



ANTOFAGASTA PLC

# Developing mining for a better future

22<sup>nd</sup> February 2022

2021 | Preliminary  
Results

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# Agenda

- 1** | **Overview**
- 2** | **Financial review**
- 3** | **Sustainability performance**
- 4** | **Growth opportunities**







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# Overview

2021 Preliminary Results

Iván Arriagada | Chief Executive Officer



# The Antofagasta investment case

## *A reliable producer with embedded growth*



# Developing mining...

## 2021 Highlights



### Safety

Our first priority

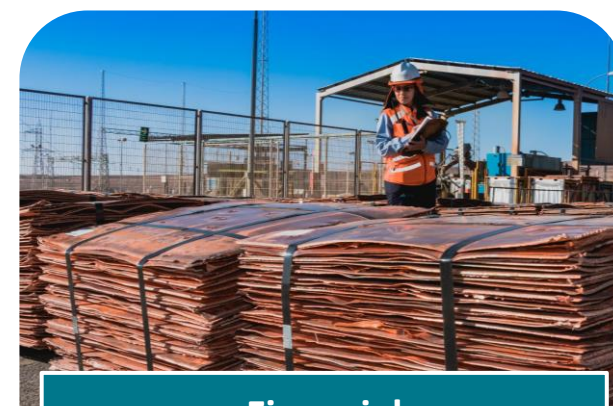
- In July, regrettably a contractor suffered a fatal accident
- Reinforcing the importance of visible leadership
- High Potential Incidents (HPI) decreased by 28%



### Operations

Reliable performance

- Main challenges: COVID-19 and drought in central Chile
- Mines and plants consistently performing at or above design capacity
- Copper production at 721,500 tonnes and net cash costs of \$1.20/lb



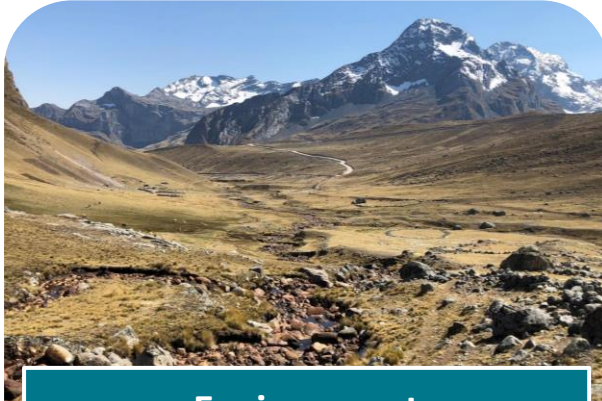
### Financial

Record EBITDA

- Revenue of \$7.5 billion, reflecting the high copper price
- EBITDA increased by 77% to \$4.8 billion
- Net cash of \$540 million, up from net debt of \$82 million
- Dividend of \$142.5 per share, pay-out ratio of 100%

# ... for a better future

## 2021 Highlights



### Environment

#### Climate change

- Copper is part of the solution
- New emission reduction (-30% 2025) and net zero (2050) targets
- 90% sea and recirculated water by 2050
- Protecting local biodiversity
- Copper Mark obtained by Centinela and Zaldívar
- Increased disclosure



### Communities

#### Key stakeholders

- Dialogue based engagement, not transactional
- Strengthened water management programmes
- Supported local digital connectivity
- Increased COVID Fund support
- Promoting education and employment opportunities



### Growth opportunities

#### Creating value

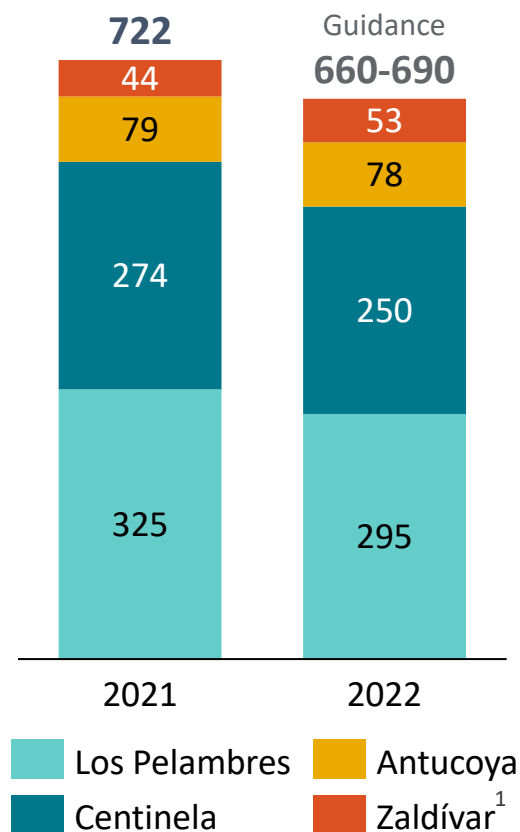
- Continued to advance the growth projects which will come into operation in 2022 and early 2023
- Cuprochlor-T®: potential to unlock value from previously uneconomic mineral resources
- Autonomous trucks and Remote Operating Centre for Centinela
- Cachorro maiden resource declared – 142 mt @1.21% Cu

# 2022 Guidance

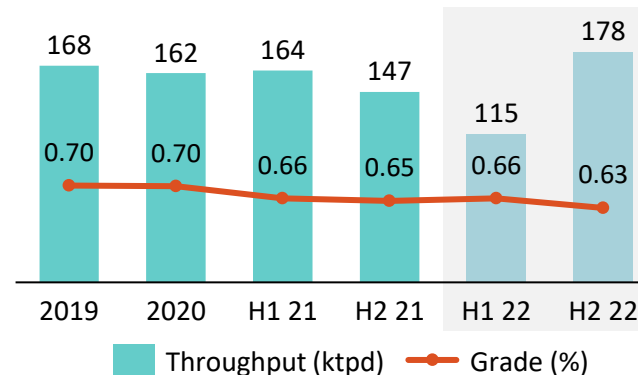
## *Drought impact continues at Los Pelambres*

### Copper production guidance

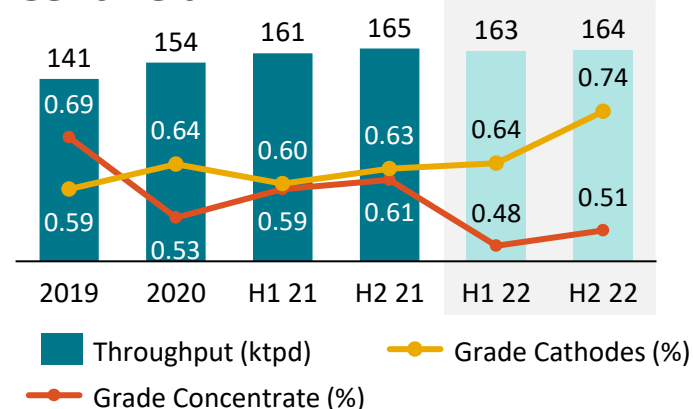
#### Group production (kt)



#### Los Pelambres



#### Centinela



#### Assumptions

- Copper production is expected to increase quarter on quarter throughout the year

##### Los Pelambres

- Drought impact at Los Pelambres until H2 2022
- Assumes there is no precipitation until the rainy season and the desalination plant starts operating in H2 2022
- Higher recoveries expected on reduced throughput

##### Centinela

- Centinela Concentrates throughput continues at design capacity
- Cyclical grade decline at Centinela Concentrates, before strengthening in 2023

<sup>1</sup> Group's 50% share



# Copper market

*Fundamentals are strong and supportive of future prices*

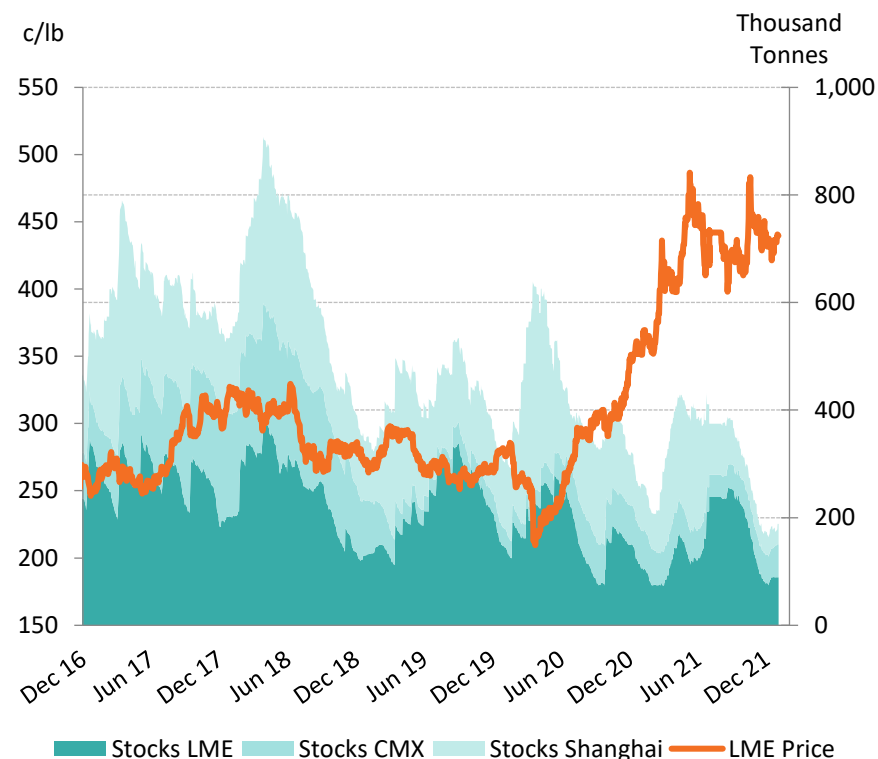
## Supply outlook

- Expected to grow just in line with demand during 2022
- Continued falling grades and increasing ore hardness
- Scarcity of major new projects
- Stock levels very low and constrained logistics chains
- Scrap supply will continue to increase

## Demand outlook

- Growth expected, driven by Europe, North America and Asia ex China. Slower in China
- Renewable and electromobility demand key
- Urbanisation continues to drive long-term growth
- Next 10 years' CAGR 2.0-2.5% pa.

