



CODELCO

Corporate Presentation

February 2020



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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.



CHILE

Codelco is Chile's state-owned copper producer since 1971.

1st

copper producer
worldwide (9%)
2018

2nd

moly producer
worldwide (9%)
2018

1.7

million tons
copper production
in 2019

*Includes contribution from
associated companies*

A+ / A3

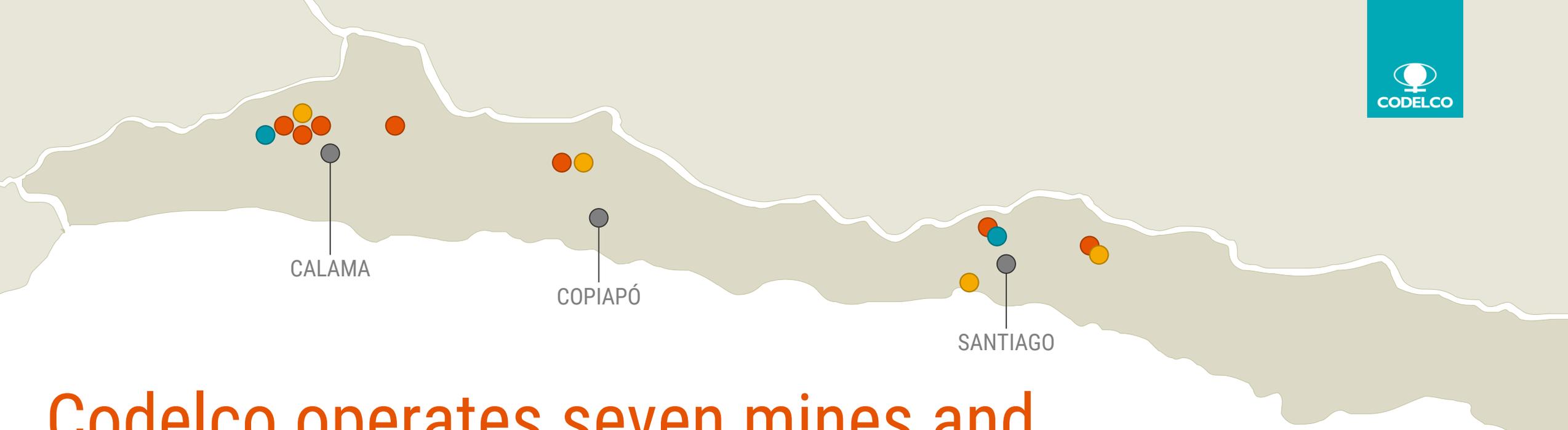
top rated
mining company

20%

of total Chilean
exports since 1971

6%

of global copper
reserves 2018



Codelco operates seven mines and four smelters, all located in Chile

- Mining operation
- Smelter
- Minority stakes

RADOMIRO TOMIC
COPPER OUTPUT
266 KT
2019

CHUQUI-CAMATA
COPPER OUTPUT
385 KT
2019

MINISTRO HALES
COPPER OUTPUT
152 KT
2019

GABRIELA MISTRAL
COPPER OUTPUT
104 KT
2019

SALVADOR
COPPER OUTPUT
51 KT
2019

ANDINA
COPPER OUTPUT
170 KT
2019

EL TENIENTE
COPPER OUTPUT
460 KT
2019

CHUQUICAMATA
POTRERILLOS
CALETONES
VENTANAS
SMELTERS

EL ABRA
ANGLO AM. SUR
118KT
ATTRIBUTED CU 2019
AFFILIATED COMPANIES

Highlights 2019

- **Strong owner support.** \$1B capital injection completed in Feb-2019
- **Chuquicamata Underground** ramp-up began on April 30th
- **Production decreased** to 1,706 kt in 2019 (-5.6% YoY)
- **9 collective bargaining agreements** achieved in 2019
- **Repeal of the Copper Reserve Law.** 10% Specific Export Tax will gradually decline from 2029 to 2032
- **Focus on core business.** Divestment of 37% equity stake in GNLM for \$193.5m
- **New CEO.** Octavio Araneda, 33+ years in Codelco, became CEO 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 between 2019 and 2028



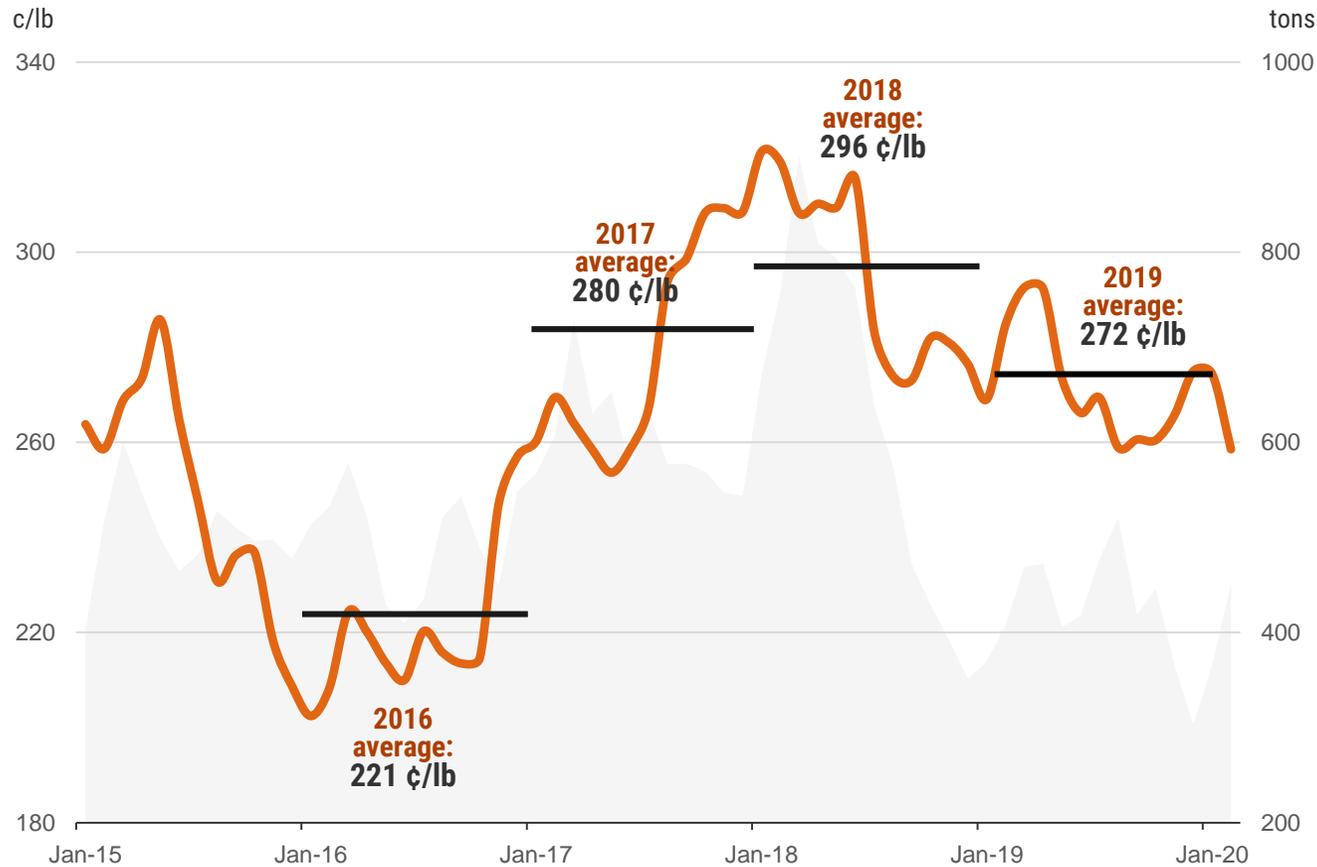
Copper Market

Main Drivers: Short and Long Term Views

Changing global growth expectations have created price volatility



2015-2020 copper price and stocks*



* Data until 2/17/2020; London Metal Exchange.

