

# Codelco Investor Presentation

February 2014

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# Codelco's Highlights

Industry Overview

Operating & Financial Review

Development Plan Update & Outlook



# Codelco At a Glance

**World Largest Copper Producer: 10% of Market Share**

## Copper Reserves and Resources

(million mft)

Geological Resources	339.5
Mineral Resources	131.9
Reserves	63.6



## Sep 2013 Financial Results

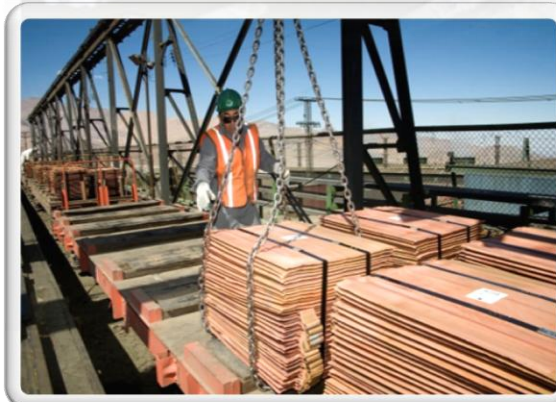
(million US\$)

Pre-Tax Profit	2,672
EBITDA	4,194
EBITDA Margin	38.5%

## Sep 2013 Production\*

(thousand mft)

Copper	1,310
World largest copper producer	
Molybdenum	16.2
2 <sup>nd</sup> world largest moly producer	



## Credit Ratings

S&P	AA- Stable
Moody's	A1 Negative
Fitch	A+ Stable
DBRS	A Stable

\*: Includes 49% share in El Abra and 20% in Anglo American Sur

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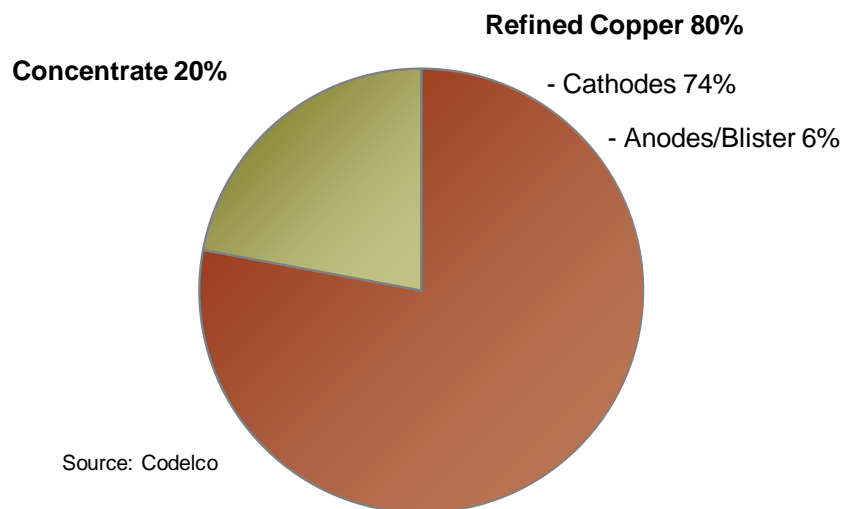


# Codelco: Sales Breakdown

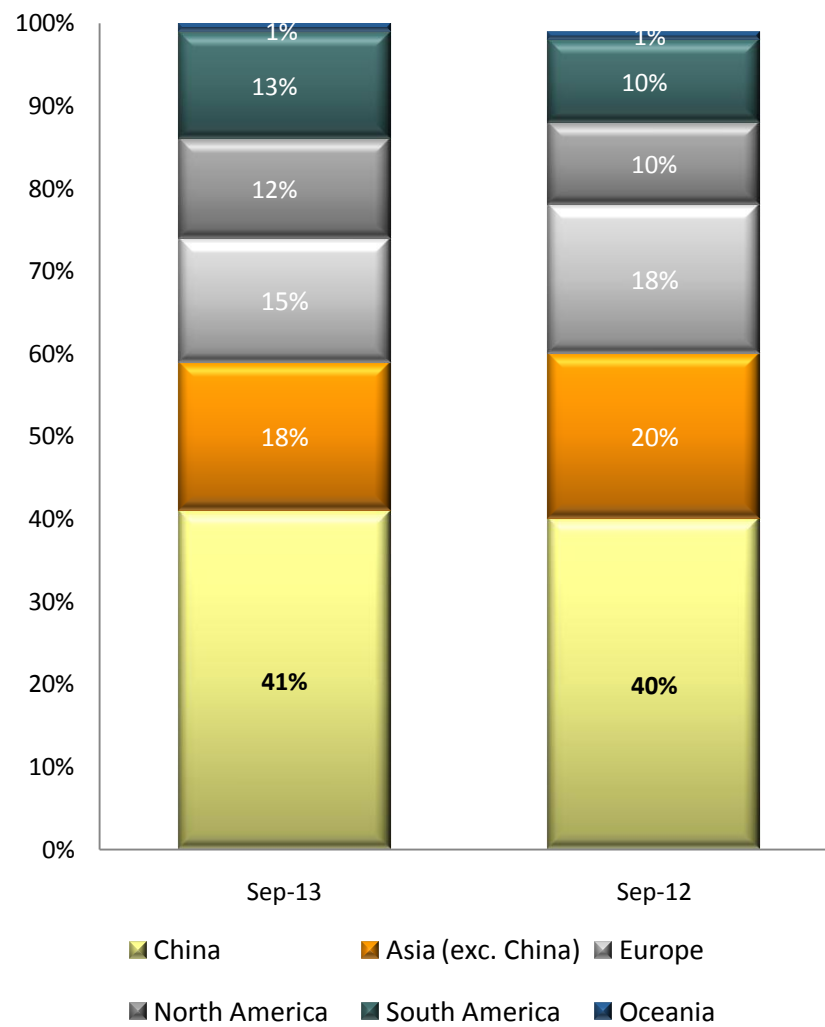
## Sales Breakdown by Product – Sep 2013