## Copper price and exchange stocks



# Current political and fiscal events in Chile

## *Providing a basis for greater social cohesion*



### New government elected

- Takes office on 11 March
- Gabriel Boric elected President
- Senate evenly split left/right
- Chamber of Deputies majority left wing



### Proposed new mining royalty

- Chamber of Deputies proposal May 2021
- Senate Mining and Energy Committee proposal January 2022
- Next steps: Senate Finance Committee, full Senate, Chamber of Deputies, Joint Mining and Energy Committee, Presidential assent



### Constitutional Convention

- Established July 2021
- Have to complete rewriting Constitution by July 2022
- Each clause of the constitution requires a two-thirds majority vote
- National referendum to approve Constitution in H2 2022





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# Financial review

2021 Preliminary Results

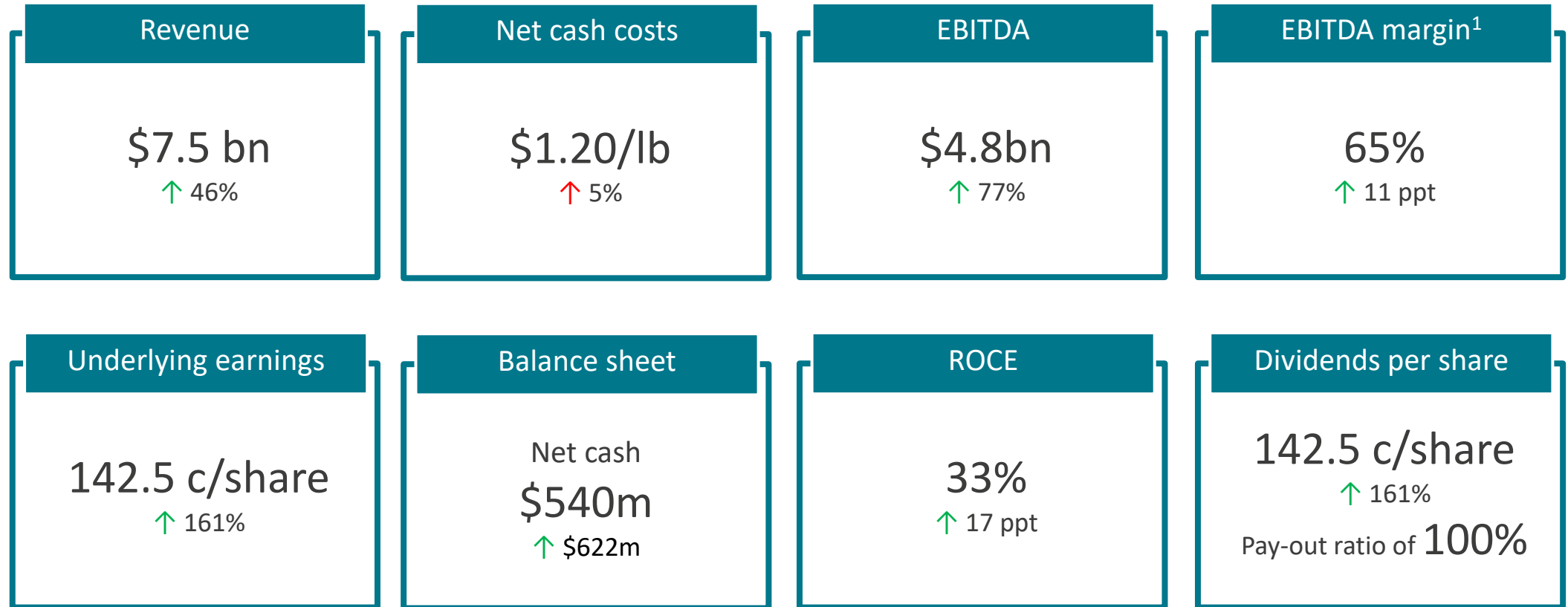
Mauricio Ortiz | Chief Financial Officer





# 2021 financial highlights

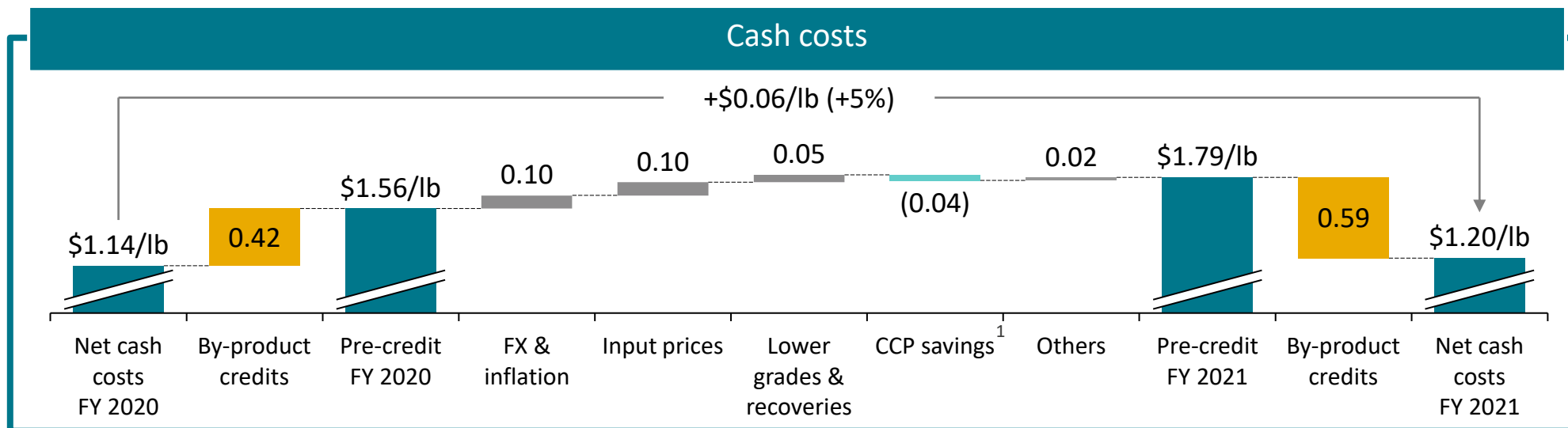
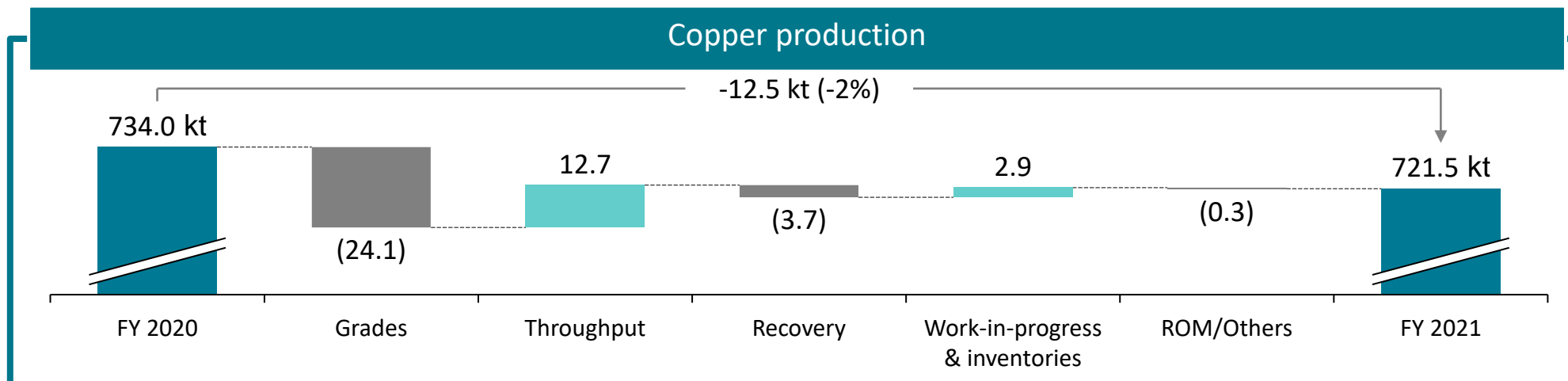
*Record EBITDA and strong shareholder returns*



1 EBITDA Margin calculated as EBITDA/Revenue. If Associates and JVs revenue is included EBITDA margin was 61.1%

# Production and cash costs

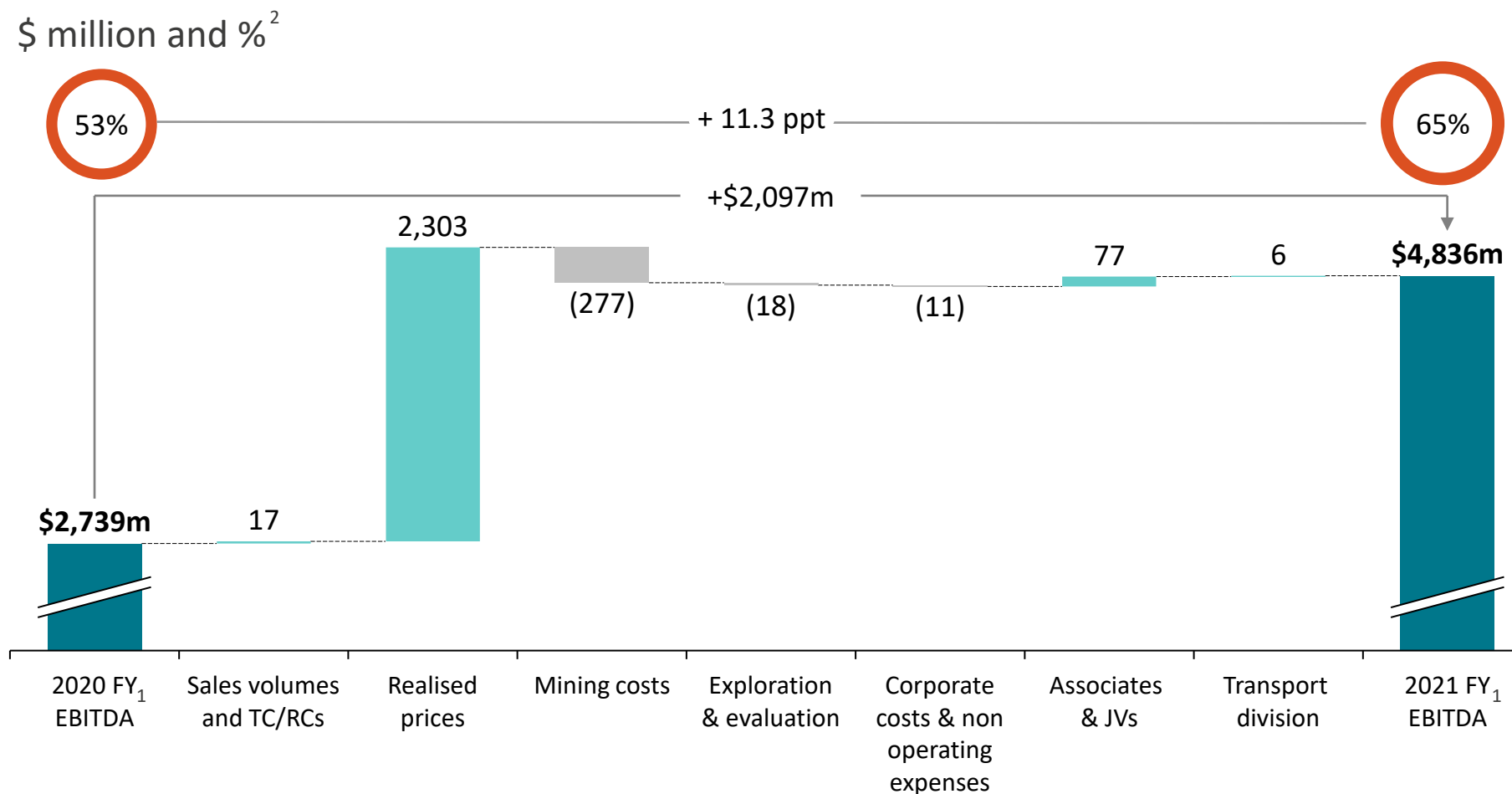
*Cost pressure offset by by-products credits*



