

## Q1 2016 PRODUCTION REPORT

Antofagasta plc CEO, Iván Arriagada said:

*“We made good progress during the first quarter of 2016, with the integration of Zaldivar and the ramp-up at Antucoya. Combined, these projects added 25,000 tonnes of production over the period. Our cost savings programme is also benefiting our results, contributing to a fall in our net cash costs of 4% versus Q1 2015 to \$1.37/lb and our guidance for the year remains unchanged at 710-740,000 tonnes, at a net cash cost of \$1.35/lb.*

*“Movements in the copper price over the quarter may suggest the market is beginning to stabilise. However, with price growth likely to remain subdued in the near term our focus continues to be on operating safely, efficiently and profitably.”*

### HIGHLIGHTS

#### PRODUCTION

- Copper production in Q1 2016 was 157,100 tonnes, an increase of 7.3% on Q1 2015 with the first full quarter of production from Zaldivar and increases at Antucoya offset by lower production at Centinela Cathodes, as grade declined, and no contribution from Michilla, now that it is on care and maintenance
- Copper production in the quarter was 7.5% lower than in Q4 2015 despite the production from Zaldivar and Antucoya following extended maintenance during the quarter at Los Pelambres coupled with lower production at Centinela Cathodes and no production from Michilla
- Gold production in Q1 2016 was 56,700 ounces, a 1.8% increase on Q4 2015 largely due to higher gold recoveries at Centinela
- Molybdenum production at Los Pelambres was 1,700 tonnes in Q1 2016, compared to 2,100 tonnes in Q1 2015, principally due to a fall in grade

#### CASH COSTS

- Cash costs before by-product credits in Q1 2016 were \$1.72/lb, 6.0% lower than in Q1 2015, but 4.2% higher than in Q4 2015. The increase from Q4 2015 is mainly related to lower production offset by cost savings and lower input prices, particularly energy
- Net cash costs were better than expected at \$1.37/lb in Q1 2016, a 4.2% decrease compared with Q1 2015 with a significantly higher realised gold price offsetting the impact of lower production

#### OTHER

- As previously announced, Iván Arriagada succeeded Diego Hernández as CEO on 8 April 2016
- Antucoya achieved commercial production at the end of the quarter
- Group production and cash cost guidance for the full year is unchanged with an improvement in throughput expected at Los Pelambres and Centinela Concentrates, and in copper grade at Centinela Concentrates together with the continued ramp-up of Antucoya
- Michilla was put on care and maintenance at the end of 2015 with no production in this quarter.

GROUP PRODUCTION AND CASH COSTS		Year to date			Q1	Q4	
		2016	2015	%	2016	2015	%
Copper production <sup>(1)</sup>	kt	157.1	146.4	7.3	157.1	169.9	(7.5)
Gold production	koz	56.7	57.4	(1.2)	56.7	55.7	1.8
Molybdenum production	kt	1.7	2.1	(19.0)	1.7	2.8	(39.3)
Cash costs before by-product credits	\$/lb	1.72	1.83	(6.0)	1.72	1.65	4.2
Net cash costs	\$/lb	1.37	1.43	(4.2)	1.37	1.38	(0.7)

*(1) Copper production tonnage includes pre-commercial production at Antucoya, which is not included in unit costs, and attributable production from Zaldivar from 1 December 2015*

## MINING OPERATIONS

### Los Pelambres

Los Pelambres produced 82,200 tonnes of copper in Q1 2016 compared with 78,800 tonnes in the same quarter in the prior year. This increase of 4.3% was primarily due to one-off community disruptions at the mine access road during Q1 2015. Compared to the previous quarter copper production decreased by 15.8%, mainly due to lower throughput as a result of extended maintenance in February and harder ore.

Molybdenum production was lower at 1,700 tonnes in Q1 2016 compared to the previous quarter, primarily due to the lower grades.

Cash costs before by-product credits in Q1 2016 were \$1.49/lb, 6.9% lower than in Q1 2015. This decrease was principally due to higher production during 2016, and lower input prices and cost savings. Compared with the previous quarter cash costs before by-product credits were 6.4% higher mainly due to lower production, offset slightly by lower input prices, such as diesel and energy.

Net cash costs in Q1 2016 at \$1.22/lb were 3.9% lower than in Q1 2015, reflecting higher copper and gold production and a higher realised gold price, offset by a much lower contribution from molybdenum with production down and lower realised prices.

