

Chile's mining and metals investment guide 2026

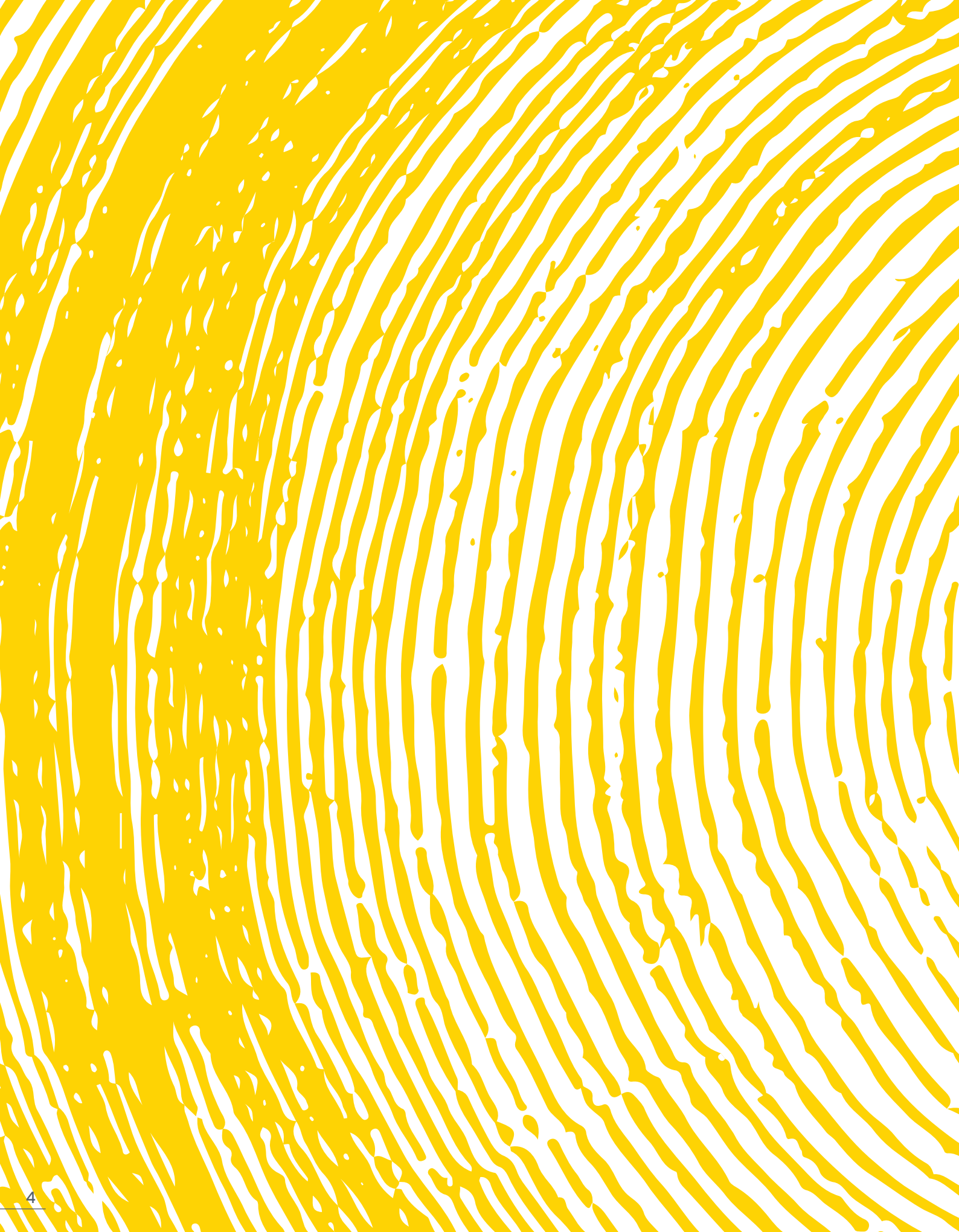


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Chile's mining and metals investment guide 2026



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About this mining and metals investment guide

It is my pleasure to present this new edition of our study on how to invest in the mining industry in Chile; an industry that in recent years has undergone regulatory, operational, and market transformations that position it as one of the most relevant hubs for the development of critical minerals worldwide.

This edition marks the third consecutive year of collaboration with InvestChile, strengthening a partnership that enables us to offer a rigorous, updated, and investor focused perspective for those seeking to understand and capitalize on the opportunities within the sector.

Chile's mining landscape enters 2026 with renewed dynamism, driven by global demand for strategic minerals—especially copper, gold, and lithium—and by a price environment that remains historically high.

Within these pages, we explore a range of elements typically evaluated by mining companies and

international investors before making key decisions on developing new mining operations. The guide includes an overview of Chile's political structure, business environment, macroeconomic outlook for the coming years, geological potential, and the latest trends and developments in the mining and metals sector.

In this context defined by strong commodity prices, a robust project pipeline, regulatory, challenges, and the advancement of key initiatives- we believe this report provides an essential tool for understanding both the opportunities and the demands of the Chilean market. Our mission is to deliver a clear, reliable, and strategic view for those assessing investments in one of the most crucial sectors for the global energy transition.

The guide also gives access to essential information to help foreign investors understand the regulatory framework that governs investment particularly the legal, tax, and compliance requirements necessary to operate within Chile's mining sector . This publication has been designed for easy consultation and aims to offer a balanced and objective view of areas of potential interest for foreign mining investors.

We have incorporated the most recent available data, along with additional commentary on several critical topics and details on major reforms that have recently been approved or are currently under discussion.

We hope that this report will contribute meaningfully to a sector that remains essential to the country's economic development, providing insights and practical guidance for all those interested in investing in Chile's mining industry.

Alicia Domínguez

Mining and Metals
Leading partner, EY Chile



PHOTO: CODELCO



Overview

1.1.1 Form of government

Chile has had a stable democracy since the end of the Pinochet government in 1990. It has a republican system of government comprising three separate and independent branches: executive, legislative and judicial. The executive branch is headed by the president, who is elected by a popular, voluntary vote for a single four-year term. The president appoints the cabinet and is advised by cabinet ministers. In the 2025 elections, Jose Antonio Kast was elected as the 38th president of Chile. The legislative powers are vested with the Government and the Chilean Congress.

The legislative branch is made up of a Senate (with 50 senators) and the Chamber of Deputies (with 155 deputies). The judicial branch is an independent body, headed by the Supreme Court and supported by regional courts of appeal. The president has the power to appoint supreme court judges.

Chile is divided into 16 regions. Regions are subdivided into provinces, which are headed by a governor, appointed by the president. These provinces are further subdivided into municipalities, which are governed by a democratically elected mayor.

After the massive social protests of 2019, the country entered a process of constitutional reform. As a result, during the last years, two draft proposals were put forward, both of which were rejected in separate referendums. This implies that the current constitution will remain in place.

Government overview

Government type

Constitutional republic

Legal system

Based on Civil Law

Executive branch

- ▶ Chief of state and head of government: President José Antonio Kast (since March 2026)
- ▶ Elections: Every four years by popular vote (non-consecutive reelection); Last presidential elections: November 2025 (first round) and December 2025 (Second round). Current presidential term began in March 2026.
- ▶ Cabinet: Council of Ministers appointed by the President

Legislative branch

- ▶ Bicameral Congress
- ▶ Senate: 50 seats
- ▶ Chamber of Deputies: 155 seats
- ▶ Next elections: November 2029

Judicial branch

Supreme Court judges are appointed by the president and ratified by the Senate. The Court provides the list of candidates.

International relationships

- ▶ The country is an associated member of Mercosur and the Andean Community of Nations and a full member of the Asia-Pacific Economic Cooperation (APEC) forum and the Pacific Alliance.
- ▶ Chile has been a full member of the OECD since 2010

1.1.2 Geography

Chile extends for 4,270 kilometers (km) (or 2,670 miles) along the west coast of South America bordering the Pacific Ocean and is 175 km wide on an average. Chile's primary territory shares a border with Peru to the north, Bolivia to the northeast and Argentina to the east. Chile also has the Easter Island in Oceania and territory in Antarctica.

Chile's geography is extremely diverse and varies significantly from the north to the south. Chile can be divided into three geographic zones:

- ▶ Most of the northern region is arid and is composed of the 600-mile-long Atacama Desert. This region provides Chile with salt, nitrates, lithium, iron and most of its copper, molybdenum, gold and silver mining. Other productive economic activities include fishing, fish meal and fish oil industries, fruit and wine production, as well as tourism.
- ▶ The central part of the country, often referred to as the Central Valley, is devoted primarily to industry, agriculture and mining activities. Most of Chile's business activities are concentrated in this region. Santiago, Chile's capital, and other major cities are located in the central region, which has the highest population density in the country. From the Central Valley, Chile expanded during the late 19th century to include the northern and southern regions of its current national territory.
- ▶ The southern region of Chile features rich grazing lands and forests, as well as many lakes and a series of volcanoes. This region is the center of the forestry industry. Cattle and sheep farming are also significant activities. Petroleum and natural gas are found in the far south.

1.1.3 People

Chile had an estimated population of 20.1 million people in 2026.¹

The official language is Spanish and indigenous languages are used by a minority of the population. In Chile, the availability of bilingual personnel is limited.

In Chile, the majority religion is Catholicism, although it has been declining over the years.

People overview 2026¹

Population 20.15 million	Growth rate 0.5374 ² %
Age structure 0-14 years: 16.3% 15-60 years: 62.7% Over 60 years: 21.0%	Fertility rate 1.06 ² births per woman
Urban/Rural population: 89%/11%	Life expectancy at birth 81.8 years

¹ Estimated value for 2026. Estimates and projections based on the 2024 population projections of the National Institute of Statistics.

² Data for 2024. Source: Population growth (annual %) - Chile | Data, World Bank

³ Banco Mundial. (2026). Población urbana (% del total) - Chile.

1.2

Chilean economy overview

Chile is traditionally considered one of the strongest Latin American countries in terms of institutionalism and fiscal policies. According to the World Bank, it has been one of Latin America's fastest-growing economies in recent decades.

This has allowed the country to show significant progress in the fight against poverty, which, under the updated Casen 2024 methodology, declined from an estimated 20.5% in 2022 to 17.3% in 2024 (income-poverty, comparable series). Extreme poverty also showed a downward trend, falling from 8.5% in 2022 to 6.9% in 2024.⁴


Recent years have been marked by volatility. After the post-pandemic adjustment, Chile's economy recorded only 0.2% GDP growth in 2023, before activity strengthened in 2024, when GDP rose 2.6%, according to national accounts. In its most recent Monetary Policy Report (IPoM), the Central Bank of Chile estimated 2.5% GDP growth in 2025 and projects 2.0% in 2026.⁶

In parallel, inflation ended 2023 at 3.9%, 2024 at 4.5% and closed 2025 at 3.5%⁷. Inflation reached its target range in February, declining somewhat faster than expected and falling to 2.4%. However, international conflicts are expected to push it upward again in the coming months.⁸

In the World Competitiveness Ranking 2025 (IMD), Chile improved its overall position and achieved its best placement in the economic performance category (44th), explained mainly by improvements in domestic economy and employment growth, reflecting strengthened competitiveness despite global uncertainty.⁹



- 4 Ministerio de Desarrollo Social y Familia, Observatorio Social. Chile. Presentación de resultados Casen 2024
- 6 Banco Central de Chile, IPoM marzo 2026.
- 7 Banco Central de Chile. Cuentas nacionales anuales.
- 8 Banco Central de Chile, IPoM marzo 2026.
- 9 InvestChile. (2025, 18 de junio). Global competitiveness: Chile reaches its highest level in five years.
- 10 Banco Central de Chile, IPoM marzo 2026.



1.3

Economic Situation

1.3.1 Overview

Chile is the fifth-largest economy in Latin America in terms of nominal Gross Domestic Product (GDP)¹¹. It ranks among the world's leading producers of copper, lithium, and iodine, as well as agricultural products such as fresh grapes, blueberries, plums, and dried apples. The IMF Executive Board noted Chile's continued implementation of strong macroeconomic

policies, including prudent fiscal management and monetary measures to restore inflation to target, and highlighted recent reforms to streamline investment permitting and strengthen regulatory certainty¹². The United Nations Human Development Index (HDI) for Chile in 2023 (2024 report) was 0.876, keeping it in the "very high" human development category and leading among countries in Latin America and the Caribbean¹³.

Indicator	Chile
Gross Domestic Product 2025 Q3 (Current prices, USD, million, Last 12 months) ¹	\$339,978
Per Capita Gross Domestic Product 2025 (Current prices, Purchasing power parity, International dollars) ¹	\$35,287
International Reserves 2025 (USD, million) ³	\$49.468
Foreign Debt 2025 Q4 (USD, million) ⁴	\$277.757,12
Foreign Debt 2025 Q3 (% of GDP) ⁵	74%
Total Public Debt 2025 Q3 (USD, million) ⁶	\$149.182,1
Total Public Debt 2025 Q3 (% of GDP) ⁷	43,3%
Unemployment Rate (moving quarter of Oct. to DIC. 2025) ⁸	8.0%
Population below poverty line 2024 ⁹	4.9
Minimum Monthly Wage since January 2026 (USD aprox) ¹⁰	\$600

1. Banco Central de Chile. Base de Datos Estadísticos (BDE): Indicadores macroeconómicos trimestrales. 2. International Monetary Fund. (2025, abril). World Economic Outlook Database, April 2025. 3. Banco Central de Chile. Base de Datos Estadísticos (BDE): Activos de reserva (millones de dólares).4. Banco Central de Chile. Base de Datos Estadísticos (BDE): Deuda externa a valor de mercado (millones de dólares).5. Banco Central de Chile. Balanza de Pagos y Posición de Inversión Internacional.6. Banco Central de Chile. Base de Datos Estadísticos (BDE): Stock de deuda por instrumento, Gobierno Central (millones de dólares). 7. Banco Central de Chile. Base de Datos Estadísticos (BDE): Deuda pública con relación al PIB (porcentaje del PIB).8. Instituto Nacional de Estadísticas (INE) de Chile. Ocupación y desocupación. 9. Ministerio de Desarrollo Social y Familia (MDSF), Observatorio Social. Encuesta de caracterización socioeconómica nacional 2024 (CASEN 2024). 1. 10. Dirección del Trabajo (DT). (2026, 2 de enero). ¿Cuál es el valor del ingreso mínimo mensual?

11 Worldometer. GDP by Country. Latin America & the Caribbean. IMF. 2026.

12 Fondo Monetario Internacional. (2025, 26 de agosto). El Directorio Ejecutivo del FMI concluye la revisión intermedia del marco del acuerdo de la Línea de Crédito Flexible con Chile.

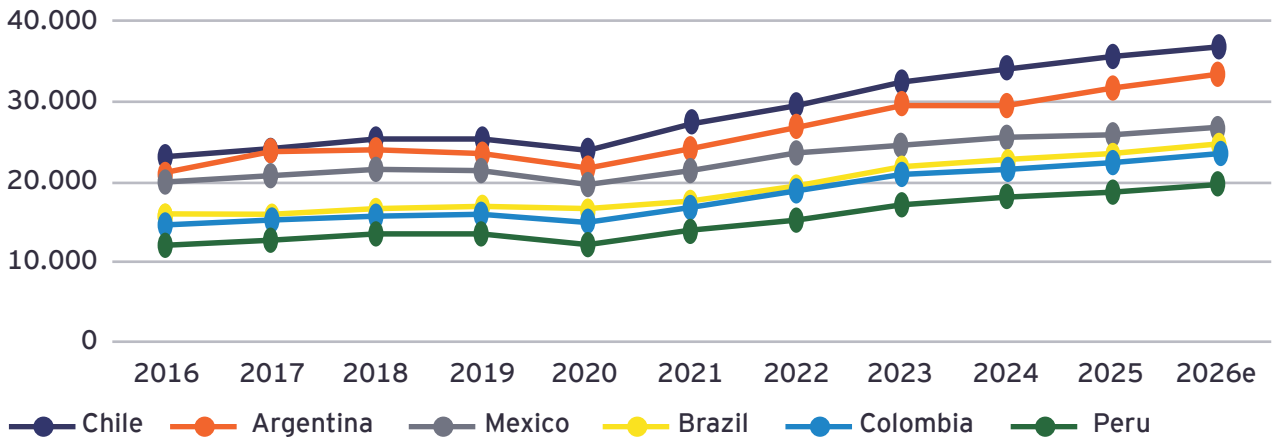
13 Programa de las Naciones Unidas para el Desarrollo (PNUD) Chile. (2025, 8 de mayo). Radiografía del desarrollo humano en Chile: entre logros sociales y brechas estructurales

1.3.2 Per capita

Chile is among the highest GDP per capita (PPP) economies in Latin America and the Caribbean. Using

IMF (WEO) figures for 2024, Chile's GDP per capita (PPP, current international dollars) is about US\$33,805¹⁴

Per capita gross domestic product. Purchasing power parity. International dollars¹.



1. International Monetary Fund. (2025, abril). World Economic Outlook Database, October 2025.

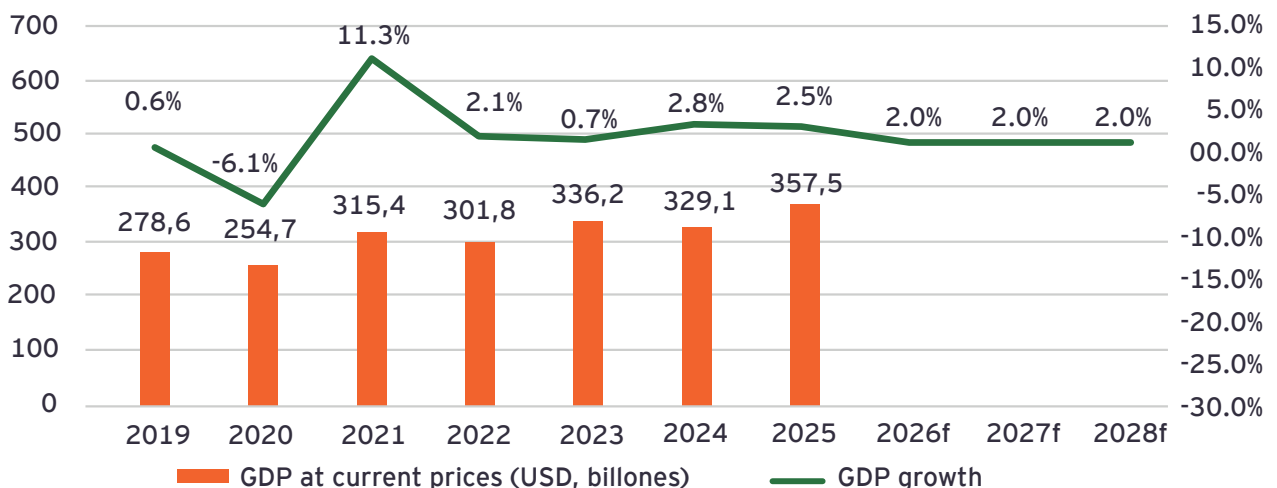
1.3.3 Growth expectations

Following a sharp contraction of 6.5% in 2020, the Chilean economy rebounded strongly in 2021, posting a record annual growth of 10.2%. related to pandemics stimulus measures were gradually withdrawn and monetary policy tightened to address inflationary pressures, growth moderated to 2.0% in 2022 and slowed further to 0.2% in 2023. In 2024, economic activity showed signs of recovery, with GDP expanding

by 2.8%, reflecting a gradual normalization of domestic demand and financial conditions.¹⁵

According to the March 2026 IPoM, Chile's economy grew 2.5% in 2025, while inflation fell to 2.4% in February 2026. For 2026, the Central Bank now expects GDP growth between 1.5% and 2.5%, reflecting the impact of higher global energy prices, the Middle East conflict, and domestic fiscal adjustments. Inflation is projected to temporarily rise to around 4% due to fuel costs, before gradually converging back to the 3% target over the medium term.¹⁶

Gross Domestic Product, Levels and Growth¹



1. Banco Central de Chile. Base de Datos Estadísticos (BDE): Producto interno bruto, referencia 2018. (Variaciones calculadas hasta 2024)

14 Worldometer. GDP per Capita (PPP) in Latin America & Caribbean (2024) - IMF.

15 Banco Central de Chile. Base de Datos Estadísticos (BDE): Producto interno bruto, referencia 2018.

16 Banco Central de Chile, IPoM marzo 2026

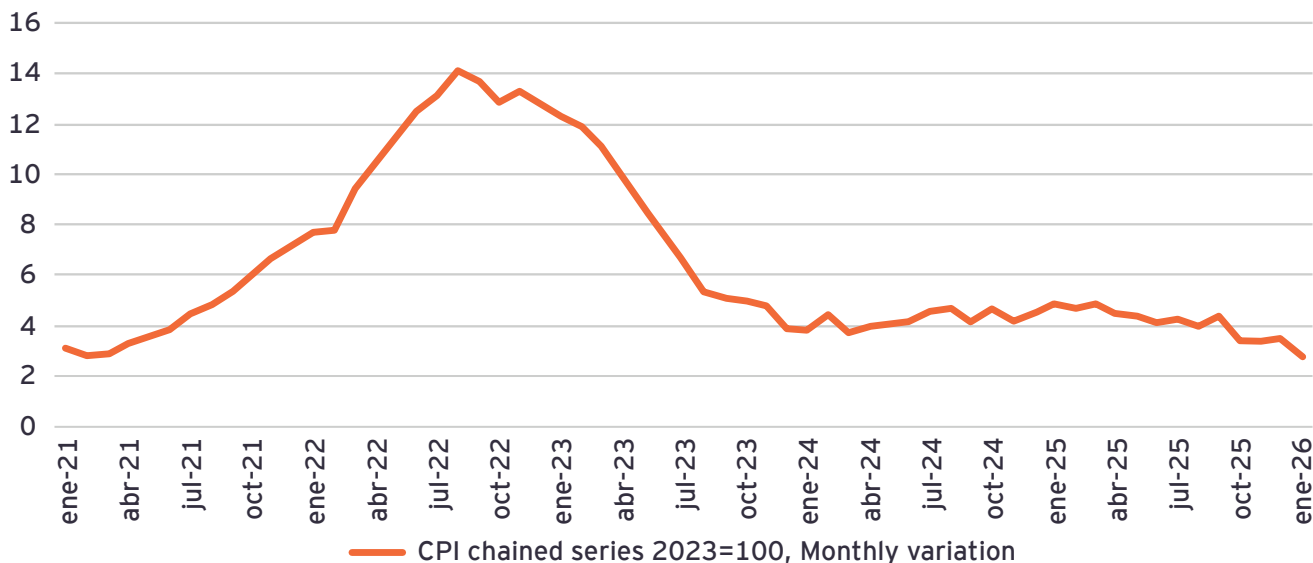
1.3.4 Inflation and exchange rate

Chile was not immune to the global inflation surge: CPI reached double-digit rates in 2022, but later eased as monetary policy tightened and the economy adjusted. Inflation ended 2023 at 3.9%, then picked up again in 2024, closing at 4.5%, remaining above the tolerance range. The Central Bank began its easing cycle in July 2023 and continued cutting the policy rate over time, reaching 4.5% by December 2025—a level that was maintained in the March 2026 Monetary Policy Meeting. ¹While inflation had fallen to 2.4% in February 2026, the Bank now expects a temporary rebound toward 4% during the second quarter of 2026

due to higher international energy prices, before gradually converging back to the 3% target over the medium term rather than in mid-2026 as previously projected. The Central Bank emphasized that future rate adjustments will depend on evolving data, global uncertainty, and the persistence of inflationary pressures.¹⁷

Chile adopted a fully flexible exchange rate regime in the late 1990s and since then, the Central Bank only intervenes in the foreign exchange market occasionally. In recent times, both internal and external uncertainty factors have led the Chilean peso to increase its volatility.

CPI chained series 2023=100, Monthly variation¹



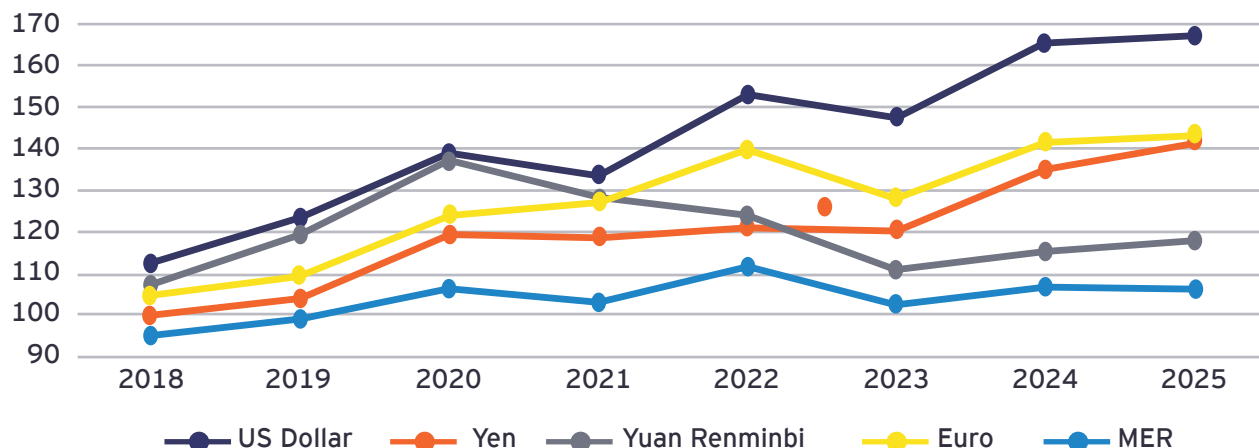
Banco Central de Chile Base de Datos Estadísticos (BDE): IPC variación empalmada BCCh, base 2023=100 (mensual).

The Multilateral Exchange Rate (MER) of Chile shows moderate fluctuations rather than a perfectly stable trend. After rising between 2018 and 2022, reaching a peak in 2022, it declined in 2023 and remained relatively stable around 107 during 2024 and 2025. This pattern suggests that the Chilean peso

experienced periods of depreciation followed by partial appreciation and stabilization. While these shifts are largely driven by geopolitics uncertainty, global financial conditions and commodity-price cycles, domestic factors –including political uncertainty and fiscal adjustments– have also contributed to short-term exchange-rate volatility.

¹⁷ Banco Central de Chile. (2025, diciembre). Informe de Política Monetaria. Diciembre 2025.

Evolution of Multilateral Exchange Rate (MER)¹ and International Currencies² (baseline 2014=100)



Sources: Exchange rates and Multilateral exchange rate variations, Central Bank of Chile.

Currency Exchange - CLPs per currency (annual average)

Currency	2019	2020	2021	2022	2023	2024	2025
US Dollar ³	702.63	792.22	759.27	872.33	839.07	943.58	951,64
Euro ³	786.35	902.68	897.37	917.59	907.21	1,020.62	1.073,68
Yen ³	6.45	7.42	6.91	6.67	5.98	6.24	6,36
Yuan ³ Renminbi	101.61	114.2	117.74	129.54	118.40	130.9	132,29
MER ⁴	106.4	114.95	111.16	120.59	110.57	115.50	114,89

1. Banco Central de Chile. Base de Datos Estadísticos (BDE): Tipo de cambio multilateral de Chile (índices 2-ene-1998=100). 2. Banco Central de Chile. Base de Datos Estadísticos (BDE): Tipo de cambio nominal de distintas monedas (índices). 3. Banco Central de Chile. Base de Datos Estadísticos (BDE): Tipo de cambio nominal de distintas monedas (Serie). 4. Banco Central de Chile. Base de Datos Estadísticos (BDE): Tipo de cambio multilateral de Chile (Serie)

1.3.5 Fiscal accounts

Since 2001, Chile's fiscal policy has been guided by a rule based on a cyclically adjusted balance (CAB), better known as the Central Government's structural balance rule complemented by a sovereign stabilization fund. This policy puts the focus of the Treasury's situation in a medium-term perspective, instead of its current situation. This framework has been complemented by sovereign stabilization funds and, more recently, by a dual fiscal rule that also incorporates a prudent debt anchor.

According to the latest fiscal data, the central government recorded an effective deficit of -2.8% of GDP in 2025. The structural balance also remained in

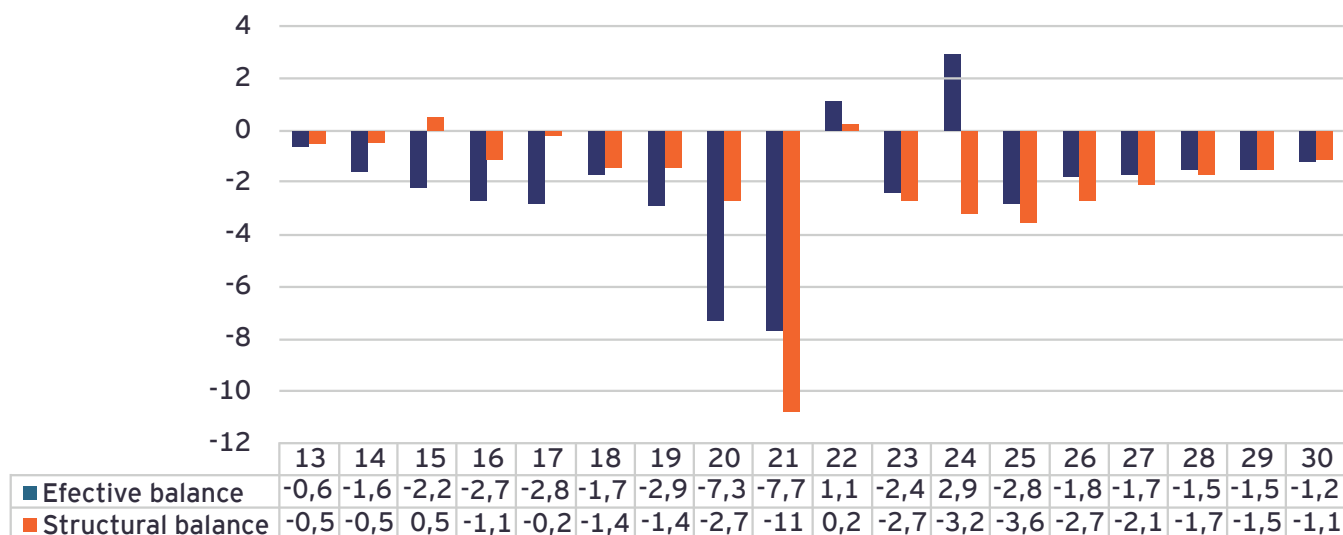
deficit, moving from -3.2% of GDP in 2024 to -3.55% in 2025. The new administration has placed fiscal consolidation at the center of its economic strategy, announcing a significant fiscal adjustment. This tighter fiscal stance is expected to help contain medium-term inflationary pressures and mitigate risks amid a more adverse external environment.¹⁸

Public debt, while higher than pre-pandemic levels, remains moderate by international standards. Gross central government debt reached 41.7% of GDP in 2024 and stayed broadly stable through 2025. Given the government's commitment to fiscal tightening and the measures already announced, debt is expected to remain close to 42% of GDP in 2026, comfortably below the country's prudent threshold of 45% of GDP.¹⁹

18 Dirección de Presupuestos (DIPRES), Ministerio de Hacienda. (2026, febrero). Informe de Finanzas Públicas: Cuarto Trimestre 2025.

