ANTOFAGASTA PLC

NEWS RELEASE, 17 MARCH, 2015

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 2014

STEADY OPERATING PERFORMANCE IN A WEAKER MARKET

Antofagasta plc CEO Diego Hernández said: *"I am pleased to report that Antofagasta's operating performance in a year of falling copper prices continued to be solid and steady. With our focus on managing costs across our operations, helped by consolidating the Centinela district among other innovative initiatives, the impact of lower revenue to operating cash flow was reduced. This reflects the underlying health of the business as does the strong EBITDA margins of 42% which are among the highest of our peers. Our strong balance sheet means that we can continue to invest throughout the cycle and we have a portfolio of high quality organic growth projects in the pipeline to secure our future.*

"Although we remain cautious on the macro environment for 2015, we are pleased to announce a final dividend of 9.8 cents per share, which is in line with our stated dividend policy. Our strategy for Antofagasta remains unchanged: we are focussed on engaging with all our stakeholders to find solutions to long term issues reinforcing our licence to operate, and we concentrate on doing what we know best – producing copper, reducing costs and building a platform for long term growth across the cycles."

HIGHLIGHTS

Financial performance

- **Revenue at $5,290.4 million** was 11.4% lower than in 2013 as realised copper prices fell by 8.5% during the year accompanied by a small decline in sales volumes.
- **EBITDA fell 17.8% to $2,221.6 million,** as a result of lower revenue and an increase in cash costs offset by lower exploration and evaluation costs.
- **EBITDA margin remains strong at 42.0%**, though marginally down on last year's margin of 45.3%.
- **Net earnings fell 8.7% to $602.0 million**, excluding the $142.2 million deferred tax provision resulting from the changes in the Chilean tax law during 2014 (decrease of 30.3% to $459.8 million including this deferred tax provision). The decrease is primarily due to the decrease in EBITDA and a $88.3 million increase in depreciation, principally at Centinela and Michilla.
- **Earnings per share for the year were 61.0 cents**, excluding the deferred tax provision resulting from the changes in the Chilean tax law [(1)] (46.6 cents including this provision).
- **Operating cash flow generation was $2,507.8 million in the period**, $151.4 million lower than in 2013.
- **Group balance sheet remains strong** with attributable net cash at 31 December of $315.4 million. Group net debt was $1.6 million at 31 December 2014.
- **Final dividend of 9.8 cents per share,** representing a pay-out ratio for the year of 35%.

Operational performance

- **Copper production of 704,800 tonnes,** was 2.3% lower compared with the record production achieved in 2013 mainly due to lower grades at Los Pelambres.
- **Cash costs before by-product credits at $1.83/lb** were 2.2% higher than in 2013 primarily due to one-off signing bonuses paid following the conclusion of labour contract negotiations at all of the Group's mining operations and which will be in effect for up to four years, but which according to applicable accounting policies are expensed when paid. This was partially offset by a weaker peso and lower input costs.
- **Los Pelambres** – as previously announced, local protests during February and March 2015 disrupted production, resulting in lost production of 8,000 tonnes of copper, and Pelambres will work to mitigate this impact over the rest of the year. In addition, as also previously announced, in March 2015 the Civil Court of

Los Vilos, in considering a work plan submitted by Los Pelambres in order to comply with a decision of the Supreme Court, considered the plan to be insufficient, ordering the partial or total destruction of the El Mauro tailings dam wall. Los Pelambres considers the ruling of the Civil Court of Los Vilos to be flawed, has appealed the Court's decision and is considering the exercise of all available legal measures that may be required to overturn this decision and address its potential consequences. The Group is working to fully resolve these issues, but there is some inherent uncertainty as to the potential impact of these matters on 2015.

- **Net cash costs at $1.43/lb** were 5.1% higher than in 2013 reflecting the higher cash costs before by-product credits, and lower gold production and realised gold prices at Centinela

Growth projects

- **Antucoya project progressing on-schedule and on-budget,** with start-up expected in the second quarter of this year
- **Encuentro Oxides capital expenditure estimate reduced to $636 million,** a reduction of $156 million when compared with the adjusted pre-feasibility study estimate of $792 million.
- **Centinela Second Concentrator pre-feasibility study completed,** scoping study estimate of $2.7 billion confirmed with expected production of 140,000 tonnes of copper and 150,000 ounces of gold.
- **Centinela Molybdenum Plant feasibility study completed,** average production of 2,400 tonnes of molybdenum per year in the first five years is expected following start-up during the second half of 2016.
- **Twin Metals Minnesota,** consolidation of 100% ownership completed in January 2015.

YEAR ENDING 31 DECEMBER		2014	2013	%
Group revenue	$m	**5,290.4**	5,971.6	(11.4)%
EBITDA	$m	**2,221.6**	2,702.2	(17.8)%
Earnings per share, before deferred tax charge (1)	Cents	**61.0**	66.9	(7.5)%
Basic earnings per share (1)	Cents	**46.6**	66.9	(30.3)%
Dividend per share	Cents	**21.5**	95.0	(77.4)%
Cash flow from operations	$m	**2,507.8**	2,659.2	(5.7)%
Group attributable net cash at period end (2)	$m	**315.4**	1,472.3	(78.6)%
Average realised copper price	$/lb	**3.00**	3.28	(8.5)%
Copper sales	Kt	**703.0**	722.2	(2.7)%
Gold sales	Koz	**267.4**	282.7	(5.4)%
Molybdenum sales	Kt	**8.2**	8.8	(6.8)%
Cash costs before by-product credits (3)	$/lb	**1.83**	1.79	2.2%
Net cash costs	$/lb	**1.43**	1.36	5.1%

(1) As announced on 29 October 2014 net earnings include a deferred tax charge arising from changes in the Chilean tax system in 2014. This deferred tax charge as a result of the Chilean tax reform of $220.6 million has had an impact on 2014 net earnings of $142.2 million, and an impact on 2014 earnings per share of 14.4 cents per share. See note 7 to the preliminary results announcement.

(2) Cash refers to the total of cash, cash equivalents and liquid investments, as analysed in Note 22 to the preliminary results announcement. On a gross basis, the Group's net debt at period end was $1.6 million.

(3) Cash cost is a method used by the mining industry to express the cost of production in US dollars per pound of copper and is further explained in Note 28(b) to the preliminary results announcement.

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DIRECTORS' COMMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

2014 HIGHLIGHTS

Total revenue for the year was $5,290.4 million, 11.4% lower than last year, primarily reflecting the decline in metal prices, but also slightly lower sales volumes. This decline was reflected in EBITDA, which coupled with increased cash costs, fell by 17.8% to $2,221.6 million, generating an EBITDA margin of 42.0%.

Earnings per share for the year were 61.0 cents, excluding the $142.2 million deferred tax provision resulting from the changes in the Chilean tax law during 2014 (46.6 cents per share including the deferred tax provision). This was 5.0 cents lower than in 2013, reflecting lower revenue and the $88.3 million increase in depreciation, principally at Centinela and Michilla. Cash flow from operations remained healthy at $2.5 billion, $151 million lower than last year with the Group's attributable net cash of $315.4 million at the end of the year.

Copper production declined by 2.3% to 704,800 tonnes in 2014, slightly lower than the record production levels achieved in 2013. Gold and molybdenum production were also lower at 270,900 ounces and 7,900 tonnes, respectively. This decline reflected expected lower grades for all metals, particularly copper grade at Los Pelambres and Centinela Cathodes and the gold grade at Centinela. Overall production of metals was, however, slightly better than we forecast at the beginning of the year.

Cash costs before by-product credits were $1.83/lb, 2.2% higher than in 2013, impacted by the lower grades and the one-off signing bonuses paid during the year, partly offset by the weakening of the Chilean peso. Net cash costs, at $1.43/lb, were 5.1% higher than last year as by-product credits were lower due to lower production and a weaker gold price.

In 2014, the Group entered into labour agreements with employees at its mining operations for periods of up to four years which included agreed pay increases and cash bonuses, typically paid up-front in line with local industry practice. During 2014 the payment of the one-off bonuses and the provision of loans totalled some $0.04/lb.

The bonus payments were offset by movements in the Chilean peso, which weakened by 15.2% during the year, reducing costs by $0.10/lb. As copper makes up over 50% of Chile's exports, when copper prices have fallen historically the peso has fallen as well, acting as a natural hedge for copper producers. In addition the Group made some $80 million of savings during the year, equivalent to $0.05/lb. These were achieved mainly through the merger of the Esperanza and El Tesoro mines into Minera Centinela, but also from other savings initiatives. Further savings will be made in both areas during 2015 and are expected to total $130 million.

Although the expected surplus in the copper market in 2014 did not materialise, the average copper price fell from $3.32/lb in 2013 to $3.11/lb and closed the year at $2.88/lb. This resulted in the average realised price of copper being 8.5% lower in 2014 at $3.00/lb. The average realised gold price declined by 7.1% to $1,261/oz, while the realised molybdenum price increased by 10% to $11.0/lb.

POSITIONED FOR GROWTH

During 2014, good progress was made advancing the construction projects at Antucoya and Centinela, and early works started at Encuentro Oxides shortly before the completion of its feasibility study in November. The feasibility study on the Pelambres Incremental Expansion continued through the year and the pre-feasibility study on Centinela's Second Concentrator will be completed in mid-2015. A pre-feasibility study was also completed in 2014 on the Twin Metals Minnesota project. These projects provide a healthy growth pipeline for the Group over the coming five to ten years.

At Antucoya, construction has continued throughout the year with all major milestones being achieved on-schedule. The operation is scheduled for start-up during the second quarter of 2015 and will be operating at full production of 85,000 tonnes per year of cathodes in 2016. The project is expected to be completed at the budgeted construction cost of $1.9 billion.

At the Encuentro Oxides project the Group is trialling the use of an in house project team to manage construction. Normally a project of this size would be managed by an EPCM contractor, but, following a review of management processes, the Group established that this project management model increased costs and reduced our control over the project construction, potentially resulting in lost opportunities. The project team reduced the original $756 million capital cost estimated in the pre-feasibility study with the feasibility study estimate showing capital costs reduced by $156 million.

Completion of the feasibility study for the Pelambres Incremental Project was expected by the end of 2014. The technical aspects of the feasibility study have been completed, but the necessary permitting required before construction has not. The environmental impact assessment ("EIA") requires a baseline study of at least 12 months which is currently under way. The formal completion of the feasibility study will be after the EIA is submitted as it may indicate that additional work should be included in the feasibility study. At this stage the pre-feasibility study capital expenditure estimate of $1.2 billion is unchanged.

The pre-feasibility study for the construction of a second concentrator at Centinela will be completed in mid-2015. The 90,000 tonnes per day concentrator will be located about 7km south of the existing concentrator and will be fed by ore from Esperanza Sur to the north and Encuentro Sulphides to the south. The scoping study estimate of the capital cost of the project is $2.7 billion and will increase Centinela's annual production by an average of 140,000 tonnes of copper and 150,000 ounces of gold.

The EIA for the project will be submitted to the appropriate regulatory authorities in mid-2015. If it proceeds smoothly through the approval process the EIA should be ready approximately the same time as the feasibility study is completed in mid-2016. Production is then expected to start in 2019.

At Centinela the feasibility study on the molybdenum plant has been completed and the necessary permits required before construction can commence are expected in mid-2015. The plant has now been designed to be easily expanded to accept feed from the Centinela Second Concentrator project. Capital costs are estimated to be $125 million with average production of some 2,400 tonnes per annum of molybdenum in the first five years starting in late 2016.

Early in 2015, the Group completed the acquisition of Duluth Metals Limited to gain 100% ownership of the Twin Metals Minnesota project for a cash consideration of C$53m. The Duluth Complex is an attractive geological deposit and the Group will focus on further optimisations of the project while advancing the permitting process.

During the year the Group announced that the Michilla mine would run out of ore and close in December 2015 on completion of its current mine plan. The mine originally opened in 1959 and was acquired by the Group in 1980. Many of the workers from Michilla are being redeployed at other operations, but inevitably there will be some redundancies. Severance terms were agreed with the mine's unions at the end of 2014 for employees who work through this year, to help minimise the uncertainty and allow for planning in this difficult time. However, as an alternative a sale process has also been initiated to determine if there is a purchaser that wishes to acquire the operation on acceptable terms and if there is the mine may continue in operation for some time to come.

HEALTH AND SAFETY

During 2014, there were five fatalities in three separate incidents at the Group's mining operations. The Board and everyone in the Group deeply regret these incidents and extend their condolences to the families of the deceased. The circumstances have been fully investigated and the results have been incorporated to the Group policies, procedures and practices. The health and safety of employees and contractors is of paramount importance and the Group is constantly striving to improve performance. In 2013, a new safety and occupational health model was introduced and during 2014 several new measures were implemented as part of a process seeking to achieve continuous improvement.

SUSTAINABILITY

In July 2014 a new clean, renewable source of energy was introduced at Los Pelambres when the El Arrayán wind farm came online. It now supplies the operation with about 20% of its energy needs. Pelambres also agreed to purchase energy from two solar plants that will begin producing in 2015 and 2016 respectively. By mid-2016, nearly 50% of Pelambres' energy will come from renewable sources.

The Group continues to work with the communities where it operates; promoting initiatives where communities, local governments and private companies formulate a joint vision for both public and private investments. These initiatives increase local involvement, strengthen social investment and contribute to improving the sustainable development of the surrounding communities.

SITUATION AT LOS PELAMBRES

As previously announced, in late February and early March, there were protests on the access road to Los Pelambres about the availability and quality of water in the Choapa Valley which disrupted production. The protests ended on 11 March and operations have now returned to normal. Total lost production is estimated at 8,000 tonnes, some of which may be recovered over the rest of the year.

In October 2014, the Supreme Court, by split decision, upheld an appeal filed by a section of the Caimanes community, and ordered Los Pelambres to submit a plan of works to ensure the operation of the El Mauro tailings dam does not affect the normal flow of the waters of the Pupío stream to the Caimanes community. In November 2014, Los Pelambres submitted this plan to the Civil Court in Los Vilos. On 9 March 2015 that Court found that the plan was not sufficient to address the requirement to ensure the normal flow of the Pupío stream as the Supreme Court had ordered, and as a consequence Los Pelambres must demolish part, or all, of the tailings dam wall. Los Pelambres considers the ruling to be flawed, has appealed the Court's decision and is considering the exercise of all available legal measures that may be required to overturn this decision and address its potential consequences. However, the adverse ruling from the Civil Court of Los Vilos, means that there is some inherent uncertainty as to the potential impact on Los Pelambres for the rest of 2015 and beyond**.**

DIVIDENDS

In view of the continued uncertainty in the copper market at the start this year, as well as the current uncertainties at Los Pelambres noted above, the Board has decided to recommend a final dividend of 9.8 cents per share, bringing the total dividend for the year to 21.5 cents per ordinary share. This represents a total amount of $212.0 million and a pay-out ratio of 35% (based on earnings excluding the deferred tax provision resulting from the changes in the Chilean tax law during 2014).

This is in line with the Company's policy to determine 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, and to pay a total annual dividend equal to at least 35% of net earnings.Given the current uncertainties at Los Pelambres, the Company will keep the amount of future dividends under close review until it has greater clarity as to the resolution of these matters.

OUTLOOK

The Group's forecast for 2015 production, announced in January 2015, was for 710,000 tonnes of copper, 250,000 ounces of gold and 8,000 tonnes of molybdenum with cash costs before by-product credits of $1.75/lb and net cash costs of $1.40/lb. The copper production forecast comprised 385,000 tonnes at Los Pelambres, 255,000 tonnes at Centinela, 30,000 tonnes at Michilla and 40,000 tonnes at Antucoya. As noted above, local protests has reduced expected copper production at Los Pelambres by some 8,000 tonnes of copper. These protests, along with the adverse ruling from the Civil Court of Los Vilos mean that there is some inherent uncertainty as to the potential impact on Los Pelambres' 2015 production levels. as announced on 23 February for cash costs before by-product credits of $1.75/lb and net cash costs of $1.40/lb. If necessary, guidance will be revised as and when the situation becomes sufficiently clear.

The new year started with a rapid drop in the copper price to below $2.50/lb and although there has been some recovery since then, the outlook for 2015 is for price volatility to continue. However, if the Chinese economy grows at the expected rate of 7.0% it now appears more likely that the copper market will be largely in balance rather than in surplus as was expected a few months ago. In the medium to long term the copper market continues to look positive. When the world economy picks up again and demand growth accelerates, constrained sources of potential supply, in particular from greenfield projects, will ensure that the longer term copper fundamentals remain strong.

REVIEW OF OPERATIONS

MINING DIVISION

LOS PELAMBRES

2014 Performance

Operating profit

Operating profit at Los Pelambres was $1,337.8 million in 2014, compared with $1,635.3 million in 2013 reflecting lower production and lower realised prices. Realised copper prices fell to $2.95/lb from $3.25/lb, significantly impacting operating profits, and cash costs increased slightly, as detailed below.

Production

Copper production was 391,300 tonnes in 2014, which slightly exceeded the original forecast for the year, but was below 2013 production of 405,300 tonnes. The decrease in production was due to lower ore grades (2.8% lower than in 2013) and lower recoveries.

Molybdenum production decreased by 12.2% to 7,900 tonnes in 2014 compared with production of 9,000 tonnes in 2013. This was mainly due to mining a lower grade molybdenum phase of the pit, partially offset by improved recoveries. Gold production was 17.3% higher in 2014 at 66,500 ounces, compared with 56,700 ounces in 2013.

