



ANTOFAGASTA PLC

**2022 Annual General Meeting**  
**CEO's Presentation**

**Iván Arriagada**  
Chief Executive Officer

**11 May 2022**



## Annual General Meeting CEO's Presentation

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Chief Executive Officer

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**Developing mining  
for a better future**

- Thank you, Mr. Chairman, and good afternoon.
- I would like to provide a brief overview on the company's performance in 2021.

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- I'd like to start with our purpose, which is “developing mining for a better future”. This is what drives us and motivates us all, at Antofagasta.
- We believe that what we do will enable a better world by providing the raw materials for a greener, lower carbon economy and contributing financially and socially to our host communities, where we mine to improve lives and livelihoods.
- Our purpose is underpinned by our five strategic pillars:
  - PEOPLE
  - SAFETY AND SUSTAINABILITY, which underpins all that we do – the safety and health of our people, our commitment to reduce our impact on the environment and share development benefits with our communities
  - COMPETITIVENESS – or economic performance
  - GROWTH – to ensure we continue to develop our business in the long term
  - And finally, how we use INNOVATION to transform our business.
- For any company reliability is a vital element of trust. We take our responsibility to be a reliable producer very seriously. We operate in a way that allows us to deliver on our commitments in terms of production, returns, the environment and our communities.

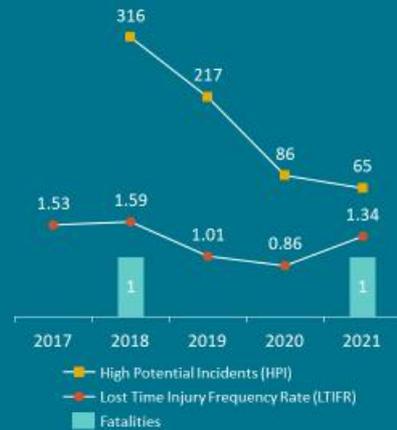
## Safety and health Our top priority



A fatality after  
33 months

High Potential  
Incidents  
decreased by 24%

Safety performance: Fatalities, HPI and LTIFR

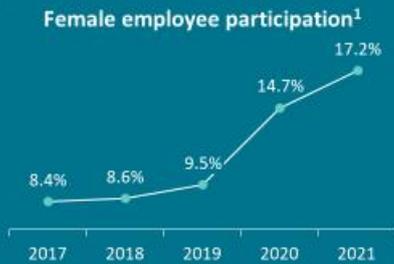


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- The safety and health of our employees, contractors and nearby communities are our top priority. However, after almost three years of being fatality free, I am very saddened by the fatality of one of our contractor's employees at Los Pelambres. A full investigation was completed following the accident and identified learnings have been implemented.
- We remain committed to having a strong safety culture. This is supported by rigorous risk assessment and the constant supervision of all critical tasks, as well as open and transparent reporting so as to understand all our unwanted events, and in particular those that could lead to High Potential Incidents, which fell 24% year-on-year.
- COVID remained a concern, but with the preventative controls we have and the very high level of vaccination rates, cases have continued to decline

## Our people *Promoting diversity and inclusion*

Workforce of  
**26,991**  
including  
contractors



Target achieved  
one year early



25.5%  
Employees

74.5%  
Contractors

17.2%  
Female employees<sup>1</sup>

77%  
of employees unionised

1. Direct employees only. Excludes contractors

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- In 2022, we had a workforce of nearly 27,000.
- Our Diversity and Inclusion Strategy seeks to increase the participation and retention of women in the workforce. This is reflected in our recruitment and selection strategies, the promotion of inclusive workspaces, our new hybrid way of working – combining in-person and remote formats – and our zero-tolerance policy on workplace harassment.
- During the year, we increased the proportion of women in our workforce to 17.2%, achieving our target of doubling women’s participation one year early.
- Over three-quarters of our employees are members of unions and during the year we had five labour negotiations, all of which were concluded successfully.

