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Q4 2016 PRODUCTION REPORT STRONG FINISH TO THE YEAR

Antofagasta plc CEO, Iván Arriagada said: *“As expected Antofagasta put in a strong performance in the final quarter of 2016 with production up 13.8% versus the previous quarter. As a result, copper production for the full year was just under 710,000 tonnes, 12.5% higher than in 2015.*

“Reflecting our continued focus on profitable tonnes, net cash costs for 2016 fell by 20.0% year-on-year, to \$1.20/lb benefiting from rigorous cost control, increased production and lower input prices.

“During the year our new Antucoya mine successfully ramped up to full production and our latest acquisition, Zaldívar, contributed its first full year of production. Both operations are now fully integrated into the Group and are operating well.

“Looking ahead into 2017 we remain focused on operating and cost efficiencies, and achieving our production targets. Although we believe the industry has passed the low point in this commodity cycle, uncertainty persists and we need to build carefully on the solid foundations of our existing operations.”

HIGHLIGHTS

PRODUCTION

- Copper production in Q4 2016 was 205,500 tonnes, 13.8% higher than the previous quarter with strong performances from Centinela, Zaldívar and Los Pelambres driven by higher grades and increased throughput.
- Group copper production for the full year increased by 12.5% compared to 2015 to 709,400 tonnes. This was driven by higher copper production at Centinela and additional production coming from the Group’s new Antucoya and Zaldívar operations, partly offset by the closure of Michilla at the end of 2015.
- Gold production was 91,100 ounces in Q4 2016, a 29.7% increase on Q3 2016 due to higher grades and throughput at Centinela. For the full year production was 270,900 ounces, 26.6% higher than in 2015, again reflecting better grades and throughput at Centinela.
- Molybdenum production at Los Pelambres was 2,000 tonnes in Q4 2016 and 7,100 tonnes for the full year. This was a small increase for the quarter and a 3,000 tonne decrease for the full year as grades and recoveries fell.

CASH COSTS

- Cash costs before by-product credits in Q4 2016 were \$1.46/lb, 5.2% lower than in Q3 2016 as production volumes increased, particularly at Centinela.
- Cash costs before by-product credits for the full year were \$1.54/lb, 27c/lb lower than last year as a result of the successful cost savings achieved during the year, higher production and the previously announced change in the estimation method for deferred stripping costs.
- Net cash costs were \$1.13/lb in Q4 2016, a 4.2% decrease compared with the previous quarter. This was primarily due to lower cash costs before by-products credits and higher production of gold and molybdenum

- Net cash costs for 2016 were \$1.20/lb, 20.0% lower than in 2015. This reflected the lower cash costs before by-product credits, higher gold production and higher realised prices for gold and molybdenum, partly offset by lower molybdenum production.

2017 GUIDANCE

- Group production in 2017 is expected to be in the range of 685-720,000 tonnes of copper (as previously announced), 185-205,000 ounces of gold and 8,500-9,500 tonnes of molybdenum.
- Group cash cost before by-product credits in 2017 are expected to be similar to this year's at \$1.55/lb and net cash cost are expected to be approximately \$1.30/lb.

OTHER

- As previously announced in November, the Group agreed the sale of the majority of the assets of Michilla for a total consideration of \$52 million.
- As announced on 20 January, Los Pelambres will transfer its 40% interest in Alto Maipo to AES Gener and the pricing of the electricity provided by the project to Los Pelambres will be reduced. This transaction is subject to approval by the lenders.

GROUP PRODUCTION AND CASH COSTS		Full Year			Q4	Q3	
		2016	2015	%	2016	2016	%
Copper production ⁽¹⁾	kt	709.4	630.3	12.5	205.5	180.6	13.8
Copper sales ⁽²⁾	kt	698.5	636.0	9.8	206.7	182.3	13.4
Gold production	koz	270.9	213.9	26.6	91.1	70.3	29.7
Molybdenum production	kt	7.1	10.1	(29.7)	2.0	1.9	5.3
Cash costs before by-product credits ⁽³⁾	\$/lb	1.54	1.81	(14.9)	1.46	1.54	(5.2)
Net cash costs ⁽³⁾	\$/lb	1.20	1.50	(20.0)	1.13	1.18	(4.2)

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

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MINING OPERATIONS

Los Pelambres

Los Pelambres produced 96,100 tonnes of copper in Q4 2016 compared with 87,200 tonnes in the previous quarter. This increase is mainly due to higher grades and improved plant reliability. In the full year 2016, copper production decreased by 2.1% compared with last year. This decrease is primarily due to lower throughput as a greater proportion of harder ore is processed in the plant, which was partly offset by higher mined grades.

