

Q1 2015 PRODUCTION REPORT

NORMAL OPERATIONS RESUMED AFTER Q1 DISRUPTIONS

Antofagasta plc CEO, Diego Hernández, said: “As we have previously announced, the first quarter of this year has been affected by water issues of very different kinds at both Los Pelambres and at Centinela. At Los Pelambres protests by members of the local community concerned about the shortage of water in the region blocked access to the mine impacting production; while in the north of Chile our operations were disrupted by unprecedented heavy rains.

“After reaching agreement with the local community at Los Pelambres, normal operations resumed, as have operations at Centinela following the end of the rain storms.

“Although we expect to recover some of the lost production resulting from these disruptions, production for the year will be some 15,000 tonnes of copper lower than we originally forecast. However, we still expect our net cash costs for the year to be around \$1.40/lb.

“Despite the disruption we have seen in this first quarter, we remain confident that our existing strategy of reducing costs, engaging with stakeholders to find solutions to long-term issues and investing through the cycle will continue to strengthen the Group.”

HIGHLIGHTS

PRODUCTION

- Copper production in Q1 2015 was 146,400 tonnes, a 13.6% decrease compared with Q1 2014 and a 21.9% reduction with the previous quarter, reflecting primarily the impact of disruptions at Los Pelambres during the quarter that resulted in lower throughput
- Gold production was 57,400 ounces in Q1 2015, a 30.3% decrease on Q4 2014 due to lower throughput at Los Pelambres and Centinela and is similar to Q1 2014.
- Molybdenum production at Los Pelambres was 2,100 tonnes in Q1 2015, compared with 2,400 tonnes in Q4 2014 principally due to lower throughput, and 23.5% higher than in Q1 2014 as higher grade material was mined.

CASH COSTS

- Cash costs before by-product credits in Q1 2015 were \$1.83/lb, the same as in Q1 2014 and 4.6% higher than in Q4 2014. This increase mainly related to lower production
- Net cash costs were \$1.43/lb in Q1 2015, a 2.9% increase compared with the previous quarter primarily due to lower production and lower realised gold and molybdenum prices

OTHER

- During the quarter, the Group reached an agreement with the communities in the Choapa Valley to work with them to design a lasting solution to the water issues in the region. The Group has agreed to support the communities affected in the area by committing to use sea water for any future

expansions at Los Pelambres. The Group has also committed to funding evaluation studies for a desalination plant and a water dam project for the benefit of the communities and the region.

- Los Pelambres has appealed a ruling by the Civil Court of Los Vilos that the plan submitted by Los Pelambres to the Court was not sufficient to address requirements to allow the natural flow of the Pupío stream to the community of Caimanes. This process is ongoing and there are no further updates since the 2014 Preliminary Results announcement made on 17 March.
- In March 2015, the Atacama Desert experienced unusually heavy rainfall which led to the temporary suspension of activities at Centinela, Michilla and Antucoya.
- In April, the Group announced the sale of its water division for approximately \$960 million, before taxes and transaction costs, to Empresas Públicas de Medellín. The sale is subject to certain standard conditions and approvals and is expected to be completed by the end of May 2015.

GROUP PRODUCTION AND CASH COSTS		Q1			Q4			Year to Date		
		2015	2014	%	2015	2014	%	2015	2014	%
Copper production	kt	146.4	187.5	(21.9)	146.4	169.4	(13.6)	146.4	169.4	(13.6)
Gold production	koz	57.4	82.3	(30.3)	57.4	56.8	1.1	57.4	56.8	1.1
Molybdenum production	kt	2.1	2.4	(12.5)	2.1	1.7	23.5	2.1	1.7	23.5
Cash costs before by-product credits	\$/lb	1.83	1.75	4.6	1.83	1.83	0.0	1.83	1.83	0.0
Net cash costs	\$/lb	1.43	1.39	2.9	1.43	1.46	(2.1)	1.43	1.46	(2.1)

MINING OPERATIONS

Los Pelambres

Los Pelambres produced 78,800 tonnes of copper in Q1 2015 compared with 95,700 tonnes in 1Q 2014 and 99,700 tonnes in the previous quarter. This decrease is mainly due to actions of protesters and lower grades. The protesters blocked the access road to the mine for ten consecutive days in early March, disrupting normal operations and reducing throughput during the quarter to 151,800 tonnes per day, some 6.6% less than in Q1 2014 and 13.7% lower than in the previous quarter. The protests were triggered by a small group of people seeking action by Los Pelambres and the local government to help alleviate the current drought conditions in the region.