## Climate change *Committed to being part of the solution*



### GHG emission targets

**30%**  
reduction by 2025

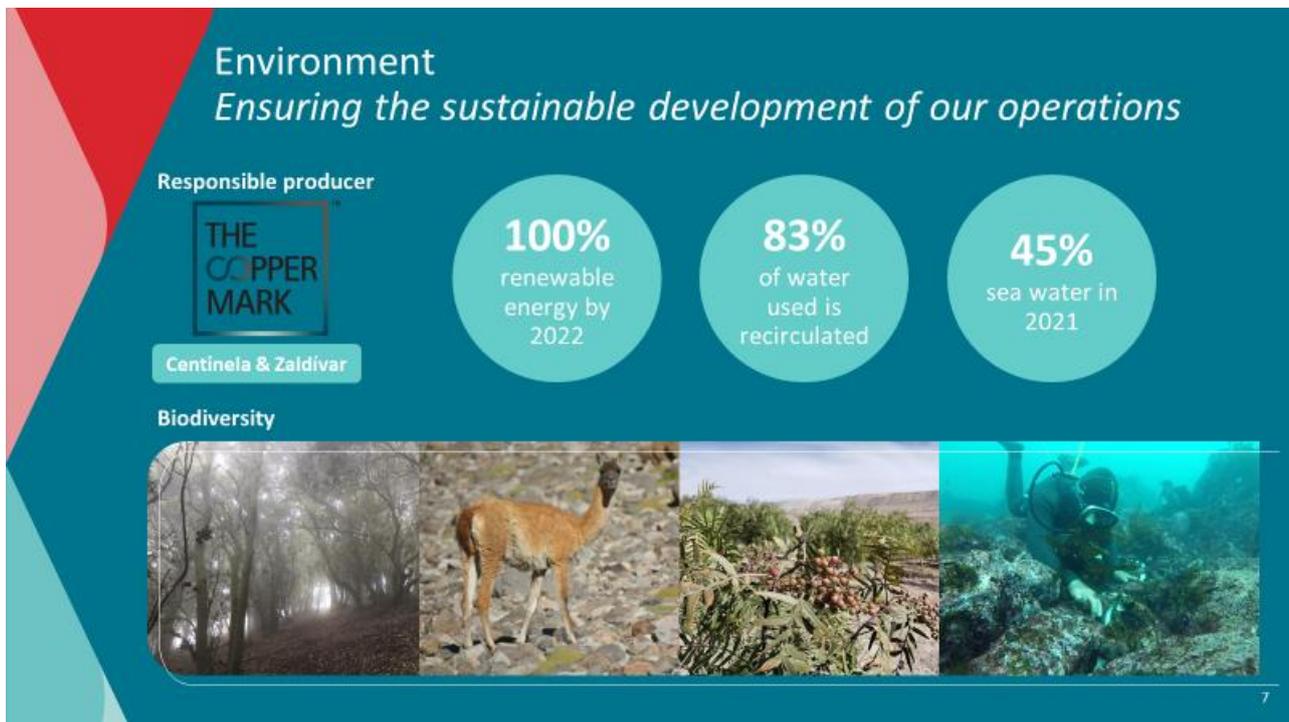
**Carbon neutral**  
by 2050

### Sea and recirculated water

**More than 90%**  
of total operational use by 2025

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- At Antofagasta, we see climate change as one of the greatest challenges facing the world today and we are committed to being part of the solution.
- In 2021 we issued our first report according to the Task Force on Climate-Related Financial Disclosures recommendations, and our first Climate Change Report.
- As you may remember, at our last AGM, we announced two new targets. The first, a short-term emissions target to reduce our Scope 1 and 2 emissions by 30% by 2025 – and we are on track to achieving this. The second, longer-term target, is to achieve carbon neutrality by 2050 or earlier which require suitable technological advances to be developed.
- We are committed to participating in the development of suitable long-term solutions to replace fossil fuels. Two initiatives under development stand out: our first hydrogen project and a project to test the use of battery powered haul trucks
- Regarding Scope 3, we have been progressing the reliable measurement of the full range of these emissions, with the aim of setting a reduction target for them by the end of 2023.
- We're making real progress on water management and efficiency and expect that by 2025 over 90% of the water we use will be either sea or recirculated water.
- We have the resources and technology to grow our production while ensuring we're a sustainable producer.



