

Q2 2021 PRODUCTION REPORT

PRODUCTION AND COSTS IN LINE WITH GUIDANCE

Antofagasta plc CEO, Iván Arriagada said: *“The cost and production performance over the first half of this year was in line with guidance and supports our strong track record of resilience and operational excellence. We produced 361,500 tonnes of copper at a net cash cost of \$1.14/lb over the period and retain guidance for the full year at 730-760,000 tonnes of copper at a net cash cost of \$1.25/lb and capital expenditure of \$1.6 billion.*

“We continue to proactively manage the risks of COVID-19 on the Company’s operations and projects and expect that as the successful national vaccination rollout continues in Chile, the restrictions that have been imposed will continue to be lifted, leading to a loosening of region-specific restrictions on movement.

“The copper, gold and molybdenum markets have been strong throughout the first half of the year, with copper trading two-thirds higher than last year at well over \$4.00/lb. As vaccination levels increase around the world, the global economy is expected to continue to recover strongly from the pandemic providing further support for the copper market.”

HIGHLIGHTS

PRODUCTION

- **Group copper production in Q2 2021 was 178,400 tonnes**, a decrease of 2.5% compared to the previous quarter, mainly because of lower recoveries at Centinela Cathodes and expected lower grades at Zaldívar
- **Group copper production in the first six months of the year was 361,500 tonnes**, in line with expectations and 2.8% lower than in the same period last year mainly because of lower grades
- **Gold production for the quarter increased by 3.9% to 61,400 ounces** compared with Q1 mainly due to higher grades at Centinela, and for the first six months increased by 8.5% to 120,500 ounces
- **Molybdenum production was 2,800 tonnes**, some 200 tonnes lower than previous quarter. For the year to date, production was 5,800 tonnes, 5.5% higher than in the same period last year

CASH COSTS

- **Cash costs before by-product credits in the quarter were \$1.77/lb**, 9c/lb higher than in the first quarter and for the first half of the year were \$1.73/lb, 14.6% higher than in the same period last year primarily because of the stronger Chilean peso (11%), higher energy and diesel prices, and the lower copper production
- **Net cash costs were \$1.13/lb in Q2 2021 and \$1.14/lb for the first half of the year**, a 2.6% decrease compared with the previous quarter but 1.8% higher than in the first half of 2020. This was primarily due to higher cash costs before by-product credits, offset by higher by-product credits on higher realised prices
- **Centinela’s net cash costs were \$1.08/lb, its lowest ever over a six-month period**, benefitting from a consistent high level of throughput and strong by-product credits

2021 GUIDANCE

- Full year guidance is unchanged at 730-760,000 tonnes of copper at a net cash cost of \$1.25/lb. Los Pelambres and Centinela have performed strongly in the first half of the year, and Zaldívar’s and Antucoya’s cash costs are expected to continue at a similar level as in H1. However, so far this year precipitation at Los Pelambres has been significantly less than in 2019, which was itself the driest year of the current 12-year drought. Strict water management protocols are in place and various options are being evaluated to mitigate the risk of the impact of the reduced rainfall, in case this situation continues. Guidance assumes minimum required precipitation levels resume over the balance of the year and is therefore subject to water availability.

- Capital expenditure for the year is currently expected to be in line with original guidance at \$1.6 billion, although as COVID-19 infection rates continue to fall, opportunities to accelerate the execution of selected capital expenditure will continue to be evaluated

SUSTAINABILITY

- During the quarter the Company [announced](#) new emissions targets to reduce its direct and indirect GHG emissions by 30%, or by 730,000 tonnes of CO2e by 2025 and to achieve carbon neutrality by 2050
- The Company became the first mining company to join the Chilean Hydrogen Association, which promotes the development of green hydrogen and aims to accelerate the transition of its mining fleet from diesel to hydrogen
- The Company joined a group of leading mining companies in the [Charge On Innovation Challenge](#), to develop solutions for large-scale haul truck electrification systems to reduce consumption of diesel and cut emissions
- During H1, the Company extended by an equal amount its original \$6 million COVID-19 fund which provides health, economic and general support to local communities

OTHER

- As at the end of H1 the Los Pelambres Expansion project was 52.0% complete and is expected to be completed in H2 2022 in line with guidance. The desalination plant and related marine works have progressed on schedule and have been minimally impacted by COVID-19 given the dispersed nature of the site and small construction teams involved
- At the end of June, adverse weather conditions at the ports temporarily delayed some 15,000 tonnes of shipments over the period end, mostly at Centinela. The delayed shipments were shipped in early July and will therefore be recorded as sales in Q3
- Inflationary pressure on costs has to date been moderate and mainly arising from higher commodity prices, such as for diesel, acid and energy, and the depreciation of the Chilean peso, but with no evidence of wage inflation or other permanent price effects on local goods and services
- Having moved from the lower house of Congress to the Senate, the proposed new mining royalty continues to be debated in the legislature. The Senate is not restricted to the specific terms of the proposal presented by the lower house and is currently receiving evidence from a much broader base of interested parties including academics and mining industry representatives
- The Constitutional Assembly, which was elected to develop a new constitution within a twelve-month period, met for the first time in July and has started work. At the end of this period, a national referendum will be held to approve or reject the proposed constitution

