



CODELCO
Corporate Presentation
June 2020



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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 resource 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 ore is according to the Chilean law (N° 20.235), which is in accordance with other 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).

The non-GAAP financial measures included in this presentation (including, without limitation, Adjusted EBIT, Adjusted EBITDA, cash cost, total costs and expenses and financial debt) are not GAAP measures of our liquidity and operating performance and should not be considered alternatives to cash flow from operating activities as a measure of liquidity or net income or operating income as measures of operating performance or any other measure derived in accordance with GAAP. The Company has prepared reconciliations of comparable GAAP to Non-GAAP measures in tables included at the end of this presentation.

- Overview
- Covid-19: Operational Continuity Measures
- Copper Market: Main Drivers - Short and Long Term Views
- Codelco: Production & Financial Results
- Looking Ahead: Structural Projects, Challenges and Transformation

CODELCO

Overview



CHILE

Codelco is Chile's state-owned copper producer since 1971

1st

copper producer
worldwide (8%)
2019

1.7

million tons
copper production
2019

*Includes contribution from
associated companies*

A/A3

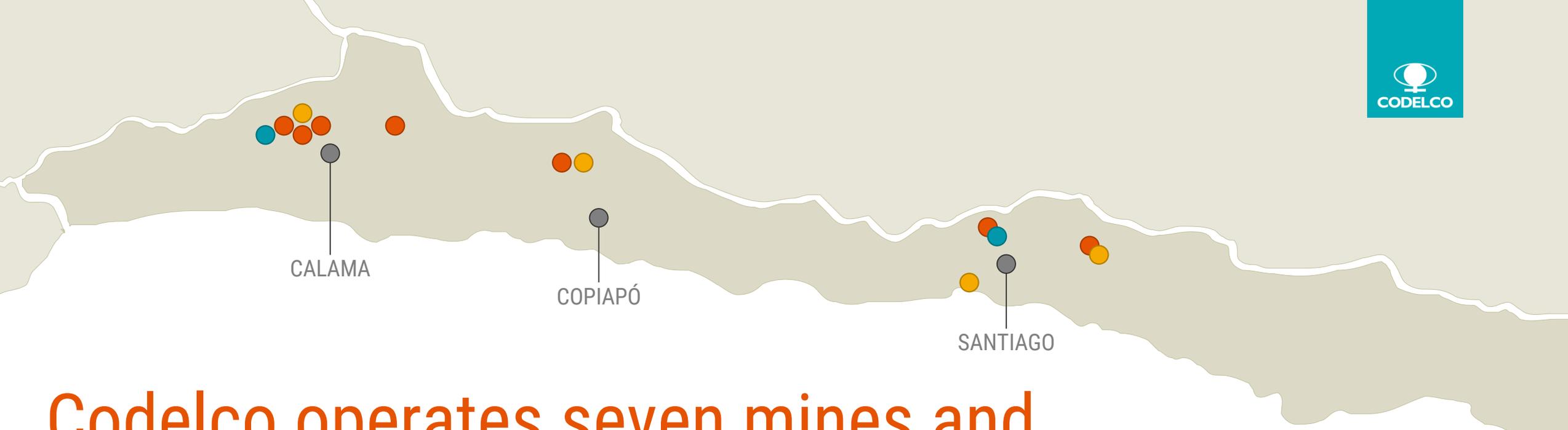
top rated
mining company
S&P / Moody's

13%

of total Chilean
exports
2019

6%

of global copper
reserves
2019

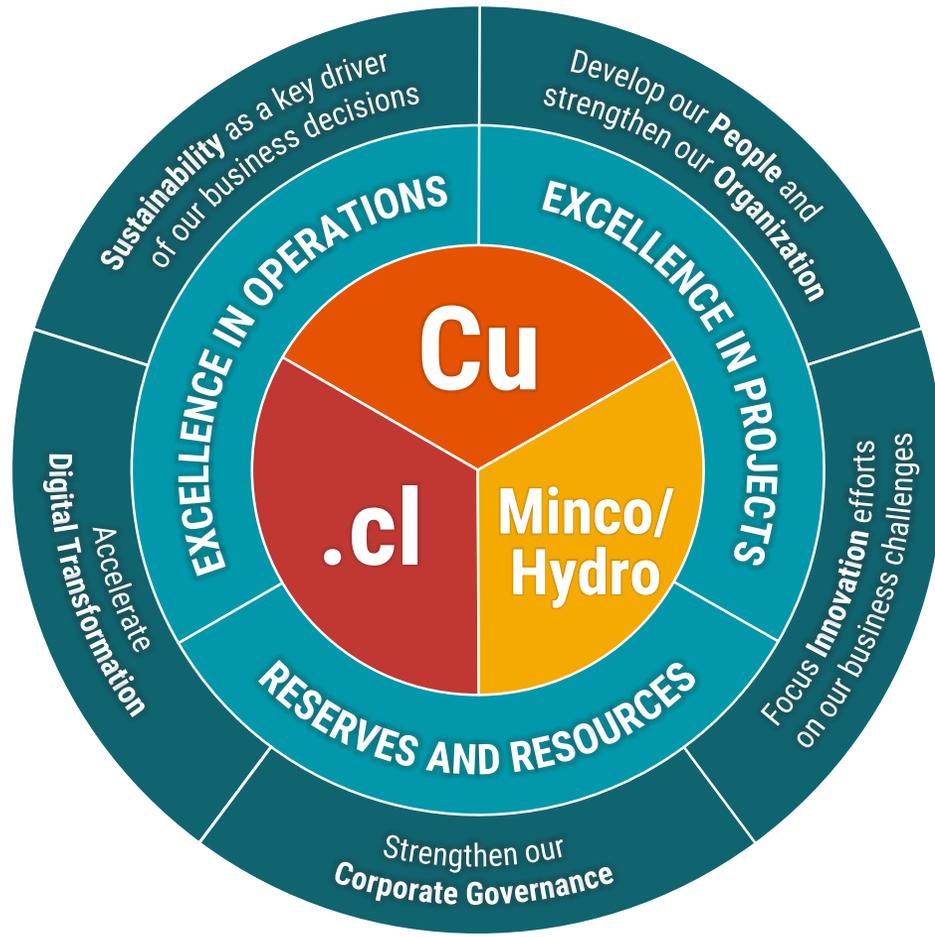


Codelco operates seven mines and four smelters, all located in Chile

- Mining operation
- Smelter
- Minority stakes



Our strategy defines the priorities around a clear focus



Focus on copper mining business in Chile

- **Excellence in developing and operating** our reserves and resources
- **Sustainability** is a key driver of our business decisions
- Emphasis on **Innovation** and accelerate **Digital Transformation**

