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Q2 2015 PRODUCTION REPORT

PRODUCTION RECOVERS IN Q2

Antofagasta plc CEO, Diego Hernández, said: *“Following the difficulties with protesters encountered at Los Pelambres and heavy rains at Centinela in the first quarter, we are pleased to report that production has been stronger in the second quarter.*

“Whilst we have seen a positive recovery from these disruptions, overall performance during the first half of the year has not been as good as originally expected.

“Construction of Antucoya was completed on budget but we have experienced some commissioning issues on the crusher circuit which means we now expect first production to be delayed until the end of Q3, reducing full year guidance to 665,000 tonnes.

“We are confident that a recovery in existing mine performance combined with new volumes from Antucoya will lead to a marked improvement in production during the second half of the year.

“Despite the current weaker copper market environment, we have a strong competitive position as a low-cost producer and we remain confident in the strength of the copper market fundamentals in the medium to long term. We will continue with our longer-term strategy of reducing costs and investing through the cycle to strengthen the Group.”

HIGHLIGHTS

PRODUCTION AND SALES

- Copper production in Q2 2015 was 157,000 tonnes, a 7.2% increase compared with the previous quarter, reflecting primarily the impact of the protests at Los Pelambres and the heavy rains at Centinela Concentrates in Q1
- Group copper production in H1 2015 at 303,400 tonnes was 12.9% lower than in the same period last year primarily due to expected lower grades and lower throughput and recoveries at Los Pelambres
- Copper sales for the half year were 290,100 tonnes as bad weather delayed shipments over the period end which have normalised in July
- Gold production was 112,500 ounces in H1 2015, a 9.1% decrease on H1 2014 due to lower production at Los Pelambres
- Molybdenum production was 23.8% higher at 2,600 tonnes in Q2 2015 compared with Q1 2015 and 42.4% higher in H1 2015 compared with the previous year, principally due to a higher molybdenum-grade zone being mined during Q2 2015

CASH COSTS

- Cash costs before by-product credits in Q2 2015 were \$1.93/lb, 5.5% higher than in Q1 2015. This increase is mainly related to lower grades at Los Pelambres combined with lower production and grades at Centinela

- Cash costs before by-product credits for the first half of 2015 at \$1.88/lb were flat compared with the same period last year
- Net cash costs were \$1.60/lb in Q2 2015, a 11.9% increase compared with the previous quarter primarily due to lower gold production and lower realised molybdenum prices at Los Pelambres
- Net cash costs for the first half of 2015 were \$1.53/lb, 4.8% higher than the same period last year again due primarily to lower gold production and lower realised molybdenum prices at Los Pelambres, partly offset by higher gold grades and recoveries at Centinela

OTHER

- Expected first production at Antucoya has been delayed until the end of Q3 due to issues with the commissioning of the crusher circuit
- As previously announced, the Group completed the sale of its water division for approximately \$960 million to Empresas Públicas de Medellín on 2 June 2015

GUIDANCE

- The Group has reduced full year copper production guidance to 665,000 tonnes to reflect the delayed commissioning and subsequent ramp-up at Antucoya. As a result of lower production and lower by-products prices, particularly molybdenum and gold, net cash cost guidance for the Group has been updated to \$1.47/lb

GROUP PRODUCTION, SALES AND CASH COSTS		Q2			Q1			Year to Date		
		2015	2015	%	2015	2014	%	2015	2014	%
Copper production	kt	157.0	146.4	7.2	303.4	348.2	(12.9)			
Copper sales	kt	142.2	147.9	(3.9)	290.1	343.4	(15.5)			
Gold production	koz	55.1	57.4	(4.0)	112.5	123.8	(9.1)			
Molybdenum production	kt	2.6	2.1	23.8	4.7	3.3	42.4			
Cash costs before by-product credits	\$/lb	1.93	1.83	5.5	1.88	1.87	0.5			
Net cash costs	\$/lb	1.60	1.43	11.9	1.53	1.46	4.8			

MINING OPERATIONS

Los Pelambres

Los Pelambres produced 90,600 tonnes of copper in Q2 2015 compared with 78,800 tonnes in the previous quarter. This increase is mainly due to higher throughput, partly offset by lower grades and recoveries. As previously announced, throughput in the first quarter was significantly reduced as a result of disruptions following the actions of protesters in March that impacted production by some 8,000 tonnes. The 13.8% decrease in production to 169,400 tonnes in the first half of 2015 compared with the same period last year was mainly due to the lower throughput in the first half of 2015 as explained above, expected lower grades and lower recoveries.