LOS PELAMBRES		Year to date			Q1	Q4	
		2016	2015	%	2016	2015	%
Daily ore throughput	kt	147.5	151.8	(2.8)	147.5	170.2	(13.3)
Copper grade	%	0.70	0.69	1.4	0.70	0.72	(2.8)
Copper recovery	%	89.3	87.0	2.6	89.3	89.3	-
Copper production	kt	82.2	78.8	4.3	82.2	97.6	(15.8)
Copper sales	kt	83.4	79.9	4.4	83.4	103.8	(19.7)
Molybdenum grade	%	0.016	0.019	(15.8)	0.016	0.022	(27.3)
Molybdenum recovery	%	76.5	81.3	(5.9)	76.5	76.6	(0.1)
Molybdenum production	kt	1.7	2.1	(19.0)	1.7	2.8	(39.3)
Molybdenum sales	kt	1.9	1.9	-	1.9	2.8	(32.1)
Gold production	koz	14.2	11.3	25.7	14.2	15.9	(10.7)
Gold sales	koz	15.7	12.4	26.6	15.7	17.3	(9.2)
Cash costs before by-product credits <sup>(1)</sup>	\$/lb	1.49	1.60	(6.9)	1.49	1.40	6.4
Net cash costs <sup>(1)</sup>	\$/lb	1.22	1.27	(3.9)	1.22	1.15	6.1

*(1) Includes tolling charges of \$0.26/lb in Q1 2016, \$0.26/lb in Q4 2015 and \$0.24/lb in Q1 2015*

## Centinela

Total copper production at Centinela was 49,800 tonnes in Q1 2016, 17.5% lower than in the same quarter last year due to significantly lower grades at both Centinela Concentrates and Centinela Cathodes offset in part by higher throughput at Centinela Concentrates. Compared with the previous quarter production was 4.4% lower due to lower production of copper cathodes slightly offset by higher production of copper in concentrates.

Production of copper in concentrates was 37,200 tonnes in Q1 2016, compared with 38,400 tonnes in the same period last year as grade declined by 26.8% to 0.52% offset by throughput increasing by 23.2% to 92,000 tonnes of ore per day. Compared to the previous quarter production increased by 6.6% primarily due to higher recoveries partially offset by slightly lower throughput.

The copper grade at Centinela Concentrates is expected to increase during the second half of the year together with throughput, which will increase throughput to a maximum of 105,000 tonnes of ore per day once the final thickener is completed in the fourth quarter of the year.

Cathode production in Q1 2016 was 12,600 tonnes, a 42.5% decrease on the 21,900 tonnes produced in Q1 2015 as grades declined as expected as mining moved to the lower grade zones of the Tesoro Central and Tesoro Noreste pits, together with lower throughput and recoveries. Compared with the same period last year, cathode production was 26.7% lower largely as a result of lower throughput, due to restrictions at the reclamation system, and lower grades.

Gold production was 42,500 ounces in Q1 2016, 3,600 ounces lower than in the same quarter last year primarily due to higher recoveries slightly offset by a drop in the grade.

Cash costs before by-product credits were \$2.14/lb in Q1 2016 were 3.9% higher than in Q1 2015 as grades at Centinela Concentrates and Centinela Cathodes declined significantly. Compared with the previous quarter costs were 13.4% lower as lower input prices and cost savings more than offset the impact of lower production.

Net cash costs in Q1 2016 at \$1.57/lb were marginally better than in the same period last year and 24.5% lower than in the previous quarter with the substantial improvement in realised gold prices and higher gold production.

CENTINELA		Year to date			Q1	Q4	
		2016	2015	%	2016	2015	%
<b>CONCENTRATES</b>							
Daily ore throughput	kt	92.0	74.7	23.2	92.0	93.3	(1.4)
Copper grade	%	0.52	0.71	(26.8)	0.52	0.50	4.0
Copper recovery	%	85.6	88.0	(2.7)	85.6	83.0	3.1
Copper production	kt	37.2	38.4	(3.1)	37.2	34.9	6.6
Copper sales	kt	33.6	37.8	(11.1)	33.6	35.4	(5.1)
Gold grade	g/t	0.21	0.30	(30.0)	0.21	0.22	(4.5)
Gold recovery	%	75.9	78.8	(3.7)	75.9	68.0	11.6
Gold production	koz	42.5	46.1	(7.8)	42.5	39.8	6.8
Gold sales	koz	37.5	46.9	(20.0)	37.5	40.6	(7.6)

CATHODES							
Daily ore throughput	kt	21.9	25.4	(13.8)	21.9	25.0	(12.4)
Copper grade	%	0.75	1.17	(35.9)	0.75	0.85	(11.8)
Copper recovery	%	66.2	70.6	(6.2)	66.2	69.6	(4.9)
Copper production – heap leach	kt	10.5	19.4	(45.9)	10.5	14.3	(26.6)
Copper production – total <sup>(1)</sup>	kt	12.6	21.9	(42.5)	12.6	17.2	(26.7)
Copper sales	kt	13.0	21.8	(40.4)	13.0	19.8	(34.3)
<b>Total copper production</b>	kt	<b>49.8</b>	<b>60.4</b>	<b>(17.5)</b>	<b>49.8</b>	<b>52.1</b>	<b>(4.4)</b>
<b>Cash costs before by-product credits<sup>(2)</sup></b>	\$/lb	<b>2.14</b>	<b>2.06</b>	<b>3.9</b>	<b>2.14</b>	<b>2.47</b>	<b>(13.4)</b>
<b>Net cash costs<sup>(2)</sup></b>	\$/lb	<b>1.57</b>	<b>1.58</b>	<b>(0.6)</b>	<b>1.57</b>	<b>2.08</b>	<b>(24.5)</b>

