NEWS RELEASE, 19 MARCH 2019

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 2018
Strong operating performance underpins increased dividend pay-out

Antofagasta plc CEO Iván Arriagada said: *"2018 was a record year of production, with the Group hitting 725,300 tonnes of copper reflecting an improving level of operating stability and a full year's contribution from Encuentro Oxides. This momentum will continue into 2019 which we expect to be another record-setting year as we benefit from a further improvement in grades and continued strong throughput.*

"In 2018 we achieved savings of $184 million under our Cost and Competitiveness Programme which helped contain the increase in net cash costs to 3%. These savings were in excess of the $100 million originally targeted, and now for 2019 we are targeting a further $100 million of savings.

"Our financial results reflect the strong operating performance of the year. Despite lower realised copper prices EBITDA[1] was in line with expectations at $2.2 billion with healthy operating cash flow of $1.9 billion.

"The Board has recommended a final dividend of 37 cents per share which, combined with the interim dividend amounts to $432 million. This includes some $100 million of net proceeds from the sale of non-core assets during the year and reflects the Company's positive outlook and strong financial resources.

"As US/China trade negotiations have progressed during the first few months of this year the copper price has traded favourably. We expect price volatility to persist in the short term but consider the fundamentals of the copper market will remain positive and that the supply deficit will increase during the year.

HIGHLIGHTS

Financial performance

- **Revenue for the full year of $4,733.1 million was almost unchanged** compared to 2017 reflecting the 6.3% decrease in the realised copper price, almost completely offset by higher copper sales volumes and higher molybdenum revenue
- **EBITDA[(1)] was $2,228 million**, 13.9% lower than the previous year on flat revenue and as unit costs increased due to grade declines and higher input costs
- **EBITDA margin[(2)] was 47.1%.**
- **Capital expenditure decreased to $873 million,** $26.2 million lower than in 2017
- **Earnings per share from continuing operations of 51.5 cents per share,** lower than in 2017 because of lower EBITDA and depreciation and amortisation 31% higher
- **Final dividend of 37.0 cents per share declared,** bringing the total dividend for the year to 43.8 cents per share, which amounts to $432 million equal to a 65% pay-out ratio plus some $100 million of net cash proceeds from the sale of non-core assets during the year. This is similar to last year's pay-out ratio of 67% and is in excess of the Company's minimum pay-out policy of 35% of underlying earnings per share.

Operating performance

- **Safety is our top priority.** As previously announced, there was a fatal accident at Los Pelambres involving a contractor employee in October 2018. A full investigation was completed and all actions have now been fully implemented.
- **Group copper production for the full year was 725,300 tonnes,** 3% higher than 2017 and at the top end of revised guidance and set a record year for the Company due to higher production at Los Pelambres and Centinela

- **Group cash costs before by-product credits[(1)] for the full year were $1.72/lb,** 12c/lb higher than last year due to the expected decline in grades at Centinela, and also increased costs at Los Pelambres, Antucoya and Zaldivar, as a result of higher input prices
- **Group net cash costs[(1)] for 2018 were $1.29/lb,** 3.7% higher than in 2017, but below guidance reflecting higher than expected by-product revenues

Guidance (as previously announced)

- **Group production in 2019 is expected to be 750-790,000 tonnes of copper**, 240-260,000 ounces of gold and 11,500-12,500 tonnes of molybdenum (as previously announced). Copper production is expected to grow as grades improve at all operations, but particularly Centinela Concentrates.
- **Group cash costs in 2019 before and after by-product credits** are expected to be $1.70/lb and $1.30/lb respectively (as previously announced)
- **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 2019 is estimated at $1.2 billion including expenditure carried over from 2018 and the Los Pelambres Expansion project.

Other

- **Los Pelambres Incremental Expansion Phase 1** received approval at the end of 2018 with construction starting at the beginning of 2019. This phase will increase annual copper production by 40,000 tonnes in the first full year of the expansion, reaching 70,000 tonnes towards the end of the first 15 years. The capital cost of the project is $1.3 billion, which includes $500 million for a 400-litre per second desalination plant and water pipeline which has the capacity to supply the water requirements of this expansion, a potential future expansion and to serve as back-up for water supply to the existing plant in case of extended drought.
- **Centinela expansion.** Following a detailed evaluation of two expansion alternatives the Company will progress the studies on a second concentrator, as this alternative offers the best potential combination of financial returns and risk profile. The feasibility study of the second concentrator is expected to be completed during 2020.

YEAR ENDING 31 DECEMBER		2018	2017	%
Group revenue	$m	4,733.1	4,749.4	(0.3)
EBITDA[(1)]	$m	2,228.3	2,586.6	(13.9)
EBITDA margin[(1, 2)]	%	47.1%	54.5%	(13.6)
Underlying earnings per share[1] (continuing operations)	cents	51.5	76.1	(32.3)
Earnings per share (continuing and discontinued operations)	cents	55.1	76.2	(27.7)
Dividend per share	cents	43.8	50.9	(13.9)
Cash flow from operations (continuing & discontinued)	$m	1,877.0	2,495.0	(24.8)
Capital expenditure[(3)]	$m	872.8	899.0	(2.9)
Net debt at period end[(1)]	$m	596.3	456.4	30.7
Average realised copper price	$/lb	2.81	3.00	(6.3)
Copper sales	kt	717.6	709.0	1.2
Gold sales	koz	198.1	218.2	(9.2)
Molybdenum sales	kt	14.0	9.6	45.8
Cash costs before by-product credits[(1)]	$/lb	1.72	1.60	7.5
Net cash costs[(1)]	$/lb	1.29	1.25	3.2

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 40.2 % in 2018 and 50.1% in 2017.

(3) On a cash basis

The 2018 Preliminary Results Presentation is available for download from the website www.antofagasta.co.uk.

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

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

DIRECTORS' COMMENTS FOR THE YEAR ENDED 2018

2018 FINANCIAL HIGHLIGHTS

Revenue for the Group in 2018 was $4,733.1 million, 0.3% lower than in 2017 reflecting the lower realised copper price which was almost completely offset by higher copper sales volumes and higher molybdenum revenue.

EBITDA decreased with higher unit cash costs, and increased exploration and evaluation expenditure and mine closure provisions. EBITDA decreased by 13.9% to $2,228.3 million, at an EBITDA margin of 47.1%.

Earnings per share from continuing operations for the year were 51.5 cents, a decrease of 24.6 cents compared with 2017 on lower EBITDA and higher depreciation and amortisation.

Cash flow from continuing and discontinued operations was $1,877.0 million. Cash flow was impacted by a one-off short-term VAT payment of $265 million made in December 2018, with the same amount then being reclaimed and refunded to the Group in January 2019. Excluding the impact of this payment, cash flow from continuing operations would have been $2,142.0 million.

During the year, copper production increased by 3.0% to 725,300 tonnes, compared to 2017. This was due to the strong performance at Los Pelambres and the completion of the ramp up of the Encuentro Oxides plant at Centinela, which was partly offset by lower production at Antucoya and Zaldívar.

Gold production was 210,100 ounces, 1.1% lower than in 2017, with lower grades and recoveries at Centinela offset by higher production at Los Pelambres.

Molybdenum production increased by 29.5% to 13,600 tonnes compared to 2017, on higher throughput, grades and recoveries at Los Pelambres. In addition, Centinela successfully commissioned its molybdenum plant during the year contributing 300 tonnes to Group production.

The transport division transported 3.2% less tonnage in 2018 than in 2017 mainly due to its customers' lower production and therefore lower shipments. Seven new locomotives were brought into operation during the year as part of the Division's strategy to increase the fleet's haulage capacity with more efficient units and to win new contracts.

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 operations, which contributed to the record production for the year. The Group's Cost and Competitiveness Programme generated savings of $184 million during the year, well in excess of the original target of $100 million

The copper market started the year strongly with the copper price averaging about $3.15/lb in the first half of the year, but then weakened significantly in July as trade tensions arose between the US and China. The price fell to an average of about $2.80/lb in the second half of the year and $2.96/lb for the full year, an increase of 5.9% compared with 2017.

The Group's realised copper price in 2018 was $2.81/lb, 6.3% lower than in 2017 and the realised gold price was $1,256/oz compared with $1,280/oz in 2017, while the realised molybdenum price was $12.4/lb, an increase of 42.6% compared to the $8.7/lb in 2017.

NET DEBT

Net debt at the end of 2018 was $596 million, a $140 million increase compared with 2017. However, excluding the impact of the short-term VAT payment referred to above, net debt would have decreased by $125 million to $331 million, equivalent to a Net Debt/EBITDA ratio of 0.15 times.

SALE OF NON-CORE ASSETS

During the year the Group disposed of its power transmission lines at Centinela for $117 million and its interest in the El Arrayan wind farm for $28 million.

DIVIDENDS

The Board has declared a final dividend for 2018 of 37.0 cents per share, which together with the interim dividend of 6.8 cents per share amounts to $431.8 million. This is equal to a 65% pay-out ratio plus some $100 million of net cash proceeds from the sale of non-core assets during the year and is a similar pay-out ratio to last year's. It is also in excess of the Group's minimum pay-out ratio policy of 35%.

SAFETY AND HEALTH

Antofagasta puts people first and safety is the top priority.

Regrettably, after 26 months without a fatality, a contractor suffered a fatal accident at Los Pelambres in October 2018 while working at the Mauro tailings dam. The tragic loss led to important organisational lessons which have been incorporated into the Group's Safety and Health Strategy.

In 2018 the Group reinforced its Safety and Health Strategy, which is based on four pillars: safety risk management; health risk management; aligned reporting and improvement; and leadership with four goals: zero fatalities, zero occupational illnesses, the development of a resilient culture and the automation of hazardous processes, and expect that this Strategy will contribute to an improvement in safety and health at the Group's operations.

ENVIRONMENT

Antofagasta seeks to limit, mitigate and control the impact of its activities on the environment and is committed to achieving sustainable and efficient use of natural resources throughout the mining cycle, from exploration to site closure and beyond.

Antofagasta continued to implement its Environmental Management Model, approved by the Board in 2017, which seeks to ensure strict compliance with environmental requirements. During the year, there were no significant environmental incidents or fines and the reporting of low-potential incidents increased by 91% owing to training and the dissemination and standardisation of reporting criteria. This tool creates a preventive and vigilant culture.

During the year Zaldívar entered into a new 100% renewable power purchase agreement effective from 2020 that will reduce the mine's greenhouse gas emissions by 350,000 tonnes per year.

TAILINGS STORAGE FACILITIES

The Group has four tailings storage facilities, two at Los Pelambres in central Chile and two in northern Chile. The active tailings dam at Los Pelambres, El Mauro, is monitored continuously and carefully managed. All of the Group's facilities are built using the downstream method, are managed by dedicated teams and are reviewed twice a year by an independent tailings board comprised of highly qualified experts.

The Mauro tailings dam is designed for extreme weather and severe earthquakes and has early warning and evacuation procedures in place and its physical and chemical monitoring system provides real-time information to the mine, local communities and the authorities. In 2015 the dam withstood an 8.3° earthquake 100 km away without any negative impact to the integrity of the dam.

The Company supports recent proposals to introduce an international independent developed standard and classification system that monitors the safety risk of tailings storage facilities and will work with the International Council on Mining and Metals (ICMM) and other bodies to ensure its success.

COMMUNITIES

Through dialogue and collaboration, Antofagasta has strengthened its engagement with communities in the regions where it operates and has been applying a new Social Management Model in both the mining and transport divisions that enables the application of common engagement principles, methodologies and practices.

OPERATING EXCELLENCE AND INNOVATION

The Group seeks achieving its production targets at competitive costs in a fatality-free environment through three initiatives: the implementation of its Cost Competitiveness Programme, the promotion of Operating Excellence and the development of innovative solutions and ideas.

Cost Competitiveness Programme

The Cost and Competitiveness Programme (CCP) was introduced in 2014 and has achieved savings in mine site costs of $709 million since then, approximately $184 million of which were made during 2018 well ahead of the target of $100 million. The savings for the year are equivalent to 10c/lb.

The target for 2019 is a further $100 million of savings, mainly as a result of productivity improvements achieved through applying the Group's operating excellence methodology.

Operating Excellence

Operating Excellence departments have been established centrally and at each operation to drive continuous improvement.

In 2018 more than 50 initiatives were implemented at the Group's operations, making a significant contribution to efficiency. The success of operating excellence is gaining momentum and new opportunities are being identified to further improve assets usage and performance, and energy efficiency, through the implementation of innovative solutions.

Innovation

Innovation is critical to creating long-term value and is a key enabler of safe, sustainable competitiveness and growth and the Group fosters a culture that supports innovation.

One of the ways the Group is seeking innovative solutions is through the increased use of data and technology - the digitalisation of operations. The Group is investing significantly in this area which has an implementation budget of $40 million to strengthen the Group's technological platform, including critical operating systems and connectivity, as a key enabler to progressing the digital transformation. In addition advanced data analytics have been applied at the Group's processing plants to better understand and improve their performance and work is now underway on the design of a Remote Centre that will allow integrated operations management at Centinela.

It's not just at the operating level that there are benefits of improved data. Los Pelambres constantly monitors its tailings deposits and as part of the Programa Tranque project expects to start releasing the monitoring results online early next year. This will provide the community with real time information, helping to build trust between ourselves and our neighbours.

CAPITAL EXPENDITURE

Capital expenditure in 2018 was $873 million, less than the $1 billion originally guided, of which $310 million was sustaining capex, $351 million mine development and $212 million development expenditure.

In 2019 Group capital expenditure will increase to $1.2 billion including expenditure carried forward from 2018 and the Los Pelambres Expansion project.

FUTURE GROWTH

The Group has a pipeline of growth projects which it is currently advancing through a disciplined process of project evaluation.

The expansion of Los Pelambres was approved during the year with construction starting in early 2019. Once the expansion is completed in late 2021 production will increase by an average of 60,000 tonnes of copper per year over the first 15 years of operation. The capital cost is estimated at $1.3 billion and is expected to be fully financed by debt. The capital estimate includes $500 million for a desalination plant and water pipeline that will supply the expansion and a potential further growth phase as well as acting as a back-up for the existing operation in case of extreme dry conditions, were these to materialise.

