

## Q1 2022 PRODUCTION REPORT

### PRODUCTION AND COSTS IN LINE WITH GUIDANCE

**Antofagasta plc CEO, Iván Arriagada said:** *“Antofagasta’s copper production of 138,800 tonnes and net cash costs of \$1.75/lb in the first quarter was in line with plan for the period and is consistent with annual guidance as copper production is expected to increase quarter-on-quarter during the year. Production reflected the impact of the ongoing drought at Los Pelambres and the expected lower grades at Centinela Concentrates.*

*“The copper, gold and molybdenum markets have been strong throughout the quarter, and we expect this to continue as structural supply and demand dynamics support a tight physical market. In the meantime, we maintain our focus on the safety and health of our employees and contractors, and on cost control and disciplined capital allocation.*

*“With completion of the Los Pelambres desalination plant expected in H2 2022 and no precipitation until the rainy season, full year guidance is retained at 660-690,000 tonnes of copper at a net cash cost of \$1.55/lb. Following the completion of the review of the Los Pelambres Expansion project, total capital expenditure for the full year is expected to be \$1.9 billion, at the top end of the previously guided range of \$1.7–1.9 billion.”*

## HIGHLIGHTS

### PRODUCTION

- **Copper production in Q1 2022 at 138,800 tonnes was in line with guidance and is expected to increase quarter-on-quarter during the year.** Production was 24.2% lower than in the same quarter in 2021 and 22.4% lower than in Q4 2021 mainly due to the expected temporary reduction in throughput at Los Pelambres because of the drought and lower grades at Centinela Concentrates. Throughput at Los Pelambres was 39.9% lower than in Q1 2021 and 27.7% lower than in Q4 2021, and the grades at Centinela Concentrates were 26.7% and 25.4% lower respectively
- **Gold production was 38,400 ounces in Q1 2022**, 35.0% lower than in the same period in 2021 and 40.8% lower than in 4Q 2021, mainly due to expected lower grades at Centinela
- **Molybdenum production in the quarter was 2,000 tonnes**, a decrease of 1,000 tonnes compared to the same period in 2021 due to lower grades and throughput at Los Pelambres, and 100 tonnes lower than in Q4 2021

### CASH COSTS

- **Cash costs before by-product credits in Q1 2022 were \$2.34/lb**, in line with expectations and 66c/lb higher than in the same period last year mainly due to the temporary decrease in production. Higher input prices, particularly for diesel and sulphuric acid, and general inflation were largely offset by the weaker Chilean peso. Compared to the previous quarter, costs increased by 21.9% on lower copper production due to lower grades and throughput
- **Net cash costs were \$1.75/lb in Q1 2022**, compared to \$1.16/lb in Q1 2021 and \$1.35/lb in the previous quarter, reflecting the increase in cash costs before by-product credits, slightly offset by higher by-product credits

## GUIDANCE 2022

- [Guidance](#) for the year is unchanged. Group copper production for the full year is expected to be 660-690,000 tonnes, reflecting lower expected grades at Centinela Concentrates and the temporarily reduced throughput at Los Pelambres. Guidance assumes there is no precipitation until the rainy season and the desalination plant at Los Pelambres starts operating in H2 2022. As previously announced, copper production during the year is expected to be lowest in Q1 and to increase quarter-on-quarter thereafter
- The drought has continued at Los Pelambres with no precipitation during the quarter. Strict water management protocols are in place to optimise water usage and mitigate the impact of low water availability
- Cash cost guidance before and after by-product credits is also unchanged at \$2.00/lb and \$1.55/lb respectively
- The review of the Los Pelambres Expansion project has been completed and Group capital expenditure for the year is expected to be \$1.9 billion. This is at the top end of the original guidance range of \$1.7–1.9 billion

## GROWTH PROJECTS UPDATE

- The Company is making progress on unlocking the embedded growth options in its portfolio with identified key brownfield developments and incremental growth within its asset portfolio
- The Los Pelambres Expansion project was 73% complete as at the end of the quarter
- A detailed review of the project schedule and costs has recently been completed. The revised capital cost estimate resulting from the review is \$2.2 billion (up from \$1.7 billion). Of this increase, approximately \$220 million is related to the impact of COVID-19 on costs and the construction schedule, \$170 million to general inflation, including increased input prices, wages, labour incentives and logistics costs, with the balance reflecting other adjustments to implementation plans and an updated contingency provision
- The completion schedule remains unchanged with the desalination plant expected to be completed in H2 2022 and the expanded concentrator plant in early 2023
- The Zaldívar Chloride Leach project was completed in January 2022, on schedule and on budget and is now being commissioned

