



ANTOFAGASTA PLC

Report 2022

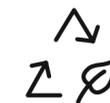
# Tax Report

Antofagasta plc



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We strongly believe in a more sustainable world. Therefore, only 100 copies of this 2022 Tax Report have been printed.

# Our approach



## Our approach

Antofagasta plc is one of the ten largest copper producers in the world. We are an international mining company with an operational base in Chile. We have high trained professionals in the sector and we always strive for excellence in everything we do. We are interested in helping to set the path for the mining of the future.

Antofagasta plc is listed on the London Metal Exchange and is part of the FTSE 100 index. It participates in sustainability indices, DJSI, FTSE4Good and STOXX Global ESG Leaders.

The Luksic Group controls about 65% of Antofagasta plc's common shares and the remaining 35% is held by institutional or individual shareholders. Mining represents more than 97% of revenues and EBITDA.

Antofagasta plc owns the Ferrocarril de Antofagasta a Bolivia (FCAB), which provides rail and road transportation services in northern Chile, primarily for mining clients, including the transfer of cathodes from our operations, which represents 3% of our revenue.

The Group operates four open-cut copper mines located in Chile, two of which also produce by-products, molybdenum and gold.

Minera Centinela, Minera Antucoya and Minera Zaldívar are located in the Antofagasta region, in northern Chile. Minera Los Pelambres is located in the Coquimbo region, in the central zone of the country.

Our vision is to be an international mining company, focused on copper and its by-products, known for its operating efficiency, creation of sustainable value, high profitability and as a preferred partner in the global mining industry.

We are committed to sustainable mining and contributing to the development of Chile and the wellbeing of people who live in our areas of influence.

Our commitment is to comply with the tax laws and practices in all the territories in which we operate. Compliance for the Antofagasta Group means paying the right amount of tax, in the right place, at the right time, and involves disclosing all relevant facts and circumstances to the tax authorities and claiming relief and incentives where available and in the manner in which they were intended to be claimed.



PLANT WORKERS, MINERA CENTINELA, ANTOFAGASTA REGION.

# Key performance highlights in 2022

Record year for safety, and strong growth in mineral resources. Production in transition while Los Pelambres advances its expansion projects.

## NON-FINANCIAL HIGHLIGHTS

### SAFETY

**0**  
Fatalities

**0.84**  
LTIFR<sup>1</sup>

Record safety performance, with no fatal accidents, and all our safety indicators improved during the year.

### WATER WITHDRAWAL

**73 GL**  
of which 45.4% was sea water.

### GENDER DIVERSITY

**20.4%**  
of our employees are woman.

### COPPER PRODUCTION<sup>2</sup>

**646,200 tonnes**

Copper production decreased by 10% mainly due to the temporary reduction in throughput at Los Pelambres as a result of the drought and the reduced concentrate pipeline availability in June, and expected lower grades at Centinela Concentrates.

### SCOPE 1 AND 2 EMISSIONS

**1.3 million tCO<sub>2</sub>e**

Decreased by 37% since 2021.

### TOTAL ECONOMIC CONTRIBUTION

**\$7.4bn**

We generate economic value for all our stakeholders, 4% higher than last year.

### MINERAL RESOURCES<sup>3</sup>

**20.1bn tonnes**

Total mineral resources increased by 1 billion tonnes during the year.

### GROWTH PROJECTS

#### Zaldívar Chloride Leach project

**100%**  
completed in 2022.

#### Esperanza Sur Pit project

**100%**  
pre-stripping completed by December 2023.

#### Los Pelambres Expansion project

**93%**  
complete as at the end of 2022 with the desalination plant and the concentrator plant expansion due to be in production during the second quarter of 2023.

#### Centinela Second Concentrator project

Engineering and pre-investment studies underway.

## FINANCIAL HIGHLIGHTS

### NET CASH COSTS<sup>4</sup>

**\$1.61/lb**

Increased by 34% since 2021 mainly due to the impact of the drought and higher input prices, partly offset by the weaker Chilean peso and savings coming from our Cost and Competitiveness Programme.

### UNDERLYING EARNINGS PER SHARE EXCLUDING EXCEPTIONAL ITEMS<sup>4</sup>

**\$59.7¢**

Underlying earnings per share decreased by 82.8 cents or 58% compared with 2021 on lower EBITDA.

### EBITDA<sup>4</sup>

**\$2,930m**

Decreased by 39% with an EBITDA margin of 50%, reflecting a decrease in copper sales, a lower copper price, higher inflation and higher input prices.

### EBITDA MINING DIVISION<sup>4</sup>

**\$2,850m**

### EBITDA TRANSPORT DIVISION<sup>4</sup>

**\$80m**

### PROFIT BEFORE TAX EXCLUDING EXCEPTIONAL ITEMS

**\$1,614.2m**

Profit before tax decreased by 56%.

### TOTAL DIVIDEND PER SHARE

**\$59.7¢**

Equivalent to a payout ratio of 100%.

1 The Lost Time Injury Frequency Rate is the number of accidents with lost time per million hours worked.

2 100% of production at Los Pelambres, Centinela and Antucoya, and 50% of Zaldívar's production.

3 Mineral resources (including ore reserves) relating to the Group's subsidiaries on a 100% basis and Zaldívar on a 50% basis.

4 Non-IFRS measure, refer to the alternative performance measures section in Antofagasta plc's Annual Report 2022 on page 238.





## About this Tax Report

Antofagasta's Commitment to Sustainable Value Creation and Transparent Tax Contribution.

Creating sustainable value, and in particular, sustainable economic value means generating profits responsibly and with a long-term vision, incorporating unique and innovative solutions to address challenges in the regions in which we operate, as well as working to tackle today's global challenges. In this context, the payment of taxes is an important part of our economic contribution to the development of the areas where we operate.

In 2022, Antofagasta experienced a 39% decline in EBITDA compared to the previous year. This decrease can be attributed to various factors, including a decline in copper sales volumes, a 6% decrease in copper prices compared to the previous year, higher inflation, and increased input costs. As a result of these circumstances, the Company's taxes paid were significantly lower in comparison to 2021.

As part of our commitment to our stakeholders, we seek to improve transparency about our economic contribution with the publication of Antofagasta's second Tax Report, with a particular focus on the Mining division, which represented more than 97% of the Company's total income and EBITDA in 2022.

In this report we seek to continue to enhance our reporting as it relates to the information for the year about our tax payments and economic contributions we make to public finances in the jurisdictions in which we operate. This complements the information provided annually in our Report on Payments to Governments<sup>5</sup>, our Annual Report and our Sustainability Reports. Together these documents provide transparency and clarity regarding the Group's tax matters.

As an integral part of our Tax Strategy, which extends to all Antofagasta entities, we prioritise strict adherence to tax laws and practices in every country and territory where we conduct our operations. This commitment extends to the United Kingdom, where Antofagasta is listed and actively traded on the London Stock Exchange.

This report details the taxes paid by the Mining division to the Chilean state, where our operations and almost all our tax payments are concentrated.

The tax payments detailed in this report relate to the 2022 calendar year. These amounts differ from those presented in the Annual Report and in the Payments to Governments Report. A reconciliation of these amounts is shown on pages 30-32 showing that differences arise due to the timing of the tax payments, the exclusion of deferred taxes and inclusion of the Company's share of taxes paid by Zaldívar (our 50% owned Joint Venture).

The values are presented in US dollars rounded to the nearest million and the information on tax payments conforms to tax regulations in Chile.

Antofagasta's total tax charge in 2022 was \$603.6 million, of which \$588.3 million corresponds to the Mining division and \$15.3 million to the Transport division. Details of the total tax payments and how they reconcile with the total tax charge in the Annual Report are provided on page 30.

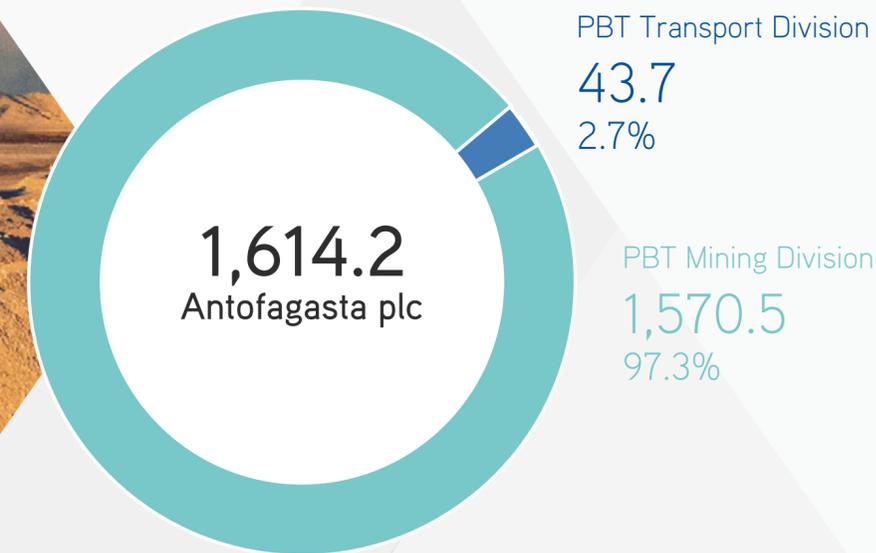
For more information on Antofagasta's tax charge and deferred taxes, see our Annual Report 2022, page 206.