During 2018 the Company considered two growth alternatives for Centinela: the construction of a second concentrator, and the expansion of the existing concentrator. Following a detailed evaluation of the two alternatives it has been decided to progress the studies on a second concentrator, as this alternative has the best combination of financial returns and risk profile. The feasibility study is expected to be completed in 2020 on this alternative that would produce some 180,000 tonnes of copper equivalent a year. The prefeasibility study estimate of the capital cost in 2015 was $2.7 billion.

The feasibility study for the Zaldívar Chloride Leach Project was completed in 2018 and the project is expected to be brought to the Board for approval during 2019, following the completion of detailed engineering and favourable progress on the EIA for the extension of water rights beyond 2025. The project will improve copper recoveries from the secondary sulphides ore by using proprietary technology developed by the Group at its Michilla operation.

The Group expects to complete the Mine Plan of Operations (MPO) for its Twin Metals project in Minnesota in 2019 and following a thorough review, it will be ready to be submitted to the relevant Federal and State agencies. While the MPO is being reviewed the Company will advance the feasibility study. Under the prefeasibility study updated during 2018 the project is expected to be an 18,000 tonnes per day underground operation producing an average of 65,000 tonnes of copper equivalent per year, as copper, PGMs and nickel.

OUTLOOK

Group copper production in 2019 is expected to benefit from improved grades as Centinela Concentrates mines a high grade zone, and to be in the range of 750-790,000 tonnes.

The increase in production in 2019 comes mainly from Centinela and Zaldívar. The construction of the expansion project at Los Pelambres will impact the ore stockpile management at the concentrator and this has been factored into the mine's previously released guidance figures

Group gold production for 2019 is expected to be in the range of 240-260,000 ounces, an increase of 15-25% on 2018, as grades increase at Centinela.

Molybdenum production is expected to be in the range of 11,500-12,500 tonnes, 8-15% lower than in 2018 as grades drop at Los Pelambres, which is partially offset by an increase in production at Centinela with its molybdenum plant contributing up to 2,000 tonnes.

Estimated net cash costs for 2019 of $1.30/lb include targeted savings from operational improvements from the Group's Cost and Competitiveness Programme of some $100 million. These will compensate for expected upward pressure on costs from the increasing cost on some key consumables.

Capital expenditure is expected to be $1.2 billion, which includes expenditure carried forward from 2018 and the Los Pelambres expansion project. Sustaining capital expenditure and mine development will remain at similar levels to 2018.

The copper market was in slight deficit in 2018 and in 2019 the likelihood is that the deficit will increase as consumption growth remains positive and production growth constrained.

REVIEW OF OPERATIONS

LOS PELAMBRES

2018 Performance

Operating Performance

Los Pelambres finished the year strongly, outperforming both production and cost guidance for the full year and again confirming its position as a stable and reliable operation.

EBITDA at Los Pelambres was unchanged in 2018 at $1,428 million compared with 2017, reflecting increased sales volumes offset by increased operating costs.

Production

Copper production for the year increased by 4.1% to 357,800 tonnes compared to 2017 due to higher throughput. Molybdenum production in 2018 was 13,300 tonnes, 26.7% higher than in 2017 due to record recoveries and higher grades and throughput.

Costs

Cash costs before by-product credits at $1.52/lb were 5.6% higher than in 2017, following the one-off bonus paid after labour negotiations were concluded early in the year and with a rise in input prices only partially offset by higher throughput.

Net cash costs for 2018 were $0.91/lb compared with $1.02/lb in 2017 due to significantly higher credits from molybdenum sales.

Capital expenditure

Capital expenditure was $256 million, including $54 million on mine development.

Outlook for 2019

The forecast production for 2019 is 360–370,000 tonnes of payable copper (slightly higher than in 2018), 9.5–10,500 tonnes of molybdenum and 50–60,000 ounces of gold.

Cash costs before by-product credits for 2019 are forecast to be approximately $1.50/lb and net cash costs around $1.05/lb.

CENTINELA

2018 Performance

Operating Performance

Centinela's performance strengthened during the year with the copper grade and throughput in the sulphide line increasing quarter by quarter. Additionally, the new Encuentro Oxides plant commissioned in 2017 achieved its design throughput capacity during the year, increasing cathode production by 28,000 tonnes and utilising most of the SX-EW plant's production capacity.

EBITDA at Centinela was $645 million, compared with $859 million in 2017, despite higher copper production, as the realised copper and gold prices decreased by 4.5% and 2.3% respectively.

Production

Copper production for 2018 was 248,000 tonnes, 8.6% higher than in 2017, primarily as a result of higher throughput at Centinela Concentrates and the ramp-up at Encuentro Oxides, and partially offset by lower grades in both the sulphide and oxide lines.

Production of copper in concentrates was 155,500 tonnes, 5.1% lower than 2017, mainly reflecting lower average grades and the consequent drop in recoveries, partially offset by higher throughput.

New production from Encuentro Oxides contributed to cathode production of 92,500 tonnes in 2018, 43.4% higher than in 2017.

Gold production for the year 2018 was 146,900 ounces, 6.4% lower than in 2017, mainly due to lower grades and recoveries. The new molybdenum plant started operation during the year producing 300 tonnes of molybdenum in concentrates.

Costs

Cash costs before by-product credits for the year were $1.89/lb, 4.4% higher than in 2017, mainly a result of higher input prices, offset by higher production.

Net cash costs were $1.51/lb, 11.0% higher than in 2017, reflecting higher cash costs before by-product credits and lower credits from gold production.

Capital expenditure

Capital expenditure was $502 million, including $279 million on mine development.

Outlook for 2019

Production for 2019 is forecast at 260–280,000 tonnes of payable copper, 190–200,000 ounces of gold and 2,000 tonnes of molybdenum, with production decreasing in the second half of the year as grades decline.

Cash costs before by-products in 2019 are forecast to be approximately $1.85/lb and net cash costs $1.35/lb.

ANTUCOYA

2018 Performance

Operating Performance

Antucoya had a challenging start to the year following a conveyor failure in December 2017 and lower plant availability during the first half of 2018. These affected both throughput and recoveries, but performance improved during the last quarter of 2018 and this is expected to continue into 2019.

EBITDA at Antucoya was $142 million compared with $207 million in 2017, reflecting Antucoya's lower sales volumes and lower realised prices.

Production

Copper production was 72,200 tonnes, 10.3% lower than in 2017, due to lower throughput and recoveries.

Costs

Cash costs for 2018 were $1.99/lb, 18.5% higher than in 2017, mainly because of lower production and higher input prices.

Capital expenditure

Capital expenditure was $43 million, including $19 million on mine development.

Outlook for 2019

Production in 2019 is forecast to be 75–80,000 tonnes and cash costs are expected to be approximately $2.00/lb.

ZALDÍVAR

2018 Performance

Operating Performance

During 2018 Zaldívar successfully focused on improving copper recoveries following a decline in 2017, although this effort was offset by lower throughput arising from stoppages affecting the uptime of the plant.

Attributable EBITDA was $87 million compared with $134 million in 2017.

Production

Copper production was 47,300 tonnes, 8.5% lower than 2017, mainly due to lower throughput, which was partially offset by higher grades and recoveries.

Costs

Cash costs for 2018 were $1.94/lb, 19.8% higher than the previous year, mainly because of the impact of lower production and higher input prices.

Capital expenditure

Attributable capital expenditure for 2018 was $52 million, which includes $10 million on mine development. Capital expenditure is not included in the Group's figures as the operation is equity accounted.

Outlook for 2019

Attributable copper production in 2019 is forecast to be 55–60,000 tonnes at a cash cost of approximately $1.75/lb.

TRANSPORT DIVISION

2018 Performance

Operating performance

During the year, the transport division continued to improve its operations through the application of its Management Model, which is based on the three key areas of sustainability, productivity and cost management. Tonnage transported was 6.1 million, 3% down on the previous year, with reductions in both road and rail tonnages mainly due to some of the company's customers production decreasing which reduced their shipment levels.

The division's EBITDA was $64 million in 2018, better than expected but 16% lower than the previous year, mainly due to higher diesel prices and slightly lower transport tonnage combined with higher contractor and labour costs.

Costs

Cost management was focused on optimising the division's business processes to ensure long term competitiveness. A Cost and Competitiveness Programme achieved benefits of $4.5 million in 2018, through increased revenues and lower costs. The main areas of improvement were in organisational effectiveness, lower prices in selected contracts, and improved operating and maintenance management. During the year, fleet reliability and availability improved compared with previous years with a significant increase in the amount of preventive, as opposed to corrective, maintenance.

Outlook for 2019

The division will continue to develop new business opportunities and expects significant future growth from the award of new contracts. Improvements are expected in maintenance using knowledge gained from the mining division and best practices in the railway industry, and benefiting from the new locomotives and higher fleet availability.

Diversification of cargo will be an area of focus in the short and medium term, with bulk cargoes such as lime, explosives, diesel and concentrates being targeted.

GROWTH PROJECTS AND OPPORTUNITIES

Centinela Molybdenum Plant

The new molybdenum plant at Centinela was completed during 2018 and started production in the third quarter of 2018 and is designed to produce an average of 2,400 tonnes of molybdenum per year. This allows Centinela to benefit from another by-product credit, lowering its unit net cash costs.

Los Pelambres Incremental Expansion

This expansion project is being carried out in two phases with the benefit of simplifying the permitting application process.

Phase 1

This phase is designed to optimise throughput within the limits of the existing operating, environmental and water extraction permits.

The Board approved the project in October 2018 and the award of major contracts and long lead items with construction beginning in early 2019.

Throughput at the plant will increase from the current capacity of 175,000 tonnes of ore per day to an average of 190,000 tonnes of ore per day with first production is expected in the second half of 2021. The plant expansion includes an additional SAG mill, ball mill and the corresponding flotation circuit with six additional cells.

Annual copper production will be increased by 40,000 tonnes in the first full year of the expansion, reaching 70,000 tonnes towards the end of the first 15 years as the hardness of the ore increases and the benefit of higher milling capacity is fully realised. Over the full period the production increase will average approximately 60,000 tonnes per year.

The capital cost of the project is $1.3 billion, which includes $500 million for a 400-litres per second desalination plant and water pipeline. The desalination plant will supply water for the expansion and a potential further growth phase (Phase 2) and will act as a back-up for the existing operation in extreme dry conditions, were these to occur. Desalinated water will be pumped from the coast to the Mauro tailings storage facility, where it will connect with the existing recycling circuit returning water to the Los Pelambres concentrator plant.

Phase 2

In the second phase of expansion, throughput will increase to 205,000 tonnes of ore per day and, using the large resource base of Los Pelambres, the mine’s life will be extended by 15 years beyond the current 20. As part of this development the Group will submit a new EIA to increase the capacity of the Mauro tailings storage facility and the mine waste dumps, and extend certain operating permits.

Work began on the environmental baseline study for the new EIA in 2017 and is expected will be completed during 2020, along with the early stages of community engagement activities.

Capital expenditure for this phase was estimated in the pre-feasibility study completed in 2014 at approximately $500 million, the majority being on mining equipment, additional crushing and grinding capacity and flotation cells. The conveyors from the primary crusher in the pit to the concentrator plant will also have to be repowered to support the additional throughput.

Critical studies on tailings and waste storage capacity have been undertaken and are now progressing towards the feasibility study stage. However, the project will only proceed once Phase 1 is significantly advanced and will require the submission of extensive permit applications, including the new EIA. First production from this phase is estimated to be in 2023 at the earliest, depending in large part on the length of the permitting process. Phase 2 is expected to increase copper production by 35,000 tonnes per year.

Centinela Expansion

During 2018 the Company considered two growth alternatives for Centinela: the construction of a second concentrator, and the expansion of the existing concentrator. Following a detailed evaluation of the two alternatives it has decided to focus exclusively on the second concentrator, as this alternative had the best combination of financial returns and risk profile.

Centinela Second Concentrator

The construction of a second concentrator and tailings deposit some 7km from the existing concentrator is being considered in two phases. Phase 1 would have an ore throughput capacity of 90,000 tonnes per day, producing copper, and gold and molybdenum as by-products, with an annual production of approximately

180,000 tonnes of copper equivalent. Once Phase 1 has been completed and is operating successfully, a further expansion is possible and would involve increasing the capacity of the concentrator to 150,000 tonnes of ore per day with annual production increasing to 250,000 tonnes of copper equivalent.

Ore for the second concentrator would be sourced initially from the Esperanza Sur deposit, around 4 km from the Esperanza pit, and later from Encuentro Sulphides. The latter lies under the Encuentro Oxides reserves, which are expected to be depleted by 2026.

The EIA for both phases of the project was approved in 2016 and the feasibility study for Phase 1 will be progressed with the expectation it will be completed during 2020. The capital cost estimated in the 2015 prefeasibility study for Phase 1 was $2.7 billion, which included pre-stripping, mining equipment, a concentrator plant, a new tailings deposit, water pipeline and other infrastructure, plus the owner's and other costs. The feasibility study will update these estimates as well as incorporating a new milling and crushing strategy using high pressure rolls rather than the more traditional SAG mills.

Zaldivar Chloride Leach Project

The feasibility study for the Zaldívar Chloride Leach Project was completed in 2018 and the project is expected to be brought to the Board for approval during 2019, following the completion of detailed engineering and favourable progress on the EIA for the extension of water rights beyond 2025. The application was submitted during 2018 and is currently being reviewed by the water regulator, a process which includes consultation with the relevant communities.

The project will improve copper recoveries from the secondary sulphides ore by adjusting the leach process through the addition of chlorides to increase the chlorine content of the leach solution. This process is based on a proprietary technology called CuproChlor® that was developed by the Group at its Michilla operation (which closed in 2015) and was based on many years of experience at the mine, which had similar ore types to those that are processed at Zaldívar.

The project requires an upgrade of the Solvent Extraction (SX) plant and the construction of additional washing ponds at an estimated capital cost of $175 million. If approval is granted this year, the project completion date is expected to be in 2021.

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

Twin Metals Minnesota (Twin Metals)

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

In 2017 the Group commenced preparation of the Mine Plan of Operations (MPO), a pre-requisite for permitting applications, and expects to complete it in 2019. Following a thorough review, it will then be ready to be submitted to the relevant Federal and State agencies. While the MPO is being reviewed the Company will advance the feasibility study.

