NEWS RELEASE, 14 AUGUST, 2018

HALF YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Antofagasta plc CEO Iván Arriagada said: *"As we have guided, this year is a tale of two halves. The first half, on which we are reporting, is expectedly softer due to lower sales tonnes and grades and higher costs, but we are expecting tonnages and unit costs to improve substantially during the second half and well into 2019 as mined grades increase in line with our mine plan. Our confidence in achieving this is underpinned by the reiteration of our previously stated copper production guidance and net cash cost guidance for the full year of 705-740,000 tonnes at $1.35/lb.*

"With Antofagasta's strategy focused on producing profitable tonnes, the successful Cost and Competitiveness Programme has yielded a 7c/lb cost saving in the first half and together with the Operating Excellence Programme these programmes are delivering immediate benefits. We expect this performance to continue as we focus on innovative ways of improving costs and safety.

"Regardless of external factors such as prices, inflation and foreign exchange movements, Antofagasta is well positioned for growth, generating strong cash flow and improving returns. The outlook is positive – we have the assets, capabilities and the capital allocation strategy as well as the discipline to continue to deliver long-term value for all our stakeholders."

Financial performance

- **Revenue up 3.6% to $2,120.7 million** as higher realised prices offset lower copper sales volumes
- **EBITDA[1] for the first six months of the year was $904.2 million**, 16.2% lower than the $1,078.9 million in the previous year
- **EBITDA margin of 42.6%**, down from 52.7% during same period last year as unit production costs increased
- **Cost and Competitiveness Programme achieved savings of $54 million in the first half of 2018,** equivalent to 7c/lb
- **Profit before tax from continuing operations for the period decreased by 32.4% to $465.6 million**
- **Cash flow from continuing and discontinued operations of $890.4 million,** down 22.4% compared to the same period last year due to lower margins
- **Capital expenditure of $422.0 million**, 42% of unchanged full year guidance
- **Net debt increased by $320.7 million from the end of 2017 to $781.2 million**, representing a Net Debt to EBITDA ratio of 0.32 times on lower cash flow from operations and after the payment of the 2017 final dividend and increased taxes.
- **Earnings per share from continuing operations of 19.6 cents per share,** a 33.3% decrease on 2017
- **Interim dividend of 6.8 cents per share,** equivalent to a payout ratio of 35% of net earnings[1] from continuing operations

Operating performance

- **The Group continued its period with zero fatalities,** which started in April 2016
- **Group copper production is 8.5% lower at 317,000 tonnes**, due primarily to lower grades at Centinela and the pipeline blockage at Los Pelambres
- **Group cash costs before by-product credits[1] for the half year were $1.92/lb**, up from $1.56/lb in the same period last year due to lower production, higher input prices and a stronger Chilean Peso

- **Group net cash costs[1] were $1.52/lb, an increase of** 22.6% from $1.24/lb in the same period in 2017, on higher cash costs before by-product credits partially offset by higher by-product revenues

Outlook

- **Group copper production and net cash cost guidance for the full year is unchanged** at 705-740,000 tonnes at $1.35/lb as grades continue to improve over the rest of the year. This assumes the Chilean Peso exchange rate and molybdenum price remain at current levels.
- **Capital expenditure guidance** for the full year is also unchanged at $1.0 billion

Other

- **Labour negotiations were successfully concluded** at Los Pelambres in the first quarter. The Group's next labour negotiations are scheduled to be completed by August 2019
- **Zaldívar submitted an Environmental Impact Assessment** to extend the company's water extraction permit from current sources beyond 2025 in line with its existing life of mine
- **As part of the Group's disposal of non-core assets,** Centinela announced the sale of its electricity transmission lines for $117 million

UNAUDITED RESULTS SIX MONTHS ENDING 30 JUNE		2018	2017	%
Revenue	$m	**2,120.7**	2,047.7	3.6
EBITDA[1]	$m	**904.2**	1,078.9	(16.2)
EBITDA margin[2]	%	**42.6**	52.7	(19.1)
Earnings per share	cents	**19.6**	29.4	(33.3)
Dividend per share	cents	**6.8**	10.3	(34.0)
Cash flow from operations[3]	$m	**890.4**	1,147.1	(22.4)
Group net debt at period end	$m	**781.2**	460.5	69.6
Average realised copper price	$/lb	**3.00**	2.72	10.3
Copper sales – included in Revenue[4]	kt	**283.3**	309.8	(8.6)
Gold sales	koz	**68.1**	114.6	(40.6)
Moly sales	kt	**6.1**	4.3	41.9
Cash costs before by-product credits[1]	$/lb	**1.92**	**1.56**	23.1
Net cash costs[1]	$/lb	**1.52**	**1.24**	22.6

Note*: The financial results are for continuing operations and are prepared in accordance with IFRS, unless otherwise noted below.*

(1) Non-IFRS measures. Net earnings represent profit for the period attributable to the owners of the parent. Refer to the alternative performance measures in Note 22 to the half-year financial report below.

(2) Calculated as EBITDA/Revenue. If Associates and JVs' revenue is included EBITDA Margin was 39.3% in HY 2018 and 48.3% in HY 2017.

(3) From continuing and discontinued operations.

(4) Excludes 20,600 tonnes of sales by Zaldívar in HY 2018 and 24,300 tonnes in HY 2017.

The 2018 Half Year Results presentation is available for download from the website www.antofagasta.co.uk. The live webcast will be at 10.00 (BST) and those wishing to attend can register at http://webcasting.brrmedia.co.uk/broadcast/5b571aec06c7f84227ae86fe.

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DIRECTORS' COMMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

2018 HALF YEAR FINANCIAL HIGHLIGHTS

Group revenue was $2,120.7 million, 3.6% higher than in the same period last year as realised copper prices increased by 10.2%, partially offset by copper sales volumes which fell by 8.6%.

EBITDA from continuing operations decreased by 16.2% to $904.2 million reflecting the higher costs of sales, corporate, and exploration and evaluation costs, partly offset by increased revenue. The EBITDA margin fell from 52.7% in the first half of 2017 to 42.6% in the current period, as costs increased by more than revenue.

The Board has declared an interim ordinary dividend of 6.8 cents per share, which represents a payout ratio of 35%, consistent with the Group's dividend policy.

PRODUCTION AND CASH COSTS[1]

Group copper production was 317,000 tonnes, 8.5% lower than in the same period last year as a result of lower grades mined during the period and the pipeline blockage at Los Pelambres, which delayed 9,200 tonnes being recorded as production.

Group gold production for the first six months decreased by 35.8% to 72,000 ounces due to lower grades at Centinela.

Molybdenum production at Los Pelambres was 5,900 tonnes, compared with 4,500 tonnes in the first six months of 2017, principally due to higher throughput, grades and recoveries.

Group cash costs before by-product credits in the first half of 2018 were $1.92/lb, 36c/lb higher than last year, mainly due to lower production, a stronger local currency and increased input costs, partially compensated by 7c/lb of savings achieved from the Cost and Competitiveness Programme.

Net cash costs for the first half of 2018 were $1.52/lb, 22.6% higher than in the same period last year reflecting the higher cash costs before by-product credits partially offset by higher by-product revenue.

COST AND COMPETITIVENESS PROGRAMME

During the first half of the year, the Cost and Competitiveness Programme achieved savings of $54 million, equivalent to 7c/lb, and savings since 2014 have been $579 million. The Group is on track to achieve its savings target for the year of $100 million.

The Cost and Competitiveness Programme and Operating Excellence areas in each operation work together to embed sustainable business practices to achieve savings and productivity improvements across all processes and activities of the Group.

EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs increased by $19 million during the period to $41 million as exploration costs increased following a period of limited expenditure and previously postponed drilling programmes were implemented at prospective opportunities in Chile. Evaluation expenditure at Twin Metals also increased following the reaffirmation of the project's right to renew its mineral leases and the pre-feasibility of the expansion of the existing concentrator at Centinela was advanced.

TAXATION

The effective tax rate for the period was 32.5%, lower than in the same period last year with lower withholding tax on dividends being paid. For the full year it is expected to remain at a similar level.

Also, tax refunds for the full year are expected to total approximately $110 million. No further material refunds are anticipated in the foreseeable future.

Tax paid during the period includes payments on account based on the prior year's profit levels and the settlement of the outstanding balances in respect of the previous year's tax charge.

CAPITAL EXPENDITURE

Group capital expenditure on a cash basis was $422.0 million during the period of which $188.5 million was mine development, $135.8 million sustaining and $69.8 million was development capital expenditure. The balance was at the Transport Division and corporate. Expected capital expenditure for the full year is unchanged at $1.0 billion.

SALE OF WATER AND ENERGY ASSETS

Centinela announced the sale of its electricity transmission assets in July for $117 million, which is subject to certain closing conditions and is expected to complete during the second half of the year. The Group is in the process of disposing of its 30% interest in the El Arrayán wind farm and is reviewing the case for the potential sale of some of its water supply assets to the extent that there are reliable owner and operator alternatives. Through the sale of these assets the Group will better be able to focus its resources on its core business of copper mining.

DIVIDENDS

The Board has declared an interim dividend of 6.8 cents per share, equivalent to $67.0 million and a payout ratio of 35%, consistent with the Company's policy of paying out a minimum of 35% of net earnings from continuing operations.

LABOUR AGREEMENTS

In February, Los Pelambres successfully completed labour negotiations with the plant union and in March with the mine union. These negotiations conclude the Group's scheduled negotiations for the year.

The next scheduled labour negotiations are in August 2019 with the supervisors at Zaldívar and in September 2019 with the supervisors at Los Pelambres and workers at Antucoya.

SAFETY & HEALTH

There have been no fatalities since April 2016 and the Group remains committed to maintaining this record.

The Group works hard to develop a strong safety culture and guard against complacency. Antofagasta is fully committed to achieving zero fatalities and, following an extension of its focus and commitment to health, zero occupational diseases.

For the first six months of the year the LTIFR achieved by the Mining Division was unchanged from 2017 at 1.0, but with an increase at the Transport Division the LTIFR for the Group increased to 1.6 from 1.4 in 2017.

COMMUNITY RELATIONS

The Group continues to implement its Somos Choapa community engagement programme in the areas affected by Los Pelambres and is rolling out a similar programme at its operations in northern Chile. This includes not only the mining operations, but also at the Transport Division which has facilities and infrastructure within urban areas such as Antofagasta and Calama.

The Environmental Impact Assessment (EIA) that was approved in February for the Incremental Expansion of Los Pelambres followed a period of engagement with communities affected by the project. The project includes the construction of a desalination plant and pipeline from the coast to the mine that the Group plans to manage itself so as to ensure that no issues arise during the construction period.

Zaldívar has recently submitted an EIA to extend its water extraction permit from current sources beyond 2025 in line with its existing life of mine. As part of the EIA the company will engage with the community near the water wellfield and assess the impact of its actions on water availability in the area.

FUTURE GROWTH

There are no changes to previously announced project schedules and budgets, with growth in the medium term expected to come from the expansion of Los Pelambres and Centinela. At Los Pelambres Phase 1 of the Incremental Expansion project is expected to be approved by the end of this year and the selection between

two expansion alternatives for Centinela is also expected by year end. These will add production at Los Pelambres from 2021 and at Centinela from 2023.

In the short term the continuation of improved sulphide grades at Centinela over the balance of this year is expected to continue into 2019 and grade improvement is also expected at Zaldívar as both mines move into high grade areas.

Growth will be financed from a combination of the Group's own financial resources and debt.

OUTLOOK

Group copper production for the full year is expected to be between 705-740,000 tonnes as originally announced in January this year, and net cash cost guidance is also unchanged at $1.35/lb, assuming the Chilean Peso and the molybdenum price continue to trade at current levels.

Production for the year will be higher in the second half of the year mainly due to higher grades at Centinela, higher throughput and grades at Los Pelambres, and the 9,200 tonnes of copper in concentrates stockpiled at the Los Pelambres plant on account of the pipeline blockage in April, that will moved to the port.

The copper market outlook in the mid to longer term continues to be favourable as demand is expected to grow at around 2% while supply growth remains constrained. In the shorter term, there is considerable market uncertainty with the outcome of current international trade negotiations unclear. However, so far no significant impact has been seen on copper demand that can be attributed to this uncertainty, although some positional financial trading is apparent. In the meantime the strength of the US dollar appears to be impacting copper prices, although the corresponding impact on the Company's local costs partially offsets this.

REVIEW OF OPERATIONS AND PROJECTS

MINING DIVISION

LOS PELAMBRES

Financial performance

EBITDA at Los Pelambres was $594.0 million in the first half of 2018, compared with $521.7 million in the first six months of 2017. This increase was due to higher realised copper prices and by-product credits, partially offset by higher cost of sales and lower copper sales volumes.

Production

Copper production in the first six months of 2018 decreased by 3.1% compared with the same period last year. This decrease was primarily due to the previously announced pipeline blockage that resulted in 9,200 tonnes of copper in concentrates being stockpiled at the plant, which will not be recorded as production until they are pumped to the port in Q3. Production up to the stage of pumping through the pipeline was 2.5% higher than in H1 2017, mainly due to higher throughput which increased by 5.0%. The financial impact of the blockage is an increase in work in progress at period end and the delay of sales from H1 to H2.

Molybdenum production of 5,900 tonnes was 31.1% higher than in the comparable period in 2017 as a result of higher throughput, grade and recoveries.

Costs

For the first six months of the year, cash costs before by-product credits were $1.67/lb, 15.2% higher than in 2017 primarily due to lower production, a stronger local currency and higher input prices. By-product credits were 63c/lb, 27c/lb higher than same period last year primary due to higher molybdenum production and realised prices.