<sup>5</sup> This report is filed in the UK in accordance with the UK's Report on Payments to Governments Regulations 2014 and reflects the cash flows during the relevant calendar year.

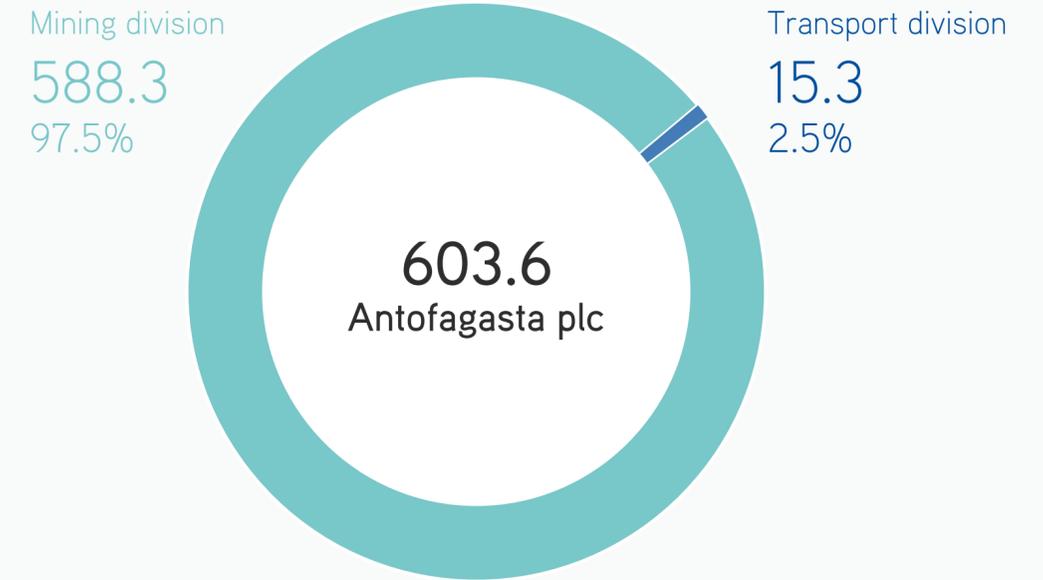
### Antofagasta plc reporting suite

This report complements Antofagasta's existing initiatives such as Antofagasta's Annual Report and the Antofagasta Minerals and Transport division's Sustainability Reports. For more information about our reporting, see our website: <https://www.antofagasta.co.uk/>

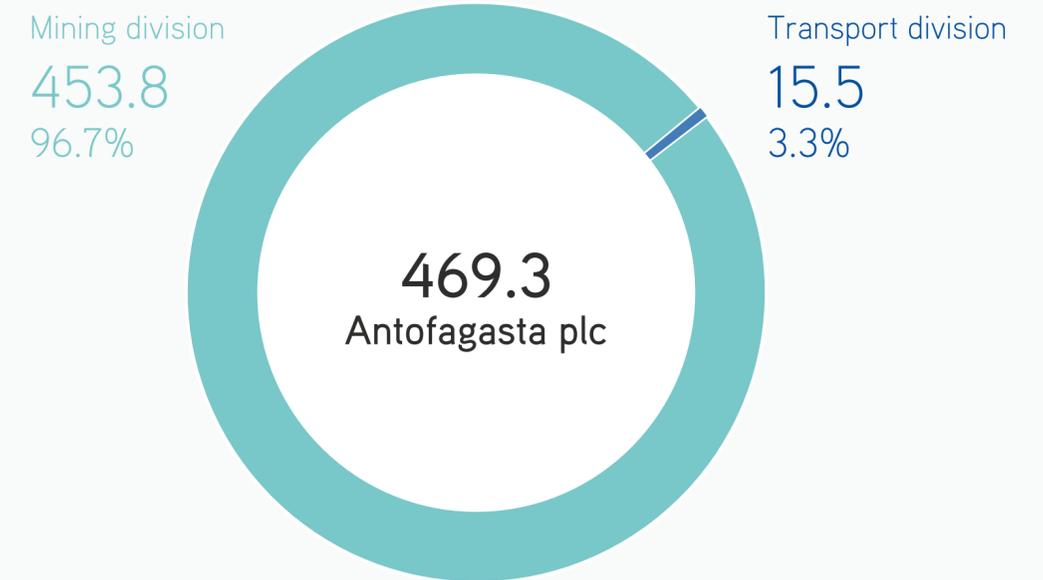
### Profit Before Tax (US\$ million)



### Annual Report 2022 Total tax charge (US\$million)



### Taxes paid 2022 (US\$million)



## A word from our CEO



**Iván Arriagada**  
Chief Executive Officer

# Mining for a Better Future: Antofagasta's Transparent Contribution and Sustainable Practices

At Antofagasta, our focus lies in developing mining for a better future, and that's why we prioritise transparently reporting our contributions to the country's progress and the well-being and development of the communities residing around our operations and projects.

Mining not only stimulates economic activity, creates employment, and generates tax revenue for the benefit of all, but also enables us to actively contribute to skill development, technological integration and innovation, the growth of supplier companies, and community investments.

Our 2022 performance is the reflection of a team committed to safety, excellence and innovation which seeks to conduct modern, competitive and responsible mining. Firstly, all four of our mines have been recognised with the Copper Mark, an independent external verification of their sustainable practices. Secondly, we have made continuous improvements in our safety performance, and I am pleased to note that we had no serious accidents throughout the year. Furthermore, we surpassed our target for the proportion of female employees for the year. Lastly, we launched the Suppliers for a Better Future program, among other initiatives. These achievements have been realised alongside our production of 646,200 tonnes of copper, which generated revenues exceeding \$5,862 million.

In 2022 we contributed to the economy through payments of \$7,445 million. This measure of our total economic contribution consists of salaries, purchases of goods and services (generating supply chains that benefit hundreds of small and medium-sized companies in the regions where we operate), social investment in communities, taxes, royalties and other payments to governments, dividends to shareholders and interest payments to lenders.

Our robust discipline over costs and lower input prices, solid production and a strong copper price allowed us to maintain our cost profile, thereby achieving an EBITDA margin of 50%, in a year where the cycle of the mining industry has left a momentum of lower copper prices and sales, higher operating costs and also high levels of inflation.

We also continued to invest in strengthening our climate resilience with the on-going construction of our Los Pelambres desalination plant. This plant is the first of its kind for large-scale mining in central Chile and is a clear example of our efforts to mine in a sustainable and innovative way.

Our innovation and technology programmes are also bearing fruits during 2022. Centinela's and Los Pelambres' new remote operating centres in Antofagasta and Santiago, respectively, are designed to streamline processes from mine to port and reduce transport and mine camp logistics. Productivity will also be enhanced by Centinela's fleet of automated haulage trucks, which successfully started operation during the year.

Our commitment is to continue operating in a sustainable and competitive way to produce copper, a key metal in the global challenge to decarbonise the economy and address the climate emergency. Our activity is essential for the future of the planet and also provides opportunities for greater wellbeing and development to millions of people, especially those who live near our mines.

I invite you to read this report, in which we reflect why, at Antofagasta, our purpose is to develop mining for a better future.

We believe in developing mining for a better future. As custodians of natural resources, we have a responsibility not only to manage these resources efficiently and responsibly, but also to harness copper's potential to contribute to the development of a greener and more sustainable world.



LOS VILOS MUNICIPAL STADIUM, CHOAPA PROVINCE, COQUIMBO REGION.

A word from our CFO



Mauricio Ortiz  
Chief Financial Officer

2022 was a challenging year within the cycle of the industry: a decrease in copper sales and price, higher inflation and higher input prices.

We are proud to present our second Tax Report, which clearly reflects how the mining we do at Antofagasta translates into value generation for all our stakeholders and it aligns with our aim to be recognised as an industry leader for the transparency of our reporting.

We believe the role that Antofagasta plays in tax transparency further builds public confidence in the tax administration and trust. This second version of the Tax Report reinforces our strong commitment with this voluntary exercise in transparency and our tax and economic contributions, in which we aim to clearly set out the main components of our tax payments, such as corporate income tax and the specific tax

on mining activity. Our ambition is to continue to build an improved communication and transparency with our stakeholders in all the jurisdictions where we have presence, but particularly in Chile.

This new version of the report is an additional step in the process of following the transparency guidelines on tax reporting that are currently recognised worldwide (i.e., Global Reporting Initiative (GRI) standard for sustainable tax reporting and the Extractive Industries Transparency Initiative (EITI)).

