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CHAIRMAN'S COMMENTS AT THE 2014 ANNUAL GENERAL MEETING

Antofagasta plc (the "Company") today released the script to be used by the Chairman, Jean-Paul Luksic at the Company's Annual General Meeting that commences at 10:30am today.

Thank you for joining us today.

As you can see, all of your directors are also in attendance, as well as several members of senior management from the mining and transport divisions.

As Chairman, I remain committed to ensuring we have the best set of skills and experience in place on our Board and it is my pleasure to welcome Vivianne Blanlot as our latest director, who will be standing for election later during this meeting. Vivianne brings extensive experience to the Board having held senior government positions in the environmental and water commissions, and is currently a director of a Chilean energy company and is a member of the Chilean Council for Transparency, an organisation that ensures that public information is made available to citizens.

Before we present the resolutions on today's formal agenda, I would first like to provide my thoughts on Antofagasta's financial and operational performance over 2013 and the outlook for 2014.

2013 was a difficult year not only for Antofagasta, but for the global mining sector as a whole. We faced pricing challenges from a more vulnerable market as a result of lower demand growth and weaker confidence in China as well as new mine supply coming on-stream, as a consequence of investment decisions made several years ago when the sector was still growing strongly.

However, despite the wider concerns facing the market, 2013 turned out to be better than expected from a copper supply/demand balance perspective. Initial indications that the market would move into a surplus by the end of 2013 did not materialise and the year ended with a small deficit. There is no question that the fundamentals for copper remain strong in the medium term, however, we have to be careful in the more challenging short-term environment. Periods of lower prices and less growth in demand allow us to rebalance, realign and set ourselves up in a good position to benefit fully from the next upturn in prices.

From an operational standpoint, 2013 was our strongest production year yet. We produced 721,200 tonnes of copper, exceeding our previous record, set in 2012, by 1.6 percent.

Whilst the Group has enjoyed a number of years of significant growth, we are now in a period of consolidation during which we are bringing Antucoya into production while focussing on cost control. We seek only to invest in projects that we expect to offer strong returns. Currently we are focused on brownfields projects as they help control the growth of unit costs across our operations and allow us to take full advantage of our substantial mineral resources, while generating strong returns.

On a cost basis, 2013 was a year of adjustment following structural changes to some costs across the business. Perhaps one of the most significant changes was at Los Pelambres which, following the expiration of a favourable fixed cost long-term power agreement at the end of 2012, was exposed to the significantly higher and more volatile spot market. This led to a near doubling of energy costs at Pelambres during 2013.

Over the past few years we have taken steps to diversify the sources of our power supply for Pelambres, including utilising more sustainable generators, to reduce our exposure to volatile energy prices. We started doing this in 2011 with the investment in the El Arrayan wind power farm that will start operation in the next few months, followed by last year's investment in AES Gener's Alto Maipo run-of-river hydroelectric project. As part of this latter transaction we agreed with AES Gener two long term power supply agreements, one which will start next year and one which is expected to start at the end of 2018. By securing these new sources of power we will reduce our exposure to spot prices from the second half of this year and cover all of Pelambres' energy requirements by the end of 2018.

From a financial perspective, 2013's revenues were impacted by lower realised commodity prices on a relatively flat production base and higher unit operating costs, which rose by 32%. This high increase in costs arose primarily because of the increase in energy prices at Los Pelambres, additional mine movement activities at Esperanza and lower by-product revenues due to lower realised prices and production volumes. This resulted in a 30% decrease in EBITDA. However, our EBITDA margin remains strong at 45%.

Despite the difficult market conditions, the Group continued to generate strong operating cash flows of \$2.7 billion during the year and at the end of the year held attributable net cash of \$1.5 billion.

The Board has proposed a final dividend of 86.1 cents per share, which along with the 8.9 cents per share interim dividend, paid in October 2013, results in a total dividend of 95.0 cents per share for the year. This represents a total distribution of \$936.6 million, a substantial amount that will reduce our net cash balance to a much lower level than we have held in previous years. This decision reflects a change in attitude by the Board and management about what we consider to be an appropriate cash balance. We feel it is right for shareholders to receive any excess cash that accumulates from time to time, rather than for the Company to hold on to it.

