

Q3 2018 PRODUCTION REPORT

PRODUCTION AND COSTS IMPROVE. GUIDANCE NARROWED. 2019 GROWTH GUIDANCE RELEASED.

Antofagasta plc CEO, Iván Arriagada said: *“As expected, copper production increased 15% quarter-on-quarter, reaching 188,300 tonnes in Q3. Production volumes will continue to grow, with the fourth quarter expected to be particularly strong.*

“While we benefited from higher production in the quarter, our disciplined approach to costs has allowed us to combat inflationary pressures during the year which, combined with the strong molybdenum market, has contributed to a 15% fall in our net cash costs to \$1.27/lb and for the full year guidance remains unchanged at \$1.35/lb.

“The physical copper market continues to look tight and the outlook for next year remains positive despite ongoing fears about disruptions to global trade. We have narrowed our copper production guidance for the full year to 705-725,000 tonnes and looking ahead we expect production in 2019 to increase to 750-790,000 tonnes, driven by higher average grades at Centinela Concentrates and Zaldívar.”

HIGHLIGHTS

PRODUCTION

- **Group copper production in Q3 2018 was 188,300 tonnes**, 15.4% higher compared to the previous quarter as a result of higher production at all of our operations.
- **Group copper production for the first nine months of the year was 505,500 tonnes**, 4.0% lower than in the same period last year as a result of lower grades.
- **Gold production during the quarter increased by 21.2% to 48,100 ounces** compared to the previous quarter, but for the first nine months decreased by 30.1% to 120,100 ounces due to lower grades at Centinela.
- **Molybdenum production in the quarter was 4,400 tonnes**, 57.1% higher than in Q2, and for the year to date was 10,300 tonnes, 43.1% higher than in the same period last year, principally due to higher grades and recoveries at Los Pelambres. Additionally, Centinela started producing molybdenum during this quarter.

CASH COSTS

- Cash costs before by-product credits in Q3 2018 were \$1.72/lb, 7.0% lower than in Q2 2018. The decrease is mainly related to increased production at all operations and a weaker Chilean Peso.
- Cash costs before by-product credits for the first nine months were \$1.85/lb, 18.6% higher than last year mainly due to lower production, a stronger local currency and increased input costs.
- Net cash costs were \$1.27/lb in Q3 2018, a 15.3% decrease compared with the previous quarter, primarily due to lower cash costs before by-product credits and higher by-product credits.
- Net cash costs for the first nine months were \$1.42/lb, 16.4% higher than in the same period last year on higher cash costs before by-product credits, partially offset by higher by-products credits.

GUIDANCE

- Copper production guidance for the full year has been narrowed to 705-725,000 tonnes, with a strong increase in production expected in Q4, particularly at Centinela as grades continue to rise.
- Net cash cost guidance for the full year is unchanged at \$1.35/lb as unit costs improve in Q4 on increased production.
- In 2019 production is expected to increase to 750-790,000 tonnes of copper with higher average grades, particularly at Centinela Concentrates and Zaldívar.
- Total capital expenditure for the year is expected to be less than the \$1.0 billion previously guided.

SAFETY

- Regrettably after 26 months without a fatality a contractor suffered a fatal accident at Los Pelambres in October. A full investigation is underway and actions identified during the review will be implemented with direct oversight by senior management. Safety remains the Group's top priority.

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q3	Q2	
		2018	2017	%	2018	2018	%
Copper production	kt	505.5	526.5	(4.0)	188.3	163.2	15.4
Copper sales	kt	499.3	522.4	(4.4)	195.5	167.1	17.0
Gold production	koz	120.1	171.8	(30.1)	48.1	39.7	21.2
Molybdenum production	kt	10.3	7.2	43.1	4.4	2.8	57.1
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.85	1.56	18.6	1.72	1.85	(7.0)
Net cash costs ⁽¹⁾	\$/lb	1.42	1.22	16.4	1.27	1.50	(15.3)

(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

Regrettably a contractor suffered a fatal accident at Los Pelambres in October, the operation's first fatality since September 2014. A full investigation is underway and any required actions identified during the review will be implemented promptly.