Sustainability is a key driver in our decisions



1 Responsible to our people and territories



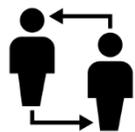
Responsible Sourcing

- ISO 14,001 (environment) and OHSAS 18,001 (safety) certification by 2021
- Follow OCDE Guidelines (human rights)



People

- 100% workplaces certification on Gender equality and work life balance



Communities & Territories

- Developed community agreements for \$3.6m in 2019
- Implemented social programs with focus in scholarships and talent development for \$2.5m in 2019

2 Risk management and climate change adaption



Water Efficiency

- 77% total water recirculation in 2019
- 10% reduction of 2020 freshwater consumption
- Increase scope of Desalination Plant Project



Decarbonization

- New PPA for 200MW based on renewable sources
- \$2B+ invested for improving smelters captures



Tailing Dams

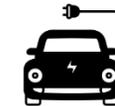
- Corporate governance integrating highest industry standards
- Implemented third-party independent assessments
- Recirculation plan for all tailing dams

3 Sustainable development and innovation



Automation

- Semi-autonomous LHD equipment at El Teniente
- Autonomous CAEX equipment at Gabriela Mistral



Electromobility – El Teniente

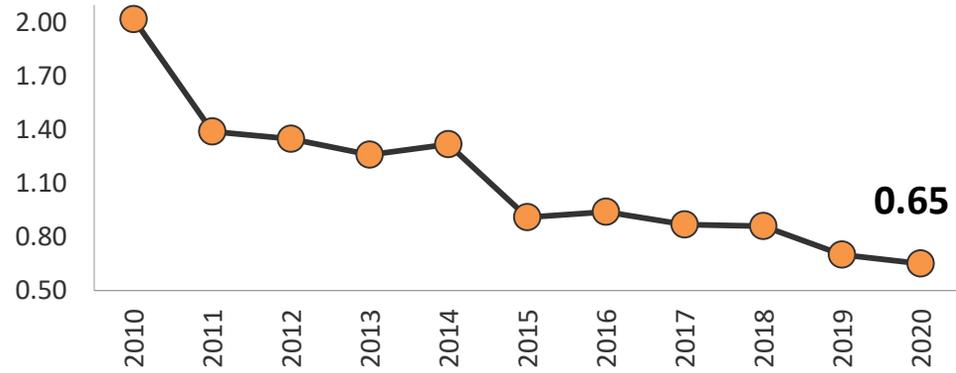
- Tender process for bus service with a minimum of 20% of electromobility
- Transformation plan for diesel mini buses to convert them into electric ones
- Electric pick-up pilot test
- 15 ton electric LHD equipment

TRACEABILITY

Key metrics of safety maintain a downward trend

Frequency Rate – Own staff & Contractors

(Lost time injury / Million hours worked)



FREQUENCY RATE

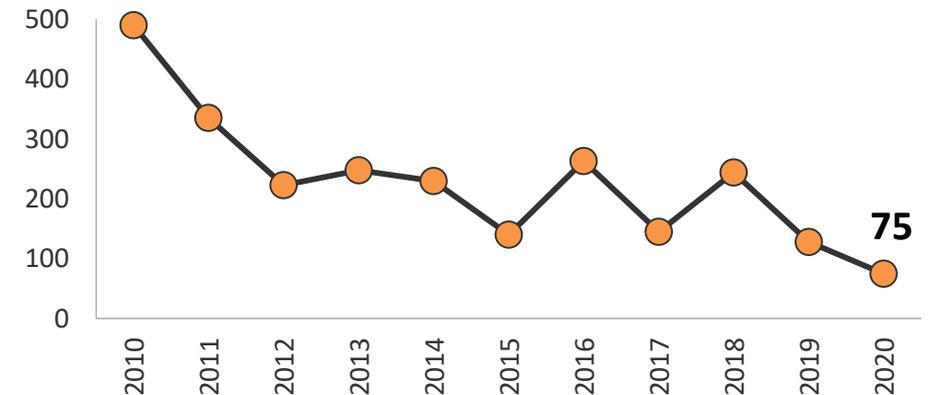
The accident frequency rate has maintained the downward trend shown in recent years with an 7% improvement compared to 2019

SEVERITY RATE

Accident severity rate decreased significantly to 75, which is the best historic rate with no fatal accident YTD

Severity Rate – Own staff & Contractors

(Lost days & days charged / Million hours worked)



Covid-19: Action Plan

Operational Continuity Measures



We have implemented **health and risk prevention** protocols to protect our workers



We have taken measures to ensure **operational continuity** and to preserve **our financial strength**

Covid-19: Operational continuity measures (1)



RADOMIRO TOMIC

CHUQUICAMATA

MINISTRO HALES

GABRIELA MISTRAL

- Executive committee discusses specific measures on a daily basis (support from health authorities and the Department of Infectious Diseases of Pontificia Universidad Catolica de Chile)
- Sent home all 65 years old (or older) workers and those classified as high-risk population
- Remote working has been implemented wherever possible
- Cleaning protocols for disinfecting transport vehicles and common areas, such as changing rooms and cafeterias. In these areas we have also reduced occupant density to ensure social distancing
- Temporary suspension of all non-essential projects to reduce the number of own and third-party employees at operations without impact on production

Covid-19: Operational continuity measures (2)



- All site visits, in-person meetings and training sessions have been suspended
- Onsite project employees begin their shifts individually and in open spaces
- Frequent measure of body temperature
- Our medical teams have been provided with the equipment and materials needed to ensure rapid response
- Provided protection implements and medical equipment, such as mechanical breathing support and PCR tests, to private and public health networks in the communities where we operate

