

## Q2 2019 PRODUCTION REPORT

### STRONG COPPER PRODUCTION AND LOWER COSTS

**Antofagasta plc CEO, Iván Arriagada said:** *“Copper production was strong during the quarter and together with our rigorous control of costs this has reduced our unit costs.*

*“Second quarter copper production stood at 198,600 tonnes, 5.3% higher than the previous quarter and, as expected, grades increased, particularly at Centinela Concentrates.*

*“Our disciplined approach to costs, coupled with higher copper production, a weaker Chilean peso and higher by-product credits allowed us to achieve net cash costs of \$1.14/lb, an 8.1% reduction from the previous quarter.*

*“Our priorities for the year remain our safety performance, and sustaining the strong momentum on operational reliability and efficiency, while also progressing the Los Pelambres expansion project.*

*“We maintain our production guidance for the full year at 750-790,000 tonnes and net cash cost guidance for the year is now expected to be \$1.25/lb, 5c/lb less than guided at the beginning of the year.”*

## HIGHLIGHTS

### PRODUCTION

- **Group copper production in Q2 2019 was 198,600 tonnes**, 5.3% higher than the previous quarter as a result of higher production at all of our operations
- **Group copper production for the first six months of the year was 387,300 tonnes**, 22.2% higher than in the same period last year because of higher throughput and grades at most of the operations
- **Gold production during the quarter increased by 39.7% to 86,900 ounces** compared to the previous quarter, and for the first six months increased by 107.1% to 149,100 ounces due to higher grades at Centinela
- **Molybdenum production in the quarter was 3,000 tonnes**, some 500 tonnes lower than the previous quarter. For the year to date, production was 6,400 tonnes, 8.5% higher than in the same period last year

### CASH COSTS

- **Cash costs before by-product credits in Q2 2019 were \$1.62/lb and for the first half of the year were \$1.66/lb**, 4.7% lower than in Q1 2019 and 13.5% lower than in H1 last year. This improvement in costs is explained by gains arising from our productivity programme, which continues to deliver savings since it was introduced in 2015, the favourable impact of increased production and a weaker Chilean Peso
- **Net cash costs were \$1.14/lb in Q2 2019 and for the first half of the year were \$1.19/lb**, an 8.1% decrease compared with the previous quarter and 21.7% lower than in the first half of 2018, primarily due to lower cash costs before by-product credits and higher by-product credits

## 2019 GUIDANCE

- Copper production for 2019 is expected to be between 750,000 and 790,000 tonnes, unchanged from the beginning of the year. Following strong cost performance in H1, cost guidance for the full year is reduced from \$1.30/lb guided at the beginning of the year to \$1.25/lb, assuming by-product prices and the Chilean Peso exchange rate remain at similar levels to the first half of the year.

## OTHER

- Construction of the Los Pelambres expansion project has started on-site and as at the end of June 2019, the project progress to completion was 22%
- Labour negotiations with the supervisors at Zaldívar and Los Pelambres, and the workers at Antucoya are expected to be concluded in H2 2019

| GROUP PRODUCTION AND CASH COSTS                     |       | Year to Date |       |        | Q2    | Q1    |        |
|---|-------|--------------|-------|--------|-------|-------|--------|
|   |       | 2019         | 2018  | %      | 2019  | 2019  | %      |
| Copper production                                   | kt    | 387.3        | 317.0 | 22.2   | 198.6 | 188.6 | 5.3    |
| Copper sales  | kt    | 381.4        | 303.9 | 25.5   | 202.5 | 178.9 | 13.2   |
| Gold production                                     | koz   | 149.1        | 72.0  | 107.1  | 86.9  | 62.2  | 39.7   |
| Molybdenum production                               | kt    | 6.4          | 5.9   | 8.5    | 3.0   | 3.5   | (14.3) |
| Cash costs before by-product credits <sup>(1)</sup> | \$/lb | 1.66         | 1.92  | (13.5) | 1.62  | 1.70  | (4.7)  |
| Net cash costs <sup>(1)</sup>                       | \$/lb | 1.19         | 1.52  | (21.7) | 1.14  | 1.24  | (8.1)  |

(1) 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 91,200 tonnes of copper in Q2 2019, 2.2% higher than in the previous quarter as copper grades and recoveries increased, partially offset by lower average throughput due to scheduled maintenance.

