

Santiago de Chile, May 30, 2019 – Corporación Nacional del Cobre (CODELCO) posted on March 31, 2019 its operational and financial performance report:

- **1Q 2019 revenues** were US\$ 3.2 billion, 10.5% lower than the reported US\$ 3.5 billion for the first three months of 2018, mainly due to a 10.6% fall in average LME copper prices and 3.6% decrease in copper volume sold.
- **Adjusted EBITDA<sup>(1)</sup>** for the first three months of 2019 was US\$ 985 million compared to US\$ 1.3 billion in the same period of 2018 primarily due to lower average LME copper price.
- **Net financial debt** increased 6.4% to US\$13.4 billion as of March 31, 2019 compared to US\$12.6 billion in the same date of 2018 mainly due to the reduced cash available. An increase in net debt and a lower Adjusted EBITDA have had a negative impact on the net debt to last twelve month adjusted EBITDA ratio reaching 3.0x compared to 2.2x as of March 31, 2018.
- **Profit before tax** decreased from US\$ 264 million (7.5% of sales) in the first three months of 2018 to US\$ 139 million (4.4% of sales) in the same period of 2019, basically due to lower revenues related to lower average LME copper prices.
- **Operating cash flows** totaled US\$ 988 million for the first quarter of 2019 compared to US\$ 1.6 billion in 2018 primarily due to a decrease in cash received from sales of goods due to lower copper price.
- **Capex program** of the structural projects under construction, El Teniente New Mine Level and Andina Mineral Transfer System continue to move forward as well as the feasibility studies for the Inca Pit mine at Salvador Division and Andina Future Development. Moreover, offers were received in April for the North District Desalination Plant tender process. Nonetheless, the most important investment milestone was the Chuquicamata Underground operation ramp-up that began on April 30<sup>th</sup>.
- **Capital injection** of US\$ 400 million was received in February 2019, complementing the US\$ 600 million received in December 2018.
- **Total copper mine production**, including CODELCO's stake in El Abra and Anglo American Sur, reached 371 ktons in the first three months of 2019 compared to 446 ktons in 2018 mainly due to the February extreme weather event in northern Chile that particularly affected Chuquicamata, Radomiro Tomic, and Ministro Hales operations. Moreover, Gabriela Mistral, Salvador, and Andina operations were affected by operational disruptions. While first quarter production was impacted by lower ore grades at El Teniente operation.



## RESULTS

### MARCH 31, 2019

- **Direct Cash Cost C1** per pound of copper was US\$ 134.7 for the first three months of 2019, compared to US\$ 135.1 for the same period of 2018. This 0.3% decrease is primarily attributable to the depreciation of the Chilean peso against the U.S. dollar, the workforce optimization and other cost reduction initiatives despite lower production, lower by-product credits, and increased input costs.
- **4 Labor bargaining agreements reached** out of a total of eight for the whole of 2019. Remaining negotiations are only related to Chuquicamata unions (70% workforce).

(1) Adjusted EBITDA is calculated by adding finance cost, income tax expense, depreciation and amortization of assets plus export taxes and impairment charges to profit (loss) for the period.

### SUMMARY FINANCIAL AND OPERATING DATA

	March 31,			
	2018	2019	Variation	
			Amount	%
Copper Production <sup>(1)</sup> ('000 mft)	446	371	(75)	(16.8)
Own Molybdenum Production ('000 mft)	6.7	5.3	(1.4)	(20.9)
Cash Cost (Usc/lb)	135.1	134.7	(0.4)	(0.3)
Own Copper Sales ('000 mft)	434	419	(15)	(3.5)
Molybdenum Sales ('000 mft)	6.9	6.8	(0.1)	(1.4)
LME Copper Price (Usc/lb)	315.7	282.2	(33.5)	(10.6)
Metals Week Molybdenum Price (US\$/lb)	12.1	11.7	(0.4)	(3.3)
Average Exchange Rate (CLP/US\$)	602	667	65	10.8
Closing Exchange Rate (CLP/US\$)	603	679	76	12.6
Total Revenues (US\$ mn)	3,520	3,150	(370)	(10.5)
Gross Profit (US\$ mn)	912	841	(71)	(7.8)
Gross Margin (%)	25.9	26.7	0.8	3.1
Adjusted EBITDA <sup>(2)</sup> (US\$ mn)	1,273	985	(288)	(22.6)
Adjusted EBITDA Margin (%)	36.2	31.3	(4.9)	(13.5)
Net Financial Debt <sup>(3)</sup> (US\$ mn)	12,553	13,358	805	6.4
Net Interest Expense (US\$mn)	113	142	29	25.7
Net Debt to LTM Adjusted EBITDA	2.2	3.0	0.8	36.4
Adjusted EBITDA to Net Interest Expenses	11.2	11.4	0.2	1.8
Net Debt to total Capitalization (%)	50.5	51.7	1.2	2.4
Contribution to the Chilean Treasury	395	19	(376)	(95.2)