Net cash costs for the year to date were $1.04/lb, or 4.6% lower than in the same period last year.

Capital expenditure

Capital expenditure in the first six months of 2018 was $131.5 million, some 36% of the expected expenditure for the full year with the rate of expenditure expected to accelerate in the second half of the year.

CENTINELA

Financial performance

The EBITDA for the first six months of 2018 was $229.2 million, compared with $420.0 million in the first half of 2017. This decrease was due to lower copper and gold sales volumes and higher cost of sales as a result of higher production costs. This was partially offset by higher realised copper and gold price in the first half of 2018 compared to same period last year.

Production

During the first six months of the year production at Centinela was 11.1% lower than in 2017, primarily as a result of the expected lower grades in the sulphide and oxide ores. Copper in concentrate production for the first six months of the year was 59,600 tonnes, compared with 86,300 tonnes same period last year mainly reflecting lower grades and correspondingly lower recoveries. Cathode production was 45.5% higher than in the first six months of 2017 on higher throughput following the start-up of Encuentro Oxides in the second half of 2017, although this was partly offset by lower grades.

Gold production for the year to date was 44,500 ounces, 48.0% lower than in the first six months of 2017 due to anticipated lower grades.

Costs

Cash costs before by-product credits for the first six months of 2018 were 32.9% higher than in 2017 as a result of lower copper production and a stronger local currency and higher input prices. Net cash costs were 61.7% higher than in H1 2017 on higher cash costs before by-product credits and lower gold production.

Capital expenditure

Capital expenditure in the first six months of 2018 was $237.6 million of which some $149.8 million was on mine development. For the full year capital expenditure is still expected to be approximately $515 million.

ANTUCOYA

Financial performance

For the first half of the year, EBITDA at Antucoya was $66.0 million, compared with $79.9 million in the same period last year, due to lower copper sales and higher unit sales costs, but partially compensated for by the higher realised copper price.

Production

Copper production at Antucoya in the first six months of 2018 was 32,900 tonnes, 16.7% lower than the same period 2017, on lower copper grades and recoveries.

Costs

Cash costs were $2.17/lb, 26.9% higher than the same period in 2017 as copper production fell relative to the previous year, the stronger Chilean Peso and higher input prices.

Capital expenditure

Sustaining capital expenditure in the first six months of 2018 was $10.1 million and for the full year is expected to be approximately $35 million. Mine development was $13.7 million and it is expected to be $22 million for the full year.

ZALDÍVAR

Financial performance

Attributable EBITDA at Zaldívar was $49.6 million in the first half of 2018, compared to $56.8 million from the same period last year mainly as a result of lower copper sales volumes and higher unit production costs, partially offset by higher realised prices.

Production

Copper production at Zaldívar of 21,300 tonnes was 17.8% lower compared with the same period last year due to lower throughput and grades, partially compensated for by higher recoveries.

Costs

Cash costs for the first six months of 2018 were $1.97/lb compared with $1.60/lb for the same period in 2017, primarily due to lower production, the stronger Chilean peso and higher input prices.

Capital expenditure

In the first six months of 2018, attributable capital expenditure was $25.2 million and is expected to be approximately $50 million for the full year.

GROWTH PROJECTS AND OPPORTUNITIES

Molybdenum Plant

First sales from the molybdenum plant were made in July following the completion of the plant in the first half of the year. Average annual production will be 2,400 tonnes of molybdenum per year over the first five years of operation.

Los Pelambres Incremental Expansion

Phase 1

As previously announced the Environmental Impact Assessment (EIA) for Phase 1 of the Los Pelambres Incremental Expansion project was obtained in February 2018. Of the $1.3 billion capital estimate, $520 million is for a desalination plant and water pipeline to serve Phases 1 and 2 of the project and as a back-up water supply for the existing operation in conditions of severe drought.

Further detailed engineering, project execution planning and construction permitting is currently underway and the project is expected to be taken to the Board for approval before the end of the year.

Phase 1 of the project will increase Los Pelambres' production by an average of 55,000 tonnes of copper a year over the first 15 years of the project with first production expected in 2021.

Phase 2

In this phase the Group will seek to increase throughput to 205,000 tonnes of ore per day and to extend the mine's life by 15 years beyond the currently approved 20 years at an estimated pre-feasibility study cost of $500 million. As part of this development the Group will submit a new EIA to increase the capacity of the mine's Mauro tailings storage facility and mine waste dumps. Work on the environmental baseline study for the new EIA started in 2017 and the results will be reviewed in late 2018.

Centinela Expansion

Two alternatives are being considered for the expansion of Centinela, one is to expand the existing plant and the other is to build a separate second concentrator. Both alternatives will require capacity increases to water, concentrate pipeline and port infrastructure. The second concentrator would also require the construction of a new tailings dam, and increasing the capacity of the existing tailings dam is being evaluated as a key consideration of the existing concentrator expansion alternative.

The feasibility study for the second concentrator project is expected to be completed by the end of the year when it will be decided which project alternative to proceed with. If the alternative of expanding the existing concentrator is selected then a full pre-feasibility and feasibility study would be required before it is taken to the Board for approval, which would take approximately 18-24 months. For either alternative increased production would be from 2023.

Twin Metals Minnesota (Twin Metals)

Following the reaffirmation of Twin Metals' right to renew two federal mineral leases by the US Department of the Interior at the end of 2017 Twin Metals has resumed its environmental study and project development activities and expects to complete an updated pre-feasibility study during 2019.

TRANSPORT DIVISION

Financial performance

EBITDA at the Transport Division was $45.7 million in the first half of 2017, compared to $48.0 million in the same period last year, a reduction primarily due to higher diesel costs.

Transport volumes

Total transport volumes in the first half of 2018 were 3.0 million tonnes, 2.2% higher than first half of 2017 primarily due to a strike at one of the Division's largest customers during the first half of last year.

Capital expenditure

Capital expenditure for the first half of the year was $27.9 million and is expected to be $60 million for the full year as new locomotives are acquired to service new and extended contracts.

FINANCIAL REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2018

Results (unaudited)

	Six months ended 30.06.2018	Six months ended 30.06.2017
	Total	**Total**
	$m	**$m**
Revenue	**2,120.7**	2,047.7
EBITDA (including results from associates and joint ventures)	**904.2**	1,078.9
Operating costs excluding depreciation	**(1,276.0)**	(1,037.4)
Depreciation, loss on disposals and impairments	**(324.3)**	(289.5)
Operating profit from subsidiaries	**520.4**	720.8
Net share of results from associates and joint ventures	**13.7**	21.6
Total profit from operations, associates and joint ventures	**534.1**	742.4
Net finance expense	**(68.5)**	(53.8)
Profit before tax	**465.6**	688.6
Income tax expense	**(151.4)**	(234.5)
Profit from continuing operations	**314.2**	454.1
Discontinued operations	**1.5**	0.5
Profit for the year	**315.7**	**454.6**
Basic earnings per share	**US cents**	US cents
From continuing operations	**19.6**	29.4
From discontinued operations	**0.2**	0.1
Total continuing and discontinued operations	**19.8**	**29.5**

On 12 July 2018 the Group signed an agreement to sell Centinela Transmisión, the electricity transmission line supplying Centinela and other external parties. As a result of this, its net results are shown as a discontinued operation in the income statement in the 2018 and 2017 comparatives.

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

The following table reconciles the change in EBITDA between in the first half of 2017 and the first half of 2018:

	$m
EBITDA in 2017	**1,078.9**
Revenue	
Increase in realised copper price	173.7
Decrease in copper volumes sold	(160.1)
Decrease in treatment and refining charges	26.9
Increase in revenue from copper sales	**40.5**
Decrease in gold revenue	(56.2)
Decreases in silver revenue	(6.7)
Increase in molybdenum revenue	87.8
Increase in revenue from by-products	**24.9**
Increase in transport division revenue	7.6
Increase in revenue	**73.0**
Operating costs	
Increase in mine operating costs	(190.7)
Decrease in closure provisions	0.8
Increase in exploration and evaluation costs	(19.0)
Increase in corporate costs	(13.3)
Increase in other mining division costs	(7.9)
Increase in operating costs for mining division	**(230.1)**
Increase in transport division operating costs	(8.5)
Decrease in attributable EBITDA relating to associates and in joint ventures	(9.1)
Total EBITDA in 2018	**904.2**

Revenue

Group revenue in the first half of 2018 was $2,120.7 million, 3.6% higher than in 2017. The increase of $73.0 million mainly reflected an increase in the realised copper price offset by lower copper sales volumes, as well as higher molybdenum revenue offset by lower gold and silver revenue.

Revenue from the mining division

Revenue from copper sales

Revenue from copper concentrate and copper cathode sales increased by $40.5 million, or 2.3%, to $1,766.5 million, compared with $1,725.8 million in first six months of 2017. The increase reflected the impact of higher realised prices offset by lower sales volumes.

(i) Realised copper price

The higher average realised copper price resulted in a $173.7 million increase in revenue. The average realised price increased by 10.2% to $3.00/lb in the first six months of 2018 (first half of 2017 – $2.72/lb), largely reflecting the 20.3% increase in the LME average market price to $3.14/lb (first half of 2017 - $2.61/lb). This increase in the LME average price was partly offset by a negative provisional pricing adjustment of $87.5 million, mainly reflecting the decrease in the period-end copper price to $3.16/lb at 30 June 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 for future periods (normally around one month after delivery to the customer in the case of cathode sales and 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 half year results announcement.

(ii) Copper volumes

Copper sales volumes reflected within revenue decreased by 26,500 tonnes, from 309,800 tonnes in the first six months of 2017 to 283,300 tonnes in the first half of 2018, decreasing revenue by $160.1 million. This decrease was mainly due to 14,000 tonnes of lower sales volumes at Centinela, reflecting lower ore grades. Los Pelambres' sales volumes were 4,800 tonnes lower due to the remaining impact of the concentrator pipeline blockage in April as well as a delayed shipment in June due to bad weather conditions, and Antucoya's sales volumes decreased by 7,700 tonnes as a result of lower ore grades and recoveries.

(iii) Treatment and refining charges

Treatment and refining charges (TC/RCs) for copper concentrates decreased by $26.9 million to $105.3 million, from $132.2 million in the first six months of 2017, due a reduction in the average TC/RCs as well as the lower sales volumes. Treatment and refining charges are deducted from concentrate sales when reporting revenue and hence the decrease in these charges has had a positive impact on revenue.

Revenue from molybdenum, gold and other by-product sales

Revenue from by-product sales at Los Pelambres and Centinela relate mainly to molybdenum and gold and, to a lesser extent, silver sales. Revenue from by-products increased by $24.9 million or 10.3% to $266.0 million in the first half of 2018, compared with $241.1 million in the first half of 2017. This increase reflects higher molybdenum revenue as a result of the higher sales volumes and realised price largely offset by lower gold sales.

Revenue from molybdenum sales (net of roasting charges) was $156.3 million (first half of 2017 - $68.5 million), an increase of $87.8 million. The increase was due to higher sales volumes of 6,100 tonnes (first half of 2017 – 4,300 tonnes) and an increased realised price of $12.6/lb (first half of 2017 – $8.0/lb).

Revenue from gold sales (net of treatment and refining charges) was $89.0 million (first half of 2017 - $145.2 million), a decrease of $56.2 million which mainly reflected lower sales volumes, partly offset by a higher realised price. Gold sales volumes decreased by 68.3% from 114,600 ounces in the first half of 2017 to 68,100 ounces in the first six months of 2018, mainly due to lower grades and recoveries at Centinela. The realised gold price was $1,310/oz in the first half of 2018 compared with $1,272/oz in the first half of 2017, with the increase reflecting slightly higher average market prices.

Revenue from silver sales decreased by $6.7 million to $20.7 million in the first six month of 2018 (first six months of 2017 - $27.4 million). The decrease was due to lower sales volumes of 1.3 million ounces (first half of 2017 – 1.7 million ounces).

Revenue from the transport division

Revenue from the transport division (FCAB) increased by $7.6 million or 9.4% to $88.4 million, mainly due to higher rail tonnages and improved revenue from the sale of industrial water.

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

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

The Group´s total operating costs (excluding depreciation, loss on disposals and impairments) amounted to $1,276.0 million (first half of 2017 – $1,037.4 million), an increase of $238.6 million mainly due to increased costs at the mining division.

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

Operating costs (excluding depreciation, loss on disposals and impairments) at the mining division increased by $230.1 million to $1,222.1 million in the first half of 2018, an increase of 23.2%. Of this increase, $190.7 million is attributable to higher mine-site operating costs. This increase in mine-site costs reflected the foreign

exchange impact of the stronger Chilean peso, increased input costs, the additional operating costs of Encuentro Oxides, which achieved commercial production on 1 January 2018, and the one-off signing bonuses paid at Los Pelambres at the conclusion of the labour negotiations, 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 the first six months of 2017 to $1.74/lb in the first half of 2018.

During the first half of 2018 the Cost and Competitiveness Programme achieved savings of $54 million, and the Group is on track to achieve its savings target of $100 million for the full-year.

Exploration and evaluation costs increased by $19.0 million to $41.0 million (first half of 2017 – $22.0 million). This reflected a general increase in activity, including early-stage generative exploration activity in Chile and evaluation studies at the Twin Metals project in the United States. Costs relating to mine closure provisions decreased by $0.8 million compared with 2017 and corporate costs increased by $13.3 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 $8.5 million to $53.9 million, mainly due to the stronger Chilean peso and higher diesel volume and prices.

