



LOS PELAMBRES
ANTOFAGASTA MINERALS

Los Pelambres - Site Visit

December 6th, 2016

Robert Mayne Nicholls
General Manager



ANTOFAGASTA PLC

Cautionary statement



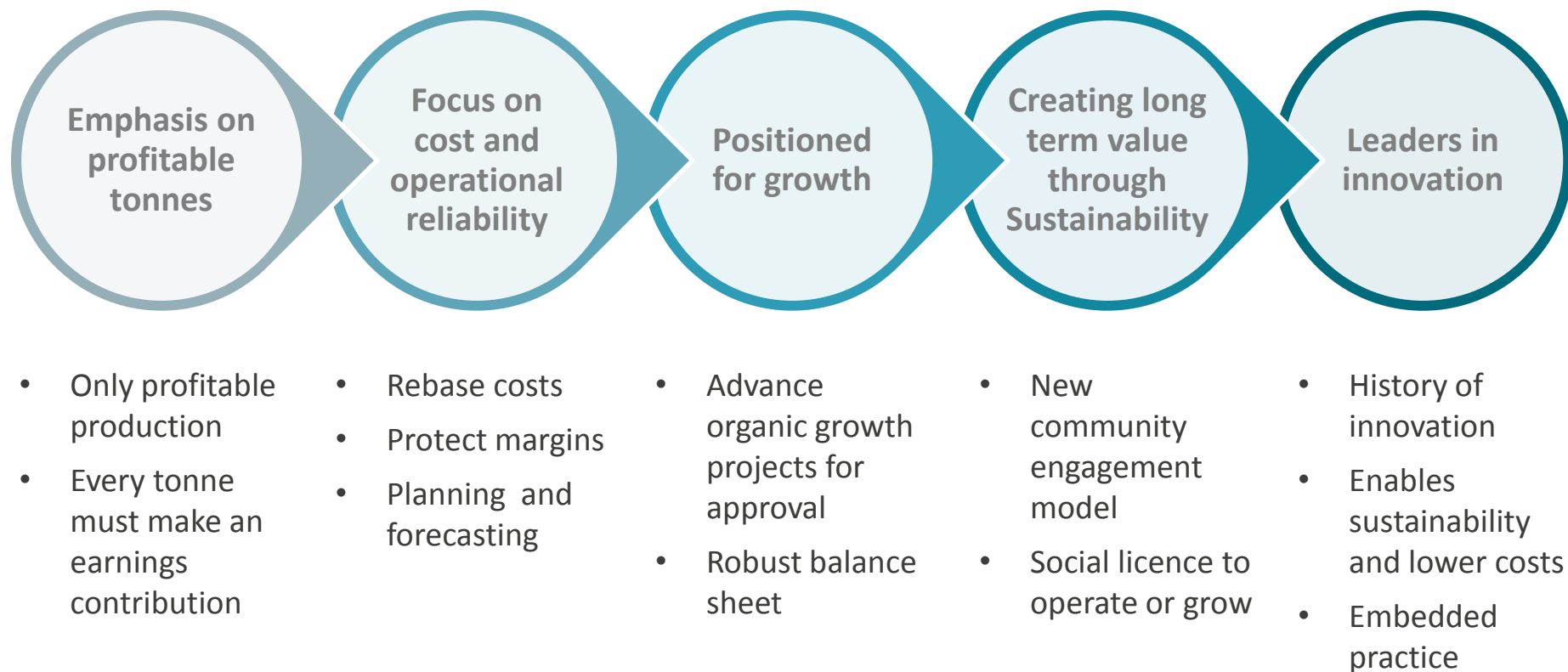
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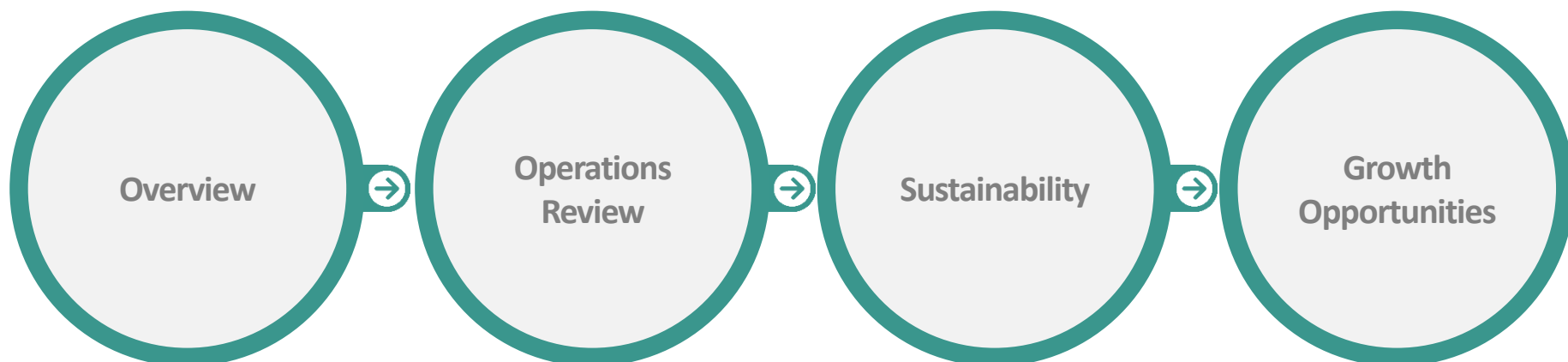
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Safety first - 24 months with zero fatalities

