



ANTOFAGASTA PLC

2021 Preliminary Results Presentation

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Chief Executive Officer

Mauricio Ortiz

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Vice President of Corporate Affairs and Sustainability

22 February 2022



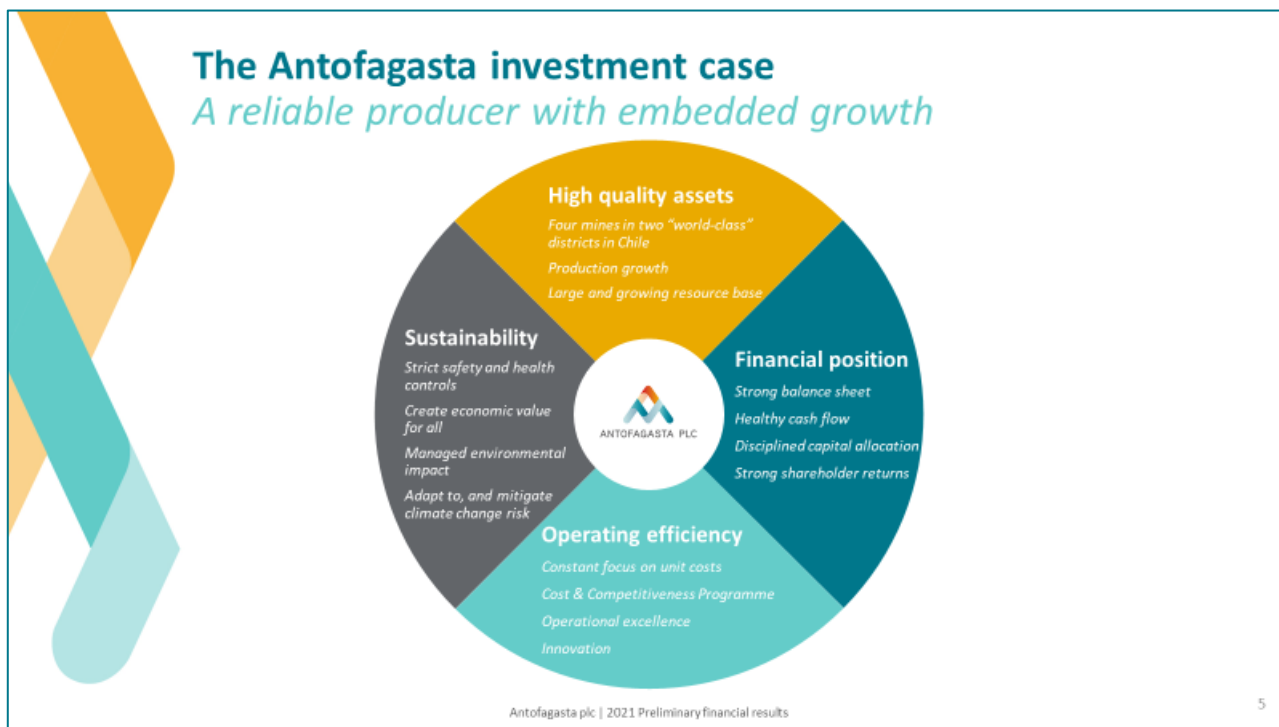
ANTOFAGASTA PLC

Overview

2021 Preliminary Results

Iván Arriagada | Chief Executive Officer

- Welcome to our 2021 full year preliminary financial results.
- I am Iván Arriagada, Chief Executive of Antofagasta.
- With me today you will also hear from our CFO, Mauricio Ortiz and René Aguilar, our Vice President of Corporate Affairs and Sustainability.
- I would like to start by reminding everyone about Antofagasta's investment case.
- I will continue with a brief overview of our performance in 2021.
- Then I'll talk about the copper market and developments on the current political and fiscal events in Chile.
- Mauricio will then take you through our financial results; and
- René will talk about safety and our sustainability achievements and challenges, with a focus on climate change and communities.
- I will then take you through our development options and finish by setting out our priorities for this year and the medium-term.



- Let me start by summarising why Antofagasta is a solid investment case across the cycle.
- Copper is a critical metal to support the global transition to a low carbon economy and Antofagasta is a pure play copper producer with high quality assets in Chile, supported by a team that delivers reliably and responsibly.
- We have many embedded growth options in our portfolio with identified levers to unlock that growth that will create value for all our stakeholders which can take us to 900,000 tpa of copper production by 2026.
- Our high-quality assets, Los Pelambres and Centinela, hold 70% of our mineral resources and are the source of over 80% of our production. They are both expandable and offer us a significant range of value-accretive organic growth options.
- In addition, we have incremental growth within our asset portfolio, a new proprietary primary sulphide-leach technology that could unlock value from previously uneconomic mineral resources.
- We also constantly work to improve our operating efficiency in the short, medium and long term through cost control and productivity improvements, while keeping the reliability and safety of our operations.
- And across our business, sustainability underpins everything we do. This includes, the safety and health of our people, our commitment to reducing our impact on the environment and sharing development benefits with our local communities.
- We have the financial strength to deliver this growth responsibly, as is illustrated by the robustness of our balance sheet and today's strong financial results. And we remain committed to being financially disciplined and providing returns to shareholders through the application of our capital allocation policy which is fundamental to all our investment decisions.

