

Santiago de Chile, May 29, 2020 – Corporación Nacional del Cobre (CODELCO) released its first quarter 2020 Operational and Financial Performance Report:

- **Risk mitigation measures linked to Covid-19.** CODELCO's action plan against Covid-19 continues in place since March 2020. Health and safety measures to mitigate contagion risk and secure operational activities have proven effective. Contagion rate among CODELCO's employees is significantly lower than the national average and production remains above plan. CODELCO maintains an ongoing evaluation for the implementation of new measures to protect the health of all its employees while also maintaining operational continuity of its projects. Additionally, CODELCO launched a support plan for the communities of 21 municipalities in the five regions where it operates. #JuntosNosCuidamos includes delivery of medical supplies to 69 healthcare centers (including 12 hospitals) as well as direct support to residents.
- **Cash and equivalents** reached US\$ 2.7 billion as of March 31, 2020. Additionally, CODELCO's cash position was further strengthened with the proceeds of a US\$ 800 million 10-year 144A/RegS bond issued in April 2020.
- **Revenues** were US\$ 2.2 billion, 29.1% lower than the reported US\$ 3.2 billion in the first three months of 2019. Lower average LME copper prices in the first quarter 2020 (US\$2.56/lb) versus that of the first quarter 2019 (US\$2.82/lb) and 6.3% YoY decrease in own copper sales volume were the main drivers of lower revenues. Additionally, first quarter revenues were also impacted by provisional pricing adjustments on open invoices and the downward trend of LME copper price, which was at US\$2.18/lb on March 31, 2020.
- **Adjusted EBITDA<sup>(1)</sup>** was US\$ 802 million, 20.8% lower than the US\$ 1,012 million reported for the same period in 2019. Lower average LME copper price and sales volume were the main drivers of the decline.
- **Net financial debt<sup>(2)</sup>** reached US\$ 16.2 billion on March 31, 2020, 11.9% higher than the US\$14.5 billion reported on the same day in 2019. An increase in Net financial debt and a lower Adjusted EBITDA had a negative impact on the net debt to last twelve months adjusted EBITDA ratio that reached 4.2x, higher than the 3.3x in March 2019.
- **Profit before tax** decreased from US\$ 139 million in the first quarter of 2019 to a loss of US\$ 152 million in the same period of 2020. Lower revenues because of lower average LME copper prices and sales volume were the main drivers, partially compensated by a positive foreign exchange difference.
- **Operating cash flows** were US\$ 994 million, 0.6% higher than the reported US\$ 988 million in the same period of 2019. Lower payments to suppliers and employees in the period because of more

favorable prices of supplies and local currency depreciation compensated the decrease in cash received from sales.

- **Capex program.** On March 25, 2020, CODELCO announced a 15-day temporary suspension of construction of some of its projects, including Chuquicamata underground, works related to a transfer system installation at the Andina Division and works related to the Inca Pit project at the Salvador Division, as part of its measures to mitigate the spread of Covid-19. As of the date of this publication, the construction projects at Chuquicamata and Andina Division have gradually resumed and the Inca Pit project is moving forward with a bidding process for pre-stripping works.
- **Total copper mine production,** including CODELCO's stake in El Abra and Anglo American Sur attributable production, increased 4.2% to 387 ktons compared to 371 ktons in the same period of 2019. Higher production at Gabriel Mistral, El Teniente and Radomiro Tomic were the main drivers of the increase. On the other hand, lower attributable production from Anglo American Sur and lower production at Ministro Hales and Chuquicamata partially offset the higher production in other Divisions.
- **Direct Cash Cost C1.** C1 cash cost was 132.7 cents per pound, compared to 134.7 cents per pound in the first quarter 2019. This 2% decrease was primarily attributable to lower prices of supplies such as electricity and diesel and favorable exchange rate depreciation of the Chilean peso against the U.S. dollar.

- (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.



