

CHILE AND ITS MINING INDUSTRY: A WORLD OF OPPORTUNITIES

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SOCIEDAD NACIONAL DE MINERÍA
TORONTO, MARCH 6TH 2023**

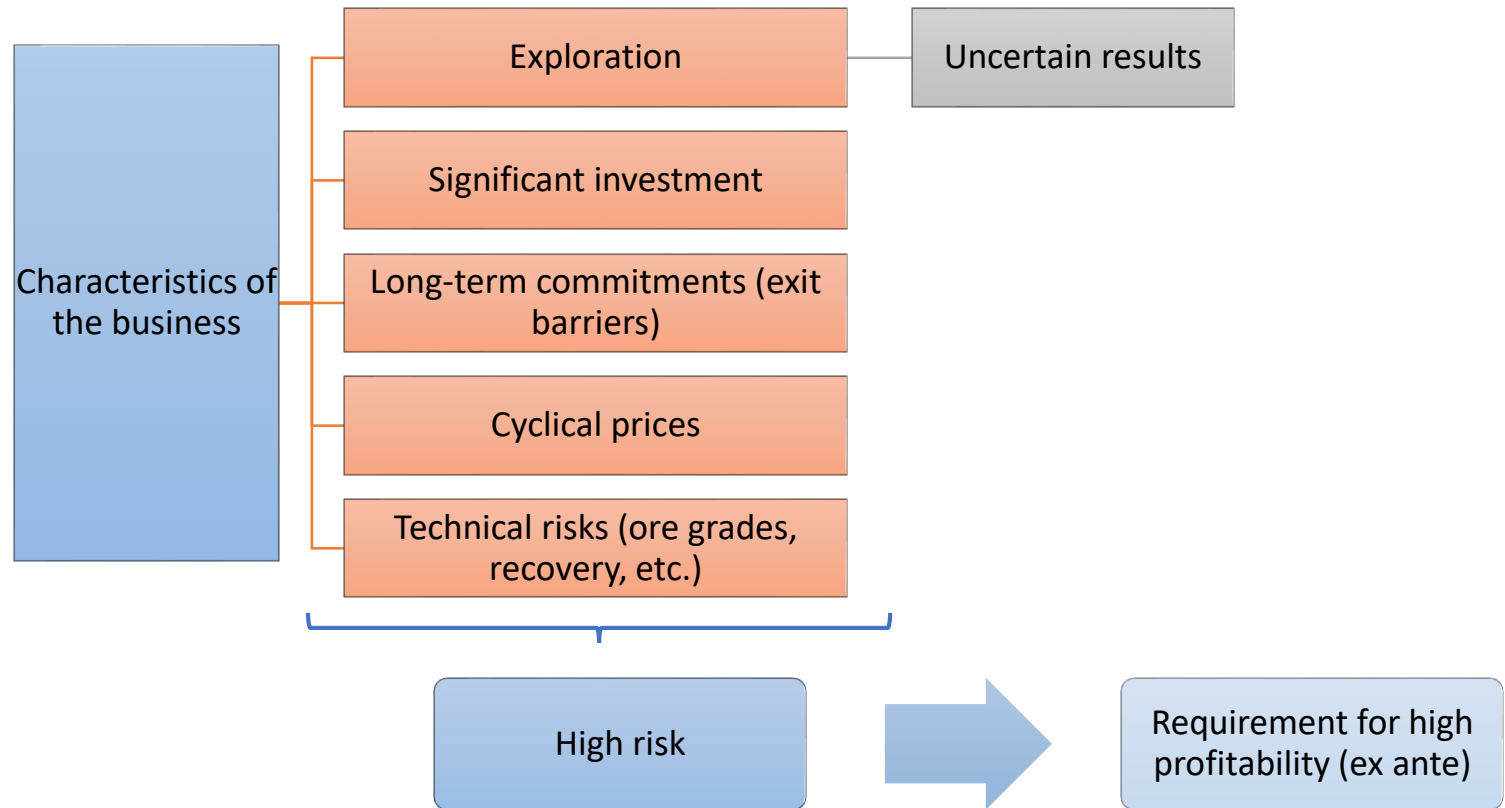


S O N A M I

CHARACTERISTICS OF THE MINING BUSINESS



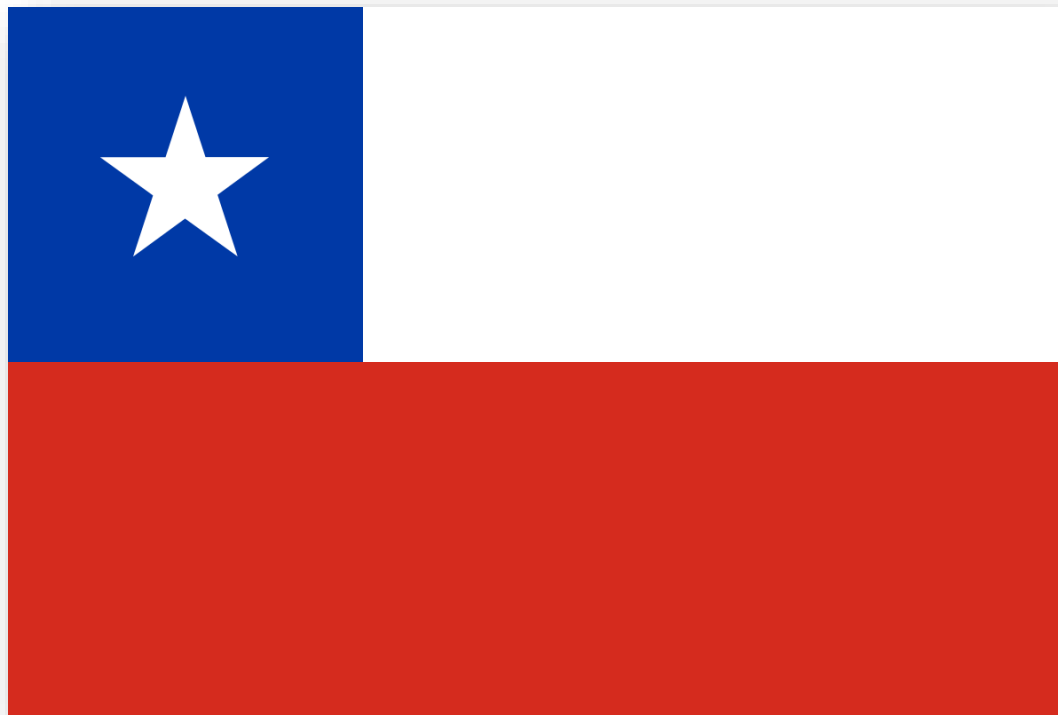
CHARACTERISTICS OF THE MINING BUSINESS



Factors that increase/mitigate this risk:

- Legal Stability
- Political Stability
- Tax Stability

WHAT ROLE DOES CHILE PLAY IN THE GLOBAL MINING INDUSTRY?



CHILE: A SMALL COUNTRY IN THE WORLD



We account for 0.6% of the world's land surface and a relative share of 0.4% in income and 0.2% in population.

However, in terms of mining...



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CHILE: WORLD LEADER IN MINING

World ranking in production	Product	Production Chile 2022	Percentage of world production
1°	Copper	5,328,000 tonnes	25%
1°	Natural nitrates	956,000 tonnes	100%
1°	Iodine	20,600 tonnes	65%
1°	Rhenium	29,000 tonnes	50%
2°	Lithium	218,000 tonnes	30%
2°	Molybdenum	46,000 tonnes	18%
7°	Silver	1,160 tonnes	5 %



