



CODELCO INVESTOR PRESENTATION

DECEMBER 2019



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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 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 other 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).

The non-GAAP financial measures included in this presentation (including, without limitation, Adjusted EBIT, Adjusted EBITDA, cash cost, total costs and expenses and financial debt) are not GAAP measures of our liquidity and operating performance and should not be considered alternatives to cash flow from operating activities as a measure of liquidity or net income or operating income as measures of operating performance or any other measure derived in accordance with GAAP. The Company has prepared reconciliations of comparable GAAP to Non-GAAP measures in tables included at the end of this presentation.



Codelco at a glance

1st worldwide¹
copper producer
& 2nd moly producer

6% proved and probable
world's copper reserves

7 Mining centers
directly operated
Two additional mines with
minority stakes

1.8 million metric tons
copper production²

A+/A3 top rated
mining company

100% owned by the
Republic of Chile
(A+/A1/A)

¹ According to 2018 production

² 2018 year-end production includes El Abra and Anglo American Sur attributable production to Codelco's share

Current operations

First-nine months 2019 copper production and C1 cash cost

C1 cash cost: **143 ¢/lb**

Total copper output¹: **1,209 kt**

Proved and probable reserves²: **26 years**



324 kt Cu
101.8 ¢/lb C1
1,348 Mt Reserves

El Teniente



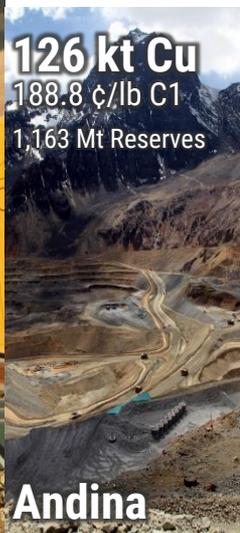
262 kt Cu
125.0 ¢/lb C1
1,303 Mt Reserves

Chuqui camata



198 kt Cu
147.4 ¢/lb C1
1,926 Mt Reserves

Radomiro Tomic



126 kt Cu
188.8 ¢/lb C1
1,163 Mt Reserves

Andina



111 kt Cu
133.7 ¢/lb C1
185 Mt Reserves

Ministro Hales



72 kt Cu
250.2 ¢/lb C1
336 Mt Reserves

Gabriela Mistral



27 kt Cu
246.6 ¢/lb C1
581 Mt Reserves

Salvador



89 kt Cu
512 Mt Reserves

Anglo American Sur + El Abra

Attributable production to Codelco's share

¹ First-nine months 2019 production ; Includes El Abra and Anglo American Sur attributable production to Codelco
² As of Dec-2018

Recent highlights

- **Strong owner support.** US\$1 billion capital injection completed in Feb-2019
- **Chuquicamata Underground** ramp-up began on April 30th
- **Production decreased** to 1,209 kt during first-nine months 2019 (-6.7% YoY) because of unexpected events
- **9 collective bargaining agreements** achieved in 2019
- **Repeal of the Copper Reserve Law.** 10% Specific Export Tax will gradually decline from 2029 to 2032
- **Divestment of 37% equity stake in GNLM** for US\$193.5m
- **New CEO.** Octavio Araneda, 33+ years in Codelco, took charge in Sep-2019
- **Transformation plan.** In Nov-2019, Codelco released a plan with cost savings targets of \$1B+ in annual Opex and \$8B+ in Capex

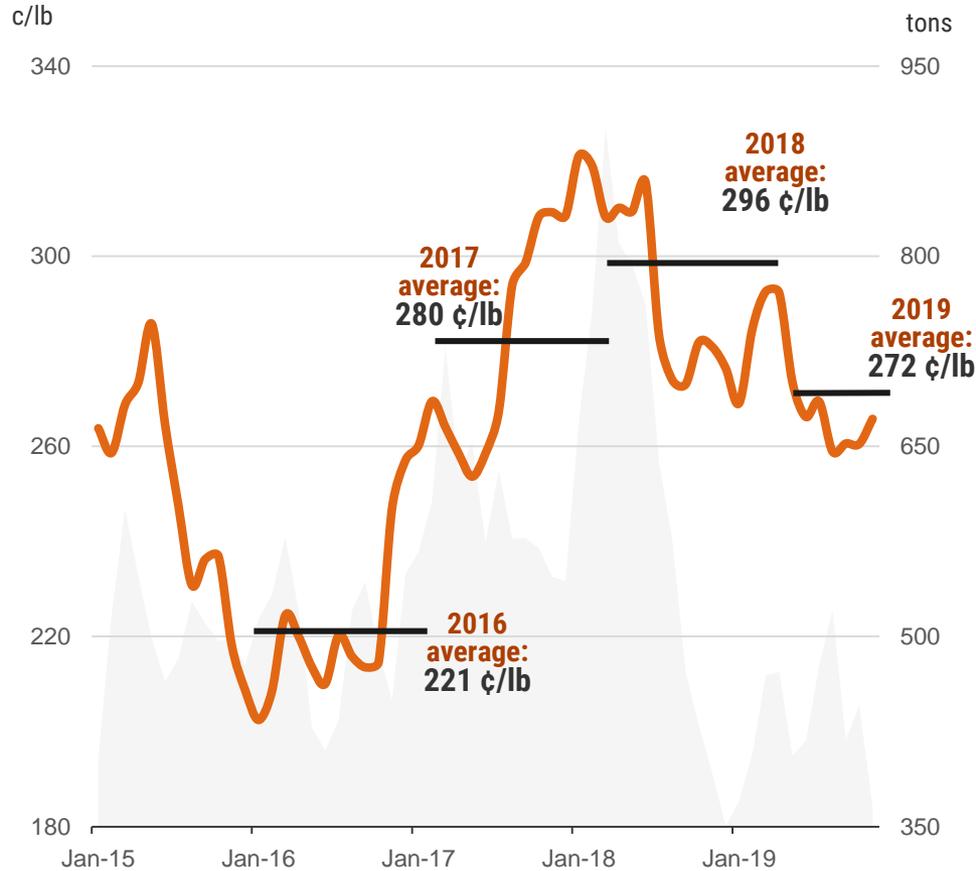
Copper Market

Main Drivers: Short and Long Term Views

Changing global growth expectations have created price volatility



2015-2019 copper price and stocks*



* Data until 11/30/2019; London Metal Exchange.