EBITDA

EBITDA (earnings before interest, tax, depreciation and amortisation) decreased by $174.7 million or 16.2% to $904.2 million (first half 2017 - $1,078.9 million). EBITDA includes the Group's proportional share of EBITDA from associates and joint ventures.

EBITDA from the mining division decreased by 16.7% from $1,030.9 million in the first six months of 2017 to $858.5 million in this half year. As explained above, this reflected the higher mine-site costs and increased exploration and evaluation expenditure, partly offset by the improved revenue.

EBITDA at the transport division decreased by $2.3 million to $45.7 million in 2018, reflecting the higher operating costs explained above offset by the increased revenue.

Depreciation, amortisation and disposals

The depreciation and amortisation charge increased by $34.6 million in the first half of 2018 to $324.2 million (first half 2017 - $289.6 million). This mainly reflected the start of depreciation of the Encuentro Oxides projects, which entered commercial production on 1 January 2018.

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries decreased in 2018 by 27.8% to $520.4 million (first half of 2017 - $720.8 million).

Share of results from associates and joint ventures

The Group's share of results from associates and joint ventures was a gain of $13.7 million in the first six months of 2018, compared with a gain of $21.6 million in the first half of 2017. This mainly reflects the Group's share of results from Zaldívar.

Net finance expense

Net finance expense in 2018 was $68.5 million, compared with $53.8 million in 2017.

	Six months ended 30.06.18 $m	Six months ended 30.06.18 $m
Investment income	**15.0**	10.2
Interest expense	**(49.1)**	(48.6)
Other finance items	**(34.4)**	(15.4)
Net finance expense	**(68.5)**	**(53.8)**

Investment income increased from $10.2 million in 2017 to $15.0 million in 2018. This was mainly explained by an increase in average interest rates, partially offset by a decrease in the balance of cash, cash equivalents and liquid investments.

Interest expense increased marginally from $48.6 million in 2017 to $49.1 million in 2018.

Other finance items reflected an expense of $34.4 million (first half of 2017 – expense of $15.4 million). This comprised an expense of $6.5 million for the unwinding of the discounting of provisions (first half of 2017 - $5.3 million) and an expense of $27.9 million in respect of foreign exchange (first half of 2017 – expense of $5.5 million).

Profit before tax

As a result of the factors set out above, profit before tax decreased by 32.4% to $465.6 million in the first half of 2018 compared with $688.6 million in the first six months of 2017.

Income tax expense

The tax charge in the first half of 2018 was $151.4 million (first half of 2017 – $234.5 million) and the effective tax rate was 32.4% (first half of 2017 – 34.0%).

	Six months ended 30.06.2018		Six months ended 30.06.2017	
	$m	**%**	$m	%
Profit before tax	**465.6**		**688.6**	
Tax at the Chilean corporate rate tax of 27.0% (2017 – 25.5%)	**(125.7)**	**27.0**	(175.6)	25.5
Effect of increase in future first category tax rates on deferred tax balances	**(1.0)**	**0.2**	(0.4)	0.1
Adjustment in respect of prior years	**3.7**	**(0.8)**	(9.9)	1.4
Items not deductible from first category tax	**(4.6)**	**1.0**	(15.6)	2.3
Deduction of mining royalty as an allowable expense in determination of first category tax	**8.2**	**(1.8)**	7.0	(1.0)
Mining tax (royalty)	**(31.3)**	**6.7**	(24.8)	3.6
Withholding taxes	**(2.1)**	**0.4**	(20.1)	2.9
Tax effect of share of results of associates and joint ventures	**4.8**	**(1.0)**	5.5	(0.8)
Reversal of previously unrecognised tax losses	**(4.2)**	**0.9**	-	-
Net other items	**0.8**	**(0.2)**	(0.6)	-
Tax expense and effective tax rate for the year	**(151.4)**	**32.4**	**(234.5)**	**34.0**

The effective tax rate varied from the statutory rate principally due to the mining tax (impact of $31.3 million / 6.7%) and items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside

of Chile (impact of $4.6 million / 1.0%), partly offset by the deduction of the mining tax which is an allowable expense when determining the Chilean corporate tax charge (impact of $8.2 million / 1.8%) 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 $4.8 million / 1.0%).

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

Profit from discontinued operations

On 12 July 2018 the Group signed an agreement to sell Centinela Transmisión, which holds the electricity transmission line supplying Centinela and other external parties, for $117 million. Accordingly, the net results of Centinela Transmisión are shown as a discontinued operation in the income statement (a gain of $1.5 million), and its individual assets and liabilities have been classified into a disposal group on the balance sheet. The sale is subject to certain closing conditions, and is expected to complete during the second half of the year.

Non-controlling interests

Profit for the first half of the year attributable to non-controlling interests was $121.4 million, compared with $164.1 million in the first half of 2017, reflecting the lower profit attributable to the non-controlling interests as a consequence of the decrease in earnings analysed above.

Earnings per share

	Six months ended 30.06.18 **$ cents**	Six months ended 30.06.17 $ cents
Earnings per share from continuing operations	**19.6**	29.4
Earnings per share from discontinued operations	**0.2**	0.1
Earnings per share from continuing and discontinued operations	**19.8**	29.5

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 $194.3 million compared with $290.5 million in the first half of 2017, and total earnings per share from continuing and discontinued operations was 19.8 cents per share (first half of 2017 – 29.5 cents per share).

Dividends

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

	Six months ended 30.06.18 **$ cents**	Six months ended 30.06.17 **$ cents**
Ordinary		
Interim	**6.8**	10.3
Final	**-**	-
Total dividends to ordinary shareholders	**6.8**	10.3

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

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 will be paid on 5 October 2018 to shareholders on the share register at the close of business on 7 September 2018.

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

Capital expenditure

Capital expenditure increased by $12.0 million from $410.0 million in the first half of 2017 to $422.0 million in the current period. The increase reflected an increase in capitalised stripping costs at Centinela and Antucoya, partly offset by decreased stripping costs at Los Pelambres.

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

Derivative financial instruments

The Group periodically uses derivative financial instruments to reduce exposure to commodity price movements. At 30 June 2018 the Group had entered into min/max contracts at Centinela and Antucoya for a notional amount of 15,000 tonnes of copper production at each operation, covering a period up to 31 December 2018, with an average minimum price of $2.50/lb and an average maximum price of $3.60/lb.

The Group also periodically uses interest rate swaps to swap floating rate interest for fixed rate interest. At 30 June 2018 the Group had entered into interest rate swaps at Centinela for a maximum notional amount of $17.5 million at a weighted average fixed rate of 3.372% maturing in August 2018. The Group had also entered into interest rate swaps in relation to a financing loan at FCAB for a maximum notional amount of $60 million at a weighted average fixed rate of 1.634% maturing in August 2019.

Cash flow

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

	Six months ended 30.06.18 $m	Six Months ended 30.06.17 $m
Cash flow from continuing and discontinued operations	**890.4**	**1,147.1**
Income tax paid	**(331.6)**	(165.3)
Net interest paid	**(21.4)**	(19.8)
Capital contributions and loans to associates	**(4.3)**	(39.7)
Acquisition of mining properties	**(0.1)**	-
Purchases of property, plant and equipment	**(422.0)**	(410.0)
Proceeds from sale of property, plant and equipment	**0.4**	0.3
Dividends paid to equity holders of the Company	**(399.9)**	(150.8)
Dividends paid to non-controlling interests	**-**	(100.0)
Dividends from associates	**2.2**	8.4
Other items	**(1.0)**	-
Changes in net debt relating to cash flows	**(287.3)**	**270.2**
Other non-cash movements	**(22.2)**	(54.2)
Foreign exchange	**(11.2)**	(3.9)
Movement in net debt in the period	**(320.7)**	**212.1**
Net debt at the beginning of the year	**(460.5)**	(1,071.7)
Net debt at the end of the year	**(781.2)**	**(859.6)**

Cash flow from continuing and discontinued operations was $890.4 million in the first half of 2018 compared with $1,147.1 million in the first half of 2017. This reflected EBITDA from subsidiaries for the period of $844.7 million (first half of 2017 – $1,010.2 million), adjusted for the $45.3 million positive impact of a net working capital decrease (first half of 2017 – positive impact of $130.7 million from a net working capital decrease) and a non-cash increase in provisions of $0.4 million (first half of 2017 – increase of $6.2 million).

The net cash outflow in respect of tax in the first half of 2018 was $331.6 million (first half of 2017 – $165.3 million). This amount differs from the current tax charge in the consolidated income statement of $151.4 million because the cash tax payments comprise payments on account for the first six months of 2018 of $207.6 million based on the prior year's profit levels, the settlement of outstanding balances in respect of the previous year's tax charge of $147.5 million and withholding tax due on remittances of profits from Chile of $2.1 million, partly offset by the recovery of $25.6 million relating to prior years.

Contributions and loans to associates and joint ventures of $4.3 million relate to Tethyan Copper Company.

Cash disbursements relating to capital expenditure in first half of 2018 were $422.0 million compared with $410.0 million in the first half of 2017. This included expenditure of $237.5 million at Centinela (first half of 2017 – $271.4 million), $129.7 million at Los Pelambres (first half of 2017 – $104.6 million), $23.7 million at Antucoya (first half of 2017 – $19.7 million) and $27.9 million at the transport division (first half of 2017 – $12.8 million).

At 30 June 2018 dividends paid to equity holders of the Company were $399.9 million (first half of 2017 - $150.8 million), which related to the payment of the final dividend declared in respect of 2017.

Dividends paid by subsidiaries to non-controlling shareholders were nil (first half of 2017 – $100.0 million).

Financial position

	At 30.06.18 $m	At 30.06.17 $m
Cash, cash equivalents and liquid investments	**1,645.8**	2,166.1
Total borrowings	**(2,427.0)**	(3,025.7)
Net debt at the end of the period	**(781.2)**	(859.6)

At 30 June 2018 the Group had combined cash, cash equivalents and liquid investments of $1,645.8 million (30 June 2016 – $2,166.1 million). Excluding the non-controlling interest share in each partly-owned operation, the Group's attributable share of cash, cash equivalents and liquid investments was $1,416.8 million (30 June 2017 – $1,878.9 million).

New borrowings in the first half of 2018 were $218.0 million (first half of 2017 – $160.0 million), reflecting new short-term borrowings at Centinela of $200.0 million and Los Pelambres of $18.0 million. Repayments of borrowings and finance leasing obligations in the first half of 2018 were $526.0 million, relating mainly to repayments at Los Pelambres of $168.6 million, Centinela $275.0 million, Antucoya $80.6 million, the corporate centre of $1.6 million and the transport division of $0.2 million.

Total Group borrowings at 30 June 2018 were $2,427.0 million (at 30 June 2017 – $3,025.7 million). Of this, $1,860.9 million (at 30 June 2017 – $2,266.4 million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

Going concern

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Directors' Comments for the Six Months Ended 30 June 2018 and the Review of Operations and Projects. Details of the cash flows of the Group during the period, along with its financial position at the period-end are set out in this Financial Review. The half yearly financial report includes details of the Group's cash, cash equivalent and liquid investment balances in Note 19, and details of borrowings are set out in Note 16. When assessing the going concern status of the Group the Directors have considered in particular its financial position, including its significant balance of cash, cash equivalents and liquid investments and the borrowing facilities in place, including their terms and remaining durations. When assessing the prospects of the Group, the Directors have considered the Group's copper price forecasts, the Group's expected production levels, operating cost profile, capital expenditure and financing plans. The Directors have taken into consideration the Group's key risks which could impact the prospects of the Group, with the most relevant to this assessment considered to be risks to the copper price outlook. Robust downside sensitivity analyses have been performed, assessing the impact of a significant deterioration in the copper price outlook. These stress-tests all indicated results which could be managed in the normal course of business. Based on their assessment of the Group's prospects and viability, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing its condensed interim financial statements.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2017. A detailed explanation of the risks summarised below can be found in the Risk Management section of that annual report which is available at www.antofagasta.co.uk. Key headline risks relate to the following:

- Community relations
- Strategic inputs
- Operatingl risks
- Project management
- Political, legal and regulatory risks
- Safety and health
- Environmental management
- Growth opportunities
- Commodity prices
- Foreign currency
- Identification of new mineral resources
- Ore reserves and mineral resources estimates
- Talent management and labour relations
- Corruption activities
- Information security

Cautionary statement about forward-looking statements

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

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

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

Consolidated Income Statement

	Notes	Six months ended 30.06.2018 (Unaudited) $m	Six months ended 30.06.2017 (Unaudited) $m	Year ended 31.12.2017 (Audited) $m
Revenue	2,5	**2,120.7**	2,047.7	4,749.4
Total operating costs		**(1,600.3)**	(1,326.9)	(2,908.3)
Operating profit from subsidiaries	2,4	**520.4**	720.8	1,841.1
Net share of profit from associates and joint ventures	2,4	**13.7**	21.6	59.7
Total profit from operations, associates and joint ventures		**534.1**	742.4	1,900.8
Investment income		**15.0**	10.2	23.8
Interest expense		**(49.1)**	(48.6)	(91.5)
Other finance items		**(34.4)**	(15.4)	2.3
Net finance expense	7	**(68.5)**	(53.8)	(70.0)
Profit before tax		**465.6**	688.6	1,830.8
Income tax expense	8	**(151.4)**	(234.5)	(633.6)
Profit for the period from continuing operations		**314.2**	454.1	1,197.2
Discontinued operations				
Profit for the period from discontinued operations		**1.5**	0.5	0.5
Profit for the period		**315.7**	454.6	1,197.7
Attributable to:				
Non-controlling interests		**121.4**	164.1	447.1
Profit for the period attributable to the owners of the parent		**194.3**	290.5	750.6
Basic earnings per share				
From continuing operations	10	**19.6**	29.4	76.1
From discontinued operations	10	**0.2**	0.1	0.1
Total continuing and discontinued operations		**19.8**	29.5	76.2

