NEWS RELEASE, 13 MARCH 2018

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 2017

Strong earnings growth and improved margins

Antofagasta plc CEO Iván Arriagada said: *"We have continued to invest through the cycle while maintaining our focus on cost discipline and operating performance. As a result, as copper prices rose in 2017 Antofagasta had another successful year completing the development of Encuentro Oxides, meeting our safety target of zero fatalities and achieving both our production and cost guidance.*

"EBITDA increased by 59% to $2.6 billion with operating cash flow rising to $2.5 billion. Testament to the improved copper market and our continuing cost management programme, our EBITDA margin rose to 54% – the highest level since 2012 when the copper price was 30% higher. As a result of this performance the Board has recommended a final dividend of 40.6 cents per share which, combined with the interim dividend, brings the total dividend for the year to 50.9 cents per share, an increase of 177% on 2016, and represents a cash payout of 67% of earnings.

"Our priorities for 2018 are continued capital discipline and the next phase of our growth - notably the review and expected approval of the Los Pelambres Incremental Expansion project and progressing expansion plans at Centinela."

HIGHLIGHTS

Financial performance

- **EBITDA(1) for the full year was $2,586.6 million**, 59.1% higher than the previous year as revenue increased by 31.1% on higher realised metal prices
- **EBITDA margin(2) strengthened to 54.5%**, the Group's highest margin since 2012
- **Operating cash flow of $2,495.0 million,** up 71.2% compared to the same period last year on the back of stronger margins and higher sales
- **Free cash flow(3) for the year of $1,199 million**
- **Capital expenditure increased to $899.0 million as planned,** $103.9 million higher than in 2016. The increase partly reflected increased capitalised stripping costs at Centinela and Antucoya, and higher sustaining capital expenditure
- **Attributable net debt fell by $458 million to $42 million,** reflecting strong operating cash flow and capital discipline
- **Earnings per share from continuing operations and before exceptional items of 76.1 cents per share,** a 119% increase on 2016
- **Final dividend of 40.6 cents per share declared,** bringing the total dividend for the year to 50.9 cents per share, a 177% increase compared to 2016 and, at 67%, is above the Company's minimum payout policy of 35% of underlying net earnings per share.

Operating performance

- **The Group achieved its goal of zero fatalities during 2017.**
- **Group copper production for the full year was 704,300 tonnes,** in line with guidance and 0.7% lower than in 2016. This was due to the impact of the expected lower grades at Los Pelambres and Centinela, which was offset by Encuentro Oxides coming into production in October and following the completion of the ramp-up at Antucoya in 2016

- **Group cash costs before by-product credits[1] for the full year were $1.60/lb,** 6c/lb higher than last year due to the expected decline in grades at Los Pelambres and Centinela, higher input prices and a stronger local currency
- **Group net cash costs[1] for 2017 were $1.25/lb,** 4.2% higher than in 2016, but below guidance reflecting higher than expected by-product revenues.

Outlook for 2018

- **Group production in 2018 is expected to be 705-740,000 tonnes of copper**, 190-210,000 ounces of gold and 11,500-12,500 tonnes of molybdenum (as previously announced). Copper production is expected to grow quarter-by-quarter through the year as grades improve, with approximately 45% of the year's production expected in the first half of the year
- **Group cash costs in 2018 before and after by-product credits** are expected to be $1.65/lb and $1.35/lb respectively (as previously announced) and decrease during the year as quarterly production increases
- **Cost savings of $100 million targeted** under the Cost and Competitiveness Programme which have been included in the unit cost guidance figures
- **Capital expenditure** for 2018 is estimated at $1.0 billion (as previously announced).

Other

- **Labour negotiations at Los Pelambres, Centinela and Zaldívar successfully completed.** The last of the Group's negotiations for the year, at Los Pelambres, is currently in mediation the union members having rejected the last offer from the company on 9th March. Mediation is expected to last one to two weeks from this date
- **Encuentro Oxides project completed some 5% under budget**
- **Los Pelambres Incremental Expansion Phase 1 EIA approved and capital estimate updated.** The project's capital estimate has been updated with current pricing projections, advanced detailed engineering and a project execution plan to a revised estimate of $1.3 billion. This figure includes the concentrator plant expansion and pre-stripping at $780 million and the desalination plant and water pipeline at $520 million. The desalination plant will serve as a back-up water supply for the existing operation in conditions of severe drought and for both phases of the expansion. The project is expected to be submitted for approval to the Board during the second half of 2018 once ancillary permits to the approved EIA are in place and the 2021 start-up of the project remains unchanged.

YEAR ENDING 31 DECEMBER		2017	2016	%
Group revenue	$m	4,749.4	3,621.7	31.1%
EBITDA[1]	$m	2,586.6	1,626.1	59.1%
EBITDA margin[1, 2]	%	54.5	44.9	21.4%
Underlying Earnings per share (continuing operations, before exceptional items)	cents	76.1	34.7	119.3%
Earnings per share (continuing and discontinued operations, after exceptional items)	cents	76.2	16.0	376.3%
Dividend per share	cents	50.9	18.4	176.6%
Cash flow from operations (continuing & discontinued)	$m	2,495.0	1,457.3	71.2%
Capital expenditure[4]	$m	(899.0)	(795.1)	13.1%
Attributable net debt at period end[1]	$m	(41.6)	(499.5)	(91.7%)
Average realised copper price	$/lb	3.00	2.33	28.8%
Copper sales	kt	709.0	698.5[5]	1.5%
Gold sales	koz	218.2	271.4	(19.6%)
Molybdenum sales	kt	9.6	7.2	33.3%
Cash costs before by-product credits[1]	$/lb	1.60	1.54	3.9%
Net cash costs[1]	$/lb	1.25	1.20	4.2%

Note: The financial results are prepared in accordance with IFRS, unless otherwise noted below.

(1) Non IFRS measures. Refer to the alternative performance measures in Note 28 to the preliminary results announcement

(2) Calculated as EBITDA/Group revenue. If Associates and JVs revenue is included EBITDA margin was 50.1% in 2017 and 41.1% in 2016.

(3) Cash flow from operations less net interest, tax paid and total capital expenditure

(4) On a cash basis

(5) Includes pre-commercial production sales at Antucoya of 11,800 tonnes.

The 2017 Preliminary Results Presentation is available for download from the website www.antofagasta.co.uk.

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DIRECTORS' COMMENTS FOR THE YEAR ENDED 2017

2017 FINANCIAL HIGHLIGHTS

Revenue for the Group in 2017 was $4,749.4 million, 31.1% higher than in 2016. The increase of $1,127.7 million mainly reflected an increase in the realised copper price and copper sales volumes, as well as higher molybdenum revenue offset by lower gold revenue. EBITDA reflected this increase in revenue, partly offset by the higher unit cash costs, and increased exploration and evaluation expenditure and mine closure provision costs. EBITDA increased by 59.1% to $2,586.6 million, at an EBITDA margin of 54.5%.

Earnings per share from continuing operations for the year were 76.1 cents, an increase of 41.4 cents compared with 2016. Cash flow from operations strengthened by 71.2% to $2,495.0 million, compared with $1,457.3 million in the previous year.

During the year, copper production decreased by 0.7% to 704,300 tonnes, compared to 2016. This was due to the impact of the expected lower grades at Los Pelambres and Centinela, which was offset by Encuentro Oxides coming into production in October and following the completion of the ramp-up at Antucoya in 2016.

Gold production was 212,400 ounces, 21.6% lower than in 2016, with lower grades at Los Pelambres and a shift to higher copper content ores at Centinela. However, molybdenum production was boosted by 47.9% year on year by higher grades.

The transport division transported 3.5% less tonnage in 2017 than in 2016 following labour disruptions at one of its clients. This was partially offset by higher road transport volumes and productivity improvements achieved during the year.

The focus of the Group has been on producing profitable tonnes by reducing costs, improving productivity and efficiency and applying innovative solutions to the operating challenges the Group faces. One of the outcomes of these efforts is more consistent and reliable delivery, producing 704,300 tonnes of copper at a net cash cost of $1.25/lb in 2017.

The LME copper price at the beginning of 2017 was $2.51/lb and rose to end the year at $3.27/lb, averaging $2.80/lb over the whole year, an increase of 27% compared with 2016. Copper supply came under pressure during the first half of the year as strikes and other issues at some of the world's largest mines led to significant disruptions. However, in the second half of the year demand was supported by unexpected strength in key markets, particularly in China. This resulted in the average realised price of copper being 29.0% higher in 2017 at $3.00/lb. The realised gold price was $1,280.4/oz in 2017 compared with $1,256.1/oz in 2016, while the realised molybdenum price increased by 28.3% to $8.7/lb.

SAFETY

In 2017 Antofagasta achieved its zero fatalities goal and is determined to continue with this success. It has also continued to reduce the severity and frequency of accidents and this demonstrates the value of near-miss reporting, which is one of the pillars of the Corporate Safety Model which is focused on risk prevention and operating control.

Focus on Fatal Risks

In line with international best practice, the Group's safety and health model is based on fatal risk prevention and self-awareness. This applies to the whole workforce, both employees and contractors. In 2017 further progress was made in standardising and simplifying fatal risk prevention and controls. Antofagasta focuses on 15 fatal risks prevented through 72 critical controls. Employees and contractors are encouraged to take responsibility for their own and their colleagues' safety through the continuous verification of the implementation of critical controls, onsite leadership, training, awareness initiatives, public recognition of safe conduct and the use of the best available safety technology.

ENVIRONMENT

Antofagasta seeks to prevent, mitigate and control the impact of its activities on the environment. The Group remains committed to achieving sustainable and efficient use of natural resources throughout the mining cycle, from exploration to site closure and beyond. The Group had no significant operating incidents with environmental impact in 2017.

Environmental Management

Antofagasta's mining operations have a total of 54 RCAs listing some 6,500 environmental commitments. These commitments are now centrally administered through Antofagasta's updated Environmental Management System, which is similar to the safety system and focuses on key risk prevention, specific controls, audits and the reporting of near-miss incidents. In 2017, Los Pelambres submitted the Environmental Impact Assessment (EIA) for its Incremental Expansion project which was approved early in 2018.

COMMUNITIES

Antofagasta contributes to the sustainable development of the regions and communities in which it operates, creating a shared vision for development by engaging in effective, participatory and transparent stakeholder dialogue, as well as recognising disagreements and opportunities.

During 2017, the Group rolled out engagement programmes at Centinela and Antucoya based on the Somos Choapa programme that had been successfully developed for Los Pelambres.

COST CONTROL AND PRODUCTIVITY

The Group achieved mine site savings of $166 million during the year under its Cost and Competitiveness Programme (CCP), 10% more than had been targeted and equivalent to $0.11/lb. The target for 2018 is set at an incremental $100 million and the accumulated mine site saving up to the end of 2017 were $525 million.

Mine site cost savings are being achieved in four areas; services productivity, operating and maintenance management, corporate and organisational effectiveness, and energy efficiency.

FUTURE GROWTH

The Environmental Impact Assessment (EIA) for Phase 1 of the Los Pelambres Incremental Expansion project was approved in February 2018.

The project's capital estimate has been updated with current pricing projections, advanced detailed engineering and a project execution plan to a revised estimate of $1.3 billion. This figure includes the concentrator plant expansion and pre-stripping at $780 million and the desalination plant and water pipeline at $520 million. The desalination plant will serve as a back-up water supply for the existing operation in conditions of severe drought and for both phases of expansion. The project is expected to be submitted for approval to the Board during the second half of 2018 once ancillary permits to the approved EIA are in place and the 2021 start-up of the project remains unchanged.

The project will increase Los Pelambres' production by 55,000 tonnes of copper a year from 2021. Phase 2 will require further permitting and will add another 35,000 tonnes of production and extend the mine life by some 15 years.

The Group is also evaluating two alternatives to expand production at Centinela. One is to build a new second concentrator at an estimated cost of $2.7 billion, and the other is to expand the existing concentrator. Preliminary work has been carried out on the second option, which has lower capital expenditure and lower construction and project execution risks than the Second Concentrator project. More work will be conducted on both options during 2018 with the intention of the Company being able to select its preferred alternative by the end of the year. If the expansion of the existing concentrator is selected a feasibility study will then need to be completed, which would take some 18 months.

DIVIDENDS

The Board has recommended a final dividend for the year of 40.6 cents per share, bringing the total dividend for the year to 50.9 cents per share or $502 million. This is an increase of 177% on last year and represents a total pay-out ratio of 67% of underlying net earnings, significantly in excess of the Company's policy of paying out a minimum of 35% of underlying net earnings.

OUTLOOK

Group copper production in 2018 is expected to be in the range of 705-740,000 tonnes, higher than the 704,300 tonnes produced in 2017 as Encuentro Oxides reaches full capacity during the year. This will be partially offset by lower mined grades. Production is expected to grow quarter-by-quarter through the year as grades improve with approximately 45% of the year's production expected to be produced in the first half of the year.

Group cash costs before by-product credits for 2018 are expected to be $1.65/lb reflecting some upward pressure on input costs and a lower percentage contribution from the lowest cost mine, Los Pelambres. Net cash costs are expected to increase by some 10c/lb to $1.35/lb.

The copper market is expected to tighten in the second half of the year and to be in balance or in a slight deficit for the full year. From 2019 the likelihood of the market being in deficit is expected to increase as mine supply continues to be affected by the long-term trend of grade decline and lack of new investment. Given the lead time between the decision to proceed with the construction of a reasonable-sized mining operation and it coming into production, the few projects that have been approved or are awaiting the final stages of permitting are only expected to come on-stream in the next decade. In addition, there are an unusually large number of labour negotiations taking place in Chile and Peru during 2018. With the backdrop of stronger copper prices, employee expectations may be raised which could result in some supply disruptions in the region.

On the demand side, growth will continue to be driven by Chinese consumption, but the rise in demand from electric vehicles and renewables will be significant if they develop at the rates many analysts are expecting.

REVIEW OF OPERATIONS

LOS PELAMBRES

2017 Performance

Operating Performance

EBITDA at Los Pelambres was $1,428 million in 2017, compared with $921 million in 2016, reflecting increased realised metal prices.

Production

Copper production was 343,800 tonnes in 2017, which was 3.3% lower than in 2016. This decrease was primarily due to lower grades, which dropped from 0.73% to 0.68%. Molybdenum production for the year was 10,500 tonnes, 47.9% higher than in 2016, due to higher grades, recoveries and throughput. Gold production was 4.2% lower in 2017 at 55,400 ounces, compared with 57,800 ounces in 2016.

Costs

Cash costs before by-product credits at $1.44/lb were 5.9% higher than in 2016, as grades decreased, partially compensated by higher throughput. Net cash costs in 2017 were $1.02/lb compared with $1.06/lb in 2016, due to significantly higher credits from molybdenum sales.

Capital expenditure

Total capital expenditure in 2017 was $236 million, which included $89 million on mine development. Capital expenditure is forecast at approximately $365 million in 2018, reflecting the expected start of construction of the Incremental Expansion project and higher sustaining capital expenditure compared to 2017.

Environmental Compliance

In October 2016, the Chilean Environmental Superintendency (the SMA) raised charges against Los Pelambres for delayed or incomplete compliance with some of its Environmental Approval Resolutions (RCA) commitments. The company responded by conducting an in-depth review of its internal processes to understand how these compliance gaps had occurred and to accelerate implementation of the new corporate Environmental Management System. The review found that some smaller and older commitments had been missed by the original control system, interpretations of other commitments had evolved over the years, and audit standards had changed. Towards the end of 2017 the SMA accepted the compliance programme proposed by Los Pelambres and suspended the charges raised in 2016.

Cerro Amarillo

In November 2017, the San Juan Province accepted a plan presented by Los Pelambres to remove the Cerro Amarillo waste rock dump and work commenced in December. The execution of the plan is subject to certain conditions and the approved time for the removal of 5.5 years can be extended by one year in certain circumstances. The company made a provision of $50 million during 2017 for the removal of the waste rock. The removal plan does not represent any acknowledgment of responsibility by Los Pelambres nor prejudice any of its rights, since at the time the company started construction of the waste rock dump it did so in accordance with valid permits issued by the responsible Chilean government agencies.

Outlook

Production

The forecast production for 2018 is 345–355,000 tonnes of payable copper (slightly higher than in 2017), 10–11,000 tonnes of molybdenum and 60–70,000 ounces of gold.

Costs

Cash costs before by-product credits for 2018 are forecast to increase to approximately $1.50/lb and net cash costs to increase to approximately $1.10/lb.

