

Q2 2020 PRODUCTION REPORT

MAINTAINING SAFE AND RESILIENT OPERATIONS

Antofagasta plc CEO, Iván Arriagada said: *“Our focus during the second quarter has been on the health and safety of our employees and contractors, and the communities near our operations as the full impact of COVID-19 has been felt across Chile. Nevertheless, the hard work and professionalism of our workers and resilience of our operations have allowed us to continue to operate close to forecast production levels while ensuring a safe health environment for our workers.*

“During the quarter, we have been running our operations with approximately two-thirds of our workforce on-site, with the remainder either quarantining or working at home. As we have gained experience of working safely in this new environment we have managed to expand our activity in areas that we initially restricted such as mine development and maintenance. As a result, we believe we can continue to operate at current levels until the end of the year, assuming no further COVID-19 related restrictions are imposed.

“Antofagasta’s operating resilience has meant that despite the challenges we have faced, our copper production for the half year is close to our original guidance at 371,700 tonnes. Furthermore, net cash costs at \$1.12/lb are some 6% lower than last year as a result of the weaker Chilean peso, lower input costs and continued tight cost control.

“As the outlook remains uncertain, despite the performance of our operations in the first half of 2020 we are maintaining our guidance for the full year at the lower end of the original 725-755,000 tonnes range, at a net cash cost of \$1.20/lb.”

HIGHLIGHTS

PRODUCTION

- **Group copper production in Q2 2020 was 177,700 tonnes**, a decrease of 8.4% compared to the previous quarter, mainly because of expected lower ore grades at Centinela Concentrates
- **Group copper production in the first six months of the year was 371,700 tonnes**, in line with expectations and 4.0% lower than in the same period last year
- **Gold production for the quarter decreased by 29.3% to 46,000 ounces** compared with Q1 mainly due to lower grades at Centinela, and for the first six months decreased by 25.5% to 111,100 ounces
- **Molybdenum production was 3,100 tonnes**, some 700 tonnes higher than previous quarter. For the year to date, production was 5,500 tonnes, 14.1% lower than in the same period last year

CASH COSTS

- **Cash costs before by-product credits in the quarter were \$1.50/lb**, 1c/lb lower than previous quarter and for the first half of the year were \$1.51/lb, 9.0% lower than in the same period last year primarily because of the weaker Chilean peso, lower input prices and tighter cost control
- **Net cash costs were \$1.13/lb in Q2 2020** and for the first half of the year were \$1.12/lb, an 2.7% increase compared with the previous quarter but 5.9% lower than in the first half of 2019. This was primarily due to lower cash costs before by-product credits, partially offset by lower by-product credits

COVID-19

- In mid-May the rate of COVID-19 infections in Chile accelerated leading to a lockdown being declared in Santiago that was later extended to other parts of the country. Having continued at this higher rate for over a month, it now appears to be decreasing and it is hoped that there will be some relaxation of the restrictions over the coming weeks
- Since the beginning of the outbreak, the Company has coordinated its actions with local and regional government to introduce many new measures to prevent the infection of its workforce and local communities and the transmission of the disease. These measures have included health self-assessments prior to site access, strict social distancing, health monitoring, the provision of hygiene kits, strict facilities cleaning protocols and company-arranged chartered transport to and from the mine sites. The Company has also established a \$6 million fund to support local communities
- The Company is operating with approximately two-thirds of its workforce at its operations with most of the balance working from home. Mine development and maintenance were initially restricted, but as the operations have adjusted to the new working conditions, work in these areas has resumed
- The Company's growth projects at Los Pelambres, Centinela and Zaldívar have largely been suspended since March with some limited work continuing, mostly on the desalination plant at Los Pelambres. Antofagasta plans to restart the Los Pelambres Expansion and Zaldívar Chloride Leach projects gradually during Q3 fully integrating new health protocols for COVID-19 into the revised project execution plans
- Costs related to actions taken because of COVID-19 are \$38 million of which some \$21 million have been capitalised since they mostly are associated to the growth projects

2020 GUIDANCE

- Group copper production guidance is unchanged at the lower end of the original 725-755,000 tonnes guidance range, on the basis that no COVID-19 related shutdowns are required during the rest of the year
- Net cash costs guidance for the full year is also unchanged at \$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 for the year is expected to be less than \$1.3 billion, assuming the work on the Los Pelambres Expansion and Zaldívar Chloride Leach projects ramps-up as expected

