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## Q4 2017 PRODUCTION REPORT GUIDANCE MET FOR 2017

Antofagasta plc CEO, Iván Arriagada said: *“Antofagasta had a strong year operationally. Copper production at 704,300 tonnes was in line with guidance and came in at a net cash cost of \$1.25/lb. I am also pleased to report that the Group had zero fatalities during 2017, a target we remain focused on as we continue to focus on safety across our operations.*

*“Our disciplined approach to capital allocation has allowed the Group to continue to invest in profitable tonnes throughout the cycle. The new additions to our portfolio at Zaldivar, Antucoya and Encuentro Oxides now account for 25% of Group production, helping offset declines at our mature assets and providing Antofagasta with a platform for growth as copper prices recover.*

*“Our priorities for 2018 will be to continue to improve the safety, reliability and profitability of our operations, whilst advancing our development projects in a disciplined manner.”*

### HIGHLIGHTS

#### PRODUCTION

- Copper production in Q4 2017 was 177,800 tonnes, 1.3% less than in the previous quarter. Higher production at Los Pelambres and the ramp-up of the Encuentro Oxides project offset lower production at Centinela Concentrates.
- Group copper production for the full year was 704,300 tonnes, in line with guidance and 0.7% lower than in 2016. This was due to the impact of the expected lower grades at Los Pelambres and Centinela, which was offset by Encuentro Oxides coming into production in October and following the completion of the ramp-up at Antucoya in 2016.
- Gold production was 40,500 ounces in Q4 2017, a 32.0% decrease on Q3 2017 due to lower grades and recoveries at Centinela. For the full year production was 212,400 ounces, 21.6% lower than in 2016, again reflecting lower grades and recoveries at Centinela.
- Molybdenum production at Los Pelambres was 3,300 tonnes in Q4 2017 and 10,500 tonnes for the full year, 47.9% higher than in the previous year on higher grades.

#### CASH COSTS

- Cash costs before by-product credits in Q4 2017 were \$1.69/lb, 8.3% higher than in Q3 2017 due to the one-off signing bonus payable following the successful completion of labour negotiations at Centinela and the expected lower grades at Centinela Concentrates.
- Cash costs before by-product credits for the full year were \$1.60/lb, 6c/lb higher than last year due to the decline in grades at Los Pelambres and Centinela, higher input prices and a stronger local currency.
- Net cash costs were \$1.36/lb in Q4 2017, a 15.3% increase compared with the previous quarter. This was primarily due to higher cash costs before by-products credits and the lower gold grade at Centinela and lower by-product revenue.

- Net cash costs for 2017 were \$1.25/lb, 4.2% higher than in 2016 but below guidance reflecting higher by-product revenues.

## 2018 GUIDANCE

- Group production in 2018 is expected to be in the range of 705-740,000 tonnes of copper (as previously announced), 190-210,000 ounces of gold and 11,500-12,500 tonnes of molybdenum. Copper production is weighted towards the second half of the year.
- Copper grades are expected to decrease to 0.52% at Centinela Concentrates and Encuentro Oxides will operate at capacity for the full year.
- Group cash costs in 2018 before and after by-product credits are expected to be \$1.65/lb and \$1.35/lb respectively.
- Capital expenditure in 2018 is expected to be \$1.0 billion, including expenditure on the Los Pelambres Incremental Expansion project, which will add 55,000 tonnes of copper per annum once in full operation. The project is expected to be presented to the Board for approval during 2018 once the EIA has been approved and start-up is expected in 2021. Sustaining capital expenditure increases in 2018 due to the concentration of mine equipment replacement and tailings dam expenditure.

## OTHER

- The Group had zero fatalities during 2017.
- In December, labour negotiations were completed with three unions at Centinela ahead of their scheduled dates. Together with other agreements concluded earlier in the year, one-off signing bonuses increased Group cash costs in 2017 by 2c/lb.
- Labour negotiations at Los Pelambres are expected to be concluded during Q1 2018.

