

Q3 2017 PRODUCTION REPORT

Antofagasta plc CEO, Iván Arriagada said: “We have had a further quarter of improved production with tonnages increasing by 3% compared to the previous quarter and by 4.5% on a year to date basis. Unit costs have kept flat, despite increased cost pressures, with higher production at Centinela and Antucoya, and our continued focus on improving efficiencies. With these savings achieved to date we now expect our net cash costs to be below our original guidance for the full year of \$1.30/lb.

“In 2018 we plan to increase production to 705-740,000 tonnes of copper as Encuentro Oxides ramps-up to full production.”

HIGHLIGHTS

PRODUCTION

- Group copper production in Q3 2017 was 180,200 tonnes, 3.3% higher than in the previous quarter on increased production at Los Pelambres.
- Group copper production for the first nine months of the year was 526,500 tonnes, 4.5% 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 1.2% to 59,600 ounces and for the first nine months fell by 4.4% with lower production at Centinela and Los Pelambres.
- Molybdenum production at Los Pelambres increased in Q3 2017 to 2,700 tonnes and for the year to date was 38.5% higher than in the same period last year, due to higher molybdenum grades.

CASH COSTS

- Cash costs before by-product credits in Q3 2017 were \$1.56/lb, 1.3% higher than in Q2 2017 as costs increased at Centinela after a strong performance in the previous quarter.
- Cash costs before by-product credits for the first nine months were \$1.56/lb, 1.3% better than last year due to higher production and cost savings achieved from the Cost and Competitiveness Programme.
- Net cash costs were \$1.18/lb in Q3 2017, a 1.7% improvement compared with the previous quarter, as the higher cash costs before by-product credits were offset by increased by-product volumes and realised prices.
- Net cash costs for the first nine months were \$1.22/lb, 0.8% better than in the same period last year.

GUIDANCE

- Copper production guidance for 2017 remains unchanged at 685-720,000 tonnes, and production is expected to increase to 705-740,000 tonnes in 2018.

- Cash costs before by-product credits guidance for the full year is unchanged at \$1.55/lb and net cash costs are now expected to be lower than the \$1.30/lb guided at the beginning of the year reflecting stronger than expected by-product revenue.
- Total capital expenditure for the year is expected to be approximately \$900 million, as previously guided.

OTHER

- Successfully concluded labour negotiations at Zaldívar during the quarter.
- Labour negotiations have commenced at Los Pelambres and are expected to be concluded before the deadline in February 2018.

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q3	Q2	
		2017	2016	%	2017	2017	%
Copper production ⁽¹⁾	kt	526.5	503.9	4.5	180.2	174.4	3.3
Copper sales	kt	522.4	491.7	6.2	188.3	158.4	18.9
Gold production	koz	171.8	179.7	(4.4)	59.6	58.9	1.2
Molybdenum production	kt	7.2	5.2	38.5	2.7	2.4	12.5
Cash costs before by-product credits	\$/lb	1.56	1.58	(1.3)	1.56	1.54	1.3
Net cash costs	\$/lb	1.22	1.23	(0.8)	1.18	1.20	(1.7)

(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 86,800 tonnes of copper in Q3 2017, 6.6% higher than in the previous quarter as higher throughput was achieved due to softer ore and slightly higher grades. In the first nine months of 2017, copper production decreased slightly by 3.2% to 251,000 tonnes, compared with the same period last year. This decrease was primarily due to lower grades, despite increased throughput.

Sales of copper were 95,400 tonnes in Q3 2017, higher than production, as the stocks accumulated at the port as a result of poor sea conditions at the end of the previous quarter were shipped.

Molybdenum production was higher at 2,700 tonnes in Q3 2017 compared to the previous quarter, as the grade improved although recoveries fell. Production for the first nine months of the year was 7,200 tonnes, which was 38.5% higher than in the comparable period in 2016 as a result of higher grade.

Cash costs before by-product credits in Q3 2017 were \$1.46/lb, compared with \$1.50/lb in the previous quarter. This decrease was principally due to higher production, the reduced use of consumables and the continuation of the Cost and Competitiveness Programme. For the first nine months of the year, cash costs before by-product credits were \$1.45/lb, 6.6% higher than in 2016 primarily due to lower production and higher consumables' prices.

Net cash costs during the quarter were \$1.01/lb, 10.6% lower than in the previous quarter as a result of higher by-product production and realised prices. Net cash costs for the first nine months of the year were \$1.06/lb, 1.9% higher than the same period last year as increased by-product credits were insufficient to offset the rise in cash costs before by-products.

