



ANTOFAGASTA PLC

Report 2021

Tax Report

Antofagasta plc





ANTOFAGASTA PLC

Sponsors

Vice Presidency of Finance
Vice Presidency of Corporate Affairs and Sustainability
Antofagasta Minerals

Contents
Constanza Campos, Tax Manager
Paulina Rabajille, Sustainability Specialist

Writing
Kellun
EY

Translation
Emily Russell

Design
www.ngr.design

June 2022

Contents

3	
4	Tax payments and beyond
5	A word from our CEO
6	A word from our CFO
7	
10	
11	Generating a positive impact and development in the areas where we operate
12	Antofagasta plc Tax Strategy
13	Economic contribution during the mining lifecycle
17	Tax description
18	Payment detail by tax type of the companies of Antofagasta’s Mining division
19	Total tax contribution
21	Sworn statements and global fiscal transparency
22	
23	Letter from the auditor
24	Reconciliation between tax burden and tax payment
25	Methodology and scope

Our approach

At Antofagasta, we are committed to sustainable mining and contributing through that approach to the development of Chile and the wellbeing of people who live in our areas of influence.

The Group is comprised of a Mining division, which covers all our mining operations, and a Transport division, which is also known as Ferrocarril de Antofagasta a Bolivia (FCAB).



Tax payments and beyond

For Antofagasta, creating economic value implies generating profits responsibly and with a long-term vision. In this context, the payment of taxes is an important part of the economic contribution to the development of the areas where we operate.

In 2021, the price of copper was 51% higher than the previous year, but the tax accrued and the tax paid were 144% and 143% higher, respectively, than in 2020.

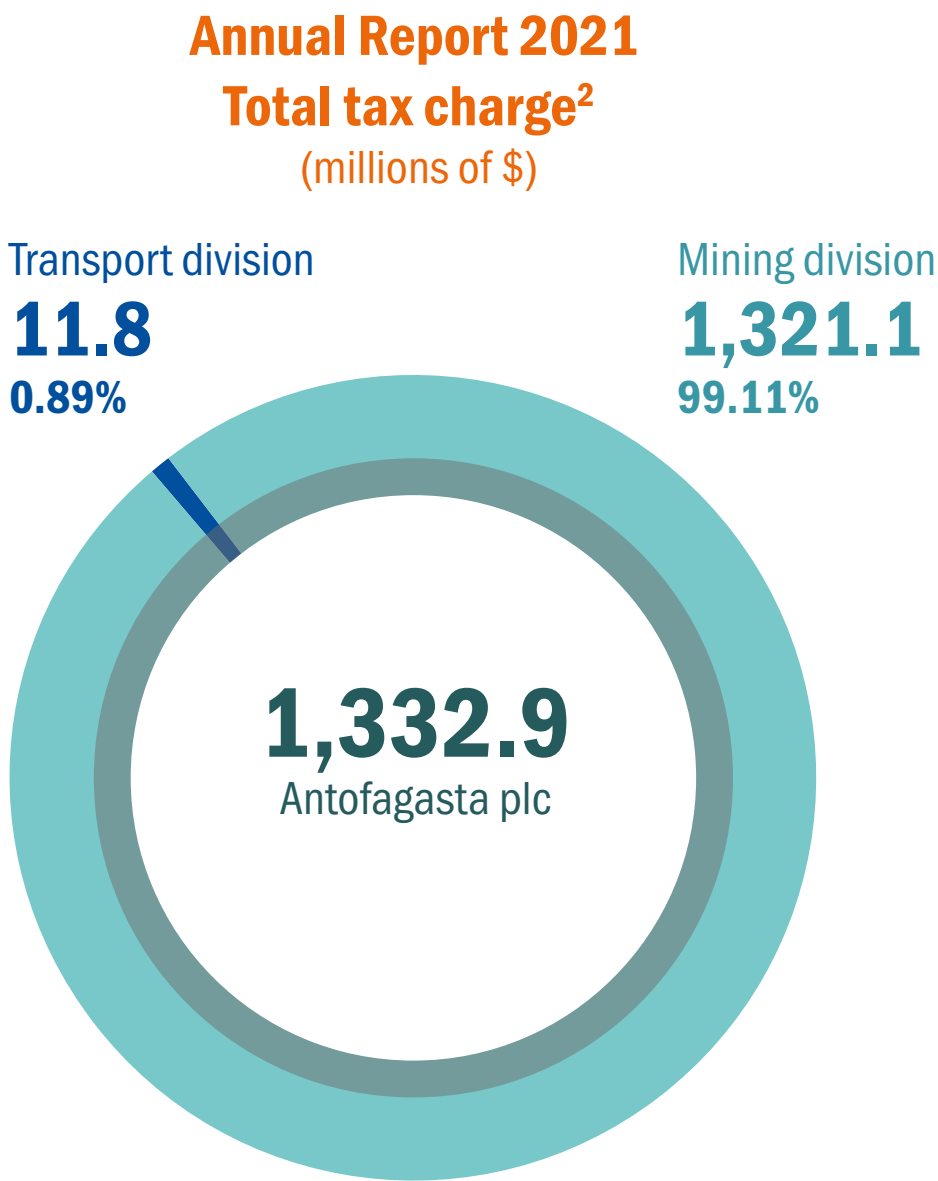
As part of our commitment to stakeholders, we seek to improve transparency about our economic contribution with the publication of Antofagasta’s special **Tax Report**, with a particular focus on the Mining division, which represented more than 97% of the company’s total income and EBITDA in 2021.

This report seeks to facilitate access to information about our tax payments, complementing what we report annually in our Report on Payments to Governments¹, Annual Report and Sustainability Reports, thus contributing to a transparent and informed discussion on tax matters.

[For more information, see our Report on Payments to Governments.](#)

As part of our Tax Strategy – which applies to all Antofagasta entities – we are committed to complying with the tax laws and practices

¹ 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.



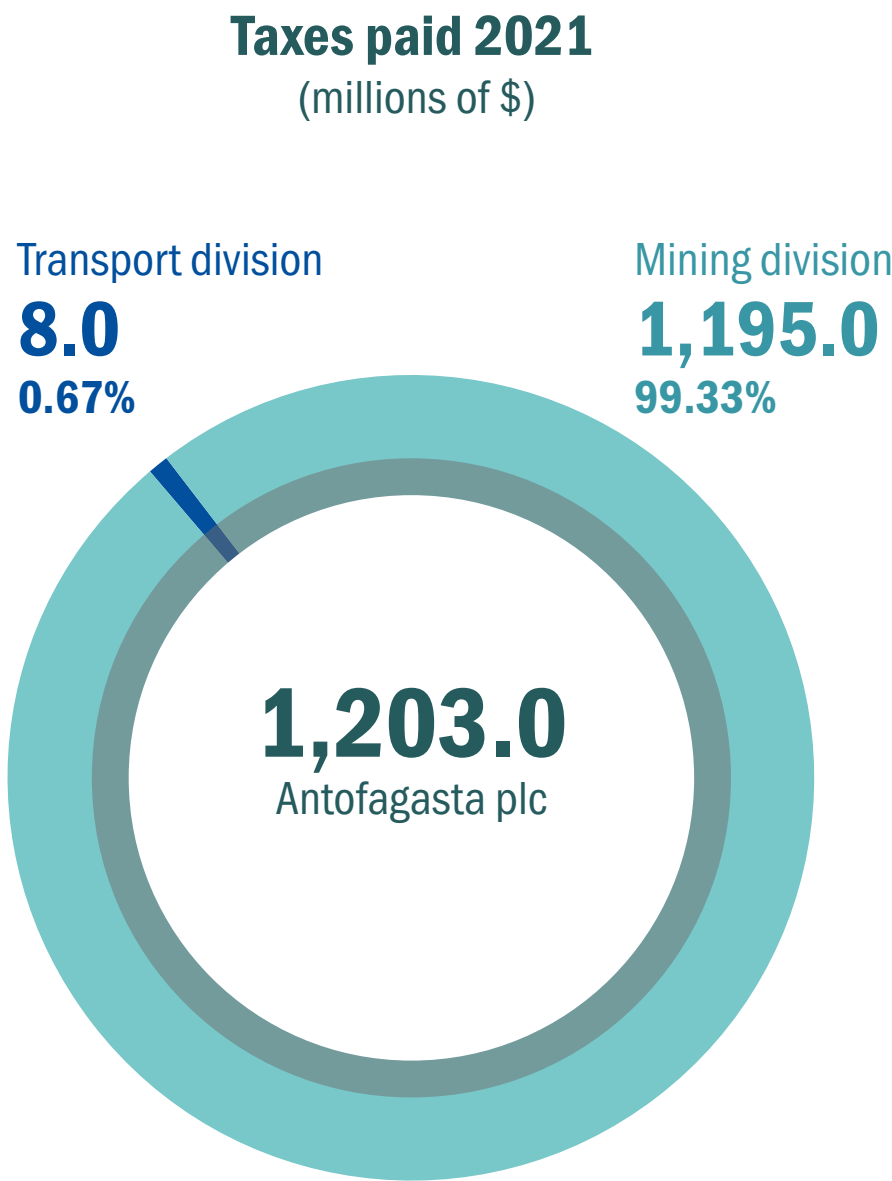
² Tax charge excluding exceptional item. The exceptional item corresponds to deferred tax assets for \$90.6 million (see note 4 on page 187 of the 2021 Annual Report).

in all the countries and territories where we operate, including the United Kingdom, where Antofagasta is listed and trades on the London Stock Exchange.