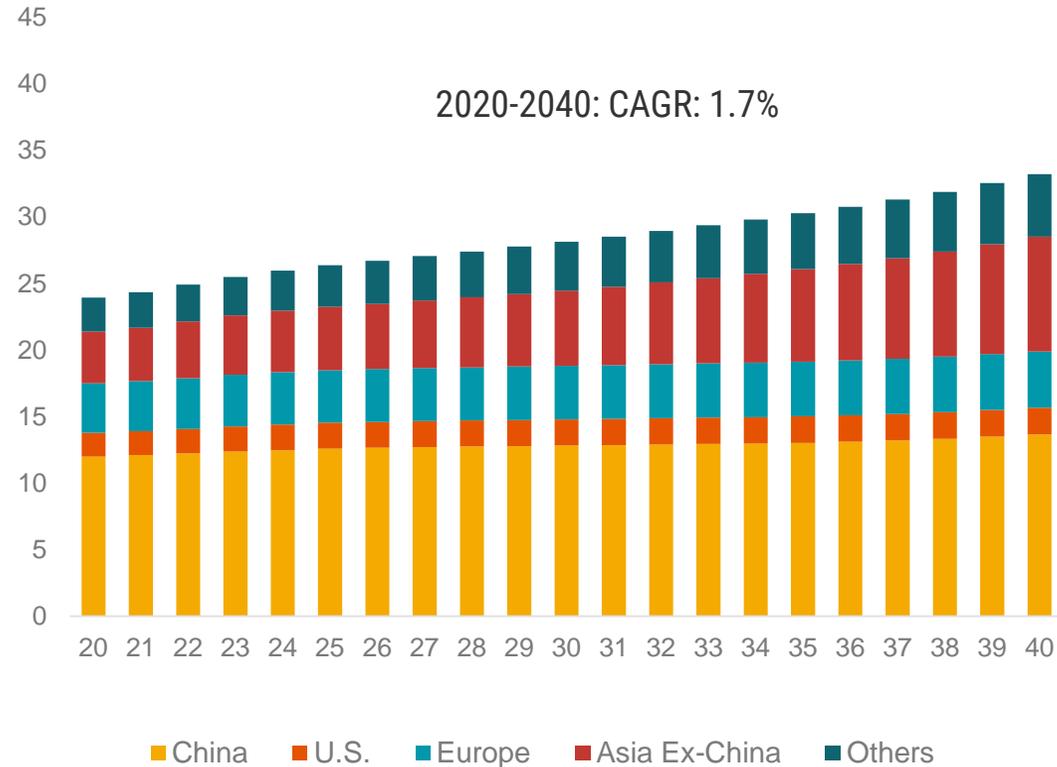
Short-term drivers

- **Coronavirus** impact on China's growth
- **Trade war** developments
- **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

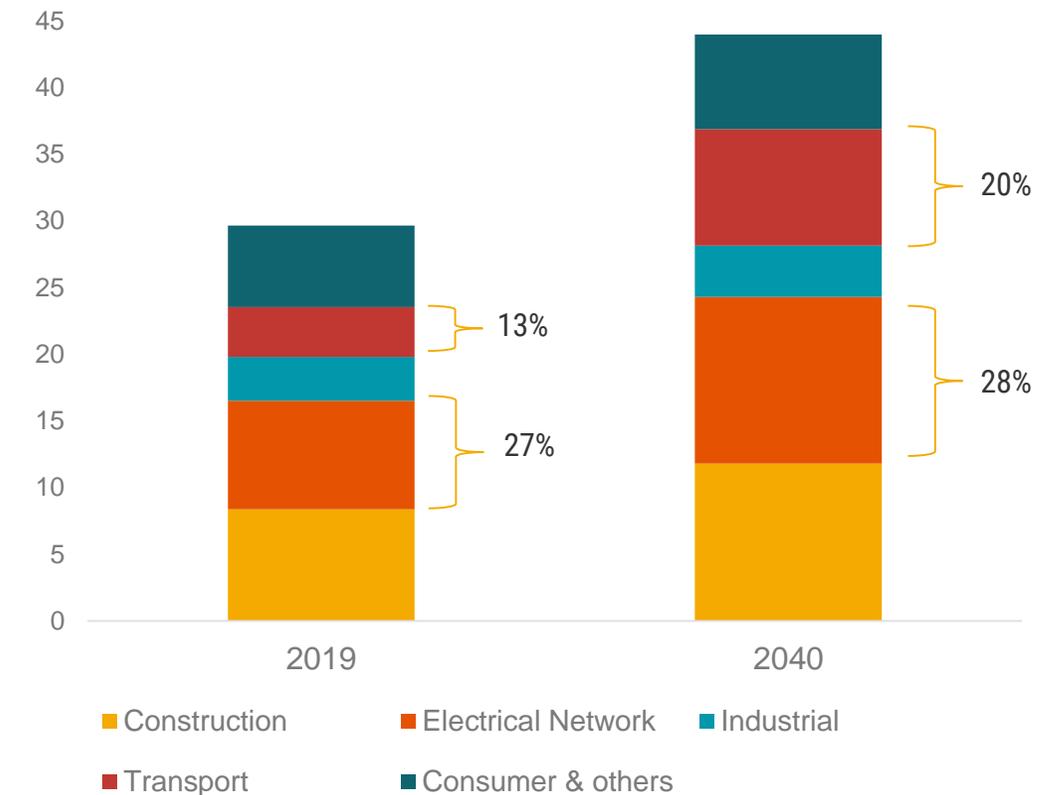
Demand projections reflect stable long-term growth



Refined Consumption by Region
(Mt)



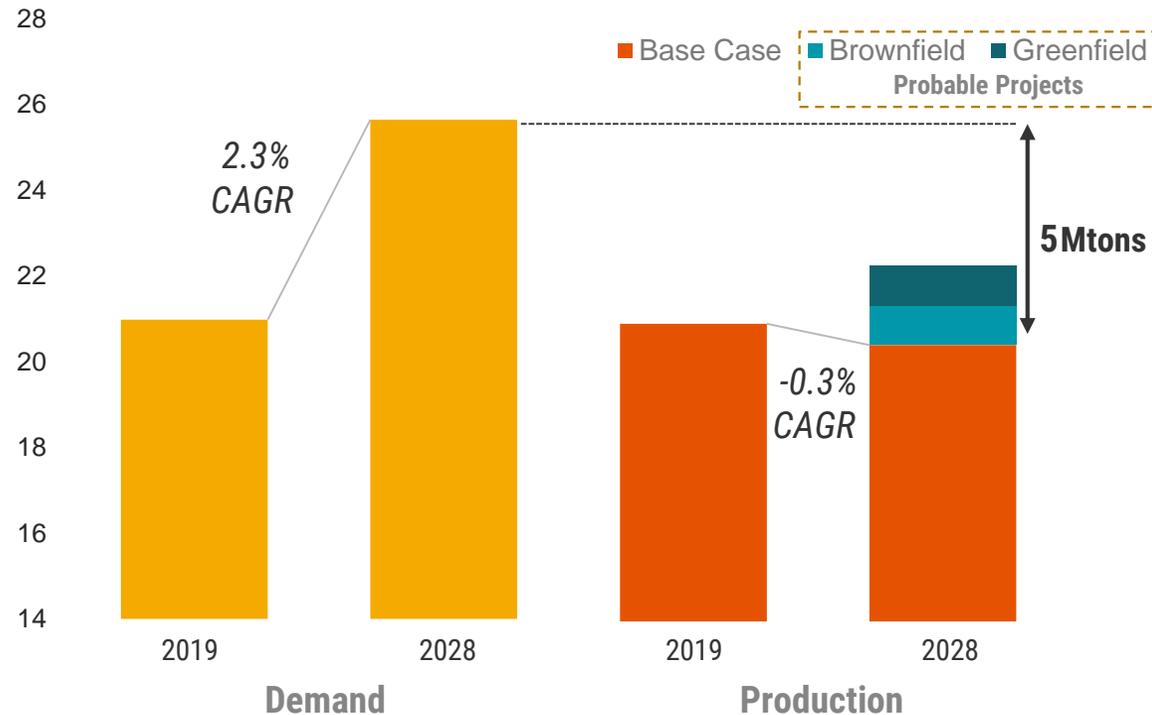
Total Consumption by Industry Sector
(Mt)



Source: Wood Mackenzie

Existing and probable projects would not be enough to meet demand

Refined copper production and demand gap (Mt)



- Projects will need to fill a **5 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