Being open and transparent about our tax payments, our wider economic contribution and our position with respect to a wide range of sustainability considerations are central to how we make decisions and perform our work, which in turn is fundamental to how we engage with our stakeholders.

In addition, we include a section that provides a simple comparison of the reasons for the 60% decrease in taxes paid by the Group in respect of 2022, compared to 2021. As I anticipated in my letter last year, the market cycles may have a direct impact on how our business is driven following the cycles of the mining industry. This has an evident impact in the results for 2022 if we take into account the 24% decrease in copper sales volumes, a 5% lower copper price, higher inflation and higher input prices, which are all reasons of the cycle the industry is dealing with at the moment.

Our activity supports our long-term purpose of developing mining for a better future and our goal is to continue contributing with investments, creation of jobs and development of supply chains in the areas where we will operate for many years.

This report also seeks to help stakeholders begin understanding the potential impacts of tax policy changes in the stability of the mining industry. Stability of the tax system is a crucial element in supporting and attracting long term capital investments or as a path to reach development and progress.

I invite you to review this report, in which we have wanted to reinforce our commitment to transparency by providing information in relation to tax and economic contributions we make.

I look forward to sharing further progress in the areas of transparency, contributions, and sustainable practices with you in the future.



“ The mining we do at Antofagasta translates into value generation for all our stakeholders and it aligns with our aim to be recognised as an industry leader for the transparency of our reporting.

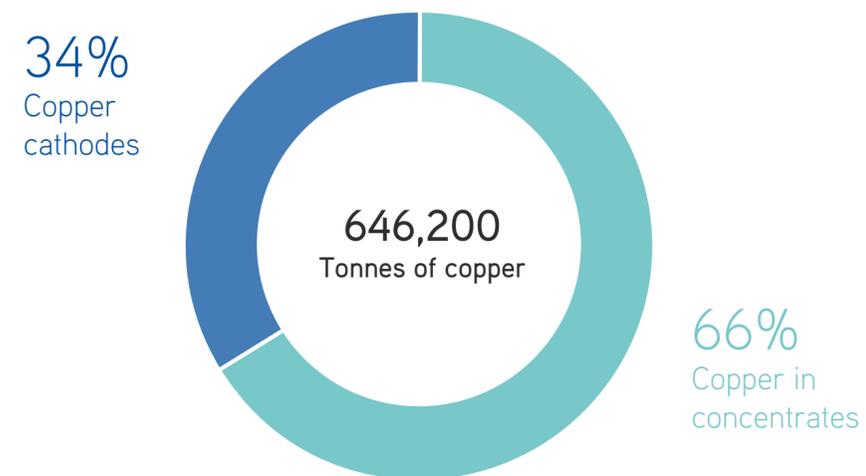
# Our business



## Our business

Antofagasta is comprised of a Mining division that has four copper mines, two of which also produce important volumes of molybdenum and gold as by-products, and a Transport division that provides rail and road cargo services in northern Chile predominantly to mining customers, which include some of our own operations. Both divisions' operations are in Chile, where our headquarters and management teams are located. We also have a portfolio of growth opportunities located mainly in Chile.

The Group is listed on the London Stock Exchange (LSE) and, since 2004, has been included in the FTSE 100, an index of the 100 companies on the LSE with the highest market capitalisation.

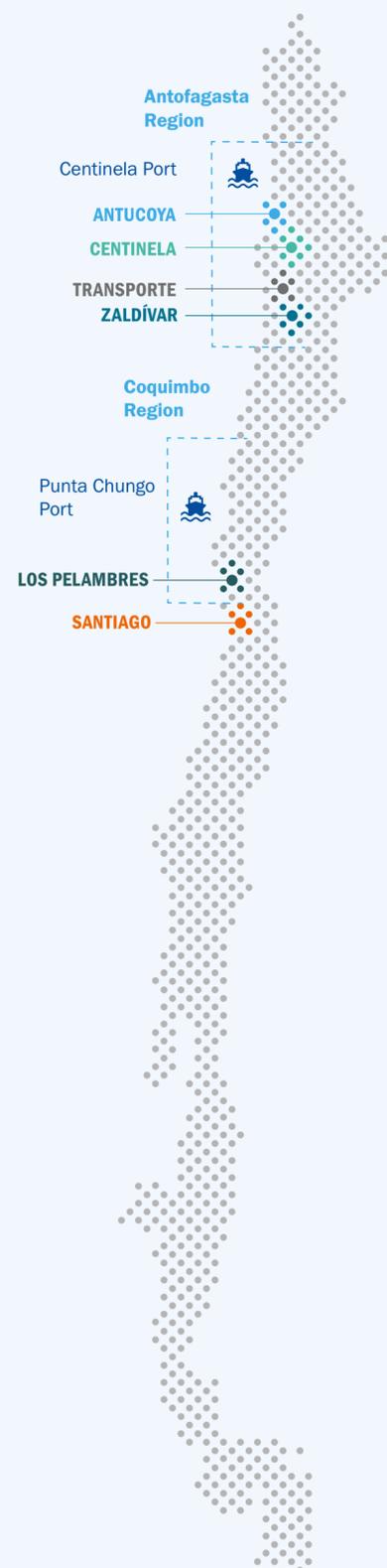


Tonnes

MLP	CENT (247.5)		ANT	CMZ
275 Concentrate	149.3 Concentrate	98.2 Cathodes	79.2 Cathodes	44.5 Cathodes
<b>Total 646.2</b>				
424.3 Concentrate 66%		221.9 Cathodes 34%		



PLANT WORKERS, MINERA ANTUCOYA, ANTOFAGASTA REGION.

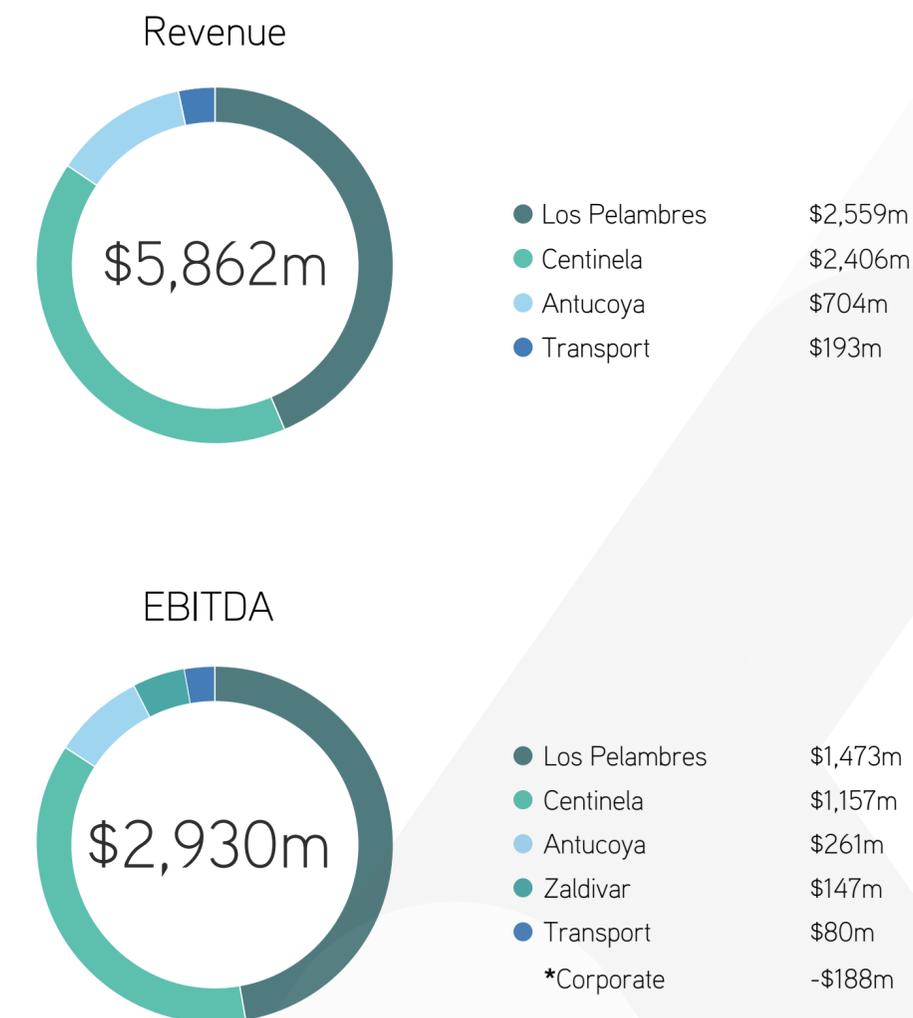


	COPPER PRODUCTION	NET CASH COSTS <sup>6</sup>	EMPLOYEES <sup>7</sup> / GENDER DIVERSITY
<b>LOS PELAMBRES</b> 60% owned 12-year mine life Produces copper concentrates containing gold and silver and a separate molybdenum concentrate	275,000 tonnes 2022	\$1.10/lb 2022	1,144  22.2% women
<b>CENTINELA</b> 70% owned 43-year mine life Produces copper cathodes and concentrates containing gold and silver and a separate molybdenum concentrate	247,500 tonnes 2022	\$1.75/lb 2022	2,484  20.9% women
<b>ANTUCOYA</b> 70% owned 21-year mine life Produces copper cathodes	79,200 tonnes 2022	\$2.50/lb 2022	894  15.2% women
<b>ZALDÍVAR</b> 50% owned (and operated) 13-year mine life Produces copper cathodes	44,500 tonnes 2022	\$2.39/lb 2022	932  12.8% women
<b>TRANSPORTE</b> Cargo transport system in the Antofagasta Region of Chile 900 km rail network	7.1m tonnes 2022		1,410  19.9% women
<b>GROUP</b>	646,200 tonnes 2022	\$1.61/lb 2022	7,494 <sup>8</sup>  20.4% <sup>8</sup> women

<sup>6</sup> Non-IFRS measure, refer to the alternative performance measures section in Antofagasta plc's Annual Report 2022 on page 238.

