

A photograph of an industrial facility at night. A prominent feature is a long, curved, elevated walkway or conveyor system supported by tall metal truss structures. The walkway is illuminated by a series of bright, warm-toned lights along its length. In the background, a large, dome-shaped structure is visible, also partially illuminated. The sky is a deep blue, and the ground in the foreground is dark and appears to be a dirt or gravel area.

CODELCO: Beyond copper price recovery

October 2017

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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 others 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).



1H 2017 Highlights

Codelco continued strengthening its financials while deepening its costs & productivity agenda and streamlining the investment program.

Pre-tax profit: US\$ 990 million

Codelco far exceeded total 2016 pre-tax profit of US\$500 million.

Ebitda: US\$ 2.289 million | Margin: 38%

89% higher than first half 2016.

Production: 851¹ ktmf

6% lower than first half 2016.

C1: 131,7 c/lb | C3: 204,4 c/lb

Although direct cost (C1) increased compared to first half 2016 (+3%), the net cost to cathode (C3) decreased (-3%).

¹ Includes El Abra and Anglo American Sur attributable production to Codelco's share.



1H 2017 Highlights

Codelco continued strengthening its financials while deepening its costs & productivity agenda and streamlining the investment program.

Low financial costs

Codelco issued¹ US\$2.75 billion in 10 and 30 year bonds at historical low rates for Liability Management and debt optimization purposes.

Improvement on leverage metrics

Net debt to EBITDA decreased from 4.4x in Dec '16 to 3.2x in Jun '17.

Strong owner support was enhanced

Reflected in capital injection of US\$ 475m in Apr '17 additional to the capitalization program.

Collective bargaining processes

Successfully closed at Radomiro Tomic and Salvador; no impact on production.

¹ July 2017

Consolidated results



		June 30,		Change
		2016	2017	
Copper Production ¹	<i>kton</i>	906	851	(6.0%)
LME Copper Price	<i>S\$/pound</i>	213.2	260.8	22.3%
Cash Cost ²		127.5	131.7	3.3%
Total Revenues	<i>US\$ million</i>	\$5,406	\$5,990	10.8%
Gross Profit		\$672	\$1,456	116.7%
Adjusted EBITDA ³		\$1,211	\$2,289	89.0%
Adjusted EBITDA Margin	<i>%</i>	22,4	38,2	70,6%
Net Financial Debt ⁴	<i>US\$ million</i>	\$13,631	\$13,375	(1.9%)
Net Financial Debt/LTM Adjusted EBITDA	<i>times</i>	5.0	3.2	(35.8%)

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.

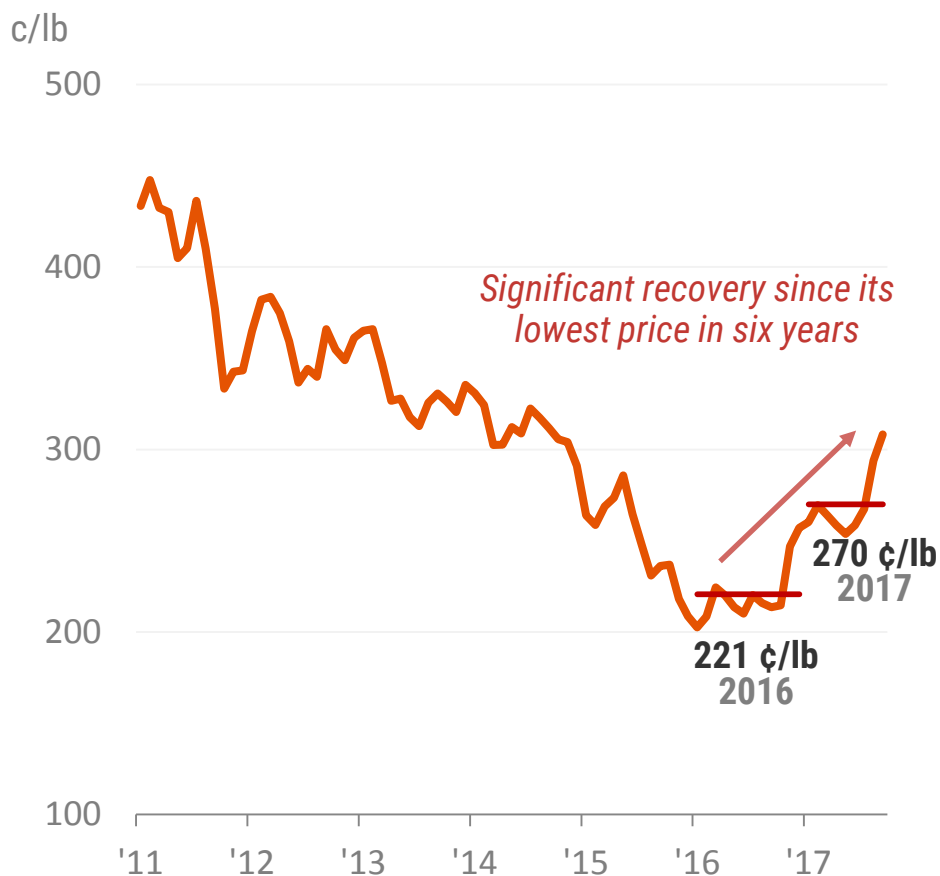
4) Excludes Mitsui debt to acquire 20% of Anglo American Sur asset as it is non-recourse to CODELCO. Debt is net of cash & equivalents.

