
**Bank of America
Merrill Lynch**

**2016 Global
Metals, Mining &
Steel Conference**

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Adviser to the Board



ANTOFAGASTA PLC

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Agenda



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Overview



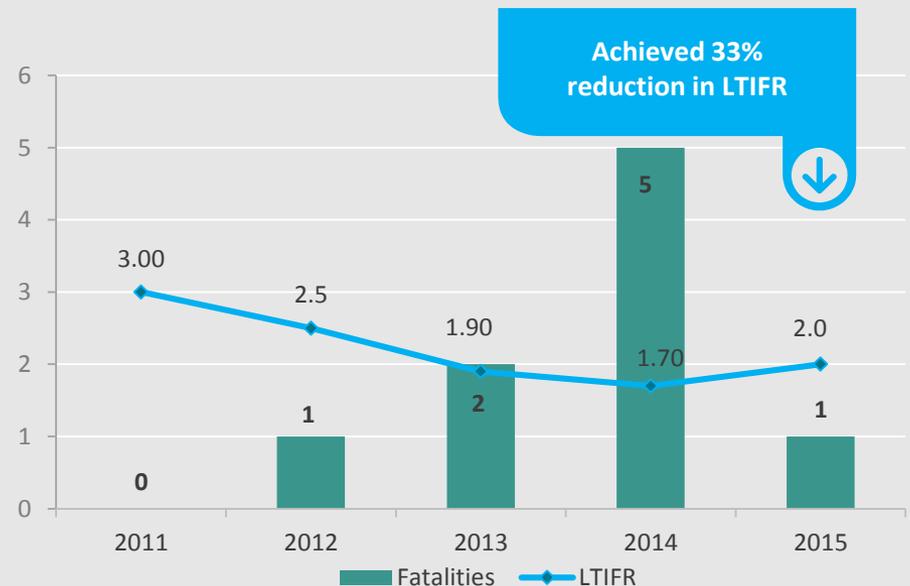
Safety First Culture

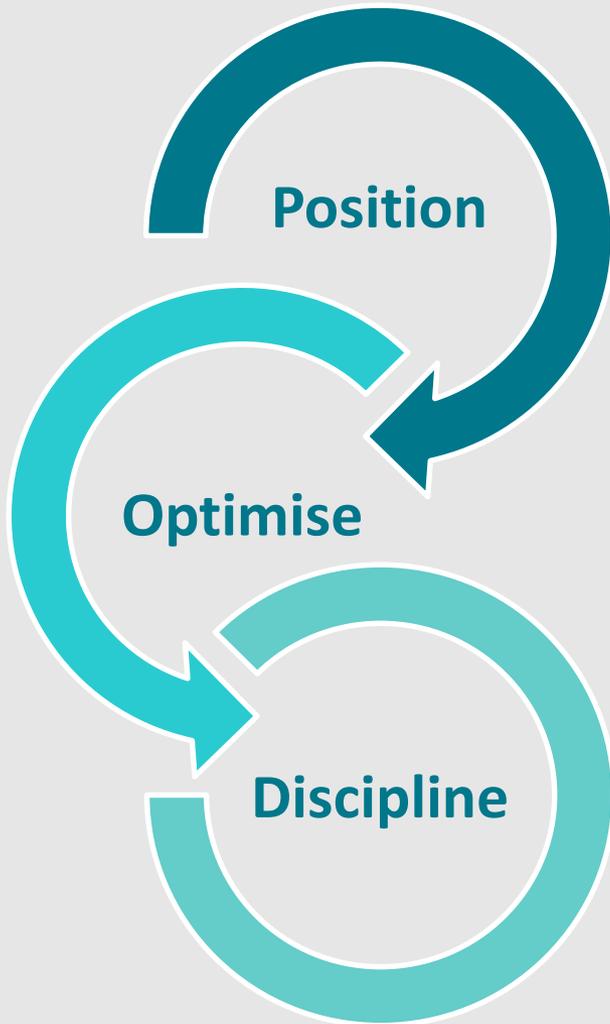
- Unacceptably, a fatality occurred at Antucoya in April 2016
- Committed to zero fatalities target
- 33% improvement in injury rate
- New safety and occupational health model being extended to contractors

Focus on:

