CODELCO: Beyond copper price recovery

October 2017
Disclaimer

This presentation does not constitute an offer to any specific person or to the general public, to subscribe for or otherwise acquire securities issued by Codelco in any jurisdiction, or an inducement to enter into investment activity.

The information contained in this presentation has not been independently verified. No representation or warranty express or implied is made as to and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Company or any of its respective affiliates shall have any liability whatsoever (in negligence or otherwise), for any loss howsoever arising from any use of this presentation, its contents or otherwise arising in connection with it.

This presentation includes ‘forward-looking statements’, containing the words “anticipate”, “believe”, “intend”, “estimate”, “expect” and other words of similar meaning. All statements other than historical facts covered in this presentation, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives related to the Company’s products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies, and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation, and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein, to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any of such statement is based.

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 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).
1H 2017 Highlights

*Codelco continued strengthening its financials while deepening its costs & productivity agenda and streamlining the investment program.*

**Pre-tax profit: US$ 990 million**
Codelco far exceeded total 2016 pre-tax profit of US$500 million.

**Ebitda: US$ 2.289 million | Margin: 38%**
89% higher than first half 2016.

**Production: 851\(^1\) ktmf**
6% lower than first half 2016.

**C1: 131,7 c/lb | C3: 204,4 c/lb**
Although direct cost (C1) increased compared to first half 2016 (+3%), the net cost to cathode (C3) decreased (-3%).

---

\(^1\)Includes El Abra and Anglo American Sur attributable production to Codelco’s share.
1H 2017 Highlights

Codelco continued strengthening its financials while deepening its costs & productivity agenda and streamlining the investment program.

**Low financial costs**
Codelco issued\(^1\) US$2.75 billion in 10 and 30 year bonds at historical low rates for Liability Management and debt optimization purposes.

**Improvement on leverage metrics**
Net debt to EBITDA decreased from 4.4x in Dec ‘16 to 3.2x in Jun ’17.

**Strong owner support was enhanced**
Reflected in capital injection of US$ 475m in Apr ‘17 additional to the capitalization program.

**Collective bargaining processes**
Successfully closed at Radomiro Tomic and Salvador; no impact on production.

\(^1\) July 2017
# Consolidated results

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>Copper Production&lt;sup&gt;1&lt;/sup&gt;</td>
<td>kton</td>
<td>906</td>
</tr>
<tr>
<td>LME Copper Price</td>
<td>S¢/pound</td>
<td>213.2</td>
</tr>
<tr>
<td>Cash Cost&lt;sup&gt;2&lt;/sup&gt;</td>
<td></td>
<td>127.5</td>
</tr>
<tr>
<td>Total Revenues</td>
<td></td>
<td>$5,406</td>
</tr>
<tr>
<td>Gross Profit</td>
<td></td>
<td>$672</td>
</tr>
<tr>
<td>Adjusted EBITDA&lt;sup&gt;3&lt;/sup&gt;</td>
<td></td>
<td>$1,211</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>%</td>
<td>22.4</td>
</tr>
<tr>
<td>Net Financial Debt&lt;sup&gt;4&lt;/sup&gt;</td>
<td>US$ million</td>
<td>$13,631</td>
</tr>
<tr>
<td>Net Financial Debt/LTM Adjusted EBITDA</td>
<td>times</td>
<td>5.0</td>
</tr>
</tbody>
</table>

---

1) Includes El Abra and Anglo American Sur attributable production to Codelco’s share.
2) Expressed per unit of production. It includes all cash expenses of production net of the revenues from by-products.
3) Calculated as Net Profit plus Taxes (includes export tax), Finance Cost, and Depreciation and Amortization; does not consider impairments or other non-cash charges.
4) Excludes Mitsui debt to acquire 20% of Anglo American Sur asset as it is non-recourse to CODELCO. Debt is net of cash & equivalents.
Codelco: Beyond Copper Price Recovery

COPPER MARKET UPDATE
Copper price: already past the tipping point

Rebound drivers

- China refined copper consumption growth stronger than expected.
- Positive expectations on the US economy.
- Greater demand expectations associated with technological changes\(^2\).
- US Dollar weakening.
- Production adjustments due to low prices and supply disruptions.