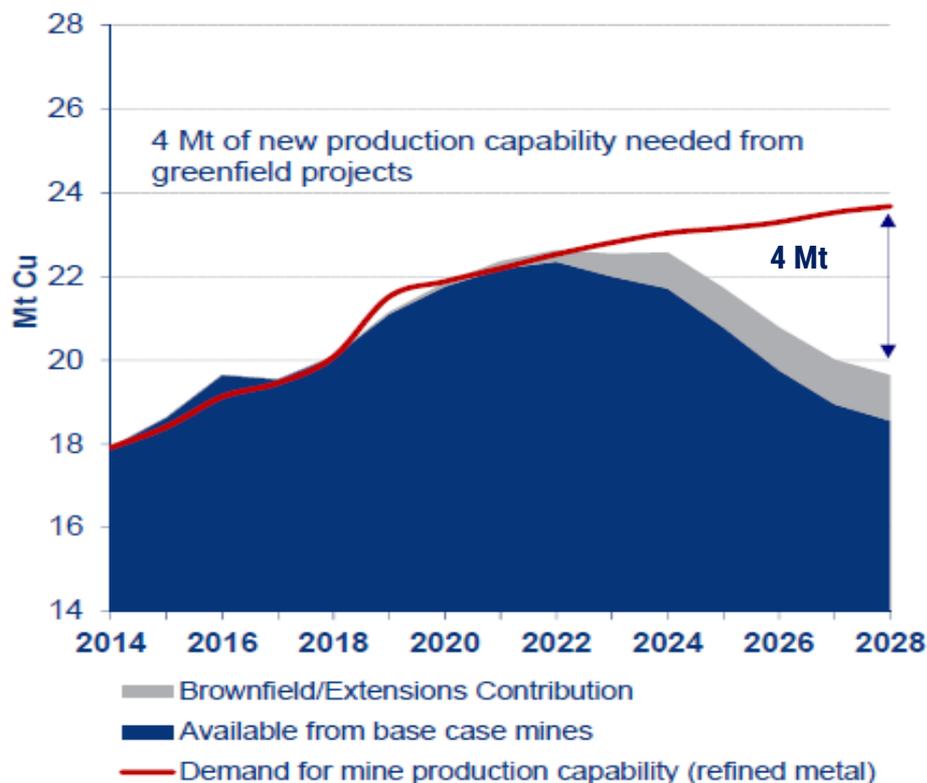
Short-term drivers

- **Trade war** impacting global growth
- **Policy and economy uncertainties** in Europe, Asia and USA
- Real vs. expected production **disruptions**
- **Low interest rate** environment and **Dollar** strength
- **Mixed sentiments** driving financial investment decisions

New projects would not be enough...

Even in a longer period of time

Copper production and demand gap



- Projects need to fill a **4 Mt demand gap**, but there are few 'probable' ones
- Even developing all '**probable**' projects, **would not be sufficient** to close the gap
- Despite the pipeline of 'possible' projects, **incentives should improve** to encourage companies to develop them

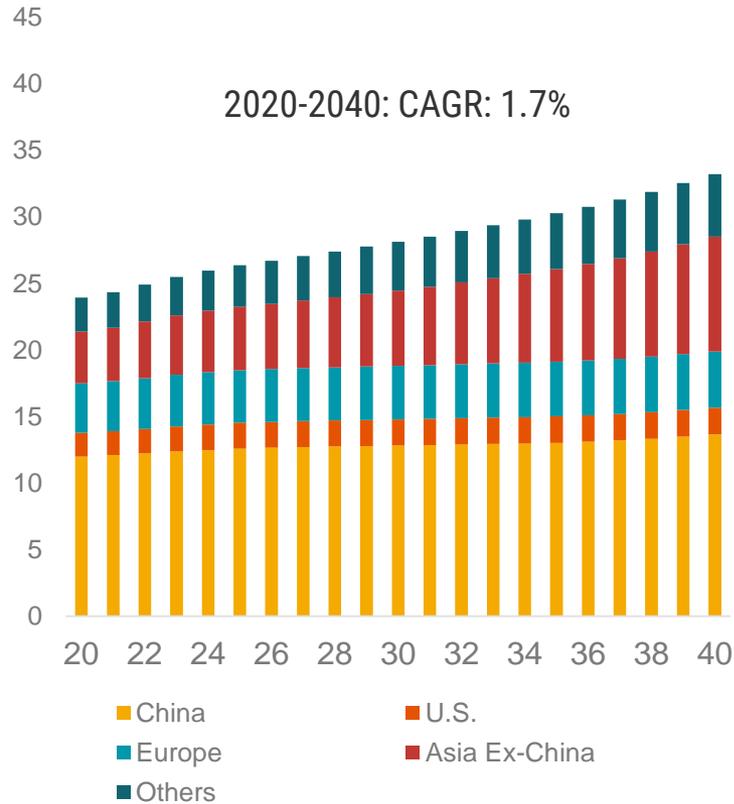
Projects need to be developed now in order to close the gap.

Source: Wood Mackenzie.

Demand projections reflect stable long-term growth

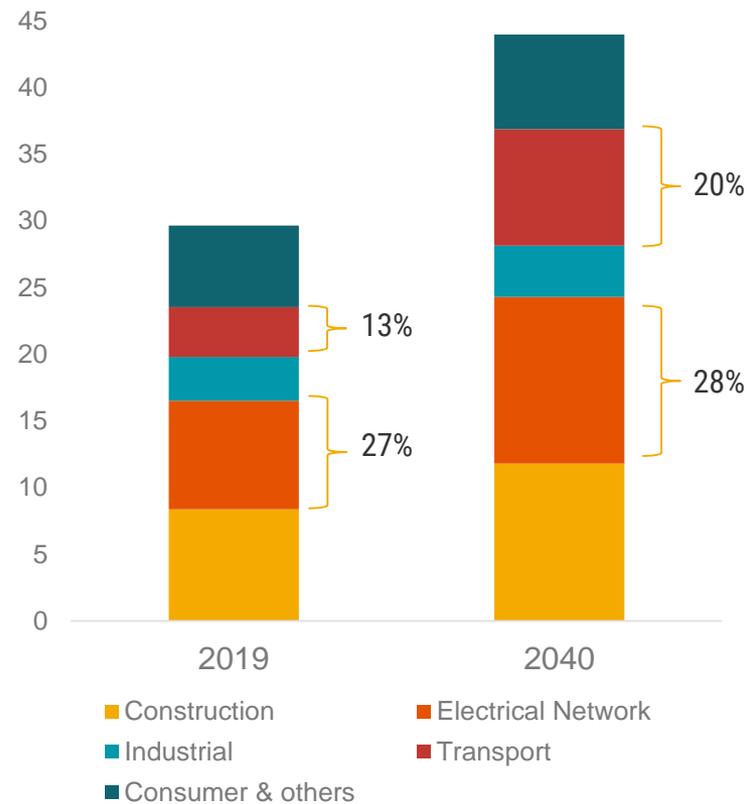


Refined Consumption by Region (Mtons)



Source: Wood Mackenzie.

Total Consumption by Industry Sector (Mtons)



Source: Wood Mackenzie.

