LISTING MEMORANDUM

U.S.$750,000,000

(a public limited company incorporated under the laws of England and Wales and registered with company number 01627889)

6.250% Senior Notes due 2034

On May 2, 2024, we issued U.S.$750,000,000 aggregate principal amount of our 6.250% Senior Notes due 2034 (the "notes"). We will pay interest on the notes semi-annually on May 2 and November 2 of each year, beginning on November 2, 2024. The notes will mature on May 2, 2034. Interest on the notes offered hereby accrue at a rate of 6.250% per annum from May 2, 2024. We may redeem the notes, in whole or in part, at any time at a redemption price based on a "make-whole" premium plus accrued and unpaid interest, if any, to the date of redemption. In addition, in the event of certain changes in applicable tax laws relating to payments of interest on the notes, we may redeem the notes in whole, but not in part, at 100% of their principal amount, plus accrued and unpaid interest, if any, to the date of redemption. There is no sinking fund for the notes.

The notes are our senior unsecured general obligations and will rank equally in right of payment with all our existing and future senior unsecured indebtedness other than obligations preferred by statute or operation of law. The notes rank and will rank without any preference among themselves and equally with all our other unsubordinated obligations. The notes are effectively subordinated to all our existing and future secured indebtedness to the extent of the value of our assets securing such indebtedness. The notes are not guaranteed by any person or entity. See "Description of the Notes."

This listing memorandum has been approved by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129 as it forms part of United Kingdom ("UK") domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA") (the "UK Prospectus Regulation"). The FCA only approves this listing memorandum as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the notes. Investors should make their own assessment as to the suitability of investing in the notes. This listing memorandum will constitute a prospectus for the purposes of the UK Prospectus Regulation.

Application has been made to the FCA for the notes to be admitted to the official list of the FCA (the "Official List") and application will be made to the London Stock Exchange plc (the "London Stock Exchange") for such notes to be admitted to trading on the London Stock Exchange's regulated market ("Main Market"). The Main Market is a regulated market for the purposes of Regulation (EU) 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA ("UK MiFIR"). Such approval will relate only to the notes which are to be admitted to trading on a regulated market for the purposes of UK MiFIR and/or which are to be offered to the public in the UK.

This listing memorandum is issued solely in connection with the admission of the notes to the Official List and to trading on the Main Market. This listing memorandum does not constitute, and under no circumstances is to be construed as, an offering of securities in any jurisdiction. The offering of notes referred to herein has been completed.

Investing in the notes involves risks. See "Risk Factors" beginning on page 24 for certain information that you should consider before investing in the notes. Neither the U.S. Securities and Exchange Commission (the "SEC") nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this listing memorandum. Any representation to the contrary is a criminal offense.

Offering Price: 99.414% plus accrued interest, if any, from May 2, 2024.

The notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), any state securities laws, or the securities laws of any other jurisdiction and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")), except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered and sold in the United States only to qualified institutional buyers in compliance with Rule 144A under the Securities Act ("Rule 144A") and to persons other than U.S. persons in compliance with Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of eligible offerees and certain restrictions on transfer of the notes, see "Transfer Restrictions."

The notes have been delivered in book-entry form only through the facilities of The Depository Trust Company ("DTC") for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream"), on or about May 2, 2024.

Global Coordinators and Joint Book-Running Managers

Citigroup **J.P. Morgan**

Joint Book-Running Managers

BofA Securities **Credit Agricole CIB** **Natixis** **Scotiabank**

The date of this listing memorandum is July 4, 2024.

We have not, and the initial purchasers have not, authorized anyone to provide you with information that is different or additional from that contained in this listing memorandum, and we take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should assume that the information in this listing memorandum is accurate only as of the date on the front cover of this listing memorandum, regardless of time of delivery of this listing memorandum or any sale of the notes. Our business, financial condition, results of operations and prospects may change after the date on the front cover of this listing memorandum. This document may be used only where it is legal to sell the notes. Neither we nor any of the initial purchasers is making an offer to sell the notes in any jurisdiction where such an offer is not permitted.

TABLE OF CONTENTS

Page

Notice to Investors ii
Available Information v
Forward-Looking Statements vi
Presentation of Financial and Certain Other Information viii
Overview 1
The Offering 15
Summary of Financial and Other Information 19
Risk Factors 24
Use of Proceeds 40
Capitalization 41
Management's Discussion and Analysis of Financial Condition and Results of Operations 42
Reserves and Resources 63
Industry 74
Regulation 77
Business 81
Management 123
Principal Shareholders 132
Related Party Transactions 133
Description of the Notes 135
Transfer Restrictions 155
Taxation 158
Plan of Distribution 162
Enforcement of Civil Liabilities and Service of Process 171
Listing and General Information 172
Validity of the Notes 174
Independent Auditors 175
Glossary of Certain Terms 176
Index to Financial Statements F-1

NOTICE TO INVESTORS

This listing memorandum is issued solely for use in connection with the admission of the notes to the Official List and to trading on the Main Market. This listing memorandum does not constitute, and under no circumstances is to be construed as, an offering of securities in any jurisdiction. The offering of notes referred to herein has been completed. The Company accepts responsibility for the information contained in this listing memorandum. To the best of the knowledge of the Company the information contained in this listing memorandum is in accordance with the facts and this listing memorandum makes no omission likely to affect its import.

This listing memorandum has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this listing memorandum as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is the subject of this listing memorandum nor as an endorsement of the quality of the notes that are the subject of this listing memorandum. Investors should make their own assessment as to the suitability in investing in such notes.

This listing memorandum comprise a prospectus for the purposes of Article 6 of the UK Prospectus Regulation and for the purposes of giving information with regard to the Company and the notes, which, according to the particular nature of the Company and the notes, is necessary to an investor for making an informed assessment of the prospects of the Company, the rights attaching to the notes and the reasons for the issuance of the notes and its impact on the Company.

None of the Global Coordinators, the Joint Bookrunners nor any of their respective directors, officers, employees, affiliates, advisers or agents have authorized the whole or any part of this listing memorandum and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this listing memorandum. None of the Global Coordinators, the Joint Bookrunners nor any of their respective directors, officers, employees, affiliates, advisers or agents has made any independent verification of the information contained in this listing memorandum in connection with the issue or offering of the notes and no representation or warranty, express or implied, is made by any of the Global Coordinators, the Joint Bookrunners or any of their respective directors, officers, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in this listing memorandum is, is to be construed as, or shall be relied upon as, a representation or warranty, whether to the past or the future, by any of the Global Coordinators, the Joint Bookrunners or any of their respective directors, officers, employees, affiliates, advisers or agents in any respect.

The Company has not authorized the making or provision of any representation or information regarding the Company or the notes other than as contained in this listing memorandum. Any other representation or information should not be relied upon as having been authorized by the Company, Global Coordinators or the Joint Bookrunners.

Neither the delivery of this listing memorandum nor the offering, sale or delivery of any note shall in any circumstance create any implication that there has been no adverse change, or event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Company since the date of this listing memorandum.

The distribution of this listing memorandum and the offering, sale and delivery of the notes in certain jurisdictions may be restricted by law. Persons into whose possession this listing memorandum comes are required by the Company, the Global Coordinators and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the notes and on the distribution of this listing memorandum and other offering materials relating to the notes, see "*Plan of Distribution*" and "*Transfer Restrictions.*"

This listing memorandum has been prepared by the Company for use in connection with the admission of the notes to the Official List of the FCA and the Regulated Market of the London Stock Exchange. Application will be made to have the notes admitted to the Official List of the FCA and trading on the Regulated Market of the London Stock Exchange on or prior to the first interest payment date of the notes, however, the Company cannot guarantee that these applications will be approved, and settlement of the notes is not conditioned on obtaining such listings. This listing memorandum does not constitute an offer to any person in the United States other than any QIB to whom an offer has been made directly by one of the Joint Bookrunners, Global Coordinators or its U.S. broker-dealer affiliate. Distribution of this listing memorandum to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB with respect thereto, is unauthorized and any disclosure without the prior written consent of the Company of any of its contents to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB, is prohibited.

Notwithstanding anything to the contrary contained herein, none of the trustee, any paying agent or any other agent under the indenture (as defined in "Description of the Notes") makes any representation with respect to the accuracy or completeness of the information contained in this listing memorandum, and shall have no liability whatsoever for its accuracy or completeness.

Prospective purchasers of the notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Chile of acquiring, holding and disposing of the notes and receiving payments of principal, interest and/or other amounts under the notes.

SUITABILITY OF INVESTMENT

In making any investment decision, prospective investors must rely on their own examination of the Company, including the merits and risks involved. Prospective investors should not construe anything contained in this listing memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the notes under applicable legal investment or similar laws or regulations and to determine the tax consequences relating to an investment in the notes.

Each potential investor in the notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the notes, the merits and risks of investing in the notes and the information contained in this listing memorandum or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the notes and the impact the notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all the risks of an investment in the notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the notes and be familiar with the behavior of any relevant financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

LEGAL INVESTMENT CONSIDERATIONS

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the notes are legal investments for it, (2) the notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the notes under any applicable risk-based capital or similar rules.

STABILIZATION

In connection with the issue of the notes, the initial purchasers may over allot notes or effect transactions with a view to supporting the price of the notes at a level higher than that which might otherwise prevail. However, there is no obligation on the initial purchasers to do this and stabilization may not necessarily occur. Any stabilization action or over-allotment must be conducted in accordance with all applicable laws and rules and if commenced, may be discontinued at any time.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more of): (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

THE NOTES HAVE NOT BEEN APPROVED OR DISTRIBUTED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS LISTING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

AVAILABLE INFORMATION

We are not subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). To permit compliance with Rule 144A under the Securities Act in connection with resales of notes, we will be required under the indenture (as defined in "Description of the Notes"), upon the request of a holder of Rule 144A notes or Regulation S notes (during the restricted period, as defined in the legend included under "Transfer Restrictions"), to furnish to such holder and any prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act, unless we furnish information to the SEC in accordance with Rule 12g3-2(b) under the Exchange Act or pursuant to Section 13 or 15(d) of the Exchange Act. Any such request may be made to us in writing at our registered office located at 103 Mount Street, London W1K 2TJ, United Kingdom.

The indenture will further require that we furnish to the trustee (as defined herein) all notices and communications that are generally made available to holders of the notes.

We will make available to the holders of the notes, at the corporate trust office of the trustee at our cost, copies of the indenture and this listing memorandum, and copies in English of our annual audited consolidated financial statements and our interim unaudited condensed consolidated financial statements.

FORWARD-LOOKING STATEMENTS

This listing memorandum contains certain forward-looking statements. All statements other than historical facts are forward-looking statements. Examples of forward-looking statements include those regarding the Company's strategy, plans, objectives or future operating or financial performance, reserve and resource estimates, commodity demand and trends in commodity prices, growth opportunities, and any assumptions underlying or relating to any of the foregoing. Words such as "intend", "aim", "project", "anticipate", "estimate", "plan", "believe", "expect", "may", "should", "will", "continue" and similar expressions identify forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that are beyond our control. Given these risks, uncertainties and assumptions, actual results could differ materially from any future results expressed or implied by these forward-looking statements, which speak only as at the date of this listing memorandum. Important factors that could cause actual results to differ from those in the forward-looking statements include, without limitation:

- general economic and financial conditions, which may affect our business, results of operations or financial condition;
- various political, economic, legal, regulatory, social and other risks and uncertainties across the jurisdictions in which we operate;
- changes to mining concessions or the imposition of new mining royalties in the jurisdictions in which we operate;
- our ability to comply with the extensive body of regulations governing the mining industry, as well as the need to manage relationships with local communities;
- the effects of geopolitical tensions, including military conflicts, and any spread or expansion thereof, including with respect to impacts on supply chains, commodity prices and other markets;
- demand, supply and prices for copper and other long-term commodity price assumptions (as they materially affect the timing and feasibility of future projects and developments);
- our ability to realize the anticipated benefits of the Los Pelambres Expansion, the Nueva Centinela Project and other brownfield or greenfield expansion projects;
- trends in the copper mining industry and conditions of the international copper markets;
- the effect of currency exchange rates on commodity prices and operating costs;
- the availability and costs associated with mining inputs and labor;
- operating or technical difficulties in connection with mining or development activities;
- risks, hazards and/or events and conditions inherent to the mining industry, which may affect our operations or facilities;
- employee relations;
- climate change as well as the effects of extreme weather conditions;

- the outcome of any litigation, arbitration, regulatory and administrative proceedings to which we are and may be subject in the future; and

- actions and activities of governmental authorities, including changes to laws, regulations or taxation.

Except as required by applicable law, rule or regulation, we do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional factors which could cause actual results and developments to differ from those expressed or implied by the forward-looking statements are included in the section "Risk Factors" in this listing memorandum.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Certain Defined Terms

In this listing memorandum, unless otherwise specified or the context otherwise requires, the terms "we," "our," "us," the "Group," the "Company" and "Antofagasta" refer to Antofagasta plc, together with its subsidiaries, or, if the context requires, Antofagasta plc, individually. References to the "Issuer" in this listing memorandum are references to Antofagasta plc. Certain terms used in this listing memorandum, including certain terms relating to our business, are defined in "Glossary of Certain Terms."

Financial Information

This listing memorandum includes:

- our annual audited consolidated financial statements presented in U.S. dollars as of and for the year ended December 31, 2021, which include the notes thereto (the "2021 Audited Financial Statements");
- our annual audited consolidated financial statements presented in U.S. dollars as of and for the year ended December 31, 2022, which include the notes thereto (the "2022 Audited Financial Statements"); and
- our annual audited consolidated financial statements presented in U.S. dollars as of and for the year ended December 31, 2023, which include the notes thereto (the "2023 Audited Financial Statements" and, together with the 2022 Audited Financial Statements and the 2021 Audited Financial Statements, the "Financial Statements").

The financial information presented and disclosed in this listing memorandum as of and for each of the years ended December 31, 2021, 2022, and 2023 has been derived from the 2021 Audited Financial Statements, the 2022 Audited Financial Statements and the 2023 Audited Financial Statements, respectively.

The Financial Statements should be read in conjunction with the relevant reports of our independent auditors, included elsewhere in this listing memorandum, as such reports relate to the Financial Statements.

Our 2021 Audited Financial Statements, 2022 Audited Financial Statements and 2023 Audited Financial Statements have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006 ("IFRS").

The preparation of financial information in accordance with IFRS requires the use of certain critical accounting estimates. Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Judgments and Key Sources of Estimation Uncertainty" and Note 3 of the Financial Statements, included elsewhere in this listing memorandum. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in the notes to the financial information included elsewhere in this listing memorandum.

In making an investment decision, you must rely upon your own examination of Antofagasta and its subsidiaries, the terms of the offering and the financial information included herein. We urge you to consult your own advisors regarding the differences between IFRS and U.S. GAAP and how these differences might affect the financial information included in this listing memorandum.

The financial information included in this listing memorandum is not intended to comply with the applicable accounting requirements of the Securities Act and the related rules and regulations that would apply if the notes were to be registered in the United States.

Currency and Units of Measure

In this listing memorandum, references to "U.S.$," "$," "U.S. dollars" and "dollars" are to United States dollars and references to "cents" are to United States cents (U.S.$0.01). References to "pesos" or "Ch$" are to Chilean pesos. References to "British pounds," "GBP," "pounds sterling," "sterling" or "£" are to the currency of the United Kingdom of Great Britain and Northern Ireland.

As used in this listing memorandum, the term "billion" means one thousand million (1,000,000,000).

Rounding Adjustments

Certain figures included in this listing memorandum have been rounded for ease of presentation. Percentage figures included in this listing memorandum have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, certain percentage amounts in this listing memorandum may vary from those obtained by performing the same calculations using the figures in our Financial Statements included elsewhere in this listing memorandum. Certain other amounts that appear in this listing memorandum may not sum due to rounding.

Industry and Market Data

Market data and other statistical information used throughout this listing memorandum are generally based on independent industry publications, government publications, reports by market research firms or other published independent sources, including independent consultants. Some data are also based on our estimates, which are derived from our review of internal surveys, as well as independent sources. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness.

In addition, in many cases, we have based certain statements contained in this listing memorandum regarding our industry and our position in the industry on certain assumptions concerning our customer and competitors. These assumptions are based on our experience in the industry and our own investigation of market conditions. We cannot assure you as to the accuracy of any such assumptions, and such assumptions may not be indicative of our position in our industry.

Certain information provided in this listing memorandum has been sourced from third parties. We confirm that such third-party information has been accurately reproduced and that, so far as we are aware and are able to ascertain from information published by such third parties, no facts have been omitted which would render the third-party information reproduced herein inaccurate or misleading. All information in this listing memorandum attributed to "Wood Mackenzie" is sourced from the "Wood Mackenzie Global Copper Strategic Planning Outlook – Q1 2024" report, dated March 2024.

Alternative Performance Measures

In this listing memorandum, we have included references to certain non-IFRS measures and ratios, including EBITDA, exceptional items, Net Debt, cash costs, EBITDA Margin and Net Debt/EBITDA or leverage. These measures are included because they are considered to provide relevant and useful additional information to investors. You should exercise caution in comparing the non-IFRS measures as reported by us to non-IFRS measures of other companies. Non-IFRS measures have limitations as an analytical tool,

and you should not consider them in isolation or as a substitute for analysis of our operating results as reported under IFRS.

EBITDA, Net Debt, cash costs, EBITDA Margin and other alternative performance measures as presented in this listing memorandum may not be comparable to other similarly titled measures of performance of other companies. The non-IFRS financial information included in this listing memorandum is not intended to comply with reporting requirements of the SEC and will not be subject to review by the SEC or any other authority in the United States.

EBITDA

EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortization. EBITDA is calculated by adding back depreciation, amortization, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group's subsidiaries, and the Group's proportional share of the EBITDA of its associates and joint ventures.

EBITDA is considered to provide a useful and comparable indication of the current operating earnings performance of the business, excluding the impact of the historical cost of property, plant and equipment or the particular financing structure adopted by the business.

For a reconciliation of EBITDA to operating profit for each of the years ended December 31, 2023, 2022 and 2021, see "Summary of Financial and Other Information."

Exceptional items

Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash, including impairments and profits or losses on disposals. The classification of these types of items as exceptional is considered to be useful as it provides an indication of the earnings generated by the ongoing businesses of the Group.

Net Debt

Net Debt reflects the total of current and non-current borrowings less cash and cash equivalents and liquid investments. This is considered to provide a useful indication of the business's financial position, including its capacity to raise additional debt, and is widely accepted as one of the most common measures of a company's level of indebtedness.

Cash Costs

Cash costs is a non-IFRS alternative performance measure of the cost of operating production expressed in terms of cents per pound of payable copper produced. Cash cost per pound is calculated as U.S. dollars per pound of payable copper produced. Cash costs reflect the mining and processing costs required to produce our copper concentrate and cathodes, including related transportation costs. For Los Pelambres and Centinela, cash costs are stated net of by-product credits and include treatment and refining charges for concentrates. Net cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses, and corporation tax.

Cash costs is considered to be a useful and relevant measure as it is a standard industry measure applied by most major copper mining companies which reflects the direct costs involved in producing each pound of copper. It therefore allows a straightforward comparison of the unit production cost of different mines, and allows an assessment of the position of a mine on the industry cost curve. It also provides a simple indication of the profitability of a mine when compared against the price of copper (per lb).

EBITDA Margin

EBITDA Margin is calculated as EBITDA divided by Group revenue. This is considered to provide a useful indication of the level of profitability of the business, excluding the impact of the historical cost of property, plant and equipment or the particular financing structure adopted by the business, and allows comparisons between businesses of different sizes.

For a reconciliation of revenue to EBITDA Margin for each of the years ended December 31, 2023, 2022 and 2021, see "Summary of Financial and Other Information."

Net Debt/EBITDA or Leverage

Net Debt/EBITDA, or leverage, is calculated as Net Debt at the period-end date divided by EBITDA for the last twelve months. This is considered to provide a useful indication of the business's financial position, including its capacity to raise additional debt, is widely accepted as one of the most common measures of a company's level of indebtedness, and allows comparisons between businesses of different sizes.

OVERVIEW

This overview highlights selected information more fully described elsewhere in this listing memorandum. This overview does not contain all of the information that is important to you. You should read carefully this entire listing memorandum, including the Financial Statements including the notes and other financial data appearing elsewhere herein, and including the risks of investing in the notes discussed in "Risk Factors" below, before making a decision whether to invest in the notes.

Our Business

We are a leading Chile-based international copper mining group that also has significant production of gold and molybdenum as by-products. We are incorporated under the laws of England and Wales and have been listed on the London Stock Exchange since 1888, and are a constituent of the FTSE 100 index, as well as the ESG focused FTSE4Good and Bloomberg ESG Data Index.

We engage primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore and the international sale of copper cathodes and copper concentrates. We operate four producing mines in Chile. We also engage in exploration activities in Chile and elsewhere in the Americas and own a transport division that provides rail and road cargo services in northern Chile, predominantly to mining customers, including some of our own operations.

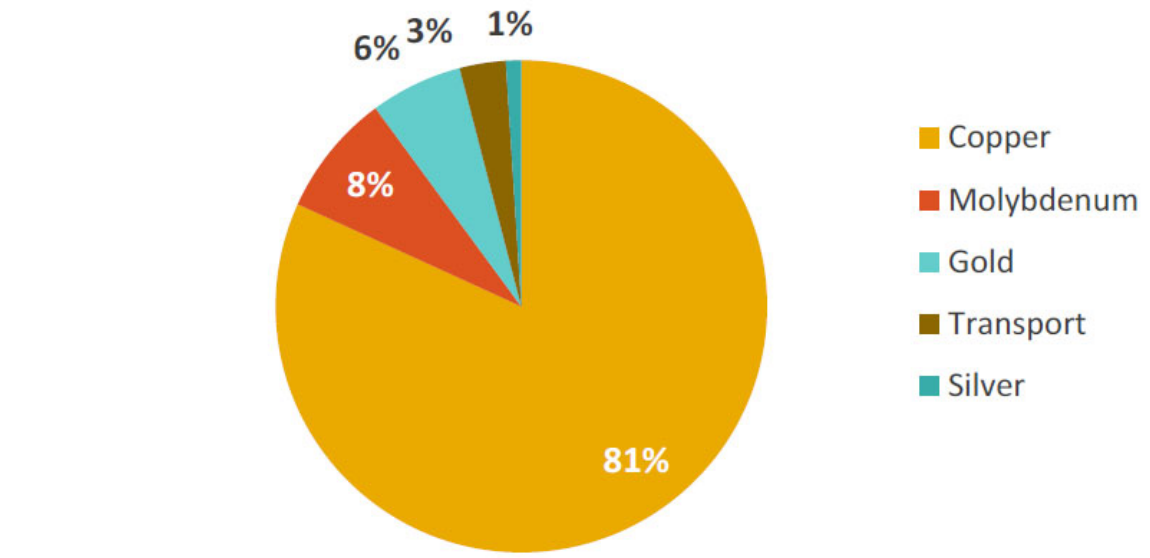
The four mines we operate (Los Pelambres, Centinela, Antucoya, Zaldívar) are located in the Coquimbo and Antofagasta regions of Chile. As of December 31, 2023, these four operating mines had approximately 3,825.9 million tonnes of proven and probable ore reserves (including 100% of the proven and probable reserves at Zaldívar, of which we have a 50% ownership interest).

We believe the high quality of our core mining assets is one of our key strengths. Los Pelambres, a world-class copper mine, contains proven and probable ore reserves totaling 848.6 million tonnes as at December 31, 2023, and produced 300,300 tonnes of copper in 2023. Centinela contains proven and probable ore reserves totaling 1,897.9 million tonnes as at December 31, 2023, and produced 242,000 tonnes of copper in 2023. Antucoya contains proven and probable ore reserves totaling 726.5 million tonnes as at December 31, 2023, and produced 77,800 tonnes of copper in 2023. Zaldívar, which is a joint venture with Barrick Gold Corporation in which we hold a 50% interest, contains proven and probable ore reserves totaling 352.9 million tonnes as at December 31, 2023 (reflecting 100% of the proven and probable reserves at Zaldívar), and produced 40,500 tonnes of copper (on a 50% basis, reflecting our percentage of ownership) in 2023.

Our main commercial products are copper concentrates (also containing gold and silver) and copper cathodes. We also produce and sell molybdenum concentrate. For the year ended December 31, 2023, we derived 81.4% of our total revenue from copper and 15.5% of our total revenue from gold, molybdenum and silver by-product production.

In addition, we also hold significant transport assets in our Transport division, which is mainly focused on the transport of copper cathodes and concentrates from, and the transport of sulfuric acid to, the mining industry in the Antofagasta region of Chile, including our own operations. Total transport volumes in 2023 were 7.1 million tonnes, which were broadly consistent with transport volumes in 2022. In total, in 2023, the Transport division operated approximately 900 km of railroad and 75 locomotives.

The chart below sets forth our revenue by product for the year ended December 31, 2023:



We strive for operating efficiency, creation of sustainable value, high profitability, and to be a preferred partner in the global mining industry. We are committed to our purpose of Developing Mining for a Better Future. Based on this approach, in 2019 we adopted a strategic framework designed to underpin our long-term success. We built this framework around five pillars: disciplined growth, development of our people and culture, the safety and sustainability of our operations, innovation, and competitiveness. We have also put in place a clear set of near- and medium-term goals for the organization based on this framework.

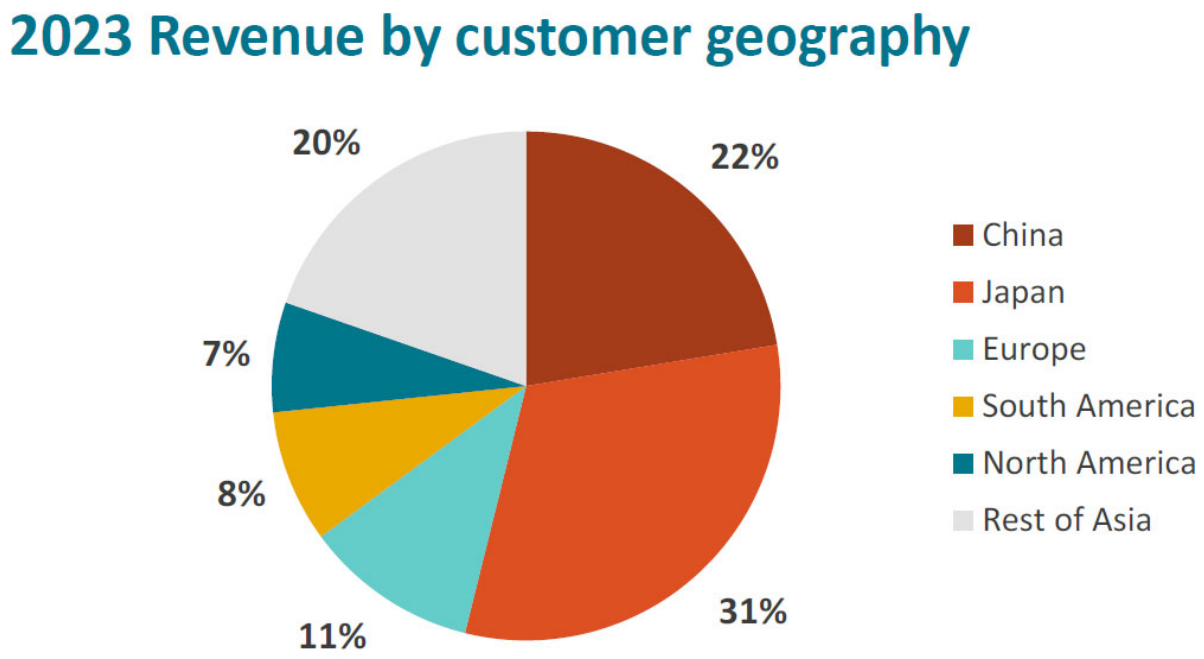
We are focused on improving efficiency through debottlenecking and incremental plant expansions at our existing mines, as these projects often have lower capital expenditure requirements and generate higher returns than greenfield projects. We currently have two main brownfield expansion projects in various stages of progress at our existing operations, including the expansion of the Los Pelambres operation (the "Los Pelambres Expansion") and the construction of a second concentrator and tailings deposit, approximately 7 km from the existing Centinela concentrator (the "Nueva Centinela Project"). Phase 1 of the Los Pelambres Expansion, involving the construction of a desalination plant and water pipeline and the expansion of the concentrator plant, was completed in 2023 and is in its operational ramp up stage. In 2023, we received approval of a separate Environmental Impact Assessment in connection with the expansion of the desalination plant to 800 l/s and the construction of a new water pipeline, improvements which are designed to enhance the resilience of Los Pelambres against the future impact of climate change and the deteriorating availability of water in the region, and provide a platform for Phase 2 of the Los Pelambres Expansion. Phase 2 of the Los Pelambres Expansion, which is subject to a further Environmental Impact Assessment, involves increasing the capacity of the tailings storage facility, adding storage capacity for mine waste and providing the water requirement for the enlarged capacity of the Los Pelambres operation. Phase 2 of the Los Pelambres Expansion is expected to extend the mine's life by at least 15 years, accessing a larger portion of Los Pelambres' six billion tonnes of mineral resources, and provide the option to increase throughput to 205,000 tonnes of ore per day (from the current capacity of 190,000 tonnes of ore per day). The Nueva Centinela Project was approved in 2023 and construction commenced during Q1 2024. The capacity of the new concentrator is expected to be 95,000 tonnes of ore per day, producing on average

approximately 170,000 tonnes of copper equivalent (copper, gold and molybdenum) a year over the first ten years of operation, with a potential expansion to 150,000 tonnes of ore per day in subsequent phases of the Nueva Centinela Project.

We take a very disciplined and conservative approach to growth and have a long-term perspective, with exploration in Chile and internationally remaining a key part of the sustainable long-term growth of our copper business. In line with that approach, we have a long-term development project in Minnesota called Twin Metals, and during 2023 we entered into transactions in the secondary market to increase our beneficial ownership to approximately 19% of the outstanding shares of Compañía de Minas Buenaventura S.A.A. ("Buenaventura"), Peru's largest, publicly traded precious and base metals company and a major holder of mining rights in Peru.

The majority of our sales are to industrial customers across the globe who refine or further process the copper we produce—smelters, in the case of our copper concentrate production, and copper fabricators, in the case of our cathode production. For the year ended December 31, 2023, 74% of our revenue was derived from customers located in Asia, with customers in Japan accounting for 31% of total revenue. We also retain a small exposure to the spot market, which allows us to manage our shipments and provides us with live market feedback.

The chart below sets forth our revenue by location of customer for the year ended December 31, 2023:



For the year ended December 31, 2023, we produced 660,600 tonnes of copper; 209,100 ounces of gold; and 11,000 tonnes of molybdenum.

For the year ended December 31, 2023, our consolidated revenue was U.S.$6,324.5 million; and EBITDA was U.S.$3,087.2 million.

Copper Market Fundamentals

Copper is an internationally traded commodity, with prices in effect established on terminal markets including the LME and COMEX. Copper prices are affected by numerous factors, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers and others and actions of participants in the commodities markets.

While copper prices remained relatively stable in 2023 as compared to 2022, the global market is seeing significant change both in the supply of copper and in demand from key industries. Factors such as grade decline and rising ore hardness are affecting production from existing mines. Copper demand, however, remained strong in 2023, specifically in Asia, which represented approximately two-thirds of global consumption in 2023 according to Wood Mackenzie. In particular, China accounted for approximately 55% of the world's consumption in the same year. In China, several factors have created a market in transition in 2023, including a slower than expected post-COVID recovery, with decreased demand from traditional sectors such as property, and emerging demand for sectors linked to decarbonization. As of April 24, 2024, the spot price for copper was $4.47 per pound.

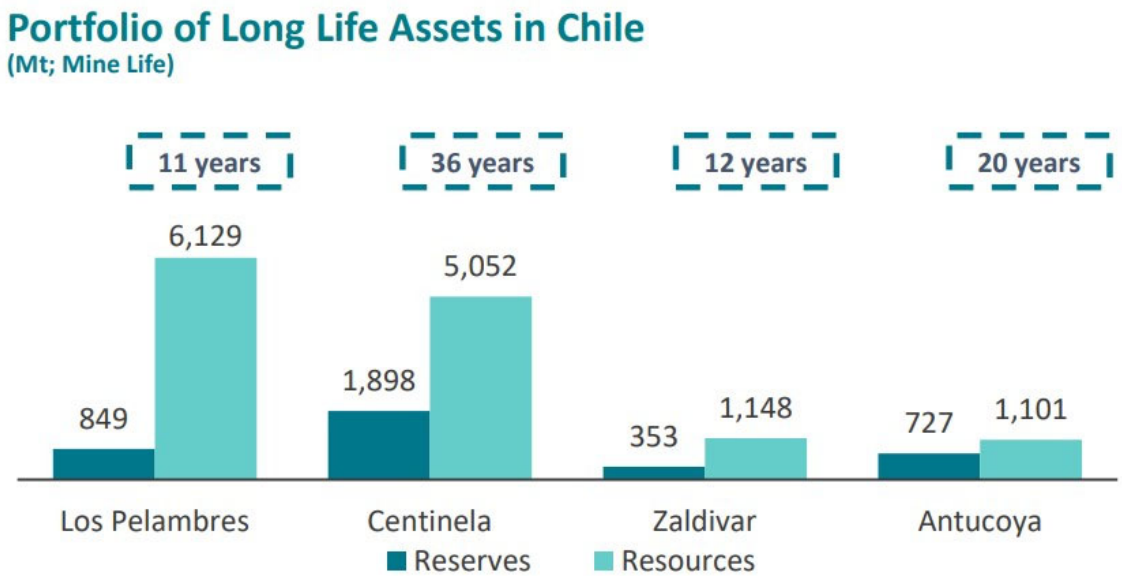
Our Strengths

We believe our competitive position as a leading mining company in Chile is supported by the following strengths:

Strong Core Mining Business with a Premium Copper Portfolio in an Established Mining Jurisdiction

Our mining assets are located in the Antofagasta and Coquimbo regions of Chile, an established mining jurisdiction. As of April 24, 2024, Chile's long-term foreign currency sovereign ratings are A2 from Moody's, A from S&P and A- from Fitch. In 2023, Chile was the largest producer of copper in the world and ranked first in reserves according to the U.S. Geological Survey, Mineral Commodity Summaries. Our mining operations have large resource bases; as of December 31, 2023, the four mines we operate had approximately 3,825.9 million tonnes of proven and probable ore reserves in total (including 100% of the proven and probable reserves at Zaldívar) with an average mine life of approximately 20 years. As at December 31, 2023, Los Pelambres contains 848.6 million tonnes in proven and probable ore reserves. Likewise, Centinela contains 1,897.9 million tonnes, Antucoya contains 726.5 million tonnes, and Zaldívar contains 352.9 million tonnes in proven and probable ore reserves (reflecting 100% of the proven and probable reserves at Zaldívar). The long life of these assets increases the likelihood of a mine being able to benefit from the peaks in the commodity price cycle while withstanding the troughs.

The chart below shows the remaining life of mine, reserves and resources of our operating mines as of December 31, 2023.[(1),(2)]

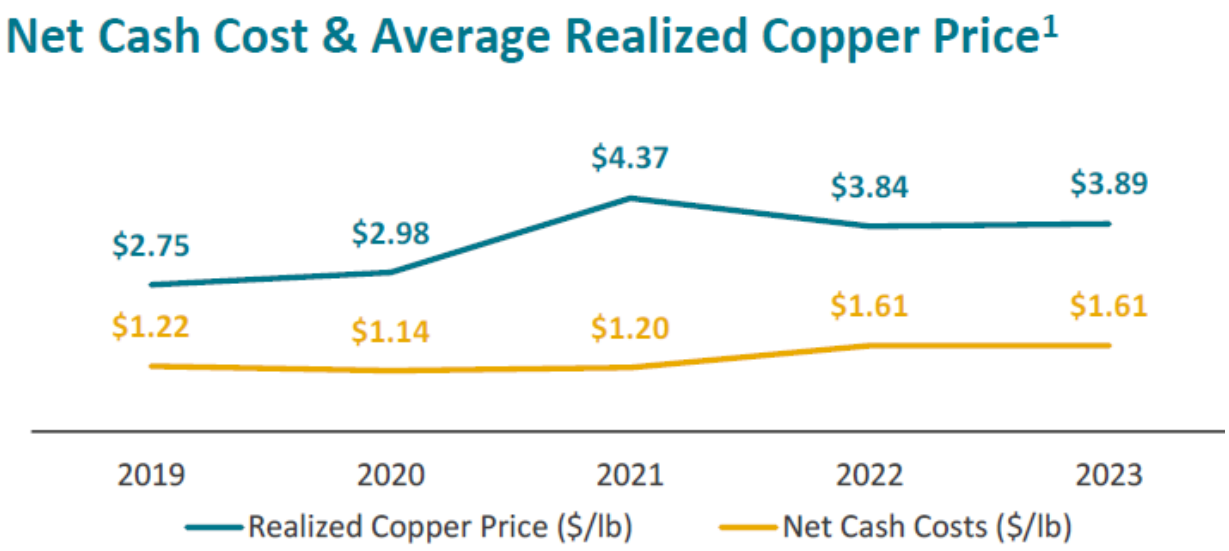


(1) Figures reported on a 100% basis, Mine Life considers reserves.

(2) Resources are reported inclusive of reserves 2023.

The remaining mine life, reserves and resources set forth in the chart above are based on the operating conditions of the mines as of December 31, 2023. We have undertaken, or are in the process of evaluating, new projects with the goal of increasing the mine life of certain of our operating mines, including the Los Pelambres Expansion, which is expected to extend the mine life of Los Pelambres to 2051. For further information on our ongoing construction projects, see "*Business—Projects Under Construction*" and *–Projects Under Evaluation*".

We are poised to improve our position on the copper cash cost curve. During 2023, net cash costs per pound of $1.61 were negatively impacted by the effects of continuing water scarcity at Los Pelambres. With the completion of Phase 1 of the Los Pelambres Expansion in 2023, we expect these effects to be mitigated going forward. In addition, we expect the Nueva Centinela Project to improve Centinela's competitiveness on the global cash cost curve through an increased focus on concentrator capacity that incorporates modern technologies, increased by-products and greater economies of scale. Together, we expect these projects to have a positive impact on our position on the copper cash cost curve going forward.



(1) Cash cost included is net of by-product revenue.

Safety First: A Robust and Proactive Safety Culture

The health and safety of our employees is our first priority. Our Occupational Health and Safety Strategy is based on four pillars: occupational health and safety risk management; reporting, investigating and learning from our accidents; leadership; and contractor management. We strive to eliminate dangerous workplace conditions and behaviors with the goal of zero fatalities, zero occupational illnesses, and the development of a resilient culture and the automation of hazardous processes. We have undertaken intensive safety awareness campaigns with highly visible leadership from senior management, including monthly dedicated site visits by our chief executive officer or other key management personnel. Our leadership teams strive to share lessons learned across our operations and promote operational discipline in furtherance of our commitment to safety. We measure our overall safety performance with two main indicators: high-potential incidents and Lost Time Injury Frequency Rate ("LTIFR"). In 2023, we had 34 high-potential incidents, 19% fewer than in 2022. As compared to 2022, our LTIFR decreased by 25% to 0.63 per million hours worked as we continue to embed a safety-first culture, with improvements in leading and lagging indicators of safety. To emphasize and incentivize safety, we tie senior management and employee compensation to these safety metrics and safety performance.

Operational Discipline: Track Record of Delivering Sustainable Production

We are a leading copper producer with a demonstrated ability to successfully operate mines in Chile and consistently achieve production targets. Over the last decade, we have been able to sustain annual production levels despite significant volatility in metal prices and the impact of the ever-changing global political and economic environments. In the last 17 years, we have been able to increase our total copper production by over 40%, going from 466,000 tonnes in 2006 to 660,600 tonnes in 2023. We believe that our long-dated experience in the industry as a best-in-class operator, supported by our cost-efficient and environmentally and socially responsible business model will allow us to benefit from the anticipated increase in copper demand in the medium and long term and continue capitalizing on the currently strong market fundamentals and our competitive position in the market.

The table below sets out our production track record for the periods indicated.

Cost Control Through Business Improvements

Our cost-control strategy, designed to ensure we continue to operate efficiently, is to deploy capital expenditure on debottlenecking projects and incremental plant expansions at our existing mines, increasing throughput and improving overall efficiencies. Since 2014, we have utilized our Cost and Competitiveness Program ("CCP") to improve our competitiveness in the medium and long term, strengthening our operations and enabling future growth.

The main target of the CCP is to provide a methodology to preserve our competitive position within the industry and to counterbalance grade decline, which is a natural trend in all copper mines, inflation and input prices. Each year, we seek to realize savings through the CCP through initiatives related to streamlining goods and services procurement; improving operating efficiency and asset reliability; achieving energy efficiency; improving corporate and organizational effectiveness; and enhancing working capital, capital expenditure and services efficiency. Through these initiatives, in the year ended December 31, 2023, we achieved savings and productivity improvements of $135 million, compared with $124 million in 2022 and $131 million in 2021, which helped to partially mitigate the increase in cash costs that we experienced during each year (including during 2023 as a result of water shortages).

As we move forward, we will continue working on identifying and delivering the "next generation" of cost savings through initiatives such as teleworking, autonomous mine equipment and applying business intelligence to supply chain management.

Financial Discipline: Balance Sheet Management Facilitated by Disciplined Capital Allocation

Maintaining a strong balance sheet is one of our key focuses. We have implemented a strong capital allocation model, which focuses on sustaining capital expenditure and investing in mine development to maintain our processing plants' and mines' ability to deliver value. Consequently, we allocate capital to growth projects that generate returns consistent with our investment criteria, or alternatively we return excess capital in the form of a higher final dividend. This model is fundamental in making all of our financial decisions. Further, according to our dividend policy, we expect to pay a minimum dividend of 35% of underlying net earnings.

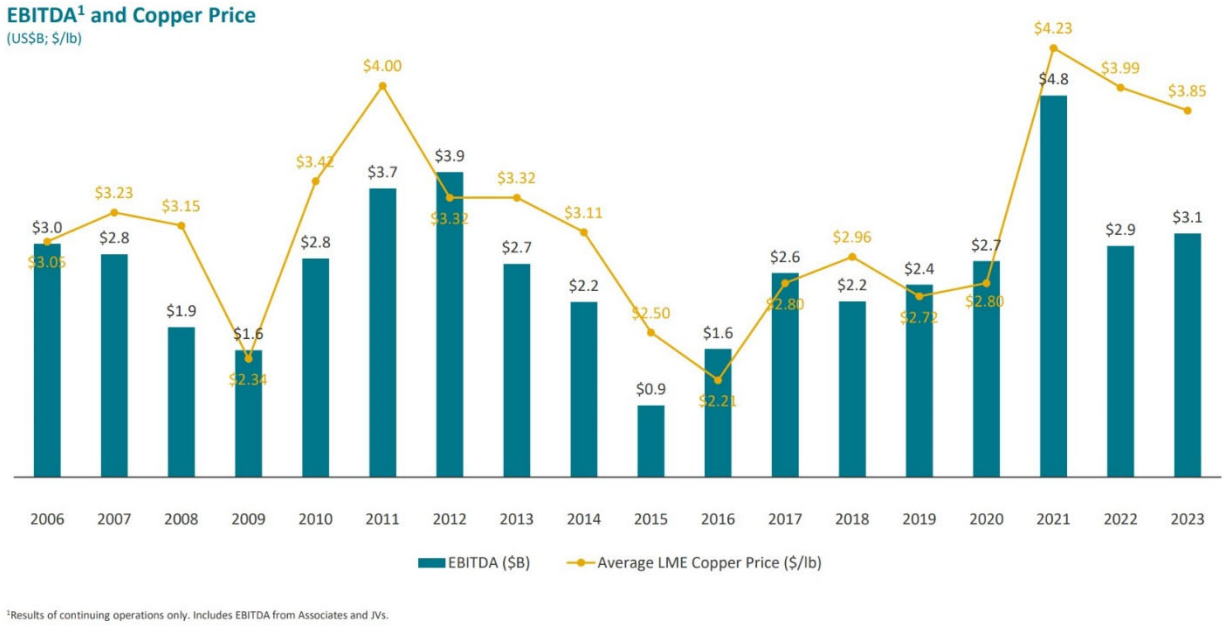
We have a proven track record of operational efficiency and project development execution—for example, three of our mines were developed by us. We have successfully executed several development and portfolio optimization projects in Chile, which have allowed us to improve the operational efficiency and copper production in our operations. Our focus on debottlenecking and incremental plant expansions at our existing mines to improve efficiency is key to our strategy, as these projects often have lower capital expenditure requirements and generate higher returns than greenfield projects.

We have a portfolio of organic growth projects with two brownfield expansion projects in various stages of progress at our existing operations, including the Los Pelambres Expansion and the Nueva Centinela Project. We believe our disciplined approach to capital spending allows us better to weather downturns in the copper markets and positions us to succeed when markets recover.

Historically, we have been able to generate cash flow well in excess of our capital expenditure and consequently, we have been able to maintain low levels of debt. During the fiscal year ended December 31, 2023, we generated $2,333.0 million in net cash from operating activities, and invested $2,129.2 million in capital expenditure while maintaining an end-of-period cash balance (including cash, cash equivalents and liquid investments) of $2,919.4 million, and net leverage consistently below 0.5x. We have been able to maintain a strong EBITDA Margin despite copper price volatility, and for the year ended December 31, 2023, our EBITDA Margin was 49%. Despite the capital-intensive nature of our business, we have been able to carry out our capital expenditure plans and increase our copper production while maintaining a low leverage profile and a large liquidity position.

Cash Flow Generation Through the Commodity Cycle

We believe that the combination of a competitive and flexible cost structure and a strong financial position with modest leverage is key to supporting our business for the long term. Our financial policies promote a healthy balance sheet and underpin a business model that favors low leverage and enables the maintenance of strong cash flow generation, even amidst volatile market conditions in the metals market. The resilience of our balance sheet has been tested by the global financial crisis of 2008-2009, during the commodity price sell-off of 2015-2016, and most recently during the COVID-19 pandemic. We have historically maintained large cash balances and low levels of indebtedness, which has allowed us to maintain a long track record of profitability and consistent cash flow generation through the commodity cycle. Our cost-efficient operations coupled with our conservative financial profile have allowed us to successfully navigate prior volatile periods. We maintain strong banking relationships in the markets in which we operate and have maintained ready access to the bank loan market and the debt and equity capital markets. In recent years, we have completed several medium-term financing transactions, including asset-level financings.



(1) Results of continuing operations only. Includes EBITDA from Associates and JVs.

(1) EBITDA figures for 2006 through 2016 have not been adjusted to reflect the adoption of new accounting standards. This may have an impact on the comparability of EBITDA for such periods with EBITDA for the subsequent fiscal years, including 2021, 2022 and 2023.

Commitment to Environmental, Social and Governance Excellence

We are fully committed to improving the sustainability of our operations; respect for the environment and active engagement with local communities are fundamental to our business. We maintain certifications from, and memberships in, key organizations championing ESG initiatives; additionally, we are currently included in the FTSE4Good and Bloomberg ESG Data Index. According to S&P Global, we are currently ranked 5th in the metals and mining industry in their Sustainability Yearbook for 2023. In addition, we are ranked in the top 10% in diversified metals in Sustainalytics ranking of ESG ratings in 2023.

We are focused on reducing our carbon emissions. In line with the objectives of the Paris Agreement, we aim to (i) reduce our Greenhouse Gas (GHG) emissions in the short- and medium-term, (ii) achieve carbon neutrality in Scope 1 & 2 emissions by 2050 (or sooner, if technology allows), (iii) reduce Scope 1 and 2 emissions by 50% by 2035, using 2020 as a baseline, and (iv) reduce Scope 3 emissions by 10% by 2030, against the "no actions" scenario using 2022 as a baseline. Since 2019, we have been implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and aligning our metrics and targets with the TCFD's seven cross-industry climate-related metric categories, including GHG emissions and internal carbon prices. We give special priority to the potential financial impact of the transition and the physical risks involved, as well as to mitigation and adaptation measures, such as the opening of a desalination plant at Los Pelambres, which has become the first mining operation in central Chile to use sea water. Our holistic approach to decarbonization involves both our mining site operational teams and our corporate teams, who together deploy measures that aim to reduce GHG emissions from our productive processes. Given the importance and relevance of our decarbonization approach, in July 2023 we created the Decarbonization Project Management area within the Vice Presidency of Strategy and Innovation. In accordance with our Energy Policy framework, implemented in 2022, we have incorporated the role of Energy Administrator at each mining site. The role consists of

leading and ensuring the implementation and improvement of the Energy Management System according to Chilean Law No. 21,305 on Energy Efficiency. In addition, Energy Administrators supervise the achievement of decarbonization and energy targets through energy efficiency plans and GHG reduction. Since April 2022, all our mining operations have operated exclusively under renewable energy power supply contracts, reducing our Scope 2 emissions to nearly zero. During 2023, we have worked with the Communication and Supply teams to incorporate suppliers into our decarbonization target (Scope 3) with the aim of formulating a joint emissions mitigation plan. In 2023, we continued work to incorporate carbon emission indicators into our large project decisions, thus integrating the entire organization into our decarbonization plan. We conduct thorough analyses to establish whether a given purchase may have a positive or negative impact on our path to decarbonization or in relation to bank credits. Decarbonization initiatives are becoming an increasingly relevant aspect of financial evaluation packages. We strive to reduce our carbon footprint and, as part of these efforts, have worked with equipment manufacturers to incorporate technology solutions within the Group, targeting a reduction in our direct emissions, and within Scope 3 to include sustainability and carbon footprint reduction in our suppliers' processes.

In March 2024, we published our Climate Action Plan, which detailed our path to decarbonization. The plan is designed to be flexible and adaptable, recognizing that it is an evolving framework rather than a finalized course of action. While the plan currently prioritizes electrification as the most probable path, we maintain a technology-neutral stance considering that one solution might not fit all processes and operations, we remain open to integrating various economically efficient technologies and regularly update the plan to reflect market advancements.

As part of our commitment to local communities, in 2019 we implemented a new Social Management Model at our four mining operations. It serves as a vehicle through which to apply common engagement principles, methodologies and practices across our operations, measure impacts and manage risks. Our engagement with local stakeholders is based on the principles of dialogue, collaboration, traceability, excellence and transparency. In the year ended December 31, 2023, we invested $48.5 million on social projects near our operations.

As part of our commitment to mitigating and adapting to climate change, in 2023, sea water accounted for 60% of our Mining division's operational water withdrawals, and water reuse and recycling rates at our mining operations averaged 85% for the division. Such water reuse and recycling rates average is high compared with the average for Chile's copper mining industry, which reached approximately 74% in 2022, according to the Chilean Copper Commission.

We are committed to demonstrating how our strategies, policies and targets are supported by concrete actions and how we measure the impact of these activities. As part of this process, we complement our regular Sustainability Reports with reporting under the Task Force on Climate-related Financial Disclosure framework, which provides an extra level of disclosure.

Experienced Management with Deep Bench Strength

Our experienced management team is critical to maintaining our current operations, implementing development projects and achieving long-term growth without major disruption. Our Employee Performance Management System is designed to attract and retain key employees by creating suitable reward and remuneration structures and providing personal development opportunities. We have a talent management system to identify and develop internal candidates for key management positions, as well as identifying suitable external candidates where appropriate.

Our Strategy

We intend to maintain our position as one of the world's largest copper producers and increase our production. There are five key elements of our strategy:

Develop Our People and Culture

Our goal is to create and nurture a working environment that incorporates new ways of thinking, with innovation at the forefront, to tackle current and future challenges. We strive to inspire people to tackle more complex and dynamic problems, and to develop new management approaches to solve them. The demands of today's and tomorrow's adaptive challenges require us to collaborate and excel while developing new skills. We aim to truly understand what our people value, to treat them fairly, and to engage and inspire them based on their personal motivations and unique qualities as individuals. This is a challenge that requires us to change the understanding of the traditional employment relationships within the Company. We will continue to drive forward our cultural transformation, promoting the organization as a safe and supportive space that actively listens, empathizes, connects and builds strong relationships with our people.

In 2023, we maintained a hybrid system of remote and in-person work, designed in accordance with the Company's operational needs. We kept our Work-Life Balance Guidelines in place, which are tailored to each mining site and designed to improve the division of employees' time between work, family and recreational activities.

Safety and Sustainability as Cornerstone of Our Business Model

We aim to create value and growth throughout the mining lifecycle, from exploration to mine closure. Our goal is to be a company known for its ethical and transparent conduct, respectful of human rights and the law. To achieve this, we are determined to continue to develop a comprehensive and long-term commitment to all of our stakeholders, particularly our workers and the communities in which we operate. We align ourselves with the UN Sustainable Development Goals (SDG), developing responsible mining practices that are certified by the Copper Mark and ICMM's Performance Expectations. We prioritize the efficient use of renewable natural resources and the reduction of our greenhouse gas (GHG) emissions by using sea water and energy from cleaner sources. All of this is done while focusing on the occupational health and safety of all our employees and contractors. We do this through the active leadership of our workers, who by their responsible behavior and proactive management of risks and critical controls work to provide a safe and healthy working environment for all.

The key elements of our sustainability framework include our Climate Change Strategy (including targets and metrics for water consumption and CO_2 emissions) in conjunction with adopting the principles of the Task Force on Climate-Related Financial Disclosures, tying management compensation plans to safety, people, environmental and social performance outcomes and compiling an annual, externally-assured sustainability report in accordance with Global Reporting Initiative Standards. Our sustainability efforts are well-documented in the industry: we were included in the 2023 S&P Global Sustainability Yearbook, we are a member of the International Council on Mining and Metals (an association of the world's largest mining companies that promotes sustainable mining, develops standards and encourages its members to adopt best practices, "ICMM"), we publicly disclose our Climate Change and Water Management initiatives through the Carbon Disclosure Project ("CDP"), our Sustainability Report, Climate Change reports and Climate Action Plan and we are signatory to the United Nations Global Compact. These efforts have been rated by Morgan Stanley Capital International ("MSCI"), Sustainalytics, S&P Global and the CDP.

Enhance Competitiveness by Increasing Productivity with a Focus on Operating Excellence

Competitiveness is essential as it ensures resilience and makes the business viable. By producing copper efficiently we are able to grow and contribute to the development of mining while promoting the energy transition. We aim to maintain our strong financial position through efficient capital allocation, the proper execution of our projects and the renewal of our asset portfolio, allowing us to continue operating and growing as we address increasingly complex challenges. We strive to be one of the most cost-competitive companies in the industry, and towards that end, we are dedicated to achieving excellence in our work and seeking new and efficient ways to manage our operations. Additionally, we are undergoing a process of operational transformation that allows us to integrate technology and innovation, utilise data analytics and promote efficient resource management by strengthening key operational processes that we believe will enable us to achieve the full potential of our assets' performance.

Disciplined Growth

Growth enables us to maintain our viability and fulfil our purpose. It allows us to realise the full potential of our resources and assets, creating additional value and diversifying risk. To accomplish this, we aim to: (1) expand and increase the Group's production capabilities by building projects such as Los Pelambres Expansion and the Nueva Centinela Project and (2) increase our mineral resource base through the exploration for new resources and/or the development of new ore deposits. Our strategy for growth beyond our existing operations is focused on producing copper and its by-products in the Americas (particularly Chile, Peru, the United States and Canada), a region that is highly attractive due to its geological potential, mining activity, relative proximity to our existing portfolio of operating assets, political and administrative similarities, culture and language.

Innovation

We aim to create new ways of operating and using existing technology more effectively, incorporating our own and others' learning to improve performance. We further aim to discover new ways of advancing our operations through the early adoption of modern technology. With our experience we are convinced that we can contribute to the development of new solutions, such as Cuprochlor®-T, integrated remote operations centres (IROCs), autonomous haulage and drilling, advanced analytics and data management for decision-making, robotics for tailings and water management, decarbonisation of our processes and dust suppression. Our Innovation Roadmap serves as a guide for the Group to achieve our operational vision for the future. This allows our operations to become smart, integrated and sustainable, optimising the use of strategic resources such as water and energy.

Recent Developments

Final Dividend

On May 10, 2024, the Company paid a final dividend for 2023 of 24.3 cents per ordinary share, which amounts to $239.6 million, to shareholders on the share register at the close of business on April 19, 2024.

Compañía de Minas Buenaventura S.A.A.

Compañía de Minas Buenaventura S.A.A. ("Buenaventura") is Peru's largest, publicly traded precious and base metals company and a major holder of mining rights in Peru. As at December 31, 2023, the Group held an existing holding of 18.1 million shares in Buenaventura. During 2023, the Group entered into an agreement to acquire up to an additional 30 million shares in Buenaventura, representing approximately 12% of Buenaventura's issued share capital. In March 2024, the acquisition was completed,

bringing the Group's ownership of Buenaventura to approximately 19%. See Notes 4, 19, 22 and 26 of the 2023 Audited Financial Statements for additional discussion of the transaction.

Centinela Project Financing Term Loan Facility

In March 2024, Centinela entered into a definitive agreement with a group of international lenders for a $2.5 billion project financing term loan facility with a 4-year drawdown period and for a term of approximately 12 years (the "Centinela Term Loan Facility"). The proceeds from the Centinela Term Loan Facility are expected to be used to finance the Nueva Centinela Project. As of April 24, 2024, Centinela has borrowed $284 million under the facility. The Company is required to provide an unsecured guaranty of the facility until project completion milestones are achieved.

Q1 2024 Production Report

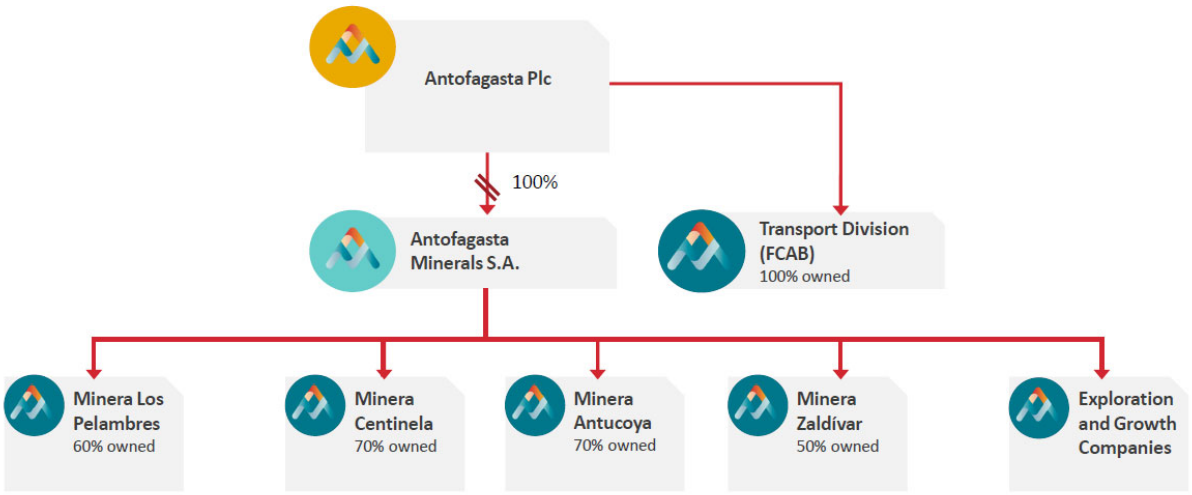
On April 17, 2024, we released our first quarter production report for the quarter ended March, 31, 2024. Our copper production was 129,400 tonnes and net cash costs were $2.67/lb. This production reflected the impact of lower grades and increased ore hardness at Centinela, in line with the mine plan, as well as maintenance and cleaning activities on the Los Pelambres concentrate pipeline that delayed moving concentrate to the Company's port facility. The pipeline has recommenced operations, and approximately 27,000 tonnes of accumulated copper in concentrate is expected to be rescheduled into future quarters as production and sales.

Corporate Information

We are a premium listed public limited company incorporated under the laws of England and Wales , listed on the London Stock Exchange since 1888, with a market capitalization of $27 billion based on the 30-day volume-weighted average as of April 22, 2024. Our shares are listed on the premium listing segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange and our ordinary shares are a component of the FTSE 100, the share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization.

The E. Abaroa Foundation is a controlling shareholder of the Company for the purposes of the UK Listing Rules and certain other shareholders of the Company are also treated as controlling shareholders.

The following chart summarizes our corporate structure as of the date of this listing memorandum, including our material subsidiaries and joint ventures and our percentage ownership in them. For clarity of presentation, the chart identifies only our main subsidiaries and joint ventures and eliminates intermediate holding companies.



THE OFFERING

The following is a brief summary of certain terms of the offering. For a more complete description of the terms of the offering, see "Description of the Notes" in this listing memorandum. Capitalized terms used but not defined herein have the meanings assigned to such terms therein and in the indenture. You should carefully consider the risk factors under the caption "Risk Factors" before purchasing any notes offered hereby.

The Issuer	Antofagasta plc
Notes Offered	U.S.$750,000,000 aggregate principal amount of 6.250% senior unsecured notes due 2034 payable in U.S. dollars.
Issue Date	May 2, 2024.
Maturity Date	May 2, 2034.
Interest	The notes will bear interest at a fixed rate of 6.250% per annum, payable semi-annually in arrears on May 2 and November 2 of each year, commencing on November 2, 2024. Interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months.
Ranking	The notes are direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer and rank without any preference among them and equally with all other unsecured and unsubordinated obligations of the Issuer (other than obligations preferred by statute or by operation of law).
Use of Proceeds	The net proceeds of the notes are being used for general corporate purposes. See "Use of Proceeds."
Indenture	The notes have been issued under an indenture, dated October 14, 2020, as amended and supplemented by a supplemental indenture dated May 2, 2024, in respect of the notes between the Issuer and The Bank of New York Mellon, as trustee, paying agent, transfer agent and registrar.
Optional Redemption	We may, at our option, at any time prior to February 2, 2034 (the "Par Call Date"), redeem any of the notes, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon as if redeemed on the Par Call Date (exclusive of any interest accrued and unpaid to the date of redemption) discounted to the date of redemption on a semi-annual basis at the applicable Treasury Rate plus 30 basis points, plus, in either case, accrued and unpaid interest, if any, to the date of redemption. At any time on or after the Par Call Date, we may, at our option, redeem any of the notes,

	in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to the redemption date. See "*Description of the Notes—Optional Redemption.*"
Tax Redemption.....	The notes are redeemable, at a price equal to 100% of the outstanding principal amount thereof, together with any Additional Amounts and accrued and unpaid interest to the redemption date, if, as a result of any change in, or amendment to the laws of the Relevant Taxing Jurisdiction, the issuer has or will become obligated to pay Additional Amounts on the applicable notes. See "*Description of the Notes—Tax Redemption.*"
Covenants.....	The indenture contains covenants that, among other things: • limit our ability to consolidate, amalgamate or merge with or into, or to sell, transfer, lease or convey all or substantially all our properties and assets to another person; • limit our ability to (i) issue, assume or guarantee any indebtedness for borrowed money if such indebtedness is secured, or (ii) secure any outstanding indebtedness for borrowed money, in each case, by a Lien upon any Principal Property or upon any shares of stock of, or indebtedness for borrowed money of, any Material Subsidiary, now owned or hereafter acquired, without effectively providing that the notes shall be secured equally and ratably with such indebtedness, with certain exceptions; • limit our ability to enter into sale-and-lease-back transactions, meaning any arrangement with any person (other than the Issuer or a Material Subsidiary), or to which any such person is a party, providing for the leasing to the Issuer or a Material Subsidiary for a period of more than three years of any Principal Property which has been or is to be sold or transferred by the Issuer or such Material Subsidiary to such person or to any person (other than the Issuer or a Material Subsidiary) to which funds have been or are to be advanced by such person on the security of the leased Principal Property; and require us to furnish to the holders of notes, upon request, certain periodic financial and other information.

	These covenants are subject to a number of important limitations and exceptions. See "*Description of the Notes—Covenants*."
Payment of Additional Amounts.....	In the event that the withholdings or deduction of taxes, assessments, duties or governmental charges is required by law or regulation, the Issuer will, with limitations, pay to each holder such additional amounts as may be necessary in order that each net payment on such note after such deduction or withholding will not be less than the amount provided for in such note to be then due and payable. See "*Description of the Notes—Payment of Additional Amounts*."
Plan of Distribution; Form of Notes	The Issuer has offered and sold the notes in the United States only to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act and outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act. The notes have been issued in definitive, fully registered form, without coupons and will be exchangeable, and transfers thereof will be registrable, at the office of the registrar for the notes. See "*Description of the Notes— Registration, Form and Delivery*."
Minimum Denominations	The notes are denominated and payable in U.S. dollars and have been issued in minimum denominations of U.S.$200,000 and multiples of U.S.$1,000 in excess thereof.
Transfer Restrictions; Trading	The notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration in the immediate future. As a result, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. Following the initial offering of the notes, the notes may be resold to qualified institutional buyers pursuant to Rule 144A, non-U.S. persons in reliance on Regulation S and pursuant to Rule 144 under the Securities Act, as described under "Transfer Restrictions." Currently there is no market for the notes. Although application will be made to the London Stock Exchange for the notes to be admitted to trading on the Main Market of the London Stock Exchange, a trading market for the notes may not develop, or if a market for the notes were to

	develop, the notes may trade at a discount from their initial offering price, depending upon many factors, including the number of holders of notes, prevailing interest rates, the market for similar securities, general economic conditions and our results of operations and financial condition. See "*Risk Factors—Risks Relating to the Notes—The Notes are subject to restrictions on transfer*" and "*—An active trading market for the notes may not develop*."
United States Federal Income Tax Consequences	For a discussion of the United States tax treatment of the notes, see "*Taxation—United States Federal Income Tax Consequences*."
Clearance and Settlement	The notes have been accepted for trading in book-entry form by DTC and its direct and indirect participants. For the Rule 144A notes, the ISIN number is US03718NAC02 and the CUSIP number is 03718N AC0. For the Regulation S notes, the ISIN number is USG0399BAB39 and the CUSIP number is G0399B AB3. For a description of certain factors relating to clearance and settlement, see "*Listing and General Information*."
Listing	Application has been made to the FCA for the notes to be admitted to the official list of the FCA and application will be made to the London Stock Exchange plc for such notes to be admitted to trading on the London Stock Exchange's regulated market. The Main Market is a regulated market for the purposes of UK MiFIR. Such approval relates only to the notes which are to be admitted to trading on the Main Market.
Governing Law	The notes and the indenture are governed by, and will be construed and interpreted in accordance with, the laws of the State of New York.
Trustee, Paying Agent, Transfer Agent and Registrar	The Bank of New York Mellon.
Risk Factors	Prospective investors should carefully consider the information under "*Risk Factors*" in connection with the other information contained in this listing memorandum.

SUMMARY OF FINANCIAL AND OTHER INFORMATION

You should read the following summary financial data and other information in conjunction with our Financial Statements, which include the notes thereto, and the information set forth in the sections "Presentation of Financial and Certain Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this listing memorandum.

The financial information as of and for each of the years ended December 31, 2021, 2022 and 2023 has been derived from our Financial Statements.

The following table sets forth the consolidated income statement for each of the periods presented.

	Year Ended December 31,		
	2021	**2022**	**2023**
	(in millions of U.S. dollars)		
Consolidated Income Statement			
Group revenue	**7,470.1**	**5,862.0**	**6,324.5**
Total operating costs	(4,068.7)	(4,227.7)	(4,541.7)
Operating profit from subsidiaries	**3,401.4**	**1,634.3**	**1,782.8**
Net share of results from associates and joint ventures	59.7	48.1	(13.5)
Gain on disposal of investment in joint venture	-	944.7	-
Total profit from operations, associates and joint ventures	**3,461.1**	**2,627.1**	**1,769.3**
Investment income	5.0	40.2	138.1
Interest expense	(63.4)	(78.6)	(105.6)
Other finance items (excluding exceptional items)	74.4	(29.8)	(3.4)
Fair value gain on other financial assets – exceptional items*	–	–	167.1
Net finance income/(expense)	**16**	**(68.2)**	**196.2**
Profit before tax	**3,477.1**	**2,558.9**	**1,965.5**
Income tax expense	(1,242.3)	(603.6)	(666.1)
Profit for the financial year from continuing operations	**2,234.8**	**1,955.3**	**1,299.4**
Profit for the financial year from discontinued operations	–	–	–
Profit for the year	**2,234.8**	**1,955.3**	**1,299.4**
Attributable to:			
Non-controlling interests	944.6	422.3	464.3
Profit for the year attributable to the owners of the parent	**1,290.2**	**1,533.0**	**835.1**

*An exceptional fair value gain of $167.1 million has been recognized in respect of an agreement the Group entered into during 2023 to acquire up to an additional 30 million shares in Compañía de Minas Buenaventura S.A.A.,

The following table sets forth our consolidated balance sheet for each of the periods presented.

	As of December 31,		
	2021	2022	2023
Consolidated Balance Sheet	(in millions of U.S. dollars)		
Non-current assets			
Property, plant and equipment	10,538.5	11,543.5	12,678.7
Other non-current assets	1.3	1.1	–
Inventories	270.4	347.0	457.0
Investment in associates and joint ventures	905.8	904.6	891.1
Trade and other receivables	51.2	51.0	68.5
Equity investments	8.7	90.5	288.6
Deferred tax assets	96.8	78.5	72.0
Total non-current assets	**11,872.7**	**13,016.2**	**14,455.9**
Current assets			
Inventories	532.8	708.1	671.0
Trade and other receivables	1,146.1	2,087.2	1,117.8
Other financial asset	–	–	457.2
Current tax assets	13.7	35.6	25.9
Liquid investments	2,969.7	1,580.8	2,274.7
Cash and cash equivalents	743.4	810.4	644.7
Total current assets	**5,405.7**	**5,222.1**	**5,191.3**
Total assets	**17,278.4**	**18,238.3**	**19,647.2**
Current liabilities			
Short-term borrowings and other financial liabilities	(337.1)	(432.5)	(901.9)
Trade and other payables	(829.1)	(1,079.7)	(1,171.5)
Short-term decommissioning and restoration provisions	(33.8)	(33.2)	(15.2)
Current tax liabilities	(374.2)	(60.4)	(100.7)
Total current liabilities	**(1,574.2)**	**(1,605.8)**	**(2,189.3)**
Non-current liabilities			
Medium- and long-term borrowings and other financial liabilities	(2,835.5)	(2,844.5)	(3,177.3)
Trade and other payables	(16.8)	(8.0)	(9.8)
Liabilities in relation to joint venture	(0.6)	–	–
Post-employment benefit obligations	(107.5)	(137.3)	(139.9)
Decommissioning and restoration provisions	(302.3)	(455.0)	(425.9)
Deferred tax liabilities	(1,412.5)	(1,543.3)	(1,656.6)
Total non-current liabilities	**(4,675.2)**	**(4,988.1)**	**(5,409.5)**
Total liabilities	**(6,249.4)**	**(6,593.9)**	**(7,598.8)**
Net assets	**11,029.0**	**11,644.4**	**12,048.4**
Equity			
Share capital	89.8	89.8	89.8
Share premium	199.2	199.2	199.2
Other reserves	(10.4)	5.0	104.5
Retained earnings	8,071.6	8,333.5	8,558.4
Equity attributable to equity owners of the parent	**8,350.2**	**8,627.5**	**8,951.9**
Non-controlling interests	2,678.8	3,016.9	3,096.5
Total equity	**11,029.0**	**11,644.4**	**12,048.4**

The following table sets forth our summary cash flow statement for each of the periods presented.

	Year Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
Summary cash flow statement			
Cash flows from continuing operations	**4,507.7**	**2,738.3**	**3,027.1**
Interest paid	(60.7)	(74.3)	(166.0)
Income tax paid	(776.9)	(787.1)	(528.1)
Net cash from operating activities	**3,670.1**	**1,876.9**	**2,333.0**
Net cash used in investing activities	**(2,203.3)**	**(477.5)**	**(2,093.0)**
Net cash used in financing activities	**(1,949.9)**	**(1,333.8)**	**(402.0)**
Cash and cash equivalents at beginning of period	1,246.8	743.4	810.4
Net (decrease)/increase in cash and cash equivalents	**(483.1)**	**65.6**	**(162.0)**
Foreign exchange (losses)/gains	(20.3)	1.4	(3.7)
Cash and cash equivalents at end of period	**743.4**	**810.4**	**644.7**

The following table sets forth EBITDA for each of the periods presented.

	Year Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
EBITDA[(1)]	**4,836.2**	**2,929.7**	**3,087.2**

(1) EBITDA is a non-IFRS alternative performance measure that refers to Earnings Before Interest, Tax, Depreciation and Amortization, including 100% of the EBITDA from the Group's subsidiaries and the Group's proportionate share of the EBITDA of its associates and joint ventures. EBITDA is calculated by adding back depreciation, amortization, profit or loss on disposals and impairment charges to operating profit. EBITDA is considered to provide a useful and comparable indication of the current operating earnings performance of the business, excluding the impact of the historical cost of property, plant and equipment or the particular financing structure adopted by the business. See "Presentation of Financial and Certain Other Information" for further details.

The following table sets forth a reconciliation of EBITDA to operating profit for each period presented.

	Year Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
Operating profit	3,401.4	1,634.3	1,782.8
Depreciation and amortization	1,078.7	1,141.1	1,211.3
Loss on disposals of property, plant and equipment	9.2	2.1	–
Provision against the carrying value of assets[(1)]	177.6	–	–
EBITDA from subsidiaries	4,666.9	2,777.5	2,994.1
Proportional share of EBITDA from Zaldívar	172.8	147.2	86.8
Proportional share of EBITDA from other associates and joint ventures	(3.5)	5.0	6.3
EBITDA	**4,836.2**	**2,929.7**	**3,087.2**

(1) An impairment was recognized as at December 31, 2021 in respect of the $177.6 million of intangible assets and property, plant and equipment relating to the Twin Metals project.

The following table sets forth a reconciliation of revenue to EBITDA Margin for each period presented.

	Year Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
Revenue[(1)]	7,470.1	5,862.0	6,324.5
EBITDA[(2)]	4,836.2	2,929.7	3,087.2
EBITDA Margin	**65%**	**50%**	**49%**

(1) Revenue is Group revenue and does not include the net share of results from associates and joint ventures.

(2) EBITDA includes the proportional share of EBITDA from associates and joint ventures, including Zaldívar.

The following table sets forth a breakdown of Net (cash)/Debt for each period presented.

	Year Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
Cash, cash equivalents and liquid investments	3,713.1	2,391.2	2,919.4
Total borrowings	3,172.6	3,277.0	4,079.2
Net (cash)/Debt	**(540.5)**	**885.8**	**1,159.8**

The following table sets forth our cash costs for the periods presented.

	Year Ended December 31,		
	2021	**2022**	**2023**
	(U.S. dollars per pound)		
Cash costs before by-product credits.	1.79	2.19	2.31
By-product credits.....	(0.59)	(0.58)	(0.70)
Net Cash Costs[(1)].....	**1.20**	**1.61**	**1.61**

(1) Cash costs is a non-IFRS alternative performance measure of the cost of operating production expressed in terms of cents per pound of payable copper produced. See "Presentation of Financial and Certain Other Information." Cash cost per pound is calculated as U.S. dollars per pound of payable copper produced. Cash costs reflect the mining and processing costs required to produce our copper concentrate and cathodes, including related transportation costs. For Los Pelambres and Centinela, cash costs are stated net of by-product credits and include treatment and refining charges for concentrates. Net cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses, and corporation tax.

RISK FACTORS

An investment in the notes involves risks. The following describes what we believe to be the principal risks and uncertainties that could materially affect us, but these are not the only risk factors that we face. Risks may materialize individually, simultaneously or in combination and there may be additional risks unknown to us and other risks, currently believed to be immaterial, which could adversely affect our business, results of operations or financial condition. Unless otherwise specified, the risks apply in the context of the Group and are also applicable to the Company. The risk factors outlined below omit the management detail on how each is managed and mitigated. For information on how we manage these risks, please see "—Business—Risk Management" in this listing memorandum.

The principal risks and uncertainties should be considered in connection with any forward-looking statements in this listing memorandum and the cautionary statement on page vii of this listing memorandum. Prior to making a decision about investing, you should carefully read and consider, among other matters and the other information in this document, these principal risks and uncertainties.

Risks Relating to Our Business and Chile

Our growth and profitability depend on political stability and economic activity in Chile.

All our revenues are derived from our operations in Chile. As a result, our results of operations and overall financial condition depend greatly on access to Chilean markets for labor and certain materials and equipment and a social and political license to operate. Chile has been, and in the future may continue to be, subject to political uncertainty. For example, in 2020 Chile held a nationwide referendum which resulted in the approval of plan to draft a new constitution following protests concerning social demands related to pensions, healthcare and education.

Between September 2022 and December 2023, the people of Chile voted against two proposals for a new constitution and the Chilean government has indicated that they will not be seeking a third process to change the constitution. However, there can be no assurance that future developments in or affecting the Chilean political situation or economy, including as a result of any future periods of political unrest or subsequent attempts to amend the constitution, or as a result of economic or political instability in other emerging markets, will not result in material and adverse effects on our business, financial condition or results of operations.

The Chilean government has exercised, and continues to exercise, substantial influence over many aspects of the private sector and has changed monetary, fiscal, tax and other policies to influence the Chilean economy. We have no control over, and cannot predict, how any future constitutional referendums or government intervention and policies will affect the Chilean economy or, directly and indirectly, our results of operations and financial condition. Furthermore, we cannot assure you that measures impacting private investment, such as the nationalization or expropriation of certain assets or higher taxation, will not be implemented, and we cannot assure you that business-friendly and open-market economic policies that stimulate economic growth and stability will continue.

Issues regarding the granting of permits, or amendments to permits already granted, and changes to the legal environment or regulations, could adversely affect our operations and development projects.

Many of our mineral rights and interests are subject to government approvals, licenses and permits, some of which are subject to the discretion of applicable governments or governmental officials. In June 2023, Zaldívar submitted an EIA application to extend its mining and water environmental permits through to 2051. In early 2024, approval was received from the authorities for the separate DIA (Declaration of Environmental Impact) to extend the current mining permit, ensuring that Zaldívar has rights to mine ore and extract water until 2025, however the mine life at Zaldívar after 2025 remains subject to the approval

of the EIA. No assurance can be given that we will be successful in obtaining or renewing any or all of the necessary permits at Zaldívar or our other operations, or any or all of such other approvals, licenses and permits required to operate our businesses in the future and develop our projects in full force and effect or without modification or revocation, or that underlying laws pursuant to which these approvals, licenses and permits are obtained will not change. Any changes to laws and regulations governing mining concessions and access and use of water or energy could alter the rights that we hold and could adversely affect our business, results of operations or financial condition.

Certain of our exploration and development projects have been, and in the future may continue to be, delayed, potentially indefinitely, if we are unable to obtain the necessary permits, licenses or approvals. For example, our development plans with respect to Twin Metals Minnesota, a mining project in north-eastern Minnesota, United States, have been delayed and put on hold pending ongoing litigation as a result of actions taken by U.S. government agencies, including the cancellation of certain mining leases.

Our exploration, mining and transport activities are subject to laws and regulations which change from time to time. Matters subject to regulation include, among others, conditions to obtain and maintain mining concessions, the duration and scope of mining concessions, concession fees, transportation, production, reclamation, closure procedures and remediation, export, taxation, royalties and labor standards. There can be no assurance that changes in existing laws and regulations, the adoption of additional laws and regulations, or the discovery of new facts resulting in increased liabilities or costs would not adversely affect our business, results of operations or financial condition.

New mining royalties could affect our business, results of operations and financial condition.

In May 2023, both the Chilean Senate and lower house of Congress approved a proposed revision to Chile's mining royalty bill, with Presidential approval confirmed in August 2023. The terms include a 1% ad valorem royalty on copper sales, and a royalty ranging from 8% to 26% on operating profits depending on each mining operation's level of profitability, combined with a provision establishing that total taxation (including corporate income, the new royalty tax and tax on dividends) should not exceed 46.5% of profitability. This new law came into effect at the beginning of 2024. Since Centinela and Antucoya have tax stability agreements, any new royalty rates will only apply to these operations from 2030. As a result of the approval of the new mining royalty, a one-off adjustment was recognized to the deferred tax balances of the Group's mining operations during 2023, resulting in an increase in the deferred tax liability balance of $34.3 million, with a corresponding deferred tax expense. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Income tax expense*" and "*Regulation—Tax Regulations*" for further discussions of the impact of the new mining royalty tax on our business, financial condition and results of operation.

The new mining royalty tax will increase the effective tax rate above the rate that Group has paid in the past. Further, there can be no assurance that the Chilean government will not introduce additional mining taxes or that our tax stability agreements will not be amended or rescinded. Any amendments to the new mining royalty, or the implementation of other royalties that may be proposed in the future, could materially adversely affect our business, financial condition and results of operations.

Global economic, political and regulatory developments may adversely affect our business, results of operations or financial condition.

Sales to customers outside Chile constitute almost all of our revenues, and we anticipate they will continue to do so for the foreseeable future. In particular, the price and demand for copper are heavily influenced by China, which accounted for approximately 55% of total copper demand in 2023. As a result, the price and demand for copper can be easily affected by global economic, political and regulatory developments which affect China. Governmental action related to tariffs or trade agreements or policies, as

well as general disruptions in the financial markets globally, are difficult to predict and could adversely affect copper prices, demand for our products, our costs, our customers, our suppliers and the global economy, which in turn could have a material adverse effect on our business, results of operations or financial condition. For example, substantial changes to United States foreign trade policy, including greater restrictions on international trade or significant increases in tariffs on goods imported into the United States, including those from China, could have an adverse effect on the global demand for copper due to proposed trade barriers and negative market sentiment. Although our sales to date have not been significantly affected by these developments, a continued slowing in China's economic growth or changes in China-U.S. relations, or other general market disruptions or governmental action related to tariffs or trade agreements or policies, could impact demand for copper globally, which in turn could adversely affect our business, results of operations or financial condition.

Further, the military conflict in Ukraine and the corresponding implementation of economic sanctions, export controls and other restrictive measures by the United States, the UK, the European Union and other jurisdictions against Russia have caused global market volatility and, in particular, have impacted global energy, supply chain and financial markets. These laws and regulations are complex, frequently changing, and increasing in numbers, and they may impose additional prohibitions or compliance obligations on dealings in certain countries and territories, including sanctions imposed on Russia and certain Ukraine territories. Additionally, such geopolitical developments, in addition to any other emerging conflicts, continue to be extremely fluid and continue to develop. As a result, the extent and duration of such geopolitical developments and the resulting market disruptions are impossible to predict, but may be substantial, and may include further or expanded economic sanctions, export controls and other restrictive measures, increased geopolitical tension, instability or uncertainty or changes in geopolitical relations or adverse effects on macroeconomic conditions, all of which in turn could adversely affect our business, results of operations or financial condition.

Our operations are subject to various political, economic, legal, regulatory, social and other risks and uncertainties that could adversely affect our business, results of operations or financial condition.

Our operations and activities are subject to a number of political, economic, legal, regulatory, social and other risks and uncertainties, including, among other things: the risks of civil unrest that may limit, interfere with or disrupt projects or our operations generally, or restrict the movement of funds or products; foreign exchange and repatriation restrictions; changing political conditions; changing fiscal regimes and uncertain regulatory environments; and international monetary and market securities fluctuations. If one or more of these risks were to materialize, it could adversely affect our business, results of operations or financial condition.

Our performance is highly dependent upon the price of copper and, to a lesser extent, the price of our molybdenum, gold and silver by-products.

We primarily sell copper in concentrate and copper cathode and also sell gold, molybdenum and silver by-products. The prices our customers pay for these products vary according to the market prices of copper and such by-products. Accordingly, our financial performance is highly dependent on the market price of copper and, to a lesser extent, the market prices of such by-products. These prices have historically been subject to wide and, at times, rapid fluctuations and are affected by numerous factors beyond our control, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers and others, actions of participants in the commodities markets and the effects of inventory carrying costs and currency exchange rates. Furthermore, we currently engage in only limited hedging activities in relation to the price of copper and, accordingly, are exposed to copper price movements.

China has been the main driver of copper consumption in recent years. As a result, global copper prices are affected by changes in demand from the Chinese economy. During 2023, several factors have created a market in transition in China, including a slower than expected post-COVID recovery, decreased demand from traditional sectors such as property, and emerging demand for sectors linked to decarbonization. If economic conditions deteriorate in China or other emerging markets, as a result of trade disputes, reduced local demand, continued challenges in the Chinese property sector or otherwise, demand from customers in those markets could decline and the market price of copper could fall. A decline in copper prices would have an adverse impact on our revenues and financial results. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Commodity Price and Exchange Range Sensitivities." Any downward trend in copper prices could continue for an unpredictable period. If our average annual copper price per pound declines significantly for an extended period of time or there is a change in long-term copper price assumptions, we may, subject to other factors such as operating costs, be required to recognize asset impairments, or it could adversely affect our business, results of operations or financial condition.

Our activities and business could be adversely affected by the effects of health epidemics.

Our business and exploration activities could be adversely affected by health epidemics or pandemics. Pandemics, epidemics, widespread illness or other major public health crises could negatively impact the global economy and adversely affect business activities all over the world, including manufacturing activities that drive demand for copper and other metals. The existence and continuance of any major public health crisis in the countries where the purchasers of our products are located has in the past, and could in the future, result in reduced demand. The emergence of future health epidemics and the actions taken by governments to mitigate the effects of such epidemics could adversely affect our business, results of operations or financial condition.

We are a holding company and depend on the results of operations of our subsidiaries and joint ventures.

We are a holding company with no independent operations or substantial assets other than the capital stock of our operating subsidiaries. Accordingly, we depend on the results of operations of our subsidiary companies and joint ventures and their ability to pay dividends to us. Each of our subsidiaries and joint ventures is a distinct legal entity and, under certain circumstances, legal, tax and contractual restrictions may limit their ability to pay dividends. Any adverse change in the financial condition or results of operations of our subsidiaries would affect our financial condition. Our subsidiaries are not and will not be obligated to make funds available to us to make payments on the notes.

Our copper and by-products output is dependent upon production from four mining complexes.

We operate four mining complexes: Los Pelambres, Centinela, Antucoya and Zaldívar. For the year ended December 31, 2023, Los Pelambres produced an aggregate of 300,300 tonnes of copper, Centinela produced 242,000 tonnes of copper, Antucoya produced 77,800 tonnes of copper and our attributable 50% share of Zaldívar's copper production was 40,500 tonnes. If operations at any of these mining complexes were significantly reduced, interrupted or curtailed, it could adversely affect our business, results of operations or financial condition in different degrees. We cannot assure you that production interruptions will not occur or that any such incident would not materially adversely affect our production.

Our production, processing, product delivery and transport activities are dependent on our infrastructure being adequate and available.

Our mining, processing, development and exploration activities, as well as our Transport division operations, depend on adequate infrastructure. Our operations are currently in the central and northern regions of Chile. We require reliable and accessible roads, railways, ports, power sources, pipelines and

water supplies to access and conduct our operations, and the availability and cost of this infrastructure affects capital and operating costs and our ability to maintain expected levels of production and sales. Damage to our physical assets or infrastructure, including as a result of unusual weather or other natural phenomena, natural disasters, terrorism, sabotage or other interference in the maintenance or provision of such physical assets or infrastructure could have a significant negative impact on our operations, including negatively affecting the development of a project, reduce mining volumes, increase mining or exploration costs or delay the transportation of raw materials to the mines and outputs to our customers. Further, our infrastructure and operations are heavily connected. Any damage, whether temporary or permanent, to our physical assets and infrastructure could create bottlenecks that cause significant disruption throughout our operations. Any such issues arising with respect to the physical assets and other infrastructure supporting or on our sites, or involved in our transport activities, could adversely affect our business, results of operations or financial condition.

Furthermore, any failure or unavailability of our operational infrastructure, including through equipment failure or disruption to our transportation arrangements, could adversely affect the production output from our mines or impact our exploration activities or the development of a mine or project, which in turn could adversely affect our business, results of operations or financial condition.

Disruption, restrictions to the supply, or increased costs of key inputs or contractor services could adversely affect our production and growth opportunities.

Our business is dependent on a range of key inputs, such as electricity, water, fuel, sulfuric acid and mining equipment. The price of these inputs, which has a significant impact on our operating costs, is influenced by external market factors and is subject to significant volatility across time periods. Fuel and lubricants represent approximately 9% of production costs and oil prices are volatile and depend on international markets. Steel is used in the grinding balls and mill liners, which account for approximately 7% of a concentrator plant's costs and 2% of our production costs. Sulphuric acid is one of the main inputs for the SX-EW leaching process used to produce cathodes and in 2023 it accounted for approximately 6% of our production costs. During 2023, the annual acid price was approximately $183 per tonne, while spot prices ranged from $90 to $148 per tonne, compared with an annual price of $245 per tonne in 2022 and spot prices ranging between $115 and $290 per tonne. In the longer term, restrictions to the availability of key strategic resources, such as water and electricity could also affect our growth opportunities.

Additionally, as of December 31, 2023, we relied on contractors for approximately 75% of our workforce. Absence of any of such resources, disruptions in the supply of any such key inputs or the continued provision of services by our contractors, or an increased cost of such key inputs or services, as well as significant delays in the supply of materials, could adversely affect our business, results of operations or financial condition.

Labor disruptions involving our employees or the employees of our independent contractors could affect our production levels and costs.

As of December 31, 2023, our workforce consisted of 29,705 individuals, including 7,541 employees and 22,164 contractors. Approximately 79% of those employed by us are covered by long-term agreements with one of the 16 labor unions with a presence at our mining operations. In addition, contractors or subcontractors form a significant part of our workforce at all operations making up approximately 75% of the total workforce. Pursuant to Chilean regulations, labor negotiations with a contractor's workforce are the responsibility of the relevant contractors.

We have in the past, and may in the future, experience work slowdowns or disruptions, whether of our own workforce or a contractor's workforce, and there can be no assurance that a work slowdown or work stoppage will not occur prior to or upon the expiration of the current long-term labor agreements. We

are unable to assure you that future work slowdowns, stoppages or strikes will not occur, or if they do that such events will not have an adverse effect on us. Work slowdowns, stoppages or other labor-related developments affecting us could adversely affect our business, results of operations or financial condition. In particular, work slowdowns, stoppages and other labor-related events could increase our independent contracting costs.

Changes in demand for copper and other by-products output we produce could adversely affect our sales volume and revenues.

Our revenues depend on the volume of metals we sell, particularly copper, which in turn depends on the level of demand for this metal. Demand is mostly driven by: in the case of copper, its use in electronics applications, construction and transportation industries, industrial equipment, consumer products and as an electrical conduit; in the case of gold, its general perception as a store of value as well as its use by direct consumers, such as for jewelry and coins; in the case of molybdenum, its use in the production of stainless steel and special alloy steels; and in the case of silver, for industrial and electronic applications and for jewelry-making.

A fall in demand, resulting from economic slow-downs or recessions, substitution of our metals or other factors, could also decrease the volume of metals we sell and therefore materially and adversely impact our results of operations. In addition, we may not be able to adjust production volume in a timely or cost-efficient manner in response to changes in demand. Lower utilization of capacity during periods of weak demand may expose us to higher unit production costs since a significant portion of our cost structure is fixed in the short-term due to the capital intensity of mining operations. Furthermore, efforts to reduce costs during periods of weak demand could be limited by labor regulations or previous labor or government agreements, which could adversely impact our results of operations.

The mining industry is highly competitive.

We face competition from other mining companies around the world. Competition principally impacts sales volume and prices, other contractual terms and conditions, attracting and retaining qualified personnel and securing the services and supplies we need for our operations. We cannot assure you that competition will not adversely affect us in the future. For example, lower cost producers of the metals we mine could be better positioned to manage future volatility through commodity price cycles. In addition, mines have limited lives and, as a result, we may seek to replace and expand our reserves and resources by acquiring new properties. Significant competition exists to acquire mining concessions, land and related assets.

Potential changes to international trade regulations and agreements, as well as other political and economic arrangements, may benefit metal producers operating in countries other than Chile or may increase the prices we pay for the supplies we need and our export costs when we engage in international transactions. We cannot assure you that we will be able to compete on the basis of price or other factors with companies that in the future may benefit from favorable regulations, trading or other arrangements, or that we will be able to maintain the cost of the supplies we require and our export costs. Any failure to so compete could adversely affect our business, results of operations or financial condition.

Our business may be adversely affected by liquidity risk.

Factors affecting our production and ability to generate revenue, such as a decline in copper prices or the materialization of transitory risks that disrupt or significantly delay our operations, could have an adverse effect on our liquidity. Global credit markets have been severely constrained in the past and our ability to obtain funding may be reduced in the future. Any substantial future credit rating downgrade may

adversely affect our ability to obtain funding and may further increase the cost of financing or require us to agree to more restrictive financing terms.

If our access to liquidity or funding were constrained, either due to banking and capital market conditions generally, or due to factors specific to our business or the financial wherewithal of our counterparties, including our joint venture partners, it could adversely affect our financial condition and our ability to proceed with our planned growth and development projects.

Our water supply could be adversely affected by environmental or geology changes or changes to our permits or other rights to the water we need, which, in each case, could adversely affect our business, results of operations or financial condition.

Our business is dependent on the availability of water for the production of copper and our mining operations require the physical availability of significant quantities of water for mining and processing activities. Most of our operations are in areas where competition for water supplies is significant and the effects of climate change have had an increasing impact on our operations. In 2023, we produced 660,600 tonnes of copper, down from 733,900 tonnes in 2020, in part as a result of restrictions on water availability at Los Pelambres due to the drought. While the commissioning of our desalination plant at Los Pelambres increased our water availability starting in 2023, any delays in, or the inability to achieve our goals with respect to, the remaining phases of the Los Pelambres Expansion could have an adverse effect on the operations of Los Pelambres if droughts continue to affect the region. At Centinela and Antucoya, untreated seawater is used and we rely on a seawater pumping system, and any interruption to that system could adversely affect these operations. We have a number of projects underway to strengthen efficiency in the use of water and other strategic resources, including the submission of an Environmental Impact Assessment to convert the Zaldivar operation to sea water or water provided by third parties. However, there can be no assurance that these or other water stewardship projects will be successful. Failure to meet our objectives with respect to water stewardship could potentially lead to long-term environmental damage, significant reputational damage, greater regulatory scrutiny and loss of or delays in obtaining licenses to operate. Our access to water may also be affected by changes in geology or other natural factors that we cannot control.

In addition, we must secure legal rights to the water we need and obtain environmental and other permits to extract water. Continuous production at our mines is dependent on many factors, including the continuing physical availability of the water supplies and our ability to maintain our water rights, claims and environmental permits associated with water extraction. In some cases, the granting or revocation of permits or other legal rights to the water we need are subject to the discretion of applicable governmental authorities. Changes to laws and regulations relating to legal rights to water, the failure to obtain or renew, or amendments or revocations of, permits or other legal rights with respect to water (including as a result of the exercise of administrative discretion), or our inability to obtain adequate water supplies for other reasons, in each case, could adversely affect our business, results of operations or financial condition.

Climate change as well as existing and proposed legislation and regulations in response thereto may adversely affect certain of our operations.

The physical impacts of climate change, such as fluctuations in weather patterns, have had an increasing impact on our operations, and the future impact of the effects of climate change on our operations is highly uncertain, and such impact depends on the geographic location of our facilities. For example, our operations in northern Chile have been affected by higher than expected rainfall, which is impacting the infrastructure in the region, while the drought in central Chile has, prior to the commissioning of our desalination plant at Los Pelambres, affected water availability for those operations. In addition, the increasing severity of sea swells has led to delays in the delivery of key supply materials and the export of our concentrates and cathodes. For further potential impacts of climate change, see “Our water supply could

be adversely affected by environmental or geology changes, which could adversely affect our business, results of operations or financial condition," described above. These impacts could adversely affect our business, results of operations or financial condition.

New climate change laws or the development of more stringent environmental protection programs could impose constraints and additional costs on our operations requiring us to make significant investments in the future. Actions by local and foreign governments, including the Chilean government's increased climate ambitions, may result in additional requirements that increase our compliance and operating costs. We cannot assure you that any such proposed legislation and regulations will not adversely affect our business, results of operations or financial condition.

A failure or collapse of any of our tailings storage facilities could adversely affect our business, results of operations or financial condition.

Ensuring the stability of our tailings storage facilities during their entire lifecycle is central to how we operate. A failure or collapse of any of our tailings storage facilities could result in fatalities, damage to the environment, regulatory violations, reputational damage and disruption of the quality of life of neighboring communities, as well as the running of our operations. Any one of these events could adversely affect our business, results of operations or financial condition.

Our insurance may not fully cover all potential losses, liabilities and damage related to our business.

The business of mining and mineral exploration is generally subject to a number of risks and hazards, including: adverse environmental conditions; industrial accidents; contaminations; labor disputes; unusual or unexpected geological conditions; ground or slope failures; changes in the regulatory environment; and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to our properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although we maintain physical damage and business interruption insurance, and also liability insurance that covers the Company, our contractors and directors and officers, such insurance coverage may not cover the full amount of property damage, liability or the consequences of such business interruptions, or insurance policy exclusions may apply to certain events. The occurrence of a significant adverse event, the effects of which are not partially or fully covered by insurance, could adversely affect our business, results of operations or financial condition.

Our compliance with environmental and health and safety laws may result in increased costs, including capital commitments, and non-compliance may subject us to significant penalties.

Chile has adopted environmental, health and safety regulations requiring industrial companies operating in Chile, including us, to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources, including water and air, among other requirements. Additionally, if the environmental authorities declares an area in which we operate to be polluted or potentially polluted, a prevention or decontamination plan could be required that may increase the costs of operating in the designated area.

An operating incident that damages the environment could affect both our relationship with local stakeholders and our reputation, undermining our social license to operate and grow. In a worst-case scenario, leakage from or failure of our tailings dams could occur, which could result in fatalities, damage to the environment, regulatory violations, reputational damage and the disruption of the quality of life of neighboring communities, as well as adversely affect our business, results of operations or financial condition.

Environmental, health and safety laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. Changes to current environmental laws and regulations or additional environmental laws and regulations may in the future be proposed which could (i) prevent expansion of our operations into certain areas, (ii) require us to obtain additional permits and (iii) result in increased cost and potential delays. For example, while we plan on transitioning to a decarbonized electricity matrix over time, if a legal requirement were imposed to reduce our carbon emissions or our levels of energy consumption, accelerating our planned transition would require increased expenditures. In addition, community and environmental activist groups have protested the development of certain mines and mining projects in Chile and may increase standards for socially responsible and environmentally sustainable practices, and their efforts may lead to operational delays and the creation or revision of government regulations and policies with respect to the mining industry in Chile, litigation and increased costs.

We maintain environmental management systems designed to monitor and achieve compliance with applicable environmental laws and regulations. While we have budgeted for future capital and operating expenditures to maintain compliance with these laws and regulations, there can be no assurance that current levels of expenditures and capital commitments will be sufficient to achieve future compliance or that proceedings or civil actions will not be brought against us, or that fines and other sanctions will not be imposed for non-compliance in the future. Any such developments could adversely affect our business, results of operations or financial condition. In addition, there can be no assurance that more stringent enforcement of, or changes in, existing laws and regulations, the adoption of additional laws and regulations, or the discovery of new facts resulting in increased liabilities would not adversely affect our business, results of operations or financial condition.

For further information on environmental laws and regulations, see "Regulation—Environmental Regulations."

Damage to or breakdown of a physical asset, including due to fire, explosion, natural catastrophe, sabotage, theft or terrorism may adversely affect our results of operations and generate other losses.

Damage to or breakdown or loss of a physical asset, including due to fire, explosion, natural catastrophe, sabotage, theft or terrorism, can result in financial losses and impact our business, results of operations or financial condition. Our operations and development projects are exposed to natural risks, such as earthquakes and extreme weather conditions. Other catastrophic risks faced by our business include failure of mine pit slopes, breaches of tailings dam walls and fire and explosion in mines or in buildings, plant and equipment. The occurrence of one or more of these events could potentially lead to multiple fatalities and injuries, long-term environmental damage, significant reputational damage, greater regulatory scrutiny and loss of or delays in obtaining licenses to operate, all of which may adversely affect our business, results of operations or financial condition.

Mining is an inherently dangerous activity and injuries, including occasional fatalities, are not uncommon.

Mining is an inherently dangerous activity and injuries, including occasional fatalities, are not uncommon and have occurred in the past. Injuries and fatalities could also occur in the ordinary course of our Transport division activities. Even with precautionary measures, such as the early identification of risks, investment in equipment, training and safety policy enforcement, there remain inherent safety risks associated with our business. Further, the occurrence of a poor safety record or serious accidents in the future could have a long-term impact on our employees' morale, our reputation and our production.

Our business requires substantial capital expenditure and is subject to financing risk.

Our projects under construction, including the remaining phases of the Los Pelambres Expansion and the Nueva Centinela Project, each require substantial capital expenditure, as do our other growth projects currently under evaluation (see "*Business—Projects Under Construction*" and "*—Projects Under Evaluation*"). Projects may go over budget in terms of cost and time and may be subject to variation in scope as they progress. The exploration and exploitation of copper reserves, mining, the maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditure. We must continue to invest capital to maintain or to increase the amount of copper reserves that we exploit and the volume of copper products that we produce. We expect to finance our capital expenditure through operating cash flow and new borrowings from banks and capital markets. There can be no assurance that we will be able to maintain our production levels or generate sufficient operating cash flow or have access to sufficient investments, loans or other financing alternatives to finance our capital expenditure program at a level necessary to continue our exploration and exploitation activities at or above present levels.

If financing is insufficient at any time in the future, we may be unable to fund significant capital expenditure and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact our business, results of operations and financial condition.

Delay or failure to implement our expansion and development projects could have an adverse effect on our growth prospects.

Successful implementation of our expansion and development projects is subject to various risks, many of which are not within our control. These factors include the availability, terms, conditions and timing of the delivery of plants, equipment and other materials necessary for the construction and/or operation of the relevant facility, the availability of acceptable arrangements for transportation and construction, the performance of engineering and construction contractors, mining contractors, suppliers and consultants and adverse weather conditions affecting access to the development site or the development process and our access to adequate infrastructure generally. Future copper prices, operating costs through a mine's life cycle and fluctuations in ore grade and recovery could also adversely affect the development of our growth projects, such as the Los Pelambres Expansion and the Nueva Centinela Project. In addition, the lack of availability of plant, equipment and other materials or acceptable contractual terms for transportation or construction, or a slower than anticipated performance by any contractor or a period of adverse weather, could delay or prevent the successful completion of any of our development projects. Implementation of our development projects and prospects may also be compromised, or cease to be economical, in the event of a prolonged decline in the market price of copper, molybdenum, gold or silver. There can be no assurance as to when our expansion and development projects will be completed, if at all, whether the resulting operations will achieve the anticipated production volumes or whether the costs of developing these projects will be in line with those anticipated. Any failure by us to implement our expansion and development projects as planned may have a material adverse effect on our growth opportunities.

Our business plans are based on estimates of the volume and grade of our ore deposits that could be incorrect.

Our ore deposits described in this listing memorandum constitute estimates based on standard evaluation methods generally used in the international mining industry and on assumptions as to production costs and market prices. These estimates are based on a number of assumptions which are inherently prone to variability. In respect of these estimates, no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves, resources and mineralized potential can be mined or processed profitably.

The actual reserves and resources may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels. Our reserve and resource estimates are stated as at December 31, 2023 and such calculations are based on a number of assumptions, including the price of commodities, production costs, recovery rates, the availability and quality of geological and technical information, industry practice and subjective judgments made by management and our other competent persons with regard to the presence and grade of ore bodies and the ability to extract and process the ores economically. Future fluctuations in the variables underlying our estimates may result in material changes to our reserve and resource estimates. In addition, we may experience fluctuations in ore grade and recovery. In each case, such changes and fluctuations could adversely affect our business, results of operations or financial condition. Reserve and resource data are not indicative of future results of operations.

We may fail to acquire new mining properties and concessions.

Mines have finite lives and, as a result, one of the ways we seek to replace and expand our reserves is through the acquisition of new mining concessions and properties. There is a limited supply of desirable mining concessions and properties with potential mineralization available in Chile and other prospective areas in the Americas. Because we face competition for new mining concessions and properties from other mining companies, some of which may have greater financial resources than we do, and because the current owners of desirable properties may be unwilling to sell the property to us, we may be unable to acquire attractive new mining concessions or properties on terms that we consider acceptable or at all. We may also select inappropriate targets for acquisition. As a result, our future growth prospects may be adversely affected.

Any loss of key personnel or our inability to hire skilled personnel may adversely affect our business.

Our business depends in significant part upon the contributions of a number of our key senior management and personnel, in particular our senior management team and our highly skilled team of engineers and geologists. We may also encounter increasing competition from other mining companies in their efforts to hire experienced mining professionals. The loss of the services of one or more members of our senior management or other employees with critical skills could adversely affect our business, results of operations or financial condition. If we are not successful in attracting and retaining highly qualified individuals in key management positions and highly skilled engineers and geologists, our business may be adversely affected. It may be difficult for us to hire sufficiently skilled and qualified people or to obtain all the necessary expertise locally or at reasonable rates due to the shortage of appropriately qualified individuals. The changing technological and cultural environment in which we operate exacerbates the challenges we face to manage and maintain a high-quality labor force. If qualified people or the necessary expertise cannot be obtained or cannot be obtained at satisfactory rates, this could result in delays to or higher costs in respect of our ongoing operations and the development of our projects.

We are subject to risks related to litigation and administrative proceedings that could adversely affect our business, results of operations or financial condition in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to labor, health, environmental and safety matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes. Currently, as in the past, we are subject to actual and potential proceedings, investigations or litigation. Litigation can be lengthy, expensive and disruptive to our operations, and results cannot be predicted with certainty. An adverse decision could include monetary damages or, in cases for which injunctive relief is sought, an injunction prohibiting us from operating one or more of our facilities. Although we establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we are required to pay as a result of the inherent uncertainties in the

estimation process. If we were to receive an unfavorable ruling on a matter, it could adversely affect our business, results of operations or financial condition.

Any interruption or destruction or loss of data in our information technology systems due to technical or operational malfunctions or cyberattacks could have a material adverse effect on our reputation, business, results of operations or financial condition.

We are subject to a variety of information technology and system risks as a part of our normal course of operations, including potential breakdown, interruption of communications, invasion, virus, cyberattack, cyber-fraud, security breach, and destruction or interruption of our information technology systems by third parties or our own personnel. A breach of our security measures or a loss of information could occur and result in a loss of material and confidential information, breach of privacy laws and a disruption to our business activities. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions or delays in our ability to operate our facilities and make payments to our suppliers, loss of critical or sensitive data or similar effects, which could adversely affect the protection of intellectual property, confidential and proprietary information, and on our business, results of operations or financial condition.

Our operations or projects could be affected by risks related to corruption or bribery, including operating disruptions or delays resulting from a refusal to make "facilitation payments."

Our Group is subject to and must comply with the anti-corruption and anti-bribery laws of the jurisdictions in which we operate. This includes laws implemented pursuant to the OECD Anti-Bribery Convention, such as the UK Bribery Act of 2010, and Chilean Law 20.393, which entered into force in Chile in December 2009. There has been a substantial increase in the global enforcement of these laws in recent years. We operate in jurisdictions that have experienced public and private sector corruption and where significant anti-corruption enforcement activities, prosecutions, and settlements have occurred. Our corporate policies and processes may not prevent or detect all potential breaches of law or other governance practices, including misinterpretation of or noncompliance with applicable laws and internal policies, recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by our affiliates, employees, agents or contractors. Any violation of anti-corruption or anti-bribery laws could result in significant criminal or civil fines and penalties, litigation, loss of operating licenses or permits and disbarment from public tenders. Starting September 2024, additional sanctions, including, under certain circumstances, even the termination of the legal personality of the involved company, may be imposed. Chilean Law 20.393 has been amended by Law 21.595 (Economics Crimes Law) with its changes slated to take effect in said date (September 2024). Under the new law, the companies will bear responsibility for a wide range of criminal offenses, extending beyond corruption and bribery, including certain labor, environmental, tax and corporate crimes, among other areas. All these consequences may damage our reputation, which could adversely affect our business, results of operations or financial condition.

Our future performance depends on the results of current and future innovation and exploration.

Our growth prospects, beyond our projects under construction (see "*Business—Projects Under Construction*"), are dependent on increasing the reserves of our existing divisions and exploring for new deposits outside of our current operations. While we expect to maintain production levels through our expansion and development projects for the next few years, our expansion and development initiatives could experience delays or be adversely affected by higher costs. In addition, there may be some degree of execution risk associated with the expansion of operations into deeper mines or mines at higher altitudes.

We depend on our ability to replenish our reserves and resources for our long-term viability. Mining exploration is highly speculative in nature, involves many risks and is frequently unsuccessful. Moreover, once mineralization is discovered, it may take a number of years from the initial phases of drilling before production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish reserves and resources through drilling, to determine processes to extract the metals and, if required, to construct mining and processing facilities and obtain the rights on the land and resources required to develop the mining activities. We regularly undertake exploration activities to increase the reserves and resources at our existing mines. We cannot assure you that our exploration activities will result in the replacement or growth of current production with new reserves and resources. If we are not able to replenish reserves and resources, our production levels will decrease significantly and our results of operations would be materially and adversely affected.

Our arrangements with minority shareholders and joint venture arrangements may not be successful.

Certain minority shareholders hold non-controlling interests in our main subsidiaries and our investments in joint ventures are held alongside those of our joint venture partners. See "Business—Corporate Information." We may own additional subsidiaries with minority shareholders or enter into further joint ventures in the future. We are subject to risks associated with our minority shareholders and joint venture partners, including that our partners may (i) have economic or business interests or goals that are inconsistent with or opposed to ours, (ii) exercise veto rights so as to block actions we believe to be in our or our subsidiary's or joint venture's best interests, (iii) take action contrary to our policies or objectives with respect to our investments, for instance by veto of proposals in respect of the subsidiary or joint venture operations, or (iv) as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations under the joint venture or other agreements. Any of the foregoing may adversely affect our business, results of operations or financial condition through the disruption of mining operations run by the subsidiary or joint venture or the delay or non-completion of the relevant development projects. In addition, the exit of these minority shareholders or the termination of these joint ventures, if not replaced on similar terms, could adversely affect our business, results of operations or financial condition.

Inflation may have a material adverse effect on results of operations.

In the past, Chile has experienced periods of high inflation, including in recent years. A continuation of current levels of inflation or a return to the higher levels of inflation that Chile has experienced in the past could produce uneven periods of economic growth, as well as recession and political instability. There can be no assurance that Chilean inflation will not revert to prior levels in the future. Historically, counter inflationary measures taken by the central bank of Chile have often included implementing tight monetary policy with high interest rates, which could limit the availability of credit and economic growth.

It is possible that in the future, high inflation in Chile may result in an increase in operational costs in pesos (without a concurrent devaluation of the local currency of operations against the dollar or an increase in the dollar price of copper, gold, molybdenum or silver). Maintaining operating costs in Chilean pesos could expose us to risks relating to peso devaluation and high domestic inflation. This could adversely affect our business, results of operations or financial condition. Significantly higher and sustained rates of inflation, with subsequent increases in operational costs, could result in the deferral or closure of projects and mines in the event that operating costs become prohibitive.

Changes in the relative value of the Chilean peso to the U.S. dollar may have an adverse effect on us.

A depreciation of the peso against the U.S. dollar could result in an increase in our operating margins and an appreciation of the peso could result in a decrease in our operating margins, in each case, when measured in U.S. dollars. See "Business—Commodity price and exchange rate sensitivities" for an

estimated impact of the movement in copper, molybdenum and gold prices and in the U.S. dollar/Chilean peso exchange rate.

Any change in the monetary policy, the exchange rate regime or in the exchange rate itself, as a result of market conditions over which we have no control, could have a considerable impact, either positive or negative, on our business, results of operations or financial condition.

Damage from earthquakes or other natural disasters to our properties and operations could adversely affect our results.

Chile is located in a seismic area that exposes our operations to the risk of earthquakes. Chile has been adversely affected by powerful earthquakes in the past, including in 2010, 2014 and 2015, and as a result there are strict regulations governing construction in the country.

Although previous earthquakes did not have any substantial effect on our results, and while we have designed our mining operations to withstand exposure to seismic events, we can give no assurance that future seismic events will not adversely affect our business, results of operations or financial condition.

Failure to manage relationships with local communities, government and non-governmental organizations or recognize, respond and align to evolving stakeholder requirements and expectations could adversely affect our future growth potential.

The maintenance and fostering of strong community relationships is integral to the success of our operations. Failure to manage relationships with local communities, government and non-governmental organizations may adversely affect our reputation, as well as our ability to bring projects into production, which could in turn adversely affect our business, results of operations or financial condition, potentially in a material manner.

Failure to recognize, respond and align to changing stakeholder expectations and requirements regarding issues such as environment, social and governance matters, particularly linked to climate change, tailings dams and carbon emissions, could affect our growth opportunities and our future revenues and cash flows. Stakeholder requirements and expectations continue to evolve, and different stakeholder groups can have opposing requirements and expectations of us. For example, an increasing number of financial stakeholders are adopting stricter investment criteria with regards to fossil fuels and carbon emissions. This is having a growing impact on industries that are major producers, and users, of fossil fuels and which are major emitters of CO_2 and other greenhouse gases. Failure to balance opposing stakeholder expectations adequately could lead to potential loss of investor confidence.

Risks Relating to the notes

Payments on the notes will be in effect junior to our secured indebtedness and structurally junior to the existing and future debt obligations of our subsidiaries.

The notes constitute our senior unsecured obligations and will rank equal in right of payment with all of our other existing and future senior unsecured indebtedness, other than obligations preferred by statute (such as tax, social security and labor claims). Although the holders of the notes will have a direct, but unsecured claim on our assets and property, payment on such notes will be subordinated in right of payment to any existing or future secured debt, to the extent of the assets securing such debt. Although the indenture that governs the notes contains restrictions on the incurrence of additional liens, these restrictions are subject to important qualifications and exceptions, and the liens that we may incur in compliance with these restrictions or liens that arise from governmental or creditor action, could be substantial. Moreover, these restrictions do not apply to certain of our subsidiaries, some of which are or may be significant subsidiaries. Payment by us in respect of the notes will also be structurally subordinated to the payment of secured and

unsecured debt and other creditors of our subsidiaries. Under the terms of the indenture, there is no restriction on the ability of our subsidiaries to incur additional indebtedness. As of December 31, 2023, the Issuer had total indebtedness of U.S.$993.0 million. In addition, as of December 31, 2023, our subsidiaries had U.S.$3,086.2 million of total indebtedness, to which the notes will be structurally subordinated.

If we become insolvent or are liquidated, or we become subject to bankruptcy proceedings, or if payment under any secured debt is accelerated, the relevant lenders would be entitled to exercise the remedies available to a secured lender. Accordingly, any proceeds upon a realization of the collateral would be applied first to amounts due under the secured debt obligations before any proceeds would be available to make payments on the notes. After such application of the proceeds from collateral, it is possible that there would be no assets remaining from which claims of the holders of the notes could be satisfied.

Therefore, we may have insufficient assets after such payment obligations to satisfy the claims of the holders of the notes and holders of other unsecured debt including trade creditors that rank equal to holders of the notes.

The issuer is permitted to incur additional indebtedness.

The notes contain no restrictions on the amounts of additional unsecured indebtedness which may be incurred by us or our subsidiaries. Although the notes contain a restriction on our and our subsidiaries' ability to incur certain secured indebtedness, such restriction is subject to significant exceptions, as set forth in "Description of the Notes–Covenants–Limitations on Liens." As a result, we are permitted to issue or incur additional unsecured debt that ranks on an equal and ratable basis with the notes, as well as in certain cases secured debt that ranks senior to the notes with respect to the collateral securing such debt. Our incurrence of additional debt may have the effect of reducing the amount of funds available to holders of notes in the event of an insolvency, liquidation, reorganization, dissolution or other winding up of our company.

The notes are subject to transfer restrictions.

The notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration in the immediate future. As a result, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions" for a full explanation of such restrictions.

An active trading market for the notes may not develop.

Currently there is no market for the notes. We have made an application for listing the notes on the Official List and for admission to trading on the London Stock Exchange's Regulated Market. However, our listing and admission may not be approved or, if approved, may not be maintained. A trading market for the notes may not develop, or if a market for the notes were to develop, the notes may trade at a discount from their initial offering price, depending upon many factors, including the number of holders of notes, prevailing interest rates, the market for similar securities, general economic conditions and our results of operations and financial condition. The initial purchasers are not under any obligation to make a market with respect to the notes, and we cannot assure you that trading markets will develop or be maintained. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the notes. If an active market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be adversely affected. Further, the ability of the Initial Purchasers to make a market in the notes

may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the notes.

Developments in the international capital markets may adversely affect the trading price of the notes.

The trading price of the notes may be adversely affected by declines in the international financial markets and world economic and political conditions, including terrorism and war. Although economic and political conditions are different in each country, investors' reaction to developments in one country can affect the securities markets and the securities of issuers in other countries, including Chile, the United States and European countries. We cannot assure you that such events will not have an adverse impact on the trading price of the notes.

You may have difficulty enforcing your rights against us and our directors and executive officers.

We are a company incorporated in the UK. Most of our directors and executive officers are non-residents of the United States. You may be unable to effect service of process within the U.S. on us, our directors and executive officers. In addition, as substantially all of our assets and the assets of our directors and executive officers are located outside the United States, you may be unable to enforce against us and our directors and executive officers judgments obtained in the U.S. courts, including judgments predicated upon civil liability provisions of the U.S. federal securities laws or state securities laws. There is also doubt as to the enforceability, in original actions in Chilean courts, of liabilities including those predicated solely on U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions including those predicated upon the civil liability provisions of U.S. federal securities laws. No bilateral treaty is currently in effect between the United States and Chile that covers the reciprocal enforcement of civil foreign judgments. In the past, Chilean courts have enforced judgments rendered in the United States by virtue of the legal principles of reciprocity and comity, consisting of the review in Chile of the United States judgment, in order to ascertain, among other matters, whether Chilean legal principles of due process and public policy (*orden público*) have been complied with, without reviewing the merits of the subject matter of the case.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

USE OF PROCEEDS

The net proceeds from the issuance of the notes were approximately U.S.$741,905,000 (after deducting the initial purchasers' discount and the payment of estimated offering expenses).

The net proceeds from the notes were used for general corporate purposes. All or a portion of the net proceeds may be used for the payment of outstanding indebtedness or other general corporate purposes or may be held on Antofagasta's balance sheet, invested in cash, cash equivalents and/or other liquid instruments, in accordance with Antofagasta's investment policy.

CAPITALIZATION

The following table sets forth the consolidated cash, cash equivalents and liquid investments, and consolidated capitalization of the Group as of December 31, 2023 . The historical condensed consolidated financial information of the Group has been derived from our 2023 Audited Financial Statements included elsewhere in this listing memorandum. This table should be read in conjunction with "Presentation of Financial and Certain Other Information," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of the Notes," as well as our 2023 Audited Financial Statements included elsewhere in this listing memorandum.

	As of December 31, 2023
	Actual
	(in millions of U.S. dollars)
Cash, cash equivalents and liquid investments[1]	2,919.4
Debt:[2],	
Short-term borrowings and other financial liabilities[3]	901.9
Medium- and long-term borrowings and other financial liabilities	3,177.3
Total debt	4,079.2
Equity:	
Equity attributable to equity holders of the parent	8,951.9
Non-controlling interest	3,096.5
Total equity	12,048.4
Total capitalization[4]	**16,127.6**

(1) Cash and cash equivalents of $644.7 million comprise cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible into known amounts of cash, are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Liquid investments of $2,274.7 million represent highly liquid current asset investments such as term deposits and managed funds invested in high quality fixed income instruments. They do not meet the IAS 7 definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity profile greater than 90 days from the date first entered into, or because they are held primarily for investment purposes rather than meeting short-term cash commitments.

(2) In March 2024, the Company borrowed $93 million under its available revolving credit facility. This borrowing is not reflected in the December 31, 2023 presentation set forth herein. In March 2024, Centinela entered into a definitive agreement with a group of international lenders for a $2.5 billion project financing term loan facility with a 4-year drawdown period and for a term of approximately 12 years. Borrowings under the Centinela Term Loan Facility are not reflected in the December 31, 2023 presentation set forth herein.

(3) This comprises borrowings and leases detailed in Note 24 to the 2023 Audited Financial Statements.

(4) Consists of the sum of total equity *plus* total debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read along with, and is based on, financial information extracted and derived from our Financial Statements commencing on page F-1 of this listing memorandum.

You should read this discussion in conjunction with our Financial Statements, "Presentation of Financial and Certain Other Information" and the other financial information included elsewhere in this listing memorandum.

We make reference herein to certain non-IFRS financial information that is explained in "Presentation of Financial and Certain Other Information" and "Summary of Financial and Other Information."

The following discussion contains certain forward-looking statements that reflect the plans, estimates and beliefs of the Group. The actual results of the Group may differ materially from those discussed in these forward-looking statements. See "Forward-looking statements." Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this listing memorandum, including those set forth in the "Risk Factors" section of this listing memorandum.

Overview

We engage primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore and the international sale of copper cathodes and copper concentrates. We operate four producing mines in Chile and various international and local exploration properties. We also engage in exploration activities in Chile and the Americas and hold significant transport assets.

The four mines we operate (Los Pelambres, Centinela, Antucoya, Zaldívar) are located in the Coquimbo and Antofagasta regions of Chile. As of December 31, 2023, these four operating mines had approximately 3,825.9 million tonnes of proven and probable ore reserves.

We believe the high quality of our core mining assets is one of our key strengths. Los Pelambres, a world-class copper mine, contains proven and probable ore reserves totaling 848.6 million tonnes as at December 31, 2023, and produced 300,300 tonnes of copper in 2023. Centinela contains proven and probable ore reserves totaling 1,897.9 million tonnes as at December 31, 2023, and produced 242,000 tonnes of copper in 2023. Antucoya contains proven and probable ore reserves totaling 726.5 million tonnes as at December 31, 2023, and produced 77,800 tonnes of copper in 2023. Zaldívar, which is a joint venture with Barrick Gold Corporation in which we hold a 50% interest, contains proven and probable ore reserves totaling 352.9 million tonnes as at December 31, 2023 (reflecting 100% of the proven and probable reserves at Zaldívar), and produced 40,500 tonnes of copper (on a 50% basis, reflecting our percentage of ownership) in 2023.

Our main commercial products are copper concentrates (also containing gold and silver) and copper cathodes. We also produce and sell molybdenum concentrate. For the year ended December 31, 2023, we derived 81.4% of our total revenue from copper and 15.5% of our total revenue from gold, molybdenum and silver by-product production.

In addition, we also hold significant transport assets in our Transport division, which is mainly focused on the transport of copper cathodes and concentrates from, and the transport of sulfuric acid to, the mining industry in the Antofagasta region of Chile, including our own operations. Total transport volumes

in 2023 were 7.1 million tonnes, which were broadly consistent with transport volumes in 2022. In total, in 2023, the Transport division operated approximately 900 km of railroad and 75 locomotives.

Factors Affecting Our Results of Operations

Commodity Prices and Pricing Mechanics

Our results are heavily dependent on commodity prices – principally copper and, to a lesser extent, gold and molybdenum. The prices of these commodities are strongly influenced by a variety of external factors, including, among other things, world economic growth, inventory balances, industry demand and supply and possible substitution. For the year ended December 31, 2023, sales of copper and molybdenum concentrate and copper cathodes represented 89% of our revenue and therefore revenues and earnings depend significantly on the LME and realized copper prices.