Risk Factors

- China de-leveraging.
- Stocks accumulation and greater scrap availability.

\(^{1}\) Data until 9/29/2017.

\(^{2}\) Electric and hybrid cars, renewable energies, etc.
In turn, analysts have adjusted their market outlook significantly.

**Market balance forecast**

**Wood Mackenzie**

- '17: -600 kton
- '18: -400 kton
- '19: -200 kton
- '20: 0 kton
- '21: 200 kton

**CRU**

- '17: -200 kton
- '18: -400 kton
- '19: 0 kton
- '20: 200 kton
- '21: 400 kton

**Copper Price Outlook**

- **September 2016**
  - '17: 215 c/lb
  - '18: 230 c/lb
  - '19: 245 c/lb
  - '20: 260 c/lb
  - '21: 275 c/lb

- **September 2017**
  - '17: 290 c/lb
  - '18: 305 c/lb
  - '19: 320 c/lb
  - '20: 335 c/lb
  - '21: 350 c/lb

Sources: CRU, Wood Mackenzie, Macquarie and SML average.
Codelco: Beyond Copper Price Recovery

CODELCO OPERATING REVIEW
Current operations
1H 2017 results • Copper production and C1 cash cost

Total copper output: 851 kt
C1 cash cost: 131.7 ¢/lb

Mineral Resources:
- 20.1 bn t
- 7.2 bn t
Costs reductions have allowed Codelco to better capture the recent copper price increase

Copper price

Cash cost

LME Copper Price

Cash Cost C1

Cu Price -39%

Ebitda -49%

Cu Price +22%

Ebitda +89%

38% Ebitda margin equals 2012’s when copper price was 361 c/lb

* EBITDA does not include the accounting effect of the Anglo American Sur 20% acquisition, due to the asset fair value enforcement.
Labor relations: Adjusting conditions to industry challenges

- 9 collective bargaining agreements in 2016-2017, including 14 unions and 8,170 workers.
- 0% real-terms wage increase.
- 40% lower bonuses than previous agreements.
- No impact on production.

### Collective Bargaining Agreements 2016-2017

<table>
<thead>
<tr>
<th>Division</th>
<th>Union</th>
<th>Bonus Amount (kUS$)</th>
<th>Real Wage Increase (%)</th>
<th>Contract Term (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andina</td>
<td>Workers</td>
<td>5.8</td>
<td>0</td>
<td>28</td>
</tr>
<tr>
<td>Andina</td>
<td>Workers</td>
<td>4.9</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>Project VP</td>
<td>Professionals</td>
<td>3.1</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>Headquarters</td>
<td>Professionals</td>
<td>3.4</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>Salvador</td>
<td>Workers</td>
<td>3.8</td>
<td>0</td>
<td>26</td>
</tr>
<tr>
<td>Salvador</td>
<td>Workers</td>
<td>3.5</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>Chuquicamata</td>
<td>Workers</td>
<td>6.3</td>
<td>0</td>
<td>27</td>
</tr>
<tr>
<td>Salvador</td>
<td>Professionals</td>
<td>4.5</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>Radomiro Tomic</td>
<td>Professionals</td>
<td>10.0</td>
<td>0</td>
<td>35</td>
</tr>
<tr>
<td><strong>Average 2016-2017</strong></td>
<td></td>
<td><strong>5.6</strong></td>
<td>0</td>
<td><strong>27</strong></td>
</tr>
</tbody>
</table>

### Collective Bargaining Agreements 2013-2015

| Average 2013-2015 | 21.1 | 2.5 | 44 |

Responsible dialogue with mutually beneficial agreements
Codelco: Beyond Copper Price Recovery

SHAPING THE FUTURE
Six keys to a future Codelco

1. **Operating cost control** program with focus on operational excellence and increasing **productivity** through all operating units.