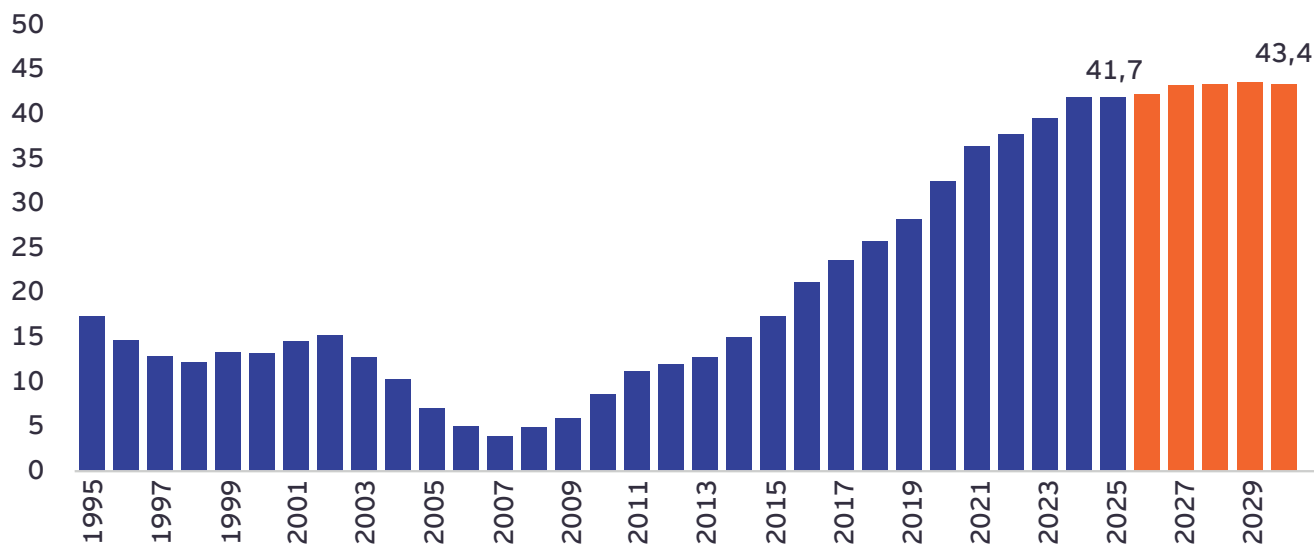
19 Dirección de Presupuestos (DIPRES), Ministerio de Hacienda. (2026, febrero). Informe de Finanzas Públicas: Cuarto Trimestre 2025.

Fiscal balance: results and projections 2013-2030 (% o GDP)¹



1. Dirección de Presupuestos (DIPRES), Ministerio de Hacienda. (2026, febrero). Informe de Finanzas Públicas: Cuarto Trimestre 2025.

Assessment of public debt¹



1. Banco Central de Chile. (2025, noviembre). Balanza de Pagos, Posición de Inversión Internacional y Deuda Externa: Resultados al tercer trimestre de 2025. Dipres, Gobierno de Chile

1.4

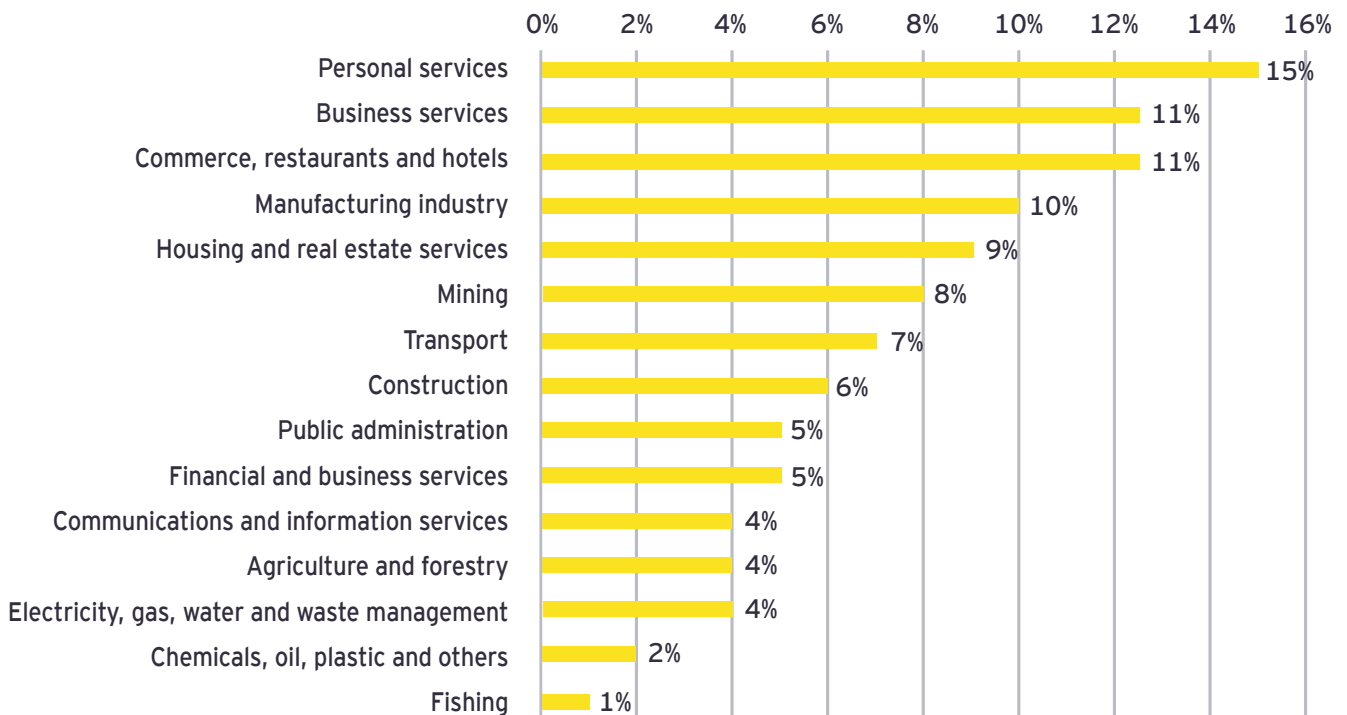
Economic Sectors and Balance of Trade

1.4.1 Main economic sectors

Chile's economy remains highly export-oriented, with mining and especially copper continuing to play a central role in overall performance alongside other tradable sectors such as forestry products, fresh fruit, seafood and wine.

Recent activity data suggest a new perspective across sectors. At the start of 2026, overall economic activity was broadly flat: the Imacec for January 2026 fell 0.1%, reflecting a contraction in the goods production sectors falling 1.5%, while services grew 1.4% and the sectors different to the mining were relatively flat.²⁰

GDP by economic sector, 2024, percentage of GDP¹



Source: Gross domestic product by class of economic activity. Central Bank of Chile.

Banco Central de Chile. BDE: PIB por clase de actividad económica, volumen a precios del año anterior encadenado, series empalmadas, referencia 2018.

²⁰ Banco Central de Chile. (s. f.). *IMACEC - Página principal*.



1.5

Low Credit Risk

Chile remains the lowest sovereign credit-risk country in Latin America and continues to lead the region in investment-grade ratings, reflecting solid macroeconomic policy frameworks and strong institutions.²¹

Debt rating in Latin America¹

Country	Moody's	S&P	Fitch
Chile	A2	A	A-
Uruguay	Baa1	BBB+	BBB-
Perú	Baa1	BBB-	BBB
México	Baa2	BBB	BBB-
Colombia	Baa3	BB	BB+
Paraguay	Baa3	BBB-	BB+
Brazil	Ba1	BB	BB-
Ecuador	Caa1	B-	B-
Venezuela	C	B-	WD
Bolivia	Ca	CCC-	B-
Argentina	Caa1	CCC+	C

1. Country debt rating (foreign currency, long term). Latest information available as of 2026. Expansion (Datosmacro.com).

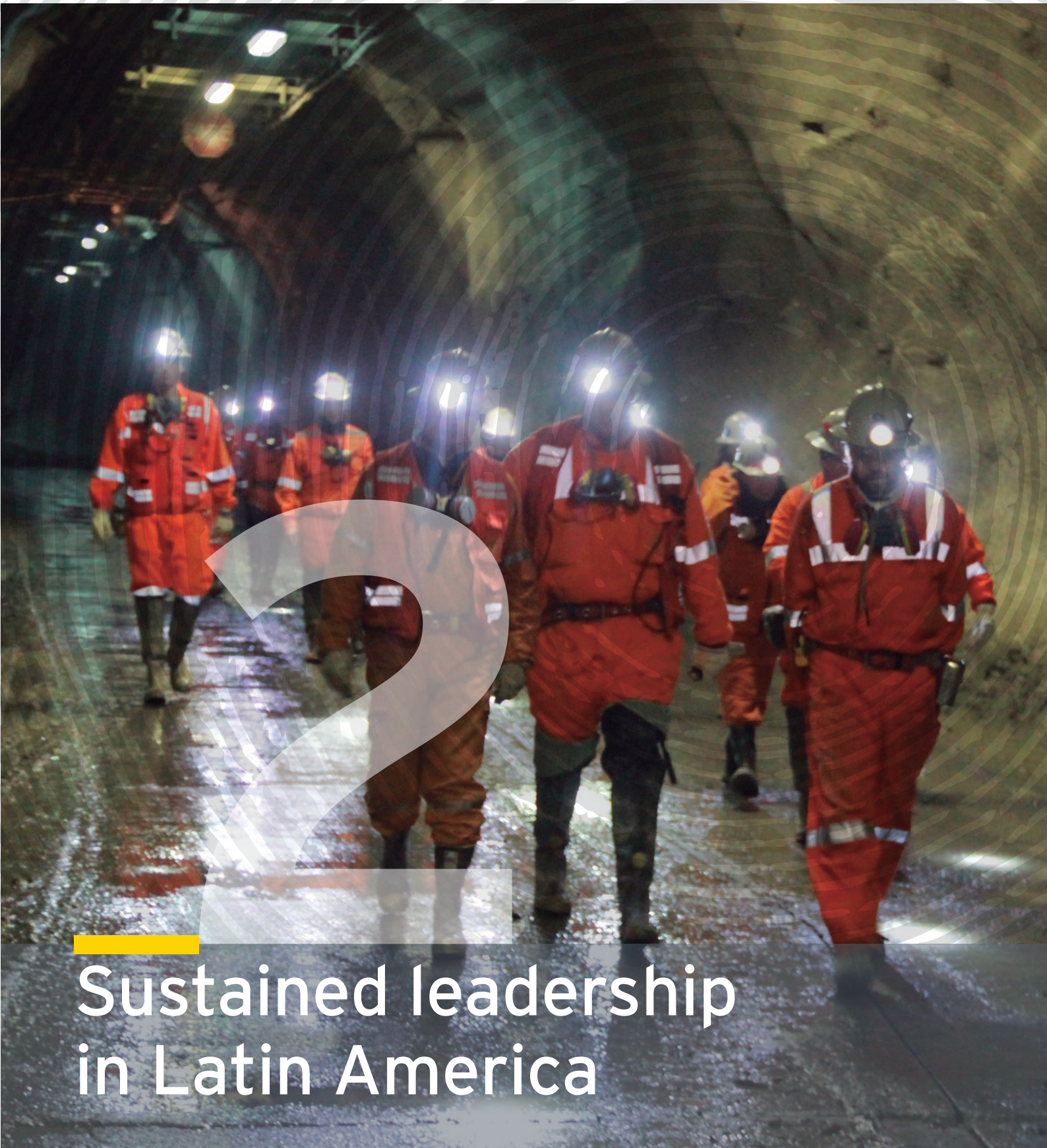


21 S&P Global Ratings. Chile 'A/A-1' Foreign Currency Ratings Affirmed

Risk rating description²

Quality	Moody's	S&P	Fitch
Highest quality	Aaa	AAA	AAA
High quality	Aa1	AA+	AA+
High quality	Aa2	AA	AA
High quality	Aa3	AA-	AA-
Upper-medium-grade	A1	A+	A+
Upper-medium-grade	A2	A	A
Upper-medium-grade	A3	A-	A-
Lower-medium-grade	Baa1	BBB+	BBB+
Lower-medium-grade	Baa2	BBB	BBB
Lower-medium-grade	Baa3	BBB-	BBB-
Speculative non-investment grade	Ba1	BB+	BB+
Speculative non-investment grade	Ba2	BB	BB
Speculative non-investment grade	Ba3	BB-	BB-
Highly speculative	B1	B+	B+
Highly speculative	B2	B	B
Highly speculative	B3	B-	B-
Substantial risk	Caa1	CCC+	CCC+
Substantial risk	Caa2	CCC	CCC
Substantial risk	Caa3	CCC-	CCC-
Extremely speculative	Ca	CC	CC
Extremely speculative			C
Little prospect of recovery		SD	RD
In default	C	D	D
In default			DD
In default			DDD
Not rated	WR	NR	

2. Description of risk classifications. Expansion ([Datosmacro.com](https://datosmacro.com)).



Sustained leadership in Latin America

PHOTO: CODELCO

Chile has consistently been regarded as the economy with the best business climate in Latin America over the past decades. The World Bank traditionally ranked the country first in its now-defunct “Doing Business” index at the regional level, while the Institute for Management Development (IMD) places it as No. 1 in Latin America in its Competitiveness Ranking (No. 42 globally)¹.

Thanks to its international economic openness—a state policy maintained by successive governments since the 1990s—Chile is also one of the most globally connected and open economies. The country has 36 active trade agreements with 66 economies, covering 89% of global GDP and 63% of the world’s population, allowing products manufactured within its borders to enter major global markets under favorable tariff conditions².

Additionally, Chile boasts the highest per capita productivity in Latin America and leads the region in global talent rankings³.

As an OECD member since 2010, Chile is recognized as one of the economies that invests the most in education. By 2019, the country allocated 5,9% of its GDP to educational institutions, significantly above the OECD average of 4,7%. Furthermore, between 2008 and 2023, this investment grew by 62%⁴. Over 1,300,000 students enroll in higher education each year, and more than 300,000 graduate annually.

Chile has also strengthened its leadership in Latin America in areas such as digital connectivity—being a pioneer in 5G implementation, an early adopter of new technologies, and boasting the world’s fastest fixed internet speed⁵—positioning itself as a regional digital hub. Additionally, it is a leader in green energy generation, as confirmed by Bloomberg’s “Climatescope” ranking, which places Chile in third place among the main emerging economies for investing in clean energy.⁶

The ease of setting up businesses is another key advantage in the country. More than 1,480,000 companies have been created through the Ministry of Economy’s “Tu Empresa en un Día” program between 2013 and 2025, equating to more than 300 new businesses per day.

The long-term efforts of the Chilean government in fostering entrepreneurship and venture capital investment have transformed the country into “one of the best environments for entrepreneurial activity,”⁷ while also leading the Global Innovation Index since 2007 at a regional level⁸.

1. <https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-competitiveness-ranking/>
2. <https://www.subrei.gob.cl/>
3. Índice de Competitividad de Talento Global.
4. https://read.oecd-ilibrary.org/education/education-at-a-glance-2022_a9164c19-es#page3
5. Speedtest Global Index
6. <https://www.global-climatescope.org/results/>
7. GEM 2022-2023
8. WIPO 2022



2.1 New Perspective: Key Opportunities for Global Challenges

In recent years, the Chilean government has focused its efforts on promoting investment opportunities in key sectors that address global challenges such as climate change and the digital revolution. This is the result of long-term state policies that have been upheld across different administrations and are now being implemented through specific strategies.

One such initiative is the National Lithium Strategy, launched in 2024, which seeks to leverage the country's natural advantages—Chile holds 36% of the world's lithium reserves—through public-private partnerships. This strategy serves as a roadmap for developing the necessary capabilities, institutions, and regulations to provide interested companies with not only investment plans but also concrete opportunities to partner with the state.

Meanwhile, in terms of green hydrogen production, the country's goals are to have a significant share of the market by 2050, as well as to achieve a cost below USD 4/kg (one of the most competitive worldwide).⁹

Chile is also making rapid progress in electromobility. The country currently has the world's second-largest fleet of electric buses, with 62% of the public transport fleet in the Metropolitan Region—the largest in the country—now operating with electric vehicles. In the capital, Santiago alone, there are already 4,000 electric buses, and the goal is for the entire public transport system to be electric by 2040.

The advancement of sectors such as technology infrastructure and global services is reflected in the portfolio of InvestChile, the country's foreign investment promotion agency. The agency has grown from supporting 13 projects worth USD 508 million in 2016 to managing a current portfolio of over USD 5,600 millions, with more than 215 projects.

⁹ National Green Hydrogen Strategy

2.3 Foreign Investment Flows and Stock

According to data from the Central Bank, Chile received a net inflow of US\$14.513 billion in 2025 in foreign direct investment (FDI). This figure represents a 10.8% increase compared to 2024 (US\$13.104 billion).

With this result, the average FDI over the last five years reaches US\$16.157 billion, 63% higher than the 2016-2020 five-year period, in which the average amounted to US\$9.914 billion, thus reflecting its recovery compared to the pandemic years.

The most important component of the accumulated FDI flow is the reinvestment of earnings, totaling US\$8.955 billion, followed by Equity Contributions, with US\$5.773 billion. Related debt reached a negative amount of US\$214 million.

2.3.1 Stock, Countries, and Sectors

In terms of stock, or the historical accumulated investment in the country, the most recent data (2024) indicates that it amounts to USD 285,790 millions.

Regarding the origin of investment, Canada leads the ranking. According to the Central Bank, Canada's accumulated investment reached USD 41,840 millions, followed by the United States in second place with USD 29,455 millions. The top five are completed by the Netherlands (US\$20.232 billion), Spain (US\$19.208 billion), and the United Kingdom (US\$16.205 billion).

Foreign Direct Investment Stock by Country of Origin (millions of USD)

Country	2023	2024
Canada	40.233	41.840
United States	28.820	29.455
Spain	20.687	19.208
Netherlands	19.496	20.232
United Kingdom	16.341	16.205
Italy	14.762	12.458
Japan	7.209	7.740
Belgium	6.207	6.238
Colombia	3.370	3.304
Brazil	2.978	3.293
Bermuda	2.914	3.016
Australia	2.597	2.494
Switzerland	2.204	1.873
Sweden	1.927	1.807
Mexico	1.903	1.479
France	1.739	1.963
British Virgin Island	1.720	2.103
Norway	1.484	1.338
Germany	1.192	1.035
Luxembourg	1.169	1.109
Panama	921	519

Source: Central Bank of Chile

Other countries with significant investment amounts include Italy (USD 12,458 millions) and Belgium (USD 6,238 millions) from Europe; Colombia (USD 3,304 millions) and Brazil (USD 3,293 millions), which led Latin American FDI in Chile; and Japan (USD 7,740 millions) and Australia (USD 2,949 millions) from the Asia-Pacific region.

Geographically, the Metropolitan Region (USD 82,390 millions) and Antofagasta Region (USD 46,083 millions) lead in regional FDI stock.

Regarding the main sectors, mining stands out with USD 81,874 millions, followed by electricity, gas, and water (USD 334,617 millions) and Financial Services (USD 31,981 millions). Notably, the mining sector experienced a significant increase, with investment flows rising from USD 2,157 millions in 2020 to USD 6,340 millions in 2024.

Foreign Direct Investment Flows by Destination Economic Sector (millions of USD)

Sector	2019	2020	2021	2022	2023	2024
Agriculture and fishing	184	564	148	304	800	204
Mining	1.482	2.157	5.946	6.781	9.470	6.340
Manufacturing industry	328	- 226	207	820	1.086	836
Electricity, gas and water	3.988	3.860	10.278	2.564	2.065	297
Construction	153	1.286	763	346	237	464
Commerce	1.449	1.077	219	488	2.141	1
Hotels y restaurants	7	1	2	9	11	- 59
Transport and storage	-203	639	- 2.320	- 270	1.071	139
Communications	1.236	- 1.603	- 368	138	899	2.127
Financial services	2.108	136	614	3.884	- 371	10
Real estate and business services	16	10	- 13	7	21	- 95
Other services	- 316	169	316	- 10	- 192	2.167
Unassigned	3.147	3.376	- 615	3.711	1.138	12.521
TOTAL	13.579	11.447	15.177	18.772	18.377	

Source: Central Bank of Chile

2.4 InvestChile Portfolio

In terms of projects, InvestChile, the Foreign Investment Promotion Agency, reported that it closed 2025 with a project portfolio worth USD 65,689

millions, the highest amount since its creation. A total of 463 foreign investment projects—at various stages of development—were supported by the agency throughout the year, representing a 16,8% increase compared to 2024 (USD 56,234 millions).

Evolution of the InvestChile Project Portfolio (*)

(*) Figures at the end of each year.

	2018	2019	2020	2021	2022	2023	2024	2025
Amount (USD MM)	14,067	17,799	22,289	27,776	28,345	33,505	56,234	65,689
Nº of Projects	274	413	500	486	476	450	474	463
Nº of Jobs	14,998	14,831	15,010	20,686	18,866	18,102	21,096	20,678

Source: InvestChile

Of the total amount, USD 16,246 millions corresponds to investments already in the materialization phase (initiatives established and under development in the country). The 107 projects corresponding to this stage generated 3,886 direct and permanent jobs.

Foreign companies supported by InvestChile concentrated their investments primarily in three sectors: Energy, with USD 38,166 millions; Mining, with \$14,409 millions; and Global Services, with USD 5,604 millions. In both Energy and Mining, the number of projects increased compared to 2024, by 67% and 64%, respectively.

InvestChile Portfolio by Sector (*)

(*) Al 31 de diciembre 2025.

Sector	Amount (USD MM)
Energy	38.166
Mining	14.409
Technology and Global Services	5.604
Infraestructure	5.572
Food Industry	1.391
Others	545

Source: InvestChile

InvestChile Portfolio by Country of Origin (*)

(*) At the en of 2024.

Country	Amount (USD MM)
United States	19.090
Dinamarca	11.307
Reino Unido	7.658
Canada	7.361
China	4.277
Spain	3.432
Brazil	2.519
Saudi Arabia	1.400
Italia	1.364
France	1.278
Others	6.004

Regarding the countries of origin of the foreign investment projects in InvestChile's portfolio, U.S. companies concentrated the largest amount, with USD 19,090 millions, followed by Denmark (USD 11,307 million) and the United Kingdom (USD 7,658 million).

2.4.1 InvestChile Mining Portfolio

Regarding the details of the mining project portfolio managed by InvestChile, initiatives in the Extraction subsector lead by far in terms of amount, with USD 11,266 millions spread across 17 projects, followed by exploration projects, totaling USD 2,677 millions

Subsectors of InvestChile's Mining Portfolio

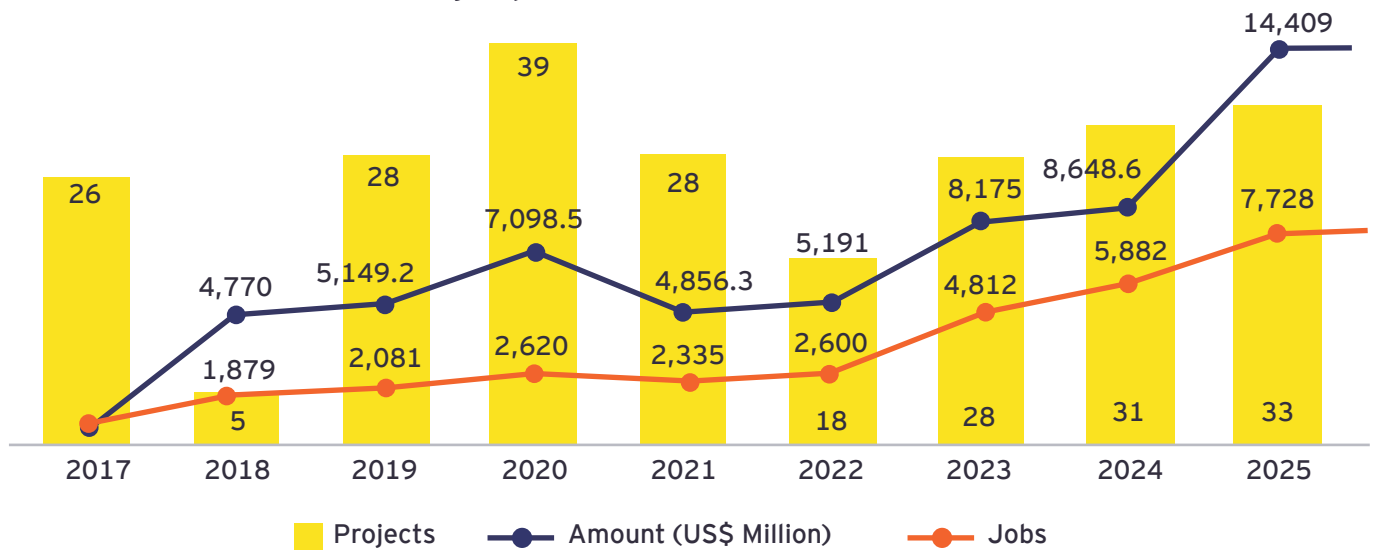
(December 2024, millions of USD)

Subsector	Amount
Exploitation	\$11.266
Exploration	\$2.677
Lithium industry	\$446
Other mining projects	\$20

Source: InvestChile

In terms of countries, Canada leads with 8 projects totaling USD 5.933 millions, followed by South Africa with 2 projects worth USD954 million, the United Kingdom with 4 projects totaling USD 7.475 billion, and China with 5 projects totaling USD 410 million and Germany with 3 projects totaling USD543 million.

The Evolution of InvestChile's Mining Projects Portfolio



Source: InvestChile

It is worth noting that the mining portfolio at the end of 2025 represents the highest amount the sector has ever recorded in the agency's portfolio since its inception. The figure marks a 67% increase compared to the amount registered in 2024, and a 6,5% increase in the number of projects.



Importance of Chile's mining sector

PHOTO: CODELCO

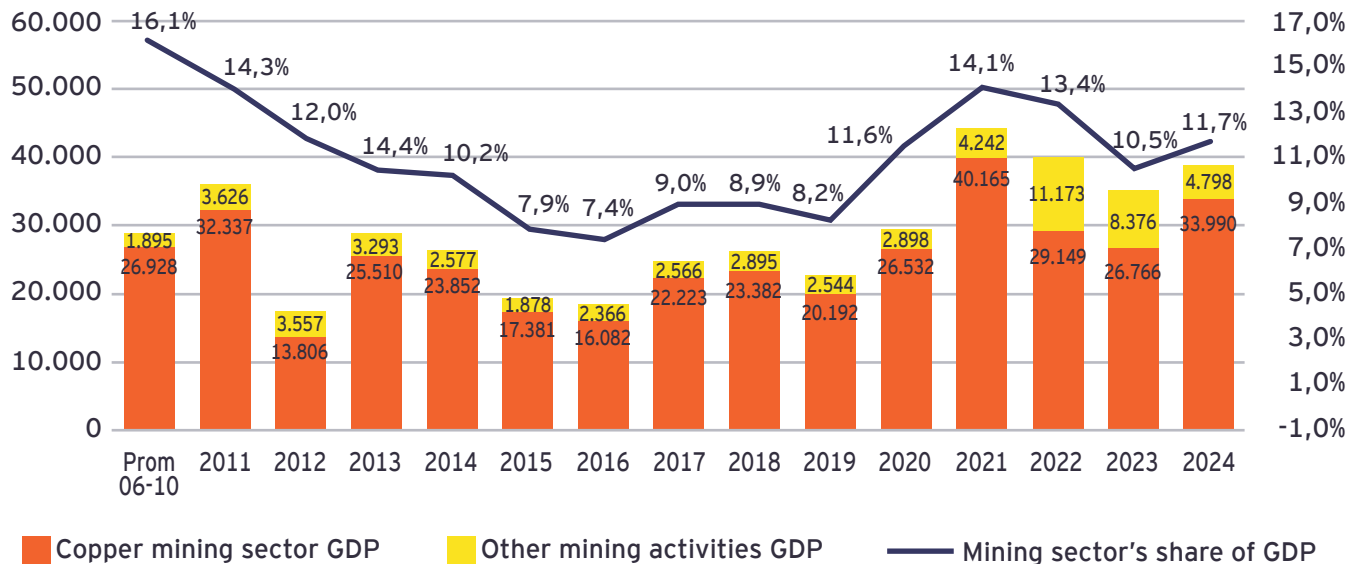
3.1

Contribution of mining to the Chilean economy

Mining accounted for 11.7% of Chile's GDP in 2024; copper mining GDP was US\$33.99bn and other mining US\$4.80bn. Mining exports totaled US\$57.7bn in 2024. The same year, net FDI inflows to mining reached US\$6.34bn; total net FDI into Chile was

US\$12.52bn (-32% vs. 2023). Exhibiting a positive annual expansion progression of approximately 6% from 2019 to 2021, year where it reached its peak, decreasing to 11.7% for 2024.^{1/2}

GDP of the mining sector and its share of national GDP



Source: Consejo Minero, CAM Report - February 2026.