Costs

Cash costs before by-product credits in 2014 were slightly higher than 2013 at $1.56/lb. In 2014, the Group signed a new four-year employment contract with the unions at Los Pelambres. These contracts typically involve a one-off signing bonus, a loan and agreed real salary increases for the duration of the contract. The signing bonus and loan impacted cash costs by $0.03/lb. Offsetting this were lower energy costs as average spot prices averaged lower than in 2013 and Pelambres benefited from the start of the provision of lower cost power from the El Arrayán wind farm. Net cash costs increased 1.7% to $1.18/lb.

Capital expenditure

Total capital expenditure in 2014 was $229.6 million, which included continued works on new mine infrastructure, including the workshop, and the El Mauro tailings dam facilities. Capital expenditure is expected to be approximately $260 million in 2015, reflecting sustaining investments in line with 2014 and feasibility study costs relating to the incremental expansion of Los Pelambres.

Legal update – El Mauro tailings dam

The El Mauro tailings dam began operating in 2008. Since then there have been a series of civil claims filed by some members of the Caimanes community seeking to stop the operation of the dam. Two of these claims are ongoing and allege that the dam interferes with the rights of the Caimanes community on the grounds that it affects the flow and quality of the Pupio stream and that the tailings dam wall would not withstand extreme seismic events. These claims have been through various courts and stages of appeal, but Los Pelambres has always complied with all applicable laws, regulations and controls and successfully defended its right to continue operating the dam.

In October 2014, the Supreme Court, by split decision, upheld an appeal filed by a section of the Caimanes community, and ordered Los Pelambres to submit a plan of works to ensure the operation of the tailings dam does not affect the normal flow and quality of the Pupío stream. In November 2014, Los Pelambres submitted this plan to the Civil Court in Los Vilos. On 9 March 2015 that Court found that the plan was not sufficient to address the requirements of the Supreme Court order, and as a consequence Los Pelambres must demolish part, or all, of the tailings dam wall. Los Pelambres considers the ruling of the Civil Court of Los Vilos to be flawed, has appealed the Court's decision and is considering the exercise of all available legal measures that may be required to overturn this decision and address its potential consequences.

Additional details of these, and other claims affecting the Group, are set out in Note 23 to the preliminary results announcement.

Outlook

Production

The forecast for 2015 production, announced in January 2015, was for approximately 385,000 tonnes of payable copper, compared with 391,300 tonnes in 2014. This decrease was mainly due to lower plant throughput as a result of increased hardness of the ore. The forecast for 2015 molybdenum production was approximately 8,000 tonnes, similar to 2014 volumes. Gold production was forecast to be 55,000 ounces, a decrease of 11,500 ounces as a result of lower grades and recoveries. As noted above, local protests have reduced expected copper production at Los Pelambres by some 8,000 tonnes of copper. These protests, along with the adverse ruling from the Civil Court of Los Vilos, mean that there is some inherent uncertainty as to the potential impact on Los Pelambres' 2015 production levels.

Cash costs

Cash costs before by-products for 2015 are forecast to be approximately $1.50/lb, lower than 2014 levels, and net cash costs are forecast at approximately $1.15/lb, assuming a molybdenum price of $9.50/lb and a gold price of $1,300/oz. As noted above, local protests have disrupted production and these protests, along with the adverse ruling from the Civil Court of Los Vilos, mean that there is some inherent uncertainty as to the potential impact on Los Pelambres' 2015 cash costs. Energy prices remain a key input cost for Los Pelambres and are dependent, in part, on the level of precipitation in the region, where much of the power is generated by hydroelectric schemes. However, following the commissioning of the El Arrayán wind farm in 2014 and one of the solar plants in 2015, and the start in 2015 of a 50MW PPA signed with a coal-fired power generator in 2013, some 55% of the mine's power will be under long-term agreements by the end of the year.

CENTINELA

In June 2014, the Group announced the merger of the Esperanza and El Tesoro mines into a single operating company, Minera Centinela. This merger was completed in November 2014 and the Group is now in the process of integrating activities at the two operations.

The merger provides a greater focus for the Group's activities in the Centinela Mining District and creates value through operational and other synergies. These synergies come from the sharing of operational overheads, integration of mine plans, operating a single mining fleet, sharing of mining properties and facilities such as waste ore dumps, economies of scale from tendering larger contracts, and combining the management teams. The merger opens up potential opportunities and synergies through future development of other deposits in the Centinela Mining District, most immediately the Encuentro Oxides project.

2014 Performance

Operating profit

The operating profit at Centinela in 2014 was $464.4 million, compared with $845.0 million in 2013, reflecting higher net cash costs and lower realised copper prices, partly offset by increased sales volumes of concentrates. The realised copper price fell, from $3.28/lb in 2013 to $3.00/lb, in 2014 as did the realised gold price, which fell from $1,358/oz in 2013 to $1,261/oz in 2014.

Production

Copper production decreased by 3.9% to 266,600 tonnes in 2014 compared with 2013, due mainly to lower cathode production.

Copper in concentrate production in 2014 was 172,800 tonnes, a 1.2% decrease compared with 2013, reflecting a decrease in throughput, partially offset by higher grades and recoveries. Gold production in 2014 was 204,400 ounces compared with 237,100 ounces in 2013, due to lower grades and recoveries and slightly decreased throughput.

Copper cathode production was 93,800 tonnes compared with the 102,600 tonnes produced in 2013. This was primarily due to lower copper grades and recoveries following the completion of mining activities at the higher-grade Mirador pit in 2013, partially offset by higher throughput. The average ore grade decreased to 1.31% in 2014 from 1.52% in 2013. Throughput at the plant from the heap-leach operation averaged 25,200 tonnes per day in 2014, compared with 21,300 tonnes per day in 2013.

Costs

Cash costs before by-product credits for copper in concentrate in 2014 fell to $2.29/lb compared with $2.36/lb in 2013. This decrease was due to the weakening of the peso and lower input costs, partially offset by the one-off signing bonus paid during the year following the successful completion of a new four-year agreement with the union in the second quarter of 2014. Net cash costs rose to $1.54/lb in 2014, compared with $1.43/lb in 2013, primarily due to a $0.18/lb drop in by-product credits due to lower gold production and the 7.1% fall in realised gold prices.

Copper cathode cash costs increased from $1.36/lb in 2013 to $1.79/lb in 2014, primarily reflecting the increase in costs following the closure of the higher-grade Mirador ore in 2013, and the one-off bonus payment.

Capital expenditure

Capital expenditure in 2014 was $535.6 million, including approximately $330 million in respect of optimisation and development projects. Total capital expenditure in 2015 is expected to be approximately $680 million, including $380 million related to the construction of the Encuentro Oxides and Molybdenum Plant projects.

Outlook

Production

The forecast for 2015 is for production of approximately 255,000 tonnes of payable copper and 195,000 ounces of gold. This forecast is based on an increase in throughput at the concentrator plant, as the benefits of the optimisation and expansion will be seen progressively from mid-2015. This will be offset by a decrease in cathode production compared with 2014, as grades decline at the pits being mined, and this decline will continue until the Encuentro Oxides project starts production in 2016.

Cash costs

Cash costs before by-products for 2015 are forecast to be approximately $2.10/lb compared with $2.12/lb in 2014. Net cash costs are forecast at approximately $1.60/lb, assuming a gold price of $1,300/oz. Net cash costs are sensitive to the gold price, with each $100/oz movement in the realised gold price having a $0.03/lb impact on net cash costs in 2015.

MICHILLA

2014 Performance

Operating profit

Michilla had an operating loss of $29.0 million in 2014, compared to an operating loss of $43.1 million in 2013. 2014 was the last full year of production at Michilla with the mine closing at the end of 2015. Michilla's realised copper price of $3.30/lb was significantly higher than that of the other operations due to hedging instruments covering approximately 80% of production in 2014.

Production

Total production in 2014 was 47,000 tonnes of copper cathodes, an increase of 22.7% on the 2013 production of 38,300 tonnes as a result of mining higher-grade areas of the Lince pit.

Costs

Cash costs decreased significantly to $2.38/lb in 2014 compared with $3.22/lb in 2013. This decrease is due to the completion of the stripping programme in 2013 and higher than expected grades at the Lince open pit, together with the weaker peso, which reduced costs in US dollar terms.

Capital expenditure

Capital expenditure for the year was $11.1 million in 2014 compared with $17.2 million in 2013.

Outlook

Production

Cathode production in 2015 is forecast to be approximately 30,000 tonnes.

Cash costs

The forecast cash costs for 2015 are approximately $2.30/lb, slightly higher than in 2014 reflecting the ramp-down of the mine in anticipation of its closure at the end of the year.

Closure

The decision has been made to close the mine at the end of 2015, but the Group is conducting a sale process during the year to ascertain whether any parties are interested in acquiring the operation to try to extend its life beyond the closure date.

Michilla has been in operation since 1959 and the Group acquired its original interest in the company in 1980.

GROWTH PROJECTS AND OPPORTUNITIES

The Group seeks growth in Chile and abroad through the development of projects and other potential opportunities. Brownfield development within the Group's Los Pelambres and Centinela mining districts in Chile remain the primary focus to maximise value, with new opportunities further afield also being considered.

The Group has a portfolio of longer-term growth options. These are currently being evaluated in pre-feasibility and feasibility studies. Given the early-stage nature of some of these projects, their potential and timing is inherently uncertain and so the following outline is only intended to provide a high-level indication of potential opportunities.

The Group's exploration and evaluation expenditure decreased by 39.1% to $167.5 million in 2014 compared with $274.9 million in 2013. The 2015 full-year forecast expenditure in relation to exploration and evaluation activities is approximately $115 million. The decrease in the exploration and evaluation expense reflects a tighter focus on high-potential activities in a period of lower copper prices and lower expenditure on pre-feasibility studies, especially at Twin Metals.

Projects under construction

Antucoya

Antucoya is an oxide deposit approximately 45 km east of Michilla, in Chile's Antofagasta Region. The Group has a 70% economic interest in the project.

Construction of the project was resumed in early 2013 and currently the project is on schedule and on budget with 99.1% total project progress (design, procurement and physical progress) and 98.3% construction progress as at 31 December 2014. Construction is expected to finish in the first half of 2015, with ramp-up to full production capacity of 85,000 tonnes per year of copper cathodes by 2016. Cash costs are expected to be approximately $1.80/lb for the first five years of full production and $2.10/lb in 2015. The mine plan includes proved and probable ore reserves of 629 million tonnes of 0.35% copper (using a cut-off grade of 0.16%) over the 20-year mine life.

Total construction costs for the project are expected to be $1.9 billion, of which $1.6 billion has been incurred up to 31 December 2014.

Brownfield projects

The Group has always recognised the importance of capital cost control and optimising production from existing operations. The Group manages this by constantly monitoring the efficiency of mines, plants and transport infrastructure. Where possible, it conducts debottlenecking and incremental plant expansions to improve efficiency.

Centinela

During 2014, work continued on optimising Centinela's concentrator plant to bring the level of throughput to the original design capacity of 97,000 tonnes per day and then to 105,000 tonnes per day. The first stage includes the installation of two tailings thickeners, crushing equipment and flotation cells, and is due to be completed in the first half of 2015. The second stage, carried out simultaneously, involves the installation of a sixth tailings thickener at the plant as well as further mining equipment to support additional activities. Throughput of 105,000 tonnes per day should be achieved in late 2015.

Los Pelambres Incremental Expansion

The feasibility study examining the options for an incremental expansion of Los Pelambres continued during 2014. As part of the project development, an EIA must be produced before the necessary permits are issued by the various authorities and construction can commence. As part of the EIA, an environmental baseline study first needs to be completed, which requires at least 12 months of data. This is under way and the EIA will be submitted in 2016. The study focuses on the project's environmental and social enablers and a dedicated team has been engaged to carry out this work. The completion of the feasibility study has been postponed until the EIA has been approved as the outcome of the EIA may impact the content of the feasibility study.

Capital expenditure for the expansion project, which will increase throughput to 205,000 tonnes per day, was estimated in the pre-feasibility study as approximately $1.2 billion and the feasibility study work to date confirms this amount. This estimate includes the purchase of additional mining equipment and the construction of a new grinding circuit and flotation plant. The capacity of the expansion is constrained by the increased proportion of harder ore in the mill feed, which reduces the rate of throughput, and the maximum capacity of the conveyor that transports ore from the pit to the concentrator plant. Average copper production will increase by 90-95,000 tonnes, with a net increase in average production of approximately 40-45,000 tonnes of copper per year, over the production that would have been achieved if there had been no increase in the hardness of the ore.

Encuentro Oxides

The Encuentro Oxides deposit is located within the Centinela Mining District. It is expected to produce an average of approximately 40,000 tonnes of copper cathode per year, averaged over an eight-year period, utilising the existing capacity at Centinela's SX-EW plant. This project will enable the plant to continue to produce at full capacity of 100,000 tonnes per annum for a number of years from 2016, thereby helping to offset a decline in production that would otherwise occur due to falling mined grades at the existing oxide pits at Centinela.

The project entails the installation of new crushing and heap-leach facilities at the Encuentro Oxides deposit, a pipeline to take the leach solution to the existing SX-EW plant for processing some 15 km away, and the extension of the sea water pipeline from Centinela to Encuentro. The higher-grade ore will be crushed and sent to the new heap-leach facilities while lower-grade ore will be processed later on a Run of Mine leach pad.

This deposit is geologically important for the Group's long-term development plan, as Encuentro Oxides sits on top of the large Encuentro Sulphide deposit. The Encuentro Oxides project will therefore act as a funded pre-strip for the sulphides below, opening it up for development as part of the Centinela Second Concentrator project (see below).

During 2014, the Board approved early works relating to pre-stripping and camp construction. The feasibility study was completed in November 2014 and full-scale construction started in early 2015. First production is expected in the second half of 2016.

The pre-feasibility study capital cost estimate of $756 million assumed that Centinela would build a spur from its sea water pipeline to Encuentro Oxides and sell the water to the project. This assumption was changed during the feasibility study and the spur will now be funded as part of the project, increasing the capital cost by $36 million to $792 million. Other changes in the feasibility study, including new foreign exchange assumptions, a lower mining cost for pre-stripping, lower contingencies, various optimisations of the project and the inclusion of several items that were omitted from the original study, resulted in a final estimate for capital expenditure of $636 million, some $156 million less than the adjusted pre-feasibility study estimate.

Greenfield growth projects

Centinela Second Concentrator

The Group continues to evaluate the options for the development of the Centinela Mining District, a key area for the Group's longer-term growth opportunities. Following the merger of Esperanza and El Tesoro, the Group's development of the district, which includes the construction of a second concentrator, will now be carried out as part of the integrated Minera Centinela.

The second concentrator plant will be built some 7 km from Centinela's current concentrator. It is expected to have a daily ore throughput of approximately 90,000 tonnes per day, with annual copper and gold production of approximately 140,000 tonnes and 150,000 ounces respectively. It is currently planned that ore will first be sourced from the Esperanza Sur deposit and, once mining at Encuentro Oxides is completed, then ore will be sourced from Encuentro Sulphides.

The pre-feasibility study will be completed in mid-2015 and work will commence in parallel on the Environmental Impact Assessment and the feasibility study, with both scheduled for completion by the end of 2016. First production could start in 2019 and capital expenditure is estimated at $2.7 billion.

The project team is continuing to review options for reducing the capital cost of the project, including the use of existing infrastructure (power lines, pipelines, concentrate shipping and other facilities) as well as using a larger owner's team, as opposed to an EPCM contractor, together with other capital cost-saving initiatives.

The Group continues to evaluate other opportunities in the Centinela Mining District. Currently work is being carried out on the Polo Sur deposit, which has a resource of 1.3 billion tonnes at 0.35% copper (including 122.8 million tonnes of copper oxides at 0.40% copper, as well as some additional leachable supergene sulphides) with gold and molybdenum by-products. This oxide deposit is situated approximately 35 km from Centinela and may act as an additional source of feed for its SX-EW plant in the future.

Following the completion of the second concentrator in 2019, there is further scope to increase the plant capacity and the Group is evaluating the possibility of a further expansion. This could bring throughput capacity to approximately 150,000 tonnes per day and could increase annual production to approximately 200,000 tonnes of copper and 170,000 ounces of gold. No date has yet been set for when to commence a feasibility study on this expansion.

Los Pelambres

Given the size of the resource, which at 6.2 billion tonnes is more than three times the quantity of processed ore expected under the existing mine plan, there is significant scope to increase the plant capacity beyond the 205,000 tonnes per day planned for the incremental expansion project. Such an expansion will require extensive permitting and the support of the local communities and currently no significant evaluation work is planned.

United States – Twin Metals Minnesota

Twin Metals Minnesota LLC ("Twin Metals") is a copper, nickel and platinum group metals ("PGM") underground-mining project which holds the Maturi, Maturi Southwest, Birch Lake and Spruce Road copper-nickel-PGM deposits located in north-eastern Minnesota, USA.

In November 2014 the Group entered into an agreement to acquire all of the issued and outstanding shares of its project partner Duluth Metals Limited ("Duluth"), bringing Antofagasta's ownership in the project to 100%.

The acquisition was completed in early 2015 and following the change of control the Group will evaluate further optimisations on the pre-feasibility study that was completed in 2014 while advancing the permitting process.

Other exploration and evaluation activities

The Group has an active early-stage exploration programme beyond the existing core locations of the Centinela and Los Pelambres mining districts. Exploration is conducted through its in-house exploration team and through partnerships with third parties to build a portfolio of longer-term opportunities across Chile and the rest of the world.

