

Q4 2019 PRODUCTION REPORT

RECORD COPPER PRODUCTION

Antofagasta plc CEO, Iván Arriagada said: *“2019 was a good year operationally for Antofagasta. We had record copper production of 770,000 tonnes, at the top end of our revised guidance, and improved cash costs of \$1.22/lb. I am also pleased to report that there were no fatalities during the year, a target we remain focused on as our top priority.*

“We expect a solid performance from the Group in 2020 as we continue to focus on improving the operating efficiency of our mines, enter into labour negotiations at Centinela and Zaldivar, and continue to optimise water usage across the Group and particularly at Los Pelambres. We will also complete the Centinela Second Concentrator feasibility study and continue to invest in our growth projects including the Los Pelambres expansion, the Esperanza Sur pit and the Zaldivar Chloride Leach project. Production is expected to be 725-755,000 tonnes of copper at a net cash cost of \$1.30/lb.”

“Following the civil unrest in Chile last year and the disruption of supplies at Los Pelambres, all of our mining operations have been operating in line with their respective plans, although the Transport division has had some interruptions due to occasional road blockages in the city of Antofagasta.

“Our purpose remains robust – developing mining for a better future – and this means making decisions with the understanding that our activities make an important contribution to developing the world of the future while also providing societal benefits to our host countries and local communities. In line with this, and following a practice we introduced some years ago, we recently increased the minimum wage for our employees and contractors to a level that is now two thirds higher than the national minimum wage”.

HIGHLIGHTS

PRODUCTION

- **Record copper production for the full year of 770,000 tonnes was at the top end of revised guidance, 6.2% higher than in 2018 on higher production at Los Pelambres, Centinela and Zaldivar**
- **Group copper production in Q4 2019 was 185,500 tonnes, only 5.8% lower than in the previous quarter due to planned lower grades and maintenance at Centinela Concentrates, the disruption of fuel deliveries to Los Pelambres due to social unrest in Chile and the strike at Antucoya**
- **Gold production was 55,600 ounces in Q4 2019, a decrease on Q3 2019 with lower grades at Centinela. Full year production was 282,300 ounces, 34.4% higher than in 2018 and above guidance**
- **Molybdenum production was 2,300 tonnes during the quarter and 11,600 tonnes for the full year, 14.7% lower than in the previous year on expected lower grades at Los Pelambres and unchanged production at Centinela**

CASH COSTS

- **Cash costs before by-product credits for the full year were \$1.65/lb, 7c/lb lower than last year due higher production, tight cost control and the weaker Chilean Peso**
- **Cash costs before by-product credits in Q4 2019 were \$1.70/lb, 6.3% higher than in Q3 2019 due to lower production, particularly at Centinela**
- **Net cash costs for the full year were \$1.22/lb, 5.4% lower than in 2018 due to lower cash costs before by-product credits and below guidance**

- **Net cash costs were \$1.37/lb in Q4 2019**, a 22.3% increase compared with the previous quarter, reflecting the higher cash costs before by-products credits and significantly lower by-products credits

2020 GUIDANCE

- Group production in 2020 is expected to be 725-755,000 tonnes of copper (as previously announced), 180-200,000 ounces of gold and 12,500-14,000 tonnes of molybdenum. The lower guidance reflects lower copper and gold grades at Centinela Concentrates
- Group cash costs in 2020 before and after by-product credits are expected to be at \$1.70/lb and \$1.30/lb respectively
- Capital expenditure in 2020 is expected to be \$1.5 billion, an increase on the \$1.2 billion guided for 2019 as the rate of expenditure on the Los Pelambres expansion accelerates over the year to \$0.7 billion