GROUP PRODUCTION AND CASH COSTS		Full Year			Q4	Q3	
		2017	2016	%	2017	2017	%
Copper production <sup>(1)</sup>	kt	704.3	709.4	(0.7)	177.8	180.2	(1.3)
Copper sales <sup>(2)</sup>	kt	709.0	698.5	1.5	186.6	188.3	(0.9)
Gold production	koz	212.4	270.9	(21.6)	40.5	59.6	(32.0)
Molybdenum production	kt	10.5	7.1	47.9	3.3	2.7	22.2
Cash costs before by-product credits <sup>(3)</sup>	\$/lb	1.60	1.54	3.9	1.69	1.56	8.3
Net cash costs <sup>(3)</sup>	\$/lb	1.25	1.20	4.2	1.36	1.18	15.3

(1) Includes pre-commercial production at Antucoya of 12,700 tonnes in 2016, which are not included in unit cost calculations.

(2) Includes pre-commercial production sales at Antucoya of 11,800 tonnes in 2016.

(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.

### Investors – London

Andrew Lindsay  
Telephone alindsay@antofagasta.co.uk  
+44 20 7808 0983  
Andres Vergara  
Telephone avergara@antofagasta.co.uk  
+44 20 7808 0988

### Media – London

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

### Investors – Santiago

Francisco Veloso  
Telephone fveloso@aminerals.cl  
+56 2 2798 7000

### Media – Santiago

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

## MINING OPERATIONS

### Los Pelambres

Los Pelambres produced 92,800 tonnes of copper in Q4 2017 compared with 86,800 tonnes in the previous quarter. This increase is mainly due to higher throughput and greater plant availability during the quarter following the completion of maintenance at the end of Q3 2017. As guided, copper production for the year decreased by 3.3% to 343,800 tonnes compared with 2016, due to lower grades.

Molybdenum production was 22.2% higher at 3,300 tonnes in Q4 2017 compared to the previous quarter, primarily due to higher grades and throughput. Production for the full year of 10,500 tonnes was 47.9% higher than in 2016, again due to higher grades, recoveries and throughput.

Cash costs before by-product credits fell in Q4 2017 by 8c/lb to \$1.38/lb compared to the previous quarter. This improvement was principally a result of higher throughput due to higher utilisation rates, softer ore and slightly higher grades. For the full year, cash costs before by-product credits at \$1.44/lb were 5.9% higher than in 2016, as grades decreased, partially compensated by higher throughput.

Net cash costs in Q4 2017 at \$0.92/lb were 8.9% lower than in the previous quarter reflecting the lower cash costs before by-product credits. Despite lower copper grades, net cash costs for the full year 2017 were \$1.02/lb compared with \$1.06/lb in 2016, due to significantly higher credits from molybdenum sales.

During Q4 2018, the San Juan Province accepted a plan presented by Los Pelambres to remove the Cerro Amarillo waste rock dump and work commenced in January. The execution of the plan is subject to certain conditions and the approved time for the removal of 5.5 years can be extended by one year in certain circumstance. The company made a provision for the removal of \$50 million during 2017. The removal plan does not represent any acknowledgment of responsibility by Los Pelambres nor prejudice any of its rights, since at the time the company started construction of the waste rock dump it did so in accordance with valid permits issued by the responsible Chilean government agencies.

LOS PELAMBRES		Full Year			Q4	Q3	
		2017	2016	%	2017	2017	%
Daily ore throughput	kt	161.6	155.6	3.9	168.5	161.3	4.5
Copper grade	%	0.68	0.73	(6.8)	0.69	0.68	1.5
Copper recovery	%	89.0	88.6	0.5	88.9	89.5	(0.7)
Copper production	kt	343.8	355.4	(3.3)	92.8	86.8	6.9
Copper sales	kt	344.8	351.6	(1.9)	99.2	95.4	4.0
Molybdenum grade	%	0.023	0.017	35.3	0.027	0.022	22.7
Molybdenum recovery	%	79.8	75.8	5.3	81.3	80.9	0.5
Molybdenum production	kt	10.5	7.1	47.9	3.3	2.7	22.2
Molybdenum sales	kt	9.6	7.2	33.3	2.4	2.9	(17.2)
Gold production	koz	55.4	57.8	(4.2)	15.3	13.3	15.0
Gold sales	koz	54.3	62.8	(13.5)	15.9	14.4	10.4
Cash costs before by-product credits <sup>(3)</sup>	\$/lb	1.44	1.36	5.9	1.38	1.46	(5.5)
Net cash costs <sup>(3)</sup>	\$/lb	1.02	1.06	(3.8)	0.92	1.01	(8.9)