US\$ millions	2013	%
Copper	10,128	92.9%
Molybdenum	378	3.5%
Other Products (anodic slimes, sulfuric acid, etc.)	395	3.6%
<b>Total</b>	<b>10,901</b>	<b>100%</b>

## Copper Sales Breakdown (mft) – Sep 2013



## Sales Breakdown by Region (mft) – Sep 2013



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## Codelco's Highlights

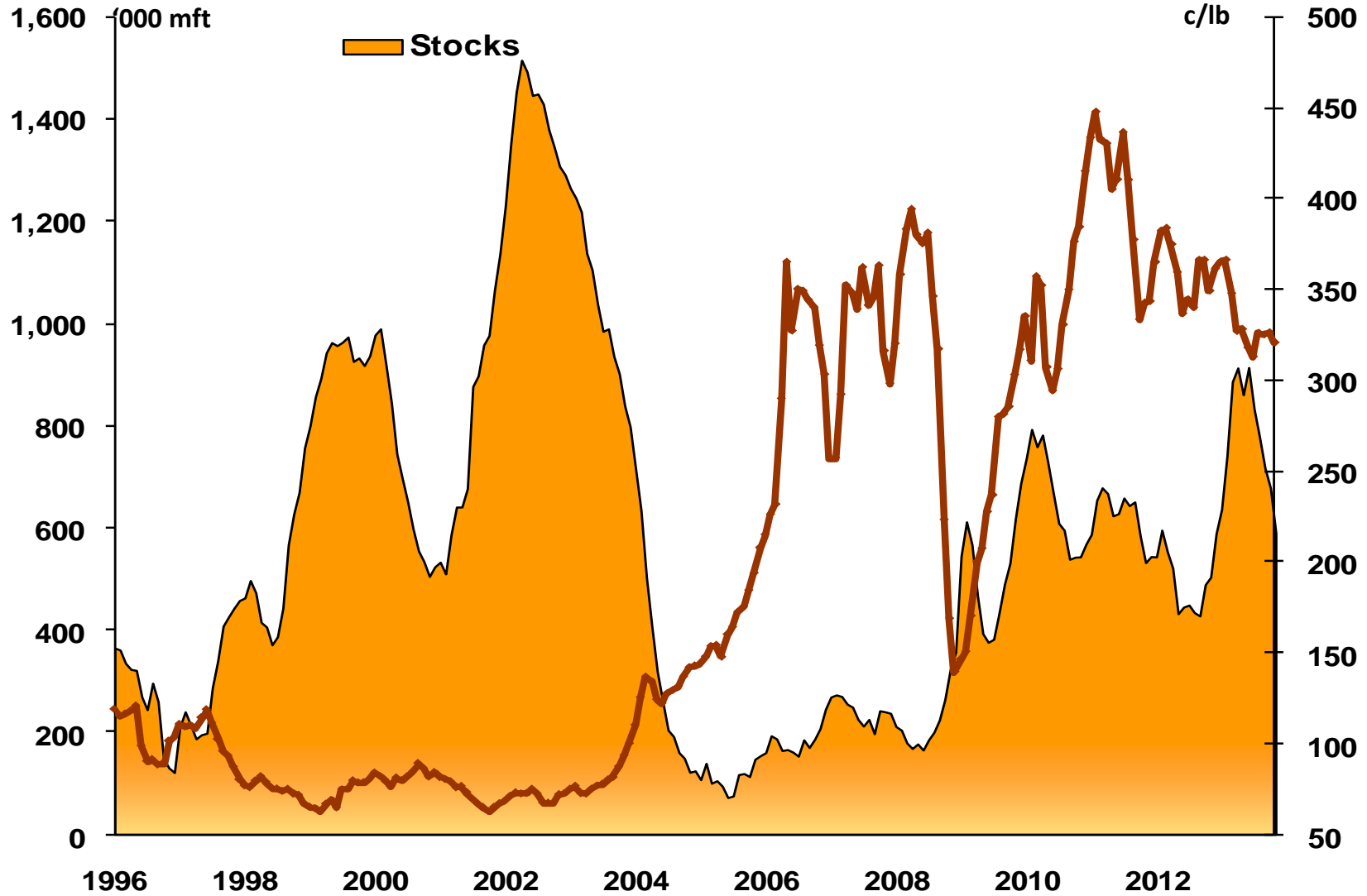
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# Copper Price and Stocks in Metal Exchanges