Los Pelambres produced 98,600 tonnes of copper in Q3 2018, 20,600 tonnes higher than in the previous quarter, of which 9,200 tonnes was copper concentrates stockpiled following the pipeline blockage in Q2. Excluding the stockpiled concentrate, production was 2.5% higher than the previous quarter.

In the first nine months of 2018, copper production was 257,800 tonnes, 2.7% higher than in the same period last year. This increase was primarily due to higher throughput as a result of improved mill operating efficiency.

Molybdenum production was 4,100 tonnes in Q3 2018, 46.4% higher compared to the previous quarter, primarily due to higher grades and recoveries. Production for the year to date of 10,000 tonnes was 38.9% higher than in the comparable period in 2017 as a result of higher throughput, grades and recoveries.

Cash costs before by-product credits in Q3 2018 were 8.6% lower at \$1.48/lb, compared with the previous quarter due to higher production and the weaker Chilean Peso. For the first nine months of the year, cash costs before by-product credits were \$1.60/lb, 10.3% higher than in 2017 primarily due to a stronger local currency and higher input prices.

By-product credits increased from 52c/lb in Q2 to 66c/lb in Q3 due to higher by-product production and a stronger molybdenum price, despite a 7.7% decrease in the realised gold price. For the first nine months of 2018, by-product credits were 64c/lb, 25c/lb higher than the same period last year primary due to higher by-product production and realised molybdenum prices.

Net cash costs for the quarter were \$0.82/lb, 25.5% lower than in Q2 and for the year to date were \$0.96/lb, 9.4% lower than the same period last year.

LOS PELAMBRES		Year to Date			Q3	Q2	
		2018	2017	%	2018	2018	%
Daily ore throughput	kt	165.3	159.3	3.8	163.7	167.0	(2.0)
Copper grade	%	0.67	0.67	0.0	0.69	0.69	0.0
Copper recovery	%	88.2	89.0	(0.9)	88.4	88.1	0.3
Copper production	kt	257.8	251.0	2.7	98.6	78.0	26.4
Copper sales	kt	255.2	245.6	3.9	109.8	72.2	52.1
Molybdenum grade	%	0.027	0.021	28.6	0.031	0.024	29.2
Molybdenum recovery	%	84.0	79.2	6.1	85.2	82.7	3.0
Molybdenum production	kt	10.0	7.2	38.9	4.1	2.8	46.4
Molybdenum sales	kt	9.6	7.3	31.5	3.5	3.2	9.4
Gold production	koz	46.0	40.1	14.7	18.6	12.6	47.6
Gold sales	koz	45.8	38.4	19.3	21.3	11.8	80.5
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.60	1.45	10.3	1.48	1.62	(8.6)
Net cash costs ⁽¹⁾	\$/lb	0.96	1.06	(9.4)	0.82	1.10	(25.5)

(1) Includes tolling charges of \$0.25/lb in Q3 2018, \$0.25/lb in Q2 2018, \$0.25/lb YTD 2018 and \$0.26/lb YTD 2017

Centinela

Total copper production at Centinela was 57,900 tonnes in Q3 2018, 2.7% higher than in the previous quarter. Total production for the first nine months of the year 2018 was 161,600 tonnes, 8.9% lower than in 2017, primarily as a result of lower sulphide and oxide grades.

Production of copper in concentrates was 35,700 tonnes in Q3 2018, 4.1% higher than in the previous quarter as grades continued to improve, although plant maintenance in August impacted throughput for the quarter. Copper in concentrate production for the first nine months of the year was 95,300 tonnes, compared with 133,600 tonnes in the same period last year mainly reflecting lower grades and recoveries.

Copper cathode production was similar in Q3 compared to Q2, and in the year to date was 52.3% higher than last year with higher throughput following the start-up of Encuentro Oxides partially offset by lower grades.

Gold production in Q3 2018 was 8.9% higher than Q2 2018 and in the first nine months of the year was 43.8% lower than in the same period last year, primarily due to lower grades and recoveries.