We generally sell our copper and molybdenum concentrate and copper cathode output at prevailing market prices, subject to final pricing adjustments which normally range from one to four months after delivery to the customer, and our revenue is therefore exposed to changes in market prices for copper and molybdenum both in respect of future sales and previous sales, which remain open as to final pricing. Realized copper prices are determined by comparing revenue (gross of treatment and refining charges ("TC/RCs") for concentrate sales) with sales volumes in the period. Realized copper prices differ from market prices mainly because, in line with industry practice, concentrate and cathode sales agreements generally provide for provisional pricing at the time of shipment with final pricing based on the average market price in future periods (normally around one month after delivery to the customer in the case of cathode sales and normally four months after delivery to the customer in the case of concentrate sales). Our mining costs are relatively fixed so the prices at which we can sell our output have a significant impact on our margins.

Copper prices on the LME averaged $3.85/lb in 2023, compared with $4.00/lb in 2022 and $4.23/lb in 2021.

Prices of Key Inputs

Our mining operations depend on a range of key inputs such as energy, water, labor, sulfuric acid and fuel. The management of these inputs has a significant impact on operating costs. The availability, cost and reliability of these inputs are central to our cost management strategy, which focuses on cost control and security of supply. Given the direct impact of fuel prices on the spot price of energy, shipping rates for supplies and products, and the cost of items such as tires and conveyors, an increase or decrease in fuel prices will impact our cash costs.

For more information on our key inputs, please see "Business Description—Key Inputs and Cost Base."

Climate Change

The effects of climate change have had an increasing impact on our operations. Higher than expected rainfall in northern Chile has impacted and may continue to impact the infrastructure in the region. In addition, the increasing severity of sea swells leads to delays in the delivery of key supply materials and the export of our concentrates and cathodes. As the effects of climate change evolve, the impact on our operations may continue to grow. For more information, please see "Business Description—Risk Management."

Cost and Competitiveness Program

Since 2014, we have utilized our CCP to reduce our costs and increase efficiency in our operations. The main target of the CCP is to provide a methodology to preserve our competitive position within the industry and counterbalance grade decline, which is a natural occurrence for copper mines. For geological reasons, copper deposits frequently have higher grade material near the surface and therefore grade declines with depth. This means that unless action is taken, such as an expansion, copper production declines as a mine gets older. Also, as an open pit gets deeper, haulage distances and rock hardness increase, and this, combined with the declining grade, leads to higher unit costs.

Our ongoing efforts through the CCP focus on five areas to deliver sustainable cost reductions and productivity increases:

- Streamlining goods and services procurement – we strive to improve the efficiency and quality of purchase contracts while also reducing costs. Additionally, we have centralized procurement to create synergies for our operating companies. Examples of savings initiatives include renegotiation of maintenance contracts, negotiation with explosive service providers, bringing electric shovel maintenance in-house and optimization of fuel transport services.

- Operating efficiency and asset reliability – we achieve this by maximizing plant and equipment availability and minimizing variability through continuous improvement. This ensures the reliability and performance of assets through planned, proactive and predictive maintenance. Examples of savings initiatives include improving grinding media consumption and minimizing waste in blasting to reduce explosives consumption.

- Energy efficiency – we seek to optimize energy efficiency and lower energy contract prices through the CCP. For example, we continually seek to modify our peak energy consumption patterns to reduce power costs.

- Corporate and organizational effectiveness – we continually analyze for potential restructuring of the Group's organizational framework to increase efficiency and reduce costs. Examples of savings initiatives include strengthening of our key operating processes, using existing loading capacity to replace shovel rental with a maintenance and repair contract and optimizing our organizational structure.

- Working capital, capital expenditure and services efficiency – we seek to optimize inventory levels, capital expenditure and services costs.

Through these initiatives, in the year ended December 31, 2023, we achieved savings and productivity improvements of $135 million, compared with $124 million in 2022 and $131 million in 2021, which helped mitigate the increase in cash costs that we experienced during the year.

Exchange Rate Fluctuations

Our results may be affected by exchange rate fluctuations between the U.S. dollar and the Chilean peso. Approximately 50% of our operating costs are in Chilean pesos while almost all of our revenues are in U.S. dollars. The exchange rate with the U.S. dollar is generally correlated to the copper price as copper exports generate nearly 50% of Chile's foreign exchange earnings, which provides a natural hedge for our operations. The Chilean peso/USD exchange rate averaged Ch$839/$1 during 2023, compared with Ch$872/$1 during 2022 and Ch$760/$1 during 2021.

Recent Developments

Final Dividend

On May 10, 2024, the Company paid a final dividend for 2023 of 24.3 cents per ordinary share, which amounts to $239.6 million. to shareholders on the share register at the close of business on April 19, 2024.

Compañía de Minas Buenaventura S.A.A.

Compañía de Minas Buenaventura S.A.A. ("Buenaventura") is Peru's largest, publicly traded precious and base metals company and a major holder of mining rights in Peru. As at December 31, 2023, the Group held an existing holding of 18.1 million shares in Buenaventura. During 2023, the Group entered into an agreement to acquire up to an additional 30 million shares in Buenaventura, representing approximately 12% of Buenaventura's issued share capital. In March 2024, the acquisition was completed, bringing the Group's ownership of Buenaventura to approximately 19%. See Notes 4, 19, 22 and 26 of the 2023 Audited Financial Statements for additional discussion of the transaction.

Centinela Project Financing Term Loan Facility

In March 2024, Centinela entered into a definitive agreement with a group of international lenders for a $2.5 billion project financing term loan facility with a 4-year drawdown period and for a term of approximately 12 years (the "Centinela Term Loan Facility"). The proceeds from the Centinela Term Loan Facility are expected to be used to finance the Nueva Centinela Project. As of April 24, 2024, Centinela has borrowed $284 million under the facility.The Company is required to provide an unsecured guaranty of the facility until project completion milestones are achieved.

Q1 2024 Production Report

On April 17, 2024, we released our first quarter production report for the quarter ended March, 31, 2024. Our copper production was 129,400 tonnes and net cash costs were $2.67/lb. This production reflected the impact of lower grades and increased ore hardness at Centinela, in line with the mine plan, as well as maintenance and cleaning activities on the Los Pelambres concentrate pipeline that delayed moving concentrate to the Company's port facility. The pipeline has recommenced operations, and approximately 27,000 tonnes of accumulated copper in concentrate is expected to be rescheduled into future quarters as production and sales.

Results of Operations

The following table shows the principal components of our profit for each of the years ended December 31, 2021, 2022 and 2023:

	Year Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
Group revenue	**7,470.1**	**5,862.0**	**6,324.5**
Total operating costs	(4,068.7)	(4,227.7)	(4,541.7)
Operating profit from subsidiaries	**3,401.4**	**1,634.3**	**1,782.8**
Net share of results from associates and joint ventures	59.7	48.1	(13.5)
Gain on disposal of investment in joint venture	-	944.7	-
Total profit from operations, associates and joint ventures	**3,461.1**	**2,627.1**	**1,769.3**
Net finance income/(expense)	16.0	(68.2)	196.2
Profit before tax	**3,477.1**	**2,558.9**	**1,965.5**
Income tax expense	(1,242.3)	(603.6)	(666.1)
Profit from continuing operations	**2,234.8**	**1,955.3**	**1,299.4**
Profit from discontinued operations	**–**	**–**	**–**
Profit for the year	**2,234.8**	**1,955.3**	**1,299.4**

Year Ended December 31, 2023 Compared with the Year Ended December 31, 2022

Revenue

The $462.5 million increase in revenue from $5,862.0 million in 2022 to $6,324.5 million in the year ended December 31, 2023 reflected the following factors:

Mining division

Revenue from the Mining division increased in the year ended December 31, 2023 by $460.0 million, or 8%, to $6,128.6 million, compared with $5,668.6 million in 2022. The increase reflected a $241.9 million increase in copper sales and a $218.1 million increase in by-product revenue.

Copper

Revenue from copper concentrate and copper cathode sales increased in the year ended December 31, 2023 by $241.9 million, or 4.9%, to $5,147.4 million, compared with $4,905.5 million in 2022. The increase reflected the impact of $230.7 million from higher sales volumes and $69.0 million from higher realized prices, partly offset by $57.8 million due to the impact of higher treatment and refining charges on the prices invoiced.

The average realized copper price increased in the year ended December 31, 2023 by 1.3% to $3.89/lb in 2023 (2022 – $3.84/lb), resulting in a $69.0 million increase in revenue. The LME average market price decreased by 3.8% to $3.85/lb in 2023 (2022 – $4.00/lb). In 2023, there was a $81.3 million positive impact from provisional pricing adjustments, mainly as a result of a positive net impact in the settlement of sales invoiced and by the increase in the period end mark to market price to $3.87/lb at December 31, 2023, compared with $3.80/lb at December 31, 2022. Conversely, there had been a $169.8 million negative impact from provisional pricing adjustments in 2022, which mainly reflected the decrease in the year-end mark-to-market copper price to $3.80/lb at December 31, 2022, compared with $4.42/lb at December 31, 2021.

Copper sales volumes reflected within revenue increased in the year ended December 31, 2023 by 4.5% from 598,100 tonnes in 2022 to 625,300 tonnes in 2023, increasing revenue by $230.7 million. This increase was due to higher copper sales volumes at Los Pelambres (27,800 tonnes increase), reflecting higher throughput in the current year, which resulted from increasing availability of water from the operation's desalination plant as it successfully completes its ramp up, and additional ore processing capacity provided by the fourth concentrator line that is nearing the end of its commissioning phase.

Treatment and refining charges (TC/RCs) for copper concentrate increased in the year ended December 31, 2023 by $57.8 million to $213.6 million in 2023, compared with $155.8 million in 2022, reflecting higher average TC/RC rates and the increase in concentrate sales volumes mainly at Los Pelambres.

Molybdenum, gold and other by-products

Revenue from by-product sales at Los Pelambres and Centinela relate mainly to molybdenum and gold and, to a lesser extent, silver. Revenue from by-products increased by $218.0 million or 28.6% to $981.2 million in 2023, compared with $763.2 million in 2022. This increase was mainly due to the higher molybdenum and gold sales volumes and realized prices.

Revenue from gold sales in the year ended December 31, 2023 (net of treatment and refining charges) was $406.9 million (2022 – $313.8 million), an increase of $93.1 million which reflected an increase in volumes and a higher realized price. Gold sales volumes increased by 17.3% from 174,700 ounces in 2022 to 204,900 ounces in 2023, mainly due to higher gold grades at Centinela. The realized gold price was $1,989.5/oz in 2023 compared with $1,800.4/oz in 2022, reflecting the average market price for 2023 of $1,943.1/oz (2022 – $1,800.4/oz) and a positive provisional pricing adjustment of $9.2 million.

Revenue from molybdenum sales in the year ended December 31, 2023 (net of roasting charges) was $504.2 million (2022 – $392.2 million), an increase of $112.0 million. The increase was due to both the higher sales volumes of 11,100 tonnes (2022 – 9,200 tonnes) reflecting the higher production volumes mainly at Los Pelambres, as well as the 5.8% higher realized price of $22.0/lb (2022 – $20.8/lb).

Revenue from silver sales increased in the year ended December 31, 2023 by $12.9 million to $70.1 million (2022 – $57.2 million). The increase was due to higher sales volumes of 3.0 million ounces (2022 – 2.7 million ounces) and a 13.2% higher realized silver price of $24.0/oz (2022 – $21.2/oz).

Transport division

Revenue from the Transport division (FCAB) increased in the year ended December 31, 2023 by $2.6 million or 1.3% to $195.9 million (2022 – $193.4 million), mainly due to increased pricing in some contracts.

Operating Costs

The $314.0 million increase in total operating costs from $4,227.7 million in 2022 to $4,541.7 million in the year ended December 31, 2023 reflected the following factors:

Mining division

Operating costs (excluding depreciation, amortization, loss on disposals and impairments) at the Mining division increased by $244.3 million to $3,209.7 million in 2023, an increase of 8.2%. Of this increase, $187.0 million was attributable to higher mine-site operating costs, reflecting higher unit costs and increased sales volumes. On a unit cost basis, weighted average cash costs excluding by-product credits and treatment and refining charges for concentrates (both of which for accounting purposes impact revenue and don't therefore affect operating expenses), increased from $2.05/lb in 2022 to $2.14/lb in 2023. This increase largely reflected general inflation and the stronger Chilean peso, partially offset by the cost savings from the Group's Cost and Competitiveness Program and lower key input prices and shipping costs.

Closure provisions and other mining expenses increased in the year ended December 31, 2023 by $5.1 million. Exploration and evaluation costs increased in the year ended December 31, 2023 by $28.1

million to $141.1 million (2022 – $113.0 million), principally in respect of geotechnical drilling at Centinela and evaluation expenditure at Los Pelambres.

Transport division

Operating costs (excluding depreciation, amortization and loss on disposals) at the Transport division increased in the year ended December 31, 2023 by $1.6 million to $120.7 million (2022 – $119.1 million), mainly due to general inflation.

Depreciation, amortization and disposals

The expense for depreciation, amortization and loss on disposals charge increased in the year ended December 31, 2023 by $68.1 million from $1,143.2 million in 2022 to $1,211.3 million. This increase is mainly due to higher depreciation of new assets at Centinela and Los Pelambres.

Compañia de Minas Buenaventura S.A.A.

During 2023, the Group entered into an agreement to acquire up to an additional 30 million shares in Compañia de Minas Buenaventura S.A.A. Subsequent to the year-end, in March 2024, the agreement completed. An exceptional fair value pre-tax gain of $167.1 million ($125.3 million post tax) was recognized within other finance items during 2023 in respect of this agreement.

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries increased by $148.4 million or 9.1% in 2023 to $1,782.8 million (2022 – $1,634.3 million).

Share of results from associates and joint ventures

Our share of results from associates and joint ventures (excluding exceptional items) was a loss of $13.5 million in 2023, compared with profit of $48.1 million in 2022. Of this decrease, $62.7 million was due to the lower profit from Zaldívar, reflecting decreased copper sales volumes, due to lower copper production (reflecting lower ore processing rates, which were partially mitigated by improved recoveries during the year), a lower realized copper price and higher cash costs.

EBITDA

EBITDA increased in the year ended December 31, 2023 by $157.5 million or 5.4% to $3,087.2 million (2022 – $2,929.7 million). EBITDA includes the Group's proportional share of EBITDA from associates and joint ventures.

EBITDA from the Mining division increased by $156.0 or 5.5% from $2,849.7 million in 2022 to $3,005.7 million in the year ended December 31, 2023. This reflected the higher revenue, partially offset by the higher mine-site costs, exploration and evaluation expenditure, and corporate costs, as well as lower EBITDA from associates and joint ventures.

EBITDA at the Transport division increased by $15 million to $81.5 million in 2023 (2022 – $80.0 million), reflecting the higher revenue and slightly increased EBITDA from associates, partly offset by the higher operating costs.

For the year ended December 31, 2023, our EBITDA Margin was 49% (2022 – 50%), reflecting our revenue and EBITDA for the period as analyzed above.

Net finance income

Net finance income (excluding exceptional items) increased in the year ended December 31, 2023 by $97.3 million to $29.1 million, compared with the $68.2 million net expense in 2022.

	Year Ended December 31,	
	2022	**2023**
	(in millions of U.S. dollars)	
Investment income	40.2	138.1
Interest expense	(78.6)	(105.6)
Other finance items	(29.8)	(3.4)
Net finance income/(expense)	**(68.2)**	**29.1**

Investment income increased from $40.2 million in 2022 to $138.1 million in 2023, largely due to an increase in average interest rates.

Interest expense increased from $78.6 million in 2022 to $105.6 million in 2023, mainly reflecting an increase in average interest rates and an increase in the average relevant borrowing balances (after taking account of borrowings where the interest is capitalized).

Other finance items in the year ended December 31, 2023 were a net loss of $3.4 million, compared with a net loss of $29.8 million in 2022, a variance of $26.4 million. This was mainly due to the foreign exchange impact of the retranslation of Chilean peso denominated assets and liabilities, which resulted in a $12.5 million gain in 2023 compared with a $12.8 million loss in 2022. In addition, there was an expense of $15.8 million in respect of the unwinding of the discounting of provisions (2022 – expense of $16.9 million).

Profit before tax

As a result of the factors set out above, profit before tax (excluding exceptional items) increased in the year ended December 31, 2023 by 11.4% to $1,798.4 million (2022 – $1,614.2 million). Including exceptional items, profit before tax decreased in the year-ended December 31, 2023 by 23.2% to $1,965.5 million (2022 - $2,558.9 million).

Income tax expense

The tax charge for 2023 (excluding exceptional items) increased by $20.7 million to $624.3 million (2022 – $603.6 million) and the effective tax rate for the year was 34.7% (2022 – 37.4%). Including exceptional items, the tax charge for 2023 was $666.1 million and the effective tax rate was 33.9%.

As a result of the approval of the new Chilean mining royalty during 2023, a one-off adjustment was recognized to the deferred tax balances of the Group's mining operations, resulting in an increase in the deferred tax liability balance of $34.3 million, with a corresponding deferred tax expense. Also, the withholding tax charge in the current period reflected a one-off adjustment to the provision for deferred withholding tax relating to the remittance of profits from Chile, as a result of an intra-group restructuring of intercompany balances, reducing the provision balance by $34.7 million, with a corresponding reduction in the deferred tax expense. The net impact of these two one-off items was therefore a reduction in the tax expense of $0.4 million.

	Year Ended December 31,			
	2022		2023	
	$m	%	$m	%
Profit before tax	**2,558.9**	**–**	**1,965.5**	**–**
Tax at the Chilean corporate tax rate of 27.0%	(691.0)	27.0	(530.7)	27.0
Adjustment in respect of prior years	(2.6)	0.1	4.5	(0.2)
Items not deductible from first category tax	(33.9)	1.3	(21.4)	1.1
Mining tax (royalty)	(94.5)	3.7	(109.7)	5.6
Deduction of mining royalty as an allowable expense in determination of first category tax	23.1	(0.9)	29.5	(1.5)
Withholding taxes	(73.0)	2.9	(1.4)	0.1
Tax effect of share of results of associates and joint ventures	13	(0.5)	(3.6)	0.2
Impact of previously unrecognized tax losses on current tax	0.2	–	(2.3)	0.1
Effect of increase in future royalty tax on deferred tax balances	–	–	(34.3)	1.7
Difference in overseas tax rate			3.3	(0.2)
Gain on disposal of investment in joint venture	255.1	(10.0)	–	–
Tax expense and effective tax rate for the year	**(603.6)**	**23.6**	**(666.1)**	**33.9**

The effective tax rate of 33.9% varied from the statutory rate principally due to the mining tax (royalty) (net impact of $80.2 million/4.1% including the deduction of the mining tax (royalty) as an allowable expense in the determination of first category tax), the one-off effect of the increase in future royalty tax rates on deferred tax balances (impact of $34.3 million/1.7%), items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $21.4 million/1.1%), the impact of the recognition of the Group's share of results from associates and joint ventures, which are included in the Group's profit before tax net of their respective tax charges (impact of $3.6 million/0.2%), the impact of unrecognized tax losses (impact of $2.3 million/0.1%) and the withholding tax relating to the remittance of profits from Chile (impact of $1.4 million/0.2%), partly offset by adjustments in respect of prior years (impact of $4.5 million/0.2%) and differences in overseas tax rates (impact of $3.3 million/0.2%).

Year Ended December 31, 2022 Compared with the Year Ended December 31, 2021

Revenue

The $1,608.1 million decrease in revenue from $7,470.1 million in 2021 to $5,862.0 million in the year ended December 31, 2022 reflected the following factors:

Mining division

Revenue from the Mining division decreased in the year ended December 31, 2022 by $1,631.5 million, or 22.3%, to $5,668.6 million, compared with $7,300.1 million in 2021. The decrease reflected a $1,507.7 million reduction in copper sales and a $123.8 million decrease in by-product revenue.

Copper

Revenue from copper concentrate and copper cathode sales decreased in the year ended December 31, 2022 by $1,507.7 million, or 23.5%, to $4,905.5 million, compared with $6,413.2 million in 2021. The decrease reflected the impact of $799.4 million from lower sales volumes, $704.5 million from lower realized prices and $3.8 million from higher treatment and refining charges.

Copper sales volumes reflected within revenue decreased in the year ended December 31, 2022 by 12.2% from 681,000 tonnes in 2021 to 598,100 tonnes in 2022, decreasing revenue by $799.4 million. This decrease was due to lower copper sales volumes at Los Pelambres (53,300 tonnes decrease) as a result of

its decreased production due to the concentrate pipeline issue and water shortage, and lower sales volumes at Centinela (30,000 tonnes decrease) due to decreased production volumes reflecting expected lower ore grades.

The average realized price decreased in the year ended December 31, 2022 by 12% to $3,84/lb in 2022 (2021 – $4.37/lb), resulting in a $704.5 million decrease in revenue. The decrease in the realized price reflected the lower LME average market price, which fell by 5% to $4.00/lb in 2022 (2021 –$4.23/lb), and a negative provisional pricing adjustment of $169.8 million. The provisional pricing adjustment mainly reflected the decrease in the year-end mark-to-market copper price to $3.80/lb at December 31, 2022, compared with $4.42/lb at December 31, 2021. In addition, during 2022 there was no impact in respect of commodity hedging instruments as no hedges were in place during the year, whereas the prior year revenue included a $126.8 million negative impact in respect of hedging instruments which matured during 2021.

Treatment and refining charges (TC/RCs) for copper concentrate increased by $3.8 million to $155.8 million in 2022 from $152.0 million in 2021, reflecting higher average TC/RC rates, offset by the decrease in concentrate sales volumes at Los Pelambres and Centinela.

Molybdenum, gold and other by-products

Revenue from by-product sales at Los Pelambres and Centinela relate mainly to molybdenum and gold and, to a lesser extent, silver. Revenue from by-products decreased by $123.8 million or 14.0% to $763.1 million in 2022, compared with $886.9 million in 2021.

Revenue from gold sales in the year ended December 31, 2022 (net of treatment and refining charges) was $313.8 million (2021 – $436.4 million), a decrease of $122.6 million which mainly reflected a decrease in volumes slightly offset by a higher realized price. Gold sales volumes decreased by 28.6% from 244,700 ounces in 2021 to 174,700 ounces in 2022 as the gold grades, which are often correlated to copper grades, decreased, as did recoveries at Centinela. The realized gold price was $1,801/oz in 2022 compared with $1,788/oz in 2021, reflecting the average market price for 2022 of $1,800/oz (2021 – $1,799/oz) and a positive provisional pricing adjustment of $3.5 million.

Revenue from molybdenum sales in the year ended December 31, 2022 (net of roasting charges) was $392.3 million (2021 – $366.4 million), an increase of $25.9 million. The increase was due to the higher realized price of $20.8/lb (2021 – $17.4/lb), partially offset by decreased sales volumes of 9,200 tonnes (2021 – 10,400 tonnes).

Revenue from silver sales decreased in the year ended December 31, 2022 by $26.9 million to $57.2 million (2021 – $84.1 million). The decrease was due to lower sales volumes of 2.7 million ounces (2021 – 3.4 million ounces) and the lower realized silver price of $21.2/oz (2021 – $24.9/oz).

Transport division

Revenue from the Transport division (FCAB) increased in the year ended December 31, 2022 by $23.4 million or 13.8% to $193.4 million (2021 – $170.0 million), mainly due to increased volumes and better pricing in some contracts.

Operating Costs

The $336.6 million increase in total operating costs (excluding exceptional items) from $3,891.1 million in 2021 to $4,227.7 million in the year ended December 31, 2022 reflected the following factors:

Mining division

Operating costs (excluding depreciation, loss on disposals and impairments) at the Mining division increased by $268.5 million to $2,965.4 million in 2022, an increase of 10.0%. Of this increase, $253.0 million was attributable to higher mine-site operating costs. This increase in mine-site costs reflected higher key input prices and general inflation, partly offset by the impact of the decreased sales volumes, the weaker Chilean peso and cost savings from the Group's CCP. On a unit cost basis, weighted average cash costs excluding by-product credits and treatment and refining charges for concentrates (both of which for accounting purposes impact revenue and don't therefore affect operating expenses), increased from $1.68/lb in 2021 to $2.05/lb in 2022.

During the year ended December 31, 2022, the CCP achieved benefits of $124.0 million, of which $88.0 million reflected cost savings and $36.0 million reflected the value of productivity improvements. Of the $88.0 million of cost savings, $55.9 million related to Los Pelambres, Centinela and Antucoya, and therefore impacted the Group's operating costs, and $32.1 million related to Zaldívar (on a 100% basis) and therefore impacted the share of results from associates and joint ventures.

Closure provisions and other Mining division costs increased by $6.4 million in 2022. Exploration and evaluation costs increased by $9.8 million to $113.0 million (2021 – $103.2 million), reflecting increased exploration expenditure principally in respect of the Cachorro and Encierro projects, and also increased expenditure on geotechnical drilling at Los Pelambres, partly offset by lower costs at Twin Metals. Corporate costs decreased by $0.5 million.

Transport division

Operating costs (excluding depreciation, amortization and loss on disposals) at the Transport division increased by $12.8 million to $119.1 million in 2022 (2021 – $106.3 million), mainly due to an increase in the price of diesel used for locomotives and trucks as well as the impact of the higher inflation rate on labor, material and contractor costs.

Depreciation, amortization and disposals

The expenses for depreciation, amortization and loss on disposals increased by $55.3 million from $1,087.9 million in 2021 to $1,143.2 million in 2022. This increase is mainly due to higher amortization of IFRIC 20 stripping costs at Centinela, offset by the impact of depreciation deferred in inventory, also largely at Centinela.

During 2021 an exceptional impairment provision of $177.6 million was recognized in respect of the intangible assets and property, plant and equipment relating to the Twin Metals project.

Disposal of investment in Tethyan joint venture

On December 15, 2022 Antofagasta entered into definitive agreements to dispose of its 50% interest in the Tethyan joint venture. As a result, Antofagasta recognized a gain on disposal of its investment in the joint venture as at December 15, 2022 of $944.7 million. Full details of the agreements and gain on disposal are set out in Note 17 to the 2022 Audited Financial Statements included elsewhere in this listing memorandum.

Operating profit from subsidiaries

As a result of the above factors, operating profit from subsidiaries decreased by $1,767.1 million or 52.0% in 2022 to $1,634.3 million (2021 – $3,401.4 million).

Share of results from associates and joint ventures

Our share of results from associates and joint ventures was a profit of $48.1 million in 2022, compared with $59.7 million in 2021.

EBITDA

EBITDA decreased by $1,906.5 million or 39.4% to $2,929.7 million (2021 – $4,836.2 million). EBITDA includes the Group's proportional share of EBITDA from associates and joint ventures.

EBITDA from the Mining division decreased by 40.2% from $4,768.0 million in 2021 to $2,849.7 million in 2022. This reflected the lower revenue and higher mine-site costs explained above, and to a lesser extent a lower EBITDA from associates and joint ventures.

EBITDA at the Transport division increased by $11.8 million to $80.0 million in 2022 (2021 – $68.2 million), reflecting the higher revenue and slightly increased EBITDA from associates and joint ventures, offset by higher operating costs, mainly due to inflation and the increased price of diesel.

For the year ended December 31, 2022, our EBITDA margin was 50% (2021 – 65%), reflecting our revenue and EBITDA for the period as analyzed above.

Net finance expense

Net finance expense increased by $84.2 million to $68.2 million in 2022, compared with a $16.0 million income in 2021.

	Year Ended December 31,	
	2021	**2022**
	(in millions of U.S. dollars)	
Interest income	5.0	40.2
Interest expense	(63.4)	(78.6)
Other finance items	74.4	(29.8)
Net finance income/(expense)	**16.0**	**(68.2)**

Interest income increased from $5.0 million in 2021 to $40.2 million in 2022, mainly due to an increase in average interest rates.

Interest expense increased from $63.4 million in 2021 to $78.6 million in 2022, mainly reflecting an increase in average interest rates, partially offset by the decrease in the average relevant borrowing balances (after taking account of borrowings where the interest is capitalized).

Other finance items were a net loss of $29.8 million, compared with a net gain of $74.4 million in 2021, a variance of $104.2 million. This was largely due to the foreign exchange impact of the retranslation of Chilean peso denominated assets and liabilities, which resulted in a $12.8 million loss in 2022 compared with a $49.9 million gain in 2021. In addition, there was a negative year-on-year variance of $41.7 million related to the discounting of long-term provisions, largely driven by the increase in discount rates in 2021 resulting in a decrease in the provision balances and a corresponding credit recognized in other finance items in the prior year.

Profit before tax

As a result of the factors set out above, profit before tax decreased in the year ended December 31, 2022 by 26.4% to $2,558.9 million (2021 – $3,477.1 million).

Income tax expense

The tax charge for 2022 (excluding exceptional items) decreased by $729.3 million to $603.6 million (2021 – $1,332.9 million) and the effective tax rate for the year was 37.4% (2021 – 36.5%). Including exceptional items, the tax charge for 2022 was $603.6 million and the effective tax rate was 23.6%.

	Year Ended December 31,			
	2021		2022	
	$m	%	$m	%
Profit before tax	**3,477.1**		**2,558.9**	
Tax at the Chilean corporate tax rate of 27.0%	(938.8)	27.0	(691.0)	27.0
Adjustment in respect of prior years	(12.1)	0.3	(2.6)	0.1
Items not deductible from first category tax	(31.6)	0.9	(33.9)	1.3
Mining tax (royalty)	(243.8)	7.0	(94.5)	3.7
Deduction of mining royalty as an allowable expense in determination of first category tax	67.8	(1.9)	23.1	(0.9)
Withholding taxes	(195)	5.6	(73.0)	2.9
Tax effect of share of results of associates and joint ventures	16.1	(0.5)	13.0	(0.5)
Impact of previously unrecognized tax losses on current tax	52.5	(1.5)	0.2	-
Impact of recognition of previously unrecognized tax losses on deferred tax	90.6	(2.6)	-	
Provision against carrying value of assets	(48.0)	1.4	-	
Gain on disposal of investment in joint venture	-	-	255.1	(10.0)
Tax expense and effective tax rate for the year	**(1,242.3)**	**35.7**	**(603.6)**	**23.6**

The effective tax rate for 2022 of 23.6% varied from the statutory rate principally due to the mining tax (royalty) (net impact of $71.4 million/2.8% including the deduction of the mining tax (royalty) as an allowable expense in the determination of first category tax), the withholding tax relating to the remittance of profits from Chile (impact of $73.0 million/2.9%), items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $33.9 million/1.3%) and adjustments in respect of prior years (impact of $2.6 million/0.1%), partly offset by the impact of the recognition of the Group's share of profit from associates and joint ventures, which are included in the Group's profit before tax net of their respective tax charges (impact of $13.0 million/0.5%) and the exceptional gain on disposal of investment in joint venture (impact of $255.1 million / 10.0%).

Liquidity and Capital Resources

We are a holding company and as such, our ability to meet our obligations depends on the earnings and cash flows of our subsidiaries.

Our primary source of liquidity is the revenue generated by our Mining division. Our primary capital needs are for working capital and capital expenditure related to the development of our existing operations.

Cash Flows

The following table shows the generation and use of cash in 2021, 2022 and 2023.

	Year Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
Profit before tax	**3,477.1**	**2,558.9**	**1,965.5**
Depreciation, amortization and net loss on disposals	1,087.9	1,143.2	1,211.3

	Year Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
Provision for impairment	177.6	-	-
Gain on disposition of investments in joint ventures	-	(944.7)	-
Fair value gain in respect of other financial assets	-	-	(167.1)
Net share of results from associates and joint ventures	(59.7)	(48.1)	13.5
Net finance expense	(16.0)	68.2	(29.1)
Movement in working capital and provisions	(159.2)	(39.2)	33.0
Cash flows from continuing operations	**4,507.7**	**2,738.3**	**3,027.1**
Interest paid	(60.7)	(74.3)	(166.0)
Income tax paid	(776.9)	(787.1)	(528.1)
Net cash from operating activities	**3,670.1**	**1,876.9**	**2,333.0**
Investing Activities			
Capital contributions to associates and joint ventures	(33.5)	-	(0.6)
Dividends from associates and joint ventures	142.5	50.0	-
Investment in other financial assets	-	-	(290.1)
Acquisition of equity investments	-	(66.5)	(60.7)
Proceeds from disposal of investments in joint venture	-	-	944.7
Purchases and disposals of intangible assets, property, plant and equipment	(1,776.0)	(1,879.0)	(2,129.2)
Net (increase)/decrease in liquid investments	(543.7)	1,388.9	(674.2)
Interest received	7.4	29.1	117.1
Net cash used in investing activities	**(2,203.3)**	**(477.5)**	**(2,093.0)**
Financing Activities			
Dividends paid to equity holders	(710.8)	(1,262.9)	(613.2)
Dividends paid to preference holders and non-controlling interests	(604.6)	(80.1)	(388.1)
New borrowings less repayment of borrowings and principal elements of leases	(634.5)	9.2	599.3
Net cash used in financing activities	**(1,949.9)**	**(1,333.8)**	**(402.0)**
Net (decrease)/increase in cash and cash equivalents	**(483.1)**	**65.6**	**(162.0)**
Cash and cash equivalents at beginning of period	1,246.8	743.4	810.4
Foreign exchange (losses)/gains	(20.3)	1.4	(3.7)
Cash and cash equivalents at end of period	**743.4**	**810.4**	**644.7**

Cash flows from continuing operations were $3,027.1 million in 2023 compared with $2,738.3 million in 2022 and with $4,507.7 million in 2021.

This reflected EBITDA from subsidiaries for the year of $2,994.1 million (2022 – $2,777.5 million and 2021 – $4,666.9 million) adjusted for the positive impact of a net working capital decrease of $47.5 million (2022 – net working capital increase of $12.7 million and 2021 – net working capital increase of $140.2 million) and a non-cash decrease in provisions of $14.5 million (2022 – decrease of $26.5 million and 2021 – decrease of $19.0 million).

The working capital decrease in 2023 was mainly due to an increase in creditors, partly offset by increased inventories and debtors.

Interest paid increased from $74.3 million in 2022 to $166.0 million in 2023, reflecting increased borrowings and the increase in average interest rates. Interest paid increased from $60.7 million in 2021 to $74.3 million in 2022, reflecting the increase in average interest rates.

The net cash outflow in respect of tax in 2023 was $528.1 million (2022 – $787.1 million and 2021 – $776.9 million). This amount differs from the current tax charge in the consolidated income statement (including exceptional items) of $586.8 million (2022 – $448.8 million and 2021–$1,035.5 million) as the cash tax payments reflect payments on account for the current year based on prior periods' profit levels of $544.3 million (2022 – $435.6 million), the settlement of outstanding balances in respect of the previous year's tax charge of $14.7 million (2022 – $332.1 million) and withholding tax payments of $2.1 million (2022 – $24.5 million), partly offset by the recovery of $33.0 million relating to prior years (2022 – $5.1 million).

Contributions and loans to associates and joint ventures were $0.7 million (2022 – zero and 2021– $33.5 million, relating to Hornitos and Tethyan).

Capital expenditure in 2023 was $2,129.2 million compared with $1,879.2 million in 2022 and $1,776.0 million in 2021. This included expenditure of $1,044.6 million at Centinela (2022 – $857.0 million and 2021 – $791.8 million), $897.1 million at Los Pelambres (2022 – $889.7 million and 2021 – $880.4 million), $121.6 million at Antucoya (2022 – $66.9 million and 2021 – $49.6 million), $15.5 million at the corporate centre (2022 – $10.8 million and 2021 – $24.4 million) and $50.4 million at the Transport division (2022 – $54.8 million and 2021 – $31.3 million). The higher total capital expenditure compared with the prior year reflects increased mine development at Centinela, Los Pelambres and Antucoya, and higher sustaining capital expenditure at Los Pelambres and Centinela, partly offset by lower expenditure on the INCO project at Los Pelambres. As detailed in Note 17 of the 2023 Audited Financial Statements included elsewhere in this listing memorandum, in December 2022 Antofagasta completed its disposal of its 50% interest in the Tethyan joint venture. It was agreed that the disposal proceeds would be distributed to Antofagasta during 2023. In May 2023, the disposal proceeds of $944.7 million, plus interest of $11.6 million, were received by the Group. There was a cash outflow of $290.1 million in respect of investment in other financial assets in 2023 (2022 – zero).

Acquisitions of equity investments were $60.7 million in 2023 (2022 – $66.5 million and 2021 – zero).

Interest received increased from $29.1 million in 2022 to $117.1 million in 2023 (and from $7.4 million in 2021 to $29.1 million in 2022), mainly due to the increase in average interest rates.

Dividends paid to equity holders of the Company during the year ended December 31, 2023 were $613.2 million (2022 – $1,262.9 million and 2021 – $710.8 million), of which $497.9 million related to the payment of the previous year's final dividend and $115.3 million to the interim dividend declared in respect of the current year. Dividends paid by subsidiaries to non-controlling shareholders for the year ended December 31, 2023 were $388.0 million (2022 – $80.0 million and 2021 – $604.5 million). Dividends received from associates and joint ventures for the year ended December 31, 2023 were zero (2022 – $50.0 million and 2021 – $142.5 million).

Borrowings

The following table shows our total borrowings as at December 31, 2021, 2022 and 2023:

	Year Ended December 31		
	2021	**2022**	**2023**
	(in millions of U.S. dollars)		
Los Pelambres			
Senior Loan	(1,188.3)	(1,470.5)	(2,067.2)
Leases	(54.8)	(55.3)	(45.2)
Centinela			
Senior Loan	(386.8)	(276.7)	(166.3)

	Year Ended December 31		
	2021	2022	2023
	(in millions of U.S. dollars)		
Other loans	–	–	(265.0)
Leases	(59.8)	(35.2)	(142.8))
Antucoya			
Senior Loan	(196.3)	(223.5)	(174.1))
Subordinated Debt	(184.5)	(171.5)	(187.6)
Short Term Loan	(35.0)	–	–
Leases	(23.4)	(16.5)	(17.4)
Corporate			
Senior loan	(497.3)	–	–
Bond	(496.1)	(985.3)	(986.8)
Leases	(20.4)	(23.1)	(18.4)
Transport Division			
Senior loan	(25.8)	(15.3)	(5.0)
Leases	(1.4)	(1.6)	(0.9)
Preference Shares	(2.7)	(2.5)	(2.5)
Total borrowings	**(3,172.6)**	**(3,277.0)**	**(4,079.2)**

Los Pelambres. The senior loans at Los Pelambres consist of

- a $1,280 million U.S. dollar denominated syndicated loan divided in three tranches. The first tranche had a remaining duration as at December 31, 2023 of 2 years and has an interest rate of Term SOFR six-month rate plus an all-in margin of 1.48%. The second tranche had a remaining duration as at December, 31 2023 of 5 years and has an interest rate of Term SOFR six month rate plus an all-in margin of 1.28%. The third tranche had a remaining duration as at December 31, 2023 of 4.5 years and has an interest rate of Term SOFR six-month rate plus an all-in margin of 1.53%. The loans are subject to financial covenants which require that specified Net Debt to EBITDA and EBITDA to finance expense ratios are maintained.

- three U.S. dollar denominated senior loans issued in December 2023 for a total amount of $810 million. The first loan for $200 million is a 3-year bullet with an interest rate of Term SOFR six-month rate plus 1.60%. The second loan is also a bullet for $200 million with a remaining duration of 5 years and an interest rate of Term SOFR six-month rate plus 1.69%. The third loan for $410 million has a remaining duration of 5 years, amortising, and an interest rate of Term SOFR six-month rate plus 1.70%.

Centinela. The senior loan at Centinela is U.S. dollar denominated with a duration as at December 31, 2023 of 1.5 years and an interest rate of Term SOFR six-month rate plus an all-in margin of 1.38%. The loan is subject to financial covenants which require that specified Net Debt to EBITDA and EBITDA to finance expense ratios are maintained. In July 2023, Centinela issued two other short-term loans for a total amount of $265 million, which have a remaining duration of 0.5 years as at December 31, 2023.

Antucoya. The senior loan at Antucoya represents a U.S. dollar denominated syndicated loan. This loan had a remaining duration as at December 31, 2023 of 3.5 years and an interest rate of Term SOFR six-month rate plus 1.40%. The loan is subject to financial covenants which require that specified Net Debt to EBITDA and EBITDA to finance expense ratios are maintained.

Subordinated debt at Antucoya is U.S. dollar denominated, provided to Antucoya by Marubeni Corporation with a remaining duration as at December 31, 2023 of 3.5 years and an interest rate of Term

SOFR six-month rate plus an all-in margin of 4.08%. Subordinated debt provided by Group companies to Antucoya has been eliminated on consolidation.

Leases at Antucoya are denominated in U.S. dollars with an average interest rate of Term SOFR six-month rate plus 2.40% and a remaining duration as at December 31, 2023 of 0.5 years.

Corporate. In October 2020 Antofagasta issued a corporate bond for $500 million with a 10-year tenor with a base spread of Treasuries plus 165 bps and a coupon of 2.375%. In May 2022, Antofagasta issued a corporate bond for $500 million with a 10 year tenor with a base spread of Treasuries plus 287.5 bps and a coupon of 5.625%.

Leases at Corporate and other items are denominated in Unidades de Fomento (inflation-linked Chilean pesos) and had a remaining duration as at December 31, 2023 of 3 years and are at fixed rates with an average interest rate of 5.2%.

Transport Division. Short-term loans at the Transport division are U.S. dollar denominated, and had a remaining duration as at December 31, 2023 of 0.1 years and an interest rate of Term SOFR six-month rate plus 1.49%.

Preference Shares. The preference shares are Sterling-denominated and issued by Antofagasta. There are 2 million shares of £1 each authorised, issued and fully paid. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up, they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders but are not entitled to participate further in any surplus. Each preference share carries 100 votes in any general meeting of the Company.

Net Debt

The table below shows our financial position as of December 31, 2021, 2022 and 2023.

	December 31,		
	2021	**2022**	**2023**
	(in millions of U.S. dollars)		
Cash, cash equivalents and liquid investments	3,713.1	2,391.2	2,919.4
Total borrowings	(3,172.6)	(3,277.0)	(4,079.2)
Net cash/(Debt) at the end of the period	**540.5**	**(885.8)**	**(1,159.8)**

At December 31, 2023 the Group had combined cash, cash equivalents and liquid investments of $2,919.4 million (December 31, 2022 – $2,391.2 million and December 31, 2021 – $3,713.1 million). Excluding the non-controlling interest share in each partly owned operation, the Group's attributable share of cash, cash equivalents and liquid investments was $2,490.5 million (December 31, 2022 – $1,991.0 million and December 31, 2019 – $3,299.9 million).

Total Group borrowings at December 31, 2023 were $4,079.2 million, an increase of $802.2 million compared with December 31, 2022 (December 31, 2022 – $3,277.0 million and December 31, 2021 – $3,172.6 million). The increase was mainly due to $1,062.2 million of additional senior loans at Los Pelambres ($797.2 million) and Centinela ($265.0 million) and $178.6 million of new finance leases, partly offset by a $381.7 million repayment of the senior loans at Los Pelambres ($210.3 million), Centinela ($111.1 million), Antucoya ($50.0 million), and the Transport division ($10.3 million).

Excluding the non-controlling interest share in each partly-owned operation, the Group's attributable share of the borrowings was $2,948.3 million (December 31, 2022 – $2,449.7 million and December 31, 2021 – $2,409.6 million).

This resulted in Net Debt at December 31, 2023 of $1,159.8 million (December 31, 2022 – Net Debt $885.8 million and December 31, 2021 – Net cash $540.5 million). Excluding the non-controlling interest share in each partly-owned operation, the Group had an attributable Net Debt position of $457.8 million (December 31, 2022 – net cash $458.7 million and December 31, 2019 – net cash $890.3 million).

Capital Expenditure

Capital expenditure increased by $250.0 million from $1,879.2 million in 2022 to $2,129.2 million in the year ended December 31, 2023, mainly due to increased mine development at Centinela, Los Pelambres and Antucoya, and higher sustaining capital expenditure at Los Pelambres and Centinela, partly offset by lower expenditure on the INCO project at Los Pelambres.

The following table sets forth the breakdown of our capital expenditure by type for the periods below:

	For Years Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
Mine Development Capital Expenditure.....	503	583	792
Sustaining Capital Expenditure.....	336	562	741
Growth Capital Expenditure	883	676	544
Other Capital Expenditure	56	59	52

Where possible, debottlenecking and incremental plant expansions are used to increase throughput and improve overall efficiencies, as these projects often have lower capital expenditure requirements and generate higher returns than greenfield projects.

We continue to review our options for maximizing returns and reducing the capital cost of projects, and are enhancing the capabilities of the project team to improve our project execution strategy, management and control.

In 2024, consolidated Group capital expenditure, which excludes Zaldívar, is expected to be $2.7 billion, with sustaining and mine development expenditure broadly in line year-on-year, and as development expenditure commences on the Centinela Second Concentrator and other growth projects at Los Pelambres and Centinela. Forecast capital expenditure in respect of the Centinela Second Concentrator does not include any potential reduction in capital expenditure as a result of the process to outsource Centinela's water supply.

Our projects under construction include:

Los Pelambres Expansion. Construction of Phase 1 of the Los Pelambres Expansion, comprising of a desalination plant and an additional concentrator line was completed in 2023 and is in its operational ramp up stage. In 2023, we received approval of a separate Environmental Impact Assessment in connection with the expansion of the desalination plant and the construction of a new water pipeline, improvements which are designed to enhance the resilience of Los Pelambres against the future impact of climate change and the deteriorating availability of water in the region, and provide a platform for Phase 2 of the Los Pelambres Expansion. Phase 2 of the Los Pelambres Expansion, which is subject to a further Environmental

Impact Assessment, involves increasing the capacity of the tailings storage facility, adding storage capacity for mine waste and providing the water requirement for the enlarged capacity of the Los Pelambres operation. Phase 2 of the Los Pelambres Expansion is expected to extend the mine's life by a at least 15 years, accessing a larger portion of Los Pelambres' six billion tonnes of mineral resources, and provide the option to increase throughput to 205,000 tonnes of ore per day (from the current capacity of 190,000 tonnes of ore per day).

Nueva Centinela Project. In December 2023, the Company announced the approval of the Nueva Centinela Project, which is expected to add 170,000 tonnes of copper-equivalent production, comprising 144,000 tonnes of annual copper production and associated gold and molybdenum by-products. Through a brownfield expansion of an existing copper mine in the Company's portfolio, it is expected that this project will increase Antofagasta's copper production. Through this expansion, it is expected that the Centinela District as a whole will move towards the first quartile on the global cash cost curve for copper production, through an increased focus on concentrator capacity that incorporates modern technologies, increased by-products and greater economies of scale. The expected initial capital cost of the Nueva Centinela Project is $4.4 billion, including the cost of the new water supply system. This updated and approved capital cost estimate is based on advanced detailed engineering and includes escalation for inflation during construction, the estimate of a stronger local currency against the U.S. dollar, updates to local labor regulations and additional contingency provisions. The phasing of the project's capital expenditure is expected to be weighted towards 2025, with similar expenditures in adjacent years. The estimate includes a concentrator plant, capitalized stripping, mining equipment, a new tailings storage facility, a water pipeline and other infrastructure, pre-commercial production operating costs, and owner's and other costs. For a detailed description of our projects under construction, please see "*Business Description—Projects Under Construction*."

Contractual Obligations

The following table analyzes the maturity of our contractual commitments in respect of our financial liabilities and derivative financial instruments as at December 31, 2023. The table is based on the undiscounted cash flows on the earliest date on which we can be required to pay. The table includes both interest and principal cash flows.

	Payments due by period ($m)				
Contractual Obligations	**Total**	**Less than 1 year**	**1-2 years**	**2-5 years**	**After 5 years**
Corporate Loans	(2,896.5)	(704.8)	(705.8)	(1,460.0)	(25.9)
Other Loans (including short-term loans and bond)	(1,774.0)	(305.0)	(40.0)	(306.8)	(1,122.2)
Leases	(247.5)	(122.0)	(79.0)	(45.6)	(0.9)
Preference Shares[(1)]	(3.1)	(0.1)	(0.1)	(0.3)	(2.6)
Trade and other payables	(1,181.3)	(1,171.5)	(9.5)	(0.3)	-
Total	**(6,102.4)**	**(2,303.4)**	**(834.4)**	**(1,813.0)**	**(1,151.6)**

(1) The preference shares pay an annual dividend of £100,000 in perpetuity, and accordingly it is not possible to determine total amounts payable for periods without a fixed end date.

Off-Balance Sheet Commitments and Arrangements

As of December 31, 2023, we did not have any off-balance sheet arrangements.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Determining many of the amounts included in the financial statements involves the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgments and estimates is included in Note 3 to the Financial Statements.

Quantitative and Qualitative Disclosures About Market Risk

Our activities expose us to a variety of market risks, including commodity price risk, currency risk, interest rate risk and other price risk. We periodically use derivative financial instruments to reduce exposure to foreign exchange, interest rate and commodity price movements. We do not use such derivative instruments for speculative trading purposes.

Commodity price and exchange rate sensitivities

The following sensitivities show the estimated approximate impact on EBITDA for 2023 of a 10% movement in the average copper, molybdenum and gold prices and a 10% movement in the average U.S. dollar/Chilean peso exchange rate.

The impact of the movement in the average commodity prices reflects the estimated impact on the relevant revenues during 2023, and the impact of the movement in the average exchange rate reflects the estimated impact on Chilean peso denominated operating costs during the year. These estimates do not reflect any impact in respect of provisional pricing or hedging instruments, any potential inter-relationship between commodity price and exchange rate movements, or any impact from the retranslation or changes in valuations of assets or liabilities held on the balance sheet at the year-end.

	Average market commodity price/average exchange rate for the year ended December 31, 2021	Impact of a 10% movement in the commodity price/exchange rate on EBITDA for the year ended December 31, 2021 $m	Average market commodity price/average exchange rate for the year ended December 31, 2022	Impact of a 10% movement in the commodity price/exchange rate on EBITDA for the year ended December 31, 2022 $m	Average market commodity price/average exchange rate for the year ended December 31, 2023	Impact of a 10% movement in the commodity price/exchange rate on EBITDA for the year ended December 31, 2023 $m
Copper price	$4.23/lb	676	$4.00/lb	566	$3.85/lb	566
Molybdenum price.....	$15.9/lb	36	$18.7/lb	38	$24.1/lb	59
Gold price	$1,799/oz	44	$1,800/oz	31	$1,943/oz	40
U.S. dollar/Chilean peso exchange rate ...	Ch$760/$1	154	Ch$872/$1	153	Ch$839/$1	161

Interest Rate Risk

The sensitivity analysis below shows the impact of a movement in interest rates in relation to the financial instruments held as at December 31, 2023. The impact on profit or loss reflects the impact on annual interest expense in respect of the floating rate borrowings held as at the reporting date, and the impact on annual interest income in respect of cash and cash equivalents held as at December 31, 2023. The calculation assumes that all other variables, such as currency rates, remain constant.

As at December 31, 2023, we are exposed to interest rate risk through the following financial instruments:

Floating Rate Borrowings	U.S. dollars (millions)
Corporate Loans	(2,407.6)
Other Loans	(452.6)

If the interest rate increased by 1%, based on the financial instruments held as at the reporting date, profit attributable to the owners of the parent would have decreased by $3.3 million (2022 – decrease of $3.3 million). This does not include the effect on the income statement of changes in the fair value of the Group's liquid investments relating to the underlying investments in fixed income instruments.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings".

Accounting standards issued but not yet effective

The following accounting standards, interpretations and amendments have been issued by the IASB, but are not yet effective.

Amendments to Existing Standards	Effective Date
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2024.
Lease Liability in a Sale and Leaseback (Amendments to IFRS16)	Annual periods beginning on or after January 1, 2024.
Non-current Liabilities with Covenants (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2024.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	Annual periods beginning on or after January 1, 2024.
Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after January 1, 2025 (and subject to UK endorsements)

None of these standards are expected to have a significant impact on the Group.

RESERVES AND RESOURCES

Introduction

The ore reserves and mineral resources estimates presented in this listing memorandum comply with the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the "JORC Code") which has been used by us as minimum standard for the preparation and disclosure of the information contained herein. This standard differs from the mineral reserve disclosure requirements of the SEC set forth in subpart 1300 of Regulation S-K under the Securities Act. Consequently, there is no assurance that the reserve and resource information contained in this listing memorandum would be the same as those estimated in accordance with the rules of the SEC.

Our operations and projects are subject to a comprehensive program of audits aimed at providing assurance in respect of ore reserves and mineral resources estimates. The audits are conducted by suitably qualified Competent Persons (as defined in the JORC Code) from within a particular operation, another operation of our Group or from independent consultants.

The totals in the table may include some small apparent differences due to rounding. For a description of risks relating to reserves and reserve estimates, see "Risk Factors—Risks Relating to Our Business."

Definitions and Categories of Ore Reserves and Mineral Resources

A '**Mineral Resource**' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An '**Inferred Mineral Resource**' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.

An '**Indicated Mineral Resource**' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A '**Measured Mineral Resource**' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are spaced closely enough to confirm geological and grade continuity.

An '**Ore Reserve**' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out and include realistic consideration on modifying factors such as mining methods, metallurgical process and economic, marketing, legal,

environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A '**Probable Ore Reserve**' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out and include realistic consideration on modifying factors such as mining methods, metallurgical process and economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A '**Proved Ore Reserve**' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out and include realistic consideration on modifying factors such as mining methods, metallurgical processes and economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Estimates

Ore reserve estimates

The following is a chart containing our ore reserve estimates as of December 31, 2023.

	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/tonne)	Attributable tonnage (millions of tonnes)
Los Pelambres (see note (a))					
Proved	574.0	0.59	0.020	0.05	344.4
Probable	274.6	0.55	0.020	0.05	164.8
Total	848.6	0.58	0.020	0.05	509.2
Centinela (see note (b))					
Centinela Concentrates (sulfides)					
Proved	542.5	0.43	0.012	0.17	379.8
Probable	1,163.5	0.38	0.012	0.12	814.4
Subtotal	1,706.0	0.40	0.012	0.13	1,194.2
Centinela Cathodes (oxides)					
Proved	34.7	0.55	–	–	24.3
Probable	157.2	0.33	–	–	110.0
Subtotal	191.9	0.37	–	–	134.3
Centinela Total					
Proved	577.2	0.44	–	–	404.0
Probable	1,320.7	0.37	–	–	924.5
Total	1,897.9	0.39	–	–	1,328.5
Antucoya (see note (c))					
Proved	438.9	0.32	–	–	307.2
Probable	287.7	0.28	–	–	201.4
Total	726.5	0.31	–	–	508.6
Zaldívar (see note (m))					
Proved	199.8	0.45	–	–	99.9
Probable	153.1	0.38	–	–	76.5
Total Group Joint Venture	352.9	0.42	–	–	176.4
Total	**3,825.9**	**0.42**	–	–	**2,522.7**

Mineral resources estimates (including ore reserves)

The following is a chart containing our ore mineral resource estimates (including ore reserves) as of December 31, 2023.

	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/tonne)	Attributable tonnage (millions of tonnes)
Los Pelambres (see note (a))					
Measured	1,142	0.56	0.020	0.04	685.4
Indicated	2,282	0.49	0.016	0.05	1,369.4
Measured + Indicated	3,425	0.51	0.017	0.05	2,054.9
Inferred	2,704	0.43	0.016	0.05	1,622.5
Total	**6,129**	**0.48**	**0.017**	**0.05**	**3,677.4**

	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/tonne)	Attributable tonnage (millions of tonnes)
Centinela (see note (b))					
Centinela Concentrates (sulfides)					
Measured	943	0.47	0.014	0.18	659.8
Indicated	1,880	0.36	0.013	0.12	1,315.7
Measured + Indicated	2,822	0.40	0.013	0.14	1,975.5
Inferred	1,912	0.29	0.011	0.08	1,338.5
Subtotal	**4,734**	**0.36**	**0.012**	**0.11**	**3,314.0**
Centinela Cathodes (oxides)					
Measured	63	0.50	–	–	44.2
Indicated	240	0.31	–	–	168.0
Measured + Indicated	303	0.35	–	–	212.3
Inferred	14	0.30	–	–	9.8
Subtotal	**317**	**0.35**	**–**	**–**	**222.1**
Centinela Total					
Measured	1,006	0.48	–	–	704.0
Indicated	2,120	0.36	–	–	1,483.8
Measured + Indicated	3,125	0.40	–	–	2,187.7
Inferred	1,926	0.29	–	–	1,348.3
Total	**5,052**	**0.35**	**–**	**–**	**3,536.1**
Antucoya (see note (c))					
Measured	460.0	0.32	–	–	322.0
Indicated	360.7	0.28	–	–	252.5
Measured + Indicated	820.8	0.30	–	–	574.5
Inferred	280.5	0.25	–	–	196.3
Total	**1,101.2**	**0.29**	**–**	**–**	**770.9**
Polo Sur (see note (d))					
Oxides					
Measured	61.0	0.47	–	–	61.0
Indicated	45.4	0.37	–	–	45.4
Measured + Indicated	106.4	0.43	–	–	106.4
Inferred	6.5	0.34	–	–	6.5
Subtotal	**112.8**	**0.42**	**–**	**–**	**112.8**
Sulfides					
Measured	258.9	0.40	0.007	0.07	258.9
Indicated	675.9	0.33	0.007	0.05	675.9
Measured + Indicated	934.7	0.35	0.007	0.06	934.7
Inferred	621.7	0.27	0.006	0.04	621.7
Subtotal	**1,556.4**	**0.32**	**0.006**	**0.05**	**1,556.4**
Total	**1,669.3**	**0.33**	**–**	**–**	**1,669.3**
Penacho Blanco (see note (e))					
Oxides					
Measured	–	–	–	–	–
Indicated	–	–	–	–	–
Measured + Indicated	–	–	–	–	–
Inferred	18.3	0.29	–	–	9.3
Subtotal	**18.3**	**0.29**	**–**	**–**	**9.3**

	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/tonne)	Attributable tonnage (millions of tonnes)
Sulfides					
Measured	–	–	–	–	–
Indicated	–	–	–	–	–
Measured + Indicated	–	–	–	–	–
Inferred	452.3	0.35	–	0.05	230.7
Subtotal	**452.3**	**0.35**	**–**	**0.05**	**230.7**
Total	**470.6**	**0.35**	**–**	**–**	**240.0**
Mirador (see note (f))					
Oxides					
Measured	2.0	0.28	–	–	1.4
Indicated	26.0	0.27	–	–	19.3
Measured + Indicated	28.0	0.27	–	–	20.7
Inferred	14.2	0.25	–	–	10.2
Subtotal	**42.2**	**0.26**	**–**	**–**	**30.9**
Sulfides					
Measured	40.0	0.33	0.006	0.12	40.0
Indicated	25.7	0.27	0.008	0.07	25.7
Measured + Indicated	65.7	0.31	0.007	0.10	65.7
Inferred	8.5	0.24	0.009	0.05	8.5
Subtotal	**74.2**	**0.30**	**0.007**	**0.10**	**74.2**
Total	**116.4**	**0.29**	**–**	**–**	**105.1**
Los Volcanes (see note (g))					
Oxides					
Measured	–	–	–	–	–
Indicated	–	–	–	–	–
Measured + Indicated	–	–	–	–	–
Inferred	30.8	0.31	–	–	15.7
Subtotal	**30.8**	**0.31**	**–**	**–**	**15.7**
Sulfides					
Measured	–	–	–	–	–
Indicated	–	–	–	–	–
Measured + Indicated	–	–	–	–	–
Inferred	1,902.3	0.50	0.011	–	970.2
Subtotal	**1,902.3**	**0.50**	**0.011**	–	**970.2**
Total	**1,933.1**	**0.49**	**–**	**–**	**985.9**
Brujulina (see note (h))					
Oxides					
Measured	–	–	–	–	–
Indicated	–	–	–	–	–
Measured + Indicated	–	–	–	–	–
Inferred	88.5	0.49	–	–	45.1
Total	**88.5**	**0.49**	**–**	**–**	**45.1**

	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/tonne)	Attributable tonnage (millions of tonnes)
Sierra (see note (i))					
Oxides					
Measured	–	–	–	–	–
Indicated	–	–	–	–	–
Measured + Indicated	–	–	–	–	–
Inferred	54.7	0.68	–	–	54.7
Total	**54.7**	**0.68**	**–**	**–**	**54.7**
Encierro (see note (j))					
Sulphides					
Measured	–	–	–	–	–
Indicated	–	–	–	–	–
Measured + Indicated	–	–	–	–	–
Inferred	522.3	0.65	0.007	0.22	298.6
Total	**522.3**	**0.65**	**0.007**	**0.22**	**298.6**

	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Silver (g/tonne)	Attributable tonnage (millions of tonnes)
Cachorro (see note (k))					
Oxides					
Measured	–	–	–	–	–
Indicated	10.9	1.15	–	–	10.9
Measured + Indicated	10.9	1.15	–	–	10.9
Inferred	17.8	0.87	–	–	17.8
Subtotal	**28.7**	**0.98**	**–**	**–**	**28.7**
Sulfides					
Measured	–	–	–	–	–
Indicated	40.4	1.61	–	6.24	40.4
Measured + Indicated	40.4	1.61	–	6.24	40.4
Inferred	180.7	1.23	–	3.96	180.7
Subtotal	**221.1**	**1.30**	–	4.37	**221.1**
Total	**249.8**	**1.27**	**–**	**–**	**249.8**

	Tonnage (millions of tonnes)	Copper (%)	Nickel (%)	TPM (g/tonne Au+Pt+Pd)	Attributable tonnage (millions of tonnes)
Twin Metals (see note (l))					
Maturi					
Measured	291.4	0.63	0.20	0.57	224.6
Indicated	818.3	0.57	0.18	0.57	771.6
Measured + Indicated	1,109.7	0.59	0.19	0.57	996.1
Inferred	534.1	0.50	0.16	0.57	483.2
Subtotal	**1,643.8**	**0.56**	**0.18**	**0.57**	**1,479.3**

	Tonnage (millions of tonnes)	Copper (%)	Nickel (%)	TPM (g/tonne Au+Pt+Pd)	Attributable tonnage (millions of tonnes)
Birch Lake					
Measured	–	–	–	–	–
Indicated	90.4	0.52	0.16	0.87	63.3
Measured + Indicated	90.4	0.52	0.16	0.87	63.3
Inferred	217.0	0.46	0.15	0.64	151.9
Subtotal	**307.4**	**0.48**	**0.15**	**0.70**	**215.2**
Spruce Road					
Measured	–	–	–	–	–
Indicated	–	–	–	–	–
Measured + Indicated	–	–	–	–	–
Inferred	435.5	0.43	0.16	–	304.8
Subtotal	**435.5**	**0.43**	**0.16**	**–**	**304.8**
Maturi South West					
Measured	–	–	–	–	–
Indicated	93.1	0.48	0.17	0.31	65.2
Measured + Indicated	93.1	0.48	0.17	0.31	65.2
Inferred	29.3	0.43	0.15	0.26	20.5
Subtotal	**122.4**	**0.47**	**0.17**	**0.30**	**85.7**
Twin Metals Total					
Measured	291.4	0.63	0.20	0.57	224.6
Indicated	1,001.8	0.56	0.18	0.57	900.0
Measured + Indicated	1,293.2	0.57	0.18	0.57	1,124.6
Inferred	1,215.9	0.47	0.16	0.37	960.4
Total	**2,509.1**	**0.52**	**0.17**	**0.47**	**2,085.0**

	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/tonne)	Attributable tonnage (millions of tonnes)
Group Subsidiaries					
Measured + Indicated	9,850.2	0.45	–	–	7,120.6
Inferred	10,045.3	0.43	–	–	6,597.2
Total	**19,895.4**	**0.44**	–	–	**13,717.8**
Zaldívar					
(see note (m))					
Oxides & Secondary Sulfides					
Measured	343.9	0.40	–	–	172.0
Indicated	336.3	0.33	–	–	168.2
Measured + Indicated	680.3	0.38	–	–	340.1
Inferred	12.8	0.26	–	–	6.4
Subtotal	**693.1**	**0.38**	**–**	**–**	**346.5**
Primary Sulfides					
Measured	105.4	0.40	–	–	52.7
Indicated	319.9	0.38	–	–	159.9
Measured + Indicated	425.3	0.39	–	–	212.6
Inferred	29.9	0.36	–	–	14.9
Subtotal	**455.2**	**0.39**	**–**	**–**	**227.6**

	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/tonne)	Attributable tonnage (millions of tonnes)
Zaldívar Total					
Measured	449.3	0.40	–	–	224.7
Indicated	656.2	0.36	–	–	328.1
Measured + Indicated	1,105.6	0.39	–	–	552.8
Inferred	42.7	0.33	–	–	21.3
Total	**1,148.2**	**0.38**	**–**	**–**	**574.1**
Total Group					
Measured + Indicated	10,955.7	0.45	–	–	7,673.4
Inferred	10,087.9	0.43	–	–	6,618.5
Total Mineral Resources	**21,043.7**	**0.44**	**–**	**–**	**14,291.9**

Notes to Ore Reserves and Mineral Resources

The ore reserves mentioned above were determined considering specific cut-off grades for each mine and using a long-term copper price of $3.50/lb ($3.30/lb in 2022), $13.00/lb molybdenum ($13.00/lb in 2022) and $1,600/oz gold (unchanged from 2022), unless otherwise noted. These same values have been used for copper equivalent (CuEq) estimates, where appropriate.

In order to ensure that the stated resources represent mineralization that has "reasonable prospects for eventual economic extraction" (JORC Code) the resources are enclosed within pit shells that were optimized based on measured, indicated and inferred resources and considering a copper price of $4.20/lb ($3.75/lb in 2022). Mineralization estimated outside these pit shells is not included in the resource figures.

Our policy on auditing of resource and reserve estimates is that prior to first publication, an independent external audit is done. External audits are also done on resources and reserves for any material changes (incorporation of a significant amount of drillhole information, for instance) or every three to five years, whichever comes first. All the resource models that support the reserve estimates and reserves have been audited as per Group policy. All resource and reserve estimates have been found to comply with the JORC Code (2012).

A) Los Pelambres

We own 60% of Los Pelambres. The cut-off grade applied to the determination of mineral resources is 0.30% copper, while the cut-off grade applied for ore reserves is variable over 0.35% copper. Ore Reserves decreased by 57 million tonnes due principally to depletion in 2023 and reflects the remaining capacity of the existing tailings dams, limiting the amount of mineral resource that can be converted into ore reserves. Mineral resources have increased overall by a net 174 million tonnes in 2023, including depletion, due to higher mineral prices and a decrease in the cut-off grade from 0.35%Cu to 0.30%Cu.

B) Centinela (concentrates and cathodes)

We own 70% of Centinela, which consists of Centinela Concentrates (Esperanza, Esperanza Sur and Encuentro Sulphide) and Centinela Cathodes (Encuentro and Llano deposits, including the oxide portion of the Mirador). The cut-off grade applied to the determination of ore reserves for Centinela Concentrates is 0.15% equivalent copper, with 0.15% copper used as a cut-off grade for mineral resources. The cut-off grades used at Centinela Cathodes are 0.20% copper for ore reserves and 0.15% copper for mineral resources.

Centinela Cathodes ore reserves are made up of 131 million tonnes at 0.43% copper of heap leach ore and 61 million tonnes at 0.23% copper of ROM ore. Centinela oxides mineral resources decreased by a net 95 million tonnes, due mainly to the removal of ROM materials that ended their leaching cycle, depletion and higher mining and processing costs.

The Centinela Concentrates ore reserves have decreased by a net 7 million tonnes, due mainly to depletion in the period, partially compensated by an increase associated with higher metal prices. Centinela sulphides mineral resources increased by a net 97 million tonnes in 2023, incorporating ore material that connects former Esperanza and Esperanza Sur resources, due mainly to higher product prices. The Centinela Cathodes ore reserves have decreased by a net 83 million tonnes in 2023, due mainly to depletion in the period and the ending of the leaching cycle in some sectors of the ROM pad.

C) Antucoya

We own 70% of Antucoya. The ore reserve cut-off grade is 0.16% copper, while the cut-off grade for mineral resources is 0.15% copper. Ore reserves have increased by a net 9 million tonnes in 2023 due to the resource model update, including in-fill drilling data, which compensated depletion. For 2023, the mineral resource model has been updated with 52 drillholes for a total of 11,650 metres. Mineral resources have decreased by a net 14 million tonnes in 2023, due mostly to depletion, and new drilling data.

D) Polo Sur

We own 100% of Polo Sur. The cut-off grade applied to the determination of mineral resources for both oxides and sulphides is 0.20% copper. The 2023 resource model has been updated with 89 drillholes for a total of 14,400 metres. Mineral resources have increased by a net 23 million tonnes in 2023, due mainly to the increase in metal prices.

E) Penacho Blanco

We own 51% of Penacho Blanco. The cut-off grade applied to the determination of mineral resources for both oxides and sulphides is 0.20% copper. For 2023, the resource model has not been updated. The mineral resources have increased by a net 115 million tonnes in 2023, due mainly to the increase in metal prices.

F) Mirador

We own 100% of Mirador. A portion of Mirador Oxides is subject to an agreement between the Group and Centinela, whereby Centinela purchased the rights to mine the oxide ore reserves within an identified area. The mineral resources for Mirador Oxides subject to the agreement with Centinela are included in the Centinela Cathodes section. The resources not subject to the agreement are reported in this section. The cut-off grade applied to the determination of the mineral resources for oxides is 0.15% copper and for sulphides is 0.20% copper. The mineral resources have increased by a net 14 million tonnes in 2023, due mainly to the increase in metal prices.

G) Los Volcanes

We own 51% of Los Volcanes. The cut-off grade applied to the determination of mineral resources is 0.20% copper. For 2023, the mineral resource model has not been updated. The mineral resources have increased by a net 22 million tonnes in 2023, due mainly to the increase in metal prices.

H) Brujulina

We own 51% of Brujulina. The cut-off grade applied to the determination of mineral resources is 0.30% copper. For 2023, the mineral resource model has not been updated. The mineral resources have increased by a net 0.5 million tonnes in 2023, due mainly to the increase in metal prices.

I) Sierra

We own 100% of Sierra. The cut-off grade applied to the determination of mineral resources is 0.30% copper. For 2023, the mineral resource model has not been updated. The mineral resources have increased by a net 2 million tonnes in 2023, due mainly to the increase in metal prices.

J) Encierro

We own 57.17% of Encierro. For 2023, the mineral resource model has not been updated. Encierro's mineral resources are stated above cut-offs of 0.50% copper for sulphides. All reported mineral resources have been defined as inferred. Mineralisation estimated below a 0.5% cut-off is not included in the mineral resource figure.

K) Cachorro

We own 100% of Cachorro. The cut-off grade applied to the determination of mineral resources for both oxides and sulphides is 0.50% copper. The 2023 resource model has been updated including new drilling data, adding 63 drillholes for a total of 37,000 metres. Mineral resources have increased by a net 7 million tonnes in 2023, due to the resource model update. Resources have been defined as indicated and inferred material. Mineralisation estimated below a 0.5% cut-off is not included in the mineral resource figures.

L) Twin Metals Minnesota LLC

We own 100% of Twin Metals Minnesota LLC ("Twin Metals").

Twin Metals has a 70% interest in the Birch Lake Joint Venture ("BLJV"), which holds the Birch Lake, Spruce Road and Maturi Southwest deposits, as well as a main portion of the Maturi deposit. With these interests taken into consideration, Twin Metals owns 83.1% of the mineral resource. For 2023, the mineral resource model has not been updated.

The cut-off grade applied to the determination of mineral resources is 0.3% copper, which when combined with credits from nickel, platinum, palladium and gold, is deemed appropriate for an underground operation. In the mineral resource table 'TPM' (Total Precious Metals) refers to the sum of platinum, palladium and gold values in grammes per tonne. The TPM value of 0.57 g/tonne for the Maturi mineral resource estimate is made up of 0.15 g/tonne platinum, 0.34 g/tonne palladium and 0.08 g/tonne gold. The TPM value of 0.30 g/tonne for the Maturi Southwest mineral resource estimate is made up of 0.08 g/tonne platinum, 0.17 g/tonne palladium and 0.05 g/tonne gold. The TPM value of 0.70 g/tonne for the Birch Lake mineral resource estimate is made up of 0.19 g/tonne platinum, 0.41 g/tonne palladium and 0.10 g/tonne gold. The Spruce Road mineral resource estimate does not include TPM values as they were not assayed for TPMs.

In 2022, Twin Metals filed a lawsuit in the US District Court for the District of Columbia (District Court) challenging the administrative actions resulting in the rejection of Twin Metals' preference right lease applications (PRLAs), the cancellation of its federal mining leases 1352 and 1353, the rejection of its Mine Plan of Operation (MPO), and the dismissal of the administrative appeal of the MPO rejection. Twin

Metals claimed that the government's actions were arbitrary and capricious, contrary to the law, and in violation of its rights. In September 2023, following a motion to dismiss filed by the government, the District Court dismissed Twin Metals' claims. In November 2023, Twin Metals appealed the District Court's order to the US Court of Appeals for the District of Columbia Circuit. This action is pending. If TMM is unsuccessful in having the decisions on the federal leases 1352 and 1353 and the PRLAs reversed through litigation, it will not have entitlement to the mineral resources associated with those mineral rights.

M) Zaldívar

We own 50% of Zaldívar. Heap leaching (HL) and dump leaching (DL) materials are defined based on total copper cut-off grades. The cut-off grade applied to the determination of ore reserves for Heap Leach ore is 0.31% copper, while the cut-off grade for Dump Leach material is 0.20% copper. Ore reserves have decreased by a net 60 million tonnes in 2023, due mainly to depletion in the period and higher mining and processing costs used for in pit optimization. For mineral resources, the cut-off grade is 0.25% copper for HL and 0.10% copper for DL, throughout the life-of-mine period. The cut-off grade applied to the primary sulphide mineral resources is 0.3% copper. The mineral resources decreased by 2 million tonnes in 2023 because of the combined effects of depletion and increase in metal prices.

In the southern part of the deposit (Phase 13), the final pit impacts a portion of the Minera Escondida mining property, for which there is an agreement for development. In parallel, agreements are pending with third parties to relocate additional infrastructure.

The current mine plan assumes that the additional necessary agreements, easements and permits will be obtained to allow the mining of the final pit phase.

Currently, Zaldívar is permitted to extract water and mine until 2025, following the approval of the Declaration of Environmental Impact ("DIA") in early 2024 to align both the permits for mining and water extraction. The mine life after 2025 is based on an EIA application which was filed in June 2023 to extend mining and water environmental permits. This EIA includes a proposal to develop the primary sulphide ore deposit and a conversion of the water source for Zaldívar to either sea water or water from third parties, following a transition period during which the current continental water extraction permit is extended. The current ore reserves estimate assumes that the requested permit will be extended to allow for the extraction of all of Zaldívar's ore reserves, through continuous operation of the mine without interruption. The details of the future permits or alternative water supply arrangements could lead to a review of and, eventually, an update to, Zaldívar's mine plan. See "Risk Factors—Risks Related to Our Business—Issues regarding the granting of permits, or amendments to permits already granted, and changes to the legal environment or regulations, could adversely affect our operations and development projects."

N) Antomin 2 and Antomin Investors

We have an approximately 51% interest in two indirect subsidiaries, Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own several copper exploration properties in Chile's Antofagasta Region and Coquimbo Region. These include, among others, Penacho Blanco, Los Volcanes and Brujulina. The remaining 49% of Antomin 2 and Antomin Investors is owned by Mineralinvest Establishment ("Mineralinvest"), a company controlled by E. Abaroa Foundation, in which members of the Luksic family are interested.

INDUSTRY

Certain information provided in this listing memorandum has been sourced from third parties. We confirm that such third-party information has been accurately reproduced and that, so far as we are aware and are able to ascertain from information published by such third parties, no facts have been omitted which would render the third-party information reproduced herein inaccurate or misleading. All information in this listing memorandum attributed to "Wood Mackenzie" is sourced from the "Wood Mackenzie Global Copper Strategic Planning Outlook – Q1 2024" report, dated March 2024.

Markets

Copper

Copper is one of the world's most used metal and is a key component in a wide range of sectors, including electrical network, construction, industrial machinery, transport and consumer products. Copper applications are diverse and are present in daily life products ranging from mobile telephones to air conditioning, heating and electrical wiring for residential use. Copper has unique properties for its diverse uses: it is corrosion resistant, extremely malleable and it is the non-precious metal with the best electric conductivity.

Demand

Global copper consumption fits into three main categories: wire, other forms –such as tubes, rods and plates – and alloys. According to the International Copper Association, of the industries that use copper, 40% of consumption is for electrical purposes in construction, infrastructure and industry, followed by 23% of consumption in the manufacturing of white goods and other appliances.

Global refined copper demand in 2023 is estimated to have been approximately 25 million tonnes. Geographically, China remains the largest consumer of copper, representing 55% of total copper demand with approximately 14 million tonnes, according to the International Wrought Copper Council. The second largest source of copper demand, according to the International Wrought Copper Council, is Europe, with a 12% market share of approximately 3 million tonnes. Another major end-user of copper is the United States, which has remained stable at 1.8-1.9 million tonnes of copper demand over the past five years, according to the United States Geological Survey.

Wood Mackenzie expects global demand growth over the coming years to be largely driven by population growth, urbanization, industrialization and electrification. These dominant trends are impacting demand growth at different rates across different regions.

Given China's prominence in global copper demand, its economic outlook is a key predictor for the overall global balance of supply and demand. In China, several factors have created a market in transition in 2023, including a slower than expected post-COVID recovery, with decreased demand from traditional sectors such as property, and emerging demand for sectors linked to decarbonization. Wood Mackenzie expects Chinese total copper consumption growth to slow down in the medium and long-term, amid slowing urbanization, population growth and offshoring of manufacturing despite underpinnings from decarbonization and carbon neutrality targets.

The energy transition and other technological advances continue to spur changes in copper demand in both China and the rest of the world. Examples of emerging technologies that are heavily dependent on copper are battery electric vehicles (BEVs), which can require two to three times as much copper as a typical combustion engine vehicle, according to the International Energy Agency. Copper is also key to renewable power generation, with solar power units using copper in thermal heat exchange units and electrical wiring. Offshore wind installations are even more copper intensive due to lengthy cabling

requirements, needing approximately 9.5 tonnes per megawatt generated, according to the Copper Development Association.

With governments increasing efforts to decarbonize economies through legislation and emerging technologies, it is expected that overall copper demand will grow, and across a broader range of sectors than before. The dominance of China is a continuing risk to the copper market, particularly if its market share increases in the coming years. Additional risk factors relating to higher prices are the threat of substitution, further technological innovation and falling demand, all factors that may limit the potential for demand growth in the medium to long term.

Supply

Chile is the leading country in terms of copper supply. According to the United States Geological Survey, Chile, Peru and the Democratic Republic of the Congo (DRC) represented a combined total of 46% of the 22 million tonnes of global mined copper supply in 2023, with a further 35–40% coming from the next ten countries, including Australia, the United States, China, Indonesia and Russia. With such a large proportion of primary copper supply concentrated in three countries, trends emerging in these three jurisdictions, as well as in other emerging copper supply regions and countries, have a significant impact on supply.

Primary copper supply represents approximately 22 million tonnes per annum, representing approximately 84% of total global refined copper, according to the International Copper Study Group. The balance comes from secondary copper (recycling and reclaimed copper)

Supply growth has been limited in 2023 with few mines brought into production during the year and a limited pipeline of new projects in the coming years. Factors such as grade decline and rising ore hardness are affecting production from existing mines and for various reasons a number of the world's largest copper producers cut guidance during the year.

Global copper refined capability is expected by Wood Mackenzie to reach 26.4Mt in 2024, a 2.4% increase compared with 2023.

Supply and demand fundamentals – pricing environment

Prices in 2023 reflected a significantly lower level of volatility than in 2022. While macro-economic factors saw a decline in global demand during 2023, supply-side disruption and guidance cuts have helped to balance the market. In 2023, the average LME copper price was $3.85/lb ($8,488 per tonne).

Gold

Demand for gold falls into five main categories: jewelry, bar and coin, ETF demand, Central Bank purchases and other industrial applications like dentistry and electronics.

According to the World Gold Council, gold jewelry represents the largest source of demand, and accounts for approximately 48.7% of total demand. In terms of geographic breakdown, India and China account for more than 38.4% of global demand. The Asian and Middle Eastern markets are dominated by demand for purer, high cartage gold.

In terms of supply, gold originates from two main sources: global mine output and recycled supply. The gold supply chain is global, and gold is mined on all continents and refined into bars and coins in a variety of countries. China was the largest global producer in 2023 and accounted for approximately 12.3% of total global production, followed by Australia (~10.3%), Russia (~10.3%), the United States (~5.7%), Canada (~6.7%) and Ghana (~3.0%), according to the U.S. Geological survey.

The gold price is strongly correlated with inflation levels in the long run, although short term prices can be influenced by political and financial turmoil.

The average gold price rose by 8% to $1,942/oz in 2023, reflecting persistently high global inflation and geopolitical instability. Prices in early April 2023 recorded all-time highs, reaching a maximum of $2,050/oz, reflecting concerns at the time relating to bond market volatility and instability in the banking and tech sectors. From April 2023, gold prices largely remained between $1,900/oz and $2,000/oz, briefly declining below $1,900/oz during late Q3 2023 and early Q4 2023 as a result of rising bond yields and a strengthening dollar, before the outbreak of the conflict in the Middle East pushed prices back up during Q4 2023.

Molybdenum

Molybdenum is a metallic element mainly used as an alloying element in steels, cast irons and superalloys to increase hardenability, strength and resistance to wear and corrosion.

Molybdenum prices started 2023 at approximately $30/lb, rising to exceed $38/lb during Q1 2023, the highest level seen since 2005. Prices subsequently retreated to $17/lb by mid-April 2023 and remained between $15 and $25/lb from April. The market volatility and record pricing seen in early 2023 was attributable to a market that has been in deficit since 2022, with low existing stockpiles, resulting in relatively small transactions having a strong effect on global pricing. A delay to additional production from new projects in Chile in 2023, in addition to delays in Chinese supply, helped to contribute to the spike in pricing seen in early 2023.

Whilst these factors stabilized in the second half of the year, with more consistent pricing, it is expected that the overall market for molybdenum will remain constrained, which is expected to provide pricing support going forward.

Molybdenum production comes mainly as a by-product of copper mining operations as well as primary mines, principally in the United States and China.

REGULATION

The following is a summary of the principal laws, rules and regulations applicable to mining activities in Chile.

Mining Regulations

Our exploration and mining activities are subject to Chilean laws and regulations which are generally applicable to all Chilean companies in the mining sector. The legal framework which regulates the mining concessions is contained in Chile's Constitution, the Constitutional Law Governing Mining Concessions (Law 18,097 of January 21, 1982) and the Mining Code (Law 18,248 of October 14, 1983) and Mining Code Regulation. Under Chilean mining law, the State of Chile is the owner of all mineral and fossil substances, regardless of who owns the surface land in which such substances are located. Private persons and companies may obtain mining concessions for exploration and exploitation. These concessions are granted by judicial resolutions in accordance with the Mining Code and are protected by property rights.

Mining concessions are transferable, mortgageable and irrevocable and regulated by the same civil law that regulates real estate rights generally. Generally, the owner of a mining concession may occupy as much of the surface land as is necessary for mining activities upon the creation of a mining easement or upon other authorization given by the land owner, such as a lease agreement or a license. Mining easements can be obtained by way of direct negotiation with the surface land owner or, if the latter opposes, by way of a summary procedure before the relevant court. Regardless of how the mining easement is obtained, the party granting the easement is entitled to compensation should the mining activities and works caused by the owner of the mining concession cause damage. Exploitation concessions have an indefinite duration. Exploration concessions are granted for four years and may be extended for a maximum of four additional years, by giving notice to the relevant authority during the first six months of the last year period of such exploration concession and complying with requirements of information in accordance with applicable law.

Owners of mining concessions must pay an annual fee equivalent to 3/50 of 1 U.T.M[1] per hectare in the case of exploration concessions and 1/10 of 1 U.T.M to 4/10 of 1 U.T.M per hectare in the case of exploitation concessions depending if the concession is subject or not to a reduction according to the applicable law. The latter fees, within certain limits, may be credited to income taxes originated through the exploitation of the concession. Payments of the annual fees must be made in March of each year. Failure to make the annual fee payments may result in the loss of title to the concession through its auction.

Environmental Regulations

Our operations are subject to national, regional and local regulations as well as international treaties subscribed by the Government of Chile and enacted as Chilean domestic law regarding the protection of the environment, natural resources and the effect of the environment on human health and safety, including laws and regulations concerning water, air and noise pollution, the handling, disposal and transportation of hazardous waste and occupational health and safety.

The General Environmental Law (Law No. 19,300), enacted in March 1994 and modified by Law No. 20,417, enacted in 2010, establishes the general environmental legal framework in Chile, including the establishment of a range of environmental management mechanisms, for example SEIA, the Emission Standards and the Environmental Quality Standards, among others. Chilean environmental laws and regulations, and the enforcement thereof, have become increasingly stringent since 2010. Such amendments include, among other significant modifications, the creation of a new institutional framework comprised by: (i) the Ministry of the Environment (*Ministerio del Medio Ambiente*); (ii) the Council of Ministers for

[1] As of April 25, 2024, 1 UTM is approximately US$68,30

Sustainability (*Consejo de Ministros para la Sustentabilidad*); (iii) the Environmental Assessment Service (*Servicio de Evaluación Ambiental*) ("SEA"); (iv) the Bureau of the Environment (*Superintendencia del Medio Ambiente*) ("SMA"); and (v) the Environmental Courts, regulated in Law No. 20,600 (*Tribunales Ambientales*), each of which are in charge of designing, evaluating and enforcing laws and regulations relating to projects and activities that could have an environmental impact. These institutions are fully operational. Recent legal and regulatory changes are likely to impose additional restrictions or costs and also increased fines due to non-compliance with such laws and regulations, relating to environmental litigation and protection of the environment, particularly those related to flora and fauna, wildlife protected areas, water quality standards, mine closure, air emissions, and soil pollution. Since the Bureau of the Environment became fully operational on December 28, 2012, infringement of environmental regulations may result in fines of up to approximately U.S.$8.7 million, the closure of facilities and the revocation of environmental approvals. As described in more detail below, we incur, and may be required in the future to incur, substantial capital and operating costs related to environmental compliance. However, many of these costs are inextricably intertwined with the operation of our business as a whole.

The General Environmental Law, as complemented by additional regulations, enables the Government of Chile to: (i) bring administrative and judicial proceedings against companies that violate environmental laws, seeking compensations or reparation of the environmental damages; (ii) close non-complying facilities; (iii) revoke required operating licenses; (iv) require that companies to submit their projects for environmental evaluation as required by applicable law; (v) impose sanctions and fines when companies act negligently, recklessly or deliberately in connection with environmental matters; and (vi) enforce compliance of non-complying commitments. The General Environmental Law also grants citizens the right to bring civil actions against companies that are not in compliance with environmental laws and regulations when such companies have caused "environmental damage," as defined in such law.

The General Environmental Law and its regulations contain certain rules on Environmental Impact Assessments ("EIA") and provide that we must evaluate the environmental impact of any future project or activity listed in article 10 of Law 19,300 by means of an environmental impact declaration or an environmental impact study depending on the significance of the environmental impacts associated. We have conducted these environmental impact declarations and studies pursuant to the General Environmental Law.

Chile has adopted environmental regulations requiring companies operating in Chile to undertake programs to reduce, control and/or eliminate certain environmental impacts.

To protect and improve environmental air quality in the country, the Ministry of the Environment has the authority to declare certain areas to be "latent zones" (*zonas latentes*) or "saturated zones" (*zonas saturadas*). Upon such a declaration, these zones will be subject to increased regulation.

Chile enacted in 2011 Law No. 20,551 on Closure of Mining Sites and Facilities, compelling mining companies to prepare and present for authorization of SERNAGEOMIN, a "closure plan," containing diverse technical measures and actions that should be implemented at the time of closing facilities and sites in order to prevent, minimize and control risks to the life and integrity of people, and mitigate the operational effects on the comprised environmental components, assuring their physical and chemical stability. This law includes health, safety and environmental requirements along with mandatory provisions that require financial guarantees. According to this law, all mining companies in Chile are required to submit an assessment of the closure expenses of all its mines to SERNAGEOMIN. These plans must be updated every five years and must consider the requirements set forth in the environmental authorization issued for the respective facility, if any. SERNAGEOMIN has approved the closure plans that we have prepared for each of our mines.

Future legislative or regulatory developments, private causes of action or the discovery of new facts relating to environmental matters may impose new restrictions or result in additional costs that may have a material adverse effect on our business, financial condition, results of operations or prospects.

Tax Regulations

The following is a general summary of applicable Chilean tax regulatory matters related to mining companies. This summary is not exhaustive and does not constitute tax advice.

Taxable income obtained by Chilean Mining companies is subject, as a general rule, to Corporate Income Tax at a rate of 27%.

Notwithstanding the foregoing, as of January 1, 2024, Law No. 21,591 has been enacted, introducing a specific tax on mining activities known as 'Mining Royalty' for mining operators (the "Mining Royalty Law"). A mining operator is considered to be any natural or legal person involved in the extraction and selling (selling is considered as any legal act with the purpose of or that may transfer the property of a mining product) of concessionable mineral substances in any current productive form.

The Mining Royalty comprises two components: the 'Ad Valorem Component,' which applies to copper mining operators with annual sales exceeding the equivalent of 50,000 metric tons of fine copper. This component is charged at a rate of 1% of the mining operator's annual copper sales, with no deductions (except for treatment and refining charges, according to Ruling 3/2024 issued by the Chilean IRS).

The second component is the 'Profitability Component' or the 'Component on Mining Margin' which applies to mining operators whose sales consists of more than 50% copper and exceeds the equivalent value of 50,000 metric tons of fine copper. This component is subject to a progressive tax rate ranging from 8% to 26% on the adjusted operational mining taxable income. The tax rates of this component correspond to effective rates, not marginal ones. The tax rate will be determined based on the Mining Operational Margin ("MOM") of the applicable financial year.

The MOM is defined as the resulting quotient obtained by dividing the adjusted operational mining taxable income by the taxpayer's operating income from the mining activity, multiplied by one hundred.

The Mining Royalty Law sets a maximum tax burden equivalent to 46.5% of the adjusted operational mining taxable income. To calculate the annual tax burden, the following sum should be made:

a. Corporate Income Tax determined according to the Income Tax Law.

b. An amount that, including the corporate income tax, implies a tax burden of 35% applied to the corporate income tax base for the year.

c. Both components of the Mining Royalty.

If the calculated tax burden exceeds the maximum limit (46.5%), the mining royalty will be reduced as is established in Law No. 21,591.

A Tax Invariance Agreement entered by the mining operator could result in the application of different tax rates from those previously mentioned.

Transport Regulations

Railway activity is a government function delegated or entrusted to individuals through concession decrees issued by the Chilean president, through which they are empowered or authorized to build and

operate railways, with the rights and obligations established by law, and those determined by the concession decree. The state maintains the right to supervise and control the railways, primarily to oversee the correct operation and safety of rail transport, through the Department of Land Transportation of the Undersecretary of Transportation. The legal regime of public service railways is essentially contained in the General Railways Law of 1931 (Decree No. 1,157/1931) and in DFL 1/1993, organic law of the State Railways Company (*Empresa de Ferrocarriles del Estado*) ("EFE"), when it comes to EFE networks concessions. Existing private railways, such as our Transport division (which mainly operates its own network essentially dedicated to cargo), are primarily governed by the General Railways Law of 1931.

BUSINESS

Overview

We are a leading Chile-based international copper mining group that also has significant production of gold and molybdenum as by-products. We are incorporated under the laws of England and Wales, have been listed on the London Stock Exchange since 1888, and are a constituent of the FTSE 100 index, as well as the ESG focused FTSE4Good and Bloomberg ESG Data Index.

We engage primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore and the international sale of copper cathodes and copper concentrates. We operate four producing mines in Chile. We also engage in exploration activities in Chile and elsewhere in the Americas and own a transport division that provides rail and road cargo services in northern Chile, predominantly to mining customers, including some of our own operations.

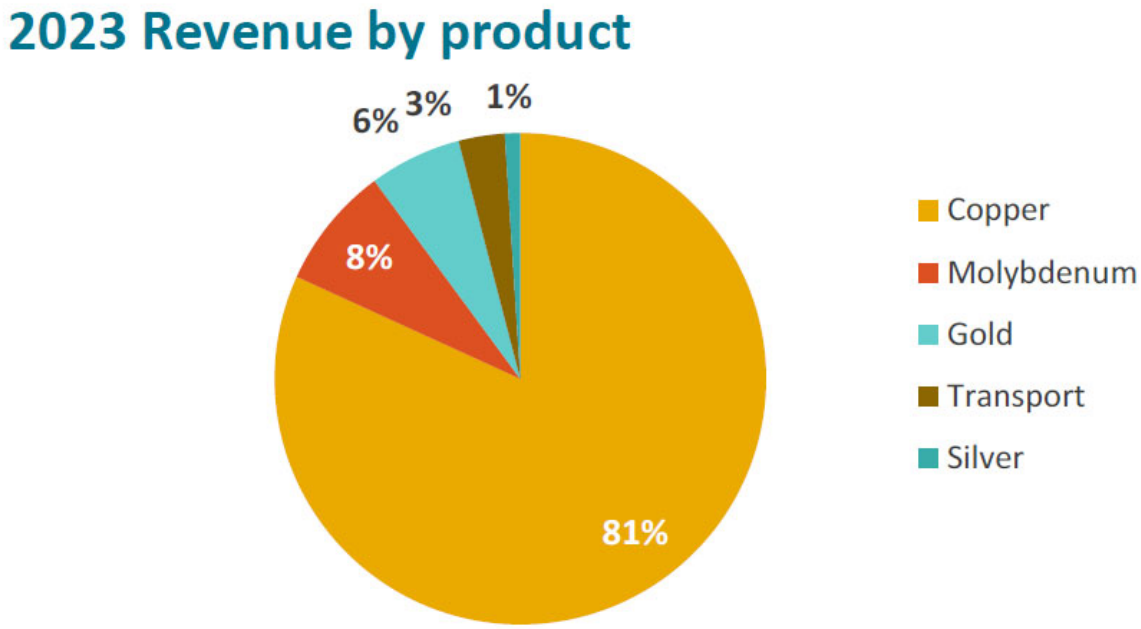
The four mines we operate (Los Pelambres, Centinela, Antucoya, Zaldívar) are located in the Coquimbo and Antofagasta regions of Chile. As of December 31, 2023, these four operating mines had approximately 3,825.9 million tonnes of proven and probable ore reserves (including 100% of the proven and probable reserves at Zaldívar, of which we have a 50% ownership interest).

We believe the high quality of our core mining assets is one of our key strengths. Los Pelambres, a world-class copper mine, contains proven and probable ore reserves totaling 848.6 million tonnes as at December 31, 2023, and produced 300,300 tonnes of copper in 2023. Centinela contains proven and probable ore reserves totaling 1,897.9 million tonnes as at December 31, 2023, and produced 242,000 tonnes of copper in 2023. Antucoya contains proven and probable ore reserves totaling 726.5 million tonnes as at December 31, 2023, and produced 77,800 tonnes of copper in 2023. Zaldívar, which is a joint venture with Barrick Gold Corporation in which we hold a 50% interest, contains proven and probable ore reserves totaling 352.9 million tonnes as at December 31, 2023 (reflecting 100% of the proven and probable reserves at Zaldívar), and produced 40,500 tonnes of copper (on a 50% basis, reflecting our percentage of ownership) in 2023.

Our main commercial products are copper concentrates (also containing gold and silver) and copper cathodes. We also produce and sell molybdenum concentrate. For the year ended December 31, 2023, we derived 81.4% of our total revenue from copper and 15.5% of our total revenue from gold, molybdenum and silver by-product production.

In addition, we also hold significant transport assets in our Transport division, which is mainly focused on the transport of copper cathodes and concentrates from, and the transport of sulfuric acid to, the mining operations in the Antofagasta region of Chile. Total transport volumes in 2023 were 7.1 million tonnes, which were broadly consistent with transport volumes in 2022. In total, in 2023, the Transport division operated approximately 900 km of railroad and 75 locomotives.

The chart below sets forth our revenue by product for the year ended December 31, 2023:



We strive for operating efficiency, creation of sustainable value, high profitability, and to be a preferred partner in the global mining industry. We are committed to our purpose of Developing Mining for a Better Future. Based on this approach, in 2019 we adopted a strategic framework designed to underpin our long-term success. We built this framework around five pillars: disciplined growth, development of our people and culture, the safety and sustainability of our operations, innovation, and competitiveness. We have also put in place a clear set of near- and medium-term goals for the organization based on this framework.

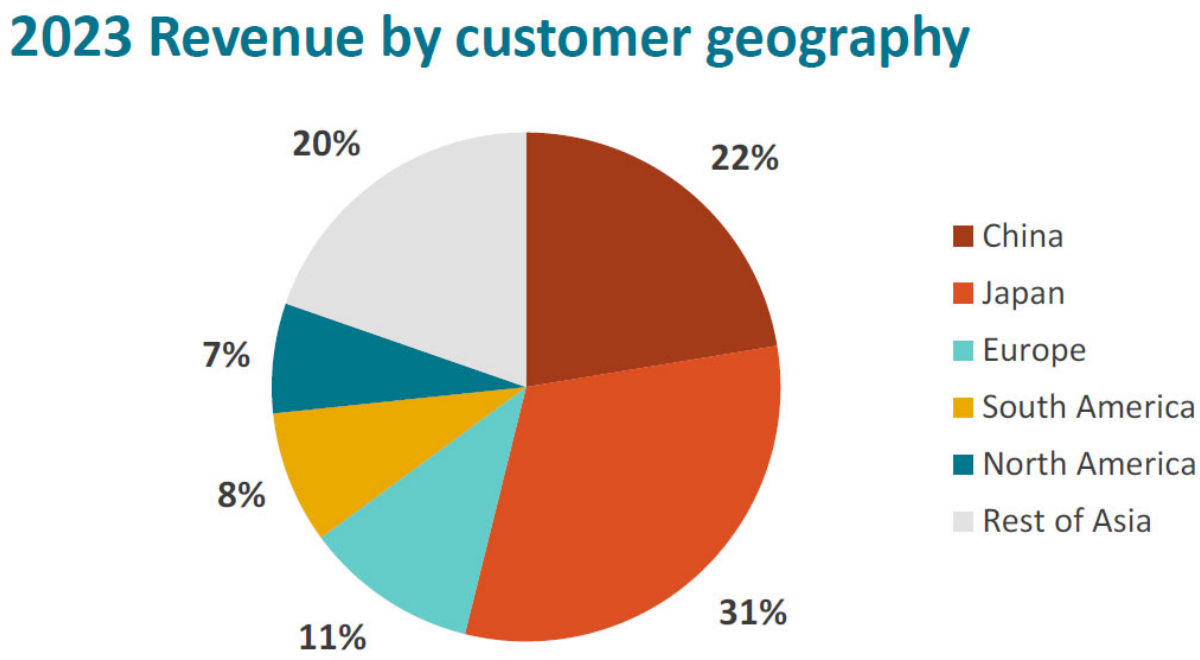
We are focused on improving efficiency through debottlenecking and incremental plant expansions at our existing mines, as these projects often have lower capital expenditure requirements and generate higher returns than greenfield projects. We currently have two main brownfield expansion projects in various stages of progress at our existing operations, including the Los Pelambres Expansion and the Nueva Centinela Project. Phase 1 of the Los Pelambres Expansion, involving the construction of a desalination plant and water pipeline and the expansion of the concentrator plant, was completed in 2023 and is in its operational ramp up stage. In 2023, we received approval of a separate Environmental Impact Assessment in connection with the expansion of the desalination plant to 800 l/s and the construction of a new water pipeline, improvements which are designed to enhance the resilience of Los Pelambres against the future impact of climate change and the deteriorating availability of water in the region, and provide a platform for Phase 2 of the Los Pelambres Expansion. Phase 2 of the Los Pelambres Expansion, which is subject to a further Environmental Impact Assessment, involves increasing the capacity of the tailing storage facility, adding storage capacity for mine waste and providing the water requirement for the enlarged capacity of the Los Pelambres operation. Phase 2 of the Los Pelambres Expansion is expected to extend the mine's life by at least 15 years, accessing a larger portion of Los Pelambres' six billion tonnes of mineral resources, and provide the option to increase throughput to 205,000 tonnes of ore per day (from the current capacity of 190,000 tonnes of ore per day). The Nueva Centinela Project was approved in 2023 and construction commenced during Q1 2024. The capacity of the new concentrator is expected to be 95,000 tonnes of ore per day, producing on average approximately 170,000 tonnes of copper equivalent (copper, gold and

molybdenum) a year over the first ten years of operation, with a potential expansion to 150,000 tonnes of ore per day in subsequent phases of the Nueva Centinela Project.

We take a very disciplined and conservative approach to growth and have a long-term perspective, with exploration in Chile and internationally remaining a key part of the sustainable long-term growth of our copper business. In line with that approach, we have a long-term development project in Minnesota called Twin Metals, and during 2023 we entered into transactions in the secondary market to increase our beneficial ownership to approximately 19% of the outstanding shares of Buenaventura, Peru's largest, publicly traded precious and base metals company and a major holder of mining rights in Peru.

The majority of our sales are to industrial customers across the globe who refine or further process the copper we produce—smelters, in the case of our copper concentrate production, and copper fabricators, in the case of our cathode production. For the year ended December 31, 2023, 74% of our revenue was derived from customers located in Asia, with customers in Japan accounting for 31% of total revenue. We also retain a small exposure to the spot market, which allows us to manage our shipments and provides us with live market feedback.

The chart below sets forth our revenue by location of customer for the year ended December 31, 2023:



For the year ended December 31, 2023, we produced 660,600 tonnes of copper; 209,100 ounces of gold; and 11,000 tonnes of molybdenum.

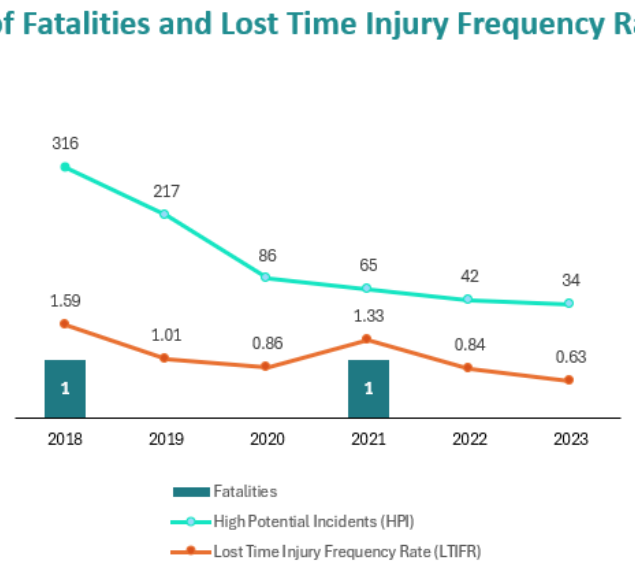
For the year ended December 31, 2023, our consolidated revenue was U.S.$6,324.5 million; and EBITDA was U.S.$3,087.2 million.

Key Production and Performance Metrics

The table below sets out our key production performance metrics, including the amount of total copper, gold and molybdenum ore produced by our operating mines and the volume of materials handled by our Transport division, for each of the years ended December 31, 2021, 2022 and 2023.

	Year Ended December 31,		
	2021	**2022**	**2023**
Copper Cathode (thousands of tonnes)..	211.4	221.9	197.6
Copper Concentrate (thousands of tonnes).....	510.1	424.3	463.0
Gold (thousands of oz).....	252.2	176.8	209.1
Molybdenum (thousands of tonnes)	10.5	9.7	11.0
Transport Volume (thousands of tonnes).....	6.7	7.1	7.1
LTIFR (Number of accidents with lost time during the year per million hours worked).....	1.3	0.84	0.63
Fatalities	1	0	0

The following chart shows certain key safety performance metrics, including the number of fatalities at our operations, the number of high potential incidents and our Lost Time Injury Frequency Rate (the number of injuries resulting in time lost from work during the period, per million hours worked, "LTIFR").



The following table presents our revenue, profit and EBITDA for the years ended December 31, 2021, 2022 and 2023.

Revenue and EBITDA

	Year Ended December 31,		
	2021	**2022**	**2023**
	(in millions of U.S. dollars)		
Revenue	7,470.1	5,862.0	6,324.5
Profit for the year	2,234.8	1,955.3	1,299.4
EBITDA[(1)]	4,836.2	2,929.7	3,087.2

(1) EBITDA is a non-IFRS alternative performance measure that refers to Earnings Before Interest, Tax, Depreciation and Amortization, including 100% of the EBITDA from the Group's subsidiaries and the Group's proportionate share of the EBITDA of its associates and joint ventures. EBITDA is calculated by adding back depreciation, amortization, profit or loss on disposals and impairment charges to operating profit. EBITDA is considered to provide a useful and comparable indication of the current operating earnings performance of the business, excluding the impact of the historical cost of property, plant and equipment or the particular financing structure adopted by the business. See "Presentation of Financial and Certain Other Information" for a reconciliation of EBITDA to operating profit.

We have a track record of profitability underpinned by our low cash costs of production. The table below shows our net cash costs after by-product credits for the years ended December 31, 2021, 2022 and 2023.

	Year Ended December 31,		
	2021	**2022**	**2023**
	(U.S. dollars per pound)		
Cash costs before by-product credits.	1.79	2.19	2.31
By-product credits	(0.59)	(0.58)	(0.70)
Net Cash Costs[(1)]	**1.20**	**1.61**	**1.61**

(1) Cash costs is a non-IFRS alternative performance measure of the cost of operating production expressed in terms of cents per pound of payable copper produced. See "Presentation of Financial and Certain Other Information." Cash cost per pound is calculated as U.S. dollars per pound of payable copper produced. Cash costs reflect the mining and processing costs required to produce our copper concentrate and cathodes, including related transportation costs. For Los Pelambres and Centinela, cash costs are stated net of by-product credits and include treatment and refining charges for concentrates. Net cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses, and corporation tax.

The table below sets forth our revenues by product (excluding treatment and refining charges) for the years ended December 31, 2021, 2022 and 2023.

Revenue by Product

	Year Ended December 31,		
	2021	**2022**	**2023**
	(in millions of U.S. dollars)		
Provision of shipping services[(1)]	113.4	123.1	97.8
Copper	6,299.8	4,782.3	5,049.6
Gold	436.4	313.8	406.9
Molybdenum	366.4	392.2	504.2
Silver	84.1	57.2	70.1
Total	**7,300.1**	**5,668.6**	**6,128.6**

(1) These prior year figures have been re-presented to separately analyze revenue from the sale of products and from the provision of shipping services.

Copper Market Fundamentals

Copper is an internationally traded commodity, with prices in effect established on terminal markets including the LME and COMEX. Copper prices are affected by numerous factors, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers and others and actions of participants in the commodities markets.

While copper prices remained relatively stable in 2023 as compared to 2022, the global market is seeing significant change both in the supply of copper and in demand from key industries. Factors such as grade decline and rising ore hardness are affecting production from existing mines. Copper demand, however, remained strong in 2023, specifically in Asia, which represented approximately two-thirds of global consumption in 2023 according to Wood Mackenzie. In particular, China accounted for approximately 55% of the world's consumption in the same year. In China, several factors have created a market in transition in 2023, including a slower than expected post-COVID recovery, with decreased demand from traditional sectors such as property, and emerging demand for sectors linked to decarbonization. As of April 24, 2024, the spot price for copper was $4.47 per pound.

Our Strengths

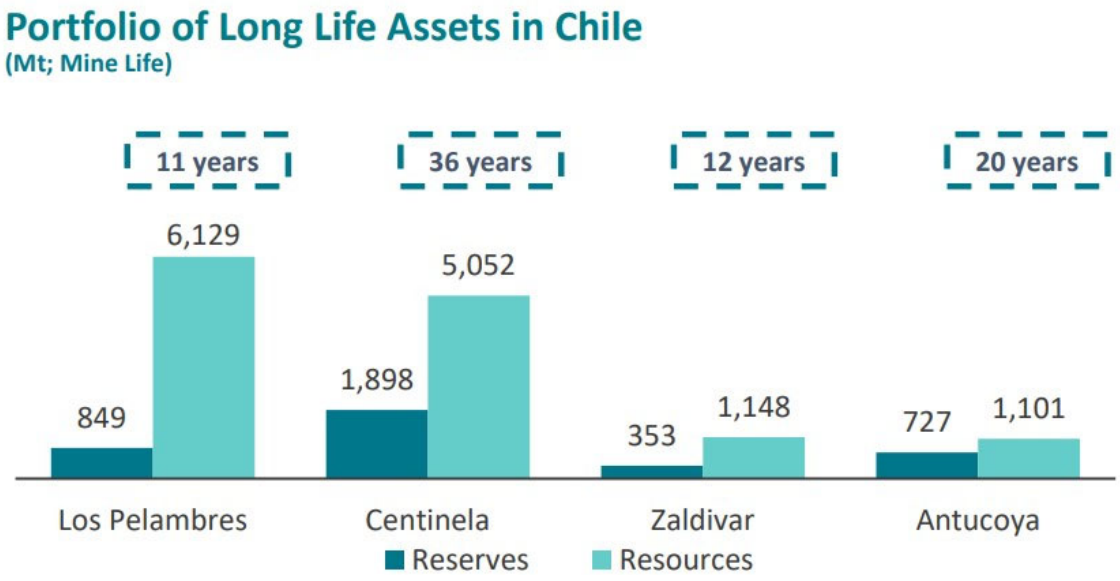
We believe our competitive position as a leading mining company in Chile is supported by the following strengths:

Strong Core Mining Business with a Premium Copper Portfolio in an Established Mining Jurisdiction

Our mining assets are located in the Antofagasta and Coquimbo regions of Chile, an established mining jurisdiction. As of April 24, 2024, Chile's long-term foreign currency sovereign ratings are A2 from Moody's, A from S&P and A- from Fitch. In 2023, Chile was the largest producer of copper in the world and ranked first in reserves according to the U.S. Geological Survey, Mineral Commodity Summaries. Our mining operations have large resource bases; as of December 31, 2023, the four mines we operate had approximately 3,825.9 million tonnes of proven and probable ore reserves in total (including 100% of the proven and probable reserves at Zaldívar) with an average mine life of approximately 20 years. As at December 31, 2023, Los Pelambres contains 848.6 million tonnes in proven and probable ore reserves.

Likewise, Centinela contains 1,897.9 million tonnes, Antucoya contains 726.5 million tonnes, and Zaldívar contains 352.9 million tonnes in proven and probable ore reserves (reflecting 100% of the proven and probable reserves at Zaldívar). The long life of these assets increases the likelihood of a mine being able to benefit from the peaks in the commodity price cycle while withstanding the troughs.

The chart below shows the remaining life of mine, reserves and resources of our operating mines as of December 31, 2023.[(1),(2)]

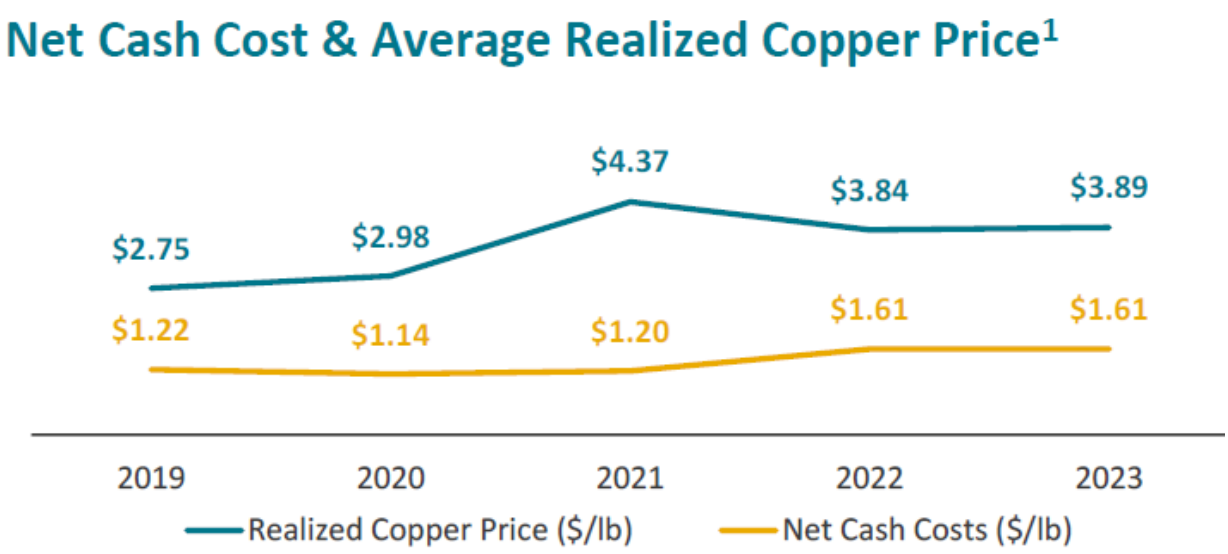


(1) Figures reported on a 100% basis, Mine Life considers reserves.

(2) Resources are reported inclusive of reserves 2023.

The remaining mine life, reserves and resources set forth in the chart above are based on the operating conditions of the mines as of December 31, 2023. We have undertaken, or are in the process of evaluating, new projects with the goal of increasing the mine life of certain of our operating mines, including the Los Pelambres Expansion, which is expected to extend the mine life of Los Pelambres to 2051. For further information on our ongoing construction projects, see "*Business—Projects Under Construction*" and "*—Projects Under Evaluation*".

We are poised to improve our position on the copper cash cost curve. During 2023, net cash costs per pound of $1.61 were negatively impacted by the effects of continuing water scarcity at Los Pelambres. With the completion of Phase 1 of the Los Pelambres Expansion in 2023, we expect these effects to be mitigated going forward. In addition, we expect the Nueva Centinela Project to improve Centinela's competitiveness on the global cash cost curve through an increased focus on concentrator capacity that incorporates modern technologies, increased by-products and greater economies of scale. Together, we expect these projects to have a positive impact on our position on the copper cash cost curve going forward.



(2) Cash cost included is net of by-product revenue.

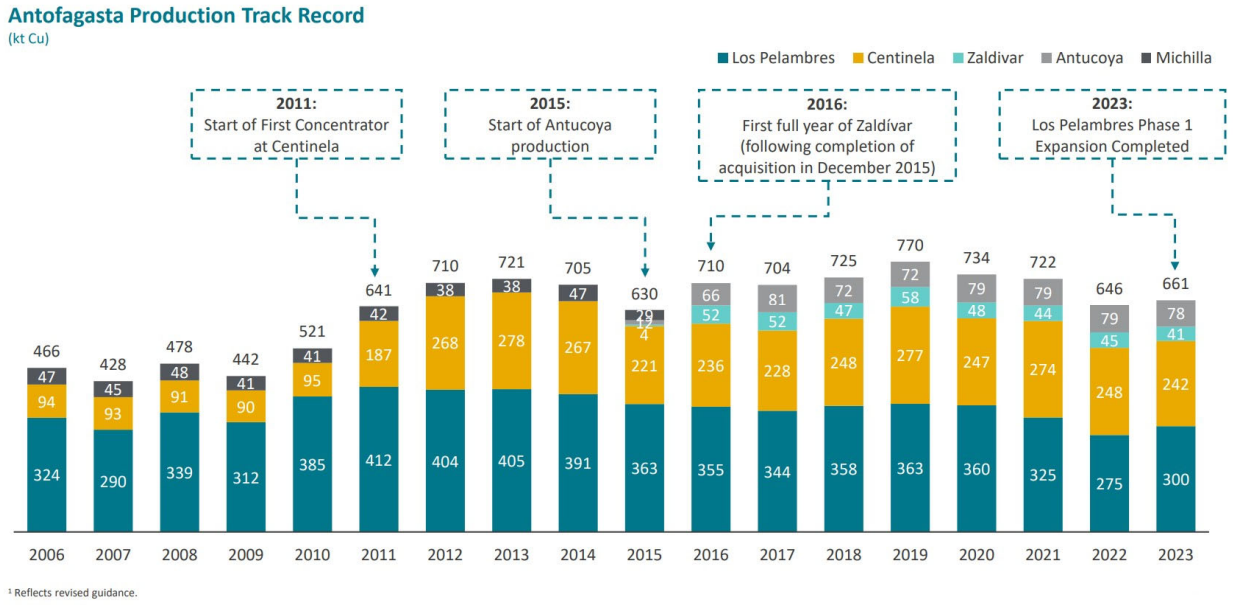
Safety First: A Robust and Proactive Safety Culture

The health and safety of our employees is our first priority. Our Occupational Health and Safety Strategy is based on four pillars: occupational health and safety risk management; reporting, investigating and learning from our accidents; leadership; and contractor management. We strive to eliminate dangerous workplace conditions and behaviors with the goal of zero fatalities, zero occupational illnesses, and the development of a resilient culture and the automation of hazardous processes. We have undertaken intensive safety awareness campaigns with highly visible leadership from senior management, including monthly dedicated site visits by our chief executive officer or other key management personnel. Our leadership teams strive to share lessons learned across our operations and promote operational discipline in furtherance of our commitment to safety. We measure our overall safety performance with two main indicators: high-potential incidents and Lost Time Injury Frequency Rate ("LTIFR"). In 2023, we had 34 high-potential incidents, 19% fewer than in 2022. As compared to 2022, our LTIFR decreased by 25% to 0.63 per million hours worked as we continue to embed a safety-first culture, with improvements in leading and lagging indicators of safety. To emphasize and incentivize safety, we tie senior management and employee compensation to these safety metrics and safety performance.

Operational Discipline: Track Record of Delivering Sustainable Production

We are a leading copper producer with a demonstrated ability to successfully operate mines in Chile and consistently achieve production targets. Over the last decade, we have been able to sustain annual production levels despite significant volatility in metal prices and the impact of the ever-changing global political and economic environments. In the last 17 years, we have been able to increase our total copper production by over 40%, going from 466,000 tonnes in 2006 to 660,600 tonnes in 2023. We believe that our long-dated experience in the industry as a best-in-class operator, supported by our cost-efficient and environmentally and socially responsible business model will allow us to benefit from the anticipated increase in copper demand in the medium and long term and continue capitalizing on the currently strong market fundamentals and our competitive position in the market.

The table below sets out our production track record for the periods indicated.



Cost Control Through Business Improvements

Our cost-control strategy, designed to ensure we continue to operate efficiently, is to deploy capital expenditure on debottlenecking projects and incremental plant expansions at our existing mines, increasing throughput and improving overall efficiencies. Since 2014, we have utilized our CCP to improve our competitiveness in the medium and long term, strengthening our operations and enabling future growth.

The main target of the CCP is to provide a methodology to preserve our competitive position within the industry and to counterbalance grade decline, which is a natural trend in all copper mines, inflation and input prices. Each year, we seek to realize savings through the CCP through initiatives related to streamlining goods and services procurement; improving operating efficiency and asset reliability; achieving energy efficiency; improving corporate and organizational effectiveness; and enhancing working capital, capital expenditure and services efficiency. Through these initiatives, in the year ended December 31, 2023, we achieved savings and productivity improvements of $135 million, compared with $124 million in 2022 and $131 million in 2021, which helped to partially mitigate the increase in cash costs that we experienced during each year (including during 2023 as a result of water shortages).

As we move forward, we will continue working on identifying and delivering the "next generation" of cost savings through initiatives such as teleworking, autonomous mine equipment and applying business intelligence to supply chain management.

Financial Discipline: Balance Sheet Management Facilitated by Disciplined Capital Allocation

Maintaining a strong balance sheet is one of our key focuses. We have implemented a strong capital allocation model, which focuses on sustaining capital expenditure and investing in mine development to maintain our processing plants' and mines' ability to deliver value. Consequently, we allocate capital to growth projects that generate returns consistent with our investment criteria, or alternatively we return excess capital in the form of a higher final dividend. This model is fundamental in making all of our financial decisions. Further, according to our dividend policy, we expect to pay a minimum dividend of 35% of underlying net earnings.

We have a proven track record of operational efficiency and project development execution—for example, three of our mines were developed by us. We have successfully executed several development and portfolio optimization projects in Chile, which have allowed us to improve the operational efficiency and copper production in our operations. Our focus on debottlenecking and incremental plant expansions at our existing mines to improve efficiency is key to our strategy, as these projects often have lower capital expenditure requirements and generate higher returns than greenfield projects.

We have a portfolio of organic growth projects with two brownfield expansion projects in various stages of progress at our existing operations, including the Los Pelambres Expansion and the Nueva Centinela Project. We believe our disciplined approach to capital spending allows us better to weather downturns in the copper markets and positions us to succeed when markets recover.

Historically, we have been able to generate cash flow well in excess of our capital expenditure and consequently, we have been able to maintain low levels of debt. During the fiscal year ended December 31, 2023, we generated $2,333.0 million in net cash from operating activities, and invested $2,129.2 million in capital expenditure while maintaining an end-of-period cash balance (including cash, cash equivalents and liquid investments) of $2,919.4 million, and net leverage consistently below 0.5x. We have been able to maintain a strong EBITDA Margin despite copper price volatility, and for the year ended December 31, 2023, our EBITDA Margin was 49%. Despite the capital-intensive nature of our business, we have been able to carry out our capital expenditure plans and increase our copper production while maintaining a low leverage profile and a large liquidity position.

Cash Flow Generation Through the Commodity Cycle

We believe that the combination of a competitive and flexible cost structure and a strong financial position with modest leverage is key to supporting our business for the long term. Our financial policies promote a healthy balance sheet and underpin a business model that favors low leverage and enables the maintenance of strong cash flow generation, even amidst volatile market conditions in the metals market. The resilience of our balance sheet has been tested by the global financial crisis of 2008-2009, during the commodity price sell-off of 2015-2016, and most recently during and post-COVID-19 pandemic. We have historically maintained large cash balances and low levels of indebtedness, which has allowed us to maintain a long track record of profitability and consistent cash flow generation through the commodity cycle. Our cost-efficient operations coupled with our conservative financial profile have allowed us to successfully navigate prior volatile periods. We maintain strong banking relationships in the markets in which we operate and have maintained ready access to the bank loan market and the debt and equity capital markets. In recent years, we have completed several medium-term financing transactions, including asset-level financings.

(1) Results of continuing operations only. Includes EBITDA from Associates and JVs.

(1) EBITDA figures for 2006 through 2016 have not been adjusted to reflect the adoption of new accounting standards. This may have an impact on the comparability of EBITDA for such periods with EBITDA for the subsequent fiscal years, including those ended 2021, 2022 and 2023.

Commitment to Environmental, Social and Governance Excellence

We are fully committed to improving the sustainability of our operations; respect for the environment and active engagement with local communities are fundamental to our business. We maintain certifications from, and memberships in, key organizations championing ESG initiatives; additionally, we are currently included in the FTSE4Good and Bloomberg ESG Data Index. According to S&P Global, we are currently ranked 5th in the metals and mining industry in their Sustainability Yearbook for 2023. In addition, we are ranked in the top 10% in diversified metals in in Sustainalytics ranking of ESG ratings in 2023.