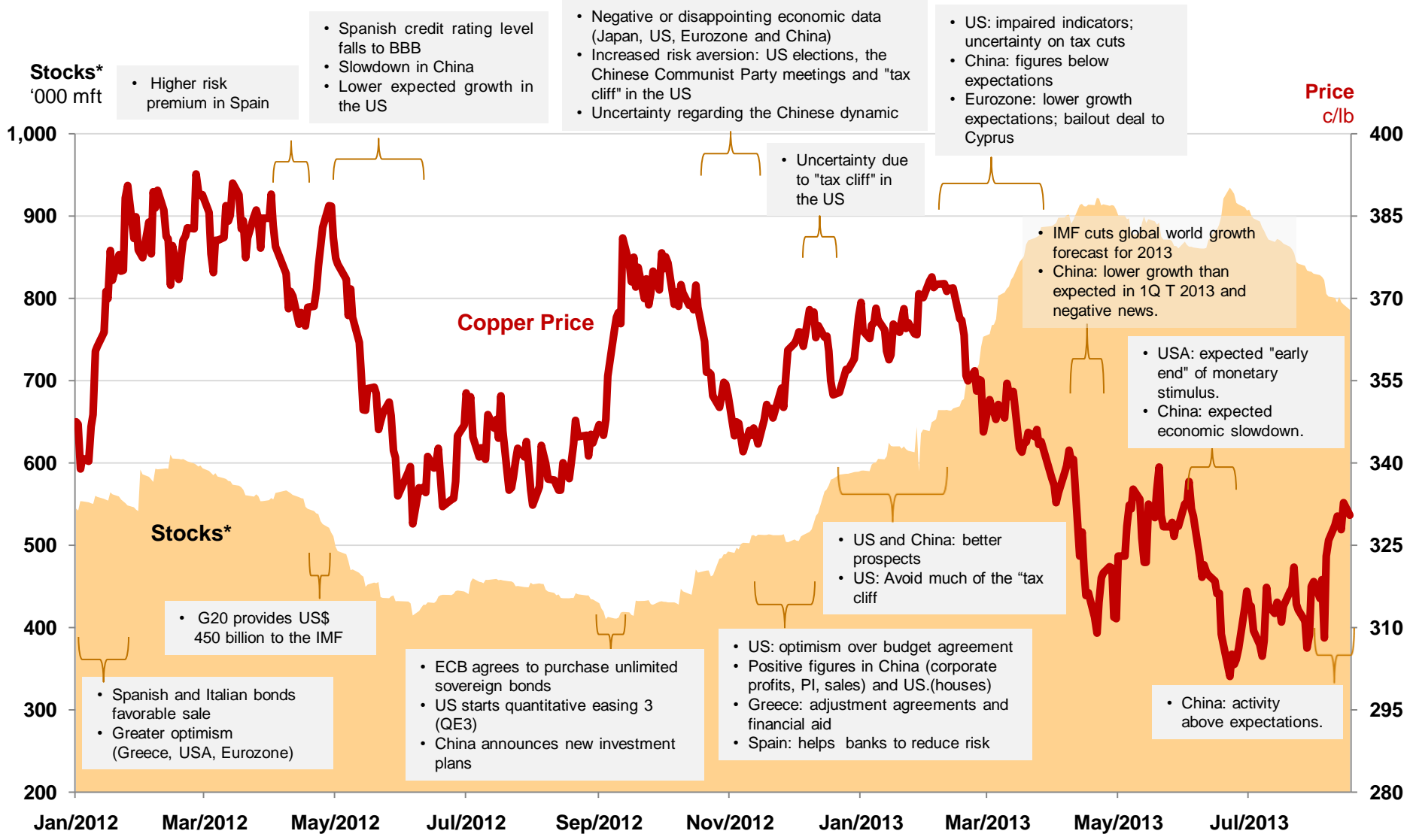
Source: Metal Exchanges: London, COMEX and Shanghai, data as of November 30, 2013.

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# Copper Price and Stocks Evolution Link with Global Economy



Note: Figures up to August 19<sup>th</sup>, 2013  
 \*: London, COMEX and Shanghai metal exchanges

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# Demand & Supply: Current Trends

## Consumption Trend



**Copper Consumption Growth:** China will keep leading copper consumption growth in 2013, expecting a 6.2% expansion, followed by India and Brazil. Europe is expected to offset its decrease to an unchanged position. A global positive sentiment is expected to lead consumption to a 3.6% annual growth

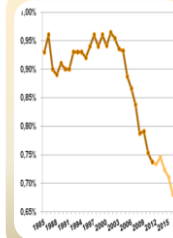


**Main Copper Uses in China:** 45% power grid, 15% air conditioning, 7% electronics, 7% transportation, 7% industry equipment, 7% financing



**Copper New Uses Development:** New applications given its antibacterial properties and environmentally friendly are encouraging new growing markets every day

## Production Trend



**Diminishing Ore Grades and Lower Scale Projects:** Existing mine expansions just neutralized diminishing production without a real significant growth. New developments usually have a scale of under 100k tons of copper per year



**Capex and Operational Cost Escalation:** Escalating projects and operational costs have challenged both current and future operations delaying start up. Also, lack of goods and services have impacted negatively



**M&A Activities:** Important losses in M&A deals have changed the focus to cost manage



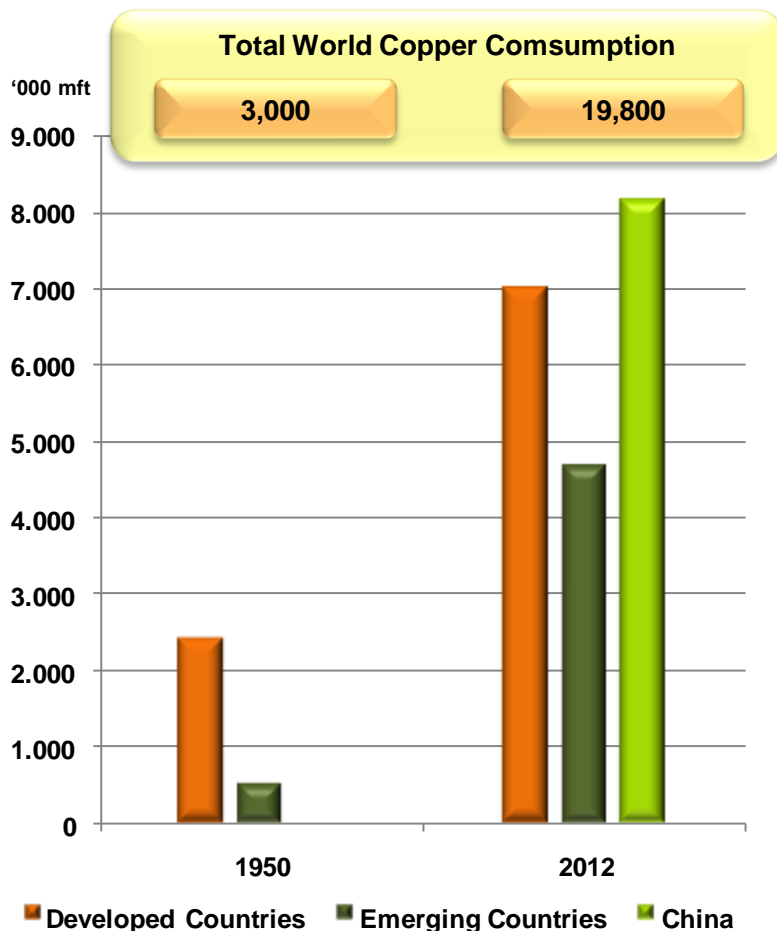
**Community Issues:** An increase in demand of communities and greater difficulty in obtaining permits create entry and expansion barriers