Chile

The Group continues exploration activities to identify prospective targets on the main porphyry copper belts in Chile, focusing on the northern and central regions.

During the year, 1.3 billion tonnes of mineral inventory relating to the Los Volcanes project was upgraded to mineral resource, demonstrating the Group's ability to continually expand and develop its resource base. Exploration work continues at the Conchi, Brujulina Sur and Cerro Las Papas Sur deposits as well as in areas nearby.

The Group has land holdings throughout Chile and in some instances conducts exploration under agreements with the landowners or the State.

International

The Group has a portfolio of early-stage exploration interests held through a number of strategic alliances, joint ventures and earn-in agreements with companies focused on exploration in their respective regions. During 2014 the Group entered into new agreements with companies in Canada, Australia, Zambia, Mauritania, Finland and Argentina and terminated agreements in Australia, Canada, Mexico and the US.

The Group's strategy is to partner with experienced junior exploration companies, funding their exploration programmes and benefiting from their local knowledge and expertise.

Energy Opportunities

Over the last few years the Group has acquired a series of interests in energy generators and projects as part of its strategy to support the power supply requirements of the mining operations. The energy strategy has a particular focus on renewable energy generation, supporting the Group's broader aim of increasing the sustainability of its operations.

Energía Andina

Energía Andina S.A. ("Energía Andina") is a geothermal energy joint venture with Origin Energy Limited of Australia. During 2014 Energía Andina took an option to invest in the Javiera solar project that will supply Los Pelambres with power and as part of this transaction the Group reduced its interest in Energía Andina to 50%. To date, exploration has demonstrated the existence of an active geothermal system at the Tinguiririca project near Santiago, but no further exploration is planned for the foreseeable future.

El Arrayán

Antofagasta has a 30% interest in Parque Eólico El Arrayán SpA ("El Arrayán"), which in June 2014 commissioned the largest wind farm in Chile, about 400 km north of Santiago. The plant now supplies 40MW of power to Los Pelambres, accounting for approximately 20% of its total power requirement, under a 20-year supply contract. Prices are favourable compared with the current spot price.

Inversiones Hornitos

Ferrocarril de Antofagasta a Bolivia ("FCAB") owns a 40% interest in Inversiones Hornitos S.A. ("Inversiones Hornitos"), which operates the 165MW Hornitos thermoelectric power plant in Mejillones, in Chile's Antofagasta Region. Inversiones Hornitos continues to supply Centinela under long-term PPAs.

Alto Maipo

The Group holds a 40% interest in the 531MW Alto Maipo run-of-river hydroelectric project located in the upper section of the Maipo river, approximately 50 km south-east of Santiago. Construction started in December 2013 and the total capital cost is expected to be $2.1 billion. The Group has signed two 20-year PPAs that will secure the provision of energy to Los Pelambres for up to 160MW, with the first PPA started at the beginning of 2015 and the second will start on the completion of the Alto Maipo project at the end of 2018.

Solar Energy

During 2014, Los Pelambres signed long-term PPAs with two solar power providers for a total of 50MW of power, approximately 25% of its total energy requirement. The first of these PPAs will provide Los Pelambres with solar energy from the first half of 2015 and the second from the beginning of 2016. These PPAs provide secure renewable energy supply to Los Pelambres for a 20-year period at favourable prices compared with the current spot price.

Ore Reserves and Mineral Resource Estimates

In accordance with the Group practice, Ore Reserves and Mineral Resource estimates have been updated as of 31 December, 2014. A simplified version of the updated reserves and resources estimates can be found in the 2014 Full Year Results Presentation, posted on the Group's website (www.antofagasta.co.uk). A detailed estimate will be provided in the 2014 Annual Report, available on the Groups website from the 15th April, 2014.

TRANSPORT DIVISION

The transport division's total volumes transported were lower in 2014, falling to 7.3 million tonnes, compared with 7.4 million tonnes in 2013. This was primarily due to a fall in road transportation volumes during the year.

Turnover at the transport division was $180.8 million, a 8.0% decrease compared 2013, reflecting lower tonnages, a decrease in tariffs due to lower oil prices and the weaker peso (tariffs are set in pesos).

Operating profit fell to $45.6 million in 2014, mainly reflecting the decrease in tonnage. Capital expenditure in 2014 was $21.2 million compared to $28.7 million in 2013.

The Antofagasta port is managed by the Group's 30% associate ATI. ATI is a strategic investment for the Group and complements the transport division's principal business as the main transporter of cargo within Chile's Antofagasta Region.

WATER DIVISION

In 2014, the water division sold 50.9 million cubic metres of water to domestic and commercial customers, compared with 51.3 million cubic metres in 2013.

Turnover in 2014 decreased 8.1% to $124.9 million from $135.9 million in 2013, due to slightly lower volumes and tariffs. Operating profit rose in 2014 to $61.5 million from $57.2 million in 2013 due to lower maintenance costs. Capital expenditure in 2014 was $25.0 million compared to $13.4 million in 2013.

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Results

	Year ended 31.12.2014 $m	Year ended 31.12.2013 $m	Movement $m	Movement %
Turnover	**5,290.4**	5,971.6	(681.2)	(11.4)
EBITDA	**2,221.6**	2,702.2	(480.6)	(17.8)
Depreciation, amortisation and disposals	**(581.9)**	(530.1)	(51.8)	9.8
Net finance expense	**(62.1)**	(74.2)	12.1	(16.3)
Profit before tax	**1,573.5**	2,083.5	(510.0)	(24.5)
Tax	**(722.8)**	(843.7)	120.9	(14.3)
Earnings per share (US cents)	**46.6**	66.9	(20.3)	(30.3)
Net (debt)/cash	**(1.6)**	1,311.2	(1,312.8)	(100.1)

A detailed segmental analysis of the components of the income statement is contained in Note 3 to the preliminary results announcement.

The following table reconciles between the 2013 and 2014 EBITDA:

	$m
EBITDA in 2013	**2,702.2**
Turnover	
Decrease in copper realised price	(438.7)
Decrease in copper volumes sold	(127.0)
Increase in tolling charges	(42.6)
Decrease in turnover from copper	**(608.3)**
Decrease in gold revenues	(45.7)
Decrease in silver revenues	(2.9)
Increase in molybdenum revenues	2.5
Decrease in turnover from by-products	**(46.1)**
Decrease in transport division turnover	(15.8)
Decrease in water division turnover	(11.0)
Decrease in turnover from transport and water divisions	**(26.8)**
Decrease in Group turnover	**(681.2)**
Operating costs	
Decrease in copper volumes sold	70.2
Increase in unit cash costs	(5.0)
Decrease in exploration and evaluation costs	107.4
Decrease in charge for closure provisions	77.0
Increase in other mining division expenses	(65.1)
Decrease in operating costs for mining division	**184.5**
Decrease in transport division operating costs	7.7
Decrease in water division costs	8.4
Decrease in operating costs for transport and water divisions	**16.1**
Decrease in EBITDA	**(480.6)**
EBITDA in 2014	**2,221.6**

Turnover

Group turnover in 2014 was $5,290.4 million, 11.4% below the $5,971.6 million achieved in 2013. The decrease of $681.2 million mainly reflected a decrease in the realised copper price as well as lower copper sales volumes and reduced gold by-product revenues.

Turnover from the mining division

Turnover from copper

Turnover from copper sales decreased by $608.3 million, or 12.2%, to $4,389.7 million, compared with $4,998.0 million in 2014. The decrease reflected the impact of lower realised prices, and also lower sales volumes and increased tolling charges.

(i) Realised copper prices
The Group's average realised copper price decreased by 8.4% to $3.00 per pound in 2014 (2013 – $3.27). The decrease in the realised price was greater than the reduction in the average LME copper price, which decreased by 6.3% to $3.11 per pound (2013 - $3.32), due to a higher level of negative provisional pricing adjustments in the current period compared with the prior year. The decrease in the average realised price led to a $438.7 million reduction in turnover from copper sales.

Realised copper prices are determined by comparing turnover (gross of tolling 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 about 30 days after delivery to the customer in the case of cathode sales and up to 150 days after delivery to the customer in the case of concentrate sales). Realised copper prices also reflect the impact of realised gain or losses of commodity derivative instruments hedge accounted for in accordance with IAS 39 "Financial Instruments: Recognition and Measurements".

Provisional pricing adjustments decreased initially invoiced sales by $201.7 million in 2014, compared with a decrease of $127.2 million in 2013. The negative adjustments in 2014 reflected the general decrease in the copper price during most of the year. Further details of provisional pricing adjustments are given in Note 4 to the preliminary results announcement.

In 2014 turnover also includes a gain of $18.4 million (2013 – gain of $25.4 million) relating to commodity derivatives which matured during the year, predominantly in respect of Michilla. Further details of hedging activity in the period are given in Note 5(c) to the preliminary results announcement.

(ii) Copper volumes
Copper sales volumes decrease by 2.7% from 722,200 tonnes in 2013 to 703,000 tonnes in this year. The decrease in sales volumes accounted for a decrease of $127.0 million in turnover.

(iii) Tolling charges
Tolling charges for copper concentrate increased by $42.6 million to US$258.9 million in 2014 (2013 - $216.3 million) mainly due to an increase in average tolling charges, as well as a smaller impact of increased sales volumes.

Tolling charges are deducted from concentrate sales in reporting turnover and hence the increase in these charges has had a negative impact on turnover.

Turnover from molybdenum, gold and other by-products
Turnover from by-products at Los Pelambres and Centinela relate mainly to molybdenum and gold, and a lesser extent silver. Turnover from by-products decreased by $46.1 million or 7.2% to $595.0 million in 2014, compared with $641.1 million in 2013.

Turnover from gold in concentrate (net of tolling charges) was $336.8 million (2013 - $382.5 million), a decrease of $45.7 million or 11.9%, which mainly reflected a decrease in the realised gold price, as well as lower volumes. The realised gold price was $1,262 per ounce in 2014 compared with $1,358 per ounce in 2013, with this 7.1% decrease largely reflecting the general reduction in average market prices. Gold sales volumes decreased by 5.4% from 282,700 ounces in 2013 to 267,400 ounces in 2014, mainly due to the lower gold grades and recoveries at Centinela Concentrates.

Turnover from molybdenum (net of roasting charges) was $182.8 million (2013 - $180.3 million), an increase of $2.5 million. The increase was mainly due to higher realised price of $11.0 per pound (2013 - $10.0 per pound) partly offset by decreased sales volumes of 8,200 tonnes (2013 – 8,800 tonnes).

Turnover from silver decreased by $2.9 million to $75.4 million in 2014 (2013 - $78.3 million). The decrease was mainly due to a decrease in the realised silver price from $22.7 per ounce in 2013 to $18.7 per ounce in 2014, partially offset by increased sales volumes of 4.1 million ounces (2013 – 3.5 million ounces).

Turnover from the transport and water divisions
Turnover from the transport division (FCAB) decreased by $15.8 million or 8.0% to $180.8 million. This mainly reflected a decrease in tonnages transported and the impact of the weaker Chilean peso. Turnover at Aguas de Antofagasta, which operates the Group's water business, decreased by $11.0 million or 8.1% to $124.9 million in 2014, mainly reflecting the impact of the weaker Chilean peso.

Operating costs (excluding depreciation, amortisation and disposals)
Operating costs (excluding depreciation and amortisation) amounted to $3,068.8 million (2013 – $3,269.4 million), a decrease of $200.6 million. This was mainly due to lower sales volumes, reduced exploration and evaluation expenses and a decrease in closure provision costs.

Operating costs (excluding depreciation and amortisation) at the mining division
Operating costs at the mining division decreased by $184.5 million to $2,906.9 million in 2014, a decrease of 6.0%.

Of this decrease, $70.2 million is attributable to the lower copper sales volumes described above. As explained in more detail above, the reduction in turnover associated with the decreased copper sales volumes was $127.0 million, resulting in a net reduction in EBITDA of $56.8 million.

Excluding by-product credits (which are reported as part of turnover) and tolling charges for concentrates (which are deducted from turnover), weighted average cash costs for the Group (representing on-site and shipping costs in the case of Los Pelambres and Centinela Concentrates and total cash costs in the case of Centinela Cathodes and Michilla) remained stable at $1.65/lb.

Exploration and evaluation costs decreased by $107.4 million to $167.5 million (2013 – $274.9 million), mainly reflecting the completion of pre-feasibility studies at Twin Metals and Los Pelambres, which had been on-going throughout 2013.

In 2014 there was a $7.4 million credit in respect of updates to mine closure provisions, compared with a charge of $69.6 million in 2013, with the relatively high charge in the prior year reflecting increases to the Los Pelambres provision in that year.

Operating costs (excluding depreciation, amortisation and disposals) at the transport and water divisions
Operating costs at the transport division decreased by $7.7 million to $112.1 million. This was mainly due to lower fuel, maintenance and labour costs. Operating costs at the water division decreased by $8.4 million to $49.8 million, mainly reflecting the weaker Chilean peso.

EBITDA and operating profit from subsidiaries and joint ventures

EBITDA
EBITDA (earnings before interest, tax, depreciation, and amortisation) from subsidiaries and joint ventures decreased by $480.6 million or 17.8% to $2,221.6 million in 2014 (2013 - $2,702.2 million), with the $681.2 million decrease in turnover partially offset by the $200.6 million reduction in operating expenses (excluding depreciation and amortisation) as described above.

EBITDA at the mining division decreased by 18.4% from $2,547.7 million in 2013 to $2,077.8 million in 2014. As explained above, this was mainly due to the decrease in the realised copper price, partly offset by lower exploration and evaluation expenses and a decrease in the cost relating to mine closure provisions.

EBITDA at the transport division decreased by $8.1 million to $68.7 million in 2014, reflecting the decreased revenue as explained above. The water division contributed $75.1 million in 2014 compared with $77.7 million in 2013, reflecting the decreased revenue as well as operating costs, as explained above.

Depreciation, amortisation and disposals
The depreciation, amortisation and disposals charge was higher at $581.9 million (2013 - $530.1 million). Increased depreciation at Centinela and Michilla was partly offset by a $28.6 million disposal gain related to the temporary loss of control of the Twin Metals project. This gain on disposal is largely offset by the related $26.3 million impairment charge in respect of the available for sale investment relating to Duluth Metals Limited, included within Other finance items as explained below.

Operating profit from subsidiaries
As a result of the above factors, operating profit from subsidiaries decreased by 24.5% to $1,639.7 million (2013 - $2,172.1 million),with the $532.4 million reduction mainly drive by the decreased revenue as a result of the lower realised copper price.

Share of results from associates and joint ventures
The Group's share of results from its associates and joint ventures was a loss of $4.1 million (2013 – loss of $14.4 million). This mainly reflects lower expenditures in respect of the Energia Andina joint venture partly offset by lower profits at Inversiones Hornitos.

Net finance expense
Net finance expense in 2014 was $62.1 million, a $12.1 million reduction compared with the net expense of $74.2 million in 2013.

	Year ended 31.12.14 $'m	Year ended 31.12.13 $'m
Investment income	**18.4**	12.6
Interest expense	**(44.6)**	(62.0)
Other finance items	**(35.9)**	(24.8)
Net finance expense	**(62.1)**	(74.2)

Investment income increased from $12.6 million in 2013 to $18.4 million in 2014, mainly reflecting additional interest income in respect of a loan from Los Pelambres to the Alto Maipo associate.

Interest expense decreased from $62.0 million in 2013 to $44.6 million in 2014, mainly due to a decrease of interest payable at Centinela as a result of a refinancing during the year.

Other finance items comprised a net expenses of $35.9 million (2013 – net expense of $24.8 million). A loss of $5.1 million (2013 – loss of $13.5 million) has been recognised in respect of the time value element of changes in the fair value of commodity derivative options, which is excluded from the designated hedging relationship, and is therefore recognised directly in profit or loss. Foreign exchange losses included in finance items were $4.6 million in 2014, compared with a loss of $2.9 million in 2013. An expense of $9.1 million (2013 - $14.2 million) has been recognised in relation to the unwinding of the discount on provisions.

Also included within Other finance items is an impairment charge of $26.3 million, recognised in respect of the available for sale investment relating to Duluth Metals Limited (“Duluth”). As explained in Note 6 to the preliminary results announcement, as at 31 December 2014 the Group held a 17.2% stake in Duluth. In November 2014 Antofagasta entered into a binding letter of agreement to acquire 100% of Duluth, with the acquisition completing subsequent to the year-end following approval from Duluth’s shareholders in January 2015. Movements in the fair value of the available for sale investment in Duluth had previously been recorded within the Consolidated Statement of Comprehensive Income. The agreed acquisition terms indicated a final fixed value for the Duluth shares, and that there had therefore been an impairment in the value of the Duluth shares to this amount. Fair value losses previously recorded within the Consolidated Statement of Comprehensive Income have therefore been transferred to the income statement and recognised within this impairment loss. This impairment change has been largely offset by the related $28.6 million disposal gain in respect of the temporary loss of control of the Twin Metals project included within Depreciation, amortisation and disposals as described above.

Profit before tax

As a result of the factors set out above, profit before tax decreased by $510.0 million or 24.5% to $1,573.5 million, compared with $2,083.5 million in 2013.

Income tax expense

The tax charge in 2014 was $722.8 million (2013 – $843.7 million) and the effective tax rate was 45.9% (2013 – 40.5%).

