

Q3 2021 PRODUCTION REPORT

STEADY QUARTER AND LOWER COST GUIDANCE

Antofagasta plc CEO, Iván Arriagada said: *“Our copper production and cost performance during the quarter was in line with our expectations despite external pressures such as the ongoing drought in Chile, the global supply chain challenges, the energy crisis and higher input costs.*

“Year-to-date production and net cash costs were very similar to last year at 542,600 tonnes at \$1.15/lb and we remain on track to deliver on our previously stated production guidance of 710-740,000 tonnes for the full year and, despite input cost pressures, our net cash costs are now expected to be lower than our original guidance of \$1.25/lb.

“Since we last reported, there has been no material rainfall at our operations and as we head into the summer months, we do not expect any rain until the next rainy season, which begins in June next year. The construction of the desalination plant at Los Pelambres is on track for completion in H2 2022 and we now anticipate Group production in 2022 to be between 660,000 and 690,000 tonnes reflecting the previously advised production tonnes at risk at Los Pelambres due to the weather, and lower grades at Centinela Concentrates.

“The COVID-19 situation in Chile continues to improve but the measures we implemented last year will stay in place as we continue to prioritise the health and safety of our employees and surrounding communities. While we expect the extraordinary global supply chain events and energy crisis to ease over time, we remain focused on controlling costs while progressing our current and future growth projects.”

HIGHLIGHTS

PRODUCTION

- **Group copper production in Q3 2021 was 181,100 tonnes**, 1.5% higher than in the previous quarter on higher production at Centinela, partly offset by lower throughput at Los Pelambres
- **Group copper production for the first nine months of the year was 542,600 tonnes**, 0.2% higher than in the same period last year mainly on expected higher grades at Centinela Concentrates, offset by expected lower grades at Los Pelambres
- **Gold production for the quarter was 66,800 ounces**, 8.8% higher than in the previous quarter, and for the year-to-date production rose by 25.4% to 187,300 ounces, both increases as a result of higher grades at Centinela
- **Molybdenum production in the quarter was 2,600 tonnes**, 7.1% lower than the previous quarter on lower grades and recoveries at Centinela. For the year-to-date, production was 8,400 tonnes, 500 tonnes lower than in the same period last year

CASH COSTS

- **Cash costs before by-product credits in Q3 2021 were \$1.79/lb**, 2c/lb higher than in the second quarter. The global energy and supply chain crisis over Q3 resulted in higher commodity and therefore input prices, such as energy and diesel. However, evidence of wage inflation has been limited to temporary hires mostly for projects while the labour market has yet to recover to pre COVID-19 employment levels. The weaker Chilean peso in Q3 has offset the higher input costs.
- **Cash costs before by-product credits for the first nine months of the year were \$1.75/lb**, 13.6% higher than in the same period last year primarily because of the stronger Chilean peso (8%) and higher energy and diesel prices

- **Net cash costs were \$1.16/lb in Q3 2021 and \$1.15/lb for the year-to-date**, a 2.7% increase compared with the previous quarter and 0.9% higher than the same period last year. This was primarily due to higher cash costs before by-product credits, mainly offset by higher by-product credits on higher realised prices

GUIDANCE

- Copper production guidance for the full year of 710-740,000 tonnes is unchanged from the update provided in August. Net cash costs are expected to be below the originally guided \$1.25/lb
- Accelerated mine development at Centinela and sustaining capex at Los Pelambres have increased expected capital expenditure for the year to between \$1.6 and \$ 1.8 billion. This level is similar to current estimates for 2022 as sustaining and mine development expenditure increase, and development expenditure continues
- In 2022 copper production is expected to be 660-690,000 tonnes, as grades decrease at Centinela Concentrates and assuming there is no precipitation until the next rainy season and the desalination plant comes into operation in H2 2022

SUSTAINABILITY

- In line with the UN Sustainable Development Goals and after a voluntary and independent evaluation process, Centinela and Zaldívar obtained the Copper Mark, the global standard for the copper industry that demonstrates responsible and sustainable production. The Copper Mark is among the first group of standards LME brands can indicate to demonstrate their sustainability credentials
- The Company released a [progress report](#) on its implementation of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The report provides an overview of the Company's TCFD-related work to date and its climate resilience response

OTHER

- As at the end of Q3 the Los Pelambres Expansion project was 59% complete (design, procurement and construction). Completion of the desalination plant is expected in H2 2022 and of the concentrator plant expansion by the end of 2022
- At Zaldívar construction of the Chloride Leach project at the end of Q3 was 90% complete and is expected to be completed on schedule and according to plan in H1 2022
- During the quarter, the first autonomous trucks were delivered to the Esperanza Sur pit
- Some shipments were delayed by adverse weather over the period end and were shipped in early October

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q3	Q2	
		2021	2020	%	2021	2021	%
Copper production	kt	542.6	541.3	0.2	181.1	178.4	1.5
Copper sales	kt	528.4	536.1	(1.4)	182.3	163.4	11.6
Gold production	koz	187.3	149.4	25.4	66.8	61.4	8.8
Molybdenum production	kt	8.4	8.9	(5.6)	2.6	2.8	(7.1)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.75	1.54	13.6	1.79	1.77	1.1
Net cash costs ⁽¹⁾	\$/lb	1.15	1.14	0.9	1.16	1.13	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.