<sup>1</sup> Cost and Competitiveness Programme

# EBITDA and margin

*Underpinned by higher commodity prices*



<sup>1</sup> Results of continuing operations only and includes EBITDA from Associates and JVs

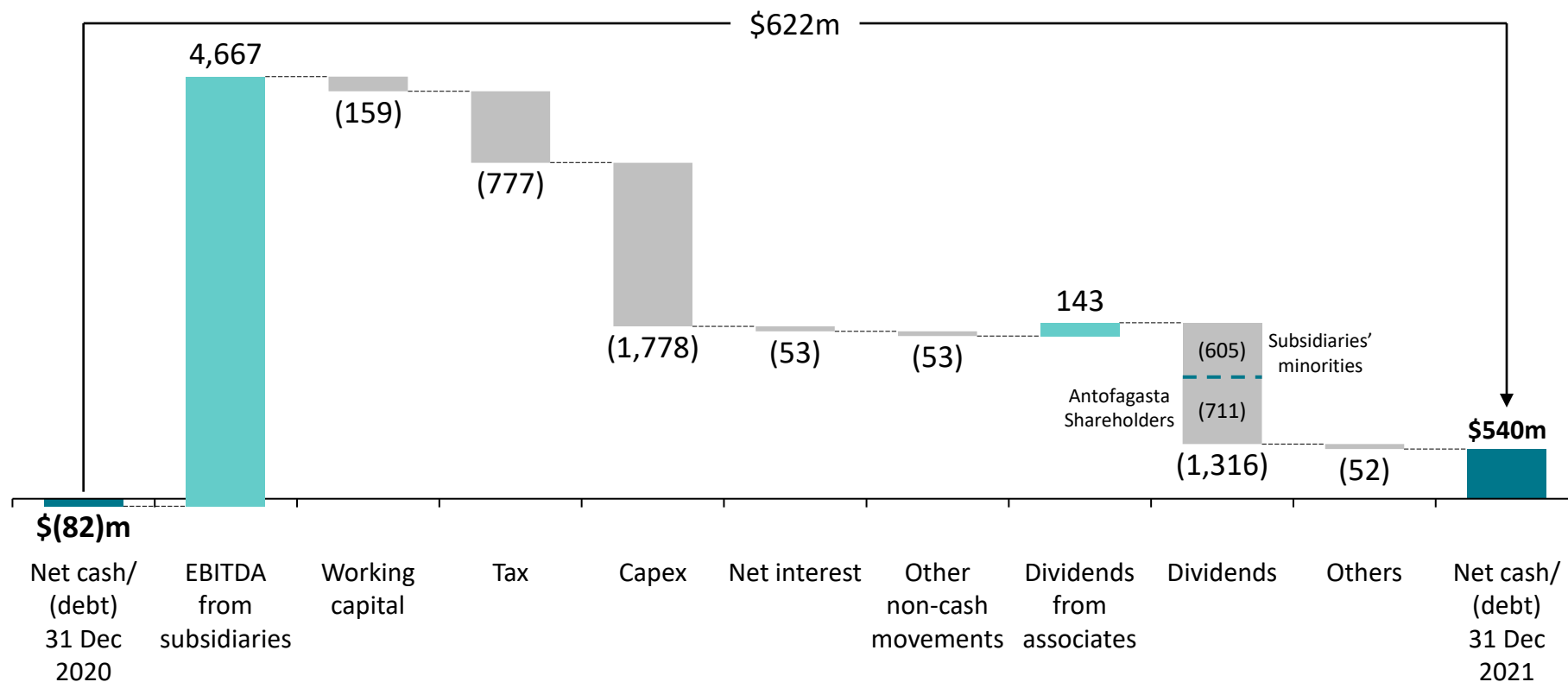
<sup>2</sup> Calculated as EBITDA/Group revenue. If Associates and JVs' revenue is included the EBITDA margin was 61.1% in 2021 and 50.3% in 2020