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%

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6

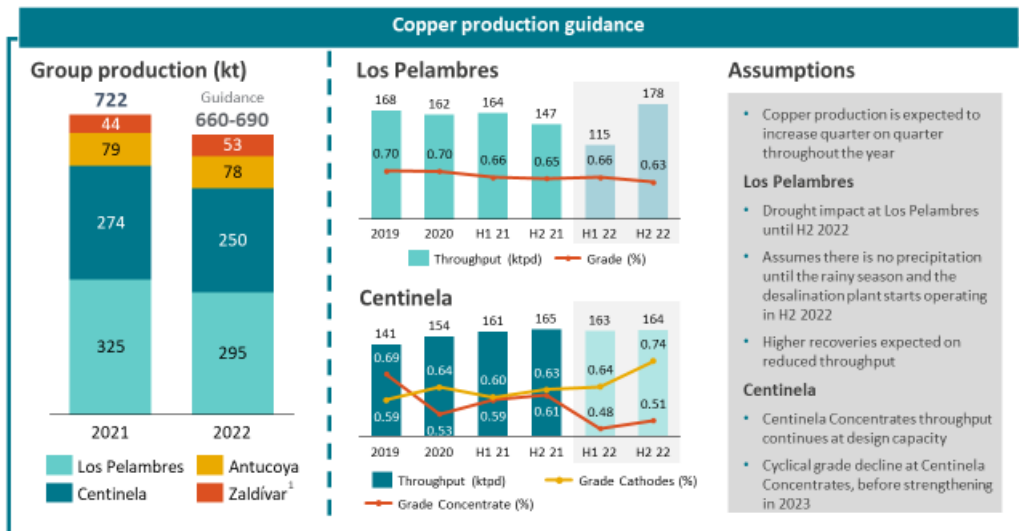
- We remain committed to safety which is our top priority. However, after 33 months without a serious accident we had a fatal accident at Los Pelambres in 2021. A full investigation was completed following which the identified learnings were implemented at all our sites.
- During the year our mines and plants performed consistently as planned and we can be proud of our achievements, despite the challenges of COVID-19 and the continued drought in central Chile.
- We successfully achieved our production and cost guidance for the year with copper production of 721,500 tonnes at a net cash cost of \$1.20/lb.
- Supported by a strong copper price, our EBITDA increased by 77% to \$4.8 billion, a record for the Group, with an EBITDA margin of 65%.
- Cash flow from operations was also very strong at \$4.5 billion and our already robust balance sheet has strengthened to a net cash position of \$540 million.
- Our total dividend for the year is 142.5 cent per share, which is equivalent to a 100% pay-out ratio.



- We are committed to mitigating and adapting to climate change, and the copper we produce is part of the solution to this global challenge.
- During the year we announced new emission and carbon neutrality targets.
- Regarding water, we expect that by 2025, 90% of the water used by our mining operations will be sea or recirculated water.
- Centinela and Zaldívar have achieved the Copper Mark and Los Pelambres and Antucoya have begun the accreditation process and in our Annual Report we will be reporting against the TCFD recommendations.
- We continue to work closely with the communities in which we operate through the relationship we have developed over the years', and which has become particularly important during the COVID-19 crisis.
- Looking to the future, we are creating value through our growth projects and innovation, a key part of our strategy as it leads to improved performance and growth.
- We have developed a patented primary sulphide leach technology called Cuprochlor-T that could open new growth projects.
- We also recently declared a maiden resource at a greenfield discovery of 142 million tonnes at 1.21% of copper grade in the coastal belt of the Antofagasta Region.
- We have been introducing innovations that are changing the way we operate, such as introducing autonomous trucks at Centinela, establishing remote operating centres so our employees can work smarter and maintain a good quality of life, and setting up a Digital Academy to upskill all the people across our business.
- All of this is underpinned by our purpose of 'developing mining for a better future'.

2022 Guidance

Drought impact continues at Los Pelambres



1 Group's 50% share

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8

- This year copper production will be in a range of 660-690,000 tonnes, which reflects lower expected grades at Centinela and the temporarily reduced throughput at Los Pelambres due to the continuing drought.
- As you can see on the graphs throughput at Los Pelambres was partly affected by the drought in the second half of the year and this is expected to continue during H1 this year before recovering strongly in H2. At Centinela the grade from our Esperanza pit will decline this year, as part of the mine development variation we have there, before increasing again in 2023.
- During the year copper production is expected to increase quarter-on-quarter throughout the year, mainly due the production profile at Los Pelambres.

Copper market

Fundamentals are strong and supportive of future prices

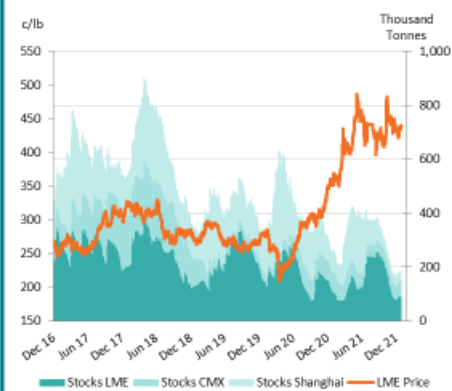
Supply outlook

- 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



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9

- I would like to say a few words about the copper market which has been unusually stable in recent months as the fundamentals remain strong, stimulated by a range of positive factors.
- Copper is not only a commodity essential for our daily lives, but it also plays an integral role in our future, given its use in decarbonisation and economic progress, especially in emerging economies.
- The supply story is one of structural constraints as mines age and grades decline, and as permitting new projects becomes more onerous in every region in the world. It currently takes, on average, about 15 years from discovery to production, which means any significant supply side response to higher prices is not going to be immediate.
- In the longer term the fundamentals for demand growth of urbanisation, renewables and electromobility remain unchanged and our confidence in copper in the long term continues.
- Antofagasta is in a prime position to seize the growth in demand. We have the embedded tons across our business, the ability to unlock them, and we are a responsible and reliable producer.

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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10

- In Chile, there are various changes underway including most importantly the development of a new Constitution. While this is currently work in progress and there is no guaranteed outcome, if successful it may provide the opportunity to develop a new social pact which can provide higher levels of social cohesion going forward.
- Chile elected a new president and a new congress last year and they will take office on 11 March. The make-up of congress is balanced with no overall control resting with any one group.
- A draft bill proposing a new mining royalty was approved in May by the lower chamber of Congress and is now being considered by the upper house.
- Members of these committees have noted the importance of balancing the contribution of the mining sector to the economy with the future economic prosperity of the country, as well as the benefits it brings in attracting foreign investment.
- A Constitutional Convention was elected in May 2021 and has until July 2022 to write a new constitution. Each clause will require a two-thirds majority vote before it is included in the new constitution which will then be put to a national referendum for approval, before the end of this year, 2022.
- I would now like to pass over to Mauricio, who will give you some more detail on our financial performance. Mauricio...