CENTINELA

2017 Performance

Operating Performance

EBITDA at Centinela was $859 million, compared with $562 million in 2016, despite lower production and higher operating costs as the realised copper price increased by 28% and the realised gold price rose by 2.1%.

Production

Copper production for the full year 2017 was 228,300 tonnes, 3.3% lower than in 2016 primarily as a result of lower recoveries and lower grade at Centinela concentrates. This was partly offset by higher grades in the oxides line and the start of production at Encuentro Oxides. Copper in concentrate production for the full year was 163,900 tonnes, 9.1% lower than 2016 mainly reflecting slightly lower grades and the consequential drop in recoveries. Gold production was 157,000 ounces, 26.3% lower than in 2016. This was mainly due to lower grades and recoveries. Copper cathode production for the year was 64,500 tonnes, 15.6% higher than the previous year, as grades increased and Encuentro Oxides came into production in the last quarter of the year.

Costs

Cash costs before by-product credits for the year were $1.81/lb, 3.4%, higher than in 2016, mainly as a result of lower copper production, higher input prices and the payment of a one-off signing bonus following the successful conclusion of labour negotiations with three unions at the operation. The essential terms of each of the labour agreements were standardised and allowing the completion of the operational integration of Esperanza and El Tesoro, which began in 2014 when they were merged as Centinela. This completion of the integration will bring further improvements in operating practices at Centinela and will enable improvements in productivity. Net cash costs for 2017 were $1.36/lb compared with $1.19/lb in 2016. This increase is due to the increase in cash costs before by-product credits and lower gold production.

Capital expenditure

Capital expenditure was $578 million, including $192 million on Encuentro Oxides and the molybdenum plant and $264 million on mine development. Total project expenditure on the Encuentro Oxides project was $605 million, some $30 million under budget.

Total capital expenditure in 2018 is expected to be $515 million, including $280 million on mine development.

Outlook

Production

Production for 2018 is forecast at 230–245,000 tonnes of payable copper, 130–140,000 ounces of gold and 1,500 tonnes of molybdenum following the commissioning of the molybdenum plant early in 2018. While the grade at Centinela Concentrates will be lower than in 2017, Encuentro Oxides will reach full capacity during the year contributing approximately 50,000 tonnes of payable copper.

Costs

Cash costs before by-products for 2018 are forecast at approximately $1.90/lb and net cash costs at approximately $1.50/lb.

ANTUCOYA

2017 Performance

Operating Performance

EBITDA at Antucoya was $207 million compared with $65 million in 2016, reflecting Antucoya's first year of operation at full capacity.

Production

Production was 80,500 tonnes of copper, 21.6% higher than in 2016, following the completion of the ramp-up in late 2016.

Costs

Cash costs for the year were $1.68/lb, 8.2% lower than in 2016 mainly because of higher production.

Capital expenditure

Capital expenditure was $44 million, including $17 million on mine development.

Outlook

Production in 2018 is forecast to be approximately 75-80,000 tonnes and cash costs are expected to increase to $1.75/lb. Total capital expenditure is expected to be approximately $55 million, which includes $22 million of mine development costs.

ZALDÍVAR

2017 Performance

Operational Performance

Attributable EBITDA was $134 million compared with $85 million in 2016. During 2017 the company successfully concluded labour negotiations with the workers union.

Production

Total attributable production in 2017 was 51,700 tonnes of copper cathodes unchanged from 2016 as, although the grade increased, recoveries were lower due to the significantly higher proportion of sulphide ores being processed compared to 2016.

Costs

Cash costs for 2017 were $1.62/lb, 5.2% higher than previous year mainly because of the impact of the one-off signing bonuses following the conclusion of the labour negotiations and higher input prices.

Capital expenditure

Attributable capital expenditure for 2017 was $51 million, which includes approximately $25 million with respect to mine development. These amounts are not included in the Group capital expenditure figures.

Outlook

Attributable copper production in 2018 is forecast to be approximately 55–60,000 tonnes at a cash cost of $1.70/lb. Attributable capital expenditure in 2018 is expected to be approximately $60 million, of which $10 million will be spent on mine development.

GROWTH PROJECTS AND OPPORTUNITIES

Encuentro Oxides

The Encuentro Oxides deposit is in the Centinela Mining District. It is expected to produce an average of approximately 43,000 tonnes of copper cathode per year over an eight-year period, offsetting a natural decline in production due to falling mined grades at Centinela's existing oxide pits.

The project was completed during 2017 and first production was in September with full production expected in 2018.

This deposit is important for the Group's long-term development, as Encuentro Oxides sits on top of the much larger Encuentro Sulphide deposit. The Encuentro Oxides project therefore acts as a funded pre-strip for the sulphide deposit, opening up the latter for development as part of the Centinela expansion project.

During 2017, total expenditure incurred was $153 million bringing total expenditure on the project to $605 million, some $30 million under budget.

Molybdenum Plant

This project will allow Centinela to produce an average of 2,400 tonnes of molybdenum per year. Completion is expected in early 2018, and the addition of another by-product credit will lower Centinela's unit net cash costs.

At the end of December 2017, the project achieved 98% progress (including design, engineering, procurement and construction). During 2017, total expenditure incurred was $40 million.

Los Pelambres Incremental Expansion

This expansion project is being carried out in two phases in order to simplify the permitting application process and spread the cost over a longer period.

Phase 1

This phase is designed to optimise throughput within the limits of the existing operating, environmental and water extraction permits, with only relatively simple updates required and an EIA for the new desalination plant. During this phase, Los Pelambres will operate at an average throughput of 190,000 tonnes of ore per day, with the addition of a new grinding and flotation circuit to mitigate the impact of the harder ore currently being mined, and a 400 litres per second desalination plant and associated pipeline. Desalinated water will be pumped from the coast to the Mauro tailings storage facility, where it will connect with the recycling circuit returning water to the Los Pelambres concentrator plant.

During 2017 the Group progressed the EIA for the project with the authorities and provided various submissions associated with the permitting process. The EIA was approved in February 2018.

The project's capital estimate has been updated with current pricing projections, advanced detailed engineering and a project execution plan to a revised estimate of $1.3 billion. This figure includes the concentrator plant expansion and pre-stripping at $780 million and the desalination plant and water pipeline at $520 million. The desalination plant will serve as a back-up water supply for the existing operation in conditions of severe drought and for both Phase and Phase 2 of the expansion. The project is expected to be submitted for approval to the Board during the second half of 2018 once ancillary permits to the approved EIA are in place and the 2021 start-up of the project remains unchanged.

The project will increase Los Pelambres' production by 55,000 tonnes of copper a year from 2021.

Phase 2

In this phase the Group will seek to increase throughput to 205,000 tonnes of ore per day and to extend the mine's life by 15 years beyond the currently approved 20 years. As part of this development the Group will submit a new EIA to increase the capacity of the mine's Mauro tailings storage facility and mine waste dumps. Work on the environmental baseline study for the new EIA started in 2017 and the results will be reviewed in late 2018.

Capital expenditure for this phase was estimated in the pre-feasibility study at approximately $500 million, the majority being on mining equipment, additional crushing and grinding capacity and flotation cells. The conveyors from the primary crusher to the concentrator plant will also have to be repowered to support the additional throughput. Critical studies on tailings and waste storage capacity are underway and should be completed in 2018. However, the project will only proceed following a decision on Phase 1 and will require the submission of extensive permit applications, including the new EIA. First production from this phase would be in 2022 at the earliest and is expected to increase copper production by 35,000 tonnes per year.

Centinela Expansion

At Centinela the expansion of the existing concentrator and using its infrastructure (power lines, pipelines, port and other facilities) is being considered as an alternative to building a new concentrator.

Centinela Second Concentrator

One alternative under consideration for the expansion of Centinela is the construction of a second concentrator some 7 km from Centinela's current concentrator. It is expected to have an ore throughput capacity of approximately 90,000 tonnes per day, with annual production of approximately 180,000 tonnes of copper equivalent, which includes gold and molybdenum as by-products.

Ore will be sourced initially from the Esperanza Sur deposit and, once mining is completed at Encuentro Oxides, additionally from Encuentro Sulphides.

The EIA for the project was approved in 2016 and the Group has commenced applications for the additional permits required for the project following certain design modifications made during the year. The feasibility study for this $2.7 billion project is due for completion by the end of 2018, when a decision will be made on whether to proceed with this project or the expansion of the existing plant. If approval is given in 2018 first production is expected in 2022.

However, if the expansion of the existing concentrator is approved it is likely that the second concentrator will proceed at a later date.

There is also scope to increase the plant capacity further once the second concentrator is completed, which could bring throughput capacity to approximately 150,000 tonnes per day and increase the plant's production to approximately 250,000 tonnes of copper equivalent.

Alternative Development Option

As an alternative to the construction of a second concentrator, the Group is evaluating expanding the existing concentrator and tailings storage facilities as a lower capital expenditure and lower construction and project execution risk alternative. Technical viability, capital cost and financial returns will be assessed before the completion of the feasibility study for the second concentrator. The expansion of the existing concentrator will not preclude the later construction of the second concentrator.

More work will be conducted on both expansion options during 2018 with the intention of the Company being able to select its preferred alternative by the end of the year. If the alternative of expanding the existing concentrator is selected then a full feasibility study would be required before it is taken to the Board for approval. This work would delay the date for final project approval by approximately 18 months.

Twin Metals Minnesota (Twin Metals)

Twin Metals is a wholly-owned copper, nickel and platinum group metals (PGM) underground mining project in north-eastern Minnesota, US.

During 2017 the Group commenced preparation of the Mine Plan of Operations, a pre-requisite for permitting applications. The Group also undertook further evaluation and optimisation exercises on the pre-feasibility study completed in 2014, with the aim of completing an updated pre-feasibility study by the end of 2018.

In December 2017, the US Department of the Interior reaffirmed Twin Metals' right to renew two federal mineral leases, a right denied in December 2016 by the Bureau of Land Management (BLM) and the US Forest Service (USFS). These mineral leases cover part of the project's mineral resources.

TRANSPORT DIVISION

2017 Performance

During the year, the transport division further optimised its business under the FCAB Management Model based on the three key areas of sustainability, productivity and cost management. Tonnage transported continued in line with the previous year and the railway renewed an acid transport contract with one of its largest customers. Seven new locomotives purchased during the year are scheduled to begin operating in the first half of 2018, and another five locomotives have been ordered, optimising the fleet and increasing asset productivity.

Operational performance

The division's EBITDA was $98 million in 2017, compared to $88 million in 2016, reflecting tight cost management and higher sales from the water business.

Transport tonnage

During 2017 the division transported 6.3 million tonnes, compared to 6.5 million tonnes in 2016, 3.5% lower mainly due to labour disruptions at one of the division's clients, partially offset by higher road transport volumes and productivity improvements achieved during the year.

Costs

Cost management was focused on optimising the division's business processes to ensure the lasting competitiveness of its services through better utilisation of the fleet, organisational changes and cost savings.

Outlook

The division will continue to develop new business opportunities and optimise the use of rolling stock and utilisation of the fleet. Improvements are expected in maintenance, using knowledge gained from the mining division and best practices from the railway industry, and benefitting from the seven new locomotives and higher fleet availability. The implementation of the Competitiveness and Costs Programme will further keep costs under control.

FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2017

Results

	Year ended 31.12.2017	Year ended 31.12.2016		
	Total	Before exceptional items	Exceptional items (Note 3)	Total
	$m	$m	$m	$m
Revenue	**4,749.4**	3,621.7	-	**3,621.7**
EBITDA (including results from associates and joint ventures)	**2,586.6**	1,626.1	-	**1,626.1**
Operating costs excluding depreciation	**(2,318.9)**	(2,100.0)	(241.0)	**(2,341.0)**
Depreciation, loss on disposals and impairments	**(589.4)**	(598.1)	(215.6)	**(813.7)**
Operating profit from subsidiaries	**1,841.1**	923.6	(456.6)	**467.0**
Net share of results from associates and joint ventures	**59.7**	23.4	(134.7)	**(111.3)**
Total profit from operations, associates and joint ventures	**1,900.8**	947.0	(591.3)	**355.7**
Net finance expense	**(70.0)**	(71.1)	-	**(71.1)**
Profit before tax	**1,830.8**	875.9	(591.3)	**284.6**
Income tax expense	**(633.6)**	(313.5)	204.9	**(108.6)**
Profit from continuing operations	**1,197.2**	562.4	(386.4)	**176.0**
Discontinued operations	**0.5**	38.3	-	**38.3**
Profit for the year	**1,197.7**	600.7	(386.4)	**214.3**
Basic earnings per share	**US cents**	**US cents**	**US cents**	**US cents**
From continuing operations	**76.1**	34.7	(22.6)	**12.1**
From discontinued operations	**0.1**	3.9	-	**3.9**
Total continuing and discontinued operations	**76.2**	38.6	(22.6)	**16.0**

At 31 December 2017 the Group had commenced a process to dispose of Centinela Transmission, the electricity transmission line supplying Centinela and other external parties. As a result of this, its net results are shown as a discontinued operation in the income statement. In the 2016 comparatives the net results of the Group's former Michilla operation were shown as a discontinued operation.

A detailed segmental analysis of the components of the income statement is contained in Note 4 to the preliminary results announcement.

The following table reconciles the change in EBITDA between 2016 and 2017:

	$m
EBITDA in 2016	**1,626.1**
Revenue	
Increase in copper volumes sold	122.0
Increase in realised copper price	966.4
Decrease in treatment and refining charges	23.3
Increase in revenue from copper sales	**1,111.7**
Decrease in gold revenue	(61.1)
Decrease in silver revenue	(8.3)
Increase in molybdenum revenue	74.5
Increase in revenue from by-products	**5.1**
Increase in transport division revenue	10.9
Increase in Group revenue	**1,127.7**
Operating costs	
Increase in mine operating costs	(175.0)
Increase in closure provisions	(30.5)
Increase in exploration and evaluation costs	(24.5)
Increase in corporate costs	(15.2)
Decrease in other mining division costs	35.2
Increase in operating costs for mining division	**(210.0)**
Increase in transport division operating costs	(8.9)
Increase in attributable EBITDA relating to associates and in joint ventures	51.7
Total EBITDA in 2017	**2,586.6**

Revenue

Revenue for the Group in 2017 was $4,749.4 million, 31.1% higher than in 2016. The increase of $1,127.7 million mainly reflected an increase in the realised copper price and copper sales volumes, as well as higher molybdenum revenue offset by lower gold and silver revenue.

Revenue from the mining division

Revenue from copper sales

Revenue from copper concentrate and copper cathode sales increased by $1,111.7 million, or 32.3%, to $4,578.3 million, compared with $3,461.5 million in 2016. The increase reflected the impact of higher realised prices and increased sales volumes.

(i) Realised copper price

The higher average realised copper price resulted in a $966.4 million increase in revenue. The average realised price increased by 28.5% to $3.00/lb in 2017 (2016 – $2.33/lb), largely reflecting the 26.7% increase in the LME average market price to $2.80/lb (2016 - $2.21/lb). In addition, there was a significant positive provisional pricing adjustment of $309.5 million, mainly reflecting the increase in the year-end copper price to approximately $3.25/lb at 31 December 2017, compared with around $2.50/lb at 31 December 2015.

In 2017 revenue also includes a loss of $17.1 million (2016 – loss of $2.2 million) relating to commodity derivatives which matured during the year. Further details of hedging activity in the period are given in Note 6(c) to the preliminary results announcement.

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 for 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). Realised copper prices also reflect the impact of realised gains or losses on commodity derivative instruments hedge accounted for in accordance with IAS 39 “Financial Instruments: Recognition and Measurements”.

Further details of provisional pricing adjustments are given in Note 5 to the preliminary results announcement.

(ii) Copper volumes

Copper sales volumes reflected within revenue increased from 634,100 tonnes in 2016 to 657,700 tonnes in 2017 increasing revenue by $122.0 million. This increase was mainly due to Antucoya which achieved commercial production on 1 April 2016, and which therefore recorded a full 12 months’ of sales volumes within revenue in 2017 (80,800 tonnes), compared to only nine months’ 2016 (54,900 tonnes).

(iii) Treatment and refining charges

Treatment and refining (TCs/RCs) charges for copper concentrate decreased by $23.3 million to $277.7 million in 2017 from $301.0 million in 2016, mainly due a decrease in the average TCs/RCs. 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 increased by $5.1 million or 1.0% to $505 million in 2017, compared with $499.9 million in 2016. This overall slight increase reflects higher molybdenum revenue largely offset by lower gold sales.