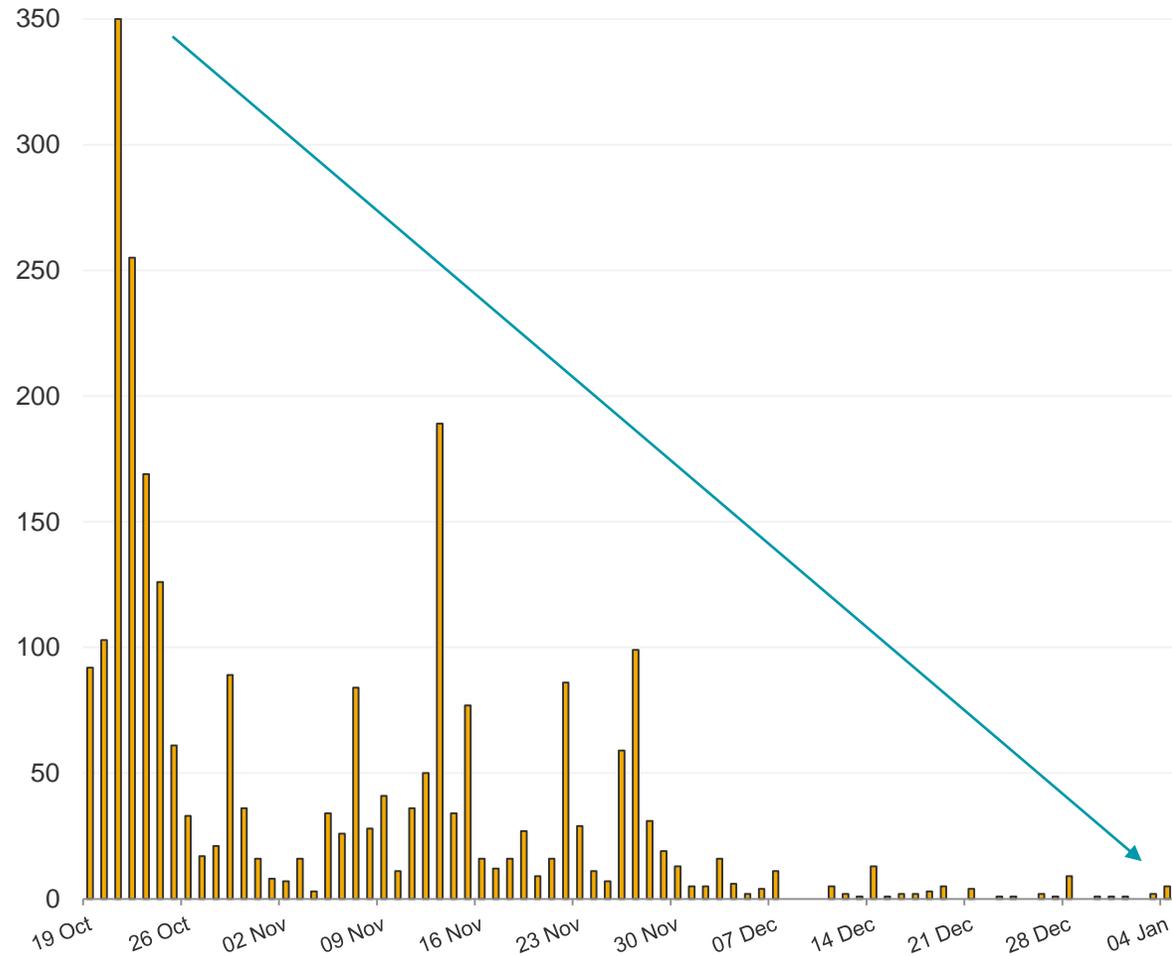
Chile: Current Context

Recent Developments of the Wave of Protests

Frequency, scope and intensity of events have declined

Number of Severe Events in Chile*

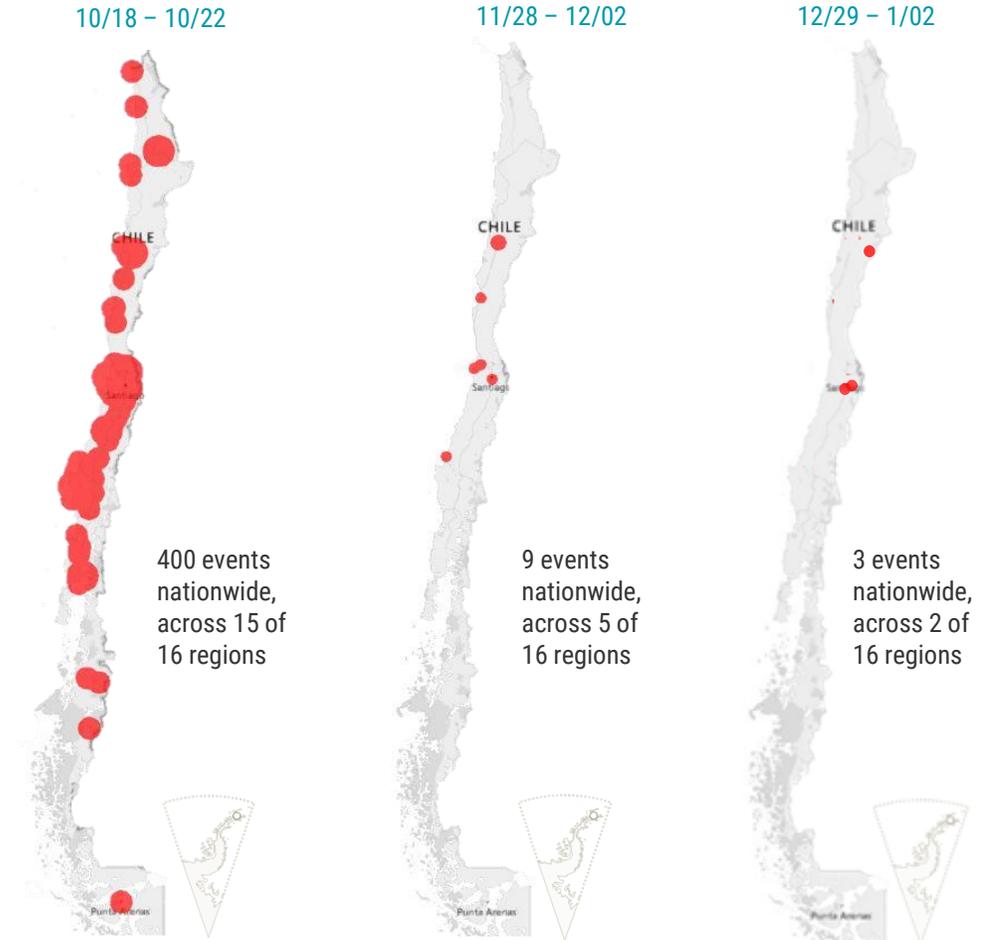
Reported between October 19th 2019 – January 4th 2020



