

1 August, 2012

## Highlights

- Group copper production was 173,200 tonnes in Q2 2012 and 336,000 tonnes in H1 2012, a 6.3% increase compared with the previous quarter and a 16.5% increase compared to H1 2011. This was mainly due to increased production at Esperanza as a result of higher throughput levels following the start of operations in 2011.
- Copper production for the 2012 full year is still expected to be approximately 700,000 tonnes.
- Gold production was 72,600 ounces in Q2 2012 and 136,100 ounces in H1 2012 compared with 63,500 ounces in the previous quarter and 70,700 ounces in H1 2011 reflecting the higher throughput at Esperanza explained above.
- Molybdenum production at Los Pelambres was 3,400 tonnes in Q2 2012 and 6,500 tonnes in the first half of 2012. The 35.4% increase in production in H1 2012 compared to H1 2011 reflects higher ore grades.
- Group cash costs (net of by-product credits) in Q2 were 99.3 cents per pound, broadly in line with the previous quarter's costs of 98.1 cents per pound. Cash costs excluding by-product credits decreased to 158.2 cents per pound in Q2 2012 compared with 163.6 cents per pound in the previous quarter mainly reflecting the impact of higher production on unit costs at Los Pelambres and Esperanza partly offset by expected higher costs at El Tesoro. This was offset by lower by-product credits.
- Group cash costs (net of by-product credits) in the first half of 2012 were 98.9 cents per pound, a 6.7 cent per pound decrease compared with 105.6 cents per pound in the first half of 2011. This decrease mainly reflected an increase in by-product credits as a result of the higher gold production at Esperanza as well as to a lesser extent increased molybdenum production at Los Pelambres.
- Closing of the agreement with Marubeni for its 30% interest in the Antucoya project was achieved on 31 July 2012. As of 30 June 2012 the overall project progress was 12% complete and the main EPC contracts had been executed.

Investor relations –  
Antofagasta plc:

Hussein Barma  
[hbarma@antofagasta.co.uk](mailto:hbarma@antofagasta.co.uk)  
London: (44-20) 7808 0988

Philip Holden  
[pholden@antofagasta.co.uk](mailto:pholden@antofagasta.co.uk)  
London: (44-20) 7808 0988

Alejandro Rivera  
[arivera@aminerals.cl](mailto:arivera@aminerals.cl)  
Santiago: (56-2) 798 7145

Media enquiries –  
Bankside Consultants:

Simon Rothschild  
[simon.rothschild@bankside.com](mailto:simon.rothschild@bankside.com)  
London: (44-20) 7367 8871

| Group Total   | Q1<br>2012 | Q2<br>2012 | Q3<br>2012 | Q4<br>2012 | Acc<br>2012 | Acc<br>2011 | Full<br>Year<br>2011 |
|---|------------|------------|------------|------------|-------------|-------------|----------------------|
| Total production of payable copper ('000 tonnes)                        | 162.9      | 173.2      |            |            | 336.0       | 288.5       | 640.5                |
| Total production of payable moly ('000 tonnes)                          | 3.1        | 3.4        |            |            | 6.5         | 4.8         | 9.9                  |
| Total production of payable gold ('000 ounces)                          | 63.5       | 72.6       |            |            | 136.1       | 70.7        | 196.8                |
| Weighted average cash costs before by-product credits (cents per pound) | 163.6      | 158.2      |            |            | 160.8       | 157.8       | 155.2                |
| Weighted average cash costs (cents per pound)                           | 98.1       | 99.3       |            |            | 98.9        | 105.6       | 101.9                |

## Mining operations

### *Los Pelambres*

Los Pelambres produced 101,300 tonnes of payable copper in Q2 2012 compared with 95,900 tonnes in Q1 when plant throughput was lower as a result of planned major maintenance that quarter. The increase in copper production to 197,200 tonnes in the first half of 2012 compared with 192,500 tonnes H1 2011 was mainly due to an increase in plant throughput and recoveries. Shipments of payable copper in the first half of 2012 were 191,000 tonnes, 6,200 tonnes lower than production as a result of inventory movements.

