ANTOFAGASTA PLC

NEWS RELEASE, 15 MARCH, 2016

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 2015

RESPONDING TO A CHALLENGING YEAR

Antofagasta plc CEO Diego Hernández said:

"Each of our mines continued to generate cash flow at the operating level despite the exceptionally challenging operating environment. The year was one of change and the Group has emerged stronger, more focussed on its core business and operating at significantly lower costs.

"During the year we started production at the Antucoya mine, sold the water division and purchased 50% of the Zaldívar copper mine while closing our oldest operation, Michilla. Now, in 2016 we expect our net cash costs to return to levels we have not seen since 2012. Combined with our healthy balance sheet we will be in a better position to weather the current market conditions.

"We know that copper is a cyclical industry and as a result of the actions that we have taken over the past year we will be positioned to benefit from the recovery when it comes. In the meantime, our focus is on optimising our operations and projects under construction to cut costs and free-up cash flow whilst retaining the flexibility to accelerate investment for future growth if circumstances are appropriate."

HIGHLIGHTS

Financial performance

- **Revenue 34.0% lower at $3,394.6 million**, with realised copper prices falling almost 24% during the period and sales volumes down by 9.5%, following a challenging year for the Group.
- **Operating cost savings of $245 million,** higher than targeted reducing unit cash costs by 11c/lb and mining division operating costs by 8%.
- **EBITDA from continuing operations fell 58.4% to $890.7 million,** as revenues declined
- **Net earnings from continuing operations fell to $5.5 million,** from $422.4 million following lower prices and, lower taxes and minority interests. Including the profit from the water division net earnings were $608.2 million.
- **Consistent with the Group's dividend policy, 35% minimum payout achieved.** Given the 3.1 cents per share interim dividend and the minimum payout of full year earnings policy, the Board is not recommending a final dividend.
- **Cash flow from operations decreased by 65.8% to $858.3 million**, compared with $2,507.8 million in 2014.
- **Capital expenditure for the year was $1,048.5 million,** $591.8 million lower than in 2014 and some $250 million less than originally planned driven by savings identified to protect cash flow.
- **Attributable net debt at the end of 2015 was $525.4 million** from a net cash position of $315.4 million at the end of the previous year, following the acquisition of a 50% interest in the Zaldívar mine.

Operational performance

- **Safety,** tragically during the year a fatality occurred as result of a rockfall at Michilla, despite improved performance across all operations.
- **Copper production of 630,300 tonnes,** 10.6% lower than in 2014, primarily due to lower production at Los Pelambres and Centinela.
- **Group cash costs before by-product credits of $1.81/lb**, 1.1% lower than last year as the benefit of the weaker Chilean peso, cost savings and lower input prices were substantially offset by the impact on unit costs of lower production.

- **Group net cash costs slightly higher than expected at $1.50/lb**, 4.9% higher than the same period last year as lower realised by-product prices and lower gold production outweighed the lower cash costs before by-product credits

Outlook for 2016

- **Synergies being captured at Zaldívar** as it is integrated into the Group's corporate functions together with costs savings during the year expected to reach $15-20 million on an annualised basis.
- **Further $160 million of savings targeted in 2016,** equivalent to 8% of 2015's net cash costs.
- **Sustaining and development capital expenditure is expected to decrease by $260 million in 2016,** as no new projects started and capital costs reduced or deferred. However, capitalised stripping increasing by $200 million at Centinela.
- **Antucoya to reach design capacity by mid-2016** of 85,000 tonnes of copper cathode per annum
- **Balanced capital structure.** Following the acquisition of Zaldívar some 50% of the purchase price will be financed with a corporate loan to preserve the Group's financing flexibility.

YEAR ENDING 31 DECEMBER		2015	2014	Change
Group revenue	$m	**3,394.6**	5,145.6 (1)	(34.0)%
EBITDA(2)	$m	**890.7**	2,141.4(1)	(58.4)%
Earnings per share	cents	**0.6**	42.8(1)	(98.6)%
Earnings per share including discontinued operations	cents	**61.7**	3.8	1,524%
Dividend per share	cents	**3.1**	21.5	(85.6)%
Cash flow from operations	$m	**858.3**	2,507.8	(65.8)%
Attributable net debt/(cash) at period end(3)	$m	**525.4**	(315.4)	--
Average realised copper price	$/lb	**2.28**	3.00	(24.0)%
Copper sales	kt	**635.9**	703.0	(9.5)%
Gold sales	koz	**219.2**	267.4	(18.0)%
Molybdenum sales	kt	**9.9**	8.2	20.7%
Cash costs before by-product credits(4)	$/lb	**1.81**	1.83	(1.1%)
Net cash costs(4)	$/lb	**1.50**	1.43	4.9%

(1) Restated to exclude the results from discontinued operations (the water division) for the period
(2) EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation and is defined and reconciled to operating profit in Note 3 to the preliminary results.
(3) Attributable net debt/cash refers to the net of attributable debt to the Group and total of cash, cash equivalents and liquid investment, as analysed in Note 26 to the preliminary results below.
(4) Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced, and are defined and reconciled to operating costs in Note 31 to the preliminary results announcement.

Investors – London
Andrew Lindsay alindsay@antofagasta.co.uk
Paresh Bhanderi pbhanderi@antofagasta.co.uk
Telephone *+44 20 7808 0988*

Media – London
Carole Cable antofagasta@brunswickgroup.com
Will Medvei antofagasta@brunswickgroup.com
Telephone *+44 20 7404 5959*

Investors – Santiago
Alfredo Atucha aatucha@aminerals.cl
Telephone *+56 2 2798 7000*

Media – Santiago
Pablo Orozco porozco@aminerals.cl
Telephone *+56 2 2798 7000*

2015 FINANCIAL HIGHLIGHTS

Group revenues for year was $3,394.6 million, 34% lower than in the same period last year reflecting the 23.9% fall in realised copper prices as well as lower by-product revenues and the 9.5% decrease in sales volumes.

Copper production was down by 74,500 tonnes to 630,300 tonnes, with lower throughput at Los Pelambres as it mined harder ore, and a fall in grade at Centinela. This, together with delays to the start of the commissioning of Antucoya and the expansion of Centinela Concentrates, the closure of the Michilla mine, heavy rains at Centinela and protests at Los Pelambres, had an impact in lowering production compared to 2014.

Despite the fall in production, cash costs before by-product credits for the year fell by 1.1% to $1.81/lb. Cost savings from the Group's Cost and Competitiveness Programme reduced costs by 11c/lb. In addition, the weaker Chilean peso against the US dollar (net of inflation) reduced costs by 7c/lb, and falls in the oil price, together with lower power costs at Los Pelambres and other lower consumables' prices, reduced costs by a further 10c/lb. Net cash costs were further impacted by weak by-product prices and lower gold production, and increased by 4.9% to $1.50/lb compared with 2014. Offsetting the savings was an increase of 24c/lb arising from the lower production during the year.

EBITDA from continuing operations for the current period was $890.7 million, a 58.4% decrease on the comparative period in 2014, primarily reflecting the lower revenues as a result of lower prices, partly offset by lower operating costs before by-products. This has resulted in earnings per share from continuing operations for the period of 0.6 cents per share, a 98.6% decrease compared with 2014.

The sale of the water division for $963 million in June generated a profit of $616 million, which has been recorded as a profit from discontinued operations. Including discontinued operations, net earnings increased by 32.2% to $608.2 million.

The total dividend for the year is 3.1 cents per share, or $30.6 million, which was paid as the interim dividend, and exceeds the Group's 35% minimum payout ratio dividend policy for the year. Therefore, no final dividend has been recommended by the Board.

RESPONDING TO UNCERTAIN TIMES

Over the course of 2015 the Group sought to maintain its competitive position during what was expected to be a period of weak markets, while also preparing contingency plans should prices deteriorate further. Beyond reducing operating costs, the Group took steps to improve its free cash flow through tighter control of inventory and reducing both development and sustaining capital expenditure.

Total capital expenditure in 2015 was approximately $1.05 billion and in 2016 is expected to drop slightly to some $1.0 billion including mine development, which increases by some $200 million. The two development projects underway, Encuentro Oxides and the new molybdenum plant at Centinela, were started in early 2015 and were scheduled to be completed by the end of 2016 and early 2017, respectively. Although stopping these projects would be disproportionately expensive considering their state of advancement, their development is now being slowed with no impact on their net present value and they will now not be completed until the second half of 2017. This will help preserve cash in 2016 and, once these projects are commissioned, any further commitments to new projects will only be considered when the market outlook improves.

FUTURE GROWTH

The next stage of growth will come from the Los Pelambres Incremental Expansion project and building a second concentrator at Centinela, which will add up to 200,000 tonnes of annual copper production. Both of these projects completed their pre-feasibility studies in 2015 and are currently at the feasibility study stage. These studies are being undertaken at minimum cost and can be accelerated if conditions improve, but are currently not planned to be completed before late 2017.

The development of the Los Pelambres Incremental Expansion will be split into two phases. The first will maximise throughput under the mine's existing environmental and water permits. The second will increase throughput to 205,000 tonnes per day. This phasing will simplify the permit application process and spread the costs of the expansion over a longer period.

At Centinela the Environmental Impact Assessment for the second concentrator was submitted in May and is expected to be approved in 2016. The feasibility study is underway and will focus on the first phase of expansion to add some 140,000 tonnes of copper, 150,000 ounces of gold and 3,000 tonnes of molybdenum annually.

SAFETY

Sadly during the year there was a fatality as a result of a rockfall in the underground mine at Michilla. This is a great tragedy, especially as the mine was in its last few months of operation. The Board and senior management extend their sincerest condolences, to Sergio Bruna's family. This accident is not acceptable and the Group is committed and determined to achieve its target of zero fatalities.

In 2014, the Group introduced a new safety management system based on risk prevention that has shown real improvements in safety awareness by employees and contractors. In 2015 there was a significant increase in the reporting of high-potential near misses, which is a fundamental preventative measure and is improving the Group's understanding of the key risk areas.

The executive team visit each of the Group's mining operations periodically as part of a special safety leadership programme, demonstrating the importance of safety and empowering everyone to ensure safety comes first in everything we do.

ZALDIVAR ACQUISITON

In December, the Group completed the acquisition of a 50% interest in the Zaldívar copper mine and took over as the operator. The opportunity to purchase an interest in a mine of this quality rarely occurs and it is a reflection of the state of the market that it was offered for sale. The acquisition was keenly contested as copper remains widely regarded as one of the metals with a robust outlook in the medium and long term. The acquisition was carefully considered and represented a unique opportunity to advance the Group's long term objectives, building on its existing portfolio of operations.

The Group has taken over as the operator of the mine, which is expected to achieve savings of some $15-20 million from synergies with the Group's existing corporate functions and a programme of cost reductions during the year. The attributable production outlook for 2016 is 50-55,000 tonnes of copper, which will rise as mining moves into higher grade areas of the pit. The Group is also investigating increasing leach recoveries at the operation.

COST CONTROL

Total operating costs in the mining division were reduced by some $245 million, or 8%, during the year. The Cost and Competitive Programme achieved some $150 million of mine site savings, or 11c/lb, and approximately another $95 million was saved through reductions in exploration and evaluation, and in corporate costs. The cost reductions were achieved following an intense review of the mining division's cost structures and productivity. This involved overhauling the structure of service contracts, increasing operational efficiencies, extracting further synergies from the Centinela merger and reducing employee numbers. Looking forward to 2016 the Group expects to make further mine site cost reductions of $160 million.

DIVIDENDS

The total dividend for the year is 3.1 cents per share, or $30.6 million, which was paid as the interim dividend, and exceeds the Group's 35% minimum payout ratio dividend policy for the year. Therefore, no final dividend has been recommended by the Board.

OUTLOOK

In 2016 the Group expects to produce 710-740,000 tonnes of copper, 245-275,000 ounces of gold and 8-9,000 tonnes of molybdenum, as Antucoya ramps up to full production and Zaldívar contributes its first full year of production. If the top end of our copper target is achieved the Group will have its highest year of production ever and, in conjunction with the savings and productivity programmes, will see cash costs before by-products fall to 2012 levels of $1.65/lb, and net cash costs to $1.35/lb.

World markets at the beginning of 2016 have been dominated by uncertainty and negative sentiment even though the fundamentals are little changed. This uncertainty has not been favourable for the mining industry and the copper price dropped below $2.00/lb in January. However, if the fundamentals prevail the copper price should stabilise during a period of small supply surpluses before recovering in late 2017, early 2018.

The Group’s internal business functions have been strengthened, costs reduced, balance sheet maintained and, operationally, the Group ended the year with a strong final quarter. So the Group enters 2016 in a better position and will continue to protect margins and manage cash flow so as to weather the downturn, while remaining open to opportunities that the downturn is expected to create.

REVIEW OF OPERATIONS

MINING DIVISION

LOS PELAMBRES

2015 Performance

Operating profit

Operating profit at Los Pelambres was $555.0 million in 2015, compared with $1,337.8 million in 2014, reflecting lower realised prices and lower production levels. Realised copper prices fell to $2.24/lb from $2.95/lb, significantly impacting operating profits, with unit cash costs slightly increasing.

Production

Copper production was 363,200 tonnes in 2015, which was slightly below the forecast for the year, and 7.2% below production in 2014 of 391,300 tonnes. The decrease in production was primarily due to lower throughput in the first quarter as a result of community protests as well as the higher proportion of harder ore being processed during 2015 which also affected recoveries.

Molybdenum production for the year of 10,100 tonnes was the highest since 2012 and a 27.8% increase from 2014 as a new, higher grade area of the pit was mined. Gold production was 22.7% lower in 2015 at 51,400 ounces, compared with 66,500 ounces in 2014.

Costs

Cash costs before by-product credits were $1.51/lb, 3.8% lower than in 2014, primarily due to targeted cost savings being achieved and lower input prices such as energy and diesel. For the full year energy costs were $116/MWh (including transmission and other charges), compared with $149/MWh in 2014. Net cash costs for the full year 2015 were $1.23/lb compared with $1.18/lb in 2014. This increase is mainly due to lower gold production and lower realised molybdenum prices, which almost halved.

Total capital expenditure in 2015 was $203.1 million, which included the completion of the new mine facilities, a relocation of the water pumping system at the Mauro tailings dam and the replacement of a section of the tailings pipeline. Capital expenditure is expected to be approximately $185million in 2016, reflecting slightly reduced sustaining investments compared to 2015.

Legal update – El Mauro tailings dam

The 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 ongoing claims allege the dam interferes with the rights of the Caimanes community: one on the grounds that it affects the flow and quality of the Pupio stream; and the other claiming that the tailings dam wall would not withstand an extreme seismic event. These claims have been through various courts and stages of appeal. Los Pelambres has always complied with all applicable laws, regulations and controls and has successfully defended its right to continue operating the dam.

Claim that the dam affects the flow and quality of the Pupío stream

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 Pupio stream. In November 2014, Los Pelambres submitted this plan to the trial Court of Los Vilos. In March 2015 that Court found that the plan was not sufficient to address the requirements of the Supreme Court order and ordered the partial or total demolition of the tailings dam wall. Los Pelambres appealed that decision, and in December 2015 the Appeal Court of La Serena ordered that a court appointed engineer review the work plan submitted by Los Pelambres and to propose remedies should their opinion be that the work plan is deficient. A decision is expected later this year.

Claim that the dam wall would not withstand extreme seismic events

In May 2015, the Court of Appeals of La Serena reversed a previous ruling by the trial Court of Los Vilos concluding that the design, construction and operation of the Mauro tailings dam had been properly undertaken according to best practices and that there was no evidence or indication that the dam constituted a threat to the Caimanes community. The decision of the Court of Appeal was then appealed by the plaintiffs to the Supreme Court. The Supreme Court is expected to hear oral argument and issue a final decision during the first half of 2016.

Engagement with the Caimanes community

In April 2015 Los Pelambres initiated conversations with representatives of the Caimanes community and in September these were expanded to a formal consultation process with the whole community. The focus of the consultation was to discuss the community's concerns regarding the Mauro dam, including the flow of a local stream and other topics of common interest, with the process being monitored by the Chilean branch of Transparency International. The community and the company discussed the implementation of initiatives to improve the community's access to water, address the concerns of some members of the community about the safety of the dam, improve the emergency communications plan and to set-up a development fund for the benefit of the community and local residents. Considerable progress has been made and agreement on a lasting solution to this long-standing issue is expected in 2016.

