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Q3 2016 PRODUCTION REPORT

STRONG PRODUCTION GROWTH IN Q3 WITH ANTUCOYA ACHIEVING PRODUCTION CAPACITY

Antofagasta plc CEO, Iván Arriagada said, “Antofagasta has had a strong quarter, with copper production up 8.7% versus Q2 2016 and Antucoya reaching production capacity in August. Performance is expected to continue to improve during the final quarter of the year, with full year 2016 copper production expected to be close to the lower end of the original guidance range of 710,000 to 740,000 tonnes.

“Since becoming CEO I have continued to focus our efforts on reducing costs and improving operational efficiencies, and here again we are making good progress with net cash costs decreasing by 5.6% to \$1.18/lb. We now expect cash costs for the full year to be \$1.25/lb, 5c/lb lower than previously guided.

“As part of these efficiency programmes we have also reviewed our mine plans and wider operational activities to improve decision making and the accuracy of forecasting. This has involved a rigorous assessment of our plans with a focus on profitable tonnes and a higher level of certainty without compromising safety or operational standards. Following this review, production in 2017 is expected to be in the range of 685,000 to 720,000 tonnes.”

SUMMARY

PRODUCTION

- Copper production in Q3 2016 was 180,600 tonnes, 8.7% higher than in the previous quarter with Antucoya reaching full production in August
- Group copper production for the year to date of 503,900 tonnes was 9.4% higher than in the same period last year, primarily due to new production from Zaldívar and Antucoya, offset by the closure of Michilla at the end of 2015
- Gold production was 70,300 ounces in the quarter, a 33.1% increase on Q2 2016 largely due to higher gold grades at Centinela
- Molybdenum production at Los Pelambres was 1,900 tonnes in Q3 2016, compared to 1,600 tonnes in Q2 2016 with higher grades at Los Pelambres

CASH COSTS

- Cash costs before by-product credits in Q3 2016 were \$1.54/lb, 1.9% lower than in Q2 2016. This decrease mainly reflects the increase in production and further cost savings achieved through the Cost and Competitiveness Programme (CCP)
- Year to date cash costs before by-product credits at \$1.58/lb were 13.2% lower than the comparable period last year reflecting increased production and cost savings from the CCP
- Net cash costs were \$1.18/lb in Q3 2016, a 5.6% decrease compared with the previous quarter primarily due to lower cash costs before by-product credits and increased gold production and price
- Year to date net cash costs were \$1.23/lb, an 18.0% decrease compared to the same period in 2015 and 2.4% lower than in H1 2016

OTHER

- Following the announcement of a forecast 10-20% total cost overrun for the Alto Maipo hydroelectric project, combined with the expected significant decrease in long term energy prices in Chile resulting from the growing contribution of solar and wind power generation, Los Pelambres is reviewing its options with respect to the project and the potential impact on the carrying value of this investment
- Los Pelambres is working to address charges recently raised by the Chilean environmental authority (SMA). These charges are unrelated to previous court cases and water protests and the company is analysing various alternatives to resolve the situation
- Labour agreements with a term of three years have been successfully concluded with the workforce union at Antucoya and the supervisors unions at Los Pelambres and Zaldívar

GUIDANCE

- Production growth is expected to continue in Q4 2016 and guidance for the year is expected to be close to the lower end of the 710-740,000 tonnes range provided at the beginning of the year
- Production in 2017 is expected to be in the range of 685-720,000 tonnes reflecting the completion of the Centinela Concentrates throughput expansion and the first full year of production at Antucoya offset by a decline in grade at Centinela and lower throughput at Los Pelambres as it processes a higher proportion of hard ore
- Net cash costs guidance for 2016 is lowered from \$1.30/lb to \$1.25/lb
- Capital expenditure for the current year and 2017 is expected to be below \$900 million in both years

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q3	Q2	
		2016	2015	%	2016	2016	%
Copper production ⁽¹⁾	kt	503.9	460.4	9.4	180.6	166.2	8.7
Copper sales ⁽²⁾	kt	491.7	455.6	7.9	182.3	155.2	17.5
Gold production	koz	179.7	158.2	13.6	70.3	52.8	33.1
Molybdenum production	kt	5.2	7.3	(28.8)	1.9	1.6	18.8
Cash costs before by-product credits ⁽³⁾	\$/lb	1.58	1.82	(13.2)	1.54	1.57	(1.9)
Net cash costs ⁽³⁾	\$/lb	1.23	1.50	(18.0)	1.18	1.25	(5.6)

(1) Includes pre-commercial production at Antucoya of 12,700 tonnes, which is not included in unit cost calculations

(2) Includes pre-commercial production sales at Antucoya of 11,800 tonnes

(3) 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

This announcement contains inside information.