Molybdenum production increased to 3,400 tonnes in Q2 2012 compared with 3,100 tonnes in Q1 2012 as a result of the increase in the plant throughput, improved molybdenum recoveries and the impact of inventory movements. Molybdenum production increased by 35.4% to 6,500 tonnes in H1 2012 compared with the first half of 2011, mainly reflecting the increase in grades from 0.018% to 0.023%. Shipments of payable molybdenum in the first half of 2012 were 6,800 tonnes, 300 tonnes higher than production as a result of inventory movements.

Gold production was 14,500 ounces in Q2 2012 compared with 11,900 ounces in the previous quarter. Gold production was 26,300 ounces in the first half of 2012 compared with 18,100 ounces in the first half of 2011.

Cash costs were 78.0 cents per pound in Q2 2012 compared with 75.6 cents per pound in the previous quarter. This increase in costs was due to lower by-product credits which were partially offset by a decrease in on-site and shipping costs. By-product credits decreased from 65.4 cents per pound in Q1 2012 to 55.5 cents per pound in Q2 2012 mainly reflecting a decrease in the realised molybdenum price. The 7.9 cent per pound decrease in on-site and shipping costs reflected the reduction of unit costs from the higher copper production, as well as the impact of lower maintenance costs in Q2 compared to Q1.

Cash costs for the first half of 2012 were 77.3 cents per pound, compared with 75.2 cents per pound in the first half of 2011 as a result of an increase in on-site and shipping costs partially offset by a decrease in tolling charges and an increase in molybdenum and gold by-product credits. The 9.1 cent per pound increase in on-site and shipping costs reflects a range of minor cost increases including maintenance and general inflation.

### *Esperanza*

Esperanza produced 37,700 tonnes of payable copper in Q2 2012, a 23.6% increase compared with 30,500 tonnes in the previous quarter. This was mainly due to a 13.2% increase in the average plant throughput from 70,400 tonnes per day in Q1 2012 to 79,700 tonnes per day in the current quarter as well as an increase in ore grade and recoveries. The increase in average throughput reflects the recovery in throughput following temporary issues with the primary crusher feed conveyor in Q1. Production in the first half of 2012 was 68,200 tonnes, 38,900 tonnes higher than in the first half of 2011 when Esperanza was starting its ramp-up. Shipments of payable copper in the first half of 2012 were 59,800 tonnes, 8,400 tonnes lower than production as a result of inventory movements.

Gold production was 58,100 ounces in Q2, 12.4% higher than in the previous quarter, due to the increase in daily throughput as well as higher recoveries partially offset by lower gold ore grades. The production in the first half of 2012 was 109,800 ounces compared with 52,700 ounces in the first half of 2011 as a result of the higher plant throughput and to a lesser extent, the higher recoveries. Shipments of payable gold in the first half of 2012 were 108,700 ounces, 1,100 ounces lower than production as a result of inventory movements.

Cash costs were 58.9 cents per pound in Q2, compared with 61.7 cents per pound in the previous quarter reflecting a decrease in on-site and shipping costs mostly offset by lower by-product credits. The decrease in on-site and shipping costs is mainly due to the impact of the higher production on unit costs as well as a decrease in other input costs due to a major planned maintenance in Q1 which resulted in higher input costs in that quarter. The decrease in by-product credits reflects the lower ratio of gold to copper production in Q2 compared to Q1 as well as lower market gold prices. Cash costs for the first half of 2012 were 60.1 cents per pound, compared with 121.9 cents per pound in the first half of 2011 mainly due to a decrease in on-site and shipping costs reflecting the high level of costs in the first half of 2011 associated with the ramp-up process, and the impact on unit costs of the plant operating at significantly below capacity during that process.