	Year ended 31.12.2014 $m	**Effective tax rate %**	Year ended 31.12.2013 $m	Effective tax rate %
Profit before tax	**1,573.5**		2,083.5	
Taxes (Current and deferred)				
Corporate tax	**(365.9)**	**23.3**	(455.0)	21.8
Adjustment to deferred tax attributable to changes in tax rates	**(220.6)**	**14.0**	-	-
Royalty	**(79.1)**	**5.0**	(99.2)	4.8
Withholding tax	**(56.8)**	**3.6**	(289.1)	13.9
Exchange rate	**(0.4)**	**-**	(0.4)	0.1
Total tax charge	**(722.8)**	**45.9**	(843.7)	40.5

The tax charge for the 2014 was $722.8 million and the effective tax rate was 45.9%. This rate varied from the standard rate (comprising first category tax) of 21% principally due to the deferred tax charge of $220.6 million reflecting the increase in tax rates as a result of the Chilean tax reform ($142.2 million impact on net earnings; 14.4 cents impact on earnings per share), the effect of items not deductible from first category tax (mainly corporate items which principally comprise exploration and evaluation costs), a withholding tax charge of $56.8 million and the effect of the mining tax which resulted in a charge of $79.1 million. In 2013 the total charge was $843.7 million, with an overall effective tax rate of 40.5% compared with the statutory rate of corporate tax of 20%. The main variance compared with the statutory rate in 2013 reflected a withholding tax charge of $289.1 million. Further details are given in Note 7 to the preliminary results announcement.

Non-controlling interests

Profit attributable to non-controlling interests was $390.9 million, compared with $580.2 million in 2013, reflecting the lower profit attributable to the non-controlling interests as a consequence of the decrease in the earnings of the mining operations analysed above.

Earnings per share

	Year ended 31.12.14 US cents	Year ended 31.12.13 US cents
Earnings per share	**46.6**	66.9

Earnings per share calculations are based on 985,856,695 ordinary shares. As a result of the factors set out above, profit in 2014 attributable to equity shareholders of the Company was $459.8 million compared with $659.6 million in 2013. Accordingly, earnings per share were 46.6 cents in 2014 compared with 66.9 cents in 2013, a decrease of 30.3%. Excluding the deferred tax provision resulting from the changes in the Chilean tax law during 2014 (14.4 cents impact on earnings per share), earnings per share were 61.0 cents, a 7.5% decrease compared with 2013.

Dividends

Dividends per share proposed in relation to the year are as follows:

	Year ended 31.12.14 US cents	Year ended 31.12.13 US cents
Interim	**11.7**	8.9
Final	**9.8**	86.1
Total dividends to ordinary shareholders	**21.5**	95.0

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 would represent a payout ratio based on net earnings for that year of at least 35%.

The Board has recommended a final dividend for 2014 of 9.8 cents per ordinary share, which amounts to $96.6 million and if approved at the Annual General Meeting, will be paid on 22 May 2015 to shareholders on the Register at the close of business on 24 April 2015. This gives total dividends for the year of 21.5 cents, including the interim dividend of 11.7 cents. In 2013 total dividends were 95.0 cents.

Capital expenditure

Capital expenditure increased by $122.3 million from $1,458.7 million in 2013 to $1,581.0 million in 2014. This was mainly due to the ongoing construction at the Antucoya project and the expansion of the Centinela concentrator to a capacity of 105,000 tonnes per day.

Derivative financial instruments

The Group generally sells its commodity production at prevailing market prices. It may periodically use derivative financial instruments to reduce exposure to commodity price movements in certain specific circumstances. At 31 December 2014 the Group did not have any significant level of commodity derivatives which fixed or limited its exposure to market prices.

The Group periodically uses interest rate swaps to swap floating rate interest for fixed rate interest. At 31 December 2014 the Group had entered into contracts in relation to the Centinela project financing for a maximum notional amount of $140 million at a weighted average fixed rate of 3.372 % fully maturing in August 2018. The Group had also entered into contracts in relation to a financing loan at the Railway for a maximum notional amount of $150 million at a weighted average fixed rate of 1.634%, fully maturing in August 2019.

The Group also periodically uses foreign exchange derivatives to cover expected operational cash flow needs. At 31 December 2014 Antucoya had cross-currency swaps with a principal value of $45 million to swap Chilean pesos for US dollars at an average rate of Ch$564.6/$1, covering a total period up to 15 May 2015. The weighted average remaining period covered by these hedges calculated with effect from 1 January 2015 is 2.4 months. Additionally, at 31 December 2014 Antucoya had zero cost collar instruments with a principal value of $27 million covering a total period up to 15 Mar 2015. The weighted average remaining period covered by the zero cost collars calculated with effect from 1 January 2015 was 1.4 months. The instruments had a weighted average floor of Ch$589.6/$1 and a weighted average cap of Ch$550.0/$1.

Cash flows

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

	Year ended 31.12.14 **$m**	Year ended 31.12.13 $m
Cash flows from operations	**2,507.8**	2,659.2
Income tax paid	**(641.5)**	(896.5)
Net interest paid	**(45.4)**	(43.2)
Capital contributions and loans to associates and joint ventures	**(125.2)**	(128.2)
Change in ownership interest in subsidiaries	**(30.9)**	-
Capital increase from non-controlling interest	**50.0**	109.9
Acquisition of available-for-sale investments	**(5.9)**	(2.1)
Purchases of property, plant and equipment	**(1,646.3)**	(1,344.8)
Proceeds from sale of property, plant and equipment	**1.7**	10.6
Dividends paid to equity holders of the Company	**(964.2)**	(975.0)
Dividends paid to non-controlling interests	**(412.2)**	(452.1)
Dividends from associate	**20.0**	-
Other items	**8.7**	(0.2)
Changes in net cash relating to cash flows	**(1,283.4)**	(1,062.4)
Exchange and other non-cash movements	**(29.4)**	(29.1)
Movement in net (debt)/cash in the period	**(1,312.8)**	(1,091.5)
Net cash at the beginning of the year	**1,311.2**	2,402.7
Net (debt)/cash at the end of the year	**(1.6)**	1,311.2

Cash flows from operations were $2,507.8 million in 2014 compared with $2,659.2 million in 2013. This reflected EBITDA for the period of $2,221.6 million (2013 – $ 2,702.2 million) adjusted for a net working capital increase of $286.2 million (2013 – decrease of $43.0 million).

Cash tax payments in 2014 year were $641.5 million (2013 – $896.5 million), comprising corporation tax of $264.0 million (2013 – $528.0 million), mining tax of $98.2 million (2013 – $160.0 million) and withholding tax of $279.3 million (2013 – $208.5 million). These amounts differ from the current tax charge in the consolidated income statement of $714.8 million (2013 – $843.7 million) mainly because cash tax payments for corporation tax and the mining tax partly comprise the settlement of outstanding balances in respect of the previous year's tax charge and payments on account for the current year based on the prior year profit levels.

Contributions and loans to associates and joint ventures of $125.2 million mainly relate to the Group's share of the funding of the development of the Alto Maipo project, in which the Group acquired a 40% interest in 2013.

Cash disbursements relating to capital expenditure in 2014 were $1,646.3 million compared with $1,344.8 million in 2013. This included expenditure of $734.6 million at Antucoya (2013 – $596.5 million), $566.9 million relating to Centinela (2013 – $463.5 million) and $230.0 million relating to Los Pelambres (2013 – $194.6 million).

Dividends (including special dividends) paid to ordinary shareholders of the Company in 2014 were $964.2 million (2013 – $975.0 million), which related to the final dividend declared in respect of the previous year.

Dividends paid by subsidiaries to non-controlling shareholders were $412.2 million (2013 – $452.1 million), consisting of distributions by Los Pelambres, Centinela and Michilla.

Financial position

	At 31.12.14 $m	At 31.12.13 $m
Cash, cash equivalents and liquid investments	**2,374.5**	2,685.1
Total borrowings	**(2,376.1)**	(1,373.9)
Net (debt)/cash at the end of the period	**(1.6)**	1,311.2

At 31 December 2014 the Group had combined cash, cash equivalents and liquid investments of $2,374.5 million (31 December 2013 – $2,685.1 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 $2,007.0 million (31 December 2013 – $2,420.8 million).

New borrowings in 2014 were $1,587.0 million (2013 – $194.1 million), mainly due to new long-term borrowings at Antucoya for $656.2 million, at Centinela for $548.4 million and the Railway and other transport services for US$148.6 million, as well as new short-term borrowings at Los Pelambres of $206.0 million. Repayments of borrowings and finance leasing obligations in 2014 were $583.1 million, relating mainly to repayments by Centinela of $426.5 million and by Los Pelambres of $140.7 million.

Total Group borrowings at 31 December 2014 were $2,376.1 million (2013 – $1,373.9 million). Of this, $1,691.6 million (2013 – $948.5 million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

The Group's attributable net cash balance, excluding the non-controlling interest share in each partly-owned operation, was $315.4 million at 31 December 2014 (2013 - $1,472.3 million).

Foreign currency exchange differences

The principal subsidiaries with a functional currency other than the US dollar are Chilean peso denominated, of which the most significant is Aguas de Antofagasta S.A. In 2014 the currency translation loss recognised in net equity was $26.2 million (2013 – loss of $20.8 million).

Going concern

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Directors' Comments. Details of the cash flows of the Group during the year, along with its financial position at the year-end are set out in this Financial Review. The preliminary results announcement includes details of the Group's cash, cash equivalent and liquid investment balances in Note 22 to the preliminary results announcement, and details of borrowings are set out in Note 16 to the preliminary results announcement.

In assessing the Group's going concern status the Directors have taken into account the above factors, including the financial position of the Group and in particular its significant balance of cash, cash equivalents and liquid investments, the borrowing facilities in place and their terms, the current copper price and market expectations in the medium term, the Group's expected operating cost profile and the its capital expenditure and financing plans.

After making appropriate enquiries, the Directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the preliminary results announcement.

Cautionary statement about forward-looking statements

This preliminary results announcement contains 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 of the date of this announcement. 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; long-term commodity price assumptions, as they materially affect the timing and feasibility of future projects and developments; trends in the copper mining industry and conditions of the international copper markets; the effect of currency exchange rates on commodity prices and operating costs; the availability and costs associated with mining inputs and labour; operating or technical difficulties in connection with mining or development activities; employee relations; litigation; and actions and activities of governmental authorities, including changes in laws, regulations or taxation. Except as required by applicable law, rule or regulation, the Group does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

Consolidated Income Statement

	Notes	Year ended 31.12.2014 $m	Year ended 31.12.2013 $m
Group revenue	2,3	**5,290.4**	5,971.6
Total operating costs		**(3,650.7)**	(3,799.5)
Operating profit from subsidiaries	2,3	**1,639.7**	2,172.1
Share of results from associates and joint ventures	2	**(4.1)**	(14.4)
Total profit from operations, associates and joint ventures	2	**1,635.6**	2,157.7
Investment income		**18.4**	12.6
Interest expense		**(44.6)**	(62.0)
Other finance items		**(35.9)**	(24.8)
Net finance expense	6	**(62.1)**	(74.2)
Profit before tax		**1,573.5**	2,083.5
Income tax expense	7	**(722.8)**	(843.7)
Profit for the financial year		**850.7**	1,239.8
Attributable to:			
Non-controlling interests		**390.9**	580.2
Equity holders of the Company (net earnings)		**459.8**	659.6
		US cents	US cents
Basic earnings per share	8	**46.6**	66.9

	Notes		
Dividends to ordinary shareholders of the Company			
Per share		**US cents**	US cents
Dividends per share proposed in relation to the year	9		
- ordinary dividend (interim)		**11.7**	8.9
- ordinary dividend (final)		**9.8**	86.1
		21.5	95.0
Dividends per share paid in the year and deducted from net equity			
- ordinary dividend (interim)		**11.7**	8.9
- ordinary dividend (final)		**86.1**	12.5
- special dividend (final)		**-**	77.5
		97.8	98.9
In aggregate		**$m**	$m
Dividends proposed in relation to the year	9	**212.0**	936.5
Dividends paid in the year and deducted from net equity		**964.2**	975.0

Revenue and operating profit are derived from continuing operations.

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31.12.2014 $m	Year ended 31.12.2013 $m
Profit for the financial year		**850.7**	1,239.8
Items that may be reclassified subsequently to profit or loss:			
(Losses)/gains in fair value of cash flow hedges deferred in reserves		**(0.2)**	18.2
(Losses)/gains in fair value of cash flow hedges of associates deferred in reserves		**(42.0)**	1.9
Losses in fair value of available for sale investments	14	**(6.1)**	(28.2)
Currency translation adjustment		**(26.2)**	(20.8)
Deferred tax effects arising on cash flow hedges deferred in reserves		**2.1**	(5.7)
Items that will not be subsequently reclassified to profit or loss			
Actuarial losses on defined benefit plans		**(17.4)**	(10.4)
Tax on items recognised directly in equity that will not be reclassified		**4.2**	1.8
Total losses recognised in equity		**(85.6)**	(43.2)
Gains in fair value of cash flow hedges transferred to the income statement		**(8.5)**	(25.6)
Losses in fair value of available- for- sale investments transferred to income statement	8	**26.3**	-
Deferred tax effects arising on amounts transferred to the income statement		**1.8**	5.1
Total transferred to the income statement		**19.6**	(20.5)
Total comprehensive income for the year		**784.7**	1,176.1
Attributable to:			
Non-controlling interests		**370.1**	573.9
Equity holders of the Company		**414.6**	602.2

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Actuarial reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2014	89.8	199.2	(6.8)	(30.9)	25.7	(10.4)	6,457.9	**6,724.5**	1,939.1	**8,663.6**
Total comprehensive income for the year	-	-	(29.4)	20.2	(26.2)	(9.8)	459.8	**414.6**	370.1	**784.7**
Change in ownership interest in subsidiaries	-	-	-	-	-	-	1.5	**1.5**	(32.0)	**(30.5)**
Loss of control in subsidiaries	-	-	-	-	-	-	-	**-**	(56.7)	**(56.7)**
Capital increase in non-controlling interest	-	-	-	-	-	-	(2.7)	**(2.7)**	2.7	**-**
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	**-**	50.0	**50.0**
Dividends	-	-	-	-	-	-	(964.2)	**(964.2)**	(412.2)	**(1,376.4)**
Balance at 31 December 2014	**89.8**	**199.2**	**(36.2)**	**(10.7)**	**(0.5)**	**(20.2)**	**5,952.3**	**6,173.7**	**1,861.0**	**8,034.7**

For the year ended 31 December 2013

	Share capital	Share premium	Hedging reserves	Fair value reserves	Translation reserves	Actuarial reserves	Retained earnings	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2013	89.8	199.2	(3.6)	(2.7)	46.5	(5.2)	6,786.6	**7,110.6**	1,694.2	**8,804.8**
Total comprehensive income for the year	-	-	(3.2)	(28.2)	(20.8)	(5.2)	659.6	**602.2**	573.9	**1,176.1**
Capital increase in non-controlling interests	-	-	-	-	-	-	(13.3)	**(13.3)**	13.3	**-**
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	**-**	109.8	**109.8**
Dividends	**-**	-	-	-	-	-	(975.0)	**(975.0)**	(452.1)	**(1,427.1)**
Balance at 31 December 2013	**89.8**	**199.2**	**(6.8)**	**(30.9)**	**25.7**	**(10.4)**	**6,457.9**	**6,724.5**	**1,939.1**	**8,663.6**

Consolidated Balance Sheet

	Notes	At 31.12.14 $m	At 31.12.13 $m
Non-current assets			
Intangible assets	10	**118.6**	133.0
Property, plant and equipment	11	**8,227.1**	7,424.8
Investment property	12	**2.6**	3.3
Inventories	15	**247.8**	252.7
Investment in associates and joint ventures	13	**198.1**	175.2
Trade and other receivables		**239.5**	180.8
Available for sale investments	14	**15.6**	16.6
Deferred tax assets	19	**104.6**	76.9
		9,153.9	8.263.3
Current assets			
Inventories		**369.3**	402.1
Trade and other receivables		**810.3**	904.6
Current tax assets		**106.9**	121.6
Derivative financial instruments	5	**0.2**	12.9
Liquid investments	22	**1,529.1**	2,071.4
Cash and cash equivalents	22	**845.4**	613.7
		3,661.2	4,126.3
Total assets		**12,815.1**	12,389.6
Current liabilities			
Short-term borrowings	16	**(284.5)**	(341.0)
Derivative financial instruments	5	**(7.5)**	(3.4)
Trade and other payables		**(793.8)**	(776.6)
Current tax liabilities		**(77.6)**	(9.6)
		(1,163.4)	(1,130.6)
Non-current liabilities			
Medium and long-term borrowings	16	**(2,091.6)**	(1,032.9)
Derivative financial instruments	5	**(3.5)**	(6.4)
Trade and other payables	17	**(4.8)**	(4.7)
Post-employment benefit obligations		**(103.0)**	(91.2)
Decommissioning & restoration and other long term provisions		**(434.3)**	(494.3)
Deferred tax liabilities	19	**(979.8)**	(965.9)
		(3,617.0)	(2,595.4)
Total liabilities		**(4,780.4)**	(3,726.0)
Net assets		**8,034.7**	8,663.6
Equity			
Share capital	20	**89.8**	89.8
Share premium	20	**199.2**	199.2
Hedging, translation and fair value reserves		**(67.6)**	(22.4)
Retained earnings		**5,952.3**	6,457.9
Equity attributable to equity holders of the Company		**6,173.7**	6,724.5
Non-controlling interests		**1,861.0**	1,939.1
Total equity		**8,034.7**	8,663.6

The preliminary information was approved by the Board of Directors on 16 March 2015.