Following a period of negotiation facilitated by the government, Los Pelambres agreed to contribute funding for the study of a desalination plant project, which would be developed under a private-public alliance or public concession scheme. Los Pelambres also agreed to contribute funds to complete studies for the construction of a water dam for local use, which if constructed would be developed under a private-public alliance. Finally, Los Pelambres agreed that it will use sea water for any further expansions of its mining operations.

Molybdenum production decreased to 2,100 tonnes in Q1 2015, from 2,400 tonnes in the previous quarter, primarily due to the lower throughput explained above, partly offset by higher grades. In comparison with Q1 2014, molybdenum production rose by 23.5% mainly due to higher grades.

Cash costs before by-product credits in Q1 2015 were \$1.60/lb, compared with \$1.52/lb in the previous quarter. This was principally due to the lower production in the first quarter of this year as a result of the road blockages mentioned above, partly offset by the weakening of the peso and lower input costs.

Compared with Q1 2014, cash costs before by-product credits were 2.4% lower in Q1 2015, primarily due to the 'one-off' signing bonuses paid to employees following the conclusion of labour negotiations in Q1 2014 and lower energy and input costs during the first quarter of 2015, partly offset by higher TC/RCs.

Net cash costs in Q1 2015 were \$0.02/lb higher than in the previous quarter at \$1.27/lb primarily reflecting lower molybdenum production and lower realised molybdenum prices. Net cash costs in Q1 2015 were 3.1% lower than in the same period last year primarily reflecting the increase in molybdenum production.

LOS PELAMBRES		Q1 2015	Q4 2014	%	Year to Date		
					2015	2014	%
Daily ore throughput	Kt	151.8	175.8	(13.7)	151.8	162.6	(6.6)
Copper grade	%	0.69	0.72	(4.2)	0.69	0.73	(5.5)
Copper recovery	%	87.0	87.8	(0.9)	87.0	91.7	(5.1)
Copper production	Kt	78.8	99.7	(21.0)	78.8	95.7	(17.7)
Copper sales	Kt	79.9	106.1	(24.7)	79.9	95.8	(16.6)
Molybdenum grade	%	0.019	0.017	11.8	0.019	0.014	35.7
Molybdenum recovery	%	81.3	86.0	(5.5)	81.3	86.6	(6.1)
Molybdenum production	Kt	2.1	2.4	(12.5)	2.1	1.7	23.5
Molybdenum sales	kt	1.9	2.4	(20.8)	1.9	1.5	26.7
Gold production	Koz	11.3	15.9	(28.9)	11.3	15.5	(27.1)
Gold sales	Koz	12.4	17.0	(27.1)	12.4	15.5	(20.0)
Cash costs before by-product credits*	\$/lb	1.60	1.52	5.3	1.60	1.64	(2.4)
Net cash costs	\$/lb	1.27	1.25	1.6	1.27	1.31	(3.1)

* Includes tolling charges of \$0.24/lb in Q1 2015, \$0.21/lb in Q4 2014 and \$0.20/lb in Q1 2014

Centinela

Total copper production at Centinela was 60,400 tonnes in Q1 2015, 14,400 tonnes lower than in the previous quarter and 4.0% lower than the same period last year mainly due a temporary shutdown at the operation during the unprecedented heavy rains in the Atacama Desert in March.

Production of copper in concentrates was 38,400 tonnes in Q1 2015, compared with 49,100 tonnes in the previous quarter, primarily due to lower throughput as result of scheduled maintenance and the shutdown following the heavy rains. Copper in concentrate production was 2.0% lower compared with the same period last year reflecting lower throughput in Q1 2015 as explained above, offset by higher grades.

Cathode production in Q1 2015 was 21,900 tonnes, a 14.8% decrease on the 25,700 tonnes produced in Q4 2014 largely as a result of anticipated lower grades and lower throughput. Compared with Q1 2014, cathode production was 7.6% lower primarily as a result of lower grades.