# Net cash

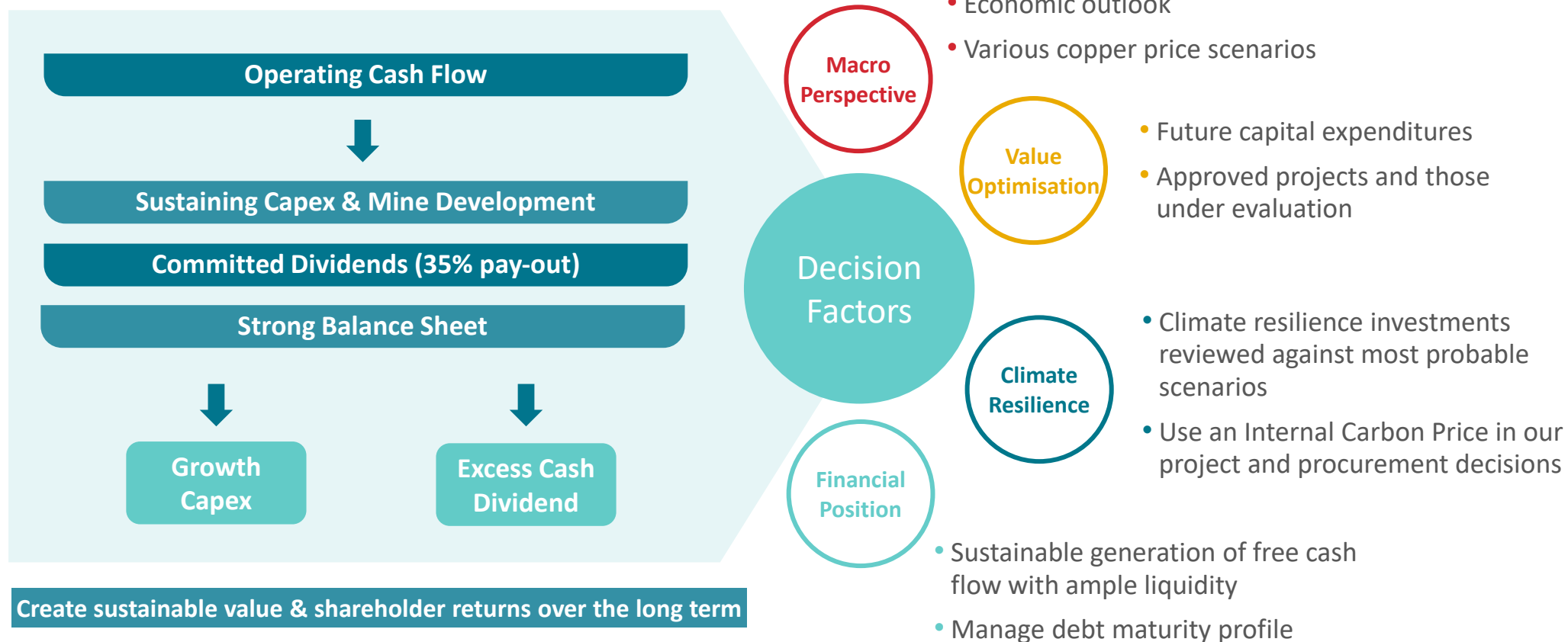
## *Strong balance sheet*

\$ million



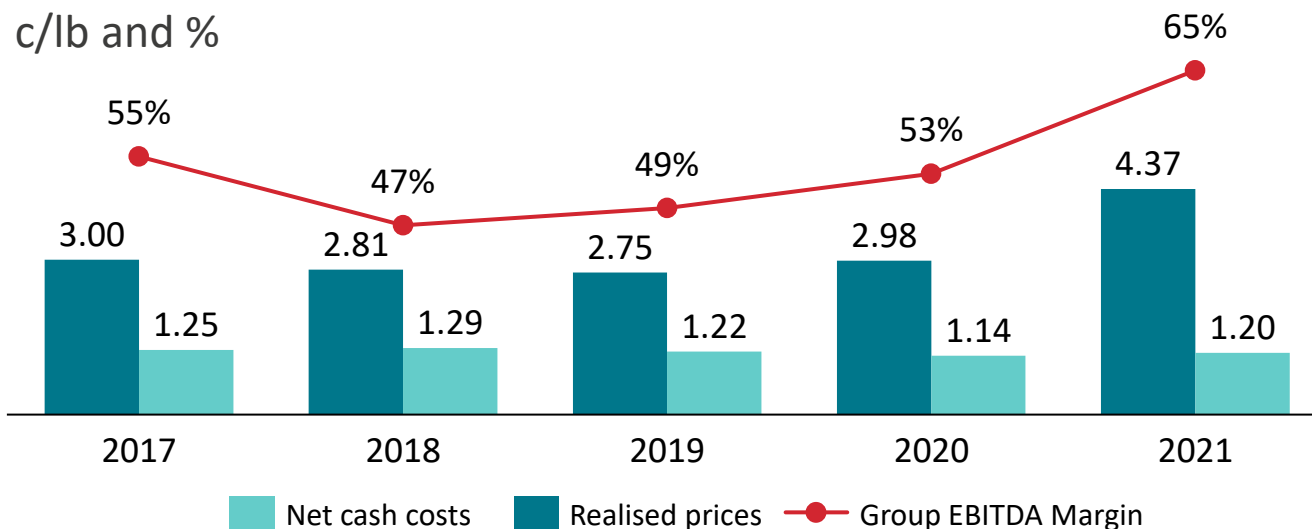
# Expanded capital allocation framework

*Integrates climate factors*

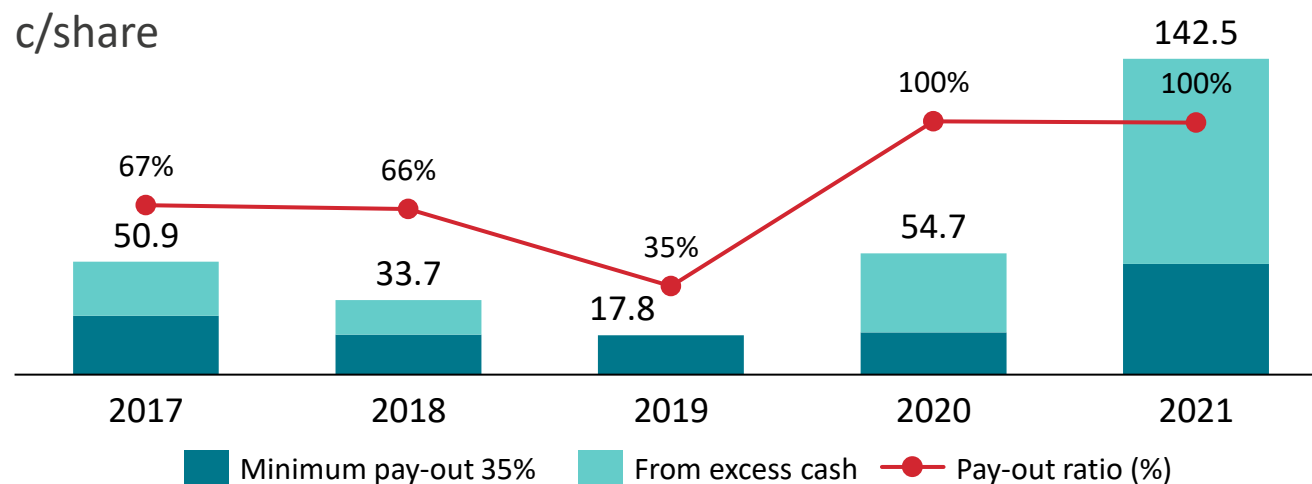


# Robust EBITDA converts into dividends

*Policy unchanged, record of strong returns to shareholders*



EBITDA Margin  
2021  
**65%**



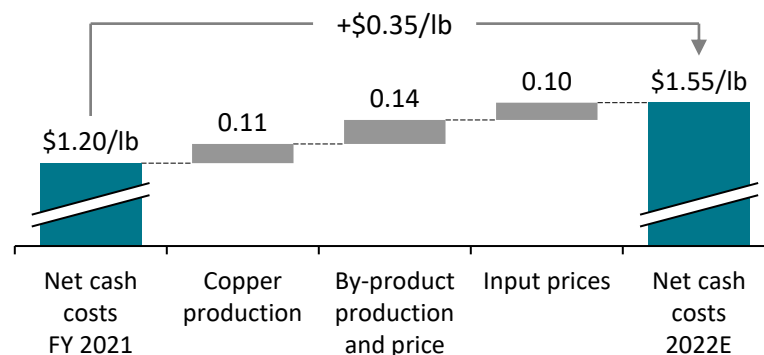
Average 5-year  
pay-out ratio  
**73%**



# 2022 Guidance

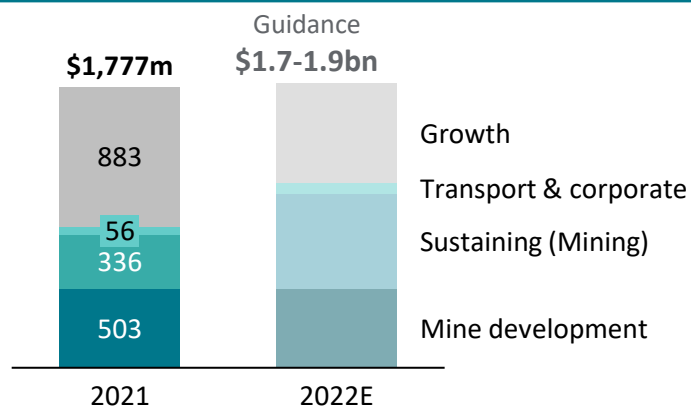
## Cash costs and capital expenditure

### Cash costs



- Net cash costs of \$1.55/lb
- Increase primarily due to:
  - lower copper and by-products production at Los Pelambres and Centinela
  - higher input prices, particularly acid
- Includes CCP<sup>1</sup> target savings of at least \$50 million

### Capital expenditure<sup>2</sup>



- Capital expenditure, is expected to be \$1.7-1.9 billion
- Sustaining and mine development expenditure for the year increase to approximately \$1.0 billion
- Development expenditure continues on the Los Pelambres Expansion project and at Centinela

<sup>1</sup> Cost and Competitiveness Programme

<sup>2</sup> Figures are based on cash flow and exclude Zaldívar. Attributable Zaldívar capital expenditure was \$87m in 2021.





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# Sustainability performance

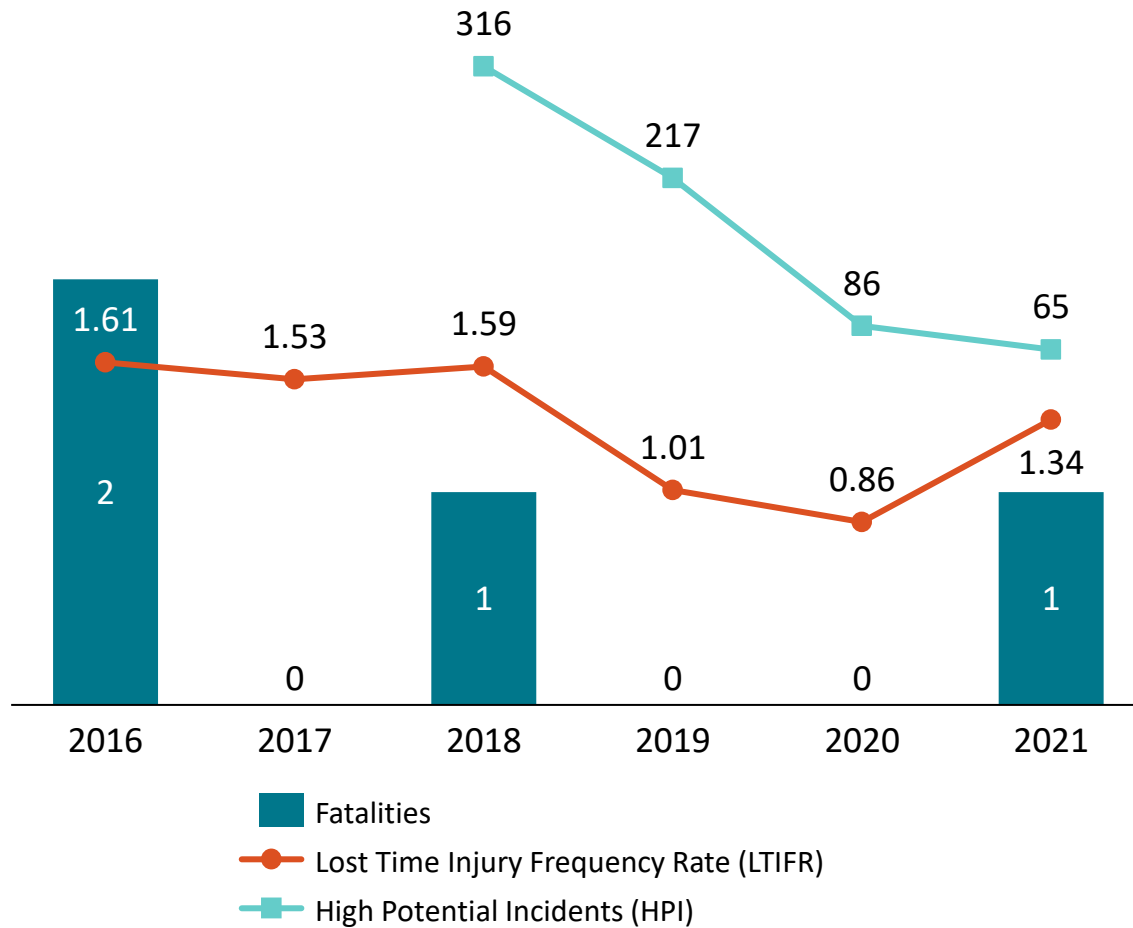
2021 Preliminary Results

René Aguilar | Vice President of Corporate Affairs and Sustainability



# Safety and health

*The safety and health of our people is our top priority*



## 2021 safety and health performance

- In July 2021 regrettably a contractor suffered a fatal accident in the open pit at Los Pelambres
- High Potential Incidents decreased by 28%
- COVID-19: high vaccination rate achieved (97%)
- Increased COVID support fund by \$6 million

## Current safety focus is to reinforce:

- Planning critical tasks using the Job Safety Analysis tool
- Constant supervision of all high-risk tasks
- Accident analysis, inspection and planning by executive leadership together with mine management
- Use of our “I Say No” tool



# Communities

## *Creating shared value*



### EnRed: digital community

- Integrates communities in a process of digital transformation
- Focus on connectivity, digital literacy, water management, health and telemedicine
- Main initiatives in 2022 will be last mile connectivity and a digital academy for communities



### North: local suppliers

- Train business people and entrepreneurs to boost competitiveness, growth and future consolidation as suppliers to the mining industry
- Local suppliers increased by 24% compared to 2020



