



Annual Report  
**2020**

**ME  
MO  
RIA**  
Anual

## Declaración Jurada de Responsabilidad

### *Affidavit of Liability*

En Santiago, a 31 de mayo de 2021, en mi calidad de representante legal de SCM Minera Lumina Copper Chile, yo, Motohiro Kuroiwa, declaro bajo juramento que la información entregada a la Superintendencia de Valores y Seguros en nuestros Estados Financieros auditados al 31 de diciembre de 2020 es veraz e íntegra.

Con el envío de los Estados Financieros interinos, anuales y Memoria Anual damos cumplimiento a la Resolución Exenta N°549 y posteriores modificaciones emitidas por la Superintendencia de Valores y Seguros. Dicha obligación nace al acogernos al Art. 11 ter de DL N°600, Estatuto de la Inversión Extranjera, establecido por la Ley N°20.026, de 2005, modificada por Ley N°20.097, de 2006.

*In Santiago, this May 31th 2021, I, Motohiro Kuroiwa, acting in my capacity as the legal representative of SCM Minera Lumina Copper Chile, hereby state under oath that the information submitted to the Superintendency of Securities and Insurance in our Financial Statements audited as of December 31st 2020 is true and complete.*

*Our submission of our interim and annual financial statements and this annual report is in compliance with Exempt Resolution N° 549, issued by the Superintendency of Securities and Insurances, as amended, as an obligation undertaken pursuant to our having chosen to use the benefits of Article 11 ter of DL (Decree Law) N° 600, the Foreign Investment Statute, as provided by law N° 20,026, of 2005 as amended by law N° 20,097, of 2006.*



**Motohiro Kuroiwa**

Presidente Ejecutivo, Gerente General  
*Chief Executive Officer and General Manager*  
SCM Minera Lumina Copper Chile

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## 2. Quiénes Somos Who We Are



### 2.1 Directorio / Board of Directors

Al 31 de diciembre de 2020 / At december 31, 2020

Eiichi Narui  
Presidente del Directorio  
*Chairman of the board*

Takayasu Kashimura  
Director /  
*Director*

Hiroshi Mozumi  
Director /  
*Director*

Kammin Ka  
Director /  
*Director*

Koichiro Goto  
Director Suplente /  
*Substitute Director*

Kazuhiro Nitta  
Director Suplente /  
*Substitute Director*

Tetsuo Nakagawa  
Director Suplente /  
*Substitute Director*

Takayuki Matsudaira  
Director Suplente /  
*Substitute Director*

## 2.2 Equipo de Gerencia en Faena / *Site Management Team*

Al 31 de diciembre de 2020 / At december 31, 2020

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Hugo Herrera	Gerente General de Operaciones / <i>General Operations Manager</i>
Hugo Herrera (i)	Gerente Corporativo de Operaciones / <i>Corporate Operations Manager</i>
Jorge Piñana	Gerente de Mina / <i>Mine Manager</i>
Lenie Gajardo	Gerente de Procesos / <i>Process Manager</i>
Luis Avalos	Gerente de Gestión de Activos y Mantenimiento / <i>Asset Management and Maintenance Manager</i>
Tetsuo Nakawaga	Gerente de Relaves y Aguas / <i>Tailings and Water Manager</i>
Jaime Espinosa	Gerente Corporativo de Recursos Mineros y Desarrollo / <i>Corporate Mining Resources and Development Manager</i>
Sijisfredo Retamal	Gerente de Automatización, Remotización y Tecnología / <i>Automatization, Remotization and Technology Manager</i>
Christian Farías	Gerente de Proyectos, Energía y Servicios / <i>Project, Energy and Service Manager</i>
William Henott	Gerente de Prevención de Riesgos y Salud Ocupacional / <i>Risk Prevention and Occupational Health Manager</i>
Jorge Zamarreño	Gerente de Geociencias / <i>Geosciences Manager</i>





## 2.3 Equipo de Gerencia en Santiago / *Santiago Management Team*

Al 31 de diciembre de 2019 / At december 31, 2019

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Hugo Herrera	Gerente General de Operaciones / <i>General Operations Manager</i>
Yasushi Ogura	Gerente Corporativo de Finanzas / <i>Corporate Finance Manager</i>
Claudio Raffo	Gerente Corporativo de Recursos Humanos / <i>Corporate of Human Resources Manager</i>
Gonzalo Araujo	Gerente Corporativo de Sustentabilidad y Asuntos Externos / <i>Corporate Environment and External Affairs Manager</i>
Alejandro Canut de Bon	Gerente Corporativo Legal, Auditoría y Riesgo / <i>Legal, Audit and Risk Corporate Manager</i>
Axel Mihanovich	Gerente de Abastecimiento y Contratos / <i>Supply and Contracts Manager</i>
Jorge Badillo	Gerente de Auditoría Interna / <i>Internal Audit Manager</i>
Rodrigo Carreño	Gerente de Finanzas / <i>Finance Manager</i>
Jaime Andrade	Gerente de Relaciones Comunitarias / <i>Community Manager</i>



## 2.4 Información de la Sociedad / *Company Information*

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SCM Minera Lumina Copper Chile (en adelante la "Sociedad") es una sociedad constituida por escritura pública de fecha 20 de agosto de 2003. La Sociedad está domiciliada en la ciudad de Santiago, República de Chile, y, después de una capitalización de deuda efectuada el 31 de marzo del 2017 la empresa quedó conformada de la siguiente forma al 31 de diciembre de 2018. Sus accionistas son MLCC Finance Netherlands B.V., una subsidiaria de Eneos Holdings; Inc., con un 68.68% de participación, NCR Canadá Enterprises Corp. (2,83%); Nippon Caserones Resources Co. Ltd. (21,40%) y Mitsui Bussan Copper Investment & Co. Ltd. (7,09%).

Las líneas de negocio de la Sociedad son: a) exploración, desarrollo, extracción, procesamiento y comercialización de minerales; b) compra y arriendo de concesiones mineras de exploración y/o explotación y c) participación en cualquier tipo de Compañía o negocio conjunto dedicado a la exploración, desarrollo, explotación y comercialización de cualquier tipo de depósitos minerales y concesiones mineras.

El 26 de febrero de 2010, el Directorio aprobó el inicio de la construcción del proyecto Caserones, producto de esto, la etapa de construcción comenzó en marzo de 2010.

Con fecha 30 de julio de 2014, SCM Minera Lumina Copper Chile inauguró oficialmente la mina Caserones.

De acuerdo con escritura pública de fecha 15 de noviembre de 2010, los accionistas Pan Pacific Copper Co. Ltd., PPC Canada Enterprise Corp. y Mitsui Bussan Copper Investment & Co., Ltd. transformaron la "Sociedad Anónima" en una "Sociedad Contractual Minera", regulada por el Código de Minería. Se registraron, publicaron y notificaron al Servicio de Impuestos Internos extractos autorizados de esta escritura pública, dando así cumplimiento a todos los requerimientos legales.

*SCM Minera Lumina Copper Chile ("the Company") is a privately-held corporation incorporated and domiciled in the city of Santiago, Republic of Chile, formed by public act dated August 20, 2003. After the implementation of a debt equity swap on March 31 2017, the company ended as of December 31, 2018 with the following shareholders structure MLCC Finance Netherlands B.V., a subsidiary of Eneos Holdings; Inc., with 68.68% de participation, NCR Canada Enterprises Corp. with 2.83% participation; Nippon Caserones Resources Co., Ltd. with 21.40% participation and Mitsui Bussan Copper Investment & Co. with 7.09%.*

*The Company's line of business is: a) the exploration, development, extraction, processing and commercialization of minerals; b) the purchase and rental of exploration and/or exploitation mining concessions and c) participation in any type of company or joint venture dedicated to the exploration, development, exploitation and commercialization of any type of mineral deposits and mining concessions.*

*On February 26, 2010 the Board of Directors approved to start the Construction of the Caserones project, as a consequence, the Construction stage started in March, 2010.*

*On July 30, 2014 SCM Minera Lumina Copper Chile inaugurated officially the Caserones mine.*

*By public deed of November 15, 2010, the shareholders, Pan Pacific Copper, Co. Ltd., PPC Canada Enterprises Corp. and Mitsui Bussan Copper Investment & Co., Ltd., transformed the "S.A." (Corporation) into a "Sociedad Contractual Minera" (contractual mining company or "SCM"), ruled by the Chilean Mining Code. Authorized abstracts of this public deed were duly registered and published and notified to the Chilean Internal Tax Service "Servicio de Impuestos Internos", fulfilling all legal requirements.*

Como resultado de un proceso de una absorción de empresas en virtud de la Ley de Sociedades de Japón, los accionistas correspondientes PPC y NCR, JX Metals y Mitsui Kinzoku aprobaron la transferencia de todas las acciones de PPC- Holding a NCR a partir de 01 de abril de 2020.

Por lo tanto, todas los derechos y obligaciones de PPC en virtud del Acuerdo se han transferido a NCR bajo título universal.

Las oficinas centrales de SCM Minera Lumina Copper Chile se ubican en Avda. Andrés Bello 2687, piso 4, Las Condes, Santiago.

Los estados financieros de SCM Minera Lumina Copper Chile al 31 de diciembre de 2020, fueron aprobados por el Directorio para su emisión el 26 de marzo de 2021.

*As a result of an absorption-type company split procedure under the Companies Act of Japan, the corresponding shareholders of PPC and NCR, JX Metals and Mitsui Kinzoku approved to give effect to a transfer of all the PPC-holding stocks of the Company to NCR as of April 1, 2020.*

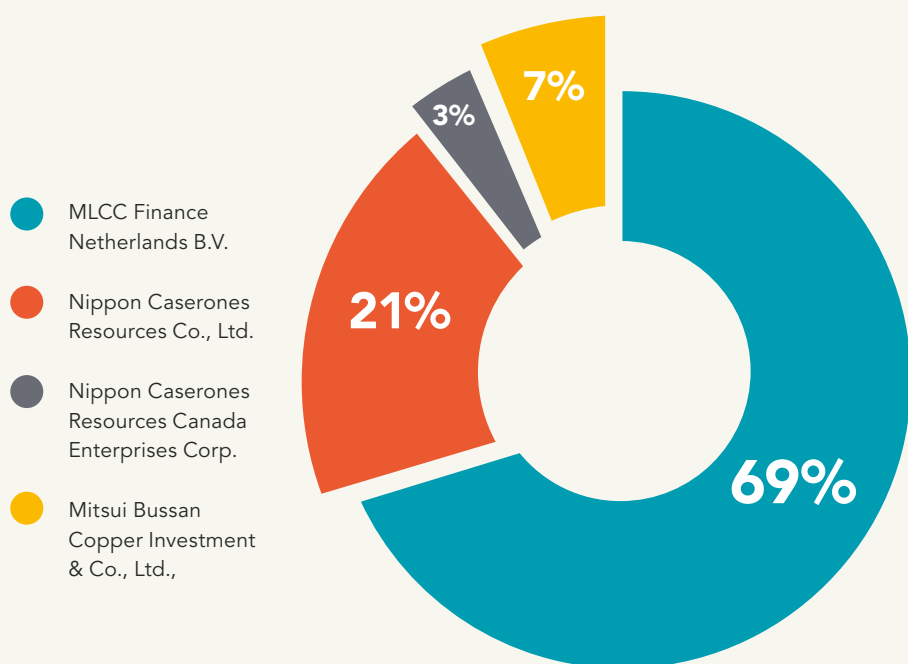
*Therefore all the rights and obligations of PPC under the Agreement have been transferred to NCR under universal title.*

*Main offices of SCM Minera Lumina Copper Chile are located in Andres Bello 2687, 4th Floors, Las Condes, Santiago.*

*The financial statements of SCM Minera Lumina Copper Chile as of December 31, 2020 have been approved by the Board of directors for issuance on March 26, 2021.*

## Estructura de Propiedad Ownership Structure

Porcentaje participación al 31 de Diciembre de 2020 /  
Participation share as of December 31, 2020



Razón Social / Name  
SCM Minera Lumina Copper Chile

Rol Único Tributario / RUT No.  
99.531.960-8

Domicilio Legal / Legal Address  
Avenida Andrés Bello 2687, Piso 4, Las Condes, Santiago de Chile

Teléfono / Phone  
+56 2 2628 5000

Correo Electrónico / e-mail  
comunicaciones@caserones.cl

Representante Legal /  
Legal Representative  
Motohiro Kuroiwa



## 2.5 Cultura Organizacional / Organizational Culture

SCM Minera Lumina Copper Chile actúa en base a ciertos principios que forman parte de nuestra filosofía empresarial y que constan de 4 grandes tópicos que se mencionan a continuación.

### **Visión**

Contribuir al desarrollo de la economía y sociedad, en forma sustentable, innovando en las áreas de los metales bases.

### **Misión**

Optimizar nuestros procesos productivos y de negocio, introduciendo prácticas de mejora continua.

*SCM Minera Lumina Copper Chile acts based on certain principles that are part of our business philosophy and which consists of 4 big topics that are mentioned below.*

### **Vision**

*Contribute to the development of the economy and society in a sustainable way, innovating in the areas of base metal.*

### **Mission**

*Optimize our production and business process introducing continuous improvement practices.*



### **Valores**

La Compañía ha desarrollado su cultura organizacional, basada en los valores “E.A.R.T.H.”, siendo éstos la guía para nuestra conducta de negocio.

Estos valores son:

- Integridad / Ética / Seguridad.
- Mejoramiento Continuo / Innovación.
- Responsabilidad / Sustentabilidad / Operaciones Limpias.
- Excelencia / Efectividad.
- Equipo / Buen Vecino.

### **Conductas emblemáticas**

Es decir, como actuamos día a día:

- Mejora Continua.
- Eficiencia.
- Respeto a la persona.
- Liderazgo.
- Equipo.
- Seguridad.
- Sustentabilidad.

### **Values**

*The company has developed its organizational culture, based on the “E.A.R.T.H.” values, being those values the guide for our business conduct.*

*These values are:*

- *Integrity / Ethic / Safety.*
- *Continuous Improvement / Innovation.*
- *Responsibility / Sustainability / Clean operations.*
- *Excellence / Effectiveness.*
- *Team / Good Neighbor.*

### **Emblematic behaviors**

*That is, how we act day by day.*

- *Continuous improvement.*
- *Efficiency.*
- *Respect for the Individual.*
- *Leadership.*
- *Team.*
- *Security.*
- *Sustainability.*

## 2.6 Ficha Técnica / Technical Data Sheet

### **a. El yacimiento**

Reservas mineras 2020

Minerales a Concentradora (Sulfuros)

- Tonelaje 604 M.
- Ley Promedio CuT (%) 0,37
- Ley Promedio CuS (%) 0,20
- Ley Promedio Mo (ppm) 139

Minerales a Dump Leach (Lixiviabiles)

- Tonelaje 288 M.
- Ley Promedio CuT (%) 0,24
- Ley Promedio CuS (%) 0,18

Razón Lastre/Mineral 0,47

### **b. Método de Explotación**

- Rajo abierto.

### **c. Métodos de Procesamiento**

Minerales sulfurados:

- Planta convencional (a 3.900 metros de altura: fases de chancado, molienda y flotación).

Minerales oxidados:

- Planta a 4.000 metros de altura, con fases de LX-SX-EW (lixiviación, extracción por solventes y electro obtención).

### **d. Vida Útil Proyecto**

17 años.

Producción total estimada:

- Concentrado de Cobre (Cu Fino): 1.981.208 tons.
- Cátodos de Cobre (Cu Fino): 333.361 tons.
- Concentrado de Molibdeno (Mo Fino): 56.501 tons.

### **e. Gestión 2020**

Seguridad (acumulado 2020)

- IF: 0,62 por cada millón de horas hombre.
- IG: 94

### **a. The Ore deposit**

Reserves 2020

Mineral to Concentrator (Sulfides).

- M Tonnes 604
- Average CuT grade (%) 0.37
- Average CuS grade (%) 0.20
- Average Mo grade (ppm) 139

Minerals to Dump Leach (Leachables).

- M Tonnes 288
- Average CuT grade (%) 0.24
- Average CuS grade (%) 0.18

Stripping ratio 0.47.

### **b. Mining Method**

- Open-pit mining.

### **c. Processing Methods**

Sulfide Ore:

- Conventional concentrator plant (at elevation 3,900 meters above sea level, using crushing, grinding and flotation phases.)

Oxide Ore:

- LX-SX-EW processing (leaching, solvent-extraction and electrowining), at elevation 4,000 meters above sea level.

### **d. Useful Life**

17 years.

Total estimated production:

- Copper concentrate (Cu Fine): 1,981,208 tonnes.
- Copper cathodes (Cu Fine): 333,361 tonnes.
- Molybdenum Concentrate (Mo Fine): 56,501 tonnes.

### **e. Performance 2020**

Safety (cumulative 2020)

- IF: 0.62
- IG: 94







## 2.6 Ficha Técnica / Technical Data Sheet

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### **f. Producción 2020**

- Concentrados de cobre (Cu Fino): 104.917 tons.
- Cátodos de cobre (Cu Fino): 22.056 tons.
- Concentrados de molibdeno (Mo Fino): 2.453 tons.

### **g. Movimiento Total Mina**

- 59.464 kth

### **h. Dotación (a diciembre 2020)**

- Total: 4.831
- Propia: 896
- Externa: 3.935

Según género (Propia):

- Hombres: 835
- Mujeres: 61

Según región de origen (Total):

- Atacama: 1.649
- Otras regiones: 3.182

Según edad:

- Menor de 30 años: 48
- 30 - 39 años: 351
- 40 - 49 años: 332
- 50 - 59 años: 146
- 60 años o más: 19

### **i. Sindicalización (a diciembre de 2020)**

- Socios Sindicato N°1: 232
- Socios Sindicato Lumina: 309
- Socios Sindicato Ingenieros y Supervisores: 265
- Beneficiario Sindicato N°1: 0
- Beneficiario Sindicato Lumina: 0
- Beneficiario Sindicato Ingenieros y Supervisores: 51
- Sin afiliación sindical: 39

### **f. Production 2020**

- Copper concentrate (Cu Fine): 104,917 tonnes.
- Copper cathodes (Cu Fine): 22,056 tonnes.
- Molybdenum concentrate (Mo Fine): 2,453 tonnes

### **g. Total Mine Materials Handling**

- 59,464 kth

### **h. Workforce (December 2020)**

- TTotal: 4,831
- Own employees: 896
- Contractors: 3,935

By gender (own employees):

- Men: 835
- Women: 61

By region of origin (total employees):

- Atacama: 1,649
- Other regions: 3,182

By age:

- < 30 years: 48
- 30-39 years: 351
- 40-49 years: 332
- 50-59 years: 146
- > 60 years: 19

### **i. Unionization (December 2020)**

- Union N° 1 members: 232
- Lumina Union members: 309
- Engineers and Supervisors Union members: 265
- Union N°1 Benefits: 0
- Union Lumina Benefits: 0
- Engineers and Supervisors Union Benefits: 51
- Not unionized: 39

#### **j. Ubicación**

El complejo productivo de Caserones se ubica en la Cordillera de Los Andes, Región de Atacama, coordenadas 28°10' Sur y 69°32' Oeste, desde los 3.900 a 4.600 metros de altura, 162 kilómetros al sureste de Copiapó (capital regional) y 15 kilómetros al oeste de la frontera con Argentina.

Su campamento minero, Carrizalillo Grande, se encuentra a 40 kilómetros de las instalaciones industriales, a 2.006 metros sobre el nivel de mar.

#### **j. Location**

*The Caserones production complex is located in the high cordillera of the Andes Mountains, in the Third Administrative Region (the Atacama Region) of Chile, at 28°10' south latitude and 69°32' west longitude, between altitude 3,900 and 4,600 meters above sea level, 162 km southeast of the city of Copiapó (the regional capital) and 15 km west of the international border with Argentina.*

*The Caserones mine camp, at Carrizalillo Grande, is located 40 km away from the industrial facilities at 2006 meters above sea level height.*



#### **k. Factores de Riesgo**

Los factores de riesgos más importantes que incide en la continuidad y sustentabilidad de SCM Minera Lumina Copper Chile, son el precio de venta de la libra de cobre, dado que su cotización se realiza en la Bolsa de Metales de Londres.

Otro factor importante para la continuidad operacional, son los factores climáticos dada la ubicación geográfica de la faena.

#### **k. Risk Factors**

*The most important risk factors affecting the continuity and sustainability of SCM Minera Lumina Copper Chile are the sale price of pound of copper as it is traded in London Metal Exchange.*

*Another important factor for operational continuity is climatic conditions given geographical location of the site.*

## Región de Atacama / Atacama Region

Mapa esquemático / Schematic map





### **I. Política de Inversión y Financiamiento**

La Compañía lleva a cabo su política de inversión sobre la base de un plan anual previamente aprobado por el Directorio. La ejecución de este plan es autorizada durante el año mediante las instancias correspondientes, de acuerdo con las políticas de aprobación y guías de delegación de autoridad de la Compañía.

En relación con la política de financiamiento podemos mencionar que la construcción del proyecto Lumina fue financiado por un consorcio de bancos japoneses. El resto de la inversión fue provista por los propietarios de la Compañía mediante aportes de capital en la proporción correspondiente (de acuerdo con DL-600 de Inversión Extranjera).

### **m. Política de Dividendos**

La Compañía no cuenta con una política formal de distribución de utilidades. Durante el año 2020 no se registró reparto de utilidades.

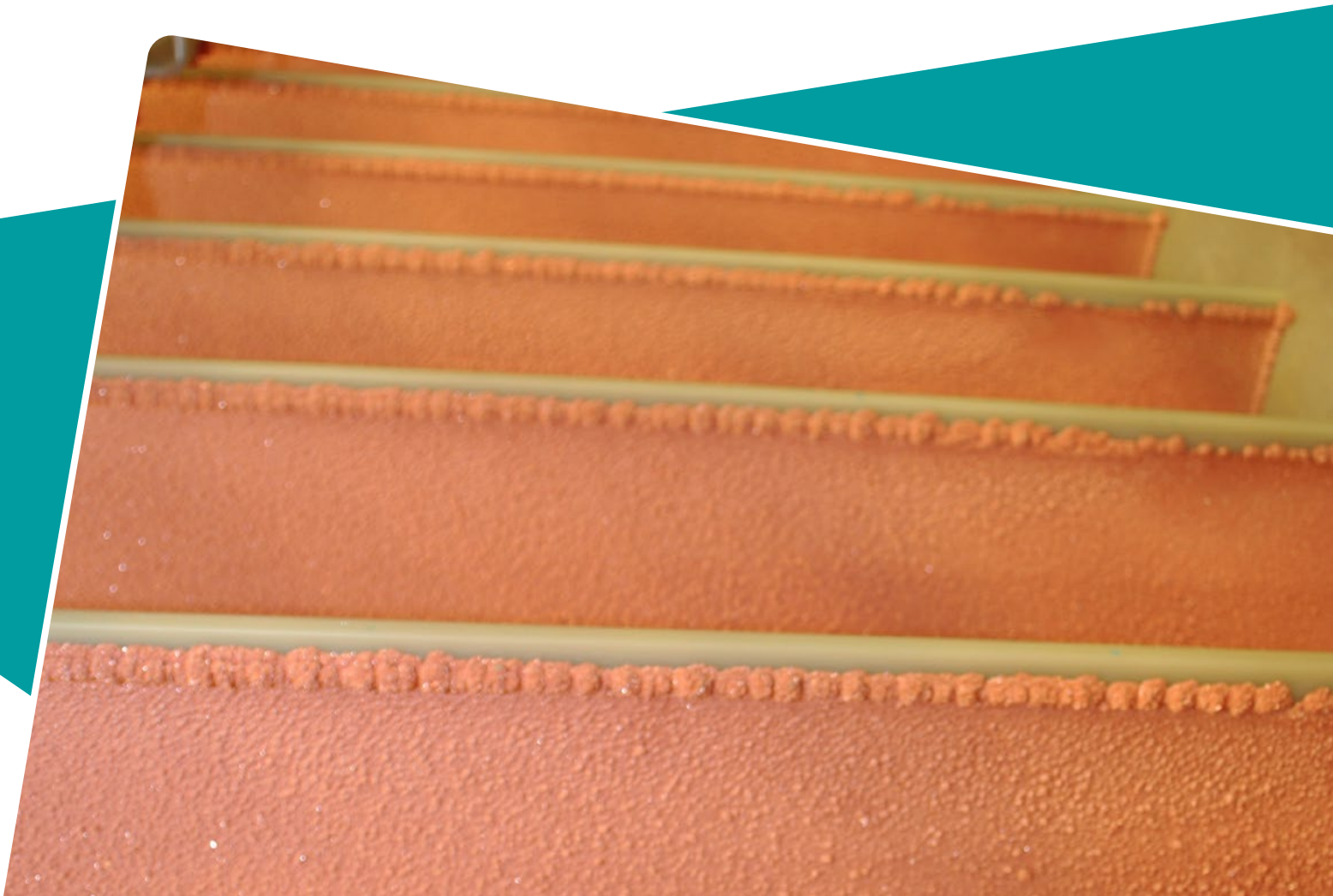
### **I. Investment and Financing Policy**

*The company carries out its investment policy based on an annual plan previously approved by the board of directors. The execution of this plan is authorized during the year, through the corresponding instances according to the approval policies and delegation guidelines of company authority.*

*Regarding financing policy, we mention that the construction of the Lumina project was funded by a consortium of Japanese banks. The remaining investment was provided by the Company owners through capital contributions in the corresponding proportion (according to DL-600 Foreign Investment).*

### **m. Policy Dividend Policy**

*The Company does not have a formal policy of distribution of profits. During the year 2020 there was not distribution of profits.*



### 3. Gestión de operaciones / Operations

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Desde marzo del año 2020, todas las gerencias de operación se vieron afectadas por la pandemia de COVID-19. En esa situación, la Compañía realizó esfuerzos para mantener la máxima operatividad al tiempo que limitamos la dotación de la subida a la faena. Si bien este efecto provocó un retraso en la extracción de lastre y el avance de proyectos, el impacto económico podría mitigarse revisando el plan minero.

