

NEWS RELEASE, 30 JULY, 2014

Q2 2014 PRODUCTION REPORT

FULL YEAR GUIDANCE REMAINS UNCHANGED

HIGHLIGHTS

PRODUCTION

- Group copper production in Q2 2014 was 178,800 tonnes, a 5.5% increase compared with the previous quarter, principally due to higher plant throughput levels in Q2 following scheduled maintenance at Los Pelambres and Esperanza in the first quarter
- Group copper production in H1 2014 was 4.4% lower than in the same period last year primarily due to anticipated lower grades at Los Pelambres and Esperanza
- Group gold production was 67,000 ounces in Q2 2014, an 18.0% increase on Q1 2014 as a result of higher throughput and marginally higher grade at Esperanza
- Molybdenum production at Los Pelambres was 1,600 tonnes in Q2 2014, compared with 1,700 tonnes in the previous quarter, principally due to lower grade

CASH COSTS

- Cash costs before by-product credits in Q2 2014 were \$1.90/lb, a 3.8% increase compared with Q1 2014. This increase mainly related to the one-off signing bonus between Esperanza and its labour unions
- Net cash costs of \$1.45/lb were in line with the previous quarter, supported by improved by-product credits from Los Pelambres, despite the higher group cash costs before by-product credits
- Net cash costs for the first half of 2014 were \$1.46/lb, 15.9% higher than the same period last year primarily due to the lower by-product credit at Esperanza, the signing bonuses at Los Pelambres and Esperanza, and ceased mining activities at the lower cash cost Mirador pit by El Tesoro, however, ahead of original expectations for the period

GUIDANCE

- The Group remains on track to meet its full year guidance of 700,000 tonnes of copper, 270,000 ounces of gold and 7,500 tonnes of molybdenum and net cash costs of \$1.45/lb.

OTHER

- In June, the Group announced the merger of Esperanza and El Tesoro into one single operation, Minera Centinela
- New labour agreements were successfully negotiated at Los Pelambres and Esperanza in the first half of 2014

GROUP PRODUCTION AND CASH COSTS		Q2		Q1	YTD		
		2014	2014	%	2014	2013	%
Copper production	kt	178.8	169.4	5.5	348.2	364.1	(4.4)
Gold production	koz	67.0	56.8	18.0	123.8	162.9	(24.0)
Molybdenum production	kt	1.6	1.7	(5.9)	3.3	4.7	(29.8)
Cash costs before by-product credits	\$/lb	1.90	1.83	3.8	1.87	1.76	6.3
Net cash costs	\$/lb	1.45	1.46	(0.7)	1.46	1.26	15.9

MINING OPERATIONS

Los Pelambres

Los Pelambres produced 100,900 tonnes of copper in Q2 2014 compared with 95,700 tonnes in the previous quarter. This increase was mainly due to higher plant throughput, as scheduled plant maintenance during the first quarter lowered average plant throughput, partly offset by a drop in grade to 0.67%. The 3.4% decrease in production to 196,600 tonnes in the first half of 2014 compared with the same period last year was mainly due to lower grade, partially offset by improved recoveries.

Molybdenum production decreased by 5.9% to 1,600 tonnes in Q2 2014, from 1,700 tonnes in the previous quarter, primarily due to lower grades that were partially offset by increased plant throughput. Production at 3,300 tonnes was also lower in the first half of 2014 compared to the same period last year, again due primarily to lower grade. However, guidance for the full year remains at 7,500 tonnes with higher grades expected in the second half of the year.

Cash costs before by-product credits in Q2 2014 were \$1.59/lb compared with \$1.64/lb in the previous quarter. This was principally due to reversing out the impact of the 'one-off' main labour agreement signing bonuses which were settled in Q1 2014 as well as a higher production base. Net cash costs were \$0.20/lb lower at \$1.11/lb in Q2 2014 compared with the previous quarter primarily reflecting higher realised molybdenum prices which supported the by-product credit and lower cash costs before by-product credits as explained above.

Net cash costs for the first half of 2014 were \$1.21/lb, compared with \$1.19/lb in the first half of 2013. This slight increase in costs was mostly due to the impact of the one-off labour agreement signed in 2014, partially offset by a weaker Chilean peso and marginally better by-product credits.

