



NEWS RELEASE, 28 JANUARY, 2015

Q4 2014 PRODUCTION REPORT

STRONG Q4. FULL YEAR IN LINE WITH GUIDANCE

Antofagasta plc CEO, Diego Hernández, said: "I'm pleased to announce yet another year where we have achieved our production and net cash cost guidance. We continue to focus on controlling our cost base in 2015 whilst growing our production. We look forward to inaugurating Chile's only new copper mine in 2015, Antucoya, and remain optimistic about the copper market in the medium to long term."

HIGHLIGHTS

PRODUCTION

- Copper production in Q4 2014 was 187,500 tonnes, a 10.8% increase compared with the previous quarter, with all of the Group's operations achieving higher throughput
- Copper production for the full year of 704,800 tonnes was 2.3% lower than last year primarily due to lower grades at Los Pelambres
- Gold production was 82,300 ounces in Q4 2014, a 27.2% increase on Q3 2014 due largely to higher throughput and stronger recoveries in the final quarter at Centinela
- Gold production was 270,900 ounces for 2014 compared with 293,800 ounces in 2013, mainly reflecting lower grades and recoveries at Centinela
- Molybdenum production at Los Pelambres was 7,900 tonnes in 2014, compared with 9,000 tonnes in the 2013, principally due to lower grades
- Full year copper, gold and molybdenum production and net cash costs all beat guidance

CASH COSTS

- Cash costs before by-product credits in Q4 2014 were \$1.75/lb, a 5.4% decrease compared with Q3 2014. This decrease mainly related to improved performance at Centinela and Michilla
- Net cash costs were \$1.39/lb in Q4 2014, a 2.1% decrease compared with the previous quarter supported by the increased production and improved by-product credits from Centinela
- Cash costs before by-product credits for the year were \$1.83/lb, 2.2% higher than in 2013 primarily due to the one-off signing bonuses paid following the conclusion of labour negotiations at all of the Group's mining operations, partially offset by the weaker peso and lower input costs
- Net cash costs for the full year 2014 were \$1.43/lb, 5.1% higher than 2013 primarily due to the higher cash costs before by-product credits and lower gold production and realised gold prices at Centinela

2015 GUIDANCE

- Group production in 2015 is expected to be approximately 710,000 tonnes of copper, 250,000 ounces of gold and 8,000 tonnes of molybdenum
- Group cash costs before by-product credits in 2015 are expected to be similar to 2014 at \$1.85/lb and net cash costs slightly higher at \$1.50/lb as Antucoya commences its ramp-up in Q2 2015

OTHER

- During the quarter, the Encuentro Oxides project feasibility study was completed and now awaits final approval. Early works, including pre-stripping, continue

- In January, the Group completed the acquisition of Duluth Metals Limited and consolidated ownership of the Twin Metals Minnesota project

GROUP PRODUCTION AND CASH COSTS		Q4			Q3			FY		
		2014	2014	%	2014	2013	%	2014	2013	%
Copper production	kt	187.5	169.2	10.8	704.8	721.2	(2.3)			
Gold production	koz	82.3	64.7	27.2	270.9	293.8	(7.8)			
Molybdenum production	kt	2.4	2.3	4.3	7.9	9.0	(12.2)			
Cash costs before by-product credits	\$/lb	1.75	1.85	(5.4)	1.83	1.79	2.2			
Net cash costs	\$/lb	1.39	1.42	(2.1)	1.43	1.36	5.1			

MINING OPERATIONS

Los Pelambres

Los Pelambres produced 99,700 tonnes of copper in Q4 2014 compared with 94,900 tonnes in the previous quarter mainly due to higher grades. For the year, copper production was 391,300 tonnes compared with 405,300 tonnes in 2013 primarily due to lower grades and recoveries.