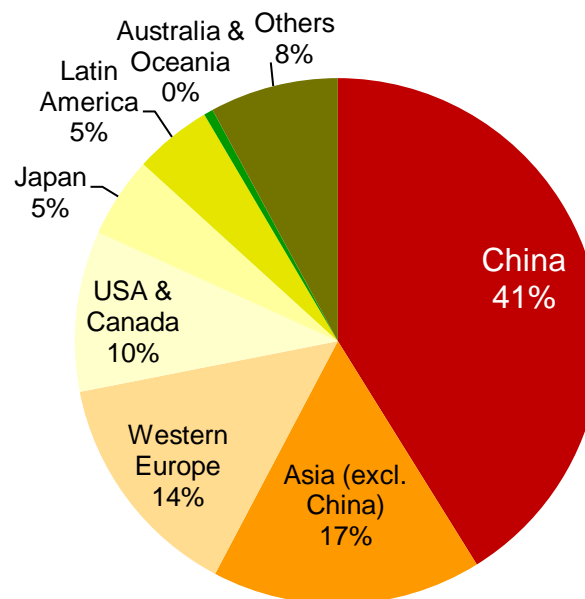
# Total World Copper Consumption Evolution

## Refined Copper Consumption



## China Leads Copper Consumption

**Emerging Economies:  
65% of Total World Copper Consumption**



Sources: WBMS, IMF, World Bank, UN, Thomas Brinkhoff and Codelco.

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# Supply Challenges: Project Delays in Chile

Project Name	Mining Company	2012 Estimated Starting Year	2013 Estimated Starting Year	Major Delay Reasons
Antocuya	Antofagasta	2014	2015	• Profitability
Inca de Oro	Panaust - Codelco	2014	2017	• Profitability
San Antonio Oxides	Codelco	2015	Temporarily postponed	• Profitability
Quebrada Blanca Phase II	Teck Resources	2016	2019	• Environmental impact study postponed and remade • Power supply • Financing
El Espino	Pucobre	2016	2017	• Environmental impact study delay
El Abra Mill	Freeport-Codelco	2017	2018	• Feasibility study delay
El Morro	Goldcorp	After 2016	2019	• Feasibility study results postponed • Environmental permit rejection
Relincho	Teck Resources	After 2016	2019	• Feasibility study results postponed (ports permit & energy supply)
Cerro Casale	Barrick Gold	After 2016	2020	• Profitability
Andina Phase II (244)	Codelco	2019	2021	• Feasibility study results postponed
Pelambres Expansion	Antofagasta	2019	2021	• Pre feasibility study delay

Source; Cochilco, June 2012 and July 2013 reports

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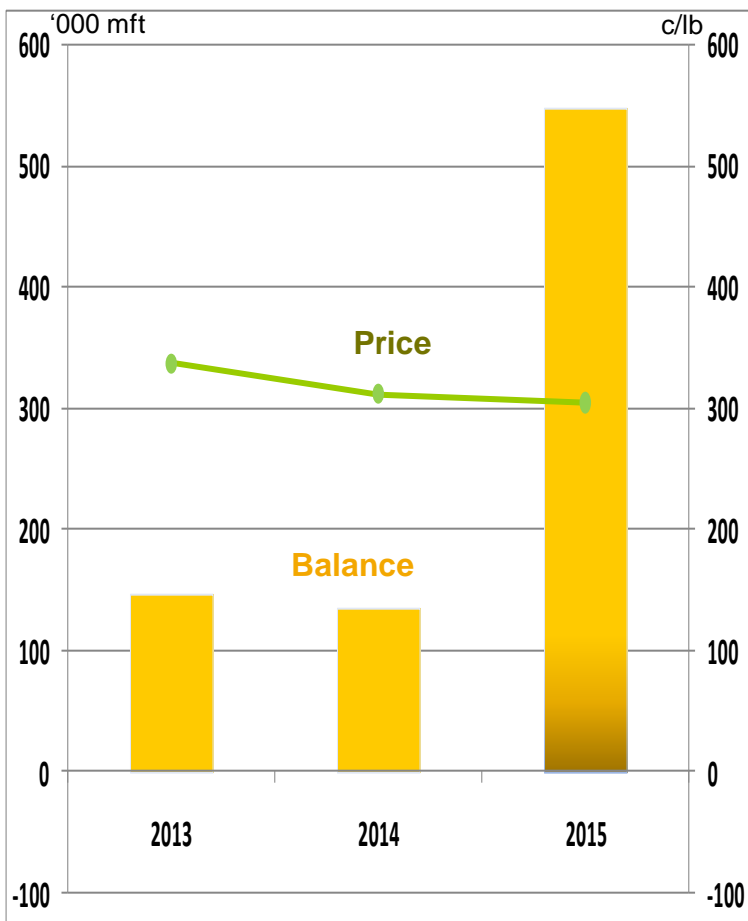
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# Market Outlook for the following years

2014 currency

## Market Balance



Sources: CRU, Oct 2013 and reports published up to October 2013.