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MINING OPERATIONS

Los Pelambres

Los Pelambres produced 87,200 tonnes of copper in Q3 2016 compared with 89,800 tonnes in the previous quarter. This decrease is mainly due to lower grades and recoveries during the quarter, partly offset by higher throughput. During the first nine months of the year, copper production at Los Pelambres was 259,300 tonnes, 2.4% lower than the same period last year. This decrease was due to lower throughput as harder ore becomes a bigger component of the feed to the processing facilities.

Sales of copper were lower than production in Q3 2016 as unfavourable weather conditions disrupted shipments of concentrate at the quarter end. Shipments have since returned to normal.

Molybdenum production was 18.8% higher at 1,900 tonnes in Q3 2016 compared to the previous quarter, primarily due to higher throughput and grade. During the first nine months of the year 5,200 tonnes of molybdenum were produced, compared to 7,300 tonnes in 2015 due to lower grade and recovery.

Cash costs before by-product credits in Q3 2016 were \$1.43/lb, compared with \$1.33/lb in the previous quarter. This increase was principally due to lower production and the stronger peso. Compared with the first nine months of last year, cash costs before by-product credits at \$1.36/lb were 11.7% lower than in 2015.

Net cash costs in Q3 2016 at \$1.08/lb were 8.0% higher than in the previous quarter, reflecting the increase in cash costs before by-product credits. For the first nine months of the year net cash costs were down 17.5% to \$1.04/lb due to lower cash costs before by-product credits, as explained above, and higher realised by-product prices.

LOS PELAMBRES		Year to date			Q3	Q2	
		2016	2015	%	2016	2016	%
Daily ore throughput	kt	153.8	167.5	(8.2)	158.1	155.8	1.5
Copper grade	%	0.70	0.70	-	0.70	0.73	(4.1)
Copper recovery	%	89.1	87.5	1.8	88.6	89.6	(1.1)
Copper production	kt	259.3	265.6	(2.4)	87.2	89.8	(2.9)
Copper sales	kt	254.2	262.2	(3.1)	80.6	90.2	(10.6)
Molybdenum grade	%	0.016	0.020	(20.0)	0.016	0.015	6.7
Molybdenum recovery	%	78.6	81.8	(3.9)	79.0	80.3	(1.6)
Molybdenum production	kt	5.2	7.3	(28.8)	1.9	1.6	18.8
Molybdenum sales	kt	5.4	7.0	(22.9)	2.3	1.3	76.9
Gold production	koz	43.1	35.5	21.4	14.2	14.8	(4.1)
Gold sales	koz	47.1	36.1	30.5	14.5	16.9	(14.2)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.36	1.54	(11.7)	1.43	1.33	7.5
Net cash costs ⁽¹⁾	\$/lb	1.04	1.26	(17.5)	1.08	1.00	8.0

(1) Includes tolling charges of \$0.27/lb in Q3 2016, \$0.26/lb in Q2 2016, \$0.27/lb in 2016 YTD and 0.27/lb in 2015 YTD

After the period end Los Pelambres received notification of various charges against it from the Chilean environmental authority (SMA). Los Pelambres remains committed to full compliance and is working to address these charges, some of which have been under discussion for several years. The charges do not relate to the court cases that were resolved earlier this year or to the protests about water availability last year. The company is analysing various alternatives and is confident that it can resolve the situation in a manner

acceptable to the SMA. Furthermore, the likelihood of the mine having to be closed, even temporarily, as a consequence of the charges is regarded as extremely low, as is the imposition of any significant fines.

Los Pelambres annually spends some \$40 million a year on sustainability.

Centinela

Total copper production at Centinela was 62,000 tonnes in Q3 2016, 28.4% higher than in the previous quarter due to higher production of copper in concentrates and higher cathode production.

