

Santiago de Chile, November 29, 2019 – Corporación Nacional del Cobre (CODELCO) released its Operational and Financial Performance Report for the first nine months of 2019:

- **Revenues** were US\$ 8.8 billion, 18.2% lower than the reported US\$ 10.8 billion for the first nine months of 2018, mainly due to a 9.0% fall in average LME copper prices and 5.3% decrease in total sales volume of copper.
- **Adjusted EBITDA<sup>(1)</sup>** was US\$ 2.5 billion, 28% lower than the US\$ 3.5 billion reported for the same period in 2018. Lower average LME copper price and sales volume were the main drivers of the decline.
- **Net financial debt** reached US\$ 13.9 billion on September 30, 2019, 12.9% higher than the US\$12.3 billion reported on the same date in 2018. 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 3.7x, higher than the 2.2x in September 2018.
- **Profit before tax** decreased from US\$ 610 million in the first nine months of 2018 to a loss of US\$ 77.5 million in the same period of 2019. Lower revenues because of lower average LME copper prices and sales volume were the main drivers.
- **Operating cash flows** were US\$ 2.4 billion, 42.9% lower than the reported US\$ 4.3 billion in 2018 primarily due to a decrease in cash received from sales of goods because of lower copper prices and sales volume.
- **Capex program.** Chuquicamata Underground operation began on April 30, 2019. El Teniente New Mine Level and Andina Mineral Transfer System continue to move forward as well as feasibility studies for Andina Future Development. Inca Pit project at Salvador Division is in the final review stage and early works are underway. Regarding the North District Desalination Plant, CODELCO announced on November 4, 2019 that Marubeni-Transelec-Techint (MTT) was the awarded consortium of a Build-Own-Operate-Transfer (BOOT) contract for the plant and its related facilities.
- **Capital injection** of US\$ 400 million was received in February 2019, complementing the US\$ 600 million received in December 2018.
- **Total copper mine production**, including CODELCO's stake in El Abra and Anglo American Sur, reached 1,209 ktons, compared to 1,296 ktons in the first nine months of 2018. Unusual situations in the first half of 2019, such as rainfall that impacted operations at Chuquicamata, Radomiro Tomic and Ministro Hales, and a 14-day union strike at Chuquicamata, partially explain this decline. Additionally, lower copper grades in El Teniente and Ministro Hales also impacted production.

- **Direct Cash Cost C1** per pound of copper was US¢ 143.1, compared to US¢ 138.9 for the first nine months of 2018. This 3.0% increase was primarily attributable to lower production and by-product credits, which were partially offset by cost-reduction initiatives and favorable CLP-USD exchange rate depreciation.
- **9 collective bargaining agreements** were finalized, involving nearly 5,000 workers in six negotiation processes. Salary adjustments and conditions were adjusted to the reality of the business. No other labor negotiations are scheduled for 2019.

(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.

### FINANCIAL AND OPERATING DATA SUMMARY

	September 30,		Change	
	2018	2019	Amount	%
Total Copper Production ('000 mft) <sup>(1)</sup>	1,296	1,209	(87)	(6.7)
Total Own Molybdenum Production ('000 mtf)	18	16	(2)	(12.0)
Cash Cost (US¢/lb)	138.9	143.1	4	3.0
Total Own Copper Sales ('000 mft)	1,348	1,277	(71)	(5.3)
Total Molybdenum Sales ('000 mft)	20	17	(3)	(13.9)
LME Copper Price (US¢/lb)	301.3	274.2	(27.1)	(9.0)
Metals Week Molybdenum Price (US\$/lb)	11.9	11.9	0.0	0.3
Average Exchange Rate (CLP/US\$)	628	685	58	9.2
Closing Exchange Rate (CLP/US\$)	662	725	64	9.6
Total Revenues (US\$ million)	10,772	8,808	(1963)	(18.2)
Gross Profit (US\$ million)	2,414	1,552	(862)	(35.7)
Gross Margin (%)	22.4	17.6	(5)	(21.4)
Adjusted EBITDA (US\$ million) <sup>(2)</sup>	3,544	2,553	(991)	(28.0)
Adjusted EBITDA Margin (%)	32.9	29.0	(4)	(11.9)
Net Financial Debt (US\$ million) <sup>(3)</sup>	12,285	13,866	1581	12.9
Net Interest Expenses (US\$ million)	312	338	25	8.1
Net Financial Debt to LTM Adjusted EBITDA	2.2	3.7	1.5	69.8
Adjusted EBITDA to Net Interest Expenses	11.4	7.6	(3.8)	(33.4)
Net Financial Debt to total Capitalization (%)	48.84	48.82	(0.0)	(0.0)
Contribution to the Chilean Treasury (US\$ million /cash flow)	645	52	(593)	(91.9)