LOS PELAMBRES		Year to Date			Q3	Q2	
		2017	2016	%	2017	2017	%
Daily ore throughput	kt	159.3	153.8	3.6	161.3	155.6	3.7
Copper grade	%	0.67	0.70	(4.3)	0.68	0.67	1.5
Copper recovery	%	89.0	89.1	(0.1)	89.5	89.9	(0.4)
Copper production	kt	251.0	259.3	(3.2)	86.8	81.4	6.6
Copper sales	kt	245.6	254.2	(3.4)	95.4	67.5	41.3
Molybdenum grade	%	0.021	0.016	31.3	0.022	0.021	4.8
Molybdenum recovery	%	79.2	78.6	0.8	80.9	81.9	(1.2)
Molybdenum production	kt	7.2	5.2	38.5	2.7	2.4	12.5
Molybdenum sales	kt	7.3	5.4	35.2	2.9	2.3	26.1
Gold production	koz	40.1	43.1	(7.0)	13.3	12.9	3.1
Gold sales	koz	38.4	47.1	(18.5)	14.4	10.4	38.5
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.45	1.36	6.6	1.46	1.50	(2.7)
Net cash costs ⁽¹⁾	\$/lb	1.06	1.04	1.9	1.01	1.13	(10.6)

(1) Includes tolling charges of \$0.25/lb in Q3 2017, \$0.26/lb in Q2 2017, \$0.26/lb YTD 2017 and \$0.27/lb YTD 2016

Centinela

Total copper production at Centinela was 60,600 tonnes in Q3 2017, 1.0% lower than in the previous quarter due to lower production of copper cathodes, and copper in concentrates flat across the quarters. Total production for the first nine months of the year 2017 was 10.7% higher than in 2016 primarily as a result of higher grades.

Production of copper in concentrates was 47,300 tonnes in Q3 2017, unchanged compared with the previous quarter as higher grades and higher recoveries were offset by lower throughput as a result of harder ore, and scheduled maintenance during the quarter.

Copper in concentrate production for the first nine months of the year was 10.5% higher than in the same period last year mainly reflecting higher grades.

Production of copper cathodes for the quarter was 13,300 tonnes, a 4.3% decrease from the previous quarter due to lower grades and recoveries which were slightly offset by higher throughput. For the first nine months of the year cathode production rose 10.9% to 43,600 tonnes as a result of higher grades and throughput offset slightly by lower recoveries.

Gold production in the quarter was 46,300 ounces as a result of higher grades and recoveries. During the first nine months of the year gold production was 3.5% lower than the same period last year due to lower recoveries.

Cash costs before by-product credits were \$1.67/lb in the quarter, an increase of 7.1% compared to the previous quarter as spare parts and maintenance costs were higher as a result of the scheduled major maintenance in the quarter. In addition, a new labour agreement was reached with the supervisors' union during the quarter which increased cash costs by a one-off amount of 3.5 c/lb in the quarter and 1 c/lb for the full year. Cash costs before by-product credits for the first nine months of 2017 were 11.6% lower than in 2016 with higher copper production and cost savings from the Cost and Competitiveness Programme.

Net cash costs in Q3 2017 were \$1.18/lb, 9.3% higher than in the previous quarter as higher gold prices were not able to offset the increase in cash costs before by-products. In the first nine months of the year, net cash costs were down 11.9% at \$1.19/lb due to higher gold sales offset by a slightly lower realised gold price.

CENTINELA		Year to Date			Q3	Q2	
		2017	2016	%	2017	2017	%
CONCENTRATES							
Daily ore throughput	kt	89.1	90.9	(2.0)	85.8	92.2	(6.9)
Copper grade	%	0.65	0.57	14.0	0.70	0.67	4.5
Copper recovery	%	87.2	87.2	-	88.4	88.0	0.5
Copper production	kt	133.6	120.9	10.5	47.3	47.3	-
Copper sales	kt	139.5	115.2	21.1	49.8	45.8	8.7
Gold grade	g/t	0.25	0.24	4.2	0.26	0.25	4.0
Gold recovery	%	71.1	72.7	(2.2)	72.2	70.3	2.7
Gold production	koz	131.8	136.6	(3.5)	46.3	46.0	0.7
Gold sales	koz	139.3	133.3	4.5	48.8	45.0	8.4
CATHODES							
Daily ore throughput	kt	23.6	21.5	9.8	24.7	21.4	15.4
Copper grade	%	0.93	0.78	19.2	0.90	0.95	(5.3)
Copper recovery	%	66.3	69.8	(5.0)	58.7	65.5	(10.4)
Copper production – heap leach	kt	38.9	33.1	17.5	11.8	12.2	(3.3)
Copper production – total ⁽¹⁾	kt	43.6	39.3	10.9	13.3	13.9	(4.3)
Copper sales	kt	43.3	38.4	12.8	12.7	14.6	(13.0)
Total copper production	kt	177.3	160.2	10.7	60.6	61.2	(1.0)
Cash costs before by-product credits⁽²⁾	\$/lb	1.67	1.89	(11.6)	1.67	1.56	7.1
Net cash costs⁽²⁾	\$/lb	1.19	1.35	(11.9)	1.18	1.08	9.3

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.19/lb in Q3 2017, \$0.20/lb in Q2 2017, \$0.20/lb YTD 2017 and \$0.22/lb YTD 2016

Antucoya

Copper production at Antucoya was 19,800 tonnes in Q3 2017, 3.1% higher than in the previous quarter as slightly improved grades were partly offset by lower recoveries. Compared to last year, production in the first nine months of 2017 was 28.0% higher than in the same period last year as significantly higher throughput and higher recoveries were only slightly offset by a decline in grade.