Codelco: Beyond Copper Price Recovery

COPPER MARKET UPDATE

Copper price: already past the tipping point

2011-2017 copper price¹ (¢/lb)



¹ Data until 9/29/2017.

² Electric and hybrid cars, renewable energies, etc.

Rebound drivers

- China **refined copper consumption** growth stronger than expected.
- Positive expectations on the **US economy**.
- **Greater demand expectations** associated with technological changes².
- US Dollar **weakening**.
- **Production adjustments** due to low prices and **supply disruptions**.

Risk Factors

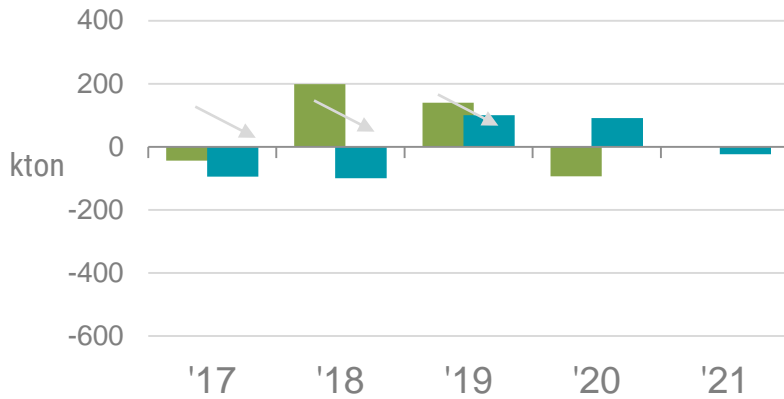
- China **de-leveraging**.
- **Stocks accumulation** and greater scrap availability.

