

NEWS RELEASE, 27 JANUARY 2016

## Q4 2015 PRODUCTION REPORT STRONGEST QUARTER OF 2015

Antofagasta plc CEO, Diego Hernández said:

“We have finished the year strongly with our best quarter of the year. Copper and molybdenum production were up against Q3 and gold production was 22% higher. Our production benefited from an improved performance at Los Pelambres and Centinela, and the addition of new production from Antucoya and Zaldívar. As production rose we kept a tight grip on our costs, with net cash costs for the quarter falling to \$1.38/lb, down 2.8% against Q3.

“Whilst we have finished the year on a good note, 2015 has been undeniably difficult. The continued deterioration of the macro-environment and associated falling commodity prices combined with several operational set-backs resulted in copper production declining 11% year-on-year and cash costs before by-product credits declining by 1% to \$1.81/lb. Although we achieved significant savings during the year and benefited from the weaker Chilean Peso and falling energy and diesel prices, this was outweighed by our lower production.

“Looking to 2016, we are focused on operational excellence and improving productivity across all our mines in order to continue to maintain a tight control on costs. We will benefit from growth at Antucoya and Centinela Concentrates and we will have a full year of production from our share of Zaldívar. With this focus on our operations, we expect the Group’s total copper production for 2016 to be in the range of 710,000 and 740,000 tonnes at a net cash cost of \$1.35/lb.”

### HIGHLIGHTS

#### PRODUCTION

- Copper production in Q4 2015 was 169,900 tonnes, 8.2% higher than Q3 2015. This increase was primarily driven by higher production at Los Pelambres and Centinela Concentrates and the contribution from Antucoya and Zaldívar.
- Group copper production for the full year of 630,300 tonnes was 10.6% lower than in 2014, primarily due to lower production at Los Pelambres and Centinela.
- Gold production was 55,700 ounces in Q4 2015, a 21.8% increase on Q3 2015 as grades increased at Centinela.
- Gold production for the year was 213,900 ounces compared to 270,900 in 2014, mainly reflecting lower grades at Centinela in the second half of the year.
- Molybdenum production at Los Pelambres was 10,100 tonnes in 2015, compared to 7,900 tonnes in 2014, as a new, higher grade phase of the pit was mined.

#### CASH COSTS

- Cash costs before by-product credits in Q4 2015 were \$1.65/lb, 1.2% less than in Q3 2015.
- Cash costs before by-product credits for the year were \$1.81/lb, 1.1% lower than last year as the benefit of the weaker Chilean Peso and lower input prices were offset by lower throughputs.
- Net cash costs were \$1.38/lb in Q4 2015, a 2.8% decrease compared with the previous quarter primarily due to higher gold and molybdenum production offset by lower realised prices.

- Net cash costs for 2015 were \$1.50/lb, 4.9% higher than the same period last year as lower realised by-product prices and lower gold production outweighed the lower cash costs before by-product credits.

## 2016 GUIDANCE

- Group production in 2016 is expected in the range of 710-740,000 tonnes of copper, 245-275,000 ounces of gold and 8-9,000 tonnes of molybdenum.
- Group cash cost before by-product credits in 2016 are expected to reduce by nearly 9% compared to 2015 to \$1.65/lb and net cash cost to fall by 10% to \$1.35/lb as production increases and further savings are achieved.

## OTHER

- As previously announced, on 1 December 2015 the Group completed the acquisition of a 50% controlling interest in the Zaldívar copper mine in Chile from Barrick Gold Corporation.