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WORLD COPPER RESERVES



Chile

• 21%



Australia

• 11%



Peru

• 9%



Russia

• 7%

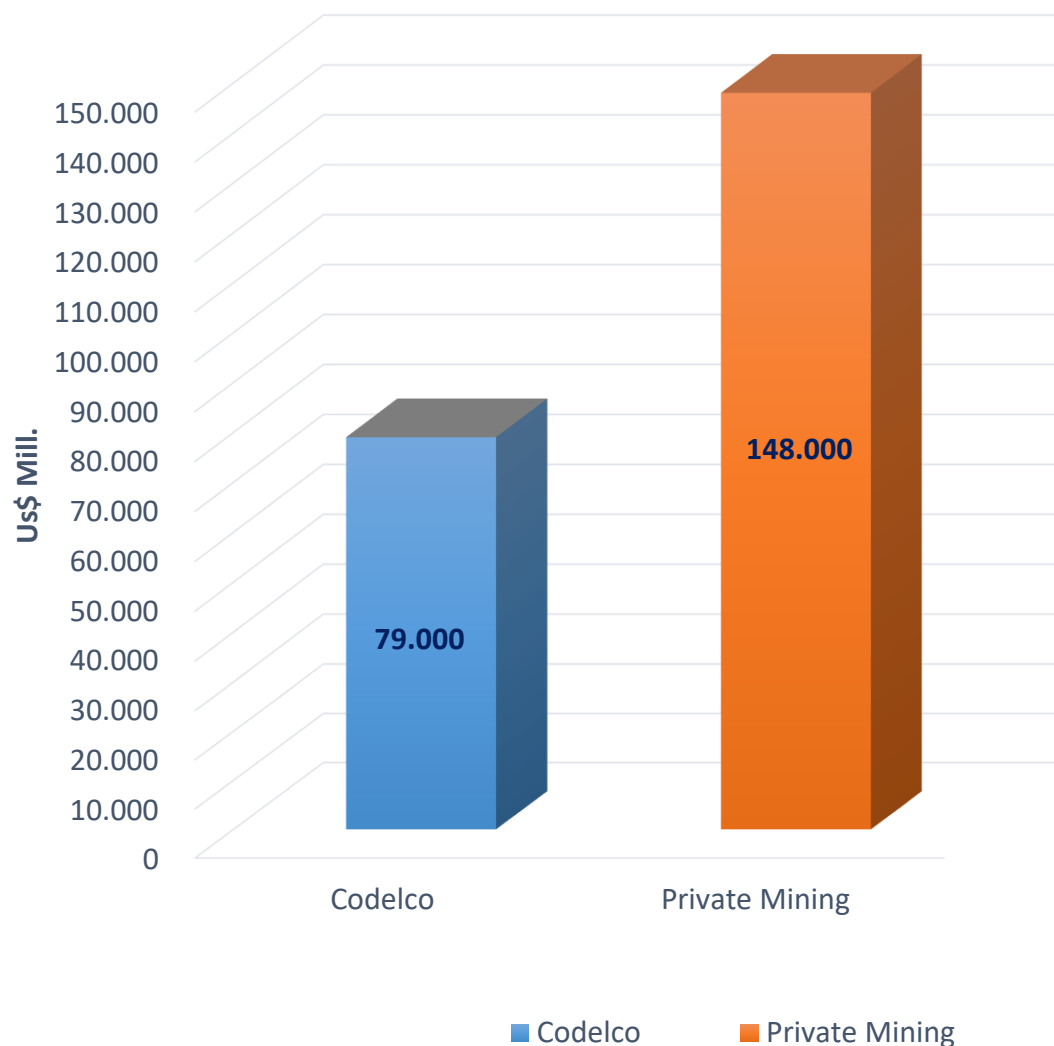


MINING: A PILLAR OF DEVELOPMENT



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MINING INVESTMENT (1990-2022) (US\$ MILLIONS 2022)



Source: Own elaboration based on data from Cochilco and Invest Chile.

RELEVANT INDICATORS IN THREE DECADES

COUNTRY COPPER PRODUCTION



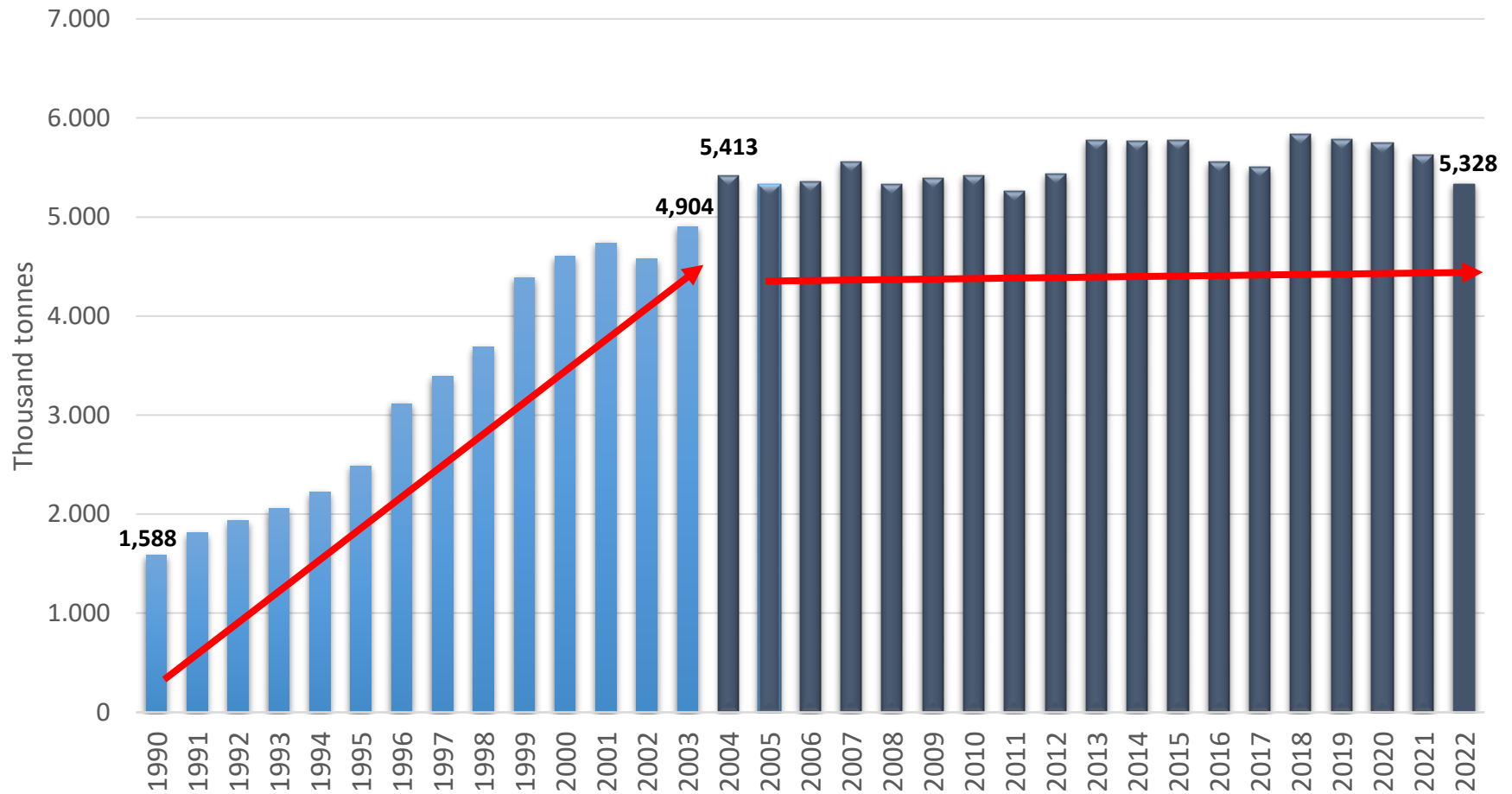
1990

- 1,600,000 tonnes

2022

- 5,328,000 tonnes

COUNTRY COPPER PRODUCTION



Source: Own elaboration based on Cochilco data.