LOS PELAMBRES		Q2	Q1		YTD		
		2014	2014	%	2014	2013	%
Daily ore throughput	kt	191.0	162.6	17.5	176.9	177.4	(0.3)
Copper grade	%	0.67	0.73	(8.2)	0.70	0.74	(5.4)
Copper recovery	%	89.7	91.7	(2.2)	90.7	89.1	1.8
Copper production	kt	100.9	95.7	5.4	196.6	203.6	(3.4)
Copper sales	kt	94.2	95.8	(1.7)	190.0	195.0	(2.6)
Molybdenum grade	%	0.011	0.014	(21.4)	0.012	0.016	(25.0)
Molybdenum recovery	%	81.5	86.5	(5.8)	84.1	79.9	5.2
Molybdenum production	kt	1.6	1.7	(5.9)	3.3	4.7	(29.8)
Molybdenum sales	kt	1.7	1.5	13	3.2	4.3	(25.6)
Gold production	koz	18.1	15.5	16.7	33.6	24.3	38.3
Gold sales	koz	15.8	15.5	1.9	31.3	24.3	28.8
Cash costs before by-product credits*	\$/lb	1.59	1.64	(3.0)	1.62	1.58	2.5
Net cash costs	\$/lb	1.11	1.31	(15.3)	1.21	1.19	1.7

* Includes tolling charges of \$0.22/lb in Q2 2014, \$0.20/lb in Q1 2014 and \$0.17/lb in H1 2013

Centinela (Esperanza and El Tesoro merger)

In June, the Group announced the merger of Esperanza and El Tesoro into a single company, Minera Centinela, and expects this to be legally completed during the fourth quarter of this year. The merger will not only provide a greater focus for the Group's activities in the Centinela Mining District, but will also lead to value creation through operational synergies. More information on the merger will be provided within the interim results announcement on 26 August 2014.

Centinela concentrates (previously Esperanza)

Centinela produced 43,100 tonnes of payable copper in concentrates in Q2 2014, compared with 39,200 tonnes in the previous quarter, primarily due to higher plant throughput following a planned maintenance in Q1, partially offset by lower grade. The 8.7% decrease in production to 82,300 tonnes in the first half of 2014 compared to the first half of 2013 was principally due to lower grade and to a lesser extent, lower recoveries.

Gold production was 48,900 ounces in Q2 2014, 7,600 ounces higher than in the prior quarter supported by the higher plant throughput and marginally higher grade. Gold production in the first half of the year was 34.8% lower than in the same period last year as a result of significantly lower grades and recoveries. Gold production guidance for the full year remains on track with higher grades expected in the second half of the year.

Cash costs before by-product credits were \$2.50/lb in Q2 2014 compared with \$2.20/lb in the previous quarter. This was mainly due to the payment of a one-off signing bonus to employees following the successful completion of a new four-year agreement in May 2014. This one-off payment increased cash costs for the quarter by approximately \$0.32/lb, although on an annualised basis the impact will be some \$0.11/lb. Net cash costs were 21.5% higher than the previous quarter reflecting the increase in cash costs before by-product credits as explained above.

Compared with the first six months of 2013, cash costs before by-product credits were 10.8% higher, primarily due to labour agreements as explained above and lower production. Net cash costs for the first half of 2014 were \$1.60/lb compared with \$0.99/lb in the first half of 2013. This increase is primarily due to the significant decrease in gold production and realised price, and the increase in cash costs before by-product credits as explained above.

CENTINELA CONCENTRATES (PREVIOUSLY ESPERANZA)		Q2 2014	Q1 2014	%	YTD		
					2014	2013	%
Daily ore throughput	kt	88.4	82.1	7.7	85.3	86.7	(1.6)
Copper grade	%	0.62	0.64	(3.1)	0.63	0.70	(10.0)
Copper recovery	%	88.2	87.6	0.7	87.9	89.4	(1.7)
Copper production	kt	43.1	39.2	9.9	82.3	90.1	(8.7)
Copper sales	kt	46.8	39.0	20	85.9	78.2	9.8
Gold grade	g/t	0.26	0.26	-	0.26	0.35	(25.7)
Gold recovery	%	71.8	70.6	1.7	71.2	84.8	(16.0)
Gold production	koz	48.9	41.3	18.4	90.3	138.6	(34.8)
Gold sales	koz	52.3	41.6	25.7	93.9	116.1	(19.1)
Cash costs before by-product credits*	\$/lb	2.50	2.20	13.6	2.35	2.12	10.8
Net cash costs	\$/lb	1.75	1.44	21.5	1.60	0.99	61.0

* Includes tolling charges of \$0.24/lb in Q2 2014, \$0.24/lb in Q1 2014 and \$0.20/lb in H1 2013

Centinela cathodes (previously El Tesoro)

Centinela produced 22,300 tonnes of copper cathodes in Q2 2014 compared with 23,700 tonnes in the previous quarter mainly as a result of lower grades, recoveries and plant throughput. Production in the first half of 2014 was 11.2% lower than in the same period last year. This decrease was mainly due to the drop in grades and recoveries following completion of mining activities at the higher grade Mirador pit during the last quarter of 2013 and the resumption of mining at the lower grade and higher cost Tesoro Central and Tesoro North-East pits.

Cash costs increased by \$0.25/lb to \$1.93/lb between Q2 2014 and the previous quarter primarily due to the decrease in production and higher input costs relating to maintenance in the quarter. Cash costs in the first half of 2014 were 42.9% higher than in the same period last year primarily reflecting the lower cost of production from processing the higher grade Mirador ore last year.