The Board has also approved a simplification of the dividend policy, setting the minimum level of dividend relative to net profits at 35%, whilst considering the amount of excess cash held by the Group. As we have paid special dividends so often over the years we will stop referring to them as 'special' dividends and now refer to interim and final dividends only.

Sound corporate governance is fundamental to our long-term success. The Board and I remain committed to ensuring that the structures and procedures in place across the Group are reflective of the best principles of good governance and continue to develop as governance requirements evolve and Antofagasta grows.

For several years now we have conducted annual internal Board assessments, but this year for the first time we commissioned an independent externally facilitated evaluation, of the Board, the Audit and Risk Committee, and the Remuneration and Talent Committee. This was a useful exercise and the Board and Committees were assessed as functioning well and we are now implementing recommendations raised in the reports, including strengthening the Board's focus on strategic issues.

With respect to our growth prospects, our largest development is the Antucoya copper project, which is close to Michilla in the North of Chile. Following the resumption of the project last year, after a temporary suspension while we reviewed the cost escalation and viability of the project, the project has progressed well and is on-time and on-track to meet its new \$1.9 billion capital budget.

Beyond the Antucoya project, the Group has a number of brownfield projects under way. The most advanced of these relates to the Esperanza mine. This brownfield expansion complements the existing works that were approved in 2012 and 2013 to bring the mine up to its original design capacity of 97,000 tonnes of daily throughput and to address certain operational challenges encountered at the mine. The brownfield expansion takes throughput up to 105,000 tonnes per day, an 8% lift on the design capacity, and over 20% on current levels. This project remains on track for ramp up in the second half of 2015.

The Encuentro Oxides deposit is our next brownfield project in the pipeline. This project supports the mine plan of El Tesoro and will allow it to continue to operate at full capacity as opposed to seeing a steady fall in production over the next few years as grade declines. The project is currently in the feasibility study stage, but the prefeasibility estimate of capital expenditure is \$755 million. However, we are working on reducing this figure and this in part may be achieved by managing the project in-house rather than using an EPCM contractor. The feasibility study will be completed over the next few months.

The last of our current brownfield projects is at Los Pelambres. Los Pelambres itself has been through three major expansions since commissioning in 2000 which have seen daily throughput increase from 85,000 tonnes up to the current 175,000 tonnes. We see the next expansion to 205,000 tonnes per day, which is currently at the feasibility study stage, as the last possible expansion using the existing infrastructure base. Los Pelambres remains our flagship mine, producing over 55% of the total group production and remains a true world class asset. The expansion not only reinforces this, but also addresses operational challenges we expect to face towards the end of the decade when the

mine will need to process harder ore, which under the current base case would lead to a lower throughput due to additional grinding time required.

Beyond our key brownfield projects, which would support Antofagasta increasing production over the next 5 years to nearly 900,000 tonnes, approximately 25% over current levels, we have a number of greenfield projects.

Many of you will be familiar with the Centinela Mining District, where El Tesoro and Esperanza operate and where a significant amount of our longer-term reserves are held in further deposits. During 2013, the Board approved a change in approach to the development of the Esperanza Sur and Encuentro Sulphides projects combining them into a single project in order to improve returns, reduce the capital intensity of the project and provide greater flexibility as to how we could operate the plant. This project is currently at pre-feasibility stage as the team review the work previously done to develop the base case for the project.

Our other two major longer term growth projects are a further expansion of Los Pelambres and the development of Twin Metals. The proposed 'doubling' of Los Pelambres has been put on hold for now as we focus on our near and medium term opportunities.

Twin Metals, our project based in Minnesota, in the United States remains on track for completion of the pre-feasibility study during this year. The project has significant reserves and is a world class deposit in terms of size. It also faces technical and environmental challenges which we believe will be overcome, but not until at least the end of this decade. As regards generating future opportunities, the Group also has over 20 exploration earn-ins and strategic alliances with other mining companies around the world, which are early stage at the moment, but give us some encouragement that one or more may one day become mines.

The level of scrutiny applied by regulators, other decision-making bodies and third parties in Chile has increased considerably over recent years and Sustainability continues to be a fundamental component of our business strategy. The Sustainability and Stakeholder Management Committee continues to assist the Board in achieving high standards and fulfilling our environmental and social responsibilities. Through the actions we have taken over the last year, we have continued to ensure that our operations develop in a way that considers the needs and concerns of all our stakeholders, while seeking to address them in a sustainable way.