In turn, analysts have adjusted their market outlook significantly

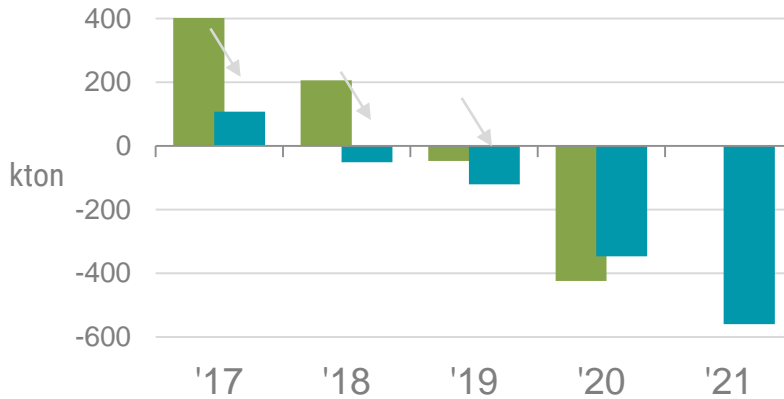


Market balance forecast

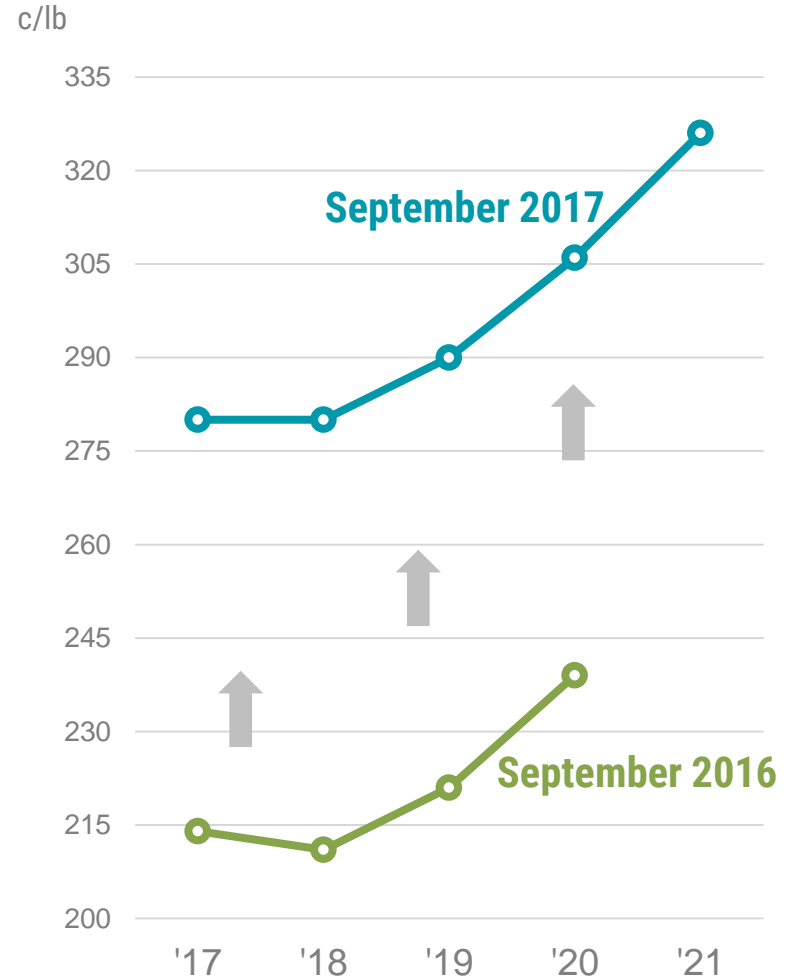
Wood Mackenzie



CRU



Copper Price Outlook¹



¹ Sources: CRU, Wood Mackenzie, Macquarie and SML average.