* 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

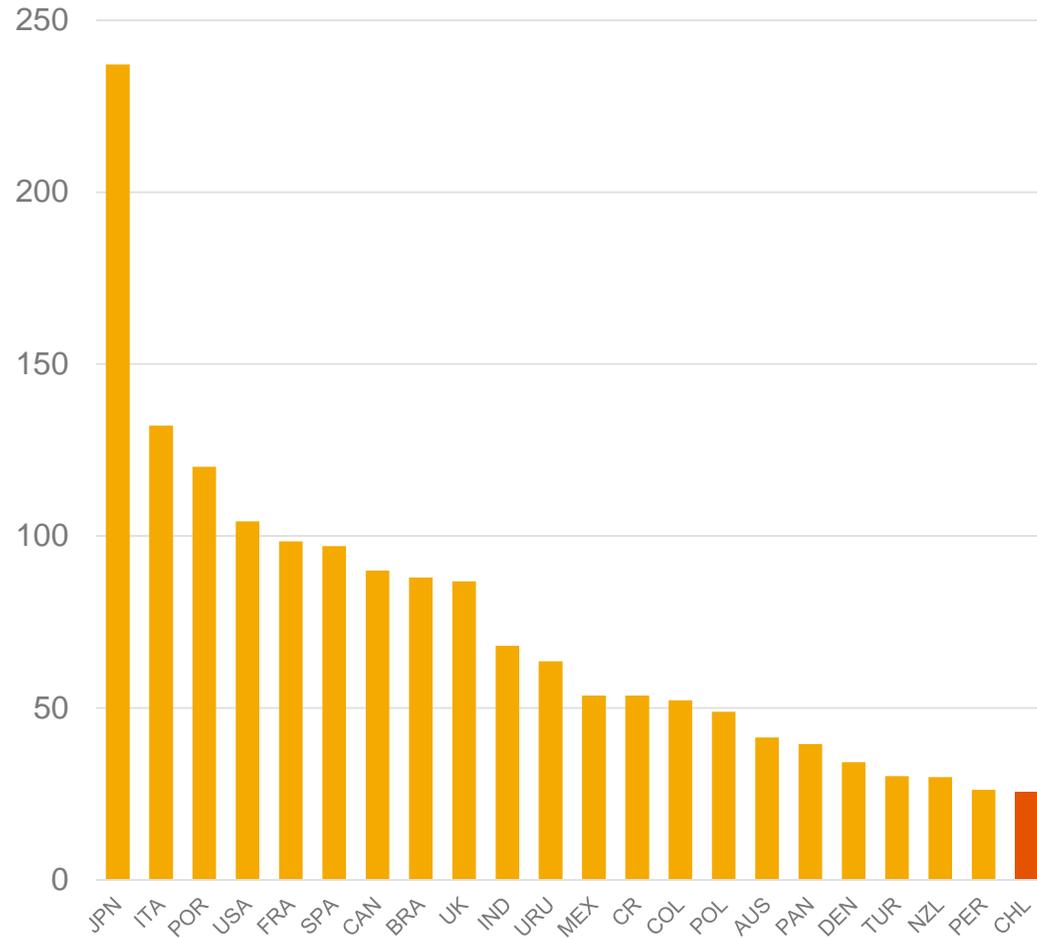


Public debt is well below that of other countries



Gross Public Debt for Selected Economies

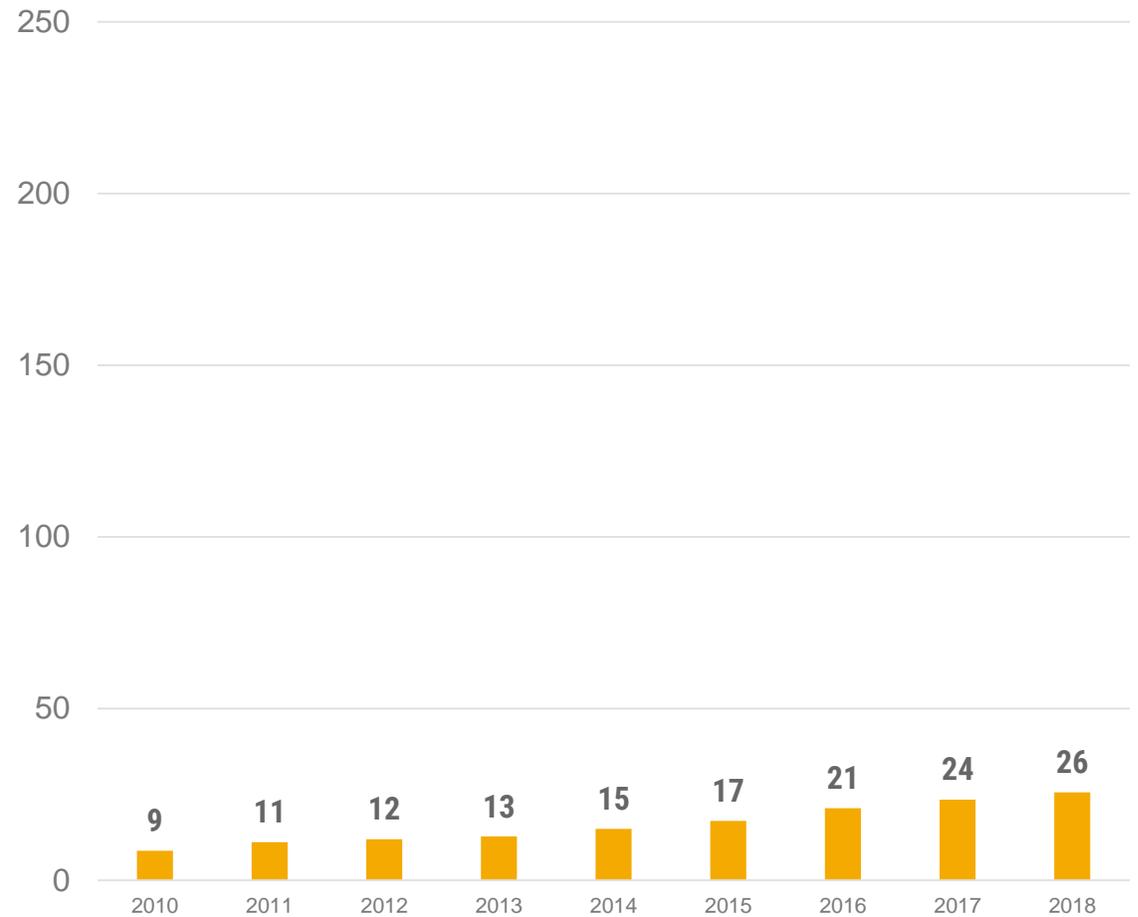
Percent of GDP, 2018



Source: IMF WEO October 2019

Chile's Gross Public Debt

Percent of GDP



Source: Ministry of Finance and Budget Office

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 (Total Assets as a Percent of GDP)