- Early identification of key fatality and serious injury risks
- Reporting and investigating high-potential near misses
- On-the-ground senior safety leadership

Safety Performance





The Group's position in a challenging environment

- Strong balance sheet
- Competitive operating cost position
- Re-setting community engagement
- Managing timing of growth projects

Optimise our portfolio

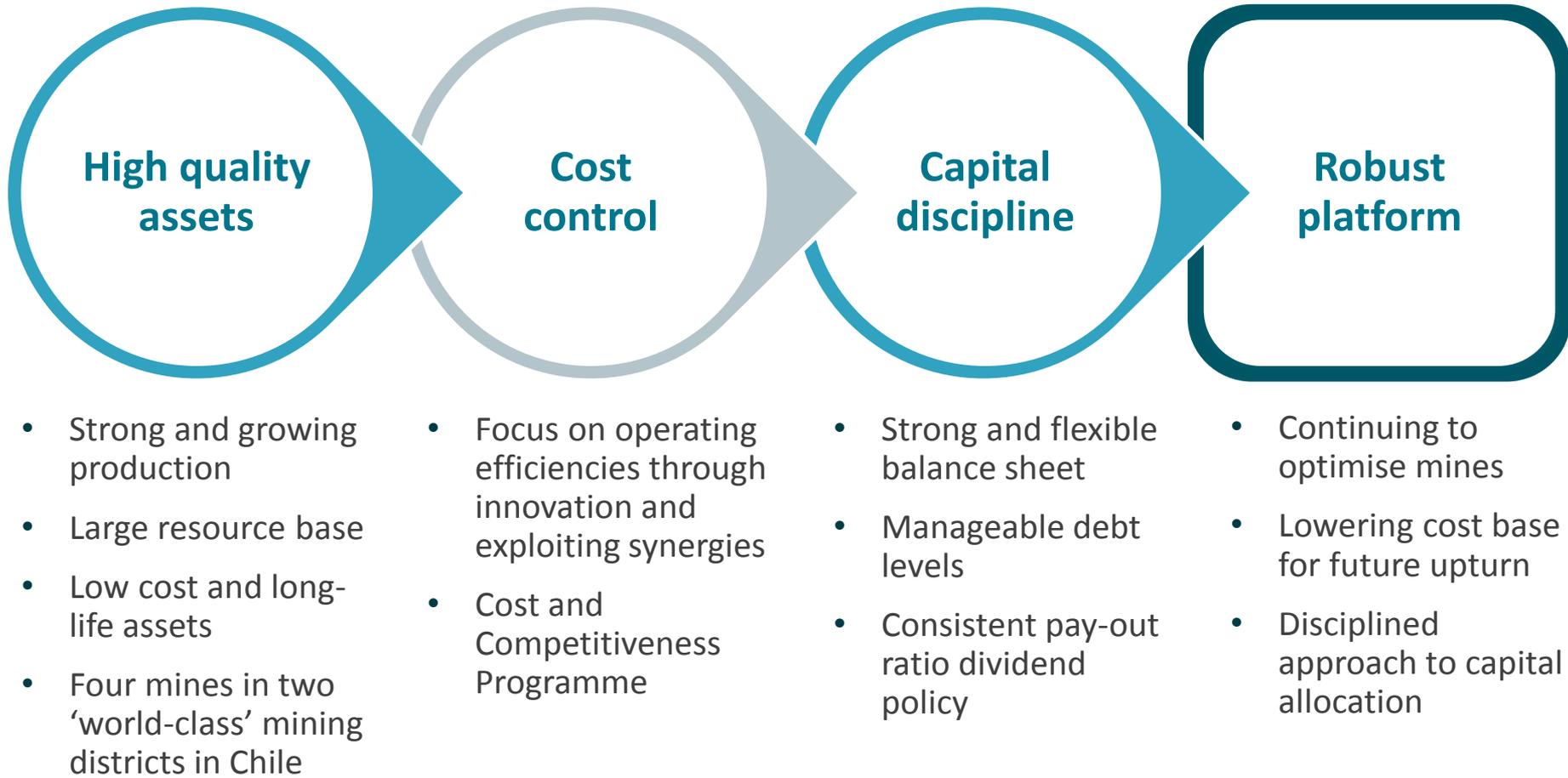
- Sale of water division
- Bring Antucoya to full production
- Purchase of TMM and stake in Zaldívar
- Closure of Michilla