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RELEVANT INDICATORS IN THREE DECADES

PRIVATE COPPER PRODUCTION



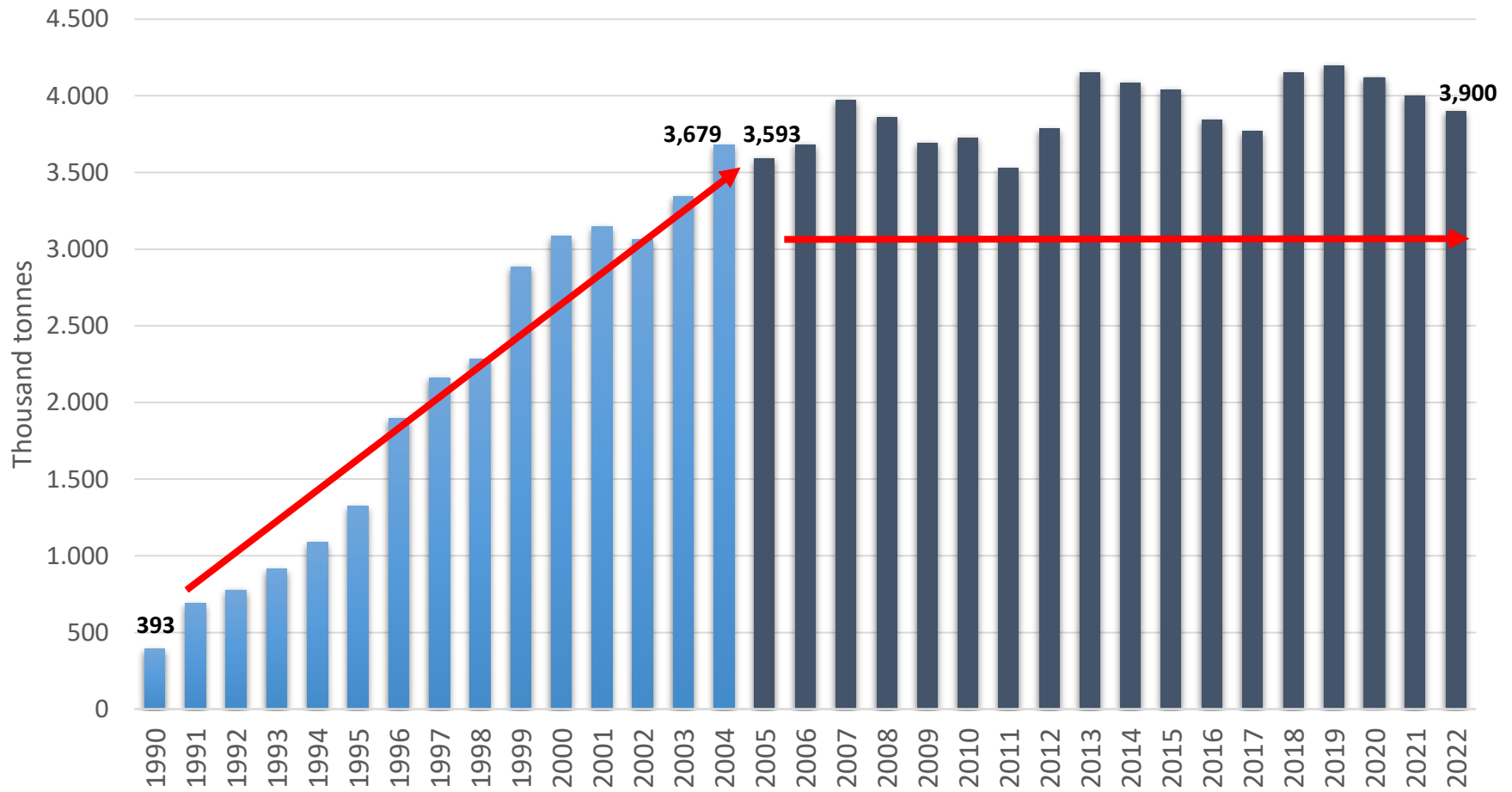
1990

- 400,000 tonnes

2022

- 3,900,000 tonnes

PRIVATE COPPER PRODUCTION



Source: Own elaboration based on Cochilco data.



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RELEVANT INDICATORS IN THREE DECADES

MINING EXPORTS (US\$ 2022)

1990

- US\$ 10 Billion

2022

- US\$ 60 Billion

COUNTRY EXPORTS (US\$ 2022)

1990

- US\$ 19 Billion

2022

- US\$ 97 Billion

TAX CONTRIBUTION

2005-2022

- US\$ 120 Billion
- 14 % Tax Revenues
- 1 out of every 7 pesos

RELEVANT INDICATORS IN THREE DECADES

GROSS DOMESTIC PRODUCT (US\$ 2022)

1990

- US\$ 69 Billion

2022

- US\$ 312 Billion

GDP PER CAPITA

1990

- US\$ 5,900

2022

- US\$ 29,000

POVERTY LEVEL

1990

- 68%

2020

- 10.8%

MINING HAS BEEN ONE OF THE DRIVING FORCES FOR THE COUNTRY'S DEVELOPMENT OVER THE LAST THREE DECADES



In this true economic revolution that the country has experienced, mining has played a key role, attracting investment, driving growth, opening up a large foreign market and providing significant financial resources for the State to develop its work.

MIDDLE-SCALE MINING, HIGH GROWTH POTENTIAL



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MIDDLE-SCALE MINING, HIGH GROWTH POTENTIAL

CHARACTERISTICS



Important player in the mining industry and the national economy.



