



ANTOFAGASTA PLC

Annual General Meeting CEO's Presentation

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Chief Executive Officer

20 May 2020



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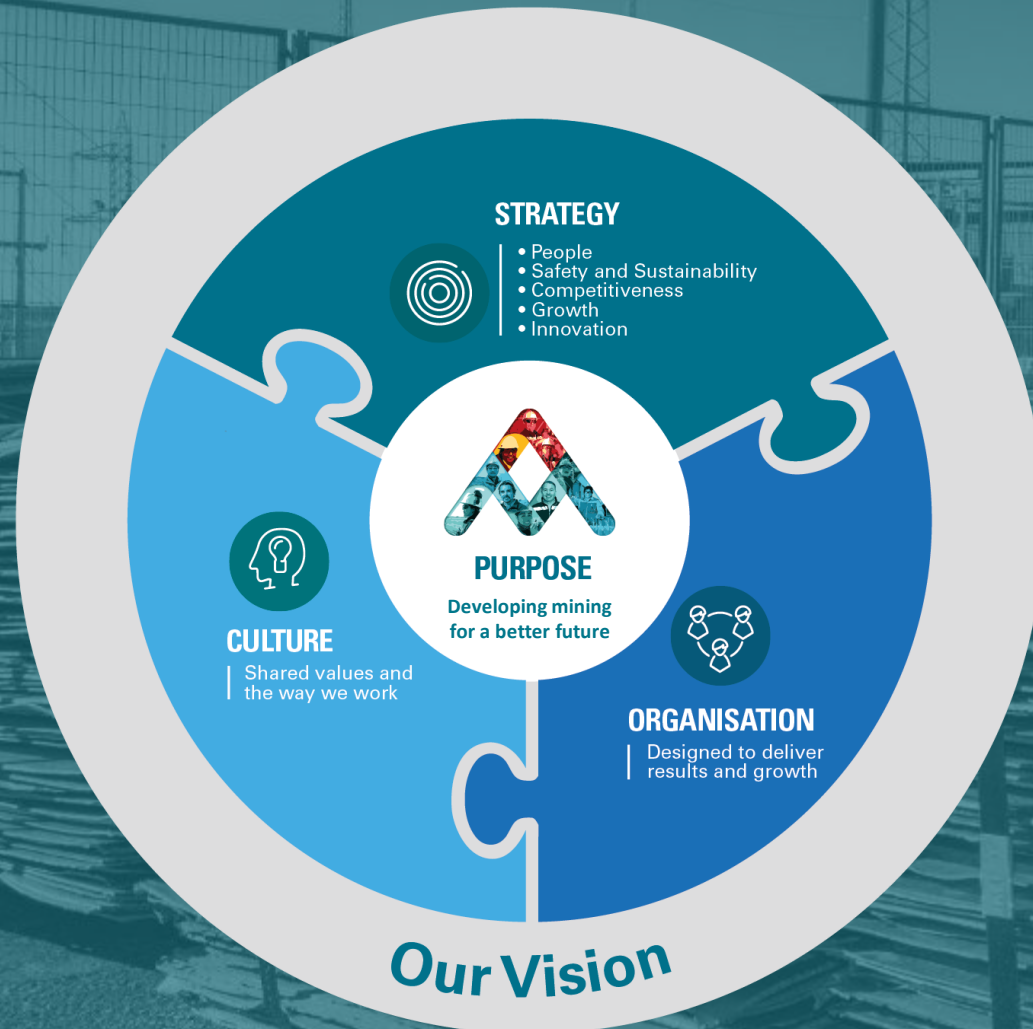
Past performance cannot be relied on as a guide to future performance.



OUR PURPOSE

**Developing mining
for a better future**

STRATEGIC FRAMEWORK



PILLARS OF OUR STRATEGY

- People
- Safety and Sustainability
- Competitiveness
- Growth
- Innovation

OUR VISION

To be an international mining company based in Chile, 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.

COVID-19 RESPONSE

Maintaining a safe and healthy environment

Health of our people and local communities

Implemented health measures and strict protocols, including:

- ▶ Social distancing and pandemic PPE
- ▶ Preventative controls over symptoms
- ▶ Dedicated air and road transport for shift changes
- ▶ High health risk people working from home

Launched a \$6 million community fund to:

- ▶ Buy medical equipment and supplies
- ▶ Sterilise public spaces and providing basic supplies to people in lockdown
- ▶ Provide financial support to SMEs and local suppliers



COVID-19 RESPONSE

Maintaining a safe and healthy environment



Sustaining operational continuity

- ▶ All sites have kept operating
- ▶ Workforce at site reduced by one-third. 25-30% of workforce teleworking successfully
- ▶ With no shutdown we expect limited impact on copper production in 2020
- ▶ Los Pelambres Expansion project on precautionary care and maintenance for a maximum of 120 days

PEOPLE

In 2019, our people included:

- ▶ 25,100: employees (26%) and contractors (74%)
 - 10% women
 - Over 50% from local areas