## ***El Tesoro***

El Tesoro achieved production of 24,500 tonnes in Q2, as expected although lower than the 28,200 tonnes in Q1 which had represented a record quarterly production for El Tesoro. This decrease was mainly due to lower plant throughput as a result of major planned maintenance in Q2, partially offset by higher grades. Production was 52,700 tonnes in the first half of 2012 compared with production of 45,100 tonnes in the first half of 2011 due to the processing of higher grade ore from the Mirador pit which entered into production during Q3 of 2011.

Cash costs were 167.4 cents per pound in Q2, an expected 13.3% increase compared with 147.8 cents per pound in Q1 which was mainly due to the impact of lower production on unit costs. Cash costs for the first half of 2012 were 156.9 cents per pound compared with 183.0 cents per pound in the first half of 2011 reflecting the increased copper production as a result of the processing of the higher grade Mirador pit as well as lower acid and energy costs.

## ***Michilla***

Michilla produced 9,700 tonnes of copper in Q2 compared with 8,300 tonnes in Q1. The increase in production compared with the previous quarter was due to an increase in ore grade and the greater contribution of copper from the secondary leaching, partially offset by lower recoveries and plant throughput. Production was 18,000 tonnes in the first half of 2012 compared with 21,700 tonnes in H1 2011. This decrease was mainly due to the lower plant throughput reflecting a reduction in ore feed from third parties as well as the underground Estefanía mine, partly offset by the increased contribution from the secondary leaching.

Cash costs in Q2 were 306.0 cents per pound compared with 323.2 cents per pound in the previous quarter. This decrease was mainly due to the impact of higher production on unit costs and the processing of higher grade ore as well as reflecting the elevated costs in Q1 as a result of a particularly high level of stripping costs. Cash costs in the first half of 2012 were 313.9 cents per pound compared with 192.5 cents per pound in 2011 reflecting the impact of lower production on unit costs, the purchase of higher volumes of ore from ENAMI, and costs associated with processing ore from the spent ore piles. Given that Michilla represented approximately 5% of total Group copper production in the first half of 2012 this increase in cash costs had a limited impact on Group weighted average cash costs.

## **Projects and exploration**

On 14 December 2011 the Group announced that it had entered into a memorandum of understanding with Marubeni Corporation ("Marubeni") under which Marubeni would become a 30% partner in the Antucoya project and fund its 30% share of costs over the period of development of the project. The transaction closed on 31 July 2012. As of 30 June 2012 the overall project progress was 12% complete and the main EPC contracts had been executed.

The Group has entered into a memorandum of understanding with Rathdowney Resources Ltd relating to the Mallow Copper-Zinc-Lead Project in Ireland in June 2012 and a strategic alliance with Laurentian Goldfields Ltd. in relation to exploration in Quebec, Canada in July 2012.

## **Commodity prices and exchange rates**

The LME copper price averaged 356.9 cents per pound in Q2 2012, compared with 376.9 cents per pound in Q1 2012. The LME copper price in 2012 H1 averaged 367.3 cents per pound, compared with 426.3 cents per pound in 2011 H1. The LME spot copper price at the end of Q2 2012 was 344.9 cents per pound.

The market molybdenum price averaged US\$13.8 per pound in Q2 2012, compared with US\$14.2 per pound in Q1 2012. The market molybdenum price in 2012 H1 averaged US\$14.0 per pound, compared with US\$17.0 per pound in 2011 H1. The average market molybdenum price for June 2012 was US\$13.4 per pound.

The market gold price averaged US\$1,609 per ounce in Q2 2012, compared with US\$1,691 per ounce in Q1 2012. The market gold price in 2012 H1 averaged US\$1,651 per ounce, compared with US\$1,445 per ounce in 2011 H1. The spot gold price at the end of Q2 2012 was US\$1,584 per ounce.

