

Santiago, Chile, October 30, 2020 – Corporación Nacional del Cobre (CODELCO) released its Nine-month Operational and Financial Report 2020:

- **Covid-19 action plan.** CODELCO's Covid-19 action plan, in place since early 2020, has already deployed four phases. The health and safety measures to mitigate the risk of infection and secure operational activities have proven to be effective. CODELCO is continuously assessing new measures to protect the health of all its employees and to ensure its operational continuity. Additionally, temporarily suspended projects have been gradually returning to normal levels of activity since August 2020.
- **Total copper production**, including CODELCO's stake in El Abra and Anglo American Sur, increased 2.8% to 1,243 ktons compared to 1,209 ktons in the same period of 2019. Higher copper output at Chuquicamata, Salvador and Andina were the main drivers of this increase. On the other hand, lower production at El Teniente and Radomiro Tomic was partially offset by the increase at other Divisions.
- **Direct Cash Cost C1.** C1 cash cost was 126.9 cents per pound, compared to 143.1 cents per pound in the first nine months of 2019. This 11% decrease was primarily due to lower input prices, such as electricity and diesel, operational efficiencies, higher production volume and favorable exchange rate depreciation of the Chilean peso against the U.S. dollar.
- **Cash and cash equivalents** have remained high throughout this year. On September 30, 2020 cash and cash equivalents reached US\$ 3.6 billion. Strengthening CODELCO's cash position was a conservative strategy in response to the uncertainty generated by the Covid-19 pandemic.
- **Revenues** were US\$ 9.2 billion, 4.8% higher than the reported US\$ 8.8 billion in the first nine months of 2019. An increase in copper sales volume (+3.2% own copper sales) and higher average realized copper price were the main drivers of the positive revenue performance in the period.
- **Adjusted EBITDA<sup>(1)</sup>** totaled US\$ 3.4 billion, 34.5% higher than US\$ 2.6 billion in the first nine months of 2019. Higher revenues and lower operating expenses due to operational efficiencies, local currency depreciation and favorable input prices contributed to an improved EBITDA.
- **Net financial debt<sup>(2)</sup>** reached US\$ 16.3 billion on September 30, 2020, 9.3% higher than the US\$14.9 billion posted on the same day in 2019. Net debt to Adjusted EBITDA ratio stood at 3.3x, down from 4.0x on September 30, 2019. The increase of Net debt was compensated by higher Adjusted EBITDA.
- **Profit before tax** increased from a loss of US\$ 78 million in the first nine months of 2019 to a profit of US\$ 433 million in the same period of 2020. Higher revenues and gross profit margin because of lower operating expenses contributed to this significant performance improvement.

- **Operating cash flows** totaled US\$ 2.4 billion, which was relatively flat to net operating cash flows of the same period of 2019. Lower payments to suppliers and employees in the period because of more favorable input prices and local currency depreciation compensated higher tax payments.
- **Capex program.** As part of the Covid-19 measures, on June 20, 2020, CODELCO announced it would temporarily suspend construction on all its northern operation projects, including Chuquicamata underground mine. Additionally, on July 4, 2020, CODELCO announced the temporary suspension of construction work on El Teniente New Mine Level. However, because of the positive evolution of the pandemic, work on these projects have gradually resumed since August. Despite these temporary suspensions, scheduled production start dates for CODELCO's main projects remain unchanged.
- **Collective bargaining agreements.** As of September 30, 2020 CODELCO has had 2 collective bargaining negotiations involving more than 500 employees. Additionally, three collective bargaining negotiations are scheduled for the fourth quarter of this year. Nearly 400 employees from three unions will participate.

- (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.
- (2) We are including leases and Oriente Copper Netherlands loan in our financial debt to reflect IFRS16 and the financial debt of a wholly-owned subsidiary.