Generator of direct and indirect **employment** in areas where it is the only relevant economic activity, generating a strong **Social License**.



Contributes to the **productive chain** and **development of the community** and regional economy.



The **capital** of these companies is mainly **domestic**.



It shows favorable growth prospects through the acquisition or **development of deposits** that are not of interest to large mining companies due to their size and scale.

MIDDLE-SCALE MINING, HIGH GROWTH POTENTIAL

RELEVANT INDICATORS

Copper production 2021



- 215 thousand tonnes.

Employment



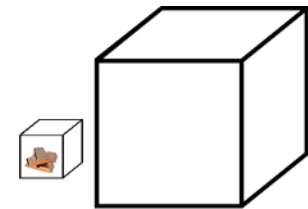
- 57 thousand workers in the August-October 2022 quarter.
- 20% of mining employment.

Exports



- US\$2.33 billion in 2021.
- Equivalent to shipments from the industries, forestry (US\$2.7 billion), wine (US\$1.975 billion) and cherries and blueberries (US\$2.260 billion).

Ore grade



- 1% while the national average is 0.71%

MIDDLE-SCALE MINING, HIGH GROWTH POTENTIAL

ADVANTAGES FOR EXPLOITING MIDDLE-SCALE DEPOSITS



1. Experience in small-scale projects.



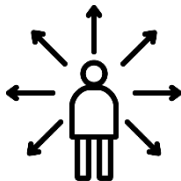
2. Projects with lower environmental and community impact.



3. Support from ENAMI for processing and commercialization of the ore.



4. Sites generally located in sectors with low altitude.



5. Agility in decision making, reducing project implementation times.

MIDDLE-SCALE MINING, HIGH GROWTH POTENTIAL

PROJECT PORTFOLIO

The mining Project Portfolio for the 2022-2031 period totals US\$ 3.056 billion.

- 1. The acquisition of Minera Franke** by Grupo Minero Las Cenizas allows it to integrate operations, doubling its mineral resources and strengthening its Development Plan, which aims to achieve production of 80-100 thousand tonnes of fine copper per year, investments of US\$ 470 million and a 26-year LOM.
- 2. Michilla development plan:** its objective is to give continuity to the current operation of the Michilla mine, with an estimated investment of US\$ 235 million.
- 3. Sierra Norte:** copper project with an estimated investment of US\$ 597 million and projected start-up in 2023.
- 4. Ciclón Exploradora:** polymetallic mining project, mainly copper, zinc, silver, lead and gold with an estimated investment of US\$ 110 million.



MIDDLE-SCALE MINING, HIGH GROWTH POTENTIAL

PROJECT PORTFOLIO

5. **Arqueros:** copper project with an estimated investment of US\$ 200 million and projected start-up in 2023.
6. **Playa Verde:** copper project with an estimated investment of US\$ 95 million and projected start-up in 2024.
7. **Costa Fuego:** copper project with an estimated investment of US\$ 725 million and start-up planned for 2025.
8. **El Espino:** copper initiative with an estimated investment of US\$ 624 million and start-up in 2024.



WHAT FACTORS HAVE MADE MINING DEVELOPMENT POSSIBLE?



1

Great geological potential of the country.

2

Highly trained businessmen, workers, technicians and professionals.



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Institutional, political, economic and legal framework

Economic Policy

Free market and open to the world, it stimulates private initiative and privileges the market as the allocator of resources.

Public Policies

Investment promotion, expressed in D.L. 600, which, without discriminating between domestic and foreign investors, guaranteed stability.

Institutional framework

The institutional and legal framework of the Political Constitution, the Organic Law of Mining Concessions (1982) and the Mining Code (1983).

In these three pillars of mining development, there was a clear long-term vision.



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Chile: platform country

We have been a reliable country and this condition has been reflected in the permanent flow of investments that have come to Chile on behalf of the most important mining consortiums in the world that have established their base of operations for Latin America here.




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DO NATURAL RESOURCES ALONE MAKE COUNTRIES DIFFERENT?