We are also focused on reducing our carbon emissions. In line with the objectives of the Paris Agreement, we aim to (i) reduce our Greenhouse Gas (GHG) emissions in the short- and medium-term, (ii) achieve carbon neutrality in Scope 1 & 2 emissions by 2050 (or sooner, if technology allows), (iii) reduce Scope 1 and 2 emissions by 50% by 2035, using 2020 as a baseline, and (iv) reduce Scope 3 emissions by 10% by 2030, against the "no actions" scenario using 2022 as a baseline. Since 2019, we have been implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and aligning our metrics and targets with the TCFD's seven cross-industry climate-related metric categories, including GHG emissions and internal carbon prices. We give special priority to the potential financial impact of the transition and the physical risks involved, as well as to mitigation and adaptation measures, such as the opening of a desalination plant at Los Pelambres, which has become the first mining operation in central Chile to use sea water. Our holistic approach to decarbonization involves both our mining site operational teams and our corporate teams, who together deploy measures that aim to reduce GHG emissions from our productive processes. Given the importance and relevance of our decarbonization approach, in July 2023 we created the Decarbonization Project Management area within the Vice Presidency of Strategy and Innovation. In accordance with our Energy Policy framework, implemented in 2022, we have incorporated the role of Energy Administrator at each mining site. The role consists of leading and ensuring the implementation and improvement of the Energy Management System according

to Chilean Law No. 21,305 on Energy Efficiency. In addition, Energy Administrators supervise the achievement of decarbonization and energy targets through energy efficiency plans and GHG reduction. Since April 2022, all our mining operations have operated exclusively under renewable energy power supply contracts, reducing our Scope 2 emissions to nearly zero. During 2023, we have worked with the Communication and Supply teams to incorporate suppliers into our decarbonization target (Scope 3) with the aim of formulating a joint emissions mitigation plan. In 2023, we continued work to incorporate carbon emission indicators into our large project decisions, thus integrating the entire organization into our decarbonization plan. We conduct thorough analyses to establish whether a given purchase may have a positive or negative impact on our path to decarbonization or in relation to bank credits. Decarbonization initiatives are becoming an increasingly relevant aspect of financial evaluation packages. We strive to reduce our carbon footprint, and as part of these efforts, have worked with equipment manufacturers to incorporate technology solutions within the Group, targeting a reduction in our direct emissions, and within Scope 3 to include sustainability and carbon footprint reduction in our suppliers' processes.

In March 2024, we published our Climate Action Plan, which detailed our path to decarbonization. The plan is designed to be flexible and adaptable, recognizing that it is an evolving framework rather than a finalized course of action. While the plan currently prioritizes electrification as the most probable path, we maintain a technology-neutral stance considering that one solution might not fit all processes and operations, we remain open to integrating various economically efficient technologies and regularly update the plan to reflect market advancements.

As part of our commitment to local communities, in 2019 we implemented a new Social Management Model at our four mining operations. It serves as a vehicle through which to apply common engagement principles, methodologies and practices across our operations, measure impacts and manage risks. Our engagement with local stakeholders is based on the principles of dialogue, collaboration, traceability, excellence and transparency. In the year ended December 31, 2023, we invested $48.5 million on social projects near our operations.

As part of our commitment to mitigating and adapting to climate change, in 2023, sea water accounted for 60% of our Mining division's operational water withdrawals, and water reuse and recycling rates at our mining operations averaged 85% for the division. Such water reuse and recycling rates average is high compared to the average for Chile's copper mining industry, which reached approximately 74% in 2022, according to the Chilean Copper Commission.

We are committed to demonstrating how our strategies, policies and targets are supported by concrete actions and how we measure the impact of these activities. As part of this process, we complement our regular Sustainability Reports with reporting under the Task Force on Climate-related Financial Disclosure framework, which provides an extra level of disclosure.

Experienced Management with Deep Bench Strength

Our experienced management team is critical to maintaining our current operations, implementing development projects and achieving long-term growth without major disruption. Our Employee Performance Management System is designed to attract and retain key employees by creating suitable reward and remuneration structures and providing personal development opportunities. We have a talent management system to identify and develop internal candidates for key management positions, as well as identifying suitable external candidates where appropriate.

Our Strategy

We intend to maintain our position as one of the world's largest copper producers and increase our production. There are five key elements of our strategy:

Develop Our People and Culture

Our goal is to create and nurture a working environment that incorporates new ways of thinking, with innovation at the forefront, to tackle current and future challenges. We strive to inspire people to tackle more complex and dynamic problems, and to develop new management approaches to solve them. The demands of today's and tomorrow's adaptive challenges require us to collaborate and excel while developing new skills. We aim to truly understand what our people value, to treat them fairly, and to engage and inspire them based on their personal motivations and unique qualities as individuals. This is a challenge that requires us to change the understanding of the traditional employment relationships within the Company. We will continue to drive forward our cultural transformation, promoting the organization as a safe and supportive space that actively listens, empathizes, connects and builds strong relationships with our people.

In 2023, we maintained a hybrid system of remote and in-person work, designed in accordance with the Company's operational needs. We kept our Work-Life Balance Guidelines in place, which are tailored to each mining site and designed to improve the division of employees' time between work, family and recreational activities.

Safety and Sustainability as Cornerstone of Our Business Model

We aim to create value and growth throughout the mining lifecycle, from exploration to mine closure. Our goal is to be a company known for its ethical and transparent conduct, respectful of human rights and the law. To achieve this, we are determined to continue to develop a comprehensive and long-term commitment to all of our stakeholders, particularly our workers and the communities in which we operate. We align ourselves with the UN Sustainable Development Goals (SDG), developing responsible mining practices that are certified by the Copper Mark and ICMM's Performance Expectations. We prioritize the efficient use of renewable natural resources and the reduction of our greenhouse gas (GHG) emissions by using sea water and energy from cleaner sources. All of this is done while focusing on the occupational health and safety of all our employees and contractors. We do this through the active leadership of our workers, who by their responsible behavior and proactive management of risks and critical controls work to provide a safe and healthy working environment for all.

The key elements of our sustainability framework include our Climate Change Strategy (including targets and metrics for water consumption and CO_2 emissions) in conjunction with adopting the principles of the Task Force on Climate-Related Financial Disclosures, tying management compensation plans to safety, people, environmental and social performance outcomes and compiling an annual, externally-assured sustainability report in accordance with Global Reporting Initiative Standards. Our sustainability efforts are well-documented in the industry: we were included in the 2023 S&P Global Sustainability Yearbook, we are a member of the International Council on Mining and Metals (an association of the world's largest mining companies that promotes sustainable mining, develops standards and encourages its members to adopt best practices, "ICMM"), we publicly disclose our Climate Change and Water Management initiatives through the Carbon Disclosure Project ("CDP"), our Sustainability Report, Climate Change reports and Climate Action Plan and we are a signatory to the United Nations Global Compact. These efforts have been rated by MSCI, Sustainalytics, S&P Global and the CDP.

Enhance Competitiveness by Increasing Productivity with a Focus on Operating Excellence

Competitiveness is essential as it ensures resilience and makes the business viable. By producing copper efficiently we are able to grow and contribute to the development of mining while promoting the energy transition. We aim to maintain our strong financial position through efficient capital allocation, the proper execution of our projects and the renewal of our asset portfolio, allowing us to continue operating and growing as we address increasingly complex challenges. We strive to be one of the most cost-competitive companies in the industry, and towards that end, we are dedicated to achieving excellence in our work and seeking new and efficient ways to manage our operations. Additionally, we are undergoing a process of operational transformation that allows us to integrate technology and innovation, utilize data analytics and promote efficient resource management by strengthening key operational processes that will enable us to achieve the full potential of our assets' performance.

Disciplined Growth

Growth enables us to maintain our viability and fulfil our purpose. It allows us to realize the full potential of our resources and assets, creating additional value and diversifying risk. To accomplish this, we aim to: (1) expand and increase the Group's production capabilities by building projects such as Los Pelambres Expansion and the Nueva Centinela Project and (2) increase our mineral resource base through the exploration for new resources and/or the development of new ore deposits. Our strategy for growth beyond our existing operations is focused on producing copper and its by-products in the Americas (particularly Chile, Peru, the United States and Canada), a region that is highly attractive due to its geological potential, mining activity, relative proximity to our existing portfolio of operating assets, political and administrative similarities, culture and language.

Innovation

We aim to create new ways of operating and using existing technology more effectively, incorporating our own and others' learning to improve performance. We further aim to discover new ways of advancing our operations through the early adoption of modern technology. With our experience we are convinced that we can contribute to the development of new solutions, such as Cuprochlor®-T, integrated remote operations centres (IROCs), autonomous haulage and drilling, advanced analytics and data management for decision-making, robotics for tailings and water management, decarbonization of our processes and dust suppression. Our Innovation Roadmap serves as a guide for the Group to achieve our operational vision for the future. This allows our operations to become smart, integrated and sustainable, optimizing the use of strategic resources such as water and energy.

Recent Developments

Final Dividend

On May 10, 2024, the Company paid a final dividend for 2023 of 24.3 cents per ordinary share, which amounts to $239.6 million, to shareholders on the share register at the close of business on April 19, 2024.

Compañía de Minas Buenaventura S.A.A.

Compañía de Minas Buenaventura S.A.A. ("Buenaventura") is Peru's largest, publicly traded precious and base metals company and a major holder of mining rights in Peru. As at December 31, 2023, the Group held an existing holding of 18.1 million shares in Buenaventura. During 2023, the Group entered into an agreement to acquire up to an additional 30 million shares in Buenaventura, representing approximately 12% of Buenaventura's issued share capital. In March 2024, the acquisition was completed,

bringing the Group's ownership of Buenaventura to approximately 19%. See Notes 4, 19, 22 and 26 of the 2023 Audited Financial Statements for additional discussion of the transaction.

Centinela Project Financing Term Loan Facility

In March 2024, Centinela entered into a definitive agreement with a group of international lenders for a $2.5 billion project financing term loan facility with a 4-year drawdown period and for a term of approximately 12 years (the "Centinela Term Loan Facility"). The proceeds from the Centinela Term Loan Facility are expected to be used to finance the Nueva Centinela Project. As of April 24, 2024, Centinela has borrowed $284 million under the facility. The Company is required to provide an unsecured guaranty of the facility until project completion milestones are achieved.

Q1 2024 Production Report

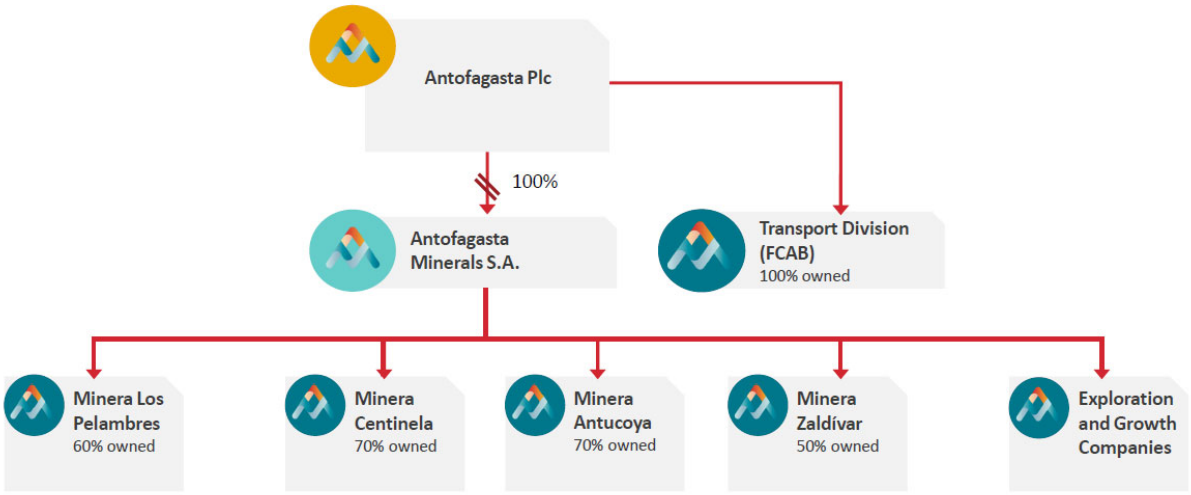
On April 17, 2024, we released our first quarter production report for the quarter ended March, 31, 2024. Our copper production was 129,400 tonnes and net cash costs were $2.67/lb. This production reflected the impact of lower grades and increased ore hardness at Centinela, in line with the mine plan, as well as maintenance and cleaning activities on the Los Pelambres concentrate pipeline that delayed moving concentrate to the Company's port facility. The pipeline has recommenced operations, and approximately 27,000 tonnes of accumulated copper in concentrate is expected to be rescheduled into future quarters as production and sales.

Corporate Information

We are a premium listed public limited company incorporated under the laws of England and Wales, listed on the London Stock Exchange since 1888, with a market capitalization of $27 billion based on the 30-day volume-weighted average as of April 22, 2024. Our shares are listed on the premium listing segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange and our ordinary shares are a component of the FTSE 100, the share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization.

The E. Abaroa Foundation is a controlling shareholder of the Company for the purposes of the UK Listing Rules and certain other shareholders of the Company are also treated as controlling shareholders.

The following chart summarizes our corporate structure as of the date of this listing memorandum, including our material subsidiaries and joint ventures and our percentage ownership in them. For clarity of presentation, the chart identifies only our main subsidiaries and joint ventures and eliminates intermediate holding companies.


Antofagasta Plc
100%
Antofagasta Minerals S.A.
Transport Division (FCAB)
100% owned
Minera Los Pelambres
60% owned
Minera Centinela
70% owned
Minera Antucoya
70% owned
Minera Zaldívar
50% owned
Exploration and Growth Companies

Company/Mine	Our Percentage Interest	Description
Minera Los Pelambres SCM	60%	The Los Pelambres mine is in the Coquimbo region of Chile. It produces copper concentrate (containing gold and silver) and molybdenum concentrate. The remaining 40% is owned by a consortium of leading Japanese mining and metals companies, including JX Nippon Mining & Metals, Marubeni Mitsubishi Materials, and Mitsubishi Corp.
Minera Centinela SCM	70%	The Centinela mine is in the Antofagasta region of Chile and produces copper concentrate (containing gold and silver) and molybdenum concentrate as well as copper cathodes. The remaining 30% is owned by Marubeni Corporation.
Minera Antucoya SCM	70%	The Antucoya mine in the Antofagasta region of Chile began production in late 2015 and produces copper cathodes. The remaining 30% is owned by Marubeni Corporation.
Compañía Minera Zaldívar SpA	50%	The Group's holding in the Zaldívar mine in the Antofagasta region of Chile was acquired from Barrick Gold Corporation in December 2015. Barrick holds the remaining 50% and Antofagasta is the operator. Zaldívar produces copper cathodes
Ferrocarril Antofagasta a Bolivia (Permanent Establishment)	100%	Provides rail and truck services to the mining industry in the Antofagasta region, including to our own mining operations.

History

Antofagasta traces its founding to the formation of the Antofagasta (Chili) and Bolivia Railway Company Limited, incorporated and listed in London in 1888. This company raised money on the London Stock Exchange to acquire, build and operate a railway from Antofagasta, a port on the Pacific Coast of Northern Chile, to La Paz, the capital of Bolivia. Following the acquisition of control by the Luksic family in 1979 Antofagasta diversified into mining and other sectors.

Below is a timeline with the key events in our history:

1888	Antofagasta (Chili) and Bolivia Railway Company Limited incorporated in London
1979	Luksic family acquired controlling interest
1996	Financial and industrial interests exchanged for 39.25% interest in Quiñenco
1997	Start construction of large-scale mining and processing facilities at Los Pelambres
1999	Start of low-cost copper production at Los Pelambres
2003	Demerger of 33.6% interest in Quiñenco
	Acquisition of Aguas de Antofagasta
2006	Acquisition of Equatorial Mining to consolidate control of the Centinela Mining District
2008	Sale of 30% interest in Esperanza and El Tesoro to Marubeni
2009	Esperanza project finance $1.05 billion
	Los Pelambres Expansion financing of $750 million
2010	Los Pelambres Expansion to 175,000 tpd
	Joint venture agreement signed with Duluth Metals in relation to Twin Metals Project in Minnesota
2011	Start of production of Esperanza
2012	Sale of 30% of Antucoya to Marubeni
2013	Antucoya secures $650 million project financing
2014	Esperanza and El Tesoro combine as Minera Centinela
	Acquisition of Duluth Metals' interest in the Twin Metals Project in Minnesota
	Mining Division launches the CCP to improve its competitiveness in the medium and long term, strengthening operations and enabling future growth.
2015	Sale of Aguas de Antofagasta
	Acquisition of 50% of Zaldívar

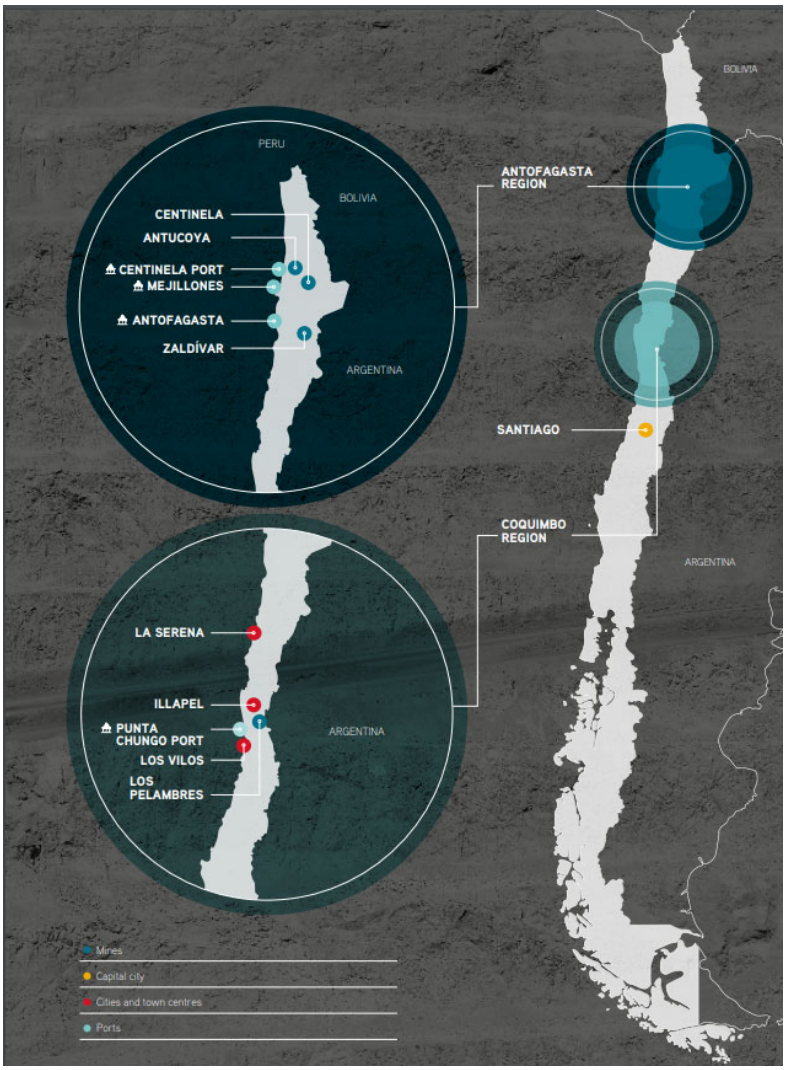
2016	Commercial production achieved at Antucoya
2018	Encuentro Oxides project reached full capacity
	Los Pelambres Expansion approved to produce 60,000 tonnes per year of additional copper approved
2019	Start of construction of the Los Pelambres Expansion and desalination plant
	Zaldívar Chloride Leach and Esperanza Sur pit projects approved
2020	Zaldívar became the first of our operations to use 100% renewables
2021	Updated emissions reduction target for 2025 and a carbon neutral target for 2050 were set
2022	Antucoya and Centinela switched to 100% renewably-generated electricity
2022	Completion of the Zaldivar Chloride Leach and Espuranza Sur pit projects
2023	Construction of the Los Pelambres Phase 1 Expansion completed.
2023	Approval of the construction of the Second Concentrator at Centinela
2023	Approval of the Los Pelambres desalination plant expansion environmental impact assessment

Description of Operations

Our activities are organized into two business divisions: the Mining division and the Transport division.

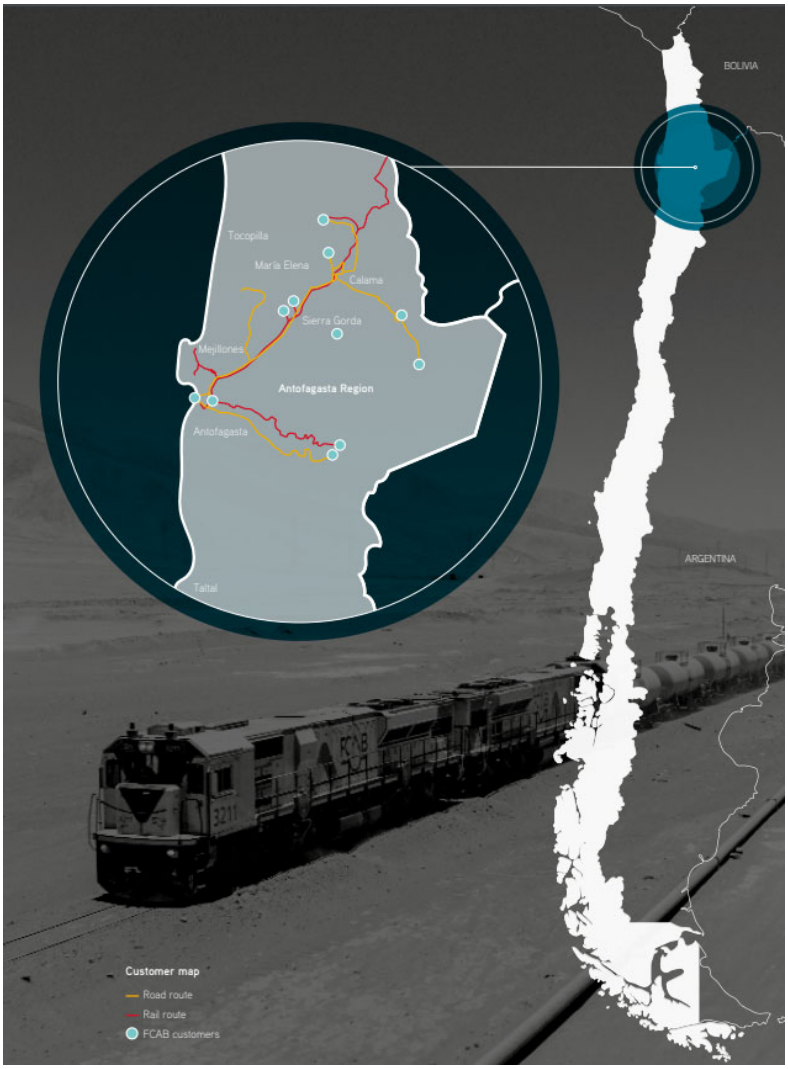
The following map shows the location of our current mining operations and development projects.

Location of Mining Operations and Development Projects



Our mining assets and Chilean development projects are located in the Coquimbo and Antofagasta regions of Chile, respectively. Our current mining operations and development projects are all located in Chile. Our exploration prospects are located in the Americas. Chile possesses unparalleled mining resources and, as an established mining country, has the benefit of local mining expertise and an attractive legal and regulatory framework for mining companies and foreign investment more generally. For further information on the legal and regulatory framework for mining companies in Chile, see "*Regulation*."

The following map shows the location of our Transport division customers.



Mining Division Production Information

The four mines we operate produce copper and by-products, including gold and molybdenum as set out below for the years ended December 31, 2021, 2022 and 2023.

	Production[(1)] of Ore Year Ended December 31,								
	2021	2022	2023	2021	2022	2023	2021	2022	2023
	Copper			Gold			Molybdenum		
	(Thousands of Tonnes)			(Thousands of Ounces)			(Thousands of Tonnes)		
Los Pelambres	324.7	275.0	300.3	53.2	43.1	43.3	9.2	7.2	8.1
Centinela	274.2	247.5	242.0	199.0	133.7	165.8	1.3	2.4	2.9
Antucoya	78.6	79.2	77.8	–	–	–	–	–	–
Zaldívar	44	44.5	40.5	–	–	–	–	–	–
Total	721.5	646.2	660.6	252.2	176.8	209.1	10.5	9.7	11.0

(1) Represents 100% of production at Los Pelambres, Centinela and Antucoya and 50% of production at Zaldívar.

Los Pelambres

Los Pelambres is our flagship operation. It is a sulfide deposit in Chile's Coquimbo region, 240 km north of Santiago and produces copper concentrate (containing gold and silver) and molybdenum concentrate through a milling and flotation process.

We own 60% of the mine. The remaining 40% is owned by a joint venture formed by a consortium of leading Japanese mining and metals companies, including JX Nippon Mining & Metals, Marubeni Mitsubishi Materials, and Mitsubishi Corp.

During 2023, a total annual average of 7,666 persons were employed at Los Pelambres, 1,154 of whom were permanent employees and 6,512 of whom were contracted personnel. For the year ended December 31, 2023, Los Pelambres produced 45% of our total attributable copper and generated 46% of our revenue.

Los Pelambres began production in 2000 and we currently have an EIA until 2035. We are in the process of transitioning our operations to use mainly seawater beginning in 2025.

Production and Cash Costs

Copper production at Los Pelambres increased 9.2% from 275,000 tonnes in 2022 to 300,300 tonnes in 2023, mainly due to increased throughput rates in 2023, which resulted from increasing availability of water from the Company's desalination plant as it successfully progresses its ramp up, and additional ore processing capacity provided by the fourth concentrator line.

Molybdenum production decreased 12.5% from 7,200 tonnes in 2022 to 8,100 tonnes in 2023, as a result of higher throughput rates.

Gold production increased 0.5% from 43,100 tonnes in 2022 to 43,300 tonnes in 2023, reflecting a balance of lower gold grades and higher ore processing rates.

Cash costs before by-product credits for 2023 were $1.92/lb, 4%, or 8c/lb, higher than in 2022, reflecting the appreciation of the Chilean peso, local inflation, and the conclusion of 3-year labor agreements, partially offset by higher production and lower input costs. Net cash costs for the full year were $1.14/lb, or 4% higher than in 2022 reflecting a similar increase in underlying cash costs and higher production and pricing for molybdenum.

The table below sets forth Los Pelambres' production and net cash costs for the periods indicated.

Los Pelambres Production and Net Cash Costs

	Year Ended December 31,		
Mine Production[1]	**2021**	**2022**	**2023**
Copper (thousands of tonnes)	324.7	275.0	300.3
Molybdenum (thousands of tonnes)	9.2	7.2	8.1
Gold (thousands of ounces)	53.2	43.1	43.3
Net Cash Costs (cents per pound of copper)[2]	0.89	1.10	1.14

(1) Represents 100% of production.

(2) Cash costs is a non-IFRS alternative performance measure of the cost of operating production expressed in terms of cents per pound of payable copper produced. See "Presentation of Financial and Certain Other Information." Cash cost per pound is calculated as U.S. dollars per pound of payable copper produced. Cash costs reflect the mining and processing costs required to produce our copper concentrate and cathodes, including related transportation costs. For Los Pelambres, cash costs are stated net of by-product credits and include tolling charges for concentrates. Net cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses, and corporation tax.

Capital expenditure at Los Pelambres for the year ended December 31, 2023 was $897.0 million, including $193.0 million on mine development, $361.0 million of sustaining capital expenditure and $344.0 million of development capital expenditure.

Centinela

Centinela is located in Chile's Antofagasta region, 1,350 km north of Santiago, an important mining region with sulfide and oxide deposits. The mine is comprised of open-pit sulfide and oxide deposits from which it produces copper concentrate (containing gold and silver) and molybdenum concentrate through a milling and flotation process and copper cathode using a solvent-extraction electrowinning process ("SX-EW").

We own 70% of the mine. The remaining 30% is owned by Marubeni Corporation.

During 2023, a total annual average of 9,115 persons were employed at Centinela, 2,503 of whom were permanent employees and 6,612 of whom were contracted personnel. For the year ended December 31, 2023, Centinela produced 37% of our total attributable copper and generated 40% of our revenue.

Centinela went into production in 2001 and we expect its mine life is approximately 36 years under the current mine plan.

Production and Cash Costs

In 2023, copper production at Centinela was 242,000 tonnes, 2.2% lower than in 2022 due to lower ore grades at Centinela Cathodes, which was partially offset by higher ore grades at Centinela Concentrates.

Gold production was 165,800 ounces, 24.0% higher than in 2022, due to higher gold grades (which are positively correlated to copper grades).

Molybdenum production was 2,900 tonnes, 20.8% higher than in 2022, reflecting higher molybdenum recoveries during 2023.

Cash costs before by-product credits for 2023 were $2.57/lb, 13c/lb higher than in 2022 due to lower copper production, the conclusion of 3-year labor agreements and higher contractor costs related to mining.

Net cash costs for 2023 were $1.63/lb, 6.9% lower than in 2022 due to higher by-product credits.

The table below shows Centinela's production and net cash costs for the periods indicated.

Centinela Production and Net Cash Costs

	Year Ended December 31,		
Mine Production[1]	**2021**	**2022**	**2023**
Copper (thousands of tonnes)	274.2	247.5	242.0
Gold (thousands of ounces)	199.0	133.7	165.8

Molybdenum (thousands of tonnes)	1.3	2.4	2.9
Net Cash Costs (cents per pound of copper) [2]	1.13	1.75	1.63

(1) Represents 100% of production.

(2) Cash costs is a non-IFRS alternative performance measure of the cost of operating production expressed in terms of cents per pound of payable copper produced. See "Presentation of Financial and Certain Other Information." Cash cost per pound is calculated as U.S. dollars per pound of payable copper produced. Cash costs reflect the mining and processing costs required to produce our copper concentrate and cathodes, including related transportation costs. For Centinela, cash costs are stated net of by-product credits and include tolling charges for concentrates. Net cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses, and corporation tax.

Capital expenditure at Centinela for the year ended December 31, 2023 was $1,045 million, including $569 million of mine development, $310 million of sustaining capital expenditure and $166 million of development capital expenditure.

Zaldívar

Zaldívar is an open-pit, heap-leach copper mine located at nearly 10,000 feet above sea level in northern Chile approximately 1,400 km north of Santiago and 175 km southeast of the city of Antofagasta. Zaldívar produces copper cathodes using the solvent extraction and SX-EW process.

We acquired a 50% interest in Zaldívar in December 2015 from Barrick Gold Corporation and became the operator of the mine.

During 2023, a total a total annual average 3,103 persons were employed at Zaldívar, 921 of whom were permanent employees and 2,182 of whom were contracted personnel. In 2023, Zaldívar produced 6% of our total attributable copper.

Production and Cash Costs

In 2023 our attributable copper production at Zaldívar was 40,500 tonnes, 9.0% lower than in 2022 mainly due to lower ore processing rates, which were partially mitigated by improved recoveries during the year.

Cash costs for 2023 were $2.95/lb, compared with $2.39/lb in 2022, mainly due to lower production, local inflation, increased costs for maintenance and utilization of stocks from the prior period.

The table below shows Zaldívar's production output and cash costs for the periods indicated.

Zaldívar Production and Cash Costs

	Year Ended December 31,		
Mine Production[1]	**2021**	**2022**	**2023**
Copper (thousands of tonnes)	44.0	44.5	40.5
Cash Costs (cents per pound of copper)[2]	2.39	2.39	2.95

(1) Represents our 50% attributable share of production.

(2) Cash costs is a non-IFRS alternative performance measure of the cost of operating production expressed in terms of cents per pound of payable copper produced. See "Presentation of Financial and Certain Other Information." Cash cost per pound is calculated as U.S. dollars per pound of payable copper produced. Cash costs reflect the mining and processing costs required to produce our copper concentrate and cathodes, including related transportation costs.

Capital expenditure at Zaldívar for the year ended December 31, 2023 was $46 million, of which $34 million was sustaining capital expenditure.

The environmental permit for Zaldívar expires in 2025. In June 2023, Zaldívar submitted an EIA application to extend its mining and water environmental permits through to 2051. This includes a proposal to develop the primary sulphide ore deposit and extend the current life-of-mine at an estimated investment over the mine life of $1.2 billion. It also includes a plan to change the mine's water source from the local aquifer to either sea water or water provided by third parties. This is proposed to follow a transition period during which the current continental water extraction permit is extended from 2025 to 2028.

In early 2024, approval was received from the authorities for the separate DIA (Declaration of Environmental Impact) to extend the mining permit and, therefore, align the water and mining permits at Zaldívar. This approval ensures that this operation has rights to mine ore and extract water until 2025. The mine life after 2025 is, therefore, subject to the approval of the EIA.

Antucoya

Antucoya is located in northern Chile and is approximately 1,400 km north of Santiago and 125 km northeast of the city of Antofagasta. Antucoya mines and leaches oxide ore to produce copper cathodes using the solvent extraction and SX-EW process. The mine commenced production in 2016.

We own 70% of the mine. The remaining 30% is owned by Marubeni Corporation.

As of December 31, 2023, a total of 2,661 persons were employed at Antucoya, 914 of whom were permanent employees and 1,747 of whom were contracted personnel. In 2023, Antucoya produced 12% of our total attributable copper.

Production and Cash Costs

In 2023, copper production at Antucoya was 77,800 tonnes, 1.8% lower than last year due to combination of marginally lower ore grades and recoveries.

Cash costs for 2023 were $2.63/lb, 5.2% higher than in 2022, reflecting local inflation, appreciation of the Chilean peso, higher consumption rates of sulphuric acid in line with expectations, with lower input costs serving to partially offset these effects.

The table below shows Antucoya's production output and cash costs for the periods indicated.

	Year Ended December 31,		
Mine Production[1]	**2021**	**2022**	**2023**
Copper (thousands of tonnes)	78.6	79.2	77.8
Cash Costs (cents per pound of copper)[2] ..	2.04	2.50	2.63

(1) Represents 100% of production

(2) Cash costs is a non-IFRS alternative performance measure of the cost of operating production expressed in terms of cents per pound of payable copper produced. See "Presentation of Financial and Certain Other Information." Cash cost per pound is calculated as U.S. dollars per pound of payable copper produced. Cash costs reflect the mining and processing costs required to produce our copper concentrate and cathodes, including related transportation costs.

Capital expenditure at Antucoya for the year ended December 31, 2023 was $122 million, including $88 million on sustaining capital expenditure.

Transport Division

Our Transport division focuses on the transport by rail and road of copper cathode and concentrates from, and the transport of sulfuric acid to, the Antofagasta region and some of its main customers are some of the largest mining operations in northern Chile.

Total transport volumes in 2023 were 7.1 million tonnes, which were broadly consistent with those in 2022, with the 7.1 million tonnes of transported material marginally ahead of the record set in 2022. The division's EBITDA was $82 million, 2.5% higher than in 2022, primarily due to the improvements in the pricing of some of our contracts.

In 2023, the Transport division operated approximately 900 km of railroad, with the main railway connecting Ollagüe (next to the border between Chile and Bolivia) with the city and port of Antofagasta. The main railway is linked to several other railways that connect the network with other cities and ports, including Mejillones and in the north of Argentina.

During 2023, the Transport division operated 75 locomotives of which 19 were purchased in recent years replacing older less fuel-efficient equipment and increasing the fleet's haulage capacity and efficiency. The Transport division also operates a fleet of more than 80 trucks and ancillary tanks and equipment to support its railway operations.

The Transport division is focused on the development of local communities, including by providing access to quality jobs and through various cultural and social engagement programs. For example, this includes a plan in consultation with local communities, to convert land in the center of the city of Antofagasta from industrial to urban use.

Reserves

We have a strong tradition of mining and a long-term approach to investment in our operating assets and portfolio of development projects and advanced exploration prospects.

The following is a chart containing our ore reserve estimates as of December 31, 2023.

	Tonnage (millions of tonnes)	Copper (%)	Molybdenum (%)	Gold (g/tonne)	Attributable tonnage (millions of tonnes)
Los Pelambres					
Proved	574.0	0.59	0.020	0.05	344.4
Probable	274.6	0.55	0.020	0.05	164.8
Total	848.6	0.58	0.020	0.05	509.2
Centinela					
Centinela Concentrates (sulfides)					
Proved	542.5	0.43	0.012	0.17	379.8
Probable	1,163.5	0.38	0.012	0.12	814.4
Subtotal	1,706.0	0.40	0.012	0.13	1,194.2
Centinela Cathodes (oxides)					
Proved	34.7	0.55	–	–	24.3
Probable	157.2	0.33	–	–	110.0
Subtotal	191.9	0.37	–	–	134.3
Centinela Total					
Proved	577.2	0.44	–	–	404.0
Probable	1,320.7	0.37	–	–	924.5
Total	1,897.9	0.39	–	–	1,328.5
Antucoya					
Proved	438.9	0.32	–	–	307.2
Probable	287.7	0.28	–	–	201.4
Total	726.5	0.31	–	–	508.6
Zaldívar					
Proved	199.8	0.45	–	–	99.9
Probable	153.1	0.38	–	–	76.5
Total Group Joint Venture	352.9	0.42	–	–	176.4
Total	**3,825.9**	**0.42**	–	–	**2,522.7**

Growth

Exploration in Chile and internationally remains a key objective to the sustainable long-term growth of our copper business. We have an active program of early and intermediate-stage projects managed from our exploration offices in Santiago, Chile, Toronto, Canada and Lima, Peru and take a very disciplined and conservative approach to growth with a long-term view. In line with that approach, we currently have a long-term development/growth project in Twin Metals in Minnesota, which has an estimated mine life of 30 years according to Wood Mackenzie. In addition, during 2023 we entered into transactions in the secondary market to increase our beneficial ownership to approximately 19% of the outstanding shares of Buenaventura, Peru's largest, publicly traded precious and base metals company and a major holder of mining rights in Peru.

Projects Under Construction

Our approach to considered growth means that we focus on everything from controlling capital costs and optimizing production at our existing operations to the development of new mining operations. We achieve this through careful project management and constant monitoring of the efficiency of our mines, plants and transport infrastructure.

Los Pelambres Expansion (Phase 1)

To maximize the potential of Los Pelambres, we have undertaken a multi-year expansion project with the goal of increasing throughput and improving overall efficiencies. This expansion project is divided into two phases.

Phase 1 of the expansion was designed to optimize throughput within the limits of the existing operating, environmental and water extraction permits.

As mining progresses at Los Pelambres, ore hardness will increase. The expansion aims to compensate for this, increasing plant throughput from its current capacity of 175,000 tonnes of ore per day to an average of 190,000 tonnes of ore per day. The Phase 1 Expansion was divided into two sub-projects: the construction of a desalination plant and water pipeline from the coast to the El Mauro tailings storage facility, and the expansion of the concentrator plant, which includes the installation of an additional SAG mill and ball mill and six additional flotation cells.

The Los Pelambres desalination plant and concentrator expansion were completed in 2023 and are now in the operational ramp up stage, contributing to water supply and ore treatment. As of December 31, 2023, the desalination plant and the water pipeline continued to successfully ramp up, with four million cubic metres delivered to the Company's operations at Los Pelambres. At the processing plant, mechanical completion of the concentrator plant expansion was successfully achieved in October 2023. As of December 31, 2023, commissioning work is under way with results being consistently ahead of schedule and with two million tonnes of additional material processed.

Los Pelambres Expansion – Desalination Plant Expansion and Replacement of the Concentrate Pipeline

The expansion of the recently constructed Los Pelambres desalination plan to 800 l/s, which is part of the Los Pelambres water strategy, required a separate Environmental Impact Assessment (EIA).

This project is designed to enhance the resilience of Los Pelambres against the future impact of climate change and the deteriorating availability of water in the region. The project includes the expansion of the desalination plant and the construction of a new water pipeline from the El Mauro tailings storage facility to the concentrator plant. The project cost will be reported as part of the Group's sustaining capital expenditure. Preparations for the project are underway and construction is expected to commence during 2024 and be completed in 2027.

In 2021, Los Pelambres submitted the EIA required for this project, which includes the desalination plant expansion and two other sustaining capital infrastructure projects:

1. The replacement of the concentrate pipeline. The new pipeline will follow the route taken by the existing water pipeline from the desalination plant to the mine. This revised route for the concentrate pipeline will avoid interactions with communities along the Choapa Valley, and reduce the risk of unplanned downtime from the existing pipeline which has been in operations over 20 years, and is planned to be in operation from 2027; and

2. Construction of certain planned enclosures at the El Mauro tailings storage facility.

The Company received approval of the EIA for the above projects in late 2023. The sustaining capital infrastructure projects indicated above are expected to commence construction in 2024, which will provide a platform for the Phase 2 projects that are outlined below.

Nueva Centinela Project

After an extensive review, approval of the construction of the Nueva Centinela Project was announced at the end of 2023. Following announcement, critical path works began immediately, with full construction commencing during April 2024.

The project includes the construction of a second concentrator and tailings deposit, approximately 7 km from the existing concentrator, to take place in two phases. The EIA for both phases was approved by the authorities in 2016. Detailed engineering plans and costings were updated for the initial construction of the project and key contracts finalized.

Following the initial construction, the capacity of the new concentrator is expected to be 95,000 tonnes of ore per day, producing on average approximately 170,000 tonnes of copper equivalent (copper, gold and molybdenum) a year over the first ten years of operation. This is expected to move Centinela towards the first cost quartile of global producers.

The initial projected capital cost of the project is $4.4 billion, including the cost of the new water supply system. 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, the estimate of a stronger local currency against the U.S. dollar, updates to local labor regulations and additional contingency provisions. The phasing of the project's capital expenditure is expected to be weighted towards 2025, with similar expenditures in adjacent years. The estimate includes a concentrator plant, capitalized stripping, mining equipment, a new tailings storage facility, a water pipeline and other infrastructure, pre-commercial production operating costs, and owner's and other costs. In March 2024, Centinela entered into a definitive agreement with a group of international lenders for a $2.5 billion project financing term loan facility with a 4-year drawdown period and a term of approximately 12 years. Under the terms of the Centinela Term Loan Facility, the Company is required to guaranty certain obligations of Centinela until certain milestones are completed in connection with the project.

The second concentrator (and its potential expansion to 150,000 tonnes of ore per day in subsequent expansion projects) will source ore initially from the recently opened Esperanza Sur pit and later also from the Encuentro pit. The sulphide ore in the Encuentro pit lies under the Encuentro Oxides reserves. 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. As announced in December 2023, 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.

In March 2024, the Company also announced that it entered into a detailed agreement that provides Centinela with the option to receive water for its current and future operations from an experienced international consortium who would acquire Centinela's existing water supply system and build an expansion of this system to supply the Centinela Second Concentrator Project.

Projects Under Evaluation

Los Pelambres Expansion (Phase 2)

The current mine life of Los Pelambres is limited by the capacity of the El Mauro tailings storage facility, with sufficient storage capacity for a further 12 years. This project will require an EIA, with a scope

that will include increasing the capacity of the El Mauro tailings storage facility, adding storage capacity for mine waste at Los Pelambres and providing the water requirement for the enlarged capacity of this operation. This is expected to extend the mine's life by at least 15 years, accessing a larger portion of Los Pelambres' six billion tonnes of mineral resources. This EIA will also provide the option to increase throughput to 205,000 tonnes of ore per day (from the current capacity of 190,000 tonnes of ore per day). Key studies on tailings and waste storage capacity have advanced and a community consultation is under way. The environmental and social studies associated with this project are being prepared, including the voluntary public consultation with communities and informative engagement with key authorities, which should be submitted to evaluation by the relevant authorities in Chile during 2024 as part of the EIA application.

Twin Metals Minnesota

Twin Metals is a wholly owned copper, nickel, and platinum group metals (PGM) underground mining project, which holds copper, nickel/cobalt, and PGM deposits in north-eastern Minnesota, U.S.. The planned project is over a portion of the total resource and envisages mining and processing 18,000 tonnes of ore per day for 25 years to produce three separate concentrates – copper, nickel/cobalt and PGM. However, further development of the current project, as configured, is on hold while litigation takes place to challenge several actions taken by the US federal government to deter its development.

In 2022, Twin Metals filed a lawsuit in the US District Court for the District of Columbia (District Court) challenging the administrative actions resulting in the rejection of Twin Metals' preference right lease applications (PRLAs), the cancellation of its federal mining leases 1352 and 1353, the rejection of its Mine Plan of Operation (MPO), and the dismissal of the administrative appeal of the MPO rejection. Twin Metals claimed that the government's actions were arbitrary and capricious, contrary to the law, and in violation of its rights. In September 2023, following a motion to dismiss filed by the government, the District Court dismissed Twin Metals' claims. In November 2023, Twin Metals appealed the District Court's order to the US Court of Appeals for the District of Columbia Circuit. This action is pending.

Key Inputs and Cost Base

Our mining operations depend on many inputs, including energy, labor, sulphuric acid and fuel, the most important of which are reviewed below. Contractor services, maintenance and spare parts account for 44% of the Mining division's total production costs, and energy and labor are the largest direct costs, each accounting for 11%. As concentrate producers, Los Pelambres and Centinela require reagents and grinding media. As cathode producers, Centinela, Antucoya and Zaldívar use the SX-EW process that requires the consumption of sulphuric acid. The availability, cost and supply reliability of these inputs are central to our cost management strategy, which focuses on cost control and security of supply.

Energy – Energy is a strategic resource for our Group and supply is maintained through a strategy that considers four factors: safety, cost, efficiency and source. For this reason, in addition to reducing the cost of our electricity, we are working on improving our energy consumption efficiency and reducing our emissions.

All of our operations are on the country's main grid, the National Electrical System (Sistema Eléctrico Nacional, SEN), and source power under medium- and long-term contracts called PPAs.

In recent years, renewable technologies have significantly reduced in cost and many renewable power plants are being built in Chile, mainly in the north of the country, alongside a significant improvement in Chile's transmission network. The cost of renewable power is significantly lower than power from conventional sources.

The transition to using solely renewable power was completed in 2022, with lower costs and emissions, and has been important for both the Company's carbon footprint and its costs. Energy accounted for 11% of our total production costs in 2023.

In accordance with our Energy Policy framework that was implemented in 2022, as of 2023 we have now incorporated the role of Energy Administrator at each mining site. The role consists of leading and ensuring the implementation and improvement of the Energy Management System according to Chilean Law No. 21,305 on Energy Efficiency.

Labor – Accessing a diverse and talented workforce is key to our success. Our employees accounted for 11% of our production costs in 2023. Labor agreements are in place with each of the unions at our operations and generally last for a period of three years, at the end of which they are renegotiated. Our employees' wages are adjusted quarterly for inflation. As a result, labor costs typically increase by more than inflation (once labor agreements are considered). See "Employees and Contractors" for more information.

Service contracts and key supplies – For key commercial contracts, such as mining equipment, fuels, lubricants, tyres, grinding balls, explosives and mine maintenance, negotiations are managed centrally to generate synergies and economies of scale. The significant savings achieved allow us to implement new controls that improve competitiveness and productivity from our contractor companies. We have linked our supply prices to the respective underlying commodity, to minimize the impact on our margins.

We have an optimization program that aims to improve the administration, control, and risk management of our service contracts. The procurement team, using standardized work methods and considerable technical knowledge, has developed effective approaches to managing the purchase of goods and services. Depending on the strategic position of the supplier, these range from pure price competition with e-auctions to long-term Group-wide agreements with mechanisms and incentives that provide benefits for both parties. With the global disruption of the supply chain caused by COVID-19, we implemented contingency plans to maintain the quality and timely delivery of spare parts and materials, ensuring operational continuity and cost containment.

The successful management of supplier relationships contributes to our long-term success, which is why we hold strategic meetings with our key suppliers to address operational challenges, while also taking a long-term view. On average we have around 2,184 suppliers of goods and services, of which 96% are based in Chile.

In 2023, we continued to implement plans to maintain the quality and timely delivery of spare parts and materials, thus ensuring operational continuity and cost containment. As disruptions continue as a result of the war in Ukraine, we have strengthened the control of our supply chains by adopting new technologies for the continuous monitoring of our sources of supply.

In 2023, we had approximately 3,700 different suppliers of goods and services, of which 93% are based in Chile.

Fuel and lubricants – Fuel and lubricants represent approximately 9% of our production costs and are used mainly by mine haulage trucks. Oil prices depend on international market prices, based on supply and demand, and affect other oil-based products, such as freight, the cost of rubber and chemicals.

Due to the Russia-Ukraine war, diesel prices rose in 2022 and brought the annual WTI average to $95 per barrel and diesel prices even higher than in other periods with similar WTI values. This situation has stabilized during the second quarter of 2023, reaching a WTI 2023 of $78 per barrel, representing a price level 17.5% lower than in 2022, which includes lower refining costs and other diesel import factors that directly impact the diesel price.

Explosives – Prices for explosives primarily depend on international market prices for ammonia and overall availability. Ammonia is produced by natural gas, and therefore the Russia-Ukraine war significantly impacted prices in 2022, whereby ammonia pricing reached historically high levels. During 2023, prices have trended lower, reaching a low of $287 per tonne in June 2023, before returning to a level of around $600 per tonne, similar to the average price seen in 2021.

A modified form of ammonia – blue ammonia – which includes an extra process to capture CO2 emissions in gas wells, is being introduced into the global market, but with an added associated cost.

Ongoing assessments are under way for the feasibility of HyEx, a project led by a multinational energy company and a Chilean explosives company, aimed at producing green ammonia in northern Chile. This is intended to be a low-carbon approach to ammonia production, using renewable energy to source nitrogen from air.

Grinding balls and mill liners – Steel is used in the manufacture of grinding balls and of some mill liners, which accounts for approximately 7% of a concentrator plant's costs and 2% of the Group's production costs. Steel prices showed a downward trend during 2023, after the peak that was reached in 2022. The market for mill liners is moving from steel to steel-rubber mill liners, which will provide incremental benefits in the form of increased safety, diminished maintenance hours and increased availability of mills.

The Group continues to work on the implementation of circular economy initiatives, with a focus on steel recycling, in order to mitigate rising costs and reduce carbon emissions.

Tyres – Tyre prices depend on international market prices and are based on the supply and demand of key input materials such as natural rubber, synthetic rubber, steel and black carbon. During the second half of 2023, prices rose by 4% compared to the second half of 2022.

Sulfuric acid – Sulphuric acid is one of the main inputs for the SX-EW leaching process used to produce copper cathodes, and in 2023, this cost accounted for approximately 6% of the Company's overall production costs.

Each year, Centinela, Antucoya and Zaldívar use a combined total of approximately 1.5 million tonnes of sulphuric acid, mainly contracted under one-year agreements to secure supply.

During 2023, the annual acid price was approximately $183 per tonne, while spot prices ranged from $90 to $148 per tonne, compared to an annual price $245 per tonne in 2022 and spot range of between $115 and $290 per tonne.

Exchange rate – The Chilean peso/U.S. dollar exchange rate generally has a strong correlation with the copper price as copper exports generate nearly 50% of Chile´s foreign currency earnings, therefore if the copper price strengthens so does the Chilean peso, and vice-versa, providing a natural hedge for the Company. During 2023, the market price for copper price weakened, and the U.S. dollar strengthened, largely explained by decreases in the Chilean interest rate by Central Bank in response to lower inflation, decreasing the spread with the US Fed Fund Rate. The Chilean peso weakened 2.5% over the U.S. dollar in 2023, closing the year at Ch$877/$1, in part explained by the decrease in copper price, offset by less political uncertainty in Chile than the previous year.

Marketing

Relationships

Most copper and molybdenum sales are made under annual contracts or longer-term framework agreements, so our sales are based primarily on long-term customer relationships and commitments. The marketing team works to builds long-term relationships with the smelters and fabricators who purchase our products. Without these relationships, we would have to sell a greater proportion of our cathodes and concentrate on the spot market, with greater uncertainty about pricing and volume.

Pricing

Our sales contracts typically establish the annual volumes to be supplied and the main terms for the sale of each payable metal, with the pricing of copper in line with LME prices. In the case of concentrate, a deduction is made from LME prices to reflect the treatment and refining costs necessary to process the concentrate into refined copper. These costs are typically determined annually and generally align with terms negotiated across the concentrate market.

A significant proportion of our copper cathode sales are made under annual contracts, priced at LME prices. In copper cathode transactions, a premium (or in some cases a discount) on the LME price is negotiated to reflect differences in quality, logistics and financing compared with the metal exchanges' standard copper contract specifications. Similarly, our molybdenum contracts are made under long-term framework agreements, with pricing usually based on average prices posted by Platts.

Across the industry, neither copper producers nor consumers tend to make annual commitments for 100% of their respective production or needs. Producers normally retain a portion to be sold on the spot market throughout the year. The prices realized by Antofagasta during a specific period will differ from the average market price for that period. This is because, in line with industry practice, sales agreements generally provide for provisional pricing at the time of shipment, with final pricing based on the average market price for the month in which settlement takes place.

For copper concentrate, the final price remains open until settlement occurs, on average four months from the shipment date. Settlement for the gold and silver content in copper concentrate sales typically occurs approximately one month following shipment. Copper cathode sales usually remain open for an average of one month following shipment. Settlement for copper in concentrate sales is later than for copper cathode sales because further refinement of copper in concentrate is needed before sale. Molybdenum sales generally remain open for two or three months following shipment.

Customers

Most of our copper and molybdenum sales are made under annual contracts or longer-term framework agreements, with sales volumes agreed for the coming year. Gold and silver are contained in the copper concentrates and are therefore part of copper concentrates sales. Most sales are to industrial customers who further process the copper into more value-added products – smelters, in the case of our copper concentrate production, and copper fabricators, in the case of our cathode production. We build long-term relationships with these key smelters and fabricators, while ensuring customer diversification. We also maintain relationships with trading companies that participate in shorter-term sales agreements, or in the spot market. About 70% of our mining sales are under contracts of a year or longer and metals sales pricing is generally based on prevailing market prices.

The table below sets forth our revenue by location of customer for the period specified:

Revenue by Location of Customer[1]

	Year Ended December 31,		
	2021	2022	2023
	(in millions of U.S. dollars)		
Europe			
- UK	54.4	71.0	22.8
- Switzerland	1,303.7	753.6	386.5
- Spain	67.6	1.0	-
- Germany	121.5	140.0	200.0
- Rest of Europe	177.4	96.5	89.9
Latin America			
- Chile	282.0	369.1	399.5
- Rest of Latin America	214.7	179.7	133.0
North America			
- United States	666.5	312.3	441.7
Asia			
- Japan	1,842.3	1,668.6	1,989.6
- China	1,236.9	1,072.0	1,417.3
- Singapore	726.1	423.8	450.2
- South Korea	322.6	332.2	391.1
- Hong Kong	217.1	178.2	204.7
- Rest of Asia[2]	237.3	264.0	198.2
Total	7,470.1	5,862.0	6,324.5

(1) Figures include both revenue from the sale of products and the associated income from the provision of shipping services.

(2) Figures exclude Hong Kong.

Some of our major customers are also equity holders in our mining operations. For the year ended December 31, 2023, our mining revenue included $1,081.0 million related to one large customer that individually accounted for more than 10% of the Group's revenue (year ended December 31, 2022 – one large customer representing $785.5 million).

Environmental Matters

We believe that the health and safety of our employees, respect for the environment, and active engagement with local communities are fundamental to our business. As a result, we are continually examining ways of implementing best practices in these fields through new programs.

Environmental Management

We seek to support each of our operations to effectively implement our Environmental Management Model. We focus on the identification and mitigation of risks in order to ensure compliance with the relevant environmental regulations across the Group, including our current operations, development and exploration projects. As part of this process, the Company aims to centrally identify learning opportunities, which are then shared across the Group.

In addition, we work towards standardizing the process to initiate each project's design, to deliver environmental and sustainability improvements, particularly regarding early dialogue with local communities close to each project. By following this approach, the Company aims to facilitate the processes by which we apply for environmental permits.

Finally, we have a focus on biodiversity and the circular economy.

Our environmental performance is reported on a monthly basis to the Executive Committee, and twice a year to the Sustainability and Stakeholder Management Committee. Based on an Annual Audit Plan, the Company's Internal Audit function performed environmental audits on all of our operations in 2023 to verify the effectiveness of our internal controls and governance, compliance with environmental requirements, and the measures committed to by our operations within the framework of their environmental permits. No significant audit findings were reported during 2023.

We are also focused on improving the sustainability of our operations by adhering to our Sustainability Policy. A focal point of the Sustainability Policy is reducing our carbon emissions. Each of our mines operates comprehensive programs to control dust emissions (PM10 and 2.5). These emissions are subject to periodic surveillance, in some cases involving the local community. Air quality data is regularly reported to the regional authorities to ensure compliance with environmental regulations.

At Antofagasta, in line with the objectives of the Paris Agreement, we aim to reduce our Greenhouse Gas ("GHG") emissions in the short- and medium-term and to achieving carbon neutrality in Scope 1 & 2 emissions by 2050 (or sooner, if technology allows). Since 2019, we have been implementing the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and aligning our metrics and targets with the TCFD's seven cross-industry climate-related metric categories, including GHG emissions and internal carbon prices.

Environmental Compliance

In Chile, large-scale projects must be assessed by the Servicio de Evaluación Ambiental ("SEA") or Environmental Evaluation Service and awarded an environmental permit called a Resolución de Calificación Ambiental ("RCA") or Resolution of Environmental Qualification. These RCAs include legally binding commitments on matters relating to the prevention and mitigation of the projects on any significant impacts on the environment and communities, and if applicable any necessary compensation actions.

We have a total of 78 RCAs, entailing over 10,000 commitments on matters that include regulations associated with a project's construction, operation and closure as well as measures related to water use, air quality and biodiversity.

Operational incidents with environmental consequences are classified as Actual (high, medium or low) or Potential (high or low) according to the specific features of each. A dedicated internal committee investigates actual high- or medium-severity incidents. According to the criteria established in the environmental assessment of each operation or project, we had zero operational incidents with significant environmental consequences. A total of 28 incidents with no severe environmental consequences were reported to the SMA.

In 2023, the Transport division (FCAB) obtained a new environmental permit to move part of its operations from the city of Antofagasta to the nearby port of Mejillones. The work, which commenced in November, includes the development of a 48-hectare urbanization project in the city. This is an important step in the Transport division's plans to update its facilities, increase its capacity, and boost quality of life in the city (see the Fostering Communities chapter).

Safety and Occupational Health Strategy

Our Safety and Occupation is based on four pillars: (1) health and safety risk management: workers at all levels are trained to identify hazards and controls, so that all jobs are carried out safely, (2) leadership: all employees and contractors are health and safety leaders and we demonstrate our commitment through each individual's responsible behavior, (3) contractor management: our contractors are an integral part of our safety team and safety culture, which we work together to improve and (4) reporting, research and

learning from our accidents: we share good practices and learn from our mistakes. The Strategy strives to achieve our four main goals: zero fatalities, zero occupational illnesses, the development of a resilient culture; and the automation of hazardous processes.

Safety is our top priority. Regrettably, after almost three years, there was a fatal accident at Los Pelambres in 2021. This served to further reinforce our commitment to having outstanding risk management systems. A senior team, with representatives from Antucoya, Centinela, Zaldívar and our corporate offices, conducted a thorough investigation into the event and the opportunities for improvement have been shared with all our operating sites to prevent other similar tragic incidents in the future. This fatality occurred after a prolonged period of uninterrupted improvements in our key safety indicators and provoked a deep reflection process at each of our sites, led by senior management. We stressed that safety is paramount and reinforced the importance of adequate task planning, correct identification of risks and controls, supervision of all critical and high-risk tasks and the need for employees and contractors to feel secure enough to raise safety concerns. There were no fatalities in 2022 or 2023.

In 2023, the Group recorded 34 high-potential incidents (HPIs), 19% less than the previous year, with improvements by both our Mining and Transport divisions. We began using HPIs as a key safety indicator in 2020, after tightening our classification of such incidents, as they allow us to learn through investigations about what failed and why, and to implement effective corrective actions to prevent the repetition of such events. HPI targets are included as a key performance indicator (KPI) in Performance Agreements to promote and reinforce a preventive and resilient safety culture.

The Group's Lost Time Injury Frequency Rate ("LTIFR") decreased by 25% to 0.63 per million hours worked, compared to 2022, mainly due to strengthened control strategies for high-risk tasks and a leadership culture approach centered on people. The Transport division made significant progress in its safety performance in 2023, reducing the Lost Time Injury Frequency rate across its operations by more than half to 0.9 in 2023 (2022 – 2.2). The Mining division's LTIFR also decreased in 2023 as a result of strengthened control strategies for high risk tasks and a leadership culture approach centered on people.

In 2023, we continued with our five-year working plan, which was launched in 2022 and focused on boosting a health and safety supervisory leadership program. We prioritized planning and effective supervision by standardizing high-risk task working practices using our Planned Task Risk Assessment tool (levels 3 and 4), integrating them into our Operating Model and ultimately making them part of our operational excellence management system.

In addition, we made significant progress with occupational health risk management processes, isolating or eliminating exposure of our personnel to occupational health risks in 2023. Each operation presented and implemented a project that contributed to a reduction in the exposure of personnel to health risks.

Social and Community Programs

We seek to build sustainable long-term relations with the communities near our operations and to contribute to their economic and social development. As part of our commitment to local communities, in 2019 we implemented a new Social Management Model at our four mining operations. This model serves as a vehicle through which we apply common engagement principles, methodologies and practices across our operations, measure impacts and manage risks. Our engagement with local stakeholders is based on the principles of dialogue, collaboration, traceability, excellence and transparency. In the engagement process, we distinguish three spheres of action: institutional, or how we relate to national, regional and local authorities; territorial, or relations with communities in our areas of influence; and operational, or how our operations impact relations with stakeholders and how they perceive the Company.

In the year ended December 31, 2023, we invested $48.5 million on social projects near our operations, a 6.2% increase from $45 million in 2020. We use a multi-stakeholder, open dialogue engagement approach to ensure that local communities participate in the selection of our social investment projects through our Somos Choapa (We are Choapa) and Diálogos para el Desarrollo (Dialogues for Development) engagement mechanisms in the Choapa Province and the Antofagasta Region respectively. Projects and programs are usually implemented in alliance with third parties, such as organizations and state institutions. Highlights include:

- *En Red digital transformation*: Our "En Red – Digital Community" programme consists of more than 20 initiatives and aims to address the digital infrastructure and skills deficit in rural and vulnerable communities located in the vicinity of our operations, through close co-operation with companies and local organizations.

- *Education*: We foster education opportunities by offering scholarships and grants to cover the costs of higher education. In 2023, more than 1,300 students benefitted directly from our education programmes in the Antofagasta and Coquimbo regions. In 2023, nearly 2,500 students in communities close to our sites of operation benefitted indirectly or directly from local employment and business development programmes.

- *Improving water stewardship*: Climate change adaptation is key to what we do with respect to water stewardship. In line with our Climate Change Strategy and our Water Policy, we support our neighbouring communities in adjusting to climate change through water stewardship. Water has become critical not only operationally but in terms of its key social value. In 2023, we further expanded our efforts through our APRoxima and Confluye programmes to ensure continuous availability of water for human consumption and irrigation in the severely drought-hit Choapa Province. Managed by Minera Los Pelambres and its Foundation, and with technical support from Universidad de La Serena, APRoxima seeks to contribute to the development of rural drinking water systems. Confluye looks to promote projects with the Water Users' Boards of towns and public services in Choapa. The programme has supported the improvement of 102.23 km of irrigation canals that ensure the availability of over 200,000 m3 of water to irrigate 508 productive hectares, benefitting over 4,300 farmers.

- *Comprehensive agricultural support:* Focused on peasant family farming, the Apoyo Integral a la Agricultura or Comprehensive Support for Agriculture programme, launched in the municipality of Salamanca in 2014, has contributed to the financing of 504 agricultural input projects and works to achieve efficient use of available irrigation water (accumulation and distribution) in 2023. The Programa de Fortalecimiento Agrícola or Agricultural Strengthening Programme has been focused on water efficiency (technology-based irrigation, photovoltaic drive and intra-farm dams) and the Cooperativa Tres Ríos production chain. This initiative has enabled the modernisation of more than 145 hectares, including the collection of over 75m3 of water.

- *Boosting local economic development*: Minera Los Pelambres, through its Foundation in Choapa province, runs the Cosecha and Emprende local economic development programmes to improve the productive conditions of small-scale entrepreneurs and rural producers. These programs help to reduce gaps in relation to the quality of products and services and highlighting the productive tradition of the territory. These initiatives provide financial and training support to improve business management, and we have created partnerships with regional universities, public services and the four local governments to implement these programmes effectively. Additional efforts have been made during 2022 and 2023 to strengthen female entrepreneurship, with initiatives focused on boosting capabilities and the creation of

collaboration networks and marketing programmes that have allowed us to open new growth spaces for the territory.

Risk Management

Mining is, by its nature, a long-term business and as part of the key risks update and evaluation process we identify emerging risks, which could impact our sustainability in the long run, even if there is limited information available at the time of the evaluation. Overseeing these risks protects our business, people and reputation.

We maintain a risk register through a robust assessment of the potential key risks that could affect the organization's performance. This is used to ensure that key risks are identified in a comprehensive and systematic way. The key risks, together with related mitigation techniques, are periodically presented to our Audit and Risk Committee and are in line with the organization's strategic priorities of People, Safety and Sustainability, Competitiveness, Growth and Innovation. In addition, all five of these strategic pillars are supported by our corporate governance structures.

For each of the categories of risks identified as of the end of 2023, we have preventive and mitigation measures in place:

Talent Management and Labor Relations. Our Employee Performance Management System is designed to attract and retain key employees by creating suitable reward and remuneration structures and providing personal development opportunities. We have a talent management system to identify and develop internal candidates for key management positions, as well as identifying suitable external candidates where appropriate. Implementation of our diversity and inclusion strategy progressed during 2023, increasing the proportion of women in our workforce to 23.6%, 3.2 percentage points higher than in 2022. We seek to identify and address labor issues that may arise throughout the period covered by the labor agreements and to anticipate any potential issues in good time. Employees of our contractor companies are an important part of our workforce and under Chilean law fulfill the same duties and are subject to the same responsibilities as our own employees. We treat contractors as strategic associates and build long-term, mutually beneficial relationships with them.

Safety and Health. We seek continuous improvement of our safety and health risk management procedures, with particular focus on the early identification of risks and the prevention of fatalities and incorporating technology and innovation to reduce workers' exposure to safety and health risks. Our goal of zero serious accidents and fatalities and minimizing the number of accidents, which requires all contractors to comply with our Occupational Safety and Health Plan, is monitored through monthly reports and is supported by regular training and awareness campaigns for employees, contractors, employees' families and local communities, particularly with regard to road safety. We require all staff in defined safety-critical roles to satisfy at least the minimum qualifications, to have the necessary experience for their role and to complete any required training prior to commencing their work activities.

Environmental Management. We have a comprehensive approach to incident prevention, which is aligned with the environmental management model applied by our operations and projects in progress. Risks are assessed, monitored and controlled to achieve our goal of zero events with significant environmental impact. We work to raise our employees' and contractors' awareness by providing training to promote operating excellence related to the environment in which we operate. The potential environmental impact of a project is a key consideration when assessing its viability, and we encourage the integration of innovative technology in the project design to mitigate such impacts. We prioritize the efficient use of natural resources by using sea water, favoring the use of renewable power, and achieving higher rates of reuse and recovery of water by using thickened tailings technology. We recognize that environmental performance is key to our ability to generate social value and we perform regular risk

assessments to identify our potential impact and develop preventive and mitigating strategies. Each site regularly updates their environmental emergency preparedness and detailed closure plans, complying with current legislation and applicable international guidelines. In the event of an environmental operational event, we strive to ensure that all appropriate control, containment or corrective measures are taken immediately. We have continued to strengthen the environmental management model, with a deployment plan that considers engagement, learning and recognition activities for prominent workers or groups within the organization, highlighting the execution of three cycles of cross-visible leadership. They review the strategic environmental risk among operations and the learning cycles established after environmental operational events, in order to articulate preventive environmental management.

Climate Change. We recognize that climate change is a threat to human life and the planet as we know it today. We constantly seek to identify risks associated with climate change and to implement actions to adapt to and mitigate their potential impact, such as increasing our stocks of strategic resources. For each risk evaluated as "High" or "Extreme" we produce specific action plans and strategies. Our Climate Change Strategy seeks to strengthen our capacity to adapt to and mitigate climate change. This enables us to take early action to manage the resulting risks and opportunities in such a way as to mitigate the effects of climate change and adapt to new scenarios. We measure and report our Scope 1, 2 and 3 greenhouse gas emissions and have committed to realistic reduction targets through a cost-effective decarburization roadmap. We continue to seek ways to decarbonize our operations and this requires greater investment in innovative solutions, including developing low-carbon technology, which can increase operating costs. Since April 2022, all of our power supply contracts for our mining operations are from renewable sources. This allowed us to accelerate the achievement of our target of reducing Scope 1 and 2 emissions by 30% compared with 2020, equivalent to 730,000 tCO2e. We also aim to achieve carbon neutrality by 2050, or sooner if technology permits. In 2023, we established new targets: reducing Scope 1 and 2 emissions by 50% by 2035 compared with 2020, and engaging with the industry to achieve a 10% reduction in Scope 3 emissions by 2030.

Community Relations. We contribute to the development of communities in the areas in which we operate, starting with their assessment of the existing situation and their specific needs, while looking to develop long-term, sustainable relations and evaluating the impact of our contributions. We work to communicate clearly and transparently with local communities. For example, in 2023, we reinforced community programs related to water for human consumption and irrigation to mitigate the impact of the drought in the Province of Choapa. In addition, we seek to stimulate the generation of economic, social and human capital in the regions where we operate by promoting local employment, fostering local suppliers and offering education and training opportunities. We run various programs to support local entrepreneurs and micro and small businesses. We have launched a community grievance mechanism management system to report any issues caused by our operations on neighboring communities.

Political, Legal and Regulatory. We monitor proposed changes in government policies and regulations, particularly in Chile, and belong to several associations that engage with governments on these matters. This helps to improve our internal processes and means that we are prepared to meet any new regulatory requirements. We constantly monitor political, legal and regulatory developments affecting our operations and projects and we assess political risk as part of our evaluation of potential projects, including the nature of any foreign investment agreements.

Corruption. The Group's Compliance Model applies to both employees and contractors. It is clearly defined and is communicated regularly through internal channels. Its documents are available on the Group's website. New employees are trained in the Compliance Model as part of their induction program. The Group's Crime Prevention Model ensures compliance with anti-bribery and anti-corruption laws in the United Kingdom and Chile and is certified by an external entity. In August 2023, Chile enacted a new "Ley de Delitos Económicos" (Economic Crimes Law) which will come into force in September 2024. The new legislation renders companies potentially accountable for a broad spectrum of offenses. Although we are

confident that we have effective controls in place to mitigate the risks associated with the expanded spectrum of corporate liability, we are actively engaged in updating our risk matrix and overall Compliance Model to align with the forthcoming legislation.

Operations. Lessons learned from previous cases of community concern have improved the resilience of our operations and minimized the impact of incidents this year. Many years of drought at Los Pelambres has reduced production in recent years. This climate change impact is being mitigated with the desalination plant in Los Pelambres, which came into operation with its commissioning during 2023. The fourth concentrator line at Los Pelambres is successfully completing its commissioning phase, with an additional two million tonnes of ore processed as of the end of the year.

Tailings Storage. Our TSFs are constantly monitored, and all relevant information is provided to the authorities, regulating bodies and the communities that could be affected. We manage our TSFs using data, modelling, and construction and operating methods validated and recorded by qualified technical teams and reviewed by independent international experts, whose recommendations we implement to strengthen the control environment. Risk management includes timely risk identification, control definition and verification. Our controls are based on the consequences of the potential failure of the tailings facilities. The Global Industry Standard on Tailings Management (GISTM) was published in 2020. We are implementing this standard at all our operations. Our El Mauro and Centinela TSFs are in compliance with this standard (based on self-assessment) since August 2023. Our 2021 tailings policy sets out the guiding principles for the management of our TSFs and any potential or actual impact on the environment, using sound governance and open communication with stakeholders.

Strategic Resources. Contingency plans are in place to address any short-term disruptions to strategic resources and maintain our security of supply. We negotiate early with suppliers of key inputs to ensure continuity. Certain key supplies are purchased from several sources to mitigate potential disruption arising from exposure to a single supplier. To achieve cost competitiveness, we endeavor to buy the highest possible proportion of our key inputs, such as fuel and tyres, on as variable a price basis as possible and to link costs to underlying commodity indices where this option exists. We maintain a rigorous, risk-based supplier management framework to ensure that we engage solely with reputable product and service providers, keeping in place the controls necessary to ensure the traceability of all supplies (including the avoidance of any conduct related to modern slavery). We are committed to incorporating sustainable technological and innovative solutions, such as the use of sea water and renewable power when economically viable, to mitigate exposure to potentially scarce resources.

Cyber security. Our information security management model provides defensive structural controls to prevent cyber risks and mitigate their effects. It employs a set of rules and procedures, including a Disaster Recovery Plan, to restore critical IT functions in the event of an attack. Our systems are regularly audited to identify any potential weaknesses or threats to our assets, and specific systems are in place to protect them and our data. We have further strengthened our protective controls and regularly communicate with users to prevent cyber attacks.

Liquidity. Security, liquidity and return are the order of priorities for our treasury investment strategy. We maintain a strong and flexible balance sheet, consistently returning capital to shareholders while leaving sufficient funds to progress our short-, medium- and long-term growth plans. This gives us the financial flexibility to take advantage of opportunities as they may arise. We have a risk-averse investment strategy, managing our liquidity by maintaining adequate cash reserves and a revolving credit facilities through the periodic review of forecast and actual cash flows. We choose to hold surplus cash in demand or term deposits or highly liquid investments.

Commodity Prices and Exchange Rates. We consider exposure to commodity price fluctuations an integral part of our business and our usual policy is to sell our products at prevailing market prices. We

monitor commodity markets closely to determine the effect of price fluctuations on earnings, capital expenditure and cash flows. Very occasionally, when we feel it is appropriate, we use derivative instruments to manage our exposure to commodity price fluctuations. We run our business plans under various commodity price scenarios and develop contingency plans as required. Hedge positions taken out in 2020 were closed in 2021 and no new positions were entered into. No new hedging positions were entered into during 2022 or 2023.

Growth of mineral resource base and opportunities. We conduct rigorous assessment processes to evaluate and determine the risks associated with all potential business acquisitions and exploration opportunities, including stress-test scenarios conducted for sensitivity analysis. Each assessment includes a country risk analysis (including corruption) and analysis of our ability to operate in a new jurisdiction. Our exploration activities continued to be focused on the Americas and our risk exposure level was unchanged. During 2023, three new exploration joint ventures with companies with interests in Peru were signed.

Project Development and Execution. We have a project management system to ensure that best practices are applied at each phase of a project's development. The project management system provides a common language and standards to support the decision-making process by balancing risk with the benefits of growth. In addition, all geometallurgical models are reviewed by independent experts. Our projects are developed in accordance with the practices set out in our Asset Delivery System (ADS), including the Functional Quality Assurance Review (FQAR), and are reviewed by external experts.

Innovation and Digitization. We seek value-capturing innovations that realize cost savings and/or improve the efficiency, reliability and safety of our processes while supporting our corporate strategic pillars. We maintain partnerships with academic institutions and companies specializing in technology and engineering – including peers, when there is no competitive barrier – to maximize the potential for improvements in our processes and systems. We also dedicate resources to evaluating and implementing innovations which have the potential to positively impact our business and growth options.

Employees and Contractors

As of December 31, 2023, our workforce consisted of 29,705 individuals, including employees and contractors. This represented a 4.6% decrease compared with 31,126 individuals as of December 31, 2022. More than 99% are in Chile and approximately 61% are based in the Antofagasta and Coquimbo Regions, where all of the Group's operating companies are located. Approximately 25% of the workforce are Group employees and 77% are employees of contractor or subcontractor companies.

There are 16 workers unions involved in our operations: 11 in the Mining division and five in the Transport division, which together represent 79% of our direct employees. We recognize employees' rights to union membership and collective bargaining, and in Chile freedom of association is protected by law. Chilean legislation also prohibits forced and child labor, limits working hours and includes 15 days' annual paid leave and a minimum wage.

Legal Proceedings

In 2022, Zaldivar was notified about a claim filed by the Consejo de Defensa del Estado (CDE), an independent governmental agency responsible for the defense of the interests of the State of Chile, against Zaldivar (as well as other named defendants), alleging that their extraction of water from the Monturaqui-Negrillar-Tilopozo aquifer over the years has impacted the underground water level. The evidentiary record is now closed, and a decision from the Court is pending. However, conversations regarding a potential settlement are continuing.

We are subject from time to time to additional legal proceedings, claims, complaints and investigations arising out of the ordinary course of business. We cannot predict the outcome of individual legal actions or claims or complaints or investigations. As a result, we may become subject to liabilities that could affect our business, financial position and reputation. Litigation is inherently unpredictable and large judgments may at times occur. We may incur, in the future, judgments or enter into settlements of claims that could lead to material cash outflows. We consider that no material loss is expected to result from the legal proceedings, claims, complaints and investigations that we are currently subject to. Provisions are recognized when it is probable that we will be required to settle an obligation arising as a result of a legal claim against us.

MANAGEMENT

Our Board is responsible for the leadership and strategic direction of our business and oversight of our performance. Our Board is currently comprised of 11 directors. Our directors seek re-election annually at the annual general meeting of shareholders. All of our directors were re-elected at the annual meeting of shareholders held on May 8, 2024.

Our Board of Directors

Name	Position
Jean-Paul Luksic	Non-Executive Chairman
Francisca Castro	Senior Independent Non-Executive Director
Ramón Jara	Non-Executive Director
Juan Claro	Non-Executive Director
Andrónico Luksic C.	Non-Executive Director
Vivianne Blanlot	Non-Executive Director
Tony Jensen	Independent Non-Executive Director
Michael Anglin	Independent Non-Executive Director
Eugenia Parot	Independent Non-Executive Director
Heather Lawrence	Independent Non-Executive Director
Tracey Kerr	Independent Non-Executive Director

Jean-Paul Luksic. Mr. Luksic has over 30 years of experience with the Company. Prior to his appointment as Executive Chairman in 2004, he was Chief Executive Officer of our Mining division, in which capacity he oversaw the development of the Los Pelambres and El Tesoro mines. He became our Non-Executive Chairman in September 2014. He is a member of the board of the Consejo Minero, the industry body representing the largest mining companies operating in Chile, and is a Non-Executive Director of Quiñenco S.A. and other listed companies in the Quiñenco group, including Banco de Chile and Sociedad Matriz SAAM S.A. He is also a member of the board of Centro de Estudios Públicos, a Chilean not-for-profit academic foundation. He holds a B.Sc. degree in Management and Science from the London School of Economics and Political Science.

Francisca Castro. Mrs. Francisca Castro was appointed an independent Non-Executive Director in 2016. She is a commercial engineer with more than 25 years of experience in industry, including mining, energy, finance and public-private infrastructure projects in the United States and Chile. She was Executive Vice-President of Business and Subsidiaries at Codelco, General Coordinator of Concessions at the Chilean Ministry of Public Works and has held various roles within the Chilean Finance Ministry and the World Bank. She is currently a member of the Chilean Pension Funds Risk Classification Committee a director of the Fraunhofer Chile Research Foundation and a director of Conexion Kimal-Lo Aguirre S.A., a power transmission Company in Chile.

Tony Jensen. Mr. Jensen was appointed an independent Non-Executive Director in 2020. He is a mining engineer with over 35 years of mining experience in the United States and Chile in operational, financial, business development and management roles. Most recently, he served as President and Chief Executive Officer of Royal Gold, Inc. Prior to joining Royal Gold, Inc. in 2003, he held various senior operating positions in the United States and Chile, including, Mine General Manager of the Cortez joint venture in Nevada, and in treasury, business development and a wide range of other operating roles with Placer Dome in the United States and Chile. He previously was a director of Royal Gold Inc. and Golden Star Resources Limited and was previously a member of the University Advisory Board for the South Dakota School of Mines and Technology. He is currently a director of Black Hills Corporation.

Ramón Jara. Mr. Jara was appointed a Non-Executive Director in 2003. He is a lawyer with wide-ranging legal and commercial experience in Chile. He is Chairman of the Fundación Minera Los Pelambres and a director of the Fundación Educacional Luksic, charitable foundations in Chile. He is a Member of the Advisory Council of Centro de Estudios Públicos, a not-for-profit academic foundation in Chile and, Member of the Board of the Centre of Arbitration of the Chilean Chamber of Commerce, Chairman of the Chile Australia Business Committee and Vice Chairman of the Chile Japan Business Committee of Sociedad de Fomento Fabril (Chilean Industrial Council) and Member of the APEC Business Advisory Council (ABAC). He previously was a partner at Jara del Favero from 1976 until 2004. He also served as a director of Empresa Nacional del Petróleo.

Juan Claro. Mr. Claro was appointed a Non-Executive Director in 2005. He has extensive industrial experience in Chile, and has played an active role in the representation of Chilean industrial interests within the country and internationally. He is a former Chairman of the Sociedad de Fomento Fabril, the Confederación de la Producción y del Comercio, the Consejo Binacional de Negocios Chile-China and Energia Coyanco S.A.. He is currently Chairman of Coca-Cola Andina S.A., and is a director of several other companies in Chile, including Empresas Melon and Agrosuper. He is also a member of the board of Centro de Estudios Públicos, a Chilean non-profit academic foundation, and is a country adviser for Goldman Sachs.

Andrónico Luksic. Mr. Luksic was appointed a Non-Executive Director in 2013. He has extensive experience across a range of business sectors throughout Chile, Latin America and Europe. He was previously the Chairman of Quiñenco S.A. and of Compañía Cervecerías Unidas S.A. and was the Vice-Chairman of Banco de Chile and Compañía Sudamericana de Vapores S.A., all of which are listed companies in the Quiñenco group. He was also previously a director of Nexans S.A., a company listed on Euronext Paris. He is currently a member of the International Business Leaders Advisory Council for the Mayor of Shanghai, the Global Board of Advisors at the Council of Foreign Relations, the Brookings Institution's International Advisory Council, the Advisory Board of the Panama Canal and the Chairman's International Advisory Council of the Council of the Americas.

Vivianne Blanlot. Ms. Blanlot was appointed a Non-Executive Director in 2014. She is an economist with extensive experience across the energy, mining, water and environmental sectors and has worked in the public and private sector in Chile. She served as Executive Director of the Comisión Nacional de Medio Ambiente from 1995 to 1997, Undersecretary of Energy from 2000 to 2003 and Minister of Defense from 2006 to 2007, among other positions. She is a Director of Colbún S.A., an energy company, and of Empresas CMPC, a packaging company, both of them listed on the Santiago stock exchange. She previously was a member of the Consejo Para La Transparencia, the Chilean body responsible for enforcing transparency in the public sector. She holds an Economics degree from the Pontificia Universidad Católica de Chile and a Master's degree in Applied Economics from American University.

Michael Anglin. Mr. Anglin was appointed an independent Non-Executive Director in 2019. He is a mining engineer with over 30 years of experience in base metals, including the development, construction and operation of large-scale mining operations in the Americas. He spent 22 years with BHP Billiton Limited, most recently serving as Vice President of Operations and Chief Operating Officer of the Base Metals group based in Santiago, Chile. He previously was a director of EmberClear Corp. He is currently the Lead Independent Director of SSR Mining Inc. He graduated with a Bachelor of Science degree with honors in Mining Engineering from the Royal School of Mines, Imperial College, London, and attained a Master of Science degree from Imperial College, London.

Eugenia Parot. Mrs. Parot was appointed an independent Non-Executive Director in 2021. She is a civil biochemical engineer with over 35 years of experience working for leading engineering and consulting companies providing services to some of the largest mining projects in Latin America in the areas of environment, sustainability and mine waste management. Previously she held various senior

positions, including Vice President of Latin America, Regional President for South America and Managing Director for Chile, Golder Associates, director on Golder's holding company board, member of the Audit and Finance and Investments Committees and member of the boards of Golder South America, Chile, Peru and Argentina.

Heather Lawrence. Ms. Lawrence was appointed an independent Non-Executive Director in 2023. She is a qualified chartered accountant with over ten years of experience working in senior roles within corporate finance and investment banking, with particular experience across industrial and transportation businesses. She is currently a director and audit committee chair of Melrose Industries plc. She previously was a director of Wizz Air Holdings and a director and audit committee chair of FlyBe Group plc.

Tracey Kerr. Ms. Kerr was appointed an independent Non-Executive Director in 2024. She is a geophysicist with extensive experience in safety, sustainability, operations and exploration in global mining businesses. She is currently a director of Hochschild Mining plc, Jubilee Metals Group plc and Weir Group plc. She was previously a director at Polymetal International plc. She previously acted as a senior executive at major mining companies including Anglo American, Vale and BHP.

Corporate Governance

Structure of the Board of Directors

The Board consists of 11 directors, comprising the Non-Executive Chairman, Jean-Paul Luksic, and ten Non-Executive Directors. Six of these ten Non-Executive Directors are considered to be independent –Francisca Castro, Michael Anglin, Tony Jensen, Eugenia Parot, Heather Lawrence and Tracey Kerr. We believe that a board comprising exclusively Non-Executive Directors is valuable both in terms of providing a range of outside perspectives and in encouraging robust debate with, and challenge of, the Company's executive management, and is also in line with common Chilean practice.

We are satisfied that the balance of the Board in terms of technical skills, educational and professional experience, nationalities, personalities, cultures and perspectives limits the ability of an individual or small group of individuals to dominate the Board's decision-making process.

All new directors that are appointed to the Board receive a thorough induction. This typically includes briefings on our operations and projects, meetings with the Chairman, other Directors and senior executives, briefings on the legal, regulatory and other duties and requirements of the director of a UK-listed company, as well as visits to our key operations.

We provide our Directors with the necessary resources to develop and update their knowledge and capabilities. In particular, the Directors are regularly updated on our business, the competitive and regulatory environment in which we operate, and other changes affecting us as a whole.

The Board and its committees receive from management an analysis of the matters for consideration in advance of each meeting. They also receive regular reports on key metrics in respect of operational, financial, environmental and social performance, as well as key developments in our exploration and business development activities, information on the commodity markets, our talent management activities and analysis of our financial investments.

All Directors have access to management and to such information as they need to discharge their duties and responsibilities fully and effectively. Directors are also entitled to seek independent professional advice concerning the affairs of the Company at our expense.

We have appropriate insurance in place to cover the Directors against legal action against them.

Appointments to the Board of Directors

The Board's succession plan is reviewed formally once a year and addresses Board size, committee structure and composition, skills on the Board, Board and committee members' tenure, independence of Directors, diversity (including gender), Board roles, Board policies and individual succession plans for all Board and committee positions. Succession plans include contingency plans in the event of an unexpected departure, medium-term plans for orderly replacement of current Board members and long-term plans linking strategy with the skills needed on the Board in the future.

In making nominations to the Board, the Nomination and Governance Committee considers the skills, experience and expertise on the Board at least annually. This process enables the Board and the Committee to identify the skills required when making new appointments to the Board and to instruct search firms to identify candidates who fit these criteria. The Nomination and Governance Committee assesses the candidates based on the following criteria: independence; experience in executive roles; mining, power, transport and water experience; corporate governance knowledge; financial and legal acumen; executive compensation knowledge; experience in Chile and Latin America; project construction experience; sustainability, government relations and communications skills; and whether they have sufficient time to devote to the role.

When making new appointments of Directors to the Board, the Nomination and Governance Committee has appointed independent external search consultancies, who do not have any connection to the Company, to assist with searches for Board candidates. In 2023, the Committee appointed Spencer Stuart, a signatory to the voluntary code of conduct for executive search firms to address gender diversity on corporate practices for related search processes, to assist with the searches that resulted in the appointment of independent Non-Executive Directors Heather Lawrence and Tracey Kerr.

The Company's Diversity and Inclusion Policy reflects the Board's belief in the benefits of diversity and its conviction that more diverse companies attract and maintain the best talent and achieve stronger overall performance. The Board considers a broad definition of diversity when setting policies, and appointing Directors and staffing its Committees (including the Nomination and Governance, Audit and Risk and Remuneration and Talent Management Committees), including gender, disability, nationality, educational and professional experience, personality type, culture and perspective.

The Committee has worked hard to ensure that the Board and its Committees are suitably diverse according to these criteria. The Board reviews its effectiveness in meeting diversity goals each year as part of the annual Board and Committees' evaluation process.

The Company has met the Parker Review target and more than half the Board members identify as being from an ethnic minority background according to the Parker Review and UK Listing Rules criteria. The Group's activities are focused in Chile where ethnicity profiles and representation in society differ significantly from those in the UK. Nevertheless, the Board recognizes that the mining industry is international, and in support of its vision and strategy also includes Directors from the United Kingdom, United States and Australia.

Committees

The Board has five standing committees: the Nomination and Governance Committee, the Audit and Risk Committee, the Remuneration and Talent Management Committee, the Sustainability and Stakeholder Management Committee and the Projects Committee.

Nomination and Governance Committee

The members of the Nomination and Governance Committee are Jean-Paul Luksic (Chair), Francisca Castro and Tony Jensen. All the Committee members, except for Jean-Paul Luksic, are considered by our Board to be independent.

The purpose of the Nomination and Governance Committee is to support the Board in ensuring that we have effective governance structures in place and that the Board and its Committees are appropriately staffed and operate effectively.

The Committee is responsible for monitoring trends, initiatives and proposals in relation to corporate governance, overseeing and facilitating annual reviews of the Chairman and the Board, including externally facilitated reviews. The Committee also leads the process of identifying suitable candidates to fill vacancies, nominating such candidates for approval by the Board, ensuring that appointments are made on merit and against objective criteria and overseeing CEO succession plans.

The Chair of the Committee reports to the Board following each Committee meeting, allowing the Board to understand, and if necessary discuss, matters considered in detail by the Nomination and Governance Committee. The Committee meets as necessary and at least twice a year.

The Committee held four meetings during 2023.

Audit and Risk Committee

The members of the Audit and Risk Committee are Tony Jensen (Chair), Francisca Castro and Heather Lawrence. All the Committee members are considered by our Board to be independent. This Committee assists our Board in meeting its responsibilities relating to financial reporting and control over risk management. The Committee is responsible for overseeing our relationship with the external auditors and monitoring the effectiveness of our internal audit and risk management functions.

The Committee meets as necessary and at least two times a year. The external auditors are in attendance for the bulk of the meetings. There is a rolling agenda that covers regular matters such as the review of the year-end financial statements and half-yearly financial report, planning for the year-end reporting and external audit processes, monitoring our tax strategy and processes, reviewing the Internal Audit work plan and reports from the risk management function, as well as providing time for *ad hoc* matters requiring the Committee's consideration.

The Committee monitors the integrity of our financial reporting. This includes responsibility for reviewing the year-end and half-year financial reports, monitoring the overall financial reporting process, overseeing the external audit process and managing the relationship with our external auditor. The Committee also reviews and monitors the independence and objectivity of the Internal Audit function, including consideration of its resources, planned work and findings. The Committee assists the Board with its responsibilities in respect of risk management, including reviews of the Group's risk appetite and monitoring of key risks, and also monitors the Group's compliance processes and any significant compliance issues.

The Chair of the Committee reports to the Board following each Committee meeting, allowing the Board to understand and, if necessary, discuss matters considered in detail by the Committee.

The Committee held six meetings during 2023.

Remuneration and Talent Management Committee

The members of the Remuneration and Talent Management Committee are Francisca Castro (Chair), Michael Anglin, Eugenia Parot and Heather Lawrence. All the Committee members are considered by our Board to be independent.

The purpose of the Remuneration and Talent Management Committee is to ensure that our remuneration arrangements support our strategic objectives and enable the recruitment, motivation, reward and retention of talent. The Committee may rely on outside advice on certain matters under its consideration.

The Committee is responsible for preparing and reviewing the appropriateness and relevance of the Company's Remuneration Policy. The Committee also reviews and approves the remuneration of the Chairman and reviews and approves the remuneration of our Chief Executive Officer, determining the performance-related elements of his compensation.

The Committee also is responsible for monitoring the level and structure of remuneration of the Executive Committee, reviewing and approving performance-related compensation and reviewing succession planning for the Executive Committee. The Committee also reviews workforce remuneration and related policies, including the diversity and inclusion policy, and the alignment of incentives and rewards with our culture. The Committee reviews any major changes in compensation policies applied across our companies that have a significant long-term impact on labor costs, and reviews compensation and talent management strategies.

The Committee actively participates in our talent management strategy, including the review, consideration and implementation of succession plans for members of the Executive Committee (excluding the Chief Executive Officer).

The Chair of the Committee reports to the Board following each Committee meeting, allowing the Board to understand and, if necessary, discuss matters considered in detail by the Committee. The Committee meets as necessary and at least twice a year. No Director is involved in setting his or her own remuneration.

The Committee held five meetings during 2023.

Sustainability and Stakeholder Management Committee

The members of the Sustainability and Stakeholder Management Committee are Vivianne Blanlot (Chair), Juan Claro, Ramón Jara, Michael Anglin, Eugenia Parot and Tracey Kerr.

The Sustainability and Stakeholder Management Committee supports the Board in the stewardship of our environmental, social responsibility and safety and health programs and makes recommendations to the Board to ensure that the considerations that are important for our stakeholders are taken into account in the Board's deliberations. The Committee reviews the framework of safety and health, environmental, human rights and social policies, monitors our performance in setting and meeting environmental, social and safety and occupational health commitments and provides guidance on the views and interests of stakeholders in relation to potential projects and other business matters. When necessary, the Committee escalates matters of concern to the Board.

The Chair of the Committee reports to the Board following each Committee meeting, allowing the Board to understand and, if necessary, discuss matters considered in detail by the Committee. The Committee meets as necessary and at least twice a year.

The Committee held seven meetings during 2023.

Projects Committee

The members of the Projects Committee are Michael Anglin (Chair), Ramón Jara, Eugenia Parot, Vivianne Blanlot and Tony Jensen.

The Projects Committee reviews all aspects of projects to be submitted for Board approval, highlighting key matters throughout the project development lifecycle for the Board's consideration and making recommendations to management to ensure that all projects submitted to the Board are aligned with our strategy and risk appetite.

The Committee adds an important level of governance and control to the evaluation of our projects and plays a key role in providing the Board with additional overview of the projects portfolio. This includes overview of the establishment of project development guidelines, which draw from best practice, industry experience and lessons learned from other projects.

The Chair of the Committee reports to the Board following each Committee meeting, allowing the Board to understand and, if necessary, discuss matters considered in detail by the Committee. The Committee meets as necessary and at least twice a year.

The Committee held six meetings during 2023.

Senior Management

Name	Position
Iván Arriagada	Chief Executive Officer
Octavio Araneda	Chief Operating Officer
Mauricio Ortiz	Chief Financial Officer
Mauricio Larraín	Vice President of Planning and Technical Services
Alejandro Vásquez	Vice President of Los Pelambres Operations
Georgeanne Barceló	Vice President of People and Organization
Gonzalo Sánchez	Vice President of Sales
Jorge Bermudez	Vice President of Projects
René Aguilar	Vice President of Corporate Affairs and Sustainability
Patricio Enei	Vice President of Legal
Andrónico Luksic L.	Vice President of Development
Alan Muchnik	Vice President of Strategy and Innovation
Katharina Jenny	General Manager – FCAB (Transport division)
Carlos Espinoza	General Manager– Centinela
Ivo Fadic	General Manager–Antucoya
Leonardo Gonzalez	General Manager–Zaldivar

Iván Arriagada. Mr. Arriagada joined as Chief Executive Officer of Antofagasta Minerals in February of 2015 and was appointed CEO of Antofagasta in April 2016. Before joining the Company, Mr. Arriagada was the Chief Financial Officer at Codelco. Prior to that, he held various positions at BHP Billiton, including President of Pampa Norte, Vice President of Operations and Chief Financial Officer for the Base Metals division. He also worked for almost 20 years at Shell, in Chile, the UK, Argentina and the United States. He holds a Master's degree in Science from the London School of Economics and an MBA from the Universidad Adolfo Ibáñez in Chile. He also has attended several executive education programs at Wharton, INSEAD and the MIT Sloan School of Management.

Octavio Araneda. Mr. Araneda was appointed Chief Operating Officer of Antofagasta in 2023. Before joining the Company, he held multiple roles with Codelco, including chief executive officer,

Operations Vice President (Center-South and North) and General Manager El Teniente Division. Mr. Araneda is a mining engineer with a Master's Degree in Mineral Economics with more than 30 years of experience in the mining industry.

Mauricio Ortiz. Mr. Ortiz became our Chief Financial Officer in 2020. He previously served as Vice President of Finance of Antofagasta Minerals in 2019. Prior to this position, Mr. Ortiz worked at FCAB (our Transport Division), where he served as General Manager for four years. He was previously a Business Development Manager at Antofagasta, a Finance Manager at Codelco – Chuquicamata, Business Development Principal at Rio Tinto plc, London and held various operating project roles at BHP Billiton. Mr. Ortiz holds an electrical engineering degree and a Master of Science (Electrical Engineering) from Universidad de Concepción in Chile and a Master of Science (Metals and Energy Finance) from Imperial College London.

Mauricio Larraín. Mr. Larraín joined us in 2017 and was appointed Vice-President of Planning and Technical Services in 2023. He is a civil mining engineer and Master of Science (Mineral Economics) with over 25 years of experience in mining. Previously, he held various positions as General Manager of Los Pelambres, General Manager at Codelco's El Teniente Division, Operations Manager at El Teniente, Mine Planning Corporate Manager of Codelco and various positions at Codelco and Los Pelambres.

Alejandro Vásquez. Mr. Vásquez joined us in 2022 and was appointed Vice-President of Los Pelambres Operations in 2022. He is a civil mining engineer with over 30 years of experience in mining. Previously, he held various positions as Vice President, South America of Teck, President of Pampa Norte (BHP's Spence and Cerro Colorado operations), General Manager of the Yandi iron ore operation in Australia and Vice President of Operations for Minera Escondida.

Georgeanne Barceló. Mrs. Barceló joined us in 2021 and was appointed Vice-President of People and Organization in 2022. Previously, she held various positions as Labor Relations Manager of Antofagasta Minerals, Corporate Director of People at Bupa Chile and Human Resources Vice President at Komatsu Latin America. Mrs. Barceló is a human resources specialist with a degree in Law and Masters in Strategic Management of Human Resources, with more than 20 years of experience in international and national companies across a range of sectors, including insurance and industry.

Gonzalo Sánchez. Mr. Sánchez joined us as Deputy Commercial Director in 1996 and has been Vice President of Sales since 2004. He has 25 years of experience in marketing and hedging of metals. He holds a Civil Engineering degree in Structural Engineering and a Postgraduate Diploma in Business Management from the Universidad de Chile.

Jorge Bermudez. Mr. Bermudez joined us as Vice President of Projects in 2024. He is a mining engineer with over 40 years of experience in open pit and underground mining and engineering. Before joining the Group, he previously held roles of Chief Operating Officer Latin America & Caribbean at Canadian consulting firm WSP Global, VP & GM M&M Americas at American international technical professional services firm Jacobs and numerous roles over 20 years at Fluor Corporation.

René Aguilar. Mr. Aguilar joined as Vice President of Corporate Affairs and Sustainability in 2017. Before joining us, Mr. Aguilar worked at Anglo American in London as Group Head of Safety. Previously, Mr. Aguilar held the position of Vice President of Corporate Affairs and Sustainability at Codelco and Health and Safety Director at the International Council on Mining and Metals in London.

Patricio Enei. Mr. Enei joined Antofagasta Minerals as Vice-President of Legal in 2014. Before joining us, Mr. Enei was General Counsel of Codelco from 2011 to 2014 and Corporate Affairs Manager of Minera Escondida from 2010 to 2011. He worked as a Senior Lawyer at BHP Billiton in Chile, as Chief Legal Counsel at Minera Doña Inés de Collahuasi, at the Instituto de Normalización Previsional and in

private practice. He holds a law degree from the University of Concepción and a combined MBA from the Universidad de Chile and the University of Tulane in the U.S.

Andrónico Luksic L. Mr. Luksic joined us in 2006 and has held various positions, including corporate manager of Antofagasta Minerals and director of the Toronto office. Previously, he held various positions at Banco de Chile.

Alan Muchnik. Mr. Muchnik joined us in 2016 and was appointed Vice President of Strategy and Innovation in 2021. Previously he held various positions as Group Innovation and Energy Manager, and Growth Assets, Energy and Innovation Portfolio Manager of Antofagasta Minerals and several positions in strategy, planning, studies and business development over 10 years at BHP (Chile and the USA). He is a civil engineer, with a Master's degree in engineering and an MBA.

Katharina Jenny. Mrs. Jenny joined us in 2016 and was appointed General Manager – FCAB (Transport division) in 2019. Previously she held various positions as Safety and Health Manager at Antofagasta Minerals, Productivity and Costs Manager, and Safety Manager at Codelco and various roles at BHP, including mine planning, safety and health and environment. She is a mining engineer and holds an MBA, with over 15 years of experience in mining.

Carlos Espinoza. Mr. Espinoza joined us in 2010 and was appointed General Manager – Centinela in 2020. He is a civil mining engineer and holds an MBA, with over 25 years of experience in mining. Previously he held roles as Planning and Development Manager and Head of Mining Operations at Centinela, as well as Operations Manager at Michilla and various planning positions at Minera Escondida and Minera Spence.

Ivo Fadic. Mr. Fadic joined us in 2016 and was appointed General Manager – Antucoya in 2023. He is a mechanical engineer and Master in Asset Management and Maintenance, with nearly 20 years of experience in mining. He previously held roles as Operations Manager and Maintenance Manager at Los Pelambres and Mintenance Manager and Engineering Manager at Minera Escondida.

Leonardo Gonzalez. Mr. Gonzalez joined us in 2015 and was appointed General Manager – Zaldivar in 2023. He is a civil mining engineer and MBA, with 25 years of experience in mining. He previously held roles as General Manager at Antucoya and Zaldivar, Operations Manager at Zaldivar and Mining Superintendent at Minera Dona Ines de Collahuasi.

Compensation of the Members of the Board of Directors and Senior Management

We only make remuneration payments to Directors and the CEO, or payments for loss of office, if the payment is in line with our Directors' and CEO Remuneration Policy most recently approved by our shareholders.

The CEO receives a base salary and benefits in line with market conditions in Chile, taking into consideration international factors, as appropriate. He participates in the Annual Bonus Plan and the long-term incentive plan ("LTIP"), which are designed to align remuneration with our overall performance and promote outcomes that are for our long-term benefit. Market conditions and remuneration structures available in Chile are a central consideration when setting the CEO's remuneration. While the Remuneration and Talent Management Committee carefully considers some of the features of variable remuneration that have evolved for UK-listed companies in recent years, we continue to maintain the structure we have applied for many years, which includes the grant of a combination of restricted and performance "phantom share" awards under the LTIP and the delivery of both the LTIP and annual bonus in cash. In addition, 25% of annual performance bonuses are associated with sustainability targets for safety, diversity, inclusion and environment and social performance.

PRINCIPAL SHAREHOLDERS

The table below sets forth certain information regarding the ownership of our capital structure by our largest shareholders as of December 31, 2023.

Shareholder	% Ownership of Ordinary Shares	% Ownership of Preferred Shares	% Total Share Capital Ownership
Metalinvest Establishment	50.72%	94.12%	58.04%
Kupferberg Establishment	9.94%	–	8.27%
Aureberg Establishment	4.26%	–	3.54%
Total	64.92%	94.12%	69.85%

Metalinvest Establishment and Kupferberg Establishment are both controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested. Metalinvest Establishment is our immediate parent company and the E. Abaroa Foundation is the ultimate parent company. Aureberg Establishment is controlled by the Severe Studere Foundation, which in turn is controlled by Jean-Paul Luksic, the Chairman of the Board.

The table below sets forth certain information regarding the ownership of our capital structure by members of the Board and officers as of December 31, 2023.

Shareholder	Number of Ordinary Shares
Jean-Paul Luksic[(1)]	41,963,110

(1) Jean-Paul Luksic's interest relates to shares held by Aureberg Establishment, an entity that he ultimately controls.

RELATED PARTY TRANSACTIONS

In the ordinary course of business the Group enters into various transactions with related parties.

Certain related party transactions outside the ordinary course of business must be subject to independent assessment and approval. Any such related party transaction between the Group and a controlling shareholder or its associates is reviewed, and if appropriate, approved by a committee of Directors independent from the controlling shareholder. Any other proposed related party transaction over $25 million, whether or not in the ordinary course of business, is also tabled for Board approval. Any Director with a potential conflict or connection with the related party will not take part in the decision on that transaction.

When a proposed related party transaction is brought to the Board's attention, the Board seeks to ensure that the best possible terms are achieved for a proposed transaction and, where appropriate or necessary, that they are verified by industry benchmarking reports or independent third-party valuation or assessment.

Transactions between the Company and its subsidiaries, on the one hand, and on the other hand entities connected with the controlling shareholder or its associates, are summarized below. For a more detailed summary of related party transactions outside of the Group, please see Note 35 to the 2023 Audited Financial Statements.

- The Group's immediate parent company is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested. The Group's subsidiaries, in the ordinary course of business, enter into various transactions with companies which are controlled by (or are associates of) entities in which members of the Luksic family are also interested, including Banco de Chile S.A., ENEX S.A., Compañía de Inversiones Adriático S.A, BanChile Administradora General de Fondos SA., Hapag Lloyd and Artikos Chile SA. These transactions were all on normal commercial terms, which are summarized below:

    - *ENEX S.A*. In the year ended December 31, 2023, the Group made purchases of fuel from ENEX S.A. of $337.8 million (2022 – $309.9 million). The balance due to ENEX SA at the end of the year was $13.3 million (2022 – 28.6 million).

    - *Compañía de Inversiones Adriático SA*. In the year ended December 31, 2023, the Group leased office space on normal commercial terms from Compañía de Inversiones Adriático SA at a cost of $0.8 million (2022 –$0.4 million).

    - *BanChile Administradora General de Fondos SA*. In the year ended December 31, 2023, the Group earned interest income of $0.9 million (2022 – $0.8 million) on investments with BanChile Administradora General de Fondos SA. Investment balances at the end of the year were zero (2022 – $0.3 million).

    - *Hapag Lloyd*. In the year ended December 31, 2023, the Group purchased shipping services from Hapag Lloyd of $9.0 million (2022 – $12.7 million). The balance due to Hapag Lloyd at the end of the year was zero (2022 – $0.3 million).

    - *Artikos Chile SA*. In the year ended December 31, 2023, the Group purchased technology services from Artikos Chile SA of $0.2 million (2022 – $0.2 million). The balance due to Artikos Chile SA at the end of the year was zero (2022 – zero).

- The Group hold a 51% interest in Antomin 2 and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, a company owned by the E. Abaroa Foundation (in which members of the Luksic family are interested), which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. The Group is responsible for any exploration costs relating to the properties held by these entities.

  During the year ended December 31, 2023, the Group incurred $0.1 million (year ended December 31, 2022 – $0.1 million) of exploration expense at these properties.

- On December 15, 2022, the Group entered into definitive agreements to dispose of its 50% interest in the Tethyan joint venture, which was a joint venture with Barrick Gold Corporation in respect of the Reko Diq project in Pakistan, which is therefore no longer recognised as a joint venture by the Group. We contributed zero (2022 – zero) to Tethyan during 2023.

- The Group holds a 50% interest in Zaldívar, which is a joint venture with Barrick Gold Corporation. Antofagasta is the operator of Zaldívar. The balance due from Zaldívar to Group companies as at December 31, 2023 was $6.7 million (2022 – $6.7 million). During 2023, Zaldívar did not declare any dividends to the Group (2022 – $50.0 million).

DESCRIPTION OF THE NOTES

The notes have been issued pursuant to a supplemental indenture, dated on May 2, 2024 (the "supplemental indenture"), to the base indenture dated as of October 14, 2020, between the Issuer and The Bank of New York Mellon, as trustee, paying agent, transfer agent and registrar (the base indenture, together with the supplemental indenture, the "indenture").

The following description of certain provisions of the notes and of the indenture is subject to and is qualified by reference to the provisions of the notes and the indenture, copies of which will be available to holders of the notes for inspection at the office of the trustee at 240 Greenwich Street New York, NY 10286. Unless the context otherwise requires, references to "notes" include the notes offered hereby and any Additional Notes (as defined below).

General

The notes have been issued by the Issuer, and the Issuer will be liable therefor and obligated to perform all covenants and agreements to be performed by the Issuer pursuant to the notes and the indenture, including the obligations to pay principal, interest and Additional Amounts (as defined below under "Payment of Additional Amounts"), if any. The trustee under the indenture is The Bank of New York Mellon (the "trustee," which term shall include any successor trustee under the indenture).

The indenture provides for the issuance by the Issuer from time to time of notes in one or more series up to an aggregate principal amount of notes as from time to time may be authorized by the Issuer. Notes that have the same date of maturity and interest payment dates, are payable in the same currency, bear interest at the same rate and have terms that are otherwise identical, are referred to herein as a "series."

The aggregate principal amount of the notes is U.S.$750,000,000. Interest on the notes accrues at the rate of 6.250% per annum and is payable semi-annually in arrears on May 2 and November 2 of each year, or, if any such date is not a Business Day (as defined below), on the next succeeding Business Day (each such date, an "Interest Payment Date"), commencing on November 2, 2024. Payments will be made to the person or persons (each, a "holder") in whose name such notes are registered in the Security Register (as defined below) at the close of business on the 5th calendar day immediately preceding an Interest Payment Date (whether or not a Business Day) (each a "Record Date"). Interest on the notes will be calculated on the basis of a 360-day year of twelve 30-day months. For the purposes hereof, the term "Business Day" means a day on which banks in London, United Kingdom and The City of New York are not authorized or required by law or executive order to be closed.

Moneys paid by the Issuer to the trustee or any paying agent for the payment of principal of (and premium, if any) or interest on any of the notes and remaining unclaimed at the end of two years after the date on which such principal (and premium, if any) or interest shall have become due and payable (whether at maturity, upon call for redemption or otherwise) shall, together with interest made available for payment thereof, be repaid to the Issuer, whereupon all liability of the trustee or such paying agent with respect to such moneys shall cease.

The notes will mature on May 2, 2034. The notes will not be redeemable prior to maturity except as described under "—Optional Redemption."

Ranking

The notes constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer. The notes will rank without any preference among them and equally with all other unsecured and unsubordinated obligations of the Issuer. It is understood and agreed that this provision will not be

construed so as to require the Issuer to make payments under the notes ratably with payments being made under any other obligations. The indenture contains no restriction on the amount of additional indebtedness which may be incurred by the Issuer or its subsidiaries; however, as set forth under "—Limitation on Liens" below, the indenture contains certain restrictions on the ability of the Issuer and its subsidiaries to incur secured indebtedness.

Registration, Form and Delivery

The trustee will initially act as paying agent, transfer agent and registrar for the notes. The notes have been issued in definitive, fully registered form, without coupons, in denominations of U.S.$200,000 principal amount and multiples of U.S.$1,000 in excess thereof. The notes will be exchangeable, and transfers thereof will be registrable, at the office of the registrar for the notes. No charge will be made to holders of the notes in connection with any exchange or registration of transfer, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in that connection.

The trustee will maintain at its office located at 240 Greenwich Street, New York, NY 10286, a security register (the "Security Register") with respect to the notes. The name and address of the registered holder of each note and the amount of each note will be recorded in the Security Register, and the trustee and the Issuer may treat the person in whose name the note is registered as the owner of such note for all purposes. For so long as the notes are represented by one or more Global Notes (as defined under "—Global Notes" below), the registered holder of a Global Note, in accordance with the terms of the indenture, may be treated at all times and for all purposes by the Issuer and the trustee as the sole owner with respect to such notes, with respect to all payments on the notes and for all other purposes under the terms of the notes and the indenture.

The notes have been offered and sold in connection with the initial offering thereof solely to "qualified institutional buyers," as that term is defined in Rule 144A under the Securities Act, pursuant to Rule 144A, and in offshore transactions to persons other than "U.S. persons," as defined in Regulation S under the Securities Act, in reliance on Regulation S. Following the initial offering of the notes, the notes may be resold to qualified institutional buyers pursuant to Rule 144A, to non-U.S. persons in reliance on Regulation S and pursuant to Rule 144 under the Securities Act, as described under "Transfer Restrictions."

Covenants

The Issuer has agreed to restrictions on its activities for the benefit of holders of the notes. The following restrictions will apply to the notes:

Consolidation, Merger, Conveyance, Sale or Lease

The Issuer will not (a) consolidate, amalgamate or merge with or into any other person, and will not permit any other person to consolidate, amalgamate or merge with or into the Issuer; or (b) sell, transfer, lease or convey all or substantially all of the properties and assets of the Issuer and its subsidiaries, taken as a whole, to any other person, unless:

(i) the person formed by such consolidation, amalgamation or merger (if other than the Issuer) or the person that acquires by purchase, transfer or conveyance, or that leases, all or substantially all of the properties and assets of the Issuer and its subsidiaries, taken as a whole (in each case, the "Surviving Person"), (A) is an entity organized and existing under the laws of England and Wales, the United States of America, or any State thereof or the District of Columbia, any member state of the European Union, Luxembourg, Switzerland, the Republic of Chile, or any other member country of the OECD (or, if the Surviving Person is an entity organized and existing under the laws of any other jurisdiction, the

Issuer delivers to the trustee an opinion of counsel to the effect that the rights of the holders of the notes would not be adversely affected as a result of the application of the law of the jurisdiction of organization of the Surviving Person, insofar as such law affects the ability of the Surviving Person to obligate itself to pay and perform the obligations and undertakings of the Issuer under the indenture and the notes or the ability of the holders to enforce such obligations and undertakings); and (B) expressly assumes, by supplemental indenture, the due and punctual payment of the principal of and interest and Additional Amounts, if any, on all outstanding notes and the performance of every covenant in the indenture and the notes on the part of the Issuer to be performed or observed;

(ii) immediately after giving effect to such transaction, no Event of Default (as defined below), and no event that, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) the Issuer has delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided in the indenture relating to such consolidation, amalgamation, merger, sale, transfer, conveyance or lease, and such supplemental indenture, have been complied with.

Limitation on Liens

Neither the Issuer nor any Material Subsidiary (as defined below) will (a) issue, assume or guarantee any indebtedness for borrowed money if such indebtedness is secured, or (b) secure any outstanding indebtedness for borrowed money, in each case, by a Lien (as defined below) upon any Principal Property (as defined below) or upon any shares of stock of, or indebtedness for borrowed money of, any Material Subsidiary, now owned or hereafter acquired, without effectively providing that the notes shall be secured equally and ratably with such indebtedness, except that the foregoing restrictions shall not apply to:

(i) (A) Liens on any Principal Property acquired, constructed or improved after the Issue Date to secure or provide for the payment of the purchase price or cost of construction or improvements (including costs such as increased costs due to escalation, interest during construction and similar costs) thereof incurred after the Issue Date, (B) existing Liens on property acquired and (C) Liens on the assets or equity interests of any Subsidiary acquiring such Principal Property, *provided* such Liens shall not apply to any property theretofore owned by the Issuer or any Material Subsidiary other than theretofore unimproved real property,

(ii) Liens on any Principal Property or shares of stock or indebtedness acquired from a corporation amalgamated, consolidated or merged with or into the Issuer or a Material Subsidiary,

(iii) Liens to secure indebtedness of the Issuer or a Material Subsidiary to the Issuer or another Subsidiary,

(iv) the sale or other transfer of any interest in property of the character commonly referred to as a "production or streaming payment,"

(v) Liens on any property existing at the time of the acquisition of such property by the Issuer or any of its Material Subsidiaries which lien was not (or is not) created in connection with such acquisition,

(vi) (A) Liens on the property of a person that becomes a Subsidiary of the Issuer after the date hereof; *provided* that such Liens (x) existed at the time such person becomes a Subsidiary of the Issuer and were not created in anticipation thereof, and (y) are not extended to any property of the Issuer or of any of its Subsidiaries, other than the property or assets of such Subsidiary, and (B) Liens on the proceeds of indebtedness incurred to finance an acquisition, investment or refinancing pursuant to customary escrow or similar arrangements to the extent such proceeds (x) secure such indebtedness or are otherwise restricted in favor of the holders of such indebtedness and (y) will be required to repay such indebtedness if such acquisition, investment or refinancing is not consummated,

(vii) Liens in existence on the Issue Date,

(viii) Liens on deposits to secure, or any lien otherwise securing, the performance of bids, statutory obligations, surety bonds, appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business,

(ix) any Lien securing Project Finance Indebtedness; *provided* that such Lien applies only to (A) property or assets of the relevant Subsidiary or Subsidiaries, as the case may be, that are acquired, constructed, developed, improved, operated or expanded (whether such property or assets are acquired at the time of such financing or at any point previously or thereafter) and/or any property or assets (including existing property) of the relevant Subsidiary or Subsidiaries, as the case may be, related to such property or assets (including any concessions, contracts, easements, licenses or permits), (B) any inventories, receivables or other products or proceeds of, or any revenue or profit from, or compensation in respect of any of the property or assets described in sub-clause (A) above or sub-clause (C) below, including any deposit, securities or other account containing any of the foregoing, or (C) any shares or other ownership interest in, or any indebtedness of, any Person, substantially all of the property and assets of which consist, directly or indirectly, of any of the property or assets described in sub-clause (A) or (B) above, and

(x) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any lien referred to in the foregoing clauses (i), (ii), (iii) or (v), (vi), (vii) and (ix), inclusive of any indebtedness secured thereby, *provided* that the principal amount of indebtedness so secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement Lien shall be limited to all or part of the property which secured the Lien extended, renewed or replaced (plus improvements on or additions to such property).

Notwithstanding the foregoing, the Issuer and one or more Material Subsidiaries may (a) issue, assume or guarantee indebtedness for borrowed money secured by Liens; or (b) secure any existing indebtedness for borrowed money with Liens, in each case, without effectively providing that the notes shall be secured equally and ratably with such indebtedness, so long as the aggregate principal amount of

such indebtedness, when taken together with the (i) aggregate outstanding principal amount of all other indebtedness for borrowed money of the Issuer and its Material Subsidiaries that would otherwise be subject to the foregoing restrictions (not including indebtedness permitted to be secured under clauses (i) through (x) above); and (ii) the aggregate Attributable Value of the sale-and-lease-back transactions described under "—Limitation on Sale-and-Lease-Back Transactions" below (other than sale-and-lease-back transactions the proceeds of which have been applied as provided in clause (b) under "—Limitation on Sale-and-Lease-Back Transactions" below), does not at the time of issuance, assumption or guarantee thereof, or the granting of a Lien to secure such indebtedness, exceed the greater of (A) 20% of Consolidated Net Tangible Assets and (B) $2,000,000,000.

Limitation on Sale-and-Lease-Back Transactions

Neither the Issuer nor any Material Subsidiary will enter into any arrangement with any person (other than the Issuer or a Material Subsidiary), or to which any such person is a party, providing for the leasing to the Issuer or a Material Subsidiary for a period of more than three years of any Principal Property which has been or is to be sold or transferred by the Issuer or such Material Subsidiary to such person or to any person (other than the Issuer or a Material Subsidiary) to which funds have been or are to be advanced by such person on the security of the leased Principal Property unless either (a) the Issuer or such Material Subsidiary would be entitled, pursuant to the provisions described under "—Limitation on Liens" above, to incur indebtedness for borrowed money, secured by a lien on the Principal Property to be leased, in a principal amount equal to or exceeding the Attributable Value of such sale-and-lease-back transaction without equally and ratably securing the notes; or (b) the Issuer or such Material Subsidiary, during or immediately after the expiration of the 360 days after the effective date of such transaction (whether made by the Issuer or a Material Subsidiary), applies to either (i) the voluntary retirement of indebtedness of the Issuer or a Material Subsidiary (including the notes) maturing by its terms more than one year after the original creation thereof, if such sale or transfer is for cash, an amount equal to 100% of the net proceeds of such transaction, or, if such sale or transfer is not for cash, an amount equal to the fair market value of the consideration for such transaction, less, in each case, an amount equal to the sum of (A) the principal amount of notes delivered, within 360 days after the effective date of such arrangement, to the trustee for retirement and cancellation and (B) the principal amount of other indebtedness for borrowed money voluntarily retired by the Issuer within such 360-day period, in each case excluding retirements of notes and other indebtedness for borrowed money as a result of conversions or pursuant to mandatory sinking fund or mandatory prepayment provisions or by payment at maturity or (ii) the acquisition, purchase, construction, development, extension or improvement of any property or assets of the Issuer or any Subsidiary used or to be used by or for the benefit of the Issuer or any Subsidiary.

Periodic Reports

The Issuer will furnish to the noteholders, upon the request of such noteholder to the trustee, and to prospective purchasers of notes, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act.

For so long as any notes are listed on the Official List of the Financial Conduct Authority and admitted for trading on the Main Market of the London Stock Exchange, the Issuer shall deliver to the trustee, or post on its website, copies of any annual reports, periodic results announcements, information, documents and other reports that the Issuer is, or would be, required to file with the Financial Conduct Authority or the London Stock Exchange pursuant to the Admission and Disclosure Standards of the London Stock Exchange.

Events of Default

An Event of Default with respect to the notes is defined in the indenture as being any of the following (each an "Event of Default"):

(i) default for 30 days in payment of any interest on the notes;

(ii) default in payment of principal of the notes;

(iii) default in the performance, or breach, of any covenant or warranty or obligation of the Issuer in the indenture and continuance of such default or breach for a period of 90 days after written notice is given to the Issuer by the trustee or to the Issuer and the trustee by the holders of at least 25% in aggregate principal amount of the notes;

(iv) default under any indebtedness for money borrowed by the Issuer or any Material Subsidiary (other than Project Finance Indebtedness), whether such indebtedness now exists or shall hereafter be created, in an aggregate principal amount exceeding U.S.$200 million (or its equivalent in any other currency or currencies) which default:

(v) shall constitute the failure to pay any portion of the principal of such indebtedness when due and payable, whether at maturity, upon redemption or acceleration or otherwise, or

(vi) shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable,

(vii) in either case, if such default shall continue for more than 30 Business Days and within such 30 Business Days the time for payment of such amount has not been expressly extended (*provided* that if such default shall be remedied or cured by the Issuer or a Material Subsidiary or waived by the holders of such indebtedness, then the event of default with respect to the notes shall be deemed likewise to have been remedied, cured or waived);

(viii) a decree or order by a court having jurisdiction shall have been entered adjudging the Issuer or any of its Material Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization by the Issuer or any of its Material Subsidiaries and such decree or order shall have continued undischarged or unstayed for a period of 180 days; or a decree or order by a court having jurisdiction shall have been entered for the liquidation or dissolution of the Issuer or any of its Material Subsidiaries, and such decree or order shall have continued undischarged or unstayed for a period of 180 days; *provided*, *however*, that any Material Subsidiary may be liquidated or dissolved, if pursuant to such liquidation or dissolution, all or substantially all of its assets are transferred back to the Issuer or any other Material Subsidiary of the Issuer; or

(ix) the Issuer or any of its Material Subsidiaries shall institute a proceeding to be adjudicated as a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property.

The trustee shall not be charged with knowledge of any Event of Default with respect to the notes unless the Issuer or any holder of notes delivers a written notice of any event which is in fact a default or Event of Default to a Responsible Officer of the trustee, and such notice references the notes and the indenture. "Responsible Officer" is defined in the indenture as any officer in the corporate trust office of the trustee or any other officers of the trustee customarily performing functions similar to those performed by any such officer and, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject, and who has direct responsibility for the administration of the indenture.