<sup>7</sup> Employees, excludes contractors as at 31 December 2022.

<sup>8</sup> Group includes 630 employees in our corporate offices, 35.2% of them are women.



## How we deliver our purpose

Our purpose is to be recognised as an international mining company, focused on copper and its by-products, known for its operating efficiency, creation of sustainable value, high profitability and as a preferred partner in the global mining industry.



THICKENING PROCESS, MINERA LOS PELAMBRES, COQUIMBO REGION.

### Our purpose

## Developing mining for a better future

### For whom we want to achieve our purpose

#### Planet

We recognise that climate change is one of the greatest challenges faced by humanity. Our vision of a better future reflects the quest for a more sustainable planet, with copper playing a central role in the energy transition, economic progress and improved livelihoods.

#### Society

Our vision of a better future, is one that is developed together with our local communities, and aims for a society that recognises the economic and social value generated by mining.

#### Organisation

To tackle the challenges we face in our daily operations and growth, we need a robust organisation that consistently meets these challenges and is grounded in clear and unshakable values and principles. Our vision of a better future therefore encompasses the pursuit of a sustainable organisation, built on a culture of trust, inclusivity, collaboration, agility and willingness to embrace change and continuous learning.

#### People

Our success relies on having the best people at the heart of everything we do. Our vision of a better future would be incomplete without significant consideration of our fostering of a shared identity among our workforce, a diverse and inclusive group of individuals open to learning and to enjoying their personal and professional growth, who strive for excellence in their results.



// Our purpose is to be recognised as an international mining company, focused on copper and its by-products, known for its operating efficiency, creation of sustainable value and high profitability.

# The social impact of our tax contribution



## Our tax contribution

At Antofagasta, we seek to generate a long-term positive impact on society. For this reason, sustainability is one of the essential values that guides the Company's work and decision-making. Thus, the economic and social value that we create has a positive impact on different stakeholders that includes the creation of jobs, the supply chain development, training, caring for the environment and social investment.

### Generating a positive impact and development in the areas where we operate

Creating economic value implies generating profits responsibly and with a long-term vision. This involves incorporating unique and innovative solutions in business decisions to address challenges in the regions in which we operate and working to tackle today's global challenges.

An example of this is our contribution to job creation in Chile. In 2022, our workforce of employees and contractors comprised approximately 31,000 people, reflecting the creation of more than 4,000 new jobs during the year. In line with our commitment to local development, 72% of our workforce were resident in the Antofagasta and Coquimbo Regions where our operations are located.

In 2022, we paid our employees a total of \$548 million in salaries, wages and incentives, \$11 million more than 2021. In addition, our People Strategy seeks to promote a diverse and inclusive culture that enables employees to develop their full potential. To this end, in 2022 we invested \$2.3 million in training initiatives.

In 2022, we engaged with 3,982 supplier companies, 91% of which are based in Chile, paying them a total of \$4,620 million for supplies of goods and services.

We seek to support local employment by giving preference to suppliers in our areas of influence and encouraging large suppliers to recruit from the regions where we operate. In 2022, as part of our commitment to foster local economic development, the Mining division increased the value of contracts awarded to local suppliers by 26%, compared to the previous year.

Through our Social Management Model, we choose, develop and implement social investment projects together with local communities, strengthening local leadership and the long-term impact of initiatives. Our aim is to make a significant contribution to the development and wellbeing of the people who live around our operations. In 2022, we allocated \$57 million on social investment, 19% more than in 2021.

We understand that generating economic value means more than just making a profit.

In 2022, we distributed a total of \$7,445 million among our different stakeholders.



MINERA CENTINELA VOLUNTEERING PROGRAM, ANTOFAGASTA REGION.

## Our commitments in tax matters

Our tax management is based on transparency and the timely fulfilment of all our obligations, linked to the sustainability of our company and our business, as well as the development of Chile, the main jurisdiction in which we operate and pay taxes.

At Antofagasta, we are committed to playing our part in achieving the 17 United Nations Sustainable Development Goals (SDGs) through the creation of value for our different stakeholders and the approval of commitments, targets and programmes that seek to contribute to the sustainable development of the regions where we operate.

Our tax contributions are an essential contribution that enable countries to fund projects that support the SDGs, such as to reduce domestic poverty and to improve educational opportunities.



MINERA CENTINELA WORKER, ANTOFAGASTA REGION.

## Our strategy



### Focus

Our tax strategy has been approved by the Board of Directors and applies to all of Antofagasta's companies. It establishes the guidelines for our tax behavior in terms of governance, approach to business transactions, tax risk and dealing with external stakeholders (including tax authorities).



### Tax governance

We oversee our tax affairs at all management levels, including the Board of Directors. Tax matters are managed and reported, when applicable, at every Board Meeting. Additionally, these matters are discussed and managed on a daily basis by the Head of Tax and brought to the attention of the Audit & Risk Committee and Board of Directors where appropriate.



### Tax planning

In structuring the Antofagasta Group's commercial activities, we will consider – among other factors – the tax laws of the countries within which we operate with a view to maximising value on a sustainable basis for our shareholders. Any tax planning undertaken will have commercial and economic substance and will have regard to the potential impact on our reputation and broader goals. The Antofagasta Group will not undertake planning that is contrived or artificial.

We conduct transactions between Antofagasta Group companies on an arm's length basis.



### Our accepted level of tax risk

Given the scale of our business globally and the large number of tax obligations that apply to us, risks will inevitably arise from time to time in relation to the interpretation of tax laws and the nature of our compliance arrangements. We proactively seek to identify, evaluate, manage and monitor these risks to ensure they remain in line with the Company's low risk appetite. Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought.



### Our approach with tax authorities

We engage with tax authorities with honesty, integrity, respect and fairness and in a spirit of cooperative compliance.

Our aim is to have professional and constructive relationships and maintain transparent disclosure in our relationships with tax authorities, recognising that early resolution of risks is in the best interests of the Company and the tax authorities.

We make our tax returns as clear as possible and we try to raise important issues proactively so that tax authorities can focus their resources effectively. From time to time, if it is unclear how tax law should be applied, we may engage with tax authorities in advance of undertaking transactions to confirm the correct application of such tax law.

## Economic contribution during the mining lifecycle

In order to explain as clearly as possible our tax contribution, it is important to understand the different stages of the lifecycle of the mining business and the tax considerations usually applied in each stage.

Mining is a long-term activity, with uncertainties inherent in the nature of the business and is a very capital intensive industry. Exploration, evaluation, construction, operation and closure activities are accompanied by active engagement with many different stakeholders, as well as value creation in the areas where we operate. The latter occurs through purchases from suppliers, job creation, community development and investments in environmental, social and economic development projects.

