



FIRST QUARTER 2021 RESULTS

Santiago, Chile, April 30, 2021

Corporación Nacional del Cobre (CODELCO) released
its First Quarter Operational and Financial Report 2021

CODELCO OPERATIONAL AND FINANCIAL RESULTS MARCH 31, 2021
© 2021 CODELCO CHILE.

Santiago, Chile, April 30, 2021 Corporación Nacional del Cobre (CODELCO) released its First Quarter Operational and Financial Report 2021:

- **Total copper production**, including CODELCO's stake in El Abra and Anglo American Sur, increased 6.9% to 414 ktons compared to 387 ktons in the same period of 2020. Higher production at Ministro Hales and El Teniente were the main drivers of this growth and more than offset the decline at Gabriela Mistral.
- **Direct cash cost C1** was 132.4 cents per pound, compared to 132.7 cents per pound in the same period of 2020. Savings in operating expenses and efficiencies because of higher production volume were compensated by exchange rate appreciation of the Chilean peso against the U.S. dollar (in 1Q21, the average exchange rate was CLP 724 per U.S. dollar compared to CLP 803 per U.S. dollar in 1Q20).
- **Revenues** were 108.1% higher than the reported US\$ 2.2 billion in the same period of 2020. An increase in copper sales volume (+10.0% own copper sales) and a much higher average realized copper price were the main drivers of a positive revenue performance in this period.
- **Profit before tax** increased to US\$ 1.3 billion in the first three months of 2021 from a loss of US\$ 152 million in the same period of 2020. Additionally, Adjusted EBITDA totaled US\$2.4 billion, 197% higher than US\$ 0.8 billion in the first three months of 2020.
- **Net debt** amounted to US\$ 15.2 billion on March 31, 2021, which is 4.9% lower than net debt on March 31, 2020. Net debt to Adjusted EBITDA ratio⁽¹⁾ stood at 2.2x, down from 4.2x on March 31, 2020.
- **Operating cash flows** totaled US\$ 1.4 billion, which was 43.2% higher than cash flows from operating activities in the same period of 2020. Higher cash flows from sales of goods because of higher sales volume and copper prices were the main drivers behind the increase in operating cash flows.
- **Capex Program.** Despite the pandemic, construction of CODELCO's main projects continued moving forward in the first quarter. Salvador Rajo Inca, its investment approval was granted by the Board of Directors in Jan-2021, reached 10.5% progress as of March 31, 2021.
- **Collective bargaining agreements.** CODELCO reached 3 collective bargaining agreements without disrupting production. These agreements involved more than 1,000 employees from Radomiro Tomic and Ministro Hales. The collective agreements did not include wage increases in real terms. There are 14 collective bargaining negotiations scheduled for the rest of 2021, involving more than 6,000 employees.
- **Five sustainable development commitments.** In December 2020, CODELCO released five commitments related to sustainability indicators. These undertakings have explicit targets set for 2030. The commitments (such as reducing carbon emissions by 70%, inland water use per ton of treated ore by 60% and recycling 65% of industrial waste) will be measured using specific performance indicators.