The indenture provides that (a) if an Event of Default (other than an Event of Default described in clause (v) or (vi) above) shall have occurred and be continuing with respect to the notes, either the trustee or the holders of not less than 25% of the aggregate principal amount of the notes then outstanding may declare the principal of all such outstanding notes and the interest accrued thereon, if any, to be due and payable immediately and (b) if an Event of Default described in clause (v) or (vi) above shall have occurred, the principal of all such outstanding notes and the interest accrued thereon, if any, shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of such notes. The indenture provides that the notes owned by the Issuer or any of its affiliates shall be deemed not to be outstanding for certain purposes, including declaring the acceleration of the maturity of the notes. Upon the satisfaction by the Issuer of certain conditions, including (i) the payment of all fees and expenses of the trustee, (ii) the Issuer's deposit with the trustee of a sum sufficient to pay all outstanding amounts then due on the applicable notes (other than principal due by virtue of the acceleration) together with interest on such amounts through the date of the deposit and (iii) all Events of Default (other than non-payment of principal that became due by virtue of the acceleration upon the event of default) having been cured or waived, the declaration described in clause (a) of this paragraph may be annulled by the holders of more than 50% of the aggregate principal amount of the notes then outstanding. Past defaults, other than non-payment of principal, interest and compliance with certain covenants, may be waived by the holders of more than 50% of the aggregate principal amount of the notes outstanding.

The trustee must give to the holders of the notes notice of all uncured defaults known to it with respect to the notes within 90 days after a Responsible Officer of the trustee has received written notification of such a default (unless such default shall have been cured); *provided*, *however*, that, except in the case of default in the payment of principal, interest or Additional Amounts, the trustee shall be protected in withholding such notice if and so long as a committee of directors or Responsible Officers of the trustee determine in good faith that the withholding of such notice is in the interest of the holders of the notes.

No holder of notes may institute any proceeding, judicial or otherwise, under the indenture unless (i) such holder shall have given the trustee written notice of a continuing Event of Default with respect to the notes, (ii) the holders of not less than 25% of the aggregate principal amount of the notes then outstanding shall have made written request to the trustee to institute proceedings in respect of the Event of Default, (iii) such holder or holders shall have offered the trustee such reasonable indemnity as the trustee may require, (iv) the trustee shall have failed to institute an action for 60 days thereafter and (v) no inconsistent direction shall have been given to the trustee during such 60-day period by the holders of more than 50% of the aggregate principal amount of the notes of such series. Such limitations, however, do not apply to any suit instituted by a holder of a note for enforcement of payment of the principal or interest on the notes on or after the respective stated maturity expressed in such notes.

The indenture provides that, subject to the duty of the trustee during default to act with the required standard of care, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any holders of the notes, unless such holders shall have offered to the trustee reasonable indemnity.

The Issuer will be required to furnish to the trustee annually a statement as to the performance by the Issuer of certain of its obligations under the indenture and as to any default in such performance.

Payment of Additional Amounts

All payments of principal and stated interest under the notes by or on behalf of the Issuer will be made without deduction or withholding for or on account of any present or future taxes, assessments, duties or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or the jurisdiction in which the Issuer is organized or resident for tax purposes or from or through which payments are made or, in each case, any political subdivision or territory or possession thereof or therein (each, a "Relevant Taxing Jurisdiction") unless the withholding or deduction of such taxes, assessments, duties or governmental charges is required by law or regulation or by the official interpretation thereof. In that event, the Issuer will pay to each holder of a note such additional amounts ("Additional Amounts") as may be necessary in order that each net payment on such note after such deduction or withholding will not be less than the amount provided for in such note to be then due and payable; *provided*, *however*, that the foregoing obligation to pay Additional Amounts will not apply to:

(i) any tax, assessment, duty or other governmental charge that would not have been so deducted or withheld but for (A) the existence of any present or former connection between the holder or the beneficial owner of the note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, trust, partnership or corporation) and the Relevant Taxing Jurisdiction imposing such tax, assessment, duty or other governmental charge (including, without limitation, such holder or beneficial owner (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein) other than the mere receipt of payments in respect of a note or the holding or ownership of a note or a beneficial interest therein; or (B) the presentation of a note (where presentation is required) for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the holder or beneficial owner thereof would have been entitled to Additional Amounts had the note been presented for payment on the last day of such 30-day period;

(ii) any estate, inheritance, gift, sales, transfer, personal property, capital gains, excise or similar tax, assessment, duty or other governmental charge;

(iii) any tax, assessment, duty or other governmental charge that is not payable by way of withholding from payments of (or in respect of) principal of, or any interest on, the notes;

(iv) any tax, assessment, duty or other governmental charge to the extent that it would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of the note, if compliance is required by statute or by regulation of the Relevant Taxing Jurisdiction as a precondition to relief or exemption from all or part of such tax, assessment, duty or other governmental charge, or to a reduction in the applicable tax rate, and at least 30 days' written notice prior to the first payment date with respect to which such certification, information, or other reporting

requirements is required to the effect that a holder or beneficial owner will be required to provide such information and identification has been sent to the holder or beneficial owner, as applicable, unless, in each case, the Holder or beneficial owner is not legally eligible to do so as a result of a change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder, including a holding by a court of competent jurisdiction) of the Relevant Taxing Jurisdiction, or any change in the official application, administration or interpretation of such laws, regulations or rulings in such Relevant Taxing Jurisdiction;

(v) any Additional Amounts with respect to deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement), or

(vi) any combination of items (i), (ii), (iii), (iv) and (v) above.

Nor shall Additional Amounts be paid with respect to any payment of the principal of or any interest on any note to any holder or beneficial owner that is a fiduciary or partnership or other than the sole beneficial owner of such note to the extent such payment would be required by the laws of the Relevant Taxing Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been a holder of such note.

Redemption

The Issuer will not be permitted to redeem the notes before their stated maturity, except as set forth below. The Issuer is not, however, prohibited from acquiring notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise, so long as the acquisition does not otherwise violate the terms of the applicable indenture. The notes will not be entitled to the benefit of any sinking fund, meaning that the Issuer will not deposit money on a regular basis into any separate account to repay the notes. In addition, you will not be entitled to require the Issuer to repurchase your notes from you before the stated maturity.

Notes called for redemption become due on the date fixed for redemption. Notices of redemption will be delivered at least 10 but not more than 60 days before such redemption date to each holder of notes to be redeemed. The notice of redemption for the notes will state the amount to be redeemed and the redemption price. On and after the redemption date, interest will cease to accrue on any notes that are redeemed, unless the Issuer defaults in the payment of the redemption price. If less than all the notes are redeemed at any time, the trustee will select notes by lot or on a pro rata basis or by any other method that the trustee deems fair and appropriate (or, if the notes are outstanding in global form, notes will be selected in accordance with the depositary's applicable procedures as in effect from time to time).

At the option of the Issuer, a notice of redemption may be conditioned on the satisfaction of one or more conditions. If so conditioned, such a notice of redemption shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all of such conditions shall be satisfied (or waived by the Issuer in its discretion), or such redemption may not occur and such notice may be rescinded

in the event that any or all of such conditions have not been satisfied (or waived by the Issuer in its discretion) by the redemption date, or the redemption date so delayed.

Optional Redemption

Prior to February 2, 2034 (three months prior to their maturity date) (the "Par Call Date"), the Issuer may redeem the notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1)

a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the notes were redeemed on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points less
b) interest accrued to the date of redemption, and

(2) 100% of the principal amount of the notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the Par Call Date, the Issuer may redeem the notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

"*Treasury Rate*" means, with respect to any redemption date, the yield determined by the Issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities–Treasury constant maturities–Nominal" (or any successor caption or heading). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 or any successor designation or publication is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per

annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Issuer shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

For the avoidance of doubt, the trustee shall have no responsibility for calculating the redemption price or any component thereof.

Tax Redemption

The notes may be redeemed at the election of the Issuer, in whole, but not in part, by the giving of notice as provided in "—Notices" below (which notice shall be irrevocable), at a price equal to the outstanding principal amount thereof, together with any Additional Amounts and accrued and unpaid interest to the redemption date, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder, including a holding by a court of competent jurisdiction) of the Relevant Taxing Jurisdiction, or any change in the official application, administration or interpretation of such laws, regulations or rulings in such Relevant Taxing Jurisdiction, the Issuer has or will become obligated on the next Interest Payment Date to pay Additional Amounts on the notes, and if such change or amendment is announced and becomes effective on or after the earlier of the date of this listing memorandum and the agreement to purchase the notes (or, in the case of a jurisdiction that became a Relevant Taxing Jurisdiction at a later date, such later date), and such obligation cannot be avoided by the Issuer taking reasonable measures that are available to it (for this purpose, reasonable measures shall not include any change in the Issuer's or any successor's jurisdiction of incorporation or organization or location of its principal executive or registered office); *provided*, *however*, that the notice of redemption for tax reasons will not be given earlier than 90 days prior to the earliest date on which the Issuer or any successor would be obligated to pay any such Additional Amounts if a payment in respect of the notes were then due. Prior to the giving of any such notice of redemption, the Issuer must deliver to the trustee (A) an officers' certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent counsel of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction to the effect that the Issuer has, or would, become obligated to pay such Additional Amounts as a result of such change in tax law.

Notices

For so long as the notes are outstanding in global form, notices to be given to holders will be given to the depositary, in accordance with its applicable procedures as in effect from time to time. If notes are issued in individual definitive form, notice to holders of the notes will be delivered to the addresses of such holders as they appear in the security register.

Replacement of Notes

In case of mutilated, destroyed, lost or stolen notes, application for replacement thereof may be made to the trustee or the Issuer. Any such note shall be replaced by the trustee in compliance with such procedures, and on such terms as to evidence and indemnification, as the trustee or the Issuer may require and subject to any applicable law or regulation. All such costs as may be incurred in connection with the replacement of any notes shall be borne by the applicant. Mutilated notes must be surrendered before new ones will be issued.

Modification of the Indenture

The Issuer and the trustee may, without the consent of the holders of notes, amend, waive or supplement the indenture or the notes for certain specified purposes, including among other things:

(i) to evidence the Issuer's succession by another person, and the assumption by such person of the Issuer's obligations;

(ii) to add to the Issuer's covenants or surrender any of its rights or powers for the benefit of all or any series of notes;

(iii) to cure any ambiguity, defect or inconsistency in the indenture or in any note;

(iv) to provide for the issuance of any new series of notes, and/or add to the rights of any holders of any series of notes;

(v) to provide for the appointment of a successor trustee;

(vi) to provide for the issuance of Additional Notes;

(vii) to add any additional Events of Default for the benefit of any or all series of notes;

(viii) to add guarantees with respect to the Issuer's obligations under any series of notes and provide for the terms of the release of such guarantees;

(ix) to secure any notes and provide for the terms of the release of such security;

(x) to provide for a co-issuer with respect to any series of notes;

(xi) to comply with the rules and regulations of DTC or any other clearing system and the rules and regulations of any securities exchange or automated quotation system on which any notes may be listed or traded;

(xii) [reserved]; and

(xiii) to make any other change to the indenture as shall not adversely affect the interests of the holders of the notes in any material respect, as determined in good faith by the Issuer.

No amendment to the indenture or the notes made solely to conform the indenture or the notes to this Description of Notes shall be deemed to adversely affect the interests of the holders of the notes.

In addition, with certain exceptions, the indenture and the notes may be modified by the Issuer and the trustee with the consent of the holders of more than 50% in aggregate principal amount of the notes of the series affected thereby then outstanding, but no such modification may be made without the consent of the holder of each outstanding note affected by any modification that would:

(i) change the maturity of any principal of, or any premium on, or any installment of interest on, any note, or reduce the principal amount thereof or the rate of interest or any premium (or Additional Amounts, if any) payable thereon, or change the method of computing the amount of principal thereof or interest or premium (or Additional Amounts, if any) payable thereon on any date, or change any place of payment where, or the coin or currency in which, the principal or interest (including Additional Amounts) on any note are payable, or impair the right of holders to institute suit for the enforcement of any such payment on or after the date when due;

(ii) reduce the percentage in aggregate principal amount of outstanding notes of the applicable series, where the consent of holders is required for any such modification or for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture; or

(iii) modify provisions relating to waiver of certain defaults, waiver of certain covenants and the provisions summarized in this paragraph, including provisions governing the amendment of the indenture, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding note affected by the modification.

The indenture provides that the notes owned by the Issuer or any of its affiliates shall be deemed not to be outstanding for, among other purposes, consent to any such modification.

Defeasance and Covenant Defeasance

The Issuer, at its option, at any time upon the satisfaction of certain conditions described below, may elect to be discharged from its obligations with respect to the notes. In general, upon a defeasance, the Issuer shall be deemed to have paid and discharged the entire indebtedness represented by the notes and to have satisfied all of its obligations under the notes, except for:

(i) the rights of holders of notes to receive, solely from the trust fund established for such purposes, payments in respect of the principal of, and interest, and Additional Amounts, if any, on the notes when such payments are due;

(ii) certain provisions relating to ownership, registration and transfer of the notes;

(iii) the covenant relating to the maintenance of an office or agency in The City of New York; and

(iv) certain provisions relating to the rights, powers, trusts, duties and immunities of the trustee.

In addition, the Issuer, at its option, at any time, upon the satisfaction of certain conditions described below, may discharge its obligation to comply with the covenants specified above under "—Consolidation, Merger, Conveyance, Sale or Lease," "—Limitation on Liens" and "—Limitation on Sale-and-Lease-Back

Transactions." In order to cause a defeasance or covenant defeasance with respect to the notes, the Issuer will be required to (i) deposit funds or obligations issued by the United States in an amount sufficient to provide for the timely payment of principal, interest and all other amounts due under the notes with the trustee, and (ii) satisfy certain other conditions, including delivery to the trustee of an opinion of independent tax counsel of recognized standing to the effect that beneficial owners of notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. Such opinion of counsel in the case of defeasance must refer to and be based upon a ruling of the Internal Revenue Service addressed to the Issuer or a change in applicable U.S. federal income tax law occurring after the date of the indenture.

Listing

Although we expect to obtain and maintain a listing for the notes on the London Stock Exchange before the first interest payment date, we cannot assure you that our application will be approved or that the notes will be so listed, and, if listed, that the notes will remain listed for their entire term. If the Issuer is unable to obtain or maintain such a listing, the Issuer may obtain and maintain listing for the notes on another exchange in its sole discretion.

Governing Law; Submission to Jurisdiction; Sovereign Immunity

The indenture provides that it and the notes will be governed by, and will be construed and interpreted in accordance with, the law of the State of New York. The indenture provides that the Issuer will maintain at all times during the life of the notes an office or agent in the Borough of Manhattan, The City of New York, upon whom process may be served in any action arising out of or based on the notes that may be instituted in the Supreme Court of the State of New York or the United States District Court for the Southern District of New York, in either case in the Borough of Manhattan, The City of New York, by any holder of a note, and the Issuer will expressly accept the jurisdiction of any such court.

To the extent that the Issuer may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to the notes, to claim for itself or its revenues or assets any immunity from suit, jurisdiction, attachment in aid or execution of a judgment or prior to a judgment, execution of a judgment or any other legal process with respect to its obligations under the notes, and to the extent that in any such jurisdiction there may be attributed to the Issuer such an immunity (whether or not claimed), the Issuer will irrevocably agree not to claim and will irrevocably waive such immunity to the maximum extent permitted by law.

Further Issues of Notes

Without the consent of the holders, the Issuer may create and issue additional notes with terms and conditions that are the same (or the same except as to scheduled interest payments prior to the time of issue of the additional notes) as the terms and conditions of the notes ("Additional Notes"). The Issuer may consolidate the additional notes to form a single series with the notes; *provided*, *however*, that, unless such additional notes are issued under a separate CUSIP or ISIN number, such additional notes must be part of the same "issue" as the applicable outstanding series of notes for U.S. federal income tax purposes and issued pursuant to a "qualified reopening" of the applicable outstanding series of notes for U.S. federal income tax purposes or otherwise treated as fungible with such notes for U.S. federal income tax purposes.

Global Notes

The notes have been offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes"). Notes have also been offered and sold in offshore transactions in reliance on Regulation S ("Regulation S Notes"). Notes have been issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Global Notes have been deposited upon issuance with the trustee as custodian for DTC, in The City of New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "Restricted Period"), beneficial interests in the Regulation S Global Notes may be held only by non-U.S. persons, unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. Please read "—Exchanges Between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may be exchanged for notes in certificated form under certain circumstances. Please read "—Exchange of Global Notes for Certificated Notes."

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Transfer Restrictions." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Issuer that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised the Issuer that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants in DTC's system may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants in such system. Investors in the Regulation S Global Notes may hold their interests therein through Euroclear, Clearstream or DTC, if they are participants in such systems, or indirectly through organizations that are participants in such systems. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

The laws of some jurisdictions may require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, the Issuer and the trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the trustee nor any agent of the Issuer or the trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuer that its current practice, at the due date of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records

of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of the notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or the Issuer. Neither the Issuer nor the trustee nor any of their respective agents will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the notes, and the Issuer and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for legended notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Issuer nor the trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for definitive Notes in registered certificated form ("Certificated Notes") if:

(1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act, and in each case the Issuer fails to appoint a successor depositary;

(2) the Issuer, in its sole discretion, notifies the trustee in writing that it elects to cause the issuance of Certificated Notes (DTC has advised the Issuer that, in such event, under its current practices, DTC would notify its Participants of the Issuer's request, but will only withdraw beneficial interests from a Global Note at the request of each DTC Participant); or

(3) there will have occurred and be continuing an Event of Default with respect to the notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions," unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. Please read "Transfer Restrictions."

Exchanges Between Regulation S Notes and Rule 144A Notes

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that:

(1) the transfer of notes is being made in accordance with Rule 144A; and

(2) the notes are being transferred to a Person:

(a) whom the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(b) in accordance with all applicable securities laws of the states of the United States.

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected in DTC by means of an instruction originated by the trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter

be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other Global Note for so long as it remains such an interest.

Same-Day Settlement and Payment

The Issuer will make payments in respect of the notes represented by the Global Notes (including principal, premium, if any, and interest, if any) by wire transfer of immediately available funds to the accounts specified by the Global Note holder. The Issuer will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each such Holder's registered address. The notes represented by the Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Certain Defined Terms

Set forth below is a summary of certain of the defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms.

"*Attributable Value*" means, in respect of any sale-leaseback transaction, the lesser of (a) the sale price of the principal property involved in such transaction multiplied by a fraction the numerator of which is the remaining portion of the base term of the lease included in such sale-leaseback transaction and the denominator of which is the base term of such lease and (b) the present value (discounted at the rate of interest implicit in such transaction) of the total obligations of the lessee for rental payments during the remaining term of the lease involved in such transaction (including any period for which the lease has been extended).

"*Consolidated Net Tangible Assets*" is defined as the total of all assets (including reevaluations thereof as a result of commercial appraisals, price level restatement or otherwise) appearing on the consolidated balance sheet of the Issuer and its Subsidiaries as of the then most recent semi-annual consolidated balance sheet of the Issuer, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other similar intangible assets (which term shall not be construed to include such reevaluations), less the aggregate of the current liabilities of the Issuer and its Subsidiaries appearing on such balance sheet as determined in accordance with IFRS.

"*IFRS*" means the UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under those standards.

"*Issue Date*" means the date the notes are issued under the indenture.

"*Lien*" means any lien, mortgage, pledge, security interest or other charge or encumbrance of any kind, including the lien or retained security title of a conditional vendor or other title retention agreements, any assignment or conditional assignment and any easement, right of way or other encumbrance on title to real property.

"*Material Subsidiary*" means each of Antofagasta Minerals S.A., Minera Los Pelambres S.C.M., Minera Centinela S.C.M., Minera Antucoya S.C.M. and any other Subsidiary of the Issuer that owns assets that represent in excess of 20% of the Issuer's consolidated total assets as of the end of the most recent semi-annual period of the Issuer.

"*Project Finance Indebtedness*" means indebtedness incurred by one or more Subsidiaries of the Issuer to finance or refinance all or any portion of the costs of the acquisition, construction, development, improvement, operation or expansion of any project (including costs such as escalation, interest during construction and financing and refinancing costs) and in respect of which the recourse of the holders of any such indebtedness for the payment, repayment and prepayment of such indebtedness is limited to (a) the liens on the property and assets described in clause (ix) under "—Limitation on Liens," (b) guarantees or other credit support provided during the period prior to successful completion of the relevant completion tests applicable to such project and/or (c) if such indebtedness is incurred by one or more Subsidiaries of the Issuer, such Subsidiary or Subsidiaries.

"*Principal Property*" means any mineral property located within Chile that is owned by the Issuer or any Material Subsidiary, except any such property which the board of directors of the Issuer by resolution declares is not of material importance to the total business conducted by the Issuer and its Subsidiaries, taken as a whole.

"*Subsidiary*" of a person means a corporation, limited liability company or other entity more than 50% of the outstanding Voting Stock of which is owned, directly or indirectly, by such person or by one or more Subsidiaries of such person.

"*Voting Stock*" with respect to any person, means Equity Interests the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such person, even if the right so to vote has been suspended by the happening of a contingency.

TRANSFER RESTRICTIONS

Regulation S Notes

Each purchaser of the notes pursuant to Regulation S, and each subsequent purchaser of such notes in resales prior to the expiration of the distribution compliance period by accepting delivery of this listing memorandum and the notes, will be deemed to have represented, agreed and acknowledged that:

(a) it is, or at the time notes are purchased will be, the beneficial owner of such notes and:

(i) it is located outside the United States (within the meaning of Regulation S); and

(ii) it is not an affiliate of the Company or a person acting on behalf of such an affiliate;

(b) it understands that such notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such notes except:

(i) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or

(ii) to the Company; or

(iii) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB,

in each case in accordance with any applicable securities laws of any State of the United States;

(c) it understands that the Regulation S notes and any Regulation S individual note will bear a legend to the following effect, unless the Company determines otherwise in accordance with applicable law:

"THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT."

(d) it understands that the Company, the Registrar, the initial purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Notes represented by an interest in the Rule 144A Global Notes may also be transferred to a person who wishes to hold such notes in the form of an interest in the Regulation S Global Notes, but only upon receipt by the Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Any interest in a note represented by the relevant Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in a note represented by the relevant Rule 144A Global Note will, upon transfer, cease to be an interest in a note represented by the relevant Regulation S Global

Note and become an interest in a note represented by the relevant Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to notes represented by the relevant Rule 144A Global Note.

Rule 144A Notes

Each purchaser of the notes in reliance on Rule 144A, by accepting delivery of this listing memorandum, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

(a) the purchaser is (a) a QIB, (b) acquiring the notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the notes or the Company and (d) is aware, and each beneficial owner of such notes has been advised, that the sale of the notes to it is being made in reliance on Rule 144A;

(b) the purchaser understands that (1) the notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to another exemption from registration under the Securities Act (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Company or any of its respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States and (2) it will, and each subsequent Noteholder represented is required to, notify any purchaser of the notes from it of the resale restrictions applicable to the Rule 144A Notes;

(c) the purchaser understands that the Rule 144A Global Notes and any Rule 144A individual note will bear a legend to the following effect, unless the Company determines otherwise in accordance with applicable law:

"THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR TO A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER, OR ITS AFFILIATES. THIS LEGEND WILL ONLY BE REMOVED AT THE OPTION OF THE ISSUER"

(d) if it is acquiring any notes for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(e) the purchaser understands that the Company, the Registrar, the initial purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Upon the transfer, exchange or replacement of the Rule 144A Global Note or the Rule 144A individual note, or upon the specific request for removal of the legend, the Company will deliver only the Rule 144A Global Note or one or more Rule 144A Notes that bear such legend or will refuse to remove such legend, unless there is delivered to the Company and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Company that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act, and subject to the election of the Issuer.

Any interest in the relevant Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in the relevant Regulation S Global Note will, upon transfer, cease to be an interest in the relevant Rule 144A Global Note and become an interest in the relevant Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in the relevant Regulation S Global Note Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

TAXATION

United Kingdom Taxation

The following is a general summary of the material UK withholding tax consequences at the date hereof in relation to the payment of principal, interest, discount and premium, if any, in respect of the notes issued by the Issuer and also contains a general summary of the material UK tax consequences of the ownership and disposition of the notes. This summary is based on existing UK tax law and our understanding of the practice of His Majesty's Revenue and Customs ("HMRC") as of the date of this listing memorandum. Legislative, administrative or judicial changes may modify the tax consequences described in this summary, possibly with retroactive effect. Furthermore, we can provide no assurance that the tax consequences contained in this summary will not be challenged by HMRC or will be sustained by a UK court if they were to be challenged. Except where the context otherwise requires, the comments relate only to the position of persons who are absolute beneficial owners of the notes and who do not deal with the position of certain classes of holders such as dealers. This section assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution. The following summary is not exhaustive and does not constitute tax advice. Any prospective purchaser of the notes who are in doubt as to their own tax position should consult their own professional adviser.

Please consult your own tax advisor on the consequences of owning these notes in your particular circumstances under the laws of the UK and any other relevant taxing jurisdiction.

1. Payment of interest on the notes

(A) Payments of interest on the notes may be made without withholding or deduction for or on account of UK income tax while the notes continue to be "listed on a recognised stock exchange" as defined in section 1005 of the Income Tax Act 2007 (and the main market of the London Stock Exchange is a "recognised stock exchange").

(B) Interest on the notes may also be paid without withholding or deduction on account of UK tax where interest on the notes is paid to a person the Issuer reasonably believes (and any person by or through whom interest on the notes is paid reasonably believes) is the beneficial owner of the interest and is within the charge to UK corporation tax as regards the payment of interest at the time the payment is made, provided that HMRC has not given a direction that it has reasonable grounds to believe that it is likely that the beneficial owner is not within the charge to UK corporation tax in respect of the payment of interest at the time the payment is made.

(C) In all cases not falling within paragraphs (A) or (B) above or any other domestic UK exemption, subject to relief under an applicable double taxation treaty, payments of interest on the notes that arise in the UK for UK tax purposes will be paid under deduction of UK income tax at the basic rate (currently 20%).

(D) Payments on the notes that, although not expressed to be interest, fall to be treated as interest arising in the UK for UK tax purposes will also be subject to the withholding tax rules described above. A premium payable on a redemption of a note may fall to be treated as interest for UK tax purposes. When the notes are issued at a discount or redeemable at a premium, UK withholding tax will not apply to the payment of that discount or premium so long as it does not constitute interest for UK tax purposes (other than discount treated as interest solely by virtue of Section 381 Income Tax (Trading and Other Income) Act 2005).

(E) Payments, or parts thereof, constituting income in respect of the notes having a UK source may be chargeable to UK tax by direct assessment even if paid without withholding or deduction. However, income in respect of the notes with a UK source received by a holder of the notes without deduction or

withholding on account of UK tax will not generally be liable to UK tax by direct assessment unless that holder (i) is resident in the UK for UK tax purposes, or (ii) carries on a trade, profession or vocation in the UK through a UK branch, agency or permanent establishment in connection with which the income is received or to which the notes are attributable. There are certain exemptions for income received by certain categories of agent (such as some brokers and investment managers).

(F) The references to "interest" above mean "interest" as understood in UK tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the notes or any related documentation.

2. Tax on Ownership and Disposition

(A) Holders of the notes that are companies within the charge to UK corporation tax may be subject to UK corporation tax on their holding, disposal and redemption of the notes (including a part redemption of the notes that are redeemable in two or more instalments). In general, all returns on and fluctuations in the value of the notes will be brought into account in computing taxable income broadly in accordance with securities holders' statutory accounting treatment. Fluctuations in value relating to foreign exchange gains and losses in respect of the notes will also be brought into account in computing income.

(B) Holders of the notes who are individuals and who are resident in the UK or carry on a trade, profession or vocation in the UK through a branch or agency to which the notes are attributable may be subject to UK income or capital gains tax on the disposal or redemption of the notes (including a part redemption of the notes that are redeemable in two or more instalments). The nature of the tax charge will depend on the terms of the notes in question and the particular circumstances of the relevant securities holder. In particular, we urge individual notes holders to have regard, where appropriate, to the capital gains tax legislation including the rules applying to "temporary non-residents," the "accrued income scheme" and the "deeply discounted securities" legislation.

(C) Holders of the notes that neither (i) are resident in the UK for UK tax purposes, nor (ii) carry on a trade, profession or vocation in the UK through a UK branch, agency or permanent establishment to which the notes are attributable, will not generally be liable to UK tax on fluctuations in the value of the notes or on their disposal (subject to the rules applying to "temporary non-residents" referred to above).

3. Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax should arise on the issue or transfer of a note held through DTC, or on its redemption.

United States Federal Income Tax Consequences

This section describes the material United States federal income tax consequences to a United States holder (as defined below) of owning the notes we are offering. This section applies to you only if you acquire notes in the offering at the offering price and you hold your notes as capital assets for tax purposes. This section addresses only United States federal income taxation and does not discuss all of the tax consequences that may be relevant to you in light of your individual circumstances, including foreign, state or local tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities,

- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,
- a person that owns notes that are a hedge or that are hedged against interest rate risks,
- a person that owns notes as part of a straddle or conversion transaction for tax purposes,
- a person that purchases or sells notes as part of a wash sale for tax purposes, or
- a person whose functional currency for tax purposes is not the U.S. dollar.

If you purchase notes at a price other than the offering price, the amortizable bond premium or market discount rules may also apply to you. You should consult your tax advisor regarding this possibility.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. This section does not constitute tax advice and we can provide no assurance that the tax consequences contained in this section will not be challenged by the Internal Revenue Service (the "IRS") or will be sustained by a United States court if they were to be challenged.

You are a United States holder if you are a beneficial owner of a note and you are, for United States federal income tax purposes:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If an entity or arrangement that is treated as a partnership for United States federal income tax purpose holds the notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the notes.

Please consult your own tax advisor concerning the consequences of owning these notes in your particular circumstances under the Internal Revenue Code and the laws of any other taxing jurisdiction.

Payments of Interest. You will be taxed on interest on your note as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

Interest paid by the Company on the notes is generally income from sources outside the United States for purposes of the rules regarding the foreign tax credit allowable to a United States holder and will generally be "passive" income for purposes of computing the foreign tax credit.

Purchase, Sale and Retirement of the Notes. Your tax basis in your note generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of your note equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will be treated as interest payments), and your tax basis in your note. Capital gain of a noncorporate United States holder is generally taxed at preferential rates where the property is held for more than one year.

Information with Respect to Foreign Financial Assets. A United States holder that owns "specified foreign financial assets" with an aggregate value in excess of $50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with its tax returns. "Specified foreign financial assets" may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. United States holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the notes.

Backup Withholding and Information Reporting. If you are a noncorporate United States holder, information reporting requirements, on Internal Revenue Service Form 1099, generally would apply to payments of principal and interest on a note within the United States, and the payment of proceeds to you from the sale of a note effected at a United States office of a broker.

Additionally, backup withholding may apply to such payments if you fail to comply with applicable certification requirements or (in the case of interest payments) are notified by the IRS that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

Payment of the proceeds from the sale of a note effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the purchase agreement dated April 29, 2024, among us and the initial purchasers in relation to the offering of the notes (the "Purchase Agreement"), we sold to each initial purchaser named below, and each initial purchaser severally and not jointly purchased from us, the principal amount of the notes set forth opposite that initial purchaser's name.

Initial Purchaser	Principal Amount of Notes
Citigroup Global Markets Inc.	U.S.$ 281,250,000
J.P. Morgan Securities LLC	U.S.$ 281,250,000
BofA Securities, Inc.	U.S.$ 46,875,000
Credit Agricole Securities (USA) Inc.	U.S.$ 46,875,000
Natixis Securities Americas LLC	U.S.$ 46,875,000
Scotia Capital (USA) Inc.	U.S.$ 46,875,000
Total	U.S.$ 750,000,000

Citigroup Global Markets Inc. and J.P. Morgan Securities LLC acted as Global Coordinators and Joint-Bookrunning Managers for the offering. BofA Securities, Inc., Credit Agricole Securities (USA) Inc., Natixis Securities Americas LLC and Scotia Capital (USA) Inc. acted as Joint Book-Running Managers for the offering.

The Purchase Agreement entitled the initial purchasers to terminate the issue of the notes in certain circumstances prior to payment to the Company. The Company agreed to indemnify the initial purchasers against certain liabilities in connection with the offering and may be required to contribute to payments the initial purchasers may be required to make in respect thereof.

Subject to the terms and conditions set forth in the Purchase Agreement, the initial purchasers severally and not jointly, purchased all of the notes sold under the Purchase Agreement if any of these notes are purchased.

The initial purchasers may offer and sell the notes through certain of their affiliates. The initial purchasers initially proposed to offer the notes at the offering prices set forth on the cover page hereof. After the initial offering, the offering prices may from time to time be varied by the initial purchasers. The initial purchasers reserved the right to reject, cancel or modify an order of notes in whole or in part. The initial purchasers offered the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserved the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The Company has agreed with the initial purchasers that neither it nor any person acting on its behalf will, without the prior written consent of the initial purchasers, for the period from and including the date of the Purchase Agreement through and including the date that is 60 days after the Closing Date, offer, sell, contract to sell or otherwise dispose of any unsecured capital markets debt securities (other than the notes) of, the Company and having a tenor of more than one year.

The notes are new issues of securities with no established trading market.

The initial purchasers are not obligated to make a market in the notes, and, accordingly, no assurance can be given as to the liquidity of, or trading market for, the notes.

In connection with the offering, the initial purchasers may over-allot or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail

for a limited period after the date of issue of the notes. However, there may be no obligation on the initial purchasers to do this. Such stabilization, if commenced, may be discontinued at any time.

No action has been or will be taken in any jurisdiction that would permit a public offering of the notes or the possession, circulation or distribution of any material relating to the Company in any jurisdiction where action for such purpose is required. Accordingly, the notes may not be offered or sold, directly or indirectly, nor may any offering material or advertisement in connection with the notes (including this listing memorandum and any amendment or supplement hereto) be distributed or published in or from any country or jurisdiction, except under circumstances that would result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Certain of the initial purchasers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Company and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company or the Company's affiliates (including the notes). If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered here. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. The Group will use the net proceeds of the offering to repay indebtedness outstanding under the Issuer's Senior Loan.

Pre-Issue Trades Settlement

Delivery of notes has been made against payment therefor on the Closing Date, which was the third business day following the date of pricing (such settlement being referred to as "T+3"). Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle in two business days ("T+2"), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wished to trade notes in the United States on the date of pricing were required, by virtue of the fact the notes will initially settle in T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries may vary and purchasers of notes may be affected by such local settlement practices.

United States

(a) The notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each initial purchaser has represented, warranted and undertaken that it proposes to offer the notes for resale (a) to persons they reasonably believe to be QIBs, within the meaning of Rule 144A under the Securities Act, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) in "offshore transactions" (as defined

in Rule 902(k) under the Securities Act) in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act.

(b) In addition, until 40 days after the commencement of the offering, an offer or sale of any of the notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A.

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in the Canadian National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this listing memorandum (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Prohibition of Sales to EEA Retail Investors

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

United Kingdom Offer Restriction

This listing memorandum is only being distributed to and is only directed at, persons who are outside the UK or persons in the UK that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). In the UK, the notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the notes will be engaged in only with, relevant persons. This listing memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the UK. Any person in the UK that is not a relevant person should not act or rely on this document or any of its contents.

Prohibition of Sales to UK retail investors

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Chile

The notes being offered will not be registered under the Securities Market Law (*Ley de Mercado de Valores*) in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Financial Markets Commission (*Comisión para el Mercado Financiero*, or the "CMF") and, therefore, the notes are not subject to the supervision of the CMF. As unregistered securities in Chile, we are not required to disclose public information about the notes in Chile. Accordingly, the notes will not be publicly offered to persons in Chile unless they are registered in the corresponding Securities Registry. The notes, as a general rule, may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with General Rule (*Norma de Carácter General*) No. 336 of the CMF, dated June 27, 2012 ("CMF Rule 336"). Pursuant to the Securities Market Law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories or groups thereof. Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law. However, pursuant to Rule 336, the notes may be privately offered in Chile to certain "qualified investors" (*Inversionistas Calificados*) identified as such therein (which in turn are further described in General Rule No. 216 of the CMF, dated June 12, 2008).

CMF Rule 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer: April 25, 2024. The offer of the notes is subject to CMF Rule 336;

2. The subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*) of the CMF, nor with the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the CMF, therefore the notes are not being subject to the oversight of the CMF;

3. Since the notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the notes in Chile; and

4. The notes shall not be subject to public offering in Chile unless registered with the corresponding Securities Registry of the CMF.

Singapore

This listing memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the notes cannot be offered or sold or be made the subject of an invitation for subscription or purchase and will not be offered or sold or be made the subject of an invitation for

subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person that is:

- a corporation (that is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;
- securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except:
- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

This listing memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any notes other than (1) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (2) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Taiwan

The notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold within Taiwan through a public offering or in circumstances that constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the notes in Taiwan. The notes may be made available outside Taiwan for purchase outside Taiwan by Taiwan resident investors, but may not be offered or sold in Taiwan.

Australia

No placement document, prospectus, product disclosure statement, or other disclosure document (including as defined in the Corporations Act 2001 (Cth) ("Corporations Act")) has been or will be lodged with the Australian Securities and Investments Commission ("ASIC") or any other governmental agency, in relation to the offering. This listing memorandum does not constitute a prospectus, product disclosure statement, or other disclosure document for the purposes of Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement, or other disclosure document under the Corporations Act. No action has been taken which would permit an offering of the notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act.

The notes may not be offered for sale, nor may application for the sale or purchase or any notes be invited in Australia (including an offer or invitation that is received by a person in Australia) and neither this listing memorandum nor any other offering material or advertisement relating to the notes may be distributed or published in Australia unless, in each case:

(a) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A$500,000 (or its equivalent in another currency, in either case, disregarding moneys lent by the person offering the notes or making the invitation or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act;

(b) the offer, invitation, or distribution complied with the conditions of the Australian financial services license of the person making the offer, invitation, or distribution or an applicable exemption from the requirement to hold such license;

(c) the offer, invitation, or distribution complies with all applicable Australian laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act);

(d) the offer or invitation does not constitute an offer or invitation to a person in Australia who is a "retail client" as defined for the purposes of Section 761G of the Corporations Act; and

(e) such action does not require any document to be lodged with ASIC or the ASX

Switzerland

This listing memorandum is not intended to constitute, and does not constitute, an offer to the public or solicitation to purchase or invest in the notes described therein.

The notes have not been and will not be publicly offered, directly or indirectly, in Switzerland, within the meaning of the Swiss Financial Services Act ("FinSA") except (i) to any investor that qualifies as a professional within the meaning of the FinSA, and (ii) in any other circumstance qualifying as an exemption within the meaning of article 36 paragraph 1 of the FinSA, provided in each case, that no such offer of notes referred to in clauses (i) and (ii) above shall require the publication of a prospectus for offers of the notes in Switzerland pursuant to FinSA.

The notes have not been and shall not be admitted to any trading venue (exchange or multilateral trading facility) in Switzerland.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, the notes will not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Peru

The notes and the information contained in this listing memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the notes and therefore, the disclosure obligations set forth therein will not be applicable to the Company or the sellers of the notes before or after their acquisition by prospective investors. The notes and the information contained in this listing memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the SMV nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the notes cannot be offered or sold within Peruvian territory except to the extent any such offering, or sale qualified as a private offering under Peruvian regulations and complies with the provisions on private offerings set therein. The notes may not be offered or sold in Peru except in compliance with the securities law thereof.

Colombia

The notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations.

Furthermore, foreign financial entities must abide by the terms of Decree 2555 of 2010 to privately offer the notes to their Colombian clients.

Luxembourg

This listing memorandum has not been approved by and will not be submitted for approval to the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg, and accordingly, the notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this listing memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, or from or published in, the Grand Duchy of Luxembourg, except in circumstances which do not constitute an offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg law of 10 July 2005 on prospectuses for securities, as amended.

Dubai

The notes have not been and may not be offered to any person in the Dubai International Finance Centre unless such offer is an (a) an "Exempt Offer" in accordance with the Market Rules 2012 of the Dubai Financial Services Authority (the "DFSA") (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Ireland

The notes will not be offered or sold, and no other action with respect of the notes shall be taken, in Ireland otherwise than in conformity with the provisions of (a) the European Union (Markets in Financial Instruments) Regulations 2017 or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998, (b) the Companies Act 2014, the Central Bank Acts 1942 to 2018 and any code of conduct rules made under Section 117(1) of the Central Bank Act 1989, (c) Regulation (EU) 2017/1129, the European Union (Prospectus) Regulations 2019 and any rules and guidance issued by the Central Bank under Section 1363 of the Companies Act 2014 and (d) the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) 2016 (as amended) and any rules and guidance issued by the Central Bank under Section 1370 of the Companies Act 2014.

Italy

The offering of the notes has not been registered pursuant to Italian securities legislation and, accordingly, no notes may be offered, sold or delivered, nor may copies of this listing memorandum or of any other document relating to the notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act") and Article 34-ter, first

paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("Regulation No. 11971"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the notes or distribution of copies of the listing memorandum or any other document relating to the notes in the Republic of Italy under clause (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "Banking Act"); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Mexico

The notes have not been and will not be registered with the Mexican National Securities Registry (Registro Nacional de Valores) maintained by the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) ("CNBV"), and may not be offered or sold publicly in Mexico, except that the notes may be offered to institutional and qualified investors pursuant to the private placement exemption set forth in article 8 of the Mexican Securities Market Law (Ley del Mercado de Valores). The information contained in this listing memorandum is exclusively the responsibility of the Company and has not been reviewed or authorized by the CNBV. The acquisition of the notes by an investor who is a resident of Mexico will be made under such investor's own responsibility.

ENFORCEMENT OF CIVIL LIABILITIES AND SERVICE OF PROCESS

We are a company organized and incorporated under the laws of England and Wales. Most of our directors, executive officers and controlling persons named herein are non-residents of the United States and substantially all of the assets of such non-resident persons and all of our assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or us or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States. We will appoint Corporation Service Company as an agent to receive service of process with respect to any action brought against us in any federal or state court in the State of New York arising pursuant to the indenture.

There is also doubt as to the enforceability, in original actions in Chilean courts, of liabilities including those predicated solely on U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of United States courts obtained in actions including those predicated upon the civil liability provisions of U.S. federal securities laws.

No bilateral treaty is currently in effect between the United States and Chile that covers the reciprocal enforcement of civil foreign judgments. In the past, Chilean courts have enforced judgments rendered in the United States by virtue of the legal principles of reciprocity and comity, consisting of the review in Chile of the United States judgment, in order to ascertain, among other matters, whether Chilean legal principles of due process and public policy (*orden público*) have been complied with, without reviewing the merits of the subject matter of the case.

LISTING AND GENERAL INFORMATION

Clearing Systems

The notes have been accepted for trading in book-entry form by DTC. For the Rule 144A notes, the ISIN number is US03718NAC02 and the CUSIP number is 03718N AC0. For the Regulation S notes, the ISIN number is USG0399BAB39 and the CUSIP number is G0399B AB3.

Listing

Application has been made to the FCA for the notes to be admitted to the Official List and application will be made to the London Stock Exchange for such notes to be admitted to trading on the Main Market. The Main Market is a regulated market for the purposes of UK MiFIR. Such approval relates only to the notes which are to be admitted to trading on the Main Market for the purposes of the UK MiFIR and/or which are to be offered to the public in the UK.

Documents Available

For so long as the notes are listed on the Main Market of the London Stock Exchange, copies of the following items will be available in electronic form at www.antofagasta.co.uk:

(a) this listing memorandum;

(b) the indenture;

(c) the Issuer's constitutional documents; and

(d) consolidated audited financial statements of the Issuer for the two most recently completed fiscal years.

Any websites referred to herein do not form part of this listing memorandum.

Validity of the Listing memorandum and Supplements

This listing memorandum is valid for 12 months. For the avoidance of doubt, the Issuer shall have no obligation to supplement this listing memorandum after the admission to trading of the notes.

Estimate of Expenses

The total expenses related to the admission of the notes to trading on the London Stock Exchange's Main Market are estimated to be £7,050.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the notes.

On April 9, 2024, our Board authorized the issuance of the notes.

Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 213800MY6QVH4FVLD628.

Yield

The yield of the notes is 6.330%, as calculated on April 29, 2024 on the basis of the issue price of the notes. It is not an indication of future yield.

No Material Adverse Change

Except as disclosed under "Management's Discussion and Analysis of Financial Condition and Results of Operations," there has been no material adverse change in the prospects of the Issuer since December 31, 2023, the date of the Issuer's most recent audited consolidated financial statements included in this listing memorandum.

No Significant Change

Except as disclosed under "Management's Discussion and Analysis Of Financial Condition and Results of Operations—Recent Developments" in this listing memorandum, there has been no significant change in the financial performance and financial position of the Group since December 31, 2023.

Litigation

Except as disclosed under "Management's Discussion and Analysis Of Financial Condition and Results of Operations—Recent Developments" and "Business—Legal Proceedings" in this listing memorandum, the Issuer has not been involved in any governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this listing memorandum which is reasonably likely to have or have had in the recent past a significant effect on the financial position or profitability of the Issuer and/or the Group.

Material Contracts

Except for those contracts entered into in the ordinary course of business of the Group, none of the Issuer nor any other member of the Group has, in the last two years up to the date of this listing memorandum, entered into any material contracts which are not in the ordinary course of the Group's business and which could result in any member of the Group being under an obligation or entitlement that is material to the Group's ability to meet its obligations to holders of the notes.

Conflicts of Interest

To the Issuer's knowledge, there are no existing or potential conflicts of interest between any duties of the directors of the Issuer and their private interest and other duties.

Auditor

The statutory auditor of the Issuer for the period covered by the historical financial information included in this listing memorandum is PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH, United Kingdom.

With effect from May 8, 2024, PricewaterhouseCoopers LLP has ceased to hold office as the Issuer's external auditor and the Issuer has selected Deloitte LLP as its external auditor until the Issuer's next annual general meeting in 2025. Deloitte LLP's registered address is 1 New Street Square, London EC4A 3HQ, United Kingdom.

VALIDITY OF THE NOTES

The validity of the notes was passed upon for us by Sullivan & Cromwell LLP, our United States and New York counsel and for the initial purchasers by Milbank LLP, United States and New York counsel for the initial purchasers.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for each of the years ended December 31, 2023, December 31, 2022 and December 31, 2021, which have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and are included in this listing memorandum, have been audited by PricewaterhouseCoopers LLP, our independent auditors, as stated in their reports appearing herein.

GLOSSARY OF CERTAIN TERMS

- **2021 Audited Financial Statements**: Our annual audited consolidated financial statements presented in U.S. dollars as of and for the year ended December 31, 2021, which include the notes thereto.

- **2022 Audited Financial Statements**: Our annual audited consolidated financial statements presented in U.S. dollars as of and for the year ended December 31, 2022, which include the notes thereto.

- **2023 Audited Financial Statements**: Our annual audited consolidated financial statements presented in U.S. dollars as of and for the year ended December 31, 2023, which include the notes thereto.

- **Antucoya**: Minera Antucoya, a 70%-owned subsidiary incorporated in Chile.

- **Barrick Gold**: Barrick Gold Corporation, incorporated in Canada and our joint venture partner in Zaldívar and formerly Tethyan.

- **CCP**: Cost and Competitiveness Program, our initiative implemented in 2014 that is designed to streamline our business and result in cost savings.

- **Centinela**: Minera Centinela, a 70%-owned subsidiary incorporated in Chile that holds the Centinela Concentrates and Centinela Cathodes operations.

- **Chilean peso**: Chilean currency.

- **COMEX**: A commodity exchange that trades metals such as gold, silver, copper and aluminum.

- **Company**: Antofagasta plc.

- **Directors**: The Directors of the Company.

- **EBITDA**: Earnings Before Interest, Tax, Depreciation and Amortization. EBITDA is calculated by adding back depreciation, amortization, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group's subsidiaries, and the Group's proportional share of the EBITDA of its associates and joint ventures.

- **EIA**: Environmental Impact Assessment.

- **El Arrayán**: Parque Eólico el Arrayán SpA, a 30%-owned associate that operates a wind-power plant providing up to 40MW of electricity to Los Pelambres.

- **Encuentro**: Copper oxide and sulfide prospect in the Centinela Mining District.

- **Esperanza Sur**: Copper deposit in the Centinela Mining District.

- **FCA**: Financial Conduct Authority, a UK regulatory body.

- **FCAB**: Ferrocarril de Antofagasta a Bolivia, the name of our Transport division.

- **Financial Statements**: The 2021 Audited Financial Statements, 2022 Audited Financial Statements and 2023 Audited Financial Statements.
- **FTSE100 Index**: A share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization.
- **GAAP**: Generally Accepted Accounting Practice or Generally Accepted Accounting Principles, a collection of commonly followed accounting rules and standards for financial reporting.
- **Group**: Antofagasta plc and its subsidiary companies and its share of its associates and joint ventures.
- **IASB**: International Accounting Standards Board.
- **ICMM**: International Council on Metals and Mining.
- **IFRIC**: International Financial Reporting Standards Interpretations Committee.
- **IFRS**: The UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006.
- **Inversiones Hornitos**: Inversiones Hornitos S.A., which owns the 150MW Hornitos thermoelectric power plant in Mejillones in Chile's Antofagasta region.
- **Los Pelambres**: Minera Los Pelambres, a 60%-owned subsidiary incorporated in Chile.
- **LME**: London Metal Exchange.
- **LSE**: London Stock Exchange.
- **LTIFR**: Lost Time Injury Frequency Rate. The number of accidents with lost time during the year per million hours worked.
- **LTIP**: Long Term Incentive Plan in which the Group's CEO, Executive Committee members and other senior managers participate.
- **Main Market**: The London Stock Exchange's regulated market.
- **Marubeni**: Marubeni Corporation, the Group's 30% minority partner in Centinela and Antucoya.
- ***Ministerio del Medio Ambiente***: Chilean Ministry of the Environment.
- **Platts**: A provider of energy and metals information and source of benchmark price assessments.
- **PPA**: Power Purchase Agreement.
- **Quiñenco**: Quiñenco S.A., a Chilean financial and industrial group listed on the Santiago Stock Exchange and controlled by a foundation in which members of the Luksic family are interested.
- **Reko Diq**: A copper-gold deposit in Pakistan, previously a subsidiary of Tethyan.

- **RCA**: Resolucion de Calificación Ambiental, Environmental Approval Resolution.
- **Realized prices**: Effective sale price achieved comparing revenues (grossed up for treatment and refining charges for concentrate) with sales volumes.
- **SEIA**: Chilean Environmental Impact Assessment Service, a government environmental regulator in charge of conducting environmental impact assessments and issuing permits.
- **SERNAGEOMIN**: Servicio Nacional de Geología y Minería, a government agency that provides geological and technical advice and regulates the mining industry in Chile.
- **SMA**: the Bureau of the Environment (*Superintendencia del Medio Ambiente*), an independent agency which audits the issuance of RCAs.
- **SX-EW**: solvent-extraction electrowinning process used to produce copper cathodes at Centinela, Antucoya and Zaldívar.
- **Tesoro**: Copper oxide open pits forming part of the Centinela operation.
- **Tethyan**: The Group had a 50% interest in Tethyan Copper Company Limited (''Tethyan''), which was a joint venture with Barrick Gold Corporation in respect of the Reko Diq project in Pakistan. In December 2022, Antofagasta entered into definitive agreements to dispose of its 50% interest in the Tethyan joint venture and it is therefore no longer recognised as a joint venture by the Group.
- **Twin Metals Minnesota Project**: A copper, nickel and platinum group metals underground-mining project located in Minnesota, United States.
- **UK**: United Kingdom.
- **U.S.**: United States.
- **U.S. dollar**: United States currency.
- **Zaldívar**: Compañía Minera Zaldívar SpA, a 50-50 joint venture with Barrick Gold, which is operated by the Group.

INDEX TO FINANCIAL STATEMENTS

Consolidated Financial Statements of the Group as of and for the year ended December 31, 2023*	**Page**
Independent Auditors' Report to the members of Antofagasta plc	F-2
Consolidated Income Statement	F-8
Consolidated Statement of Comprehensive Income	F-9
Consolidated Statement of Changes in Equity	F-9
Consolidated Balance Sheet	F-10
Consolidated Cash Flow Statement	F-11
Notes to the Financial Statements	F-12

Consolidated Financial Statements of the Group as of and for the year ended December 31, 2022*	**Page**
Independent Auditors' Report to the members of Antofagasta plc	F-57
Consolidated Income Statement	F-64
Consolidated Statement of Comprehensive Income	F-65
Consolidated Statement of Changes in Equity	F-65
Consolidated Balance Sheet	F-66
Consolidated Cash Flow Statement	F-67
Notes to the Financial Statements	F-68

Consolidated Financial Statements of the Group as of and for the year ended December 31, 2021*	**Page**
Independent Auditors' Report to the members of Antofagasta plc	F-121
Consolidated Income Statement	F-128
Consolidated Statement of Comprehensive Income	F-129
Consolidated Statement of Changes in Equity	F-129
Consolidated Balance Sheet	F-130
Consolidated Cash Flow Statement	F-131
Notes to the Financial Statements	F-132

*Extracts with respect to our Audited Financial Statements have been taken from our Annual Reports for the years ending December 31, 2023, 2022 and 2021 without material adjustment. Certain documents that are either cross referenced to within the included extracts or noted within the audit report may not appear herein. Such documents are not required to be included in the listing memorandum and such information is not incorporated by reference in, and does not form part of, the listing memorandum.

Independent auditors' report to the members of Antofagasta plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Antofagasta plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2023 (the "Annual Report"), which comprise: the consolidated and Parent Company balance sheets as at 31 December 2023; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and Parent Company statements of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 8 to the Group financial statements, we have provided no non-audit services to the Parent Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We identified two components (2022: two) as individually financially significant components, which required an audit of their complete financial information due to their financial significance to the Group, and a further three components (2022: three) where we concluded that a full scope audit of the component financial information was warranted.
- Taken together, the components at which audit work was performed accounted for 97% of Group revenue.
- We also determined that specified procedures were necessary in respect of certain balances within the corporate segment and transport division to ensure that we had sufficient coverage from our audit work over each line of the Group's financial statements.

Key audit matters

- Assessment of indicators of impairment and impairment reversal for property, plant and equipment, in particular in respect of the Zaldívar and Antucoya cash generating units (Group) and investments in subsidiaries (Parent Company)

Materiality

- Overall Group materiality: $117 million (2022: $112 million) based on 5% of the three year average of profit before tax adjusted for one-off items.
- Overall Parent Company materiality: $21 million (2022: $20 million) based on 1% of total assets.
- Performance materiality: $87.75 million (2022: $84 million) (Group) and $15.75 million (2022: $15 million) (Parent Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The accounting for the disposal of the Group's interest in the Reko Diq project (Group), which was a key audit matter last year, is no longer included as a key audit matter because of the fact that the gain on disposal was fully recognised within the 2022 financial year, and the Group has subsequently, in 2023, received a private ruling from the Australian Tax Office to confirm that the disposal proceeds would not be subject to Australian tax. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Assessment of indicators of impairment and impairment reversal for property, plant and equipment, in particular in respect of the Zaldívar and Antucoya cash generating units (Group) and investments in subsidiaries (Parent Company) In accordance with IAS 36 'Impairment of assets', the Directors are required to perform an impairment assessment of long-lived assets at any time an indicator of impairment exists. The Directors considered various external and internal factors, as set out in IAS 36, in assessing whether an indicator of impairment, or in respect of Antucoya, impairment reversal, existed as at 31 December 2023 in respect of the operating mine cash-generating units ('CGUs'), such as short- and long-term forecast copper prices, the operational performance of these mines and indicative estimates of movements in value during the year based on the latest Life of Mine plans. This assessment included consideration of the impact of climate risks, including scenario analysis, as detailed in note 5 to the Group financial statements. The Directors concluded that no indicators of impairment or impairment reversal existed as at 31 December 2023 in respect of these CGUs and, therefore, no detailed impairment tests were performed. This assessment required judgement on the part of the Directors in determining whether an impairment indicator existed and was an area which had a significant effect on our overall audit strategy and allocation of resources in the planning for, and completion of, our audit. It was, therefore, determined to be a key audit matter. The financial statements set out the key elements of the judgements made by the Directors, which include at Zaldívar that the ongoing renewal of mining and water permits, currently due to expire in 2025, will be successful, and that production issues experienced in the year are short-term in nature. Refer to notes 3 and 5 to the Group financial statements and the Audit and Risk Committee's views set out on page 146. As at 31 December 2023, the Parent Company holds investments in subsidiaries amounting to $938.3 million (2022: $589.1 million), comprising shares and long-term funding balances that the Directors do not intend to demand repayment of in the foreseeable future. Judgement is required to assess whether impairment indicators exist in relation to the shares held in subsidiaries and, where indicators are identified, to determine whether the recoverable amount is no lower than the investment carrying value. Judgement is also required in determining whether an expected credit loss should be recorded against the long-term funding balances. In assessing for impairment indicators, management considered whether the underlying net assets of the investment support the carrying amount, the nature of the underlying assets and whether other facts and circumstances could also be an indicator of impairment. For the loan balances, management considered whether the relevant subsidiary could repay the loans if they were demanded at the balance sheet date. Based on management's assessment, no impairment indicators in respect of the carrying value of investments in subsidiaries were identified by the Directors at the balance sheet date, and no expected credit loss on the long-term funding balances was recognised. Refer to notes 3 and 5 to the Parent Company's financial statements.	We, supported by our component team, assessed the Directors' conclusion that there were no indicators of impairment or impairment reversal as at 31 December 2023 in respect of the operating mine CGUs. In performing this assessment, the following procedures were performed by the Group team, or, where appropriate, by our component team in Chile with oversight from the Group audit team in the UK. Our procedures included evaluating management's impairment indicator assessments, including its completeness by reference to both internal and external factors, including but not limited to operational performance in the year, macroeconomic factors including forecast copper prices, foreign currency exchange rates and market interest rates, climate change, and expected future production profiles and capital expenditure as included in the latest Life of Mine plan for each operation. In the case of Zaldívar, we also assessed the latest developments in respect of the permit applications. As well as considering whether any qualitative indicators of impairment existed, we evaluated management's quantitative impairment indicator assessments, and the process by which the indicative valuations were determined, including verifying the mathematical accuracy of the cash flow models and agreeing future capital and operating expenditure to the latest Board approved budgets and the latest approved Life of Mine plans. We assessed the reasonableness of the expected capital and operating expenses in light of their historical levels and recent operational performance, and considered the competence and objectivity of management's internal technical experts who prepared the Life of Mine plans. We evaluated the appropriateness of key market related assumptions in the indicative valuation models, including the copper prices, discount rates and foreign currency exchange rates, with the support of our valuation experts. We also performed sensitivity analysis around the key assumptions within the cash flow forecasts, using both lower long-term copper prices and a stronger Chilean peso. In addition, we considered management's impairment indicator assessments in the context of the Task Force on Climate-related Financial Disclosures ("TCFD") scenario analyses prepared by management during the year. In light of the above, we assessed the appropriateness of the related disclosures in note 5 to the Group financial statements, including the sensitivities provided. Overall, we identified no material issues in our work. In respect of investments in subsidiaries in the Parent Company, we evaluated and challenged management's assessment and judgements in relation to the identification of impairment indicators; independently performed an assessment of other potential internal and external impairment indicators, including considering the market capitalisation of the Group with reference to the carrying value in the Parent Company of investments in subsidiaries; and evaluated the ability of the subsidiaries to repay the loan balances. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The core mining business comprises four mining operations: Los Pelambres; Centinela; Antucoya; and Zaldívar, a joint venture with Barrick Gold Corporation operated by the Group. These mines produce copper cathodes, copper concentrates and significant volumes of by-products.

In addition to mining, the Group has a transport division that provides rail and road cargo services in northern Chile, predominantly to mining customers, including to the Group's own mining operations.

All of the above operations are located in Chile. In addition, the Group has corporate head offices located in both Santiago, Chile (Antofagasta Minerals S.A.) and London, UK (Antofagasta plc). The Group also has exploration projects in various countries.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each of the four mine sites and the corporate offices in Chile, by us, as the Group engagement team and by component auditors from PwC Chile operating under our instruction. Los Pelambres and Centinela were considered to be financially significant components of the Group, due to their contribution towards Group profit before tax, and so required audits of their complete financial information. Antucoya and Zaldívar, as well as the Parent Company Antofagasta plc, were also subject to an audit of their complete financial information. We also requested that component auditors perform specified procedures over the corporate offices in Chile, and specific line items of other entities within the Group (including the transport division) to ensure that we had sufficient coverage from our audit work over each line of the Group's financial statements. The Group engagement team also performed testing of the Group's equity investment in Compañía de Minas Buenaventura S.A.A. and the related other financial asset, and the associated other comprehensive income and profit that has been recognised. For all other components, the Group team performed analytical review procedures.

Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. Our oversight procedures included the issuance of formal, written instructions to the component auditors setting out the work to be performed, regular communication throughout the audit cycle including frequent meetings, the review of certain component auditor workpapers and participation in certain audit clearance meetings. In most cases, communication was performed through video conferencing. However, members of the Group team, including the senior statutory auditor, also visited Chile on multiple occasions during the audit.

Taken together, the components where we performed our audit work accounted for 97% of consolidated revenue, 89% of consolidated profit before tax and 88% of consolidated profit before tax adjusted for one-off items. This was before considering the contribution to our audit evidence from performing audit work at the Group level, including disaggregated analytical review procedures, which covers a significant portion of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

The Parent Company financial statements are prepared in the corporate head office in Santiago, with oversight from the Group Financial Controller based in London, and are ultimately reviewed and approved by the Directors alongside the Group financial statements. The Parent Company financial statements were audited by the Group engagement team.

The impact of climate risk on our audit

In planning our work, including identifying areas of audit risk and determining an appropriate audit response, we were mindful of the increased focus on the impact of climate change risk on companies and their financial reporting, and also that the Group has identified climate change as a principal risk. As part of our audit, we made enquiries of management to understand its processes to assess the extent of the potential impact of climate change risks on the Group and its financial statements. This included consideration of the Group's Climate Change Strategy and newly published targets to reduce Scope 1 and 2 emissions by 50% by 2035 relative to the 2020 baseline, to reduce Scope 3 emissions by 10% by 2030, and, in the long-term, to achieve carbon neutrality.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Parent Company
Overall materiality	$117 million (2022: $112 million).	$21 million (2022: $20 million).
How we determined it	5% of the three year average of profit before tax adjusted for one-off items	1% of total assets
Rationale for benchmark applied	For overall Group materiality, we chose to use an underlying earnings measure as the benchmark because an underlying measure removes the impact of material items that do not recur from year-to-year or otherwise significantly affect the underlying trend of performance from continuing operations. The adoption of a multi-year average benchmark for materiality responds to longer term trends in commodity markets and reduces volatility in the measure year-on-year. Using our professional judgement, we determined materiality for this year at $117 million, which equates to approximately 6.5% of the current year's profit before tax adjusted for one-off items.	For the Parent Company materiality, we determined our materiality based on total assets, which is considered more relevant than a performance-related measure as the company is an investment holding company for the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $10 million and $94 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to $87.75 million (2022: $84 million) for the Group financial statements and $15.75 million (2022: $15 million) for the Parent Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above $5.8 million (Group audit) (2022: $5.6 million) and $1.05 million (Parent Company audit) (2022: $1 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and examining management's base case forecasts and downside scenarios, checking that the forecasts had been subject to board review and, in the case of the base case, approval;
- Considering the historical reliability of management forecasting by comparing budgeted results with actual performance;
- Assessing the future cash flows included in the base case to ensure that these were consistent with our understanding from work performed over other key accounting estimates in the financial statements such as the impairment indicator assessment;
- Confirming that the downside scenarios applied by management represent severe but plausible downside scenarios in the context of our understanding of the business, and performing our own sensitivity analysis to understand the impact of changes in cash flows and net debt on the resources available to the Group; and
- Reading management's papers to the Audit and Risk Committee in respect of going concern, and agreeing the forecasts set out in these papers to the underlying base case cash flow model.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' and CEO's Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

UK Corporate Governance Code compliance statement (the "corporate governance statement")

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Parent Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax law in the jurisdictions in which the Group operates. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Inquiries with management, including the Group's Vice President of Legal and the Head of Internal Audit, regarding their consideration of known or suspected instances of non-compliance with laws and regulation;
- Obtaining legal letters from the Group's external legal advisers in respect of litigation and claims and other such matters, where considered necessary;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with certain unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company financial statements and the part of the Directors' and CEO's Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 20 May 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is nine years, covering the years ended 31 December 2015 to 31 December 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

SIMON MORLEY (SENIOR STATUTORY AUDITOR)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 March 2024

Consolidated income statement

For the year ended 31 December 2023

	Note(s)	Excluding exceptional items 2023 $m	Exceptional Items 2023 $m	2023 $m	Excluding exceptional items 2022 $m	Exceptional Items 2022 $m	2022 $m
Group revenue	6, 7	**6,324.5**	**–**	**6,324.5**	5,862.0	–	5,862.0
Total operating costs		**(4,541.7)**	**–**	**(4,541.7)**	(4,227.7)	–	(4,227.7)
Operating profit from subsidiaries	8	**1,782.8**	**–**	**1,782.8**	1,634.3	–	1,634.3
Net share of results from associates and joint ventures	18	**(13.5)**	**–**	**(13.5)**	48.1	–	48.1
Gain on disposal of investment in joint venture	17	**–**	**–**	**–**	–	944.7	944.7
Operating profit from subsidiaries and share of total results from associates and joint ventures	8	**1,769.3**	**–**	**1,769.3**	1,682.4	944.7	2,627.1
Investment income	10	**138.1**	**–**	**138.1**	40.2	–	40.2
Interest expense	10	**(105.6)**	**–**	**(105.6)**	(78.6)	–	(78.6)
Other finance items	4,10	**(3.4)**	**167.1**	**163.7**	(29.8)	–	(29.8)
Net finance income/(expense)	10	**29.1**	**167.1**	**196.2**	(68.2)	–	(68.2)
Profit before tax		**1,798.4**	**167.1**	**1,965.5**	1,614.2	944.7	2,558.9
Income tax expense	11	**(624.3)**	**(41.8)**	**(666.1)**	(603.6)	–	(603.6)
Profit from continuing operations		**1,174.1**	**125.3**	**1,299.4**	1,010.6	944.7	1,955.3
Profit for the year		**1,174.1**	**125.3**	**1,299.4**	1,010.6	944.7	1,955.3
Attributable to:							
Non-controlling interests	32	**464.3**	**–**	**464.3**	422.3	–	422.3
Owners of the parent	12	**709.8**	**125.3**	**835.1**	588.3	944.7	1,533.0

		US cents	US cents	US cents	US cents	US cents	US cents
Basic earnings per share							
From continuing operations	12	**72.0**	**12.7**	**84.7**	59.7	95.8	155.5

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	2023 $m	2022 $m
Profit for the year		**1,299.4**	1,955.3
Items that may be or were subsequently reclassified to profit or loss:			
Currency translation adjustment		**(0.5)**	(0.4)
Total items that may be or were subsequently reclassified to profit or loss		**(0.5)**	(0.4)
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gains /(losses) on defined benefit plans	28	**10.7**	(18.1)
Gains in fair value of equity investments	19	**137.0**	15.8
Tax on items recognised directly in equity that will not be reclassified	29	**(40.8)**	5.7
Share of other comprehensive losses of associates and joint ventures, net of tax	18	**(0.6)**	–
Total items that will not be subsequently reclassified to profit or loss		**106.3**	3.4
Total other comprehensive income		**105.8**	3.0
Total comprehensive income for the year		**1,405.2**	1,958.3
Attributable to:			
Non-controlling interests	32	**467.6**	418.1
Owners of the parent		**937.6**	1,540.2

	2023 $m	2022 $m
Total comprehensive income for the year – continuing operations	**1,405.2**	1,958.3

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital $m	Share premium $m	Other reserves (Note 31) $m	Retained earnings (Note 31) $m	**Equity attributable to owners of the parent $m**	Non-controlling interests (Note 32) $m	**Total equity $m**
At 1 January 2022	89.8	199.2	(10.4)	8,071.6	8,350.2	2,678.8	11,029.0
Profit for the year	–	–	–	1,533.0	**1,533.0**	422.3	**1,955.3**
Other comprehensive income for the year	–	–	15.4	(8.2)	**7.2**	(4.2)	**3.0**
Total comprehensive income for the year	–	–	15.4	1,524.8	**1,540.2**	418.1	**1,958.3**
Dividends	–	–	–	(1,262.9)	**(1,262.9)**	(80.0)	**(1,342.9)**
At 31 December 2022	**89.8**	**199.2**	**5.0**	**8,333.5**	**8,627.5**	**3,016.9**	**11,644.4**
Profit for the year	**–**	**–**	**–**	**835.1**	**835.1**	**464.3**	**1,299.4**
Other comprehensive income for the year	**–**	**–**	**99.5**	**3.0**	**102.5**	**3.3**	**105.8**
Total comprehensive income for the year	**–**	**–**	**99.5**	**838.1**	**937.6**	**467.6**	**1,405.2**
Dividends	**–**	**–**	**–**	**(613.2)**	**(613.2)**	**(388.0)**	**(1,001.2)**
At 31 December 2023	**89.8**	**199.2**	**104.5**	**8,558.4**	**8,951.9**	**3,096.5**	**12,048.4**

Consolidated balance sheet

At as 31 December 2023

	Note	2023 $m	2022 $m
Non-current assets			
Property, plant and equipment	15	**12,678.7**	11,543.5
Other non-current assets		**–**	1.1
Inventories	20	**457.0**	347.0
Investment in associates and joint ventures	18	**891.1**	904.6
Trade and other receivables	21	**68.5**	51.0
Equity investments	19	**288.6**	90.5
Deferred tax assets	29	**72.0**	78.5
		14,455.9	13,016.2
Current assets			
Inventories	20	**671.0**	708.1
Trade and other receivables	21	**1,117.8**	2,087.2
Other financial asset	22	**457.2**	–
Current tax assets		**25.9**	35.6
Liquid investments	23	**2,274.7**	1,580.8
Cash and cash equivalents	23	**644.7**	810.4
		5,191.3	5,222.1
Total assets		**19,647.2**	18,238.3
Current liabilities			
Short-term borrowings and other financial liabilities	24	**(901.9)**	(432.5)
Trade and other payables	25	**(1,171.5)**	(1,079.7)
Short-term decommissioning and restoration provisions	30	**(15.2)**	(33.2)
Current tax liabilities		**(100.7)**	(60.4)
		(2,189.3)	(1,605.8)
Non-current liabilities			
Medium and long-term borrowings and other financial liabilities	24	**(3,177.3)**	(2,844.5)
Trade and other payables	25	**(9.8)**	(8.0)
Post-employment benefit obligations	28	**(139.9)**	(137.3)
Decommissioning and restoration provisions	30	**(425.9)**	(455.0)
Deferred tax liabilities	29	**(1,656.6)**	(1,543.3)
		(5,409.5)	(4,988.1)
Total liabilities		**(7,598.8)**	(6,593.9)
Net assets		**12,048.4**	11,644.4
Equity			
Share capital	31	**89.8**	89.8
Share premium	31	**199.2**	199.2
Other reserves	31	**104.5**	5.0
Retained earnings	31	**8,558.4**	8,333.5
Equity attributable to owners of the parent		**8,951.9**	8,627.5
Non-controlling interests	32	**3,096.5**	3,016.9
Total equity		**12,048.4**	11,644.4

The financial statements on pages 190 to 234 were approved by the Board of Directors on 20 March 2024 and signed on its behalf by

Jean-Paul Luksic
Chairman

Francisca Castro
Senior Independent Director

Consolidated cash flow statement

For the year ended 31 December 2023

	Note(s)	2023 $m	2022 $m
Cash flow from continuing operations	33	**3,027.1**	2,738.3
Interest paid		**(166.0)**	(74.3)
Income tax paid		**(528.1)**	(787.1)
Net cash from operating activities		**2,333.0**	1,876.9
Investing activities			
Capital contributions to associates and joint ventures	18	**(0.6)**	–
Dividends from associates and joint ventures	18	**–**	50.0
Investment in other financial assets	22	**(290.1)**	–
Acquisition of equity investments	19	**(60.7)**	(66.5)
Proceeds from disposal of investment in joint venture	17	**944.7**	–
Proceeds from sale of property, plant and equipment		**–**	0.2
Purchases of property, plant and equipment		**(2,129.2)**	(1,879.2)
Net (increase)/decrease in liquid investments	23	**(674.2)**	1,388.9
Interest received		**117.1**	29.1
Net cash used in investing activities		**(2,093.0)**	(477.5)
Financing activities			
Dividends paid to owners of the parent	13	**(613.2)**	(1,262.9)
Dividends paid to preference shareholders of the Company	13	**(0.1)**	(0.1)
Dividends paid to non-controlling interests	32	**(388.0)**	(80.0)
Proceeds from issue of new borrowings	33	**1,062.2**	865.9
Repayments of borrowings	33	**(381.7)**	(751.3)
Principal elements of lease payments	33	**(81.2)**	(105.4)
Net cash used in financing activities		**(402.0)**	(1,333.8)
Net (decrease) /increase in cash and cash equivalents		**(162.0)**	65.6
Cash and cash equivalents at beginning of the year		**810.4**	743.4
Net (decrease) /increase in cash and cash equivalents	33	**(162.0)**	65.6
Effect of foreign exchange rate changes	33	**(3.7)**	1.4
Cash and cash equivalents at end of the year	23,33	**644.7**	810.4

Notes to the financial statements

1 Basis of preparation

The consolidated financial statements of the Antofagasta plc Group have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared on the going concern basis.

Going concern

The Directors have assessed the going concern status of the Group, considering the period to 31 December 2025.

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Strategic Report, and in particular within the Operating Review. Details of the cash flows of the Group during the period, along with its financial position at the period-end, are set out in the Financial Review. The consolidated financial statements include details of the Group's cash, cash equivalents and liquid investment balances in Note 23, and details of borrowings are set out in Note 24.

When assessing the going concern status of the Group, the Directors have considered in particular its financial position, including its significant balance of cash, cash equivalents and liquid investments and the terms and remaining durations of the borrowing facilities in place. The Group had a strong financial position as at 31 December 2023, with combined cash, cash equivalents and liquid investments of $2,919.4 million. Total borrowings were $4,079.2 million, resulting in a net debt position of $1,159.8 million. Of the total borrowings, only 22% is repayable within one year, and 16% repayable between one and two years.

When assessing the prospects of the Group, the Directors have considered the Group's copper price forecasts, the Group's expected production levels, operating cost profile and capital expenditure. These forecasts are based on the Group's budgets and life-of-mine models, which are also used when assessing relevant accounting estimates, including depreciation, deferred stripping and closure provisions, and accounting judgements including potential indicators of impairment.

The principal analysis has only considered existing committed borrowing facilities in place as of 31 December 2023, and has not assumed that any new borrowing facilities will be put in place. Given the planned financing for the Centinela Second Concentrator project was not in place as at 31 December 2023, we have not included the planned development of that project within this principal scenario. As an additional scenario we have forecast the impact of the development of this project, which assumes a typical financing environment which allows us to put in place our planned financing for the project. In addition, we have also modelled sensitivities reflecting the impact of potential overruns in the project costs.

The forecasts have assumed distributions in line with the Group's policy that the total annual dividend for each year would represent a payout ratio based on underlying net earnings (as defined in the Alternative Performance Measures section) for that year of at least 35%.

The Directors have assessed the key risks which could impact the prospects of the Group over the going concern period and consider the most relevant to be risks to the copper price outlook, as this is the factor most likely to result in significant volatility in earnings and cash generation. Robust down-side sensitivity analyses have been performed in relation to the principal analysis described above, assessing the standalone impact of each of:

- A significant deterioration in the future copper price forecasts, by an average of approximately 15% throughout the going concern period.
- An even more pronounced short-term reduction of 50 c/lb in the copper price for a period of three months, in addition to the above general deterioration in the copper price throughout the review period.
- The potential impact of the Group's most significant individual operational risks.
- A shut-down of any one of the Group's operations for a period of three months, or a shut-down of all of the Group's operations for a period of one month.

The stability of tailings storage facilities represents a potentially significant operational risk for mining operations globally. The Group's tailings storage facilities are designed to international standards, constructed using downstream methods, subject to rigorous monitoring and reporting, and reviewed regularly by an international panel of independent experts. Given these standards of design, development, operations and review, the impact of a potential tailings dam failure has not been included in the sensitivity analysis.

The above down-side sensitivity analyses indicated results which could be managed in the normal course of business, including the aggregate impact of a number of the above sensitivities occurring at the same time. The analysis indicated that the Group is expected to remain in compliance with all of the covenant requirements of its borrowings throughout the review period and retain sufficient liquidity. Based on their assessment of the Group's prospects, the Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that the Directors are aware of that cast doubt on the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 December 2025. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Company structure

Antofagasta plc is a company limited by shares, incorporated and domiciled in the United Kingdom at 103 Mount Street, London W1K 2TJ.The immediate parent of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested.

The nature of the Group's operations is mining and exploration activities and the transport of rail and road cargo.

A) Adoption of new accounting standards

The following accounting standards, amendments and interpretations became effective in the current reporting period:

- IFRS 17, Insurance Contracts
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)

The application of these standards and interpretations effective for the first time in the current year has had no significant impact on the amounts reported in these financial statements.

B) Accounting standards issued but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date. None of these standards are expected to have a significant impact on the Group.

The following standards are effective after 1 January 2024:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The following standards are effective after 1 January 2025 (and subject to UK endorsement):

- Lack of Exchangeability (Amendments to IAS 21)

2 Material accounting policies

A) Accounting convention

These financial statements have been prepared under the historical cost convention as modified by the use of fair values to measure certain financial instruments, principally provisionally priced sales as explained in Note 2(F) and financial derivative contracts as explained in Note 2(V).

B) Basis of consolidation

The financial statements comprise the consolidated financial statements of Antofagasta plc ("the Company" or "the Parent" or "the Parent Company") and its subsidiaries (collectively "the Group").

Subsidiaries – A subsidiary is an entity over which the Group has control, which is the case when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany balances and transactions. For partly-owned subsidiaries, the net assets and profit attributable to non-controlling shareholders are presented as "Non-controlling interests" in the consolidated balance sheet and consolidated income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

C) Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through the power to participate in the financial and operating policy decisions of that entity. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

This requires recording the investment initially at cost to the Group and then, in subsequent periods, adjusting the carrying amount of the investment to reflect the Group's share of the associate's results less any impairment and any other changes to the associate's net assets such as dividends. When the Group loses control of a former subsidiary but retains an investment in associate in that entity, the initial carrying value of the investment in associate is recorded at its fair value at that point. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

D) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are accounted for depending on the nature of the arrangement.

(i) Joint ventures – are accounted for using the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures as described in Note 18.

(ii) Joint operations – are accounted for recognising directly the assets, obligations, revenues and expenses of the joint operator in the joint arrangement. The assets, liabilities, revenues and expenses are accounted for in accordance with the relevant IFRS.

When a Group entity transacts with its joint arrangements, profits and losses resulting from the transactions with the joint arrangements are recognised in the Group's consolidated financial statements only to the extent of interests in the joint arrangements that are not related to the Group.

E) Currency translation

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. Transactions in currencies other than the functional currency of the entity are translated at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at year end exchange rates. Gains and losses on retranslation are included in net profit or loss for the period within other finance items.

The presentational currency of the Group and the functional currency of the Company is the US dollar. On consolidation, income statement items for entities with a functional currency other than the US dollar are translated into US dollars at average rates of exchange. Balance sheet items are translated at period-end exchange rates. Exchange differences on translation of the net assets of such entities are taken to equity and recorded in a separate currency translation reserve. Cumulative translation differences arising after the transition date to IFRS are recognised as income or as expenses in the income statement in the period in which an operation is disposed of.

On consolidation, exchange gains and losses which arise on balances between Group entities are taken to reserves where that balance is, in substance, part of the net investment in a foreign operation, i.e. where settlement is neither planned nor likely to occur in the foreseeable future. All other exchange gains and losses on Group balances are recognised in the income statement within other finance items.

Fair value adjustments and any goodwill arising on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the period-end rate.

F) Revenue recognition and other income

Revenue represents the value of goods and services supplied to third parties during the year. Revenue is measured at the fair value of consideration received or receivable, and excludes any applicable sales tax.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

For the Group's mining products, the customer generally gains control over the material when it has been loaded at the port of loading, and so this is the point of revenue recognition. The Group sells a significant proportion of its products on Cost, Insurance & Freight (CIF) Incoterms, which means that the Group is responsible for shipping the product to a destination port specified by the customer. In these cases, the customer still gains control over the material when it has been loaded at the port of loading, and so that remains the point of revenue recognition for the sale of material; however, the shipping service represents a separate performance obligation, and revenue in relation to such services is recognised separately from the sale of the material over time as the shipping service is provided, along with the associated costs. Shipping revenue is recognised at the contracted price of the shipping service to the Group as this reflects the standalone selling price.

Revenue from mining activities is recorded at the invoiced amounts with an adjustment for provisional pricing at each reporting date, as explained below. For copper and molybdenum concentrates, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate invoiced to the customer reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. Revenue includes amounts from the sale of by-products such as gold and silver.

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average London Metal Exchange ("LME") copper price or the monthly average market molybdenum price for specified future periods. This normally ranges from one to four months after delivery to the customer. For sales contracts which contain provisional pricing mechanisms, the initial invoice typically reflects the month-average market price for the metal in the month of shipment, with the associated receivable balance subsequently measured at fair value through profit or loss. Gains and losses from the marking-to-market of the receivable balance in relation to open sales are recognised through adjustments to other income presented within revenue in the income statement and to trade receivables in the balance sheet. The fair value calculations are based on forward prices at the period end for copper concentrate and cathode sales, and period-end average prices for molybdenum concentrate sales due to the absence of a futures market for this product.

For the Transport division, revenue in respect of its transportation and ancillary services are recognised over time in line with the performance of those services.

2 Material accounting policies *continued*

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest received is recognised within investing activities in the consolidated cash flow statement.

Dividend income

Dividend income from equity investments, associates and joint ventures is recognised when the shareholders' right to receive payment has been established. For associates and joint ventures, it is recorded as a decrease of the investment.

G) Exploration and evaluation expenditure

Exploration and evaluation costs, other than those incurred in acquiring exploration licences, are expensed in the year in which they are incurred. When a mining project is considered to be commercially viable (normally when the project has completed a pre-feasibility study, and the start of a feasibility study has been approved) all further directly attributable pre-production expenditure is capitalised. Capitalisation of pre-production expenditure ceases when commercial levels of production are achieved.

Costs incurred in acquiring exploration and mining licences are classified as intangible assets when construction of the related mining operation has not yet commenced. When construction commences the licences are transferred from intangible assets to the mining properties category within property, plant and equipment.

H) Stripping costs

Pre-stripping and operating stripping costs are incurred in the course of the development and operation of open-pit mining operations.

Pre-stripping costs relate to the removal of waste material as part of the initial development of an open-pit, in order to allow access to the ore body. The capitalised costs are depreciated once production commences on a unit of production basis, in proportion to the volume of ore extracted in the year compared with total proven and probable reserves for that pit at the beginning of the year.

Operating stripping costs relate to the costs of extracting waste material as part of the ongoing mining process. The ongoing mining and development of the Group's open-pit mines is generally performed via a succession of individual phases. The costs of extracting material from an open-pit mine are generally allocated between ore and waste stripping in proportion to the tonnes of material extracted. The waste stripping costs are generally absorbed into inventory and expensed as that inventory is processed and sold. Where the stripping costs relate to a significant stripping campaign which is expected to provide improved access to an identifiable component of the ore body (typically an individual phase within the overall mine plan), the costs of removing waste in order to improve access to that part of the ore body will be capitalised within property, plant and equipment. The capitalised costs will then be amortised on a unit of production basis, in proportion to the volume of ore extracted compared with the total ore contained in the component of the pit to which the stripping campaign relates.

I) Intangible assets

Exploration and mining licences are classified as intangible assets when construction of the related mining operation has not yet commenced. When construction commences, the licences are transferred from intangible assets to the mining properties category within property, plant and equipment.

J) Property, plant and equipment

The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment in the year in which they are incurred, when a mining project is considered to be commercially viable (normally when the project has completed a pre-feasibility study, and the start of a feasibility study has been approved). The cost of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Once a project has been established as commercially viable, related development expenditure is capitalised. This includes costs incurred in preparing the site for mining operations, including pre-stripping costs. Capitalisation ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

Interest on borrowings related to the construction or development of projects is capitalised as part of the cost of the asset. To the extent that borrowings have been put in place specifically to fund the construction of the asset, the capitalised amount will reflect the actual interest costs incurred on that borrowing. If the construction is funded out of general borrowings, the capitalised interest expense will be calculated based on the entity's weighted average interest rate, applied to the expenditure on the asset (with the capitalised interest amount not exceeding the entity's total borrowing cost for the period). The interest costs are capitalised, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production.

K) Depreciation of property, plant and equipment

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended.

Property, plant and equipment is depreciated over its useful life, or over the remaining life of the operation if shorter, to residual value. The major categories of property, plant and equipment are depreciated as follows:

(i) Land – freehold land is not depreciated unless the value of the land is considered to relate directly to a particular mining operation, in which case the land is depreciated on a straight-line basis over the expected mine life.

(ii) Mining properties – mining properties, including capitalised financing costs, are depreciated on a unit of production basis, in proportion to the volume of ore extracted in the year compared with total proven and probable reserves at the beginning of the year.

(iii) Buildings and infrastructure – straight-line basis over 10 to 25 years.

(iv) Railway track (including trackside equipment) – straight-line basis over 20 to 25 years.

(v) Wagons and rolling stock – straight-line basis over 10 to 20 years.

(vi) Machinery, equipment and other assets – are depreciated on a unit of production basis, in proportion to the volume of ore/material processed or hours of equipment usage, or on a straight-line basis over 5 to 20 years.

(vii) Assets under construction – no depreciation until asset is available for use.

(viii) Lease right-of-use assets – depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(ix) Stripping cost – capitalised costs are amortised on a unit of production basis, in proportion to the volume of ore extracted compared with the total ore contained in the component of the pit to which the stripping campaign relates (Note 15).

Residual values and useful lives are reviewed, and adjusted if appropriate, at least annually, and changes to residual values and useful lives are accounted for prospectively.

L) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets relating to exploration and mining licences are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. In respect of historical impairments recognised in prior years, the Group also assesses whether there is any indication that impairment may no longer exist or may have decreased.

If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment or reversal (if any). Where the asset does not generate cash flows that are largely independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal reflects the net amount the Group would receive from the sale of the asset in an orderly transaction between market participants. For mining assets, this would generally be determined based on the present value of the estimated future cash flows arising from the continued use, further development or eventual disposal of the asset. The estimates used in determining the present value of those cash flows are those that an independent market participant would consider appropriate. Value in use reflects the expected present value of the future cash flows which the Group would generate through the operation of the asset in its current condition, without taking into account potential enhancements or further development of the asset. The fair value less costs of disposal valuation will normally be higher than the value in use valuation, as realisation of the full potential of the Group's mining operations typically requires further capital expenditure and ongoing mine development, and accordingly the Group typically applies this valuation estimate in its impairment assessments, unless indicated otherwise. Details of the valuations and sensitivities of the Group's mining operations considered as part of the impairment trigger assessment are included in Note 5.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment charge is recognised in the income statement immediately. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying value that would have been determined if no impairment had previously been recognised after taking into account the depreciation and/or amortisation that would otherwise have been recorded in the intervening period. A reversal is recognised in the income statement immediately.

M) Inventory

Inventory consists of raw materials and consumables, work-in-progress and finished goods. Work-in-progress represents material that is in the process of being converted into finished goods. The conversion process for mining operations depends on the nature of the copper ore. For sulphide ores, processing typically includes milling and concentrating, resulting in the production of copper concentrate. For oxide ores, processing includes leaching of stockpiles, solvent extraction and electrowinning and results in the production of copper cathodes. Finished goods consist of copper concentrate containing gold and silver at Los Pelambres and Centinela and copper cathodes at Centinela and Antucoya. Los Pelambres and Centinela also produce molybdenum as a by-product.

Inventory is valued at the lower of cost, on a weighted average basis, and net realisable value. Net realisable value represents estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost of finished goods and work-in-progress is production cost and for raw materials and consumables it is purchase price. Production cost includes:

- labour costs, raw material costs and other costs directly attributable to the extraction and processing of ore,
- depreciation of plant, equipment and mining properties directly involved in the production process, and
- an appropriate allocation of production overheads.

Stockpiles represent ore that is extracted and is available for further processing. Costs directly attributable to the extraction of ore are generally allocated as part of production costs in proportion to the tonnes of material extracted. Operating stripping costs are generally absorbed into inventory, and therefore expensed as that inventory is processed and sold. If ore is not expected to be processed within 12 months of the balance sheet date it is included within non-current assets. If there is significant uncertainty as to when any stockpiled ore will be processed, it is expensed as incurred.

N) Taxation

Tax expense comprises the charges or credits for the year relating to both current and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the income statement because it excludes items of income or expense that are taxable and deductible in different years and also excludes items that are not taxable or deductible. The liability for current tax is calculated using tax rates for each entity in the consolidated financial statements which have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences (i.e. differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit). Deferred tax is accounted for using the balance sheet liability method and is provided on all temporary differences with certain limited exceptions as follows:

(i) tax payable on undistributed earnings of subsidiaries, associates and joint ventures is provided except where the Group is able to control the remittance of profits and it is probable that there will be no remittance of past profits earned in the foreseeable future,

(ii) deferred tax is not provided on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting or taxable profit and does not give rise to equal taxable and deductible temporary differences, and

(iii) the initial recognition of any goodwill.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered through sufficient future taxable profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

O) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

P) Provisions for decommissioning and restoration costs

Obligations to incur decommissioning and restoration costs can arise as a result of the development or ongoing operation of a mining property. Costs are estimated on the basis of a formal closure plan and are subject to regular formal review.

Decommissioning obligations arising from the construction of property, plant and equipment (including installation of plant and site preparation work) are provided for at their net present value as the construction of the asset gives rise to the obligation, and included within the property, plant and equipment cost. These decommissioning costs are charged against profit or loss over the life of the mine, through depreciation of the property, plant and equipment balance (recorded within operating expenses). The unwinding of the discount on the provision is recorded within other finance items. Changes in the measurement of a decommissioning provision are added to, or deducted from, the property, plant and equipment balance in the current year.

Restoration obligations, arising from ongoing operating activities, are provided for at their net present values and charged against operating expenses as the obligation arises. Changes in the measurement of a restoration provision which, relate to a change in the estimate of the closure costs or a change in the discount rate, are charged against operating expenses, and changes relating to foreign exchange are recorded within other finance items.

Q) Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year. The Group currently does not have any equity settled share-based payments to employees or third parties.

R) Post-employment benefits

The Group operates defined contribution schemes for a limited number of employees. For such schemes, the amount charged to the income statement is the contributions paid or payable in the year.

2 Material accounting policies *continued*

Employment terms may also provide for payment of a severance indemnity when an employment contract comes to an end. This is typically at the rate of one month for each year of service (subject in most cases to a cap as to the number of qualifying years of service) and based on final salary level. The severance indemnity obligation is treated as an unfunded defined benefit plan, and the calculation is based on valuations performed by an independent actuary using the projected unit credit method, which are regularly updated.

The obligation recognised in the balance sheet represents the present value of the severance indemnity obligation. Actuarial gains and losses are immediately recognised in other comprehensive income.

S) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amounts of cash, are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The cash balance is presented net of bank overdrafts which are repayable on demand. Cash and cash equivalents have a maturity period of 90 days or less.

T) Liquid investments

Liquid investments represent highly liquid current asset investments such as term deposits and managed funds invested in high quality fixed income instruments. They do not meet the IAS 7 definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity profile greater than 90 days from the date first entered into, or because they are held primarily for investment purposes rather than meeting short-term cash commitments. These assets are designated as fair value through profit or loss, with the fair value movements recorded within investment income.

U) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

V) Other financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Group has transferred the asset to another party. Financial liabilities are removed from the Group's balance sheet when they are extinguished – i.e. when the obligation specified in the contract has been discharged, cancelled or expired.

(i) Investments – Equity investments which are not subsidiaries, associates or joint ventures are recognised at fair value. The Group generally applies an irrevocable election for each equity investment to designate them as Fair Value through Other Comprehensive Income (FVOCI). Dividends from equity investments are recognised in the income statement when the right to receive payment is established.

(ii) Trade and other receivables – As explained above, for sales contracts which contain provisional pricing mechanisms the total receivable balance is measured at fair value through profit or loss. Other receivable balances are recognised at amortised cost.

(iii) Trade and other payables – Trade and other payables are generally not interest-bearing and are normally stated at their nominal value.

(iv) Other financial assets – Other financial assets are measured at fair value through profit or loss.

(v) Borrowings (loans and preference shares) – Interest-bearing loans and bank overdrafts are initially recorded at fair value which is typically equal to the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method. Amounts are either recorded as financing costs in profit or loss or capitalised in accordance with the accounting policy set out in Note 2(J). Finance charges are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The total amount of interest paid, both in respect of interest recognised as an expense in profit or loss or capitalised in accordance with IAS 23 Borrowing Costs, is recognised within operating activities in the consolidated cash flow statement.

The Sterling-denominated preference shares issued by the Company carry a fixed rate of return without the right to participate in any surplus. They are accordingly classified within borrowings and translated into US dollars at period-end rates of exchange. Preference share dividends are included within other finance items within net finance expense in the income statement.

(vi) Equity instruments – Equity instruments issued are recorded at the proceeds received, net of direct issue costs. Equity instruments of the Company comprise its Sterling-denominated issued ordinary share capital and related share premium. As explained in Note 2(E), the presentational currency of the Group and the functional currency of the Company is US dollars, and ordinary share capital and share premium are translated into US dollars at historical rates of exchange based on dates of issue.

(vii) Impairment of financial assets – The Group applies the forward-looking expected credit loss model to its financial assets, other than those measured at fair value through profit or loss. The Group applies the IFRS 9 "simplified approach" to its trade receivables, measuring the loss allowance at the lifetime expected credit loss. For other financial assets, where the credit risk has not increased significantly since initial recognition, the loss allowance is measured at the 12 month expected credit loss. If there has been a significant increase in credit risk, the loss allowance is measured at the lifetime expected credit loss. Increases or decreases to the credit loss allowance are recognised immediately in profit or loss.

W) Exceptional items
Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash, including impairments and profits or losses on disposals. The tax effect of items presented as exceptional is also classified as exceptional, as are material deferred tax adjustments that relate to more than one reporting period.

X) Rounding
All amounts disclosed in the financial statements and notes have been rounded to the nearest million dollars unless otherwise stated.

These policies have been consistently applied to all the years presented, unless otherwise stated.

3 Critical accounting judgements and key sources of estimation uncertainty
Determining many of the amounts included in the financial statements involves the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is included in the principal accounting policies in Note 2 or the other notes to the financial statements, and the key areas are set out below.

A) Judgements
The following are the critical judgements, apart from those involving estimations (which are dealt with separately), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Non-financial assets impairment

As explained in Note 2(L), the Group reviews the carrying value of its intangible assets and property, plant and equipment, as well as the assets of its joint ventures, to determine whether there is any indication that those assets are impaired. In performing assessments for impairment triggers, assets that do not generate largely independent cash inflows are allocated to an appropriate cash generating unit ("CGU"). Details of the valuations and sensitivities of the Group's, and its joint venture Zaldívar's, mining operations considered as part of the impairment trigger assessment are included in Note 5, including quantitative sensitivity analyses. Details of the value of assets and liabilities for each of the mining operations are set out in Note 6.

When an impairment trigger is identified, an impairment test is performed, wherein the recoverable amount of those assets, or the CGU, is measured at the higher of their fair value less costs of disposal and value in use.

When an impairment test is performed, management necessarily applies its judgement and estimation in allocating assets to CGUs, in estimating the probability, timing and value of underlying cash flows and in selecting appropriate discount rates to be applied within the fair value less costs of disposal calculation. The key assumptions are set out in Note 5. Subsequent changes to CGU allocation, licensing status, reserves and resources, price assumptions or other estimates and assumptions in the fair value less costs of disposal calculation could impact the carrying value of the respective assets.

As explained in Note 5, based on an assessment of both qualitative and quantitative factors, there were no indicators of potential impairment, or reversal of previous impairments, for the Group's and its joint ventures' non-current assets associated with its mining operations at the 2023 year-end, and accordingly no impairment tests have been performed. However, whether or not an impairment indicator exists is a critical judgement, in particular as at 31 December 2023 for Zaldívar (given the ongoing permitting process and the other factors set out in Note 5).

B) Estimates
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Deferred tax liabilities in respect of undistributed earnings of subsidiaries

No deferred tax liability is recognised in respect of the undistributed earnings of subsidiaries where it is not likely that those profits will be distributed in the foreseeable future. When determining whether it is likely that distributions will be made in the foreseeable future, and what is the appropriate foreseeable future period for this purpose, the Group considers factors such as the predictability of the likely future Group dividends, taking into account the Group's dividend policy and the level of potential volatility of the Group's future earnings and cash generation, as well as the current level of distributable reserves at the Antofagasta plc entity level. As set out in Note 29, at 31 December 2023 deferred withholding tax liabilities of $66.6 million have been recognised (31 December 2022 – $71.6 million), which relate to undistributed earnings of subsidiaries where it is considered likely that the corresponding profits will be distributed in the foreseeable future. The value of the remaining undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, because the Group is in a position to control the timing of the distributions and it is likely that distributions will not be made in the foreseeable future, as at 31 December 2023 was $7,101.1 million (31 December 2022 – $6,430.4 million). If deferred withholding tax liabilities were recognised in respect of all of these remaining undistributed earnings of subsidiaries, this would result in an additional deferred tax liability and expense of approximately $1,314.9 million (31 December 2022 – $1,076.5 million), depending on the application of tax credits which may be available in particular circumstances.

In addition to the above estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next 12 months, we have also set out the following additional estimates and assumptions which have a significant impact on the financial statements, but which are not considered to be key sources of estimation uncertainty as defined in IAS 1.

(i) Inventory valuation

The valuation of work in progress inventories involves a number of estimates, including the average ore grade, volume and density of ore stockpiles, and the recoveries in respect of material on the leach piles. Evaluating the net realisable value of the inventories also requires an estimate of the likely future copper price for the periods when it is expected that the inventories will be completed and sold. As set out in Note 20, the value of work in progress inventories at 31 December 2023 was $832.4 million (31 December 2022 – $751.9 million).

If the copper spot price at 31 December 2023 (used for forecasting the likely sales price of short-term inventories) had been 10% lower, this would have resulted in a net realisable value provision and charge to the Income Statement of approximately $45 million.

The valuation of leachpile inventories can be particularly complex, given the required estimates including in respect of the total recoveries and the speed of recovery in relation to the material on the piles. This is particularly the case for leachpiles with a long leaching cycle, where material may remain on the pile for several years before it has been fully leached. The operation with the most significant long-term leachpile inventory is Zaldívar, with a long-term leachpile with a value of approximately $120 million (on a 50% attributable basis) at 31 December 2023 (2022 – $130 million). This balance is forecast to be consumed over the operation's remaining 13 year mine life (2022 – 14 year) and its recoverability is based on the same assumptions about future operational considerations as detailed in Note 5. As a simple high-level sensitivity, if this balance were reduced by 10% (due to changes in recovery estimates for example), this would result in a reduction in Zaldívar's inventory balance of approximately $12 million (on a 50% attributable basis) (2022 – $13 million).

3 Critical accounting judgements and key sources of estimation uncertainty *continued*

(ii) Useful economic lives of property, plant and equipment and ore reserves estimates

As explained in Note 2(K), mining properties, including capitalised financing costs, are depreciated in proportion to the volume of ore extracted in the year compared with total proven and probable reserves at the beginning of the year.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that were valid at the time of estimation may change when new information becomes available. These include assumptions as to grade estimates and cut-off grades, recovery rates, commodity prices, exchange rates, production costs, capital costs, processing and reclamation costs and discount rates. The actual volume of ore extracted and any changes in these assumptions could affect prospective depreciation rates and carrying values.

Other items of property, plant and equipment are depreciated over their useful economic lives, on a unit of production basis, in proportion to the volume of ore/material processed or hours of equipment usage, or on a straight-line basis. Management reviews the appropriateness of useful economic lives at least annually and, again, any changes could affect prospective depreciation rates and asset carrying values.

The operation with the most significant depreciation expense is Centinela, with a depreciation expense of $727 million in 2023 (2022 – $710 million), representing approximately 61% of the total Group depreciation charge. As a simple high-level sensitivity, a 10% adjustment to the useful economic lives of Centinela's property, plant and equipment would result in an impact of approximately $73 million (2022 – $71 million) on the annual depreciation charge.

(iii) Provisions for decommissioning and site restoration costs

As explained in Note 2(P), provision is made, based on net present values, for decommissioning and site rehabilitation costs as soon as the obligation arises following the development or ongoing production of a mining property. The provision is based on a closure plan prepared with the assistance of external consultants.

Management uses its judgement and experience to provide for and (in the case of capitalised decommissioning costs) amortise these estimated costs over the life of the mine. The ultimate cost of decommissioning and site rehabilitation is uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites.

The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Details of the decommissioning and restoration provisions are set out in Note 30. The total value of these provisions as at 31 December 2023 was $441.1 million (2022 – $488.2 million). As a simple high-level sensitivity, a 10% increase in the forecast closure costs would increase the provision balance by approximately $44 million (2022 – $49 million), the decommissioning costs asset capitalised in the year within property, plant and equipment by approximately $3 million (2022 – $17 million) and the ongoing annual operating expenses by approximately $1 million (2022 – $2 million).

(iv) Deferred tax assets in respect of tax losses

As explained in Note 2(N), deferred tax assets are recognised only to the extent that it is probable that they will be recovered through sufficient future taxable profits. When assessing the probable future taxable profits, the Group considers whether the relevant Group entity has sufficient taxable temporary differences which will result in taxable amounts against which the unused tax losses can be utilised.

Generally under Chilean tax law, most tax losses can be carried forward indefinitely, and so the expiry of tax losses is not typically an issue. The key assumptions to which the forecasts of the probable level of future taxable profits are most sensitive are future commodity prices, production levels and operating costs.

As set out in Note 29, the Group has recognised $72.0 million of net deferred tax assets as at 31 December 2023 (2022 – $78.5 million), relating to tax losses, provisions and short-term timing differences. The deferred tax position includes $141.2 million (2022 – $124.5 million) of deferred tax assets in respect of tax losses available for offset against future profits. These losses may be carried forward indefinitely.

4 Exceptional items

Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash, including impairments and profits or losses on disposals. The classification of these types of items as exceptional is considered to be useful as it provides an indication of the earnings generated by the ongoing businesses of the Group.

Compañia de Minas Buenaventura S.A.A.

As detailed in Notes 22 and 26, during 2023 the Group entered into an agreement to acquire up to an additional 30 million shares in Compañía de Minas Buenaventura S.A.A. An exceptional fair value gain of $167.1 million was recognised during 2023 in respect of this agreement. A deferred tax expense of $41.8 million has been recognised in respect of this gain (see Note 11), resulting in a post-tax impact of $125.3 million.

2022 – Disposal of investment in Tethyan joint venture (Reko Diq project)

On 15 December 2022, Antofagasta entered into definitive agreements to exit its interest in the Tethyan joint venture, which was a joint venture with Barrick Gold Corporation in respect of the Reko Diq project in Pakistan. As a result, Antofagasta recognised a gain on disposal of its investment in the joint venture as at 15 December 2022 of $944.7 million. The disposal proceeds were received by the Group in May 2023. Full details of the agreements and gain on disposal are set out in Note 17.

5 Asset sensitivities

There were no indicators of potential impairment, or reversal of previous impairments, for the Group's non-current assets associated with its mining operations at the 2023 year-end, and accordingly no impairment tests have been performed. The impairment indicator assessment included consideration of the potential indicators set out in IAS 36, 'Impairment of Assets', which included quantitative analysis based on the operations' life-of-mine models as adjusted for certain assumptions (including potential future development opportunities) ("the models"). These models provide indicative valuations and do not represent, or comply with, a formal impairment assessment prepared in accordance with IAS 36. Sensitivity analyses have been performed on the models to quantify the impact of changes in assumptions to which the models are most sensitive and to support the overall impairment indicator assessment.

As noted above, no qualitative indicators of potential impairment or potential reversal of impairment were identified. Similarly, no quantitative indicators of impairment were identified, with the models used within the impairment indicator assessment continuing to indicate positive headroom for all of the Group's mining operations, including the Zaldívar joint venture, with the indicated value of the assets in excess of their carrying value.

Relevant aspects of this process are detailed below:

Copper price outlook

The assumption to which the value of the assets is most sensitive is the future long-term copper price. The copper price forecasts (representing the Group's estimates of the assumptions that would be used by independent market participants in valuing the assets) are based on consensus analyst forecasts. A long-term copper price of $3.70/lb (reflecting 2023 real terms) has been used in the models considered as part of the impairment indicator assessment, which has increased from $3.50/lb (reflecting 2022 real terms) at the prior year-end. As an additional down-side sensitivity an indicative valuation (based on the models) was performed with a long-term copper price of $3.33/lb, reflecting a 10% reduction in the long-term price forecast. Los Pelambres and Centinela still showed positive headroom in their models in this alternative down-side scenario. However, the Antucoya indicative valuation indicated a potential deficit of $60 million (2022 – potential deficit of $400 million) and the Zaldívar valuation indicated a potential deficit of $60 million (on a 50% basis) (2022 – potential deficit of $170 million). This was a simple sensitivity exercise, looking at an illustrative change in the forecast long-term copper price in isolation. In reality, a deterioration in the long-term copper price environment is likely to result in corresponding improvements in a range of input cost factors. In particular, given that copper exports account for over 50% of Chile's exports, historically there has often been a correlation between movements in the copper price and the US dollar/Chilean peso exchange rate, and a decrease in the copper price may therefore result in a weakening of the Chilean peso, with a resulting reduction in the Group's operating costs and capital expenditure in US$ terms. These likely cost reductions, as well as potential operational changes which could be made in a weaker copper price environment, could partly mitigate the impact of the lower copper price modelled in these estimated potential sensitivities.

The US dollar/Chilean peso exchange rate

The value of the assets is also sensitive to movements in the US dollar/Chilean peso exchange rate. A long-term exchange rate of Ch$785/$1 has been used in the models considered as part of the impairment indicator assessment. This compares with the long-term exchange rate of Ch$850/$1 used in 2022. As an additional down-side sensitivity an indicative valuation was prepared with a 10% stronger long-term Chilean peso exchange rate assumption. All of the Group's mining operations still showed positive headroom in their models in this alternative down-side scenario. As noted above, historically there has often been a correlation between movements in the copper price and the US dollar/Chilean peso exchange rate, and so a strengthening of the Chilean peso may often reflect a stronger copper price environment, which could mitigate the impact of a stronger exchange rate.

Discount rate

A real post-tax discount rate of 8% (2022 – 8%) calculated using relevant market data, has been used in the impairment indicator assessment.

Climate related impacts

The assessments reflect the Group's estimates of potential future climate-related impacts. The Group discloses in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). This process includes scenario analyses assessing the potential future impact of transition and physical risks, as well as potential copper price upside (for example, due to increased demand for the construction of electric vehicles and renewable power generating capacity). On the basis that the potential copper price upside is expected to exceed the downside impact of future risks, no specific adjustments have been reflected in these assessments in relation to climate-change.

Other relevant assumptions

In addition to the impact of the future copper price, the US dollar/Chilean peso exchange rate, the discount rate and climate-related impacts, the models used in the impairment indicator assessment are sensitive to the assumptions in respect of future production levels, operating costs, and sustaining and development capital expenditure.

In the case of Zaldívar, in addition to the assumptions made in respect of the factors outlined above, the conclusion that there are no impairment indicators reflects certain assumptions about future operational considerations the model used as part of the impairment indicator assessment is sensitive, to certain assumptions in particular the following:

- The operational performance experienced in 2023, in particular the lower than expected throughput levels, is not considered to be indicative of future performance levels, with throughput and recovery levels forecast to increase over future years.
- Currently, Zaldívar is permitted to extract water and mine until 2025, following the approval of the Declaration of Environmental Impact ("DIA") in early 2024 to align both the permits for mining and water extraction. The mine life after 2025 is subject to an EIA application which was filed in June 2023 to extend mining and water environmental permits through 2051 and Zaldívar simultaneously withdrew an earlier EIA application filed in 2018 which remained unresolved. This EIA includes a proposal to develop the primary sulphide ore deposit, extending the current life of mine and requiring investments over the mine life of $1.2 billion, and a conversion of the water source for Zaldívar to either seawater or water from third parties, following a transition period during which the current continental water extraction permit is extended from 2025 to 2028. The impairment indicator assessment assumes that the EIA will be granted, to enable the continued operation of the mine without interruption. However, if this is not the case, this is likely to be considered an indicator of a potential impairment, requiring an IAS 36 impairment assessment at that point.
- Zaldívar's final pit phase, which represents approximately 20% of current ore reserves, impacts a portion of Minera Escondida's mine property, as well as infrastructure owned by third parties. Mining of the phase will be subject to agreements or easements to access these areas and relocate the infrastructure, and related permits. In July 2023, Zaldívar reached an agreement with Escondida with respect to mining matters and certain cost sharing. The impairment indicator assessment assumes that the additional necessary agreements, easements and permits will be obtained to allow the mining of the final pit phase.

The carrying value of the Group's investment in joint venture balance in respect of Zaldívar as at 31 December 2023 was $881.3 million (2022 – $897.3 million).

6 Segment information

The Group's reportable segments, which are the same as its operating segments, are as follows:

- Los Pelambres
- Centinela
- Antucoya
- Zaldívar
- Exploration and evaluation
- Corporate and other items
- Transport division

For management purposes, the Group is organised into two business divisions based on their products – Mining and Transport. The Mining division is split further for management reporting purposes to show results by mine and exploration activity.

Los Pelambres produces primarily copper concentrate containing gold and silver as a by-product, and molybdenum concentrate. Centinela produces copper concentrate containing gold and silver as a by-product, molybdenum concentrates and copper cathodes. Antucoya and Zaldívar produce copper cathodes. The Transport division provides rail cargo and road cargo transport together with a number of ancillary services. All the operations are based in Chile. The Exploration and evaluation segment incurs exploration and evaluation expenses. "Corporate and other items" comprises costs incurred by the Antofagasta plc, Antofagasta Minerals SA, the Group's mining corporate centre and other entities that are not allocated to any individual business segment. Consistent with its internal management reporting, the Group's corporate and other items are included within the Mining division.

The chief operating decision-maker (the Group's Chief Executive Officer) monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on the operating profit of each of the segments.

6 Segment information *continued*

A) Segment revenues and results

For the year ended 31 December 2023

	Los Pelambres $m	Centinela $m	Antucoya $m	Zaldívar $m	**Exploration and evaluation[2] $m**	Corporate and other items $m	**Mining $m**	Transport division $m	**Total $m**
Revenue	2,923.8	2,532.5	672.3	–	–	–	6,128.6	195.9	6,324.5
Operating cost excluding depreciation and loss on disposals	(1,199.2)	(1,313.5)	(457.2)	–	(141.1)	(98.7)	(3,209.7)	(120.7)	(3,330.4)
Depreciation	(318.6)	(727.3)	(109.4)	–	–	(24.3)	(1,179.6)	(31.7)	(1,211.3)
Operating profit/(loss)	1,406.0	491.7	105.7	–	(141.1)	(123.0)	1,739.3	43.5	1,782.8
Net share of results from associates and joint ventures	–	–	–	(15.4)	–	–	(15.4)	1.9	(13.5)
Total operating profit from subsidiaries, and share of total results from associates and joint ventures	1,406.0	491.7	105.7	(15.4)	(141.1)	(123.0)	1,723.9	45.4	1,769.3
Investment income	38.0	20.3	6.8	–	–	72.2	137.3	0.8	138.1
Interest expense	(4.3)	(20.3)	(30.7)	–	–	(49.2)	(104.5)	(1.1)	(105.6)
Other finance items (excluding exceptional items)	(0.2)	(0.2)	(0.4)	–	–	(1.9)	(2.7)	(0.7)	(3.4)
Fair value gain on other financial assets – exceptional items[3]	–	–	–	–	–	167.1	167.1	–	167.1
Profit/(loss) before tax	1,439.5	491.5	81.4	(15.4)	(141.1)	65.2	1,921.1	44.4	1,965.5
Tax	(465.2)	(143.1)	(14.6)	–	–	13.7	(609.2)	(15.1)	(624.3)
Tax – exceptional items	–	–	–	–	–	(41.8)	(41.8)	–	(41.8)
Profit/(loss) for the year	974.3	348.4	66.8	(15.4)	(141.1)	37.1	1,270.1	29.3	1,299.4
Non-controlling interests	372.5	89.5	5.5	–	–	(3.2)	464.3	–	464.3
Profit/(losses) attributable to the owners of the parent	601.8	258.9	61.3	(15.4)	(141.1)	40.3	805.8	29.3	835.1
EBITDA[1]	1,724.6	1,219.0	215.1	86.8	(141.1)	(98.7)	3,005.7	81.5	3,087.2
Additions to non-current assets									
Additions to property, plant and equipment	914.3	1,182.4	140.7	–	–	19.0	2,256.4	51.5	2,307.9
Segment assets and liabilities									
Segment assets	7,414.0	6,533.6	1,732.7	–	–	2,657.6	18,337.9	418.2	18,756.1
Investment in associates and joint ventures	–	–	–	881.3	–	–	881.3	9.8	891.1
Segment liabilities	(3,829.1)	(1,857.0)	(535.2)	–	–	(1,304.7)	(7,526.0)	(72.8)	(7,598.8)

1. EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group's subsidiaries, and the Group's proportional share of the EBITDA of its associates and joint ventures (Refer to the Alternative Performance Measures section on page 239).
2. Operating cash outflow in the exploration and evaluation segment was $137.5 million.
3. An exceptional fair value gain of $167.1 million has been recognised in respect of an agreement the Group entered into during 2023 to acquire up to an additional 30 million shares in Compañía de Minas Buenaventura S.A.A., as detailed in Notes 4 and 22.

For the year ended 31 December 2022

	Los Pelambres $m	Centinela $m	Antucoya $m	Zaldívar $m	**Exploration and evaluation[2] $m**	Corporate and other items $m	**Mining $m**	Transport division $m	**Total $m**
Revenue	2,558.9	2,406.2	703.5	–	–	–	5,668.6	193.4	5,862.0
Operating cost excluding depreciation and loss on disposals	(1,086.1)	(1,249.0)	(442.3)	–	(113.0)	(75.0)	(2,965.4)	(119.1)	(3,084.5)
Depreciation	(276.1)	(710.2)	(105.6)	–	–	(18.7)	(1,110.6)	(30.5)	(1,141.1)
Loss on disposals	(0.5)	(1.0)	–	–	–	(0.6)	(2.1)	–	(2.1)
Operating profit/(loss)	1,196.2	446.0	155.6	–	(113.0)	(94.3)	1,590.5	43.8	1,634.3
Net share of results from associates and joint ventures	–	–	–	47.3	–	(0.7)	46.6	1.5	48.1
Gain on disposal of investment in joint ventures[3]	–	–	–	–	–	944.7	944.7	–	944.7
Total operating profit from subsidiaries, and share of total results from associates and joint ventures	1,196.2	446.0	155.6	47.3	(113.0)	849.7	2,581.8	45.3	2,627.1
Investment income	10.7	6.6	2.4	–	–	19.8	39.5	0.7	40.2
Interest expense	(3.3)	(10.6)	(19.9)	–	–	(44.2)	(78.0)	(0.6)	(78.6)
Other finance items	(5.2)	(11.3)	(6.6)	–	–	(5.0)	(28.1)	(1.7)	(29.8)
Profit/(loss) before tax	1,198.4	430.7	131.5	47.3	(113.0)	820.3	2,515.2	43.7	2,558.9
Tax	(371.8)	(130.8)	(34.9)	–	–	(50.8)	(588.3)	(15.3)	(603.6)
Profit/(loss) for the year	826.6	299.9	96.6	47.3	(113.0)	769.5	1,926.9	28.4	1,955.3
Non-controlling interests	319.3	82.9	21.2	–	–	(1.1)	422.3	–	422.3
Profit/(losses) attributable to the owners of the parent	507.3	217.0	75.4	47.3	(113.0)	770.6	1,504.6	28.4	1,533.0
EBITDA[1]	1,472.8	1,157.2	261.2	147.2	(113.0)	(75.7)	2,849.7	80.0	2,929.7
Additions to non-current assets									
Additions to property, plant and equipment	965.2	889.0	75.1	–	0.5	16.4	1,946.2	55.8	2,002.0
Segment assets and liabilities									
Segment assets	6,786.6	5,922.8	1,708.0	–	–	2,504.1	16,921.5	412.2	17,333.7
Investment in associates and joint ventures	–	–	–	897.3	–	–	897.3	7.3	904.6
Segment liabilities	(3,155.0)	(1,565.1)	(558.1)	–	–	(1,225.8)	(6,504.0)	(89.9)	(6,593.9)

1. EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group's subsidiaries, and the Group's proportional share of the EBITDA of its associates and joint ventures (Refer to the Alternative Performance Measures section on page 239).
2. Operating cash outflow in the exploration and evaluation segment was $98.3 million.
3. An exceptional gain of $944.7 million has been recognised in respect of the Group's disposal of its investment in the Tethyan joint venture (Reko Diq project) (see Notes 3, 4 and 17).

Notes to segment revenues and results

(i) Inter-segment revenues are eliminated on consolidation. The only inter-segment revenue related to sales from the Transport division to the mining division of $10.3 million (year ended 31 December 2022 – $9.8 million), has been eliminated and is therefore not reflected in the above figures.

(ii) Revenue includes provisionally priced sales of copper, gold and molybdenum concentrates and copper cathodes. Further details of such adjustments are given in Note 7.

(iii) For sales of concentrates, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate (which is the amount recorded as revenue) reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. Treatment and refining charges for copper and molybdenum concentrates are detailed in Note 7.

(iv) The effects of tax and non-controlling interests on the expenses within the Exploration and evaluation segment are allocated to the mine that the exploration work relates to.

(v) The assets of the Transport division segment include $9.8 million (31 December 2022 – $7.3 million) relating to the Group's 30% interest in Antofagasta Terminal International SA ("ATI"), which operates a concession to manage installations in the port of Antofagasta. Further details of these investments are set out in Note 16.

6 Segment information *continued*

B) Entity-wide disclosures

Revenue by product

	2023 $m	2022 $m
Copper		
– Los Pelambres	**2,381.1**	2,107.7
– Centinela concentrate	**1,309.8**	1,132.7
– Centinela cathodes	**692.6**	844.4
– Antucoya	**666.1**	697.5
Provision of shipping services		
– Los Pelambres	**50.3**	51.9
– Centinela concentrate	**35.3**	58.5
– Centinela cathodes	**6.0**	6.7
– Antucoya	**6.2**	6.0
Gold		
– Los Pelambres	**83.5**	75.4
– Centinela concentrate	**323.4**	238.4
Molybdenum		
– Los Pelambres	**373.2**	291.4
– Centinela concentrate	**131.0**	100.8
Silver		
– Los Pelambres	**35.7**	32.5
– Centinela concentrate	**34.4**	24.7
Total	**6,128.6**	5,668.6
Transport division	**195.9**	193.4
	6,324.5	5,862.0

Revenue by location of customer

	2023 $m	2022 $m
Europe		
– United Kingdom	**22.8**	71.0
– Switzerland	**386.5**	753.6
– Spain	**–**	1.0
– Germany	**200.0**	140.0
– Rest of Europe	**89.9**	96.5
Latin America		
– Chile	**399.5**	369.1
– Rest of Latin America	**133.0**	179.7
North America		
– United States	**441.7**	312.3
Asia		
– Japan	**1,989.6**	1,668.6
– China	**1,417.3**	1,072.0
– Singapore	**450.2**	423.8
– South Korea	**391.1**	332.2
– Hong Kong	**204.7**	178.2
– Rest of Asia	**198.2**	264.0
	6,324.5	5,862.0

Information about major customers

In the year ended 31 December 2023, the Group's mining revenue included $1,081.0 million related to one large customer that individually accounted for more than 10% of the Group's revenue (year ended 31 December 2022 – one large customer representing $785.5 million).

Non-current assets by location of assets

	2023 $m	2022 $m
Chile	**14,017.3**	12,786.1
Other	**9.5**	10.1
	14,026.8	12,796.2

	2023 $m	2022 $m
Non-current assets per the balance sheet	**14,455.9**	13,016.2
The above amounts by location reflect non-current assets per the balance sheet excluding:		
– Deferred tax assets	**(72.0)**	(78.5)
– Account receivables	**(68.5)**	(51.0)
– Equity investments	**(288.6)**	(90.5)
Total of non-current assets above	**(429.1)**	(220.0)
Non-current assets by location of asset	**14,026.8**	12,796.2

7 Group revenue

Copper and molybdenum concentrate sale contracts and copper cathode sale contracts generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. This normally ranges from one to four months after shipment to the customer. For sales contracts which contain provisional pricing mechanisms, the total receivable balance is measured at fair value through profit or loss. Gains and losses from the mark-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade receivables in the balance sheet. The Group determines mark-to-market prices using forward prices at each period-end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market in the market price references for that commodity in the majority of the Group's contracts.

With sales of concentrates, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate (which is the amount recorded as revenue) reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal.

The Group sells a significant proportion of its products on Cost, Insurance & Freight (CIF) Incoterms, which means that the Group is responsible for shipping the product to a destination port specified by the customer. The shipping service represents a separate performance obligation, and is recognised separately from the sale of the material over time as the shipping service is provided.

The total revenue from contracts with customers and the impact of provisional pricing adjustments in respect of concentrate and cathode sales is as follows:

	2023 $m	2022 $m
Revenue from contracts with customers		
Sale of products	**6,016.2**	5,671.2
Provision of shipping services associated with the sale of products[1]	**97.8**	123.1
Transport division[2]	**195.9**	193.4
Provisional pricing adjustments in respect of copper, gold and molybdenum	**14.6**	(125.7)
Total revenue	**6,324.5**	5,862.0

1. The Group sells a significant proportion of its products on Cost, Insurance & Freight (CIF) Incoterms, which means that the Group is responsible for shipping the product to a destination port specified by the customer. The shipping service represents a separate performance obligation, and is recognised separately from the sale of the material over time as the shipping service is provided.
2. The Transport division provides rail and road cargo transport together with a number of ancillary services.

The categories of revenue which are principally affected by different economic factors are the individual product types. A summary of revenue by product is set out in Note 6.

The following tables set out the impact of provisional pricing adjustments, and treatment and refining charges for the more significant products. The revenue from these products, along with the revenue from other products and services, is reconciled to total revenue in Note 6.