<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. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is a non-recourse loan to CODELCO

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

**Consolidated Production.-** In the first 9 months of 2019, consolidated copper mine production, including CODELCO's stake in El Abra and Anglo American Sur attributable production, decreased 6.7% to 1,209 ktons compared to 1,296 ktons in the same period in 2018. Unexpected situations in the first half of 2019, such as exceptional rainfall that impacted operations at Chuquicamata, Radomiro Tomic and Ministro Hales, and a 14-day union strike at Chuquicamata, partially explain this decline. Additionally, lower copper grades in El Teniente and Ministro Hales also impacted production. As for the production from subsidiaries, Anglo American Sur's production slightly decrease (1.7%) while El Abra decreased production 14.7% due to the above-mentioned rainfall.

On the other hand, consolidated copper mine production in 3Q19 increased 4.4% YoY mainly driven by higher ore grades at Chuquicamata. Comparatively speaking, this quarter has been the best in terms of production growth in 2019.

Molybdenum production decreased 12.0% from 18,218 tons in 9M18 to 16,036 tons in 9M19, mainly due to a decline in production at Chuquicamata and Andina, partially offset by an increase at El Teniente.

	DIVISION	3Q18	3Q19	Δ%	9M18	9M19	Δ%
Copper Production (K ton)	Chuquicamata	62	96	55.6%	198	262	32.2%
	Radomiro Tomic	76	70	-7.1%	254	198	-22.1%
	Mina Ministro Hales	45	38	-15.0%	142	111	-22.2%
	Gabriela Mistral	27	30	9.5%	77	72	-6.6%
	El Teniente	124	121	-2.3%	348	324	-7.0%
	Andina	43	42	-1.6%	144	126	-12.4%
	Salvador	11	12	9.2%	37	27	-26.6%
	El Abra <sup>(1)</sup>	11	11	-3.5%	34	29	-14.7%
	Anglo American Sur <sup>(2)</sup>	22	19	-14.5%	62	60	-1.7%
	<b>CODELCO Total</b>	<b>421</b>	<b>439</b>	<b>4.4%</b>	<b>1,296</b>	<b>1,209</b>	<b>-6.7%</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).

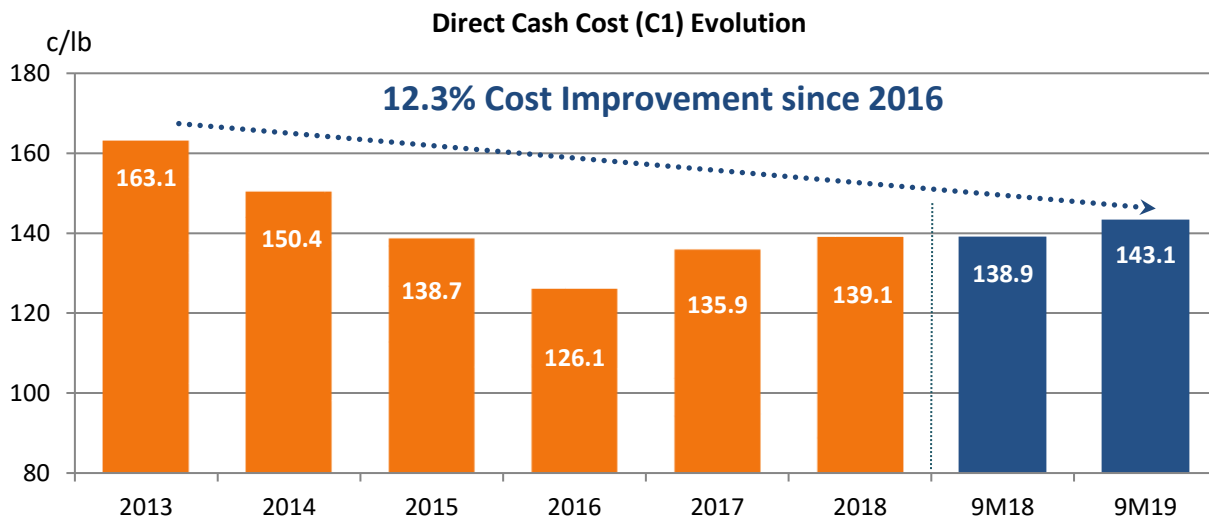
(2) CODELCO's figures presented for Anglo American Sur include 20% of the mine's total production (the share of production which corresponds to CODELCO's 20% ownership interest in the mine).