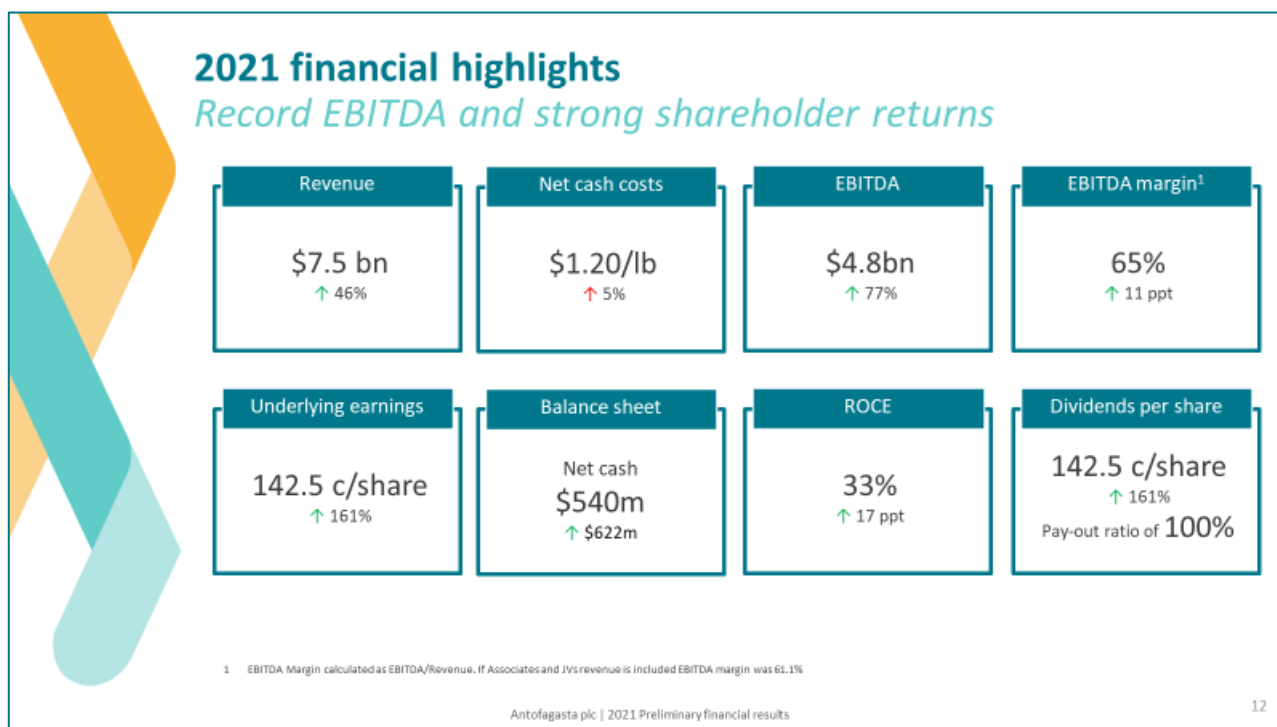
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Financial review

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Mauricio Ortiz | Chief Financial Officer

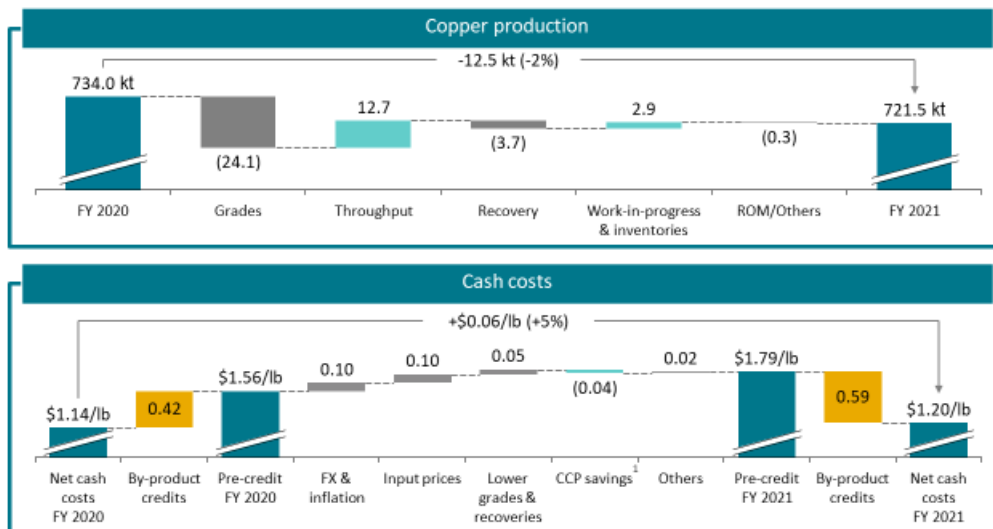
- Thank you and good morning to everyone.



- As Ivan said, we had a strong set of results in 2021.
- Net cash costs in 2021, outperformed our guidance, driven by operational and cost discipline across our assets and higher by-product credits, partially off-setting the stronger Chilean peso and higher input prices.
- Our EBITDA margin increased to 65%, which is 11 points higher than in 2020, showing our ability to translate the higher copper price into better margins.
- Our solid cash flow from operations allowed us to improve our already strong financial position, completely deleveraging our balance sheet to a Net Cash position of \$540 million.
- Our underlying net earnings were up by more than 160%, reaching a record of \$1.4 billion or 1 dollar and 42.5 cents per share.
- Now, if we look at Return on Capital Employed, in 2021 we had a healthy return of 33%, up by 17 points in comparison with 2020.
- And finally, having assessed all the decision factors in our capital allocation framework, our total dividend for the year is 1 dollar and 42.5 cents per share, which is equivalent to a pay-out ratio of 100% of underlying net earnings and is 161% higher than in 2020.

Production and cash costs

Cost pressure offset by by-products credits



1 Cost and Competitiveness Programme

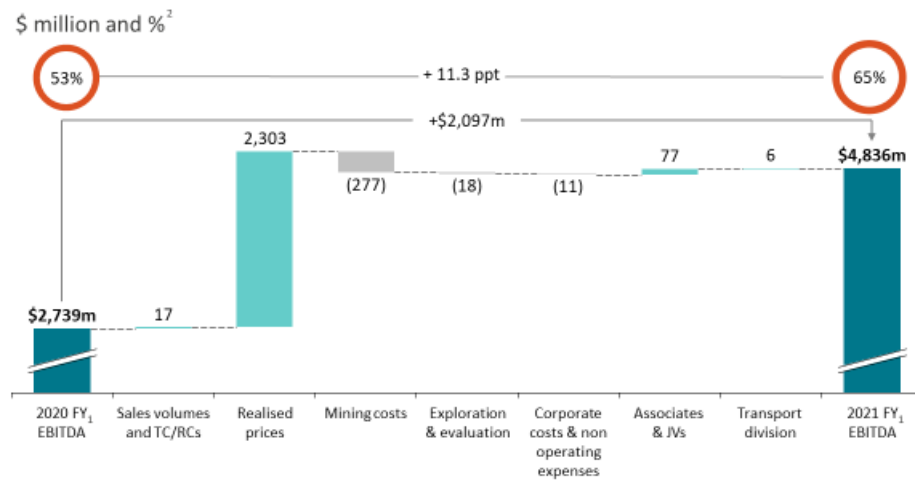
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13