The realised copper, molybdenum and gold prices which the Group will recognise for its sales in the year 2012 will differ from the average market prices shown above because, in line with industry practice, sales agreements generally provide for provisional pricing at the time of shipment with final pricing based on the average market price for the month in which settlement takes place. The typical period for which sales remain open until settlement occurs for copper concentrate sales is approximately three to four months from shipment date, for copper cathode sales approximately one month from shipment, for molybdenum sales approximately two months from shipment and for gold content of copper concentrate sales approximately one month from shipment. Additionally, under IFRS open sales are marked to market at the end of each period through adjustments to turnover in the income statements using forward prices in the case of copper concentrate (including the gold content) and copper cathode, and period-end prices for molybdenum sales.

The provisional pricing and hedging adjustments with respect to copper sales are estimated to result in a total positive adjustment of US\$40.1 million for H1 2012 and an average realised price of 373.0 cents per pound. The provisional pricing adjustments with respect to molybdenum sales are estimated to result in a total negative adjustment of US\$10.2 million for H1 2012 and an average realised price of US\$12.9 per pound. The provisional pricing adjustments with respect to gold sales are estimated to result in a total positive adjustment of US\$2.1 million for H1 2012 and an average realised price of US\$1,650 per ounce.

The Chilean peso / US dollar exchange rate averaged Ch\$496.5 / US\$1 in Q2 2012, compared with Ch\$489.5 / US\$1 in Q1 2012. The Chilean peso / US dollar exchange rate averaged Ch\$493.0 / US\$1 in H1 2012, compared with Ch\$475.6 / US\$1 in H1 2011. The exchange rate at 29 June 2012 was Ch\$509.7 / US\$1.

## Transport

The transport division maintained a solid operational performance in Q2 2012 with total volumes transported of 1.9 million tonnes, in line with volumes in Q1 2012. Total volumes for the first half of 2012 were 3.9 million tonnes compared with 4.1 million tonnes in the first half of 2011.

## Water

The water business continued to perform well, with Q2 2012 volumes of 12.7 million cubic metres compared with 13.0 million cubic metres in the previous quarter. Total volumes for the first half of 2012 were 25.7 million cubic metres compared with 24.0 million cubic metres in the first half of 2011.

The totals in the tables below may include some small apparent differences as the specific individual figures have not been rounded.

| Los Pelambres   | Q1<br>2012 | Q2<br>2012 | Q3<br>2012 | Q4<br>2012 | Acc<br>2012 | Acc<br>2011 | Full<br>Year<br>2011 |
|---|------------|------------|------------|------------|-------------|-------------|----------------------|
| <b>Production statistics</b>                          |            |            |            |            |             |             |                      |
| Daily average ore treated ('000 tonnes)               | 171.5      | 179.4      |            |            | 175.5       | 173.4       | 176.6                |
| Copper concentrate produced ('000 tonnes)             | 298.5      | 319.7      |            |            | 618.2       | 583.1       | 1,228.0              |
| Average copper ore grade (%)                          | 0.71       | 0.71       |            |            | 0.71        | 0.71        | 0.74                 |
| Average copper recovery (%)                           | 89.6       | 90.9       |            |            | 90.3        | 89.6        | 89.7                 |
| Payable copper in concentrate ('000 tonnes)           | 95.9       | 101.3      |            |            | 197.2       | 192.5       | 411.8                |
| Average moly ore grade (%)                            | 0.024      | 0.023      |            |            | 0.023       | 0.018       | 0.019                |
| Average moly recovery (%)                             | 81.6       | 84.6       |            |            | 83.1        | 82.6        | 82.3                 |
| Payable moly ('000 tonnes)                            | 3.1        | 3.4        |            |            | 6.5         | 4.8         | 9.9                  |
| Payable gold ('000 ounces)                            | 11.9       | 14.5       |            |            | 26.3        | 18.1        | 39.8                 |
| <b>Cash costs statistics</b>                          |            |            |            |            |             |             |                      |
| On-site and shipping costs (cents per pound)          | 125.1      | 117.2      |            |            | 121.1       | 112.0       | 110.0                |
| Tolling charges for concentrates (cents per pound)    | 15.9       | 16.3       |            |            | 16.1        | 18.8        | 18.0                 |
| By - product credits (cents per pound) <sup>(1)</sup> | (65.4)     | (55.5)     |            |            | (59.9)      | (55.5)      | (49.7)               |
| Cash costs (cents per pound)                          | 75.6       | 78.0       |            |            | 77.3        | 75.2        | 78.3                 |