After reaffirming Twin Metal's right to renew its two federal mineral leases, the Department of Interior reinstated the leases to TMM in May 2018 and they are expected to be renewed during 2019. In October 2018, the US Forest Service announced its decision to rescind its proposal to withdraw federal land from the Superior National Forest.

FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31.12.2018	Year ended 31.12.2017
	Total	Total
	$m	$m
Revenue	**4,733.1**	4,749.4
EBITDA (including results from associates and joint ventures)	**2,228.3**	2,586.6
Total operating costs	**(3,388.1)**	(2,908.3)
Operating profit from subsidiaries	**1,345.0**	1,841.1
Net share of results from associates and joint ventures	**22.2**	59.7
Total profit from operations, associates and joint ventures	**1,367.2**	1,900.8
Net finance expense	**(114.5)**	(70.0)
Profit before tax	**1,252.7**	1,830.8
Income tax expense	**(423.7)**	(633.6)
Profit from continuing operations	**829.0**	1,197.2
Discontinued operations	**51.3**	0.5
Profit for the year	**880.3**	1,197.7
Attributable to:		
Non-controlling interests	**336.6**	447.1
Profit for the financial year attributable to the owners of the parent	**543.7**	750.6
Basic earnings per share	**US cents**	US cents
From continuing operations	**51.5**	76.1
From discontinued operations	**3.6**	0.1
Total continuing and discontinued operations	**55.1**	76.2

The $206.9 million decrease in the profit for the financial year attributable to the owners of the parent from $750.6 million in 2017 to $543.7 million in the current year reflected the following factors:

	$m
Profit for the financial year attributable to the owners of the parent in 2017	**750.6**
Decrease in revenue	(16.3)
Increase in total operating costs	(479.8)
Decrease in net share of profit from associates and joint ventures	(37.5)
Increase in net finance expenses	(44.5)
Decrease in income tax expense	209.9
Increase in profit from discontinued operations	50.8
Decrease in non-controlling interests	110.5
	(206.9)
Profit for the financial year attributable to the owners of the parent in 2018	**543.7**

Revenue

The $16.3 million decrease in revenue from $4,794.4 million in 2017 to $4,733.1 million in the current year reflected the following factors:

	$m
Revenue in 2017	**4,749.4**
Decrease in realised copper price	(279.4)
Increase in copper sales volumes	88.2
Decrease in treatment and refining charges	33.2
Increase in molybdenum revenue	179.5
Decrease in gold revenue	(30.4)
Decrease in silver revenue	(9.1)
Increase in transport division revenue	1.7
	(16.3)
Revenue in 2018	**4,733.1**

Revenue from the mining division

Revenue from the mining division decreased by $18.0 million, or 0.4%, to $4,560.3 million, compared with $4,578.3 million in 2017. The decrease reflected a $158.0 million reduction in copper sales, largely offset by increased by-product revenues, in particular molybdenum sales.

Revenue from copper sales

Revenue from copper concentrate and copper cathode sales decreased by $158.0 million, or 3.9%, to $3,915.2 million, compared with $4,073.2 million in 2017. The decrease reflected the $279.4 million impact of lower realised prices, partly offset by the $88.2 million impact of higher sales volumes and the $33.2m impact of lower treatment and refining charges.

(i) Realised copper price

The average realised price decreased by 6.3% to $2.81/lb in 2018 (2017 – $3.00/lb), resulting in a $279.4 million decrease in revenue. While the LME average market price increased by 5.7% to $2.96/lb (2017 - $2.80/lb), this was offset by a negative provisional pricing adjustment of $188.0 million. The provisional pricing adjustment mainly reflected the decrease in the period-end copper price to $2.71/lb at 31 December 2018, compared with $3.25/lb at 31 December 2017.

Realised copper prices are determined by comparing revenue (gross of treatment and refining charges for concentrate sales) with sales volumes in the period. Realised copper prices differ from market prices, mainly because, in line with industry practice, concentrate and cathode sales agreements generally provide for provisional pricing at the time of shipment with final pricing based on the average market price in future periods (normally around one month after delivery to the customer in the case of cathode sales and normally four months after delivery to the customer in the case of concentrate sales).

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

(ii) Copper volumes

Copper sales volumes reflected within revenue increased by 2.0% from 657,700 tonnes in 2017 to 671,100 tonnes in 2018 increasing revenue by $88.2 million. This increase was due to higher copper sales volumes at Los Pelambres (14,100 tonnes) and Centinela (8,700 tonnes) as a result of increased production volumes, partly offset by lower sales volumes at Antucoya (9,500 tonnes).

(iii) Treatment and refining charges

Treatment and refining charges (TC/RCs) for copper concentrate decreased by $33.2 million to $244.5 million in 2018 from $277.7 million in 2017, mainly due a decrease in the average TC/RCs. Treatment and refining charges are deducted from concentrate sales when reporting revenue, 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 $140.0 million or 27.7% to $645.1 million in 2018, compared with $505.1 million in 2017. This increase was due to higher molybdenum revenue, partly offset by lower gold and silver sales.

Revenue from molybdenum sales (net of roasting charges) was $348.0 million (2017 - $168.5 million), an increase of $179.5 million. The increase was due to the higher realised price of $12.4/lb (2017 – $8.7/lb) and increased sales volumes of 14,000 tonnes (2017 – 9,600 tonnes).

Revenue from gold sales (net of treatment and refining charges) was $248.0 million (2017 - $278.4 million), a decrease of $30.4 million which mainly reflected a decrease in volumes as well as a slightly lower realised price. Gold sales volumes decreased by 9.2% from 218,200 ounces in 2017 to 198,100 ounces in 2018, mainly due to lower grades and recoveries at Centinela. The realised gold price was $1,256.3/oz in 2018 compared with $1,280.4/oz in 2017, reflecting the average market price for 2018 of $1,269.6/oz (2017 - $1,257.6/oz), adjusted for a negative provisional pricing adjustment of $1.8 million.

Revenue from silver sales decreased by $9.1 million to $49.1 million (2017 - $58.2 million). The decrease was due to a decrease in the realised silver price to $15.3/oz (2017 - $16.8/oz) as well as lower sales volumes of 3.3 million ounces (2017 – 3.5 million ounces).

Revenue from the transport division

Revenue from the transport division (FCAB) slightly increased by $1.7 million or 1.0% to $172.8 million, with improved revenue from the sale of industrial water ($3.6 million impact) being partly offset by slightly lower tonnages transported, mainly due to some customers' lower production levels.

Total operating costs

The $479.8 million increase in total operating costs from $2,908.3 million in 2017 to $3,388.1 million in the current year reflected the following factors:

	$m
Total operating costs in 2017	**2,908.3**
Increase in mine-site operating costs	259.7
Increase in other mining division costs	2.9
Increase in exploration and evaluation costs	28.8
Decrease in corporate costs	(9.4)
Increase in transport division operating costs	13.4
Increase in depreciation, amortisation and loss on disposals	184.4
	479.8
Total operating costs in 2018	**3,388.1**

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

Operating costs (excluding depreciation, loss on disposals and impairments) at the mining division increased by $282.0 million to $2,505.1 million in 2018, an increase of 12.7%. Of this increase, $259.7 million is attributable to higher mine-site operating costs. This increase in mine-site costs reflected the higher production volumes and activity levels in the year 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 $1.41/lb in 2017 to $1.55/lb in 2018.

The Cost and Competitiveness Programme has been implemented to reduce the Group's cost base and improve its competitiveness within the industry. During 2018 the programme achieved benefits of $184 million, of which $87 million reflected cost savings and $97 million reflected the value of productivity improvements. Of the $87 million of cost savings, $70 million related to Los Pelambres, Centinela and Antucoya, and therefore impacted the Group's operating costs, and $17 million related to Zaldívar (on a 100% basis) and therefore impacted the share of results from associates and joint ventures.

Other mining division costs increased by $2.9 million. Exploration and evaluation costs increased by $28.8 million to $97.6 million (2017 – $68.8 million). This reflected increased early-stage generative exploration activity in Chile, drilling work at Centinela and evaluation expenditure at Twin Metals. Corporate costs decreased by $9.4 million.

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

Operating costs (excluding depreciation and loss on disposals) at the transport division increased by $13.4 million to $109.2 million, mainly due to higher diesel prices and, to a lesser extent, increased contractor and labour costs.

Depreciation, amortisation and disposals

The depreciation and amortisation charge increased by $179.4 million in 2018 to $760.5 million (2017 - $581.1 million). This mainly reflected higher amortisation of mine development costs at Centinela and Los Pelambres, and the start of depreciation of the Encuentro Oxides project, which achieved commercial production on 1 January 2018. The loss on disposal of property, plant & equipment was $13.3 million, an increase of $5.0 million (2017 - $8.3 million)

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries decreased in 2018 by 26.9% to $1,345.0 million (2017 - $1,841.1 million).

Share of results from associates and joint ventures

The Group's share of results from associates and joint ventures was a profit of $22.2 million in 2018, compared with $59.7 million in 2017, with the decrease mainly reflecting lower profit from Zaldívar. In August 2018 the Group disposed of its interest in El Arrayan for cash consideration of $28.0 million, resulting in a profit on disposal of $5.8 million, which is included within the total $22.2 million share of results from associates and joint ventures for the year.

EBITDA

EBITDA (earnings before interest, tax, depreciation, amortisation) decreased by $358.3 million or 13.9% to $2,228.3 million (2017 - $2,586.6 million). EBITDA includes the Group's proportional share of EBITDA from associates and joint ventures.

EBITDA from the Group's mining division decreased by 14.0% from $2,488.5 million in 2017 to $2,139.4 million this year. This reflected the higher mine-site costs, increased exploration and evaluation expenditure and the reduction in revenue explained above.

EBITDA at the transport division decreased by $9.2 million to $88.9 million in 2018, reflecting the increased operating costs explained above partly offset by the slightly higher revenue.

Net finance expense

Net finance expense increased by $44.5 million to $114.5 million, compared with $70.0 million in 2017.

	Year ended 31.12.18 $m	Year ended 31.12.17 $m
Investment income	30.1	23.8
Interest expense	(113.5)	(91.5)
Other finance items	(31.1)	(2.3)
Net finance expense	**(114.5)**	**(70.0)**

Interest income increased from $23.8 million in 2017 to $30.1 million in 2018, mainly due to the increase in average interest rates.

Interest expense increased from $91.5 million in 2017 to $113.5 million in 2018. This mainly reflected the increase in the average LIBOR rate, which was partly offset by the effect of the lower average borrowing balance due to repayments.

Other finance items were a net expense of $31.1 million (2017 – expense of $2.3 million). This reflected an expense of $12.7 million for the unwinding of the discounting of provisions (2017 - $11.6 million) and an expense of $18.3 million in respect of foreign exchange (2017 – gain of $17.1 million). In 2017 there was an expense of $7.8 million relating to the time value element of changes in the fair value of derivative options. Following the adoption of IFRS 9 from 1 January 2018 the time value is now recognised in other comprehensive income rather than the income statement.

Profit before tax

As a result of the factors set out above, profit before tax decreased by 31.6% to $1,252.7 million (2017 - $1,830.8 million).

Income tax expense

The tax charge for 2018 was $423.7 million (2017 – $633.6 million) and the effective tax rate was 33.8% (2017 – 34.6%).

	Year-ended 31.12.2018		Year-ended 31.12.2017	
	ITEMS		ITEMS	
	$m	%	$m	%
Profit before tax	**1,252.7**		1,830.8	
Tax at the Chilean corporate rate tax of 27.0% (2017 – 25.5%)	**(338.2)**	**27.0**	(466.9)	25.5
Items not deductible from first category tax	**(10.8)**	**0.9**	(26.7)	1.5
Effect of increase in future first category tax rates on deferred tax balances	**-**	**-**	(0.6)	-
Adjustment in respect of prior years	**2.6**	**(0.2)**	(35.4)	1.9
Deduction of mining royalty as an allowable expense in determination of first category tax	**21.1**	**(1.7)**	17.4	(1.0)
Credit of tax losses absorbed from dividends of the year	**-**	**-**	(4.3)	0.2
Mining tax (royalty)	**(82.5)**	**6.5**	(78.3)	4.3
Withholding taxes	**(4.5)**	**0.4**	(64.8)	3.5
Tax effect of share of results of associates and joint ventures	**3.0**	**(0.2)**	15.2	(0.8)
(Unrecognised tax losses) / reversal of previously unrecognised tax losses	**(13.8)**	**1.1**	9.9	(0.5)
Net other items	**(0.6)**	**-**	0.9	-
Tax expense and effective tax rate for the year	**(423.7)**	**33.8**	(633.6)	34.6

The effective tax rate varied from the statutory rate principally due to the mining tax (impact of $82.5 million/6.5%) and items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $10.8 million/0.9%), partly offset by the deduction of the mining tax which is an allowable expense when determining the Chilean corporate tax charge (impact of $21.1 million/1.7%) 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 $3.0 million/0.2%).

Profit from discontinued operations

On 11 September 2018 the Group completed the disposal of Centinela Transmisión SA, which holds the electricity transmission line supplying Centinela and other external parties, for cash consideration of $117.2 million. The profit on disposal was $49.2 million, which along with the $2.1 million profit from Centinela Transmisión for the period prior to the disposal, resulted in a total profit from discontinued operations of $51.3 million (2017 - $0.5 million).

Non-controlling interests

Profit for 2018 attributable to non-controlling interests was $336.6 million, compared with $447.1 million in 2017, a decrease of $110.5 million. This reflected the decrease in earnings analysed above.

Earnings per share

	Year ended 31.12.18 $ cents	Year ended 31.12.17 $ cents
Earnings per share from continuing operations	**51.5**	76.1
Earnings per share from discontinued operations	**3.6**	0.1
Earnings per share from continuing and discontinued operations	**55.1**	76.2

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 $543.7 million compared with $750.6 million in 2017, and total earnings per share from continuing and discontinued operations was 55.1 cents per share (2017 – 76.2 cents per share). Earnings per share from continuing operations was 51.5 cents per share (2017 – 76.1 cents per share).

Dividends

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

	Year ended 31.12.18 **$ cents**	Year ended 31.12.17 $ cents
Ordinary dividends:		
Interim	**6.8**	10.3
Final	**37.0**	40.6
Total dividends to ordinary shareholders	**43.8**	50.9

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 2018 of 37.0 cents per ordinary share, which amounts to $364.8 million and will be paid on 24 May 2019 to shareholders on the share register at the close of business on 26 April 2019.