- Now, let me take you through a summary of our production and costs.
- Our operations performed well during the year, with strong throughput at all our operations, except for Los Pelambres which had a lower throughput in the latter part of the year due to the drought.
- Examples of higher commodity price environment were not only in the revenue line but also in higher input prices, particularly energy and diesel and higher by-products revenue.
- We benefited at our two largest operations from having significant by-product production, which contributes to our net cash costs – 59 cents per pound in 2021 compared with 42 cents per pound in 2020.
- The global economic recovery in 2021, the stronger peso, temporary inflation and higher input prices explain most of the 23 cents per pound increase in our cash costs before by-products compared to 2020.
- Lower production also adversely affected costs with lower grades at Los Pelambres, Antucoya and Zaldívar. However, this was partially mitigated by the cost benefits from increased throughput and other initiatives, including our Cost and Competitiveness Programme, which achieved structural savings and productivity improvements of more than \$130 million during the year.
- Overall, our net cash costs for the year were \$1.20 per pound, roughly 5% higher than in 2020.

EBITDA and margin

Underpinned by higher commodity prices



¹ Results of continuing operations only and includes EBITDA from Associates and JVs

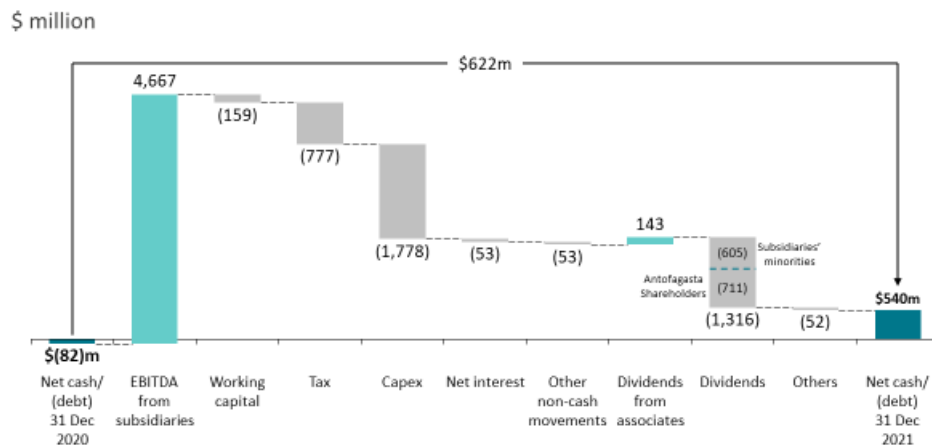
² Calculated as EBITDA/Group revenue. If Associates and JVs' revenue is included the EBITDA margin was 61.1% in 2021 and 50.3% in 2020

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14

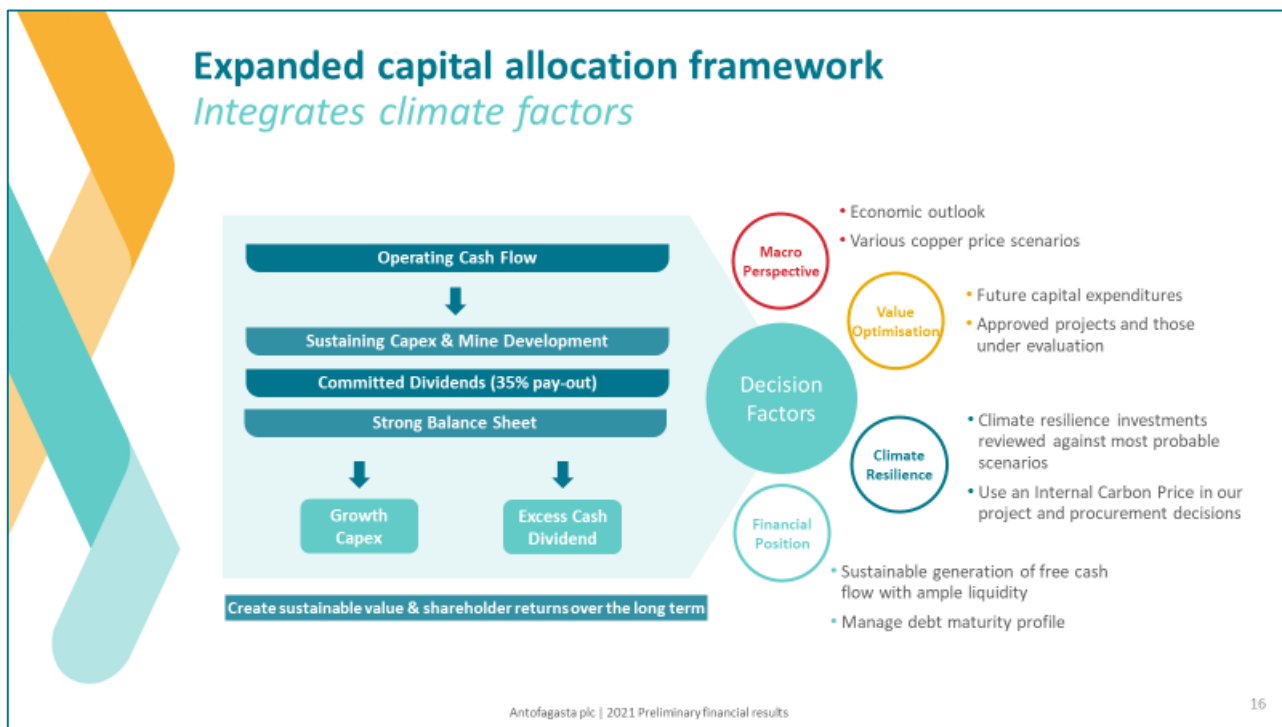
- As I mentioned earlier, our EBITDA was \$4.8 billion, some \$2.1 billion higher than in 2020.
- This was mainly driven by a \$2.3 billion, or 46% revenue increase due to higher realised copper and molybdenum prices, slightly offset by higher mining costs.
- Exploration and Evaluation, which includes expenditure on pre-feasibility studies, increased by \$18 million.
- Our Associates and Joint Ventures have increased their contribution to EBITDA by \$77 million, mainly as a result of a higher contribution from Zaldívar.
- Finally, our EBITDA Margin was 65%, that means 11 percentage points higher than in 2020.