OTHER

- The water situation in Central Chile has improved due to substantial rain and snow fall during the last two months. Although this has improved the 2020-21 water balance at Los Pelambres, water usage optimisation and recycling improvements will continue
- Negotiations with the workers' union at Zaldívar and the supervisors' union at Centinela are in the first week of the government mediation phase which will complete this week. If both the union and the Company agree, mediation can be extended a further five working days
- The labour agreement with the largest workers' union at Centinela was successfully agreed in June. Negotiations with the two other unions at Centinela will be completed during the rest of the year

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q2	Q1	
		2020	2019	%	2020	2020	%
Copper production	kt	371.7	387.3	(4.0)	177.7	194.0	(8.4)
Copper sales	kt	374.2	381.4	(1.9)	178.9	195.3	(8.4)
Gold production	koz	111.1	149.1	(25.5)	46.0	65.1	(29.3)
Molybdenum production	kt	5.5	6.4	(14.1)	3.1	2.4	29.2
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.51	1.66	(9.0)	1.50	1.51	(0.7)
Net cash costs ⁽¹⁾	\$/lb	1.12	1.19	(5.9)	1.13	1.10	2.7

(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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MINING OPERATIONS

Los Pelambres

Los Pelambres produced 89,900 tonnes of copper in Q2 2020, 3.6% lower than in the previous quarter as throughput and copper grades slightly decreased.

In the first six months of 2020, copper production increased by 1.6% to 183,200 tonnes compared with the same period last year. This increase was primarily due to the higher copper grades and recoveries, partially offset by lower throughput.

Molybdenum production was 2,800 tonnes in Q2 2020, a 16.7% increase compared to the previous quarter as a result of higher grades. Production for the first six months of the year was 5,200 tonnes, 16.1% lower than the same period last year mainly due to lower throughput and grades.

Cash costs before by-product credits in Q2 2020 were \$1.18/lb, 4.1% lower than Q1 and for the first six months of 2020 were \$1.20/lb, 16.7% lower than the same period last year. Tight cost control, productivity improvements, the weakening of the Chilean Peso and higher copper production have contributed to reducing unit costs.

By-product credits were unchanged at \$0.41/lb in Q1 2020 as higher molybdenum production and realised gold prices were offset by lower molybdenum realised prices. For the first six months of 2020, by-product credits were \$0.40/lb, \$0.15/lb lower than the same period last year primarily due to lower molybdenum production and realised prices, partially offset by higher realised gold prices.

Net cash costs for the quarter were \$0.77/lb, and for the year to date were \$0.80/lb, 6.1% lower than Q1 2020 and 10.1% lower than the same period last year respectively.

LOS PELAMBRES		Year to Date			Q2	Q1	
		2020	2019	%	2020	2020	%
Daily ore throughput	kt	162.2	168.5	(3.7)	160.4	163.9	(2.1)
Copper grade	%	0.71	0.70	1.4	0.70	0.72	(2.8)
Copper recovery	%	90.0	87.1	3.3	89.9	90.0	(0.1)
Copper production	kt	183.2	180.4	1.6	89.9	93.3	(3.6)
Copper sales	kt	186.8	170.9	9.3	88.6	98.2	(9.8)
Molybdenum grade	%	0.019	0.021	(9.5)	0.021	0.017	23.5
Molybdenum recovery	%	85.5	85.1	0.5	86.4	84.4	2.4
Molybdenum production	kt	5.2	6.2	(16.1)	2.8	2.4	16.7
Molybdenum sales	kt	4.6	6.4	(28.1)	2.5	2.1	19.0
Gold grade	g/t	0.047	0.048	(2.1)	0.049	0.045	8.9
Gold recovery	%	72.0	68.4	5.3	68.6	75.7	(9.4)
Gold production	koz	29.1	29.8	(2.3)	14.3	14.8	(3.4)
Gold sales	koz	27.7	24.9	11.2	14.4	13.3	8.3
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.20	1.44	(16.7)	1.18	1.23	(4.1)
Net cash costs ⁽¹⁾	\$/lb	0.80	0.89	(10.1)	0.77	0.82	(6.1)

(1) Includes tolling charges of \$0.18/lb in Q2 2020, \$0.20/lb in Q1 2020, \$0.19/lb YTD 2020 and \$0.25/lb YTD 2019

Centinela

Total copper production in Q2 2020 was 55,100 tonnes, 17.1% lower than in the previous quarter, and in H1 2020 it was 121,600 tonnes, 14.3% lower than in H1 2019, primarily as a result of expected lower grades at Centinela Concentrates.