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q2	Q1	
		2021	2020	%	2021	2021	%
Copper production	kt	361.5	371.7	(2.8)	178.4	183.0	(2.5)
Copper sales	kt	346.1	374.2	(7.5)	163.4	182.8	(10.6)
Gold production	koz	120.5	111.1	8.5	61.4	59.1	3.9
Molybdenum production	kt	5.8	5.5	5.5	2.8	3.0	(6.7)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.73	1.51	14.6	1.77	1.68	5.3
Net cash costs ⁽¹⁾	\$/lb	1.14	1.12	1.8	1.13	1.16	(2.6)

(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 84,400 tonnes of copper in Q2 2021, 0.6% lower than in the previous quarter mainly driven by expected lower grades, partially offset by higher recoveries.

In the first six months of 2021, copper production decreased by 7.6% to 169,300 tonnes compared with the same period last year. This decrease was primarily due to the expected lower copper grade, partially offset by higher throughput.

Molybdenum production was 2,400 tonnes in Q2 2021, a 7.7% decrease compared to the previous quarter as a result of lower recoveries. Production for the first six months of the year was 5,100 tonnes, 100 tonnes lower than the same period last year.

Cash costs before by-product credits in Q2 2021 were \$1.56/lb, 6.8% higher than Q1 and for the first six months of 2021 were \$1.51/lb, 25.8% higher than the same period last year. This was due to the decrease in production, the stronger Chilean peso, higher input prices and the payment of a one-off signing bonus in Q1 following the successful completion of labour negotiations.

Net cash costs in Q2 2021 decreased by 3c/lb compared to Q1 2021 to \$0.81/lb reflecting higher cash costs before by-product credits fully offset by by-product credits increasing from 62c/lb to 75c/lb on higher realised prices. Compared to the previous year net cash costs increased by 3.8% to \$0.83/lb.

As previously announced, the major maintenance originally scheduled for Q2 has been postponed and is now expected to take place in Q4.

As at the end of H1 the Los Pelambres Expansion project was 52.0% complete and is expected to be completed in H2 2022 in line with guidance. The desalination plant and related marine works are on schedule and have been minimally impacted by COVID-19 given the dispersed nature of the site and small construction teams involved.

At the concentrator expansion site, the bulk earthworks and most of the foundations have been completed, and the key milling and flotation equipment is being installed. Managing health risks and higher absenteeism during the recent peak of infections in the neighbouring communities has required adjustments to manpower numbers and shift patterns at the concentrator plant expansion site. However, these are gradually returning to normal with more than 70% of the project workforce fully vaccinated and the number of cases in local communities decreasing. While this has impacted project activities, project completion is still expected to be in H2 2022.

LOS PELAMBRES		Year to Date			Q2	Q1	
		2021	2020	%	2021	2021	%
Daily ore throughput	kt	163.9	162.2	1.0	163.3	164.5	(0.7)
Copper grade	%	0.66	0.71	(7.0)	0.65	0.67	(3.0)
Copper recovery	%	89.7	90.0	(0.3)	90.2	89.1	1.2
Copper production	kt	169.3	183.2	(7.6)	84.4	84.9	(0.6)
Copper sales	kt	165.5	186.8	(11.4)	84.9	80.7	5.2
Molybdenum grade	%	0.021	0.019	10.5	0.021	0.021	0.0
Molybdenum recovery	%	84.6	85.5	(1.1)	83.9	85.3	(1.6)
Molybdenum production	kt	5.1	5.2	(1.9)	2.4	2.6	(7.7)
Molybdenum sales	kt	4.9	4.6	6.5	2.3	2.6	(11.5)
Gold grade	g/t	0.048	0.047	2.1	0.048	0.048	0.0
Gold recovery	%	66.5	72.0	(7.6)	64.9	68.1	(4.7)
Gold production	koz	28.0	29.1	(3.8)	13.8	14.3	(3.5)
Gold sales	koz	25.8	27.7	(6.9)	12.9	12.9	0.0
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.51	1.20	25.8	1.56	1.46	6.8
Net cash costs ⁽¹⁾	\$/lb	0.83	0.80	3.8	0.81	0.84	(3.6)

(1) Includes tolling charges of \$0.17/lb in Q2 2021, \$0.14/lb in Q1 2021, \$0.15/lb YTD 2021 and \$0.19/lb YTD 2020

Centinela

Total copper production in H1 2021 was 132,100 tonnes, 8.6% higher than in H1 2020 due to higher ore grades and throughput at Centinela Concentrates. Total copper production in Q2 2021 was 65,200 tonnes, 2.4% lower than in the previous quarter mainly as a result of lower recoveries at Centinela Cathodes.

