

## ANTOFAGASTA PLC

### 2020 ANNUAL GENERAL MEETING – RESPONSES TO SHAREHOLDER QUESTIONS

*Because of the UK Government’s compulsory measures prohibiting public gatherings of more than two people, shareholders were not permitted to attend Antofagasta plc’s (the “Company”) Annual General Meeting (“AGM”) which was held earlier today.*

*Antofagasta’s Board recognises that the AGM is a valuable forum that provides shareholders with an opportunity to raise questions and comments directly with the Board. The Board invited shareholders to submit questions by email in advance of the AGM.*

*Responses to questions received, whether individually or by topic, can be found below.*

*Additionally, a statement from its Chairman, Jean-Paul Luksic, and a presentation made by the Company’s CEO, Iván Arriagada, on the Company’s sustainability performance in 2019 and response to the outbreak of COVID-19 were released today and can be found on the Company’s website.*

#### **London Mining Network**

##### **Minera Los Pelambres**

**What is the status of the ongoing court case being heard by the Chilean Environmental Court about claims from Caimanes residents against the Chilean Environmental Authority (Servicio de Evaluación Ambiental), for approving the environmental permit (Resolución de Calificación Ambiental) for the Los Pelambres Expansion Project?**

The Chilean Environmental Assessment Agency (SEA) approved the environmental permit for the Los Pelambres Expansion Project in 2018.

After the environmental evaluation was completed, an administrative appeal was filed on behalf of some members of the Caimanes community, alleging that although the public consultation process conducted by the SEA prior to granting the environmental permit met all legal requirements, a higher standard should have been applied for the Caimanes community due to its proximity to the Mauro tailings dam. The SEA dismissed this administrative appeal on the basis that the environmental review process exceeded the legal standards required, noting that the project does not contemplate material works in relation to the Mauro tailing dam. Work is concentrated at the mine site and in the coastal area, where a desalination plant is under construction, and the closest proximity of the project to Caimanes is a water pipeline 2km away.

Following the dismissal of the administrative appeal, a further appeal has been filed with the Chilean Environmental Court.

Both the Caimanes community and local authorities have been fully supportive of the construction of a desalination plant and pipeline.

**Did this hearing take place? If so, what was the result?**

The hearing, originally scheduled for 24 March, has been postponed due to the COVID-19 pandemic. It is currently expected to be held this month.

**What is the Company's response to this complaint?**

A thorough community consultation process was performed according to standards higher than those required by Chilean regulations and in a manner comparable with international community consultation processes. The Caimanes community was informed of the scope of the project before it was presented to the SEA, and great effort was made to include the Caimanes community in the information and consultation processes both during the environmental review and as part of a regular dialogue with the community.

Questions from the Caimanes community were received and answered during the consultation process. The complaint was filed by a small group of individuals within the community who are opposed to mining.

**Why is Minera Los Pelambres subject to repeated legal actions?**

Minera Los Pelambres and the Caimanes community have made significant progress in their combined efforts to engage in transparent conversations and build a long-term partnership to work together without reverting to legal means as a measure of resolving disputes. Despite this, these collaborative agreements have not met the expectations of some individuals within the community, even though the vast majority have been engaged in the shared social and environmental development which Minera Los Pelambres and the community have been working on for the past few years. Therefore, Minera Los Pelambres continues to work to build a mutually beneficial relationship with the majority of the community and their representatives, remaining open to constructive and transparent engagement with anyone who is willing to work for the benefit of the community as a whole.

**Why has the Company consistently failed to win the confidence of the people of Caimanes?**

Minera Los Pelambres does not believe that this is true. Minera Los Pelambres has made significant advances towards gaining the trust of the Caimanes community and the continued collaborations are an example of that.

Minera Los Pelambres signed an Understanding and Cooperation Agreement with the majority of the residents of Caimanes (84%) to develop a long-term relationship. This agreement represents a great effort by all parties and creates a framework for cooperation between Minera Los Pelambres and the people of Caimanes. This agreement includes measures aimed at increasing the participation of the community near Minera Los Pelambres' operations, supported by the creation of a specific committee of members elected by the community and from the company to ensure the commitments set out in the agreement are fulfilled. The committee meets on a regular basis.

**What has been the impact on the Company's reputation?**

The Caimanes community have seen and appreciate the effort that Minera Los Pelambres has made to create a long-term relationship, and they recognise that Minera Los Pelambres complies with the agreements reached.