Legal update – Cerro Amarillo Waste Dump

In 2004, Los Pelambres received all of the required authorisations from the Chilean government to deposit a waste-rock dump ("Cerro Amarillo Waste Dump") in its current location which, according to the then official Chilean maps (1996), was located within Chile. In 2007 Chile modified the official maps in this area without making the changes public. Los Pelambres stopped using the relevant area of the Cerro Amarillo Waste Dump in 2011.

In February 2012, a binational border commission, established to clarify the exact position of the Chile/Argentina border, determined accurately the location of the border in the area of the Cerro Amarillo Waste Dump, which showed that part of the Cerro Amarillo Waste Dump was located in Argentina.

In May 2014 Xstrata Pachón S.A. ("Xstrata Pachón"), a subsidiary of Glencore and the holder of the mining properties on the Argentinian side of the border, filed a claim against Los Pelambres before the Federal Court of San Juan, Argentina, alleging that Los Pelambres had unlawfully deposited waste-rock on its property.

Xstrata Pachón has also filed a criminal complaint before a different Federal Court of San Juan alleging that Los Pelambres had violated several Argentinian laws relating to the misappropriation of land, unlawful appropriation of water bodies and that people's health was in jeopardy from the alleged contamination that the Cerro Amarillo Waste Dump might generate.

In both cases, Los Pelambres submitted preliminary objections to the Argentinian courts. These objections are still pending in relation to the civil claim and each party may appeal any decision on these preliminary objections to higher courts. In the criminal proceedings, the first instance Court dismissed the preliminary objections made by Los Pelambres and the decision has been appealed.

The Cerro Amarillo Waste Dump is a pile of inert waste rock and any potential future environmental impact could be easily prevented with the implementation of an environmental closure plan, which is the accepted and recommended practice. Los Pelambres has offered to implement a closure plan in line with the requirements of the Provincial Authorities of San Juan, but Xstrata Pachón has rejected this proposal outright, even though this solution would address all of the alleged environmental concerns.

Los Pelambres will exercise all available legal avenues to defend its position and will continue to seek to reach an understanding with the relevant authorities in Argentina to allow the environmental closure of the Cerro Amarillo Waste Dump.

Details of certain legal claims are set out in Note 27 below.

Outlook

Production

The forecast production for 2016 is expected to be 355-365,000 tonnes of payable copper, similar to 2015, 8-9,000 tonnes of molybdenum and 45-55,000 ounces of gold.

Cash costs

Cash costs before by-products credits for 2016 are forecast to be approximately $1.55/lb and net cash costs are forecast at approximately $1.25/lb. Lower throughput is expected due to a higher proportion of harder ore mined in the current phase and this in turn puts pressure on unit mining costs. Energy prices remain a key input cost for Los Pelambres and partly depend on precipitation levels in the region, where much of the power is generated by hydroelectricity. By the end of 2016 Los Pelambres will be receiving the majority of its power under term Power Purchase Agreements (PPAs) significantly reducing the dependence on energy sources from the grid at marginal cost which vary in accordance with precipitation levels.

CENTINELA

2015 Performance

Operating profit

The operating loss at Centinela was $131.0 million, compared with a profit of $464.4 million in 2014, reflecting higher net cash costs and lower realised copper prices. The realised copper price fell by 24% from $3.02/lb in 2014 to $2.33/lb in 2015, as did the realised gold price, which fell from $1,261/oz in 2014 to $1,155/oz. The mine generated $290.7 million of operating cash flow during the year, compared with $841.6 million in 2014.

Production

Copper production decreased by 17.1% to 221,100 tonnes compared with 2014, due to lower production of copper in concentrate and lower cathode production.

Copper in concentrate production was 145,200 tonnes, a 16.0% decrease compared with 2014. Production decreased due to grades falling at Centinela Concentrates, as expected, from 0.65% to 0.58%, lower recoveries and, to a lesser extent, lower throughput. Gold production was 162,500 ounces compared with 204,400 ounces in 2014, primarily due to lower grades and throughput, in addition to slightly lower recoveries.

Copper cathode production for the year was 75,900 tonnes compared with the 93,800 tonnes produced in 2014. Compared with the same period last year, cathode production was 19.1% lower as grades declined as expected. Mining activity moved to the lower grade zones of the Tesoro Central and Tesoro Noreste (TNE) pits before stopping at TNE in November.

Costs

Cash costs before by-product credits increased by 7.1% to $2.27/lb compared with $2.12/lb in 2014 as copper production fell by 17.1%. This was offset by lower input prices, a weaker Chilean peso and a reduction in fixed costs. Net cash costs for 2015 were $1.85/lb compared with $1.63/lb in 2014. This increase is due to the higher cash costs before by-product credits as well as lower gold production and lower realised gold prices.

Capital expenditure was $559.4 million, including approximately $472 million in respect of optimisation and development projects. Total capital expenditure in 2016 is expected to be approximately $430 million, including $247 million related to the construction of the Encuentro Oxides and the molybdenum plant projects.

At Centinela in 2015, cash stripping costs of $63 million were capitalised, and in 2016 a further $265 million of stripping costs are expected to be capitalised.

Outlook

Production

The forecast production for 2016 is 240-250,000 tonnes of payable copper and 200-220,000 ounces of gold. This forecast includes 60-65,000 tonnes of copper cathodes and 175-185,000 tonnes of copper in concentrate. The Group expects to complete the construction of the Encuentro Oxides project during 2017, which will provide feed to the Centinela SX-EW plant allowing it to operate near its peak capacity of 100,000 tonnes per annum.

Cash costs

Cash costs before by-products for 2016 are forecast to be approximately $1.80/lb compared with $2.27/lb in 2015. Net cash costs are forecast at approximately $1.30/lb. Net cash costs are sensitive to the gold price, with each $100/oz movement in the realised gold price having a $0.04/lb impact on net cash costs in 2016.

In 2015, the Group commenced construction of a separate molybdenum plant that would produce approximately 3,500 tonnes per year of molybdenum over the remaining life of the mine. Production is expected to commence in 2017.

MICHILLA

2015 Performance

Operating profit

Michilla had an operating profit of $15.4 million, compared to an operating loss of $29.0 million in 2014, which was its last full year of production. The mine was put on care and maintenance at the end of 2015.

Production

Total production was 29,400 tonnes of copper cathodes, a decrease of 37.4% on the 2014 production of 47,000 tonnes as operations were wound down in the lead up to the mine closure.

Costs

Cash costs decreased to $2.14/lb in 2015 compared with $2.38/lb in 2014. This decrease is due to the reduced activity at the mine.

ANTUCOYA

2015 Performance

Production

Total production in 2015 was 12,200 tonnes of copper cathodes, as the construction of the project was completed in the third quarter of 2015. The mine is currently ramping up to full capacity of 85,000 tonnes per year by the end of the first half of 2016.

Costs

Cash costs at Antucoya will be reported in unit costs once commercial production is achieved, which is expected to be in the first half of 2016.

Total capital expenditure on the project has been $1.9 billion of which $143.4 million was spent in 2015.

Outlook

Production

Cathode production in 2016 is forecast to be approximately 65-70,000 tonnes. The forecast cash costs for 2016 are expected to be $1.65/lb.

The final $59 million of project capital expenditure will be incurred in 2016.

ZALDÍVAR

2015 Performance

Acquisition

In December 2015, the Group completed the acquisition of a 50% interest of the Zaldívar mine from Barrick Gold Corporation. Total consideration for the transaction was $1,005 million, $980 million upon closing less working capital adjustments and five annual payments of $5 million each, starting in 2016. The final price will be determined once the working capital adjustments are finalised.

Production

Total attributable production in 2015 from the completion date was 4,400 tonnes of copper cathodes.

Costs

Cash costs at Zaldívar since completion in 2015 were $1.73/lb and capital expenditure was $6.6 million.

Outlook

Production and Costs

Attributable copper production in 2016 is forecast to be approximately 50-55,000 tonnes at a cash cost of $1.80/lb.

Attributable capital expenditure in 2016 is expected to be approximately $55 million, of which $26 million will be spent on stripping.

GROWTH PROJECTS AND OPPORTUNITIES

The Group has a portfolio of longer-term growth options and continues to assess opportunities that come to market. Long–term growth options within the Group's portfolio of projects are currently under evaluation as part of pre-feasibility and feasibility studies. Given the early-stage nature of some of these projects, their potential and timing is inherently uncertain and the following outline is intended to provide only a high-level indication of potential opportunities. In the current uncertain market conditions growth is not the priority but the Group seeks to keep its expansion options open for when conditions improve.

The Group's exploration and evaluation expenditure decreased by 39% to $101.9 million in 2015 compared with $167.5 million in 2014. As commodity prices decline and there is greater emphasis on cost control, there is a natural decrease in exploration and evaluation expense reflecting a tighter focus on high–potential activities.

Projects under construction

Encuentro Oxides

The Encuentro Oxides deposit is within the Centinela Mining District. It is expected to produce an average of approximately 43,000 tonnes of copper cathode per year over an eight-year period, utilising the existing capacity at Centinela's SX-EW plant. This will enable the plant to produce at full capacity of 100,000 tonnes per annum for a number of years once the project is complete, helping to offset a decline in production that would otherwise occur due to falling mined grades at Centinela's existing oxide pits. The construction budget for the project of $636 million was approved by the Board at the end of 2014.

The project entails the installation of new crushing and heap-leach facilities at the Encuentro Oxides deposit, a pipeline to take the leach solution for processing at the existing SX-EW plant some 17 km away, and the extension of the sea water pipeline from Centinela to Encuentro. 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 ("ROM") leach pad.

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

Pre-stripping started in August 2014 and full-scale construction in early 2015. As of the end of December 2015, the project had achieved 53% completion (including design, engineering, procurement and construction) with first production originally expected in late 2016, but now delayed to the second half of 2017 to preserve cash flow without impacting the return of the project.

Centinela

During 2015, 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 later to 105,000 tonnes per day. The first stage, including the installation of two tailings thickeners, crushing equipment and flotation cells, was completed during the year. The second stage, carried out simultaneously, involves the installation of a sixth tailings thickener and the purchase of further mining equipment. This will allow throughput to increase to 105,000 tonnes per day while producing thickened tailings with a solids content of approximately 65%. As at the end of December 2015, throughput could be maintained at the increased rate, but not while producing tailings with the required moisture content. This will require the completion of the final thickener, which is expected in the first half of 2016.

Molybdenum Plant

This project will allow Centinela to produce 2,400 tonnes of molybdenum per year. The project is being delayed to preserve cash in 2016 and is now expected to be completed in 2017, and will lower Centinela's unit net cash costs.

Brownfield growth projects

The Group recognises the importance of capital cost control and optimising production from existing operations, and manages this by constantly monitoring the efficiency of its mines, plants and transport infrastructure. Where possible, it conducts debottlenecking and incremental plant expansions to increase throughput and improve overall efficiencies. However, in current market circumstances the Group seeks to defer these projects, minimising expenditure while keeping the project teams active and focusing on completion of key time-critical feasibility study work, such as the preparation of EIAs.

Los Pelambres Incremental Expansion

During the year the Group revised the approach to the incremental expansion of Los Pelambres and decided to split the project into two phases to ease the development of the project and conserve development capital in light of lower commodity prices. This two-phase strategy was approved by the Board during the year and the feasibility study is now underway.

Phase 1

This phase is to optimise throughput at the operation within the limits set by the existing operating, environmental and water extraction permits, which will only need relatively simple updates. During this phase, Los Pelambres will operate at an average throughput of 190,000 tonnes per day with the addition of a new grinding and flotation circuit, to mitigate the hard ore currently being mined, together with a 400l/s desalination plant and pipeline. Desalinated water will be pumped to the tailing storage facility at Mauro where it will connect with the water recycling circuit that returns water from the tailings facility to the Los Pelambres processing plant. The feasibility study is underway and includes the preparation and submission of an updated EIA for this phase, which should be ready for submission in the first half of 2016.

Capital expenditure for this project is estimated at approximately $1.1 billion, with some $600 million allocated to the additional crushing and flotation circuits and the balance for the desalination plant and water pipeline. The Board will consider the feasibility study for this project for approval in 2017, but a decision to proceed will only be made once market conditions are suitable and an approved EIA is in place. Production would commence in late 2019 at the earliest.

Phase 2

In this phase, the Group will seek to increase throughput to 205,000 tonnes per day and to extend the mine's life beyond the currently approved 22 years. As part of the development of this phase, a new EIA must be submitted to increase the capacity of the mine's Mauro tailings storage facility and its waste dumps.

Capital expenditure for this phase of the project is estimated at approximately $500 million, with the majority of the expenditure being on mining equipment, additional crushing and grinding capacity, and flotation cells. The conveyors from the primary crusher to the concentrator plant will have to be repowered to support the additional throughput. The critical studies (tailings and waste storage capacity), are being conducted in parallel with the feasibility study for Phase 1 and should be completed by the end of 2017. However, it will only proceed following a decision on Phase 1 and will in addition require the preparation and submission of various permit applications, including an EIA. At the earliest, first production from this phase would be in in 2022.

Greenfield growth projects

Centinela Second Concentrator

The Group continues to evaluate options for the development of the Centinela Mining District, a key area for longer-term growth.

The second concentrator will be built some 7 km from Centinela's current concentrator. It is expected to have an ore throughput capacity of approximately 90,000 tonnes per day, with annual production of approximately 140,000 tonnes of copper, 150,000 ounces of gold and 3,000] tonnes of molybdenum. It is currently planned that ore will first be sourced from the Esperanza Sur deposit and, once mining at Encuentro Oxides is completed, ore will also be sourced from Encuentro Sulphides.

The pre-feasibility study for this $2.7 billion project was completed at the end of 2015 and the preparation of the feasibility study is now underway. The EIA was submitted in 2015, with the outcome expected during 2016. The feasibility study is expected to be completed by the middle of 2017 and will include pilot testing of a hydraulic roll crushing system, which is being considered in preference to conventional SAG and ball mills. A decision to proceed with the project will only be made if it is supported by the market outlook at the time. If approval is granted in 2017, production would be expected to begin in 2020.

The project team continues 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 initiatives.

Following the completion of the second concentrator, there is scope to increase the plant capacity further and the Group is considering the possibility and timing of such an expansion. This could bring throughput capacity to approximately 150,000 tonnes per day and would increase annual production to approximately 200,000 tonnes of copper, 170,000 ounces of gold and 1,100 tonnes of molybdenum. The Board has approved feasibility level studies to commence on critical activities and will review the project upon completion of these studies.

The Group continues to evaluate other opportunities in the Centinela Mining District, the most significant of which is Polo Sur. This deposit has a resource of 1.5 billion tonnes at 0.34% copper together with gold and molybdenum, and includes 125.5 million tonnes of copper oxides at 0.40% copper and some additional leachable supergene sulphides. The deposit is approximately 35 km from Centinela and the oxides may act as an additional source of feed for its SX-EW plant in the future.

Los Pelambres

Given the size of the resource, which at 6.1 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 Phase 2 of the incremental expansion project. Such an expansion will require extensive engineering works and permitting as well as the support of local communities and currently no significant evaluation work is planned.

Twin Metals

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

The Group completed the acquisition of its project partner in January 2015, bringing Antofagasta's ownership in the project to 100%. During 2015 the Group has been undertaking evaluation and optimisation exercises on the pre-feasibility study that was completed in 2014 and has also progressed with geotechnical studies and hydrological field work required to support future environmental reviews and permitting.

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. This 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 focuses its exploration activities on the main copper porphyry belts in northern and central Chile.

During the year, 45.6 million tonnes of mineral inventory relating to the Llano-Paleocanal project was upgraded to mineral resource, demonstrating the Group's ability to continually expand and develop its resource base. The 2015 programme resulted in increasing mineral resources at the Los Volcanes project, and the Polo Sur deposits by 831.3 million tonnes, through exploration and in-fill drilling and the completion of the geological and resource models.

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

International

The Group's international exploration strategy is to rapidly and effectively identify, secure and evaluate high quality copper exploration projects in preferred jurisdictions in the Americas, Australia-Oceania and Africa.

