CODELCO: RECENT DEVELOPMENTS AND PERSPECTIVES

Oscar Landerretche M.
Chairman of the Board

February 28 - March 2, 2016
CODELCO HIGHLIGHTS
2015 Highlights

**Safety**\(^{(P)}\): total global accident frequency and severity rates deceased by 30% and 39%, reaching 0.93* and 140**, respectively. No fatal accident.

**Copper Own Mine Production**: increased by 3.6% in 2015 to 1,732 thousand tons, compared to 2014, especially due to the new production coming from Mina Ministro Hales. Total production achieved a historical record of 1,891 thousand tons.

**Cost Reduction**\(^{(P)}\): C1 decreased 7.8% to 138.6 c/lb in 2015 compared to 2014, attributable to lower input prices and the intensification of the control cost program.

**Financial Performance**\(^{(P)}\): Adjusted Mining EBITDA Margin reached 41%, despite the 20% drop in the average copper price in 2015 compared to 2014. (S&P A+, Moody’s A1)

**Financing Program**: In addition to the US$2 billion bond issuance in September, Codelco received US$600 million capital injection plus an approval to retain earnings for US$225 million, securing the financing for 2016.

**Investment Program**: During 2015 Codelco reduced its capex program by US$1 billion, without affecting the execution plan for the key projects under construction.

\(^{(P)}\): All 2015 figures contained in this presentation are preliminary

* Lost Time Injuries/ Million Hours worked

** Lost days & days charged / Million Hours worked
Leadership in copper and molybdenum production

Leadership in Copper Production

Second Largest Molybdenum Producer

Leadership in Proven and Probable Copper Reserves

Long Life Reserves and Resources

<table>
<thead>
<tr>
<th>Life of mine (years)</th>
<th>Mineral resources*</th>
<th>Geological resources**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andina</td>
<td>78</td>
<td>237</td>
</tr>
<tr>
<td>El Teniente</td>
<td>74</td>
<td>200</td>
</tr>
<tr>
<td>Ministro Hales</td>
<td>58</td>
<td>87</td>
</tr>
<tr>
<td>Chuquicamata</td>
<td>42</td>
<td>205</td>
</tr>
<tr>
<td>Salvador</td>
<td>40</td>
<td>98</td>
</tr>
<tr>
<td>Radomiro Tomic</td>
<td>37</td>
<td>69</td>
</tr>
<tr>
<td>Gabriela Mistral</td>
<td>10</td>
<td>21</td>
</tr>
</tbody>
</table>

*: Includes reserves.
**: Cut-off grade at 0.2% CuT and 0.5% average ore grade
Codelco: sales breakdown – 2015(P)

Sales Breakdown by Product

US$ 10,779 million

Copper 91%
Molybdenum & others 9%

Copper Sales Breakdown (mft)

Refined Copper 67%
Concentrate 33%

Well-diversified Copper Sales by Region (mft)

43%
11%
15%
21%
1%

China
Asia (exc. China)
Europe
North America
South America
Others

67% of total copper sales to final clients

(P): All 2015 figures contained in this presentation are preliminary
Codelco has completed over US$ 116.6 billion of pre-tax profits generation for the development and progress of Chile *

* : Includes profits between January-September 2015.

** : Production includes stakes in El Abra (49%) and Anglo American Sur (20%)
COPPER MARKET
Copper price

Since 2011, the price of copper has shown a **downward trend**, which has intensified in recent times

COPPER PRICE: 2004-2016*

- Increasing in world copper production has temporary turned the market into a surplus, in times of a slowdown and uncertainties on the Chinese economy growth.
- Increasing uncertainties in the world economy growth.
- Strong process of dollar appreciation.
- Important cost reductions from lower input prices, allow marginal producers to remain in business.

*: Year 2016 until February 15th.
Market outlook for the following years
2016 currency

- Due to the recent mature of projects developed in previous years, the market is expected to show a surplus until 2017.
- Thereafter, it is expected that production will not be able to satisfy demand, even at a lower growth rate.
- Moreover, exacerbated by important investment cuts and postponements of projects,
- Therefore, the fundamentals of the copper industry remain strong and should lead to a market recovery in a context of increasing difficulties to replace the depleting copper reserves.

Sources: Codelco
Supply challenges for the copper mining industry

- Steep declining average industry ore grade
- New projects with lower ore grade and metallurgically more complex.
- Ramp-up of several new operations have not met the production target.
- Important number of Projects Delayed.
- Finally, lack of relevant new copper deposits to replace the existing ones.

Sources: Codelco, CRU and Wood Mackenzie.

Codelco large mine base is especially attractive to underpin its future growth
CODELCO’S OPERATING AND FINANCIAL REVIEW
Focus on productivity and cost management reduced the financial impact of copper price decrease

**Total Copper Production**

<table>
<thead>
<tr>
<th>Year</th>
<th>K mft</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,758</td>
</tr>
<tr>
<td>2013</td>
<td>1,792</td>
</tr>
<tr>
<td>2014</td>
<td>1,841</td>
</tr>
<tr>
<td>2015</td>
<td>1,891</td>
</tr>
</tbody>
</table>

- Codelco
- El Abra
- AAS

**Mining EBITDA Margin and Copper Price**

- Adjusted EBITDA Margin (%)
- Copper Price (c/lb)

### Adjusted EBITDA Margin (%)

- **2012**: 361
- **2013**: 332
- **2014**: 311
- **2015 (P)**: 249

### Copper Price (c/lb)

- **2012**: 1,758
- **2013**: 1,891
- **2014**: 1,792
- **2015**: 1,841

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*: 2012 Adjusted EBITDA excludes the extraordinary fair value accounting effect of Anglo American Sur 20% acquisition.
Cost control program is steadily delivering expected results