(1) Includes tolling charges of \$0.26/lb in Q4 2017, \$0.25/lb in Q3 2017, \$0.26/lb in FY 2017 and \$0.27/lb in FY 2016

## Centinela

In Q4 2017 copper production was 51,000 tonnes, 15.8% lower than Q3 2017 following a significant decrease in grades at Centinela Concentrates and despite higher throughput. Total production for the full year 2017 was 228,300 tonnes, 3.3% lower than in 2016 primarily as a result of lower recoveries. This was partly offset by higher grades in the oxides line and the start of production at Encuentro Oxides.

Production of copper in concentrates was 30,200 tonnes in Q4 2017, compared with 47,300 tonnes in the previous quarter primarily as a result of lower grades and recoveries, despite an improvement in throughput. Grades fell as mining ceased in the higher-grade Phase 4 zone and was sourced predominantly from a lower grade zone and stockpiles. Production for the full year was 163,900 tonnes, 9.1% lower than 2016 mainly reflecting slightly lower grades and the consequential drop in recoveries.

Cathode production in Q4 2017 was 20,800 tonnes, a 56.4% increase on the 13,300 tonnes produced in Q3 2017 largely as a result of the ramp-up of the Encuentro Oxides project. Compared with the previous full year, cathode production was 15.6% higher.

Gold production was 25,200 ounces in Q4 2017, 45.6% lower than in the previous quarter primarily due to decreased grades and recovery. For the full year 2017 gold production was 157,000 ounces, 26.3% lower than in 2016 mainly due to lower grades.

Cash costs before by-product credits were \$2.28/lb in Q4 2017 compared with \$1.67/lb in the previous quarter. This increase in cash costs was mainly due to the payment of a one-off signing bonus following the successful conclusion of the labour negotiations with the three unions (increasing cash costs by 19c/lb) and lower production due to lower sulphide grades. The essential terms of each of the labour agreements have been standardised so allowing the completion of the operational integration of Esperanza and El Tesoro, which were merged as Centinela in 2014. This will bring further improvements in operating practices at Centinela that will enable future productivity improvements.

Cash costs before by-product credits for the year were \$1.81/lb, 3.4%, higher than in 2016, mainly a result of lower copper production, higher input prices and the one-off signing bonus.

In addition to the increase in cash costs before by-product credits, lower gold production reduced by-product credits by 17c/lb in Q4 2016 compared to the previous quarter, and for the full year net cash costs at \$1.36/lb were 14.3% higher than in 2016.