2. Carry on with revised capital **investment program** to reduce risk and maximize value extraction from our world-class resource base.

3. Development of **strong mining plans** with a district business view.

4. Strong **research & development** commitment, with focus on solving productivity challenges.

5. Strengthening **corporate governance and accountability**.

6. Continued focus on maintaining a **strong balance sheet** across cycles.
2020 Cost and Productivity Agenda

Three-stage program to improve productivity 20% by 2020.

- **2016 Launch**
  - Productivity Agenda launched; first corporate initiatives deployed

- **2017-18 Specific Initiatives**
  - Implementation of specific transformations of Codelco’s operation

- **2019-20 Permanent Practice**
  - Installation of productivity as a permanent management practice

### Productivity¹ targets
- tCu/Person
- **2014** 43,0
- **2015** 46,6
- **2016** 48,5
- **2017** 49,3
- **2018** 50,8
- **2019** 51,2
- **2020** 51,6

**+13%**
**+20%**

### Cost savings² targets
- US$bn
- **2014** 0,0
- **2015** 0,5
- **2016** 1,0
- **2017** 1,3
- **2018** 1,6
- **2019** 1,9
- **2020** 2,2

- **US$ 980m**
- **US$ 2.2bn**

1) Productivity includes production and workforce of mining divisions and is calculated on each division product portfolio basis.

2) Cost savings as compared to 2016 Business Plan, except 2015 which is compared to the year's Budget.
**Investment program streamlined to preserve cash and reduce risks**

Construction and start-up periods

<table>
<thead>
<tr>
<th>Start-up</th>
<th>Start-up</th>
<th>09</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
<th>19</th>
<th>20</th>
<th>21</th>
<th>22</th>
<th>23</th>
<th>24</th>
<th>25</th>
<th>26</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Teniente New Mine Level</td>
<td>Under construction (44% progress); alternative strategy developed to overcome geotechnical issues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andina Mine-Plant Transfer System</td>
<td>Under construction (42% progress)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chuquicamata Underground Mine</td>
<td>Under construction (51% progress); capex optimization underway</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salvador Inca Mine</td>
<td>Pre-feasibility study finished; Funding for feasibility study is being requested</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radomiro Tomic Sulfides II</td>
<td>On hold; updating business case with a district view</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andina Andina Development</td>
<td>Finishing pre-feasibility; will request funding for feasibility during 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Layered project execution** reduces portfolio risk and concentration of cash needs.

**Ongoing review of project portfolio with a district view.**

**Note:** Progress figures as of June 30, 2017
Project pipeline allows to material extend mine-life and maintain current production levels

Projected copper production¹

Long-life reserves and resources

<table>
<thead>
<tr>
<th>Potential lifetime</th>
<th>Mineral Resources²</th>
<th>Geological Resources³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andina</td>
<td>116 years</td>
<td>402 years</td>
</tr>
<tr>
<td>El Teniente</td>
<td>86</td>
<td>215</td>
</tr>
<tr>
<td>Ministro Hales</td>
<td>57</td>
<td>87</td>
</tr>
<tr>
<td>Salvador</td>
<td>55</td>
<td>198</td>
</tr>
<tr>
<td>Radomiro Tomic</td>
<td>49</td>
<td>87</td>
</tr>
<tr>
<td>Chuquicamata</td>
<td>41</td>
<td>183</td>
</tr>
<tr>
<td>Gabriela Mistral</td>
<td>10</td>
<td>25</td>
</tr>
</tbody>
</table>

¹ Production from Codelco divisions; excludes subsidiaries.

² Includes reserves.

³ Potential lifetime estimated at cut-off grade 0.2% CuT (0.5% average ore grade).