Maintain our discipline and flexibility

- Cost control without increasing risk
- Reduce capital expenditure without compromising future growth

Investment Case

Responding to uncertain times

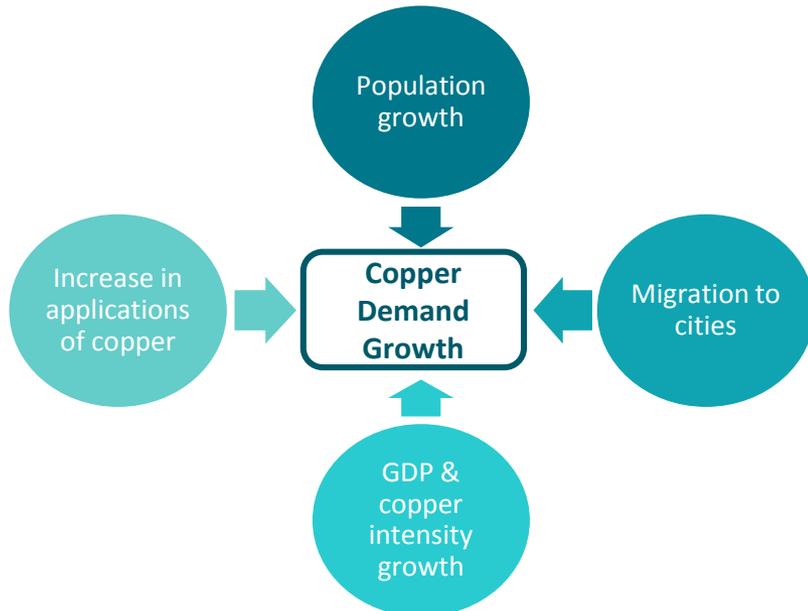


Creating value for shareholders



Copper market outlook

- Copper price recovered in the first quarter of the year, providing relief to higher cost producers
- Price remains under pressure as mine supply grows modestly
 - Small surpluses expected in 2016 and 2017
 - Market tightens from 2018 onwards
- Cost curve pushed down and flattened as producers cut costs
 - external factors (FX and oil) provide additional relief
- Optimistic in medium and long term, supported by copper fundamentals
- Copper demand growth drivers at all stages of economic development

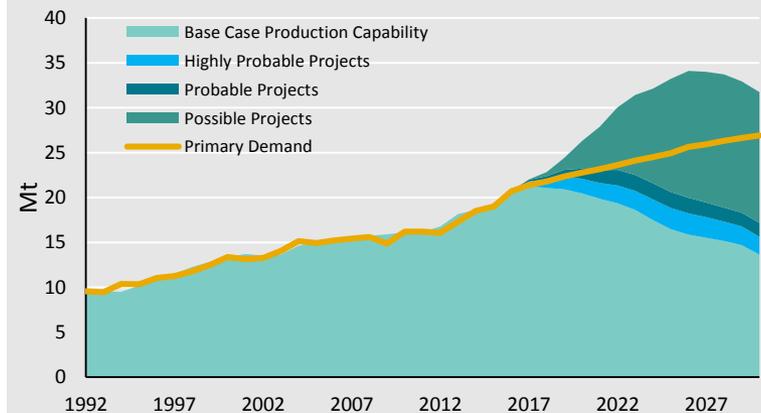


China

“New Normal” in China?

- Consumption led economy
- Slower sustained growth
- Investment in power grid
- Spending to support geopolitical ambitions
- One Belt, One Road
- Financial resources to prevent a hard landing

Global Supply and Demand



Source: Wood Mackenzie Q4 2015 Copper Outlook



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Operations review and growth opportunities