Production of copper in concentrate was 45,100 tonnes in Q2 2021 in line with the previous quarter and 90,400 tonnes for the half year, 20.9% higher than in the same period last year, mainly reflecting higher ore grades and throughput, although throughput in Q2 was reduced slightly due to maintenance work on the mills.

Copper cathode production during the quarter was 20,200 tonnes, 6.0% lower than Q1 2021, and for the first six months it was 41,700 tonnes, 10.9% lower than in the same period last year primarily due to expected lower grades and recoveries, despite higher throughput.

Gold production in Q2 was 47,600 ounces, 6.0% higher than the previous quarter and in H1 it was 92,500 ounces, 12.8% higher than H1 last year, primarily due to higher throughput and grades.

Molybdenum production in H1 2021 increased to 700 tonnes from 300 tonnes in H1 2020, due to higher grades.

Cash costs before by-product credits in Q2 were \$1.82/lb, 2.2% higher than in the previous quarter on lower copper production. Cash costs before by-product credits for the first six months of 2021 were \$1.80/lb, 2.2% lower than the same period in 2020 due to higher copper production, partially offset by the stronger Chilean peso, higher input prices and higher maintenance costs as a result of bringing forward some scheduled work.

By-product credits increased from \$0.66/lb in Q1 to \$0.78/lb in Q2 due to higher realised prices and gold production. For the first six months of 2021, by-product credits were \$0.72/lb, 14c/lb higher than in the same period last year due to higher production and improved realised prices.

Net cash costs in Q2 2021 were \$1.04/lb, 7.1% lower than the previous quarter, and during the first six months of the year net cash costs were \$1.08/lb, the lowest cost ever for Centinela in a six-month period and 14.3% lower than in H1 2020 due to lower cash costs before by-product credits and higher by-products credits.

CENTINELA		Year to Date			Q2	Q1	
		2021	2020	%	2021	2021	%
CONCENTRATES							
Daily ore throughput	kt	104.7	93.7	11.7	102.9	106.4	(3.3)
Copper grade	%	0.59	0.53	11.3	0.59	0.60	(1.7)
Copper recovery	%	84.7	86.7	(2.3)	85.2	84.2	1.2
Copper production	kt	90.4	74.8	20.9	45.1	45.3	(0.4)
Copper sales	kt	80.8	71.9	12.4	35.7	45.1	(20.8)
Molybdenum grade	%	0.009	0.008	12.5	0.009	0.010	(10.0)
Molybdenum recovery	%	46.2	22.7	103.5	53.8	39.5	36.2
Molybdenum production	kt	0.7	0.3	133.3	0.3	0.4	(25.0)
Molybdenum sales	kt	0.8	0.1	700.0	0.3	0.4	(25.0)
Gold grade	g/t	0.22	0.21	4.8	0.23	0.22	3.2
Gold recovery	%	72.4	73.0	(0.8)	72.8	71.9	1.3
Gold production	koz	92.5	82.0	12.8	47.6	44.9	6.0
Gold sales	koz	77.9	80.7	(3.5)	35.4	42.6	(16.9)
CATHODES							
Daily ore throughput	kt	56.3	55.8	0.9	55.7	56.9	(2.1)
Copper grade	%	0.60	0.64	(6.3)	0.62	0.59	5.1
Copper recovery	%	65.1	69.3	(6.1)	63.7	66.4	(4.1)
Copper production – heap leach	kt	39.8	44.4	(10.4)	19.3	20.4	(5.4)
Copper production – total ⁽¹⁾	kt	41.7	46.8	(10.9)	20.2	21.5	(6.0)
Copper sales	kt	38.6	47.6	(18.9)	16.8	21.8	(22.9)
Total copper production	kt	132.1	121.6	8.6	65.2	66.8	(2.4)
Cash costs before by-product credits ⁽²⁾	\$/lb	1.80	1.84	(2.2)	1.82	1.78	2.2
Net cash costs ⁽²⁾	\$/lb	1.08	1.26	(14.3)	1.04	1.12	(7.1)

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.11/lb in Q2 2021, \$0.12/lb in Q1 2021, \$0.12/lb YTD 2021 and \$0.13/lb YTD 2020

Antucoya

Antucoya produced 19,200 tonnes of copper in Q2 2021, 5.0% lower than in the previous quarter. Production in the first six months of 2021 was 39,500 tonnes, 2.2% lower than the same period last year due to expected lower grades and consequentially lower recoveries, partly offset by a 7.7% increase in throughput.