The Board declared an interim dividend for the first half of 2018 of 6.8 cents per ordinary share, which amounted to $67.0 million and was paid on 5 October 2018 to shareholders on the share register at the close of business on 7 September 2018.

This gives total dividends proposed in relation to 2018 (including the interim dividend) of 43.8 cents per share or $431.8 million in total (2017 – 50.9 cents per ordinary share or $501.8 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 decreased by $28.4 million from $901.3 million in 2017 to $872.9 million. The decrease reflected a decrease in capitalised stripping costs at Centinela and the completion of the Encuentro Oxides project at the end of the prior year, partly offset by preliminary expenditure related to the Los Pelambres Expansion project and the purchase of new locomotives at the transport division.

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

Derivative financial instruments

The Group periodically uses derivative financial instruments to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes. At 31 December 2018 the derivative financial instruments in place had a fair value of $0.8 million (positive).

Cash flows

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

	Year ended 31.12.18 $m	Year ended 31.12.17 $m
Cash flows from continuing operations	**1,877.0**	**2,495.0**
Income tax paid	(498.0)	(338.4)
Net interest paid	(41.8)	(44.8)
Capital contributions and loans to associates	(8.1)	(45.4)
Disposal of subsidiary and associate	145.2	3.1
Purchases of property, plant and equipment	(872.9)	(901.3)
Dividends paid to equity holders of the Company	(466.9)	(252.3)
Dividends paid to non-controlling interests	(120.0)	(320.0)
Dividends from associates	16.6	81.8
Other items	(0.2)	4.3
Changes in net debt relating to cash flows	**30.9**	**682.0**
Other non-cash movements	(154.3)	(72.2)
Exchange	(16.5)	5.5
Movement in net debt in the period	**(139.9)**	**615.3**
Net debt at the beginning of the year	(456.4)	(1,071.7)
Net debt at the end of the year	**(596.3)**	**(456.4)**

Cash flows from continuing operations were $1,877.0 million in 2018 compared with $2,495.0 million in 2017. This reflected EBITDA from subsidiaries for the year of $2,118.8 million (2017 – $2,430.5 million) adjusted for the negative impact of a net working capital increase of $240.3 million (2017 – working capital decrease of $12.5 million) and a non-cash decrease in provisions of $1.6 million (2017 – increase of $52.0 million). The working capital increase was mainly due to a one-off short-term VAT payment of $265 million made in December 2018, with the same amount then being reclaimed and refunded to the Group in January 2019. This resulted in a temporary increase in receivables as at 31 December 2018, resulting in a negative cash flow impact for 2018. There will be a corresponding decrease in receivables and a positive cash flow impact in 2019. Accordingly, there is nil net cumulative impact in respect of this transaction over the period from Q4 2018 to Q1 2019.

The net cash outflow in respect of tax in 2018 was $498.0 million (2017 – $338.4 million). This amount differs from the current tax charge in the consolidated income statement of $404.5 million (2017 – $509.8 million) mainly because cash tax payments for corporate tax and the mining tax partly include the settlement of outstanding balances in respect of the previous year's tax charge of $147.2 million (2017 - $113.7 million), payments on account for the current year based on the prior year's profit levels of $465.4 million, as well as the recovery of $114.6 million in 2018 relating to prior years.

The cash inflow from the disposal of a subsidiary and an associate of $145.2 million related to proceeds from the disposal of Centinela Transmisión ($117.2 million) and El Arrayan ($28.0 million).

Contributions and loans to associates and joint ventures of $8.1 million relate to Tethyan Copper Company.

Capital expenditure in 2018 was $872.9 million compared with $901.3 million in 2017. This included expenditure of $502.4 million at Centinela (2017 – $578.3 million), $255.5 million at Los Pelambres (2017 – $240.0 million), $42.8 million at Antucoya (2017 – $43.6 million), $4.5 million at Corporate (2017 – $6.9 million) and $67.7 million at the transport divisions (2017 - $32.5 million).

Dividends paid to equity holders of the Company were $466.9 million, of which $399.9 million related to the payment of the final element of the previous year's dividend and $67.0 million to the interim dividend declared in respect of the current year.

Dividends paid by subsidiaries to non-controlling shareholders were $120.0 million (2017 – $320.0 million).

Financial position

	At 31.12.18 **$m**	At 31.12.17 $m
Cash, cash equivalents and liquid investments	**1,897.6**	2,252.3
Total borrowings	**(2,493.9)**	(2,708.7)
Net debt at the end of the period	**(596.3)**	(456.4)

At 31 December 2018 the Group had combined cash, cash equivalents and liquid investments of $1,897.6 million (31 December 2017 – $2,252.3 million).

Total Group borrowings at 31 December 2018 were $2,493.9 million, a decrease of $214.8 million on the prior year (31 December 2017 – $2,708.7 million). The movement reflected repayments during the year of $562.1 million, new borrowings of $309.6 million (of which $215.0 million related to new borrowing facilities resulting in cash inflows and $94.6 million to new finance leases with no cash impact), non-cash net increases of $47.3 million (principally accrued interest) and decreases due to foreign exchange of $9.6 million.

The repayments of borrowings and finance leasing obligations of $562.1 million reflected repayments at Los Pelambres of $263.2 million, Centinela $175.0 million, Antucoya $90.3 million, the corporate centre of $3.2 million and the transport division of $30.4 million. The new borrowing facilities of $215.0 million reflected new short-term facilities at Los Pelambres of $100.0 million, Centinela $25.0 million and Antucoya $45.0 million, and a new long-term loan at the transport division for $45.0 million. The $94.6 million of new finance leases were all at Los Pelambres.

This resulted in net debt at 31 December 2018 of $596.3 million (31 December 2017 - $456.4 million).

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 31.12.2018 $m	Year ended 31.12.2017 Total $m
Revenue	2,5	**4,733.1**	4,749.4
Total operating costs		**(3,388.1)**	(2,908.3)
Operating profit from subsidiaries	2,4	**1,345.0**	1,841.1
Net share of profit from associates and joint ventures	2,4	**22.2**	59.7
Total profit from operations, associates and joint ventures		**1,367.2**	1,900.8
Investment income		**30.1**	23.8
Interest expense		**(113.5)**	(91.5)
Other finance items		**(31.1)**	(2.3)
Net finance expense	7	**(114.5)**	(70.0)
Profit before tax		**1.252.7**	1,830.8
Income tax expense	8	**(423.7)**	(633.6)
Profit for the financial year from continuing operations		**829.0**	1,197.2
Discontinued operations			
Profit for the financial year from discontinued operations	9	**51.3**	0.5
Profit for the year		**880.3**	1,197.7
Attributable to:			
Non-controlling interests		**336.6**	447.1
Profit for the financial year attributable to the owners of the parent		**543.7**	750.6
Basic earnings per share			
From continuing operations	10	**51.5**	76.1
From discontinued operations	10	**3.6**	0.1
Total continuing and discontinued operations		**55.1**	76.2

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31.12.2018 $m	Year ended 31.12.2017 $m
Profit for the financial year		**880.3**	1,197.7
Items that may be or were subsequently reclassified to profit or loss:			
Gains on cash flow hedges - time value		**6.8**	-
Gains/(losses) on cash flow hedges - intrinsic value		**1.4**	(16.8)
Deferred tax effects arising on cash flow hedges deferred in reserves		**-**	(1.0)
(Losses)/gains in fair value of cash flow hedges transferred to the income statement	6 c) i)	**(0.6)**	18.0
Deferred tax effects arising on amounts transferred to the income statement		**-**	0.3
Share of other comprehensive losses of equity accounted units, net of tax	14	**(0.4)**	-
Total items that may be or were subsequently reclassified to profit or loss		**7.2**	0.5
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gains on defined benefit plans		**3.9**	5.7
Tax on items recognised through OCI which will not be reclassified to profit or loss in the future		**-**	(1.0)
(Losses)/gains in fair value of equity investments	15	**(1.3)**	1.4
Total Items that will not be subsequently reclassified to profit or loss		**2.6**	6.1
Total other comprehensive income		**9.8**	6.6
Total comprehensive income for the year period		**890.1**	1,204.3
Attributable to:			
Non-controlling interests		**339.3**	448.8
Equity holders of the Company		**550.8**	755.5

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	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 2018	89.8	199.2	(12.5)	7,041.9	**7,318.4**	1,823.2	**9,141.6**
Adoption of new accounting standards	-	-	(5.8)	1.1	(4.7)	(2.0)	(6.7)
Balance at 1 January 2018	**89.8**	**199.2**	**(18.3)**	**7,043.0**	**7,313.7**	**1,821.2**	**9,134.9**
Profit for the year	-	-	-	543.7	**543.7**	336.6	**880.3**
Other comprehensive income for the year	-	-	3.8	3.3	**7.1**	2.7	**9.8**
Transfer to Non-controlling interest	-	-	-	(38.2)	**(38.2)**	38.2	**-**
Dividends	-	-	-	(466.9)	**(466.9)**	(120.0)	**(586.9)**
Balance at 31 December 2018	**89.8**	**199.2**	**(14.5)**	**7,084.9**	**7,359.4**	**2,078.7**	**9,438.1**

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**

Consolidated Balance Sheet

		At 31.12.2018	At 31.12.2017
Non-current assets	**Notes**	**$m**	$m
Intangible asset	12	**150.1**	150.1
Property, plant and equipment	13	**9,184.1**	9,064.3
Other non-current assets		**2.6**	3.5
Inventories	16	**172.7**	111.1
Investment in associates and joint ventures	14	**1,056.1**	1,069.7
Trade and other receivables		**56.1**	67.0
Derivative financial instruments		**-**	0.2
Equity investments	15	**4.7**	6.5
Deferred tax assets		**37.2**	69.1
		10,663.6	10,541.5
Current assets			
Inventories	16	**576.3**	483.6
Trade and other receivables		**873.5**	739.2
Current tax assets		**90.7**	155.2
Derivative financial instruments	6	**0.8**	0.1
Liquid investments	24	**863.2**	1,168.7
Cash and cash equivalents	24	**1,034.4**	1,083.6
		3,438.9	3,630.4
Assets classified as held for sale	9	**-**	37.8
Total assets		**14,102.5**	14,209.7
Current liabilities			
Short-term borrowings and leases	17	**(646.0)**	(753.6)
Derivative financial instruments	6	**-**	(7.1)
Trade and other payables		**(608.3)**	(609.0)
Current tax liabilities		**(52.8)**	(192.4)
		(1,307.1)	(1,562.1)
Non-current liabilities			
Medium and long-term borrowings and leases	17	**(1,847.9)**	(1,955.1)
Trade and other payables		**(7.7)**	(7.4)
Liabilities in relation to joint ventures	14	**(1.0)**	(2.0)
Post-employment benefit obligations	18	**(107.4)**	(114.0)
Decommissioning and restoration provisions	19	**(409.8)**	(433.0)
Deferred tax liabilities		**(983.5)**	(994.1)
		(3,357.3)	(3,505.6)
Liabilities directly associated with assets classified as held for sale		**-**	(0.4)
Total liabilities		**(4,664.4)**	(5,068.1)
Net assets		**9,438.1**	9,141.6
Equity			
Share capital	21	**89.8**	89.8
Share premium	21	**199.2**	199.2
Other reserves	22	**(14.5)**	(12.5)
Retained earnings	22	**7,084.9**	7,041.9
Equity attributable to equity holders of the Company		**7,359.4**	7,318.4
Non-controlling interests		**2,078.7**	1,823.2
Total equity		**9,438.1**	9,141.6

The preliminary information was approved by the Board of Directors on 18 March 2019.

Consolidated Cash Flow Statement

	Notes	**Year ended 31.12.2018 $m**	Year ended 31.12.2017 $m
Cash flows from continuing operations	23	**1,877.0**	2,495.0
Interest paid		**(68.2)**	(59.1)
Income tax paid		**(498.0)**	(338.4)
Net cash from continuing activities		**1,310.8**	2,097.5
Investing activities			
Capital contributions and loans to associates and joint ventures	14	**(8.1)**	(45.4)
Dividends from associates	14	**16.6**	81.8
Disposal of subsidiary and joint venture		**145.2**	3.1
Cash derecognised due to loss of control of subsidiary		**(13.2)**	(2.2)
Proceeds from sale of property, plant and equipment		**0.7**	6.9
Purchases of property, plant and equipment		**(872.9)**	(901.3)
Net decrease in liquid investments	24	**305.5**	163.5
Interest received		**26.4**	14.3
Net cash used in investing activities		**(399.8)**	(679.3)
Financing activities			
Dividends paid to equity holders of the Company		**(466.9)**	(252.3)
Dividends paid to preference shareholders of the Company		**(0.1)**	(0.1)
Dividends paid to non-controlling interests		**(120.0)**	(320.0)
Net proceeds from issue of new borrowings	17	**420.0**	272.0
Repayments of borrowings	17	**(733.8)**	(725.5)
Repayments of obligations under finance leases	17	**(33.3)**	(33.5)
Net cash used in financing activities		**(934.1)**	(1,059.4)
Net (decrease)/increase in cash and cash equivalents	24	**(23.1)**	358.8
Cash and cash equivalents at beginning of the year		**1,083.6**	716.3
Net (decrease)/increase in cash and cash equivalents	24	**(23.1)**	358.8
Effect of foreign exchange rate changes	24	**(26.1)**	8.5
Cash and cash equivalents at end of the year	24	**1,034.4**	1,083.6

Notes

1. General information and accounting policies

a) General information

This preliminary results announcement is for the year ended 31 December 2018. 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 2019.

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 2018 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 22 May 2019. 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 2018 and 2017 and is accordingly not covered by the auditor's reports.

b) Significant events during 2018

On 11 September 2018, the Group completed the disposal of Centinela Transmission, which holds the electricity transmission line supplying Centinela and other external parties, for cash consideration of $117 million. The profit on disposal, along with the net results of Centinela Transmission prior to the disposal date, are shown in the income statement on the line for "Profit for the period from discontinued operations.

c) Adoption of new accounting standards

The Group has applied IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* in the current period. The impact of the implementation of these standards, and the changes to the Group's accounting policies resulting from these new standards is set out below:

- IFRS 9 *Financial Instruments*

The Group has been impacted by IFRS 9's rules in respect of the modification of financial liabilities (for example, the refinancing of a loan agreement). Under IAS 39 *Financial Instrument* for modifications which did not have substantially different terms the Group did not recognise any immediate change to the carrying value of the liability, or any immediate profit or loss impact. Instead, the difference between the original and modified cash flows was amortised over the remaining term of the modified liability by calculating a new effective interest rate. Under IFRS 9 it is necessary to adjust the carrying value of the financial liability, based on the present value of the modified cash flows discounted at the original effective interest rate. Any adjustment to the carrying value of the financial liability will result in an immediate profit or loss being recognised in the income statement.