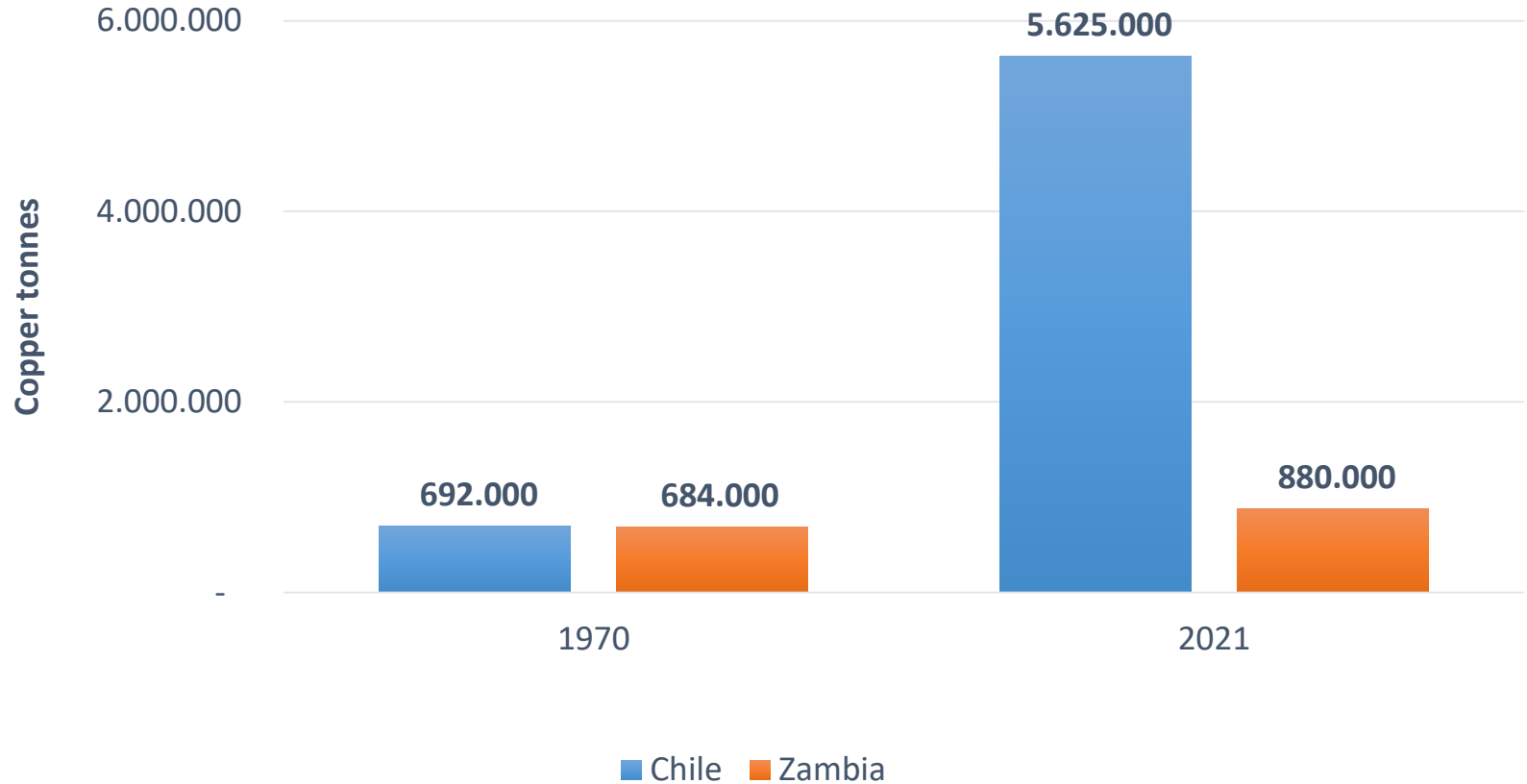
What distinguishes and differentiates countries is not the natural resources themselves, but the **INSTITUTIONALITY** they have to make efficient use of the resources at their disposal.

Adopting measures that affect confidence in the **Institutionality** necessarily implies less investment and development.



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COPPER PRODUCTION CHILE - ZAMBIA



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MINING RESOURCES ALONE DO NOT ENSURE THE DEVELOPMENT OF THE COUNTRY

Possessing mineral resources is a necessary, but **not sufficient** condition to develop mining.

It requires a set of factors and conditions, which are **hard** to achieve and **easy** to lose.



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CHILE ON THE ROAD TO THE FUTURE



**ON THE ROAD TO THE FUTURE, THE MINING INDUSTRY
OFFERS A WORLD OF OPPORTUNITIES**



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CHILE AND ITS MINING INDUSTRY



**...A World of
Opportunities**

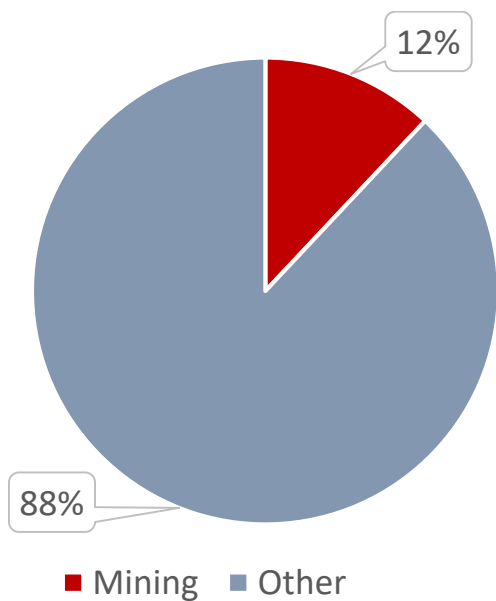
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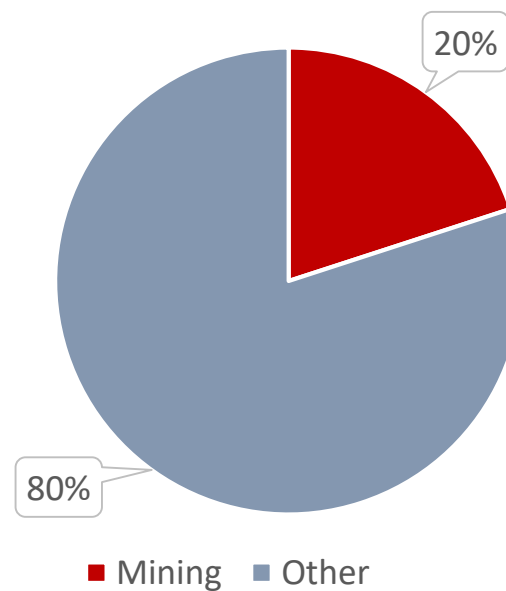
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MINING CONTRIBUTION (2005-2022)

