

## Q1 2020 PRODUCTION REPORT

### RESILIENT BUSINESS WITH STRONG FINANCIAL POSITION

**Antofagasta plc CEO, Iván Arriagada said:** *“Antofagasta’s top priority has always been the safety and health of our workforce and communities. Since the outbreak of COVID-19 we have implemented multiple measures to prevent the spread of infection across our operations and launched a \$6 million fund to support the communities we work in. We are also working alongside government to deliver a coordinated response and we review the situation daily to ensure we are responding effectively to health, operational and financial concerns. We are committed to operating safely, providing employment, supporting our suppliers and contributing to the economic and social recovery of Chile.*

*“Although we are currently operating with about two-thirds of our workforce on-site in line with our preventative health measures, this has so far had a limited impact on production. Indeed, in Q1 2020 copper production was 194,000 tonnes, 4.6% higher than in the previous quarter, and net cash costs were \$1.10/lb, some 27c/lb lower because of the weaker Chilean peso, higher production and tighter cost control. We expect that for the foreseeable future we will need to maintain and continue to evolve the precautionary health measures we have adopted, including social distancing, revised personal protective equipment, increased teleworking and other health related changes. Because of these and other actions we have taken we now expect copper production to be towards the lower end of the original 725-755,000 tonnes guidance range, assuming our mining operations are not required to shut down temporarily.*

*“Capital expenditure for the year is now expected to be less than \$1.3 billion, that is at least \$200 million lower than our original guidance of \$1.5 billion due to the temporary suspension of the Los Pelambres Expansion project, the deferral of sustaining and other growth capital expenditure, lower mine development and a weaker Chilean peso.*

*“We have a solid balance sheet with \$2.5 billion of cash which put us in a strong position to confront this unprecedented situation of operational uncertainty and lower copper price environment. We are expanding our Cost and Competitiveness Programme and continue to review all expenditure to preserve our financial strength while operating safely and efficiently.”*

## HIGHLIGHTS

### PRODUCTION

- Copper production in Q1 2020 was 194,000 tonnes, an increase of 2.9% compared with the same quarter in 2019 and 4.6% higher than in Q4 2019
- Gold production was 65,100 ounces in Q1 2020, 4.7% higher than in Q1 2019, mainly due to higher grades at Centinela
- Molybdenum production was 2,400 tonnes, a decrease of 1,100 tonnes compared to the same period in 2019 due to lower grades at Los Pelambres, and 100 tonnes higher production than in Q4 2019

### CASH COSTS

- Cash costs before by-product credits in the quarter decreased by 11.2% to \$1.51/lb from \$1.70/lb in the same period last year and in Q4 2019 primarily because of the weaker Chilean peso, higher production and tighter cost control
- Net cash costs were \$1.10/lb in Q1 2020, compared to \$1.24/lb in Q1 2019 and \$1.37/lb in the previous quarter, reflecting the changes in cash costs before by-product credits

## **COVID-19**

- Multiple measures to prevent or slow the spread of infection have been implemented across the Group. These actions are intended to protect the health of the Company's employees and contractors, and maintain a safe and healthy environment at the operations
- A \$6 million fund has been established to help the communities that live near Antofagasta's mining operations in the province of Choapa and in the Antofagasta Region. This fund, in addition to existing social investment plans, will be used to buy medical supplies and equipment for healthcare workers to fight COVID-19, create facilities for people to stay if they need to be quarantined, and to sterilise public spaces and create safe areas for neighbouring communities
- As announced on 6 April, the Los Pelambres Expansion project is currently suspended on a precautionary care and maintenance basis because of the health emergency caused by COVID-19. The suspension is expected to be for a maximum of 120 days and in most cases, will not lead to the early termination of contracts. During the suspension, contractors' monthly salaries will be maintained at a level of at least the minimum set by the Group
- During the current crisis, the Group is monitoring and assisting smaller and medium sized suppliers