IFRS 9 introduces new classification categories for financial assets and liabilities; however, this has not resulted in any significant changes in the valuation or recognition methodology for the Group's financial assets and liabilities. The most relevant point is in respect of equity investments. Previously under IAS 39 these balances were classified as Available-for-Sale assets measured at fair value, with movements in the fair value being recorded in other comprehensive income. Under IFRS 9 the Group generally applies an irrevocable election for each equity investment to designate them as Fair Value through Other Comprehensive Income (FVOCI), resulting in a similar accounting treatment.

The Group has also been impacted by IFRS 9's requirements in respect of commodity price hedging. Previously under IAS 39 the time value element of changes in the fair value of derivative options was excluded from the designated hedging relationship, and recognised in the income statement within other finance items. Under IFRS 9 the time value element is now recognised within other comprehensive income rather than the income statement.

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 represented an embedded derivative which was separated from the host contract (the copper or molybdenum sales contract which was recognised at amortised cost) and recognised at fair value through profit or loss. Under IFRS 9 the total receivable balance is measured at fair value through profit or loss. However, this does not result in any significant change to the overall combined value to be recognised on the balance sheet and in the income statement.

IFRS 9 requires a forward-looking expected credit loss (ECL) review is required for the Group's financial assets, other than those measured at fair value through profit or loss. As required by IFRS 9, the Group applies the "simplified approach" to its trade receivable balances and the "general approach" to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit.

The Group has applied the optional transitional provisions of IFRS 9 in respect of the classification, measurement and impairment requirements of the standard. Other effects of the transition to IFRS 9 are not material. Accordingly the cumulative impact of applying IFRS 9 has been recognised as an adjustment to equity as at 1 January 2018, with no restatement of prior periods, with the effects as shown below:

	Share capital	Share premium	Other reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 31 December 2017	89.8	199.2	(12.5)	7,041.9	**7,318.4**	1,823.2	**9,141.6**
Modification of financial liabilities	-	-	-	(2.2)	**(2.2)**	(0.8)	**(3.0)**
Hedging – time value reclassification	-	-	(6.8)	6.8	**-**	-	**-**
Expected credit loss model	-	-	-	(0.9)	**(0.9)**	(0.2)	**(1.1)**
Tax impact	-	-	1.0	(2.6)	**(1.6)**	(1.0)	**(2.6)**
Total impact	-	-	(5.8)	1.1	**(4.7)**	(2.0)	**(6.7)**
Balance at 1 January 2018	**89.8**	**199.2**	**(18.3)**	**7,043.0**	**7,313.7**	**1,821.2**	**9,134.9**

- 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 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 represents a separate performance obligation, and is now recognised separately from the sale of the material when the shipping service has been provided, along with the associated costs.

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. The provisional pricing adjustments to revenue are 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.

For the Transport division, revenue in respect of its transportation and ancillary services continue to be recognised in-line with the performance of those services, as was the case under IAS 18, and accordingly the adoption of IFRS 15 has not resulted in any adjustments to its revenue recognition.

The Group has applied the optional transitional provisions of IFRS 15, and accordingly there has been no restatement of prior periods. This has not resulted in any overall impact to net assets or retained earnings as at 1 January 2018. The impact on individual asset and liability lines at 1 January 2018 was immaterial.

- Other accounting standards

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

- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)
- Transfers of Investment Property (Amendments to IAS 40)
- Annual Improvements to three IFRS Standards 2014–2016 Cycle
- IFRIC 22, Foreign Currency Transactions and Advance Consideration
- Clarifications to IFRS 15 'Revenue from Contracts with Customers'

a) 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 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
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
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	Annual periods beginning on or after January 1, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	Annual periods beginning on or after January 1, 2020
Definition of a Business (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2020

New Interpretations	**Effective date (Subject to EU endorsement)**
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.

IFRS 16 Leases will result in most of the Group's existing operating leases being accounted for similarly to finance leases under the current IAS 17, 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. The Group expects to apply the optional transitional provisions of IFRS 16 which will result in the initial impact of the new standard being recognised as an adjustment to the balance sheet as at 1 January 2019, with no restatement of the comparative period. The Group also expects to apply the transition option to recognise the right of use assets as at 1 January 2019 at amounts equal to the corresponding lease liabilities, and consequently it is expected that there will be no overall impact on net assets or retained earnings as at 1 January 2019.

The Group has completed a detailed contract review process to identify all relevant leases, including those effectively embedded within wider service contracts, and has calculated the impact of the implementation of IFRS 16 in respect of these leases. The Group has also completed the implementation of the necessary changes to its accounting systems and processes to apply the requirements of IFRS 16 from 1 January 2019 onwards.

It is expected that the implementation of IFRS 16 on 1 January 2019 will result in the recognition of additional lease assets within property, plant and equipment and additional lease liabilities as at 1 January 2019 of approximately $133 million in each case. Additionally, it is expected that during 2019 relevant contracts will be renewed or replaced, and it is estimated that this could result in additional lease assets and liabilities of approximately $60 million being recognised during 2019, resulting in total lease assets and liabilities at the end of 2019 of approximately $193 million. Based on the operating leases in place at 31 December 2018, and anticipated renewals and replacements of those leases, it is currently estimated that the new standard will result in a decrease in annual operating expenses before depreciation (and therefore an increase in EBITDA) of approximately $66 million, an increase in annual depreciation of approximately $61 million, an increase in finance costs of approximately $7 million, and a net impact on profit before tax of less than $5 million.

2. Total profit from operations, associates and joint ventures

	Year ended 31.12.2018	Year ended 31.12.2017
	$m	$m
Revenue	**4,733.1**	4,749.4
Cost of sales	**(2,807.7)**	(2,356.4)
Gross profit	**1,925.4**	2,393.0
Administrative and distribution expenses	**(417.8)**	(414.1)
Other operating income	**21.8**	26.0
Other operating expenses	**(184.4)**	(163.8)
Operating profit from subsidiaries	**1,345.0**	1,841.1
Equity accounting profit	**22.2**	59.7
Net share of income/(loss) from associates and joint ventures	**22.2**	59.7
Total profit from operations, associates and joint ventures	**1,367.2**	1,900.8

Other operating expenses mainly comprise $14.8 million of costs relating to the decommissioning and restoration provisions (2017 - $39.8 million), $97.6 million of exploration and evaluation expenditure (2017 - $68.8 million) and $53.5 million of other expenses (2017 - $55.2 million).

3. Asset sensitivities

There were no indicators of potential impairment, or reversal of previous impairments, for the Group's operations at the 2018 ended-year, and accordingly no impairment reviews have been performed. However, in order to provide an indication of the sensitivities of the recoverable amount 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 the US dollar/Chilean peso exchange rate. The commodity price forecasts (representing the Group's estimates of the assumptions that would be used by independent market participants in valuing the assets) are based on the forward curve for the short term and consensus analyst forecasts including both investment banks and commodity consultants for the longer term. A long-term copper price of $3.10/lb has been used in the base valuations. 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. In the case of Centinela, a significant element of the valuation relates to the planned construction of the second concentrator, and a substantial change in the plans for that development could have a considerable impact on the valuation.

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 still showed positive headroom in this alternative down-side scenario, and Zaldívar indicated a breakeven position. However the Antucoya valuation indicated a potential deficit of $110 million and the Centinela valuation indicated a potential deficit of $770 million. This was a simple sensitivity exercise, looking at an illustrative change in the forecast long-term copper price in isolation. In reality, a deterioration in the long-term copper price environment is likely to result in corresponding improvements in a range of input cost factors. In particular, given that copper exports account for over 50% of Chile's exports, movements in the US dollar/Chilean peso exchange rate are highly correlated to the copper price, and a decrease in the copper price is likely to result in a weakening of the Chilean peso, with a resulting reduction in the Group's operating costs and capital expenditure. These likely cost reductions, as well as potential operational changes which could be made in a weaker copper price environment, could partly mitigate the impact of the lower copper price modelled in 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 división

For management purposes, the Group is organised into two business divisions based on their products – Mining and Transport. The mining division is split further for management reporting purposes to show results by mine and exploration activity. Los Pelambres produces primarily copper concentrate and molybdenum as a by-product. Centinela produces copper concentrate containing gold as a by-product, molybdenum concentrates and copper cathodes. Antucoya and Zaldivar produce copper cathodes. The transport division provides rail and road cargo transport 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 assessing performance. Segment performance is evaluated based on the operating profit of each of the segments.

a) Segment revenues and results

For the year ended 31 December 2018

	Los Pelambres	Centinela	Antucoya	Zaldivar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Transport division**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	2,493.5	1,609.2	457.6	-	-	-	**4,560.3**	172.8	**4,733.1**
Operating costs excluding depreciation	(1,065.9)	(964.2)	(316.0)	-	(97.6)	(61.4)	**(2,505.1)**	(109.2)	**(2,614.3)**
Depreciation and amortisation	(243.3)	(415.4)	(78.7)	-	-	(7.2)	**(744.6)**	(15.9)	**(760.5)**
(Loss)/gains on disposals	(10.5)	-	-	-	-	-	**(10.5)**	(2.8)	**(13.3)**
Operating profit/(loss)	**1,173.8**	**229.6**	**62.9**	**-**	**(97.6)**	**(68.6)**	**1,300.1**	**44.9**	**1,345.0**
Equity accounting profit/(loss)	-	-	-	14.2	-	(2.9)	**11.3**	10.9	**22.2**
Investment income	6.0	5.1	1.2	-	-	17.0	**29.3**	0.8	**30.1**
Interest expense	(5.8)	(35.5)	(49.6)	-	-	(20.5)	**(111.4)**	(2.1)	**(113.5)**
Other finance items	(13.2)	(7.8)	(3.1)	-	-	0.4	**(23.7)**	(7.4)	**(31.1)**
Profit/(loss) before tax	**1,160.8**	**191.4**	**11.4**	**14.2**	**(97.6)**	**(74.6)**	**1,205.6**	**47.1**	**1,252.7**
Tax	(371.8)	(18.7)	0.9	-	-	(20.1)	**(409.7)**	(14.0)	**(423.7)**
Profit/(loss) for the year from continuing operations	**789.0**	**172.7**	**12.3**	**14.2**	**(97.6)**	**(94.7)**	**795.9**	**33.1**	**829.0**
Profit for the year from discontinued operations	-	51.3	-	-	-	-	**51.3**	-	**51.3**
Profit/(loss) for the year	**789.0**	**224.0**	**12.3**	**14.2**	**(97.6)**	**(94.7)**	**847.2**	**33.1**	**880.3**
Non-controlling interests	(315.5)	(35.8)	14.7	-	-	-	**(336.6)**	-	**(336.6)**
Profit/(loss) for the year attributable to owners of the parent	**473.5**	**188.2**	**27.0**	**14.2**	**(97.6)**	**(94.7)**	**510.6**	**33.1**	**543.7**
EBITDA[1]	**1,427.6**	**645.0**	**141.6**	**87.4**	**(97.6)**	**(64.6)**	**2,139.4**	**88.9**	**2,228.3**
Additions to non-current assets									
Capital expenditure	364.8	535.2	65.7	-	-	4.5	**970.2**	67.7	**1,037.9**
Segment assets and liabilities									
Segment assets	4,003.7	5,312.8	1,942.0	-	-	1,444.5	**12,703.0**	343.4	**13,046.4**
Investment in associates and joint ventures	-	-	-	996.4	-	-	**996.4**	59.7	**1,056.1**
Segment liabilities	(1,218.0)	(1,746.1)	(948.8)	-	-	(632.2)	**(4,545.1)**	(119.3)	**(4,664.4)**

[1]EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.
Operating cash outflow in the exploration and evaluation segment was $81.0 million

For the year ended 31 December 2017

	Los Pelambres	Centinela	Antucoya	Zaldivar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Transport division**	**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]-Operating cash outflow in the exploration and evaluation segment was $45.6 million

b) Entity wide disclosures

Revenue by product[1]

	Year ended 31.12.2018	Year ended 31.12.2017
	$m	$m
Copper		
- Los Pelambres	**2,040.3**	2,149.0
- Centinela concentrates	**827.9**	1,037.0
- Centinela cathodes	**589.4**	378.6
- Antucoya	**457.6**	508.6
Gold		
- Los Pelambres	**78.6**	68.7
- Centinela	**169.4**	209.7
Molybdenum		
- Los Pelambres	**340.2**	168.5
- Centinela	**7.8**	-
Silver		
- Los Pelambres	**34.4**	37.7
- Centinela	**14.7**	20.5
Total Mining	**4,560.3**	4,578.3
Transport division	**172.8**	171.1
	4,733.1	4,749.4

Revenue by location of customer[1]

	Year ended 31.12.2018	Year ended 31.12.2017
	$m	$m
Europe		
- United Kingdom	**125.3**	**46.6**
- Switzerland	**587.0**	**835.1**
- Spain	**152.9**	**163.5**
- Germany	**117.3**	**139.4**
- Rest of Europe	**131.7**	**114.2**
Latin America		
- Chile	**248.1**	**206.9**
- Rest of Latin America	**73.9**	**125.2**
North America		
- United States	**199.4**	**207.4**
Asia Pacific		
- Japan	**1,413.0**	**1,698.2**
- China	**481.2**	**484.8**
- Singapore	**633.9**	**124.8**
- South Korea	**322.0**	**372.1**
- Rest of Asia	**247.4**	**231.2**
	4,733.1	**4,749.4**

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

Information about major customers

In the year ended 31 December 2018 the Group´s mining revenue included $678.1 million related to one large customer that individually accounted for more than 10% of the Group's revenue (year ended 31 December 2017 – one large customer representing $823.4 million).