Revenue from molybdenum sales (net of roasting charges) was $168.5 million (2016 - $94.0 million), an increase of $74.5 million. The increase was due to higher sales volumes of 9,600 tonnes (2016 – 7,200 tonnes) and an increased realised price of $8.7/lb (2016 – $6.8/lb).

Revenue from gold sales (net of treatment and refining charges) was $278.6 million (2016 - $339.7 million), a decrease of $61.1 million which mainly reflected a decrease in volumes, partly offset by a higher realised price. Gold sales volumes decreased by 19.6% from 271,400 ounces in 2016 to 218,200 ounces in 2017, mainly due to lower grades and recoveries at Centinela. The realised gold price was $1,280.4/oz in 2017 compared with $1,256.1/oz in 2016, with the increase reflecting slightly higher market prices.

Revenue from silver sales decreased by $8.3 million to $58.2 million (2016 - $66.2 million). The decrease was due to lower sales volumes of 3.5 million ounces (2016 – 3.7 million ounces) as well as a decrease in the realised silver price to $16.8/oz (2016 - $17.5/oz).

Revenue from the transport division

Revenue from the transport division (FCAB) increased by $10.9 million or 6.8% to $171.1 million, mainly due to increased average rail tariffs and higher road tonnages.

Operating costs (excluding depreciation, loss on disposals and impairments)

Operating costs (excluding depreciation, loss on disposals and impairments) are considered to provide a useful and comparable indication of the current operational performance of the Group's businesses, excluding the depreciation of the historic cost of property, plant & equipment.

The Group´s total operating costs (excluding depreciation, loss on disposals and impairments) amounted to $2,318.9 million (2016 – $2,100.0 million), an increase of $218.9 million mainly due to increased costs at the mining division.

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

Operating costs (excluding depreciation, loss on disposals and impairments) at the mining division increased by $210.0 million to $2,223.1 million in 2017, an increase of 10.4%. Of this increase, $175.0 million is attributable to higher mine-site operating costs. This increase in mine-site costs reflected the higher production volumes in the year, the one-off signing bonus payable following the successful completion of labour negotiations at Centinela, the stronger Chilean peso and higher key input prices, partly offset by cost savings from the Group's Cost and Competitiveness Programme. As a result, weighted average unit cash costs excluding by-product credits (which are reported as part of revenue) and refining charges for concentrates (which are deducted from revenue) increased from $1.33/lb in 2016 to $1.41/lb in 2017.

The Cost and Competitiveness Programme has been designed to achieve permanent savings through the application of a structured process. During the year, $166 million of savings were achieved, bringing total savings since the start of the programme to $525 million. These permanent savings have been achieved through organizational simplification, improved productivity of services and operations, tightened maintenance management and greater energy efficiency.

Exploration and evaluation costs increased by $24.5 million to $68.8 million (2016 – $44.3 million). This reflected a general increase in activity, including with early-stage generative exploration activity in Chile and drilling work at Los Pelambres. Costs relating to the mine closure provisions increased by $30.5 million compared with 2016 and corporate costs increased by $15.2 million. These increases were partly offset by a $35.2 million decrease in other expenses, largely relating to decreased community expenditure at Los Pelambres.

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

Operating costs (excluding depreciation and loss on disposals) at the transport division increased by $8.9 million to $95.8 million, mainly reflecting higher diesel prices due to the stronger Chilean peso and an increase in services provided by third parties.

EBITDA

EBITDA (earnings before interest, tax, depreciation, amortisation) increased by $960.5 million or 59.1% to $2,586.6 million (2016 - $1,626.1 million). EBITDA includes the Group's proportional share of EBITDA from associates and joint ventures.

EBITDA from the Group's mining increased by 61.8% from $1,538.4 million in 2016 to $2,488.5 million in this year. As explained above, this was mainly due to the significant increase in revenue, partly offset by the higher unit cash costs and increased exploration and evaluation expenditure and mine closure provision costs.

EBITDA at the transport division increased by $10.4 million to $98.1 million in 2017, reflecting the increased revenue offset by higher operating costs explained above.

Depreciation, amortisation and disposals

The depreciation and amortisation charge was largely in-line with the prior year at $581.1 million (2016 - $578.4 million). In addition, there were losses on disposals of assets of $8.3 million (2016 – loss of $19.7 million).

Prior year exceptional impairment provisions

In the 2016, the Group recognised exceptional impairment provisions with a total impact of $591.3 million before tax. After a corresponding tax credit of $204.9 million the after tax impact was $386.4 million.

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries increased in 2017 by 294.2% to $1,841.1 million (2016 - $467.0 million). Of the prior year exceptional impairment provisions outlined above $456.6 million were recorded within operating expenses, and therefore excluding the exceptional items from the prior year figures, the year-on-year increase in operating profit was $917.5 million or 99.3%.

Share of results from associates and joint ventures

The Group's share of results from associates and joint ventures was a gain of $59.7 million in 2017, compared with a loss of $111.3 million in 2016. The prior year loss was largely a reflection of the exceptional impairment provisions. Of the total prior year impairment provision outlined above, $134.7 million were recorded within the share of results from associates and joint ventures. Excluding the impact of the exceptional impairment provisions from the prior year results, the year-on-year increase in the share of results from associates and joint ventures was $36.3 million or 55.1%. The improvement compared with the prior year mainly reflected a higher contribution from Zaldívar due to increase in the profit after tax (on a 50% attributable basis) to $58.5 million (2016 – $29.5 million).

Net finance expense

Net finance expense in 2017 was $70.0 million, compared with $71.1 million in 2016.

	Year ended 31.12.17 $m	Year ended 31.12.16 $m
Investment income	23.8	26.9
Interest expense	(91.5)	(86.1)
Other finance items	(2.3)	(11.9)
Net finance expense	**(70.0)**	**(71.1)**

Interest income decreased slightly from $26.9 million in 2016 to $23.8 million in 2017.

Interest expense increased from $86.1 million in 2016 to $91.5 million in 2017. This was mainly due to a full year of interest charges being expensed at Antucoya this year, compared with only nine months in 2016 following the achievement of commercial production on 1 April 2016.This factor was partly offset by the higher capitalisation of interest cost during this year.

The other finance items were an expense of $2.3 million (2016 – expense of $11.9 million). This reflected an expense of $11.6 million for the unwinding of the discounting of provisions (2016 - $10.0 million) and an expense of $7.8 million relating to the time value element of changes in the fair value of derivative options (2016 – gain of $1.0 million), largely offset by a $17.1 million foreign exchange gain (2016 – expense of $2.9 million).

Profit before tax

As a result of the factors set out above, profit before tax increased by 543.3% to $1,830.8 million (2016 - $284.6 million). Excluding exceptional items in 2016, profit before tax increased by $954.8 million or 109.0%

Income tax expense

The tax charge for 2017 was $633.6 million and the effective tax rate was 34.6%. Excluding the impact of exceptional items in the prior year, the 2016 tax charge was $313.5 million and the effective tax rate was 35.8%.

	Year-ended 31.12.2017 ITEMS		Year-ended 31.12.2016 BEFORE EXCEPTIONAL ITEMS		Year-ended 31.12.2016 AFTER EXCEPTIONAL ITEMS	
	$m	%	$m	%	$m	%
Profit before tax	**1,830.8**		875.9		284.6	
Tax at the Chilean corporate rate tax of 25.5% (2016 – 24.0%)	**(466.9)**	**25.5**	(210.2)	24.0	(68.3)	24.0
Provision against carrying value of assets (exceptional items)	**-**	**-**	-	-	63.0	(22.1)
Effect of increase in future first category tax rates on deferred tax balances	**(0.6)**	**-**	(24.6)	2.8	(24.6)	8.6
Adjustment in respect of prior years	**(35.4)**	**1.9**	-	-	-	-
Items not deductible from first category tax	**(26.7)**	**1.5**	(23.7)	2.7	(23.7)	8.3
Deduction of mining royalty as an allowable expense in determination of first category tax	**17.4**	**(1.0)**	8.5	(1.0)	8.5	(2.9)
Credit of tax losses absorbed from dividends of the year	**(4.3)**	**0.2**	-	-	-	-
Carry-back tax losses resulting in credits at historic tax rates	**-**	**-**	(5.4)	0.6	(5.4)	1.8
Mining tax (royalty)	**(78.3)**	**4.3**	(60.1)	6.9	(60.1)	21.1
Withholding taxes	**(64.8)**	**3.5**	-	-	-	-
Withholding taxes – adjustment to previous year	**-**	**-**	(3.8)	0.4	(3.8)	1.3
Tax effect of share of results of associates and joint ventures	**15.2**	**(0.8)**	5.6	(0.6)	5.6	(1.9)
Reversal of previously unrecognised tax losses	**9.9**	**(0.5)**	-	-	-	-
Net other items	**0.9**	**-**	0.2	(0.0)	0.2	(0.0)
Tax expense and effective tax rate for the year	**(633.6)**	**34.6**	(313.5)	35.8	(108.6)	38.2

The effective tax rate varied from the statutory rate principally due to the mining royalty tax (impact of $78.3 million / 4.3%), the withholding tax due on remittances of profits from Chile (impact of $64.8 million / 3.5%), adjustments in respect of prior years, which relate to adjustments made during the year in the deferred tax asset base (impact of $35.4 million / 1.9%) and items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $26.7 million / 1.5%), partly offset by the deduction of the mining royalty tax which is an allowable expense when determining the Chilean corporate tax charge (impact of $17.4 million / 1.0%) and 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 $15.2 million / 0.8%).

Further details are given in Note 8 to the preliminary results announcement.

Profit from discontinued operations

At 31 December 2017, the Group had commenced a process to dispose of Centinela Transmission, the electricity transmission line supplying Centinela and other external parties. As a result of this, its net results (a gain of $0.5 million) are shown as a discontinued operation in the income statement. In the 2016 comparatives the net results of the Group's former Michilla operation (a gain of $38.3 million) were shown as a discontinued operation.

Non-controlling interests

Profit for 2017 attributable to non-controlling interests was $447.0 million (2016 - $56.3 million). Excluding the prior year exceptional items the profit attributable to non-controlling interests in 2016 was $220.9 million.

Earnings per share

	Year ended 31.12.17 $ cents	Year ended 31.12.16 $ cents
Including exceptional items		
Earnings per share from continuing operations	**76.1**	12.1
Earnings per share from discontinued operations	**0.1**	3.9
Earnings per share from continuing and discontinued operations	**76.2**	16.0
Excluding exceptional items		
Earnings per share from continuing operations	**76.1**	34.7
Earnings per share from discontinued operations	**0.1**	3.9
Earnings per share from continuing and discontinued operations	**76.2**	38.6

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 was $750.7 million compared with $158.0 million in 2016, and total earnings per share from continuing and discontinued operations was 76.2 cents per share (2016 – 16.0 cents per share).

Profit from continuing operations and excluding exceptional items attributable to equity shareholders of the Company was $750.2 million compared with a profit of $341.5 million in 2016, and earnings per share from continuing operations excluding exceptional items was 76.1 cents per share (2016 –34.7 cents per share).

Dividends

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

	Year ended 31.12.17 $ cents	Year ended 31.12.16 $ cents
Ordinary		
Interim	**10.3**	3.1
Final	**40.6**	15.3
Total dividends to ordinary shareholders	**50.9**	18.4

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 a final dividend of 2017 of 40.6 cents per ordinary share, which amounts to $400.3 million and will be paid on 25 May 2018 to shareholders on the share register at the close of business on 27 April 2018.

The Board declared an interim dividend for the first half of 2017 of 10.3 cents per ordinary share, which amounted to $101.5 million and was paid on 6 October 2017 to shareholders on the share register at the close of business on 8 September 2017.

This gives total dividends proposed in relation to 2017 (including the interim dividend) of 50.9 cents per share or $501.8 million in total, an increase of 176.6% (2016 – 18.4 cents per ordinary share or $181.4 million in total).

The distributable reserves of Antofagasta plc approximate to the balance of its retained earnings reserve and can be increased, as required, by the receipt of dividends from its subsidiaries.

Capital expenditure

Capital expenditure increased by $103.9 million from $795.1 million in 2016 to $899.0 million. The increase partly reflected increased capitalised stripping costs at Centinela and Antucoya, and higher capital expenditure at the transport division on locomotives and rolling stock.

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 exposure to commodity price movements. At 31 December 2017, the Group had entered into min/max contracts at Centinela and Antucoya for a notional amount of 30,000 tonnes of copper production at each operation, covering a period up to 31 December 2018, with an average minimum price of $2.50/lb and an average maximum price of $3.60/lb.

The Group also periodically uses interest rate swaps to swap floating rate interest for fixed rate interest. At 31 December 2017, the Group had entered into interest rate swaps at Centinela for a maximum notional amount of $35 million at a weighted average fixed rate of 3.372% maturing in August 2018. The Group had also entered into interest rate swaps in relation to a financing loan at the FCAB for a maximum notional amount of $60 million at a weighted average fixed rate of 1.634% maturing in August 2019.

Cash flows

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

	Year ended 31.12.17 $m	Year ended 31.12.16 $m
Cash flows from continuing and discontinued operations	**2,495.0**	**1,457.3**
Income tax paid	(338.4)	(272.6)
Net interest paid	(44.8)	(31.9)
Capital contributions and loans to associates	(45.4)	(10.1)
Acquisition of joint ventures	-	20.0
Disposal of subsidiaries and joint ventures	3.1	10.0
Acquisition of mining properties	(2.3)	(7.0)
Purchases of property, plant and equipment	(899.0)	(795.1)
Dividends paid to equity holders of the Company	(252.3)	(30.6)
Dividends paid to non-controlling interests	(320.0)	(260.0)
Dividends from associates	81.8	10.2
Other items	4.3	0.4
Changes in net debt relating to cash flows	**682.0**	**90.6**
Other non-cash movements	(72.2)	(149.0)
Exchange	5.5	10.2
Movement in net debt in the period	**615.3**	**(48.2)**
Net debt at the beginning of the year	(1,071.7)	(1,023.5)
Net debt at the end of the year	**(456.4)**	**(1,071.7)**

Cash flows from continuing and discontinued operations were $2,495.0 million in 2017 compared with $1,457.3 million in 2016. This reflected EBITDA from subsidiaries for the year of $2,430.5 million1 (2016 – $1,521.7 million) adjusted for the positive impact of a net working capital decrease of $12.5 million (2016 –

working capital increase of $73.3 million) and a non-cash increase in provisions of $52.0 million (2016 – increase of $8.9 million).

The net cash outflow in respect of tax in 2017 was $338.4 million (2016 – $272.6 million). This amount differs from the current tax charge in the consolidated income statement of $509.8 million because the cash tax payments comprise payments on account for the current year of $294.0 million based on the prior year's profit levels, the settlement of outstanding balances in respect of the previous year's tax charge of $113.7 million and withholding tax due on remittances of profits from Chile of $62.1 million, partly offset by the recovery of $131.4 million relating to prior years.

In 2017 the cash inflow from the disposal of subsidiaries and joint ventures of $3.1 million related to the disposal of Energia Andina (2016 - $10.0 million related to the disposal of Minera Michilla).

Contributions and loans to associates and joint ventures of $45.4 million relate to the Group's funding of Alto Maipo ($36.0 million accrued at December 2016 and paid in 2017), Tethyan Copper Company ($9.3 million) and Energia Andina ($0.1 million).

Cash disbursements relating to capital expenditure in 2017 were $899.0 million compared with $795.1 million in 2016. This included expenditure of $578.3 million at Centinela (2016 – $534.7 million), $237.8 million at Los Pelambres (2016 – $215.3 million) and $43.6 million at Antucoya (2016 – $9.4 million).

At 31 December 2017 dividends paid to equity holders of the Company were $252.3 million (2016 - $30.6 million), which related to the payment of $101.5 million as the interim dividend declared in respect of the current year (2016 - $30.6 million) and the final element of the previous year's dividend of $150.8 million.

Dividends paid by subsidiaries to non-controlling shareholders were $320.0 million (2016 – $260.0 million).

Financial position

	At 31.12.17 **$m**	At 31.12.16 $m
Cash, cash equivalents and liquid investments	**2,252.3**	2,048.5
Total borrowings	**(2,708.7)**	(3,120.2)
Net debt at the end of the period	**(456.4)**	(1,071.7)

At 31 December 2017, the Group had combined cash, cash equivalents and liquid investments of $2,252.3 million (31 December 2016 – $2,048.5 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 $2,002.0 million (31 December 2016 – $1,830.2 million).