Chile remains a highly appealing mining destination, thanks to its rich mineral resources characterized by substantial deposits, frequently located at high altitudes and in remote areas. The country benefits from investor-friendly regulations, along with a stable economic and political environment. Additionally, its established mining jurisdiction features well-developed road and port infrastructure, as well as a skilled workforce.

In 2025, mining exports totaled US\$63.254 billion; within GDP, copper mining reached US\$55.72 billion and other mining US\$7.52 billion (current dollars). Mining's contribution to fiscal revenues stood around 7% of total tax revenues in 2024.¹

Regarding foreign investment, mining received net FDI inflows of US\$6.34 billion in 2024 and remains the economic sector with the largest FDI stock in Chile.²

1 Consejo Minero (2026), CAM Report - February 2026. <https://consejominero.cl/wp-content/uploads/2026/03/20260302-CAM-febrero.pdf>
 2 Central Bank of Chile, in InvestChile (2025), Foreign Direct Investment Report 2025. <https://www.investchile.gob.cl/wp-content/uploads/2025/12/Informe-IED-eng-2025-final.pdf>

Table: FDI inflows by economic sector (millions of USD)

Sector	2019	2020	2021	2022	2023	2024
Agriculture and fishing	184	564	148	304	800	204
Mining	1,482	2,157	5,946	6,781	9,470	6,340
Manufacturing industry	328	-226	207	820	1,086	90
Electricity, gas, and water	3,988	3,860	10,278	2,564	2,065	836
Construction	153	1,286	763	346	237	297
Commerce	1,450	1,077	219	488	2,141	464
Hotels and restaurants	7	1	2	9	11	1
Transport and storage	-203	639	-2,320	-270	1,071	-59
Communications	1,236	-1,603	-368	138	899	139
Financial services	2,108	136	614	3,884	-371	2,127
Real estate and business services	16	10	-13	7	21	10
Other services	-316	169	316	-10	-192	-95
Unassigned	3,147	3,376	-615	3,711	1,138	2,167
TOTAL	13,579	11,447	15,177	18,772	18,377	12,521

Source: Central Bank of Chile, cited in InvestChile (2025), Foreign Direct Investment Report 2025.

3.1.2 Copper mining

Chile's expected copper production path (2025-2034) rises to 5.97 Mt in 2027, dips to 5.43 Mt in 2030, and recovers toward 6.06 Mt in 2033 and 5.86 Mt in 2034. The product mix continues shifting toward concentrates (~80% in 2025 to ~85% by 2034), with SX-EW stabilizing around 0.8-0.9 Mt by 2034. Chile's global production share trends near 23% in 2027, eases to ~21.5% by 2030, and then recovers toward ~27% by 2034³.

Copper drove the next mining boom in Chile in the 1990s, when industrialization and urbanization, mainly in China, led to a sharp increase on its demand. China accounted for 59% of global copper demand in 2025¹. Meanwhile, Chile's copper production has steadily increased over the last decades, but its share of the global copper market has been declining. Nevertheless, Chile has maintained its position as the world's largest producer, contributing with 23.6% of global copper production in 2024³.

3.1.3 Lithium production

Chile remains among the top lithium producers and holds a large share of global reserves; production is primarily lithium carbonate from brine operations in northern salt flats (e.g., Salar de Atacama)⁴.

In 2024, Chile's lithium production was estimated at 297,000 metric tons (LCE), marking the highest figure recorded during the observed period. This represented an increase of over 9.6% compared to the previous year⁵. Chile primarily produces lithium carbonate, followed by lithium hydroxide and lithium chloride. Lithium carbonate holds the highest commercial transaction value and can be produced through either hard-rock mining extraction, the method mainly used in Australia, or by extraction from brine. In Chile, lithium is mined through brine extraction, which is easier and more cost-effective.

3.1.4 Other Mining activities

Chile boasts a diverse mining sector that includes the extraction of various other minerals and metals. The country is a significant producer of gold, often found alongside copper in operations. Silver, for which Chile is the 6th- 7th producer worldwide⁶, is also mined, primarily

3 Proyección de Producción de Cobre en Chile. Período 2024- 2034, Cochilco.

4 Consejo Minero (2026), CAM Report - February 2026. <https://consejominero.cl/wp-content/uploads/2026/03/20260302-CAM-febrero.pdf>

5 Comisión Chilena del Cobre (Cochilco). (2025, December). Cartera de proyectos de inversión minera en Chile: Período 2025-2034 [Mining investment project portfolio in Chile: 2025-2034 period]. Dirección de Estudios y Políticas Públicas, Cochilco. Informe Cartera de Proyectos de Inversión Minera 2025-2034 - Cochilco

6 Revista Digital Minera, dic 2025.

as a byproduct of copper and gold mining, with notable contributions from the San Francisco and Cerro Blanco mines. Chile has also substantial iron ore reserves, with mines such as El Romeral and Los Colorados supplying both domestic and international markets.

Molybdenum, used in steel alloys, is another important metal produced as a byproduct of copper mining, particularly from Chuquicamata and El Teniente. Currently, Chile is the world's second largest molybdenum producer. Zinc and lead are extracted in smaller quantities, often in polymetallic deposits, and coal mining operations exist primarily in the southern regions for domestic energy use.

3.1.5 Mining companies in Chile⁷

Today Chile hosts the operations of the world's largest miners. These include both national and internationally owned companies:

- ▶ Codelco. Chile's state-owned miner with major divisions (Chuquicamata, El Teniente, Andina, Radomiro Tomic, Ministro Hales, Gabriela Mistral, Salvador). #2 copper producer worldwide in 2024 (1,420,795 t). Flagship brownfield projects include El Teniente New Level (US\$7.51 bn, implementation), RT Sulfuros Phase II (US\$5.57 bn, evaluation) and a multi-site tailings program (US\$4.55 bn, implementation).
- ▶ BHP. Majority owner and operator of Escondida—the world's largest copper mine—producing 1,281,400 t in 2024 (5.6% of global mine output). BHP also operates Spence (256 kt in 2024) and holds 57.5% of Escondida (with Rio Tinto 30%, JECO 10% and JECO 2 2.5%). At the corporate level, BHP ranked #1 globally in 2024 with 1,477,525 t of attributable copper.
- ▶ Anglo American. Operates Los Bronces (172 kt in 2024), El Soldado (48 kt) and Chagres smelter; also 44% partner in Collahuasi. The Los Bronces Integrated project (US\$3.3 bn) has EIA approved.
- ▶ Antofagasta Minerals (AMSA). Operates Los Pelambres (331 kt in 2024), Centinela (224 kt), Antucoya (80 kt) and 50% of Zaldívar (83 kt total mine output). Growth led by Nueva Centinela (US\$4.4 bn, implementation) and Los Pelambres - Operational Adaptation (PAO) (US\$2.0 bn, implementation).
- ▶ Teck Resources. Quebrada Blanca produced 208 kt in 2024 (ownership: Teck 60% (indirect), Sumitomo 30%, Codelco 10% (non-financial)); debottlenecking via QB -

Increase crushing capacity (~US\$3.0 bn, evaluation).

- ▶ Glencore. Operates Lomas Bayas (74 kt in 2024) and Altonorte smelter; owns 44% of Collahuasi (with Anglo 44%, JCR 12%).
- ▶ Freeport-McMoRan. El Abra (51% Freeport / 49% Codelco) produced 99 kt in 2024. Pipeline includes El Abra Expansion (US\$7.51 bn, evaluation) and Sulfolix heap-leach modification (US\$741 m, evaluation).
- ▶ Lundin Mining. Operates Candelaria (142 kt in 2024) and Ojos del Salado (20 kt), and holds 70% of Caserones (125 kt). Projects include Candelaria - optimization & continuity (US\$600 m, evaluation) and Caserones - operational adjustment (US\$185 m, evaluation).
- ▶ SQM & Albemarle (lithium). Operate in the Salar de Atacama (lithium brines) and sustain Chile's position among the top lithium producers; SQM also advances the Tente en el Aire (iodine) project (US\$350 m, execution).
- ▶ CMP/CAP (iron ore). Through Compañía Minera del Pacífico (CMP), Chile's iron ore production is concentrated in El Romeral, Cerro Negro Norte and Los Colorados; pipeline includes Los Colorados Life-Extension (US\$1.35 bn, evaluation) and Cerro Negro Norte - optimization (US\$114 m, evaluation).

There are also many medium and small-scale producers in Chile that rely on the support of the National Mining Company (Empresa Nacional de Minería, ENAMI, by its Spanish acronym) to smelt and sell their concentrate production.

3.1.6 Future of mining sector

Chile's mining sector is expected to continue to play an important role in the country's economy, as demand from emerging economies for base metals, such as copper, is expected to remain strong for the foreseeable future. In addition, the strong trend to reduce GHG emission and the electrification of vehicles, which will require a boost in copper and lithium production in the next decades, will further its demand. Copper by-products, such as gold, silver and molybdenum, will also contribute to support growth, but with lower relevance.

However, operating in Chile has its own challenges. Some of these challenges will be discussed later in this paper exploring the risks and opportunities for the Chilean mining sector.

⁷ Consejo Minero (2026), CAM Report - February 2026. <https://consejominero.cl/wp-content/uploads/2026/03/20260302-CAM-febrero.pdf>

3.2

Mining potential

3.2.1 Reserves and production.

Chile not only has the world's¹ largest producer of copper (5,506k Mt, 24% of global) and 2nd lithium (261k TM, 31% of global), but also significant deposits of other commodities.

Type of Material	Production in Chile in Metric Tons (1)	Global mine production share	Global production ranking	Global reserves share
Cobre	5,415 kTM	22%	1	18%
Oro	45.4 TM	1%	25	n.d
Plata	1,327 TM	5%	6	5%
Molibdeno	43,358 TM	15%	2	9%
Hierro	12 millones TM	1%	>15	1%
Litio	297 kTM LCE	19%	3	31%

Production as of 2025 for all elements, except lithium which is reported for 2024. All figures refer to contained metal.

Source: Consejo Minero (Feb 2026), Updated Mining Figures – "Production and reserves in Chile"

Chile's mineral endowment remains diversified and globally relevant. As summarized in the table, copper is the flagship. Gold output reached 35 t (~1% of global; rank 25), while silver totaled 1,327 t (5%; rank #6) with 5% of global reserves. Molybdenum production was 43,358 t (15%; rank #2) and Chile

holds 9% of reserves. Iron ore production stood at 12 Mt (1%; rank >15). In lithium, Chile produced ~297 kt (units per the table), representing 19% of global production (rank #3) and 31% of global reserves—reflecting the country's prominence in brine-based lithium resources.⁸

Between 1995 and 2010, Chile was the top lithium producer and currently ranks in second position, with 30.2% of global lithium production, right behind Australia (47.2%) and followed by China (14.7%). Albemarle Corporation is the world's largest lithium producer and operates in the north of Chile in partnership with the second biggest producer, SQM (Sociedad Química y Minera de Chile), a private owned company. Salar de Atacama is home to almost a quarter of the world's current lithium supply and has been operating since the 1980s.

3.2.2 Exploration projects

Chile's 2025 exploration budget totaled US\$874.7m—the highest since 2013. By target metal: Copper US\$669.6m (76.55%), Gold US\$135.9m (15.54%), Lithium US\$49.0m (5.60%), Silver US\$14.4m (1.65%), Molybdenum US\$4.3m (0.49%).⁹

By stage: Mine-site 51.4% (US\$449.3m), Initial 23.61% (US\$206.5m), Advanced/Feasibility 25.03% (US\$218.9m). By company type: Majors 78.9% (US\$689.9m), Juniors 14.8% (US\$129.1m), Intermediates 2.7% (US\$23.2m).³

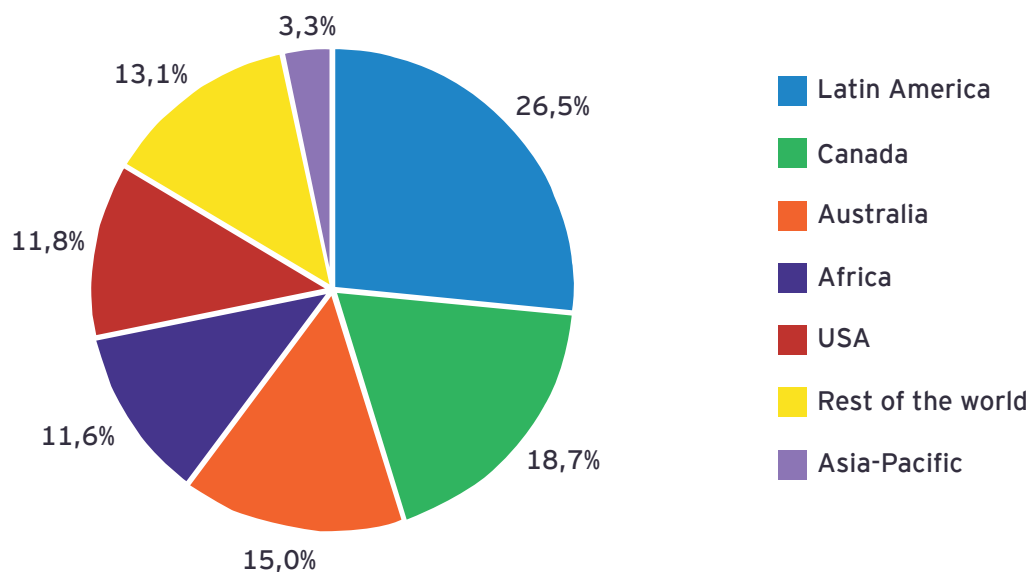
Ecosystem snapshot: 94 explorers, 235 prospects (158 active / 77 on hold), with activity concentrated in Atacama, Antofagasta and Coquimbo (>80% of active prospects).⁹

By company origin (headquarters), Canada hosts the largest number of explorers active in Chile (48; 51.1%), followed by Australia (18; 19.1%) and Chile (15; 16.0%).⁹

⁸ Consejo Minero (2026), CAM Report – February 2026. <https://consejominero.cl/wp-content/uploads/2026/03/20260302-CAM-febrero.pdf>

⁹ Comisión Chilena del Cobre (Cochilco). (2025, December). Mining Investment Project Portfolio in Chile 2025-2034. Dirección de Estudios y Políticas Públicas, Cochilco. Exploración – Cochilco

Global exploration budget



Source: S&P Global Market Intelligence; Cochilco (2025), "Global exploration budget evolution," p. 7

Exploration budget in Chile 2025

Targeted Material	Budget (US\$ millones)	%
Copper	669,6	76.55%
Gold	135,9	15.54%
Lithium	49,0	5.60%
Silver	14,4	1.65%
Molybdenum	4,3	0.49%
Lanthanides	1,0	0.11%
Others	0,2	0.02%
Zinc-Lead	0,2	0.02%
Cobalt	0,1	0.01%

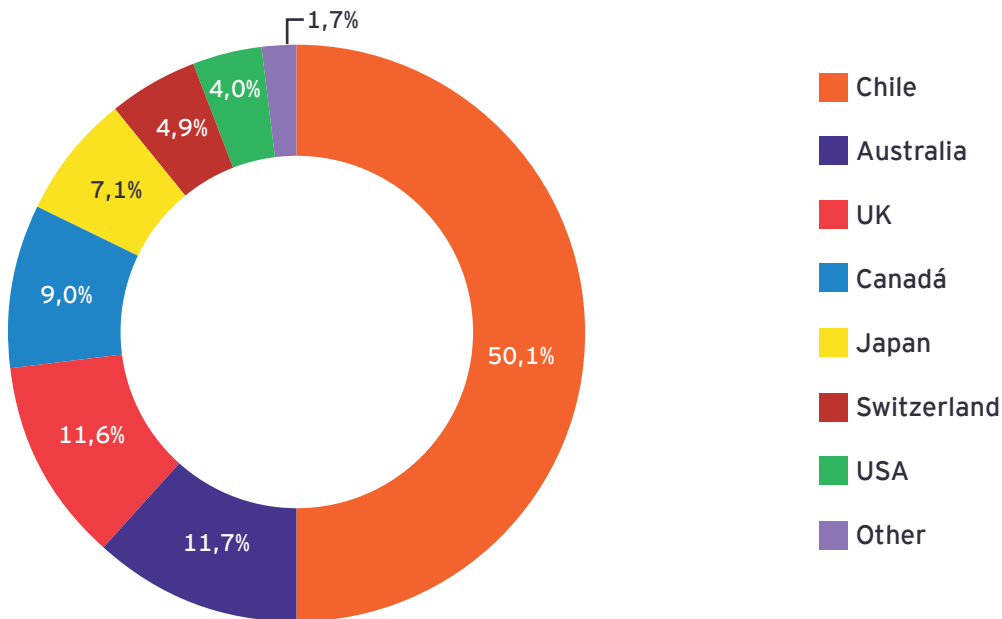
Source: S&P Global Market Intelligence; Cochilco (2025), "Exploration budget in Chile 2025 by metal," p. 21.

3.2.3 Projects portfolio

As of February 2026, Chile's mining project pipeline for 2025-2038 totals ~US\$113.6 billion, with ~US\$33.16 billion in projects under execution and ~US\$80.46 billion under evaluation. Projects in execution are almost entirely brownfield; within the evaluation tranche, 77% of capex is brownfield and 23% greenfield.¹⁰

By origin of investment, Chile based companies account for 50.1% of the portfolio, followed by Australia (11.7%), the United Kingdom (11.6%), Canada (9.0%), Japan (7.1%), Switzerland (4.9%), the United States (4.0%) and others (1.7%). Domestically, Codelco and Antofagasta Minerals (AMSA) explain a large share of national capex; among foreign investors, Canada (e.g., Teck, Capstone Copper, Los Andes Copper, Kinross) and Japan (e.g., Sumitomo Metals, Mitsubishi) are prominent. Additionally, ~65% of the value in projects scheduled for 2025-2032 involves companies with FDI participation.^{10/11}

Distribution of investment in Chilean mining, by country of origin



Source: Author's elaboration based on Cochilco (2025), "Gráfico 6: Distribución de la inversión en la minería chilena según el tipo de proyecto" [Distribution of mining investment by project type], p. 11.

¹⁰ Consejo Minero (2026), CAM Report - February 2026. <https://consejominero.cl/wp-content/uploads/2026/03/20260302-CAM-febrero.pdf>

¹¹ Central Bank of Chile, in InvestChile (2025), Foreign Direct Investment Report 2025. <https://www.investchile.gob.cl/wp-content/uploads/2025/12/Informe-IED-eng-2025-final.pdf>

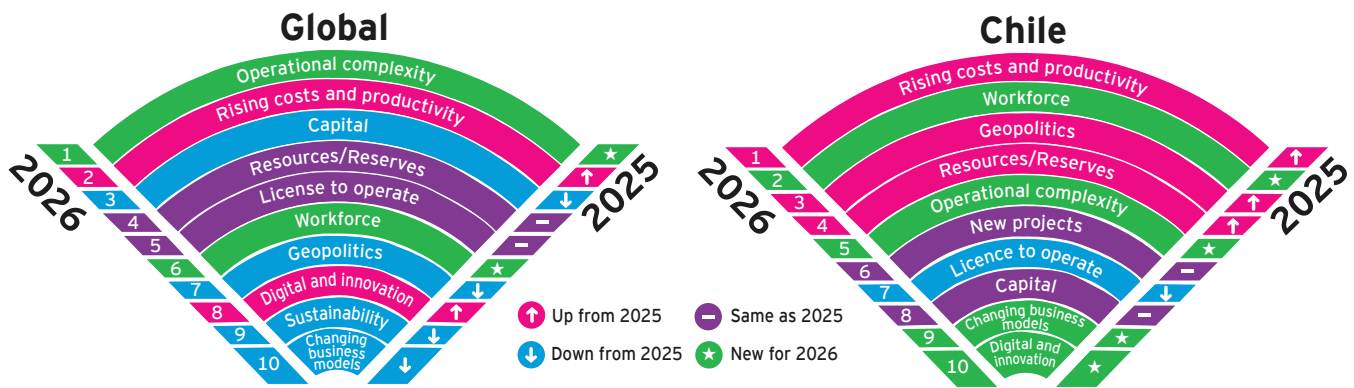
3.3

Top 10 Business Risks in mining - Chile

EY's Top 10 business risks and opportunities for mining and metals report for mining is an annual publication based on research, data analysis, and expert interviews, which provides offering insights

into industry trends and informs strategic decision making for mining companies and stakeholders. Comprehending the opportunities and risks within the mining industry is crucial for making informed strategic decisions related to investments and the initiation of new business ventures. It aids in pinpointing potential challenges and growth opportunities. Utilizing this valuable data, companies can take advantage in their decision-making processes concerning investment strategies, effective risks management, and the identification of areas with innovation potential. This understanding allows business to anticipate market trends, thus positioning themselves for immediate success and long-term sustainability in the mining sector.

Top 10 Business risks and opportunities 2026



1. Rising costs and productivity

Production variability is a significant driver of cost and productivity pressures, which are exacerbated by siloed operating models, little integration between operations and maintenance, and poor inventory optimization.

Meanwhile, digital transformation is yet to deliver real productivity gains, energy and labor costs remain stubbornly high - and new tariffs, royalties and disrupted supply chains are pushing up logistics and procurement costs.

In addition to better managing geological variability, miners can unlock gains through analytics and AI that reduce asset downtime and augment human capability. Redesigned operating models - integrated, with humans at the center - encourage and lock in sustainable improvements. Adopting renewable energy can stabilize costs and reduce risk and transparent engagement with investors on costs builds confidence and secures access to favorable financing.

In Chile, input costs, particularly labor and energy are higher than in 2019 despite the investments and the diverse energy matrix. Higher tax and royalty rates also put pressure on margins. This scenario might improve since the new government announced a corporate tax cut from 27% to 23% over four years.

2. Workforce

Mining's longstanding skills crisis is set to worsen, as retirements increase and new talent looks elsewhere. The sector's struggle to fill key roles, including in mine planning, process engineering, sustainability, closure and regulatory compliance undermines productivity and safety and threatens future supply. Seventy-five percent of mining executives are not confident in their ability to resolve labor shortages for onsite operations.

Attracting talent requires countering outdated perceptions of the sector, articulating its role in the energy transition and digital future, and showcasing the exciting roles on offer. Improving

diversity, equity and inclusion (DEI) can also help close skills gaps, and it is encouraging to see continued commitment to DEI objectives despite political headwinds. Partnering across the sector with universities and governments can also build new talent pipelines and agile education pathways.

Chile: An ageing workforce nearing retirement, harsh remote conditions and acute shortages expected in critical roles such as mechanical maintainers, automation specialists and data analysts are key risks.

3. Geopolitics

The need for minerals for defense, the energy transition, data centers and semiconductors has created supply gaps that create both security and economic implications. Governments are responding by escalating tariff and export restrictions to strengthen control over mining, processing and refining and safeguard national interests.

Meanwhile, more countries are adopting carbon pricing, which may become a powerful economic lever as the impacts of climate change intensify.

A proactive approach to geopolitical risks, including through building strategic relationships with governments, helps miners capitalize on shifting dynamics.

Chile: International trade uncertainty and potential policy changes from government change. Chile faces challenges and opportunities to balance relations with both the US and China as both compete for strategic minerals.

4. Resource and reserve depletion

Reserve depletion could create supply shortfalls that threaten to undermine the world's economic growth, create price volatility, geopolitical tensions and even environmental damage in the race to access reserves.

The problem is not a lack of geological resources, but declining quality of what's recovered and a lack of investment in extracting it. Growing demand is anticipated to require US\$5.4t of investment in mining and metals by 2035, but exploration budgets fell to US\$12.5b in 2024, from US\$12.9b in 2023.

The risk of depletion could be a powerful driver for innovation. For example, miners are maximizing brownfield sites, extracting deposits in unconventional areas, such as tailings, and investing in new tech like AI-driven analysis. Others are progressing new partnerships, acquisitions and urban recycling to recover minerals from end-of-life electronics and batteries.

Chile: Ore grades are declining, with many new projects in pipeline below 0.45% copper, raising energy use and operating costs; capital intensity of copper projects has also risen 3.3% y-o-y to US\$15,800/mt in 2024.

5. Operational complexity

Predictability underpins investor confidence, capital access and strategic agility. But achieving reliable output is more difficult because of operational complexity – deeper, more complex orebodies, greater variability and declining grades. The average grade of copper mined worldwide has fallen by about 40% since 1991.¹ The challenge is heightened by aging assets and capability gaps. Deeper mines require specialist knowledge in geotechnics, logistics and hydrology.

Miners we surveyed gave almost equal weighting to multiple factors impacting throughput, highlighting the need for solutions that consider the entire value chain, focusing on those areas likely to make the biggest impact for each company.

Priorities may include tighter planning discipline and capital effectiveness and adopting predictive tools and maintenance to boost uptime and efficiency.

Chile: Significant operational complexity in Chile, with deeper, lower-grade mines, the shift to underground mining, remote high-altitude deposits (such as in Atacama) and severe water stress.

6. New projects

Filling the demand gap will require overcoming multiple complex barriers to new projects, including permitting, higher taxes and royalties, higher capital intensity and higher costs. Almost a third of respondents to this year's survey think governments are likely to amend laws to speed up the granting of licenses, which is probably why the issue moved down the ranking. However, as noted in "Capital," even when funding and licenses are available, regulatory delays, skill shortages and sustainability requirements also slow new projects.

Chile: There is an historical investment of more than 104 Bi USD on projects in Chile, mainly leveraged by lithium and copper and where 81% are brownfield initiatives.

7. License to operate

License to operate remains a focus as miners prepare to meet ever-growing expectations and commitments around better performance. Our survey found respondents expect governments to assert greater control over a wide range of mining issues, with sustainability and governance being one of the top areas.

Miners that approach license to operate as an opportunity, not an obligation, can build trust and strengthen reputations, which can help win approvals and funding.

Chile: 43% of Latin America's energy transition mineral mines are located on or near officially recognized Indigenous and local community lands, increasing social and regulatory risks. The timeframe to obtain permits is usually long, nevertheless the new government has announced a regulatory simplification through fast-tracking RCA-approved projects and accelerated permits.

8. Capital

For three years running, miners have boosted capex while dialing back shareholder payouts - a clear shift toward a growth mindset. Investors back the switch, particularly in copper, where a supply gap offers huge opportunities.

When it comes to growth strategies, miners are considering all options, including both buy and build components, particularly in "future facing" minerals. Most transactions are bolt-on acquisitions and joint ventures, though the announced Anglo American-Teck merger proves that large deals driven by strategic imperatives are still on the table.

Higher interest rates and capital intensity mean the sector's weighted average cost of capital (WACC) is now 8-10%, more than double that of large technology peers². Miners are pursuing alternative financing models like royalty, streaming, offtake, partnerships, sustainable finance and government incentives. Others are doubling down on cost controls and aligning risk management with commodity cycles to optimize investment decisions.

Chile: The Anglo-Teck merger brings opportunities for Collahuasi and Quebrada Blanca operations synergy. When it comes to greenfield pipeline is constrained by high exploration costs, limited viable deposits and lengthy permitting processes.

9. New business models

Companies are shifting toward business models that allow them to quickly boost supply through capturing more of the value chain. This is achieved through domestic processing and refining, recycling to extract value from waste, and collaboration that helps miners expand capacity and access strategic resources with lower capital outlay. Vertical integration was the top capital allocation option for 26% of the miners surveyed. Vertical integration into midstream or downstream processing - often through partnerships and local collaboration - allows companies to capture more of the value chain, particularly in battery minerals and rare earth elements.

Miners are also exploring innovative joint venture agreements or "district" strategies to share capital costs and address the technical, environmental and technical challenges of large-scale projects. These partnerships are a way to fast-track projects, pool resources and leverage complementary expertise.

Chile: Companies explore strategic joint venture, district-based mining strategy and public-private partnerships to capture value across the value chain. Relevant examples are Anglo American Los Bronces and Codelco Andina integration.

10. Digital and Innovation

Digital transformation is gaining pace across the sector as companies seek better solutions to enhance cost management, productivity, safety and sustainability in a more complicated environment. AI is top of the agenda - 21% of miners surveyed say they will invest more than 20% additional budget over the next 12 months to build AI capabilities.

Agentic AI also offers huge potential to augment human capabilities and create greater value across the business. But making the most of solutions depends on identifying opportunities to drive tangible business impact and updating risk management processes. So far, ROI in AI and other digital initiatives has been limited, hindered by siloed data and misalignment with business needs. Gains have been realized within core operations, but more value will come from an end-to-end approach that leverages unified data and AI backbone.

Chile: Significant scope to develop local digital talent to accelerate adoption of electric and autonomous mining solutions, including cyber integration into core processes.



Mining Legislation

PHOTO: TECK



Chile's legal mining framework is based on three pillars:

- ▶ The Constitution (1980),
- ▶ The Organic Constitutional Law on Mining Concessions (1982), and
- ▶ The Mining Code (1983).

The Chilean Constitution grants the State absolute and exclusive ownership of all mines, including guano deposits, mineral sands, salt mines, coal and hydrocarbon deposits, and other fossil substances, except for surface clays.