[For more information, see our Tax Strategy.](#)

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, with regards to the operation of our business during the 2021 calendar year.

The tax payments detailed in this report are the taxes paid relating to the 2021 calendar year. These amounts differ from those presented in the Annual Report and in the Payments to Governments Report. A reconciliation of these differences is shown on pages 24-26 and relate to the timing of the payments, the exclusion of deferred taxes and the inclusion of the company’s share of taxes paid by Zaldívar.



The values are presented in millions of US dollars and the information on tax payments conforms to tax regulations in Chile, which has a centralised tax system.

Antofagasta’s total payment of taxes for 2021 was \$1,203.0 million, of which \$1,195.0 million corresponds to tax paid by the Mining division and \$8.0 million by the Transport division. Details of these figures and their reconciliation with those in the Annual Report are provided in the following pages.

[For more information on Antofagasta’s tax charge, see our Annual Report 2021, page 198.](#)

Antofagasta plc reporting suite

This report joins other initiatives such as Antofagasta’s [Annual Report](#) and the [Antofagasta Minerals and Transport division’s Sustainability Reports](#), as well as special reports such as the [TCFD Progress Report](#). For more information about our reporting, see our [website](#).





IVÁN ARRIAGADA
CEO

A word from our CEO

Our contribution beyond taxes

At Antofagasta, we are interested in developing mining for a better future and this is why it is important for us to transparently report our contribution to the country and to the wellbeing and development of the communities that live around our operations and projects.

Through mining we generate not only economic activity, jobs and pay taxes which benefits everyone, but also contribute directly to training people, integrating new technologies, developing supplier companies and investing in the community.

Our 2021 performance is the reflection of a team committed to safety, excellence and innovation, which seeks to conduct modern, competitive and responsible mining. Evidence of this is the production of 721,500 tonnes of copper, generating revenues of more than \$7,400 million.

In 2021 we distributed \$7,132 million through 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 to governments, dividends to shareholders and interest payments to lenders.

In terms of costs, our robust discipline and a favourable environment for input prices and inflation allowed us to maintain our cost profile and, thereby, achieve an EBITDA margin of 64.7%, a record in the last 10 years.

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.



MAURICIO ORTÍZ
CFO

A word from our CFO

2021 was a year of exceptional margins and tax progressivity in action

We are proud to present our Tax Report, which clearly reflects how the mining we do at Antofagasta translates into value generation for all our stakeholders.

The document is a voluntary exercise in transparency and is our first report on 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 (mining royalty).

In addition, we include a section that provides a simple comparison of the reasons for the 143% increase in taxes paid by the Group in 2021, compared to 2020. It is mainly explained by an increase in the copper price of 51%, and the progressive nature of the mining royalty.

Our first priority in 2021, as always, was the safety and health of everyone who works at Antofagasta. In this context, we continued to operate under strict sanitary protocols to reduce the risk of infection from COVID-19 in our operations. Likewise, we maintained our direct support to communities through the Covid Fund, in which we allocated \$12 million to finance health and economic recovery measures.

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

Our strong operating results in 2021 are the consequence of our strategy and way of operating, which allows us to remain competitive in an industry that is important to our planet's decarbonisation and energy transition. In this sense, we remain attentive to market cycles, typical of commodities such as copper, as well as regulatory changes that may occur in Chile and in other countries.

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

I invite you to review this report, in which we have wanted to reinforce our commitment to transparency and the provision of proactive and timely information.

In 2021, Antofagasta's Mining division paid a record \$1,195 million in taxes, more than double the tax paid in 2020, of which almost 100% was paid in Chile. This increase is explained by stronger results in 2021 than the previous year and the progressive nature of the mining royalty.

Our business

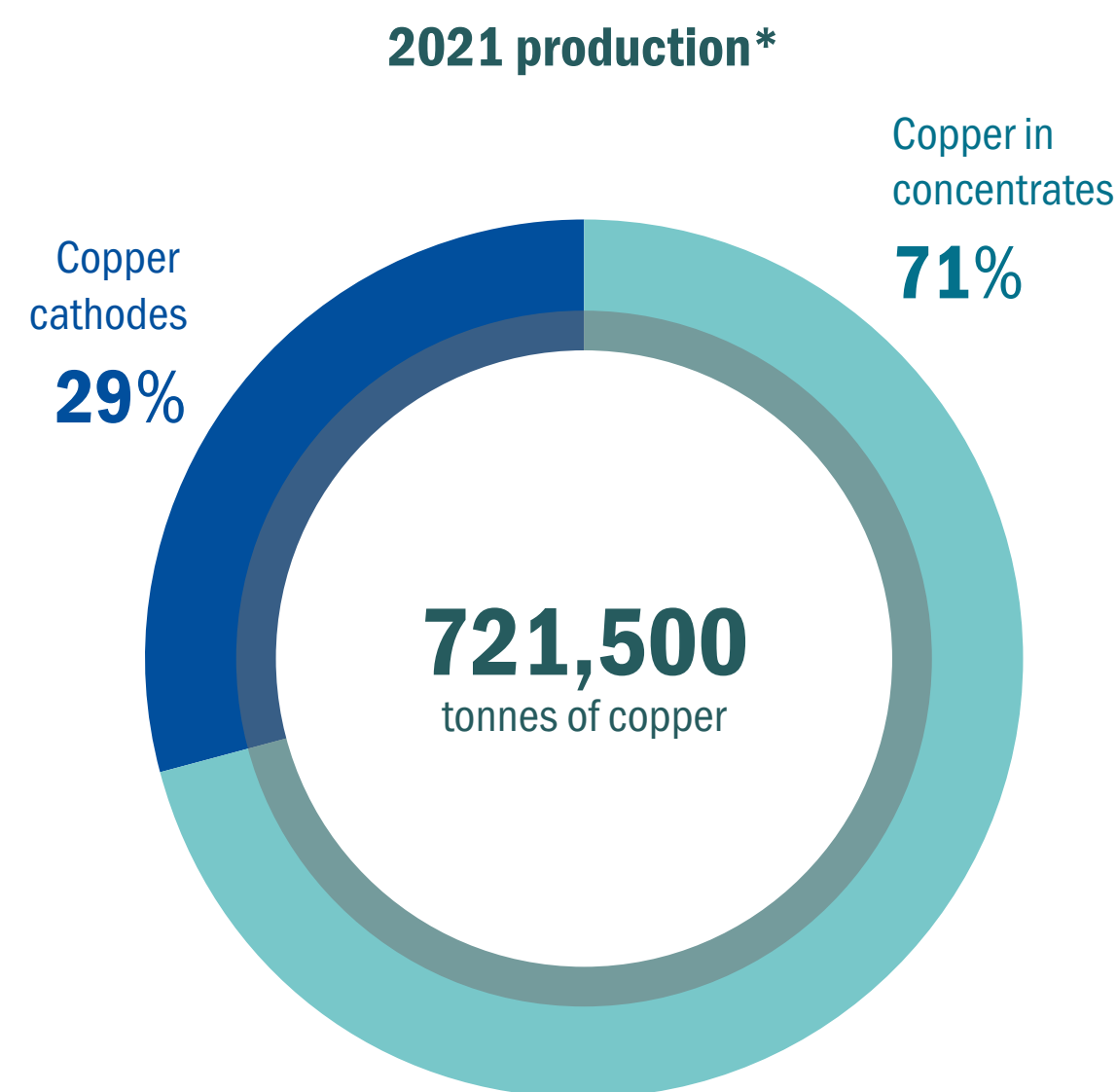
Antofagasta is comprised of a Mining division that has four copper mines, two of which also produce important volumes of molybdenum and gold as by-products, and a Transport division that provides rail and road cargo services to mining customers. Both divisions' operations are in Chile, where our headquarters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

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.