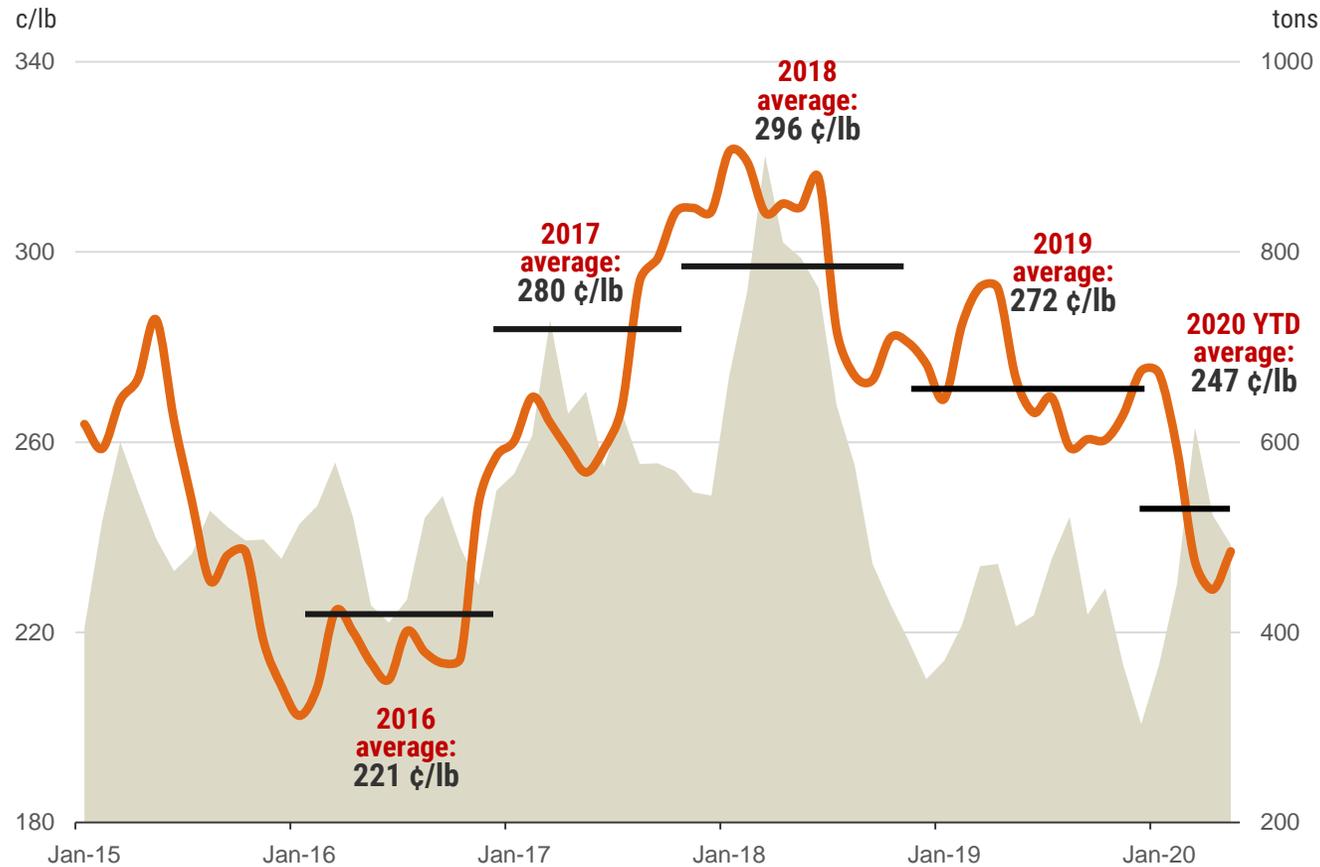
Copper Market

Main Drivers: Short and Long Term Views

Changing global growth expectations created price volatility



2015-2020 copper price and stocks*



* Data until 5/27/2020; London Metal Exchange.

Short-term drivers

- **Covid-19 impact on global economy** and copper consumption
- Supply-side **disruptions and cutbacks**
- **Low interest rate** environment
- Developments on **US-China trade discussion**
- **Mixed sentiments** driving financial investment decisions

Covid-19: supply disruptions would contribute to a balanced market in 2020



Supply-Demand balance of the refined copper market

		Demand Growth 2020				
Balance (Kt)		-3.7%	-3.4%	-3.1%	-2.8%	-2.5%
Supply Growth 2020	-3.2%	7	-63	-134	-205	-276
	-2.7%	125	54	-17	-87	-158
	-2.2%	242	171	101	30	-41
	-1.7%	360	289	218	147	76
	-1.2%	477	406	335	265	194

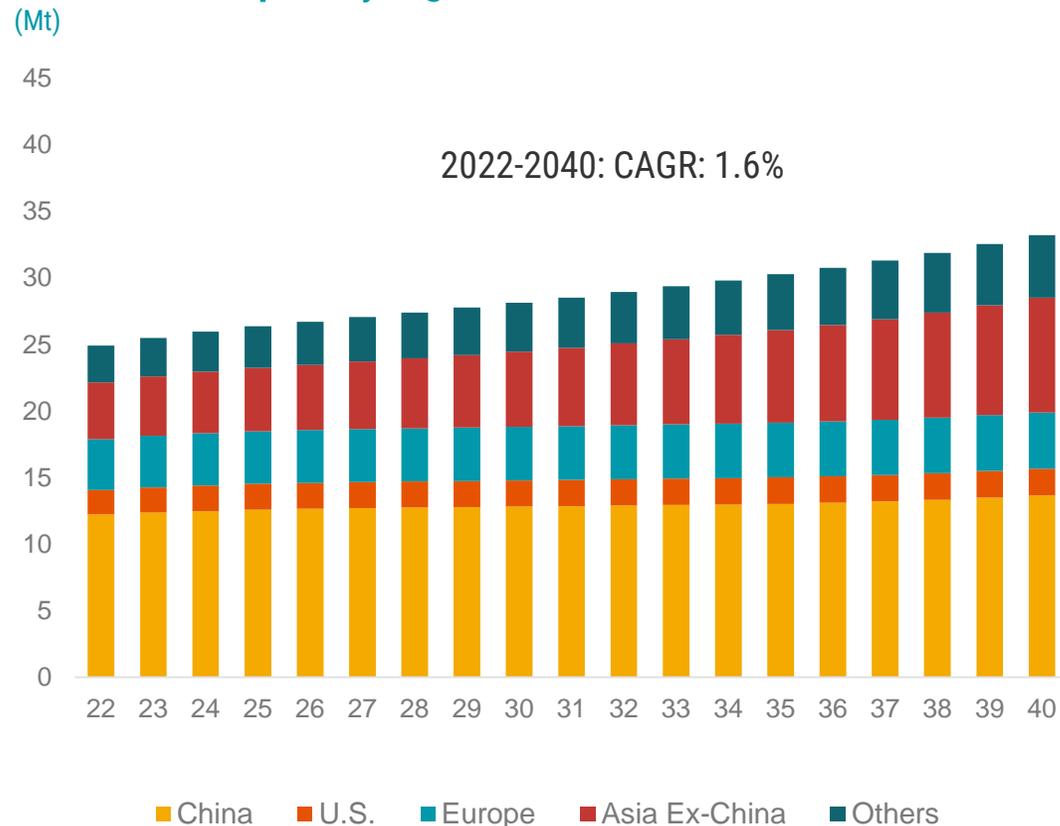
- According to Wood Mackenzie's base case scenario, **demand and supply of copper would decline** in 2020
- Increasing number of mines announcing **covid-19 related cuts of production** (Cobre Panama, Cerro Verde, Las Bambas, among others)
- **Less scrap available:** i) interruption of industrial activities in main scrap producing countries such as India and Malaysia; ii) low copper price does not cover scrap processing expenses