Mining concessions and activities are regulated by the Organic Constitutional Law No. 18,097 on Mining Concessions (1982), and the Mining Code (1983). Any private party or legal entity can apply and obtain the right to explore and exploit most mineral substances.

However, liquid or gaseous hydrocarbons, lithium or deposits of any kind in maritime waters under national jurisdiction or deposits of any kind entirely or partly located in areas legally classified as important to national security are excluded from mining concessions.

Mining concessions are granted to applicants by a Judicial Ruling in a Civil Court and are registered in the Public Mines' Registry. There are exploration concessions and exploitation concessions. It is not necessary to hold an exploration concession prior to an exploitation one. Mining concessions are legally considered property and are independent from property rights over surface tenements.

The holder of exploration or exploitation concessions has exclusive rights to explore and exploit minerals within the limits of the concession. Mining concessions are granted on a "first come, first served" basis.

The owner of a mining concession is entitled by the Mining Code to use water found within the limits of the concession, as long as the water is required for exploration and/or exploitation processes.

Mining concessions in Chile expire for the following reasons:

- i. Non-payment of the mining fee, resulting in the land being declared open by judicial resolution.
- ii. Failure of the concessionaire to request the registration of their concession within the period specified by the Mining Code.
- iii. Voluntary relinquishment by the concession holder.



4.1

Security of tenure

The legal property rights of a titleholder of a mining concession are protected by the constitutional guarantee of private property rights.

On February 4, 2022, Law No. 21,420 was published, establishing several changes impacting the mining sector. On January 26, 2023, Law No. 21,536 postponed such effects until January 1, 2024. Most of these modifications were related to the incorporation of new requirements for the filing of new site reports; new information obligations for mining concessionaires; an increase in the term of exploration concessions; increase in the amounts of the patents fees for exploration and exploitation concessions, among other changes. Later, Law No. 21,649, dated December 30, 2023, amended Law No. 21,420 by introducing some changes in mining and payment of annual fee regulation.

As of January 1, 2024, the exploration concession will last 4 years and could only be renewed one time for the same period. As for the exploitation concession, it will remain indefinite.

Details of the mining patents fees for both exploration and exploitation are included in the Mining Taxes section of this Guide.



4.2

Mineral and surface land ownership

Although the State has ownership of all mineral resources, the titleholders of mining concessions have ownership of the extracted mineral resources.

Chilean Law differentiates between surface tenements and the natural resources below the surface. It is often the case that the titleholders of mining concessions (who have the right to explore and mine underground resources) are not the owners of the surface land.

There are clear administrative procedures to gain access to privately owned land to avoid potential conflicts. Mining concession holders have preferred rights to request mining easements to gain access over surface land. The easements can either be negotiated and agreed-upon with the surface landowner or granted by Court if no agreement is reached. The Courts grant the easement and set the compensation amount.



4.3

Right to transfer mining rights

Mining rights can be freely transferred by their private titleholders. The transaction must be performed through a public deed and registered with the public mining register.



4.5

Government policies on the sale of mineral products

The sale of mineral products is unrestricted, both domestically and abroad. Mine exploiters are not under any obligation to satisfy the internal market before exporting minerals, nor are they obligated to sell them at official prices or terms.

All producers and trading companies exporting copper from Chile, without distinguishing between publicly held or private companies, are required by law to provide information in respect to the contracts and prices of copper and its derivatives in Chile. This information must be provided to the Chilean Copper Commission (*Comisión Chilena del Cobre* in Spanish, acronym COCHILCO) and duly updated if the terms of said agreements change in the due course of the year.



4.4

Size of concession rights

Exploration rights are granted for a minimum of 100 hectares and a maximum of 5,000 hectares per concession. Exploitation rights are for a minimum of 1 hectare and a maximum of 10 hectares per concession, with the possibility of filing numerous concession applications at the same time.



4.6

Environmental matters

In recent years, Chile has enacted a modernized framework of environmental legislation, including Law No. 21,455, the Framework Law on Climate Change¹; Law No. 21,562, which amended Law No. 19,300 on General Environmental Bases, introducing significant changes to the processes for issuing environmental quality and emission standards; and Law No. 21,600, which created the Biodiversity and Protected Areas Service, among other reforms, which establishes the main environmental guidelines and principles in the Country.

1. Law No. 21,455, Chile's Framework Law on Climate Change, enacted in 2022, establishes a legally binding commitment for the country to achieve carbon neutrality and climate resilience no later than 2050.

These laws and related regulations significantly increased the level of environmental regulations and established several environmental management standards, in addition to other sectorial regulations and guidelines related to environmental aspects such as emission of particulate matter in the air, water quality, exploration, discharge of tailings and water, sanitation issues, native forest regulations, odor contamination, etc. It should be noted that this regulatory framework does not provide any tax benefits or fiscal incentives.

On December 19, 2025, Decree No. 24 was published in the Official Gazette, approving Chile's Sectoral Mitigation and Adaptation Plan for Climate Change in the Mining Industry (PSCC). Led by the Ministry of Mining, this strategic instrument sets out concrete measures to achieve carbon neutrality by 2050, while promoting resilience and the sustainable use of resources, in alignment with the Framework Law on Climate Change.

The PSCC aims to strengthen the mining sector's capacity to anticipate and respond to climate change by fostering a resilient industry across small-, medium-, and large scale operations, in both metallic and non metallic mining.

To accomplish this, the plan outlines a comprehensive set of adaptation and mitigation strategies focused on reducing emissions and accelerating the adoption of technologies that support a sustainable energy transition. Key mitigation measures include improving energy efficiency, expanding the use of renewable energy sources, and integrating green hydrogen into mining operations. The plan also incorporates adaptation actions such as developing climate resilient infrastructure and enhancing risk management systems to better address the impacts of a changing climate.



4.7 Water rights

Water is considered a national good for public use and its usage rights are granted to private individuals by the General Directorate of Water (*Dirección General de Aguas* in Spanish, acronym DGA), for titleholders to use, enjoy and have access to consumptive and non-consumptive water rights, according to the current legal framework.

These regulations are mainly governed by the Chilean Water Code, which grants permanent and transferable water rights to individuals to achieve an efficient distribution of water throughout the country. Water rights can be used for any activity the right holder determines.

The DGA is a public agency with overall responsibility or the planning, protection and development of water resources and basins. Among other things, DGA is responsible for granting new water rights (consumptive and non-consumptive), supervising water users and approving all major hydraulic works.

After 11 years of discussion in Congress, a wider reform was approved through Law No. 21,435 to the Chilean Water Code, enacted in Chile on April 6, 2022. Within the different modifications incorporated by this new regulation, it is possible to highlight the following: (a) reaffirms that water rights are real rights; (b) time limitation for water rights granted post Reform (30 years, with automatic renewal); (c) concept of "public interest" as a requirement for the granting of new water rights; (d) all water rights are now subject to termination by effective lack of use or harm to the sustainability of the source.; (e) priority or preference for water use for human consumption or public health; (f) creation of non-extractive water rights for environmental conservation or sustainable purposes (which would not be subject to the non-use taxes frameworks); among others.

PHOTO: CODELDO



From a mining perspective, the Mining Code states that the mining concession holder has, by the sole operation of the Law, the right to use the waters found in the work of the concession, to the extent that such waters are necessary for the exploration, exploitation, and benefit of the respective concession. These rights are inseparable from the mining concession and will expire with it.

In addition, the Mining Code establishes that the use of other waters necessary for the exploration and exploitation of mineral substances will be subject to the provisions of the Water Code and other applicable laws, being the general regulations applicable to mining companies without a special tenure.

4.8

Non-environmental Permits

On September 29, 2025, Law No. 21,770 (Framework Law on Sectoral Authorizations) was enacted, establishing a new regulatory framework that standardizes, coordinates, and streamlines sectoral authorization procedures for regulated projects. The law seeks to improve legal certainty, transparency, and administrative efficiency, thereby facilitating investment and sustainable development.

The law defines sectoral authorizations as final administrative decisions required before carrying out regulated activities. Each authorization must fit into a single category—such as administration, location, project, operation, or professional services. Sectoral bodies must propose classifications to the newly created Office of Sectoral Authorizations and Investment (OASI), which will finalize them through a supreme decree issued by the Ministry of Economy.

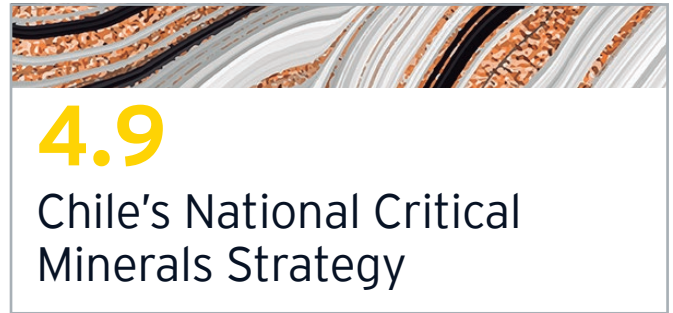
The law also introduces alternative enabling techniques (THAs)—including notices and sworn statements—for low risk activities that can proceed without a prior approval, subject to later oversight. Regulations issued by the respective ministries will detail their content and requirements. The law prohibits imposing requirements beyond those established in the regulations and encourages parallel permit processing.

Common procedural standards now apply across all sectoral bodies, emphasizing simplification and administrative facilitation. Applications must be filed digitally through the Unified Information System for Sectoral Permits (SUPER). The system sets maximum resolution deadlines (25-120 days depending on the authorization), admissibility checks for procedures exceeding 20 days, and rules on suspensions, additional information requests, and the effects of administrative silence. Unjustified delays may trigger administrative liability.

Key measures of the Framework Law on Sectoral Authorizations include:

- 1. Minimum Procedural Standards for Sectorial Permits:** This involves establishing an admissibility examination for all processes, setting maximum deadlines for procedures that currently lack them, and potentially using administrative silence as an exceptional final instance.
- 2. Procedural and Regulatory Improvement:** Procedures will be introduced to periodically rationalize regulation, potentially replacing some authorizations with sworn declarations by project owners or other techniques, depending on the associated risk of the project. This will lead to simplified regulated routes.
- 3. Investment promotion:** Projects may be designated as strategic if they meet objective criteria to be defined by regulation, such as investment scale, employment impact, contribution to development, or regional relevance. Strategic initiatives may access faster processing timelines and a regulatory stability regime, which guarantees that the rules applicable during evaluation remain valid for a defined period.
- 4. Digital Single Window:** SUPER becomes the central platform for submitting, tracking, and receiving notifications for all sectoral authorizations and THAs. It consolidates permit management, ensures traceability, and complies with transparency and data protection rules.
- 5. New Governance Framework:** The law creates the Office of Sectoral Authorizations and Investment (OASI), which is responsible for coordinating, monitoring, and proposing improvements to the authorization system and managing SUPER. It also establishes a Sectoral Authorizations and Investment Committee to strengthen intersectoral coordination and modernization efforts.

The Framework Law on Sectoral Authorizations entered into force on September 29, 2025. However, the law will be implemented gradually as regulations governing OASI, SUPER, THAs, and statutory amendments are issued over a 1 to 12 month period. Procedures initiated before the law's entry into force will continue under the rules previously applicable.



On January 27, 2026, the Government of Chile, led by the Ministry of Mining and presented by the President of the Republic, published the **National Critical Minerals Strategy (NCMS)** – a comprehensive public policy framework designed to position Chile as a reliable and responsible supplier of critical minerals within global supply chains.

The NCMS was developed through a two-year participatory and technical process (2024-2025) that combined rigorous studies and broad stakeholder engagement. Technical inputs were prepared by Cochilco, National Geology and Mining Service (Sernageomin), and a specialized team funded by the Inter-American Development Bank (IDB), covering global demand trends, geological potential, and geopolitical dynamics associated with critical minerals.

This technical groundwork was followed by a multisectoral consultation, including:

- ▶ A **High-Level Advisory Committee** comprising 16 representatives from the public sector, academia, industry associations, and civil society.
- ▶ A **Technical Committee** of 120 specialists from 56 institutions, organized into four thematic working groups.
- ▶ **Regional workshops** across multiple territories.
- ▶ A **public consultation**, whose inputs were incorporated into the final strategy.

4.9.1 Definition and Classification of Critical Minerals

The Strategy adopts a flexible and adaptive definition of critical minerals:

“The one in which Chile holds, either currently or potentially, a significant share of global supply, and which has been classified as critical by various major economies worldwide or represents a strategic opportunity for the country’s sustainable development.”

Based on this definition, the NCMS organizes minerals into three groups:

- ▶ **Group A:** Minerals where Chile already plays a relevant global role and that are recognized as critical internationally (*Copper, lithium, molybdenum, rhenium*).
- ▶ **Group B:** Minerals with high potential to reach significant global market shares and frequently classified as critical by other economies (*Cobalt, rare earth elements, antimony, selenium, tellurium*).
- ▶ **Group C:** Minerals that represent a strategic opportunity for the country, together with Chile holding, either on a consolidated or prospective basis, a significant share of the global supply (e.g., gold, silver, iron, boron, and iodine).

4.9. 2 Strategic Pillars of the NCMS

The Strategy is structured around five pillars, each with specific objectives and initiatives to ensure coordinated public-private implementation:

1. Production and Diversification

Strengthening Chile's position as a reliable supplier of critical minerals:

- ▶ Facilitating new investments through streamlined permitting, regulatory stability, and sustainability taxonomy.
- ▶ Enhancing geological information and modernizing data systems.
- ▶ Promoting circular economy approaches for identifying and recovering critical minerals.

2. Responsible Mining

Reinforcing Chile's role as a responsible producer of critical minerals, as well as promoting high environmental, social, and governance standards that contribute to territorial development and industry credibility, by:

- ▶ Improving environmental and social performance and ensuring traceability aligned with national and international standards.
- ▶ Guaranteeing safe and healthy working conditions.
- ▶ Enhancing local participation, transparency, and conflict-prevention mechanisms.

3. Development and Value-Added Opportunities

Boosting domestic value creation through:

- ▶ Developing technology, innovation, and productive capabilities for value-added processes.
- ▶ Strengthening local supply chains and manufacturing ecosystems.

4. International Integration and Minerals Diplomacy

Positioning Chile strategically within global supply chains by:

- ▶ Enhancing Chile's international presence as a reliable critical minerals' specialized human capital.
- ▶ Expanding infrastructure needed for investment and industry development.



4.10

Lithium regulations in Chile

4.10.1 Legal Framework

Chile has one of the largest lithium reserves in the world (57%). Currently, in Chile, there are two distinct legal regimes applicable to lithium mining. Initially, under Decree Law No. 488 published on August 27, 1932, which approved the Mining Code of 1932 (currently repealed by the current Mining Code of 1983), Article 3 of this code allowed any interested party to apply for and obtain the right to explore and exploit various minerals, including lithium.

However, in 1979, lithium was constitutionally declared of national interest and categorized as a non-concessional mineral reserved primarily for the State of Chile. Consequently, this non-metallic mineral is subject to an exceptional regulation, different from the one applicable to most minerals in Chile.

This significant change was reinforced under Article 19 No. 24 of the Political Constitution of the Republic of Chile of 1980, which asserts the State's absolute, exclusive, inalienable, and imprescriptible ownership of all mines. This provision also mandates that the law shall regulate methods for exploring, exploiting, and deriving benefits from these mines.

Then, the current Mining Code of 1983 (Law 18.248 of 1983) ("Código Minero" or "CM"), specifically in Articles 7 and 8, establishes that lithium is a mineral not subject to mining concessions and may be explored and exploited directly by the State or its companies, or through administrative concessions or special operating contracts.

Therefore, by virtue of the aforementioned regulations, the current lithium statute in Chile (after 1979) establishes three types of lithium exploitation in Chile:

- i. By the State or by its companies,
- ii. By means of an administrative concession²; and
- iii. By a special operating agreement ("CEOL" for its acronym in Spanish).

² According to the information provided by Ministry of Mining, to this date, no administrative concessions have been granted.

CEOLs correspond to administrative contracts through which the State of Chile, represented by the Ministry of Mining, authorizes a third party to explore, exploit and benefit lithium deposits, in accordance with the conditions and requirements established by the President of the Republic on a case-by-case basis, through a Supreme Decree.

The latter, in accordance with article 5 letter i) of Decree with Force of Law No. 302 of 1960, which provides the responsibility of the Ministry of Mining to sign on behalf of the State, following a favorable report from the Council of the Chilean Copper Commission, with the requirements and under the conditions that the President of Chile establishes by supreme decree, the CEOLs.

In 2018, the Ministry of Mining signed a CEOL with a subsidiary of Codelco (Salar de Maricunga SpA) for the exploitation of the Maricunga salt flat. On February 13, 2026, Salar de Maricunga SpA signed an amendment to that CEOL with the Ministry, enabling it to advance with the exploration and exploitation of lithium in the Maricunga Salar as part of Chile's National Lithium Strategy (Section [4.10.2] provides an explanation of the main components of the lithium strategy).

With this amendment to the original CEOL signed in 2018, the area covered within the salt flat is expanded by incorporating Codelco's pre 1979 concessions and those of Minera Salar Blanco S.A., acquired from Lithium Power International (LPI) in 2024. The CEOL amendment also extends the exploration and prospecting phase by for an additional four years.

It is worth recalling that, in May 2025, Codelco selected Rio Tinto as its strategic partner for the Maricunga lithium project, securing a capital contribution of up to US\$900 million for its development. Salar de Maricunga SpA will continue working toward meeting the conditions required to finalize its partnership agreement with Rio Tinto.

In addition, in September 2025 a new CEOL was signed authorizing the exploration, exploitation, and processing of lithium in the Altoandinos salt flats. The contract, executed between the National Mining Company (ENAMI) and the State of Chile, is effective until December 31, 2060, and has already been approved by the Office of the Comptroller General of the Republic.

This CEOL covers the Aguilar, Grande, and La Isla salt flats and enables ENAMI to advance the Salares Altoandinos project in the Atacama Region. This is the first CEOL granted under the implementation of the

National Lithium Strategy and involves an estimated investment of nearly US\$3.000 million. Project development will be structured as a public private partnership with Rio Tinto.

The CEOL also establishes a governance committee with equal representation from Indigenous communities. Furthermore, during the CEOL approval process, the Ministry of Mining conducted an Indigenous consultation that concluded with agreements reached with six Colla communities, which were subsequently incorporated into the contract's clauses.

Generally speaking, a CEOL should include the following essential clauses, to regulate the rights and obligations of each party.

- 1. Exclusive Rights and Extraction Limits** in the CEOL Area, subject to environmental compliance and available reserves. Adjustments to extraction limits can be made by CCHEN with new environmental approvals.
- 2. Categorization of Areas** into CEOL Area: CEOL Exploitation Area, Project Exploitation Area, and Salar Area. The Project Exploitation Area includes regions where the private company has necessary legal titles or contracts for lithium exploitation.
- 3. Phases and Obligations:** The agreement is divided into three phases: Exploration and Prospecting, Construction and Exploitation, and Mine Closure, each with specific obligations and timelines.
- 4. Commercial Terms:** Payment framework includes Quarterly and Annual Specific Payments based on VAT-excluded sales and production rates.
- 5. Reporting and Audits:** The CEOL mandates detailed reporting on geological, operational, commercial, and financial activities, with audit rights reserved for the State of Chile.
- 6. Force Majeure and Termination:** Provisions for force majeure, early termination clauses, and confidentiality protocols manage disruptions and sensitive disclosures.
- 7. Obligations and Restrictions:** Restrictions include prohibitions on commercializing certain lithium products, unauthorized transfers, and using lithium for nuclear fusion or other banned purposes.
- 8. Mine Closure:** Adherence to Chilean Law number 20.551 and associated regulations is required.

9. Confidentiality and Audits: Annual audits will verify Specific Payments calculations, and confidentiality is stressed, requiring both parties to maintain secrecy unless authorized to disclose information.

10. Force Majeure Events: Obligations are suspended during natural disasters, terrorism, public health emergencies, or significant disruptions.

Nevertheless, owners of lithium mining properties declared prior to 1979, can freely exploit the lithium from these properties, subject to compliance with current environmental regulations and the Chilean Nuclear Energy Commission authorization for the sale and storage of lithium.

According to information published by the Ministry of Mining in 2019, the following represents the mining properties declared prior to 1979:

Owner	Salt flat	% Ownership of the area
Corporación de Fomento Fabril (CORFO)	Atacama	54,6%
CODELCO	Pedernales and Maricunga	100% and 18%
ENAMI	Aguilar	4%
CODELCO and privates ³	Maricunga	25%

Currently, there are two main players developing and exploiting lithium projects in Chile, namely Albemarle Chile Limitada ("Albemarle") and **Sociedad Química y Minera de Chile** ("SQM"). Both companies are authorized to exploit lithium under contracts signed with CORFO over its lithium concessions at the Atacama Salt Flats. The contracts that CORFO has with both entities are different in nature (establishing the payment of rental fees plus a commission that is determined based on a percentage of sales of lithium, in the case of SQM, and also a payment of a commission only in the case of Albemarle).

The current contract between CORFO and Albemarle has been in force since 2017 (until 2043); however, during 2024, an addendum to the contract was agreed upon.

³ The main operators in the Maricunga Salt Flat are CODELCO, after acquiring Minera Salar Blanco from the Australian company Lithium Power International (LPI) in 2024, and Simco Lithium, a joint venture formed in 2016 between Simbalik Group—a Taiwan-based investment fund headquartered in Singapore—and Cominor, part of Chile's Errázuriz Group.

On April 26, 2024, CORFO and Albemarle reached an agreement to resolve an arbitration dispute that had been ongoing since 2021. This agreement includes a payment of US\$15,158,993 by Albemarle and modifications to the exploitation contract, known as "Anexo 2024", which aims to enhance sustainability in lithium production. Key changes include the incorporation of environmental auditors, a commitment to use clean energy, and the option for Albemarle to increase its production quota by 240,000 tons of lithium carbonate equivalent (LCE) if Albemarle successfully implements new sustainable technologies.

On the other hand, the contract between CORFO and SQM dates back to 1993, but in 2018, the parties signed an amendment to the original agreement, extending its term until 2030, under which CORFO leased to SQM the lithium mining concessions located in the Salar de Atacama.

However, to ensure continuity in the exploitation of lithium in the Salar de Atacama past after the expiration of this contract, CORFO entrusted to CODELCO with the responsibility of lithium extraction in its concessions located in the salt flat. As a result of this process, CODELCO and SQM signed a Partnership Agreement on May 31, 2024, which entered into effect in 2025 and enables the joint exploitation of the Salar de Atacama.

Under the terms of the Partnership Agreement published by the parties, CORFO will grant CODELCO the right to operate these concessions from 2031 through 2060. This partnership will operate in two phases: SQM will manage operations until 2030, after which CODELCO will take over management from 2031 to 2060.

On December 27, 2025, after obtaining all the required approvals from the competent authorities, the partnership was formalized through the merger by absorption of Codelco's subsidiary Minera Tarar SpA into SQM Salar SpA, resulting in the creation of "Nova Andino Lito SpA." This transaction officially materialized the public private partnership between Codelco and SQM for the development of lithium in the Salar de Atacama.

Nova Andino Lito consolidates all assets, subsidiaries, international offices, permits, technical expertise, and personnel necessary for the lithium business, following a corporate reorganization undertaken by SQM between 2024 and 2025. The agreement also guarantees operational and contractual continuity in the Salar de Atacama, both under CORFO's current contracts and under the new contractual framework that will apply from 2031 onward.

As part of the commitments assumed under the partnership, SQM transferred to Codelco all its mining concessions in the Salar de Maricunga, significantly strengthening the Chilean State's position in this strategic area and enabling the development of future lithium projects.

The public-private partnership through Nova Andino Lito aims to produce an additional 300,000 tons of LCE from 2025 to 2030, maintaining a production level of 280,000 to 300,000 tons of LCE from 2031 to 2060, all while optimizing processes without increasing brine extraction or continental water use.

In conclusion, considering all of the above, in Chile, there exist two parallel regimes for lithium exploitation: the concessions granted before 1979 and the concessions and contracts granted after that date. Of the latter, CEOLs have been signed with CODELCO and ENAMI.

Furthermore, it is important to note that since 1976, lithium was declared as of "nuclear interest." Consequently, the sale of the mineral is subject to the control and authorization of the Chilean Commission of Nuclear Energy (Comisión Chilena de Energía Nuclear, CCHEN).

4.10.2 National Lithium Strategy

In April 2023, President Gabriel Boric presented the National Lithium Strategy, in which he pointed out several objectives and measures that this policy would entail.

The main objectives are:

- i. Increase wealth for Chile
- ii. To develop a sustainable industry for the country and the world
- iii. To develop technology and productive linkages
- iv. Chile's world leadership in the lithium industry
- v. Strengthen social and environmental sustainability
- vi. Fiscal sustainability
- vii. Contribute to the productive diversification and regional growth potential

This plan includes several stages:

- i. Initiate a process of dialogue and participation with the various stakeholders: The Dialogues for the National Lithium Strategy were the first milestone in the participation process, consisting of 18 meetings held from October to December 2023. These meetings engaged 645 participants, including representatives from the civil society and indigenous communities, across 11 communes in five regions: Arica and Parinacota, Tarapacá, Antofagasta, Atacama, and the Metropolitan Region.

Following this, follow-up feedback dialogues took place from January to March 2024, aimed at sharing preliminary results from the earlier dialogues. These sessions also provided updates on proposals from the Public Technological and Research Institute of Lithium and Salars, the Network of Protected Salars, and ongoing exploration and exploitation efforts. A total of 372 participants took part in these activities across nine communes in four regions.

- ii. Create the National Lithium Company: President Boric, in the first half of 2023, announced the creation of the National Lithium Company, which will act as a public-private partnership in which the State will have a majority representation, in order to exploit the natural resources of Lithium and to attract new players and expand the industry through collaborative initiatives. It is worth considering that as of today, and due to the developments of the public-private partnership policies executed through CORFO, Codelco and ENAMI, the creation of a National Lithium Company has not been developed but rather disregarded.
- iii. Create a Network of Protected Salt Flats and in those salt flats under exploitation.
- iv. Definition and determination of the characteristics of a new tender process, for private companies, to sign CEOLs with the State of Chile for the exploration and exploitation of Lithium in selected Salt Flats in Chile.
- v. Modernize the institutional framework.
- vi. Create a Public Technological and Research Institute for Lithium and Salt Flats.
- vii. Incorporate the State in the productive activity of the Salar de Atacama.
- viii. Prospecting of other salt flats.

4.10.2.1 National Lithium Strategy: Classification of Salt Flats

The National Lithium Strategy outlines the classification of salt flats and salt lakes as part of the government's commitment to sustainable lithium development. The following categories have been established by the Lithium and Salars Committee⁴:

1. **Strategic Salt Flats:** The Atacama and Maricunga Salt Flats are designated as strategic sites, where the State, through CODELCO, will have a majority stake in the development of lithium projects.
2. **Protected Salt Flats:** The Council of Ministers for Sustainability and Climate Change approved the creation of the first protected areas that will form the country's Network of Protected Salt Flats. This network includes 6 sites, comprising 6 salt flats and 4 salty lakes, where no business activities will be permitted. These protected ecosystems include Salar de Pedernales, Salar de La Laguna, Salar de Gorbea, Salar Las Parinas, Laguna de Las Parinas and Laguna Redonda, Lagunas Bravas, Salar de Jilguero, Laguna del Bayo, Salar de Eulogio, and Laguna Escondida. The aim is to enhance environmental conservation and protect these valuable ecosystems, in consideration to the international commitments that Chile has ratified in biodiversity and protection of the ecosystem.
3. **Exploration and Exploitation Areas:** For salt flats located in the regions of Arica and Parinacota, Tarapacá, Antofagasta, and Atacama that are not included in the Protected Salt Flats Network or designated as strategic, a public and transparent procedure will be conducted. This will involve inviting national and foreign investors to express their interest in exploring and exploiting these lithium deposits. The State will facilitate the granting of CEOLs for these projects, which can be fully led by private entities.

As of today, the Ministry of Mining has released two opening processes to assign CEOLs in Chile, including a global list of 12 prioritized areas for new lithium projects in Chile.

The first batch of prioritized areas was published in September 2024: the Coipasa salt flat in the Tarapacá Region; Ascotán and Ollagüe in the Antofagasta Region; and Laguna Verde, Agua Amarga and Piedra Parada in the Atacama Region.

⁴ The Lithium and Salars Committee is the entity responsible for leading and facilitating the implementation of the various actions outlined in the National Lithium Strategy, as well as establishing coordination with other ministries, public institutions, regional governments, and the private sector.

The second group of deposits was defined in December 2024: the Hilaricos and Quillagua Norte sectors in the Tarapacá Region and part of the Antofagasta Region; and the Quillagua Este, Quillagua Sur, María Elena Este and Cerro Pabellón sectors in the Antofagasta Region.

Only one CEOL will be awarded for each of these priority areas.

For these priority areas, the Government established the implementation of a simplified procedure designed to facilitate the granting of CEOLs for new projects in prioritized saline systems across the Tarapacá, Antofagasta, and Atacama regions.

During 2025, seven interested parties participated in this process, submitting documentation to demonstrate ownership of at least 80% of the mining concessions within the polygon of any of the six prioritized salt flats, as well as experience in mining and/or in any stage of the lithium value chain, and the financial capacity to carry out the project.

After reviewing the submissions and completing the correction period for the applicants' documentation, the Ministry of Mining admitted the CEOL applications submitted by Eramet for the Agua Amarga salt flat; by Eramet, Quiborax, and Codelco for the Ascotán salt flat; and by the Caliche Kairós consortium—formed by Inversiones Kairós and Cosayach Caliche—for the Coipasa salt flat.