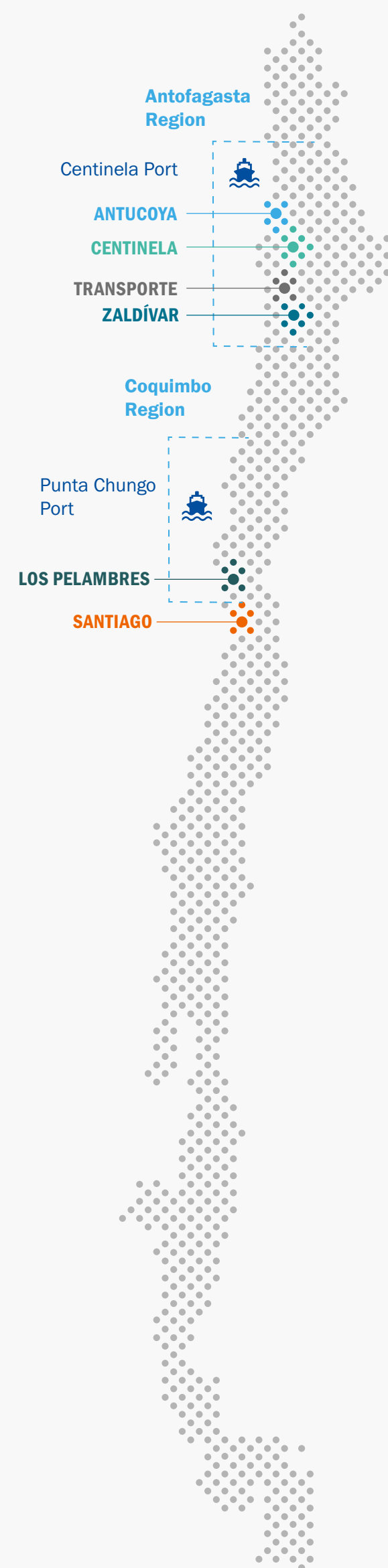


We are a Chile-based copper mining group

We are one of the world's largest copper producers. Mining represents more than 97% of our income and is our core business.



* Includes 100% of production from Minera Los Pelambres, Minera Centinela and Minera Antucoya and 50% of Minera Zaldívar's production.



Key:	Concentrate	Cathodes	Raid	Road	REVENUE (millions of \$)	EBITDA (millions of \$)
LOS PELAMBRES					3,621	2,526
60% owned					48.5%	52.2%
13-year mine life						
Produces copper concentrates, containing gold and silver, and a separate molybdenum concentrate						
Exports concentrates from 100%-owned Puerto Punta Chungo in Los Vilos						
CENTINELA					2,981	1,919
70% owned					39.9%	39.7%
42-year mine life						
Produces copper cathodes and concentrates, containing gold and silver, and a separate molybdenum concentrate						
Exports cathodes from third-party owned Antofagasta and Mejillones Ports and concentrates from 100%-owned Centinela Port in Michilla						
ANTUCOYA					698	337
70% owned					9.3%	7.0%
22-year mine life						
Produces copper cathodes						
Exports cathodes from third-party owned Antofagasta and Mejillones Ports						
ZALDÍVAR³						173
50% owned (and 100% operated)						3.6%
14-year mine life						
Produces copper cathodes						
Exports cathodes from third-party owned Antofagasta and Mejillones Ports						
TRANSPORTE					170	68
Cargo transport system in the Antofagasta Region of Chile					2.3%	1.4%
900 km rail network						
ANTOFAGASTA PLC					7,470	4,836

³ Revenue is not included for Zaldívar as it is a joint venture and is not consolidated in accordance with the International Financial Reporting Standards for Consolidated Financial Statements.

Developing mining for a better future

OUR VISION

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.



Our Strategic Framework was designed to fully align our activities with our purpose of developing mining for a better future.

STRATEGY

Our strategy is built around five pillars:

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

CULTURE

Culture represents our shared values and the way we work. It is evident not only in our people but also in how we engage with local communities and our suppliers, partners and customers. Our culture is underpinned by and reflected in our [Charter of Values](#).

ORGANISATION

The way we manage our activities is paramount in achieving our goals. Our structure is designed to deliver results and growth whilst also having the flexibility to adjust to the challenges and opportunities we face.

Our contribution beyond taxes

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 value that we generate has a positive impact on different stakeholders through the creation of jobs, the supply chain, 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 the 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 2021, our workforce of employees and contractors was comprised of nearly **27,000 people**, reflecting the creation of more than 3,000 new jobs during the year. In line with our commitment to local development, 55% of our workforce were resident in the Antofagasta and Coquimbo Regions where our operations are located.

In 2021, we paid our employees a total of **\$537 million in salaries**, wages and incentives, \$43 million more than 2020. In addition, our People Strategy seeks to promote a diverse and inclusive culture that enables employees to develop their full potential and, in 2021 we invested \$1.6 million in training initiatives.

Our activity allows us to promote business opportunities with **2,184 supplier companies**, 96% of which are based in Chile. In 2021, we allocated a total of **\$4,359 million** on payments to suppliers for 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 2021, as part of our commitment to foster local economic development, the Mining division increased the value of contracts awarded to local suppliers by 24%, compared to the previous year.

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

In 2021, we distributed a total of \$7,132 million among our different stakeholders.

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 2021, we allocated **\$48 million on social investment**, **5.9% more than 2020**.

The pandemic's second wave peaked in the first half of 2021, leading to full lockdowns in most of the country and, for the first time, in the Choapa Province where Los Pelambres is located. This led us to add \$6 million to our COVID-19 Fund that was set up in 2020 with three clear lines of action: preventive healthcare, social relief and economic reactivation. In 2020, we allocated an initial \$6 million for these purposes.



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 where we pay taxes.

Our **tax strategy** has been approved by the Board of Directors and applies to all Antofagasta's companies. It establishes the guidelines for our tax behaviour in terms of governance, planning and risk analysis.

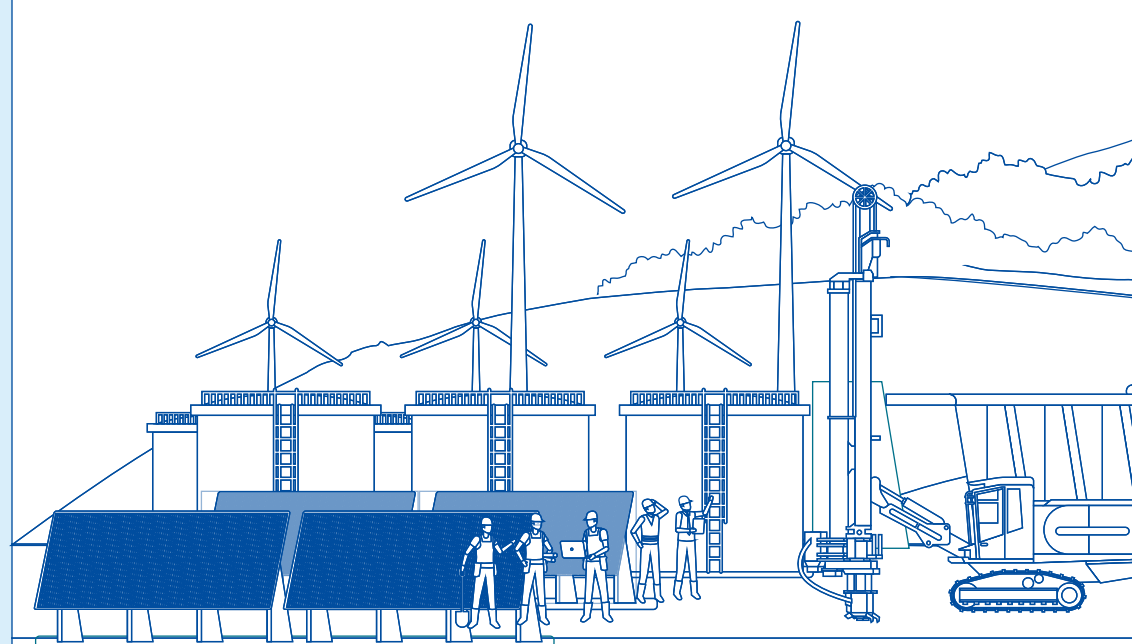
Antofagasta is committed to comply with the tax laws and practices in all the territories in which we operate. Compliance means paying the right amount of tax, in the right place, at the right time, and involves disclosing all relevant facts and circumstances to the tax authorities.