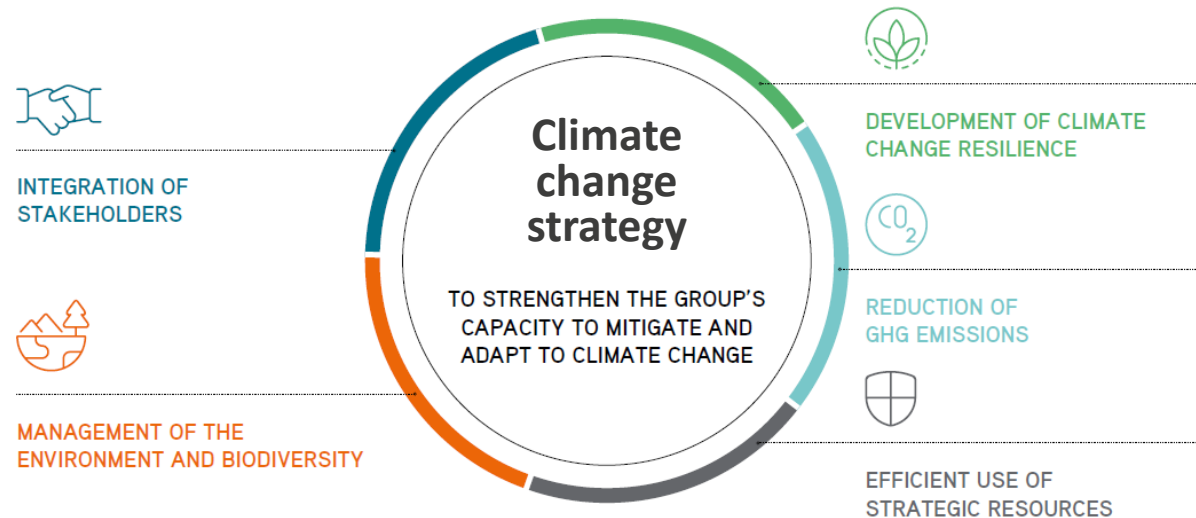
### Technical Training Centre

- Building capacities and generating opportunities for young people in the Choapa Province
- Areas of development are mining, education, construction and health
- 600 students enrolled in 2021
- 60% of graduates employed

**ECONOMIC SOCIAL CONTRIBUTION TO COMMUNITIES \$48 million**

# Climate change

*Committed to emissions reduction and efficient water use*



## GHG emissions management

- 30% reduction by 2025 compared to 2020
- Carbon neutral by 2050 or earlier
- Electricity supply: 100% renewable energy by the end of 2022
- Scope 3 inventory being prepared
- Internal carbon price introduced

## Water

- Completing desalination plant phase 1 at Los Pelambres in H2 2022
- Phase 2 completion expected 2025
- Sea and recirculated water expected to account for more than 90% of operational use by 2025





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# Growth opportunities

2021 Preliminary Results

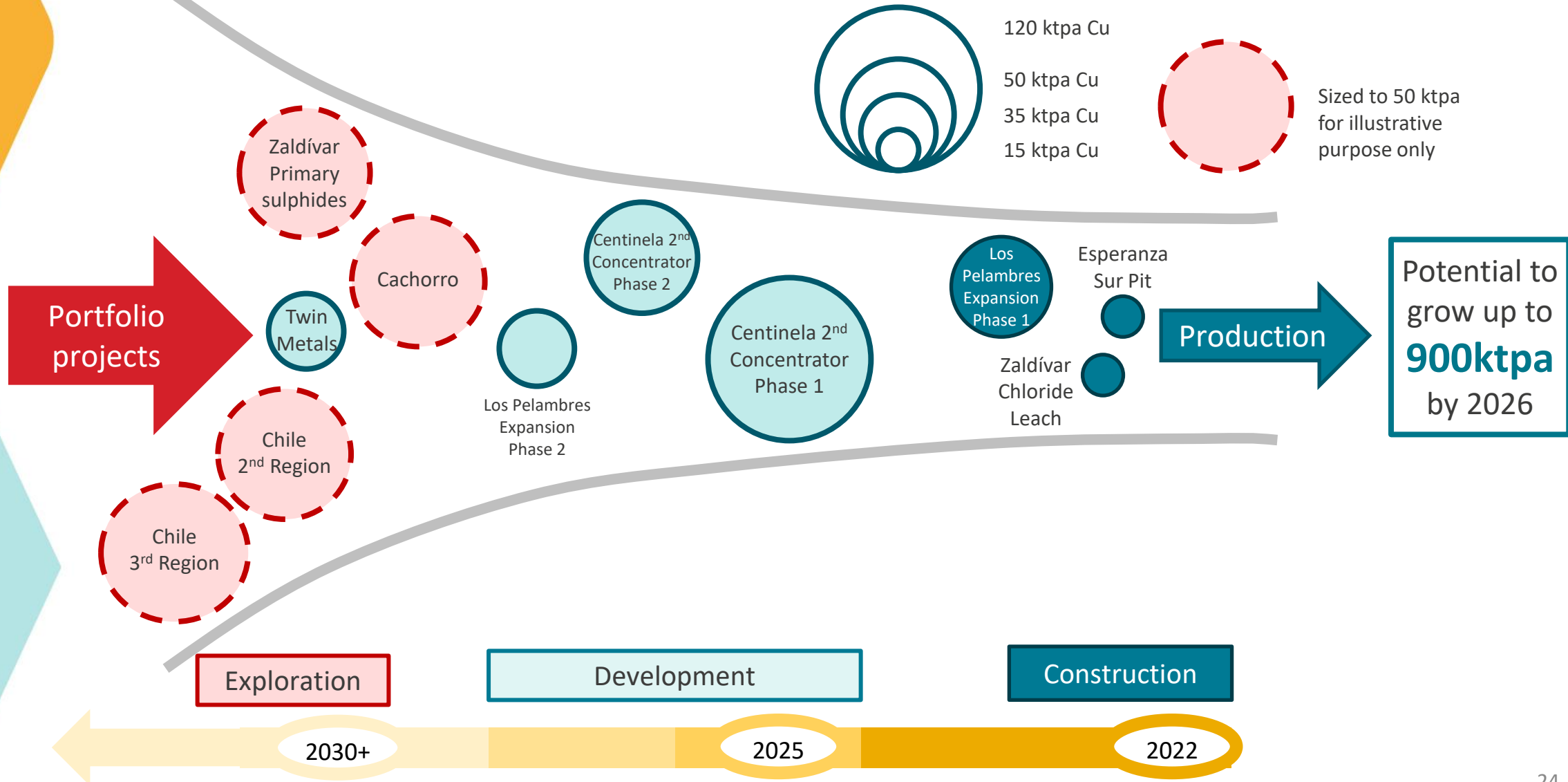
Iván Arriagada | Chief Executive Officer





# Reliable and responsible copper producer

## *With embedded growth portfolio*





# Growth projects update



## Los Pelambres Expansion Phase 1

- 68% complete
- Desalinated water system of 400 l/s, expected to be completed H2 2022
- Expansion of concentrator to 190,000 tpd, expected to be completed early 2023



## Zaldívar Chloride Leach

- Completed in January 2022 on budget
- Now being commissioned
- Increases recoveries by 10ppt (10-15,000 tonnes per year)

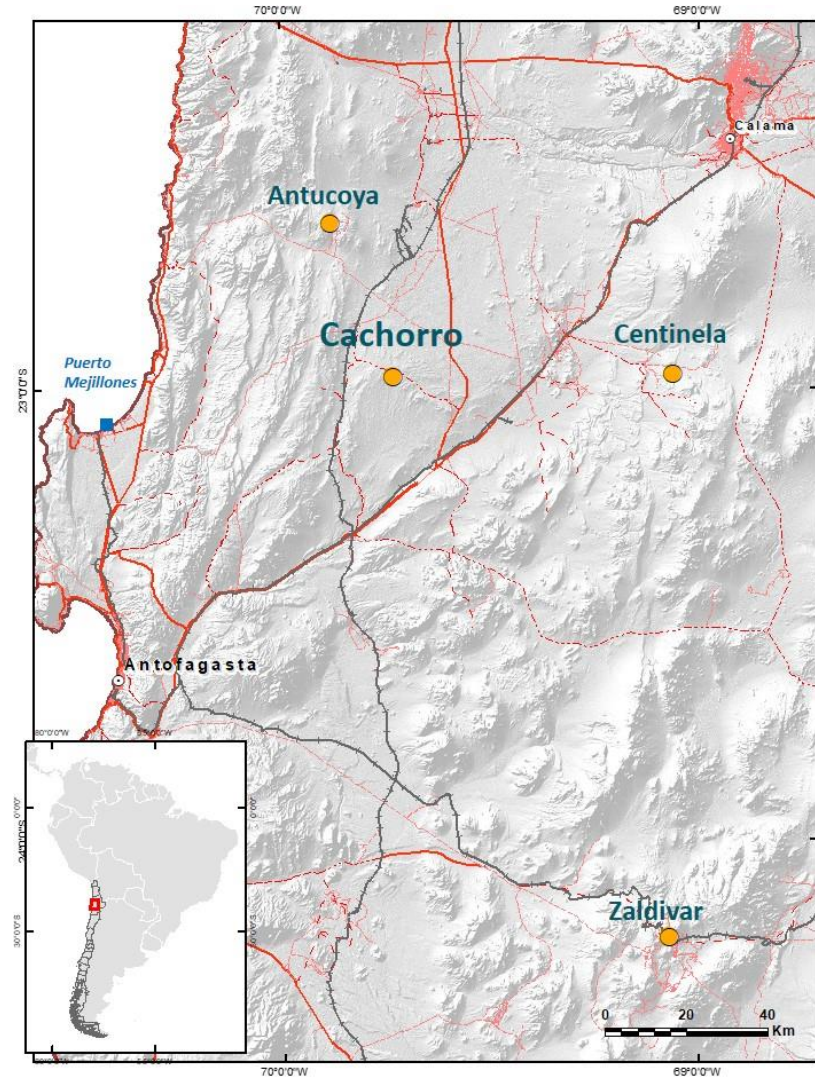


## Centinela Esperanza Sur Pit

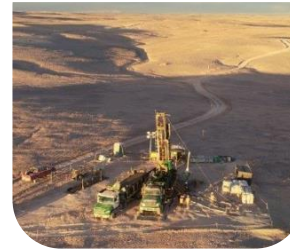
- New source of feed for Centinela Concentrator
- Reduces variability and increases production by 10-15,000 tonnes per year in the early years
- Autonomous trucks being tested
- Expected to be completed H1 2022

