

Antofagasta plc
Audit and Risk Committee
Terms of Reference
(Revised and adopted on 22 August 2011)

1. The Audit and Risk Committee comprises Independent Non-Executive Directors of the Company, to be selected by the Board on the recommendation of the Nomination Committee and in consultation with the chairman of the Audit and Risk Committee, and shall consist of no fewer than three members. At least one member of the Audit and Risk Committee should have recent and relevant financial experience. The Nomination Committee must from time to time review the composition of the Audit and Risk Committee. Each Audit and Risk Committee member shall be appointed for an initial period of up to three years, which may be extended for further periods of up to three years each. The Chairman of the Company shall not be a member of the Audit and Risk Committee.
2. The chairman of the Audit and Risk Committee must be appointed by the Board.
3. The secretary to the Audit and Risk Committee may be selected from time to time from among those present at a meeting, but shall otherwise be the Chief Financial Officer (UK).
4. Meetings should be held at least three times a year. The external auditors may request a meeting if they consider one is necessary. Accordingly, the secretary to the Audit and Risk Committee shall call meetings of the Audit and Risk Committee at least three times annually at appropriate times during the Company's financial reporting cycle and at any other time(s) on the request of any member of the Audit and Risk Committee or the external auditors. The secretary shall circulate the papers for Audit and Risk Committee meetings in good time before each meeting to allow members of the Audit and Risk Committee and, if attending, the external auditors to properly consider their contents.
5. The quorum for meetings of the Audit and Risk Committee is any two of its members.
6. Individuals other than members of the Audit and Risk Committee, including officers of the Company's group and the external auditors, should attend meetings when requested by the Audit and Risk Committee. In normal circumstances, the external auditors should be invited to attend Audit and Risk Committee meetings on a regular basis.
7. The Audit and Risk Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit and Risk Committee.
8. The Audit and Risk Committee is authorised by the Board, at the expense of the Company, to obtain outside legal, accounting or other independent professional advice and to secure the attendance of outsiders with relevant experience or expertise if it considers necessary.
9. The duties of the Audit and Risk Committee are:

External Audit

- 9.1 to consider and make recommendations to the Board in relation to the appointment of the external auditor and any questions of resignation or dismissal, and to approve the audit fee and terms of engagement of the external auditor;

- 9.2 to review and monitor the external auditor's independence, and the objectivity and effectiveness of the audit process taking into consideration relevant UK professional and regulatory requirements;
- 9.3 to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, to consider whether such non-audit services affect the independence of the external auditor, and to report to the Board any matters in respect of which it considers action or improvement necessary and to recommend any steps to be taken;
- 9.4 to discuss with the external auditor, without the presence of senior management, before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- 9.5 to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary); and
- 9.6 to review the external auditor's management letter and management response and any representation letter requested by the external auditor.

Financial Reporting

- 9.7 to review the half-year and preliminary announcements and annual financial statements and (as appropriate) any other financial announcements before submission to the Board, focusing particularly on:
 - (i) the overall integrity of the financial statements of the Company;
 - (ii) any changes in accounting policies and practices;
 - (iii) significant financial reporting judgments;
 - (iv) significant adjustments resulting from the audit;
 - (v) the going concern assumption;
 - (vi) the clarity and completeness of the Company's published financial information;
 - (vii) compliance with accounting standards; and
 - (viii) compliance with UKLA and legal requirements;

Risk Management & Internal Audit

- 9.8 to monitor and review the effectiveness of the internal audit function;
- 9.9 to approve the appointment and removal of the Vice-President of Risk and Audit;
- 9.10 to review the Company's internal control and risk management systems, including meeting at least once annually with the Vice-President of Risk and Audit without senior management present, to discuss the internal audit, control and risk management functions (other than in relation to those matters for which the Audit and Risk Committee is responsible), and to review the Company's statement on internal control prior to endorsement by the Board;

- 9.11 to review the major risks facing the Company's group and the steps taken to manage those risks, and to report on these matters to the Board;
- 9.12 to review arrangements whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
- 9.13 to review the Company's procedures for detecting fraud and corruption and monitor reporting of fraud and improper acts;
- 9.14 to review the Company's systems and controls for the prevention, detection, reporting and investigation of bribery and receive management reports on non-compliance;

General

- 9.15 to comply with the principles and provisions of the UK Corporate Governance Code (as amended from time to time) on corporate reporting, risk management, internal control and audit, or explain why it is justified for the Company not to do so; and
 - 9.16 to consider other matters as referred to the Audit and Risk Committee by the Board.
- 10. The Audit and Risk Committee chairman must report to the Board after each meeting on the matters within the competence of the Audit and Risk Committee.
 - 11. The Audit and Risk Committee shall produce an annual report about its activities which will form part of the Company's annual report.
 - 12. The Audit and Risk Committee chairman should attend the Company's annual general meeting to answer any shareholder questions on the Audit and Risk Committee's activities.
 - 13. The Audit and Risk Committee shall review its own performance, composition, constitution and terms of reference at least annually, and recommend any changes to the Board.
 - 14. The minutes of any meetings of the Audit and Risk Committee, to be taken by the secretary, should be circulated to all members of the Board (excluding such members of the Board who have a conflict of interest in respect of the matters covered by the minutes).