Net cash Strong balance sheet



15

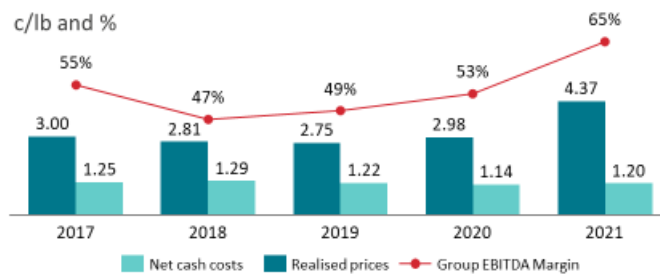
- Consistent with our financial discipline, we have maintained our robust balance sheet.
- Mainly driven by the strong EBITDA from subsidiaries, our net debt decreased substantially during 2021 and switched to a net cash position of \$540 million.
- As always, this net cash figure includes our partners' share of shareholders loans. In 2021 Centinela repaid all its shareholder loans leaving only Antucoya with a \$185 million loan. If this is stripped out, we would be in a net cash position of more than \$700 million at the Group level.



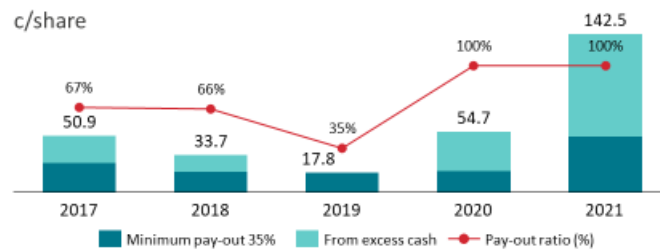
- As you are aware, our capital allocation framework is fundamental to all our financial decisions.
- Everything is underpinned by our strong operating cash flow.
- After this, we invest through the cycle in sustaining capital programmes that will replace old plant and equipment. We also invest in mine development, where we open up different phases of the mines to expose the mineral to be mined later.
- Next, we fulfil our minimum commitment to our shareholders by paying 35% of our underlying net earnings as dividends.
- With our excess cashflows we consider the strength of our balance sheet and then assess our growth projects, which must be in line with our stringent return and risk criteria. If nothing fits our criteria, we return this excess cash to our shareholders, as part of our dividend policy.
- Central to our way of mining is to deliver on the value we have committed.
- Therefore, managing risks such as the effects of climate change on our portfolio is an important part of this framework.
- At Antofagasta, we are putting Value Optimization and Climate Resilience together at the centre of our financial decisions. Remember that we have introduced an internal carbon price and are evaluating the impact of climate change variables on the life of our mines.
- This will definitely help us to be better prepared and resilient for the challenges we face in the future.

Robust EBITDA converts into dividends

Policy unchanged, record of strong returns to shareholders



EBITDA Margin
2021
65%



Average 5-year
pay-out ratio
73%

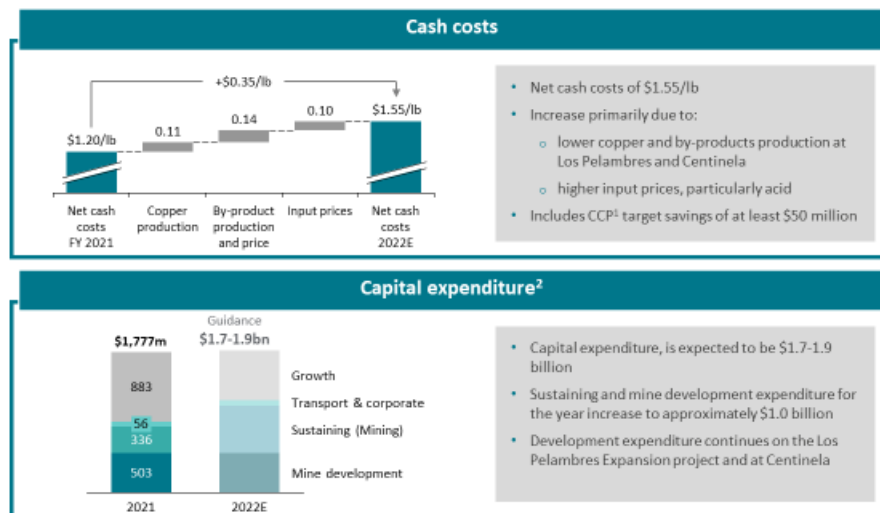
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17

- Operational discipline, achieving our annual production targets, together with our Cost and Competitiveness Programme and the by-product revenue streams from our two largest mines, Los Pelambres and Centinela, allows us a stable net cash cost to capture price increases in our products, which translates to a higher EBITDA and margin increase.
- Based on that, our pay-out -ratio for the year is 100%, a record total dividend of 1 dollar and 42.5 cents per share.
- Since we implemented our dividend policy, we have consistently complied with our minimum 35 per cent dividend pay-out-ratio policy and have averaged 73% over the last five years.