# Exploration

## *Cachorro maiden resource declared*



### Drilling



### Camp



### Mineralisation



### Inferred resource

142 mt @1.21% Cu

- Latest Group discovery generated by our greenfield exploration programme
- Potential to become one of the most important manto-type deposits in the coastal metallogenic belt of northern Chile
- Estimated inferred resource for the central part of the deposit, represents only a part of its potential
- Good local infrastructure
- Infill drilling will continue during 2022



# Developing mining for a better future

## *Our priorities for 2022 and beyond*

- **Responsible and reliable copper producer**
  - Zero fatalities
  - Committed to keeping our people and communities safe and healthy while creating further social value
  - Embedding climate change and sustainability strategy across all decision making and update climate change targets
  - Maintaining operating resilience and flexibility
- **Unlocking embedded growth**
  - Continuous productivity improvements to optimise margins
  - Advancing our growth projects and innovation portfolio
- **Generating returns to shareholders**
  - By delivering value to all stakeholders







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# Appendix





# At a glance

## Group

- 65% owned by Luksic Group, 35% free float
- Market cap: \$18.8 billion (February 17<sup>th</sup> 2021)
- FTSE 100

## Mining division<sup>1</sup>

- Top 10 copper producer
- High quality assets with significant potential production growth
- Copper production: 721,500 tonnes
- Gold production: 252,200 oz
- Molybdenum production: 10,500 tonnes
- Net cash costs: \$1.20/lb
- All operations in Chile

## Transport division<sup>1</sup>

- Provides rail and road cargo services in Chile's Antofagasta Region
- Total tonnage transported: 6.7 million tonnes

1 2021 figures  
2 From 31 December 2021  
3 As of 31 December 2021 on 100% basis

### Antucoya

- 70% owned
- Copper production<sup>1</sup>: 78,600 t
- Remaining mine life<sup>2</sup>: 22 years
- Reserves<sup>3</sup>: 746 million t @ 0.32% Cu

### Centinela

- 70% owned
- Copper production<sup>1</sup>: 274,200 t
- Remaining mine life<sup>2</sup>: 42 years
- Reserves<sup>3</sup>: 2.0 billion t @ 0.40% Cu

### Zaldívar

- 50% owned, operator
- Copper production<sup>1</sup>: 44,000 t (50%)
- Remaining mine life<sup>2</sup>: 14 years
- Reserves<sup>3</sup>: 451 million t @ 0.43% Cu

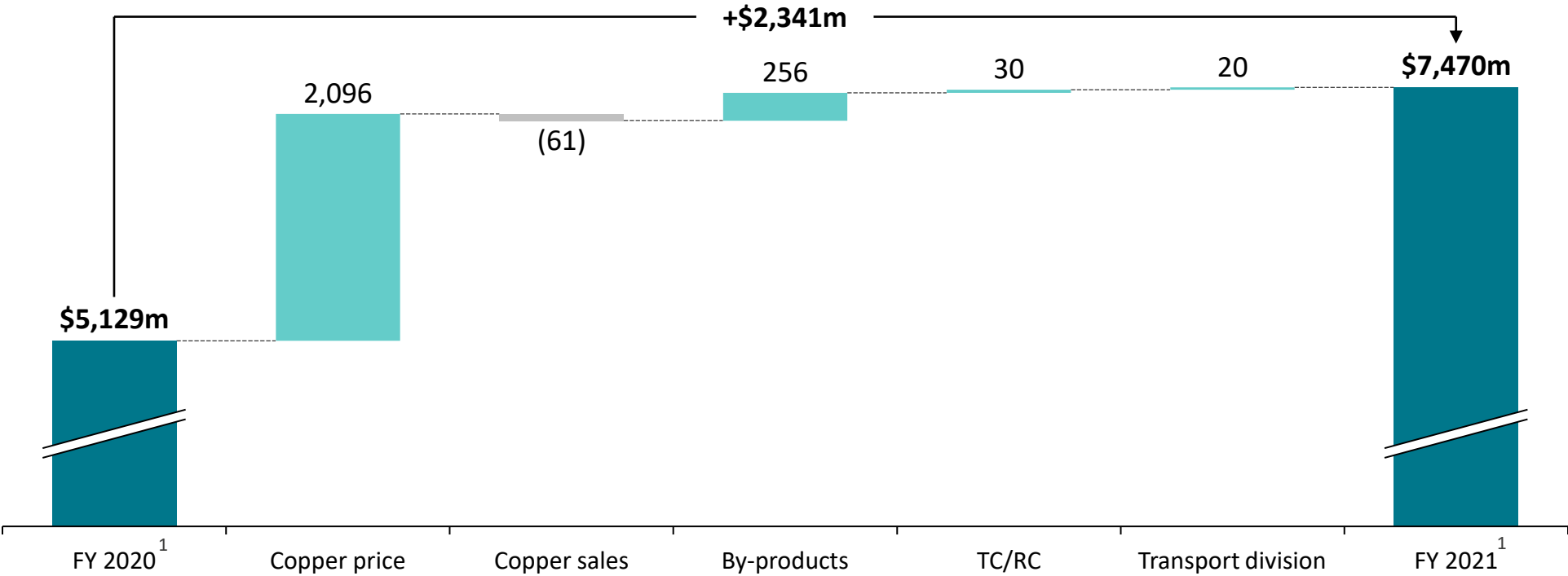
### Los Pelambres

- 60% owned
- Copper production<sup>1</sup>: 324,700 t
- Remaining mine life<sup>2</sup>: 13 years
- Reserves<sup>3</sup>: 1.0 billion t @ 0.59% Cu, 0.020% Mo and 0.05g/t Au