Consolidated Statement of Comprehensive Income

	Notes	**Six months ended 30.06.2018 (Unaudited) $m**	Six months ended 30.06.2017 (Unaudited) $m	Year ended 31.12.2017 (Audited) $m
Profit for the period		**315.7**	454.6	1,197.7
Items that will be subsequently reclassified to profit or loss:				
Gains / (losses) on cash flow hedges - time value		**6.6**	-	
Gains / (losses) on cash flow hedges - Intrinsic value		**0.1**	(0.3)	(16.8)
Share of other comprehensive income of equity accounted units, net of tax	14	**-**	(0.1)	-
Tax effects arising on cash flow hedges deferred in reserves			(0.2)	(1.0)
Gains in fair value of cash flow hedges transferred to the income statement		**0.4**	0.8	18.0
Tax effects arising on amounts transferred to the income statement		**(0.1)**	0.1	0.3
Total items that will be subsequently reclassified to profit or loss		**7.0**	0.3	0.5
Items that will not be subsequently reclassified to profit or loss:				
Actuarial (losses) / gains on defined benefit plans		**(2.7)**	2.5	5.7
Tax on items recognised through OCI which will not be reclassified to profit or loss in the future		**0.6**	(1.4)	(1.0)
Gains / (losses) in fair value of equity investments	15	**(1.3)**	(0.4)	1.4
Total Items that will not be subsequently reclassified to profit or loss		**(3.4)**	0.7	6.1
Total other comprehensive income		**3.6**	1.0	6.6
Total comprehensive income for the period		**319.3**	455.6	1,204.3
Attributable to:				
Non-controlling interests		**123.4**	164.4	448.8
Equity holders of the Company		**195.9**	291.2	755.5

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018 (Unaudited)

	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**
Adoption of new accounting standards	**-**	**-**	**(7.8)**	**4.9**	**(2.9)**	**(1.2)**	**(4.1)**
Balance at 1 January 2018	**89.8**	**199.2**	**(20.3)**	**7,046.8**	**7,315.5**	**1,822.0**	**9,137.5**
Profit for the period	**-**	**-**	**-**	**194.3**	**194.3**	**121.4**	**315.7**
Other comprehensive income for the year	**-**	**-**	**3.4**	**(1.8)**	**1.6**	**2.0**	**3.6**
Dividends	**-**	**-**	**-**	**(399.9)**	**(399.9)**	**-**	**(399.9)**
Balance at 30 June 2018	**89.8**	**199.2**	**(16.9)**	**6,839.4**	**7,111.5**	**1,945.4**	**9,056.9**

For the six months ended 30 June 2017 (Unaudited)

	Share capital	Share premium	Other reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2017	89.8	199.2	(22.3)	6,548.6	**6,815.3**	1,694.4	**8,509.7**
Profit for the period	-	-	-	290.5	**290.5**	164.1	**454.6**
Other comprehensive income for the year	-	-	8.0	(7.3)	**0.7**	0.3	**1.0**
Dividends	-	-	-	(150.8)	**(150.8)**	(100.0)	**(250.8)**
Balance at 30 June 2017	**89.8**	**199.2**	**(14.3)**	**6,681.0**	**6,955.7**	**1,758.8**	**8,714.5**

For the year ended 31 December 2017 (Audited)

	Share capital	Share premium	Other reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 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 30.06.2018	At 30.06.2017	At 31.12.2017
		(Unaudited)	(Unaudited)	(Audited)
Non-current assets	**Notes**	**$m**	**$m**	$m
Intangible asset	12	**150.1**	150.1	150.1
Property, plant and equipment	13	**9,135.6**	8,834.9	9,064.3
Other non-current assets		**3.0**	2.7	3.5
Inventories		**125.0**	111.8	111.1
Investment in associates and joint ventures	14	**1,085.1**	1,100.7	1,069.7
Trade and other receivables		**61.6**	55.5	67.0
Derivative financial instruments		**0.3**	0.1	0.2
Equity investments	15	**4.8**	4.4	6.5
Deferred tax assets		**61.4**	80.2	69.1
		10,626.9	10,340.4	10,541.5
Current assets				
Inventories		**562.9**	512.8	483.6
Trade and other receivables		**532.7**	465.0	739.2
Current tax assets		**142.6**	212.6	155.2
Derivative financial instruments	6	**0.2**	0.1	0.1
Liquid investments	19	**968.9**	1,421.1	1,168.7
Cash and cash equivalents	19	**676.9**	745.0	1,083.6
		2,884.2	3,356.6	3,630.4
Assets of disposal group classified as held for sale	9	**38.7**	36.6	37.8
Total assets		**13,549.8**	13,733.6	14,209.7
Current liabilities				
Short-term borrowings and leases	16	**(562.1)**	(822.7)	(753.6)
Derivative financial instruments	6	**(0.2)**	(4.2)	(7.1)
Trade and other payables		**(518.8)**	(447.9)	(609.0)
Current tax liabilities		**(57.3)**	(65.6)	(192.4)
		(1,138.4)	(1,340.4)	(1,562.1)
Non-current liabilities				
Medium and long-term borrowings and leases	16	**(1,864.9)**	(2,203.0)	(1,955.1)
Derivative financial instruments	6	**-**	(0.1)	-
Trade and other payables		**(3.7)**	(5.9)	(7.4)
Liabilities in relation to joint ventures	14	**(1.7)**	(3.6)	(2.0)
Post-employment benefit obligations		**(114.6)**	(94.9)	(114.0)
Decommissioning & restoration provisions		**(435.2)**	(399.3)	(433.0)
Deferred tax liabilities		**(933.5)**	(971.7)	(994.1)
		(3,353.6)	(3,678.5)	(3,505.6)
Liabilities of disposal group classified as held for sale		**(0.9)**	(0.2)	(0.4)
Total liabilities		**(4,492.9)**	(5,019.1)	(5,068.1)
Net assets		**9,056.9**	8,714.5	9,141.6
Equity				
Share capital	17	**89.8**	89.8	89.8
Share premium	17	**199.2**	199.2	199.2
Other reserves		**(16.9)**	(14.3)	(12.5)
Retained earnings		**6,839.4**	6,681.0	7,041.9
Equity attributable to equity holders of the Company		**7,111.5**	6,955.7	7,318.4
Non-controlling interests		**1,945.4**	1,758.8	1,823.2
Total equity		**9,056.9**	8,714.5	9,141.6

The condensed consolidated interim Financial Statements were approved for issue on 13 August 2018.

Consolidated Cash Flow Statement

	Notes	At 30.06.2018 (Unaudited) $m	At 30.06.2017 (Unaudited) $m	At 31.12.2017 (Audited) $m
Cash flows from operations	18	**890.4**	1,147.1	2,495.0
Interest paid		**(29.3)**	(29.2)	(59.1)
Income tax paid		**(331.6)**	(165.3)	(338.4)
Net cash from operating activities		**529.5**	952.6	2,097.5
Investing activities				
Capital contributions and loan to associates and joint ventures	14	**(4.3)**	(39.7)	(45.4)
Dividends from associates	14	**2.2**	8.4	81.8
Disposal of subsidiary and joint ventures		**-**	-	3.1
Acquisition of mining properties		**(0.1)**	-	(2.3)
Cash reclassified as part of disposal group		**(1.0)**	-	(2.2)
Proceeds from sale of property, plant and equipment		**0.4**	0.3	6.9
Purchases of property, plant and equipment		**(422.0)**	(410.0)	(899.0)
Net decrease / (increase) in liquid investments	19	**199.8**	(88.9)	163.5
Interest received		**7.9**	9.4	14.3
Net cash used in investing activities		**(217.1)**	(520.5)	(679.3)
Financing activities				
Dividends paid to equity holders of the Company		**(399.8)**	(150.8)	(252.3)
Dividends paid to preference shareholders of the Company		**(0.1)**	-	(0.1)
Dividends paid to non-controlling interests		**-**	(100.0)	(320.0)
Proceeds from issue of new borrowings	17	**218.0**	160.0	272.0
Repayments of borrowings	17	**(511.4)**	(291.3)	(725.5)
Repayments of obligations under finance leases	17	**(14.6)**	(17.4)	(33.5)
Net cash used in financing activities		**(707.9)**	(399.5)	(1,059.4)
Net (decrease) / increase in cash and cash equivalents	19	**(395.5)**	32.6	358.8
Cash and cash equivalents at beginning of the period		**1,083.6**	716.3	716.3
Net (decrease) / increase in cash and cash equivalents	19	**(395.5)**	32.6	358.8
Effect of foreign exchange rate changes	19	**(11.2)**	(3.9)	8.5
Cash and cash equivalents at end of the period	19	**676.9**	745.0	1,083.6

Notes

1. General information and accounting policies

a) General information

These June 2018 interim condensed consolidated financial statements ("the condensed financial statements") have been prepared for the six months ended 30 June 2018. The condensed financial statements are unaudited. The information for the year ended 31 December 2017 does not constitute the Group's statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act") but is derived from those accounts. The statutory accounts for the year ended 31 December 2017 have been approved by the Board and have been delivered to the Registrar of Companies. The auditor has reported on those accounts and their report was unqualified, with no matters by way of emphasis, and did not contain statements under section 498(2) of the Act (regarding adequacy of accounting records and returns) or under section 498(3) (regarding provision of necessary information and explanations).

These condensed financial statements have been prepared under the accounting policies as set out in the statutory accounts for the year ended 31 December 2017, other than the changes required by the implementation of new accounting standards as set out below.

On 12 July 2018 the Group signed an agreement to sell Centinela Transmission, which holds the electricity transmission line supplying Centinela and others external parties, for $117 million. Accordingly, the net results of Centinela Transmission are show as a discontinued operation in the income statement, and its individual assets and liabilities have been classified into a disposal group on the balance sheet. The comparative figures for the first half of 2017 have been presented on a consistent basis.

b) 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.

The Group has also been impacted by IFRS 9's requirements in respect of commodity price hedging. Previously under IAS 39 *Financial instruments* the time value element of changes in the fair value of derivative options were 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 introduces new classification categories for financial assets and liabilities. However, as explained below these changes do not result in any significant changes in the valuation or recognition methodology for the Group's financial assets and liabilities:

- 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, these movements will never be recycled through the profit and loss accounts. 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.

- Trade and other receivables - as explained above, for sales contracts which contain provisional pricing mechanism under IAS 39 the main receivable balance relating to the host contract was recognised at amortised cost, and the embedded derivative in respect of the provisional pricing mechanism was separated from the host contract 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. Other receivable balances continue to be recognised at amortised cost.

- Derivatives in designated hedge accounting relationships - previously under IAS 39 derivative instruments were recognised at fair value, with changes in the fair value of derivative instruments that were designated and effective as hedges of future cash flows recognised within other comprehensive income, and subsequently recognised in the income statement in the period when the hedged item was recognised in the income statement. The time value element of changes in the fair value of derivative options was

excluded from the designated hedging relationship, and recognised immediately in the income statement. As explained above, the only change under IFRS 9 is that the time value element is now recognised within other comprehensive income rather than the income statement.

- Cash and cash equivalents – these balances continue to be recognised at amortised cost.
- Liquid investments – these balances continue to be recognised at fair value through profit or loss.
- Financial liabilities - trade and other payables and borrowings and leases – these balances continue to be recognised at amortised cost

IFRS 9 introduces an expected credit loss model for impairment of financial assets which replaces the incurred loss model used in IAS 39. This has not resulted in any material impact for the Group.

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	-	-		(2.9)	**(2.9)**	(1.2)	**(4.1)**
Hedging – time value reclassification	-	-	(7.8)	7.8	**-**	-	**-**
Total impact	-	-	(7.8)	4.9	**(2.9)**	(1.2)	**(4.1)**
Balance at 1 January 2018	**89.8**	**199.2**	**(20.3)**	**7,046.8**	**7,315.5**	**1,822.0**	**9,137.5**

- 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.

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 amounts reclassified at 1 January 2018 in assets and liabilities to take place in the charges were 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

c) 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

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 similar 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. Based on the operating leases in place at 31 December 2017 it is currently estimated that this would result in the recognition of additional lease assets within property, plant & equipment and additional lease liabilities as at 1 January 2018 of approximately $150 million in each case. It is also estimated that this would result in a decrease in annual operating expenses before depreciation (and therefore an increase in EBITDA) of approximately $90 million, an increase in annual depreciation of approximately $80 million, an increase in finance costs of less than $15 million, and a net impact on profit before tax of less than $10 million.

The Group is currently completing a detailed contract review process to ensure that all relevant leases are identified and appropriately accounted for. The Group is also implementing the necessary changes to its accounting processes and systems required by the significant increase in the number of individual lease assets and liabilities which will be recognised as a result of the implementation of IFRS 16.

