

## Q2 2017 PRODUCTION REPORT

**Antofagasta plc CEO, Iván Arriagada said:** “Our copper production performance during the year so far has been stronger than in the same period last year, especially at Centinela and Antucoya, which is now operating at full capacity. We have continued our strategy of focusing on improving efficiencies and achieving savings. This has resulted in a net cash cost of \$1.20/lb for the second quarter of 2017, down more than 5% on the previous quarter. Production and costs remain in-line with our expectations and our guidance for the year is unchanged.”

### HIGHLIGHTS

#### PRODUCTION

- Group copper production in Q2 2017 was 174,400 tonnes, 1.5% higher than in the previous quarter.
- Group copper production for the first six months of the year was 346,300 tonnes, 7.1% higher than in the same period last year. This was primarily due to higher production at Centinela and Antucoya.
- Gold production during the quarter increased by 10.5% to 58,900 ounces and for the first six months by 2.5% due to improving grades at Centinela.
- Molybdenum production at Los Pelambres increased in Q2 2017 to 2,400 tonnes and for the year to date was 36.4% higher than in the same period last year, principally due to higher molybdenum grades.

#### CASH COSTS

- Cash costs before by-product credits in Q2 2017 were \$1.54/lb, 3.1% lower than in Q1 2017. This decrease is mainly related to increased production at Centinela.
- Cash costs before by-product credits for the first six months were \$1.56/lb, 2.5% lower than last year due to higher production and cost savings achieved from the Cost and Competitiveness Programme.
- Net cash costs were \$1.20/lb in Q2 2017, a 5.5% decrease compared with the previous quarter, primarily due to lower cash costs before by-product credits, and higher gold production at Centinela.
- Net cash costs for the first six months were \$1.24/lb, 1.6% lower than the same period last year as lower cash costs before by-product credits and higher by-products credits.

#### GUIDANCE

- Copper production for 2017 is expected to be between 685,000 and 720,000 tonnes, unchanged from the beginning of the year, with higher production during the second half of the year.
- Cost guidance for the full year is unchanged with cash costs before by-product credits expected to be \$1.55/lb and net cash cost of \$1.30/lb.

## OTHER

- Following the end of the quarter, labour negotiations were successful concluded at Centinela for supervisors and at Zaldívar for workers.

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q2	Q1	
		2017	2016	%	2017	2017	%
Copper production <sup>(1)</sup>	kt	346.3	323.3	7.1	174.4	171.9	1.5
Copper sales	kt	334.1	309.4	8.0	158.4	175.7	(9.8)
Gold production	koz	112.2	109.5	2.5	58.9	53.3	10.5
Molybdenum production	kt	4.5	3.3	36.4	2.4	2.2	9.1
Cash costs before by-product credits	\$/lb	1.56	1.60	(2.5)	1.54	1.59	(3.1)
Net cash costs	\$/lb	1.24	1.26	(1.6)	1.20	1.27	(5.5)

*(1) Includes pre-commercial production at Antucoya of 12,700 tonnes in 2016, which are not included in unit cost calculations.*

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## MINING OPERATIONS

### Los Pelambres

Los Pelambres produced 81,400 tonnes of copper in Q2 2017, slightly less than in the previous quarter as scheduled maintenance reduced throughput during the quarter. Production was also impacted by slightly lower grades, which was partially offset by improved recoveries. In the first six months of 2017, copper production decreased by 4.6% compared with the same period last year. This decrease was primarily due to lower grades, despite an increase in throughput.

Sales of copper were lower in Q2 2017 as stocks accumulated at the port as a result of poor sea conditions at the end of the period which delayed shipments. The accumulated stocks were shipped during July.

Molybdenum production was higher at 2,400 tonnes in Q2 2017 compared to the previous quarter, primarily due to higher grade and a significant improvement in recoveries. Production for the first six months of the year of 4,500 tonnes was 36.4% higher than in the comparable period in 2016 as a result of higher grade.