**Revenues.-** Revenues in the first nine months declined 18.2% to US\$ 8.8 billion from US\$ 10.8 billion in the same period of 2018. Lower average LME copper prices in 2019 (US\$2.74/lb) versus that of 2018 (US\$3.01/lb) and 5.3% YoY decrease in own copper sales volume were the main drivers of the revenue performance. Revenues do not



reflect 100% of the LME price effect due to open invoice provisions. In the case of molybdenum, revenues also decreased, mainly driven by 13.9% lower sales volume.

**Consolidated Costs.-** Unit cash costs vary with fluctuations in payable production and average realized prices of by-products. During the first nine months of 2019, CODELCO's cash cost was 143.1 cents per pound, compared to 138.9 cents per pound for the same period in 2018. This 3.0% increase was primarily attributable to lower production and by-product credits, which were partially offset by cost-reduction initiatives and favorable exchange rate depreciation of the Chilean peso against the U.S. dollar (average exchange rate was CLP 685 per dollar compared to CLP 628 per dollar for the same period in 2018).



**Adjusted EBITDA.-** In the first nine months of 2019, CODELCO's Adjusted EBITDA totaled US\$ 2,553 million, down 28.0% from US\$ 3,544 million in the same period in 2018. Lower average LME copper price and sales volume were the main drivers of this decline. As of September 30, 2019, the ratio of net debt to Adjusted EBITDA was 3.7x, higher than the 2.2x in September 2018. Additionally, the adjusted EBITDA coverage ratio decreased to 7.6x in 2019 from 11.4x in the same period in 2018.

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, excluding the Mitsui debt (Oriente Copper Netherlands B.V.) to acquire 20% of Anglo American Sur asset because it is a non-recourse debt to CODELCO. 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.

	<b>September 30,</b>	
	<b>2018</b>	<b>2019</b>
	<b>(in thousands of U.S.\$)</b>	
Profit (loss) for the period	218,294	(97,999)
Income tax expense	392,181	20,499
Finance costs	349,654	360,104
Impairments	139,487	-
Depreciation and amortization of assets	1,593,895	1,583,361
Copper Reserve Law	851,383	686,715
<b>Adjusted EBITDA</b>	<b>3,544,894</b>	<b>2,552,680</b>

### **CAPITAL EXPENDITURE: STRUCTURAL PROJECTS**

**Chuquicamata Underground Mine:** On April 30 began the underground operation start-up and the first tons of mineral ore were extracted and transported on trucks. The conveyor belt transportation system is on the testing phase with load. The formal opening ceremony took place in August 2019. As of September 30, 2019, overall progress was 94%.

**Andina Mineral Transfer System:** Under construction and overall progress was 80% as of September 30, 2019. Operation is scheduled to start in 2021.

**El Teniente New Mine Level (NML):** Under construction and overall progress was 54% as of September 30, 2019. The main mining contracts for Andes Norte NML area have been awarded as well as the contracts for the access works and construction facilities for the Diamante and Andesita areas. Operation is scheduled to start in 2023.

**Salvador Inca Pit projects:** Feasibility study was completed. Mining development activities and early works are underway.

**Andina Future Development:** Feasibility study is 40% completed and the main engineering contract was awarded in March 2019.