During the quarter, cash costs were \$2.12/lb compared to \$1.96/lb in Q1. For the first six months, cash costs were 17.9% higher than in H1 2020 at \$2.04/lb due to lower production, the unfavourable local exchange rate and higher expenditure on maintenance services.

ANTUCOYA		Year to Date			Q2	Q1	
		2021	2020	%	2021	2021	%
Daily ore throughput	kt	84.0	78.0	7.7	87.3	80.6	8.3
Copper grade	%	0.35	0.39	(10.3)	0.34	0.35	(2.9)
Copper recovery	%	68.4	73.5	(6.9)	67.9	69.1	(1.7)
Copper production	kt	39.5	40.4	(2.2)	19.2	20.2	(5.0)
Copper sales	kt	40.1	40.5	(1.0)	17.2	22.9	(24.9)
Cash costs	\$/lb	2.04	1.73	17.9	2.12	1.96	8.2

Zaldívar

Copper production at Zaldívar in Q2 2021 was 9,600 tonnes, 13.5% lower than previous quarter due to lower grades and throughput, which was impacted by planned major maintenance in the quarter. Production for the year to date was 20,600 tonnes, 22.3% lower compared with the same period last year due to lower copper grades and throughput. In particular, the proportion of sulphide ore being processed this year is increasing and this has reduced heap recoveries. However, completion of the Chloride Leach project in H1 2022 is designed to improve future recoveries from sulphide ore.

Cash costs during Q2 were \$2.65/lb, 15.2% higher than in Q1 2021, and cash costs for the first six months of 2021 were \$2.46/lb compared with \$1.72/lb in the same period in 2020, mainly due to lower grades, higher maintenance costs and the stronger Chilean peso. This cost level seen in H1 is expected to continue in H2.

ZALDÍVAR		Year to Date			Q2	Q1	
		2021	2020	%	2021	2021	%
Daily ore throughput	kt	40.3	44.7	(9.8)	38.6	42.2	(8.5)
Copper grade	%	0.78	0.97	(19.6)	0.66	0.88	(25.0)
Copper recovery ⁽¹⁾	%	50.3	59.3	(15.2)	50.3	48.8	3.1
Copper production – heap leach ⁽²⁾	kt	15.2	20.5	(25.9)	6.2	9.0	(31.1)
Copper production – total ^(2,3)	kt	20.6	26.5	(22.3)	9.6	11.1	(13.5)
Copper sales ⁽²⁾	kt	21.1	27.4	(23.0)	8.7	12.4	(29.8)
Cash costs	\$/lb	2.46	1.72	43.0	2.65	2.30	15.2

(1) 12-month rolling recoveries

(2) Group's 50% share

(3) Includes production from secondary leaching

Transport Division

Total transport volumes in Q2 2021 were 1.7 million tonnes, 9.2% higher than in the previous quarter, as a new transport contract came into effect during the period.

For the first six months of the year, transport volumes decreased by 0.8% mainly due to customers' lower copper production and sulphuric acid consumption, and the impact of sea swells affecting port access at the beginning of the year, partly offset by the new transport contract in Q2.

TRANSPORT		Year to Date			Q2	Q1	
		2021	2020	%	2021	2021	%
Rail	kt	2,514	2,407	4.4	1,297	1,216	6.7
Road	kt	678	811	(16.4)	369	309	19.4
Total tonnage transported		3,192	3,218	(0.8)	1,666	1,526	9.2

Commodity prices and exchange rates

		Year to Date			Q2	Q1	
		2021	2020	%	2021	2021	%
Copper							
Market price	\$/lb	4.13	2.49	65.9	4.40	3.85	14.3
Realised price	\$/lb	4.42	2.46	79.6	4.59	4.26	7.7
Gold							
Market price	\$/oz	1,808	1,647	9.8	1,815	1,800	0.8
Realised price	\$/oz	1,776	1,680	5.7	1,855	1,708	8.6
Molybdenum							
Market price	\$/lb	12.7	9.0	41.1	14.2	11.3	25.7
Realised price	\$/lb	16.1	8.7	85.1	19.2	13.3	44.4
Exchange rates							
Chilean peso	per \$	720	813	(11.4)	716	724	(1.1)

Spot commodity prices for copper, gold and molybdenum as at 30 June 2021 were \$4.26/lb, \$1,760/oz and \$19.0/lb respectively, compared with \$4.01/lb, \$1,688/oz and \$11.1/lb as at 31 March 2021 and \$2.74/lb, \$1,769/oz and \$7.4/lb as at 30 June 2020.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were positive \$113.1 million, negative \$0.9 million and positive \$30.8 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the year to date were positive \$282.1 million, negative \$8.0 million and positive \$43.7 million respectively.

Share of profits from associates and JVs

Following the disposal of Hornitos last year, the share of profit from associates and JVs for the half year is approximately \$20 million.