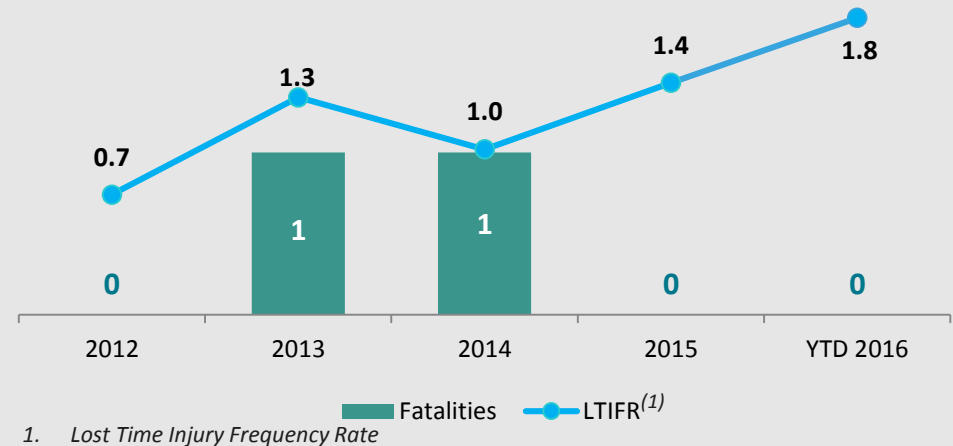
Focus on:

- Identify and assess key fatality and serious injury risks.
- Preventative reporting and investigation of high-potential near misses.
- On-the-ground executive safety leadership.
- Development of verification tools for the implementation of critical controls of the transversal fatality risks for each Company.
- Progress in communications and culture.

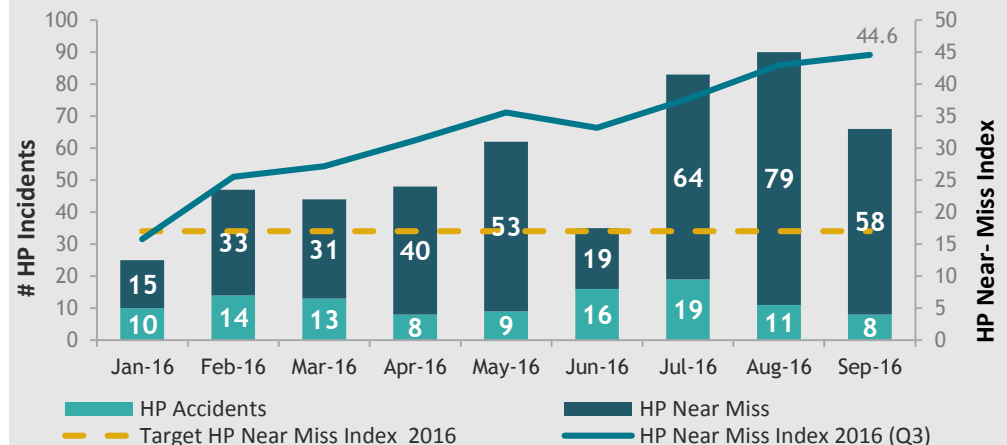
High Potential (HP) Incidents: Total number of HP accidents and HP Near misses
 *Near-miss index : Represents total number of high potential near misses for every million hours worked.

*Near-miss index Target 2016: 17

Safety Performance



High Potential Accident vs Near Miss (Leading Indicators)





Overview



Los Pelambres overview



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- **Ownership structure**
 - 60% Antofagasta
 - 15% MM LP Holding
 - 25% Nippon LP Investment
- **History**
 - Part of Antofagasta since 1985
 - Large scale mining commenced in 1999
- **Location**
 - 240km north-east of Santiago
- **Facilities overview**
 - Concentrator with 175ktpd throughput capacity
- **Production**
 - 5th largest copper producer in Chile
- **Life of Mine**
 - 23 years (Reserves)