FINANCIAL AND OPERATING DATA SUMMARY

	MARCH 31,		CHANGE	
	2020	2021	Amount	%
Total Copper Production ('000 mft) ⁽²⁾	387	414	26.9	6.9
Total Own Molybdenum Production ('000 mft)	6.8	5.8	(1.0)	(14.7)
Cash Cost (Usc/lb)	132.7	132.4	(0.3)	(0.2)
Total Own Copper Sales ('000 mft)	393	432	39	10.0
Total Molybdenum Sales ('000 mft)	7.1	5.9	(1.2)	(16.5)
LME Copper Price (Usc/lb)	255.7	385.7	130.0	50.8
Metals Week Molybdenum Price (Usc/lb)	9.7	11.3	1.6	16.5
Average Exchange Rate (CLP/US\$)	803	724	(79)	(9.8)
Closing Exchange Rate (CLP/US\$)	846	732	(114)	(13.5)
Total Revenues (US\$ million)	2,234	4,650	2,416	108.1
Gross Profit (US\$ million)	12	1,842	1,830	15,063.0
Gross Margin (%)	0.5	39.6	39	7,185.5
Adjusted EBITDA (US\$ million) ⁽³⁾	802	2,379	1,578	196.8
Adjusted EBITDA Margin (%)	35.9	51.2	15	42.6
Net Financial Debt (US\$ million) ⁽⁴⁾	15,966	15,181	(784)	(4.9)
Net Interest Expenses (US\$ million)	151	152	1	0.6
Net Financial Debt to LTM Adjusted EBITDA	4.2x	2.2x	-1.96	(46.9)
Adjusted EBITDA to Net Interest Expenses	5.3x	15.7x	10.4	195.0
Net Financial Debt to total Capitalization (%)	52.4	50.9	(1.5)	(2.9)
Contribution to the Chilean Treasury (US\$ million-cash flow)	264	336	72	27.2

1. Adjusted EBITDA is calculated by adding finance cost, income tax expense, depreciation and amortization of assets plus copper reserve law and impairment charges to profit (loss) for the period. We are including leases and the Oriente Copper Netherlands loan in our financial debt.

2. Total Production Includes Codelco's share in El Abra and Anglo American Sur.

3. Adjusted EBITDA is defined as Net Income plus Income Tax, Royalty, Export Tax, Interest Expenses and Depreciation and Amortization.

4. Net Financial Debt is financial Debt minus Cash and Cash Equivalents.

OPERATION: PRODUCTION, REVENUES, COST & ADJUSTED EBITDA

Consolidated Production. In first three months of 2021, consolidated copper output, including CODELCO's stake in El Abra and Anglo American Sur, increased 6.9% to 414 ktons compared to 387 ktons in the same period of 2020. Higher production at Ministro Hales and El Teniente were the main drivers of this increase and more than offset the decline at Gabriela Mistral.

Molybdenum production decreased 14.7% from 6.8 ktons in the first quarter of 2020 to 5.8 ktons in the same period of 2021, mainly due to reduced production at Chuquicamata and Andina.

COPPER PRODUCTION (K TON)	DIVISION	1Q20	1Q21	Δ%
	CHUQUICAMATA	82	85	3.4
	RADOMIRO TOMIC	65	66	1.9
	MINISTRO HALES	30	52	77.6
	GABRIELA MISTRAL	27	16	(41.9)
	EL TENIENTE	102	109	6.7
	ANDINA	45	45	(1.3)
	SALVADOR	11	14	32.1
	EL ABRA ⁽⁶⁾	9	9	1.4
	ANGLO AMERICA SUR ⁽⁷⁾	16	18	10.1
	CODELCO TOTAL	387	414	6.9

5. CODELCO's figures presented for El Abra include 49% of the mine's total production (CODELCO's share of production, i.e., 49% ownership interest in the mine).

6. CODELCO's figures presented for Anglo American Sur include 20% of the mine's total production (CODELCO's share of production, i.e., 20% ownership interest in the mine).

Revenues. In the first quarter of 2021, revenues were 108.1% higher than the reported US\$ 2.2 billion in the same period of 2020. An increase in copper sales volume (+7.1% own copper sales) and a much higher average realized copper price were the main drivers of the positive revenue performance in this period. In the case of molybdenum, revenues remained flat (16.5% lower sales volume was offset by 16.5% increase of average price).

Consolidated Costs. Unit cash costs varied with fluctuations in payable production and average realized by-product prices. In first three months of 2021, CODELCO's cash cost was 132.4 cents per pound, compared to 132.7 cents per pound in the same period of 2020. Reduced operating expenses and efficiencies because of higher production volume were offset by exchange rate appreciation of the Chilean peso against the U.S. dollar (in 1Q21, the average exchange rate was CLP 724 per U.S. dollar compared to CLP 803 per U.S. dollar in 1Q20).