GROUP PRODUCTION AND CASH COSTS		Q4	Q3	%	Full Year		
		2015	2015		2015	2014	%
Copper production <sup>(1)</sup>	kt	169.9	157.0	8.2	630.3	704.8	(10.6)
Gold production	koz	55.7	45.7	21.9	213.9	270.9	(21.0)
Molybdenum production	kt	2.8	2.6	7.7	10.1	7.9	27.8
Cash costs before by-product credits	\$/lb	1.65	1.67	(1.2)	1.81	1.83	(1.1)
Net cash costs	\$/lb	1.38	1.42	(2.8)	1.50	1.43	4.9

*(1) Copper production tonnage includes pre-commercial production at Antucoya of 10,000 tonnes in Q4 2015 and 2,200 tonnes in Q3 2015, which are not included in unit costs, and 4,400 tonnes of attributable production from Zaldívar.*

## MINING OPERATIONS

### Los Pelambres

Los Pelambres produced 97,600 tonnes of copper in Q4 2015 compared with 96,200 tonnes in the previous quarter. This increase is mainly due to slightly higher throughput rates. In the full year 2015, copper production decreased by 7.2% compared with last year. This decrease was primarily due to lower throughput in the first quarter as a result of the community protests as well as the higher proportion of harder ore being processed during 2015 which also affected recoveries.

Molybdenum production was 2,800 tonnes in Q4 2015 compared to 2,600 tonnes in Q3 2015. This increase was due to a slightly higher grade and processing of inventory during the quarter, offset by lower recoveries. Production for the year of 10,100 tonnes was the highest since 2012 and a 27.8% increase on 2014 as a new, higher grade area of the pit was mined.

Cash costs before by-product credits in Q4 2015 were \$1.40/lb, compared with \$1.32/lb in the previous quarter. This increase was principally due to increased maintenance and services costs in the quarter and greater mine movements. For the full year, cash costs before by-product credits at \$1.50/lb were 3.8% lower than in 2014, primarily due to lower input prices such as energy and diesel. For the full year energy costs were \$116/MWh (including transmission and other costs), compared with \$149/MWh in 2014.

Net cash costs in Q4 2015 at \$1.15/lb were 6.5% higher than in the previous quarter, again reflecting higher maintenance and services costs in the quarter partly offset by increased copper, gold and molybdenum production.

Net cash costs for the full year 2015 were \$1.23/lb compared with \$1.18/lb in 2014. This increase is mainly due to lower gold production and lower realised molybdenum prices, which almost halved.

LOS PELAMBRES		Q4	Q3		Full Year		
		2015	2015	%	2015	2014	%
Daily ore throughput	kt	170.2	169.7	0.3	168.2	176.3	(4.6)
Copper grade	%	0.72	0.72	0.0	0.70	0.70	0.0
Copper recovery	%	89.3	89.2	0.1	87.9	89.4	(1.7)
Copper production	kt	97.6	96.2	1.5	363.2	391.3	(7.2)
Copper sales	kt	103.8	98.9	5.0	366.0	386.0	(5.2)
Molybdenum grade	%	0.022	0.022	0.0	0.021	0.015	40.0
Molybdenum recovery	%	76.6	83.8	(8.6)	80.4	83.8	(4.1)
Molybdenum production	kt	2.8	2.6	7.7	10.1	7.9	27.8
Molybdenum sales	kt	2.8	2.6	7.7	9.9	8.2	20.7
Gold production	koz	15.9	13.2	20.5	51.4	66.5	(22.7)
Gold sales	koz	17.3	13.6	27.2	53.4	63.8	(16.3)
Cash costs before by-product credits <sup>(1)</sup>	\$/lb	1.40	1.32	6.1	1.50	1.56	(3.8)
Net cash costs <sup>(1)</sup>	\$/lb	1.15	1.08	6.5	1.23	1.18	4.2

*(1) Includes tolling charges of \$0.26/lb in Q4 2015, \$0.28/lb in Q3 2015, \$0.27/lb in FY 2015 and \$0.21/lb in FY 2014*

## Centinela

Total Q4 2015 copper production at Centinela was 52,100 tonnes, 2.8% higher than in the previous quarter due to higher production of copper in concentrate, partly offset by lower cathode production. Total production for the full year 2015 was 17.1% lower than in 2014 primarily as a result of lower grades and recoveries.

Production of copper in concentrate was 34,900 tonnes in Q4 2015, compared with 31,900 tonnes in the previous quarter primarily due to significantly higher throughput offset by lower grades and recoveries. The new secondary and tertiary crushers operated for periods at full capacity during the quarter having been delayed by the heavy rainfall earlier in the year.