Non-current assets by location of asset

	Year ended 31.12.2018	Year ended 31.12.2017
	$m	$m
- Chile	**10,449.0**	10,293.6
- USA	**172.6**	172.0
- Other	**0.1**	0.1
	10,621.7	10,465.7

Notes to geographical information

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

5. Revenue

Copper and molybdenum concentrate sale contracts and copper cathode sale contracts generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. This normally ranges from one to four months after shipment to the customer. For sales contracts which contains provisional pricing mechanisms the total receivable balance is measured at fair value through profit or loss. Gains and losses from the mark-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade receivables in the balance sheet. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market in the market price references for that commodity in the majority of the Group's contracts.

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

	Year ended 31.12.2018	Year ended 31.12.2017
	$m	$m
Revenue from contracts with customers		
Sale of products	**4,660.5**	4,221.9
Rendering of transport services	**172.8**	141.8
Shipping services	**74.4**	66.4
Provisional pricing adjustments in respect of concentrate and cathode sales	**(174.6)**	319.3
Total revenue	**4,733.1**	4,749.4

The categories of revenue which are principally affected by different economic factors are the individual product types. A summary of revenue by product is set out in Note 4.

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 that follow.

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

For the year ended 31 December 2018[1]

	$m	$m	$m	$m	$m	$m	$m
	Los Pelambres	Centinela	Centinela	Antucoya	Los Pelambres	Centinela	Los Pelambres
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	**2,325.7**	**957.3**	**599.1**	**465.0**	**79.6**	**171.1**	**358.6**
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	**(54.1)**	**(20.0)**	**(1.7)**	**(2.7)**	**-**	**(0.2)**	**(4.6)**
Settlement of sales invoiced in the previous year	**14.2**	**8.8**	**0.6**	**1.6**	**0.4**	**(0.2)**	**18.9**
Total effect of adjustments to previous year invoices in the current period	**(39.9)**	**(11.2)**	**(1.1)**	**(1.1)**	**0.4**	**(0.4)**	**14.3**
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	**(59.8)**	**(26.3)**	**(7.9)**	**(6.2)**	**(1.2)**	**(1.3)**	**0.2**
Mark-to-market adjustments at the end of the current period	**(23.6)**	**(9.5)**	**(0.7)**	**(0.7)**	**-**	**0.7**	**0.7**
Total effect of adjustments to current period invoices	**(83.4)**	**(35.8)**	**(8.6)**	**(6.9)**	**(1.2)**	**(0.6)**	**0.9**
Total pricing adjustments	**(123.3)**	**(47.0)**	**(9.7)**	**(8.0)**	**(0.8)**	**(1.0)**	**15.2**
Realised gains on commodity derivatives	**-**	**-**	**-**	**0.6**	**-**	**-**	**-**
Revenue before deducting tolling charges	**2,202.4**	**910.3**	**589.4**	**457.6**	**78.8**	**170.1**	**373.8**
Tolling charges	**(162.1)**	**(82.4)**	**-**	**-**	**(0.3)**	**(0.6)**	**(33.6)**
Revenue net of tolling charges	**2,040.3**	**827.9**	**589.4**	**457.6**	**78.5**	**169.5**	**340.2**

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

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 year	25.3	22.3	0.4	1.3	(0.9)	(0.9)	2.7
Effects of pricing adjustments to current year invoices							
Settlement of sales invoiced in the current year	110.2	61.7	3.9	5.7	(0.6)	1.5	3.2
Mark-to-market adjustments at the end of the current year	54.1	20.1	1.7	2.7	-	0.2	4.7
Total effect of adjustments to current year invoices	164.3	81.8	5.6	8.4	(0.6)	1.7	7.9
Total pricing adjustments	189.6	104.1	6.0	9.7	(1.5)	0.8	10.6
Realised loss on commodity derivatives	-	-	(13.3)	(3.8)	-	-	-
Revenue before deducting tolling charges	2,328.5	1,135.2	378.6	508.6	68.9	210.4	184.2
Tolling charges	(179.5)	(98.2)	-	-	(0.2)	(0.7)	(15.7)
Revenue net of tolling charges	2,149.0	1,037.0	378.6	508.6	68.7	209.7	168.5

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 31.12.2018	At 31.12.2017
Sales	Tonnes	**177,400**	160,900
Average mark-to-market price	$/lb	**2.71**	3.28
Average provisional invoice price	$/lb	**2.79**	3.07

(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 31.12.2018	At 31.12.2017
Sales	Tonnes	**14,300**	14,700
Average mark-to-market price	$/lb	**2.70**	3.27
Average provisional invoice price	$/lb	**2.75**	3.14

(iii) Gold in concentrate

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

		At 31.12.2018	At 31.12.2017
Sales	Ounces	**22,100**	7,100
Average mark-to-market price	$/oz	**1.284**	1,300
Average provisional invoice price	$/oz	**1.253**	1,268

(iv) Molybdenum concentrate

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

		At 31.12.2018	At 31.12.2017
Sales	Tonnes	**3,600**	2,400
Average mark-to-market price	$/lb	**12.1**	9.4
Average provisional invoice price	$/lb	**12.1**	8.5

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 receivables 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 31.12.2018 $m	Year ended 31.12.2017 $m
Los Pelambres - copper concentrate	**(23.6)**	54.1
Los Pelambres - molybdenum concentrate	**0.7**	4.7
Centinela - copper concentrate	**(9.5)**	20.1
Centinela - gold in concentrate	**0.7**	0.2
Centinela - copper cathodes	**(0.7)**	1.7
Antucoya - copper cathodes	**(0.7)**	2.7
	(33.1)	83.5

6. Financial instruments

a) Categories of financial instruments

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

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	Total
				2018
	$m	**$m**	**$m**	**$m**
Financial assets				
Derivative financial assets	0.8	-	-	**0.8**
Equity investments	-	4.7	-	**4.7**
Loans and receivables	510.2	-	419.4	**929.6**
Cash and cash equivalents	-	-	1,034.4	**1,034.4**
Liquid investments	863.2	-	-	**863.2**
	1,374.2	**4.7**	**1,453.8**	**2,832.7**
Financial liabilities				
Derivative financial liabilities	-	-	-	**-**
Trade and other payables	(34.5)	-	(581.5)	**(616.0)**
Borrowings and leases	-	-	(2,493.9)	**(2,493.9)**
	(34.5)	**-**	**(3,075.4)**	**(3,109.9)**

	At fair value through profit and loss	Available for sale	Held at amortised cost	Total
				2017
	$m	**$m**	**$m**	**$m**
Financial assets				
Derivative financial assets	0.3	-	-	**0.3**
Equity investments	-	6.5	-	**6.5**
Loans and receivables	83.5	-	722.7	**806.2**
Cash and cash equivalents	-	-	1,083.6	**1,083.6**
Liquid investments	1,168.7	-	-	**1,168.7**
	1,252.5	6.5	1,806.3	**3,065.3**
Financial liabilities				
Derivative financial liabilities	(7.1)	-	-	**(7.1)**
Trade and other payables	-	-	(612.3)	**(612.3)**
Borrowings and leases	-	-	(2,708.7)	**(2,708.7)**
	(7.1)	-	(3,321.0)	**(3,328.1)**

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	Total
				Year ended 31.12.2018
	$m	**$m**	**$m**	**$m**
Financial assets				
Derivative financial assets (a)	-	0.8	-	**0.8**
Equity investments (b)	4.7	-	-	**4.7**
Loans and receivables (c)	-	510.2		**510.2**
Liquid investment (d)	863.2	-	-	**863.2**
	867.9	511.0	-	**1,378.9**
Financial liabilities				
Derivative financial liabilities (a)	-	-	-	**-**
Trade and other payables	-	(34.5)	-	**(34.5)**
	-	(34.5)	-	**(34.5)**

	Level 1	Level 2	Level 3	Total
				Year ended 31.12.2017
	$m	**$m**	**$m**	**$m**
Financial assets				
Derivative financial assets (a)	-	0.3	-	**0.3**
Equity investments (b)	6.5	-	-	**6.5**
Loans and receivables (c)	-	83.5	-	**83.5**
Liquid investment (d)	1,168.7	-	-	**1,168.7**
	1,175.2	83.8	-	**1,259.0**
Financial liabilities				
Derivative financial liabilities (a)	-	(7.1)	-	**(7.1)**
Trade and other payables	-	-	-	**-**
	-	(7.1)	-	**(7.1)**

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

a) Derivatives in designated hedge accounting relationships are valued using a discounted cash flow analysis valuation model, which includes observable credit spreads and using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. These are level 2 inputs as described below. Hedging instruments relate to cathodes options outstanding at 31 December 2018 with a nominal amount of $7.0 million.

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

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

d) Liquid investments are highly liquid current asset investments that are valued using market prices at the period end. These are level 1 inputs as described below.

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

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

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

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

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the year ended 31 December 2018, there were no transfers between levels in the hierarchy.

b) Derivative financial instruments

The Group periodically uses derivative financial instruments to reduce exposure to foreign exchange, interest rate and commodity price movements. The Group does not use such derivative instruments for trading purposes. The Group has applied the hedge accounting provisions of IFRS 9 Financial Instruments. The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in profit or loss in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in profit or loss. Realised gains and losses on commodity derivatives recognised in profit or loss are recorded within revenue. The time value element of changes in the fair value of derivative options is recognised within other comprehensive income. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value. Changes in fair value are reported in profit or loss for the year.

7. Net finance expense

	Year ended 31.12.2018	Year ended 31.12.2017
	$m	$m
Investment income		
Interest receivable	**9.9**	9.2
Gains on fair value through profit or loss	**20.2**	14.6
	30.1	23.8
Interest expense		
Interest expense	**(113.5)**	(91.4)
	(113.5)	(91.4)
Other finance items		
Time value element of changes in the fair value of options	**-**	(7.8)
Unwinding of discount on provisions	**(12.7)**	(11.6)
Preference dividends	**(0.1)**	(0.1)
Foreign exchange	**(18.3)**	17.2
	(31.1)	(2.3)
Net finance expense	**(114.5)**	(70.0)

During 2018, amounts capitalised and consequently not included within the above table were as follows: $4.5 million at Centinela (year ended 31 December 2017 - $8.8 million) and $0.9 million at Los Pelambres (year ended 31 December 2017 - $1.3 million).

8. Taxation

The tax charge for the period comprised the following:

	Year ended 31.12.2018 $m	Year ended 31.12.2017 $m
Current tax charge		
Corporate tax (principally first category tax in Chile)	**(321.2)**	(376.6)
Mining tax (royalty)	**(78.1)**	(69.1)
Withholding tax	**(4.5)**	(64.8)
Exchange gain on corporate tax balances	**(0.7)**	0.7
	(404.5)	(509.8)
Deferred tax		
Corporate tax (principally first category tax in Chile)	**(14.6)**	(114.6)
Mining tax (royalty)	**(4.6)**	(9.2)
	(19.2)	(123.8)
Total tax charge (income tax expense)	**(423.7)**	(633.6)

The rate of first category (i.e. corporate) tax in Chile is 27.0% (2017 – 25.5%).

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile. Withholding tax is levied on remittances of profits from Chile at 35% less first category (i.e. corporation) tax already paid in respect of the profits to which the remittances relate.

The Group's mining operations are also subject to a mining tax (royalty). Production from Los Pelambres, Antucoya, Encuentro (oxides), the Tesoro North East pit and the Run-of-Mine processing at Centinela Cathodes is subject to a rate of between 5–14%, depending on the level of operating profit margin, and production from Centinela Concentrates and the Tesoro Central and Mirador pits is subject to a rate of 5% of taxable operating profit. In 2017 production from Los Pelambres and the Tesoro Central and Mirador pits had been subject to a rate of 4%.

	Year ended 31.12.2018 $m	%	Year ended 31.12.2017 $m	%
Profit before tax	1,252.7		1,830.8	-
Tax at the Chilean corporate tax rate of 27% (2017 – 25.5%)	(338.2)	27.0	(466.9)	25.5
Items not deductible from first category tax	(10.8)	0.9	(26.7)	1.5
Effect of increase in future first category tax rates on deferred tax balances	-	-	(0.6)	-
Adjustment in respect of prior years	2.6	(0.2)	(35.4)	1.9
Deduction of mining tax (royalty) as an allowable expense in determination of first category tax	21.1	(1.7)	17.4	(1.0)
Credit of tax losses absorbed from dividends of the year	-	-	(4.3)	0.2
Mining tax (royalty)	(82.5)	6.5	(78.3)	4.3
Withholding tax	(4.5)	0.4	(64.8)	3.5
Tax effect of share of profit of associates and joint ventures	3.0	(0.2)	15.2	(0.8)
(Unrecognised tax losses)/reversal of previously unrecognised tax losses	(13.8)	1.1	9.9	(0.5)
Net other items	(0.6)	-	0.9	-
Tax expense and effective tax rate for the year	(423.7)	33.8	(633.6)	34.6

The effective tax rate varied from the statutory rate principally due to the mining tax (royalty) (impact of $82.5 million/6.5%) and items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $10.8 million/0.9%), partly offset by the deduction of the mining tax (royalty) which is an allowable expense when determining the Chilean corporate tax charge (impact of $21.1 million/1.7%) 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 $3.0 million/0.2%).

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

- The level of future distributions made by the Group's Chilean subsidiaries out of Chile, which could result in increased withholding tax charges.

- The impact of expenses which are not deductible for Chilean first category tax. Some of these expenses are relatively fixed costs, and so the relative impact of these expenses on the Group's effective tax rate will vary depending on the Group's total profit before tax in a particular year.