## Price Outlook

c/lb	2013	2014	2015
Analysts Average	335	307	302
Banks Average	338	317	308
<b>Total Average</b>	<b>337</b>	<b>312</b>	<b>305</b>

## Short Term Industry Challenges

### UPSIDE

- Disruptions in existing mines
- Delay in start up projects

### DOWNSIDE

- Weaker than expected demand in China
- Uncertainty over global economy



# Codelco's Highlights

## Industry Overview

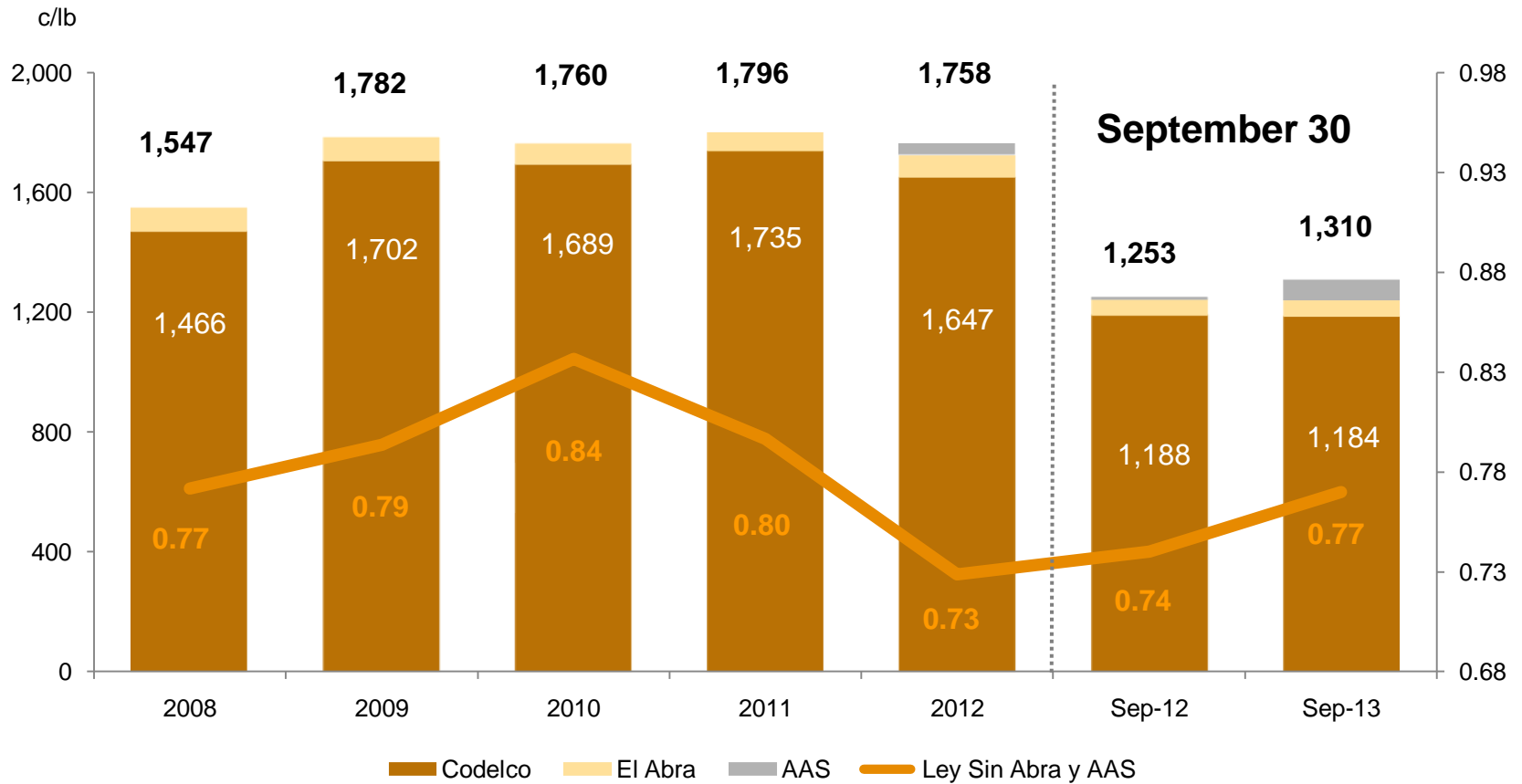
## Operating & Financial Review

## Development Plan Update & Outlook



# Production & Ore Grade

## Production vs. Ore Grade Evolution



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# September 30, 2013 & 2012 Financial Results

In US\$ million, except noted	IFRS		
	2013	2012	2013/2012
<b>Copper Production ('000 mft)<sup>(1)</sup></b>	1,310	1,253	4.5%
<b>Cash Cost (US¢/pound)<sup>(2)</sup></b>	165.2	156.7	5.4%
<b>LME Copper price (US¢/pound)</b>	334.7	361.2	(7.3)%
<b>Metal Week Molybdenum price (US\$/pound)</b>	10.5	13.1	(19.8)%
<b>Average Exchange Rate (US\$/CLP)</b>	488.0	489.7	(0.3)%
<b>Closing Exchange Rate (US\$/CLP)</b>	503.0	470.5	6.9%
<b>Total Revenues</b>	\$10,901	\$11,524	(5.4)%
<b>Gross Profit</b>	\$2,866	\$4,124	(30.5)%
<b>Gross Margin</b>	26.3%	35.8%	(26.5)%
<b>Adjusted EBITDA<sup>(3)</sup></b>	\$4,194	\$8,436	(50.3)%
<b>Adjusted EBITDA Margin</b>	38.5%	73.2%	(47.4)%
<b>Net Financial Debt<sup>(4)</sup></b>	\$10,285	\$8,433	22.0%
<b>Net Interest Expense<sup>(5)</sup></b>	\$215	\$314	(31.5)%
<b>Capex (cash flow)</b>	\$3,166	\$2,700	17.3%