OTHER

- There were no fatalities at any of the Group's operations in 2019
- As announced on 4 November, mine supplies at Los Pelambres were disrupted when the access road was blocked and this was expected to reduce production by approximately 10,000 tonnes. However, the impact of the blockade was largely reversed over the rest of the quarter as higher grade ore than originally planned was processed
- As announced on 4 November, the workers' union at Antucoya accepted a revised offer ending an 18-day strike which had reduced production by some 4,000 tonnes. Labour negotiations with a new supervisors' union at Antucoya were successfully concluded during the quarter
- Progress on the Los Pelambres expansion project (engineering, procurement and construction) reached 31% as at the end of 2019
- 2019 was the driest year of a 10-year drought in Central Chile. Los Pelambres regularly reviews expected water availability under different scenarios with a focus on optimising water usage. This was the case in 2019 and remains central to ensuring plans for the current year are not affected
- During Q4 Twin Metals filed a Mine Plan of Operations to both State and Federal agencies formally initiating the environmental permitting process for this greenfield project in northeast Minnesota

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q4	Q3	
		2019	2018	%	2019	2019	%
Copper production	kt	770.0	725.3	6.2	185.5	197.0	(5.8)
Copper sales	kt	772.2	717.6	7.6	193.8	197.3	(1.8)
Gold production	koz	282.3	210.1	34.4	55.6	77.6	(28.4)
Molybdenum production	kt	11.6	13.6	(14.7)	2.3	2.9	(20.7)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.65	1.72	(4.1)	1.70	1.60	6.3
Net cash costs ⁽¹⁾	\$/lb	1.22	1.29	(5.4)	1.37	1.12	22.3

(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 had a strong 2019, meeting its production and outperforming its cost guidance for the full year despite disruptions to its mine supplies during the quarter. This again confirms its position as a stable and reliable world-class operation.

Copper production in Q4 2019 was 92,300 tonnes, 1.9% higher than in the previous quarter. This increase is mainly due to higher grades, partially offset by the lower throughput caused by the disruption to the delivery of mine supplies due to the social unrest in the country.

Copper production for the year increased by 1.6% to 363,400 tonnes compared to 2018 due to higher grades.

Molybdenum production at 2,200 tonnes during Q4 2019 was 600 tonnes lower than the previous quarter, primarily due to lower grades. Production for the full year of 11,200 tonnes was 15.8% lower than in 2018, due to the expected lower molybdenum grades.

Cash costs before by-product credits decreased by 5c/lb to \$1.33/lb in Q4 2019 compared to the previous quarter due to higher grades and despite lower throughput. For the full year, cash costs before by-product credits at \$1.40/lb were 7.9% or 12c/lb lower than in 2018, reflecting strong cost performance during the year.

Net cash costs in Q4 2019 at \$1.01/lb were higher than in the previous quarter reflecting lower by-product credits of 20c/lb compared to the previous quarter as by-product production fell and the realised molybdenum price decreased. Net cash costs for the full year were \$0.91/lb, the same as in 2018 despite lower by-product credits.

Maintenance of two of the SAG mills is scheduled, one in Q2 and one in Q4.

LOS PELAMBRES		Year to Date			Q4	Q3	
		2019	2018	%	2019	2019	%
Daily ore throughput	kt	167.8	169.1	(0.8)	162.8	171.6	(5.1)
Copper grade	%	0.70	0.68	2.9	0.72	0.67	7.5
Copper recovery	%	87.8	88.0	(0.2)	88.3	88.7	(0.5)
Copper production	kt	363.4	357.8	1.6	92.3	90.6	1.9
Copper sales	kt	356.1	358.9	(0.8)	96.7	88.5	9.3
Molybdenum grade	%	0.021	0.027	(22.2)	0.019	0.022	(13.6)
Molybdenum recovery	%	85.0	84.9	0.1	83.4	86.3	(3.4)
Molybdenum production	kt	11.2	13.3	(15.8)	2.2	2.8	(21.4)
Molybdenum sales	kt	11.8	13.6	(13.2)	2.4	3.1	(22.6)
Gold production	koz	59.7	63.2	(5.5)	14.9	15.0	(0.7)
Gold sales	koz	52.6	62.6	(16.0)	14.5	13.1	10.7
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.40	1.52	(7.9)	1.33	1.38	(3.6)
Net cash costs ⁽¹⁾	\$/lb	0.91	0.91	0.0	1.01	0.86	17.4

(1) Includes tolling charges of \$0.21/lb in Q4 2019, \$0.21/lb in Q3 2019, \$0.23/lb FY 2019 and \$0.25/lb FY 2018

Centinela

As expected, Centinela had a year of record copper production during 2019 as the sulphide ore grade increased by 21.1%.