## OTHER

- As [announced](#) on 20 March, the Company, Barrick Gold and the Governments of Pakistan and Balochistan have reached an agreement in principle on a framework that provides for the reconstitution of the Reko Diq project, and a pathway for the Company to exit the Project. If definitive agreements are executed and the conditions to closing are satisfied, the project will be reconstituted under Tethyan Copper Company Pty Limited ("TCC"), a joint venture held equally by the Company and Barrick, and a consortium comprising various Pakistani state-owned enterprises will acquire shares in TCC's subsidiary, which will hold the project, for a consideration of approximately \$900 million and the proceeds will be distributed to the Company in return for its exit from the TCC holding structure. If the conditions to closing are satisfied during 2022, the Company would expect to receive those proceeds during 2023
- Sales volumes during the quarter were affected by poor weather conditions at the loading ports at the period end, which delayed shipments into early April
- The Company has been informed that the Consejo de Defensa del Estado (CDE), an independent governmental agency responsible for the defence of the interests of the State of Chile, has filed a claim against Minera Escondida, the lithium producer Albermarle and Zaldívar, alleging that their extraction of water from the Monturaqui-Negrillar-Tilopozo aquifer over the years has impacted the underground water level. The Company is currently reviewing the claim

- The Constitutional Convention is currently debating the proposed clauses for the new constitution and the final constitution must be completed by 4 July. The new constitution will then be voted on in a national referendum on 4 September
- The draft mining royalty bill is being reviewed by the Finance Committee of the Senate. However, the new Government is developing a proposal for broader tax reform and this may impact or supersede the progress of the royalty bill

GROUP PRODUCTION AND CASH COSTS		Year to Date			Q1	Q4	
		2022	2021	%	2022	2021	%
Copper production	kt	138.8	183.0	(24.2)	138.8	178.9	(22.4)
Copper sales	kt	115.9	182.8	(36.6)	115.9	197.2	(41.2)
Gold production	koz	38.4	59.1	(35.0)	38.4	64.9	(40.8)
Molybdenum production	kt	2.0	3.0	(33.3)	2.0	2.1	(4.8)
Cash costs before by-product credits <sup>(1)</sup>	\$/lb	2.34	1.68	39.3	2.34	1.92	21.9
Net cash costs <sup>(1)</sup>	\$/lb	1.75	1.16	50.9	1.75	1.35	29.6

(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.

There will be a Q&A video conference call today at 2:00 pm (BST) hosted by Iván Arriagada - Chief Executive Officer, Mauricio Ortiz - Chief Financial Officer and René Aguilar - Vice President of Corporate Affairs and Sustainability. Participants can register for the conference call [here](#).

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## MINING OPERATIONS

### Los Pelambres

As expected, Los Pelambres produced 54,100 tonnes of copper in Q1 2022, 36.3% lower than in the same quarter last year and 27.2% lower than the previous quarter, mainly driven by the reduced throughput, which was down 39.9% compared with prior year and 27.7% with the previous quarter due to water restrictions arising from the drought. Major maintenance was completed during the quarter and mine movement and development has remained in line with capacity which will allow added feed flexibility as throughput recovers with increased water availability following the start-up of the desalination plant.

Molybdenum production in Q1 2022 decreased to 1,400 tonnes from 2,600 in Q1 2021, due to lower throughput and molybdenum grades.

Gold production for the quarter was 8,600 ounces, 5,700 ounces lower than in the same period last year.

Cash costs before by-product credits in Q1 2022 at \$1.98/lb were 35.6% higher than in the same quarter in 2021 due to the decrease in production and higher input prices, mainly energy and diesel. Compared to the previous quarter, costs increased by 13.8%, also due to the decrease in production and higher input prices.

Net cash costs in Q1 2022 increased by 43c/lb to \$1.27/lb compared to Q1 2021 reflecting higher cash costs before by-product credits partially offset by by-product credits increasing from 62c/lb to 71c/lb on higher molybdenum realised prices partially offset by lower production. Compared to the previous quarter net cash costs increased by 13.4%.

The Los Pelambres Expansion project was 73% complete (engineering, procurement and construction) as at the end of the quarter.