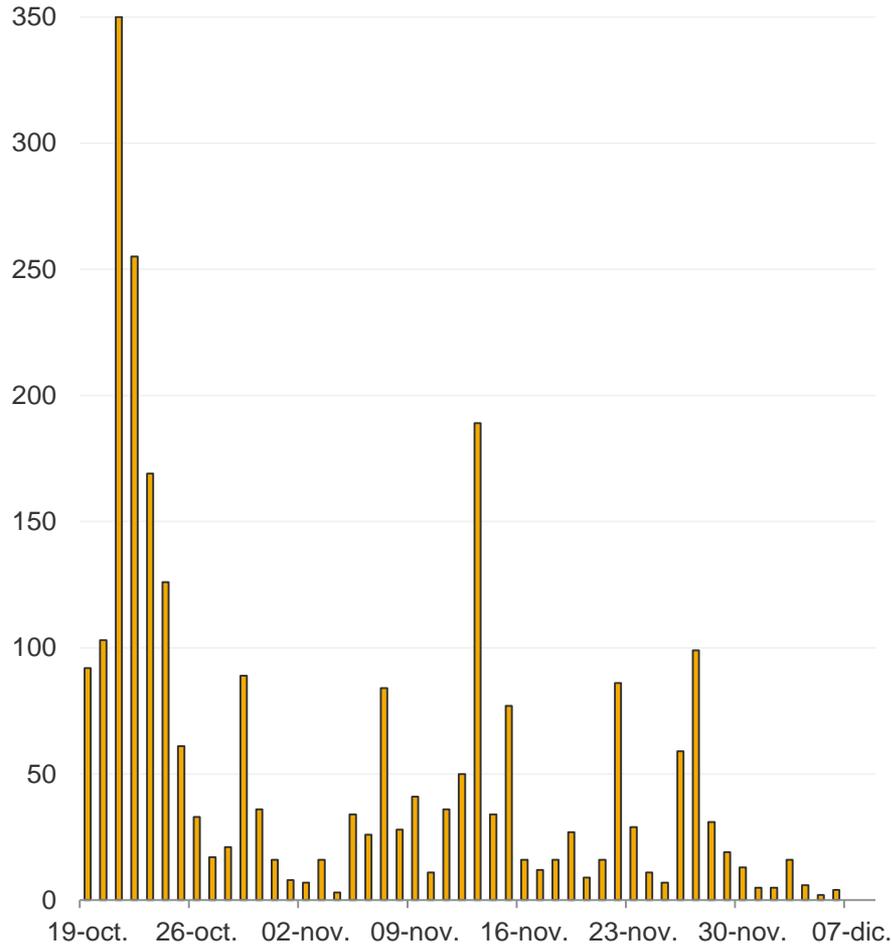
Chile: Current Context

Recent Developments of the Wave of Protests

Frequency, scope and intensity of events have declined

Number of Severe Events in Chile*

Reported between October 19th – December 8th 2019

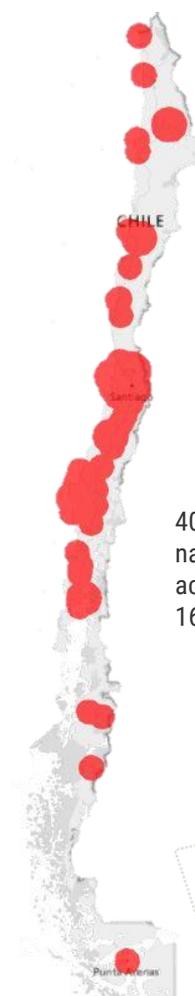


* Defined as looting, arson, and/or destruction of property
Source: Ministry of the Interior

Reported Events Across the Country

Cases of arson &/or looting, size of points reflects frequency.

Period: 18/10 - 22/10



400 events nationwide, across 15 of 16 regions.

Period: 28/11 - 02/12

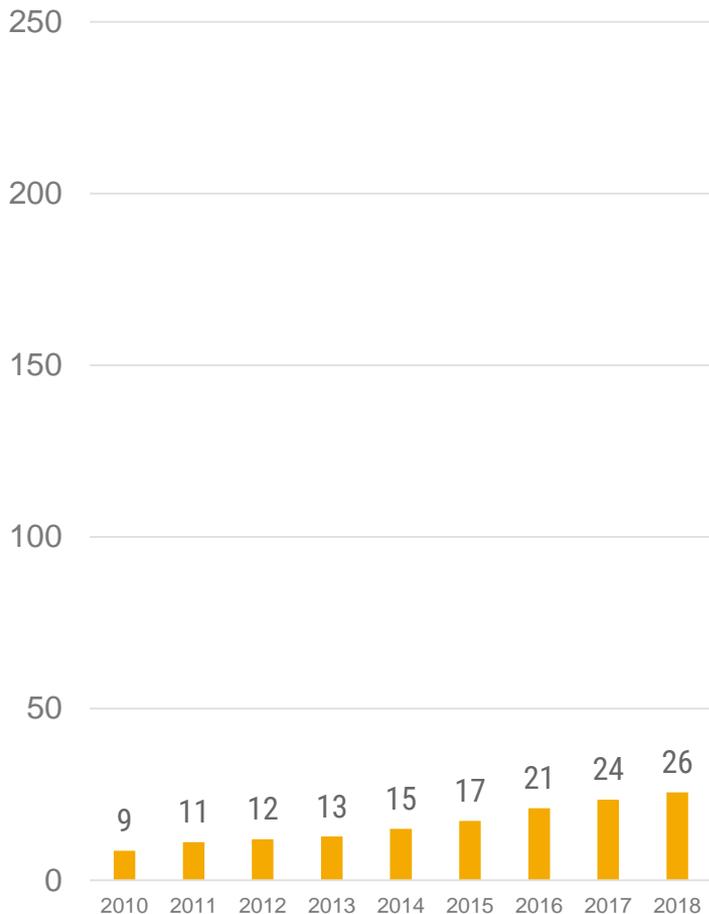


9 events nationwide, across 5 of 16 regions

Public debt is well below that of other countries in Latin America and other regions

