

Q1 2019 PRODUCTION REPORT

IN LINE WITH EXPECTATIONS

Antofagasta plc CEO, Iván Arriagada said: *“The Company has started 2019 as planned, delivering copper production in Q1 2019 of 188,600 tonnes, 22.6% higher than in the same period last year but 14.3% lower than the previous quarter, reflecting last year’s unusual production profile of quarter-on-quarter increases.*

“Net cash costs for the quarter were \$1.24/lb, some 5c/lb lower than the full 2018 year and below our guidance for this year of \$1.30/lb.

“The high level of operating performance achieved in the second half of last year continues and we are on-track for another record-setting year with full year production expected to increase by up to 9% to 750-790,000 tonnes.

“Our priorities for the year ahead remain our safety performance, maintaining our operating reliability and efficiency, and progressing the construction of the Los Pelambres expansion, which began during the quarter.”

HIGHLIGHTS

PRODUCTION

- Copper production in Q1 2019 was 188,600 tonnes, in line with expectations and an increase of 22.6% compared with the same quarter in 2018, mainly due to higher throughput and the anticipated higher grades, particularly at Centinela
- Scheduled maintenance at Los Pelambres and Centinela, combined with lower grades led to production being 14.3% lower than the record performance in the previous quarter. Underlying operating performance remains strong
- Gold production was 62,200 ounces in Q1 2019, 92.6% higher than in Q1 2018 on higher grades at Centinela
- Molybdenum production increased by 12.9% compared to the same period in 2018 due to higher throughput and recoveries at Los Pelambres and production for the first time at Centinela in the first quarter

CASH COSTS

- Cash costs before by-product credits in the quarter decreased to \$1.70/lb from \$2.00/lb in the same period last year primarily because of higher production and weaker Chilean Peso. Costs increased by 25.3% compared to the previous period on lower grades and throughput
- Net cash costs were \$1.24/lb in Q1 2019, compared to \$1.54/lb in Q1 2018 and \$0.99/lb in the previous quarter, reflecting the changes in cash costs before by-product credits

2019 GUIDANCE

- Guidance for the year is unchanged. Group copper production for the full year is expected to be 750-790,000 tonnes, on higher grades at Centinela Concentrates, particularly in Q2 and Q3
- Cash cost guidance before and after by-product credits is also unchanged at \$1.70/lb and \$1.30/lb respectively

OTHER

- As announced on 4 April, Los Pelambres successfully completed the debt financing of its \$1.3 billion expansion project on favourable terms
- Execution of the Los Pelambres expansion project is progressing according to plan and was 14% complete (design, engineering, procurement and construction) by the end of the first quarter with 500 people mobilised to site

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q1	Q4	
		2019	2018	%	2019	2018	%
Copper production	kt	188.6	153.8	22.6	188.6	220.0	(14.3)
Copper sales	kt	178.9	136.8	30.8	178.9	218.3	(18.0)
Gold production	koz	62.2	32.3	92.6	62.2	90.0	(30.9)
Molybdenum production	kt	3.5	3.1	12.9	3.5	3.3	6.1
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.70	2.00	(15.0)	1.70	1.43	18.9
Net cash costs ⁽¹⁾	\$/lb	1.24	1.54	(19.5)	1.24	0.99	25.3

(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.

Investors – London

Andrew Lindsay alindsay@antofagasta.co.uk
Telephone +44 20 7808 0988
Andres Vergara avergara@antofagasta.co.uk
Telephone +44 20 7808 0988

Media – London

Carole Cable antofagasta@brunswickgroup.com
Telephone +44 20 7404 5959
Will Medvei antofagasta@brunswickgroup.com
Telephone +44 20 7404 5959

Investors – Santiago

Rene Aguilar raguilar@aminerals.cl
Telephone +56 2 2798 7000

Media – Santiago

Pablo Orozco porozco@aminerals.cl
Carolina Pica cpica@aminerals.cl
Telephone +56 2 2798 7000

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MINING OPERATIONS

Los Pelambres

Los Pelambres produced 89,200 tonnes of copper in Q1 2019, 10.0% higher than in the same quarter last year, on higher throughput and grades. Scheduled maintenance in January and lower grades impacted the quarter's production relative to the previous quarter, but in the unaffected months throughput continued the strong performance of Q4 2018.

Compared with Q1 2018 molybdenum production rose 6.5% to 3,300 tonnes in Q1 2019, primarily due to higher throughput and a reduction in inventories.

Gold production for the quarter was 15,600 ounces, 4.7% higher than the same period last year.

Cash costs before by-product credits in Q1 2019 were \$1.44/lb, compared with \$1.72/lb in Q1 2018. This decrease in costs was primarily due to the higher throughput and higher grades in Q1 2019 and the payment of one-off bonuses related to the completion of labour agreements signed in Q1 2018. Compared to the previous quarter costs increased by 9.1% on lower grade and throughput.

Net cash costs in Q1 2019 were \$0.84/lb, 15.2% lower than in the same quarter last year on lower cash costs before by-product credits, partially offset by by-product credits reducing from \$0.73/lb to \$0.60/lb on lower realised molybdenum prices. Compared to the previous quarter net cash costs increased by 6.3% reflecting the increase in cash costs before by-product credits partly offset by higher by-product credits.