New borrowings in 2017 were $272.0 million (2016 – $938.8 million), including new short-term borrowings at Los Pelambres of $242.0 million and Antucoya of $30.0 million. Repayments of borrowings and finance leasing obligations in 2017 were $759.0 million, relating mainly to repayments at Los Pelambres of $350.7 million, Centinela $150.0 million, Antucoya $223.1 million, the corporate centre of $3.9 million and the transport division of $31.3 million.

Total Group borrowings at 31 December 2017 were $2,708.7 million (at 31 December 2016 – $3,120.2 million). Of this, $2,043.6 million (at 31 December 2016 – $2,329.7 million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

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	Year ended 31.12.2017	Year ended 31.12.2016		
			Before exceptional items	Exceptional items (Note 3)	Total
		$m	$m	$m	$m
Revenue	2,5	**4,749.4**	3,621.7	-	3,621.7
Total operating costs		**(2,908.3)**	(2,698.1)	(456.6)	(3,154.7)
Operating profit from subsidiaries	2,4	**1,841.1**	923.6	(456.6)	467.0
Net share of profit/(loss) from associates and joint ventures	2,4	**59.7**	23.4	(134.7)	(111.3)
Total profit/(loss) from operations, associates and joint ventures		**1,900.8**	947.0	(591.3)	355.7
Investment income		**23.8**	26.9	-	26.9
Interest expense		**(91.5)**	(86.1)	-	(86.1)
Other finance items		**(2.3)**	(11.9)	-	(11.9)
Net finance expense	7	**(70.0)**	(71.1)	-	(71.1)
Profit before tax		**1,830.8**	875.9	(591.3)	284.6
Income tax expense	8	**(633.6)**	(313.5)	204.9	(108.6)
Profit/(Loss) for the financial year from continuing operations		**1,197.2**	562.4	(386.4)	176.0
Discontinued operations					
Profit for the financial year from discontinued operations	9	**0.5**	38.3	-	38.3
Profit/(Loss) for the year		**1,197.7**	600.7	(386.4)	214.3
Attributable to:					
Non-controlling interests		**447.1**	220.9	(164.6)	56.3
Profit/(Loss) for the financial year attributable to the owners of the parent		**750.6**	379.8	(221.8)	158.0
			US cents	US cents	US cents
Basic earnings per share					
From continuing operations	10	**76.1**	34.7	(22.6)	12.1
From discontinued operations	10	**0.1**	3.9	-	3.9
Total continuing and discontinued operations		**76.2**	38.6	(22.6)	16.0

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31.12.2017 $m	Year ended 31.12.2016 $m
Profit for the financial year		**1,197.7**	214.3
Items that may be or were subsequently reclassified to profit or loss:			
(Losses) in fair value of cash flow hedges deferred in reserves		**(16.8)**	(3.5)
Share of other comprehensive income of equity accounted units, net of tax	14	**-**	4.4
Gains in fair value of available-for-sale investments	15	**1.4**	1.7
Tax effects arising on cash flow hedges deferred in reserves		**(1.0)**	0.6
Losses in fair value of cash flow hedges transferred to the income statement	6 c) i)	**18.0**	5.8
Share of other comprehensive income of equity accounted units transferred to the income statement		**-**	52.6
Tax effects arising on amounts transferred to the income statement		**0.3**	(1.4)
Total items that may be or were subsequently reclassified to profit or loss		**1.9**	60.2
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gains on defined benefit plans		**5.7**	7.8
Tax on items recognised through OCI which will not be reclassified to profit or loss in the future		**(1.0)**	(1.3)
Total Items that will not be subsequently reclassified to profit or loss		**4.7**	6.5
Total other comprehensive income		**6.6**	66.7
Total comprehensive income for the year period		**1,204.3**	281.0
Attributable to:			
Non-controlling interests		**448.8**	24.9
Equity holders of the Company		**755.5**	256.1

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital	Share premium	Other reserves (note 22)	Retained earnings (note 22)	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2017	89.8	199.2	(22.3)	6,548.6	**6,815.3**	1,694.4	**8,509.7**
Profit for the year	-	-	-	750.6	**750.6**	447.1	**1,197.7**
Other comprehensive income for the year	-	-	9.8	(4.9)	**4.9**	1.7	**6.6**
Dividends	-	-	-	(252.4)	**(252.4)**	(320.0)	**(572.4)**
Balance at 31 December 2017	**89.8**	**199.2**	**(12.5)**	**7,041.9**	**7,318.4**	**1,823.2**	**9,141.6**

For the year ended 31 December 2016

	Share capital	Share premium	Other reserves (note 22)	Retained earnings (note 22)	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2016	89.8	199.2	(59.3)	6,416.4	**6,646.1**	1,873.2	**8,519.3**
Profit for the year	-	-	-	158.0	**158.0**	56.3	**214.3**
Other comprehensive income for the year	-	-	37.0	4.8	**41.8**	24.9	**66.7**
Dividends	-	-	-	(30.6)	**(30.6)**	(260.0)	**(290.6)**
Balance at 31 December 2016	**89.8**	**199.2**	**(22.3)**	**6,548.6**	**6,815.3**	**1,694.4**	**8,509.7**

Consolidated Balance Sheet

		At 31.12.2017	At 31.12.2016
Non-current assets	**Notes**	**$m**	$m
Intangible asset	12	**150.1**	150.1
Property, plant and equipment	13	**9,064.3**	8,737.5
Other non-current assets		**3.5**	2.6
Inventories	16	**111.1**	157.3
Investment in associates and joint ventures	14	**1,069.7**	1,086.6
Trade and other receivables		**67.0**	66.7
Derivative financial instruments		**0.2**	0.2
Available-for-sale investments	15	**6.5**	4.6
Deferred tax assets		**69.1**	82.8
		10,541.5	10,288.4
Current assets			
Inventories	16	**483.6**	393.4
Trade and other receivables		**739.2**	735.5
Current tax assets		**155.2**	255.2
Derivative financial instruments	6	**0.1**	2.2
Liquid investments	24	**1,168.7**	1,332.2
Cash and cash equivalents	24	**1,083.6**	716.3
		3,630.4	3,434.8
Assets of disposal group classified as held for sale	9	**37.8**	-
Total assets		**14,209.7**	13,723.2
Current liabilities			
Short-term borrowings and leases	17	**(753.6)**	(836.8)
Derivative financial instruments	6	**(7.1)**	(2.0)
Trade and other payables		**(609.0)**	(595.2)
Current tax liabilities		**(192.4)**	(119.4)
		(1,562.1)	(1,553.4)
Non-current liabilities			
Medium and long-term borrowings and leases	17	**(1,955.1)**	(2,283.4)
Derivative financial instruments	6	**-**	(0.5)
Trade and other payables		**(7.4)**	(7.9)
Liabilities in relation to joint ventures	14	**(2.0)**	(3.1)
Post-employment benefit obligations		**(114.0)**	(92.2)
Decommissioning & restoration provisions		**(433.0)**	(392.1)
Deferred tax liabilities		**(994.1)**	(880.9)
		(3,505.6)	(3,660.1)
Liabilities of disposal group classified as held for sale		**(0.4)**	-
Total liabilities		**(5,068.1)**	(5,213.5)
Net assets		**9,141.6**	8,509.7
Equity			
Share capital	21	**89.8**	89.8
Share premium	21	**199.2**	199.2
Other reserves	22	**(12.5)**	(22.3)
Retained earnings	22	**7,041.9**	6,548.6
Equity attributable to equity holders of the Company		**7,318.4**	6,815.3
Non-controlling interests		**1,823.2**	1,694.4
Total equity		**9,141.6**	8,509.7

The preliminary information was approved by the Board of Directors on 12 March 2018.

Consolidated Cash Flow Statement

	Notes	Year ended 31.12.2017 $m	Year ended 31.12.2016 $m
Cash flows from continuing and discontinued operations	23	**2,495.0**	1,457.3
Interest paid		**(59.1)**	(46.3)
Income tax paid		**(338.4)**	(272.6)
Net cash from continuing and discontinued activities		**2,097.5**	1,138.4
Investing activities			
Capital contributions and loans to associates and joint ventures	14	**(45.4)**	(10.1)
Acquisition of joint ventures	14	**-**	20.0
Dividends from associates	14	**81.8**	10.2
Disposal of subsidiaries and joint ventures		**3.1**	10.0
Acquisition of mining properties		**(2.3)**	(7.0)
Cash reclassified as part of disposal group		**(2.2)**	-
Proceeds from sale of property, plant and equipment		**6.9**	0.5
Purchases of property, plant and equipment		**(899.0)**	(795.1)
Net increase in liquid investments	24	**163.5**	(408.1)
Interest received		**14.3**	14.4
Net cash used in investing activities		**(679.3)**	(1,165.2)
Financing activities			
Dividends paid to equity holders of the Company		**(252.3)**	(30.6)
Dividends paid to preference shareholders of the Company		**(0.1)**	(0.1)
Dividends paid to non-controlling interests		**(320.0)**	(260.0)
Net proceeds from issue of new borrowings	17	**272.0**	938.8
Repayments of borrowings	17	**(725.5)**	(693.1)
Repayments of obligations under finance leases	17	**(33.5)**	(31.3)
Net cash used in financing activities		**(1,059.4)**	(76.3)
Net increase/(decrease) in cash and cash equivalents	24	**358.8**	(103.1)
Cash and cash equivalents at beginning of the year		**716.3**	807.5
Net increase/(decrease) in cash and cash equivalents	24	**358.8**	(103.1)
Effect of foreign exchange rate changes	24	**8.5**	11.9
Cash and cash equivalents at end of the year	24	**1,083.6**	716.3

Notes

1. General information and accounting policies

a) General information

This preliminary results announcement is for the year ended 31 December 2017. While the financial information contained in this preliminary results announcement has been prepared in accordance with International Financial Reporting Standards ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS. For these purposes, IFRS comprise the Standards issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRS IC") that have been endorsed by the European Union. The Group will send its full financial statements that comply with IFRS to shareholders in April 2018.

The financial information contained in this preliminary results announcement 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 within the Financial Review.

This preliminary results announcement 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 2017 have been approved by the Board and will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 23 May 2018. 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).

The information contained in this announcement for the year ended 31 December 2017 also does not constitute statutory accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, with no matters by way of emphasis, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

The information contained in Notes 28 and 29 of this preliminary results announcement is not derived from the statutory accounts for the years ended 31 December 2017 and 2016 and is accordingly not covered by the auditor's reports.

b) Significant events during 2017

The Group completed the disposal of its 40% interest in Alto Maipo in March 2017 for nil consideration. An impairment provision was recognised in respect of the carrying value of the Group's investment in Alto Maipo in the 2016 year-end results, and no gain or loss resulted from the completion of the disposal in the current period.

Antucoya satisfied the terms of the completion test relating to its project financing in December 2017, resulting in the release of the parent guarantees provided by Antofagasta plc and Marubeni Corporation.

c) Adoption of new accounting standards

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

- *Recognition of Deferred Tax Assets for Unrealised Losses* (Amendments to IAS 12)

- *Disclosure Initiative* (Amendments to IAS 7)

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

d) 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 9, Financial instruments	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2018
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1, 2021

Amendments to IFRSs	Effective date (Subject to EU endorsement)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Annual periods beginning on or after January 1, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date
Annual Improvements to three IFRS Standards 2014–2016 Cycle	Annual periods beginning on or after January 1, 2018
IFRS 15 Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2018
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Annual periods beginning on or after January 1, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Annual periods beginning on or after January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	Annual periods beginning on or after January 1, 2019

New Interpretations	Effective date (Subject to EU endorsement)
IFRIC 22, Foreign Currency Transactions and Advance Consideration	Annual periods beginning on or after January 1, 2018
IFRIC 23, Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 1, 2019

The Group is continuing to evaluate the impact of adopting these new standards and interpretations. exclude IFRS 15, IFRS 9, IFRS 16.

Adoption of this standard is mandatory in 2018. The standard has been endorsed by the EU.

IFRS 15 *Revenue from Contracts with Customers*

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a five-step process for applying this principle, which includes guidance in respect of identifying the performance obligations under the contract with the customer, allocating the transaction price between the performance obligations, and recognising revenue as the entity satisfies the performance obligations.

The Group has concluded its evaluation of the impact of IFRS 15, and determined that the only relevant impact for the Group relates to the shipping of material sold to customers. The Group sells a significant proportion of its products on Cost, Insurance & Freight (CIF) Incoterms, which means that the Group is responsible for shipping the product to a destination port specified by the customer. Under IAS 18 Revenue the Group recognised the total contract revenue when the material had been loaded at the port of loading, at which point the legal title and risks and rewards relating to the material passed to the customer, as well as accruing the related shipping costs at that point. Under IFRS 15 the shipping service will represent a separate performance obligation, and should be recognised separately from the sale of the material when the shipping service has been provided, along with the associated costs. The impact of this change in the 2017 comparatives to be included within the 2018 financial statements will be to increase both 2017 revenues and expenses by approximately $5 million (less than 0.2% of revenue and expenses), with no significant impact on net earnings or net assets.

The Group's copper and molybdenum sale contracts generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average London Metal Exchange ("LME") copper price or the monthly average market molybdenum price for specified future periods. As explained in more detail below provisional pricing adjustments to revenue will be dealt with under IFRS 9 rather than IFRS 15, and therefore the IFRS 15 rules on variable consideration do not apply to the provisional pricing mechanism of the Group's sales contracts.

The standard will be applied in 2018 with retrospective restatement of the prior year comparatives.

IFRS 9 *Financial Instruments*

Adoption of this standard is mandatory in 2018. The standard has been endorsed by the EU.

The Group has concluded its evaluation of the impact of IFRS 9 and determined that the principal impact of the standard on the Group relates to its commodity price hedging. Under IAS 39 *Financial instruments - recognition and measurement* the time value element of changes in the fair value of derivative options is excluded from the designated hedging relationship, and is recognised directly in the income statement within other finance items. Under IFRS 9 we expect to recognise the time value element within other comprehensive income rather than the income statement, therefore reducing income statement volatility. During 2017 an expense of $7.8 million was recognised within other finance items in the income statement in respect of the time value element of derivative options.

IFRS 9 introduces an expected credit loss model for impairment of financial assets which replaces the incurred loss model used in IAS 39. This is not expected to have a significant impact on the Group given our credit risk management processes, and the resulting very low level of credit losses.

As explained above, the Group's copper and molybdenum sale contracts generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average London Metal Exchange ("LME") copper price or the monthly average market molybdenum price for specified future periods. Under IAS 39 the final pricing adjustment mechanism represents an embedded derivative which is separated from the host contract (the copper or molybdenum sales contract) and recognised at fair value through profit or loss. Under IFRS 9 the receivable asset is measured at fair value through profit or loss which will result in a similar overall impact on the income statement and balance sheet.

IFRS 16 *Leases*

Adoption of this standard is mandatory in 2019. The standard has been endorsed by the EU.

The Group's work on the implementation of the new standard to date has included an analysis of the main impacts of the standard on the Group, an estimation of the likely overall impact on the Group's results and balance sheet, including the impact on the Group's key financial ratios, and commencing a detailed contract review process. The detailed contract review process and relevant staff training will complete during 2018.

The standard will result in most of the Group's existing operating leases being accounted for similar to finance leases under the current IAS 17 *Leases* standard, resulting in the recognition of additional assets within property, plant and equipment in respect of the right of use of the lease assets, and additional lease liabilities. The operating lease charges currently reflected within operating expenses (and EBITDA) will be eliminated, and instead depreciation and finance charges will be recognised in respect of the lease assets and liabilities. Based on the operating leases in place at 31 December 2017 it is currently estimated that this would result in the recognition of additional lease assets within property, plant & equipment and additional lease liabilities as at 1 January 2018 of approximately $150 million in each case. It is also estimated that this would result in a decrease in annual operating expenses before depreciation (and therefore an increase in EBITDA) of approximately $90 million, an increase in annual depreciation of approximately $80 million, an increase in finance costs of less than $15 million, and a net impact on profit before tax of less than $10 million. The cash flow from operations figure per the cash flow statement will increase, as currently all cash payments relating to operating leases are included within this line, but under IFRS 16 the payments will be classified either as interest payments or repayment of borrowings.

The standard will be applied in 2019, and the current expectation is that it will be applied with retrospective restatement of the prior year comparatives.