During 2015, the Group refined its portfolio of early-stage exploration projects in key copper provinces across the globe. Working in partnership with selected companies, both public and private, the Group advanced projects in Argentina, Australia, Canada, Chile, Mexico and Zambia, whilst exiting from projects in Australia, Canada, Finland and Portugal.

The Group's strategy is to partner with experienced junior exploration companies, funding their exploration programmes to earn an interest in the projects while benefiting from their local knowledge and expertise.

Energy Assets

Over the last few years the Group has acquired a series of minority interests in energy generators and projects as part of its strategy to support the power supply requirements of the mining operations. The strategy has a particular focus on renewable energy generation, supporting the Group's broader aim of increasing the sustainability of its operations. Over the last five years the Group has invested some $577 million in power generating assets, with a combined installed capacity of 880MW (100% basis) of which, at the end of 2015, 350MW (100% basis) were in operation.

TRANSPORT DIVISION

The transport division typically provides services to customers, who are mostly major mining companies, under long-term contracts, often with agreed pricing levels. These are subject to adjustments for inflation and movements in fuel prices. The division offers domestic and international cargo transfer, shipment and storage services.

The total volumes transported were lower in 2015, falling to 6.8 million tonnes, compared to 7.3 million in 2014. Shipments for the year were lower than had originally been expected due to the Sierra Gorda mine's slower than planned ramp-up and the effects of the heavy rains in northern Chile during the first half of the year.

Revenue at the transport division was $152.4 million, a 5.3% decrease compared to $160.9 million in 2014, reflecting lower tonnage and a decrease in tariffs due to lower oil prices and the weaker Chilean peso (tariffs are set in pesos).

Operating profit fell to $42.0 million in 2015, mainly reflecting the decrease in tonnage and tariffs. Capital expenditure in 2015 was $32.0 million compared to $21.2 million in 2014.

During the year the division adopted a new operating model based on sustainability, productivity and cost management. As commodity prices declined during the year, volumes being transported in northern Chile fell. The division introduced a new model to control costs and optimise the efficiency of its assets, particularly its rolling stock. During the year the division also provided new services on a spot basis to the El Abra and Spence mines for the transport of sulphuric acid.

The division operates its own railway network, with access to neighbouring countries and to the two largest ports in the Antofagasta Region, Mejillones and Antofagasta. The Antofagasta port is managed by ATI, in which the Group's holds a minority non-controlling interest.

FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2015

Results

	Year ended 31.12.2015 $m	Year ended 31.12.2014 $m	Movement $m	Movement %
Revenue	**3,394.6**	5,145.6	(1,751.0)	(34.0)
EBITDA	**890.7**	2,141.4	(1,250.7)	(58.4)
Depreciation, amortisation and disposals	**(586.3)**	(557.8)	(28.5)	5.1
Net finance expense	**(39.2)**	(63.9)	24.7	(38.7)
Profit before tax	**259.4**	1,515.6	(1,256.6)	(82.9)
Income tax expense	**(160.4)**	(702.3)	(541.9)	(77.2)
Discontinued operations	**602.7**	37.4	565.3	1,511.5
Profit for the year from continuing and discontinued operations	**701.7**	850.7	(149.0)	(17.5)
Earnings per share from continuing operations	**0.6**	42.8	(42.2)	(98.6)
Earnings per share from continuing and discontinued operations (US cents)	**61.7**	46.6	15.1	32.4
Net debt	**(1,023.5)**	(1.6)	(1,021.9)	63,868.8

As a result of the disposal of Aguas de Antofagasta S.A. ("ADASA") and Empresa Ferroviaria Andina S.A. ("FCA"), their results have been classified as discontinued operations and excluded from the individual income statement lines, with the 2014 figures restated on a consistent basis.

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 2014 and 2015 EBITDA:

	$m
EBITDA in 2014	**2,141.4**
Revenue	
Decrease in copper realised price	(1,108.4)
Decrease in copper volumes sold	(411.8)
Increase in tolling charges	(35.1)
Decrease in revenue from copper concentrate and cathodes	**(1,555.3)**
Decrease in gold revenues	(84.7)
Decrease in silver revenues	(25.0)
Decrease in molybdenum revenues	(77.5)
Decrease in revenue from by-products	**(187.2)**
Decrease in transport division revenue	**(8.5)**
Decrease in Group revenue	**(1,751.0)**
Operating costs	
Decrease in mining costs	(432.8)
Increase in charge for closure provisions	33.0
Decrease in exploration and evaluation costs	(65.6)
Decrease in other mining division costs and corporate costs	(31.6)
Decrease in operating costs for mining division	**(497.0)**
Decrease in transport division operating costs	**(3.3)**
Decrease in Group operating costs	**(500.3)**
Decrease in EBITDA	**(1,250.7)**
EBITDA in 2015	**890.7**

Revenue

Group revenue in 2015 was $3,394.6 million, 34.0% below the $5,145.6 million achieved in 2014. The decrease of $1,751.0 million mainly reflected a decrease in the realised copper price as well as lower copper sales volumes and by-product revenues.

Revenue from the mining division

Revenue from copper concentrate and copper cathodes

Revenue from copper concentrate and copper cathode sales decreased by $1,555.2 million, or 36.1%, to $2,834.5 million, compared with $4,389.7 million in 2014. The decrease reflected the impact of lower realised prices, lower volumes and increased tolling charges.

(i) Realised copper prices

The Group's average realised copper price decreased by 24.0% to $2.28/lb in 2015 (2014 – $3.00/lb). The level of decrease was higher than the reduction in the average LME copper price, which decreased by 19.8% to $2.50/lb from $3.11 in 2014, due to a higher level of negative provisional pricing adjustments in the current year compared with the prior year. The decrease in average realised prices led to a $1,108.4 million reduction in revenue from copper concentrate and cathode sales.

Realised copper prices are determined by comparing revenue (gross of tolling charges for concentrate sales) with sales volumes in the year. 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 years (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 (before adjusting for tolling charges) by $295.6 million in 2015, compared with a decrease of $201.7 million in 2014. The negative adjustments in the current year mainly reflected the decrease in the copper price in 2015 and to a lesser extent a negative year-end mark to market adjustment. Further details of provisional pricing adjustments are given in Note 4 to the preliminary results announcement.

(ii) Copper sales volumes

Copper sales volumes decrease by 11.6% from 703,000 tonnes in 2014 to 621,200 tonnes in this year, reflecting lower production at Los Pelambres and Centinela. The decrease in sales volumes accounted for a decrease of $411.8 million in revenue from copper concentrate and cathode sales.

(iii) Tolling charges

Tolling charges for copper concentrate increased by $35.1 million to $294.0 million in 2015 from $258.9 million in 2014. This reflected increased tolling charges at Los Pelambres and Centinela Concentrates, mainly due to an increase in average tolling charges during the year.

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

Revenue from molybdenum, gold and other by-products

Revenue from by-products at Los Pelambres and Centinela relate mainly to molybdenum and gold, and a lesser extent silver. Revenue from by-products decreased by $187.3 million or 31.5% to $407.7 million in 2015, compared with $595.0 million in 2014.

Revenue from gold in concentrate (net of tolling charges) was $252.1 million (2014 - $336.8 million), a decrease of $84.7 million, which mainly reflected a decrease in volumes, as well as a lower realised gold price. Gold sales volumes decreased from 267,400 ounces in 2014 to 219,200 ounces in 2015, mainly due to the lower gold grades at Centinela in the second half of the year. The realised gold price was $1,155/oz in 2015 compared with $1,262/oz in 2014, with the decrease largely reflecting the general reduction in average market prices.

Revenue from molybdenum (net of roasting charges) was $105.3 million (2014 - $182.8 million), a decrease of $77.5 million. The decrease was mainly due to lower realised price of $5.7 per pound (2014 - $11.0 per pound) partly offset by increased sales volumes of 9,900 tonnes (2014 – 8,200 tonnes).

Revenue from silver in concentrate decreased by $25.0 million to $50.4 million in 2015 (2014 - $75.4 million). The decrease was due to a decrease in the realised silver price from $18.7/oz in 2014 to $15.5/oz in 2015, as well as decreased sales volumes of 3.3 million ounces (2014 – 4.1 million ounces).

Revenue from the transport division

Revenue from the transport division (FCAB) decreased by $8.5 million or 5.3% to $152.4 million. This mainly reflected a decrease in tonnages transported and the impact of the weaker Chilean peso.

Operating costs (excluding depreciation, amortisation and disposals)

Operating costs (excluding depreciation, amortisation and disposals) amounted to $2,503.9 million (2014 – $3,004.2 million), a decrease of $500.3 million. This was mainly due to lower mining operating costs, exploration and evaluation costs and other mining costs, partly off-set by a higher charge in respect of closure provisions.

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

Operating costs at the mining division decreased by $497.0 million to $2,409.9 million in 2015, a decrease of 17.1%.

Excluding by-product credits (which are reported as part of revenue) and tolling charges for concentrates (which are deducted from revenue), weighted average cash costs for the Group (comprising on-site and shipping costs in the case of Los Pelambres and Centinela and cash costs in the case of Centinela and Michilla) decreased by $0.07/lb to $1.58/lb.

Exploration and evaluation costs decreased by $65.6 million to $101.9 million (2014 – $167.5 million). This mainly reflected decreases in expenditure relating to exploration and studies in the Centinela district and international exploration.

The income statement had a charge relating to mine closure provisions of $25.8 million (2014 – credit of $7.2 million), mainly reflecting an increased charge at Los Pelambres.

Operating costs (excluding depreciation, amortisation and disposals) at the transport division decreased by $3.3 million to $94.0 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 $1,250.7 million or 58.4% to $890.7 million in 2015 (2014- $2,141.4 million).

EBITDA at the mining division decreased by 59.9% from $2,077.8 million in 2014 to $832.3 million in 2015. As explained above, this was mainly due to the decrease in revenue as a result of the lower realised copper price and copper sales volumes, partly offset by lower operating costs.

EBITDA at the transport division decreased by $5.2 million to $58.4 million in 2015, reflecting the decreased revenue as explained above.

Depreciation, amortisation and disposals

The depreciation, amortisation and disposals charge was higher at $586.3 million (2014 - $557.8 million). Increased depreciation at Centinela and Los Pelambres was partly offset by a decrease at Michilla.

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries decreased by 80.8% to $304.4 million.

Share of results from associates and joint ventures

The Group’s share of results from its associates and joint ventures was a loss of $5.8 million (2014 – loss of $4.1 million). This mainly reflects losses at the Zaldívar joint venture partly offset by higher profits at the Inversiones Hornitos associate.

Net finance expense

Net finance expense in 2015 was $39.2 million, compared with a net finance expense of $63.9 million in 2014.

	Year ended 31.12.15 $m	Year ended 31.12.14 $m
Investment income	**18.1**	16.8
Interest expense	**(33.7)**	(44.4)
Other finance items	**(23.6)**	(36.3)
Net finance expense	**(39.2)**	(63.9)

Interest income increased from $16.8 million in 2014 to $18.1 million in 2015, mainly reflecting additional interest income in respect of a loan from Los Pelambres to the Alto Maipo associate.

Interest expense decreased from $44.4 million in 2014 to $33.7 million in 2015, mainly due to a decrease of interest payable at Centinela reflecting one-off costs incurred in 2014 as a consequence of a refinancing in that year.

Other finance items comprised a loss of $23.6 million (2014 – loss of $36.3 million). A gain of $0.1 million (2014 – loss of $5.1 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 $13.6 million in 2015, compared with a gain of $4.0 million in 2014. An expense of $9.1 million (2014 - $8.9 million) has been recognised in relation to the unwinding of the discount on provisions. An impairment charge of $26.3 million was recognised in 2014 in respect of Duluth Metals shares, 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.

Profit before tax

As a result of the factors set out above, profit before tax decreased by $1,256.2 million or 82.9% to $259.4 million in 2015 compared with $1,515.6 million in 2014.

Income tax expense

The tax charge in 2015 was $160.4 million (2014 – $702.3 million) and the effective tax rate was 61.8% (2014 – 46.3%).

	Year ended 31.12.2015 $m	**Effective tax rate %**	Year ended 31.12.2014 $m	Effective tax rate %
Profit before tax	**259.4**		1,515.6	
Taxes (current and deferred)				
Corporate tax	**(110.6)**	**42.6**	(350.9)	21.8
Adjustment to deferred tax attributable to changes in tax rates	-	-	(215.1)	14.2
Mining tax	**(34.0)**	**13.1**	(79.1)	5.2
Withholding tax	**(14.8)**	**5.7**	(56.8)	3.7
Exchange rate	**(1.0)**	**0.4**	(0.4)	-
Total tax charge	**(160.4)**	**61.8**	(702.3)	46.3

The tax charge for 2015 was $160.4 million and the effective tax rate was 61.8%. The statutory rate of Chilean corporate (first category) tax in 2015 was 22.5% (2014 – 20%). In 2015 the effective tax rate varied from the statutory rate principally due to tax losses which under Chilean tax carry-back rules generated a credit at historic tax rates below the current year statutory rate, as well as the effect of expenses not deductible for Chilean corporate tax purposes (principally the funding of expenses outside of Chile) and the effects of the mining tax which resulted in a charge of $34.0 million and a withholding tax charge of $14.8 million. In 2014, the effective tax rate varied from the standard rate (comprising corporate (first category) tax) principally due to the one-off deferred tax charge of $215.1 million reflecting the increase in tax rates as a result of the Chilean tax reform enacted in that year. Further details are given in Note 7 to the preliminary results announcement.

Discontinued operations

During the year the Group completed the disposal of its water division, Aguas de Antofagasta S.A. (“ADASA”) as well as part of its transport division. The results of these operations for the year prior to disposal as well as the profit on disposal have been presented on the “Profit for the year from discontinued operations” line in the income statement.

The profit for the year from discontinued operations was $602.7 million, compared with $37.4 million in 2014, reflecting a net profit on disposal of $595.2 million (2014 – nil) and a net profit from operations prior to disposal of $7.5 million (2014 - $37.4 million). Further details are given in Note 8 to the preliminary results announcement.

Non-controlling interests

Profit for the year attributable to non-controlling interests was $93.5 million, compared with $390.9 million in 2014, 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 31.12.15 **US cents**	Year ended 31.12.14 US cents
Earnings per share from continuing operations	**0.6**	42.8
Earnings per share from continuing and discontinued operations	**61.7**	46.6

Earnings per share calculations are based on 985,856,695 ordinary shares. As a result of the factors set out above, profit in 2015 attributable to equity shareholders of the Company was $608.2 million compared with $459.8 million in 2014. Accordingly, earnings per share were 61.7 cents in 2015 compared with 46.6 cents in 2014, an increase of 32.3%.

Dividends

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

	Year ended 31.12.15 **US cents**	Year ended 31.12.14 US cents
Ordinary		
Interim	**3.1**	11.7
Final	**-**	9.8
Total dividends to ordinary shareholders	**3.1**	21.5

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 total dividend for the year is 3.1 cents per share, or $30.6 million, which was paid as the interim dividend, and exceeds the Group’s 35% minimum payout ratio dividend policy for the year. Therefore, no final dividend has been recommended by the Board.

Capital expenditure

Capital expenditure (including discontinued operations) decreased by $568.4 million from $1,581.0 million in 2014 to $1,012.6 million in 2015. This was mainly due to lower construction expenditure at the Antucoya project, where construction substantially completed during 2015. NB: capital expenditure figures quoted in other sections of this report are on a cash flow basis, unless stated otherwise.

Derivative financial instruments

The Group periodically uses derivative financial instruments to reduce exposure to commodity price movements. At 31 December 2015, the Group had commodity swaps for 300 tonnes of copper production covering a total year up to 31 January 2016. The Group´s exposure to the copper price was limited by the extent of these instruments.

The Group periodically uses foreign exchange derivatives to cover expected operational cash flow needs. At 31 December 2015 the Group had no foreign exchange derivatives.

The Group also periodically uses interest rate swaps to swap the floating rate interest for fixed rate interest. At 31 December 2015 the Group had entered into contracts in relation to the Centinela financing for a maximum notional amount of $105 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 FCAB for a maximum notional amount of $120 million at weighted average fixed rate of 1.634% fully maturing in August 2019.