Chile's Gross Public Debt

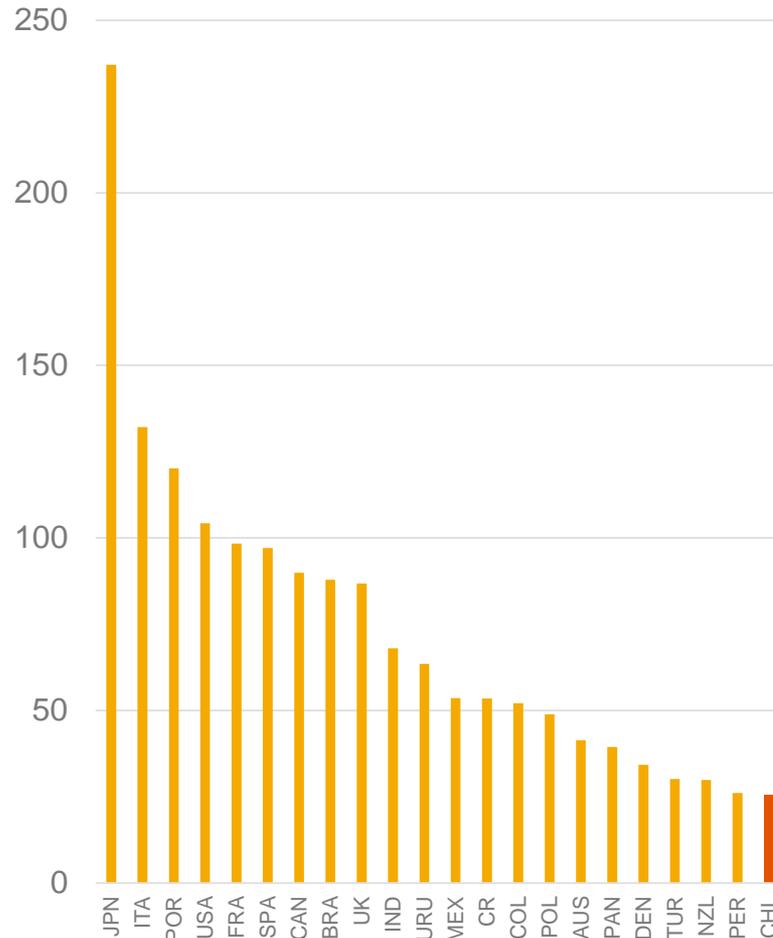
Percent of GDP



Source: Ministry of Finance and Budget Office

Gross Public Debt Forecast for Selected Economies

Percent of GDP, 2018



Source: IMF WEO October 2019

Sovereign Wealth Funds provide an important buffer

Economic and Social Stabilization Fund (FEES)

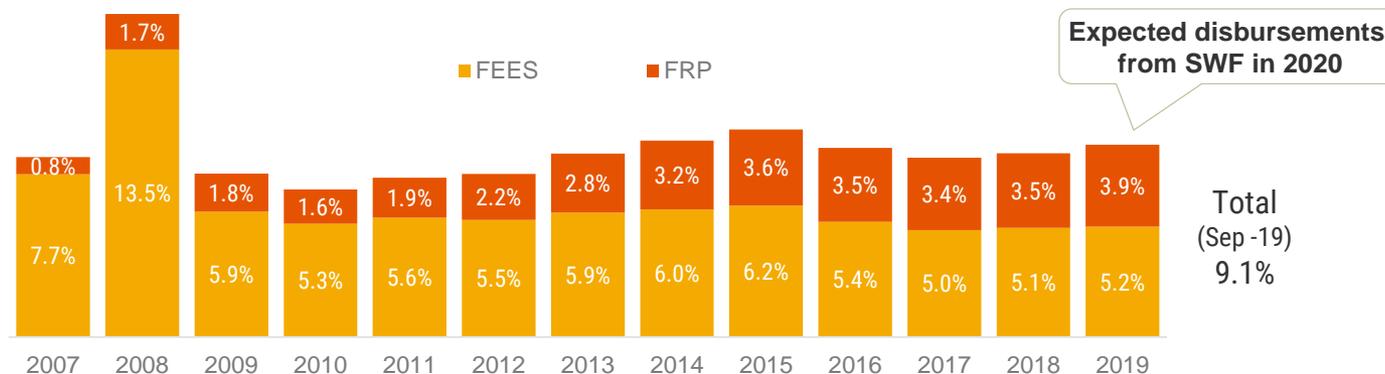
- Established in 2007, the FEES is designed to complement the structural balance rule providing the government with financing needs throughout the cycle
- The FEES is invested primarily in highly liquid assets with low levels of credit risk

Pension Reserve Fund (FRP)

- Created in 2006 to support state-financed pensions and old-age benefits over time
- New investment policy aims to obtain an annualized expected return in Chilean pesos of at least 2% above inflation in a ten-year horizon with at least a 60% probability

Sovereign Wealth Funds (SWF)

Total Assets as a Percent of GDP



Source: Ministry of Finance

Codelco: Recent Performance

Focus on Cost and Productivity

Lower production and prices impacted results in the first nine months of 2019



		September 30,		Change
		2018	2019	
Copper Production¹	<i>kton</i>	1,296	1,209	(6.7)%
LME Copper Price	<i>S\$/pound</i>	301.3	274.0	(9.0)%
Cash Cost²		138.9	143.1	3.0%
Total Revenues	<i>US\$ million</i>	\$10,772	\$8,808	(18.2)%
Gross Profit		\$2,414	\$1,552	(35.7)%
EBITDA³		\$3,544	\$2,553	(28.0)%
EBITDA Margin	<i>%</i>	32.9	29.0	(3.9)
Net Financial Debt⁴	<i>US\$ million</i>	\$12,945	\$14,486	11.9%
Net Financial Debt/LTM EBITDA	<i>times</i>	2.3	3.9	1.6