2. Total profit from operations, associates and joint ventures

	Year ended 31.12.2017	Year ended 31.12.2016
	$m	$m
Revenue	**4,749.4**	3,621.7
Cost of sales	**(2,356.4)**	(2,102.6)
Gross profit	**2,393.0**	1,519.1
Administrative and distribution expenses	**(414.1)**	(479.1)
Provision against carrying value of assets	**-**	(456.6)
Other operating income	**26.0**	20.2
Other operating expenses	**(163.8)**	(136.6)
Operating profit from subsidiaries	**1,841.1**	467.0
Equity accounting profit	**59.7**	23.4
Provision against carrying value of assets	**-**	(134.7)
Net share of income/(loss) from associates and joint ventures	**59.7**	(111.3)
Total profit from operations, associates and joint ventures	**1,900.8**	355.7

Other operating expenses mainly comprise $39.8 million of costs relating to the decommissioning and restoration provisions (2016 - $9.3 million), $68.8 million of exploration and evaluation expenditure (2016 - $44.3 million) and $55.2 million of other expenses (2016 - $83.0 million).

3. Exceptional items and asset sensitivities

Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash movements. Profit excluding exceptional items is considered to be a useful performance measure as it provides an indication of the underlying earnings of the Group's operations, excluding these one-off items. There are no exceptional items in the year ended 31 December 2017. The exceptional items in the year ended 31 December 2016 are shown in the table below.

	Operating profit		Share of results from associates and joint ventures		Profit before tax		Earnings per share	
	Year ended 31.12.2017	Year ended 31.12.2016	**Year ended 31.12.2017**	Year ended 31.12.2016	**Year ended 31.12.2017**	Year ended 31.12.2016	**Year ended 31.12.2017**	Year ended 31.12.2016
	$m	$m	**$m**	$m	**$m**	$m	**US cents**	**US cents**
Before exceptional items	-	923.6	-	23.4	-	875.9	-	38.6
Provision against the carrying value of assets	-		-		-		-	-
Alto Maipo – Loan	-	(241.0)	-	-	-	(241.0)	-	6.3
Alto Maipo – Investment	-	-	-	(126.6)	-	(126.6)	-	5.8
Antucoya – PP&E	-	(215.6)	-	-	-	(215.6)	-	10.7
Energia Andina – Investment	-	-	-	(8.1)	-	(8.1)	-	(0.2)
Total Provision against the carrying value of assets	-	(456.6)	-	(134.7)	-	(591.3)	-	(22.6)
After exceptional items	-	467.0	-	(111.3)	-	284.6	-	16.0

Asset sensitivities

There were no indicators of potential impairment, or reversal of previous impairments, for the Group's operations at the 2017 year-end, and accordingly no impairment reviews have been performed. However, in order to provide an indication of the sensitivities of the recoverable amount of the assets of the Group's mining operations, a valuation and sensitivity analysis has been performed.

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 ore reserve estimates. 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 3.00 usd/lb has been used in the base valuations. 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.

This valuation exercise demonstrated positive headroom for all of the Group's mining operations, with the 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 and Zaldívar still showed positive headroom in this alternative down-side scenario, however the Antucoya valuation indicated a potential deficit of $40 million and the Centinela valuation indicated a potential deficit of $400 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, as well as potential operational changes, which could partly mitigate these estimated potential sensitivities.

4. Segmental analysis

The Group's reportable segments are as follows:

- Los Pelambres
- Centinela
- Antucoya
- Zaldivar
- Exploration and evaluation
- Corporate and other items
- Transport and other transport services

For management purposes, the Group is organised into two business divisions based on their products – Mining and Transport and Other Transport Services. The mining division is split further for management reporting purposes to show results by mine and exploration activity. Los Pelambres produces primarily copper concentrate and molybdenum as a by-product. Centinela produces copper concentrate containing gold as a by-product and copper cathodes. Antucoya and Zaldivar 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 incurs exploration and evaluation expenses. "Corporate and other items" comprises costs incurred by 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 year ended 31 December 2017

	Los Pelambres	Centinela	Antucoya	Zaldivar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	2,423.9	1,645.8	508.6	-	-	-	**4,578.3**	171.1	**4,749.4**
Operating costs excluding depreciation	(995.8)	(786.4)	(301.3)	-	(68.8)	(70.8)	**(2,223.1)**	(95.8)	**(2,318.9)**
Depreciation and amortisation	(205.2)	(276.6)	(76.1)	-	-	(6.7)	**(564.6)**	(16.5)	**(581.1)**
(Loss)/gains on disposals	(5.6)	(3.7)	-	-	-	0.9	**(8.4)**	0.1	**(8.3)**
Operating profit/(loss)	**1,217.3**	**579.1**	**131.2**	**-**	**(68.8)**	**(76.6)**	**1,782.2**	**58.9**	**1,841.1**
Equity accounting profit/(loss)	-	-	-	58.5	-	(8.2)	**50.3**	9.4	**59.7**
Investment income	4.4	6.2	0.7	-	-	11.9	**23.2**	0.6	**23.8**
Interest expense	(5.8)	(24.9)	(41.0)	-	-	(17.8)	**(89.5)**	(2.0)	**(91.5)**
Other finance items	6.7	(5.9)	(5.8)	-	-	(3.2)	**(8.2)**	5.9	**(2.3)**
Profit/(loss) before tax	**1,222.6**	**554.5**	**85.1**	**58.5**	**(68.8)**	**(93.9)**	**1,758.0**	**72.8**	**1,830.8**
Tax	(360.1)	(196.8)	(1.2)	-	-	(58.6)	**(616.7)**	(16.9)	**(633.6)**
Profit/(loss) for the year from continuing operations	**862.5**	**357.7**	**83.9**	**58.5**	**(68.8)**	**(152.5)**	**1,141.3**	**55.9**	**1,197.2**
Profit for the period from discontinued operations	-	-	-	-	-	0.5	**0.5**	-	**0.5**
Profit/(loss) for the year	**862.5**	**357.7**	**83.9**	**58.5**	**(68.8)**	**(152.0)**	**1,141.8**	**55.9**	**1,197.7**
Non-controlling interests	(342.1)	(93.7)	(11.3)	-	-	-	**(447.1)**	-	**(447.1)**
Profit/(loss) for the year attributable to owners of the parent	**520.4**	**264.0**	**72.6**	**58.5**	**(68.8)**	**(152.0)**	**694.7**	**55.9**	**750.6**
EBITDA[1]	**1,428.1**	**859.4**	**207.3**	**134.2**	**(68.8)**	**(71.7)**	**2,488.5**	**98.1**	**2,586.6**
Additions to non-current assets									
Capital expenditure	263.6	619.2	78.2		-	8.4	**969.4**	32.1	**1,001.5**
Segment assets and liabilities									
Segment assets	3,687.5	5,479.2	1,712.5	-	9.5	1,875.2	**12,763.9**	376.1	**13,140.0**
Investment in associates and joint ventures	-	-	-	982.1	-	22.1	**1,004.2**	65.5	**1,069.7**
Segment liabilities	(1,387.0)	(1,943.0)	(960.1)	-	(4.5)	(657.1)	**(4,951.7)**	(116.4)	**(5,068.1)**

[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 used in from exploration and evaluation segment was $45.6 million

For the year ended 31 December 2016

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation[2]	Corporate and other items	**Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	1,845.6	1,338.0	277.9	-	-	-	**3,461.5**	160.2	**3,621.7**
Operating costs excluding depreciation	(923.8)	(775.5)	(213.0)	-	(44.3)	(56.5)	**(2,013.1)**	(86.9)	**(2,100.0)**
Depreciation and amortization	(195.7)	(299.4)	(62.7)	-	-	(5.2)	**(563.0)**	(15.4)	**(578.4)**
Loss on disposals	(0.2)	(17.1)	-	-	-	(0.6)	**(17.9)**	(1.8)	**(19.7)**
Provision against the carrying value of assets	(241.0)	-	(215.6)	-	-	-	**(456.6)**	-	**(456.6)**
Operating profit/(loss)	**484.9**	**246.0**	**(213.4)**	**-**	**(44.3)**	**(62.3)**	410.9	**56.1**	467.0
Equity accounting profit/(loss)	0.4	-	-	29.5	-	(11.2)	**18.7**	4.7	23.4
Provision against the carrying value of assets	(126.6)	-	-	-	-	(8.1)	(134.7)	-	(134.7)
Net share of profit/(loss) from associates and joint ventures	**(126.2)**	**-**	**-**	**29.5**	**-**	**(19.3)**	**(116.0)**	**4.7**	**(111.3)**
Investment income	15.7	5.3	0.6	-	-	4.7	**26.3**	0.6	**26.9**
Interest expense	(6.5)	(32.0)	(30.5)	-	-	(14.6)	**(83.6)**	(2.5)	**(86.1)**
Other finance items	(2.7)	(5.4)	(5.0)	-	-	3.0	**(10.1)**	(1.8)	**(11.9)**
Profit/(loss) before tax	**365.2**	**213.9**	**(248.3)**	**29.5**	**(44.3)**	**(88.5)**	**227.5**	**57.1**	**284.6**
Tax	(117.4)	(73.3)	94.3	-	-	5.3	**(91.1)**	(17.5)	**(108.6)**
Profit/(loss) for the period from continuing operations	**247.8**	**140.6**	**(154.0)**	**29.5**	**(44.3)**	**(83.2)**	**136.4**	**39.6**	**176.0**
Profit for the period from discontinued operations	-	-	-	-	-	38.3	**38.3**	-	**38.3**
Profit/(loss) for the period	247.8	140.6	(154.0)	29.5	(44.3)	(44.9)	**174.7**	39.6	**214.3**
Non-controlling interests	(97.9)	(32.8)	74.3	-	-	0.1	**(56.3)**	-	**(56.3)**
Profit/(loss) for the period attributable to the owners of the parent	**149.9**	**107.8**	**(79.7)**	**29.5**	**(44.3)**	**(44.8)**	**118.4**	**39.6**	**158.0**
EBITDA[1]	**921.0**	**562.5**	**64.9**	**85.1**	**(44.3)**	**(50.8)**	**1,538.4**	**87.7**	**1,626.1**
Additions to non-current assets									
Capital expenditure	316.6	617.4	27.4	-	-	31.0	**992.4**	16.9	**1,009.3**
Segment assets and liabilities									
Segment assets	3,606.2	5,008.0	1,740.5	-	9.5	1,945.8	**12,310.0**	327.2	**12,637.2**
Investment in associates and joint ventures	-	-	-	983.6	-	25.2	**1,008.8**	77.8	**1,086.6**
Segment liabilities	(1,368.2)	(1,979.3)	(1,085.3)	-	(4.5)	(638.3)	**(5,075.6)**	(138.5)	**(5,214.1)**

[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 $22.1 million

b) Entity wide disclosures

Revenue by product

	Year ended 31.12.2017	Year ended 31.12.2016
	$m	$m
Copper		
- Los Pelambres	**2,149.0**	1,627.0
- Centinela concentrates	**1,037.0**	778.7
- Centinela cathodes	**378.6**	278.1
- Antucoya	**508.6**	277.9
Gold		
- Los Pelambres	**68.7**	78.5
- Centinela	**209.7**	261.2
Molybdenum		
- Los Pelambres	**168.5**	94.0
Silver		
- Los Pelambres	**37.7**	46.1
- Centinela	**20.5**	20.0
Total Mining	**4,578.3**	3,461.5
Railway and transport services	**171.1**	160.2
	4,749.4	3,621.7

Revenue by location of customer

	Year ended 31.12.2017	Year ended 31.12.2016
	$m	$m
Europe		
- United Kingdom	**46.6**	-
- Switzerland	**835.1**	217.7
- Spain	**163.5**	115.6
- Germany	**139.4**	38.5
- Rest of Europe	**114.2**	157.3
Latin America		
- Chile	**206.9**	105.2
- Rest of Latin America	**125.2**	126.4
North America		
- United States	**207.4**	49.5
Asia Pacific		
- Japan	**1,698.2**	1,483.5
- China	**484.8**	771.9
- Rest of Asia	**728.1**	556.1
	4,749.4	3,621.7

Information about major customers

In the year ended 31 December 2017 the Group´s mining revenue included $823.4 million related to one large customer that individually accounted for more than 10% of the Group’s revenue (year ended 31 December 2016 – one large customer representing $694.7 million).

Non-current assets by location of asset

	Year ended 31.12.2017	Year ended 31.12.2016
	$m	$m
- Chile	**10,250.2**	9,996.3
- USA	**215.4**	204.4
- Other	**0.1**	0.1
	10,465.7	10,200.8

Notes to geographical information

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

5. 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. The provisional pricing mechanism within the sale agreements is an embedded derivative under IFRS. Gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade debtors in the balance sheet. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market in the market price references for that commodity in the majority of the Group's contracts.

In addition to mark-to-market and final pricing adjustments, revenue also includes realised gains and losses relating to derivative commodity instruments. Details of these realised gains or losses are shown in the tables below. Further details of derivative commodity instruments in place at the period end are given in Note 6.

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

For the year ended 31 December 2017

	$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	2,138.9	1,031.1	385.9	502.7	70.4	209.6	173.6
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	(28.0)	(15.3)	0.4	0.6	-	1.3	0.7
Settlement of sales invoiced in the previous year	53.3	37.6	-	0.7	(0.9)	(2.2)	2.0
Total effect of adjustments to previous year invoices in the current period	25.3	22.3	0.4	1.3	(0.9)	(0.9)	2.7
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	110.2	61.7	3.9	5.7	(0.6)	1.5	3.2
Mark-to-market adjustments at the end of the current period	54.1	20.1	1.7	2.7	-	0.3	4.7
Total effect of adjustments to current period invoices	164.3	81.8	5.6	8.4	(0.6)	1.8	7.9
Total pricing adjustments	189.6	104.1	6.0	9.7	(1.5)	0.8	10.6
Realised losses on commodity derivatives	-	-	(13.3)	(3.8)	-	-	-
Revenue before deducting tolling charges	2,328.5	1,135.2	378.6	508.6	68.9	210.5	184.2
Tolling charges	(179.5)	(98.2)	-	-	(0.2)	(0.8)	(15.7)
Revenue net of tolling charges	2,149.0	1,037.0	378.6	508.6	68.7	209.7	168.5

For the year ended 31 December 2016

	$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	**1,715.1**	**845.2**	**276.8**	**274.2**	**78.9**	**263.9**	**105.5**
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	**14.5**	**6.2**	**(0.2)**	**-**	**-**	**2.2**	**(1.0)**
Settlement of sales invoiced in the previous year	**(18.9)**	**(7.8)**	**-**	**-**	**(0.1)**	**(1.0)**	**1.7**
Total effect of adjustments to previous year invoices in the current year	**(4.4)**	**(1.6)**	**(0.2)**	**-**	**(0.1)**	**1.2**	**0.7**
Effects of pricing adjustments to current year invoices							
Settlement of sales invoiced in the current year	**80.5**	**28.7**	**4.1**	**4.3**	**(0.1)**	**(1.6)**	**2.4**
Mark-to-market adjustments at the end of the current year	**28.0**	**15.3**	**(0.4)**	**(0.6)**	**-**	**(1.3)**	**(0.7)**
Total effect of adjustments to current year invoices	**108.5**	**44.0**	**3.7**	**3.7**	**(0.1)**	**(2.9)**	**1.7**
Total pricing adjustments	**104.1**	**42.4**	**3.5**	**3.7**	**(0.2)**	**(1.7)**	**2.4**
Realised loss on commodity derivatives	**-**	**-**	**(2.2)**	**-**	**-**	**-**	**-**
Revenue before deducting tolling charges	**1,819.2**	**887.6**	**278.1**	**277.9**	**78.7**	**262.2**	**107.9**
Tolling charges	**(192.2)**	**(108.9)**	**-**	**-**	**(0.2)**	**(1.0)**	**(13.9)**
Revenue net of tolling charges	**1,627.0**	**778.7**	**278.1**	**277.9**	**78.5**	**261.2**	**94.0**

The revenue from the individual products shown in the above tables is reconciled to total revenue in Note 4.