2016 Guidance

**Cu
Conc.**

C1

**YTD Q3 016
Production (t)**

**YTD Q3 2016
(\$/lb)**

259,300

1.04

**Guidance 2016
Production (t)**

**Guidance 2016
(\$/lb)**

**355,000 -
365,000**

1.25

Minera Los Pelambres (MLP) Team



Denotes presence
at presentation

**Robert
Mayne-Nicholls**
*Chief Executive
Officer*



Jorge Araneda
*Head of
Sustainability*



Ivo Fadic
*Head of
Maintenance*



Sebastián Trejos
*Head of Safety and
Occupational Health*



**Jose Miguel
Labbe**
*Chief Financial
Officer*



**Rodrigo
Catalán**
*Head of
Human Resources*



**Juan Andrés
Morel**
*Chief Operations
Officer*



**Julio Cesar
Castillo**
*Head of Resource
Planning and
Development*



**Pierino
Venturini**
*Head of
Projects*



**Hernan
Delaigue**
Mine Manager



**Sergio
Valdebenito**
*Plants and
Tailings
Manager*



**Fernando
Garay**
*Port
Manager*



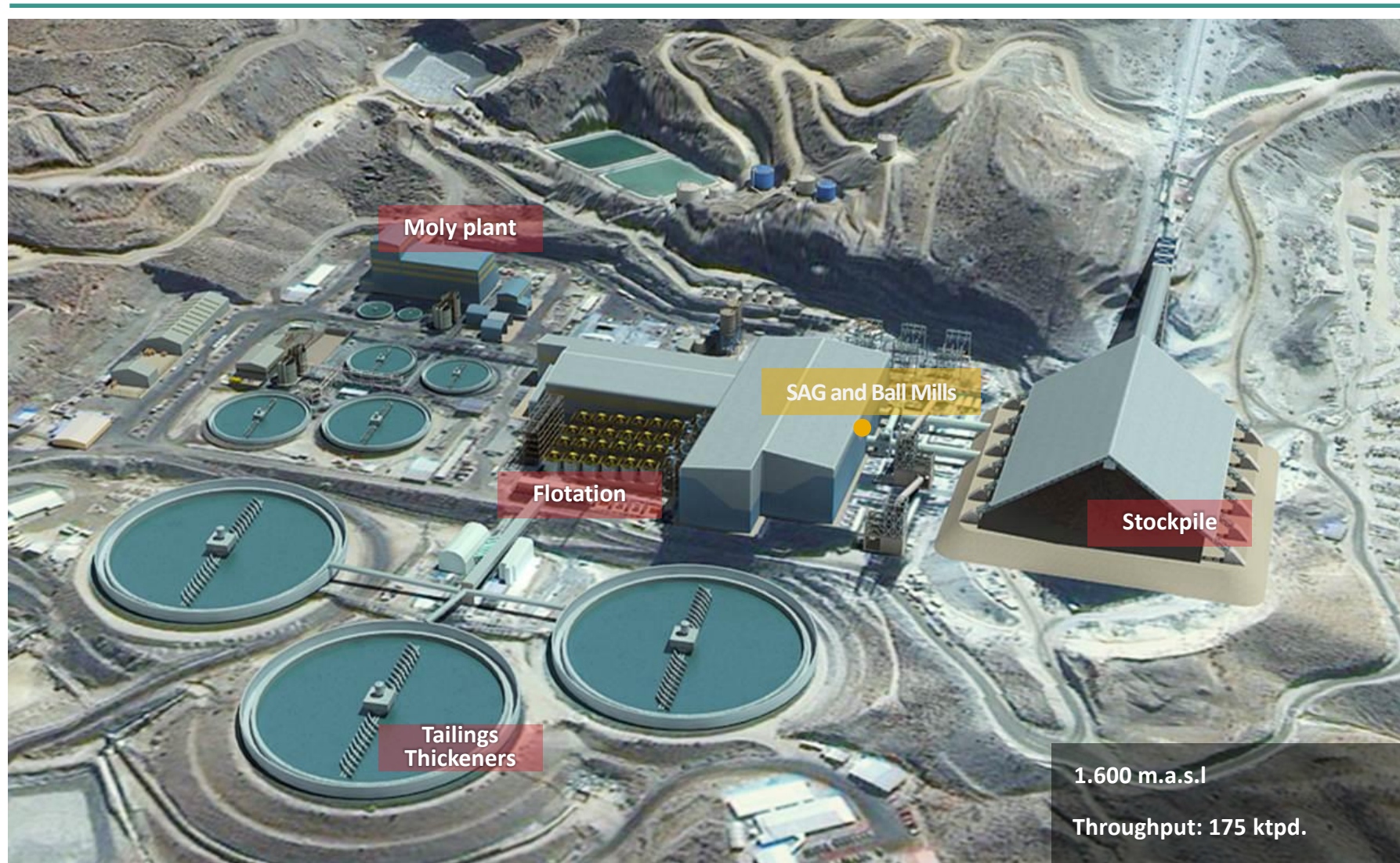
**Pablo
Hernández**
*Operational
Excellence
Manager*