**When will the Company begin to treat the residents of Caimanes with respect, rather than ignoring their requests and resisting their demands?**

As explained, Minera Los Pelambres has a strong relationship with the majority of the Caimanes community and it will continue working towards shared development goals and a sustainable long-term relationship. The latter can be already seen by the various projects that are currently being developed between the residents of Caimanes and Minera Los Pelambres.

**Regarding Minera Los Pelambres request to drill 900 boreholes as part of its investigations into heightening the Mauro tailings dam, why does the Company persist in presenting technically poor projects that are rejected by the technical oversight bodies?**

This request relates to archaeological studies of existing sites in the area of the Mauro tailings dam.

The permit is needed to assist in the collection of relevant archaeological information for any future project work (in compliance with the requirements of the environmental authority) and to ensure the necessary information is captured. Should any project work be proposed, this archaeological area would be assessed by the competent authority in accordance with the Environmental Evaluation System.

**How much Company time and money has been wasted in this way? And will the Company abandon its plans to raise the height of the Mauro tailings dam?**

As part of its long-term planning, Minera Los Pelambres regularly considers alternative growth proposals which would benefit both local communities and Minera Los Pelambres.

**In terms of the emission of dust from the tailing at Minera Los Pelambres, why has the Company fought all along to continue use of the Mauro tailings dam when its negative impacts are so clear?**

The air quality near to the Mauro tailing dam is constantly monitored and the quality has met all the applicable standards

**Why has it allowed a situation to arise in which toxic tailings dust can be blown over the town of Caimanes?**

On 6 May, unusual weather conditions caused dust from the El Mauro tailings dam to be visible in the Caimanes community. The air quality at this time was measured at a monitoring station in Caimanes and did not exceed the relevant regulatory limits in air quality standards.

Water, soil and air quality in the Caimanes community and surrounding areas are regularly and independently tested by the relevant agencies, Minera Los Pelambres, and the community and there is no evidence of toxicity.

**Is this not proof that local management is incompetent and that overall Company management is negligent?**

No, it is not. Immediately following this event, a meeting was convened between representatives of all social organisations with an interest in the area to analyse the causes of the event. During this process, Minera Los Pelambres reported on the additional measures taken in relation to dust control and the Caimanes community representatives requested a visit to the dam.

Minera Los Pelambres understands that these events may be of concern to members of the community and has committed to do its best to maintain the positive relationship that has developed

in recent years. There is a strong commitment to the community to uphold the common history and the trust that the community and Minera Los Pelambres have built together, and to go above and beyond local Chilean standards with the agreement and collaboration of the Caimanes community.

**Why is Company management willing to put local people's lives, and local ecosystems, at risk from air pollution from the Mauro tailings dam? When will the Company finally attend to the concerns of local residents about pollution from the dam?**

Please see the responses detailed above.

**Why has the Company yet again driven local people into taking legal action against the Company, this time with support from local political representatives?**

As explained above, Minera Los Pelambres and the Caimanes community have made significant progress in their combined efforts to engage in transparent conversations to build a long-term partnership to work together without reverting to legal means as a measure of resolving disputes. Despite this, these collaborative agreements do not meet the expectations of some individuals within the community, even though the vast majority have engaged in the shared social and environmental development between Minera Los Pelambres and the community over the past several years.

Minera Los Pelambres continues to work to build a mutually beneficial relationship with the majority of the community and their representatives, remaining open to constructive and transparent engagement with anyone who is willing to work for the benefit of the community as a whole.

**What will be the impact on the Company's reputation and profits and, thus, the effect on shareholders?**

Minera Los Pelambres does not think that there is any merit to this legal claim.

**Zaldívar**

**Concerning the Environmental Impact Assessment currently being evaluated by the Chilean Environmental Evaluation System at Zaldívar, you have a permit to extract 212.5 litres per second from the Negrillar aquifer in Tilopozo, which the Company uses for its mining operations. If the project is finally approved, will you restore these subterranean property rights? If the answer is yes, would you be willing to give them to the community of Peine as its ancestral territorial property?**

Zaldívar has environmental authorisation to extract 212.75 l/s of groundwater in the Negrillar sector until 2025. Minera Zaldívar also holds groundwater rights, in the same area, for 560.3 l/s. When the mining activities are closed at the end of Zaldívar's current life of mine (expected to be 2031), options to transfer any water rights will be duly considered. For now, Zaldívar continues to work with the community to address their requirements.

