

Q1 2018 PRODUCTION REPORT

Antofagasta plc CEO, Iván Arriagada said: *“As planned and in line with budget the year has started with lower grades at our operations. During the quarter, we have also successfully concluded the labour negotiations at Los Pelambres.*

“First quarter copper production was 153,800 tonnes and will increase quarter-on-quarter as grades improve during the year and into 2019. For the full year our production guidance is unchanged at 705-740,000 tonnes.

“Net cash costs were \$1.54/lb, reflecting the lower grades experienced in the quarter and a stronger Chilean Peso, but with grades increasing during the year and improved by-product performance, costs will reduce and so guidance for the full year is unchanged at \$1.35/lb.”

HIGHLIGHTS

PRODUCTION

- As expected, copper production in Q1 2018 decreased by 10.5% to 153,800 tonnes compared with the same quarter in 2017 mainly due to the anticipated lower grades
- Gold production was 32,300 ounces in Q1 2018, 39.4% lower than in Q1 2017 and 20.4% lower than in the previous quarter as grades were down at Centinela
- Molybdenum production increased by 40.9% compared to the same period in 2017 due to better grades and recoveries

CASH COSTS

- Cash costs before by-product credits in the quarter increased to \$2.00/lb from \$1.59 /lb in the same period of last year primarily because of lower production and a stronger Chilean Peso
- Net cash costs were \$1.54/lb in Q1 2018, compared to \$1.27 /lb in Q1 2017 and \$1.36 /lb in the previous quarter, reflecting the changes in cash costs before by-product credits, partially offset by higher by-product credits arising from higher molybdenum production and a significant increase in the realised molybdenum price

GUIDANCE

- Guidance for the year is unchanged. Group copper production for the full year is expected to be 705-740,000 tonnes, with production increasing quarter-by-quarter during the year as grades improve at the operations to achieve guided grades for the full year
- Net cash costs guidance of \$1.35/lb is also unchanged, assuming no further strengthening in the Chilean Peso during the balance of the year

OTHER

- In February this year, Los Pelambres successfully completed labour negotiations with the plant union and in March with the mine union. The one-off signing bonuses related to these three-year agreements increased Los Pelambres' cash costs by 8c/lb and Group cash costs by 4c/lb for the quarter, equivalent to 2c/lb and 1c/lb on an annual basis. These negotiations conclude the Group's scheduled negotiations for the year

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q1		Q4	
		2018	2017	%	2018	2017	%	
Copper production	kt	153.8	171.9	(10.5)	153.8	177.8	(13.5)	
Copper sales	kt	136.8	175.7	(22.1)	136.8	186.6	(26.7)	
Gold production	koz	32.3	53.3	(39.4)	32.3	40.5	(20.2)	
Molybdenum production	kt	3.1	2.2	40.9	3.1	3.3	(6.1)	
Cash costs before by-product credits ⁽¹⁾	\$/lb	2.00	1.59	25.8	2.00	1.69	18.3	
Net cash costs ⁽¹⁾	\$/lb	1.54	1.27	21.3	1.54	1.36	13.2	

(1) Cash cost is a non-GAAP measure used by the mining industry to express the cost of production in US dollars per pound of copper produced.

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MINING OPERATIONS

Los Pelambres

Los Pelambres produced 81,100 tonnes of copper in Q1 2018, 2.1% lower than in the same quarter last year, as grades fell to 0.64% as expected.

Compared with Q1 2017 molybdenum production rose 40.9% to 3,100 tonnes in Q1 2018, primarily due to higher grades and recoveries.

Gold production for the quarter was 14,900 ounces, 8.0% higher than the same period last year.

Cash costs before by-product credits in Q1 2018 were \$1.72/lb, compared with \$1.41/lb in Q1 2017. This increase in costs was primarily due to the lower grade, a stronger Chilean Peso and the payment of one-off bonuses related to the completion of labour agreements signed with the plant and mine unions.

Despite the higher cash costs before by-product credits, net cash costs in Q1 2018 were \$0.99/lb, 4.8% lower than in the same quarter last year, as by-product credits increased from \$0.37/lb to \$0.73/lb on significantly higher molybdenum production and prices.