Mine site visit



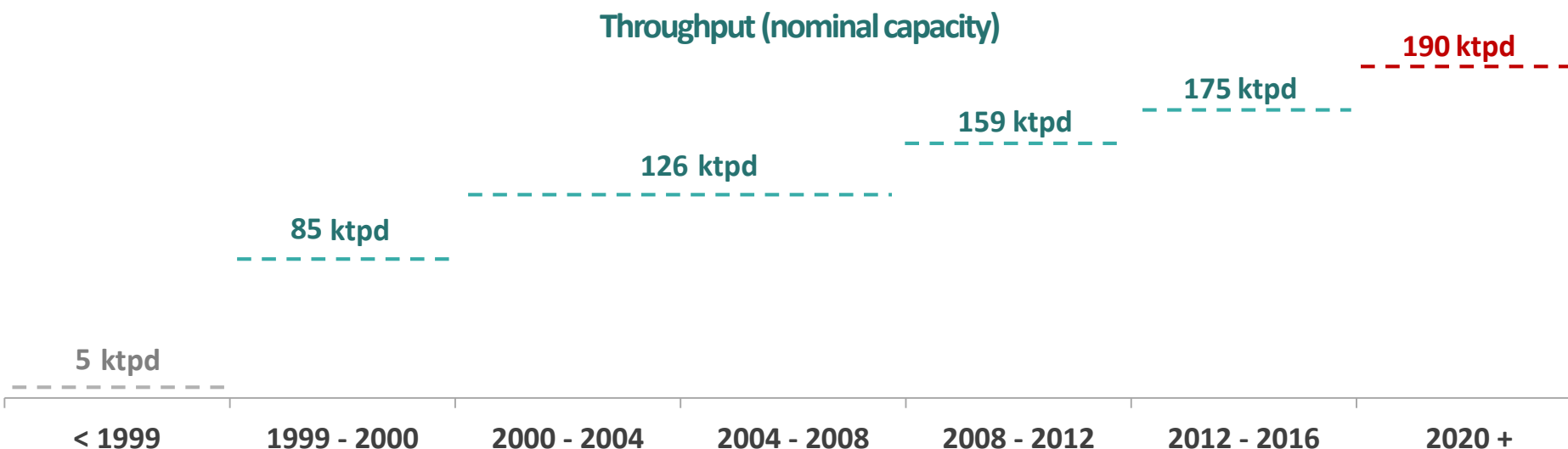
Concentrator plant site visit



Background: a story of sustained growth

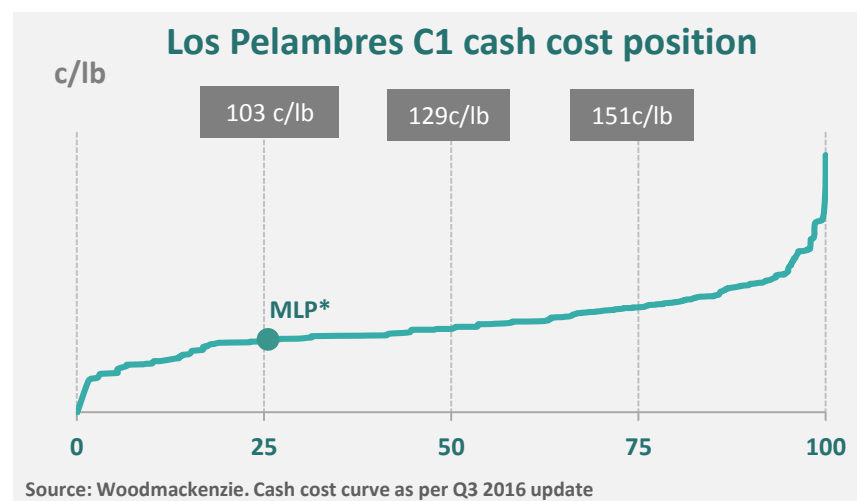
1914	William Braden first explored in the area of the Los Pelambres deposit
1969 – 71	ENAMI carries out exploration to define the deposit's potential
1978	Anaconda Minerals buys the Los Pelambres deposit rights that had been tendered by ENAMI
1985	Antofagasta Holdings buys Anaconda Chile and its right over the Los Pelambres deposit
1992	Minera El Chacay starts its small – scale underground operations (5 ktpd)
1997	EIA approved and construction starts. Japanese partners take 40% interest. Bank financing obtained
1999	Successful Ramp – up completed in 84 days with a capacity of 85 ktpd
2004 – 09	Several expansion projects take the processing capacity to 175 ktpd
2016 +	Desalination plant and water pipeline EIA submission (enabling LT expansions)

Throughput (nominal capacity)

