

Santiago, Chile, July 31, 2020 – Corporación Nacional del Cobre (CODELCO) released its half-year Operational and Financial Report 2020:

- **Covid-19 action plan.** CODELCO's Covid-19 action plan, in place since early 2020, has already deployed four phases. The health and safety measures to mitigate the risk of infection and secure operational activities have proven to be effective. CODELCO is continuously assessing new measures to protect the health of all its employees and to ensure the operational continuity.
- **Total copper production**, including CODELCO's stake in El Abra and Anglo American Sur, increased 3.5% to 796 ktons compared to 769 ktons in the same period of 2019. Higher copper output at Chuquicamata, Salvador, Andina and Gabriela Mistral were the main drivers of this increase. On the other hand, lower production from Anglo American Sur and at Ministro Hales partially compensated the increase at other Divisions.
- **Direct Cash Cost C1.** C1 cash cost was 129.9 cents per pound, compared to 142.3 cents per pound in the first half of 2019. This 9% decrease was primarily attributable to lower input prices, such as electricity and diesel, operational efficiencies, higher production volume and favorable exchange rate depreciation of the Chilean peso against the U.S. dollar.
- **Cash and equivalents** reached US\$ 4.0 billion as of June 30, 2020. The strengthening of CODELCO's cash position was a conservative strategy in response to the uncertainty generated by Covid-19 pandemic. CODELCO raised US\$ 1.4 billion in long-term debt funding through a US\$ 800 million 10-year 144A/RegS bond issued in April 2020 and three long-term bilateral credit facilities in April and May 2020.
- **Revenues** were US\$ 5.2 billion, 11.5% lower than the reported US\$ 5.9 billion in the first six months of 2019. Lower average LME copper price in the first half of 2020 (US\$2.48/lb) versus the first half of 2019 (US\$2.80/lb) was the main driver of lower revenues.
- **Adjusted EBITDA⁽¹⁾** totaled US\$ 1.9 billion, 18.3% higher than US\$ 1.6 billion in the first half of 2019. Lower operating expenses due to operational efficiencies, local currency depreciation and favorable input prices contributed to an improved EBITDA despite weaker LME copper prices.
- **Net financial debt⁽²⁾** reached US\$ 16.5 billion on June 30, 2020, 11.9% higher than the US\$14.7 billion posted on the same day in 2019. Net debt to Adjusted EBITDA ratio stood at 3.8x, down from 4.1x on June 30, 2019. The increase of Net debt was compensated by higher Adjusted EBITDA.
- **Loss before tax** decreased from US\$ 135 million in the first half of 2019 to a loss of US\$ 33 million in the same period of 2020. A positive foreign exchange difference because of Chilean peso depreciation and lower expenses contributed to performance improvement.

- **Operating cash flows** totaled US\$ 1.4 billion, 23% down from US\$ 1.8 billion in the first six months of 2019. Decrease in cash received from sales because of lower copper price was the main driver of cash flow decline. However, supplier and employee payments were lower in the period because of more favorable input prices and local currency depreciation partially compensated the cash flow reduction.
- **Capex program.** As part of the Covid-19 measures, on June 20, 2020, CODELCO announced it would temporarily suspend construction on all its northern operation projects, including Chuquicamata underground mine. More recently, on July 4, 2020, CODELCO announced the temporary suspension of construction work on El Teniente New Mine Level. These suspensions aim to reduce the density of employees and contractors at operations as well as reduce traffic and risk of Covid-19 infection. CODELCO continuously assesses the Covid-19 situation, internally and in influence areas, to determine when to resume these projects. Despite the temporary suspensions, projected production start dates of CODELCO's main projects remain unchanged.

- (1) Adjusted EBITDA is calculated by adding finance cost, income tax expense, depreciation and amortization of assets plus export taxes and impairment charges to profit (loss) for the period.
- (2) We are including leasings and Oriente Copper Netherlands loan in our financial debt to reflect IFRS16 and financial debt of a wholly-owned subsidiary.