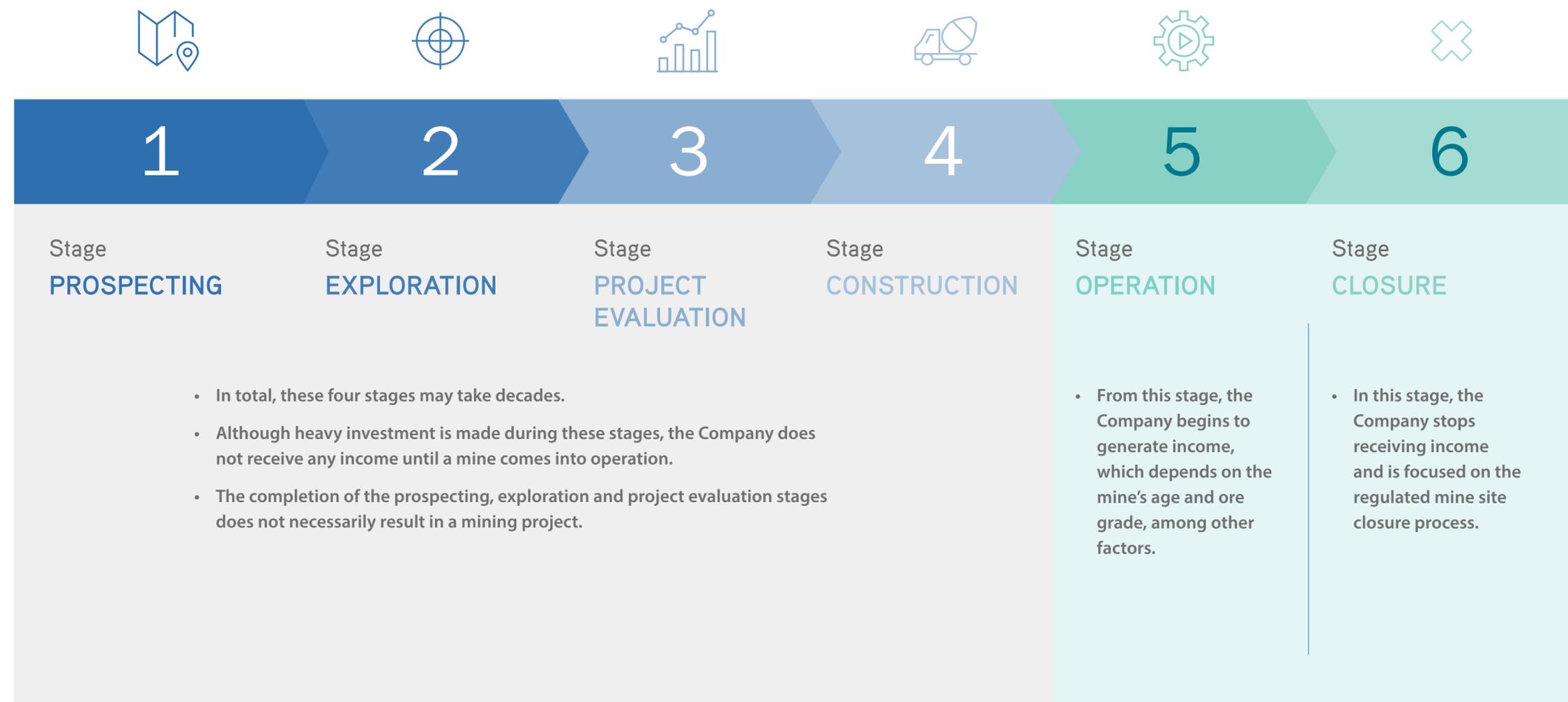
It is important to note that prospecting and exploration are high risk activities since they require important investments in technology and technical knowledge. Finding a mineral deposit that is feasible to develop is not guaranteed.

Taxes are also an important part of our value generation. As such, we are committed to complying with our tax compliance and reporting obligations at each stage of the mining life cycle in an accurate and timely manner. This includes the prompt payment of taxes, royalties and any other amounts due to governments where we operate.

Almost 100% of Antofagasta's taxes are paid in Chile, the country where all our operations are located.

### Mining lifecycle

The Mining division's tax obligations are determined by the stages of our project's lifecycle as presented below:





1

### Stage PROSPECTING

One of the objectives of these stages is to identify large tracts of land with mining potential. The aim is also to define and characterise the deposit's potential by conducting studies of mineral resources and their quality. Machinery is acquired and workers and suppliers are hired. Prospecting and exploration can last for decades and do not necessarily lead to a mining project.

**As a rule, during this stage only mining licence fees and sometimes land taxes are paid.**

Note: The operating companies within our Mining division are engaged in the export of cathodes and copper concentrate. This classification enables us to anticipate the recovery of Value Added Tax (VAT) for the goods and services acquired during the establishment of our mining operations, in accordance with legally permitted mechanisms. Since our vehicles are not utilised on public roads for transportation, we are able to recover the Specific Tax on Diesel. Furthermore, we comply with the legal obligation of withholding and paying taxes for our employed workers.



2

### Stage EXPLORATION



3

### Stage PROJECT EVALUATION (5 YEARS)

Once the nature and potential of the mineral deposit has been determined, financial and feasibility studies are performed to assess the viability of the mining project's development as an industrial activity. In addition, environmental impact studies are conducted which are critical in determining the overall viability of the project.

During this stage, mining licence fees and applicable land taxes continue to be paid in order to safeguard the possibility of eventually mining the deposit, along with associated employer related taxes.



4

### Stage CONSTRUCTION (3-5 YEARS)

Construction begins once the project is shown to be economically feasible, approved by the environmental authority and the Board of Directors, and has all the required authorisations.

In this stage, construction of the mine, processing plant and associated infrastructure such as water systems, concentrate pipelines and ports which will include mechanisms for the protection of the area's biodiversity and the mitigation of the impact of the project on the environment.

During construction, the value of taxes paid will increase. In addition to mining licence fees and, land taxes, the following additional taxes may be due including municipal licence fees, employer related taxes, stamp duty on financing, withholding tax on interests paid to foreign lenders and customs duty may be relevant.

Corporate taxes will generally not arise in this stage due to tax losses incurred up to this point.



5

### Stage

## OPERATION (MORE THAN 20 YEARS)

From this stage, mining projects begin to generate income.

During this stage, the project starts operating including: the extraction, processing and marketing of the metals produced.

The four mines that make up the Group's Mining division are Minera Los Pelambres, Minera Centinela, Minera Antucoya and Zaldívar all of which are located in Chile. We have different third-party partners at each of our mining operations, all of which are operated by Antofagasta, in accordance with our standards and criteria. We also have port facilities, owned by Centinela, and Los Pelambres, through which we export our copper concentrates. Exports are inspected by the Chilean Copper Commission (Cochilco) and Chilean customs at regular intervals during each tax year.

### A gradual ramp-up

Production capacity during the operation stage grows progressively. Production at an operation builds over the initial period of operation, which may take months or years depending on the specific circumstances. The profitability of the operation usually grows in line with the production increases subject to metal prices. However, taxes paid in the early years are often lower as the operation recovers the costs of the initial investment, whilst also being dependent on the ore grade.

### What is ore grade?

It refers to the concentration of metal (gold, silver, copper or other) in a deposit's rock or ore.

### Expansion projects

During the operation, expansion projects may arise. These involve further investment in order to expand the mine's production capacity and, sometimes its useful life. Antofagasta is currently working on Phases 1 and 2 of the Los Pelambres Expansion project and the Centinela second concentrator project.

Expansion processes repeat the stages of the mining lifecycle and go through the same cycle of expenses and profits.

From the operation stage onwards, mining operations begin to generate taxable income. Thus, they begin to pay corporate income tax (known as First Category Income Tax in Chile), at a rate of 27%, and the Specific Tax on Mining Activity (royalty) of 5-14% on operating profits, depending on the operating profit margin<sup>9</sup>, as well as mining licence fees, land tax, municipal licence fee, employer related taxes, stamp duty on financing, withholding taxes for services provided by foreign suppliers, for interest paid abroad and for dividends distributed abroad, customs duty and unrecoverable VAT may be relevant.



6

### Stage

## CLOSURE<sup>10</sup>

When all the ore that can be commercially obtained from a deposit has been extracted, the operation enters the mine closure stage. This involves mitigation measures, compliance with environmental commitments, the removal of machinery and infrastructure, as well as the rehabilitation of the site in accordance with plans approved by Chile's National Service of Geology and Mining (Sernageomin).

We do not have operations that will enter the closure process in the short or medium term.

At this stage, the mining project stops generating income and focuses on complying with a regulated process of mine closure.

During this final stage, the following taxes will be payable, mining licence fees, land taxes, municipal licence fees, employer related taxes, withholding tax for services provided by foreign suppliers, for interest paid abroad and for dividends distributed abroad.

<sup>9</sup> According to Chilean Law No. 20.469, the operating profit margin is the mining company's taxable operating profit divided by its operating revenue only for mining companies with sales of more than 50,000 t/y of copper.  
<sup>10</sup> Closure work must be carried out, which is supervised and regulated by Chile's National Service of Geology and Mining (Sernageomin).



## Tax description

### Mining Licence Fees

The Mining Licence Fee is established under the Mining Code that must be paid annually by the owner of a mining concession to maintain the concession's standing.

The two types of mining licences are exploration and extraction.

In 2022, Law 21.420 indicated the annual exploration licence fee was equivalent to 1/50 of the Monthly Tax Unit (UTM, a monthly tax unit indexed to daily inflation) per hectare of concession. The annual extraction licence fee was equivalent to 1/10 UTM per hectare in case of being metallic and if it is non-metallic, the ratio is 1/30.

According to Law No. 19.143, mining licence fees must be paid to the national treasury and are distributed to the regions and municipal districts as follows: 50% to the National Fund for Regional Development (FNDR) and 50% to the municipality<sup>11</sup> where the mining concession is located<sup>12</sup>.

During the operation stage, mining licence fees count as a credit against corporate income tax.

### Corporate Income Tax (referred to in Chile as “First Category Tax”)

This is a tax on the profits generated by a company. It is determined annually on the basis of received or accrued taxable income. Taxpayers covered by Chile's partially integrated tax regime – which is the case of the Mining division's operating companies – are taxed at rate of 27% on said profits.