There will be a Q&A video conference call at 1:00pm BST hosted by Iván Arriagada - Chief Executive Officer, Mauricio Ortiz - Chief Financial Officer and René Aguilar, Vice President - Corporate Affairs and Sustainability. Participants can join the conference call [here](#).

Investors – London

Andrew Lindsay

Telephone

Rosario Orchard

Telephone

alindsay@antofagasta.co.uk

+44 20 7808 0988

rorchard@antofagasta.co.uk

*+44 20 7808 0988***Media – London**

Carole Cable

Telephone

antofagasta@brunswickgroup.com

*+44 20 7404 5959***Media – Santiago**

Pablo Orozco

Carolina Pica

Telephone

porozco@aminerals.cl

cpica@aminerals.cl

+56 2 2798 7000

Register on our website to receive our email alerts <http://www.antofagasta.co.uk/investors/email-alerts/>



Twitter



LinkedIn

MINING OPERATIONS

Los Pelambres

Copper production at Los Pelambres during the quarter was 81,100 tonnes, 3.9% lower than in the previous quarter as throughput reduced by 3.2%. This was primarily due to decreased plant run-time because of an unscheduled stoppage at one of the SAG mills and operational measures taken to optimise the use of water.

In the first nine months of 2021, copper production was 250,400 tonnes, 6.9% lower than in the same period last year. This decrease was primarily due to the expected lower copper grade, partially offset by higher throughput driven by improved plant performance.

Molybdenum production was 2,400 tonnes in Q3 2021, the same as the previous quarter, and for the year-to-date was 7,500 tonnes, 400 tonnes lower than the same period last year as a result of lower grades and recoveries.

Cash costs before by-product credits in Q3 were \$1.60/lb, 2.6% higher than in previous quarter and for the first nine months of 2021 were \$1.54/lb, 23.2% 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 were unchanged from Q2 at \$0.81/lb, and for the year-to-date were \$0.82/lb, in line with the same period last year. The higher cash costs before by-product credits were fully offset by by-product credits increasing from 43c/lb to 72c/lb on the significantly higher realised molybdenum price.

As previously announced, the major maintenance delayed by COVID-19 from Q2 will now take place in Q4.

As at the end of Q3 the Los Pelambres Expansion project was 58.8% complete, and completion of the desalination plant is expected in H2 2022 and of the concentrator plant expansion by the end of 2022.

LOS PELAMBRES		Year to Date			Q3	Q2	
		2021	2020	%	2021	2021	%
Daily ore throughput	kt	161.9	159.9	1.3	158.0	163.3	(3.2)
Copper grade	%	0.65	0.71	(8.5)	0.64	0.65	(1.5)
Copper recovery	%	89.9	89.9	0.0	90.3	90.2	0.1
Copper production	kt	250.4	269.1	(6.9)	81.1	84.4	(3.9)
Copper sales	kt	234.7	268.9	(12.7)	69.1	84.9	(18.6)
Molybdenum grade	%	0.020	0.020	0.0	0.018	0.021	(14.3)
Molybdenum recovery	%	84.4	85.9	(1.7)	83.9	83.9	0.0
Molybdenum production	kt	7.5	7.9	(5.1)	2.4	2.4	0.0
Molybdenum sales	kt	7.0	7.5	(6.7)	2.1	2.3	(8.7)
Gold grade	g/t	0.045	0.047	(4.3)	0.037	0.048	(22.9)
Gold recovery	%	71.0	72.5	(2.1)	83.0	64.9	27.9
Gold production	koz	41.4	43.7	(5.3)	13.4	13.8	(2.9)
Gold sales	koz	36.9	41.7	(11.5)	11.1	12.9	(14.0)
Cash costs before by-product credits ⁽¹⁾	\$/lb	1.54	1.25	23.2	1.60	1.56	2.6
Net cash costs ⁽¹⁾	\$/lb	0.82	0.82	0.0	0.81	0.81	0.0

(1) Includes tolling charges of \$0.17/lb in Q3 2021, \$0.17/lb in Q2 2021, \$0.16/lb YTD 2021 and \$0.18/lb YTD 2020

Centinela

Centinela produced 70,700 tonnes of copper during the quarter, 8.4% higher than in the previous quarter on higher copper grades at Centinela Concentrates and higher throughput at Centinela Cathodes. Production for the year-to-date was 202,800 tonnes, 14.7% higher than in the same period last year, due to higher ore grades and throughput at Centinela Concentrates.