Production of copper in concentrate was 31,200 tonnes in Q2 2020, 28.4% lower than in the previous quarter due to lower grades and recoveries, partially compensated by higher throughput. Copper in concentrate production for the first six months of the year was 74,800 tonnes, compared with 100,100 tonnes in the same period last year, mainly reflecting lower ore grades. As previously guided, lower ore grades will continue in Q3 and will then recover in Q4 and into the following year.

Copper cathode production during the quarter was 23,900 tonnes, 4.4% higher than Q1 2020, and for the first six months it was 46,800 tonnes, 11.7% higher than in the same period last year primarily due to the Encuentro Oxides plant operating above design capacity and higher grades.

Gold production in Q2 was 31,700 ounces, 37.0% lower than the previous quarter and in H1 it was 82,000 ounces, 31.2% lower than H1 last year, primarily due to anticipated lower grades.

Molybdenum recoveries were low in Q2 as the molybdenum plant operated intermittently during the quarter as a result of ore conditions being mined. Molybdenum recoveries and production will increase as molybdenum grades will increase in the following quarter.

Additional workers successfully completed major maintenance at the concentrator during the quarter with all the new COVID-19 health protocols maintained throughout the maintenance period.

Cash costs before by-product credits in Q2 were \$1.90/lb, 6.7% higher than in the previous quarter on lower copper production. Cash costs before by-product credits for the first six months of 2020 were \$1.84/lb, 5.7% higher than the same period in 2019 due to lower copper production, partially compensated by the weaker Chilean peso and lower input prices, including energy.

By-product credits decreased from \$0.61/lb in Q1 to \$0.53/lb in Q2 this year due to the expected fall in gold grades. For the first six months of 2020, by-product credits were \$0.58/lb, 2c/lb higher than in the same period last year due to improved gold realised prices, offset by lower production.

Net cash costs in Q2 2020 were \$1.37/lb, 17.7% higher than the previous quarter, and during the first six months of the year net cash costs were \$1.26/lb, 6.8% higher than in H1 2019 due to higher cash costs before by-product credits.

CENTINELA		Year to Date			Q2	Q1	
		2020	2019	%	2020	2020	%
CONCENTRATES							
Daily ore throughput	kt	93.7	96.9	(3.3)	96.2	91.1	5.6
Copper grade	%	0.53	0.71	(25.4)	0.43	0.64	(32.8)
Copper recovery	%	86.7	84.4	2.7	82.9	89.3	(7.2)
Copper production	kt	74.8	100.1	(25.3)	31.2	43.6	(28.4)
Copper sales	kt	71.9	101.8	(29.4)	28.9	43.0	(32.8)
Molybdenum grade	%	0.008	0.006	33.3	0.010	0.007	42.9
Molybdenum recovery	%	22.7	74.8	(69.7)	30.4	11.1	173.9
Molybdenum production	kt	0.3	0.2	50.0	0.2	0.1	100.0
Molybdenum sales	kt	0.1	0.2	(50.0)	0.1	0.1	0.0
Gold grade	g/t	0.210	0.310	(32.3)	0.160	0.270	(40.7)
Gold recovery	%	73.0	69.7	4.7	68.6	75.7	(9.4)
Gold production	koz	82.0	119.2	(31.2)	31.7	50.3	(37.0)
Gold sales	koz	80.7	123.3	(34.5)	30.3	50.4	(39.9)
CATHODES							
Daily ore throughput	kt	55.8	47.8	16.7	58.1	53.6	8.4
Copper grade	%	0.64	0.58	10.3	0.65	0.64	1.6
Copper recovery	%	69.3	70.5	(1.7)	68.8	69.7	(1.3)
Copper production – heap leach	kt	44.4	38.7	14.7	22.9	21.5	6.5
Copper production – total ⁽¹⁾	kt	46.8	41.9	11.7	23.9	22.9	4.4
Copper sales	kt	47.6	45.4	4.8	25.4	22.2	14.4
Total copper production	kt	121.6	141.9	(14.3)	55.1	66.5	(17.1)
Cash costs before by-product credits ⁽²⁾	\$/lb	1.84	1.74	5.7	1.90	1.78	6.7
Net cash costs ⁽²⁾	\$/lb	1.26	1.18	6.8	1.37	1.17	17.1

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.14/lb in Q2 2020, \$0.13/lb in Q1 2020, \$0.13/lb YTD 2020 and \$0.17/lb YTD 2019

Antucoya

Antucoya produced 20,200 tonnes of copper in Q1 2020, unchanged compared to the previous quarter as higher throughput was offset by lower grades and recoveries. Production in the first six months of 2020 was 40,400 tonnes, 7.7% higher than the same period last year on higher throughput, grades and recoveries.