The net taxable income is determined by deducting allowable costs and expenses from revenue.

The Specific Tax on Mining Activity (mining royalty) is a deductible expense in calculating the tax base for corporate income tax.

### The Specific Tax on Mining Activities (“mining royalty”)

Companies that extract and sell mineral products are subject to the mining royalty. The mining royalty tax base is the mining operating income, which is determined with reference to corporate net taxable income, adjusted for items, including interest and carried-over losses, which are not allowable for the purpose of determining the taxable mining operating income.

In the case of companies that sell 50,000 tonnes or more of copper per annum, the tax rate is progressive and calculated based on the operating profit margin. In accordance with article 64 bis of the Income Tax Law, the effective rates range from 5% to 14%.

A royalty bill has been approved and will come into force from 2024 onwards (the New Royalty). In general terms, the approved bill establishes that mining operators will be subject to an ad-valorem component (1% on copper sales) and an operating margin component (8% to 26% rate upon mining operating margin), according to their level of sales and the type of minerals exploited. The sum of these components will correspond to the Mining Royalty to which mining exploiters will ultimately be subject, notwithstanding it may be capped because of a maximum taxation limit of 46.5% applied on the mining taxable base that considers the royalty, corporate income taxes, and theoretical final taxes.

### Land Tax

This tax, also known as Real Estate Tax, is based on the tax assessment of the properties by Chile's Internal Revenue Service (SII). This is an annual tax that can be paid in four instalments. The tax rates applied depend on the property's use. In the case of commercial properties, the law establishes a maximum rate of 1.4%.

This tax can be deducted as an allowable expense when calculating corporate income tax and the mining royalty.

<sup>11</sup> According to Law No. 19.143 on Mining Licences, when an exploration or extraction concession is located in two or more municipal districts, the respective local governments must determine the proportion that they will receive for the concession. If there is no agreement, the National Geology and Mining Service will determine the mining area in each municipal district. <sup>12</sup> The region where the Conservator of Mines has the registry of the measurement certificate or the constitutive decree of the mining concessions for the respective licences.





SALAMANCA FARMER, BENEFICIARY OF MINERA LOS PELAMBRES PROGRAMS.

#### Stamp Duties

This is a tax that is levied on the documents related to financing operations, such as loans, promissory notes and other financing instruments.

This tax is applied to the principal amount of the operation and is 0.066% per month or a fraction thereof from when the financing is signed until the repayment maturity date. The maximum tax rate applicable to a fixed repayment term loan is 0.8%. If it is an on-demand instrument, in other words, one that must be paid when the creditor demands repayment, with no fixed repayment date, a rate of 0.332% will be applied to the principal amount.

#### Withholding tax: technical advisory services

This is a withholding tax levied on income obtained by individuals and entities without domicile or residence in Chile, for Chilean-sourced income. As a general rule, the tax rate is 35%, unless otherwise expressly indicated by law or lowered due to a treaty to avoid international double taxation.

Payment or remuneration for technical advisory or professional services undertaken by a non-resident individual or company could be subject to a withholding tax of 15% or 20%, in accordance with the provisions of the Income Tax Act. In some cases, the applicable withholding tax rate is lower if there is an international double taxation agreement between the respective countries of residence of the service's beneficiary and the provider.

This tax must be withheld and paid by the purchaser of services, that is, the Chilean taxpayer.

#### Withholding tax: interest

This is a withholding tax levied on income obtained by tax payers without domicile or residence in Chile. As a general rule, the tax rate is 35%, but the Income Tax Act establishes specific cases in which interest paid to a foreign entity may be taxed at 4%, as in the case for loans from foreign or international banks or institutions.

These withholding rates could be lower if there is an international double taxation agreement between the countries of residence of the lender and borrower.

This tax must be withheld and paid by the Chilean borrower who is paying the loan-associated interest.

#### Withholding tax: dividends

This is a withholding tax of 35% levied on the payment of dividends or income abroad to partners or shareholders without domicile or residence in Chile.

In this case, if a Chilean company distributes dividends or profits to partners or shareholders without domicile or residence in Chile, it must withhold and deposit in the national treasury a tax corresponding to 35%, deducting corporate income tax as a credit, in the terms established by the law. Although international double taxation agreements establish lower rates, Chile has reserved the right to continue applying the rate established by national legislation.

To determine the final amount of this tax, the corporate income tax previously paid by the Chilean company may be used as a credit. If the recipient of this income resides in a country with which Chile does not have an existing international double taxation agreement, only 65% of the corporate income tax paid by the Company distributing the dividends or income abroad can be deducted.

## Payments detail by tax type of the companies of Antofagasta's Mining division



### Taxes paid at the national level in respect of 2022

Corporate income tax	Specific Tax on Mining Activities (mining royalty)	Withholding tax
<b>\$322.2m</b>	<b>\$88.6m</b>	<b>\$32.0m</b>
<p>The corporate income tax rate paid by the companies that comprise the Mining division is 27%.</p> <p>This amount includes tax on non-deductible expenses at a 40% rate.</p>	<p>In the 2022 calendar year, the Mining division's operating companies paid an average rate of 5.6%. Some of the division's operating companies are subject to the Decree Law 600 regulations, which include, tax rate invariability for mining royalty purposes.</p>	<p>This tax applies to dividend payments, remuneration paid to non-resident beneficiaries and interest paid to foreign creditors, among others.</p> <p>The amount reported in this section also includes the substitute tax of 30% for profits accrued in the taxable profits fund (ISFUT) that are pending distribution. This amounted to \$21.2 million in 2022.</p>

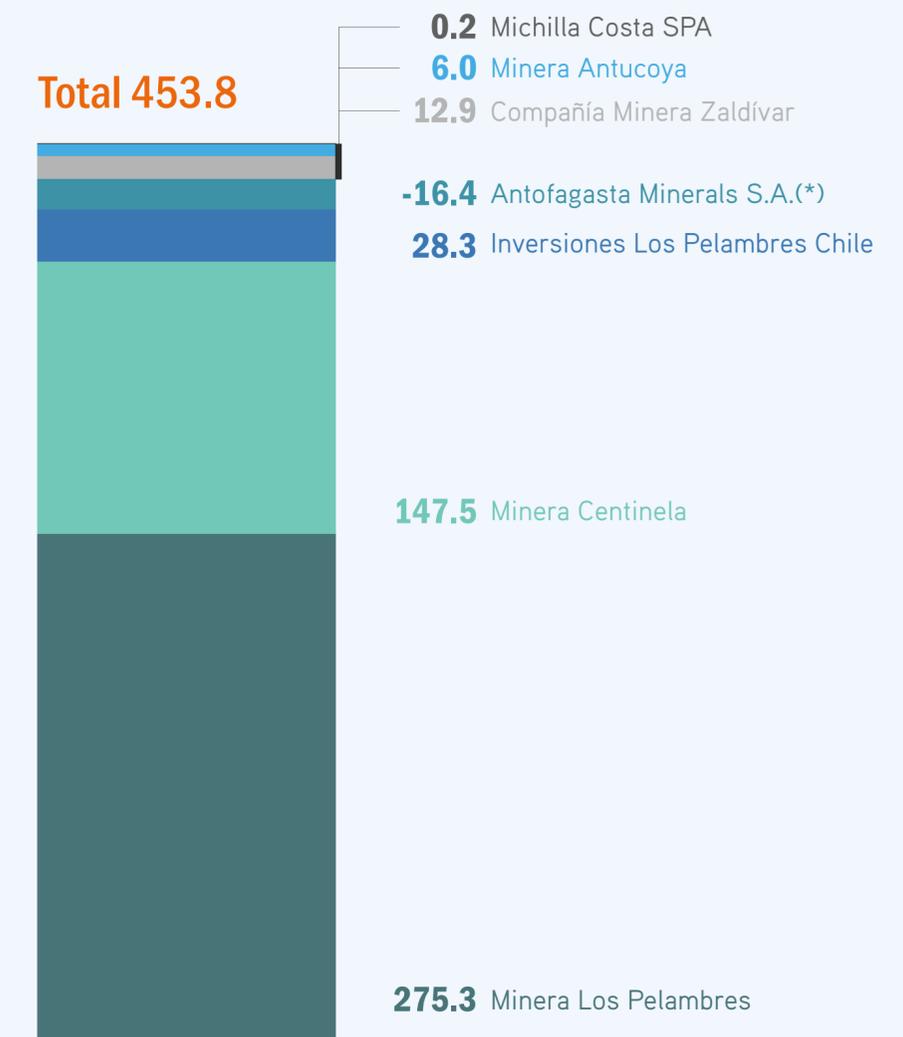
### Taxes paid at the regional level in respect of 2022

Mining licences (exploration and extraction)	Municipal licences	Land tax
<b>\$5.5m</b>	<b>\$3.2m</b>	<b>\$2.3m</b>
<p>For 2022, the annual exploration licence was equivalent to 3/5 of the Monthly Tax Unit (UTM) per hectare of concession, which is a deductible expense for corporate income tax purposes. The exploitation licence was equivalent to 1/10 of the UTM per hectare and is attributable as a credit against corporate income tax.</p>	<p>Mining is subject to the payment of the municipal licence when the operation consists of a product manufacturing process and these products are sold directly by the producers.</p> <p>The Mining division's operating companies were subject to a rate of 0.05% on its taxable capital for municipal purposes.</p>	<p>This tax is applied according to the fiscal appraisal of properties as determined by the Internal Revenue Service.</p>

## Total tax contribution

Antofagasta is present in different countries around the world, but due to the nature of the activities in each country, 97% of the total taxes paid are paid in Chile.