Sales were lower than production as concentrate stocks accumulated at the port as poor weather conditions temporarily delayed shipments over the end of the period and which has since reversed.

Molybdenum production increased by 23.8% to 2,600 tonnes in Q2 2015, from 2,100 tonnes in the previous quarter, primarily due to the higher throughput explained above. Production at 4,700 tonnes was 42.4% higher in the first half of 2015 compared with the same period last year due to significantly higher grades as a new, higher molybdenum-grade phase of the pit is mined.

Cash costs before by-product credits in Q2 2015 were \$1.73/lb, compared with \$1.60/lb in the previous quarter. This was principally due to lower grades and higher TC/RCs and maintenance costs, partly offset by the higher production base which meant a reduction in fixed costs per pound. Compared with the same period last year, cash costs before by-product credits at \$1.67/lb were 3.1% higher in the first half of 2015, primarily due to lower production, partly offset by lower energy prices and the depreciation of the Chilean peso.

Net cash costs in Q2 2015 were \$0.17/lb higher than in the previous quarter at \$1.44/lb primarily reflecting the increase in cash costs before by-product credits explained above, lower gold production and lower realised molybdenum prices. Net cash costs for the first half of 2015 were \$1.36/lb compared with \$1.21/lb in the first half of 2014. This increase is mainly due to lower gold production and lower realised molybdenum prices, which more than halved during this period.

LOS PELAMBRES		Q2	Q1		Year to Date		
		2015	2015	%	2015	2014	%
Daily ore throughput	kt	181.5	151.8	19.6	166.4	176.9	(5.9)
Copper grade	%	0.66	0.69	(4.3)	0.67	0.70	(4.3)
Copper recovery	%	86.1	87.0	(1.0)	86.5	90.7	(4.6)
Copper production	kt	90.6	78.8	15.0	169.4	196.6	(13.8)
Copper sales	kt	83.5	79.9	4.5	163.4	190.0	(14.0)
Molybdenum grade	%	0.019	0.019	-	0.019	0.012	58.3
Molybdenum recovery	%	80.1	81.3	(1.5)	80.6	84.1	(4.2)
Molybdenum production	kt	2.6	2.1	23.8	4.7	3.3	42.4
Molybdenum sales	kt	2.5	1.9	31.6	4.4	3.2	37.5
Gold production	koz	11.0	11.3	(2.7)	22.3	33.6	(33.6)
Gold sales	koz	10.1	12.4	(18.5)	22.5	31.3	(28.1)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.73	1.60	8.1	1.67	1.62	3.1
Net cash costs	\$/lb	1.44	1.27	13.4	1.36	1.21	12.4

(1) Includes tolling charges of \$0.30/lb in Q2 2015, \$0.24/lb in Q1 2015 and \$0.22/lb in Q2 2014

Centinela

Total copper production at Centinela was 58,000 tonnes in Q2 2015, 4.0% lower than in the previous quarter mainly due to lower grades. Total production for the first half of 2015 was 7.7% lower than the same period last year as a result of lower throughput at the concentrator plant and lower grades at Centinela Cathodes, partly offset by higher grades at Centinela Concentrates.

Production of copper in concentrates was 39,900 tonnes in Q2 2015, compared with 38,400 tonnes in the previous quarter primarily due to higher throughput and consumption of ore from the stockpile, partly offset by lower grades. Throughput in the first quarter was impacted by scheduled maintenance and a shutdown following unexpected heavy rains in the Atacama desert. Copper in concentrate production for the first six months of the year was 4.7% lower compared with the same period last year reflecting lower throughput as a result of the heavy rains and maintenance shut-downs, partly offset by higher grades. Sales for the first

half of 2015 were some 7,900 tonnes less than production as heavy ocean swells delayed shipments at the period end, but have been made up during July as weather conditions have improved.

The secondary and tertiary crushers which should enable plant throughput to increase to 105,000 tonnes per day in 2016 are currently being commissioned having been delayed by nearly two months by the heavy rains and are now expected to come online during the third quarter.