2022 Guidance

Cash costs and capital expenditure

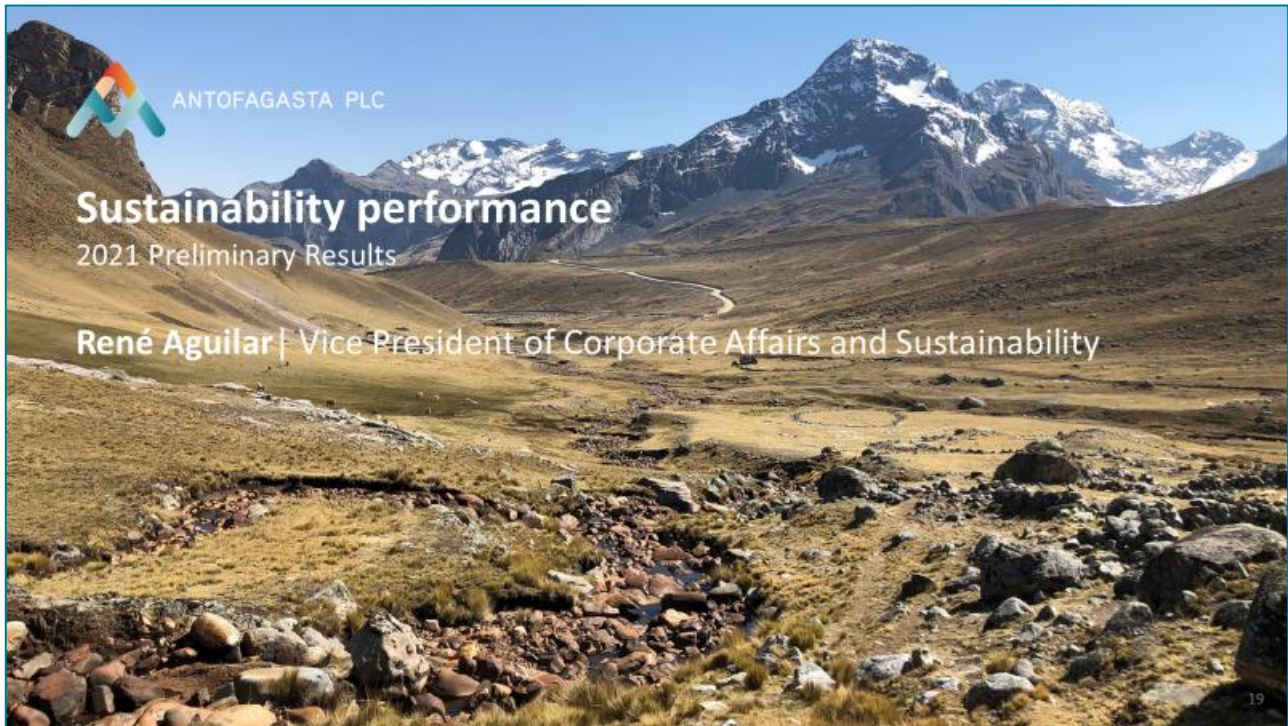


¹ Cost and Competitiveness Programme
² Figures are based on cash flow and exclude Zaldivar. Attributable Zaldivar capital expenditure was \$87m in 2021.

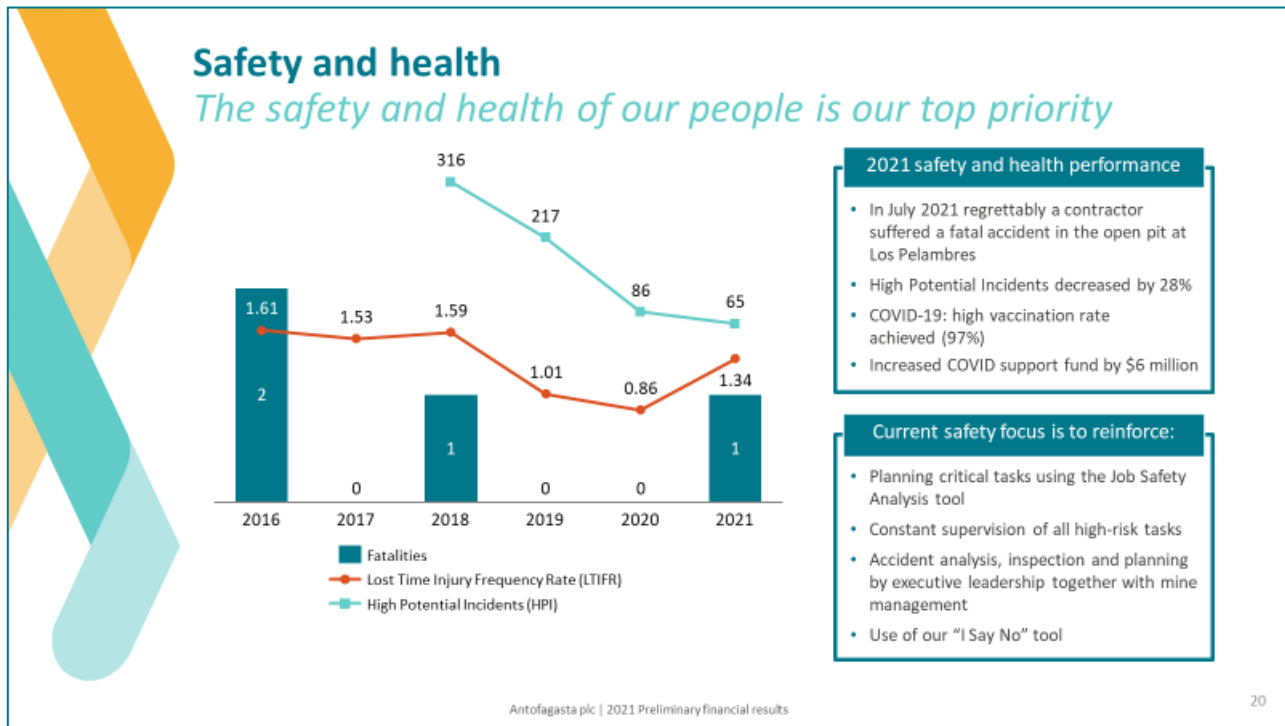
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18

- Group cash costs in 2022 before and after by-product credits are expected to be \$2.00/lb and \$1.55/lb respectively, reflecting increased input costs, such as sulphuric acid, and temporary lower production at our two lowest cost operations. By-product credits are also expected to decrease as gold and molybdenum production falls.
- As always, we remain very focused on productivity. On the back of the very successfully year-on-year achievements, we are now targeting savings of at least \$50 million under our Cost and Competitiveness Programme. We expect these will offset some of the other inflationary cost pressures we expect to see in 2022.
- Capital expenditure in 2022 is expected to be \$1.7–1.9 billion, as sustaining and mine development expenditure increase to approximately \$1.0 billion, and development expenditure continues on the Los Pelambres Expansion project and at Centinela.
- Now René will give you some more detail on our sustainability performance. René...