En esta situación, se ha iniciado actividad de mejora continua en cada gerencia, y sus efectos se están demostrando paulatinamente.

*In 2020 since March, all the department of the operation were affected by the COVID-19 pandemic. In this situation, we made efforts to maintain maximum operability while limiting the allocation of the climb to the site. Although this effect caused a delay in the extraction of ballast and the advance of the projects, the economic impact could be mitigated by reviewing the mining plan.*

*In this situation, KAIZEN activity has been initiated in each department, and their effects are gradually being demonstrated.*



#### Eventos destacados

##### Mina

La extracción total de la mina fue 52 millones de toneladas húmedas y el movimiento total fue de 59 millones de toneladas húmedas. Cada una disminuyó en aproximadamente un 25% respecto al año anterior. La reducción en extracción total se afectó por la baja utilización de equipos mineros debido a la restricción para subir a la mina por la pandemia de COVID-19. Además, misma restricción afectó la baja disponibilidad de equipos mineros.

Se extrajo el mineral principalmente de la Fase 4, se promovió la extracción de lastre de fase 5, y se suspendió la extracción de lastre de Fase 6 desde el segundo trimestre del año. Al minimizar los efectos para la Planta, se alimentó al Chancado Primario con alta prioridad. Como resultado de esto, se atrasó la extracción del lastre.

#### Highlights

##### Mine

*Total mine extraction was 52 million wet tons and total movement was 59 million wet tons. Each decreased by approximately 25% from the previous year. The reduction in total extraction was affected by low utilization of mining equipment due to the restriction to climb the mine because of the COVID-19 pandemic. In addition, the same restriction affected the low availability of mining equipment.*

*The mineral was extracted mainly from phase 4, and the extraction of waste from phase 5 was promoted and the extraction waste from phase 6 was suspended from the 2nd quarter. To minimize the effects to the Plant, the Primary Crushing was fed with high priority. As a result of this, the waste extraction was delayed.*







### **Planta Hidrometalurgia**

Durante el año 2020, se alcanzó una producción de 22,1 k toneladas por año de cátodos superando 21,3 k toneladas del valor del presupuesto. Aunque la cantidad de mineral descargado en Dump Leach se redujo debido a las restricciones de la operación por COVID-19, el procesamiento de mineral (PLS: solución de lixiviación cargada) se mantuvo conforme a lo planificado implementandoregar en talud el mineral en Dump Leach. Como resultado, la cantidad de producción superó el presupuesto.

Se logró un promedio de producción de 1.838 toneladas por mes y se alcanzó 95,0% de calidad de Grade A por mantener las cantidades físicas y químicas en cátodo debido al reforzamiento del lavado de superficie de cobre producido y cambio de ánodo de plomo por envejecimiento. Además, se realizaron las detenciones en las plantas de SX y EW por 4 días por mantenimiento mayor.

### **Planta Concentradora**

Durante 2020, aunque la producción se restringió en varias ocasiones debido a los problemas de falla del poste del chancador primario, declive de agua fresca en el valle y COVID-19. Esto impactó la operación con baja dotación, sin embargo, se estabilizó un alto nivel de eficiencia de activos como resultado de la acumulación de mejoras en la operación y mantenimiento.

La producción de cobre fue de 104.374 toneladas con 35% de Cu y la de molibdeno fue de 2.453 toneladas con 52% de Mo.

Además, se mantiene la reducción en costo unitario de producción por los mejoramientos y optimización.

### **Hydrometallurgical Plant**

*During the year 2020, 22.1 k tons per year of cathode production exceeding 21.3 k tons of the value of the budget were achieved. Although the ore unloaded at Dump Leach was reduced due to COVID-19 operation limitations, a PLS (Pregnant leaching solution) was maintained to plan by implementation of leaching ore on slope at Dump Leach. As a result, the production exceeded budget.*

*1,838 tons of an average production per month was achieved and 95.0% of Grade A quality was attained with the effect of keeping the physical and chemical amounts in cathode due to the reinforcement of washing of produced copper surface and change of aged lead anode. In addition, the planned detention of the SX and EW plants for 4 days was carried out for major maintenance.*

### **Concentrator Plant**

*During 2020, although the production was restricted on several occasions such as primary crusher shaft failure, freshwater decline in the valley and COVID-19 which impacted the operation with personnel reduction, a high level of asset efficiency and stability was obtained as a result of the accumulation of improvements in operation and maintenance.*

*The production of copper metal was 104,374 tons with 35% Cu concentrate, and that of molybdenum metal was 2,453 tons with 52% Mo concentrate.*

*Furthermore, the reduction of the production unit cost was maintained as a result of the improvements and optimization.*



## Relaves y Agua

Sobre depositación de arenas, se continua el mejoramiento RAL (Relación Arenas /Lamas) modificando el sistema de descarga de arena.

Durante 2020, se depositó 8.295.000 toneladas de arena al depósito de arenas en "El Tambo Caserones", y 19.382.000 toneladas de relave fino al tranque de lamas en "La Brea".

## Gestión de Proyectos

Durante 2020, a pesar de los problemas producto de la crisis social vivida en Chile hacia finales de 2019 y de la pandemia de COVID-19, se desarrollaron varios proyectos en las categorías principales consideradas en Caserones.

En cumplimiento con la autoridad, se destacan proyectos como los Drenes Auxiliares en las Arenas, cuya ejecución aún está en desarrollo; y el Mejoramiento de Infraestructura Complementaria en los techos de las instalaciones de la Planta, específicamente en el taller de camiones. Compromiso de nuestra Compañía con la autoridad y con la seguridad de nuestros trabajadores.

En manejo del riesgo, se llevaron a cabo proyectos como el reemplazo definitivo de andamios de plataformas en varios puntos de la Planta y el mejoramiento de la seguridad de infraestructura fuera de faena, como pozos, salas eléctricas, entre otros.

El control avanzado experto, la flexibilización operacional de bombas sulfhidrato de sodio (Nash) y la instalación de atriles en varios sectores de la planta son algunos de los proyectos de mejora que se implementaron.

## Tailings and Water

Regarding sand deposition, RAL (Ratio of Sands / Slime) improvement continues by modifying the sand discharge system.

During 2020, total sand deposited to sand deposit in "El Tambo Caserones" was 8,295 k tons, and slime deposited to slime dam in "La Brea" was 19,382 k tons.

## Projects Management

During 2020, despite the problems resulting from the social crisis experienced in Chile towards the end of 2019 and the CCOVID-19 pandemic, several projects were developed in the main categories considered in Caserones.

In compliance, projects such as Auxiliary Drains in the Sand deposit (which execution is still under development) and the Improvement of Complementary Infrastructure on the Roofs of the Plant Facilities, specifically in the Truck Shop stand out. Our company's commitment to the authority and safety of our workers.

In risk management, projects were carried out such as the definitive replacement of scaffolding for platforms at various points in the plant and the improvement of offsite infrastructure security, such as wells, electrical rooms, among others.

The advanced expert control, the operational flexibility of sodium sulfhydrate (Nash) pumps and the installation of platforms for maintenance in various sectors of the plant are some of the improvement projects that were implemented.





## 4. Gestión de Medio Ambiente / Environment

### Gestión de Riesgos Ambientales en pandemia

En 2020 fue un año muy desafiante para la gestión de los riesgos ambientales de la Compañía porque se tuvo que enfrentar las restricciones impuestas por la pandemia. Para ello, el área de Medio Ambiente se adaptó mediante la implementación parcial de teletrabajo tomando siempre la precaución de mantener los controles críticos para el cumplimiento ambiental.

Los esfuerzos principales se centraron en el estudio hidrogeológico aguas abajo del Depósito de Arenas con el fin de implementar un repotenciamiento de su sistema de control de infiltraciones. Por su parte, los resultados de calidad de agua, aguas abajo del Depósito de Lamas, muestran una tendencia clara hacia su rango natural de línea base, lo que demuestra que las medidas implementadas están funcionando.

### Management of Environmental Risks in pandemic

2020 was a very challenging year for the company's environmental risk management because it had to face the restrictions imposed by the pandemic. For this, the Environmental team adapted to new conditions through the partial implementation of flexworking, always taking the precaution of maintaining critical controls for environmental compliance.

The main efforts focused on the hydrogeological study downstream of the Arenas Deposit in order to implement an enhancement of its infiltration control system. On the other hand, the water quality results downstream from the Lamas Deposit show a clear trend towards its natural baseline range, which shows that the measures implemented are working.



### Incidentes 2020

En 2020 se registraron 5 incidentes ambientales reportados a la Superintendencia del Medio Ambiente (SMA), ninguno de ellos con consecuencia ambiental. Cuatro de ellos estuvieron relacionados con derrames ocurridos en el área industrial (refino, lamas y ácido sulfúrico) y uno al hallazgo de anfibios al interior de una piscina de abastecimiento de agua industrial. En todos ellos se aplicaron los procedimientos existentes, logrando controlar las emergencias y evitando daños al medio ambiente.

### Incidents 2020

In 2020 there were 5 environmental incidents reported to the Superintendency of the Environment (SMA), none of them had environmental consequences. Four of them were related to spills that occurred in the industrial area (raffinate, slimes and sulfuric acid) and one to the discovery of amphibians inside an industrial water supply pool. In all of them the existing procedures were applied, managing to control emergencies, and avoiding damage to the environment.





### **Reportabilidad**

Conforme lo establecido en los programas de seguimiento de variables ambientales de MLCC, durante el 2020 se presentaron 93 informes de seguimiento a la autoridad ambiental (SMA) y 12 informes sobre nuestra gestión ambiental a comunidades vecinas. Estos están asociados principalmente a control de infiltraciones desde los depósitos de relaves, control de extracciones hídricas, calidad de aguas superficiales y subterráneas, flora, fauna, calidad de aire, ruido, arqueología, plantas de tratamiento de aguas servidas, manejo de residuos, operación de rellenos sanitario y controlado, entre otros.

Adicionalmente, cumpliendo el requerimiento de la autoridad ambiental en el contexto de pandemia por COVID-19, MLCC reportó semanalmente las novedades en la gestión de la Compañía y las dificultades que se iban dando en el cumplimiento de obligaciones ambientales, dadas fundamentalmente por dotaciones restringidas.

### **Reportability**

*In 2020, as established in the MLCC environmental variables monitoring programs, 93 monitoring reports were submitted to the environmental authority (SMA) and 12 reports on our environmental management to neighboring communities. These are mainly associated with infiltration control from tailings deposits, control of water extractions, quality of surface and groundwater, flora, fauna, air quality, noise, archeology, sewage treatment plants, waste management, operation of sanitary and controlled landfills, among others.*

*Additionally, complying with the requirement of the environmental authority in the context of the COVID-19 pandemic, MLCC reported weekly the news in the management of the company and the difficulties that were occurring in the fulfillment of environmental obligations, fundamentally given by restricted amount of workers.*

## Reforestación y Monitoreos Bióticos

En el marco de los planes de manejo y preservación de bosques y especies protegidas, durante el 2020 MLCC continuó plantando nuevas áreas, completando una superficie total plantada de 75 hectáreas con más de 18.500 individuos de especies de algarrobos, chañares y otras especies xerofíticas, las que son manejadas y cuidadas para asegurar su sobrevivencia.

Por otra parte, de acuerdo con lo comprometido en las distintas Resoluciones de Calificación Ambiental de Caserones, MLCC llevó a cabo programas de monitoreo de guanaco, suri, gato colocolo, así como de especies vegetales como las presentes en el pajonal ubicado en el sector de La Puerta y de las especies protegidas ubicadas en el trazado de la Línea de Transmisión Eléctrica Maitencillo-Caserones, entre otros.

## Reforestation and Biotic Monitoring

*Within the framework of the management and preservation plans for forests and protected species, MLCC continued to plant new areas, completing a total planted area of 75 hectares with more than 18,500 individuals of algarrobos, chañares and other xerophytic species that are managed and cared to ensure their survival.*

*On the other hand, in accordance with the commitments in the different Caserones Environmental Qualification Resolutions, MLCC carried out monitoring programs for guanaco, suri, colocolo cat, as well as plant species such as those present in the pajonal located in the sector of La Puerta and the protected species located on the Maitencillo-Caserones Electric Transmission Line, among others.*



## Estudio de Impacto Ambiental (EIA)

El 29 de mayo de 2020 MLCC ingresó a evaluación el Estudio de Impacto Ambiental (EIA) denominado "Adecuación Operacional Faena Minera Caserones", el que incluye las siguientes modificaciones a las RCA N°13/2010 y RCA N°57/2014:

- Sistema de control para las infiltraciones provenientes desde el depósito de lamas, conformado por 14 pozos de recuperación (PRLB).
- Construcción del sistema de conducción de aguas naturales en quebrada Variante Rápido 2.

## Environmental Impact Study (EIA)

On May 29, 2020, MLCC filed the Environmental Impact Study (EIA) called "Operational Adequacy of the Minera Caserones Facilities", which includes the following modifications to RCA N° 13/2010 and RCA N° 57/2014:

- Control system for infiltrations from the slime deposit, composed by 14 recovery wells.
- Construction of the natural water conduction system in Rapid 2 Variant gully.



- Aumento de altura del muro del Depósito de Lamas La Brea en 33 m, aumentando su capacidad hasta un total de 577 Millones de toneladas de lamas.
- Incorporación de nuevos grupos generadores de emergencia, adicionando 12.000 kW (15.566 kVA) a la capacidad instalada.
- Aumento de la capacidad de almacenamiento de ácido sulfúrico en 390 m<sup>3</sup> (638.800 kg).
- Actualización de la ubicación de las seis Plantas de Tratamiento de Aguas Servidas (PTAS) aprobadas y de su capacidad de tratamiento máximo. Esta capacidad permite atender 2.000 trabajadores permanentes y 1.000 trabajadores que, de manera eventual, realizan faenas puntuales de mantenimiento en la faena.

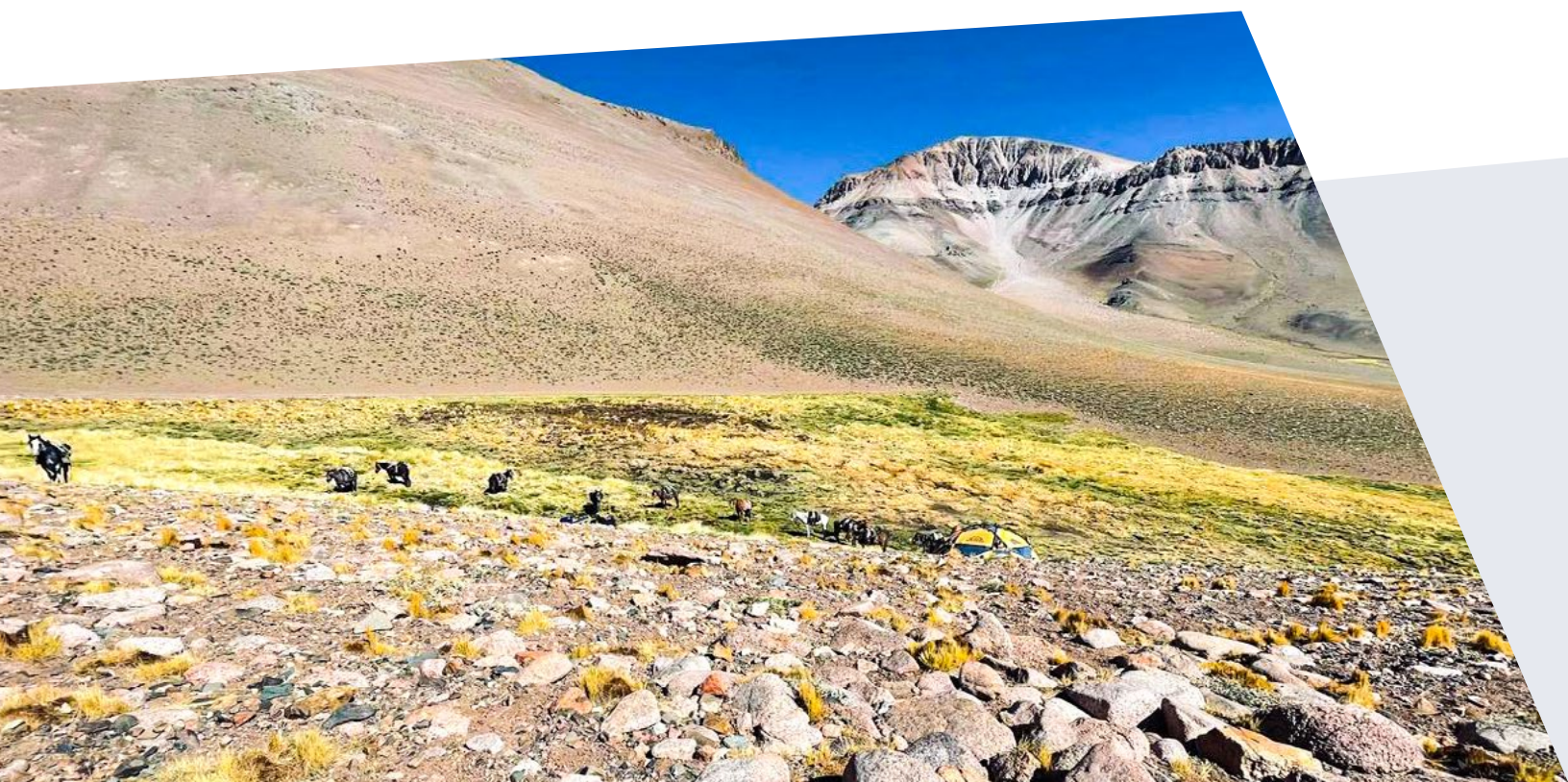
Las modificaciones que se sometieron a evaluación ambiental se desarrollan en áreas ya evaluadas e intervenidas por el Proyecto Caserones. Estas modificaciones no aumentan la producción aprobada, ni la vida útil, ni los consumos de agua fresca, como tampoco el transporte de insumos y productos.

Debido a la situación sanitaria por Coronavirus (COVID-19), el Servicio de Evaluación Ambiental mantuvo el proceso de evaluación ambiental suspendido desde su admisión a trámite hasta el 15 de diciembre de 2020.

- *Increase in the height of the wall of La Brea slimes Deposit by 33 m, increasing its capacity to a total of 577 million tons of slimes.*
- *Incorporation of new emergency power systems, adding 12,000 kW (15,566 kVA) to installed capacity.*
- *Increase in sulfuric acid storage capacity by 390 m<sup>3</sup> (638,800 kg).*
- *Update of six approved Sewage Treatment Plants locations and their maximum treatment capacity. This capacity allows serving 2,000 permanent workers and 1,000 workers who, occasionally, carry out specific maintenance tasks at the site.*

*The modifications that were submitted to environmental evaluation are developed in areas already evaluated and intervened by the Caserones Project. These modifications do not increase the approved production, nor the life of mine, nor the consumption of fresh water, nor the transport of supplies and products.*

*Due to the health situation triggered by Coronavirus (COVID-19), the Environmental Assessment Service kept the environmental assessment process suspended from its admission until December 15, 2020.*





### **Proceso Sancionatorio y Programa de Cumplimiento**

Durante el 2020 MLCC continuó la tramitación del programa de cumplimiento asociado al proceso N°1/ ROL D-018-2019, iniciado por la Superintendencia del Medio Ambiente (SMA) el 19 de febrero de 2019. Este programa subsana 16 de las 18 infracciones formuladas por la autoridad, a través de acciones y metas. Durante el 2020, se completaron tres rondas de observaciones y contempla 51 acciones entre las que destaca el Sistema de Reporte en Línea que incluye 70 puntos de monitoreo de calidad y cantidad de agua.

Se espera su aprobación para inicios del 2021.

### **Resolution Process and Compliance Program**

*In 2020, MLCC continued the process to establish the compliance program associated with process N° 1 / ROL D-018-2019, initiated by the Superintendency of the Environment (SMA) on February 19, 2019. This program regards 16 of the 18 infractions formulated by authority, through actions and goals. Three rounds of observations were completed, and it includes 51 actions, among which the Online Reporting System stands out, including 70 water quality and quantity monitoring points.*

*Its approval is expected in early 2021.*







## 5. Gestión de Seguridad y Salud Ocupacional / *Workplace Safety and Health*

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Para SCM Minera Lumina Copper Chile, la Seguridad es un pilar fundamental en la gestión del negocio y como tal se ha transformado en uno de nuestros valores. La gestión de la Seguridad y la Salud Ocupacional, así como la constante preocupación de dar estricto cumplimiento de la normativa legal, son parte integral del trabajo de nuestra Compañía.

En materia de Seguridad y Salud Ocupacional, la labor durante 2020 se centró en analizar, implementar y cumplir con las normativas de salud asociadas a la prevención y control del COVID-19, para ello, se generaron diferentes estrategias para proteger la salud de los trabajadores, entre ello se destaca:

- Generación de protocolos internos de prevención y control de COVID-19.
- Campaña comunicacional sobre la prevención y auto cuidado sobre el COVID-19.
- Adquisiciones de equipamiento básico, tales como; mascarilla, alcohol gel, jabón, termómetros, pediluvios, cámaras termográficas.
- Declaración de salud, separación de asientos en buses, incorporación como regla que salva vida la protección naso bucal.
- Reestructuración del servicio de alimentación.
- Habitabilidad de residencias sanitarias.
- Control sanitario en mantenciones mayores.
- Sanitización campamento, mina y planta.
- Trazabilidad y búsqueda activa de casos.

Otro punto clave fue abordar la gestión operativa de prevención de riesgos en las áreas de trabajo, con liderazgo efectivo en terreno y cumplimiento de normativa de seguridad, de acuerdo con el programa de gestión de seguridad y salud ocupacional presentado a la autoridad minera.

*For SCM Minera Lumina Copper Chile, Safety is a fundamental pillar in business management and as such has become one of our values. Occupational Health and Safety management, as well as the constant concern to strictly comply with legal regulations, are an integral part of our Company's work.*

*In terms of Occupational Safety and Health, the work during 2020 focused on analyzing, implementing and complying with the health regulations associated with the prevention and control of COVID-19, for this, different strategies were generated to protect the health of workers, among which the following stand out:*

- *Generation of internal protocols for the prevention and control of COVID-19.*
- *Communication campaign on the prevention and self-care of COVID-19.*
- *Acquisitions of basic equipment, such as mask, alcohol gel, soap, thermometers, foot baths, thermal imaging cameras.*
- *Declaration of health, separation of seats in buses, incorporation as a life-saving rule of naso-oral protection.*
- *Restructuring of the food service.*
- *Habitability of sanitary residences.*
- *Sanitary control in major maintenance.*
- *Sanitation camp, mine and plant.*
- *Traceability and active search of cases.*

*Another key point was to address the operational management of risk prevention in the work areas, with effective leadership in the field and compliance with safety regulations, in accordance with the occupational health and safety management program presented to the mining authority.*



Implementación de auditorías de gestión en prevención de riesgos y salud a las empresas contratistas, marcaron un ítem importante de trabajo en equipo y colaborativo.

Se implementaron diferentes comités de seguridad, para abordar riesgos críticos de la operación minera, tales como:

- Comité Eléctrico.
- Comité de Transporte.
- Comité de Sustancias Peligrosas.
- Comité de Explosivos.
- Comité de Prevención de Material Particulado.

Reestructuración de la Gerencia de Prevención de Riesgos y Salud Ocupacional, incorporando profesionales en el área de gestión, terceros y salud ocupacional.

El resultado de la Gestión de Seguridad del año 2020 en MLCC, se debió al compromiso y liderazgo de las diferentes Gerencias y empresas contratistas que aportan en la operación minera de Caserones, registrando un Índice de Frecuencia (IF) de 0,62 por cada un millón de horas hombres de exposición y un Índice de gravedad (IG) de 94.