Adjusted EBITDA. CODELCO's Adjusted EBITDA totaled US\$2.4 billion, 197% higher than US\$ 0.8 billion in the first three months of 2020. Since operating cost per unit of volume remained relatively flat, the main driver of the EBITDA improvement was a major revenue growth. Additionally, as of March 31, 2021, net debt to Adjusted EBITDA ratio stood at 2.2x, down from 4.2x on March 31, 2020. Adjusted EBITDA coverage ratio increased to 15.7x in the first quarter of 2021 from 5.3x in the first quarter of 2020.

Adjusted EBITDA is calculated by adding interest expenses, taxes, 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 for 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 interest expenses net of finance income.

	MARCH 31,	
	2020	2021
	(in thousands of U.S.\$)	
Profit (loss) for the period	(77,723)	466,162
Income tax expense	(74,255)	832,683
Interest expenses	166,272	155,500
Depreciation and amortization of assets	582,795	578,589
Cooper Reserve Law	204,483	346,433
Adjusted EBITDA	801,572	2,379,367

CAPITAL EXPENDITURE: STRUCTURAL PROJECTS

Chuquicamata Underground Mine: The underground mine began operations on April 30, 2019. Ramp up of production is moving forward. As of March 31, 2021, overall progress was 96.7%. Project completion is scheduled for 4Q21.

Andina Mineral Transfer System: After a temporary suspension in April 2020, the project is currently under construction. Its overall

progress was 95.8% as of March 31, 2021. Operations are scheduled to start in the second half of 2021.

El Teniente New Mine Level (NML): Implemented safety measures against Covid-19 impacted construction progress during the quarter. As of March 31, 2021, overall progress was 66.6%.

Salvador Rajo Inca Project: CODELCO's Board of Directors approved investment of the project in January 2021. Currently, the project is under construction. As of March 31, 2021, overall progress was 10.5%. Operation is scheduled to start by the second half of 2022.

Radomiro Tomic Sulfides Phase 2: CODELCO's Board of Directors approved the development of a prefeasibility study which will include sulfide leaching.

AVERAGE METAL PRICE

	LME COPPER (US\$/lb.)	COMEX COPPER (US\$/lb.)	MOLYBDENUM (US\$/lb.)
1Q 2021	3.9	3.9	11.3
1Q 2020	2.6	2.6	9.7
2Q 2020	2.4	2.4	8.4
3Q 2020	3.0	2.9	7.7
4Q 2020	3.3	3.3	9.0
AVERAGE 2020	2.8	2.8	8.7
VARIATION: 1Q 2021 VS. 1Q 2020	50.9%	51.1%	17.0%
VARIATION: 1Q 2021 VS. 4Q 2020	18.7%	18.5%	25.3%

Sources: LME, COMEX and Metals Week Dealer Oxide

CASH FLOWS

During the first quarter of 2021, net cash flows from operating activities totaled US\$ 1.4 billion, which was 43.2% higher than cash flows from operating activities in the same period of 2020. Higher cash flows from sales of goods because of higher sales volume and copper prices were the main drivers behind the increase of operating cash flows.

CASH AND DEBT

As of March 31, 2021, net debt amounted to US\$ 15.2 billion, which is 4.9% lower than net debt on March 31, 2020. Additionally, cash and cash equivalents slightly dropped to US\$ 2.9 billion from US\$ 3.0 billion on March 31, 2020.

SUSTAINABILITY FOCUS: ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Safety. On January 16, 2021, a fatal accident occurred at Chuquicamata, which resulted in the death of an employee. We deeply regret this accident. Regarding metrics, the accident severity rate increased significantly because of the above mentioned fatal accident. The accident frequency rate increased by 36% compared to 2020.