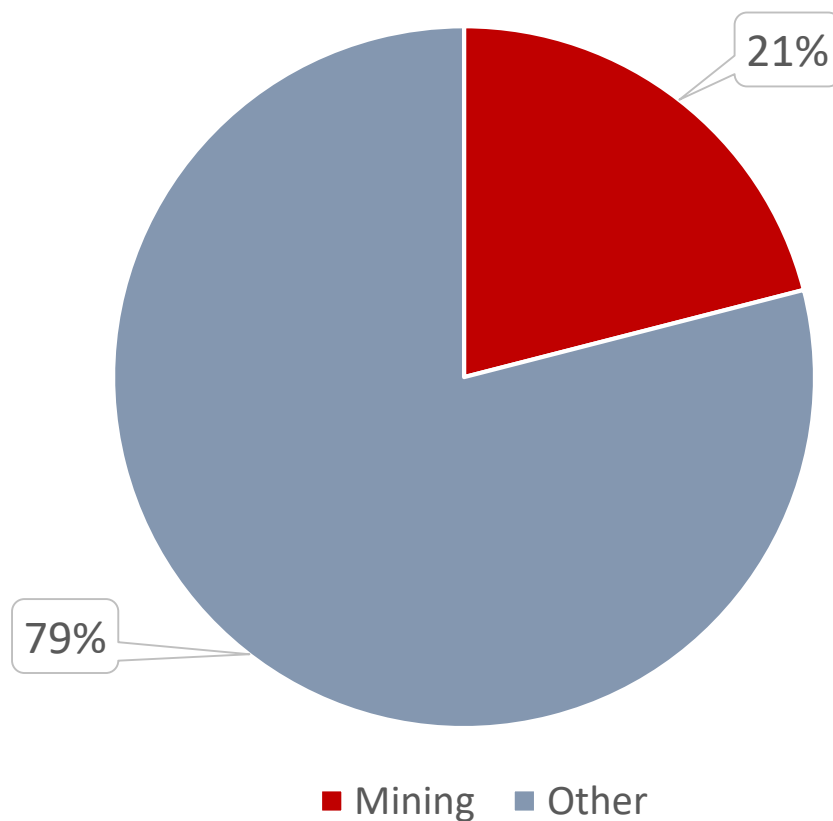
DIRECT GDP



DIRECT AND INDUCED GDP



INVESTMENT IN CHILE (2008-2020)



Source: Own elaboration based on Central Bank data.