*Implementation of management audits in risk prevention and health to contractor companies, marked an important item of team and collaborative work.*

*Different safety committees were implemented to address critical risks of the mining operation, such as:*

- *Electrical Committee.*
- *Transportation Committee.*
- *Committee of Hazardous Substances.*
- *Explosives Committee.*
- *Committee for the Prevention of particulate matter.*

*Restructuring of the Occupational Health and Risk Prevention Management, incorporating professionals in the area of management, third parties and occupational health.*

*The result of the 2020 Safety Management at MLCC was due to the commitment and leadership of the different Managements and contractor companies that contribute to the Caserones mining operation, registering a Frequency Index (IF) of 0.62 for each one. million man-hours of exposure and a Severity Index (GI) of 94.*



## 6. Gestión de Recursos Humanos / Human Resources

MLCC, comprometida con el desarrollo de sus colaboradores propios y externos, además de las comunidades donde mantiene su operación y del medio ambiente, durante el año 2020 focalizó la gestión de Recursos Humanos en las áreas que a continuación se describen.

### Control COVID

Ante la pandemia producto del Coronavirus y la emergencia sanitaria vivida a nivel global afectó fuertemente los procesos de RRHH, debiendo la Compañía reenfocar sus esfuerzos en las medidas necesarias para mantener nuestras actividades esenciales, resguardando la salud de nuestros colaboradores, determinando la suspensión de algunas actividades.

Estas acciones nos permiten reafirmar el compromiso que como Compañía tenemos con nuestros y nuestras trabajadores, además de nuestros contratistas, considerándolos un pilar en la organización.

*MLCC, committed to the development of its own and external collaborators, in addition to the communities where it maintains its operation and the environment, during 2020, Human Resources management was focused on the areas described below.*

### COVID Control

*In the face of the Coronavirus Pandemic and the global health emergency, it strongly affected HR, processes and the company must refocus determining the suspension of some activities.*

*These actions allow us to reaffirm the commitment that as a Company we have with our workers, in addition to our contractors, considering them a pillar in the organization.*





Es más, considerando incluso los efectos y consecuencias que tuvo a nivel de productividad el estallido social y la pandemia, que por lo demás gatillaron se desvinculara a cerca de un 5% de nuestra dotación durante el mes de mayo y la reorganización de un 14% de nuestra dotación hacia el teletrabajo en junio de 2020.

Nuestra Compañía, además, definió no acogerse a la Ley de Protección al Empleo (Ley N°21.227) con el fin de ratificar nuestro compromiso por nuestro capital humano.

### **Reclutamiento y Selección con foco en el empleo Local**

La Compañía mantiene un fuerte compromiso con el desarrollo de la economía y la sociedad en forma sustentable. Tal es su compromiso, que ha ido de forma paulatina incluyendo dentro de sus procesos la contratación de Mano de Obra Local.

Durante este período 2020 ingresaron a la Compañía un total de 73 personas, 37 provenientes de la región de Atacama (51%), 32 desde otros lugares de Chile (44%) y 4 extranjeros (5%).

En términos de distribución de género estos nuevos ingresos a la Compañía se distribuyen en 12 mujeres (16%) y 61 hombres (84%).

### **Programas de Integración Laboral y Apoyo al Empleo Local**

Durante el año 2020 se le dio continuidad al Programa de Integración Laboral de Atacama "PILA" y al Programa de Apoyo a la Seguridad y Empleo Local "PASE", que buscan la integración laboral de personas de la Región de Atacama con foco en nuestras comunidades cercanas e indígenas y vulnerables.

*Moreover, considering even the effects and consequences of the social outburst and pandemic at the productivity level, which otherwise gatillated about 5% of our staff were disengaged during the month of May and the reorganization of 14% of our staff towards teleworking in June 2020.*

*Our company also decided not to avail itself of the Employment Protection Law (Law No. 21,227) in order to ratify our commitment to our human capital.*

### **Recruitment and Selection with a focus on local employment.**

*The Company remains strongly committed to the development of the economy and society in a sustainable way. Such is their commitment, that they have gradually included the hiring of local Manpower within their processes.*

*During this 2020 period, a total of 73 people joined the Company, 37 from the Atacama Region (51%), 32 from other parts of Chile (44%) and 4 foreigners (5%).*

*In terms of gender distribution, these new revenues to the Company are distributed among 12 women (16%) and 61 men (84%).*

### **Labor Integration and Local Employment Support Programs**

*During 2020 the Atacama Labor Integration Program "PILA" was continued and the local Security and Employment Support Program "PASE", which seek the labor integration of people from Atacama Region with a focus on our nearby and indigenous and vulnerable communities.*



### **Programa de Desarrollo de Carrera de la Supervisión**

Continuando con la sistematización del proceso de Desarrollo de Carrera para todos los supervisores de la Compañía se realizó el inicio del proceso de evaluación de potencial y talento para tres áreas de la Compañía, que en total suman 89 personas evaluadas y con su respectiva propuesta de plan de desarrollo individual basado en el fortalecimiento de competencias tanto técnicas como conductuales, alineado con el cumplimiento de los objetivos organizacionales de la empresa a través de actividades de desarrollo y capacitación planificadas que permitan maximizar el desempeño individual a través del cierre de brechas.

### **Plan de Desarrollo de Carrera (PDC) Para personal Técnico**

Con el objetivo de gestionar el conocimiento dentro de la organización, se continuó con la implementación y actualización del Plan de Desarrollo de Carrera, el que busca identificar brechas, aumentar las competencias y lograr un desarrollo planificado de los trabajadores.

El Programa define líneas de desarrollo por proceso productivo, desde el nivel básico al nivel experto, tomando como referencia el marco establecido por el Sistema Nacional de Certificación de Competencias Laborales y que reconoce el mérito de una manera técnica, objetiva y validada; apalancado por las conductas y desempeño de los trabajadores.

### **Supervision Career Development Program**

*Continuing the systematization of the Career Development process for all Company supervisors. The Potential and Talent evaluation process was started for 3 areas of the Company that total 89 people evaluated and with their respective individual development plan proposal based on the strengthening of both technical and behavioral competencies, aligned with compliance. of the organizational objectives of the company through planned development and training activities that allow maximizing individual performance through closing gaps.*

### **Career Development Plan (CDP) For Technical Personnel**

*In order to manage knowledge within the organization, the implementation and updating of the Career Development Plan continued, which seeks to identify gaps, increase skills and achieve a planned development of workers.*

*The Program defines lines of development by production process, from the basic level to the expert level, taking as a reference the framework established by the National System of Certification of Labor Competencies and that recognizes the merit in a technical, objective and validated manner; leveraged by the behaviors and performance of the workers.*



El PDC técnico, tiene como alcance a todos los operadores de la Compañía cubriéndose durante este periodo a la totalidad del personal técnico.

Durante este año, se consolidó la implementación de los Planes de Desarrollo de Carrera iniciados el año anterior, con la ejecución de las actividades del primer ciclo anual para el personal técnico de las siguientes áreas, entrando esos planes ya en su régimen permanente con un ciclo anual de evaluación técnica, Evaluación conductual y cierre de brechas para las siguientes personas y áreas:

- PDC MINA – 278 personas
- PDC PLANTA – 100 personas
- PDC MANTENIMIENTO – 85 personas
- PDC RECURSOS MINEROS – 39 personas
- PDC AGUAS Y RELAVES – 17 personas

### **Capacitación**

Se desarrollaron 77 actividades planificadas de capacitación interna/externa que involucraron a 716 participantes, alcanzando 31.229 horas de instrucción, dentro de las que se consideró a gerentes, supervisores, operadores, mantenedores y dirigentes sindicales.

Las capacitaciones fueron enfocadas en el desarrollo de competencias de seguridad, competencias técnicas requeridas para el desarrollo de sus funciones, cierre de brechas organizacionales e individuales y cumplimiento de requisitos legales.

Se dio inicio al Programa en Apoyo a la Seguridad y Empleabilidad (PASE), en el cual se desarrollaron 23 actividades de capacitación dirigidas a las comunidades y empresas colaboradoras, que beneficiaron a 569 personas con un total de 51.015 horas de capacitación.

Este Plan se desarrolló mediante un convenio con la OTIC Proforma, que considera la presencia de una ejecutiva en faena con el objetivo de fortalecer el nexo técnico entre la Compañía, SENCE y los proveedores.

*The technical PDC has the scope of all the operators of the company, covering all the technical personnel of the operational areas during this period.*

*During this year, the implementation of the Career Development Plans started the previous year was consolidated, with the execution of the activities of the first annual cycle for the technical personnel of the following areas, these plans entering their permanent regime with a cycle Annual Technical Assessment, Behavioral Assessment and Gap Closure for the following people and areas:*

- *PDC MINE – 278 people*
- *PDC PLANT – 100 people*
- *PDC MAINTENANCE – 85 people*
- *PDC MINING RESOURCES – 39 people*
- *PDC TAILINGS AND WATER – 17 people*

### **Training**

*77 planned internal/external training activities were developed involving 716 participants, reaching 31,229 hours of instruction, which considered managers, supervisors, operators, maintainers, and trade union leaders.*

*The trainings were focused on the development of security competencies, technical competencies required for the development of their functions, closing of organizational and individual gaps and compliance with legal requirements.*

*The Program in Support of Safety and Employability (PASE) was started, in which 23 training activities were developed aimed at collaborating communities and companies, benefiting 569 people with a total of 51015 hours of training.*

*This Plan was developed through an agreement with the OTIC Proforma, which considers the presence of an executive on site in order to strengthen the technical link between the Company, SENCE and the suppliers.*

## Relaciones Laborales

Durante el año 2020 la Compañía ha puesto énfasis en administrar la crisis sanitaria que afecta a todo el mundo, para esto hemos debido adaptar nuestra operación, implementando protocolos sanitarios que permitan minimizar los riesgos de contagios en nuestro personal propio y de empresas colaboradoras. En esta línea temas como habitabilidad, transportes, priorización de actividades y dotación esencial en faena, fueron nuestros ejes de acción.

Hemos mantenido una coordinación permanente con las organizaciones sindicales, para trabajar de manera colaborativa en beneficio de la salud y seguridad de los trabajadores, reuniones semanales para informar estado sanitario en faena y coordinar acciones.

A diciembre de 2020 nuestra dotación de personal propio era de 896 personas con un porcentaje de sindicalización del 90%.

Con relación al desempeño laboral de las empresas colaboradoras, cuatro de ellas debían negociar colectivamente con sus sindicatos internos e inter-empresas durante el año 2020. Podemos indicar que las cuatro negociaciones culminaron con éxito en tiempo y forma, sin impactar el normal servicio contratado. Este proceso involucró un total de 257 personas, las cuales lograron cerrar y concretar sus respectivos instrumentos colectivos.

## Labour Relations

*During 2020 the company has emphasized managing the health crisis affecting everyone for this we have due adapt our operation, implementing health protocols to minimize the risks of contagion in our own staff and collaborating companies. In this line topics such as habitability, transport, prioritization of activities and essential endowment in work, were our axes of action.*

*We have maintained ongoing coordination with trade union organizations, to work collaboratively for the benefit of health and worker safety, weekly meetings to report health status at work and coordinate actions.*

*As of December 2020, our own staffing was 896 people with a unionization rate of 90%.*

*In relation to the job performance of the collaborating companies, four of them had to bargain collectively with their internal trade unions and inter-enterprises during 2020. We can point out that the four negotiations were successfully completed in a timely way, without impacting the normal contracted service. This process involved a total of 257 people, who managed to close and to specify their respective collective instruments.*





## 7. Gestión Legal y Cumplimiento Regulatorio / *Legal Affairs and Compliance*

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La gestión legal se ha enfocado en los trámites jurídicos propios de una empresa minera en operación, tales como la mantención de concesiones mineras y derechos de agua, revisión de contratos relevantes antes de su firma, procesos administrativos, tramitación de servidumbres y causas en tribunales.

En el área de Compliance, la labor se ha centrado en la promoción de los valores de la Compañía, y, particularmente, en la auditoría de procesos de contratación y pagos, en la implementación de procesos internos de control junto a la Gerencia de Auditoría Interna y en la coadministración del Comité de Ética, el cual trata diversos temas señalados en el Código de Ética implementado en la Compañía el año 2015 y modificado como Código de Conducta el año 2019.

Con fecha 16 de diciembre de 2019 la Compañía obtuvo la Certificación del Modelo de Prevención de Delitos (Ley 20.393), que tiene vigencia por dos años.

En cuanto al Modelo de Prevención de Delitos, durante el año 2020 el mismo fue actualizado y sujeto a dos revisiones semestrales de rutina realizadas por la empresa certificadora (Prelafit), esto como parte de un proceso de mejora continua.

*Legal management has focused on the legal formalities that are typical in a mining company, such as mining concessions and water rights maintenance, review of contracts before their execution, administrative processes, obtaining of easements and court trials.*

*In the Compliance area, the work has centred in the promotion of the Company's values, and, in the auditing of contracting and payment processes. Other activities include the implementation of internal control processes together with the Internal Audits Management and co-managing the Ethics Committee that deals with various matters established in the Code of Ethics implemented by the Company in 2015 and modified as Code of Conduct in 2019.*

*On December 16, 2019, the company obtained the Offense Prevention Model Certification (Law 20.393), which is valid for two years.*

*Regarding the Offense Prevention Model, during 2020 it was updated and subject to two routine half-year reviews carried out by the certifying company (Prelafit), this as part of a continuous improvement process.*

## 8. Gestión de Abastecimiento y Contratos /

### *Supply and Contract Management*

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Durante el periodo 2020, se puso foco en cuatro pilares: Seguridad, Costos, Producción y Sustentabilidad.

#### **Seguridad**

Una operación de estas dimensiones y condiciones conlleva una exposición inherente a ciertos niveles de riesgos a los cuales está expuesto el personal, tanto propio como contratista. Sin embargo, a pesar de aquello y considerando el alto volumen de carga transportada, se logró la meta de cero accidentes con tiempo perdido. Uno de los principales focos durante este año fue trabajar sobre dos de los grandes riesgos de esta área: Manejo de Sustancias Peligrosas y Transporte.

Respecto a las sustancias peligrosas, junto al área de Sustentabilidad se ha mejorado el estándar de almacenamiento y la capacitación de las personas que manipulan este tipo de sustancias. En cuanto al transporte, el trabajo se ha focalizado en el control del mantenimiento y la capacitación de los conductores.

#### **Costos**

Uno de los grandes focos de la Gerencia de Abastecimiento y Contrato es la reducción de costos. Por el lado de abastecimiento se potenció el área de compras estratégicas, donde esperamos obtener beneficios en 2021. En el área de contratos el foco ha estado en optimizar contratos operativos y mejorar la administración de estos. Se ha desarrollado una estrategia de contratos que nos permite avanzar de forma consistente en la consolidación de contratos y una mayor captura de valor.

*During 2020 we focused our work on four pillars: Safety, Costs, Production and Sustainability.*

#### **Safety**

*This kind of operation has exposed our personnel to important risk levels. However, despite this fact and the level of transported goods, we achieved the goal of no lost time accidents. One of the main focuses during this year was to work on the main risks of the area: Hazardous Substances Handling and Goods transportation.*

*Regarding hazardous substances, together with the Sustainability department we have improved the storage standard and the training of the people manipulating such substances. Regarding transportation the work was focused on the maintenance control and the driver's training.*

#### **Costs**

*One of the main focuses of the department has been the cost reduction. From the procurement area we enhanced the strategic purchases area, where we hope to obtain benefits during 2021. From the contracting area we worked to optimize the operational contracts and to improve the way we manage contracts. We have developed a contracting strategy which allow us to consistently merge contracts and capture value.*



## Producción

Un objetivo primordial de la Gerencia es contribuir a una operación eficiente. Para ellos hemos trabajado para estas más cerca de nuestros clientes internos, mejorando nuestros procesos para dar respuestas más ágiles. Hemos trabajado junto a mantenimiento en la definición de criticidad de forma de aumentar la confiabilidad de repuestos críticos, incrementando el inventario en este segmento a medidas que optimizamos el segmento no crítico.

Mejoramos significativamente la satisfacción de nuestros clientes obteniendo un puntaje de satisfacción de 6 en una escala de 1 a 7, comparado con una línea base de 5.

Finalizamos la segmentación de los contratos, focalizando un mayor esfuerzo en los contratos estratégicos, que es dónde mejor podemos apalancar los resultados del negocio.

Para finalizar, hemos consolidado la nueva área de Administración de Contratos, la cual mejoró los controles de pago, el cumplimiento legal y la identificación de oportunidades de creación de valor.

## Sustentabilidad

En este ámbito terminamos de imprimir el área de Desarrollo de Proveedores Locales, cuyo foco es promover la contratación de mano de obra local y contratistas de la región. Esta ya ha empezado a dar resultados logrando un incremento de la mano de obra local de nuestras empresas colaboradoras desde 28% a 34%.

## Production

*A paramount objective of the department is to contribute to an efficient operation. For this objective we worked closer to our internal clients, improving our processes to provide agile responses to our clients. We have worked with the maintenance department on the replacement parts criticality definition in order to increase reliability on this segment while we optimized the non-critical segment.*

*We significantly improved our client satisfaction obtaining a score of 6 in a 1 to 7 scale, compared to a baseline of 5.*

*We have finalized the contract segmentation, focusing our efforts on the strategic contracts which is where we can better leverage the results of the business.*

*To finalize, we have consolidated the new Contract Management area, which significantly improved payment controls, legal compliance and identification of value creation opportunities.*

## Sustainability

*In this subject one of the major initiatives has been the creation of an area aimed to develop and promote Atacama Region by promoting the contracting of local suppliers as well as local labor. This initiative has started to pay off, increasing the local labor rate in our contractors from 28% to 34%.*



## 9. Gestión Comercialización / Commercialization

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En el año 2020, todos los despachos de concentrado de cobre se efectuaron a través de Puerto Totoralillo, ubicado en Caldera, Región de Atacama.

Exportamos 330 kWMT de concentrado en el año 2020.

Exportamos 23 kMT de cátodos de cobre en el año 2020 desde los puertos Angamos y Antofagasta ubicados en la Segunda Región.

Finalmente, se registró cátodos de cobre Grado A en LME el 17 de marzo de 2020.

*In 2020, we sold all of copper concentrates through Totoralillo port, located in Caldera – Third Region.*

*The total amount of copper concentrates sales was 330 kWMT.*

*We exported all copper cathodes through Angamos and Antofagasta port, located in second Region. The total amount of copper cathodes sales was 23kMT.*

*As for copper cathode, we finally registered in LME Grade A on March 17th, 2020.*





## 10. Gestión de Comunidad / *Community Relations*

### **Relaciones Comunitarias**

La pandemia por Covid-19 centró la gestión de manera significativa del 2020, lo que involucró fortalecer las actividades en torno a los ejes definidos por la Política de Relacionamento Comunitario de MLCC: Gestión de Recursos Hídricos, Desarrollo Social, Seguridad Vial, Apoyo a la Empleabilidad/Capacitación a las Personas; promoviendo aún más en tiempos de emergencia sanitaria, el trabajo colaborativo con instituciones privadas, universidades, servicios públicos y organizaciones sociales (especialmente del valle), para ayudar a paliar los negativos efectos sanitarios, sociales y económicos que ha traído el coronavirus en la Región de Atacama y Chile.

Por ello, la Compañía cumpliendo las medidas sanitarias indicadas por el Gobierno, reforzó su trabajo con las comunidades del valle y stakeholders de la zona, abriendo nuevos canales de comunicación -on line y remota- para mantener su relacionamiento y apoyar la continuidad operacional de la Compañía.

### **Community Relations**

*The Covid-19 pandemic significantly focused the management of 2020, which involved strengthening activities around the axes defined by the MLCC Community Relations Policy: Water Resources Management, Social Development, Road Safety, Support for Employability/Training for People; promoting even more in times of health emergency, collaborative work with private institutions, universities, public services and social organizations (especially in the valley), to help alleviate the negative health, social and economic effects that the coronavirus has brought to the Atacama Region and Chile.*

*Therefore, the company in compliance with the sanitary measures indicated by the government, reinforced its work with the communities of the valley and stakeholders in the area, opening new communication channels -on line and remote- to maintain its relationship and support the Company's operational continuity.*



## **Gestión de Recursos Hídricos**

En el marco del convenio vigente entre la Compañía y la Junta de Vigilancia del Río Copiapó (JVRC), se continuaron las obras para contribuir a la sustentabilidad del recurso hídrico en el valle de Copiapó, destacando la reparación del Canal Matriz Mal Paso del Km 7.388 al 7.949; trabajos de encauzamiento del río Copiapó, en una extensión de 2 km entre el sector de Pastillo y Embalse Lautaro; confección e instalación de aforadores en los canales Tres Chañares y Viñitas; reposición compuerta de paso JVRC; limpieza Canal Mal Paso y piscina de decantación, sector Nantoco (1,2 Km); cambio de sección de canal abierto a tubería en el canal Compuertas Negras; limpieza túnel de Canal La Turbina de Elisa de Bordo (4 Km); reparación Canal Mal Paso en el sector El Buitrón; e instalación eléctrica Embalse Lautaro al SIC.

Como parte de los compromisos RCA de la Organización, se cumple con el apoyo a regantes del VIII y IX distrito, y se desarrolla el protocolo anual de cooperación para el muestreo mensual de “análisis de calidad de agua desalada”, en Tierra Amarilla.

## **Desarrollo Social**

Se realizó la 11° edición del Fondo Concursable “Con tu Aporte, Crecemos” en Tierra Amarilla, y que durante el año 2020 estuvo orientada a apoyar a vecinos, vecinas y organizaciones sociales, que se vieron afectadas por la emergencia sociosanitaria y que permitió aportar a la subsistencia de sus negocios y emprendimientos, como también de sus comunidades.

La iniciativa tuvo como principal característica haberse efectuado 100% online teniendo como soporte su sitio web corporativo. El uso de esta modalidad expuso las brechas para el acceso y calidad de Internet en el valle de Copiapó.

El fondo benefició a 94 emprendedores, 22 empresas menores y 25 organizaciones sociales. La mayor parte de los beneficiados fueron del sector rural de la comuna y en total beneficiados 141 proyectos.

## **Water Resources Management**

*Within the framework of the agreement in force between the Company and the Junta de Vigilancia del Río Copiapó (JVRC), work continued to contribute to the sustainability of water resources in the Copiapó valley, highlighting the repair of the Matriz Mal Paso Canal from Km 7.388 to 7.949; channeling works of the Copiapó River, in an extension of 2 km between the Pastillo sector and Lautaro Reservoir; preparation and installation of gauges in the Tres Chañares and Viñitas canals; replacement of the JVRC passage gate; cleaning of the Mal Paso Canal and settling pool, Nantoco sector (1.2 km); change of section from open channel to pipe in the Compuertas Negras canal; cleaning of La Turbina de Elisa de Bordo canal tunnel (4 km); repair of the Mal Paso canal in the Buitrón sector; and electrical installation of the Lautaro reservoir to the SIC.*

*As part of the Organization's RCA commitments, support is provided to irrigators in the VIII and IX districts, and the annual cooperation protocol is developed for monthly sampling of “desalinated water quality analysis” in Tierra Amarilla.*

## **Social Development**

*The 11th edition of the Competitive Fund “With your contribution, we grow” was held in Tierra Amarilla, and during the year 2020 was aimed at supporting neighbors and social organizations that were affected by the social and health emergency, and which contributed to the livelihood of their businesses and enterprises, as well as their communities.*

*The main characteristic of the initiative was that it was carried out 100% online with the support of its corporate website. The use of this modality exposed the gaps in Internet access and quality in the Copiapó valley.*

*The fund benefited 94 entrepreneurs, 22 small businesses and 25 social organizations. Most of the beneficiaries were from the rural sector of the commune and a total of 141 projects benefited.*





Por otra parte, se iniciaron los trabajos de reparación, saneamiento y puesta en marcha de la planta de tratamiento de aguas servidas de la villa Esperanza de Los Loros por parte de la empresa Aguas Rosena.

*In addition, the company Aguas Rosena began work on the repair, sanitation and start-up of the sewage treatment plant in the Esperanza de Los Loros village.*

En el contexto sanitario, Caserones y la Asociación de Productores y Exportadores Agrícolas del Valle de Copiapó, APECO, intercambiaron experiencia para hacer frente a la pandemia de Covid-19 en sus respectivas organizaciones.

*In the sanitary context, Caserones and the Association of Agricultural Producers and Exporters of the Copiapó valley, Apeco, exchanged experiences in dealing with the Covid-19 pandemic in their respective organizations.*

En conjunto con CAP, se llevó a cabo la tercera versión del Fondo de Inversión Social para Emprendedores -FISE- para 17 organizaciones de pesca de la comuna de Caldera.

*In conjunction with CAP, the third version of the Social Investment Fund for Entrepreneurs -FISE- was carried out for 17 fishing organizations in the commune of Caldera.*

En materia de convenios de colaboración, destacan los compromisos anuales con la Municipalidad de Tierra Amarilla, los que se focalizaron a enfrentar el coronavirus; entrega de cajas de mercadería para familias vulnerables de la comuna y mejoramiento infraestructura posta rural de Los Loros.