1 Existing core business

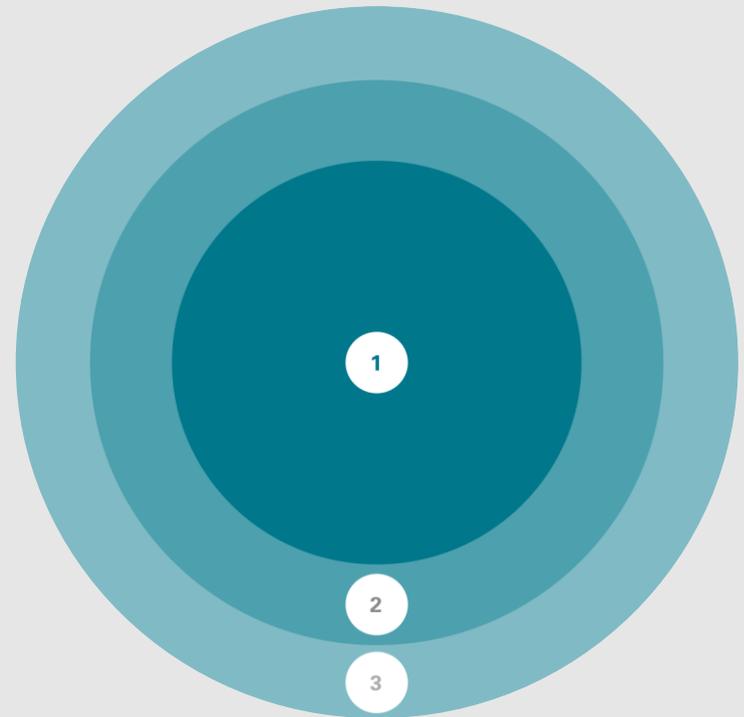
- Constant focus on cost management and compliance
- Delivery of production and cash cost guidance
- Continue to get the best possible performance from existing assets
- New proactive approach with community and other stakeholders

2 Organic & sustainable growth of the core business

- Complete Antucoya on budget
- Complete Centinela 105 ktpd expansion
- Progress Encuentro Oxides
- Advance Centinela Second Concentrator and Los Pelambres Incremental Expansion feasibility studies and advance permitting

3 Growth beyond the core business

- Progress international exploration activities
- Continue optimisation of Twin Metals Minnesota pre-feasibility study
- Monitor potential acquisition opportunities



Operations overview

Los Pelambres



2015	2016
363,200t Cu	355-365,000t Cu
C1 \$1.23/lb	C1 \$1.25

- Lower throughput due to harder ore zone of the mine
- Highest molybdenum production since 2012

Centinela



2015	2016
221,100t Cu	240-250,000t Cu
C1 \$1.85/lb	C1 \$1.30/lb

- Higher stripping in 2016
- Throughput expansions progressing

Zaldívar



2015 ⁽¹⁾	2016
4,400t Cu	50-55,000t Cu
C1 \$1.73	C1 \$1.80/lb

- Synergies and costs savings are materialising
- Task force in place to increase recoveries of leachable sulphides

Antucoya



2015	2016
12,200t Cu	60-65,000t Cu
n/a	C1 \$1.65/lb

- Commercial production achieved end of Q1 2016
- Completed project on budget

Group



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2015	2016
630,300t Cu	710-740,000t Cu
C1 \$1.50/lb	C1 \$1.35/lb

- Focus on reducing operating and capital costs
- Phased approach to project development
- Maintain capital discipline

Growth opportunities



1. Feasibility study figures
2. Estimated figures for the first five years
3. Being recalculated / reviewed
4. Pre-feasibility study figures
5. Including desalination plant

	Ramp-up
	Construction
	Feasibility study

Zaldívar acquisition

- 50% from Barrick for \$1.0 billion closed in Q4 2015,
- Antofagasta operator of the mine
- Rare opportunity to acquire good-quality copper asset in familiar jurisdiction
- Production growth as grade increases up to 40-50% with costs dropping to \$1.30-\$1.50/lb
- \$15-20 million of synergies and cost savings targeted
- Upside potential through improved recoveries and exploration
- Capital intensity of \$17,000/t annual production
- Highest quality acquisition available during this downturn

Zaldívar



Start of operation:
1998

Remaining mine life:
14 years

Reserves (P+P)⁽¹⁾:
455mt @ 0.55% Cu

	Q1 2016 ⁽²⁾	2016 ⁽²⁾
Copper production (t)	12,400	50-55,000
Cash costs (\$/lb)	1.59	1.80

1. As of 31 December 2015
2. Attributable production



Antucoya – ramp-up

Delivering growth on budget

- Commissioning issues in the crushing circuits caused delay in ramp-up
- Commercial production commenced in April 2016
- Reach design capacity by mid-2016
- Dust suppression systems completed by the end of the year