Labour negotiations

- ▶ 74% of employees unionised
- ▶ Company's first strike resolved after 18 days
- ▶ Contractors to pay ethical minimum wage set by Antofagasta¹

We advanced our Diversity & Inclusion strategy

- ▶ Improved work/life balance guidelines
- ▶ Introducing flexitime

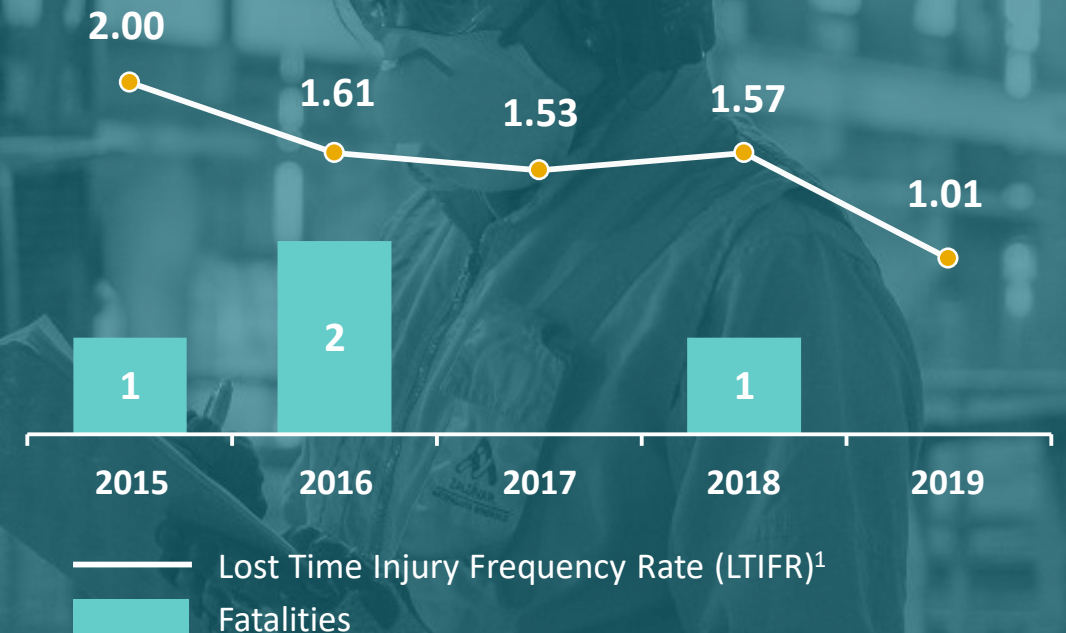
¹ Two-thirds higher than Chile's legal minimum wage

SAFETY

The safety of our people is our top priority

- ▶ Record safety performance
- ▶ No fatal accidents
- ▶ Lost Time Injury Frequency Rate reduced (LTIFR 1.01)
 - ▶ Mining Division: 0.75
 - ▶ Transport Division: 4.03

Safety performance: Fatalities and LTIFR



¹ Number of accidents with lost time per million hours worked

COMMUNITY RELATIONS

From mitigating impacts to shared development

- ▶ “Somos Choapa” and “Dialogos para el Desarrollo” programmes
- ▶ Antofagasta Region public-private Mining Cluster
- ▶ Prioritising local suppliers and employment
- ▶ Regional development

\$40.7 million

Economic social contribution in 2019

175 scholarships

Awarded to higher education students from Choapa

600 people

From the Antofagasta Region benefited from education and training initiatives

DROUGHT IN CENTRAL CHILE

- ▶ **Engagement with authorities and communities**
 - ▶ Working with authorities and communities to find ways to alleviate impact of water shortage in the short, medium and long term
 - ▶ Prioritising water for human consumption
 - ▶ Pumping water into the Choapa river from underground
 - ▶ Minimising water losses by thorough maintenance of canals and waterways
 - ▶ Providing food, and moving livestock to less water stressed areas



ENERGY AND WATER

- ▶ **Group's sea water consumption: 46% of total**
 - Centinela: 86%
 - Antucoya: 97%
- ▶ **Los Pelambres building a desalination plant, which will increase sea water usage further**
- ▶ **Increasing proportion of our energy comes from renewable sources**
- ▶ **From 2022 onwards, 100% of mining division's power will come from renewable sources**
 - Renewable power supply agreements negotiated at Antucoya, Los Pelambres and Centinela

CLIMATE CHANGE

Committed to reducing our greenhouse gas emissions

- ▶ 5-year¹ target to reduce emissions by 300,000 tonnes of CO₂ emissions
- ▶ Adopting recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- ▶ Applying Water Stewardship Framework of the International Council on Mining and Metals (ICMM)
- ▶ Climate change incorporated as a specific risk in our risk matrix and are working internally to address its implications
- ▶ From 2022 all Mining Division's power will be from renewable sources