**North District Desalination Plant:** On November 4, 2019, CODELCO announced that Marubeni-Transec-Techint (MTT) was the awarded consortium of a Build-Own-Operate-Transfer (BOOT) contract for the plant and related facilities. It is expected that the MTT consortium begins construction of the project in 1Q20 and the plant becomes operational by 2022.

**New Emission Standards for Smelters (DS No. 28):** Investments in CODELCO's smelters to comply with the new emission standard (DS No. 28) are almost completed. All smelters are in compliance with the new regulatory standard. Total investment will reached approximately US\$ 2.36 billion:

- **Ventanas:** Project completed (US\$ 113 million) 100%
- **El Teniente:** Plants operating (US\$ 703 million) 97%
- **Salvador:** commissioning started (US\$ 441 million) 99%
- **Chuquicamata:** commissioning started (US\$ 1.099 billion) 99%

**CAPITALIZATION PROGRAM**

In October 2014, the multi-year capitalization law, approved and enacted by the Chilean Congress, became effective following its publication in the Official Gazette. This law allocates a maximum of US\$ 3 billion to CODELCO in the form of a capital injection by the Chilean Treasury over the 2014-2019 period. On the same date that the multi-year capitalization law was enacted, the Chilean President announced a commitment to authorize CODELCO to retain an additional US\$ 1 billion of profit.

As part of this capitalization program, in June 2018, the Government approved a capital injection of US\$ 1 billion; the first payment of US\$ 600 million was received in December 2018 and a second payment of US\$ 400 million in February 2019.

The following table shows the funds received as a result of the above-mentioned law:

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

**AVERAGE METAL PRICE**

	LME Copper (US\$/lb.)	COMEX Copper (US\$/lb.)	Molybdenum (US\$/lb.)
<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>1Q 2018</b>	3.16	3.14	12.2
<b>2Q 2018</b>	3.12	3.09	11.6
<b>3Q 2018</b>	2.77	2.73	11.7
<b>4Q 2018</b>	2.80	2.74	12.0
<b>Average 2018</b>	2.96	2.93	11.9
<b>Variation: 3Q 2019 vs. 3Q 2018</b>	-5.1%	-4.1%	0.8%
<b>Variation: 3Q 2019 vs. 2Q 2019</b>	-5.1%	-5.8%	-2.2%

Sources: LME, COMEX and Metals Week Dealer Oxide

**CASH FLOWS**

Year-to-date net cash flows from operating activities totaled US\$ 2,428 million, 42.9% lower than US\$ 4,252 million for the same period in 2018. Decrease in cash received from sales of goods because of lower copper prices and sales volume were the main drivers of the decline in cash flows from operating activities.

**CASH AND DEBT**

Net financial debt<sup>(1)</sup> increased to US\$ 13.9 billion with nearly US\$ 3.0 billion in cash and equivalents as of September 30, 2019.

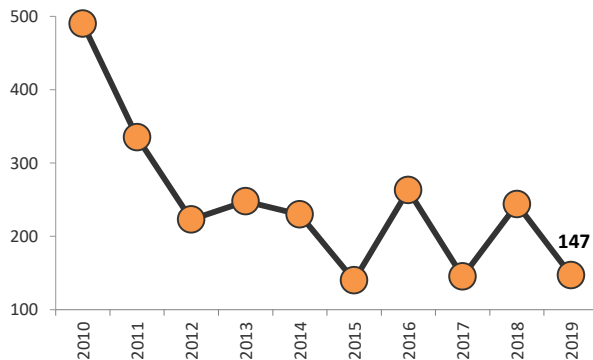
During 3Q19, CODELCO issued US\$ 1.0 billion of new 144A/RegS 10-year notes and US\$ 900 million 144A/RegS 30-year notes. CODELCO used part of the proceeds from these issuances (US\$ 157 million) to buy back bonds maturing between 2020 and 2023. Additionally, CODELCO issued US\$ 130 million 10-year notes in the Asian markets and US\$ 49 million in the Australian market (AUD-denominated swapped to USD). With respect to funding from banks during 3Q19, CODELCO subscribed a new 10-year bilateral loan of US\$ 300 million and extended the maturity of US\$ 165 million of short-term loans.