Tax strategy

Tax governance

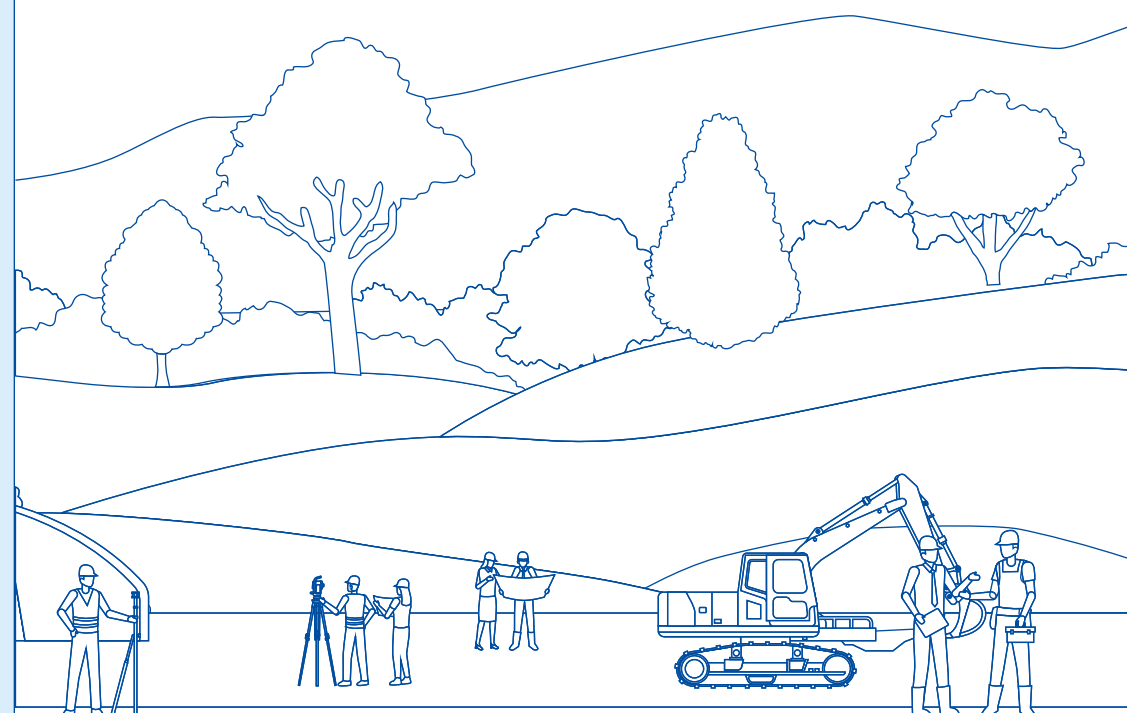
We oversee our tax affairs at all management levels, including the Board of Directors. The Audit and Risk Committee periodically reports on relevant tax matters to the Board of Directors, which is directly involved in decision-making.

We have a Head of Tax through whom, together with specialists and experts in tax and compliance matters and the support of the planning and risk analysis areas, we can permanently monitor regulations in all the countries where we operate, in order to ensure that we meet our commitments in a timely manner. We also have a team of external advisors who support us in this area.



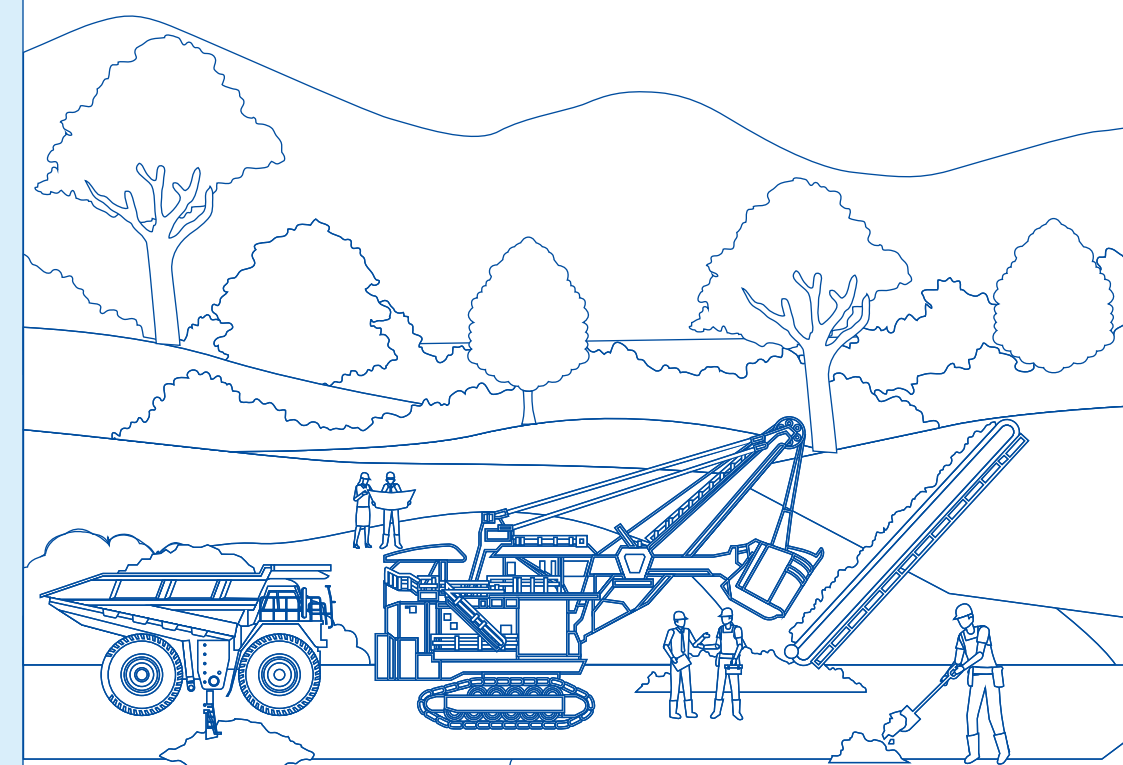
Tax planning

In structuring our commercial activities, we consider –among other factors– the tax laws of the countries where we operate with a view to maximizing value on a sustainable basis for our shareholders. Tax planning has a commercial and economic basis and values the potential impact on our reputation and goals.