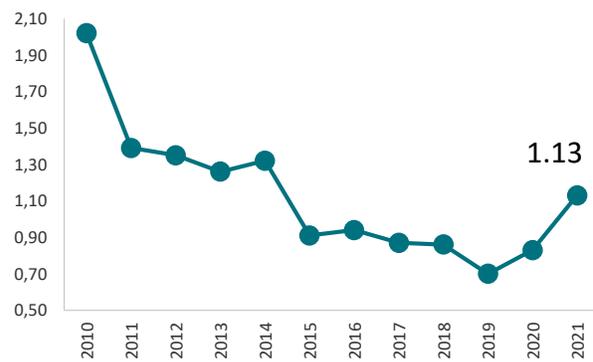
SEVERITY RATE - EMPLOYEES & CONTRACTORS

(DAYS LOST & DAYS CHARGED / MILLION HOURS WORKED)



FREQUENCY RATE - EMPLOYEES & CONTRACTORS

(LOST TIME INJURY / MILLION HOURS WORKED)



Collective bargaining agreements. In the first three months of 2021, CODELCO reached 3 collective bargaining agreements without disrupting production. These collective agreements involved more than 1,000 employees from Radomiro Tomic and Ministro Hales. All the agreements did not include wage increases in real terms. There are 14 collective bargaining negotiations scheduled for the rest of 2021, involving more than 6,000 employees.

Five sustainable development commitments. In December 2020, CODELCO released five commitments to support areas of action related to sustainability indicators. These undertakings have explicit targets set for 2030. The commitments (such as reducing carbon emissions by 70% and inland water use per ton of treated ore by 60%, as well as recycling 65% of our industrial waste) will be measured using specific performance indicators.

CODELCO's five commitments are as follows:

1. Reduce carbon footprint: Codelco will reduce its greenhouse gas emissions by 70%.

We will implement a 100% clean energy matrix. We will also innovate to replace all underground mine production and logistics equipment with electrical equipment and actively participate in the search for new clean energy sources such as green hydrogen.

2. Reduce water footprint: Codelco will reduce inland water use per ton of treated ore by 60%.

We will reduce the make-up (freshwater resources utilized by operations) through process efficiency. Codelco will incorporate a desalination plant for the Northern District and, through innovative solutions, recycle water from our tailing dams.

3. Circular economy: Codelco will recycle 65% of its industrial waste.

We will recycle 100% of mine truck tires and ramp up recycling efforts for primary, solid, non-hazardous waste from our operations and projects such as steel, wood, packaging materials, organic waste and scrap metal.

4. A new tailings storage standard: Tailings storage facilities (TSF) with 100% world-class sustainability measures in place.

Using innovative systems, Codelco will conduct online monitoring of the TSF physical and chemical stability and apply seepage control systems.

5. Create additional social value in our territories: Codelco will increase by 30% the goods and services supplied by local suppliers and increase employment of local workforce.

Moreover, Codelco will implement a new strategy for territory integration focused on creating social value, by promoting the use of local labor, strengthening mining education and increasing sustainability within the territory.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (ThUS\$)

	THREE MONTHS ENDED MARCH 31,	
PROFIT (LOSS)	2020	2021
REVENUE	2,234,465	4,650,476
COST OF SALES	(2,222,316)	(2,808,325)
GROSS PROFIT	12,149	1,842,151
OTHER INCOME, BY FUNCTION	23,009	17,257
IMPAIRMENT AND REVERSED IMPAIRMENT ACCORDING TO IFRS 9	(1,180)	198
DISTRIBUTION COSTS	(1,391)	(2,359)
ADMINISTRATIVE EXPENSES	(75,728)	(84,236)
OTHER EXPENSES	(296,572)	(437,894)
OTHER GAINS (LOSSES)	7,518	6,054
PROFIT (LOSSES) FROM OPERATING ACTIVITIES	(332,195)	1,341,171
FINANCE INCOME	15,658	3,954
FINANCE COSTS	(166,272)	(155,500)
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES ACCOUNTES FOR USING THE EQUITY METHOD	(26,261)	87,770
FOREING EXCHANGE DIFFERENCES	357,092	21,450
PROFIT FOR THE PERIOD BEFORE TAX	(151,978)	1,298,845
INCOME TAX EXPENSE	74,255	(832,683)
PROFIT FOR THE PERIOD	(77,723)	466,162
PROFIT (LOSS) ATTRIBUTABLE TO:		
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	(77,188)	444,031
PROFIT (LOSS) ATRIBUTABLE TO NON- CONTROLLING INTERESTS	(535)	22,131
PROFIT FOR THE PERIOD	(77,723)	466,162