(1) Excludes Mitsui debt (Oriente Copper Netherlands) to acquire 20% of Anglo American Sur asset, because is non-recourse to CODELCO

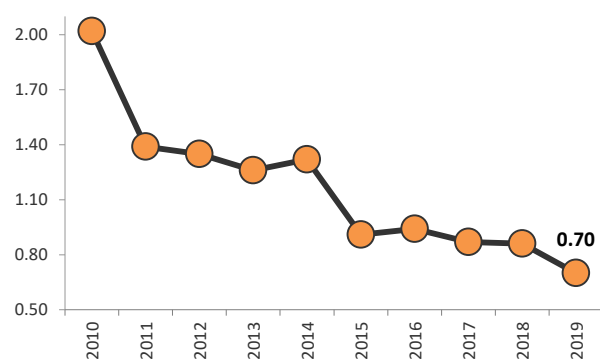
**SUSTAINABILITY FOCUS: ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

**Safety.-** The accident severity rate decreased significantly compared to the same period last year. It has stabilized near historically low levels of years 2015 and 2017. Additionally, the accident frequency rate has maintained the downward trend shown in recent years with an 18% improvement compared to 2018.

**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.-** During 1H19 CODELCO negotiated 9 collective bargaining agreements, involving nearly 5,000 employees. These agreements are enforceable over the next 36 months (one for 29 months). The largest collective bargaining agreements were with Chuquicamata’s unions 1, 2 and 3, involving approximately 2,700 employees and a 14-day strike. No more labor negotiations are scheduled for 2019.

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

Profit (loss)	Nine months ended September 30,		
	2018	2019	Δ %
Revenue	10,771,511	8,808,184	(18.2)
Cost of sales	(8,357,160)	(7,256,283)	(13.2)
<b>Gross profit</b>	<b>2,414,351</b>	<b>1,551,901</b>	<b>(35.7)</b>
Other Income, by function	95,038	206,981	117.8
Impairment and reversed impairment according to IFRS 9	(805)	1,176	(246.1)
Distribution costs	(14,288)	(12,647)	(11.5)
Administrative expenses	(347,163)	(303,025)	(12.7)
Other expenses	(1,420,134)	(1,328,133)	(6.5)
Other gains (losses)	13,643	17,038	24.9
<b>Profit (losses) from operating activities</b>	<b>740,642</b>	<b>133,291</b>	<b>(82.0)</b>
Finance income	37,439	22,504	(39.9)
Finance costs	(349,654)	(360,104)	3.0
Share of profit of associates and joint ventures accounted for using the equity method	98,409	11,863	(87.9)
Foreign exchange differences	83,639	114,946	37.4
<b>Profit for the period before tax</b>	<b>610,475</b>	<b>(77,500)</b>	<b>(112.7)</b>
Income tax expense	(392,181)	(20,499)	(94.8)
Profit for the period	<b>218,294</b>	<b>(97,999)</b>	(144.9)
Profit (loss) attributable to:			
Profit (loss) attributable to owners of the parent	189,604	(105,530)	(155.7)
Profit (loss) attributable to non-controlling interests	28,690	7,531	(73.8)
<b>Profit for the period</b>	<b>218,294</b>	<b>(97,999)</b>	<b>(144.9)</b>



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

Assets	September 30,	
	2018	2019
<b>Current Assets</b>		
Cash and cash equivalents	2,073,745	2,967,242
Other current financial asset	103,918	13,977
Other current non-financial assets	18,675	58,532
Trade and other current receivables	1,846,341	1,876,203
Accounts receivables due from related companies, current	3,002	6,558
Inventory	2,078,223	2,009,870
Current tax asset	15,093	68,635
<b>Total current assets</b>	<b>6,138,997</b>	<b>7,001,017</b>
<b>Non-current asset</b>		
Non-current inventories	442,543	568,857
Other non-current financial assets	173,531	126,869
Other non-current non-financial assets	7,098	5,670
Non-current receivables	109,892	109,553
Accounts receivables due from related companies, non-current	23,513	18,263
Investment accounted for using the equity method	3,639,340	3,488,854
Intangible assets other than goodwill	44,067	46,366
Property, Plant and Equipment, net	26,434,342	28,673,181
Investment property	981	981
Assets for current taxes, not current	126,853	144,406
Deferred tax assets	34,496	37,655
<b>Total non-current asset</b>	<b>31,036,656</b>	<b>33,220,655</b>
<b>TOTAL ASSETS</b>	<b>37,175,653</b>	<b>40,221,672</b>