Cash flows

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

	Year ended 31.12.15 $m	Year ended 31.12.14 $m
Cash flows from operations	**858.3**	2,507.8
Income tax paid	**(427.1)**	(641.5)
Net interest paid	**(27.6)**	(28.9)
Capital contribution and loan to associates	**(112.0)**	(125.2)
Acquisition of joint venture	**(972.8)**	-
Disposal of subsidiaries	**942.9**	-
Acquisition of mining interests	**(78.0)**	-
Purchases of property, plant and equipment	**(1,048.5)**	(1,646.3)
Dividends paid to equity holders of the Company	**(127.2)**	(964.2)
Dividends paid to non-controlling interests	**(80.0)**	(412.2)
Dividends from associate	**12.1**	20.0
Other items	**74.4**	5.2
Changes in net cash relating to cash flows	**(985.5)**	(1,285.3)
Exchange and other non-cash movements	**(36.4)**	(27.5)
Movement in net cash in the year	**(1,021.9)**	(1,312.8)
Net cash at the beginning of the year	**(1.6)**	1,311.2
Net cash at the end of the year	**(1,023.5)**	(1.6)

Cash flows from operations were $858.3 million in 2015 compared with $2,507.8 million in 2014. This reflected EBITDA for the year of $890.7 million (2014 – $ 2,141.4 million) adjusted for a net working capital increase of $32.4 million (2014 – decrease of $286.2 million).

Cash tax payments in 2015 year were $427.1 million (2014 – $641.5 million), comprising corporation tax of $249.7 million (2014 – $264.0 million), mining tax of $32.2 million (2014 – $98.2 million) and withholding tax of $145.2 million (2014 – $279.3 million). These amounts differ from the current tax charge in the consolidated income statement of $160.4 million (2014 – $702.3 million) mainly because cash tax payments for withholding tax includes $132.4 million related to the disposal of ADASA and therefore is disclosed within the results from discontinued operations. In addition, under the Chilean tax regime the Group has prepaid taxes at rates higher than the final effective tax rate. As a consequence the Group has current tax receivables of $319.5 million at 31 December 2015.

Contributions and loans to associates and joint ventures of $112.0 million mainly relate to the Group’s share of the funding of the development of the Alto Maipo project.

Cash disbursements relating to capital expenditure (including discontinued operations) in 2015 were $1,048.5 million compared with $1,646.3 million in 2014. This included expenditure of $143.4 million at Antucoya (2014 – $734.6 million), $559.4 million relating to Centinela (2014 – $566.9 million) and $203.1 million relating to Los Pelambres (2014 – $230.0 million). NB: capital expenditure figures quoted in other sections of this report are on a cash flow basis, unless stated otherwise.

Dividends paid to ordinary shareholders of the Company in 2015 were $127.2 million (2014 – $964.2 million), which related to the final dividend declared in respect of the previous year and the 2015 interim dividend.

Dividends paid by subsidiaries to non-controlling shareholders were $80.0 million (2014 – $412.2 million), consisting of distributions by Los Pelambres.

Financial position

	At **31.12.15** $m	At 31.12.14 $m
Cash, cash equivalents and liquid investments	**1,731.6**	2,374.5
Total borrowings	**(2,755.1)**	(2,376.1)
Net debt at the end of the year	**(1,023.5)**	(1.6)

At 31 December 2015 the Group had combined cash, cash equivalents and liquid investments of $1,731.6 million (31 December 2014 – $2,374.5 million). Excluding the non-controlling interest share in each partly-owned operation, the Group's attributable share of cash, cash equivalents and liquid investments was $1,410.8 million (31 December 2014 – $2,007.0 million).

New borrowings in 2015 were $725.9 million (2014 – $1,583.4 million), mainly due to new short-term borrowings at Los Pelambres of $312.0 million, Centinela of $200.0 million and Antucoya of $30.0 million. Repayments of borrowings and finance leasing obligations in 2015 were $288.3 million (2014 – 570.9 million), relating mainly to regular repayments on existing loans of $34.9 million and repayments on short-term loans at Los Pelambres of $205.9 million and regular repayments of existing loan of $30.0 million at Ferrocarril Antofagasta Bolivia.

Total Group borrowings at 31 December 2015 were $2,755.1 million (2014 – $2,376.1 million). Of this, $1,936.2 million (2014 – $1,691.6 million) is proportionally attributable to the Group after excluding the non-controlling interest shareholdings in partly-owned operations.

Cautionary statement about forward-looking statements

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

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that are beyond the Group's control. Given these risks, uncertainties and assumptions, actual results could differ materially from any future results expressed or implied by these forward-looking statements, which speak only as at the date of this report. Important factors that could cause actual results to differ from those in the forward-looking statements include: global economic conditions; demand, supply and prices for copper; 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 31.12.2015 $m	Year ended 31.12.2014 (Restated) $m
Group revenue	3,4	**3,394.6**	5,145.6
Total operating costs		**(3,090.2)**	(3,562.0)
Operating profit from subsidiaries	2,3	**304.4**	1,583.6
Share of results from associates and joint ventures	2,3	**(5.8)**	(4.1)
Total profit from operations, associates and joint ventures		**298.6**	1,579.5
Investment income		**18.1**	16.8
Interest expense		**(33.7)**	(44.4)
Other finance items		**(23.6)**	(36.3)
Net finance expense	6	**(39.2)**	(63.9)
Profit before tax		**259.4**	1,515.6
Income tax expense	7	**(160.4)**	(702.3)
Profit for the financial year from continuing operations		**99.0**	813.3
Discontinued operations			
Profit for the financial year from discontinued operations	8	**602.7**	37.4
Profit for the year		**701.7**	850.7
Attributable to:			
Non-controlling interests		**93.5**	390.9
Equity holders of the Company (net earnings)		**608.2**	459.8
Basic earnings per share[1]		**US cents**	US cents
From continuing operations	9	**0.6**	42.8
From discontinued operations	9	**61.1**	3.8
Total continuing and discontinued operations		**61.7**	46.6

[1]Basic and diluted earnings per share is calculated on profit after tax and non-controlling interests giving net earnings of $608.2 million (2014 - $459.8 million) and amounted to 61.7 cents and based on 985,856,695 ordinary shares. There was no potential dilution of ordinary shares in either year.

Consolidated Statement of Comprehensive Income

	Notes	**Year ended 31.12.2015**	Year ended 31.12.2014
		$m	$m
Profit for the financial year		**701.7**	850.7
Items that may be or were reclassified subsequently to profit or loss:			
Gains/(losses) in fair value of cash flow hedges deferred in reserves		**1.7**	(0.2)
Share of other comprehensive (losses)/income of equity accounted units, net of tax		**(16.0)**	(42.0)
Losses in fair value of available for sale investments	14	**(3.2)**	(6.1)
Currency translation adjustment		**(1.8)**	(26.2)
Deferred tax effects arising on cash flow hedges deferred in reserves		**-**	2.1
Losses/(gains) in fair value of cash flow hedges transferred to the income statement		**5.8**	(8.5)
Losses in fair value of available- for- sale investments transferred to income statement		**1.0**	26.3
Deferred tax effects arising on amounts transferred to the income statement		**(1.3)**	1.8
Total items that may be or were reclassified subsequently to loss		**(13.8)**	(52.8)
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans		**3.8**	(17.4)
Tax on items recognised directly in equity that will not be reclassified		**(1.2)**	4.2
Total items that will not be subsequently reclassified to loss		**2.6**	(13.2)
Total other comprehensive income		**(11.2)**	(66.0)
Total comprehensive income for the year		**690.5**	784.7
Attributable to:			
Non-controlling interests		**90.9**	370.1
Equity holders of the Company		**599.6**	414.6

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital	Share premium	Other reserves (note 22)	Retained earnings (note 22)	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2015	89.8	199.2	(47.4)	5,932.1	**6,173.7**	1,861.0	**8,034.7**
Comprehensive income for the year	-	-	-	608.2	**608.2**	93.5	**701.7**
Other comprehensive expense for the year	-	-	(11.9)	3.3	**(8.6)**	(2.6)	**(11.2)**
Loss of control in subsidiaries	-	-	-	-	**-**	(13.3)	**(13.3)**
Capital contribution from non-controlling interests	-	-	-	-	**-**	14.6	**14.6**
Dividends	-	-	-	(127.2)	**(127.2)**	(80.0)	**(207.2)**
Balance at 31 December 2015	**89.8**	**199.2**	**(59.3)**	**6,416.4**	**6,646.1**	**1.873.2**	**8,519.3**

For the year ended 31 December 2014

	Share capital	Share premium	Other reserves (note 22)	Retained earnings (note 22)	**Net equity**	Non-controlling interests	**Total**
	$m	$m	$m	$m	**$m**	$m	**$m**
Balance at 1 January 2014	89.8	199.2	(12.0)	6,447.5	**6,724.5**	1,939.1	**8,663.6**
Comprehensive income for the year	-	-	-	459.8	**459.8**	390.9	**850.7**
Other comprehensive expense for the year	-	-	(35.4)	(9.8)	**(45.2)**	(20.8)	**(66.0)**
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**	**(47.4)**	**5,932.1**	**6,173.7**	**1,861.0**	**8,034.7**

Dividends

Dividends to ordinary shareholders of the Company	Notes		
Per share		**US cents**	US cents
Dividends per share proposed in relation to the year	10		
- ordinary dividend (interim)		**3.1**	11.7
- ordinary dividend (final)		**-**	9.8
		3.1	21.5
Dividends per share paid in the year and deducted from net equity			
- ordinary dividend (interim)		**3.1**	11.7
- ordinary dividend (final)		**9.8**	86.1
		9.8	97.8
In aggregate		**$m**	$m
Dividends proposed in relation to the year	10	**30.6**	212.0
Dividends paid in the year and deducted from net equity		**127.2**	964.2

Consolidated Balance Sheet

	Notes	At 31.12.15 $m	At 31.12.14 (Restated) $m
Non-current assets			
Intangible assets	11	**150.1**	118.6
Property, plant and equipment	12	**8,601.1**	8,213.9
Investment property		**2.0**	2.6
Inventories	18	**263.9**	247.8
Investment in associates and joint ventures	14	**1,146.6**	198.1
Trade and other receivables		**292.9**	239.5
Available for sale investments	15	**2.7**	15.6
Deferred tax assets	22	**124.6**	104.6
		10,583.9	9,140.7
Current assets			
Inventories		**297.1**	382.5
Trade and other receivables		**604.8**	810.3
Current tax assets		**319.5**	106.9
Derivative financial instruments	5	**0.2**	0.2
Liquid investments	26	**924.1**	1,529.1
Cash and cash equivalents	26	**807.5**	845.4
		2,953.2	3,674.4
Total assets		**13,537.1**	12,815.1
Current liabilities			
Short-term borrowings	19	**(758.9)**	(284.5)
Derivative financial instruments	5	**(2.0)**	(7.5)
Trade and other payables		**(478.9)**	(793.8)
Current tax liabilities		**(198.8)**	(77.6)
		(1,438.6)	(1,163.4)
Non-current liabilities			
Medium and long-term borrowings	19	**(1,996.2)**	(2,091.6)
Derivative financial instruments	5	**(1.5)**	(3.5)
Trade and other payables		**(24.4)**	(4.8)
Post-employment benefit obligations	20	**(86.9)**	(103.0)
Decommissioning & restoration and other long term provisions	21	**(394.0)**	(434.3)
Deferred tax liabilities	22	**(1,076.2)**	(979.8)
		(3,579.2)	(3,617.0)
Total liabilities		**(5,017.8)**	(4,780.4)
Net assets		**8,519.3**	8,034.7
Equity			
Share capital	23	**89.8**	89.8
Share premium	23	**199.2**	199.2
Other reserves	24	**(59.3)**	(47.4)
Retained earnings	24	**6,416.4**	5,932.1
Equity attributable to equity holders of the Company		**6,646.1**	6,173.7
Non-controlling interests		**1,873.2**	1,861.0
Total equity		**8,519.3**	8,034.7

The preliminary information was approved by the Board of Directors on 14 March 2016.

Consolidated Cash Flow Statement

	Notes	Year ended 31.12.2015 $m	Year ended 31.12.2014 $m
Cash flows from continuing and discontinuing operations	24	**858.3**	2,507.8
Interest paid		**(38.6)**	(45.4)
Income tax paid		**(427.1)**	(641.5)
Net cash from continuing and discontinued activities		**392.6**	1,820.9
Investing activities			
Capital contributions and loans to associates and joint ventures	14	**(112.0)**	(125.2)
Acquisition of joint ventures	14	**(972.8)**	-
Dividends from associate	14	**12.1**	20.0
Acquisition of available for sale investments	16	**(0.2)**	(5.9)
Disposals of subsidiaries	8	**942.9**	-
Acquisition of mining properties	15	**(78.0)**	-
Reclassification		**-**	(7.6)
Proceeds from sale of property plant and equipment		**1.6**	1.7
Purchases of property, plant and equipment		**(1,048.5)**	(1,646.3)
Net decrease in liquid investments		**605.0**	542.3
Interest received		**11.1**	16.5
Net cash used in investing activities		**(638.9)**	(1,204.5)
Financing activities			
Dividends paid to equity holders of the Company		**(127.2)**	(964.2)
Dividends paid to preference shareholders of the Company		**(0.2)**	(0.2)
Dividends paid to non-controlling interests		**(80.0)**	(412.2)
Capital increase from non-controlling interests		**14.6**	50.0
Change in ownership interest in subsidiaries	29c	**-**	(30.9)
Net proceeds from issue of new borrowings	19	**725.9**	1,583.4
Repayments of borrowings		**(276.4)**	(570.9)
Repayments of obligations under finance leases	19	**(11.9)**	(12.2)
Net cash used in financing activities		**244.8**	(357.2)
Net (decrease)/increase in cash and cash equivalents		**(1.5)**	259.2
Cash and cash equivalents at beginning of the year		**845.4**	613.7
Net (decrease)/increase in cash and cash equivalents	26	**(1.5)**	259.2
Effect of foreign exchange rate changes	26	**(36.4)**	(27.5)
Cash and cash equivalents at end of the year	26	**807.5**	845.4

Notes

1. General information and accounting policies

a) General information

This preliminary results announcement is for the year ended 31 December 2015. While the financial information contained in this preliminary results announcement has been prepared in accordance with International Financial Reporting Standards (“IFRS”), this announcement does not itself contain sufficient information to comply with IFRS. For these purposes, IFRS comprise the Standards issued by the International Accounting Standards Board (“IASB”) and IFRS Interpretations Committee (“IFRS IC”) that have been endorsed by the European Union. The Group will send its full financial statements that comply with IFRS to shareholders in April 2016.

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 2015 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 18 May 2016. 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 31 of this preliminary results announcement is not derived from the statutory accounts for the years ended 31 December 2014 and 2015 and is accordingly not covered by the auditor’s reports.

Construction of the Antucoya project was completed during 2015 and the project is currently in its initial start-up phase during which final commissioning activities are being performed to ensure that the operation’s assets are capable of operating in the manner intended by management.During this initial start-up period all costs of the Antucoya operation, along with related revenues, are being capitalised.

On 1 December 2015 the Group completed the agreement with Barrick Gold Corporation (“Barrick”) under which Antofagasta acquired a 50% interest in Compañia Minera Zaldívar SPA (“Zaldivar”), and has accounted for its 50% interest in Zaldivar as a joint venture from that date.

In January 2015 the Group completed its acquisition of Duluth Metals Limited (“Duluth”). As a result of the acquisition the Group now has a 100% interest in Twin Metals Minnesota Limited (“Twin Metals”) and therefore it has been consolidated as a subsidiary of the Group from that date.

The Group completed the sale of its Water Division, Aguas de Antofagasta S.A. to Empresas Públicas de Medellín, on 2 June 2015 and the sale of its transport operation in Bolivia, Empresa Ferroviaria Andina (“FCA”) to Kimarcus Group Corp, on 28 August 2015. In these financial statements the net results of the Water Division for the five months to May 2015 and of the FCA for the eight months to August 2015, are shown in the income statement on the line for “Profit for the period from discontinued operations”. The comparative results for the prior year have been restated in order to present the comparative net result on the “Profit for the period from discontinued operations” line.

