS with reduced disclosure requirements.

These financial statements have been prepared under the historical cost basis convention, historically cost is generally based on the fair value of the consideration given in exchange for the assets.

The financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of Antofagasta plc which are publicly available. The financial information has also been prepared on a going concern basis as explained in the Directors' Report.

These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Company operates.

As permitted by FRS 101, and because the Company is a wholly-owned subsidiary of Antofagasta plc, it has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required equivalent disclosures are given in the group financial statements of Antofagasta plc.

1.2 Adoption of new accounting standards

The following accounting standards, amendments and interpretations became effective in the current reporting period:

- Annual improvements 2011 – 2013 Cycle - improvements to four IFRSs
- IFRS IC 21, Levies

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

2. Accounting Policies

A summary of the principal accounting policies which have been applied consistently is set out below.

Currency translation

The Company's functional currency and presentation currency is the US dollar. Transactions in currencies other than the functional currency of the entity are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated at year end exchange rates. Gains and losses on retranslation are included in net profit or loss for the period within other finance items.

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Accounting Policies *(continued)*

(i) Revenue recognition

Dividend income from available-for-sale investments and associates is recognised when the shareholders' right to receive payment has been established

(ii) Taxation

Tax expense comprises the charges or credits for the period relating to both current and any deferred tax

Current tax is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable and deductible in different years and also excludes items that are not taxable or deductible. The liability for current tax is calculated using tax rates which have been enacted or substantively enacted at the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on temporary differences (i.e. differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit). Deferred tax is accounted for using the balance sheet liability method and is provided on all temporary differences with certain limited exceptions as follows

- tax payable on undistributed earnings of subsidiaries, associates and joint ventures is provided except where the Company is able to control the remittance of profits and it is probable that there will be no remittance of past profits earned in the foreseeable future,
- deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination, nor is deferred tax provided on subsequent changes in the carrying value of such assets and liabilities, for example where they are depreciated, and
- the initial recognition of any goodwill

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered through sufficient future taxable profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts which are repayable on demand. Cash and cash equivalents normally have a maturity period of 90 days or less.

(iv) Other financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument

- Equity instruments* - Equity instruments issued are recorded at the proceeds received, net of direct issue costs. Equity instruments of the Company comprise its sterling-denominated issued ordinary share capital and related share premium. The presentational currency of the Company and the functional currency of the Company is US dollars, and ordinary share capital and share premium are translated into US dollars at historical rates of exchange based on dates of issue
- Trade and other payables* - Trade and other payables are generally not interest bearing and are normally stated at their nominal value

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies (continued)

- c *Trade and other receivables* – Trade and other receivables do not generally carry any interest and are normally stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts
- d *Investments* - Investments in subsidiaries represent equity holdings in subsidiaries. Such investments are accounted for at cost less, where appropriate, provisions for impairment

3. Profit On Ordinary Activities Before Taxation

During the financial year under review, the Company generated an operating loss of US\$125.2 million (2014 – loss of US\$97.4 million). The Company's loss for the financial year after tax was US\$117.9 million (2014 – US\$128.9 million)

No dividends were declared by the Company during the current or prior year

None of the Directors received any remuneration for their services to the Company (2014 – US\$ nil)

There were no employees in 2015 (2014 - none)

4. Tax on profit on Ordinary Activities

(a) Analysis of charge in the year

	2015 US \$'000	2014 US \$'000
Current tax charge	-	-
Deferred tax charge / (credit)	-	-
Tax on profit on ordinary activities	-	-

(b) Factors affecting current tax charge

In 2015 the standard rate of corporation tax was 21% up to 31 March 2015 and 20% from 1 April 2015. Accordingly, the effective statutory rate of corporation tax for 2015 was 20.25% (2014 – 23% up to 31 March 2014 and 21% from 1 April 2014, resulting in an effective statutory rate for 2014 of 21.5%)

The tax assessed on the profit on ordinary activities for the year differs from this standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%), due to the following factors

	2015 US \$'000	2014 US \$'000
Profit on ordinary activities before taxation	(117,948)	(128,860)
Profit on ordinary activities at standard tax rate	23,884	27,705
Unrecognised tax loss for the year	(23,884)	(27,705)
Tax on ordinary activities	-	-

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Investment in subsidiaries

	US\$'000
Balance at 1 January 2014	258,884
Additions	22,608
Provision against carrying value	(76,314)
Balance at 31 December 2014 and 1 January 2015	205,178
Additions	125,804
Provision against carrying value	(113,940)
Balance at 31 December 2015	217,042

The Directors are of the opinion that the value of investments in subsidiary undertakings is not less than the aggregate amount at which they are shown above.