## **2020 GUIDANCE**

- Copper production, costs and capital expenditure guidance for 2020 is highly dependent on how the health emergency evolves over the coming months
- Assuming mining operations continue to run at or close to capacity and no shutdowns are required, Group copper production in 2020 is expected to be at the lower end of the original 725-755,000 tonnes guidance range as the new health measures and lower manpower on-site have required mine movement and maintenance activities to be rescheduled, which will impact copper production during the rest of the year
- Group net cash costs for the full year are expected to be \$1.20/lb, 10c/lb lower than originally guided, assuming revised production guidance is achieved and the Chilean peso averages 800 pesos to the US dollar for the year
- Capital expenditure in 2020 is expected to be less than \$1.3 billion, a decrease on the \$1.5 billion originally guided for 2020 with the temporary suspension of the Los Pelambres Expansion project, the deferral of sustaining and other development capital expenditure, lower mine development and a weaker Chilean peso
- During the suspension of the Pelambres Expansion project some work is continuing on the desalination plant and the camp infrastructure. Additional critical activities are expected to be resumed progressively during the suspension period as government health protocols are revised with full resumption dependent on how the health emergency evolves. A revised project schedule and cost estimate is expected to be available once the suspension period concludes

## **OTHER**

- As announced on 1 April, Centinela has signed a 100% renewable energy contract which will be effective from 2022 until 2033. This new power contract will be value accretive as power costs will be significantly reduced in stages from 2020 onwards. As part of the transaction Centinela will cancel two existing Power Purchase Agreements, that expire in 2026 and 2027, and the Company will sell its indirect 40% interest in the Hornitos thermal power station to ENGIE, resulting in an attributable post-tax write down of approximately \$43 million, which will be recognised in Antofagasta's half year financial results. With the completion of this agreement all the Group's mines will use only renewable energy from 2022
- As at the end of the period the Group's total cash and liquid investments were \$2.5 billion, some \$300 million higher than at the end of 2019
- As announced on 14 April, in view of the current compulsory UK Government's Stay At Home Measures the Annual General Meeting will be a closed meeting held in the Company's registered offices on 20 May 2020

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q1	Q4	
		2020	2019	%	2020	2019	%
Copper production	kt	194.0	188.6	2.9	194.0	185.5	4.6
Copper sales	kt	195.3	178.9	9.2	195.3	193.8	0.8
Gold production	koz	65.1	62.2	4.7	65.1	55.6	17.1
Molybdenum production	kt	2.4	3.5	(31.4)	2.4	2.3	4.3
Cash costs before by-product credits <sup>(1)</sup>	\$/lb	1.51	1.70	(11.2)	1.51	1.70	(11.2)
Net cash costs <sup>(1)</sup>	\$/lb	1.10	1.24	(11.3)	1.10	1.37	(19.7)

(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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**Investors – London**

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

**Media – London**

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

**Media – Santiago**

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

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## MINING OPERATIONS

### Los Pelambres

Los Pelambres produced 93,300 tonnes of copper in Q1 2020, 4.6% higher than in the same quarter last year, on higher grades and recoveries.

Molybdenum production in Q1 2020 decreased to 2,400 tonnes from 3,300 in Q1 2019, primarily due to lower molybdenum grades and throughput.

Gold production for the quarter was 14,800 ounces, 5.1% lower than the same period last year.

Cash costs before by-product credits at \$1.23/lb in Q1 2020 were 14.6% lower than in the same quarter in 2019 due to the weaker Chilean peso and the increase in production. Compared to the previous quarter costs decreased by 7.5% on the weaker local exchange rate.

Net cash costs in Q1 2020 decreased by 2c/lb compared to Q1 2019 to \$0.82/lb reflecting lower cash costs before by-product credits partially offset by by-product credits decreasing from 60c/lb to 41c/lb on lower molybdenum production and realised prices. Compared to the previous quarter net cash costs decreased by 18.8% reflecting the lower cash costs before by-product credits and higher by-product credits.

LOS PELAMBRES		Year to Date			Q1	Q4	
		2020	2019	%	2020	2019	%
Daily ore throughput	kt	163.9	171.9	(4.7)	163.9	162.8	0.7
Copper grade	%	0.72	0.68	5.9	0.72	0.72	0.0
Copper recovery	%	90.0	86.6	3.9	90.0	88.3	1.9
Copper production	kt	93.3	89.2	4.6	93.3	92.3	1.1
Copper sales	kt	98.2	74.9	31.1	98.2	96.7	1.6
Molybdenum grade	%	0.017	0.021	(19.0)	0.017	0.019	(10.5)
Molybdenum recovery	%	84.4	84.2	0.2	84.4	83.4	1.2
Molybdenum production	kt	2.4	3.3	(27.3)	2.4	2.2	9.1
Molybdenum sales	kt	2.1	3.3	(36.4)	2.1	2.4	(12.5)
Gold grade	g/t	0.045	0.049	(8.9)	0.045	0.045	0.0
Gold recovery	%	75.7	70.2	7.8	75.7	75.9	(0.3)
Gold production	koz	14.8	15.6	(5.1)	14.8	14.9	(0.7)
Gold sales	koz	13.3	10.6	25.5	13.3	14.5	(8.3)
Cash costs before by-product credits <sup>(1)</sup>	\$/lb	1.23	1.44	(14.6)	1.23	1.33	(7.5)
Net cash costs <sup>(1)</sup>	\$/lb	0.82	0.84	(2.4)	0.82	1.01	(18.8)