FINANCIAL AND OPERATING DATA SUMMARY

	June 30,		Change	
	2019	2020	Amount	%
Total Copper Production ('000 mft) ⁽¹⁾	769	796	27.0	3.5
Total Own Molybdenum Production ('000 mtf)	10.2	13.6	3.4	33.3
Cash Cost (USc/lb)	142.3	129.9	(12.4)	(8.7)
Total Own Copper Sales ('000 mft)	836	821	(15)	(1.8)
Total Molybdenum Sales ('000 mft)	11.8	13.6	1.8	15.3
LME Copper Price (USc/lb)	280	248	(32.0)	(11.4)
Metals Week Molybdenum Price (US\$/lb)	11.9	9.0	(2.9)	(24.2)
Average Exchange Rate (CLP/US\$)	676	813	137	20.3
Closing Exchange Rate (CLP/US\$)	680	816	137	20.1
Total Revenues (US\$ million)	5,917	5,239	(678)	(11.5)
Gross Profit (US\$ million)	1,255	726	(529)	(42.2)
Gross Margin (%)	21.2	13.9	(7)	(34.7)
Adjusted EBITDA (US\$ million) ⁽²⁾	1,590	1,881	291	18.3
Adjusted EBITDA Margin (%)	26.9	35.9	9	33.6
Net Financial Debt (US\$ million) ⁽³⁾	14,724	16,471	1747	11.9
Net Interest Expenses (US\$ million)	242	309	67	27.6
Net Financial Debt to LTM Adjusted EBITDA	4.1	3.8	-0.3	(7.2)
Adjusted EBITDA to Net Interest Expenses	6.6	6.1	(0.5)	(7.3)
Net Financial Debt to total Capitalization (%)	54.19	51.40	(2.8)	(5.1)
Contribution to the Chilean Treasury (US\$ million /cash flow)	40	463	423	1058.5

⁽¹⁾ Total Production includes Codelco's share in El Abra and Anglo American Sur

⁽²⁾ Adjusted EBITDA is defined as Net Income plus Income Tax, Royalty, Export Tax, Interest Expenses and Depreciation and Amortization

⁽³⁾ Net Financial Debt is Financial Debt minus Cash and Cash Equivalents.

OPERATION: PRODUCTION, REVENUES, COST & ADJUSTED EBITDA

Consolidated Production. In the first six months of 2020, consolidated copper output, including CODELCO's stake in El Abra and Anglo American Sur, increased 3.5% to 796 ktons compared to 769 ktons in the same period of 2019. Higher production at Chuquicamata, Salvador, Andina and Gabriela Mistral were the main drivers of the increase. On the other hand, lower production from Anglo American Sur and at Ministro Hales partially compensated the increase at other Divisions.

Molybdenum production increased 33.3% from 10.2 ktons in the first half of 2019 to 13.6 ktons in the first half of 2020, mainly due to an increase in production at Chuquicamata.

	DIVISION	1H19	1H20	Δ%
Copper Production (K ton)	Chuquicamata	166	180	8.1%
	Radomiro Tomic	127	126	-1.3%
	Mina Ministro Hales	72	64	-11.1%
	Gabriela Mistral	42	50	17.3%
	El Teniente	203	206	1.6%
	Andina	84	92	9.7%
	Salvador	15	26	74.2%
	El Abra ⁽¹⁾	18	18	1.7%
	Anglo American Sur ⁽²⁾	42	34	-17.5%
	CODELCO Total	769	796	3.5%

(1) CODELCO's figures presented for El Abra include 49% of the mine's total production (the share of production which corresponds to CODELCO's 49% ownership interest in the mine).

(2) CODELCO's figures presented for Anglo American Sur include 20% of the mine's total production (the share of production which corresponds to CODELCO's 20% ownership interest in the mine).

Revenues. Revenues in the first six months of 2020 declined 11.5% to US\$ 5.2 billion from US\$ 5.9 billion in the same period of 2019. Lower average LME copper price in the first semester of 2020 (US\$2.48/lb) versus the first semester of 2019 (US\$2.80/lb) was the main driver of lower revenues. In the case of molybdenum, revenues also decreased, mainly driven by 24.2% price decline, but partially compensated by higher sales volume.