Molybdenum production was slightly higher at 2,000 tonnes in Q4 2016 compared to 1,900 in the previous quarter, primarily due to higher grades partially offset by lower recoveries. Production for the full year of 7,100 tonnes was 29.7% lower than in 2015, due to lower grades and recoveries during the course of 2016.

Cash costs before by-product credits in Q4 2016 were \$1.35/lb, compared with \$1.43/lb in the previous quarter. This improvement was principally a result of higher grades and lower energy consumption. For the full year, cash costs before by-product credits at \$1.36/lb were 9.3% lower than in 2015, primarily due to a change in the estimation method for deferred stripping costs.

Net cash costs in Q4 2016 at \$1.11/lb were 2.8% higher than in the previous quarter due to lower realised prices for by-products. Net cash costs for the full year 2016 were \$1.06/lb compared with \$1.23/lb in 2015. This decrease is mainly due to higher realised prices for gold and molybdenum, slight offset by lower molybdenum production.

As previously announced, negotiations between Los Pelambres, AES Gener SA (“Gener”, the majority shareholder of Alto Maipo SpA) and the lenders to the project have reached an advanced stage, subject to final approval by the lenders. Los Pelambres has agreed with Gener that it will transfer its 40% interest in Alto Maipo to Gener and the electricity price applicable to the Power Purchase Agreement with Alto Maipo will be reduced. The carrying value of Los Pelambres’s investment in Alto Maipo of \$356 million will be written off.

LOS PELAMBRES		Full Year			Q4	Q3	
		2016	2015	%	2016	2016	%
Daily ore throughput	kt	155.6	168.2	(7.5)	160.8	158.1	1.7
Copper grade	%	0.73	0.70	4.3	0.77	0.70	10.0
Copper recovery	%	88.6	87.9	0.8	87.2	88.6	(1.6)
Copper production	kt	355.4	363.2	(2.1)	96.1	87.2	10.2
Copper sales	kt	351.6	366.0	(3.9)	97.4	80.6	20.8
Molybdenum grade	%	0.017	0.021	(19.0)	0.020	0.016	25.0
Molybdenum recovery	%	75.8	80.4	(5.7)	69.7	79.0	(11.7)
Molybdenum production	kt	7.1	10.1	(29.7)	2.0	1.9	5.3
Molybdenum sales	kt	7.2	9.9	(27.3)	1.8	2.3	(21.7)
Gold production	koz	57.8	51.4	12.5	14.7	14.2	3.5
Gold sales	koz	62.8	53.4	17.6	15.7	14.5	8.3
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.36	1.50	(9.3)	1.35	1.43	(5.6)
Net cash costs ⁽¹⁾	\$/lb	1.06	1.23	(13.8)	1.11	1.08	2.8

(1) Includes tolling charges of \$0.27/lb in Q4 2016, \$0.27/lb in Q3 2016, \$0.27/lb in FY 2016 and \$0.27/lb in FY 2015

Centinela

Centinela finished the year with a strong quarter. Total copper production was 22.6% higher in the fourth quarter than the third quarter following a significant increase in grades and improved throughput. Total production for the full year 2016 was 6.8% higher than in 2015 primarily as a result of higher sulphides grades and completion of the concentrator expansion project, although this was partly offset by lower throughput in the Centinela Cathodes plant and the expected continued decline in oxide grades.

Production of copper in concentrates was 59,500 tonnes in Q4 2016, compared with 47,700 tonnes in the previous quarter primarily as a result of significantly higher grades.

Copper in concentrate production for the full year was 24.2% higher year-on-year mainly reflecting expanded throughput capacity following the installation of new tailings thickeners and modifications to the grinding and flotation circuits. Higher grades and slightly higher recoveries also helped increase production during the year.

Cathode production in Q4 2016 was 16,500 tonnes, a 15.4% increase on the 14,300 tonnes produced in Q3 2016 largely as a result of higher grades and slightly higher throughput, partly offset by lower recoveries. Compared with the full year 2015, cathode production during 2016 was 26.5% lower as grades declined as expected with mining in the lower grade zones of the Tesoro Central and Tesoro Noreste pits.

Gold production was 76,400 ounces in Q4 2016, 20,300 ounces higher than in the previous quarter primarily due to significant increase in grade slightly offset by lower recovery. For the full year 2016 gold production was 213,000 ounces, some 31% higher than in 2015 mainly due to higher throughput and grades as recoveries remained flat across the two years.