*In terms of collaboration agreements, the annual commitments with the Municipality of Tierra Amarilla stand out, which were focused on confronting the coronavirus; delivery of boxes of merchandise for vulnerable families of the commune and improvement of the infrastructure of the Los Loros rural post.*

Se ejecutó el convenio con el Museo Regional de Atacama en apoyo a las actividades de difusión del patrimonio arqueológico y cultural en la región. Con el Hogar de Cristo también se colaboró para sus programas de hospedería y atención domiciliaria de adultos mayores.

Con la Universidad de Atacama (UDA) se suscribió un convenio para el desarrollo del programa trampas de nieve para aumentar el recurso hídrico.

Otras iniciativas realizadas durante el 2020 fueron; programa de vacunación comunidad Valle Unido; limpieza y mantención de terrenos sector Juntas del Potro; mejoramiento jardín infantil y sala cuna "Nantoquito". En materia de discapacidad, se apoyó a la organización de adulto mayor "Las Catitas 2" de Los Loros; junto con colaborar con deportistas destacados de la región, el Club de Huasos y club deportivo de Boxeo de Copiapó.

En materia de RCA, se continuó apoyando a los "12 Proyectos Individuales" de agua potable, electricidad y alcantarillado para el mismo número de familias vecinas de Caserones.

### **Seguridad Vial**

La Compañía financió el mejoramiento y poda en rutas locales del valle, además de la mantención del bypass en Los Loros.

En el marco de la RCA, se mantuvo la colaboración mediante convenio con la Tercera Compañía de Bomberos de esa localidad.

*An agreement was executed with the Regional Museum of Atacama to support archeological and cultural heritage dissemination activities in the region. We also collaborated with the Hogar de Cristo for its hostelry and home care programs for the elderly.*

*An agreement was signed with the Universidad de Atacama (UDA) for the development of the snow trap program to increase water resources.*

*Other initiatives carried out during 2020 were: the Valle Unido community vaccination program; cleaning and maintenance of land in the Juntas del Potro sector; improvement of the "Nantoquito" kindergarten and nursery school. In the area of disability, support was given to the senior citizen organization "Las Catitas 2" of Los Loros, as well as collaborating with outstanding sportsmen of the region, the Huasos Club and the Copiapó Boxing Sports Club.*

*In terms of RCA, we continued to support the "12 Individual Projects" for drinking water, electricity and sewerage for the same number of neighboring families in Caserones.*

### **Road Safety**

*The Company financed the improvement and pruning of local roads in the valley, as well as the maintenance of the bypass in Los Loros.*

*As part of the RCA, the company continued to collaborate with the Third Fire Company of Los Loros through an agreement.*





## Acciones de MLCC por el Covid-19 en Tierra Amarilla

Habilitación control sanitario localidad de Los Loros, junto con la sanitización de vehículos que transitan por el valle. Durante el periodo comprendido entre abril y diciembre de 2020, más de 247.000 controles fueron efectuados en el lugar.

Adicionalmente, se entregaron 3.500 kits de aseo e higiene a familias del valle, 3.000 mascarillas de TNT elaboradas por microempresaria local y se donaron 4 cámaras termográficas al municipio.

Para apoyar el funcionamiento de las barreras sanitarias dispuestas en la comuna se entregaron insumos (Cloro, mascarillas, buzos) a la Municipalidad.

Entrega de material clínico y otros insumos a la posta rural de Los Loros; y 200 Test rápidos para CESFAM de la comuna.

## MLCC actions for Covid-19 in Tierra Amarilla

Enabling sanitary control in the locality of Los Loros, together with the sanitization of vehicles traveling through the valley. During the period from April to December 2020, more than 247,000 controls were carried out at the site.

In addition, 3,500 hygiene and cleaning kits were delivered to families in the valley, 3,000 TNT masks made by a local micro-entrepreneur, and 4 thermographic cameras were donated to the municipality.

To support the operation of the sanitary barriers set up in the commune, supplies (chlorine, masks, coveralls) were delivered to the municipality.

Delivery of clinical material and other supplies to the rural health center of Los Loros; and 200 rapid tests for Cesfam of the commune.



Donación 10 tablets para estudiantes escuela pública Víctor Sánchez Cabañas y entrega de 191 pendrives para estudiantes de la escuela Fronteriza de Los Loros, Amolanas, San Antonio, Manflas.

Las Damas de Amarillo recibieron cajas de mercadería, vales de gas y pañales, gracias a una colaboración conjunta entre el Sindicato N°1, supervisores y MLCC, beneficio directo a adultos mayores de la comuna.

### En Caldera

Creación junto al municipio de Caldera de un fondo de emergencia que benefició a 83 emprendedores y trabajadores independientes, afectados económicamente por la pandemia.

Como parte de un acuerdo, el Sindicato N°1, supervisores y MLCC, entregaron kits de aseo e higiene, pañales, ropa de cama, cajas de mercadería, vales de gas y reposición de calefón, a los adultos mayores de las casas tuteladas de la comuna.

También se donaron 6.250 escudos faciales a la Municipalidad.

*Donation of 10 tablets for students of the Víctor Sánchez Cabañas public school, together with the Caserones Workers Union N°1; and delivery of 191 pendrives for students of the Fronteriza de Los Loros, Amolanas, San Antonio, Manflas school.*

*The Damas de Amarillo received boxes of merchandise, gas vouchers and diapers, thanks to a joint collaboration between Union N°1, supervisors and MLCC, directly benefiting senior citizens of the commune.*

### In Caldera

*Creation, together with the municipality of Caldera, of an emergency fund that benefited 83 entrepreneurs and self-employed workers economically affected by the pandemic.*

*As part of an agreement, Union No. 1, supervisors and MLCC delivered hygiene and cleaning kits, diapers, bed linen, boxes of merchandise, gas vouchers and replacement of water heaters to the senior citizens of the community's sheltered homes.*

*Also, 6,250 face shields were donated to the Municipality.*





## En Copiapó

Convenio la Municipalidad de Copiapó, para la ejecución de los Programas de Emergencia de Fomento Productivo y Jefas de Hogar (Mypymes) contempló 155 proyectos beneficiados.

Se efectuaron aportes al Centro de Penitenciaria de la Capital y entrega de separadores sanitarios para taxis colectivos de la ciudad.

## In Copiapó

The agreement with the Municipality of Copiapó for the execution of the Emergency Programs for Productive Development and Heads of Households (Mypymes) included 155 beneficiary projects.

Contributions were made to the Capital's Penitentiary Center and delivery of sanitary separators for the city's collective cabs.



## En la Región de Atacama

Entrega de mascarillas a las Gobernaciones de Copiapó y Huasco, Kits de aseo e higiene al voluntariado comunitario de Copiapó y de MLCC; además del Hogar de Ancianos La Candelaria y Hospedería del Hogar de Cristo.

Se destaca la donación de 2 equipos de alta tecnología para el diagnóstico de Covid-19, a la Facultad de Medicina de la Universidad de Atacama, y donación de un dispositivo de ecografía Doppler, un detector de latidos cardíofetales, un monitor de resucitación y un monitor de paciente, para la Red Asistencial del Servicio de Salud de la Región de Atacama.

Complementariamente, se donaron 3.000 escudos faciales y 200 test rápidos al Servicio de Salud de Atacama y 600 mascarillas a Carabineros de la 2ª Comisaría de Copiapó.

## In the Atacama Region

Delivery of masks to the Governors of Copiapó and Huasco, hygiene and cleaning kits to the community volunteers of Copiapó and MLCC, as well as to the La Candelaria Home for the Elderly and the Hogar de Cristo Hospice.

Is remarkable the donation of two high-tech equipment for the diagnosis of Covid-19 to the Faculty of Medicine of the Universidad de Atacama, and the donation of a Doppler ultrasound device, a cardiotact heartbeats detector, a resuscitation monitor and a patient monitor to the Health Care Network of the Health Service of the Atacama Region.

In addition, 3,000 face shields and 200 rapid tests were donated to the Atacama Health Service and 600 masks to the police officers of the 2nd police station of Copiapó.

Convenio de colaboración con Fundación Desafío Levantemos Chile para la ejecución del programa “Levantemos El Emprendimiento Atacama”, que apoyó a 57 proyectos productivos de Copiapó y Caldera.

Campaña de difusión en medios de comunicación para reforzar en la población, las acciones para prevenir el contagio de Coronavirus.

### **Aportes Nacionales**

Donación a Fundación Conecta Mayor para personas de la tercera edad del país.

Aporte a la campaña de alimentación de la Confederación de la Producción y el Comercio (CPC)

### **Apoyo a la Empleabilidad - Capacitación a las Personas**

En materia de empleabilidad local, MLCC realizó la segunda versión del programa de integración laboral Atacama (PILA), con 16 personas de la provincia de Copiapó, 12 de ellos de Tierra Amarilla.

Debido a la pandemia, la empresa minera desarrolló un programa de capacitación digital que contempló 12 cursos -de manera online y a distancia-, con la participación de 233 vecinos y vecinas de Tierra Amarilla, especialmente de la zona rural, llevando a cabo procesos de formación Técnicas de Higiene y Manipulación de Alimentos, Herramientas Básicas de Microsoft Office, Administración de Bodega, Supervisor de Seguridad Privada y Curso de Conducción Clase B y D (estos últimos en proceso).

*Collaboration agreement with Fundación Desafío Levantemos Chile for the execution of the “Levantemos El Emprendimiento Atacama” program, which supported 57 productive projects in Copiapó and Caldera.*

*Media outreach campaign to reinforce in the population, the actions to prevent the spread of Coronavirus.*

### **National Contributions**

*Donation to Fundación Conecta Mayor for the country’s senior citizens.*

*Contribution to the food campaign of the Confederación de la Producción y el Comercio (CPC).*

### **Employability Support - Training for People**

*In terms of local employability, MLCC carried out the second version of the Atacama Labor Integration Program (PILA), with 16 people from the province of Copiapó, 12 of them from Tierra Amarilla.*

*Due to the pandemic, the mining company developed a digital training program that included 12 courses -online and distance-, with the participation of 233 residents of Tierra Amarilla, especially from the rural area, carrying out training processes Hygiene and Food Handling Techniques, Basic Microsoft Office Tools, Warehouse Management, Private Security Supervisor and Class B and D Driving Course (the latter in process).*





El programa fue desarrollado a través de la franquicia tributaria SENCE.

Además, 32 estudiantes universitarios y técnicos efectuaron su práctica en la Compañía. Un 56% pertenecía a la Región de Atacama y un 31% fueron mujeres; 10 pertenecían a la escuela de Los Loros.

Colaboración con las Oficinas Municipales de Inserción Laboral -Omil- de Tierra Amarilla, Caldera y Copiapó, fue otra iniciativa en las que participó la Compañía.

### **Comunidades indígenas (Collas)**

Durante 2020 se continuó con el relacionamiento con las comunidades indígenas cercanas a la operación, aunque, producto de las medidas sanitarias que restringieron el aforo en las reuniones y la movilidad, éstas registraron una disminución en comparación a un año normal. De todas formas, se lograron los objetivos como el destino y propósito del Fondo de Inversión Comunitaria 2020, que asignó \$90 millones para la Comunidad Indígena Colla del Río Jorquera y sus Afluentes, \$40 millones para la Comunidad Indígena de Junta del Potro y sus Afluentes y, \$40 millones para la Comunidad Indígena Colla de Vizcacha del Pulido y sus Afluentes.

Paralelamente se efectuaron coordinaciones y difusión de los antecedentes relacionados con el inicio del proceso del EIA de MLCC: "Adecuación Operacional Faena Minera Caserones", ingresado al Sistema de Evaluación Ambiental (SEA) de la Región de Atacama, en junio de 2020, como apresto para la participación informada de estas tres comunidades indígenas.

Asimismo, se socializó información respecto del contenido del EIA con las comunidades indígenas de El Torín, El Bolsico de Los Loros, Pacha Churicay y Yatiri Warmantari, como en la localidad de Los loros, consideradas en el área influencia del EIA de la Compañía.

*The program was developed through the SENCE tax exemption.*

*In addition, 32 university and technical students completed their internships at the Company. A 56% were from the Atacama Region and 31% were women; 10 were from the Los Loros school.*

*Collaboration with the Municipal Labor Insertion Offices -Omil- in Tierra Amarilla, Caldera and Copiapó, was another initiative in which the Company participated.*

### **Indigenous communities (Collas)**

*During 2020, relations with the indigenous communities near the operation continued, although, as a result of the sanitary measures that restricted the capacity of the meetings and mobility, there was a decrease compared to a normal year. In any case, the objectives were achieved, such as the destination and purpose of the Community Investment Fund 2020, which allocated \$90 million for the Colla Indigenous Community of the Jorquera River and its tributaries, \$40 million for the Junta del Potro Indigenous Community and its tributaries, and \$40 million for the Colla Indigenous Community of Vizcacha del Pulido and its tributaries.*

*At the same time, coordination and dissemination of information related to the start of the MLCC EIA process: "Adecuación Operacional Faena Minera Caserones", submitted to the Environmental Assessment System (SEA) of the Atacama Region in June 2020, was carried out as a preparation for the informed participation of these three indigenous communities.*

*Likewise, information regarding the content of the EIA was shared with the indigenous communities of El Torín, El Bolsico de Los Loros, Pacha Churicay and Yatiri Warmantari, as well as in the town of Los Loros, considered to be in the area of influence of the Company's EIA.*



*Financial Statements*

# Estados Financieros



Santiago, 26 de marzo de 2021

Señores  
**Comisión Para El Mercado Financiero**  
Presente


Ref: Presenta Estados Financieros al 31.12.2020

De nuestra consideración:

Conforme a lo dispuesto en Resolución Exenta Nro.298 de fecha 17 de mayo de 2010 de la Superintendencia de Valores y Seguros, adjuntamos a la presente los Estados Financieros de SCM Minera Lumina Copper Chile, según lo dispuesto en el Nro.1 de la letra A.3 de dicha Resolución, conteniendo la siguiente información:

1. Estados Financieros anuales al 31.12.2020 y al 31.12.2019.
2. Informe de Auditores Independientes.
3. Declaración Jurada de Responsabilidad.

Saluda cordialmente,



**Takayasu Kashimura**  
Gerente General  
SCM Minera Lumina Copper Chile

## DECLARACIÓN JURADA DE RESPONSABILIDAD

En Santiago, al 26 de marzo de 2021, yo Takayasu Kashimura, japonés, casado, economista, cédula nacional de identidad N°25.817.659-6, en mi calidad de Gerente General de **SCM Minera Lumina Copper Chile**, sociedad contractual minera, Rol Único Tributario N° 99.531.960-8; declaro bajo juramento que la información entregada a la Comisión Para El Mercado Financiero (CMF) en nuestros Estados Financieros auditados al 31 de diciembre de 2020 es veraz e íntegra, en cumplimiento de lo dispuesto en la Resolución Exenta N°298 del 17 de mayo de 2010 emitida por la Superintendencia de Valores y Seguros.



**Takayasu Kashimura**

Gerente General

SCM Minera Lumina Copper Chile



*Financial Statements*

**SCM MINERA LUMINA COPPER CHILE**

*Santiago, Chile*

*As of December 31, 2020 and 2019*

*Financial Statements*

***SCM MINERA LUMINA COPPER CHILE***

*As of December 31, 2020 and 2019  
And for the years then ended*

*(Includes Independent Auditors' Report  
Thereon)*



## **Independent Auditor's Report**

Shareholders and Directors  
SCM Minera Lumina Copper Chile

We have audited the accompanying financial statements of SCM Minera Lumina Copper Chile, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCM Minera Lumina Copper Chile as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in conformity with International Financial Reporting Standards.



Luis Camilla C.  
EY Audit SpA

Santiago, Chile  
March 26, 2021



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Amounts are expressed in  
 ThUS\$ : Thousand of United States dollars  
 CLP : Chilean pesos

Financial Statements

**SCM MINERA LUMINA COPPER CHILE**

As of December 31, 2020 and 2019



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

	Notes	2020 ThUS\$	2019 ThUS\$
Revenue	7	827,411	921,793
Cost of sales	8	(664,465)	(733,289)
<b>Gross Margin</b>		<b>162,946</b>	<b>188,504</b>
Administrative expenses	8	(88,972)	(77,228)
Selling and distribution expenses	8	(19,415)	(23,073)
Other expenses	9	(7,459)	(8,781)
Other income	10	1,305	2,123
Foreign exchange gains (losses), net		(12,229)	7,592
Impairment charges	26	(658,243)	-
<b>Operating profit (loss)</b>		<b>(622,067)</b>	<b>89,137</b>
Finance expenses	11	(145,737)	(195,581)
<b>Loss before income tax</b>		<b>(767,804)</b>	<b>(106,444)</b>
Income tax expense	12	(260)	(337)
<b>Loss for the period</b>		<b>(768,064)</b>	<b>(106,781)</b>
<b>Other comprehensive income (loss)</b>			
Remeasurement gain (loss) on defined benefit plans, net of taxes	21	(14)	117
<b>Total of other comprehensive income (loss)</b>		<b>(14)</b>	<b>117</b>
<b>Total comprehensive loss</b>		<b>(768,078)</b>	<b>(106,664)</b>

The accompanying notes from 1 to 29 are an integral part of these financial statements.

## STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019

	Notes	2020 ThUS\$	2019 ThUS\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment, net	14	2,207,669	2,912,980
Intangible assets	13	33,931	47,151
Inventories	18	77,696	79,816
<b>Total non-current assets</b>		<b>2,319,296</b>	<b>3,039,947</b>
<b>Current assets</b>			
Cash and cash equivalents	15	32,640	22,212
Trade receivable from related parties	17	80,787	39,799
Trade receivable from third parties		11,013	10,732
Other receivables	16	28,590	30,017
Inventories	18	216,585	219,233
Other current assets		5,428	1,308
<b>Total current assets</b>		<b>375,043</b>	<b>323,301</b>
<b>Total assets</b>		<b>2,694,339</b>	<b>3,363,248</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Paid in capital	19	3,468,428	3,468,428
Accumulated other comprehensive income		59	73
Accumulated losses		(4,839,419)	(4,071,355)
<b>Total shareholders' equity</b>		<b>(1,370,932)</b>	<b>(602,854)</b>
<b>Non-current liabilities</b>			
Employee defined benefit liabilities	21	570	520
Interest bearing loans and borrowings	22	3,118,776	3,069,643
Lease liabilities	23	253,119	268,738
Other non-current liabilities	24	53,988	47,906
Mine rehabilitation provision	25	186,777	149,809
<b>Total non-current liabilities</b>		<b>3,613,230</b>	<b>3,536,616</b>
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	20	184,131	163,003
Interest bearing loans and borrowings	22	196,049	196,645
Lease liabilities	23	55,383	55,765
Other current liabilities	24	16,219	13,736
Taxes payable		259	337
<b>Total current liabilities</b>		<b>452,041</b>	<b>429,486</b>
<b>Total liabilities</b>		<b>4,065,271</b>	<b>3,966,102</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,694,339</b>	<b>3,363,248</b>

The accompanying notes from 1 to 29 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS (Indirect method)

For the year ended on December 31, 2020 and 2019

	Notes	2020 ThUS\$	2019 ThUS\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Result before income taxes		(767,804)	(106,444)
<b>Adjustment to reconcile result before income tax to net cash flows:</b>			
Depreciation, depletion and amortization	8	255,437	266,988
Asset impairment	26	658,243	-
Foreign exchange differences		12,229	(7,592)
Accrued loan interest	22	114,817	153,977
Selling prices mark-to-market adjustment	7	(8,843)	(20,886)
Other adjustments		17,445	33,247
Changes in working capital:			
Trade receivable		(32,426)	(22,738)
Other receivables		(2,693)	4,529
Trade and other payables		29,665	(112,746)
Inventories	18	4,768	38,021
<b>Cash provided by operating activities</b>		<b>280,838</b>	<b>226,356</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Expenditures on tangible and intangible assets	14	(75,598)	(64,294)
Capitalized to deferred stripping asset	14	(48,853)	(67,902)
<b>Cash used in investing activities</b>		<b>(124,451)</b>	<b>(132,196)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of loans and borrowings	22	55,000	114,290
Repayment of loans and borrowings	22	(113,300)	(114,290)
Payments of interest on loans and borrowings	22	(7,980)	(18,320)
Payments of lease principal	23	(58,885)	(54,399)
Payments of lease interest	23	(20,794)	(22,468)
<b>Cash used in financing activities</b>		<b>(145,959)</b>	<b>(95,187)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,428</b>	<b>(1,027)</b>
<b>Cash and cash equivalents, beginning of the period</b>	15	<b>22,212</b>	<b>23,239</b>
<b>Cash and cash equivalents, end of the period</b>	15	<b>32,640</b>	<b>22,212</b>

The accompanying notes from 1 to 29 are an integral part of these financial statements.



## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended on December 31, 2020 and 2019

	Notes	Paid in capital ThUS\$	Accumulated other comprehensive income (loss) ThUS\$	Accumulated losses ThUS\$	Total Equity (deficit) ThUS\$
<b>Balance as of January 1, 2019</b>		<b>3,468,428</b>	<b>(44)</b>	<b>(3,964,574)</b>	<b>(496,190)</b>
Net loss for the period		-	-	(106,781)	(106,781)
Other comprehensive income	21	-	117	-	117
<b>Balance as of December 31, 2019</b>		<b>3,468,428</b>	<b>73</b>	<b>(4,071,355)</b>	<b>(602,854)</b>

	Notes	Paid in capital ThUS\$	Accumulated other comprehensive income (loss) ThUS\$	Accumulated losses ThUS\$	Total Equity (deficit) ThUS\$
<b>Balance as of January 1, 2020</b>		<b>3,468,428</b>	<b>73</b>	<b>(4,071,355)</b>	<b>(602,854)</b>
Net loss for the period		-	-	(768,064)	(768,064)
Other comprehensive income	21	-	(14)	-	(14)
<b>Balance as of December 31, 2020</b>		<b>3,468,428</b>	<b>59</b>	<b>(4,839,419)</b>	<b>(1,370,932)</b>

The accompanying notes from 1 to 29 are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 1 - Company information

SCM Minera Lumina Copper Chile (“the Company”) is a privately-held corporation incorporated and domiciled in Santiago, Republic of Chile, formed by public act dated August 20, 2003. The shareholders of the Company as of December 31, 2020 are MLCC Finance Netherlands B.V., a subsidiary of Eneos Holdings, Inc. (the ultimate parent of the Company), with 68.68% participation, NCR Canada Enterprises Corp. with 2.83% participation, Nippon Caserones Resources Co., Ltd. with 21.40% participation and Mitsui Bussan Copper Investment & Co. with 7.09% participation.

The Company’s line of business is: a) the exploration, development, extraction, processing and commercialization of minerals; b) the purchase and rental of exploration and/or exploitation mining concessions and c) participation in any type of company or joint venture dedicated to the exploration, development, exploitation and commercialization of any type of mineral deposits and mining concessions.

On February 26, 2010 the Board of Directors approved to start the construction of the Caserones project, as a consequence, the construction stage started in March, 2010.

On July 30, 2014 SCM Minera Lumina Copper Chile inaugurated officially the Caserones mine, which is currently the only mine that the Company operates. Caserones is an open pit mining operation, with a plant to produce copper and molybdenum concentrates from primary sulfides, and a solvent extraction and electro winning plant (SX-EW) to produce copper cathodes with oxide ore processing, mixed and secondary sulfides.

By public deed of November 15, 2010, the shareholders, Pan Pacific Copper, Co. Ltd., PPC Canada Enterprises Corp. and Mitsui Bussan Copper Investment & Co., Ltd., transformed the “S.A.” (Corporation) into a “Sociedad Contractual Minera” (contractual mining company or “SCM”), ruled by the Chilean Mining Code. Authorized abstracts of this public deed were duly registered and published and notified to the Chilean Internal Tax Service (“Servicio de Impuestos Internos” in Spanish), fulfilling all legal requirements.

On April 1, 2020 the major shareholding of the Company, Pan Pacific Copper Co., Ltd. (“PPC”) transferred their stocks on the Company to a related entity, Nippon Caserones Resources Co., Ltd. (“NCR”), which is established by JX Nippon Mining & Metals Corporation (“JX Metals”) and Mitsui Mining & Smelting Co., Ltd. (“Mitsui Kinzoku”), in such way that the three companies are keeping the shareholding ratio in the Company.

As a result of an absorption-type company split procedure under the Companies Act of Japan, the corresponding shareholders of PPC and NCR, JX Metals and Mitsui Kinzoku approved to give effect to a transfer of all the PPC-holding stocks of the Company to NCR as of April 1, 2020. Therefore all the rights and obligations of PPC under the Agreement have been transferred to NCR under universal title.

On November 9, 2020, JX Metals announced that it has reached a basic agreement with Mitsui Mining & Smelting Co., Ltd. and Mitsui & Co., Ltd., joint investors in the Caserones Copper Mine, on the transfer to JX Metals all their rights and interests in the mine (Mitsui Kinzoku: 25.87%, Mitsui & Co.: 22.63%).

The shareholders of the Company as of February, 2021 are MLCC Finance Netherlands B.V., a subsidiary of Eneos Holdings, Inc (the ultimate parent of the Company), with 68.68% participation, NCR Canada Enterprises Corp. with 2.83% participation and Nippon Caserones Resources Co., Ltd. with 28.49% participation.