During the quarter, cash costs were \$1.69/lb compared to \$1.78/lb in Q1. For the first six months, cash costs were 23.5% lower than in H1 2019 at \$1.73/lb due to tight cost control, higher production, favourable local exchange rate and lower input prices.

ANTUCOYA		Year to Date			Q2	Q1	
		2020	2019	%	2020	2020	%
Daily ore throughput	kt	78.0	74.5	4.7	82.4	73.5	12.1
Copper grade	%	0.39	0.38	2.6	0.37	0.41	(9.8)
Copper recovery	%	73.5	71.3	3.1	71.1	75.9	(6.3)
Copper production	kt	40.4	37.5	7.7	20.2	20.2	0.0
Copper sales	kt	40.5	36.4	11.3	22.2	18.3	21.3
Cash costs	\$/lb	1.73	2.26	(23.5)	1.69	1.78	(5.1)

Zaldívar

Copper production at Zaldívar in Q2 2020 was 12,500 tonnes, 10.7% lower than previous quarter due to lower grades and recoveries. Production for the year to date was 26,500 tonnes, 3.6% lower compared with the same period last year due to lower copper grades and recoveries, partially offset by improved throughput.

Cash costs during Q2 were \$1.78/lb, 7.2% higher than in Q1 2020, and cash costs for the first six months of 2020 were \$1.72/lb compared with \$1.79/lb in the same period in 2019, primarily due to the weaker Chilean peso and lower input prices, partially offset by lower production.

ZALDÍVAR		Year to Date			Q2	Q1	
		2020	2019	%	2020	2020	%
Daily ore throughput	kt	44.7	37.3	19.8	47.2	42.2	11.8
Copper grade	%	0.97	1.23	(21.1)	0.95	0.99	(4.0)
Copper recovery ⁽¹⁾	%	59.3	61.8	(4.0)	60.1	61.3	(2.0)
Copper production – heap leach ⁽²⁾	kt	20.5	21.3	(3.8)	9.5	11.0	(13.6)
Copper production – total ^(2,3)	kt	26.5	27.5	(3.6)	12.5	14.0	(10.7)
Copper sales ⁽²⁾	kt	27.4	26.9	1.9	13.9	13.5	3.0
Cash costs	\$/lb	1.72	1.79	(3.9)	1.78	1.66	7.2

(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 Q2 2020 were 1.6 million tonnes, 2.1% lower than in the previous quarter as customer activity reduced, mainly due to the pandemic.

For the first six months of the year, transport volumes increased by 2.2% as new transport contracts came into effect during the period.

TRANSPORT		Year to Date			Q2	Q1	
		2020	2019	%	2020	2020	%
Rail	kt	2,407	2,424	(0.7)	1,186	1,221	(2.9)
Road	kt	811	726	11.7	406	405	0.2
Total tonnage transported		3,218	3,150	2.2	1,592	1,626	(2.1)

Commodity prices and exchange rates

		Year to Date			Q2	Q1	
		2020	2019	%	2020	2020	%
Copper							
Market price	\$/lb	2.49	2.80	(11.1)	2.42	2.56	(5.5)
Realised price	\$/lb	2.46	2.81	(12.5)	2.94	2.02	45.5
Gold							
Market price	\$/oz	1,647	1,308	25.9	1,710	1,584	8.0
Realised price	\$/oz	1,680	1,326	26.7	1,786	1,605	11.3
Molybdenum							
Market price	\$/lb	9.0	12.0	(25.0)	8.4	9.7	(13.4)
Realised price	\$/lb	8.7	12.1	(28.1)	7.7	9.8	(21.4)
Exchange rates							
Chilean peso	per \$	813	675	20.4	823	804	2.4

Spot commodity prices for copper, gold and molybdenum as at 30 June 2020 were \$2.74/lb, \$1,769/oz and \$7.4/lb respectively, compared with \$2.18/lb, \$1,607/oz and \$8.4/lb as at 31 March 2020 and \$2.79/lb, \$1,523/oz and \$9.2/lb as at 31 December 2019.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were positive \$183.8 million, positive \$3.3 million and negative \$5.1 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the first six months of the year were negative \$27.3 million, positive \$6.2 million and negative \$6.3 million respectively.

Hornitos transaction

As previously announced, on 31 March the Company agreed to dispose of its indirect 40% interest in the Hornitos thermal power station. This has resulted in an exceptional after-tax loss of approximately \$61 million with an impact on attributable net earnings of approximately \$40 million. In the first half of last year, the Company's share of income generated by Hornitos was \$7 million.

Effective tax rate

The effective tax rate for H1 2020 is approximately 35% (before exceptional items).