### Total Taxes paid 2022 (US\$ million)



(\*) Antofagasta Minerals was entitled to a tax refund due to tax credits received from subsidiaries (dividends received).

## Comparison of our total tax contribution

In 2022, Antofagasta's revenue decreased by \$1,631.5 million, compared to 2021, which is equivalent to a decrease in 22% from the \$7,300.1 million revenues recognized in 2021. This is due to lower sales volumes due to water shortage, concentrate pipeline issues and lower ore grades; lower realised prices on the LME average market price (\$3.84/lb in 2022); and higher treatment and refining charges incurred during the year.

Operating costs increased by \$336,6 million (representing an increase of 9% in respect to 2021). More than 75% of the aforementioned increase is associated with the increase in mine-site operating costs (mainly triggered on higher key input prices, the weaker Chilean peso and general inflation); and also the cost impact of lower expected ore grades.

Antofagasta's EBITDA amounted to \$2,929.7 million, representing a 39% decrease from the previous year's figure of \$4,836.2 million. This decrease is attributed to several factors, including decreased copper sales, a lower copper price, higher inflation, and increased input prices. The \$1,906.5 million difference include the impact of these factors and also accounts for the higher revenue generated from associates and joint ventures.

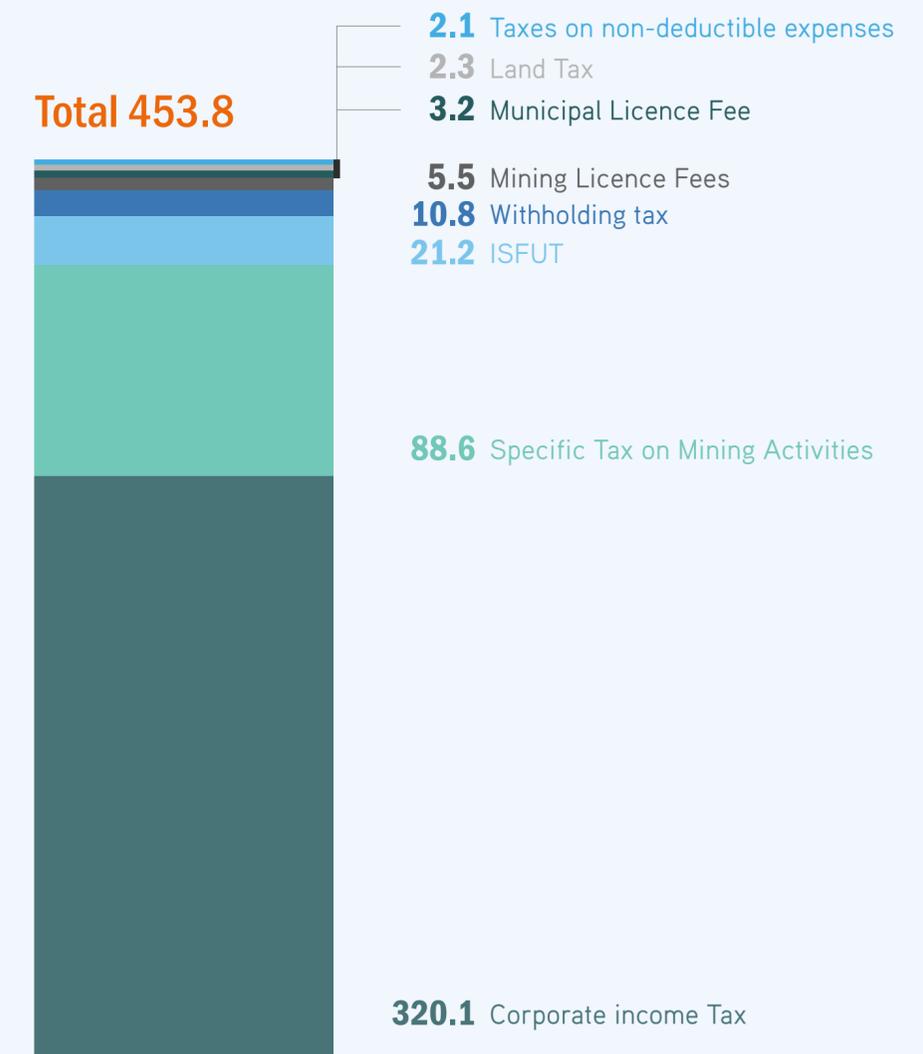
Considering all the above, and that the corporate income tax rate was 27%, the 54% fall in income resulted in a 55% decrease in corporate income tax payments in 2022 compared to 2021 and also a decrease of 62% in all taxes paid by the group in respect to the previous year. Moreover, the payment of mining royalties also decreased by 66% compared to the previous year, due to the decrease in the progressive rates that are applied based on the mining operating profit margin.

In 2022, the Company did not pay dividends from Chile but paid \$10.8 million in withholding taxes associated to services rendered abroad, compared with \$1,404.8 million in 2021 mainly due to dividend payments.

	2022	2021	Variation	Var %
<b>Profit Before Tax (PBT) excl. Exceptional Items</b>	1,614.2	3,654.7	-2,040.5	<b>-56%</b>
<b>Corporate income Tax</b>	320.1	656.0	-335.9	<b>-51%</b>
<b>Specific Tax on Mining Activities</b>	88.6	256.9	-168.3	<b>-66%</b>
<b>Taxes on non-deductible expenses</b>	2.1	-	2.1	<b>100%</b>
<b>Withholding tax</b>	10.8	209.2	-198.4	<b>-95%</b>
<b>ISFUT</b>	21.2	62.1	-40.9	<b>-66%</b>
<b>Land Tax</b>	2.3	2.3	0.0	<b>0%</b>
<b>Municipal Licence Fee</b>	3.2	3.2	0.0	<b>0%</b>
<b>Mining Licence Fees</b>	5.5	5.4	0.1	<b>2%</b>
<b>Total Taxes paid 2022</b>	<b>453.8</b>	<b>1,195.1</b>	<b>-741.3</b>	<b>-62%</b>

## Taxes paid in the year 2022 AMSA Group

(US\$ million)



## Sworn statements and global fiscal transparency

### Our commitment to transparency and compliance

We believe that transparency and accountability are key topics to earning and building trust and being open in respect to the taxes paid within our business allows us to enter into open conversations with our stakeholders but also with tax authorities in the countries we operate.

The latter is why we are a member of the Extractive Industries Transparency Initiative (EITI) and have issued a voluntary disclosure of our global fiscal transparency aims.

Our disclosures in this report demonstrate our approach to fiscal transparency as the delivery of reliable, supported and timely information to the tax authorities in the different jurisdictions we operate.

Antofagasta has presence in more than 5 countries, in which it is subject to a range of tax obligations and responsibilities. The principal tax jurisdictions in which Antofagasta operates include Chile, the United Kingdom, the United States, Canada, and Peru. Currently the group is under an exit process of the explorations in Australia.

The tax group centrally manages all tax functions from Chile. This enables Antofagasta to fully meet high standards for tax compliance, including all tax obligations in the different jurisdictions we operate.

Antofagasta pursues a consistent tax strategy around the globe. This enables us to meet the wide range of tax obligations before the respective tax authorities and simultaneously achieve our business objectives.

We also believe that partnering with tax authorities, multinational companies like ours can be at the forefront of collaborative efforts to ensure integrity and support stable and effective tax systems.

We are committed to complying with tax laws in a responsible manner, wherever we operate.

**Our disclosures in this report demonstrate our approach to fiscal transparency as the delivery of reliable, supported and timely information to the tax authorities in the different jurisdictions we operate.**



DESALINATION PLANT AND PUNTA CHUNGO PORT, CHOAPA PROVINCE, COQUIMBO REGION.

// We are committed to complying with tax laws in a responsible manner, wherever we operate.