2015 Cost Reduction Main Drivers

☑ Increasing productivity
☑ Lower input prices (exchange rates, energy, fuels, other supplies and services)

Despite 36% lower average molybdenum price in 2015, Codelco has reduced its cost significantly

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(E): All 2016 figures contained in this presentation are estimated.
CODELCO’S CURRENT OPERATIONS AND THEIR FUTURE TRANSFORMATION
Current operations – 2015 (P) and 2016 (E)

**Chuquicamata**  
2015 (P) 2016 (E)  
Production of Copper (kmft) 309 285  
Cash Cost (C1) 150 133

**Ministro Hales**  
2015 (P) 2016 (E)  
Production of Copper (kmft) 238 207  
Cash Cost (C1) 141 126

**Radomiro Tomic**  
2015 (P) 2016 (E)  
Production of Copper (kmft) 316 327  
Cash Cost (C1) 141 132

**Gabriela Mistral**  
2015 (P) 2016 (E)  
Production of Copper (kmft) 125 122  
Cash Cost (C1) 160 151

**Salvador**  
2015 (P) 2016 (E)  
Production of Copper (kmft) 49 63  
Cash Cost (C1) 248 182

**Andina**  
2015 (P) 2016 (E)  
Production of Copper (kmft) 224 234  
Cash Cost (C1) 145 122

**Anglo American Sur*  
2015 (P) 2016 (E)  
Production of Copper (kmft) 88 n/a  
Cash Cost (C1) n/a n/a

**El Teniente**  
2015 (P) 2016 (E)  
Production of Copper (kmft) 471 466  
Cash Cost (C1) 101 100

**El Abra*  
2015 (P) 2016 (E)  
Production of Copper (kmft) 72 n/a  
Cash Cost (C1) n/a n/a

*: Proportional production according to Codelco’s share  
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Shaping the future - focus on brownfield projects

Projects under Construction – Progress as of December 2015

**Chuquicamata Underground (24.5% progress)**
- Expected Production: 367,000 mft per year (replacement); start-up in 2018
- CAPEX: US$4.0 bn

**Traspaso Mina Planta Andina (19.6% progress)**
- Allows to maintain long-term treatment capacity and enable a future expansion
- CAPEX: US$1.4 bn
- Under operation in 2022

**Nuevo Nivel Mina Teniente (36% progress)**
- Expected Production: 432,000 mft per year (replacement); start-up in 2022
- CAPEX: US$5.1 bn
- Status: the development is being reformulated to better respond to challenging geo-mechanical conditions encountered in its development
Projects under Engineering Studies

RT Sulfides Phase II
• Status: 59.9% progress in detailed engineering, environmental study approved and developing early works
• Concentrator plant of 100 + 100 ktpd

Andina Expansion
• The project is being reformulated to create an alternative less capital intensive, optimizing water consumption through recirculation of water pumped from the tailings dam and minimizing impacts on the environment to prolong the life of the Andina Division

Salvador Inca Pit
• Status: Pre-feasibility study has been extended to generate more geo-mining-metallurgy background to define key design parameters
CODELCO STRATEGY
Our strategy

GROWTH BEYOND OUR MINING BASE

BROWNFIELD EXPANSIONS TO TAKE ADVANTAGE OF OUR MINING BASE

CURRENT OPERATIONS: COST CONTROL AND INCREASING PRODUCTIVITY

- Strengthen corporate governance
- Manage with safety and occupational health
- Operate in harmony with environment, communities and territory
- Strengthen the organization and management processes
- Incorporate and maximize talent development
- Create value through innovation and new technologies
Innovations oriented to three key objectives

• Solving operational difficulties
  – Open pit dangerous areas / Remote mining.
  – Operational control / Robotic concentrates sampler.
  – Preventive maintenance / Big data.

• Transforming resources into reserves
  – Higher productivity and safety / Semiautonomous trucks.
  – Increasing impurities / Complex concentrates processing.

• Breakthrough to achieve competitive advantages
  – Higher productivity and safety / Continuous mining.
  – Higher productivity and lower environmental impact / Leaching sulfides.
FINANCING PLAN
Financing plan

- The Company’s financing policy considers a long term gearing consistent with the **investment grade** rating.
- A law was enacted to **capitalize Codelco** (US$ 4 billion through capital contribution and retained earnings during the period 2014-2018.)
- All these contributes to ensure a **competitive cost** for future fund requirements.
- The Company has a conservative debt maturity profile, without major debt repayment until 2018.

**Codelco's Access to Global Financial Markets**

**Financial Debt**: US$ 14.8 billion

- 70%
- 24%
- 4%
- 2%

**Debt Maturity Profile**

- **Local bonds**
- **International bonds**
- **Bank debt**

*: As of September 2015. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is non-recourse to Codelco.

**: The Unidad de Fomento (UF) is a Unit of account that is used in **Chile**.
SUMMARY
In summary

Codelco’s strength and future growth are based on:

• **High Quality Assets and Resource Base**
  – 8% worldwide reserves.
  – World largest copper producer, with 10% of industry share.
  – Second largest molybdenum producer, with 10% of industry share.
  – Long-life reserve base (63 years for reserves and mineral resources; 191 years for geological resources.)

• **Focus on operating cost control and productivity**
  – Fully integrated competitive cost operations (C1: 126 c/lb \(^{(E)}\), expected for 2016).
  – Strong operating margins (2015 Adjusted Mining EBITDA margin reached 41\(^{(P)}\).)

• **Investing through the cycle**
  – Excellent brownfield projects under execution.
  – Robust pipeline of brownfield project throughout operations under engineering study status.

• **Innovation and technology oriented to enhance productivity**

• **Experienced management with proven track record**

• **Owner strong support** (US$4 billion approved capitalization program (2014-2018))

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