Production of copper in concentrates in Q3 2016 at 47,700 tonnes was 32.5% higher than in the previous quarter primarily due to significantly higher grades, higher throughput and improved recoveries. Copper in concentrates in the first nine months of the year was 9.6% higher compared to the same period last year, with 120,900 tonnes produced, as higher throughput and recoveries more than offset the decline in grade. In the short term grades are expected to increase during Q4 2016 as mining moves to a higher grade zone, before falling lower in 2017.

Sales of copper concentrate were significantly higher in Q3 2016 than production as stocks, which had accumulated at the port as a result of poor weather at the end of June, were shipped in July.

Cathode production in Q3 2016 was 14,300 tonnes, a 15.3% increase on the 12,400 tonnes produced in Q2 2016 largely as a result of increased throughput as restrictions in the reclamation system eased in the quarter. Higher grades at 0.82%, together with improved recoveries also contributed to the increase in production.

Compared with the same period last year, cathode production during 2016 was 33.0% lower as grades declined in line with expectations as mining moved into the lower grade zones of the Tesoro Noreste and Tesoro Central pits.

Gold production was 56,100 ounces in Q3 2016, 18,100 ounces higher than in the previous quarter primarily due to an increase in grade, as well as higher throughput and recoveries.

Cash costs before by-product credits were \$1.63/lb in Q3 2016 compared with \$1.98/lb in the previous quarter. This 17.7% decrease in costs was mainly due to higher production during the quarter.

In the first nine months of the year cash costs before by-product credits were \$1.89/lb, 14.1% lower than the same period last year, as progress on the cost reduction programme continues and the company benefits from lower consumables' prices and favourable exchange rates offsetting declines in grade at both Centinela Concentrates and Centinela Cathodes.

Net cash costs in Q3 2016 were \$1.05/lb, compared to \$1.49/lb in Q2 2016, with significantly higher gold production and an improved realised price. During the first nine months of the year net cash costs were \$1.35/lb compared to \$1.78/lb due to higher realised gold prices and higher gold production.

Following the quarter end, major maintenance was conducted at the concentrator plant in the first week of October. A fault was detected with the SAG mill motor which led to the mill being shut down for an additional five days impacting production by some 3,000 tonnes.

CENTINELA		Year to date			Q3	Q2	
		2016	2015	%	2016	2016	%
CONCENTRATES							
Daily ore throughput	kt	90.9	81.2	11.9	92.2	88.5	4.2
Copper grade	%	0.57	0.61	(6.6)	0.65	0.54	20.4
Copper recovery	%	87.2	86.4	0.9	88.5	87.1	1.6
Copper production	kt	120.9	110.3	9.6	47.7	36.0	32.5
Copper sales	kt	115.2	110.2	4.5	55.8	25.8	116.3
Gold grade	g/t	0.24	0.25	(4.0)	0.29	0.22	31.8
Gold recovery	%	72.7	73.7	(1.4)	73.0	69.2	5.5
Gold production	koz	136.6	122.7	11.3	56.1	38.0	47.6
Gold sales	koz	133.3	125.2	6.5	68.8	26.9	155.8
CATHODES							
Daily ore throughput	kt	21.5	25.5	(15.7)	23.4	19.3	21.2
Copper grade	%	0.78	1.03	(24.3)	0.82	0.76	7.9
Copper recovery	%	69.8	68.7	1.6	74.2	72.9	1.8
Copper production – heap leach	kt	33.1	50.1	(33.9)	12.4	10.2	21.6
Copper production – total ⁽¹⁾	kt	39.3	58.7	(33.0)	14.3	12.4	15.3
Copper sales	kt	38.4	59.0	(34.9)	14.5	10.9	33.0
Total copper production	kt	160.2	169.0	(5.2)	62.0	48.3	28.4
Cash costs before by-product credits⁽²⁾	\$/lb	1.89	2.20	(14.1)	1.63	1.98	(17.7)
Net cash costs⁽²⁾	\$/lb	1.35	1.78	(24.2)	1.05	1.49	(29.5)

(1) Includes production from ROM material

(2) Includes tolling charges for copper in concentrates of \$0.21/lb in Q3 2016, \$0.21/lb in Q2 2016, \$0.22/lb in 2016 YTD and \$0.20/lb 2015 YTD

Antucoya

The plant achieved production capacity in August. Improvements to the dust suppression systems have been implemented in the primary crusher during the quarter with positive results, and will be installed in the secondary crusher by the end of October 2016.