In the first six months of 2019, copper production increased by 13.4% compared with the same period last year. This increase was primarily due to the lower copper production during Q2 2018, resulting from the concentrate pipeline blockage in that period, and higher throughput and grades during the first six months of 2019.

Molybdenum production was lower at 2,900 tonnes in Q2 2019 compared to the previous quarter. Production for the first six months of the year stood at 6,200 tonnes, 5.1% higher than the same period last year as a result of higher throughput and recoveries.

Cash costs before by-product credits in Q2 and H1 2019 were \$1.44/lb, unchanged from Q1 and \$0.23/lb lower than in H1 2018. Productivity improvements, increased production and the weakening of the Chilean Peso during 2019 have all contributed to reducing unit costs.

By-product credits decreased from \$0.60/lb in Q1 to \$0.51/lb in Q2 due to lower molybdenum and gold production, partially offset by higher realised molybdenum and gold prices. For the first six months of 2019, by-product credits were \$0.55/lb, \$0.08/lb lower than the same period last year primarily due to lower realised molybdenum prices.

Net cash costs for the quarter were \$0.93/lb, and for the year to date were \$0.89/lb, 14.4% lower than the same period last year.

| LOS PELAMBRES                                       |       | Year to Date |       |        | Q2    | Q1    |        |
|---|-------|--------------|-------|--------|-------|-------|--------|
|   |       | 2019         | 2018  | %      | 2019  | 2019  | %      |
| Daily ore throughput                                | kt    | 168.5        | 166.1 | 1.4    | 165.1 | 171.9 | (4.0)  |
| Copper grade  | %     | 0.70         | 0.67  | 4.5    | 0.72  | 0.68  | 5.9    |
| Copper recovery                                     | %     | 87.1         | 88.1  | (1.1)  | 87.6  | 86.6  | 1.2    |
| Copper production                                   | kt    | 180.4        | 159.1 | 13.4   | 91.2  | 89.2  | 2.2    |
| Copper sales  | kt    | 170.9        | 145.4 | 17.5   | 96.0  | 74.9  | 28.2   |
| Molybdenum grade                                    | %     | 0.021        | 0.025 | (16.0) | 0.022 | 0.021 | 4.8    |
| Molybdenum recovery                                 | %     | 85.1         | 83.2  | 2.3    | 86.0  | 84.2  | 2.1    |
| Molybdenum production                               | kt    | 6.2          | 5.9   | 5.1    | 2.9   | 3.3   | (12.1) |
| Molybdenum sales                                    | kt    | 6.4          | 6.1   | 4.9    | 3.1   | 3.3   | (6.1)  |
| Gold production                                     | koz   | 29.8         | 27.5  | 8.4    | 14.2  | 15.6  | (9.0)  |
| Gold sales  | koz   | 24.9         | 24.5  | 1.6    | 14.3  | 10.6  | 34.9   |
| Cash costs before by-product credits <sup>(1)</sup> | \$/lb | 1.44         | 1.67  | (13.8) | 1.44  | 1.44  | 0.0    |
| Net cash costs <sup>(1)</sup>                       | \$/lb | 0.89         | 1.04  | (14.4) | 0.93  | 0.84  | 10.7   |

(1) Includes tolling charges of \$0.23/lb in Q2 2019, \$0.26/lb in Q1 2019, \$0.25/lb YTD 2019 and \$0.26/lb YTD 2018

## Centinela

Total copper production at Centinela was 6.3% higher in Q2 2019 than in the previous quarter and 36.8% higher than in H1 2018, primarily as a result of higher grades at Centinela Concentrates.