Antucoya



Start of operation:
Q3 2015

Remaining mine life:
18 years

Reserves (P+P)⁽¹⁾:
686.6mt @ 0.34% Cu

	2015	2016
Copper production (t)	12,200	65-75,000
Cash costs (\$/lb)	n/a	1.65



1. As of 31 December 2015

Centinela Mining District

Under construction

Centinela debottlenecking

- Debottlenecking concentrates plant to increase throughput to 105 ktpd
- Front-end completed in 2015
- Thickened tailings
- Installation of tailing thickeners in 2016

Molybdenum plant

- Construction underway
- Completion in 2017

Encuentro Oxides

- Next stage in development of Centinela District
- Revised construction time line to conserve cash
- Commence production in 2017
- 8-year mine life
- Provides feed for existing SX-EW plant
- Full production 50,000 tonnes of copper per annum



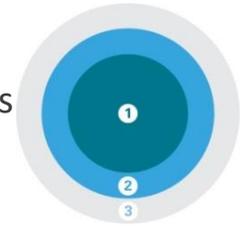
Centinela Mining District

Future development



Centinela Second Concentrator

- Planned 2nd concentrator 7 km from current facilities
- Two-phase growth:
 - Phase 1 - 90 ktpd throughput
 - Phase 2 - +50 ktpd throughput
- Annual production:
 - 140 kt copper
 - 150 koz gold
 - 3.0 kt molybdenum
- EIA approval expected in 2016
- Slowed feasibility study, focusing on critical path items
- Investment decision late 2017



Los Pelambres Incremental Expansion

Phased development

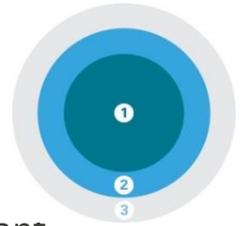


Phase 1

- Maximising throughput under existing permits
- Throughput expansion to 190 ktpd + desalination plant
- New grinding and flotation circuit to counter the increasing hardness of the ore
- Estimated capex of \$1.1 billion including desalination plant and water pipeline
- EIA submitted in April 2016
- Investment decision in late 2017

Phase 2

- Throughput expansion to 205 ktpd
- Mine life extension beyond 2037 with increases in capacity of tailings facility and waste rock dumps
- Repower conveyors from primary crusher to concentrator
- Estimated capex of \$500 million
- EIA submission in 2018

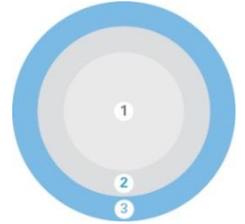


Further growth opportunities Beyond 2020



Twin Metals Minnesota Project

- 2.4 billion tonne resource containing copper, nickel and PGMs
- Optimising pre-feasibility study
- Consolidated ownership of project
- Advancing permitting process



Exploration and evaluation

- Chile and internationally
- Reduced exploration and evaluation as part of cost savings programme



Operating cost savings

2015 \$246m of savings achieved

2016 \$160m of savings targeted

Mine Site Costs

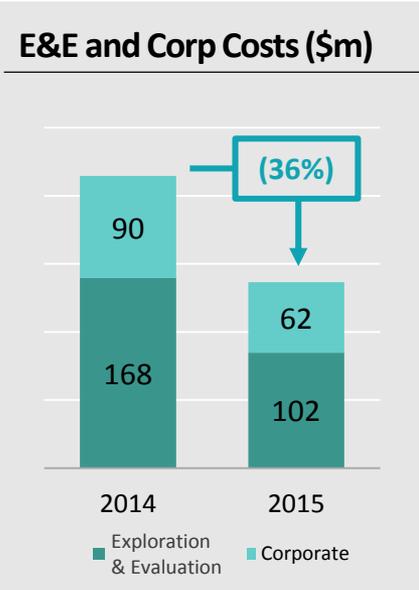
- \$152m (\$0.11/lb) of savings
- Cumulative savings of \$190m since start of CCP⁽¹⁾

Corporate Costs

- \$94m of Exploration & Evaluation, and Corporate Costs savings
- Cost control without increasing risk

Target Areas

- Additional \$160 million from mine site costs , +6% of 2015 costs, already included in 2016 guidance
- Target wider group of contractors for cost reduction
- Evaluating organisational structures and effectiveness