Liabilities	September 30,	
	2018	2019
<b>Current liabilities</b>		
Other current financial liabilities	851,696	1,128,094
Trade and other current payables	1,492,384	1,388,714
Accounts payables to related companies, current	121,243	104,884
Other current provisions	1,228,709	1,125,141
Current tax liabilities	11,242	9,035
Current employee benefit accruals	428,285	384,896
Other current non- financial liabilities	36,987	115,445
<b>Total current liabilities</b>	<b>4,170,546</b>	<b>4,256,209</b>
<b>Non-current liabilities</b>		
Other non-current financial liabilities	14,427,421	16,996,939
Other non-current liabilities	31,194	17,705
Other non-current provisions and accrued expenses	1,735,857	1,579,716
Deferred tax liabilities	4,658,344	4,570,990
Non-current employee benefit accruals	1,350,307	1,226,021
Other non-current non-financial liabilities	4,277	4,023
<b>Total non-current liabilities</b>	<b>22,207,400</b>	<b>24,395,394</b>
<b>Total liabilities</b>	<b>26,377,946</b>	<b>28,651,603</b>
<b>Equity</b>		
Issued Capital	4,619,423	5,619,423
Retained earnings	(154,620)	(304,865)
Other Reserves	5,368,685	5,334,459
<b>Equity attributable to owners of the parent</b>	<b>9,833,488</b>	<b>10,649,017</b>
Non-controlling interests	964,219	921,052
<b>Total equity</b>	<b>10,797,707</b>	<b>11,570,069</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>37,175,653</b>	<b>40,221,672</b>

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

	<b>Nine months ended</b>	
	<b>September 30,</b>	
	<b>2018</b>	<b>2019</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	12,066,502	9,437,523
Other cash flows provided by operating activities	1,267,861	1,436,936
Types of cash payments		
Payments to suppliers for goods and services	(6,744,495)	(6,070,326)
Payments to and on behalf of employees	(1,533,918)	(1,423,993)
Other cash flows used in operating activities	(939,163)	(976,755)
Dividends received	183,871	84,372
Income taxes paid	(48,982)	(60,209)
<b>Net cash flows provided by operating activities</b>	<b>4,251,676</b>	<b>2,427,548</b>
<b>Cash flows provided by (used in) investing activities:</b>		
Other payments to acquire equity or debt instruments of other entities	-	(240)
Purchases of property plant and equipment	(2,737,861)	(3,067,395)
Interest received	31,788	19,191
Other inflows (outflows) of cash	(61,747)	402,724
<b>Net cash flows from (used in) investing activities</b>	<b>(2,767,820)</b>	<b>(2,645,720)</b>
<b>Cash flows used in financing activities:</b>		
Proceeds from long term borrowings	600,000	3,779,309
Proceeds from short term borrowings	-	465,000
Repayments of borrowings	(209,732)	(1,843,960)
Payments of liabilities for financial leases	(20,291)	(110,677)
Dividends paid	(602,461)	-
Interest paid	(499,996)	(530,465)
Other inflows (outflows) of cash	(64,150)	197,995
<b>Net cash flows used in financing activities</b>	<b>(796,630)</b>	<b>1,957,202</b>
<b>Net increase (decrease) in cash and cash equivalents before foreign exchange difference</b>	<b>687,226</b>	<b>1,739,030</b>
Foreign Exchange Rate Net increase (decrease) in cash and cash equivalents	(62,316)	(913)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>624,910</b>	<b>1,738,117</b>
Cash and cash equivalents at beginning of period	1,448,835	1,229,125
<b>Cash and cash equivalents at end of period</b>	<b>2,073,745</b>	<b>2,967,242</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 2018, CODELCO had an estimated 9% share of the total world copper production, producing approximately 1.81 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 9% share of the world's molybdenum production with approximately 24,031 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).