Codelco: Beyond Copper Price Recovery

CODELCO OPERATING REVIEW

Current operations

1H 2017 results • Copper production and C1 cash cost

Total copper output: **851 kt**

C1 cash cost: **131.7 ¢/lb**

Mineral Resources: **20.1 bn t**

Mineral Reserves: **7.2 bn t**



219 kt Cu
115 ¢/lb C1
1,583 Mt Reserves

El Teniente



152 kt Cu
128 ¢/lb C1
2,215 Mt Reserves

Radomiro Tomic



116 kt Cu
111 ¢/lb C1
1,333 Mt Reserves

Chuqui Camata



113 kt Cu
123 ¢/lb C1
225 Mt Reserves

Ministerio Hales



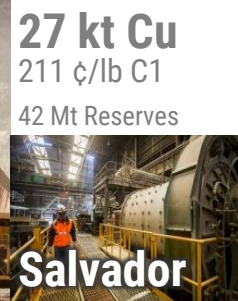
112 kt Cu
135 ¢/lb C1
965 Mt Reserves

Andina



60 kt Cu
145 ¢/lb C1
393 Mt Reserves

Gabriela Mistral



27 kt Cu
211 ¢/lb C1
42 Mt Reserves

Salvador

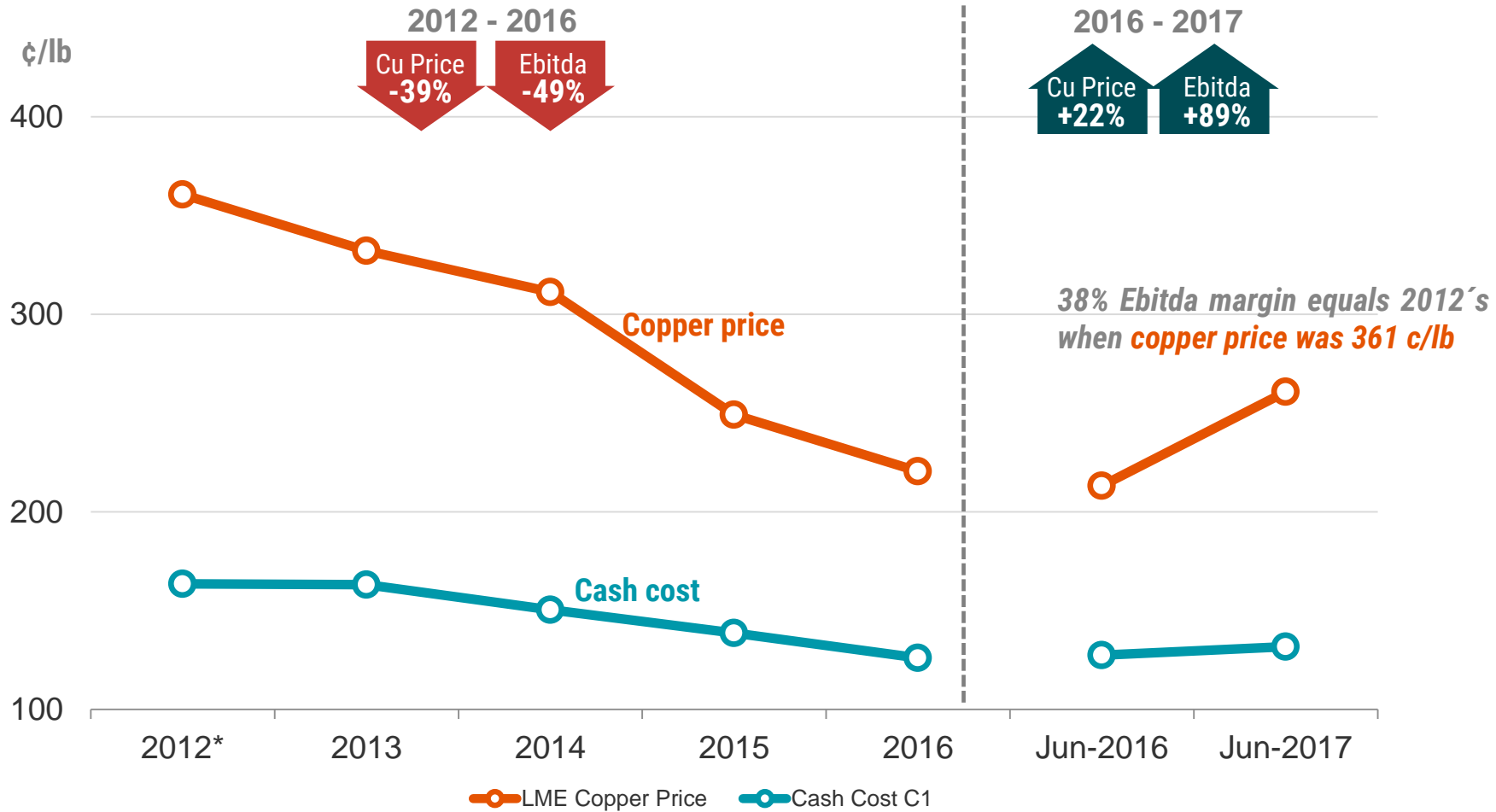


53 kt Cu
533 Mt Reserves

Anglo American Sur + El Abra

Attributable production to Codelco's share

Costs reductions have allowed Codelco to better capture the recent copper price increase



* EBITDA does not include the accounting effect of the Anglo American Sur 20% acquisition, due to the asset fair value enforcement.