Services Productivity:

Improving productivity and quality of contracts while reducing costs



Operational & Maintenance Management

Improving performance of critical processes and standardising maintenance management



Corporate & Organisational Effectiveness

Reducing corporate costs and restructuring corporate functions

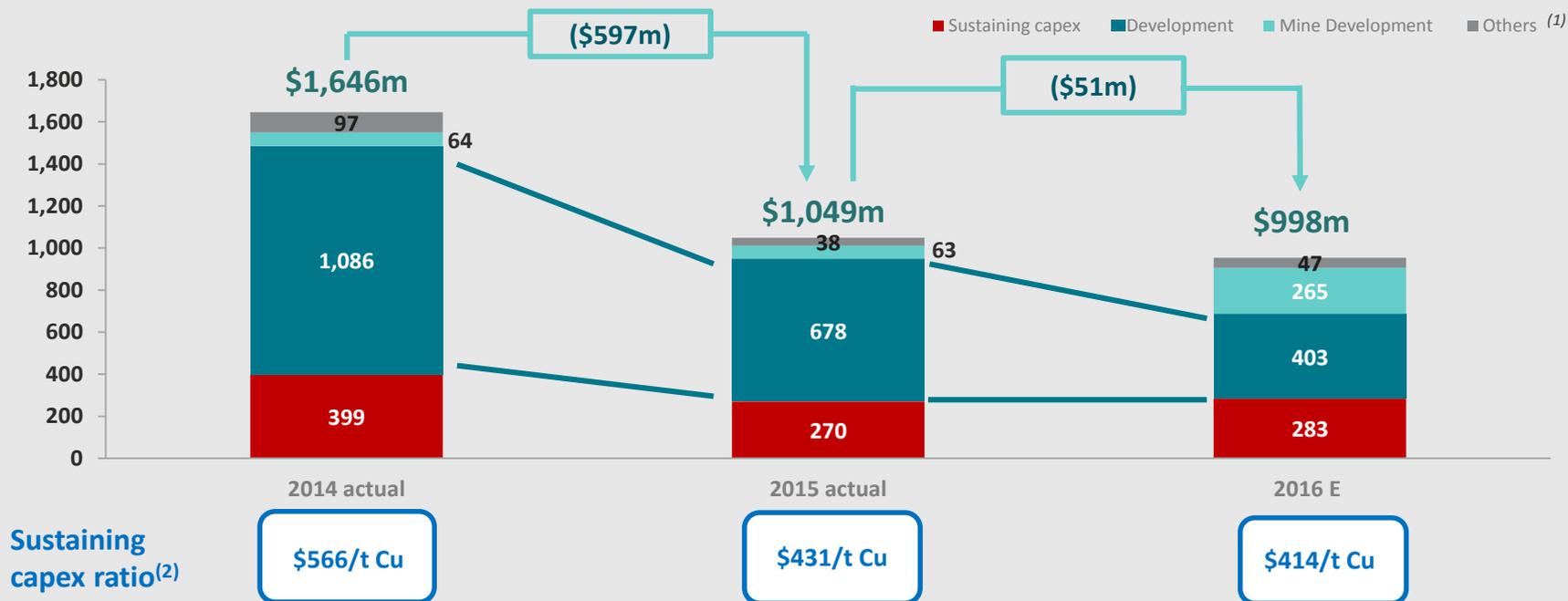


Energy Efficiency

Improving energy pricing and consumption efficiency

Capital expenditures

2014 -2016 (\$m)



- Slowing development projects under construction: Encuentro Oxides and the Molybdenum Plant
- Sustaining capex ratio steadily decreasing

Note: Figures are based on cash flow

1. Others include Transport Division, Water Division and Corporate

2. Sustaining Capex ratio does not include capex or production for Zaldívar

2015 Performance and Guidance



Production and cost improvements to offset another challenging year

Cu	Au	Mo	\$/lb
2015 Production 630,300 t	2015 Production 213,900 oz	2015 Production 10,100 t	2015 Net Cash Cost 1.50/lb
2016 Guidance 710,000 - 740,000 t	2016 Guidance 245,000- 275,000 oz	2016 Guidance 8,000 – 9,000 t	2016 Guidance 1.35/lb
+15%⁽¹⁾	+22%⁽¹⁾	(16)%⁽¹⁾	(10)%⁽¹⁾