CENTINELA		Full Year			Q4	Q3	
		2017	2016	%	2017	2017	%
<b>CONCENTRATES</b>							
Daily ore throughput	kt	89.7	92.1	(2.6)	91.6	85.8	6.8
Copper grade	%	0.61	0.63	(3.2)	0.47	0.70	(32.9)
Copper recovery	%	85.6	87.7	(2.4)	79.2	88.4	(10.4)
Copper production	kt	163.9	180.4	(9.1)	30.2	47.3	(36.2)
Copper sales	kt	170.6	171.7	(0.6)	31.1	49.8	(37.6)
Gold grade	g/t	0.22	0.28	(21.4)	0.15	0.26	(42.3)
Gold recovery	%	69.6	72.2	(3.6)	62.3	72.2	(13.7)
Gold production	koz	157.0	213.0	(26.3)	25.2	46.3	(45.6)
Gold sales	koz	163.9	208.7	(21.5)	24.6	48.8	(49.6)
<b>CATHODES</b>							
Daily ore throughput	kt	28.1	22.1	27.1	41.5	24.7	68.0
Copper grade	%	0.94	0.81	16.0	0.96	0.90	6.7
Copper recovery	%	64.3	70.7	(9.1)	61.1	58.7	4.1
Copper production – heap leach	kt	59.1	46.7	26.6	20.2	11.8	71.2
Copper production – total <sup>(1)</sup>	kt	64.5	55.8	15.6	20.8	13.3	56.4
Copper sales	kt	61.6	55.8	10.4	18.3	12.7	44.1
<b>Total copper production</b>	<b>kt</b>	<b>228.3</b>	<b>236.2</b>	<b>(3.3)</b>	<b>51.0</b>	<b>60.6</b>	<b>(15.8)</b>
<b>Cash costs before by-product credits <sup>(2)</sup></b>	<b>\$/lb</b>	<b>1.81</b>	<b>1.75</b>	<b>3.4</b>	<b>2.28</b>	<b>1.67</b>	<b>36.5</b>
<b>Net cash costs <sup>(2)</sup></b>	<b>\$/lb</b>	<b>1.36</b>	<b>1.19</b>	<b>14.3</b>	<b>1.96</b>	<b>1.18</b>	<b>66.1</b>

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.18/lb in Q4 2017, \$0.19/lb in Q3 2017, \$0.19/lb in FY 2017 and \$0.22/lb in FY 2016

## Antucoya

Copper production at Antucoya was 21,100 tonnes in Q4 2017, 6.6% higher than in the previous quarter mainly as daily throughput and recoveries increased. For the full year, Antucoya produced 80,500 tonnes of copper, 21.6% higher than in 2016 following the completion of the ramp-up in late 2016.

Cash costs in Q4 2017 were \$1.64/lb compared to \$1.67/lb in Q3 and for the full year were \$1.68/lb, 8.2% lower than in 2016 mainly because of higher production.

ANTUCOYA		Full Year			Q4	Q3	
		2017	2016	%	2017	2017	%
Daily ore throughput	kt	79.7	67.6	17.9	84.2	79.7	5.6
Copper grade	%	0.37	0.39	(5.1)	0.37	0.37	0.0
Copper recovery	%	73.7	70.6	4.4	73.1	71.2	2.7
Copper production	kt	80.5	66.2	21.6	21.1	19.8	6.6
Copper sales	kt	80.8	66.6	21.3	23.3	18.1	28.7
Cash costs <sup>(1)</sup>	\$/lb	1.68	1.83	(8.2)	1.64	1.67	(1.8)

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

## Zaldívar

Copper production at Zaldívar was 12,900 tonnes in Q4 2017, in line with the previous quarter, as lower grades were offset by higher recoveries. For the full year Zaldívar produced 51,700 tonnes of copper cathodes unchanged from 2016 as, although the grade increased, recoveries were lower due to the significantly higher proportion of sulphide ores being processed compared to 2016.

Cash costs increased to \$1.70/lb in Q4 2017 compared with \$1.57/lb in the previous quarter primarily due to inventory changes. Cash costs for 2017 were \$1.62/lb, 5.2% higher than previous year mainly because of the impact of the one-off signing bonuses following the conclusion of the labour negotiations and higher input prices.

ZALDÍVAR		Full Year			Q4	Q3	
		2017	2016	%	2017	2017	%
Daily ore throughput	kt	47.1	48.1	(2.1)	45.3	47.3	(4.2)
Copper grade	%	0.77	0.66	16.7	0.68	0.77	(11.7)
Copper recovery	%	60.8	67.4	(9.8)	60.8	58.9	3.2
Copper production – heap leach <sup>(2)</sup>	kt	38.6	35.6	8.4	10.1	9.3	8.6
Copper production – total <sup>(2,3)</sup>	kt	51.7	51.7	0.0	12.9	12.9	0.0
Copper sales <sup>(2)</sup>	kt	51.3	51.7	(0.8)	14.6	12.4	17.7
Cash costs	\$/lb	1.62	1.54	5.2	1.70	1.57	8.3

(1) Average over full leach cycle

(2) Group's 50% share

(3) Includes production from secondary leaching

## Transport

Total volumes transported by the division were 1.6 million tonnes in Q4 2017, 1.1% lower than in the previous quarter, due to a temporary decline in copper concentrates and acid volumes. For the year transport volumes were 6.3 million tonnes, 3.5% lower than in 2016 mainly due to temporary disruptions at some of the division's customers earlier in the year.