Consolidated Costs. Unit cash costs varied with fluctuations in payable production and average realized by-product prices. During the first half of 2020, CODELCO's cash cost was 129.9 cents per pound, compared to 142.3 cents per pound in the first half of 2019. This 9% decrease was primarily attributable to i) lower input prices, such as electricity and diesel, ii) operational efficiencies of our smelters, iii) higher production and iv) favorable exchange rate depreciation of the Chilean peso against the U.S. dollar (in the first half of 2020, the average exchange rate was CLP 813 per dollar compared to CLP 676 per dollar for the same period in 2019).

Adjusted EBITDA. In the first six months of 2020, CODELCO's Adjusted EBITDA totaled US\$ 1.9 billion, 18.3% higher than US\$ 1.6 billion in the first half of 2019. Lower operating expenses due to operational efficiencies, local currency depreciation and favorable input prices contributed to a better EBITDA despite weaker LME copper prices. Additionally, as of June 30, 2020, Net debt to Adjusted EBITDA ratio was 3.8x, down from 4.1x on June 30, 2019. However, Adjusted EBITDA coverage ratio decreased to 6.1x in the first half of 2020 from 6.6x in the same period in 2019.

Adjusted EBITDA is calculated by adding finance cost, income tax expense, 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 of investment projects, research projects and investment in associates and joint ventures. Debt is defined as bonds issued plus loans from financial institutions and leasings. Net debt is defined as debt net of cash and cash equivalents. Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income.

	June 30,	
	<u>2019</u>	<u>2020</u>
	(in thousands of U.S.\$)	
Profit (loss) for the period	(100,234)	(46,366)
Income tax expense	(34,490)	13,319
Finance costs	260,139	337,999
Depreciation and amortization of assets	1,007,786	1,164,213
Copper Reserve Law	456,697	411,930
Adjusted EBITDA	1,589,898	1,881,095

COVID-19: ACTION PLAN

CODELCO's Covid-19 action plan aims to ensure the health and safety of our employees, operational continuity, and strong liquidity and financial health. The plan has been divided into four phases, and in each phase adds a new set of measures to those already in place.

Phase 1: Health and safety planning and procurement process (January to March 2020). CODELCO performed a detailed planning process to ensure employee health and safety and operational continuity, including logistic strategies and coordination with clients. Measures taken include: a) Created a company-wide Covid-19 executive committee and specific committees at each of our operations; b) Ensured procurement of health and safety supplies such as face masks and hand sanitizers; c) Received technical support (health authorities, universities and McKinsey) to design and continuously assess these measures; d) Set reporting protocols to identify, report and monitor confirmed and suspicious cases of infection; e) Trained our internal medical and healthcare staff to respond to pandemic; f) Provided medical supplies to our healthcare facilities and created isolation areas.

Phase 2: Containment measures focused on employees and operations (March and April). Additional measures put in place by CODELCO include: a) Reduced the number of employees and contractors at operations favoring social distancing; b) Temporarily suspended construction on some projects; c) Adapted transportation procedures to ensure employee safety when commuting to work (in compliance with new restrictions imposed by the central government) and when moving within operating sites; d) Implemented remote working, wherever possible; e) Employees aged 65 or over, and high-risk population were told to stay at home; f) Suspended services of third-

party providers representing one-third of total contractors; g) In agreement with unions, temporarily changed shift schedules during the crisis (14x14; 12x12; 7x7) reducing the number of shifts per day from 3 to 2, hence directly reducing employee commuting.

Phase 3: Containment measures expanded to communities and cities where we operate (May and June). Additional measures put in place by CODELCO include: a) Extended monitoring and oversight of protocols implemented by third-party service providers, not only at our operating sites, but also at their facilities; b) Launched a support plan (**#Juntos nos cuidamos**) for the communities where we operate (21 cities in 5 regions). CODELCO provided personal protective and medical equipment, such as mechanical ventilators and PCR test kits to 69 healthcare centers (including 12 hospitals) as well as residents in the communities. Additionally, CODELCO created and equipped 7 sanitary residencies with 270 beds available to isolate suspected cases; c) Maintained ongoing disinfection and sanitization of high-traffic areas, such as hospitals and government offices in cities near our operations; d) Strengthened communication campaigns for employees, their families and communities.