Maintenance of two of the ball mills is scheduled in Q2.

LOS PELAMBRES		Year to Date			Q1	Q4	
		2019	2018	%	2019	2018	%
Daily ore throughput	kt	171.9	165.2	4.1	171.9	180.3	(4.7)
Copper grade	%	0.68	0.64	6.3	0.68	0.72	(5.6)
Copper recovery	%	86.6	88.1	(1.7)	86.6	87.5	(1.0)
Copper production	kt	89.2	81.1	10.0	89.2	100.1	(10.9)
Copper sales	kt	74.9	73.2	2.3	74.9	103.7	(27.8)
Molybdenum grade	%	0.021	0.025	(16.0)	0.021	0.026	(19.2)
Molybdenum recovery	%	84.2	83.8	0.5	84.2	87.6	(3.9)
Molybdenum production	kt	3.3	3.1	6.5	3.3	3.3	0.0
Molybdenum sales	kt	3.3	2.9	13.8	3.3	4.0	(17.5)
Gold production	koz	15.6	14.9	4.7	15.6	17.1	(8.8)
Gold sales	koz	10.6	12.7	(16.5)	10.6	16.8	(36.9)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.44	1.72	(16.3)	1.44	1.32	9.1
Net cash costs ⁽¹⁾	\$/lb	0.84	0.99	(15.2)	0.84	0.79	6.3

(1) Includes tolling charges of \$0.26/lb in Q1 2019, \$0.23/lb in Q4 2018, \$0.27/lb in Q1 2018

Centinela

Total copper production in Q1 2019 at Centinela was 68,800 tonnes, 45.5% higher than in the same quarter in 2018, primarily due to higher production of copper in concentrates. Compared with the record production in Q4 2018 total production decreased by 20.4%.

Copper in concentrates production was 44,600 tonnes in Q1 2019, 76.3% higher than in Q1 2018, primarily due to significantly higher grades and increased throughput in the concentrate plant.

Production of copper in concentrates fell 25.9% against Q4 2018. This was primarily due to lower grades and reduced throughput, which remained at high levels similar to those achieved in the previous quarter but was impacted by scheduled maintenance. Grades are expected to increase in Q2 and Q3 before weakening in Q4. Major maintenance of the SAG mill is planned in Q3.

Despite lower grades cathode production in Q1 2019 was 24,300 tonnes, 10.5% higher than in Q1 2018 driven by higher throughput at Encuentro Oxides.

Gold production was 46,600 ounces in Q1 2019, 168% higher than in the same period last year due to significantly higher gold grades, and higher throughput and recoveries. Grades in the quarter were 0.24 g/t compared with 0.12 g/t in the same period last year, but down from the high levels achieved in Q4 2018 of 0.36 g/t.

Cash costs before by-product credits at \$1.85/lb in Q1 2019 were 23.9% lower than in the same quarter in 2018 due to the increase in production and weaker Chilean Peso. Compared to the previous quarter costs increased by 29.4% on lower production.

Net cash costs in Q1 2019 decreased by 36.7% to \$1.38/lb reflecting lower cash costs before by-product credits and by-product credits increasing from \$0.25/lb to \$0.47/lb on higher gold production. Compared with Q4 2018 net cash costs increased as by-product credits reduced.

CENTINELA		Year to Date			Q1		Q4
		2019	2018	%	2019	2018	%
CONCENTRATES							
Daily ore throughput	kt	101.6	88.1	15.3	101.6	111.1	(8.6)
Copper grade	%	0.61	0.43	41.9	0.61	0.76	(19.7)
Copper recovery	%	81.9	81.4	0.6	81.9	82.7	(1.0)
Copper production	kt	44.6	25.3	76.3	44.6	60.2	(25.9)
Copper sales	kt	49.6	16.9	193.5	49.6	51.9	(4.4)
Molybdenum grade	%	0.009	-	-	0.009	0.005	80.0
Molybdenum recovery	%	77.9	-	-	77.9	-	-
Molybdenum production	kt	0.2	-	-	0.2	-	-
Molybdenum sales	kt	0.1	-	-	0.1	0.1	0.0
Gold grade	g/t	0.24	0.12	100.0	0.24	0.36	(33.3)
Gold recovery	%	65.8	64.6	1.9	65.8	67.3	(2.2)
Gold production	koz	46.6	17.4	167.8	46.6	72.9	(36.1)
Gold sales	koz	50.9	11.0	362.7	50.9	60.9	(16.4)
CATHODES							
Daily ore throughput	kt	49.7	37.4	32.9	49.7	50.8	(2.2)
Copper grade	%	0.62	0.77	(19.5)	0.62	0.77	(19.5)
Copper recovery	%	73.4	73.8	(0.5)	73.4	69.9	5.0
Copper production – heap leach	kt	22.6	20.5	10.2	22.6	24.8	(8.9)
Copper production – total ⁽¹⁾	kt	24.3	22.0	10.5	24.3	26.2	(7.3)
Copper sales	kt	24.8	21.1	17.5	24.8	24.7	0.4
Total copper production	kt	68.8	47.3	45.5	68.8	86.4	(20.4)
Cash costs before by-products ⁽²⁾	\$/lb	1.85	2.43	(23.9)	1.85	1.43	29.4
Net cash costs ⁽²⁾	\$/lb	1.38	2.18	(36.7)	1.38	0.90	53.3

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.17/lb in Q1 2019, \$0.15/lb in Q4 2018, \$0.16/lb in Q1 2018

Antucoya

Antucoya produced 17,900 tonnes of copper in Q1 2019, 22.6% higher than the same quarter last year on higher throughput and grades and 11.4% lower than in the previous quarter as grades declined from 0.41% to 0.37%. Maintenance is scheduled during Q3.