The main office of SCM Minera Lumina Copper Chile is located in Andrés Bello 2687, Las Condes, Santiago.

These financial statements of SCM Minera Lumina Copper Chile as of December 31, 2020 and 2019 and for the years then ended have been approved by the Board of directors for issuance on March 26, 2021.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 2 - Basis of preparation and accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis except for the valuation of certain financial assets and liabilities, which are measured at fair value. The financial statements are presented in thousands of US dollars (ThUS\$) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Going concern

For the years ended December 31, 2020 and 2019, the Company incurred net losses of ThUS\$768,064 and ThUS\$106,781 respectively, and shows negative equity (deficit) of ThUS\$1,370,932 and ThUS\$602,854 as of December 31, 2020 and December 31, 2019 respectively. As of December 31, 2020 the Company presents negative working capital of ThUS\$76,998.

The financial statements were prepared on a going concern basis. Management obtained representation from the Company's parent JX Nippon Mining & Metals Corporation ("JXNMM"), through its various subsidiaries, including MLCC Finance Netherlands B.V. ("MFN") a major direct shareholder of the Company, confirming that it is JXNMM's intention, subject to the approval of its Board of Directors and any other necessary authorizations by its shareholders, to cause the Company to be provided with necessary financing, until such time as the Company will generate sufficient funds to maintain its operations and fulfill its financial obligations on a timely basis. Such financing may be in the form of shareholder loans or equity contributions, or by other means such as bank loans with or without shareholders' guaranties or any combination of the abovementioned sources of financing.

### Note 3 - New standards, interpretation and amendments adopted by the Company

There are certain IFRS standards, which are effective for annual periods beginning on January 1, 2020.

The standards, interpretations and amendments to IFRS that went into effect as of the date of the financial statements, as well as their nature and impact, are detailed below:

Standards and Interpretations		Date of mandatory application
<b>Conceptual framework</b>	Conceptual Framework (revised)	January 1, 2020

#### Conceptual Framework (revised)

The IASB issued the Conceptual Framework (revised) in March 2018. It incorporates new concepts, provides updated definitions and recognition criteria for assets and liabilities, and clarifies some important concepts.

Changes to the Conceptual Framework may affect the application of IFRS when no standard applies to a particular transaction or event. The revised Conceptual Framework goes into effect for periods that begin on or after January 1, 2020.

Amendments		Date of mandatory application
<b>IFRS 3</b>	Definition of a business	January 1, 2020
<b>IAS 1 e</b>	Definition of material	January 1, 2020
<b>IAS 8</b>		
<b>IFRS 9, IAS 39 e</b>	Interest Rate Benchmark Reform	January 1, 2020
<b>IFRS 7</b>		
<b>IFRS 16</b>	COVID-19-Related Rent Concessions	January 1, 2020*



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 3 - New standards, interpretation and amendments adopted by the Company (continued)

\* Early application is permitted, including for financial statements that have not yet been authorized for issue as of May 28, 2020.

#### IFRS 3 Business Combinations – Definition of a business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether or not an acquired set of activities and assets is a business. The IASB clarifies the minimum requirements to define a business; eliminates assessment of whether market participants are able to replace any missing elements; includes guidance to assist entities in assessing whether an acquired project is substantive; narrows the definition of a business and of products; and introduces an optional fair value concentration test.

The amendments must be applied to the business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period that begins on or after January 1, 2020. Therefore, entities do not have to revisit transactions occurred in prior periods. Early application is permitted and must be disclosed.

Since amendments apply prospectively to transactions or other events that occur on or after the first application date, most entities will probably not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities or assets after applying the amendments must, in the first place, update their accounting policies in a timely manner.

The amendments could be relevant in other areas of IFRS (for example, they may be relevant where a parent loses control of a subsidiary and has early adopted the sale or contribution of assets between an investor and its associate or joint venture) (Amendments to IFRS 10 and IAS 28)

The amendment is applicable for the first time in 2020, however, it has no impact on the Company's financial statements.

#### IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of "material" in all standards and clarify certain aspects of the definition. The new definition establishes that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Although it is not expected that the amendments to the definition of material will have a significant effect on an entity's financial statements, the introduction of the term "obscure" in the definition could impact the way judgments of materiality are made in practice, increasing the importance of how information is communicated and organized in the financial statements.

The amendment is applicable for the first time in 2020, however, it has no impact on the Company's financial statements.

#### IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39, and IFRS 7, finalizing Phase I of the project to address the effects of the reform to interbank offered rates (IBORs) in financial reporting. The amendments provide temporary exceptions that allow hedge accounting to continue over the period of uncertainty before existing interest rate benchmarks are replaced by alternative interest risk free rates.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 3 - New standards, interpretation and amendments adopted by the Company (continued)

The amendments must be applied retrospectively. Any previously discontinued hedge relationship, however, will not be reincorporated with the application of these amendments, and a hedge relationship cannot be designated using the benefit of retrospective assessment. Early application is permitted and must be disclosed.

The amendment is applicable for the first time in 2020, however, it has no impact on the Company's financial statements.

### IFRS 16 COVID-19-Related Rent Concessions

In May 2020, the IASB issued an amendment to IFRS 16 Leases to provide relief to lessees applying IFRS 16 guidance in connection with lease modifications and rent concessions that occur as a direct consequence of COVID-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may opt to not assess whether COVID-19-related rent concession -an exemption provided by a lessor- is a lease modification. A lessee that applies the exemption will recognize changes in lease payments derived from COVID-19-related rent concessions as it would recognize changes under IFRS 16 as if such changes were not lease modifications.

A lessee will apply this practical expedient retroactively and recognize the cumulative effect of the amendment initial application as an adjustment to the initial balance of retained earnings (or another equity component, as appropriate) at the beginning of the annual reporting period in which the lessee applies the amendment for the first time.

A lessee will apply this amendment for annual periods beginning on June 1, 2020. Early application is permitted, including the financial statements that as of May 28, 2020 are not authorized for issue.

The amendment is applicable for the first time in 2020, however, it has no impact on the Company's financial statements.

### Note 4 - Significant accounting judgement, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In particular, the Company has identified a number of areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are either described with the associated accounting policy within Note 5 or are described below.

#### a. Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Company's reported financial position and results, in the following way:

- The carrying value of property, plant and equipment and intangible assets may be affected due to changes in estimated future cash flows;
- Depreciation and amortization charges in the statement of profit or loss may change where such charges are determined using the unit of production ("UOP") method, or where the useful life of the related assets change;

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 4 - Significant accounting judgement, estimates and assumptions (continued)

- Capitalized stripping costs recognized in the statement of financial position as either part of property, plant and equipment or inventory or charged to profit or loss may change due to changes in stripping ratios;
- Provisions for rehabilitation and environmental provisions may change when reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.

The recognition and carrying value of deferred income tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and require complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body.

#### b. Mine rehabilitation provision

The Company recognizes a rehabilitation provision where it has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring and reclaiming affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Additional disturbances which arise due to further development/construction at the mine are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future expenditure differing from the currently provided amounts. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

The Company assesses its mine rehabilitation provision annually. Changes to estimated future costs are recognized in the statement of financial position prospectively by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 "Property, Plant and Equipment". Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss. If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 4 - Significant accounting judgement, estimates and assumptions (continued)

The rehabilitation provision represents the present value of rehabilitation costs relating to the Company's mine site, which are expected to be incurred up to 2046. Assumptions, based on the current economic environment, have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine cease to

produce at economically viable rates. This, in turn, will depend upon future metal prices, which are inherently uncertain.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of profit or loss and other comprehensive income as part of finance costs.

#### c. Impairment of non-financial assets

The Company assesses annually or whenever indicators of impairment exist, whether an asset or cash generating unit ("CGU"), which is the smallest identifiable group of assets, which generates cash flows which are largely independent from other groups of assets, may be impaired. If so, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal ("FVLCD") and value in use ("VIU"). Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount. Management has currently determined that the Company operates as one single CGU.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU, whereas the best evidence of FVLCD is a value obtained from an active market or a binding sales agreement. When neither exists, FVLCD is based on the best information available to reflect the amount the Company could receive in an arm's length transaction. The Company used in its 2020 and 2019 impairment tests the FVLCD approach applying discounted cash flows techniques.

The Company bases its impairment calculation on detailed budgets and forecasts based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure, costs of closure, restoration and environmental clean-up activities. The mine plan takes account of all relevant characteristics of the orebody, including waste to ore ratios, ore grades, haul distances, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The life-of-mine plan is therefore the basis for forecasting production output and production costs in each future year.

Impairment losses are recognized in the statement of profit or loss in a separate line "Impairment charges".

Impairment charges related to non-financial assets can be reversed in future periods, when the changes in circumstances indicate that the impairment no longer exists.

The impairment analysis requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future production plans and eventual disposal, using assumptions that an independent market participant would take into account.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 4 - Significant accounting judgement, estimates and assumptions (continued)

Price forecasts of commodity prices, which assume short-term market prices will revert to the Company's assessment of the long-term price, generally over a period of three to five years. For periods thereafter, the Company considers long-term price estimates available in the market as a basis, considering adjustments a market participant would likely apply under current market conditions.

The discount rates applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. This risk analysis considers the country risk of Chile.

The impairment test is carried out in the Company's functional currency US\$, which also requires an estimate of future exchange rates for costs not denominated in the functional currency. Although management believes that the fluctuation of the copper price tend to have offsetting exchange rates effects, this effect is not necessarily and entirely correlated and thus may not fully offset the exchange rate fluctuation.

#### d. Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position.

Deferred tax assets, including those arising from unused tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws may potentially limit the ability of the Company to obtain tax deductions in future periods.

#### e. Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

#### f. Deferred stripping expenditure

The Company incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period, and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventory, while the later are capitalized as a stripping activity asset, where certain criteria are met. Significant judgment is required to distinguish between development stripping and production stripping and to distinguish between the production stripping which relates to the extraction of inventory and that relates to the creation of a stripping activity asset.

Once the Company has identified its production stripping for its surface mining operation, it identifies the separate components for the ore bodies of its mining operation. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgment is required to identify and define these components, and also to determine the expected volumes (e.g., tons) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining phase based on the information available in the mine plan. These include, but are not limited to, the geological characteristics of the ore body, the geographical location and/or financial considerations.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 4 - Significant accounting judgement, estimates and assumptions (continued)

Judgment is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset for each component. The Company considers that the ratio of the expected volume (e.g., tons) of waste to be stripped for an expected volume (e.g., tons) of ore to be mined for a specific component of the ore body, to be the most suitable production measure.

Furthermore, judgments and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset.

#### g. Valuation of work in progress

The Company monthly carries out the valuation of inventory work in progress for the leaching process requires estimation of recoverable copper. The process involves determining volumes to be recovered from accumulations of mined ore and the period of recovery. This estimation is calculated by engineers using available industry, engineering and scientific data.

During the leaching process, actual quantity of copper recovered may therefore differ to the estimated copper recovery used in the valuation of inventory work in progress. Besides, any subsequent changes to the methods used in extracting copper through the leaching process may affect the copper recovery assumptions resulting in a change in the inventory work in progress volumes and weighted average unit costs.

### Note 5 - Summary of significant accounting policies

#### a. Functional currency and foreign currency translation

The financial statements are presented in thousands of United States Dollars which is the Company's presentation currency as well as its functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The exchange rates for the year-end closings 2020 and 2019, the Company applied, were respectively 710.95 CLP/USD – 873.30 CLP/EUR and 748.74 CLP/USD – 839.58 CLP/EUR.

#### b. Mineral exploration, evaluation and development expenditure

The Company capitalized virtually all the expenses incurred during exploration and evaluation activities. These costs included materials and fuel used, surveying costs, drilling costs, payments made to contractors and administration expenses to conduct these activities. After the technical feasibility and commercial viability of extracting a mineral resource from the Company's project were demonstrated, the exploration and evaluation asset was reclassified and included as part of the Property, plant and equipment.

When proved reserves are determined and development is authorized, capitalized exploration and evaluation expenditure is reclassified to 'construction in progress', and is disclosed as a component of property, plant and equipment. All subsequent development expenditure is capitalized and classified as construction in progress. Development expenditure is recorded net of proceeds from the sale of ore extracted during the development phase. On completion of development, all assets included in 'construction in progress' are reclassified as either 'plant and equipment' or 'other mining assets' in case of deferred stripping.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 5 - Summary of significant accounting policies (continued)

#### c. Property, plant and equipment

Items of property, plant and equipment ("PP&E") are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Such cost includes borrowing costs for long-term construction projects if the construction of the assets takes a substantial time to complete.

PP&E includes also an estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period (mine rehabilitation provision - see also Note 4 b) above).

The Company assess at the end of each reporting period whether there is any indication that PP&E may be impaired. If any such indication exists, the Company performs an impairment test in accordance with the policy described in the Note 4c.

#### d. Depreciation

Estimated economically recoverable reserves are used in determining the depreciation of mine specific assets. This results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production (UOP method). Each item's life, which is re-assessed annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located.

These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Changes in estimates are accounted for prospectively.

Depreciation on items of property, plant and equipments directly related to usefull life of mine, including items related to assets retirements cost, is calculated using the units of production (UOP) method based on the mine's proven and probable reserves. Other assets are depreciated using the straight line method based on the following estimated useful lives:

<b>Asset class</b>	
Land	Indefinite
Plant and Equipment	5 up to 30 years
Machinery & Equipment	Units of production
Pre-stripping and stripping assets	Units of production
Exploration and evaluation assets	Units of production

#### e. Intangible assets

Intangible assets include mainly water rights and easements. Intangible assets acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable cost of preparing the asset for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Amortization method used for the aforementioned intangibles is the straight-line for those assets that have a definite useful life, for intangibles with indefinite useful life no amortization is calculated. Intangibles with indefinite useful life are evaluated for impairment in accordance with the policy described in the Note 4c.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 5 - Summary of significant accounting policies (continued)

#### f. Inventories

Raw materials for production (including stockpile inventory), copper concentrate, copper cathodes and molybdenum concentrate are valued at the lower of cost and net realizable value. Mining and milling costs and non-cash costs are included in the value of inventories, as well as the allocated costs of central maintenance and engineering and the on-site general and administrative costs including all essential infrastructure support.

Stockpile costs are determined using the weighted average cost method. Materials and supplies are also valued at the lower of average cost and estimated net realizable value.

A regular review is undertaken to determine the extent of any provision for obsolescence.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated completion and selling expenses.

Inventories classified as non-current are related with the sulphide leach pad material and they are not expected to be utilized or sold within 12 months after the reporting date.

#### g. Financial assets

##### Initial recognition and measurement

Financial assets are recognized initially at fair value and subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15. Refer to the revenue recognition accounting policy.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 5 - Summary of significant accounting policies (continued)

#### Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include other receivables and due from related parties (not subject to provisional pricing), other than provisionally priced trade receivables, the Company only has relatively simple financial instruments.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As IFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Company's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant QP stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised in Mark to Market gains/(losses) on provisionally priced trade receivables in the statement of profit or loss and other comprehensive income. The Company has elected to present the impacts of provisional pricing as part of revenue on the face of the statement of profit or loss and other comprehensive income and discloses the impact on the revenue from contract with customers note.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 5 - Summary of significant accounting policies (continued)

#### Financial assets at fair value through OCI

The Company does not have any financial assets at fair value through OCI (debt instruments) or any financial assets designated at fair value through OCI (equity instruments).

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Impairment of financial assets

The Company applied the Expected Credit Loss (ECL) model. ECL are a probability-weighted estimate of credit losses measured at either 12-month expected credit losses or lifetime expected credit losses of the financial instruments. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due and represent the present value of the difference between, the contractual cash flows that are due to an entity under the contract, and the cash flows that the entity expects to receive. the Company has applied a simplified approach to trade receivables, under which the ECL is measured at the value of credit losses expected to be incurred over the entire life of the receivable (which is lower than 12-month). According to abovementioned an assumption has been made that the risk of receivables is characterised by the number of Days Past Due (DPD) and this parameter will determine the expected Probability of Default (PD) value. According to our analysis trade receivables are considered low risk of default financial instrument since the clients has strong capacity to meet its contractual cash flow obligations as demonstrated in the client payment behavior analysis and the characteristics of the transaction where the clients pay in advance up to 90% of the shipment.

### h. Provisions

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (c) a reliable estimate can be made of the amount of the obligation.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 5 - Summary of significant accounting policies (continued)

#### i. Income taxes

##### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

##### Deferred income tax

Deferred income tax is calculated using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for both all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax liabilities are in general recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at

each reporting date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

#### j. Revenue recognition

##### Copper cathodes, copper concentrate and molybdenum concentrate sales

For concentrate, cathodes and molybdenum concentrate sales, the enforceable contract is represented by each sale/shipment, which is an individual, present and short term contract. For concentrate, cathodes and molybdenum concentrate sales the performance obligation is the delivery of the goods. The Company's sales of metal allow for price adjustments based on the market price at the end of the relevant Quotational Period ("QP") stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP for sales of copper concentrate, cathodes and molybdenum concentrate, final pricing is generally determined three or four months after the date of sale. Revenue is recorded provisionally at the time of sale based on settled assays and forward prices for the expected date of the final settlement.

Subsequent variations in price and volumes are recognized as revenue adjustments as they occur until the price is finalized. At each reporting date, for the unsettled invoices, a mark to market revaluation is performed. Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal is physically transferred onto a vessel, train, conveyor or other delivery mechanism. The revenue is measured at the amount to which the Company expects to be entitled, being the estimate of the price expected to be received at the end of the QP, i.e., the forward price, and a corresponding trade receivable is recognized.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 5 - Summary of significant accounting policies (continued)

For these provisional pricing arrangements, any future changes that occur over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognised in the statement of profit or loss and other comprehensive income each period and disclosed in the relating notes separately from revenue from contracts with customers. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices. As noted above, as the enforceable contract for the arrangements is the individual sale agreement, the transaction price is determined at the date of each sale (i.e., for each separate contract) and, therefore, there is no future variability within scope of IFRS 15 and no further remaining performance obligations under those contracts.

The Company presents the impacts of provisional pricing as part of revenue on the face of the statement of profit or loss and other comprehensive income and disclose the impacts of provisional pricing and other items described as revenue that are not in the scope of IFRS 15 separately in the notes to the financial statements.

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised. The Company does not have any contract assets.

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when

the payment is made or the payment is due (whichever is earlier). The Company does not have any contract liability.

#### k. Financial liabilities

##### Initial recognition and measurement

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, and subsequently measured at fair value through profit or loss, loans and borrowings or payables.

The Company does not apply hedging accounting.

The Company's financial liabilities include trade and other payables, interest bearing liabilities, finance lease, and due to related parties.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### Financial liabilities at fair value through profit or loss

The Company does not have financial liabilities at fair value through profit or loss.

##### Loans and borrowings and trade and other payables

After initial recognition, trade and other payables, interest bearing liabilities, finance lease, and due to related parties are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 5 - Summary of significant accounting policies (continued)

#### Derecognition

A financial liability is derecognised when the associated obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### I. Financial derivative instruments and hedge

There were no hedging activities for the years ended December 31, 2020 and 2019.

The Company accounts for derivatives and hedging activities in accordance with IFRS 9, Financial Instruments. Derivate instruments are recorded on the statement of financial position at their respective fair value.

Derivatives, including those embedded in other contractual arrangements but separated for accounting purposes because they are not clearly and closely related to the host contract, are initially recognized at fair value on the date the contract is entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss arising from changes in the fair value of the new measurement is recognized immediately in the statement of profit or loss and other comprehensive income.

#### m. Leases

The Company adopted IFRS 16 effective January 1, 2019. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability as at January 1, 2019.

At the beginning of a contract, the Company estimates whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Company recognizes the lease payments as an expense in net earnings on a straight-line basis over the term of the lease.

The Company recognizes a lease liability and a right-of-use asset at the lease beginning date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 5 - Summary of significant accounting policies (continued)

The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in the contract.
- Amounts expected to be paid by the Company under residual value guarantees.
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- Increasing the carrying amount to reflect interest on the lease liability.
- Reducing the carrying amount to reflect the lease payments made.
- Remeasuring the carrying amount to reflect any reassessment or lease modifications. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises 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 incurred by the Company
- An estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for plant and equipment, from the beginning date to the earlier of the end of its useful life or the end of the lease term.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On the balance sheet, the right-of-use assets are presented in 'Property, plant and equipment' and the lease liabilities are presented in 'Lease liabilities'.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 5 - Summary of significant accounting policies (continued)

#### n. Fair value measurements

If applicable the Company measures financial instruments and non-financial assets at fair value annually.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-

assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 6 - Standards issued but not yet effective

New standards issued as well as amendments and improvements to IFRS not yet effective up to the date of issuance of these financial statements are listed below. This listing is of standards and amendments issued, which may be applicable to our financial statements at a future date. The Company is currently evaluating the impact of those standards and amendments and has not early adopted any of them. The Company plans to adopt those new pronouncements when they become effective.

New Standards		Mandatory Date of Application
IFRS 17	Insurance Contracts	January 1, 2023

### IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new insurance contract specific accounting standard that addresses recognition, measurement, presentation, and disclosure issues. After going into effect, it will supersede IFRS 4 Insurance Contracts issued in 2005. The new standard applies to all kinds of insurance contracts, regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with specific discretionary participation features. Some exceptions within the scope might be applied.

IFRS 17 will be effective for periods beginning on or after January 1, 2023, and comparative figures are required. Early application is permitted as long as the entity also applies IFRS 9 Financial Instruments on or before IFRS 17 first application.

A number of new standards are effective for annual periods beginning after January 1, 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. The Company intends to adopt these standards when they become effective. Standards and interpretations that are issued but not yet effective and that are not expected to significantly impact the Company have not been listed.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 6 - Standards issued but not yet effective (continued)

Amendments		Date of Mandatory Application
<b>IFRS 9, IAS 39, IFRS 7, IFRS 4 e IFRS 16</b>	Interest Rate Benchmark Reform Phase 2	January 1, 2021
<b>IFRS 3</b>	Reference to the Conceptual Framework	January 1, 2022
<b>IAS 16</b>	Property, plant and equipment: proceeds before intended use	January 1, 2022
<b>IAS 37</b>	Onerous contracts – cost of fulfilling a contract	January 1, 2022
<b>IAS 1</b>	Classification of liabilities as current or non-current	January 1, 2023
<b>IFRS 10 e IAS 28</b>	Consolidated Financial Statements – sales or contributions of assets between and investor and its associates or joint ventures	To be determined

#### IFRS 9, IAS 39, IFRS 7, IFRS 4 e IFRS 16 Interest Rate benchmark Reform – Phase 2

In August 2020, the IASB issued the Interest Rate Benchmark Reform – Phase II that comprises amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Thus, the IASB finalizes its work to address the effects of the reform to interbank offered rates (IBORs) in financial reporting.

The amendments provide temporary exemptions that address the effects on financial reporting when interest rate benchmarks (IBORs) are replaced with alternative interest risk free rates.

Amendments are required and early application is permitted. A hedge relationship must be resumed if the hedge relationship was solely discontinued because of the changes implemented by the interest rate benchmark reform and thus, it would have not been discontinued if Phase II of the project had been applied then. While amendments must be applied retrospectively, an entity is not required to restate prior periods.

#### IFRS 3 Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. These amendments will replace reference to a previous version of the IASB Conceptual Framework (1989 Framework) with a reference to the current version issued in March 2018, however, requirements have not substantially changed.

The amendments will be effective for periods beginning on or after January 1, 2022 and must be applied retrospectively. Early application is permitted if at the same time or earlier an entity also applies all the amendments contained in the amendments to the Reference to the Conceptual Framework of IFRS issued in March 2018.

### Note 6 - Standards issued but not yet effective (continued)

The amendments will provide consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### **Note 6 - Standards issued but not yet effective (continued)**

#### **IAS 16 Property, plant and equipment: Proceeds Before Intended Use**

This standard prohibits entities from deducting from the cost of an item of property, plant and equipment, any sale while bringing the asset to the location and conditions necessary for the asset to be capable of operating as intended by management. Instead, an entity will recognize the proceeds from a sale and cost of these elements in the income for the period, in accordance with the applicable Standards.

The amendment will be effective for periods beginning on or after January 1, 2022. The amendment shall be applied retrospectively only to the elements of property, plant and equipment available for use on or after the beginning of the first period presented in the financial statements of the entity applying the amendment for the first time.

#### **IAS 37 Onerous contracts – Cost of fulfilling a contract**

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity should include when assessing whether a contract is onerous or triggers losses.

The amendment is effective for periods beginning on or after January 1, 2022. The amendment shall be applied retrospectively to existing contracts at the beginning of the annual reporting period in which the entity applies the amendment for the first time (date of initial application). Early application is permitted and must be disclosed.

The amendments are intended to provide clarity and help to ensure a consistent application of the standard. Entities that have previously applied the incremental cost approach, will see an increase in provisions to reflect the inclusion of costs directly related to the contract activities, while entities that have previously recognized allowances for contractual losses based on the previous standard guidance, IAS 11 Construction Contracts, shall exclude the indirect cost allocation from their provisions.