Labor relations: Adjusting conditions to industry challenges



- 9 collective bargaining agreements in 2016-2017, including 14 unions and 8,170 workers.
- 0% real-terms wage increase.
- 40% lower bonuses than previous agreements.
- No impact on production.

*Responsible dialogue
with mutually beneficial
agreements*

Collective Bargaining Agreements 2016-2017

Division	Union	Bonus Amount kUS\$	Real Wage Increase %	Contract Term months
Andina	Workers	5.8	0	28
Andina	Workers	4.9	0	24
Project VP	Professionals	3.1	0	30
Headquarters	Professionals	3.4	0	24
Salvador	Workers	3.8	0	26
Salvador	Workers	3.5	0	24
Chuquicamata	Workers	6.3	0	27
Salvador	Professionals	4.5	0	24
Radomiro Tomic	Professionals	10.0	0	35
Average 2016-2017		5.6	0	27

Collective Bargaining Agreements 2013-2015

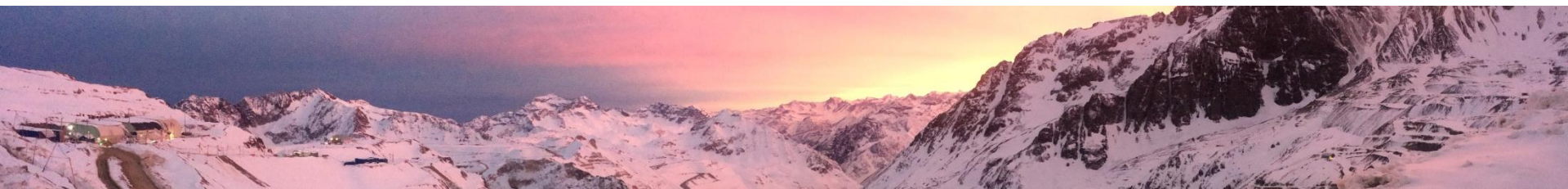
Average 2013-2015	21.1	2.5	44
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Codelco: Beyond Copper Price Recovery

SHAPING THE FUTURE

Six keys to a future Codelco

1. **Operating cost control** program with focus on **operational excellence** and increasing **productivity** through all operating units.
2. Carry on with revised capital **investment program** to reduce risk and maximize value extraction from our world-class resource base.
3. Development of **strong mining plans** with a district business view.
4. Strong **research & development** commitment, with focus on solving productivity challenges.
5. Strengthening **corporate governance and accountability**.
6. Continued focus on maintaining a **strong balance sheet** across cycles.