Molybdenum production increased to 2,400 tonnes in Q4 2014, from 2,300 tonnes in the previous quarter, primarily due to improved recoveries partially offset by lower grades. Production at 7,900 tonnes in 2014 was 12.2% lower compared with last year due primarily to lower grades and lower inventory consumption in 2014, slightly offset by improved recoveries.

Cash costs before by-product credits in Q4 2014 were \$1.52/lb, in line with the previous quarter. Net cash costs in Q4 2014 were \$0.19/lb higher than in the previous quarter at \$1.25/lb primarily reflecting lower by-product credits as the realised molybdenum price fell significantly during the quarter.

Cash costs before by-product credits and net cash costs for 2014 were in line with 2013 at \$1.56/lb and \$1.18/lb respectively.

LOS PELAMBRES		Q4			Q3			FY		
		2014	2014	%	2014	2013	%	2014	2013	%
Daily ore throughput	kt	175.8	175.7	0.1	176.3	177.2	(0.5)			
Copper grade	%	0.72	0.69	4.3	0.70	0.72	(2.8)			
Copper recovery	%	87.8	88.6	(0.9)	89.4	90.0	(0.7)			
Copper production	kt	99.7	94.9	5.1	391.3	405.3	(3.5)			
Copper sales	kt	106.1	89.9	18.0	386.0	414.0	(6.8)			
Molybdenum grade	%	0.017	0.018	(5.6)	0.015	0.016	(6.3)			
Molybdenum recovery	%	86.0	81.1	6.0	83.8	82.8	1.2			
Molybdenum production	kt	2.4	2.3	4.3	7.9	9.0	(12.2)			
Molybdenum sales	kt	2.4	2.5	(4.0)	8.2	8.8	(6.8)			
Gold production	koz	15.9	17.0	(6.5)	66.5	56.7	17.3			
Gold sales	koz	17.0	15.4	10.4	63.8	56.7	12.5			
Cash costs before by-product credits*	\$/lb	1.52	1.51	0.7	1.56	1.52	2.6			
Net cash costs	\$/lb	1.25	1.06	17.9	1.18	1.16	1.7			

* Includes tolling charges of \$0.21/lb in Q4 2014, \$0.22/lb in Q3 2014, \$0.21/lb in FY 2014 and \$0.17/lb in FY 2013

Centinela

Total copper production at Centinela was 74,800 tonnes in Q4 2014, 11,400 tonnes higher than in the previous quarter. For the full year, production was 266,600 tonnes, 3.9% lower than in 2013.

Production of copper in concentrates was 49,100 tonnes in Q4 2014, compared with 41,400 tonnes in the previous quarter, primarily due to better grades and higher throughput. Copper concentrate production in the full year 2014 was 172,800 tonnes compared with 174,900 tonnes in 2013 reflecting lower throughput partially offset by higher grades and recoveries.

Cathode production in Q4 2014 was 25,700 tonnes, a 16.8% increase on the 22,000 tonnes produced in Q3 largely as a result of higher throughput and grades. Cathode production in the full year 2014 was 8.6% lower than in 2013 at 93,800 tonnes as grades and recoveries declined following the completion of mining activities at the higher grade Mirador pit in Q4 2013. This was partially offset by higher throughput.

Gold production was 66,300 ounces in Q4 2014, 18,600 ounces higher than in the prior quarter primarily due to higher grades, better recoveries and higher throughput. Gold production for the full year was 204,400 ounces compared with 237,100 ounces in 2013 due to lower grades and recoveries and slightly decreased throughput.

Cash costs before by-product credits for copper in concentrates were \$2.06/lb in Q4 2014 compared with \$2.44/lb in the previous quarter. This reduction in costs was due to the increase in copper concentrate production as explained above. Net cash costs were significantly lower than in the previous quarter at \$1.27/lb in Q4 2014 due to higher gold by-product credits following increased production and higher realised prices.