7 Group revenue *continued*

For the year ended 31 December 2023

	Los Pelambres Copper concentrate $m	Centinela Copper concentrate $m	Centinela Copper cathodes $m	Antucoya Copper cathodes $m	Los Pelambres Gold in concentrate $m	Centinela Gold in concentrate $m	Los Pelambres Molybdenum concentrate $m	Centinela Molybdenum concentrate $m
Provisionally priced sales of products	2,465.4	1,363.1	689.5	663.9	79.2	319.3	455.4	161.1
Revenue from freight services	50.3	35.3	6.0	6.2	–	–	–	–
	2,515.7	1,398.4	695.5	670.1	79.2	319.3	455.4	161.1
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	(38.0)	(19.9)	(0.8)	(0.8)	–	(2.7)	(12.6)	(7.6)
Settlement of sales invoiced in the previous year	90.9	52.9	10.3	7.7	2.9	1.0	40.0	15.9
Total effect of adjustments to previous year invoices in the current year	52.9	33.0	9.5	6.9	2.9	(1.7)	27.4	8.3
Effects of pricing adjustments to current year invoices								
Settlement of sales invoiced in the current year	(52.2)	(19.0)	(6.7)	(4.9)	1.5	3.9	(84.1)	(27.3)
Mark-to-market adjustments at the end of the current year	45.1	16.2	0.3	0.2	–	2.6	(1.0)	(0.4)
Total effect of adjustments to current year invoices	(7.1)	(2.8)	(6.4)	(4.7)	1.5	6.5	(85.1)	(27.7)
Total pricing adjustments	45.8	30.2	3.1	2.2	4.4	4.8	(57.7)	(19.4)
Realised losses on commodity derivatives	–	–	–	–	–	–	–	–
Revenues before deducting treatment and refining charges	2,561.5	1,428.6	698.6	672.3	83.6	324.1	397.7	141.7
Treatment and refining charges	(130.1)	(83.5)	–	–	(0.1)	(0.7)	(24.5)	(10.7)
Revenue net of tolling charges	2,431.4	1,345.1	698.6	672.3	83.5	323.4	373.2	131.0

The revenue from the individual products shown in the above table excludes revenue from sales of silver and the Transport division, which are presented in the revenue by product table in Note 6 to reconcile to Group Revenue.

With sales of concentrates at Los Pelambres and Centinela, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate invoiced to the customer reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. For accounting purposes, the revenue amount is the net of the market value of fully refined metal less the treatment and refining charges. Under the standard industry definition of cash costs, treatment and refining charges are regarded as an expense and part of the total cash cost figure.

For the year ended 31 December 2022

	Los Pelambres Copper concentrate $m	Centinela Copper concentrate $m	Centinela Copper cathodes $m	Antucoya Copper cathodes $m	Los Pelambres Gold in concentrate $m	Centinela Gold in concentrate $m	Los Pelambres Molybdenum concentrate $m	Centinela Molybdenum concentrate $m
Provisionally priced sales of products	2,313.7	1,231.8	851.8	710.6	75.1	235.9	281.3	98.5
Revenue from freight services	51.9	58.5	6.7	6.0	–	–	–	–
	2,365.6	1,290.3	858.5	716.6	75.1	235.9	281.3	98.5
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	(12.0)	(5.2)	(0.3)	(0.8)	–	(0.3)	5.6	0.7
Settlement of sales invoiced in the previous year	10.7	23.3	0.5	1.0	–	3.6	(4.1)	(0.6)
Total effect of adjustments to previous year invoices in the current year	**(1.3)**	**18.1**	**0.2**	**0.2**	**–**	**3.3**	**1.5**	**0.1**
Effects of pricing adjustments to current year invoices								
Settlement of sales invoiced in the current year	(155.3)	(68.7)	(8.4)	(14.1)	0.4	(2.9)	16.5	4.0
Mark-to-market adjustments at the end of the current year	38.0	19.9	0.8	0.8	–	2.7	12.6	7.6
Total effect of adjustments to current year invoices	(117.3)	(48.8)	(7.6)	(13.3)	0.4	(0.2)	29.1	11.6
Total pricing adjustments	(118.6)	(30.7)	(7.4)	(13.1)	0.4	3.1	30.6	11.7
Realised losses on commodity derivatives	–	–	–	–	–	–	–	–
Revenues before deducting treatment and refining charges	2,247.0	1,259.6	851.1	703.5	75.5	239.0	311.9	110.2
Treatment and refining charges	(87.4)	(68.4)	–	–	(0.1)	(0.6)	(20.5)	(9.4)
Revenue net of tolling charges	2,159.6	1,191.2	851.1	703.5	75.4	238.4	291.4	100.8

The revenue from the individual products shown in the above table excludes revenue from sales of silver and the Transport division, which are presented in the revenue by product table in Note 6 to reconcile to Group Revenue.

With sales of concentrates at Los Pelambres and Centinela, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate invoiced to the customer reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. For accounting purposes, the revenue amount is the net of the market value of fully refined metal less the treatment and refining charges. Under the standard industry definition of cash costs, treatment and refining charges are regarded as an expense and part of the total cash cost figure.

7 Group revenue *continued*

(I) Copper concentrate

The typical period for which sales of copper concentrate remain open until settlement occurs is a range of approximately three to four months from shipment date.

		2023	2022
Sales provisionally priced at the balance sheet date	Tonnes	**181,400**	179,000
Average mark-to-market price	$/lb	**3.87**	3.80
Average provisional invoice price	$/lb	**3.72**	3.65

(II) Copper cathodes

The typical period for which sales of copper cathodes remain open until settlement occurs is approximately one month from shipment date.

		2023	2022
Sales provisionally priced at the balance sheet date	Tonnes	**16,400**	22,700
Average mark-to-market price	$/lb	**3.85**	3.80
Average provisional invoice price	$/lb	**3.84**	3.77

(III) Gold in concentrate

The typical period for which sales of gold in concentrate remain open until settlement occurs is approximately one month from shipment date.

		2023	2022
Sales provisionally priced at the balance sheet date	Ounces	**32,400**	31,000
Average mark-to-market price	$/oz	**2,072**	1,828
Average provisional invoice price	$/oz	**1,992**	1,742

(IV) Molybdenum concentrate

The typical period for which sales of molybdenum remain open until settlement occurs is approximately two months from shipment date.

		2023	2022
Sales provisionally priced at the balance sheet date	Tonnes	**2,600**	2,500
Average mark-to-market price	$/lb	**18.50**	26.10
Average provisional invoice price	$/lb	**18.80**	22.20

As detailed above, the effects of gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade debtors in the balance sheet. The effect of mark-to-market adjustments on the balance sheet at the end of each period are as follows:

	Effect on debtors of year end mark-to-market adjustments	
	2023 $m	2022 $m
Los Pelambres – copper concentrate	**45.1**	38.0
Los Pelambres – molybdenum concentrate	**(1.0)**	12.6
Centinela – copper concentrate	**16.2**	19.9
Centinela – molybdenum concentrate	**(0.4)**	7.6
Centinela – gold in concentrate	**2.6**	2.7
Centinela – copper cathodes	**0.3**	0.8
Antucoya – copper cathodes	**0.2**	0.8
	63.0	82.4

8 Operating profit from subsidiaries, and share of total results from associates and joint ventures

Operating profit from subsidiaries, and share of total results from associates and joint ventures is derived from Group revenue by deducting operating costs as follows:

	2023 $m	2022 $m
Group revenue	**6,324.5**	5,862.0
Cost of sales	**(3,666.4)**	(3,432.7)
Gross profit	**2,658.1**	2,429.3
Administrative and distribution expenses	**(618.5)**	(558.9)
Other operating income	**50.8**	37.9
Other operating expenses[1]	**(307.6)**	(274.0)
Operating profit from subsidiaries	**1,782.8**	1,634.3
Net share of results from associates and joint ventures	**(13.5)**	48.1
Gain on disposal of investment in joint ventures	**–**	944.7
Total operating profit from subsidiaries, and share of total results from associates and joint ventures	**1,769.3**	2,627.1

1. Other operating expenses comprise $141.1 million of exploration and evaluation expenditure (2022 – $113.0 million), $25.7 million in respect of the employee severance provision (2022 – $19.1 million), $12.8 million in respect of the decommissioning and restoration provisions (2022 – $15.4 million, restated from the previously reported figure of $16.9 million in order to ensure consistency with the reconciliation reflected in Note 30), and $128.0 million of other expenses (2022 – $126.5 million, restated from the previously reported figure of $125.0 million in order to ensure consistency within this note).

Profit before tax is stated after (charging)/crediting:

	2023 $m	2022 Restated $m
Foreign exchange losses		
– included in net finance expense	**(12.5)**	(12.8)
Depreciation of property, plant and equipment		
– owned assets	**(1,127.7)**	(1,047.2)
– leased assets	**(83.6)**	(93.9)
Loss on disposal of property, plant and equipment	**–**	(2.1)
Cost of inventories recognised as an expense	**(2,457.8)**	(2,381.6)
Employee benefit expense	**(619.9)**	(476.6)
Decommissioning and restoration (operating expenses)[1]	**(12.8)**	(15.4)
Severance charges	**(25.7)**	(19.1)
Exploration and evaluation expense	**(141.1)**	(113.0)
Auditors´ remuneration	**(2.4)**	(2.2)

1. The comparative figure of $15.4 million has been restated from the previously reported figure of $16.9 million in order to ensure consistency with the reconciliation reflected in Note 30.

A more detailed analysis of auditors´ remuneration on a worldwide basis is provided below:

Group	2023 $000	2022 $000
Fees payable to the Company´s auditors and their associates for the audit of the Parent Company and consolidated financial statements	**1,685.0**	1,312.5
Fees payable to the Company´s auditors and their associates for other services:		
– The audit of the Company's subsidiaries	**598.0**	549.6
– Audit-related assurance services[1]	**109.0**	98.0
– Other assurance services[2]	**–**	241.0
	2,392.0	2,201.1

1. The audit-related assurance services relate to the half-year review performed by the auditors.
2. The other assurance services in 2022 related to the bond issue in that year, which required the Group to engage PwC to act as the reporting accountant for that transaction, work which is in effect required to be performed by the Group's auditors.

Details of the Company's policy on the use of auditors for non-audit services, the reason why the auditors were used rather than another supplier and how the auditors' independence and objectivity was safeguarded are set out in the Audit and Risk Committee report on page 147. No services were provided pursuant to contingent fee arrangements.

9 Employees

A) Average monthly number of employees

	2023 Number	2022 Restated Number
Los Pelambres	**1,154**	1,069
Centinela	**2,503**	2,408
Antucoya	**914**	852
Exploration and evaluation	**58**	60
Corporate and other employees		
– Chile	**591**	582
– United Kingdom	**4**	4
– Other[1]	**4**	4
Mining and Corporate	**5,228**	4,979
Transport division	**1,402**	1,383
	6,630	6,362

1. The comparative figure of four employees has been restated from the previously reported figure of one employee in order to ensure the presentation of comparable figures.

The average number of employees for the year includes all the employees of subsidiaries. The average number of employees does not include contractors who are not directly employed by the Group.

The average number of employees does not include employees of associates and joint ventures.

B) Aggregate remuneration

The aggregate remuneration of the employees included in the table above was as follows:

	2023 $m	2022 $m
Wages and salaries	**(589.4)**	(448.5)
Social security costs	**(30.5)**	(28.1)
	(619.9)	(476.6)

C) Key management personnel

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Directors (Executive and Non-Executive) of the Company. Key management personnel who are not Directors have been identified as senior management at the Corporate Centre and those responsible for the running of the key business divisions of the Group, specifically the Executive Committee and the General Managers of the Group's subsidiary operations.

Compensation for key management personnel (including Directors) was as follows:

	2023 $m	2022 $m
Salaries and short-term employee benefits	**(27.1)**	(25.0)
	(27.1)	(25.0)

Disclosures on Directors' remuneration required by Schedule 8 of the Large and Medium-sized Companies and Group (Financial Statement) Regulations 2008, including those specified for audit by that Schedule, are included in the Remuneration Report on pages 166 to 173.

10 Net finance income/(expense)

	2023 $m	2022 $m
Investment income		
Interest income	**43.1**	19.8
Gains on liquid investments held at fair value through profit or loss	**95.0**	20.4
	138.1	40.2
Interest expense		
Interest expense	**(105.6)**	(78.6)
	(105.6)	(78.6)
Other finance items		
Unwinding of discount on provisions	**(15.8)**	(16.9)
Exceptional fair value gains	**167.1**	–
Effects of changes in foreign exchange rates	**12.5**	(12.8)
Preference dividends	**(0.1)**	(0.1)
	163.7	(29.8)
Net finance income/(expense)	**196.2**	(68.2)

During 2023, amounts capitalised and consequently not included within the above table were as follows: $104.2 million at Los Pelambres (year ended 31 December 2022 – $47.0 million) and $7.9 million at Centinela (year ended 31 December 2022 – $2.0 million).

The interest expense shown above includes $10.5 million in respect of leases (2022 – $7.1 million). The interest paid in respect of leases was $9.7 million (2022 – $6.0 million).

An exceptional fair value gain of $167.1 million has been recognised in respect of an agreement the Group entered into during 2023 to acquire up to an additional 30 million shares in Compañía de Minas Buenaventura S.A.A., as detailed in Notes 4 and 22.

11 Income tax expense

The tax charge for the year comprised the following:

	2023 $m	2022 $m
Current tax charge		
– Corporate tax (principally first category tax in Chile)	**(472.8)**	(340.4)
– Mining tax (royalty)	**(109.3)**	(83.9)
– Withholding tax	**(4.5)**	(24.5)
– Exchange rate	**(0.2)**	–
	(586.8)	(448.8)
Deferred tax charge		
– Corporate tax (principally first category tax in Chile)	**(3.7)**	(96.5)
– Mining tax (royalty)	**(2.7)**	(9.8)
– Adjustment to deferred tax due to introduction of new royalty	**(34.3)**	–
– Exceptional items	**(41.8)**	–
– Withholding tax	**3.2**	(48.5)
	(79.3)	(154.8)
Total tax charge	**(666.1)**	(603.6)

The rate of first category (i.e. corporate) tax in Chile is 27.0% (2022 – 27.0%).

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile. Withholding tax is levied on remittances of profits from Chile at 35% less first category (i.e. corporate) tax already paid in respect of the profits to which the remittances relate. The withholding tax charge in the current period reflected a one-off adjustment of $34.7 million to the provision for deferred withholding tax, as a result of an intra-group restructuring of intercompany balances.

The Group's mining operations are also subject to a mining tax (royalty). During 2023, production from Los Pelambres, Antucoya, Encuentro (oxides), the Tesoro North East pit and the Run-of-Mine processing at Centinela Cathodes was subject to a rate of between 5–14%, depending on the level of operating profit margin, and production from Centinela Concentrates and the Tesoro Central and Mirador pits at Centinela Cathodes was subject to a rate of 5% of taxable operating profit.

New mining royalty

In August 2023, the new Chilean mining royalty law was approved. The new law has taken effect from 1 January 2024, replacing the existing specific mining tax. However, companies with tax stability agreements will continue to be governed by their current terms until those agreements expire. The new regime applied to Los Pelambres' and Zaldívar's royalty payments from the start of 2024. Centinela and Antucoya had tax stability agreements which extend beyond that point, and so the new royalty rates will only impact their royalty payments from 2030 onwards.

The new royalty terms include a 1% ad valorem royalty on copper sales, as well as a royalty ranging from 8% to 26% applied to the "Mining Operating Margin", depending on each mining operation's level of profitability. The new royalty terms have a cap, establishing that total taxation, which includes corporate income tax, the two components of the new mining royalty, and theoretical tax on dividends, should not exceed a rate of 46.5% on Mining Operating Margin less the royalty ad-valorem expense.

The impact on the Group's royalty payments starting in 2024 will be subject to various factors, including future revenue and earnings, which will be influenced by parameters such as copper prices, production volumes, and operating costs. A one-off adjustment has been recognised to the deferred tax balances of all of the Group's mining operations as at 31 December 2023, resulting in an increase in the Group's deferred tax liability balance of $34.3 million, along with a corresponding deferred tax expense. The Chilean tax authority has issued definitive interpretations regarding the methodologies for determining and calculating the new royalty amounts. The new administrative interpretation refers to all issues included in the new Royalty Law published in August 2023.

11 Income tax expense *continued*

The following table provides a numerical reconciliation between the accounting profit before tax multiplied by the applicable statutory tax rate and the total tax expense (including both current and deferred tax).

	Year ended 31 December 2023 Excluding exceptional items		Year ended 31 December 2023 Including exceptional items		Year ended 31 December 2022 Excluding exceptional items		Year ended 31 December 2022 Including exceptional items	
	$m	%	$m	%	$m	%	$m	%
Profit before tax	**1,798.4**		**1,965.5**		1,614.2		2,558.9	
Profit before tax multiplied by Chilean corporate tax rate of 27%	**(485.6)**	**27.0**	**(530.7)**	**27.0**	(435.9)	27.0	(691.0)	27.0
Mining tax (royalty)	**(109.7)**	**6.1**	**(109.7)**	**5.6**	(94.5)	5.8	(94.5)	3.7
Deduction of mining tax (royalty) as an allowable expense in determination of first category tax	**29.5**	**(1.6)**	**29.5**	**(1.5)**	23.1	(1.4)	23.1	(0.9)
Items not deductible from first category tax	**(21.4)**	**1.2**	**(21.4)**	**1.1**	(33.9)	2.1	(33.9)	1.3
Adjustment in respect of prior years	**4.5**	**(0.3)**	**4.5**	**(0.2)**	(2.6)	0.1	(2.6)	0.1
Effect of increase in future royalty tax on deferred tax balances	**(34.3)**	**1.9**	**(34.3)**	**1.7**	–	–	–	–
Withholding tax	**(1.4)**	**0.1**	**(1.4)**	**0.1**	(73.0)	4.6	(73.0)	2.9
Tax effect of (loss)/profit of associates and joint ventures	**(3.6)**	**0.2**	**(3.6)**	**0.2**	13.0	(0.8)	13.0	(0.5)
Impact of previously unrecognised tax losses on current tax	**(2.3)**	**0.1**	**(2.3)**	**0.1**	0.2	–	0.2	–
Gain on disposal of investment in joint venture	**–**	**–**	**–**	**–**	–	–	255.1	(10.0)
Difference in overseas tax rates	**–**	**–**	**3.3**	**(0.2)**	–	–	–	–
Tax expense and effective tax rate for the year	**(624.3)**	**34.7**	**(666.1)**	**33.9**	(603.6)	37.4	(603.6)	23.6

The effective tax rate (excluding exceptional items) of 34.7% varied from the statutory rate principally due to the mining tax (royalty) (net impact of $80.2 million/4.5% including the deduction of the mining tax (royalty) as an allowable expense in the determination of first category tax), the effect of the increase in future royalty tax on deferred tax balances (impact of $34.3 million/1.9%), items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $21.4 million/1.2%), the impact of the recognition of the Group's share of (loss)/profit from associates and joint ventures, which are included in the Group's profit before tax net of their respective tax charges (impact of $3.6 million/0.2%), the impact of unrecognised tax losses (impact of $2.3 million/0.1%) and the withholding tax relating to the remittance of profits from Chile (impact of $1.4 million/0.1%), partly offset by adjustments in respect of prior years (impact of $4.5 million/0.3%).

The effective tax rate (including exceptional items) of 33.9% varied from the statutory rate due to the factors outlined above, and also the $3.3 million impact of the difference in the overseas tax rate which applied to the exceptional item.

The main factors which could impact the sustainability of the Group's existing effective tax rate are:

- The impact of the new Chilean mining royalty as described above.
- The level of future distributions made by the Group's Chilean subsidiaries out of Chile, which could result in increased withholding tax charges. When determining whether it is likely that distributions will be made in the foreseeable future, and what is the appropriate foreseeable future period for this purpose, the Group considers factors such as the predictability of the likely future Group dividends, taking into account the Group's dividend policy and the level of potential volatility of the Group's future earnings, as well as the current level of distributable reserves at the Antofagasta plc entity level. As noted above, the withholding tax charge in the current period reflected a one-off adjustment of $34.7 million to the provision for deferred withholding tax, as a result of an intra-group restructuring of intercompany balances.
- The impact of expenses which are not deductible for Chilean first category tax. Some of these expenses are fixed costs, and so the relative impact of these expenses on the Group's effective tax rate will vary depending on the Group's total profit before tax in a particular year.

OECD Pillar two model rules

The Group falls within the scope of the OECD Pillar two model rules, which will introduce a minimum effective tax rate of 15% for multinational companies. The rules were substantively enacted in the UK in 2023 and will be effective from 1 January 2024. Currently, the Antofagasta Group operates in Chile and is subject to the Chilean first category (corporate) tax rate of 27%, plus withholding taxes on any profits distributed from Chile. The Group is evaluating the potential future impact of these rules on its tax expense. However, based on the Group's current position, it does not anticipate any effect on its 2024 tax expense. This has included analysis of the Group's detailed financial information in respect of 2021. There have not been changes to the Group's position or results subsequent to that date which would significantly impact that analysis. The Group has applied the amendment to IAS 12, which requires that companies do not recognise deferred tax balances in relation to the Pillar two model rules.

Minera Centinela tax claims and queries

In the context of an administrative review, the Chilean Internal Revenue Service (IRS) has raised claims and queries with Minera Centinela in respect of approximately $85 million of tax deductions recognised in relation to the amortisation of start-up costs relating to the Encuentro pit. The Group considers the tax treatment adopted by Minera Centinela to be correct and appropriate, has robust arguments to support its position, and expects its position to be upheld by the review processes. If the Group is unsuccessful in supporting its position, this amount (plus potential interest and penalties) would fall due.

There are no other significant tax uncertainties which would require critical judgements, estimates or potential provisions other than deferred tax judgements and estimates as explained in Note 3B.

12 Earnings per share

	2023 $m	2022 $m
Profit for the period attributable to owners of the parent (excluding exceptional items)	**709.8**	588.3
Exceptional Items	**125.3**	944.7
Profit for the period attributable to owners of the parent (including exceptional items) from operations	**835.1**	1,533.0

	2023 Number	2022 Number
Ordinary shares in issue throughout each year	**985,856,695**	985,856,695

	2023 cents	2022 cents
Basic earnings per share (excluding exceptional items) from operations	**72.0**	59.7
Basic earnings per share (exceptional items) from operations	**12.7**	95.8
Basic earnings per share (including exceptional items) from operations	**84.7**	155.5

Basic earnings per share are calculated as profit after tax and non-controlling interests, based on 985,856,695 (2022: 985,856,695) ordinary shares.

There was no potential dilution of earnings per share in either year set out above, and therefore diluted earnings per share did not differ from basic earnings per share as disclosed above.

Reconciliation of basic earnings per share from continuing operations:

		2023	2022
Profit for the year attributable to owners of the parent	$m	**835.1**	1,533.0
Profit from continuing operations attributable to owners of the parent	$m	**835.1**	1,533.0
Ordinary shares	Number	**985,856,695**	985,856,695
Basic earnings per share from continuing operations	cents	**84.7**	155.5

13 Dividends

Amounts recognised as distributions to equity holders in the year:

	2023 $m	2022 $m	2023 cents per share	2022 cents per share
Final dividend paid in June (proposed in relation to the previous year)				
– Ordinary	**497.9**	1,172.2	**50.5**	118.9
Interim dividend paid in September				
– Ordinary	**115.3**	90.7	**11.7**	9.2
	613.2	1,262.9	**62.2**	128.1

The recommended final dividend for each year, which is subject to approval by shareholders at the Annual General Meeting and has therefore not been included as a liability in these financial statements, is as follows:

	2023 $m	2022 $m	2023 cents per share	2022 cents per share
Final dividend proposed in relation to the year				
– Ordinary	**239.6**	497.9	**24.3**	50.5

Total dividends proposed in relation to 2023 (including the interim dividend) are 36.0 cents per share or $354.9 million (2022 – 59.7 cents per share or $588.3 million).

In accordance with IAS 32, preference dividends have been included within net finance income/(expense) (see Note 10) and amounted to $0.1 million (2022 – $0.1 million).

Further details of the currency election timing and process (including the default currency of payment) are available on the Antofagasta plc website (www.antofagasta.co.uk) or from the Company's registrar, Computershare Investor Services PLC on +44 370 702 0159.

Further details relating to dividends for each year are given in the Directors' Report on page 179.

14 Intangible assets

	Cost $m	Accumulated depreciation and impairment $m	Net book value $m
At 1 January 2021	150.1	–	150.1
Provision against carrying value	–	(150.1)	(150.1)
At 31 December 2021	150.1	(150.1)	–
At 31 December 2022	150.1	(150.1)	–
At 31 December 2023	**150.1**	**(150.1)**	**–**

14 Intangible assets *continued*

The intangible asset relates to Twin Metals' mining licences assets (included within the corporate segment). A full impairment provision was recognised in respect of the $150.1 million cost of this asset as at 31 December 2021, as a result of the US federal government's cancellation of certain of Twin Metals' mining leases. Twin Metals believes it has a valid legal right to the mining leases and a strong case to defend its legal rights. Although the Group is pursuing validation of those rights, considering the time and uncertainty related to any legal action to challenge the government decisions, a full impairment provision continues to be recognised in respect of the carrying value of the asset.

15 Property, plant and equipment

	Land $m	Mining properties $m	Stripping costs $m	Buildings and infrastructure $m	Railway track $m	Wagons and rolling stock $m	Machinery, equipment and others $m	Assets under construction $m	Right-of-use assets $m	Total $m
Cost										
At 1 January 2022	61.9	672.0	2,879.5	5,803.9	122.8	206.5	7,244.4	2,929.2	500.3	20,420.5
Additions	–	–	582.5	–	–	–	2.0	1,366.2	51.3	2,002.0
Additions – capitalised depreciation	–	–	73.3	–	–	–	–	–	–	73.3
Adjustment to capitalised decommissioning provisions	–	–	–	173.8	–	–	–	–	–	173.8
Capitalisation of interest	–	–	–	–	–	–	–	49.0	–	49.0
Reclassifications	–	–	–	1.4	11.9	1.5	4.1	(15.8)	(3.1)	–
Asset disposals	–	–	–	(0.2)	–	(0.6)	(9.2)	(5.9)	(17.4)	(33.3)
At 31 December 2022	61.9	672.0	3,535.3	5,978.9	134.7	207.4	7,241.3	4,322.7	531.1	22,685.3
At 1 January 2023	**61.9**	**672.0**	**3,535.3**	**5,978.9**	**134.7**	**207.4**	**7,241.3**	**4,322.7**	**531.1**	**22,685.3**
Additions	**11.9**	**–**	**792.5**	**1.5**	**12.2**	**13.6**	**5.3**	**1,293.2**	**177.7**	**2,307.9**
Additions – capitalised depreciation	**–**	**–**	**90.3**	**–**	**–**	**–**	**–**	**–**	**–**	**90.3**
Adjustment to capitalised decommissioning provisions	**–**	**–**	**–**	**(27.2)**	**–**	**–**	**(4.7)**	**–**	**–**	**(31.9)**
Capitalisation of interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**112.1**	**–**	**112.1**
Reclassifications	**(0.4)**	**–**	**–**	**10.7**	**–**	**–**	**(10.6)**	**(0.1)**	**–**	**(0.4)**
Asset disposals	**–**	**–**	**–**	**–**	**–**	**–**	**(1.9)**	**–**	**(0.7)**	**(2.6)**
At 31 December 2023	**73.4**	**672.0**	**4,418.1**	**5,963.9**	**146.9**	**221.0**	**7,229.4**	**5,727.9**	**708.1**	**25,160.7**
Accumulated depreciation and impairment										
At 1 January 2022	(25.0)	(588.1)	(1,372.4)	(2,889.9)	(44.4)	(111.5)	(4,540.7)	–	(310.0)	(9,882.0)
Charge for the year	–	(60.1)	(352.8)	(319.3)	(7.8)	(14.0)	(293.2)	–	(93.9)	(1,141.1)
Depreciation capitalised in inventories	–	–	–	–	–	–	(71.1)	–	–	(71.1)
Depreciation capitalised in property, plant and equipment	–	–	–	–	–	–	(73.3)	–	–	(73.3)
Asset disposals	–	–	–	0.1	–	0.6	7.6	–	17.4	25.7
At 31 December 2022	(25.0)	(648.2)	(1,725.2)	(3,209.1)	(52.2)	(124.9)	(4,970.7)	–	(386.5)	(11,141.8)
At 1 January 2023	**(25.0)**	**(648.2)**	**(1,725.2)**	**(3,209.1)**	**(52.2)**	**(124.9)**	**(4,970.7)**	**–**	**(386.5)**	**(11,141.8)**
Charge for the year	**–**	**(13.7)**	**(366.1)**	**(342.1)**	**(8.7)**	**(16.8)**	**(380.3)**	**–**	**(83.6)**	**(1,211.3)**
Depreciation capitalised in inventories	**–**	**–**	**–**	**–**	**–**	**–**	**(41.2)**	**–**	**–**	**(41.2)**
Depreciation capitalised in property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**–**	**(90.3)**	**–**	**–**	**(90.3)**
Asset disposals	**–**	**–**	**–**	**–**	**–**	**–**	**1.9**	**–**	**0.7**	**2.6**
At 31 December 2023	**(25.0)**	**(661.9)**	**(2,091.3)**	**(3,551.2)**	**(60.9)**	**(141.7)**	**(5,480.6)**	**–**	**(469.4)**	**(12,482.0)**
Net book value										
At 31 December 2023	**48.4**	**10.1**	**2,326.8**	**2,412.7**	**86.0**	**79.3**	**1,748.8**	**5,727.9**	**238.7**	**12,678.7**
At 31 December 2022	36.9	23.8	1,810.1	2,769.8	82.5	82.5	2,270.6	4,322.7	144.6	11,543.5

The Group has no (2022: nil) assets pledged as security against bank loans provided to the Group.

At 31 December 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $978.3 million (2022 – $845.1 million) of which $579.4 million was related to Los Pelambres and $389.5 million to Centinela.

The average interest rate for the interest capitalised was 6.0% (2022 – 2.8%).

At 31 December 2023, the net book value of assets capitalised relating to the decommissioning provision was $158.6 million (2022 – $212.1 million).

Depreciation capitalised in property, plant and equipment of $90.3 million related to the depreciation of assets used in mine development (operating stripping) at Centinela, Los Pelambres and Antucoya (2022 – $73.3 million).

The Company leases various assets including office leases and machinery and equipment. The depreciation charge for Right-of-use assets for office leases for 2023 was $1.4 million (2022 – $0.8 million); the remaining amounts correspond to machinery and equipment.

16 Investments in subsidiaries

The subsidiaries of the Group, the percentage of equity owned and the main country of operation are set out below. These interests are consolidated within these financial statements.

	Country of incorporation	Country of operations	Registered office	Nature of business	Economic interest at 2023	Economic interest at 2022
Direct subsidiaries of the Parent Company						
Antofagasta Railway Company plc	UK	Chile	1	Railway	100%	100%
Andes Trust Limited (The)	UK	UK	1	Investment	100%	100%
Andean LFMA Investment Limited	UK	Chile	1	Investment	100%	100%
Alfa Estates Limited	Jersey	Jersey	3	Investment	100%	100%
Andes Re Limited	Bermuda	Bermuda	4	Insurance	100%	100%
Indirect subsidiaries of the Parent Company						
Minera Los Pelambres SCM	Chile	Chile	2	Mining	60%	60%
Minera Centinela SCM	Chile	Chile	2	Mining	70%	70%
Minera Antucoya SCM	Chile	Chile	2	Mining	70%	70%
Antofagasta Minerals S.A.	Chile	Chile	2	Mining	100%	100%
Energía Andina Geothermal SpA	Chile	Chile	2	Energy	100%	100%
MLP Transmisión S.A.	Chile	Chile	2	Energy	100%	100%
Sociedad Contractual Minera El Encierro	Chile	Chile	2	Mining	57.17%	56.54%
Northern Minerals Investment (Jersey) Limited	Jersey	Jersey	3	Investment	100%	100%
Northern Metals (UK) Limited	UK	UK	1	Investment	100%	100%
Northern Minerals Holding Co	USA	USA	5	Investment	100%	100%
Duluth Metals Limited	Canada	Canada	7	Investment	100%	100%
Twin Metals (UK) Limited	UK	UK	1	Investment	100%	100%
Twin Metals (USA) Inc	USA	USA	6	Investment	100%	100%
Twin Metals Minnesota LLC	USA	USA	6	Mining	100%	100%
Franconia Minerals (US) LLC	USA	USA	6	Mining	100%	100%
Duluth Metals Holdings (USA) Inc	USA	USA	13	Investment	100%	100%
Duluth Exploration (USA) Inc	USA	USA	14	Investment	100%	100%
DMC LLC (Minnesota)	USA	USA	13	Investment	100%	100%
DMC (USA) LLC (Delaware)	USA	USA	13	Investment	100%	100%
DMC (USA) Corporation	USA	USA	13	Investment	100%	100%
Antofagasta Investment Company Limited	UK	UK	1	Investment	100%	100%
Minprop Limited	Jersey	Jersey	3	Mining	100%	100%
Antomin 2 Limited	BVI	BVI	8	Mining	51%	51%
Antomin Investors Limited	BVI	BVI	8	Mining	51%	51%
Antofagasta Minerals Australia Pty Limited	Australia	Australia	9	Mining	100%	100%
Minera Anaconda Peru S.A.	Peru	Peru	10	Mining	100%	100%
Los Pelambres Holding Company Limited	UK	UK	1	Investment	100%	100%
Los Pelambres Investment Company Limited	UK	UK	1	Investment	100%	100%
Lamborn Land Co	USA	USA	5	Investment	100%	100%
Anaconda South America Inc	USA	USA	15	Investment	100%	100%
El Tesoro (SPV Bermuda) Limited	Bermuda	Bermuda	4	Investment	100%	100%
Antofagasta Minerals Canada	Canada	Canada	9	Agency	100%	100%
Antofagasta Minerals (Shanghai) Co. Limited	China	China	16	Agency	100%	100%
Andes Investments Company (Jersey) Limited	Jersey	Jersey	3	Investment	100%	100%
Bolivian Rail Investors Co Inc	USA	USA	5	Investment	100%	100%
Inversiones Los Pelambres Chile Limitada	Chile	Chile	2	Investment	100%	100%
Equatorial Resources SpA	Chile	Chile	2	Investment	100%	100%
Minera Santa Margarita de Astillas SCM	Chile	Chile	2	Mining	82.0%	82.0%

16 Investments in subsidiaries *continued*

	Country of incorporation	Country of operations	Registered office	Nature of business	Economic interest at 2023	Economic interest at 2022
Minera Penacho Blanco SA	Chile	Chile	2	Mining	66.6%	66.6%
Michilla Costa SpA	Chile	Chile	2	Logistics	99.9%	99.9%
Minera Pampa Fenix SCM	Chile	Chile	2	Investment	90.0%	90.0%
Minera Mulpun Limitada	Chile	Chile	2	Mining	100%	100%
Fundación Minera Los Pelambres	Chile	Chile	2	Community development	100%	100%
Inversiones Punta de Rieles Limitada	Chile	Chile	12	Investment	100%	100%
Ferrocarril Antofagasta a Bolivia	Chile	Chile	12	Railway	100%	100%
Inversiones Chilean Northern Mines Limitada	Chile	Chile	12	Investment	100%	100%
The Andes Trust Chile SA	Chile	Chile	12	Investment	100%	100%
Forestal S.A.	Chile	Chile	12	Forestry	100%	100%
Servicios de Transportes Integrados Limitada	Chile	Chile	12	Road transport	100%	100%
Inversiones Train Limitada	Chile	Chile	12	Investment	100%	100%
Servicios Logisticos Capricornio Limitada	Chile	Chile	12	Transport	100%	100%
Embarcadores Limitada	Chile	Chile	12	Transport	100%	100%
FCAB Ingenieria y Servicios DOS Limitada	Chile	Chile	12	Transport	100%	100%
Inmobiliaria Parque Estación S.A.	Chile	Chile	12	Real Estates	100%	100%
Emisa Antofagasta SA	Chile	Chile	12	Transport	100%	100%

Registered offices:

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3 22 Grenville Street, St Helier, Jersey, JE4 8PX3, Channel Islands
4 Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
5 1209 Orange Street, Wilmington, DE 19801, USA
6 6040 Earle Brown Drive, 480 Brooklyn Center, MN 55430, USA
7 161 Bay Street, Suite 4320, Toronto, Ontario, M5J 2S1, Canada
8 PO Box 958, Road Town, Tortola VG1110, British Virgin Islands
9 Riparian Plaza, Level 28, 71 Eagle Street, Brisbane, Qld 4001, Australia
10 Avenida Paseo de la Republica Nº 3245 Piso 3, Lima, Peru
11 Avenida 16 de Julio N° 1440, piso 19 oficina 1905, La Paz, Bolivia
12 Simon Bolivar 255, Antofagasta, Chile
13 6041 Earle Brown Drive, 480 Brooklyn Center, MN 55430, USA
14 1010 Dale Street N, St Paul, MN 55117-5603, USA
15 2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA
16 Unit 3309, IFC 2, 8 Century Avenue, Shanghai, China

With the exception of the Antofagasta Railway Company plc, all of the above Group companies have only one class of ordinary share capital in issue. The Antofagasta Railway Company plc has ordinary and preference share capital in issue, with the ordinary share capital representing 76% of the Company's total share capital, and the preference share capital representing 24%. Antofagasta plc holds 100% of both the ordinary and preference shares.

The proportion of voting rights is proportional to the economic interest for the companies listed above.

17 Disposal of investment in Tethyan joint venture (Reko Diq project)

On 15 December 2022, Antofagasta entered into definitive agreements to exit its 50% interest in the Tethyan joint venture, which was a joint venture with Barrick Gold Corporation ("Barrick") in respect of the Reko Diq project in Pakistan. Antofagasta recognised a gain on disposal of its investment in the joint venture as at 15 December 2022 of $944.7 million. The joint venture project was held via the Australian entity Atacama Copper Pty Limited ("Atacama"). The disposal proceeds, which together with accrued interest up to 15 December 2022 totalled US$946.0 million, were held by Atacama in a segregated interest-bearing account. Antofagasta and Barrick agreed that the proceeds of this account, including all further interest received, less any Australian tax arising and working capital and other adjustments, would be distributed to the Antofagasta Group during 2023, on a date to be determined by Antofagasta. Atacama was seeking a binding private ruling from the Australian Tax Office to confirm that the disposal proceeds and their distribution to the Antofagasta Group would not be subject to Australian tax. In May 2023, Atacama received the binding private ruling confirming these points. Antofagasta then requested that the disposal proceeds including interest be distributed to the Antofagasta Group, resulting in a total distribution of $956.3 million by Atacama to the Antofagasta Group in May 2023.

18 Investment in associates and joint ventures

	ATI (i) 2023 $m	Minera Zaldívar (ii) 2023 $m	Total 2023 $m
Balance at the beginning of the year	**7.3**	**897.3**	**904.6**
Obligations on behalf of JV and associates at the beginning of the year	**–**	**–**	**–**
Capital contribution	**0.6**	**–**	**0.6**
Share of profit/(loss) before tax	**2.6**	**(1.2)**	**1.4**
Share of tax	**(0.7)**	**(14.2)**	**(14.9)**
Share of profit/(loss) from JV and associates	**1.9**	**(15.4)**	**(13.5)**
Share of other comprehensive loss of associates and joint ventures, net of tax	**–**	**(0.6)**	**(0.6)**
Balance at the end of the year	**9.8**	**881.3**	**891.1**

	ATI (i) 2022 $m	Minera Zaldívar (ii) 2022 $m	Tethyan Copper (iii) 2022 $m	Total 2022 $m
Balance at the beginning of the year	5.8	900.0	–	905.8
Obligations on behalf of JV and associates at the beginning of the year	–	–	(0.6)	(0.6)
Share of profit/(loss) before tax	2.0	69.3	(0.7)	70.6
Share of tax	(0.5)	(22.0)	–	(22.5)
Share of profit/(loss) from JV and associates	1.5	47.3	(0.7)	48.1
Dividends receivable	–	(50.0)	–	(50.0)
Disposal of investment in JV	–	–	1.3	1.3
Balance at the end of the year	7.3	897.3	–	904.6

The investments, which are included in the $891.1 million balances at 31 December 2023, are set out below:

Investment in associates

(i) The Group's 30% interest in Antofagasta Terminal Internacional ("ATI"), which operates a concession to manage installations in the port of Antofagasta.

Investment in joint ventures

- The Group's 50% interest in Minera Zaldívar SpA ("Zaldívar").
- The Group had a 50% interest in Tethyan Copper Company Limited ("Tethyan"), which was a joint venture with Barrick Gold Corporation in respect of the Reko Diq project in the Islamic Republic of Pakistan ("Pakistan"). As explained in Note 17, on 15 December 2022 Antofagasta entered into definitive agreements to exit its interest in the Tethyan joint venture and it is therefore no longer recognised as a joint venture by the Group.

As the net carrying value of the interest in Tethyan was negative, it was included within non-current liabilities, as the Group was liable for its share of the joint venture's obligations.

Summarised financial information for the associates is as follows:

	ATI 2023 $m	ATI 2022 $m
Cash and cash equivalents	**5.9**	0.4
Current assets	**21.6**	18.2
Non-current assets	**84.3**	91.8
Current liabilities	**(13.6)**	(19.3)
Non-current liabilities	**(62.1)**	(69.5)
Revenue	**65.9**	55.2
Profit from continuing operations	**6.2**	5.1
Total comprehensive income	**6.2**	5.1

18 Investment in associates and joint ventures *continued*

Summarised financial information for the joint ventures is as follows:

	Minera Zaldívar 2023 $m	Minera Zaldívar 2022 $m
Cash and cash equivalents	**38.4**	70.1
Current assets[1]	**664.5**	661.8
Non-current assets	**1,628.6**	1,658.6
Current financial liabilities (excluding trade, other payables and provisions)	**(57.8)**	(53.2)
Current liabilities	**(171.3)**	(159.3)
Non-current financial liabilities (excluding trade, other payables and provisions)	**(10.8)**	(68.3)
Non-current liabilities	**(230.0)**	(203.3)
Revenue	**718.6**	783.4
Depreciation and amortisation	**(164.4)**	(149.2)
Interest income	**2.0**	1.5
Interest expense	**(11.3)**	(0.8)
Income tax expense	**(28.4)**	(43.9)
(Loss)/profit after tax from continuing operations	**(2.1)**	94.6
Total comprehensive (expense)/income	**(2.1)**	94.6

1. The current assets include cash and cash equivalents

The above summarised financial information is based on the amounts included in the IFRS financial statements of the associate or joint venture (100% of the results or balances of the associate or joint venture, rather than the Group's proportionate share), after the Group's fair value adjustments and applying the Group's accounting policies.

19 Equity investments

	2023 $m	2022 $m
Balance at the beginning of the year	**90.5**	8.7
Acquisition	**60.7**	66.5
Movements in fair value[1]	**137.0**	15.8
Foreign currency exchange differences	**0.4**	(0.5)
Balance at the end of the year	**288.6**	90.5

1. A deferred tax expense of $37.0 million has been recognised in respect of the movements in the fair value of equity investments (pre-tax gain of $137.0 million), resulting in a post-tax gain of $100.0 million (see Note 29).

Equity investments represent those investments which are not subsidiaries, associates or joint ventures and are not held for trading purposes. The fair value of all equity investments are based on quoted market prices.

Of the total equity investment balance at 31 December 2023, $275.2 million relates to a holding of approximately 18.1 million shares in Compañía de Minas Buenaventura S.A.A. ("Buenaventura"), representing approximately 7% of Buenaventura's issued share capital. As detailed in Notes 4 and 22, during 2023 the Group entered into an agreement to acquire an additional holding of up to 30 million shares in Buenaventura, representing approximately 12% of Buenaventura's issued share capital.

20 Inventories

	2023 $m	2022 $m
Current		
Raw materials and consumables	**231.0**	221.4
Work-in-progress	**375.4**	404.9
Finished goods	**64.6**	81.8
	671.0	708.1
Non-current		
Work-in-progress	**457.0**	347.0
Total	**1,128.0**	1,055.1

During 2023, net realisable value ("NRV") adjustments of $6.0 million have been recognised (2022: nil). Non-current work-in-progress represents inventory expected to be processed more than 12 months after the balance sheet date.

21 Trade and other receivables

Trade and other receivables do not generally carry any interest, are principally short-term in nature and are normally stated at their nominal value less any impairment.

	Due in one year		Due after one year		Total	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Trade receivables	**950.1**	997.1	**–**	–	**950.1**	997.1
Other receivables[1]	**167.7**	1,090.1	**68.5**	51.0	**236.2**	1,141.1
	1,117.8	2,087.2	**68.5**	51.0	**1,186.3**	2,138.2

1. At 31 December 2022, the Other receivables balance included the proceeds receivable in respect of the Group's disposal of its investment in the Tethyan joint venture (Note 17).

The largest balances of trade receivables are with equity participants in the key mining projects. Many other significant trade receivables are secured by letters of credit or other forms of security. There is no material element which is interest-bearing. Trade receivables include mark-to-market adjustments in respect of provisionally priced sales of copper and molybdenum concentrates which remain open as to final pricing. Further details of such adjustments are given in Note 7. Other receivables include mainly due to IVA (Chilean Value Added Tax) receivables of $106.8 million (31 December 2022 – $124.6 million) and employee loans of $53.0 million (31 December 2022 – $49.3 million).

Movements in the expected credit loss provision were as follows:

	2023 $m	2022 $m
Balance at the beginning of the year	**(1.0)**	(1.2)
Utilised in year	**(0.3)**	0.2
Foreign currency exchange difference	**0.1**	–
Balance at the end of the year	**(1.2)**	(1.0)

The ageing analysis of the trade and other receivables balance is as follows:

	Up to date $m	Up to 3 months past due $m	3-6 months past due $m	More than 6 months past due $m	Total excluding expected credit loss provision $m	Expected credit loss provision $m	Total $m
2023	**1,168.9**	**13.9**	**0.5**	**4.2**	**1,187.5**	**(1.2)**	**1,186.3**
2022	2,098.8	36.8	1.2	2.4	2,139.2	(1.0)	2,138.2

The carrying value of the trade receivables recorded in the financial statements represents the Group's maximum exposure to credit risk in relation to these items. Other than the expected credit loss provision amount set out above, the expected credit loss risk for other trade and other receivable balances is considered to be immaterial to the Group.

22 Other financial asset

Compañía de Minas Buenaventura S.A.A.

During 2023, the Group entered into an agreement to acquire up to an additional 30 million shares in Compañía de Minas Buenaventura S.A.A. ("Buenaventura"), representing approximately 12% of Buenaventura's issued share capital. Subsequent to the year-end, in March 2024, the agreement completed. Buenaventura is Peru's largest, publicly traded precious and base metals company and a major holder of mining rights in Peru. A payment of $290.1 million was made in respect of this agreement in June 2023. As at 31 December 2023, an "other financial asset" balance has been recognised on the balance sheet in respect of the agreement, at its fair value of $457.2 million. A fair value gain of $167.1 million has been recognised during 2023 in respect of this asset. As detailed in Notes 4 and 19, as at 31 December 2023 the Group held an existing holding of approximately 18.1 million shares in Buenaventura, representing approximately 7% of Buenaventura's issued share capital.

23 Cash and cash equivalents, and liquid investments

The fair value of cash and cash equivalents, and liquid investments is not materially different from the carrying values presented. The credit risk on cash and cash equivalents is considered to be limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Cash and cash equivalents, and liquid investments comprised:

	2023 $m	2022 $m
Cash and cash equivalents	**644.7**	810.4
Liquid investments	**2,274.7**	1,580.8
	2,919.4	2,391.2

At 31 December 2023 and 2022 there is no cash which is subject to restriction.

The denomination of cash, cash equivalents and liquid investments was as follows:

	2023 $m	2022 $m
US dollars	**2,895.3**	2,371.1
Chilean pesos	**22.3**	18.8
Sterling	**1.2**	1.0
Other	**0.6**	0.3
	2,919.4	2,391.2

23 Cash and cash equivalents, and liquid investments *continued*

The credit quality of cash, cash equivalents and liquid investments are as follow:

	2023 $m	2022 $m
AAA	**2,075.1**	1,476.7
AA+	**–**	–
AA	**–**	–
AA-	**110.0**	36.5
A+	**223.4**	303.0
A	**405.4**	484.1
Subtotal	**2,813.9**	2,300.3
Cash at bank[1]	**105.5**	90.9
Total cash, cash equivalents and liquid investments	**2,919.4**	2,391.2

1. Cash at bank is held with investment grade financial institutions.

There have been no impairments recognised in respect of cash or cash equivalents in the year ended 31 December 2023 (year ended 31 December 2022: nil).

24 Borrowings and other financial liabilities

A) Analysis by type of borrowing and other financial liabilities

Borrowings and other financial liabilities may be analysed by business segment and type as follows:

	Note	2023 $m	2022 $m
Los Pelambres			
Senior loan	(i)	**(2,067.2)**	(1,470.5)
Leases		**(45.2)**	(55.3)
Centinela			
Senior loan	(ii)	**(166.3)**	(276.7)
Other loans	(ii)	**(265.0)**	–
Leases		**(142.8)**	(35.2)
Antucoya			
Senior loan	(iii)	**(174.1)**	(223.5)
Subordinated debt	(iv)	**(187.6)**	(171.5)
Leases	(v)	**(17.4)**	(16.5)
Corporate and other items			
Bond	(vi)	**(986.8)**	(985.3)
Leases	(vii)	**(18.4)**	(23.1)
Transport division			
Senior loan	(viii)	**(5.0)**	(15.3)
Leases		**(0.9)**	(1.6)
Preference shares	(ix)	**(2.5)**	(2.5)
Total		**(4,079.2)**	(3,277.0)

(i) The senior loan at Los Pelambres represents:

- a $1,280 million US dollar denominated syndicated loan divided in three tranches. The first tranche has a remaining duration of 2 years and has an interest rate of Term SOFR six-month rate plus an all-in margin of 1.48%. The second tranche has a remaining duration of 5 years and has an interest rate of Term SOFR six-month rate plus an all-in margin of 1.28%. The third tranche has a remaining duration of 4.5 years and has an interest rate of Term SOFR six-month rate plus an all-in margin of 1.53%. The loans are subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained.
- three US dollar denominated senior loans issued in December 2023 for a total amount of $810 million. The first loan for $200 million is a 3 year bullet with an interest rate of Term SOFR six-month rate plus 1.60%. The second loan is also a bullet for $200 million with a remaining duration of 5 years and an interest rate of Term SOFR six-month rate plus 1.69%. And the third loan for $410 million has a remaining duration of 5 years, amortising, and an interest rate of Term SOFR six-month rate plus 1.70%.

(ii) Centinela has a US dollar denominated senior loan with an amount outstanding of $167 million with a duration of 1.5 years and an interest rate of Term SOFR six-month rate plus an all-in margin of 1.38%. The loan is subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained. In July 2023, Centinela issued two short-term loans for a total amount of $265 million and a remaining duration of 0.5 years.

(iii) The senior loan at Antucoya represents a US dollar denominated syndicated loan with an amount outstanding of $175 million. This loan has a remaining duration of 3.5 years and has an interest rate of Term SOFR six-month rate plus 1.40%. The loan is subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained.

(iv) Subordinated debt at Antucoya is US dollar denominated, provided to Antucoya by Marubeni Corporation with a remaining duration of 3.5 years and an interest rate of Term SOFR six-month rate plus an all-in margin of 4.08%. Subordinated debt provided by Group companies to Antucoya has been eliminated on consolidation.

(v) Financial Leases at Antucoya are denominated in US dollars with an average interest rate of Term SOFR six-month rate plus 2.4% and a remaining duration of 0.5 years.

(vii) Antofagasta plc in October 2020 issued a corporate bond for $500 million with a 10 year tenor with a base spread of Treasuries plus 165 bps and a coupon of 2.375%. In May 2022, Antofagasta plc issued a new corporate bond for $500 million with a 10 year tenor with a base spread of Treasuries plus 287.5 bps and a coupon of 5.625%.

(viii) Financial Leases at Corporate and other items are denominated in Unidades de Fomento (i.e. inflation-linked Chilean pesos) and have a remaining duration of 3.0 years and are at fixed rates with an average interest rate of 5.2%.

(ix) Short-term loans at the Transport division are US dollar denominated, with an outstanding amount of $5 million and remaining duration of 0.1 years and an interest rate of Term SOFR six-month rate plus an all-in margin of 1.49%.

(x) The preference shares are Sterling-denominated and issued by Antofagasta plc. There are 2 million shares of £1 each authorised, issued and fully paid. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders but are not entitled to participate further in any surplus. Each preference share carries 100 votes in any general meeting of the Company.

B) Leases

Information in respect of the Group's leases is contained in the following notes:

- Note 15 – depreciation charges, additions and disposals in respect of the right of use assets relating to the leases
- Note 33 B) – repayments of the lease balances and new lease liabilities arising during the period
- Note 10 – interest expense in respect of the lease balances
- Note 10 – cash paid relating to interest on lease

C) Analysis of borrowings and other financial liabilities by currency

The exposure of the Group's borrowings to currency risk is as follows:

At 31 December 2023	**Chilean pesos $m**	**Sterling $m**	**US dollars $m**	**2023 Total $m**
Corporate loans	**–**	**–**	**(2,412.6)**	**(2,412.6)**
Bond	**–**	**–**	**(986.8)**	**(986.8)**
Other loans (including short-term loans)	**–**	**–**	**(452.6)**	**(452.6)**
Leases	**(174.8)**	**(3.5)**	**(46.4)**	**(224.7)**
Preference shares	**–**	**(2.5)**	**–**	**(2.5)**
	(174.8)	**(6.0)**	**(3,898.4)**	**(4,079.2)**

At 31 December 2022	Chilean pesos $m	Sterling $m	US dollars $m	2022 Total $m
Corporate loans	(0.3)	–	(1,985.7)	(1,986.0)
Bond	–	–	(985.3)	(985.3)
Other loans (including short-term loans)	–	–	(171.5)	(171.5)
Leases	(115.1)	(3.9)	(12.7)	(131.7)
Preference shares	–	(2.5)	–	(2.5)
	(115.4)	(6.4)	(3,155.2)	(3,277.0)

D) Analysis of borrowings and other financial liabilities by type of interest rate

The exposure of the Group's borrowings to interest rate risk is as follows:

At 31 December 2023	**Fixed $m**	**Floating $m**	**2023 Total $m**
Corporate loans	**(5.0)**	**(2,407.6)**	**(2,412.6)**
Bond	**(986.8)**	**–**	**(986.8)**
Other loans (including short-term loans)	**–**	**(452.6)**	**(452.6)**
Leases	**(224.7)**	**–**	**(224.7)**
Preference shares	**(2.5)**	**–**	**(2.5)**
	(1,219.0)	**(2,860.2)**	**(4,079.2)**

At 31 December 2022	Fixed $m	Floating $m	2022 Total $m
Corporate loans	(15.5)	(1,970.5)	(1,986.0)
Bond	(985.3)	–	(985.3)
Other loans (including short-term loans)	–	(171.5)	(171.5)
Leases	(125.7)	(6.0)	(131.7)
Preference shares	(2.5)	–	(2.5)
	(1,129.0)	(2,148.0)	(3,277.0)

24 Borrowings and other financial liabilities *continued*

E) Maturity profile

The maturity profile of the Group's borrowings is as follows:

At 31 December 2023	Within 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2023 Total $m
Corporate loans	**(529.1)**	**(570.9)**	**(1,287.6)**	**(25.0)**	**(2,412.6)**
Bond	**–**	**–**	**–**	**(986.8)**	**(986.8)**
Other loans	**(265.0)**	**–**	**(187.6)**	**–**	**(452.6)**
Leases	**(107.8)**	**(73.0)**	**(42.6)**	**(1.3)**	**(224.7)**
Preference shares	**–**	**–**	**–**	**(2.5)**	**(2.5)**
	(901.9)	**(643.9)**	**(1,517.8)**	**(1,015.6)**	**(4,079.2)**

At 31 December 2022	Within 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2022 Total $m
Corporate loans	(377.4)	(531.7)	(927.7)	(149.2)	(1,986.0)
Bond	–	–	–	(985.3)	(985.3)
Other loans	–	–	(171.5)	–	(171.5)
Leases	(55.1)	(39.5)	(35.9)	(1.2)	(131.7)
Preference shares	–	–	–	(2.5)	(2.5)
	(432.5)	(571.2)	(1,135.1)	(1,138.2)	(3,277.0)

The amounts included above for leases are based on the present value of minimum lease payments.

The total minimum lease payments for these leases may be analysed as follows:

	2023 $m	2022 $m
Within 1 year	**(121.0)**	(62.1)
Between 1 – 2 years	**(79.0)**	(40.1)
Between 2 – 5 years	**(47.4)**	(37.6)
After 5 years	**–**	(1.3)
Total minimum lease payments	**(247.4)**	(141.1)
Less amounts representing finance charges	**22.7**	9.4
Present value of minimum lease payments	**(224.7)**	(131.7)

All leases are on a fixed payment basis and no arrangements have been entered into for contingent rental payments.

F) Financing Facilities

On 30 December, 2022, Antofagasta plc agreed a revolving credit facility "RCF" of $500.0 million. This revolving credit facility has a term of three years, which expires on 30 December, 2025.

The facility remained undrawn throughout 2023.

	Facility available		Drawn		Undrawn	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Revolving credit facility	**(500.0)**	(500.0)	**–**	–	**(500.0)**	(500.0)
	(500.0)	(500.0)	**–**	–	**(500.0)**	(500.0)

25 Trade and other payables

	Due in one year		Due after one year		Total	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Trade creditors	**(788.1)**	(751.5)	**–**	–	**(788.1)**	(751.5)
Other creditors and accruals	**(383.4)**	(328.2)	**(9.8)**	(8.0)	**(393.2)**	(336.2)
	(1,171.5)	(1,079.7)	**(9.8)**	(8.0)	**(1,181.3)**	(1,087.7)

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Other creditors are mainly related to property plant and equipment payables, finance interest and employee tax.

The average credit period taken for trade purchases is 20 days (2022 – 18 days).

26 Financial instruments and financial risk management

A) Categories of financial instruments

The carrying value of financial assets and financial liabilities is shown below:

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	2023 $m Total
Financial assets				
Equity investments	–	288.6	–	288.6
Trade and other receivables	916.5	–	157.1	1,073.6
Other financial assets	457.2	–	–	457.2
Cash and cash equivalents	1.1	–	643.6	644.7
Liquid investments	2,274.7	–	–	2,274.7
	3,649.5	288.6	800.7	4,738.8
Financial liabilities				
Borrowings and leases	–	–	(4,079.2)	(4,079.2)
Trade and other payables	–	–	(1,154.3)	(1,154.3)
	–	–	(5,233.5)	(5,233.5)

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	2022 $m Total
Financial assets				
Equity investments	–	90.5	–	90.5
Trade and other receivables	897.2	–	1,047.5	1,944.7
Cash and cash equivalents	8.5	–	801.9	810.4
Liquid investments	1,580.8	–	–	1,580.8
	2,486.5	90.5	1,849.4	4,426.4
Financial liabilities				
Borrowings and leases	–	–	(3,277.0)	(3,277.0)
Trade and other payables	–	–	(1,067.3)	(1,067.3)
	–	–	(4,344.3)	(4,344.3)

The fair value of the fixed rate bonds included within the "Borrowings and leases" category was $908.3 million at 31 December 2023 compared with its carrying value of $986.8 million. The fair value of all other financial assets and financial liabilities carried at amortised cost approximates the carrying value presented above.

The Group has the following financial instruments:

	2023 $m	2022 $m
Financial assets		
Trade and other receivables (non-current) per balance sheet	68.5	51.0
Trade and other receivables (current) per balance sheet	1,117.8	2,087.2
Total trade and other receivables per balance sheet	1,186.3	2,138.2
Less: non-financial assets (including prepayments and VAT receivables)	(112.7)	(193.5)
Total trade and other receivables (financial assets)	1,073.6	1,944.7
Financial liabilities		
Trade and other payables (current) per balance sheet	(1,171.5)	(1,079.7)
Trade and other payables (non-current) per balance sheet	(9.8)	(8.0)
Total trade and other payables per balance sheet	(1,181.3)	(1,087.7)
Less: non-financial liabilities (including VAT payables)	27.0	20.4
Total trade and other payables (financial liabilities)	(1,154.3)	(1,067.3)

26 Financial instruments and financial risk management *continued*

B) Fair value of financial instruments

An analysis of financial assets and financial liabilities measured at fair value is presented below:

	Level 1 $m	Level 2 $m	Level 3 $m	Total 2023 $m
Financial assets				
Equity investments (a)	**288.6**	**–**	**–**	**288.6**
Trade and other receivables (b)	**–**	**916.5**	**–**	**916.5**
Other financial assets (c)	**–**	**457.2**	**–**	**457.2**
Cash and cash equivalents (d)	**1.1**	**–**	**–**	**1.1**
Liquid investment (e)	**–**	**2,274.7**	**–**	**2,274.7**
	289.7	**3,648.4**	**–**	**3,938.1**

	Level 1 $m	Level 2 $m	Level 3 $m	Total 2022 $m
Financial assets				
Equity investments (a)	90.5	–	–	90.5
Trade and other receivables (b)	–	897.2	–	897.2
Cash and cash equivalents (d)	8.5	–	–	8.5
Liquid investment (e)	–	1,580.8	–	1,580.8
	99.0	2,478.0	–	2,577.0

Recurring fair value measurements are those that are required in the balance sheet at the end of each reporting year.

a) Equity investments are investments in shares on active markets and are valued using unadjusted quoted market values of the shares at the financial reporting date. These are level 1 inputs as described below.

b) Provisionally priced metal sales for the period are marked-to-market at the end of the period. Gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and trade receivables in the balance sheet. Forward prices at the end of the period are used for copper sales while December average prices are used for molybdenum concentrate sales. These are level 2 inputs as described below.

c) The other financial asset relates to an agreement the Group entered into during 2023 to acquire up to an additional 30 million shares in Compañía de Minas Buenaventura S.A.A. ("Buenaventura") (as detailed in Note 22). Subsequent to the year-end, in March 2024, the agreement completed. A payment of $290.1 million was made in respect of this agreement in June 2023. As at 31 December 2023, an "other financial asset" balance has been recognised on the balance sheet in respect of the agreement, at its fair value of $457.2 million. A fair value gain of $167.1 million has been recognised during 2023 in respect of this asset. The fair value of the other financial asset has been calculated using observable market data, in particular the share price of Buenaventura as at 29 December 2023 (the last trading day in 2023). These are level 2 inputs. The valuation also assumed that the Group will acquire all 30 million shares and the agreement runs to its scheduled maturity, although this was not considered to be a significant factor in determining the fair value based on the assessed likelihood and impact of an early termination occurring.

d) The element of cash and cash equivalents measured at fair value relates to money market funds, which are valued reflecting market prices at the period end. These are level 1 inputs as described below.

e) Liquid investments are highly liquid current asset investments that are valued reflecting market prices at the period end. These are level 2 inputs as described below.

The inputs to the valuation techniques described above are categorised into three levels, giving the highest priority to unadjusted quoted prices in active markets (level 1) and the lowest priority to unobservable inputs (level 3 inputs):

- Level 1 fair value measurement inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurement inputs are derived from inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurement inputs are unobservable inputs for the asset or liability.

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the year ended 31 December 2023, there were no transfers between levels in the hierarchy.

C) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including commodity price risk, currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group periodically uses derivative financial instruments, to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Board of Directors is responsible for overseeing the Group's risk management framework. The Audit and Risk Committee assists the Board with its review of the effectiveness of the risk management process, and monitoring of key risks and mitigations. The Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

(I) Commodity price risk

The Group generally sells its copper and molybdenum concentrate and copper cathode output at prevailing market prices, subject to final pricing adjustments which normally range from one to four months after delivery to the customer, and it is therefore exposed to changes in market prices for copper and molybdenum both in respect of future sales and previous sales, which remain open as to final pricing. In 2023, sales of copper and molybdenum concentrate and copper cathodes represented 89.4% of Group revenue and therefore revenues and earnings depend significantly on LME and realised copper prices.

The Group periodically uses futures and min-max options to manage its exposure to copper prices. These instruments may give rise to accounting volatility due to fluctuations in their fair value prior to the maturity of the instruments. Details of those copper and molybdenum concentrate sales and copper cathode sales, which remain open as to final pricing, are given in Note 7.

Commodity price sensitivity
The sensitivity analysis below shows the impact of a movement in the copper price on the financial instruments held as at the reporting date. A movement in the copper market price as at the reporting date will affect the final pricing adjustment to sales that remain open at that date, impacting the trade receivables balance and consequently the income statement. A movement in the copper market price will also affect the valuation of commodity derivatives, impacting the hedging reserve in equity if the fair value movement relates to an effective designated cash flow hedge, and impacting the income statement if it does not. The calculation assumes that all other variables, such as currency rates, remain constant.

- If the copper market price as at the reporting date had increased by 10 c/lb, profit attributable to the owners of the parent would have increased by $19.0 million (2022 – increase by $19.8 million).
- If the copper market price as at the reporting date had decreased by 10 c/lb, profit attributable to the owners of the parent would have decreased by $19.0 million (2022 – decrease by $19.8 million).

In addition, a movement in the average copper price during the year would impact revenue and earnings. A 10 c/lb change in the average copper price during the year would have affected profit attributable to the owners of the parent by $60.6 million (2022 – $58.7 million) and earnings per share by 6.1 cents (2022 – 6.0 cents), based on production volumes in 2023, without taking into account the effects of provisional pricing. A $1 /lb change in the average molybdenum price for the year would have affected profit attributable to the owners of the parent by $10.2 million (2022 – $9.5 million), and earnings per share by 1.0 cents (2022 – 1.0 cents), based on production volumes in 2023, and without taking into account the effects of provisional pricing. A $100 /oz change in the average gold price for the year would have affected profit attributable to the owners of the parent by $9.6 million (2022 – $11.6 million), and earnings per share by 1.0 cents (2022 – 1.2 cents), based on production volumes in 2023, and without taking into account the effects of provisional pricing.

(II) Currency risk
The Group is exposed to a variety of currencies. The US dollar, however, is the currency in which the majority of the Group's sales are denominated. Operating costs are influenced by the countries in which the Group's operations are based (principally in Chile) as well as those currencies in which the costs of imported goods and services are determined. After the US dollar, the Chilean peso is the most important currency influencing costs and to a lesser extent sales.

Given the significance of the US dollar to the Group's operations, this is the presentational currency of the Group for internal and external reporting. The US dollar is also the currency for borrowing and holding surplus cash, although a portion of this may be held in other currencies, notably Chilean pesos and Sterling, to meet short-term operating and capital commitments and dividend payments.

When considered appropriate, the Group uses forward exchange contracts and currency swaps to limit the effects of movements in exchange rates in foreign currency denominated assets and liabilities. The Group may also use these instruments to reduce currency exposure on future transactions and cash flows. Details of any exchange rate derivatives entered by the Group in the year are given in Note 26(D).

The currency exposure of the Group's cash, cash equivalents and liquid investments is given in Note 23, and the currency exposure of the Group's borrowings is given in Note 24(C). The effects of exchange gains and losses included in the income statement are given in Note 10. Exchange differences on translation of the net assets of entities with a functional currency other than the US dollar are taken to the currency translation reserve and are disclosed in the Consolidated Statement of Changes in Equity on page 191.

Currency sensitivity
The sensitivity analysis below shows the impact of a movement in the US dollar/Chilean peso exchange rate on the financial instruments held as at the reporting date.

The impact on profit or loss is as a result of the retranslation of non-US dollar monetary financial instruments (including cash, cash equivalents, liquid investments, trade receivables, trade payables and borrowings). The impact on equity is as a result of changes in the fair value of derivative instruments which are effective designated cash flow hedges, and changes in the fair value of equity investments. The calculation assumes that all other variables, such as interest rates, remain constant.

If the US dollar had strengthened by 10% against the Chilean peso as at the reporting date, profit attributable to the owners of the parent would have increased by $34.7 million (2022 – increase of $19.1 million). If the US dollar had weakened by 10% against the Chilean peso as at the reporting date, profit attributable to the owners of the parent would have decreased by $42.5 million (2022 – decrease of $23.3 million).

(III) Interest rate risk
The Group's policy is generally to borrow and invest cash at floating rates. Fluctuations in interest rates may impact the Group's net finance income or cost, and to a lesser extent the value of financial assets and liabilities. The Group occasionally uses interest rate swaps and collars to manage interest rate exposures on a portion of its existing borrowings. Details of any interest rate derivatives entered into by the Group are given in Note 24(D).

The interest rate exposure of the Group's borrowings is given in Note 24.

Interest rate sensitivity
The sensitivity analysis below shows the impact of a movement in interest rates in relation to the financial instruments held as at the reporting date. The impact on profit or loss reflects the impact on annual interest expense in respect of the floating rate borrowings held as at the reporting date, and the impact on annual interest income in respect of cash and cash equivalents held as at the reporting date. The impact on equity is as a result of changes in the fair value of derivative instruments which are effective designated cash flow hedges. The calculation assumes that all other variables, such as currency rates, remain constant.

If the interest rate increased by 1%, based on the financial instruments held as at the reporting date, profit attributable to the owners of the parent would have decreased by $3.3 million (2022 – decrease of $3.3 million). This does not include the effect on the income statement of changes in the fair value of the Group's liquid investments relating to the underlying investments in fixed income instruments.

(IV) Other price risk
The Group is exposed to equity price risk on its equity investments.

Equity price sensitivity
The sensitivity analysis below shows the impact of a movement in the equity values of the equity investment financial assets held as at the reporting date.

If the value of the equity investments had increased by 10% as at the reporting date, equity would have increased by $28.9 million (2022 – increase of $9.1 million). There would have been no impact on the income statement.

26 Financial instruments and financial risk management *continued*

(V) Cash flow risk

The Group's future cash flows depend on a number of factors, including commodity prices, production and sales levels, operating costs, capital expenditure levels, and financial income and costs. Its cash flows are therefore subject to the exchange, interest rate and commodity price risks described above as well as operating factors and input costs. To reduce the risk of potential short-term disruptions to the supply of key inputs such as electricity and sulphuric acid, the Group enters into medium and long-term supply contracts to help ensure continuity of supply. Long-term electricity supply contracts are in place at each of the Group's mines, in most cases linking the cost of electricity under the contract to the current cost of electricity on the Chilean grid or the generation cost of the supplier. The Group seeks to lock in supply of sulphuric acid for future periods of a year or longer, with contract prices agreed in the latter part of the year, to be applied to purchases of acid in the following year. Further information on production and sales levels and operating costs are given in the Operating review on pages 90 to 107.

(VI) Credit risk

Credit risk arises from trade and other receivables, cash, cash equivalents, liquid investments and derivative financial instruments. The Group's credit risk is primarily to trade receivables. The credit risk on cash, cash equivalents and liquid investments and on derivative financial instruments is limited as the counterparties are financial institutions with high credit ratings assigned by international credit agencies.

The largest balances of trade receivables are with equity participants in the key mining projects. Many other significant trade receivables are secured by letters of credit or other forms of security. All customers are subject to credit review procedures, including the use of external credit ratings where available. Credit is provided only within set limits, which are regularly reviewed. The main customers are recurrent with a good credit history during the years they have been customers.

Outstanding receivable balances are monitored on an ongoing basis.

The carrying value of financial assets recorded in the financial statements represents the maximum exposure to credit risk. The amounts presented in the balance sheet are net of allowances for any doubtful receivables (Note 21).

The Group has recognised an expected credit loss provision for its employee receivables, with the main inputs into the provision calculation being the average level of staff turnover and the average level of recovery of receivables from former employees. For the reasons set out above, the expected credit loss risk for other trade and other receivable balances is considered to be immaterial to the Group.

(VII) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and financing facilities, through the review of forecast and actual cash flows.

The Group typically holds surplus cash in demand or term deposits or highly liquid investments, which typically can be accessed or liquidated within 24 hours.

At the end of 2023, the Group was in a net debt position (2022 – net debt position), as disclosed in Note 33(C). Details of cash, cash equivalents and liquid investments are given in Note 23, while details of borrowings including the maturity profile are given in Note 24(E). Details of undrawn committed borrowing facilities are also given in Note 24.

The following table analyses the maturity of the Group's contractual commitments in respect of its financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

At 31 December 2023	Less than 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2023 Total $m
Corporate loans	**(704.8)**	**(705.8)**	**(1,460.0)**	**(25.9)**	**(2,896.5)**
Other loans (including short-term loans and bond)	**(305.0)**	**(40.0)**	**(306.8)**	**(1,122.2)**	**(1,774.0)**
Leases	**(122.0)**	**(79.0)**	**(45.6)**	**(0.9)**	**(247.5)**
Preference shares*	**(0.1)**	**(0.1)**	**(0.3)**	**(2.6)**	**(3.1)**
Trade and other payables	**(1,171.5)**	**(9.5)**	**(0.3)**	**–**	**(1,181.3)**
	(2,303.4)	**(834.4)**	**(1,813.0)**	**(1,151.6)**	**(6,102.4)**

At 31 December 2022	Less than 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2022 Total $m
Corporate loans	(475.7)	(609.4)	(1,017.8)	(163.3)	(2,266.2)
Other loans (including short-term loans and bond)	(60.5)	(40.0)	(290.8)	(1,176.3)	(1,567.6)
Leases	(62.1)	(40.4)	(37.9)	(1.3)	(141.7)
Preference shares*	(0.1)	(0.1)	(0.3)	(2.5)	(3.0)
Trade and other payables	(1,079.8)	(4.0)	(3.9)	–	(1,087.7)
	(1,678.2)	(693.9)	(1,350.7)	(1,343.4)	(5,066.2)

* The preference shares pay an annual dividend of £100,000 in perpetuity, and accordingly it is not possible to determine total amounts payable for periods without a fixed end date.

(VIII) Capital risk management

The Group's objectives are to return capital to shareholders while leaving the Group with sufficient funds to progress its short, medium and long-term growth plans as well as preserving the financial flexibility to take advantage of opportunities as they may arise. This policy remains unchanged.

The Group monitors capital on the basis of net cash/debt (defined as cash, cash equivalents and liquid investments less borrowings) which was net debt of $1,159.8 million at 31 December 2023 (2022 – net debt $885.8 million), as well as gross cash (defined as cash, cash equivalents and liquid investments) which was $2,919.4 million at 31 December 2023 (2022 – $2,391.2 million). The Group's total cash is held in a combination of on demand and term deposits and managed funds investing in high quality, fixed income instruments. The managed funds are held primarily for investment purposes rather than meeting short-term cash commitments and accordingly these amounts are presented as liquid investments; however they are included in net cash for monitoring and decision-making purposes. The Group has a risk averse investment strategy. The Group's borrowings are detailed in Note 24. Additional project finance or shareholder loans are taken out by the operating subsidiaries to fund projects on a case-by-case basis.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

1) Net Financial Debt/EBITDA
2) EBITDA/Interest Expense
3) Total Indebtedness/Tangible Net Worth (being the net asset value less any intangible asset value)

The Group has complied with these covenants throughout the reporting period.

D) Derivative financial instruments

The Group periodically uses derivative financial instruments, to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Group did not have any derivative financial instruments during 2023 or 2022.

When relevant, the Group applies the hedge accounting provisions of IFRS 9 "Financial Instruments". Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income or expense, with such amounts subsequently recognised in the income statement in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in the income statement. Realised gains and losses on commodity derivatives recognised in the income statement are recorded within revenue. The time value element of changes in the fair value of derivative options is recognised within other comprehensive income. Realised gains and losses and changes in the fair value of exchange and interest derivatives are recognised within other finance items for those derivatives where hedge accounting has not been applied. When hedge accounting has been applied, the realised gains and losses on exchange and interest derivatives are recognised within other finance items and interest expense respectively.

27 Long-term incentive plan

The long-term incentive plan (the "Plan") forms part of the remuneration of senior managers in the Group. Directors are not eligible to participate in the Plan.

Details of the Awards

Under the Plan, the Group may grant awards based on the price of ordinary shares in the Company and cannot grant awards over actual shares.

- Restricted Awards: These awards are conditional rights to receive cash payment by reference to a specified number of the Company's ordinary shares, subject to the relevant employee remaining employed by the Group when the Restricted Award vests, and
- Performance Awards: These awards are conditional rights to receive cash payment by reference to a specified number of the Company's ordinary shares subject to both the satisfaction of a performance condition and the relevant employee remaining employed by the Group when the Performance Award vests.

When awards vest under the Plan, participants become entitled to receive a cash payment by reference to the number and portion of awards that have vested and the market value of the Company's ordinary shares on the date of vesting. There is no exercise price payable by participants in respect of the awards.

Restricted Awards can only vest in full if participants remain employed by the Group for three years from the date that Restricted Awards are granted. In ordinary circumstances, the first one-third of a Restricted Award will vest after one year, the second one-third will vest after two years and the remaining one-third will vest after three years. There are no performance criteria attached to Restricted Awards. The fair value of Restricted Awards granted under the Plan is recorded as a compensation expense over the vesting periods, with a corresponding liability recognised for the fair value of the liability at the end of each period until settled.

Performance Awards only vest if certain performance criteria are met. The performance criteria reflect a number of factors including total shareholder return, earnings levels, growth in the Group's reserves and resources and project delivery targets. The fair value of Performance Awards under the Plan is recorded as a compensation expense over the vesting period, with a corresponding liability at the end of each period until settled.

Valuation process and accounting for the awards

The fair value of the awards is determined using a Monte Carlo simulation model. The inputs into the Monte Carlo simulation model are as follows:

	2023	2022
Weighted average forecast share price at vesting date	**$21.6**	$18.5
Expected volatility	**37.21%**	50.90%
Expected life of awards	**3 years**	3 years
Expected dividend yields	**2.93%**	6.77%
Discount rate	**5.32%**	4.33%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous one year. The expected life of awards used in the model has been adjusted based on management's best estimate for the effects of non-transferability and compliance of the objectives determined according to the characteristics of each plan.

27 Long-term incentive plan *continued*

The number of awards outstanding at the end of the year is as follows:

	Restricted Awards Number	Performance Awards Number
Outstanding at 1 January 2023	**438,519**	**1,176,947**
Granted during the year	**291,060**	**468,967**
Cancelled during the year	**(25,178)**	**(49,510)**
Payments during the year	**(244,893)**	**(599,386)**
Outstanding at 31 December 2023	**459,508**	**997,018**
Number of awards that have vested	**171,803**	**–**

The Group has recorded a liability of $13.9 million at 31 December 2023, of which $7.5 million is due after more than one year (31 December 2022 – $17.2 million of which $4.7 million was due after more than one year) and total expenses of $12.6 million for the year (2022 – expense of $13.1 million).

28 Post-employment benefit obligations

A) Defined contribution schemes

The Group operates defined contribution schemes for a limited number of employees. The amount charged to the income statement in 2023 was $0.1 million (2022 – $0.1 million), representing the amount paid in the year. There were no outstanding amounts which remain payable at the end of either year.

B) Severance provisions

Employment terms at some of the Group's operations provide for payment of a severance payment when an employment contract comes to an end. This is typically at the rate of one month for each year of service (subject in most cases to a cap as to the number of qualifying years of service) and based on the final salary level. The severance payment obligation is treated as an unfunded defined benefit plan, and the obligation recognised is based on valuations performed by an independent actuary using the projected unit credit method, which are regularly updated. The obligation recognised in the balance sheet represents the present value of the severance payment obligation. Actuarial gains and losses are immediately recognised in other comprehensive income.

The most recent valuation was carried out in 2023 by Ernst & Young, a qualified actuary in Santiago, Chile who is not connected with the Group.

The main assumptions used to determine the actuarial present value of benefit obligations were as follows:

	2023 %	2022 %
Average nominal discount rate	**6.2%**	5.3%
Average rate of increase in salaries	**1.9%**	2.2%
Average staff turnover	**3.2%**	3.5%

Amounts included in the income statement in respect of severance provisions are as follows:

	2023 $m	2022 $m
Current service cost (charge to operating profit)	**(25.7)**	(19.1)
Interest cost (charge to other finance items)	**(7.2)**	(6.8)
Foreign exchange credit to other finance items	**3.6**	1.5
Total charge to income statement	**(29.3)**	(24.4)

Movements in the present value of severance provisions were as follows:

	2023 $m	2022 $m
Balance at the beginning of the year	**(137.3)**	(107.5)
Current service cost	**(25.7)**	(19.1)
Actuarial gains/(losses)	**10.7**	(18.1)
Unwinding of discount on provisions	**(7.2)**	(6.8)
Paid in the year	**16.0**	12.7
Foreign currency exchange difference	**3.6**	1.5
Balance at the end of the year	**(139.9)**	(137.3)

Assumptions description

Discount rate

	31 December 2023	31 December 2022
Nominal discount rate	6.52%	5.34%
Reference rate name	20 year Chilean Central Bank Bonds	20 year Chilean Central Bank Bonds
Governmental or corporate rate	Governmental	Governmental
Reference rating	AA–/AA+	AA–/AA+
Corresponds to an Issuance market (primary) or secondary market	Secondary	Secondary
Issuance currency associated to the reference rate	Chilean peso	Chilean peso
Date of determination of the reference interest rate	31 October 2023	28 November 2022
Source of the reference interest rate	Bloomberg	Bloomberg

The discount rate is the interest rate used to discount the estimated future severance payments to their present value. The table above shows the principal instruments and assumptions utilised in determining the discount rate.

Rate of increase in salaries
This represents the estimated average rates of future salary increases, reflecting likely future promotions and other changes. This has been based on historical information for the Group for the period from 2019 to 2023.

Turnover rate
This represents the estimated average level of future employee turnover. This has been based on historical information for the Group for the period from 2019 to 2023.

Sensitivity analysis
Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and staff turnover. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher, the defined benefit obligation would decrease by $6.5 million (2022 – decrease by $10.2 million). If the discount rate is 100 basis points lower, the defined benefit obligation would increase by $7.1 million (2022 – increase by $11.7 million).
- If the expected salary growth increases by 1%, the defined benefit obligation would increase by $7.0 million (2022 – increase by $10.5 million). If the expected salary growth decreases by 1%, the defined benefit obligation would decrease by $6.5 million (2022 – decrease by $9.6 million).
- If the staff turnover increases by 1%, the defined benefit obligation would decrease by $2.9 million (2022 – decrease by $2.5 million). If the staff turnover decreases by 1%, the defined benefit obligation would increase by $3.1 million (2022 – increase by $2.5 million).

29 Deferred tax assets and liabilities

	Accelerated capital allowances $m	Temporary differences on provisions $m	Withholding tax $m	Short-term differences $m	Mining tax (Royalty) $m	Tax losses $m	Disposal $m	Total $m
At 1 January 2022	(1,371.0)	115.0	(23.1)	(61.3)	(102.9)	127.6	–	(1,315.7)
(Charge)/credit to income	(79.2)	1.4	(48.5)	(15.6)	(9.8)	(3.1)	–	(154.8)
Reclassification	(16.9)	7.8	–	9.1	–	–	–	–
Credit deferred in equity	–	4.9	–	–	0.8	–	–	5.7
At 31 December 2022 and 1 January 2023	(1,467.1)	129.1	(71.6)	(67.8)	(111.9)	124.5	–	(1,464.8)
(Charge)/credit to income	**(34.4)**	**14.0**	**3.2**	**(1.1)**	**(2.6)**	**18.0**	**–**	**(2.9)**
Adjustment due to introduction of new royalty	**–**	**–**	**–**	**50.8**	**(85.1)**	**–**	**–**	**(34.3)**
Tax on exceptional items[2]	**–**	**–**	**–**	**(41.8)**	**–**	**–**	**–**	**(41.8)**
Reclassification	**95.3**	**(77.1)**	**1.8**	**(30.0)**	**11.3**	**(1.3)**	**–**	**–**
Charge deferred in equity[1]	**–**	**(2.9)**	**–**	**(37.0)**	**(0.9)**	**–**	**–**	**(40.8)**
At 31 December 2023	**(1,406.2)**	**63.1**	**(66.6)**	**(126.9)**	**(189.2)**	**141.2**	**–**	**(1,584.6)**

1. The $40.8 million of deferred tax recognised directly in equity relates to a $37.0m deferred tax expense in respect of the movements in the fair value of equity investments (see Note 19) and a $3.8 million deferred tax expense in respect of actuarial gains on defined benefit plans.

2. A deferred tax expense of $41.8 million has been recognised in respect of the exceptional fair value gain of $167.1 million in respect of the agreement the Group entered into during 2023 to acquire up to an additional 30 million shares in Compañía de Minas Buenaventura S.A.A. (see Note 4).

The charge to the income statement of $2.9 million (2022 – $154.8 million) included an impact from foreign exchange differences of $0.3 million (2022: nil).

Certain deferred tax assets and liabilities have been offset. Deferred tax assets and liabilities are offset where there is a legally enforceable right to do so, which under Chilean tax regulations is only possible within individual legal entities.

The following is the analysis of the deferred tax balance (after offset):

	2023 $m	2022 $m
Net deferred tax assets	**72.0**	78.5
Net deferred tax liabilities	**(1,656.6)**	(1,543.3)
Net deferred tax balances	**(1,584.6)**	(1,464.8)

The $72.0 million net deferred tax asset balance (2022 – $78.5 million) relates to the total deferred tax position of those individual Group entities which have a net deferred tax asset position. In general, these net deferred tax asset positions reflect tax losses, which in some cases are partly offset by deferred tax liabilities in respect of accelerated capital allowances and other temporary differences.

29 Deferred tax assets and liabilities *continued*

At 31 December 2023, the Group had unused tax losses associated with Chilean entities (predominantly Antucoya) of $523.3 million (2022 – $460.3 million) available for offset against future profits. Generally under Chilean tax law, most tax losses can be carried forward indefinitely. A deferred tax asset of $141.2 million has been recognised in respect of 100% of these losses as at 31 December 2023 (31 December 2022 – $124.5 million). In addition, at 31 December 2023, the Group had unused tax losses associated with entities outside of Chile (predominantly in respect of the Twin Metals project) of $496.8 million (2022 – $427.0 million). A portion of the Twin Metals tax losses expire in the period from 2030 – 2037, and the remainder can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these tax losses, reflecting the fact that the relevant entities have generated taxable losses in recent years. At 31 December 2023, deferred withholding tax liabilities of $66.6 million have been recognised (31 December 2022 – $71.6 million) which relate to undistributed earnings of subsidiaries where it is considered likely that the corresponding profits will be distributed in the foreseeable future. The value of the remaining undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, because the Group is in a position to control the timing of the distributions and it is likely that distributions will not be made in the foreseeable future, was $7,101.1 million (31 December 2022 – $6,430.4 million). If deferred withholding tax liabilities were recognised in respect of all of these remaining undistributed earnings of subsidiaries this would result in an additional deferred tax liability and expense of approximately $1,314.9 million (31 December 2022 – $1,076.5 million), depending on the application of tax credits which may be available in particular circumstances.

Temporary differences arising in connection with interests in associates are insignificant.

The deferred tax balance of $1,584.6 million (2022 – $1,464.8 million) includes $1,567.2 million (2022 – $1,404.7 million) due in more than one year.

The deferred tax assets of $72.0 million include $23.5 million due in less than 1 year and $48.5 million due in more than 1 year.

The deferred tax liabilities of $1,656.6 million include $40.9 million due in less than 1 year and $1,615.7 million due in more than 1 year.

All amounts are shown as non-current on the face of the balance sheet as required by IAS 12 Income Taxes.

30 Decommissioning and restoration provisions

	2023 $m	2022 $m
Balance at the beginning of the year	**(488.2)**	(336.1)
Charge to operating profit in the year	**(12.8)**	(15.4)
Unwind of discount to net interest in the year	**(10.2)**	(10.1)
Adjustment to provision discount rates	**1.6**	(1.6)
Capitalised adjustment to provision	**31.9**	(173.8)
Utilised in year	**36.8**	49.7
Foreign currency exchange difference	**(0.2)**	(0.9)
Balance at the end of the year	**(441.1)**	(488.2)
Short-term provisions	**(15.2)**	(33.2)
Long-term provisions	**(425.9)**	(455.0)
Total	**(441.1)**	(488.2)

Decommissioning and restoration costs relate to the Group's mining operations. Costs are estimated on the basis of a formal closure plan and are subject to regular independent formal review by Sernageomin, the Chilean government agency which regulates the mining industry in Chile. During 2023, the Centinela provisions were updated to reflect new plans approved by Sernageomin during the year. The provision balance reflects the present value of the forecast future cash flows expected to be incurred in line with the closure plans, discounted using Chilean real interest rates with durations corresponding with the timings of the closure activities. At 31 December 2023, the real discount rates ranged from 2.29% to 2.41% (31 December 2022: 1.67% to 1.73%).

It is estimated that the provision will be utilised from 2024 until 2066 based on current mine plans, with approximately 16% of the total provision balance expected to be utilised between 2024 and 2033, approximately 48% between 2034 and 2043, approximately 9% between 2044 and 2053 and approximately 27% between 2054 and 2066.

Given the long-term nature of these balances, it is possible that future climate risks could impact the appropriate amount of these provisions, both in terms of the nature of the decommissioning and site rehabilitation activities that are required, or the costs of undertaking those activities. In its Annual Report and Accounts, the Group discloses in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). This process included scenario analyses assessing the impact of transition and physical risks. As a simple high-level sensitivity, we have considered whether the level of estimated costs relating to the potential future risks identified under the scenario analysis could indicate a general level of future cost increases as a consequence of climate risks which could indicate a significant potential impact on these provision balances. This analysis did not indicate a significant potential impact on the decommissioning and restoration provision balances. However, more detailed specific analysis of the potential impacts of climate risks in future periods could result in adjustments to these provision balances. When future updates to the closure plans are prepared and submitted to Sernageomin for review and approval, it is possible that additional consideration of potential climate risk impacts may need to be incorporated into the plan assumptions. In addition, Sernageomin may introduce new regulations or guidance in respect of climate risks which may need to be addressed in future updates to the Group's closure plans.

31 Share capital and other reserves

(I) Share capital

The ordinary share capital of the Company is as follows:

	2023 Number	2022 Number	2023 $m	2022 $m
Authorised				
Ordinary shares of 5p each	**1,300,000,000**	1,300,000,000	**118.9**	118.9

	2023 Number	2022 Number	2023 $m	2022 $m
Issued and fully paid				
Ordinary shares of 5p each	**985,856,695**	985,856,695	**89.8**	89.8

The Company has one class of ordinary shares which carry no right to fixed income. Each ordinary share carries one vote at any general meeting.

There were no changes in the authorised or issued share capital of the Company in either 2023 or 2022. Details of the Company's preference share capital, which is included within borrowings in accordance with IAS 32 Financial Instruments, are given in Note 24A(ix).

(II) Other reserves and retained earnings

The share premium account, fair value and translation reserves and retained earnings for both 2023 and 2022 are included within the consolidated statement of changes in equity on page 191 as follow:

	2023 $m	2022 $m
Share premium		
At 1 January and 31 December	**199.2**	199.2
Equity investment revaluation reserve[1]		
At 1 January	**8.4**	(7.4)
Gains on equity investment	**100.0**	15.8
At 31 December	**108.4**	8.4
Foreign currency translation reserves[2]		
At 1 January	**(3.4)**	(3.0)
Currency translation adjustment	**(0.5)**	(0.4)
At 31 December	**(3.9)**	(3.4)
Total other reserves per balance sheet	**104.5**	5.0
Retained earnings		
At 1 January	**8,333.5**	8,071.6
Parent and subsidiaries' profit for the period	**848.6**	1,484.9
Equity accounted units' (loss)/profit after tax for the period	**(13.5)**	48.1
Actuarial gains/(losses) [3]	**3.0**	(8.2)
Total comprehensive income for the year	**838.1**	1,524.8
Dividends paid	**(613.2)**	(1,262.9)
At 31 December	**8,558.4**	8,333.5

1. The equity investments revaluation reserves record fair value gains or losses relating to equity investments, as described in Note 19.
2. Exchange differences arising on the translation of the Group's net investment in foreign-controlled companies are taken to the foreign currency translation reserve. The cumulative differences relating to an investment are transferred to the income statement when the investment is disposed of.
3. Actuarial gains or losses relating to long-term employee benefits of the Group and associates and joint ventures, as described in Note 27.

32 Non-controlling interests

The non-controlling interests of the Group during 2023 and 2022 were as follows:

	Non-controlling Interest %	Country	At 1 January 2023 $m	Share of profit/(loss) for the financial year $m	Share of dividends $m	Hedging and actuarial gains $m	At 31 December 2023 $m
Minera Los Pelambres SCM	**40.0**	**Chile**	**1,443.0**	**373.4**	**(388.0)**	**1.2**	**1,429.6**
Minera Centinela SCM	**30.0**	**Chile**	**1,356.8**	**89.5**	**–**	**2.0**	**1,448.3**
Minera Antucoya SCM	**30.0**	**Chile**	**219.3**	**5.5**	**–**	**0.1**	**224.9**
Sociedad Contractual Minera El Encierro	**42.8**	**Chile**	**(2.2)**	**(4.1)**	**–**	**–**	**(6.3)**
Total			**3,016.9**	**464.3**	**(388.0)**	**3.3**	**3,096.5**

	Non-controlling Interest %	Country	At 1 January 2022 $m	Share of profit/(loss) for the financial year $m	Share of dividends $m	Hedging and actuarial losses $m	At 31 December 2022 $m
Minera Los Pelambres SCM	40.0	Chile	1,204.5	320.4	(80.0)	(1.9)	1,443.0
Minera Centinela SCM	30.0	Chile	1,275.9	82.9	–	(2.0)	1,356.8
Minera Antucoya SCM	30.0	Chile	198.4	21.2	–	(0.3)	219.3
Sociedad Contractual Minera El Encierro	43.5	Chile	–	(2.2)	–	–	(2.2)
Total			2,678.8	422.3	(80.0)	(4.2)	3,016.9

The proportion of the voting rights is proportional with the economic interest for each of the companies listed above.

32 Non-controlling interests *continued*

For material entities with non-controlling interests, the summarised financial position and cash flow information for the years ended 31 December 2023 and 31 December 2022 is set out below:

	Los Pelambres 2023 $m	Centinela 2023 $m	Antucoya 2023 $m
Non-controlling interest (%)	**40.0%**	**30.0%**	**30.0%**
Cash and cash equivalents	**222.2**	**156.5**	**52.0**
Current assets[1]	**1,320.8**	**1,256.7**	**340.2**
Non-current assets	**6,093.2**	**5,276.8**	**1,392.8**
Current liabilities	**(970.8)**	**(926.8)**	**(160.1)**
Non-current liabilities	**(2,858.4)**	**(930.3)**	**(375.1)**
Net cash from operating activities	**1,206.8**	**1,069.1**	**209.7**
Net cash used in investing activities	**(862.4)**	**(1,031.6)**	**(117.0)**
Net cash (used in)/from financing activities	**(409.0)**	**124.1**	**(67.8)**

1. The current assets include cash and cash equivalents

	Los Pelambres 2022 $m	Centinela 2022 $m	Antucoya 2022 $m
Non-controlling interest (%)	40.0%	30.0%	30.0%
Cash and cash equivalents	249.3	134.9	46.1
Current assets[1]	1,373.2	1,170.7	340.6
Non-current assets	5,413.3	4,752.3	1,367.2
Current liabilities	(725.8)	(553.3)	(153.1)
Non-current liabilities	(2,408.8)	(1,011.8)	(405.0)
Net cash from operating activities	1,060.9	762.2	162.1
Net cash used in investing activities	(881.0)	(879.8)	(65.1)
Net cash from/(used in) financing activities	44.8	(163.2)	(174.3)

1. The current assets include cash and cash equivalents

Notes to the summarised financial position and cash flow

(i) The amounts disclosed for each subsidiary are based on the amounts included in the consolidated financial statements (100% of the results and balances of the subsidiary rather than the non-controlling interest proportionate share) before intercompany eliminations.

(ii) Summarised income statement information is shown in the segment information in Note 6.

(iii) There are some subsidiaries, including Encierro, with a non-controlling interest portion not included in this note where those portions are not material to the Group.

33 Notes to the consolidated cash flow statement

A) Reconciliation of profit before tax to cash flow from operations

	2023 $m	2022 $m
Profit before tax	**1,965.5**	2,558.9
Depreciation	**1,211.3**	1,141.1
Net loss on disposals	**–**	2.1
Net finance (income)/expense – excluding exceptional items	**(29.1)**	68.2
Net share of loss/(profit) of associates and joint ventures	**13.5**	(48.1)
Exceptional fair value gain in respect of other financial asset	**(167.1)**	–
Gain on disposal of investment in joint venture	**–**	(944.7)
Increase in inventories	**(31.6)**	(180.7)
(Increase)/decrease in debtors	**(57.9)**	27.0
Increase in creditors	**137.0**	141.0
Decrease in provisions	**(14.5)**	(26.5)
Cash flow generated from operations	**3,027.1**	2,738.3

B) Analysis of changes in net debt

	At 1 January 2023 $m	Cash flow $m	New leases $m	Amortisation of finance costs $m	Capitalisation of interest $m	Movement between maturity categories $m	Fair value gains $m	Exchange $m	At 31 December 2023 $m
Cash and cash equivalents	**810.4**	**(162.0)**	**–**	**–**	**–**	**–**	**–**	**(3.7)**	**644.7**
Liquid investments	**1,580.8**	**674.2**	**–**	**–**	**–**	**–**	**19.7**	**–**	**2,274.7**
Total cash and cash equivalents and liquid investments	**2,391.2**	**512.2**	**–**	**–**	**–**	**–**	**19.7**	**(3.7)**	**2,919.4**
Borrowings due within one year	**(377.4)**	**116.7**	**–**	**–**	**–**	**(533.4)**	**–**	**–**	**(794.1)**
Borrowings due after one year	**(2,765.4)**	**(797.2)**	**–**	**(12.7)**	**(16.0)**	**533.4**	**–**	**–**	**(3,057.9)**
Leases due within one year	**(55.1)**	**81.2**	**–**	**–**	**–**	**(133.9)**	**–**	**–**	**(107.8)**
Leases due after one year	**(76.6)**	**–**	**(178.6)**	**–**	**–**	**133.9**	**–**	**4.4**	**(116.9)**
Preference shares	**(2.5)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.5)**
Total borrowings	**(3,277.0)**	**(599.3)**	**(178.6)**	**(12.7)**	**(16.0)**	**–**	**–**	**4.4**	**(4,079.2)**
Net cash/(debt)	**(885.8)**	**(87.1)**	**(178.6)**	**(12.7)**	**(16.0)**	**–**	**19.7**	**0.7**	**(1,159.8)**

	At 1 January 2022 $m	Cash flow $m	New leases $m	Amortisation of finance costs $m	Capitalisation of interest $m	Movement between maturity categories $m	Other $m	Exchange $m	At 31 December 2022 $m
Cash and cash equivalents	743.4	65.6	–	–	–	–	–	1.4	810.4
Liquid investments	2,969.7	(1,388.9)	–	–	–	–	–	–	1,580.8
Total cash and cash equivalents and liquid investments	3,713.1	(1,323.3)	–	–	–	–	–	1.4	2,391.2
Borrowings due within one year	(268.0)	373.9	–	–	–	(483.3)	–	–	(377.4)
Borrowings due after one year	(2,742.1)	(488.5)	–	(11.7)	(6.3)	483.3	(0.1)	–	(2,765.4)
Leases due within one year	(69.1)	105.4	–	–	–	(80.7)	–	(10.7)	(55.1)
Leases due after one year	(90.7)	–	(51.3)	–	–	80.7	(1.0)	(14.3)	(76.6)
Preference shares	(2.7)	–	–	–	–	–	–	0.2	(2.5)
Total borrowings	(3,172.6)	(9.2)	(51.3)	(11.7)	(6.3)	–	(1.1)	(24.8)	(3,277.0)
Net cash/(debt)	540.5	(1,332.5)	(51.3)	(11.7)	(6.3)	–	(1.1)	(23.4)	(885.8)

C) Net debt

	2023 $m	2022 $m
Cash, cash equivalents and liquid investments	**2,919.4**	2,391.2
Total borrowings and other financial liabilities	**(4,079.2)**	(3,277.0)
Net debt	**(1,159.8)**	(885.8)

34 Exchange rates

Assets and liabilities denominated in foreign currencies are translated into US dollars and Sterling at the period-end rates of exchange.

Results denominated in foreign currencies have been translated into US dollars at the average rate for each period.

	2023	2022
Year-end rates	**$1.2750=£1; $1 = Ch$877.12**	$1.2080=£1; $1 = Ch$855.86
Average rates	**$1.2440=£1; $1 = Ch$839.16**	$1.2340=£1; $1 = Ch$872.38

35 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and joint ventures are disclosed below.

The transactions which Group companies entered into with related parties who are not members of the Group are set out below. There are no guarantees given or received and no provisions for doubtful debts related to the amount of outstanding balances.

A) Quiñenco SA

Quiñenco SA ("Quiñenco") is a Chilean financial and industrial conglomerate, the shares of which are traded on the Santiago Stock Exchange, and in which members of the Luksic family are interested. A Director of the Company, Jean-Paul Luksic, and a member of the Group's Executive Committee, Andronico Luksic L, are also directors of Quiñenco.

The following transactions took place between the Group and the Quiñenco group of companies, all of which were on normal commercial terms at market rates:

- the Group made purchases of fuel from ENEX SA, a subsidiary of Quiñenco, of $337.8 million (2022 – $309.9 million). The balance due to ENEX SA at the end of the year was $13.3 million (2022 – $28.6 million)
- the Group earned interest income of $0.9 million (2022 – $0.8 million) during the year on investments with BanChile Administradora General de Fondos SA, a subsidiary of Quiñenco. Investment balances at the end of the year were nil (2022: nil)
- the Group purchased shipping services from Hapag Lloyd, an associate of Quiñenco, of $9.0 million (2022 – $12.7 million). The balance due to Hapag Lloyd at the end of the year was nil (2022 – $0.3 million)
- the Group made purchases of technology services from ARTIKOS CHILE SA, a subsidiary of Quiñenco, of $0.2 million (2022 – $0.2 million). The balance due to ARTIKOS CHILE SA at the end of the year was nil (2022: nil)

B) Compañía de Inversiones Adriático SA

In 2023, the Group leased office space on normal commercial terms from Compañía de Inversiones Adriático SA, a company in which members of the Luksic family are interested, at a cost of $0.8 million (2022 –$0.4 million).

C) Antomin 2 Limited and Antomin Investors Limited

The Group holds a 51% interest in Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, a company controlled by the Luksic family, which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. During the year ended 31 December 2023, the Group incurred $0.1 million (year ended 31 December 2022 – $0.1 million) of exploration expense at these properties.

D) Tethyan Copper Company Limited (Reko Diq project)

On 15 December 2022, Antofagasta entered into definitive agreements to exit its interest in the Tethyan joint venture, which was a joint venture with Barrick Gold Corporation in respect of the Reko Diq project in Pakistan, which is therefore no longer recognised as a joint venture by the Group. The group contributed nil (2022: nil) to Tethyan during 2023.

E) Compañia Minera Zaldívar SpA

The Group has a 50% interest in Zaldívar (see Note 18), which is a joint venture with Barrick Gold Corporation. Antofagasta is the operator of Zaldívar. The balance due from Zaldívar to Group companies at the end of the year was $6.7 million (2022 – $6.7 million). During 2023, Zaldívar declared dividends of nil to the Group (2022 – $50.0 million).

F) Directors and other key management personnel

Information relating to Directors' remuneration and interests is given in the Remuneration Report on page 170. Information relating to the remuneration of key management personnel including the Directors is given in Note 9.

36 Litigation and contingent liabilities

The Group is subject from time to time to legal proceedings, claims, complaints and investigations arising out of the ordinary course of business. The Group cannot predict the outcome of individual legal actions or claims or complaints or investigations. As a result, the Group may become subject to liabilities that could affect our business, financial position and reputation. Litigation is inherently unpredictable and large judgements may at times occur. The Group may incur, in the future, judgement or enter into settlements of claims that could lead to material cash outflows. The Group considers that no material loss to the Group is expected to result from the legal proceedings, claims, complaints and investigations that the Group is currently subject to. Provisions are recognised when it is probable that the Group will be required to settle an obligation arising as a result of a legal claim against the Group.

Details of any significant potential tax uncertainties are set out in Note 11.

37 Ultimate parent company

The immediate parent of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested.

Both Metalinvest Establishment and the E. Abaroa Foundation are domiciled in Liechtenstein. Information relating to the interest of Metalinvest Establishment and the E. Abaroa Foundation is given in the Directors' Report.

Financial statements of the parent company (Antofagasta plc)

Parent Company balance sheet

As at 31 December 2023

	Note	2023 $m	2022 $m
Non-current assets			
Investment in subsidiaries	5	**938.3**	589.1
Other receivables	5	**53.6**	54.0
Property, plant and equipment		**3.8**	4.4
		995.7	647.5
Current assets			
Other receivables	5	**311.7**	744.6
Liquid investments		**773.3**	457.6
Cash and cash equivalents		**61.0**	238.5
		1,146.0	1,440.7
Total assets		**2,141.7**	2,088.2
Current liabilities			
Amounts payable to subsidiaries	6	**(345.2)**	(615.7)
Other payables		**(10.4)**	(9.2)
		(355.6)	(624.9)
Non-current liabilities			
Medium and long-term borrowings	7	**(992.5)**	(992.2)
		(992.5)	(992.2)
Total liabilities		**(1,348.1)**	(1,617.1)
Net assets		**793.6**	471.1
Equity			
Share capital		**89.8**	89.8
Share premium		**199.2**	199.2
Retained earnings			
At 1 January		**182.1**	1,064.2
Profit for the year attributable to the owners		**935.7**	380.8
Dividends		**(613.2)**	(1,262.9)
At 31 December		**504.6**	182.1
Total equity		**793.6**	471.1

The financial statements on pages 235 to 238 were approved by the Board of Directors on 20 March 2024 and signed on its behalf by

Jean-Paul Luksic
Chairman

Francisca Castro
Senior Independent Director

Parent Company statement of changes in equity

	Share capital $m	Share premium $m	Retained earnings $m	Total equity $m
At 1 January 2022	89.8	199.2	1,064.2	1,353.2
Comprehensive income for the year	–	–	380.8	380.8
Dividends	–	–	(1,262.9)	(1,262.9)
At 31 December 2022	89.8	199.2	182.1	471.1
Comprehensive income for the year	**–**	**–**	**935.7**	**935.7**
Dividends	**–**	**–**	**(613.2)**	**(613.2)**
At 31 December 2023	**89.8**	**199.2**	**504.6**	**793.6**

The ordinary shares rank after the preference shares in entitlement to dividends and on a winding-up. Each ordinary share carries one vote at any general meeting.

Antofagasta plc is a company limited by shares, incorporated and domiciled in the United Kingdom at 103 Mount Street, London W1K 2TJ.

1 Basis of preparation of the Parent Company financial statements

The Antofagasta plc Parent Company financial statements have been prepared in accordance with the Companies Act 2006 applicable to companies using FRS 101, which applies the recognition and measurement bases of IFRS with reduced disclosure requirements. The financial information has been prepared on an historical cost basis. The financial statements have been prepared on a going concern basis. The functional currency of the Company and the presentation currency adopted is US dollars.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1, 'Presentation of financial statements'
  - (ii) paragraph 73(e) of IAS 16, 'Property, plant, and equipment'
  - (iii) paragraph 118(e) of IAS 38, Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-D (additional comparative information)
  - 40A-D (requirements for a third statement of financial position)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group. All of the Parent Company's intercompany transactions and balances are with wholly-owned subsidiaries of the Group.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these financial statements. The profit after tax for the year of the Parent Company amounted to $935.7 million (2022 – $380.8 million).

2 Principal accounting policies of the Parent Company

A summary of the principal accounting policies is set out below. These accounting policies have been applied consistently.

A) Currency translation

The Company's functional currency is the US dollar. Transactions in currencies other than the functional currency are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities, including amounts due from or to subsidiaries, denominated in currencies other than the functional currency (being US dollars) are retranslated at year-end exchange rates. Gains and losses on retranslation are included in net profit or loss for the year.

B) Income recognition

Dividends proposed by subsidiaries are recognised as income by the Company when they represent a present obligation of the subsidiaries, in the period in which they are formally approved for payment.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

C) Dividends payable

Dividends proposed are recognised when they represent a present obligation, in the period in which they are formally approved for payment. Accordingly, an interim dividend is recognised when paid and a final dividend is recognised when approved by shareholders.

D) Investments in subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries and long-term amounts owed by subsidiaries. Such investments are valued at cost less any impairment provisions. Investments relating to equity holdings in subsidiaries are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable; the recoverable amount of the investment is the higher of fair value less costs of disposal and value in use. Investments relating to long-term amounts owed by subsidiaries are reviewed to assess if a material expected credit loss provision is required in respect of these balances.

E) Liquid investments and cash and cash equivalents

Liquid investments represent highly liquid current asset investments such as term deposits and managed funds invested in high quality fixed income instruments. They do not meet the IAS 7 definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity profile greater than 90 days from the date first entered into, or because they are held primarily for investment purposes rather than meeting short-term cash commitments. Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The cash balance is presented net of bank overdrafts which are repayable on demand. Cash and cash equivalents have a maturity period of 90 days or less.

F) Borrowings

Interest-bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method.

G) Borrowings – preference shares

The sterling-denominated preference shares issued by the Company carry a fixed rate of return without the right to participate in any surplus. They are accordingly classified as borrowings and translated into US dollars at year-end rates of exchange. Preference share dividends are included within finance costs.

H) Equity instruments – ordinary share capital and share premium

Equity instruments issued are recorded at the proceeds received, net of direct issue costs. Equity instruments of the Company comprise its sterling-denominated issued ordinary share capital and related share premium.

The presentational and the functional currency of the Company is US dollars, and ordinary share capital and share premium are translated into US dollars at historical rates of exchange based on dates of issue.

I) Financing facilities

On 30 December, 2023, Antofagasta plc agreed a revolving credit facility "RCF" of $500.0 million. This revolving credit facility has a term of three years, which expires on 30 December, 2025 (see Note 24F).

3 Significant accounting estimates and judgements

We do not consider there to be critical accounting judgements or key sources of estimation uncertainty which could have a significant risk of causing a material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year. We have set out below the most significant judgements and estimates applied in the preparation of the Company's balance sheet. The most significant accounting judgement is whether there are impairment indicators in respect of the carrying value of the Company's investments in subsidiaries, which have a total carrying value as at 31 December 2023 of $938.3 million. The most significant accounting estimate is whether a credit loss provision is required in respect of any of the Company's receivable balances. Over 99% of the receivable balances relate to intercompany balances, primarily with Group holding companies which hold the Group's investments in the operating companies. There is not considered to be any significant risk of a material overstatement of these carrying values. In assessing this, the Group has considered the overall market capitalisation of the Group, which was $21.1 billion at 31 December 2023, the cash and other assets held by the relevant Group companies and the level of earnings generated by the Group's operations.

4 Employee Benefit Expense

i) Average number of employees

The average monthly number of employees was 4 (2022 – 4), engaged in management and administrative activities.

ii) Aggregate remuneration

The aggregate remuneration of the employees mentioned above was as follows:

	2023 $m	2022 $m
Wages and salaries	**2.7**	2.3
Social security costs	**0.3**	0.3
Other pension costs	**0.1**	0.1
	3.1	2.7

The above employee figures exclude Directors who receive Directors' fees from Antofagasta plc. Details of fees payable to Directors are set out in the Remuneration Report.

5 Subsidiaries

i) Investment in subsidiaries

	2023 $m	2022 $m
Shares in subsidiaries at cost[1]	**469.8**	120.6
Amounts owed by subsidiaries due after more than one year	**468.5**	468.5
	938.3	589.1

	Shares $m	Loans $m	Total $m
1 January 2023	120.6	468.5	589.1
31 December 2023	**469.8**	**468.5**	**938.3**

1. The $349.2 million increase in the shares in subsidiaries balance reflects the acquisition by the Company of additional shares issued by the Company's direct subsidiary Andean LFMA Limited during the year.

The above amount of $468.5 million (31 December 2022 – $468.5 million) in respect of amounts owed by subsidiaries due after more than one year relates to long-term funding balances for which the Company does not expect to demand repayment in the foreseeable future and which form an integral part of the Company's long-term investment in those subsidiary companies.

The Company has reviewed whether there are any indicators of impairment in respect of the equity investment balance and concluded that there are no such indicators. The expected credit loss risk for the element of the investment balance relating to amounts owed by subsidiaries due after more than one year is considered to be immaterial to the Company.

ii) Trade and other receivables – amounts owed by subsidiaries due after one year

At 31 December 2023, an amount of $53.6 million (31 December 2022 – $54.0 million) was owed to the Company by indirect subsidiaries. This amount is not expected to be realised within 12 months after the reporting period. The expected credit loss risk for the amounts owed by subsidiaries is considered to be immaterial to the Company.

iii) Trade and other receivables – amounts owed by subsidiaries due within one year

At 31 December 2023, amounts owed by subsidiaries due within one year were $311.7 million (31 December 2022 – $744.6 million). These balances principally relate to $308.3 million of intercompany dividends declared but not yet paid to the Company by its immediate subsidiary companies. The expected credit loss risk for the amounts owed by subsidiaries is considered to be immaterial to the Company.

6 Amounts payable to subsidiaries

At 31 December 2023, amounts payable to subsidiaries due within one year were $345.2 million (31 December 2022 – $615.7 million). The decrease in this balance during the year mainly reflects the repayment of a $281.7 million balance as a result of an intra-group restructuring of intercompany balances.

7 Borrowings – preference shares

The authorised, issued and fully paid preference share capital of the Company comprised 2,000,000 5% cumulative preference shares of £1 each at both 31 December 2023 and 31 December 2022. As explained in Note 24C, the preference shares are recorded in the balance sheet in US dollars at period-end rates of exchange.

The preference shares are non-redeemable and are entitled to a fixed 5% cumulative dividend, payable in equal instalments in June and December of each year. On a winding-up, the preference shares are entitled to repayment and any arrears of dividend in priority to ordinary shareholders, but are not entitled to participate further in any surplus. Each preference share carries 100 votes (see Note 24A (ix)) at any general meeting.

Independent auditors' report to the members of Antofagasta plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Antofagasta plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2022 (the "Annual Report"), which comprise: the consolidated and Parent Company balance sheets as at 31 December 2022; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and Parent Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 8 to the Group financial statements, we have provided no non-audit services to the Parent Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We identified two components (2021: two) as individually financially significant components, which required an audit of their complete financial information due to their financial significance to the Group, and a further three components (2021: three) where we concluded that a full scope audit of the component financial information was warranted.
- Taken together, the components at which audit work was performed accounted for 97% of Group revenue.
- We also determined that specified procedures were necessary in respect of certain balances within the corporate and other items segment and transport division to ensure that we had sufficient coverage from our audit work over each line of the Group's financial statements.

Key audit matters

- Assessment of indicators of impairment and impairment reversal for property, plant and equipment, in particular in respect of the Zaldivar and Antucoya cash generating units (Group) and investments in subsidiaries (Parent) (Group and Parent)
- The accounting for the disposal of the Group's interest in the Reko Diq project (Group)

Materiality

- Overall Group materiality: $112 million (2021: $108 million) based on 5% of the three year average of profit before tax adjusted for one-off items.
- Overall Parent Company materiality: $20 million (2021: $26.5 million) based on 1% of total assets.
- Performance materiality: $84 million (2021: $81 million) (Group) and $15 million (2021: $19.875 million) (Parent Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The accounting for the disposal of the Group's interest in the Reko Diq project (Group) is a new key audit matter this year. The assessment of indicators of impairment and impairment reversal was a key audit matter in the prior year, albeit the specific areas of focus of our audit work differed this year compared with last year.

Key audit matter	How our audit addressed the key audit matter
Assessment of indicators of impairment and impairment reversal for property, plant and equipment, in particular in respect of the Zaldivar and Antucoya cash generating units (Group) and investments in subsidiaries (Parent) (Group and Parent) In accordance with IAS 36 'Impairment of assets', the Directors are required to perform an impairment assessment of long-lived assets at any time an indicator of impairment exists. The Directors considered various external and internal factors, as set out in IAS 36, in assessing whether an indicator of impairment, or in respect of Antucoya, impairment reversal, existed as at 31 December 2022 in respect of the operating mine cash-generating units ('CGUs'), such as short- and long-term forecast copper prices, the operational performance of these mines and indicative estimates of movements in value during the year based on the latest Life of Mine plans. This assessment included consideration of the impact of climate risks, including scenario analysis, as detailed in note 5 to the Group financial statements. The Directors concluded that no indicators of impairment or impairment reversal existed as at 31 December 2022 in respect of these CGUs and, therefore, no detailed impairment tests were performed. This assessment required judgement on the part of the Directors in determining whether an impairment trigger existed and was an area which had a significant effect on our overall audit strategy and allocation of resources in the planning for, and completion of, our audit. It was, therefore, determined to be a key audit matter. The financial statements set out the key elements of the judgements made by the Directors, which include at Zaldivar that the ongoing renewal of mining and water permits, currently due to expire in 2024 and 2025 respectively, will be successful. Refer to notes 3 and 5 to the Group financial statements and the Audit and Risk Committee's views set out on pages 131 and 132. As at 31 December 2022, the Parent Company holds investments in subsidiaries amounting to $589.1 million (2021: $529.1 million), comprising shares and long-term funding balances that the Directors do not intend to demand repayment of in the foreseeable future. Judgement is required to assess whether impairment triggers exist in relation to the shares held in subsidiaries and, where triggers are identified, to determine whether the recoverable amount is no lower than the investment carrying value. Judgement is also required in determining whether an expected credit loss should be recorded against the long-term funding balances. In assessing for impairment triggers, management considered whether the underlying net assets of the investment support the carrying amount, the nature of the underlying assets and whether other facts and circumstances could also be indicative of a trigger. For the loan balances, management considered whether the relevant subsidiary could repay the loans if they were demanded at the balance sheet date. Based on management's assessment, no impairment triggers in respect of the carrying value of investments in subsidiaries were identified by the Directors at the balance sheet date, and no expected credit loss on the long-term funding balances was recognised. Refer to notes 3 and 5 to the Parent Company's financial statements.	We assessed the Directors' conclusion that there were no indicators of impairment or impairment reversal as at 31 December 2022. Our procedures included evaluating management's trigger assessment, including its completeness by reference to both internal and external factors, including but not limited to operational performance in the year, potential changes in the Chilean mining royalty regime, macroeconomic factors including forecast copper prices, foreign currency exchange rates and market interest rates, climate change, and expected future production profiles and capital expenditure as included in the latest Life of Mine plan for each operation. In the case of Zaldivar, we also assessed the latest developments in respect of the permit applications. As well as considering whether any qualitative indicators of impairment existed, we evaluated management's quantitative impairment indicator assessments, and the process by which the indicative valuations were determined, including verifying the mathematical accuracy of the cash flow models and agreeing future capital and operating expenditure to the latest Board approved budgets and the latest approved Life of Mine plans. We assessed the reasonableness of the expected capital and operating expenses in light of their historical levels and recent operational performance, and considered the competence and objectivity of management's internal technical experts who prepared the Life of Mine plans. We evaluated the appropriateness of key market related assumptions in the indicative valuation models, including the copper prices, discount rates and foreign currency exchange rates, with the support of our valuation experts. We also performed sensitivity analysis around the key assumptions within the cash flow forecasts, using both lower long-term copper prices and a stronger Chilean peso. In addition, we assessed the impact of incorporating estimates of the potential future costs relating to climate change risks, based on the Task Force on Climate-related Financial Disclosures ("TCFD") scenario analyses prepared by management during the year, into these quantitative impairment indicator assessments. In light of the above, we assessed the appropriateness of the related disclosures in note 5 to the Group financial statements, including the sensitivities provided. Overall, we identified no material issues in our work. In respect of investments in subsidiaries in the Parent Company, we evaluated and challenged management's assessment and judgements in relation to the identification of impairment triggers; independently performed an assessment of other potential internal and external impairment triggers, including considering the market capitalisation of the Group with reference to the carrying value in the Parent Company of investments in subsidiaries; and evaluated the ability of the subsidiaries to repay the loan balances. As a result of our work, we were satisfied that the carrying value of the Parent Company's investments in subsidiaries is appropriate as at 31 December 2022.

Key audit matter	How our audit addressed the key audit matter
The accounting for the disposal of the Group's interest in the Reko Diq project (Group) On 15 December 2022 Antofagasta entered into definitive agreements to exit its interest in the Tethyan joint venture. The Directors determined that, as a result of the agreements, the Group no longer has joint control of the joint venture and has, therefore, derecognised its investment and recognised a gain on disposal of $944.7 million, representing the proceeds of the divestment net of related adjustments. The Directors have applied judgement in determining that, under the agreements, the Group no longer has joint control of the Tethyan joint venture and has an unconditional right to receive the proceeds of the sale, currently held by Atacama. Judgement has also been applied in estimating the probability of the sales proceeds being subject to Australian tax. As this is an area which had a significant effect on our overall audit strategy and the allocation of resources in the planning for, and completion of, our audit, this was determined to be a key audit matter. Refer to notes 3 and 17 to the Group financial statements and the Audit and Risk Committee's views set out on page 132.	We assessed management's analysis of the accounting for the definitive agreements and considered potential alternative interpretations. We read the definitive agreements and confirmed that the contractual arrangements supported the Directors' judgements. We read the tax advice obtained by management in respect of the transaction, and have assessed the independence, competence and objectivity of management's external tax experts. We also engaged our internal tax experts to review the advice to help us assess the appropriateness of management's estimate in respect of tax. We read the related disclosures in respect of the transaction in note 17 to the Group financial statements and in respect of the significant estimation uncertainty in note 3. We identified no material issues as a result of our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The core mining business comprises four mining operations: Los Pelambres; Centinela; Antucoya; and Zaldívar, a joint venture with Barrick Gold Corporation operated by the Group. These mines produce copper cathodes, copper concentrates and significant volumes of by-products.

In addition to mining, the Group has a transport division that provides rail and road cargo services in northern Chile, predominantly to mining customers, including to the Group's own operations.

All of the above operations are located in Chile. In addition, the Group has corporate head offices located in both Santiago, Chile (Antofagasta Minerals S.A.) and London, UK (Antofagasta plc). The Group also has exploration projects in various countries.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each of the four mine sites and the corporate offices in Chile, by us, as the Group engagement team and by component auditors from PwC Chile operating under our instruction. Los Pelambres and Centinela were considered to be financially significant components of the Group, due to their contribution towards Group profit before tax, and so required audits of their complete financial information. Antucoya and Zaldívar, as well as the Parent Company Antofagasta plc, were also subject to an audit of their complete financial information. We also requested that component auditors perform specified procedures over the corporate offices in Chile, and specific financial statement line items of other entities within the Group (including the transport division) to ensure that we had sufficient coverage from our audit work over each line of the Group's financial statements. The Group engagement team also performed procedures in respect of the gain on disposal of the investment in the Tethyan joint venture. For all other components, the Group team performed analytical review procedures.

Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. Our oversight procedures included the issuance of formal, written instructions to the component auditors setting out the work to be performed, regular communication throughout the audit cycle including regular component meetings, review of component auditor workpapers and participation in audit clearance meetings. In most cases communication was performed through video conferencing. However, members of the Group team also visited Chile on multiple occasions during the audit. The Group team also reviewed the component auditor working papers and reviewed other communications dealing with significant accounting and auditing issues.

Taken together, the components where we performed our audit work accounted for 97% of consolidated revenue, 94% of consolidated profit before tax and 92% of consolidated profit before tax adjusted for one-off items. This was before considering the contribution to our audit evidence from performing additional audit work at the Group level, including disaggregated analytical review procedures, which covers a significant portion of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

The Parent Company financial statements are prepared in the corporate head office in Santiago, with oversight from the Group Financial Controller based in London, and are ultimately reviewed and approved by the Directors alongside the Group financial statements. The Parent Company financial statements were audited by the Group engagement team.