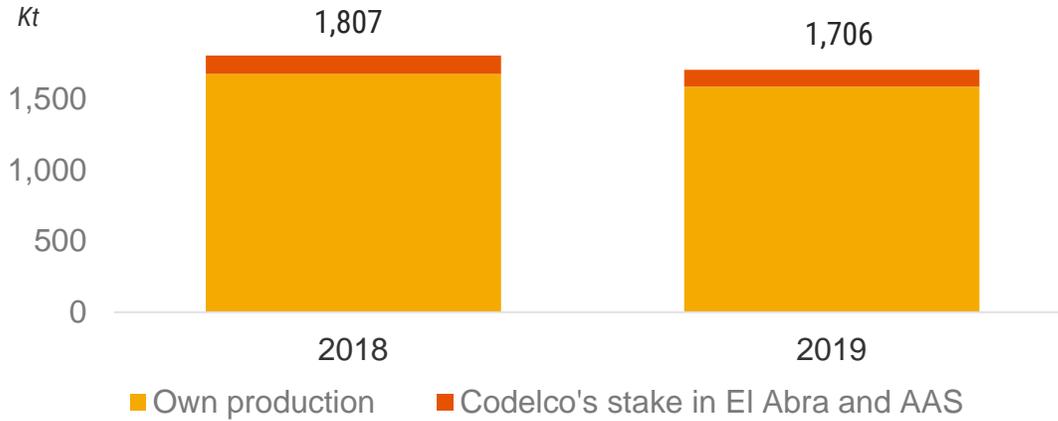
Source: Ministry of Finance

Codelco: Recent Performance

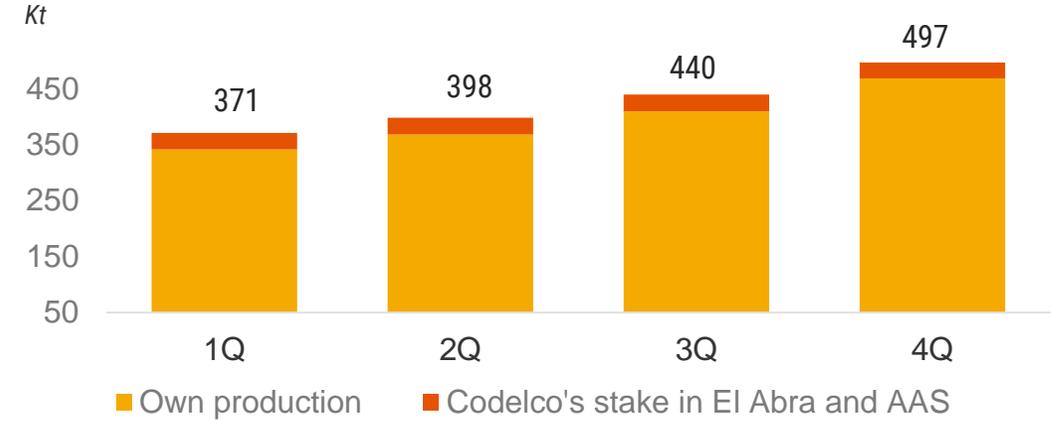
Production & Financial Results

Weak first semester explains the production decline in 2019

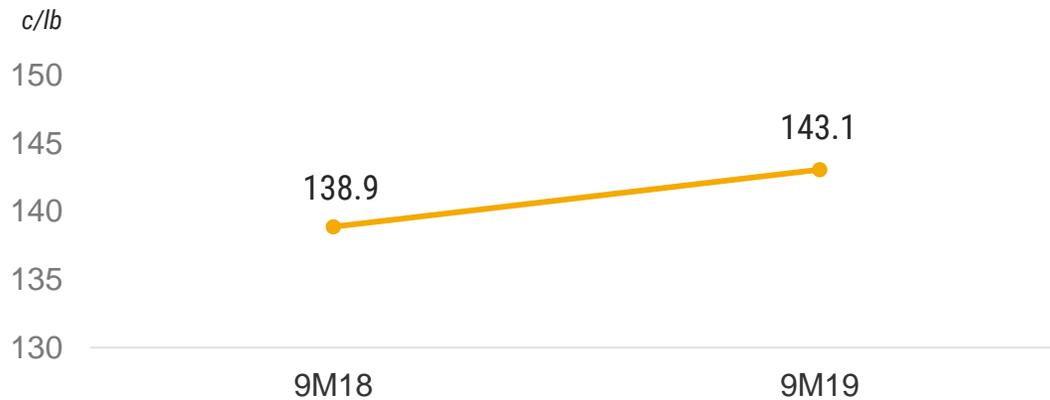
Full-year Copper Production



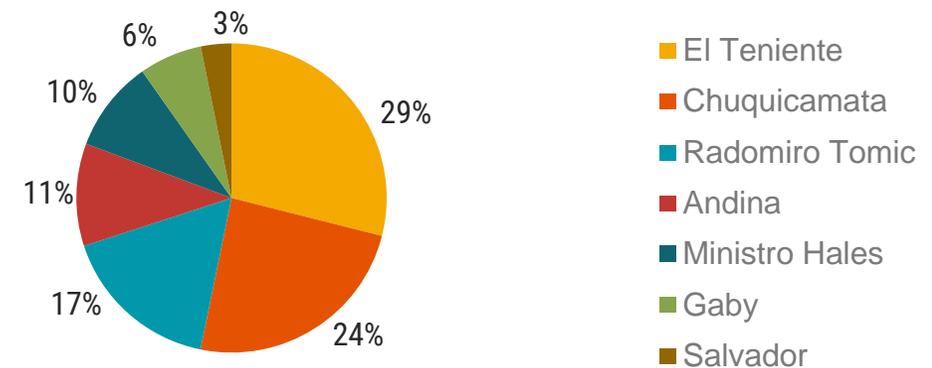
2019 Quarterly Production



First-nine months C1 Cash Cost



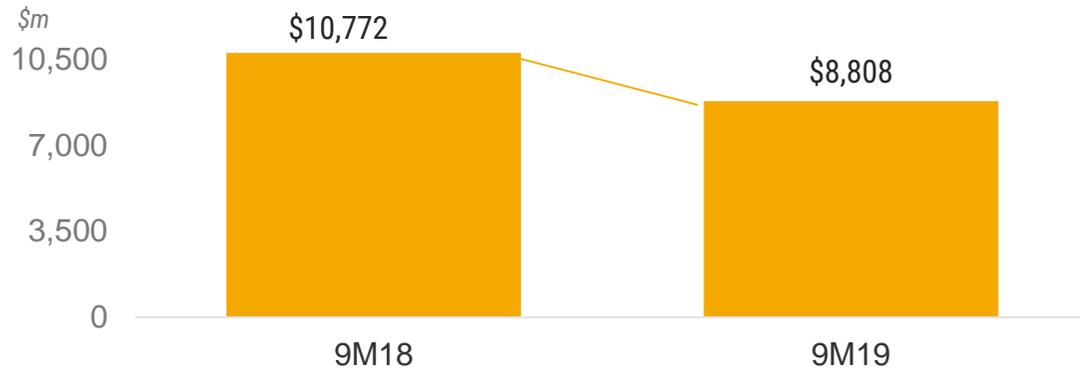
2019 Full-year own production by operation



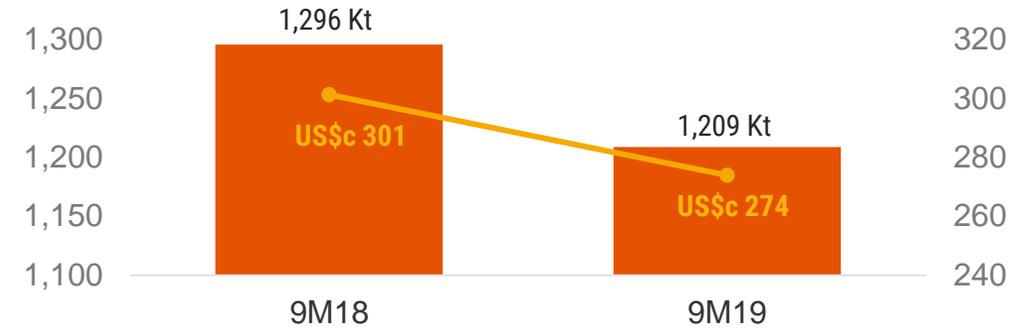
Financial results as of September 2019

Production and prices impacted financial results in the first nine months of 2019

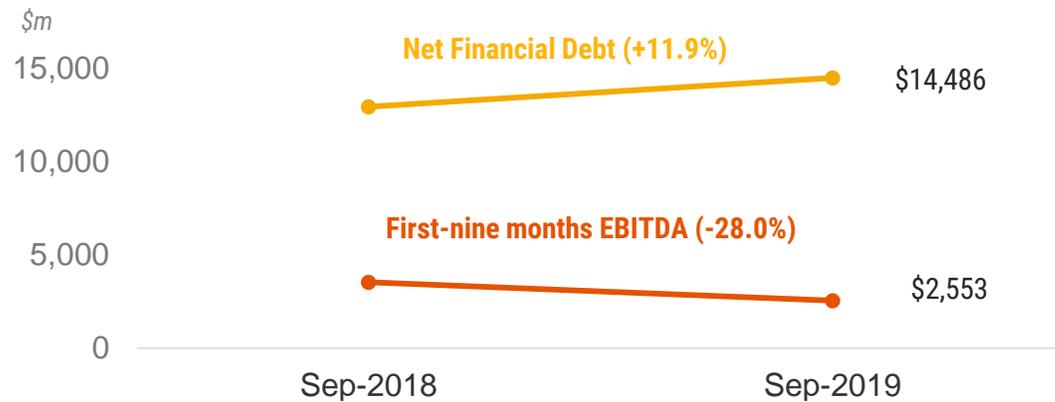
Revenues (First-nine months 2019)



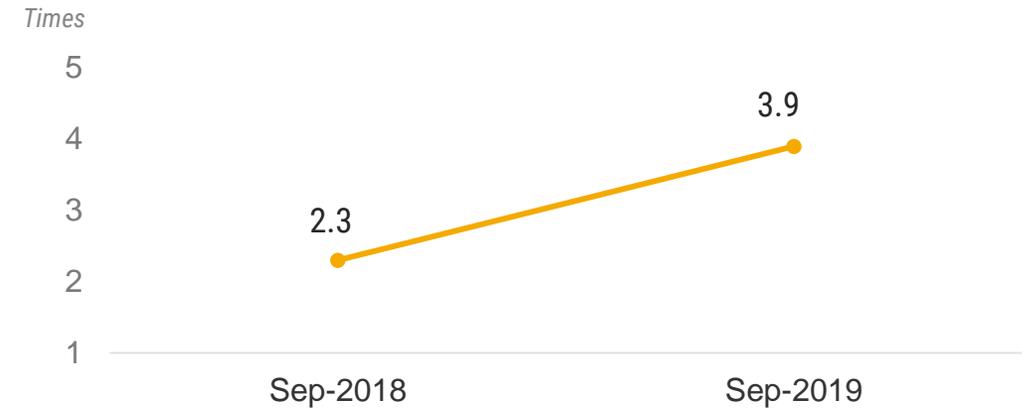
Production & Avg. LME Copper Price (First-nine months 2019)