Analysts project a **rebound in supply and demand** in 2021: +1.5% and +3.3%, respectively

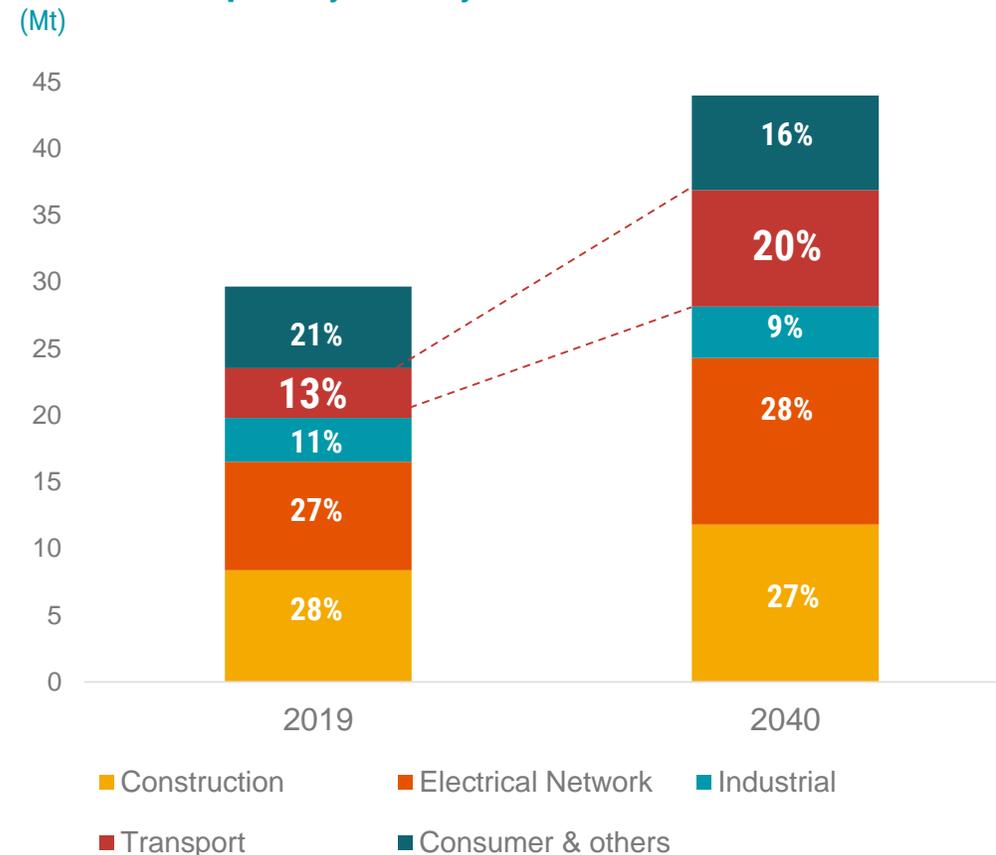
Demand projections reflect stable long-term growth



Refined Consumption by Region (Mt)



Total Consumption by Industry Sector (Mt)