Production of copper in concentrate was 55,500 tonnes in Q2 2019, 24.4% higher than in the previous quarter due to higher grades and recoveries, partially compensated by lower throughput. Copper in concentrate production for the first six months of the year was 100,100 tonnes, compared with 59,600 tonnes in the same period last year, reflecting higher throughput, grades and recoveries.

Major maintenance of the SAG mill has been rescheduled from Q3 to Q4.

Copper cathode production during the quarter was 17,600 tonnes, 27.6% lower than Q1 2019, and was 5.0% lower in H1 than in the same period last year primarily due to lower grades and recoveries.

Gold production was 56.0% higher than the previous quarter and 168% higher than H1 last year, primarily due to grades and recoveries.

Cash costs before by-product credits were \$1.65/lb, 10.8% lower than in the previous quarter. This decrease was mainly due to the impact on unit costs of higher copper production. Cash costs before by-product credits for the first six months of 2019 were \$1.74/lb, 21.6% lower than the same period in 2018 as a result of higher copper production and a weaker local currency.

By-product credits increased from \$0.47/lb in Q1 to \$0.67/lb in Q2 due to higher gold production. For the first six months of 2019, by-product credits were \$0.56/lb, \$0.28/lb higher than in the same period last year due to improved gold production and realised gold price.

Net cash costs in Q2 2019 were \$0.98/lb, 29.0% lower than the previous quarter. During the first six months of the year net cash costs were \$1.18/lb, 39.2% lower than in H1 2018 due to lower cash costs before by-product credits and higher by-product credits.

| CENTINELA                                    |       | Year to Date |       |        | Q2    | Q1    |        |
|--|-------|--------------|-------|--------|-------|-------|--------|
|  |       | 2019         | 2018  | %      | 2019  | 2019  | %      |
| <b>CONCENTRATES</b>                          |       |              |       |        |       |       |        |
| Daily ore throughput                         | kt    | 96.9         | 92.0  | 5.3    | 92.2  | 101.6 | (9.3)  |
| Copper grade                                 | %     | 0.71         | 0.47  | 51.1   | 0.81  | 0.61  | 32.8   |
| Copper recovery                              | %     | 84.4         | 81.2  | 3.9    | 86.5  | 81.9  | 5.6    |
| Copper production                            | kt    | 100.1        | 59.6  | 68.0   | 55.5  | 44.6  | 24.4   |
| Copper sales                                 | kt    | 101.8        | 60.1  | 69.4   | 52.2  | 49.6  | 5.2    |
| Molybdenum grade <sup>(1)</sup>              | %     | 0.006        | -     | -      | 0.004 | 0.009 | (55.6) |
| Molybdenum recovery <sup>(1)</sup>           | %     | 74.8         | -     | -      | 66.1  | 77.9  | (15.1) |
| Molybdenum production <sup>(1)</sup>         | kt    | 0.2          | -     | -      | 0.1   | 0.2   | (50.0) |
| Molybdenum sales <sup>(1)</sup>              | kt    | 0.2          | -     | -      | 0.1   | 0.1   | 0.0    |
| Gold grade                                   | g/t   | 0.31         | 0.14  | 121.4  | 0.39  | 0.24  | 62.5   |
| Gold recovery                                | %     | 69.7         | 63.3  | 10.1   | 72.4  | 65.8  | 10.0   |
| Gold production                              | koz   | 119.2        | 44.5  | 167.9  | 72.7  | 46.6  | 56.0   |
| Gold sales                                   | koz   | 123.3        | 43.6  | 182.8  | 72.4  | 50.9  | 42.2   |
| <b>CATHODES</b>                              |       |              |       |        |       |       |        |
| Daily ore throughput                         | kt    | 47.8         | 41.5  | 15.2   | 45.8  | 49.7  | (7.8)  |
| Copper grade                                 | %     | 0.58         | 0.72  | (19.4) | 0.55  | 0.62  | (11.3) |
| Copper recovery                              | %     | 70.5         | 74.2  | (5.0)  | 67.0  | 73.4  | (8.7)  |
| Copper production – heap leach               | kt    | 38.7         | 40.9  | (5.4)  | 16.1  | 22.6  | (28.8) |
| Copper production – total <sup>(2)</sup>     | kt    | 41.9         | 44.1  | (5.0)  | 17.6  | 24.3  | (27.6) |
| Copper sales                                 | kt    | 45.4         | 46.2  | (1.7)  | 20.6  | 24.8  | (16.9) |
| Total copper production                      | kt    | 141.9        | 103.7 | 36.8   | 73.1  | 68.8  | 6.3    |
| Cash costs before by-products <sup>(3)</sup> | \$/lb | 1.74         | 2.22  | (21.6) | 1.65  | 1.85  | (10.8) |
| Net cash costs <sup>(3)</sup>                | \$/lb | 1.18         | 1.94  | (39.2) | 0.98  | 1.38  | (29.0) |

