

Q3 2019 PRODUCTION REPORT

CONTINUED STRONG COPPER PRODUCTION AND LOWER COSTS

Antofagasta plc CEO, Iván Arriagada said: *“We delivered another quarter of strong production underpinned by a consistent operating performance, which together with higher grades at some of our operations, contributed to year to date copper volumes of 584,200 tonnes which are 16% higher than the same period in 2018.*

“Costs continued to decrease over the quarter with net cash costs falling to \$1.12/lb and \$1.17/lb for the year to date. For the full year we expect to deliver production growth in line with our annual guidance.”

HIGHLIGHTS

PRODUCTION

- **Group copper production in Q3 2019 was 197,000 tonnes**, 0.8% lower than the previous quarter
- **Group copper production for the first nine months of the year was 584,200 tonnes**, 15.6% higher than in the same period last year on continued higher throughput and grades
- **Gold production for the year to date was 226,600 ounces**, 88.7% higher than in the same period last year on higher grades and for the quarter was 77,600 ounces, 10.7% lower than the previous quarter as grades declined at Centinela
- **Molybdenum production in the quarter was 2,900 tonnes**, some 100 tonnes lower than the previous quarter. For the year to date, production was 9,300 tonnes, 1,000 tonnes lower than in the same period last year on lower grades

CASH COSTS

- **Cash costs before by-product credits in Q3 2019 were \$1.60/lb and for the first nine months of the year were \$1.64/lb**, 1.2% lower than in Q2 2019 and 11.4% lower than in the year to date last year. This improvement in unit costs during the year is due to the increased production, costs savings arising from the Cost and Competitiveness Programme and a weaker Chilean Peso
- **Net cash costs were \$1.12/lb in Q3 2019 and \$1.17/lb for the year to date**, a 1.8% decrease compared with the previous quarter and 17.6% lower than the same period last year, primarily due to lower cash costs before by-product credits and higher by-product credits

GUIDANCE

- Guidance for 2019 is maintained at 750-790,000 tonnes of copper with costs expected to be below \$1.25/lb
- In 2020 production is expected to be to 725-755,000 tonnes of copper as grades decline at Centinela Concentrates before rising again in 2021

OTHER

- Progress on the Los Pelambres expansion project reached 24% as at the end of the quarter and the rate of expenditure is accelerating as expected
- Recent civil unrest in Chile could potentially disrupt the delivery of supplies and the transport of employees and contractors to our operations, with the impact on production expected to be approximately 5,000 tonnes
- Labour negotiations were successfully concluded with the supervisors at Zaldívar during the quarter and with the supervisors at Los Pelambres this month. At Antucoya the workers declared a strike on 15 October and negotiations are continuing
- Labour negotiations with a new supervisors union at Antucoya have recently commenced and are expected to be concluded by the end of the year

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q3	Q2	
		2019	2018	%	2019	2019	%
Copper production	kt	584.2	505.5	15.6	197.0	198.6	(0.8)
Copper sales	kt	578.6	499.3	15.9	197.3	202.5	(2.6)
Gold production	koz	226.6	120.1	88.7	77.6	86.9	(10.7)
Molybdenum production	kt	9.3	10.3	(9.7)	2.9	3.0	(3.3)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.64	1.85	(11.4)	1.60	1.62	(1.2)
Net cash costs ⁽¹⁾	\$/lb	1.17	1.42	(17.6)	1.12	1.14	(1.8)

(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

Production at Los Pelambres was 90,600 tonnes of copper in Q3 2019, 0.7% lower than in the previous quarter as higher throughput and recoveries were partially offset by expected lower ore grades.

In the first nine months of 2019, copper production was 271,000 tonnes, 5.1% higher than in the same period last year primarily due to higher throughput and grades.

Molybdenum production was 2,800 tonnes in Q3 2019, slightly down from the previous quarter and for the year to date was 9,000 tonnes, 10.0% lower than the same period last year as a result of lower molybdenum grades.