EMPLOYMENT 2022

AVERAGE DIRECT EMPLOYMENT



271,000

Direct jobs

AVERAGE INDIRECT EMPLOYMENT

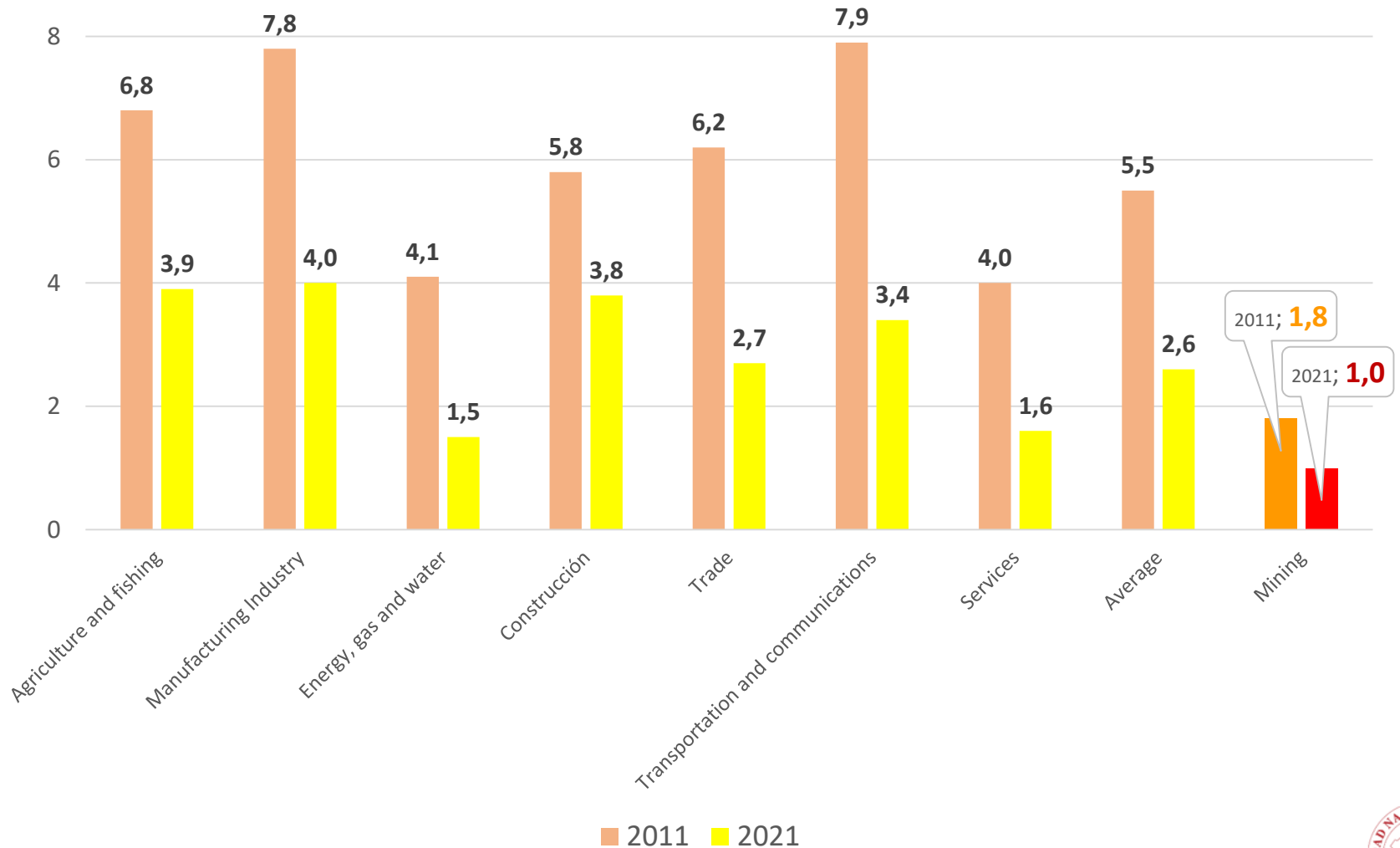


813,000

Indirect jobs

MORE THAN A MILLION JOBS DEPEND ON THE MINING SECTOR

ACCIDENT RATE (%)



Source: Compilation based on data from the Superintendence of Social Security.

MINING AND COVID



Three principles that have guided the actions of the mining industry:

1. Worker protection
2. Operational Continuity
3. Maintaining chain of payments

WORKER PROTECTION



The protection of the health of its workers, their families and the communities where it operates has been reflected in the application of strict protocols and a set of measures adopted by the industry in pursuit of this important objective.