LOS PELAMBRES		Year to Date			Q1	Q4	
		2022	2021	%	2022	2021	%
Daily ore throughput	kt	98.8	164.5	(39.9)	98.8	136.6	(27.7)
Copper grade	%	0.68	0.67	1.5	0.68	0.67	1.5
Copper recovery	%	92.3	89.1	3.6	92.3	91.8	0.5
Copper production	kt	54.1	84.9	(36.3)	54.1	74.3	(27.2)
Copper sales	kt	41.9	80.7	(48.1)	41.9	89.9	(53.4)
Molybdenum grade	%	0.016	0.021	(23.8)	0.016	0.018	(11.1)
Molybdenum recovery	%	86.5	85.3	1.4	86.5	85.1	1.6
Molybdenum production	kt	1.4	2.6	(46.2)	1.4	1.8	(22.2)
Molybdenum sales	kt	1.2	2.6	(53.8)	1.2	2.2	(45.5)
Gold grade	g/t	0.044	0.048	(8.3)	0.044	0.043	2.3
Gold recovery	%	73.5	68.1	7.9	73.5	74.5	(1.3)
Gold production	koz	8.6	14.3	(39.9)	8.6	11.8	(27.1)
Gold sales	koz	6.4	12.9	(50.4)	6.4	14.2	(54.9)
Cash costs before by-product credits <sup>(1)</sup>	\$/lb	1.98	1.46	35.6	1.98	1.74	13.8
Net cash costs <sup>(1)</sup>	\$/lb	1.27	0.84	51.2	1.27	1.12	13.4

(1) Includes tolling charges of \$0.16/lb in Q1 2022, \$0.15/lb in Q4 2021, and \$0.14/lb Q1 2021

## **Centinela**

Total copper production in Q1 2022 at Centinela was 55,800 tonnes, 16.5% lower than in the same quarter in 2021. Compared to the previous quarter, copper production decreased by 21.8% on expected lower grades at Centinela Concentrates and lower throughput at both Centinela Concentrates and Centinela Cathodes.

Major maintenance was completed at Centinela Concentrates during the quarter.

Copper in concentrates production was 32,900 tonnes in Q1 2022, 27.4% lower than in Q1 2021 and 30.6% lower than in the previous quarter. This decrease was mainly due to expected lower copper grades of 0.44% compared to 0.60% in Q1 2021, and slightly lower throughput.

Production of copper in cathodes rose 6.5% compared to Q1 2021. This was primarily due to expected higher grades and recoveries, partially offset by lower throughput.

Gold production was 29,800 ounces in Q1 2022, 33.6% lower than in the same period last year and 43.9% lower than in Q4 2021 as grades, which are correlated to copper grades, and recoveries decreased.

Cash costs before by-product credits in Q1 2022 were \$2.70/lb, 51.7% higher than in Q1 2021 primarily due to lower production and higher input costs, particularly for diesel and sulphuric acid. Compared to the previous quarter costs increased by 35.0% also due to lower production.

Net cash costs in Q1 2022 were \$1.93/lb, 81c/lb higher than in the same quarter last year reflecting the increase in cash costs before by-product credits, partly offset by higher by-product credits of 11c/lb related to increased moly production and higher realised prices. Compared to the previous quarter net cash costs increased by 56.9% with by-product credits unchanged.

CENTINELA		Year to Date			Q1	Q4	
		2022	2021	%	2022	2021	%
<b>CONCENTRATES</b>							
Daily ore throughput	kt	104.0	106.4	(2.3)	104.0	110.8	(6.1)
Copper grade	%	0.44	0.60	(26.7)	0.44	0.59	(25.4)
Copper recovery	%	81.4	84.2	(3.3)	81.4	84.9	(4.1)
Copper production	kt	32.9	45.3	(27.4)	32.9	47.4	(30.6)
Copper sales	kt	22.5	45.1	(50.1)	22.5	50.6	(55.5)
Molybdenum grade	%	0.013	0.010	30.0	0.013	0.010	30.0
Molybdenum recovery	%	59.7	39.5	51.1	59.7	46.2	29.2
Molybdenum production	kt	0.6	0.4	50.0	0.6	0.4	50.0
Molybdenum sales	kt	0.4	0.4	0.0	0.4	0.2	100.0
Gold grade	g/t	0.15	0.22	(31.8)	0.15	0.25	(40.0)
Gold recovery	%	66.7	71.9	(7.2)	66.7	70.4	(5.3)
Gold production	koz	29.8	44.9	(33.6)	29.8	53.1	(43.9)
Gold sales	koz	22.2	42.6	(47.9)	22.2	54.2	(59.0)
<b>CATHODES</b>							
Daily ore throughput	kt	55.4	56.9	(2.6)	55.4	57.8	(4.2)
Copper grade	%	0.65	0.59	10.2	0.65	0.64	1.6
Copper recovery	%	67.8	66.4	2.1	67.8	67.4	0.6
Copper production – heap leach	kt	22.1	20.4	8.3	22.1	23.3	(5.2)
Copper production – total <sup>(1)</sup>	kt	22.9	21.5	6.5	22.9	24.0	(4.6)
Copper sales	kt	22.6	21.8	3.7	22.6	24.8	(8.9)
Total copper production	kt	55.8	66.8	(16.5)	55.8	71.4	(21.8)
Cash costs before by-product credits <sup>(2)</sup>	\$/lb	2.70	1.78	51.7	2.70	2.00	35.0
Net cash costs <sup>(2)</sup>	\$/lb	1.93	1.12	72.3	1.93	1.23	56.9

(1) Includes production from ROM material

(2) Includes tolling charges of \$0.14/lb in Q1 2022, \$0.13/lb in Q4 2021, and \$0.12/lb Q1 2021

## Antucoya

Antucoya produced 17,400 tonnes of copper in Q1 2022, 13.9% lower than in the same quarter last year on expected lower grades, partially offset by higher throughput. Production decreased by 16.7% compared to Q4 2021 on lower grades and throughput, due to lower plant run time related to maintenance.