First-nine months 2019 EBITDA & Net Financial Debt



Net Financial Debt-to-EBITDA ratio

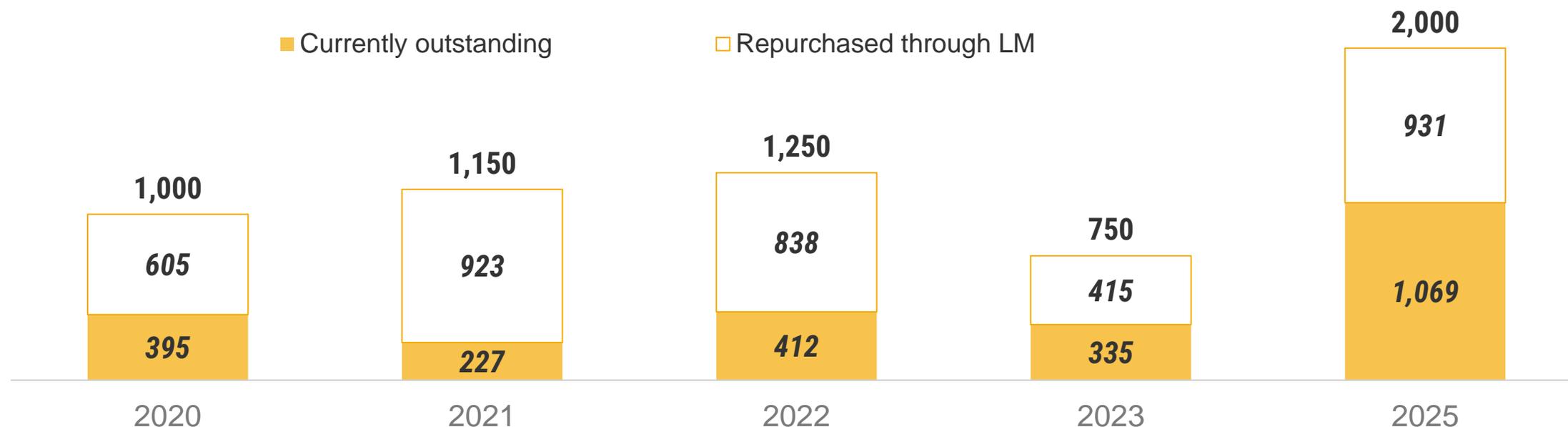


Executed liability management (LM) of bonds to optimize our debt



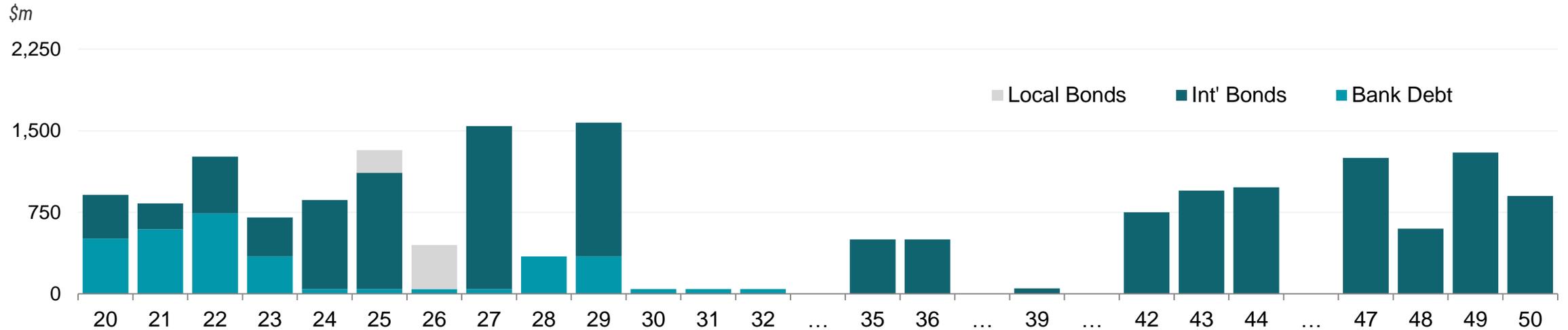
- Four successful debt capital market transactions in the last two years that **raised \$5.9B** (144A-Reg S & Formosa)
- **Repurchased \$4.05B** of higher coupon short-term bonds since 2017
- Achieved **low yields** in recent issuances at **3.18% (10y)** and **3.96% (30y)**

Bonds (114A-Reg S) with maturities between 2020 and 2025 (\$m)

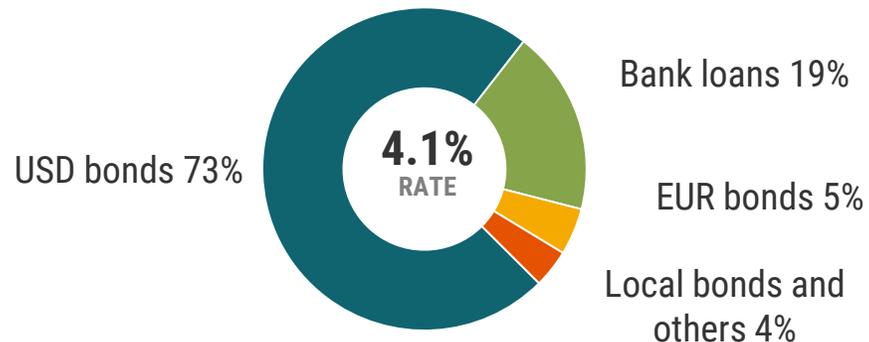


LMs and new issuances have lengthen our average debt maturity

This strategy is consistent with the currently intensive investment period



Sources of funding (\$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 \$193.5m)

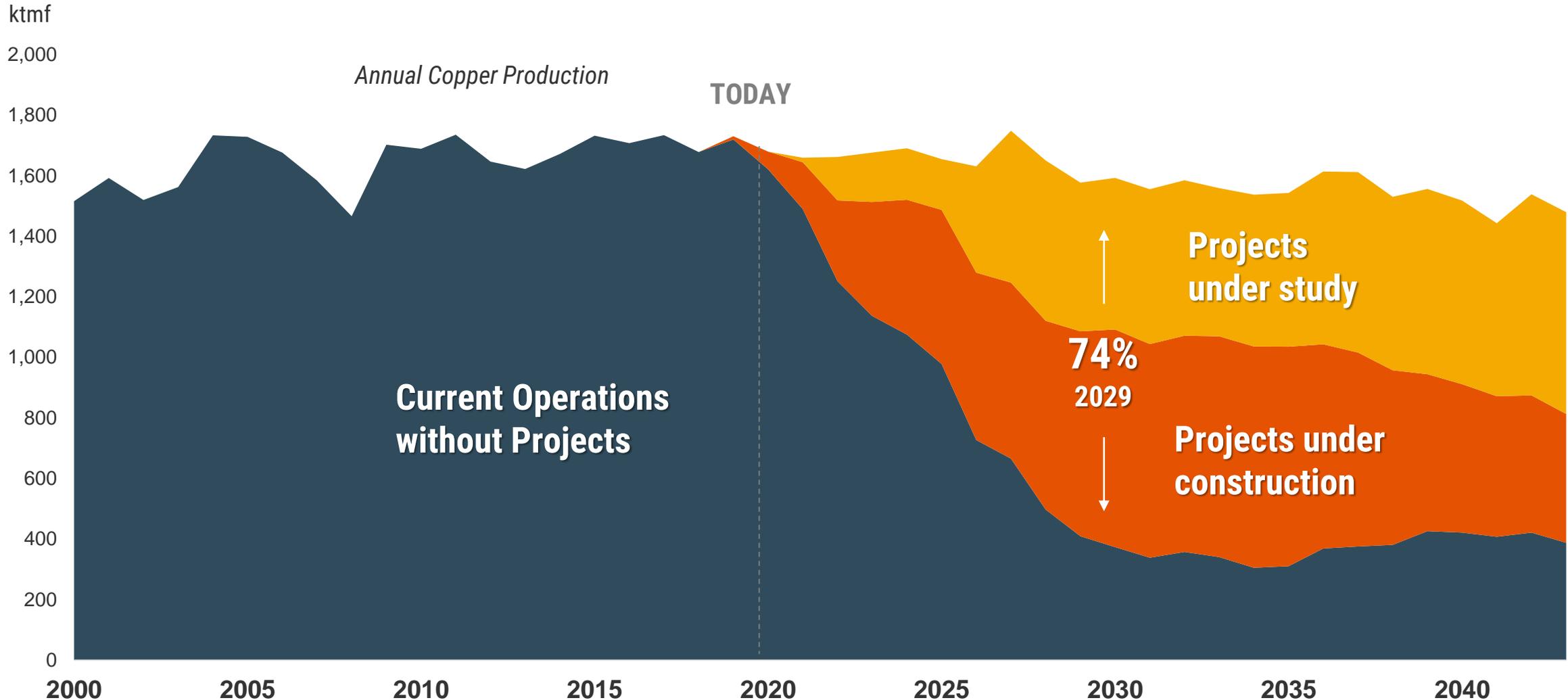
¹ As of Sep 30, 2019, includes bank debt and bonds