Consolidated Cash Flow Statement

	Notes	Year ended 31.12.2014 $m	Year ended 31.12.2013 $m
Cash flows from operations	21	**2,507.8**	2,659.2
Interest paid		**(45.4)**	(57.2)
Income tax paid		**(641.5)**	(896.5)
Net cash from operating activities		**1,820.9**	1,705.5
Investing activities			
Capital contributions and loans to associates and joint ventures		**(125.2)**	(128.2)
Dividends from associate		**20.0**	-
Acquisition of available for sale investments	14	**(5.9)**	(2.1)
Cash derecognised due to loss of control of subsidiary		**(7.6)**	-
Change in ownership interest in subsidiaries	25c	**(30.9)**	-
Proceeds from sale of property plant and equipment		**1.7**	10.6
Purchases of property, plant and equipment		**(1,646.3)**	(1,344.8)
Net decrease in liquid investments		**542.3**	409.2
Interest received		**16.5**	14.0
Net cash used in investing activities		**(1,235.4)**	(1,041.3)
Financing activities			
Dividends paid to equity holders of the Company		**(964.2)**	(975.0)
Dividends paid to preference shareholders of the Company		**(0.2)**	(0.2)
Dividends paid to non-controlling interests		**(412.2)**	(452.1)
Capital contribution from non-controlling interests		**50.0**	109.9
Net proceeds from issue of new borrowings	22	**1,583.4**	194.1
Repayments of borrowings		**(570.9)**	(706.6)
Repayments of obligations under finance leases	22	**(12.2)**	(15.6)
Net cash used in financing activities		**(326.3)**	(1,845.5)
Net increase/(decrease) in cash and cash equivalents		**259.2**	(1,181.3)
Cash and cash equivalents at beginning of the year		**613.7**	1,811.3
Net increase/(decrease) in cash and cash equivalents	22	**259.2**	(1,181.3)
Effect of foreign exchange rate changes	22	**(27.5)**	(16.3)
Cash and cash equivalents at end of the year	22	**845.4**	613.7

Notes

1. General information and accounting policies

a) General information

This preliminary results announcement is for the year ended 31 December 2014. While the financial information contained in this preliminary results announcement has been prepared in accordance with International Financial Reporting Standards ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS. For these purposes, IFRS comprise the Standards issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC") that have been endorsed by the European Union. The Group will send its full financial statements that comply with IFRS to shareholders in April 2015.

The financial information contained in this preliminary results announcement has been prepared on the going concern basis. Details of the factors which have been taken into account in assessing the Group's going concern status are set out within the Financial Review.

This preliminary results announcement does not constitute the Group's statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act") but is derived from those accounts. The statutory accounts for the year ended 31 December 2014 have been approved by the Board and will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 20 May 2015. The auditor has reported on those accounts and their report was unqualified, with no matters by way of emphasis, and did not contain statements under section 498(2) of the Act (regarding adequacy of accounting records and returns) or under section 498(3) (regarding provision of necessary information and explanations).

The information contained in this announcement for the year ended 31 December 2014 also does not constitute statutory accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, with no matters by way of emphasis, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

The information contained in Note 28 of this preliminary results announcement is not derived from the statutory accounts for the years ended 31 December 2013 and 2014 and is accordingly not covered by the auditor's reports.

During 2014 the Group merged Minera Esperanza and Minera El Tesoro into a single entity – Minera Centinela. The production of copper concentrate which was previously within Minera Esperanza is now referred to as Centinela concentrates, and the production of copper cathodes which was previously within Minera El Tesoro is referred to as Centinela cathodes. In the prior year comparatives the results and balances for Minera Esperanza and Minera El Tesoro have been combined into a single segment for Centinela, consistent with the current year presentation.

A reclassification between short-term and long-term inventories has been made in the prior year comparative figures, to ensure that the classification of inventory balances is fully in line with the detailed mine plans. This has resulted in a $74.4m increase in the long-term inventory balance as at 31 December 2013 from $178.3 million to $252.7 million, and a corresponding $74.4 million decrease in the short-term inventory balances as at 31 December 2013 from $476.5 million to $402.1 million.

b) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of no less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Detail of the factors which have been taken into account in assessing the Group's going concern status are set out in the Going Concern section of the Financial Review above.

c) Accounting policies

The following International Financial Reporting Standards (IFRS), amendments and interpretations are effective for the first time in the current period.

Adoption of new accounting standards

IFRIC 21 Levies

IAS 32 Financial instruments presentation

IFRS 10 and 12 and IAS 27 Investment entities

IAS 36 Recoverable amount disclosures for non-financial assets

IAS 39 Novation of derivatives and continuation of hedge accounting

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

Accounting standards issued but not yet effective applied

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

New Standards	**Effective date**
IFRS 9, Financial instruments	Annual periods beginning on or after January 1, 2018
IFRS 14, Regulatory Deferral Accounts	Annual periods beginning on or after January 1, 2016
IFRS 15, Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2017

Amendments to IFRSs	**Effective date**
Annual improvements to six IFRSs 2010 – 2012 cycle	Annual periods beginning on or after July 1, 2014
Annual improvements to four IFRSs 2011 – 2013 cycle	Annual periods beginning on or after July 1, 2014
IAS 19,Defined Benefit Plans, *Employee Contributions (Amendments to IAS 19)*	Annual periods beginning on or after July 1, 2014
IFRS 11, *Join Arrangements, Accounting for Acquisitions of Interests in Joint Operations*	Annual periods beginning on or after January 1, 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Annual periods beginning on or after 1 January 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	Annual periods beginning on or after January 1, 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, (Amendments to IFRS 10 and IAS 28)	Annual periods beginning on or after January 1, 2016
Investment Entities: Applying the Consolidation Exception Amendments to IFRS 10,IFRS 12 and IAS 28)	Annual periods beginning on or after January 1, 2016
Disclosure Initiative (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2016
Annual improvements 2012 – 2014 Cycle – Improvements to four IFRSs	Annual periods beginning on or after July 1, 2016

The Group is continuing to evaluate the impact of adopting these new standards and interpretations.

The Group is continuing to evaluate in detail the potential impact of IFRS 15 Revenue from contracts with customers, but does not currently expect this to have a material impact.

2. Total profit from operations, associates and joint ventures

	Year ended 31.12.2014 $m	Year ended 31.12.2013 $m
Group revenue	**5,290.4**	5,971.6
Cost of sales	**(2,932.8)**	(2,859.5)
Gross profit	**2,357.6**	3,112.1
Administrative and distribution expenses	**(485.8)**	(563.0)
Closure provision	**7.4**	(71.0)
Severance charges	**(17.2)**	(16.0)
Exploration and evaluation costs	**(167.5)**	(274.9)
Other operating income	**25.9**	18.7
Other operating expenses	**(80.7)**	(33.8)
Operating results from subsidiaries	**1,639.7**	2,172.1
Share of income from associates and joint ventures	**(4.1)**	(14.4)
Total profit from operations, associates and joint ventures	**1,635.6**	2,157.7

3. Segmental analysis

The Group's reportable segments are as follows:

- Los Pelambres
- Centinela
- Michilla
- Antucoya
- Exploration and evaluation
- Railway and other transport services
- Water concession
- Corporate and other items

For management purposes, the Group is organised into three business divisions based on their products – Mining, Railway and other transport services and the Water concession. The mining division is split further for management reporting purposes to show results by mine and exploration activity. Los Pelambres, Centinela and Michilla are all operating mines and Antucoya is a development project. Los Pelambres produces primarily copper concentrate and molybdenum as a by-product. Centinela produces primarily copper concentrate containing gold as a by-product and copper cathodes. Michilla produces copper cathodes. The transport division provides rail cargo (based in Chile and Bolivia) and road cargo (based in Chile) together with a number of ancillary services (based in Chile). The water division produces and distributes potable water to domestic customers and untreated water to industrial customers in Chile's Antofagasta Region. The Exploration and evaluation segment incurs exploration and evaluation expenses. "Corporate and other items" comprises costs incurred by the Company, other holding companies of the Group and 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.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on the operating profit of each of the segments.

a) Segment revenues and results

For the year ended 31 December 2014

	Los Pelambres	Centinela	Michilla	Antucoya	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**	**$m**
Revenue	2,663.6	1,985.7	335.4	-	-	-	4,984.7	180.8	124.9	**5,290.4**
EBITDA	**1,518.6**	**767.2**	**58.7**	**-**	**(167.5)**	**(99.2)**	**2,077.8**	**68.7**	**75.1**	**2,221.6**
Depreciation and amortisation	(178.3)	(301.5)	(87.3)	-	-	(2.6)	**(569.7)**	(22.5)	(13.8)	**(606.0)**
Gain/(Loss) on disposals	(2.5)	(1.3)	(0.4)	-	-	28.7	**24.5**	(0.6)	0.2	**24.1**
Operating profit	**1,337.8**	**464.4**	**(29.0)**	**-**	**(167.5)**	**(73.1)**	**1,532.6**	**45.6**	**61.5**	**1,639.7**
Share of results from associates and joint ventures	(1.3)	-	-	-	-	(9.3)	**(10.6)**	6.5	-	**(4.1)**
Investment income	7.5	4.2	0.7	-	-	3.9	**16.3**	0.5	1.6	**18.4**
Interest expense	(3.8)	(36.6)	-	-	-	(2.4)	**(42.8)**	(1.8)	-	**(44.6)**
Other finance items	(2.5)	2.9	(8.3)	3.3	-	(31.4)	**(36.0)**	(0.4)	0.5	**(35.9)**
Profit before tax	**1,337.7**	**434.9**	**(36.6)**	**3.3**	**(167.5)**	**(112.3)**	**1,459.5**	**50.4**	**63.6**	**1,573.5**
Tax	(441.7)	(214.9)	1.3	(9.7)	-	25.0	**(640.0)**	(62.9)	(19.9)	**(722.8)**
Non-controlling interests	(352.3)	(56.2)	0.3	3.8	-	12.4	**(392.0)**	1.1	-	**(390.9)**
Net earnings	**543.7**	**163.8**	**(35.0)**	**(2.6)**	**(167.5)**	**(74.9)**	**427.5**	**(11.4)**	**43.7**	**459.8**
Additions to non-current assets										
Capital expenditure	229.6	535.6	11.1	707.1	-	51.4	**1,534.8**	21.2	25.0	**1,581.0**
Segment assets and liabilities										
Segment assets	3,680.2	5,152.9	181.9	1,619.8	-	1,557.9	**12,192.7**	410.0	212.4	**12,815.1**
Segment liabilities	(1,255.2)	(2,014.6)	(114.6)	(994.7)	-	(138.2)	**(4,517.3)**	(212.1)	(51.0)	**(4,780.4)**

For the year ended 31 December 2013

	Los Pelambres	Centinela	Michilla	Antucoya	Exploration and evaluation	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**	**$m**
Revenue	**3,129.4**	**2,201.8**	**307.9**	**-**	**-**	**-**	**5,639.1**	**196.6**	**135.9**	**5,971.6**
EBITDA	**1,814.0**	**1,075.6**	**16.3**	**-**	**(274.9)**	**(83.3)**	**2,547.7**	**76.8**	**77.7**	**2,702.2**
Depreciation and amortisation	(175.9)	(225.2)	(58.9)	-	-	(26.2)	(486.2)	(14.6)	(16.9)	**(517.7)**
(Loss)/gain on disposals	(2.8)	(5.4)	(0.5)	(0.7)	-	(0.2)	(9.6)	0.8	(3.6)	**(12.4)**
Operating profit/(loss)	**1,635.3**	**845.0**	**(43.1)**	**(0.7)**	**(274.9)**	**(109.7)**	**2,051.9**	**63.0**	**57.2**	**2,172.1**
Share of results from associates and joint ventures	-	-	-	-	-	(27.4)	(27.4)	13.0	-	**(14.4)**
Investment income	2.2	3.0	0.3	-	-	5.6	11.1	0.9	0.6	**12.6**
Interest expense	(8.4)	(49.8)	-	-	-	(3.6)	(61.8)	(0.2)	-	**(62.0)**
Other finance items	(7.9)	(0.6)	(6.5)	(4.2)	-	(5.8)	(25.0)	-	0.2	**(24.8)**
Profit/(loss) before tax	**1,621.2**	**797.6**	**(49.3)**	**(4.9)**	**(274.9)**	**(140.9)**	**1,948.8**	**76.7**	**58.0**	**2,083.5**
Tax	(374.8)	(194.2)	12.4	4.6	-	(216.6)	(768.6)	(64.2)	(10.9)	**(843.7)**
Non-controlling interests	(477.7)	(155.7)	11.5	1.6	-	39.9	(580.4)	0.2	-	**(580.2)**
Net earnings/(losses)	**768.7**	**447.7**	**(25.4)**	**1.3**	**(274.9)**	**(317.6)**	**599.8**	**12.7**	**47.1**	**659.6**
Additions to non-current assets										
Capital expenditure	208.9	480.9	17.2	678.9	-	30.7	1,416.6	28.7	13.4	**1,458.7**
Segment assets and liabilities										
Segment assets	3,748.9	4,658.8	226.6	764.4	-	2,346.3	11,745.0	409.9	234.7	**12,389.6**
Segment liabilities	(1,183.8)	(1,623.4)	(93.1)	(378.5)	-	(342.3)	(3,621.1)	(55.3)	(49.6)	**(3,726.0)**

b) Entity wide disclosures

Revenue by product

	Year ended 31.12.2014	Year ended 31.12.2013
	$m	$m
Copper		
- Los Pelambres	**2,348.6**	2,821.0
- Centinela concentrates	**1,073.8**	1,121.7
- Centinela cathodes	**631.9**	747.4
- Michilla	**335.4**	307.9
Gold		
- Los Pelambres	**80.5**	77.0
- Centinela	**256.3**	305.5
Molybdenum		
- Los Pelambres	**182.8**	180.3
Silver		
- Los Pelambres	**51.7**	51.1
- Centinela	**23.7**	27.2
Total Mining	**4,984.7**	5,639.1
Railway and transport services	**180.8**	196.6
Water concession	**124.9**	135.9
	5,290.4	5,971.6

Revenue by location of customer

	Year ended 31.12.2014	Year ended 31.12.2013
	$m	$m
Europe		
- United Kingdom	**8.2**	15.8
- Switzerland	**138.5**	143.9
- Spain	**160.6**	208.2
- Germany	**146.1**	146.4
- Rest of Europe	**86.6**	232.4
Latin America		
- Chile	**340.2**	375.3
- Rest of Latin America	**180.9**	186.4
North America		
- United States	**133.7**	320.1
Asia Pacific		
- Japan	**1,965.4**	1,984.5
- China	**1,253.1**	1,423.9
- Rest of Asia	**877.1**	934.7
	5,290.4	5,971.6

Information about major customers

In the year ended 31 December 2014 the Group´s mining revenues included $970.0 million related to one large customer that individually accounted for more than 10% of the Group's revenues (year ended 31 December 2013 – one large customer representing $1,035.8 million).

Non-current assets by location of asset

	Year ended 31.12.2014	Year ended 31.12.13
	$m	$m
- Chile	**8,934.8**	8036.8
- Bolivia	**30.9**	37.0
- USA	**67.4**	94.7
- Other	**0.6**	1.3
	9,033.7	8,169.8

Notes to geographical information

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

4. Revenues

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 five 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 (including gold by-product sales) and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market in the market price references for that commodity in the majority of the Group's contracts.

In addition to mark to market and final pricing adjustments, revenue also includes realised gains and losses relating to derivative commodity instruments. Details of these realised gains or losses are shown in the tables below. Further details of derivative commodity instruments in place at the year ended are given in Note 5.

