

## Q3 2015 PRODUCTION REPORT

### HIGHLIGHTS

#### PRODUCTION

- Copper production in Q3 2015 was 157,000 tonnes, in line with the previous quarter, despite lower grades and recoveries at Centinela Concentrates
- Group copper production for the first nine months of the year at 460,400 tonnes was 11.0% lower than in the same period last year. This was primarily due to lower production at Los Pelambres and Centinela
- Gold production was 158,200 ounces in the first nine months of the year, a 16.1% decrease on 2014 due to lower grades at Centinela
- Molybdenum production was unchanged in Q3 2015 compared with Q2 2015 and 32.7% higher in the first nine months of the year compared with the previous year, principally due to higher grades at Los Pelambres

#### CASH COSTS

- Cash costs before by-product credits in Q3 2015 were \$1.67/lb, 13.5% lower than in Q2 2015. This decrease is mainly related to higher production at Los Pelambres and lower input prices, particularly energy, and the impact of the weaker peso during the quarter
- Cash costs before by-product credits for the nine months of 2015 at \$1.81/lb were 2.7% lower than the same period last year
- Net cash costs were \$1.42/lb in Q3 2015, a 11.3% decrease compared with the previous quarter primarily due to lower cash costs before by-product credits, which were partially offset by lower realised prices and lower gold production at Centinela Concentrates
- Net cash costs for the first nine months of the year were \$1.49/lb, 3.5% higher than the same period last year despite lower cash costs, due to lower realised prices for by-products although production of molybdenum was higher

#### OTHER

- First production was achieved at Antucoya in September, with 2,200 tonnes of copper cathode produced in Q3 2015
- As announced, on 30 July 2015 the Group entered into a definitive agreement to acquire 50% controlling interest in the Zaldívar copper mine in Chile. The transaction is expected to close in Q4 2015

#### GUIDANCE

- Guidance for the year reduced to 635,000 tonnes of production, following delayed ramp-up at Centinela Concentrates and a minor pit wall slide at Centinela Cathodes. Net cash cost guidance unchanged at \$1.47/lb.

GROUP PRODUCTION AND CASH COSTS		Q3			Q2			Year to Date		
		2015	2015	%	2015	2015	%	2015	2014	%
Copper production <sup>(1)</sup>	kt	157.0	157.0	-	460.4	517.3	(11.0)			
Gold production	koz	45.7	55.1	(17.0)	158.2	188.6	(16.1)			
Molybdenum production	kt	2.6	2.6	-	7.3	5.5	32.7			
Cash costs before by-product credits	\$/lb	1.67	1.93	(13.5)	1.81	1.86	(2.7)			
Net cash costs	\$/lb	1.42	1.60	(11.3)	1.49	1.44	3.5			

*(1) Copper production tonnage includes pre-commercial production at Antucoya (2,200 tonnes), which are not included in unit costs.*

## MINING OPERATIONS

### Los Pelambres

Los Pelambres produced 96,200 tonnes of copper in Q3 2015 compared with 90,600 tonnes in the previous quarter. This increase is mainly due to higher grades and recoveries during the quarter, partly offset by lower throughput. The 8.9% decrease in production to 265,600 tonnes in the first nine months of 2015 compared with the same period last year was due to scheduled maintenance and lower throughput as a result of community actions earlier in the year.

Sales of copper were higher in Q3 2015 as stocks, which had accumulated at the port as a result of poor weather at the end of Q2 2015, were shipped.

Molybdenum production was unchanged at 2,600 tonnes in Q3 2015 compared to the previous quarter, primarily due to the higher grade and recoveries. Production at 7,300 tonnes was 32.7% higher in the first nine months of the year compared with the same period in 2014 due to significantly higher grades as a new, higher molybdenum-grade phase of the pit is mined.

Cash costs before by-product credits in Q3 2015 were \$1.32/lb, compared with \$1.73/lb in the previous quarter. This improvement was principally due to productivity and cost improvements, higher production and lower input prices, such as diesel and energy. Compared with the same period last year, cash costs before by-product credits at \$1.54/lb were 2.5% lower in the first nine months of 2015, primarily due to lower input prices.