A reclassification between property, plant and equipment and current inventories has been made in the prior period comparative figures related to Ferrocarril Antofagasta Bolivia (FCAB). This has resulted in an increase in current inventories and a corresponding decrease in property, plant and equipment of $13.2 million as at 31 December 2014.

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.

b) Going concern

Having reassessed the principal risks of the Group, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements report.

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

Annual improvements 2011 – 2013 Cycle - improvements to four IFRSs

IFRIC 21, Levies

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

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 (Subject to EU endorsement)**
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, 2018
IFRS 16, *Leases*	Annual periods beginning on or after January 1, 2019

Amendments to IFRSs	**Effective date (Subject to EU endorsement)**
IAS 19,Defined Benefit Plans, *Employee Contributions (Amendments to IAS 19)*	Annual periods beginning on or after February 1, 2015
Annual improvements 2010 – 2012 Cycle - improvements to six IFRSs	Annual periods beginning on or after February 1, 2015
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	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)	Effective date deferred indefinitely
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 January 1, 2016
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	Annual periods beginning on or after January 1, 2017
Disclosure Initiative (Amendments to IAS 7)	Annual periods beginning on or after January 1, 2017

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 9 Financial Instruments and IFRS 15 Revenue from contracts with customers but does not currently expect these to have a material impact. In respect of IFRS 16 Leases the Group is not able to estimate the impact of the new rules on the Group´s financial statements. The Group will make more detailed assessments of the impact.

2. Total profit from operations, associates and joint ventures

	Year ended 31.12.2015	Year ended 31.12.2014 (Restated)
	$m	$m
Group revenue	**3,394.6**	5,145.6
Cost of sales	**(2,478.9)**	(2,869.3)
Gross profit	**915.7**	2,276.3
Administrative and distribution expenses	**(455.7)**	(457.2)
Other operating income	**37.6**	20.8
Other operating expenses	**(193.2)**	(256.3)
Operating results from subsidiaries	**304.4**	1,583.6
Share of income from associates and joint ventures	**(5.8)**	(4.1)
Total profit from operations, associates and joint ventures	**298.6**	1,579.5

3. Segmental analysis

The Group's reportable segments are as follows:

- Los Pelambres
- Centinela
- Michilla
- Antucoya
- Zaldivar
- 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 and Centinela are both operating mines, Michilla was placed on care and maintenance at the end of 2015, Antucoya is in its initial ramp-up stage and Zaldivar, in which the Group has acquired a 50% stake, was acquired in December 2015. 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, Antucoya and Zaldivar produce copper cathodes. The transport division provides rail cargo (based in Chile and formerly Bolivia) and road cargo (based in Chile) together with a number of ancillary services (based in Chile). The water division produced and distributed 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, 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 2015

	Los Pelambres	Centinela	Michilla	Antucoya	Zaldivar	Exploration and evaluation[2]	Corporate and other items	**Mining**	**Railway and other transport services**	**Water concession**	**Total**
	$m	$m	$m	$m	$m	$m	$m	**$m**	**$m**	**$m**	**$m**
Revenue	**1,807.2**	**1,266.1**	**168.9**	**-**	**-**	**-**	**-**	**3,242.2**	**152.4**	**-**	**3,394.6**
EBITDA[1]	**749.3**	**238.4**	**14.1**	**-**	**-**	**(101.9)**	**(67.6)**	**832.3**	**58.4**	**-**	**890.7**
Depreciation and amortisation	(191.6)	(367.6)	-	-	-	-	(3.1)	**(562.3)**	(13.8)	-	**(576.1)**
(Loss)/gains on disposals	(2.7)	(1.8)	1.3	-	-	-	(4.4)	**(7.6)**	(2.6)	-	**(10.2)**
Operating profit	**555.0**	**(131.0)**	**15.4**	**-**	**-**	**(101.9)**	**(75.1)**	**262.4**	**42.0**	**-**	**304.4**
Share of results from associates and joint ventures	(3.7)	-	-	-	(2.8)	-	(7.5)	**(14.0)**	8.2	-	**(5.8)**
Investment income	10.2	4.3	0.6	-	-	-	2.2	**17.3**	0.8	-	**18.1**
Interest expense	(1.8)	(27.1)	-	-	-	-	(1.8)	**(30.7)**	(3.0)	-	**(33.7)**
Other finance items	(4.6)	(9.7)	0.6	(3.4)	-	-	(7.5)	**(24.6)**	1.0	-	**(23.6)**
Profit before tax	**555.1**	**(163.5)**	**16.6**	**(3.4)**	**(2.8)**	**(101.9)**	**(89.7)**	**210.4**	**49.0**	**-**	**259.4**
Tax	(161.8)	49.6	(6.0)	(21.8)	-	-	1.8	**(138.2)**	(22.2)	-	**(160.4)**
Profit for the period from continuing operations	393.3	(113.9)	10.6	(25.2)	(2.8)	(101.9)	(87.9)	**72.2**	26.8	-	**99.0**
Profit for the period from discontinued operations	-	-	-	-	-	-	-	**-**	(13.1)	615.8	**602.7**
Profit for the period	393.3	(113.9)	10.6	(25.2)	(2.8)	(101.9)	(87.9)	**72.2**	13.7	615.8	**701.7**
Non-controlling interests	(151.8)	46.5	(0.2)	11.9	-	-	-	**(93.6)**	0.1	-	**(93.5)**
Net earnings	**241.5**	**(67.4)**	**10.4**	**(13.3)**	**(2.8)**	**(101.9)**	**(87.9)**	**(21.4)**	**13.8**	**615.8**	**608.2**
Additions to non-current assets											
Capital expenditure	188.3	535.1	-	147.9	-	-	111.0	**982.3**	13.9	16.4	**1,012.6**
Segment assets and liabilities											
Segment assets	3,753.3	5,013.0	122.7	1,974.4	-	-	1,026.4	**11,889.8**	500.7	-	**12,390.5**
Investment in associates and joint ventures	33.5	-	-	-	998.9	-	31.0	**1,063.4**	83.2	-	**1,146.6**
Segment liabilities	(1,205.9)	(2,068.9)	(46.0)	(1,185.5)	-	-	(151.6)	**(4,657.9)**	(359.9)	-	**(5,017.8)**

[1]EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortization, profit or loss on disposals and impairment charges to operating profit from subsidiaries and joint ventures

[2] During the year, operating cash flow from exploration and evaluation was $38.3 million

For the year ended 31 December 2014 (Restated)

	Los Pelambres	Centinela	Michilla	Antucoya	Exploration and evaluation[2]	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	160.9	-	**5,145.6**
EBITDA[1]	**1,518.6**	**767.2**	**58.7**	**-**	**(167.5)**	**(99.2)**	**2,077.8**	**63.6**	**-**	**2,141.4**
Depreciation and amortisation	(178.3)	(301.5)	(87.3)	-	-	(2.6)	**(569.7)**	(12.0)	-	**(581.7)**
Gain/(loss) on disposals	(2.5)	(1.3)	(0.4)	-	-	28.7	**24.5**	(0.6)	-	**23.9**
Operating profit/(loss)	**1,337.8**	**464.4**	**(29.0)**	**-**	**(167.5)**	**(73.1)**	**1,532.6**	**51.0**	**-**	**1,583.6**
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	-	**16.8**
Interest expense	(3.8)	(36.6)	-	-	-	(2.4)	**(42.8)**	(1.6)	-	**(44.4)**
Other finance items	(2.5)	2.9	(8.3)	3.3	-	(31.4)	**(36.0)**	(0.3)	-	**(36.3)**
Profit/(loss) before tax	**1,337.7**	**434.9**	**(36.6)**	**3.3**	**(167.5)**	**(112.3)**	**1,459.5**	**56.1**	**-**	**1,515.6**
Tax	(441.7)	(214.9)	1.3	(9.7)	-	25.0	**(640.0)**	(62.3)	-	**(702.3)**
Profit for the period from continuing operations	**896.0**	**220.0**	**(35.3)**	**(6.4)**	**(167.5)**	**(87.3)**	**819.5**	**(6.2)**	**-**	**813.3**
Profit for the period from discontinued operations	-	-	-	-	-	-	**-**	(6.3)	43.7	**37.4**
Profit for the period	**896.0**	**220.0**	**(35.3)**	**(6.4)**	**(167.5)**	**(87.3)**	**819.5**	**(12.5)**	**43.7**	**850.7**
Non-controlling interests	(352.3)	(56.2)	0.3	3.8	-	12.4	**(392.0)**	1.1	-	**(390.9)**
Net earnings/(losses)	**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	3,671.9	5,152.9	181.9	1,619.8	-	1,455.2	**12,081.7**	322.9	212.4	**12,617.0**
Investment in associates and joint ventures	8.3	-	-	-	-	102.7	**111.0**	87.1	-	**198.1**
Segment liabilities	(1,255.2)	(2,014.6)	(114.6)	(994.7)	-	(138.2)	**(4,517.3)**	(212.1)	(51.0)	**(4,780.4)**

[1]EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortization, profit or loss on disposals and impairment charges to operating profit from subsidiaries and joint ventures

[2] During the year, operating cash flow from exploration and evaluation was $60.2 million

b) Entity wide disclosures

Revenue by product

	Year ended 31.12.2015	Year ended 31.12.2014 (Restated)
	$m	$m
Copper		
- Los Pelambres	**1,606.7**	2,348.6
- Centinela concentrates	**626.6**	1,073.8
- Centinela cathodes	**432.3**	631.9
- Michilla	**168.9**	335.4
Gold		
- Los Pelambres	**60.7**	80.5
- Centinela	**191.3**	256.3
Molybdenum		
- Los Pelambres	**105.3**	182.8
Silver		
- Los Pelambres	**34.5**	51.7
- Centinela	**15.9**	23.7
Total Mining	**3,242.2**	4,984.7
Railway and transport services	**152.4**	160.9
	3,394.6	5,145.6

Revenue by location of customer

	Year ended 31.12.2015	Year ended 31.12.2014 (Restated)
	$m	$m
Europe		
- United Kingdom	**19.1**	8.2
- Switzerland	**175.2**	138.5
- Spain	**54.1**	160.6
- Germany	**167.0**	146.1
- Rest of Europe	**70.6**	137.7
Latin America		
- Chile	**167.0**	215.3
- Rest of Latin America	**74.1**	161.0
North America		
- United States	**107.3**	133.7
Asia Pacific		
- Japan	**1,147.0**	1,965.4
- China	**782.4**	1,253.1
- Rest of Asia	**630.8**	826.0
	3,394.6	5,145.6

Information about major customers

In the year ended 31 December 2015 the Group´s mining revenues included $426.0 million related to one large customer that individually accounted for more than 10% of the Group’s revenues (year ended 31 December 2014 – one large customer representing $804.3 million).

Non-current assets by location of asset

	Year ended 31.12.2015	Year ended 31.12.2014
	$m	$m
- Chile	**10,284.6**	8,934.8
- Bolivia	**-**	30.9
- USA	**171.2**	67.4
- Other	**0.8**	0.6
	10,456.6	9,033.7

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 2015

	$m	$m	$m	$m	$m	$m	$m
	Los Pelambres	**Centinela**	**Centinela**	**Micilla**	**Los Pelambres**	**Centinela**	**Los Pelambres**
	Copper concentrate	**Copper concentrate**	**Copper cathodes**	**Copper cathodes**	**Gold in concentrate**	**Gold in concentrate**	**Molybdenum concentrate**
Provisionally invoiced gross sales	**2,001.6**	**805.8**	**443.4**	**173.3**	**63.0**	**200.7**	**147.0**
Effects of pricing adjustments to previous year invoices							
Reversal of mark-to-market adjustments at the end of the previous year	**45.5**	**19.6**	**1.4**	**0.4**	**-**	**1.8**	**2.0**
Settlement of sales invoiced in the previous year	**(100.4)**	**(49.8)**	**(5.6)**	**(2.3)**	**-**	**3.6**	**(7.1)**
Total effect of adjustments to previous year invoices in the current year	**(54.9)**	**(30.2)**	**(4.2)**	**(1.9)**	**-**	**5.4**	**(5.1)**
Effects of pricing adjustments to current year invoices							
Settlement of sales invoiced in the current year	**(126.7)**	**(47.6)**	**(7.1)**	**(2.6)**	**(2.1)**	**(11.8)**	**(19.8)**
Mark-to-market adjustments at the end of the current year	**(14.5)**	**(6.2)**	**0.2**	**0.1**	**-**	**(2.2)**	**1.0**
Total effect of adjustments to current year invoices	**(141.2)**	**(53.8)**	**(6.9)**	**(2.5)**	**(2.1)**	**(14.0)**	**(18.8)**
Total pricing adjustments	**(196.1)**	**(84.0)**	**(11.1)**	**(4.4)**	**(2.1)**	**(8.6)**	**(23.9)**
Realised gains on commodity derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Revenue before deducting tolling charges	**1,805.5**	**721.8**	**432.3**	**168.9**	**60.9**	**192.1**	**123.1**
Tolling charges	**(198.8)**	**(95.2)**	**-**	**-**	**(0.2)**	**(0.8)**	**(17.8)**
Revenue net of tolling charges	**1,606.7**	**626.6**	**432.3**	**168.9**	**60.7**	**191.3**	**105.3**

For the year 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	**2,642.5**	**1,226.8**	**640.6**	**322.0**	**80.4**	**267.8**	**213.7**
Effects of pricing adjustments to previous year invoices							
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**

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

(i) Copper concentrate

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

At 31 December 2015, sales totalling 184,400 tonnes remained open as to price, with an average mark-to-market price of $2.13/lb compared with an average provisional invoice price of $2.18/lb.

At 31 December 2014, 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.

(ii) Copper cathodes

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

At 31 December 2015, sales totalling 7,700 tonnes remained open as to price, with an average mark-to-market price of $2.13 /lb compared with an average provisional invoice price of $2.12 /lb.

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.

(iii) Gold in concentrate

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

At 31 December 2015, sales totalling 50,300 ounces remained open as to price, with an average mark-to-market price of $1,061/oz compared with an average provisional invoice price of $1,105/oz.

At 31 December 2014, sales totalling 81,600 ounces remained open as to price, with an average mark-to-market price of $1,186/oz compared with an average provisional invoice price of $1,209/oz.

(iv) Molybdenum concentrate

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

At 31 December 2015, sales totalling 1,900 tonnes remained open as to price, with an average mark-to-market price of $5.1/lb compared with an average provisional invoice price of $4.8/lb.

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.

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 31.12.2015 **$m**	At 31.12.2014 $m
Los Pelambres - copper concentrate	**(14.5)**	(45.5)
Los Pelambres - molybdenum concentrate	**1.0**	(2.0)
Centinela - copper concentrate	**(6.2)**	(19.6)
Centinela - gold in concentrate	**(2.2)**	(1.8)
Centinela - copper cathodes	**0.2**	(1.3)
Michilla - copper cathodes	**0.1**	(0.4)
	(21.6)	(70.6)

5. Financial instruments

a) Categories of financial instruments

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

	At 31.12.2015	At 31.12.2014
	$m	$m
Financial assets		
Derivatives in designated hedge accounting relationships	**0.2**	0.2
Available-for-sale-investments	**2.7**	15.6
Loans and receivables at amortised cost (including cash and cash equivalents)	**1,703.9**	1,895.2
Fair value through profit and loss (liquid investments and mark-to-mark debtors)	**925.4**	1,529.1
Financial liabilities		
Derivatives in designated hedge relationships	**(3.5)**	(11.0)
Financial liabilities measured at amortised cost	**(3,235.5)**	(3,104.1)
Fair value through profit and loss (mark-to-mark creditors)	**(22.9)**	(70.6)

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 31.12.2015	At 31.12.2014
Recurring fair value measurements	$m	$m	$m	**$m**	$m
Financial assets					
Derivatives in designated hedge accounting relationships	-	0.2	-	**0.2**	0.2
Available for sale investments	2.7	-	-	**2.7**	15.6
Fair value through profit and loss	925.4	-	-	**925.4**	1,529.1
Debtors mark-to-market	-	1.3	-	**1.3**	-
Financial liabilities					
Derivatives in designated hedge relationships	-	(3.5)	-	**(3.5)**	(11.0)
Creditors mark-to-market	-	(22.9)	-	**(22.9)**	(70.6)

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 2015.