TRANSPORT		Full Year			Q4	Q3	
		2017	2016	%	2017	2017	%
Rail	kt	5,045	5,310	(5.0)	1,313	1,337	(1.8)
Road	kt	1,222	1,186	3.0	327	320	2.1
Total tonnage transported	kt	6,268	6,496	(3.5)	1,640	1,657	(1.1)

## Commodity prices and exchange rates

		Full Year			Q4	Q3	
		2017	2016	%	2017	2017	%
<b>Copper</b>							
Market price	\$/lb	2.80	2.21	26.7	3.09	2.88	7.3
Realised price	\$/lb	3.00	2.33	29.0	3.41	3.09	10.6
<b>Gold</b>							
Market price	\$/oz	1,258	1,248	0.7	1,276	1,278	(0.2)
Realised price	\$/oz	1,280	1,256	2.0	1,280	1,295	(1.2)
<b>Molybdenum</b>							
Market price	\$/lb	8.2	6.5	26.5	8.8	8.1	8.2
Realised price	\$/lb	8.7	6.8	28.3	8.8	9.6	(8.7)
<b>Exchange rates</b>							
Chilean peso	per \$	649	677	(4.1)	633	643	(1.4)

The spot commodity prices for copper, gold and molybdenum as at 31 December 2017 were \$3.27/lb, \$1,303/oz and \$7.09/lb respectively compared with \$2.92/lb, \$1,280/oz and \$7.09/lb as at 30 September 2017 and \$2.51/lb, \$1,148/oz and \$6.75/lb as at 31 December 2016.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were positive \$135.7 million, negative \$0.9 million and positive \$1.3 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the year were positive \$309.5 million, negative \$0.7 million and positive \$10.5 million respectively.

## Tax

The effective tax rate is now expected to be slightly below the previously announced range of 35-40%.

## 2018 Guidance

		Los Pelambres	Centinela	Antucoya	Zaldívar	Group
<b>Production</b>						
Copper	kt	345 - 355	230 - 245	75 - 80	55-60	<b>705 - 740</b>
Gold	koz	60 - 70	130 - 140	-	-	<b>190 - 210</b>
Molybdenum	kt	10.0 - 11.0	1.5	-	-	<b>11.5 - 12.5</b>
<b>Grade</b>						
Copper	%	0.67	0.59	0.35	0.74	-
<b>Cash costs</b>						
Cash costs before by-product credits <sup>(1)</sup>	\$/lb	1.50	1.90	1.75	1.70	<b>1.65</b>
Net cash costs <sup>(1, 2)</sup>	\$/lb	1.10	1.50	1.75	1.70	<b>1.35</b>

(1) Assumed CLP/USD exchange rate of 660.

(2) Includes by-product credits at a gold price of \$1,250/oz and a molybdenum price of \$8.0/lb

As previously announced, Group copper production for 2018 is expected to be in the range of 705-740,000 tonnes, a 1-5% increase on 2017 with production weighted towards the second half of the year. Grades will

decrease to an average of 0.52% at Centinela Concentrates before strengthening again in 2019 and Encuentro Oxides will be operating at capacity for the full year.

Group gold production for 2018 is expected to be in the range of 190-210,000 ounces, a decrease of 1-11% on 2017, as grades decline at Centinela Concentrates.

Molybdenum production is expected to be 11,500-12,500 tonnes, 9.5-19.0% higher than in 2017 as the molybdenum plant at Centinela comes into production early in 2018.

Unit costs for the Group are increasing as the average grade decreases and with upward pressure on input costs, offset partly by \$100 million of targeted savings from the Group's Cost and Competitiveness Programme.