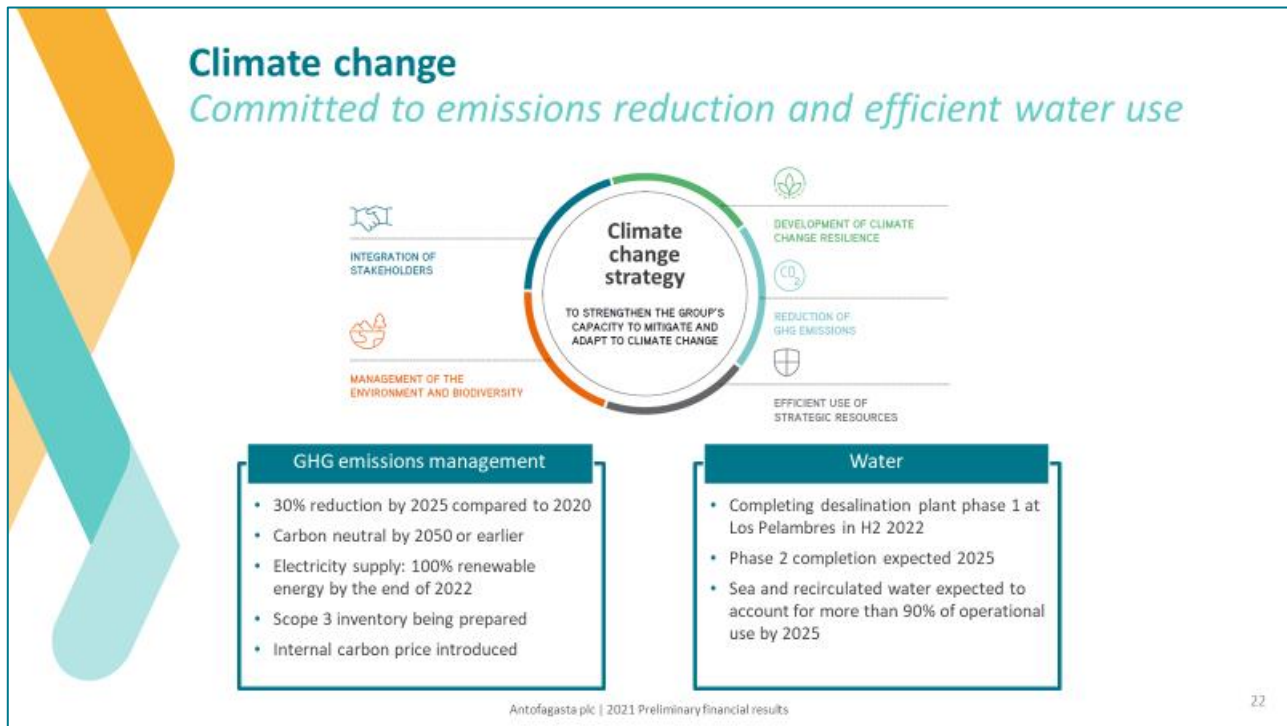
- Thank you, Mauricio.



- As was mentioned earlier, in July 2021 we regrettably had one fatal event, to one of our contractors working in the open pit at Los Pelambres.
- To avoid fatalities, we are taking many actions to develop a resilient safety culture. This is supported by rigorous risk assessment and permanent supervision of all critical tasks, and an open and transparent reporting so as to understand all our unwanted events, and in particular those that could lead to High Potential Incidents or HPIs.
- As a result, we are emphasising the reduction of our HPIs as a key leading indicator. We use the LTI frequency rate as a lagging indicator and as an early sign for intervention and HPI prevention.
- COVID has continued to impact how we run our operations and projects but with the preventative controls we have introduced and the very high level of vaccination rates we have, this impact has been constrained.
- In terms of safety, our current focus is to reinforce the key principles of our strategy, focusing on our operators' ability to understand and manage the risks of our critical tasks, ensure competent and effective supervision and having a decisive leadership effort to reinforce our commitment to zero fatalities and occupational illnesses.



- Our business goals and success are intricately linked to those of our surrounding communities.
- Some examples of how we contribute locally are:
- The En-Red project. This initiative aims to integrate communities in our areas of influence into the Digital Age in order to promote new possible life paths and hasten access to the social and economic benefits offered by digitalisation. The strategy is focused on five areas: health and telemedicine, education, job training, water management and entrepreneurship.
- We are also promoting growth in local suppliers, connecting them with the operations and also with larger suppliers so they can increase their market opportunities.
- In 2018, together with the Northern Catholic University we designed and opened the first Technical Training Centre in the Choapa Province, where Los Pelambres is located. Three years later we have 162 students successfully graduated.
- During the year we've also committed an additional \$6 million to the Covid Support Fund we set up in 2020, which now totals \$12 million.
- During 2021, we have assigned a total of 48 million dollars to manage and run a series of projects agreed with the communities contributing to their positive economic and social wellbeing.



- We are committed to mitigate and adapt to climate change and we have assessed and reported on TCFD and also have shared our first Climate Change Report in 2021.
- We have already made real progress in reducing our carbon emissions and by 2025 we also expect 90% of the water we use to either be from the sea or recirculated.
- By the end of this year all our mining operations are going to be sourced solely by renewable power. A transition that we started in 2020 at Zaldívar.
- During May 2021, we announced two new targets. The first a short-term emissions target to reduce our Scope 1 and 2 emissions by 30% by 2025. The second, longer-term target, is to achieve carbon neutrality by 2050 or earlier, if suitable technologies are developed over the coming years.
- Regarding Scope 3, we will continue to analyse and measure our inventory of these emissions and we will also be working towards setting a reduction target for them.
- Thank you for your attention. I will now pass you back over to Ivan...