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

9. Discontinued operation

On 11 September 2018 the Group completed the disposal of Centinela Transmisión, which holds the electricity transmission line supplying Centinela and other external parties, for a cash consideration of $117 million. The profit on disposal has been calculated as follows:

	Year ended 31.12.2018
	$m
Proceeds on disposal, cash and cash equivalent	**117.2**
Assets of disposal group classified as held for sale	
Property, plant and equipment	**33.9**
Cash and cash equivalents	**13.2**
Deferred tax assets	**0.3**
Trade and other receivables	**3.7**
Trade and other payables	**(2.4)**
Current tax liabilities	**(1.1)**
Deferred tax assets	**(7.4)**
Total carrying amount disposed (Net asset)	**40.2**
Transaction cost	**(1.0)**
Profit on disposal of discontinued operations (Before tax)	**76.0**

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

Revenue	**4.8**
Total operating costs	**(1.6)**
Net finance income	**(0.3)**
Profit after tax of discontinued operations	**2.9**
Tax	**(0.8)**
Profit from the year from discontinued operations	**2.1**
Profit on disposal of discontinued operations	76.0
Attributable tax expenses	(26.8)
Net profit attributable to discontinued operations	**51.3**
Net cash inflow arising on disposal	
Cash and cash equivalents received as consideration for disposal	117.2
Net cash disposed of	(13.2)
Net cash inflow arising on disposal	**104.0**

10. Earnings per share

	Year ended 31.12.2018	Year ended 31.12.2017
	$m	$m
Profit for the period attributable to equity holders of the Company	**543.7**	750.6
	Number	Number
Ordinary shares in issue throughout each period	**985,856,695**	985,856,695

	Year ended 31.12.2018	Year ended 31.12.2017
	cents	cents
Basic earnings per share		
From continuing operations	**51.5**	76.1
From discontinued operations	**3.6**	0.1
Total continuing and discontinued operations	**55.1**	76.2

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

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

Reconciliation of basic earnings per share from continuing operations:

		Year ended 31.12.2018	Year ended 31.12.2017
Profit for the year attributable to equity holders of the Company	$m	**543.7**	750.6
Less: profit for discontinued operations attributable to equity holders of the Company	$m	**(35.9)**	(0.5)
Profit from continuing operations	$m	**507.8**	750.1
Ordinary shares	Number	**985,856,695**	985,856,695
Basic earnings per share from continuing operations	cents	**51.5**	76.1

11. Dividends

The Board has recommended a final dividend of 37.0 cents per ordinary share or $364.8 million in total (2017 – 40.6 cents per ordinary share or $399.9 million in total). The interim dividend of 6.8 cents per ordinary share or $67.0 million in total was paid in October 2018 (2017 interim dividend of 10.3 cents per ordinary share or $101.5 million in total). This gives total dividends proposed in relation to 2018 (including the interim dividend) of 43.8 cents per share or $431.8 million in total (2017 – 50.9 cents per share or $501.8 million in total).

Dividends per share actually paid in the year and recognised as a deduction from net equity under IFRS were 47.4 cents per ordinary share or $466.9 million in total (2017 – 25.6 cents per ordinary share or $252.4 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 31.12.2018	At 31.12.2017
	$m	$m
Balance at the beginning of the year	**150.1**	150.1
Additions	**-**	-
Amortisation	**-**	-
Balance at the end of the year	**150.1**	150.1

The $150.1 million intangible asset reflects the value of Twin Metals' mining licences assets included within the showed as part of corporate segment

13. Property, plant and equipment

	Mining	Transport division	At 31.12.2018	At 31.12.2017
	$m	$m	$m	$m
Balance at the beginning of the year	8,887.7	176.6	**9,064.3**	8,737.5
Additions	921.8	67.7	**989.5**	942.9
Additions – capitalized depreciation	48.4	-	**48.4**	58.6
Reclassifications	16.5	-	**16.5**	20.3
Adjustment to capitalised decommissioning provisions	(24.0)	-	**(24.0)**	(3.7)
Depreciation	(745.2)	(15.9)	**(761.1)**	(581.9)
Depreciation capitalised in PP&E	(48.4)	-	**(48.4)**	(58.6)
Depreciation capitalised in inventories	(86.4)	-	**(86.4)**	(1.4)
Asset disposals/write off	(10.5)	(3.5)	**(14.0)**	(16.2)
Transferred to disposal group classified as held for sale	(0.7)	-	**(0.7)**	(33.2)
Balance at the end of the year	8,959.2	224.9	**9,184.1**	9.064.3

At 31 December 2018 $134.8 million (31 December 2017 – $60.0 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 2018, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $561.4 million (31 December 2017 - $174.5 million).

There have been no indicators of potential impairments during the 2018, and accordingly no impairment reviews have been performed as at 31 December 2018.

Depreciation capitalised in property, plant and equipment of $48.4 million related to the depreciation of assets used in mine development (operating stripping) at Centinela, Los Pelambres and Antucoya (at 31 December 2017 – $58.6 million).

14. Investment in associates and joint ventures

	Inversiones Hornitos	ATI	El Arrayan	Minera Zaldívar	Energía Andina	Total Assets	Tethyan Copper	At 31.12.2018	At 31.12.2017
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at the beginning 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)
Capital contribution	-	-	-	-	-	-	8.1	**8.1**	9.4
Disposal	-	-	(20.3)	-	-	(20.3)	-	**(20.3)**	(3.1)
Gains/(losses) in fair value of cash flow hedges deferred in reserves of associates	-	-	(0.4)	-	-	(0.4)	-	**(0.4)**	-
Derecognition of investment in associate upon reclassification to subsidiary	-	-	-	-	(0.2)	(0.2)	-	**(0.2)**	-
Share of profit/(loss) before tax	15.4	(0.2)	(0.7)	26.3	-	40.8	(7.1)	**33.7**	82.2
Share of tax	(4.3)	-	(0.6)	(12.0)	-	(16.9)	-	**(16.9)**	(22.5)
Share of income/(loss) from associate	11.1	(0.2)	(1.3)	14.3	-	23.9	(7.1)	**16.8**	59.7
Dividends received	(16.6)	-	-	-	-	(16.6)	-	**(16.6)**	(81.8)
Balance at the end of the year	54.6	5.1	-	996.4	-	1,056.1	-	**1,056.1**	1,069.7
Obligations on behalf of JV	-	-	-	-	-	-	(1.0)	**(1.0)**	(2.0)

	Inversiones Hornitos	ATI	El Arrayan	Minera Zaldívar	Energía Andina	Tethyan Copper	At 31.12.2018	At 31.12.2017
	$m	$m	$m	$m	$m	$m	$m	$m
Share of income/(loss) from associate	11.1	(0.2)	(1.3)	14.3	-	(7.1)	**16.8**	59.7
Profit on disposal	-	-	5.8	-	-	-	**5.8**	-
Purchase price adjustment	-	-	-	(0.4)	-	-	**(0.4)**	-
Net share of profit from associates and joint ventures	**11.1**	**(0.2)**	**4.5**	**13.9**	**-**	**(7.1)**	**22.2**	**59.7**

The investments which are included in the $1,056.1 million balance at 31 December 2018 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 former 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. In August 2018, the Group disposed of its interest in El Arrayan for cash consideration of $28.0 million, resulting in a profit on disposal of $5.8 million.

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) During 2018 the Group acquired the remaining 49.9% interest in Energia Andina from Origin Geothermal Chile Limitada and accordingly Energia Andina became a subsidiary of the Group during the year.

(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 currently 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 2018 is as follows:

	Inversiones Hornitos 31.12.2018	ATI 31.12.2018	Total 31.12.2018	Total 31.12.2017
	$m	$m	**$m**	$m
Cash and cash equivalents	0.7	0.3	**1.0**	19.4
Current assets	38.6	11.3	**49.9**	57.8
Non-current assets	274.8	119.7	**394.5**	655.1
Current liabilities	(31.2)	(34.2)	**(65.4)**	(80.7)
Non-current liabilities	(156.6)	(82.2)	**(238.8)**	(435.9)
Revenue	151.1	46.2	**197.3**	239.5
Profit/(loss) from continuing operations	27.6	(0.5)	**27.1**	24.1
Total comprehensive income/(loss)	27.6	(0.5)	**27.1**	24.1

Summarised financial information for the joint ventures at December 2018 is as follows:

	Minera Zaldivar 31.12.2018	Tethyan Copper 31.12.2018	Total 31.12.2018	Total 31.12.2017
	$m	$m	**$m**	$m
Cash and cash equivalent	124.0	3.2	**127.2**	75.9
Current assets	602.6	-	**602.6**	572.7
Non-current assets	1,921.0	0.2	**1,921.2**	1,570.9
Current liabilities	(102.5)	(5.1)	**(107.6)**	(116.2)
Non-current liabilities	(547.6)	(0.1)	**(547.7)**	(140.7)
Revenue	599.5	-	**599.5**	649.0
Profit/(loss) after tax	28.4	(14.1)	**14.3**	98.6
Total comprehensive income	28.4	(14.1)	**14.3**	**98.6**

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

15. Equity investments

	At 31.12.2018	At 31.12.2017
	$m	$m
Balance at the beginning of the year	**6.5**	4.6
Movements in fair value	**(1.3)**	1.4
Foreign currency exchange difference	**(0.5)**	0.5
Balance at the end of the year	**4.7**	6.5

Equity 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 31.12.2018	At 31.12.2017
	$m	$m
Current:		
Raw materials and consumables	**227.0**	198.3
Work in progress	**262.8**	218.7
Finished goods	**86.5**	66.6
	576.3	483.6
Non-current:		
Work in progress	**172.7**	111.1
	172.7	111.1

17. Borrowings and leases

		At 31.12.2018 $m	At 31.12.2017 $m
Los Pelambres			
Short-term loan	(i)	**(100.0)**	(242.0)
Finance leases	(ii)	**(114.1)**	(44.9)
Centinela			
Senior loan	(iii)	**(445.1)**	(596.2)
Subordinated debt	(iv)	**(207.1)**	(194.2)
Short-term loan	(v)	**(200.0)**	(200.0)
Antucoya			
Senior loan	(vi)	**(349.3)**	(423.9)
Subordinated debt	(vii)	**(368.3)**	(347.5)
Short-term loan	(viii)	**(75.0)**	(30.0)
Finance leases		**(35.2)**	(42.6)
Corporate and other items	(ix)		
Senior loan	(x)	**(500.1)**	(497.4)
Finance leases		**(22.1)**	(26.6)
Transport division	(xi)		
Senior loan	(xii)	**(74.2)**	(59.6)
Finance leases	(xiii)	**(0.4)**	(0.8)
Preference shares	(xiv)	**(3.0)**	(3.0)
Total		**(2,493.9)**	(2.708.7)

(i) The short-tenor 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 weighted average spread of 0.28%.

(ii) Finance leases at Los Pelambres are US dollar denominated, with an interest of LIBOR six-month rate plus spread of 1.7% with a remaining duration tenor of 6 years.

(iii) Senior loan at Centinela represents US dollar denominated syndicated loans. These loans are for a remaining duration of 1.2 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. At 31 December 2018 we are in compliance with all covenants.

(iv) Subordinated debt is US dollar denominated, provided to Centinela by Marubeni Corporation with a remaining duration of 3 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 plus a weighted average spread of 0.18%.

(vi) Senior loan at Antucoya represents US dollar denominated syndicated loans. These loans are for a remaining duration of 6.5 years and have an interest rate of LIBOR six-month rate plus 2.49%.

(vii) Subordinated debt are US dollar denominated, provided to Antucoya by Marubeni Corporate with a remaining duration of 7 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 0.53%.

(ix) Finance leases at Antucoya are US dollar denominated, with a maximum remaining duration of 5 years and with an average interest rate of approximately LIBOR six-month rate plus 1.41%.

(x) Senior loan at Corporate (Antofagasta plc) of $500.0 million has an interest rate of LIBOR six-month rate plus 1.5%, and has a remaining duration of 2.2 years.

(xi) Finance leases at Corporate and other items are denominated in Unidades de Fomento (ie inflation-linked Chilean pesos) and have a remaining duration of 10 years and are at fixed rates with an average interest rate of 5.29%.

(xii) Long-term loans at Transport division are US dollar denominated, with a remaining duration of 5 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 2018 the current notional amount hedged was $30.0 million.

(xiii) Finance leases at Transport division are Chilean peso denominated, with a maximum remaining duration of 1 year 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 2018. 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 31.12.2018	At 31.12.2017
	$m	$m
Short-term borrowings	**(646.0)**	(753.6)
Medium and long-term borrowings	**(1,847.9)**	(1,955.1)
Total	**(2,493.9)**	(2,708.7)

At 31 December 2018 $22.5 million (31 December 2017 - $27.4 million) of the borrowings has fixed rate interest and $2,468.4 million (December 2017 - $2,678.4 million) has floating rate interest. The Group periodically enters into interest rate derivative contracts to manage its exposure to interest rates.

18. Post-employment benefit obligation

	At 31.12.2018	At 31.12.2017
	$m	$m
Balance at the beginning of the year	**(114.0)**	(92.2)
Current service cost	**(18.7)**	(31.9)
Actuarial gains	**3.9**	5.7
Interest cost	**(5.0)**	(4.5)
Paid in the year	**13.4**	17.0
Foreign currency exchange difference	**13.0**	(8.1)
Balance at the end of the year	**(107.4)**	(114.0)

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 and restoration and other long term provisions

	At 31.12.2018	At 31.12.2017
	$m	$m
Balance at the beginning of the year	**(433.0)**	(392.1)
Charge to operating profit in the year	**(14.8)**	(39.8)
Unwind of discount to net interest in the year	**(7.6)**	(7.2)
Capitalised adjustment to provision	**24.0**	3.5
Reclassification	**-**	0.1
Utilised in the year	**21.6**	2.6
Foreign currency exchange difference	**-**	(0.1)
Balance at the end of the year	**(409.8)**	(433.0)

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 2023 until 2064 based on current mine plans.

20. Deferred tax assets and liabilities

	At 31.12.2018	At 31.12.2017
	$m	$m
Net position at the beginning of the year	**(925.0)**	(798.1)
Adoption of new accounting standards	**(2.1)**	-
At 01.01.2018	**(927.1)**	(798.1)
Charge to tax on profit in year	**(19.2)**	(123.8)
Deferred tax recognised directly in equity	**-**	(1.3)
Reclassification	**-**	(1.8)
Disposal	**(1.1)**	-
Acquisition	**1.1**	-
Net position at the end of the year	**(946.3)**	(925.0)
Analysed between:		
Deferred tax assets	**37.2**	69.1
Deferred tax liabilities	**(983.5)**	(994.1)
Net position	**(946.3)**	(925.0)

The deferred tax balance of $946.3 million (2017 – $925.0 million) includes $967.1 million (2017 – $1,041.2 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 Income Taxes.

21. Share capital and share premium

There was no change in share capital or share premium in the year ended 2018 or 2017. Details are shown in the Consolidated Statement of Changes in Equity.