#### **IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current**

In June 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classification of liabilities as current or non-current.

The amendments are effective for periods beginning on or after January 1, 2022. Entities must carefully evaluate whether any aspect of the amendments might suggest that the terms of their existing loan agreements should be renegotiated. In this context, it is worth noting that amendments shall be applied retrospectively.

#### **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—sale or contribution of assets between an investor and its associate or joint venture**

The amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address an inconsistency recognized between the requirements of IFRS 10 and those of IAS 28 (2011) in the treatment of the sale or contribution of assets between an investor and its associate or joint venture. Amendments issued in September 2014 establish that when the transaction involves a business (found in a subsidiary or not), a complete profit or loss is recognized. A partial profit or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are found in a subsidiary. The date of mandatory application of these amendments is yet to be determined, because the IASB is waiting for the results of its investigation project on the accounting using the equity method. The amendments must be applied retrospectively and early adoption is permitted, which must be disclosed.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 7 - Revenue

Revenue of the Company for the years ended December 31, 2020 and 2019 is composed as follows:

	2020 ThUS\$	2019 ThUS\$
Sales of copper concentrate	643,000	693,725
Sales of copper cathodes	141,143	157,018
Sales of molybdenum concentrate	34,425	50,164
Mark to market (*)	8,843	20,886
<b>Total revenue</b>	<b>827,411</b>	<b>921,793</b>

(\*) Mark to market refers to the embedded derivative the Company re-measures periodically during the respective quotational periods (QP) in order to adjust the provisional selling price to the fair value (estimated price at the settlement date). This adjustment is made based on the forward prices available in the market for the QP agreed upon each sale.

### Note 8 - Expenses by nature

Detail of expenses by nature for the years ended December 31, 2020 and 2019 is as follows:

	2020 ThUS\$	2019 ThUS\$
Remunerations	61,291	68,068
Materials and replacement parts	76,013	73,372
Supplies	68,173	86,461
Energy	89,095	96,164
External services	198,362	213,552
General expenses	38,187	38,590
Depreciation and amortization	255,437	266,988
Change in inventory	10,239	31,172
Deferred stripping capitalization	(48,853)	(67,902)
Others	24,908	27,125
<b>Total</b>	<b>772,852</b>	<b>833,590</b>
of which		
Cost of sales	664,465	733,289
Selling and distribution expenses	19,415	23,073
Administrative expenses	88,972	77,228
<b>Total</b>	<b>772,852</b>	<b>833,590</b>

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 8 - Expenses by nature (continued)

#### Compensation of key management personnel

	<b>2020</b> <b>ThUS\$</b>	<b>2019</b> <b>ThUS\$</b>
Remunerations	1,405	1,499
Bonuses	229	421
Other benefits	13	125
<b>Total</b>	<b>1,647</b>	<b>2,045</b>

### Note 9 - Other expenses

Detail of other expenses for the years ended December 31, 2020 and 2019 is as follows:

	<b>2020</b> <b>ThUS\$</b>	<b>2019</b> <b>ThUS\$</b>
Legal provision (*)	6,750	-
Idle capacity (**)	-	1,724
Inventory obsolescence	-	2,119
Loss on disposal of fixed assets	349	4,667
Other expenses	360	271
<b>Total other expenses</b>	<b>7,459</b>	<b>8,781</b>

(\*) Considering the situation with Chilean Environmental Superintendence (Superintendencia de Medio Ambiente / SMA) of environmental charges regarding deviations on its Environmental Qualification Resolution (RCA), the Company has decided to register a provision as of December 31, 2020.

(\*\*) In March and April, 2019, the Company conducted a planned major maintenance of its Hydrometallurgy plant and there was no operation at the SX and EW plant. The Company expensed all fixed costs of production for the period in which the Company could not operate normally.

### Note 10 - Other income

Detail of other income for the years ended December 31, 2020 and 2019 is as follows:

	<b>2020</b> <b>ThUS\$</b>	<b>2019</b> <b>ThUS\$</b>
Other income (*)	1,305	2,123
<b>Total other income</b>	<b>1,305</b>	<b>2,123</b>

(\*) The other income includes scrap and spare parts sales.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 11 - Financial income and expenses

Detail of financial income and expenses for the years ended December 31, 2020 and 2019 is as follows:

	2020 ThUS\$	2019 ThUS\$
Interest expenses on loans	119,800	161,867
Interest expenses on leases	20,795	22,468
Early payments from related parties	2,448	5,339
Mine rehabilitation provision	707	1,483
Guarantee fees	1,952	2,203
Interest income on time deposits and mutual funds	(179)	(285)
Other financial expenses	214	2,506
<b>Total financial expenses</b>	<b>145,737</b>	<b>195,581</b>

### Note 12 - Income taxes

#### a. Deferred taxes

Deferred tax balances presented in the following table include both temporary differences arising from corporate income tax and the specific mining tax.

	2020 ThUS\$		2019 ThUS\$	
	Assets	Liabilities	Assets	Liabilities
Total	-	-	-	-
Net deferred tax balance	-	-	-	-

In accordance to IAS 12, a deferred tax asset shall be recognized for the accumulated tax losses not yet utilized and deductible temporary differences, as long as it is probable that future tax profits will be generated.

As of December 31, 2020 the copper concentrate production, which started the operation during the first half of 2015, has been improved arriving in December 2020 to reasonable levels but still not to the expected level of capacity in a consistent performance. Due to this fact, the Company has decided to apply the principle of prudence, and therefore, the Company has not recognized a deferred tax asset in the statement of financial position as of December 31, 2020 although the management estimates that tax losses will be recoverable in the long term.

Under the current tax law in Chile, the tax loss carry forwards do not expire. The Company is permanently reassessing the recoverability of the accumulated tax loss carry forwards.

Total amount of tax loss carry forward is ThUS\$3,510,355 and ThUS\$3,419,676 as of December 31, 2020 and December 31, 2019, respectively.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 12 - Income taxes (continued)

#### b. Tax expense composition

The detail of the tax expense composition recognized in the results for the years ended December 31, 2020 and 2019 is as follows:

	2020 ThUS\$	2019 ThUS\$
Current income tax expense	(260)	(337)
<b>Total tax expense</b>	<b>(260)</b>	<b>(337)</b>

#### c. Effective tax rate reconciliation

The reconciliation between tax expense using the legal rate and tax expense using the effective rate for the years ended December 31, 2020 and 2019 is as follows:

	2020 ThUS\$	2019 ThUS\$
Loss before income taxes	(767,804)	(106,444)
Current legal tax rate	27.0%	27.0%
<b>Tax benefit using legal rate</b>	<b>(207,307)</b>	<b>(28,740)</b>
<b>Effect for change in legal rate</b>		
Non-deductible tax effect for permanent differences	639	244
Tax effects of royalty items	-	-
Unrecognized deferred tax assets	206,928	28,833
Total adjustments to the expense for taxes using legal rate	207,567	29,077
Income tax expense using effective rate	260	337
<b>Effective tax rate</b>	<b>0.03%</b>	<b>0.32%</b>

**NOTES TO FINANCIAL STATEMENTS**  
As of December 31, 2020 and 2019

**Note 13 - Intangible assets**

	Software ThUS\$	Water Rights ThUS\$	Easements Mine and Water ThUS\$	Easements Power Line ThUS\$	Mine Properties ThUS\$	Total Intangible Assets ThUS\$
<b>Cost as of January 1, 2019</b>	<b>9,316</b>	<b>59,426</b>	<b>10,794</b>	<b>18,696</b>	<b>8,346</b>	<b>106,578</b>
Finite useful life additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers from other accounts	-	-	-	-	-	-
<b>Cost as of December 31, 2019</b>	<b>9,316</b>	<b>59,426</b>	<b>10,794</b>	<b>18,696</b>	<b>8,346</b>	<b>106,578</b>
<b>Cost as of January 1, 2020</b>	<b>9,316</b>	<b>59,426</b>	<b>10,794</b>	<b>18,696</b>	<b>8,346</b>	<b>106,578</b>
Finite useful life additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers from other accounts	-	-	-	-	-	-
<b>Cost as of December 31, 2020</b>	<b>9,316</b>	<b>59,426</b>	<b>10,794</b>	<b>18,696</b>	<b>8,346</b>	<b>106,578</b>
<b>Amortization and impairment as of January 1, 2019</b>	<b>(6,081)</b>	<b>(30,873)</b>	<b>(5,891)</b>	<b>(11,519)</b>	<b>(4,441)</b>	<b>(58,805)</b>
Amortization charge for the period	(154)	-	(186)	(260)	(22)	(622)
Disposals	-	-	-	-	-	-
Transfers from other accounts	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
<b>Amortization and impairment as of December 31, 2019</b>	<b>(6,235)</b>	<b>(30,873)</b>	<b>(6,077)</b>	<b>(11,779)</b>	<b>(4,463)</b>	<b>(59,427)</b>
<b>Amortization and impairment as of January 1, 2020</b>	<b>(6,235)</b>	<b>(30,873)</b>	<b>(6,077)</b>	<b>(11,779)</b>	<b>(4,463)</b>	<b>(59,427)</b>
Amortization charge for the period	(154)	-	(185)	(260)	(20)	(619)
Disposals	-	-	-	-	-	-
Transfers from other accounts	-	-	-	-	-	-
Impairment (*)	(793)	(7,732)	(1,227)	(1,803)	(1,046)	(12,601)
<b>Amortization and impairment as of December 31, 2020</b>	<b>(7,182)</b>	<b>(38,605)</b>	<b>(7,489)</b>	<b>(13,842)</b>	<b>(5,529)</b>	<b>(72,647)</b>
<b>Net book value as of December 31, 2019</b>	<b>3,081</b>	<b>28,553</b>	<b>4,717</b>	<b>6,917</b>	<b>3,883</b>	<b>47,151</b>
<b>Net book value as of December 31, 2020</b>	<b>2,134</b>	<b>20,821</b>	<b>3,305</b>	<b>4,854</b>	<b>2,817</b>	<b>33,931</b>

As a general rule, water rights and easements are assets with indefinite useful lives, except for certain easements, which have contractually agreed duration and are being amortized over such respective period.

(\*) Refer to the Note 26 – Impairment loss.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 14 - Property, plant and equipment

	Owne Land ThUS\$	Plant and Equipment ThUS\$	Construction in Progress ThUS\$	Mine Rehab. asset ThUS\$	Right-of- use assets ThUS\$	Pre- Stripping ThUS\$	Stripping ThUS\$	Exploration and Evaluation ThUS\$	Total PP&E ThUS\$
<b>Cost as of January 1, 2019</b>	<b>43,752</b>	<b>5,556,653</b>	<b>56,018</b>	<b>113,467</b>	<b>249,492</b>	<b>38,106</b>	<b>297,448</b>	<b>120,507</b>	<b>6,475,443</b>
Additions	-	126	62,820	1,348	(*) 189,301	-	67,902	-	321,497
Disposals	-	(11,771)	-	-	(1,755)	-	-	-	(13,526)
Transfers from other accounts	-	29,570	(29,918)	-	-	-	-	-	(348)
Others	-	-	-	24,708	-	-	-	-	24,708
<b>Cost as of December 31, 2019</b>	<b>43,752</b>	<b>5,574,578</b>	<b>88,920</b>	<b>139,523</b>	<b>437,038</b>	<b>38,106</b>	<b>365,350</b>	<b>120,507</b>	<b>6,807,774</b>
<b>Cost as of January 1, 2020</b>	<b>43,752</b>	<b>5,574,578</b>	<b>88,920</b>	<b>139,523</b>	<b>437,038</b>	<b>38,106</b>	<b>365,350</b>	<b>120,507</b>	<b>6,807,774</b>
Additions	-	-	75,454	144	73,351	-	48,853	-	197,802
Disposals	-	-	-	-	(52,571)	-	-	-	(52,571)
Transfers from other accounts	-	60,951	(62,044)	-	-	-	-	-	(1,093)
Others	-	-	-	36,117	-	-	-	-	36,117
<b>Cost as of December 31, 2020</b>	<b>43,752</b>	<b>5,635,529</b>	<b>102,330</b>	<b>175,784</b>	<b>457,818</b>	<b>38,106</b>	<b>414,203</b>	<b>120,507</b>	<b>6,988,029</b>
<b>Depreciation and impairment as of January 1, 2019</b>	<b>(22,696)</b>	<b>(3,185,403)</b>	<b>(6,797)</b>	<b>(11,704)</b>	<b>(143,145)</b>	<b>(22,748)</b>	<b>(175,270)</b>	<b>(69,524)</b>	<b>(3,637,287)</b>
Depreciation charge for the period	-	(148,124)	-	(3,390)	(*) (55,393)	(511)	(57,250)	(1,698)	(266,366)
Disposals	-	7,104	-	-	1,755	-	-	-	8,859
Transfers from other accounts	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
<b>Depreciation and impairment as of December 31, 2019</b>	<b>(22,696)</b>	<b>(3,326,423)</b>	<b>(6,797)</b>	<b>(15,094)</b>	<b>(196,783)</b>	<b>(23,259)</b>	<b>(232,520)</b>	<b>(71,222)</b>	<b>(3,894,794)</b>
<b>Depreciation and impairment as of January 1, 2020</b>	<b>(22,696)</b>	<b>(3,326,423)</b>	<b>(6,797)</b>	<b>(15,094)</b>	<b>(196,783)</b>	<b>(23,259)</b>	<b>(232,520)</b>	<b>(71,222)</b>	<b>(3,894,794)</b>
Depreciation charge for the period	-	(143,505)	-	(3,765)	(59,331)	(449)	(46,277)	(1,491)	(254,818)
Disposals	-	-	-	-	14,895	-	-	-	14,895
Transfers from other accounts	-	-	-	-	-	-	-	-	-
Impairment	(5,702)	(586,433)	-	-	-	(3,899)	(36,667)	(12,942)	(645,643)
<b>Depreciation and impairment as of December 31, 2020</b>	<b>(28,398)</b>	<b>(4,056,361)</b>	<b>(6,797)</b>	<b>(18,859)</b>	<b>(241,219)</b>	<b>(27,607)</b>	<b>(315,464)</b>	<b>(85,655)</b>	<b>(4,780,360)</b>
<b>Net book value as of December 31, 2019</b>	<b>21,056</b>	<b>2,248,155</b>	<b>82,123</b>	<b>124,429</b>	<b>240,255</b>	<b>14,847</b>	<b>132,830</b>	<b>49,285</b>	<b>2,912,980</b>
<b>Net book value as of December 31, 2020</b>	<b>15,354</b>	<b>1,579,168</b>	<b>95,533</b>	<b>156,925</b>	<b>216,599</b>	<b>10,499</b>	<b>98,739</b>	<b>34,852</b>	<b>2,207,669</b>

(\*) On January 1, 2019 the lease contracts under IAS 17 and IFRIC 4 became part of the lease contracts under IFRS 16, that were classified as right-of-use assets.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 15 - Cash and cash equivalents

Detail of cash and cash equivalents is as follows:

	2020 ThUS\$	2019 ThUS\$
Cash at banks and on hand	32,640	22,212
<b>Total Cash and cash equivalents</b>	<b>32,640</b>	<b>22,212</b>

### Note 16 - Other receivables

Composition of other receivables is as follows:

	2020 ThUS\$	2019 ThUS\$
Recoverable taxes	12,500	11,991
Short term employee benefits	10,728	12,712
Guarantees (*)	3,554	3,195
Prepaid insurance	331	283
Others	1,477	1,836
<b>Total other receivables</b>	<b>28,590</b>	<b>30,017</b>

(\*) The amount includes guarantees issued to MOP (from its acronym in Spanish of *Ministerio de Obras Publicas*, Ministry of Public Works) and others.

### Note 17 - Balances and transactions with related parties

#### a) Trade receivable from related parties

Detail of trade receivable from related parties as of December 31, 2020 and 2019 is as follows:

Company	Relationship	Transaction description	2020 ThUS\$	2019 ThUS\$
Pan Pacific Copper Co., Ltd.	Parent	Sales of copper cathodes and concentrate	68,375	31,493
Mitsui & Co., Ltd.	Parent	Sales of copper cathodes, concentrate and molybdenum concentrate	12,412	8,306
<b>Total trade receivable from related parties</b>			<b>80,787</b>	<b>39,799</b>

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 17 - Balances and transactions with related parties (continued)

#### b) Other liabilities to related parties

Detail of accounts payable and other liabilities to related parties as of December 31, 2020 and 2019 is as follows:

Company	Relationship	Transaction description	2020 ThUS\$	2019 ThUS\$
Pan Pacific Copper Co., Ltd.	Parent	Advance received, guarantee fees and interest on prepayment	14,122	11,573
Mitsui & Co., Ltd.	Parent	Advance received, guarantee fees, interest on prepayment, interest on loan and long-term loan	21,899	7,245
Mitsui Mining and Smelting Co., Ltd.	Common parent	Guarantee fees	4,663	4,359
ENEOS Holdings, Inc.	Ultimate parent	Guarantee fees	9,052	8,461
MLCC Finance Netherlands B.V.	Parent	Interest on loan and long-term loan	2,369,433	2,239,220
Caserones Finance Netherlands B.V.	Common parent	Interest on loan and long-term loan	557,843	541,486
<b>Total other liabilities to related parties</b>			<b>2,977,012</b>	<b>2,812,344</b>

#### c) Transactions with related parties

Detail of transactions with related parties for the years ended December 31, 2020 and 2019 is as follows:

Company	Relationship	Transaction description	Transactions 2020	
			Amount ThUS\$	Effect on profit or loss (debit) /credit ThUS\$
Pan Pacific Copper Co., Ltd.	Parent	Sales of copper cathodes and concentrate	617,166	617,166
		Advance received	378,212	-
		Guarantee fees	468	(468)
		Interest on prepayment	2,081	(2,081)
Mitsui & Co., Ltd.	Parent	Sales of copper cathodes, concentrate and moly	155,450	155,450
		Advance received	49,998	-
		Guarantee fees	299	(299)
		Interest on prepayment	366	(366)
		Interest on loan	239	(239)
		Long-term loan	13,750	-
Mitsui Mining and Smelting Co., Ltd.	Common parent	Guarantee fees	304	(304)
ENEOS Holdings, Inc.	Ultimate parent	Guarantee fees	591	(591)
MLCC Finance Netherlands B.V.	Parent	Interest on loan	88,964	(88,964)
		Long-term loan	41,250	-
Caserones Finance Netherlands B.V.	Common parent	Interest on loan	16,358	(16,358)

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 17 - Balances and transactions with related parties (continued)

Company	Relationship	Transaction description	Transactions 2019	
			Amount ThUS\$	Effect on profit or loss (debit) /credit ThUS\$
Pan Pacific Copper Co., Ltd.	Parent	Sales of copper cathodes and concentrate	658,867	658,867
		Advance received	476,255	-
		Guarantee fees	476	(476)
		Interest on prepayment	4,225	(4,225)
Mitsui & Co., Ltd.	Parent	Sales of copper cathodes, concentrate and moly	189,696	189,696
		Advance received	120,949	-
		Guarantee fees	432	(432)
		Interest on prepayment	1,066	(1,066)
		Interest on loan	-	-
		Long-term loan	-	-
Mitsui Mining and Smelting Co., Ltd.	Common parent	Guarantee fees	440	(440)
ENEOS Holdings, Inc.	Ultimate parent	Guarantee fees	855	(855)
MLCC Finance Netherlands B.V.	Parent	Interest on loan	111,778	(111,778)
		Long-term loan	114,290	-
Caserones Finance Netherlands B.V.	Common parent	Interest on loan	23,825	(23,825)

### Note 18 - Inventories

Detail of inventories as of December 31, 2020 and 2019 is as follows:

	2020 ThUS\$	2019 ThUS\$
<b>Current</b>		
Products in process	128,779	132,268
Finished goods	21,475	26,508
Raw materials	479	499
Supplies	67,614	62,123
Net realizable value	(1,762)	(2,165)
<b>Total Current inventories</b>	<b>216,585</b>	<b>219,233</b>
<b>Non-current</b>		
Products in process	77,696	79,816
<b>Total Non-current inventories</b>	<b>77,696</b>	<b>79,816</b>
<b>Total net carrying amount of inventories</b>	<b>294,281</b>	<b>299,049</b>



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 19 - Paid in capital

The information about the number of authorized, issued and paid shares as of December 31, 2020 and 2019 is presented in the following table:

	2020		2019	
	N°	ThUS\$	N°	ThUS\$
Shares authorized	2,827,486,685	3,468,428	2,827,486,685	3,468,428
Shares issued and fully paid	2,827,486,685	3,468,428	2,827,486,685	3,468,428
<b>Value of each share in US\$</b>	<b>-</b>	<b>1.23</b>	<b>-</b>	<b>1.23</b>

### Note 20 - Accounts payable and accrued liabilities

The composition of accounts payable and accrued liabilities as of December 31, 2020 and 2019 is as follows:

	2020 ThUS\$	2019 ThUS\$
Accounts payable	101,936	95,000
Accruals	78,994	63,572
Social security and other accounts payable	3,201	4,431
<b>Total accounts payable and accrued liabilities</b>	<b>184,131</b>	<b>163,003</b>

### Note 21 - Employee defined benefit liabilities

- a. The movement in the employee defined benefit liabilities during the year ended December 31, 2020 and 2019 is as follows:

	2020 ThUS\$	2019 ThUS\$
Opening balance	520	583
Cost of service	58	87
Payments during the period	(52)	(31)
Actuarial variation	14	(117)
Exchange rate	30	(2)
<b>Closing balance</b>	<b>570</b>	<b>520</b>

- b. The principal actuarial assumptions used in determining the defined liability are as follows:

	Units	2020	2019
Average age	Years	42.00	53.00
Average company service	Years	4.45	9.15
Discount rate	%	1.62	1.62
Rate of salary increase	%	2.68	3.88
Rate of annual resignation	%	2.91	4.53
Rate of annual layoff	%	6.59	9.70

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 21 - Employee defined benefit liabilities (continued)

- c. The following table presents a quantitative sensitivity analysis for significant assumptions used in the actuarial calculations of the liability:

	<b>+1% ThUS\$</b>	<b>-1% ThUS\$</b>
Discount rate	33	(37)
Rate of salary increase	(36)	33
	<b>+0.5% ThUS\$</b>	<b>-0.5% ThUS\$</b>
Rate of annual lay off	1	(2)
Rate of annual resignation	1	(2)

- d. The liability relates to 5 employees, who - by contract - are entitled to severance compensation at any event for the years of service.

The Company considers legal retirement age of 65 years for men and 60 years for women. For employees older than 60 years it is assumed that they will retire within next 5 years.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 22 - Interest bearing loans and borrowings

The following is a summary of the status of the loans and borrowings as of December 31, 2020 and 2019 the Company has engaged:

Loan/Borrowing Facility	Current Portion			Non-Current Portion			December 31, 2020
	Nominal Credit ThUS\$	Transaction Costs ThUS\$	Accrued Interest ThUS\$	Nominal Credit ThUS\$	Transaction Costs ThUS\$	Accrued Interest ThUS\$	
a.1) Corporate Loan	124,311	-	74	205,040	(1,632)	-	327,793
a.2) Subordinated Loan with Caserones Finance Netherlands B.V.	-	-	2,811	430,000	-	125,033	557,844
b) Subordinated Loan with MLCC Finance Netherlands B.V.	-	-	18,732	1,900,244	(4,223)	450,457	2,365,210
c) Subordinated Loan with Mitsui Bussan Copper Investment & Co., Ltd.	-	-	132	13,750	-	107	13,989
d) Revolving credit	50,000	(13)	2	-	-	-	49,989
<b>Total</b>	<b>174,311</b>	<b>(13)</b>	<b>21,751</b>	<b>2,549,034</b>	<b>(5,855)</b>	<b>575,597</b>	<b>3,314,825</b>

Loan/Borrowing Facility	Current Portion			Non-Current Portion			December 31, 2019
	Nominal Credit ThUS\$	Transaction Costs ThUS\$	Accrued Interest ThUS\$	Nominal Credit ThUS\$	Transaction Costs ThUS\$	Accrued Interest ThUS\$	
a.1) Corporate Loan	113,300	-	380	329,351	(2,599)	-	440,432
a.2) Subordinated Loan with Caserones Finance Netherlands B.V.	-	-	5,150	430,000	-	106,336	541,486
b) Subordinated Loan with MLCC Finance Netherlands B.V.	-	-	27,720	1,858,994	(4,944)	352,505	2,234,275
c) Subordinated Loan with Mitsui Bussan Copper Investment & Co., Ltd.	-	-	-	-	-	-	-
d) Revolving credit	50,000	(12)	107	-	-	-	50,095
<b>Total</b>	<b>163,300</b>	<b>(12)</b>	<b>33,357</b>	<b>2,618,345</b>	<b>(7,543)</b>	<b>458,841</b>	<b>3,266,288</b>



**NOTES TO FINANCIAL STATEMENTS**  
As of December 31, 2020 and 2019

**Note 22 - Interest bearing loans and borrowings (continued)**

**Reconciliation of principal:**

<u>Loan/Borrowing Facility</u>	January 1, 2020 ThUS\$	Drawdown ThUS\$	Repayment ThUS\$	Transaction Costs ThUS\$	December 31, 2020 ThUS\$
a.1) Corporate Loan	440,052	-	(113,300)	967	327,719
a.2) Subordinated Loan with Caserones Finance Netherlands B.V.	430,000	-	-	-	430,000
b) Subordinated Loan with MLCC Finance Netherlands B.V.	1,854,050	41,250	-	721	1,896,021
c) Subordinated Loan with Mitsui Bussan Copper Investment & Co., Ltd.	-	13,750	-	-	13,750
d) Revolving credit	49,988	-	-	(1)	49,987
<b>Total</b>	<b>2,774,090</b>	<b>55,000</b>	<b>(113,300)</b>	<b>1,687</b>	<b>2,717,477</b>

**Reconciliation of interest:**

<u>Loan/Borrowing Facility</u>	January 1, 2020 ThUS\$	Accrual ThUS\$	Repayment ThUS\$	December 31, 2020 ThUS\$
a.1) Corporate Loan	380	6,841	(7,147)	74
a.2) Subordinated Loan with Caserones Finance Netherlands B.V.	111,486	16,358	-	127,844
b) Subordinated Loan with MLCC Finance Netherlands B.V.	380,225	88,964	-	469,189
c) Subordinated Loan with Mitsui Bussan Copper Investment & Co., Ltd.	-	239	-	239
d) Revolving credit	107	728	(833)	2
<b>Total</b>	<b>492,198</b>	<b>113,130</b>	<b>(7,980)</b>	<b>597,348</b>

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 22 - Interest bearing loans and borrowings (continued)

#### Details of Loans

The Caserones project has been financed mainly with loans. The Company has engaged since 2011 in the following loans:

#### a) Corporate Loan and Subordinated Loan with Caserones Finance Netherlands B.V.

During the second half of 2011 the Company obtained the following loans:

##### a.1) Corporate Loan (former Senior Loan)

On July 26, 2011 the Company ended the negotiation for the Caserones project financing arrangement referred to as "Senior Loan", which involved the participation of one of the Japanese governmental institutions (Japan Bank for International Cooperation) and four commercial banks (Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd. and The Hongkong and Shanghai Banking Corporation, Ltd.).