Cash costs before by-product credits were \$2.00/lb in Q3, 2.4% lower than in the previous quarter. Cash costs before by-product credits for the first nine months were \$2.14/lb, 28.1% higher than in 2017 as a result of lower copper production and a stronger local currency and higher input prices.

Centinela produced its first molybdenum in July and sold 300 tonnes during the quarter. The benefit of this was partially offset by lower gold production and a lower gold price with by-product credits increasing by 3c/lb to 34c/lb. However, lower gold production reduced by-product credits for the year to date by 18c/lb to 30c/lb.

Net cash costs were \$1.66/lb in Q3 2018, 4.6% lower than in the previous quarter as a result of lower cash costs before by-product credits and higher by-product credits. During the first nine months of the year net cash costs were \$1.84/lb, 54.6% higher on higher cash costs before by-product credits and lower by-product credits.

CENTINELA		Year to Date			Q3	Q2	
		2018	2017	%	2018	2018	%
CONCENTRATES							
Daily ore throughput	kt	91.9	89.1	3.1	91.8	95.8	(4.2)
Copper grade	%	0.50	0.65	(23.1)	0.55	0.52	5.8
Copper recovery	%	81.1	87.2	(7.0)	81.0	81.1	(0.1)
Copper production	kt	95.3	133.6	(28.7)	35.7	34.3	4.1
Copper sales	kt	97.8	139.5	(29.9)	37.7	43.2	(12.7)
Molybdenum grade	%	0.011	-	-	0.011	-	-
Molybdenum recovery	%	82.4	-	-	82.4	-	-
Molybdenum production	kt	0.3	-	-	0.3	-	-
Molybdenum sales	kt	0.3	-	-	0.3	-	-
Gold grade	g/t	0.16	0.25	(36.0)	0.18	0.17	5.9
Gold recovery	%	62.9	71.1	(11.5)	62.1	62.5	(0.6)
Gold production	koz	74.1	131.8	(43.8)	29.5	27.1	8.9
Gold sales	koz	74.6	139.3	(46.4)	31.0	32.6	(4.9)
CATHODES							
Daily ore throughput	kt	43.7	23.6	85.2	48.2	45.4	6.2
Copper grade	%	0.71	0.93	(23.7)	0.69	0.67	3.0
Copper recovery	%	72.7	66.3	9.7	70.1	74.6	(6.0)
Copper production – heap leach	kt	61.6	38.9	58.4	20.6	20.4	1.0
Copper production – total ⁽¹⁾	kt	66.4	43.6	52.3	22.2	22.1	0.5
Copper sales	kt	66.5	43.3	53.6	20.3	25.1	(19.1)
Total copper production	kt	161.6	177.3	(8.9)	57.9	56.4	2.7
Cash costs before by-products ⁽²⁾	\$/lb	2.14	1.67	28.1	2.00	2.05	(2.4)
Net cash costs ⁽²⁾	\$/lb	1.84	1.19	54.6	1.66	1.74	(4.6)

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.17/lb in Q3 2018, \$0.16/lb in Q2 2018, \$0.16/lb YTD 2018 and \$0.20/lb YTD 2017

Antucoya

Copper production at Antucoya was 19,100 tonnes in Q3 2018, 4.4% higher than in the previous quarter on higher grades and recoveries, partially compensated for by lower throughput due to a scheduled maintenance during July and lower plant availability. Production in the first nine months of the year was 52,100 tonnes, 12.3% lower than the same period last year on lower throughput, grades and recoveries.

During the quarter cash costs were \$1.95/lb compared to \$2.08/lb in Q2 2018, 6.3% lower reflecting the increase in production. For the year to date, cash costs were 22.9% higher than the same period last year on lower copper production, a stronger Chilean Peso and higher input prices.