Our accepted level of tax risk

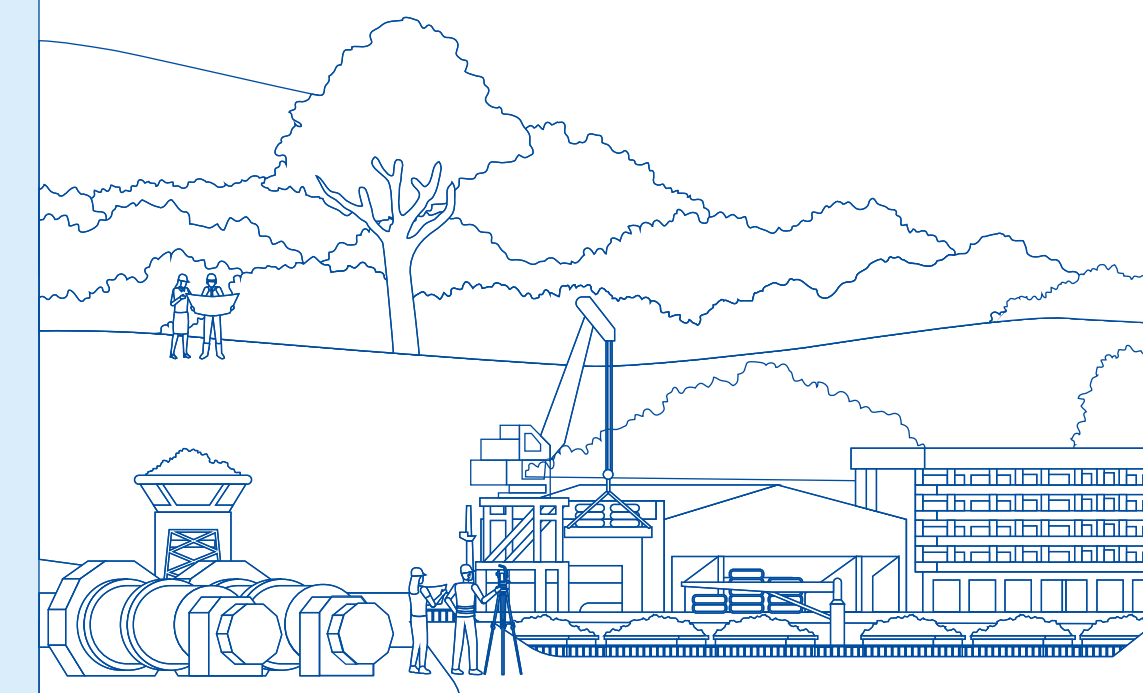
Given the global scale of our business and the number of tax obligations that apply to us, regulation interpretation risks may arise. Therefore, we proactively seek to identify, evaluate, manage and monitor these risks to ensure they remain in line with the company's low risk appetite.



Our approach with tax authorities

We engage with tax authorities with honesty, integrity, respect, fairness, and in a spirit of cooperative compliance. We will seek to resolve any tax disputes through proactive and transparent discussion.

Antofagasta aims to have professional and constructive relationships, through transparent communication, with the tax authorities, recognising that the early resolution of conflicts is in the best interests of both the company and the authorities.



Economic contribution during the mining lifecycle

In order to explain as clearly as possible our tax contribution, in this section we will give a brief review of 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 very intensive capital investment. Exploration, evaluation, construction, operation and closure activities are accompanied by active engagement with 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, and finding a deposit that is feasible to develop is not guaranteed.

Taxes are also an important part of our value generation. For this reason, at Antofagasta we seek to contribute through taxation, promptly complying, throughout the mining lifecycle, with tax and other payments to governments.

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 projects' lifecycle as presented below:





1

2

3

4

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.



Stage
EXPLORATION

Stage
**PROJECT
EVALUATION**

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 continue to be paid in order to safeguard the possibility of eventually mining the deposit.

Stage
CONSTRUCTION

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, in addition to mining licence fees, land taxes are also usually paid.



5

Stage OPERATION

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 increase subject to metal prices. However, taxes paid in the early years are often lower as the operation recovers the costs of the initial investment. It will also depend 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 of 5-14% on operating profits, depending on the operating profit margin⁴.

⁴ 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.

A tax reform bill has been presented to Congress in July 2022. The proposed reforms include changes to corporate income tax, mining royalties and other taxes. These changes are expected to come into effect over the next 1-2 years and will impact the level of taxes paid by mining and other companies.



6

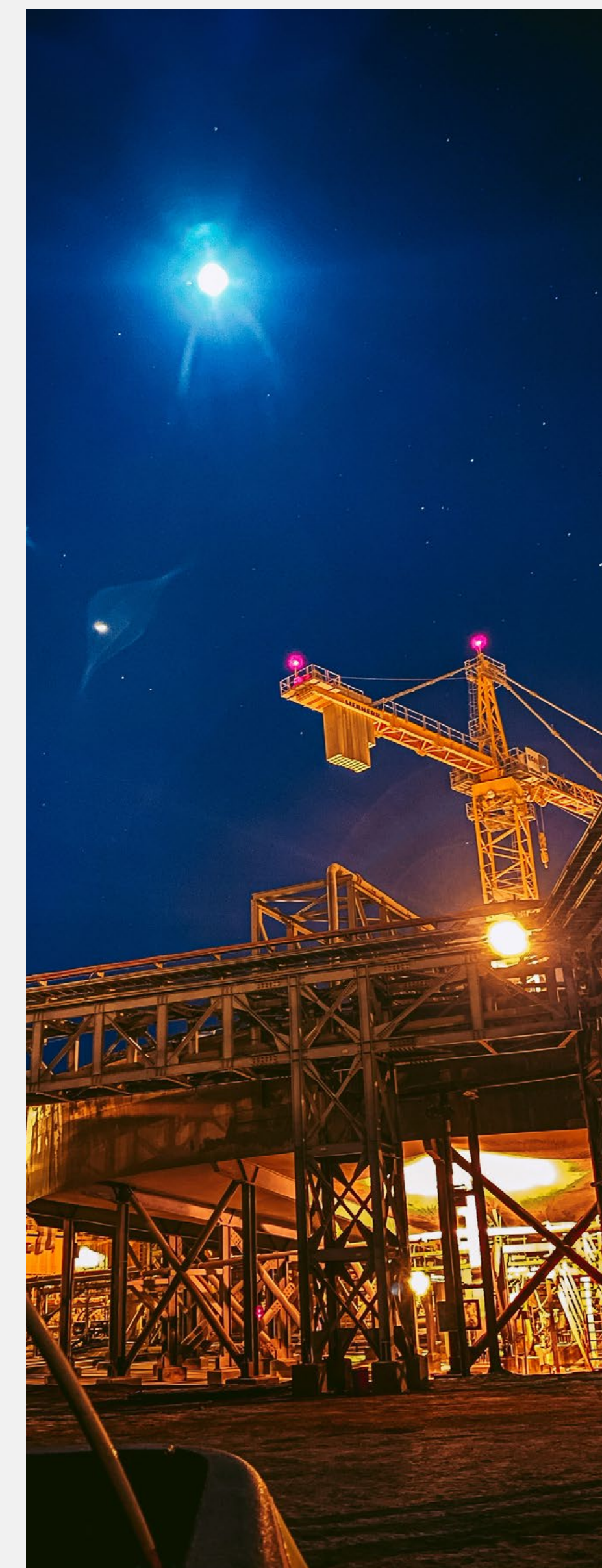
Stage CLOSURE

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, the cost of which has been previously provisioned during the mine's life.



Taxes paid according to each stage of the mining lifecycle

					
1	2	3	4	5	6
Stage PROSPECTING	Stage EXPLORATION	Stage PROJECT EVALUATION 5 years	Stage CONSTRUCTION 3 to 5 years	Stage OPERATION More than 20 years	Stage CLOSURE ⁵
TYPE OF TAX PAID <ul style="list-style-type: none">• Mining licence fee• Land tax	TYPE OF TAX PAID <ul style="list-style-type: none">• Mining licence fee• Land tax	TYPE OF TAX PAID <ul style="list-style-type: none">• Mining licence fee• Land tax	TYPE OF TAX PAID <ul style="list-style-type: none">• Mining licence fee• Land tax• Withholding tax for services provided by foreign suppliers• Withholding tax on interests paid to foreign lenders• Stamp Duty on financing• Municipal licence fee	TYPE OF TAX PAID <ul style="list-style-type: none">• Mining licence fee• Land tax• Corporate income tax• Specific Tax on Mining Activity (royalty)• Withholding tax for services provided by foreign suppliers, for interest paid abroad and for dividends distributed abroad• Municipal licence fee	TYPE OF TAX PAID <ul style="list-style-type: none">• Mining licence fee• Land Tax• Withholding tax for services provided by Chile non-residents, for interest paid abroad and for dividends distributed abroad• Municipal licence fees

Note: The Mining division’s operating companies are exporters. This allows Value Added Tax (VAT) on purchased goods and services to be recovered through mechanisms permitted by the law. Likewise, 100% of the Specific Tax on Diesel is recovered as operations do not require vehicles to travel on public roads. There is also a legal obligation to withhold and pay taxes for employees and self-employed workers.

⁵ 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 2021, 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.

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 municipality⁶ where the mining concession is located⁷.

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

⁶ 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.

⁷ 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.

Corporate income tax (referred to in Chile as “First Category Tax”

This is a tax on the profits obtained 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 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 starting from the corporate net taxable income, to which is added, among other adjustments, interest and carried-over losses, which are not allowable for the purpose of determining the mining operating income.