On September 26, 2018, after negotiation between lenders, our sponsors (Eneos Holdings Inc., Mitsui & Co., Ltd. and Mitsui Mining & Smelting Co., Ltd.) and the Company, the scheme of the Caserones project financing changed to corporate financing. As a result, the completion guaranty changed to the entire guaranty of the sponsors until the full repayment of the Corporate Loan.

The following table reflects the total capital available amounts under the Corporate Loan:

<b>Loan/Borrowing Facility</b>	<b>Principal ThUS\$</b>	<b>Accumulated Repayment ThUS\$</b>	<b>Outstanding principal amount as of December 31, 2020 ThUS\$</b>
Japan Bank for International Cooperation	770,000	539,454	230,546
Sumitomo Mitsui Banking Corporation	90,000	63,053	26,947
MUFG Bank, Ltd.	90,000	63,053	26,947
Mizuho Bank, Ltd.	90,000	63,053	26,947
Sumitomo Mitsui Trust Bank, Ltd.	60,000	42,036	17,964
<b>Total Corporate Loan</b>	<b>1,100,000</b>	<b>770,649</b>	<b>329,351</b>

The Company pays interests on the Corporate Loan biannually. First interest payment was made in December 2011 and first principal repayment in December 2014. Corporate Loan has payment priority among any other borrowings the Company may obtain.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 22 - Interest bearing loans and borrowings (continued)

The following table presents the drawdowns as of December 31, 2020:

Loan/Borrowing Facility	Drawdown Date	Nominal Credit ThUS\$	Transaction Costs ThUS\$	Interest Current ThUS\$	Nominal Credit Current ThUS\$	Effective Interest rate %	December 31, 2020 ThUS\$
Japan Bank for International Cooperation	09.14.2011	57,411	-	14	34,807	0.51%	92,232
Japan Bank for International Cooperation	01.25.2012	18,789	-	5	11,391	0.51%	30,185
Japan Bank for International Cooperation	03.21.2012	10,047	-	3	6,091	0.51%	16,141
Japan Bank for International Cooperation	04.25.2012	7,894	-	2	4,786	0.51%	12,682
Japan Bank for International Cooperation	06.20.2012	12,918	-	3	7,832	0.51%	20,753
Japan Bank for International Cooperation	07.25.2012	8,612	-	2	5,221	0.51%	13,835
Japan Bank for International Cooperation	08.22.2012	8,612	-	2	5,221	0.51%	13,835
Japan Bank for International Cooperation	09.26.2012	10,047	-	3	6,091	0.51%	16,141
Japan Bank for International Cooperation	10.30.2012	9,199	-	2	5,577	0.51%	14,778
Subtotal		143,529	-	36	87,017		230,582
Sumitomo Mitsui Banking Corporation	09.14.2011	6,710	(180)	4	4,068	2.07%	10,602
Sumitomo Mitsui Banking Corporation	01.25.2012	2,196	(55)	1	1,331	2.01%	3,473
Sumitomo Mitsui Banking Corporation	03.21.2012	1,174	(30)	1	712	2.03%	1,857
Sumitomo Mitsui Banking Corporation	04.25.2012	923	(24)	0	559	2.04%	1,458
Sumitomo Mitsui Banking Corporation	06.20.2012	1,510	(40)	1	915	2.06%	2,386
Sumitomo Mitsui Banking Corporation	07.25.2012	1,007	(27)	1	610	2.07%	1,591
Sumitomo Mitsui Banking Corporation	08.22.2012	1,007	(27)	1	610	2.08%	1,591
Sumitomo Mitsui Banking Corporation	09.26.2012	1,174	(32)	1	712	2.10%	1,855
Sumitomo Mitsui Banking Corporation	10.30.2012	1,076	(30)	0	653	2.10%	1,699
Subtotal		16,777	(445)	10	10,170		26,512
MUFG Bank, Ltd.	09.14.2011	6,710	(180)	4	4,068	2.07%	10,602
MUFG Bank, Ltd.	01.25.2012	2,196	(55)	1	1,331	2.01%	3,473
MUFG Bank, Ltd.	03.21.2012	1,174	(30)	1	712	2.03%	1,857
MUFG Bank, Ltd.	04.25.2012	923	(24)	0	559	2.04%	1,458
MUFG Bank, Ltd.	06.20.2012	1,510	(40)	1	915	2.06%	2,386
MUFG Bank, Ltd.	07.25.2012	1,007	(27)	1	610	2.07%	1,591
MUFG Bank, Ltd.	08.22.2012	1,007	(27)	1	610	2.08%	1,591
MUFG Bank, Ltd.	09.26.2012	1,174	(32)	1	712	2.10%	1,855
MUFG Bank, Ltd.	10.30.2012	1,076	(30)	0	653	2.10%	1,699
Subtotal		16,777	(445)	10	10,170		26,512
Mizuho Bank, Ltd.	09.14.2011	6,710	(180)	4	4,068	2.07%	10,602
Mizuho Bank, Ltd.	01.25.2012	2,196	(55)	1	1,331	2.01%	3,473
Mizuho Bank, Ltd.	03.21.2012	1,174	(30)	1	712	2.03%	1,857
Mizuho Bank, Ltd.	04.25.2012	923	(24)	0	559	2.04%	1,458
Mizuho Bank, Ltd.	06.20.2012	1,510	(40)	1	915	2.06%	2,386
Mizuho Bank, Ltd.	07.25.2012	1,007	(27)	1	610	2.07%	1,591
Mizuho Bank, Ltd.	08.22.2012	1,007	(27)	1	610	2.08%	1,591
Mizuho Bank, Ltd.	09.26.2012	1,174	(32)	1	712	2.10%	1,855
Mizuho Bank, Ltd.	10.30.2012	1,076	(30)	0	653	2.10%	1,699
Subtotal		16,777	(445)	10	10,170		26,512

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 22 - Interest bearing loans and borrowings (continued)

Loan/Borrowing Facility	Drawdown Date	Nominal Credit ThUS\$	Transaction Costs ThUS\$	Interest Current ThUS\$	Nominal Credit Current ThUS\$	Effective Interest rate %	December 31, 2020 ThUS\$
Sumitomo Mitsui Trust Bank, Ltd.	09.14.2011	4,474	(120)	3	2,712	2.07%	7,069
Sumitomo Mitsui Trust Bank, Ltd.	01.25.2012	1,464	(37)	1	888	2.01%	2,316
Sumitomo Mitsui Trust Bank, Ltd.	03.21.2012	783	(20)	1	475	2.03%	1,239
Sumitomo Mitsui Trust Bank, Ltd.	04.25.2012	615	(16)	0	373	2.04%	972
Sumitomo Mitsui Trust Bank, Ltd.	06.20.2012	1,006	(27)	1	610	2.06%	1,590
Sumitomo Mitsui Trust Bank, Ltd.	07.25.2012	670	(18)	0	407	2.07%	1,059
Sumitomo Mitsui Trust Bank, Ltd.	08.22.2012	670	(18)	0	407	2.08%	1,059
Sumitomo Mitsui Trust Bank, Ltd.	09.26.2012	782	(22)	1	476	2.10%	1,237
Sumitomo Mitsui Trust Bank, Ltd.	10.30.2012	716	(19)	1	436	2.10%	1,134
Subtotal		11,180	(297)	8	6,784		17,675
<b>Total Corporate Loan</b>		<b>205,040</b>	<b>(1,632)</b>	<b>74</b>	<b>124,311</b>		<b>327,793</b>

### Liquidity chart for Corporate Loan

The following table shows the undiscounted future payments based on the variables as of December 31, 2020:

Loan/Borrowing Facility	Debtor country	Currency	Up to 1 year ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	After 5 years ThUS\$	December 31, 2020 ThUS\$
Japan Bank for International Cooperation	Japan	USD	88,095	90,718	54,297	-	233,110
Sumitomo Mitsui Banking Corporation	Japan	USD	10,482	10,791	6,415	-	27,688
MUFG Bank, Ltd.	Japan	USD	10,482	10,791	6,415	-	27,688
Mizuho Bank, Ltd.	Japan	USD	10,482	10,791	6,415	-	27,688
Sumitomo Mitsui Trust Bank, Ltd.	Japan	USD	6,988	7,194	4,276	-	18,458
<b>Total Corporate Loan</b>			<b>126,529</b>	<b>130,285</b>	<b>77,818</b>	<b>-</b>	<b>334,632</b>

### a.2) Subordinated Loan with Caserones Finance Netherlands B.V.

In addition to the Senior Loan, the Company also ended on July 26, 2011, and on September 17, 2014, two negotiations to obtain Subordinated Loans with Caserones Finance Netherlands B.V. for an amount of ThUS\$300,000 and ThUS\$130,000 respectively. Interests related to this loan accrue biannually in March and September.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 22 - Interest bearing loans and borrowings (continued)

The following table presents the drawdowns as of December 31, 2020:

Loan/Borrowing Facility	Drawdown Date	Nominal Credit	Transaction Costs	Interest Current	Unpaid Interest	Effective Interest rate	December 31, 2020
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	%	ThUS\$
Caserones Finance Netherlands B.V.	08.17.2011	102,000	-	609	33,070	1.90%	135,679
Caserones Finance Netherlands B.V.	09.13.2011	78,000	-	465	23,109	1.90%	101,574
Caserones Finance Netherlands B.V.	11.15.2011	60,000	-	358	17,506	1.90%	77,864
Caserones Finance Netherlands B.V.	12.15.2011	60,000	-	358	17,368	1.90%	77,726
Caserones Finance Netherlands B.V.	09.22.2014	130,000	-	1,021	33,980	2.50%	165,001
<b>Total Subordinated Loan with Caserones Finance Netherlands B.V.</b>		<b>430,000</b>	<b>-</b>	<b>2,811</b>	<b>125,033</b>		<b>557,844</b>

### Liquidity chart for Subordinated Loan with Caserones Finance Netherlands B.V.

The following table shows the undiscounted future payments based on the variables as of December 31, 2020:

Loan/Borrowing Facility	Debtor country	Currency	Up to 1 year	1 to 3 years	3 to 5 years	After 5 years	December 31, 2020
			ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Caserones Finance Netherlands B.V.	Holland	USD	9,079	18,182	18,157	559,535	604,953
<b>Total Sub. Loan with Caserones Finance Netherlands B.V.</b>			<b>9,079</b>	<b>18,182</b>	<b>18,157</b>	<b>559,535</b>	<b>604,953</b>

### b) Subordinated Loan with MLCC Finance Netherlands B.V.

To meet the cash needs of the Caserones project, on October 10, 2012, the Company engaged another Subordinated Loan referred to as "Subordinated Loan with MLCC Finance Netherlands B.V."

The Subordinated Loan with MLCC Finance Netherlands B.V. has the same characteristics as the Subordinated Loan with Caserones Finance Netherlands B.V., including: drawdowns are made in accordance to cash needs and interests accrue biannually in March and September.

On March 31, 2017 the Company implemented a Debt to Equity swap for the purpose of eliminating the Company's excess of debt, which amounted to ThUS\$321,596 as of December 31, 2016. By this Debt to Equity swap, the outstanding principal in the amount of ThUS\$1,417,697 of the loans that had been borrowed from MLCC Finance Netherlands B.V. was converted into 1,942,050,684.93 shares of stock of the Company.

The accrued interest on the loans mentioned above, which was equal to ThUS\$226,794, remained outstanding and was converted to a new principal on the same day.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 22 - Interest bearing loans and borrowings (continued)

The following table presents the drawdowns as of December 31, 2020:

Loan/Borrowing Facility	Drawdown Date	Nominal Credit	Transaction Costs	Interest Current	Unpaid Interest	Effective Interest rate	December 31, 2020
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	%	ThUS\$
MLCC Finance Netherlands B.V.	10.17.2012	-	-	-	7,752	-	7,752
MLCC Finance Netherlands B.V.	11.21.2012	-	-	-	1,631	-	1,631
MLCC Finance Netherlands B.V.	12.19.2012	-	-	-	1,908	-	1,908
MLCC Finance Netherlands B.V.	01.16.2013	-	-	-	2,477	-	2,477
MLCC Finance Netherlands B.V.	02.20.2013	-	-	-	1,946	-	1,946
MLCC Finance Netherlands B.V.	03.21.2013	-	-	-	1,746	-	1,746
MLCC Finance Netherlands B.V.	04.17.2013	-	-	-	1,187	-	1,187
MLCC Finance Netherlands B.V.	08.14.2013	-	-	-	2,116	-	2,116
MLCC Finance Netherlands B.V.	09.11.2013	-	-	-	1,205	-	1,205
MLCC Finance Netherlands B.V.	11.05.2013	-	-	-	2,757	-	2,757
MLCC Finance Netherlands B.V.	12.20.2013	-	-	-	645	-	645
MLCC Finance Netherlands B.V.	01.22.2014	-	-	-	559	-	559
MLCC Finance Netherlands B.V.	02.19.2014	-	-	-	68	-	68
MLCC Finance Netherlands B.V.	05.02.2014	100,000	-	958	31,306	3.05%	132,264
MLCC Finance Netherlands B.V.	06.05.2014	140,000	-	1,341	43,273	3.05%	184,614
MLCC Finance Netherlands B.V.	07.24.2014	130,900	-	1,254	39,715	3.05%	171,869
MLCC Finance Netherlands B.V.	12.16.2014	76,000	(146)	728	21,777	3.09%	98,359
MLCC Finance Netherlands B.V.	12.29.2014	50,000	(98)	479	14,253	3.09%	64,634
MLCC Finance Netherlands B.V.	02.03.2015	44,000	(86)	421	12,356	3.09%	56,691
MLCC Finance Netherlands B.V.	03.16.2015	60,000	-	575	16,562	3.05%	77,137
MLCC Finance Netherlands B.V.	04.21.2015	60,000	-	575	16,309	3.05%	76,884
MLCC Finance Netherlands B.V.	06.16.2015	68,750	(139)	658	18,233	3.09%	87,502
MLCC Finance Netherlands B.V.	07.01.2015	40,000	-	383	10,544	3.05%	50,927
MLCC Finance Netherlands B.V.	08.04.2015	30,000	-	287	7,789	3.05%	38,076
MLCC Finance Netherlands B.V.	09.16.2015	30,000	-	287	7,635	3.05%	37,922
MLCC Finance Netherlands B.V.	10.19.2015	30,000	-	287	7,512	3.05%	37,799
MLCC Finance Netherlands B.V.	11.19.2015	20,000	-	192	4,941	3.05%	25,133
MLCC Finance Netherlands B.V.	12.14.2015	30,000	-	287	7,333	3.05%	37,620
MLCC Finance Netherlands B.V.	12.14.2015	68,750	(147)	658	16,805	3.10%	86,066
MLCC Finance Netherlands B.V.	01.19.2016	40,000	-	383	9,603	3.05%	49,986
MLCC Finance Netherlands B.V.	02.22.2016	30,000	-	287	7,069	3.05%	37,356
MLCC Finance Netherlands B.V.	03.24.2016	20,000	-	192	4,632	3.05%	24,824
MLCC Finance Netherlands B.V.	04.26.2016	15,000	-	144	3,410	3.05%	18,554
MLCC Finance Netherlands B.V.	05.19.2016	30,000	-	287	6,731	3.05%	37,018
MLCC Finance Netherlands B.V.	06.14.2016	67,100	(309)	643	14,834	3.15%	82,268
MLCC Finance Netherlands B.V.	07.06.2016	35,000	-	335	7,635	3.05%	42,970
MLCC Finance Netherlands B.V.	07.20.2016	35,000	-	335	7,575	3.05%	42,910
MLCC Finance Netherlands B.V.	12.14.2016	62,480	(301)	598	12,280	3.15%	75,057
MLCC Finance Netherlands B.V.	03.31.2017	226,794	(1,124)	2,706	42,844	3.91%	271,220
MLCC Finance Netherlands B.V.	06.14.2017	45,430	(229)	435	7,762	3.16%	53,398
MLCC Finance Netherlands B.V.	12.13.2017	42,900	(231)	411	6,272	3.16%	49,352
MLCC Finance Netherlands B.V.	06.14.2018	58,300	(327)	558	6,914	3.17%	65,445
MLCC Finance Netherlands B.V.	12.13.2018	58,300	(335)	558	5,205	3.17%	63,728
MLCC Finance Netherlands B.V.	06.13.2019	56,210	(357)	538	3,245	3.18%	59,636
MLCC Finance Netherlands B.V.	12.13.2019	58,080	(394)	556	1,784	3.19%	60,026
MLCC Finance Netherlands B.V.	06.15.2020	41,250	-	396	322	3.05%	41,968
<b>Total Sub. Loan with MLCC Finance Netherlands B.V.</b>		<b>1,900,244</b>	<b>(4,223)</b>	<b>18,732</b>	<b>450,457</b>		<b>2,365,210</b>

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 22 - Interest bearing loans and borrowings (continued)

#### Liquidity chart for Subordinated Loan with MLCC Finance Netherlands B.V.

The following table shows the undiscounted future payments based on the variables as of December 31, 2020:

Loan/Borrowing Facility	Debtor country	Currency	Up to 1 year ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	After 5 years ThUS\$	December 31, 2020 ThUS\$
MLCC Finance Netherlands B.V.	Holland	USD	46,847	66,914	66,823	2,367,269	2,547,853
<b>Total Sub. Loan with MLCC Finance Netherlands B.V.</b>			<b>46,847</b>	<b>66,914</b>	<b>66,823</b>	<b>2,367,269</b>	<b>2,547,853</b>

#### c) Subordinated Loan with Mitsui Bussan Copper Investment & Co., Ltd.

In June, 2020 the Company engaged a new Subordinated Loan referred to as "Subordinated Loan with Mitsui Bussan Copper Investment & Co., Ltd.".

The Subordinated Loan with Mitsui Bussan Copper Investment & Co., Ltd. has the same characteristics as the above-mentioned subordinated loans.

The following table presents the drawdown as of December 31, 2020:

Loan/Borrowing Facility	Drawdown Date	Nominal Credit ThUS\$	Transaction Costs ThUS\$	Interest Current ThUS\$	Unpaid Interest ThUS\$	Effective Interest rate %	December 31, 2020 ThUS\$
Mitsui Bussan Copper Investment & Co., Ltd.	06.15.2020	13,750	-	132	107	3.05%	13,989
<b>Total Subordinated Loan with Mitsui Bussan Copper Investment &amp; Co., Ltd.</b>		<b>13,750</b>	<b>-</b>	<b>132</b>	<b>107</b>		<b>13,989</b>

#### Liquidity chart for Subordinated Loan with Mitsui Bussan Copper Investment & Co., Ltd.

The following table shows the undiscounted future payments based on the variables as of December 31, 2020:

Loan/Borrowing Facility	Debtor country	Currency	Up to 1 year ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	After 5 years ThUS\$	December 31, 2020 ThUS\$
Mitsui Bussan Copper Investment & Co., Ltd.	Japan	USD	425	852	851	14,068	16,196
<b>Total Sub. Loan with Mitsui Bussan Copper Investment &amp; Co., Ltd.</b>			<b>425</b>	<b>852</b>	<b>851</b>	<b>14,068</b>	<b>16,196</b>

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 22 - Interest bearing loans and borrowings (continued)

#### d) Revolving credit

On December 30, 2013 the Company engaged a working capital loan with Mizuho Bank, Ltd. for a total amount of ThUS\$50,000 under the Revolving credit agreement. The following table presents the unique drawdown under this facility for the total amount and its information as of December 31, 2020:

Loan/Borrowing Facility	Drawdown Date	Nominal Credit Current ThUS\$	Transaction Costs ThUS\$	Interest Current ThUS\$	Effective Interest rate %	December 31, 2020 ThUS\$
Mizuho Bank, Ltd.	12.30.2013	50,000	(13)	2	0.95%	49,989
<b>Total Revolving credit</b>		<b>50,000</b>	<b>(13)</b>	<b>2</b>		<b>49,989</b>

#### Liquidity chart for Revolving credit

The following table shows the undiscounted future payments based on the variables as of December 31, 2020:

Loan/Borrowing Facility	Debtor country	Currency	Up to 1 year ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	After 5 years ThUS\$	December 31, 2020 ThUS\$
Mizuho Bank, Ltd.	Japan	USD	50,027	-	-	-	50,027
<b>Total Revolving credit</b>			<b>50,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,027</b>

It is the Company's major shareholder's (MLCC Finance Netherlands B.V.) intention, subject to the approval by its Board of Directors and any necessary authorizations by its shareholders, to cause the Company to be provided with financing, until such time as the Company will generate sufficient funds to maintain its operations and fulfill its financial obligations on a timely basis. Such financing may be in the form of shareholders' loans or equity contributions, or by other means such as bank loans with or without shareholders' guaranties.

#### Carrying value versus fair value

Given that the loans are at variable rates based on market conditions, the Company considers that the carrying amount of those instruments is reasonable approximation of their fair values.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 23 - Lease liabilities

Future minimum lease payments under contracts are as follows:

	2020 ThUS\$			2019 ThUS\$		
	Current	Non-Current	Total	Current	Non-Current	Total
Total future Payments	72,193	383,997	456,190	74,587	414,949	489,536
Interest	(16,810)	(130,878)	(147,688)	(18,822)	(146,211)	(165,033)
<b>Net Value</b>	<b>55,383</b>	<b>253,119</b>	<b>308,502</b>	<b>55,765</b>	<b>268,738</b>	<b>324,503</b>

#### a) Former finance leases

In November 2012 the Company entered into a finance lease contract with CyT Operaciones SpA for the 220KV power line, whose purpose is the transmission of electricity from the Maitencillo substation to the Caserones mine. This power line is the main source of electricity delivery for the Caserones project. The contract has duration of 25 years and requires payments in 300 monthly installments being the last quota payable in 2037.

In 2014 the Company entered into three finance lease contracts with Komatsu Cummins Chile Arrienda S.A. for the lease of mining equipment. The contracts have duration of 7 years and require payments in 84 monthly installments.

In 2018 the Company entered into a finance lease contract with Compañía Minera del Pacífico S.A. of a storage warehouse for the copper concentrate at the port of "Punta Totoralillo". The contract has duration of 12 years and requires payments in 144 monthly installments.