(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 31.12.2017	At 31.12.2016
Sales	Tonnes	**160,900**	199,900
Average mark-to-market price	$/lb	**3.28**	2.51
Average provisional invoice price	$/lb	**3.07**	2.41

(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 31.12.2017	At 31.12.2016
Sales	Tonnes	**14,700**	13,200
Average mark-to-market price	$/lb	**3.27**	2.51
Average provisional invoice price	$/lb	**3.14**	2.54

(iii) Gold in concentrate

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

		At 31.12.2017	At 31.12.2016
Sales	Ounces	**7,100**	36,400
Average mark-to-market price	$/oz	**1,300**	1,167
Average provisional invoice price	$/oz	**1,268**	1,203

(iv) Molybdenum concentrate

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

		At 31.12.2017	At 31.12.2016
Sales	Tonnes	**2,400**	1,300
Average mark-to-market price	$/lb	**9.4**	6.6
Average provisional invoice price	$/lb	**8.5**	6.9

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	
	Year ended 31.12.2017 $m	Year ended 31.12.2016 $m
Los Pelambres - copper concentrate	**54.1**	28.0
Los Pelambres - molybdenum concentrate	**4.7**	(0.7)
Centinela - copper concentrate	**20.1**	15.3
Centinela - gold in concentrate	**0.2**	(1.3)
Centinela - copper cathodes	**1.7**	(0.4)
Antucoya - copper cathodes	**2.7**	(0.6)
	83.5	40.3

6. Financial instruments

a) Categories of financial instruments

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

	Year ended 31.12.2017	Year ended 31.12.2016
	$m	$m
Financial assets		
Derivatives in designated hedge accounting relationships	**0.3**	2.4
Available-for-sale-investments	**6.5**	4.6
Loans and receivables at amortised cost (including cash and cash equivalents)	**1,806.3**	1,475.2
Fair value through profit and loss (liquid investments and mark-to-mark debtors)	**1,252.2**	1,375.5
Financial liabilities		
Derivatives in designated hedge relationships	**(7.1)**	(2.5)
Financial liabilities measured at amortised cost	**(3,325.1)**	(3,720.3)
Fair value through profit and loss (mark-to-mark creditors)	**-**	(3.0)

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

Fair value of financial instruments

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

	Level 1	**Level 2**	**Level 3**	**Year ended 31.12.2017**	Year ended 31.12.2016
Recurring fair value measurements	$m	$m	$m	**$m**	$m
Financial assets					
Derivatives in designated hedge accounting relationships	-	0.3	-	**0.3**	2.4
Available-for-sale investments	6.5	-	-	**6.5**	4.6
Fair value through profit and loss	1,168.7	-	-	**1,168.7**	1,332.2
Debtors mark-to-market	-	83.5	-	**83.5**	43.3
Financial liabilities					
Derivatives in designated hedge relationships	-	(7.1)	-	**(7.1)**	(2.5)
Creditors mark-to-market	-	-	-	**-**	(3.0)

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

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

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

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

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

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

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

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

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

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the year ended 31 December 2017, there were no transfers between levels in the hierarchy.

b) Embedded derivatives

As explained in Note 5, copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. The provisional pricing mechanism within the sale agreements is an embedded derivative under IFRS. Details of the provisional pricing arrangements are included in Note 5.

c) Derivative financial instruments

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

The Group has applied the hedge accounting provisions of IAS 39 *"Financial Instruments: Recognition and Measurement"*. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in 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 within revenue. The time value element of changes in the fair value of derivative options is excluded from the designated hedging relationship, and is therefore recognised directly in the income statement within other finance items.

(i) Mark-to-market adjustments and income statement impact

The balance sheet mark-to-market adjustments in respect of derivatives at the end of each year, and the total effect on the income statement and reserves for each year are as follows. The impact on reserves is shown before tax and non-controlling interests.

For the year ended 31 December 2017

	Impact on income statement for year ended 31.12.2017			Impact on reserves for year ended 31.12.2017	Fair value recorded on balance sheet 31.12.2017
	Realised losses	Losses resulting from mark-to-market adjustments on hedging instruments	Total net loss	Gains resulting from mark-to-market adjustments on hedging instruments	Net financial assets/(liability)
	$m	$m	$m	$m	$m
Commodity derivatives					
Centinela	(13.3)	(4.4)	**(17.7)**	-	**(3.4)**
Antucoya	(3.8)	(3.4)	**(7.2)**	-	**(3.4)**
Interest derivatives					
Centinela	(0.7)	-	**(0.7)**	1.0	**(0.2)**
Railway and other transport services	(0.2)	-	**(0.2)**	0.2	**0.2**
	(18.0)	**(7.8)**	**(25.8)**	**1.2**	**(6.8)**

For the year ended 31 December 2016

	Impact on income statement			Impact on reserves	Fair value recorded on balance sheet
	Realised losses	Losses resulting from mark-to-market adjustments on hedging instruments	Total net loss	Gains resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	$m	$m	$m	$m	$m
Commodity Derivatives					
Centinela	(2.2)	1.0	(1.2)	-	1.0
Interest Derivatives					
Centinela	(2.6)	-	(2.6)	1.8	(1.2)
Railway and other transport services	(1.0)	-	(1.0)	0.5	-
	(5.8)	**1.0**	**(4.8)**	**2.3**	**(0.2)**

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

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

	At 31.12.2017	At 31.12.2016
	$m	$m
Analysed between:		
Current assets	**0.1**	2.2
Non-current assets	**0.2**	0.2
Current liabilities	**(7.1)**	(2.0)
Non-current liabilities	**-**	(0.5)
	(6.8)	(0.1)

(ii) Outstanding derivative financial instruments

a) Commodity derivatives

The Group periodically uses commodity derivatives to manage its exposure to commodity price fluctuations. As at the end of the period the open instruments details are:

- Min/max instruments

	At 31.12.2017	**For instruments held at 31.12.2017**			
	Copper production hedged tonnes	Weighted average remaining period from 1 January 2018 months	Covering a period up to:	Weighted average floor$/lb	Weighted average cap $/lb
Centinela	30,000	6.5	31.12.2018	2.5	3.6
Antucoya	30,000	6.5	31.12.2018	2.5	3.6

b) Interest derivatives

The Group periodically uses interest derivatives to reduce its exposure to interest rate movements. As at the end of the year the open instruments details are:

- **Interest rate swaps**

The Group has used interest rate swaps to swap the floating rate interest relating to the Centinela project financing and long-term loans at the Railway for fixed rate interest. At 31 December 2017 the Group had entered into the contracts outlined below.

	Start date	Maturity date	Actual notional amount	Weighted Average Fixed Rate
			$m	%
Centinela	15.02.2011	15.08.2018	35.0	3.372
Railway and other transport services	12.08.2014	12.08.2019	60.0	1.634

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

7. Net finance expense

	Year ended 31.12.2017	Year ended 31.12.2016
	$m	$m
Investment income		
Interest receivable	**9.2**	20.4
Gains on fair value through profit or loss	**14.6**	6.5
	23.8	26.9
Interest expense		
Interest expense	**(91.4)**	(86.0)
Preference dividends	**(0.1)**	(0.1)
	(91.5)	(86.1)
Other finance items		
Time value effect of options	**(7.8)**	1.0
Unwinding of discount on provisions	**(11.6)**	(10.0)
Foreign exchange	**17.1**	(2.9)
	(2.3)	(11.9)
Net finance expense	**(70.0)**	(71.1)

During 2017, amounts capitalised and consequently not included within the above table were as follows: Antucoya nil (year ended 31 December 2016 - $9.2 million), $8.8 million at Centinela (year ended 31 December 2016 - $2.3 million) and $1.3 million at Los Pelambres (year ended 31 December 2016 - $0.5 million).

8. Taxation

The tax charge for the period comprised the following:

	Year ended 31.12.2017	Year ended 31.12.2016
	$m	$m
Current tax charge		
Corporate tax (principally first category tax in Chile)	**(376.6)**	(222.1)
Mining tax (royalty)	**(69.1)**	(35.3)
Withholding tax	**(64.8)**	(3.8)
Exchange gain on corporate tax balances	**0.7**	-
	(509.8)	(261.2)
Deferred tax		
Corporate tax (principally first category tax in Chile)	**(114.6)**	(27.5)
Exceptional items	-	204.9
Mining tax (royalty)	**(9.2)**	(24.8)
	(123.8)	152.6
Total tax charge (income tax expense)	**(633.6)**	(108.6)

The rate of first category (i.e. corporate) tax in Chile is 25.5% (2016 – 24%).

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). In 2017 production from Los Pelambres and Centinela (Tesoro Central and Mirador pit) were subject to a rate of 4% of taxable operating profit and Centinela concentrates of 5%, and production from Antucoya, Encuentro (oxides), El 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. From 2018 onwards the production from Los Pelambres will be subject to a rate of between 5–14%, depending on the level of operating profit margin, and the Tesoro Central and Mirador pits at Centinela will be subject to a rate of 5%.

	Year ended 31.12.2017		Year ended 31.12.2016 (Before Exceptional Items)		Year ended 31.12.2016 (After Exceptional Items)	
	$m	**%**	**$m**	**%**	**$m**	**%**
Profit before tax	**1,830.8**	**-**	875.9	-	284.6	
Tax at the Chilean corporate tax rate of 25.5% (2016 – 24%)	**(466.9)**	**25.5**	(210.2)	24.0	(68.3)	24.0
Provision against carrying value of assets (exceptional items)	**-**	**-**	-	-	63.0	(22.1)
Effect of increase in future first category tax rates on deferred tax balances	**(0.6)**	**-**	(24.6)	2.8	(24.6)	8.6
Adjustment in respect of prior years	**(35.4)**	**1.9**	-	-	-	-
Items not deductible from first category tax	**(26.7)**	**1.5**	(23.7)	2.7	(23.7)	8.3
Deduction of mining royalty as an allowable expense in determination of first category tax	**17.4**	**(1.0)**	8.5	(1.0)	8.5	(2.9)
Credit of tax losses absorbed from dividends of the year	**(4.3)**	**0.2**	-	-	-	-
Carry-back tax losses resulting in credits at historic tax rates	**-**	**-**	(5.4)	0.6	(5.4)	1.8
Mining Tax (royalty)	**(78.3)**	**4.3**	(60.1)	6.9	(60.1)	21.1

Withholding tax	**(64.8)**	**3.5**	-	-	-	-
Withholding tax – adjustment to previous year	**-**	**-**	(3.8)	0.4	(3.8)	1.3
Tax effect of share of profit of associates and joint ventures	**15.2**	**(0.8)**	5.6	(0.6)	5.6	(1.9)
Reversal of previously unrecognised tax losses	**9.9**	**(0.5)**	-	-	-	-
Net other items	**0.9**	**-**	0.2	-	0.2	-
Tax expense and effective tax rate for the year	**(633.6)**	**34.6**	(313.5)	35.8	(108.6)	38.2

The effective tax rate varied from the statutory rate principally due to the mining royalty tax (impact of $78.3 million / 4.3%), the withholding tax due on remittances of profits from Chile (impact of $64.8 million / 3.5%), adjustments in respect of prior years, which relate to adjustments made during the year in the deferred tax asset base (impact of $35.4 million / 1.9%) and items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $26.7 million / 1.5%), partly offset by the deduction of the mining royalty tax which is an allowable expense when determining the Chilean corporate tax charge (impact of $17.4 million / 1.0%) and 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 $15.2 million / 0.8%).

The current and deferred tax relating to items that are charged directly to equity was $1.8 million (31 December 2016 - $2.1 million).

The main factor which is expected to impact the sustainability of the Group's existing effective tax rate is the increase in the rate of first category (i.e. corporate) tax in Chile from the 2017 rate of 25.5% to 27% from 2018 onwards.

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

9. Disposal group / Discontinued operation

The individual assets and liabilities of Centinela Transmission have been reclassified into a disposal group on the balance sheet. The individual assets and liabilities contained within this disposal group are as follows:

	Year ended 31.12.2017
	$m
Assets of disposal group classified as held for sale	
Property, plant and equipment	**33.1**
Cash and cash equivalents	**2.2**
Deferred tax assets	**0.2**
Trade and other receivables	**2.3**
Total	**37.8**
Liabilities of disposal group classified as held for sale	
Trade and other payables	**(0.1)**
Current tax liabilities	**(0.3)**
Total	**(0.4)**

The net results of Centinela Transmission are shown as a discontinued operation in the income statement. The net results reflect the following elements:

Revenue	**3.4**
Total operating costs	**(2.8)**
Profit after tax of discontinued operations	**0.6**
Tax	**(0.1)**
Profit from the year from discontinued operations	**0.5**
Cash Flow	
Operating cash flows	**2.2**
Investing cash flows	**-**
Financing cash flows	**-**
Total cash flows	**2.2**

10. Earnings per share

Basic and diluted earnings per share is calculated on profit after tax and non-controlling interests giving profit for the period attributable to the owners of the parent of $750.6 million (year ended 31 December 2016 - $158.0 million) and amounted to 76.1 cents and based on 985,856,695 ordinary shares. There was no potential dilution of ordinary shares in any period.

11. Dividends

The Board has recommended a final dividend of 40.6 cents per ordinary share or $400.3 million in total (2016 – 151.0). The interim dividend of 10.3 cents per ordinary share or $101.5 million in total was paid in October 2017 (2016 interim dividend of 3.1 cents per ordinary share or $30.6 million in total). This gives total dividends proposed in relation to 2017 (including the interim dividend) of 50.9 cents per share or $501.8 million in total (2016 – 18.4 cents per ordinary share or $181.4 million in total).

Dividends per share actually paid in the year and recognised as a deduction from net equity under IFRS were 25.6 cents per ordinary share or $252.3 million in total (2016 – 3.1 cents per ordinary share or $30.6 million in total) being the interim dividend for the year and the final dividend proposed in respect of the previous year.

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 +44 370 702 0159.

12. Intangible asset

	At 31.12.2017 $m	At 31.12.2016 $m
Balance at the beginning of the year	**150.1**	150.1
Additions	**-**	-
Balance at the end of the year	**150.1**	150.1

The $150.1 million intangible asset reflects the value of Twin Metals' mining property assets. These items will be transferred to the mining properties category within property, plant & equipment when construction of the Twin Metals project commences.

13. Property, plant and equipment

	Mining $m	Railway and other transport $m	At 31.12.2017 $m	At 31.12.2016 $m
Balance at the beginning of the year	8,576.1	161.4	**8,737.5**	8,601.1
Additions	910.8	32.1	**942.9**	921.7
Additions – depreciation capitalized	58.6	-	**58.6**	87.6
Reclassifications	20.3	-	**20.3**	3.7
Adjustment to capitalised decommissioning provisions	(3.7)	-	**(3.7)**	16.9
Depreciation	(565.4)	(16.5)	**(581.9)**	(578.4)
Depreciation capitalised in PP&E	(58.6)	-	**(58.6)**	(87.6)
Depreciation capitalised in inventories	(1.4)	-	**(1.4)**	8.4
Provision against the carrying value of assets	-	-	**-**	(215.6)
Asset disposals/write off	(15.8)	(0.4)	**(16.2)**	(20.3)
Transferred to disposal group classified as held for sale	(33.2)	-	**(33.2)**	-
Balance at the end of the year	8,824.0	176.6	**9.064.3**	8,737.5

At 31 December 2017 $60.0 million (31 December 2016 – $79.2 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 3(a).

At 31 December 2017 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $174.5 million (31 December 2016 - $196.1 million).

There have been no indicators of potential impairments during the 2017, and accordingly no impairment reviews have been performed as at 31 December 2017.

Depreciation capitalised in property, plant and equipment of $58.6 million related to the depreciation of assets used in operating stripping activities.

14. Investment in associates and joint ventures

	Inversiones Hornitos	ATI	El Arrayan	Minera Zaldívar	Energía Andina	Total Assets	Tethyan Copper	At 31.12.2017	At 31.12.2016
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at the beginning of the year	71.3	6.5	22.0	983.6	3.2	**1,086.6**	-	**1,086.6**	1,149.1
Obligations on behalf of JV	-	-	-	-	-	-	(3.1)	**(3.1)**	(2.5)
Capital contribution	-		-	-	0.1	**0.1**	9.3	**9.4**	47.0
Capital decrease and others	-		-	-	-	-	-	-	(0.6)
Adjustment to Purchase price	-		-	-	-	-	-	-	(45.0)
Disposal	-		-	-	(3.1)	**(3.1)**	-	**(3.1)**	-
Gainsin fair value of cash flow hedges deferred in reserves of associates	-		-	-	-	-	-	-	4.4
Provision against carrying value of assets	-		-	-	-	-	-	-	(82.1)
Share of profit/(loss) before tax	14.3	(1.5)	0.1	77.5	-	**90.4**	(8.2)	**82.2**	36.4
Share of tax	(3.7)	0.3	(0.1)	(19.0)	-	**(22.5)**	-	**(22.5)**	(13.0)
Share of income/(loss) from associate	10.6	(1.2)	-	58.5	-	**67.9**	(8.2)	**59.7**	23.4
Dividends received	(21.8)	-	-	(60,0)	-	**(81.8)**	-	**(81.8)**	(10.2)
Balance at the end of the year	60.1	5.3	22.0	982.1	0.2	**1,069.7**	-	**1,069.7**	1,086.6
Obligations on behalf of JV	-	-	-	-	-	-	**(2.0)**	**(2.0)**	(3.1)

The investments which are included in the $1,067.7 million balance at 31 December 2017 are set out below:

Investment in associates

(i) The Group's 40% interest in Inversiones Hornitos SA, which owns the 165MW Hornitos thermoelectric power plant operating in Mejillones, in Chile's Antofagasta Region. The Group has a 16-year power purchase agreements with Inversiones Hornitos SA for the provision of up to 40MW of electricity for Centinela.