LOS PELAMBRES		Year to Date			Q1	Q4	
		2018	2017	%	2018	2017	%
Daily ore throughput	kt	165.2	160.9	2.7	165.2	168.5	(2.0)
Copper grade	%	0.64	0.68	(5.9)	0.64	0.69	(7.2)
Copper recovery	%	88.1	87.7	0.5	88.1	88.9	(0.9)
Copper production	kt	81.1	82.8	(2.1)	81.1	92.8	(12.6)
Copper sales	kt	73.2	82.7	(11.5)	73.2	99.2	(26.2)
Molybdenum grade	%	0.025	0.020	25.0	0.025	0.027	(7.4)
Molybdenum recovery	%	83.8	74.3	12.8	83.8	81.3	3.0
Molybdenum production	kt	3.1	2.2	40.9	3.1	3.3	(6.1)
Molybdenum sales	kt	2.9	2.1	38.1	2.9	2.4	20.8
Gold production	koz	14.9	13.8	8.0	14.9	15.3	(2.6)
Gold sales	koz	12.7	13.6	(6.6)	12.7	15.9	(20.1)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.72	1.41	22.0	1.72	1.38	24.6
Net cash costs ⁽¹⁾	\$/lb	0.99	1.04	(4.8)	0.99	0.92	7.6

(1) Includes tolling charges of \$0.27/lb in Q1 2018, \$0.26/lb in Q4 2017, and \$0.28/lb in Q1 2017

Centinela

Total copper production at Centinela was 47,300 tonnes in Q1 2018, 14.8% lower than in the same quarter in 2017, primarily due to lower copper in concentrate production, which was partially offset by higher cathode production.

Copper in concentrate production was 25,300 tonnes in Q1 2018, 35.1% lower than in Q1 2017, primarily due to an anticipated fall in grades from 0.59% to 0.43%.

Production of copper in concentrates fell 16.2% against Q4 2017, again primarily due to falling grades and lower throughput, which was impacted by scheduled major maintenance during the quarter. The next major maintenance for the concentrator will be in September and is factored into guidance for the year.

Despite lower grades cathode production in Q1 2018 was 22,000 tonnes, 33.3% higher than in Q1 2017 as Encuentro Oxides ramps up to full production.

Gold production was 17,400 ounces in Q1 2018, 55.9% lower than in the same period due to significantly lower gold grades which followed changes in copper grades. Grades in the quarter were down to 0.12 g/t compared with 0.23 g/t in the same period last year.

Cash costs before by-product credits at \$2.43/lb in Q1 2018 were higher than in the same quarter in 2017 due to the decrease in production, stronger local currency and additional costs associated with Encuentro Oxides during its ramp-up to full production which is expected to be completed by the end of Q2 2018.

Net cash costs were impacted by lower by-product credits compared to both Q1 2017 and Q4 2017 as the gold grade decreased significantly.

CENTINELA		Year to Date			Q1	Q4	
		2018	2017	%	2018	2017	%
CONCENTRATES							
Daily ore throughput	kt	88.1	89.2	(1.2)	88.1	91.6	(3.8)
Copper grade	%	0.43	0.59	(27.1)	0.43	0.47	(8.5)
Copper recovery	%	81.4	84.8	(4.0)	81.4	79.2	2.8
Copper production	kt	25.3	39.0	(35.1)	25.3	30.2	(16.2)
Copper sales	kt	16.9	43.9	(61.5)	16.9	31.1	(45.7)
Gold grade	g/t	0.12	0.23	(47.8)	0.12	0.15	(20.0)
Gold recovery	%	64.6	70.8	(8.8)	64.6	62.3	3.7
Gold production	koz	17.4	39.5	(55.9)	17.4	25.2	(31.0)
Gold sales	koz	11.0	45.6	(75.9)	11.0	24.6	(55.3)
CATHODES							
Daily ore throughput	kt	37.6	24.5	53.5	37.6	41.5	(9.4)
Copper grade	%	0.77	0.94	(18.1)	0.77	0.96	(19.8)
Copper recovery	%	73.8	74.5	(0.9)	73.8	61.1	20.8
Copper production – heap leach	kt	20.5	14.9	37.6	20.5	20.2	1.5
Copper production – total ⁽¹⁾	kt	22.0	16.5	33.3	22.0	20.8	5.8
Copper sales	kt	21.1	16.0	31.9	21.1	18.3	15.3
Total copper production	kt	47.3	55.5	(14.8)	47.3	51.0	(7.3)
Cash costs before by-products ⁽²⁾	\$/lb	2.43	1.79	35.8	2.43	2.28	6.6
Net cash costs ⁽²⁾	\$/lb	2.18	1.33	63.9	2.18	1.96	11.2

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.16/lb in Q1 2018, \$0.18/lb in Q4 2017, and \$0.20/lb in Q1 2017

Antucoya

Antucoya produced 14,600 tonnes of copper in Q1 2018, 28.1% lower than the same quarter last year. Production was impacted by lower throughput due to scheduled maintenance and unplanned downtime due to an earlier conveyor failure, which has now been repaired, and lower grades and recoveries.