#### Reconciliation of lease liabilities:

	January 1, 2020	Additions	Repayment of capital	Accrued interest	Repayment of interest	December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Total</b>	<b>182,538</b>	<b>-</b>	<b>(12,224)</b>	<b>17,561</b>	<b>(17,561)</b>	<b>170,314</b>

#### Liquidity chart

The following table shows under the above-mentioned contracts the undiscounted future payments based on the variables as of December 31, 2020:

Entity ID Number	Entities	Debtor country	Currency	Discount rate	Up to 1 year ThUS\$	1 to 5 years ThUS\$	After 5 years ThUS\$	December 31, 2020 ThUS\$
76.248.725-K	CyT Operaciones SpA	Chile	USD	9.10%	16,578	66,312	196,174	279,064
99.532.160-2	Komatsu Cummins Chile Arrienda S.A.	Chile	USD	3.38%	7,101	-	-	7,101
94.638.000-8	Compañía Minera del Pacífico S.A.	Chile	USD	10.00%	3,097	12,387	10,838	26,322
<b>Total</b>					<b>26,776</b>	<b>78,699</b>	<b>207,012</b>	<b>312,487</b>

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 23 - Lease liabilities (continued)

#### Reconciliation of lease liabilities:

	January 1, 2019	Additions	Repayment of capital	Accrued interest	Repayment of interest	December 31, 2019
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Total</b>	<b>194,041</b>	<b>318</b>	<b>(11,821)</b>	<b>18,063</b>	<b>(18,063)</b>	<b>182,538</b>

#### Liquidity chart

The following table shows under the above mentioned contracts the undiscounted future payments based on the variables as of December 31, 2019:

Entity ID Number	Entities	Debtor country	Currency	Discount rate	Up to 1 year ThUS\$	1 to 5 years ThUS\$	After 5 years ThUS\$	December 31, 2019 ThUS\$
76.248.725-K	CyT Operaciones SpA	Chile	USD	9.10%	16,578	66,312	212,752	295,642
99.532.160-2	Komatsu Cummins Chile Arriendo S.A.	Chile	USD	5.06%	7,925	7,121	-	15,046
94.638.000-8	Compañía Minera del Pacífico S.A.	Chile	USD	10.00%	3,097	12,387	13,935	29,419
<b>Total</b>					<b>27,600</b>	<b>85,820</b>	<b>226,687</b>	<b>340,107</b>

### b) Right-of-use liabilities according to IFRS 16

#### Reconciliation of lease liabilities:

	January 1, 2020	Additions	Disposals	Exchange rate difference	Repayment of capital	Accrued interest	Repayment of interest	December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Total</b>	<b>141,965</b>	<b>73,351</b>	<b>(37,327)</b>	<b>6,860</b>	<b>(46,661)</b>	<b>3,233</b>	<b>(3,233)</b>	<b>138,188</b>

#### Liquidity chart

The following table shows the undiscounted future payments based on the variables as of December 31, 2020:

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 23 - Lease liabilities (continued)

Entity ID Number	Entities	Debtor country	Currency	Discount rate	Up to 1 year ThUS\$	1 to 5 years ThUS\$	After 5 years ThUS\$	Dec 31, 2020 ThUS\$
7.236.805-3	CESAR PATRICIO VILLEGAS URRUTIA	Chile	UF	1,50%	5.517	7.965	-	13.482
76.093.123-3	SERVICIOS INTEGRALES CACCIUTTOLO	Chile	CLP	2,68%	181	60	-	241
76.169.119-8	RUBEN CERDA E HIJOS LTDA.	Chile	CLP	3,15%	317	502	-	819
76.191.470-7	ARRIAGADA DIAZ MANUEL ANTONIO	Chile	CLP	2,50%	27	-	-	27
76.222.412-7	JOFRE Y JOFRE LTDA	Chile	CLP	1,95%	270	495	-	765
76.303.840-8	TRANSPORTES VERASAY SPA	Chile	CLP	2,50%	540	2.071	-	2.611
76.366.637-9	KOMATSU FINANCE CHILE S.A.	Chile	USD	3,73%	7.557	18.826	-	26.383
76.380.300-7	SNF CHILE S.A.	Chile	CLP	4,00%	23	35	-	58
76.642.320-5	COMPAÑIA TRANSPORTES VENTROSA SPA	Chile	CLP	4,00%	444	370	-	814
78.297.220-0	PEDRO MISAEL CRUZ LTDA	Chile	CLP	2,50%	540	2.071	-	2.611
78.590.360-9	TRANSPORTES Y GRUAS VECCHIOLA SA	Chile	CLP	2,78%	6.928	1.017	-	7.945
78.590.360-9	TRANSPORTES Y GRUAS VECCHIOLA SA	Chile	UF	1,25%	3.089	515	-	3.604
80.314.700-0	EMP. DE TRANSP.RURALES LTDA	Chile	CLP	4,00%	2.437	1.937	-	4.374
83.547.100-4	MITTA S.A.	Chile	UF	0,88%	1.047	-	-	1.047
85.660.800-K	SOC. COM. ÁLVAREZ Y ÁLVAREZ LTDA	Chile	UF	1,25%	3.109	-	-	3.109
89.696.400-3	EMPRESA DE RESIDUOS RESITER S.A.	Chile	UF	1,50%	2.967	7.419	-	10.386
96.862.140-8	AMECO CHILE S.A.	Chile	UF	1,30%	9.009	51.803	-	60.812
97.004.000-5	BANCO DE CHILE	Chile	UF	1,25%	26	-	-	26
99.520.000-7	COPEC S.A.	Chile	CLP	4,00%	960	3.200	-	4.160
99.593.350-0	TANDEM S.A.	Chile	CLP	3,50%	429	-	-	429
<b>Total</b>					<b>45,417</b>	<b>98,286</b>	<b>-</b>	<b>143,703</b>

#### Reconciliation of lease liabilities:

	January 1, 2019	Additions	Exchange rate difference	Repayment of capital	Accrued interest	Repayment of interest	December 31, 2019
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Total</b>	<b>-</b>	<b>188,983</b>	<b>(4,440)</b>	<b>(42,578)</b>	<b>4,405</b>	<b>(4,405)</b>	<b>141,965</b>

### Liquidity chart

The following table shows the undiscounted future payments based on the variables as of December 31, 2019:

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 23 - Lease liabilities (continued)

Entity ID Number	Entities	Debtor country	Currency	Discount rate	Up to 1 year ThUS\$	1 to 5 years ThUS\$	After 5 years ThUS\$	December 31, 2019 ThUS\$
7.236.805-3	CESAR PATRICIO VILLEGAS URRUTIA	Chile	UF	1.50%	4,652	12,017	-	16,669
76.093.123-3	SERVICIOS INTEGRALES CACCIUTTOLO	Chile	CLP	3.60%	171	229	-	400
76.110.556-6	MINERÍA Y CONSTRUCCIÓN CEI S.A.	Chile	UF	1.25%	868	-	-	868
76.169.119-8	RUBEN CERDA E HIJOS LTDA.	Chile	CLP	3.15%	63	-	-	63
76.320.186-4	TECNO FAST S.A.	Chile	UF	3.93%	1,295	-	-	1,295
76.366.637-9	KOMATSU FINANCE CHILE S.A.	Chile	USD	5.51%	8,314	27,050	-	35,364
76.642.320-5	COMPANIA DE TRANSPORTES VENTROSA SP	Chile	CLP	4.00%	422	774	-	1,196
76186894-2	JUAN RAFAEL HUERTA SANCHEZ	Chile	UF	1.25%	930	-	-	930
78.206.450-9	MOVIMIENTO DE TIERRA Y TRANSP. LTDA	Chile	USD	4.50%	1,382	-	-	1,382
78.297.220-0	PEDRO MISAEL CRUZ LTDA	Chile	CLP	3.15%	47	-	-	47
78.590.360-9	TRANSPORTES Y GRUAS VECCHIOLA SA	Chile	CLP	3.80%	5,795	6,761	-	12,556
78.590.360-9	TRANSPORTES Y GRUAS VECCHIOLA SA	Chile	UF	1.25%	2,856	3,333	-	6,189
80.314.700-0	EMPRESA DE TRANSPORTES RURALES LIMITADA (TUR BUS)	Chile	CLP	4.00%	2,207	4,047	-	6,254
83.547.100-4	AUTORENTAS DEL PACIFICO S.A.	Chile	UF	1.25%	987	-	-	987
85.660.800-K	SOC. COMERCIAL ÁLVAREZ Y ÁLVAREZ LTDA	Chile	UF	1.25%	2,808	2,339	-	5,147
89.696.400-3	EMPRESA DE RESIDUOS RESITER S.A.	Chile	UF	1.50%	2,744	9,604	-	12,348
96.862.140-8	AMECO CHILE S.A. CONTRATO	Chile	CLP	4.00%	1,053	3,510	-	4,563
96.862.140-8	AMECO CHILE S.A. CONTRATO	Chile	UF	1.50%	9,720	32,400	-	42,120
97.004.000-5	BANCO DE CHILE	Chile	UF	1.25%	286	24	-	310
99.593.350-0	TANDEM S.A.	Chile	CLP	3.50%	387	354	-	741
<b>Total</b>					<b>46,987</b>	<b>102,442</b>	<b>-</b>	<b>149,429</b>

### Note 24 - Other liabilities

Detail of other liabilities is as follows:

	2020 ThUS\$			2019 ThUS\$		
	Current	Non-Current	Total	Current	Non-Current	Total
Provisional withholding tax	3	34,455	34,458	20	29,937	29,957
Guarantee fees	614	19,533	20,147	516	17,969	18,485
Interest on prepayment	15,599	-	15,599	13,151	-	13,151
Others	3	-	3	49	-	49
<b>Total other liabilities</b>	<b>16,219</b>	<b>53,988</b>	<b>70,207</b>	<b>13,736</b>	<b>47,906</b>	<b>61,642</b>



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 25 - Mine rehabilitation provision

Law No. 20,551, enacted on November 11, 2011, regulates the closure of mining sites and facilities in Chile. The law regulates the preparation of the mining site closure plans that are primarily meant to integrate and execute the collection of measures and actions intended to mitigate the effects on the locations where ore extraction takes place. This is to ensure the physical and chemical stability of these locations in accordance with the applicable environmental standards. The execution of the measures and actions as mentioned above must be delivered with due care for the life, health, and safety of persons and the environment.

The closure plan for ore extraction industry sites is considered part of their useful lifecycle, which is planned and implemented progressively through the mining site's various stages of operation, for its entire useful life. This law establishes requirement of setting guaranties for all actions and closing measures including follow-up and control of post-closing activities.

For companies in operation at the date of the enactment of the law there was a transitional period of two years to perform valuation of all closing activities including measures for post-closing activities in the mine closure plan.

The Company has engaged an external expert to estimate the closing costs of the Company's mine by each one of the activities included in the mine closure plan developed internally by the Company and submitted to the Sernageomin (National Service of Geology and Mining). This closing cost will be incurred to comply with governmental requirements imposed by Sernageomin in order to secure environmental prevention once the Caserones project finishes its operation.

The Company calculates the asset retirement obligation liability according to IAS 37. The recorded liability is expected to differ from the obligation under law 20,551 due to various differences in valuation and obligations. Pursuant to the compliance of the law, the Company presented in November 2014 to Sernageomin its closure plan proposal, which does not include measures of certain facilities closure due to the fact the law allows the Company a five year period to perform more detailed studies, which will conclude on the final closing measure to be executed in these facilities.

The calculation of the mine rehabilitation provision uses as a base the closure plan presented in November 2014, however, in order to keep consistency in the financial statements the Company has decided to estimate certain costs of the closing measures as in the previous closure plan.

The Company has estimated the percentage of the current advance of construction in order to calculate the cost of each item of construction in progress of each activity in the mine closure.

The Company used the following parameters in the calculation of the provision:

- Currency of the calculation is UF (Chilean peso based index that considers inflation) as most of the expenditures are expected to be incurred in Chilean peso.
- Discount rate: based on the Chilean BCU bonds for 20 and 30 years, respectively (Bonds of the Central Bank of Chile in UF); the rate used for the year ended December 31, 2020 was 0.38% (2019: 1.00%).

The following table presents the movement of the provision in the years 2020 and 2019:

	2020 ThUS\$	2019 ThUS\$
Beginning balance	149,809	122,269
Additions	144	1,348
Adjustments based on the passage of time (interest expense)	707	1,483
Discount rate effect	23,916	30,459
Exchange rate effect	12,201	(5,750)
<b>Ending balance</b>	<b>186,777</b>	<b>149,809</b>

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 26 - Impairment test

The Company carried out impairment tests of its property, plant and equipment, and the intangible assets as of December 31, 2020 and 2019 using the methodology described in Note 4c. The recoverable amount was determined based using the FVLCD approach because management considers that a market participant would apply such approach, including taking into account future capital expenditures which are required to terminate the construction of certain production facilities of the Company.

As of December 2020, in order to arrive at FVLCD, future cash flows were discounted using a post-tax discount rate of 8.3% (2019: 9.1%). This discount rate reflects the country, business and other risks related to the Company's operations.

FVLCD was determined by estimating cash flows until the end of the life of the Company mine, based on the long-term life of mine and production plans.

The key assumptions to which the impairment test of the Caserones project was most sensitive are:

- Copper price;
- Discount rates;
- Crude oil price;
- Molybdenum price;
- Other operating costs;
- Future capital expenditure;
- Production volume

These assumptions and the following considerations for the calculation are based on the best estimation of management and market participants' expectations at the time of the impairment test.

The estimations related to economically recoverable reserves are based on reserve and resource data, exploration and evaluation work performed by qualified and experienced personnel, based on the latest and most updated information available as of December 31, 2020.

Short-and mid-term copper prices are consistent with observable market prices and estimates, and are then transitioned to a long-term price forecast, which is based on market fundamentals and other input data available in the market. Copper prices and other input data is kept constant from 2025 on. Operating costs estimations are based on management's estimation of future cost development for specific cost generating activities.

The determination of FVLCD is considered to be Level 3 of the hierarchy of fair value measurements, as it is derived from valuation techniques that include inputs that are not based on observable market data. The Company considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

When performing 2020 impairment test the Company took into consideration changes in the mining plan mainly due to the delay of extraction under the national contingency occurred from 2019 and current Covid19 situation. As a result of the 2020 test an impairment loss of ThUS\$ 658,243 was recorded.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 26 - Impairment test (continuación)

The following table presents a quantitative sensitivity analysis for significant assumptions used in the impairment calculations:

	<b>+5.0%</b> <b>ThUS\$</b>	<b>-5.0%</b> <b>ThUS\$</b>
Copper price (short-to-long-term)	457,192	(457,161)
	<b>+0.5%</b> <b>ThUS\$</b>	<b>-0.5%</b> <b>ThUS\$</b>
Discount rate	(61,257)	64,010

### Note 27 - Financial risk management objectives and policies

The Company is exposed mainly to market risk (that includes interest rate risk, foreign currency risk and commodity prices risk), liquidity risk, credit risk and capital risk.

#### a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and rates.

##### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The following table presents a quantitative sensitivity analysis of the debt obligations:

	<b>+0.5%</b> <b>ThUS\$</b>	<b>-0.5%</b> <b>ThUS\$</b>
Interest rate	13,617	(13,617)

##### Exchange rate risk

Functional currency of the Company is the US dollar. In this sense, the risk the Company is exposed to, is the variation in exchange rates of the dollar and other currencies, principally the Chilean peso.

The following table presents a quantitative sensitivity analysis:

	<b>+10%</b> <b>ThUS\$</b>	<b>-10%</b> <b>ThUS\$</b>
Exchange rate	1,112	(1,359)

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 27 - Financial risk management objectives and policies (continuación)

#### Commodity risk

The commodity risk refers to the exposure to the fluctuation in price of the products the Company trades in the market. Copper price determination is subject to several market factors such as supply, demand, market competition, etc.

As of December 31, 2020 the Company has not engaged commodity derivatives contracts and consequently is exposed to copper price changes.

The following table presents a quantitative sensitivity analysis of open sales as of December 31, 2020:

	<b>+10%</b> <b>ThUS\$</b>	<b>-10%</b> <b>ThUS\$</b>
Mark to market	30,697	(30,697)

#### b. Liquidity risk

Liquidity risk is the risk to a shortage of funds to meet the Company's obligations, mainly deriving from loans and borrowings, and capital projects. The Company maintains credit lines and cash on hand in order to fulfill its financial obligations on a timely basis.

Future payments on loans and finance lease liabilities are detailed in Notes 22 and 23 respectively.

As stated in Note 2, it is the Company's parent JXNMM's intention to provide sufficient funds in the form of any kind of loans or capital contributions to maintain Company's operations and allow it to fulfill its financial obligations on a timely basis until the Company generates sufficient cash flows to sustain independently its operations.

#### c. Credit risk

Credit risk refers to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to this risk is low since all exports, which are the majority of sales, are engaged only with related companies supported by offtake agreements. Also, those agreements consider fines to be applied in case there is a delay in the collections. The Company considers the related parties to which it sells its products have a low credit risk, which is indicated by the international rating agencies. Consequently, as disclosed in the Note 17, no allowance for doubtful accounts has been recognized in the periods presented in these statements.

Credit risk related with bank balances, financial instruments and trade receivables is managed by the Administration and Finance Management in conformity with the Company policies.

The investments of cash surplus are made only with an approved counterparty and within the credit limits assigned to each entity. The counterparty limits are reviewed on an annual basis and can be utilized throughout the year. The limits are established to reduce the concentration risk of the counterparty.

The Company's maximum exposure to credit risk related to its financial assets is equal to their carrying amounts in the statement of financial position as of December 31, 2020.



## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 27 - Financial risk management objectives and policies (continuación)

#### d. Capital management

The objective of capital management is to safeguard the Company's ability to continue with its ongoing business in order to give returns to the shareholders and benefits to the interested groups and to maintain an optimal structure that allows for reduction of the cost of capital. The Company manages its capital structure and carries out adjustments to face changes in the market's economic conditions. The Company's policy is to finance all of its projects, long and short-term, with its own operational resources. In order to maintain or adjust the capital structure, the Company can adjust the payment of dividends to shareholders or return capital to its shareholders. There have been no changes in objectives, policies or procedures during the year ended December 31, 2020.

### Note 28 - Contingencies and commitments

#### Environmental processes and related legal actions

- National Geology and Mining Service (Servicio Nacional de Geología y Minería / SERNAGEOMIN):  
On October 5, 2018 areas consisting of concentrator plant, slime and sand deposits, and hydrometallurgical among others were inspected according to a programmed schedule defined by the SERNAGEOMIN. Some questions were done at that time by the authority that were duly answered by the Company. There is no answer yet from the authority regarding the information submitted by the Company. Eventual procedure is still pending.

- Chilean Environmental Superintendence (Superintendencia de Medio Ambiente / SMA):  
The SMA notified the Company on February 19, 2019 of environmental charges regarding deviations on its Environmental Qualification Resolution (RCA). As informed on previous reports, during the period 2015-2018 said authority performed several inspections to the mine site. These inspections finally ended on these charges.

In general terms, the notified charges consist of: i) Eleven severe infringements, and; ii) Seven minor infringements. The most important charges are related to Quebrada La Brea and Quebrada Caserones infiltrations, and slime spillages due to slime transportation system failure.

From a theoretical point of view, sanctions for each minor infringement could reach fines up to ThUS\$886 and sanctions for severe infringement could reach fines up to ThUS\$4,500 (and/or –under very specific circumstances- may end with the revocation of the environmental permit by the SMA).

It is important to consider, that the Chilean environmental law states for these cases the right for the Company to submit a Compliance Programme (CP), which could lead to the release of the fines (a CP consists of a set of actions to be taken by the Company in order to regularize the environmental deviations). If the CP is accepted by the SMA and fulfilled by the Company, the SMA should withdraw the fines. But, if the CP is approved by the SMA and the Company does not fulfil these obligations, fines may be applied doubled. Consequently, in this case, the Company submitted a CP on March 12, 2019.

Regarding the procedure, the CP was subject to three observation rounds performed by the SMA. (The last one was submitted in September 2020). Such rounds included several questions that were duly answered by the Company. Besides, relevant evidence was attached and also amending actions were submitted. According to the observation of the SMA, it was instructed to remove from the CP two charges consisting of environmental damage. Hence, these charges will follow a different course and will be seen on the Environmental Court, where discharges will be submitted (Appeal), arguing that there are no parameters in order to confirm environmental damage.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 28 - Contingencies and commitments (continued)

On February 12, 2021, the SMA approved the CP proposed by the company for 16 environmental charges (Res. ExN°15/ Rol D-018-2019), suspending the proceeding until the CP execution deadline has finished and the CP execution has been reviewed by the SMA. Additionally, this resolution orders the sanction procedure continue separately with the two charges (N°11 and N°12) that accuse the breach of the environmentally approved design of the “zanjas cortafugas” of Quebrada La Brea and Caserones, allegedly causing environmental damage, for which the Company must present its legal defences.

Approved CP has 51 actions answering 16 charges, thereof investment is close to ThUS\$39,419, of which approximately ThUS\$14,918 has been already incurred, with the remaining actions being performed in a maximum of 36 months. This means a definitive solution to infringements audited by the authority. Among the actions proposed by the company is considered to submit and proceed with a new environmental impact assessment study (EIA) to align Caserones Operational Site and to incorporate a monitoring system for water quality in more than 60 different points. The completion of the CP will be assessed in a separate file and the company will report advances quarterly through the environmental follow-up system managed by the SMA.

Regarding the continuity of the procedure for those charges labelled as environmental damage, the Company answered in time its discharges for those two charges requesting the acquittal of both or the requalification for non-environmental damage attaching technical files justifying this request. This independent procedure of discharges for damage may last 6 months.

If the SMA decides that there is environmental damage it charges may consider up to ThUS\$ 4,500 for each infringement. Against the resolution of the SMA that considers damage, the Company may submit a Reparation Programme to fix all those affected components. If this Programme is not fulfilled the State Defense Council could file an environmental damage lawsuit before the Environmental Court.

Please note that all these resolutions taken by the authorities (compliance programme approval resolution and/or the one that will decide about the discharges) may be challenged by third parties in administrative and/or judicial courts.

Considering the situation comprehensively, the Company has decided that there is no necessity of registering any provision as of December 31, 2020, other than the amount presented in note 9.

- Water Bureau Agency (Dirección General de Aguas / DGA):

The DGA notified the Company on February 1, 2019 charges consisting of the non-authorized use of seven wells. The fine established a penalty of ThUS\$500. The Company defence strategy considers the submission of discharges in order to be released of the fines or to reduce them. On June 18, 2019 the Company submitted a voluntary report regarding some difficulties on the administrative resolution to be reviewed by the authority. The procedure is still pending.

- Health Authority (Seremi de Salud):

On February 22, 2019 the authority performed an inspection to the transient tire yard and Waste Management Centre, among others. Some observations were done at that time by the authority and the said questions were duly answered in March by the Company, proposing some improvements.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### Note 28 - Contingencies and commitments (continued)

#### Safety and Security

- On April 16, 2019 a fatal accident occurred during works performed by one of the Company's contractors. This accident was informed the same day to the SERNAGEOMIN, the Health Authority (Seremi de Salud) and the Labour Authority (Dirección del Trabajo). On May 16, 2019 the Company submitted a preliminary report and during the third quarter the final report was submitted. The Company, the contractors and the family of the deceased person agreed a private settlement.

- On August 6th, 2020 a serious accident occurred during works performed by one of the Company's contractors (SOCOAL). One employee of SOCOAL worker was cleaning the inside of a pipeline using a hydro jet machine, with a hose. Suddenly, the hose broke, and water with high pressure hit the face of the worker. The worker suffered broken bones in his face, and also injuries in his tongue, flesh and skin. Now he is recovering in good shape, apparently with no neurological damage, or other relevant. This accident was informed the same day to the SERNAGEOMIN, the Health Authority (Seremi de Salud) and the Labour Authority (Dirección del Trabajo). The company submitted the report and investigations to the authority on time, whose response is still pending. The contractor and the injured person agreed a private settlement which considers MLCC as well.

- On March 11, 2020 the World Health Organization labelled the coronavirus ("COVID-19") as a pandemic. As a result, decisions on many health measures and emergency have been taken in order to control the spread of this virus. The duration and impact of COVID-19 are currently unknown and also not possible to be calculated in the future.

The Company has been monitoring such situation permanently, its evolution, its impact on financial and operational indicators, its employees, clients and suppliers. In addition, the Company has contributed to the authorities in all the measures taken in order to reduce the spread of the virus.

Considering the information publicly known to date, we cannot estimate the length and financial impacts of the outbreak, however based on our assessment of scenarios that could possibly materialize in the short-term, we cannot discard that our operations and financial results could be negatively impacted due to the contingency. Notwithstanding, and as outlined in note 2, we have obtained representation from the Company's parent JX Nippon Mining & Metals Corporation that financial support will be available, subject to the corresponding approvals, if necessary.

### Note 29 - Subsequent events

On November 9, 2020, JX Nippon Mining & Metals Corporation announced that it has reached a basic agreement with Mitsui Mining & Smelting Co., Ltd. and Mitsui & Co., Ltd., joint investors in the Caserones Copper Mine, on the transfer to the Company of all their rights and interests in the mine (Mitsui Kinzoku: 25.87%, Mitsui & Co.: 22.63%). During February 2021, all the remaining liquidation of shares and debt were finalized. Further, we don't anticipate significant impacts in the operation of Caserones as consequence of this transaction as JX Metals remains the operator.

No other significant events have occurred subsequent to December 31, 2020, which might affect the amounts and/or disclosures included in these financial statements.