World-class resources support operation in the long term

- One of the world’s largest geological resources and reserve base.
- Attractive mix of scale and long life resources.
- Average production costs in the second quartile, with space for improvement.
- Extensive, high-quality resources to support further organic growth.
Codelco: Beyond Copper Price Recovery

FINANCING ASPECTS
Ample access to debt markets and working on deepening sources of funding

July 2017 bond issuance

- 10 & 30 year bonds for US$ 1.500m and US$ 1.250m, respectively
  - Rates: 3.84% and 4.67% (T+150 and T+175).
- 10-30 year spread of 25pbs, the lowest among the mining peer group.
- Biggest issuance in the Mining & Metals sector since 2006, and the biggest ever for a chilean issuer.
- Well diversified demand, particularly from Asia.

Next Steps

- Keep diversifying the sources of funding by accessing new markets and investors.
- Defined and extend a capitalization policy after 2019.

Sources of funding

- USD bonds: 74% (12.8yr maturity, 4.03% rate)
- Bank loans: 16%
- EUR bonds¹: 6%
- Local bonds¹: 4%

¹ Local and EUR bonds swapped to USD.

2 Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is non-recourse to CODELCO. As of August 31, 2017
Proactive debt profile management

Liability Management

- 94% of the 2017 bond proceeds were deployed to buy-back short and medium term debt for **US$ 2.4 billion**
  - Any and All tender offer on ’19s, ’20s and ’21s bond maturities
  - Maximum tender offer on ’22s, ’23s and ’25s bond maturities
  - Extended average maturity in **3.3 years** and reduced Codelco’s total interest in **5 bps p.a.**
- Roll-over of **US$ 600 million** in bank debt, extending maturity from 2018 to 2022

Debt maturity profile¹

1 Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is non-recourse to CODELCO. As of August 31, 2017
Debt levels have been stable since 2015, despite our intense capex program.

Our financial focus is on maintaining our **credit quality** through copper price cycles, while developing our capex plan.

1) Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is non-recourse to CODELCO.
P. projected figures for year end 2017
Strong government support

- Government recently capitalized Codelco with US$975m (US$ 500m Dec’16 + US$ 475m Apr’17)

- The Company’s time limit to deploy the remaining US$ 2.7bn approved capital was extended through 2019

- New payment schedule for the export tax through a single payment at the end of each year
  - Working capital improvement

- Codelco is a key cash contributor to the state of Chile, confirming the importance it has for the owner

### Ratings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s</td>
<td>Aa3</td>
<td>Aa3</td>
<td>Aa3</td>
<td>Aa3</td>
<td>Aa3</td>
<td>Aa3</td>
<td>Aa3</td>
<td>Aa3</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>A+</td>
<td>A+</td>
<td>AA-</td>
<td>AA-</td>
<td>AA-</td>
<td>AA-</td>
<td>AA-</td>
<td>A+</td>
</tr>
<tr>
<td>Moody’s</td>
<td>A1</td>
<td>A1</td>
<td>A1</td>
<td>A1</td>
<td>A1</td>
<td>A1</td>
<td>A3</td>
<td>A3</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>AA-</td>
<td>AA-</td>
<td>AA-</td>
<td>A+</td>
<td>A+</td>
</tr>
</tbody>
</table>

### Contributions to the chilean treasury per ton

Source: Cochilco, Codelco, Dipres. *: Codelco’s production not considers its share in El Abra nor AAS. ** Main ten private copper producers in 2001 with a foreign investment contract signed (DL-600). Those enterprises presented 90% of the private production and contributed for most of the mining sector taxation.
Codelco: Beyond Copper Price Recovery

CONCLUSIONS
Codelco: Beyond copper price recovery

- **High-quality assets** and resource base
- Focus on **competitiveness** allows to better capture **positive industry perspectives**
- Strengthening of **corporate governance, transparency** and **accountability**
- Streamlined **investment program** ensures layered execution and start-up of projects, reducing risks
- Proactive **debt maturity profile** management through ample **access to debt markets**; working on deepening funding sources
- Focus on **liquidity strength and credit quality** through copper price cycles, while developing the capex program.
- **Strong owner support** (recent capitalizations for US$975m)