The impact of climate risk on our audit

In planning our work, including identifying areas of audit risk and determining an appropriate audit response, we were mindful of the increased focus on the impact of climate change risk on companies and their financial reporting, and also that the Group has identified climate change as a principal risk. As part of our audit, we made enquiries of management to understand its processes to assess the extent of the potential impact of climate change risks on the Group and its financial statements. This included consideration of the Group's Climate Change Strategy and specific targets to reduce Scope 1 and 2 emissions by 30% by 2025 relative to the 2020 baseline, to use electricity solely from renewable sources at its mining operations by the end of 2022, which management has confirmed it has now achieved, and, in the long-term, to achieve carbon neutrality.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Parent Company
Overall materiality	$112 million (2021: $108 million).	$20 million (2021: $26.5 million).
How we determined it	5% of the three year average of profit before tax adjusted for one-off items	1% of total assets
Rationale for benchmark applied	For overall Group materiality, we chose to use an underlying earnings measure as the benchmark because an underlying measure removes the impact of material items that do not recur from year to year or otherwise significantly affect the underlying trend of performance from continuing operations. The adoption of a multi-year average benchmark for materiality responds to longer term trends in commodity markets and reduces volatility in the measure year-on-year. Using our professional judgement, we determined materiality for this year at $112 million, which equates to 6.9% of the current year's profit before tax adjusted for one-off items.	For the Parent Company materiality, we determined our materiality based on total assets, which is more relevant than a performance-related measure as the company is an investment holding company for the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $10 million and $96 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to $84 million (2021: $81 million) for the Group financial statements and $15 million (2021: $19.875 million) for the Parent Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above $5.6 million (Group audit) (2021: $5.4 million) and $1 million (Parent Company audit) (2021: $1.3 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and examining management's base case forecasts and downside scenarios, checking that the forecasts had been subject to board review and, in the case of the base case, approval;
- Considering the historical reliability of management forecasting by comparing budgeted results with actual performance;
- Assessing the future cash flows included in the base case to ensure that these were consistent with our understanding from work performed over other key accounting estimates in the financial statements such as the impairment indicator assessment;
- Performing our own sensitivity analysis to understand the impact of changes in cash flows and net debt on the resources available to the Group; and
- Reading management's paper to the Audit and Risk Committee in respect of going concern, and agreeing the forecasts set out in this paper to the underlying base case cash flow model.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' and CEO's remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Parent Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations, health and safety regulations, and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax law in the jurisdictions in which the Group operates. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Inquiries with management, including the Group's Vice President of Legal and the Head of Internal Audit, regarding their consideration of known or suspected instances of non-compliance with laws and regulation;
- Obtaining legal letters from the Group's external legal advisers in respect of litigation and claims and other such matters, where considered necessary;
- Evaluation of the design of management's controls intended to prevent and detect irregularities, in particular their anti-bribery controls;
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with certain unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company financial statements and the part of the Directors' and CEO's remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 20 May 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the years ended 31 December 2015 to 31 December 2022.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Simon Morley (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

23 March 2023

Consolidated income statement

For the year ended 31 December 2022

	Note(s)	Excluding exceptional items 2022 $m	Exceptional Items 2022 $m	2022 $m	Excluding exceptional items 2021 $m	Exceptional Items 2021 $m	2021 $m
Group revenue	7	**5,862.0**	**–**	**5,862.0**	7,470.1	–	7,470.1
Total operating costs		**(4,227.7)**	**–**	**(4,227.7)**	(3,891.1)	(177.6)	(4,068.7)
Operating profit from subsidiaries	8	**1,634.3**	**–**	**1,634.3**	3,579.0	(177.6)	3,401.4
Net share of results from associates and joint ventures	18	**48.1**	**–**	**48.1**	59.7	–	59.7
Gain on disposal of investment in joint venture		**–**	**944.7**	**944.7**	–	–	–
Operating profit from subsidiaries, and total profit from associates and joint ventures	8	**1,682.4**	**944.7**	**2,627.1**	3,638.7	(177.6)	3,461.1
Investment income		**40.2**	**–**	**40.2**	5.0	–	5.0
Interest expense		**(78.6)**	**–**	**(78.6)**	(63.4)	–	(63.4)
Other finance items		**(29.8)**	**–**	**(29.8)**	74.4	–	74.4
Net finance (expense)/income	10	**(68.2)**	**–**	**(68.2)**	16.0	–	16.0
Profit before tax		**1,614.2**	**944.7**	**2,558.9**	3,654.7	(177.6)	3,477.1
Income tax expense	11	**(603.6)**	**–**	**(603.6)**	(1,332.9)	90.6	(1,242.3)
Profit from continuing operations		**1,010.6**	**944.7**	**1,955.3**	2,321.8	(87.0)	2,234.8
Profit for the year		**1,010.6**	**944.7**	**1,955.3**	2,321.8	(87.0)	2,234.8
Attributable to:							
Non-controlling interests	31	**422.3**	**–**	**422.3**	917.4	27.2	944.6
Owners of the parent	12	**588.3**	**944.7**	**1,533.0**	1,404.4	(114.2)	1,290.2
		US cents	**US cents**	**US cents**	US cents	US cents	US cents
Basic earnings per share							
From continuing operations	12	**59.7**	**95.8**	**155.5**	142.5	(11.6)	130.9

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note(s)	2022 $m	2021 $m
Profit for the year		**1,955.3**	2,234.8
Items that may be or were subsequently reclassified to profit or loss:			
Losses on cash flow hedges		**–**	(90.9)
Losses in fair value of cash flow hedges transferred to the income statement		**–**	126.8
Currency translation adjustment		**(0.4)**	(1.6)
Tax relating to these items		**–**	(4.4)
Total items that may be or were subsequently reclassified to profit or loss		**(0.4)**	29.9
Items that will not be subsequently reclassified to profit or loss:			
Actuarial (losses)/gains on defined benefit plans	27	**(18.1)**	3.1
Gains/(losses) in fair value of equity investments	19	**15.8**	(2.1)
Tax relating to these items		**5.7**	(2.5)
Total items that will not be subsequently reclassified to profit or loss		**3.4**	(1.5)
Total other comprehensive income		**3.0**	28.4
Total comprehensive income for the year		**1,958.3**	2,263.2
Attributable to:			
Non-controlling interests	31	**418.1**	952.8
Owners of the parent		**1,540.2**	1,310.4

	2022 $m	2021 $m
Total comprehensive income for the year - continuing operations	**1,958.3**	2,263.2
	1,958.3	2,263.2

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital $m	Share premium $m	Other reserves (Note 30) $m	Retained earnings (Note 30) $m	**Equity attributable to owners of the parent $m**	Non-controlling interests $m	**Total equity $m**
At 1 January 2021	89.8	199.2	(30.6)	7,492.2	7,750.6	2,330.5	10,081.1
Profit for the year	–	–	–	1,290.2	**1,290.2**	944.6	**2,234.8**
Other comprehensive income for the year	–	–	20.2	–	**20.2**	8.2	**28.4**
Total comprehensive income for the year	–	–	20.2	1,290.2	**1,310.4**	952.8	**2,263.2**
Dividends	–	–	–	(710.8)	**(710.8)**	(604.5)	**(1,315.3)**
At 31 December 2021	**89.8**	**199.2**	**(10.4)**	**8,071.6**	**8,350.2**	**2,678.8**	**11,029.0**
Profit for the year	–	–	–	1,533.0	**1,533.0**	422.3	**1,955.3**
Other comprehensive income/(expense) for the year	–	–	15.4	(8.2)	**7.2**	(4.2)	**3.0**
Total comprehensive income for the year	**–**	**–**	**15.4**	**1,524.8**	**1,540.2**	**418.1**	**1,958.3**
Dividends	**–**	**–**	**–**	**(1,262.9)**	**(1,262.9)**	**(80.0)**	**(1,342.9)**
At 31 December 2022	**89.8**	**199.2**	**5.0**	**8,333.5**	**8,627.5**	**3,016.9**	**11,644.4**

Consolidated Balance sheet

As at 31 December 2022

	Note(s)	2022 $m	2021 $m
Non-current assets			
Intangible assets	14	–	–
Property, plant and equipment	15	**11,543.5**	10,538.5
Other non-current assets		**1.1**	1.3
Inventories	20	**347.0**	270.4
Investment in associates and joint ventures	18	**904.6**	905.8
Trade and other receivables	21	**51.0**	51.2
Equity investments	19	**90.5**	8.7
Deferred tax assets	28	**78.5**	96.8
		13,016.2	11,872.7
Current assets			
Inventories	20	**708.1**	532.8
Trade and other receivables	21	**2,087.2**	1,146.1
Current tax assets		**35.6**	13.7
Liquid investments	22	**1,580.8**	2,969.7
Cash and cash equivalents	22	**810.4**	743.4
		5,222.1	5,405.7
Total assets		**18,238.3**	17,278.4
Current liabilities			
Short-term borrowings and other financial liabilities	23	**(432.5)**	(337.1)
Trade and other payables	24	**(1,079.7)**	(829.1)
Short-term decommissioning and restoration provisions	29	**(33.2)**	(33.8)
Current tax liabilities		**(60.4)**	(374.2)
		(1,605.8)	(1,574.2)
Non-current liabilities			
Medium and long-term borrowings and other financial liabilities	23	**(2,844.5)**	(2,835.5)
Trade and other payables	24	**(8.0)**	(16.8)
Liabilities in relation to joint ventures	18	**–**	(0.6)
Post-employment benefit obligations	27	**(137.3)**	(107.5)
Decommissioning and restoration provisions	29	**(455.0)**	(302.3)
Deferred tax liabilities	28	**(1,543.3)**	(1,412.5)
		(4,988.1)	(4,675.2)
Total liabilities		**(6,593.9)**	(6,249.4)
Net assets		**11,644.4**	11,029.0
Equity			
Share capital	30	**89.8**	89.8
Share premium	30	**199.2**	199.2
Other reserves	30	**5.0**	(10.4)
Retained earnings	30	**8,333.5**	8,071.6
Equity attributable to owners of the parent		**8,627.5**	8,350.2
Non-controlling interests	31	**3,016.9**	2,678.8
Total equity		**11,644.4**	11,029.0

The financial statements on pages 181 to 233 were approved by the Board of Directors on 23 March 2023 and signed on its behalf by

Jean-Paul Luksic — Chairman

Tony Jensen — Senior Independent Director

Consolidated Cash Flow Statement

For the year ended 31 December 2022

	Note(s)	2022 $m	2021 $m
Cash flow from continuing operations	32	**2,738.3**	4,507.7
Interest paid		**(74.3)**	(60.7)
Income tax paid		**(787.1)**	(776.9)
Net cash from operating activities		**1,876.9**	3,670.1
Investing activities			
Capital contributions to associates and joint ventures	18	**–**	(33.5)
Dividends from associates and joint ventures	18	**50.0**	142.5
Acquisition of mining properties		**–**	(4.5)
Acquisition of equity investments	19	**(66.5)**	–
Proceeds from sale of property, plant and equipment		**0.2**	1.5
Purchases of property, plant and equipment		**(1,879.2)**	(1,773.0)
Net decrease/(increase) in liquid investments	22	**1,388.9**	(543.7)
Interest received		**29.1**	7.4
Net cash used in investing activities		**(477.5)**	(2,203.3)
Financing activities			
Dividends paid to owners of the parent	13	**(1,262.9)**	(710.8)
Dividends paid to preference shareholders of the Company	13	**(0.1)**	(0.1)
Dividends paid to non-controlling interests	31	**(80.0)**	(604.5)
Proceeds from issue of new borrowings	32	**865.9**	149.1
Repayments of borrowings	32	**(751.3)**	(694.7)
Principal elements of lease payments	32	**(105.4)**	(88.9)
Net cash used in financing activities		**(1,333.8)**	(1,949.9)
Net increase/(decrease) in cash and cash equivalents		**65.6**	(483.1)
Cash and cash equivalents at beginning of the year		**743.4**	1,246.8
Net increase/(decrease) in cash and cash equivalents	32	**65.6**	(483.1)
Effect of foreign exchange rate changes	32	**1.4**	(20.3)
Cash and cash equivalents at end of the year	22,32	**810.4**	743.4

Notes to the financial statements

1 Basis of preparation

The consolidated financial statements of the Antofagasta plc Group have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared on the going concern basis.

Going concern

The Directors have assessed the going concern status of the Group, considering the period to 31 December 2024.

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Strategic Report, and in particular within the Operating Review. Details of the cash flows of the Group during the period, along with its financial position at the period-end, are set out in the Financial Review. The consolidated financial statements include details of the Group's cash, cash equivalents and liquid investment balances in Note 22, and details of borrowings are set out in Note 23.

When assessing the going concern status of the Group, the Directors have considered in particular its financial position, including its significant balance of cash, cash equivalents and liquid investments and the terms and remaining durations of the borrowing facilities in place. The Group had a strong financial position as at 31 December 2022, with combined cash, cash equivalents and liquid investments of $2,391.2 million. Total borrowings were $3,277.0 million, resulting in a net debt position of $885.8 million. Of the total borrowings, only 13% is repayable within one year, and 17% repayable between one and two years.

When assessing the prospects of the Group, the Directors have considered the Group's copper price forecasts, the Group's expected production levels, operating cost profile and capital expenditure. These forecasts are based on the Group's budgets and life-of-mine models, which are also used when assessing relevant accounting estimates, including depreciation, deferred stripping and closure provisions. This analysis has focused on the existing asset base of the Group, without factoring in potential development projects, which is considered appropriate for an assessment of the Group's ability to manage the impact of a depressed economic environment. The analysis has only included the draw-down of existing committed borrowing facilities, and has not assumed that any new borrowing facilities will be put in place. The Directors have assessed the key risks which could impact the prospects of the Group over the going concern period and consider the most relevant to be risks to the copper price outlook, as this is the factor most likely to result in significant volatility in earnings and cash generation. Robust down-side sensitivity analyses have been performed, assessing the standalone impact of each of:

- A significant deterioration in the future copper price forecasts by 20% throughout the going concern period.
- An even more pronounced short-term reduction of 50 c/lb in the copper price for a period of three months, in addition to the above deterioration of 20% in the copper price throughout the review period.
- The potential impact of the Group's most significant individual operational risks.
- A shut-down of any one of the Group's operations for a period of three months.
- Potential changes to the Chilean mining royalty, taking into account the Group's existing tax stability agreements.

The stability of tailings storage facilities represents a potentially significant operational risk for mining operations globally. The Group's tailings storage facilities are designed to international standards, constructed using downstream methods, subject to rigorous monitoring and reporting, and reviewed regularly by an international panel of independent experts. Given these standards of design, development, operations and review, the impact of a potential tailings dam failure has not been included in the sensitivity analysis.

The above downside sensitivity analyses indicated results which could be managed in the normal course of business, including the aggregate impact of a number of the above sensitivities occurring at the same time. The analysis indicated that the Group is expected to remain in compliance with all of the covenant requirements of its borrowings throughout the review period and retain sufficient liquidity. Based on their assessment of the Group's prospects and viability, the Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that the Directors are aware of that cast doubt on the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 December 2024. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Company structure

Antofagasta plc is a company limited by shares, incorporated and domiciled in the United Kingdom at 103 Mount Street, London W1K 2TJ.The immediate parent of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested.

The nature of the Group's operations is mining and exploration activities and the transport of rail and road cargo.

A) Adoption of new accounting standards

The following accounting standards, amendments and interpretations became effective in the current reporting period:

- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

The application of these standards and interpretations effective for the first time in the current year has had no significant impact on the amounts reported in these financial statements.

The amendment to IAS 16 Property, Plant and Equipment – Proceeds before intended use may have significant impacts for the Group in future periods. Previously, the Group has deducted amounts received from the sale of products during the initial ramp-up of new projects, before commercial production is achieved, from the capital cost of the project. Under the amendment to IAS 16, such amounts will now instead be recognised as revenue in the income statement along with a corresponding allocation of related operating expenses, which is likely to result in increased revenue and operating expenses and a higher initial capitalised amount. There were no relevant projects impacted by the amendment during 2022. The amendment would apply retrospectively only to relevant projects in progress at 1 January 2021 which were generating proceeds, and there were no such projects at 1 January 2021.

1 Basis of preparation *continued*

B) Accounting standards issued but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date (after 1 January, 2023). None of these standards are expected to have a significant impact on the Group.

- IFRS 17, Insurance Contracts
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8

The following standards are effective after 1 January, 2024 (and subject to UK endorsement):

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

2 Principal accounting policies

A) Accounting convention

These financial statements have been prepared under the historical cost convention as modified by the use of fair values to measure certain financial instruments, principally provisionally priced sales as explained in Note 2(F) and financial derivative contracts as explained in Note 2(W).

B) Basis of consolidation

The financial statements comprise the consolidated financial statements of Antofagasta plc ("the Company" or "the Parent" or "the Parent Company") and its subsidiaries (collectively "the Group").

Subsidiaries – A subsidiary is an entity over which the Group has control, which is the case when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany balances and transactions. For partly-owned subsidiaries, the net assets and profit attributable to non-controlling shareholders are presented as "Non-controlling interests" in the consolidated balance sheet and consolidated income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (ie reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions and disposals are treated as explained in Note 2(G) relating to business combinations and goodwill.

C) Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through the power to participate in the financial and operating policy decisions of that entity. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

This requires recording the investment initially at cost to the Group and then, in subsequent periods, adjusting the carrying amount of the investment to reflect the Group's share of the associate's results less any impairment and any other changes to the associate's net assets such as dividends. When the Group loses control of a former subsidiary but retains an investment in associate in that entity, the initial carrying value of the investment in associate is recorded at its fair value at that point. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

D) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are accounted for depending on the nature of the arrangement.

i) **Joint ventures** – are accounted for using the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures as described in Note 18.

ii) **Joint operations** – are accounted for recognising directly the assets, obligations, revenues and expenses of the joint operator in the joint arrangement. The assets, liabilities, revenues and expenses are accounted for in accordance with the relevant IFRS.

When a Group entity transacts with its joint arrangements, profits and losses resulting from the transactions with the joint arrangements are recognised in the Group's consolidated financial statements only to the extent of interests in the joint arrangements that are not related to the Group.

E) Currency translation

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. Transactions in currencies other than the functional currency of the entity are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at year end exchange rates. Gains and losses on retranslation are included in net profit or loss for the period within other finance items.

The presentational currency of the Group and the functional currency of the Company is the US dollar. On consolidation, income statement items for entities with a functional currency other than the US dollar are translated into US dollars at average rates of exchange. Balance sheet items are translated at period-end exchange rates. Exchange differences on translation of the net assets of such entities are taken to equity and recorded in a separate currency translation reserve. Cumulative translation differences arising after the transition date to IFRS are recognised as income or as expenses in the income statement in the period in which an operation is disposed of.

On consolidation, exchange gains and losses which arise on balances between Group entities are taken to reserves where that balance is, in substance, part of the net investment in a foreign operation, ie where settlement is neither planned nor likely to occur in the foreseeable future. All other exchange gains and losses on Group balances are recognised in the income statement within other finance items.

Fair value adjustments and any goodwill arising on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the period-end rate.

F) Revenue recognition and other income

Revenue represents the value of goods and services supplied to third parties during the year. Revenue is measured at the fair value of consideration received or receivable, and excludes any applicable sales tax.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

For the Group's mining products, the customer generally gains control over the material when it has been loaded at the port of loading, and so this is the point of revenue recognition. The Group sells a significant proportion of its products on Cost, Insurance & Freight (CIF) Incoterms, which means that the Group is responsible for shipping the product to a destination port specified by the customer. In these cases the customer still gains control over the material when it has been loaded at the port of loading, and so that remains the point of revenue recognition for the sale of material; however, the shipping service represents a separate performance obligation, and revenue in relation to such services is recognised separately from the sale of the material over time as the shipping service is provided, along with the associated costs. Shipment revenue is recognised at the contracted price to the Group as this reflects the standalone selling price.

Revenue from mining activities is recorded at the invoiced amounts with an adjustment for provisional pricing at each reporting date, as explained below. For copper and molybdenum concentrates, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate invoiced to the customer reflects the market value of the fully refined metal less a "treatment charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. Revenue includes amounts from the sale of by-products such as gold and silver.

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average London Metal Exchange ("LME") copper price or the monthly average market molybdenum price for specified future periods. This normally ranges from one to four months after delivery to the customer. For sales contracts which contain provisional pricing mechanisms, the initial invoice typically reflects the month-average market price for the metal in the month of shipment, with the associated receivable balance subsequently measured at fair value through profit or loss. Gains and losses from the marking-to market of the receivable balance in relation to open sales are recognised through adjustments to other income presented within revenue in the income statement and to trade receivables in the balance sheet. The fair value calculations are based on forward prices at the period end for copper concentrate and cathode sales, and period-end average prices for molybdenum concentrate sales due to the absence of a futures market for this product.

For the Transport division, revenue in respect of its transportation and ancillary services are recognised over time in line with the performance of those services.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest received is recognised within investing activities in the consolidated cash flow statement.

Dividend income

Dividend income from equity investments, associates and joint ventures is recognised when the shareholders' right to receive payment has been established. For associates and joint ventures, it is recorded as a decrease of the investment.

G) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The results of businesses acquired during the year are brought into the consolidated financial statements from the effective date of acquisition. The identifiable assets, liabilities and contingent liabilities of a business, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. Provisional fair values are finalised within 12 months of the acquisition date. Acquisition-related costs are expensed as incurred.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2 Principal accounting policies *continued*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as "measurement period" adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (ie the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances which existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill arising in a business combination is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and liabilities assumed. Any goodwill on the acquisition of subsidiaries is separately disclosed, while any goodwill on the acquisition of associates and joint ventures is included within investments in equity accounted entities. Internally generated goodwill is not recognised. Where the fair values of the identifiable net assets acquired exceed the sum of the consideration transferred, the surplus is credited to the profit or loss in the period of acquisition as a bargain purchase gain.

The Group sometimes enters into earn-in arrangements whereby the Group acquires an interest in a project company in exchange for funding exploration and evaluation expenditure up to a specified level of expenditure or a specified stage in the life of the project. Funding is usually conditional on the achievement of key milestones by the partner. Typically there is no consideration transferred or funding liability on the effective date of acquisition of the interest in the project company and no goodwill is recognised on this type of transaction.

The results of businesses sold during the year are included in the consolidated financial statements for the period up to the effective date of disposal. Gains or losses on disposal are calculated as the difference between the sales´ proceeds (net of expenses) and the net assets attributable to the interest which has been sold. Where a disposal represents a separate major line of business or geographical area of operations, the net results attributable to the disposed entity are shown separately in the income statement as a discontinued operation.

H) Exploration and evaluation expenditure

Exploration and evaluation costs, other than those incurred in acquiring exploration licences, are expensed in the year in which they are incurred. When a mining project is considered to be commercially viable (normally when the project has completed a pre-feasibility study, and the start of a feasibility study has been approved) all further directly attributable pre-production expenditure is capitalised. Capitalisation of pre-production expenditure ceases when commercial levels of production are achieved.

Costs incurred in acquiring exploration and mining licences are classified as intangible assets when construction of the related mining operation has not yet commenced. When construction commences the licences are transferred from intangible assets to the mining properties category within property, plant and equipment.

I) Stripping costs

Pre-stripping and operating stripping costs are incurred in the course of the development and operation of open-pit mining operations.

Pre-stripping costs relate to the removal of waste material as part of the initial development of an open-pit, in order to allow access to the ore body. The capitalised costs are depreciated once production commences on a unit of production basis, in proportion to the volume of ore extracted in the year compared with total proven and probable reserves for that pit at the beginning of the year.

Operating stripping costs relate to the costs of extracting waste material as part of the ongoing mining process. The ongoing mining and development of the Group's open-pit mines is generally performed via a succession of individual phases. The costs of extracting material from an open-pit mine are generally allocated between ore and waste stripping in proportion to the tonnes of material extracted. The waste stripping costs are generally absorbed into inventory and expensed as that inventory is processed and sold. Where the stripping costs relate to a significant stripping campaign which is expected to provide improved access to an identifiable component of the ore body (typically an individual phase within the overall mine plan), the costs of removing waste in order to improve access to that part of the ore body will be capitalised within property, plant and equipment. The capitalised costs will then be amortised on a unit of production basis, in proportion to the volume of ore extracted compared with the total ore contained in the component of the pit to which the stripping campaign relates.

J) Intangible assets

Exploration and mining licences are classified as intangible assets when construction of the related mining operation has not yet commenced. When construction commences, the licences are transferred from intangible assets to the mining properties category within property, plant and equipment.

K) Property, plant and equipment

The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment in the year in which they are incurred, when a mining project is considered to be commercially viable (normally when the project has completed a pre-feasibility study, and the start of a feasibility study has been approved). The cost of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Once a project has been established as commercially viable, related development expenditure is capitalised. This includes costs incurred in preparing the site for mining operations, including pre-stripping costs. Capitalisation ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

Interest on borrowings related to the construction or development of projects is capitalised as part of the cost of the asset. To the extent that borrowings have been put in place specifically to fund the construction of the asset, the capitalised amount will reflect the actual interest costs incurred on that borrowing. If the construction is funded out of general borrowings, the capitalised interest expense will be calculated based on the entity's weighted average interest rate, applied to the expenditure on the asset (with the capitalised interest amount not exceeding the entity's total borrowing cost for the period). The interest costs are capitalised, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production.

L) Depreciation of property, plant and equipment

Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended.

Property, plant and equipment is depreciated over its useful life, or over the remaining life of the operation if shorter, to residual value. The major categories of property, plant and equipment are depreciated as follows:

(i) **Land** – freehold land is not depreciated unless the value of the land is considered to relate directly to a particular mining operation, in which case the land is depreciated on a straight-line basis over the expected mine life.

(ii) **Mining properties** – mining properties, including capitalised financing costs, are depreciated on a unit of production basis, in proportion to the volume of ore extracted in the year compared with total proven and probable reserves at the beginning of the year.

(iii) **Buildings and infrastructure** – straight-line basis over 10 to 25 years.

(iv) **Railway track** (including trackside equipment) – straight-line basis over 20 to 25 years.

(v) **Wagons and rolling stock** – straight-line basis over 10 to 20 years.

(vi) **Machinery, equipment and other assets** – are depreciated on a unit of production basis, in proportion to the volume of ore/material processed or hours of equipment usage, or on a straight-line basis over 5 to 20 years.

(vii) **Assets under construction** – no depreciation until asset is available for use.

(viii) **Lease right-of-use assets** – depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(ix) **Stripping cost** – capitalised costs are amortised on a unit of production basis, in proportion to the volume of ore extracted compared with the total ore contained in the component of the pit to which the stripping campaign relates (Note 15).

Residual values and useful lives are reviewed, and adjusted if appropriate, at least annually, and changes to residual values and useful lives are accounted for prospectively.

M) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets relating to exploration and mining licences are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. In respect of historical impairments recognised in prior years, the Group assesses whether there is any indication that impairment may no longer exist or may have decreased.

If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment or reversal (if any). Where the asset does not generate cash flows that are largely independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal reflects the net amount the Group would receive from the sale of the asset in an orderly transaction between market participants. For mining assets, this would generally be determined based on the present value of the estimated future cash flows arising from the continued use, further development or eventual disposal of the asset. The estimates used in determining the present value of those cash flows are those that an independent market participant would consider appropriate. Value in use reflects the expected present value of the future cash flows which the Group would generate through the operation of the asset in its current condition, without taking into account potential enhancements or further development of the asset. The fair value less costs of disposal valuation will normally be higher than the value in use valuation, as realisation of the full potential of the Group's mining operations typically requires further capital expenditure and ongoing mine development, and accordingly the Group typically applies this valuation estimate in its impairment assessments, unless indicated otherwise. Details of the valuations and sensitivities of the Group's mining operations considered as part of the impairment trigger assessment are included in Note 5.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment charge is recognised in the income statement immediately. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying value that would have been determined if no impairment had previously been recognised after taking into account the depreciation and/or amortisation that would otherwise have been recorded in the intervening period. A reversal is recognised in the income statement immediately.

N) Inventory

Inventory consists of raw materials and consumables, work-in-progress and finished goods. Work-in-progress represents material that is in the process of being converted into finished goods. The conversion process for mining operations depends on the nature of the copper ore. For sulphide ores, processing typically includes milling and concentrating, resulting in the production of copper concentrate. For oxide ores, processing includes leaching of stockpiles, solvent extraction and electrowinning and results in the production of copper cathodes. Finished goods consist of copper concentrate containing gold and silver at Los Pelambres and Centinela and copper cathodes at Centinela and Antucoya. Los Pelambres and Centinela also produce molybdenum as a by-product.

Inventory is valued at the lower of cost, on a weighted average basis, and net realisable value. Net realisable value represents estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost of finished goods and work-in-progress is production cost and for raw materials and consumables it is purchase price. Production cost includes:

- labour costs, raw material costs and other costs directly attributable to the extraction and processing of ore,
- depreciation of plant, equipment and mining properties directly involved in the production process, and
- an appropriate allocation of production overheads.

Stockpiles represent ore that is extracted and is available for further processing. Costs directly attributable to the extraction of ore are generally allocated as part of production costs in proportion to the tonnes of material extracted. Operating stripping costs are generally absorbed into inventory, and therefore expensed as that inventory is processed and sold. If ore is not expected to be processed within 12 months of the balance sheet date it is included within non-current assets. If there is significant uncertainty as to when any stockpiled ore will be processed it is expensed as incurred.

2 Principal accounting policies *continued*

O) Taxation

Tax expense comprises the charges or credits for the year relating to both current and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the income statement because it excludes items of income or expense that are taxable and deductible in different years and also excludes items that are not taxable or deductible. The liability for current tax is calculated using tax rates for each entity in the consolidated financial statements which have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences (ie differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit). Deferred tax is accounted for using the balance sheet liability method and is provided on all temporary differences with certain limited exceptions as follows:

(i) tax payable on undistributed earnings of subsidiaries, associates and joint ventures is provided except where the Group is able to control the remittance of profits and it is probable that there will be no remittance of past profits earned in the foreseeable future,

(ii) deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; nor is deferred tax provided on subsequent changes in the carrying value of such assets and liabilities, for example where they are depreciated, and

(iii) the initial recognition of any goodwill.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered through sufficient future taxable profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

P) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Q) Provisions for decommissioning and restoration costs

Obligations to incur decommissioning and restoration costs can arise as a result of the development or ongoing operation of a mining property. Costs are estimated on the basis of a formal closure plan and are subject to regular formal review.

Decommissioning obligations arising from the construction of property, plant and equipment (including installation of plant and site preparation work) are provided for at their net present value as the construction of the asset gives rise to the obligation, and included within the property, plant and equipment cost. These decommissioning costs are charged against profit or loss over the life of the mine, through depreciation of the property, plant and equipment balance (recorded within operating expenses). The unwinding of the discount on the provision is recorded within other finance items. Changes in the measurement of a decommissioning provision are added to, or deducted from, the property, plant and equipment balance in the current year.

Restoration obligations, arising from ongoing operating activities, are provided for at their net present values and charged against operating expenses as the obligation arises. Changes in the measurement of a restoration provision which, relate to a change in the estimate of the closure costs or a change in the discount rate, are charged against operating expenses, and changes relating to foreign exchange are recorded within other finance items.

R) Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year. The Group currently does not have any equity settled share-based payments to employees or third parties.

S) Post-employment benefits

The Group operates defined contribution schemes for a limited number of employees. For such schemes, the amount charged to the income statement is the contributions paid or payable in the year.

Employment terms may also provide for payment of a severance indemnity when an employment contract comes to an end. This is typically at the rate of one month for each year of service (subject in most cases to a cap as to the number of qualifying years of service) and based on final salary level. The severance indemnity obligation is treated as an unfunded defined benefit plan, and the calculation is based on valuations performed by an independent actuary using the projected unit credit method, which are regularly updated.

The obligation recognised in the balance sheet represents the present value of the severance indemnity obligation. Actuarial gains and losses are immediately recognised in other comprehensive income.

T) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amounts of cash, are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The cash balance is presented net of bank overdrafts which are repayable on demand. Cash and cash equivalents have a maturity period of 90 days or less.

U) Liquid investments

Liquid investments represent highly liquid current asset investments such as term deposits and managed funds invested in high quality fixed income instruments. They do not meet the IAS 7 definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity profile greater than 90 days from the date first entered into, or because they are held primarily for investment purposes rather than meeting short-term cash commitments. These assets are designated as fair value through profit or loss, with the fair value movements recorded within investment income.

V) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

W) Other financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Group has transferred the asset to another party. Financial liabilities are removed from the Group's balance sheet when they are extinguished – ie when the obligation specified in the contract has been discharged, cancelled or expired.

(i) **Investments** – Equity investments which are not subsidiaries, associates or joint ventures are recognised at fair value. The Group generally applies an irrevocable election for each equity investment to designate them as Fair Value through Other Comprehensive Income (FVOCI). Dividends from equity investments are recognised in the income statement when the right to receive payment is established.

(ii) **Trade and other receivables** – As explained above, for sales contracts which contain provisional pricing mechanisms the total receivable balance is measured at fair value through profit or loss. Other receivable balances are recognised at amortised cost.

(iii) **Trade and other payables** – Trade and other payables are generally not interest-bearing and are normally stated at their nominal value.

(iv) **Borrowings (loans and preference shares)** – Interest-bearing loans and bank overdrafts are initially recorded at fair value which is typically equal to the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method. Amounts are either recorded as financing costs in profit or loss or capitalised in accordance with the accounting policy set out in Note 2(K). Finance charges are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Interest paid is recognised within operating activities in the consolidated cash flow statement.

The Sterling-denominated preference shares issued by the Company carry a fixed rate of return without the right to participate in any surplus. They are accordingly classified within borrowings and translated into US dollars at period-end rates of exchange. Preference share dividends are included within other finance items within net finance expense in the income statement.

(v) **Equity instruments** – Equity instruments issued are recorded at the proceeds received, net of direct issue costs. Equity instruments of the Company comprise its Sterling-denominated issued ordinary share capital and related share premium. As explained in Note 2(E), the presentational currency of the Group and the functional currency of the Company is US dollars, and ordinary share capital and share premium are translated into US dollars at historical rates of exchange based on dates of issue.

(vi) **Derivative financial instruments** – As explained in Note 25(D), the Group periodically uses derivative financial instruments to reduce exposure to foreign exchange, interest rate and commodity price movements. The Group does not use such derivative instruments for trading purposes. The Group has applied the hedge accounting provisions of IFRS 9 Financial Instruments. The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in profit or loss in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in profit or loss. Realised gains and losses on commodity derivatives recognised in profit or loss are recorded within revenue. The time value element of changes in the fair value of derivative options is recognised within other comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining the appropriate classification and measurement. The treatment of embedded derivatives arising from provisionally priced commodity sales contracts is set out in further detail in Note 2(F) relating to revenue. Derivatives embedded in financial liabilities are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value. Changes in fair value are reported in profit or loss for the year.

2 Principal accounting policies *continued*

(vii) **Impairment of financial assets** – The Group applies the forward-looking expected credit loss model to its financial assets, other than those measured at fair value through profit or loss. The Group applies the IFRS 9 "simplified approach" to its trade receivables, measuring the loss allowance at the lifetime expected credit loss. For other financial assets, where the credit risk has not increased significantly since initial recognition, the loss allowance is measured at the 12 month expected credit loss. If there has been a significant increase in credit risk, the loss allowance is measured at the lifetime expected credit loss. Increases or decreases to the credit loss allowance are recognised immediately in profit or loss.

X) Exceptional items

Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash, including impairments and profits or losses on disposals. The tax effect of items presented as exceptional is also classified as exceptional, as are material deferred tax adjustments that relate to more than one reporting period.

Y) Rounding

All amounts disclosed in the financial statements and notes have been rounded to the nearest million dollars unless otherwise stated.

These policies have been consistently applied to all the years presented, unless otherwise stated.

3 Critical accounting judgements and key sources of estimation uncertainty

Determining many of the amounts included in the financial statements involves the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is included in the principal accounting policies in Note 2 or the other notes to the financial statements, and the key areas are set out below.

A) Judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Non-financial assets impairment

As explained in Note 2(M), the Group reviews the carrying value of its intangible assets and property, plant and equipment to determine whether there is any indication that those assets are impaired. In performing assessments for impairment triggers, assets that do not generate largely independent cash inflows are allocated to an appropriate cash generating unit ("CGU"). Details of the valuations and sensitivities of the Group's mining operations considered as part of the impairment trigger assessment are included in Note 5, including quantitative sensitivity analyses. Details of the value of assets and liabilities for each of the mining operations are set out in Note 6.

When an impairment trigger is identified, an impairment test is performed, wherein the recoverable amount of those assets, or the CGU, is measured at the higher of their fair value less costs of disposal and value in use.

When an impairment test is performed, management necessarily applies its judgement in allocating assets to CGUs, in estimating the probability, timing and value of underlying cash flows and in selecting appropriate discount rates to be applied within the fair value less costs of disposal calculation. The key assumptions are set out in Note 2(M). Subsequent changes to CGU allocation, licensing status, reserves and resources, price assumptions or other estimates and assumptions in the fair value less costs of disposal calculation could impact the carrying value of the respective assets.

As explained in Note 5, based on an assessment of both qualitative and quantitative factors, there were no indicators of potential impairment, or reversal of previous impairments, for the Group's non-current assets associated with its mining operations at the 2022 year-end, and accordingly no impairment tests have been performed. However, whether or not an impairment indicator exists is a critical judgement, in particular as at 31 December 2022 for Zaldívar (given the ongoing permitting process and the other factors set out in note 5) and at Antucoya (given the impairments recognised in 2012 and 2016 and, therefore, the sensitivity of the asset's value to movements in macroeconomic assumptions and other developments)

(ii) Capitalisation of project costs within property, plant and equipment

As explained in Note 2(K) the costs of developing mining properties are capitalised as property, plant and equipment when the mining project is considered to be commercially viable. Commercial viability is normally considered to be demonstrable when the project has completed a pre-feasibility study, and the start of a feasibility study has been approved. Management reviews amounts capitalised to ensure that the treatment of that expenditure as capital rather than operating expenditure is reasonable, in particular in respect of the commercial viability of the project.

As at 31 December 2022, $231 million (2021 – $180 million) of feasibility study costs relating to the Centinela Second Concentrator project, which is still under evaluation and has not yet received final Board approval, were capitalised within property, plant and equipment. Should the Group ultimately take the decision not to proceed with the development of this project, then it is likely that the corresponding element of the capitalised feasibility study costs would need to be impaired.

B) Estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Deferred tax liabilities in respect of undistributed earnings of subsidiaries

No deferred tax liability is recognised in respect of the undistributed earnings of subsidiaries where it is not likely that those profits will be distributed in the foreseeable future. When determining whether it is likely that distributions will be made in the foreseeable future, and what is the appropriate foreseeable future period for this purpose, the Group considers factors such as the predictability of the likely future Group dividends, taking into account the Group's dividend policy and the level of potential volatility of the Group's future earnings, as well as the current level of distributable reserves at the Antofagasta plc entity level. As set out in Note 28, at 31 December 2022 deferred withholding tax liabilities of $71.6 million have been recognised, which relate to undistributed earnings of subsidiaries where it is considered likely that the corresponding profits will be distributed in the foreseeable future. The value of the remaining undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, because the Group is in a position to control the timing of the distributions and it is likely that distributions will not be made in the foreseeable future, was $6,430.4 million (31 December 2021 – $6,483.3 million). If deferred withholding tax liabilities were recognised in respect of all of these remaining undistributed earnings of subsidiaries this would result in an additional deferred tax liability and expense of approximately $1,076.5 million (31 December 2021 – $1,232.1 million), depending on the application of tax credits which may be available in particular circumstances.

(ii) Disposal of investment in Tethyan joint venture

On 15 December 2022, Antofagasta entered into definitive agreements to exit its interest in the Tethyan joint venture. As a result of those agreements:

- the Reko Diq project in Pakistan (the "Project") was reconstituted in Reko Diq Mining Company (Private Limited) ("RDMC"). RDMC is the Pakistani registered subsidiary of Tethyan Copper Company Pty Limited ("TCC"), which is itself the Australian registered subsidiary of Atacama Copper Pty Limited ("Atacama"), the joint venture company registered in Australia and owned equally by the Company and Barrick Gold Corporation ("Barrick");
- a consortium of various Pakistani state-owned enterprises acquired shares in RDMC which holds the Project (the "Sale"); and
- as the International Centre for Settlement of Investment Disputes ("ICSID") award (to TCC) was resolved by reconstituting the Project, TCC no longer has any rights or claims against the Governments of Pakistan and Balochistan arising from the suspension of the Project in 2011.

The proceeds of the Sale which, together with accrued interest up to 15 December 2022 totalled US$946.0 million, are currently held by Atacama in a segregated interest-bearing account. Antofagasta and Barrick have agreed that the proceeds of this account, including all further interest received, less any Australian tax arising, will be distributed to the Antofagasta Group during 2023, on a date to be determined by Antofagasta. Atacama is seeking a binding private ruling to confirm that the Sale proceeds and their distribution to the Antofagasta Group will not be subject to Australian tax. The Australian corporate tax rate is 30%. Although Antofagasta will retain its shareholding in Atacama until the proceeds have been distributed, it no longer has any appointees on the board of the joint venture, is not entitled to exercise voting rights in Atacama, and is not required to provide any funding to, or permitted to receive any distributions from, Atacama other than the Sale proceeds. Antofagasta has therefore ceased to have an economic interest in Atacama and its subsidiaries as of 15 December 2022 other than being entitled from that date to receive an amount equal to the Sale proceeds and related interest less any Australian tax arising (whether before or after the distribution). Accordingly, Antofagasta has recognised a gain on disposal of its investment in the joint venture as at 15 December 2022 of $944.7 million, reflecting the estimate of the Sale proceeds and related interest, working capital and other adjustments and the carrying value of the investment at that date. A receivable balance of $943.3 million in respect of the estimated proceeds due to Antofagasta has been recognised within Trade and other receivables in the balance sheet.

In addition to the above estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, we have also set out the following additional estimates and assumptions which have a significant impact on the financial statements, but which are not considered to be key sources of estimation uncertainty as defined in IAS 1.

(i) Inventory valuation

The valuation of work in progress inventories involves a number of estimates, including the average ore grade, volume and density of ore stockpiles, and the recoveries in respect of material on the leach piles. Evaluating the net realisable value of the inventories also requires an estimate of the likely future copper price for the periods when it is expected that the inventories will be completed and sold. As set out in Note 20, the value of work in progress inventories at 31 December 2022 was $751.9 million.

If the copper spot price at 31 December 2022 (used for forecasting the likely sales price of short-term inventories) had been 10% lower, this would not have resulted in any net realisable value provision.

The valuation of leachpile inventories can be particularly complex, given the required estimates including in respect of the total recoveries and the speed of recovery in relation to the material on the piles. This is particularly the case with leachpiles with a long leaching cycle, where material may remain on the pile for several years before it has been fully leached. The operation with the most significant long-term leachpile inventory is Zaldívar, with a long-term leachpile with a value of approximately $130 million (on a 50% attributable basis) at 31 December 2022. This balance is forecast to be consumed over the operation's remaining 14 year mine life and its recoverability is based on the same assumptions about future operational considerations as detailed in note 5. As a simple, high-level sensitivity if this balance were reduced by 10% (due to changes in recovery estimates for example), this would result in a reduction in Zaldívar's inventory balance of approximately $13 million (on a 50% attributable basis).

(ii) Useful economic lives of property, plant and equipment and ore reserves estimates

As explained in Note 2(L), mining properties, including capitalised financing costs, are depreciated in proportion to the volume of ore extracted in the year compared with total proven and probable reserves at the beginning of the year.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that were valid at the time of estimation may change when new information becomes available. These include assumptions as to grade estimates and cut-off grades, recovery rates, commodity prices, exchange rates, production costs, capital costs, processing and reclamation costs and discount rates. The actual volume of ore extracted and any changes in these assumptions could affect prospective depreciation rates and carrying values.

3 Critical accounting judgements and key sources of estimation uncertainty *continued*

Other items of property, plant and equipment are depreciated over their useful economic lives, on a unit of production basis, in proportion to the volume of ore/material processed or hours of equipment usage, or on a straight-line basis. Management reviews the appropriateness of useful economic lives at least annually and, again, any changes could affect prospective depreciation rates and asset carrying values.

The operation with the most significant depreciation expense is Centinela, with a depreciation expense of $710 million in 2022, representing approximately 60% of the total Group depreciation charge. As a simple high-level sensitivity, a 10% adjustment to the useful economic lives of Centinela's property, plant and equipment would result in an impact of approximately $71 million on the annual depreciation charge.

(iii) Provisions for decommissioning and site restoration costs

As explained in Note 2(Q), provision is made, based on net present values, for decommissioning and site rehabilitation costs as soon as the obligation arises following the development or ongoing production of a mining property. The provision is based on a closure plan prepared with the assistance of external consultants.

Management uses its judgement and experience to provide for and (in the case of capitalised decommissioning costs) amortise these estimated costs over the life of the mine. The ultimate cost of decommissioning and site rehabilitation is uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites.

The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Details of the decommissioning and restoration provisions are set out in Note 29. The total value of these provisions as at 31 December 2022 was $488.2 million. As a simple high-level sensitivity, a 10% increase in the forecast closure costs would increase the provision balance by approximately $49 million, the capitalised decommissioning costs asset within property, plant and equipment by approximately $17 million and the ongoing annual operating expenses by approximately $2 million.

(iv) Deferred tax assets in respect of tax losses

As explained in Note 2(O), deferred tax assets are recognised only to the extent that it is probable that they will be recovered through sufficient future taxable profits. When assessing the probable future taxable profits, the Group considers whether the relevant Group entity has sufficient taxable temporary differences which will result in taxable amounts against which the unused tax losses can be utilised.

Generally under Chilean tax law most tax losses can be carried forward indefinitely, and so the expiry of tax losses is not typically an issue. The key assumptions to which the forecasts of the probable level of future taxable profits are most sensitive are future commodity prices, production levels and operating costs.

As set out in Note 28, the Group has recognised $78.5 million of net deferred tax assets as at 31 December 2022, relating to tax losses, provisions and short-term timing differences. The deferred tax position includes $79.7 million (2021 – $90.6 million) of deferred tax assets in respect of tax losses available for offset against future profits. These losses may be carried forward indefinitely.

4 Exceptional items

Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash, including impairments and profits or losses on disposals. The tax effect of items presented as exceptional is also classified as exceptional, as are material deferred tax adjustments that relate to more than one reporting period. The classification of these types of items as exceptional is considered to be useful as it provides an indication of the earnings generated by the ongoing businesses of the Group.

2022 – Disposal of investment in Tethyan joint venture

On 15 December 2022, Antofagasta entered into definitive agreements to exit its interest in the Tethyan joint venture. As a result, Antofagasta has recognised a gain on disposal of its investment in the joint venture as at 15 December 2022 of $944.7 million. Full details of the agreements and gain on disposal are set out in Note 17.

2021 – Impairment of Twin Metals' assets

Twin Metals Minnesota ("Twin Metals") is a wholly owned copper, nickel and platinum group metals (PGM) underground mining project, which holds copper, nickel, cobalt-PGM deposits in north-eastern Minnesota, US. In recent years, Twin Metals has been progressing its Mine Plan of Operations (MPO) and Scoping Environmental Assessment Worksheet Data Submittal, submitted in December 2019 to the US Bureau of Land Management (BLM) and Minnesota Department of Natural Resources (DNR), respectively. However, while the Twin Metals project was advancing through environmental review, several actions were taken by the federal government that have changed the potential scenarios for the project.

In September 2021, the United States Forest Service (USFS) submitted an application to withdraw approximately 225,000 acres of land in the Superior National Forest from the scope of federal mineral leasing laws, subject to valid existing rights. In October 2021, the United States Bureau of Land Management (BLM) rejected Twin Metals' Preference Right Lease Applications (PRLAs) and Prospecting Permit Applications (PPAs). In January 2022, the United States Department of the Interior cancelled Twin Metals' MNES-1352 and MNES-1353 federal mineral leases. The PRLAs and federal mineral leases form a significant proportion of the mineral resources contained within Twin Metals' current project plan and, accordingly, it was determined that these events collectively represented an impairment trigger as at the 2021 balance sheet date.

Prior to the resulting impairment assessment being performed, as at 31 December 2021, the Group had recognised an intangible asset of $150.1 million and property, plant and equipment of $27.5 million relating to the Twin Metals project. The intangible asset arose upon the acquisition in 2015 of Duluth Metals, which owned a 60% stake in the Twin Metals project, with the carrying value of the intangible asset reflecting the consideration paid for that acquisition. The property, plant and equipment balances reflected the historical cost of acquiring those assets. These carrying values prior to the impairment did not, therefore, reflect an estimate of the commercial potential of the project as at 31 December 2021.

The Group believes that Twin Metals has a valid legal right to the mining leases and a strong case to defend its legal rights. Although the Group intends to pursue validation of those rights, considering the time and uncertainty related to any legal action to challenge the government decisions, an impairment was recognised as at 31 December 2021 in respect of the $177.6 million of intangible assets and property, plant and equipment relating to the Twin Metals project.

2021 – Recognition of previously unrecognised deferred tax assets

At 31 December 2021, the Group recognised $90.6 million of previously unrecognised deferred tax assets relating to tax losses available for offset against future profits, reflecting the improved actual and forecast profitability of the relevant Group entity (Antucoya).

5 Asset sensitivities

There were no indicators of potential impairment, or reversal of previous impairments, for the Group's non-current assets associated with its mining operations at the 2022 year-end, and accordingly no impairment tests have been performed. The impairment indicator assessment included consideration of the potential indicators set out in IAS 36, 'Impairment of Assets', which included quantitative analysis based on the operations' life-of-mine models as adjusted for certain assumptions (including potential future development opportunities) ("the models"). These models provide indicative valuations and do not represent, or comply with, a formal impairment assessment prepared in accordance with IAS 36. Sensitivity analyses have been performed on the models to quantify the impact of changes in assumptions to which the models are most sensitive and to support the overall impairment indicator assessment.

As noted above, no qualitative indicators of potential impairment or potential reversal of impairment were identified. Similarly, no quantitative indicators of impairment were identified, with the models used within the impairment indicator assessment continuing to indicate positive headroom for all of the Group's mining operations, including the Zaldivar joint venture, with the indicated value of the assets in excess of their carrying value.

Relevant aspects of this process are detailed below:

Copper price outlook

The assumption to which the value of the assets is most sensitive is the future long-term copper price. The copper price forecasts (representing the Group's estimates of the assumptions that would be used by independent market participants in valuing the assets) are based on the forward curve for the short term and consensus analyst forecasts for the longer term. A long-term copper price of $3.50/lb (reflecting 2022 real terms) has been used in the models used in the impairment indicator assessment, which has increased from $3.30/lb (reflecting 2021 real terms) at the prior year-end. As an additional down-side sensitivity an indicative valuation (based on the models) was performed with a long-term copper price of $3.15/lb, reflecting a 10% reduction in the long-term price forecast. Los Pelambres and Centinela still showed positive headroom in their models in this alternative down-side scenario. However, the Antucoya valuation indicated a potential deficit of $400 million and the Zaldívar valuation indicated a potential deficit of $170 million (on a 50% basis). This was a simple sensitivity exercise, looking at an illustrative change in the forecast long-term copper price in isolation. In reality, a deterioration in the long-term copper price environment is likely to result in corresponding improvements in a range of input cost factors. In particular, given that copper exports account for over 50% of Chile's exports, historically there has often been a correlation between movements in the copper price and the US dollar/Chilean peso exchange rate, and a decrease in the copper price may therefore result in a weakening of the Chilean peso, with a resulting reduction in the Group's operating costs and capital expenditure in US$ terms. These likely cost reductions, as well as potential operational changes which could be made in a weaker copper price environment, could partly mitigate the impact of the lower copper price modelled in these estimated potential sensitivities.

The US dollar/Chilean peso exchange rate

The value of the assets is also sensitive to movements in the US dollar/Chilean peso exchange rate. A long-term exchange rate of Ch$850/$1 has been used in the models considered as part of the impairment indicator assessment. This compares with the long-term exchange rate of CH$770/$1 used in 2021. As an additional down-side sensitivity an indicative valuation was prepared with a 10% stronger long-term Chilean peso exchange rate assumption. Los Pelambres and Centinela still showed positive headroom in this alternative down-side scenario. However, the Antucoya valuation indicated a potential deficit of $140 million and the Zaldívar valuation indicated a potential deficit of $100 million (on a 50% basis). As noted above, historically there has often been a correlation between movements in the copper price and the US dollar/Chilean peso exchange rate, and so a strengthening of the Chilean peso may often reflect a stronger copper price environment, which could mitigate the impact of a stronger exchange rate.

Climate risks

The models incorporate estimates of the potential future costs relating to climate risks. The Group discloses in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). This process includes scenario analyses assessing the potential future impact of transition and physical risks. The combined estimate of the potential costs of the transition risk and physical risk scenarios, have been incorporated into the models.

Chilean mining royalty

We have considered potential changes to the Chilean mining royalty (taking into account the Group's existing tax stability agreements) as part of the impairment indicator assessment.

Other relevant assumptions

In addition to the impact of the future copper price the US dollar/Chilean peso exchange rate, climate risks and the potential changes in the Chilean royalty regime, the models used in the impairment indicator assessment are sensitive to the assumptions in respect of future production levels, operating costs, sustaining and development capital expenditure, and the discount rate used to determine the present value of the future cash flows.

A real post-tax discount rate of 8% (calculated using relevant market data) has been used in determining the present value of the changes in forecast future cash flows from the assets as part of the quantitative analysis performed as part of the overall impairment indicator assessment.

5 Asset sensitivities *continued*

In the case of Zaldívar, in addition to the assumptions made in respect of the factors outlined above, the conclusion that there are no impairment indicators reflects certain assumptions about future operational considerations to which the model considered as part of the impairment indicator assessment is sensitive, in particular the following:

- Zaldívar submitted an Environmental Impact Assessment (EIA) in 2018 which included an application to extend its water extraction and mining permits to 2029 (with decreasing activity levels in 2030-2031). Currently, Zaldívar is permitted to extract water and mine into 2025 and 2024, respectively. To ensure the continuity of the operation, in March 2023 Zaldívar submitted a DIA (Declaration of Environmental Impact), a more limited scope and simplified procedure than an EIA, requesting that the mining permit be extended from 2024 to 2025 so as to expire at the same date as the current water permit. At the same time Zaldívar withdrew the 2018 EIA application. It is expected that an alternative and updated EIA application to extend the water and mining permits beyond 2025 will be submitted which will also include a plan for a transition from the current continental water source on completion of the extended water permit, to either procuring water from a third party or using raw sea water. The impairment indicator assessment assumes that the mining permit will be extended to cover the full period of the model, and the water permit can be extended, or reasonable alternative arrangements for securing water to enable the continued operation of the mine without interruption can be implemented. However, if this is not the case, this is likely to be considered an indicator of a potential impairment, requiring an IAS 36 impairment assessment at that point.
- Zaldívar's final pit phase, which represents approximately 20% of current ore reserves, impacts a portion of Minera Escondida's mine property, as well as infrastructure owned by third parties (a road, railway, power line and pipelines). The impairment indicator assessment assumes that mining of the final pit phase, which is subject to agreements or easements to access these areas and relocate this infrastructure, will be possible.

The carrying value of the Group's investment in joint venture balance in respect of Zaldívar as at 31 December 2022 was $897.3 million.

Fair value less costs of disposal and value in use valuations

If a full IAS 36 impairment test were to be prepared, which was not the case as at 31 December 2022, the recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal reflects the net amount the Group would receive from the sale of the asset in an orderly transaction between market participants. For mining assets, this would generally be determined based on the present value of the estimated future cash flows arising from the continued use, further development or eventual disposal of the asset. Value in use reflects the expected present value of the future cash flows which the Group would generate through the operation of the asset in its current condition, without taking into account potential enhancements or further development of the asset. The fair value less costs of disposal valuation will normally be higher than the value in use valuation for mining companies, and accordingly the Group typically applies this valuation estimate in its impairment or valuation assessments.

Indicators of potential reversal of previous impairments

Antucoya recognised impairments totalling $716 million in 2012 and 2016. Of the original impairment amounts, approximately $434 million remains in effect unamortised as at 31 December 2022. Based on an assessment of both qualitative and quantitative factors, there were no indicators of a potential reversal of these previous impairments at the 2022 year-end. As noted above, the indicative valuation exercise for Antucoya at the 2022 year-end indicated positive headroom for Antucoya. However, the headroom position is relatively marginal – the down-side sensitivity reflecting a 10% reduction in the long-term copper price resulted in a potential deficit of $400 million; the sensitivity using a 10% stronger long-term Chilean peso exchange rate assumption indicated a potential deficit of $140 million. Given this marginal headroom position, reasonably possible changes in the general market environment or the regulatory and taxation environment in Chile could result in a potential deficit position for Antucoya and hence it was concluded that there was no impairment reversal trigger as at 31 December 2022.

6 Segment information

The Group's reportable segments, which are the same as its operating segments, are as follows:

- Los Pelambres
- Centinela
- Antucoya
- Zaldívar
- Exploration and evaluation
- Corporate and other items
- Transport division

For management purposes, the Group is organised into two business divisions based on their products – Mining and Transport. The Mining division is split further for management reporting purposes to show results by mine and exploration activity.

Los Pelambres produces primarily copper concentrate containing gold and silver as a by-product, and molybdenum concentrate. Centinela produces copper concentrate containing gold and silver as a by-product, molybdenum concentrates and copper cathodes. Antucoya and Zaldívar produce copper cathodes. The Transport division provides rail cargo and road cargo transport together with a number of ancillary services. All the operations are based in Chile. The Exploration and evaluation segment incurs exploration and evaluation expenses. "Corporate and other items" comprises costs incurred by the Company, Antofagasta Minerals SA, the Group's mining corporate centre and other entities, that are not allocated to any individual business segment. Consistent with its internal management reporting, the Group's corporate and other items are included within the Mining division.

The chief operating decision-maker (the Group's Chief Executive Officer) monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on the operating profit of each of the segments.

A) Segment revenues and results

For the year ended 31 December 2022

	Los Pelambres $m	Centinela $m	Antucoya $m	Zaldívar $m	Exploration and evaluation[2] $m	Corporate and other items $m	Mining $m	Transport division $m	Total $m
Revenue	2,558.9	2,406.2	703.5	–	–	–	5,668.6	193.4	5,862.0
Operating cost excluding depreciation and loss on disposals	(1,086.1)	(1,249.0)	(442.3)	–	(113.0)	(75.0)	(2,965.4)	(119.1)	(3,084.5)
Depreciation	(276.1)	(710.2)	(105.6)	–	–	(18.7)	(1,110.6)	(30.5)	(1,141.1)
Loss on disposals	(0.5)	(1.0)	–	–	–	(0.6)	(2.1)	–	(2.1)
Operating profit/(loss)	1,196.2	446.0	155.6	–	(113.0)	(94.3)	1,590.5	43.8	1,634.3
Net share of results from associates and joint ventures	–	–	–	47.3	–	(0.7)	46.6	1.5	48.1
Gain on disposal of investment in joint ventures[3]	–	–	–	–	–	944.7	944.7	–	944.7
Total profit from operations, associates and joint ventures	1,196.2	446.0	155.6	47.3	(113.0)	849.7	2,581.8	45.3	2,627.1
Investment income	10.7	6.6	2.4	–	–	19.8	39.5	0.7	40.2
Interest expense	(3.3)	(10.6)	(19.9)	–	–	(44.2)	(78.0)	(0.6)	(78.6)
Other finance items	(5.2)	(11.3)	(6.6)	–	–	(5.0)	(28.1)	(1.7)	(29.8)
Profit/(loss) before tax	1,198.4	430.7	131.5	47.3	(113.0)	820.3	2,515.2	43.7	2,558.9
Tax	(371.8)	(130.8)	(34.9)	–	–	(50.8)	(588.3)	(15.3)	(603.6)
Profit/(loss) for the year	826.6	299.9	96.6	47.3	(113.0)	769.5	1,926.9	28.4	1,955.3
Non-controlling interests	319.3	82.9	21.2	–	–	(1,1)	422.3	–	422.3
Profit/(losses) attributable to the owners of the parent	507.3	217.0	75.4	47.3	(113.0)	770.6	1,504.6	28.4	1,533.0
EBITDA[1]	1,472.8	1,157.2	261.2	147.2	(113.0)	(75.7)	2,849.7	80.0	2,929.7
Additions to non-current assets									
Additions to property, plant and equipment	965.2	889.0	75.1	–	0.5	16.4	1,946.2	55.8	2,002.0
Segment assets and liabilities									
Segment assets	6,786.6	5,922.8	1,708.0	–	–	2,504.1	16,921.5	412.2	17,333.7
Investment in associates and joint ventures	–	–	–	897.3	–	–	897.3	7.3	904.6
Segment liabilities	(3,155.0)	(1,565.1)	(558.1)	–	–	(1,225.8)	(6,504.0)	(89.9)	(6,593.9)

1. EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group's subsidiaries, and the Group's proportional share of the EBITDA of its associates and joint ventures (Refer to the Alternative Performance Measures section on page 238).
2. Operating cash outflow in the exploration and evaluation segment was $98.3 million.
3. An exceptional gain of $944.7 million has been recognised in respect of the Group's disposal of its investment in the Tethyan joint venture (see notes 3, 4 and 17)

6 Segment information *continued*

For the year ended 31 December 2021

	Los Pelambres $m	Centinela $m	Antucoya $m	Zaldívar $m	Exploration and evaluation[2] $m	Corporate and other items $m	Mining $m	Transport division $m	Total $m
Revenue	3,621.0	2,981.3	697.8	–	–	–	7,300.1	170.0	7,470.1
Operating cost excluding depreciation and loss on disposals	(1,095.0)	(1,062.0)	(360.7)	–	(103.2)	(76.0)	(2,696.9)	(106.3)	(2,803.2)
Depreciation	(281.8)	(654.7)	(98.3)	–	–	(13.0)	(1,047.8)	(30.9)	(1,078.7)
Loss on disposals	(3.7)	(4.0)	(0.5)	–	–	–	(8.2)	(1.0)	(9.2)
Provision against the carrying value of assets[4]	–	–	–	–	(177.6)	–	(177.6)	–	(177.6)
Operating profit/(loss)	2,240.5	1,260.6	238.3	–	(280.8)	(89.0)	3,369.6	31.8	3,401.4
Net share of results from associates and joint ventures	–	–	–	68.5	–	(9.0)	59.5	0.2	59.7
Investment income	1.4	1.5	0.3	–	–	1.7	4.9	0.1	5.0
Interest expense	(3.5)	(16.4)	(15.5)	–	–	(27.2)	(62.6)	(0.8)	(63.4)
Other finance items	41.1	26.1	4.9	–	–	5.1	77.2	(2.8)	74.4
Profit/(loss) before tax	2,279.5	1,271.8	228.0	68.5	(280.8)	(118.4)	3,448.6	28.5	3,477.1
Tax	(743.7)	(382.0)	(7.1)	–	–	(188.3)	(1,321.1)	(11.8)	(1,332.9)
Tax-exceptional items[3]	–	–	90.6	–	–	–	90.6	–	90.6
Profit/(loss) for the year	1,535.8	889.8	311.5	68.5	(280.8)	(306.7)	2,218.1	16.7	2,234.8
Non-controlling interests	607.5	252.2	84.4	–	–	0.5	944.6	–	944.6
Profit/(losses) attributable to the owners of the parent	928.3	637.6	227.1	68.5	(280.8)	(307.2)	1,273.5	16.7	1,290.2
EBITDA[1]	2,526.0	1,919.3	337.1	172.8	(103.2)	(84.0)	4,768.0	68.2	4,836.2
Additions to non-current assets									
Additions to property, plant and equipment	903.1	826.4	62.7	–	0.6	30.4	1,823.2	32.7	1,855.9
Segment assets and liabilities									
Segment assets	5,667.1	5,924.2	1,735.9	–	–	2,661.1	15,988.3	384.3	16,372.6
Investment in associates and joint ventures	–	–	–	900.0	–	–	900.0	5.8	905.8
Segment liabilities	(2,642.0)	(1,797.0)	(548.7)	–	–	(1,174.5)	(6,162.2)	(87.2)	(6,249.4)

1. EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group's subsidiaries, and the Group's proportional share of the EBITDA of its associates and joint ventures (Refer to the Alternative Performance Measures section on page 238).
2. Operating cash outflow in the exploration and evaluation segment was $98.0 million.
3. During 2021, there was an exceptional item of $90.6 million which reflects the recognition of a deferred tax asset at Antucoya (see note 4).
4. An impairment has been recognised as at 31 December 2021 in respect of the $177.6 million of intangible assets and property, plant and equipment relating to the Twin Metals project, presented as an exceptional item.

Notes to segment revenues and results

(i) Inter-segment revenues are eliminated on consolidation. The only inter-segment revenue related to sales from the Transport division to the mining division of $9.8 million (year ended 31 December 2021 – $8.2 million), has been eliminated and is therefore not reflected in the above figures.

(ii) Revenue includes provisionally priced sales of copper, gold and molybdenum concentrates and copper cathodes. Further details of such adjustments are given in Note 7.

(iii) For sales of concentrates, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate (which is the amount recorded as revenue) reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. Treatment and refining charges for copper and molybdenum concentrates are detailed in Note 7.

(iv) The effects of tax and non-controlling interests on the expenses within the Exploration and evaluation segment are allocated to the mine that the exploration work relates to.

(v) The assets of the Transport division segment include $7.3 million (31 December 2021 – $5.8 million) relating to the Group's 30% interest in Antofagasta Terminal International SA ("ATI"), which operates a concession to manage installations in the port of Antofagasta. Further details of these investments are set out in Note 16.

B) Entity-wide disclosures

Revenue by product

	2022 $m	2021 $m
Copper		
• Los Pelambres	**2,107.7**	3,097.0
• Centinela concentrate	**1,132.7**	1,735.4
• Centinela cathodes	**844.4**	774.1
• Antucoya	**697.5**	693.3
Provision of shipping services		
• Los Pelambres	**51.9**	57.8
• Centinela concentrate	**58.5**	46.8
• Centinela cathodes	**6.7**	4.3
• Antucoya	**6.0**	4.5
Gold		
• Los Pelambres	**75.4**	91.0
• Centinela concentrate	**238.4**	345.4
Molybdenum		
• Los Pelambres	**291.4**	329.2
• Centinela concentrate	**100.8**	37.2
Silver		
• Los Pelambres	**32.5**	46.0
• Centinela concentrate	**24.7**	38.1
Total	**5,668.6**	7,300.1
Transport division	**193.4**	170.0
	5,862.0	7,470.1

Revenue by location of customer

	2022 $m	2021 $m
Europe		
• United Kingdom	**71.0**	54.4
• Switzerland	**753.6**	1,303.7
• Spain	**1.0**	67.6
• Germany	**140.0**	121.5
• Rest of Europe	**96.5**	177.4
Latin America		
• Chile	**369.1**	282.0
• Rest of Latin America	**179.7**	214.7
North America		
• United States	**312.3**	666.5
Asia		
• Japan	**1,668.6**	1,842.3
• China	**1,072.0**	1,236.9
• Singapore	**423.8**	726.1
• South Korea	**332.2**	322.6
• Hong Kong	**178.2**	217.1
• Rest of Asia	**264.0**	237.3
	5,862.0	7,470.1

Information about major customers

In the year ended 31 December 2022, the Group's mining revenue included $785.5 million related to one large customer that individually accounted for more than 10% of the Group's revenue (year ended 31 December 2021 – one large customer representing $1,015.1 million).

6 Segment information *continued*

Non-current assets by location of assets

	2022 $m	2021 $m Restated
Chile	**12,786.1**	11,705.1
Other[1]	**10.1**	10.9
	12,796.2	11,716.0

1. The comparatives have been restated to show a reclassification of $9.9 million from the "Chile" category to the "Other" category.

	2022 $m	2021 $m
Non-current assets per the balance sheet	**13,016.2**	11,872.7
The above amounts by location reflect non-current assets per the balance sheet excluding:		
• Deferred tax assets	**(78.5)**	(96.8)
• Account receivables	**(51.0)**	(51.2)
• Equity investments	**(90.5)**	(8.7)
Total of non-current assets above	**(220.0)**	(156.7)
Non-current assets by location of asset	**12,796.2**	11,716.0

7 Group Revenue

Copper and molybdenum concentrate sale contracts and copper cathode sale contracts generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. This normally ranges from one to four months after shipment to the customer. For sales contracts which contain provisional pricing mechanisms, the total receivable balance is measured at fair value through profit or loss. Gains and losses from the mark-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade receivables in the balance sheet. The Group determines mark-to-market prices using forward prices at each period-end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market in the market price references for that commodity in the majority of the Group's contracts.

With sales of concentrates, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate (which is the amount recorded as revenue) reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal.

The shipping service represents a separate performance obligation, and is recognised separately from the sale of the material over time as the shipping service is provided.

The total revenue from contracts with customers and the impact of provisional pricing adjustments in respect of concentrate and cathode sales is as follows:

	2022 $m	2021 $m
Revenue from contracts with customers		
Sale of products	**5,671.2**	6,809.0
Provision of shipping services associated with the sale of products[1]	**123.1**	113.4
Transport division[2]	**193.4**	170.0
Provisional pricing adjustments in respect of copper, gold and molybdenum	**(125.7)**	377.7
Total revenue	**5,862.0**	7,470.1

1. The Group sells a significant proportion of its products on Cost, Insurance & Freight (CIF) Incoterms, which means that the Group is responsible for shipping the product to a destination port specified by the customer.
2. The transport division provides rail and road cargo transport together with a number of ancillary services.

The categories of revenue which are principally affected by different economic factors are the individual product types. A summary of revenue by product is set out in Note 6.

The following tables set out the impact of provisional pricing adjustments, derivative commodity instruments and treatment and refining charges for the more significant products. The revenue from these products, along with the revenue from other products and services, is reconciled to total revenue in Note 6.

For the year ended 31 December 2022

	Los Pelambres Copper concentrate $m	Centinela Copper concentrate $m	Centinela Copper cathodes $m	Antucoya Copper cathodes $m	Los Pelambres Gold in concentrate $m	Centinela Gold in concentrate $m	Los Pelambres Molybdenum concentrate $m	Centinela Molybdenum concentrate $m
Provisionally priced sales of products	2,313.7	1,231.8	851.8	710.6	75.1	235.9	281.3	98.5
Revenue from freight services	51.9	58.5	6.7	6.0	–	–	–	–
	2,365.6	1,290.3	858.5	716.6	75.1	235.9	281.3	98.5
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	(12.0)	(5.2)	(0.3)	(0.8)	–	(0.3)	5.6	0.7
Settlement of sales invoiced in the previous year	10.7	23.3	0.5	1.0	–	3.6	(4.1)	(0.6)
Total effect of adjustments to previous year invoices in the current year	(1.3)	18.1	0.2	0.2	–	3.3	1.5	0.1
Effects of pricing adjustments to current year invoices								
Settlement of sales invoiced in the current year	(155.3)	(68.7)	(8.4)	(14.1)	0.4	(2.9)	16.5	4.0
Mark-to-market adjustments at the end of the current year	38.0	19.9	0.8	0.8	–	2.7	12.6	7.6
Total effect of adjustments to current year invoices	(117.3)	(48.8)	(7.6)	(13.3)	0.4	(0.2)	29.1	11.6
Total pricing adjustments	(118.6)	(30.7)	(7.4)	(13.1)	0.4	3.1	30.6	11.7
Realised losses on commodity derivatives	–	–	–	–	–	–	–	–
Revenues before deducting treatment and refining charges	2,247.0	1,259.6	851.1	703.5	75.5	239.0	311.9	110.2
Treatment and refining charges	(87.4)	(68.4)	–	–	(0.1)	(0.6)	(20.5)	(9.4)
Revenue net of tolling charges	2,159.6	1,191.2	851.1	703.5	75.4	238.4	291.4	100.8

The revenue from the individual products shown in the above table excludes revenue from sales of silver and the transport division, which are presented in the revenue by product table in note 6 to reconcile to Group Revenue.

With sales of concentrates at Los Pelambres and Centinela, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate invoiced to the customer reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. For accounting purposes, the revenue amount is the net of the market value of fully refined metal less the treatment and refining charges. Under the standard industry definition of cash costs, treatment and refining charges are regarded as an expense and part of the total cash cost figure.

7 Group Revenue *continued*

For the year ended 31 December 2021

	Los Pelambres Copper concentrate $m	Centinela Copper concentrate $m	Centinela Copper cathodes $m	Antucoya Copper cathodes $m	Los Pelambres Gold in concentrate $m	Centinela Gold in concentrate $m	Los Pelambres Molybdenum concentrate $m	Centinela Molybdenum concentrate $m
Provisionally priced sales of products	2,966.6	1,685.3	824.3	749.7	93.3	354.8	322.1	38.4
Revenue from freight services	57.8	46.8	4.3	4.5	–	–	–	–
	3,024.4	1,732.1	828.6	754.2	93.3	354.8	322.1	38.4
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	(58.7)	(26.8)	0.1	(0.5)	–	(0.9)	0.2	(0.3)
Settlement of sales invoiced in the previous year	175.1	74.7	1.8	1.5	(1.0)	(4.0)	6.4	1.2
Total effect of adjustments to previous year invoices in the current year	116.4	47.9	1.9	1.0	(1.0)	(4.9)	6.6	0.9
Effects of pricing adjustments to current year invoices								
Settlement of sales invoiced in the current year	92.2	58.8	10.2	6.0	(1.1)	(4.1)	30.6	5.8
Mark-to-market adjustments at the end of the current year	12.0	5.2	0.3	0.8	–	0.4	(5.7)	(0.7)
Total effect of adjustments to current year invoices	104.2	64.0	10.5	6.8	(1.1)	(3.7)	24.9	5.1
Total pricing adjustments	220.6	111.9	12.4	7.8	(2.1)	(8.6)	31.5	6.0
Realised losses on commodity derivatives	–	–	(62.6)	(64.2)	–	–	–	–
Revenues before deducting treatment and refining charges	3,245.0	1,844.0	778.4	697.8	91.2	346.2	353.6	44.4
Treatment and refining charges	(90.2)	(61.8)	–	–	(0.2)	(0.8)	(24.4)	(7.2)
Revenue net of tolling charges	3,154.8	1,782.2	778.4	697.8	91.0	345.4	329.2	37.2

The revenue from the individual products shown in the above table excludes revenue from sales of silver and the transport division, which are presented in the revenue by product table in note 6 to reconcile to Group Revenue.

With sales of concentrates at Los Pelambres and Centinela, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate invoiced to the customer reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. For accounting purposes, the revenue amount is the net of the market value of fully refined metal less the treatment and refining charges. Under the standard industry definition of cash costs, treatment and refining charges are regarded as an expense and part of the total cash cost figure.

(I) Copper concentrate

The typical period for which sales of copper concentrate remain open until settlement occurs is a range of approximately three to four months from shipment date.

		2022	2021
Sales provisionally priced at the balance sheet date	Tonnes	**179,000**	177,900
Average mark-to-market price	$/lb	**3.80**	4.41
Average provisional invoice price	$/lb	**3.65**	4.37

(II) Copper cathodes

The typical period for which sales of copper cathodes remain open until settlement occurs is approximately one month from shipment date.

		2022	2021
Sales provisionally priced at the balance sheet date	Tonnes	**22,700**	15,000
Average mark-to-market price	$/lb	**3.80**	4.42
Average provisional invoice price	$/lb	**3.77**	4.39

(III) Gold in concentrate

The typical period for which sales of gold in concentrate remain open until settlement occurs is approximately one month from shipment date.

		2022	2021
Sales provisionally priced at the balance sheet date	Ounces	**31,000**	32,300
Average mark-to-market price	$/oz	**1,828**	1,801
Average provisional invoice price	$/oz	**1,742**	1,791

(IV) Molybdenum concentrate

The typical period for which sales of molybdenum remain open until settlement occurs is approximately two months from shipment date.

		2022	2021
Sales provisionally priced at the balance sheet date	Tonnes	**2,500**	2,400
Average mark-to-market price	$/lb	**26.10**	18.60
Average provisional invoice price	$/lb	**22.20**	19.65

As detailed above, the effects of gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade debtors in the balance sheet. The effect of mark-to-market adjustments on the balance sheet at the end of each period are as follows:

	Effect on debtors of year end mark-to-market adjustments	
	2022 $m	2021 $m
Los Pelambres – copper concentrate	**38.0**	12.0
Los Pelambres – molybdenum concentrate	**12.6**	(5.7)
Centinela – copper concentrate	**19.9**	5.2
Centinela – molybdenum concentrate	**7.6**	(0.7)
Centinela – gold in concentrate	**2.7**	0.4
Centinela – copper cathodes	**0.8**	0.3
Antucoya – copper cathodes	**0.8**	0.8
	82.4	12.3

8 Operating Profit From Subsidiaries, and Total Profit From Associates And Joint Ventures

Operating profit from subsidiaries and total profit from operations and associates and joint ventures is derived from Group revenue by deducting operating costs as follows:

	2022 $m	2021 $m
Group revenue	**5,862.0**	7,470.1
Cost of sales	**(3,432.7)**	(3,120.2)
Gross profit	**2,429.3**	4,349.9
Administrative and distribution expenses	**(558.9)**	(550.4)
Other operating income	**37.9**	31.8
Other operating expenses[1]	**(274.0)**	(429.9)
Operating profit from subsidiaries	**1,634.3**	3,401.4
Net share of profit of associates and joint ventures	**48.1**	59.7
Gain on disposal of investment in joint ventures	**944.7**	–
Total profit from operations, associates and joint ventures	**2,627.1**	3,461.1

1. Other operating expenses comprise $113.0 million of exploration and evaluation expenditure (2021 – $103.2 million), $19.1 million in respect of the employee severance provision (2021 – $19.8 million), $16.9 million in respect of the closure provision (2021 – $11.3 million), nil in respect of the provision against the carrying value of assets relating to the Twin Metals project (2021 – $177.6 million) and $125.0 million of other expenses (2021 – $118.0 million).

Profit before tax is stated after (charging)/crediting:

	2022 $m	2021 $m
Foreign exchange (losses)/gains		
• included in net finance costs	**(12.8)**	49.9
Depreciation of property, plant and equipment		
• owned assets	**(1,047.2)**	(997.1)
• leased assets	**(93.9)**	(81.6)
Loss on disposal of property, plant and equipment	**(2.1)**	(9.2)
Cost of inventories recognised as an expense	**(2,381.6)**	(2,033.0)
Employee benefit expense	**(476.6)**	(498.0)
Decommissioning and restoration (operating expenses)	**(16.9)**	(11.3)
Severance charges	**(19.1)**	(19.8)
Exploration and evaluation expense	**(113.0)**	(103.2)
Provision against carrying value of assets1	**–**	(177.6)
Auditors' remuneration	**(2.2)**	(1.9)

1. In 2021 impairment provision recognised in respect of $27.5 million of property, plant and equipment (note 15) and $150.1 million of intangible assets (note 14) relating to the Twin Metals project.

A more detailed analysis of auditors' remuneration on a worldwide basis is provided below:

Group	2022 $000	2021 $000
Fees payable to the Company's auditors and its associates for the audit of the Parent Company and consolidated financial statements	**1,312.5**	1,242.0
Fees payable to the Company's auditors and its associates for other services:		
• The audit of the Company's subsidiaries	**549.6**	415.0
• Audit-related assurance services[1]	**98.0**	200.0
• Other assurance services[2]	**241.0**	–
	2,201.1	1,857.0

1. The audit-related assurance services relate to the half-year review performed by the auditors.
2. The other assurance services in 2022 related to the bond issue in that year, which required the Group to engage PwC to act as the reporting accountant for that transaction, work which is in effect required to be performed by the Group's auditors.

Details of the Company's policy on the use of auditors for non-audit services: the reason why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit and Risk Committee report on page 130. No services were provided pursuant to contingent fee arrangements.

9 Employees

A) Average monthly number of employees

	2022 Number	2021 Number
Los Pelambres	**1,069**	959
Centinela	**2,408**	2,226
Antucoya	**852**	817
Exploration and evaluation	**60**	71
Corporate and other employees		
• Chile	**582**	566
• United Kingdom	**4**	4
• Other	**1**	4
Mining and Corporate	**4,976**	4,647
Transport division	**1,383**	1,336
	6,359	5,983

(i) The average number of employees for the year includes all the employees of subsidiaries. The average number of employees does not include contractors who are not directly employed by the Group.

(ii) The average number of employees does not include employees from associates and joint ventures.

B) Aggregate remuneration

The aggregate remuneration of the employees included in the table above was as follows:

	2022 $m	2021 $m
Wages and salaries	**(448.5)**	(469.9)
Social security costs	**(28.1)**	(28.1)
	(476.6)	(498.0)

C) Key management personnel

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Directors (Executive and Non-Executive) of the Company. Key management personnel who are not Directors have been identified as responsible senior management at the Corporate Centre and those responsible for the running of the key business divisions of the Group.

Compensation for key management personnel (including Directors) was as follows:

	2022 $m	2021 $m
Salaries and short-term employee benefits	**(25.0)**	(40.1)
	(25.0)	(40.1)

Disclosures on Directors' remuneration required by Schedule 8 of the Large and Medium-sized Companies and Group (Financial Statement) Regulations 2008, including those specified for audit by that Schedule, are included in the Remuneration report on pages 155 to 162.

10 Net finance (Expense)/Income

	2022 $m	2021 $m
Investment income		
Interest income	**19.8**	3.4
Gains on liquid investments held at fair value through profit or loss	**20.4**	1.6
	40.2	5.0
Interest expense		
Interest expense	**(78.6)**	(63.4)
	(78.6)	(63.4)
Other finance items		
Unwinding of discount on provisions	**(16.9)**	(6.2)
Adjustment to provision discount rates	**–**	30.8
Effects of changes in foreign exchange rates	**(12.8)**	49.9
Preference dividends	**(0.1)**	(0.1)
	(29.8)	74.4
Net finance (expense)/income	**(68.2)**	16.0

During 2022, amounts capitalised and consequently not included within the above table were as follows: $47.0 million at Los Pelambres (year ended 31 December 2021 – $12.1 million) and $2.0 million at Centinela (year ended 31 December 2021 – $2.1 million).

The interest expense shown above includes $7.1 million in respect of leases (2021 – $7.9 million). The interest paid in respect of leases $6.0 million (2021 – $6.5 million).

11 Income tax expense

The tax charge for the year comprised the following:

	2022 $m	2021 $m
Current tax charge		
• Corporate tax (principally first category tax in Chile)	**(340.4)**	(560.8)
• Mining tax (royalty)	**(83.9)**	(250.0)
• Withholding tax	**(24.5)**	(224.7)
	(448.8)	(1,035.5)
Deferred tax charge		
• Corporate tax (principally first category tax in Chile)	**(96.5)**	(237.4)
• Mining tax (royalty)	**(9.8)**	0.9
• Withholding tax	**(48.5)**	29.7
	(154.8)	(206.8)
Total tax charge	**(603.6)**	(1,242.3)

The rate of first category (ie corporate) tax in Chile is 27.0% (2021 – 27.0%).

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile. Withholding tax is levied on remittances of profits from Chile at 35% less first category (ie corporate) tax already paid in respect of the profits to which the remittances relate.

The Group's mining operations are also subject to a mining tax (royalty). Production from Los Pelambres, Antucoya, Encuentro (oxides), the Tesoro North East pit and the Run-of-Mine processing at Centinela Cathodes is subject to a rate of between 5–14%, depending on the level of operating profit margin, and production from Centinela Concentrates and the Tesoro Central and Mirador pits at Centinela Cathodes is subject to a rate of 5% of taxable operating profit.

The following table provides a numerical reconciliation between the accounting profit before tax multiplied by the applicable statutory tax rate and the total tax expense (including both current and deferred tax).

	Year ended 31 December 2022 Excluding exceptional items		Year ended 31 December 2022 Including exceptional items		Year ended 31 December 2021 Excluding exceptional items		Year ended 31 December 2021 Including exceptional items	
	$m	%	$m	%	$m	%	$m	%
Profit before tax	**1,614.2**		**2,558.9**		3,654.7		3,477.1	
Profit before tax multiplied by Chilean corporate tax rate of 27%	**(435.9)**	**27.0**	**(691.0)**	**27.0**	(986.8)	27.0	(938.8)	27.0
Mining tax (royalty)	**(94.5)**	**5.8**	**(94.5)**	**3.7**	(243.8)	6.7	(243.8)	7.0
Deduction of mining tax (royalty) as an allowable expense in determination of first category tax	**23.1**	**(1.4)**	**23.1**	**(0.9)**	67.8	(1.9)	67.8	(1.9)
Items not deductible from first category tax	**(33.9)**	**2.1**	**(33.9)**	**1.3**	(31.6)	0.9	(31.6)	0.9
Adjustment in respect of prior years	**(2.6)**	**0.1**	**(2.6)**	**0.1**	(12.1)	0.3	(12.1)	0.3
Withholding tax	**(73.0)**	**4.6**	**(73.0)**	**2.9**	(195.0)	5.3	(195.0)	5.6
Tax effect of share of profit of associates and joint ventures	**13.0**	**(0.8)**	**13.0**	**(0.5)**	16.1	(0.4)	16.1	(0.5)
Impact of previously unrecognised tax losses on current tax	**0.2**	**–**	**0.2**	**–**	52.5	(1.4)	52.5	(1.5)
Impact of recognition of previously unrecognised tax losses on deferred tax	**–**	**–**	**–**	**–**	–	–	90.6	(2.6)
Provision against carrying value of assets	**–**	**–**	**–**	**–**	–	–	(48.0)	1.4
Gain on disposal of investment in joint venture	**–**	**–**	**255.1**	**(10.0)**	–	–	–	–
Tax expense and effective tax rate for the year	**(603.6)**	**37.4**	**(603.6)**	**23.6**	(1,332.9)	36.5	(1,242.3)	35.7

The effective tax rate excluding exceptional items of 37.4% varied from the statutory rate principally due to the mining tax (royalty) (net impact of $71.4 million/4.4% including the deduction of the mining tax (royalty) as an allowable expense in the determination of first category tax), the withholding tax relating to the remittance of profits from Chile (impact of $73.0 million/4.6%), items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $33.9 million/2.1%), adjustments in respect of prior years (impact of $2.6 million/0.1%) and the impact of previously unrecognised tax losses (impact of $0.2 million/0%), partly offset by the impact of the recognition of the Group's share of profit from associates and joint ventures, which are included in the Group's profit before tax net of their respective tax charges (impact of $13.0 million/0.8%).

The impact of the exceptional items on the effective tax rate including exceptional items was $255.1 million/10.0%. Further details of the exceptional gain on the disposal of the Group's investment in the Tethyan joint venture, including relevant tax aspects, are set out in Note 17.

The main factors which could impact the sustainability of the Group's existing effective tax rate are:

- In October 2022, the Chilean government announced its updated proposals for a comprehensive reform of the tax system, including proposed changes to the mining royalty. These proposals are subject to review and approval by the Chilean Congress, and so there is no certainty as to the exact nature of changes which may finally be enacted into law.
- The level of future distributions made by the Group's Chilean subsidiaries out of Chile, which could result in increased withholding tax charges. When determining whether it is likely that distributions will be made in the foreseeable future, and what is the appropriate foreseeable future period for this purpose, the Group considers factors such as the predictability of the likely future Group dividends, taking into account the Group's dividend policy and the level of potential volatility of the Group's future earnings, as well as the current level of distributable reserves at the Antofagasta plc entity level.
- The impact of expenses which are not deductible for Chilean first category tax. Some of these expenses are fixed costs, and so the relative impact of these expenses on the Group's effective tax rate will vary depending on the Group's total profit before tax in a particular year.

The implementation of the OECD BEPS Pillar 2, which would introduce a minimum effective tax rate of 15% for multinational companies, will be applicable to the Group when brought into relevant legislation. The Group's operations are based in Chile and therefore currently subject to the Chilean first category (corporate) tax rate of 27%, plus withholding taxes on any remittance of profits from Chile. The Group has been assessing the potential impact of the draft UK legislation, and will complete that assessment when the legislation has been finalised.

There are no significant tax uncertainties which would require critical judgements, estimates or potential provisions other than deferred tax judgements and estimates as explained in Note 3B.

12 Earnings per share

	2022 $m	2021 $m
Profit for the period attributable to owners of the parent (excluding exceptional items)	**588.3**	1,404.4
Exceptional Items	**944.7**	(114.2)
Profit for the period attributable to owners of the parent (including exceptional items) from operations	**1,533.0**	1,290.2

	2022 Number	2021 Number
Ordinary shares in issue throughout each year	**985,856,695**	985,856,695

	2022 cents	2021 cents
Basic earnings per share (excluding exceptional items) from operations	**59.7**	142.5
Basic earnings per share (exceptional items) from operations	**95.8**	(11.6)
Basic earnings per share (including exceptional items) from operations	**155.5**	130.9

Basic earnings per share are calculated as profit after tax and non-controlling interests, based on 985,856,695 (2021: 985,856,695) ordinary shares.

There was no potential dilution of earnings per share in either year set out above, and therefore diluted earnings per share did not differ from basic earnings per share as disclosed above.

Reconciliation of basic earnings per share from continuing operations:

		2022	2021
Profit for the year attributable to owners of the parent	$m	**1,533.0**	1,290.2
Profit from continuing operations attributable to owners of the parent	$m	**1,533.0**	1,290.2
Ordinary shares	Number	**985,856,695**	985,856,695
Basic earnings per share from continuing operations	cents	**155.5**	130.9

13 Dividends

Amounts recognised as distributions to equity holders in the year:

	2022 $m	2021 $m	2022 cents per share	2021 cents per share
Final dividend paid in June (proposed in relation to the previous year)				
• Ordinary	**1,172.2**	478.1	**118.9**	48.5
Interim dividend paid in September				
• Ordinary	**90.7**	232.7	**9.2**	23.6
	1,262.9	710.8	**128.1**	72.1

The recommended final dividend for each year, which is subject to approval by shareholders at the Annual General Meeting and has therefore not been included as a liability in these financial statements, is as follows:

	2022 $m	2021 $m	2022 cents per share	2021 cents per share
Final dividend proposed in relation to the year				
• Ordinary	**497.6**	1,172.1	**50.5**	118.9

Total dividends proposed in relation to 2022 (including the interim dividend) are 59.7 cents per share or $588.3 million (2021 – 142.5 cents per share or $1,404.8 million).

In accordance with IAS 32, preference dividends have been included within net finance expense (see Note 10) and amounted to $0.1 million (2021 – $0.1 million).

Further details of the currency election timing and process (including the default currency of payment) are available on the Antofagasta plc website (www.antofagasta.co.uk) or from the Company's registrar, Computershare Investor Services PLC on +44 370 702 0159.

Further details relating to dividends for each year are given in the Directors' Report on page 168.

14 Intangible assets

	Cost $m	Accumulated depreciation and impairment $m	Net book value $m
At 1 January 2021	150.1	–	150.1
Provision against carrying value	–	(150.1)	(150.1)
At 31 December 2021	**150.1**	**(150.1)**	**–**
At 31 December 2022	**150.1**	**(150.1)**	**–**

The intangible asset relates to Twin Metals' mining licences assets (included within the corporate segment). As explained in note 3, a full impairment provision was recognised in respect of the $150.1 million cost of this asset as at 31 December 2021, as a result of the US federal government's cancellation of certain of Twin Metals' mining leases. Twin Metals believes it has a valid legal right to the mining leases and a strong case to defend its legal rights. Although the Group is pursuing validation of those rights, considering the time and uncertainty related to any legal action to challenge the government decisions, a full impairment provision has been recognised in respect of the carrying value of the asset.

15 Property, plant and equipment

	Land $m	Mining properties $m	Stripping costs $m	Buildings and infrastructure $m	Railway track $m	Wagons and rolling stock $m	Machinery, equipment and others $m	Assets under construction $m	Right-of-use assets $m	Total $m
Cost										
At 1 January 2021	61.9	667.5	2,305.0	5,928.1	108.3	208.0	7,266.9	1,666.6	458.9	18,671.2
Additions	–	4.5	502.5	–	–	–	3.9	1,283.2	61.8	1,855.9
Additions – capitalised depreciation	–	–	72.0	–	–	–	–	–	–	72.0
Adjustment to capitalised decommissioning provisions	–	–	–	(119.9)	–	–	–	–	–	(119.9)
Capitalisation of interest	–	–	–	–	–	–	–	14.2	–	14.2
Capitalisation of critical spare parts	–	–	–	–	–	–	0.9	–	–	0.9
Reclassifications	–	–	–	1.4	14.5	5.8	4.7	(26.6)	(2.8)	(3.0)
Asset disposals	–	–	–	(5.7)	–	(7.3)	(32.0)	(8.2)	(17.6)	(70.8)
At 31 December 2021	61.9	672.0	2,879.5	5,803.9	122.8	206.5	7,244.4	2,929.2	500.3	20,420.5
At 1 January 2022	61.9	672.0	2,879.5	5,803.9	122.8	206.5	7,244.4	2,929.2	500.3	20,420.5
Additions	**–**	**–**	**582.5**	**–**	**–**	**–**	**2.0**	**1,366.2**	**51.3**	**2,002.0**
Additions – capitalised depreciation	**–**	**–**	**73.3**	**–**	**–**	**–**	**–**	**–**	**–**	**73.3**
Adjustment to capitalised decommissioning provisions	**–**	**–**	**–**	**173.8**	**–**	**–**	**–**	**–**	**–**	**173.8**
Capitalisation of interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**49.0**	**–**	**49.0**
Reclassifications	**–**	**–**	**–**	**1.4**	**11.9**	**1.5**	**4.1**	**(15.8)**	**(3.1)**	**–**
Asset disposals	**–**	**–**	**–**	**(0.2)**	**–**	**(0.6)**	**(9.2)**	**(5.9)**	**(17.4)**	**(33.3)**
At 31 December 2022	**61.9**	**672.0**	**3,535.3**	**5,978.9**	**134.7**	**207.4**	**7,241.3**	**4,322.7**	**531.1**	**22,685.3**
Accumulated depreciation and impairment										
At 1 January 2021	–	(562.1)	(1,117.1)	(2,613.6)	(38.5)	(100.8)	(4,139.8)	–	(247.4)	(8,819.3)
Charge for the year	–	(26.0)	(255.3)	(274.1)	(5.9)	(17.1)	(418.7)	–	(81.6)	(1,078.7)
Depreciation capitalised in inventories	–	–	–	–	–	–	54.1	–	–	54.1
Depreciation capitalised in property, plant and equipment	–	–	–	–	–	–	(72.0)	–	–	(72.0)
Reclassifications	–	–	–	–	–	–	–	–	1.4	1.4
Impairment	(25.0)	–	–	(2.2)	–	–	(0.3)	–	–	(27.5)
Asset disposals	–	–	–	–	–	6.4	36.0	–	17.6	60.0
At 31 December 2021	(25.0)	(588.1)	(1,372.4)	(2,889.9)	(44.4)	(111.5)	(4,540.7)	–	(310.0)	(9,882.0)
At 1 January 2022	**(25.0)**	**(588.1)**	**(1,372.4)**	**(2,889.9)**	**(44.4)**	**(111.5)**	**(4,540.7)**	**–**	**(310.0)**	**(9,882.0)**
Charge for the year	**–**	**(60.1)**	**(352.8)**	**(319.3)**	**(7.8)**	**(14.0)**	**(293.2)**	**–**	**(93.9)**	**(1,141.1)**
Depreciation capitalised in inventories	**–**	**–**	**–**	**–**	**–**	**–**	**(71.1)**	**–**	**–**	**(71.1)**
Depreciation capitalised in property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**–**	**(73.3)**	**–**	**–**	**(73.3)**
Asset disposals	**–**	**–**	**–**	**0.1**	**–**	**0.6**	**7.6**	**–**	**17.4**	**25.7**
At 31 December 2022	**(25.0)**	**(648.2)**	**(1,725.2)**	**(3,209.1)**	**(52.2)**	**(124.9)**	**(4,970.7)**	**–**	**(386.5)**	**(11,141.8)**
Net book value										
At 31 December 2022	**36.9**	**23.8**	**1,810.1**	**2,769.8**	**82.5**	**82.5**	**2,270.6**	**4,322.7**	**144.6**	**11,543.5**
At 31 December 2021	36.9	83.9	1,507.1	2,914.0	78.4	95.0	2,703.7	2,929.2	190.3	10,538.5

The Group has no (2021 – nil) assets pledged as security against bank loans provided to the Group.

At 31 December 2022, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $845.1 million (2021 – $599.3 million) of which $445.4 million was related to Los Pelambres and $326.1 million to Centinela.

The average interest rate for the amounts capitalised was 2.8% (2021 – 1.9%).

At 31 December 2022, the net book value of assets capitalised relating to the decommissioning provision was $212.1 million (2021 – $49.7 million).

Depreciation capitalised in property, plant and equipment of $73.3 million related to the depreciation of assets used in mine development (operating stripping) at Centinela, Los Pelambres and Antucoya (2021 – $72.0 million).

The Right-of-use assets includes office lease, vehicles, machinery and equipment. Expenses related to leases of low-value assets not shown as leases (included in operating costs) are $25.1 million for 2022 (2021 – $17.8 million).

As explained in note 4, an impairment provision was recognised in 2021 for $27.5 million of property, plant and equipment relating to the Twin Metals project.

16 Investments in subsidiaries

The subsidiaries of the Group, the percentage of equity owned and the main country of operation are set out below. These interests are consolidated within these financial statements.

	Country of incorporation	Country of operations	Registered office	Nature of business	Economic interest at 2022	Economic interest at 2021
Direct subsidiaries of the Parent Company						
Antofagasta Railway Company plc	UK	Chile	1	Railway	100%	100%
The Andes Trust Limited	UK	UK	1	Investment	100%	100%
Andean LFMA Investment Limited[(i)]	UK	Chile	1	Investment	100%	100%
Andes Re Limited	Bermuda	Bermuda	4	Insurance	100%	100%
Alfa Estates Limited	Jersey	Jersey	3	Investment	100%	100%
Indirect subsidiaries of the Parent Company						
Minera Los Pelambres SCM	Chile	Chile	2	Mining	60%	60%
Minera Centinela SCM	Chile	Chile	2	Mining	70%	70%
Minera Antucoya SCM	Chile	Chile	2	Mining	70%	70%
Antofagasta Minerals SA	Chile	Chile	2	Mining	100%	100%
Energía Andina Geothermal SpA	Chile	Chile	2	Energy	100%	100%
MLP Transmisión SA	Chile	Chile	2	Energy	100%	100%
Sociedad Contractual Minera El Encierro[(ii)]	Chile	Chile	2	Mining	56.54%	–
Northern Minerals Investment (Jersey) Limited	Jersey	Jersey	3	Investment	100%	100%
Northern Metals (UK) Limited	UK	UK	1	Investment	100%	100%
Northern Minerals Holding Co	USA	USA	5	Investment	100%	100%
Duluth Metals Limited	Canada	Canada	7	Investment	100%	100%
Twin Metals (UK) Limited	UK	UK	1	Investment	100%	100%
Twin Metals (USA) Inc	USA	USA	6	Investment	100%	100%
Twin Metals Minnesota LLC	USA	USA	6	Mining	100%	100%
Franconia Minerals (US) LLC	USA	USA	6	Mining	100%	100%
Duluth Metals Holdings (USA) Inc	USA	USA	12	Investment	100%	100%
Duluth Exploration (USA) Inc	USA	USA	13	Investment	100%	100%
DMC LLC (Minnesota)	USA	USA	12	Investment	100%	100%
DMC (USA) LLC (Delaware)	USA	USA	12	Investment	100%	100%
DMC (USA) Corporation	USA	USA	12	Investment	100%	100%
Antofagasta Investment Company Limited	UK	UK	1	Investment	100%	100%
Minprop Limited	Jersey	Jersey	3	Mining	100%	100%
Antomin 2 Limited	BVI	BVI	8	Mining	51%	51%
Antomin Investors Limited	BVI	BVI	8	Mining	51%	51%
Antofagasta Minerals Australia Pty Limited	Australia	Australia	9	Mining	100%	100%
Minera Anaconda Peru SA	Peru	Peru	10	Mining	100%	100%
Los Pelambres Holding Company Limited	UK	UK	1	Investment	100%	100%
Los Pelambres Investment Company Limited	UK	UK	1	Investment	100%	100%
Lamborn Land Co	USA	USA	5	Investment	100%	100%
Anaconda South America Inc	USA	USA	14	Investment	100%	100%
El Tesoro (SPV Bermuda) Limited	Bermuda	Bermuda	4	Investment	100%	100%
Antofagasta Minerals Canada	Canada	Canada	9	Agency	100%	100%
Antofagasta Minerals (Shanghai) Co. Limited	China	China	15	Agency	100%	100%
Andes Investments Company (Jersey) Limited	Jersey	Jersey	3	Investment	100%	100%
Bolivian Rail Investors Co Inc	USA	USA	5	Investment	100%	100%
Inversiones Los Pelambres Chile Limitada	Chile	Chile	2	Investment	100%	100%
Equatorial Resources SpA	Chile	Chile	2	Investment	100%	100%
Minera Santa Margarita de Astillas SCM	Chile	Chile	2	Mining	82.0%	82.0%

	Country of incorporation	Country of operations	Registered office	Nature of business	Economic interest at 2022	Economic interest at 2021
Minera Penacho Blanco SA	Chile	Chile	2	Mining	66.6%	66.6%
Michilla Costa SpA	Chile	Chile	2	Logistics	99.9%	99.9%
Minera Pampa Fenix SCM	Chile	Chile	2	Investment	90.0%	90.0%
Minera Mulpun Limitada	Chile	Chile	2	Mining	100%	100%
Fundación Minera Los Pelambres	Chile	Chile	2	Community development	100%	100%
Inversiones Punta de Rieles Limitada	Chile	Chile	11	Investment	100%	100%
Ferrocarril Antofagasta a Bolivia	Chile	Chile	11	Railway	100%	100%
Inversiones Chilean Northern Mines Limitada	Chile	Chile	11	Investment	100%	100%
The Andes Trust Chile SA	Chile	Chile	11	Investment	100%	100%
Forestal SA	Chile	Chile	11	Forestry	100%	100%
Servicios de Transportes Integrados Limitada	Chile	Chile	11	Road transport	100%	100%
Inversiones Train Limitada	Chile	Chile	11	Investment	100%	100%
Servicios Logisticos Capricornio Limitada	Chile	Chile	11	Transport	100%	100%
Embarcadores Limitada	Chile	Chile	11	Transport	100%	100%
FCAB Ingenieria y Servicios DosLimitada	Chile	Chile	11	Transport	100%	100%
Inmobiliaria Parque Estación S.A.	Chile	Chile	11	Real Estates	100%	100%
Emisa Antofagasta SA	Chile	Chile	11	Transport	100%	100%

(i) Name change from Chilean Northern Mines Limited to Andean LFMA Investment Limited

(ii) Sociedad Contractual Minera El Encierro is a newly incorporated Group entity

Registered offices:

1 103 Mount Street, London, W1K 2TJ, UK
2 Avenida Apoquindo N° 4001, Piso 18, Las Condes, Santiago, Chile
3 22 Grenville Street, St Helier, Jersey, JE4 8PX3, Channel Islands
4 Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
5 1209 Orange Street, Wilmington, DE 19801, USA
6 6040 Earle Brown Drive, 480 Brooklyn Center, MN 55430, USA
7 161 Bay Street, Suite 4320, Toronto, Ontario, M5J 2S1, Canada
8 PO Box 958, Road Town, Tortola VG1110, British Virgin Islands
9 Riparian Plaza, Level 28, 71 Eagle Street, Brisbane, Qld 4001, Australia
10 Avenida Paseo de la Republica Nº 3245 Piso 3, Lima, Peru
11 Simon Bolivar 255, Antofagasta, Chile
12 6041 Earle Brown Drive, 480 Brooklyn Center, MN 55430, USA
13 1010 Dale Street N, St Paul, MN 55117-5603, USA
14 2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA
15 Unit 3309, IFC 2, 8 Century Avenue, Shanghai, China

With the exception of the Antofagasta Railway Company plc, all of the above Group companies have only one class of ordinary share capital in issue. The Antofagasta Railway Company plc has ordinary and preference share capital in issue, with the ordinary share capital representing 76% of the Company's total share capital, and the preference share capital representing 24%. Antofagasta plc holds 100% of both the ordinary and preference shares.

The proportion of voting rights is proportional to the economic interest for the companies listed above.

17 Disposal of investment in Tethyan joint venture

On 15 December 2022, Antofagasta entered into definitive agreements to exit its interest in the Tethyan joint venture. As a result of those agreements:

- the Reko Diq project in Pakistan (the "Project") was reconstituted in Reko Diq Mining Company (Private Limited) ("RDMC"). RDMC is the Pakistani registered subsidiary of Tethyan Copper Company Pty Limited ("TCC"), which is itself the Australian registered subsidiary of Atacama Copper Pty Limited ("Atacama"), the joint venture company registered in Australia and owned equally by the Company and Barrick Gold Corporation ("Barrick");
- a consortium of various Pakistani state-owned enterprises acquired shares in RDMC which holds the Project (the "Sale"); and
- as the International Centre for Settlement of Investment Disputes ("ICSID") award (to TCC) was resolved by reconstituting the Project, TCC no longer has any rights or claims against the Governments of Pakistan and Balochistan arising from the suspension of the Project in 2011.

The proceeds of the Sale which, together with accrued interest up to 15 December 2022 totalled US$946.0 million, are currently held by Atacama in a segregated interest-bearing account. Antofagasta and Barrick have agreed that the proceeds of this account, including all further interest received, less any Australian tax arising, will be distributed to the Antofagasta Group during 2023, on a date to be determined by Antofagasta. Atacama is seeking a binding private ruling to confirm that the Sale proceeds and their distribution to the Antofagasta Group will not be subject to Australian tax. The Australian corporate tax rate is 30%. Although Antofagasta will retain its shareholding in Atacama until the proceeds have been distributed, it no longer has any appointees on the board of the joint venture, is not entitled to exercise voting rights in Atacama, and is not required to provide any funding to, or permitted to receive any distributions from, Atacama other than the Sale proceeds. Antofagasta has therefore ceased to have an economic interest in Atacama and its subsidiaries as of 15 December 2022 other than being entitled from that date to receive an amount equal to the Sale proceeds and related interest less any Australian tax arising (whether before or after the distribution). Accordingly, Antofagasta has recognised a gain on disposal of its investment in the joint venture as at 15 December 2022 of $944.7 million, reflecting the Sale proceeds and related interest, working capital and other adjustments and the carrying value of the investment at that date. A receivable balance of $943.3 million in respect of the estimated proceeds due to Antofagasta has been recognised within Trade and other receivables in the balance sheet.

18 Investment in associates and joint ventures

	ATI (i) 2022 $m	Minera Zaldívar (ii) 2022 $m	Tethyan Copper (iii) 2022 $m	Total 2022 $m
Balance at the beginning of the year	**5.8**	**900.0**	**–**	**905.8**
Obligations on behalf of JV and associates at the beginning of the year	**–**	**–**	**(0.6)**	**(0.6)**
Share of profit/(loss) before tax	**2.0**	**69.3**	**(0.7)**	**70.6**
Share of tax	**(0.5)**	**(22.0)**	**–**	**(22.5)**
Share of profit/(loss) from JV and associates	**1.5**	**47.3**	**(0.7)**	**48.1**
Dividends receivable	**–**	**(50.0)**	**–**	**(50.0)**
Disposal of investment in JV	**–**	**–**	**1.3**	**1.3**
Balance at the end of the year	**7.3**	**897.3**	**–**	**904.6**
Obligations on behalf of JV and associates at the end of the year	**–**	**–**	**–**	**–**

	ATI (i) 2021 $m	Minera Zaldívar (ii) 2021 $m	Tethyan Copper (iii) 2021 $m	Total 2021 $m
Balance at the beginning of the year	5.6	909.0	–	914.6
Obligations on behalf of JV and associates at the beginning of the year	–	–	(1.1)	(1.1)
Capital contribution	–	–	9.5	9.5
Share of profit/(loss) before tax	0.2	99.0	(9.0)	90.2
Share of tax	–	(30.5)	–	(30.5)
Share of profit/(loss) from JV and associates	0.2	68.5	(9.0)	59.7
Dividends receivable	–	(77.5)	–	(77.5)
Balance at the end of the year	5.8	900.0	–	905.8
Obligations on behalf of JV and associates at the end of the year	–	–	(0.6)	(0.6)

The investments, which are included in the $904.6 million balances at 31 December 2022, are set out below:

Investment in associates

(i) The Group's 30% interest in Antofagasta Terminal Internacional ("ATI"), which operates a concession to manage installations in the port of Antofagasta.

Investment in joint ventures

(ii) The Group's 50% interest in Minera Zaldívar SpA ("Zaldívar").

(iii) The Group had a 50% interest in Tethyan Copper Company Limited ("Tethyan"), which was a joint venture with Barrick Gold Corporation in respect of the Reko Diq project in the Islamic Republic of Pakistan ("Pakistan"). As explained in Note 17, on 15 December 2022 Antofagasta entered into definitive agreements to exit its interest in the Tethyan joint venture and is therefore no longer recognised as a joint venture by the Group.

18 Investment in associates and joint ventures *continued*

As the net carrying value of the interest in Tethyan was negative, it was included within non-current liabilities, as the Group was liable for its share of the joint venture's obligations.

Summarised financial information for the associates is as follows:

	ATI 2022 $m	ATI 2021 $m
Cash and cash equivalents	**0.4**	1.2
Current assets	**18.2**	13.7
Non-current assets	**91.8**	99.3
Current liabilities	**(19.3)**	(22.5)
Non-current liabilities	**(69.5)**	(75.0)
Revenue	**55.2**	47.2
Profit from continuing operations	**5.1**	1.3
Total comprehensive income	**5.1**	1.3

Summarised financial information for the joint ventures is as follows:

	Minera Zaldívar 2022 $m	Total 2022 $m
Cash and cash equivalents	**70.1**	**70.1**
Current assets[1]	**661.8**	**661.8**
Non-current assets	**1,658.6**	**1,658.6**
Current financial liabilities (excluding trade, other payables and provisions)	**(53.2)**	**(53.2)**
Current liabilities	**(159.3)**	**(159.3)**
Non-current financial liabilities (excluding trade, other payables and provisions)	**(68.3)**	**(68.3)**
Non-current liabilities	**(203.3)**	**(203.3)**
Revenue	**783.4**	**783.4**
Depreciation and amortisation	**(149.2)**	**(149.2)**
Interest income	**1.5**	**1.5**
Interest expense	**(0.8)**	**(0.8)**
Income tax expense	**(43.9)**	**(43.9)**
Profit/(loss) after tax from continuing operations	**94.6**	**94.6**
Total comprehensive income/(expense)	**94.6**	**94.6**

1. The current assets include cash and cash equivalents

	Tethyan Copper 2021 $m	Minera Zaldívar 2021 $m	Total 2021 $m
Cash and cash equivalents	3.6	46.4	50.0
Current assets[1]	3.6	664.0	667.6
Non-current assets	–	1,675.1	1,675.1
Current financial liabilities (excluding trade, other payables and provisions)	–	(54.3)	(54.3)
Current liabilities	(5.1)	(170.2)	(175.3)
Non-current financial liabilities (excluding trade, other payables and provisions)	–	(124.4)	(124.4)
Non-current liabilities	(0.1)	(155.1)	(155.2)
Revenue	–	849.2	849.2
Depreciation and amortisation	(3.0)	(160.4)	(163.4)
Interest income	2.0	0.3	2.3
Interest expense	–	(0.5)	(0.5)
Income tax expense	–	(62.1)	(62.1)
Loss/(profit) after tax from continuing operations	(18.0)	137.1	119.1
Total comprehensive (expense)/income	(18.0)	137.1	119.1

1. The current assets include cash and cash equivalents

The above summarised financial information is based on the amounts included in the IFRS financial statements of the associate or joint venture (100% of the results or balances of the associate or joint venture, rather than the Group's proportionate share), after the Group's fair value adjustments and applying the Group's accounting policies.

19 Equity investments

	2022 $m	2021 $m
Balance at the beginning of the year	**8.7**	11.1
Acquisition	**66.5**	–
Movement in fair value	**15.8**	(2.1)
Foreign currency exchange differences	**(0.5)**	(0.3)
Balance at the end of the year	**90.5**	8.7

Equity investments represent those investments which are not subsidiaries, associates or joint ventures and are not held for trading purposes. The fair value of all equity investments are based on quoted market prices.

20 Inventories

	2022 $m	2021 $m
Current		
Raw materials and consumables	**221.4**	155.6
Work-in-progress	**404.9**	316.5
Finished goods	**81.8**	60.7
	708.1	532.8
Non-current		
Work-in-progress	**347.0**	270.4
Total	**1,055.1**	803.2

During 2022, no net realisable value ("NRV") adjustment has been recognised (2021 – nil). Non-current work-in-progress represents inventory expected to be processed more than 12 months after the balance sheet date.

21 Trade and other receivables

Trade and other receivables do not generally carry any interest, are principally short term in nature and are normally stated at their nominal value less any impairment.

	Due in one year		Due after one year		Total	
	2022 $m	2021 $m	**2022 $m**	2021 $m	**2022 $m**	2021 $m
Trade receivables	**997.1**	1,040.0	**–**	–	**997.1**	1,040.0
Other receivables[1]	**1,090.1**	106.1	**51.0**	51.2	**1,141.1**	157.3
	2,087.2	1,146.1	**51.0**	51.2	**2,138.2**	1,197.3

1. At 31 December 2022, the Other receivables balance includes the proceeds receivable in respect of the Group's disposal of its investment in the Tethyan joint venture. As detailed in Note 17, the proceeds are currently held by Atacama in a segregated interest-bearing account with an A+ rated bank.

The largest balances of trade receivables are with equity participants in the key mining projects. Many other significant trade receivables are secured by letters of credit or other forms of security. There is no material element which is interest-bearing, other than the Tethyan receivable noted above. Trade receivables include mark-to-market adjustments in respect of provisionally priced sales of copper and molybdenum concentrates which remain open as to final pricing. Further details of such adjustments are given in Note 7. Other receivables include employee loans of $49.3 million (31 December 2021 – $42.9 million).

Movements in the expected credit loss provision were as follows:

	2022 $m	2021 $m
Balance at the beginning of the year	**(1.2)**	(1.5)
Utilised in year	**0.2**	0.1
Foreign currency exchange difference	**–**	0.2
Balance at the end of the year	**(1.0)**	(1.2)

The ageing analysis of the trade and other receivables balance is as follows:

	Up to date $m	**Up to 3 months past due $m**	**3-6 months past due $m**	**More than 6 months past due $m**	**Total excluding expected credit loss provision $m**	**Expected credit loss provision $m**	**Total $m**
2022	**2,098.8**	**36.8**	**1.2**	**2.4**	**2,139.2**	**(1.0)**	**2,138.2**
2021	1,187.1	8.4	0.3	2.7	1,198.5	(1.2)	1,197.3

With respect to the trade receivables that are neither past due nor impaired, there are no indications that the debtors will not meet their payment obligations. The carrying value of the trade receivables recorded in the financial statements represents the Group's maximum exposure to credit risk.

22 Cash and cash equivalents, and liquid investments

The fair value of cash and cash equivalents, and liquid investments is not materially different from the carrying values presented. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Cash and cash equivalents, and liquid investments comprised:

	2022 $m	2021 $m
Cash and cash equivalents	**810.4**	743.4
Liquid investments	**1,580.8**	2,969.7
	2,391.2	3,713.1

At 31 December 2022 and 2021 there is no cash which is subject to restriction.

The denomination of cash, cash equivalents and liquid investments was as follows:

	2022 $m	2021 $m
US dollars	**2,371.1**	3,673.8
Chilean pesos	**18.8**	37.8
Sterling	**1.0**	1.2
Other	**0.3**	0.3
	2,391.2	3,713.1

The credit quality of cash, cash equivalents and liquid investments are as follow:

	2022 $m	2021 $m
AAA	**1,476.7**	1,772.4
AA+	**–**	2.2
AA	**–**	54.4
AA-	**36.5**	121.1
A+	**303.0**	799.5
A	**484.1**	904.0
Subtotal	**2,300.3**	3,653.6
Cash at bank[1]	**90.9**	59.5
Total cash, cash equivalents and liquid investments	**2,391.2**	3,713.1

1. Cash at bank is held with investment grade financial institutions.

There have been no impairments recognised in respect of cash or cash equivalents in the year ended 31 December 2022 (31 December 2021 – nil).

23 Borrowings and other financial liabilities

A) Analysis by type of borrowing and other financial liabilities

Borrowings and other financial liabilities may be analysed by business segment and type as follows:

	Note	2022 $m	2021 $m
Los Pelambres			
• Senior loan	(i)	**(1,470.5)**	(1,188.3)
• Leases		**(55.3)**	(54.8)
Centinela			
• Senior loan	(ii)	**(276.7)**	(386.8)
• Leases		**(35.2)**	(59.8)
Antucoya			
• Senior loan	(iii)	**(223.5)**	(196.3)
• Subordinated debt	(iv)	**(171.5)**	(184.5)
• Short-term loan		**–**	(35.0)
• Leases	(v)	**(16.5)**	(23.4)
Corporate and other items			
• Senior loan	(vi)	**–**	(497.3)
• Bond	(vii)	**(985.3)**	(496.1)
• Leases	(viii)	**(23.1)**	(20.4)
Transport division			
• Senior loan	(ix)	**(15.3)**	(25.8)
• Leases		**(1.6)**	(1.4)
Preference shares	(ix)	**(2.5)**	(2.7)
Total		**(3,277.0)**	(3,172.6)

(i) The senior loan at Los Pelambres represents a $1,491 million US dollar denominated syndicated loan divided in three tranches. The first tranche has a remaining duration of 3 years and an interest rate of US LIBOR six-month rate plus 1.05%. The second tranche has a remaining duration of 6 years and an interest rate of US LIBOR six-month rate plus 0.85%. The third tranche has a remaining duration of 5.5 years and an interest rate of US LIBOR six-month rate plus 1.10%. The loans are subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained.

(ii) The senior loan at Centinela represents a US dollar denominated syndicated loan with an amount outstanding of $278 million with a duration of 3 years and an interest rate of US LIBOR six-month rate plus 0.95%. The loan is subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained.

(iii) The senior loan at Antucoya represents a US dollar denominated syndicated loan with an amount outstanding of $225 million. This loan has a remaining duration of 4 years and has an interest rate of Term SOFR six-month rate plus 1.40%. The loan is subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained.

(iv) The subordinated debt at Antucoya is US dollar denominated, provided to Antucoya by Marubeni Corporate with a remaining duration of 4 years and an interest rate of US LIBOR six-month rate plus 3.65%. Subordinated debt provided by Group companies to Antucoya has been eliminated on consolidation.

(v) The finance leases at Antucoya are denominated in US dollars with an average interest rate of US LIBOR six-month rate plus 2.0% and a remaining duration of 1.5 years.

(vi) During the year ended 31 December 2022, Antofagasta plc made a $500 million repayment of the senior loan.

(vii) The bonds at Corporate reflect two corporate bonds – a $500 million 2.375% corporate bond due in 2030 and a $500 million 5.625% corporate bond due in 2032.

(viii) Finance leases at Corporate and other items are denominated in Unidades de Fomento (ie inflation-linked Chilean pesos) and have a remaining duration of 4 years and are at fixed rates with an average interest rate of 5.2%.

(ix) The long-term loans at the Transport division are US dollar denominated, with an outstanding amount of $15 million and a remaining duration of 1 year and an interest rate of US LIBOR six-month rate plus 1.06%.

(x) The preference shares are Sterling-denominated and issued by Antofagasta plc. There are 2 million shares of £1 each authorised, issued and fully paid. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders, but are not entitled to participate further in any surplus. Each preference share carries 100 votes in any general meeting of the Company.

B) Leases

Information in respect of the Group's leases is contained in the following notes:

- Note 15 – depreciation charges, additions and disposals in respect of the right of use assets relating to the leases
- Note 32 B) – repayments of the lease balances and new lease liabilities arising during the period
- Note 10 – interest expense in respect of the lease balances
- Note 10 – cash paid relating to interest on lease

C) Analysis of borrowings and other financial liabilities by currency

The exposure of the Group's borrowings to currency risk is as follows:

At 31 December 2022	Chilean pesos $m	Sterling $m	US dollars $m	2022 Total $m
Corporate loans	**(0.3)**	**–**	**(1,985.7)**	**(1,986.0)**
Bond	**–**	**–**	**(985.3)**	**(985.3)**
Other loans (including short-term loans)	**–**	**–**	**(171.5)**	**(171.5)**
Leases	**(115.1)**	**(3.9)**	**(12.7)**	**(131.7)**
Preference shares	**–**	**(2.5)**	**–**	**(2.5)**
	(115.4)	**(6.4)**	**(3,155.2)**	**(3,277.0)**

At 31 December 2021	Chilean pesos $m	Sterling $m	US dollars $m	2021 Total $m
Corporate loans	-	-	(2,294.5)	(2,294.5)
Bond	-	-	(496.1)	(496.1)
Other loans (including short-term loans)	-	-	(219.5)	(219.5)
Leases	(113.5)	(4.3)	(42.0)	(159.8)
Preference shares	-	(2.7)	-	(2.7)
	(113.5)	(7.0)	(3,052.1)	(3,172.6)

D) Analysis of borrowings and other financial liabilities by type of interest rate

The exposure of the Group's borrowings to interest rate risk is as follows:

At 31 December 2022	Fixed $m	Floating $m	2022 Total $m
Corporate loans	**(15.5)**	**(1,970.5)**	**(1,986.0)**
Bond	**(985.3)**	**–**	**(985.3)**
Other loans (including short-term loans)	**–**	**(171.5)**	**(171.5)**
Leases	**(125.7)**	**(6.0)**	**(131.7)**
Preference shares	**(2.5)**	**–**	**(2.5)**
	(1,129.0)	**(2,148.0)**	**(3,277.0)**

At 31 December 2021	Fixed $m	Floating $m	2021 Total $m
Corporate loans	–	(2,294.5)	(2,294.5)
Bond	(496.1)	–	(496.1)
Other loans (including short-term loans)	–	(219.5)	(219.5)
Leases	(143.9)	(15.9)	(159.8)
Preference shares	(2.7)	–	(2.7)
	(642.7)	(2,529.9)	(3,172.6)

23 Borrowings and other financial liabilities *continued*

E) Maturity profile

The maturity profile of the Group's borrowings is as follows:

At 31 December 2022	Within 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2022 Total $m
Corporate loans	**(377.4)**	**(531.7)**	**(927.7)**	**(149.2)**	**(1986.0)**
Bond	**–**	**–**	**–**	**(985.3)**	**(985.3)**
Other loans	**–**	**–**	**(171.5)**	**–**	**(171.5)**
Leases	**(55.1)**	**(39.5)**	**(35.9)**	**(1.2)**	**(131.7)**
Preference shares	**–**	**–**	**–**	**(2.5)**	**(2.5)**
	(432.5)	**(571.2)**	**(1,135.1)**	**(1,138.2)**	**(3.277.0)**

At 31 December 2021	Within 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2021 Total $m
Corporate loans	(233.0)	(367.0)	(1,526.7)	(167.8)	(2,294.5)
Bond	–	–	–	(496.1)	(496.1)
Other loans	(35.0)	–	(184.5)	–	(219.5)
Leases	(69.9)	(38.2)	(51.7)	–	(159.8)
Preference shares	–	–	–	(2.7)	(2.7)
	(337.9)	(405.2)	(1,762.9)	(666.6)	(3,172.6)

The amounts included above for leases are based on the present value of minimum lease payments.