In Q4 2019 copper production was 61,400 tonnes, 16.1% lower than Q3 2019 as production at Centinela Concentrates dropped off as expected, partially offset by a strong quarter at Centinela Cathodes. Total production for the full year was 276,600 tonnes, 11.5% higher than in 2018 primarily as a result of higher grades at Centinela Concentrates and partially offset by lower grades at Centinela Cathodes.

Production of copper in concentrates was 38,700 tonnes in Q4 2019, compared with 56,800 tonnes in the previous quarter as a result of expected sulphide lower grades falling back to levels last seen in Q3 2018 and planned major maintenance of the SAG mill. However, production for the full year was 25.7% higher than in 2018 at 195,500 tonnes due to higher grades and recoveries.

Cathode production in Q4 2019 was 22,700 tonnes, a 37.6% increase over the previous quarter as a result of higher throughput, grades and recoveries. Production for the full year was 81,100 tonnes, 12.3% lower than 2018 due to lower oxide grades, partially compensated for by higher throughput.

Gold production was 40,700 ounces in Q4 2019, 35.0% lower than in the previous quarter due to a planned decrease in grades. Production for the full year was 222,600 ounces, 51.5% higher than in 2018 as a result of expected higher grades and recoveries.

Cash costs before by-product credits were \$2.17/lb in Q4 2019 compared with \$1.72/lb in the previous quarter, mainly due to lower production. Cash costs before by-product credits for the full year were \$1.83/lb, 3.2% lower than in 2018, mainly as a result of higher production and the weaker local currency, partially offset by higher input prices.

Net cash costs in Q4 2019 were \$1.66/lb, reflecting the higher cash costs before by-product credits and lower by-product credits as a result of lower gold production during the quarter.

Net cash costs for the full year 2019 were \$1.26/lb, 16.6% lower than the previous year, reflecting the lower cash costs before by-product credits and \$0.19/lb higher by-product credits as gold production increased compared to 2018.

The current 3-year labour agreements with each of the four unions at Centinela expire in July, October and November and will be renegotiated over the course of 2020.

Major maintenance of the plant is scheduled in Q1 and Q3.

CENTINELA		Year to Date			Q4	Q3	
		2019	2018	%	2019	2019	%
CONCENTRATES							
Daily ore throughput	kt	92.9	96.8	(4.0)	85.4	92.3	(7.5)
Copper grade	%	0.69	0.57	21.1	0.57	0.78	(26.9)
Copper recovery	%	85.8	81.7	5.0	86.8	87.7	(1.0)
Copper production	kt	195.5	155.5	25.7	38.7	56.8	(31.9)
Copper sales	kt	205.3	149.7	37.1	43.4	60.1	(27.8)
Molybdenum grade ⁽¹⁾	%	0.008	0.008	0.0	0.010	0.007	42.9
Molybdenum recovery ⁽¹⁾	%	78.2	81.9	(4.5)	82.7	78.7	5.1
Molybdenum production ⁽¹⁾	kt	0.4	0.3	33.3	0.1	0.1	0.0
Molybdenum sales ⁽¹⁾	kt	0.3	0.4	(25.0)	0.0	0.1	(100.0)
Gold grade	g/t	0.30	0.21	42.9	0.22	0.33	(33.3)
Gold recovery	%	70.0	65.0	7.7	71.9	69.5	3.5
Gold production	koz	222.6	146.9	51.5	40.7	62.6	(35.0)
Gold sales	koz	236.3	135.5	74.4	45.9	67.0	(31.5)
CATHODES							
Daily ore throughput	kt	48.4	45.5	6.4	55.3	42.8	29.2
Copper grade	%	0.59	0.73	(19.2)	0.61	0.57	7.0
Copper recovery	%	70.0	71.9	(2.6)	70.1	68.8	1.9
Copper production – heap leach	kt	75.4	86.3	(12.6)	21.4	15.3	39.9
Copper production – total ⁽²⁾	kt	81.1	92.5	(12.3)	22.7	16.5	37.6
Copper sales	kt	82.6	91.2	(9.4)	19.1	18.1	5.5
Total copper production	kt	276.6	248.0	11.5	61.4	73.2	(16.1)
Cash costs before by-product credits ⁽³⁾	\$/lb	1.83	1.89	(3.2)	2.17	1.72	26.2
Net cash costs ⁽³⁾	\$/lb	1.26	1.51	(16.6)	1.66	1.08	53.7