2. Total profit from operations, associates and joint ventures

	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
	$m		$m
Revenue	**2,120.7**	2,047.7	4,749.4
Cost of sales	**(1,317.6)**	(1,091.4)	(2,356.4)
Gross profit	**803.1**	956.3	2,393.0
Administrative and distribution expenses	**(213.1)**	(191.6)	(414.1)
Other operating income	**10.3**	10.3	26.0
Other operating expenses	**(79.9)**	(54.2)	(163.8)
Operating profit from subsidiaries	**520.4**	720.8	1,841.1
Net share of income from associates and joint ventures	**13.7**	21.6	59.7
Total profit from operations, associates and joint ventures	**534.1**	742.4	1,900.8

Other operating expenses mainly comprise $4.1 million of costs relating to the decommissioning and restoration provisions (30 June 2017 - $4.9 million), $41.0 million of exploration and evaluation expenditure (30 June 2017 - $22.0 million) and $24.7 million of other expenses (30 June 2016 - $19.8 million).

3. Asset sensitivities

There were no indicators of potential impairment, or reversal of previous impairments, for the Group's operations at the 2018 half-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 ore reserve estimates. The commodity price forecasts (representing the Group's estimates of the assumptions that would be used by independent market participants in valuing the assets) are based on the forward curve for the short term and consensus analyst forecasts including both investment banks and commodity consultants for the longer term. A long-term copper price of $3.10/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.

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 $120 million and the Centinela valuation indicated a potential deficit of $740 million. This was a simple sensitivity exercise, looking at an illustrative change in the forecast long-term copper price in isolation. In reality, a deterioration in the long-term copper price environment is likely to result in corresponding improvements in a range of input cost factors, as well as potential operational changes, which could partly mitigate these estimated potential sensitivities.

4. Segmental analysis

The Group's reportable segments are as follows:

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

For management purposes, the Group is organised into two business divisions based on their products – Mining and Transport and Other Transport Services. The mining division is split further for management reporting purposes to show results by mine and exploration activity. Los Pelambres produces primarily copper concentrate and molybdenum as a by-product. Centinela produces copper concentrate containing gold as a by-product and copper cathodes. Antucoya and Zaldivar produce copper cathodes. The transport division provides rail and road cargo together with a number of ancillary services. All the operations are based in Chile. The Exploration and evaluation segment incurs exploration and evaluation expenses. "Corporate and other items" comprises costs incurred by the Company, Antofagasta Minerals S.A., the Group's mining corporate centre and other entities, that are not allocated to any individual business segment. Consistent with its internal management reporting, the Group's corporate and other items are included within the mining division.

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

a) Segment revenues and results

For the six months ended 30 June 2018 (Unaudited)

	Los Pelambres	Centinela	Antucoya	Zaldivar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	1,082.6	733.6	216.1	-	-	-	**2,032.3**	88.4	**2,120.7**
Operating costs excluding depreciation	(488.6)	(504.4)	(150.1)	-	(41.0)	(38.0)	**(1,222.1)**	(53.9)	**(1,276.0)**
Depreciation and amortisation	(102.5)	(176.4)	(34.1)	-	-	(3.2)	**(316.2)**	(8.0)	**(324.2)**
(Loss)/gains on disposals	-	-	-	-	-	-	**-**	(0.1)	**(0.1)**
Operating profit/(loss)	491.5	52.8	31.9	-	(41,0)	(41,2)	**494,0**	26,4	**520,4**
Equity accounting profit/(loss)	-	-	-	13.7	-	(4.6)	9.1	4.6	13.7
Investment income	2.9	2.1	0.7	-	-	8.9	14.6	0.4	15.0
Interest expense	(2.8)	(16.8)	(19.3)	-	-	(9.6)	(48.5)	(0.6)	(49.1)
Other finance items	(20.0)	(8.4)	(1.1)	-	-	1.1	(28.4)	(6.0)	(34.4)
Profit/(loss) before tax	471.6	29.7	12.2	13.7	(41.0)	(45.4)	**440.8**	24.8	**465.6**
Tax	(148.3)	(0.7)	1.1	-	-	0.7	**(147.2)**	(4.2)	**(151.4)**
Profit/(loss) for the period from continuing operations	323.3	29.0	13.3	13.7	(41.0)	(44.7)	**293.6**	20.6	**314.2**
Profit for the period from discontinued operations	-	-	-	-	-	1.5	**1.5**	-	**1.5**
Profit/(loss) for the period	323.3	29.0	13.3	13.7	(41.0)	(43.2)	**295.1**	20.6	**315.7**
Non-controlling interests	129.3	(3.9)	(4.4)			0.4	**121.4**	-	**121.4**
Profit/(loss) for the period attributable to owners of the parent	194.0	32.9	17.7	13.7	(41.0)	(43.6)	**173.7**	20.6	**194.3**
EBITDA[1]	594.0	229.2	66.0	49.6	(41.0)	(39.3)	**858.5**	45.7	**904.2**
Additions to non-current assets									
Capital expenditure	139.4	247.9	26.0	-	-	3.1	**416.4**	27.8	**444.2**
Segment assets and liabilities									
Segment assets	3,751.8	5,299.0	1,643.9	-	-	1,385.0	**12,079.7**	385.0	**12,464.7**
Investment in associates and joint ventures	-	-	-	995.8	-	21.4	**1,017.2**	67.9	**1,085.1**
Segment liabilities	(1,124.6)	(1,733.8)	(883.4)	-	-	(644.2)	**(4,386.0)**	(106.9)	**(4,492.9)**

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

[2]During the period, operating cash outflow used in from exploration and evaluation segment was $56.0 million

For the six months ended 30 June 2017 (Unaudited)

	Los Pelambres	Centinela	Antucoya	Zaldivar	Exploration and evaluation[2]	Corporate and other items	**Total Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Revenue	943.3	794.0	229.6	-	-	-	**1,966.9**	80.8	**2,047.7**
Operating costs excluding depreciation	(421.6)	(374.0)	(149.7)	-	(22.0)	(24.7)	**(992.0)**	(45.4)	**(1,037.4)**
Depreciation and amortisation	(88.6)	(152.2)	(37.8)	-	-	(3.2)	**(281.8)**	(7.8)	**(289.6)**
Gains on disposals	-	-	-	-	-	-	**-**	0.1	**0.1**
Operating profit/(loss)	**433.1**	**267.8**	**42.1**	**-**	**(22.0)**	**(27.9)**	**693.1**	**27.7**	**720.8**
Equity accounting profit/(loss)	-	-	-	21.2	-	(5.4)	**15.8**	5.8	**21.6**
Investment income	1.6	2.8	0.4	-	-	5.1	**9.9**	0.3	**10.2**
Interest expense	(3.4)	(13.7)	(22.1)	-	-	(8.3)	**(47.5)**	(1.1)	**(48.6)**
Other finance items	(3.7)	(8.7)	(1.4)	-	-	(1.2)	**(15.0)**	(0.4)	**(15.4)**
Profit/(loss) before tax	**427.6**	**248.2**	**19.0**	**21.2**	**(22.0)**	**(37.7)**	**656.3**	**32.3**	**688.6**
Tax	(139.4)	(63.5)	(0.1)	-	-	(25.1)	**(228.1)**	(6.4)	**(234.5)**
Profit/(loss) for the period from continuing operations	**288.2**	**184.7**	**18.9**	**21.2**	**(22.0)**	**(62.8)**	**428.2**	**25.9**	**454.1**
Profit for the period from discontinued operations	-	-	-	-	-	0.5	**0.5**	-	**0.5**
Profit/(loss) for the period	**288.2**	**184.7**	**18.9**	**21.2**	**(22.0)**	**(62.3)**	**428.7**	**25.9**	**454.6**
Non-controlling interests	114.6	50.3	(0.8)	-	-	-	**164.1**	-	**164.1**
Profit/(loss) for the period attributable to owners of the parent	**173.6**	**134.4**	**19.7**	**21.2**	**(22.0)**	**(62.3)**	**264.6**	**25.9**	**290.5**
Total EBITDA[1]	**521.7**	**420.0**	**79.9**	**56.8**	**(22.0)**	**(25.5)**	**1,030.9**	**48.0**	**1,078.9**
Additions to non-current assets									
Capital expenditure	114.0	296.4	52.2	-	-	1.3	**463.9**	12.2	**476.1**
Segment assets and liabilities									
Segment assets	3,580.9	5,213.1	1,759.5	-	-	1,727.9	**12,281.4**	351.5	**12,632.9**
Investment in associates and joint ventures	-	-	-	21.8	-	1,003.7	**1,025.5**	75.2	**1,100.7**
Segment liabilities	(1,298.5)	(1,875.1)	(1,078.8)	-	-	(635.4)	**(4,887.8)**	(131.3)	**(5,019.1)**

[1]EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.
[2]During the period, operating cash outflow from exploration and evaluation was $38.8 million

For the year ended 31 December 2017 (Audited)

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

[1]EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group´s subsidiaries, and the Group´s proportional share of the EBITDA of its associates and joint ventures.
[2]During the period, operating cash used in from exploration and evaluation segment was $45.6 million

b) Entity wide disclosures

Revenue by product

	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
	$m	$m	$m
Copper			
- Los Pelambres	**879.1**	828.1	2,149.0
- Centinela concentrates	**355.1**	489.8	1,037.0
- Centinela cathodes	**316.2**	178.3	378.6
- Antucoya	**216.1**	229.6	508.6
Gold			
- Los Pelambres	**32.5**	30.1	68.7
- Centinela	**56.4**	115.1	209.7
Molybdenum			
- Los Pelambres	**156.1**	68.5	168.5
Silver			
- Los Pelambres	**14.9**	16.6	37.7
- Centinela	**5.9**	10.8	20.5
Total Mining	**2,032.3**	1,966.9	4,578.3
Railway and transport services	**88.4**	80.8	171.1
	2,120.7	2,047.7	4,749.4

Revenue by location of customer

	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
	$m		$m
Europe			
- United Kingdom	**39.6**	33.0	46.6
- Switzerland	**182.6**	319.7	835.1
- Spain	**90.4**	90.5	163.5
- Germany	**72.5**	45.1	139.4
- Rest of Europe	**62.9**	52.1	114.2
Latin America			
- Chile	**119.2**	99.5	206.9
- Rest of Latin America	**37.3**	94.8	125.2
North America			
- United States	**88.0**	68.5	207.4
Asia Pacific			
- Japan	**674.4**	735.6	1,698.2
- China	**303.0**	214.8	484.8
- Rest of Asia	**450.8**	294.1	728.1
	2,120.7	2,047.7	4,749.4

Information about major customers

In the first half of 2018 the Group´s mining revenue included $315.2 million related to one large customer that individually accounted for more than 10% of the Group's revenue (six months ended 30 June 2017 – one large customer representing $227.3 million; year ended 31 December 2017 – one large customer representing $823.4 million).

Non-current assets by location of asset

	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
	$m	$m	$m
- Chile	**10,388.2**	10,084.9	10,293.6
- USA	**172.1**	170.7	172.0
- Other	**0.1**	0.1	0.1
	10,560.4	10,255.7	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 agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. This normally ranges from one to four months after shipment to the customer. The provisional pricing mechanism within the sale agreements is an embedded derivative under IFRS. Gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade debtors in the balance sheet. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market in the market price references for that commodity in the majority of the Group's contracts.

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

	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
	$m	$m	$m
Revenue from contracts with customers			
Sale of products	**2,164.9**	1,941.3	4,363.7
Shipping services	**34.5**	30.2	66.4
Provisional pricing adjustments in respect of concentrate and cathode sales	**(78.7)**	76.2	319.3
Total revenue	**2,120.7**	2,047.7	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 below.

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

The disclosure of the revenues from contracts with costumers into sales of products and shipping services are related to IFRS 15 requirements (note 1b)

For the period ended 30 June 2018

	$m	$m	$m	$m	$m	$m	$m
	Los Pelambres	Centinela	Centinela	Antucoya	Los Pelambres	Centinela	Los Pelambres
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes	Gold in concentrate	Gold in concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	**1,007.6**	**412.4**	**320.3**	**218.9**	**32.4**	**58.2**	**160.7**
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**	**0.3**	**(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	**(0.9)**	**1.7**	**(0.7)**	**(0.4)**	**(0.1)**	**(0.4)**	**(0.5)**
Mark-to-market adjustments at the end of the current period	**(18.6)**	**(11.6)**	**(2.3)**	**(1.3)**	**-**	**(0.8)**	**(3.7)**
Total effect of adjustments to current period invoices	**(19.5)**	**(9.9)**	**(3.0)**	**(1.7)**	**(0.1)**	**(1.2)**	**(4.2)**
Total pricing adjustments	**(59.4)**	**(21.1)**	**(4.1)**	**(2.8)**	**0.2**	**(1.6)**	**10.1**
Realised losses on commodity derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Revenue before deducting tolling charges	**948.2**	**391.3**	**316.2**	**216.1**	**32.6**	**56.6**	**170.8**
Tolling charges	**(69.1)**	**(36.2)**	**-**	**-**	**(0.1)**	**(0.2)**	**(14.7)**
Revenue net of tolling charges	**879.1**	**355.1**	**316.2**	**216.1**	**32.5**	**56.4**	**156.1**