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (ThUS\$)

ASSETS	MARCH 31,	
	2020	2021
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	2,724,937	2,052,524
OTHER CURRENT FINANCIAL ASSET	236,116	810,288
OTHER CURRENT NON - FINANCIAL ASSETS	18,445	28,971
TRADE AND OTHER CURRENT RECEIVABLES	1,319,096	3,638,658
ACCOUNTS RECEIVABLES DUE FROM RELATED COMPANIES, CURRENT	20,391	25,302
INVENTORY	1,826,854	1,918,680
CURRENT TAX ASSET	21,826	159,947
TOTAL CURRENT ASSETS	6,167,665	8,634,370
NON - CURRENT ASSET		
NON - CURRENT INVENTORIES	633,324	617,364
OTHER NON - CURRENT FINANCIAL ASSETS	42,316	131,911
OTHER NON - CURRENT NON FINANCIAL ASSETS	3,992	1,922
NON-CURRENT RECEIVABLES	102,510	88,360
ACCOUNTS RECEIVABLES DUE FROM RELATED COMPANIES, NON - CURRENT	15,851	224
INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD	3,434,489	3,506,730
INTANGIBLE ASSETS OTHER THAN GOODWILL	47,356	45,252
PROPERTY, PLANT AND EQUIPMENT, NET	29,735,966	29,605,853
INVESTMENT PROPERTY	981	981
ASSETS BY RIGHT OF USE		418,825
ASSETS FOR CURRENT TAXES, NOT CURRENT	231,489	86

FIRST QUARTER RESULTS 2021

DEFERRED TAX ASSETS	44,079	50,695
TOTAL NON - CURRENT ASSET	34,292,353	34,468,203
TOTAL ASSETS	40,460,018	43,102,573

LIABILITIES	MARCH 31,	
	2020	2021
CURRENT LIABILITIES		
OTHER CURRENT FINANCIAL LIABILITIES	1,070,171	610,898
TRADE AND OTHER CURRENT PAYABLES	1,083,166	1,767,054
ACCOUNTS PAYABLES TO RELATED COMPANIES, CURRENT	81,048	217,643
OTHER CURRENT PROVISIONS	405,967	568,603
CURRENT TAX LIABILITIES	2,480	31,679
CURRENT EMPLOYEE BENEFIT ACCRUALS	227,451	252,634
OTHER CURRENT NON - FINANCIAL LIABILITIES	22,998	32,423
TOTAL CURRENT LIABILITIES	2,893,281	3,480,934
NON - CURRENT LIABILITIES		
OTHER NON - CURRENT LIABILITIES	18,181,803	18,027,163
OTHER NON - CURRENT LIABILITIES	3,651	453
OTHER NON - CURRENT PROVISIONS AND ACCRUED EXPENSES	1,992,808	2,287,893
DEFERRED TAX LIABILITIES	4,745,599	6,304,299
NON - CURRENT EMPLOYEE BENEFIT ACCRUALS	1,102,182	1,221,177
OTHER NOS - CURRENT NON - FINANCIAL LIABILITIES	5,168	2,480
TOTAL NOS - CURRENT LIABILITIES	26,031,211	27,843,465
TOTAL LIABILITIES	28,924,492	31,324,399