**As you know, at the beginning of this year, as part of its project Environmental Impact Assessment, which is currently being evaluated in Chile, Minera Escondida, just like you, considered extracting subterranean water from the Monturaqui aquifer, near to Negrillar Tilopozo, where you extract water for your mining processes. We understand that a result of the indigenous consultation carried out for this project with the community of Peine was that the community opposed the project. So, we ask, if the Atacama community of Peine oppose your project, would you also drop it?**

Zaldívar is confident it can move forward and reach a technical understanding about the project with the Peine Community. It is currently conducting an Indigenous Peoples Consultation process within the framework of the ongoing environmental impact assessment, and is committed to proactively collaborating with the community during this process.

Zaldívar understands that the Peine community's main argument for the rejection of the Monturaqui Project at Minera Escondida was that the extraction rate would have been similar to the recharge rate of the aquifer. It is important to note that our project considers extraction at a rate of about half of the recharge rate and meets the sustainability standards for the basin.

**The area of subterranean extraction from which you draw your water is very sensitive, to the extent that the Chilean state water agency, the National Water Directorate (DGA), has established certain zones of restriction for water extraction. Can you give an assurance that your operations (past operations as well as those which you are trying to pursue) will not affect protected areas within the current extraction area?**

In accordance with the framework of the Environmental Impact Assessment currently underway and as part of the regulated requirements, Zaldívar has evaluated the potential environmental impacts of the project and has incorporated a Plan for Mitigation and Compensation Measures. The water extraction is currently carried out, and will continue to be carried out, by Zaldívar according to the permits and legal standards.

**You have indicated that the effects on the extraction of groundwater that you are currently carrying out and that you intend to carry out if your Environmental Impact Assessment (EIA) is approved, will be seen after you stop pumping the groundwater. We want to know, what are the effects that your studies have revealed will happen? For how long will they be evident? How do you plan to mitigate those effects?**

The process of evaluating the environmental impact of the project includes also the hydrogeological component in the underground water levels in the Las Vegas de Tilopozo sector. The Project's Mitigation and Compensation Measures Plan fully address any effect. It oversees these impacts, considers water issues, redistribution measures for the extraction of water in the wellfield and the implementation of an Early Warning Plan. It also, in the case of vegetation cover, includes an associated study to determine the propagation methods of the species of interest in Tilopozo and measuring the Revegetation with Vegetable Species of High Ecological Interest of Las Vegas de Tilopozo.

Regarding the Communities, the same plan considers Training and Technical-Economic Support for Small Agricultural Producers in Peine; a Plan to Promote the Traditional Practice of Grazing in Peine; an Agricultural Development Project for the Atacamenian Community of Peine; and a Development Project linked to the revegetation and agricultural project.

**If your answers to the previous questions should imply that the effects of groundwater extraction will be felt for tens or even hundreds of years, do you maintain that extractive activity in the Negrillar Tilopozo aquifer is sustainable, ethical and consistent with respect for the human rights of indigenous peoples, especially the Peine community, and the future development of their culture?**

As mentioned above any potential temporary effects are expected to be addressed in the Plan of Mitigation and Compensation Measures. The plan is currently subject to evaluation by the relevant authority.

## Private Shareholder

### Why was so little notice given of the change in the amount of the dividend and why doesn't the Company make the same saving by reducing future dividends, rather than by reducing the 2019 final dividend?

While the Board would have liked to have provided more notice of this change, the Board was responding to a very recent and rapid increase in the rate of COVID-19 cases in Chile last week and the subsequent quarantining of the greater Santiago area by the Chilean government. Although these latest restrictions are not expected to have an impact on the Company's current operations, it has created additional uncertainty for the future and the Board is concerned that the evolution of the health emergency in Chile could result in an increased risk of an escalation in quarantine provisions which could, in turn, restrict the Company's ability to move its workforce to and from its operations. In deciding to maintain a dividend in line with its dividend of a minimum of 35% of net earnings, the Board carefully considered the interests of the Company's shareholders, as well as the interests of all stakeholders including the Group's employees, contractors, communities, suppliers and the broader Chilean civil society.

As the AGM was only a few days after the increase in cases the Board had to react quickly and felt it had to be prudent and reduce the amount of the final dividend.

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