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

For the period ended 31 December 2014

	$m	$m	$m	$m	$m	$m	$m
	Los Pelambres	Centinela	Centinela	Michilla	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							
Effects of pricing adjustments to previous year invoices	**2,642.5**	**1,226.8**	**640.6**	**322.0**	**80.4**	**267.8**	**213.7**
Reversal of mark-to-market adjustments at the end of the previous year	**(27.1)**	**(8.8)**	**(1.0)**	**0.1**	**-**	**4.5**	**1.2**
Settlement of sales invoiced in the previous year	**(27.7)**	**(9.8)**	**1.2**	**(0.3)**	**0.4**	**(2.0)**	**0.2**
Total effect of adjustments to previous year invoices in the current year	**(54.8)**	**(18.6)**	**0.2**	**(0.2)**	**0.4**	**2.5**	**1.4**
Effects of pricing adjustments to current year invoices							
Settlement of sales invoiced in the current year	**(29.8)**	**(19.7)**	**(7.7)**	**(4.3)**	**-**	**(11.7)**	**(15.2)**
Mark-to-market adjustments at the end of the current year	**(45.5)**	**(19.6)**	**(1.3)**	**(0.4)**	**-**	**(1.8)**	**(2.0)**
Total effect of adjustments to current year invoices	**(75.3)**	**(39.3)**	**(9.0)**	**(4.7)**	**-**	**(13.5)**	**(17.2)**
Total pricing adjustments	**(130.1)**	**(57.9)**	**(8.8)**	**(4.9)**	**0.4**	**(11.0)**	**(15.8)**
Realised gains on commodity derivatives	**-**	**-**	**0.1**	**18.3**	**-**	**-**	**-**
Revenue before deducting tolling charges	**2,512.4**	**1,168.9**	**631.9**	**335.4**	**80.8**	**256.8**	**197.9**
Tolling charges	**(163.8)**	**(95.1)**	**-**	**-**	**(0.3)**	**(0.5)**	**(15.1)**
Revenue net of tolling charges	**2,348.6**	**1,073.8**	**631.9**	**335.4**	**80.5**	**256.3**	**182.8**

For the year ended 31 December 2013

	$m Los Pelambres Copper concentrate	$m Centinela Copper concentrate	$m Centinela Copper cathodes	$m Michilla Copper cathodes	$m Los Pelambres Gold in concentrate	$m Centinela Gold in concentrate	$m Los Pelambres Molybdenum concentrate
Provisionally invoiced gross sales	3,042.9	1,237.3	750.0	285.9	82.7	331.3	210.0
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	(1.8)	0.5	0.2	0.1	-	1.2	0.4
Settlement of sales invoiced in the previous year	(31.5)	(14.4)	1.1	0.2	(4.1)	(5.6)	0.1
Total effect of adjustments to previous year invoices in the current year	(33.3)	(13.9)	1.3	0.3	(4.1)	(4.4)	0.5
Effects of pricing adjustments to current year invoices							
Settlement of sales invoiced in the current year	(72.8)	(37.1)	(5.1)	(3.4)	(1.4)	(15.8)	(14.9)
Mark-to-market adjustments at the end of the current year	27.1	8.8	1.0	(0.1)	-	(4.5)	(1.1)
Total effect of adjustments to current year invoices	(45.7)	(28.3)	(4.1)	(3.5)	(1.4)	(20.3)	(16.0)
Total pricing adjustments	(79.0)	(42.2)	(2.8)	(3.2)	(5.5)	(24.7)	(15.5)
Realised gains on commodity derivatives	-	-	0.2	25.2	-	-	-
Revenue before deducting tolling charges	2,963.9	1,195.1	747.4	307.9	77.2	306.6	194.5
Tolling charges	(142.9)	(73.4)	-	-	(0.2)	(1.1)	(14.2)
Revenue net of tolling charges	2,821.0	1,121.7	747.4	307.9	77.0	305.5	180.3

Copper concentrate

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

At 31 December 2014, copper concentrate sales totalling 199,200 tonnes remained open as to price, with an average mark-to-market price of $2.86/lb compared with an average provisional invoice price of $3.01/lb. At 31 December 2013, sales totalling 172,000 tonnes remained open as to price, with an average mark-to-market price of $3.34/lb compared with an average provisional invoice price of $3.25/lb.

Copper cathodes

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

At 31 December 2014, sales totalling 13,800 tonnes remained open as to price, with an average mark-to-market price of $2.88/lb compared with an average provisional invoice price of $2.94 /lb. At 31 December 2013, sales totalling 13,500 tonnes remained open as to price, with an average mark-to-market price of $3.34/lb compared with an average provisional invoice price of $3.31/lb.

Gold in concentrate

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

At 31 December 2014, sales totalling 81,600 ounces remained open as to price, with an average mark-to-market price of $1,186 per ounce compared with an average provisional invoice price of $1,209 per ounce. At 31 December 2013, sales totalling 52,800 ounces remained open as to price, with an average mark-to-market price of $1,189 per ounce compared with an average provisional invoice price of $1,274 per ounce.

Molybdenum concentrate

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

At 31 December 2014, sales totalling 1,900 tonnes remained open as to price, with an average mark-to-market price of $9.0/lb compared with an average provisional invoice price of $9.4/lb. At 31 December 2013, sales totalling 1,800 tonnes remained open as to price, with an average mark-to-market price of $9.7/lb compared with an average provisional invoice price of $10.0/lb.

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 year are as follows:

	Effect on debtors of year end mark to market adjustments	
	At 31.12.14	At 31.12.13
	$m	$m
Los Pelambres - copper concentrate	**(45.5)**	27.1
Los Pelambres - molybdenum concentrate	**(2.0)**	(1.1)
Centinela - copper concentrate	**(19.6)**	8.8
Centinela - gold in concentrate	**(1.8)**	(4.5)
Centinela - copper cathodes	**(1.3)**	1.0
Michilla - copper cathodes	**(0.4)**	(0.1)
	(70.6)	31.2

5. Financial instruments

a) Categories of financial instruments

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

	At 31.12.14	At 31.12.13
	$m	$m
Financial assets		
Derivatives in designated hedge accounting relationships	**0.2**	12.9
Available-for-sale-investments	**15.6**	16.6
Loans and receivables at amortised cost (including cash and cash equivalents)	**1,895.2**	1,662.2
Fair value through profit and loss (liquid investments and mark-to-mark debtors)	**1,529.1**	2,108.3
Financial liabilities		
Derivatives in designated hedge relationships	**(11.0)**	(9.8)
Financial liabilities measured at amortised cost	**(3,104.1)**	(2,149.5)
Fair value through profit and loss (mark-to-mark creditors)	**(70.6)**	(5.7)

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

Fair value of financial instruments

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

	Level 1	Level 2	Level 3	At 31.12.14	At 31.12.13
Recurring fair value measurements	$m	$m	$m	**$m**	$m
Financial assets					
Derivatives in designated hedge accounting relationships	-	0.2	-	**0.2**	12.9
Available for sale investments	15.6	-	-	**15.6**	16.6
Fair value through profit and loss	1,529.1	-	-	**1,529.1**	2,071.4
Debtors mark-to-market	-	-	-	**-**	36.9
Financial liabilities					
Derivatives in designated hedge relationships	-	(11.0)	-	**(11.0)**	(9.8)
Creditors mark-to-market	-	(70.6)	-	**(70.6)**	(5.7)

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

Non-recurring fair value measurements are those that are required in particular circumstances e.g. when the recoverable amount of an asset is determined to be fair value less cost to sell according to IAS 36 *Impairment of assets*. There were no non-recurring fair value measurements in the year ended 31 December 2014.

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

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

Provisionally priced metal sales for the year are marked-to-market at the end of the year. 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 year are used for copper sales while year-end average prices are used for molybdenum concentrate sales. These are level 2 inputs as described below.

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

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

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

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the year ended 31 December 2014 there were no transfers between levels in the hierarchy.

b) Embedded derivatives

As explained in Note 4, copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. The provisional pricing mechanism within the sale agreements is an embedded derivative under IFRS. Details of the provisional pricing arrangements are included in Note 4.

c) Derivative financial instruments

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

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

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

The gains or losses recorded in the income statement or in reserves during the year, and the fair value recorded on the balance sheet at the year are as follows. The impact on reserves is shown before tax and non-controlling interests.

For the year ended 31 December 2014

	Impact on income statement for year ended 31.12.14			Impact on reserves for year ended at 31.12.14	Fair value recorded on balance sheet 31.12.14
	Realised gains/(losses)	Losses resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	$m	$m	$m	$m	$m
Commodity Derivatives					
Centinela cathodes	0.1	-	0.1	0.6	0.2
Michilla	18.3	(5.0)	13.3	(6.2)	-
Exchange Derivatives					
Michilla	(4.1)	-	(4.1)	(1.7)	-
Antucoya	-	(0.1)	(0.1)	(3.8)	(4.0)
Interest Derivatives					
Centinela concentrates	(4.8)	-	(4.8)	3.4	(6.0)
Railway and other transport services	(1.0)	-	(1.0)	(1.0)	(1.0)
	8.5	**(5.1)**	**3.4**	**(8.7)**	**(10.8)**

For the year ended 31 December 2013

	Impact on income statement for the year ended 31.12.13			Impact on reserves for the year ended at 31.12.13	Fair value recorded on balance sheet 31.12.13
	Realised (losses)/gains	Losses resulting from mark-to-market adjustments on hedging instruments	Total net (loss)/gain	(Losses)/gains resulting from mark-to-market adjustments on hedging instruments	Net financial (liability)/ asset
	$m	$m	$m	$m	$m
Commodity Derivatives					
Centinela cathodes	0.2	-	0.2	0.8	(0.4)
Michilla	25.2	(13.5)	11.7	(1.3)	11.2
Exchange Derivatives					
Michilla	7.2	-	7.2	(5.3)	1.7
Interest Derivatives					
Centinela concentrates	(7.8)	-	(7.8)	8.7	(9.4)
Energy Derivatives					
Pelambres	0.8	-	0.8	(10.3)	-
	25.6	(13.5)	12.1	(7.4)	3.1

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

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

	At 31.12.14	At 31.12.13
	$m	$m
Analysed between:		
Current assets	**0.2**	12.9
Current liabilities	**(7.5)**	(3.4)
Non-current liabilities	**(3.5)**	(6.4)
	(10.8)	3.1

(ii) Outstanding derivative financial instruments

Commodity derivatives

The Group periodically uses commodity derivatives to manage its exposure to commodity price fluctuations.

- **Futures – arbitrage**

The Group also has futures for copper production to swap COMEX price exposure for LME price exposure according to the Group's Pricing Policy.

	At 31.12.14	**For instruments held at 31.12.14**	
	Copper production hedged	Weighted average remaining period from 1 January 2015	Covering a period up to:
	000 tonnes	Months	
Centinela cathodes	1,100	0.7	31-01-2015

(iii) Exchange derivatives

The Group periodically uses foreign exchange derivatives to reduce its exposure to fluctuations in the exchange rates influencing operating costs and the fair value of non-US dollar denominated assets or liabilities.

- **Cross-currency swap**

The Group has used cross-currency swaps to swap Chilean pesos for US dollars.

	At 31.12.14	For instruments held at 31.12.14		
	Principal value of cross currency swaps held $m	Weighted average remaining period from 1 January 2015 Months	Covering a period up to:	Weighted average rate Ch$/US$
Antucoya	45.0	2.4	15-05-15	564.6

- **Zero Cost Collar**

The Group has used zero cost collar to swap Chilean pesos for US dollars.

	At 31.12.14	For instruments held at 31.12.14			
	Principal value of zero cost collar held $m	Weighted average remaning period from 1 January 2015 Months	Covering a period up to:	Weighted average rate call Ch$/US$	Weighted average rate put Ch$/US$
Antucoya	27.0	1.4	16-03-15	589.6	550.0

(iv) Interest derivatives

The Group periodically uses interest derivatives to reduce its exposure to interest rate movements.

- **Interest rate swaps**

The Group has used interest rate swaps to swap the floating rate interest relating to the Centinela project financing and long-term loans at the Railway for fixed rate interest. At 31 December 2014 the Group had entered into the contracts outlined below.

	Start date	Maturity date	Actual notional amount $m	Weighted Average Fixed Rate %
Centinela concentrates	15-02-2011	15-08-2018	140.0	3.372
Railway and other transport services	12-08-2014	12-08-2019	150.0	1.634

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

6. Net finance expense

	Year ended 31.12.2014	Year ended 31.12.2013
	$m	$m
Investment income		
Interest income	**15.8**	9.0
Fair value through profit or loss	**2.6**	3.6
	18.4	12.6
Interest expense		
Interest expense	**(44.4)**	(61.8)
Preference dividends	**(0.2)**	(0.2)
	(44.6)	(62.0)
Other finance items		
Time value effect of commodity derivatives	**(5.1)**	(13.5)
Unwinding of discount on provisions	**(9.1)**	(14.2)
Impairment of available for sale investments	**(26.3)**	-
Foreign exchange	**4.6**	2.9
	(35.9)	(24.8)
Net finance expense	**(62.1)**	(74.2)

At 31 December 2014, $27.4 million relating to net interest expense and other finance items at Antucoya (year ended 31 December 2013 - $6.4 million) was capitalised during the year, and is consequently not included within the above table.

As at 31 December 2014 the Group held a 17.2% stake in Duluth Metals Limited (“Duluth”), accounted for as an available for sale investment. As at 31 December 2014 Duluth held a 60% interest in Twin Metals Minnesota LLC (“Twin Metals”), with the Group holding the remaining 40% interest in Twin Metals. As disclosed in Note 24, in November 2014 Antofagasta entered into a binding letter of agreement to acquire 100% of Duluth. The acquisition completed subsequent to the year-end following approval from Duluth’s shareholders in January 2015. Movements in the fair value of the available for sale investment in Duluth had previously been recorded within the Consolidated Statement of Comprehensive Income. The agreed acquisition terms indicated a final fixed value for the Duluth shares, and that there had therefore been an impairment in the value of the Duluth shares to this amount. Accordingly, an impairment charge of $26.3 million has been recognised in respect of this available for sale investment, with fair value losses previously recorded within the Consolidated Statement of Comprehensive Income being transferred to the income statement and recognised within this impairment loss. This impairment change is largely offset by the related $28.6 million disposal gain in respect of the temporary loss of control of the Twin Metals project as set out in Note 13.

The fair value through profit or loss line represents the fair value gains relating to liquid investments.

7. Taxation

The tax charge for the year comprised the following:

	Year ended 31.12.2014	Year ended 31.12.2013
	$m	$m
Current tax charge		
Corporate tax (principally first category tax in Chile)	**(377.6)**	(382.6)
Mining tax (royalty)	**(71.9)**	(90.5)
Withholding tax	**(279.3)**	(208.0)
Exchange losses on corporate tax balances	**(0.4)**	(0.4)
	(729.2)	(681.5)
Deferred tax credit/(charge)		
Corporate tax (principally first category tax in Chile)	**11.7**	(72.4)
Adjustment to deferred tax attributable to changes in tax rates	**(220.6)**	-
Mining tax (royalty)	**(7.2)**	(8.7)
Withholding tax provision	**222.5**	(81.1)
	6.4	(162.2)
Total tax charge (income tax expense)	**(722.8)**	(843.7)

The rate of first category (i.e. corporate) tax in Chile is currently 21% (2013-20%).

On 29 September 2014 a significant reform of the Chilean system was enacted into law. The corporate tax rates which now apply in the period from 2014 to 2016 are: 2014 – 21%; 2015 - 22.5%; 2016 – 24%. The 21% rate for 2014 applies retrospectively with effect from 1 January 2014.

From 2017 two alternative taxation systems will apply – either the partially-integrated system or the attributable system. The default position for the Group's operating companies is the partially-integrated system. The companies can each elect to apply the attributable system, provided there is unanimous agreement from that company's shareholders.

Under the partially-integrated system the corporate tax rate will be 25.5% in 2017 and 27% from 2018 onwards. The company's shareholders will pay withholding tax based on the cash distributions made by the company, as with the current tax system. If the company's shareholders are not tax resident in countries with applicable tax treaties with Chile the withholding tax rate will be 17.45%, and so if the company distributes all of its earnings the total corporate and withholding tax burden will be 44.45%. If the company's shareholders are tax resident in countries with applicable tax treaties with Chile the withholding tax will be 8%, and so if the company distributes all of its earnings the total corporate and withholding tax burden will be 35%.

Under the attributable system the corporate tax rate will be 25% from 2017 onwards. The company's shareholders must pay withholding based on the profits earned by the company in the period, rather than based on cash distributions, at a rate of 10%. The total tax burden will therefore be 35%.

In order for any of the Group's operating companies to apply the attributable system rather than the default partially-integrated system, that company's shareholders must make a unanimous election to the Chilean Revenue Service by November 2016. The attributable system will then apply to that company for 5 years before it is possible to make a further election to move to the partially-integrated system if the company does not wish to continue with the attributable system at that point.

The Group's deferred tax balances have been recalculated using the new tax rates which are expected to apply in the future periods when the temporary differences are expected to reverse. Given that the partially integrated system is the default system for the Group's operating companies, and is the system which will apply unless the companies' shareholders make a unanimous election to adopt the attributable system, the partially integrated system rates have been used when recalculating the deferred tax balances. This has resulted in an increase in the net deferred tax liabilities during 2014 of $220.6 million, which has been reflected via a deferred tax charge in the income statement. This has resulted in a total effective tax rate for the Group in 2014 of 45.9%. Excluding this deferred tax charge, the effective tax rate for the Group in 2014 would have been 31.9%. The impact on 2014 net earnings of this deferred tax charge is $142.2 million and the impact on 2014 earnings per share is 14.4 cent per share.

The Group's mining operations are also subject to a mining tax (royalty). Production from Los Pelambres, the Tesoro Central and Mirador pits at Centinela cathodes and Michilla are subject to a rate of 4% of taxable operating profit and Centinela concentrates of 5%, and production from 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 addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile and deferred tax is provided on undistributed earnings to the extent that remittance is probable in the foreseeable future. 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.

	Year ended		Year ended	
	31.12.2014		31.12.2013	
	$m	**%**	$m	%
Profit before tax	**1,573.5**		2,083.5	
Corporate (first category tax)	**(330.4)**	**21.0**	(416.7)	20.0
Tax effect of share of results of associates and joint ventures	**(0.9)**	**0.1**	(2.9)	0.1
Adjustment to deferred tax attributable to changes in tax rates	**(220.6)**	**14.0**	-	-
Items not subject to or deductible from first category tax	**(34.6)**	**2.2**	(35.4)	1.7
Royalty	**(79.1)**	**5.0**	(99.2)	4.8
Withholding tax	**(56.8)**	**3.6**	(289.1)	13.9
Net other items	**(0.4)**	**-**	(0.4)	-
Tax expense and effective tax rate for the year	**(722.8)**	**45.9**	(843.7)	40.5

The tax charge for 2014 was $722.8 million and the effective tax rate was 45.9%. This rate varied from the standard rate (comprising first category tax) principally due to the deferred tax charge of $220.6 million reflecting the increase in tax rates as a result of the Chilean tax reform, the effect of items not deductible from first category tax (mainly corporate items which principally comprise exploration and evaluation costs), a withholding tax charge of $56.8 million and the effect of the mining tax which resulted in a charge of $79.1 million.