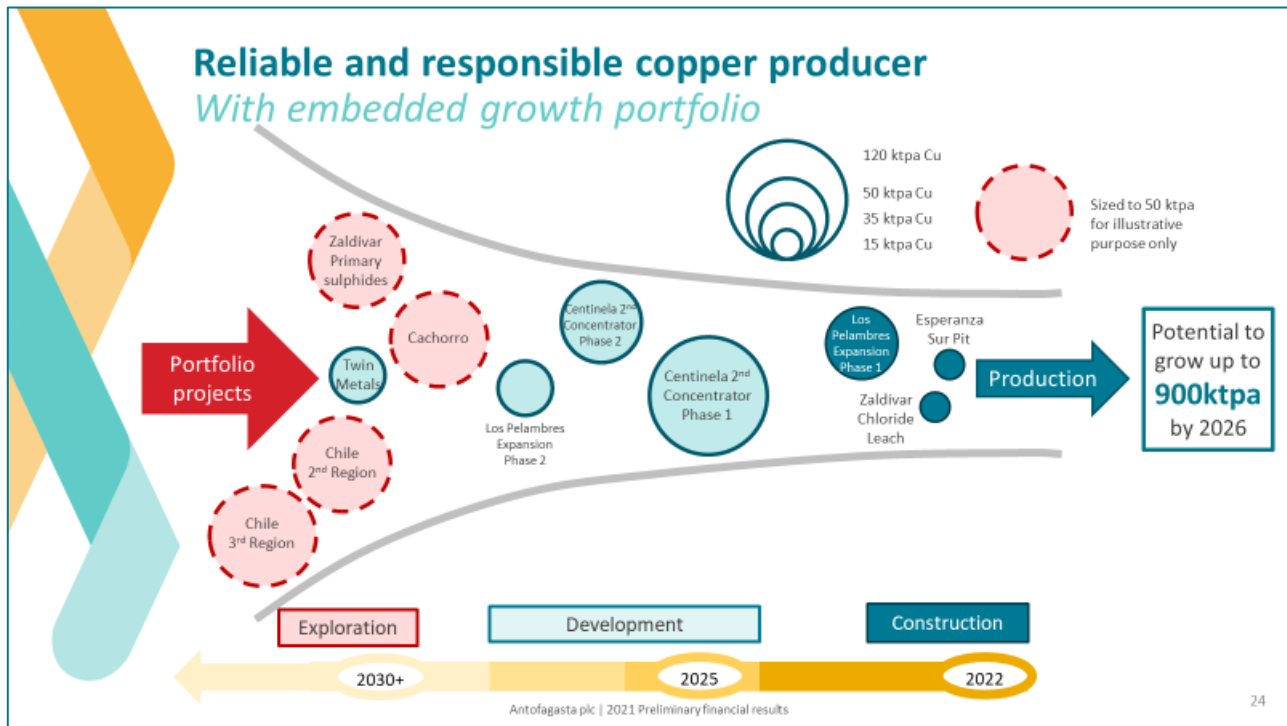
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Growth opportunities

2021 Preliminary Results

Iván Arriagada | Chief Executive Officer

- Thank you, Rene



- Not only are we a reliable and responsible producer, but we have embedded organic growth that will allow us to produce sustainably into the future. We assess each of the opportunities in our portfolio to identify value-accretive growth and work to advance the projects through the various stages to final development.
- We have a variety of exploration and late-stage projects, which are in different phases of evaluation and will generate organic growth for the company, including a new and very attractive recent discovery, which we call the Cachorro project, and which we are including for the first time in our Reserves & Resource declaration.
- We have a huge mineral resource base of over 19 billion tonnes, of which some 7 billion tonnes are in the Centinela Mining District, and 6 billion are at Los Pelambres, giving us options to develop our inventory at a time when copper supply is becoming increasingly constrained.
- We believe we have very strong organic growth potential that will allow us to increase our copper production to up to 900,000 tonnes a year by 2026.
- Beyond this, our mineral resources currently also include a long-dated option in the Twin Metals project which has recently experienced an important setback with the cancellation of the federal mining leases, a decision that we believe we have a strong legal case to defend our position.
- In the meantime, we will continue to remain alert to any attractive external opportunities that become available.

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

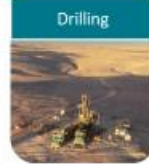
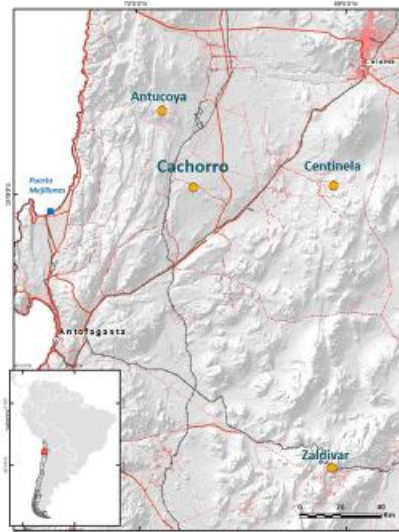
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25

- Our three current growth projects shown on this slide at Los Pelambres, Centinela and Zaldívar, will add up to 80-90,000 tonnes of copper each year once they are completed.
- As previously announced, at the end of the last year the Los Pelambres Expansion project was 68% complete. The concentrator plant expansion is expected to be completed in early 2023. The construction of the desalination is expected to be completed during H2 2022.
- At Zaldívar construction of the Chloride Leach project was completed in January 2022 and is now been commissioned.
- At Centinela we are opening the Esperanza Sur pit. Stripping advanced in 2021 and we expect to be mining ore for processing in the first half of 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

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26

- As I mentioned earlier, we are very excited to announce that the Company has discovered a significant greenfield manto type deposit in the coastal belt of the Antofagasta Region.
- The initial inferred resource of the Cachorro deposit is 142 million tonnes, with a copper grade of 1.2%, and represents just part of the potential resource.
- This deposit has currently a potential mineralisation of close to 300 million tonnes and it is located closer to existing infrastructure and our Antucoya operation. Depending on its final size it may be developed as either a satellite or stand-alone operation.

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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27

- Let me finish by looking ahead to this year and beyond.
- Safety is always our top priority. We are committed to having zero fatalities and we will continue with our relentless focus on protecting the health of our workers and communities.
- We continue to embed our Climate Change and sustainability strategy in all our decision making.
- On the critical resource of water, we will continue to take all necessary actions to mitigate the impact of the drought on communities and our operations. Most significantly we will complete our desalination plant at Los Pelambres.
- The coming months will be important for our growth projects and we will focus on their progress so that they are on time and on budget.
- We are accelerating the implementation of innovation as today, more than ever, it will play a key role in transforming our company going forward.
- And we are committed to maintaining our financial discipline with a focus on value creation and shareholder returns.
- We are in a prime position to seize the growth in copper demand. We have the embedded tonnes across our business, the ability to unlock them in a sustainable way, and we are a responsible and reliable producer to deliver value to all our stakeholders.
- Thank you for your attention.