Cash costs before by-product credits in Q2 2017 were \$1.50/lb, compared with \$1.41/lb in the previous quarter. This increase was principally due to higher costs related to maintenance carried out in the quarter. For the first six months of the year, cash costs before by-product credits were \$1.45/lb, 9.0% higher than in 2016 primarily due to higher energy prices, maintenance costs and the impact of lower copper production.

By-product credits in cents/lb were unchanged in the first two quarters of the year and 5c/lb higher than in the first six months of 2016 on higher molybdenum production and realised prices.

Net cash costs for the quarter were \$1.13/lb and for the year to date were \$1.09/lb.

LOS PELAMBRES		Year to Date			Q2	Q1	
		2017	2016	%	2017	2017	%
Daily ore throughput	kt	158.2	151.7	4.3	155.6	160.9	(3.3)
Copper grade	%	0.67	0.70	(4.3)	0.67	0.68	(1.5)
Copper recovery	%	88.8	89.4	(0.7)	89.9	87.7	2.5
Copper production	kt	164.2	172.1	(4.6)	81.4	82.8	(1.7)
Copper sales	kt	150.2	173.6	(13.5)	67.5	82.7	(18.4)
Molybdenum grade	%	0.021	0.015	40.0	0.021	0.020	5.0
Molybdenum recovery	%	78.2	78.4	(0.3)	81.9	74.3	10.1
Molybdenum production	kt	4.5	3.3	36.4	2.4	2.2	9.1
Molybdenum sales	kt	4.3	3.1	38.7	2.3	2.1	9.5
Gold production	koz	26.7	28.9	(7.6)	12.9	13.8	(6.5)
Gold sales	koz	24.0	32.6	(26.4)	10.4	13.6	(23.5)
Cash costs before by-product credits <sup>(1)</sup>	\$/lb	1.45	1.33	9.0	1.50	1.41	6.4
Net cash costs <sup>(1)</sup>	\$/lb	1.09	1.02	6.9	1.13	1.04	8.7

*(1) Includes tolling charges of \$0.25/lb in Q2 2017, \$0.28/lb in Q1 2017, \$0.27/lb YTD 2017 and \$0.26/lb YTD 2016*

## Centinela

Total copper production at Centinela was 61,200 tonnes in Q2 2017, 10.3% higher than in the previous quarter due to higher production of copper in concentrates, partly offset by lower cathode production. Total production for the first half of the year 2017 was 18.9% higher than in 2016 primarily as a result of higher grades.

Production of copper in concentrates was 47,300 tonnes in Q2 2017, compared with 39,000 tonnes in the previous quarter primarily due to higher grades and higher recovery. Throughput was also higher in Q2 2017, increasing by 3.4%, following the completion of scheduled maintenance in Q1. However, harder ore has resulted in throughput being only marginally higher than in Q1 2017.

Copper in concentrate production for the first six months of the year was 17.9% higher than the same period last year mainly reflecting higher grades.

Scheduled maintenance at the SX/EW plant during the quarter reduced throughput by 12.7% compared with Q1 2017. This led to cathode production decreasing by 15.8% to 13,900 tonnes. However, for the year to date higher throughput and increased production reflected improved operating practices compared with the previous year as well as higher grades.

Gold production in the quarter and the year to date was 16.5% and 6.2% respectively higher than in the comparable periods primarily due to higher grades.

Cash costs before by-product credits were \$1.56/lb, 12.8% lower than in the previous quarter. This decrease was mainly due to higher efficiencies and the impact on fixed costs absorption of higher copper production. Cash costs before by-product credits for the first six months of 2017 were 18.9% lower than in 2016 as a result of higher copper production and cost savings achieved from the Cost and Competitiveness Programme.

Higher gold production helped to further reduce net cash costs in Q2 2017 versus the previous quarter to \$1.08/lb. Compared to the same period last year net cash costs were down 21.6% as higher gold production more than offset the slightly weaker realised gold price.