The total minimum lease payments for these leases may be analysed as follows:

	2022 $m	2021 $m
Within 1 year	**(62.1)**	(74.7)
Between 1 – 2 years	**(40.1)**	(40.5)
Between 2 – 5 years	**(37.6)**	(54.8)
After 5 years	**(1.3)**	-
Total minimum lease payments	**(141.1)**	(170.0)
Less amounts representing finance charges	**9.4**	10.2
Present value of minimum lease payments	**(131.7)**	(159.8)

All leases are on a fixed payment basis and no arrangements have been entered into for contingent rental payments.

F) Financing Facilities

On 30 December, 2022, Antofagasta plc agreed a revolving credit facility "RCF" of $500 million. This revolving credit facility has a term of three years, which expires on 30 December, 2025.

The facility remained undrawn throughout 2022.

	Facility available		Drawn		Undrawn	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Revolving credit facility	**(500.0)**	–	**–**	–	**(500.0)**	–
	(500.0)	–	**–**	–	**(500.0)**	–

24 Trade and other payables

	Due in one year		Due after one year		Total	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Trade creditors	**(751.5)**	(579.5)	**–**	–	**(751.5)**	(579.5)
Other creditors and accruals	**(328.2)**	(249.6)	**(8.0)**	(16.8)	**(336.2)**	(266.4)
	(1,079.7)	(829.1)	**(8.0)**	(16.8)	**(1,087.7)**	(845.9)

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Other creditors are mainly related to property plant and equipment payables, finance interest and employee retentions.

The average credit period taken for trade purchases is 18 days (2021 – 20 days).

25 Financial instruments and financial risk management

A) Categories of financial instruments

The carrying value of financial assets and financial liabilities is shown below:

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	2022 $m Total
Financial assets				
Equity investments	–	90.5	–	90.5
Trade and other receivables	897.2	–	1,047.5	1,944.7
Cash and cash equivalents	8.5	–	801.9	810.4
Liquid investments	1,580.8	–	–	1,580.8
	2,486.5	90.5	1,849.4	4,426.4
Financial liabilities				
Borrowings and leases	–	–	(3,277.0)	(3,277.0)
Trade and other payables	–	–	(1,067.3)	(1,067.3)
	–	–	(4,344.3)	(4,344.3)

	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	2021 $m Total
Financial assets				
Equity investments	–	8.7	–	8.7
Trade and other receivables	1,011.7	–	83.3	1,095.0
Cash and cash equivalents	–	–	743.4	743.4
Liquid investments	2,969.7	–	–	2,969.7
	3,981.4	8.7	826.7	4,816.8
Financial liabilities				
Trade and other payables	–	–	(835.6)	(835.6)
Borrowings and leases	–	–	(3,172.6)	(3,172.6)
	–	–	(4,008.2)	(4,008.2)

The fair value of the fixed rate bonds included within the "Borrowings and leases" category was $899.4 million at 31 December 2022 compared with its carrying value of $985.3 million. The fair value of all other financial assets and financial liabilities carried at amortised cost approximates the carrying value presented above.

The Group has the following financial instruments:

	2022 $m	2021 $m
Financial assets		
Trade and other receivables (non-current) per balance sheet	51.0	51.2
Trade and other receivables (current) per balance sheet	2,087.2	1,146.1
Total trade and other receivables per balance sheet	2,138.2	1,197.3
Less: non-financial assets (including prepayments and VAT receivables)	(193.5)	(102.3)
Total trade and other receivables (financial assets)	1,944.7	1,095.0
Financial liabilities		
Trade and other payables (current) per balance sheet	(1,079.7)	(829.1)
Trade and other payables (non-current) per balance sheet	(8.0)	(16.8)
Total trade and other payables per balance sheet	(1,087.7)	(845.9)
Less: non-financial liabilities (including VAT payables)	20.4	10.3
Total trade and other payables (financial liabilities)	(1,067.3)	(835.6)

25 Financial instruments and financial risk management *continued*

B) Fair value of financial instruments

An analysis of financial assets and financial liabilities measured at fair value is presented below:

	Level 1 $m	Level 2 $m	Level 3 $m	Total 2022 $m
Financial assets				
Equity investments (a)	**90.5**	**–**	**–**	**90.5**
Trade and other receivables (b)	**–**	**897.2**	**–**	**897.2**
Cash and cash equivalents (c)	**8.5**			**8.5**
Liquid investment (d)	**–**	**1,580.8**	**–**	**1,580.8**
	99.0	**2,478.0**	**–**	**2,577.0**

	Level 1 $m	Level 2 $m	Level 3 $m	Total 2021 $m
Financial assets				
Equity investments (a)	8.7	–	–	8.7
Trade and other receivables (b)	–	1,011.7	–	1,011.7
Liquid investment (d)	–	2,969.7	–	2,969.7
	8.7	3,981.4	–	3,990.1

Recurring fair value measurements are those that are required in the balance sheet at the end of each reporting year.

a) Equity investments are investments in shares on active markets and are valued using unadjusted quoted market values of the shares at the financial reporting date. These are level 1 inputs as described below.

b) Provisionally priced metal sales for the period are marked-to-market at the end of the period. Gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and trade receivables in the balance sheet. Forward prices at the end of the period are used for copper sales while period-end average prices are used for molybdenum concentrate sales. These are level 2 inputs as described below.

c) The element of cash and cash equivalents measured at fair value relates to money market funds, which are valued reflecting market prices at the period end. These are level 1 inputs as described below.

d) Liquid investments are highly liquid current asset investments that are valued reflecting market prices at the period end. These are level 2 inputs as described below.

The inputs to the valuation techniques described above are categorised into three levels, giving the highest priority to unadjusted quoted prices in active markets (level 1) and the lowest priority to unobservable inputs (level 3 inputs):

- Level 1 fair value measurement inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurement inputs are derived from inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurement inputs are unobservable inputs for the asset or liability.

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the year ended 31 December 2022, there were no transfers between levels in the hierarchy.

C) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including commodity price risk, currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group periodically uses derivative financial instruments, to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Board of Directors is responsible for overseeing the Group's risk management framework. The Audit and Risk Committee assists the Board with its review of the effectiveness of the risk management process, and monitoring of key risks and mitigations. The Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

(I) Commodity price risk

The Group generally sells its copper and molybdenum concentrate and copper cathode output at prevailing market prices, subject to final pricing adjustments which normally range from one to four months after delivery to the customer, and it is therefore exposed to changes in market prices for copper and molybdenum both in respect of future sales and previous sales, which remain open as to final pricing. In 2022, sales of copper and molybdenum concentrate and copper cathodes represented 90.4% of Group revenue and therefore revenues and earnings depend significantly on LME and realised copper prices.

The Group periodically uses futures and min-max options to manage its exposure to copper prices. These instruments may give rise to accounting volatility due to fluctuations in their fair value prior to the maturity of the instruments. Details of those copper and molybdenum concentrate sales and copper cathode sales, which remain open as to final pricing, are given in Note 7.

Commodity price sensitivity

The sensitivity analysis below shows the impact of a movement in the copper price on the financial instruments held as at the reporting date.
A movement in the copper market price as at the reporting date will affect the final pricing adjustment to sales that remain open at that date, impacting the trade receivables balance and consequently the income statement. A movement in the copper market price will also affect the valuation of

commodity derivatives, impacting the hedging reserve in equity if the fair value movement relates to an effective designated cash flow hedge, and impacting the income statement if it does not. The calculation assumes that all other variables, such as currency rates, remain constant.

- If the copper market price as at the reporting date had increased by 10 c/lb, profit attributable to the owners of the parent would have increased by $19.8 million (2021 – increase by $18.4 million).
- If the copper market price as at the reporting date had decreased by 10 c/lb, profit attributable to the owners of the parent would have decreased by $19.8 million (2021 – decrease by $18.4 million). In addition, a movement in the average copper price during the year would impact revenue and earnings. A 10 c/lb change in the average copper price during the year would have affected profit attributable to the owners of the parent by $58.7 million (2021 – $64.8 million) and earnings per share by 6.0 cents (2021 – 6.6 cents), based on production volumes in 2022, without taking into account the effects of provisional pricing. A $1 /lb change in the average molybdenum price for the year would have affected profit attributable to the owners of the parent by $9.5 million (2021 – $9.2 million), and earnings per share by 1.0 cents (2021 – 0.9 cents), based on production volumes in 2022, and without taking into account the effects of provisional pricing. A $100 /oz change in the average gold price for the year would have affected profit attributable to the owners of the parent by $11.6 million (2021 – $11.5 million), and earnings per share by 1.2 cents (2021 – 1.2 cents), based on production volumes in 2022, and without taking into account the effects of provisional pricing.

(II) Currency risk

The Group is exposed to a variety of currencies. The US dollar, however, is the currency in which the majority of the Group's sales are denominated. Operating costs are influenced by the countries in which the Group's operations are based (principally in Chile) as well as those currencies in which the costs of imported goods and services are determined. After the US dollar, the Chilean peso is the most important currency influencing costs and to a lesser extent sales.

Given the significance of the US dollar to the Group's operations, this is the presentational currency of the Group for internal and external reporting. The US dollar is also the currency for borrowing and holding surplus cash, although a portion of this may be held in other currencies, notably Chilean pesos and Sterling, to meet short-term operating and capital commitments and dividend payments.

When considered appropriate, the Group uses forward exchange contracts and currency swaps to limit the effects of movements in exchange rates in foreign currency denominated assets and liabilities. The Group may also use these instruments to reduce currency exposure on future transactions and cash flows. Details of any exchange rate derivatives entered by the Group in the year are given in Note 25(D).

The currency exposure of the Group's cash, cash equivalents and liquid investments is given in Note 22, and the currency exposure of the Group's borrowings is given in Note 23(C). The effects of exchange gains and losses included in the income statement are given in Note 10. Exchange differences on translation of the net assets of entities with a functional currency other than the US dollar are taken to the currency translation reserve and are disclosed in the Consolidated Statement of Changes in Equity on page 182.

Currency sensitivity

The sensitivity analysis below shows the impact of a movement in the US dollar/Chilean peso exchange rate on the financial instruments held as at the reporting date.

The impact on profit or loss is as a result of the retranslation of monetary financial instruments (including cash, cash equivalents, liquid investments, trade receivables, trade payables and borrowings). The impact on equity is as a result of changes in the fair value of derivative instruments which are effective designated cash flow hedges, and changes in the fair value of equity investments. The calculation assumes that all other variables, such as interest rates, remain constant.

If the US dollar had strengthened by 10% against the Chilean peso as at the reporting date, profit attributable to the owners of the parent would have increased by $19.1 million (2021 – increase of $6.1 million). If the US dollar had weakened by 10% against the Chilean peso as at the reporting date, profit attributable to the owners of the parent would have decreased by $23.3 million (2021 – decrease of $7.4 million).

(III) Interest rate risk

The Group's policy is generally to borrow and invest cash at floating rates. Fluctuations in interest rates may impact the Group's net finance income or cost, and to a lesser extent the value of financial assets and liabilities. The Group occasionally uses interest rate swaps and collars to manage interest rate exposures on a portion of its existing borrowings. Details of any interest rate derivatives entered into by the Group are given in Note 23(D).

The Interest rate exposure of the Group's borrowings is given in Note 23.

Interest rate sensitivity

The sensitivity analysis below shows the impact of a movement in interest rates in relation to the financial instruments held as at the reporting date. The impact on profit or loss reflects the impact on annual interest expense in respect of the floating rate borrowings held as at the reporting date, and the impact on annual interest income in respect of cash and cash equivalents held as at the reporting date. The impact on equity is as a result of changes in the fair value of derivative instruments which are effective designated cash flow hedges. The calculation assumes that all other variables, such as currency rates, remain constant.

If the interest rate increased by 1%, based on the financial instruments held as at the reporting date, profit attributable to the owners of the parent would have decreased by $3.3 million (2021 – decrease of $6.4 million). This does not include the effect on the income statement of changes in the fair value of the Group's liquid investments relating to the underlying investments in fixed income instruments.

(IV) Other price risk

The Group is exposed to equity price risk on its equity investments.

Equity price sensitivity

The sensitivity analysis below shows the impact of a movement in the equity values of the equity investment financial assets held as at the reporting date.

If the value of the equity investments had increased by 10% as at the reporting date, equity would have increased by $9.1 million (2021 – increase of $0.9 million). There would have been no impact on the income statement.

25 Financial instruments and financial risk management *continued*

(V) Cash flow risk

The Group's future cash flows depend on a number of factors, including commodity prices, production and sales levels, operating costs, capital expenditure levels, and financial income and costs. Its cash flows are therefore subject to the exchange, interest rate and commodity price risks described above as well as operating factors and input costs. To reduce the risk of potential short-term disruptions to the supply of key inputs such as electricity and sulphuric acid, the Group enters into medium and long-term supply contracts to help ensure continuity of supply. Long-term electricity supply contracts are in place at each of the Group's mines, in most cases linking the cost of electricity under the contract to the current cost of electricity on the Chilean grid or the generation cost of the supplier. The Group seeks to lock in supply of sulphuric acid for future periods of a year or longer, with contract prices agreed in the latter part of the year, to be applied to purchases of acid in the following year. Further information on production and sales levels and operating costs are given in the Operating review on pages 76 to 93.

(VI) Credit risk

Credit risk arises from trade and other receivables, cash, cash equivalents, liquid investments and derivative financial instruments. The Group's credit risk is primarily to trade receivables. The credit risk on cash, cash equivalents and liquid investments and on derivative financial instruments is limited as the counterparties are financial institutions with high credit ratings assigned by international credit agencies.

The largest balances of trade receivables are with equity participants in the key mining projects. Many other significant trade receivables are secured by letters of credit or other forms of security. All customers are subject to credit review procedures, including the use of external credit ratings where available. Credit is provided only within set limits, which are regularly reviewed. The main customers are recurrent with a good credit history during the years they have been customers.

Outstanding receivable balances are monitored on an ongoing basis.

The carrying value of financial assets recorded in the financial statements represents the maximum exposure to credit risk. The amounts presented in the balance sheet are net of allowances for any doubtful receivables (Note 21).

The Group has recognised an expected credit loss provision for its employee receivables, with the main inputs into the provision calculation being the average level of staff turnover and the average level of recovery of receivables from former employees. For the reasons set out above, the expected credit loss risk for other trade and other receivable balances is considered to be immaterial to the Group.

(VII) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and financing facilities, through the review of forecast and actual cash flows.

The Group typically holds surplus cash in demand or term deposits or highly liquid investments, which typically can be accessed or liquidated within 24 hours.

At the end of 2022, the Group was in a net debt position (2021 – net cash position), as disclosed in Note 32(C). Details of cash, cash equivalents and liquid investments are given in Note 22, while details of borrowings including the maturity profile are given in Note 23(E). Details of undrawn committed borrowing facilities are also given in Note 23.

The following table analyses the maturity of the Group's contractual commitments in respect of its financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

At 31 December 2022	Less than 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2022 Total $m
Corporate loans	**(475.7)**	**(609.4)**	**(1,017.8)**	**(163.3)**	**(2,266.2)**
Other loans (including short-term loans and bond)	**(60.5)**	**(40.0)**	**(290.8)**	**(1,176.3)**	**(1,567.6)**
Leases	**(62.1)**	**(40.4)**	**(37.9)**	**(1.3)**	**(141.7)**
Preference shares*	**(0.1)**	**(0.1)**	**(0.3)**	**(2.5)**	**(3.0)**
Trade and other payables	**(1,079.8)**	**(4.0)**	**(3.9)**	**–**	**(1,087.7)**
	(1,678.2)	**(693.9)**	**(1,350.7)**	**(1,343.4)**	**(5,066.2)**

At 31 December 2021	Less than 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2021 Total $m
Corporate loans	(267.1)	(398.5)	(1,574.8)	(170.6)	(2,411.0)
Other loans (including short-term loans and bond)	(47.0)	(11.9)	(242.7)	(555.5)	(857.1)
Leases	(74.7)	(40.5)	(54.5)	–	(169.7)
Preference shares*	(0.1)	(0.1)	(0.3)	(2.7)	(3.2)
Trade and other payables	(829.1)	(16.8)	–	–	(845.9)
	(1,218.0)	(467.8)	(1,872.3)	(728.8)	(4,286.9)

* The preference shares pay an annual dividend of £100,000 in perpetuity, and accordingly it is not possible to determine total amounts payable for periods without a fixed end date.

(VIII) Capital risk management

The Group's objectives are to return capital to shareholders while leaving the Group with sufficient funds to progress its short, medium and long-term growth plans as well as preserving the financial flexibility to take advantage of opportunities as they may arise. This policy remains unchanged.

The Group monitors capital on the basis of net cash/debt (defined as cash, cash equivalents and liquid investments less borrowings) which was net debt of $885.8 million at 31 December 2022 (2021 – net cash $540.5 million), as well as gross cash (defined as cash, cash equivalents and liquid investments) which was $2,391.2 million at 31 December 2022 (2021 – $3,713.1 million). The Group's total cash is held in a combination of on demand and term deposits and managed funds investing in high quality, fixed income instruments. The managed funds are held primarily for investment purposes rather than meeting short-term cash commitments and accordingly these amounts are presented as liquid investments; however they are included in net cash for monitoring and decision-making purposes. The Group has a risk averse investment strategy. The Group's borrowings are detailed in Note 23. Additional project finance or shareholder loans are taken out by the operating subsidiaries to fund projects on a case-by-case basis.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

1) Net Financial Debt/EBITDA

2) EBITDA/Interest Expense

3) Total Indebtedness/Tangible Net Worth (being the net asset value less any intangible asset value)

The Group has complied with these covenants throughout the reporting period.

D) Derivative financial instruments

The Group periodically uses derivative financial instruments, to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Group has applied the hedge accounting provisions of IFRS 9 "Financial Instruments". Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in the income statement in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in the income statement. Realised gains and losses on commodity derivatives recognised in the income statement have been recorded within revenue. The time value element of changes in the fair value of derivative options is recognised within other comprehensive income. Realised gains and losses and changes in the fair value of exchange and interest derivatives are recognised within other finance items for those derivatives where hedge accounting has not been applied. When hedge accounting has been applied, the realised gains and losses on exchange and interest derivatives are recognised within other finance items and interest expense respectively. All derivatives were closed in 2021 and there are none entered into in 2022.

26 Long-term incentive plan

The long-term incentive plan (the "Plan") forms part of the remuneration of senior managers in the Group. Directors are not eligible to participate in the Plan.

Details of the Awards

Under the Plan, the Group may grant awards based on the price of ordinary shares in the Company and cannot grant awards over actual shares.

- Restricted Awards: These awards are conditional rights to receive cash payment by reference to a specified number of the Company's ordinary shares, subject to the relevant employee remaining employed by the Group when the Restricted Award vests, and
- Performance Awards: These awards are conditional rights to receive cash payment by reference to a specified number of the Company's ordinary shares subject to both the satisfaction of a performance condition and the relevant employee remaining employed by the Group when the Performance Award vests.

When awards vest under the Plan, participants become entitled to receive a cash payment by reference to the number and portion of awards that have vested and the market value of the Company's ordinary shares on the date of vesting. There is no exercise price payable by participants in respect of the awards.

Restricted Awards can only vest in full if participants remain employed by the Group for three years from the date that Restricted Awards are granted. In ordinary circumstances, the first one-third of a Restricted Award will vest after one year, the second one-third will vest after two years and the remaining one-third will vest after three years. There are no performance criteria attached to Restricted Awards. The fair value of Restricted Awards granted under the Plan is recorded as a compensation expense over the vesting periods, with a corresponding liability recognised for the fair value of the liability at the end of each period until settled.

Performance Awards only vest if certain performance criteria are met. The performance criteria reflect a number of factors including total shareholder return, earnings levels, growth in the Group's reserves and resources and project delivery targets. The fair value of Performance Awards under the Plan is recorded as a compensation expense over the vesting period, with a corresponding liability at the end of each period until settled.

26 Long-term incentive plan *continued*

Valuation process and accounting for the awards

The fair value of the awards is determined using a Monte Carlo simulation model. The inputs into the Monte Carlo simulation model are as follows:

	2022	2021
Weighted average forecast share price at vesting date	**$18.5**	$18.0
Expected volatility	**50.90%**	39.23%
Expected life of awards	**3 years**	3 years
Expected dividend yields	**6.77%**	3.94%
Discount rate	**4.33%**	0.08%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous five years. The expected life of awards used in the model has been adjusted based on management's best estimate for the effects of non-transferability and compliance of the objectives determined according to the characteristic of each plan.

The number of awards outstanding at the end of the year is as follows:

	Restricted Awards	Performance Awards
Outstanding at 1 January 2022	**544,143**	**1,385,475**
Granted during the year	**214,812**	**336,206**
Cancelled during the year	**(38,330)**	**(128,513)**
Payments during the year	**(282,106)**	**(416,221)**
Outstanding at 31 December 2022	**438,519**	**1,176,947**
Number of awards that have vested	**213,594**	**–**

The Group has recorded a liability of $17.2 million at 31 December 2022, of which $4.7 million is due after more than one year (31 December 2022 – $18.9 million of which $9.2 million was due after more than one year) and total expenses of $13.1 million for the year (2021 – expense of $9.0 million).

27 Post-employment benefit obligations

A) Defined contribution schemes

The Group operates defined contribution schemes for a limited number of employees. The amount charged to the income statement in 2022 was $0.1 million (2021 – $0.1 million), representing the amount paid in the year. There were no outstanding amounts which remain payable at the end of either year.

B) Severance provisions

Employment terms at some of the Group's operations provide for payment of a severance payment when an employment contract comes to an end. This is typically at the rate of one month for each year of service (subject in most cases to a cap as to the number of qualifying years of service) and based on final salary level. The severance payment obligation is treated as an unfunded defined benefit plan, and the obligation recognised is based on valuations performed by an independent actuary using the projected unit credit method, which are regularly updated. The obligation recognised in the balance sheet represents the present value of the severance payment obligation. Actuarial gains and losses are immediately recognised in other comprehensive income.

The most recent valuation was carried out in 2022 by Ernst & Young, a qualified actuary in Santiago, Chile who is not connected with the Group.

The main assumptions used to determine the actuarial present value of benefit obligations were as follows:

	2022 %	2021 %
Average nominal discount rate	**5.3%**	6.3%
Average rate of increase in salaries	**2.2%**	2.3%
Average staff turnover	**3.5%**	4.9%

Amounts included in the income statement in respect of severance provisions are as follows:

	2022 $m	2021 $m
Current service cost (charge to operating profit)	**(19.1)**	(19.8)
Interest cost (charge to other finance items)	**(6.8)**	(3.6)
Foreign exchange credit/(charge) to other finance items	**1.5**	19.6
Total charge to income statement	**(24.4)**	(3.8)

Movements in the present value of severance provisions were as follows:

	2022 $m	2021 $m
Balance at the beginning of the year	**(107.5)**	(123.2)
Current service cost	**(19.1)**	(19.8)
Actuarial (losses)/gains	**(18.1)**	3.1
Unwinding of discount on provisions	**(6.8)**	(3.6)
Paid in the year	**12.7**	16.4
Foreign currency exchange difference	**1.5**	19.6
Balance at the end of the year	**(137.3)**	(107.5)

Assumptions description

Discount rate

	31 December 2022	31 December 2021
Nominal discount rate	**5.34%**	6.50%
Reference rate name	**20 year Chilean Central Bank Bonds**	20 year Chilean Central Bank Bonds
Governmental or corporate rate	**Governmental**	Governmental
Reference rating	**AA–/AA+**	AA–/AA+
Corresponds to an Issuance market (primary) or secondary market	**Secondary**	Secondary
Issuance currency associated to the reference rate	**Chilean peso**	Chilean peso
Date of determination of the reference interest rate	**28 November 2022**	31 October 2021
Source of the reference interest rate	**Bloomberg**	Bloomberg

The discount rate is the interest rate used to discount the estimated future severance payments to their present value. The table above shows the principal instruments and assumptions utilised in determining the discount rate.

Rate of increase in salaries

This represents the estimated average rates of future salary increases, reflecting likely future promotions and other changes. This has been based on historical information for the Group for the period from 2018 to 2022.

Turnover rate

This represents the estimated average level of future employee turnover. This has been based on historical information for the Group for the period from 2018 to 2022.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and staff turnover.
The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher, the defined benefit obligation would decrease by $10.2 million. If the discount rate is 100 basis points lower, the defined benefit obligation would increase by $11.7 million.
- If the expected salary growth increases by 1%, the defined benefit obligation would increase by $10.5 million. If the expected salary growth decreases by 1%, the defined benefit obligation would decrease by $9.6 million.
- If the staff turnover increases by 1%, the defined benefit obligation would decrease by $2.5 million. If the staff turnover decreases by 1%, the defined benefit obligation would increase by $2.5 million.

28 Deferred tax assets and liabilities

	Accelerated capital allowances $m	Temporary differences on provisions $m	Withholding tax $m	Short-term differences $m	Mining tax (Royalty) $m	Tax losses $m	Disposal $m	Total $m
At 1 January 2021	(1,122.1)	124.6	(52.8)	42.0	(103.5)	5.3	0.1	(1,106.4)
(Charge)/credit to income	(248.9)	(7.5)	29.7	(103.3)	1.0	31.7	(0.1)	(297.4)
Exceptional items	–	–	–	–	–	90.6	–	90.6
Charge deferred in equity	–	(2.1)	–	–	(0.4)	–	–	(2.5)
At 31 December 2021 and 1 January 2022	(1,371.0)	115.0	(23.1)	(61.3)	(102.9)	127.6	–	(1,315.7)
(Charge)/credit to income	**(79.2)**	**1.4**	**(48.5)**	**(15.6)**	**(9.8)**	**(3.1)**	**–**	**(154.8)**
Reclassification	**(16.9)**	**7.8**	**–**	**9.1**	**–**	**–**	**–**	**–**
Charge deferred in equity	**–**	**4.9**	**–**	**–**	**0.8**	**–**	**–**	**5.7**
At 31 December 2022	**(1,467.1)**	**129.1**	**(71.6)**	**(67.8)**	**(111.9)**	**124.5**	**–**	**(1,464.8)**

The charge to the income statement of $154.8 million (2021 – $206.8 million) included an impact from foreign exchange differences of nil (2021 – nil).

Certain deferred tax assets and liabilities have been offset. Deferred tax assets and liabilities are offset where there is a legally enforceable right to do so, which under Chilean tax regulations is only possible within individual legal entities.

The following is the analysis of the deferred tax balance (after offset):

	2022 $m	2021 $m
Net deferred tax assets	**78.5**	96.8
Net deferred tax liabilities	**(1,543.3)**	(1,412.5)
Net deferred tax balances	**(1,464.8)**	(1,315.7)

At 31 December 2022, the Group had unused tax losses associated with Chilean entities (predominantly Antucoya) of $460.3 million (2021 – $472.5 million) available for offset against future profits. Generally under Chilean tax law most tax losses can be carried forward indefinitely. A deferred tax asset of $124.5 million has been recognised in respect of 100% of these losses as at 31 December 2022 (31 December 2021 – $127.6 million). In addition, at 31 December 2022, the Group had unused tax losses associated with entities outside of Chile (predominantly in respect of the Twin Metals project) of $427.0 million (2021 – $428.0 million). A portion of the Twin Metals tax losses expire in the period from 2030 – 2037, and the remainder can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these tax losses, reflecting the fact that the relevant entities have generated taxable losses in recent years.

At 31 December 2021, the Group recognised $90.6 million of previously unrecognised deferred tax assets relating to tax losses available for offset against future profits, reflecting the improved actual and forecast profitability of the relevant Group entity (Antucoya). That entity has continued to generate taxable profits during 2022, utilising $10.9 million of the deferred tax asset during the year.

At 31 December 2022, deferred withholding tax liabilities of $71.6 million have been recognised (31 December 2021 – $23.1 million) which relate to undistributed earnings of subsidiaries where it is considered likely that the corresponding profits will be distributed in the foreseeable future. The value of the remaining undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, because the Group is in a position to control the timing of the distributions and it is likely that distributions will not be made in the foreseeable future, was $6,430.4 million (31 December 2021 – $6,483.3 million). If deferred withholding tax liabilities were recognised in respect of all of these remaining undistributed earnings of subsidiaries this would result in an additional deferred tax liability and expense of approximately $1,076.5 million (31 December 2021 – $1,232.1 million), depending on the application of tax credits which may be available in particular circumstances.

Temporary differences arising in connection with interests in associates are insignificant.

The deferred tax balance of $1,464.8 million (2021 – $1,315.7 million) includes $1,404.7 million (2021 – $1,272.6 million) due in more than one year.

All amounts are shown as non-current on the face of the balance sheet as required by IAS 12 Income Taxes.

29 Decommissioning and restoration provisions

	2022 $m	2021 $m
Balance at the beginning of the year	**(336.1)**	(520.2)
Charge to operating profit in the year	**(15.4)**	(11.3)
Unwind of discount to net interest in the year	**(10.1)**	(2.6)
Adjustment to provision discount rates	**(1.6)**	30.8
Capitalised adjustment to provision	**(173.8)**	119.9
Utilised in year	**49.7**	33.8
Foreign currency exchange difference	**(0.9)**	13.5
Balance at the end of the year	**(488.2)**	(336.1)
Short-term provisions	**(33.2)**	(33.8)
Long-term provisions	**(455.0)**	(302.3)
Total	**(488.2)**	(336.1)

Decommissioning and restoration costs relate to the Group's mining operations. Costs are estimated on the basis of a formal closure plan and are subject to regular independent formal review by Sernageomin, the Chilean government agency which regulates the mining industry in Chile. During 2022, the Centinela and Antucoya provisions were updated to reflect new plans approved by Sernageomin during the year. The provision balance reflects the present value of the forecast future cash flows expected to be incurred in line with the closure plans, discounted using Chilean real interest rates with durations corresponding with the timings of the closure activities. At 31 December 2022, the real discount rates ranged from 1.67% to 1.73% (31 December 2021: 2.3% to 2.5%).

It is estimated that the provision will be utilised from 2023 until 2066 based on current mine plans, with approximately 15% of the total provision balance expected to be utilised between 2023 and 2031, approximately 49% between 2032 and 2041, approximately 10% between 2042 and 2051 and approximately 26% between 2052 and 2066.

Given the long-term nature of these balances, it is possible that future climate risks could impact the appropriate amount of these provisions, both in terms of the nature of the decommissioning and site rehabilitation activities that are required, or the costs of undertaking those activities. The Group discloses in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). This process included scenario analyses assessing the impact of transition and physical risks. As a simple high-level sensitivity, we have considered whether the level of estimated costs relating to the potential future risks identified under the scenario analysis could indicate a general level of future cost increases as a consequence of climate risks which could indicate a significant potential impact on these provision balances. This analysis did not indicate a significant potential impact on the decommissioning and restoration provision balances. However, more detailed specific analysis of the potential impacts of climate risks in future periods could result in adjustments to these provision balances. When future updates to the closure plans are prepared and submitted to Sernageomin for review and approval, it is possible that additional consideration of potential climate risk impacts may need to be incorporated into the plan assumptions. In addition, Sernageomin may introduce new regulations or guidance in respect of climate risks which may need to be addressed in future updates to the Group's closure plans.

30 Share capital and other reserves

(I) Share capital

The ordinary share capital of the Company is as follows:

	2022 Number	2021 Number	2022 $m	2021 $m
Authorised				
Ordinary shares of 5p each	**1,300,000,000**	1,300,000,000	118.9	118.9

	2022 Number	2021 Number	2022 $m	2021 $m
Issued and fully paid				
Ordinary shares of 5p each	**985,856,695**	985,856,695	**89.8**	89.8

The Company has one class of ordinary shares which carry no right to fixed income. Each ordinary share carries one vote at any general meeting.

There were no changes in the authorised or issued share capital of the Company in either 2022 or 2021. Details of the Company's preference share capital, which is included within borrowings in accordance with IAS 32 Financial Instruments, are given in Note 23A(x).

30 Share capital and other reserves *continued*

(II) Other reserves and retained earnings

Details of the share premium account, hedging, fair value and translation reserves and retained earnings for both 2022 and 2021 are included within the consolidated statement of changes in equity on page 182.

	2022 $m	2021 $m
Share premium		
At 1 January and 31 December	**199.2**	199.2
Hedging reserves[1]		
At 1 January	**–**	(23.9)
Parent and subsidiaries net cash flow hedge fair value losses	**–**	(100.4)
Parent and subsidiaries net cash flow hedge losses transferred to the income statement	**–**	126.8
Tax on the above	**–**	(2.5)
At 31 December	**–**	–
Equity investment revaluation reserve[2]		
At 1 January	**(7.4)**	(5.3)
Gains/(losses) on equity investment	**15.8**	(2.1)
At 31 December	**8.4**	(7.4)
Foreign currency translation reserves[3]		
At 1 January	**(3.0)**	(1.4)
Currency translation adjustment	**(0.4)**	(1.6)
At 31 December	**(3.4)**	(3.0)
Total other reserves per balance sheet	**5.0**	(10.4)
Retained earnings		
At 1 January	**8,071.6**	7,492.2
Parent and subsidiaries' profit for the period	**1,484.9**	1,230.5
Equity accounted units' profit after tax for the period	**48.1**	59.7
Actuarial (losses)/gains [4]	**(8.2)**	–
Total comprehensive income for the year	**1,524.8**	1,290.2
Dividends paid	**(1,262.9)**	(710.8)
At 31 December	**8,333.5**	8,071.6

1. The hedging reserve records gains or losses on cash flow hedges that are recognised initially in equity (through other comprehensive income), as described in Note 25.
2. The equity investments revaluation reserves record fair value gains or losses relating to equity investments, as described in Note 19.
3. Exchange differences arising on the translation of the Group's net investment in foreign-controlled companies are taken to the foreign currency translation reserve. The cumulative differences relating to an investment are transferred to the income statement when the investment is disposed of.
4. Actuarial gains or losses relating to long-term employee benefits, as described in Note 26.

31 Non-controlling interests

The non-controlling interests of the Group during 2022 and 2021 are as follows:

	Non-controlling Interest %	Country	At 1 January 2022 $m	Share of profit for the financial year $m	Capital Increase $m	Share of dividends $m	Hedging and actuarial gains $m	At 31 December 2022 $m
Los Pelambres	**40.0**	**Chile**	**1,204.5**	**320.4**	**–**	**(80.0)**	**(1.9)**	**1,443.0**
Centinela	**30.0**	**Chile**	**1,275.9**	**82.9**	**–**	**–**	**(2.0)**	**1,356.8**
Antucoya	**30.0**	**Chile**	**198.4**	**21.2**	**–**	**–**	**(0.3)**	**219.3**
Encierro	**43.5**	**Chile**	**–**	**(2.2)**	**–**	**–**	**–**	**(2.2)**
Total			**2,678.8**	**422.3**	**–**	**(80.0)**	**(4.2)**	**3,016.9**

	Non-controlling Interest %	Country	At 1 January 2021 $m	Share of profit/(losses) for the financial year $m	Capital Increase $m	Share of dividends $m	Hedging and actuarial gains/(losses) $m	At 31 December 2021 $m
Los Pelambres	40.0	Chile	1,107.3	608.0	–	(512.0)	1.2	1,204.5
Centinela	30.0	Chile	1,113.7	252.2	–	(92.5)	2.5	1,275.9
Antucoya	30.0	Chile	109.5	84.4	–	–	4.5	198.4
Total			2,330.5	944.6	–	(604.5)	8.2	2,678.8

The proportion of the voting rights is proportional with the economic interest for each of the companies listed above.

Summarised financial position and cash flow information for the years ended 2022 and 2021 is set out below:

	Los Pelambres 2022 $m	Centinela 2022 $m	Antucoya 2022 $m
Non-controlling interest (%)	**40.0%**	**30.0%**	**30.0%**
Cash and cash equivalents	**249.3**	**134.9**	**46.1**
Current assets	**1,373.2**	**1,170.7**	**340.6**
Non-current assets	**5,413.3**	**4,752.3**	**1,367.2**
Current liabilities	**(725.8)**	**(553.3)**	**(153.1)**
Non-current liabilities	**(2,408.8)**	**(1,011.8)**	**(405.0)**
Net cash from operating activities	**1,060.9**	**762.2**	**162.1**
Net cash used in investing activities	**(881.0)**	**(879.8)**	**(65.1)**
Net cash from/(used in) financing activities	**44.8**	**(163.2)**	**(174.3)**

	Los Pelambres 2021 $m	Centinela 2021 $m	Antucoya 2021 $m
Non-controlling interest (%)	40.0%	30.0%	30.0%
Cash and cash equivalents	14.2	122.7	48.4
Current assets	1,073.3	1,358.0	381.4
Non-current assets	4,593.8	4,561.2	1,354.6
Current liabilities	(519.1)	(714.5)	(183.8)
Non-current liabilities	(2,123.0)	(1,082.6)	(364.9)
Net cash from operating activities	1,816.8	1,885.5	295.3
Net cash used in investing activities	(878.6)	(837.6)	(49.3)
Net cash used in financing activities	(1,408.4)	(1,152.6)	(206.9)

Notes to the summarised financial position and cash flow

(i) The amounts disclosed for each subsidiary are based on the amounts included in the consolidated financial statements (100% of the results and balances of the subsidiary rather than the non-controlling interest proportionate share) before inter-company eliminations.

(ii) Summarised income statement information is shown in the segment information in Note 6.

(iii) There are some subsidiaries including Encierro with a non controlling interest portion not included in this note where those portions are not material to the Group.

32 Notes to the consolidated cash flow statement

A) Reconciliation of profit before tax to cash flow from operations

	2022 $m	2021 $m
Profit before tax	**2,558.9**	3,477.1
Depreciation	**1,141.1**	1,078.7
Net loss on disposals	**2.1**	9.2
Net finance expense/(income)	**68.2**	(16.0)
Net share of results of associates and joint ventures	**(48.1)**	(59.7)
Gain on disposal of investment in joint venture	**(944.7)**	–
Provision against carrying value of assets	**–**	177.6
(Increase)/decrease in inventories	**(180.7)**	10.9
Decrease/(increase) in debtors	**27.0**	(206.8)
Increase in creditors	**141.0**	55.7
Decrease in provisions	**(26.5)**	(19.0)
Cash flow generated from operations	**2,738.3**	4,507.7

B) Analysis of changes in net debt

	At 1 January 2022 $m	Cash flow $m	New leases $m	Amortisation of finance costs $m	Capitalisation of interest $m	Movement between maturity categories $m	Other $m	Exchange $m	At 31 December 2022 $m
Cash and cash equivalents	**743.4**	**65.6**	**–**	**–**	**–**	**–**	**–**	**1.4**	**810.4**
Liquid investments	**2,969.7**	**(1,388.9)**	**–**	**–**	**–**	**–**	**–**	**–**	**1,580.8**
Total cash and cash equivalents and liquid investments	**3,713.1**	**(1,323.3)**	**–**	**–**	**–**	**–**	**–**	**1.4**	**2,391.2**
Borrowings due within one year	**(268.0)**	**373.9**	**–**	**–**	**–**	**(483.3)**	**–**	**–**	**(377.4)**
Borrowings due after one year	**(2,742.1)**	**(488.5)**	**–**	**(11.7)**	**(6.3)**	**483.3**	**(0.1)**	**–**	**(2,765.4)**
Leases due within one year	**(69.1)**	**105.4**	**–**	**–**	**–**	**(80.7)**	**–**	**(10.7)**	**(55.1)**
Leases due after one year	**(90.7)**	**–**	**(51.3)**	**–**	**–**	**80.7**	**(1.0)**	**(14.3)**	**(76.6)**
Preference shares	**(2.7)**	**–**	**–**	**–**	**–**	**–**	**–**	**0.2**	**(2.5)**
Total borrowings	**(3,172.6)**	**(9.2)**	**(51.3)**	**(11.7)**	**(6.3)**	**–**	**(1.1)**	**(24.8)**	**(3,277.0)**
Net cash/(debt)	**540.5**	**(1,332.5)**	**(51.3)**	**(11.7)**	**(6.3)**	**–**	**(1.1)**	**(23.4)**	**(885.8)**

	At 1 January 2021 $m	Cash flow $m	New leases $m	Amortisation of finance costs $m	Capitalisation of interest $m	Movement between maturity categories $m	Other $m	Exchange $m	At 31 December 2021 $m
Cash and cash equivalents	1,246.8	(483.1)	–	–	–	–	–	(20.3)	743.4
Liquid investments	2,426.0	543.7	–	–	–	–	–	–	2,969.7
Total cash and cash equivalents and liquid investments	3,672.8	60.6	–	–	–	–	–	(20.3)	3,713.1
Borrowings due within one year	(529.8)	545.6	–	–	–	(294.2)	10.4	–	(268.0)
Borrowings due after one year	(3,013.8)	–	–	(5.7)	(16.6)	294.2	–	(0.2)	(2,742.1)
Leases due within one year	(73.6)	88.9	–	–	–	(84.4)	–	–	(69.1)
Leases due after one year	(134.9)	–	(61.8)	–	–	84.4	–	21.6	(90.7)
Preference shares	(2.7)	–	–	–	–	–	–	–	(2.7)
Total borrowings	(3,754.8)	634.5	(61.8)	(5.7)	(16.6)	–	10.4	21.4	(3,172.6)
Net debt	(82.0)	695.1	(61.8)	(5.7)	(16.6)	–	10.4	1.1	540.5

C) Net (debt)/cash

	2022 $m	2021 $m
Cash, cash equivalents and liquid investments	**2,391.2**	3,713.1
Total borrowings and other financial liabilities	**(3,277.0)**	(3,172.6)
Net (debt)/cash	**(885.8)**	540.5

33 Exchange rates

Assets and liabilities denominated in foreign currencies are translated into US dollars and Sterling at the period-end rates of exchange.

Results denominated in foreign currencies have been translated into US dollars at the average rate for each period.

	2022	2021
Year-end rates	**$1.2080=£1; $1 = Ch$855.86**	$1.3490=£1; $1 = Ch$844.69
Average rates	**$1.2340=£1; $1 = Ch$872.38**	$1.3750=£1; $1 = Ch$759.81

34 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and joint ventures are disclosed below.

The transactions which Group companies entered into with related parties who are not members of the Group are set out below. There are no guarantees given or received and no provisions for doubtful debts related to the amount of outstanding balances.

A) Quiñenco SA

Quiñenco SA ("Quiñenco") is a Chilean financial and industrial conglomerate, the shares of which are traded on the Santiago Stock Exchange, and in which members of the Luksic family are interested. Two Directors of the Company, Jean-Paul Luksic and Andronico Luksic, are also directors of Quiñenco.

The following transactions took place between the Group and the Quiñenco group of companies, all of which were on normal commercial terms at market rates:

- the Group made purchases of fuel from ENEX SA, a subsidiary of Quiñenco, of $309.9 million (2021 – $263.9 million). The balance due to ENEX SA at the end of the year was $28.6 million (2021 – $20.4 million),
- the Group earned interest income of $0.8 million (2021 – $0.1 million) during the year on investments with BanChile Administradora General de Fondos SA, a subsidiary of Quiñenco. Investment balances at the end of the year were nil (2021 – $2.2 million),
- the Group purchased shipping services from Hapag Lloyd, an associate of Quiñenco, of $12.7 million (2021 – $8.9 million). The balance due to Hapag Lloyd at the end of the year was $0.3 million (2021 – $0.4 million),
- the Group made purchases of technology services from ARTIKOS CHILE SA, a subsidiary of Quiñenco, of $0.2 million (2021 – $0.2 million). The balance due to ARTIKOS CHILE SA at the end of the year was nil (2021 – nil).

B) Compañía de Inversiones Adriático SA

In 2022, the Group leased office space on normal commercial terms from Compañía de Inversiones Adriático SA, a company in which members of the Luksic family are interested, at a cost of $0.4 million (2021 –$0.8 million).

C) Antomin 2 Limited and Antomin Investors Limited

The Group holds a 51% interest in Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. Mineralinvest is owned by the E. Abaroa Foundation, in which members of the Luksic family are interested. During the year ended 31 December 2022, the Group incurred $0.1 million (year ended 31 December 2021 – $0.1 million) of exploration expense at these properties.

D) Tethyan Copper Company Limited

On 15 December 2022 Antofagasta entered into definitive agreements to exit its interest in the Tethyan joint venture, which is therefore no longer recognised as a joint venture by the Group. The group contributed nil (2021 - $9.5 million) to Tethyan during 2022.

E) Compañia Minera Zaldívar SpA

The Group has a 50% interest in Zaldívar (see Note 18), which is a joint venture with Barrick Gold Corporation. Antofagasta is the operator of Zaldívar. The balance due from Zaldívar to Group companies at the end of the year was $6.7 million (2021 – $2.5 million). During 2022, Zaldívar declared dividends of $50.0 million to the Group (2021 – $77.5 million).

F) Directors and other key management personnel

Information relating to Directors' remuneration and interests is given in the Remuneration Report on page 159. Information relating to the remuneration of key management personnel including the Directors is given in Note 9.

35 Litigation and contingent liabilities

The Group is subject from time to time to legal proceedings, claims, complaints and investigations arising out of the ordinary course of business. The Group cannot predict the outcome of individual legal actions or claims or complaints or investigations. As a result, the Group may become subject to liabilities that could affect our business, financial position and reputation. Litigation is inherently unpredictable and large judgements may at times occur. The Group may incur, in the future, judgements or enter into settlements of claims that could lead to material cash outflows. The Group considers that no material loss to the Group is expected to result from the legal proceedings, claims, complaints and investigations that the Group is currently subject to. Provisions are recognised when it is probable that the Group will be required to settle an obligation arising as a result of a legal claim against the Group.

36 Ultimate Parent Company

The immediate parent of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested.

Both Metalinvest Establishment and the E. Abaroa Foundation are domiciled in Liechtenstein. Information relating to the interest of Metalinvest Establishment and the E. Abaroa Foundation is given in the Directors' Report.

Financial statements of the Parent Company (Antofagasta plc)

Parent Company balance sheet

	Note	2022 $m	2021 $m
Non-current assets			
Investment in subsidiaries	5	**589.1**	529.1
Other receivables[1]	5	**54.0**	54.0
Property, plant and equipment		**4.4**	5.1
		647.5	588.2
Current assets			
Other receivables[1]	5	**744.6**	3.8
Liquid investments		**457.6**	1,649.4
Cash and cash equivalents		**238.5**	422.8
		1,440.7	2,076.0
Total assets		**2,088.2**	2,664.2
Current liabilities			
Amounts payable to subsidiaries	6	**(615.7)**	(302.2)
Other payables		**(9.2)**	(15.4)
		(624.9)	(317.6)
Non-current liabilities			
Medium and long-term borrowings	7	**(992.2)**	(993.4)
		(992.2)	(993.4)
Total liabilities		**(1,617.1)**	(1,311.0)
Net assets		**471.1**	1,353.2
Equity			
Share capital		**89.8**	89.8
Share premium		**199.2**	199.2
Retained earnings			
At 1 January		**1,064.2**	626.0
Profit for the year attributable to the owners		**380.8**	1,149.0
Dividends		**(1,262.9)**	(710.8)
At 31 December		**182.1**	1,064.2
Total equity		**471.1**	1,353.2

1. The prior period comparatives have been restated to reflect a reclassification from current other receivables to non-current other receivables of $54.0 million (see note 5).

The financial statements on pages 234 to 237 were approved by the Board of Directors on 23 March 2023 and signed on its behalf by

Jean-Paul Luksic
Chairman

Tony Jensen
Senior Independent Director

Parent Company statement of changes in equity

	Share capital $m	Share premium $m	Retained earnings $m	Total equity $m
At 1 January 2021	89.8	199.2	626.0	915.0
Comprehensive income for the year	–	–	1,149.0	1,149.0
Dividends	–	–	(710.8)	(710.8)
At 31 December 2021	89.8	199.2	1,064.2	1,353.2
Comprehensive income for the year	**–**	**–**	**380.8**	**380.8**
Dividends	**–**	**–**	**(1,262.9)**	**(1,262.9)**
At 31 December 2022	**89.8**	**199.2**	**182.1**	**471.1**

The ordinary shares rank after the preference shares in entitlement to dividends and on a winding-up. Each ordinary share carries one vote at any general meeting.

Antofagasta plc is a company limited by shares, incorporated and domiciled in the United Kingdom at 103 Mount Street, London W1K 2TJ.

1 Basis of preparation of the Parent Company financial statements

The Antofagasta plc Parent Company financial statements have been prepared in accordance with the Companies Act 2006 applicable to companies using FRS 101, which applies the recognition and measurement bases of IFRS with reduced disclosure requirements. The financial information has been prepared on an historical cost basis. The financial statements have been prepared on a going concern basis. The functional currency of the Company and the presentation currency adopted is US dollars.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1, 'Presentation of financial statements'
  - (ii) paragraph 73(e) of IAS 16, 'Property, plant, and equipment'
  - (iii) paragraph 118(e) of IAS 38, Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-D (additional comparative information)
  - 40A-D (requirements for a third statement of financial position)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group. All of the Parent Company's inter-company transactions and balances are with wholly-owned subsidiaries of the Group.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these financial statements. The profit after tax for the year of the Parent Company amounted to $380.8 million (2021 – $1,149.0 million).

2 Principal accounting policies of the Parent Company

A summary of the principal accounting policies is set out below. These accounting policies have been applied consistently.

A) Currency translation

The Company's functional currency is the US dollar. Transactions in currencies other than the functional currency are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities, including amounts due from or to subsidiaries, denominated in currencies other than the functional currency (being US dollars) are retranslated at year-end exchange rates. Gains and losses on retranslation are included in net profit or loss for the year.

B) Revenue recognition

Dividends proposed by subsidiaries are recognised as income by the Company when they represent a present obligation of the subsidiaries, in the period in which they are formally approved for payment.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

C) Dividends payable

Dividends proposed are recognised when they represent a present obligation, in the period in which they are formally approved for payment. Accordingly, an interim dividend is recognised when paid and a final dividend is recognised when approved by shareholders.

D) Investments in subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries and long-term amounts owed by subsidiaries. Such investments are valued at cost less any impairment provisions. Investments relating to equity holdings in subsidiaries are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable; the recoverable amount of the investment is the higher of fair value less costs of disposal and value in use. Investments relating to long-term amounts owed by subsidiaries are reviewed to assess if a material expected credit loss provision is required in respect of these balances.

E) Liquid investments and cash and cash equivalents

Liquid investments represent highly liquid current asset investments such as term deposits and managed funds invested in high quality fixed income instruments. They do not meet the IAS 7 definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity profile greater than 90 days from the date first entered into, or because they are held primarily for investment purposes rather than meeting short-term cash commitments. Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The cash balance is presented net of bank overdrafts which are repayable on demand. Cash and cash equivalents have a maturity period of 90 days or less.

F) Borrowings

Interest-bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method.

G) Borrowings – preference shares

The sterling-denominated preference shares issued by the Company carry a fixed rate of return without the right to participate in any surplus. They are accordingly classified as borrowings and translated into US dollars at year-end rates of exchange. Preference share dividends are included within finance costs.

H) Equity instruments – ordinary share capital and share premium

Equity instruments issued are recorded at the proceeds received, net of direct issue costs. Equity instruments of the Company comprise its sterling-denominated issued ordinary share capital and related share premium.

The presentational and the functional currency of the Company is US dollars, and ordinary share capital and share premium are translated into US dollars at historical rates of exchange based on dates of issue.

I) Financing facilities

On 30 December, 2022, Antofagasta plc agreed a revolving credit facility "RCF" of $500.0 million. This revolving credit facility has a term of three years, which expires on 30 December, 2025 (see Note 23F).

3 Significant accounting estimates and judgements

We do not consider there to be critical accounting judgements or key sources of estimation uncertainty which could have a significant risk of causing a material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year. We have set out below the most significant judgements and estimates applied in the preparation of the Company's balance sheet. The most significant accounting judgement is whether there are impairment indicators in respect of the carrying value of the Company's investments in subsidiaries, which have a total carrying value as at 31 December 2022 of $589.1 million. The most significant accounting estimate is whether a credit loss provision is required in respect of any of the Company's receivable balances. Over 99% of the receivable balances relate to inter-company balances, primarily with Group holding companies which hold the Group's investments in the operating companies. There is not considered to be any significant risk of a relevant overstatement of these carrying values. In assessing this, the Group has considered the overall market capitalisation of the Group, which was $18.4 billion at 31 December 2022, the cash and other assets held by the relevant Group companies and the level of earnings generated by the Group's operations.

4 Employee Benefit Expense

i) Average number of employees

The average monthly number of employees was 4 (2021 – 4), engaged in management and administrative activities.

ii) Aggregate remuneration

The aggregate remuneration of the employees mentioned above was as follows:

	2022 $m	2021 $m
Wages and salaries	**2.3**	2.3
Social security costs	**0.3**	0.3
Other pension costs	**0.1**	0.1
	2.7	2.7

The above employee figures exclude Directors who receive Directors' fees from Antofagasta plc. Details of fees payable to Directors are set out in the Remuneration Report.

5 Subsidiaries

i) Investment in subsidiaries

	2022 $m	2021 $m
Shares in subsidiaries at cost[1]	**120.6**	60.6
Amounts owed by subsidiaries due after more than one year	**468.5**	468.5
	589.1	529.1

	Shares $m	Loans $m	Total $m
1 January 2022	60.6	468.5	529.1
31 December 2022	**120.6**	**468.5**	**589.1**

1. The $60.0m increase in the shares in subsidiaries balance reflects the acquisition by the Company of additional shares issued by the Company's direct subsidiary Andean LFMA Limited during the year.

The Company has reviewed whether there are any indicators of impairment in respect of the investment balance and concluded that there are no such indicators.

The above amount of $468.5 million (31 December 2021 – $468.5 million) in respect of amounts owed by subsidiaries due after more than one year relates to long-term funding balances for which the Company does not expect to demand repayment in the foreseeable future and which form an integral part of the Company's long-term investment in those subsidiary companies.

ii) Trade and other receivables – amounts owed by subsidiaries due after one year

At 31 December 2022, an amount of $54.0 million (31 December 2021 – $54.0 million) was owed to the Company by indirect subsidiaries. This amount is not expected to be realised within twelve months after the reporting period. The prior period comparatives have been restated to reflect a reclassification of this amount from current other receivables to non-current other receivables, again reflecting that this amount was not expected to be realised within twelve months after the reporting period. There have been no impairments recognised in respect of subsidiary receivables as at 31 December 2022.

iii) Trade and other receivables – amounts owed by subsidiaries due within one year

At 31 December 2022, amounts owed by subsidiaries due within one year were $744.6 million (31 December 2021 – $3.8 million). These balances principally relate to $410.0 million inter-company dividends declared but not yet paid to the Company by its immediate subsidiary companies. In addition, there is a $328.0 million receivable balance relating to short-term intragroup funding arrangements. There have been no impairments recognised in respect of subsidiary receivables as at 31 December 2022.

6 Amounts payable to subsidiaries

At 31 December 2022, amounts payables to subsidiaries due within one year were $615.7 million (31 December 2021 – $302.2 million). This increase in the balance during the year reflects a $328.0 million payable balance relating to short–term intragroup funding arrangements.

7 Borrowings – preference shares

The authorised, issued and fully paid preference share capital of the Company comprised 2,000,000 5% cumulative preference shares of £1 each at both 31 December 2022 and 31 December 2021. As explained in Note 23C, the preference shares are recorded in the balance sheet in US dollars at period-end rates of exchange.

The preference shares are non-redeemable and are entitled to a fixed 5% cumulative dividend, payable in equal instalments in June and December of each year. On a winding-up, the preference shares are entitled to repayment and any arrears of dividend in priority to ordinary shareholders, but are not entitled to participate further in any surplus. Each preference share carries 100 votes (see Note 23A (x)) at any general meeting.

Report on the audit of the financial statements

Opinion

In our opinion:

- Antofagasta plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2021 (the "Annual Report"), which comprise: the consolidated and Parent Company balance sheets as at 31 December 2021; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and Parent Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 8 to the Group financial statements, we have provided no non-audit services to the Parent Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We identified two components (2020: two) as individually financially significant components, which required an audit of their complete financial information due to their financial significance to the Group, and a further three components (2020: three) where we concluded that a full scope audit of the component financial information was warranted.
- We also determined that specified procedures were necessary in respect of certain balances within the corporate segment and transport division to ensure that we had sufficient coverage from our audit work over each line of the Group's financial statements.
- Taken together, the components at which audit work was performed accounted for 98% of Group revenue.

Key audit matters

- Assessment of indicators of impairment and impairment reversal for property, plant and equipment and intangible assets, in particular in respect of the Antucoya cash generating unit and Twin Metals mining licences (Group) and investments in subsidiaries (Parent)

Materiality

- Overall Group materiality: $108 million (2020: $64 million) based on 5% of three year average profit before tax adjusted for one-off items.
- Overall Parent Company materiality: $26.5 million (2020: $22.0 million) based on 1% of total assets.
- Performance materiality: $81 million (2020: $48 million) (Group) and $19.875 million (2020: $16.5 million) (Parent Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

In planning our work, including identifying areas of audit risk and determining an appropriate audit response, we were mindful of the increased focus on the impact of climate change risk on companies and their financial reporting, and also that the Group has identified climate change as a principal risk. As part of our audit, we made enquiries of management to understand its processes to assess the extent of the potential impact of climate change risks on the Group and its financial statements. This included consideration of the Group's Climate Change Strategy and specific targets to reduce Scope 1 and 2 emissions by 30% by 2025 relative to the 2020 baseline, to use electricity solely from renewable sources at its mining operations by the end of 2022, and, in the long term, to achieve carbon neutrality.

We considered the financial statement line items, including accounting estimates, that are most likely to be impacted by climate change risks and related commitments. Given that the material impact of climate change on the Group is likely, principally, to crystallise in the medium to long term, we concluded that the risk of material misstatement in the financial statements associated with climate change relates primarily to the valuation of property, plant and equipment and associated estimates of future cash flows. Our audit response to this aspect of climate change risk is included in the related key audit matter set out below.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

COVID-19 (Group and Parent Company), which was a key audit matter last year, is no longer included because the key audit matter was to address the response to the initial year impacted by COVID-19. We have addressed the continuing impact of COVID-19 on the financial statements but do not consider COVID-19 itself to constitute a key audit matter. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Assessment of indicators of impairment and impairment reversal for property, plant and equipment and intangible assets, in particular in respect of the Antucoya cash generating unit and Twin Metals mining licences (Group) and investments in subsidiaries (Parent) In accordance with IAS 36 'Impairment of Assets', the Directors are required to perform an impairment assessment of long-lived assets at any time an indicator of impairment exists. The Directors considered various external and internal factors, as set out in IAS 36 'Impairment of Assets', in assessing whether an indicator of impairment, or in respect of Antucoya, impairment reversal, existed as at 31 December 2021 in respect of the operating mine cash generating units ("CGUs"), such as short- and long-term forecast copper prices, the operational performance of these mines and estimates of movements in indicative value during the year based on the latest Life of Mine plans. This assessment included consideration of the impact of climate risks, including scenario analysis, as detailed in note 5 to the Group financial statements. The Directors concluded that no indicators of impairment or impairment reversal existed as at 31 December 2021 in respect of these CGUs and, therefore, no detailed impairment tests were performed. This assessment required judgement on the part of the Directors in determining whether an impairment trigger existed and was, therefore, considered a key audit matter. As a result of the strong copper price environment through the year and an associated increase in market consensus forecast pricing for copper, there is a heightened risk of potential impairment reversal at Antucoya, given the cumulative historical impairments of $716 million recorded in 2012 and 2016. Refer to note 5 to the Group financial statements and the Audit and Risk Committee's views set out on pages 135 and 136.	We assessed management's conclusion that there were no indicators of impairment or impairment reversal, other than for Twin Metals as discussed below, as at 31 December 2021. Our procedures included evaluating management's assessment, including its completeness by reference to both internal and external factors, including but not limited to the impact of COVID-19, operational performance in the year, macro-economic factors including forecast copper prices, foreign currency exchange rates and market interest rates, climate change, and expected future production profiles and capital expenditure as included in the latest Life of Mine plan for each operation. In addition, we evaluated management's quantitative impairment indicator assessments, and the process by which the indicative valuations were determined, including verifying the mathematical accuracy of the cash flow models and agreeing future capital and operating expenditure to the latest Board approved budgets and the latest approved Life of Mine plans. We assessed the reasonableness of the expected capital and operating expenses in light of their historical levels and recent operational performance, and considered the competence and objectivity of management's internal technical experts who prepared the Life of Mine plans. We evaluated the appropriateness of key market related assumptions in the indicative valuation models, including the copper prices, discount rates and foreign currency exchange rates, with the support of our valuation experts. We also performed sensitivity analysis around the key assumptions within the cash flow forecasts, using both lower long-term copper prices and a stronger Chilean peso. In addition, we assessed the impact of incorporating estimates of the potential future costs relating to climate change risks, based on the Task Force on Climate-related Financial Disclosures "TCFD" scenario analyses prepared by management during the year, into these quantitative impairment indicator assessments. In light of the above, we assessed the appropriateness of the related disclosures in note 5 to the Group financial statements, including the sensitivities provided. Overall, we identified no material issues in our work.

Key audit matter	How our audit addressed the key audit matter
During the year, the Directors identified an indicator of impairment of the intangible asset associated with the Twin Metals project. This asset was assessed for impairment indicators in accordance with the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources', with a trigger identified due to the uncertainty associated with the project as a result of legal challenges and the cancellation of certain permits and leases. Based on the impairment assessment, an impairment has been recognised in the year for $150.1 million in respect of the intangible asset. In addition, associated property, plant and equipment of $27.5 million has also been impaired. Refer to note 4 to the Group financial statements and the Audit and Risk Committee's views set out on page 135. As at 31 December 2021, the Parent Company holds investments in subsidiaries amounting to $529.1 million (2020: $538.6 million), comprising shares and long-term funding balances that the Directors do not intend to demand repayment of in the foreseeable future. Judgement is required to assess whether impairment triggers exist and, where triggers are identified, to determine whether the recoverable amount is no lower than the investment carrying value. In assessing for impairment triggers, management considers whether the underlying net assets of the investment support the carrying amount, the nature of the underlying assets and whether other facts and circumstances, including impairments recorded in the Group financial statements, could also represent a trigger. For loan balances, the Directors considered whether the relevant subsidiary could repay the loans if they were demanded at the balance sheet date. Based on management's assessment, no impairment triggers in respect of the carrying value of investments in subsidiaries were identified at the balance sheet date, and nor was the recognition of an expected credit loss warranted. Refer to note C to the Parent Company's financial statements.	In respect of Twin Metals, we assessed the developments during 2021 and subsequent to the year end and determined that they should, taken collectively, be considered as an indicator of impairment as at 31 December 2021. In assessing management's determination of the recoverable amount of the associated assets, we read the most recent pre-feasibility study for the project (prepared in 2019) and met with management to understand how the various project permits impact the accessible resource base and potential mine plan, obtained legal letters from management's external counsel in respect of the likelihood of reinstatement of cancelled permits through the available legal pathways, and considered alternative valuations that might be determined by a market participant. We also assessed the appropriateness of the related disclosures in note 4 to the Group financial statements and considered the appropriateness of the presentation of the impairment charge as an exceptional item. Overall, we identified no material issues in our work. In respect of investments in subsidiaries in the Parent Company, we performed the following: • evaluated and challenged management's assessment and judgements in relation to the identification of impairment triggers, including ensuring that consideration had been given to the results of the Group's impairment assessment in respect of intangible assets and property, plant and equipment of the Twin Metals project; • independently performed an assessment of other potential internal and external impairment triggers, including considering the market capitalisation of the Group with reference to the carrying value of investments in subsidiaries in the Parent Company; and • evaluated the ability of the subsidiaries to repay loan balances. As a result of our work, we are satisfied that the carrying value of the Parent Company's investments in subsidiaries is appropriate as at 31 December 2021.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which the Group operates.

The core mining business comprises four mining operations: Los Pelambres; Centinela; Antucoya and Zaldívar, a joint venture with Barrick Gold Corporation operated by the Group. These mines produce copper cathodes, copper concentrates and significant volumes of by-products.

In addition to mining, the Group has a transport division that provides rail and road cargo services in northern Chile, predominantly to mining customers, including to the Group's own operations.

All of the above operations are located in Chile. In addition, the Group has corporate head offices located in both Santiago, Chile (Antofagasta Minerals S.A.) and London, UK (Antofagasta plc). The Group also has exploration projects in various countries.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each of the four mine sites and the corporate offices in Chile, by us, as the Group engagement team and by component auditors from PwC Chile operating under our instruction. Los Pelambres and Centinela were considered to be financially significant components of the Group, due to their contribution towards Group profit before tax, and so required audits of their complete financial information. Antucoya and Zaldívar, as well as the Parent Company Antofagasta plc, were also subject to an audit of their complete financial information. We also requested that component auditors perform specified procedures over the corporate head office in Chile, and specific line items of other entities within the Group (including the transport division) to ensure that we had sufficient coverage from our audit work over each line of the Group's financial statements. The Group engagement team also performed specified procedures in respect of the recoverability of the intangible asset associated with the Twin Metals' mining licences. For all other components, the Group team performed analytical review procedures.

Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. As a result of Covid-19, we were unable to visit Chile for the 2021 audit. As such, our oversight procedures included the issuance of formal, written instructions to the component auditors setting out the work to be performed, regular communication throughout the audit cycle including regular component calls, review of certain component auditor workpapers and participation in audit clearance meetings. In most cases communication was performed through video conferencing.

Taken together, the components where we performed our audit work accounted for 98% of consolidated revenue, 97% of consolidated profit before tax and 94% of consolidated profit before tax adjusted for one-off items. This was before considering the contribution to our audit evidence from performing audit work at the Group level, including disaggregated analytical review procedures, which cover a significant portion of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

The Parent Company financial statements are prepared in the corporate head office in Santiago, with oversight from the Group Financial Controller based in London, and are ultimately reviewed and approved by the Directors alongside the Group financial statements. The Parent Company financial statements were audited by the Group engagement team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - Parent Company
Overall materiality	$108 million (2020: $64 million).	$26.5 million (2020: $22.0 million).
How we determined it	5% of three year average profit before tax adjusted for one-off items	1% of total assets
Rationale for benchmark applied	For overall Group materiality, we chose to use an underlying earnings measure as the benchmark because an underlying measure removes the impact of material items that do not recur from year to year or otherwise significantly affect the underlying trend of performance from continuing operations. The adoption of a multi-year average benchmark for materiality responds to longer term trends in commodity markets and reduces volatility in the measure year-on-year. Using our professional judgement, we determined materiality for this year at $108 million, which equates to 3.0% of the current year's profit before tax adjusted for one-off items.	For the Parent Company materiality, we determined our materiality based on total assets, which is more relevant than a performance-related measure as the Parent Company is an investment holding company for the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $9 million and $90 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to $81 million (2020: $48 million) for the Group financial statements and $19.875 million (2020: $16.5 million) for the Parent Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above $5.4 million (Group audit) (2020: $3.2 million) and $1.325 million (Parent Company audit) (2020: $1.1 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and examining management's base case forecasts and downside scenarios, checking that the forecasts had been subject to board review and, in the case of the base case, approval;
- Considering the historical reliability of management forecasting by comparing budgeted results with actual performance;
- Assessing the future cash flows included in the base case to ensure that these were consistent with our understanding from work performed over other key accounting estimates in the financial statements such as the impairment indicator assessment;
- Performing our own sensitivity analysis to understand the impact of changes in cash flows and net debt on the resources available to the Group;
- Assessing the covenants applicable to the Group's borrowings and considering whether management's forecasts supported ongoing compliance with the covenants; and
- Reading management's paper to the Audit and Risk Committee in respect of going concern, and agreeing the forecasts set out in this paper to the underlying base case cash flow model.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the TCFD recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' and CEO remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations, health and safety regulations, and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax law in the jurisdictions in which the Group operates. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their

work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Inquiries with management, including the Group's Vice President of Legal, regarding its consideration of known or suspected instances of non-compliance with laws and regulations;
- Obtaining legal letters from the Group's external legal advisers in respect of litigation and claims and other such matters, where considered necessary;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with certain unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company financial statements and the part of the Directors' and CEO remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 20 May 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is seven years, covering the years ended 31 December 2015 to 31 December 2021.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Simon Morley (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

24 March 2022

Consolidated income statement

For the year ended 31 December 2021

	Note(s)	Excluding exceptional items 2021 $m	Exceptional Items 2021 $m	2021 $m	Excluding exceptional items 2020 $m	Exceptional Items 2020 $m	2020 $m
Group revenue	6,7	**7,470.1**	**–**	**7,470.1**	5,129.3	–	5,129.3
Total operating costs		**(3,891.1)**	**(177.6)**	**(4,068.7)**	(3,537.1)	–	(3,537.1)
Operating profit from subsidiaries	6,8	**3,579.0**	**(177.6)**	**3,401.4**	1,592.2	–	1,592.2
Net share of results from associates and joint ventures	6,18	**59.7**	**–**	**59.7**	5.1	–	5.1
Impairment of investment in associate	3	**–**	**–**	**–**	–	(80.8)	(80.8)
Total profit from operations, associates and joint ventures	8	**3,638.7**	**(177.6)**	**3,461.1**	1,597.3	(80.8)	1,516.5
Investment income		**5.0**	**–**	**5.0**	18.9	–	18.9
Interest expense		**(63.4)**	**–**	**(63.4)**	(77.1)	–	(77.1)
Other finance items		**74.4**	**–**	**74.4**	(45.2)	–	(45.2)
Net finance income /(expense)	10	**16.0**	**–**	**16.0**	(103.4)	–	(103.4)
Profit before tax	6	**3,654.7**	**(177.6)**	**3,477.1**	1,493.9	(80.8)	1,413.1
Income tax expense	11	**(1,332.9)**	**90.6**	**(1,242.3)**	(546.2)	19.7	(526.5)
Profit from continuing operations	6	**2,321.8**	**(87.0)**	**2,234.8**	947.7	(61.1)	886.6
Profit from discontinued operations	12	**–**	**–**	**–**	7.3	–	7.3
Profit for the year		**2,321.8**	**(87.0)**	**2,234.8**	955.0	(61.1)	893.9
Attributable to:							
Non-controlling interests	31	**917.4**	**27.2**	**944.6**	408.4	(20.9)	387.5
Owners of the parent	13	**1,404.4**	**(114.2)**	**1,290.2**	546.6	(40.2)	506.4

							US cents
Basic earnings per share	13						
From continuing operations		**142.5**	**(11.6)**	**130.9**	54.7	(4.1)	50.6
From discontinued operations		**–**	**–**	**–**	0.7	–	0.7
Total continuing and discontinued operations		**142.5**	**(11.6)**	**130.9**	55.4	(4.1)	51.3

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Note(s)	2021 $m	2020 $m
Profit for the year	6	**2,234.8**	893.9
Items that may be or were subsequently reclassified to profit or loss:			
Losses on cash flow hedges		**(90.9)**	(32.1)
Losses in fair value of cash flow hedges transferred to the income statement	25	**126.8**	3.4
Currency translation adjustment		**(1.6)**	0.9
Tax relating to these items		**(4.4)**	2.4
Total items that may be or were subsequently reclassified to profit or loss		**29.9**	(25.4)
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gains on defined benefit plans	27	**3.1**	9.8
(Losses)/gains in fair value of equity investments	19	**(2.1)**	5.5
Tax relating to these items		**(2.5)**	(2.6)
Total items that will not be subsequently reclassified to profit or loss		**(1.5)**	12.7
Total other comprehensive income/(expense)		**28.4**	(12.7)
Total comprehensive income for the year		**2,263.2**	881.2
Attributable to:			
Non-controlling interests	31	**952.8**	383.2
Equity holders of the Company		**1,310.4**	498.0

	2021 $m	2020 $m
Total comprehensive income for the year – continuing operations	**2,263.2**	873.9
Total comprehensive income for the year – discontinued operations	**–**	7.3
	2,263.2	881.2

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Share capital $m	Share premium $m	Other reserves (Note 30) $m	Retained earnings (Note 30) $m	Equity attributable to equity owners of the parent $m	Non-controlling interests $m	Total equity $m
At 1 January 2020	89.8	199.2	(18.1)	7,112.8	**7,383.7**	2,017.3	**9,401.0**
Capital increases from non-controlling interest (Note 23)[1]	–	–	–	–	**–**	210.0	**210.0**
Profit for the year	–	–	–	506.4	**506.4**	387.5	**893.9**
Other comprehensive (expense)/income for the year	–	–	(12.5)	4.1	**(8.4)**	(4.3)	**(12.7)**
Dividends	–	–	–	(131.1)	**(131.1)**	(280.0)	**(411.1)**
At 31 December 2020	**89.8**	**199.2**	**(30.6)**	**7,492.2**	**7,750.6**	**2,330.5**	**10,081.1**
Profit for the year	–	–	–	1,290.2	**1,290.2**	944.6	**2,234.8**
Other comprehensive income for the year	–	–	20.2	–	**20.2**	8.2	**28.4**
Dividends	–	–	–	(710.8)	**(710.8)**	(604.5)	**(1,315.3)**
At 31 December 2021	**89.8**	**199.2**	**(10.4)**	**8,071.6**	**8,350.2**	**2,678.8**	**11,029.0**

1. In 2020, a capital contribution of $210 million was received from Marubeni, the minority partner at Antucoya, in order to replace part of Antucoya's subordinated debt financing with equity.

Consolidated balance sheet

As at 31 December 2021

	Note(s)	2021 $m	2020 $m
Non-current assets			
Intangible assets	15	**–**	150.1
Property, plant and equipment	16	**10,538.5**	9,851.9
Other non-current assets		**1.3**	2.6
Inventories	20	**270.4**	278.1
Investment in associates and joint ventures	18	**905.8**	914.6
Trade and other receivables	21	**51.2**	55.9
Derivative financial instruments	25	**–**	0.3
Equity investments	19	**8.7**	11.1
Deferred tax assets	28	**96.8**	6.4
		11,872.7	11,271.0
Current assets			
Inventories	20	**532.8**	592.7
Trade and other receivables	21	**1,146.1**	1,016.9
Current tax assets		**13.7**	49.8
Derivative financial instruments	25	**–**	1.1
Liquid investments	22	**2,969.7**	2,426.0
Cash and cash equivalents	22	**743.4**	1,246.8
		5,405.7	5,333.3
Total assets		**17,278.4**	16,604.3
Current liabilities			
Short-term borrowings	23	**(337.1)**	(603.4)
Derivative financial instruments	25	**–**	(37.4)
Trade and other payables	24	**(829.1)**	(808.8)
Short-term decommissioning and restoration provisions	29	**(33.8)**	(22.2)
Current tax liabilities		**(374.2)**	(153.9)
		(1,574.2)	(1,625.7)
Non-current liabilities			
Medium and long-term borrowings	23	**(2,835.5)**	(3,151.4)
Trade and other payables	24	**(16.8)**	(11.0)
Liabilities in relation to joint ventures	18	**(0.6)**	(1.1)
Post-employment benefit obligations	27	**(107.5)**	(123.2)
Decommissioning and restoration provisions	29	**(302.3)**	(498.0)
Deferred tax liabilities	28	**(1,412.5)**	(1,112.8)
		(4,675.2)	(4,897.5)
Total liabilities		**(6,249.4)**	(6,523.2)
Net assets		**11,029.0**	10,081.1
Equity			
Share capital	30	**89.8**	89.8
Share premium	30	**199.2**	199.2
Other reserves	30	**(10.4)**	(30.6)
Retained earnings	30	**8,071.6**	7,492.2
Equity attributable to equity owners of the parent		**8,350.2**	7,750.6
Non-controlling interests	31	**2,678.8**	2,330.5
Total equity		**11,029.0**	10,081.1

The financial statements on pages 173 to 224 were approved by the Board of Directors on 24 March 2022 and signed on its behalf by

Jean-Paul Luksic
Chairman

Tony Jensen
Senior Independent Director

Consolidated cash flow statement

For the year ended 31 December 2021

	Note(s)	2021 $m	2020 $m
Cash flow from continuing operations	32	**4,507.7**	2,431.1
Interest paid		**(60.7)**	(52.7)
Income tax paid		**(776.9)**	(319.7)
Net cash from operating activities		**3,670.1**	2,058.7
Investing activities			
Capital contributions to joint ventures	18	**(33.5)**	(7.2)
Dividends from associates	18	**142.5**	–
Acquisition of mining properties		**(4.5)**	(1.5)
Proceeds from sale of property, plant and equipment		**1.5**	0.8
Purchases of property, plant and equipment		**(1,773.0)**	(1,305.9)
Net increase in liquid investments	22	**(543.7)**	(886.3)
Interest received		**7.4**	12.6
Net cash used in investing activities		**(2,203.3)**	(2,187.5)
Financing activities			
Dividends paid to equity holders of the Company	14	**(710.8)**	(131.1)
Dividends paid to preference shareholders of the Company	14	**(0.1)**	(0.1)
Dividends paid to non-controlling interests	31	**(604.5)**	(280.0)
Capital increase from non-controlling interest [1]		**–**	210.0
Proceeds from issue of new borrowings	32	**149.1**	2,398.6
Repayments of borrowings	32	**(694.7)**	(1,393.8)
Principal elements of lease payments	32	**(88.9)**	(86.5)
Net cash (used in)/generated from financing activities		**(1,949.9)**	717.1
Net (decrease)/increase in cash and cash equivalents		**(483.1)**	588.3
Cash and cash equivalents at beginning of the year		**1,246.8**	653.7
Net (decrease)/increase in cash and cash equivalents	32	**(483.1)**	588.3
Effect of foreign exchange rate changes	32	**(20.3)**	4.8
Cash and cash equivalents at end of the year	22,32	**743.4**	1,246.8

1. In 2020, a capital contribution of $210 million was received from Marubeni, the minority partner at Antucoya, in order to replace part of Antucoya's subordinated debt financing with equity.

Notes to the financial statements

1 Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The financial statements have been prepared on the going concern basis.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Antofagasta plc transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

Going concern

The Directors have assessed the going concern status of the Group, considering the period to 31 December 2023.

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Strategic Report, and in particular within the Operating Review. Details of the cash flows of the Group during the period, along with its financial position at the period-end, are set out in the Financial Review. The consolidated financial statements include details of the Group's cash, cash equivalents and liquid investment balances in Note 22, and details of borrowings are set out in Note 23.

When assessing the going concern status of the Group, the Directors have considered in particular its financial position, including its significant balance of cash, cash equivalents and liquid investments and the terms and remaining durations of the borrowing facilities in place. The Group had a strong financial position as at 31 December 2021, with combined cash, cash equivalents and liquid investments of $3,713.1 million. Total borrowings were $3,172.6 million, resulting in a net cash position of $540.5 million. Of the total borrowings, only 11% is repayable within one year, and 13% repayable between one and two years.

When assessing the prospects of the Group, the Directors have considered the Group's copper price forecasts, the Group's expected production levels, operating cost profile and capital expenditure. These forecasts are based on the Group's budgets and Life-of-Mine models, which are also used when assessing relevant accounting estimates. This analysis has focused on the existing asset base of the Group, without factoring in potential development projects, which is considered appropriate for an assessment of the Group's ability to manage the impact of a depressed economic environment. The analysis has only included the draw-down of existing committed borrowing facilities, and has not assumed that any new borrowing facilities will be put in place. The Directors have assessed the key risks which could impact the prospects of the Group over the going concern period and consider the most relevant to be risks to the copper price outlook, as this is the factor most likely to result in significant volatility in earnings and cash generation. Robust down-side sensitivity analyses have been performed, assessing the impact of:

- A significant deterioration in the future copper price forecasts by 10% throughout the going concern period.
- In addition to the above deterioration in the copper price throughout the review period, an even more pronounced short-term reduction of 15% in the copper price for a period of three months.
- The Group's most significant individual operational risks. In respect of the El Mauro tailings storage facility at Los Pelambres, the risk of a major failure is considered to be extremely low, principally because of the nature of the design and construction, as well as the rigorous ongoing monitoring and controls and its performance since it was built. Given this, it has not been considered appropriate to include a scenario incorporating the possible impact of a potential major dam failure within the sensitivity analyses.
- A shut-down of the Group's operations for a period of three months as the result of COVID-19 or other issues.
- The proposed new Chilean mining royalty, taking into account the Group's existing tax stability agreements.

These stress-tests each indicated results which could be managed in the normal course of business. The analysis indicated that the Group is expected to remain in compliance with all of the covenant requirements of its borrowings throughout the review period and retain sufficient liquidity. Based on their assessment of the Group's prospects and viability, the Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that the Directors are aware of that cast doubt on the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 December 2023. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

Company structure

Antofagasta plc is a company limited by shares, incorporated and domiciled in the United Kingdom at 103 Mount Street, London W1K 2TJ. The immediate parent of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested.

The nature of the Group's operations is mining and exploration activities and the transport of rail and road cargo.

A) Adoption of new accounting standards

The following accounting standards, amendments and interpretations became effective in the current reporting period:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The application of these standards and interpretations effective for the first time in the current year has had no significant impact on the amounts reported in these financial statements.

B) Accounting standards issued but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 17, Insurance Contracts
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)

1 Basis of preparation continued

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)

The item which is expected to have most relevance to the Group is the amendment to IAS 16 Property, Plant and Equipment – Proceeds before intended use. Currently the Group deducts amounts received from the sale of products during the initial ramp-up of new projects, before commercial production is achieved, from the capital cost of the project. Under the amendment to IAS 16, such amounts will instead be recognised as revenue in the income statement along with a corresponding allocation of related operating expenses, which is likely to result in increased revenue and operating expenses and a higher initial capitalised amount. The amendment will be applicable in the year beginning on 1 January 2022. The amendment would apply retrospectively only to relevant projects in progress at 1 January 2021 which were generating proceeds, and there were no such projects at 1 January 2021.

2 Principal accounting policies

A) Accounting convention

These financial statements have been prepared under the historical cost convention as modified by the use of fair values to measure certain financial instruments, principally provisionally priced sales as explained in Note 2(F) and financial derivative contracts as explained in Note 2(W).

B) Basis of consolidation

The financial statements comprise the consolidated financial statements of Antofagasta plc ("the Company" or "the Parent" or "the Parent Company") and its subsidiaries (collectively "the Group").

Subsidiaries – A subsidiary is an entity over which the Group has control, which is the case when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-company balances and transactions. For partly-owned subsidiaries, the net assets and profit attributable to non-controlling shareholders are presented as "Non-controlling interests" in the consolidated balance sheet and consolidated income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (ie reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions and disposals are treated as explained in Note 2(G) relating to business combinations and goodwill.

C) Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through the power to participate in the financial and operating policy decisions of that entity. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. This requires recording the investment initially at cost to the Group and then, in subsequent periods, adjusting the carrying amount of the investment to reflect the Group's share of the associate's results less any impairment and any other changes to the associate's net assets such as dividends. When the Group loses control of a former subsidiary but retains an investment in associate in that entity, the initial carrying value of the investment in associate is recorded at its fair value at that point. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

D) Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint arrangements are accounted depending on the nature of the arrangement.

i) **Joint ventures** – are accounted for using the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures as described in Note 18.

ii) **Joint operations** – are accounted for recognising directly the assets, obligations, revenues and expenses of the joint operator in the joint arrangement. The assets, liabilities, revenues and expenses are accounted for in accordance with the relevant IFRS.

When a Group entity transacts with its joint arrangements, profits and losses resulting from the transactions with the joint arrangements are recognised in the Group's consolidated financial statements only to the extent of interests in the joint arrangements that are not related to the Group.

E) Currency translation

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. Transactions in currencies other than the functional currency of the entity are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at year end exchange rates. Gains and losses on retranslation are included in net profit or loss for the period within other finance items.

The presentational currency of the Group and the functional currency of the Company is the US dollar. On consolidation, income statement items for entities with a functional currency other than the US dollar are translated into US dollars at average rates of exchange. Balance sheet items are translated at period-end exchange rates. Exchange differences on translation of the net assets of such entities are taken to equity and recorded in a separate currency translation reserve. Cumulative translation differences arising after the transition date to IFRS are recognised as income or as expenses in the income statement in the period in which an operation is disposed of.

On consolidation, exchange gains and losses which arise on balances between Group entities are taken to reserves where that balance is, in substance, part of the net investment in a foreign operation, ie where settlement is neither planned nor likely to occur in the foreseeable future. All other exchange gains and losses on Group balances are recognised in the income statement within other finance items.

Fair value adjustments and any goodwill arising on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the period-end rate.

F) Revenue recognition and other income

Revenue represents the value of goods and services supplied to third parties during the year. Revenue is measured at the fair value of consideration received or receivable, and excludes any applicable sales tax.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

For the Group's mining products, the customer generally gains control over the material when it has been loaded at the port of loading, and so this is the point of revenue recognition. The Group sells a significant proportion of its products on Cost, Insurance & Freight (CIF) Incoterms, which means that the Group is responsible for shipping the product to a destination port specified by the customer. The shipping service represents a separate performance obligation, and revenue in relation to such services is recognised separately from the sale of the material over time as the shipping service is provided, along with the associated costs. Shipment revenue is recognised at the contracted price to the Group as this reflects the standalone selling price.

Revenue from mining activities is recorded at the invoiced amounts with an adjustment for provisional pricing at each reporting date, as explained below. For copper and molybdenum concentrates, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate invoiced to the customer reflects the market value of the fully refined metal less a "treatment charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. Revenue includes amounts from the sale of by-products such as gold and silver.

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average London Metal Exchange ("LME") copper price or the monthly average market molybdenum price for specified future periods. This normally ranges from one to four months after delivery to the customer. For sales contracts which contain provisional pricing mechanisms, the initial invoice typically reflects the month-average market price for the metal in the month of shipment, with the associated receivable balance subsequently measured at fair value through profit or loss. Gains and losses from the marking-to market of the receivable balance in relation to open sales are recognised through adjustments to other income presented within revenue in the income statement and to trade receivables in the balance sheet. The fair value calculations are based on forward prices at the period end for copper concentrate and cathode sales, and period-end average prices for molybdenum concentrate sales due to the absence of a futures market for this product.

For the Transport division, revenue in respect of its transportation and ancillary services are recognised over time in line with the performance of those services.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from equity investments, associates and joint ventures is recognised when the shareholders' right to receive payment has been established. For associates and joint ventures, it is recorded as a decrease of the investment.

G) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The results of businesses acquired during the year are brought into the consolidated financial statements from the effective date of acquisition. The identifiable assets, liabilities and contingent liabilities of a business, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. Provisional fair values are finalised within 12 months of the acquisition date. Acquisition-related costs are expensed as incurred.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2 Principal accounting policies continued

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as "measurement period" adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (ie the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances which existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill arising in a business combination is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and liabilities assumed. Any goodwill on the acquisition of subsidiaries is separately disclosed, while any goodwill on the acquisition of associates and joint ventures is included within investments in equity accounted entities. Internally generated goodwill is not recognised. Where the fair values of the identifiable net assets acquired exceed the sum of the consideration transferred, the surplus is credited to the profit or loss in the period of acquisition as a bargain purchase gain.

The Group sometimes enters into earn-in arrangements whereby the Group acquires an interest in a project company in exchange for funding exploration and evaluation expenditure up to a specified level of expenditure or a specified stage in the life of the project. Funding is usually conditional on the achievement of key milestones by the partner. Typically there is no consideration transferred or funding liability on the effective date of acquisition of the interest in the project company and no goodwill is recognised on this type of transaction.

The results of businesses sold during the year are included in the consolidated financial statements for the period up to the effective date of disposal. Gains or losses on disposal are calculated as the difference between the sales' proceeds (net of expenses) and the net assets attributable to the interest which has been sold. Where a disposal represents a separate major line of business or geographical area of operations, the net results attributable to the disposed entity are shown separately in the income statement as a discontinued operation.

H) Exploration and evaluation expenditure

Exploration and evaluation costs, other than those incurred in acquiring exploration licences, are expensed in the year in which they are incurred. When a mining project is considered to be commercially viable (normally when the project has completed a pre-feasibility study, and the start of a feasibility study has been approved) all further directly attributable pre-production expenditure is capitalised. Capitalisation of pre-production expenditure ceases when commercial levels of production are achieved.

Costs incurred in acquiring exploration and mining licences are classified as intangible assets when construction of the related mining operation has not yet commenced. When construction commences the licences are transferred from intangible assets to the mining properties category within property, plant and equipment.

I) Stripping costs

Pre-stripping and operating stripping costs are incurred in the course of the development and operation of open-pit mining operations.

Pre-stripping costs relate to the removal of waste material as part of the initial development of an open-pit, in order to allow access to the ore body. The capitalised costs are depreciated once production commences on a unit of production basis, in proportion to the volume of ore extracted in the year compared with total proven and probable reserves for that pit at the beginning of the year.

Operating stripping costs relate to the costs of extracting waste material as part of the ongoing mining process. The ongoing mining and development of the Group's open-pit mines is generally performed via a succession of individual phases. The costs of extracting material from an open-pit mine are generally allocated between ore and waste stripping in proportion to the tonnes of material extracted. The waste stripping costs are generally absorbed into inventory and expensed as that inventory is processed and sold. Where the stripping costs relate to a significant stripping campaign which is expected to provide improved access to an identifiable component of the ore body (typically an individual phase within the overall mine plan), the costs of removing waste in order to improve access to that part of the ore body will be capitalised within property, plant and equipment. The capitalised costs will then be amortised on a unit of production basis, in proportion to the volume of ore extracted compared with the total ore contained in the component of the pit to which the stripping campaign relates.

J) Intangible assets

Exploration and mining licences are classified as intangible assets when construction of the related mining operation has not yet commenced. When construction commences, the licences are transferred from intangible assets to the mining properties category within property, plant and equipment.

K) Property, plant and equipment

The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment in the year in which they are incurred, when a mining project is considered to be commercially viable (normally when the project has completed a pre-feasibility study, and the start of a feasibility study has been approved). The cost of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Once a project has been established as commercially viable, related development expenditure is capitalised. This includes costs incurred in preparing the site for mining operations, including pre-stripping costs. Capitalisation ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

Interest on borrowings related to construction or development of projects is capitalised, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production.

L) Depreciation of property, plant and equipment

Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended.

Property, plant and equipment is depreciated over its useful life, or over the remaining life of the operation if shorter, to residual value. The major categories of property, plant and equipment are depreciated as follows:

(i) **Land** – freehold land is not depreciated unless the value of the land is considered to relate directly to a particular mining operation, in which case the land is depreciated on a straight-line basis over the expected mine life.

(ii) **Mining properties** – mining properties, including capitalised financing costs, are depreciated on a unit of production basis, in proportion to the volume of ore extracted in the year compared with total proven and probable reserves at the beginning of the year.

(iii) **Buildings and infrastructure** – straight-line basis over 10 to 25 years.

(iv) **Railway track** (including trackside equipment) – straight-line basis over 20 to 25 years.

(v) **Wagons and rolling stock** – straight-line basis over 10 to 20 years.

(vi) **Machinery, equipment and other assets** – are depreciated on a unit of production basis, in proportion to the volume of ore/material processed or on a straight-line basis over 5 to 20 years.

(vii) **Assets under construction** – no depreciation until asset is available for use.

(viii) **Lease right-of-use assets** – depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(ix) **Stripping cost** – capitalised costs are amortised on a unit of production basis, in proportion to the volume of ore extracted compared with the total ore contained in the component of the pit to which the stripping campaign relates (Note 16).

Residual values and useful lives are reviewed, and adjusted if appropriate, at least annually, and changes to residual values and useful lives are accounted for prospectively.

M) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets relating to exploration and mining licences are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. In respect of historical impairments recognised in prior years, the Group assesses whether there is any indication that impairment may no longer exist or may have decreased.

If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment or reversal (if any). Where the asset does not generate cash flows that are largely independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal reflects the net amount the Group would receive from the sale of the asset in an orderly transaction between market participants. For mining assets, this would generally be determined based on the present value of the estimated future cash flows arising from the continued use, further development or eventual disposal of the asset. The estimates used in determining the present value of those cash flows are those that an independent market participant would consider appropriate. Value in use reflects the expected present value of the future cash flows which the Group would generate through the operation of the asset in its current condition, without taking into account potential enhancements or further development of the asset. The fair value less costs of disposal valuation will normally be higher than the value in use valuation, as realisation of the full potential of the Group's mining operations typically requires further capital expenditure and ongoing mine development, and accordingly the Group typically applies this valuation estimate in its impairment assessments, unless indicated otherwise. Details of the valuations and sensitivities of the Group's mining operations considered as part of the impairment trigger assessment are included in Note 5.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment charge is recognised in the income statement immediately. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying value that would have been determined if no impairment had previously been recognised after taking into account the depreciation and/or amortisation that would otherwise have been recorded in the intervening period. A reversal is recognised in the income statement immediately.

N) Inventory

Inventory consists of raw materials and consumables, work-in-progress and finished goods. Work-in-progress represents material that is in the process of being converted into finished goods. The conversion process for mining operations depends on the nature of the copper ore. For sulphide ores, processing includes milling and concentrating and results in the production of copper concentrate. For oxide ores, processing includes leaching of stockpiles, solvent extraction and electrowinning and results in the production of copper cathodes. Finished goods consist of copper concentrate containing gold and silver at Los Pelambres and Centinela and copper cathodes at Centinela and Antucoya. Los Pelambres and Centinela also produce molybdenum as a by-product.

Inventory is valued at the lower of cost, on a weighted average basis, and net realisable value. Net realisable value represents estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost of finished goods and work-in-progress is production cost and for raw materials and consumables it is purchase price. Production cost includes:

- labour costs, raw material costs and other costs directly attributable to the extraction and processing of ore;
- depreciation of plant, equipment and mining properties directly involved in the production process; and
- an appropriate allocation of production overheads.

Stockpiles represent ore that is extracted and is available for further processing. Costs directly attributable to the extraction of ore are generally allocated as part of production costs in proportion to the tonnes of material extracted. Operating stripping costs are generally absorbed into inventory, and therefore expensed as that inventory is processed and sold. If ore is not expected to be processed within 12 months of the balance sheet date it is included within non-current assets. If there is significant uncertainty as to when any stockpiled ore will be processed it is expensed as incurred.

2 Principal accounting policies continued

O) Taxation

Tax expense comprises the charges or credits for the year relating to both current and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the income statement because it excludes items of income or expense that are taxable and deductible in different years and also excludes items that are not taxable or deductible. The liability for current tax is calculated using tax rates for each entity in the consolidated financial statements which have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences (ie differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit). Deferred tax is accounted for using the balance sheet liability method and is provided on all temporary differences with certain limited exceptions as follows:

(i) tax payable on undistributed earnings of subsidiaries, associates and joint ventures is provided except where the Group is able to control the remittance of profits and it is probable that there will be no remittance of past profits earned in the foreseeable future;

(ii) deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; nor is deferred tax provided on subsequent changes in the carrying value of such assets and liabilities, for example where they are depreciated; and

(iii) the initial recognition of any goodwill.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered through sufficient future taxable profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

P) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Q) Provisions for decommissioning and restoration costs

An obligation to incur decommissioning and restoration costs occurs when environmental disturbance is caused by the development or ongoing production of a mining property. Costs are estimated on the basis of a formal closure plan and are subject to regular formal review.

Such costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These decommissioning costs are charged against profit or loss over the life of the mine, through depreciation of the asset and unwinding or amortisation of the discount on the provision. Depreciation is included in operating costs while the unwinding of the discount is included within other finance items. Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work are added to, or deducted from, the cost of the related asset in the current year.

The costs for restoration of site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profit or loss as extraction progresses. Changes in the measurement of a liability relating to site damage created during production, which relate to changes in the estimate of the closure costs, are charged against operating profit, and changes relating to the discount rate and foreign exchange are recorded within other finance items.

R) Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year. The Group currently does not have any equity settled share-based payments to employees or third parties.

S) Post-employment benefits

The Group operates defined contribution schemes for a limited number of employees. For such schemes, the amount charged to the income statement is the contributions paid or payable in the year.

Employment terms may also provide for payment of a severance indemnity when an employment contract comes to an end. This is typically at the rate of one month for each year of service (subject in most cases to a cap as to the number of qualifying years of service) and based on final salary level. The severance indemnity obligation is treated as an unfunded defined benefit plan, and the calculation is based on valuations performed by an independent actuary using the projected unit credit method, which are regularly updated.

The obligation recognised in the balance sheet represents the present value of the severance indemnity obligation. Actuarial gains and losses are immediately recognised in other comprehensive income.

T) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amounts of cash, are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The cash balance is presented net of bank overdrafts which are repayable on demand. Cash and cash equivalents have a maturity period of 90 days or less.

U) Liquid investments

Liquid investments represent highly liquid current asset investments such as term deposits and managed funds invested in high quality fixed income instruments. They do not meet the IAS 7 definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity profile greater than 90 days from the date first entered into, or because they are held primarily for investment purposes rather than meeting short-term cash commitments. These assets are designated as fair value through profit or loss.

V) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

W) Other financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Group has transferred the asset to another party. Financial liabilities are removed from the Group's balance sheet when they are extinguished – ie when the obligation specified in the contract has been discharged, cancelled or expired.

(i) **Investments** – Equity investments which are not subsidiaries, associates or joint ventures are recognised at fair value. The Group generally applies an irrevocable election for each equity investment to designate them as Fair Value through Other Comprehensive Income (FVOCI). Dividends from equity investments are recognised in the income statement when the right to receive payment is established.

(ii) **Trade and other receivables** – As explained above, for sales contracts which contain provisional pricing mechanisms the total receivable balance is measured at fair value through profit or loss. Other receivable balances are recognised at amortised cost.

(iii) **Trade and other payables** – Trade and other payables are generally not interest-bearing and are normally stated at their nominal value.

(iv) **Borrowings** (loans and preference shares) – Interest-bearing loans and bank overdrafts are initially recorded at fair value which is typically equal to the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method. Amounts are either recorded as financing costs in profit or loss or capitalised in accordance with the accounting policy set out in Note 2(K). Finance charges are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The Sterling-denominated preference shares issued by the Company carry a fixed rate of return without the right to participate in any surplus. They are accordingly classified within borrowings and translated into US dollars at period-end rates of exchange. Preference share dividends are included within other finance items within net finance expense in the income statement.

(v) **Equity instruments** – Equity instruments issued are recorded at the proceeds received, net of direct issue costs. Equity instruments of the Company comprise its Sterling-denominated issued ordinary share capital and related share premium. As explained in Note 2(E), the presentational currency of the Group and the functional currency of the Company is US dollars, and ordinary share capital and share premium are translated into US dollars at historical rates of exchange based on dates of issue.

(vi) **Derivative financial instruments** – As explained in Note 25(D), the Group periodically uses derivative financial instruments to reduce exposure to foreign exchange, interest rate and commodity price movements. The Group does not use such derivative instruments for trading purposes. The Group has applied the hedge accounting provisions of IFRS 9 Financial Instruments. The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in profit or loss in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in profit or loss. Realised gains and losses on commodity derivatives recognised in profit or loss are recorded within revenue. The time value element of changes in the fair value of derivative options is recognised within other comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining the appropriate classification and measurement. The treatment of embedded derivatives arising from provisionally priced commodity sales contracts is set out in further detail in Note 2(F) relating to revenue. Derivatives embedded in financial liabilities are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value. Changes in fair value are reported in profit or loss for the year.

2 Principal accounting policies continued

(vii) Impairment of financial assets – The Group applies the forward-looking expected credit loss model to its financial assets, other than those measured at fair value through profit or loss. The Group applies the IFRS 9 "simplified approach" to its trade receivables, measuring the loss allowance at the lifetime expected credit loss. For other financial assets, where the credit risk has not increased significantly since initial recognition, the loss allowance is measured at the 12 month expected credit loss. If there has been a significant increase in credit risk, the loss allowance is measured at the lifetime expected credit loss. Increases or decreases to the credit loss allowance are recognised immediately in profit or loss.

X) Exceptional items

Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash, including impairments and profits or losses on disposals. The tax effect of items presented as exceptional is also classified as exceptional, as are material deferred tax adjustments that relate to more than one reporting period.

Y) Rounding

All amounts disclosed in the financial statements and notes have been rounded to the nearest million dollars unless otherwise stated.

These policies have been consistently applied to all the years presented, unless otherwise stated.

3 Critical accounting judgements and key sources of estimation uncertainty

Determining many of the amounts included in the financial statements involves the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is included in the principal accounting policies in Note 2 or the other notes to the financial statements, and the key areas are set out below.

A) Judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Non-financial assets impairment

As explained in Note 2(M), the Group reviews the carrying value of its intangible assets and property, plant and equipment to determine whether there is any indication that those assets are impaired. In performing assessments for impairment triggers, assets that do not generate largely independent cash inflows are allocated to an appropriate cash generating unit ("CGU"). Details of the valuations and sensitivities of the Group's mining operations considered as part of the impairment trigger assessment are included in Note 5, including quantitative sensitivity analyses. Details of the value of assets and liabilities for each of the mining operations are set out in Note 6.

When an impairment trigger is identified, an impairment test is performed, wherein the recoverable amount of those assets, or the CGU, is measured at the higher of their fair value less costs of disposal and value in use.

When an impairment test is performed, management necessarily applies its judgement in allocating assets to CGUs, in estimating the probability, timing and value of underlying cash flows and in selecting appropriate discount rates to be applied within the fair value less costs of disposal calculation. The key assumptions are set out in Note 2(M). Subsequent changes to CGU allocation, licensing status, reserves and resources, price assumptions or other estimates and assumptions in the fair value less costs of disposal calculation could impact the carrying value of the respective assets.

As explained in Note 4, the United States federal government has cancelled a number of the mining leases relating to the Twin Metals project. This was judged to be an impairment indicator as at the balance sheet date, and following the resulting impairment test an impairment has been recognised in respect of the $177.6 million of intangible assets and property, plant and equipment relating to the project.

As explained in Note 5, based on an assessment of both qualitative and quantitative factors, there were no indicators of potential impairment, or reversal of previous impairments, for the Group's non-current assets associated with its mining operations at the 2021 year-end, and accordingly no impairment tests have been performed.

(ii) Capitalisation of project costs within property, plant and equipment

As explained in Note 2(K) the costs of developing mining properties are capitalised as property, plant and equipment when the mining project is considered to be commercially viable. Commercial viability is normally considered to be demonstrable when the project has completed a pre-feasibility study, and the start of a feasibility study has been approved. Management reviews amounts capitalised to ensure that the treatment of that expenditure as capital rather than operating expenditure is reasonable, in particular in respect of the commercial viability of the project.

As at 31 December 2021, $180 million of feasibility study costs relating to the Centinela Second Concentrator project, which is still under evaluation and has not yet received final Board approval, were capitalised within property, plant and equipment. Should the Group ultimately take the decision not to proceed with the development of this project, then it is likely that the corresponding element of the capitalised feasibility study costs would need to be impaired.

The capitalisation of the construction and commissioning costs for a new mining operation ceases, and depreciation commences, when the operation is in the condition necessary for it to be capable of operating in the manner intended (which is termed as achieving commercial production).

The determination of the commercial production date requires judgement which involves the consideration of a number of relevant factors, including the successful completion of commissioning tests and the processing and production levels achieved compared with expected design capacity.

B) Estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Deferred taxation

No deferred tax liability is recognised in respect of the undistributed earnings of subsidiaries where it is not likely that those profits will be distributed in the foreseeable future. When determining whether it is likely that distributions will be made in the foreseeable future, and what is the appropriate foreseeable future period for this purpose, the Group considers factors such as the predictability of the likely future Group dividends, taking into account the Group's dividend policy and the level of potential volatility of the Group's future earnings, as well as the current level of distributable reserves at the Antofagasta plc entity level. As set out in Note 28, at 31 December 2021 deferred withholding tax liabilities of $23.1 million have been recognised, which relate to undistributed earnings of subsidiaries where it is considered likely that the corresponding profits will be distributed in the foreseeable future. The value of the remaining undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, because the Group is in a position to control the timing of the distributions and it is likely that distributions will not be made in the foreseeable future, was $6,483 million (31 December 2020 – $4,980 million - restated from the previously reported amount of $4,810 million, reflecting the removal of amounts relating to entities with accumulated losses). If deferred withholding tax liabilities were recognised in respect of all of these remaining undistributed earnings of subsidiaries this would result in an additional deferred tax liability and expense of approximately $1,232 million.

As explained in Note 2(O), deferred tax assets are recognised only to the extent that it is probable that they will be recovered through sufficient future taxable profits. When assessing the probable future taxable profits, the Group considers whether the relevant Group entity has sufficient taxable temporary differences which will result in taxable amounts against which the unused tax losses can be utilised.

Generally under Chilean tax law most tax losses can be carried forward indefinitely, and so the expiry of tax losses is not generally an issue. The key assumptions to which the forecasts of the probable level of future taxable profits are most sensitive are future commodity prices, production levels and operating costs.

As set out in Note 28, the Group has recognised $96.8 million of deferred tax assets as at 31 December 2021, relating to tax losses, provisions and short-term timing differences. This includes $90.6 million of previously unrecognised deferred tax assets in respect of tax losses available for offset against future profits, which have been recognised at 31 December 2021. These losses may be carried forward indefinitely.

In previous periods the Group had reviewed these tax losses for potential recognition, and concluded that it was not probable that future taxable profits would be available against which the losses could be utilised, and accordingly had not recognised a deferred tax asset in respect of those losses. In making this assessment in previous periods, the Group had taken into account that the relevant Group entity (Antucoya) had consistently generated taxable losses in recent years, was continuing to generate taxable losses in the then current period, and was forecast to continue generating taxable losses in future periods. During 2021, there has been a significant improvement in the current copper price (with the copper price reaching record levels in nominal terms during the year) and also the near-term copper price outlook. As a result of this improvement in the copper price environment, Antucoya began to generate taxable profits in 2021. The improved near-term outlook for the copper price also means that Antucoya is now forecast to generate sufficient future taxable profits to fully utilise its remaining tax losses.

In addition to the above estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, we have also set out the following additional estimates and assumptions which have a significant impact on the financial statements, but which are not considered to be key sources of estimation uncertainty as defined in IAS 1.

(i) Inventory valuation

The valuation of work in progress inventories involves a number of estimates, including the average ore grade, volume and density of ore stockpiles, and the recoveries in respect of material on the leach piles. Evaluating the net realisable value of the inventories also requires an estimate of the likely future copper price for the periods when it is expected that the inventories will be completed and sold. As set out in Note 20, the value of work in progress inventories at 31 December 2021 was $586.9 million.

If the copper spot price at 31 December 2021 (used for forecasting the likely sales price of short-term inventories) had been 10% lower, this would not have resulted in any net realisable value provision.

The valuation of leachpile inventories can be particularly complex, given the required estimates including in respect of the total recoveries and the speed of recovery in relation to the material on the piles. This is particularly the case with leachpiles with a long leaching cycle, where material may remain on the pile for several years before it has been fully leached. The operation with the most significant long-term leachpile inventory is Zaldívar, with a long-term leachpile with a value of approximately $140 million (on a 50% attributable basis) at 31 December 2021. This balance is forecast to be consumed over the operation's remaining 14-year mine life and its recoverability is based on the same assumptions about future operational considerations as detailed in Note 5. As a simple, high-level sensitivity, if this balance were reduced by 10% (due to changes in recovery estimates for example), this would result in a reduction in Zaldívar's inventory balance of approximately $14 million (on a 50% attributable basis).

(ii) Useful economic lives of property, plant and equipment and ore reserves estimates

As explained in Note 2(L), mining properties, including capitalised financing costs, are depreciated in proportion to the volume of ore extracted in the year compared with total proven and probable reserves at the beginning of the year.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that were valid at the time of estimation may change when new information becomes available. These include assumptions as to grade estimates and cut-off grades, recovery rates, commodity prices, exchange rates, production costs, capital costs, processing and reclamation costs and discount rates. The actual volume of ore extracted and any changes in these assumptions could affect prospective depreciation rates and carrying values.

The majority of other items of property, plant and equipment are depreciated on a straight-line basis over their useful economic lives. Management reviews the appropriateness of useful economic lives at least annually and, again, any changes could affect prospective depreciation rates and asset carrying values.

3 Critical accounting judgements and key sources of estimation uncertainty continued

The operation with the most significant depreciation expense is Centinela, with a depreciation expense of $655 million in 2021, representing approximately 60% of the total Group depreciation charge. As a simple high-level sensitivity, a 10% adjustment to the useful economic lives of Centinela's property, plant and equipment would result in an impact of approximately $65 million on the annual depreciation charge.

In the particular case of the Zaldívar joint venture, the following factors have been considered when assessing the appropriate useful economic lives, depreciation rates and asset carrying values:

- an Environmental Impact Assessment (EIA) has been submitted to extend the permits for water extraction (which currently expire during 2025) and general mining activities (which currently expire at the end of 2023) until 2031. Subsequent applications will be required in due course to further extend the permits beyond 2031. The assets'useful economic lives assume that essential permits will be extended to the end of the mine life, and other permits can be extended, or alternative solutions to enable the ongoing operation of the mine can be implemented. However, if essential permits are not extended, this may result in a change in the assets' useful economic lives or carrying value.
- Zaldívar's final pit phase, which represents approximately 20% of current ore reserves, impacts a portion of Minera Escondida's mine property, as well as infrastructure owned by third parties (road, railway, powerline and pipelines). The assets'useful economic lives assume that mining of the final pit phase, which is subject to agreements or easements to access these areas and relocate this infrastructure, will be possible.

(iii) Provisions for decommissioning and site restoration costs

As explained in Note 2(Q), provision is made, based on net present values, for decommissioning and site rehabilitation costs as soon as the obligation arises following the development or ongoing production of a mining property. The provision is based on a closure plan prepared with the assistance of external consultants.

Management uses its judgement and experience to provide for and (in the case of capitalised decommissioning costs) amortise these estimated costs over the life of the mine. The ultimate cost of decommissioning and site rehabilitation is uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites.

The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Details of the decommissioning and restoration provisions are set out in Note 29. The total value of these provisions as at 31 December 2021 was $336.1 million. As a simple high-level sensitivity, a 10% increase in the forecast closure costs would increase the provision balance by approximately $34 million, the capitalised decommissioning costs asset within property, plant and equipment by approximately $12 million and the on-going annual operating expenses by approximately $1 million.

4 Exceptional items

Exceptional items are material items of income and expense which are non-regular or non-operating and typically non-cash, including impairments and profits or losses on disposals. The tax effect of items presented as exceptional is also classified as exceptional, as are material deferred tax adjustments that relate to more than one reporting period. The classification of these types of items as exceptional is considered to be useful as it provides an indication of the earnings generated by the ongoing businesses of the Group.

2021 – Impairment of Twin Metals' assets

Twin Metals Minnesota ("Twin Metals") is a wholly owned copper, nickel and platinum group metals (PGM) underground mining project, which holds copper, nickel, cobalt-PGM deposits in north-eastern Minnesota, US. In recent years, Twin Metals has been progressing its Mine Plan of Operations (MPO) and Scoping Environmental Assessment Worksheet Data Submittal, submitted in December 2019 to the US Bureau of Land Management (BLM) and Minnesota Department of Natural Resources (DNR), respectively. However, over the past year, while the Twin Metals project was advancing through environmental review, several actions were taken by the federal government that have changed the potential scenarios for the project.

In September 2021, the United States Forest Service (USFS) submitted an application to withdraw approximately 225,000 acres of land in the Superior National Forest from the scope of federal mineral leasing laws, subject to valid existing rights. In October 2021, the United States Bureau of Land Management (BLM) rejected Twin Metals' Preference Right Lease Applications (PRLAs) and Prospecting Permit Applications (PPAs). In January 2022, the United States Department of the Interior cancelled Twin Metals' MNES-1352 and MNES-1353 federal mineral leases. The PRLAs and federal mineral leases form a significant proportion of the mineral resources contained within Twin Metals' current project plan and, accordingly, it was determined that these events collectively represented an impairment trigger as at the balance sheet date.

Prior to the resulting impairment assessment being performed, as at 31 December 2021, the Group had recognised an intangible asset of $150.1 million and property, plant and equipment of $27.5 million relating to the Twin Metals project. The intangible asset arose upon the acquisition in 2015 of Duluth Metals, which owned a 60% stake in the Twin Metals project, with the carrying value of the intangible asset reflecting the consideration paid for that acquisition. The property, plant and equipment balances reflected the historical cost of acquiring those assets. These carrying values prior to the impairment did not, therefore, reflect an estimate of the commercial potential of the project as at 31 December 2021.

The Group believes that Twin Metals has a valid legal right to the mining leases and a strong case to defend its legal rights. Although the Group intends to pursue validation of those rights, considering the time and uncertainty related to any legal action to challenge the government decisions, an impairment has been recognised as at 31 December 2021 in respect of the $177.6 million of intangible assets and property, plant and equipment relating to the Twin Metals project.

2021 – Recognition of previously unrecognised deferred tax assets

At 31 December 2021, the Group recognised $90.6 million of previously unrecognised deferred tax assets relating to tax losses available for offset against future profits. In previous periods, the Group had reviewed these tax losses for potential recognition, and concluded that it was not probable that future taxable profits would be available against which the losses could be utilised, and accordingly had not recognised a deferred tax asset in respect of those losses. In making this assessment in previous periods, the Group had taken into account that the relevant Group entity (Antucoya) had consistently generated taxable losses in recent years, was continuing to generate taxable losses in the then current period, and was forecast to continue generating taxable losses in future periods, and the Group could not use these taxable losses to offset profits in other Group entities. During 2021, there has been a significant improvement in the current copper price (with the copper price reaching record levels in nominal terms during the year) and also the near-term copper price outlook. As a result of this improvement in the copper price environment, the relevant Group entity began to generate taxable profits in 2021. The improved near-term outlook for the copper price also means that the entity is now forecast to generate sufficient future taxable profits to fully utilise its remaining tax losses. Current forecasts indicate that the losses will be utilised over approximately the next eight years (compared with the remaining mine life for Antucoya of 22 years). The forecasts are based on Antucoya's Life-of-Mine model. When the tax losses are utilised in future years it is expected that the impact will be recorded within the underlying tax charge for that year, in order to match with the similar classification of the corresponding taxable profits of that year.

2020 – Impairment of the investment in Hornitos

On 31 March 2020, the Group agreed to dispose of its 40% interest in the Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. This was part of the value accretive renegotiation of Centinela's power purchase agreement, which as a result will be wholly supplied from lower cost renewable sources from 2022. In accordance with the terms of the agreement, the Group disposed of its investment to ENGIE in December 2021 for a nominal consideration, and has not been entitled to receive any further dividend income from Hornitos from the date of the agreement. Accordingly, the Group no longer had any effective economic interest in the results or assets of Hornitos from 31 March 2020 onwards, and therefore recognised an impairment of $80.8 million in respect of its investment in associate balance as of that date, and no longer recognised any share of Hornitos' results. The post-tax impact of the impairment is $61.1 million, of which $40.2 million is attributable to the equity owners of the Company.

5 Asset sensitivities

Other asset sensitivities

Based on an assessment of both qualitative and quantitative factors, there were no indicators of potential impairment, or reversal of previous impairments, for the Group's non-current assets associated with its mining operations at the 2021 year-end, and accordingly no impairment tests have been performed. The quantitative element of the trigger assessment, which is based on the Group's life-of-mine models, provides an indication of what the approximate recoverable amount of the Group's operations would be, were a full impairment test under IAS 36 to be performed. In order to provide an indication of the sensitivities of the approximate recoverable amount of the Group's mining operations, sensitivity analysis has been performed on the indicative valuation, prepared as part of the Group's impairment indicator analysis.

This impairment indicator valuation exercise demonstrated positive headroom for all of the Group's mining operations, with the recoverable amount of the assets in excess of their carrying value.

Relevant aspects of these indicative valuation estimates include:

Fair value less costs of disposal and value in use valuations

If a full IAS 36 impairment test were to be prepared, which was not the case as at 31 December 2021, the recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal reflects the net amount the Group would receive from the sale of the asset in an orderly transaction between market participants. For mining assets, this would generally be determined based on the present value of the estimated future cash flows arising from the continued use, further development or eventual disposal of the asset. Value in use reflects the expected present value of the future cash flows which the Group would generate through the operation of the asset in its current condition, without taking into account potential enhancements or further development of the asset. The fair value less costs of disposal valuation will normally be higher than the value in use valuation for mining companies, and accordingly the Group typically applies this valuation estimate in its impairment or valuation assessments.

Climate risks

The indicative valuations incorporate estimates of the potential future costs relating to climate risks. During 2021, the Group has implemented, and disclosed against, the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). This process is described in detail in the Task Force on Climate-related Financial Disclosures section of the Strategic Report. This process included scenario analyses assessing the potential future impact of transition and physical risks. In preparing this analysis, the Group used two climate scenarios to capture the broadest possible spectrum of climate-related risks and opportunities, an aggressive mitigation scenario and a high warming scenario. The total of the estimated potential transition and physical risk impacts under this approach is likely to overstate the probable overall impact, for example because if relatively aggressive actions are taken in order to minimise transition risks, this should reduce the risk of relatively significant physical impacts. However, in order to incorporate a simple and conservative estimate of the potential future costs of climate risks we have combined the estimates of the potential costs of the transition risk and physical risk scenarios, and incorporated those total cost forecasts into the indicative valuations.

5 Asset sensitivities continued

Copper price outlook

The assumption to which the value of the assets is most sensitive is the future copper price. The copper price forecasts (representing the Group's estimates of the assumptions that would be used by independent market participants in valuing the assets) are based on the forward curve for the short term and consensus analyst forecasts for the longer term. A long-term copper price of $3.30/lb (reflecting 2021 real terms) has been used in the base valuations used in the impairment indicator assessment. As an additional down-side sensitivity a valuation was performed with a long-term copper price of $2.97/lb, reflecting a 10% reduction in the long-term price forecast. Los Pelambres, Centinela, and Zaldívar still showed positive headroom in this alternative down-side scenario. However, the Antucoya valuation indicated a potential deficit of $160 million. This was a simple sensitivity exercise, looking at an illustrative change in the forecast long-term copper price in isolation. In reality, a deterioration in the long-term copper price environment is likely to result in corresponding improvements in a range of input cost factors. In particular, given that copper exports account for over 50% of Chile's exports, movements in the US dollar/Chilean peso exchange rate have historically been highly correlated to the copper price, and a decrease in the copper price is likely to result in a weakening of the Chilean peso, with a resulting reduction in the Group's operating costs and capital expenditure. These likely cost reductions, as well as potential operational changes which could be made in a weaker copper price environment, could partly mitigate the impact of the lower copper price modelled in these estimated potential sensitivities.

The US dollar/Chilean peso exchange rate

The value of the assets is also sensitive to movements in the US dollar/Chilean peso exchange rate. A long-term exchange rate of Ch$770/$1 has been used in the base valuations used in the impairment indicator assessment. As an additional down-side sensitivity an indicative valuation was performed with a 10% stronger long-term Chilean peso exchange rate assumption. Los Pelambres, Centinela, and Zaldívar all still showed positive headroom in this alternative down-side scenario. In the case of Antucoya, this down-side scenario indicated a potential break-even position. As noted above, movements in the US dollar/Chilean peso exchange rate have historically been highly correlated to the copper price and so in reality the exchange rate would not be expected to move in isolation.

Other relevant assumptions

In addition to the impact of climate change risks, the future copper price and the US dollar/Chilean peso exchange rate, the indicative valuations are sensitive to the assumptions in respect of future production levels, operating costs, sustaining and development capital expenditure, potential changes in the Chilean mining royalty regime, and the discount rate used to determine the present value of the future cash flows.

A real post-tax discount rate of 8% has been used in determining the present value of the forecast future cash flow from the assets as part of the impairment indicator assessment.

The COVID-19 situation is not expected to have a significant negative impact on the future production or capital projects of the Group's mining operations. The forecasts within the indicative valuations reflect estimates of the expected ongoing costs of managing the situation over the near-term.

As indicated by the sensitivities for movements in the long-term copper price and the US dollar/Chilean peso exchange rate described above, Antucoya is particularly sensitive to movements in the input assumptions.

The impairment trigger assessments for Los Pelambres and Centinela are not sensitive to movements in these assumptions. While Zaldívar is also not particularly sensitive to changes in the assumptions used in the indicative valuation prepared as part of the quantitative impairment indicator assessment, the conclusion that there are no impairment indicators does reflect certain assumptions about future operational considerations, which include the following:

- an Environmental Impact Assessment (EIA) has been submitted to extend the permits for water extraction (which currently expire during 2025) and general mining activities (which currently expire at the end of 2023) until 2031. Subsequent applications will be required in due course to further extend the permits beyond 2031. The indicative valuation assumes that essential permits will be extended to the end of the mine life, and other permits can be extended, or alternative solutions to enable the ongoing operation of the mine, can be implemented. However, if essential permits are not extended, this is likely to be considered an indicator of a potential impairment, requiring a full impairment assessment at that point.
- Zaldívar's final pit phase, which represents approximately 20% of current ore reserves, impacts a portion of Minera Escondida's mine property, as well as infrastructure owned by third parties (road, railway, powerline and pipelines). The indicative valuation assumes that mining of the final pit phase, which is subject to agreements or easements to access these areas and relocate this infrastructure, will be possible.

Indicators of potential reversal of previous impairments

Antucoya recognised impairments totalling $716 million in 2012 and 2016. Of the original impairment amounts, approximately $550 million remains in effect unamortised as at 31 December 2021. Based on an assessment of both qualitative and quantitative factors, there were no indicators of a potential reversal of these previous impairments at the 2021 year-end. As noted above, the indicative valuation exercise for Antucoya at the 2021 year-end indicated positive headroom for Antucoya. However, the headroom position is relatively marginal – the down-side sensitivity reflecting a 10% reduction in the long-term copper price resulted in a potential deficit of $160 million; the sensitivity using a 10% stronger long-term Chilean peso exchange rate assumption indicated a potential break-even position. Given this marginal headroom position, reasonably possible changes in the general market environment, the operational performance of the mine or the regulatory and taxation environment in Chile could result in a break-even or a potential deficit position for Antucoya and hence it was concluded that there was no impairment reversal trigger as at 31 December 2021.

However, if there is a future significant improvement in the performance and value of Antucoya, for example due to one, or a combination of, the following – a significant increase in the long-term copper price outlook, strong operational performance that is expected to be sustained into the future, and/or positive resolution of uncertainty with the regulatory and taxation environment in Chile – a full or partial reversal of these impairments could be triggered in future periods.

6 Segment information

The Group's operating and reportable segments are as follows:

- Los Pelambres
- Centinela
- Antucoya
- Zaldívar
- Exploration and evaluation
- Corporate and other items
- Transport division

For management purposes, the Group is organised into two business divisions based on their products – Mining and Transport. The Mining division is split further for management reporting purposes to show results by mine and exploration activity.

Los Pelambres produces primarily copper concentrate, molybdenum, gold and silver as a by-product. Centinela produces copper concentrate containing gold and silver as a by-product, molybdenum concentrates and copper cathodes. Antucoya and Zaldívar produce copper cathodes. The Transport division provides rail cargo and road cargo transport together with a number of ancillary services. All the operations are based in Chile. The Exploration and evaluation segment incurs exploration and evaluation expenses. "Corporate and other items" comprises costs incurred by the Company, Antofagasta Minerals SA, the Group's mining corporate centre and other entities, that are not allocated to any individual business segment. Consistent with its internal management reporting, the Group's corporate and other items are included within the Mining division.

The chief operating decision-maker (the Group's Chief Executive Officer) monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on the operating profit of each of the segments.