Gold production was 46,100 ounces in Q1 2015, 20,200 ounces lower than in the prior quarter primarily due to lower throughput as explained above and lower grades. Gold production was 11.6% higher compared with the same period last year due to higher grades and recoveries, partly offset by lower throughput.

Cash costs before by-product credits were \$2.06/lb in Q1 2015 compared with \$1.95/lb in the previous quarter. This increase in costs was due to the lower production explained above, partly offset by the 'one-off' signing bonuses paid to employees following the conclusion of labour negotiations in Q4 2014. Cash

costs before by-product credits were 3.0% higher compared with Q1 2014, again mainly as a result of lower production in Q1 2015.

Net cash costs were 10.5% higher than in the previous quarter at \$1.58/lb in Q1 2015 due to the increase in cash costs before by-product credits explained above and lower gold production. Net cash costs were 3.3% higher compared with the same period last year primarily reflecting lower realised gold prices.

CENTINELA		Q1	Q4		Year to Date		
		2015	2014	%	2015	2014	%
CONCENTRATES							
Daily ore throughput	kt	74.7	88.0	(15.1)	74.7	82.1	(9.0)
Copper grade	%	0.71	0.71	0.0	0.71	0.64	10.9
Copper recovery	%	88.0	88.4	(0.5)	88.0	87.6	0.5
Copper production	kt	38.4	49.1	(21.8)	38.4	39.2	(2.0)
Copper sales	kt	37.8	54.6	(30.8)	37.8	39.0	(3.1)
Gold grade	g/t	0.30	0.32	(6.3)	0.30	0.26	15.4
Gold recovery	%	78.8	80.0	(1.5)	78.8	70.6	11.6
Gold production	koz	46.1	66.3	(30.5)	46.1	41.3	11.6
Gold sales	koz	46.9	68.5	(31.5)	46.9	41.6	12.7
CATHODES							
Daily ore throughput	kt	25.4	26.6	(4.5)	25.4	25.8	(1.6)
Copper grade	%	1.17	1.41	(17.0)	1.17	1.28	(8.6)
Copper recovery	%	70.6	67.6	4.4	70.6	73.8	(4.3)
Copper production – heap leach	kt	19.2	23.1	(16.9)	19.4	21.2	(9.4)
Copper production – total ⁽¹⁾	kt	21.9	25.7	(14.8)	21.9	23.7	(7.6)
Copper sales	kt	21.8	25.5	(14.5)	21.8	23.1	(5.6)
Total copper production	kt	60.4	74.8	(19.3)	60.4	62.9	(4.0)
Cash costs before by-product credits ⁽²⁾	\$/lb	2.06	1.95	5.6	2.06	2.00	3.0
Net cash costs ⁽²⁾	\$/lb	1.58	1.43	10.5	1.58	1.53	3.3

¹ Includes production from ROM material

² Includes tolling charges for copper in concentrates of \$0.28/lb in Q1 2015 and \$0.24/lb in Q4 2014 and Q1 2014

Michilla

Copper production at Michilla was 7,300 tonnes in Q1 2015, 43.4% lower than in Q4 last year and 32.4% lower than in the same period last year which, as had been anticipated, is the result of mining activities winding down in advance of the planned mine closure in December 2015. Since January 2015 Michilla has begun the process of reducing the number of onsite staff and contractors.

Cash costs increased to \$2.48/lb in Q1 2014 compared with \$2.31/lb in the previous quarter primarily due to reduced mining activities partially offset by lower input costs. Cash costs were almost unchanged compared to Q1 2014.

MICHILLA		Q1	Q4		Year to Date		
		2015	2014	%	2015	2014	%
Daily ore throughput	kt	6.8	12.9	(47.3)	6.8	12.0	(43.3)
Copper grade	%	1.00	1.19	(16.0)	1.00	1.08	(7.4)
Copper recovery	%	78.1	78.5	(0.5)	78.1	80.0	(2.4)
Copper production – heap leach	kt	1.8	10.9	(83.5)	1.8	9.4	(80.9)
Copper production – total	kt	7.3	12.9	(43.4)	7.3	10.8	(32.4)
Copper sales	kt	8.4	12.9	(34.9)	8.4	10.4	(19.2)
Cash costs	\$/lb	2.48	2.31	7.4	2.48	2.49	(0.4)

Antucoya

Despite the heavy rains in the north of Chile, the construction of Antucoya is progressing according to plan with 99.8% total progress (including design, engineering, procurement and construction) and 99.7% construction progress as at 31 March 2015. Construction is expected to complete in Q2 2015 followed by ramp-up achieving full production by the beginning of 2016.