**FINANCIAL AND OPERATING DATA SUMMARY**

	September 30,		Change	
	2019	2020	Amount	%
Total Copper Production ('000 mft) <sup>(1)</sup>	1,209	1,243	34.4	2.8
Total Own Molybdenum Production ('000 mtf)	16.0	21.5	5.4	33.8
Cash Cost (USc/lb)	143.1	126.9	(16.2)	(11.3)
Total Own Copper Sales ('000 mft)	1,277	1,318	41	3.2
Total Molybdenum Sales ('000 mft)	17.0	21.0	4.0	23.5
LME Copper Price (USc/lb)	274	265	(9.6)	(3.5)
Metals Week Molybdenum Price (US\$/lb)	11.9	8.6	(3.4)	(28.1)
Average Exchange Rate (CLP/US\$)	685	802	117	17.1
Closing Exchange Rate (CLP/US\$)	726	784	59	8.1
Total Revenues (US\$ million)	8,808	9,229	420	4.8
Gross Profit (US\$ million)	1,552	1,918	366	23.6
Gross Margin (%)	17.6	20.8	3	18.0
Adjusted EBITDA (US\$ million) <sup>(2)</sup>	2,555	3,437	882	34.5
Adjusted EBITDA Margin (%)	29.0	37.2	8	28.4
Net Financial Debt (US\$ million) <sup>(3)</sup>	14,918	16,306	1388	9.3
Net Interest Expenses (US\$ million)	338	485	147	43.6
Net Financial Debt to LTM Adjusted EBITDA	4.0	3.3	-0.7	(17.7)
Adjusted EBITDA to Net Interest Expenses	7.6	7.1	(0.5)	(6.4)
Net Financial Debt to total Capitalization (%)	50.62	51.54	0.9	1.8
Contribution to the Chilean Treasury (US\$ million /cash flow)	61	718	657	1077.0

<sup>(1)</sup> Total Production includes Codelco's share in El Abra and Anglo American Sur

<sup>(2)</sup> Adjusted EBITDA is defined as Net Income plus Income Tax, Royalty, Export Tax, Interest Expenses and Depreciation and Amortization

<sup>(3)</sup> Net Financial Debt is Financial Debt minus Cash and Cash Equivalents.

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

**Consolidated Production.** In the first nine months of 2020, consolidated copper output, including CODELCO's stake in El Abra and Anglo American Sur, increased 2.8% to 1,243 ktons compared to 1,209 ktons in the same period of 2019. Higher production at Chuquicamata, Salvador and Andina were the main drivers of this increase. Despite lower production from El Teniente and Radomiro Tomic, it was partially offset by the increase at other Divisions.

Molybdenum production increased 33.8% from 16.0 ktons in the first nine months of 2019 to 21.5 ktons in the same period of 2020, mainly due to increased production at Chuquicamata.

Copper Production (K ton)	DIVISION	9M19	9M20	Δ%
	Chuquicamata	262	300	14.5%
	Radomiro Tomic	198	182	-8.1%
	Mina Ministro Hales	111	113	1.8%
	Gabriela Mistral	72	74	2.8%
	El Teniente	324	313	-3.4%
	Andina	126	142	12.7%
	Salvador	27	41	51.9%
	El Abra <sup>(1)</sup>	29	26	-10.4%
	Anglo American Sur <sup>(2)</sup>	60	52	-12.7%
	<b>CODELCO Total</b>	<b>1209</b>	<b>1243</b>	<b>2.8%</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.** In the first nine months of 2020, revenues increased 4.8% to US\$ 9.2 billion from US\$ 8.8 billion in the same period of 2019. An increase in copper sales volume (+3.2% own copper sales) and higher average realized copper price were the main drivers of the positive revenue performance in the period. In the case of molybdenum, revenues decreased driven by a 28.1% price decline, but partially offset by higher sales volume.

**Consolidated Costs.** Unit cash costs varied with fluctuations in payable production and average realized by-product prices. During the first nine months of 2020, CODELCO's cash cost was 126.9 cents per pound, compared to 143.1 cents per pound in the same period of 2019. This 11% decrease was primarily due to i) lower input prices, such as electricity and diesel, ii) operational efficiencies of our smelters, iii) higher production and iv) favorable exchange rate depreciation of the Chilean peso against the U.S. dollar (in the first nine months of 2020, the average exchange rate was CLP 802 per dollar compared to CLP 685 per dollar for the same period in 2019).

**Adjusted EBITDA.** In the first nine months of 2020, CODELCO's Adjusted EBITDA totaled US\$ 3.4 billion, 34.5% higher than US\$ 2.6 billion in the same period of 2019. Lower operating expenses due to operational efficiencies, local currency depreciation and favorable input prices contributed to an improved EBITDA. Additionally, as of September 30, 2020, Net debt to Adjusted EBITDA ratio was 3.3x, down from 4.0x on September 30, 2019. However, Adjusted EBITDA coverage ratio fell slightly to 7.1x in the first nine months of 2020 from 7.6x in the same period in 2019.

Adjusted EBITDA is calculated by adding finance cost, income tax expense, depreciation and amortization of assets plus export taxes (Copper Reserve Law) 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 bonds issued plus leases and loans from financial institutions. 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.