Net cash costs in Q3 2015 at \$1.08/lb were 25.0% lower than in the previous quarter, again reflecting productivity and cost improvements, increased copper production, as well as higher gold and molybdenum production. Net cash costs for the first nine months of the year were \$1.26/lb compared with \$1.15/lb in the same period last year. This increase is mainly due to lower copper and gold production and lower realised molybdenum prices, which more than halved during this period.

LOS PELAMBRES		Q3	Q2		Year to Date		
		2015	2015	%	2015	2014	%
Daily ore throughput	kt	169.7	181.5	(6.4)	167.5	176.5	(5.1)
Copper grade	%	0.72	0.66	9.1	0.69	0.69	-
Copper recovery	%	89.2	86.1	3.6	87.5	90.0	(2.8)
Copper production	kt	96.2	90.6	6.2	265.6	291.5	(8.9)
Copper sales	kt	98.9	83.5	18.4	262.2	279.9	(6.3)
Molybdenum grade	%	0.022	0.019	15.8	0.020	0.014	42.9
Molybdenum recovery	%	83.8	80.1	4.6	81.8	82.9	(1.3)
Molybdenum production	kt	2.6	2.6	-	7.3	5.5	32.7
Molybdenum sales	kt	2.6	2.5	4.0	7.0	5.8	20.7
Gold production	koz	13.2	11.0	20.0	35.5	50.6	(29.8)
Gold sales	koz	13.6	10.1	34.7	36.1	46.8	(22.9)
Cash costs before by-product credits <sup>(1)</sup>	\$/lb	1.32	1.73	(23.7)	1.54	1.58	(2.5)
Net cash costs <sup>(1)</sup>	\$/lb	1.08	1.44	(25.0)	1.26	1.15	9.6

*(1) Includes tolling charges of \$0.34/lb in Q3 2015, \$0.31/lb in Q2 2015, \$0.31/lb in 2015 YTD and \$0.21/lb in 2014 YTD*

## **Centinela**

Total copper production at Centinela was 50,700 tonnes in Q3 2015, 12.6% lower than in the previous quarter due to lower production of copper in concentrates, partly offset by higher cathode production. Total production for the nine months of 2015 was 11.8% lower than the same period last year as a result of lower production of copper in concentrates and cathodes.

Production of copper in concentrates was 31,900 tonnes in Q3 2015, compared with 39,900 tonnes in the previous quarter primarily due to lower grades partially offset by higher throughput. Copper in concentrate production for the first nine months of the year was 10.8% lower compared with the same period last year mainly reflecting lower grades. The increase in throughput to 105,000 tonnes per day has been slower than expected following the rains earlier in the year that delayed commissioning of the secondary and tertiary crushers.

Sales of copper concentrate were higher in Q3 2015 as stocks, which had accumulated at the port as a result of poor weather at the end of Q2 2015, were shipped.

Cathode production in Q3 2015 was 18,700 tonnes, a 3.3% increase on the 18,100 tonnes produced in Q2 2015 largely as a result of higher grades and recoveries. Compared with the same period last year, cathode production in the first nine months of 2015 was 13.7% lower as grades declined as expected as mining moves to the lower grade zones of the Tesoro Central and Tesoro Noreste pits.

Gold production was 32,500 ounces in Q3 2015, 11,600 ounces lower than in the previous quarter primarily due to a drop in the grade. Gold production of 122,700 ounces in the first nine months of 2015 was 11.1% lower compared to the same period last year mainly due to lower grades.

Cash costs before by-product credits were \$2.36/lb in Q3 2015 compared with \$2.22/lb in the previous quarter. This increase in costs was due to lower production partially offset by lower input prices. Cash costs before by-product credits for the first nine months of 2015 were almost unchanged compared with the same

period last year despite copper production being 11.8% lower, as lower input prices, a weaker Chilean peso and a reduction in fixed costs countered lower production.

