



RESULTS

SEPTEMBER 30, 2018

Santiago de Chile, November 29, 2018 – Corporación Nacional del Cobre (CODELCO) posted September 30, 2018 operational and financial performance report:

- **Nine months ended September 30, 2018 revenues** were US\$ 10.8 billion, up 10.5% from the reported US\$ 9.8 billion for the first nine months of 2017, mainly due to a 11.6% increase in average LME copper prices.
- **Adjusted EBITDA**, for the first nine months of 2018, was US\$ 3.5 billion (32.9% margin) compared to US\$ 3.6 billion (37.3% margin) for the same period in 2017 principally due to a rise in average copper prices in 2018, partially offset by higher costs and expenses.
- **Net financial debt** was down 8.7% to US\$12.3 billion in the first nine months of 2018 compared to US\$13.5 billion for the same period in 2017 principally due to more cash available. Therefore, the net debt reduction together with a sustained EBITDA have had a positive impact on the net debt to last 12-month adjusted EBITDA ratio totaling 2.2x compared to 2.8x for the first nine months of 2017.
- **Profit before tax** decreased 32.5% to US\$ 610 million (5.7% of sales) in the first nine months of 2018, compared to US\$ 905 million (9.3% of sales) in the same period of 2017 basically due to higher selling and administrative expenses as well as a non-cash charge related to a write-off of an underground mining innovation project, partially offset by an increase in copper and by-products prices, lower finance costs and a positive effect of foreign exchange differences.
- **Operating cash flows** increased by 38.1% to U.S.\$4.3 billion in the first nine months of 2018 from U.S.\$3.1 billion for the same period in 2017. This increase in net cash flows from operating activities resulted primarily due to the increase in cash received from sales of goods because of an improvement in CODELCO's average product portfolio prices partially offset by higher payments to suppliers and employees.
- **Capex program** for the three structural projects under construction, Chuquicamata Underground, El Teniente New Mine Level and Andina Mineral Transfer System, continues to move forward, as well as the feasibility study for the Inca Pit structural project at Salvador division. While the overhaul of Andina Future Development project is in the process of defining the feasibility study authorization, the North District Desalination Plant tender process is on schedule. During the first nine months of 2018, CODELCO invested a total of US\$2.2 billion in structural projects as well as in sustaining capex.
- **Total copper mine production**, including CODELCO's stake in El Abra and Anglo American Sur, decreased 2.0% in the first nine months of 2018 to 1,296 thousand tons compared to 1,323 thousand tons for the first nine months of 2017, especially due to lower output at Andina, Ministro



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Hales and Gabriela Mistral divisions partially offset by the increased production in El Teniente division and CODELCO's stake in Anglo American Sur and El Abra.

- **Direct Cash Cost C1** per pound of copper was US\$ 138.9 in the first nine months of 2018, compared to US\$ 131.8 for the same period in 2017. This increase of 5.4% is primarily attributable to higher salaries and wages, higher input prices and the negative effect of the appreciation of the Chilean peso against the U.S. dollar.
- **Fifteen collective bargaining agreements**, including approximately 9,000 employees, have been negotiated during the first nine months of 2018. Main achievements are the 40% bonus reduction, the subdued 1 - 1.5% real salary increase, up to 36-month period and the focus on productivity-based incentive structure agreements. After September 30, 2018, an additional collective bargaining agreement has been reached, but there are still two more agreements to be negotiated.



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SUMMARY FINANCIAL AND OPERATING DATA