## FIRST QUARTER RESULTS

MARCH 31, 2020

### FINANCIAL AND OPERATING DATA SUMMARY

	March 31,		Change	
	2019	2020	Amount	%
Total Copper Production ('000 mft) <sup>(1)</sup>	371	387	15.6	4.2
Total Own Molybdenum Production ('000 mtf)	5.3	6.8	1.5	28.3
Cash Cost (USc/lb)	134.7	132.7	(2.0)	(1.5)
Total Own Copper Sales ('000 mft)	419	393	(26)	(6.3)
Total Molybdenum Sales ('000 mft)	6.7	7.1	0.4	5.7
LME Copper Price (USc/lb)	282.2	255.7	(26.5)	(9.4)
Metals Week Molybdenum Price (US\$/lb)	11.7	9.7	(2.0)	(17.1)
Average Exchange Rate (CLP/US\$)	667	803	136	20.4
Closing Exchange Rate (CLP/US\$)	681	846	165	24.3
Total Revenues (US\$ million)	3,150	2,234	(916)	(29.1)
Gross Profit (US\$ million)	841	12	(829)	(98.6)
Gross Margin (%)	26.7	0.5	(26)	(98.0)
Adjusted EBITDA (US\$ million) <sup>(2)</sup>	1,012	802	(210)	(20.8)
Adjusted EBITDA Margin (%)	32.1	35.9	4	11.7
Net Financial Debt (US\$ million) <sup>(3)</sup>	14,475	16,202	1727	11.9
Net Interest Expenses (US\$ million)	142	151	9	6.2
Net Financial Debt to LTM Adjusted EBITDA	3.26	4.23	0.96	29.5
Adjusted EBITDA to Net Interest Expenses	7.1	5.3	(1.8)	(25.4)
Net Financial Debt to total Capitalization (%)	53.67	53.19	(0.5)	(0.9)
Contribution to the Chilean Treasury (US\$ million /cash flow)	19	264	245	1290.5

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

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

<sup>(3)</sup> Net Financial Debt is Financial Debt minus Cash and Cash Equivalents.

**OPERATION: PRODUCTION, REVENUES, COST & ADJUSTED EBITDA**

**Consolidated Production.** In the first three months of 2020, consolidated copper mine production, including CODELCO's stake in El Abra and Anglo American Sur attributable production, increased 4.2% to 387 ktons compared to 371 ktons in the same period of 2019. Higher production at Gabriel Mistral, El Teniente and Radomiro Tomic were the main drivers of the increase. On the other hand, lower attributable production from Anglo American Sur and lower production at Ministro Hales and Chuquicamata partially offset the higher production in other Divisions.

Molybdenum production increased 28.3% from 5.3 ktons in the first quarter of 2019 to 6.8 ktons in the first quarter of 2020, mainly due to an increase in production at Chuquicamata.

	DIVISION	1Q19	1Q20	Δ%
Copper Production (K ton)	Chuquicamata	84	82	-2.4%
	Radomiro Tomic	60	65	8.5%
	Mina Ministro Hales	33	30	-9.2%
	Gabriela Mistral	19	27	46.2%
	El Teniente	94	102	8.8%
	Andina	45	45	-0.2%
	Salvador	8	11	30.9%
	El Abra <sup>(1)</sup>	8	9	10.7%
	Anglo American Sur <sup>(2)</sup>	21	16	-22.6%
	<b>CODELCO Total</b>	<b>371</b>	<b>387</b>	<b>4.2%</b>

(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 three months of 2020 declined 29.1% to US\$ 2.2 billion from US\$ 3.2 billion in the same period of 2019. Lower average LME copper prices in the first quarter 2020 (US\$2.56/lb) versus that of the first quarter 2019 (US\$2.82/lb) and 6.3% YoY decrease in own copper sales volume were the main drivers of lower revenues. Additionally, first quarter revenues were also impacted by the downward trend of LME copper price and its effect from provisional pricing adjustments on open invoices. Considering that LME copper price was at US\$2.18/lb on March 31, 2020, the negative impact on revenues because of provisional pricing adjustments amounted to approximately US\$ 330 million. In the case of molybdenum, revenues also decreased, mainly driven by 17.5% price decline, but partially compensated by 5.7% higher sales volume.

**Consolidated Costs.** Unit cash costs vary with fluctuations in payable production and average realized prices of by-products. During the first quarter of 2020, CODELCO's cash cost was 132.7 cents per pound, compared to 134.7



cents per pound in the first quarter 2019. This 2% decrease was primarily attributable to lower prices of supplies such as electricity and diesel and favorable exchange rate depreciation of the Chilean peso against the U.S. dollar (in the first quarter 2020 average exchange rate was CLP 803 per dollar compared to CLP 667 per dollar for the same period in 2019).

**Adjusted EBITDA.** In the first three months of 2020, CODELCO's Adjusted EBITDA totaled US\$ 802 million, down 20.8% from US\$ 1,012 million in the same period of 2019. Lower average LME copper price, lower sales volume and provisional pricing adjustments were the main drivers of this decline. As of March 31, 2020, the ratio of net debt to Adjusted EBITDA was 4.2x, higher than the 3.3x in March 2019. Additionally, the adjusted EBITDA coverage ratio decreased to 5.3x in the first quarter of 2020 from 7.1x in the same period in 2020.

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.