# Appendices



# Independent review opinion



Private  
Our Ref: T-140/CN2023

Shareholders & Directors  
Antofagasta Minerals S.A.  
Avda. Apoquindo 4001, Floor 15  
Las Condes

July 12, 2023

In consideration,

We have reviewed the taxes declared by the Antofagasta Minerals group companies, specifically in the mining sector, for Business Year (BY) 2022 (Chilean Tax Year 2023), which are shown below:

Type of Tax	BY 2022	BY 2021	Variation	Variation
	MUS\$	MUS\$	MUS\$	%
Income Tax	320,1	656,0	-335,9	-51%
Specific Tax on Mining Activities	88,6	256,9	-168,3	-66%
Disallowed Expense Tax	2,1	0,0	2,1	100%
Withholding Tax	10,8	209,2	-198,4	-95%
(FUT) CIT Substitute Tax	21,2	62,1	-40,9	-66%
Property Tax	2,3	2,3	0,0	0%
Commercial Licenses	3,2	3,2	0,0	0%
Mining Licenses	5,5	5,4	0,1	2%
<b>Total Taxes Paid</b>	<b>453,8</b>	<b>1195,1</b>	<b>-741,3</b>	<b>-62%</b>

MUS\$ Millions of US dollars

The Antofagasta Minerals group companies included in this letter are as follows:

Company	Tax ID (RUT)
Antofagasta Minerals S.A.	93.920.000-2
Minera Los Pelambres	96.790.240-3
Minera Centinela	76.727.040-2
Minera Antucoya	76.079.669-7
Compañía Minera Zaldívar SPA	76.485.762-3
Inversiones Los Pelambres Chile Limitada	77.531.920-8
Michilla Costa SPA	91.840.000-1
Zaldívar Transmisión S.A.	76.618.735-8
MLP Transmisión S.A.	77.107.802-8

In this regard, our review work consisted of analytical and verification procedures of the taxes declared, paid or refund requested from the tax authorities by Antofagasta Minerals and related companies mentioned above.

In this regard, we can conclude that based on a representative sample of the supporting information, the taxes paid or differences in favor requested as refund are duly declared and in compliance with the corresponding tax obligations.

Sincerely,

KPMG Auditores Consultores Ltda.

Hernán Gutiérrez.  
Partner Tax & Legal

HG/CM/aa

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## Reconciliation between total tax charge and tax payments

Reconciliation	Tax Charge 2022	Instant Depretiation	Deferred Tax	Land and Municipal Tax	Withholding Tax	Over-indebttness	Others adjustments	Total Tax Payments 2022
Corporate Tax Expenses	325.7	-2.3				0.3	-1.5	322.2
Royalty Tax Expenses	83.9						4.7	88.6
Deferred Tax (Corporate and Royalty Tax)	154.8		-106.3		-48.5			-
Tax payments prior year	14.7						-14.7	-
ISFUT-WHT	24.5				10.8		-3.3	32.0
Other tax expenses				11.0			-	11.0
<b>Total</b>	<b>603.6</b>	<b>-2.3</b>	<b>-106.3</b>	<b>11.0</b>	<b>-37.7</b>	<b>0.3</b>	<b>-14.8</b>	<b>453.8</b>

### Antofagasta Minerals Mining Group Reconciliation between Total Tax Charge and Tax Payments 2022





## Reconciliation: Annual Report and payments to governments

(US\$ million)

Reconciliation	Annual Report <sup>13</sup>	Mining Property and Licence Fee	Other entities	Payments to Governments
Minera Los Pelambres	354.6	-0.9		353.7
Minera Centinela	398.9	-1.7		397.2
Minera Antucoya	11.5	-0.3		11.2
Antofagasta Minerals S.A.	3.7	-3.6	-1.0	-0.9
Inversiones Los Pelambres Chile	18.4			18.4
Compañía Minera Zaldívar	6.6		-6.6	-
Michilla Costa SPA			-	-
Ferrocarril de Antofagasta a Bolivia	6.6		-6.6	-
<b>TOTAL</b>	<b>800.3</b>	<b>-6.5</b>	<b>-14.2</b>	<b>779.6</b>

<sup>13</sup> Total Economic Contribution (Governments) in Antofagasta plc's Annual Report 2022 on page 41.

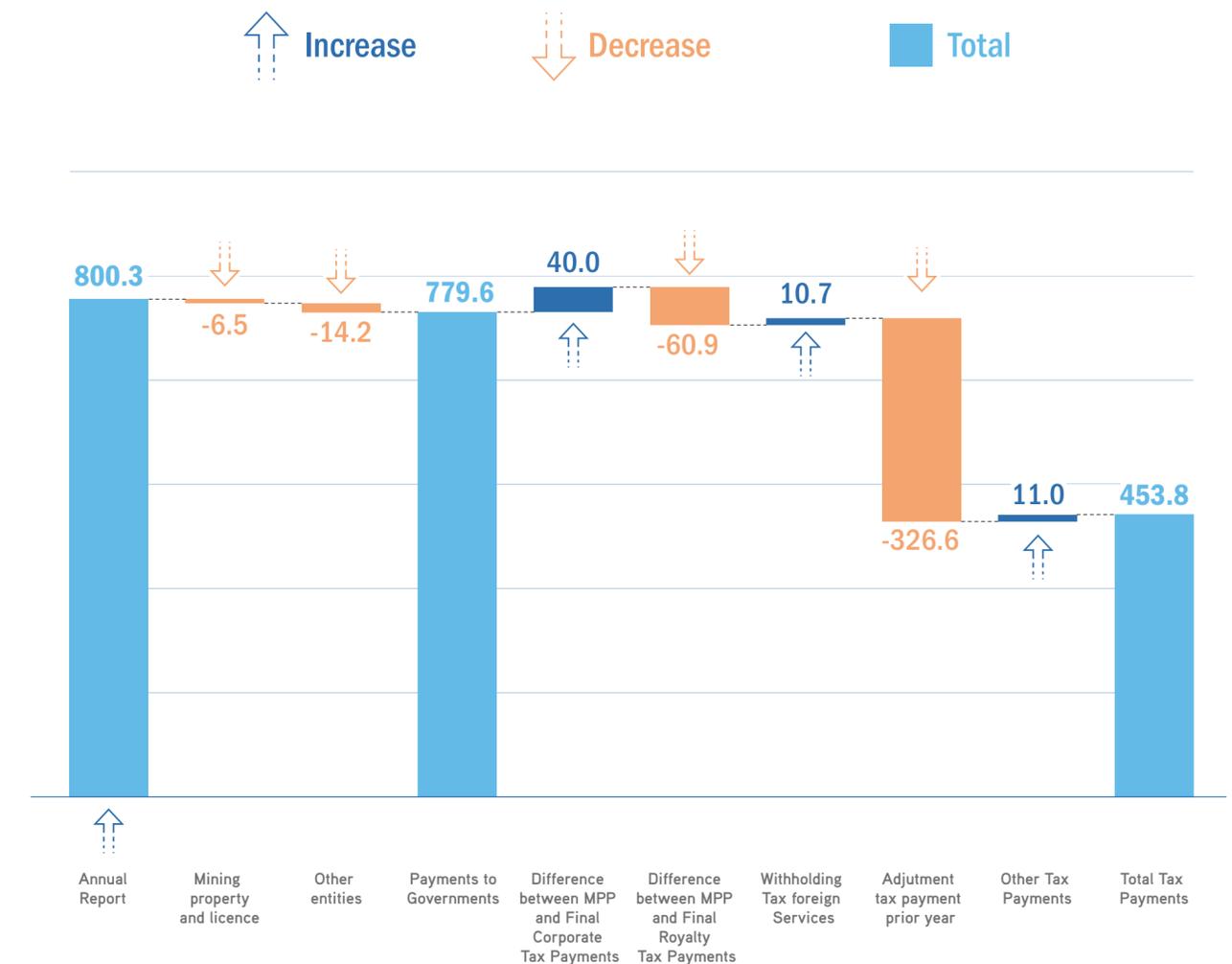
## Reconciliation: Payments to governments and tax payments 2022

(US\$ million)

Reconciliation	Payments to Governments	Difference between MPP and Final Corporate Tax Payments	Difference between MPP and Final Royalty Tax Payments	Withholding Tax foreign Services	Adjutment tax payments prior year	Other tax Payments	Total Tax Payments
Minera Los Pelambres	353.7	24.8	-42.5	8.9	-71.6	2.0	275.3
Minera Centinela	397.2	21.9	-20.8	0.6	-253.3	1.9	147.5
Minera Antucoya	11.2	1.2	-1.3	0.4	-6.6	1.1	6.0
Antofagasta Minerals S.A.	-0.9	-21.5	-	0.6	1.0	4.4	-16.4
Inversiones Los Pelambres Chile	18.4	5.5	-	-	3.9	0.5	28.3
Compañía Minera Zaldívar	-	8.1	3.7	0.2	-	0.9	12.9
Michilla Costa SPA	-	-	-	-	-	0.2	0.2
Ferrocarril de Antofagasta a Bolivia	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>779.6</b>	<b>40.0</b>	<b>-60.9</b>	<b>10.7</b>	<b>-326.6</b>	<b>11.0</b>	<b>453.8</b>

Note: MPP - Monthly Provisional Payments (PPM).

### Reconciliation Tax contribution between Annual Report and Tax payment 2022



“ We believe that transparency and accountability are key topics to earning and building trust.”



ANTOFAGASTA PLC