Once the ongoing Indigenous consultation processes are concluded and the supreme decree establishing the CEOL requirements and conditions is issued, the CEOL will be signed if an agreement is reached with the applicants. Otherwise, public tender processes will be launched, as will be the case for the Ollagüe salt flat in the Antofagasta Region, and Piedra Parada and Laguna Verde in the Atacama Region.

On Wednesday, March 11, 2026, with the submission of the Supreme Decree setting out the requirements and conditions for the CEOL for Laguna Verde the Ministry of Mining reached a total of ten decrees currently under review by the Office of the Comptroller General of the Republic. These decrees will enable the advancement of lithium projects in the regions of Arica and Parinacota, Tarapacá, Antofagasta, and Atacama.

CleanTech Lithium announced that it has agreed with Chile's Ministry of Mining on the terms of a

Special Lithium Operating Contract (CEOL) for its Laguna Verde project, located in the Atacama Region. The contract, which would run for 40 years, provides long term regulatory certainty through a direct contractual framework with the Chilean State.

The CEOL will cover all stages of the project—ranging from exploration and evaluation to construction, production, and closure—across an authorized area of 153 km². In addition, the final project polygon excludes the surface area of the lagoon, following consultations with local Indigenous communities, according to information released by the company.

This progress supports the development of several initiatives, including those led by the Codelco-Quiborax consortium in the Salar de Ascotán; the consortium formed by Wealth Minerals and Coal India Limited, through its subsidiary Kuska Minerals, in the Salar de Ollagüe; Llamara Group in Quillagua Norte; the consortium composed of Sociedad Minera Aspromin SpA, Wealth Minerals Chile SpA, Inversiones Valeska Minerals SpA, and Alto Exploradora SpA in Quillagua Este; Quiborax at the El Águila plant; and the consortium led primarily by CleanTech Lithium in Laguna Verde.

In addition to these six projects proceeding through direct award, further developments will be granted through national and international public tenders in the Agua Amarga and Piedra Parada salars, as well as in the Quillagua Sur and Hilaricos areas.

4. **Public-Private Partnerships:** In the case of the Pedernales salt flat, CODELCO will lead the development, while ENAMI will oversee projects in the "Salares Altoandino" (La Isla, Aguilar, Infieles, Las Parinas, Grandes) salt flats. Both entities are encouraged to implement public-private partnerships, allowing flexibility in the structure of participation to ensure project viability and alignment with the objectives of the National Lithium Strategy.

4.10.2.2 Strategic sites:

The government has announced that the Atacama and Maricunga Salt Flats will be designated as strategic sites. Investments in these flats will need to be structured under a public-private partnership, with the State of Chile maintaining control over such investments. For all intents and purposes, the Chilean government has appointed CODELCO to lead the negotiations in both salt flats.

4.10.2.3 Protected sites:

In a decisive move towards environmental conservation, the Council of Ministers for Sustainability and Climate Change has initiated a research program with the objective of formulating the Protected Salt Flats Network. A total of 27 sites have been selected to compose the protected zones, which include 14 Salt Flats and 13 Salty Lakes. Over these sites, no business activity will be permitted.

4.10.2.4 Areas Prioritized for the development of new lithium exploration and exploitation projects

- ▶ Exempt Resolution No. 907, issued by the Ministry of Mining on April 15, 2024, approved the procedure for the call of a request for information ("RFI") for the exploration, exploitation, extraction and processing of lithium contained in salt flats or other types of deposits.
 - ▶ The objectives of the process were (i) to identify industry interest in exploration, extraction and/or processing of lithium within certain salt flats; (ii) to obtain the information necessary to promote the implementation of projects of lithium; and (iii) design the mechanisms, requirements and conditions for the granting of a CEOL, including a process of prior indigenous consultation in each case.
 - ▶ Based on the information obtained from this process, On September 26, 2024, the Ministry of Mining, defined six areas prioritized for the development of new lithium exploration and exploitation projects: Coipasa, Ollagüe, Ascotán, Piedra Parada, Agua Amarga and Laguna Verde, all located in northern Chile.
 - ▶ These areas represent 38% of the expressions of interest received in the process on the Request For Information (RFI) platform, which began on April 15 and whose results were published on July 9 of 2024.
 - ▶ The corresponding indigenous consultations was initiated in November 2024, starting with consultation process on the CEOL in the Coipasa salt flats in the Tarapacá Region, and Ascotán and Ollagüe salt flats in the Antofagasta Region.
 - ▶ The processes for Laguna Verde and the Piedra Parada and Agua Amarga salt flats, in the Atacama Region, will begin once the consultations currently underway for the CEOL requested for the Altoandinos salt flats project, led by Enami, and the CEOL modification requested by Codelco for its project in Salar de Maricunga, have been completed.
- ▶ Once the consultations are completed, the Ministry of Mining will establish the requirements and conditions of the CEOLs (one for each prioritized saline or lagoon) and launch a public tender process for the acquisition of a CEOL in the identified areas.
 - ▶ In addition, a simplified procedure was implemented to expedite the execution of the CEOLs, in which companies or consortiums that have the following requirements may participate:
 - (1) Experience in any stage of the lithium industry value chain;
 - (2) Financial capacity to develop the project; and
 - (3) Have a percentage of mining concessions equivalent to or greater than 80% of the referential polygon established by the Ministry of Mining of any of the prioritized salt systems.
 - ▶ Interested parties could participate in this simplified procedure until December 31, 2024. Once compliance with the requirements has been accredited, the Ministry of Mining will present a CEOL model to the applicant and, in case of agreement between both parties, the contract will be signed.
 - ▶ Finally, on December, 5 2024, a second list of prioritized saline systems was announced by the Ministry of Mining. In this regard, six additional saline systems were prioritized Hilaricos and Quillagua Norte, in the Tarapacá Region and part of the Antofagasta Region; and Quillagua Este, Quillagua Sur, María Elena Este and Cerro Pabellón sectors, in the Antofagasta Region. For each of these prioritized areas, only one CEOL will be granted.
 - ▶ As in the case of the previously prioritized salt systems, to enable this process in these new deposits, the respective indigenous consultations will begin as soon as possible in all cases where there is susceptibility of affecting indigenous communities. Once the consultation is concluded for each case, and the supreme decree that establishes the requirements and conditions of the CEOL is issued, public bids will be opened, whose rules and conditions will be contained in the respective bases that will be released during the year 2025.



General Tax System

PHOTO: TECK

In Chile, taxes are set forth by law and are regularly imposed at national level. There is no provincial, regional or municipal taxes, despite certain exceptions. The most important taxes set forth in the Chilean tax system are the Income Tax and the Value Added Tax (VAT).


This national taxation structure applies universally, including the mining sector. Just like other industries, mining activities are governed by this general tax regime. However, the mining sector is additionally subject to certain unique stipulations, which include the imposition of a Mining Royalty on mining operations and the enforcement of other special rules connected to the characteristics of the mining industry¹.

Due to the nature of investments and the specific production processes involved, the taxation of mining activities depends more on the particularities of the industry rather than on a separate regulatory framework. It is worth highlighting that no privileged tax regime applies for the mining industry; furthermore, since 2006, there has been a more burdensome tax regime in place considering the incorporation of a Mining Tax.

In contrast, the lithium industry is substantially different. This is because lithium is not considered a concessional mineral under Chilean laws; therefore, the Mining Royalty does not apply². Notwithstanding this, in all matters unrelated to the Mining Royalty, the taxation of the lithium and copper industries are identical (i.e., Corporate Income Tax (CIT), withholding tax on payments abroad, stamp taxes, property taxes, municipal taxes, green taxes, among others).

Regarding Chile's tax incentives, there are no special benefits for specific industries, including mining. However, mining companies, as exporters and fixed-asset investors, can apply for special VAT exemptions, early recovery systems and corporate income tax benefit from the accelerated depreciation method, which could result relevant in annual taxable income determination. Also, R&D tax incentive regime are applicable to the mining industries (details of the regime and the way it works will be further explained in this guide).

- 1 A general overview of these unique considerations and regulations is provided throughout this document.
- 2 However, there is a discussion at Court level in respect to the potential applicability of the Special Tax for the Mining industry to lithium concessions granted prior to 1979 as the mineral at that time was still a concessional mineral. This discussion is still ongoing and is pending a formal ruling from the Supreme Court. Regarding future lithium projects to be developed under leased concessions (not under mining concessions owned by the mining developer), a royalty -different to the Mining Royalty- shall be paid for the contractual lease relationship.



5.1

Income Tax

5.1.1 Corporate Income Tax (CIT) Regime

In general, a CIT rate of 27% is applied to annual net income earned. Under the Partially Integrated Regime, shareholders, owners, or partners of entities subject to CIT will be taxed only on effective distribution of dividends or profits. Such shareholders, owners or partners will be subject to the final taxes, i.e., the Additional Tax (WHT) at 35% rate, in case of foreign residents; or the Global Income Tax (GIT) at rates between 0% and 40%, in case of Chilean resident individuals.

The distribution of dividends or profits among CIT taxpayers is not subject to incremental CIT. The CIT regime allows shareholders, owners and partners subject to WHT or GIT to use the CIT paid by the entity distributing such dividends or profits as credit in the WHT or GIT determination. In general, 65% of the CIT paid by the entity distributing dividends or profits may be used as a credit to offset the amount of AT or GIT payable. As a result, the higher overall income tax burden would be 44.45%.

In the case of foreign shareholders, owners or partners resident in a country that has a Double Taxation Treaty (DTT) in force with Chile³, 100% of the CIT paid over the distributed dividends or profits would be available as CIT credit if: (i) qualifies as a tax resident in a DTT Country⁴ and is able to obtain a tax residence certificate from the tax authorities; (ii) is not considered a fiscally transparent entity; and (iii) is the beneficial owner of the dividends.

However, for micro, small, and medium-sized enterprises (SMEs), as a general rule, the CIT rate is 25%, provided they meet strict requirements.

Nevertheless, during the pandemic, the tax rate for small businesses was temporarily reduced from 25% to 10%, which was extended until 2023. The rate was then

- 3 Same rule applies in case shareholder, owner or partner is domiciled in a Country which has signed a DTT by January 1, 2020, even though such DTT is not in force yet. This provision is applicable until December 31, 2026.
- 4 DTTs in force: Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Colombia, Korea, Croatia, Denmark, Ecuador, Spain, France, India, Ireland, Italy, Japan, Malaysia, Mexico, Norway, New Zealand, Netherlands, Paraguay, Peru, Poland, Portugal, United Kingdom, Czech Republic, Russia, South Africa, Sweden, Switzerland, Thailand, Uruguay, United Arab Emirates and United States of America.

raised to 12.5% in 2024 and, according to the original legislation, would have returned to 25% beginning in the 2025 tax year. However, on July 11, 2025, Law No. 21,755 on regulatory simplification and the promotion of economic activity was published in the Official Gazette, providing that the CIT rate for small businesses will remain at 12.5% for the 2025, 2026, and 2027 tax years, and will increase to 15% for the 2028 tax year.

5.1.2 Capital Gains Regime

For corporate income taxpayers, capital gains are considered an ordinary income, therefore, subject to the corresponding CIT rate (27% or 25% depending on the taxpayer as noted in the section above) on annual accrued basis.

In the case of Chilean resident individuals, as a rule, Global Complementary Tax [AD1] rates (i.e., progressive rates between 0% and 40%) are applied on an accrual or paid basis, depending on the type of gain or income. For non-residents who obtain a capital gain from disposal of Chilean assets, whether direct or indirectly, are regularly subject to the 35% WHT rate. However, this rate may be reduced under certain tax treaties.

Nevertheless, there are special rules applicable to capital gains generated by the disposal of certain assets such as shares, social rights, real estate, among others, under certain specific conditions:

5.1.2.1. Shares and social rights

The capital gain for shares and social rights is calculated as the difference between the sale price and the acquisition cost of the shares or rights (acquisition/contribution value plus capital increases, less capital redemptions, adjusted by inflation).

Taxpayers subject to Global Complementary Tax (i.e., natural persons domiciled or resident in Chile) can be taxed at the time when the capital gains are generated, "distributing" these gains (i.e., the increased value) over the time period during which the seller held the shares or the rights. This time period cannot exceed 10 years. To determine the gain (i.e., the increase in value), losses from the transfer of the shares or rights must be offset. If the gain or increase in value does not exceed 10 Annual Tax Units (UTAs), i.e., approximately USD 9,000 the gain will not qualify as taxable income and thus will be tax exempt.

5.1.2.2 Gains for the transfer of securities listed in article 107 ITL

However, capital gains from the sale of shares of public listed companies or other securities (investment

fund units, and mutual fund units) shall be subject to a reduced 10% single tax on the capital gain obtained, provided that strict requirements regarding acquisition, disposal, and market presence are met.

For determining the gain subject to the single tax, taxpayers domiciled or resident in Chile can consider as the acquisition value either (i) the official closing price of the relevant securities as of December 31 of the year of acquisition, first considering the securities with the earliest acquisition date; or (ii) the acquisition value or the gain subject to the LIR general rules. However, taxpayers not domiciled or non-resident in Chile can only use option (ii) to determine the gain or increased value subject to the single tax.

5.1.2.3. Real estate

For real estate transactions, capital gain is determined as the difference between the sale price and the tax cost of the property (acquisition price plus disbursements incurred in improvements that have increased the value of the property, adjusted for inflation).

For corporate taxpayers, such gains constitute ordinary taxable income subject to the 27% CIT. For Chilean resident individuals, real estate capital gains are subject to the Global Complementary Tax, with a partial exemption of up to 8,000 UF (approximately USD 344,889). Any gain exceeding this amount is taxed under the Global Complementary Tax or, alternatively, may be subject to a single 10% tax. For non residents, capital gains derived from the sale of Chilean real estate are generally subject to a 35% withholding tax, which may be reduced under an applicable tax treaty.

5.1.3 Expenses

5.1.3.1 General Considerations

CIT must be declared and paid annually by means of an Annual Income Tax Return (AITR) to be filed in April every year.

The Annual Taxable Income or Net Taxable Income (NTI) is determined by the taxpayer, based on income obtained in the calendar year prior to the AITR.

NTI subject to CIT is determined based on earnings, costs and expenses recorded in the financial statements of the taxpayer prepared by December 31 each year, plus several adjustments that must be made to such income and expenses/deductions, to determine the base over which the CIT will be applied. These adjustments are established in the Chilean Income Tax Law (ITL).

The main adjustments to the financial results obtained by a given taxpayer are those applied to certain recognition of income from subsidiaries, depreciation, amortization, provisions, recognition of certain payments to foreign related parties (which can be deducted on a cash basis and to the extent that the corresponding WHT has been declared and paid), amongst others. Those positive/negative adjustments could result in temporary or permanent differences between financial and income tax results.

Concerning expense deductions, the ITL stipulates that they are allowable only if they satisfy the following conditions: (i) have the ability or are capable to generate income, in the same or future years; (ii) are connected to the interest, development or maintenance of the business; (iii) have not been previously deducted as part of the direct cost of goods or services required to obtain the income; (iv) were effectively paid or indebted/owed within the commercial year, and (v) are duly proved to the tax authorities.

Some expenses are also subject to a set of specific requirements that must be fulfilled, as shown in the following section.

5.1.3.2 Special requirements for certain expenses deduction

The ITL establishes a list of special expenses that can be deducted as such. The most relevant are explained below:

(a) Depreciation: A yearly depreciation quota for the use of tangible fixed assets is allowed as a deductible expense. The depreciation percentage is determined by applying a straight-line method on the useful life of the assets without considering a residual value and determined by the Chilean Tax Authority ("Servicio de Impuestos Internos" in Spanish, acronym SII) for each category of assets. Once fully depreciated, assets are recorded at a nominal value of CLP ¹.

According to the ITL, taxpayers are entitled to opt for an accelerated depreciation regime, understood as the establishment of a useful life for new or imported fixed assets, equivalent to one third (1/3) of the useful life established by the SII.

Accelerated depreciation can only be used to compute the taxable income for CIT purposes. The excess depreciation, corresponding to the difference between the accelerated depreciation allowance and a notional normal depreciation allowance, is recaptured for purposes of GIT

or WHT applied to dividends or profits paid to shareholders, owners, or partners.

Fixed assets that become unusable before the end of their expected useful life may be depreciated twice as fast as originally contemplated under their applicable regime.

(b) Tax losses: Losses derived from the commercial activities of the Chilean entity in the relevant commercial year, may be deducted as expense for tax purposes.

Accumulated tax losses, duly adjusted by inflation, may be carried forward indefinitely. If there is a qualified change of ownership, the accumulated tax losses may not be deducted from income generated after the ownership change. No qualified change of ownership occurs between entities belonging to the same economic group. The SII and Supreme Court rulings have also established that tax loss audit faculties to be exercised by the Chilean Tax Authority are not subject to any statute of limitation.

(c) Interests: Interests are deductible, to the extent that the conditions set forth in the ITL are met. Related party interest is only deductible on cash basis and to the extent the corresponding WHT has been declared and paid to the Chilean Treasury.

(d) Corporate Social Responsibility: Disbursements incurred due to environmental requirements for a project, as specified in resolutions by the competent authority and in compliance with environmental law, are deductible. Likewise, the CITL establishes two additional cases that include situations of disbursements associated to the social license to operate (going beyond environmental mandatory requirements):

- ▶ Those incurred by the holder by virtue of environmental commitments included in the study or in the environmental impact assessment, regarding to a project or activity that has or must have, in agreement with the current environmental legislation, a resolution issued by the competent authority approving such project or activity.
- ▶ Those made for the benefit of the community, and which involve a benefit of a permanent nature, such as expenses associated with the construction of works or infrastructure for community use, their equipment or improvement, the financing of specific educational or cultural projects and other contributions of a similar nature.

In both cases, expenses would be deducted to the extent that: (i) are paid to nonrelated parties; (ii) have been agreed in a contract that involves the participation of a state administration agency or authority; and (iii) comply with the limits established in the ITL, which may not be exceeded. Specifically, if the payments or disbursements surpass the greatest of the following amounts: (i) 2% of the taxable net income for the relevant fiscal year; (ii) 1.6 per thousand of the company's tax equity, calculated based on its value at the end of that fiscal year; or (iii) 5% of the total annual investment made in the execution of the project, any amount exceeding such threshold shall not be accepted as a deductible expense for tax purposes.

Other expenditures like royalties, scientific and technological research, uncollectible accounts, remunerations, and benefits granted to employees, among others, also have a special treatment for tax purposes that must be considered.

5.1.3.3 Mining specific expenditures

Mining companies, subject to the same general and specific tax deduction requirements as other businesses, face unique scenarios intrinsic to the mining industry. These scenarios, which vary across the various stages of the mining lifecycle, play a crucial role in determining how expenses are deducted. The most significant of these situations, for the mining industry will be briefly explained below.

- Prospecting and Exploration

One of the objectives of these stages is to identify large tracts of land with mining potential. The aim is also to define and characterize the deposit's potential by conducting studies of mineral resources and their quality. Machinery is acquired and workers and suppliers are hired.

As a rule, during this stage only mining license fees and sometimes land taxes are paid. These disbursements are deducted from a CIT perspective.

Disbursements incurred during this phase must always be considered as organization and start up expense, which may be amortized in up to 6 years, starting from the date on which the expenses were incurred or when the mining company earns income from its main activity, if later.

- Infrastructure and Construction

The construction of the mine, the processing plant, and the associated infrastructure such as water

systems, concentrate pipelines and ports are the main expenditures of this stage. The latter will include mechanisms for the protection of the area's biodiversity and the mitigation of the impact of the project on the environment.

Mine infrastructure disbursements should be treated as an investment in fixed assets subject to depreciation according to the rules contained in the ITL, even if expended before the operation.

Other infrastructure disbursements incurred in third-party properties and according to the tax authority instructions, shall be considered in certain cases as organization and start-up expenses, which may be amortized in up to 6 years starting from the date on which the expenses were incurred or when the mining company earns income from its main activity, if later.

Special consideration should be given to the tax treatment applicable to Engineering, Procurement, and Construction (EPC) and Engineering, Procurement, Construction and Management (EPCM) contracts, as well as to the deduction of interests associated to the financing of the investment.

- Operation: Exploitation and Expansion

During this stage, the project starts operating and generating income associated to the extraction, processing and commercialization of the mining products.

From this stage onwards, mining operations begin generating taxable income. Thus, mining companies start determining and paying CIT and Mining Royalty (depending on the operating profit margin of the company).

Exploitation disbursements associated to the preparation of the units or sectors that will be exploited, alongside the direct costs of exploitation, such as the direct labor spendings, raw materials and supplies directly related to the goods, shall be considered as part of the costs of the minerals under the terms regulated in the ITL. Therefore, the cost of the minerals will have an impact on the results of the company upon its sale or export.

Regarding pre-stripping costs, they shall be treated as organization and start-up expenses, which may be amortized in up to 6 years starting from the date on which the expenses were incurred or when the mining company earns income from its main activity, if later.

Expansion projects may arise alongside the exploitation phase aiming to expand the mine's production capacity

and sometimes its useful life. Expenditures that improve infrastructure, production capacity or the useful life of the assets, could be seen as investment in fixed assets subject to depreciation tax rules.

Maintenance disbursements shall be considered as expenses of the year in which such disbursements occurred and following the general requirements for its deduction, from a tax perspective. Repairs, if they extend the life of the respective asset, shall be considered as an investment in fixed assets subject to depreciation tax rules.

5.1.3.3.1 Closure of the mine

This stage involves mitigation measures, compliance with environmental commitments, the removal of machinery and infrastructure, as well as the rehabilitation of the site in accordance with plans approved by the Chilean mining authorities.

Accordingly, the mining project stops generating income and focuses on complying with a regulated process of mine closure, the cost of which has been previously provisioned during the mine's life under the terms of Law No. 20,551.

According to the referred law, the amount that has been guaranteed before the mining authorities for the closure plan of the mining site, could be deducted for tax purposes within the last third of life of the mining project.

This is different to the general tax deductibility rules, since Law No. 20,551 authorizes the deduction of a representative amount of disbursements that the mining company will make in the future, in connection with the closure activities. Therefore, any changes in the effective disbursements incurred or in the useful life of the mine could affect and impact the tax results finally determined. This law also allows the recovery of the VAT credit arising from acquiring goods and providing services related to the closure of the mine.

5.1.3.3.2 Depletion of mining properties

In general terms, the ITL states that the cost of the extracted mineral must include part of the acquisition cost of the mining property in an amount equivalent to the proportion that the extracted mineral represents in the total amount of mineral that has been technically estimated for such mining property. In other words, a percentage of the acquisition cost of the mining property is included in the cost of the extracted mineral.

For these purposes, the acquisition cost includes the price paid for the mining property (or group of

properties that constitute a single ore deposit) and the interest on the unpaid balance or loans associated with the acquisition accrued or paid until exploitation of the mine is brought into operation.

5.1.4 Withholding taxes on payments abroad

As a general rule, cross border payments made from Chile are subject to 35% WHT rate, unless is otherwise provided by the ITL or DTT provisions.

It is relevant to consider that payments made upon interest, royalties, and services to related parties can only be deducted by the Chilean taxpayer if they were effectively paid and provided the applicable WHT is duly declared and paid.

5.1.4.1 Dividends

In general, a WHT at a 35% rate applies over the distribution of dividends or profits to foreign shareholders, owners, or partners of Chilean CIT taxpayer entities.

As explained under section (4.1.1. above), in general, 65% of the CIT paid by the entity distributing dividends or profits may be used as a credit to offset the amount of payable WHT. As a result, total tax burden would be 44.45%. In turn, foreign shareholders, owners, or partners resident in a DTT Country may claim as credit 100% of the CIT paid over the distributed dividends or profits, to the extent that: (i) qualifies as a tax resident in a DTT country and is able to obtain a tax residence certificate from the Tax Authorities; (ii) is not considered a fiscally transparent entity; and (iii) is the beneficial owner of the dividends.

5.1.4.2 Interests

In general, interest paid abroad are subject to a 35% WHT on the gross amount. However, the ITL establishes a reduced rate of 4% on interest payments where the creditor (among other specific cases) is a foreign bank or financial institution.

Likewise, reduced tax rates may apply in case of interests paid to DTT Country residents.

In the case of interest paid to foreign related parties, thin capitalization rules are applicable. Under such, interest and other disbursements paid abroad at reduced tax rates (4% or as established by a DTT), will be subject to a 35% overall tax rate, in case the Chilean company breaches the excess indebtedness ratio (3:1). Reduced withholding tax paid may be deducted from the 35% penalty tax.

All debt and liabilities shall be considered for computing the debt figure. This includes foreign and local debt as well as related and third-party debt. Only short-term debt (i.e., <90 days) with third-party is excluded from the debt computation. The 3:1 ratio shall be measured at the end of every year in which interest is paid. ITL lists several cases where a relationship exists, starting from the most obvious cases (i.e., when both parties are part of the same business group or when one of them has an ownership interest in the other) to more sophisticated deemed relationship rules.

5.1.4.3 Royalties

Royalties are generally subject to WHT at 30% rate. Such rate is reduced to 15% in case of use, benefit, or exploitation of software. However, standard software in which the rights transferred are limited to those necessary to allow the use of such software, but not its commercial exploitation or its reproduction or modification, are exempt from WHT. In case of payments to entities located in preferential tax regime jurisdictions, the WHT turns into 30%. Under certain DTTs, the maximum rate for royalties is 10% or 15%.

5.1.4.4 Technical or engineering work or professional services

Technical or engineering work or professional services are subject to a 15% WHT rate. In case of payments to entities located in preferential tax regime jurisdictions the WHT turns into 20%. Reduced rates may apply under DTT provisions.

5.1.4.5 Other services

The general rule is that payments for services rendered abroad are subject to a 35% WHT rate. Under certain DTT, those payments are usually covered by Article No. 7 and thus considered Business Profits, only taxed in the country of residence of the payment beneficiary (not the country of the payer).

5.1.5 Stamp Tax (ST)

In general terms, all documents evidencing loans or any other monetary credit operations are subject to ST at the time of its issuance. Monetary credit operations consist in the delivery or commitment to deliver an amount of cash, and the commitment by the recipient to reimburse it at a different time. Foreign monetary credit operations, even if there is no document, are subject to ST.

ST is levied on the principal amount established in the corresponding documents. The rates are: (i) 0.066% of the principal for each month or fraction thereof

between the issuance of the loan and its maturity, capped at 0.8%; (ii) 0.332% on the principal in case of loans repayable on demand or without a specific maturity date. ST is paid once per loan, in general.

ST is an allowed expense for CIT purposes.

5.1.6 Municipal Tax

Under Law Decree No. 3,063 the Municipal Tax corresponds to an annual tax to be paid to the Municipality of the territory in which a commercial-business activity is performed. Mining companies (and other entities developing primary activities) are liable for the Municipal Tax once the mineral starts to be sold.

The rate is applied in ranges between 0.25% and 0.5% over the company's Tax Equity (company's assets at tax value less liabilities at tax value). Such Tax Equity is also adjusted by deducting all investments in other companies that pay Municipal Tax.

The amount of Municipal Tax range is between 1 UTM (circa USD 80) and 8,000 UTM (circa USD \$643 k) per year. Municipal Tax is usually paid in two installments, one payable during July and the other during January.⁵

5.1.7 Property Tax

Under Law No. 17,235, a Property Tax, at a rate ranging from 1% to 1.4% on yearly basis, is applied to real estate property. The rate to be imposed depends on the real estate's qualification as agricultural or nonagricultural and is applied on the fiscal value of the real estate. It must be noted that there are benefits and exemptions available for qualified taxpayers or real estate.

The referred law also provides the following surtaxes:

- ▶ **Global surtax:** Applicable over the sum of fiscal values of all the real estates owned by the same taxpayer and correspond to progressive rates ranging between 0% (to overall fiscal value lower than circa USD 646k) to 0.425% (to overall fiscal value equal or higher than circa USD 1.5M).
- ▶ **Nonagricultural real estate surtax:** Applicable to nonagricultural real estates, to the extent that they are located in urban territory and are undeveloped or abandoned or correspond to ballast wells.

Chilean Law grants certain taxpayers the opportunity to use the sums paid on account of Property Tax and surtaxes as credit against the CIT. If the conditions set forth by the law to use the Property Tax as credit are not met, such tax may be deducted for income tax purposes.

⁵ UTM as of February 2026.

5.1.8 Contribution for Regional Development

Law No. 21,210 establishes a Contribution for the Regional Development (CRD), which has a rate of 1% and is applied on the acquisition value of all the physical goods of the fixed assets in the part that exceeds the amount of USD 10 M.

It applies to CIT taxpayers who are taxed based on effective income, determined according to full accounting records, who made investments in projects:

- a. That comprises the acquisition, construction, or importation of physical goods of the fixed assets for a total value equal to or greater than USD 10 M; and
- b. That must be submitted to the environmental impact assessment system according to Article No. 10 of the Law No. 19,300.

The contribution is accrued from the first fiscal year in which the project generates operational income, provided that the definitive reception of work has been obtained by the respective Municipal Works Directorate, or if the referred reception is not applicable to the project, that the Superintendence of the Environment has been informed by the management.

The CRD must be declared and paid to the Chilean Treasury, in April of the following year of the accrual of the contribution, or, in up to 5 annual instalments from the time of its accrual.

5.1.9 Value Added Tax

In general, VAT is levied upon the recurrent sale of movable property, certain fixed assets, or even real estate assets (excluding land), services regardless of their recurrence, imports and other transactions, with a 19% rate.

Starting January 1st, 2023, VAT on services has been expanded to include all types of services, unless they are expressly exempt.

The acquisition of goods, services, and imports that are subject to VAT entitles the buyer or recipient to a VAT credit, provided they are involved in selling goods or providing VAT-liable services. This VAT credit is equivalent to the VAT detailed in invoices for goods acquired, services utilized, imports, or other VAT-liable transactions.