Transport and water

As previously announced on 23 April 2015, the Group has agreed the sale of its water division for approximately \$960 million, before taxes and transaction costs, to Empresas Públicas de Medellín, an electricity, gas, water and sanitation provider owned by the city of Medellín that delivers these services to over 20 million people in Colombia, El Salvador, Guatemala, Mexico and Chile.

The sale is subject to certain standard conditions and the approval of Empresa Concesionaria de Servicios Sanitarios S.A (ECONSSA), the grantor of the water concession, and is expected to be completed by the end of May 2015.

Total volumes transported by the transport division were 1.7 million tonnes in Q1 2015, 8.4% lower than in the previous quarter, and a 0.9% decrease on the same period last year.

The water division sold 12.7 million cubic metres in Q1 2015, 3.1% less than in the previous quarter, and 1.6% lower than in the same period last year.

		Q1	Q4		Year to Date		
		2015	2014	%	2015	2014	%
Total tonnage transported	kt	1,714	1,871	(8.4)	1,714	1,729	(0.9)
Water volumes sold	mil m ³	12.7	13.1	(3.1)	12.7	12.9	(1.6)

Commodity prices and exchange rates

		Q1	Q4		Year to Date		
		2015	2014	%	2015	2014	%
Copper							
Market price	\$/lb	2.64	3.00	(12.0)	2.64	3.19	(17.2)
Realised price	\$/lb	2.45	2.85	(14.0)	2.45	2.87	(14.6)
Gold							
Market price	\$/oz	1,220	1,200	1.6	1,220	1,293	(5.6)
Realised price	\$/oz	1,252	1,198	4.5	1,252	1,403	(10.8)
Molybdenum							
Market price	\$/lb	8.5	9.3	(8.6)	8.5	10.0	(15.0)
Realised price	\$/lb	7.6	5.9	28.8	7.6	10.5	(28.6)
Exchange rates							
Chilean peso	per \$	624	599	4.2	624	551	13.2

The spot commodity prices for copper, gold and molybdenum as at 31 March 2015 were \$2.74/lb, \$1,186/oz and \$8.4/lb respectively compared with \$2.88/lb, \$1,206/oz and \$9.0/lb as at 31 December 2014 and \$3.01/lb, \$1,292/oz and \$10.6/lb as at 31 March 2014.

The provisional pricing adjustments for the quarter for copper, gold and molybdenum were negative \$66.3 million, positive \$0.6 million and negative \$4.8 million respectively.

Los Pelambres – Mauro tailings dam

Since the Mauro tailings dam began operating in 2008, there have been a series of legal claims by some members of the Caimanes community who live in the area. These claims have been through various courts and stages of appeal, but Los Pelambres has always complied with all applicable laws, regulations and controls.

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

The most recent developments in relation to the first of these claims were announced on 9 March 2015 and in the 2014 Preliminary Results announcement on 17 March 2015. As explained in these announcements, Los Pelambres has appealed to the Appeal Court of La Serena the decision of the Civil Court of Los Vilos (the “Civil Court”) that Los Pelambres must demolish part, or all, of the tailings dam wall. The dam will continue to operate normally while the appeal process proceeds, however there may be further appeals by the parties during this period. Los Pelambres continues to consider the exercise of all available legal measures that may be required to overturn this decision and address its potential consequences.

In a second claim, as previously reported in the 2014 Preliminary Results announced on 17 March 2015, the plaintiffs are seeking demolition of the dam on the basis of the risk that its collapse would pose to the community. The Civil Court issued a decision in May 2014 denying the demolition request, but ordering Los Pelambres to undertake some additional measures to ensure protection of the community in the event of a major earthquake or similar natural event.

The decision of the Civil Court was appealed by both the plaintiffs and Los Pelambres and in April 2015 the Appeal Court of La Serena upheld Los Pelambres's appeal, overturning the decision of the Civil Court and rejecting completely the plaintiff's claim. The plaintiffs may appeal this ruling to the Supreme Court and further updates will be provided in due course.

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