Cathode production in Q2 2015 was 18,100 tonnes, a 17.4% decrease on the 21,900 tonnes produced in Q1 2015 largely as a result of the expected lower grades which also impacted recoveries, partly offset by higher throughput. Compared with the same period last year, cathode production in the first half of 2015 was 13.0% lower again due primarily to expected lower grades and recoveries as mining moves to the lower-grade zones of the Tesoro Central and Tesoro Noreste pits.

Gold production was 44,100 ounces in Q2 2015, 2,000 ounces lower than in the previous quarter primarily due to lower grades and recoveries partly offset by higher throughput in the quarter. Gold production in the first half of the year was in line with the same period last year at 90,100 ounces, as lower throughput was offset by higher grades and recoveries.

Cash costs before by-product credits were \$2.22/lb in Q2 2015 compared with \$2.06/lb in the previous quarter. This increase in costs was due to slightly lower production as a result of lower grades and slightly higher maintenance costs, partly offset by increased throughput. Cash costs before by-product credits for the first six months of 2015 were 1.4% lower compared with the same period last year, mainly as a result of the 'one-off' signing bonuses paid to employees following the conclusion of labour negotiations in Q2 2014 and lower costs following the merger of Esperanza and El Tesoro into Minera Centinela, partly offset by higher TC/RCs.

Net cash costs in Q2 2015 were 12.0% higher than in the previous quarter at \$1.77/lb due to the increase in cash costs before by-product credits as explained above. Net cash costs for the first half of 2015 were in line with those in the same period last year primarily reflecting higher gold grades and recoveries.

CENTINELA		Q2	Q1		Year to Date		
		2015	2015	%	2015	2014	%
CONCENTRATES							
Daily ore throughput	kt	82.9	74.7	11.0	78.8	85.3	(7.6)
Copper grade	%	0.62	0.71	(12.7)	0.67	0.63	6.3
Copper recovery	%	86.6	88.0	(1.6)	87.3	87.9	(0.7)
Copper production	kt	39.9	38.4	3.9	78.4	82.3	(4.7)
Copper sales	kt	32.8	37.8	(13.2)	70.5	85.9	(17.9)
Gold grade	g/t	0.26	0.30	(13.3)	0.28	0.26	7.7
Gold recovery	%	71.6	78.8	(9.1)	75.3	71.2	5.8
Gold production	koz	44.1	46.1	(4.3)	90.1	90.3	(0.2)
Gold sales	koz	36.7	46.9	(21.7)	83.5	93.9	(11.1)
CATHODES							
Daily ore throughput	kt	26.2	25.4	3.1	25.8	25.5	1.2
Copper grade	%	0.96	1.17	(17.9)	1.06	1.24	(14.5)
Copper recovery	%	64.8	70.6	(8.2)	67.6	73.2	(7.7)
Copper production – heap leach	kt	15.2	19.2	(20.8)	34.4	40.9	(15.9)
Copper production – total ⁽¹⁾	kt	18.1	21.9	(17.4)	40.0	46.0	(13.0)
Copper sales	kt	18.2	21.8	(16.5)	40.0	45.2	(11.5)
Total copper production	kt	58.0	60.4	(4.0)	118.4	128.3	(7.7)
Cash costs before by-product credits⁽²⁾	\$/lb	2.22	2.06	7.8	2.13	2.16	(1.4)
Net cash costs⁽²⁾	\$/lb	1.77	1.58	12.0	1.67	1.67	-

(1) Includes production from ROM material

(2) Includes tolling charges for copper in concentrates of \$0.27/lb in Q2 2015, \$0.28/lb in Q1 2015 and \$0.24/lb in Q2 2014

Michilla

Copper production at Michilla was 8,300 tonnes in Q2 2015, 13.7% higher than in the previous quarter mainly due to higher grades as a result of additional processing of higher-grade third-party ore. The 32.8% decrease in production to 15,600 tonnes in the first half of the year compared with the same period last year is due to significantly lower throughput, partly offset by higher grades and increased production from secondary leaching. The process of reducing the number of onsite staff and contractors continued in the second quarter as underground mining activities ceased during Q2 ahead of the planned mine closure at the end of 2015.

Cash costs decreased 17.7% to \$2.04/lb in Q2 2015 compared with \$2.48/lb in the previous quarter primarily due to higher production, partly offset by more processing of higher-cost third-party ore. Cash costs for the first half of 2015 were \$2.25/lb compared with \$2.38/lb in the first half of 2014. This decrease was primarily due to higher grades and lower input costs, partly offset by lower production.