During the quarter the cash costs were \$1.67/lb, almost unchanged compared to Q2 2017. For the first nine months cash costs were down by 2.3% to \$1.70/lb compared to the same period last year.

ANTUCOYA		Year to Date			Q3	Q2	
		2017	2016	%	2017	2017	%
Daily ore throughput	kt	78.2	62.8	24.5	79.7	79.1	0.8
Copper grade	%	0.37	0.40	(7.5)	0.37	0.36	2.8
Copper recovery	%	73.9	70.3	5.1	71.2	74.5	(4.4)
Copper production	kt	59.4	46.4	28.0	19.8	19.2	3.1
Copper sales	kt	57.4	45.5	26.2	18.1	19.1	(5.2)
Cash costs ⁽¹⁾	\$/lb	1.70	1.74	(2.3)	1.67	1.66	0.6

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

Zaldívar

Production for the quarter was 2.4% higher than in Q2 2017 at 12,900 tonnes. Throughput for the quarter fell compared to the previous quarter to close to the year-to-date average while the grade of the ore placed on the heap increased slightly. Copper production in the first nine months of the year was 38,800 tonnes, some 2.1% higher than in the same period last year, on higher grade and despite lower recoveries. Recoveries have decreased this year as a result of the significantly higher proportion of sulphide ores being processed, compared to 2016.

Cash costs increased by 1.3% to \$1.57/lb in Q3 2017 compared to the previous quarter due to upgrading work on the stacking system and water pipeline. During the quarter a three-year labour agreement was successfully concluded with the union, increasing cash costs by 1c/lb. Cash costs for the first nine months of 2017 were \$1.59/lb, almost unchanged compared with the same period in 2016.

ZALDÍVAR		Year to Date			Q3	Q2	
		2017	2016	%	2017	2017	%
Daily ore throughput	kt	47.7	46.5	2.6	47.3	53.6	(11.8)
Copper grade	%	0.79	0.60	31.7	0.77	0.76	1.3
Copper recovery ⁽¹⁾	%	60.9	67.5	(9.8)	58.9	59.4	(0.8)
Copper production – heap leach ⁽²⁾	kt	28.6	26.7	7.1	9.3	9.1	2.2
Copper production – total ^(2,3)	kt	38.8	38.0	2.1	12.9	12.6	2.4
Copper sales ⁽²⁾	kt	36.6	37.5	(2.4)	12.4	11.4	8.8
Cash costs	\$/lb	1.59	1.58	0.6	1.57	1.55	1.3

(1) Average over full leach cycle

(2) Group's 50% share

(3) Includes production from secondary leaching

Transport

The total tonnage transported by the Division in Q3 2017 increased by 7.2% to 1.7 million tonnes as lower copper tonnages were offset by higher acid volumes, although tonnes transported for the year to date are still lower than in the same period last year following the disruptions at two of its customers in the first quarter.

TRANSPORT		Year to Date			Q3	Q2	
		2017	2016	%	2017	2017	%
Rail	Kt	3,732	4,043	(7.7)	1,337	1,250	7.0
Road	kt	895	907	(1.2)	320	296	8.0
Total tonnage transported	kt	4,628	4,949	(6.5)	1,657	1,547	7.2

Commodity prices and exchange rates

PRICES AND EXCHANGE RATES		Year to Date			Q3	Q2	
		2017	2016	%	2017	2017	%
Copper							
Market price	\$/lb	2.70	2.14	25.9	2.88	2.57	12.1
Realised price	\$/lb	2.85	2.18	30.8	3.09	2.61	18.6
Gold							
Market price	\$/oz	1,252	1,258	(0.5)	1,278	1,257	1.6
Realised price	\$/oz	1,281	1,300	(1.6)	1,295	1,267	2.2
Molybdenum							
Market price	\$/lb	8.0	6.4	24.5	8.1	8.1	0.5
Realised price	\$/lb	8.6	7.3	18.5	9.6	7.7	24.9
Exchange rates							
Chilean peso	per \$	654	681	(3.9)	643	664	(3.2)

The spot commodity prices for copper, gold and molybdenum as at 30 September 2017 were \$2.92/lb, \$1,280/oz and \$7.09/lb respectively compared with \$2.69/lb, \$1,242/oz and \$7.12/lb as at 30 June 2017 and \$2.20/lb, \$1,316/oz and \$6.71/lb as at 30 September 2016.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were positive \$96.3 million, \$0.2 million and \$10.4 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the first nine months of the year were positive \$173.6 million, \$0.2 million and \$9.3 million respectively.