# Revenue

\$ million

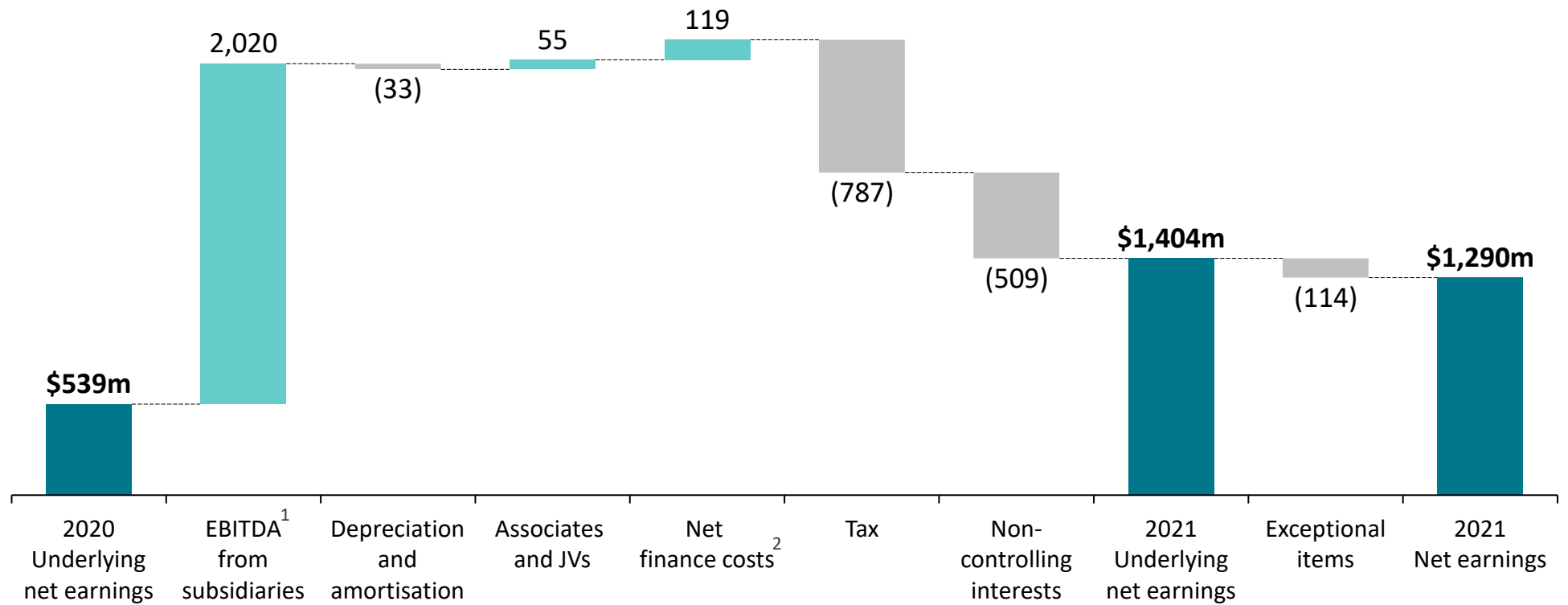


<sup>1</sup> Excludes Zaldívar and JVs



# Net earnings

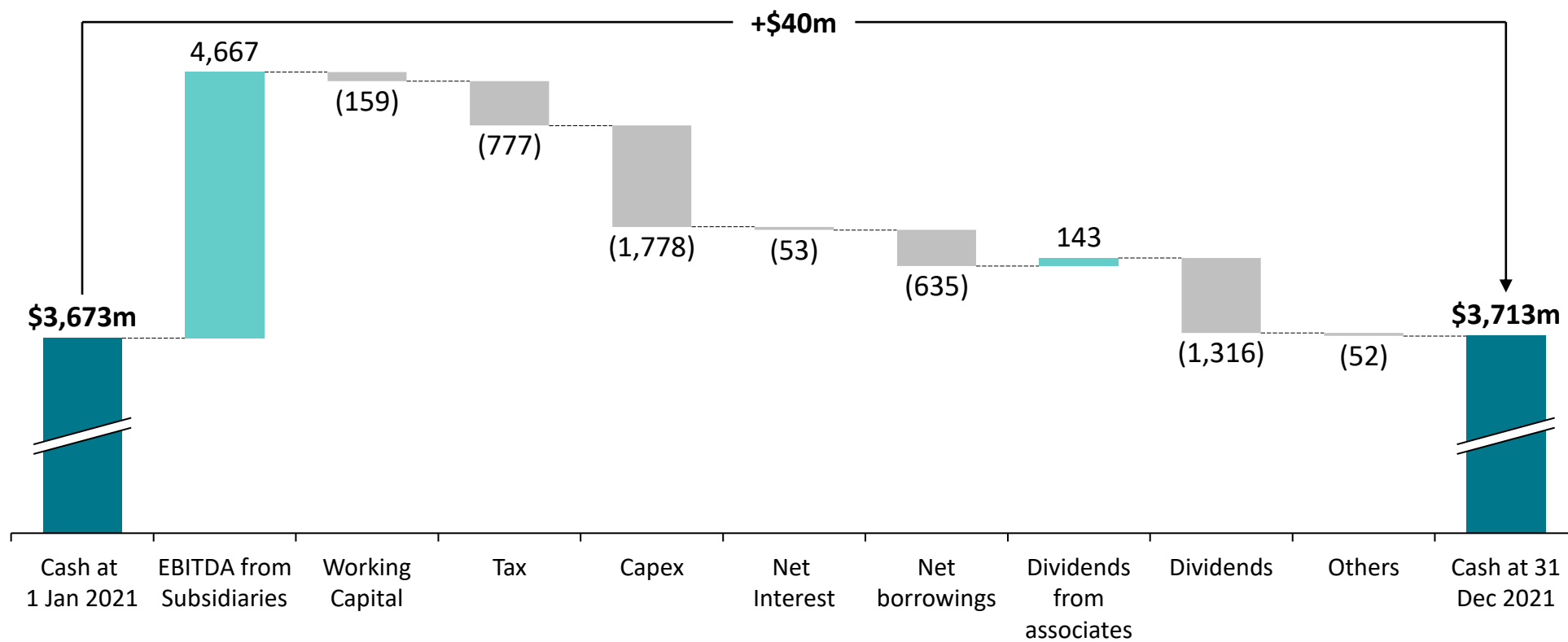
\$ million



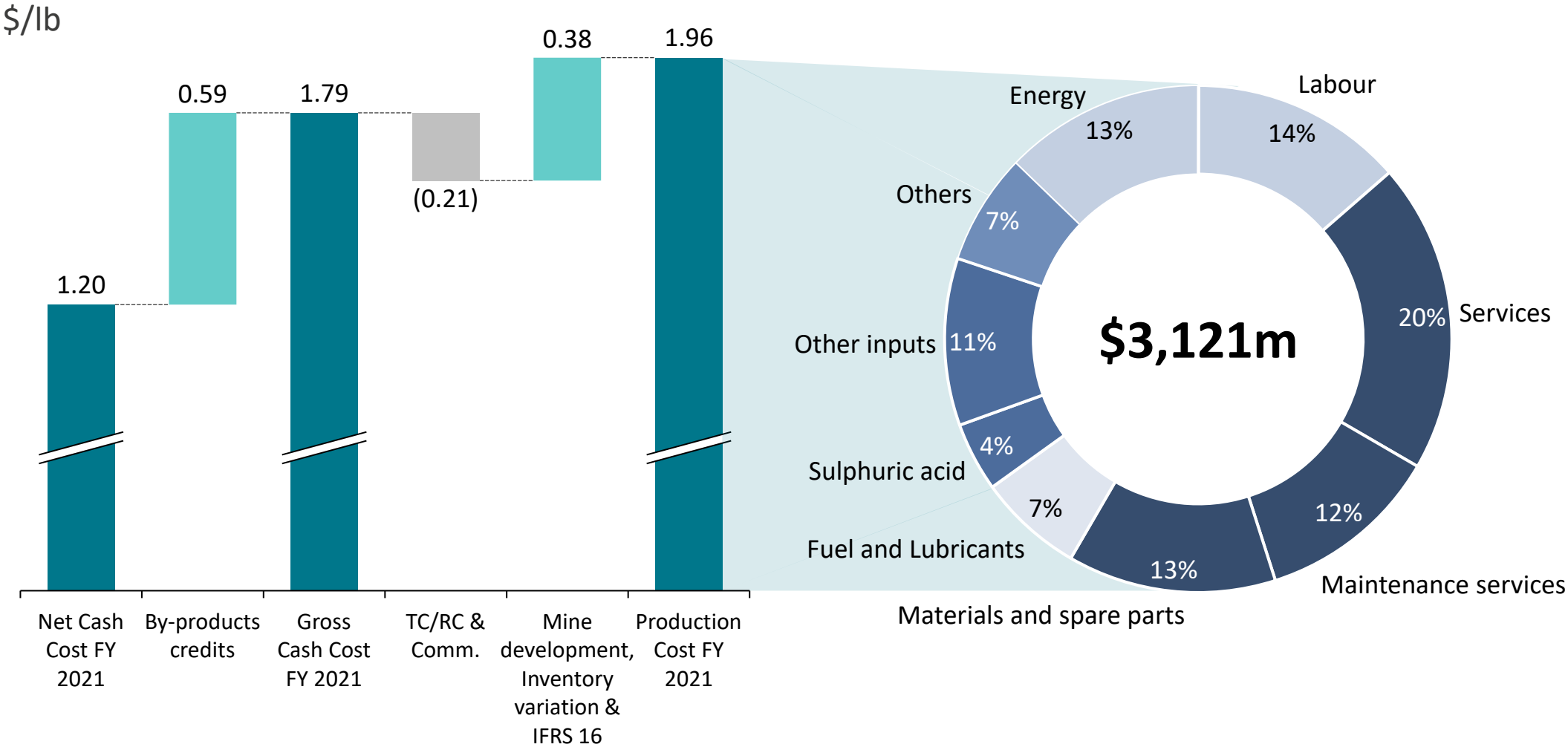
- <sup>1</sup> Excludes Associates and JVs' EBITDA
- <sup>2</sup> Includes foreign exchange adjustments

# Cash flow

\$ million



# 2021 production cost breakdown





# Production and metals prices

## Group production

	2018	2019	2020	2021	2022E <sup>1</sup>
<b>Copper ('000 tonnes)</b>					
Los Pelambres	357.8	363.4	359.6	324.7	290-300
Centinela Concentrates	155.5	195.5	153.5	185.4	245-255
Centinela Cathodes	92.5	81.1	93.3	88.8	
Antucoya	72.2	71.9	79.3	78.6	75-80
Zaldívar <sup>2</sup>	47.3	58.1	48.2	44.0	50-55
<b>Group total</b>	<b>725.3</b>	<b>770.0</b>	<b>733.9</b>	<b>721.5</b>	<b>660-690</b>

	2018	2019	2020	2021	2022E <sup>1</sup>
<b>Gold ('000 ounces)</b>					
Los Pelambres	63.2	59.7	60.3	53.2	40-50
Centinela	146.9	222.6	143.7	199.0	130-140
<b>Group total</b>	<b>210.1</b>	<b>282.3</b>	<b>204.1</b>	<b>252.2</b>	<b>170-190</b>

	2018	2019	2020	2021	2022E <sup>1</sup>
<b>Molybdenum ('000 tonnes)</b>					
Los Pelambres	13.3	11.2	10.9	9.2	6.5-7.5
Centinela	0.3	0.4	1.7	1.3	2.0-2.5
<b>Group total</b>	<b>13.6</b>	<b>11.6</b>	<b>12.6</b>	<b>10.5</b>	<b>8.5-10.0</b>

<sup>1</sup> Guidance January 2022

<sup>2</sup> Attributable share

## Metal prices

	2018	2019	2020	2021
<b>Copper (\$/lb)</b>				
Realised	2.81	2.75	2.98	4.37
LME	2.96	2.72	2.80	4.23

	2018	2019	2020	2021
<b>Gold (\$/oz)</b>				
Realised	1,256	1,416	1,797	1,788
Market	1,270	1,393	1,770	1,799

	2018	2019	2020	2021
<b>Molybdenum (\$/lb)</b>				
Realised	12.4	10.8	8.8	17.4
Market	11.9	11.4	8.7	15.9

# Unit cash costs

## Group cash costs

	2018	2019	2020	2021	2022E <sup>1</sup>
<b>Group cash costs (\$/lb)</b>					
Los Pelambres	1.52	1.40	1.27	1.59	1.75
Centinela	1.89	1.83	1.85	1.87	2.30
Antucoya	1.99	2.17	1.82	2.04	2.30
Zaldívar <sup>2</sup>	1.94	1.75	1.80	2.39	2.20
<b>Cash costs before by-products credits (\$/lb)</b>	<b>1.72</b>	<b>1.65</b>	<b>1.56</b>	<b>1.79</b>	<b>2.00</b>
By-products credits (\$/lb)	(0.43)	(0.43)	(0.42)	(0.59)	(0.45)
<b>Net cash costs (\$/lb)</b>	<b>1.29</b>	<b>1.22</b>	<b>1.14</b>	<b>1.20</b>	<b>1.55</b>

	2018	2019	2020	2021	2022E <sup>1</sup>
<b>Los Pelambres cash costs (\$/lb)</b>					
Cash costs before by-products credits (\$/lb)	1.52	1.40	1.27	1.59	1.75
By-products credits (\$/lb)	(0.61)	(0.49)	(0.46)	(0.70)	(0.50)
<b>Net cash costs (\$/lb)</b>	<b>0.91</b>	<b>0.91</b>	<b>0.81</b>	<b>0.89</b>	<b>1.25</b>