	September 30,			
	2018	2017	Amount	Variation %
Copper Production ⁽¹⁾ ('000 mft)	1,296	1,323	(27)	(2.0)
Own Molybdenum Production ('000 mft)	18	21	(3)	(14.3)
Direct Cash Cost C1 (Usc/Pound)	138.9	131.8	7.1	5.4
Copper Sales ('000 mft)	1,348	1,268	80	6.3
Molybdenum Sales ('000 mft)	20	22	(2)	(10.4)
LME Copper Price (Usc/Pound)	301.3	270.0	31.3	11.6
Metals Week Molybdenum Price (US\$/Pound)	11.8	7.9	3.9	48.9
Average Exchange Rate (CLP/US\$)	628	654	(26)	(4.1)
Closing Exchange Rate (CLP/US\$)	660	664	(4)	(0.6)
Total Revenues (US\$ mn)	10,772	9,752	1,020	10.5
Gross Profit (US\$ mn)	2,414	2,552	(138)	(5.4)
Gross Margin (%)	22.4	26.2	(3.8)	(14.3)
Adjusted EBITDA ⁽²⁾ (US\$ mn)	3,544	3,639	(95)	(2.6)
Adjusted EBITDA Margin (%)	32.9	37.3	(4.4)	(11.8)
Net Financial Debt ⁽³⁾ (US\$ mn)	12,285	13,461	(1,176)	(8.7)
Net Interest Expense (US\$mn)	312	492	(180)	(36.6)
Net Debt to LTM Adjusted EBITDA	2.2	2.8	(0.6)	(21.5)
Adjusted EBITDA to Net Interest Expenses	11.4	7.4	4.0	53.6
Net Debt to total Capitalization (%)	48.8	54.0	(5.2)	(9.5)
Contribution to the Chilean Treasury (US\$ mn)	654	944	(290)	(30.7)

(1) Includes CODELCO's stake in El Abra and Anglo American Sur production

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

(3) Net of cash and cash equivalents. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is a non-recourse loan to CODELCO

OPERATION: PRODUCTION, REVENUES & COST (CONSOLIDATED)

Production.- Consolidated copper mine production, including CODELCO's stake in El Abra and Anglo American Sur, decreased 2.0% in the first nine months of 2018 to 1,296 thousand tons compared to 1,323 thousand tons for the first nine months of 2017, mainly due to lower production at Ministro Hales, Andina and Gabriela Mistral divisions and Chuquicamata and Salvador divisions, to a lesser extent. This reduced production at most of the divisions has been partially offset by higher production at Radomiro Tomic and El Teniente divisions and from CODELCO's interest in Anglo American Sur and El Abra. CODELCO's own production decreased by 3.3% in the first nine months of 2018 compared to the same period in 2017 mainly due to a 5.1% decline in ore grades and a 1.3% reduction in mined ores, partially offset by an improved mineral recovery. Nonetheless, these effects are combined differently in each division. Lower production at Ministro Hales and Andina divisions is because of less ore mined. In the case



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Gabriela Mistral, less ore mined and declining ore grades have had a negative impact on its production. Furthermore, Chuquicamata and Salvador divisions were able to partially offset the effect of lower ore grades on production by increasing the ore mined. On the other hand, Radomiro Tomic and El Teniente divisions increased its production due to the positive effects of higher ore grades and more ore mined.

Molybdenum production decreased by 14.3% in the first nine months of 2018 to 18,217 tons from 21,262 tons for the same period in 2017, mainly due to a fall in production at Chuquicamata and Andina divisions, partially offset by an increased production at Radomiro Tomic division.

Copper Production (K ton)	DIVISION	2018	2017
	Chuquicamata	198	205
	Radomiro Tomic	254	227
	Mina Ministro Hales	142	163
	Gabriela Mistral	77	92
	El Teniente	348	346
	Andina	144	164
	Salvador	37	44
	El Abra ⁽¹⁾	34	28
	Anglo American Sur ⁽²⁾	62	53
CODELCO Total	1,296	1,323	