Copper in concentrate production for the full year was 16.0% lower year-on-year mainly reflecting grades falling from 0.65% to 0.58% as expected, lower recoveries and, to a lesser extent, lower throughput.

Cathode production in Q4 2015 was 17,200 tonnes, an 8.0% decrease on the 18,700 tonnes produced in Q3 2015 largely as a result of lower grades and slightly lower recoveries. Compared with the same period last year, cathode production during 2015 was 19.1% lower as grades declined as expected. Mining activity moved to the lower grade zones of the Tesoro Central and Tesoro Noreste (TNE) pits before stopping at TNE in November.

Production is focused on copper and therefore gold production, as a by-product, can vary. In Q4 2015 gold production was 22.5% higher than in the previous quarter primarily due to higher grade and throughput.

However, for the full year 2015 gold production at 162,500 ounces was 20.5% lower than in 2014 mainly due to lower grades and recoveries.

Cash costs before by-product credits were \$2.47/lb in Q4 2015 compared with \$2.36/lb in the previous quarter. This increase was due to increased activity and lower inventory variations partially offset by lower input prices. Cash costs before by-product credits for 2015 were 7.1% higher than in 2014 as copper production fell by 17.1%. This was offset by lower input prices, a weaker Chilean Peso and a reduction in fixed costs.

Net cash costs in Q4 2015 at \$2.08/lb were 3.0% higher than in the previous quarter, as the lower realised prices countered the higher gold production. Net cash costs for 2015 were \$1.85/lb compared with \$1.63/lb in 2014. This increase is due to the higher cash costs before by-product credits and lower gold production and realised gold prices.

CENTINELA		Q4	Q3		Full Year		
		2015	2015	%	2015	2014	%
<b>CONCENTRATES</b>							
Daily ore throughput	kt	93.3	85.9	8.6	84.2	85.8	(1.9)
Copper grade	%	0.50	0.51	(2.0)	0.58	0.65	(10.8)
Copper recovery	%	83.0	84.2	(1.4)	85.5	88.2	(3.1)
Copper production	kt	34.9	31.9	9.4	145.2	172.8	(16.0)
Copper sales	kt	35.4	39.7	(10.8)	145.6	178.8	(18.6)
Gold grade	g/t	0.22	0.19	15.8	0.24	0.28	(14.3)
Gold recovery	%	68.0	69.8	(2.6)	72.3	74.7	(3.2)
Gold production	koz	39.8	32.5	22.5	162.5	204.4	(20.5)
Gold sales	koz	40.6	41.7	(2.6)	165.8	203.6	(18.6)
<b>CATHODES</b>							
Daily ore throughput	kt	25.0	25.0	0.0	25.4	25.2	0.8
Copper grade	%	0.85	0.97	(12.4)	0.98	1.31	(25.2)
Copper recovery	%	69.6	71.1	(2.1)	68.9	70.5	(2.3)
Copper production – heap leach	kt	14.3	15.7	(8.9)	64.4	83.6	(23.0)
Copper production – total <sup>(1)</sup>	kt	17.2	18.7	(8.0)	75.9	93.8	(19.1)
Copper sales	kt	19.8	19.0	4.2	78.8	92.1	(14.4)
<b>Total copper production</b>	kt	<b>52.1</b>	<b>50.7</b>	<b>2.8</b>	<b>221.1</b>	<b>266.6</b>	<b>(17.1)</b>
<b>Cash costs before by-product credits<sup>(2)</sup></b>	\$/lb	<b>2.47</b>	<b>2.36</b>	<b>4.7</b>	<b>2.27</b>	<b>2.12</b>	<b>7.1</b>
<b>Net cash costs<sup>(2)</sup></b>	\$/lb	<b>2.08</b>	<b>2.02</b>	<b>3.0</b>	<b>1.85</b>	<b>1.63</b>	<b>13.5</b>

(1) Includes production from ROM material

(2) Includes tolling charges for copper in concentrate of \$0.30/lb in Q4 2015, \$0.31/lb in Q3 2015, \$0.30/lb in FY 2015 and \$0.24/lb FY 2014

## Michilla

Copper production at Michilla was 5,800 tonnes in Q4 2015, 27.5% lower than in the previous quarter as mining stopped in the first half of the year and production ceased completely in December as part of the mine closure plan. Production for the full year fell 37.4% to 29,400 tonnes compared to 2014. The programme for reducing the number of onsite employees and contractors continued in the fourth quarter as per the mine closure plan.