(1) Molybdenum production started in Q3 2018

(2) Includes production from ROM material

(3) Includes tolling charges of \$0.18/lb in Q2 2019, \$0.17/lb in Q1 2019, \$0.17/lb YTD 2019 and \$0.16/lb YTD 2018

## Antucoya

Copper production at Antucoya was 19,500 tonnes in Q2 2019, 8.9% higher than in the previous quarter due to higher ore grades, partially offset by lower throughput. Production in the first six months of 2019 was 37,500 tonnes, 14.0% higher than the same period last year on higher copper grades and recoveries.

During the quarter, cash costs were \$2.29/lb compared to \$2.22/lb in Q1 2019. For the first six months, cash costs were 4.1% higher at \$2.26/lb than in H1 2018 due to higher acid prices and higher maintenance costs.

| ANTUCOYA             |       | Year to Date |      |       | Q2   | Q1   |       |
|----------------------|-------|--------------|------|-------|------|------|-------|
|                      |       | 2019         | 2018 | %     | 2019 | 2019 | %     |
| Daily ore throughput | kt    | 74.5         | 77.7 | (4.1) | 73.3 | 75.8 | (3.3) |
| Copper grade         | %     | 0.38         | 0.34 | 11.8  | 0.40 | 0.37 | 8.1   |
| Copper recovery      | %     | 71.3         | 68.4 | 4.2   | 71.2 | 71.4 | (0.3) |
| Copper production    | kt    | 37.5         | 32.9 | 14.0  | 19.5 | 17.9 | 8.9   |
| Copper sales         | kt    | 36.4         | 31.6 | 15.2  | 19.4 | 17.0 | 14.1  |
| Cash costs           | \$/lb | 2.26         | 2.17 | 4.1   | 2.29 | 2.22 | 3.2   |

## Zaldívar

Copper production increased to 14,800 tonnes, 16.5% higher than previous quarter as throughput increased by 56.0% to the highest level since 2017. Due to the long leach cycle at Zaldívar, this higher throughput should also be reflected in higher payable copper production in the following periods.

Production for the year to date was 27,500 tonnes, 29.1% higher compared with the same period last year due to improved ore grades and throughput, partially offset by lower recoveries.

Cash costs decreased by 11.5% to \$1.69/lb in Q2 2019 compared to the previous quarter, and cash costs for the first six months of 2019 were \$1.79/lb compared with \$1.97/lb in the same period in 2018, primarily due to higher production but partially offset by higher input prices, particularly acid.