Looking Ahead

Structural Projects, Challenges and Transformation

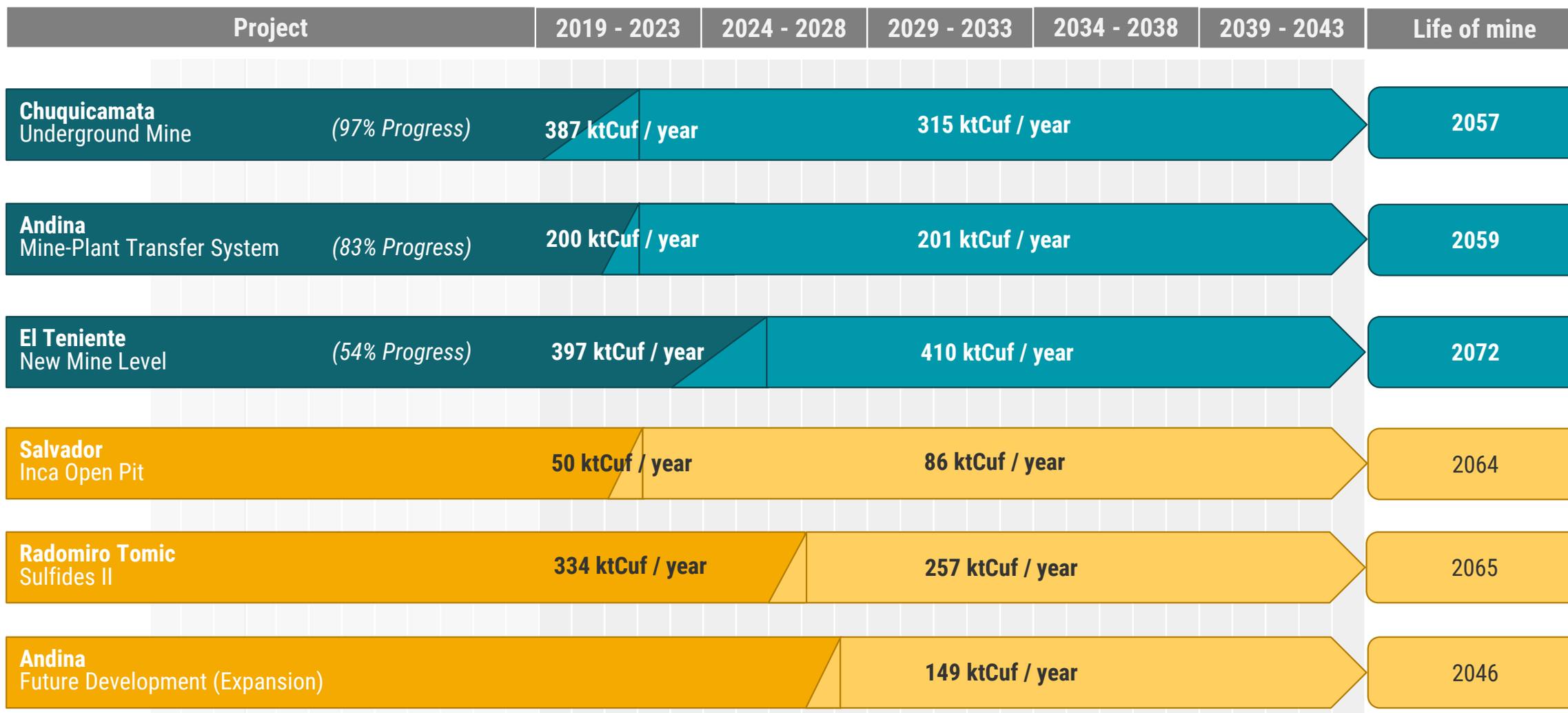
Codelco's investment program is key to maintain current production

Structural projects account for 3/4 of the expected output 10 years from now



Structural projects lengthen the life of mine of our operations

Construction and start-up periods



LEGEND: Development Start-up

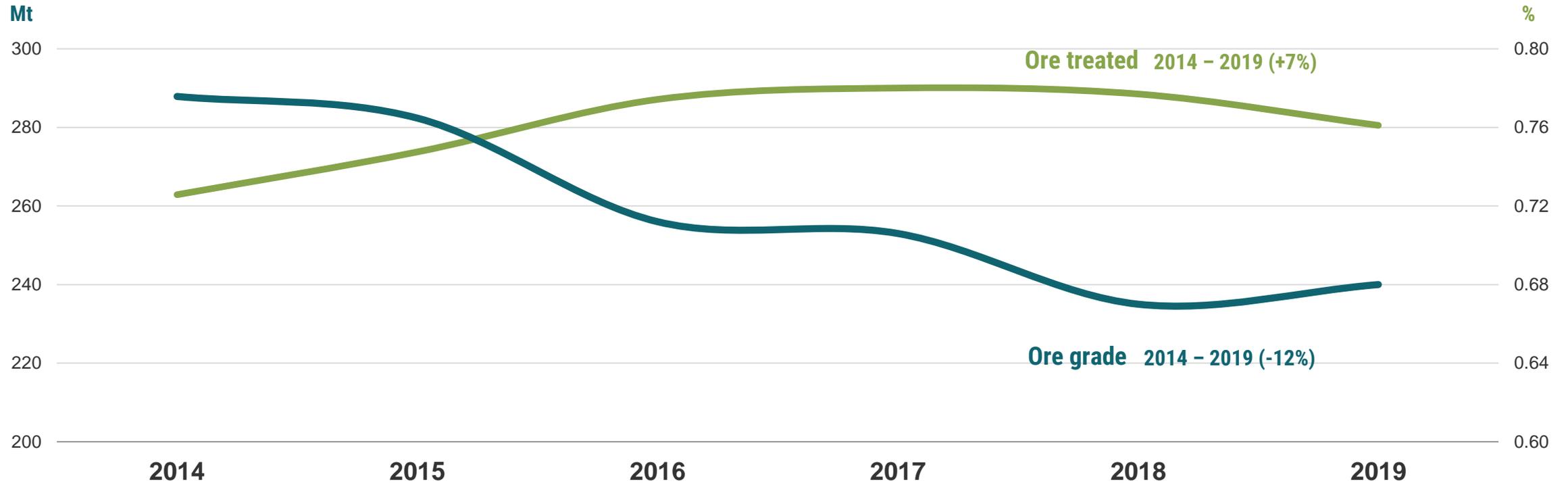
Under Study Start-up

Future project production is calculated as the annual average production until 2044. Project construction progress as of Dec-2019

The increase in productivity has compensated lower ore grades



Ore grade vs. Ore treated

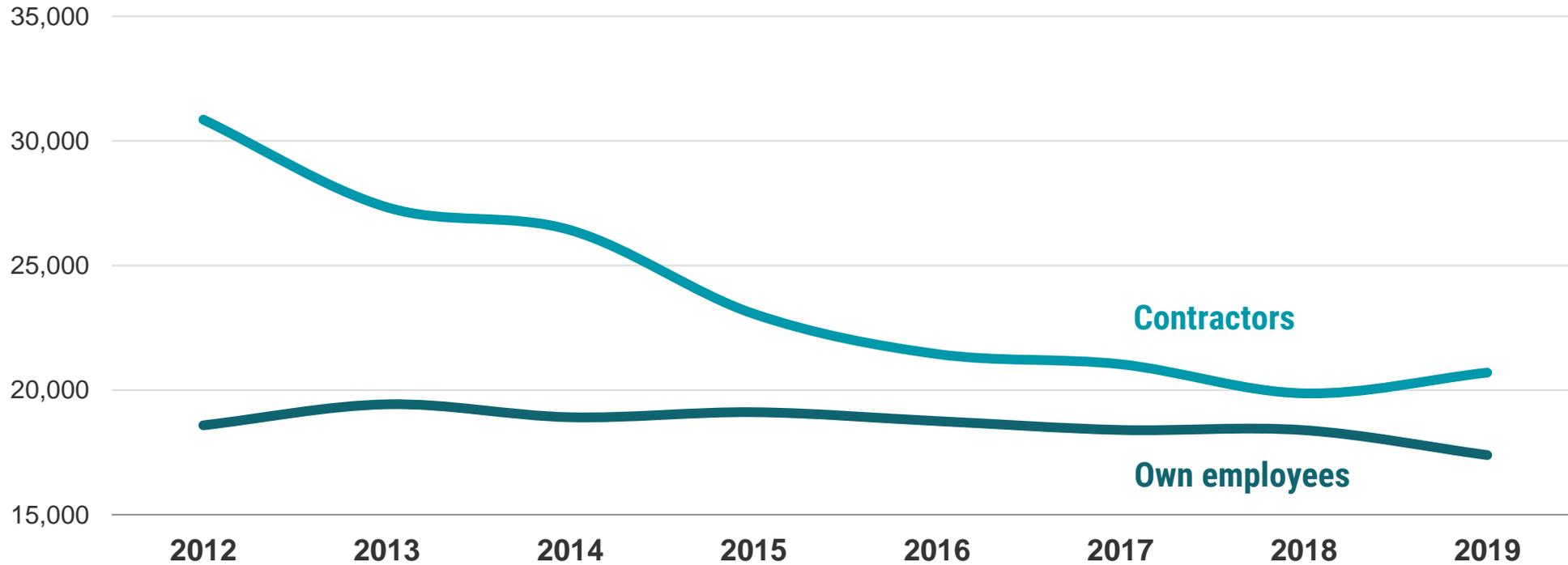


We successfully increased productivity in the past few years



Operational Staff

Workers
(annual average)