Cash costs decreased slightly to \$1.97/lb in Q4 2015 compared with \$2.06/lb in the previous quarter primarily due to lower activity at the mine. Cash costs for 2015 were \$2.14/lb compared with \$2.38/lb in 2014. This decrease was primarily due to lower onsite costs as a result of lower activity at the site.

MICHILLA		Q4	Q3	%	Full Year		
		2015	2015		2015	2014	%
Daily ore throughput	kt	2.9	6.8	(57.4)	5.9	12.2	(51.6)
Copper grade	%	1.35	1.43	(5.6)	1.28	1.13	13.3
Copper recovery	%	74.0	78.9	(6.2)	78.2	79.5	(1.6)
Copper production – heap leach	kt	4.4	6.1	(27.9)	22.1	40.1	(44.9)
Copper production – total <sup>(1)</sup>	kt	5.8	8.0	(27.5)	29.4	47.0	(37.4)
Copper sales	kt	6.7	8.0	(16.3)	30.8	46.1	(33.2)
Cash costs	\$/lb	1.97	2.06	(4.4)	2.14	2.38	(10.1)

(1) Includes production from secondary leaching

## Antucoya

During Q4 2015 Antucoya produced 10,000 tonnes of copper as commissioning advanced in line with the ramp-up schedule. The project is expected to reach full capacity of 85,000 tonnes per annum in mid-2016.

By the end of December, approximately 7 million tonnes of crushed material were stacked on the leach-pads and full production for the year was 12,200 tonnes of copper cathodes.

Production at Antucoya will be reported as part of total Group production and costs will be reported in unit costs once commercial production is achieved, which is expected to be in the first half of 2016.

## Zaldívar

The Group completed the acquisition of a 50% interest in the Zaldívar copper mine from Barrick Gold Corporation on 1 December and became the operator of the mine.

Zaldívar produced 4,400 tonnes of attributable copper during December at a cash cost of \$1.73/lb.

The Group's share of Zaldívar's production and costs have been included in the Group's 2015 production from the beginning of December.

## Transport

Total volumes transported by the division were 1.7 million tonnes in Q4 2015, 17.5% higher than in the previous quarter, and 6.8 million tonnes for the year, 6.8% lower than in the same period last year. These changes reflected increased shipments for the Sierra Gorda copper mine and higher utilisation of rolling stock during 4Q 2015. However, shipments for the year were lower than had originally been expected with the delay in the ramp-up of the Sierra Gorda mine, and the heavy rains in northern Chile during Q2 2015.

		Q4	Q3	%	Full Year		
		2015	2015		2015	2014	%
Total tonnage transported	kt	1,742	1,482	17.5	6,805	7,302	(6.8)

## Commodity prices and exchange rates

		Q4 2015	Q3 2015	%	Full Year		%
		2015	2015		2015	2014	
<b>Copper</b>							
Market price	\$/lb	2.22	2.38	(6.9)	2.50	3.11	(19.8)
Realised price	\$/lb	2.00	2.12	(5.8)	2.28	3.00	(23.9)
<b>Gold</b>							
Market price	\$/oz	1,105	1,124	(1.8)	1,160	1,266	(8.4)
Realised price	\$/oz	1,077	1,107	(2.7)	1,155	1,261	(8.4)
<b>Molybdenum</b>							
Market price	\$/lb	4.8	5.8	(17.1)	6.7	11.4	(41.2)
Realised price	\$/lb	4.3	4.8	(10.1)	5.7	11.0	(48.6)
<b>Exchange rates</b>							
Chilean peso	per \$	698	676	3.2	654	570	14.7

The spot commodity prices for copper, gold and molybdenum as at 31 December 2015 were \$2.13/lb, \$1,061/oz and \$5.15/lb respectively compared with \$2.35/lb, \$1,114/oz and \$5.30/lb as at 30 September 2015 and \$2.88/lb, \$1,206/oz and \$9.0/lb as at 31 December 2014.