	March 31,	
	<u>2019</u>	<u>2020</u>
	(in thousands of U.S.\$)	
Profit (loss) for the period	7,365	(77,723)
Income tax expense	131,325	(74,255)
Finance costs	150,943	166,272
Depreciation and amortization of assets	491,000	582,795
Copper Reserve Law	231,391	204,483
<b>Adjusted EBITDA</b>	<b>1,012,024</b>	<b>801,572</b>

### COVID-19: ACTION PLAN

CODELCO's action plan for addressing Covid-19 aims to ensure health and safety of our employees, operational continuity, and strong liquidity and financial health.

Some of the important measures taken by CODELCO to address the continuing effects of the Covid-19 pandemic are: (a) daily meetings held by CODELCO's executive committee to discuss specific response measures, with support and advice from the Government of Chile's health authorities and the Department of Infectious Diseases of Pontificia Universidad Católica de Chile; (b) the classification of certain employees as part of the high-risk population according to health authority guidance and their temporary release from duty, along with those who are 65 years old or older; (c) the implementation of remote working wherever possible; (d) the implementation of cleaning protocols for disinfecting transport vehicles and common areas, such as changing rooms and cafeterias; (e) a reduction of occupant density in those common areas to ensure social distancing; (f) ensuring employees maintain a one meter distance from other employees at all times wherever possible; (g) allowing employees working at onsite projects to begin their shifts individually and in open air spaces; (h) the frequent evaluation of body temperature of all employees; and (i) the temporary suspension of all non-essential projects to reduce the number of CODELCO and third-party employees at CODELCO's operations without impact on production.

In accordance with these measures, on March 25, 2020, CODELCO announced a 15-day temporary suspension of construction of some of its projects, including the underground mine project at Chuquicamata, the works related to a transfer system installation at the Andina Division and the early works related to the Inca Pit project at the Salvador Division, as part of its measures to mitigate the spread of Covid-19. As of the date of this publication, the construction projects at Chuquicamata and Andina Division have gradually resumed and the Inca Pit project is moving forward with a bidding process for pre-stripping works. In addition, on April 8, 2020, CODELCO announced a temporary suspension of certain contracts with third-party service providers for projects and operations support. This suspension affects around 30% of all third-party employees. The suspension measure is based on the inability of these service providers to perform their contractual obligations in light of the health and safety measures in place to address the Covid-19 pandemic. All such suspensions have been managed and implemented to avoid material impacts on production and projected starting date of projects.

### CAPITAL EXPENDITURE: STRUCTURAL PROJECTS

**Chuquicamata Underground Mine:** The underground operation start-up began on April 30, 2019. Currently, production is on its ramp-up period. As of March 31, 2020, overall progress was 98%.

**Andina Mineral Transfer System:** Under construction and overall progress was 86% as of March 31, 2020. Operation is scheduled to start in 2021.

**El Teniente New Mine Level (NML):** Under construction and overall progress was 58% as of March 31, 2020. Bidding process for the construction and assembly contracts of the primary crusher plant already initiated. Operation is scheduled to start in 2023.

**Salvador Inca Pit projects:** The Environmental Assessment Commission granted approval for the project in Feb-2020. Feasibility study, mining development activities and early works are already completed. The project is under internal evaluation and by Cochilco and Ministry of Social Development for final approval.

**Andina Future Development:** Feasibility study is 69% completed. The environmental impact assessment is also under development.

### AVERAGE METAL PRICE

	LME Copper (US\$/lb.)	COMEX Copper (US\$/lb.)	Molybdenum (US\$/lb.)
<b>1Q 2020</b>	2.56	2.56	9.7
<b>1Q 2019</b>	2.82	2.81	11.7
<b>2Q 2019</b>	2.77	2.78	12.1
<b>3Q 2019</b>	2.63	2.62	11.8
<b>4Q 2019</b>	2.67	2.68	9.6
<b>Average 2019</b>	2.72	2.72	11.4
<b>Variation: 1Q 2020 vs. 1Q 2019</b>	-9.3%	-8.8%	-17.5%
<b>Variation: 1Q 2020 vs. 4Q 2019</b>	-4.2%	-4.4%	0.6%

Sources: LME, COMEX and Metals Week Dealer Oxide

### CASH FLOWS

During the first three months of 2020, net cash flows from operating activities totaled US\$ 994 million, 0.6% higher than US\$ 988 million in the same period of 2019. Lower payments to suppliers and employees in the period because of more favorable prices of supplies and local currency depreciation compensated the decrease in cash received from sales because of lower copper price.