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 2015 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 2015

	Impact on income statement for year ended 31.12.2015			Impact on reserves for year ended at 31.12.2015	Fair value recorded on balance sheet 31.12.2015
	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	(0.1)	-	(0.1)	(0.1)	0.1
Exchange Derivatives					
Antucoya	0.2	-	0.2	4.0	-
Interest Derivatives					
Centinela	(3.6)	-	(3.6)	3.1	(2.9)
Railway and other transport services	(2.3)	-	(2.3)	0.5	(0.5)
	(5.8)	**-**	**(5.8)**	**7.5**	**(3.3)**

For the year ended 31 December 2014

	Impact on income statement for year ended 31.12.2014			Impact on reserves for year ended at 31.12.2014	Fair value recorded on balance sheet 31.12.2014
	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	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	(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)**

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 31.12.2015	At 31.12.2014
	$m	$m
Analysed between:		
Current assets	**0.2**	0.2
Current liabilities	**(2.0)**	(7.5)
Non-current liabilities	**(1.5)**	(3.5)
	(3.3)	(10.8)

(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 has futures for copper production, to swap COMEX price exposure to LME prices according to the Group's pricing policy.

	At 31.12.2015	**For instruments held at 31.12.2015**	
	Copper production hedged	Weighted average remaining period from 1 January 2016	Covering a period up
	000 tonnes	Months	to:
Centinela	300	0.1	31-01-2016

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. The Group had no such instruments in place at 31 December 2015.

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 2015 the Group had entered into the contracts outlined below.

	Start date	Maturity date	Actual notional amount	Weighted Average Fixed Rate
			$m	%
Centinela	15-02-2011	15-08-2018	105.0	3.372
Railway and other transport services	12-08-2014	12-08-2019	120.0	1.634

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

6. Net finance expense

	Year ended 31.12.2015	Year ended 31.12.2014 (Restated)
	$m	$m
Investment income		
Interest receivable	**16.7**	14.2
Fair value through profit or loss	**1.4**	2.6
	18.1	16.8
Interest expense		
Interest expense	**(33.5)**	(44.2)
Preference dividends	**(0.2)**	(0.2)
	(33.7)	(44.4)
Other finance items		
Time value effect of derivatives	**0.1**	(5.1)
Unwinding of discount on provisions	**(9.1)**	(8.9)
Impairment of available for sale investments	**(1.0)**	(26.3)
Foreign exchange	**(13.6)**	4.0
	(23.6)	(36.3)
Net finance expense	**(39.2)**	(63.9)

At 31 December 2015, $29.6 million relating to net interest expense and other finance items at Antucoya (year ended 31 December 2014 - $27.4 million), $4.1 million at Centinela (year ended 31 December 2014 - $4.8 million) and $1.2 million at Los Pelambres (year ended 31 December 2014 - $3.8 million) was capitalised during the year, and is consequently not included within the above table.

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

7. 7. Taxation

The tax charge for the year comprised the following:

	Year ended 31.12.2015	Year ended 31.12.2014 (Restated)
	$m	$m
Current tax charge		
Corporate tax (principally first category tax in Chile)	**(41.6)**	(360.9)
Mining tax (royalty)	**(20.4)**	(71.9)
Withholding tax	**(12.9)**	(279.3)
Exchange losses on corporate tax balances	**(1.0)**	(0.6)
	(75.9)	(712.7)
Deferred tax credit/(charge)		
Corporate tax (principally first category tax in Chile)	**(69.0)**	10.2
Adjustment to deferred tax attributable to changes in tax rates	**-**	(215.1)
Mining tax (royalty)	**(13.6)**	(7.2)
Withholding tax provision	**(1.9)**	222.5
	(84.5)	10.4
Total tax charge (income tax expense)	**(160.4)**	(702.3)

The rate of first category (i.e. corporate) tax in Chile is currently 22.5% (2014-21%). The rate will increase to 24% in 2016.

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

On 29 September 2014 a significant reform of the Chilean system was enacted into law. This introduced two alternative future taxation systems - the partially-integrated system (the default system for the Group's Chilean subsidiaries) or the attributable system. The Group has been accounting for deferred tax on the basis that it would apply the default partially-integrated system. On 1 February 2016 a Simplification of the Tax Reform was enacted into law. This specifies that for entities such as the Group's Chilean subsidiaries, whose members are corporate entities and not individual persons, only the partially-integrated system can be applied. Given that the Group has already been accounting for deferred tax on the basis that it would apply the default partially-integrated system this has not resulted in any accounting impact for the Group.

Under the partially-integrated system the corporate tax rate will be 25.5% in 2017 and 27% from 2018 onwards. The immediate shareholders of the Chilean subsidiaries will pay withholding tax based on the cash distributions made by those subsidiary companies, as with the current tax system. If the subsidiary company's shareholders are tax resident in countries with applicable tax treaties with Chile (as is the case for the Group) the withholding tax will be 35%, less first category tax at the rate it was paid, so if the company distributes all of its earnings the total corporate and withholding tax burden will be 35%.

The Group's mining operations are also subject to a mining tax (royalty). Production from Los Pelambres, El Tesoro Central and Mirador pits at Centinela cathodes and Michilla are currently subject to a rate of 4% of taxable operating profit and Centinela concentrates of 5%, and production from El Tesoro North East pit and the run-of-mine processing at Centinela cathodes is subject to a rate of between 5–14%, depending on the level of operating profit margin.

	Year ended 31.12.2015		Year ended 31.12.2014 (Restated)	
	$m	%	$m	%
Profit before tax	**259.4**		1,515.6	
Tax at the Chilean corporate rate tax of 22.5% (2014 - 21%)	**(58.4)**	**22.5**	(318.3)	21.0
Effect of increase in future first category tax rates on deferred tax balances	**(8.9)**	**3.4**	(215.1)	14.2
Items not subject to or deductible from first category tax	**(17.1)**	**6.6**	(33.5)	2.2
Carry-back tax losses resulting in credits at historic tax rates	**(25.8)**	**9.9**	-	-
Mining tax (royalty)	**(34.0)**	**13.1**	(79.1)	5.2
Withholding tax	**(14.8)**	**5.7**	(56.8)	3.7
Tax effect of share of results of associates and joint ventures	**(0.5)**	**0.2**	(0.9)	0.1
Net other items	**(0.9)**	**0.3**	1.4	(0.1)
Tax expense and effective tax rate for the year	**(160.4)**	**61.8**	(702.3)	46.3

The tax charge for 2015 was $160.4 million and the effective tax rate was 61.8%. In 2015 the effective tax rate varied from the statutory rate principally due to tax losses which under Chilean tax carry-back rules generated a credit at historic tax rates below the current year statutory rate (impact of $25.8 million / 9.9%), the effect of expenses not deductible for Chilean corporate tax purposes (principally the funding of expenses outside of Chile) (impact of $17.1 million / 6.6%) and the mining tax (impact of $34.0 million / 13.1%) and withholding tax charge (impact of $14.8 million / 5.7%). In 2014, the effective tax rate varied from the standard rate (comprising corporate (first category) tax) principally due to the one-off deferred tax charge of $215.1 million reflecting the increase in tax rates as a result of the Chilean tax reform enacted in that year.
There are no significant tax uncertainties which would require critical judgements, estimates or potential provisions.

8. Discontinued operations

(i) **Profit for the period from discontinued operations**

On 02 June, 2015 the Group completed the disposal of its Water division, Aguas de Antofagasta S.A. ("ADASA"). On 28 August, 2015 the Group completed the disposal of its transport operation in Bolivia, Empresa Ferroviaria Andina S.A. ("FCA").

The results of ADASA and FCA for the period prior to disposal as well as the profit on disposal have been presented on the "Profit for the period from discontinued operations" line in the income statement, reflecting the following amounts:

	ADASA	FCA	**Year ended 31 December 2015**	ADASA	FCA	**Year ended 31 December 2014**
	$m	**$m**	$m	$m	$m	$m
Turnover	53.9	12.9	**66.8**	124.9	19.9	**144.8**
Total operating costs	(34.9)	(20.2)	**(55.1)**	(63.4)	(25.3)	**(88.7)**
Net finance income	(0.1)	(0.2)	**(0.3)**	2.1	(0.3)	**1.8**
Profit/(loss) before tax	18.9	(7.5)	**11.4**	63.6	(5.7)	**57.9**
Attributable tax expense	(3.9)	-	**(3.9)**	(19.9)	(0.6)	**(20.5)**
Profit/(loss) of discontinued operations	15.0	(7.5)	**7.5**	43.7	(6.3)	**37.4**
Profit/(loss) on disposal of discontinued operations[1]	853.2	(5.6)	**847.6**	-	-	**-**
Attributable tax expense[2]	(252.4)	-	**(252.4)**	-	-	**-**
Net profit attributable to discontinued operations (attributable to owners of the Company)	615.8	(13.1)	**602.7**	43.7	(6.3)	**37.4**

[1] Profit on disposal included a loss of $3.9 million and a profit of $2.1 million related to the accumulated currency translation adjustment relating to ADASA and FCA respectively, which has been reclassified from translation reserves in other comprehensive income to the income statement upon disposal.
[2] Tax expense includes $57.2 million related to withholding tax.

During the period, Aguas de Antofagasta S.A., contributed $21.7 million (2014 - $63.6 million) to the Group´s net cash flow from operating activities, $19.2 million (2014 - $25.7 million) in respect to net cash used in investing activities and paid $2.0 million (2014 - $27.9 million) in net cash provided in financing activities.
During the period, Empresa Ferroviaria Andina, contributed $2.2 million (2014 - $4.8 million) to the Group´s net cash flow from operating activities, $2.1 million (2014 - $4.5 million) in respect to net cash used in investing activities and paid $0.1 million (2014 - $0.3 million) in net cash provided in financing activities.

(ii) **Disposal of Aguas de Antofagasta S.A.**

On 2 June 2015, the Group disposed of its 100% interest in Aguas de Antofagasta S.A. ("ADASA").The proceeds on disposal of $962.8 million were received in cash. The gain on disposal of ADASA is analysed below. No investment was retained in the former subsidiary.

The net assets of Aguas de Antofagasta S.A. at the date of disposal were as follows:

	At 31 May 2015
Proceeds	$m
Cash and cash equivalents	**962.8**
Asset Disposed of:	
Intangibles	113.7
Property, plant and equipment	64.1
Inventories	2.0
Current tax asset	2.5
Trade and other receivables	23.7
Cash and cash equivalents	19.9
Trade payables	(18.3)
Borrowings	(80.2)
Retirement benefit obligation	(2.8)
Long-term provision	(1.6)
Deferred tax liabilities	(13.4)
Total carrying amount disposed	**109.6**
Profit on disposal of discontinued operations (before tax)	**853.2**

Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents	962.8
Less: Cash and cash equivalents disposed of	(19.9)
	942.9

(iii) **Disposal of Empresa Ferroviaria Andina S.A.**

On 28 August 2015, the Group disposed of its 100% interest in Empresa Ferroviaria Andina S.A. ("FCA").The consideration of $1.3 million will be received in partial instalments during the next years. The loss on disposal of FCA is analysed below. No investment was retained in the former subsidiary.

	At 31 August 2015
Proceeds	$m
Cash and cash equivalents	-
Asset Disposed of:	
Property, plant and equipment	20.5
Trade and other receivables	6.6
Cash and cash equivalents	0.5
Other assets	4.6
Trade and other payables	(2.7)
Borrowings	(4.5)
Retirement benefit obligation	(6.1)
Non-controlling interests	(13.3)
Total carrying amount disposed	**5.6**

9. Earnings per share

Basic and diluted earnings per share is calculated on profit after tax and non-controlling interests giving net earnings of $608.2 million (2014 - $459.8 million) and amounted to 61.7 cents and based on 985,856,695 ordinary shares. There was no potential dilution of ordinary shares in either year.

10. Dividends

The Board has recommended a final dividend of nil. The interim dividend of 3.1 cents per share was an ordinary dividend and was paid on October which amounts to $30.6 million.

The dividend proposed in relation to 2014 was 21.5 cents, which comprised an interim ordinary dividend of 11.7 cents per share and a final ordinary dividend of 9.8 cents per share.

Dividends per share actually paid in the year and recognised as a deduction from net equity under IFRS were 12.9 cents (2014 –97.8 cents) being the interim dividend for the year and the final dividend proposed in respect of the previous year.

Further details of the currency election timing and process (including the default currency of payment) are available on the Antofagasta plc website (www.antofagasta.co.uk) or from the Company's registrar, Computershare Investor Services PLC on +44 870 702 0159.

11. Intangible assets

	Year ended 31.12.2015	Year ended 31.12.2014
	$m	$m
Balance at the beginning of the year	**118.6**	133.0
Additions	**-**	14.1
Acquisition	**150.1**	-
Disposal	**(113.7)**	-
Amortisation	**(2.4)**	(10.9)
Foreign currency exchange difference	**(2.5)**	(17.6)
Balance at the end of the year	**150.1**	118.6

As disclosed in Note 13, in January 2015 the Group completed its acquisition of 100% of Duluth Metals Limited ("Duluth"). The principal asset of Duluth was its 60% stake in Twin Metals Minnesota Limited ("Twin Metals"), a company in which the Group held the remaining 40% stake as at December 2014. This transaction has resulted in the Group consolidating 100% of the assets and liabilities relating to Twin Metals with effect from January 2015, including the above $150.1 million intangible asset reflecting the value of Twin Metals' mining property assets. The mining properties acquired will be amortised once production commences.

The prior year balance related to Aguas de Antofagasta S.A.'s ("ADASA") 30 year concession to operate the water rights and facilities in the Antofagasta Region of Chile. This balance was disposed of as part of the sale of ADASA on 2 June 2015, as disclosed in Note 8.

12. Property, plant and equipment

	Mining	**Railway and other transport**	**Water Concession**	**Year ended 31.12.2015**	Year ended 31.12.2014
	$m	**$m**	**$m**	**$m**	$m
Balance at the beginning of the year	7,963.4	198.3	52.2	**8,213.9**	7,424.8
Additions	982.3	13.9	16.4	**1,012.6**	1,581.0
Reclassification	124.0	-	-	**123.8**	(14.0)
Acquisition	20.8	-	-	**20.8**	-
Adjustment to capitalised decommissioning provisions	(35.7)	-	-	**(35.7)**	(48.1)
Depreciation	(562.0)	(25.9)	(2.8)	**(590.7)**	(595.1)
Depreciation capitalised	(44.9)	-	-	**(44.9)**	(26.4)
Assets derecognized due to loss of control of subsidiary	-	(20.5)	(64.1)	**(84.6)**	(94.4)
Asset disposals	(8.9)	(3.4)	-	**(12.3)**	(6.3)
Foreign currency exchange difference	-	(0.1)	(1.7)	**(1.8)**	(7.6)
Balance at the end of the year	8,438.8	162.3	-	**8,601.1**	8,213.9

Depreciation of $44.9 million (31 December 2014 – $26.4 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 2015 were $283.1 million (31 December 2014 - $253.2 million) of which $138.6 million were related to the development of Oxides Encuentro project.

Additions include $20.8 million related to property plant and equipment of Twin Metals as part of the Duluth acquisition (see Note 16).

Reclassifications additions are mainly related to profits and losses at Antucoya while is commissioning.

13. Impairment review

Given the recent deterioration in commodity market conditions the Group has reviewed its assets for indicators of impairment, and has performed impairment reviews in respect of the Centinela and Antucoya operations.

In both cases fair value less costs of disposal (FVLCD) calculations have been used, based on discounted cash flow models incorporating estimates of assumptions that would be used by independent market participants in valuing the assets. The cash flow models are based on the operations' detailed life-of-mine plans.

The key assumptions to which the value of the assets are most sensitive are future commodity prices, the discount rate used to determine the present value of the future cash flows, future operating costs, sustaining and development capital expenditure and ore reserve estimates. The commodity price forecasts (representing the Group's estimates of the assumptions that would be used by independent market participants in valuing the assets) are based on consensus forecasts, information disclosed by other mining companies and prices implied by recent market transactions. A long-term copper price of 300 c/lb has been used in the FVLCD calculations. A real post-tax discount rate of 8% has been used in determining the present value of the forecast future cash flow from the assets.
For both Centinela and Antucoya the recoverable amount indicated by the FVLCD calculations was greater than the carrying value of the assets, and accordingly no impairment charge has been recorded.