| ZALDÍVAR                                      |       | Year to Date |      |       | Q2   | Q1   |        |
|---|-------|--------------|------|-------|------|------|--------|
|   |       | 2019         | 2018 | %     | 2019 | 2019 | %      |
| Daily ore throughput                          | kt    | 37.3         | 34.3 | 8.7   | 45.4 | 29.1 | 56.0   |
| Copper grade                                  | %     | 1.23         | 0.73 | 68.5  | 1.21 | 1.25 | (3.2)  |
| Copper recovery <sup>(1)</sup>                | %     | 61.8         | 64.9 | (4.8) | 62.6 | 60.6 | 3.3    |
| Copper production – heap leach <sup>(2)</sup> | kt    | 21.3         | 16.4 | 29.9  | 11.8 | 9.5  | 24.2   |
| Copper production – total <sup>(2,3)</sup>    | kt    | 27.5         | 21.3 | 29.1  | 14.8 | 12.7 | 16.5   |
| Copper sales <sup>(2)</sup>                   | kt    | 26.9         | 20.6 | 30.6  | 14.3 | 12.6 | 13.5   |
| Cash costs                                    | \$/lb | 1.79         | 1.97 | (9.1) | 1.69 | 1.91 | (11.5) |

(1) Average over full leach cycle

(2) Group's 50% share

(3) Includes production from secondary leaching

## Transport Division

Total transport volumes in Q2 2019 were 1.7 million tonnes, 16.8% higher than in the previous quarter mainly as a result of severe flooding in February that affected the rail network and customer's shipment volumes.

For the first six months of the year, transport volumes increased by 3.8% as a new transport contract with a customer came into effect during the period.

| TRANSPORT DIVISION        |    | Year to Date |       |       | Q2    | Q1    |      |
|---------------------------|----|--------------|-------|-------|-------|-------|------|
|                           |    | 2019         | 2018  | %     | 2019  | 2019  | %    |
| Rail                      | kt | 2,424        | 2,481 | (2.3) | 1,279 | 1,145 | 11.7 |
| Road                      | kt | 726          | 554   | 31.0  | 418   | 308   | 35.7 |
| Total tonnage transported | kt | 3,150        | 3,035 | 3.8   | 1,697 | 1,453 | 16.8 |

## Commodity prices and exchange rates

|                       |        | Year to Date |       |        | Q2    | Q1    |        |
|-----------------------|--------|--------------|-------|--------|-------|-------|--------|
|                       |        | 2019         | 2018  | %      | 2019  | 2019  | %      |
| <b>Copper</b>         |        |              |       |        |       |       |        |
| Market price          | \$/lb  | 2.80         | 3.14  | (10.8) | 2.77  | 2.82  | (1.7)  |
| Realised price        | \$/lb  | 2.81         | 3.00  | (6.3)  | 2.61  | 3.03  | (13.8) |
| <b>Gold</b>           |        |              |       |        |       |       |        |
| Market price          | \$/oz  | 1,308        | 1,318 | (0.7)  | 1,310 | 1,307 | 0.2    |
| Realised price        | \$/oz  | 1,326        | 1,310 | 1.2    | 1,338 | 1,309 | 2.2    |
| <b>Molybdenum</b>     |        |              |       |        |       |       |        |
| Market price          | \$/lb  | 12.0         | 11.9  | 0.4    | 12.2  | 11.8  | 3.3    |
| Realised price        | \$/lb  | 12.1         | 12.7  | (5.3)  | 12.1  | 12.0  | 0.5    |
| <b>Exchange rates</b> |        |              |       |        |       |       |        |
| Chilean Peso          | per \$ | 675          | 612   | 10.4   | 684   | 667   | 2.5    |

Spot commodity prices for copper, gold and molybdenum as at 30 June 2019 were \$2.72/lb, \$1,410/oz and \$11.9/lb respectively, compared with \$2.94/lb, \$1,292/oz and \$12.1/lb as at 31 March 2019 and \$2.70/lb, \$1,282/oz and \$11.3/lb as at 31 December 2018.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were negative \$70.9 million, positive \$2.6 million and negative \$0.9 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the first six months of the year were positive \$5.5 million, positive \$2.0 million and positive \$1.8 million respectively.