- It is our responsibility to operate in a sustainable and reliable way.
- In line with this, Centinela and Zaldívar have obtained the Copper Mark, an independently assessed assurance framework to demonstrate responsible production practices and contribution to the United Nations Sustainable Development Goals. This year, we expect that Los Pelambres and Antucoya will also obtain the Copper Mark.
- By the end of this year all our mining operations are going to be sourced solely by renewable power. A transition that began in 2020 at Zaldívar.
- Water resource management has been a priority for Antofagasta which is a pioneer in the use of sea water. The Group started using sea water in the 1990s, and now Centinela and Antucoya use almost entirely sea water. For the Group as a whole sea water accounts for 45% of our total water consumption and at Los Pelambres we are building a desalination plant that will increase its sea and recycled water consumption to over 95% by 2025.
- Climate change is a huge issue for the country and us, causing a drought that has lasted over 12 year. Late last year we slowed our production at Los Pelambres to reduce our consumption of water and we continue to look for ways to improve our water use efficiency. In 2021, as a Group, we operated with an average recirculation rate of 83%.
- At this challenging time, we are working with the communities and authorities on water management. Los Pelambres is a net contributor to the amount of water available for agriculture and other uses in the Choapa Valley. As part of this work, Los Pelambres has been adding new underground water sources in coordination with the respective water management boards. As a result, Los Pelambres pumps into the Choapa river basin substantially more water than the flow currently being used from continental sources.
- At Zaldívar, we are in the final stages of extending the environmental permit that includes the use of water from 2025 to 2029. As we do this, we note that recently there has been a claim against mining companies operating in the vicinity for a potential excess water usage in the past. While we are

currently reviewing this claim in detail, with respect to Zaldívar, we do not believe this is the case and as part of our permit application we have shown that our extraction rate is less than the recharge rate of the aquifer.

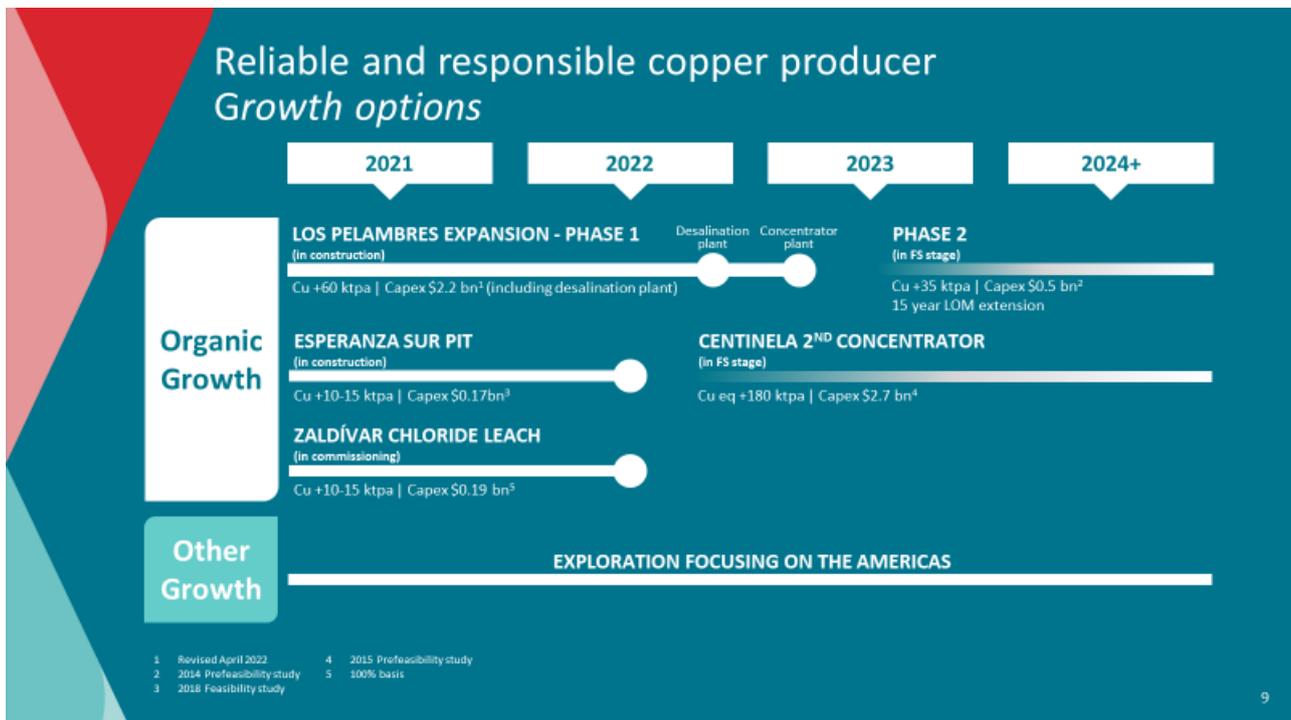
- We are managing the environment and biodiversity near our operations, not only to reduce our impact, but in some areas to enhance it by managing special nature sanctuaries to support the local flora and fauna.