	<b>September 30,</b>	
	<b><u>2019</u></b>	<b><u>2020</u></b>
	<b>(in thousands of U.S.\$)</b>	
Profit (loss) for the period	(97,999)	71,923
Income tax expense	20,499	361,048
Finance costs	360,104	520,374
Depreciation and amortization of assets	1,585,427	1,787,130
Copper Reserve Law	686,715	696,296
<b>Adjusted EBITDA</b>	<b>2,554,746</b>	<b>3,436,771</b>

#### **CAPITAL EXPENDITURE: STRUCTURAL PROJECTS**

**Chuquicamata Underground Mine:** The underground mine began operations on April 30, 2019. On June 20, 2020, CODELCO announced it would temporarily suspend construction as a measure to prevent Covid-19 infection among employees and contractors. In August, work on the project was gradually resumed. As of September 30, 2020, overall progress was 99.5%.

**Andina Mineral Transfer System:** After a temporary suspension in April 2020, the project is currently under construction. Its overall progress was 89.1% as of September 30, 2020. Operation is scheduled to start in 2021.

**El Teniente New Mine Level (NML):** Under construction and overall progress was 62.6% as of September 30, 2020. The bidding process for the primary crusher construction and assembly contracts is currently underway. On July 4, 2020, CODELCO announced it would temporarily suspend construction as a measure to prevent Covid-19 infection among employees and contractors. In August, works on the project was gradually resumed. Production is scheduled to start in 2023.

**Salvador Inca Pit projects:** The Environmental Assessment Commission approved the project's environmental assessment in Feb-2020. The feasibility study, mining development activities and early works have already been completed. The internal evaluation of the project for its final approval, as well as evaluations by Cochilco and the Ministry of Social Development, have been suspended because of a legal claim against Salvador Division with a pending decision.

**Andina Future Development:** Feasibility study is 78% complete. The environmental impact assessment is also underway.

### AVERAGE METAL PRICE

	LME Copper (US\$/lb.)	COMEX Copper (US\$/lb.)	Molybdenum (US\$/lb.)
<b>1Q 2020</b>	2.56	2.56	9.7
<b>2Q 2020</b>	2.42	2.43	8.4
<b>3Q 2020</b>	2.96	2.93	7.7
<b>1Q 2019</b>	2.82	2.81	11.7
<b>2Q 2019</b>	2.77	2.78	12.1
<b>3Q 2019</b>	2.63	2.62	11.8
<b>4Q 2019</b>	2.67	2.68	9.6
<b>Average 2019</b>	2.72	2.72	11.4
<b>Variation: 3Q 2020 vs. 3Q 2019</b>	12.4%	12.1%	-34.8%
<b>Variation: 3Q 2020 vs. 2Q 2020</b>	22.0%	20.7%	-8.0%

Sources: LME, COMEX and Metals Week Dealer Oxide

### CASH FLOWS

During the first nine months of 2020, net cash flows from operating activities totaled US\$ 2.4 billion, which was flat to net operating cash flows for the same period of 2019. Lower payments to suppliers and employees in the period because of more favorable input prices and local currency depreciation was compensated by higher tax payments. Since March 2020, CODELCO has been paying the Copper Reserve Law tax on a monthly basis, while in 2019 it was paid in the fourth quarter.

### CASH AND DEBT

As of September 30, 2020, net debt amounted to US\$ 16.3 billion, 9.3% higher than US\$ 14.9 billion net debt reported on September 30, 2019. Additionally, cash and cash equivalents increased to US\$ 3.6 billion in September 2020 from US\$ 3.0 billion in September 2019.

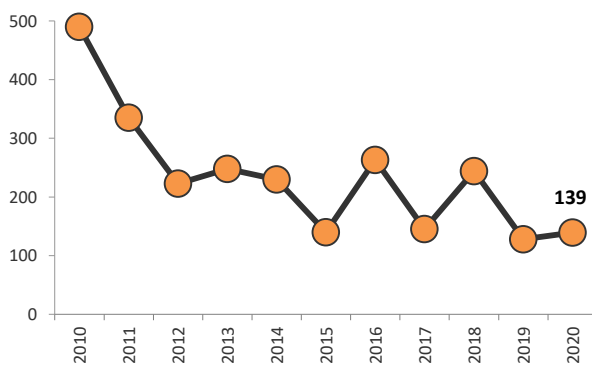
During the first nine months of 2020, CODELCO issued notes in an aggregate principal amount of US\$ 2.8 billion, consisting of a US\$ 1.0 billion international debt offering of 3.150% notes due 2030, a US\$ 0.8 billion international debt offering of 3.150% notes due 2031 and a US\$ 1.0 billion international debt offering of 3.700% notes due 2050. The notes due 2050 form part of the same series of CODELCO's outstanding 3.700% notes due 2050 issued on September 30, 2019, resulting in a total aggregate principal amount outstanding of US\$ 1.9 billion in this series. These issuances significantly strengthened CODELCO's liquidity position. Additionally, in April 2020, CODELCO entered into a three-year bilateral credit facility with The Bank of Nova Scotia for US\$ 165 million. In May, CODELCO also entered into a three-year bilateral credit facility with BNP Paribas for US\$ 100 million and into a

seven-year bilateral credit facility with Export Development Canada for US\$ 300 million. On the other hand, in the first quarter, CODELCO prepaid three bank loans for a total amount of US\$ 515 million. Additionally, in August 2020, CODELCO prepaid three bank loans for a total amount of US\$ 565 million.