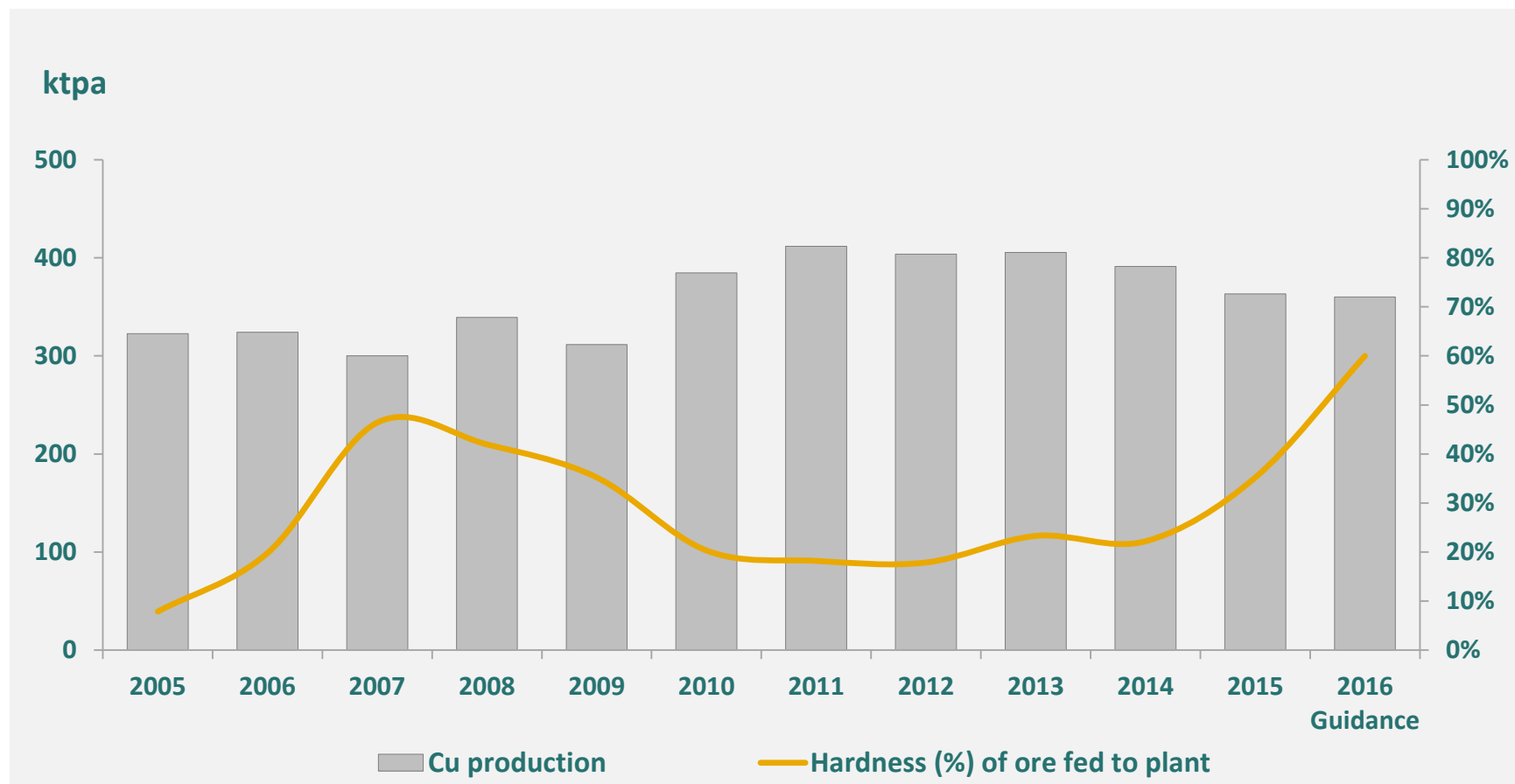


Los Pelambres, a world – class asset

- Los Pelambres's ownership
 - Antofagasta Group 60%
 - MM LP Holding BV 15%
 - Nippon LP Investment 25%
- Chile's 5th largest copper producer
 - ~ 140 Mt/year total material movement with competitive stripping ratio
 - ~ 175 ktpd throughput capacity
- Total manpower of 4,709 (906 employees + 3,803 contractors)
- Focus on optimise our processes and lowering our cost base to strengthen margins
- Chile's 7th largest deposit (reserves & resources)
 - Incremental Expansion project will allow MLP to maximise the value of its resources



One of our main operating challenges: ore hardness



Reserves and Resources



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Reserves:

Los Pelambres	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/t)
Proven	704	0,61	0,022	0,05
Probable	604	0,60	0,015	0,04
Total⁽¹⁾	1.309	0,61	0,019	0,05

Resources:

Los Pelambres	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/t)
Measured	1.151	0,59	0,022	0,05
Indicated	2.263	0,53	0,015	0,05
Inferred	2.690	0,46	0,015	0,06
Total⁽¹⁾	6.104	0,51	0,016	0,06