Following the quarter end, a new three-year labour agreement was successfully concluded with the supervisors' union.

CENTINELA		Year to Date			Q2	Q1	
		2017	2016	%	2017	2017	%
<b>CONCENTRATES</b>							
Daily ore throughput	kt	90.7	90.2	0.6	92.2	89.2	3.4
Copper grade	%	0.63	0.53	18.9	0.67	0.59	13.6
Copper recovery	%	86.5	86.3	0.2	88.0	84.8	3.8
Copper production	kt	86.3	73.2	17.9	47.3	39.0	21.3
Copper sales	kt	89.7	59.5	50.8	45.8	43.9	4.3
Gold grade	g/t	0.24	0.21	14.3	0.25	0.23	8.7
Gold recovery	%	70.5	72.5	(2.8)	70.3	70.8	(0.7)
Gold production	koz	85.5	80.5	6.2	46.0	39.5	16.5
Gold sales	koz	90.6	64.5	40.5	45.0	45.6	(1.3)
<b>CATHODES</b>							
Daily ore throughput	kt	22.9	20.6	11.2	21.4	24.5	(12.7)
Copper grade	%	0.94	0.76	23.7	0.95	0.94	1.1
Copper recovery	%	70.3	69.4	1.3	65.5	74.5	(12.1)
Copper production – heap leach	kt	27.1	20.7	30.9	12.2	14.9	(18.1)
Copper production – total <sup>(1)</sup>	kt	30.3	24.9	21.7	13.9	16.5	(15.8)
Copper sales	kt	30.6	23.9	28.0	14.6	16.0	(8.8)
<b>Total copper production</b>	kt	<b>116.6</b>	<b>98.1</b>	<b>18.9</b>	<b>61.2</b>	<b>55.5</b>	<b>10.3</b>
<b>Cash costs before by-product credits<sup>(2)</sup></b>	\$/lb	<b>1.67</b>	<b>2.06</b>	<b>(18.9)</b>	<b>1.56</b>	<b>1.79</b>	<b>(12.8)</b>
<b>Net cash costs<sup>(2)</sup></b>	\$/lb	<b>1.20</b>	<b>1.53</b>	<b>(21.6)</b>	<b>1.08</b>	<b>1.33</b>	<b>(18.8)</b>

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.20/lb in Q2 2017, \$0.20/lb in Q1 2017, \$0.20/lb YTD 2017 and \$0.22/lb YTD 2016

## Antucoya

Copper production at Antucoya was 19,200 tonnes in Q2 2017, 5.4% lower than in the previous quarter as higher throughput was offset by lower grades and recoveries. Compared to last year, the first six months of 2017 production is 46.3% higher as production was ramping-up to full capacity during 2016.

During the quarter the cash costs were \$1.66/lb compared to \$1.75/lb in Q1 2017, 5.1% lower as cost improvements were achieved during the period. For the first six months cash costs were down by 6%.

ANTUCOYA		Year to Date			Q2	Q1	
		2017	2016	%	2017	2017	%
Daily ore throughput	kt	77.5	59.3	30.7	79.1	75.9	4.2
Copper grade	%	0.37	0.38	(2.6)	0.36	0.39	(7.7)
Copper recovery	%	75.3	70.3	7.1	74.5	76.0	(2.0)
Copper production	kt	39.5	27.0	46.3	19.2	20.3	(5.4)
Copper sales	kt	39.3	26.0	51.2	19.1	20.2	(5.4)
Cash costs <sup>(1)</sup>	\$/lb	1.71	1.82	(6.0)	1.66	1.75	(5.1)

(1) Cash costs from Q2 2016 onwards following commercial production being reached on 1 April 2016

## Zaldívar

Throughput for the quarter was at its highest level since the Company acquired its interest in Zaldívar. However as grade for the quarter was lower than the previous quarter, copper production fell by 5.3%. Recoveries were also lower compared with the previous quarter as a result of processing a significantly higher proportion of sulphide ores.