Source: Wood Mackenzie

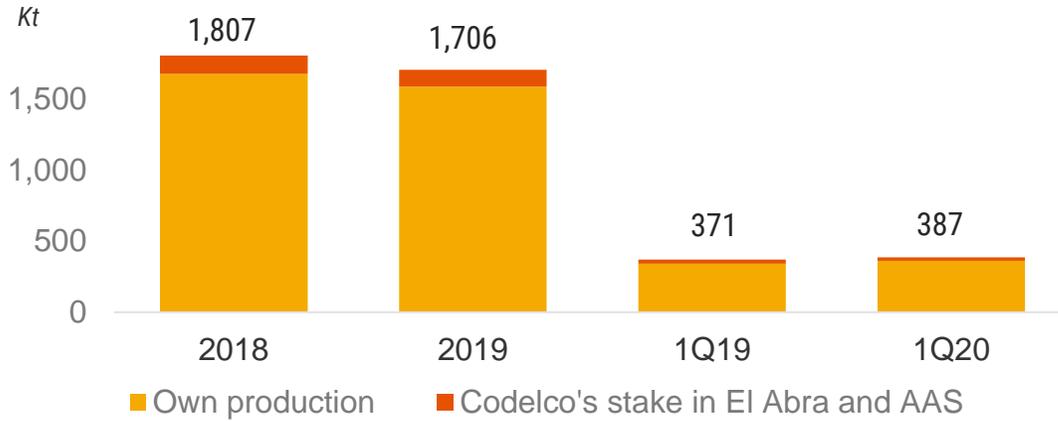
Codelco: Recent Performance

Production & Financial Results

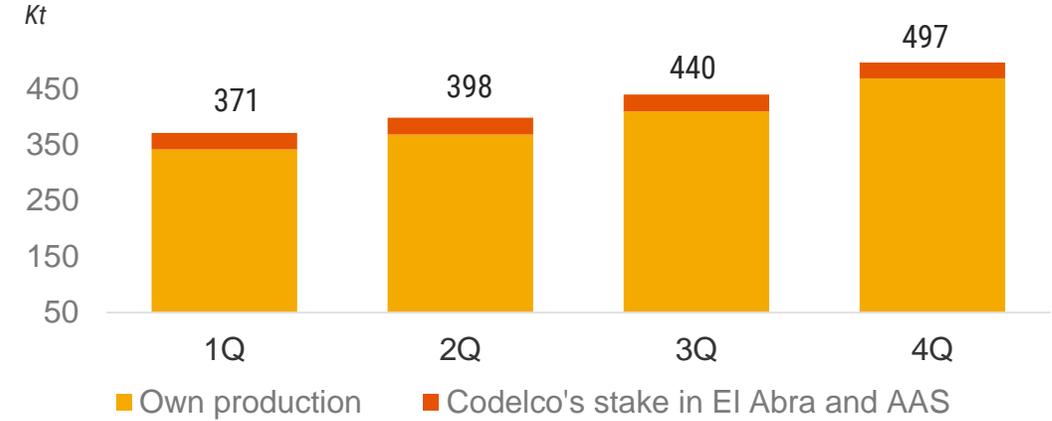
Production in 2020 is performing according to our business plan



Copper Production (Full-Year & First Quarter)



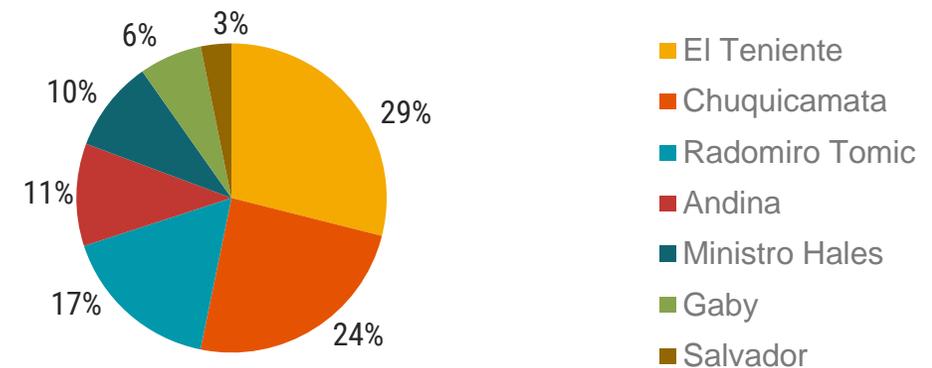
2019 Quarterly Production



C1 Cash Cost (Full-Year & First Quarter)



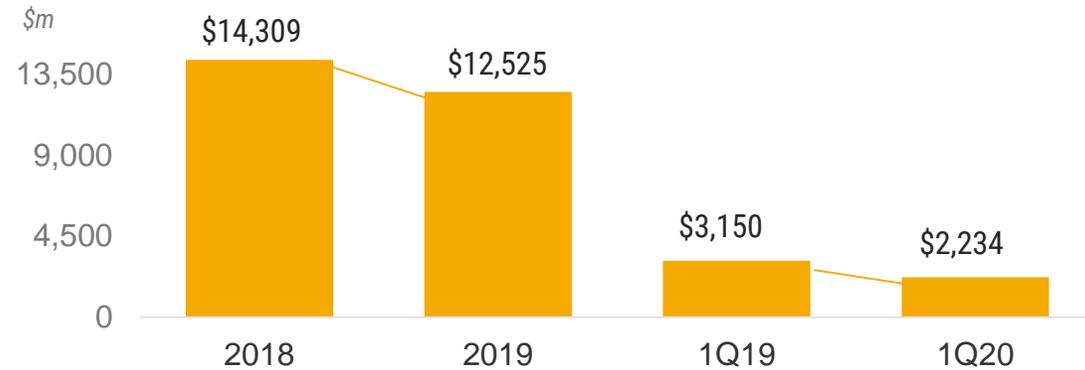
2019 Full-year own production by operation