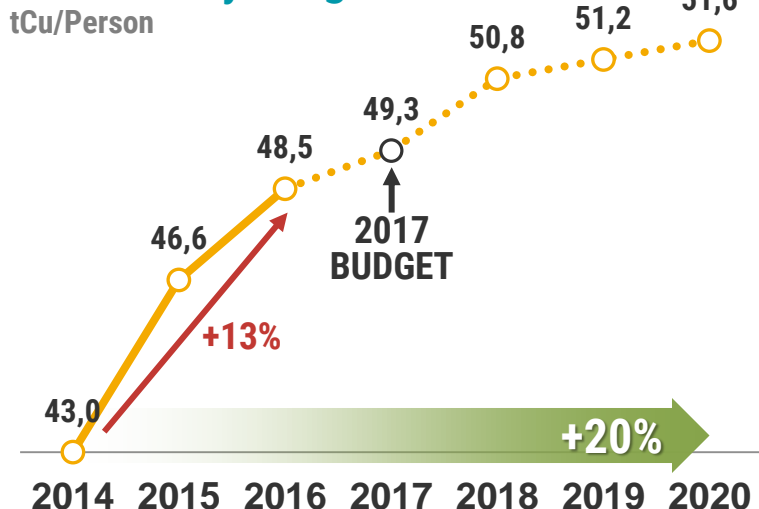


2020 Cost and Productivity Agenda

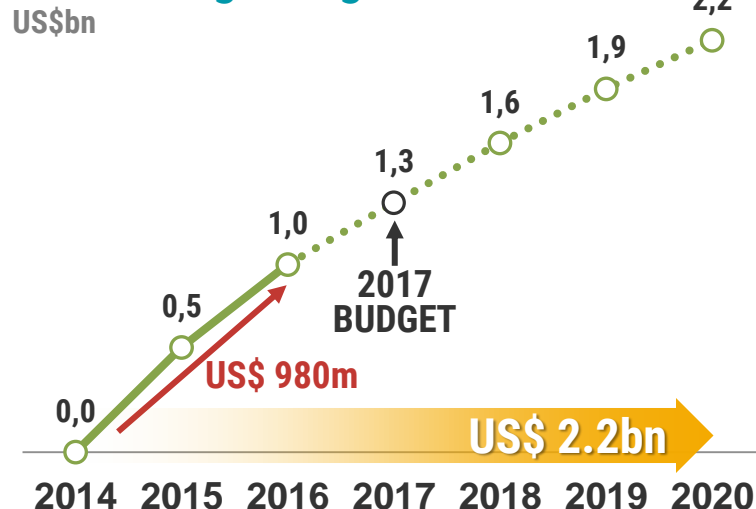
Three-stage program to improve productivity 20% by 2020.