## Communities *Creating shared value*



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- We continue to work closely with the communities who live near our operations, through relationships we have developed over the years. Our business goals and success are intricately linked to those of our surrounding communities.
- The Company believes that participatory dialogue is the right approach for the development of our social investment and development projects. We ensure we accomplish this through our engagement practices in the Choapa Province and the Antofagasta Region. These projects are in line and coordinated with public programmes, especially those of the local authorities.
- The initiatives we have implemented are focused on education, digitalisation, health, water, local suppliers, and community infrastructure. In 2021, we celebrated the graduation of nearly 200 students, the first generation of professionals from the technical training center in Los Vilos.
- At Centinela in 2021, we also developed an apprenticeship training programme for more than 100 young students from neighboring towns.
- Last year, we spent a total of \$48 million to manage and run a series of projects, that had been agreed with the local communities, that contributed to their positive economic and social wellbeing and we also purchased over \$340 million of goods and services from local suppliers.
- During the year we've also committed another \$6 million to the COVID Support Fund we set up in 2020, bringing the total funding to \$12 million.



- Looking to the future, we have embedded organic growth that will allow us to produce sustainably.
- We have significant expansion options in our current portfolio of operations.
- Our three growth projects at Los Pelambres, Centinela and Zaldívar will together add 80-90,000 tonnes of copper each year once they are completed.
- And, if we proceed to build a second concentrator at Centinela, our copper production could potentially increase to approximately 900,000 tonnes by 2026.
- We have a variety of exploration and late-stage projects, which are in different phases of evaluation and will generate organic growth for the company, including a very attractive recent discovery, which we call the Cachorro project, which was included in our Reserves & Resources for the first time in 2021.

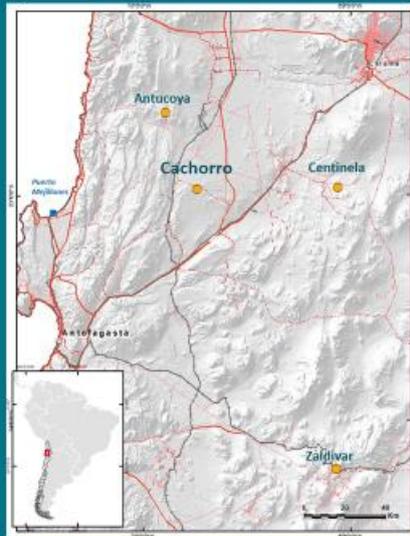
## Growth projects update



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- I would like to give you a bit more detail on the progress of our three growth projects.
- The Pelambres Expansion project will increase production and secure the operation's water sources. The expansion optimises production within the limits of its current permits, adding an average of 60,000 tonnes of annual copper production. The project includes the construction of a 400 l/s desalination plant which is expected to be completed in the second half of this year and will later be doubled in capacity. The concentrator plant expansion is expected to be completed in early 2023. Together they are over 76% advanced.
- The Zaldívar Chloride Leach project will increase copper production by approximately 15,000 tonnes per annum. The project was completed in January 2022 and is now being commissioned.
- At Centinela we are opening the Esperanza Sur pit. This will bring greater flexibility to the operation and will allow it to smooth and optimise its year-on-year production profile. Stripping advanced in 2021 and we are now mining ore with our autonomous truck fleet.

## Exploration *Cachorro maiden resource declared*



Inferred  
resource  
**142 mt**  
@ 1.21% Cu

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- As I mentioned earlier, we are very excited to announce that the Company has discovered a significant greenfield manto type deposit in the coastal belt of the Antofagasta Region.
- The initial inferred resource of the Cachorro deposit is 142 million tonnes, with a copper grade of 1.2% and has a potential mineralisation of close to 300 million tonnes.
- It is located close to existing infrastructure at our Antucoya and Centinela operations and, depending on its final size, we expect it could be developed using this infrastructure.