1. Percentage change using mid-point of ranges

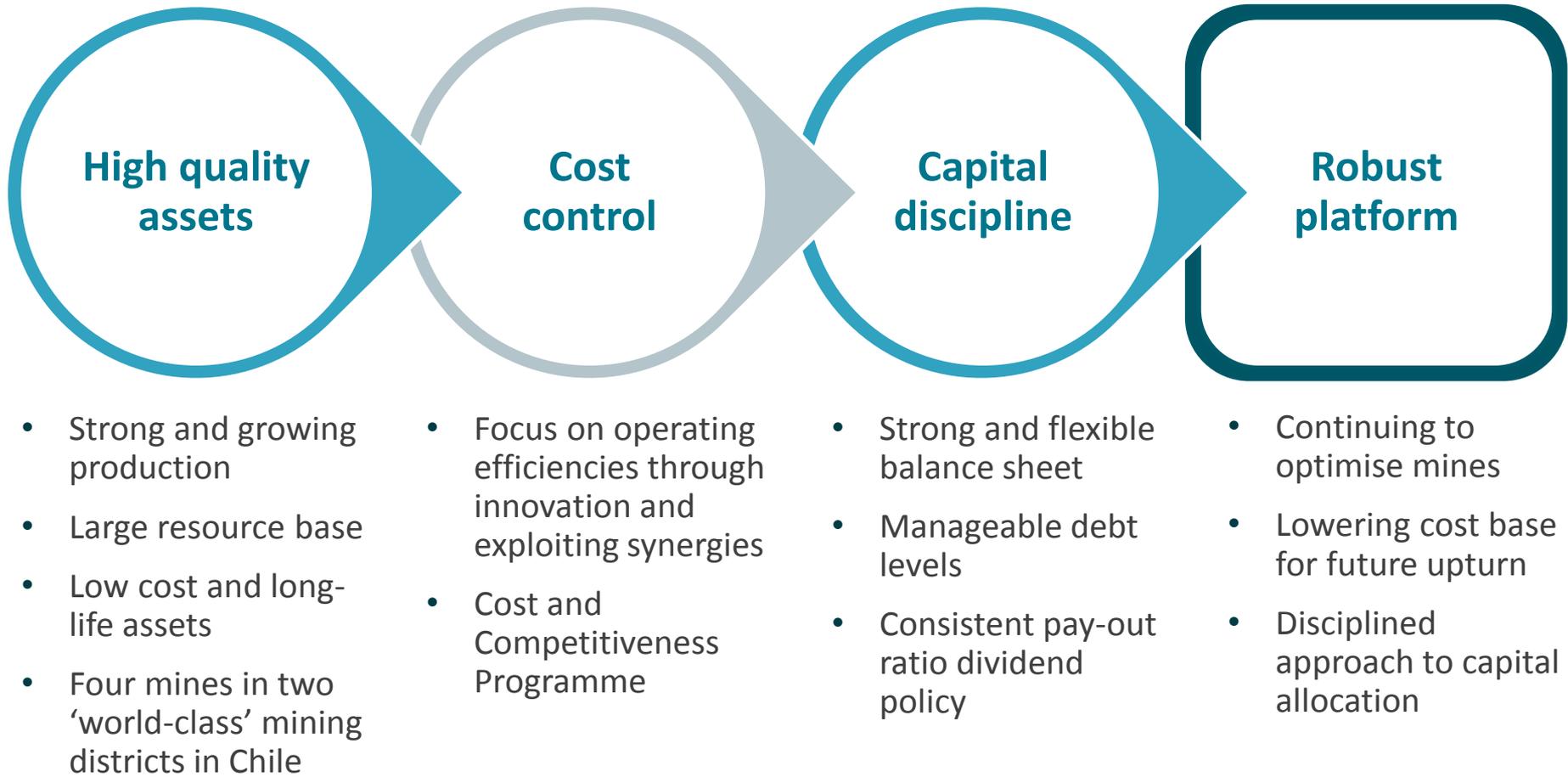


Investment case



Investment Case

Responding to uncertain times



Creating value for shareholders



Questions