(1) Includes CODELCO's stake in El Abra and Anglo American Sur production

(2) Adjusted Ebitda is defined as Net Income plus Income Tax, Royalty, Export Tax, Interest Expenses and Depreciation and Amortization and Impairments

(3) Net of cash and cash equivalents. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is a non-recourse loan to CODELCO

**OPERATION: PRODUCTION, REVENUES, COST & ADJUSTED EBITDA**

**Consolidated Production.-** Consolidated copper mine production, including CODELCO's stake in El Abra and Anglo American Sur attributable production to CODELCO, decreased 16.8% in the first three months of 2019 to 371 ktons compared to 446 ktons for the same period of 2018, mainly due to lower production at all CODELCO operations, excluding Chuquicamata. CODELCO's operations have been impacted for different reasons. In the case of the northern operations, i.e., Chuquicamata, Radomiro Tomic and Ministro Hales, the extreme weather event in February was the main reason production fell. Nonetheless, during the first quarter of 2019 production at Chuquicamata increased by 20% compared to the same period of 2018; without this extreme weather event, production should even overperform that result. While production at Gabriela Mistral, Salvador, and Andina was impacted by operational disruptions. Finally, production fell at El Teniente Division mainly due to lower grade ores. Therefore, CODELCO's own production fell by 17.8% in the first three months of 2019 compared to the same period of 2018. As for the production from its joint ventures, Anglo American Sur and El Abra, the former increased production by 10.1% while the latter fell by 24.0% due to the northern weather event that hit this operation.

Molybdenum production decreased by 20.9% in the first quarter of 2019 from 6,675 tons in the same period of 2018 to 5,282 tons, mainly due to a decline in production at Chuquicamata.

	DIVISION	2018	2019
Copper Production (K ton)	Chuquicamata	70	84
	Radomiro Tomic	96	60
	Mina Ministro Hales	48	32
	Gabriela Mistral	25	19
	El Teniente	114	94
	Andina	50	45
	Salvador	14	8
	El Abra <sup>(1)</sup>	11	8
	Anglo American Sur <sup>(2)</sup>	19	21
	<b>CODELCO Total</b>	<b>446</b>	<b>371</b>

- (1) CODELCO's figures presented for El Abra include 49% of the mine's total production (the share of production which corresponds to CODELCO's 49% ownership interest in the mine).
- (2) CODELCO's figures presented for Anglo American Sur include 20% of the mine's total production (the share of production which corresponds to CODELCO's 20% ownership interest in the mine).

**Revenues.-** First quarter 2019 revenues reached US\$ 3.2 billion from US\$ 3.5 billion in the same period of 2018, down 10.5% mainly due to 10.6% lower average LME copper prices together with 3.5% decrease in copper sales driven by lower production. Revenues do not reflect 100% of the LME price effect due to open invoice provisions. In the case of molybdenum, revenues slightly increased by 0.3% despite average prices falling 3.6% and the