Cash costs before by-product credits were \$1.45/lb in Q4 2016 compared with \$1.63/lb in the previous quarter. This decrease in costs was mainly due to higher production in the quarter. Cash costs before by-product credits for the year were 22.9%, or 52c/lb, lower than in 2015 of which 23c/lb was a result of a change in the estimation method for deferred stripping costs and the balance was due to higher production.

In addition to the fall in cash costs before by-product credits, higher gold production helped reduce net cash costs by 17.1% in Q4 2016 compared to the previous quarter and, combined with a higher realised gold price, by 35.7% to \$1.19/lb for the full year.

CENTINELA		Full Year			Q4	Q3	
		2016	2015	%	2016	2016	%
CONCENTRATES							
Daily ore throughput	kt	92.1	84.2	9.4	95.7	92.2	3.8
Copper grade	%	0.63	0.58	8.6	0.82	0.65	26.2
Copper recovery	%	87.7	85.5	2.6	88.7	88.5	0.2
Copper production	kt	180.4	145.2	24.2	59.5	47.7	24.7
Copper sales	kt	171.7	145.6	17.9	56.5	55.8	1.3
Gold grade	g/t	0.28	0.24	16.7	0.40	0.29	37.9
Gold recovery	%	72.2	72.3	(0.1)	71.3	73.0	(2.3)
Gold production	koz	213.0	162.5	31.1	76.4	56.1	36.2
Gold sales	koz	208.7	165.8	25.9	75.4	68.8	9.6
CATHODES							
Daily ore throughput	kt	22.1	25.4	(13.0)	24.0	23.4	2.6
Copper grade	%	0.81	0.98	(17.3)	0.90	0.82	9.8
Copper recovery	%	70.7	68.9	2.6	72.8	74.2	(1.9)
Copper production – heap leach	kt	46.7	64.4	(27.5)	14.5	12.4	16.9
Copper production – total ⁽¹⁾	kt	55.8	75.9	(26.5)	16.5	14.3	15.4
Copper sales	kt	55.8	78.8	(29.2)	17.5	14.5	20.7
Total copper production	kt	236.2	221.1	6.8	76.0	62.0	22.6
Cash costs before by-product credits⁽²⁾	\$/lb	1.75	2.27	(22.9)	1.45	1.63	(11.0)
Net cash costs⁽²⁾	\$/lb	1.19	1.85	(35.7)	0.87	1.05	(17.1)

(1) Includes production from ROM material

(2) Includes tolling charges for copper in concentrates of \$0.23/lb in Q4 2016, \$0.21/lb in Q3 2016, \$0.22/lb in FY 2016 and \$0.20/lb FY 2015

Antucoya

Copper production at Antucoya was 19,700 tonnes in Q4 2016, 1.5% higher than in the previous quarter as higher throughput was offset by lower grade and recoveries. For the full year, Antucoya produced 66,200 tonnes of copper, in line with guidance for the year and 54,000 tonnes more than in its 2015 start-up year.

During the quarter cash costs were inflated by the payment of one-off signing bonuses following the conclusion of labour negotiations with the unions in October equivalent to 14c/lb. Costs in Q4 2016 were \$1.98/lb compared to \$1.68/lb in Q3. Cash costs for the full year were \$1.83/lb.

ANTUCOYA		Full Year			Q4	Q3	
		2016	2015	%	2016	2016	%
Daily ore throughput	kt	67.6	31.7	113.2	81.7	69.7	17.2
Copper grade	%	0.39	0.36	8.3	0.37	0.43	(14.0)
Copper recovery	%	70.6	73.2	(3.6)	70.5	71.9	(1.9)
Copper production	kt	66.2	12.2	442.6	19.7	19.4	1.5
Copper sales	kt	66.6	9.2	623.9	21.1	19.6	7.7
Cash costs ⁽¹⁾	\$/lb	1.83			1.98	1.68	17.9

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

Zaldívar

Copper production at Zaldívar was 13,700 tonnes in Q4 2016, 14.2% higher than in the previous quarter as the mine achieved its highest level of throughput since it was acquired by the Group. The benefit of the increased throughput and the significantly higher grades in the quarter will be spread over the 330 days of the heap leach cycle. For the full year Zaldívar produced 51,700 tonnes of copper cathodes.

Cash costs decreased to \$1.47/lb in Q4 2016 compared with \$1.73/lb in the previous quarter primarily due to higher copper production and an adjustment to inventory values. Cash costs for 2016 were even lower than expected at the beginning of the year at \$1.54/lb as sulphide leach recoveries benefitted from experience gained at other Group operations and grades were higher than anticipated.