In the case of companies that sell 50,000 tonnes or more of copper per annum, the royalty 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%.

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 determining corporate income tax and the mining royalty.

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 fraction thereof from when the financing is signed until the repayment maturity date. The maximum tax rate applicable to a loan with a fixed repayment term 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.

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.

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.

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



Taxes paid at the national level 2021

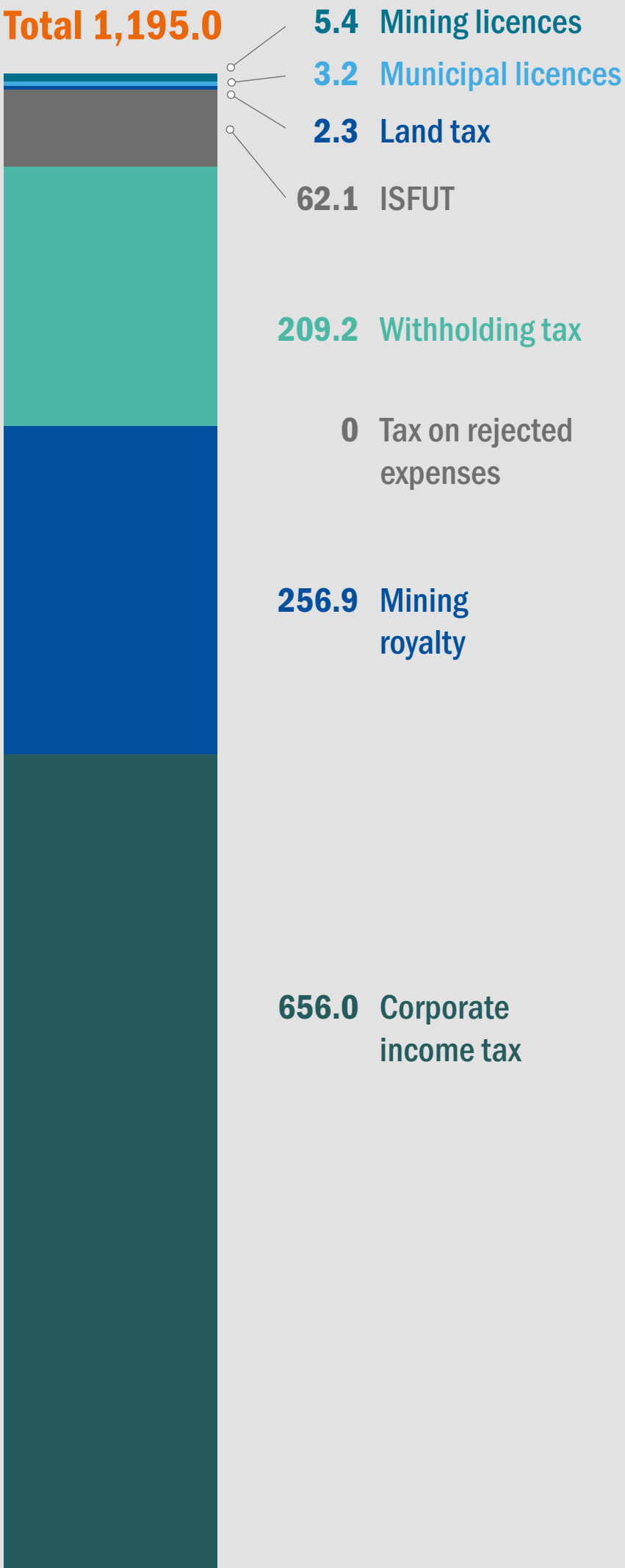
Corporate income tax	Specific Tax on Mining Activities (mining royalty)	Withholding tax*
\$656.0m	\$256.9m	\$271.3m
The rate paid by the companies that comprise the Mining division is 27%.	In the 2021 calendar year, the Mining division's operating companies paid an average rate of 7%. Some of the division's operating companies are subject to the Decree Law 600 regulations, which include, in some cases, tax rate invariability for mining royalty purposes.	<p>This tax applies to dividend distributions, remunerations 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 \$62.1 million in 2021.</p> <p>* Includes ISFUT</p>



Taxes paid at the regional level in 2021

Mining licences (exploration and extraction)	Municipal licences	Land tax
\$5,4m	\$3,2m	\$2,3m
For 2021, the annual exploration licence was equivalent to 1/50 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.	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. The Mining division's operating companies were subject to a rate of 0.05% on its taxable capital for municipal purposes.	This tax is applied according to the fiscal appraisal of properties as determined by the Internal Revenue Service.

Total taxes paid by the Mining division in 2021
(millions of \$)



Total tax contribution

Antofagasta is present in different countries around the world, but due to the nature of the activities in each country, 99.98% of the total taxes paid are paid in to Chile.

Company	Taxes paid in 2021 (millions \$)	Share of tax contribution
Inversiones Los Pelambres Chile	\$196.4	16.44%
Minera Los Pelambres	\$647.8	54.21%
Minera Centinela	\$301.7	25.25%
Minera Antucoya	\$10.3	0.86%
Compañía Minera Zaldívar	\$8.4	0.70%
Michilla Costa Spa	\$0.2	0.01%
Antofagasta Minerals S.A.	\$30.2	2.53%
Total taxes paid 2021	\$1,195	100%



Countries where Antofagasta has mining activities



Comparison of our total tax contribution

In 2021, Antofagasta’s revenue increased by 46%, compared to 2020, due to the strong copper price, which averaged \$4.23/lb in 2021, the highest annual average since 1935, when records began to be kept.

Operating costs rose by \$354 million (representing an increase of 10%). More than 95% of the aforementioned increase is associated with the increase in mine-site operating costs, mainly reflecting higher key input prices, the stronger Chilean peso and the cost impact of expected lower ore grades.

Net finance expenses decreased by more than \$100 million compared to 2020, mainly due to the decrease in interest income and expenses, a net gain from adjustments to the exchange rate for assets and liabilities, and a positive variance from adjustments to long-term provisions.

Antofagasta’s EBITDA reached a total of \$4,836.2 million, an increase of 76.6% compared to \$2,739.2 million in 2020. This \$2,097 million increase reflects the higher revenue from associates and joint ventures.

Considering all the above, and that the corporate income tax rate was 27%, the 46% rise in revenue resulted in a **127% increase in corporate income tax payments compared to 2020**. Moreover, the payment of **mining royalties increased by 147%** compared to the previous year, due to the progressive rates that are applied to the mining operating profit margin.

In 2021, the results led to total dividends for the year of \$1,404.8 million, compared with \$539.3 million in 2020. As a result, Antofagasta **increased by 206% the amount paid in withholding tax that is applicable to dividend distributions** made abroad from Chile.

Antofagasta increased taxes paid by 143%, compared to 2020.



	2021 (millions \$)	2020 (millions \$)	Variación (millions \$)	Variation %
Corporate income tax	656.0	288.7	367.3	127%
Mining royalty	256.9	104.1	152.7	147%
Tax on rejected expenses	0.0	0.7	-0.7	-100%
Withholding tax	209.2	34.3	174.9	510%
ISFUT	62.1	54.5	7.6	14%
Land tax (incl. surcharge)	2.3	1.8	0.4	24%
Municipal licences	3.2	2.8	0.4	14%
Mining licences	5.4	4.2	1.2	28%
Total taxes paid 2021	1,195.0	491.1	703.8	143%
[Average] LME copper price (\$/lb)	4.23	2.8	1.4	51%



Sworn statements and global fiscal transparency

In addition to the usual annual and monthly direct and indirect tax returns, the companies that comprise Antofagasta's Mining division have filed since 2012 an Annual Transfer Pricing Affidavit, Form 1907. Under this, an annual declaration is provided to Chile's Internal Revenue Service (SII) affirming that the prices agreed between Antofagasta companies, for any service, good traded or operation, correspond to those that would have been agreed with third-party or unrelated companies, both nationally and internationally.

Antofagasta plc, the Group's parent company, is domiciled in the United Kingdom and is obliged to file the Country-by-Country Report⁸, established by the UK to follow the Organisation for Economic Cooperation and Development (OECD) guidelines on Base Erosion Profit Shifting (BEPS) Action 13. This report includes the information that multinational companies must report regarding transfer prices and is updated annually for Antofagasta's operations in all the jurisdictions it operates. This report provides tax authorities with visibility on key business aspects such as income, profits and taxes paid in the different countries of operation, with which they are able to determine eventual approaches and inspection plans.