### CASH AND DEBT

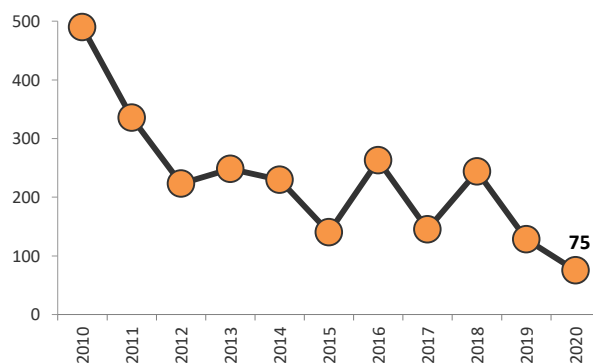
As of March 31, 2020, net financial debt amounted to US\$ 16.2 billion, which is 11.9% higher than US\$ 14.5 billion net financial debt on March 31, 2019. Additionally, cash and equivalents increased to US\$ 2.7 billion in March 2020 from US\$ 0.8 billion in March 2019.

During the first three months of 2020, CODELCO issued notes in an aggregate principal amount of US\$ 2.0 billion, consisting of a US\$ 1.0 billion international debt offering of 3.150% notes due 2030 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. With this issuance, CODELCO significantly strengthened its liquidity position. On the other hand, CODELCO prepaid in advance three bank loans for a total amount of US\$ 515 million.

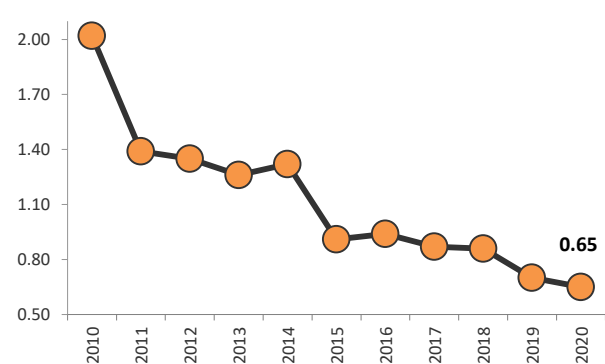
### SUSTAINABILITY FOCUS: ENVIRONMENTAL, SOCIAL AND GOVERNANCE

**Safety.** The accident severity rate decreased significantly compared to last year. It has declined to a historically low level. Additionally, the accident frequency rate maintains the downward trend shown in recent years with a 7% improvement compared to 2019.

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



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



**Collective bargaining agreements.** As of March 31, 2020 CODELCO has not have collective bargaining negotiations. However, five collective bargaining negotiations are scheduled during the third and fourth quarter of this year, involving nearly 1,000 employees of five unions.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (ThUS\$)**

Profit (loss)	Three months ended March 31,		
	2019	2020	Δ %
Revenue	3,150,138	2,234,465	(29.1)
Cost of sales	(2,309,072)	(2,222,316)	(3.8)
<b>Gross profit</b>	<b>841,066</b>	<b>12,149</b>	<b>(98.6)</b>
Other Income, by function	44,409	23,009	(48.2)
Impairment and reversed impairment according to IFRS 9	365	(1,180)	(423.3)
Distribution costs	(2,394)	(1,391)	(41.9)
Administrative expenses	(88,017)	(75,728)	(14.0)
Other expenses	(460,959)	(296,572)	(35.7)
Other gains (losses)	6,803	7,518	10.5
<b>Profit (losses) from operating activities</b>	<b>341,273</b>	<b>(332,195)</b>	<b>(197.3)</b>
Finance income	9,100	15,658	72.1
Finance costs	(150,943)	(166,272)	10.2
Share of profit of associates and joint ventures accounted for using the equity method	(6,777)	(26,261)	287.5
Foreign exchange differences	(53,963)	357,092	(761.7)
<b>Profit for the period before tax</b>	<b>138,690</b>	<b>(151,978)</b>	<b>(209.6)</b>
Income tax expense	(131,325)	74,255	(156.5)
Profit for the period	<b>7,365</b>	<b>(77,723)</b>	(1,155.3)
Profit (loss) attributable to:			
Profit (loss) attributable to owners of the parent	8,145	(77,188)	(1,047.7)
Profit (loss) attributable to non-controlling interests	(780)	(535)	(31.4)
<b>Profit for the period</b>	<b>7,365</b>	<b>(77,723)</b>	<b>(1,155.3)</b>