Lower copper production also impacted net cash costs in Q3 and the first nine months of 2015. This was further impacted by lower gold production and lower realised gold prices.

Following the quarter end, in October there was a pit wall slide in the Tesoro Central pit that has impacted expected production by up to 3,000 tonnes due to consequential mining sequencing changes. The pit wall movement was detected in advance and all personnel and equipment were evacuated before the slide occurred.

CENTINELA		Q3	Q2		Year to Date		
		2015	2015	%	2015	2014	%
<b>CONCENTRATES</b>							
Daily ore throughput	kt	85.9	82.9	3.6	81.2	85.1	(4.6)
Copper grade	%	0.51	0.62	(17.7)	0.61	0.64	(4.7)
Copper recovery	%	84.2	86.6	(2.8)	86.4	88.1	(1.9)
Copper production	kt	31.9	39.9	(20.1)	110.3	123.7	(10.8)
Copper sales	kt	39.7	32.8	21.0	110.2	124.2	(11.3)
Gold grade	g/t	0.19	0.26	(26.9)	0.25	0.27	(7.4)
Gold recovery	%	69.8	71.6	(2.5)	73.7	72.5	1.7
Gold production	koz	32.5	44.1	(26.3)	122.7	138.0	(11.1)
Gold sales	koz	41.7	36.7	13.6	125.2	135.1	(7.3)
<b>CATHODES</b>							
Daily ore throughput	kt	25.0	26.2	(4.6)	25.5	24.7	3.2
Copper grade	%	0.97	0.96	1.0	1.03	1.27	(18.9)
Copper recovery	%	71.1	64.8	9.7	68.7	71.6	(4.1)
Copper production – heap leach	kt	15.7	15.2	3.3	50.1	60.5	(17.2)
Copper production – total <sup>(1)</sup>	kt	18.7	18.1	3.3	58.7	68.0	(13.7)
Copper sales	kt	19.0	18.2	4.4	59.0	66.5	(11.3)
<b>Total copper production</b>	kt	<b>50.7</b>	<b>58.0</b>	<b>(12.6)</b>	<b>169.0</b>	<b>191.7</b>	<b>(11.8)</b>
<b>Cash costs before by-product credits<sup>(2)</sup></b>	\$/lb	<b>2.36</b>	<b>2.22</b>	<b>6.3</b>	<b>2.20</b>	<b>2.18</b>	<b>0.9</b>
<b>Net cash costs<sup>(2)</sup></b>	\$/lb	<b>2.02</b>	<b>1.77</b>	<b>14.1</b>	<b>1.78</b>	<b>1.71</b>	<b>4.1</b>

(1) Includes production from ROM material

(2) Includes tolling charges for copper in concentrates of \$0.31/lb in Q3 2015, \$0.31/lb in Q2 2015, \$0.30/lb in 2015 YTD and \$0.24/lb in 2014 YTD

## Michilla

Copper production at Michilla was 8,000 tonnes in Q3 2015, 3.6% lower than in the previous quarter as production slows following the completion of mining activities as part of the full mine closure plan. The 30.8% decrease in production to 23,600 tonnes in the first nine months of the year compared with the same period last year is due to completion of underground and open-pit mining activities. The process of reducing the number of onsite staff and contractors continued in the third quarter as planned.

Cash costs increased slightly to \$2.06/lb in Q3 2015 compared with \$2.04/lb in the previous quarter primarily due to lower throughput and production. Cash costs for the first nine months of 2015 were \$2.18/lb compared with \$2.41/lb in the same period last year. This decrease was primarily due to lower onsite costs as a result of lower activity at the site and higher grade.