ANTUCOYA		Year to Date			Q3	Q2	
		2018	2017	%	2018	2018	%
Daily ore throughput	kt	75.3	78.2	(3.7)	70.6	91.6	(22.9)
Copper grade	%	0.36	0.37	(2.7)	0.41	0.34	20.6
Copper recovery	%	70.0	73.9	(5.3)	72.8	67.2	8.3
Copper production	kt	52.1	59.4	(12.3)	19.1	18.3	4.4
Copper sales	kt	47.0	57.4	(18.1)	15.4	16.7	(7.8)
Cash costs	\$/lb	2.09	1.70	22.9	1.95	2.08	(6.3)

Zaldívar

Zaldívar produced 12,700 tonnes in Q3 2018, 21.0% higher than the previous quarter as throughput, grades and recoveries improved. Production for the year to date of 34,000 tonnes was 12.4% lower compared with the same period last year due to lower throughput but partially compensated for by higher recoveries.

Cash costs decreased by 6.3% to \$1.95/lb in Q3 2018 compared to the previous quarter and cash costs for the first nine months of the year were \$1.96/lb compared with \$1.59/lb for the same period last year, primarily due to lower production, a stronger Chilean Peso and higher input prices.

ZALDÍVAR		Year to Date			Q3	Q2	
		2018	2017	%	2018	2018	%
Daily ore throughput	kt	36.5	47.7	(23.5)	40.8	37.7	8.2
Copper grade	%	0.78	0.79	(1.3)	0.87	0.76	14.5
Copper recovery ⁽¹⁾	%	66.7	60.9	9.5	69.3	66.8	3.7
Copper production – heap leach ⁽²⁾	kt	26.4	28.6	(7.7)	9.8	8.1	21.0
Copper production – total ^(2,3)	kt	34.0	38.8	(12.4)	12.7	10.5	21.0
Copper sales ⁽²⁾	kt	32.8	36.6	(10.4)	12.2	9.9	23.2
Cash costs	\$/lb	1.96	1.59	23.3	1.95	2.08	(6.3)

(1) Average over full leach cycle

(2) Group's 50% share

(3) Includes production from secondary leaching

Transport

The transport division transported 1.5 million tonnes in Q3 2018, 6.6% less than in the previous quarter and 4.5 million tonnes were transported in the first nine months of the year, 2.9% lower than in the same period last year, mainly due to clients' lower production levels.

Seven new locomotives were brought into operation during the quarter to replace aging units and as part of the programme to increase the fleet's haulage capacity.

TRANSPORT		Year to Date			Q3	Q2	
		2018	2017	%	2018	2018	%
Rail	kt	3,654	3,732	(2.1)	1,173	1,264	(7.2)
Road	kt	839	895	(6.3)	285	297	(4.0)
Total tonnage transported	kt	4,493	4,628	(2.9)	1,458	1,561	(6.6)

Commodity prices and exchange rates

		Year to Date			Q3	Q2	
		2018	2017	%	2018	2018	%
Copper							
Market price	\$/lb	3.01	2.70	11.7	2.77	3.12	(11.2)
Realised price	\$/lb	2.87	2.85	0.5	2.67	3.11	(14.2)
Gold							
Market price	\$/oz	1,283	1,252	2.5	1,213	1,307	(7.2)
Realised price	\$/oz	1,258	1,281	(1.7)	1,191	1,290	(7.7)
Molybdenum							
Market price	\$/lb	11.9	8.0	48.6	11.8	11.6	1.5
Realised price	\$/lb	12.5	8.6	44.5	12.2	10.6	15.8
Exchange rates							
Chilean Peso	per \$	628	654	(4.0)	663	622	6.7

Spot commodity prices for copper, gold and molybdenum as at 30 September 2018 were \$2.84/lb, \$1,191/oz and \$11.3/lb respectively compared with \$3.01/lb, \$1,253/oz and \$11.3/lb as at 30 June 2018 and \$3.27/lb, \$1,303/oz and \$7.1/lb as at 31 December 2017.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were negative \$49.3 million, negative \$1.2 million and positive \$4.8 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the first nine months of the year were negative \$136.8 million, negative \$2.6 million and positive \$15.0 million respectively.