⁸ The Country-by-Country Report is private but can be requested by the tax authorities of each country.

The Group must also present the Controlled Foreign Companies (CFC) report and the annual evaluation of compliance with UK-established requirements and regulations, which obliges the Group to have a Senior Accounting Officer (SAO) who is responsible for the reporting to Her Majesty's Revenue and Customs (HMRC).

Additionally, when required, Antofagasta submits a Master File report in Australia and Peru.



Appendices



Letter from the auditor



Deloitte Advisory SpA
Rosario Norte 407
Las Condes, Santiago
Chile

Fono: (56) 227 298 256
Fax: (56) 223 749 109
tax&legalchile@deloitte.com
www.deloitte.cl

REVIEW REPORT OF THE 2021 ANTOFAGASTA MINERALS TAX COMPLIANCE REPORT

To the Shareholders and Directors
Antofagasta Minerals S.A.

We have conducted a review of the following aspects related to the payment of taxes for the business year 2021:

Scope

This report refers to the verification performed by Deloitte with respect to the filing and payment or refund of the taxes indicated below:

- Corporate Income Tax of Chilean entities, First Category Tax
- Specific Tax on Mining
- Determination of the Additional Tax or Substitute Tax to FUT (retained taxable earnings) for remittances abroad.
- Municipal License, including Tax equity
- Land Tax - Real Estate Contributions

These, with respect to their correspondence with the amount effectively declared in the Form 22 on Annual Income Taxes or other forms applicable to them corresponding to the tax year 2022 (business year 2021).

This report will refer to the review regarding the following companies:

- Antofagasta Minerals S.A.
- Minera Los Pelambres
- Minera Centinela
- Minera Antucoya
- Michilla Costa Spa
- Inversiones Los Pelambres Chile Limitada
- Compañía Minera Zaldivar SpA
- Zaldivar Transmisión S.A.
- Minera Los Pelambres Transmisión SA

Standard of review and performed procedures

We have performed our work in accordance with the information provided and declared to the competent authorities by Antofagasta Minerals, and each of the companies listed above, and in accordance with the procedure agreed with Antofagasta Minerals S.A. Our review has consisted on the application of analytical procedures and the verification of the information provided as described in the scope, which we list below:

Reconciliation between tax burden and tax payment

For a better understanding of the figures presented in this report, it is important to reconcile the tax figures reflected in our Financial Statements (called the “tax charge”) and the amount of taxes paid (called “taxes paid”) as a result of business activities in the 2021 calendar year.

The company’s Financial Statements are prepared at the end of the calendar year (December) in accordance with current accounting standards. These regulations require a series of tax calculations that, in 2021, resulted in a total tax charge of \$1,332.9 million, of which \$1,321.1 million corresponded to the Mining division.

The tax charge, according to the Financial Statements, includes provisions for final tax payments to be made in April of the following year as well as deferred tax charges⁹. These provisioned amounts may vary at the time of making the tax payment in April of the following year, as established by the tax regulation.

⁹ Deferred taxes are taxes expected to be payable (taxable) or recoverable (deductible) in future periods as a result of previous operations.

According to our Annual Report, the **tax charge** of Antofagasta’s Mining division in 2021 was comprised of:

	millions of \$
Corporate income tax	632.3
Taxes from previous years	(75.2)
Deferred taxes	297.3
Specific Tax on Mining Activities	251.3
Withholding tax and others	215.4
Mining Division total tax charge 2021	1,321.1

The objective of this report is to clearly and transparently show our stakeholders the total amount of taxes that the Group paid for 2021. As such, this document has been prepared in accordance with the applicable tax regulations in Chile, the country where our operations are located.

The figures below correspond to the taxes paid in Chile by the Mining division’s operating companies in respect of the 2021 business year that runs from 1 January to 31 December. In Chile, tax charges are calculated as of the end of December but the taxpayer declares said results and pays them in April of the following year. Therefore, it is understood that the 2022 “tax year” corresponds to the 2021 business year.

Thus the **tax payment** by Antofagasta’s Mining division during the 2022 tax year was comprised of:

	millions of \$
Corporate income tax	656.0
Specific Tax on Mining Activities	256.9
Withholding tax*	209.2
Substitute tax (ISFUT)	62.1
Land tax (including surcharges)	2.3
Mining licence and municipal licence fees	8.6
Total taxes paid 2021	1,195.0

* Includes the withholding tax for interest payments abroad, for services provided by Chile non-residents and for dividends paid to foreign partners in our mining companies.

In the Annual Report taxes paid during 2021 and the taxes accrued during 2021 are shown. However, this report focuses on the taxes paid in respect of 2021, even though some of these taxes are only paid in April 2022 after the final assessment for the year has been completed by the Internal Revenue Service

For the 2021 business year, the aforementioned difference amounted to \$137.9 million and is reconciled as follows:

	millions of \$
Tax Result according to Antofagasta’s 2021 Annual Report	1,332.9
Deferred taxes	(297.3)
Other taxes paid and recorded as expense	57.5
Over-indebtednesstax	1.5
Income tax adjustment*	100.4
Taxes paid in 2021	1,195.0

* Effect of the application of a higher tax expense for instant depreciation that came into effect in 2020, through Law 20.210 on Tax Modernisation.