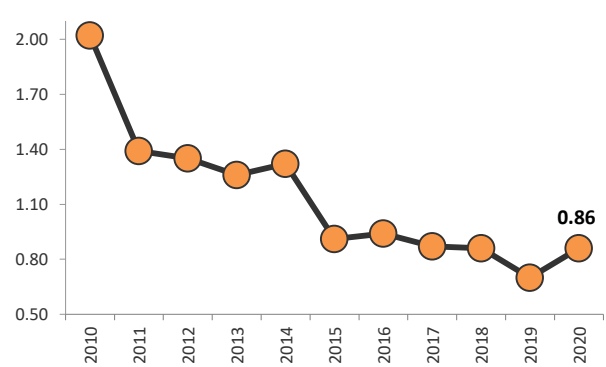
**SUSTAINABILITY FOCUS: ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

**Safety.** In June 2020, a fatal accident occurred at Radomiro Tomic, which resulted in the death of a contractor. We deeply regret this accident. Regarding metrics, the accident severity rate decreased (5.4%) compared to the first nine months of 2019, and the accident frequency rate increased by 23% compared to 2019.

**Severity Rate - Employees & Contractors**  
(Days lost & days charged / Million hours worked)



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



**Collective bargaining agreements.** As of September 30, 2020 CODELCO has had 2 collective bargaining negotiations. On July 14, 2020, Radomiro Tomic’s professional workers’ union and CODELCO reached a collective agreement. This agreement extended the previous collective agreement for an additional year. On September 15, 2020, El Teniente’s union of supervisors and CODELCO reached a 36-month collective agreement. These two negotiations combined involved more than 500 employees. Additionally, three collective bargaining negotiations are scheduled for the fourth quarter of this year; nearly 400 employees from three unions will be involved.

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

Profit (loss)	Nine months ended September 30,		
	2019	2020	Δ %
Revenue	8,808,184	9,228,639	4.8
Cost of sales	(7,256,283)	(7,310,693)	0.7
<b>Gross profit</b>	<b>1,551,901</b>	<b>1,917,946</b>	<b>23.6</b>
Other Income, by function	206,981	75,253	(63.6)
Impairment and reversed impairment according to IFRS 9	1,176	(934)	(179.4)
Distribution costs	(12,647)	(6,995)	(44.7)
Administrative expenses	(303,025)	(262,416)	(13.4)
Other expenses	(1,328,133)	(969,845)	(27.0)
Other gains (losses)	17,038	18,264	7.2
<b>Profit (losses) from operating activities</b>	<b>133,291</b>	<b>771,273</b>	<b>478.6</b>
Finance income	22,504	35,412	57.4
Finance costs	(360,104)	(520,374)	44.5
Share of profit of associates and joint ventures accounted for using the equity method	11,863	9,713	(18.1)
Foreign exchange differences	114,946	136,947	19.1
<b>Profit for the period before tax</b>	<b>(77,500)</b>	<b>432,971</b>	<b>658.7</b>
Income tax expense	(20,499)	(361,048)	1,661.3
Profit for the period	<b>(97,999)</b>	<b>71,923</b>	173.4
Profit (loss) attributable to:			
Profit (loss) attributable to owners of the parent	(105,530)	64,656	161.3
Profit (loss) attributable to non-controlling interests	7,531	7,267	3.5
<b>Profit for the period</b>	<b>(97,999)</b>	<b>71,923</b>	<b>173.4</b>