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

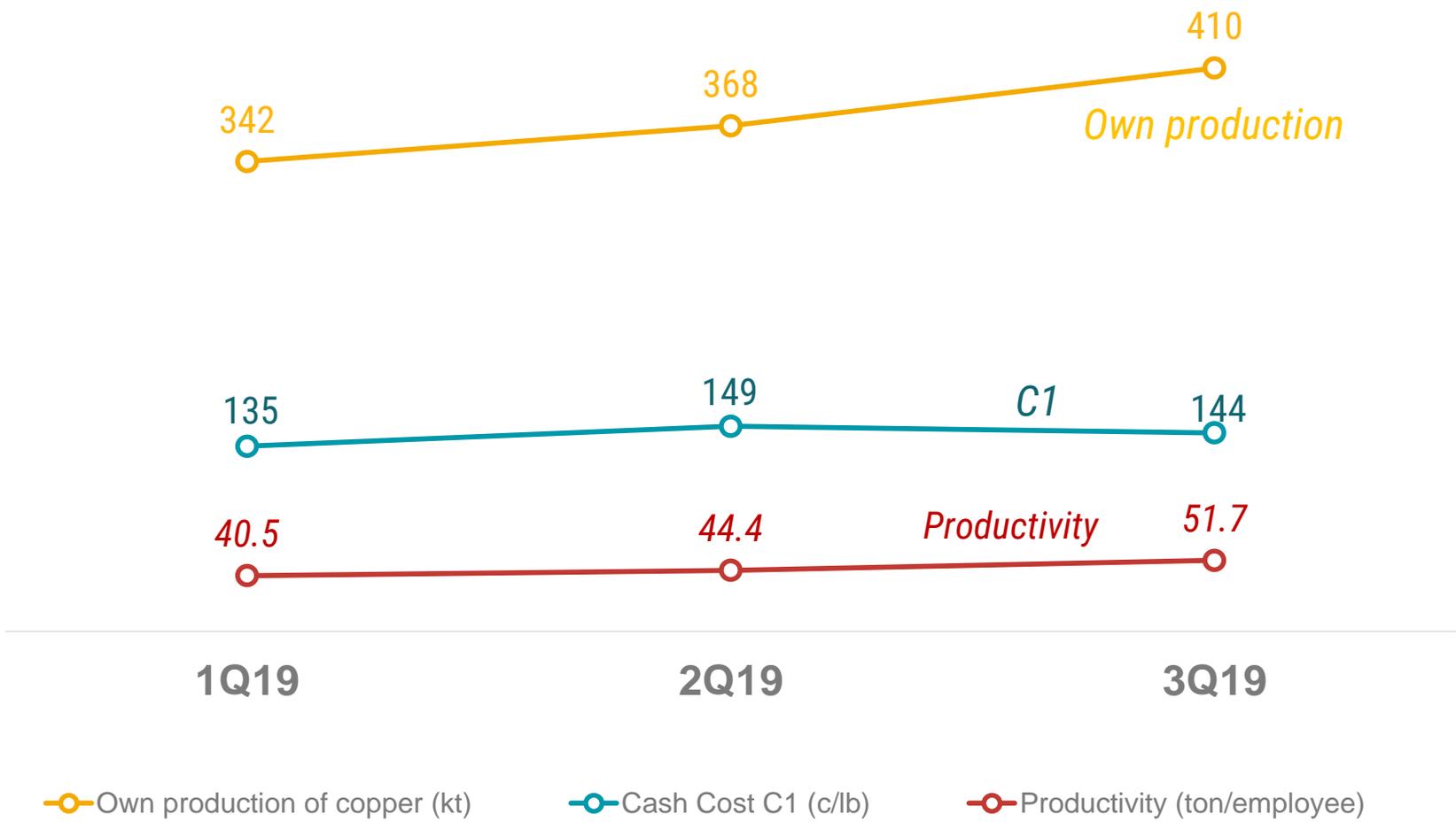
3) Calculated as Net Profit plus Taxes (includes export tax), Finance Cost, and Depreciation and Amortization; does not consider impairments or other non-cash charges

4) Net Financial Debt includes bank debt and bonds less cash and equivalents



Third quarter production figures left behind the impact of a weak 1H19

Production is returning to historical levels

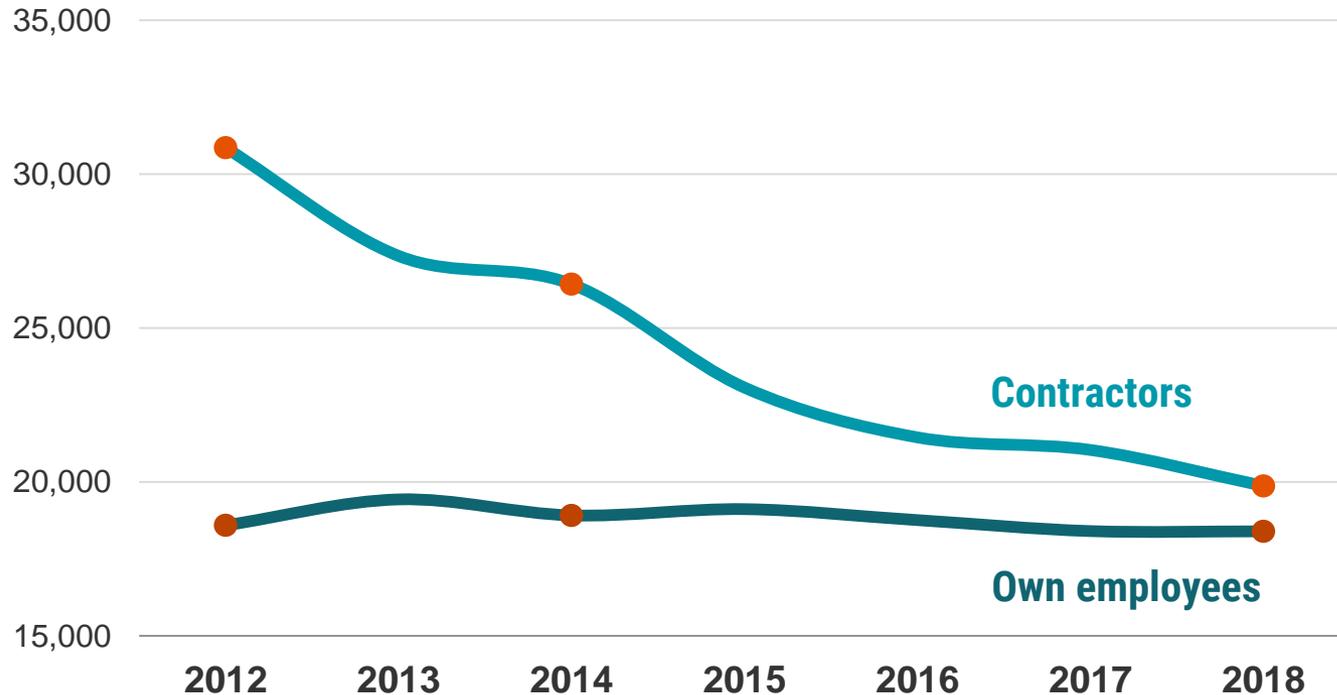


We successfully increased productivity in the past few years



Operational Staff

Workers
(annual average)



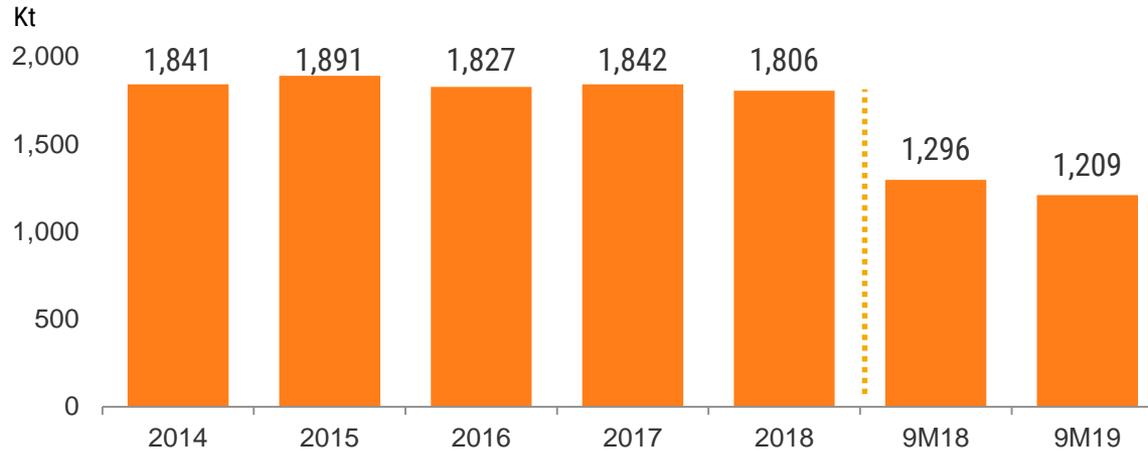
+20%
LABOR
PRODUCTIVITY
2014-2018
43 → 52
fmt/worker