During the quarter, the cash costs were \$2.40/lb, a 22.4% increase compared to the \$1.96/lb in Q1 2021. This was mainly due to lower production and increased input costs, particularly for sulphuric acid, diesel and explosives. This was partially offset by lower energy prices as the operation has been solely using renewable power since the beginning of the year.

ANTUCOYA		Year to Date			Q1	Q4	
		2022	2021	%	2022	2021	%
Daily ore throughput	kt	82.2	80.6	2.0	82.2	91.1	(9.8)
Copper grade	%	0.31	0.35	(11.4)	0.31	0.35	(11.4)
Copper recovery	%	69.4	69.1	0.4	69.4	71.3	(2.7)
Copper production	kt	17.4	20.2	(13.9)	17.4	20.9	(16.7)
Copper sales	kt	17.4	22.9	(24.0)	17.4	19.9	(12.6)
Cash costs	\$/lb	2.40	1.96	22.4	2.40	2.02	18.8

## Zaldívar

Copper production at Zaldívar was 11,500 tonnes in Q1 2022, a 3.6% increase compared with the same period last year on higher recoveries. Production decreased by 7.3% compared to Q4 2021 due to lower throughput partially offset by higher grades and recoveries.

Cash costs at \$2.10/lb in Q1 2022 fell by 8.7% compared to Q1 2021 primarily due to maintenance activities scheduled for Q1 postponed for Q2. Compared to the previous quarter costs decreased by 21c/lb.

ZALDÍVAR		Year to Date			Q1	Q4	
		2022	2021	%	2022	2021	%
Daily ore throughput	kt	39.5	42.2	(6.4)	39.5	48.6	(18.7)
Copper grade	%	0.84	0.88	(4.5)	0.84	0.77	9.1
Copper recovery <sup>(1)</sup>	%	56.5	48.8	15.8	56.4	53.5	5.4
Copper production – heap leach <sup>(2)</sup>	kt	8.2	9.0	(8.9)	8.2	9.1	(9.9)
Copper production – total <sup>(2,3)</sup>	kt	11.5	11.1	3.6	11.5	12.4	(7.3)
Copper sales <sup>(2)</sup>	kt	11.6	12.4	(6.5)	11.6	12.0	(3.3)
Cash costs	\$/lb	2.10	2.30	(8.7)	2.10	2.31	(9.1)

(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 2022 were 1.7 million tonnes, 12.7% higher than in the same quarter last year mainly as new rail transport contracts were in place for the full quarter. Total transport volumes decreased by 2.3% compared to Q4 2021 mainly due to customers' lower production and poor weather conditions.

TRANSPORT		Year to Date			Q1	Q4	
		2022	2021	%	2022	2021	%
Rail	kt	1,310	1,216	7.7	1,310	1,338	(2.1)
Road	kt	410	309	32.7	410	422	(2.8)
Total tonnage transported		1,720	1,526	12.7	1,720	1,760	(2.3)

## Commodity prices and exchange rates

		Year to Date			Q1	Q4	
		2022	2021	%	2022	2021	%
<b>Copper</b>							
Market price	\$/lb	4.53	3.85	17.7	4.53	4.40	3.0
Realised price	\$/lb	5.05	4.26	18.5	5.05	4.65	8.6
<b>Gold</b>							
Market price	\$/oz	1,877	1,800	4.3	1,877	1,795	4.6
Realised price	\$/oz	2,021	1,708	18.3	2,021	1,812	11.5
<b>Molybdenum</b>							
Market price	\$/lb	19.1	11.3	69.0	19.1	18.9	1.1
Realised price	\$/lb	19.9	13.3	49.6	19.9	18.1	9.9
<b>Exchange rates</b>							
Chilean peso	per \$	808	724	11.6	808	826	(2.2)

Spot commodity prices for copper, gold and molybdenum as at 31 March 2022 were \$4.69/lb, \$1,933/oz and \$19.3/lb respectively, compared with \$4.40/lb, \$1,820/oz and \$18.7/lb as at 31 December 2021 and \$4.01/lb, \$1,688/oz and \$11.1/lb as at 31 March 2021.

The provisional pricing adjustments for copper, gold and molybdenum for the quarter were positive \$105.9 million, positive \$5.8 million and positive \$0.9 million respectively.