When such a taxpayer sells VAT-liable goods or services, the VAT charged on these sales is recorded as a VAT debit. This debit can be offset against any accumulated VAT credit. According to VAT

methodology, VAT credits are used to offset VAT debits. If there's a positive difference, it represents the VAT payable. Any remaining VAT credits after this offset can be carried forward indefinitely.

In general, exportation of goods performed by Chilean taxpayers are exempt from VAT. However, exporters are specially allowed to recover any VAT paid related to their export activities. Specific VAT credit recovery mechanisms are available, pre and pos exports.

In addition, VAT taxpayers that maintain VAT credit for at least 2 months, arising from the acquisition of fixed assets or services considered to be part of the cost of such fixed assets, can either be offset against any tax liability or request its cash refund.

However, as of August 1, 2025, exporters will be obliged to return the VAT previously refunded if at the time of applying for the termination of the business they fail to prove that during the 36 months previous to the last export shipment or acceptance of the export of services they have not exported an amount equivalent to the VAT recovered.

Regarding importations, it must be noted that the VAT Law establishes an exemption for imported capital goods that are destined for the development, exploration or exploitation in Chile of mining, industrial, forestry, energy, infrastructure, telecommunications, research or technological, medical or scientific development projects, among others, provided that the aforementioned project implies an investment of an amount equal to or greater than USD 5M. To apply this exemption, a resolution from the Ministry of Finance must be issued confirming the requirements are met.

The sale of tangible fixed assets - movable or immovable - is also subject to VAT where the seller was entitled to the VAT tax credit (input) at the time of the acquisition of the asset. Notwithstanding the above, smaller businesses will not be subject to VAT at the time of the sale of the fixed asset if the sale has taken place more than 36 months after the acquisition of the fixed asset.

However, as of November 1, 2024, the Chilean IRS (SII) is entitled to re-qualify any sort of reorganization that implies the transfer of shares when fixed assets - movable or immovable assets - are indirectly transferred as a direct transfer of the fixed asset when the Chilean IRS proves in an audit procedure that the only propose of the reorganization is to avoid the VAT applicable to these types of operations.

5.1.10 Specific Tax on Fuels

Law No. 18,502 regulates the specific tax on fuels. The rate of this tax corresponds to a Base Component plus a Variable Component.

Thus, the Base Component of the tax is established in Monthly Tax Units, converted to USD as follows:

- ▶ Motor gasoline: USD 413 per m³
- ▶ Diesel oil: USD 103 per m³
- ▶ Compressed natural gas: USD 133 per 1,000 m³
- ▶ Liquefied petroleum gas: USD 96 per m³

In turn, the Variable Component consists of a mechanism integrated by specific variable rate taxes or tax credits that will increase or decrease the Base Component and, therefore, the applicable specific tax. Within the Variable Component is the so-called Mechanism for the Stabilization of Fuel Sales Prices (*Mecanismo de Estabilización del Precio de los Combustibles* in Spanish, acronym MEPCO) that seeks to stabilize the fluctuations in the value of fuel.

This tax is accrued at the time of the first sale or importation of the products indicated in the Law and shall affect the producer or importer thereof. Producers must pay this tax within the first 10 working days following the week in which the transfers were made, and importers before the withdrawal of the goods from Customs and as a prior condition for this purpose.

According to the current rules, certain VAT taxpayers and exporters (as the case of mining companies) may recover up to 100% of this tax applicable to diesel oil, to the extent that it is not used in vehicles destined to transit by road.

5.1.11 Green Tax on Fixed Sources

As of January 1, 2023, the Green Tax on Fixed Sources is levied on particular matter (PM), nitrogen oxides (NO_x), sulfur dioxide (SO₂) and carbon dioxide (CO₂) emissions into the air produced by establishments whose emitting sources, individually or collectively or, emit 100 or more tons of PM per year, or 25,000 or more tons of CO₂ per year. Excluded from the application of the tax are emissions associated with hot water boilers used in services linked exclusively to personnel and generators with a power of less than 500 kWt.

From February 25, 2023, taxpayers subject to the green tax on fixed sources, may offset all or part of their taxable emissions for purposes of determining the amount of tax payable through the implementation of projects to reduce

emissions of the same pollutant (or comparably known as “offsets”), subject to such reductions being additional, measurable, ascertainable and permanent.

It should be noted that the reduction projects for *offsetting proposals* must be additional to the obligations imposed by prevention or decontamination plans, emission standards, environmental qualification resolutions or any other legal obligation.

To implement an emission reduction project for the above purposes, the corresponding application must be submitted to the Ministry of the Environment. In addition, to accredit the reduction of emissions, the projects must be certified by an external auditor authorized by the Superintendency of the Environment.

This tax is accrued annually and must be paid in CLP in April of each year.

In the case of PM, NO_x and SO₂ emissions, the tax will be equivalent to 0.1 per each ton emitted based on a formula, or the corresponding proportion, of such pollutants, multiplied by the amount resulting from the application of a mathematical formula that includes the social cost of pollution per capita considering the amount of population of the corresponding Municipality.

Regarding these same pollutants, if the establishment is located within a Municipality that is also part of a zone declared as “saturated zone” or “latent zone” due to concentration of PM, NO_x or SO₂ in the air, an additional factor consisting of the air quality coefficient will be applied to the tax rate per ton of pollutant.

In the case of CO₂ emissions, the tax will be equivalent to USD 5 for each ton of CO₂ emitted. However, the tax on CO₂ emissions will not apply to emitting sources that operate based on non-conventional renewable means of generation whose primary energy source is biomass energy.

On April 30, 2024, Law No. 21,667 was published in the Official Gazette. This law establishes a series of measures aimed at stabilizing electricity tariffs and creating a temporary subsidy for electricity rates. To secure the resources needed to expand the coverage and duration of the temporary electricity subsidy, the law introduces a temporary increase to the carbon tax rate, raising it from USD 5/tonCO₂ to an effective transitional rate of USD 10/tonCO₂. In other words, it creates a temporary surcharge on emissions for tax years 2024, 2025, and 2026, applicable exclusively to power generation plants connected to the National Electric System (SEN) – and not to the Medium Sized Electricity Systems (SSMM).



5.2

Transfer Pricing

5.2.1 General Considerations

Chilean transfer pricing (TP) regulations are in line with the Organisation for Economic Co-operation and Development (OECD) TP guidelines.

Acceptable transfer-pricing methods include the following:

- ▶ Comparable uncontrolled price
- ▶ Resale price
- ▶ Cost-plus
- ▶ Profit-split
- ▶ Transactional net margin

If none of the recognized methods can be applied, an alternative method may be used. The choice of the most suitable method should consider the specific facts and circumstances of each other related party transaction being analysed.

Taxpayers must file annual sworn statements identifying related party transactions and transfer-pricing methods and providing other information requested by the SII through its regulations. In addition, taxpayers must keep all relevant information supporting compliance with the transfer-pricing rules.

County-by-Country (CbC) regulations have been in force in Chile since 2017.

In addition, CbC, Master File and Local File Sworn Statements must be submitted to the SII if certain conditions are met. When Local File applies, it involves also filling additional support information such as agreements, functional organization charts, group structure, loan payments schedules, among others.

5.2.2 Mining Industry

The mining industry has been one of the most scrutinized sectors for transfer pricing audits. Transactions commonly under review includes the sale of products, that depending on the case, may have public price, discounts, premiums references in the markets (national or international); intercompany services received (transfer pricing policies as well as substance) and financial intercompany transactions (interest rates and debt capacity structures).

For that reason, many players of this industry are very interested in signing Advance Pricing Agreements (APAs) with the tax administration, to gain certainty for their intercompany transactions, as well as Bilateral Agreements (BAPAs).

APAs apply for the year of signing and the following four years, with possible retroactive application to up to three prior years without penalties or interest. During the APA's validity, the Tax Authority and Customs Directorate cannot adjust transfer prices or customs values for covered transactions. Taxpayers authorizing publication of APA criteria are included in a public list of socially responsible taxpayers.

To date, 36 requests to enter into this type of agreement have been submitted. There are currently some APAs signed with entities belonging to this industry, and it is expected that there will be many more cases in the near future, moreover, considering the recently signed tax treaty with the United States of America.

Currently, Chile is the leading country regarding signed APAs within the South American region. The tax administration, as well the Customs Agency have specific teams dedicated to APA processes and Mutual Agreement Procedures (MAP).

The following graph details the status of the 36 requests for APAS as of March 2025:



As can be seen, of the 36 applications submitted, 17 agreements have been signed, 14 applications are in the negotiation stage, 3 have been rejected and 2 taxpayers have withdrawn their application.

On the other hand, the following table depicts the number of applications submitted depending on their type by year:

Type of Agreement	2021	2022	2023	2024
APA	4	3	5	0
Bilateral APA (BAPA)	1	3	0	0
APA Renovation	0	0	2	3
Total	5	6	7	3

The information presented above indicates that, from the 36 requests for Advance Agreements presented to the Service, a total of 21 requests have been received in the last 4 years. The above reflects a significant change compared to previous periods, where an average of less than 1 filing per year was recorded since the implementation of No. 7 of article 41 E of the Chilean Income Tax Law.⁶

5.2.3 Price agreements between related parties

Law No. 21,713 introduced the option for related parties in international sales of products to enter into price agreements prior to importation to justify that the transaction value is aligned with the market value for the relevant goods. These agreements must be jointly approved by the SII and the Custom National Service.

⁶ Source: SII statistics, https://www.sii.cl/servicios_online/1044-conoce_mas-4430.html



5.3 Taxes solely applied to the mining industry in Chile

Notwithstanding the general tax regulations applicable to all business activities in Chile, there are some special tax regulations for the mining industry derived from its particular characteristics.

5.3.1 Mining Patents

A mandatory annual fee is required to keep the mining properties in good standing.

For exploration concessions, the amount of such patent for each full hectare will be equivalent to three fiftieths (3/50) of a monthly tax unit (circa USD 4,8) for each year the concession is granted.

For exploitation concession, the fee follows a progressive scale that increase over time, starting at fourth tenths (4/10) of a monthly tax unit (circa USD 32) for the first five (5) years and reaching twelve (12) monthly tax unit (circa USD 825) per hectare from its thirty-first (31) year onward.

Certain exceptions apply to this standard fee for exploitation concessions, introducing a reduced patent fee of one-tenth (1/10) of a monthly tax unit (circa USD 8) per hectare. This reduction aims to incentivize mining projects that meet specific public interest criteria, as defined by applicable regulations. Concessionaires must annually demonstrate ongoing and permanent mining activities to qualify, in accordance with Law No. 20,551, which governs the closure of mining and facilities.

The reduced fee also applies to exploitation concessions included in mining development projects, regardless of whether mining operations have commenced. This includes projects with an Environmental License (RCA) or those undergoing evaluation under the Environmental Impact Assessment System as stipulated by Law No. 19,300. Additionally, concessions engaged in projects requiring permits under the Mining Safety Regulation but exempted from environmental evaluation are also eligible.

Properties within a designated mining production unit and its potential expansion may also benefit from this reduced fee. If one property under the same ownership and included in the same measurement act meets the eligibility criteria, it is presumed that all related properties qualify.

Concessionaries are responsible for submitting the necessary documentation annually to the Tax Authority to demonstrate compliance and maintain the reduced fee status. Holders of up to 500 hectares may also qualify for the reduced fee of one-tenth of a monthly tax unit per hectare, provided they meet the requirements

For legal entities, this limit includes the holdings of individuals who own the entity. For individuals and sole proprietors, the holdings of relatives up to the third degree of consanguinity or the second degree of affinity are also considered. Non-compliance with these requirements results in the loss of the benefit, with the standard fee becoming payable in March of the following year.

It is important to note that once mining operations commence, Mining Patents are not deductible for tax purposes. However, they may be treated as monthly provisional tax payments, and used as credits against certain tax obligations, subject to compliance with legal requirements, but if the mining properties cover an area exceeding one thousand hectares, the owner may deduct or credit only the value of the patents corresponding to up to one thousand hectares.

5.3.2 Mining Royalty

Effective January 1, 2024, as established by Law No. 21,591, mining exploiters are now under the purview of a new annual Mining Royalty. The Specific Tax on the Mining Activity, stated in articles 64 bis and 64 ter of the ITL from 2005, has been repealed as of the same date on which the new Mining Royalty came into force.

This Mining Royalty comprises two components: the **Ad-Valorem Component** and the **Margin Component**. These are calculated based on the sales volume and the type of minerals extracted.

The sum of these components forms the Mining Royalty. However, it's important to note that this amount is subject to a cap due to a maximum taxation threshold, which takes into account the Mining Royalty, corporate income taxes, and final taxes.

5.3.2.1 Ad Valorem Component

Mining exploiters with annual sales exceeding the equivalent of 50,000 metric tons of fine copper (MTFC) are subject to a 1% rate on its sales. This rate specifically applies to revenues derived solely from copper sales, excluding those from other minerals (i.e., Molybdenum, Silver, Gold, etc.).

The term "sales" will consider the average of annual sales of the last six commercial years, for which purpose taxpayers will have to comprise the total sales value of mining products including that from related parties (insofar as those related party can also be considered "mining exploiters"). Related parties shall be understood as those referred to in number 17 of Article No. 8 of the Chilean Tax Code (TC).

In case the taxpayer registers sales for less than six years, the average will consider the years starting from the first year the taxpayer registers actual sales.

5.3.2.2 Mining Margin Component

Mining exploiters whose income derives in 50% or more from copper sales and whose sales are equivalent to more than 50,000 MTFC, will be subject to a progressive and marginal tax rate ranging from 8% to 26%. The applicable rate within this range will be determined based on the **Mining Operating Margin (MOM)** of the taxpayer.

MOM is defined as the quotient resulting from dividing the **"Adjusted Mining Operational Taxable Income"** (RIOMA) over the mining operational income of the taxpayer, multiplied by a hundred.

Mining exploiters, whose income derives less than 50% from copper sales, will be subject to the following tax rates based on their annual sales:

- ▶ Less than equivalent of 12,000 MTFC: Exempt.
- ▶ More than the equivalent of 12,000 MTFC but less than 50,000: Tax rate fluctuates between 0.4% and 4.4%.
- ▶ More than the equivalent of 50,000 MTFC: Progressive tax rates ranging between 5% and 14% depending on the MOM.

Mining exploiters shall apply the respective tax rates over RIOMA, which considers the CIT's taxable base of the taxpayer subject to certain adjustments included in Law No. 21,591 (to reflect the mining operational taxable income only. For these purposes, RIOMA is determined based on CIT's taxable base, subject to the following adjustments (additions and deductions):

a) Additions to the taxable base

- ▶ The operative component of the mining royalty.
- ▶ Expenses and costs linked to income arising from sources other than the sale of mining products. Those related simultaneously to different sources of income are recognized proportionally.
- ▶ The following expenses, to the extent they have been deducted:
 - Interest referred to in number 1 of article 31 of IFL.
 - Carry-forward losses referred to in number 3 of the same article.
 - Deductions for accelerated depreciation of fixed assets.
- ▶ The difference, if any, between organization and start-up expenses (as in article 31 N° 9 IFL) deducted in a period inferior to 6 years, and the proportion that would have otherwise been deducted in case such expenses were deducted linearly in 6 years.
- ▶ The consideration paid under a mining development contract (avío), mineral sales contract, lease or usufruct of a mining concession, or any other agreement under which the operation of a mining deposit is transferred to a third party. Also, any portion of the purchase price of a mining property determined as a percentage of the sale of mining products or the buyer's profits.

b) Deductions to the taxable base

- ▶ Any income that does not arise directly from the sale of mining products.
- ▶ The annual depreciation charge for fixed assets that would have applied had the accelerated depreciation regime not been used.

5.3.2.3 Maximum potential tax burden

Mining Royalty considers a cap to the combined tax burden of the CIT, the Mining Royalty, and shareholder taxation on profits distributions.

In case the maximum potential tax burden exceeds such cap, the Mining Royalty will be reduced accordingly. Said limit will be set at a 46,5% for exploiters with annual sales equal or greater than the equivalent to 80,000 MTFC and at 45,5% for exploiters with annual sales lower than the equivalent to 80,000 MTFC.

5.3.2.4 Declaration, payment, and obligatory provisional monthly payments.

The Mining Royalty must be paid annually (in April of the year after the respective commercial year) and is subject to the TC in anything not regulated in the Law No. 21,591.

Mining exploiters required to pay the Mining Royalty must make mandatory provisional monthly payments. These payments are calculated as a percentage of the gross income, either received or accrued, from their

PHOTO: TECK



monthly sales of mining products. This obligation applies regardless of the components that constitute the Mining Royalty, whether it's the Ad Valorem Component, the Mining Margin Component, or a combination of both.

Mining exploiters shall also be bound to report their annual financial statements (both individual and consolidated) to the Chilean Financial Market Commission, including a note regarding the company's ownership upstream.

The financial statements must be audited by an external audit company registered under Law No. 18,045 (Stock Markets Law). Quarterly financials must also be reported.

Failure to report will be subject to fines and penalties.

5.3.2.5 Tax Deductibility of the Mining Royalty for CIT purposes

The Mining Royalty is an additional and separate tax from the CIT established under a law distinct from the ITL. This distinction is significant because, according to Article 31, number 2, of the Income Tax Law, taxes enacted under separate laws can be deducted from the CIT taxable base, provided they are related to the company's activities.

Therefore, both the ad valorem component and the margin paid by mining companies qualify as deductible expenses under the ITL, reducing the net taxable income for CIT purposes.

It should be noted, however, that any disbursements incurred during the mining site closure process, as regulated by Law 20.551, must be added back to the net taxable income if they were previously deducted for the purpose of calculating the Mining Royalty tax.



5.4 Incentives

There are no special tax incentives for the mining industry. However, there are some benefits generally established for all taxpayers. For instance, VAT refunds for exporters, tax incentives for investment and development, among others.

In this regard, Law No. 20,241 that "Establishes a Tax Incentive for Private Investment in Research and Development" (R&D Law), establishes a tax incentive for private investment in R&D that can be used by CIT taxpayers that declare their effective income determined according to full accounting records.

The modalities of this tax incentive could be: (a) R&D certified contracts with a registered research center; and (b) R&D in-house activities.

This benefit has the following characteristics:

- (a) Tax credit imputable to the CIT, corresponding to 35% of the total disbursements in R&D projects duly certified by CORFO (in-house) or for payments to certified research centers. The maximum amount of credit, per year and per each legal person or tax ID, cannot exceed 15,000 monthly tax units (circa USD 1,1M). This tax credit is non-refundable. However, it can be carry-forward indefinitely.
- (b) Deduction as a tax expense of the remaining 65% of the R&D disbursements certified by CORFO for in-house activities or associated with R&D certified contracts entered with a registered research center, even if such disbursements are not necessary to produce income for the respective business (deductible in up to 10 years).

It should be noted that R&D projects may be carried out by taxpayers with their internal capacities or with third parties being able to associate for the presentation of such projects (subcontracting third parties to conduct the R&D). However, according to the Law, the only restriction is that at least 50% of these expenses must correspond to activities carried out within the national territory.

An exceptional pre-step approval process is recognized in the Law through which taxpayers can file an affidavit before CORFO *informing that they are keen to file a R&D project*. According to this procedure, taxpayers would be able to prepare a project that must be filed within 18 months. As soon as certain formal and substantial requirements are met, all disbursements incurred from the date in which the affidavit was filed, would be counted for the tax incentives.

Tax incentives are claimed annually through the annual tax filings of the company. This form must be completed in April of the year following the year when the disbursement took place, to the extent the respective resolution from CORFO is issued.

Moreover, according to information provided by "Data Innovación", a special data department of the Production Development Agency (Corporación de Fomento de la Producción, or "CORFO" in Spanish), the mining sector has emerged as one of the key beneficiaries of the R&D tax incentives established under the R&D Law. A published report has indicated that the mining industry consistently ranks among the top sectors in terms of both the number of projects certified and the total amounts certified. This trend underscores the sector's active engagement in research and development activities, which are crucial for enhancing operational efficiency, reducing environmental impact, and fostering innovation.

The utilization of the R&D tax incentive is predominantly observed among large enterprises within the mining sector. According to the report, approximately 74% of the companies that have received certifications are classified as large. This trend aligns with the capacity of larger mining companies to invest significantly in research and development, enabling them to leverage the tax benefits effectively. In contrast, smaller companies remain underrepresented in the utilization of these incentives, with only 8.4% of certifications attributed to small enterprises.

Particularly noteworthy is the increasing focus on projects aimed at enhancing the sustainability of mining operations. As the global market increasingly prioritizes sustainability, the mining sector's engagement in R&D initiatives positions it to capitalize on emerging opportunities. By investing in innovative practices and technologies, mining companies can not only improve their operational performance but also contribute to the transition towards a more sustainable and responsible mining industry.

This incentive is currently in effect until December 2025; however, a reform bill is expected to be presented to Congress to extend the R&D Law.



Global trends emphasize the importance of transparency, collaboration, and effective risk management in taxation, aligning with the OECD guidelines on responsible tax practices. In Chile, the 2024 tax reform, enacted through Law No. 21,713 has introduced pioneering measures to promote tax sustainability, enhancing cooperation between taxpayers and the tax authority while strengthening compliance frameworks and advancing corporate governance.

The reform introduces changes to the Tax Code, incorporating a number 18 into its article 8, which defines "tax sustainability" as the set of measures implemented to ensure mutual cooperation and transparency in fulfilling tax obligations. This concept provides a robust framework for assessing tax practices, reducing fiscal risks, and simplifying compliance processes. Chilean taxpayers can demonstrate their commitment to tax sustainability through annual certifications granted by independent certifiers or through cooperative compliance agreements established in direct collaboration with the tax authority. These measures foster trust and support effective tax compliance.

The reform also establishes a public registry to disclose certified taxpayers and participants in cooperative agreements, further enhancing transparency and accountability.

On January 16, 2025, the SII published Circular No. 6, which provides general definitions regarding the tax sustainability elements incorporated into the Tax Code, specifically in connection with tax sustainability certification, cooperation agreements with business groups, and the registry of certifying companies and tax transparency.

Subsequently, on June 19, 2025, the tax authority issued three resolutions containing the administrative regulations necessary to operationalize the implementation of tax sustainability:

- ▶ **Exempt Resolution No. 70:** Establishes the registration procedure for certifying companies.
- ▶ **Exempt Resolution No. 71:** Establishes the certification procedure to be carried out by independent certifiers companies.
- ▶ **Exempt Resolution No. 72:** Establishes the procedure for entering into cooperation agreements with business groups.

Additionally, within this new tax sustainability framework introduced by the reform the tax authority has introduced a voluntary affidavit on Social Tax Responsibility. This affidavit requires taxpayers to disclose their tax strategy, taxation policies, transfer pricing methods, dividend distribution practices, intragroup service policies, and other relevant measures. It offers a comprehensive view of a taxpayer's approach to compliance and fiscal governance. In parallel, the revised mandatory Form 1913, updated under the OECD's BEPS initiative, incorporates detailed reporting on tax social responsibility, reinforcing transparency and ensuring businesses actively contribute to national development. This mandatory affidavit had to be reported, on its first time, by June 2025 in respect to the operations of companies in 2024.

The reform also underscores the importance of a comprehensive fiscal risk management strategy in enhancing corporate governance. Such strategies not only help businesses meet their tax obligations but also mitigate financial, regulatory, and reputational risks. While the concept of tax sustainability is not unique to Chile, the country has positioned itself as a leader in the Region in adopting these principles, successfully integrating transparency and collaboration into its tax compliance framework.



5.6.1 DL 600

The regulatory framework for foreign investment in Chile has been subject to different changes within the last years. In this regard, up to December 31, 2015, the Decree Law No. 600 (DL600) was the main legal body for foreign investments' protection in Chile.

Law No. 20,780 repealed the Foreign Investment Statute regulated by the DL600 as of January 1, 2016. Said statute allowed foreign investors to subscribe investment contracts with the State of Chile ensuring for a certain period a set of rights related with their investment, including tax stability.

The DL600 established a foreign investment regimen that provided access to the official foreign exchange market and offered, among others, the following benefits:

- ▶ Different type of tax stabilities;
- ▶ Nondiscrimination under Articles No. 9 and No. 10 of the DL600;
- ▶ Alternative mechanism of calculating the tax basis in case of capital gains associated to foreign investments in Chile;
- ▶ Access to the formal exchange market; among others.

Notwithstanding this regime was repealed, some of the rights granted by DL600 contacts (including the tax stability for mining taxes) are still claimable. The tax stability protection of many mining companies ended in 2023 according to the public information available, leaving only a few of them under this regime.

5.6.2 New Foreign Investment Regime (Law No. 20,848)

Law No. 20,848 was published in the Official Gazette on June 25, 2015, and regulates investments made by any natural or legal person incorporated overseas, not residing or domiciled in Chile, whose investment is equal to or greater than USD 5M, or the equivalent to said sum in other foreign currencies.

The application of the rights granted to foreign investors by this framework requires for the investment to be made in a Chilean company, granting the investor with the direct or indirect control over, at least, 10% of the company's voting shares or an equivalent percentage in the corporate equity, if it is not a stock-based company or in the assets of the respective entity.

To qualify as a foreign investor and access the rights available under this framework, it is necessary to request a certificate before the Agency for the Promotion of Foreign Investments.

According to the above, the Law provides a list of granted rights to the foreign investors, which can be described as follows:

- ▶ Overseas repatriation, at any time, of the invested capital and net profits once the applicable tax obligations have been fulfilled.
- ▶ Access to the Formal Exchange Market to liquidate currencies that comprise the investment and to acquire the necessary currencies to repatriate the invested capital and net profits.
- ▶ Non-discrimination right, whether directly or indirectly, according to the legal regime that is applicable to local investors.
- ▶ Right to VAT exemption in the import of capital assets, if they comply with certain special requirements and procedures.

It is relevant to consider that these regulations do not set forth the possibility that foreign investments can be granted with a tax stability regime, as was the case of the previous foreign investment regime established by the DL600.

5.6.3 Foreign Exchange Regulations of the Central Bank of Chile

Under the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations of the Central Bank of Chile (Chapter XIV), foreign investors may bring capital into Chile under the terms and considerations applicable to foreign loans, deposits, investments, and capital contributions.

For fund inflows from external credits exceeding USD 1 M, it's essential to process them through an entity of the Formal Exchange Market (Mercado Cambiario Formal in Spanish, acronym MCF). In this case, the debtor must report to the Bank, either directly or via an MCF entity. Similarly, for the entry of foreign currency from deposits, investments, and capital contributions, the involved party must provide necessary details for the creation of a sheet, which the MCF entity issues to inform the Bank about the transfer or conversion of the funds.

Additionally, when capital contributions in Chilean pesos from abroad are received, the investment recipient must report the transaction. This reporting requirement specifically applies to capital contributions in Chilean pesos resulting in the foreign investor achieving or maintaining at least a 10% stake in the rights or shares of the recipient entity.

It must be noted that most of the reporting obligations are carried-out by the bank or financial company assisting in the transfer of funds through the MCF.

PHOTO: CODELCO





5.7

General Anti-Avoidance Rules (GAAR)

Substance over form rules have been in effect in Chile since 2014. These rules empower the SII to challenge transactions performed under abuse of juridical forms or simulation and to require payment of the relevant taxes that would have applied. GAAR rules do not prevent the Tax Authority from exercising criminal actions.

The SII may choose to apply either GAAR or any other Specific Anti-Avoidance Rules (SAAR) recognized in the Chilean tax rules, but both cannot apply simultaneously to the same transaction. The SII's powers are limited by the legal recognition of taxpayers' good faith and their right to choose between reasonable, legitimate options under tax law.

The GAAR procedure involves a detailed review, a report by the SII's Anti-Avoidance Department, and a recommendation from the Executive Committee. If abuse or simulation is identified and significant tax avoidance is determined, the SII submits the case to the Tax Courts.

If the Court confirms the SII's claim, penalties apply:

- ▶ Third-party designers or planners may face fines of up to 250 annual tax units (circa USD 241k), depending on repetition or fees charged.
- ▶ Taxpayers face fines of up to 100% of the tax difference, capped at 250 annual tax units (circa USD 241k).
- ▶ Directors or legal representatives of legal entities may also be liable if breaches of managerial or supervisory duties are proven.

Taxpayers may submit a preliminary and voluntary consultation to the SII to assess whether their transactions could fall under GAAR or any other SAAR provision. This consultation is subject to a ruled procedure under a specific timeline.

As of October 2024, Law N°21.713 was published in the Official Gazette, introducing several changes to

the Chilean GAAR. The law maintains the existing prior judicial procedure but introduces a variety of changes regarding substantive and procedural matters at the administrative level. Among them, the application threshold of the rule is modified (approximately USD 73k of the taxable base), obtaining refunds or access to special tax regimes are also included as triggering thresholds, and the SAAR deference principle is altered, allowing the Chilean tax authority to choose between the application of the GAAR and specific anti-avoidance rules. Other relevant changes are depicted as follows:

- ▶ **Statute of Limitations:** The statute of limitations for reviewing acts or transactions under the GAAR is set at six years from the expiration of the legal deadline for tax payment.
- ▶ **Creation of an Executive Committee:** A new Executive Committee will be established within the SII to oversee the administrative review process for tax avoidance and suggest -through the issuance of a formal opinion- as to whether or not the GAAR should be applicable in a specific case.
- ▶ **Modification of Article 4° Quinque:** The article has been completely replaced, introducing new provisions that require the tax authority to issue a new citation to taxpayers if they have been cited for other matters. It also states that during the period between the submission of a request for a declaration of abuse or simulation and the final ruling, the statute of limitations will be suspended.
- ▶ **Conciliation Process:** The law introduces a conciliation process between the parties, allowing the Tax Court to call for conciliation during hearings.
- ▶ **Penalties:** In cases where the agreed fees exceed 100 annual tax units (circa USD 96k), the penalty may extend to the total fees agreed upon, capped at 250 annual tax units (circa USD 241k). If a legal entity is responsible, individuals in managerial positions may also be held jointly liable for penalties.
- ▶ **Taxpayer Responsibility:** If no third party designed or planned the avoidance acts, or if the taxpayer does not identify one, the taxpayer will be sanctioned with a penalty equivalent to 100% of the determined tax differences, capped at 250 annual tax units (circa USD 241k).