During the quarter, the cash costs were \$2.29/lb compared to \$1.75/lb in Q1 2017. This was due to lower production during the period, a stronger Chilean Peso and increased acid costs.

ANTUCOYA		Year to Date			Q1	Q4	
		2018	2017	%	2018	2017	%
Daily ore throughput	kt	63.7	75.9	(16.1)	63.7	84.2	(24.3)
Copper grade	%	0.34	0.39	(12.8)	0.34	0.37	(8.1)
Copper recovery	%	70.1	76.0	(7.8)	70.1	73.1	(4.1)
Copper production	kt	14.6	20.3	(28.1)	14.6	21.1	(30.8)
Copper sales	kt	14.9	20.2	(26.2)	14.9	23.3	(36.1)
Cash costs	\$/lb	2.29	1.75	30.9	2.29	1.64	39.6

Zaldívar

Copper production at Zaldívar was 10,800 tonnes in Q1 2018, an 18.8% decrease compared with the same period last year on the expected lower grades. Throughput was also impacted by unplanned stoppages of equipment largely related to the stacker reclaimer system whose replacement will be fully completed as planned in Q2 2018 with equipment acquired last year.

Cash costs at \$1.86/lb in Q1 2018 rose by 13.4% compared to Q1 2017 primarily due to lower production, stronger local currency and higher acid prices.

ZALDÍVAR		Year to Date			Q1		Q4
		2018	2017	%	2018	2017	%
Daily ore throughput	kt	30.8	42.2	(27.0)	30.8	45.3	(32.0)
Copper grade	%	0.70	0.86	(18.6)	0.70	0.68	2.9
Copper recovery ⁽¹⁾	%	62.3	64.5	(3.4)	62.3	60.8	2.5
Copper production – heap leach ⁽²⁾	kt	8.3	10.1	(17.8)	8.3	10.1	(17.8)
Copper production – total ^(2,3)	kt	10.8	13.3	(18.8)	10.8	12.9	(16.3)
Copper sales ⁽²⁾	kt	10.7	12.9	(17.1)	10.7	14.6	(26.7)
Cash costs	\$/lb	1.86	1.64	13.4	1.86	1.70	9.4

(1) Average over full leach cycle

(2) Group's 50% share

(3) Includes production from secondary leaching

Transport

The division transported 1.5 million tonnes of freight in Q1 2018, 3.5% higher than in the same period last year when there was a strike at one of the division's customers. Compared to the previous quarter, tonnage transported was 10.1% lower as a customer reduced its acid haulage requirement.

TRANSPORT		Year to Date			Q1		Q4
		2018	2017	%	2018	2017	%
Rail	kt	1,217	1,145	6.3	1,217	1,313	(7.3)
Road	kt	257	279	(7.9)	257	327	(21.4)
Total tonnage transported	kt	1,474	1,424	3.5	1,474	1,640	(10.1)

Commodity prices and exchange rates

		Year to Date			Q1	Q4	
		2018	2017	%	2018	2017	%
Copper							
Market price	\$/lb	3.16	2.65	19.3	3.16	3.09	2.2
Realised price	\$/lb	2.86	2.82	1.2	2.86	3.41	(16.4)
Gold							
Market price	\$/oz	1,330	1,219	9.1	1,330	1,276	4.2
Realised price	\$/oz	1,348	1,277	5.6	1,348	1,280	5.3
Molybdenum							
Market price	\$/lb	12.2	7.8	56.6	12.2	8.8	39.3
Realised price	\$/lb	14.9	8.2	81.1	14.9	8.8	69.6
Exchange rates							
Chilean peso	per \$	602	655	(8.1)	602	633	(5.0)

The spot commodity prices for copper, gold and molybdenum as at 31 March 2018 were \$3.03/lb, \$1,325/oz and \$11.3/lb respectively this compares with \$3.27/lb, \$1,303/oz and \$7.1/lb as at 31 December 2017, and \$2.64/lb, \$1,249/oz and \$6.76/lb as at 31 March 2017.

The provisional pricing adjustments for the quarter were negative \$85.9 million for copper, negative \$0.04 million for gold and positive \$20.7 million for molybdenum.