Production for the year to date of 25,900 tonnes was almost unchanged compared with the same period last year as more sulphide ore was processed, with lower recoveries and longer leaching times.

Cash costs decreased by 5.5% to \$1.55/lb in Q2 2017 compared to the previous quarter following increased maintenance and replacement parts expenditure on the loading fleet in Q1. Cash costs for the first six months of 2017 were \$1.60/lb compared with \$1.50/lb for the same period in 2016, primarily due to increased energy prices (which are coal price linked) and higher maintenance costs.

Following the quarter end, a new three-year labour agreement was successfully concluded with the workers' union.

ZALDÍVAR		Year to Date			Q2	Q1	
		2017	2016	%	2017	2017	%
Daily ore throughput	kt	48.0	47.1	1.9	53.6	42.2	27.0
Copper grade	%	0.80	0.60	33.3	0.76	0.86	(11.6)
Copper recovery <sup>(1)</sup>	%	61.8	66.0	(6.4)	59.4	64.5	(7.9)
Copper production – heap leach	kt	19.2	18.2	5.5	9.1	10.1	(9.9)
Copper production – total <sup>(2)</sup>	kt	25.9	26.0	(0.4)	12.6	13.3	(5.3)
Copper sales	kt	24.3	25.6	(5.1)	11.4	12.9	(11.6)
Cash costs	\$/lb	1.60	1.50	6.7	1.55	1.64	(5.5)

(1) Average over full leach cycle

(2) Includes production from secondary leaching

## Transport

In total 1.5 million tonnes were transported by the Division in Q2 2017, 8.6% higher than in the previous quarter following the end of the strike at one of the Division's customers, and 2.9 million tonnes were transported in the first six months of the year, 10.5% lower than in the same period last year.

TRANSPORT		Year to Date			Q2	Q1	
		2017	2016	%	2017	2017	%
Rail	kt	2,395	2,725	(12.1)	1,250	1,145	9.2
Road	kt	575	594	(3.2)	296	279	6.1
Total tonnage transported	kt	2,971	3,319	(10.5)	1,547	1,424	8.6

## Commodity prices and exchange rates

PRICES AND EXCHANGE RATES		Year to Date			Q2	Q1	
		2017	2016	%	2017	2017	%
<b>Copper</b>							
Market price	\$/lb	<b>2.61</b>	2.13	22.3	<b>2.57</b>	2.65	(2.9)
Realised price	\$/lb	<b>2.72</b>	2.15	26.5	<b>2.61</b>	2.82	(7.7)
<b>Gold</b>							
Market price	\$/oz	<b>1,238</b>	1,219	1.5	<b>1,257</b>	1,219	3.1
Realised price	\$/oz	<b>1,272</b>	1,288	(1.3)	<b>1,267</b>	1,277	(0.8)
<b>Molybdenum</b>							
Market price	\$/lb	<b>8.0</b>	6.1	29.4	<b>8.1</b>	7.8	3.4
Realised price	\$/lb	<b>8.0</b>	7.4	7.1	<b>7.7</b>	8.2	(6.4)
<b>Exchange rates</b>							
Chilean peso	per \$	<b>660</b>	690	(4.4)	<b>664</b>	655	1.4

The spot commodity prices for copper, gold and molybdenum as at 30 June 2017 were \$2.69/lb, \$1,242/oz and \$7.1/lb respectively compared with \$2.64/lb, \$1,249/oz and \$6.76/lb as at 31 March 2017 and \$2.20/lb, \$1,322/oz and \$7.5/lb as at 30 June 2016.

The provisional pricing adjustments for copper, gold and molybdenum for the first half of the year were positive \$77.3 million, positive \$0.1 million and negative \$1.1 million respectively.