(1) Molybdenum production started in Q3 2018

(2) Includes production from ROM material

(3) Includes tolling charges of \$0.15/lb in Q4 2019, \$0.18/lb in Q3 2019, \$0.17/lb FY 2019 and \$0.16/lb FY 2018

Antucoya

Copper production at Antucoya was 15,700 tonnes in Q4 2019, 16.0% lower than in the previous quarter reflecting the 18-day strike by the workers' union which lowered production by 4,000 tonnes. For the full year, Antucoya produced 71,900 tonnes of copper, similar to last year's production as lower throughput was offset by higher grades and recoveries.

Cash costs in Q4 2019 were \$2.09/lb, and for the full year were \$2.17/lb, 9.0% higher than in 2018, mainly because of higher input prices, particularly acid and higher costs in the spent ore reclaiming and stacking process.

Plant maintenance is scheduled in Q1.

ANTUCOYA		Year to Date			Q4	Q3	
		2019	2018	%	2019	2019	%
Daily ore throughput	kt	66.5	74.7	(11.0)	49.5	67.6	(26.8)
Copper grade	%	0.39	0.37	5.4	0.42	0.41	2.4
Copper recovery	%	74.6	71.6	4.2	78.9	78.7	0.3
Copper production	kt	71.9	72.2	(0.4)	15.7	18.7	(16.0)
Copper sales	kt	71.6	71.3	0.4	16.3	19.0	(14.2)
Cash costs	\$/lb	2.17	1.99	9.0	2.09	2.08	0.5

Zaldívar

Zaldívar produced 16,100 tonnes in Q4 2019, 11.0% higher than in the previous quarter on higher throughput, grades and recoveries. For the full year, Zaldívar produced 58,100 tonnes, 22.8% higher than 2018, mainly due to higher grades, which increased from 0.82% to 1.04%, and higher plant throughput.

Cash costs decreased by \$0.10/lb to \$1.67/lb in Q4 2019 compared to previous quarter due to higher production. Cash costs for 2019 were \$1.75/lb, 9.8% lower than the previous year, mainly because of higher production and the weaker local currency, partially offset by higher input prices.

The 3-year labour agreement with the workers' union expires in July 2020 and will be renegotiated before then.

Major maintenance is scheduled in Q2.

ZALDÍVAR		Year to Date			Q4	Q3	
		2019	2018	%	2019	2019	%
Daily ore throughput	kt	39.6	38.1	3.9	43.3	40.4	7.2
Copper grade	%	1.04	0.82	26.8	1.01	1.00	1.0
Copper recovery ⁽¹⁾	%	63.6	66.6	(4.5)	63.6	62.4	1.9
Copper production – heap leach ⁽²⁾	kt	45.3	36.2	25.1	12.6	11.4	10.5
Copper production – total ^(2,3)	kt	58.1	47.3	22.8	16.1	14.5	11.0
Copper sales ⁽²⁾	kt	56.7	46.5	21.9	18.3	11.6	57.8
Cash costs	\$/lb	1.75	1.94	(9.8)	1.67	1.77	(5.6)

(1) Restated from average over full leach cycle to 12-month rolling recoveries

(2) Group's 50% share

(3) Includes production from secondary leaching

Transport Division

The Division transported 1.6 million tonnes of freight in Q4 2019, 9.5% lower than in the previous quarter due to the civil unrest that occurred during the period. For the full year, transport volumes were 6.5 million tonnes, 7.7% higher than in 2018, as new transport contracts began during the year.