The subsidiary undertakings are set out below

	Nature of Business	Effective equity shareholding	Country of incorporation	Country of operation
<u>Direct subsidiaries</u>				
Northern Minerals Investment (Jersey) Limited	Investment	100%	Jersey	Jersey
Duluth Metals Limited	Investment	100%	Canada	Canada
Antofagasta Services Limited	Group Services	100%	UK	UK
Antofagasta Energy Jersey PCC	Investment	100%	Jersey	Jersey
Antofagasta Minerals Australia PTY Limited	Mining	100%	Australia	Australia
Minera Anaconda Peru S A	Mining	99.9%	Peru	Peru
Equatorial Resources SpA	Investment	99.8%	Chile	Chile
<u>Indirect subsidiaries</u>				
Northern Metals (UK) Limited	Investment	100%	UK	UK
Northern Minerals Holding Co	Investment	100%	USA	USA
Twin Metals (UK) Limited	Investment	100%	UK	UK
Twin Metals (USA) Inc	Investment	100%	USA	USA
Duluth Metals Holdings (USA) Inc	Investment	100%	USA	USA
Duluth Exploration (USA) Inc	Investment	100%	USA	USA
DMC LLC	Investment	100%	USA	USA
DMC (USA) LLC	Investment	100%	USA	USA
DMC (USA) Corporation	Investment	100%	USA	USA
Twin Metals Minnesota LLC	Mining	100%	USA	USA
Antofagasta Minerals Adelaide PTY Limited	Mining	100%	Australia	Australia
Antofagasta Minerals Perth PTY Limited	Mining	100%	Australia	Australia

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. Available for sale investments

	US\$'000
Balance at 1 January 2014	14,609
Additions	3,245
Fair value movements	(6,024)
Balance at 31 December 2014 and 1 January 2015	11,830
Additions	105
Disposals	(8,740)
Fair value movements	(1,092)
Balance at 31 December 2015	2,103

8. Property, Plant & Equipment

	Plant & Equipment US\$'000
Cost	
Balance at 1 January 2014	3,109
Additions	-
Balance at 31 December 2014 and 1 January 2015	3,109
Additions	-
Balance at 31 December 2015	3,109
Depreciation	
Balance at 1 January 2014	-
Charge for the year	95
Balance at 31 December 2014 and 1 January 2015	95
Charge for the year	105
Balance at 31 December 2015	200
Net book value at 31 December 2015	2,909
Net book value at 31 December 2014	3,014

ANTOFAGASTA INVESTMENT COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Called up share capital

The Company has one class of ordinary shares which carry no right to fixed income. Each ordinary share carries one vote at any general meeting.

The Company's authorised share capital comprises an unlimited number of shares with no par value of one class designated as ordinary shares.

The Company's issued share capital comprises two shares at an issue price of \$1 each.

10. Profit And Loss Account

	US\$'000
Balance at 1 January 2014	(269,125)
Loss for the financial year	(128,860)
Other comprehensive income	-
Balance at 31 December 2014 and 1 January 2015	(397,985)
Loss for the financial year	(117,948)
Other comprehensive income	-
Balance at 31 December 2015	<u>(515,933)</u>

11. Exchange Rates

The principal exchange rates expressed in pounds sterling used in the preparation of the 2015 financial statements are as follows:

Year-end rates	Average rates
2015: US\$1.4828 = £1	2015: US\$1.5279 = £1
2014: US\$1.5562 = £1	2014: US\$1.6469 = £1

12. Ultimate Parent Company

The ultimate parent company is Metalinvest Establishment, a company incorporated in Liechtenstein and controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested. This Company does not produce group financial statements. The immediate parent company is El Tesoro SPV Bermuda Limited, a company incorporated in Bermuda, which in turn is owned by Antofagasta plc, a company registered in England and Wales and listed on the London Stock Exchange.

Antofagasta plc is the only parent undertaking to prepare group financial statements. Copies of these group financial statements are available from Antofagasta plc, Cleveland House, 33 King Street, St James's, London SW1Y 6RJ.