**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (THUS\$)**

Assets	March 31,	
	2019	2020
<b>Current Assets</b>		
Cash and cash equivalents	825,603	2,724,937
Other current financial asset	254,519	236,116
Other current non-financial assets	38,732	18,445
Trade and other current receivables	2,027,250	1,319,096
Accounts receivables due from related companies, current	4,632	20,391
Inventory	2,028,835	1,826,854
Current tax asset	28,441	21,826
<b>Total current assets</b>	<b>5,208,012</b>	<b>6,167,665</b>
<b>Non-current asset</b>		
Non-current inventories	450,105	633,324
Other non-current financial assets	144,193	42,316
Other non-current non-financial assets	6,370	3,992
Non-current receivables	100,226	102,510
Accounts receivables due from related companies, non-current	20,784	15,851
Investment accounted for using the equity method	3,561,317	3,434,489
Intangible assets other than goodwill	47,728	47,356
Property, Plant and Equipment, net	27,618,807	29,735,966
Investment property	981	981
Assets for current taxes, not current	144,454	231,489
Deferred tax assets	34,018	44,079
<b>Total non-current asset</b>	<b>32,128,983</b>	<b>34,292,353</b>
<b>TOTAL ASSETS</b>	<b>37,336,995</b>	<b>40,460,018</b>

Liabilities	March 31,	
	2019	2020
<b>Current liabilities</b>		
Other current financial liabilities	874,703	1,070,171
Trade and other current payables	1,418,254	1,083,166
Accounts payables to related companies, current	146,402	81,048
Other current provisions	626,263	405,967
Current tax liabilities	10,320	2,480
Current employee benefit accruals	284,716	227,451
Other current non- financial liabilities	69,856	22,998
<b>Total current liabilities</b>	<b>3,430,514</b>	<b>2,893,281</b>
<b>Non-current liabilities</b>		
Other non-current financial liabilities	14,633,799	18,181,803
Other non-current liabilities	22,042	3,651
Other non-current provisions and accrued expenses	1,588,448	1,992,808
Deferred tax liabilities	4,670,084	4,745,599
Non-current employee benefit accruals	1,317,579	1,102,182
Other non-current non-financial liabilities	4,587	5,168
<b>Total non-current liabilities</b>	<b>22,236,539</b>	<b>26,031,211</b>
<b>Total liabilities</b>	<b>25,667,053</b>	<b>28,924,492</b>
<b>Equity</b>		
Issued Capital	5,619,423	5,619,423
Retained earnings	(190,860)	(272,556)
Other Reserves	5,328,651	5,269,436
<b>Equity attributable to owners of the parent</b>	<b>10,757,214</b>	<b>10,616,303</b>
Non-controlling interests	912,728	919,223
<b>Total equity</b>	<b>11,669,942</b>	<b>11,535,526</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>37,336,995</b>	<b>40,460,018</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS (ThUS\$)**

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2020</b>
<b>Cash flow provided by (used in) operating activities:</b>		
Cash income provided by operating activities		
Cash flows provided by sales of goods and rendering of services	3,340,415	3,195,223
Other cash flows provided by operating activities	565,099	466,518
Types of cash payments		
Payments to suppliers for goods and services	(2,074,132)	(1,705,948)
Payments to and on behalf of employees	(588,743)	(434,574)
Other cash flows used in operating activities	(319,949)	(526,175)
Dividends received	84,372	22,715
Income taxes paid	(18,632)	(23,561)
<b>Net cash flows provided by operating activities</b>	<b>988,430</b>	<b>994,198</b>
<b>Cash flows provided by (used in) investing activities:</b>		
Purchases of property plant and equipment	(1,023,885)	(679,792)
Interest received	8,404	14,729
Other inflows (outflows) of cash	(49,360)	(50,923)
<b>Net cash flows from (used in) investing activities</b>	<b>(1,064,841)</b>	<b>(715,986)</b>
<b>Cash flows used in financing activities:</b>		
Proceeds from long term borrowings	1,300,000	2,000,000
Proceeds from short term borrowings	165,012	-
Repayments of borrowings	(1,794,091)	(515,231)
Payments of liabilities for financial leases	(41,511)	(35,802)
Dividends paid	-	-
Interest paid	(179,180)	(213,669)
Other inflows (outflows) of cash	210,114	(72,111)
<b>Net cash flows used in financing activities</b>	<b>(339,656)</b>	<b>1,163,187</b>
<b>Net increase (decrease) in cash and cash equivalents before foreign exchange difference</b>	<b>(416,067)</b>	<b>1,441,399</b>
Foreign Exchange Rate Net increase (decrease) in cash and cash equivalents	12,545	(19,567)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(403,522)</b>	<b>1,421,832</b>
Cash and cash equivalents at beginning of period	1,229,125	1,303,105
<b>Cash and cash equivalents at end of period</b>	<b>825,603</b>	<b>2,724,937</b>



### **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 9% 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).