## Innovation and technology

*New ways to operate and develop*



Autonomous trucks at  
Esperanza Sur pit



Centinela's Remote  
Operating Centre



Primary sulphides leach  
(Cuprochlor-T®)

- We look to innovation as a key enabler of our strategy. The initiatives we implemented include Centinela's new remote operating centre in the city of Antofagasta and its fleet of autonomous trucks.
- Another potentially important innovation is our Cuprochlor®-T technology, a chloride leaching process for treating lower grade primary sulphides that could lead to new growth projects.
- This new technology will potentially unlock value from previously uneconomic mineral resources and our operations are looking at how its use can be built into their mine plans.

## 2021 Performance

*Strong result in challenging times*

### Safety

High Potential Incidents  
decreased by 24%

1 fatal accident  
LTIFR<sup>1</sup>: 1.34

### Financial results

EBITDA: \$4.8 bn  
EBITDA margin<sup>2</sup>: 65%

EPS<sup>3</sup>: 142.5 c/share

### Copper production

721,500 tonnes

In line with adjusted guidance

### Net cash cost

\$1.20/lb

Below guidance

- 1 Lost Time Injury Frequency Rate. The number of accidents with lost time during the year per million hours worked
- 2 EBITDA Margin calculated as EBITDA/Revenue. If Associates and JVs revenue is included EBITDA margin was 61.1%
- 3 Earnings per share from continuing operations and before exceptional items

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- Despite the challenges during 2021, our mines and plants performed as planned. This, in turn, reflected what was certainly one of the highlights of the year: the way our team has responded to the challenging circumstances.
- In 2021, we produced 721,500 tonnes of copper, less than in 2020. The drop is due to the expected lower grades at Centinela and restrictions on water availability at Los Pelambres due to the drought.
- At \$1.20/lb, our net cash costs in 2021 were better than guidance.
- Total transport volume at our Transport division was 6.7 million tonnes, up by 4% in 2021, thanks partly to a new contract with a mining client.
- Supported by a strong copper price, our EBITDA increased to \$4.8 billion, a record for the Group, with an EBITDA margin of 65%.
- Our total dividend for the year is 142.5 cent per share, which is equivalent to a 100% pay-out ratio.

## Current political and fiscal events in Chile *Providing a basis for greater social cohesion*



New government



Proposed new mining  
royalty



Constitutional  
Convention

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- In Chile, there are various changes underway including most importantly the development of a new Constitution. While this is currently work in progress, if successful it may provide the opportunity to develop a new social pact.
- A Constitutional Convention was elected in May 2021 to rewrite the constitution and is currently debating its final proposed clauses. The Convention must complete its work by 4 July and the new constitution will then be voted on in a national referendum on 4 September.
- Chile elected a new president and a new congress last year and they took office two months ago. The make-up of congress is balanced with no overall control by any one coalition.
- A draft bill proposing a new mining royalty was approved in May last year by the lower chamber of Congress. It is now being considered by the upper house which has noted the importance of the mining sector to the future economic prosperity of the country, as well as the benefits it brings in attracting foreign investment.
- The new Government in turn is developing a proposal for a broader tax reform and this may impact or supersede the progress of the royalty bill.

## Our priorities for 2022 and beyond

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- Continuing our target of zero fatalities and protecting employees and communities from COVID-19
  - Embedding our climate change and sustainability strategy in all decision making
  - Maintaining operating resilience and flexibility
  - Continuing productivity improvements to optimise margins
  - Advancing our growth projects and innovation portfolio
  - Delivering returns to shareholders

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- Let me finish by looking ahead to our key priorities.
- Safety is number one. We are committed to having zero fatalities.
- We continue to embed our Climate Change and sustainability strategy in our decision making.
- On the critical resource of water, we will continue to take all necessary actions to mitigate the impact of the drought on communities and our operations. Most significantly, we will complete our desalination plant at Los Pelambres and return to our normal operating capacity.
- The coming months will be important for our growth projects currently under construction and we are focusing on their progress to ensure they are completed on time.
- During the year innovations, such as remote operation and automation, will continue to produce efficiency gains, helping to offset some of the higher costs of inputs, inflation and lower production.
- And we are committed to maintaining our financial discipline with a focus on value creation and shareholder returns.
- Through these initiatives, we will be unlocking our embedded growth and pursuing our purpose of developing mining for a better future and, in this way, creating value for our shareholders, other stakeholders and society as a whole.
- Thank you for your attention. I will now hand you back to the Chairman.