8. Earnings per share

Basic and diluted earnings per share is calculated on profit after tax and non-controlling interests giving net earnings of $459.8 million (2013 - $659.6 million) and amounted to 46.6 cents and based on 985,856,695 ordinary shares. There was no potential dilution of ordinary shares in either year.

9. Dividends

The Board has recommended a final dividend of 9.8 cents per ordinary share, which amounts to $96.6 million. The interim dividend of 11.7 cents per share was an ordinary dividend and was paid on October. Together, this gives total dividends proposed in relation to 2014 of 21.5 cents per share which amounts to $212.0 million.

The dividend proposed in relation to 2013 was 95.0 cents, which comprised an interim ordinary dividend of 8.9 cents per share and a final ordinary dividend of 86.1 cents per share

Dividends per share actually paid in the year and recognised as a deduction from net equity under IFRS were 97.8 cents (2013 –98.9 cents) being the interim dividend for the year and the final dividend proposed in respect of the previous year.

If approved at the Annual General Meeting, the final dividend of 9.8 cents will be paid on 22 May 2015 to ordinary shareholders on the register at the close of business on 24 April 2015. Shareholders can elect (on or before 27 April 2015) 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 30 April May 2015).

Dividends are paid gross without deduction of United Kingdom income tax. As at the date of this preliminary announcement, Antofagasta plc is not resident in the United Kingdom for tax purposes. However, Antofagasta plc is expected to become resident in the United Kingdom for tax purposes before the final dividend of 9.8 cents per ordinary shares is paid on 22 May 2015 (if approved at the Company's Annual General Meeting). Accordingly, that dividend and all subsequent dividends will be treated in the same way as dividends received from any other company that is tax resident in the United Kingdom.

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.

10. Intangible assets

	Year ended 31.12.2014	Year ended 31.12.2013
	$m	$m
Balance at the beginning of the year	**133.0**	157.6
Additions	**14.1**	-
Amortisation	**(10.9)**	(11.7)
Foreign currency exchange difference	**(17.6)**	(12.9)
Balance at the end of the year	**118.6**	133.0

The balance relates to a 30 year concession to operate the water rights and facilities in the Antofagasta Region of Chile which the Group's wholly-owned subsidiary, Aguas de Antofagasta S.A., acquired in December 2003 and any other subsequent additions or acquisitions subject to the terms of the concession. This intangible asset is being amortised on a straight-line basis over the life of the concession, or the useful life of any component part if less.

11. Property, plant and equipment

	Mining	Railway and other transport	Water Concession	Year ended 31.12.2014	Year ended 31.12.2013
	$m	$m	$m	$m	$m
Balance at the beginning of the year	7,173.8	214.0	37.0	**7,424.8**	6,513.2
Additions	1,534.8	21.2	25.0	**1,581.0**	1,458.7
Reclassification	(0.8)	-	-	**(0.8)**	(4.8)
Adjustment to capitalised decommissioning provisions	(48.1)	-	-	**(48.1)**	31.8
Depreciation	(569.7)	(22.5)	(2.9)	**(595.1)**	(506.0)
Depreciation capitalised	(26.4)	-	-	**(26.4)**	(39.9)
Assets derecognized due to loss of control of subsidiary	(94.4)	-	-	**(94.4)**	-
Asset disposals	(5.2)	(1.1)	-	**(6.3)**	(23.0)
Foreign currency exchange difference	(0.6)	(0.1)	(6.9)	**(7.6)**	(5.2)
Balance at the end of the year	7,963.4	211.5	52.2	**8,227.1**	7,424.8

Depreciation of $26.4 million (31 December 2013 – $39.9 million) has been capitalised within property, plant & equipment or inventory, and accordingly excluded from the depreciation charge recorded in the income statement as shown in note 3(a).

Future capital commitments at 31 December 2014 were $253.2 million (31 December 2013 - $842.8 million) of which $65.6 million were related to the development of Antucoya project.

12. Investment property

	Year ended 31.12.14	Year ended 31.12.13
	$m	$m
Balance at the beginning of the year	**3.3**	3.5
Foreign currency exchange difference	**(0.7)**	(0.2)
Balance at the end of the year	**2.6**	3.3

Investment property represents the Group's forestry properties, which are held for long-term potential and accordingly classified as investment property held at cost.

13. Investment in associates and joint ventures

	Inversiones Hornitos	ATI	El Arrayan	Alto Maipo	Twin Metals	Energía Andina	Tethyan Copper	**Year ended 31.12.14**	Year ended 31.12.13
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at the beginning of the year	91.9	6.7	24.4	51.9	-	1.1	(0.8)	**175.2**	106.5
Capital contribution	-	-	2.6	-	2.8	7.7	8.5	**21.6**	81.2
Gains/(losses) in fair value of cash flow hedges deferred in reserves of associates	-	2.0	(1.7)	(42.3)	-	-	-	**(42.0)**	1.9
Fair value of investment in associate upon reclassification from subsidiary	-	-	-	-	67.4	-	-	**67.4**	-
Share of profit/(loss) before tax	10.7	0.7	(0.6)	(3.5)	(2.8)	2.4	(8.1)	**(1.2)**	(11.5)
Share of tax	(4.3)	(0.6)	(0.2)	2.2	-	-	-	**(2.9)**	(2.9)
Share of income/(loss) from associate	6.4	0.1	(0.8)	(1.3)	(2.8)	2.4	(8.1)	**(4.1)**	(14.4)
Dividends received	(20.0)	-	-	-	-	-	-	**(20.0)**	-
Balance at the end of the year	78.3	8.8	24.5	8.3	67.4	11.2	(0.4)	**198.1**	175.2

The investments which are included in the $198.1 million balances at 31 December 2014 are set out below:

Investment in associates

(i) The Group's 40% interest in Inversiones Hornitos S.A., which owns the 165MW Hornitos thermoelectric power plant operating in Mejillones, in Chile's Antofagasta Region.

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

(iii) The Group´s 30% interest in El Arrayan, which operates an 115MW wind-farm project, which entered into operation in June 2014. During the year, the Group contributed $2.6 million (2013 – nil).

(iv) The Group's interest in Alto Maipo SPA ("Alto Maipo"), which will develop, construct, own and operate two run-of-river hydroelectric power stations located in the upper section of the Maipo River, approximately 50 kilometres to the southeast of Santiago, with a total installed capacity of 531MW. In July 2013, the Group exercised an option to acquire a 40% interest in Alto Maipo for a consideration of $50.2 million, and is responsible for its share of development costs. During 2013 the Group made capital contributions of $2.4 million, with no further contributions made during 2014, resulting in a cumulative equity investment as at 31 December 2013 of $52.6 million. Alto Maipo has used derivatives financial instrument to reduce its exposure to interest rate movements in relation to the project financing and foreign exposure. A fair value loss of US$42.3 million (2013 – US$0.4 million loss) was recognised in relation to the mark-to-market of these derivative financial instruments, with this amount deferred in reserves at it forms part of a designated cash flow hedging relationship. During the year the Group provided $105.4 million of funding (2013 – $47.0 million) to Alto Maipo. The balance due from Alto Maipo to the Group at 31 December 2014 was $152.4 million (2013 - $47.0 million) representing loan financing with an interest rate of LIBOR six-months plus 4.25%.

(v) The Group's 40% interest in Twin Metals Minnesota LLC ("Twin Metals"), which is seeking to develop a copper-nickel-PGM deposit in north-eastern Minnesota. The remaining 60% interest in Twin Metals is held by Duluth Metals Limited ("Duluth") as at 31 December 2014. Under the terms of the participation agreement with Duluth, prior to July 2014 Antofagasta had exercised control over Twin Metals and accordingly consolidated Twin Metals as a 40%-owned subsidiary. In July 2014 the Group terminated its option to acquire an additional 25% stake in Twin Metals, which resulted in the Group losing its ability to control Twin Metals under the terms of the participation agreement, with Duluth taking control over Twin Metals at that point. Accordingly, from July 2014 Twin Metals ceased to be a subsidiary of the Group, and has been accounted for as an associate from that point. The initial carrying value of the investment in associate recognised at July 2014 has been recorded at its fair value of $67.4 million. This effective disposal of the investment in subsidiary, and its replacement with an investment in associate, resulted in a gain of $28.6 million, reflecting the difference between the $67.4 million initial fair value of the investment in associate recognised at July 2014 and $38.8 million reflecting the Group's 40% share of the book value of Twin Metals' net assets derecognised at that point. As shown in Note 3, this gain has been recorded within "Gains on disposals" within the "Corporate and other items" segment. This gain on disposal is largely offset by the related $26.3 million impairment charge in respect of the available for sale investment relating to Duluth Metals Limited, included within Other finance items as set out in Note 6. Between July 2014 and the year-end the Group provided $2.8 million of funding to Twin Metals.

As set out in Note 24 in November 2014 Antofagasta entered into a binding letter of agreement to acquire 100% of Duluth. The acquisition completed subsequent to the year-end following approval from Duluth's shareholders in January 2015. Accordingly, subsequent to the year-end the Group has a 100% interest in Duluth and as a result of this a 100% interest in Twin Metals. Accordingly, the Group will consolidate Twin Metals as a 100% owned subsidiary from 2015.

Investment in joint ventures

(vi) The Group's 50.1% (2013 – 60%) interest in Energia Andina, which is a joint venture with Origin Geothermal Chile Limitada for the evaluation and development of potential sources of geothermal and solar energy.

(vii) 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 set out in Note 23 below.

14. Available for sale investments

	Year ended 31.12.2014	Year ended 31.12.2013
	$m	$m
Balance at the beginning of the year	**16.6**	44.5
Additions	**5.9**	2.1
Movement in fair value	**(6.1)**	(28.2)
Foreign currency exchange differences	**(0.8)**	(1.8)
Balance at the end of the year	**15.6**	16.6

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

15. Inventories

	Year ended 31.12.14	Year ended 31.12.13
	$m	$m
Current:		
Raw materials and consumables	**164.7**	201.3
Work in progress	**136.7**	140.3
Finished goods	**67.9**	60.5
	369.3	402.1
Non-current:		
Work in progress	**247.8**	252.7
	617.1	654.8

Non–current work-in-progress is expected to be processed more than 12 months after the balance sheet date.

16. Borrowings

	Notes	At 31.12.14	At 31.12.13
		$m	$m
Los Pelambres			
Corporate loans	(i)	**(87.2)**	(222.7)
Short-term loan	(ii)	**(206.0)**	-
Finance leases	(iii)	**(12.5)**	(17.9)
Centinela			
Project financing (senior debt)	(iv)	**(884.1)**	(593.2)
Shareholder loan (subordinated debt)	(v)	**(167.0)**	(190.7)
Corporate loans	(vi)	**-**	(131.5)
Finance leases	(vii)	**(0.1)**	(0.9)
Antucoya			
Project financing (senior debt)	(viii)	**(572.7)**	-
Shareholder loan (subordinated debt)	(ix)	**(241.7)**	(171.6)
Finance leases	(x)	**(1.1)**	(1.8)
Corporate and other items			
Finance leases	(xi)	**(29.7)**	(35.6)
Railway and other transport services			
Long-term loans	(xii)	**(148.6)**	-
Finance leases	(xiii)	**(3.2)**	-
Loans from customers		**-**	(0.2)
Water concession			
Long-term loan	(xiv)	**(14.6)**	-
Andino			
Bonds	(xv)	**(3.0)**	(3.0)
Short-term loans	(xvi)	**(1.5)**	(1.5)
Preference shares	(xvii)	**(3.1)**	(3.3)
Total		**(2,376.1)**	(1,373.9)

(i) Corporate loans at Los Pelambres are unsecured and US dollar denominated. These loans have a remaining term three years and have an interest rate of LIBOR six-month plus margins between 0.9% – 1.6%.

(ii) Short-term loan are US dollar denominated, comprises a working capital loan for an average period of one year and have an interest of LIBOR six-months rate plus margins between 0.05% - 0.16%.

(iii) Finance leases at Los Pelambres are US dollar denominated, comprising $12.5 million at fixed rate of 5.48% with remaining duration of three years.

(iv) Senior debt at Centinela is US dollar denominated, comprises $884.1 million in respect of syndicated loans. These loans are for a remaining term of five years and have an interest rate of LIBOR six-month rate plus 1%.

The Group has used interest rate swaps to swap the floating rate interest for fixed rate interest. At 31 December 2014 the current notional amount hedged of the senior debt at Centinela was $140 million.

(v) This balance includes long-term subordinated debt are US dollar denominated, provided to Centinela by Marubeni Corporation with a duration of seven years and weighted average interest rate of LIBOR six-months plus 3.75%. Long term subordinated debt provided by Group companies to Centinela has been eliminated on consolidation

(vi) Centinela prepaid a loan agreement by $131.5 million during 2014.

(vii) Finance leases at Centinela are US dollar denominated, with a maximun remaining duration of one year and with an average interest fixed rate at approximately 1.3%.

(viii) Senior debt at Antucoya is US dollar denominated, comprises $572.7 million in respect of syndicated loans. These loans are for a remaining term of twelve years and have an interest rate of LIBOR 180 days plus 3%.

(ix) This balance includes long-term subordinated debt is US dollar denominated, provided to Antucoya by Marubeni with duration of twelve years and an interest rate of LIBOR six-months plus 3.75%. Long-term subordinated debt provided by Group companies to Antucoya has been eliminated on consolidation.

(x) Finance leases at Antucoya are US dollar denominated, with a maximum remaining duration of one year and with an average interest fixed rate at approximately LIBOR three-months plus 2.89%.

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

(xii) Long-term loans at Railway and other transport services are US dollar denominated, mainly comprise a loan for $148.6 million with a duration of five years and with an interest rate of LIBOR six-months plus 0.48%.The Group has used interest rate swaps to swap the floating rate interest for fixed rate interest. At 31 December 2014 the current notional amount hedged of the long-term debt at Railway and other transport services was $150.0 million.

(xiii) Finance leases at Railway and other transport services are Chilean Pesos denominated, with a maximum remaining duration of three years and with a fixed interest rate 4.8%

(xiv) The long-term loan at ADASA is denominated in Unidades de Fomento (i.e. inflation-linked chilean pesos) with a remaining duration of five years and afixed interest rate of 1.9%.

(xv) Andino includes a balance of US$3.0 million related with bonds issued in the Bolivian stock market to refinance short-term loans with a fixed interest rate of 5.5% and duration of one year.

(xvi) Short-term loans at Andino are US dollar denominated, comprises $1.5 million from local banks with an average duration of six months and with a fixed interest rate of 5%.

(xvii) The preference shares are sterling-denominated and issued by the Company. There were 2 million shares of £1 each authorised, issued and fully paid at 31 December 2014. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders, but are not entitled to participate further in any surplus. Each preference share carries 100 votes in any general meeting of the Company.

Maturity of borrowings

	At 31.12.14	At 31.12.13
	$m	$m
Short-term borrowings	**(284.5)**	(341.0)
Medium and long-term borrowings	**(2,091.6)**	(1,032.9)
Total (see Note 16)	**(2,376.1)**	(1,373.9)

At 31 December 2014 $67.5 million (2013 - $60.1 million) of the borrowings has fixed rate interest and $2,308.6 million (2013 - $1,313.8 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 $290 million of floating rate borrowings into fixed rate borrowings. Details of any derivative instruments held by the Group are given in Note 5.

17. Post-employment benefit obligation

	Year ended 31.12.14	Year ended 31.12.13
	$m	$m
Balance at the beginning of the year	**(91.2)**	(81.5)
Current service cost	**(17.2)**	(16.0)
Actuarial losses	**(18.0)**	(6.9)
Interest cost	**(3.5)**	(3.9)
Charge/(credit) capitalised	**0.1**	(0.8)
Reclassification	**1.1**	-
Paid in the year	**13.7**	9.9
Foreign currency exchange difference	**12.0**	8.0
Balance at the end of the year	**(103.0)**	(91.2)

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

18. Decommissioning & restoration and other long term provisions

	Year ended 31.12.14	Year ended 31.12.13
	$m	$m
Balance at the beginning of the year	**(494.3)**	(384.6)
Credit/(charge) to operating profit in the year	**7.4**	(71.0)
Release of discount to net interest in the year	**(5.6)**	(10.3)
Actuarial gain/ (loss)	**0.6**	(3.5)
Capitalised adjustment to provision	**48.1**	(31.8)
Reclassification	**0.9**	-
Utilised in the year	**6.2**	5.5
Foreign currency exchange difference	**2.4**	1.4
Balance at the end of the year	**(434.3)**	(494.3)
Analysed as follows:		
Decommissioning and restoration	**(432.6)**	(492.5)
Termination of water concession	**(1.7)**	(1.8)
Balance at the end of the year	**(434.3)**	(494.3)

Decommissioning and restoration costs relate to the Group's mining operations. Costs are estimated on the basis of a formal closure plan and are subject to regular independent formal review. It is estimated that the provision will be utilised from 2024 until 2059 based on current mine plans.

During the year ended 31 December 2014, the decommissioning and restoration provisions at the Group's mining operations decreased by a net total of $60.0 million, mainly relating to decreases in estimated decommissioning costs which were reflected through adjustments to the corresponding asset balances. The net decrease mainly relates to Los Pelambres, reflecting updated forecasts of the exact nature of required closure activities and their costs.