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

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

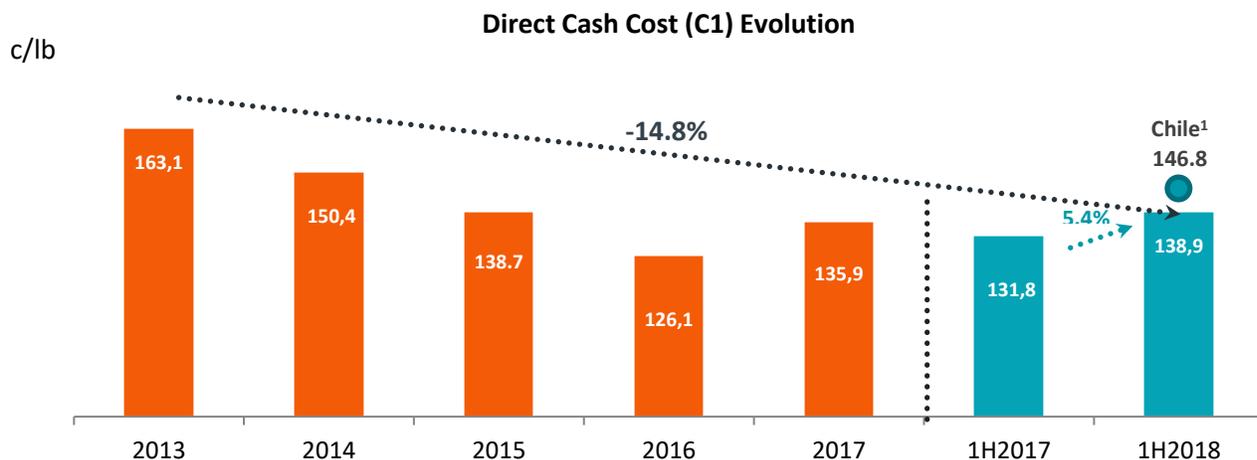
Revenues.- Revenues for the first nine months of 2018 increased by 10.5% to US\$ 10.8 billion compared to US\$ 9.8 billion for the same period in 2017 primarily attributable to 11.6% rise in average LME copper prices and a 6.3% rise in own copper sold. Revenues do not reflect 100% of LME price effect due to open invoice provisions. In the case of molybdenum, revenues increased by 35.2% due to average prices increasing by 48.9% partially offset by a 10.4% fall in tonnage sold.

Costs.- Unit cash costs will vary with fluctuations in payable production and average realized prices for by-products. In the first nine months of 2018, CODELCO's cash cost was 138.9 cents per pound, compared to 131.8 cents per pound for the same period in 2017. This 5.4% increase is primarily attributable to:

- 1) Higher input prices



- 2) Unfavorable exchange rate movements due to the appreciation of the Chilean peso against the U.S. dollar (9M 2018 average exchange rate was CLP 628 per dollar compared to CLP 654 per dollar for the same period in 2017)
- 3) Low production



¹ Chile without CODELCO

CAPITAL EXPENDITURE: PROJECTS PROGRESS

Chuquicamata Underground Mine: Under construction with an overall progress of 68.9% as of September 2018. 123 km of tunnels have been completed (86.6%). Contracts to assemble crusher and conveyor belt system inside the mine have started. Operation is scheduled to start in 2019.

Andina Plant Relocation: Under construction with an overall progress of 60.5% as of September 2018. Progress made in primary crusher civil works, assembly of conveyor belt Haulage III and electrical rooms. Operation is scheduled to start in 2020.

El Teniente New Mine Level: Under construction with an overall progress of 47.7% as of September 2018. The Andes Norte NNM project as well as the early works for the Andesita and Diamante projects (El Teniente Division development plan projects) have been authorized. Operation is scheduled to start by 2023.

Salvador Inca Pit project: Feasibility study underway with an overall progress of 88.8% as of September 2018. Overhaul is being done to authorize early works. The project has started its evaluation under the environmental impact assessment system.

Andina Development: Prefeasibility studies have been completed. Overhaul is being done to define the feasibility study authorization. (authorized in October)



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Northern District Desalination Plant: The competitive tender process to build and operate the plant is on schedule.

Lithium: In preparation of the Environmental Impact Statement for the exploration of CODELCO's mining properties at the Salar de Maricunga.

New Smelter Emission Standards (DS N°28): Total capex is US\$2.15 billion to comply with environmental regulations:

- **Ventanas:** 100% progress - Project completed.
- **Salvador:** 72% progress.
- **Chuquicamata:** 72% progress.
- **El Teniente:** 79% progress.