During 2019, twelve new locomotives were brought into operation, replacing older rolling stock increasing the fleet's haulage capacity and efficiency to meet growing demand and to complete new contracts.

TRANSPORT DIVISION		Year to Date			Q4	Q3	
		2019	2018	%	2019	2019	%
Rail	kt	4,983	4,912	1.4	1,212	1,346	(10.0)
Road	kt	1,551	1,153	34.5	395	430	(8.1)
Total tonnage transported		6,533	6,065	7.7	1,607	1,776	(9.5)

Commodity prices and exchange rates

		Year to Date			Q4	Q3	
		2019	2018	%	2019	2019	%
Copper							
Market price	\$/lb	2.72	2.96	(8.0)	2.67	2.63	1.6
Realised price	\$/lb	2.75	2.81	(2.3)	2.88	2.51	14.8
Gold							
Market price	\$/oz	1,393	1,270	9.8	1,483	1,474	0.6
Realised price	\$/oz	1,416	1,256	12.7	1,523	1,501	1.4
Molybdenum							
Market price	\$/lb	11.4	11.9	(4.9)	9.6	11.8	(18.8)
Realised price	\$/lb	10.8	12.4	(12.7)	6.5	11.4	(43.2)
Exchange rates							
Chilean Peso	per \$	703	641	9.7	756	707	7.0

Spot commodity prices for copper, gold and molybdenum as at 31 December 2019 were \$2.79/lb, \$1,523/oz and \$9.2/lb respectively, compared with \$2.60/lb, \$1,473/oz and \$11.8/lb as at 30 September 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 positive \$78.6 million, positive \$3.0 million and negative \$16.0 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the full year were positive \$27.4 million, positive \$7.4 million and negative \$17.2 million respectively.

Depreciation and amortisation

Depreciation and amortisation (including loss on disposals) for 2019 is expected to be approximately \$930 million rising to approximately \$1.0 billion in 2020. This increase from 2018 through to 2020 is mainly due to higher amortisation of capitalised stripping costs under IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, particularly at Centinela, and the implementation of IFRS 16 Leases.

Effective tax rate

The effective tax rate for 2019 is approximately 38%.

Corporate, and Exploration and Evaluation costs

Corporate Costs and Exploration and Evaluation costs combined increased in 2019 by about \$20 million to \$180-185 million compared to 2018.

2020 Guidance

		Los Pelambres	Centinela	Antucoya	Zaldívar	Group
Production						
Copper	kt	350 – 360	240 – 250	80 – 85	55 – 60	725 – 755
Gold	koz	50 – 60	130 – 140			180 – 200
Molybdenum	kt	10.0 – 11.0	2.5 – 3.0			12.5 – 14.0
Grade						
Copper	%	0.68%	0.57%	0.39%	0.93%	–
Cash costs						
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.45	2.00	1.90	1.70	1.70
Net cash costs ^(1, 2)	\$/lb	1.00	1.50	1.90	1.70	1.30

(1) Assumed CLP/USD exchange rate of 725

(2) Includes by-product credits at a gold price of \$1,400/oz and a molybdenum price of \$11.5/lb

As previously announced, Group copper production for 2020 is expected to be 725-755,000 tonnes, a 2-6% decrease on 2019. This lower production is due to grades at Centinela Concentrates falling to 0.54% for the year.

Group gold production for 2020 is expected to be in the range of 180-200,000 ounces, as grades decrease at Centinela Concentrates.

Molybdenum production is expected to be in the range of 12,500-14,000 tonnes, higher than in 2019 with higher grades at Centinela partially offset by lower production at Los Pelambres.

Group cash costs in 2020 before and after by-product credits are expected to increase to \$1.70/lb and \$1.30/lb respectively as production falls.

Consolidated Group capital expenditure (i.e. excluding Zaldívar) is expected to increase to \$1.5 billion, as the rate of expenditure on the Los Pelambres expansion project increases to \$0.7 billion for the year.