Cash costs before by-product credits in Q3 were \$1.38/lb, 4.2% lower than in previous quarter and for the first nine months of the year were \$1.42/lb, 11.3% lower than same period last year. Higher throughput and ore grades, productivity improvements and the weakening of the Chilean Peso have all contributed to reducing unit costs which are lower than the \$1.50/lb expected for the full year.

Net cash costs for the quarter were \$0.86/lb, and for the year to date were \$0.88/lb, 8.3% lower than the same period last year despite by-product credits being 10c/lb less than last year.

Shortly after the end of the period labour negotiations with the supervisors union were successfully concluded for a period of three years.

LOS PELAMBRES		Year to Date			Q3	Q2	
		2019	2018	%	2019	2019	%
Daily ore throughput	kt	169.6	165.3	2.6	171.6	165.1	3.9
Copper grade	%	0.69	0.67	3.0	0.67	0.72	(6.9)
Copper recovery	%	87.7	88.2	(0.6)	88.7	87.6	1.3
Copper production	kt	271.0	257.8	5.1	90.6	91.2	(0.7)
Copper sales	kt	259.4	255.2	1.6	88.5	96.0	(7.8)
Molybdenum grade	%	0.021	0.027	(22.2)	0.022	0.022	0.0
Molybdenum recovery	%	85.5	84.0	1.8	86.3	86.0	0.3
Molybdenum production	kt	9.0	10.0	(10.0)	2.8	2.9	(3.4)
Molybdenum sales	kt	9.5	9.6	(1.0)	3.1	3.1	0.0
Gold production	koz	44.8	46.0	(2.6)	15.0	14.2	5.6
Gold sales	koz	38.0	45.8	(17.0)	13.1	14.3	(8.4)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.42	1.60	(11.3)	1.38	1.44	(4.2)
Net cash costs ⁽¹⁾	\$/lb	0.88	0.96	(8.3)	0.86	0.93	(7.5)

(1) Includes tolling charges of \$0.21/lb in Q3 2019, \$0.23/lb in Q2 2019, \$0.23/lb YTD 2019 and \$0.25/lb YTD 2018

Centinela

Total copper production at Centinela during the quarter was 73,200 tonnes, 0.1% lower than in the previous quarter as grades declined. Production for the year to date was 215,200 tonnes, 33.2% higher than in the same period last year, primarily as a result of higher grades at Centinela Concentrates but also with higher throughput at both the concentrate and oxide plants.

Production of copper in concentrate was 56,700 tonnes in Q3 2019, 2.2% higher than in the previous quarter. For the first nine months of the year, copper in concentrate production was 156,800 tonnes, compared with 95,300 tonnes in the same period last year, reflecting higher throughput, grades and recoveries.

Major maintenance of the SAG mill at the concentrate plant is expected to be completed during October.

Copper cathode production during the quarter was 16,500 tonnes, 6.3% lower than Q2 2019 as throughput reduced by 6.6%. For the year to date, copper cathode production was 58,400 tonnes, 12.0% lower than in the same period last year primarily due to lower grades and recoveries.

Gold production was 62,600 ounces in the quarter, 13.9% lower than the previous quarter on lower grades, and for the first nine months was 181,900 ounces, 146% higher than same period last year, due to higher throughput, grades and recoveries.

Cash costs before by-product credits were \$1.72/lb, 4.2% higher than in the previous quarter. Cash costs before by-product credits for the first nine months of 2019 were \$1.74/lb, 18.7% lower than the same period in 2018 as a result of higher copper production and a weaker Chilean Peso.

By-product credits decreased from \$0.67/lb in Q2 to \$0.64/lb in Q3 due to lower gold production. For the first nine months of 2019, by-product credits were \$0.60/lb, \$0.30/lb higher than in the same period last year due to increased gold production and a higher realised gold price.

Net cash costs in Q3 2019 were \$1.08/lb, 10.0% higher than the previous quarter.

During the first nine months of the year net cash costs were \$1.14/lb, 38.0% lower than in same period in 2018 due to lower cash costs before by-product credits and higher by-product credits.