Productivity¹ targets



Cost savings² targets

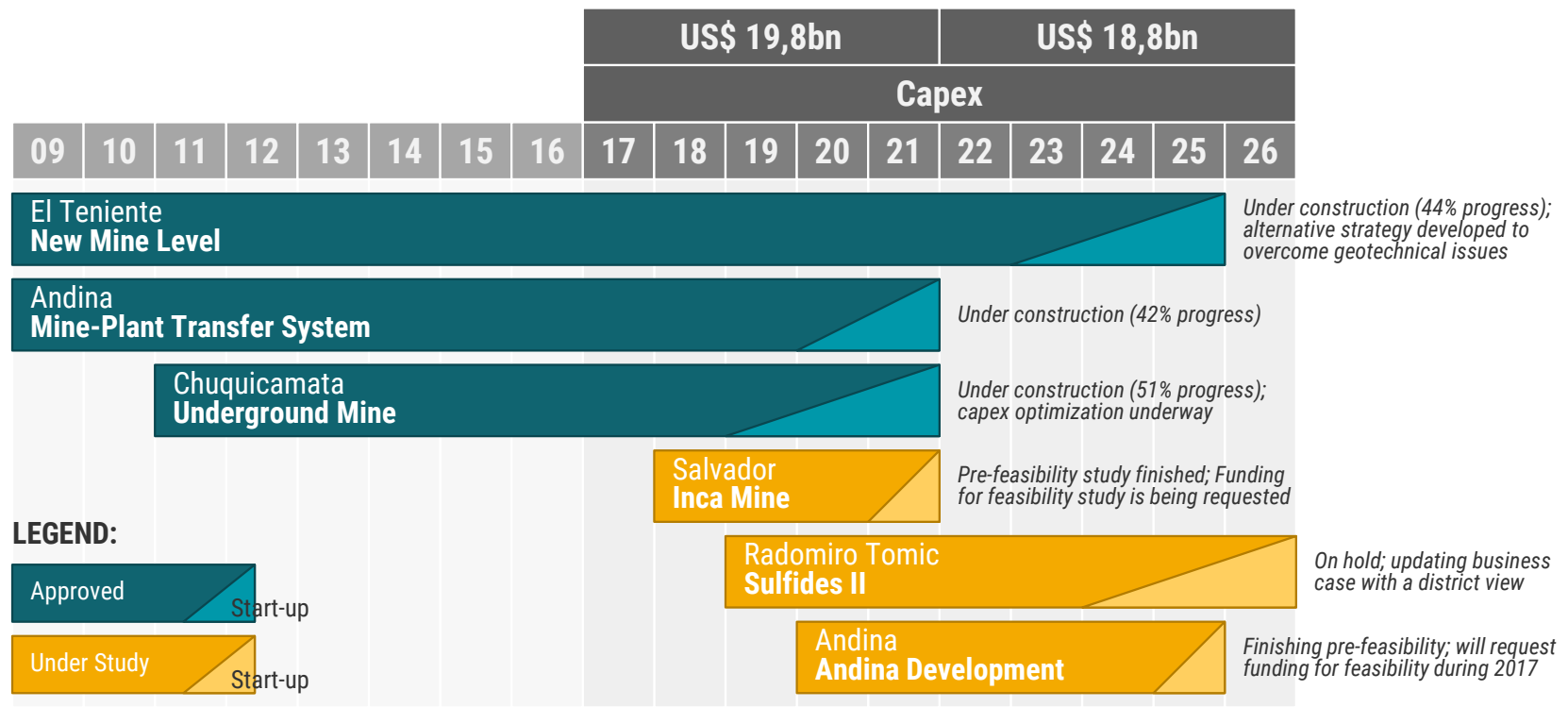


1) Productivity includes production and workforce of mining divisions and is calculated on each division product portfolio basis.

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

Investment program streamlined to preserve cash and reduce risks

Construction and start-up periods



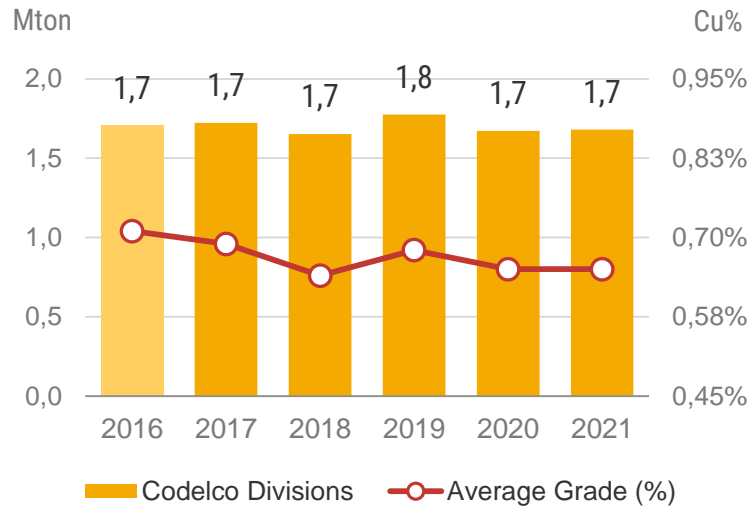
- **Layered project execution** reduces portfolio risk and concentration of cash needs.
- Ongoing review of project portfolio with a **district view**.

Note: Progress figures as of June 30, 2017

Project pipeline allows to material extend mine-life and maintain current production levels



Projected copper production¹



¹ Production from Codelco divisions; excludes subsidiaries.

Long-life reserves and resources

Potential lifetime	Mineral Resources ²	Geological Resources ³
Andina	116 years	402 years
El Teniente	86	215
Ministro Hales	57	87
Salvador	55	198
Radomiro Tomic	49	87
Chuquicamata	41	183
Gabriela Mistral	10	25

² Includes reserves.

³ Potential lifetime estimated at cut-off grade 0.2% CuT (0.5% average ore grade).

World-class resources support operation in the long term

- One of the world's largest geological resources and reserve base.
- Attractive mix of scale and long life resources.
- Average production costs in the second quartile, with space for improvement.
- Extensive, high-quality resources to support further organic growth.