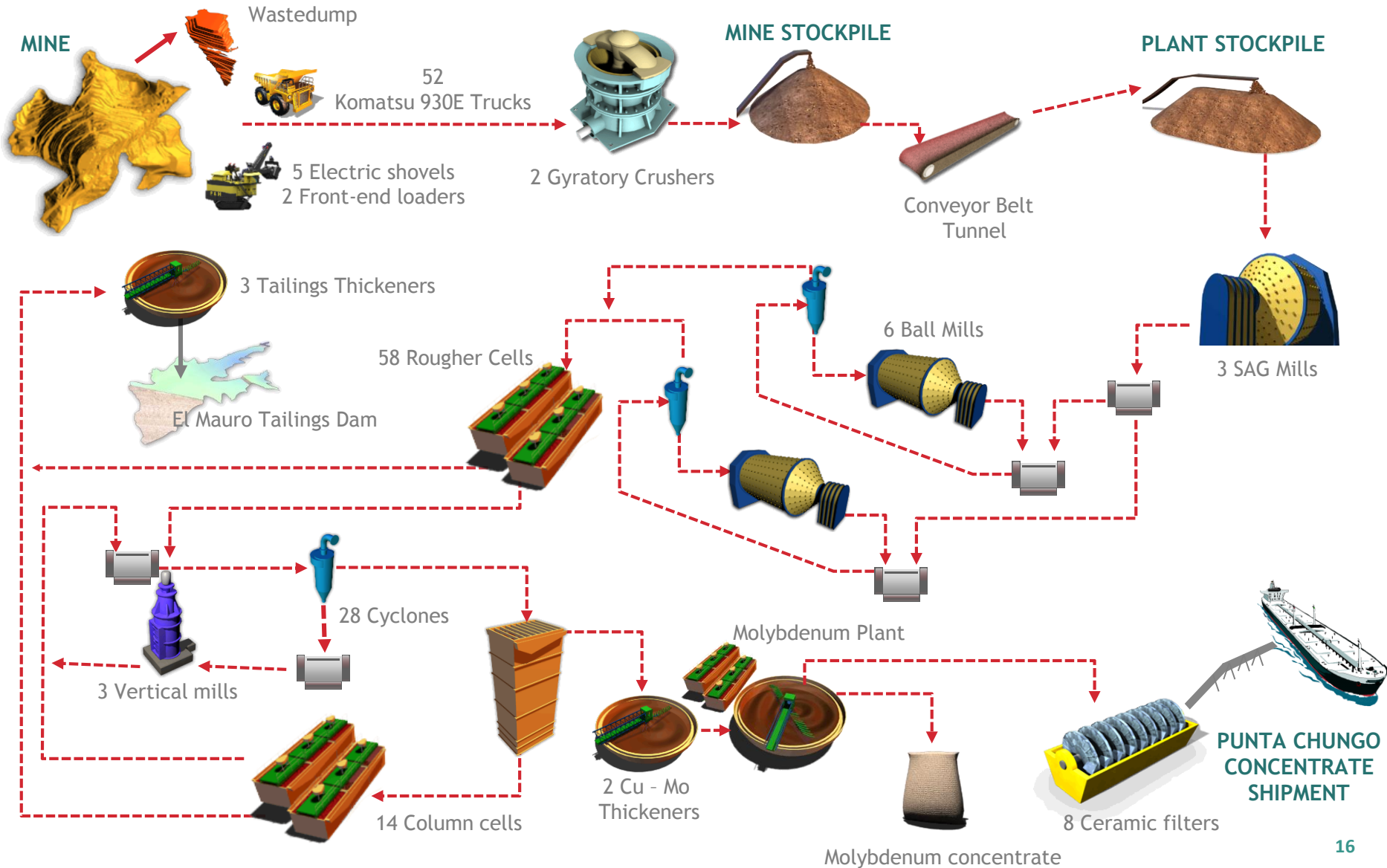
Note: Information as of 31 Dec 2015



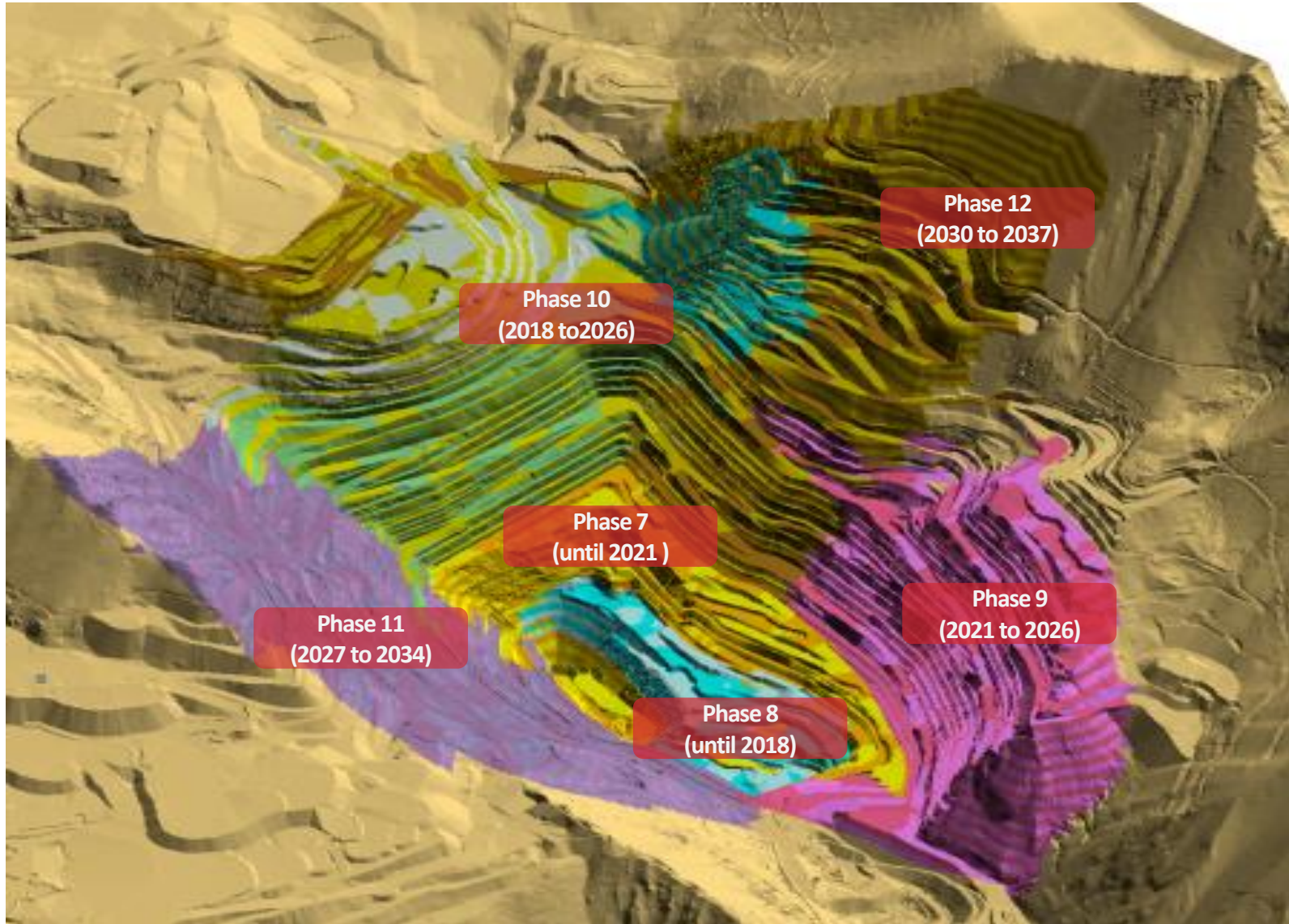
Operations Review



Integrated production process & facilities



Mine plan



Fleet and mining equipment

Type	Brand - Model			Nº of units
Drilling • Production	Atlas Copco	Pit Viper 351 (E)		3
	Atlas Copco	Pit Viper 351 (D)		5
	Atlas Copco	Pit Viper 316		1
	Atlas Copco	ROC L-8		4
Loading • Shovels	P&H	4100 A	53Yd ³	1
	P&H	4100 XPB	73Yd ³	3
	P&H	4100 XPC	73Yd ³	1
	LeTourneau	L1850 GII	33Yd ³	1
	LeTourneau	L2350	54Yd ³	1
• Loaders	LeTourneau	L1850 GII	33Yd ³	1
	LeTourneau	L2350	54Yd ³	1
Haulage	Komatsu	K930E	300 ton	52