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

Cash costs for cathodes production decreased by 7.0% to \$1.73/lb in Q4 2014 compared with the previous quarter primarily due to increased production. This was offset by the payment of a one-off signing bonus to employees following the successful completion of a new four-year agreement with the union in November 2014 which led to a one-off increase in cash costs during the quarter of \$0.31/lb. Cash costs for copper cathodes in 2014 were \$1.79/lb compared with \$1.36/lb last year primarily reflecting lower production, the lower cost of production from processing the higher grade Mirador ore in 2013 and the one-off bonus payment, all of which were partially offset by the weakening of the peso and lower input costs.

CENTINELA		Q4	Q3		FY		
		2014	2014	%	2014	2013	%
CONCENTRATES							
Daily ore throughput	kt	88.0	84.6	4.0	85.8	87.2	(1.6)
Copper grade	%	0.71	0.65	9.2	0.65	0.64	1.6
Copper recovery	%	88.4	88.5	(0.1)	88.2	87.3	1.0
Copper production	kt	49.1	41.4	18.6	172.8	174.9	(1.2)
Copper sales	kt	54.6	38.4	42.2	178.8	168.2	6.3
Gold grade	g/t	0.32	0.27	18.5	0.28	0.30	(6.7)
Gold recovery	%	80.0	74.9	6.8	74.7	78.1	(4.4)
Gold production	koz	66.3	47.7	39.0	204.4	237.1	(13.8)
Gold sales	koz	68.5	41.2	66.3	203.6	226.0	(9.9)
Cash costs before by-product credits ¹	\$/lb	2.06	2.44	(15.6)	2.29	2.36	(3.0)
Net cash costs	\$/lb	1.27	1.76	(27.8)	1.54	1.43	7.7
CATHODES							
Daily ore throughput	kt	26.6	23.1	15.2	25.2	21.3	18.3
Copper grade	%	1.41	1.34	5.2	1.31	1.52	(13.8)
Copper recovery	%	67.6	68.4	(1.2)	70.5	78.2	(9.8)
Copper production – heap leach	kt	23.1	19.6	17.9	83.6	94.0	(11.1)
Copper production – total ²	kt	25.7	22.0	16.8	93.8	102.6	(8.6)
Copper sales	kt	25.5	21.4	19.2	92.1	101.6	(9.4)
Cash costs	\$/lb	1.73	1.86	(7.0)	1.79	1.36	31.6
Total copper production	kt	74.8	63.4	18.0	266.6	277.5	(3.9)

¹ Includes tolling charges of \$0.24/lb in Q4 2014, \$0.25/lb in Q3 2014, \$0.24/lb in FY 2014 and \$0.20/lb in FY 2013

² Includes production from ROM material

Michilla

Copper production at Michilla was 12,900 tonnes in Q4 2014, 18.3% higher than in the previous quarter largely as a result of higher throughput and grades. Production in the full year 2014 was 47,000 tonnes, 22.7% higher than in 2013 as a result of mining higher grade areas of the Lince pit.

Cash costs decreased to \$2.31/lb in Q4 compared with \$2.47/lb in the previous quarter primarily due to increased production and the weakening of the peso. Cash costs for 2014 were \$2.38/lb compared with \$3.22/lb in 2013. This decrease was primarily due to much lower stripping costs following the completion of the stripping programme at Lince in 2013 and the weaker peso.

MICHILLA		Q4	Q3		FY		
		2014	2014	%	2014	2013	%
Daily ore throughput	kt	12.9	11.0	17.3	12.2	12.0	1.7
Copper grade	%	1.19	1.12	6.2	1.13	0.92	22.8
Copper recovery	%	78.5	80.5	(2.5)	79.5	77.9	2.1
Copper production – heap leach	kt	10.9	9.0	21.1	40.1	31.8	26.1
Copper production – total	kt	12.9	10.9	18.3	47.0	38.3	22.7
Copper sales	kt	12.9	11.0	17.3	46.1	38.4	20.1
Cash costs	\$/lb	2.31	2.47	(6.5)	2.38	3.22	(26.1)

Antucoya

The construction of Antucoya remains on time and on budget with 99.1% total progress (including design, engineering, procurement and construction) and 98.3% construction progress as at 31 December 2014. Production is expected to start in Q2 2015 with full production expected from the beginning of 2016.