For the period ended 30 June 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	**868.0**	**507.3**	**177.7**	**227.8**	**30.9**	**114.7**	**77.6**
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	**(28.0)**	**(15.3)**	**0.4**	**0.6**	**-**	**1.3**	**0.7**
Settlement of sales invoiced in the previous year	**53.3**	**37.6**	**-**	**0.7**	**(0.9)**	**(2.2)**	**2.0**
Total effect of adjustments to previous year invoices in the current period	**25.3**	**22.3**	**0.4**	**1.3**	**(0.9)**	**(0.9)**	**2.7**
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	**(10.9)**	**(1.8)**	**(2.4)**	**(0.7)**	**0.1**	**1.9**	**-**
Mark-to-market adjustments at the end of the current period	**26.0**	**14.0**	**2.6**	**1.2**	**-**	**(0.2)**	**(3.8)**
Total effect of adjustments to current period invoices	**15.1**	**12.2**	**0.2**	**0.5**	**0.1**	**1.7**	**(3.8)**
Total pricing adjustments	**40.4**	**34.5**	**0.6**	**1.8**	**(0.8)**	**0.8**	**(1.1)**
Realised gains/(losses) on commodity derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Revenue before deducting tolling charges	**908.4**	**541.8**	**178.3**	**229.6**	**30.2**	**115.5**	**76.5**
Tolling charges	**(80.3)**	**(52.0)**	**-**	**-**	**(0.1)**	**(0.4)**	**(8.0)**
Revenue net of tolling charges	**828.1**	**489.8**	**178.3**	**229.6**	**30.1**	**115.1**	**68.5**

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)	(2.3)	2.0
Total effect of adjustments to previous year invoices in the current period	25.3	22.3	0.4	1.3	(0.9)	(1.0)	2.7
Effects of pricing adjustments to current period invoices							
Settlement of sales invoiced in the current period	110.2	61.7	3.9	5.7	(0.6)	1.5	3.2
Mark-to-market adjustments at the end of the current period	54.1	20.1	1.7	2.7	-	0.3	4.7
Total effect of adjustments to current period invoices	164.3	81.8	5.6	8.4	(0.6)	1.8	7.9
Total pricing adjustments	189.6	104.1	6.0	9.7	(1.5)	0.8	10.6
Realised losses on commodity derivatives	-	-	(13.3)	(3.8)	-	-	-
Revenue before deducting tolling charges	2,328.5	1,135.2	378.6	508.6	68.9	210.5	184.2
Tolling charges	(179.5)	(98.2)	-	-	(0.2)	(0.8)	(15.7)
Revenue net of tolling charges	2,149.0	1,037.0	378.6	508.6	68.7	209.7	168.5

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 30.06.2018	At 30.06.2017	At 31.12.2017
Sales	Tonnes	**107,500**	148,400	160,900
Average mark-to-market price	$/lb	**3.01**	2.69	3.28
Average provisional invoice price	$/lb	**3.14**	2.57	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 30.06.2018	At 30.06.2017	At 31.12.2017
Sales	Tonnes	**14,200**	10,300	14,700
Average mark-to-market price	$/lb	**3.01**	2.69	3.27
Average provisional invoice price	$/lb	**3.13**	2.60	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 30.06.2018	At 30.06.2017	At 31.12.2017
Sales	Ounces	**14,900**	16,300	7,100
Average mark-to-market price	$/oz	**1,255**	1,242	1,300
Average provisional invoice price	$/oz	**1,305**	1,254	1,268

(iv) Molybdenum concentrate

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

		At 30.06.2018	At 30.06.2017	At 31.12.2017
Sales	Tonnes	**2,600**	1,900	2,400
Average mark-to-market price	$/lb	**11.1**	7.2	9.4
Average provisional invoice price	$/lb	**11.8**	8.2	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 debtors in the balance sheet. The effect of mark-to-market adjustments on the balance sheet at the end of each period are as follows:

	Gain/(loss) on debtors of period end mark-to-market adjustments		
	Six months ended 30.06.2018 $m	Six months ended 30.06.2017 $m	Year ended 31.12.2017 $m
Los Pelambres - copper concentrate	**(18.6)**	26.0	54.1
Los Pelambres - molybdenum concentrate	**(3.7)**	(3.8)	4.7
Centinela - copper concentrate	**(11.6)**	14.0	20.1
Centinela - gold in concentrate	**(0.8)**	(0.2)	0.2
Centinela - copper cathodes	**(2.3)**	2.6	1.7
Antucoya - copper cathodes	**(1.3)**	1.2	2.7
	(38.3)	39.8	83.5

6. Financial instruments

a) Categories of financial instruments

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

	Six months ended 30.06.2018			
	At fair value through profit and loss $m	At fair value through other comprehensive income $m	Held at amortised cost $m	Total $m
Financial assets				
Derivatives financial assets	0.5	-	-	**0.5**
Equity investments	-	4.8	-	**4.8**
Loans and receivables	395.7	-	198.6	**594.3**
Cash and cash equivalents	-	-	676.9	**676.9**
Liquid investments	968.9	-	-	**968.9**
	1,365.1	4.8	875.5	**2,245.4**
Financial liabilities				
Derivatives financial liabilities	(0.2)	-	-	**(0.2)**
Trade and other payables	(38.3)	-	(484.2)	**(522.5)**
Borrowings and leases	-	-	(2,427.0)	**(2,427.0)**
	(38.5)	-	(2,911.2)	**(2,949.7)**

	Six months ended 30.06.2017			
	At fair value through profit and loss $m	Available for sale $m	Held at amortised cost $m	Total $m
Financial assets				
Derivatives financial assets	0.1	-	-	0.1
Equity investments	-	4.4	-	4.4
Loans and receivables	43.8	-	523.4	567.2
Cash and cash equivalents	-	-	745.0	745.0
Liquid investments	1,421.1	-	-	1,421.1
	1,465.0	4.4	1,268.4	2,737.8
Financial liabilities				
Derivatives financial liabilities	(4.3)	-	-	**(4.3)**
Trade and other payables	(4.0)	-	(460.9)	**(464.9)**
Borrowings and leases	-	-	(3,018.5)	**(3,018.5)**
	(8.3)	-	(3,479.4)	**(3,487.7)**

	Year ended 31.12.2017			
	At fair value through profit and loss $m	Available for sale $m	Held at amortised cost $m	Total $m
Financial assets				
Derivatives 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				
Derivatives financial liabilities	(7.1)	-	-	**(7.1)**
Trade and other payables	-	-	(612.3)	**(612.3)**
Borrowings and leases	-	-	(2,712.8)	**(2,712.8)**
	(7.1)	-	(3,325.1)	**(3,332.2)**

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

Fair value of financial instruments

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

				Six months ended 30.06.2018
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Derivatives financial assets (a)	-	0.5	-	**0.5**
Equity investments (b)	4.8	-	-	**4.8**
Loans and receivables (c)	-	395.7	-	**395.7**
Liquid investment (d)	968.9	-	-	**968.9**
	973.7	396.2	-	**1,369.9**
Financial liabilities				
Derivatives financial liabilities (a)	-	(0.2)	=	**(0.2)**
Trade and other payables	-	(38.3)	=	**(38.3)**
	-	(38.5)	-	**(38.5)**

				Six months ended 30.06.2017
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Derivatives financial assets (a)	-	0.2	-	**0.2**
Equity investments (b)	4.4	-	-	**4.4**
Loans and receivables (c)	-	43.8	-	**43.8**
Liquid investment (d)	1,421.1	-	-	**1,421.1**
	1,425.5	**44.0**	**-**	**1,469.5**
Financial liabilities				
Derivatives financial liabilities (a)	-	(4.3)	-	**(4.3)**
Trade and other payables	-	(4.0)	-	**(4.0)**
	-	**(8.3)**	**-**	**(8.3)**

				Year ended 31.12.2017
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Derivatives 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				
Derivatives 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.

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

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

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

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

- Level 1 fair value measurement inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurement inputs are derived from inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurement inputs are unobservable inputs for the asset or liability.

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the year ended 30 June 2018, there were no transfers between levels in the hierarchy.

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

The Group has applied the hedge accounting provisions of IFRS 9 “Financial Instruments” changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in other comprehensive income, with such amounts subsequently recognised in the income statement in the period when the hedged item has been recognised in the income statement within revenue. The time value element of changes in the fair value of derivative options is recognised in other comprehensive income (note 1b).

7. Net finance expense

	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
	$m	$m	$m
Investment income			
Interest receivable	**5.1**	4.7	9.2
Gains on fair value through profit or loss	**9.9**	5.5	14.6
	15.0	10.2	23.8
Interest expense			
Interest expense	**(49.1)**	(48.6)	(91.4)
Preference dividends	-	-	(0.1)
	(49.1)	(48.6)	(91.5)
Other finance items			
Time value effect of options	-	(4.6)	(7.8)
Unwinding of discount on provisions	**(6.5)**	(5.4)	(11.6)
Foreign exchange	**(27.9)**	(5.4)	17.1
	(34.4)	(15.4)	(2.3)
Net finance expense	**(68.5)**	(53.8)	(70.0)

In the six months ended 30 June 2018, amounts capitalised and consequently not included within the above table were as follows: Antucoya - nil, $2.7 million at Centinela (six months ended 30 June 2017 – $3.3 million; year ended 31 December 2017 - $8.8 million) and $0.4 million at Los Pelambres (six months ended 30 June 2017 – $0.5 million; year ended 31 December 2017 - $1.3 million).

8. Taxation

The tax charge for the period comprised the following:

	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
	$m	$m	$m
Current tax charge			
Corporate tax (principally first category tax in Chile)	**(170.7)**	(96.1)	(376.6)
Mining tax (royalty)	**(30.6)**	(28.4)	(69.1)
Withholding tax	**(2.1)**	(20.1)	(64.8)
Exchange (losses) / gains on corporate tax balances	**(0.2)**	0.3	0.7
	(203.6)	(144.3)	(509.8)
Deferred tax			
Corporate tax (principally first category tax in Chile)	**54.1**	(93.8)	(114.6)
Mining tax (royalty)	**(1.9)**	3.6	(9.2)
	52.2	(90.2)	(123.8)
Total tax charge (income tax expense)	**(151.4)**	(234.5)	(633.6)

The rate of first category (i.e. corporate) tax in Chile is 27% (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 Centinela concentrates and the Tesoro Central and Mirador pits were subject to a rate of 5% of taxable operating profit, and 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. In 2017 production from Los Pelambres and the Tesoro Central and Mirador pits had been subject to a rate of 4%.

	Six months ended 30.06.2018		Six months ended 30.06.2017		Year ended 31.12.2017	
	$m	**%**	$m	%	$m	%
Profit before tax	**465.6**		688.6		1,830.8	-
Tax at the Chilean corporate tax rate of 27% (2017 – 25.5%)	**(125.7)**	**27.0**	(175.6)	25.5	(466.9)	25.5
Effect of increase in future first category tax rates on deferred tax balances	**(1.0)**	**0.2**	(0.4)	0.1	(0.6)	-
Adjustment in respect of prior years	**3.7**	**(0.8)**	(9.9)	1.4	(35.4)	1.9
Items not deductible from first category tax	**(4.6)**	**1.0**	(15.6)	2.3	(26.7)	1.5
Deduction of mining royalty as an allowable expense in determination of first category tax	**8.2**	**(1.8)**	7.0	(1.0)	17.4	(1.0)
Credit of tax losses absorbed from dividends of the year	**-**	**-**	-	-	(4.3)	0.2
Mining Tax (royalty)	**(31.3)**	**6.7**	(24.8)	3.6	(78.3)	4.3
Withholding tax	**(2.1)**	**0.4**	(20.1)	2.9	(64.8)	3.5
Tax effect of share of profit of associates and joint ventures	**4.8**	**(1.0)**	5.5	(0.8)	15.2	(0.8)
Reversal of previously unrecognised tax losses	**(4.2)**	**0.9**	-	-	9.9	(0.5)
Net other items	**0.8**	**(0.2)**	(0.6)		0.9	-
Tax expense and effective tax rate for the period	**(151.4)**	**32.4**	(234.5)	34.0	(633.6)	34.6

The effective tax rate varied from the statutory rate principally due to the mining tax (impact of $31.3 million / 6.8%) and items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $4.6 million / 1.0%), partly offset by the deduction of the mining tax which is an allowable expense when determining the Chilean corporate tax charge (impact of $8.2 million / 1.8%) 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 $4.8 million / 1.0%).

The current and deferred tax relating to items that are charged directly to equity was $0.9 million (30 June 2017 - $1.5 million).

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

9. Discontinued operation

On 12 July 2018 the Group signed an agreement to sell Centinela Transmisión, which holds the electricity transmission line supplying Centinela and other external parties, for $117 million. Accordingly, the net results of Centinela Transmisión are shown as a discontinued operation in the income statement, and its individual assets and liabilities have been classified into a disposal group on the balance sheet. The sale is subject to certain closing conditions, and is expected to complete during the second half of the year.

10. Earnings per share

	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
	$m	$m	$m
Profit for the period attributable to equity holders of the Company	**194.3**	290.5	750.6
	Number	Number	Number
Ordinary shares in issue throughout each period	**985,856,695**	985,856,695	985,856,695

	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
	US cent	US cent	US cent
Basic earnings per share			
From continuing operations	**19.6**	29.4	76.1
From discontinued operations	**0.2**	0.1	0.1
Total continuing and discontinued operations	**19.8**	29.5	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:

		Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017
Profit for the year attributable to equity holders of the Company	$m	**194.3**	290.5	750.6
Less: profit for discontinued operations	$m	**(1.5)**	(0.5)	(0.5)
Profit from continuing operations	$m	**192.8**	291.0	750.1
Ordinary shares	Number	**985,856,695**	985,856,695	985,856,695
Basic earnings per share from continuing operations	US cent	**19.6**	29.4	76.1

11. Dividends

The Board has recommended an interim dividend of 6.8 cents per ordinary share for the 2018 half year (2017 half year – 10.3). Dividends are declared and paid gross. Dividends actually paid in the period and recognised as a deduction from net equity under IFRS were 10.6 cents per ordinary share (2017 half year – 15.3 cents per share), representing the final dividend declared in respect of the previous year.