These changes aim to enhance the effectiveness of the tax authority in combating tax avoidance while ensuring that taxpayers' rights are respected.

5.8

Legislation

5.8.1 Starting a business in Chile

Foreign investors can do business in Chile as individuals or through entities governed by the corporate and commercial laws. These entities include:

- ▶ Corporations (*Sociedad Anónima* in Spanish, acronym SA)
- ▶ Limited liability company (*Sociedad de Responsabilidad Limitada*, in Spanish, acronym SRL)
- ▶ General partnership (*Sociedad Colectiva* in Spanish)
- ▶ Branch of a foreign corporation (*Agencia* in Spanish)
- ▶ Association (*Asociación or cuentas en participación* in Spanish).
- ▶ Limited partnership (*Sociedad en comandita* in Spanish)
- ▶ Limited liability individual company (*Empresa Individual de Responsabilidad Limitada* in Spanish, acronym EIRL)
- ▶ Joint stock company (*Sociedad por Acciones* in Spanish, acronym SpA)
- ▶ Contractual mining partnership (*Sociedad Contractual Minera* in Spanish, acronym SCM)
- ▶ Legal mining partnership (*Sociedad Legal Minera* in Spanish, acronym SLM).

Foreign investors generally conduct business activities using the following types of entities.

5.8.2 Corporations

Corporations are companies with a legal personality separate from that of its owners, which may be of three types: privately held, publicly traded or special. Corporations are ruled by Law No. 18,046 on corporations (the Corporations Law) and by Decree No. 702 of the Ministry of Finance (2012) on Regulation of Corporations.

Publicly traded and special corporations are subject to more regulation than privately held corporations and are under the supervision of the Financials Markets Commission (*Comisión para el Mercado Financiero* in Spanish, acronym CMF).

Publicly traded corporations are those that have voluntarily or mandatorily registered their shares in the securities registry kept by the CMF.

The corporations that are obliged to register their shares are those that have one or more of the following attributes:

- ▶ They offer their shares to the public;
- ▶ If for more than 12 consecutive months, the corporation had more than 2,000 shareholders, or the superior number established by the CMF, registered in its shareholder registry;
- ▶ They have 500 or more shareholders; or
- ▶ At least 10% of their subscribed share capital is held by a minimum of 100 shareholders (excluding individual shareholders that directly or indirectly exceed that percentage).

Special corporations are those that, whether they offer their shares to the public or not and regardless of the number of shareholders, are subject to the supervision of the CMF because of the nature of their business activities. Examples of such special corporations include insurance companies and mutual funds, among others.

Privately held corporations are not subject to supervision by the CMF. The following are the main characteristics of a privately held corporation.

5.8.2.1 Number of members

Shareholders are the members or owners of a corporation, which is required to have a minimum of 2 such shareholders.

5.8.2.2 Contributions

Contributions made by each shareholder to the corporation are represented by shares, which are freely transferable.

However, the by-laws of a privately held corporation may establish restrictions on the transfer of shares. These restrictions are typically outlined in private agreements between two or more shareholders.

Shareholders' contributions may be in cash or other types of tangible or intangible assets.

Any contributions other than cash must be valued by an expert unless the shareholders unanimously agree upon its value. Contributions may not consist of a shareholder's services or labor.

5.8.2.3 Share capital

The by-laws must establish the specific amount of the company's share capital (it may not be variable or imprecise). Chilean laws do not require a minimum share capital for the company to be incorporated, nor is it required to be totally or partially paid before the company begins operations.

However, the original share capital must be fully paid within three years of the incorporation of the company. Otherwise, the share capital is reduced to the amount actually paid.

5.8.2.4 Shareholder liability

Shareholders are only liable up to the amount of the contributions committed by each of them to the corporation.

Shareholders are not liable for the corporation's liabilities, with some exceptions, such as those established in Law No. 20,393 on liability of legal entities with respect to the crimes of money laundering, financing of terrorism, and bribery.

5.8.2.5 Administration

Corporations are represented, managed and administrated by a board of directors whose members must be appointed by the shareholders in the first board meeting (interim directors may be appointed in the by-laws at the time of incorporation). The Corporations Law grants the board of directors the administrative authority necessary to manage the company's business. The only limitations are those outlined in the company's by-laws, which are drawn up by the shareholders.

The board of directors is required to act through meetings conducted in accordance with the Corporations Act. However, the board may delegate some of its authority to senior executives, managers or lawyers of the company, to one or more directors and, in the case of specific purposes, to others. The number of board members depends on the by-laws. Nonetheless, a privately held corporation must have a minimum of three board members.

The by-laws must establish the term that the directors serve, which may not be longer than three years, after which the whole board must be reelected. Board members can be reelected indefinitely.

However, board members can be removed at any time by the shareholders (the only restriction is that the whole board be removed, not just certain directors).

Board members may or may not be compensated for their duties, depending on the by-laws. The amount of the compensation must be decided annually at the ordinary shareholders' meeting.

5.8.2.6 Incorporation

Corporations are incorporated by means of a public deed signed by the original shareholders before a notary public.

The deed must contain the by-laws. An authorized abstract of the deed must be registered in the Registry of Commerce where the company is domiciled and published in the Official Gazette within 60 days of signing the deed.

5.8.2.7 Amendment of the company's by-laws

Any amendment to the company's by-laws must be approved by a special shareholders' meeting held before a notary public. The minutes of this meeting must be transcribed into a public deed and an authorized abstract must be registered in the Registry of Commerce and published in the Official Gazette within 60 days.

5.8.2.8 Dissolution and liquidation

A privately held corporation is dissolved by:

- ▶ Expiration of the term of the company, if the by-laws consider any,
- ▶ The possession of all the company shares by one shareholder for more than 10 days,
- ▶ An agreement at a special shareholders meeting,
- ▶ A court judgment, if it is requested by shareholders representing at least 20% of the company share capital; the shareholders must prove the existence of a "serious cause" for dissolving the company; this could be a violation of the law that causes damage to the company or its shareholders, bankruptcy of the company or fraudulent administration,
- ▶ Other causes established in the by-laws.

A dissolved corporation subsists as a legal entity during its liquidation, but only for the purpose of conducting the liquidation, with all its by-laws remaining in force. The words "in liquidation" ("*en liquidación*" in Spanish) must be added to the company's name during this period and the entity is managed by a liquidation committee or by a sole person acting as the liquidator.

5.8.3 Joint stock companies

Stock corporations are legal entities distinct from their owners. SpAs are ruled by Articles No. 424 to No. 446 of the Code of Commerce and by their own by-laws. On all matters not expressly regulated by those, SpAs are governed by the rules applicable to privately held corporations.

The advantage of an SpA is that it offers great flexibility in the determination of its corporate structure, since it is primarily ruled by its by-laws, which can be tailored to meet the specific needs of their owners. Additionally, SpAs are the only legal entities in Chile that may be incorporated and exist with a single shareholder.

The following are the main characteristics of an SpA.

5.8.3.1 Members

Members or owners of an SpA are known as shareholders. An SpA can be formed and exist with just one shareholder or more. However, if for more than 12 consecutive months, the SpA complies with the conditions that oblige a privately held corporation to register its shares in the security registry of the CMF, it automatically becomes a public corporation.

5.8.3.2 Contributions and share capital

Contributions made by each shareholder to the SpA are represented by shares, which are freely transferable. However, the by-laws may establish restrictions on the transfer of shares. The SpA's by-laws may establish a maximum or minimum amount or percentage of the share capital that may be directly or indirectly controlled by one or more shareholders.

Shareholder contributions follow the same provisions as a privately held corporation unless the SpA's by-laws state otherwise.

As with corporations, the by-laws must establish the specific amount of the company's share capital (it may not be variable or imprecise), a minimum share capital is not required for the company to be incorporated, nor is it required to be totally or partially paid before the company begins its operations.

Nevertheless, it must be fully paid within 5 years, or the lesser time frame established in the by-laws, or the share capital will be reduced to the amount actually paid.

5.8.3.3 Shareholder liability

Shareholders' liability is limited to the extent of their individual contributions to an SpA. Beyond this, they are not responsible for the liabilities of the SpA, except in certain cases. Notable exceptions include those outlined in Law No. 20,393, which pertains to the liability of legal entities in cases of money laundering, financing of terrorism, and bribery.

5.8.3.4 Administration

Owners of an SpA have the liberty to select the company's administrative structure. For instance, the administration may correspond to one or more managers, with or without a board of directors, with simultaneous or subsidiary administrators or managers. The only requirement is that the administration system must be established in the company's by-laws. Otherwise, the company by default has the same administration as a privately held corporation.

5.8.3.5 Incorporation

SpAs may be incorporated in either of the following ways:

- ▶ Through a public deed agreed upon by the original shareholders before a notary public, which must contain the by-laws of the company; or
- ▶ Through a private document agreed upon by the original shareholders, whose signatures be authorized by a notary public.

This private document must contain the company's by-laws and be registered in the public record of the same notary public that authorized the signatures of the original shareholders.

Within 60 days following the date of the public deed or of the registration of the private deed in the notary's public record, as applicable, an authorized abstract must be recorded in the Registry of Commerce corresponding to the company's domicile and published in the Official Gazette.

5.8.3.6 Amendment of the company's by-laws

Any amendment to the SpA's by-laws must be approved at a shareholder's meeting. The minute of this meeting must be reduced into a public deed or registered in a notary's public record. However, if all the shareholders unanimously agree on the

amendment, a formal meeting is not necessary. In such cases, the agreement can be documented either in a public deed or a private document, with all shareholders' signatures authorized by a notary public and registered in the notary's public record.

An authorized abstract of the deed or document with the amendment must be registered in the Registry of Commerce and published in the Official Gazette within 60 days following the date of the public deed or of the registration of the private deed in the notary public's record.

5.8.3.7 Dissolution and liquidation of an SpA

The same rules for the dissolution and liquidation of a privately held corporation apply to the SpA, unless the by-laws state something different. The only exception is that SpAs are not dissolved when all of their shares are held by one shareholder, unless otherwise is established by the by-laws.

As for the liquidation of the company, the shareholders are free to rule in the by-laws the system of liquidation they deem appropriate.

5.8.4 Limited liability companies

Limited liability companies or SRLs are companies with a legal personality separate from that of its owners, and they are regulated by Law No. 3,918 and by some provisions in the Code of Commerce and the Civil Code.

5.8.4.1 Number of members

Members of an SRL are known as partners. An SRL must have a minimum of 2 partners and can have up to a maximum of 50.

5.8.4.2 Equity capital and contributions

Partners' contributions may be in cash, assets or services. Contributions other than cash must be valued and agreed upon unanimously by the partners.

A partner's ownership is represented by equity rights, which may only be transferred through an amendment of the company's by-laws and approved by the totality of the partners.

5.8.4.3 Partners' liability

Partners are only liable up to the amount of the contributions committed by each of them to the SRL. In this respect, the general principle is that partners are not liable for the company's liabilities, with some exceptions such as the ones established in Law No. 20,393 on liability of legal entities with respect to the

crimes of money laundering, financing of terrorism and bribery.

5.8.4.4 Transfer of equity rights

The partners' ownership in an SRL is represented by equity rights or interests equivalent to percentages of the company's equity capital. These rights are not freely transferable by each partner, since these may only be transferred through an amendment of the company's by-laws, which requires the unanimous consent of the company's partners.

5.8.4.5 Administration

The partners may freely choose how the administration is organized. For instance, the company's administration could be given to one or more managers (who could be partners or third parties, individuals or legal entities) or to a board of directors. The only requirement is that the system of administration be established in the company's by-laws.

Except for some specific activities, the manager or administrative body will only have the specific authority granted by the by-laws. The manager or administrative body may delegate its power to act on behalf of the company to one or more attorneys.

5.8.4.6 Incorporation

SRLs are incorporated by means of a public deed agreed upon by the original partners before a notary public, which must contain the by-laws of the company.

Within the 60 days following the date of the public deed, an authorized abstract of this public deed must be recorded in the Registry of Commerce corresponding to the company's domicile and published in the official gazette.

5.8.4.7 Amendment of the company's by-laws

Any amendment to an SRL's by-laws shall be made by means of a public deed executed by all the company's partners. An abstract must be registered in the Registry of Commerce and published in the official gazette within 60 days of the date of the public deed.

5.8.4.8 Dissolution and liquidation of an SRL

An SRL is dissolved by the following events:

- ▶ Expiration of the term of the company
- ▶ Conclusion of the business for which the company was incorporated
- ▶ Declaration of bankruptcy

- ▶ Agreement of all the company's partners
- ▶ Possession of all the company's rights in one person
- ▶ Any other event established in the company's by-laws

A dissolved SRL subsists as a legal entity during its liquidation, but only for the purpose of conducting the liquidation. During this period all the applicable provisions of the by-laws remain in force.

5.8.5 Branches of foreign corporations

The incorporation of a Chilean branch of a foreign corporation is regulated by the Corporations Law, whereas the incorporation of a Chilean branch of a foreign company or legal entity, different than a corporation, is regulated by the Code of Commerce. Both statutes establish very similar rules.

When considering whether to incorporate a branch, it must be noted that unlike companies (such as a corporation, an SRL or an SpA, branches of foreign companies are not considered a different entity from the foreign company that owns the relevant branch. Therefore, the foreign entity is fully responsible for all the acts performed by its Chilean branch; it may not contract with the branch, and the branch may not be merged, spun-off, etc.

5.8.5.1 Establishment of a branch

According to the branch regulations, in order for a foreign company or legal entity (the "parent company") to establish a branch in Chile, its agent or representative (the "agent") must register in the public record kept by a notary of the same domicile that the branch will have in Chile, both in Spanish and in the official language of the country of the parent company, the following legalized documents:

- ▶ Articles of association of the parent company, together with a certificate of good standing
- ▶ Authorized copy of the updated bylaws of the parent company
- ▶ General power of attorney granted by the parent company to the agent, where the agent legal capacity is evidenced, and it is clearly and precisely stated that the agent works in Chile under the direct responsibility of the parent company.

- ▶ Also, through public deed granted on the same date and before the same notary that registered the above documents in their public record, the agent should declare on behalf of the parent company the following:

- The name and business purpose of the branch
- That the parent company knows the Chilean legislation and regulation that will apply to it and to its branch, actions, agreements and obligations
- That the parent company's assets will be subject to Chilean Laws to fulfill the obligations for which it is liable in Chile
- That the parent company assumes the obligation of keeping in Chile assets that can be easily converted into cash, to fulfill the obligations for which it is liable in Chile
- The amount of capital that it will keep in Chile for the development of its business purpose, and the date and way in which this capital will be contributed to the branch
- The branch's domicile in Chile

Within the following 60 days, an authorized abstract of both the parent company's documents that were registered in the notary's public record and the referred public deed, shall be registered in the Registry of Commerce of the branch's domicile and published in the official gazette.

To amend any of the above documents or statements, the agent will have to follow the same steps previously described.

5.8.5.2 Administration

The branch is managed by the agent. Such agent is obliged to publish the annual financial statements of the branch in a newspaper of the branch's domicile, within four months of its financial year-end.



5.9

Special legal vehicles for mining

For the exploration or exploitation of mineral resources, the parties may establish companies and legal entities of those treated and regulated in other codes or special Laws, as the ones mentioned before, or they may also constitute mining companies as referred to in the Mining Code (Law No. 18,248 of 1983), which are divided into:

- ▶ Legal mining partnerships (*Sociedad Legal Minera* in Spanish, acronym SLM): created not by the agreement of the parties but when specific factual circumstances are met
- ▶ Contractual mining partnerships (*Sociedad Contractual Minera* in Spanish, acronym SCM): created by the agreement of those who incorporate the partnership.

5.9.1 Legal mining partnership

An SLM is a legal vehicle conceived to grant legal personality to mining rights -exploration or exploitation concessions- registered by more than one person. The SLM is created by its enrollment in the Public Mine Register, following the inscription of the Public Mine Register (*Conservador de Minas* in Spanish).

The company's equity corresponds to the mining rights registered under its name (although it can be increased later on).

The capital is divided into 100 shares, allocated in the proportion in which the mining rights are held. These shares can be freely traded. The partners are liable for the amount of their corresponding contribution. It is administrated by a partnership board (*Junta de Socios* in Spanish) and an administrator.

5.9.2 Contractual mining partnership

If the parties do not register their mining rights together, they can form an SCM. In such a case, they must also comply with some formalities, such as a public deed, whose abstract must be registered in the Public Mine Register. Their capital is divided into shares.

Regarding third parties, partners are liable to the amount of their corresponding contribution, but they will respond with their own assets for the contributions they agreed upon in the by-laws. Administration is freely determined by the partners, and it is usually organized as a corporation. The rules of the legal mining partnership shall apply to those matters not covered by the by-laws.



5.10

Joint ventures

Chilean Law does not categorize joint ventures. They are equivalent to de facto associations of individuals or entities.



5.11

Structures most often used by foreign investors

The structures most often used by foreign investors include corporations, wholly owned joint stock companies and limited liability companies.

A branch is generally not used because a foreign company remains liable for the debts of its Chilean branch.



5.12

Customs Duties

5.12.1 Valuation and rates

Imported goods are subject to customs duties, expressed as percentages of their cost insurance freight (CIF) value, or to ad valorem customs taxes. Specific duties expressed in US dollars per unit of weight or measures are levied on certain goods.

The general rate of customs duties is 6%. However, given the number of commercial agreements currently in force (with more than 60 nations) the effective custom rate is under 1%.

The payment of customs duties may be deferred up to seven years on imported capital goods intended to produce export goods, if the importer signs a promissory note that guarantees payment of the customs duties. In addition, some capital goods are also exempted from customs duties.

Since the entry into force of the Law N°21,713 in November, 2024 the exemption from the 19% of VAT for imports of goods valued below USD 41 was eliminated. Consequently, all imports into Chile valued up to USD 500 will be subject to a 19% VAT calculated over the FOB value of the goods. Likewise, importations valued over USD 500 will be subject to a 6% customs tariff calculated over the FOB value of the imported products, and a 19% VAT calculated over the FOB value plus the relevant customs duty.

5.12.2 Free-trade zones

Chile has free-trade zones, which provide certain benefits as described below.

Since 1975, free-trade zones have been set up and operate in the north and south of the country (Iquique and Punta Arenas, respectively).

While imported merchandise remains in the free-trade zones, no VAT or customs duties are applicable. Free-trade zones can be used for different purposes such as storage, sampling or exhibition, packing, sales, manufacturing and assembling.

Sales and services provided in free-trade zones are exempt from VAT and profits are exempt from the CIT. There is no reduction or exemption for the case of the final taxes. Some of the free-trade zone benefits have been extended to the cities of Arica and Tocopilla, in the north of Chile.

5.12.3 Temporary admission and bonded warehouses

Temporary admission of certain goods, including foreign vehicles, machines, containers and cinema and television films, is allowed subject to terms and conditions determined by the customs authorities. A guarantee for the corresponding customs duties is normally required.

Foreign goods may be stored in bonded warehouses without paying customs duties until their formal import. The customs authorities control the bonded warehouses and may also designate a national factory or an industrial establishment as a bonded warehouse for raw materials and components for manufacturing.

5.12.4 International trade agreements

The main agreements executed by the Chilean State in order to gain access to international markets are the following:

- ▶ Andean Community (*Comunidad Andina* or CAN in Spanish): Chile benefits from the free-trade zone established by this agreement for its member countries (Bolivia, Peru, Colombia and Ecuador).
- ▶ Chile is a member of the Latin American Integration Association (*Asociación Latinoamericana de Integración* or ALADI in Spanish), which promotes the economic and social development of the region with a view toward establishing a Latin American common market. The ALADI has preferential regional tariffs, regional agreements and agreements between particular member countries. Other members of the ALADI include Argentina, Bolivia, Brazil, Colombia, Ecuador, México, Paraguay, Peru, Uruguay and Venezuela.
- ▶ The European Free Trade Association (EFTA): In 2004, Chile signed a free-trade agreement (FTA) with this association constituted by Norway, Switzerland, Lichtenstein and Iceland.
- ▶ In 1976, Chile withdrew from the Cartagena Agreement (Andean Pact), but it continues to comply with certain decisions of the pact.
- ▶ Chile is a member of the General Agreement on Tariffs and Trade (GATT) and the Asia Pacific Economy Cooperative (APEC).
- ▶ Chile is associated with the Common Market of the South (Mercado Común del Sur or Mercosur in Spanish).
- ▶ Chile has subscribed an association agreement with the European Union. Also, as of January 1st, 2021, there is an association agreement with the United Kingdom.

The purpose of this convention is to obtain benefits from the financial environment, which, in general terms, translates in placing 90% of Chilean exports to the European market at zero rates in eight years at the utmost. In addition to progressively opening the country's economic relations by means of a free-trade zone for industrial and agricultural products, an investment agreement, competition rules, industrial property, etc.

- ▶ Chile has an association agreement as part of P4 group, formed by New Zealand, Singapore and Brunei Darussalam.
- ▶ Chile signed an FTA with South Korea in 2003 by eliminating customs duties on vehicles, television sets, cellular phones, computers manufactured in South Korea. Likewise, the tariffs affecting parts and spare parts of vehicles will also be eliminated within five years.
- ▶ Chile signed an FTA with the US in January 2004, allowing for 87% of the national products to reach that country at zero rates.
- ▶ An FTA was signed with China in 2005, with 1-, 5- and 10-year terms to eliminate custom tariffs on many products that this country exports to Chile. Also, many Chilean exports to China have terms of 1, 2, 5 and 10 years to eliminate tariffs.
- ▶ An FTA was subscribed with Japan in 2007 that eliminated 90% of tariffs of bilateral commerce between both nations.

Chile also has FTAs with the following places: Hong Kong, Vietnam, Malaysia, Turkey, Australia, Panama, Japan, China, Canada, Mexico, South Korea, Central America (Costa Rica, Salvador, Guatemala, Honduras, Nicaragua), Peru, Colombia, Argentina, Uruguay and Brazil.



Labor Legislation

6.1

Chilean labor contracting system

In Chile, labor relationships between employees and employers are governed by Chilean labor laws, mainly contained in the Labor Code, which regulates the employment relationship between the employees and the employer, the employment contract, various types of contracts, and rights and obligations that emanate from the employment relationship for both parties, among others.

Article No. 7 of this Code defines the individual employment contract as “an agreement by which the employer and the employee reciprocally commit the latter to render personal services under the dependence and subordination of the former, and the former to pay a determined remuneration for these services”.

6.2

Classification of the employment contract based on its temporality

Employment contracts can be classified based on their temporality. In this sense, there are three types of employment contracts:

6.2.1 Indefinite contract

It is an employment relationship whose term has not been previously fixed by the parties, being this type of contracting the general rule in Chile. In this type of contract, a certain date or term of duration is not established, and the employment relationship can only be terminated by the application of certain causes contained in the Labor Code, generating relative stability for the employment.



PHOTO: TECK

6.2.2 Fixed term contract

In this type of contract, the employee and the employer enter into a labor relationship for a certain time, with a precise termination date. It has a maximum duration of one year (or, exceptionally, two years for managers or people who have a professional or technical degree granted by a higher education institution).

The fixed term contract can be renewed for a single time. In case it is renewed for a second time, it will automatically become an indefinite contract.

The same applies when the employee, with the knowledge of the employer, continues to provide services after the expiration of the agreed term, or when the employee has provided discontinuous services under more than two term contracts, for twelve months or more, in a period of fifteen months from the first hiring.

6.2.3 Contract for a specific work or task

In this case the duration of the contract will depend on the nature of the services for which the employee was hired and not on a term established by the parties. It is characterized by its short duration. Examples of these types of contracts are those in which the employee undertakes to execute a specific and determined material or intellectual work, whose validity is limited to the duration of said work.

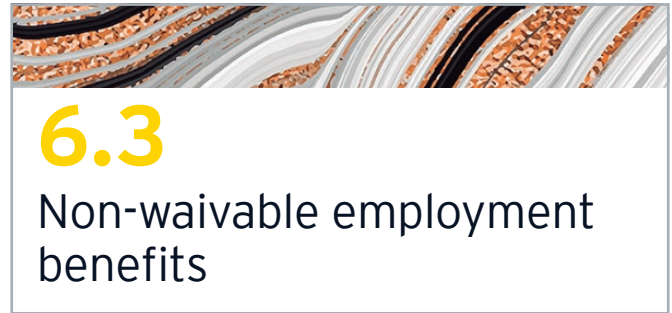
6.2.4 Other labor considerations

Regarding the nature of the services provided by the employee, national legislation also provides for certain types of employment contracts, known as "special contracts", for example, apprenticeship contract, agricultural employees contract, port employees contract, among others.

The Labor Code establishes that the employment contract is of a consensual nature, sufficing only the will of the parts for its perfection.

Thus, when in a relationship the constituent elements of the employment contract concur, that is, the provision of personal services under subordination and dependence, said relationship will be of an employment nature.

Notwithstanding the foregoing, the law sets a deadline for writing the employment contract, a term that will depend on the duration of the contract. In this regard, it should be noted that the writing of the contract is a formality that allows the parties to prove the clauses agreed by them and constitutes an obligation of the employer sanctioned with administrative fines, among other sanctions, without prejudice to the contract maintaining its consensual nature.



In Chile, employees are entitled, among others, to the following mandatory and non-waivable employment benefits:

- ▶ **Holidays or vacation:** Employees with more than one year of service are entitled, as a general rule, to an annual holiday of fifteen working days with full remuneration. Employees with more than 10 years of work experience -not necessarily with the same employer- will be granted additional vacation days after 3 years of continuous employment with their current employer.
- ▶ **Distribution of profits in favor of employees or gratification:** Companies that, in accordance with the law, must grant gratification, must distribute a percentage of their profits among all their employees. The employer, in order to comply with this obligation, may choose between two alternatives contemplated by law: a) distribute among the employees 30% of the liquid profits of the company, with some adjustments, or b) pay the employees 25% of their remuneration accrued in the respective business year, with a maximum limit of 4.75 minimum monthly wages per employee, regardless of the liquid profits obtained by the company. Likewise, the parties could agree or implement contractual systems of gratification, only if they are more favorable than the minimum established in the law.
- ▶ **Social security:** According to the Chilean social security system, all dependent employees have the obligation to contribute to the social security system. For such purposes, the employer is legally required to withhold a specified percentage of the employee's monthly remuneration and to make payment of the employee's social security contributions to the corresponding institutions.

The Chilean pension system includes mandatory contributions of 7% of the monthly remuneration for health insurance (ISAPRE¹ or FONASA²) and 10% of the monthly remuneration for the pension fund (AFP) including a commission that varies according to each administrator.

For 2026, starting on February, both contributions have a monthly remuneration of 90 indexed unit account (known as Unidad de Fomento in Spanish, acronym UF) as a contribution base limit. The UF is an adjustable unit to express the updated value of CLP, which is readjusted depending on inflation, that has been authorized by the Central Bank of Chile under the provisions of number 9 of Article No. 35 of its Constitutional Organic Law.


Additionally, there is a mandatory contribution for insurance against accidents at work and occupational diseases, whose basic rate is 0.90% and which can be increased up to 3.4% depending on the risk of the activities carried out by the company, and the contribution for insurance for the accompaniment of children, which is 0.03% of the employee's remuneration. In addition, from August 2025 to August 2026, employers must also pay -for each employee- a 0.1% contribution for old age pension, 0.9% to cover life expectancy insurance, and 1.49% to cover disability and survival insurance. According to the Chilean pension reform of 2025 (Law N° 21.735), these contributions made by the employer will be gradually raised during a period of 9 to 11 years reaching 8.5% in total. All these contributions are borne by the employer and must consider, as a contribution base limit, a maximum gross monthly remuneration of UF 90 in 2026.

There are also contributions for unemployment insurance, under which, by general rule, the employee contributes 0.6% of the gross monthly remuneration and the employer contributes 2.4% of it. For the year 2026, the gross monthly remuneration that serves as the basis for these contributions has a monthly limit of UF 135.2.

It should be noted that the distribution indicated only applies in cases where the employment contract is indefinite, varying in the case of contracts subject to term.

1 Instituciones de Salud Previsional in Spanish

2 Fondo Nacional de Salud in Spanish



6.4

Taxes levied on wages

The general rule on the taxation in Chile of personal income is contained in Article No.3 of the Income Tax Law, which states that "(...) *Unless otherwise provided in this law, any person domiciled or resident in Chile shall pay tax on their income of any origin, whether the source of entry is located within the country or outside it, and persons not resident in Chile shall be subject to taxes on their income whose source is within the country.*" Notwithstanding the foregoing, during the first 3 years of stay in the country, foreign individuals are only taxed on their income from Chilean sources, considering income from Chilean sources that which is derived from assets located in Chile or from activities carried out in the country.

According to the Chilean Tax Code, a resident is a person who remains in the country, uninterrupted or not, for a period or periods that in total exceed 183 days (about 6 months), within any period of twelve months.

For its part, the concept of domicile is defined in Article No. 59 of the Civil Code, which establishes that this is "the residence, accompanied by the intention to remain in it". There are certain facts that allow to presume the above, such as being hired by a Chilean company or residing in Chile with the family, which is analyzed on a case-by-case basis by SII.