AVERAGE METAL PRICES

	LME Copper (US\$/lb.)	COMEX Copper (US\$/lb.)	Molybdenum (US\$/lb.)
1Q 2018	3.16	3.14	12.14
2Q 2018	3.12	3.09	11.55
3Q 2018	2.77	2.73	11.74
9M 2018	3.01	2.99	11.81
1Q 2017	2.65	2.65	7.74
2Q 2017	2.57	2.58	8.00
3Q 2017	2.88	2.89	8.05
4Q 2017	3.09	3.10	8.72
9M 2017	2.70	2.71	7.93
Average 2017	2.80	2.80	8.13
Variation: 3Q 2018 vs. 3Q 2017	(3.8)%	(5.5)%	45.8%
Variation: 3Q 2018 vs. 2Q 2017	(11.2)%	(11.7)%	1.6%
Variation: 9M 2018 vs. 9M 2017	11.5%	10.3%	48.9%

CASH FLOWS

For the first nine months of 2018, net cash flow from operating activities increased by 38.1% to US\$ 4.3 billion from US\$ 3.1 billion for the same period in 2017, primarily due to an improvement in CODELCO's average product portfolio prices partially offset by higher payments to suppliers and employees.

CASH AND DEBT

As of September 30, 2018, CODELCO had consolidated US\$2.1 billion in cash and cash equivalents compared to US\$ 1.1 billion as of September 30, 2017. It is important to highlight that a change in the payment method of the Copper Reserved Law 13,196, also known as export tax, has had a positive impact on cash resources. From January 1, 2018, CODELCO will pay the export tax at the end of each year instead of on a daily basis as it was until the above date.

As of September 30, 2018, CODELCO's financial debt decreased to US\$ 14.4 billion compared to US\$ 14.5 billion as of September 30, 2017. CODELCO's financial debt excludes the non-recourse loan extended by Mitsui to CODELCO in order to execute the Anglo American Sur option to acquire 20% of the asset. CODELCO's net financial debt¹ was US\$ 12.3 billion as of September 30, 2018 compared to US\$ 13.5 the previous year. Over the last twelve months debt movements include CODELCO's debut in the Formosa market (Taiwan) on May 15, 2018 issuing a 30-year bond with a par call option from the fifth year and until maturity for US\$ 600 million. Since October 1, 2017, CODELCO has prepaid US\$695 million in bilateral loan maturing between 2018 and 2019.

(1) Net of cash and cash equivalents. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is a non-recourse loan to CODELCO



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (US\$ Th)

Profit (loss)	Nine months ended September 30,	
	2018	2017
Revenue	10,771,511	9,751,638
Cost of sales	(8,357,160)	(7,200,096)
Gross profit	2,414,351	2,551,542
Other Income, by function	95,038	94,099
Impairment and reversed impairment according to IFRS 9	(805)	-
Distribution costs	(14,288)	(7,330)
Administrative expenses	(347,163)	(304,942)
Other expenses	(1,420,134)	(1,008,455)
Other gains (losses)	13,643	27,426
Profit (loss) from operating activities	740,642	1,352,340
Finance income	37,439	21,537
Finance costs	(349,654)	(513,961)
Share of profit of associates and joint ventures accounted for using the equity method	98,409	140,023
Foreign exchange differences	83,639	(95,247)
Profit (loss) for the period before tax	610,475	904,692
Income tax expense	(392,181)	(589,251)
Profit (loss) for the period	218,294	315,441
Profit (loss) attributable to:		
Profit (loss) attributable to owners of the parent	189,604	273,332
Loss attributable to non-controlling interests	28,690	42,109
Profit for the period	218,294	315,441



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (US\$ Th)

	9/30/2018	9/30/2017
Assets		
Current Assets		
Cash and cash equivalents	2,073,745	1,072,126
Other current financial asset	103,918	1,565
Other current non-financial assets	18,675	38,420
Trade and other current receivables	1,846,341	2,182,056
Accounts receivables due from related companies, current	3,002	33,244
Inventory	2,078,223	2,029,769
Current tax asset	15,093	5,128
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	6,138,997	5,362,308
Non-current assets or groups of assets for disposition classified as held as distributable to owners	-	-
Total current assets	6,138,997	5,362,308
Non-current asset		
Non-current inventories	442,543	437,392
Other non-current financial assets	173,531	120,173
Other non-current non-financial assets	7,098	12,127
Non-current receivables	109,892	86,014
Accounts receivables due from related companies, non-current	23,513	22,473
Investment accounted for using the equity method	3,639,340	3,680,252
Intangible assets other than goodwill	44,067	201,159
Property, Plant and Equipment, net	26,434,342	24,685,657
Investment property	981	981
Non-current tax asset	126,853	233,772
Diferred tax assets	34,496	32,096
Total non-current asset	31,036,656	29,512,096
TOTAL ASSETS	37,175,653	34,874,404