Encuentro Oxides project

The feasibility study for the Encuentro Oxides project has been completed. The decision to proceed with the project is subject to final approval but early works, including pre-stripping, continue. Further information on the project will be released in the Group's preliminary results announcement in March 2015.

Twin Metals Minnesota project

In November 2014, the Group entered into an agreement to acquire 100% of Duluth Metals Limited, its partner in the Twin Metals Minnesota project, a copper, nickel and platinum group metals underground-mining project located in north-eastern Minnesota. Following the completion of the acquisition in January, the Group's ownership of the Twin Metals Minnesota project has increased from 40% to 100%.

Transport and water

Total volumes transported by the transport division were 1.9 million tonnes in Q4 2014, 0.9% higher than in the previous quarter, and 7.3 million tonnes in 2014 full year, a 1.5% decrease versus 2013.

The water division sold 13.1 million cubic metres in Q4 2014, 7.4% more than in the previous quarter, and 50.9 million cubic metres in 2014 full year, slightly below 2013.

		Q4 2014	Q3 2014	%	FY		
					2014	2013	%
Total tonnage transported	kt	1,871	1,853	0.9	7,302	7,413	(1.5)
Water volumes sold	mil m ³	13.1	12.2	7.4	50.9	51.3	(0.8)

2015 Guidance

		Los Pelambres	Centinela	Michilla	Antucoya ¹	Group
Production						
Copper	kt	385	255	30	40	710.0
Gold	koz	55	195	-	-	250.0
Molybdenum	kt	8.0	-	-	-	8.0
Grade						
Copper	%	0.70	0.73	1.20	0.35	-
Cash costs						
Cash costs before by-product credits	\$/lb	1.55	2.20	2.35	2.15	1.85
Net cash costs ²	\$/lb	1.25	1.70	2.35	2.15	1.50

¹ Ramp-up starting in Q2 2015

² Includes by-product credits at an average gold price of \$1,300/oz and a molybdenum price of \$9.5/lb

Group production for 2015 is expected to be slightly higher than in 2014 at 710,000 tonnes of copper and 8,000 tonnes of molybdenum, with a slight decline in gold production to 250,000 ounces.

Group cash costs before by-product credits are expected to remain stable at \$1.85/lb in 2015 compared with \$1.83/lb in 2014. This takes into account the ramp-up of Antucoya during the year.

Commodity prices and exchange rates

		Q4	Q3		FY		
		2014	2014	%	2014	2013	%
Copper							
Market price	\$/lb	3.00	3.17	(5.4)	3.11	3.32	(6.3)
Realised price	\$/lb	2.85	3.02	(5.6)	3.00	3.28	(8.5)
Gold							
Market price	\$/oz	1,200	1,283	(6.5)	1,266	1,410	(10.2)
Realised price	\$/oz	1,198	1,149	4.3	1,261	1,358	(7.1)
Molybdenum							
Market price	\$/lb	9.3	12.7	(26.8)	11.4	10.3	10.7
Realised price	\$/lb	5.9	11.1	(46.8)	11.0	10.0	10.0
Exchange rates							
Chilean peso	per \$	599	577	3.8	570	495	15.2

The spot commodity prices for copper, gold and molybdenum as at 31 December 2014 were \$2.88/lb, \$1,206/oz and \$9.0/lb respectively compared with \$3.06/lb, \$1,212/oz and \$10.6/lb as at 30 September 2014 and \$3.35/lb, \$1,202/oz and \$9.7/lb as at 31 December 2013.

The provisional pricing adjustments and hedging effects for 2014 full year for copper, gold and molybdenum were negative \$184.4 million, negative \$11.0 million and negative \$15.8 million respectively.

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