A) Segment revenues and results

For the year ended 31 December 2021

	Los Pelambres $m	Centinela $m	Antucoya $m	Zaldívar $m	Exploration and evaluation[2] $m	Corporate and other items $m	Mining $m	Transport division $m	Total $m
Revenue	3,621.0	2,981.3	697.8	–	–	–	7,300.1	170.0	7,470.1
Operating cost excluding depreciation	(1,095.0)	(1,062.0)	(360.7)	–	(103.2)	(76.0)	(2,696.9)	(106.3)	(2,803.2)
Depreciation	(281.8)	(654.7)	(98.3)	–	–	(13.0)	(1,047.8)	(30.9)	(1,078.7)
Loss on disposals	(3.7)	(4.0)	(0.5)	–	–	–	(8.2)	(1.0)	(9.2)
Provision against the carrying value of assets[4]	–	–	–	–	(177.6)	–	(177.6)	–	(177.6)
Operating profit/(loss)	2,240.5	1,260.6	238.3	–	(280.8)	(89.0)	3,369.6	31.8	3,401.4
Net share of results from associates and joint ventures	–	–	–	68.5	–	(9.0)	59.5	0.2	59.7
Investment income	1.4	1.5	0.3	–	–	1.7	4.9	0.1	5.0
Interest expense	(3.5)	(16.4)	(15.5)	–	–	(27.2)	(62.6)	(0.8)	(63.4)
Other finance items	41.1	26.1	4.9	–	–	5.1	77.2	(2.8)	74.4
Profit/(loss) before tax	2,279.5	1,271.8	228.0	68.5	(280.8)	(118.4)	3,448.6	28.5	3,477.1
Tax	(743.7)	(382.0)	(7.1)	–	–	(188.3)	(1,321.1)	(11.8)	(1,332.9)
Tax – exceptional items[3]	–	–	90.6	–	–	–	90.6	–	90.6
Profit/(loss) for the year	1,535.8	889.8	311.5	68.5	(280.8)	(306.7)	2,218.1	16.7	2,234.8
Non-controlling interests	607.5	252.2	84.4	–	–	0.5	944.6	–	944.6
Profit/(losses) attributable to the owners of the parent	928.3	637.6	227.1	68.5	(280.8)	(307.2)	1,273.5	16.7	1,290.2
EBITDA[1]	2,526.0	1,919.3	337.1	172.8	(103.2)	(84.0)	4,768.0	68.2	4,836.2
Additions to non-current assets									
Additions to property, plant and equipment	903.1	826.4	62.7	–	0.6	30.4	1,823.2	32.7	1,855.9
Segment assets and liabilities									
Segment assets	5,667.1	5,924.2	1,735.9	–	–	2,661.1	15,988.3	384.3	16,372.6
Investment in associates and joint ventures	–	–	–	900.0	–	–	900.0	5.8	905.8
Segment liabilities	(2,642.0)	(1,797.0)	(548.7)	–	–	(1,174.5)	(6,162.2)	(87.2)	(6,249.4)

1. EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group's subsidiaries, and the Group's proportional share of the EBITDA of its associates and joint ventures (refer to the Alternative Performance Measures section on page 229).
2. Operating cash outflow in the exploration and evaluation segment was $49.9 million.
3. During 2021, there was an exceptional item of $90.6 million which reflects the recognition of a deferred tax asset at Antucoya (see Note 4).
4. An impairment has been recognised as at 31 December 2021 in respect of the $177.6 million of intangible assets and property, plant and equipment relating to the Twin Metals project, presented as an exceptional item.

6 Segment information continued

For the year ended 31 December 2020

	Los Pelambres $m	Centinela $m	Antucoya $m	Zaldívar $m	Exploration and evaluation[2] $m	Corporate and other items $m	Mining $m	Transport division $m	Total $m
Revenue	2,655.1	1,844.5	480.3	–	–	–	4,979.9	149.4	5,129.3
Operating cost excluding depreciation	(992.1)	(932.8)	(314.5)	–	(85.1)	(66.2)	(2,390.7)	(91.4)	(2,482.1)
Depreciation	(252.6)	(662.9)	(94.6)	–	–	(7.8)	(1,017.9)	(30.8)	(1,048.7)
Loss on disposals	(2.5)	(1.8)	–	–	–	–	(4.3)	(2.0)	(6.3)
Operating profit/(loss)	1,407.9	247.0	71.2	–	(85.1)	(74.0)	1,567.0	25.2	1,592.2
Equity accounting results	–	–	–	12.2	–	(6.5)	5.7	(0.6)	5.1
Impairment of investment in associate[3]	–	(95.6)	–	–	–	–	(95.6)	14.8	(80.8)
Net share of results from associates and joint ventures	–	(95.6)	–	12.2	–	(6.5)	(89.9)	14.2	(75.7)
Investment income	4.7	4.3	0.8	–	–	9.0	18.8	0.1	18.9
Interest expense	(4.3)	(24.9)	(25.5)	–	–	(20.7)	(75.4)	(1.7)	(77.1)
Other finance items	(26.0)	(13.7)	(4.0)	–	–	(5.5)	(49.2)	4.0	(45.2)
Profit/(loss) before tax	1,382.3	117.1	42.5	12.2	(85.1)	(97.7)	1,371.3	41.8	1,413.1
Tax	(435.8)	(23.0)	(0.3)	–	–	(59.2)	(518.3)	(8.2)	(526.5)
Profit/(loss) for the year from continuing operations	946.5	94.1	42.2	12.2	(85.1)	(156.9)	853.0	33.6	886.6
Profit for the period from discontinued operations	–	–	–	–	–	7.3	7.3	–	7.3
Profit/(loss) for the year	946.5	94.1	42.2	12.2	(85.1)	(149.6)	860.3	33.6	893.9
Non-controlling interests	371.5	12.9	3.1	–	–	–	387.5	–	387.5
Profit/(losses) attributable to the owners of the parent	575.0	81.2	39.1	12.2	(85.1)	(149.6)	472.8	33.6	506.4
EBITDA[1]	1,663.0	911.7	165.8	95.5	(85.1)	(72.7)	2,678.2	61.0	2,739.2
Additions to non-current assets									
Additions to property, plant and equipment	827.3	441.8	44.6	–	–	8.4	1,322.1	26.2	1,348.3
Segment assets and liabilities									
Segment assets	5,475.9	5,898.8	1,641.5	–	–	2,284.2	15,300.4	382.9	15,683.3
Deferred tax assets	–	–	–	–	–	2.7	2.7	3.7	6.4
Investment in associates and joint ventures	–	–	–	909.0	–	–	909.0	5.6	914.6
Segment liabilities	(2,700.1)	(1,823.2)	(702.5)	–	–	(1,202.6)	(6,428.4)	(94.8)	(6,523.2)

1. EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is calculated by adding back depreciation, amortisation, profit or loss on disposals and impairment charges to operating profit. This comprises 100% of the EBITDA from the Group's subsidiaries, and the Group's proportional share of the EBITDA of its associates and joint ventures (refer to the Alternative Performance Measures section on page 229).
2. Operating cash outflow in the exploration and evaluation segment was $43.1 million.
3. On 31 March 2020, the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. This has resulted in a $80.8 million impairment in respect of the Group's investment in associate balance.

Notes to segment revenues and results

(i) Inter-segment revenues are eliminated on consolidation. The only inter-segment revenue related to sales from the Transport division to the mining division of $8.2 million (year ended 31 December 2020 – $6.8 million), has been eliminated and is therefore not reflected in the above figures.

(ii) Revenue includes provisionally priced sales of copper, gold and molybdenum concentrates and copper cathodes. Further details of such adjustments are given in Note 7.

(iii) For sales of concentrates, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate (which is the amount recorded as revenue) reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. Treatment and refining charges for copper and molybdenum concentrates are detailed in Note 7.

(iv) The effects of tax and non-controlling interests on the expenses within the Exploration and evaluation segment are allocated to the mine that the exploration work relates to.

(v) The assets of the Transport division segment include $5.8 million (31 December 2020 – $5.6 million) relating to the Group's 30% interest in Antofagasta Terminal International SA ("ATI"), which operates a concession to manage installations in the port of Antofagasta. Further details of these investments are set out in Note 17.

B) Entity-wide disclosures

Revenue by product

	2021 $m	2020 $m
Copper		
• Los Pelambres	**3,097.0**	2,269.2
• Centinela concentrate	**1,735.4**	908.6
• Centinela cathodes	**774.1**	599.1
• Antucoya	**693.3**	475.9
Provision of shipping services[1]		
• Los Pelambres	**57.8**	54.4
• Centinela concentrate	**46.8**	31.8
• Centinela cathodes	**4.3**	4.8
• Antucoya	**4.5**	4.4
Gold		
• Los Pelambres	**91.0**	106.4
• Centinela concentrate	**345.4**	251.3
Molybdenum		
• Los Pelambres	**329.2**	181.8
• Centinela concentrate	**37.2**	27.7
Silver		
• Los Pelambres	**46.0**	43.3
• Centinela concentrate	**38.1**	21.2
Total	**7,300.1**	4,979.9
Transport division	**170.0**	149.4
	7,470.1	5,129.3

1. These prior year figures have been re-presented to separately analyse revenue from the sale of products and from the provision of shipping services.

Revenue by location of customer

	2021 $m	2020 $m
Europe		
• United Kingdom	**54.4**	123.3
• Switzerland	**1,303.7**	593.5
• Spain	**67.6**	29.3
• Germany	**121.5**	116.4
• Rest of Europe	**177.4**	92.3
Latin America		
• Chile	**282.0**	224.4
• Rest of Latin America	**214.7**	182.0
North America		
• United States	**666.5**	216.5
Asia		
• Japan	**1,842.3**	1,631.1
• China	**1,236.9**	531.4
• Singapore	**726.1**	667.5
• South Korea	**322.6**	353.4
• Hong Kong	**217.1**	235.7
• Rest of Asia	**237.3**	132.5
	7,470.1	5,129.3

Information about major customers

In the year ended 31 December 2021, the Group's mining revenue included $1,015.1 million related to one large customer that individually accounted for more than 10% of the Group's revenue (year ended 31 December 2020 – one large customer representing $763.4 million).

6 Segment information continued

Non-current assets by location of assets

	2021 $m	2020 $m Restated
Chile	**11,715.2**	11,023.2
USA	**1.0**	178.3
	11,716.2	11,201.5

The above amounts reflect non-current assets excluding financial assets and deferred tax assets. The non-current assets shown above exclude $96.7 million ($6.4 million – 2020) of deferred tax assets, $51.1 million ($51.7 million – 2020) of receivables (being financial assets), $8.7 million of equity investments ($11.1 million – 2020) and nil ($0.3 million – 2020) of derivative instruments. The prior period comparatives have been restated to exclude financial assets and deferred tax assets, resulting in a reduction in respect of the assets located in Chile of $69.5 million as at 31 December 2020.

7 Group Revenue

Copper and molybdenum concentrate sale contracts and copper cathode sale contracts generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. This normally ranges from one to four months after shipment to the customer. For sales contracts which contain provisional pricing mechanisms the total receivable balance is measured at fair value through profit or loss. Gains and losses from the mark-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade receivables in the balance sheet. The Group determines mark-to-market prices using forward prices at each period-end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market in the market price references for that commodity in the majority of the Group's contracts.

With sales of concentrates, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate (which is the amount recorded as revenue) reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal.

The shipping service represents a separate performance obligation, and is recognised separately from the sale of the material over time as the shipping service is provided.

An analysis of the Group's revenue is as follows:

	2021 $m	2020 $m
Revenue from contracts with customers		
Sale of products	**6,809.0**	4,617.3
Provision of shipping services associated with the sale of products[1]	**113.4**	95.4
Transport division[2]	**170.0**	149.4
Provisional pricing adjustments in respect of copper, gold and molybdenum	**377.7**	267.2
Total revenue	**7,470.1**	5,129.3

1. The Group sells a significant proportion of its products on Cost, Insurance & Freight (CIF) Incoterms, which means that the Group is responsible for shipping the product to a destination port specified by the customer.
2. The Transport division provides rail and road cargo transport together with a number of ancillary services.

For the year ended 31 December 2021

	Los Pelambres Copper concentrate $m	Centinela Copper concentrate $m	Centinela Copper cathodes $m	Antucoya Copper cathodes $m	Los Pelambres Gold in concentrate $m	Centinela Gold in concentrate $m	Los Pelambres Molybdenum concentrate $m	Centinela Molybdenum concentrate $m
Provisionally priced sales of products	2,966.6	1,685.3	824.3	749.7	93.3	354.8	322.1	38.4
Revenue from freight services	57.8	46.8	4.3	4.5	–	–	–	–
	3,024.4	1,732.1	828.6	754.2	93.3	354.8	322.1	38.4
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	(58.7)	(26.8)	0.1	(0.5)	–	(0.9)	0.2	(0.3)
Settlement of sales invoiced in the previous year	175.1	74.7	1.8	1.5	(1.0)	(4.0)	6.4	1.2
Total effect of adjustments to previous year invoices in the current year	116.4	47.9	1.9	1.0	(1.0)	(4.9)	6.6	0.9
Effects of pricing adjustments to current year invoices								
Settlement of sales invoiced in the current year	92.2	58.8	10.2	6.0	(1.1)	(4.1)	30.6	5.8
Mark-to-market adjustments at the end of the current year	12.0	5.2	0.3	0.8	–	0.4	(5.7)	(0.7)
Total effect of adjustments to current year invoices	104.2	64.0	10.5	6.8	(1.1)	(3.7)	24.9	5.1
Total pricing adjustments	220.6	111.9	12.4	7.8	(2.1)	(8.6)	31.5	6.0
Realised losses on commodity derivatives	–	–	(62.6)	(64.2)	–	–	–	–
Treatment and refining charges	(90.2)	(61.8)	–	–	(0.2)	(0.8)	(24.4)	(7.2)
Revenue	3,154.8	1,782.2	778.4	697.8	91.0	345.4	329.2	37.2

The categories of revenue which are principally affected by different economic factors are the individual product types. A summary of revenue by product is set out in Note 6.

The table above sets out the impact of provisional pricing adjustments, derivative commodity instruments and treatment and refining charges for the more significant products. The revenue from these products, along with the revenue from other products and services, is reconciled to total revenue in Note 6.

The revenue from the individual products shown in the above table excludes revenue from sales of silver and the Transport division, which are presented in the revenue by product table in Note 5 to reconcile to Group Revenue.

With sales of concentrates at Los Pelambres and Centinela, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate invoiced to the customer reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. For accounting purposes, the revenue amount is the net of the market value of fully refined metal less the treatment and refining charges. Under the standard industry definition of cash costs, treatment and refining charges are regarded as an expense and part of the total cash cost figure.

7 Group Revenue continued

For the year ended 31 December 2020[1]

	Los Pelambres Copper concentrate $m	Centinela Copper concentrate $m	Centinela Copper cathodes $m	Antucoya Copper cathodes $m	Los Pelambres Gold in concentrate $m	Centinela Gold in concentrate $m	Los Pelambres Molybdenum concentrate $m	Centinela Molybdenum concentrate $m
Provisionally priced sales of products	2,202.3	917.5	590.0	470.4	104.9	250.6	205.0	31.6
Revenue from freight services	54.4	31.8	4.8	4.4	–	–	–	–
Provisionally invoiced gross sales	2,256.7	949.3	594.8	474.8	104.9	250.6	205.0	31.6
Effects of pricing adjustments to previous year invoices								
Reversal of mark-to-market adjustments at the end of the previous year	(29.1)	(15.2)	(0.4)	(0.4)	–	(1.2)	0.4	–
Settlement of sales invoiced in the previous year	(43.6)	(18.7)	(0.3)	(0.3)	0.2	3.7	(1.5)	(0.2)
Total effect of adjustments to previous year invoices in the current year	(72.7)	(33.9)	(0.7)	(0.7)	0.2	2.5	(1.1)	(0.2)
Effects of pricing adjustments to current year invoices								
Settlement of sales invoiced in the current year	194.6	67.0	11.2	7.8	1.5	(2.0)	4.6	2.1
Mark-to-market adjustments at the end of the current year	58.7	26.8	(0.1)	0.5	–	0.9	(0.2)	0.3
Total effect of adjustments to current year invoices	253.3	93.8	11.1	8.3	1.5	(1.1)	4.4	2.4
Total pricing adjustments	180.6	59.9	10.4	7.6	1.7	1.4	3.3	2.2
Realised losses on commodity derivatives	–	–	(1.3)	(2.1)	–	–	–	–
Treatment and refining charges	(113.6)	(68.8)	–	–	(0.2)	(0.7)	(26.5)	(6.1)
Revenue	2,323.7	940.4	603.9	480.3	106.4	251.3	181.8	27.7

1. These prior year figures have been re-presented to separately analyse revenue from the sale of products and from the provision of shipping services.

The revenue from the individual products shown in the above table excludes revenue from sales of silver and the Transport division, which are presented in the revenue by product table in Note 5 to reconcile to Group Revenue.

With sales of concentrates at Los Pelambres and Centinela, which are sold to smelters and roasting plants for further processing into fully refined metal, the price of the concentrate invoiced to the customer reflects the market value of the fully refined metal less a "treatment and refining charge" deduction, to reflect the lower value of this partially processed material compared with the fully refined metal. For accounting purposes, the revenue amount is the net of the market value of fully refined metal less the treatment and refining charges. Under the standard industry definition of cash costs, treatment and refining charges are regarded as an expense and part of the total cash cost figure.

(I) Copper concentrate

The typical period for which sales of copper concentrate remain open until settlement occurs is a range of approximately three to four months from shipment date.

		2021	2020
Sales provisionally priced at the balance sheet date	Tonnes	**177,900**	162,300
Average mark-to-market price	$/lb	**4.41**	3.52
Average provisional invoice price	$/lb	**4.37**	3.28

(II) Copper cathodes

The typical period for which sales of copper cathodes remain open until settlement occurs is approximately one month from shipment date.

		2021	2020
Sales provisionally priced at the balance sheet date	Tonnes	**15,000**	13,800
Average mark-to-market price	$/lb	**4.42**	3.52
Average provisional invoice price	$/lb	**4.39**	3.50

(III) Gold in concentrate

The typical period for which sales of gold in concentrate remain open until settlement occurs is approximately one month from shipment date.

		2021	2020
Sales provisionally priced at the balance sheet date	Ounces	**32,300**	16,300
Average mark-to-market price	$/oz	**1,801**	1,917
Average provisional invoice price	$/oz	**1,791**	1,861

(IV) Molybdenum concentrate

The typical period for which sales of molybdenum remain open until settlement occurs is approximately two months from shipment date.

		2021	2020
Sales provisionally priced at the balance sheet date	Tonnes	**2,400**	2,000
Average mark-to-market price	$/lb	**18.60**	9.34
Average provisional invoice price	$/lb	**19.65**	9.38

As detailed above, the effects of gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade debtors in the balance sheet. The effect of mark-to-market adjustments on the balance sheet at the end of each period are as follows:

	Effect on debtors of year end mark-to-market adjustments	
	2021 $m	2020 $m
Los Pelambres – copper concentrate	**12.0**	58.7
Los Pelambres – molybdenum concentrate	**(5.7)**	(0.2)
Centinela – copper concentrate	**5.2**	26.8
Centinela – molybdenum concentrate	**(0.7)**	0.3
Centinela – gold in concentrate	**0.4**	0.9
Centinela – copper cathodes	**0.3**	(0.1)
Antucoya – copper cathodes	**0.8**	0.5
	12.3	86.9

8 Profit before tax

Operating profit from subsidiaries and total profit from operations and associates and joint ventures is derived from Group revenue by deducting operating costs as follows:

	2021 $m	2020 Restated $m
Group revenue	**7,470.1**	5,129.3
Cost of sales	**(3,120.2)**	(2,856.9)
Gross profit	**4,349.9**	2,272.4
Administrative and distribution expenses	**(550.4)**	(453.9)
Other operating income	**31.8**	27.0
Other operating expenses[1]	**(429.9)**	(253.3)
Operating profit from subsidiaries	**3,401.4**	1,592.2
Net share of results from associates and joint ventures	**59.7**	5.1
Impairment of investment in associate	**–**	(80.8)
Total profit from operations, associates and joint ventures	**3,461.1**	1,516.5

1. The prior period comparatives have been restated to reflect a reclassification from Administrative and distribution expenses to Other operating expenses of $30.7 million related to project labour costs.

Other operating expenses comprise $103.2 million of exploration and evaluation expenditure (2020 – $85.1 million), $19.8 million in respect of the employee severance provision (2020 – $17.9 million), $11.3 million in respect of the closure provision (2020 – $45.2 million), $177.6 million in respect of the provision against the carrying value of assets relating to the Twin Metals project (2020 – nil) and $118.0 million of other expenses (2020 – $105.2 million).

Profit before tax is stated after (charging)/crediting:

	2021 $m	2020 $m
Foreign exchange gains/(losses)		
• included in net finance costs	**49.9**	(28.4)
• included in income tax expense	**–**	0.1
Depreciation of property, plant and equipment		
• owned assets	**(997.1)**	(966.9)
• leased assets	**(81.6)**	(81.8)
Loss on disposal of property, plant and equipment	**(9.2)**	(6.3)
Cost of inventories recognised as an expense	**(2,033.0)**	(1,810.0)
Employee benefit expense	**(498.0)**	(453.8)
Decommissioning and restoration (operating expenses)	**(11.3)**	(45.2)
Severance charges	**(19.8)**	(17.9)
Exploration and evaluation expense	**(103.2)**	(85.1)
Provision against carrying value of assets[1]	**(177.6)**	-
Auditors' remuneration	**(1.9)**	(1.8)

1. Includes impairment provision recognised in respect of $27.5 million of property, plant and equipment (note 16) and $150.1 million of intangible assets (note 15) relating to the Twin Metals project.

A more detailed analysis of auditors' remuneration on a worldwide basis is provided below:

Group	2021 $000	2020 $000
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated financial statements	**1,242**	920
Fees payable to the Company's auditors and its associates for other services:		
• The audit of the Company's subsidiaries	**415**	323
• Audit-related assurance services[1]	**200**	185
• Other assurance services[2]	**–**	352
	1,857	1,780

1. The audit-related assurance services relate to the half-year review performed by the auditors.
2. The other assurance services in 2020 related to the bond issue in that year, which required the Group to engage PwC to act as the reporting accountant for that transaction, work which is in effect required to be performed by the Group's auditor.

Details of the Company's policy on the use of auditors for non-audit services: the reason why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit and Risk Committee report on page 134. No services were provided pursuant to contingent fee arrangements.

9 Employees

A) Average monthly number of employees

	2021 Number	2020 Number
Los Pelambres	**959**	944
Centinela	**2,226**	2,092
Michilla	**–**	3
Antucoya	**817**	798
Exploration and evaluation	**71**	67
Corporate and other employees		
• Chile	**566**	528
• United Kingdom	**4**	4
• Other	**4**	4
Mining and Corporate	**4,647**	4,440
Transport division	**1,336**	1,379
	5,983	5,819

(i) The average number of employees for the year includes all the employees of subsidiaries. The average number of employees does not include contractors who are not directly employed by the Group.

(ii) The average number of employees does not include employees from associates and joint ventures.

B) Aggregate remuneration

The aggregate remuneration of the employees included in the table above was as follows:

	2021 $m	2020 $m
Wages and salaries	**(469.9)**	(430.2)
Social security costs	**(28.1)**	(23.6)
	(498.0)	(453.8)

C) Key management personnel

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Directors (Executive and Non-Executive) of the Company. Key management personnel who are not Directors have been identified as responsible senior management at the Corporate Centre and those responsible for the running of the key business divisions of the Group.

Compensation for key management personnel (including Directors) was as follows:

	2021 $m	2020 $m
Salaries and short-term employee benefits	**(40.1)**	(18.6)
	(40.1)	(18.6)

Disclosures on Directors' remuneration required by Schedule 8 of the Large and Medium-sized Companies and Group (Financial Statement) Regulations 2008, including those specified for audit by that Schedule, are included in the Remuneration report on pages 148 to 155.

10 Net finance income/(expense)

	2021 $m	2020 $m
Investment income		
Interest income	**3.4**	3.4
Gains on liquid investments held at fair value through profit or loss	**1.6**	15.5
	5.0	18.9
Interest expense		
Interest expense	**(63.4)**	(77.1)
	(63.4)	(77.1)
Other finance items		
Unwinding of discount on provisions	**(6.2)**	(7.5)
Adjustment to provision discount rates	**30.8**	(9.2)
Effects of changes in foreign exchange rates	**49.9**	(28.4)
Preference dividends	**(0.1)**	(0.1)
	74.4	(45.2)
Net finance income/(expense)	**16.0**	(103.4)

During 2021, amounts capitalised and consequently not included within the above table were as follows: $12.1 million at Los Pelambres (year ended 31 December 2020 – $21.0 million) and $2.1 million at Centinela (year ended 31 December 2020 – $5.7 million).

The interest expense shown above includes $7.9 million in respect of leases (2020 – $9.7 million).

11 Income tax expense

The tax charge for the year comprised the following:

	2021 $m	2020 $m
Current tax charge		
• Corporate tax (principally first category tax in Chile)	**(560.8)**	(353.5)
• Mining tax (royalty)	**(250.0)**	(106.1)
• Withholding tax	**(224.7)**	(55.8)
• Exchange gains on corporate tax balances	**–**	0.1
	(1,035.5)	(515.3)
Deferred tax charge		
• Corporate tax (principally first category tax in Chile)	**(237.4)**	(1.1)
• Mining tax (royalty)	**0.9**	4.2
• Withholding tax	**29.7**	(14.3)
	(206.8)	(11.2)
Total tax charge	**(1,242.3)**	(526.5)

The rate of first category (ie corporate) tax in Chile is 27.0% (2020 – 27.0%).

In addition to first category tax and the mining tax, the Group incurs withholding taxes on any remittance of profits from Chile. Withholding tax is levied on remittances of profits from Chile at 35% less first category (ie corporate) tax already paid in respect of the profits to which the remittances relate.

The Group's mining operations are also subject to a mining tax (royalty), which is calculated as a percentage of taxable mining operating profit. Production from Los Pelambres and Antucoya is subject to a rate of between 5–14%, depending on the level of operating profit margin. At Centinela, production from Encuentro Oxides, the Tesoro North East pit and the Run-of-Mine processing at Centinela Cathodes are subject to a rate of between 5–14%, depending on the level of operating profit margin, and production from Centinela Concentrates and the Tesoro Central and Mirador pits is subject to a rate of 5% of taxable operating profit.

	Year ended Excluding exceptional items 2021		Year ended Including exceptional items 2021		Year ended Excluding exceptional items 2020		Year ended Including exceptional items 2020	
	$m	%	$m	%	$m	%	$m	%
Profit before tax	**3,654.7**		**3,477.1**		1,493.9		1,413.1	
Tax at the Chilean corporate tax rate of 27%	**(986.8)**	**27.0**	**(938.8)**	**27.0**	(403.4)	27.0	(381.5)	27.0
Mining tax (royalty)	**(243.8)**	**6.7**	**(243.8)**	**7.0**	(101.3)	6.8	(101.3)	7.2
Deduction of mining tax (royalty) as an allowable expense in determination of first category tax	**67.8**	**(1.9)**	**67.8**	**(1.9)**	28.1	(1.9)	28.1	(2.0)
Withholding tax	**(195.0)**	**5.3**	**(195.0)**	**5.6**	(70.0)	4.7	(70.0)	5.0
Items not deductible from first category tax	**(31.6)**	**0.9**	**(31.6)**	**0.9**	(9.8)	0.7	(9.8)	0.6
Adjustment in respect of prior years	**(12.1)**	**0.3**	**(12.1)**	**0.3**	(1.6)	0.1	(1.6)	0.1
Tax effect of share of profit of associates and joint ventures	**16.1**	**(0.4)**	**16.1**	**(0.5)**	1.4	(0.1)	1.4	(0.1)
Impact of previously unrecognised tax losses on current tax	**52.5**	**(1.4)**	**52.5**	**(1.5)**	10.5	(0.7)	10.5	(0.7)
Impact of recognition of previously unrecognised tax losses on deferred tax	**–**	**–**	**90.6**	**(2.6)**	–	–	–	–
Provision against carrying value of assets	**–**	**–**	**(48.0)**	**1.4**	–	–	–	–
Impairment of investment in associate	**–**	**–**	**–**	**–**	–	–	(2.2)	0.2
Net other items	**–**	**–**	**–**	**–**	(0.1)	–	(0.1)	–
Tax expense and effective tax rate for the year	**(1,332.9)**	**36.5**	**(1,242.3)**	**35.7**	(546.2)	36.6	(526.5)	37.3

The effective tax rate excluding exceptional items of 36.5% varied from the statutory rate principally due to the mining tax (royalty) (net impact of $176.0 million/4.8% including the deduction of the mining tax (royalty) as an allowable expense in the determination of first category tax), the withholding tax relating to the remittance of profits from Chile (impact of $195.0 million/5.3%), items not deductible for Chilean corporate tax purposes, principally the funding of expenses outside of Chile (impact of $31.6 million/0.9%) and adjustments in respect of prior years (impact of $12.1 million/0.3%), partly offset by the impact of previously unrecognised tax losses (impact of $52.5 million/1.4%) and the impact of the recognition of the Group's share of profit from associates and joint ventures, which are included in the Group's profit before tax, net of their respective tax charges (impact of $16.1 million/0.4%).

The impact of the exceptional items on the effective tax rate including exceptional items was $42.6 million/1.2%.

The main factors which could impact the sustainability of the Group's existing effective tax rate are:

- the level of future distributions made by the Group's Chilean subsidiaries out of Chile, which could result in increased withholding tax charges
- the impact of expenses which are not deductible for Chilean first category tax. Some of these expenses are relatively fixed costs, and so the relative impact of these expenses on the Group's effective tax rate will vary depending on the Group's total profit before tax in a particular year.

There are no significant tax uncertainties which would require critical judgements, estimates or potential provisions other than deferred tax judgements and estimates as explained in Note 3 B (i).

12 Discontinued operations

There are no profits from discontinued operations in the year ended 2021.

In 2016, the Group disposed of Minera Michilla SA, with the profit on disposal, along with the results for that year, being presented on the "Profit for the period from discontinued operations" line in the income statement. The Group retained certain residual options over the Michilla operation, and in December 2020, the current owner of Michilla paid the Group $10.0 million in order to extinguish those options, resulting in a post-tax gain for the Group of $7.3 million. Consistent with the original presentation in 2016, this gain has been reflected on the "Profit for the period from discontinued operations" line in the income statement for the year ended 2020.

13 Earnings per share

	2021 $m	2020 $m
Profit for the period attributable to equity holders of the Company (exc. exceptional items)	**1,404.4**	546.6
Exceptional Items	**(114.2)**	(40.2)
Less profit from discontinuing operations	**–**	(7.3)
Profit for the period attributable to equity holders of the Company (inc. exceptional items) from continuing operations	**1,290.2**	499.1

	2021 Number	2020 Number
Ordinary shares in issue throughout each year	**985,856,695**	985,856,695

13 Earnings per share continued

	2021 cents	2020 cents
Basic earnings per share (exc. exceptional items) from continuing operations	**142.5**	54.7
Basic earnings per share (exceptional items) from continuing operations	**(11.6)**	(4.1)
Basic earnings per share (inc. exceptional items) from continuing operations	**130.9**	50.6
Basic earnings per share from discontinued operations	**–**	0.7
Total continuing and discontinued operations (inc. exceptional items)	**130.9**	51.3

Basic earnings per share are calculated as profit after tax and non-controlling interests, based on 985,856,695 (2020: 985,856,695) ordinary shares.

There was no potential dilution of earnings per share in either year set out above, and therefore diluted earnings per share did not differ from basic earnings per share as disclosed above.

Reconciliation of basic earnings per share from continuing operations:

		2021	2020
Profit for the year attributable to equity holders of the Company	$m	**1,290.2**	506.4
Less: profit for discontinued operations attributable to equity holders of the Company	$m	**–**	(7.3)
Profit from continuing operations attributable to equity holders of the Company	$m	**1,290.2**	499.1
Ordinary shares	Number	**985,856,695**	985,856,695
Basic earnings per share from continuing operations	cents	**130.9**	50.6

14 Dividends

Amounts recognised as distributions to equity holders in the year:

	2021 $m	2020 $m	2021 cents per share	2020 cents per share
Final dividend paid in June (proposed in relation to the previous year)				
• Ordinary	**478.1**	70.0	**48.5**	7.1
Interim dividend paid in October				
• Ordinary	**232.7**	61.1	**23.6**	6.2
	710.8	131.1	**72.1**	13.3

The recommended final dividend for each year, which is subject to approval by shareholders at the Annual General Meeting and has therefore not been included as a liability in these financial statements, is as follows:

	2021 $m	2020 $m	2021 cents per share	2020 cents per share
Final dividend proposed in relation to the year				
• Ordinary	**1,172.1**	478.1	**118.9**	48.5

This gives total dividends proposed in relation to 2021 (including the interim dividend) of 142.5 cents per share or $1,404.8 million (2020 – 54.7 cents per share or $539.3 million).

In accordance with IAS 32, preference dividends have been included within net finance expense (see Note 10) and amounted to $0.1 million (2020 – $0.1 million).

Further details of the currency election timing and process (including the default currency of payment) are available on the Antofagasta plc website (antofagasta.co.uk) or from the Company's registrar, Computershare Investor Services PLC on +44 370 702 0159.

Further details relating to dividends for each year are given in the Directors' Report on page 161.

15 Intangible assets

	$m
At 1 January 2020	150.1
Additions	–
Disposals	–
At 31 December 2020	**150.1**
Additions	**–**
Provision against carrying value	**(150.1)**
At 31 December 2021	**–**

The $150.1 million intangible asset reflects the cost of Twin Metals' mining licences assets included within the corporate segment. As explained in Note 4, an impairment provision has been recognised in respect of this asset as at 31 December 2021.

16 Property, plant and equipment

	Land $m	Mining properties $m	Stripping costs $m	Buildings and infrastructure $m	Railway track $m	Wagons and rolling stock $m	Machinery, equipment and others $m	Assets under construction $m	Right-of-use assets $m	Total $m
Cost										
At 1 January 2020	60.6	667.5	1,880.5	5,464.8	99.7	203.6	7,059.0	1,335.3	430.6	17,201.6
Additions	1.4	–	356.7	0.2	–	–	0.3	937.4	33.6	1,329.6
Additions – capitalised depreciation	–	–	67.8	–	–	–	–	–	–	67.8
Adjustment to capitalised decommissioning provisions	–	–	–	59.4	–	–	–	–	–	59.4
Capitalisation of interest	–	–	–	–	–	–	8.0	18.7	–	26.7
Capitalisation of critical spare parts	–	–	–	–	–	–	10.2	–	–	10.2
Reclassifications	–	–	–	403.7	9.7	14.6	192.5	(620.5)	–	–
Asset disposals	(0.1)	–	–	–	(1.1)	(10.2)	(3.1)	(4.3)	(5.3)	(24.1)
At 31 December 2020	61.9	667.5	2,305.0	5,928.1	108.3	208.0	7,266.9	1,666.6	458.9	18,671.2
At 1 January 2021	61.9	667.5	2,305.0	5,928.1	108.3	208.0	7,266.9	1,666.6	458.9	18,671.2
Additions	**–**	**4.5**	**502.5**	**–**	**–**	**–**	**3.9**	**1,283.2**	**61.8**	**1,855.9**
Additions – capitalised depreciation	**–**	**–**	**72.0**	**–**	**–**	**–**	**–**	**–**	**–**	**72.0**
Adjustment to capitalised decommissioning provisions	**–**	**–**	**–**	**(119.9)**	**–**	**–**	**–**	**–**	**–**	**(119.9)**
Capitalisation of interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**14.2**	**–**	**14.2**
Capitalisation of critical spare parts	**–**	**–**	**–**	**–**	**–**	**–**	**0.9**	**–**	**–**	**0.9**
Reclassifications	**–**	**–**	**–**	**1.4**	**14.5**	**5.8**	**4.7**	**(26.6)**	**(2.8)**	**(3.0)**
Asset disposals	**–**	**–**	**–**	**(5.7)**	**–**	**(7.3)**	**(32.0)**	**(8.2)**	**(17.6)**	**(70.8)**
At 31 December 2021	**61.9**	**672.0**	**2,879.5**	**5,803.9**	**122.8**	**206.5**	**7,244.4**	**2,929.2**	**500.3**	**20,420.5**
Accumulated depreciation and impairment										
At 1 January 2020	–	(530.3)	(704.1)	(2,383.2)	(34.0)	(91.2)	(3,731.2)	–	(170.9)	(7,644.9)
Charge for the year	–	(31.8)	(413.0)	(230.4)	(4.8)	(18.8)	(268.1)	–	(81.8)	(1,048.7)
Depreciation capitalised in inventories	–	–	–	–	–	–	(74.8)	–	–	(74.8)
Depreciation capitalised in property, plant and equipment	–	–	–	–	–	–	(67.8)	–	–	(67.8)
Asset disposals	–	–	–	–	0.3	9.2	2.1	–	5.3	16.9
At 31 December 2020	–	(562.1)	(1,117.1)	(2,613.6)	(38.5)	(100.8)	(4,139.8)	–	(247.4)	(8,819.3)
At 1 January 2021	**–**	**(562.1)**	**(1,117.1)**	**(2,613.6)**	**(38.5)**	**(100.8)**	**(4,139.8)**	**–**	**(247.4)**	**(8,819.3)**
Charge for the year	**–**	**(26.0)**	**(255.3)**	**(274.1)**	**(5.9)**	**(17.1)**	**(418.7)**	**–**	**(81.6)**	**(1,078.7)**
Depreciation capitalised in inventories	**–**	**–**	**–**	**–**	**–**	**–**	**54.1**	**–**	**–**	**54.1**
Depreciation capitalised in property, plant and equipment	**–**	**–**	–	**–**	**–**	**–**	**(72.0)**	**–**	**–**	**(72.0)**
Reclassifications	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1.4**	**1.4**
Impairment	**(25.0)**	**–**	**–**	**(2.2)**	**–**	**–**	**(0.3)**	**–**	**–**	**(27.5)**
Asset disposals	**–**	**–**	**–**	**–**	**–**	**6.4**	**36.0**	**–**	**17.6**	**60.0**
At 31 December 2021	**(25.0)**	**(588.1)**	**(1,372.4)**	**(2,889.9)**	**(44.4)**	**(111.5)**	**(4,540.7)**	**–**	**(310.0)**	**(9,882.0)**
Net book value										
At 31 December 2021	**36.9**	**83.9**	**1,507.1**	**2,914.0**	**78.4**	**95.0**	**2,703.7**	**2,929.2**	**190.3**	**10,538.5**
At 31 December 2020	61.9	105.4	1,187.9	3,314.5	69.8	107.2	3,127.1	1,666.6	211.5	9,851.9

The Group has no (2020 – nil) assets pledged as security against bank loans provided to the Group.

At 31 December 2021, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $599.3 million (2020 – $849.5 million) of which $396.7 million was related to Los Pelambres and $169.4 million to Centinela.

The average interest rate for the amounts capitalised was 1.9% (2020 – 4.2%).

At 31 December 2021, assets capitalised relating to the decommissioning provision were $263.9 million (2020 – $199.5 million).

Depreciation capitalised in property, plant and equipment of $72.0 million related to the depreciation of assets used in mine development (operating stripping) at Centinela, Los Pelambres and Antucoya (2020 – $67.8 million).

As explained in Note 4, an impairment provision has been recognised in respect of $27.5 million of property, plant and equipment relating to the Twin Metals project.

17 Investments in subsidiaries

The subsidiaries of the Group, the percentage of equity owned and the main country of operation are set out below. These interests are consolidated within these financial statements.

	Country of incorporation	Country of operations	Registered office	Nature of business	Economic interest
Direct subsidiaries of the Parent Company					
Antofagasta Railway Company plc	UK	Chile	1	Railway	100%
Andes Trust Limited (The)	UK	UK	1	Investment	100%
Chilean Northern Mines Limited	UK	Chile	1	Investment	100%
Andes Re Limited	Bermuda	Bermuda	4	Insurance	100%
Indirect subsidiaries of the Parent Company					
Minera Los Pelambres SCM	Chile	Chile	2	Mining	60%
Minera Centinela SCM	Chile	Chile	2	Mining	70%
Minera Antucoya SCM	Chile	Chile	2	Mining	70%
Antofagasta Minerals SA	Chile	Chile	2	Mining	100%
Alfa Estates Limited	Jersey	Jersey	3	Investment	100%
Energía Andina Geothermal SpA	Chile	Chile	2	Energy	100%
MLP Transmisión SA	Chile	Chile	2	Energy	100%
Northern Minerals Investment (Jersey) Limited	Jersey	Jersey	3	Investment	100%
Northern Metals (UK) Limited	UK	UK	1	Investment	100%
Northern Minerals Holding Co	USA	USA	5	Investment	100%
Duluth Metals Limited	Canada	Canada	7	Investment	100%
Twin Metals (UK) Limited	UK	UK	1	Investment	100%
Twin Metals (USA) Inc	USA	USA	6	Investment	100%
Twin Metals Minnesota LLC	USA	USA	6	Mining	100%
Franconia Minerals (US) LLC	USA	USA	6	Mining	100%
Duluth Metals Holdings (USA) Inc	USA	USA	13	Investment	100%
Duluth Exploration (USA) Inc	USA	USA	14	Investment	100%
DMC LLC (Minnesota)	USA	USA	13	Investment	100%
DMC (USA) LLC (Delaware)	USA	USA	13	Investment	100%
DMC (USA) Corporation	USA	USA	13	Investment	100%
Antofagasta Investment Company Limited	UK	UK	1	Investment	100%
Minprop Limited	Jersey	Jersey	3	Mining	100%
Antomin 2 Limited	BVI	BVI	8	Mining	51%
Antomin Investors Limited	BVI	BVI	8	Mining	51%
Antofagasta Minerals Australia Pty Limited	Australia	Australia	9	Mining	100%
Minera Anaconda Peru	Peru	Peru	10	Mining	100%
Los Pelambres Holding Company Limited	UK	UK	1	Investment	100%
Los Pelambres Investment Company Limited	UK	UK	1	Investment	100%
Lamborn Land Co	USA	USA	5	Investment	100%
Anaconda South America Inc	USA	USA	15	Investment	100%
El Tesoro (SPV Bermuda) Limited	Bermuda	Bermuda	4	Investment	100%
Antofagasta Minerals Canada	Canada	Canada	9	Agency	100%
Antofagasta Minerals (Shanghai) Co Limited	China	China	16	Agency	100%
Andes Investments Company (Jersey) Limited	Jersey	Jersey	3	Investment	100%
Bolivian Rail Investors Co Inc	USA	USA	5	Investment	100%
Inversiones Los Pelambres Chile Limitada	Chile	Chile	2	Investment	100%
Equatorial Resources SpA	Chile	Chile	2	Investment	100%
Minera Santa Margarita de Astillas SCM	Chile	Chile	2	Mining	82.0%

	Country of incorporation	Country of operations	Registered office	Nature of business	Economic interest
Minera Penacho Blanco SA	Chile	Chile	2	Mining	66.6%
Michilla Costa SpA	Chile	Chile	2	Logistics	99.9%
Minera Pampa Fenix SCM	Chile	Chile	2	Investment	90.0%
Minera Mulpun Limitada	Chile	Chile	2	Mining	100%
Fundación Minera Los Pelambres	Chile	Chile	2	Community development	100%
Inversiones Punta de Rieles Limitada	Chile	Chile	12	Investment	100%
Ferrocarril Antofagasta a Bolivia (Permanent Establishment)	Chile	Chile	12	Railway	100%
Inversiones Chilean Northern Mines Limitada	Chile	Chile	12	Investment	100%
The Andes Trust Chile SA	Chile	Chile	12	Investment	100%
Forestal SA	Chile	Chile	12	Forestry	100%
Servicios de Transportes Integrados Limitada	Chile	Chile	12	Road transport	100%
Inversiones Train Limitada	Chile	Chile	12	Investment	100%
Servicios Logisticos Capricornio Limitada	Chile	Chile	12	Transport	100%
Embarcadores Limitada	Chile	Chile	12	Transport	100%
FCAB Ingenieria y Servicios 2 Limitada	Chile	Chile	12	Transport	100%
Inmobiliaria Parque Estación SA	Chile	Chile	12	Real Estates	100%
Emisa Antofagasta SA	Chile	Chile	12	Transport	100%

Registered offices:

1 103 Mount Street, London, W1K 2TJ, UK
2 Avenida Apoquindo N° 4001, Piso 18, Las Condes, Santiago, Chile
3 22 Grenville Street, St Helier, Jersey, JE4 8PX3, Channel Islands
4 Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
5 1209 Orange Street, Wilmington, DE 19801, USA
6 6040 Earle Brown Drive, 480 Brooklyn Center, MN 55430, USA
7 161 Bay Street, Suite 4320, Toronto, Ontario, M5J 2S1, Canada
8 PO Box 958, Road Town, Tortola VG1110, British Virgin Islands
9 Riparian Plaza, Level 28, 71 Eagle Street, Brisbane, Qld 4001, Australia
10 Avenida Paseo de la Republica Nº 3245 Piso 3, Lima, Peru
11 Avenida 16 de Julio N° 1440, piso 19 oficina 1905, La Paz, Bolivia
12 Simon Bolivar 255, Antofagasta, Chile
13 6041 Earle Brown Drive, 480 Brooklyn Center, MN 55430, USA
14 1010 Dale Street N, St Paul, MN 55117-5603, USA
15 2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA
16 Unit 3309, IFC 2, 8 Century Avenue, Shanghai, China

With the exception of the Antofagasta Railway Company plc, all of the above Group companies have only one class of ordinary share capital in issue. The Antofagasta Railway Company plc has ordinary and preference share capital in issue, with the ordinary share capital representing 76% of the Company's total share capital, and the preference share capital representing 24%. Antofagasta plc holds 100% of both the ordinary and preference shares.

The proportion of voting rights is proportional to the economic interest for the companies listed above.

18 Investment in associates and joint ventures

	ATI (ii) 2021 $m	Minera Zaldívar (iii) 2021 $m	Tethyan Copper (iv) 2021 $m	Total 2021 $m
Balance at the beginning of the year	**5.6**	**909.0**	**–**	**914.6**
Obligations on behalf of JV and associates at the beginning of the year	**–**	**–**	**(1.1)**	**(1.1)**
Capital contribution	**–**	**–**	**9.5**	**9.5**
Share of net profit/(loss) before tax	**0.2**	**99.0**	**(9.0)**	**90.2**
Share of tax	**–**	**(30.5)**	**–**	**(30.5)**
Share of profit/(loss) from JV and associates	**0.2**	**68.5**	**(9.0)**	**59.7**
Dividends receivable	**–**	**(77.5)**	**–**	**(77.5)**
Balance at the end of the year	**5.8**	**900.0**	**–**	**905.8**
Obligations on behalf of JV and associates at the end of the year	**–**	**–**	**(0.6)**	**(0.6)**

	Inversiones Hornitos 2020 $m	ATI 2020 $m	Minera Zaldívar 2020 $m	Tethyan Copper 2020 $m	Total 2020 $m
Balance at the beginning of the year	56.9	6.1	961.8	–	1,024.8
Obligations on behalf of JV and associates at the beginning of the year	–	–	–	(1.8)	(1.8)
Capital contribution	23.9	–	–	7.2	31.1
Impairment of investment in associate (i)	(80.8)	–	–	–	(80.8)
Share of net (loss)/profit before tax	–	(0.9)	19.6	(6.5)	12.2
Share of tax	–	0.4	(7.5)	–	(7.1)
Share of (loss)/profit from JV and associates	–	(0.5)	12.1	(6.5)	5.1
Dividends receivable	–	–	(65.0)	–	(65.0)
Balance at the end of the year	–	5.6	909.0	–	914.6
Obligations on behalf of JV and associates at the end of the year	–	–	–	(1.1)	(1.1)

The investments which are included in the $905.2 million balances at 31 December 2021 are set out below:

Investment in associates

(i) On 31 March 2020, the Group agreed to dispose of its 40% interest in the Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. This was part of the value accretive renegotiation of Centinela's power purchase agreement which as a result will be wholly supplied from lower cost renewable sources from 2022. Under the terms of the agreement, the Group disposed of its investment to ENGIE in December 2021 for a nominal consideration, and has not been entitled to receive any further dividend income from Hornitos from the date of the agreement. Accordingly, the Group no longer had any effective economic interest in the results or assets of Hornitos from 31 March 2020 onwards, and therefore recognised an impairment of $80.8 million in respect of its investment in associate balance as at that date, and no longer recognises any share of Hornitos' results. The post-tax impact of the provision is $61.1 million, of which $40.2 million is attributable to the equity owners of the Company.

(ii) The Group's 30% interest in Antofagasta Terminal Internacional ("ATI"), which operates a concession to manage installations in the port of Antofagasta.

Investment in joint ventures

(iii) The Group's 50% interest in Minera Zaldívar SpA ("Zaldívar").

(iv) The Group's 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation in respect of the Reko Diq project in the Islamic Republic of Pakistan ("Pakistan"). Tethyan has been pursuing arbitration claims against Pakistan following the unlawful denial of a mining lease for the project in 2011. Details in respect of the arbitration are set out in Note 35.

As the net carrying value of the interest in Tethyan is negative, it is included within non-current liabilities, as the Group is liable for its share of the joint venture's obligations.

Summarised financial information for the associates is as follows:

	ATI 2021 $m	Total 2021 $m
Cash and cash equivalents	**1.2**	**1.2**
Current assets	**13.7**	**13.7**
Non-current assets	**99.3**	**99.3**
Current liabilities	**(22.5)**	**(22.5)**
Non-current liabilities	**(75.0)**	**(75.0)**
Revenue	**47.2**	**47.2**
Profit from continuing operations	**1.3**	**1.3**
Total comprehensive income	**1.3**	**1.3**

	ATI 2020 $m	Total 2020 $m
Cash and cash equivalents	0.2	0.2
Current assets	11.3	11.3
Non-current assets	108.2	108.2
Current liabilities	(19.9)	(19.9)
Non-current liabilities	(83.5)	(83.5)
Revenue	40.4	40.4
Loss from continuing operations	(1.9)	(1.9)
Total comprehensive expense	(1.9)	(1.9)

Summarised financial information for the joint ventures is as follows:

	Minera Zaldívar 2021 $m	Tethyan Copper 2021 $m	Total 2021 $m
Cash and cash equivalents	**46.4**	**3.6**	**50.0**
Current assets	**664.0**	**3.6**	**667.6**
Non-current assets	**1,675.1**	**–**	**1,675.1**
Current financial liabilities (excl. trade and other payables and provisions)	**(54.3)**	**–**	**(54.3)**
Current liabilities	**(170.2)**	**(5.1)**	**(175.3)**
Non-current financial liabilities (excl. trade and other payables and provisions)	**(124.4)**	**–**	**(124.4)**
Non-current liabilities	**(155.1)**	**(0.1)**	**(155.2)**
Revenue	**849.2**	**–**	**849.2**
Depreciation and amortisation	**(160.4)**	**(3.0)**	**(163.4)**
Interest income	**0.3**	**2.0**	**2.3**
Interest expense	**(0.5)**	**–**	**(0.5)**
Income tax expense	**(62.1)**	**–**	**(62.1)**
Profit/(loss) after tax from continuing and discontinued operations	**137.1**	**(18.0)**	**119.1**
Total comprehensive income/(expense)	**137.1**	**(18.0)**	**119.1**

	Minera Zaldívar 2020 Restated[1] $m	Tethyan Copper 2020 $m	Total 2020 Restated $m
Cash and cash equivalents	66.8	4.2	71.0
Current assets	958.2	4.2	962.4
Non-current assets	1,427.2	–	1,427.2
Current liabilities	(290.0)	(6.2)	(296.2)
Non-current liabilities	(241.3)	(0.1)	(241.4)
Revenue	599.3	–	599.3
Depreciation and amortisation	(145.2)	(1.0)	(146.2)
Interest income	0.9	5.0	5.9
Interest expense	(0.6)	–	(0.6)
Income tax expense or income	(16.1)	–	(16.1)
Profit/(loss) after tax from continuing and discontinued operations	24.3	(12.9)	11.4
Total comprehensive income/(expense)	24.3	(12.9)	11.4

1. The prior period comparatives have been restated to reflect the net position in respect of deferred tax assets/liabilities ($429.1 million) and to reclassify liquid investments which had been included within the cash and cash equivalents line ($214.2 million).

The above summarised financial information is based on the amounts included in the IFRS financial statements of the associate or joint venture (100% of the results or balances of the associate or joint venture, rather than the Group's proportionate share), after the Group's fair value adjustments and applying the Group's accounting policies.

19 Equity investments

	2021 $m	2020 $m
Balance at the beginning of the year	**11.1**	5.1
Movement in fair value	**(2.1)**	5.5
Foreign currency exchange differences	**(0.3)**	0.5
Balance at the end of the year	**8.7**	11.1

Equity investments represent those investments which are not subsidiaries, associates or joint ventures and are not held for trading purposes. The fair value of all equity investments is based on quoted market prices.

20 Inventories

	2021 $m	20201 $m
Current		
Raw materials and consumables	**155.6**	178.2
Work-in-progress	**316.5**	339.3
Finished goods	**60.7**	75.2
	532.8	592.7
Non-current		
Work-in-progress	**270.4**	278.1
Total	**803.2**	870.8

During 2021, no net realisable value ("NRV") adjustment has been recognised (2020 – $1.5 million). Non-current work-in-progress represents inventory expected to be processed more than 12 months after the balance sheet date.

The carrying value of the Group's inventory balances has been reassessed with consideration of the effects of the COVID-19 pandemic. No material adjustments have been made to the carrying values of the inventory balances for the years ended 31 December 2021 and 31 December 2020 as a result of the COVID-19 pandemic.

21 Trade and other receivables

Trade and other receivables do not generally carry any interest, are principally short-term in nature and are normally stated at their nominal value less any impairment.

	Due in one year		**Due after one year**		**Total**	
	2021 $m	2020 $m	**2021 $m**	2020 $m	**2021 $m**	2020 $m
Trade receivables	**1,040.0**	832.6	**–**	–	**1,040.0**	832.6
Other receivables	**106.1**	184.3	**51.2**	55.9	**157.3**	240.2
	1,146.1	1,016.9	**51.2**	55.9	**1,197.3**	1,072.8

The largest balances of trade receivables are with equity participants in the key mining projects. Many other significant trade receivables are secured by letters of credit or other forms of security. There is no material element which is interest-bearing. Trade receivables include mark-to-market adjustments in respect of provisionally priced sales of copper and molybdenum concentrates which remain open as to final pricing. Further details of such adjustments are given in Note 7. Other receivables includes employee loans of $42.9 million (31 December 2020 – $47.4 million).

Movements in the provision for doubtful debts were as follows:

	2021 $m	2020 $m
Balance at the beginning of the year	**(1.5)**	(3.1)
Utilised in year	**0.1**	1.8
Foreign currency exchange difference	**0.2**	(0.2)
Balance at the end of the year	**(1.2)**	(1.5)

The ageing analysis of the trade and other receivables balance is as follows:

		Past due but not impaired			
	Neither past due nor impaired $m	Up to 3 months past due $m	3-6 months past due $m	More than 6 months past due $m	Total $m
2021	**1,187.1**	**8.4**	**0.3**	**1.5**	**1,197.3**
2020	1,064.3	8.0	0.2	0.3	1,072.8

With respect to the trade receivables that are neither past due nor impaired, there are no indications that the debtors will not meet their payment obligations. The carrying value of the trade receivables recorded in the financial statements represents the Group's maximum exposure to credit risk.

The recoverability of the Group's trade receivables has been reassessed with consideration of the effects of the COVID-19 pandemic. No material adjustments have been made to the carrying values of trade receivables for the years ended 31 December 2021 and 31 December 2020 as a result of the COVID-19 pandemic.

22 Cash and cash equivalents, and liquid investments

The fair value of cash and cash equivalents, and liquid investments is not materially different from the carrying values presented. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Cash and cash equivalents, and liquid investments comprised:

	2021 $m	2020 $m
Cash and cash equivalents	**743.4**	1,246.8
Liquid investments	**2,969.7**	2,426.0
	3,713.1	3,672.8

At 31 December 2021 and 2020 there is no cash which is subject to restriction.

The denomination of cash, cash equivalents and liquid investments was as follows:

	2021 $m	2020 $m
US dollars	**3,673.8**	3,558.9
Chilean pesos	**37.8**	112.8
Sterling	**1.2**	–
Other	**0.3**	1.1
	3,713.1	3,672.8

The credit quality of cash, cash equivalents and liquid investments are as follow:

	2021 $m	2020 $m
AAA	**1,772.4**	2,007.1
AA+	**2.2**	–
AA	**54.4**	46.0
AA-	**121.1**	279.5
A+	**799.5**	553.3
A	**904.0**	741.5
A-	**–**	33.9
BBB+	**–**	2.1
Subtotal	**3,653.6**	3,663.4
Cash at bank[1]	**59.5**	9.4
Total cash, cash equivalents and liquid investments	**3,713.1**	3,672.8

1. Cash at bank is held with investment grade financial institutions.

There have been no impairments recognised in respect of cash or cash equivalents in the year ended 31 December 2021 (31 December 2020 - nil).

23 Borrowings

A) Analysis by type of borrowing

Borrowings may be analysed by business segment and type as follows:

	Note	2021 $m	2020 $m
Los Pelambres			
• Senior loan	(i)	**(1,188.3)**	(1,288.1)
• Leases	(ii)	**(54.8)**	(91.4)
Centinela			
• Senior loan	(iii)	**(386.8)**	(496.5)
• Subordinated debt	(iv)	**–**	(203.0)
• Leases	(v)	**(59.8)**	(78.0)
Antucoya			
• Senior loan	(vi)	**(196.3)**	(261.1)
• Subordinated debt	(vii)	**(184.5)**	(191.5)
• Short-term loan	(viii)	**(35.0)**	(75.0)
• Leases	(ix)	**(23.4)**	(19.9)
Corporate and other items			
• Senior loan	(x)	**(497.3)**	(496.6)
• Bond	(xi)	**(496.1)**	(495.6)
• Leases	(xii)	**(20.4)**	(18.6)
Transport division			
• Senior loan	(xiii)	**(25.8)**	(36.5)
• Leases	(xiv)	**(1.4)**	(0.3)
Preference shares	(xv)	**(2.7)**	(2.7)
Total		**(3,172.6)**	(3,754.8)

(i) The senior loan at Los Pelambres is divided into three tranches. The first tranche has a remaining duration of 4 years and has an interest rate of US LIBOR six-month rate plus 1.05%. The second tranche has a remaining duration of 7 years and has an interest rate of US LIBOR six-month rate plus 0.85%. The third tranche has a remaining duration of 6.5 years and has an interest rate of US LIBOR six-month rate plus 1.10%. As at 31 December 2021, $1,420 million of the loan facility had been drawn-down and $209 million had been paid. The loans are subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained.

(ii) Leases at Los Pelambres are denominated in US dollars with an average interest rate of US LIBOR six-month rate plus 1.74% and a remaining duration of 0.5 years.

(iii) The senior loan at Centinela is US dollar denominated with a duration of 4 years and an interest rate of US LIBOR six-month rate plus 0.95%. The loan is subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained.

(iv) The US dollar denominated subordinated debt at Centinela was repaid on 19 November 2021.

(v) Leases at Centinela are denominated in US dollars with an average interest rate of US LIBOR six-month rate plus 4.8% and a remaining duration of 5 years.

(vi) The senior loan at Antucoya represents a US dollar denominated syndicated loan. This loan has a remaining duration of 3 years and has an interest rate of US LIBOR six-month rate plus 1.3%. The loan is subject to financial covenants which require that specified net debt to EBITDA and EBITDA to finance expense ratios are maintained.

(vii) Subordinated debt at Antucoya is US dollar denominated, provided to Antucoya by Marubeni Corporation with a remaining duration of 3 years and an interest rate of US LIBOR six-month rate plus 3.65%. Subordinated debt provided by Group companies to Antucoya has been eliminated on consolidation.

(viii) The short-duration loan at Antucoya is US dollar denominated, comprising a working capital loan for an average period of 0.8 years and has an interest rate of US LIBOR six-month rate plus a weighted average spread of 0.25%.

(ix) Leases at Antucoya are denominated in US dollars with an average interest rate of US LIBOR six-month rate plus 2.0% and a remaining duration of 2.5 years.

(x) The senior loan at Corporate (Antofagasta plc) is US dollar denominated with an interest rate of US LIBOR six-month rate plus 2.25% and has a remaining duration of 4 years.

(xi) Antofagasta plc in October 2020 issued a corporate bond for $500 million with a 10-year tenor with a yield of 2.415%.

(xii) Leases at Corporate and other items are denominated in Unidades de Fomento (inflation-linked Chilean pesos) and have a remaining duration of 5 years and are at fixed rates with an average interest rate of 5.2%.

(xiii) Long-term loans at the Transport division are US dollar denominated, and have a remaining duration of 1.5 years and an interest rate of US LIBOR six-month rate plus 1.06%.

(xiv) Leases at the Transport division are US dollar denominated in with an average interest rate of US LIBOR six-month rate plus 3.2% and a remaining duration of 5 years.

(xv) The preference shares are Sterling-denominated and issued by Antofagasta plc. There were 2 million shares of £1 each authorised, issued and fully paid at 31 December 2018. The preference shares are non-redeemable and are entitled to a fixed cumulative dividend of 5% per annum. On winding up, they are entitled to repayment and any arrears of dividend in priority to ordinary shareholders but are not entitled to participate further in any surplus. Each preference share carries 100 votes in any general meeting of the Company.

B) Leases

Information in respect of the Group's leases is contained in the following notes:

- Note 16 – depreciation charges, additions and disposals in respect of the right of use assets relating to the leases
- Note 32(B) – repayments of the lease balances and new lease liabilities arising during the period
- Note 10 – interest expense in respect of the lease balances

C) Analysis of borrowings by currency

The exposure of the Group's borrowings to currency risk is as follows:

At 31 December 2021	Chilean pesos $m	Sterling $m	US dollars $m	2021 Total $m
Corporate loans	–	–	(2,294.5)	(2,294.5)
Bond	–	–	(496.1)	(496.1)
Other loans (including short-term loans)	–	–	(219.5)	(219.5)
Leases	(113.5)	(4.3)	(42.0)	(159.8)
Preference shares	–	(2.7)	–	(2.7)
	(113.5)	(7.0)	(3,052.1)	(3,172.6)

At 31 December 2020	Chilean pesos $m	Sterling $m	US dollars $m	2020 Total $m
Corporate loans	–	–	(2,578.8)	(2,578.8)
Bond	–	–	(495.6)	(495.6)
Other loans (including short-term loans)	–	–	(469.5)	(469.5)
Leases	(169.5)	–	(38.7)	(208.2)
Preference shares	–	(2.7)	–	(2.7)
	(169.5)	(2.7)	(3,582.6)	(3,754.8)

D) Analysis of borrowings by type of interest rate

The exposure of the Group's borrowings to interest rate risk is as follows:

At 31 December 2021	Fixed $m	Floating $m	2021 Total $m
Corporate loans	–	(2,294.5)	(2,294.5)
Bond	(496.1)	–	(496.1)
Other loans (including short-term loans)	–	(219.5)	(219.5)
Leases	(143.9)	(15.9)	(159.8)
Preference shares	(2.7)	–	(2.7)
	(642.7)	(2,529.9)	(3,172.6)

At 31 December 2020	Fixed $m	Floating $m	2020 Total $m
Corporate loans	–	(2,578.8)	(2,578.8)
Bond	(495.6)	–	(495.6)
Other loans (including short-term loans)	–	(469.5)	(469.5)
Leases	(177.6)	(30.6)	(208.2)
Preference shares	(2.7)	–	(2.7)
	(675.9)	(3,078.9)	(3,754.8)

23 Borrowings continued

E) Maturity profile

The maturity profile of the Group's borrowings is as follows:

At 31 December 2021	Within 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2021 Total $m
Corporate loans	**(233.0)**	**(367.0)**	**(1,526.7)**	**(167.8)**	**(2,294.5)**
Bond	**–**	**–**	**–**	**(496.1)**	**(496.1)**
Other loans	**(35.0)**	**–**	**(184.5)**	**–**	**(219.5)**
Leases	**(69.9)**	**(38.2)**	**(51.7)**	**–**	**(159.8)**
Preference shares	**–**	**–**	**–**	**(2.7)**	**(2.7)**
	(337.9)	**(405.2)**	**(1,762.9)**	**(666.6)**	**(3,172.6)**

At 31 December 2020	Within 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2020 Total $m
Corporate loans	(454.3)	(471.3)	(941.0)	(712.2)	(2,578.8)
Bond	–	–	–	(495.6)	(495.6)
Other loans	(75.0)	–	–	(394.5)	(469.5)
Leases	(74 .1)	(62.6)	(67.4)	(4.1)	(208.2)
Preference shares	–	–	–	(2.7)	(2.7)
	(603.4)	(533.9)	(1,008.4)	(1,609.1)	(3,754.8)

The amounts included above for leases are based on the present value of minimum lease payments.

The total minimum lease payments for these leases may be analysed as follows:

	2021 $m	2020 $m
Within 1 year	**(74.7)**	(81.3)
Between 1 – 2 years	**(40.5)**	(66.7)
Between 2 – 5 years	**(54.8)**	(71.9)
After 5 years	**–**	(4.3)
Total minimum lease payments	**(170.0)**	(224.2)
Less amounts representing finance charges	**10.2**	16.0
Present value of minimum lease payments	**(159.8)**	(208.2)

All leases are on a fixed payment basis and no arrangements have been entered into for contingent rental payments.

24 Trade and other payables

	Due in one year		Due after one year		Total	
	2021 $m	2020 $m	2021 $m	2020 $m	2021 $m	2020 $m
Trade creditors	**(579.5)**	(536.5)	**–**	–	**(579.5)**	(536.5)
Other creditors and accruals	**(249.6)**	(272.3)	**(16.8)**	(11.0)	**(266.4)**	(283.3)
	(829.1)	(808.8)	**(16.8)**	(11.0)	**(845.9)**	(819.8)

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Other creditors are mainly related to property plant and equipment payables, finance interest and employee retentions.

The average credit period taken for trade purchases is 20 days (2020 – 21 days).

At 31 December 2021, the other creditors and accruals include $10.1 million (2020 – $3.8 million) relating to prepayments. Prepayments are offset against payables to the same suppliers where there is a right of offset.

25 Financial instruments and financial risk management

A) Categories of financial instruments

The carrying value of financial assets and financial liabilities is shown below:

				2021 $m
	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	Total
Financial assets				
Equity investments	**–**	**8.7**	**–**	**8.7**
Loans and receivables	**1,011.7**	**–**	**83.3**	**1,095.0**
Cash and cash equivalents	**–**	**–**	**743.4**	**743.4**
Liquid investments	**2,969.7**	**–**	**–**	**2,969.7**
	3,981.4	**8.7**	**826.7**	**4,816.8**
Financial liabilities				
Trade and other payables	**–**	**–**	**(835.6)**	**(835.6)**
Borrowings and leases	**–**	**–**	**(3,172.6)**	**(3,172.6)**
	–	**–**	**(4,008.2)**	**(4,008.2)**

				2020 $m
	At fair value through profit and loss	At fair value through other comprehensive income	Held at amortised cost	Total
Financial assets				
Derivative financial assets	1.4	–	–	1.4
Equity investments	–	11.1	–	11.1
Loans and receivables	808.0	–	184.6	992.6
Cash and cash equivalents	–	–	1,246.8	1,246.8
Liquid investments	2,426.0	–	–	2,426.0
	3,235.4	11.1	1,431.4	4,677.9
Financial liabilities				
Derivative financial liabilities	(37.4)	–	–	(37.4)
Trade and other payables	(0.3)	–	(815.8)	(816.1)
Borrowings and leases	–	–	(3,754.8)	(3,754.8)
	(37.7)	–	(4,570.6)	(4,608.3)

The fair value of the fixed rate bond included within the "Borrowings and leases" category was $476.2 million at 31 December 2021 compared with its carrying value of $496.1 million. The fair value of all other financial assets and financial liabilities carried at amortised cost approximates the carrying value presented above.

	2021 $m	2020 $m
Financial assets		
Trade and other receivables (non-current) per balance sheet	**51.2**	55.9
Trade and other receivables (current) per balance sheet	**1,146.1**	1,016.9
Total trade and other receivables per balance sheet	**1,197.3**	1,072.8
Less: non-financial assets (including prepayments and VAT receivables)	**(102.3)**	(80.2)
Total loans and receivables (financial assets)	**1,095.0**	992.6
Financial liabilities		
Trade and other payables (current) per balance sheet	**(829.1)**	(808.8)
Trade and other payables (non-current) per balance sheet	**(16.8)**	(11.0)
Total trade and other payables per balance sheet	**(845.9)**	(819.8)
Less: non-financial liabilities (including VAT payables)	**10.3**	3.7
Total loans and payables (financial liabilities)	**(835.6)**	(816.1)

25 Financial instruments and financial risk management continued

B) Fair value of financial instruments

	Level 1 $m	Level 2 $m	Level 3 $m	Total 2021 $m
Financial assets				
Equity investments (b)	**8.7**	**–**	**–**	**8.7**
Loans and receivables (c)	**–**	**1,011.7**	**–**	**1,011.7**
Liquid investments (d)	**–**	**2,969.7**	**–**	**2,969.7**
	8.7	**3,981.4**	**–**	**3,990.1**
Financial liabilities				
Trade and other payables	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**

	Level 1 $m	Level 2 $m	Level 3 $m	Total 2020 $m
Financial assets				
Derivative financial assets (a)	–	1.4	–	1.4
Equity investments (b)	11.1	–	–	11.1
Loans and receivables (c)	–	808.0	–	808.0
Liquid investments (d) (restated)	–	2,426.0	–	2,426.0
	11.1	3,235.4	–	3,246.5
Financial liabilities				
Derivative financial liabilities (a)	–	(37.4)	–	(37.4)
Trade and other payables	–	(0.3)	–	(0.3)
	–	(37.7)	–	(37.7)

Recurring fair value measurements are those that are required in the balance sheet at the end of each reporting year.

a) Derivatives in designated hedge accounting relationships are valued using a discounted cash flow analysis valuation model, which includes observable credit spreads and using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. These are level 2 inputs as described below. Hedging instruments in place during 2021 and 2020 related to commodity and foreign exchange options.

b) Equity investments are investments in shares on active markets and are valued using unadjusted quoted market values of the shares at the financial reporting date. These are level 1 inputs as described below.

c) Provisionally priced metal sales for the period are marked-to-market at the end of the period. Gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and trade receivables in the balance sheet. Forward prices at the end of the period are used for copper sales while period-end average prices are used for molybdenum concentrate sales. These are level 2 inputs as described below.

d) Liquid investments are highly liquid current asset investments that are valued reflecting market prices at the period end. These are level 2 inputs as described below. The 2020 comparative figures have been restated to reclassify these amounts from level 1 to level 2 inputs.

The inputs to the valuation techniques described above are categorised into three levels, giving the highest priority to unadjusted quoted prices in active markets (level 1) and the lowest priority to unobservable inputs (level 3 inputs):

- Level 1 fair value measurement inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurement inputs are derived from inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurement inputs are unobservable inputs for the asset or liability.

The degree to which inputs into the valuation techniques used to measure the financial assets and liabilities are observable and the significance of these inputs in the valuation are considered in determining whether any transfers between levels have occurred. In the year ended 31 December 2021, there were no transfers between levels in the hierarchy.

C) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including commodity price risk, currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group periodically uses derivative financial instruments, to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Board of Directors is responsible for overseeing the Group's risk management framework. The Audit and Risk Committee assists the Board with its review of the effectiveness of the risk management process, and monitoring of key risks and mitigations. The Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

(I) Commodity price risk

The Group generally sells its copper and molybdenum concentrate and copper cathode output at prevailing market prices, subject to final pricing adjustments which normally range from one to four months after delivery to the customer, and it is therefore exposed to changes in market prices for copper and molybdenum both in respect of future sales and previous sales, which remain open as to final pricing. In 2021, sales of copper and molybdenum concentrate and copper cathodes represented 90.8% of Group revenue and therefore revenues and earnings depend significantly on LME and realised copper prices.

The Group periodically uses futures and min-max options to manage its exposure to copper prices. These instruments may give rise to accounting volatility due to fluctuations in their fair value prior to the maturity of the instruments. Details of those copper and molybdenum concentrate sales and copper cathode sales, which remain open as to final pricing, are given in Note 7. Details of commodity rate derivatives entered into by the Group are given in Note 23(E).

Commodity price sensitivity

The sensitivity analysis below shows the impact of a movement in the copper price on the financial instruments held as at the reporting date. A movement in the copper market price as at the reporting date will affect the final pricing adjustment to sales that remain open at that date, impacting the trade receivables balance and consequently the income statement. A movement in the copper market price will also affect the valuation of commodity derivatives, impacting the hedging reserve in equity if the fair value movement relates to an effective designated cash flow hedge, and impacting the income statement if it does not. The calculation assumes that all other variables, such as currency rates, remain constant.

- If the copper market price as at the reporting date had increased by 10 c/lb, profit attributable to the owners of the parent would have increased by $18.4 million (2020 – increase by $16.8 million).
- If the copper market price as at the reporting date had decreased by 10 c/lb, profit attributable to the owners of the parent would have decreased by $18.4 million (2020 – decrease by $16.8 million). In addition, a movement in the average copper price during the year would impact revenue and earnings. A 10 c/lb change in the average copper price during the year would have affected profit attributable to the owners of the parent by $64.8 million (2020 – $73.5 million) and earnings per share by 6.6 cents (2020 – 7.5 cents), based on production volumes in 2021, without taking into account the effects of provisional pricing and hedging activity. A $1/lb change in the average molybdenum price for the year would have affected profit attributable to the owners of the parent by $9.2 million (2020 – $11.8 million), and earnings per share by 0.9 cents (2020 – 1.2 cents), based on production volumes in 2021, and without taking into account the effects of provisional pricing. A $100/oz change in the average gold price for the year would have affected profit attributable to the owners of the parent by $11.5 million (2020 – $10.1 million), and earnings per share by 1.2 cents (2020 – 1.0 cents), based on production volumes in 2021, and without taking into account the effects of provisional pricing.

(II) Currency risk

The Group is exposed to a variety of currencies. The US dollar, however, is the currency in which the majority of the Group's sales are denominated. Operating costs are influenced by the countries in which the Group's operations are based (principally in Chile) as well as those currencies in which the costs of imported goods and services are determined. After the US dollar, the Chilean peso is the most important currency influencing costs and to a lesser extent sales.

Given the significance of the US dollar to the Group's operations, this is the presentational currency of the Group for internal and external reporting. The US dollar is also the currency for borrowing and holding surplus cash, although a portion of this may be held in other currencies, notably Chilean pesos and Sterling, to meet short-term operating and capital commitments and dividend payments.

When considered appropriate, the Group uses forward exchange contracts and currency swaps to limit the effects of movements in exchange rates in foreign currency denominated assets and liabilities. The Group may also use these instruments to reduce currency exposure on future transactions and cash flows. Details of any exchange rate derivatives entered by the Group in the year are given in Note 25(D).

The currency exposure of the Group's cash, cash equivalents and liquid investments is given in Note 22, and the currency exposure of the Group's borrowings is given in Note 23(C). The effects of exchange gains and losses included in the income statement are given in Note 10. Exchange differences on translation of the net assets of entities with a functional currency other than the US dollar are taken to the currency translation reserve and are disclosed in the Consolidated Statement of Changes in Equity on page 174.

25 Financial instruments and financial risk management continued

Currency sensitivity

The sensitivity analysis below shows the impact of a movement in the US dollar/Chilean peso exchange rate on the financial instruments held as at the reporting date.

The impact on profit or loss is as a result of the retranslation of monetary financial instruments (including cash, cash equivalents, liquid investments, trade receivables, trade payables and borrowings). The impact on equity is as a result of changes in the fair value of derivative instruments which are effective designated cash flow hedges, and changes in the fair value of equity investments. The calculation assumes that all other variables, such as interest rates, remain constant.

If the US dollar had strengthened by 10% against the Chilean peso as at the reporting date, profit attributable to the owners of the parent would have increased by $6.1 million (2020 – increase of $15.8 million). If the US dollar had weakened by 10% against the Chilean peso as at the reporting date, profit attributable to the owners of the parent would have decreased by $7.4 million (2020 – decrease of $19.3 million).

(III) Interest rate risk

The Group's policy is generally to borrow and invest cash at floating rates. Fluctuations in interest rates may impact the Group's net finance income or cost, and to a lesser extent the value of financial assets and liabilities. The Group occasionally uses interest rate swaps and collars to manage interest rate exposures on a portion of its existing borrowings. Details of any interest rate derivatives entered into by the Group are given in Note 25(D).

The interest rate exposure of the Group's borrowings is given in Note 23.

Interest rate sensitivity

The sensitivity analysis below shows the impact of a movement in interest rates in relation to the financial instruments held as at the reporting date. The impact on profit or loss reflects the impact on annual interest expense in respect of the floating rate borrowings held as at the reporting date, and the impact on annual interest income in respect of cash and cash equivalents held as at the reporting date. The impact on equity is as a result of changes in the fair value of derivative instruments which are effective designated cash flow hedges. The calculation assumes that all other variables, such as currency rates, remain constant.

If the interest rate increased by 1%, based on the financial instruments held as at the reporting date, profit attributable to the owners of the parent would have decreased by $6.4 million (2020 – decrease of $1.7 million). This does not include the effect on the income statement of changes in the fair value of the Group's liquid investments relating to the underlying investments in fixed income instruments.

(IV) Other price risk

The Group is exposed to equity price risk on its equity investments.

Equity price sensitivity

The sensitivity analysis below shows the impact of a movement in the equity values of the equity investment financial assets held as at the reporting date.

If the value of the equity investments had increased by 10% as at the reporting date, equity would have increased by $0.9 million (2020 – increase of $1.1 million). There would have been no impact on the income statement.

(V) Cash flow risk

The Group's future cash flows depend on a number of factors, including commodity prices, production and sales levels, operating costs, capital expenditure levels, and financial income and costs. Its cash flows are therefore subject to the exchange, interest rate and commodity price risks described above as well as operating factors and input costs. To reduce the risk of potential short-term disruptions to the supply of key inputs such as electricity and sulphuric acid, the Group enters into medium and long-term supply contracts to help ensure continuity of supply. Long-term electricity supply contracts are in place at each of the Group's mines, in most cases linking the cost of electricity under the contract to the current cost of electricity on the Chilean grid or the generation cost of the supplier. The Group seeks to lock in supply of sulphuric acid for future periods of a year or longer, with contract prices agreed in the latter part of the year, to be applied to purchases of acid in the following year. Further information on production and sales levels and operating costs are given in the Operating review on pages 68 to 89.

(VI) Credit risk

Credit risk arises from trade and other receivables, cash, cash equivalents, liquid investments and derivative financial instruments. The Group's credit risk is primarily to trade receivables. The credit risk on cash, cash equivalents and liquid investments and on derivative financial instruments is limited as the counterparties are financial institutions with high credit ratings assigned by international credit agencies.

The largest balances of trade receivables are with equity participants in the key mining projects. Many other significant trade receivables are secured by letters of credit or other forms of security. All customers are subject to credit review procedures, including the use of external credit ratings where available. Credit is provided only within set limits, which are regularly reviewed. The main customers are recurrent with a good credit history during the years they have been customers.

Outstanding receivable balances are monitored on an ongoing basis.

The carrying value of financial assets recorded in the financial statements represents the maximum exposure to credit risk. The amounts presented in the balance sheet are net of allowances for any doubtful receivables (Note 21).

The Group has recognised an expected credit loss provision for its employee receivables, with the main inputs into the provision calculation being the average level of staff turnover and the average level of recovery of receivables from former employees. For the reasons set out above, the expected credit loss risk for other trade and other receivable balances is considered to be immaterial to the Group.

(VII) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and financing facilities, through the review of forecast and actual cash flows.

The Group typically holds surplus cash in demand or term deposits or highly liquid investments, which typically can be accessed or liquidated within 24 hours.

At the end of 2021, the Group was in a net cash position (2020 – net debt position), as disclosed in Note 32(C). Details of cash, cash equivalents and liquid investments are given in Note 22, while details of borrowings including the maturity profile are given in Note 23(E). Details of undrawn committed borrowing facilities are also given in Note 23.

The following table analyses the maturity of the Group's contractual commitments in respect of its financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

At 31 December 2021	Less than 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2021 Total $m
Corporate loans	**(267.1)**	**(398.5)**	**(1,574.8)**	**(170.6)**	**(2,411.0)**
Other loans (including short-term loans and bond)	**(47.0)**	**(11.9)**	**(242.7)**	**(555.5)**	**(857.1)**
Leases	**(74.7)**	**(40.5)**	**(54.5)**	**–**	**(169.7)**
Preference shares*	**–**	**–**	**–**	**(2.7)**	**(2.7)**
Trade and other payables	**(829.1)**	**(16.8)**	**–**	**–**	**(845.9)**
	(1,217.9)	**(467.7)**	**(1,872.0)**	**(728.8)**	**(4,286.4)**

At 31 December 2020	Less than 1 year $m	Between 1-2 years $m	Between 2-5 years $m	After 5 years $m	2020 Total $m
Corporate loans	(444.5)	(462.6)	(1,046.5)	(792.0)	(2,745.6)
Other loans (including short-term loans and bond)	(88.3)	(24.1)	–	(1,011.7)	(1,124.1)
Leases	(81.2)	(66.7)	(71.8)	(4.4)	(224.1)
Preference shares*	–	–	–	(2.7)	(2.7)
Trade and other payables	(808.8)	(11.0)	–	–	(819.8)
Derivative financial instruments	(36.0)	–	–	–	(36.0)
	(1,458.8)	(564.4)	(1,118.3)	(1,810.8)	(4,952.3)

* The preference shares pay an annual dividend of £100,000 in perpetuity, and accordingly it is not possible to determine total amounts payable for periods without a fixed end date.

(VIII) Capital risk management

The Group's objectives are to return capital to shareholders while leaving the Group with sufficient funds to progress its short, medium and long-term growth plans as well as preserving the financial flexibility to take advantage of opportunities as they may arise. This policy remains unchanged.

The Group monitors capital on the basis of net cash/debt (defined as cash, cash equivalents and liquid investments less borrowings) which was net cash of $540.5 million at 31 December 2021 (2020 – net debt $82.0 million), as well as gross cash (defined as cash, cash equivalents and liquid investments) which was $3,713.1 million at 31 December 2021 (2020 – $3.672.8 million). The Group's total cash is held in a combination of on demand and term deposits and managed funds investing in high quality, fixed income instruments. The managed funds are held primarily for investment purposes rather than meeting short-term cash commitments and accordingly these amounts are presented as liquid investments; however they are included in net cash for monitoring and decision-making purposes. The Group has a risk averse investment strategy. The Group's borrowings are detailed in Note 23. Additional project finance or shareholder loans are taken out by the operating subsidiaries to fund projects on a case-by-case basis.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

1) Net Financial Debt/EBITDA

2) EBITDA/Interest Expense

3) Total Indebtedness/Tangible Net Worth

The Group has complied with these covenants throughout the reporting period.

D) Derivative financial instruments

The Group periodically uses derivative financial instruments, to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Group has applied the hedge accounting provisions of IFRS 9 "Financial Instruments". Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in the income statement in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in the income statement. Realised gains and losses on commodity derivatives recognised in the income statement have been recorded within revenue. The time value element of changes in the fair value of derivative options is recognised within other comprehensive income. Realised gains and losses and changes in the fair value of exchange and interest derivatives are recognised within other finance items for those derivatives where hedge accounting has not been applied. When hedge accounting has been applied, the realised gains and losses on exchange and interest derivatives are recognised within other finance items and interest expense respectively.

25 Financial instruments and financial risk management continued

Hedges for future cash flows at the 2021 year-end relate to provisionally priced trade receivables and foreign exchange and commodity options, and are immaterial to the Group.

26 Long-term incentive plan

The long-term incentive plan (the "Plan") forms part of the remuneration of senior managers in the Group. Directors are not eligible to participate in the Plan.

Details of the Awards

Under the Plan, the Group may grant awards based on the price of ordinary shares in the Company and cannot grant awards over actual shares.

- Restricted Awards: These awards are conditional rights to receive cash payment by reference to a specified number of the Company's ordinary shares, subject to the relevant employee remaining employed by the Group when the Restricted Award vests; and
- Performance Awards: These awards are conditional rights to receive cash payment by reference to a specified number of the Company's ordinary shares subject to both the satisfaction of a performance condition and the relevant employee remaining employed by the Group when the Performance Award vests.

When awards vest under the Plan, participants become entitled to receive a cash payment by reference to the number and portion of awards that have vested and the market value of the Company's ordinary shares on the date of vesting. There is no exercise price payable by participants in respect of the awards.

Restricted Awards can only vest in full if participants remain employed by the Group for three years from the date that Restricted Awards are granted. In ordinary circumstances, the first one-third of a Restricted Award will vest after one year, the second one-third will vest after two years and the remaining one-third will vest after three years. There are no performance criteria attached to Restricted Awards. The fair value of Restricted Awards granted under the Plan is recorded as a compensation expense over the vesting periods, with a corresponding liability recognised for the fair value of the liability at the end of each period until settled.

Performance Awards only vest if certain performance criteria are met. The performance criteria reflect a number of factors including total shareholder return, earnings levels, growth in the Group's reserves and resources and project delivery targets. The fair value of Performance Awards under the Plan is recorded as a compensation expense over the vesting period, with a corresponding liability at the end of each period until settled.

Valuation process and accounting for the awards

The fair value of the awards is determined using a Monte Carlo simulation model. The inputs into the Monte Carlo simulation model are as follows:

	2021	2020
Weighted average forecast share price at vesting date	**$18.0**	$19.2
Expected volatility	**39.23%**	49.56%
Expected life of awards	**3 years**	3 years
Expected dividend yields	**3.94%**	0.73%
Discount rate	**0.08%**	0.08%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous five years. The expected life of awards used in the model has been adjusted based on management's best estimate for the effects of non-transferability and compliance of the objectives determined according to the characteristic of each plan.

The number of awards outstanding at the end of the year is as follows:

	Restricted Awards	Performance Awards
Outstanding at 1 January 2021	**738,735**	**1,629,526**
Granted during the year	**197,631**	**312,198**
Cancelled during the year	**(65,993)**	**(114,990)**
Payments during the year	**(326,230)**	**(441,259)**
Outstanding at 31 December 2021	**544,143**	**1,385,475**
Number of awards that have vested	**245,089**	

The Group has recorded a liability of $18.9 million at 31 December 2021, of which $9.2 million is due after more than one year (31 December 2020 – $22.3 million of which $11.0 million was due after more than one year) and total expenses of $9.0 million for the year (2020 – expenses of $17.2 million).

27 Post-employment benefit obligations

A) Defined contribution schemes

The Group operates defined contribution schemes for a limited number of employees. The amount charged to the income statement in 2021 was $0.1 million (2020 – $0.1 million), representing the amount paid in the year. There were no outstanding amounts which remain payable at the end of either year.

B) Severance provisions

Employment terms at some of the Group's operations provide for payment of a severance payment when an employment contract comes to an end. This is typically at the rate of one month for each year of service (subject in most cases to a cap as to the number of qualifying years of service) and based on final salary level. The severance payment obligation is treated as an unfunded defined benefit plan, and the obligation recognised is based on valuations performed by an independent actuary using the projected unit credit method, which are regularly updated. The obligation recognised in the balance sheet represents the present value of the severance payment obligation. Actuarial gains and losses are immediately recognised in other comprehensive income.

The most recent valuation was carried out in 2021 by Ernst & Young, a qualified actuary in Santiago, Chile who is not connected with the Group.

The main assumptions used to determine the actuarial present value of benefit obligations were as follows:

	2021 %	2020 %
Average nominal discount rate	**6.3%**	3.5%
Average rate of increase in salaries	**2.3%**	2.0%
Average staff turnover	**4.9%**	5.7%

Amounts included in the income statement in respect of severance provisions are as follows:

	2021 $m	2020 $m
Current service cost (charge to operating profit)	**(19.8)**	(17.9)
Interest cost (charge to other finance items)	**(3.6)**	(4.9)
Foreign exchange credit/(charge) to other finance items	**19.6**	(6.2)
Total charge to income statement	**(3.8)**	(29.0)

Movements in the present value of severance provisions were as follows:

	2021 $m	2020 $m
Balance at the beginning of the year	**(123.2)**	(118.7)
Current service cost	**(19.8)**	(17.9)
Actuarial gains	**3.1**	9.8
Unwinding of discount on provisions	**(3.6)**	(4.9)
Paid in the year	**16.4**	14.5
Foreign currency exchange difference	**19.6**	(6.0)
Balance at the end of the year	**(107.5)**	(123.2)

Assumptions description

Discount rate

	31 December 2021	31 December 2020
Nominal discount rate	**6.50%**	3.64%
Reference rate name	**20–year Chilean Central Bank Bonds**	20–year Chilean Central Bank Bonds
Governmental or corporate rate	**Governmental**	Governmental
Reference rating	**AA–/AA+**	AA–/AA+
Corresponds to an Issuance market (primary) or secondary market	**Secondary**	Secondary
Issuance currency associated to the reference rate	**Chilean peso**	Chilean peso
Date of determination of the reference interest rate	**31 October 2021**	15 November 2020
Source of the reference interest rate	**Bloomberg**	Bloomberg

The discount rate is the interest rate used to discount the estimated future severance payments to their present value. The table above shows the principal instruments and assumptions utilised in determining the discount rate.

Rate of increase in salaries

This represents the estimated average rates of future salary increases, reflecting likely future promotions and other changes. This has been based on historical information for the Group for the period from 2017 to 2021.

27 Post-employment benefit obligations continued

Turnover rate

This represents the estimated average level of future employee turnover. This has been based on historical information for the Group for the period from 2017 to 2021.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and staff turnover. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher, the defined benefit obligation would decrease by $5.3 million. If the discount rate is 100 basis points lower, the defined benefit obligation would increase by $6.0 million.
- If the expected salary growth increases by 1%, the defined benefit obligation would increase by $5.4 million. If the expected salary growth decreases by 1%, the defined benefit obligation would decrease by $5.0 million.
- If the staff turnover increases by 1%, the defined benefit obligation would decrease by $2.4 million. If the staff turnover decreases by 1%, the defined benefit obligation would increase by $2.8 million.

28 Deferred tax assets and liabilities

	Accelerated capital allowances $m	Temporary differences on provisions $m	Withholding tax $m	Short-term differences $m	Mining tax (Royalty) $m	Tax losses $m	Disposal $m	Total $m
At 1 January 2020	(1,111.8)	120.0	(38.5)	35.5	(107.4)	5.2	–	(1.097.0)
(Charge)/credit to income	(10.3)	2.9	(14.3)	6.5	4.2	(0.2)	–	(11.2)
Disposal of subsidiary	–	–	–	–	–	–	0.1	0.1
Charge deferred in equity	–	2.0	–	–	(0.3)	–		1.7
Reclassifications	–	(0.3)	–	–	–	0.3	–	–
At 31 December 2020 and 1 January 2021	**(1,122.1)**	**124.6**	**(52.8)**	**42.0**	**(103.5)**	**5.3**	**0.1**	**(1,106.4)**
(Charge)/credit to income	**(248.9)**	**(7.5)**	**29.7**	**(103.3)**	**1.0**	**31.7**	**(0.1)**	**(297.4)**
Exceptional items	**–**	**–**	**–**	**–**	**–**	**90.6**	**–**	**90.6**
Charge deferred in equity	**–**	**(2.1)**	**–**	**–**	**(0.4)**	**–**	**–**	**(2.5)**
At 31 December 2021	**(1,371.0)**	**115.0**	**(23.1)**	**(61.3)**	**(102.9)**	**127.6**	**–**	**(1,315.7)**

The charge to the income statement of $206.8 million (2020 – $11.2 million) included an impact from foreign exchange differences of nil (2020 – included a credit of $0.1 million).

Certain deferred tax assets and liabilities have been offset. Deferred tax assets and liabilities are offset where there is a legally enforceable right to do so, which under Chilean tax regulations is only possible within individual legal entities.

The following is the analysis of the deferred tax balance (after offset):

	2021 $m	2020 $m
Net deferred tax assets	**96.8**	6.4
Net deferred tax liabilities	**(1,412.5)**	(1,112.8)
Net deferred tax balances	**(1,315.7)**	(1,106.4)

At 31 December 2021, the Group had unused tax losses associated with Chilean entities (predominantly Antucoya) of $472.5 million (2020 – $599.4 million) available for offset against future profits. Generally under Chilean tax law most tax losses can be carried forward indefinitely. A deferred tax asset of $127.6 million has been recognised in respect of 100% of these losses as at 31 December 2021 (31 December 2020 – $5.3 million in respect of $19.6 million of the losses). In addition, at 31 December 2021, the Group had unused tax losses associated with entities outside of Chile (predominantly in respect of the Twin Metals project) of $428.0 million (2020 – $399.7 million - which were previously not disclosed) in respect of which no deferred tax asset has been recognised. A portion of the Twin Metals tax losses expire in the period from 2030 – 2037, and the remainder can be carried forward indefinitely.

At 31 December 2021, the Group recognised $90.6 million of previously unrecognised deferred tax assets relating to tax losses available for offset against future profits. In previous periods, the Group had reviewed these tax losses for potential recognition, and concluded that it was not probable that future taxable profits would be available against which the losses could be utilised, and accordingly had not recognised a deferred tax asset in respect of those losses. In making this assessment in previous periods the Group had taken into account that the relevant Group entity (Antucoya) had consistently generated taxable losses in recent years, was continuing to generate taxable losses in the then current period, and was forecast to continue generating taxable losses in future periods. During 2021, there has been a significant improvement in the current copper price (with the copper price reaching record levels in nominal terms during the year) and also the near-term copper price outlook. As a result of this improvement in the copper price environment, Antucoya began to generate taxable profits in 2021. The improved near-term outlook for the copper price also means that Antucoya is now forecast to generate sufficient future taxable profits to fully utilise its remaining tax losses. Current forecasts indicate that the losses will be utilised over approximately the next eight years (compared with the remaining mine life for Antucoya of 22 years). The forecasts are based on Antucoya's Life-of-mine model. When the tax losses are utilised in future years, it is expected that the impact will be recorded within the underlying tax charge for that year, in order to match with the similar classification of the corresponding taxable profits of that year.

28 Deferred tax assets and liabilities continued

At 31 December 2021, deferred withholding tax liabilities of $23.1 million have been recognised (31 December 2020 – $52.8 million) which relate to undistributed earnings of subsidiaries where it is considered likely that the corresponding profits will be distributed in the foreseeable future. The value of the remaining undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, because the Group is in a position to control the timing of the distributions and it is likely that distributions will not be made in the foreseeable future, was $6,483 million (31 December 2020 – $4,980 million - restated from the previously reported amount of $4,810 million, reflecting the removal of amounts relating to entities with accumulated losses).

Temporary differences arising in connection with interests in associates are insignificant.

The deferred tax balance of $1,315.7 million (2020 – $1,106.4 million) includes $1,272.6 million (2020 – $1,053.4 million) due in more than one year.

All amounts are shown as non-current on the face of the balance sheet as required by IAS 12 Income Taxes.

29 Decommissioning and restoration provisions

	2021 $m	2020 $m
Balance at the beginning of the year	**(520.2)**	(413.2)
Charge to operating profit in the year	**(11.3)**	(45.2)
Unwind of discount to net interest in the year	**(2.6)**	(2.6)
Adjustment to provision discount rates	**30.8**	(9.2)
Capitalised adjustment to provision	**119.9**	(59.4)
Utilised in year	**33.8**	22.2
Foreign currency exchange difference	**13.5**	(12.8)
Balance at the end of the year	**(336.1)**	(520.2)
Short-term provisions	**(33.8)**	(22.2)
Long-term provisions	**(302.3)**	(498.0)
Total	**(336.1)**	(520.2)

Decommissioning and restoration costs relate to the Group's mining operations. Costs are estimated on the basis of a formal closure plan and are subject to regular independent formal review by Sernageomin, the Chilean government agency which regulates the mining industry in Chile. There have not been any significant updates to the mining operations closure plans approved by Sernageomin during the year. During 2020, the Pelambres, Centinela and Zaldívar balances were updated to reflect new plans approved by Sernageomin during that year. The provision balance reflects the present value of the forecast future cash flows expected to be incurred in line with the closure plans, discounted using Chilean real interest rates with durations corresponding with the timings of the closure activities. At 31 December 2021, the real discount rates ranged from 2.3% to 2.5% (31 December 2020: 0.5% to 0.9%).

It is estimated that the provision will be utilised from 2022 until 2064 based on current mine plans, with approximately 19% of the total provision balance expected to be utilised between 2022 and 2031, approximately 48% between 2032 and 2041, approximately 9% between 2042 and 2051 and approximately 23% between 2052 and 2068.

Given the long-term nature of these balances, it is possible that future climate risks could impact the appropriate amount of these provisions, both in terms of the nature of the decommissioning and site rehabilitation activities that are required, or the costs of undertaking those activities. During 2021, the Group has implemented, and disclosed against, the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). This process included scenario analyses assessing the potential future transition and physical risks. As a simple high-level sensitivity, we have considered whether the level of estimated costs relating to the potential future risks, identified under the scenario analysis could indicate a general level of future cost increases as a consequence of climate risks, which could indicate a significant potential impact on these provision balances. This analysis did not indicate a significant potential impact on the decommissioning and restoration provision balances. However, more detailed specific analysis of the potential impacts of climate risks in future periods could result in adjustments to these provision balances. When future updates to the closure plans are prepared and submitted to Sernageomin for review and approval, it is likely that there will be more detailed consideration of potential climate risk impacts which may need to be incorporated into the plan assumptions. In addition, Sernageomin may introduce new regulations or guidance in respect of climate risks which may need to be addressed in future updates to the Group's closure plans.

30 Share capital and other reserves

(I) Share capital

The ordinary share capital of the Company is as follows:

	2021 Number	2020 Number	2021 $m	2020 $m
Authorised				
Ordinary shares of 5p each	**1,300,000,000**	1,300,000,000	**118.9**	118.9

	2021 Number	2020 Number	2021 $m	2020 $m
Issued and fully paid				
Ordinary shares of 5p each	**985,856,695**	985,856,695	**89.8**	89.8

The Company has one class of ordinary shares which carry no right to fixed income. Each ordinary share carries one vote at any general meeting.

There were no changes in the authorised or issued share capital of the Company in either 2021 or 2020. Details of the Company's preference share capital, which is included within borrowings in accordance with IAS 32 Financial Instruments, are given in Note 23A(xiv).

(II) Other reserves and retained earnings

Details of the share premium account, hedging, fair value and translation reserves and retained earnings for both 2021 and 2020 are included within the consolidated statement of changes in equity on page 174.

	2021 $m	2020 $m
Share premium		
At 1 January and 31 December	**199.2**	199.2
Hedging reserves[1]		
At 1 January	**(23.9)**	(5.0)
Parent and subsidiaries net cash flow hedge fair value losses	**(100.4)**	(24.2)
Parent and subsidiaries net cash flow hedge losses transferred to the income statement	**126.8**	3.4
Tax on the above	**(2.5)**	1.9
At 31 December	**–**	(23.9)
Equity investment revaluation reserves[2]		
At 1 January	**(5.3)**	(10.8)
(Losses)/gains on equity investment	**(2.1)**	5.5
At 31 December	**(7.4)**	(5.3)
Foreign currency translation reserves[3]		
At 1 January	**(1.4)**	(2.3)
Currency translation adjustment	**(1.6)**	0.9
At 31 December	**(3.0)**	(1.4)
Total other reserves per balance sheet	**(10.4)**	(30.6)
Retained earnings		
At 1 January	**7,492.2**	7,112.8
Parent and subsidiaries' profit for the period	**1,230.5**	582.1
Equity accounted units' profit after tax for the period	**59.7**	(75.7)
Actuarial gains/(loss)[4]	**–**	4.1
Total comprehensive income for the year	**8,782.4**	7,623.3
Dividends paid	**(710.8)**	(131.1)
At 31 December	**8,071.6**	7,492.2

1. The hedging reserves record gains or losses on cash flow hedges that are recognised initially in equity (through other comprehensive income), as described in Note 25.
2. The equity investments revaluation reserves record fair value gains or losses relating to equity investments, as described in Note 19.
3. Exchange differences arising on the translation of the Group's net investment in foreign-controlled companies are taken to the foreign currency translation reserves. The cumulative differences relating to an investment are transferred to the income statement when the investment is disposed of.
4. Actuarial gains or losses relating to long-term employee benefits, as described in Note 27.

31 Non-controlling interests

The non-controlling interests of the Group during 2021 and 2020 are as follows:

	Non-controlling Interest %	Country	At 1 January 2021 $m	Share of profit for the financial year $m	Capital Increase $m	Share of dividends $m	Hedging and actuarial gains $m	At 31 December 2021 $m
Los Pelambres	**40.0**	**Chile**	**1,107.3**	**608.0**	**–**	**(512.0)**	**1.2**	**1,204.5**
Centinela	**30.0**	**Chile**	**1,113.7**	**252.2**	**–**	**(92.5)**	**2.5**	**1,275.9**
Antucoya	**30.0**	**Chile**	**109.5**	**84.4**	**–**	**–**	**4.5**	**198.4**
Total			**2,330.5**	**944.6**	**–**	**(604.5)**	**8.2**	**2,678.8**

	Non-controlling Interest %	Country	At 1 January 2020 $m	Share of profit/(losses) for the financial year $m	Capital Increase[1] $m	Share of dividends $m	Hedging and actuarial gains/ (losses) $m	At 31 December 2020 $m
Los Pelambres	40.0	Chile	1,012.4	371.5	–	(280.0)	3.4	1,107.3
Centinela	30.0	Chile	1,103.2	12.9	–	–	(2.4)	1,113.7
Antucoya	30.0	Chile	(98.3)	3.1	210.0	–	(5.3)	109.5
Total			2,017.3	387.5	210.0	(280.0)	(4.3)	2,330.5

1. A capital contribution of $210 million was received from Marubeni, the minority partner at Antucoya, in order to replace part of Antucoya's subordinated debt financing with equity.

The proportion of the voting rights is proportional with the economic interest for each of the companies listed above.

Summarised financial position and cash flow information for the years ended 2021 and 2020 is set out below:

	Los Pelambres 2021 $m	Centinela 2021 $m	Antucoya 2021 $m
Non-controlling interest (%)	**40.0%**	**30.0%**	**30.0%**
Cash and cash equivalents	**14.2**	**122.7**	**48.4**
Current assets	**1,073.3**	**1,358.0**	**381.4**
Non-current assets	**4,593.8**	**4,561.2**	**1,354.6**
Current liabilities	**(519.1)**	**(714.5)**	**(183.8)**
Non-current liabilities	**(2,123.0)**	**(1,082.6)**	**(364.9)**
Net cash from operating activities	**1,816.8**	**1,885.5**	**295.3**
Net cash used in investing activities	**(878.6)**	**(837.6)**	**(49.3)**
Net cash used in financing activities	**(1,408.4)**	**(1,152.6)**	**(206.9)**

	Los Pelambres 2020 $m	Centinela 2020 $m	Antucoya 2020 $m
Non-controlling interest (%)	40.0%	30.0%	30.0%
Cash and cash equivalents (restated)[1]	247.6	239.2	52.5
Current assets	1,466.5	1,490.8	324.5
Non-current assets	4,009.4	4,408.0	1,317.0
Current liabilities	(764.6)	(495.5)	(246.4)
Non-current liabilities	(1,935.5)	(1,327.7)	(456.1)
Net cash from operating activities	1,196.9	790.8	147.3
Net cash used in investing activities	(776.6)	(460.4)	(41.3)
Net cash from/(used in) financing activities	74.8	(88.0)	(75.8)

1. The prior period comparatives have been restated to reclassify liquid investments of $657.2 million at Los Pelambres, $497.1 million at Centinela and $91.1 million at Antucoya out of the cash and cash equivalents line.

Notes to the summarised financial position and cash flow

(i) The amounts disclosed for each subsidiary are based on the amounts included in the consolidated financial statements (100% of the results and balances of the subsidiary rather than the non-controlling interest proportionate share) before inter-company eliminations.

(ii) Summarised income statement information is shown in the segment information in Note 6.

(iii) There are some subsidiaries with a non controlling interest portion not included in this note where those portions are not material to the Group.

32 Notes to the consolidated cash flow statement

A) Reconciliation of profit before tax to cash flow from continuing operations

	2021 $m	2020 $m
Profit before tax	**3,477.1**	1,413.1
Depreciation	**1,078.7**	1,048.7
Net loss on disposals	**9.2**	6.3
Net finance (income)/expense	**(16.0)**	103.4
Net share of results from associates and joint ventures (exc. exceptional items)	**(59.7)**	(5.1)
Provision for impairment	**177.6**	(80.8)
Decrease/(increase) in inventories	**10.9**	(13.6)
Increase in debtors	**(206.8)**	(259.9)
Increase in creditors	**55.7**	31.0
(Decrease)/increase in provisions	**(19.0)**	26.4
Cash flow generated from continuing operations	**4,507.7**	2,431.1

B) Analysis of changes in net debt

	At 1 January 2021 $m	Cash flow $m	Fair value gains $m	New leases $m	Amortisation of finance costs $m	Capitalisation of interest $m	Movement between maturity categories $m	Other $m	Exchange $m	At 31 December 2021 $m
Cash and cash equivalents	**1,246.8**	**(483.1)**	**–**	**–**	**–**	**–**	**–**	**–**	**(20.3)**	**743.4**
Liquid investments	**2,426.0**	**543.7**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,969.7**
Total cash and cash equivalents and liquid investments	**3,672.8**	**60.6**	**–**	**–**	**–**	**–**	**–**	**–**	**(20.3)**	**3,713.1**
Borrowings due within one year	**(529.8)**	**545.6**	**–**	**–**	**–**	**–**	**(294.2)**	**10.4**	**–**	**(268.0)**
Borrowings due after one year	**(3,013.8)**	**–**	**–**	**–**	**(5.7)**	**(16.6)**	**294.2**	**–**	**(0.2)**	**(2,742.1)**
Leases due within one year	**(73.6)**	**88.9**	**–**	**–**	**–**	**–**	**(84.4)**	**–**	**–**	**(69.1)**
Leases due after one year	**(134.9)**	**–**	**–**	**(61.8)**	**–**	**–**	**84.4**	**–**	**21.6**	**(90.7)**
Preference shares	**(2.7)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.7)**
Total borrowings	**(3,754.8)**	**634.5**	**–**	**(61.8)**	**(5.7)**	**(16.6)**	**–**	**10.4**	**21.4**	**(3,172.6)**
Net cash/(debt)	**(82.0)**	**695.1**	**–**	**(61.8)**	**(5.7)**	**(16.6)**	**–**	**10.4**	**1.1**	**540.5**

	At 1 January 2020 $m	Cash flow $m	Fair value gains $m	New leases $m	Amortisation of finance costs $m	Capitalisation of interest $m	Movement between maturity categories $m	Other $m	Exchange $m	At 31 December 2020 $m
Cash and cash equivalents	653.7	588.3	–	–	–	–	–	–	4.8	1,246.8
Liquid investments	1,539.7	887.9	(1.6)	–	–	–	–	–	–	2,426.0
Total cash and cash equivalents and liquid investments	2,193.4	1,476.2	(1.6)	–	–	–	–	–	4.8	3,672.8
Borrowings due within one year	(648.4)	200.1	–	–	–	–	(88.8)	4.7	2.6	(529.8)
Borrowings due after one year	(1,861.8)	(1,204.9)	–	–	(12.5)	(23.4)	88.8	–	–	(3,013.8)
Leases due within one year	(75.6)	18.2	–	–	–	–	(14.1)	(2.1)	–	(73.6)
Leases due after one year	(168.4)	68.3	–	(33.5)	–	–	14.1	0.3	(15.7)	(134.9)
Preference shares	(2.6)	–	–	–	–	–	–	–	(0.1)	(2.7)
Total borrowings	(2,756.8)	(918.3)	–	(33.5)	(12.5)	(23.4)	–	2.9	(13.2)	(3,754.8)
Net debt	(563.4)	557.9	(1.6)	(33.5)	(12.5)	(23.4)	–	2.9	(8.4)	(82.0)

32 Notes to the consolidated cash flow statement continued

C) Net cash/(debt)

	2021 $m	2020 $m
Cash, cash equivalents and liquid investments	**3,713.1**	3,672.8
Total borrowing	**(3,172.6)**	(3,754.8)
Net cash/(debt)	**540.5**	(82.0)

33 Exchange rates

Assets and liabilities denominated in foreign currencies are translated into US dollars and Sterling at the period-end rates of exchange.

Results denominated in foreign currencies have been translated into US dollars at the average rate for each period.

	2021	2020
Year-end rates	**$1.3490 = £1**	$1.3600 = £1
	$1 = Ch$844.69	$1 = Ch$710.95
Average rates	**$1.3750 = £1**	$1.2820 = £1
	$1 = Ch$759.81	$1 = Ch$792.07

34 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and joint ventures are disclosed below.

The transactions which Group companies entered into with related parties who are not members of the Group are set out below. There are no guarantees given or received and no provisions for doubtful debts related to the amount of outstanding balances.

A) Quiñenco SA

Quiñenco SA ("Quiñenco") is a Chilean financial and industrial conglomerate, the shares of which are traded on the Santiago Stock Exchange, and in which members of the Luksic family are interested. Two Directors of the Company, Jean-Paul Luksic and Andronico Luksic, are also directors of Quiñenco.

The following transactions took place between the Group and the Quiñenco group of companies, all of which were on normal commercial terms at market rates:

- the Group made purchases of fuel from ENEX SA, a subsidiary of Quiñenco, of $263.9 million (2020 – $212.6 million). The balance due to ENEX SA at the end of the year was $20.4 million (2020 – nil);
- the Group earned interest income of nil (2020 – $1.7 million) during the year on deposits with Banco de Chile SA, a subsidiary of Quiñenco. Deposit balances at the end of the year were nil (2020 – nil);
- the Group earned interest income of $0.1 million (2020 – $0.3 million) during the year on investments with BanChile Administradora General de Fondos SA, a subsidiary of Quiñenco. Investment balances at the end of the year were $2.2 million (2020 – nil);
- the Group purchased shipping services from Hapag Lloyd, an associate of Quiñenco, of $8.9 million (2020 – $7.0 million). The balance due to Hapag Lloyd at the end of the year was $0.4 million (2020 – nil).

B) Compañía de Inversiones Adriático SA

In 2021, the Group leased office space on normal commercial terms from Compañía de Inversiones Adriático SA, a company in which members of the Luksic family are interested, at a cost of $0.8 million (2020 –$0.7 million).

C) Antomin 2 Limited and Antomin Investors Limited

The Group holds a 51% interest in Antomin 2 Limited ("Antomin 2") and Antomin Investors Limited ("Antomin Investors"), which own a number of copper exploration properties. The Group originally acquired its 51% interest in these properties for a nominal consideration from Mineralinvest Establishment, which continues to hold the remaining 49% of Antomin 2 and Antomin Investors. Mineralinvest is owned by the E. Abaroa Foundation, in which members of the Luksic family are interested. During the year ended 31 December 2021, the Group incurred $0.1 million (year ended 31 December 2020 – $0.1 million) of exploration expense at these properties.

D) Tethyan Copper Company Limited

As explained in Note 18 the Group has a 50% interest in Tethyan Copper Company Limited ("Tethyan"), which is a joint venture with Barrick Gold Corporation over Tethyan's mineral interests in Pakistan. During 2021, the Group contributed $9.5 million (2020 – $7.2 million) to Tethyan.

34 Related party transactions continued

E) Compañia Minera Zaldívar SpA

The Group has a 50% interest in Zaldívar (see Note 18), which is a joint venture with Barrick Gold Corporation. Antofagasta is the operator of Zaldívar. The balance due from Zaldívar to Group companies at the end of the year was $2.5 million (2020 – $0.5 million). During 2021, Zaldívar declared dividends of $77.5 million to the Group (2020 – $65.0 million).

F) Inversiones Hornitos SA

As explained in Note 3, on 31 March 2020 the Group agreed to dispose of its 40% interest in Hornitos coal-fired power station to ENGIE Energía Chile S.A. ("ENGIE"), the owner of the remaining 60% interest. Under the terms of this agreement, the Group agreed to make a final capital contribution to Hornitos of $24 million, the payment of which took place during 2021. During 2020 the Group paid $128.2 million to Inversiones Hornitos in relation to the energy supply contract at Centinela. During 2020 and 2021, the Group has not received dividends from Inversiones Hornitos SA.

G) Directors and other key management personnel

Information relating to Directors' remuneration and interests is given in the Remuneration Report on page 152. Information relating to the remuneration of key management personnel including the Directors is given in Note 9.

35 Reko Diq project

In July 2019, the World Bank Group's International Centre for Settlement of Investment Disputes ("ICSID") awarded $5.84 billion in damages (compensation and accumulated interest as at the date of the award) to Tethyan Copper Company Pty Limited ("Tethyan"), the joint venture held equally by the Company and Barrick Gold Corporation, in relation to an arbitration claim filed against the Islamic Republic of Pakistan ("Pakistan") following the unlawful denial of a mining lease for the Reko Diq project in Pakistan in 2011. As at 31 December 2021, the outstanding award amount, including interest, was approximately $6.45 billion.

In March 2022 the Company reached an agreement in principle with Barrick Gold and the Governments of Pakistan and Balochistan on a framework that provides for the reconstitution of the Reko Diq project, and a pathway for the Company to exit the project. If definitive agreements are executed and the conditions to closing are satisfied, a consortium comprising various Pakistani state-owned enterprises will acquire an interest in the project for consideration of approximately $900m to jointly develop the project with Barrick, and Antofagasta would exit. If all the conditions are satisfied during 2022, we would expect to receive the proceeds in 2023.

36 Litigation and contingent liabilities

The Group is subject from time to time to legal proceedings, claims, complaints and investigations arising out of the ordinary course of business. The Group cannot predict the outcome of individual legal actions or claims or complaints or investigations. As a result, the Group may become subject to liabilities that could affect our business, financial position and reputation. Litigation is inherently unpredictable and large judgments may at times occur. The Group may incur, in the future, judgments or enter into settlements of claims that could lead to material cash outflows. The Group considers that no material loss to the Group is expected to result from the legal proceedings, claims, complaints and investigations that the Group is currently subject to. Provision is made for all liabilities that are expected to materialise through legal claims against the Group.

37 Ultimate Parent Company

The immediate parent of the Group is Metalinvest Establishment, which is controlled by the E. Abaroa Foundation, in which members of the Luksic family are interested.

Both Metalinvest Establishment and the E. Abaroa Foundation are domiciled in Liechtenstein. Information relating to the interest of Metalinvest Establishment and the E. Abaroa Foundation is given in the Directors' Report.

Antofagasta plc – balance sheet of the Parent company and related notes

The Balance Sheet of the Parent Company as at 31 December 2021 is as follows:

	Note	2021 $m	2020 $m
Non-current assets			
Investment in subsidiaries	E	**529.1**	538.6
Other receivables		**–**	485.0
Property, plant and equipment		**5.1**	–
		534.2	1,023.6
Current assets			
Other receivables	E	**57.8**	573.5
Liquid investments		**1,649.4**	447.2
Cash and cash equivalents		**422.8**	177.7
		2,130.0	1,198.4
Total assets		**2,664.2**	2,222.0
Current liabilities			
Amounts payable to subsidiaries		**(302.2)**	(303.7)
Other payables		**(15.4)**	(8.3)
		(317.6)	(312.0)
Non-current liabilities			
Medium and long-term borrowings	F	**(993.4)**	(994.9)
		(993.4)	(994.9)
Total liabilities		**(1,311.0)**	(1,307.0)
Net assets		**1,353.2**	915.0
Equity			
Share capital		**89.8**	89.8
Share premium		**199.2**	199.2
Retained earnings			
At 1 January		**626.0**	197.7
Profit for the year attributable to the owners		**1,149.0**	559.4
Other changes in retained earnings		**(710.8)**	(131.1)
At 31 December		**1,064.2**	626.0
Total equity		**1,353.2**	915.0

The financial statements on pages 225-228 were approved by the Board of Directors on 24 March 2022 and signed on its behalf by

Jean-Paul Luksic
Chairman

Tony Jensen
Senior Independent Director

Parent Company statement of changes in equity

	Share capital $m	Share premium $m	Retained earnings $m	Total equity $m
At 1 January 2020	89.8	199.2	197.7	486.7
Comprehensive income for the year	–	–	559.4	559.4
Dividends	–	–	(131.1)	(131.1)
At 31 December 2020	89.8	199.2	626.0	915.0
Comprehensive income for the year	**–**	**–**	**1,149.0**	**1,149.0**
Dividends	**–**	**–**	**(710.8)**	**(710.8)**
At 31 December 2021	**89.8**	**199.2**	**1,064.2**	**1,353.2**

The ordinary shares rank after the preference shares in entitlement to dividend and on a winding-up. Each ordinary share carries one vote at any general meeting.

Antofagasta plc is a company limited by shares, incorporated and domiciled in the United Kingdom at 103 Mount Street, London W1K 2TJ.

A) Basis of preparation of the balance sheet and related notes of the Parent Company

The Antofagasta plc Parent Company balance sheet and related notes have been prepared in accordance with the Companies Act 2006 applicable to companies using FRS 101, which applies the recognition and measurement bases of IFRS with reduced disclosure requirements. The financial information has been prepared on an historical cost basis. The financial statements have been prepared on a going concern basis. The functional currency of the Company and the presentation currency adopted is US dollars.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1, 'Presentation of financial statements'
  - (ii) paragraph 73(e) of IAS 16, 'Property, plant, and equipment'
  - (iii) paragraph 118(e) of IAS 38, Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-D (additional comparative information)
  - 40A-D (requirements for a third statement of financial position)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group. All of the Parent Company's inter-company transactions and balances are with wholly-owned subsidiaries of the Group.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these financial statements. The profit after tax for the year of the Parent Company amounted to $1,149.0 million (2020 – $559.4 million).

B) Principal accounting policies of the Parent Company

A summary of the principal accounting policies is set out below. These accounting policies have been applied consistently.

A) Currency translation

The Company's functional currency is the US dollar. Transactions in currencies other than the functional currency are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities, including amounts due from or to subsidiaries, denominated in currencies other than the functional currency (being US dollars) are retranslated at year-end exchange rates. Gains and losses on retranslation are included in net profit or loss for the year.

B) Revenue recognition

Dividends proposed by subsidiaries are recognised as income by the Company when they represent a present obligation of the subsidiaries, in the period in which they are formally approved for payment.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

C) Dividends payable

Dividends proposed are recognised when they represent a present obligation, in the period in which they are formally approved for payment. Accordingly, an interim dividend is recognised when paid and a final dividend is recognised when approved by shareholders.

D) Investments in subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries and long-term amounts owed by subsidiaries. Such investments are valued at cost less any impairment provisions. Investments relating to equity holdings in subsidiaries are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable; the recoverable amount of the investment is the higher of fair value less costs of disposal and value in use. Investments relating to long-term amounts owed by subsidiaries are reviewed to assess if a material expected credit loss provision is required in respect of these balances.

E) Liquid investments and cash and cash equivalents

Liquid investments represent highly liquid current asset investments such as term deposits and managed funds invested in high quality fixed income instruments. They do not meet the IAS 7 definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity profile greater than 90 days from the date first entered into, or because they are held primarily for investment purposes rather than meeting short-term cash commitments. Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The cash balance is presented net of bank overdrafts which are repayable on demand. Cash and cash equivalents have a maturity period of 90 days or less.

F) Borrowings

Interest-bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method.

G) Borrowings – preference shares

The Sterling-denominated preference shares issued by the Company carry a fixed rate of return without the right to participate in any surplus. They are accordingly classified as borrowings and translated into US dollars at year-end rates of exchange. Preference share dividends are included within finance costs.

H) Equity instruments – ordinary share capital and share premium

Equity instruments issued are recorded at the proceeds received, net of direct issue costs. Equity instruments of the Company comprise its Sterling-denominated issued ordinary share capital and related share premium.

The presentational and the functional currency of the Company is US dollars, and ordinary share capital and share premium are translated into US dollars at historical rates of exchange based on dates of issue.

C) Significant accounting estimates and judgements

We do not consider there to be critical accounting judgements or key sources of estimation uncertainty which could have a significant risk of causing a material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year. We have set out below the most significant judgements and estimates applied in the preparation of the Company's balance sheet. The most significant accounting judgement is whether there are impairment indicators in respect of the carrying value of the Company's investments in subsidiaries. The most significant accounting estimate is whether a credit loss provision is required in respect of any of the Company's receivable balances. Over 99% of the receivable balances relate to intercompany balances, primarily with Group holding companies which hold the Group's investments in the operating companies. There is not considered to be any significant risk of a relevant overstatement of these carrying values. In assessing this, the Group has considered the overall market capitalisation of the Group, which was $17.8 billion at 31 December 2021, the cash and other assets held by the relevant Group companies and the level of earnings generated by the Group's operations.

D) Employee Benefit Expense

A) Average number of employees

The average monthly number of employees was 4 (2020 – 4), engaged in management and administrative activities.

B) Aggregate remuneration

The aggregate remuneration of the employees mentioned above was as follows:

	2021 $m	2020 $m
Wages and salaries	**2.3**	1.8
Social security costs	**0.3**	0.2
Other pension costs	**0.1**	0.1
	2.7	2.1

The above employee figures exclude Directors who receive Directors' fees from Antofagasta plc. Details of fees payable to Directors are set out in the Remuneration Report.

E) Subsidiaries

A) Investment in subsidiaries

	2021 $m	2020 $m
Shares in subsidiaries at cost	**60.6**	60.6
Amounts owed by subsidiaries due after more than one year	**468.5**	478.0
	529.1	538.6

	Shares $m	Loans $m	Total $m
1 January 2021	60.6	478.0	538.6
31 December 2021	**60.6**	**468.5**	**529.1**

The above amount of $468.5 million (31 December 2020 – $478.0 million) in respect of amounts owed by subsidiaries due after more than one year relates to long-term funding balances for which the Company does not expect to demand repayment in the foreseeable future and which form an integral part of the Company's long-term investment in those subsidiary companies.

B) Trade and other receivables – amounts owed by subsidiaries due after one year

At 31 December 2021, an amount of nil (31 December 2020 – $485.0 million) was owed to the Company by an indirect subsidiary, pursuant to a 10-year loan agreement. There have been no impairments recognised in respect of subsidiary receivables as at 31 December 2021.

C) Trade and other receivables – amounts owed by subsidiaries due within one year

At 31 December 2021, amounts owed by subsidiaries due within one year were $54.5 million (31 December 2020 – $568.4 million). These balances principally relate to inter-company dividends declared but not yet paid to the Company by its immediate subsidiary companies. There have been no impairments recognised in respect of subsidiary receivables as at 31 December 2021.

F) Borrowings – preference shares

The authorised, issued and fully paid preference share capital of the Company comprised 2,000,000 5% cumulative preference shares of £1 each at both 31 December 2021 and 31 December 2020. As explained in Note 23C, the preference shares are recorded in the balance sheet in US dollars at period-end rates of exchange.

The preference shares are non-redeemable and are entitled to a fixed 5% cumulative dividend, payable in equal instalments in June and December of each year. On a winding-up, the preference shares are entitled to repayment and any arrears of dividend in priority to ordinary shareholders, but are not entitled to participate further in any surplus. Each preference share carries 100 votes (see Note 23A (xv)) at any general meeting.

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ANTOFAGASTA PLC

Antofagasta plc

6.250% Senior Notes due 2034

LISTING MEMORANDUM

Global Coordinators and Joint Book-Running Managers

Citigroup **J.P. Morgan**

Joint Book-Running Managers

BofA Securities **Credit Agricole CIB** **Natixis** **Scotiabank**

July 4, 2024.