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (US\$ Th)

Liabilities	9/30/2018	9/30/2017
Current liabilities		
Other current financial liabilities	851,696	889,143
Trade and other current payables	1,492,384	1,284,343
Accounts payables to related companies, current	121,243	135,738
Other current provisions	1,228,709	203,168
Current tax liabilities	11,242	20,844
Current employee benefit accruals	428,285	393,239
Other current non- financial liabilities	36,987	62,635
Total current liabilities	4,170,546	2,989,110
Non-current liabilities		
Other non-current financial liabilities	14,427,421	14,680,938
Other non-current liabilities	31,194	49,867
Accounts payables to related companies, non-current	-	-
Other non-current provisions and accrued expenses	1,735,857	1,660,862
Deferred tax liabilities	4,658,344	3,725,872
Non-current employee benefit accruals	1,350,307	1,364,344
Other non-current non-financial liabilities	4,277	4,191
Total non-current liabilities	22,207,400	21,486,074
Total liabilities	26,377,946	24,475,184
Equity		
Issued Capital	4,619,423	4,099,423
Retained earnings	(154,620)	(35,696)
Other Reserves	5,368,685	5,323,419
Equity attributable to owners of the parent	9,833,488	9,387,146
Non-controlling interests	964,219	1,012,074
Total equity	10,797,707	10,399,220
TOTAL LIABILITIES AND EQUITY	37,175,653	34,874,404



CONSOLIDATED STATEMENTS OF CASH FLOWS (US\$ Th)

	Nine months ended September 30,	
	2018	2017
Cash flow provided by (used in) operating activities:		
Cash receipts provided by operating activities		
Cash flows provided by sales of goods and rendering of services	12,066,502	10,137,091
Other cash flows provided by operating activities	1,267,861	1,320,430
Types of cash payments		
Payments to suppliers for goods and services	(6,744,495)	(5,692,253)
Payments to and on behalf of employees	(1,533,918)	(1,240,117)
Other cash flows used in operating activities	(939,198)	(1,644,559)
Dividends received	183,871	214,551
Interest received	35	-
Income taxes paid	(48,982)	(17,412)
Net cash flows provided by operating activities	4,251,676	3,077,731
Cash flows provided by (used in) investing activities:		
Other payments to acquire equity or debt instruments of other entities	-	(5,055)
Other cash flows provided by sales of associates and joint ventures	22,097	-
Purchases of property plant and equipment	(2,737,861)	(2,445,793)
Interest received	31,788	9,831
Other inflows (outflows) of cash	(83,844)	(88,926)
Net cash flows from (used in) investing activities	(2,767,820)	(2,529,943)
Cash flows used in financing activities:		
Proceeds from current borrowings	600,000	3,050,000
Repayments of borrowings	(209,732)	(2,723,423)
Financial leasings	(20,291)	(18,459)
Dividends paid	(602,461)	(169,863)
Other cash inflow	(499,996)	(461,984)
Interest paid	(64,150)	268,257
Net cash flows used in financing activities	(796,630)	(55,472)
Net increase (decrease) in cash and cash equivalents before foreign exchange difference	687,226	492,316
Foreign Exchange Rate Net increase (decrease) in cash and cash equivalents	(62,316)	3,084
Net increase (decrease) in cash and cash equivalents	624,910	495,400
Cash and cash equivalents at beginning of period	1,448,835	576,726
Cash and cash equivalents at end of period	2,073,745	1,072,126



COMPANY PROFILE

CODELCO is the world's largest copper producer engaging primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore into refined copper and the international sale of refined copper and by-products. CODELCO is 100% owned by the Republic of Chile and controls approximately 7% of the world proven and probable copper reserves; as such term is defined by the U.S. Geological Survey. In 2017, CODELCO had an estimated 9% share of the total world copper production, with production of approximately 1.83 million metric tons (including CODELCO's attributable production in the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra, and Anglo American Sur) and an estimated 10% share of the world's molybdenum production with own production of approximately 30,641 metric tons.

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