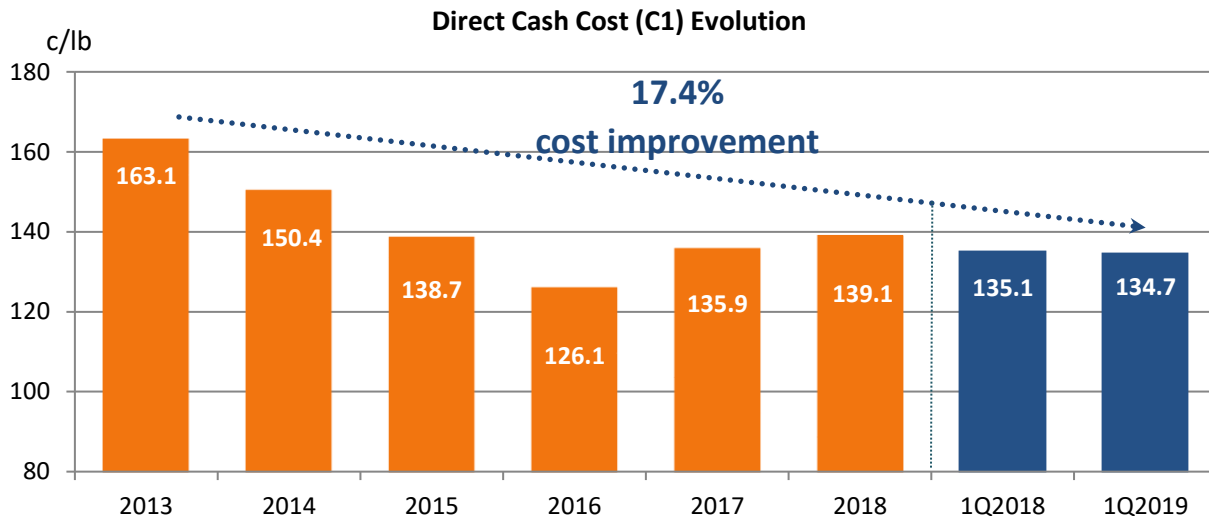
## RESULTS

### MARCH 31, 2019

tonnage sold decreased by 1.1%. As well as in the case of copper, moly revenues do not reflect 100% average price.

**Consolidated Costs.-** Unit cash costs vary with fluctuations in payable production and average realized prices for by-products. During the first three months of 2019, CODELCO's cash cost was 134.7 cents per pound, compared to 135.1 cents per pound for the same period of 2018. A decrease of 0.3% primarily attributable to:

- 1) Positive exchange rate movements due to the depreciation of the Chilean peso against the U.S. dollar (1Q 2019 average exchange rate was CLP 667 per dollar compared to CLP 602 per dollar for the same period in 2018).
- 2) Workforce optimization.
- 3) Cost-reduction initiatives.
- 4) Partially offset by lower production, lower by-product credits, and increased input costs.



**Adjusted EBITDA.-** In the first three months of 2019, CODELCO's Adjusted EBITDA totaled U.S.\$985 million, down 22.7% from U.S.\$1.3 billion in the same period of 2018 and the ratio of net debt to Adjusted EBITDA was 3.0x higher than 2.2x for the prior period. Similarly, the adjusted EBITDA coverage ratio decreased to 6.9x in the first quarter of 2019 from 11.2x in the same period of 2018, due to higher interest expenses and lower adjusted EBITDA.

Adjusted EBITDA is calculated by adding finance cost, income tax expense, depreciation and amortization of assets plus export taxes and impairment charges to profit (loss) for the period. Impairment charges include charges and reversals of charges of investment projects, research projects and investment in associates and joint ventures. Debt is defined as loans from financial institutions, excluding the Mitsui debt to acquire 20% of Anglo American Sur asset because it is non-recourse to CODELCO, plus bonds issued. Net debt is defined as debt net of cash and cash equivalents. Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income.

	March 31	
	2018	2019
	(in thousands of U.S.\$)	
Profit (loss) for the period .....	\$ 68,131	\$ 7,365
Income tax expense .....	196,001	131,325
Finance costs .....	123,406	150,943
Impairments .....	71,748	-
Depreciation and amortization of assets.....	518,702	463,919
Copper Reserve Law .....	295,473	231,391
<b>Adjusted EBITDA .....</b>	<b>\$ 1,273,461</b>	<b>\$ 984,943</b>

### CAPITAL EXPENDITURE: STRUCTURAL PROJECTS

**Chuquicamata Underground Mine:** On April 30 began the underground operation start-up and the first tons of mineral ore were extracted and transported on trucks. The construction of the conveyor belt transportation system is on schedule. As of March 2019, overall progress was 82% and the formal opening ceremony will take place in July.