During the quarter, the cash costs were \$2.22/lb compared to \$2.29/lb in Q1 2018. This was due to higher production during the period and a weaker Chilean Peso, partly offset by increased acid costs.

ANTUCOYA		Year to Date			Q1		Q4
		2019	2018	%	2019	2018	%
Daily ore throughput	kt	75.8	63.7	19.0	75.8	72.7	4.3
Copper grade	%	0.37	0.34	8.8	0.37	0.41	(9.8)
Copper recovery	%	71.4	70.1	1.9	71.4	76.0	(6.1)
Copper production	kt	17.9	14.6	22.6	17.9	20.2	(11.4)
Copper sales	kt	17.0	14.9	14.1	17.0	24.3	(30.0)
Cash costs	\$/lb	2.22	2.29	(3.1)	2.22	1.75	26.9

Zaldívar

Copper production at Zaldívar was 12,700 tonnes in Q1 2019, a 17.6% increase compared with the same period last year on higher grades partly offset by lower throughput, which was also lower than in Q4 2018, impacted during the current quarter by scheduled maintenance and an interruption in the water supply following unexpected heavy rains and unplanned equipment stoppages. Increased grade and lower recoveries reflects the higher proportion of sulphides added to the heap during the quarter.

Cash costs at \$1.91/lb in Q1 2019 rose by 2.7% compared to Q1 2018 primarily due to higher acid prices and partially compensated by higher production and weaker local currency.

ZALDÍVAR		Year to Date			Q1		Q4
		2019	2018	%	2019	2018	%
Daily ore throughput	kt	29.1	30.8	(5.5)	29.1	42.8	(32.0)
Copper grade	%	1.25	0.70	78.6	1.25	0.93	34.4
Copper recovery ⁽¹⁾	%	60.6	62.3	(2.7)	60.6	66.3	(8.6)
Copper production – heap leach ⁽²⁾	kt	9.5	8.3	14.5	9.5	10.0	(5.0)
Copper production – total ^(2,3)	kt	12.7	10.8	17.6	12.7	13.3	(4.5)
Copper sales ⁽²⁾	kt	12.6	10.7	17.8	12.6	13.7	(8.0)
Cash costs	\$/lb	1.91	1.86	2.7	1.91	1.88	1.6

(1) Average over full leach cycle

(2) Group's 50% share

(3) Includes production from secondary leaching

Transport Division

Total transport volumes in in Q1 2019 were 1.5 million tonnes, 1.4% lower than in the same quarter last year and 7.5% lower than Q4 2018.

Railway volumes were impacted by severe flooding in February that affected the rail network in the higher parts of El Loa province around Calama and the Bolivian border. Additionally one of the Division's customers had a temporary smelter stoppage which reduced its cathodes shipments during the quarter. By the end of the quarter the operations were back to normal.

TRANSPORT DIVISION		Year to Date			Q1	Q4	
		2019	2018	%	2019	2018	%
Rail	kt	1,145	1,217	(5.9)	1,145	1,257	(8.9)
Road	kt	308	257	19.8	308	314	(1.9)
Total tonnage transported		1,453	1,474	(1.4)	1,453	1,571	(7.5)

Commodity prices and exchange rates

		Year to Date			Q1	Q4	
		2019	2018	%	2019	2018	%
Copper							
Market price	\$/lb	2.82	3.16	(10.6)	2.82	2.80	0.9
Realised price	\$/lb	3.03	2.86	6.2	3.03	2.68	13.0
Gold							
Market price	\$/oz	1,307	1,330	(1.7)	1,307	1,229	6.4
Realised price	\$/oz	1,309	1,348	(2.9)	1,309	1,253	4.5
Molybdenum							
Market price	\$/lb	11.8	12.2	(3.6)	11.8	12.1	(2.2)
Realised price	\$/lb	12.0	14.9	(19.3)	12.0	12.1	(0.7)
Exchange rates							
Chilean Peso	per \$	667	602	10.8	667	679	(1.8)

The spot commodity prices for copper, gold and molybdenum as at 31 March 2019 were \$2.94/lb, \$1,292/oz and \$12.1/lb respectively, compared with \$2.70/lb, \$1,282/oz and \$11.3/lb as at 31 December 2018 and \$3.03/lb, \$1,325/oz and \$11.3/lb as at 31 March 2018.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were positive \$76.4 million, negative \$0.6 million and positive \$2.7 million respectively.