The provisional pricing adjustments for copper, gold and molybdenum for the year were negative \$295.5 million, negative \$10.5 million and negative \$23.9 million respectively.

## Tax

There are a number of factors that are likely to result in the Group's 2015 effective tax rate being significantly higher than the 2014 effective rate. Firstly, net deferred tax charges that resulted from the recognition of tax losses during 2015. Secondly, the Group incurs certain expenses which are not deductible for the purposes of Chilean corporate tax (such as international exploration costs) or the Chilean mining royalty (such as interest charges and corporate costs). Given the significantly lower commodity pricing environment in 2015 compared with 2014 and the consequent impact on the Group's earnings, these non-deductible expenses represent a greater proportion of the Group's profit before tax compared with 2014, and accordingly result in an increase in the effective tax rate. As a consequence of these and other individually less significant factors the Group expects the 2015 effective tax rate to be in the range of approximately 60-65%.

## 2016 Guidance

		Los Pelambres	Centinela	Antucoya <sup>(1)</sup>	Zaldívar	Group
<b>Production</b>						
Copper	kt	355-365	240-250	65-70	50-55	<b>710-740</b>
Gold	koz	45-55	200-220	-	-	<b>245-275</b>
Molybdenum	kt	8.0-9.0	-	-	-	<b>8.0-9.0</b>
<b>Grade</b>						
Copper	%	0.70	0.65	0.36	0.63	-
<b>Cash costs</b>						
Cash costs before by-product credits	\$/lb	1.55	1.80	1.65	1.80	<b>1.65</b>
Net cash costs <sup>(2)</sup>	\$/lb	1.25	1.30	1.65	1.80	<b>1.35</b>

*(1) Full production expected in mid-2016. Unit costs from 2Q onwards*

*(2) Includes by-product credits at an average gold price of \$1,200/oz and a molybdenum price of \$7.5/lb*

Group copper production for 2016 is expected to be in the range of 710–740,000 tonnes, some 13-17% higher than in 2015. This includes the first full year production from Zaldívar (50% owned), full nameplate production from Antucoya from mid-2016 and excludes production from Michilla, which closed in December 2015.

Group gold production for 2016 is expected to be in the range of 245-275,000 ounces, an increase of 14-29% on 2015 and molybdenum production is expected to be 8-9,000 tonnes, 11-21% lower than in 2015.

Group cash costs before by-product credits for 2016 are expected to decline by some 9% to \$1.65/lb in 2016 and net cash costs by some 10% to \$1.35/lb following further planned cost savings and the expected continued weakness of the Chilean Peso.

The Group's application of IFRIC 20 is to capitalise stripping costs relating to significant new mining phases that provide improved access to the ore body. For some of the Group's pits this has resulted in all stripping costs during a particular year being expensed as normal operational activity. At Centinela, in 2015 cash stripping costs of \$63 million were capitalised and in 2016 a further \$265 million of stripping costs are expected to be capitalised.

---

### Investors – London

Andrew Lindsay                      alindsay@antofagasta.co.uk  
 Paresh Bhanderi                      pbhanderi@antofagasta.co.uk  
 Telephone                                +44 20 7808 0988

### Media – London

Carole Cable                            antofagasta@brunswickgroup.com  
 Will Medvei                             antofagasta@brunswickgroup.com  
 Telephone                                +44 20 7404 5959

### Investors – Santiago

Alfredo Atucha                        aatucha@aminerals.cl  
 Telephone                                +56 2 2798 7000

### Media – Santiago

Pablo Orozco                            porozco@aminerals.cl  
 Telephone                                +56 2 2798 7000

---