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

(iii) The Group´s 30% interest in El Arrayan, which operates an 115MW wind-farm project. The Group has a 20-year power purchase agreements with El Arrayan for the provision of up to 40MW of electricity for Los Pelambres.

Investment in joint ventures

(iv) The Group's 50% interest in Minera Zaldívar SpA ("Zaldívar"), an open-pit, heap-leach copper mine located in Northern Chile, which produces approximately 100,000 tonnes of copper cathodes annually.

(v) The Group's 50.1% interest in Energia Andina, which is a joint venture with Origin Geothermal Chile Limitada for the evaluation and development of potential sources of geothermal and solar energy.

In February 2017 the disposal of Energia Andina's interest in the Javiera solar power plant was agreed. The terms of the sale agreement indicated a recoverable value for the interest in Javiera which was $8.1 million below the carrying value, and accordingly an impairment provision for this amount was recognised in the 2016 year-end results. The disposal completed in May 2017 with no further gain or loss arising.

(vi) The Group's 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interest in Pakistan, which is now subject to international arbitration. 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 for the joint ventures obligations.

Summarised financial information for the associates at December 2017 is as follows:

	Inversiones Hornitos 31.12.2017	ATI 31.12.2017	El Arrayan 31.12.2017	Total 31.12.2017
	$m	$m	$m	**$m**
Cash and cash equivalents	12.6	0.8	6.0	**19.4**
Current assets	37.1	11.7	9.0	**57.8**
Non-current assets	283.5	127.6	244.0	**655.1**
Current liabilities	(37.2)	(31.5)	(12.0)	**(80.7)**
Non-current liabilities	(161.3)	(92.6)	(182.0)	**(435.9)**
Revenue	164.7	41.8	33.0	**239.5**
Profit/(loss) from continuing operations	26.5	(3.9)	0.1	**24.1**
Other comprehensive income	-	-	-	**-**
Total comprehensive income/(loss)	26.5	(3.9)	0.1	**24.1**

Summarised financial information for the associates at December 2016 is as follows:

	Inversiones Hornitos 31.12.2016	ATI 31.12.2016	El Arrayan 31.12.2016	Alto Maipo 31.12.2016	Total 31.12.2016
	$m	$m	$m	$m	**$m**
Cash and cash equivalents	16.0	0.4	3.1	38.9	**58.4**
Current assets	37.7	13.5	14.0	56.4	**121.6**
Non-current assets	294.0	138.5	248.7	1,149.1	**1,830.3**
Current liabilities	(25.7)	(28.7)	(13.3)	(115.5)	**(183.2)**
Non-current liabilities	(163.0)	(104.3)	(191.3)	(1,070.2)	**(1,528.8)**
Revenue	136.2	46.1	29.1	-	**211.4**
Profit/(loss) from continuing operations	16.0	(5.4)	(2.0)	(0.7)	**7.9**
Other comprehensive income	-	-	-	10.3	**10.3**
Total comprehensive income/(loss)	16.0	(5.4)	(2.0)	9.6	**18.2**

Summarised financial information for the joint ventures at December 2017 is as follows:

	Minera Zaldivar 31.12.2017	Energía Andina 31.12.2017	Tethyan Copper 31.12.2017	Total 31.12.2017
	$m	$m	$m	**$m**
Cash and cash equivalent	75.6	0.7	3.2	**75.9**
Current assets	574.3	0.1	-	**572.7**
Non-current assets	1,569.7	26.9	0.2	**1,570.9**
Current liabilities	(109.5)	(0.6)	(7.1)	**(116.2)**
Non-current liabilities	(114.6)	(26.9)	(0.1)	**(140.7)**
Revenue	654.7	-	-	**649.0**
Profit/(loss) after tax	116.9	(0.5)	(16.3)	**98.6**
Other comprehensive income	-	-	-	**-**
Total comprehensive income	116.9	(0.5)	(16.3)	**98.6**

Summarised financial information for the joint ventures at December 2016 is as follows:

	Minera Zaldivar 31.12.2016	Energía Andina 31.12.2016	Tethyan Copper 31.12.2016	Total 31.12.2016
	$m	$m	$m	**$m**
Cash and cash equivalent	101.7	0.3	1.6	**103.6**
Current assets	493.7	-	0.1	**493.8**
Non-current assets	1,592.0	11.4	0.2	**1,603.6**
Current liabilities	(107.6)	-	(7.8)	**(115.4)**
Non-current liabilities	(112.8)	-	(0.2)	**(113.0)**
Revenue	517.7	-	-	**517.7**
Profit/(loss) after tax	59.0	(10.8)	(21.1)	**27.1**
Other comprehensive income	-	-	-	**-**
Total comprehensive income	59.0	(10.8)	(21.1)	**27.1**

Notes to the summarised financial information

(i) 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. Available-for-sale investments

	At 31.12.2017	At 31.12.2016
	$m	$m
Balance at the beginning of the year	**4.6**	2.7
Movements in fair value	**1.4**	1.7
Foreign currency exchange difference	**0.5**	0.2
Balance at the end of the year	**6.5**	4.6

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

16. Inventories

	At 31.12.2017	At 31.12.2016
	$m	$m
Current:		
Raw materials and consumables	**198.3**	189.4
Work in progress	**218.7**	141.9
Finished goods	**66.6**	62.1
	483.6	393.4
Non-current:		
Work in progress	**111.1**	157.3
	111.1	157.3

17. Borrowings and leases

		At 31.12.2017	At 31.12.2016
		$m	$m
Los Pelambres			
Corporate loans		**-**	(17.5)
Short-term loan	(i)	**(242.0)**	(312.0)
Finance leases	(ii)	**(44.9)**	(62.2)
Centinela			
Project financing (senior debt)	(iii)	**(596.2)**	(743.8)
Shareholder loan (subordinated debt)	(iv)	**(194.2)**	(183.6)
Short-term loan	(v)	**(200.0)**	(200.0)
Antucoya			
Project financing (senior debt)	(vi)	**(423.9)**	(608.7)
Shareholder loan (subordinated debt)	(vii)	**(347.5)**	(330.4)
Short-term loan	(viii)	**(30.0)**	(30.0)
Finance leases	(ix)	**(42.6)**	(16.2)
Corporate and other items			
Long-term loan	(x)	**(497.4)**	(497.2)
Finance leases	(xi)	**(26.6)**	(25.1)
Railway and other transport services			
Long-term loans	(xii)	**(59.6)**	(89.4)
Finance leases	(xiii)	**(0.8)**	(1.6)
Preference shares	(xiv)	**(3.0)**	(2.5)
Total		**(2.708.7)**	(3,120.2)

(i) The short-term loan (PAE) is US dollar denominated, comprising a working capital loan for an average period of 1 year and has an interest rate of LIBOR six-month rate plus a margin of between 0.16% - 0.17%.

(ii) Finance leases at Los Pelambres are US dollar denominated, with an interest of LIBOR six-month rate plus 1.7% with a remaining duration of 5 years.

(iii) Senior debt at Centinela represents US dollar denominated syndicated loans. These loans are for a remaining term of 2.7 years and have an interest rate of LIBOR six-month rate plus 1.0%. The loans are subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained. The Group has used interest rate swaps to swap some of the floating rate interest for fixed rate interest. At 31 December 2017 the current notional amount hedged was $35.0 million.

(iv) The long-term subordinated debt is US dollar denominated, provided to Centinela by Marubeni Corporation with a duration of 5 years and a weighted average interest rate of LIBOR six-month rate plus 4.25%. Long term subordinated debt provided by Group companies to Centinela has been eliminated on consolidation.

(v) The short-term loan (PAE) is US dollar denominated, comprising a range of working capital loans for an average period of 1 year and with an interest rate of LIBOR six-month rate plus 0.19%.

(vi) Senior debt at Antucoya represents US dollar denominated syndicated loans. These loans are for a remaining term of 7.5 years and have an interest rate of LIBOR six-month rate plus 2.49%.

(vii) The long-term subordinated debt is US dollar denominated, provided to Antucoya by Marubeni Corporate with a duration of 8 years and an interest rate of LIBOR six-month rate plus 3.65%. Long-term subordinated debt provided by Group companies to Antucoya has been eliminated on consolidation.

(viii) The short-term loan is US dollar denominated, comprising a working capital loan for an average period of 1 year and has an interest rate of LIBOR six-month rate plus 0.19%.

(ix) Finance leases at Antucoya are US dollar denominated, with a maximum remaining duration of 7 years and with an average interest rate of approximately LIBOR six-month rate plus 1.41%.

(x) The long term loan at Corporate (Antofagasta plc) of $500.0 million has an interest rate of LIBOR six-month rate plus 1.5%, and has a duration of 5 years.

(xi) Finance leases at Corporate and other items are denominated in Unidades de Fomento (i.e. inflation-linked Chilean pesos) and have a remaining duration of 11 years and are at fixed rates with an average interest rate of 5.29%.

(xii) Long-term loans at Railway and other transport services are US dollar denominated, with a duration of 2 years and an interest rate of LIBOR six-month rate plus 0.48%. The Group has used interest rate swaps to swap the floating rate interest for fixed rate interest. At 31 December 2017 the current notional amount hedged was $60.0 million.

(xiii) Finance leasing at Railway and other transport services are Chilean peso denominated, with a maximum remaining duration of 1.5 years and with a fixed interest rate of 5.9%.

(xiv) The preference shares are sterling-denominated and issued by Antofagasta plc. There were 2 million shares of £1 each authorised, issued and fully paid at 31 December 2017. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders, but are not entitled to participate further in any surplus. Each preference share carries 100 votes in any general meeting of the Company.

Maturity of borrowings

	At 31.12.2017	At 31.12.2016
	$m	$m
Short-term borrowings	**(753.6)**	(836.8)
Medium and long-term borrowings	**(1,955.1)**	(2,283.4)
Total	**(2,708.7)**	(3,120.2)

At 31 December 2017 $27.4 million (31 December 2016 - $29.1 million) of the borrowings has fixed rate interest and $2,678.4 million (December 2016 - $3,091.1 million) has floating rate interest. The Group periodically enters into interest rate derivative contracts to manage its exposure to interest rates. As explained in Note 5, these include interest rate swaps which have the effect of converting $95.0 million of floating rate borrowings into fixed rate borrowings. Details of any derivative instruments held by the Group are given in Note 5(c).

18. Post-employment benefit obligation

	At 31.12.2017	At 31.12.2016
	$m	$m
Balance at the beginning of the year	**(92.2)**	(86.9)
Current service cost	**(31.9)**	(15.5)
Actuarial gains	**5.7**	7.8
Interest cost	**(4.5)**	(4.4)
Charge capitalised	**-**	(0.5)
Reclassification	**-**	1.3
Paid in the year	**17.0**	12.2
Foreign currency exchange difference	**(8.1)**	(6.2)
Balance at the end of the year	**(114.0)**	(92.2)

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

19. Decommissioning & restoration and other long term provisions

	At 31.12.2017	At 31.12.2016
	$m	$m
Balance at the beginning of the year	**(392.1)**	(394.0)
Charge to operating profit in the year	**(39.8)**	(9.3)
Unwind of discount to net interest in the year	**(7.2)**	(5.5)
Capitalised adjustment to provision	**3.5**	(16.9)
Reclassification	**0.1**	(1.1)
Utilised in the year	**2.6**	3.7
Disposal	**-**	35.8
Foreign currency exchange difference	**(0.1)**	(4.8)
Balance at the end of the year	**(433.0)**	(392.1)

Decommissioning and restoration costs relate to the Group's mining operations. Costs are estimated on the basis of a formal closure plan and are subject to regular independent formal review. It is estimated that the provision will be utilised from 2026 until 2063 based on current mine plans.

20. Deferred tax assets and liabilities

	At 31.12.2017	At 31.12.2016
	$m	$m
Net position at the beginning of the year	**(798.1)**	(951.6)
Charge to tax on profit in year	**(123.8)**	(48.7)
Deferred tax recognised directly in equity	**(1.3)**	(2.1)
Deferred tax credit relating to exceptional impairment provisions	**-**	204.9
Reclassification	**(1.8)**	3.0
Disposal	**-**	(3.7)
Foreign currency exchange difference	**-**	0.1
Net position at the end of the year	**(925.0)**	(798.1)
Analysed between:		
Deferred tax assets	**69.1**	82.8
Deferred tax liabilities	**(994.1)**	(880.9)
Net position	**(925.0)**	(798.1)

The deferred tax balance of $925.0 million (2016 - $798.1 million) includes liabilities of $1,041.1 million (2016 - $878.8 million) due in more than one year. All amounts are shown as non-current on the face of the balance sheet as required by IAS 12.

21. Share capital and share premium

There was no change in share capital or share premium in the year ended 2017 or 2016. Details are shown in the Consolidated Statement of Changes in Equity.

22. Other reserves and retained earnings

	At 31.12.2017 $m	At 31.12.2016 $m
Hedging reserves (1)		
At 1 January	**(8.8)**	(44.1)
Parent and subsidiaries net cash flow hedge fair value losses	**(16.8)**	(2.4)
Parent and subsidiaries net cash flow hedge gains transferred to the income statement	**18.0**	4.1
Share of other comprehensive losses of equity accounted units, net of tax	**-**	3.1
Share of other comprehensive gains of equity accounted units, net of tax transferred to the income statement	**-**	31.6
Reclassification(5)	**8.0**	-
Tax on the above	**(0.8)**	(1.1)
At 31 December	**(0.4)**	(8.8)
Available-for-sale revaluation reserves (2)		
At 1 January	**(11.2)**	(12.9)
Gains on available-for-sale investment	**1.4**	1.7
At 31 December	**(9.8)**	(11.2)
Foreign currency translation reserves (3)		
At 1 January	**(2.3)**	(2.3)
Parent and subsidiaries currency translation and exchange adjustments	**-**	-
Tax on the above	**-**	-
At 31 December	**(2.3)**	(2.3)
Total other reserves per balance sheet	**(12.5)**	(22.3)

Retained earnings		
At 1 January	**6,548.6**	6,416.4
Parent and subsidiaries' profit for the period	**690.9**	269.3
Equity accounted units' profit/(loss) after tax for the period	**59.7**	(111.3)
Actuarial gains (4)	**5.8**	5.1
Reclassification (5)	**(9.6)**	-
Tax relating to components of other comprehensive income	**(1.1)**	(0.3)
Total comprehensive income for the period	**7,294.3**	6,579.2
Dividends paid	**(252.4)**	(30.6)
At 31 December	**7,041.9**	6,548.6

(1) The hedging reserve records gains or losses on cash flow hedges that are recognised initially in equity, as described in Note 6.
(2) The available-for-sale revaluation reserves record fair value gains or losses relating to available-for-sale investment, as described in Note 15.
(3) Exchange differences arising on the translation of the Group's net investment in foreign-controlled companies are taken to the foreign currency translation reserve. The cumulative differences relating to an investment are transferred to the income statement when the investment is disposed of.
(4) Actuarial gains or losses relate to long-term employee benefits.
(5) During the period $8.8 million was reclassified mainly comprises an $8.8 million reclassification between the hedging reserve and retained earnings.