Concentrator plant description

Plant Specifications	Throughput: 175 ktpd Recovery → Cu: 90% / Mo: 81% Cycle length: Continuous Operation
Crushing and conveyor	2 Primary Crushers :Gyratory, 60"x113", 1000 HP each Ore conveyor: 3 Conveyor belts of 12.8 Km of total length, 10 motors of 3300 HP each
Milling	SAG mills: 3 SAG mills, 36'x17', 20.000 HP each Ball mills: <ul style="list-style-type: none">• 5 Ball mills, 21'x33', 10.500 HP each• 1 Ball mill, 26'x40' 20.700 HP
Flotation	36 rougher cells of 130 m ³ each 22 rougher cells of 250 m ³ 18 scavenger cells of 130 m ³ 14 cells columns of 14 m height



Tailings and transport

Authorised Capacity: 1.700 Mtons
Construction method: Downstream
Operates under D.S. 248 (authorised with the former one)
Current tailings: 452 Mton
Maximum wall height: 237 m
Current height: 163 m

Recirculation system with capacity for 1100 l/s
Safety spillway to evacuate 20 m³/s
Perimeter canals and tailings dam to return water to Pupio stream
Construction of tailings cycloned sand wall in cyclones cluster.



Concentrate thickeners and filters

- Type: Ceramic Filters (8 units)
- Capacity: 22,5 wmt/h (each one)

Concentrate warehouse

- Capacity: 130,000 wmt

Shiploader





- Type: SLRQ 1900.57/19 OX Radial Quadrant
- Capacity: 1,800 wmt/h
- Length: 180-220 m (Radial movement)



Competitive and Cost Program (CCP)

Our strategic objective

Positioning MLP in the first cost quartile of the industry in the medium term

	Cost Savings 2015	Cost Savings H1 2016
 Services Productivity Improving productivity and quality of contracts while reducing costs	US\$ 28m	US\$ 25m
 Operational & Maintenance Management Improving performance of critical processes and standardising maintenance management	US\$ 45m	US\$ 26m
 Corporate & Organisational Effectiveness Reducing corporate costs and restructuring corporate functions		US\$ 4m
 Energy Efficiency Improving energy pricing and consumption efficiency	US\$ 1m	US\$ 1m

Mine: optimising key value drivers and productivity



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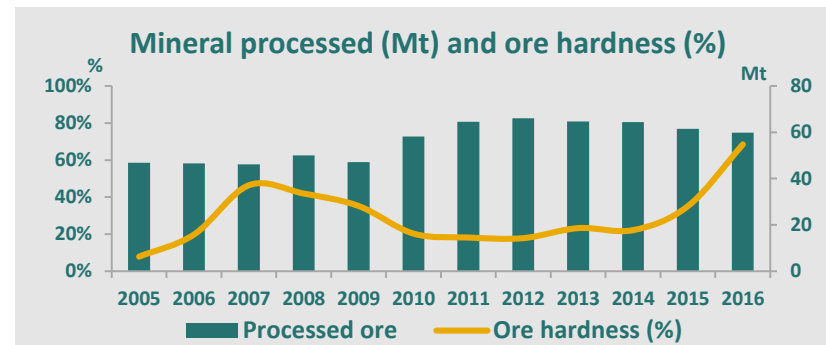
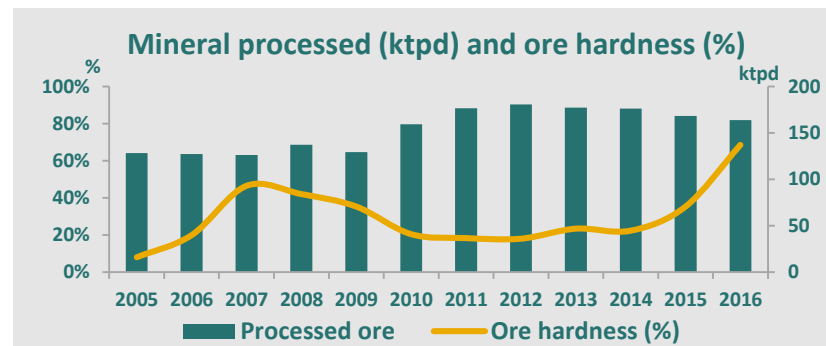
- We operate a single open pit mine
 - Total material movement of ~ 140 Mt/year
 - Competitive stripping ratio of ~ 1.2
 - Life of mine: 21 years
- Ore hardness is a challenge being mitigated by mining practices and improved plant utilisation, and in the long term with the expansion project
- Successful management of dust emissions