Phase 4: Enhanced detection capacity and temporarily suspended projects (Since mid-June). CODELCO significantly increased its Covid-19 testing capacity, in some cases, to 8 times the national average. Additionally, CODELCO temporarily suspended construction on all northern operation projects and stopped smelting and reduced refining operations at Chuquicamata Division. Since June 29, 2020, Codelco has not used Calama airport and operates only with personnel resident in the Antofagasta Region. Moreover, in July 2020, CODELCO announced the temporary suspension of construction on El Teniente New Mine Level. All these measures immediately reduced the number of employees and contractors at those operations, however, they have not had a material impact on production.

CAPITAL EXPENDITURE: STRUCTURAL PROJECTS

Chuquicamata Underground Mine: The underground mine began operations on April 30, 2019. On June 20, 2020, CODELCO announced it would temporarily suspend construction as a measure to prevent Covid-19 infection among employees and contractors. As of June 30, 2020, overall progress was 99%.

Andina Mineral Transfer System: After a temporary suspension in April 2020, the project is currently under construction. Its overall progress was 87% as of June 30, 2020. Operation is scheduled to start in 2021.

El Teniente New Mine Level (NML): Under construction and overall progress was 61% as of June 30, 2020. The bidding process for the primary crusher construction and assembly contracts is currently underway. On June 20, 2020, CODELCO announced it would temporarily suspend construction as a measure to prevent Covid-19 infection among employees and contractors. Operation is scheduled to start in 2023.

Salvador Inca Pit projects: The Environmental Assessment Commission granted approval of the project's environmental assessment in Feb-2020. The feasibility study, mining development activities and early works have already been completed. The project is under internal evaluation and by Cochilco and the Ministry of Social Development for its final approval.

Andina Future Development: Feasibility study is 73% complete. The environmental impact assessment is also underway.

AVERAGE METAL PRICE

	LME Copper (US\$/lb.)	COMEX Copper (US\$/lb.)	Molybdenum (US\$/lb.)
1Q 2020	2.56	2.56	9.7
2Q 2020	2.42	2.43	8.4
1Q 2019	2.82	2.81	11.7
2Q 2019	2.77	2.78	12.1
3Q 2019	2.63	2.62	11.8
4Q 2019	2.67	2.68	9.6
Average 2019	2.72	2.72	11.4
Variation: 2Q 2020 vs. 2Q 2019	-12.5%	-12.6%	-30.7%
Variation: 2Q 2020 vs. 1Q 2020	-5.2%	-5.2%	-13.2%

Sources: LME, COMEX and Metals Week Dealer Oxide

CASH FLOWS

During the first six months of 2020, net cash flows from operating activities totaled US\$ 1.4 billion, 23% lower than US\$ 1.8 billion in the same period of 2019. The decrease in cash received from sales because of lower copper price was the main driver of cash flow decline. However, lower payments to suppliers and employees in the period because of more favorable input prices and local currency depreciation partially compensated the reduction.

CASH AND DEBT

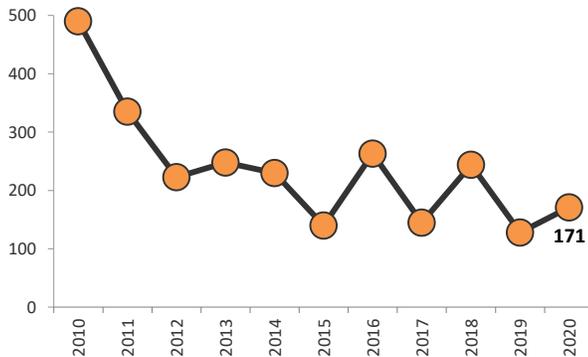
As of June 30, 2020, net debt amounted to US\$ 16.5 billion, 11.9% higher than US\$ 14.7 billion net debt reported on June 30, 2019. Additionally, cash and equivalents increased to US\$ 4.0 billion in June 2020 from US\$ 0.9 billion in June 2019.