The interim dividend will be paid on 5 October 2018 to ordinary shareholders that are on the register at the close of business on 7 September 2018. Shareholders can elect (on or before 10 September 2018) to receive this interim dividend in US Dollars, Pounds Sterling or Euro, and the exchange rate to be applied to interim dividends to be paid in Pounds Sterling or Euro will be set as soon as reasonably practicable after that date (which is currently anticipated to be on 13 September 2018). Further details of the currency election timing and process (including the default currency of payment) are available on the Antofagasta plc website (www.antofagasta.co.uk) or from the Company's registrar, Computershare Investor Services PLC on +44 870 702 0159.

12. Intangible asset

	At 30.06.2018	At 30.06.2017	At 31.12.2017
	$m	$m	$m
Balance at the beginning of the year	**150.1**	150.1	150.1
Balance at the end of the period	**150.1**	150.1	150.1

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

13. Property, plant and equipment

	Mining	Railway and other transport	At 30.06.2018	At 30.06.2017	At 31.12.2017
	$m	$m	$m	$m	$m
Balance at the beginning of the year	8,887.7	176.6	**9,064.3**	8,737.5	8,737.5
Additions	392.4	27.8	**420.2**	449.1	942.9
Additions – depreciation capitalized	24.0	-	**24.0**	27.0	58.6
Reclassifications	3.1	-	**3.1**	2.2	20.3
Adjustment to capitalised decommissioning provisions	-	-	**-**	-	(3.7)
Depreciation	(316.6)	(8.0)	**(324.6)**	(289.7)	(581.9)
Depreciation capitalised in PP&E	(24.0)	-	**(24.0)**	(27.0)	(58.6)
Depreciation capitalised in inventories	(26.0)	-	**(26.0)**	(30.5)	(1.4)
Provision against the carrying value of assets	-	-	**-**	-	-
Asset disposals/write off	-	(0.4)	**(0.4)**	(0.1)	(16.2)
Transferred to disposal group classified as held for sale	(1.0)	-	**(1.0)**	(33.6)	(33.2)
Balance at the end of the period	8,939.6	196.0	**9,135.6**	8,834.9	9.064.3

At 30 June 2018 $50.0 million (30 June 2017 - $57.5 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 4(a).

At 30 June 2018 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $400.1 million (30 June 2017 - $312.5 million ; 31 December 2017 - $174.5 million).

Depreciation capitalised in property, plant and equipment of $24 million related to the depreciation of assets used in operational stripping activities.

14. Investment in associates and joint ventures

	Inversiones Hornitos [i]	ATI[ii]	El Arrayán[iii]	Minera Zaldívar [iv]	Energía Andina[v]	Total Assets	Tethyan Copper[vi]	At 30.06.2018	At 30.06.2017	At 31.12.2017
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at the beginning of the year	60.1	5.3	22.0	982.2	0.1	1,069.7	-	**1,069.7**	1,086.6	1,086.6
Obligations on behalf of JV	-	-	-	-	-	-	(2.0)	**(2.0)**	(3.1)	(3.1)
Capital contribution	-	-	-	-	-	-	4.3	**4.3**	3.7	9.4
Disposal	-	-	-	-	-	-	-	**-**	(3.2)	(3.1)
Gains in fair value of cash flow hedges deferred in reserves of associates	-	-	-	-	-	-	-	**-**	(0.1)	-
Share of profit/(loss) before tax	6.5	(0.2)	(0.7)	25.0	-	30.6	(3.9)	**26.7**	32.8	82.2
Share of tax	(1.7)	0.1	-	(11.4)	-	(13.0)	-	**(13.0)**	(11.2)	(22.5)
Share of income/(loss) from associate	4.8	(0.1)	(0.7)	13.6	-	17.6	(3.9)	**13.7**	21.6	59.7
Dividends received	(2.2)	-	-	-	-	-	-	**(2.2)**	(8.4)	(81.8)
Balance at the end of the year	62.7	5.2	21.3	995.8	0.1	1,085.1	-	**1,085.1**	1,100.7	1,069.7
Obligations on behalf of JV	-	-	-	-	-	-	(1.7)	**(1.7)**	(3.6)	(2.0)

The investments which are included in the $1,083.4 million balance at 30 June 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 30% interest in El Arrayán, which operates an 115MW wind-farm. The Group has a 20-year power purchase agreements with El Arrayán for the provision of up to 40MW of electricity for Los Pelambres.

Investment in joint ventures

(iv) The Group's 50% interest in Minera Zaldívar SpA ("Zaldívar").

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

(vi) The Group's 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interest in Pakistan, which is now subject to international arbitration. As the net carrying value of the interest in Tethyan is negative it is included within non-current liabilities, as the Group is liable for its share for the joint ventures obligations.

Summarised financial information for the associates at June 2018 is as follows:

	Inversiones Hornitos 30.06.2018	**ATI 30.06.2018**	**El Arrayán 30.06.2018**	**Total 30.06.2018**	Total 30.06.2017	Total 31.12.2017
	$m	$m	$m	**$m**	$m	$m
Cash and cash equivalents	9.8	0.4	7.4	**17.6**	28.6	19.4
Current assets	37.4	10.8	5.0	**53.2**	57.8	57.8
Non-current assets	279.2	124.3	240.0	**643.5**	666.3	655.1
Current liabilities	(33.4)	(26.2)	(13.2)	**(72.8)**	(68.1)	(80.7)
Non-current liabilities	(158.3)	(94.5)	(175.7)	**(428.5)**	(453.9)	(435.9)
Revenue	71.4	21.6	12.1	**105.1**	116.4	239.5
Profit/(loss) from continuing operations	11.9	(0.5)	(2.4)	**9.0**	13.3	24.1
Other comprehensive income	-	-	-	**-**	(0.3)	-
Total comprehensive income/(loss)	11.9	(0.5)	(2.4)	**9.0**	13.0	24.1

Summarised financial information for the joint ventures at June 2018 is as follows[i]:

	Minera Zaldivar 30.06.2018	**Energía Andina 30.06.2018**	**Tethyan Copper 30.06.2018**	**Total 30.06.2018**	Total 30.06.2017	Total 31.12.2017
	$m	$m	$m	**$m**	$m	$m
Cash and cash equivalent	116.6	0.8	7.7	**125.1**	131.9	75.9
Current assets	670.4	-	-	**670.4**	522.9	572.7
Non-current assets	1,568.6	26.9	0.2	**1,595.7**	1,559.2	1,570.9
Current liabilities	(92.2)	(0.9)	(11.0)	**(104.1)**	(99.9)	(116.2)
Non-current liabilities	(125.9)	(26.9)	(0.1)	**(152.9)**	(113.0)	(140.7)
Revenue	285.5	-	-	**285.5**	284.2	649.0
Profit/(loss) after tax	27.5	(0.2)	(7.9)	**19.4**	31.9	98.6
Other comprehensive income	-	-	-	**-**	-	-
Total comprehensive income	27.5	(0.2)	(7.9)	**19.4**	31.9	98.6

Notes to the summarised financial information

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

15. Equity investments

	At 30.06.2018	At 30.06.2017	At 31.12.2017
	$m	$m	$m
Balance at the beginning of the year	**6.5**	4.6	4.6
Movements in fair value	**(1.3)**	(0.4)	1.4
Foreign currency exchange difference	**(0.4)**	0.2	0.5
Balance at the end of the period	**4.8**	4.4	6.5

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

16. Borrowings and leases

	At 30.06.2018	At 30.06.2017	At 31.12.2017
	$m	$m	$m
Los Pelambres			
Short-term loan	**(100.0)**	(312.0)	(242.0)
Finance leases	**(39.5)**	(51.3)	(44.9)
Centinela			
Project financing (senior debt)	**(519.2)**	(670.1)	(596.2)
Shareholder loan (subordinated debt)	**(200.3)**	(188.7)	(194.2)
Short-term loan	**(200.0)**	(200.0)	(200.0)
Antucoya			
Project financing (senior debt)	**(355.6)**	(573.0)	(423.9)
Shareholder loan (subordinated debt)	**(357.1)**	(338.8)	(347.5)
Short-term loan	**(30.0)**	(30.0)	(30.0)
Finance leases	**(38.9)**	(46.3)	(42.6)
Corporate and other items			
Long-term loan	**(498.8)**	(497.7)	(497.4)
Finance leases	**(24.3)**	(24.7)	(26.6)
Railway and other transport services			
Long-term loans	**(59.7)**	(89.6)	(59.6)
Finance leases	**(0.6)**	(0.7)	(0.8)
Preference shares	**(3.0)**	(2.8)	(3.0)
Total	**(2,427.0)**	(3,025.7)	(2,708.7)

At 30 June 2018 $17.2 million (30 June 2017 – $28.3 million; 31 December 2017 - $27.4 million) of the borrowings has fixed rate interest and $2,396.5 million (30 June 2018 - $2,997.4 million; 31 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. As explained in Note 5, these include interest rate swaps which have the effect of converting $77.5 million of floating rate borrowings into fixed rate borrowings. Details of any derivative instruments held by the Group are given in Note 6(b).

17. Share capital and share premium

There was no change in share capital or share premium in the six months ended 30 June 2018 or the comparative periods. Details are shown in the Consolidated Statement of Changes in Equity.

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

	At 30.06.2018	At 30.06.2017	At 31.12.2017
	$m	$m	$m
Profit before tax from continuing operations	**465.6**	688.6	1,830.8
Profit before tax from discontinued operations	**2.1**	0.5	0.6
Depreciation and amortisation	**324.2**	289.5	581.1
Net loss/(gain) on disposals	**0.1**	(0.1)	8.3
Profit on disposal of discontinued operation	**(2.1)**	(0.5)	(0.6)
Net finance expense	**68.5**	53.8	70.0
Share of profit from associates and joint ventures	**(13.7)**	(21.6)	(59.7)
Increase in inventories	**(66.8)**	(43.5)	(55.0)
Decrease in debtors	**210.3**	280.8	5.9
(Decrease)/increase in creditors	**(98.2)**	(106.7)	61.6
Increase in provisions	**0.4**	6.2	52.0
Cash flow from continuing and discontinued operations	**890.4**	1,147.1	2,495.0

19. Analysis of changes in net debt

	At 31.12.17	Adoption of new accounting standards	At 01.01.18	Cash flows	Re-classification to disposal group	New leases	Amortisation of finance costs	Capitalisation of interest	Other	Reclassi-fication	Foreign Exchange	**At 30.06.18**
	$m			$m	$m	$m	$m	$m	$m	$m	$m	**$m**
Cash and cash equivalents	1,083.6	-	1,083.6	(394.5)	(1.0)	-	-	-	-	-	(11.2)	**676.9**
Liquid investments	1,168.7	-	1,168.7	(199.8)	-	-	-	-	-	-	-	**968.9**
Total	2,252.3	-	2,252.3	(594.3)	(1.0)	-	-	-	-	-	(11.2)	**1,645.8**
Borrowings due within one year	(732.2)	-	(732.2)	217.0	-	-	-	-	-	(15.9)	-	**(531.1)**
Borrowings due after one year	(1,858.6)	(4.1)	(1,862.7)	76.4	-	-	(12.9)	(6.1)	-	15.9	-	**(1,789.4)**
Finance leases due within one year	(21.5)	-	(21.5)	-	-	-	-	-	-	(9.6)	-	**(31.1)**
Finance leases due after one year	(93.4)	-	(93.4)	14.6	-	(2.4)	(1.2)	-	(0.9)	9.6	1.3	**(72.4)**
Preference shares	(3.0)	-	(3.0)	0.1	-	-	-	-	(0.1)	-	-	**(3.0)**
Total borrowings	(2,708.7)	(4.1)	(2,712.8)	308.1	-	(2.4)	(14.1)	(6.1)	(1.0)	-	1.3	**(2,427.0)**
Net (debt)/cash	(456.4)	(4.1)	(460.5)	(286.2)	(1.0)	(2.4)	(14.1)	(6.1)	(1.0)	-	(9.9)	**(781.2)**

Net debt

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

	At 30.06.2018	At 30.06.2017	At 31.12.2017
	$m	$m	$m
Cash, cash equivalents and liquid investments	**1,645.8**	2,166.1	2,252.3
Total borrowings	**(2,427.0)**	(3,025.7)	(2,708.7)
Net debt	**(781.2)**	(859.6)	(456.4)

20. Post balance sheet events

On 12 July 2018 the Group signed an agreement to sell Centinela Transmisión, which holds the electricity transmission line supplying Centinela and other external parties, for $117 million. Accordingly, the net results of Centinela Transmisión are shown as a discontinued operation in the income statement, and its individual assets and liabilities have been classified into a disposal group on the balance sheet. The sale is subject to certain closing conditions, and is expected to complete during the second half of the year.

21. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and joint ventures are disclosed below. 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.

a) Joint ventures

The Group has a 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interests in Pakistan. During the six months ended 30 June 2018 the Group made a contribution to Tethyan of $4.3 million (six months ended 30 June 2017 - $3.5 million; year ended 31 December 2017 - $9.3 million).

The Group has a 50.1% interest in Energía Andina, which is a joint venture with Origin Energy Geothermal Chile Limitada for the evaluation and development of potential sources of geothermal and solar energy. During the six months ended the Group made a contribution of nil (six months ended 30 June 2017 - $0.2 million; year ended 31 December 2017 - $0.1 million).