Production of copper in concentrate was 47,600 tonnes in Q3 2021, 5.5% higher than in the previous quarter. For the first nine months of the year, copper in concentrate production was 138,000 tonnes, compared with 106,900 tonnes in the same period last year, reflecting higher ore grades and throughput.

Copper cathode production during the quarter was 23,200 tonnes, 14.9% higher than Q2 2021 primarily as throughput increased by 9.0%. For the year-to-date, copper cathode production was 64,800 tonnes, 7.4% lower than in the same period last year mainly due to expected lower grades and recoveries, despite higher throughput.

Gold production was 53,400 ounces in the quarter, 12.2% higher than the previous quarter on higher grades, and for the first nine months was 145,900 ounces, 38.0% higher than the same period last year, due to higher throughput and grades.

Cash costs before by-product credits were \$1.86/lb, 2.2% higher than in the previous quarter. Cash costs before by-product credits for the first nine months of the year were \$1.82/lb, 2.2% lower than the same period in 2020 as a result of higher copper production, partially offset by a stronger Chilean peso and higher input costs.

By-product credits in Q3 were \$0.72/lb compared with \$0.78/lb in Q2. For the first nine months of 2021, by-product credits increased from \$0.55/lb in 2020 to \$0.72/lb in 2021 due to higher gold production and the improved realised molybdenum price.

Net cash costs in Q3 2021 were \$1.14/lb, 9.6% higher than the previous quarter on lower by-product credits. During the first nine months of the year net cash costs were \$1.10/lb, 16.0% lower than same period last year due to lower cash costs before by-product credits and higher by-products credits.

During the quarter, the first autonomous trucks were delivered which will be used at the Esperanza Sur pit from the first half of 2022.

CENTINELA		Year to Date			Q3	Q2	
		2021	2020	%	2021	2021	%
CONCENTRATES							
Daily ore throughput	kt	103.2	93.3	10.6	100.3	102.9	(2.5)
Copper grade	%	0.60	0.51	17.6	0.62	0.59	5.1
Copper recovery	%	84.8	85.3	(0.6)	84.9	85.2	(0.4)
Copper production	kt	138.0	106.9	29.1	47.6	45.1	5.5
Copper sales	kt	137.1	107.6	27.4	56.3	35.7	57.7
Molybdenum grade	%	0.009	0.010	(10.0)	0.008	0.009	(11.1)
Molybdenum recovery	%	48.5	35.2	37.8	43.8	53.8	(18.6)
Molybdenum production	kt	0.9	1.0	(10.0)	0.2	0.3	(33.3)
Molybdenum sales	kt	0.9	0.8	12.5	0.2	0.3	(33.3)
Gold grade	g/t	0.24	0.19	26.3	0.26	0.23	13.0
Gold recovery	%	71.2	71.2	0.0	69.1	72.8	(5.1)
Gold production	koz	145.9	105.7	38.0	53.4	47.6	12.2
Gold sales	koz	139.4	106.3	31.1	61.4	35.4	73.4
CATHODES							
Daily ore throughput	kt	57.8	56.5	2.3	60.7	55.7	9.0
Copper grade	%	0.61	0.64	(4.7)	0.61	0.62	(1.6)
Copper recovery	%	65.0	68.4	(5.0)	64.9	63.7	1.9
Copper production – heap leach	kt	62.0	66.8	(7.2)	22.2	19.3	15.0
Copper production – total ⁽¹⁾	kt	64.8	70.0	(7.4)	23.2	20.2	14.9
Copper sales	kt	63.6	68.9	(7.7)	25.0	16.8	48.8
Total copper production	kt	202.8	176.8	14.7	70.7	65.2	8.4
Cash costs before by-product credits ⁽²⁾	\$/lb	1.82	1.86	(2.2)	1.86	1.82	2.2
Net cash costs ⁽²⁾	\$/lb	1.10	1.31	(16.0)	1.14	1.04	9.6

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.10/lb in Q3 2021, \$0.11/lb in Q2 2021, \$0.11/lb YTD 2021 and \$0.14/lb YTD 2020

Antucoya

Total copper production at Antucoya during the quarter was 18,300 tonnes, 4.7% lower than the previous quarter as grades decreased as expected and throughput fell 5.0%. Production in the first nine months of 2021 was 57,700 tonnes, unchanged from the same period last year with higher throughput offset by expected lower grades and resulting lower recoveries.