The remuneration received by a domiciled or tax resident for the provision of their services in Chile is classified as "income from dependent work" and is affected by the Second Category Single Tax (Impuesto Único de Segunda Categoría or IUUSC in Spanish), on a monthly basis, which is established in progressive rates per tranche ranging from 0% to 40%.

The income received by taxpayers without domicile or residence in Chile will be affected by the WHT, as a single one, whose general rate is 35%, applying lower rates in special circumstances that are regulated in current national regulations. This tax does not allow deductions.



6.5

Working hours

6.5.1 Applicable regulation

Currently, the ordinary weekly working hours as a maximum limit of 44 hours per week, which must be distributed between a minimum of 5 days and a maximum of 6 days. This limit will be gradually reduced from 44 to 42 hours per week in April 2026, and from 42 to 40 hours in April 2028. From 2028 onwards, working days could be distributed over a minimum of 4 days a week and a maximum of 6 days.

It is possible to agree on weekly working hours based on monthly averages of 40 hours per week in cycles of up to 4 weeks. In these cases, the weekly working hours may not exceed 45 hours, nor may it extend with this limit for more than two weeks in the cycle.

Under exceptional circumstances, it is possible to agree on overtime, which cannot exceed 2 hours (generally) per day and must be authorized by the employer only for the attendance of temporary situations in the company. As a general rule, the overtime hours must be paid at the regular hourly rate, with a 50% increase.

There are some employees that are exempted from the maximum weekly hours limit mentioned above. Currently, the Labor Code contemplates two cases in which this happens: (i) managers, administrators and representatives with administrative powers, and (ii) those employees who work without immediate superior supervision.

Sundays and holidays are rest days, except for certain activities in which working schedule may include those days as long as they are compensated according to special rules established in the Chilean Labor Code.

Additionally, given the nature of the services provided (e.g., mining activities), there are some exceptional working schedules that requires authorization by the Chilean Labor Authority to be implemented. These exceptions may include 7x7, 4x4 and 4x3 work shifts.

6.5.2 Labor unions

Labor unions will exist in a private sector company when they are created by virtue of a voluntary act of the employees (members) in accordance with the formalities, procedures and quorums required by law.

In general terms, legally constituted unions have the power to bargain collectively according to certain procedure rules. If the union starts this type of collective bargaining, the employer would be obliged to engage in that bargaining. Notwithstanding that, collective bargaining could also be voluntary initiated between one or more employers and one or more unions at any time and without restrictions of any nature.

According to the Chilean Labor Code, a collective bargaining agreement is a contract between employers and employees to establish common working conditions and remuneration (or other benefits in kind or in money) for a certain period of time in accordance with the rules provided in the Labor Code. Parties are free to agree on the conditions they freely decide, provided that the rights and obligations established by labor legislation are not infringed.

Finally, it is important to note that strikes are common and allowed by Chilean law; however, the exercise of the right to strike is expressly regulated and subject to certain requirements and conditions.

6.5.3 Subcontracting and Transitory Service Providers

In Chile there is a specific legal framework mainly provided by the Law No. 20,123 that regulates the labor aspects of the two types of outsourcing regimes that exist in the country: a) Subcontracting regime, and b) transitory services regime.

In general terms, a subcontracting regime consists of a company (contractor) that renders services with its own employees at its own expense and risk, at a client's premises, work or operation. Even though there is no labor relationship between the client (principal company) and the contractor's personnel, the first one will be jointly and severally liable for any and all unpaid labor and social security obligations of the contractor, unless it exercises certain rights according to the Chilean Labor Code ("right to information" and "withholding right").

Regarding the transitory services regime, it is important to note that personnel supply is not allowed under the Chilean labor laws, unless the user company

(client) engages with a legal entity duly registered with the Labor Authority as a "Transitory Service Provider" and only in exceptional time-bound circumstances that are established by the Labor Code.

6.5.4 Expiration or termination of the employment relationship

In Chile, the employment system gives relative stability regarding the termination of employment contracts. This means that to terminate an employment contract there must be a legal cause for it. The grounds are grouped into two main groups: those that generate a mandatory severance payment and those that do not:

- ▶ Causes for termination of the employment contract that do not generate the right of a mandatory severance payment: They derive from the decision of the parties or by natural causes, such as mutual agreement, death of the employee, expiration of the term of the contract or resignation of the employees.

Other grounds for termination that do not give rise to the obligation of severance payment include employee misconduct, such as lack of probity, sexual and/or labor harassment, immoral conduct, incompatible negotiations, and, in general, any conduct that may represent an intentional violation or serious breach of employment obligations.

However, when the employment contract ends while the employee has accrued legal holidays of which he/she has not made use, those days must be compensated by the employer, regardless of the cause of termination.

- ▶ Causes for termination of the employment contract that generate the right to a severance payment and compensation in lieu of prior notice: The employer may unilaterally terminate labor relations, based on the needs of the company, such as those derived from the upgrading of services, a decrease in productivity, changes in the economy or in market conditions that may generate the need for a reduction in the number of employees. In the case of employees who have the power to represent the employer, such as managers or agents with general management powers, the employment contract may be terminated by written dismissal of the employer, which do not require grounds.

Additionally, there is compensation for dismissal and removal of immunity for a situation affecting the employer, established in Article No. 163 bis of the Labor Code, on bankruptcy liquidation proceedings.

As for compensation for years of service, the conditions for its payment are that the employment contract has been in force for more than one year and the employer terminates it by application of the aforementioned grounds. The employer must pay a monetary compensation to the employee, equivalent to 30 days of the last monthly remuneration of the employee, with a limit of UF 90 for each year of service or fraction greater than six months, with a maximum of 330 days or 11 months.

In addition, when the employer terminates the employment contract invoking company needs or written dismissal of employees who have the power to represent the employer, it requires giving prior written notice to the employee and the labor Authority of at least 30 days in advance. If notice is not given, the employer must pay a substitute indemnity for the prior notice, equivalent to 30 days of the last remuneration, which is limited to UF 90.

6.5.5 Legal considerations regarding foreign employees

When establishing an employment relationship with a foreign employee, the following should be considered:

6.5.5.1 Quotas

At least 85% of employees serving the same employer must be Chilean nationals. Employers with no more than 25 employees are exempt from this provision. For the purposes of this percentage, the following rules will be followed: (1) the total number of employees that an employer utilizes within the national territory will be taken into account and not that of the different branches separately; (2) the specialist technical staff is excluded (it must be proven by the employer before a possible inspection); (3) a foreigner whose spouse, civil partner or children are Chilean or who is a widower of a Chilean spouse shall be counted as Chilean and; (4) foreigners residing for more than 5 years in the country will be considered as Chilean.

6.5.5.2 Social Security

Law No. 18,156 allows foreign technical employees to exempt themselves from contributing to Chile social security system for the coverage of pension and health funds (maintaining in any case their obligation to contribute to unemployment insurance, occupational accident insurance and SANNA Law), provided that the following requirements are met, copulatively:

- ▶ The foreign employee must hold the status of “technician”, at least.
- ▶ The foreign employee must be affiliated to a social security system outside Chile, which grants benefits at least in cases of illness, disability, old age and death.
- ▶ The employment contract must contain a clause relating to the maintenance of the employee's affiliation to the social security system outside Chile.

It should be noted that foreign employees could also choose to avail by the social security agreements that are applicable between Chile, the employee's country of origin and/or the country of provision of services. Currently, Chile maintains international social security agreements with the following countries: Argentina, Australia, Austria, Belgium, Brazil, Canada, Colombia, Czech Republic, Denmark, Ecuador, Finland, France, Germany, Luxembourg, Netherlands, Norway, Paraguay, Peru, Portugal, Quebec, Republic of Korea, Spain, Sweden, Switzerland, United Kingdom, United States, Uruguay, in addition to the existence of an Ibero-American Multilateral Agreement.

6.5.6 Immigration regulations

In the area of migration, it should be noted that the Law No. 21,325 of Immigration, regulates the entry, stay, residence and exit of foreigners from the country, as well as the exercise of rights and duties, without prejudice to those contained in other legal regulations.

Under the applicable immigration regulations, every foreign employee requires a special work permit for tourists or a temporary residence permit to carry out remunerated activities in the country. This implies having a permit granted by the competent authority, embedded in an electronic stamp that is not attached to the passport, and that authorizes its bearer to enter the country and stay in it for the time determined and with the corresponding conditions according to the respective visa.

Regarding the rights and obligations of foreigners, equal rights and obligations are enshrined. It is also stipulated that the State shall promote due protection against discrimination and shall ensure compliance with the obligations stated in the Political Constitution of the Republic.

The law and its regulations determine the procedure for accessing residence or permanence permits, including data, documents and deadlines in which they must be submitted, as well as the specific

requirements for obtaining them. The norm establishes the following migratory categories:

6.5.6.1 Temporary permanence

It is the permit granted by the National Migration Service to foreigners who enter the country without intention of settling in it, which authorizes them to remain in national territory for a limited period of 90 days, extendable for the same period only once, except cases of force majeure. Foreigners with temporary permanence will not be able to carry out remunerated activities in the country, except in qualified cases.

6.5.6.2 Official Residence

It is the residence permit granted to foreigners who are on an official mission recognized by Chile, and to their dependents. The granting and rejection of this residence permit shall be the responsibility of the Ministry of Foreign Affairs.

6.5.6.3 Temporary residence

It is the residence permit granted by the National Migration Service to foreigners who intend to settle in Chile for a limited time, and which enables them to carry out remunerated activities in the country. This permit is valid for up to 2 years, except in the case of seasonal employees, in which case it may be valid for up to 5 years when limited annual stay periods are established. This permit may be extended for up to two additional years.

6.5.6.4 Definitive residence

It is the permission to settle indefinitely in Chile, which authorizes to develop any lawful activity, without other limitations than those established by the legal and regulatory provisions. Permanent residence may only be granted to foreigners holding a temporary residence permit that expressly admits to applying for it and that complies with the requirements of the law, regulation, and supreme decree that establishes the subcategories. Holders of a definitive residence permit will not require prior authorization or visa to enter the country.

It should be noted that within each migratory category there are subcategories which determine the specific reason why a foreigner will enter and remain in Chile.

Finally, it is important to note that employers may only hire foreigners who have a residence or permanence permit that allows them to work or who are duly authorized to do so in accordance with the law.

6.5.7 Law on remote work and telework

On April 1st, 2020, Law No. 21,220 became effective. It "amends the Labor Code on Remote Working," regulating its definition, working hours, rest periods, means and protection.

According to this law, remote working is that in which services are provided, either totally or partially, from the employee's home or another place or places other than the company's premises. It will be called teleworking if the services are provided by the use of technological, IT or telecommunication means or if such services are to be reported through these means.

As a rule, remote working is subject to specific working hours. However, the regulations allow for more flexible working hours or even the exclusion of the working day limit in the case of teleworking. In such cases, the employee will have the right to disconnect from work for at least twelve continuous hours in a twenty-four-hour period, among other benefits.

The parties must agree on remote working or teleworking in the employment contract or annex to the same, including special clauses required by the same regulation.

The employer will provide the equipment, tools and materials for remote working or teleworking to the employee. Likewise, the costs of operation, functioning, maintenance, and repair of equipment shall also be paid by the employer.

The specific safety and health conditions to which employees governed by the modality of remote work and telework must be subject are established by the Regulations of the Ministry of Labor and Social Welfare contained in the Decree No. 18, published in July 2020, and in accordance with it, it is the employer who must communicate these safety and health conditions to employees, ensuring compliance.

On January 29, 2024, Law No. 21,645 came into force establishing the right to telework for all employees who have in their care: a) children under fourteen years old, b) a person with a disability or in a situation of severe or moderate dependence, regardless of the age of the person being cared for and who do not receive remuneration for this work. According to this law, all or part of the working day or week of these employees can be executed through teleworking, as long as the nature of their work allows it.

The employee must submit their request to the employer, attaching the documents that prove that they are the mentioned hypotheses and formulating a proposal that contains the combination of presential working time and teleworking time. The employer must give its response within a period of fifteen days from the requirement of the employee, accepting the proposal, offering an alternative work formula or denying the request. In case of refusal, the employer must prove that the nature of the functions of the employee does not allow the modality of teleworking.

6.5.8 Law on prevention, investigation and sanctioning of labor, sexual harassment, and violence in the workplace

On January 15, 2024, Law No. 21,643 was published in the Official Gazette, which modifies the Labor Code regarding prevention, investigation and punishment of work harassment, sexual harassment and violence at work.

Among its most important aspects, we can mention:

- ▶ The modification of the concept of work harassment, sufficient for it to be constituted when it occurs only once, and not repeatedly (as required by previous legislation).
- ▶ The establishment of new legal obligations for the employer, among which is the development of a protocol for the prevention of sexual and work harassment and violence at work.
- ▶ The establishment of new mentions in the Internal Regulation of Order, Hygiene and Safety of the Company, including the indicated protocol, the procedure to which the employees will be subjected, the safeguarding measures that are adopted with respect to those involved and the sanctions that will be applied, as appropriate

6.5.9 Subjects currently under discussion

There are other aspects of labor legislation that are currently under discussion in the Chilean Congress, and that could lead to future legal modifications. Among these subjects are the following:

- a) Draft law that amends the Labor Code by establishing a new system of legal profit sharing.
- b) Draft law that seeks to increase the number of weeks of maternity leave.

- c) Possible modification to the pension fund system. This project includes, among other aspects, the creation of new pension contributions and new possibilities of administration and destination for these.
- d) Draft Law on Compensation for Years of Service: The bill seeks to remove the 11-year cap on compensation for years of service.
- e) Draft law on strengthening telework regulation by introducing an obligation for the employer to provide written responses, within shorter time frames, to employees' requests to modify the way their working schedule is performed.

PHOTO: AMSA





Accounting standards

PHOTO: CODELCO



7.1

IFRS standards in Chile

The adoption of IFRS in Chile is a fact for all process that began in 2009 and ended in 2015 with smaller companies. The main challenges post its implementation are given by the permanent need to reconcile the requirements of the local regulator – CMF – meant for the local reality, with the definitions of the International Accounting Standards Board (IASB).



7.2

IFRS for mining entities

Although the following is not a comprehensive list of the issues in mining entities, it should contribute to the understanding of the main accounting topics impacting the financial statements of the mining entities.

Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements under IFRS in the mining industry requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Estimates and assumptions are continually 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 this sense, a number of areas can be identified as areas where significant judgements, estimates and assumptions are required, highlighting:

Judgements:

- ▶ Exploration and evaluation expenditure (IFRS 6, IAS 8, IAS 16, IAS 38)
- ▶ Stripping costs (IFRIC 20)
- ▶ Production start date (IAS 16, IFRIC 20, IAS 23)
- ▶ Recovery of deferred tax assets (IAS 12, IAS 37, IFRIC 23)
- ▶ Uncertain tax positions (IFRIC 23)
- ▶ Functional currency (IAS 21)
- ▶ Revenue recognition (IFRS 15)
- ▶ Leases (IFRS 16, IAS 23)

Estimates and assumptions:

- ▶ Ore reserve and mineral resource estimates (best practices)
- ▶ Exploration and evaluation expenditure (IFRS 6, IAS 8, IAS 16, IAS 38)
- ▶ Unit-of-production (“UOP”) depreciation (IFRS 6, IAS 16)
- ▶ Mine closure, rehabilitation and restoration (IAS 37, IFRIC 1, IFRIC 5)
- ▶ Recoverability of assets (IAS 36)
- ▶ Inventories (IAS 2)
- ▶ Fair value measurement (IFRS 13)
- ▶ Leases (IFRS 16, IAS 23)



7.3

Exploration and evaluation

Under the IFRS framework, there exists a range of permissible accounting practices. Certain entities choose to capitalize costs associated with exploration and evaluation, subsequently conducting impairment tests in line with the stipulations of IFRS 6 and IAS 36 "Impairment of Assets". Conversely, some entities opt to recognize these costs as expenses at the time they are incurred. This approach is thoroughly examined in IFRS 6 "Exploration and Evaluation of Mineral Resources."

There is diversity in acceptable accounting treatments. Some entities capitalize exploration and evaluation costs (consequently testing for impairment in agreement with the requirements of IFRS 6 and IAS 36 "Impairment of assets"), while others record them as expenses when incurred. This concept is evaluated in detail in IFRS 6: "Exploration and evaluation of mineral resources".

For this purposes, E&E expenditures are defined as "expenditures incurred by an entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable". Meanwhile, E&E assets are understood as "exploration and evaluation expenditures recognized as assets in accordance with the entity's accounting policy".



7.4

Stripping costs

The interpretation of the IFRIC 20 addresses the "Accounting for Waste Removal Costs". According to this:

- ▶ Costs incurred in undertaking stripping activities are considered to create two possible benefits: the production of inventory in the current period, and/or improved access to ore to be mined in a future period.
- ▶ Production stripping costs are to be capitalized as part of an asset, if an entity can demonstrate that economic benefits will be realized in a probable future, the costs can be reliably measured, and the entity can identify the component of an ore body for which access has been improved. The asset is called the "stripping activity asset."
- ▶ After initial recognition, the stripping activity asset must be carried at its cost or revalued amount less depreciation or amortisation and less impairment losses, in the same way as the existing asset of which it is a part. The stripping activity asset is to be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.



7.5

Impairment of assets

IAS 36 - Impairment of assets sets out requirements to ensure that assets are carried at not more than their recoverable amount and to prescribe how recoverable amount and an impairment loss or its reversal are calculated based on:

- ▶ It is performed at the cash generating unit (CGU) level.
- ▶ IFRS contains specific rules for the calculation of the value in use related to key assumptions such as prices, discount rate, exchange rates and capital expenditures.
- ▶ IFRS requires the reversal of impairment losses recorded in prior years for assets subject to depreciation and amortization.
- ▶ IFRS requires the performance of an annual impairment test for assets not subject to depreciation and amortization (for example, goodwill), independently of the existence or not of impairment indicators.



7.6

Depreciation of property, plant and equipment

- ▶ Assets must be depreciated using components approach over the estimated technical useful life of the mine for majority of the Property, plant and equipment that is used during the operation activities. Companies might elect a different method in line with their accounting policy and market best practices.
- ▶ There are potential risks in connection with the accounting treatment of major maintenances.
- ▶ Companies need to consider the use of the units of production method to depreciate or amortize their assets, instead of using the straight-line method (defining what is best reasonable).
- ▶ IFRS requires the estimation of the residual value of the fixed asset in order to determine the depreciable amount.



7.7

Functional currency

Many companies keep their accounting records in the local currency and not in the functional currency.

IAS 21 requires an entity to consider the following factors in determining its functional currency: a) the currency that mainly influences sales prices for goods and services; b) the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services and c) the currency that mainly influences labor, material and other costs of providing goods or services.

If the above factors are inconclusive, then an entity should also consider the following secondary factors: i) currency in which funds from financing activities; ii) currency in which receipts from operating activities are usually retained and iii) functional currency of the reporting entity that has the foreign operation as its subsidiary, branch, associate or joint venture.



7.8

Joint ventures

Normally, joint venture agreements contain clauses that grant options to increase or decrease participation, which can have a significant accounting impact.



7.9

Decommissioning liabilities

- ▶ IFRS requires measuring the obligation using future cash flows, discounted at a risk-free rate. There is not a single approach to select the rate.
- ▶ Future cash flows and the discount rate must be reviewed if the changes are significant. Companies need to reevaluate the estimated future cash flows to determine whether it continues to reflect the best estimate of the expenditure required to settle the decommissioning activities at the reporting date.
- ▶ If cash flows are stated in foreign currency, the obligation must be translated at the year-end exchange rate. This is accounted for as a change in estimates according to IFRIC 1
- ▶ IAS 37 contains requirements on how to measure decommissioning, restoration, and similar liabilities.
- ▶ According to IAS 16, the cost of an item of property, plant and equipment shall include the initial estimate of the costs of decommissioning and removal of the item and the restoration of the site where it is located for purposes other than the production of inventories.
- ▶ An entity should apply IAS 2 “to the costs of obligations for dismantling, removing and restoring the site on which an item is located that are incurred during a particular period as a consequence of having used the item to produce inventories during that period”.

That means that such additional decommissioning or restoration costs resulting from production activities should be included in the cost of inventories. An entity that incurs abnormal amounts of costs (e.g., costs of remediation of soil contamination from oil spills or overflowing of a tailings pond) should not treat these as part of the cost of inventories under IAS 2, but expense them immediately.

7.10

Financing costs

- ▶ IFRS requires an entity to capitalize borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. An entity shall recognize other borrowing costs as an expense in the period in which it incurs them.
- ▶ There may be difficulties in determining the borrowing costs to be capitalized, specifically the exchange difference that is regarded as an adjustment to interest costs.

7.11

Inventories

The standard's basic rule is that inventories are measured at the lower cost and net realizable value.

Net realizable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Critical spare parts are to be classified as property, plant and equipment and not as inventories. These items are subject to depreciation.

7.12

International Financial Reporting Standards related to Sustainability and Climate: IFRS S1 and IFRS S2.

The purpose of the International Sustainability Standards Board (ISSB) is to improve the efficiency and effectiveness of the capital markets through financial sustainability disclosure, for greater transparency in decision-making by investors and other providers of capital and, secondly, to improve the comparability of information.

This seeks to create a global basis, or in other words, a common language, for organizations to provide investors and capital market participants with complete, neutral and accurate financial sustainability information.

In this context, entities are required to disclose the risks and opportunities related to sustainability and climate change that affect their short, medium and long term projections.

IFRS S1: General requirements for disclosure of sustainability-related financial information

The S1 standard requires disclosure of material information on **risks and opportunities related to sustainability**, on a par with the financial statements reported by the organizations, considering the definition of materiality of the IFRS accounting standards.

- ▶ Its structure is based on the four pillars of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations: Governance, strategy, risk management, metrics and targets.
- ▶ Includes reference to Sustainability Accounting Standards Board (SASB) standards as an important tool for disclosing information about your sector and industry.

If organizations determine that climate change is a material risk or opportunity, IFRS S2 should be implemented.

IFRS S2: Climate-related disclosures

The S2 standard requires disclosure of material information on climate-related risks and opportunities, including physical and transitional risks.

- ▶ Also includes TCFD recommendations and illustrative guidelines for disclosing industry risks and opportunities based on SASB.
- ▶ Reporting companies shall disclose their transition plans, climate resilience and emissions disclosure 1, 2 and 3.

The main problem in the implementation of IFRS S1-S2 for companies is to be able to recognize, incorporate and adequately manage sustainability and climate change as part of the strategy and business model. This would mean adjusting and rethinking the mission, vision, strategy and existence of the organization over time.

Notwithstanding the above, mechanisms are proposed to facilitate its application, through the use of known terminology and concepts, publication of application and illustrative guides associated with the standards, inclusion of proportionality mechanisms, among others.

Regarding the application of IFRS S1-S2 in Chile, there are two relevant questions to be answered:

- 1. How mandatory is the application of IFRS S1-S2 in Chile?** There is no obligation to date, however, they are a reference guide for those companies that decide to incorporate these concepts in their financial reports.
- 2. Is there any obligation to report sustainability issues in Chile?** The CMF's NCG 461 requires public companies to incorporate sustainability issues in their annual reports.

This standard incorporates the requirements of the TCFD and requires reporting the metrics that correspond to the entity, according to its industry sector, in accordance with the SASB standard; and, considering that IFRS S1-S2 integrate all previously existing requirements, NCG 461 is consistent with the standards indicated.

In October 2024, the CMF modified NCG461, now NCG519, aligning with IFRS S1 and S2. These standards will be required for regulated entities starting with the 2026 fiscal year, which will be published in 2027.



With the goal of fostering a shared vision for a more responsible society and promoting the continuous improvement of environmental, social, and governance (ESG) practices across the metals and minerals value chain—including production, sourcing, and responsible recycling—several major organizations have joined forces: the International Council on Mining & Metals (ICMM), The Copper Mark, the World Gold Council, and The Mining Association of Canada. Together, they have created the Consolidated Mining Standard Initiative (CMSI).

This initiative aims to simplify the landscape of existing standards and establish clear ESG performance expectations for all producers, regardless of their size, product, or location. In its first phase, starting in 2026, the standard is expected to be implemented by 100 mining companies, covering 600 operations in 60 countries, making it the most widely adopted standard globally.

New general standard - IFRS 18 Presentation and Disclosures in Financial Statements

- ▶ In April 2024, the IASB issued IFRS 18 to enhance transparency in financial statements, specifically aiming to improve the disclosure of financial performance in the profit and loss statement.
- ▶ To provide investors with more transparent and comparable information on companies' financial performance, which will help to make better investment decisions.
- ▶ IFRS 18 applies to all financial statements presented in accordance with IFRS.
- ▶ It will be effective for annual accounting periods beginning on or after 1 January 2027, although early adoption is permitted.
- ▶ Introduction of three categories of income expenses (operating, investing and financing) to improve the structure of the income statement,
- ▶ All companies will have to present two new regulatory defined subtotals: operating and profit before financing and income taxes



Mining sector regulators and stakeholders

PHOTO: AMSA

Regulators

Ministry of Mining

www.minmineria.gob.cl

The Ministry of Mining leads, formulates and assesses national policies in order to increase the mining sector's contribution to national development, by diversifying and making mining activities sustainable and efficient.

Ministry of Environment

www.mma.gob.cl

The Ministry of Environment carries out the following responsibilities:

- ▶ Designs and implements policies, plans and programs related to environmental matters
- ▶ Protects and preserves biodiversity, natural resources and water
- ▶ Promotes sustainable development and the integrity of environmental policies and regulation
- ▶ Oversees environmental evaluation system and environmental watchdog

Ministry of Energy

<https://energia.gob.cl>

The Ministry of Energy designs and coordinates plans, policies and regulations for the proper functioning and development of the sector, advising the government on all matters related to energy.

National Geology and Mining Service - Sernageomin

<https://www.sernageomin.cl/>

Sernageomin provides geological information and technical assistance to government, public and private interests; its principal duties are to:

- ▶ Maintain the registry of mining concessions
- ▶ Monitor compliance with safety regulations
- ▶ Evaluate and approve the construction and operation of waste dumps and tailings facilities
- ▶ Approve mine closure plans
- ▶ Maintain registry of tailings deposits
- ▶ Contribute to government programs and the development of mining and geology policies

Chilean copper commission - Cochilco

<https://www.cochilco.cl>

The duties of this specialized technical agency for the Chilean Government are to:

- ▶ Publish statistics on mineral production, projects and investment
- ▶ Conduct research and produces reports and studies on the mining industry
- ▶ Advise on the production of copper and copper byproducts, and metals and industrial minerals (except coal and fuels)

Environmental Evaluation Service - SEA

<https://www.sea.gob.cl/>

SEA performs the following duties for the Chilean government:

- ▶ Evaluates the environmental impact of projects
- ▶ Manages civil participation in the evaluation of projects
- ▶ Responds to civil observations and complaints

Superintendency of the Environment - SMA

<https://portal.sma.gob.cl/>

The SMA performs the following activities:

- ▶ Supervises compliance with environmental regulations (land, air and water)
- ▶ Issues fines for noncompliance

Financial Market Commission (CMF)

<https://www.cmfchile.cl/>

The Financial Market Commission (CMF) is a public institution of a technical nature. Its main objectives include safeguarding the correct functioning, development, and stability of the financial market, facilitating the participation of market agents, and promoting the protection of public trust.

The CMF is responsible for ensuring that supervised persons or entities comply with laws, regulations, bylaws, and other provisions that govern them from their inception to their winding-up. To this end, it may exercise the broadest supervision over all their operations.

Internal Revenue Service - SII

www.sii.cl

SII is the public entity in charge of tax collection proper, supervising and auditing the application of tax regulations, as well as providing the administrative interpretation of tax-related laws.

Stakeholders

www.investchile.gob.cl

The government agency responsible for promoting Chile in the global market as a destination for foreign direct investment, serving as a bridge between the interests of overseas investors and the business opportunities the country offers.

National Mining Society - SONAMI

www.sonami.cl

SONAMI represents metallic and nonmetallic small, medium and large-scale mining activities in Chile.

Mining Council

www.consejominero.cl

The Mining Council represents an association of the largest mining companies operating in Chile, including national and foreign companies, both private and state-owned.

Center for copper and mining studies - Cesco

www.cesco.cl

Cesco is an independent nonprofit think tank that contributes to public policies to promote mining and its role in economic development, particularly in Chile.

Mining Commission

www.comisionminera.cl

The Mining Commission has been involved in the following activities:

- ▶ Creation of a standard for public reporting of mineral resources and reserves in Chile
- ▶ Implementation of the concept of the competent persons and the requirements for the qualification
- ▶ Regulation and management of the "Competent Persons" registry

Mining competencies council

www.ccm.cl

This entity provides information on projected human capital requirements in the mining sector in Chile. It also draws up technical profiles, training programs and certification system.

PHOTO: TECK





Why EY in Mining & Metals

PHOTO: CODELCO

At EY, our purpose is Building a better working world. The insights and quality services we provide help build trust and confidence in the capital markets and in economies the world over.

In a world that's changing faster than ever, our purpose acts as our 'North Star' guiding our more than 400,000 people – providing the context and meaning for the work we do every day. We help digital pioneers fight data piracy; guide governments through cash-flow crises; unlock new medical treatments with data analytics; and pursue high quality audits to build trust in financial markets and business.

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Our expertise in the mining industry, local and international resources and comprehensive vision of the business, allows us to deeply understand the ecosystem, our customers and their specific needs. This in turn helps us to identify opportunities, new developments, possible threats and create value quickly.

Innovation and technology

We help businesses constantly thrive and renew, experiment with new ideas, seize opportunities, and mitigate the risks that transformation creates. Our proprietary methodologies, platforms and approaches allow us to bring insights and respond quickly to different challenges.

Global integration

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