**Andina Mineral Transfer System:** Under construction and overall progress was 73% as of March 2019. The secondary crusher excavation will be completed in May and the electromechanical assembly is on schedule. Operation is scheduled to start in 2021.

**El Teniente New Mine Level (NML):** Under construction and overall progress was 51% as of March 2019. The main mining contracts for Andes Norte NML area have been awarded as well as the contracts for the access works and construction facilities for the Diamante and Andesita areas. Operation is scheduled to start in 2023.

**Salvador Inca Pit projects:** Feasibility study was completed. Mining development activities and early works are underway.

**Andina Future Development:** Feasibility study is 17.2% complete and the main engineering contract was awarded in March 2019.

**North District Desalination Plant:** Tender process is underway and offers were received in April 2019.

**New Emission Standards for Smelters (DS No. 28):** During May, Chuquicamata and Salvador will complete their commissioning; this involves a total capex of US\$2.2 billion to comply with environmental regulations at the four smelting operations:

- **Ventanas:** Project completed (US\$ 113 million) ✓ In compliance
- **El Teniente:** Plants operating (US\$ 629 million) ✓ In compliance
- **Salvador:** commissioning started (US\$ 426 million) ✓ In compliance
- **Chuquicamata:** commissioning started (US\$ 1.034 billion) ✓ In compliance

### CAPITALIZATION PROGRAM

In October 2014, the multi-year capitalization law, approved and enacted by the Chilean Congress, became effective following its publication in the Official Gazette. This law allocates a maximum of US\$ 3 billion to CODELCO in the form of a capital injection by the Chilean Treasury over the 2014-2019 period. On the same date that the multi-year capitalization law was enacted, the Chilean President announced a commitment to authorize CODELCO to retain an additional US\$ 1 billion of profit.

As part of this capitalization program, in June 2018, the government approved a capital injection of US\$ 1 billion; the first payment of US\$ 600 million was received in December 2018 and a second payment of US\$ 400 million in February 2019.

The following table shows the funds received as a result of the above mentioned law:

<i>US\$ m</i>	Authorized	2014	2015	2016	2017	2018	2019	Total Capitalization
Capital injection	3,000	-	600	500	520	600	400	2,620
Retained Earnings	1,000	200	-	-	-	-	-	200
<b>Total (US\$m)</b>	<b>4,000</b>	<b>200</b>	<b>600</b>	<b>500</b>	<b>520</b>	<b>600</b>	<b>400</b>	<b>2,820</b>

### AVERAGE METAL PRICE

	LME Copper (US\$/lb.)	COMEX Copper (US\$/lb.)	Molybdenum (US\$/lb.)
<b>1Q 2019</b>	2.82	2.81	11.70
<b>1Q 2018</b>	3.16	3.14	12.14
<b>2Q 2018</b>	3.12	3.09	11.55
<b>3Q 2018</b>	2.77	2.73	11.74
<b>4Q 2018</b>	2.80	2.74	11.99
<b>Average 2018</b>	2.96	2.93	11.86
<b>Variation: 1Q 2019 vs. 1Q 2018</b>	(10.6)%	(10.5)%	(3.6)%
<b>Variation: 1Q 2019 vs. 4Q 2018</b>	(0.7)%	2.6%	(2.4)%

Sources: LME, COMEX and Metals Week Dealer Oxide

**CASH FLOWS**

First quarter 2019 net cash flows from operating activities totaled US\$ 988 million compared to US\$ 1.6 billion for the same period of 2018 chiefly due to a decrease in cash received from sales of goods driven by lower copper prices, partially offset by higher other cash receipts from operating activities related VAT refund and others and decrease in payments to suppliers for goods and services.