$69.5 million of the provision relates to Michilla, and this element of the provision is expected to be utilised following the termination of operations at Michilla at the end of 2015.

The provision for the termination of the water concession relates to the provision for items of plant, property and equipment and working capital items under Aguas de Antofagasta's ownership to be transferred to the previous state-owned operator ECONSSA at the end of the concession period, and is based on the net present value of the estimated value of those assets and liabilities in existence at the end of the concession.

19. Deferred tax assets and liabilities

	Year ended 31.12.14	Year ended 31.12.13
	$m	$m
Net position at the beginning of the year	**(889.0)**	(731.3)
Credit/(charge) to tax on profit in year	**6.4**	(162.2)
Deferred tax recognised directly in equity	**4.2**	2.4
Reclassification	**0.3**	-
Foreign currency exchange difference	**2.9**	2.1
Net position at the end of the year	**(875.2)**	(889.0)
Analysed between:		
Deferred tax assets	**104.6**	76.9
Deferred tax liabilities	**(979.8)**	(965.9)
Net position	**(875.2)**	(889.0)

20. Share capital and share premium

There was no change in share capital or share premium in the year ended 2014 or 2013.

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

	Year ended 31.12.2014	Year ended 31.12.2013
	$m	$m
Profit before tax	**1,573.5**	2,083.5
Depreciation and amortisation	**606.0**	517.7
Net (profit)/loss on disposals	**(24.1)**	12.4
Net finance expense	**62.1**	74.2
Share of results from associates and joint ventures	**4.1**	14.4
Decrease in inventories	**32.1**	1.8
Decrease/ (Increase) in debtors	**124.8**	(148.2)
Increase in creditors and provisions	**129.3**	103.4
Cash flows from operations	**2,507.8**	2,659.2

22. Analysis of changes in net (debt)/cash

	At 1.1.14	Cash flows	Other	Exchange	**At 31.12.14**
	$m	$m	$m	$m	**$m**
Cash and cash equivalents	613.7	259.2	-	(27.5)	**845.4**
Liquid investments	2,071.4	(542.3)	-	-	**1,529.1**
Total cash and cash equivalents and liquid investments	2,685.1	(283.1)	-	(27.5)	**2,374.5**
Bank borrowings due within one year	(329.4)	29.7	23.7	-	**(276.0)**
Bank borrowings due after one year	(985.0)	(1,042.2)	(23.3)	-	**(2,050.5)**
Finance leases due within one year	(11.6)	12.2	(9.1)	-	**(8.5)**
Finance leases due after one year	(44.6)	-	6.6	-	**(38.0)**
Preference shares	(3.3)	-	-	0.2	**(3.1)**
Total borrowings	(1,373.9)	(1,000.3)	(2.1)	0.2	**(2,376.1)**
Net (debt)/cash	1,311.2	(1,283.4)	(2.1)	(27.3)	**(1.6)**

Net (debt)/ cash

Net (debt)/cash at the end of each year was as follows:

	At 31.12.14	At 31.12.13
	$m	$m
Cash, cash equivalents and liquid investments	**2,374.5**	2,685.1
Total borrowings	**(2,376.1)**	(1,373.9)
	(1.6)	1,311.2

Attributable net cash

Attributable net cash, excluding the non-controlling interest share in each partly-owned operation, at the end of each year was as follows:

	At 31.12.14	At 31.12.13
	$m	$m
Cash, cash equivalents and liquid investments	**2,007.0**	2,420.8
Total borrowings	**(1,691.6)**	(948.5)
	315.4	1,472.3

23. Litigation and Contingent liabilities

Antofagasta plc or its subsidiaries is subject to various claims which arise in the ordinary course of business. No provision has been made in the financial statements and none of these claims are currently expected to result in any material loss to the Group. Details of the principal claims in existence either during, or at the end of, the period and the current status of these claims are set out below:

Los Pelambres – Mauro tailings dam

As previously announced, during 2008 Los Pelambres entered into binding settlements in respect of litigation relating to the Mauro tailings dam. Since then, there have been a series of civil claims filed by some members of the Caimanes community (which is located near the Mauro valley) seeking to stop the operation of the dam. Many of these claims have been rejected by the relevant courts.

Two of these claims are currently ongoing and Los Pelambres is continuing to take necessary steps to protect its position.

In the first claim, the plaintiffs have argued that the tailings dam affects their alleged water rights and the environment. This allegation is based on assertions that the dam interferes with the flow and quality of the water in the Pupío stream, a stream that passes through the Caimanes community. This claim was rejected by the Civil Court in Los Vilos in a judgment issued in November 2012, which was then affirmed by the Court of Appeals of La Serena in August 2013. In October 2014, the Supreme Court, by split decision, upheld the appeal and ordered Los Pelambres to submit back to the Civil Court in Los Vilos, within one month, an implementation plan for works that would ensure that the operation of the dam does not affect the normal flow and quality of the waters of the Pupío stream. Los Pelambres believes that the requirements of this order have already been met as Los Pelambres has undertaken significant works to ensure that the flow of the Pupío stream is not altered and that the operation of the tailings dam does not affect the quantity or quality of these waters – something that has been confirmed by accredited independent assessors and other public services in Chile and confirmed by the Supreme Court in a parallel decision. Nevertheless, on 21 November 2014, Los Pelambres submitted this plan to the Civil Court in Los Vilos. On 9

March 2015 that Court found that the plan submitted by Los Pelambres was not sufficient to address the requirements of the Supreme Court order, and as a consequence Los Pelambres must destroy part, or all, of the tailings dam wall. Los Pelambres considers the ruling to be flawed, has appealed the Court's decision and is considering the exercise of all available legal measures that may be required to overturn this decision and address its potential consequences.

In the second claim, the plaintiffs are seeking demolition of the dam on the basis of the risk that its collapse would pose to the community. The Civil Court in Los Vilos issued a decision in May 2014 denying the demolition request but ordering Minera Los Pelambres to undertake some additional measures to ensure protection of the community, in the event of a major earthquake or similar natural event. These measures need to be reviewed and agreed with the technically competent bodies responsible for supervision of the dam. The decision of thatCourt has been appealed by both the plantiffs and Los Pelambres and these appeals will be heard before the Court of Appeal of La Serena. The Court of Appeal of La Serena is expected to hear this matter in the second quarter of 2015. Any decision of the Court of Appeal may also be subject to an appeal to the Supreme Court of Chile.

Los Pelambres – Botadero Cerro Amarillo

Xstrata Pachon S.A. has filed a claim against Los Pelambres before the Federal Court of San Juan, Argentina, alleging that Los Pelambres has unlawfully deposited waste-rock ('Botadero Cerro Amarillo') on its property on the Argentinian side of the Chile/Argentina border.

Los Pelambres is located on the Chilean side of a section of the border between Chile and Argentina in the Coquimbo region of Chile and Xstrata Pachon is located on the Argentinian side of the border in the same area.

Los Pelambres received all of the required authorisations from the Chilean government at the time before depositing the waste-rock in its current location for the first time, which according to the official Chilean cartography at that time was located within Chile. Subsequently, Chile modified the official cartography in this area without making public this change.

Los Pelambres stopped using (and depositing rock) in the relevant area of the Botadero Cerro Amarillo in 2011. After this time, a Bi-national Border subcommission undertook a demarcation mission in the area, placing markers in the area to demarcate the border-line. Following the completion of this exercise, it was established that part of the Botadero Cerro Amarillo is located in Argentina.

Los Pelambres has informed the Chilean Government of the claim filed by Xstrata Pachon, noting that the use and operation of the Botadero Cerro Amarillo was at all times properly authorized by the Chilean authorities.

Los Pelambres has presented objections to the jurisdiction of the Argentinean courts to hear the Xstrata Pachon's claim and any decision of this Court on this preliminary issue may be appealed by each party. It is not expected that a determinative outcome will be reached on these facts for several years.

Tethyan Copper Company Pty Limited

The Group holds a 50% interest in Tethyan Copper Company Pty Limited ("Tethyan"), its joint venture with Barrick Gold Corporation ("Barrick"). In February 2011, Tethyan submitted an application for a mining lease to the Government of Balochistan which was subsequently rejected in November 2011. Tethyan is pursuing two international arbitrations in order to protect its legal rights: one against the Government of Pakistan under the auspices of the International Centre for Settlement of Investment Disputes ("ICSID"), and another against the Government of Balochistan under the auspices of the International Chamber of Commerce ("ICC"). Tethyan is seeking monetary damages only and is no longer seeking the grant of a mining lease at Reko Diq. During 2014, Tethyan presented arguments on preliminary issues before the ICC tribunal (including as to the jurisdiction of the ICC tribunal) and on jurisdiction and merits before the ICSID tribunal. Both arbitrations are continuing: Tethyan prevailed on the preliminary issues before the ICC Tribunal, which will now proceed to consider the merits of the parties' respective claims, while a decision from the ICSID Tribunal on jurisdiction and liability is anticipated in 2015.

24. Post balance sheet events

Duluth Metals Limited & Twin Metals Minnesota Limited

In January 2015 the Group completed its acquisition of 100% of Duluth Metals Limited ("Duluth"). Duluth holds a 60% stake in Twin Metals Minnesota Limited ("Twin Metals"), the company in which the Group held a 40% stake as at December 2014. Twin Metals is seeking to develop a copper-nickel-PGM deposit in north-eastern Minnesota. In November 2014 Antofagasta entered into a binding letter of agreement to acquire 100% of Duluth. The acquisition completed subsequent to the year-end following approval from Duluth's shareholders in January 2015. Accordingly, subsequent to the year-end the Group has a 100% interest in Duluth and as a result of this a 100% interest in Twin Metals.

As at 31 December 2014 the Group held 17.2% of Duluth's share capital, with a fair value of US$9 million. The fair value of the consideration transferred to acquire the remaining share capital of Duluth in January 2015 was US$48 million, reflecting the agreed acquisition price of C$0.45 per share. As part of the acquisition agreement the Group agreed to redeem convertible debentures previously issued by Duluth, at a cost of US$34 million. Accordingly, the total cash consideration related to the acquisition was US$82 million. Including the US$9 million value of the 17.2% of Duluth's share capital already held by the Group at 31 December 2014, the total fair value of 100% of Duluth (taking account of the redemption of the convertible debentures) was $91 million.

The principal asset of Duluth was its 60% interest in Twin Metals. The provisional estimate of the net fair value of the other identifiable assets and liabilities of Duluth at the acquisition date is a net liability of US$10 million. The difference between the total consideration and the net assets acquired (other than the interest in Twin Metals) is therefore provisionally estimated to be US$101 million, which represents the fair value of Duluth's 60% stake in Twin Metals. From January 2015 Twin Metals will be consolidated as a 100% subsidiary of the Group, with its principal asset being its mining properties, reflected within property, plant & equipment. Accordingly, the provisionally estimated US$101 million value which reflects the fair value of Duluth's 60% interest in the Twin Metals project will be reflected within the Twin Metals mining properties held within property, plant & equipment.

25. Related party transactions

a) Joint ventures

The Group has a 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interests in Pakistan. During 2014 the Group contributed $8.5 million (2013 - $7.0 million) to Tethyan.

The Group has a 50.1% interest in Energía Andina, which is a joint venture with Origin Energy Geothermal Chile Limitada for the evaluation and development of potential sources of geothermal and solar energy. The balance due from Energía Andina S.A. to the Group at 31 December 2014 was less than $0.1 million (2013 – less than $0.1 million). During the year ended 31 December 2014 the Group contributed $7.7 million to Energia Andina (2013 - $21.6 million).

b) Associates

The Group has a 40% interest in Inversiones Hornitos S.A. The Group paid $175.3 million (2013 – $167.8 million) to Inversiones Hornitos in relation to the energy supply contract at Centinela. During 2014, the Group has received dividends from Inversiones Hornitos S.A. for $20 million (2013 – nil).

The Group has a 30% interest in Parque Eólico El Arrayán S.A. ("El Arrayán"). The Group paid $12.0 million (2013 – nil) to El Arrayan in relation to the energy supply at Los Pelambres. During 2014 the Group has contributed $2.6 million to El Arrayán (year ended December 2013 – nil).

The Group has a 40% interest in Alto Maipo SpA ("Alto Maipo"). During 2014 the Group has not made capital contributions to Alto Maipo (2013 – $52.6 million). The balance due from Alto Maipo to the Group at 31 December 2014 was $152.4 million (2013 –$47.0 million) representing loan financing with an interest rate of LIBOR six-months plus 4.25%.

As explained in Note 13, the Group holds a 40% interest in Twin Metals Minnesota LLC ("Twin Metals"), which from July 2014 has been accounted for as an associate. The Group has contributed $2.8 million to Twin Metals since July 2014 while it has been accounted for as an associate. Throughout 2013 and up to July 2014 Twin Metals was controlled by the Group and accounted for as a subsidiary, and therefore all contributions from the Group to Twin Metals during this period were between consolidated Group subsidiaries.

c) Other related parties

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

The Group holds a 51% interest in Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, a company controlled by the Luksic family, which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. The Group is responsible for any exploration costs relating to the properties held by these entities. During the year ended 31 December 2014 Group incurred $17.0 million (2013 – $22.1 million) of exploration work at these properties.

In March 2014 the Group acquired an additional 25.7% interest in Michilla for $30.9 million, increasing the Group's interest from 74.2% to 99.9%. This included the acquisition of the 7.973% stake held by Minera Cerro Centinela S.A., an entity ultimately controlled by the Luksic family, for $9.6 million. Prior to this transaction, Michilla paid dividends of $1.6 million to Minera Cerro Centinela S.A. (2013 – nil).

26. Currency translation

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

	2014
Year ended rate	US$1.6426=£1; US$1 = Ch$607
Average rates	US$1.6072=£1; US$1 = Ch$570

27. Distribution

The Annual Report and Financial Statements for the year ended 31 December 2014, together with the Notice of the 2015 Annual General Meeting, will be posted to all shareholders in April 2015. The Annual General Meeting will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ from 10.30 a.m. on Wednesday 20 May 2015.

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

See notes following Note 28(b).

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

	Production		Sales	
	Year ended 31.12.2014	Year ended 31.12.2013	**Year ended 31.12.2014**	Year ended 31.12.2013
	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes
Copper				
Los Pelambres	**391.3**	405.3	**386.0**	414.0
Centinela concentratess	**172.8**	174.9	**178.8**	168.2
Centinela cathodes	**93.8**	102.6	**92.1**	101.6
Michilla	**47.0**	38.3	**46.1**	38.4
Group total	**704.8**	721.2	**703.0**	722.2
Gold	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**66.5**	56.7	**63.8**	56.7
Centinela	**204.4**	237.1	**203.6**	226.0
Group total	**270.9**	293.8	**267.4**	282.7
Molybdenum	**000 tonnes**	000 tonnes	**000 tonnes**	000 tonnes
Los Pelambres	**7.9**	9.0	**8.2**	8.8
Silver	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**3,002.6**	2,272.9	**2,793.8**	2,272.9
Centinela	**1,354.9**	1,371.5	**1,320.9**	1,238.2
Group total	**4,357.5**	3,644.4	**4,114.7**	3,511.1

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

	Cash costs		Realised prices	
	Year ended 31.12.2014	Year ended 31.12.2013	**Year ended 31.12.2014**	Year ended 31.12.2013
	$/lb	$/lb	**$/lb**	$/lb
Copper				
Los Pelambres	**1.18**	1.16	**2.95**	3.25
Centinela concentrates	**1.54**	1.43	**2.97**	3.22
Centinela cathodes	**1.79**	1.36	**3.11**	3.34
Michilla	**2.38**	3.22	**3.30**	3.64
Group weighted average (net of by-products)	**1.43**	1.36	**3.00**	3.28
Group weighted average (before deducting by-products)	**1.83**	1.79		
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.65**	1.65		
Cash costs at Los Pelambres comprise:				
On-site and shipping costs	**1.35**	1.35		
Tolling charges for concentrates	**0.21**	0.17		
Cash costs before deducting by-product credits	**1.56**	1.52		
By-product credits (principally molybdenum)	**(0.38)**	(0.36)		
Cash costs (net of by-product credits)	**1.18**	1.16		
Cash costs at Centinela concentrates comprise:				
On-site and shipping costs	**2.05**	2.16		
Tolling charges for concentrates	**0.24**	0.20		
Cash costs before deducting by-product credits	**2.29**	2.36		
By-product credits (principally gold)	**(0.75)**	(0.93)		
Cash costs (net of by-product credits)	**1.54**	1.43		
LME average			**3.11**	3.32
				$
Gold				
Los Pelambres			**1,265**	1,362
Centinela			**1,261**	1,357
Group weighted average			**1,262**	1,357
Market average price			**1,266**	1,410
			US$	US$
Molybdenum				
Los Pelambres			**11.0**	10.0
Market average price			**11.4**	10.3
Silver				
Los Pelambres			**19.1**	22.8
Centinela			**18.4**	22.4
Group weighted average			**18.7**	22.7
Market average price			**19.1**	23.8

Notes to the production and sales statistics

(i) The production and sales figures represent the actual amounts produced and sold, not the Group's share of each mine. The Group owns 60% of Los Pelambres, 70% of Centinela and 99.9% of Michilla (74.2% prior to March 2014).

(ii) Los Pelambres produces copper and molybdenum concentrates and Centinela produces copper concentrate and 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. Michilla 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 in Note 28(a) and the cash cost information in Note 28(b) is derived from the Group's production report for the Q4 of 2014, published on January 28, 2015.