1 Includes Codelco's share of El Abra and Anglo American Sur production

2 Cash cost is always relative to a metal and expressed per unit of production. It includes all cash expenses of production net of the revenues from other metals extracted that are not copper

3 Calculated as Net Profit plus Taxes (includes Export Tax), Finance Cost and Depreciations and Amortizations

4 Net of cash and cash equivalents

5 Includes provisions and other financial expenses, net of swap effects

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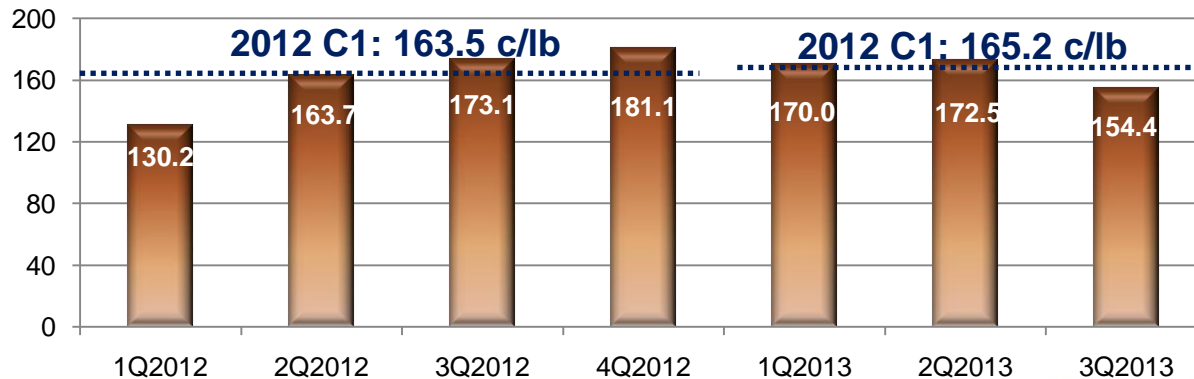


# Codelco Costs Evolution

c/lb	Sep 2013	Sep 2012
<b>Total Costs &amp; Expenses</b>	<b>233.8</b>	<b>247.5</b>
<b>Net Cathode Cost (C3)</b>	<b>218.6</b>	<b>223.2</b>
<b>Direct Cash Cost (C1)</b>	<b>165.2</b>	<b>156.7</b>

**Lower by-product credit, mainly due to lower by-product prices, explains the cost differences up to September 30, 2013 compared to the same period in 2012**