MICHILLA		Q3	Q2		Year to Date		
		2015	2015	%	2015	2014	%
Daily ore throughput	kt	6.8	7.1	(4.2)	6.9	12.0	(42.5)
Copper grade	%	1.43	1.35	5.9	1.27	1.10	15.5
Copper recovery	%	78.9	79.3	(0.5)	78.8	79.9	(1.4)
Copper production – heap leach	kt	6.1	6.0	1.7	17.7	29.1	(39.2)
Copper production – total <sup>(1)</sup>	kt	8.0	8.3	(3.6)	23.6	34.1	(30.8)
Copper sales	kt	8.0	7.8	2.6	24.2	33.2	(27.1)
Cash costs	\$/lb	2.06	2.04	1.0	2.18	2.41	(9.5)

*(1) Includes production from secondary leaching*

## Antucoya

During the quarter, construction of Antucoya was completed with first cathode being produced in early September. Construction costs are on-budget and the project is ramping up to full capacity, which is expected to be achieved by mid-2016. Rectification work has been completed on the trippers and dust suppression adjustments are now in place that allow the crushing circuits to operate continuously.

By the end of September, approximately 2.6 million tonnes of crushed material were stacked on the heap, with full production for the year expected to be 10,000 tonnes.

Production at Antucoya will be reported as part of total Group production and costs will be reported in unit costs once commercial production is achieved, which is expected to be in the first half of 2016.

## Zaldívar

As previously announced, on 30 July 2015 the Group entered into a definitive agreement with Barrick Gold Corporation to acquire a 50% interest in the Zaldívar copper mine. Total consideration for the transaction is \$1,005 million, which will be funded from the Group's cash resources. Antofagasta will become the operator of the asset upon close, which is expected in Q4 2015.

Zaldívar is an open-pit, heap-leach copper mine located in northern Chile with over 20 years of operating history. In 2014, Zaldívar produced approximately 100,000 tonnes of copper at a net cash cost of \$1.79/lb, and generated \$244 million of earnings before tax. As reported by Barrick, as of 31 December 2014, Zaldívar has 2.5 million tonnes of contained copper in proven and probable reserves, which supports a current reserve life of approximately 14 years, with further upside potential through exploration. In addition, as of the same date, Zaldívar had gross assets of \$1.4 billion.

## Guidance

Group copper production guidance for the year is reduced to 635,000 tonnes following lower than expected production during 3Q, the delay in the ramp-up of throughput at Centinela Concentrates and the pit wall failure in October at Centinela Cathodes.

## Transport

Total volumes transported by the division were 1.5 million tonnes in Q3 2015, 5.3% higher than in the previous quarter, and 4.4 million tonnes in the first nine months of the year, 4.7% lower than in the same period last year.

		Q3 2015	Q2 2015	%	Year to Date		
					2015	2014	%
Total tonnage transported	kt	1,482	1,408	5.3	4,371	4,586	(4.7)

## Commodity prices and exchange rates

		Q3 2015	Q2 2015	%	Year to Date		
					2015	2014	%
<b>Copper</b>							
Market price	\$/lb	2.38	2.75	(13.5)	2.59	3.15	(17.8)
Realised price	\$/lb	2.12	2.63	(19.4)	2.39	3.06	(21.9)
<b>Gold</b>							
Market price	\$/oz	1,124	1,193	(5.8)	1,179	1,288	(8.5)
Realised price	\$/oz	1,107	1,184	(6.5)	1,183	1,290	(8.3)
<b>Molybdenum</b>							
Market price	\$/lb	5.8	7.5	(22.7)	7.3	12.1	(39.7)
Realised price	\$/lb	4.8	6.6	(27.3)	6.2	13.2	(53.0)
<b>Exchange rates</b>							
Chilean peso	per \$	676	618	9.4	639	561	13.9

The spot commodity prices for copper, gold and molybdenum as at 30 September 2015 were \$2.35/lb, \$1,114/oz and \$5.30/lb respectively compared with \$2.60/lb, \$1,173/oz and \$6.3/lb as at 30 June 2015 and \$3.06/lb, \$1,212/oz and \$10.6/lb as at 30 September 2014.

The provisional pricing adjustments for copper, gold and molybdenum for the first nine months of the year were negative \$217.9 million, negative \$7.9 million and negative \$19.5 million respectively.

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