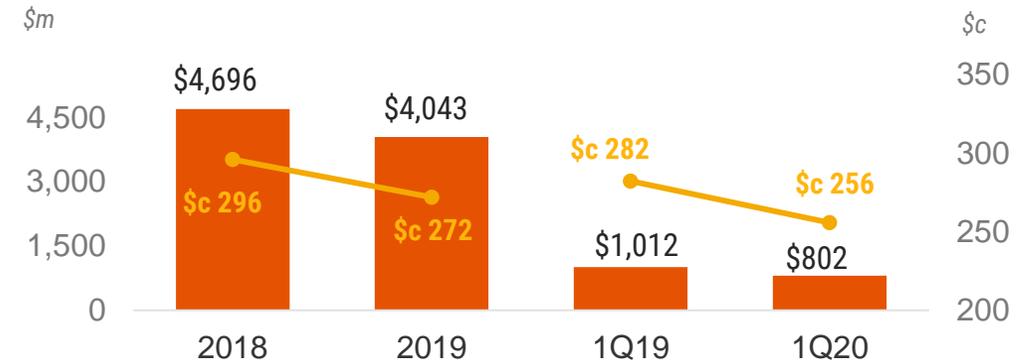
Financial results 2019 and 1Q20

Low copper price has been the main driver of our recent financial performance

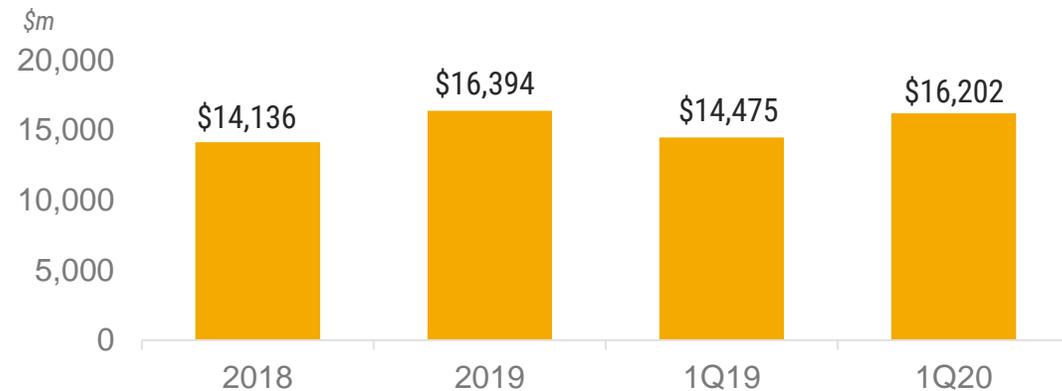
Revenues



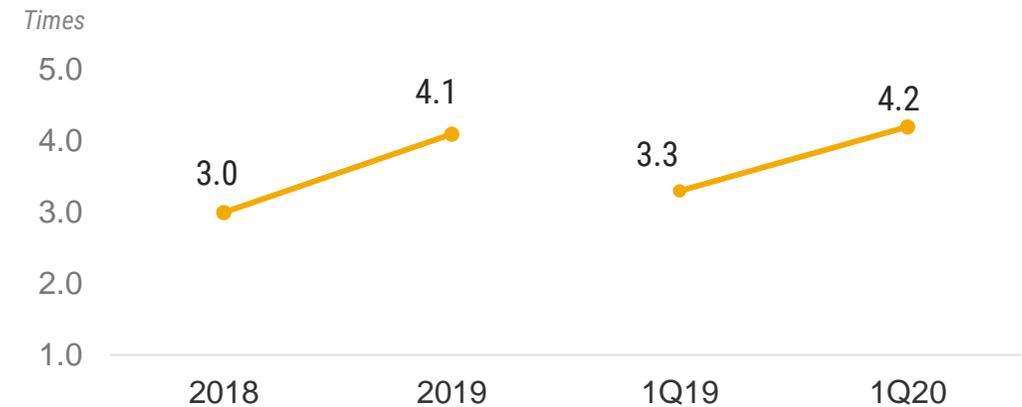
EBITDA and Average LME Copper Price



Net Financial Debt



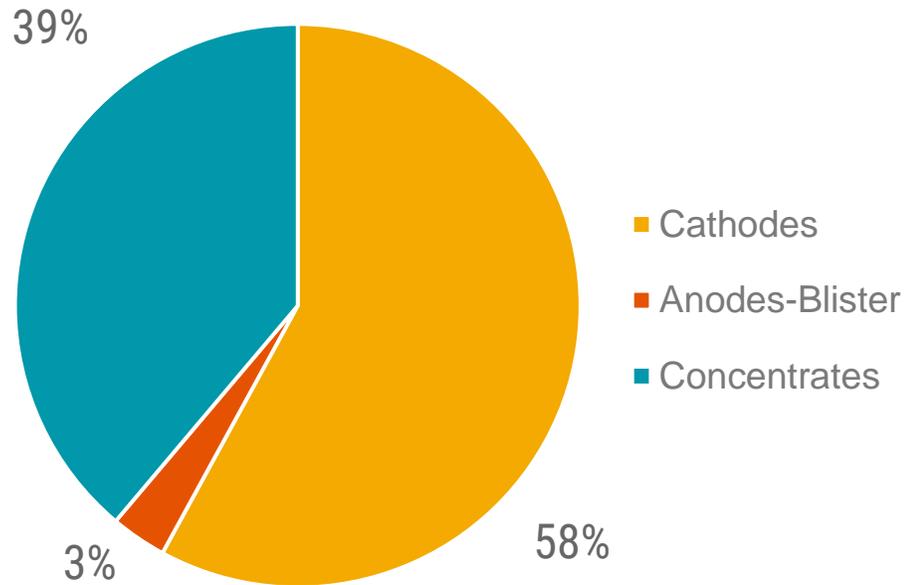
Net Financial Debt-to-EBITDA ratio



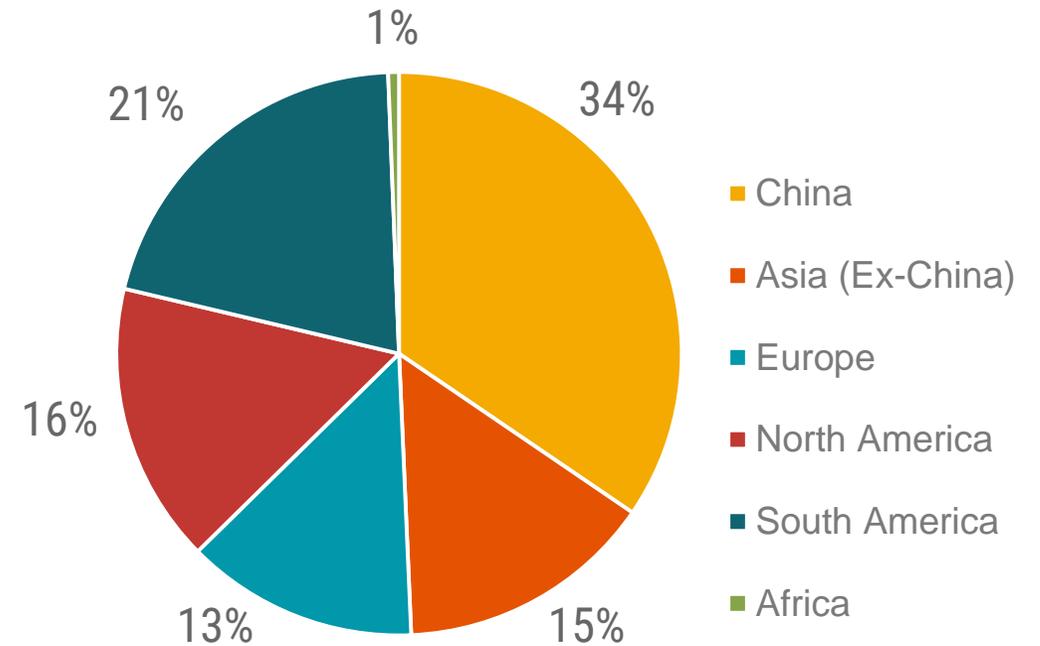
Copper sales volume breakdown by product and end-market in 2019