<sup>(1)</sup> By-products credits do not include any costs attributable to the production of molybdenum concentrate.

| <b>Esperanza</b>                                      |  | Q1<br>2012  | Q2<br>2012  | Q3<br>2012 | Q4<br>2012 | Acc<br>2012 | Acc<br>2011  | Full<br>Year<br>2011 |
|---|--|-------------|-------------|------------|------------|-------------|--------------|----------------------|
| <b>Production statistics</b>                          |  |             |             |            |            |             |              |                      |
| Daily average ore treated ('000 tonnes)               |  | 70.4        | 79.7        |            |            | 75.1        | 40.2         | 55.7                 |
| Copper concentrate produced ('000 tonnes)             |  | 137.7       | 157.8       |            |            | 295.5       | 127.2        | 367.2                |
| Average copper ore grade (%)                          |  | 0.60        | 0.64        |            |            | 0.62        | 0.54         | 0.56                 |
| Average copper recovery (%)                           |  | 85.6        | 87.0        |            |            | 86.4        | 83.4         | 85.3                 |
| Payable copper in concentrate ('000 tonnes)           |  | 30.5        | 37.7        |            |            | 68.2        | 29.3         | 90.1                 |
| Average gold ore grade (g/t)                          |  | 0.39        | 0.34        |            |            | 0.36        | 0.36         | 0.36                 |
| Average gold recovery (%)                             |  | 70.4        | 75.5        |            |            | 73.0        | 70.8         | 72.8                 |
| Payable gold ('000 ounces)                            |  | 51.7        | 58.1        |            |            | 109.8       | 52.7         | 157.1                |
| <b>Cash costs statistics</b>                          |  |             |             |            |            |             |              |                      |
| On-site and shipping costs (cents per pound)          |  | 189.4       | 162.0       |            |            | 174.3       | 255.3        | 219.4                |
| Tolling charges for concentrates (cents per pound)    |  | 16.7        | 18.2        |            |            | 17.5        | 15.5         | 15.5                 |
| By - product credits (cents per pound) <sup>(2)</sup> |  | (144.4)     | (121.4)     |            |            | (131.7)     | (148.9)      | (151.7)              |
| <b>Cash costs (cents per pound)</b>                   |  | <b>61.7</b> | <b>58.9</b> |            |            | <b>60.1</b> | <b>121.9</b> | <b>83.2</b>          |

<sup>(2)</sup> By-products credits for Q2 2012 include 0.2 cents per pound relating to the sale of Run-Of-Mine (ROM) oxides from Esperanza to El Tesoro.

| El Tesoro  | Q1<br>2012 | Q2<br>2012 | Q3<br>2012 | Q4<br>2012 | Acc<br>2012 | Acc<br>2011 | Full<br>Year<br>2011 |
|--|------------|------------|------------|------------|-------------|-------------|----------------------|
| Daily average ore treated <sup>(3)</sup><br>('000 tonnes)                      | 22.5       | 18.7       |            |            | 20.6        | 25.6        | 23.8                 |
| Average ore grade <sup>(3)</sup><br>(%)  | 1.59       | 1.76       |            |            | 1.66        | 1.04        | 1.26                 |
| Average recovery <sup>(3)</sup><br>(%)   | 74.4       | 73.9       |            |            | 74.2        | 70.7        | 71.0                 |
| Copper cathodes from the<br>heap-leach process <sup>(3)</sup><br>('000 tonnes) | 24.7       | 22.0       |            |            | 46.8        | 33.1        | 75.9                 |
| Copper cathodes from ROM<br>('000 tonnes)                                      | 3.5        | 2.5        |            |            | 6.0         | 12.0        | 21.1                 |
| Total copper cathodes<br>('000 tonnes)   | 28.2       | 24.5       |            |            | 52.7        | 45.1        | 97.1                 |
| Cash costs<br>(cents per pound)  | 147.8      | 167.4      |            |            | 156.9       | 183.0       | 171.6                |