Ahead of the planned mine closure, the assets of Michilla were written-down to zero at the end of 2014 and therefore in 2015 no depreciation will be recognised in respect of these assets.

MICHILLA		Q2	Q1		Year to Date		
		2015	2015	%	2015	2014	%
Daily ore throughput	kt	7.1	6.8	4.4	6.9	12.5	(44.8)
Copper grade	%	1.35	1.00	35.0	1.18	1.10	7.3
Copper recovery	%	79.3	78.1	1.5	78.8	79.6	(1.0)
Copper production – heap leach	kt	6.0	1.8	233.3	11.6	20.2	(42.6)
Copper production – total ⁽¹⁾	kt	8.3	7.3	13.7	15.6	23.2	(32.8)
Copper sales	kt	7.8	8.4	(7.1)	16.2	22.3	(27.4)
Cash costs	\$/lb	2.04	2.48	(17.7)	2.25	2.38	(5.5)

(1) Includes production from secondary leaching

Antucoya

Construction costs are within the \$1.9 billion budget and the project is now in the commissioning phase. However, first production has been delayed by unexpected levels of dust in the secondary and tertiary crusher circuits and issues relating to the tripper in the tertiary crushers and, as a result, the crushers have not been operating at full capacity during the commissioning phase. Rectification work is underway to improve the performance of the tripper and control the dust emissions and first production is now expected to be towards the end of the third quarter.

By the end of June, approximately 725,000 tonnes of crushed material were stacked on the heap; however, production for the year is now expected to be 10,000 tonnes.

Transport

Total volumes transported by the transport division were 1.6 million tonnes in Q2 2015, 1.2% lower than in the previous quarter, and 3.4 million tonnes in the first six months of the year, 3.2% higher than in the same period last year.

		Q2	Q1		Year to Date		
		2015	2015	%	2015	2014	%
Total tonnage transported	kt	1,693	1,714	(1.2)	3,407	3,519	(3.2)

Commodity prices and exchange rates

		Q2 2015	Q1 2015	%	Year to Date		
		2015	2015	%	2015	2014	%
Copper							
Market price	\$/lb	2.75	2.64	4.2	2.69	3.14	(14.3)
Realised price	\$/lb	2.63	2.45	7.3	2.54	3.08	(17.5)
Gold							
Market price	\$/oz	1,193	1,220	(2.2)	1,206	1,291	(6.6)
Realised price	\$/oz	1,184	1,252	(5.4)	1,222	1,356	(9.9)
Molybdenum							
Market price	\$/lb	7.5	8.5	(11.8)	8.0	11.8	(32.2)
Realised price	\$/lb	6.6	7.6	(13.2)	7.0	14.8	(52.7)
Exchange rates							
Chilean peso	per \$	618	624	(1.0)	621	553	12.3

The spot commodity prices for copper, gold and molybdenum as at 30 June 2015 were \$2.60/lb, \$1,173/oz and \$6.25/lb respectively compared with \$2.74/lb, \$1,2186/oz and \$8.4/lb as at 31 March 2015 and \$3.15/lb, \$1,314/oz and \$13.3/lb as at 30 June 2014.

The provisional pricing adjustments for copper, gold and molybdenum for the first half of the year were negative \$113.1 million, negative \$2.8 million and negative \$12.1 million respectively.

Tax

The effective tax rate for the Group for the first half of 2015 is expected to be approximately 40% (H1 2014 - 33%). This is mainly due to the increase in the Chilean statutory corporate tax rate to 22.5% in 2015 (20% in H1 2014), and net deferred tax charges which arise as the rate of Chilean corporate tax will increase in future years – to 27% from 2017 onwards.

Investors – London

Andrew Lindsay
 Paresh Bhanderi
 Telephone

alindsay@antofagasta.co.uk
 pbhanderi@antofagasta.co.uk
 +44 20 7808 0988

Media – London

Carole Cable
 Robin Wrench
 Telephone

antofagasta@brunswickgroup.com
 antofagasta@brunswickgroup.com
 +44 20 7404 5959

Investors – Santiago

Alfredo Atucha
 Telephone

aatucha@aminerals.cl
 +56 2 2798 7000

Media – Santiago

Pablo Orozco
 Carolina Pica
 Telephone

porozco@aminerals.cl
 cpica@aminerals.cl
 +56 2 2798 7000