OPERATIONAL CONTINUITY



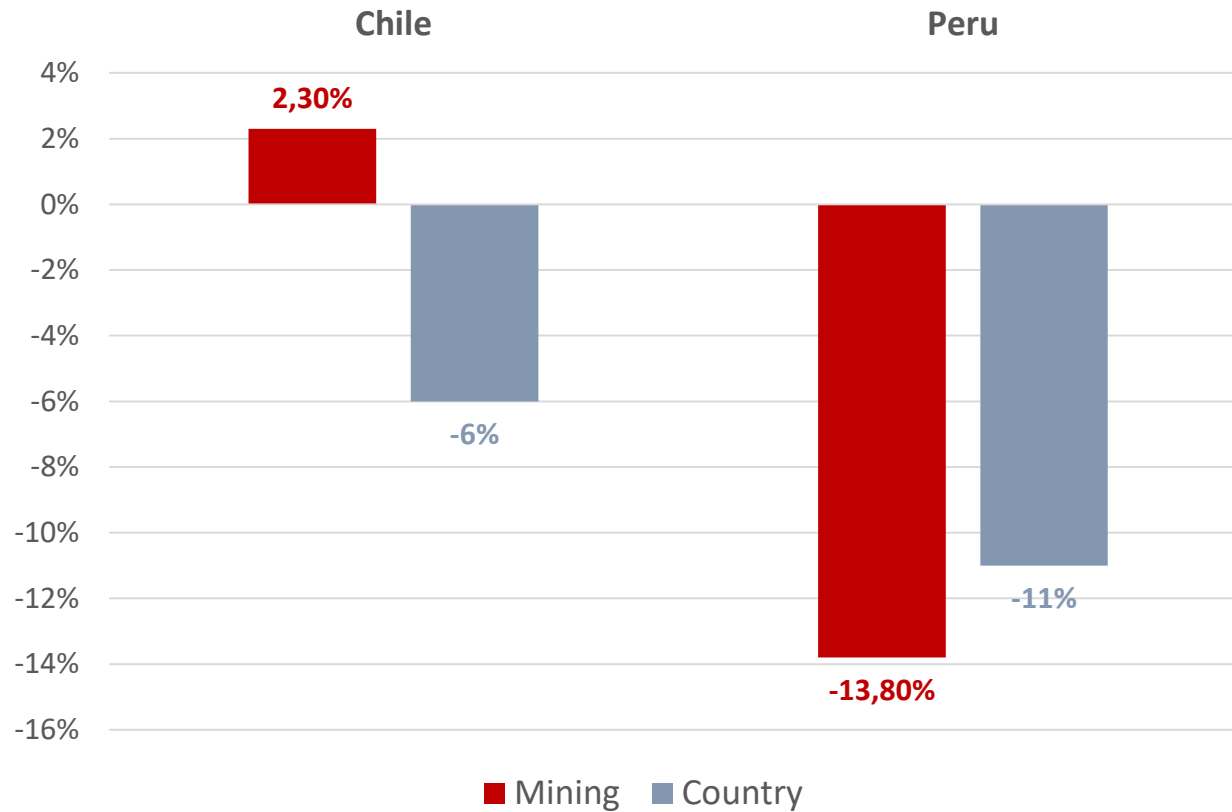
All mining production segments, regardless of their size, have made the greatest efforts to keep their operations operational and have worked at the pace that the complex circumstances have allowed.

MAINTAINING CHAIN OF PAYMENTS



Maintaining the logistic and payment chain has had the clear purpose of minimizing the impact of the crisis on the community, on collaborating companies, suppliers and on the contribution to fiscal financing.

GDP GROWTH 2020



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