FIRST QUARTER RESULTS 2021

EQUITY		
ISSUED CAPITAL	5,619,423	5,619,423
RETAINED EARNINGS	(272,556)	(33,860)
OTHER RESERVES	5,269,436	5,271,458
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	10,616,303	10,857,021
NON – CONTROLLING INTERESTS	919,223	921,153
TOTAL EQUITY	11,535,526	11,778,174
TOTAL LIABILITIES AND EQUITY	40,460,018	43,102,573

CONSOLIDATED STATEMENTS OF CASH FLOWS (ThUS\$)

	THREE MONTHS ENDED MARCH 31,	
	2020	2021
CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
CASH INCOME PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS PROVIDED BY SALES OF GOODS AND RENDERING OF SERVICES	3,195,223	4,425,292
OTHER CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	466,518	495,557
TYPES OF CASH PAYMENTS		
PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(1,705,948)	(2,385,900)
PAYMENTS TO AND ON BEHALF OF EMPLOYEES	(434,574)	(468,853)
OTHER CASH FLOWS USED IN OPERATING ACTIVITIES	(526,175)	(712,482)
DIVIDENDS RECEIVED	22,715	77,416
INCOME TAXES PAID	(23,561)	(7,580)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	994,198	1,423,450

FIRST QUARTER RESULTS 2021

CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
PURCHASES OF PROPERTY PLANT AND EQUIPMENT	(679,792)	(647,817)
INTEREST RECEIVED	14,729	1,639
OTHER INFLOWS (OUTFLOWS) OF CASH	(50,923)	(529,009)
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(715,986)	(1,175,187)
CASH FLOWS USED IN FINANCING ACTIVITIES:		
PROCEEDS FROM LONG TERM BORROWINGS	2,000,000	-
PROCEEDS FROM SHORT TERM BORROWINGS	-	-
REPAYMENTS OF BORROWINGS	(515,231)	(10,000)
PAYMENTS OF LIABILITIES FOR FINANCIAL LEASES	(35,802)	(38,712)
DIVIDENDS PAID	-	-
INTEREST PAID	(213,669)	(245,311)
OTHER INFLOWS (OUTFLOWS) OF CASH	(72,111)	(1,730)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	1,163,187	(295,753)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE FX DIFFERENCE	1,441,399	(47,490)
FOREING EXCHANGE RATE NET INCREASE (DECREASE) IN CASH EQUIVALENTS	(19,567)	(7,479)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,421,832	(54,969)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,303,105	2,107,493
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,724,937	2,052,524

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 2020, CODELCO had an estimated 8% share of the total world copper production, producing approximately 1.7 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).

CODELCO CORPORATE ADDRESS

1270 Huerfanos St.
 P.O. Box 150 – D
 Santiago, CHILE
 Phone: (56-2) 2690 3000

INVESTOR CONTACT

Pablo Lubbert
 Director of Investor Relations
 Phone: (56-2) 2690 3938
 e-mail:
pablo.lubbert@CODELCO.cl

Alejandro Sanhueza
 Head of Finance
 Phone: (56-2) 2690 3248
 e-mail:
alejandro.sanhueza@CODELCO.cl

DISCLAIMER

This new release has been prepared by Corporación Nacional del Cobre de Chile (“CODELCO” or the “Company”) This news release does not constitute or form part of an offer or any request to any other 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, nor shall it (or any part hereof) or the fact of its distribution or availability, form the basis of, or be relied on in connection with, or act as any inducement to enter into, any contract or commitment or investment decision.

The information contained in this independent news release has not been verified and is subject to change without notice. No representation or warranty expressed 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, any of its respective affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This news release is only for persons who have professional experience in matters relating to investments and must not be acted or relied on by people who are not relevant persons.

This news release contains forward-looking statements as that term is defined in the Private Security Litigation Reform Act of 1995. In addition to the risks and uncertainties noted in this news release, there are certain factors that could cause results to differ materially from those anticipated by some of the statements made. The Company expressly disclaims any obligation to release publicly any update or revisions for 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 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 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).