Staff reduction
(2012 - 2018)

-11,180
workers

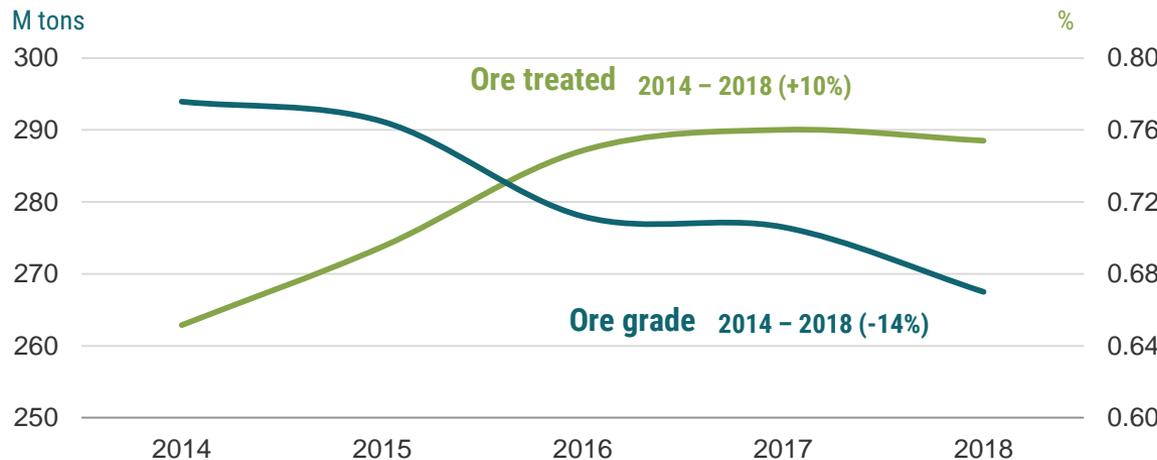
The increase in productivity has compensated lower ore grades

Total production



- Heavy rains and 14-day strike impacted 1H19
- 3Q19 already showed an upward trend

Ore grade vs. Ore treated



- Deposits deterioration
- Higher productivity / New workers profile

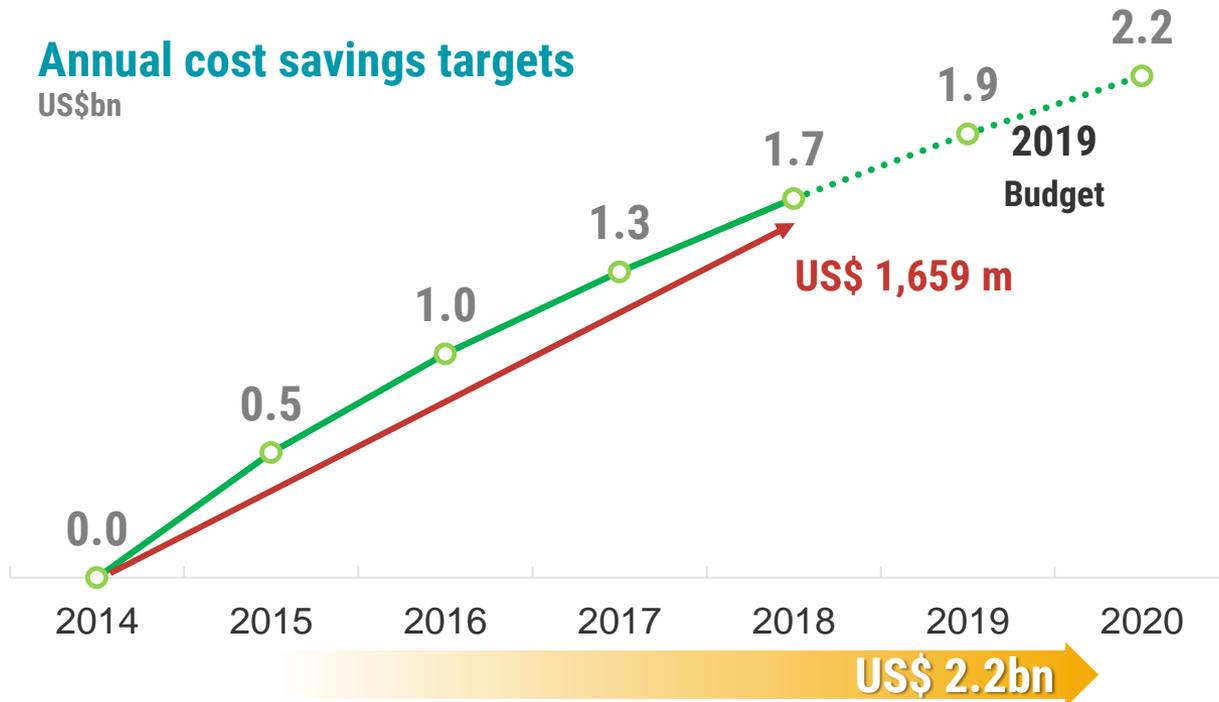
Transformation Plan

Pillars and Goals

The plan launched in 2016 is reaching its end, with good results



Three-stage program to improve performance



Cost savings as compared to 2016 Business Plan, except 2015 which is compared to the year's Budget.

Recently announced Transformation plan

PILLARS OF THE TRANSFORMATION PLAN



**PROJECT
EXECUTION**

.....



**OPERATIONAL
EXCELLENCE**

.....



**VALUE
MAXIMIZATION
RESOURCES &
RESERVES**

.....

The Transformation plan targets savings of \$1B+ in Opex and \$8B+ in Capex



Annual Opex Savings
\$ 1,000 million

on an ongoing basis starting in 2021, with \$ 400 million in 2020



Capex Savings 2019-2028

\$ 8,000 million

equivalent to 20% of the Capex plan of the 10-year period

The plan targets to position **Codelco in the second quartile** of the global cash cost curve **and optimize the development of our structural projects**

Looking Ahead

Structural Projects and Current Challenges

Codelco's project portfolio rests upon a vast, high-quality resource base, ensuring a long life