22. Other reserves and retained earnings

	At 31.12.2018 $m	At 31.12.2017 $m
Hedging reserve (1)		
At 31 December 2017	**(0.4)**	(8.8)
Adoption of new accounting standards	**(5.8)**	-
At 1 January	**(6.2)**	**(8.8)**
Parent and subsidiaries net cash flow hedge fair value gains / (losses)	**5.5**	(16.8)
Parent and subsidiaries net cash flow hedge (gains) / losses transferred to the income statement	**(0.4)**	18.0
Reclassification(2)	**-**	8.0
Tax on the above	**-**	(0.8)
At 31 December	**(1.1)**	(0.4)
Equity investment revaluation reserve (3)		
At 1 January	**(9.8)**	(11.2)
(Losses) / Gains on equity investment	**(1.3)**	1.4
At 31 December	**(11.1)**	(9.8)
Foreign currency translation reserve (4)		
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	**(14.5)**	(12.5)
Retained earnings		
At 1 January	**7,041.9**	6,548.6
Adoption of new accounting standards	**1.1**	-
Parent and subsidiaries' profit for the period	**521.5**	690.9
Equity accounted units' profit/(loss) after tax for the period	**22.2**	59.7
Actuarial gains (5)	**3.3**	5.8
Transfer to Non-controlling interest(6)	**(38.2)**	-
Reclassification (2)	**-**	(9.6)
Tax relating to components of other comprehensive income	**-**	(1.1)
Total comprehensive income for the period	**7,551.8**	7,294.3
Dividends paid	**(466.9)**	(252.4)
At 31 December	**7,084.9**	7,041.9

(1) The hedging reserve records gains or losses on cash flow hedges that are recognised initially in equity, as described in Note 6.
(2) Mainly comprises an $8.0 million reclassification between the hedging reserve and retained earnings in the prior year.
(3) The equity investment revaluation reserves record fair value gains or losses relating to equity investments, as described in Note 15.
(4) 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.
(5) Actuarial gains or losses relate to long-term employee benefits.
(6) Mainly reflect the net assets attributable to NCIs accounts increase as a result of the Centinela and Encuentro merge.

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

	Year ended 31.12.2018	Year ended 31.12.2017
	$m	$m
Profit before tax from continuing operations	**1,252.7**	1,830.8
Depreciation and amortisation	**760.5**	581.1
Net loss on disposals	**13.3**	8.3
Net share of profit from associates and joint ventures	**(22.2)**	(59.7)
Net finance expense	**114.5**	70.0
(Increase) in inventories	**(81.7)**	(55.0)
(Increase) / decrease in debtors	**(151.5)**	5.9
Increase / (decrease) in creditors	**(7.0)**	61.6
Increase / (decrease) in provisions	**(1.6)**	52.0
Cash flows from continuing operations	**1,877.0**	2,495.0

The working capital increase was mainly due to a one-off short-term VAT payment of $265 million made in December 2018, with was reclaimed and refunded to the Group in January 2019. This resulted in a temporary increase in receivables as at 31 December 2018, resulting in a negative cash flow impact for 2018. There will be a corresponding decrease in receivables and a positive cash flow impact in 2019. Accordingly, there is nil net cumulative impact in respect of this transaction over the period from Q4 2018 to Q1 2019.

24. Analysis of changes in net debt

	Adoption of new accounting standards	At 01.01.2018	Cash flows	Re-classification to disposal group	Fair value gains	New leases	Amortisation of finance costs	Capitalisation of interest	Other	Reclassi cation	Exchange	**At 31.12.2018**
		$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	**$m**
Cash and cash equivalents	-	1,083.6	(9.9)	(13.2)	-	-	-	-	-	-	(26.1)	**1,034.4**
Liquid investments	-	1,168.7	(306.3)	-	0.8	-	-	-	-	-	-	**863.2**
Total	-	2,252.3	(316.2)	(13.2)	0.8	-	-	-	-	-	(26.1)	**1,897.6**
borrowings due within one year	-	(732.2)	247.0	-	-	-	-	-	-	(122.0)	-	**(607.2)**
borrowings due after one year	(2.5)	(1,858.6)	66.8	-	-	-	(5.9)	(33.7)	-	122.0	-	**(1,711.9)**
Finance leases due within one year	-	(21.5)	-	-	-	-	-	-	-	(17.3)	-	**(38.8)**
Finance leases due after one year	-	(93.4)	33.3	-	-	(94.6)	-	-	(5.3)	17.3	9.7	**(133.0)**
Preference shares	-	(3.0)	-	-	-	-	-	-	-	-	-	**(3.0)**
Total borrowings	(2.5)	(2,708.7)	347.1	-	-	(94.6)	(5.9)	(33.7)	(5.3)	-	9.7	**(2,493.9)**
Net (debt)/cash	**(2.5)**	(456.4)	**30.9**	**(13.2)**	**0.8**	**(94.6)**	**(5.9)**	**(33.7)**	**(5.3)**	**-**	**(16.4)**	(596.3)

	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)**

Net debt

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

	At 31.12.2018	At 31.12.2017
	$m	$m
Cash, cash equivalents and liquid investments	**1,897.6**	2,252.3
Total borrowings	**(2,493.9)**	(2,708.7)
Net debt	**(596.3)**	(456.4)

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 2018 the Group contribution was $8.1 million (2017 - $9.3 million) to Tethyan.

The Group has a 50% interest in Zaldívar, which is a joint venture with Barrick Gold Corporation. During 2018 the Group has not received dividends from Zaldívar (2017 - $60 million).

b) Associates

The Group has a 40% interest in Inversiones Hornitos S.A. During 2018 the Group paid $162.2 million (2017 – $175.2 million) to Inversiones Hornitos in relation to the energy supply contract at Centinela. During 2018 the Group has received dividends from Inversiones Hornitos S.A. of $16.6 million (2017 - $21.8 million).

c) Other related parties

The ultimate parent company of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested. The Company’s subsidiaries, in the ordinary course of business, enter into various sale and purchase transactions with companies also controlled by members of the Luksic family, including Banco de Chile S.A., 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 Mineral invest 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 2018 the Group incurred $0.2 million (2017 - $0.6 million) of exploration costs at these properties.

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.

d) Quiñenco SA

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, who 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 $2.8 million (2017 – $0.6 million) during the year on deposits with Banco de Chile SA, a subsidiary of Quiñenco. Deposit balances at the end of the year were $47.0 million (2017 – $18.0 million);
- the Group earned interest income of $1.4 million (2017 – $0.4 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 $6.5 million (2017 – $16.5 million);
- the Group made purchases of fuel from ENEX SA, a subsidiary of Quiñenco, of $221.6 million (2017 – $185.3 million). The balance due to ENEX SA at the end of the year nil (2017 – nil).

26. Currency translation

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

	2018
Year-end rate	$1.2700=£1; $1 = Ch$694.77
Average rates	$1.2667=£1; $1 = Ch$640.62

27. Distribution

The Annual Report and Financial Statements for the year ended 31 December 2018, together with the Notice of the 2019 Annual General Meeting, will be posted to all shareholders in April 2019. 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 22 May 2019.

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) EBITDA

EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.

EBITDA is considered to provide a useful and comparable indication of the current operational earnings performance of the business, excluding the impact of the historic cost of property, plant & equipment or the particular financing structure adopted by the business.

At 31 December 2018

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Transport division**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	1,173.8	229.6	62.9	-	(97.6)	**(68.6)**	**1,300.1**	44.9	**1,345.0**
Depreciation and amortisation	243.3	415.4	78.7	-	-	7.2	**744.6**	15.9	**760.5**
Profit on disposals	10.5	-	-	-	-	-	**10.5**	2.8	**13.3**
EBITDA from subsidiaries	**1,427.6**	**645.0**	**141.6**	**-**	**(97.6)**	**(61.4)**	**2,055.2**	**63.6**	**2,118.8**
Proportional share of the EBITDA from associates and JV	**-**	**-**	**-**	**87.4**	**-**	**(3.2)**	**84.2**	**25.3**	**109.5**
Total EBITDA	**1,427.6**	**645.0**	**141.6**	**87.4**	**(97.6)**	**(64.6)**	**2,139.4**	**88.9**	**2,228.3**

At 31 December 2017

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Transport division**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	1,217.3	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**
Loss 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**

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 pound 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 31.12.2018	At 31.12.2017
Reconciliation of cash costs excluding tolling charges and by-product revenue:		
Total Group operating costs (Note 4) ($m)	**3,388.1**	2,908.3
Zaldívar operating costs	**202.3**	184.0
Less:		
Total – Depreciation and amortisation (Note 4) ($m)	**(760.5)**	(581.1)
Total – Loss on disposal (Note 4) ($m)	**(13.3)**	(8.3)
Elimination of non-mining operations		
Corporate and other items – Total operating cost (Note 4) ($m)	**(61.4)**	(70.8)
Exploration and evaluation – Total operating cost (Note 4) ($m)	**(97.6)**	(68.8)
Transport division – Total operating cost (Note 4) ($m)	**(109.2)**	(95.8)
Closure provision and other expenses not included within cash costs ($m)	**(78.8)**	(88.0)
Inventory variation	**(0.5)**	11.9
Total cost relevant to the mining operations' cash costs ($m)	**2,469.1**	2,191.4
Copper production volumes (tonnes)	**725,300**	704,300
Cash costs excluding tolling charges and by-product revenue ($/tonne)	**3,404**	3,111
Cash costs excluding tolling charges and by-product revenue ($/lb)	**1.55**	1.41
Reconciliation of cash costs before deducting by-product revenue:		
Tolling charges - copper - Los Pelambres (Note 5) ($m)	**162.1**	179.5
Tolling charges - copper - Centinela (Note 5) ($m)	**82.4**	98.2
Tolling charges - copper – total ($m)	**244.5**	277.7
Copper production volumes – excluding Antucoya Q1 2016 and Zaldívar (tonnes)	**725,300**	704,300
Tolling charges ($/tonne)	**337**	394
Tolling charges ($/lb)	**0.17**	0.19
Cash costs excluding tolling charges and by-product revenue ($/lb)	**1.55**	1.41
Tolling charges ($/lb)	**0.17**	0.19
Cash costs before deducting by-products revenue(S/lb)	**1.72**	1.60

c) Cash costs (continued)

	At 31.12.2018	At 31.12.2017
	$m	$m
Reconciliation of cash costs (net of by-products):		
Gold revenue - Los Pelambres (Note 4) ($m)	**78.6**	68.7
Gold revenue - Centinela (Note 4) ($m)	**169.4**	209.7
Molybdenum revenue - Los Pelambres (Note 4) ($m)	**340.2**	168.5
Molybdenum revenue - Centinela (Note 4) ($m)	**7.8**	-
Silver revenue - Los Pelambres (Note 4) ($m)	**34.4**	37.7
Silver revenue - Centinela (Note 4) ($m)	**14.7**	20.5
Total by-product revenue ($m)	**645.1**	505.1
Copper production volumes – 2018/2017 (tonnes)	**725,300**	704,300
By-product revenue ($/tonne)	**889**	717
By-product revenue ($/lb)	**0.43**	0.35
Cash costs before deducting by-products (S/lb)	**1.72**	1.60
By-product revenue ($/lb)	**(0.43)**	(0.35)
Cash costs (net of by-products) ($/lb)	**1.29**	1.25

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

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 31.12.2018	Year ended 31.12.2017	**Year ended 31.12.2018**	Year ended 31.12.2017
	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes
Copper				
Los Pelambres	**357.8**	343.8	**358.9**	344.8
Centinela	**248.0**	228.3	**240.9**	232.2
Antucoya	**72.2**	80.5	**71.3**	80.8
Zaldívar	**47.3**	51.7	**46.5**	51.3
Group total	**725.3**	704.3	**717.6**	709.1
Gold	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**63.2**	55.4	**62.6**	54.3
Centinela	**146.9**	157.0	**135.5**	163.9
Group total	**210.1**	212.4	**198.1**	218.2
Molybdenum	**000 tonnes**	**000 tonnes**	**000 tonnes**	**000 tonnes**
Los Pelambres	**13.3**	**10.5**	**13.6**	**9.6**
Centinela	**0.3**	**-**	**0.4**	**-**
Group total	**13.6**	**10.5**	**14.0**	**9.6**
Silver	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**2,313.1**	2,379.7	**2,265.4**	2.306.4
Centinela	**1,071.2**	1,202.9	**1,002.1**	1,231.9
Group total	**3,384.3**	3,582.6	**3,267.5**	3,538.3

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

	Cash costs		Realised prices	
	Year ended 31.12.2018	Year ended 31.12.2017	**Year ended 31.12.2018**	Year ended 31.12.2017
	$/lb	$/lb	**$/lb**	$/lb
Copper				
Los Pelambres	**0.91**	1.02	**2.78**	3.06
Centinela	**1.51**	1.37	**2.82**	2.96
Antucoya	**1.99**	1.68	**2.91**	2.86
Zaldivar (attributable basis – 50%)	**1.94**	1.62	**-**	-
Group weighted average (net of by-products)	**1.29**	1.25	**2.81**	3.00
Group weighted average (before deducting by-products)	**1.72**	1.60		
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.55**	1.41		
Cash costs at Los Pelambres comprise:				
On-site and shipping costs	**1.27**	1.17		
Tolling charges for concentrates	**0.25**	0.26		
Cash costs before deducting by-product credits	**1.52**	1.43		
By-product credits (principally molybdenum)	**(0.61)**	(0.41)		
Cash costs (net of by-product credits)	**0.91**	1.02		
Cash costs at Centinela comprise:				
On-site and shipping costs	**1.73**	1.62		
Tolling charges for concentrates	**0.16**	0.19		
Cash costs before deducting by-product credits	**1.89**	1.81		
By-product credits (principally gold)	**(0.38)**	(0.44)		
Cash costs (net of by-product credits)	**1.51**	1.37		
LME average copper price			**2.96**	2.80
Gold			$/oz	$/oz
Los Pelambres			**1,260**	1,270
Centinela			**1,255**	1,284
Group weighted average			**1,256**	1,280
Market average price			**1,270**	1,258
Molybdenum			$/lb	$/lb
Los Pelambres			**12.5**	8.7
Centinela			**10.6**	-
Group weighted average			**12.4**	8.7
Market average price			**11.9**	8.2
Silver			$/oz	$/oz
Los Pelambres			**15.4**	16.7
Centinela			**15.1**	17.0
Group weighted average			**15.3**	16.8
Market average price			**15.7**	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 2018, published on 23 January 2019.