CENTINELA		Year to Date			Q3	Q2	
		2019	2018	%	2019	2019	%
CONCENTRATES							
Daily ore throughput	kt	95.3	91.9	3.7	92.3	92.2	0.1
Copper grade	%	0.73	0.50	46.0	0.78	0.81	(3.7)
Copper recovery	%	85.6	81.1	5.5	87.7	86.5	1.4
Copper production	kt	156.8	95.3	64.5	56.7	55.5	2.2
Copper sales	kt	161.9	97.8	65.5	60.1	52.2	15.1
Molybdenum grade ⁽¹⁾	%	0.007	0.011	(36.4)	0.007	0.004	75.0
Molybdenum recovery ⁽¹⁾	%	76.1	82.4	(7.6)	78.7	66.1	19.1
Molybdenum production ⁽¹⁾	kt	0.3	0.3	0.0	0.1	0.1	0.0
Molybdenum sales ⁽¹⁾	kt	0.3	0.3	0.0	0.1	0.1	0.0
Gold grade	g/t	0.32	0.16	100.0	0.33	0.39	(15.4)
Gold recovery	%	69.7	62.9	10.8	69.5	72.4	(4.0)
Gold production	koz	181.9	74.1	145.5	62.6	72.7	(13.9)
Gold sales	koz	190.4	74.6	155.2	67.0	72.4	(7.5)
CATHODES							
Daily ore throughput	kt	46.1	43.7	5.5	42.8	45.8	(6.6)
Copper grade	%	0.58	0.71	(18.3)	0.57	0.55	3.6
Copper recovery	%	70.0	72.7	(3.7)	68.8	67.0	2.7
Copper production – heap leach	kt	54.0	61.6	(12.3)	15.3	16.1	(5.0)
Copper production – total ⁽²⁾	kt	58.4	66.4	(12.0)	16.5	17.6	(6.3)
Copper sales	kt	63.5	66.5	(4.5)	18.1	20.6	(12.1)
Total copper production	kt	215.2	161.6	33.2	73.2	73.1	0.1
Cash costs before by-product credits ⁽³⁾	\$/lb	1.74	2.14	(18.7)	1.72	1.65	4.2
Net cash costs ⁽³⁾	\$/lb	1.14	1.84	(38.0)	1.08	0.98	10.2

(1) Molybdenum production started in Q3 2018

(2) Includes production from ROM material

(3) Includes tolling charges of \$0.18/lb in Q3 2019, \$0.18/lb in Q2 2019, \$0.18/lb YTD 2019 and \$0.16/lb YTD 2018

Antucoya

Copper production at Antucoya was 18,700 tonnes in Q3 2019, 4.1% lower than in the previous quarter due to lower throughput, partially offset by higher recoveries with work being completed during the quarter to reduce the dust being produced at the secondary and tertiary crushers. Production in the first nine months of 2019 was 56,100 tonnes, 7.7% higher than the same period last year on higher copper grades and recoveries.

During the quarter, cash costs were \$2.08/lb compared to \$2.29/lb in Q2 2019. For the first nine months, cash costs were \$2.20/lb, 5.3% higher than same period last year mainly due to higher acid prices and higher maintenance costs, partially offset by lower energy prices and a weaker Chilean Peso.

On 15 October the workers union declared a strike having rejected the company's last offer on salary increases, bonuses and other benefits. Only essential operations will be conducted at the mine while the strike continues.

ANTUCOYA		Year to Date			Q3	Q2	
		2019	2018	%	2019	2019	%
Daily ore throughput	kt	72.2	75.3	(4.1)	67.6	73.3	(7.8)
Copper grade	%	0.39	0.36	8.3	0.41	0.40	2.5
Copper recovery	%	73.7	70.0	5.3	78.7	71.2	10.5
Copper production	kt	56.1	52.1	7.7	18.7	19.5	(4.1)
Copper sales	kt	55.4	47.0	17.9	19.0	19.4	(2.1)
Cash costs	\$/lb	2.20	2.09	5.3	2.08	2.29	(9.2)

Zaldívar

Copper production at Zaldívar was 14,500 tonnes, 2.0% lower than previous quarter on lower throughput, grades and recoveries partially offset by increased production from secondary leaching.