2019 PRODUCTION AND COSTS

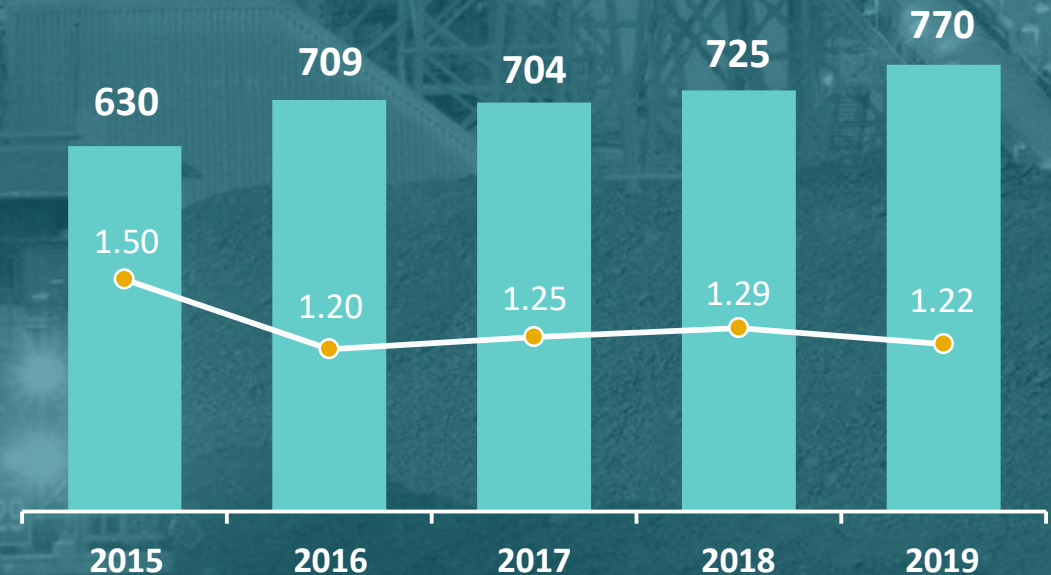
- ▶ **Record copper production of 770,000 tonnes**

- ▶ Increase of 6.2% on 2018
- ▶ Higher production at Los Pelambres, Centinela and Zaldívar

- ▶ **Net cash costs were \$1.22/lb**

- ▶ 5.4% lower than in 2018
- ▶ Due to higher production, tight cost control and the weaker Chilean peso

Copper production (in kt) and net cash costs (in \$/lb)



GROWTH OPPORTUNITIES

2019

2020

2021

2022

2023+

Organic Growth

LOS PELAMBRES EXPANSION - PHASE 1 (under construction)

Cu +60 ktpa | Capex \$1.3 bn (including \$0.5 bn desalination plant)

ESPERANZA SUR PIT (under construction)

Cu +10-15 ktpa | Capex \$0.17bn²

ZALDÍVAR CHLORIDE LEACH (under construction)

Cu +10-15 ktpa | Capex \$0.19 bn⁴

PHASE 2 (currently in FS stage)

Cu +35 ktpa | Capex \$0.5 bn¹
15 year LOM extension

CENTINELA 2ND CONCENTRATOR (currently in FS stage)

Cu +180 ktpa | Capex \$2.7 bn³

Completion dates will depend on impact of COVID-19

Other Growth

EXPLORATION FOCUSING ON THE AMERICAS

TRANSPORT DIVISION

Increasing fleet's haulage capacity

TWIN METALS (currently in FS stage)

MPO⁵ submitted | Cu Eq +65 ktpa⁶

1 2014 Prefeasibility study
2 2018 Feasibility study
3 2015 Prefeasibility study

4 100% basis
5 Mine Plan of Operations
6 2018 Prefeasibility study



INNOVATION

▶ **Strategic Initiatives**

- Leaching of primary sulphides – industrial scale testing underway
- Low cost bulk material movement technologies
- Thickened tailings and real time monitoring

▶ **Online Collaboration Platform**

- Open online collaboration platform with over 20 initiatives in execution

▶ **Real Time Information Management & Analytics**

- Remote Operations Centre in the city of Antofagasta being evaluated
- Use of data analytics for plant optimisation
- Digital transformation of key support functions' and maintenance processes

▶ **Automation & Robotics**

- Remote production drilling at Los Pelambres
- Autonomous trucks at Esperanza Sur pit, Centinela
- Maintenance execution robots



2019: A SOLID YEAR

Record safety and production performance

- ▶ No fatal accidents and LTIFR of 1.01
- ▶ Record copper production 770 kt
- ▶ Net cash costs \$1.22/lb
- ▶ EBITDA \$2,439 million
- ▶ EBITDA margin 49%
- ▶ Earnings per share 50.9 c/share

OUR PRIORITIES FOR 2020

-  Continuing our record of zero fatalities
-  Maintaining operating resilience and flexibility
-  Minimising impact of COVID-19
-  Accelerating digital transformation and innovation portfolio
-  Reducing cash expenditure
-  Advancing growth projects
-  Returns to shareholders



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