There are many projects underway across the Group which address key areas such as community engagement, environmental protection, emissions disclosure and water usage. Just this month Antofagasta Minerals was admitted to the ICMM (the International Council on Mining and Metals) having satisfied their entry requirements for sustainable behaviour and transparency. The ICMM's vision is for leading companies to work together, and with others, to strengthen the contribution of mining, minerals and metals to sustainable development and we are proud to be part of this initiative.

I would like to say a few words about the proposed tax changes in Chile. Earlier this year, following the presidential elections, Michelle Bachelet, was sworn back into government. As some of you will be familiar, the key focus of Sra Bachelet's government is education. This requires funding and this is expected to come from the collection of increased taxes. In April this year, a comprehensive tax reform bill was presented to the lower house of the Chilean National Congress proposing a number of changes and the lower house passed these last week and the bill is now progressing to the upper house.

The two main proposed changes that will impact Antofagasta are to corporation tax and withholding tax. The proposed changes to corporation tax would increase the current rate of 20% in increments to 25% by 2017 and for withholding tax the proposal is to keep the rate unchanged at 35%, but to move it to an accruals based system so that from 2017 onwards the effective withholdings tax rate would be an additional 10% on top of corporation tax bringing the total tax rate to 35%.

The tax reform bill is not expected to become law before September this year at the earliest, however, certain aspects of it, such as the first stage of the increase in corporation tax, will be retrospectively applied from 1 January 2014. It is possible that changes will be made that will have an impact on the Group and if this is the case we will communicate this to our stakeholders.

Our strategy remains unchanged. We invest in projects that generate good returns, irrespective of the stage of the commodity cycle. Our core assets form the foundation of our strategy, providing the cash flow and ability to develop organically and externally. The success of our operations is the focus of the day-to-day activities of the Group and it is upon this that we build for the future.

Looking to the remainder of 2014, we remain on track to meet our formal production guidance that we issued in January of this year of 700,000 tonnes of copper. We continue to work on reducing costs and further on enhancing the longer term prospects of the business. As I mentioned earlier, Antofagasta is now in a period of consolidation following several years of growth and this is the time to concentrate even harder on our internal structures and costs and to prepare for the next growth phase, which we expect in the next 2-3 years.

We believe that we are in the right metal and we don't plan to change our focus. Whilst the sector faces challenges in the short term, we remain one of the best positioned copper producers in terms of costs and exposure for when the market picks up and copper prices rise.

Antofagasta remains one of the world's largest copper producers. We have a high quality set of long-life assets, an experienced management team and a breadth of expertise at the Board level that can guide us through the coming years and ensure that we are ready for when the copper market recovers.

I would like to take this opportunity to thank all of the employees and contractors that work across the Group. Their effort and devotion have helped to make Antofagasta what it is today.

Later in the meeting, Mr Tim Baker, Chairman of the Remuneration and Talent Committee introduced the resolution two, to approve the Company's remuneration policy:

The Remuneration and Talent Committee had a very active 2013, overseeing a number of changes to the Group's compensation structure to align remuneration and talent with the Company's core strategy. This has included reviewing and standardising the Group's organisational model, normalising variable compensation to ensure that high levels of pay are only awarded for high performance and refining the long term incentive program for senior executives to ensure that the program remains relevant, flexible and motivating.

An important component of the Committee's work in 2013 was to develop a remuneration policy that is fair, in keeping with both the letter and the spirit of the new UK Remuneration regulations, and appropriate to the Company's board structure. Shareholders are being asked to support the remuneration policy today.

We are aware that there has been some concern regarding the level of flexibility provided for in remuneration policies across the FTSE 350, particularly within Companies' recruitment policies. We wanted to take this opportunity to reassure shareholders about the level and use of flexibility within our remuneration policy.

Our board structure has been stable since 2004, consisting of an advisory style board with an executive chairman and non-executive directors. Our recruitment policy has been drafted in this context. If the Company needs to recruit a new executive director, and given the fact that we are based in Chile, we believe that the Company should have flexibility to offer a remuneration package that is commensurate with those offered by our competitors to be able to recruit the right person. We are asking shareholders to support this discretion and the committee's judgment in using it in circumstances that would be exceptional.

As a Committee we will be monitoring and reviewing the remuneration policy over the policy period to ensure that it remains appropriate and relevant and considering any updates required when the policy is next brought to shareholders.

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