(1) Includes tolling charges of \$0.20/lb in Q1 2020, \$0.21/lb in Q4 2019, \$0.26/lb in Q1 2019

## **Centinela**

Total copper production in Q1 2020 at Centinela was 66,500 tonnes, 3.3% lower than in the same quarter in 2019, due to lower production of copper in concentrates and cathodes. Compared to the previous quarter copper production increased by 8.3% on higher production of copper in concentrates.

Copper in concentrates production was 43,600 tonnes in Q1 2020, 2.2% lower than in Q1 2019 on lower throughput in the concentrate plant, partially offset by higher grades and recoveries. Compared to the previous quarter, copper in concentrate increased by 12.7% on expected higher grades, and higher throughput and recoveries.

Production of copper in cathodes fell 5.8% compared to Q1 2019. This was primarily due to lower recoveries.

Gold production was 50,300 ounces in Q1 2020, 7.9% higher than in the same period last year due to higher gold grades and recoveries, partially offset by lower throughput, and 23.6% higher than Q4 2019 on higher throughput, gold grades and recoveries.

Cash costs before by-product credits in Q1 2020 were \$1.78/lb, a 3.8% decrease compared with the \$1.85/lb in Q1 2019. This decrease in costs was primarily due to the weaker Chilean peso. Compared to the previous quarter costs decreased by 18.0% primarily on a weaker Chilean peso and higher production.

Net cash costs in Q1 2020 were \$1.17/lb, some 21c/lb lower than in the same quarter last year on lower cash costs before by-product credits and by-product credits increasing from 47c/lb to 61c/lb on higher gold production and realised prices. Compared to the previous quarter net cash costs decreased by 29.5%, or 49c/lb reflecting the lower cash costs before by-product credits and higher by-product credits.

CENTINELA		Year to Date			Q1	Q4	
		2020	2019	%	2020	2019	%
<b>CONCENTRATES</b>							
Daily ore throughput	kt	91.1	101.6	(10.3)	91.1	85.4	6.7
Copper grade	%	0.64	0.61	4.9	0.64	0.57	12.3
Copper recovery	%	89.3	81.9	9.0	89.3	86.8	2.9
Copper production	kt	43.6	44.6	(2.2)	43.6	38.7	12.7
Copper sales	kt	43.0	49.6	(13.3)	43.0	43.4	(0.9)
Molybdenum grade	%	0.007	0.009	(22.2)	0.007	0.010	(30.0)
Molybdenum recovery	%	11.1	77.9	(85.8)	11.1	82.7	(86.6)
Molybdenum production	kt	0.1	0.2	(50.0)	0.1	0.1	0.0
Molybdenum sales	kt	0.1	0.1	0.0	0.1	0.0	100.0
Gold grade	g/t	0.270	0.242	11.6	0.270	0.223	21.1
Gold recovery	%	75.7	65.8	15.0	75.7	71.9	5.3
Gold production	koz	50.3	46.6	7.9	50.3	40.7	23.6
Gold sales	koz	50.4	50.9	(1.0)	50.4	45.9	9.8
<b>CATHODES</b>							
Daily ore throughput	kt	53.6	49.7	7.8	53.6	55.3	(3.1)
Copper grade	%	0.64	0.62	3.2	0.64	0.61	4.9
Copper recovery	%	69.7	73.4	(5.0)	69.7	70.1	(0.6)
Copper production – heap leach	kt	21.5	22.6	(4.9)	21.5	21.4	0.5
Copper production – total <sup>(1)</sup>	kt	22.9	24.3	(5.8)	22.9	22.7	0.9
Copper sales	kt	22.2	24.8	(10.1)	22.2	19.1	16.8
Total copper production	kt	66.5	68.8	(3.3)	66.5	61.4	8.3
Cash costs before by-product credits <sup>(2)</sup>	\$/lb	1.78	1.85	(3.8)	1.78	2.17	(18.0)
Net cash costs <sup>(2)</sup>	\$/lb	1.17	1.38	(15.2)	1.17	1.66	(29.5)

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.13/lb in Q1 2020, \$0.15/lb in Q4 2019, \$0.17/lb in Q1 2019

## Antucoya

Antucoya produced 20,200 tonnes of copper in Q1 2020, 12.8% higher than the same quarter last year on higher grades and recoveries, partially offset by lower throughput. Production increased by 28.7% compared to Q4 2019 following the strike which lowered production by 4,000 tonnes during that quarter.