CENTINELA CATHODES (PREVIOUSLY EL TESORO)		Q2 2014	Q1 2014	%	YTD		
					2014	2013	%
Daily ore throughput	kt	25.2	25.8	(2.3)	25.5	18.9	34.9
Copper grade	%	1.20	1.28	(6.3)	1.24	1.72	(27.9)
Copper recovery	%	72.7	73.8	(1.5)	73.2	78.1	(6.3)
Copper production – heap leach	kt	19.7	21.2	(7.1)	40.9	47.6	(14.1)
Copper production – total *	kt	22.3	23.7	(5.9)	46.0	51.8	(11.2)
Copper sales	kt	22.0	23.1	(4.8)	45.2	49.4	(8.5)
Cash costs	\$/lb	1.93	1.68	14.9	1.80	1.26	42.9

* Includes production from ROM material

Michilla

Copper production at Michilla was 12,400 tonnes during the quarter, 14.8% higher than in the previous quarter primarily as a result of higher grade and throughput. The 24.7% increase in production to 23,200 tonnes in the first half of the year compared with the same period last year was also due to higher grade and throughput.

Cash costs decreased to \$2.28/lb in Q2, some \$0.21/lb lower than in the previous quarter primarily reflecting the impact of increased production. Cash costs for the first half of 2014 were \$2.38/lb compared with \$3.36/lb in the first half of 2013. This decrease was primarily due to lower stripping costs, less processing of higher cost, third party ores and the weaker peso.

MICHILLA		Q2			Q1			YTD		
		2014	2014	%	2014	2013	%	2014	2013	%
Daily ore throughput	kt	12.9	12.0	7.5	12.5	11.7	6.8			
Copper grade	%	1.12	1.08	3.7	1.10	0.92	19.6			
Copper recovery	%	79.2	80.0	(1.0)	79.6	76.6	3.9			
Copper production – heap leach	kt	10.8	9.4	14.9	20.2	15.5	30.3			
Copper production – total *	kt	12.4	10.8	14.8	23.2	18.6	24.7			
Copper sales	kt	11.9	10.4	14.4	22.3	18.5	20.5			
Cash costs	\$/lb	2.28	2.49	(8.4)	2.38	3.36	(28.9)			

Antucoya

The construction of Antucoya remains on time and on budget with 86% total progress (including design, engineering, procurement and construction) and 74% construction progress as at 30 June 2014.

Commodity prices and exchange rates

		Q2			Q1			YTD		
		2014	2014	%	2014	2013	%	2014	2013	%
Copper										
Market price	\$/lb	3.08	3.19	(3.4)	3.14	3.42	(8.2)			
Realised price	\$/lb	3.28	2.87	14.3	3.08	3.15	(2.2)			
Gold										
Market price	\$/oz	1,288	1,293	(0.4)	1,291	1,524	(15.3)			
Realised price	\$/oz	1,315	1,403	(6.3)	1,356	1,447	(6.3)			
Molybdenum										
Market price	\$/lb	13.6	10.0	36.0	11.8	11.1	6.3			
Realised price	\$/lb	18.5	10.5	76.2	14.8	10.8	37.0			
Exchange rates										
Chilean peso	per \$	554	551	0.5	553	479	15.4			

The spot commodity prices for copper, gold and molybdenum as at 30 June 2014 were \$3.15/lb, \$1,314/oz and \$13.3/lb respectively compared with \$3.01/lb, \$1,292/oz and \$10.6/lb as at 31 March 2014.

The provisional pricing adjustments and hedging effects for the first half of the year for copper, gold and molybdenum were negative \$49.2 million, positive \$2.9 million and positive \$18.9 million respectively.

Transport and water

Total volumes transported by the transport division were 1.8 million tonnes in Q2 2014, 3.5% higher than in the previous quarter and 4.7% lower than in the same period last year.

The water division sold 12.7 million cubic metres in Q2 2014, 1.6% lower than in the previous quarter and 0.4% lower than in the same period last year.

		Q2	Q1		YTD		
		2014	2014	%	2014	2013	%
Total tonnage transported	kt	1,790	1,729	3.5	3,519	3,691	(4.7)
Water volumes sold	mil m ³	12.7	12.9	(1.6)	25.6	25.7	(0.4)

Investors – London

Andrew Lindsay alindsay@antofagasta.co.uk
 Chris Wilson cwilson@antofagasta.co.uk
 Telephone +44 20 7808 0988

Investors – Santiago

Alejandro Rivera arivera@aminerals.cl
 Telephone +56 2 2798 7000

Media (Brunswick)

Carole Cable antofagasta@brunswickgroup.com
 Robin Wrench antofagasta@brunswickgroup.com
 Telephone +44 20 7404 5959