**CASH AND DEBT**

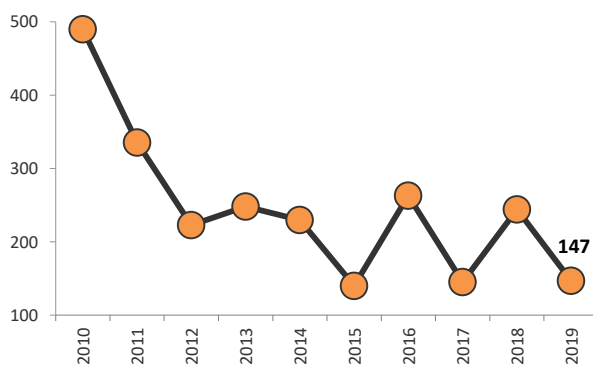
On March 31, 2019, CODELCO had consolidated cash and cash equivalents for US\$ 826 million compared to US\$ 1.4 billion on the same date of 2018. As of March 31, 2019, CODELCO’s financial debt<sup>(1)</sup> increased by 1.3% from US\$14.0 as of March 31, 2018 to US\$ 14.2 billion. CODELCO’s net financial debt<sup>(1)</sup> reached US\$ 13.4 billion as of March 31, 2019, 6.4% higher than US\$ 12.6 as of March 31, 2018. Twelve-month debt movements include CODELCO’s debut in the Formosa market (Taiwan) on May 15, 2018 issuing a 30-year bond with a par call option from the fifth year and until maturity for US\$ 600 million. On January 2019 the remaining 2019 notes, for a total of US\$ 267 million, matured. Moreover, new 144A/RegS 30-year notes for US\$ 1.3 billion were issued on February 5, 2019; proceeds have been used to buy back bonds maturing between 2020 and 2025 for a total of US\$ 1.5 billion. In respect of the banking market, CODELCO has subscribed a new 5-year bilateral loan of US\$ 300 million, rollover a US\$ 300 million bilateral loan extending its maturity from 2019 to 2028, two short term loans for a total of US\$ 165 million and paid back US\$ 218 million in bilateral loans maturing between 2019 and 2032 and its German subsidiary credit lines.

Net of cash and cash equivalents. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because is non-recourse to CODELCO

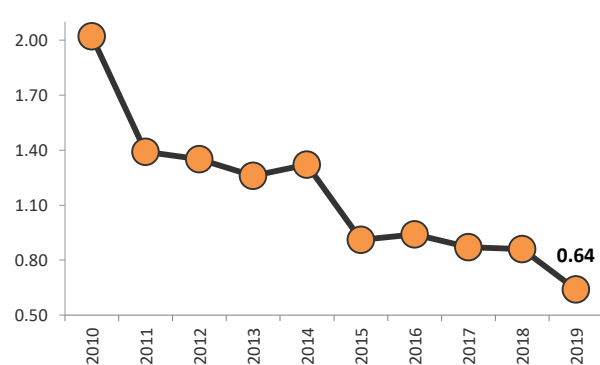
**SUSTAINABILITY FOCUS: ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

**Safety.-** The accident severity rate decreased significantly compared to last year and it is once again at its best performance level. Furthermore, the accident frequency rate has remained within the positive trend shown in recent years with a 25.6% improvement compared to 2018.

**Severity Rate – Own Staff & Contractors**  
(Days lost & days charged / Million hours worked)



**Frequency Rate- Own Staff & Contractors**  
(Lost time injury / Million hours worked)



**Labor bargaining agreements.-** During 2019 CODELCO negotiated 4 collective bargaining agreements, involving approximately 2,500 employees. These agreements are valid for the next 36 months and include a sustainable 1-



## RESULTS

### MARCH 31, 2019

1.3% real salary increase for the whole 36-month period as well as sustainable bonuses according to current industry and Company conditions. During the rest of 2019, only four more agreements have to be reached, all of which are related to Chuquicamata Division unions.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (ThUS\$)**