<sup>(3)</sup> The average daily throughput, ore grade and recovery figures, relate to the heap leach process and do not include amounts relating to the ROM material.

| Michilla   | Q1<br>2012 | Q2<br>2012 | Q3<br>2012 | Q4<br>2012 | Acc<br>2012 | Acc<br>2011 | Full<br>Year<br>2011 |
|--|------------|------------|------------|------------|-------------|-------------|----------------------|
| Daily average ore treated<br>('000 tonnes)                               | 11.3       | 10.6       |            |            | 10.9        | 13.7        | 12.5                 |
| Average ore grade<br>(%)   | 0.99       | 1.26       |            |            | 1.12        | 1.16        | 1.18                 |
| Average recovery<br>(%)  | 76.4       | 71.7       |            |            | 73.9        | 75.5        | 75.6                 |
| Copper cathodes from the<br>heap-leach process ('000<br>tonnes)          | 7.9        | 8.7        |            |            | 16.6        | 21.3        | 40.5                 |
| Copper cathodes from<br>secondary leaching of spent ore<br>('000 tonnes) | 0.3        | 1.0        |            |            | 1.3         | 0.4         | 1.1                  |
| Total Copper Cathodes ('000<br>tonnes)                                   | 8.3        | 9.7        |            |            | 18.0        | 21.7        | 41.6                 |
| Cash costs<br>(cents per pound)  | 323.2      | 306.0      |            |            | 313.9       | 192.5       | 213.3                |

| Transport  | Q1<br>2012   | Q2<br>2012   | Q3<br>2012 | Q4<br>2012 | Acc<br>2012  | Acc<br>2011  | Full<br>Year<br>2011 |
|--|--------------|--------------|------------|------------|--------------|--------------|----------------------|
| <b>Rail tonnage transported<br/>(‘000 tonnes) <sup>(4)</sup></b> | <b>1,490</b> | <b>1,538</b> |            |            | <b>3,028</b> | <b>3,174</b> | <b>6,419</b>         |
| <b>Road tonnage transported<br/>(‘000 tonnes) <sup>(4)</sup></b> | <b>442</b>   | <b>380</b>   |            |            | <b>822</b>   | <b>935</b>   | <b>1,896</b>         |

<sup>(4)</sup> Rail tonnages are the aggregate of the volumes of the FCAB rail network in Chile and the Andino rail network in Bolivia. Shipments from customers which are carried on both networks are included in both the FCAB and Andino volumes which are combined to calculate the total rail tonnages shown above. Similarly, shipments which are carried by rail and by road are included in both the rail and road volumes shown above.

| Water  | Q1<br>2012    | Q2<br>2012    | Q3<br>2012 | Q4<br>2012 | Acc<br>2012   | Acc<br>2011   | Full<br>Year<br>2011 |
|--|---------------|---------------|------------|------------|---------------|---------------|----------------------|
| <b>Water volume sold – potable<br/>and untreated (‘000 m<sup>3</sup>) <sup>(5)</sup></b> | <b>12,960</b> | <b>12,695</b> |            |            | <b>25,655</b> | <b>23,985</b> | <b>48,296</b>        |

<sup>(5)</sup> Water volumes include water transportation of 0 m<sup>3</sup> in Q1 and 0 m<sup>3</sup> in Q2. (15,000 m<sup>3</sup> in Q1 2011 and 0 m<sup>3</sup> in Q2 2011).