(1) Includes production from ROM material

(2) Includes tolling charges for copper in concentrates of \$0.28/lb in Q1 2016, \$0.27/lb in Q4 2015 and \$0.25/lb in Q1 2015

### Zaldívar

Following the acquisition of 50% of Zaldívar in December last year attributable copper production was 12,400 tonnes in Q1 2016 compared with 4,400 tonnes in December. Lower plant throughput was due to maintenance of the stacking and reclaiming system, which was completed during the quarter.

Zaldívar has a heap leach operation with secondary leaching as well as a run-of-mine (ROM) dump leach and production is separated between the two principal process routes in the table below. A small quantity of copper in concentrates is also produced, which is reported as part of total production.

Despite the fall in throughput in the heap leach, cash costs in Q1 2016 were \$1.59/lb compared with \$1.73/lb in the previous quarter primarily due to savings under the Group's Cost and Competitiveness Programme and lower input costs.

ZALDÍVAR <sup>(1)</sup>		Year to date			Q1	Q4	
		2016	2015	%	2016	2015	%
Daily ore throughput	kt	44.8	-	-	44.8	51.6	(13.2)
Copper grade	%	0.65	-	-	0.65	0.65	-
Copper recovery	%	62.9	-	-	62.9	64.9	(3.1)
Copper production – heap leach	kt	8.2	-	-	8.2	2.9	182.8
Copper production – total <sup>(2)</sup>	kt	12.4	-	-	12.4	4.4	181.8
Copper sales	kt	11.5	-	-	11.5	5.5	109.1
Cash costs <sup>(3)</sup>	\$/lb	1.59	-	-	1.59	1.73	(8.1)

(1) Acquired 1 December 2015. Attributable production and sales

(2) Includes production from ROM material and in concentrates

### Antucoya

The ramp-up of Antucoya advanced, with production of 12,700 tonnes during the quarter and full capacity expected to be reached by mid-2016. A solution for the problem with excessive dust has started and is expected to be completed by the end of the year.

By the end of March, approximately 12 million tonnes of crushed material were stacked on the heap, with 4.9 million tonnes of material added to the heap during the quarter.

With both lines now operating simultaneously in the electro-winning plant commercial production is regarded as starting at the beginning of April.

The project's final total construction capital expenditure was in line with the budget of \$ 1.9 billion.

## Transport

Total volumes transported by the division were 1.7 million tonnes in Q1 2016, 12.8% higher than in the same period last year and 4.1% lower than in the previous quarter. The increase compared with Q1 2015 reflects the improved utilisation of rolling stock and additional demand. The decrease since Q4 2015 is mainly due to the seasonality of copper shipments.

		Year to date			Q1	Q4	
		2016	2015	%	2016	2015	%
<b>TONNAGE TRANSPORTED</b>							
Rail	kt	1,368	1,168 <sup>(1)</sup>	17.1	1,368	1,417	(3.5)
Road	kt	302	313	(3.5)	302	325	(7.1)
<b>Total tonnage transported</b>	<b>kt</b>	<b>1,670</b>	<b>1,481</b>	<b>12.8</b>	<b>1,670</b>	<b>1,742</b>	<b>(4.1)</b>

(1) Excludes 233kt transported by FCA, which was sold in August 2015

## Commodity prices and exchange rates

		Year to date			Q1	Q4	
		2016	2015	%	2016	2015	%
<b>Copper</b>							
Market price	\$/lb	2.12	2.64	(19.7)	2.12	2.22	(4.5)
Realised price	\$/lb	2.22	2.45	(9.4)	2.22	2.00	11.0
<b>Gold</b>							
Market price	\$/oz	1,180	1,220	(3.3)	1,180	1,105	6.8
Realised price	\$/oz	1,316	1,252	5.1	1,316	1,077	22.2
<b>Molybdenum</b>							
Market price	\$/lb	5.3	8.5	(37.6)	5.3	4.8	10.3
Realised price	\$/lb	5.4	7.6	(28.9)	5.4	4.3	24.5
<b>Exchange rates</b>							
Chilean peso	per \$	702	624	12.5	702	698	0.6

The spot commodity prices for copper, gold and molybdenum as at 31 March 2016 were \$2.21/lb, \$1,236/oz and \$5.3/lb respectively compared with \$2.13/lb, \$1,062/oz and \$5.3/lb as at 31 December 2015 and \$2.75/lb, \$1,188oz and \$8.2/lb as at 31 March 2015.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were positive \$24.8 million, positive \$10.2 million and negative \$0.04 million respectively.

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