Profit (loss)	Three months ended March 31,		
	2018	2019	Δ %
Revenue	3,519,853	3,150,138	(10.5)
Cost of sales	(2,607,473)	(2,309,072)	(11.4)
<b>Gross profit</b>	<b>912,380</b>	<b>841,066</b>	<b>(7.8)</b>
Other Income, by function	57,688	44,409	(23.0)
Impairment and reversed impairment according to IFRS 9	773	365	(52.8)
Distribution costs	(5,670)	(2,394)	(57.8)
Administrative expenses	(104,681)	(88,017)	(15.9)
Other expenses	(475,713)	(460,959)	(3.1)
Other gains (losses)	7,426	6,803	(8.4)
<b>Profit (losses) from operating activities</b>	<b>392,203</b>	<b>341,273</b>	<b>(13.0)</b>
Finance income	10,101	9,100	(9.9)
Finance costs	(123,406)	(150,943)	22.3
Share of profit of associates and joint ventures accounted for using the equity method	17,043	(6,777)	(139.8)
Foreign exchange differences	(31,809)	(53,963)	69.6
<b>Profit for the period before tax</b>	<b>264,132</b>	<b>138,690</b>	<b>(47.5)</b>
Income tax expense	(196,001)	(131,325)	(33.0)
<b>Profit for the period</b>	<b>68,131</b>	<b>7,365</b>	<b>(89.2)</b>
Profit (loss) attributable to:			
Profit attributable to owners of the parent	63,996	8,145	(87.3)
Loss attributable to non-controlling interests	4,135	(780)	(118.9)
<b>Profit for the period</b>	<b>68,131</b>	<b>7,365</b>	<b>(89.2)</b>

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (ThUS\$)**

<b>Assets</b>	<b>March 31,</b>	
<b>Current Assets</b>	<b>2018</b>	<b>2019</b>
Cash and cash equivalents	1,449,481	825,603
Other current financial asset	18,009	254,519
Other current non-financial assets	26,189	38,732
Trade and other current receivables	2,115,572	2,027,250
Accounts receivables due from related companies, current	18,990	4,632
Inventory	2,036,835	2,028,835
Current tax asset	29,412	28,441
<i>Total current assets different from other than assets or groups of assets for disposition classified as held for sale or held as distributable to owners</i>	<b>5,694,488</b>	5,208,012
Non-current assets or groups of assets for disposition classified as held to distribute to owners	2,953	
<b>Total current assets</b>	<b>5,697,441</b>	<b>5,208,012</b>
<b>Non-current asset</b>		
Non-current inventories	434,304	450,105
Other non-current financial assets	192,729	144,193
Other non-current non-financial assets	11,076	6,370
Non-current receivables	88,631	100,226
Accounts receivables due from related companies, non-current	23,628	20,784
Investment accounted for using the equity method	3,681,957	3,561,317
Intangible assets other than goodwill	43,861	47,728
Property, Plant and Equipment, net	25,681,128	27,618,807
Investment property	981	981
Assets for current taxes, not current	205,308	144,454
Deferred tax assets	31,666	34,018
<b>Total non-current asset</b>	<b>30,395,269</b>	<b>32,128,983</b>
<b>TOTAL ASSETS</b>	<b>36,092,710</b>	<b>37,336,995</b>

**Liabilities**

	<b>March 31,</b>	
	<b>2018</b>	<b>2019</b>
<b>Current liabilities</b>		
Other current financial liabilities	571,820	874,703
Trade and other current payables	1,412,182	1,418,254
Accounts payables to related companies, current	136,874	146,402
Other current provisions	602,275	626,263
Current tax liabilities	45,535	10,320
Current employee benefit accruals	302,412	284,716
Other current non- financial liabilities	54,047	69,856
<b>Total current liabilities</b>	<b>3,125,145</b>	<b>3,430,514</b>
<b>Non-current liabilities</b>		
Other non-current financial liabilities	14,403,076	14,633,799
Other non-current liabilities	40,411	22,042
Other non-current provisions and accrued expenses	1,732,593	1,588,448
Deferred tax liabilities	4,490,033	4,670,084
Non-current employee benefit accruals	1,433,004	1,317,579
Other non-current non-financial liabilities	3,883	4,587
<b>Total non-current liabilities</b>	<b>22,103,000</b>	<b>22,236,539</b>
<b>Total liabilities</b>	<b>25,228,145</b>	<b>25,667,053</b>
<b>Equity</b>		
Issued Capital	4,619,423	5,619,423
Retained earnings	(63,568)	(190,860)
Other Reserves	5,354,566	5,328,651
<b>Equity attributable to owners of the parent</b>	<b>9,910,421</b>	<b>10,757,214</b>
Non-controlling interests	954,144	912,728
<b>Total equity</b>	<b>10,864,565</b>	<b>11,669,942</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>36,092,710</b>	<b>37,336,995</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS (ThUS\$)**