During the quarter, cash costs were \$2.06/lb compared to \$2.12/lb in Q2. For the year-to-date, cash costs were \$2.05/lb, 13.9% higher than the same period last year due to a stronger Chilean peso, and higher input costs and maintenance expenditure.

ANTUCOYA		Year to Date			Q3	Q2	
		2021	2020	%	2021	2021	%
Daily ore throughput	kt	83.6	74.8	11.8	82.9	87.3	(5.0)
Copper grade	%	0.34	0.38	(10.5)	0.33	0.34	(2.9)
Copper recovery	%	68.3	73.2	(6.7)	67.9	67.9	0.0
Copper production	kt	57.7	57.7	0.0	18.3	19.2	(4.7)
Copper sales	kt	60.5	53.8	12.5	20.3	17.2	18.0
Cash costs	\$/lb	2.05	1.80	13.9	2.06	2.12	(2.8)

Zaldívar

Copper production for the quarter was 11,000 tonnes, 14.6% higher than in the previous quarter on significantly improved throughput and higher recoveries, partially offset by lower grades. Production for the year-to-date was 31,600 tonnes, 16.2% lower than the same period last year due to expected lower grades and recoveries, partially offset by higher throughput.

Cash costs during the quarter were \$2.34/lb, \$0.31/lb lower than Q2 2021 as there were higher maintenance costs during Q2 and a weaker Chilean peso. Cash costs for the first nine months of the year were \$2.42/lb, compared with \$1.67/lb in the same period in 2020, mainly due to lower grades, higher maintenance costs and the stronger Chilean peso.

ZALDÍVAR		Year to Date			Q3	Q2	
		2021	2020	%	2021	2021	%
Daily ore throughput	kt	42.9	40.9	4.9	48.0	38.6	24.4
Copper grade	%	0.73	1.03	(29.1)	0.65	0.66	(1.5)
Copper recovery ⁽¹⁾	%	52.9	53.7	(1.5)	52.9	50.3	5.2
Copper production – heap leach ⁽²⁾	kt	23.0	28.6	(19.6)	7.7	6.2	24.2
Copper production – total ^(2,3)	kt	31.6	37.7	(16.2)	11.0	9.6	14.6
Copper sales ⁽²⁾	kt	32.7	37.1	(11.9)	11.6	8.7	33.3
Cash costs	\$/lb	2.42	1.67	44.9	2.34	2.65	(11.7)

(1) 12-month rolling recoveries

(2) Group's 50% share

(3) Includes production from secondary leaching

Transport Division

Total transport volumes in Q3 2021 were 1.8 million tonnes, 5.1% higher than the previous quarter, due to the ramp-up of a new transport contract and increased sulphuric acid shipments.

For the first nine months of the year, transport volumes increased by 3.0% compared to the same period in 2020 as the new transport contract took effect, partially offset by customers' road transport disruptions.

TRANSPORT		Year to Date			Q3	Q2	
		2021	2020	%	2021	2021	%
Rail	kt	3,883	3,592	8.1	1,370	1,297	5.6
Road	kt	1,059	1,207	(12.3)	381	369	3.3
Total tonnage transported		4,942	4,799	3.0	1,751	1,666	5.1

Commodity prices and exchange rates

		Year to Date			Q3	Q2	
		2021	2020	%	2021	2021	%
Copper							
Market price	\$/lb	4.17	2.65	57.4	4.25	4.40	(3.4)
Realised price	\$/lb	4.27	2.71	57.6	3.99	4.59	(13.1)
Gold							
Market price	\$/oz	1,801	1,735	3.8	1,790	1,815	(1.4)
Realised price	\$/oz	1,778	1,761	1.0	1,781	1,855	(4.0)
Molybdenum							
Market price	\$/lb	14.9	8.6	73.3	19.0	14.2	33.8
Realised price	\$/lb	17.2	8.3	107.2	20.2	19.2	5.2
Exchange rates							
Chilean peso	per \$	738	802	(8.0)	773	716	8.0

Spot commodity prices for copper, gold and molybdenum as at 30 September 2021 were \$4.10/lb, \$1,737/oz and \$18.5/lb respectively, compared with \$4.26/lb, \$1,760/oz and \$19.0/lb as at 30 June 2021 and \$3.00/lb, \$1,885/oz and \$8.2/lb as at 30 September 2020.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were negative \$80.5 million, negative \$2.3 million and positive \$3.4 million respectively.

The provisional pricing adjustments for copper, gold and molybdenum for the year-to-date were positive \$201.6 million, negative \$10.3 million and positive \$47.1 million respectively.