## Direct Cash Cost (C1) Evolution

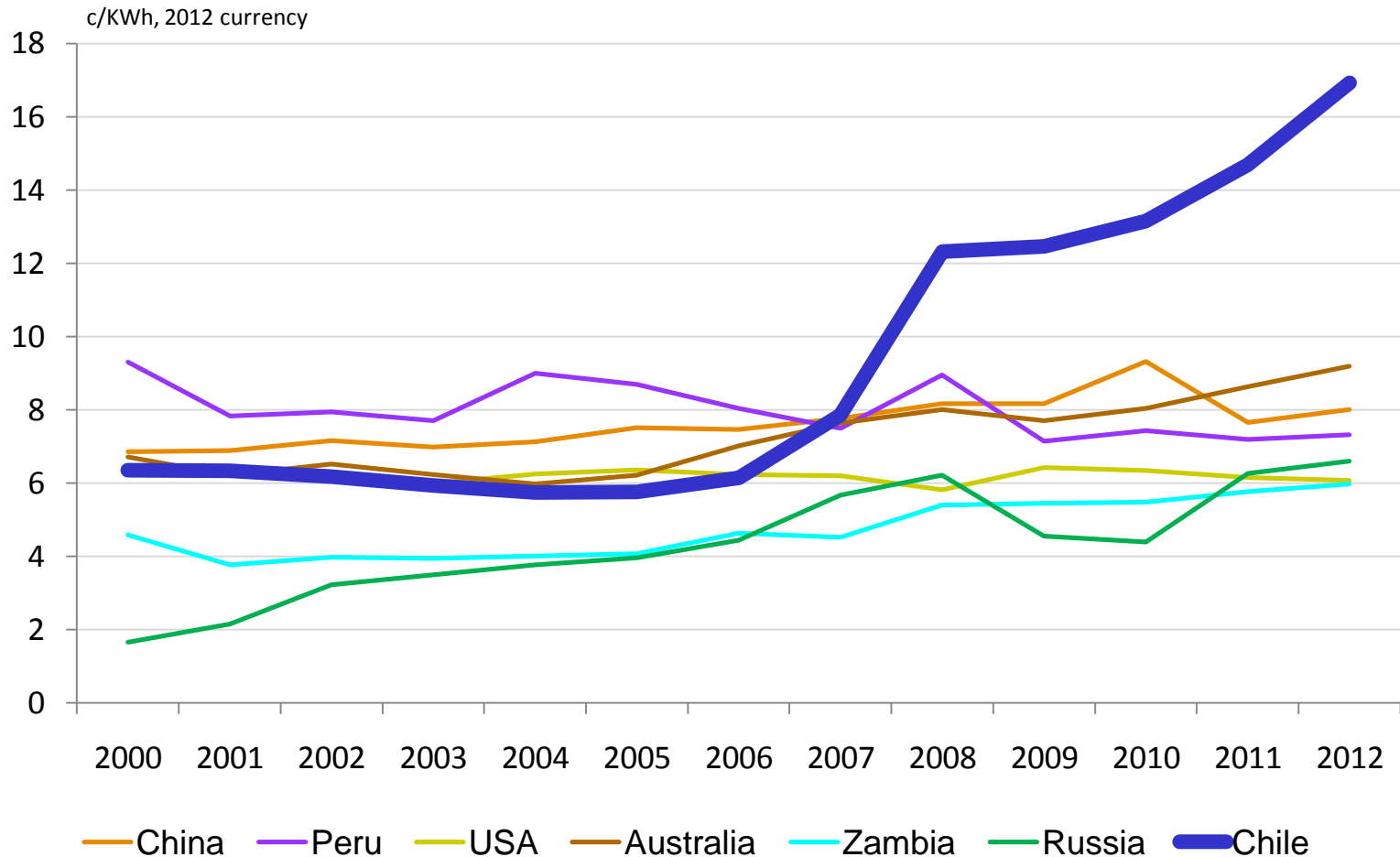


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# Copper Mining Industry Energy Cost Evolution



Source: Wood Mackenzie and Codelco

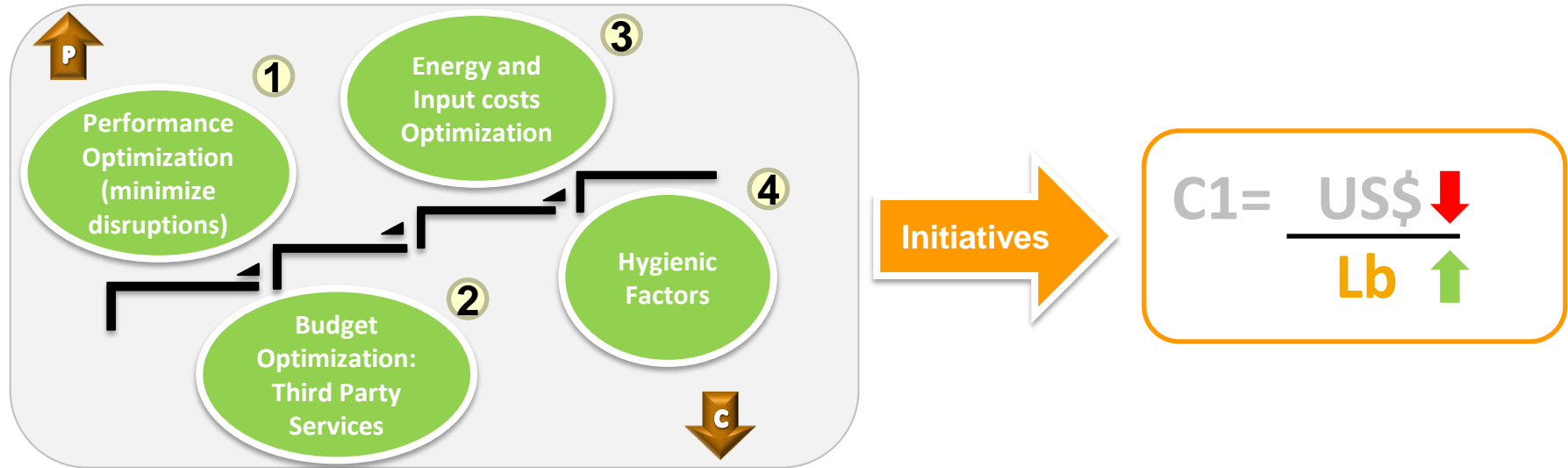
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# Codelco Productivity and Cost Structural Project



1. Main goal is to maximize production and identify bottlenecks to avoid operational disruptions
2. Third party services budget optimization identifying expendable, necessary and essential contracts in order to rationalize expenditures
3. Review of energy and main input contracts
4. Hygienic factors: Coffee, travel expenses, newspapers, consultancy services, etc.



**Highlights**

**Industry Overview**

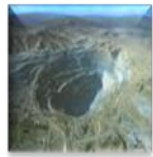
**Operating & Financial Review**

**Development Plan Update & Outlook**



# Mining Portfolio: September 30, 2013

Production: 1,310 thousand mft up to 3Q 2013 vs. 1,253 thousand mft same period 2012