+28%

LABOR
PRODUCTIVITY
2014-2019

43 → 55
fmt/worker

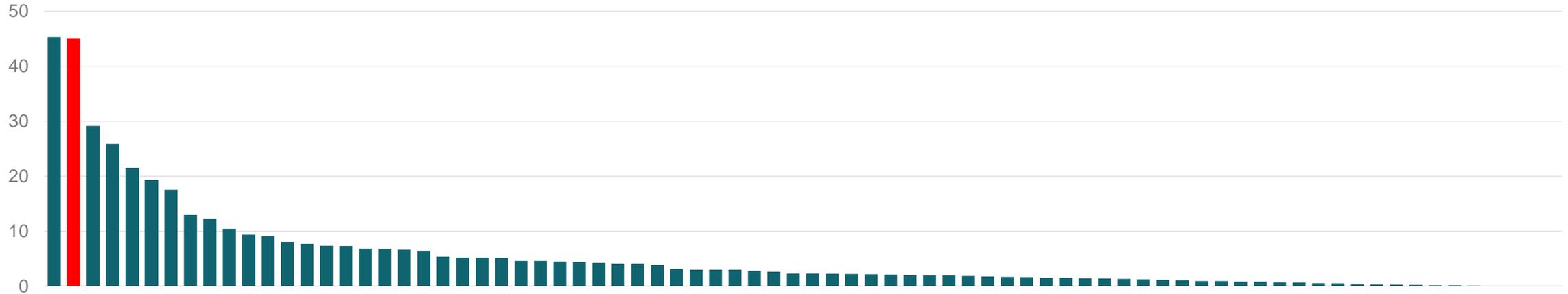
Staff reduction
(2012 - 2019)

-11,349
workers

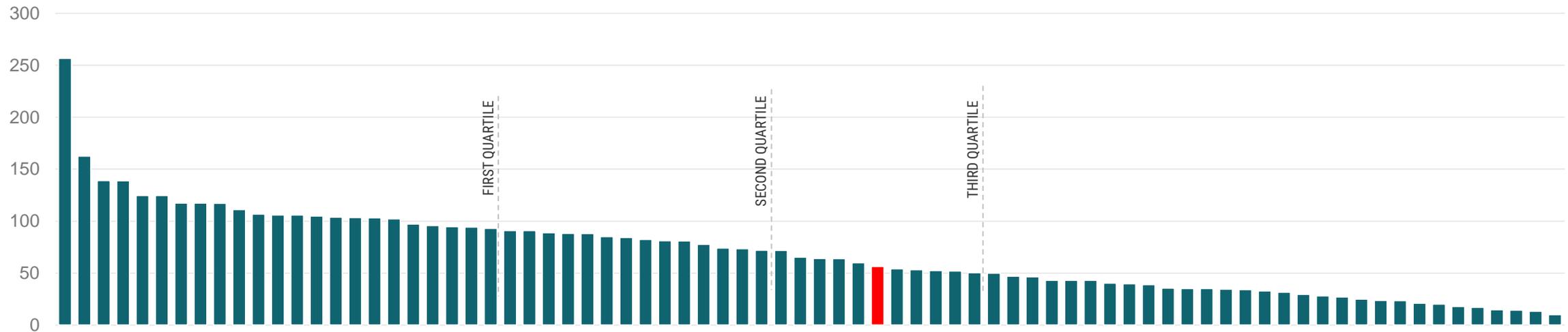
Still room for improvement to maximize value of our reserves



Proved and probable ore reserves of comparable companies (Million of metric tons of fine copper)



Labor productivity (Annual production / Own and third-party employees in mining operations)



Note: Sample of comparable companies only includes those for which copper is the main product and annual production above 50,000 tones of fine copper

We designed a transformation plan that unlocks value of our reserves



Annual Opex Savings
\$ 1,000 million

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



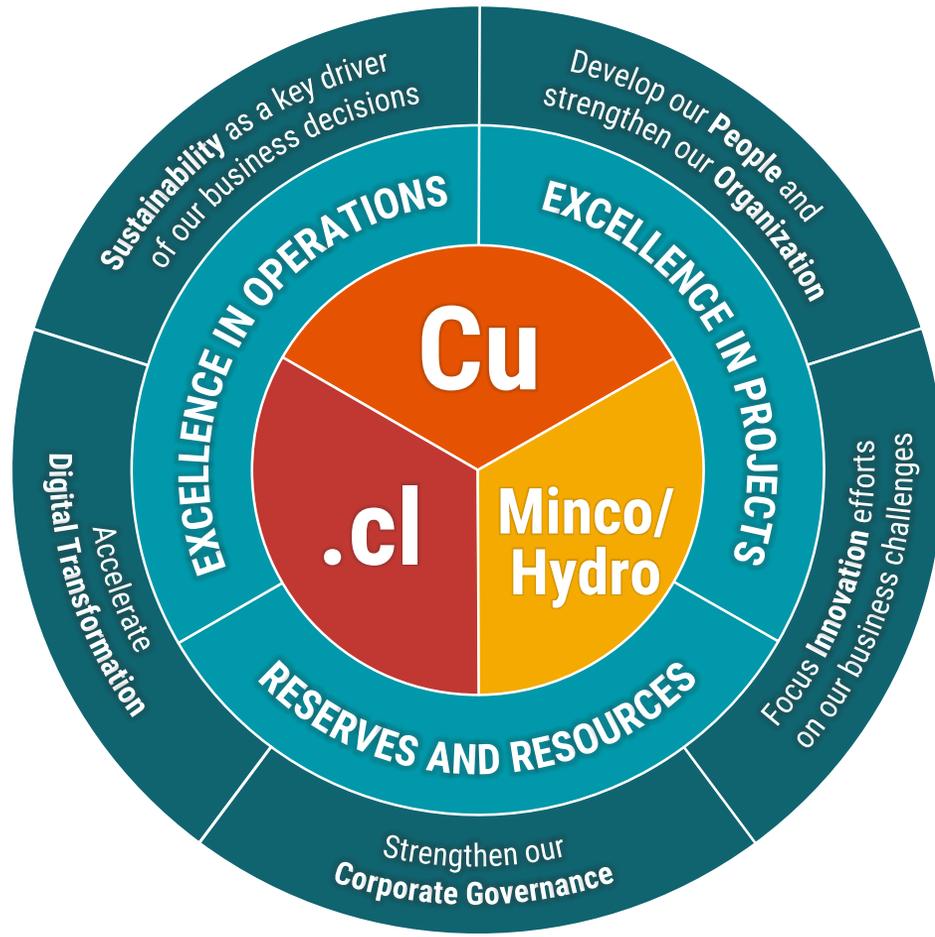
Capex Savings 2019-2028

\$ 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**

Our strategy defines the priorities around a clear focus



Focus on copper mining business in Chile

- **Excellence in developing and operating** our reserves and resources
- **Sustainability** is a key driver of our business decisions
- Emphasis on **Innovation** and accelerate **Digital Transformation**

Sustainability is a key driver in our decisions



1 Responsible to our people and territories



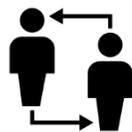
Responsible Sourcing

- ISO 14,001 (environment) and OHSAS 18,001 (safety) certification by 2021
- Follow OCDE Guidelines (human rights)



People

- 100% workplaces certification on Gender equality and work life balance



Communities & Territories

- Developed community agreements for \$3.6m in 2019
- Implemented social programs with focus in scholarships and talent development for \$2.5m in 2019

2 Risk management and climate change adaption



Water Efficiency

- 77% total water recirculation in 2018
- 10% reduction of freshwater consumption by 2020
- Increase scope of Desalination Plant Project



Decarbonization

- 16,8% annual decline of GHG emissions in 2018
- New PPA for 200MW based on renewable sources
- \$2B+ invested for improving smelters captures



Tailing Dams

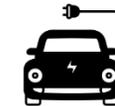
- Corporate governance integrating highest industry standards
- Implemented third-party independent assessments
- Recirculation plan for all tailing dams

3 Sustainable development and innovation



Automation

- Semi-autonomous LHD equipment at El Teniente
- Autonomous CAEX equipment at Gabriela Mistral



Electromobility – El Teniente

- Tender process for bus service with a minimum of 20% of electromobility
- Transformation plan for diesel mini buses to convert them into electric ones
- Electric pick-up pilot test
- 15 ton electric LHD equipment

TRACEABILITY

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. The **Transformation plan** ensures Codelco's competitiveness
5. Flexible and **strong balance sheet** focus
6. Committed to producing **with higher standards**



CODELCO