During the first six months of 2020, CODELCO issued notes in an aggregate principal amount of US\$ 2.8 billion, consisting of a US\$ 1.0 billion international debt offering of 3.150% notes due 2030, a US\$ 0.8 billion international debt offering of 3.150% notes due 2031 and a US\$ 1.0 billion international debt offering of 3.700% notes due 2050. The notes due 2050 form part of the same series of CODELCO's outstanding 3.700% notes due 2050 issued on September 30, 2019, resulting in a total aggregate principal amount outstanding of US\$ 1.9 billion in this series. These issuances significantly strengthened CODELCO's liquidity position. Additionally, in April 2020, CODELCO entered into a three-year bilateral credit facility with The Bank of Nova Scotia for US\$ 165 million. In May, CODELCO also entered into a three-year bilateral credit facility with BNP Paribas for US\$ 100 million and into a seven-year bilateral credit facility with Export Development Canada for US\$ 300 million. On the other hand, CODELCO prepaid in advance three bank loans for a total amount of US\$ 515 million.

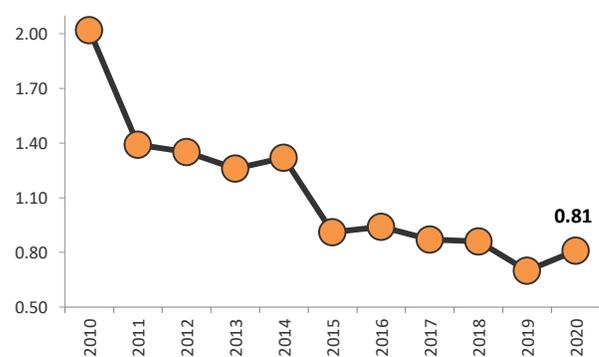
SUSTAINABILITY FOCUS: ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Safety. In June 2020, a fatal accident occurred at Radomiro Tomic, which resulted in the death of a contractor. We deeply regret this accident. Regarding metrics, the accident severity rate decreased (3.4%) compared to the first six months of 2019, and the accident frequency rate slightly increased by 16% compared to 2019.

Severity Rate - Employees & Contractors
(Days lost & days charged / Million hours worked)



Frequency Rate - Employees & Contractors
(Lost time injury / Million hours worked)



Collective bargaining agreements. As of June 30, 2020 CODELCO has not had collective bargaining negotiations. However, four collective bargaining negotiations are scheduled for the fourth quarter of this year; nearly 800 employees from five unions will be involved. On July 14, 2020, Radomiro Tomic’s professional workers’ union and CODELCO reached a collective agreement. The current collective agreement was extended for a year; the bonus plan and economic conditions remained unchanged.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (ThUS\$)

Profit (loss)	Six months ended June 30,		
	2019	2020	Δ %
Revenue	5,916,749	5,238,857	(11.5)
Cost of sales	(4,661,912)	(4,513,199)	(3.2)
Gross profit	1,254,837	725,658	(42.2)
Other Income, by function	90,713	63,108	(30.4)
Impairment and reversed impairment according to IFRS 9	588	(1,528)	(359.9)
Distribution costs	(7,784)	(5,050)	(35.1)
Administrative expenses	(203,446)	(178,363)	(12.3)
Other expenses	(985,326)	(592,872)	(39.8)
Other gains (losses)	13,114	14,718	12.2
Profit (losses) from operating activities	162,696	25,671	(84.2)
Finance income	17,668	28,533	61.5
Finance costs	(260,139)	(337,999)	29.9
Share of profit of associates and joint ventures accounted for using the equity method	5,233	(12,517)	(339.2)
Foreign exchange differences	(60,182)	263,265	(537.4)
Profit for the period before tax	(134,724)	(33,047)	(75.5)
Income tax expense	34,490	(13,319)	(138.6)
Profit for the period	(100,234)	(46,366)	(53.7)
Profit (loss) attributable to:			
Profit (loss) attributable to owners of the parent	(104,573)	(47,137)	(54.9)
Profit (loss) attributable to non-controlling interests	4,339	771	(82.2)
Profit for the period	(100,234)	(46,366)	(53.7)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (THUS\$)