Initiatives to optimise mine performance

	Implementation of fatigue devices	Mine to Mill	Reviewing key contracts	Optimising workforce	OEE Optimisation
Status	Being implemented	Already implemented	On going	On going	On going
Value	Reduction of accident risk of trucks operators	Better ore particle size to feed concentrator plant	Cost reduction	Improve productivity and reduce cost	Increase effective operating time of equipment

Plant initiatives to capture full potential

- We operate a 175 ktpd concentrator plant that includes 3 SAG Mills and 6 Ball Mills
- Ore hardness is challenging plant performance (tons per hour)
- Consolidation of continuous improvement initiatives through the implementation of new operational excellence area



Initiatives to unlock the plant potential

	Reduce unexpected events	Several initiatives to increase plant recovery	Reviewing key contracts	De-bottleneck lime plant
Status	Being implemented	Already implemented	On going	Under evaluation
Value	Optimise plant reliability	Recovery improvement	Cost reduction and service optimisation	Optimise mix feed to plant to reduce ore hardness

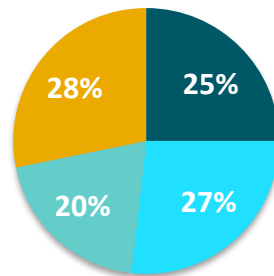


Strong commitment to renewable energy

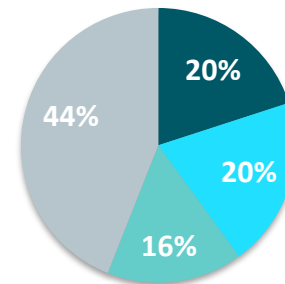
Renewable energies:

- Antofagasta has made important efforts to include clean energy directly in its operations
- From its beginning, MLP takes advantage from its conveyor belts to generate energy, contributing with 9% of the Company's total energy consumption
- Benefitting from Javiera photovoltaic plant energy supply, during the second half of 2015, MLP achieved a new advance to integrate sources of renewable energies. This energy contributes with about 15% of the energy requirements of MLP
- El Arrayán wind farm, the largest wind farm of its type built in Chile, was inaugurated in August 2014 and it supplies approximately 20% of MLP's energy demand

2016



2020+








■ Coal ■ Solar ■ Wind ■ Mix ■ Hydro



We **ARTICULATE** regional government and municipalities interaction with private companies and communities, committed to local development in a **CONSORTIUM** responsible for watching over the implementation of **Somos Choapa** and its initiatives.



Influence area	Initiatives under execution		Planned initiatives
Illapel Participative Process 22 diverse occasions for citizen participation, with nearly 2,000 attendees in total.	REMODELING CONSTITUCIÓN STREET (In development)		Design for Liceo Politécnico of Illapel
	REMODELING RAMÓN "MONCHO" VEGA STADIUM (In development)		REVOLVING FUND FOR EXTRAPREDIAL IRRIGATION
	SPORTS AND COMMUNITY CENTER EL POLÍGONO		
	SPORTS AND COMMUNITY CENTER LA AGUADA (In development)		BORDE RIO: Irrigation Study; Title Study
Salamanca 6 Territorial meeting 1,260 participants	SOCIAL CENTER LUISÍN LANDÁEZ (In development)		UNDERGROUND WORKS AV INFANTE (In bidding)
	SOCIAL CENTER OF RAYUELA 12 DE OCTUBRE (In development)		IMPROVEMENT HOUSE OF CULTURE (In bidding)
	JV CENTER CHALINGA RIVER (In development)		SANTA ROSA PLAZA
	IMPROVEMENT PANGUESILLO FIELD (In bidding)		Salamanca Park Design
Los Vilos Participative Process 22 diverse occasions for citizen participation, with nearly 2,000 attendees in total.	PACA MEETING March 30th 2016 (Anticipated citizen participation)		
	PLADECO 2015 – 2019 (Plan for Community Development)		
	Forming Citizen Committee for the Installation of Somos Choapa Los Vilos		

Outstanding court cases resolved

- Two longstanding claims concerning:
 - Quality and quantity of water in stream
 - Ability of dam wall to withstand extreme seismic event
- Formal and transparent dialogue with community to understand concerns and share views
- Agreement reached with community in April 2016
- Both court cases resolved in favour of Los Pelambres in August 2016





Growth opportunities



Growth opportunities

Incremental Expansion Phase 1

Throughput expansion to 190 ktpd under existing permits. New grinding and flotation circuit to counter the increasing hardness of the ore

Cu: 60 ktpa Capex: US\$ 1,100m

Feasibility study completion
and investment decision

Earliest Start of
Construction

Ramp up

2016

2017

2018

2019

2020+



Earliest Start of
Construction

Incremental Expansion Phase 2

Throughput expansion to 205 ktpd. New permits required. Repower conveyors from primary crusher to concentrator. El Mauro tailing dam capacity increment.

Cu: 30 ktpa Capex: US\$ 500m

- World class deposit with low strip ratio and large resource base provides opportunity to unlock value in the long term
- Ore hardness challenge mitigated by:
 - Short term → effective operational actions
 - Mid term → plant capacity expansion
- New community engagement model in place, based on the principles of transparency and participation
- Cost improvements to position operation in the first quartile
- History of strong labour relations with employees and contractors

Los Pelambres - Site Visit

December 6th, 2016

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General Manager



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