Copper sales by product



Copper sales by end-market

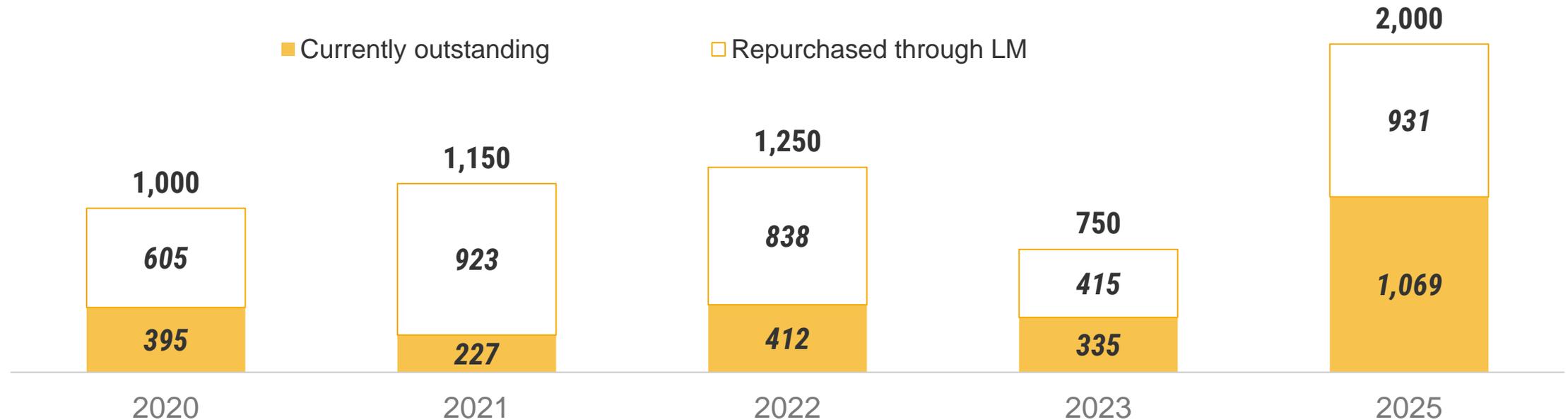


Executed liability management (LM) of bonds to optimize our debt



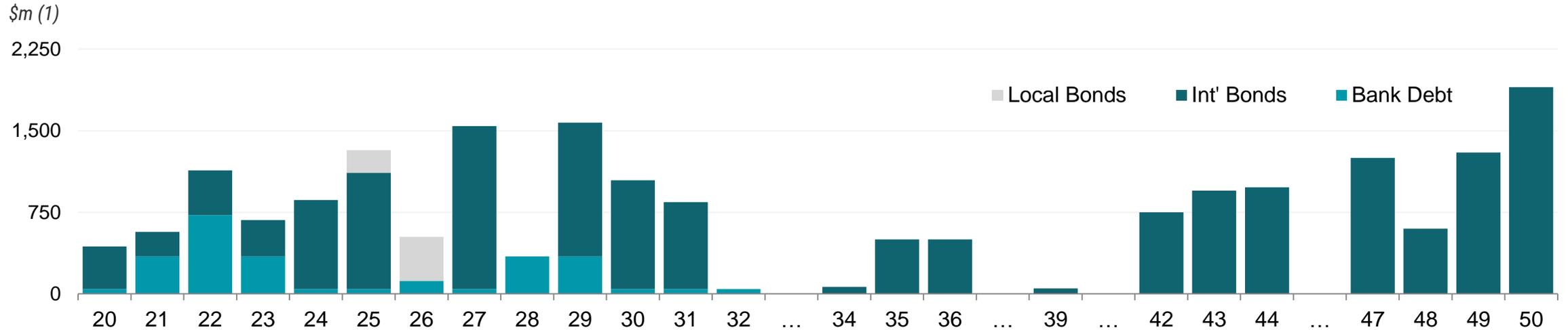
- Five successful debt capital market transactions in the last two years that **raised \$9.45B** (144A-Reg S & Formosa)
- **Repurchased \$4.05B** of higher coupon short-term bonds since 2017

Bonds (114A-Reg S) with maturities between 2020 and 2025 (\$m)

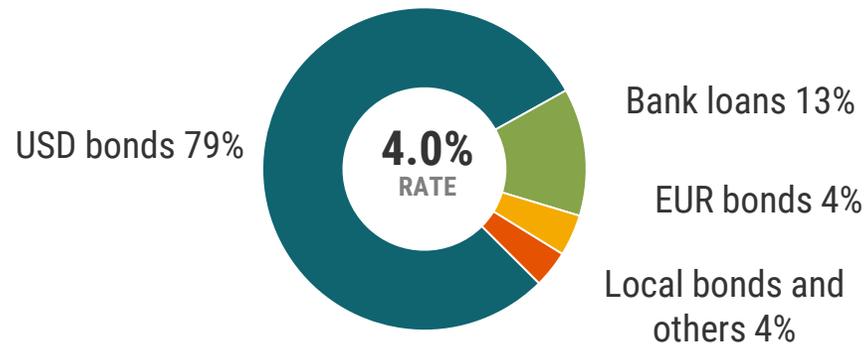


LMs and new issuances have lengthen our average debt maturity

This strategy is consistent with the currently intensive investment period



Sources of funding



Planned next steps

- Keep **diversifying sources of funding** by accessing new markets and investors
- Maintain an **active management** of debt maturity profile