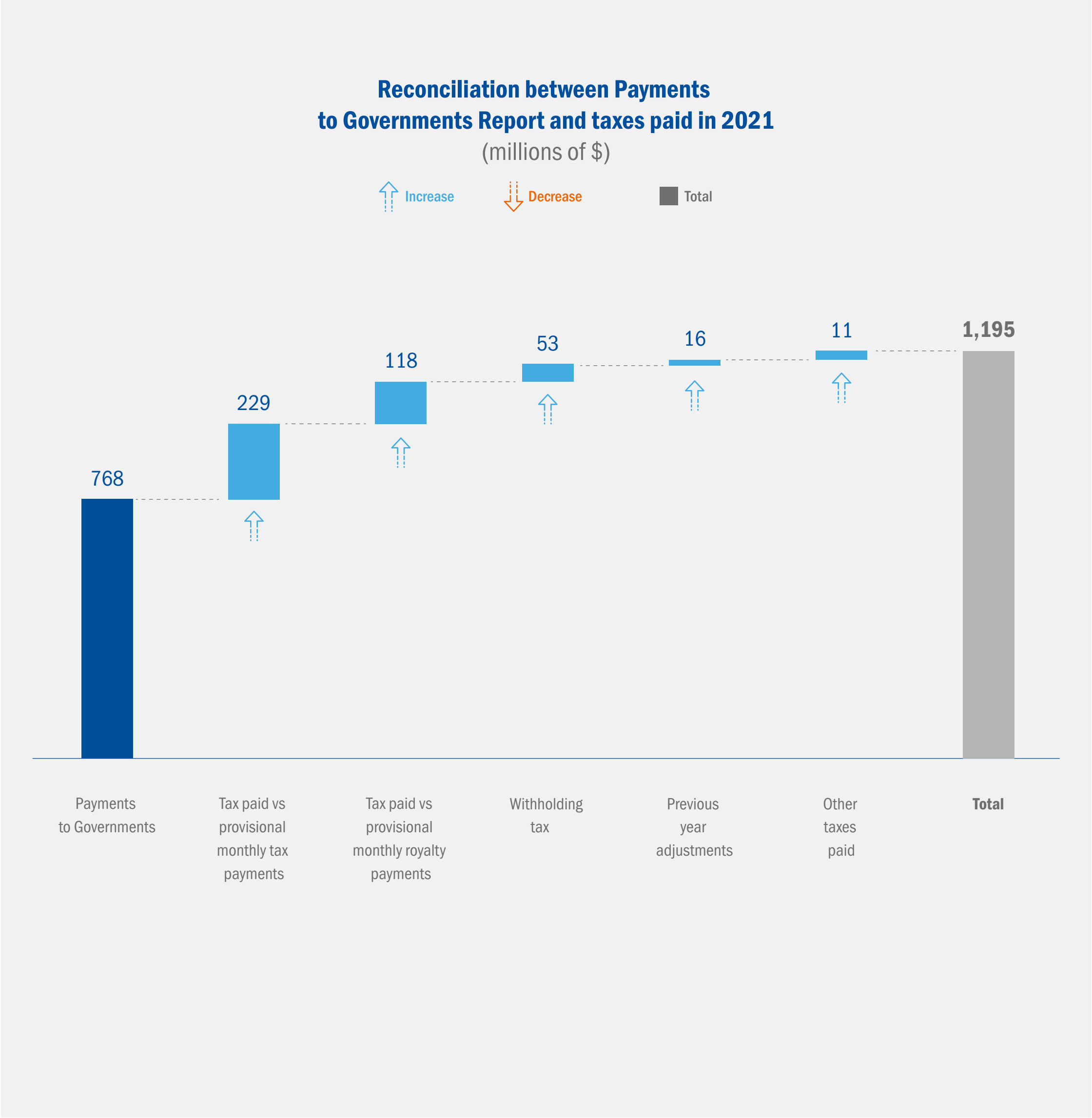
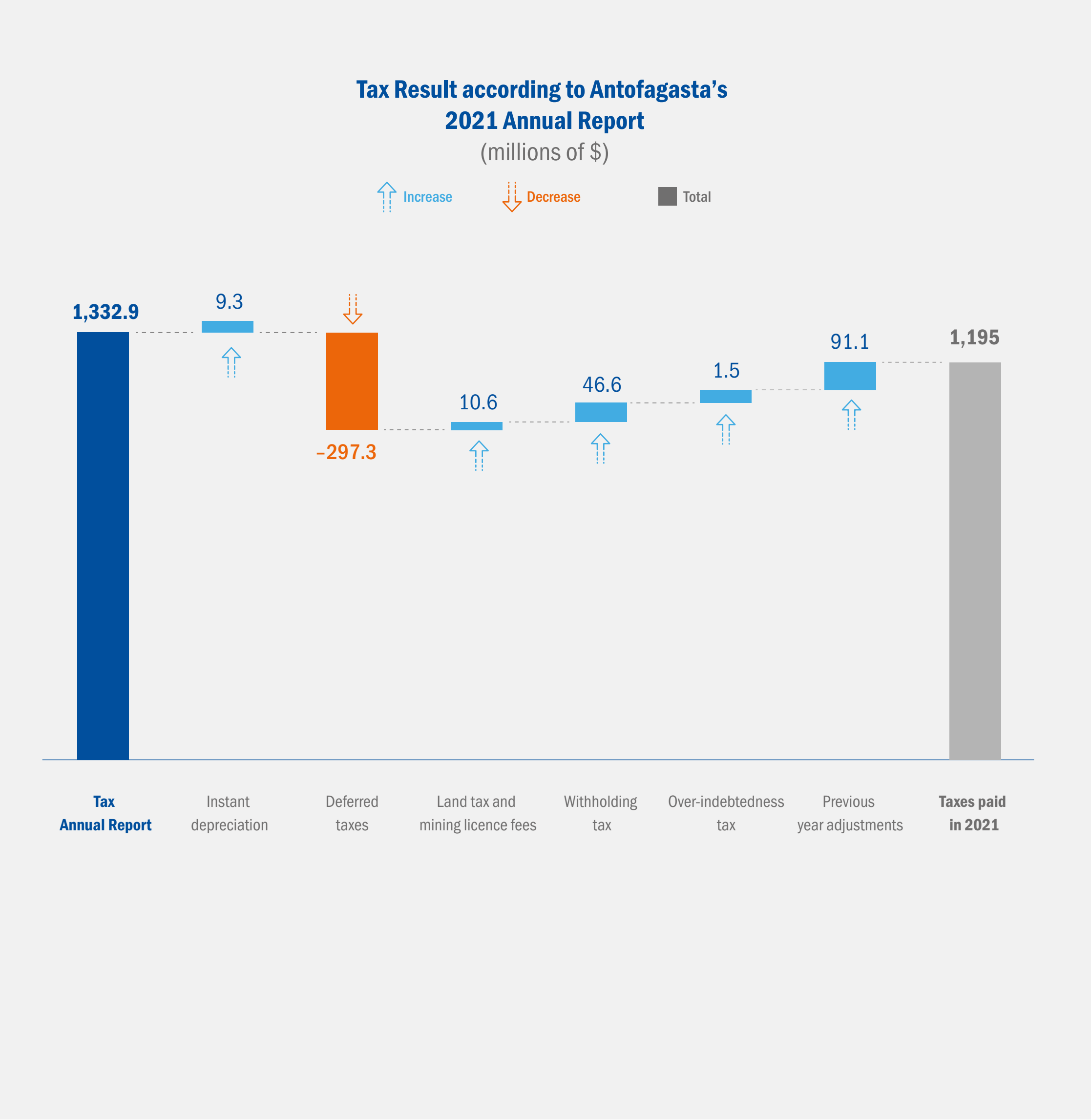
The following table shows the differences between the amounts reported in the Report on Payments to Governments¹⁰, and the Annual Report 2021:

COMPANIES	Payments to Governments (millions of \$)	Tax paid vs provisional monthly tax payments (millions of \$)	Tax paid vs provisional monthly royalty payments (millions of \$)	Withholding tax (millions of \$)	Previous year adjustments (millions of \$)	Other taxes paid (millions of \$)	Total (millions of \$)
Minera Los Pelambres	545	14	60	47	-21	2	648
Minera Centinela	12	214	45	2	26	2	302
Minera Antucoya	1	1	6	1	1	1	10
Antofagasta Minerals S.A.	18	0	0	0	8	4	30
Inversiones Los Pelambres Chile	193	-1	0	2	2	1	196
Compañía Minera Zaldívar	0	0	7	0	0	1	8
Michilla Costa SPA	0	0	0	0	0	0	0
Transport division	0	0	0	0	0	0	0
TOTAL	768*	229	118	53	16	11	1.195

* Includes only taxes from the Payments to Governments report

As stated above, for each of these reports we are governed by particular regulations with certain standards in relation to the disclosure of information. For this reason, the figures are different and are reconciled as shown in the next page.

10 See [Payments to Govenments Report](#) released on 30 June 2022.





Methodology and scope

In this first Tax Report, we seek to voluntarily show, in response to the principles of transparency, the tax performance of the companies that comprise Antofagasta’s Mining division.

The methodology under which the data is presented follows the tax calculation formula in the respective jurisdiction, which for Antofagasta is Chile, where it pays almost 100% of its taxes. The information presented to the Chilean state came from the income declaration form (F22) and the monthly declaration form (F50), both corresponding to the 2021 business year. In addition, we report the payments of mining and municipal licenses and land taxes made to the national treasury.

In accordance with the rules stipulated in Form 1907, Annual Transfer Pricing Affidavit, since September 2012 we have submitted a report to Chile’s Internal Revenue Service in June of each year, where we affirm that the prices agreed between the Group’s companies for any service, goods traded or operation, correspond to those that would be agreed between third-party or unrelated companies, both national and international.

In line with relevant international regulations, we submit Country-by-Country¹¹ reporting in accordance with the the Organisation for Economic Cooperation and Development’s (OECD) requirements, which deals with transfer pricing documentation, and in which we present updated annual information on the Group’s operations and the jurisdictions where we operate.

11 Refers to the BEPS Action Plan 13 report, which enables country-by-country transfer pricing documentation and reporting by providing a method for multinational companies to report annually for each jurisdiction where they operate. The document is private, but can be requested by the tax authorities of each country.

The numbers shown relate to the effective contribution in the 2022 tax year which corresponds to calendar year 2021, the calculation of which was prepared in accordance with current tax regulations. Values are presented in millions of US dollars (\$).

The auditing firm Deloitte Chile is responsible for reviewing the tax determinations that are presented for the Mining division’s companies in our tax returns in Chile. Furthermore, PwC Chile audits our financial statements, so the information shown here has been previously audited.

The data presented in this report has been reviewed and validated by Deloitte Chile, whose letter can be reviewed on page 23.

This Tax Report takes information from the following public and private documents of Antofagasta and its companies	Antofagasta Minerals Sustainability Report 2021
	Form F22 fiscal year 2021, Chile
	Monthly Declaration Form (F50), Chile
	Antofagasta plc Tax Strategy
	Antofagasta plc Annual Report 2021
	Report on Payments to Governments, Antofagasta plc, 2022



ANTOFAGASTA PLC