The assumptions used in the FVLCD calculations which are considered to be subject to the most estimation uncertainty are the long-term copper price and the discount rate. To illustrate the sensitivity of the valuations of Centinela and Antucoya to negative movements in these parameters, a 5% decrease in the forecast long-term copper price would result in an impairment of $375 million at Centinela and an impairment of $95 million at Antucoya, and an increase in the discount rate from 8% to 9% would result in an impairment of $190 million at Centinela and an impairment of $50 million at Antucoya. These are simple sensitivities, looking at illustrative movements in the long-term copper price and discount rate in insolation. In reality, a deterioration in the long-term copper price environment is likely to result in corresponding improvements in a range of input cost factors, as well as potential operational changes, which could partly mitigate the above estimated potential impairment charges.

14. Investment in associates and joint ventures

	Inversiones Hornitos	**ATI**	**El Arrayan**	**Alto Maipo**	**Twin Metals**	**Zaldivar**	**Energía Andina**	**Tethyan Copper**	**Year ended 31.12.2015**	Year ended 31.12.2014
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at the beginning of the year	78.3	8.8	24.5	8.3	67.4	-	11.2	(0.4)	**198.1**	**175.2**
Capital contribution	-	-	-	42.8	-	-	1.3	4.0	**48.1**	**21.6**
Acquisition	-	-	-	-	-	1,001.7	-	-	**1,001.7**	**-**
Gains/(losses) in fair value of cash flow hedges deferred in reserves of associates	-	-	(0.4)	(13.9)	-	-	(1.7)	-	**(16.0)**	**(42.0)**
Fair value of investment in associate upon reclassification to subsidiary	-	-	-	-	(67.4)	-	-	-	**(67.4)**	**67.4**
Share of profit/(loss) before tax	12.3	(0.9)	(0.4)	(6.2)	-	(2.4)	(0.7)	(6.1)	**(4.4)**	**(1.2)**
Share of tax	(3.4)	0.2	(0.5)	2.5	-	(0.4)	0.2	-	**(1.4)**	**(2.9)**
Share of income/(loss) from associate	8.9	(0.7)	(0.9)	(3.7)	-	(2.8)	(0.5)	(6.1)	**(5.8)**	**(4.1)**
Dividends received	(12.1)	-	-	-	-	-	-	-	**(12.1)**	**(20.0)**
Balance at the end of the year	75.1	8.1	23.2	33.5	-	998.9	10.3	(2.5)	**1,146.6**	**198.1**

The investments which are included in the $1,146.6 million balances at 31 December 2015 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. The Group has a 16-year power purchase agreements with Inversiones Hornitos S.A. for the provision of up to 40MW of electricity for Centinela.

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

(iii) The Group´s 30% interest in El Arrayan, which operates an 115MW wind-farm project, which entered into operation in June 2014. The Group has a 20-year power purchase agreements with El Arrayan for the provision of up to 40MW of electricity for Los Pelambres. The Group did not make any capital contributions to El Arrayan during the year (2014 - $2.6 million).

(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. 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 $14.4 million (2014 – $42.3 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 2015 the Group made capital contributions of $42.8 million (2014 – nil). During the year the Group also provided $63.9 million of loan financing (2014 – $105.4 million) to Alto Maipo. The balance due from Alto Maipo to the Group at 31 December 2015 was $229.7 million (2014 - $152.4 million) representing loan financing with an interest rate of LIBOR six-months plus 4.25%.

(v) As at 31 December 2014 the Group had a 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 was held by Duluth Metals Limited ("Duluth"). As detailed in Note 14 in January 2015 the Group completed its acquisition of 100% of Duluth Metals Limited ("Duluth"), resulting in the Group holding a 100% interest in Twin Metals from that point. This has resulted in the Group consolidating 100% of the assets and liabilities relating to Twin Metals with effect from January 2015, and accordingly the investment in associate balance relating to Twin Metals was derecognised at that point.

Investment in joint ventures

(vi) The Group's 50% interest in Minera Zaldivar SpA ("Zaldivar"), which was acquired on 1 December 2015 (see Note 17). Zaldivar is an open-pit, heap-leach copper mine located in Northern Chile, which produces approximately 100,000 tonnes of copper cathodes annually. The total provisional consideration for the acquisition of the Group's 50% stake (including acquisition costs) was $1,001.7 million. The consideration is subject to adjustments based on the net debt and working capital levels of Zaldivar at the completion date, and it is currently expected that these adjustments will be finalized during the first half of 2016, allowing a final determination of the total consideration and the fair value of the share of assets and liabilities acquired.

(vii) The Group's 50.1% (2014 – 50.1%) interest in Energia Andina, which is a joint venture with Origin Geothermal Chile Limitada for the evaluation and development of potential sources of geothermal and solar energy.

(viii) 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 27 below.

15. Available for sale investments

	Year ended 31.12.2015	Year ended 31.12.2014
	$m	$m
Balance at the beginning of the year	**15.6**	16.6
Additions	**0.2**	5.9
Reclassification	**(9.4)**	-
Movement in fair value	**(3.2)**	(6.1)
Disposal	**(0.2)**	-
Foreign currency exchange differences	**(0.3)**	(0.8)
Balance at the end of the year	**2.7**	15.6

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.

The reclassification of $9.4 million is related with the acquisition of Duluth Metals Limited ("Duluth"). As at 31 December 2014 the Group held 17.2% of Duluth's share capital, with a fair value of US$9.4 million, accounted for as an available for sale investment. As explained in Note 16, in January 2015 the Group completed its acquisition of 100% of Duluth. Duluth holds a 60% stake in Twin Metals Minnesota Limited ("Twin Metals"), a company in which the Group held a 40% stake as at December 2014. Accordingly, as a consequence of the acquisition of Duluth the Group has a 100% interest in Duluth and as a result of this a 100% interest in Twin Metals. From January 2015

Twin Metals has therefore been consolidated as a 100% subsidiary of the Group, with this $9.4 million balance forming part of the total consideration reflected in the accounting for the acquisition of the subsidiary.

16. Duluth Metals Limited transaction

In January 2015 the Group completed its acquisition of 100% of Duluth Metals Limited ("Duluth"). The principal asset of Duluth was its 60% stake in Twin Metals Minnesota Limited ("Twin Metals"), a company in which the Group held the remaining 40% stake as at December 2014. The principal asset of Twin Metals is its copper-nickel-PGM deposit in north-eastern Minnesota, and the transaction has accordingly been accounted for as the acquisition by the Group of the remaining 60% interest in that asset.

Immediately prior to the completion of the transaction the Group held 17.2% of Duluth's share capital. The fair value of the consideration transferred to acquire the remaining 82.8% of the share capital of Duluth in January 2015 was $44.3 million, reflecting the agreed acquisition price of C$0.45 per share. In addition, transaction costs of $6.3 million have been included as part of the cost of the asset acquisition. The carrying value of the Group's existing investment in associate balance relating to its 40% interest in Twin Metals at the date of the transaction in January 2015 was $67.4 million, and the carrying value of the Group's existing available for sale investment balance relating to its 17.2% holding of Duluth's share capital at that date was $9.4 million. As part of the acquisition agreement the Group also agreed to redeem convertible debentures previously issued by Duluth at a cash cost of $31.7 million, and has also acquired the other sundry net liabilities of Duluth.

This has resulted in the Group consolidating 100% of the assets and liabilities relating to Twin Metals with effect from January 2015. The principal assets recognised at that date were an intangible asset balance of $150.1 million reflecting the value of the mining property assets, and a property, plant & equipment balance of $20.8 million relating to land and buildings. In addition, a liability of $31.7 million was recognised in respect of the Duluth convertible debentures which were subsequently redeemed by the Group, along with $11.8 million of other sundry net liabilities of Duluth and Twin Metals.

17. Acquisition of 50% stake in Zaldívar

On 1 December 2015 Antofagasta completed its acquisition of a 50% stake in Compañia Minera Zaldívar SpA ("Zaldivar") from Barrick Gold Corporation ("Barrick"), pursuant to an agreement entered into on 30 July 2015. As a result, Antofagasta has become operator of the Zaldivar mine. Zaldivar is an open-pit, heap-leach copper mine located in Northern Chile, which produces approximately 100,000 tonnes of copper cathodes annually.

Given that Antofagasta and Barrick have joint control over Zaldivar, Antofagasta is accounting for its 50% stake in Zaldivar as a joint venture.

Total consideration for the transaction was US$1,005.0 million, subject to adjustments based on the net debt and working capital levels of Zaldivar at the completion date. The consideration is wholly in cash, with $980.0 million payable upon closing (subject to the net debt and working capital adjustments), and five annual payments of $5.0 million per year, starting in 2016. Provisional estimated adjustments in respect of the net debt and working capital levels of Zaldivar at 1 December 2015 resulted in a provisional reduction in the consideration of $10.3 million to $994.7 million. Including capitalized acquisition costs of $7.0 million the initial investment in joint venture balance is therefore $1,001.7 million.

It is currently expected that the net debt and working capital adjustments will be finalized during the first half of 2016, allowing a final determination of the total consideration and the fair value of the share of assets and liabilities acquired.

18. Inventories

	Year ended 31.12.2015	Year ended 31.12.2014
	$m	$m
Current:		
Raw materials and consumables	**162.0**	177.9
Work in progress	**97.7**	136.7
Finished goods	**37.4**	67.9
	297.1	382.5
Non-current:		
Work in progress	**263.9**	247.8
	263.9	630.3

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

19. Borrowings

	Notes	At 31.12.2015	At 31.12.2014
		$m	$m
Los Pelambres			
Corporate loans	(i)	**(52.3)**	(87.2)
Short-term loan	(ii)	**(312.1)**	(206.0)
Finance leases	(iii)	**(7.9)**	(12.5)
Centinela			
Project financing (senior debt)	(iv)	**(889.8)**	(884.1)
Shareholder loan (subordinated debt)	(v)	**(174.5)**	(167.0)
Short-term loan	(vi)	**(200.0)**	-
Finance leases		**-**	(0.1)
Antucoya			
Project financing (senior debt)	(vii)	**(630.2)**	(572.7)
Shareholder loan (subordinated debt)	(viii)	**(308.7)**	(241.7)
Short-term loan	(ix)	**(30.0)**	-
Finance leases	(x)	**-**	(1.1)
Corporate and other items			
Finance leases	(xi)	**(24.6)**	(29.7)
Railway and other transport services			
Long-term loans	(xii)	**(119.1)**	(148.6)
Finance leases	(xiii)	**(2.9)**	(3.2)
Water concession			
Long-term loan	(xiv)	**-**	(14.6)
Andino			
Bonds	(xv)	**-**	(3.0)
Short-term loans	(xvi)	**-**	(1.5)
Preference shares	(xvii)	**(3.0)**	(3.1)
Total		**(2,755.1)**	(2,376.1)

(i) Corporate loans at Los Pelambres are unsecured and US dollar denominated. These loans have a remaining term 2.5 years and have an interest rate of LIBOR six-month plus margins of between 0.9% – 1.6%.

(ii) Short-term loan (PAE) are US dollar denominated, comprises a working capital loan for an average period of 1 year and have an interest rate of LIBOR six-months rate plus margins of between 0.05% - 0.16%.

(iii) Finance leases at Los Pelambres are US dollar denominated, comprising $10.1 million at fixed rate of 0.47% with a remaining duration of 2.5 years.

(iv) Senior debt at Centinela is US dollar denominated, comprises $887.3 million in respect of syndicated loans. These loans are for a remaining term of 4.5 years and have an interest rate of LIBOR six-month rate plus 1%. The loans are subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained.

The Group has used interest rate swaps to swap the floating rate interest for fixed rate interest. At 30 June 2015 the current notional amount hedged of the senior debt at Centinela was $122.5 million.

(v) This balance includes long-term subordinated debt are US dollar denominated, provided to Centinela by Marubeni Corporation with a duration of 6.5 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) Short-term loan (PAE) are US dollar denominated, comprises a working capital loan for an average period of 1 year and have an interest rate of LIBOR six-month plus margins of between 0.1% - 0.3%

(vii) Finance leases at Centinela are US dollar denominated, with a remaining duration of 0.5 year and with an average interest fixed rate at approximately 1.3%.

(viii) Senior debt at Antucoya is US dollar denominated, comprises $623.3 million in respect of syndicated loans. These loans are for a remaining term of 11.5 years and have an interest rate of LIBOR 180 days plus 1.9%.

(ix) This balance includes long-term subordinated debt is US dollar denominated, provided to Antucoya by Marubeni with duration of 11.5 years and an interest rate of LIBOR six-months plus 3.65%. Long-term subordinated debt provided by Group companies to Antucoya has been eliminated on consolidation.

(x) Short-term loan are US dollar denominated, comprises a working capital loan for an average period of 1 year and has an interest rate of LIBOR six-month rate plus 0.9%

(xi) Finance leases at Antucoya are US dollar denominated, with a maximum remaining duration of 0.5 year and with an average interest fixed rate at approximately LIBOR three-months plus 2.89%.

(xii) 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 12.5 years and are fixed rate with an average interest rate of 5.29%.

(xiii) 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 4.5 years and with an interest rate of LIBOR six-month plus 0.48%.The Group has used interest rate swaps to swap the floating rate interest for fixed rate interest. At 30 June 2015 the current notional amount hedged of the long-term debt at Railway and other transport services was $150.0 million.

(xiv) Finance leasing at Railway and other transport services are Chilean pesos denominated, with a maximum remaining duration of 2.5 years and with a fixed interest rate 4.8%

(xv) Long-term loan at ADASA denominated in Unidades de Fomento (i.e. inflation-linked Chilean pesos) was derecognised as part of the ADASA sale.

(xvi) Disposal of Andino (FCA) included the derecongised of short term bond as part of the FCA sale.

(xvii) Disposal of Andino (FCA) included the derecongised of short-term loans as part of the FCA sale.

(xviii) 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 31.12.2015	At 31.12.2014
	$m	$m
Short-term borrowings	**(758.9)**	(284.5)
Medium and long-term borrowings	**(1,996.2)**	(2,091.6)
Total	**(2,755.1)**	(2,376.1)

At 31 December 2015 $38.4 million (2014 - $67.5 million) of the borrowings has fixed rate interest and $2,716.7 million (2014 - $2,308.6 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 $225.0 million of floating rate borrowings into fixed rate borrowings. Details of any derivative instruments held by the Group are given in Note 5.

20. Post-employment benefit obligation

	Year ended 31.12.2015	Year ended 31.12.2014
	$m	$m
Balance at the beginning of the year	**(103.0)**	(91.2)
Current service cost	**(16.6)**	(17.2)
Actuarial gains/(losses)	**2.3**	(18.0)
Interest cost	**(4.1)**	(3.5)
Charge/(credit) capitalised	**(3.6)**	0.1
Reclassification	**(0.3)**	1.1
Paid in the year	**14.0**	13.7
Disposal	**8.9**	-
Foreign currency exchange difference	**15.5**	12.0
Balance at the end of the year	**(86.9)**	(103.0)

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

21. Decommissioning & restoration and other long term provisions

	Year ended 31.12.2015	Year ended 31.12.2014
	$m	$m
Balance at the beginning of the year	**(434.3)**	(494.3)
(Charge)/credit to operating profit in the year	**(25.8)**	7.4
Release of discount to net interest in the year	**(5.0)**	(5.6)
Actuarial gain	**-**	0.6
Capitalised adjustment to provision	**35.7**	48.1
Reclassification	**-**	0.9
Utilised in the year	**30.1**	6.2
Disposal	**1.5**	-
Foreign currency exchange difference	**3.8**	2.4
Balance at the end of the year	**(394.0)**	(434.3)
Analysed as follows:		
Decommissioning and restoration	**(394.0)**	(432.6)
Termination of water concession	**-**	(1.7)
Balance at the end of the year	**(394.0)**	(434.3)

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 2015, the decommissioning and restoration provisions at the Group's mining operations decreased by a net total of $38.6 million.