ZALDÍVAR		Full Year			Q4	Q3	
		2016	2015 ⁽¹⁾	%	2016	2016	%
Daily ore throughput	kt	48.1			52.7	45.2	16.6
Copper grade	%	0.66			0.81	0.62	30.6
Copper recovery	%	66.4			67.3	70.4	(4.4)
Copper production – heap leach ⁽²⁾	kt	35.6			9.6	8.5	12.9
Copper production – total ^(2,3)	kt	51.7			13.7	12.0	14.2
Copper sales ⁽²⁾	kt	51.7			14.2	11.9	19.3
Cash costs	\$/lb	1.54			1.47	1.73	(15.0)

(1) No 2015 figures. Group acquired its interest in Zaldívar on 1 December 2015

(2) Group's 50% share

(3) Includes production from secondary leaching

Transport

Total volumes transported by the division were 1.5 million tonnes in Q4 2016, 5.0% lower than in the previous quarter, due to a decline in acid availability in the region. For the year transport volumes were 6.5 million tonnes, 6.3% higher than in 2015 due to increased customer demand and improved performance of the rolling stock fleet and better fleet utilisation.

		Full Year			Q4	Q3	
		2016	2015	%	2016	2016	%
Rail	kt	5,310	4,933	7.6	1,269	1,318	(3.7)
Road	kt	1,186	1,180	0.5	280	313	(10.5)
Total tonnage transported	kt	6,496	6,113	6.3	1,548	1,630	(5.0)

Commodity prices and exchange rates

		Full Year			Q4	Q3	%
		2016	2015		2016	2016	
Copper							
Market price	\$/lb	2.21	2.50	(11.6)	2.40	2.17	10.6
Realised price	\$/lb	2.33	2.28	2.2	2.69	2.18	23.4
Gold							
Market price	\$/oz	1,248	1,160	7.6	1,220	1,335	(8.6)
Realised price	\$/oz	1,256	1,155	8.7	1,168	1,315	(11.2)
Molybdenum							
Market price	\$/lb	6.5	6.7	(3.0)	6.6	7.0	(5.7)
Realised price	\$/lb	6.8	5.7	19.3	5.2	7.2	(27.8)
Exchange rates							
Chilean peso	per \$	677	654	3.5	666	662	0.6

The spot commodity prices for copper, gold and molybdenum as at the end of 2016 were \$2.51/lb, \$1,148/oz and \$6.75/lb respectively compared with \$2.20/lb, \$1,316/oz and \$6.71/lb as at 30 September 2016 and \$2.13/lb, \$1,062/oz and \$5.30/lb as at 31 December 2015.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were positive \$127.9 million, negative \$5.6 million and negative \$6.8 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the year were positive \$153.6 million, negative \$1.9 million and positive \$2.4 million respectively.

Depreciation, amortisation and tax

As previously announced, depreciation and amortisation for the full year is expected to be similar to 2015 (\$576 million).

The effective tax rate is now expected to be lower than previously announced at approximately 35%.

2017 Guidance

		Los Pelambres	Centinela	Antucoya	Zaldívar	Group
Production						
Copper	kt	330 - 345	220 - 230	80 - 85	55 - 60	685 - 720
Gold	koz	45 - 55	140 - 150	-	-	185 - 205
Molybdenum	kt	8.5 - 9.5	-	-	-	8.5 - 9.5
Grade						
Copper	%	0.66	0.60	0.37	0.75	-
Cash costs						
Cash costs before by-product credits	\$/lb	1.45	1.75	1.60	1.50	1.55
Net cash costs ⁽¹⁾	\$/lb	1.15	1.35	1.60	1.50	1.30

(1) Includes by-product credits at a gold price of \$1,250/oz and a molybdenum price of \$6.0/lb

Group copper production for 2017 is expected to be in the range of 685-720,000 tonnes, similar to the 709,400 tonnes produced in 2016. Centinela will be operating at its newly expanded capacity and the Group will benefit from the first year of full production from Antucoya and start-up production from Encuentro Oxides. However, this growth will be offset by lower mined grades at Centinela and Los Pelambres.

Group gold production for 2017 is expected to be in the range of 185-205,000 ounces, a decrease of 24-32% on 2016, and molybdenum production is expected to be 8,500-9,500 tonnes, 20-34% higher than in 2016, reflecting changes in mined grade.

Group cash costs before by-product credits for 2017 are expected to be almost unchanged at \$1.55/lb as further expected savings and the decrease in costs at Antucoya and Zaldívar are offset by a lower contribution from the lowest cost mine, Los Pelambres. Net cash costs are expected to increase by some 10c/lb to \$1.30/lb.