During the quarter, the cash costs were \$1.78/lb, a 19.8% decrease compared to the \$2.22/lb in Q1 2019. This was mainly due to a weaker Chilean Peso and higher production.

ANTUCOYA		Year to Date			Q1	Q4	
		2020	2019	%	2020	2019	%
Daily ore throughput	kt	73.5	75.8	(3.0)	73.5	49.5	48.5
Copper grade	%	0.41	0.37	10.8	0.41	0.42	(2.4)
Copper recovery	%	75.9	71.3	6.5	75.9	78.9	(3.8)
Copper production	kt	20.2	17.9	12.8	20.2	15.7	28.7
Copper sales	kt	18.3	17.0	7.6	18.3	16.3	12.3
Cash costs (1)	\$/lb	1.78	2.22	(19.8)	1.78	2.09	(14.8)

## Zaldívar

Copper production at Zaldívar was 14,000 tonnes in Q1 2020, a 10.2% increase compared with the same period last year on higher throughput partially offset by lower grades and recoveries.

Cash costs at \$1.66/lb in Q1 2020 fell by 13.1% compared to Q1 2019 primarily due to the weaker local currency and higher production. Compared to the previous quarter costs decreased by 1c/lb as the weaker Chilean peso was offset by the lower production.

ZALDÍVAR		Year to Date			Q1	Q4	
		2020	2019	%	2020	2019	%
Daily ore throughput	kt	42.2	32.3	30.7	42.2	43.3	(2.5)
Copper grade	%	0.99	1.09	(9.2)	0.99	1.01	(2.0)
Copper recovery <sup>(1)</sup>	%	61.3	64.4	(4.8)	61.3	63.6	(3.6)
Copper production – heap leach <sup>(2)</sup>	kt	11.0	9.5	15.8	11.0	12.6	(12.7)
Copper production – total <sup>(2,3)</sup>	kt	14.0	12.7	10.2	14.0	16.1	(13.0)
Copper sales <sup>(2)</sup>	kt	13.5	12.6	7.1	13.5	18.3	(26.2)
Cash costs	\$/lb	1.66	1.91	(13.1)	1.66	1.67	(0.6)

(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

Total transport volumes in Q1 2020 were 1.6 million tonnes, 11.9% higher than in the same quarter last year and 1.2% higher than Q4 2019.

This increase in transport volumes were mainly as new haulage contracts are in place and the severe flooding in February 2019 that affected the rail network in the higher parts of El Loa province around Calama and the Bolivian border.

TRANSPORT		Year to Date			Q1	Q4	
		2020	2019	%	2020	2019	%
Rail	kt	1,221	1,145	6.7	1,221	1,212	0.8
Road	kt	405	308	31.6	405	395	2.6
Total tonnage transported		1,626	1,453	11.9	1,626	1,607	1.2

## Commodity prices and exchange rates

		Year to Date			Q1	Q4	
		2020	2019	%	2020	2019	%
Copper							
Market price	\$/lb	2.56	2.82	(9.4)	2.56	2.67	(4.2)
Realised price	\$/lb	2.02	3.03	(33.2)	2.02	2.88	(29.7)
Gold							
Market price	\$/oz	1,584	1,307	21.2	1,584	1,483	6.8
Realised price	\$/oz	1,605	1,309	22.5	1,605	1,523	5.4
Molybdenum							
Market price	\$/lb	9.7	11.8	(18.1)	9.7	9.6	0.5
Realised price	\$/lb	9.8	12.0	(18.7)	9.8	6.5	51.1
Exchange rates							
Chilean peso	per \$	804	667	20.6	804	756	6.4

The spot commodity prices for copper, gold and molybdenum as at 31 March 2020 were \$2.18/lb, \$1,607/oz and \$8.4/lb respectively, compared with \$2.79/lb, \$1,523/oz and \$9.2/lb as at 31 December 2019 and \$2.94/lb, \$1,292/oz and \$12.1/lb as at 31 March 2019.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were negative \$211.1 million, positive \$2.9 million and negative \$1.3 million respectively.