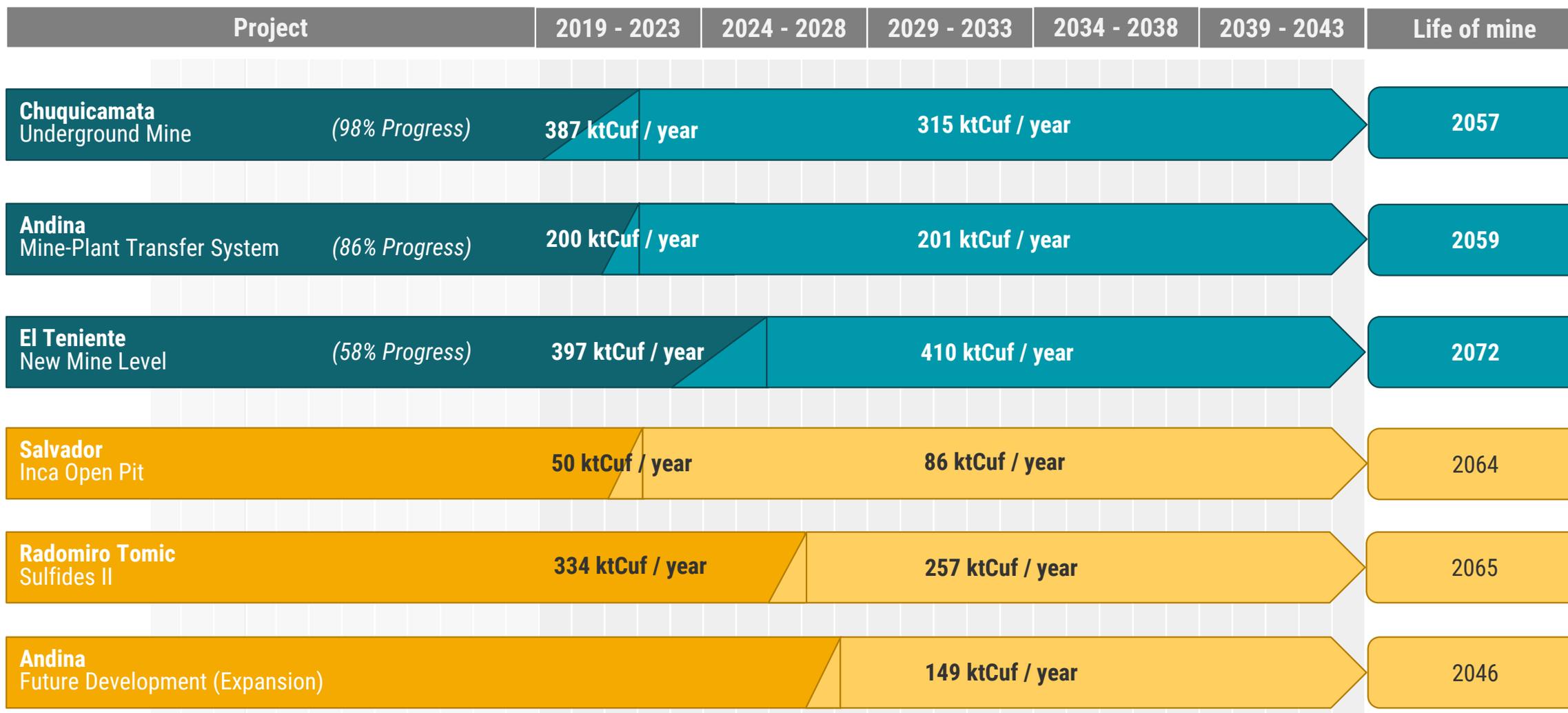
(1) As of March 31, 2020 (includes bank debt and bonds), plus 144A-RegS issuance in Apr-2020

Looking Ahead

Structural Projects, Challenges and Transformation

Structural projects lengthen the life of mine of our operations

Construction and start-up periods



LEGEND: Development Start-up

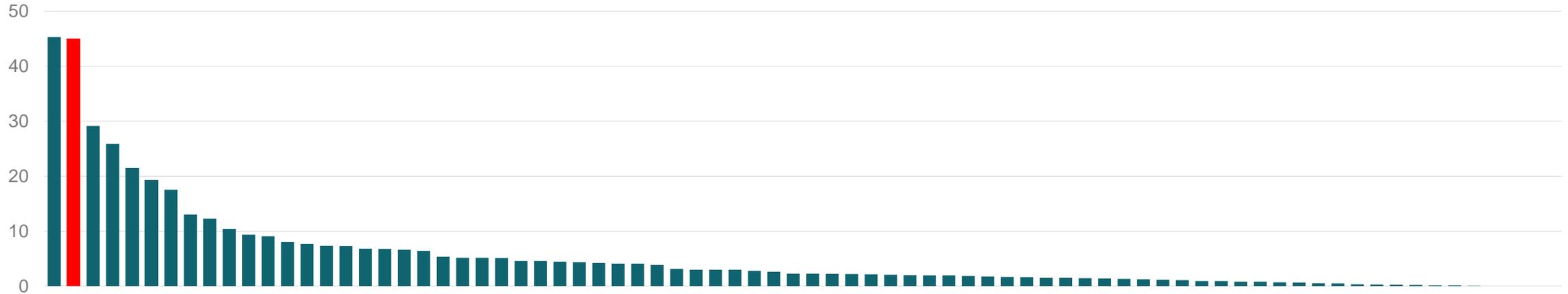
Under Study Start-up

Future project production is calculated as the annual average production until 2044. Project construction progress as of Mar-2020

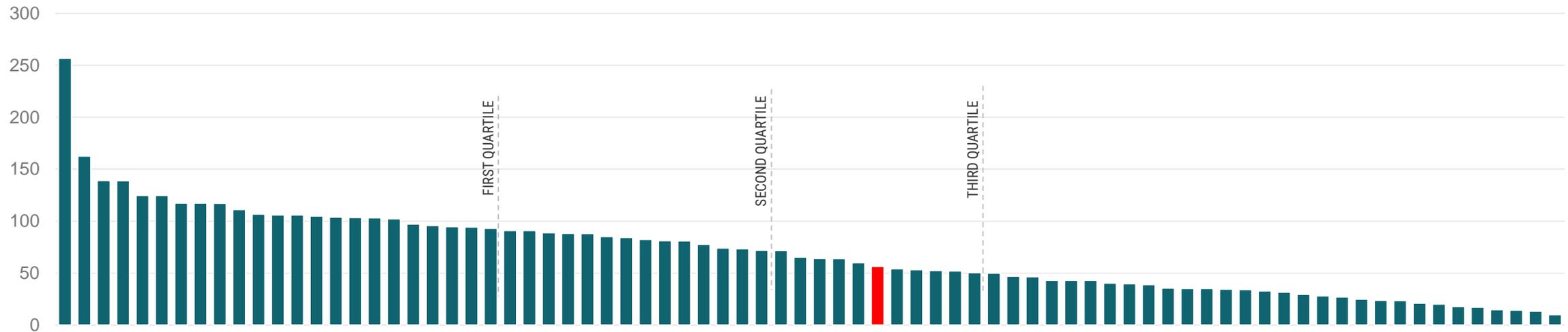
Codelco's productivity is not consistent with the size of our reserves



Proved and probable ore reserves of comparable companies (Million of metric tons of fine copper)



Labor productivity (Annual production / Own and third-party employees in mining operations)



Note: Sample of comparable companies only includes those for which copper is the main product and annual production above 50,000 tones of fine copper

We designed a transformation plan that unlocks value of our reserves



Annual Opex Savings
\$ 1,000 million

on an ongoing basis starting in 2021, with \$ 400 million in 2020



Capex Savings 2019-2028

\$ 8,000 million

equivalent to 20% of the Capex plan of the 10-year period

The plan targets to position **Codelco in the second quartile** of the global cash cost curve **and optimize the development of our structural projects**

CODELCO