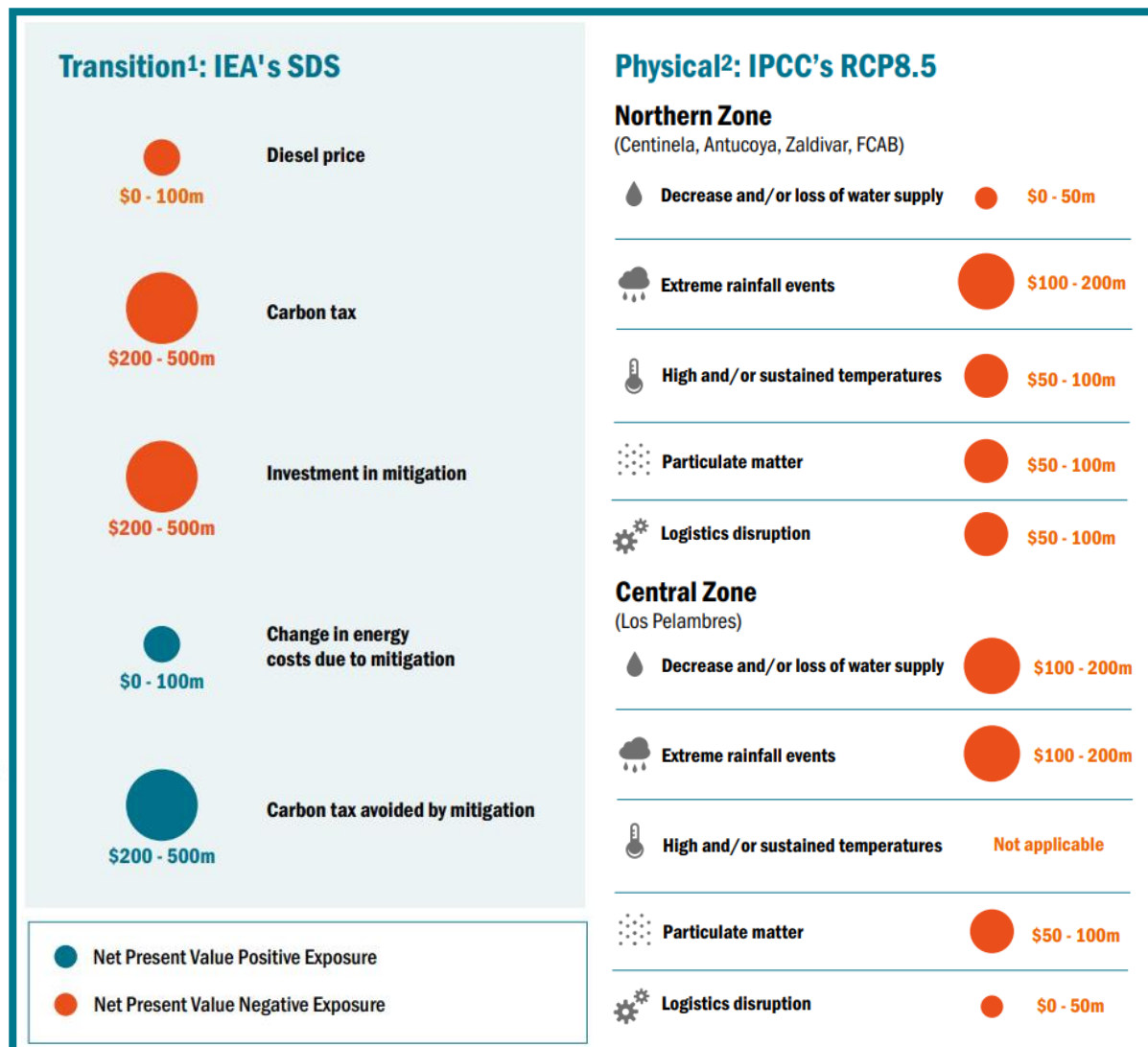
	2018	2019	2020	2021	2022E <sup>1</sup>
<b>Centinela cash costs (\$/lb)</b>					
Cash costs before by-products credits (\$/lb)	1.89	1.83	1.85	1.87	2.30
By-products credits (\$/lb)	(0.38)	(0.57)	(0.58)	(0.74)	(0.70)
<b>Net cash costs (\$/lb)</b>	<b>1.51</b>	<b>1.26</b>	<b>1.27</b>	<b>1.13</b>	<b>1.60</b>

<sup>1</sup> Guidance January 2022. Assumptions: CLP/USD 810, gold \$1,800/oz, molybdenum \$15.0/lb.

<sup>2</sup> Attributable share

# TCFD

## Adapting and mitigating transition and physical risks



### Climate scenario analysis

- Used to build our understanding of how climate risks may:
  - Develop and impact our operations
  - Inform our investment plans
  - Enhance our prevention and recovery control measures.
- Potential magnitude of our business's exposure is similar under both an extreme physical warming scenario and aggressive mitigation scenario
- Likelihood of value at risk is uncertain
- Provides a useful reference point against which to assess and prioritise mitigation and adaptation measures to reduce our exposure and strengthen our resilience.

- The positive impact of climate change on copper demand or the copper price, has not been quantified.
- Physical changes in climate and the associated impacts vary by geography and will impact Antofagasta's operations in different ways.



# Growth projects and innovation update



## Centinela Second Concentrator

- Increases annual production by 180,000 tonnes of copper equivalent
- Investment decision expected end 2022. PFS capital estimate \$2.7bn
- First production expected 2025
- Detailed engineering and execution plans being prepared
- Financing options for current and new water systems being investigated



## Innovation: Cuprochlor-T®

- Industrial-sized leaching test of 40,000 tonne heap confirms previous test work
- Leaches primary sulphides with recoveries of 70% or more, after approximately 200 days
- Potential to unlock value from previously uneconomic mineral resources
- Being considering for use at existing operations

# Reserves and resources as of 31 December 2021

	Tonnage (millions tonnes)		Copper (%)		Molybdenum (%)		Gold (g/t)		Attributable Tonnage (millions tonnes)	
	2020	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Ore reserves</b>										
Los Pelambres	956.1	1,010.5	0.59	0.59	0.020	0.020	0.05	0.05	573.7	606.3
<i>Centinela Concentrates (Sulphides)</i>	<i>1,684.3</i>	<i>1,738.1</i>	<i>0.41</i>	<i>0.41</i>	<i>0.012</i>	<i>0.012</i>	<i>0.14</i>	<i>0.14</i>	<i>1,179.0</i>	<i>1,216.7</i>
<i>Centinela Cathodes (Oxides)</i>	<i>299.3</i>	<i>323.9</i>	<i>0.39</i>	<i>0.40</i>	-	-	-	-	<i>209.5</i>	<i>226.7</i>
Centinela Total	1,983.6	2,062.0	0.40	0.41	-	-	-	-	1,388.5	1,443.4
Antucoya	745.5	710.7	0.32	0.32	-	-	-	-	521.9	497.5
<b>Total</b>	<b>3,6385.3</b>	<b>3,783.2</b>	<b>0.43</b>	<b>0.44</b>	-	-	-	-	<b>2,484.1</b>	<b>2,547.2</b>
<b>Group Joint Ventures</b>										
Zaldívar	450.8	467.5	0.43	0.45					225.4	233.7
<b>Total Group Ore Reserves</b>	<b>4,136.2</b>	<b>4,250.7</b>	<b>0.43</b>	<b>0.44</b>	-	-	-	-	<b>2,709.5</b>	<b>2,780.9</b>
<b>Mineral resources (including ore reserves)</b>										
Los Pelambres	5,957.4	6,046.1	0.50	0.50	0.017	0.017	0.06	0.05	3,574.5	3,627.6
Centinela Concentrates (Sulphides)	4,092.1	4,126.0	0.38	0.38	0.013	0.012	0.12	0.13	2,864.5	2,888.2
Centinela Cathodes (Oxides)	441.9	474.2	0.37	0.37	-	-			309.3	331.9
Antucoya	1,191.6	1,235.8	0.30	0.30	-	-			834.1	865.0
Polo Sur	1,657.0	1,657.0	0.33	0.33	-	-			1,657.0	1,657.0
Penacho Blanco	340.2	340.2	0.37	0.37	-	-			173.5	173.5
Mirador	93.5	92.3	0.30	0.30	-	-			86.0	85.2
Los Volcanes	1,904.2	1,904.2	0.50	0.50	-	-			971.1	971.1
Brujulina	87.2	87.2	0.49	0.49	-	-			44.5	44.5
Sierra	52.0	52.0	0.69	0.69	-	-			52.0	52.0
Cachorro	141.6	-	1.21	-	-	-			141.6	-
					<b>Nickel (%)</b>		<b>Total precious metals (g/t Au+Pt+Pd)</b>			
Twin Metals	2,509.1	2,509.1	0.52	0.52	0.17	0.17	0.47	0.47	2,085.0	2,085.0
<b>Group Joint Ventures</b>										
Zaldívar	1,309.9	1,268.8	0.38	0.39	-	-	-	-	654.9	634.4
<b>Total Group</b>										
Measured + Indicated	11,038.1	11,070.6	0.45	0.45	-	-	-	-	7,701.5	7,728.7
Inferred	8,739.7	8,722.3	0.43	0.42	-	-	-	-	5,746.6	5,686.9
<b>Total Group Mineral Resources (including ore reserves)</b>	<b>19,777.8</b>	<b>19,792.8</b>	<b>0.44</b>	<b>0.44</b>	-	-	-	-	<b>13,448.1</b>	<b>13,415.6</b>

# Antofagasta contacts



ANTOFAGASTA PLC

**Andrew Lindsay**

Director, London Office

alindsay@antofagasta.co.uk

Tel: +44 20 7808 0988



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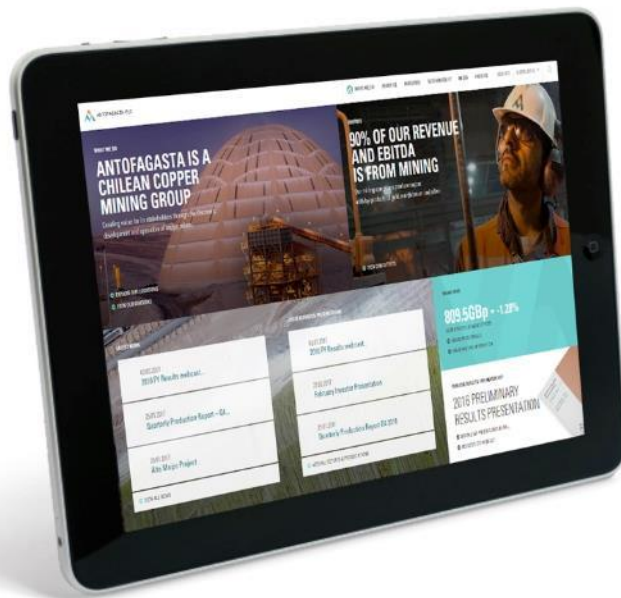
**Rosario Orchard**

Investor Relations Manager

rorchard@antofagasta.co.uk

Tel: +44 20 7808 0988





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[www.antofagasta.co.uk](http://www.antofagasta.co.uk)



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