Copper production at Antucoya was 19,400 tonnes in Q3 2016, 34.7% higher than in the previous quarter due to higher grades, throughput and recoveries. During the quarter the cash costs were \$1.68/lb, compared to \$1.82/lb in Q2 2016, which reflects the ramp-up of the operation to full production capacity.

ANTUCOYA		Year to date			Q3	Q2	
		2016	2015	%	2016	2016	%
Daily ore throughput	kt	62.8	-	-	69.7	64.9	7.4
Copper grade	%	0.40	-	-	0.43	0.35	22.9
Copper recovery	%	70.6	-	-	71.9	68.2	5.4
Copper production	kt	46.4	-	-	19.4	14.4	34.7
Copper sales	kt	45.5	-	-	19.6	14.2	38.0
Cash costs ⁽¹⁾	\$/lb	1.74	-	-	1.68	1.82	(7.7)

(1) Cash costs from Q2 2016 onwards following commercial production being reached on 1 April 2016

Zaldívar

The Group's share of copper production at Zaldívar was 12,000 tonnes in Q3 2016, compared with 13,600 tonnes in Q2 2016 as lower throughput was partly offset by higher grade and higher recoveries. Copper production for the first nine months of the year was 38,000 tonnes.

Cash costs increased to \$1.73/lb in Q3 2016 compared with \$1.42/lb in the previous quarter primarily due to lower copper production. Cash costs for the first nine months of 2016 were \$1.58/lb.

ZALDÍVAR		Year to date			Q3	Q2	
		2016	2015	%	2016	2016	
Daily ore throughput	kt	46.5	-	-	45.2	49.7	(9.1)
Copper grade	%	0.60	-	-	0.62	0.55	12.7
Copper recovery	%	67.5	-	-	70.4	69.4	1.4
Copper production – heap leach ⁽¹⁾	kt	26.7	-	-	8.5	10.0	(15.0)
Copper production – total ^(1, 2)	kt	38.0	-	-	12.0	13.6	(11.8)
Copper sales ⁽¹⁾	kt	37.5	-	-	11.9	14.0	(15.0)
Cash costs	\$/lb	1.58	-	-	1.73	1.42	21.8

(1) Group's 50% share

(2) Includes production from secondary leaching

Transport

Total volumes transported by the division were 1.6 million tonnes in Q3 2016, slightly lower than in the previous quarter. Total volumes for the year to date were 4.9 million tonnes, 13.2% higher than in the same period last year due to additional demand from customers, which has been accommodated through the improved performance of the rolling stock fleet and better utilisation of the truck fleet.

		Year to date			Q3	Q2	
		2016	2015	%	2016	2016	
Rail	kt	4,043	3,516	15.0	1,318	1,357	(2.9)
Road	kt	907	855	6.1	313	292	7.2
Total tonnage transported	kt	4,949	4,371	13.2	1,630	1,649	(1.2)

Depreciation, amortisation and tax

The effective tax rate for the year is expected to be 40-45%, and depreciation and amortisation for the full year is expected to be similar to 2015 (\$576 million).

Commodity prices and exchange rates

		Year to date			Q3	Q2	
		2016	2015	%	2016	2016	%
Copper							
Market price	\$/lb	2.14	2.59	(17.2)	2.17	2.15	0.9
Realised price	\$/lb	2.18	2.39	(8.8)	2.18	2.08	4.8
Gold							
Market price	\$/oz	1,258	1,179	6.7	1,335	1,259	6.0
Realised price	\$/oz	1,300	1,183	10.0	1,315	1,255	4.8
Molybdenum							
Market price	\$/lb	6.4	7.3	(11.4)	7.0	7.0	-
Realised price	\$/lb	7.3	6.2	17.8	7.2	10.3	(30.1)
Exchange rates							
Chilean peso	per \$	681	621	9.6	662	678	(2.4)

The spot commodity prices for copper, gold and molybdenum as at 30 September 2016 were \$2.20/lb, \$1,316/oz and \$6.71/lb respectively compared with \$2.20/lb, \$1,322/oz and \$7.5/lb as at 30 June 2016 and \$2.35/lb, \$1,115oz and \$5.30/lb as at 30 September 2015.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were positive \$4.4 million, negative \$2.6 million and negative \$1.2 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the first nine months of the year were positive \$25.4 million, \$3.6 million and \$9.2 million respectively.