## Chuquicamata

Production of Copper ('000 mft) 237  
Share in Codelco's production 18.1%



## Radomiro Tomic

Production of Copper ('000 mft) 292  
Share in Codelco's production 22.3%



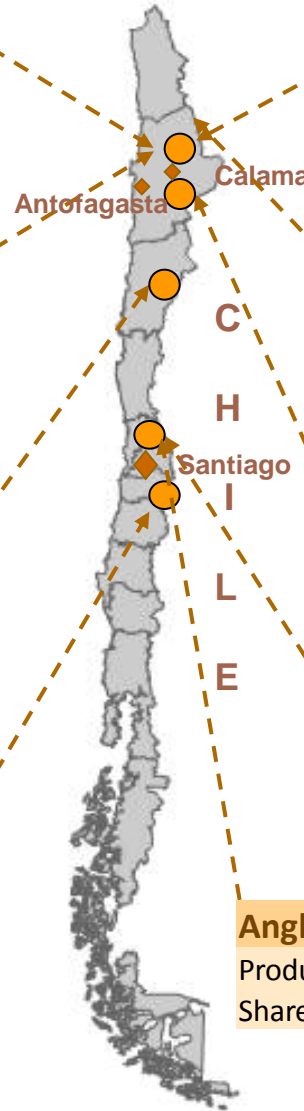
## Salvador

Production of Copper ('000 mft) 36  
Share in Codelco's production 2.7%



## El Teniente

Production of Copper ('000 mft) 327  
Share in Codelco's production 25.0%



## Ministro Hales

Production of Copper ('000 mft) 20  
Share in Codelco's production 1.5%



## El Abra\*

Production of Copper ('000 mft) 57  
Share in Codelco's production 4.4%



## Gabriela Mistral

Production of Copper ('000 mft) 98  
Share in Codelco's production 7.5%



## Andina

Production of Copper ('000 mft) 174  
Share in Codelco's production 13.3%



## Anglo American Sur\*

Production of Copper ('000 mft) 69  
Share in Codelco's production 5.3%



\*: Proportional production according to Codelco's share

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# Shaping the Future

## Structural Mining Projects



**2013**  
Mina  
Ministro Hales  
183,000 mft/year



**2017**  
Radomiro Tomic  
Sulphides Phase II  
343,000 mft/year



**2017**  
El Teniente New  
Mine Level  
434,000 mft/year



**2018**  
Chuquicamata  
Underground  
366,000 mft/year



**2021**  
Andina Phase II  
(244)  
350,000 mft/year

### September 30, 2013 Progress per Project:

- 98.9% total execution progress and delivering first production
- Developing feasibility study
- Environmental Impact Study submitted on May 31
- 15% execution progress: constructing main & ventilation tunnels, mine interior and Maitenes road
- 62.9% execution progress of early works
- Continues processing the Environmental Impact Study while preparing answers to the authority and the community

 Under construction

 In feasibility stage

 Feasibility studies completed and starting early works

**Note:** Projects production refers to first 10 years average production after ramp up and are valued in 2013 currency

CAPEX Source: CODELCO - Project & Investment Evaluation Management, September 2013

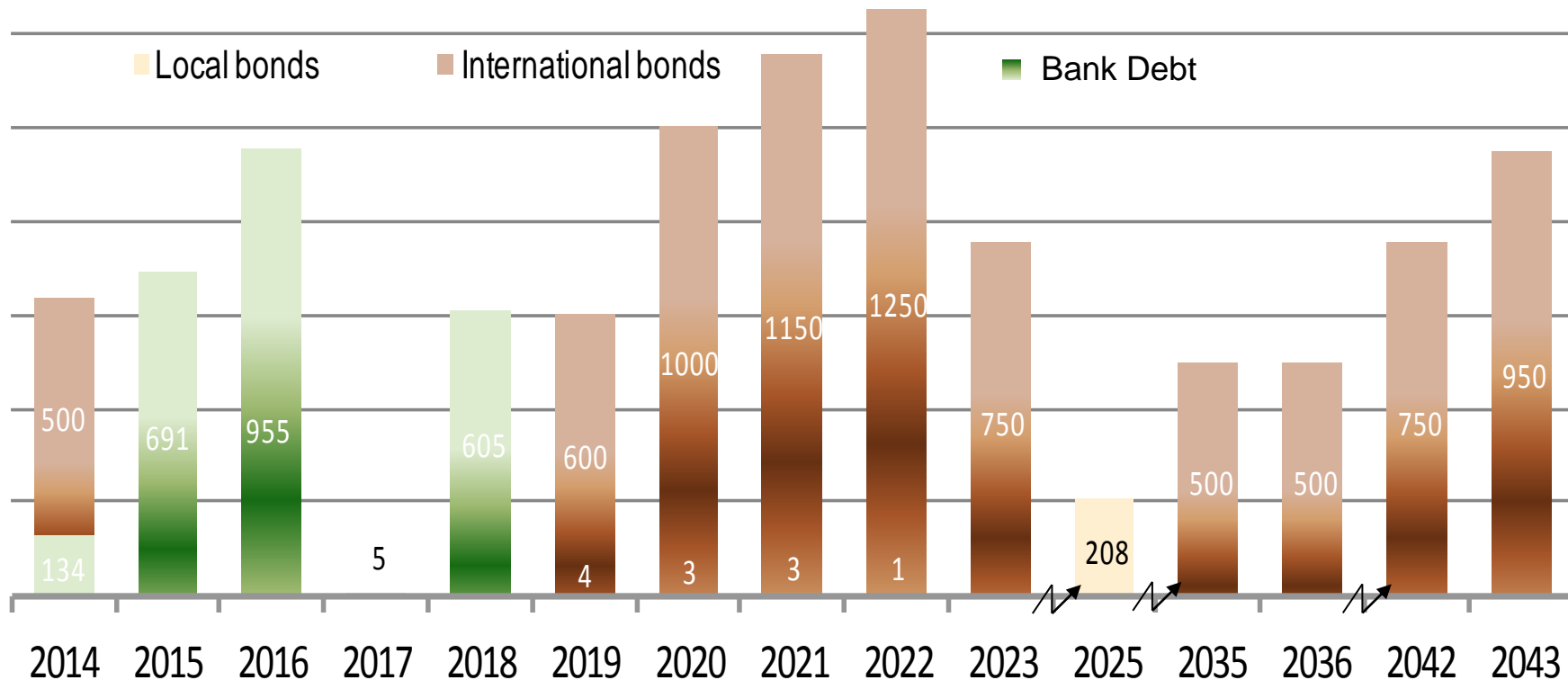
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# Codelco LT Debt Maturity Profile - December 2013\*

In US\$ million



\*: Does not include Anglo American Sur acquisition debt with Mitsui because it is non recourse to Codelco

Includes the amortization schedule of the loans for the development, construction and operation of a metals processing plant to be constructed in Mejillones



# Codelco: Largest Copper Producer with High Grade Quality Reserves and Solid Financial Metrics

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- ✓ 100% owned by the Republic of Chile (Aa3 /AA- / A+), representing 14% of Government total revenues
- ✓ World s largest copper producer representing approximately 10% of world production as of 2012
- ✓ An integrated business model that generates stable cash flows with strong contribution to the Chilean Treasury
- ✓ A consistent ,well-defined business plan based on world s largest proven and probable reserves (9%) and a sustainable production to serve a large and stable market
- ✓ A history of solid investment grade credit ratings (A1 / AA- / A+)



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