7.4 billion tons
mineral reserves*

20 billion tons
mineral resources*

76 billion tons
geological resources*

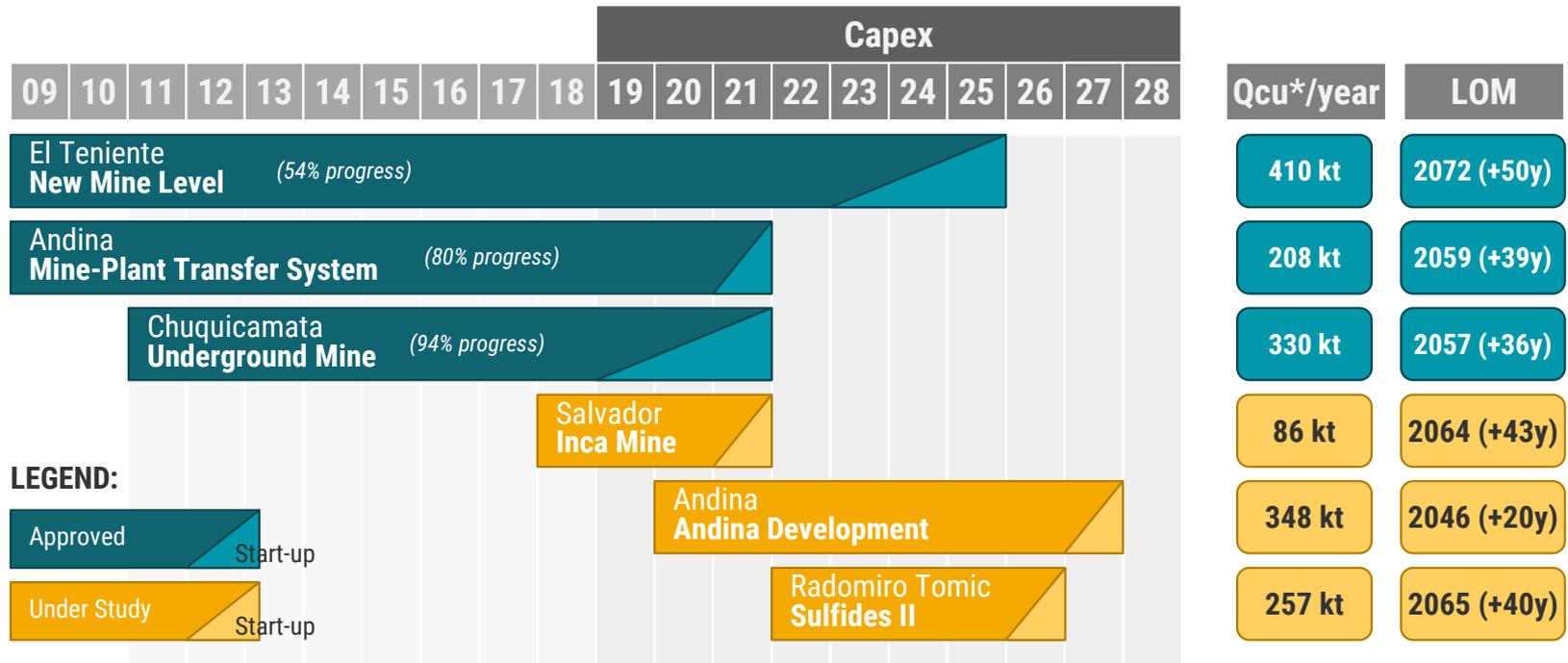
We need to **execute the project pipeline** to materialize this opportunity

* Includes contribution from subsidiaries. Resource base disclosed in annual report 2018

Codelco's project portfolio lengthens the life of mines of its main operations up to 50 years



Construction and start-up periods



Codelco's total own production remains stable at current levels

* Future project production is calculated as the annual average production until 2044. Project construction progress as of September 30, 2019

We develop our investment program following our strategic priorities

Focus on copper mining business in Chile



- **Cost efficiency** in project development and operations
- **Sustainability** as a key driver of our business decisions
- Emphasis on **Innovation** efforts and accelerate **Digital Transformation**

Sustainability is a key driver of our decisions

ESG standards integrate our short and long term commitments



Water Efficiency

Water reduction per treated ton and desalinization plant



Traceability

Reach 100% traceability by 2022



Tailings Dams

Governance with highest industry standards



Decarbonization

Modifying energy contracts adding renewal energies



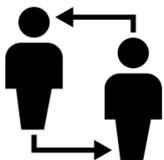
Emissions

Improved smelters captures of sulfur dioxide and arsenic



People

100% Gender equality and work life balance



Communities & Territories

Indigenous people corporate policy implementation



Responsible Sourcing

International environmental and safety standards

Safety metrics maintain a downward trend



- **Accident Severity Rate** decreased significantly compared to the same period of last year
- **Accident Frequency Rate** has maintained a downward trend in recent years with a 18% improvement compared to December 2018
- We regret that we had one fatal accident in 2019

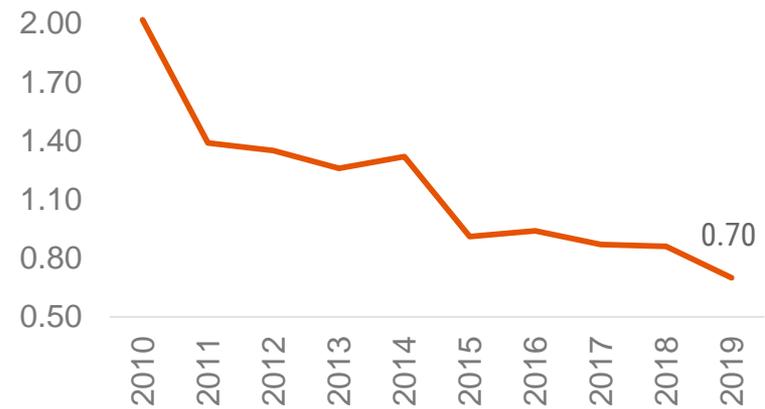
Severity Rate – Own Staff & Contractors

(Days lost & charged / Million hours worked)



Frequency Rate – Own Staff & Contractors

(Lost time injury / Million hours worked)