Assets	June 30,	
	2019	2020
Current Assets		
Cash and cash equivalents	478,871	3,315,471
Other current financial asset	401,888	710,629
Other current non-financial assets	23,763	18,124
Trade and other current receivables	2,006,725	1,766,263
Accounts receivables due from related companies, current	20,256	13,817
Inventory	2,045,002	2,007,844
Current tax asset	48,247	61,780
<i>Total current assets different from other than assets or groups of assets for disposition classified as held for sale or held as distributable to owners</i>	5,024,752	7,893,928
Non-current assets or groups of assets for disposition classified as held to distribute to owners	89,519	
Total current assets	5,114,271	7,893,928
Non-current asset		
Non-current inventories	555,968	605,039
Other non-current financial assets	162,816	51,125
Other non-current non-financial assets	9,198	3,598
Non-current receivables	96,063	91,790
Accounts receivables due from related companies, non-current	18,030	13,221
Investment accounted for using the equity method	3,484,027	3,448,368
Intangible assets other than goodwill	47,056	46,749
Property, Plant and Equipment, net	28,242,219	29,441,196
Investment property	981	981
Assets by right of use	-	359,001
Assets for current taxes, not current	144,745	199,606
Deferred tax assets	35,144	44,389
Total non-current asset	32,796,247	34,305,063
TOTAL ASSETS	37,910,518	42,198,991

Liabilities	June 30,	
	2019	2020
Current liabilities		
Other current financial liabilities	1,185,501	1,040,883
Leases	-	108,830
Trade and other current payables	1,638,656	1,050,592
Accounts payables to related companies, current	141,930	125,300
Other current provisions	839,807	399,058
Current tax liabilities	9,322	2,987
Current employee benefit accruals	330,182	256,565
Other current non- financial liabilities	96,643	21,889
Total current liabilities	4,242,041	3,006,104
Non-current liabilities		
Other non-current financial liabilities	14,634,405	19,423,274
Leases	-	240,506
Other non-current liabilities	19,312	640
Other non-current provisions and accrued expenses	1,610,406	2,037,582
Deferred tax liabilities	4,506,057	4,810,589
Non-current employee benefit accruals	1,329,094	1,130,383
Other non-current non-financial liabilities	4,289	3,535
Total non-current liabilities	22,103,563	27,646,509
Total liabilities	26,345,604	30,652,613
Equity		
Issued Capital	5,619,423	5,619,423
Retained earnings	(302,999)	(242,585)
Other Reserves	5,330,675	5,256,578
Equity attributable to owners of the parent	10,647,099	10,633,416
Non-controlling interests	917,815	912,962
Total equity	11,564,914	11,546,378
TOTAL LIABILITIES AND EQUITY	37,910,518	42,198,991

CONSOLIDATED STATEMENTS OF CASH FLOWS (THUS\$)

	Six months ended June 30,	
	2019	2020
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	6,331,628	5,923,568
Other cash flows provided by operating activities	987,521	914,457
Types of cash payments		
Payments to suppliers for goods and services	(3,964,052)	(3,590,822)
Payments to and on behalf of employees	(966,688)	(788,064)
Other cash flows used in operating activities	(640,860)	(1,076,955)
Dividends received	84,372	22,715
Income taxes paid	(39,468)	(24,340)
Net cash flows provided by operating activities	1,792,453	1,380,559
Cash flows provided by (used in) investing activities:		
Purchases of property plant and equipment	(2,107,817)	(1,304,082)
Interest received	14,169	28,273
Other inflows (outflows) of cash	(204,830)	(541,089)
Net cash flows from (used in) investing activities	(2,298,478)	(1,816,898)
Cash flows used in financing activities:		
Proceeds from long term borrowings	1,300,000	3,496,000
Proceeds from short term borrowings	465,000	-
Repayments of borrowings	(1,843,963)	(552,874)
Payments of liabilities for financial leases	(72,180)	(67,972)
Dividends paid	-	-
Interest paid	(313,424)	(337,897)
Other inflows (outflows) of cash	209,497	(68,179)
Net cash flows used in financing activities	(255,070)	2,469,078
Net increase (decrease) in cash and cash equivalents before foreign exchange difference	(761,095)	2,032,739
Foreign Exchange Rate Net increase (decrease) in cash and cash equivalents	10,841	(20,373)
Net increase (decrease) in cash and cash equivalents	(750,254)	2,012,366
Cash and cash equivalents at beginning of period	1,229,125	1,303,105
Cash and cash equivalents at end of period	478,871	3,315,471



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 2019, CODELCO had an estimated 8.1% share of the total world copper production, producing approximately 1.71 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) and an estimated 8% share of the world's molybdenum production with approximately 22,353 metric tons.

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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 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).