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

	Year ended 31.12.2017	Year ended 31.12.2016
	$m	$m
Profit before tax from continuing operations	**1,830.8**	284.6
Profit before tax from discontinued operations	**0.6**	35.1
Depreciation and amortization	**581.1**	578.4
Net loss on disposals	**8.3**	19.7
Provision against carrying value of assets	**-**	456.6
Profit on disposal of discontinued operation	**(0.6)**	(35.1)
Net finance expense	**70.0**	71.1
Share of loss/(profit) from associates and joint ventures	**(59.7)**	111.3
(Increase)/decrease in inventories	**(55.0)**	3.9
Decrease/(increase) in debtors	**5.9**	(124.9)
Increase in creditors	**61.6**	47.7
Increase in provisions	**52.0**	8.9
Cash flows from continuing and discontinued operations	**2,495.0**	1,457.3

24. Analysis of changes in net debt

	At 01.01.2017	Cash flows	Re-classification to disposal group	Fair value gains	New leases	Amortisation of finance costs	Capitalisation of interest	Movement between maturity categories	Other	Exchange	**At 31.12.2017**
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	**$m**
Cash and cash equivalents	716.3	361.0	(2.2)	-	-	-	-		-	8.5	**1,083.6**
Liquid investments	1,332.2	(166.1)	-	2.6	-	-	-		-	-	**1,168.7**
Total	2,048.5	194.9	(2.2)	2.6	-	-	-		-	8.5	**2,252.3**
borrowings due within one year	(814.2)	267.5	-	-	-	-	-	(185.5)	-	-	**(732.2)**
borrowings due after one year	(2,198.4)	186.0	-	-	-	(3.9)	(27.8)	185.5	-	-	**(1,858.6)**
Finance leases due within one year	(22.5)	1.3	-	-	-	-	-	-	(0.2)	(0.1)	**(21.5)**
Finance leases due after one year	(82.6)	32.2	-	-	(34.1)	-	-	-	(6.6)	(2.3)	**(93.4)**
Preference shares	(2.5)	0.1	-	-	-	-	-	-	-	(0.6)	**(3.0)**
Total borrowings	(3,120.2)	487.1	-	-	(34.1)	(3.9)	(27.8)	-	(6.8)	(3.0)	**(2,708.7)**
Net (debt)/cash	**(1,071.7)**	**682.0**	**(2.2)**	**2.6**	**(34.1)**	**(3.9)**	**(27.8)**	**-**	**(6.8)**	**5.5**	**(456.4)**

	At 01.01.2016	Cash flows	Re-classification	Fair value	New leases	Amortisation of finance	Capitalisation of interest	Movement between	Other	Exchange	**At 31.12.2016**

			to disposal group	gains		costs		maturity categories			
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	**$m**
Cash and cash equivalents	807.5	(113.1)	10.0	-	-	-	-		-	11.9	**716.3**
Liquid investments	924.1	406.9	-	1.2	-	-	-		-	-	**1,332.2**
Total	1,731.6	293.8	10.0	1.2	-	-	-		-	11.9	**2,048.5**
borrowings due within one year	(753.4)	-	-	-	-	-	-	-	(60.8)	-	**(814.2)**
borrowings due after one year	(1,963.3)	(245.7)	-	-	-	(19.4)	(30.8)	-	60.8	-	**(2,198.4)**
Finance leases due within one year	(5.5)	-	-	-	-	-	-	-	(17.1)	0.1	**(22.5)**
Finance leases due after one year	(29.9)	31.2	-	-	(94.5)	-	-	(4.4)	17.1	(2.1)	**(82.6)**
Preference shares	(3.0)	-	-	-	-	-	-	-	-	0.5	**(2.5)**
Total borrowings	(2,755.1)	(214.5)	-	-	(94.5)	(19.4)	(30.8)	(4.4)	-	(1.5)	**(3,120.2)**
Net (debt)/cash	**(1,023.5)**	**79.3**	**10**	**1.2**	**(94.5)**	**(19.4)**	**(30.8)**	**(4.4)**	**-**	**10.3**	**(1,071.7)**

Net debt

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

	At 31.12.2017	At 31.12.2016
	$m	$m
Cash, cash equivalents and liquid investments	**2,252.3**	2,048.5
Total borrowings	**(2,708.7)**	(3,120.2)
Net debt	**(456.4)**	(1,071.7)

25. Related party transactions

a) Joint ventures

The Group has a 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interests in Pakistan. During 2017 the Group contribution was $9.3 million (2016 - $10.0 million) to Tethyan.

The Group has a 50.1% interest in Energía Andina, which is a joint venture with Origin Energy Geothermal Chile Limitada for the evaluation and development of potential sources of geothermal and solar energy. During 2017 the Group contributed $0.1 million (2016 - $1.0 million)

The Group has a 50% interest in Minera Zaldívar, which is a joint venture with Barrick Gold Corporation. During 2017 the Group has received dividends from Minera Zaldívar of $60 million (2016 - nil).

b) Associates

The Group has a 40% interest in Inversiones Hornitos S.A. During 2017 the Group paid $175.2 million (2016 – $112.6 million) to Inversiones Hornitos in relation to the energy supply contract at Centinela. During 2017 the Group has received dividends from Inversiones Hornitos S.A. of $21.8 million (2016 - $10.1 million).

The Group has a 30% interest in Parque Eólico El Arrayán S.A. ("El Arrayán"). During 2017 the Group paid $39.7 million (2016 - $38.1 million) to El Arrayan in relation to the energy supply at Los Pelambres.

c) Other related parties

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

The Group holds a 51% interest in Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, a company controlled by the Luksic family, which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. The Group is responsible for any exploration costs relating to the properties held by these entities. During 2017 the Group incurred $0.6 million (2016 - $1.0 million) of exploration costs at these properties.

Quiñenco SA ("Quiñenco") is a Chilean financial and industrial conglomerate, the shares of which are traded on the Santiago Stock Exchange. The Group and Quiñenco are both under the control of the Luksic family, and three Directors of the Company, Jean-Paul Luksic, Andronico Luksic and Gonzalo Menéndez, are also directors of Quiñenco.

The following material transactions took place between the Group and the Quiñenco group of companies, all of which were on normal commercial terms:

- the Group earned interest income of $0.6 million (2016 – $0.1 million) during the year on deposits with Banco de Chile SA, a subsidiary of Quiñenco. Deposit balances at the end of the year were $18.0 million (2016 – $34.5 million);
- the Group earned interest income of $0.4 million (2016 – $0.3 million) during the year on investments with BanChile Corredores de Bolsa SA, a subsidiary of Quiñenco. Investment balances at the end of the year were $16.5 million (2016 – nil);
- the Group made purchases of fuel from ENEX SA, a subsidiary of Quiñenco, of $185.3 million (2016 – $161.6 million). The balance due to ENEX SA at the end of the year was nil (2016 – nil).

The transactions which Group companies entered into with related parties who are not members of the Group are set out below. There are no guarantees given or received and no provisions for doubtful debts related to the amount of outstanding balances.

26. Currency translation

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

	2017
Year-end rate	US$1.3535=£1; US$1 = Ch$614.75
Average rates	US$1.2878=£1; US$1 = Ch$649.19

27. Distribution

The Annual Report and Financial Statements for the year ended 31 December 2017, together with the Notice of the 2018 Annual General Meeting, will be posted to all shareholders in April 2017. The Annual General Meeting will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ from 10.00 a.m. on Wednesday 23 May 2018.

28. Alternative performance measures (not subject to audit or review)

This preliminary results announcement 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 earnings per share from continuing and discontinued operations (including exceptional items) 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 on-going businesses of the Group, excluding the impact of exceptional items which are non-regular or non-operating in nature.

b) EBTIDA

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 historic cost of property, plant & equipment or the particular financing structure adopted by the business.

At 31 December 2017

	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)	1,217.3	579.1	131.2	-	(68.8)	**(76.6)**	**1,782.2**	58.9	**1,841.1**
Depreciation and amortisation	205.2	276.6	76.1	-	-	6.7	**564.6**	16.5	**581.1**
Profit on disposals	5.6	3.7	-		-	(0.9)	**8.4**	(0.1)	**8.3**
EBITDA from subsidiaries	**1,428.1**	**859.4**	**207.3**	**-**	**(68.8)**	**(70.8)**	**2,355.2**	**75.3**	**2,430.5**
Proportional share of the EBITDA from associates and JV	-	-	-	134.2	-	(0.9)	**133.3**	22.8	**156.1**
Total EBITDA	**1,428.1**	**859.4**	**207.3**	**134.2**	**(68.8)**	**(71.7)**	**2,488.5**	**98.1**	**2,586.6**

At 31 December 2016

	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)	**484.9**	**246.0**	**(213.4)**	**-**	**(44.3)**	**(62.3)**	**410.9**	**56.1**	**467.0**
Depreciation and amortisation	195.7	299.4	62.7	-	-	5.2	**563.0**	15.4	**578.4**
Loss on disposals	0.2	17.1	-	-	-	0.6	**17.9**	1.8	**19.7**
Provision against the carrying value of assets	241.0	-	215.6	-	-	-	**456.6**	-	**456.6**
EBITDA from subsidiaries	**921.8**	**562.5**	**64.9**	**-**	**(44.3)**	**(56.5)**	**1,448.4**	**73.3**	**1,521.7**
Proportional share of the EBITDA from associates and JV	(0.8)	-	-	85.1	-	5.7	**90.0**	14.4	**104.4**
Total EBITDA	**921.0**	**562.5**	**64.9**	**85.1**	**(44.3)**	**(50.8)**	**1,538.4**	**87.7**	**1,626.1**

c) 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 31.12.2017	At 31.12.2016
Reconciliation of cash costs excluding tolling charges and by-product revenues:		
Total Group operating costs (Note 4) ($m)	**2,908.3**	3,154.7
Less:		
Total – Depreciation and amortisation (Note 4) ($m)	**(581.9)**	(578.4)
Total – Loss on disposal (Note 4) ($m)	**(8.3)**	(19.7)
Total – Provision against the carrying value of asset (Note 4) ($m)	**-**	(456.6)
Elimination of non-mining operations		
Corporate and other items – Total operating cost (Note 4) ($m)	**(70.8)**	(56.5)
Exploration and evaluation – Total operating cost (Note 4) ($m)	**(68.8)**	(44.3)
Railway and other transport services – Total operating cost (Note 4) ($m)	**(95.8)**	(86.9)
Closure provision and other expenses not included within cash costs ($m)	**(39.8)**	(53.4)
Total cost relevant to the mining operations' cash costs ($m)	**2,042.9**	1,858.9
Copper sales volumes – excluding Antucoya Q1 2016 and Zaldívar (tonnes)[1]	**657,700**	634,000
Cash costs excluding tolling charges and by-product revenues ($/tonne)	**3,106**	2,932
Cash costs excluding tolling charges and by-product revenues ($/lb)	**1.41**	1.33
Reconciliation of cash costs before deducting by-products:		
Tolling charges - copper - Los Pelambres (Note 5) ($m)	**179.5**	192.2
Tolling charges - copper - Centinela (Note 5) ($m)	**98.2**	108.9
Tolling charges - copper – total ($m)	**277.7**	301.1
Copper sales volumes – excluding Antucoya Q1 2016 and Zaldívar (tonnes)[1]	**657,700**	634,000
Tolling charges ($/tonne)	**422**	475
Tolling charges ($/lb)	**0.19**	0.22
Cash costs excluding tolling charges and by-product revenues ($/lb)	**1.41**	1.33
Tolling charges ($/b)	**0.19**	0.21
Cash costs before deducting by-products (S/lb)	**1.60**	1.54

[1] *2016 and 2017 includes Zaldivar, 2016 exlcluded Antucoya Q1.*

c) Cash costs (continued)

	At 31.12.2017	At 31.12.2016
	$m	$m
Reconciliation of cash costs (net of by-products):		
Gold revenue - Los Pelambres (Note 4) ($m)	**68.7**	78.5
Gold revenue - Centinela (Note 4) ($m)	**209.7**	261.2
Molybdenum revenue - Los Pelambres (Note 4) ($m)	**168.5**	94.0
Silver revenue - Los Pelambres (Note 4) ($m)	**37.7**	46.1
Silver revenue - Centinela (Note 4) ($m)	**20.5**	20.0
Total by-product revenue ($m)	**505.1**	499.8
Copper sales volumes – excluding Antucoya Q1 2017 and Zaldívar (tonnes)[1]	**657,700**	634,000
By-product revenue ($/tonne)	**768**	788
By-product revenue ($/lb)	**0.35**	0.35
Cash costs before deducting by-products (S/lb)	**1.60**	1.54
By-product revenue ($/lb)	**(0.35)**	(0.34)
Cash costs (net of by-products) ($/lb)	**1.25**	1.20

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

d) 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 the majority 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.

		At December 2017			At December 2016	
	Total amount	Attributable share	Attributable amount	Total amount	Attributable share	Attributable amount
	$m		$m	$m		$m
Cash, cash equivalents and liquid investments:						
Los Pelambres	**241.8**	60%	145.1	143.0	60%	85.8
Centinela	**353.0**	70%	247.1	384.0	70%	268.8
Antucoya	**158.9**	70%	111.2	152.9	70%	107.0
Corporate	**1,441.2**	100%	1,441.2	1,328.1	100%	1,328.1
Railway and other transport services	**57.4**	100%	57.4	40.5	100%	40.5
Total	**2,252.3**		2,002.0	2,048.5		1,830.2
Borrowings:						
Los Pelambres (Note 17)	**(286.9)**	60%	(172.1)	(391.7)	60%	(235.0)
Centinela (Note 17)	**(990.4)**	70%	(693.3)	(1,127.4)	70%	(789.2)
Antucoya (Note 17)	**(840.0)**	70%	(590.8)	(985.3)	70%	(689.7)
Corporate (Note 17)	**(527.0)**	100%	(527.0)	(524.8)	100%	(524.8)
Railway and other transport services (Note 17)	**(60.4)**	100%	(60.4)	(91.0)	100%	(91.0)
Total (Note 17)	**(2,708.7)**		(2,043.6)	(3,120.2)		(2,329.7)
Net debt	**(456.4)**		**(41.6)**	(1,071.7)		(499.5)

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

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

	Production		Sales	
	Year ended 31.12.2017	Year ended 31.12.2016	**Year ended 31.12.2017**	Year ended 31.12.2016
	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes
Copper				
Los Pelambres	**343.8**	355.4	**344.8**	351.6
Centinela	**228.3**	236.2	**232.2**	227.6
Antucoya	**80.5**	66.2	**80.8**	66.6
Michilla	**-**	-	**-**	0.9
Zaldívar	**51.7**	51.7	**51.3**	51.7
Group total	**704.3**	709.4	**709.0**	698.5
Gold	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**55.4**	57.8	**54.3**	62.8
Centinela	**157.0**	213.0	**163.9**	208.6
Group total	**212.4**	270.8	**218.2**	271.4
Molybdenum	**000 tonnes**	000 tonnes	**000 tonnes**	000 tonnes
Los Pelambres	**10.5**	7.1	**9.6**	7.2
Silver	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**2,379.7**	2,585.8	**2.306.4**	2,701.9
Centinela	**1,202.9**	1,313.0	**1,231.9**	1,159.0
Group total	**3,582.6**	3,898.8	**3,538.3**	3,860.9

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

	Cash costs		Realised prices	
	Year ended 31.12.2017	Year ended 31.12.2016	**Year ended 31.12.2017**	Year ended 31.12.2016
	$/lb	$/lb	**$/lb**	$/lb
Copper				
Los Pelambres	**1.02**	1.06	**3.06**	2.35
Centinela	**1.36**	1.19	**2.96**	2.32
Antucoya	**1.68**	1.83	**2.86**	2.30
Zaldivar (attributable basis – 50%)	**1.62**	1.55	**-**	-
Group weighted average (net of by-products)	**1.25**	1.20	**3.00**	2.33
Group weighted average (before deducting by-products)	**1.60**	1.54		
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.41**	1.33		
Cash costs at Los Pelambres comprise:				
On-site and shipping costs	**1.17**	1.09		
Tolling charges for concentrates	**0.26**	0.27		
Cash costs before deducting by-product credits	**1.43**	1.36		
By-product credits (principally molybdenum)	**(0.41)**	(0.30)		
Cash costs (net of by-product credits)	**1.02**	1.06		
Cash costs at Centinela comprise:				
On-site and shipping costs	**1.62**	1.53		
Tolling charges for concentrates	**0.19**	0.22		
Cash costs before deducting by-product credits	**1.81**	1.75		
By-product credits (principally gold)	**(0.44)**	(0.56)		
Cash costs (net of by-product credits)	**1.36**	1.19		
LME average copper price			**2.80**	2.21
Gold			**$/oz**	$/oz
Los Pelambres			**1,270**	1,253
Centinela			**1,284**	1,257
Group weighted average			**1,280**	1,256
Market average price			**1,258**	1,248
Molybdenum			**$/lb**	$/lb
Los Pelambres			**8.7**	6.8
Market average price			**8.2**	6.5
Silver			**$/oz**	$/oz
Los Pelambres			**16.7**	17.4
Centinela			**17.0**	17.7
Group weighted average			**16.8**	17.5
Market average price			**17.1**	17.1

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 and copper cathodes 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 fourth quarter of 2017, published on 24 January 2018.