Production for the year to date was 41,900 tonnes, 23.2% higher compared with the same period last year due to significantly improved ore grades and higher throughput, partially offset by lower recoveries.

Cash costs during the quarter were \$1.77/lb, 4.7% higher than in Q2 2019, and cash costs for the first nine months of the year were \$1.78/lb, 9.2% lower compared with \$1.96/lb in the same period in 2018, primarily due to higher production. Higher acid prices have been partially offset by weaker local currency.

Labour negotiations with the supervisors were successfully concluded during the quarter.

ZALDÍVAR		Year to Date			Q3	Q2	
		2019	2018	%	2019	2019	%
Daily ore throughput	kt	38.4	36.5	5.2	40.4	45.4	(11.0)
Copper grade	%	1.15	0.78	47.4	1.00	1.21	(17.4)
Copper recovery ⁽¹⁾	%	61.7	66.7	(7.5)	61.3	62.6	(2.1)
Copper production – heap leach ⁽²⁾	kt	34.5	26.4	30.7	11.4	13.7	(16.8)
Copper production – total ^(2,3)	kt	41.9	34.0	23.2	14.5	14.8	(2.0)
Copper sales ⁽²⁾	kt	38.4	32.8	17.1	11.6	14.3	(18.9)
Cash costs	\$/lb	1.78	1.96	(9.2)	1.77	1.69	4.7

(1) Average over full leach cycle

(2) Group's 50% share

(3) Includes production from secondary leaching

Transport Division

Total transport volumes in Q3 2019 were 1.8 million tonnes, 4.7% higher than in the previous quarter and for the first nine months of the year, transport volumes increased by 9.6% to 4.9 million tonnes, as a new transport contracts that came into effect during the period as well as higher tonnages from existing customers.

In addition to the seven new locomotives that were brought into operation during 2018, seven new locomotives have arrived in 2019 and are currently operating and five more are expecting to be delivered by the end of the year. These purchases are part of the Division's programme to replace older rolling stock and increase the fleet's haulage capacity with a more efficient fleet to meet growing demand and complete new contracts.

TRANSPORT DIVISION		Year to Date			Q3	Q2	
		2019	2018	%	2019	2018	%
Rail	kt	3,770	3,654	3.2%	1,346	1,279	5.2%
Road	kt	1,156	839	37.8%	430	418	3.0%
Total tonnage transported		4,926	4,493	9.6%	1,776	1,697	4.7%

Commodity prices and exchange rates

		Year to Date			Q3	Q2	
		2019	2018	%	2019	2019	%
Copper							
Market price	\$/lb	2.74	3.01	(9.0)	2.63	2.77	(5.2)
Realised price	\$/lb	2.71	2.87	(5.7)	2.51	2.61	(4.0)
Gold							
Market price	\$/oz	1,364	1,283	6.3	1,474	1,310	12.6
Realised price	\$/oz	1,388	1,258	10.3	1,501	1,338	12.2
Molybdenum							
Market price	\$/lb	11.9	11.9	0.3	11.8	12.2	(2.9)
Realised price	\$/lb	11.9	12.5	(5.0)	11.4	12.1	(5.6)
Exchange rates							
Chilean peso	per \$	685	628	9.1	707	684	3.4

Spot commodity prices for copper, gold and molybdenum as at 30 September 2019 were \$2.60/lb, \$1,473/oz and \$11.8/lb respectively, compared with \$2.72/lb, \$1,410/oz and \$11.9/lb as at 30 June 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 \$56.8 million, positive \$2.4 million and negative \$3.0 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the first nine months of the year were negative \$51.3 million, positive \$4.4 million and negative \$1.2 million respectively.