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

Assets	September 30,	
	2019	2020
<b>Current Assets</b>		
Cash and cash equivalents	2,967,242	3,453,889
Other current financial asset	13,977	203,857
Other current non-financial assets	58,532	42,206
Trade and other current receivables	1,876,203	2,333,987
Accounts receivables due from related companies, current	6,558	21,523
Inventory	2,009,870	2,028,282
Current tax asset	68,635	55,039
<b>Total current assets</b>	<b>7,001,017</b>	<b>8,138,783</b>
<b>Non-current asset</b>		
Non-current inventories	568,857	568,836
Other non-current financial assets	126,869	66,869
Other non-current non-financial assets	5,670	3,237
Non-current receivables	109,553	91,160
Accounts receivables due from related companies, non-current	18,263	13,194
Investment accounted for using the equity method	3,488,854	3,470,552
Intangible assets other than goodwill	46,366	46,104
Property, Plant and Equipment, net	28,673,181	29,390,808
Investment property	981	981
Assets by right of use	-	396,775
Assets for current taxes, not current	144,406	173,013
Deferred tax assets	37,655	46,157
<b>Total non-current asset</b>	<b>33,220,655</b>	<b>34,267,686</b>
<b>TOTAL ASSETS</b>	<b>40,221,672</b>	<b>42,406,469</b>

Liabilities	September 30,	
	2019	2020
<b>Current liabilities</b>		
Other current financial liabilities	1,128,094	948,687
Leases	-	126,236
Trade and other current payables	1,388,714	1,115,272
Accounts payables to related companies, current	104,884	159,387
Other current provisions	1,125,141	506,300
Current tax liabilities	9,035	4,139
Current employee benefit accruals	384,896	324,238
Other current non- financial liabilities	115,445	33,534
<b>Total current liabilities</b>	<b>4,256,209</b>	<b>3,217,793</b>
<b>Non-current liabilities</b>		
Other non-current financial liabilities	16,996,939	18,861,309
Leases	-	269,157
Other non-current liabilities	17,705	443
Other non-current provisions and accrued expenses	1,579,716	2,084,288
Deferred tax liabilities	4,570,990	5,141,451
Non-current employee benefit accruals	1,226,021	1,152,540
Other non-current non-financial liabilities	4,023	2,666
<b>Total non-current liabilities</b>	<b>24,395,394</b>	<b>27,511,854</b>
<b>Total liabilities</b>	<b>28,651,603</b>	<b>30,729,647</b>
<b>Equity</b>		
Issued Capital	5,619,423	5,619,423
Retained earnings	(304,865)	(134,156)
Other Reserves	5,334,459	5,272,097
<b>Equity attributable to owners of the parent</b>	<b>10,649,017</b>	<b>10,757,364</b>
Non-controlling interests	921,052	919,458
<b>Total equity</b>	<b>11,570,069</b>	<b>11,676,822</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>40,221,672</b>	<b>42,406,469</b>

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

	Nine months ended September 30,	
	2019	2020
<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	9,437,523	9,442,138
Other cash flows provided by operating activities	1,436,936	1,443,227
Types of cash payments		
Payments to suppliers for goods and services	(6,070,326)	(5,665,521)
Payments to and on behalf of employees	(1,423,993)	(1,129,790)
Other cash flows used in operating activities	(976,755)	(1,680,968)
Dividends received	84,372	22,715
Income taxes paid	(60,209)	(24,978)
<b>Net cash flows provided by operating activities</b>	<b>2,427,548</b>	<b>2,406,823</b>
<b>Cash flows provided by (used in) investing activities:</b>		
Purchases of property plant and equipment	(3,067,635)	(1,839,394)
Interest received	19,191	33,719
Other inflows (outflows) of cash	402,724	(19,584)
<b>Net cash flows from (used in) investing activities</b>	<b>(2,645,720)</b>	<b>(1,825,259)</b>
<b>Cash flows used in financing activities:</b>		
Proceeds from long term borrowings	3,779,309	3,496,000
Proceeds from short term borrowings	465,000	-
Repayments of borrowings	(1,843,960)	(1,117,874)
Payments of liabilities for financial leases	(110,677)	(100,744)
Dividends paid	-	-
Interest paid	(530,465)	(625,486)
Other inflows (outflows) of cash	197,995	(57,470)
<b>Net cash flows used in financing activities</b>	<b>1,957,202</b>	<b>1,594,426</b>
<b>Net increase (decrease) in cash and cash equivalents before foreign exchange difference</b>	<b>1,739,030</b>	<b>2,175,990</b>
Foreign Exchange Rate Net increase (decrease) in cash and cash equivalents	(913)	(25,206)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,738,117</b>	<b>2,150,784</b>
Cash and cash equivalents at beginning of period	1,229,125	1,303,105
<b>Cash and cash equivalents at end of period</b>	<b>2,967,242</b>	<b>3,453,889</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 2019, CODELCO had an estimated 8.1% share of the total world copper production, producing approximately 1.71 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 8% share of the world's molybdenum production with approximately 22,353 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 that regulates this and it is part of the Committee for Mineral Reserves International Reporting Standards (CRISCO).