*Both metrics as of Sep-2019

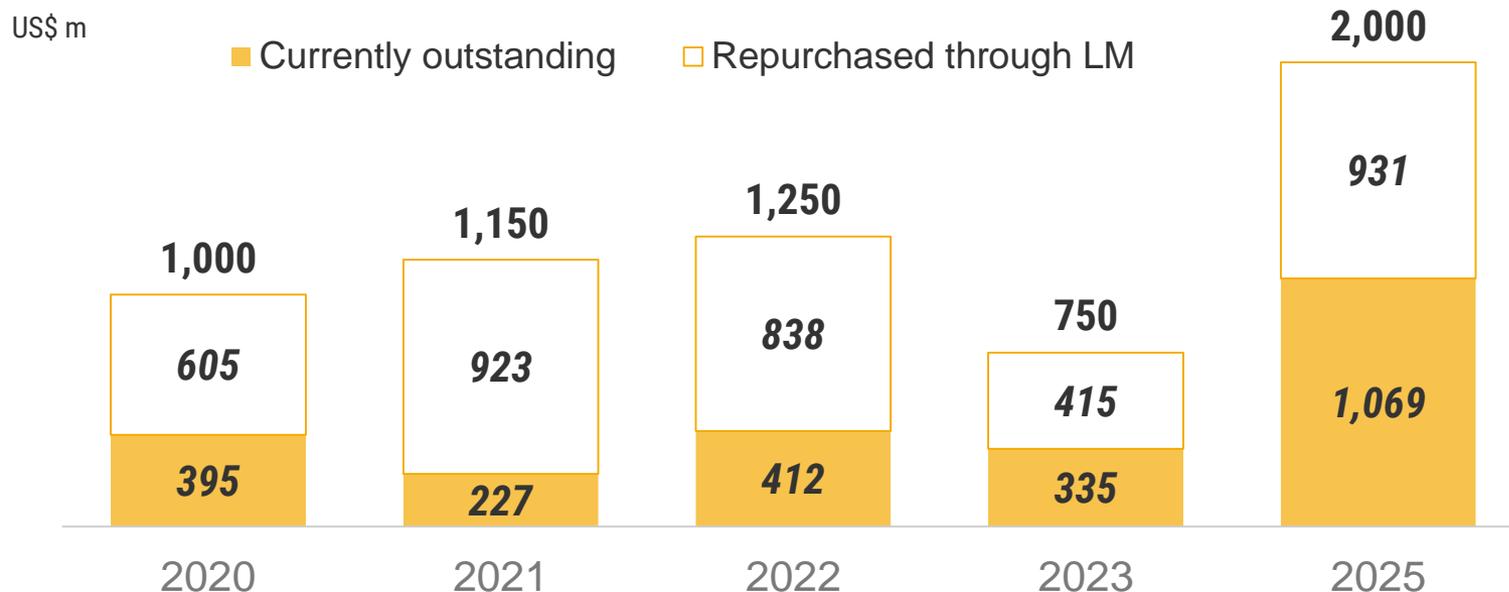
Balance Sheet Strength

Supports our Strategic Priorities

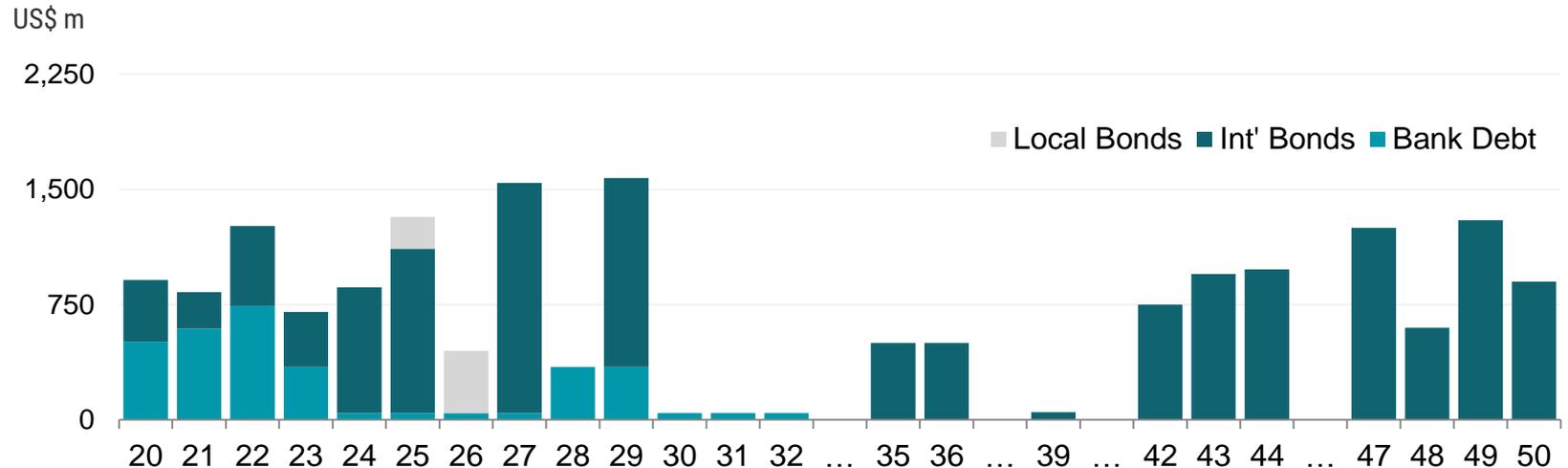
Executed liability management exercises to optimize our debt profile



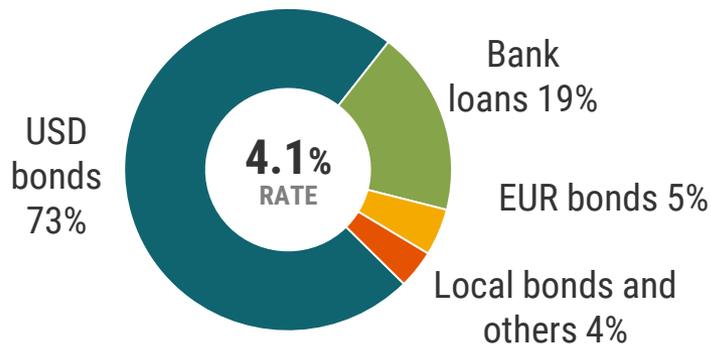
- Four successful debt capital market transactions in the last three years that **raised US\$ 6.65B** (144A-Reg S & Formosa)
- **Repurchased US\$ 4.05B** of higher coupon short-term bonds
- Achieved **record low yields** in recent issuance at **3.0% (10y)** and **3.7% (30y)**



Debt maturities consistent with our projects' production profile



Sources of funding (US\$17.5B)



Planned next steps

- Keep **diversifying sources of funding** by accessing new markets and investors
- Maintain an **active management** of debt maturity profile
- **Divestment of non-core assets** (GNLM US\$193.5m)

¹ As of Sep 30, 2019, includes bank debt and bonds

Strong government support

- Government **capitalized CODELCO** with **US\$3.3B** between 2014 and 2019, reflecting the **owner commitment** to the development plan and contributing to maintain our **competitive financing** costs

<i>US\$ m</i>	Authorized	2014	2015	2016	2017	2018	2019	Total
Capital injection	3,000	-	600	500	520	600	400	2,620
Retained Earnings	1,000	200	-	-	-	-	-	200
Total (US\$m)	4,000	200	600	500	520	600	400	2,820
Other Cap. Inj.	950	-	-	-	475	-	-	475

Summary

1. We believe in **copper as a key element** for industrial, technological and human development in the world
2. Therefore, Codelco's Structural Projects **competitively contribute to the supply of copper** in the short, medium and long-term
3. The projects are **well on track**, with Chuquicamata Underground under operation, as planned
4. Productivity and **cost management** are installed as the cornerstone of the organization culture
5. Flexible and **strong balance sheet** focus
6. Committed to producing **with higher standards**