The Group has a 50% interest in Minera Zaldívar, which is a joint venture with Barrick Gold Corporation. During the six months ended 30 June 2018 the Group has received dividends from Minera Zaldívar of nil (six months ended 30 June 2017 - nil; year ended 31 December 2017 - $60 million).

b) Associates

The Group has a 40% interest in Inversiones Hornitos S.A. During the six months ended 30 June 2018 the Group paid $94.1 million (six months ended 30 June 2017 - $86.2 million; year ended 31 December 2017 - $175.2 million) to Inversiones Hornitos in relation to the energy supply contract at Centinela. During the six months ended 30 June 2018 the Group received dividends from Inversiones Hornitos S.A. of $2.2 million (six months ended 30 June 2017 - $8.4 million; year ended 31 December 2017 - $21.8 million).

The Group has a 30% interest in Parque Eólico El Arrayán S.A. ("El Arrayán"). During the six months ended 30 June 2018 the Group paid $23.8 million (six months ended 30 June 2017 - $20.9 million; year ended 31 December 2017 - $39.7 million) to El Arrayán in relation to the energy supply contract at Los Pelambres.

c) Other related parties

The ultimate parent company of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested. The Company's subsidiaries, in the ordinary course of business, enter into various sale and purchase transactions with companies also controlled by members of the Luksic family, including Banco de Chile S.A., BanChile Corredores de Bolsa S.A., ENEX S.A. and Compañía de Inversiones Adriático S.A.. These transactions, were all on normal commercial terms.

The Group holds a 51% interest in Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, a company controlled by the Luksic family, which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. The Group is responsible for any exploration costs relating to the properties held by these entities. During the six months ended the Group incurred $0.2 million (30 June 2017 - $0.1 million; 31 December 2017 - $0.6 million) of exploration costs at these properties.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*;

b) the half yearly financial report includes a fair review of the information required by DTR 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year, and their impact on the half yearly financial report and a description of the principal risks and uncertainties for the remaining six months of the financial year); and

c) the half yearly financial report includes a fair review of the information required by DTR 4.2.8R (being disclosure of related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or the performance of the Group during that period and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year).

By order of the Board

Jean-Paul Luksic	Ollie Oliveira
Chairman	Director

Independent review report to Antofagasta plc

Report on the interim condensed consolidated financial statements

Our conclusion

We have reviewed Antofagasta plc's interim condensed consolidated financial statements (the "interim financial statements") in the half yearly financial report of Antofagasta plc for the 6 month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 30 June 2018;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

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

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants
London
13 August 2018

a) The maintenance and integrity of the Antofagasta plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

22. 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) 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.

For 30 June 2018

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	491.5	52.8	31.9	-	(41.0)	**(41.2)**	**494.0**	26.4	**520.4**
Depreciation and amortisation	102.5	176.4	34.1	-	-	3.2	**316.2**	8.0	**324.2**
Profit on disposals	-	-	-	-	-	-	**-**	0.1	**0.1**
EBITDA from subsidiaries	**594.0**	**229.2**	**66.0**	**-**	**(41.0)**	**(38.0)**	**810.2**	**34.5**	**844.7**
Proportional share of the EBITDA from associates and JVs				49.6	-	(1.3)	**48.3**	11.2	**59.5**
Total EBITDA	**594.0**	**229.2**	**66.0**	**49.6**	**(41.0)**	**(39.3)**	**858.5**	**45.7**	**904.2**

For 30 June 2017

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	**433.1**	**267.8**	**42.1**	**-**	**(22.0)**	**(27.9)**	**693.1**	**27.7**	**720.8**
Depreciation and amortisation	88.6	152.2	37.8	-	-	3.2	**281.8**	7.8	**289.6**
Profit on disposals	-	-	-	-	-	-	**-**	(0.1)	**(0.1)**
EBITDA from subsidiaries	**521.7**	**420.0**	**79.9**	**-**	**(22.0)**	**(24.7)**	**974.9**	**35.4**	**1,010.3**
Proportional share of the EBITDA from associates and JVs	-	-	-	56.8	-	(0.8)	**56.0**	12.6	**68.6**
Total EBITDA	**521.7**	**420.0**	**79.9**	**56.8**	**(22.0)**	**(25.5)**	**1,030.9**	**48.0**	**1,078.9**

For 31 December 2017

	Los Pelambres	Centinela	Antucoya	Zaldívar	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**
Operating profit/(loss)	1,217.3	579.1	131.2	-	(68.8)	**(76.6)**	**1,782.2**	58.9	**1,841.1**
Depreciation and amortisation	205.2	276.6	76.1	-	-	6.7	**564.6**	16.5	**581.1**
Profit on disposals	5.6	3.7	-		-	(0.9)	**8.4**	(0.1)	**8.3**
EBITDA from subsidiaries	**1,428.1**	**859.4**	**207.3**	**-**	**(68.8)**	**(70.8)**	**2,355.2**	**75.3**	**2,430.5**
Proportional share of the EBITDA from associates and JVs	-	-	-	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**

b) Cash costs

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

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

	At 30.06.2018	At 30.06.2017	At 31.12.2017
Reconciliation of cash costs excluding tolling charges and by-product revenue:			
Total Group operating costs (Note 4) ($m)	**1,600.3**	1,326.9	2,908.3
Zaldívar operating costs	**92.4**	91.3	184.0
Less:			
Total – Depreciation and amortisation (Note 4) ($m)	**(324.2)**	(289.4)	(581.1)
Total – Loss on disposal (Note 4) ($m)	**(0.1)**	(0.1)	(8.3)
Total – Provision against the carrying value of asset (Note 4) ($m)	**-**	-	-
Elimination of non-mining operations			
Corporate and other items – Total operating cost (Note 4) ($m)	**(38.0)**	(25.3)	(70.8)
Exploration and evaluation – Total operating cost (Note 4) ($m)	**(41.0)**	(22.0)	(68.8)
Railway and other transport services – Total operating cost (Note 4) ($m)	**(53.9)**	(45.4)	(95.8)
Closure provision and other expenses not included within cash costs ($m)	**(35.0)**	(24.0)	(88.0)
Inventories Variations	**16.8**	34.1	11.9
Total cost relevant to the mining operations' cash costs ($m)	**1,217.3**	1,046.1	2,191.4
Copper production volumes (tonnes)	**317,000**	346,300	704,300
Cash costs excluding tolling charges and by-product revenue ($/tonne)	**3,840**	3,021	3,111
Cash costs excluding tolling charges and by-product revenue ($/lb)	**1,74**	1.37	1.41

b) Cash costs (continued)

	At 30.06.2018	At 30.06.2017	At 31.12.2017
Reconciliation of cash costs before deducting by-products:			
Tolling charges - copper - Los Pelambres (Note 5) ($m)	**69.1**	80.3	179.5
Tolling charges - copper - Centinela (Note 5) ($m)	**36.2**	52.0	98.2
Tolling charges - copper – total ($m)	**105.3**	132.3	277.7
Copper production volumes (tonnes)	**317,000**	346,300	704,300
Tolling charges ($/tonne)	**332**	382	394
Tolling charges ($/lb)	**0.18**	0.20	0.19
Cash costs excluding tolling charges and by-product revenue ($/lb)	**1.74**	1.37	1.41
Tolling charges ($/b)	**0.18**	0.19	0.19
Cash costs before deducting by-products (S/lb)	**1.92**	1.56	1.60
Reconciliation of cash costs (net of by-products):			
Gold revenue - Los Pelambres (Note 4) ($m)	**32.5**	30.1	68.7
Gold revenue - Centinela (Note 4) ($m)	**56.4**	115.1	209.7
Molybdenum revenue - Los Pelambres (Note 4) ($m)	**156.1**	68.5	168.5
Silver revenue - Los Pelambres (Note 4) ($m)	**14.9**	16.6	37.7
Silver revenue - Centinela (Note 4) ($m)	**5.9**	10.8	20.5
Total by-product revenue ($m)	**265.8**	241.1	505.0
Copper production volumes (tonnes)	**317,000**	346,300	704,300
By-product revenue ($/tonne)	**839**	696	717
By-product revenue ($/lb)	**0.40**	0.34	0.35
Cash costs before deducting by-products (S/lb)	**1.92**	1.57	1.60
By-product revenue ($/lb)	**(0.40)**	(0.34)	(0.35)
Cash costs (net of by-products) ($/lb)	**1.52**	1.24	1.25

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

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

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

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

		June 2018			June 2017	
	Total amount	Attributable share	**Attributable amount**	Total amount	Attributable share	Attributable amount
	$m		**$m**	$m		$m
Cash, cash equivalents and liquid investments:						
Los Pelambres	**317.1**	60%	**190.3**	283.6	60%	170.2
Centinela	**247.2**	70%	**173.0**	400.3	70%	280.2
Antucoya	**93.3**	70%	**65.3**	178.9	70%	125.2
Corporate	**948.2**	100%	**948.2**	1,245.8	100%	1,245.8
Railway and other transport services	**40.0**	100%	**40.0**	57.5	100%	57.5
Total	**1,645.8**		**1,416.8**	2,166.1		1,878.9
Borrowings:						
Los Pelambres (Note 17)	**(139.5)**	60%	**(83.7)**	(363.3)	60%	(218.0)
Centinela (Note 17)	**(917.6)**	70%	**(642.3)**	(1,058.8)	70%	(741.2)
Antucoya (Note 17)	**(783.5)**	70%	**(548.5)**	(988.1)	70%	(691.7)
Corporate (Note 17)	**(526.1)**	100%	**(526.1)**	(525.2)	100%	(525.2)
Railway and other transport services (Note 17)	**(60.3)**	100%	**(60.3)**	(90.3)	100%	(90.3)
Total (Note 17)	**(2,427.0)**		**(1,860.9)**	(3,025.7)		(2,266.4)
Net debt	**(781.2)**		**(444.1)**	(859.6)		(387.5)

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

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

	Production			**Sales**		
	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017	**Six months ended 30.06.2018**	Six months ended 30.06.2017	Year ended 31.12.2017
Copper	**000 tonnes**	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Los Pelambres	**159.1**	164.2	343.8	**145.4**	150.2	344.8
Centinela	**103.7**	116.6	228.3	**106.3**	120.3	232.2
Antucoya	**32.9**	39.6	80.5	**31.6**	39.3	80.8
Zaldívar	**21.3**	25.9	51.7	**20.6**	24.3	51.3
Group total	**317.0**	346.3	704.3	**303.9**	334.1	709.0
Gold	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**27.5**	26.7	55.4	**24.5**	24.0	54.3
Centinela	**44.5**	85.5	157.0	**43.6**	90.6	163.9
Group total	**72.0**	112.2	212.4	**68.1**	114.6	218.2
Molybdenum	**000 tonnes**	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes	000 tonnes
Los Pelambres	**5.9**	4.5	10.5	**6.1**	4.3	9.6
Silver	**000 ounces**	000 ounces	000 ounces	**000 ounces**	000 ounces	000 ounces
Los Pelambres	**1,053.1**	1,137.9	2,379.7	**909.1**	1,040.8	2.306.4
Centinela	**376.1**	626.5	1,202.9	**375.9**	649.8	1,231.9
Group total	**1,429.2**	1,764.4	3,582.6	**1,285.0**	1,690.6	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		
	Six months ended 30.06.2018	Six months ended 30.06.2017	Year ended 31.12.2017	**Six months ended 30.06.2018**	Six months ended 30.06.2017	Year ended 31.12.2017
	$/lb	$/lb	$/lb	**$/lb**	$/lb	$/lb
Copper						
Los Pelambres	**1.04**	1.09	1.02	**2.96**	2.74	3.06
Centinela	**1.94**	1.20	1.37	**3.02**	2.72	2.96
Antucoya	**2.17**	1.71	1.68	**3.11**	2.65	2.86
Zaldivar (attributable basis – 50%)	**1.97**	1.60	1.62	**-**	-	-
Group weighted average (net of by-products)	**1.52**	1.24	1.25	**3.00**	2.72	3.00
Group weighted average (before deducting by-products)	**1.92**	1.56	1.60			
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.74**	1.37	1.41			
Cash costs at Los Pelambres comprise:						
On-site and shipping costs	**1.41**	1.19	1.18			
Tolling charges for concentrates	**0.26**	0.27	0.26			
Cash costs before deducting by-product credits	**1.67**	1.45	1.44			
By-product credits (principally molybdenum)	**(0.63)**	(0.36)	(0.41)			
Cash costs (net of by-product credits)	**1.04**	1.09	1.02			
Cash costs at Centinela comprise:						
On-site and shipping costs	**2.06**	1.47	1.62			
Tolling charges for concentrates	**0.16**	0.20	0.19			
Cash costs before deducting by-product credits	**2.22**	1.67	1.81			
By-product credits (principally gold)	**(0.28)**	(0.47)	(0.45)			
Cash costs (net of by-product credits)	**1.94**	1.20	1.36			
LME average copper price				**3.14**	2.61	2.80
Gold				**$/oz**	$/oz	$/oz
Los Pelambres				**1,332**	1,259	1,270
Centinela				**1,298**	1,276	1,284
Group weighted average				**1,310**	1,272	1,280
Market average price				**1,318**	1,238	1,258
Molybdenum				$/lb	$/lb	$/lb
Los Pelambres				**12.7**	8.0	8.7
Market average price				**11.9**	8.0	8.2
Silver				$/oz	$/oz	$/oz
Los Pelambres				**16.6**	16.4	16.7
Centinela				**16.5**	17.0	17.0
Group weighted average				**16.6**	16.6	16.8
Market average price				**16.6**	17.3	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 second quarter of 2018, published on 25 July 2018.