

# CENTINELA SECOND CONCENTRATOR PROJECT APPROVED FOR DEVELOPMENT

## ADDING 170,000 COPPER EQUIVALENT TONNES PER YEAR<sup>1</sup>

Antofagasta plc (“Antofagasta” or the “Company”), a global leader in the copper mining industry, is pleased to announce that after an extensive review, the construction of the Centinela Second Concentrator Project has been approved. Critical path works will begin immediately with full construction expected to commence after definitive project finance documents have been executed during Q1 2024.

**Antofagasta's CEO, Iván Arriagada said:** *“The Centinela Second Concentrator Project is a key element of our profitable growth strategy as it will add a further 170,000 copper equivalent tonnes per year of production<sup>1</sup>, with first copper expected in 2027, significantly progressing us towards our long-term ambition of 900,000 tonnes of profitable copper production. Importantly, it will also reduce net cash costs and unlock significant value in the Centinela District’s two billion tonne ore reserve. This brownfield expansion project is expected to deliver attractive returns in excess of our cost of capital at a wide range of commodity prices. We are leveraging more than 20-years of operational experience and understanding of Centinela’s ores, utilising existing infrastructure and building on long-established relationships within our local communities.*

*“We are a company focused on profitable growth and financial discipline, and this project will elevate Centinela to become one of the top 15 copper mines in the world by output and we will become one of the leading gold producers in Chile. At the same time, this project will create significant financial and non-financial value for all stakeholders while remaining consistent in our approach to disciplined capital allocation.*

*“Our view on the medium to long-term outlook is that the world is facing a significant shortage of copper, with electrification and the energy transition driving rising demand. The Second Concentrator Project is a clear opportunity to provide additional copper from our existing resource base, using 100% renewable electricity and raw sea water to reduce our environmental footprint, and as a project, represents a demonstration of our purpose of developing mining for a better future.”*

## KEY HIGHLIGHTS

- **Growth:** Centinela Second Concentrator to produce an additional 170,000 tonnes of copper equivalent tonnes per annum, comprising of 144,000 tonnes of copper production, 130,000 ounces of gold production and 3,500 tonnes of molybdenum production<sup>1</sup>, with a 36-year mine life based on Centinela’s substantial ore reserve of two billion tonnes.
- **Lower net cash costs:** Moving to first quartile C1 cost of production at Centinela through an increased focus on concentrator capacity that incorporates modern technologies, increased by-products and greater economies of scale. Net cash costs in the Centinela district are expected to be in the first quartile of the industry cost curve following the expansion.
- **Capital investment:** Project cost of \$4.4 billion, including a new 95ktpd concentrator plant incorporating high pressure grinding rolls (“HPGRs”) to reduce energy consumption, the expansion of the existing raw seawater pumping and transport system, a new tailings storage facility, capacity growth in energy and other input supply infrastructure, the expansion of outbound logistics networks such as the concentrate transport system and critical port infrastructure, additional loading equipment, autonomous hauling equipment and a truck-shop for the mine expansion at Esperanza Sur. Also included are camps, and ancillary civil infrastructure, which have been designed to fully integrate into the existing Centinela operation, to avoid any redundancy. This updated and approved capital cost estimate (previously \$3.7 billion – announced in August 2022) is based on advanced detailed engineering and includes escalation for inflation during construction, a stronger local currency estimate, updates to local labour regulations and additional

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<sup>1</sup> Figures represent the average over an initial 10-year period.

contingency provisions. The phasing of the project's capex is expected to be weighted towards 2025, with similar expenditures in adjacent years.

- **Mining plan:** The second concentrator will source ore initially from the recently opened Esperanza Sur pit and later from the Encuentro pit. The sulphide ore in the Encuentro pit lies under the Encuentro Oxides reserves, which are expected to be depleted by 2026. Fully exposing the sulphide ore in the optimal sequence required to initiate feed to the second concentrator from the Encuentro Pit is expected to require separate investments in infrastructure, mining equipment and mine development activities, which will materially commence half-way through the construction phase of the second concentrator and will span a period of 3-4 years. The combined investment in mine development and sustaining capital for the expansion of the Encuentro pit is estimated to be approximately \$1 billion. This expansion in mining activities will further enable Centinela to achieve the development potential of its extensive mineral resource base.
- **Financing:** Project to be financed by Centinela through a combination of direct funding from Centinela's shareholders (Antofagasta plc and Marubeni Corporation, representing approximately 40% of total funding), and project finance provided by lenders. Definitive project finance documents are expected to be executed during Q1 2024.
- **Water infrastructure:** Detailed terms and conditions have been substantially completed for the option to provide water for Centinela's current and future operations by a third party acquiring the existing water supply system and building the new water pipeline expansion. The planned outsourcing of the water supply will only proceed if it improves the net present value of the project, with closure of this process scheduled to be made alongside the execution of definitive project finance documents during Q1 2024. If it goes ahead as planned, an estimated amount of \$600 million in cash will be received for the divestment of the existing water infrastructure and the project cost will reduce by approximately \$400 million, considering that the investment required to expand the existing water system to supply the Second Concentrator will be undertaken by a third party.
- **Project permitting:** The Centinela Second Concentrator Project has all the relevant permits approved by the authorities in Chile for the project to proceed into the construction phase.
- **Timeline:** Three-year construction schedule, with critical path works commencing immediately. First production is expected in 2027.

Further details are provided in a presentation on the Company's website, available at [www.antofagasta.co.uk](http://www.antofagasta.co.uk).

### Management Presentation and Q&A

There will be a virtual presentation and Q&A that will be hosted today at 10:00am (UK time) by Iván Arriagada - Chief Executive Officer and Mauricio Ortiz - Chief Financial Officer, with the following details for accessing the meeting:

<b>Date</b>	Wednesday 20 December 2023
<b>Time</b>	10:00am (UK time)
<b>Online link</b>	<a href="https://antofagasta-creating-a-tier-1-mining-district.open-exchange.net/">Please click here to join the conference online</a> (or copy the URL shown below into your browser). <a href="https://antofagasta-creating-a-tier-1-mining-district.open-exchange.net/">https://antofagasta-creating-a-tier-1-mining-district.open-exchange.net/</a>

For those investors who are not able to join the conference by video, you can join by telephone using the dial-in details provided via the link shown above, where participants will be able to hear the presentation, the Q&A, and ask questions. Note, however, that if you choose the dial-in option, when registering please add the telephone number that you intend to use to access the call. Unregistered numbers may be removed from the call.

Video and telephone participants are encouraged to register in advance of the call commencing, to avoid delays in accessing the meeting.

**Investors – London**

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