The balance at the end of the year includes $31.7 million of provision related to Michilla. Following the cessation of production at Michilla the current expectation is that the majority of the closure costs will be incurred during the next three years.

22. Deferred tax assets and liabilities

	Year ended 31.12.2015	Year ended 31.12.2014
	$m	$m
Net position at the beginning of the year	**(875.2)**	(889.0)
(Charge)/credit to tax on profit in year	**(84.1)**	6.4
Deferred tax recognised directly in equity	**(1.4)**	2.4
Reclassification	**(0.8)**	0.3
Disposal	**8.8**	-
Foreign currency exchange difference	**1.1**	2.9
Net position at the end of the year	**(951.6)**	(875.2)
Analysed between:		
Deferred tax assets	**124.6**	104.6
Deferred tax liabilities	**(1,076.2)**	(979.8)
Net position	**(951.6)**	(875.2)

The deferred tax balance of $951.6 million (2014 - $875.2 million) includes $965.0 million (2014 - $951.6 million) due in more than one year. All amounts are shown as non-current on the face of the balance sheet as required by IAS 12.

23. Share capital and share premium

There was no change in share capital or share premium in the year ended 2015 or 2014.

24. Other reserves and retained earnings

	Year ended 31.12.2015	Year ended 31.12.2014
	$m	$m
Hedging reserves(1)		
At 1 January	**(36.2)**	(6.8)
Parent and subsidiaries net cash flow hedge fair value gains/(losses)	**0.1**	(0.2)
Parent and subsidiaries net cash flow hedge gains/(losses) transferred to the income statement	**3.5**	(8.5)
Share of other comprehensive losses of equity accounted units, net of tax	**(10.2)**	(25.2)
Tax on the above	**(1.3)**	4.5
At 31 December	**(44.1)**	(36.2)
Available for sale revaluation reserves(2)		
At 1 January	**(10.7)**	(30.9)
Losses on available for sale investment	**(3.2)**	(6.1)
Losses on available for sale securities transferred to the income statement	**1.0**	26.3
Tax on the above	**-**	-
At 31 December	**(12.9)**	(10.7)
Foreign currency translation reserves(3)		
At 1 January	**(0.5)**	25.7
Parent and subsidiaries currency translation and exchange adjustments	**-**	(26.2)
Currency translation reclassified on disposal	**(1.8)**	-
Tax on the above	**-**	-
At 31 December	**(2.3)**	(0.5)
Total other reserves per balance sheet	**(59.3)**	(47.4)
Retained earnings(4)		
At 1 January	**5,932.1**	6,447.5
Parent and subsidiaries profit for the year	**614.0**	463.4
Equity accounted units' loss after tax for the year	**(5.8)**	(3.6)
Actuarial gains/(losses)(5)	**4.5**	(13.2)
Tax relating to components of other comprehensive income	**(1.2)**	3.4
Total comprehensive income for the year	**6,543.6**	6,897.5
Change in ownership interest in subsidiaries	**-**	1.5
Capital increase in non-controlling interest	**-**	(2.7)
Dividends paid	**(127.2)**	(964.2)
At 31 December	**6,416.4**	5,932.1

(1) The hedging reserve records gains or losses on cash flow hedges that are recognized initially in equity, as described in note 5.
(2) The available for sale revaluation reserves record fair value gains or losses relating to available for sale investment, as described in note 15.
(3) Exchange differences arising on the translation of the Group's net investment in foreign controlled companies are taken to the foreign currency translation reserve. The cumulative differences relating to an investment are transferred to the income statement when the investment is disposed of.
(4) Retained earnings and movements in reserves of subsidiaries include those arising from the Group's share of joint operations.
(5) Actuarial gains or losses relating long – term employee benefits, as described in note 20.

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

	Year ended 31.12.2015	Year ended 31.12.2014
	$m	$m
Profit before tax from continuing and discontinued operations	**1,118.4**	1,573.5
Depreciation and amortisation	**576.1**	606.0
Net (profit)/loss on disposals	**10.2**	(24.1)
Profit on disposal of discontinued operations	**(859.0)**	(57.9)
Net finance expense	**39.2**	62.1
Share of results from associates and joint ventures	**5.8**	4.1
Decrease in inventories	**60.5**	32.1
Decrease in debtors	**137.7**	124.8
Increase/(decrease) in creditors and provisions	**(230.6)**	187.2
Cash flows from operations	**858.3**	2,507.8

26. Analysis of changes in net debt

	At 1.1.2015	Cash flows	Other	Exchange	**At 31.12.2015**
	$m	$m	$m	$m	**$m**
Cash and cash equivalents	845.4	(1.5)	-	(36.4)	**807.5**
Liquid investments	1,529.1	(605.0)	-	-	**924.1**
Total cash and cash equivalents and liquid investments	2,374.5	(606.6)	-	(36.4)	**1,731.6**
Bank borrowings due within one year	(276.0)	(306.9)	(171.3)	0.8	**(753.4)**
Bank borrowings due after one year	(2,050.5)	(139.2)	225.0	1.4	**(1,963.3)**
Finance leases due within one year	(8.5)	11.5	(8.5)	-	**(5.5)**
Finance leases due after one year	(38.0)	0.3	4.8	3.0	**(29.9)**
Preference shares	(3.1)	-	-	0.1	**(3.0)**
Total borrowings	(2,376.1)	(434.3)	50.0	5.3	**(2,755.1)**
Net debt	(1.6)	(1,040.8)	50.0	(31.1)	**(1,023.5)**

Net debt

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

	At 31.12.2015	At 31.12.2014
	$m	$m
Cash, cash equivalents and liquid investments	**1,731.6**	2,374.5
Total borrowings	**(2,755.1)**	(2,376.1)
	(1,023.5)	(1.6)

The “other” movements mainly reflect the derecognition of $80.2 million of borrowings at Aguas Antofagasta S.A. and $4.5 million loan at Empresa Ferroviaria Andina S.A. as a result of the disposal of those businesses.

27. 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 tailings dam) 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 valley in which the dam is built down to the Caimanes community. This claim was rejected by the trial Court of 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 a 3-2 majority decision, upheld the appeal and ordered Los Pelambres to submit back to the trial Court of 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 trial Court of Los Vilos. On 6 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 appealed the Court's decision and in December 2015 the Court of Appeals ordered that, before it issues its decision, a Court appointed engineer must review the plan submitted by Los Pelambres and issue a report explaining whether or not the proposed works are enough to ensure that the flow of the Pupío stream to the Caimanes community is not altered by the operation of the tailings dam and, if the proposed works are not deemed to be sufficient to achieve this purpose, what additional or other works must be performed by Los Pelambres to achieve this goal. That report is currently pending.

In the second claim, the plaintiffs are seeking demolition of the dam wall 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 would need to be reviewed and agreed with the technically competent bodies responsible for supervision of the dam. The decision of the Court of Los Vilos was appealed by both the plaintiffs and Los Pelambres to the Court of Appeal of La Serena. In April 2015 the Court of Appeal of La Serena upheld Los Pelambres's appeal, overturning the decision of the Court of Los Vilos and rejecting completely the plaintiff's claim. The decision of the Court of Appeal has been appealed by the plaintiffs to the Supreme Court. The Supreme Court is expected to hear oral arguments and issue a final decision within the next few months.

Los Pelambres – Cerro Amarillo Waste Dump

In 2004, Los Pelambres received all of the required authorisations from the Chilean government to deposit a waste-rock dump ("Cerro Amarillo Waste Dump") in its current location which, according to the then official Chilean maps (1996), was located within Chile. In 2007 Chile modified the official maps in this area without making the changes public. Los Pelambres stopped using the relevant area of the Cerro Amarillo Waste Dump in 2011.

In February 2012, a binational border commission, established to clarify the exact position of the Chile/Argentina border, determined accurately the location of the border in the area of the Cerro Amarillo Waste Dump, which showed that part of the Cerro Amarillo Waste Dump was located in Argentina.

In May 2014 Xstrata Pachón S.A. ("Xstrata Pachón"), a subsidiary of Glencore and the holder of the mining properties on the Argentinian side of the border, filed a claim against Los Pelambres before the Federal Court of San Juan, Argentina, alleging that Los Pelambres had unlawfully deposited waste-rock on its property.

Xstrata Pachón has also filed a criminal complaint before a different Federal Court of San Juan alleging that Los Pelambres had violated several Argentinian laws relating to the misappropriation of land, unlawful appropriation of water bodies and that people's health was in jeopardy from the alleged contamination that the Cerro Amarillo Waste Dump might generate.

In both cases, Los Pelambres submitted preliminary objections to the Argentinian courts. These objections are still pending in relation to the civil claim each party may appeal any decision on these preliminary objections to higher courts.

In the criminal proceeding the first instance Court dismissed the preliminary objections made by Los Pelambres but this decision has been appealed.

The Cerro Amarillo Waste Dump is a pile of inert waste rock and any potential future environmental impact could be easily prevented with the implementation of an environmental closure plan, which is the accepted and recommended practice.

Los Pelambres has offered to implement a closure plan in line with the requirements of the Provincial Authorities of San Juan, but Xstrata Pachón has rejected this proposal outright, even though this solution would address all of the alleged environmental concerns.

Los Pelambres will exercise all available legal avenues to defend its position and will continue to seek to reach an understanding with the relevant authorities in Argentina to allow the environmental closure of the Cerro Amarillo Waste Dump.

28. 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 2015 the Group contributed $4.0 million (2014 - $8.5 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 2015 was less than $0.1 million (2014 – less than $0.1 million). During the year ended 31 December 2015 the Group contributed $1.3 million to Energia Andina (2014 - $7.7 million).

The Group´s 50% (2014 – 0%) interest in Minera Zaldivar which was acquired on 1 December 2015 (see Note 17), which is a joint venture with Barrick Gold Corporation. Antofagasta is the operator of Zaldivar from 1 December 2015 onwards.

b) Associates

The Group has a 40% interest in Inversiones Hornitos S.A. The Group paid $130.1 million (2014 – $175.3 million) to Inversiones Hornitos in relation to the energy supply contract at Centinela. During 2015, the Group has received dividends from Inversiones Hornitos S.A. for $12.1 million (2014 – $20.0 million).

The Group has a 30% interest in Parque Eólico El Arrayán S.A. ("El Arrayán"). The Group paid $42.0 million (2014 – $12.0 million) to El Arrayan in relation to the energy supply at Los Pelambres. During 2014 the Group has contributed $2.6 million.

The Group has a 40% interest in Alto Maipo SpA ("Alto Maipo"). During 2015 the Group has made capital contributions to Alto Maipo for $42.8 million (2014 – nil). The balance due from Alto Maipo to the Group at 31 December 2015 was $229.7 million (2014 –$152.4 million) representing loan financing with an interest rate of LIBOR six-months plus 4.25%.

As explained in Note 16, the Group completed its acquisition of Duluth Metals Limited ("Duluth") in January 2015. As a result of the acquisition the Group now has 100% interest in Twin Metals Minnesota Limited ("Twin Metals") and therefore it has been consolidated as subsidiary of the Group. During the period between July 2014 and December 2014, The Group had 40% interest in Twin Metals which was accounted as an associate and during this period the Group contributed $2.8 million to Twin Metals. Before 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 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 2015 Group incurred $4.2 million (2014 – $17.0 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.

29. 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.

	2015
Year ended rate	US$1.4828=£1; US$1 = Ch$710.16
Average rates	US$1.5284=£1; US$1 = Ch$654.47

30. Distribution

The Annual Report and Financial Statements for the year ended 31 December 2015, together with the Notice of the 2016 Annual General Meeting, will be posted to all shareholders in April 2016. The Annual General Meeting will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ from [●] a.m. on Wednesday 18 May 2016.

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

See notes following Note 32(b).

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

	Production		Sales	
	Year ended 31.12.2015	Year ended 31.12.2014	**Year ended 31.12.2015**	Year ended 31.12.2014
	000 tonnes	000 tonnes	**000 tonnes**	000 tonnes
Copper				
Los Pelambres	**363.2**	391.3	**366.0**	386.0
Centinela	**221.1**	266.5	**224.4**	270.9
Antucoya	**12.2**	-	**9.2**	-
Michilla	**29.4**	47.0	**30.8**	46.1
Zaldivar	**4.4**	-	**5.5**	-
Group total	**630.3**	704.8	**635.9**	703.0
Gold	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**51.4**	66.5	**53.4**	63.8
Centinela	**162.5**	204.4	**165.8**	203.6
Group total	**213.9**	270.9	**219.2**	267.4
Molybdenum	**000 tonnes**	000 tonnes	**000 tonnes**	000 tonnes
Los Pelambres	**10.1**	7.9	**9.9**	8.2
Silver	**000 ounces**	000 ounces	**000 ounces**	000 ounces
Los Pelambres	**2,451.9**	3,002.6	**2,281.9**	2,793.8
Centinela	**1,028.5**	1,354.9	**1,055.1**	1,320.9
Group total	**3,480.3**	4,357.5	**3,337.0**	4,114.7

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

	Cash costs		Realised prices	
	Year ended 31.12.2015	Year ended 31.12.2014	**Year ended 31.12.2015**	Year ended 31.12.2014
	$/lb	$/lb	**$/lb**	$/lb
Copper				
Los Pelambres	**1.23**	1.18	**2.24**	2.95
Centinela	**1.85**	1.63	**2.33**	3.02
Michilla	**2.14**	2.38	**2.49**	3.30
Zaldivar	**1.85**	-	**-**	-
Group weighted average (net of by-products)	**1.50**	1.43		3.00
Group weighted average (before deducting by-products)	**1.81**	1.83		
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	**1.58**	1.65		

Cash costs at Los Pelambres comprise:		
On-site and shipping costs	**1.24**	1.35
Tolling charges for concentrates	**0.27**	0.21
Cash costs before deducting by-product credits	**1.51**	1.56
By-product credits (principally molybdenum)	**(0.28)**	(0.38)
Cash costs (net of by-product credits)	**1.23**	1.18
Cash costs at Centinela comprise:		
On-site and shipping costs	**2.07**	1.96
Tolling charges for concentrates	**0.20**	0.16
Cash costs before deducting by-product credits	**2.27**	2.12
By-product credits (principally gold)	**(0.42)**	(0.48)
Cash costs (net of by-product credits)	**1.85**	1.63

LME average	**2.50**	3.11
	$	$
Gold		
Los Pelambres	**1,141**	1,265
Centinela	**1,159**	1,261
Group weighted average	**1,155**	1,262
Market average price	**1,160**	1,266
Molybdenum		
Los Pelambres	**5.7**	11.0
Market average price	**6.7**	11.4
Silver		
Los Pelambres	**15.4**	19.1
Centinela	**15.4**	18.4
Group weighted average	**15.5**	18.7
Market average price	**15.4**	19.1

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, 70% of Antucoya and 99.9% of Michilla (74.2% prior to March 2014).

(ii) Los Pelambres produces copper and molybdenum concentrates, Centinela produces copper concentrate and copper cathodes and Antucoya produces copper cathodes. The figures for Los Pelambres, Centinela and Antucoya 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 and Antucoya 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 32(a) and the cash cost information in Note 32(b) are derived from the Group's production report for the Q4 of 2015, published on January 27, 2016.

c) Cash Cost Reconciliation

	2015 US$m	2014 US$m
Total Group operating cost (Note 4)	3,090.2	3,562.0
Less:		
Total - Depreciation and amortisation (Note 4)	(576.1)	(581.7)
Total - (Loss)/gain on disposal (Note 4)	(10.2)	23.9
Elimination of non-mining operations		
Corporate and other items - Total operating cost (Note 4)	(67.6)	(99.2)
Exploration and evaluation - Total operating cost (Note 4)	(101.9)	(167.5)
Railway and other transport services - Total operating cost (Note 4)	(94.0)	(97.3)
Closure provision and other expenses not included within cash cost (Note 6)	(75.4)	(76.5)
Total cost relevant to the mining operation's cash cost	2,165.0	2,563.7
Copper sales volumes - excluding Antucoya and Zaldivar (tonnes)	621,200	703,000
Cash cost excluding tolling charges and by-product revenues ($ per tonne)	3,485	3,647
Cash cost excluding tolling charges and by-product revenues (cents per lb)	1.58	1.65