	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2019</b>
<b>Cash flow provided by (used in) operating activities:</b>		
Cash income provided by operating activities		
Cash flows provided by sales of goods and rendering of services	4,291,749	3,340,415
Other cash flows provided by operating activities	451,166	565,099
Types of cash payments		
Payments to suppliers for goods and services	(2,208,811)	(2,074,132)
Payments to and on behalf of employees	(588,602)	(588,743)
Other cash flows used in operating activities	(425,321)	(319,949)
Dividends received	59,987	84,372
Income taxes paid	(12,745)	(18,632)
<b>Net cash flows provided by operating activities</b>	<b>1,567,423</b>	<b>988,430</b>
<b>Cash flows provided by (used in) investing activities:</b>		
Other payments to acquire equity or debt instruments of other entities	(7,244)	-
Purchases of property plant and equipment	(1,001,934)	(1,023,885)
Interest received	7,411	8,404
Other inflows (outflows) of cash	(7,908)	(49,360)
<b>Net cash flows from (used in) investing activities</b>	<b>(1,009,675)</b>	<b>(1,064,841)</b>
<b>Cash flows used in financing activities:</b>		
Proceeds from long term borrowings	-	1,300,000
Proceeds from short term borrowings	688	165,012
Repayments of borrowings	-	(1,794,091)
Payments of liabilities for financial leases	(5,443)	(41,511)
Dividends paid	(382,071)	-
Interest paid	(178,872)	(179,180)
Other inflows (outflows) of cash	185	210,114
<b>Net cash flows used in financing activities</b>	<b>(565,513)</b>	<b>(339,656)</b>
<b>Net increase (decrease) in cash and cash equivalents before foreign exchange difference</b>	<b>(7,765)</b>	<b>(416,067)</b>
Foreign Exchange Rate Net increase (decrease) in cash and cash equivalents	8,411	12,545
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>646</b>	<b>(403,522)</b>
Cash and cash equivalents at beginning of period	1,448,835	1,229,125
<b>Cash and cash equivalents at end of period</b>	<b>1,449,481</b>	<b>825,603</b>



### **COMPANY PROFILE**

CODELCO is the world's largest copper producer primarily engaged in the exploration, development and extraction of copper-bearing ores and by-products, processing ore into refined copper and international trade of refined copper and by-products. CODELCO is 100% owned by the Republic of Chile and controls approximately 6% of the world's proven and probable copper reserves; as defined by the U.S. Geological Survey. In 2018, CODELCO had an estimated 9% share of the total world copper production, producing approximately 1.81 million metric tons (including CODELCO's share in El Abra deposit, which is mined by Sociedad Contractual Minera El Abra and its share in Anglo American Sur) and an estimated 9% share of the world's molybdenum production with approximately 24,031 metric tons.

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As an Industry Standard, CODELCO divides its mineral holdings into two categories, reserves and resources. Resources are ore bodies of economic value that have been identified and evaluated through exploration, reconnaissance and sampling. Reserves are the portion of the resources that can be extracted based on an economic, environmental and technological analysis set forth in the mining plan. Reserves and resources are both subdivided further, based on the degree of knowledge that CODELCO has of their extent and composition. The system used by CODELCO for categorizing mineral ores is according to the Chilean law (N° 20.235) which is in accordance with others systems widely used within the mining industry. The "Comisión Calificadora de Competencias en Recursos y Reservas Mineras" is the independent Chilean entity who regulates this and it is part of the Committee for Mineral Reserves International Reporting Standards (CRISCO).