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FINANCING ASPECTS

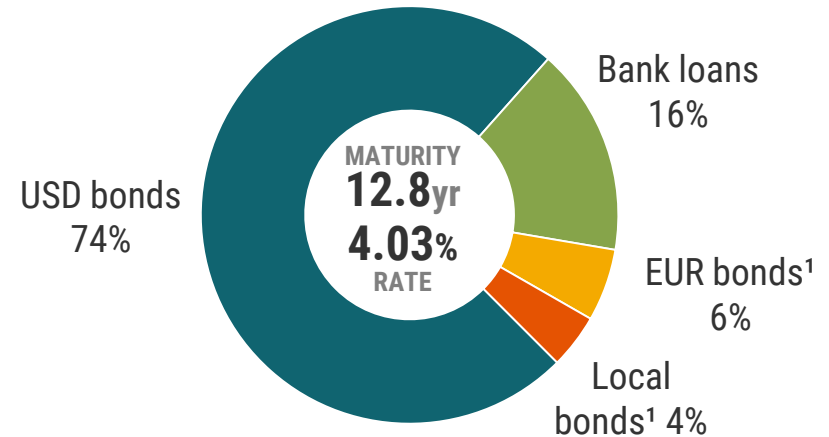
Ample access to debt markets and working on deepening sources of funding



July 2017 bond issuance

- 10 & 30 year bonds for US\$ 1.500m and US\$ 1.250m, respectively
 - Rates: 3.84% and 4.67% (T+150 and T+175).
- 10-30 year spread of **25pbs**, the lowest among the mining peer group.
- Biggest issuance in the Mining & Metals sector since 2006, and the biggest ever for a Chilean issuer.
- Well diversified demand, particularly from Asia.

Sources of funding²



Next Steps

- Keep diversifying the **sources of funding** by accessing new markets and investors.
- Defined and extend a **capitalization policy** after 2019.

¹ Local and EUR bonds swapped to USD.

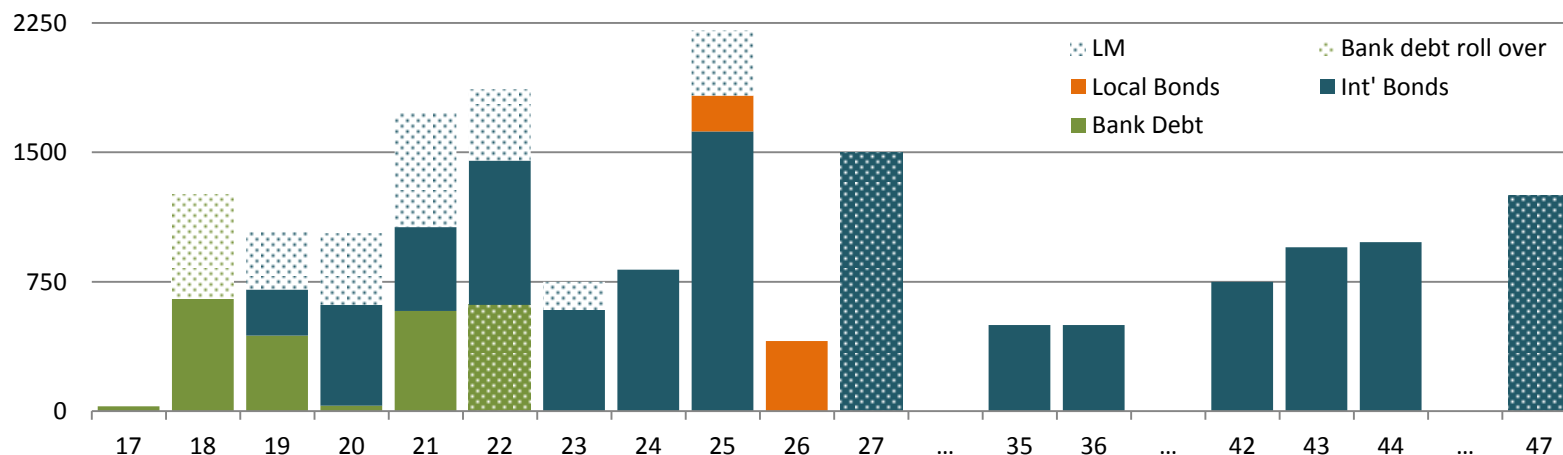
² Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is non-recourse to CODELCO. As of August 31, 2017

Proactive debt profile management

Liability Management

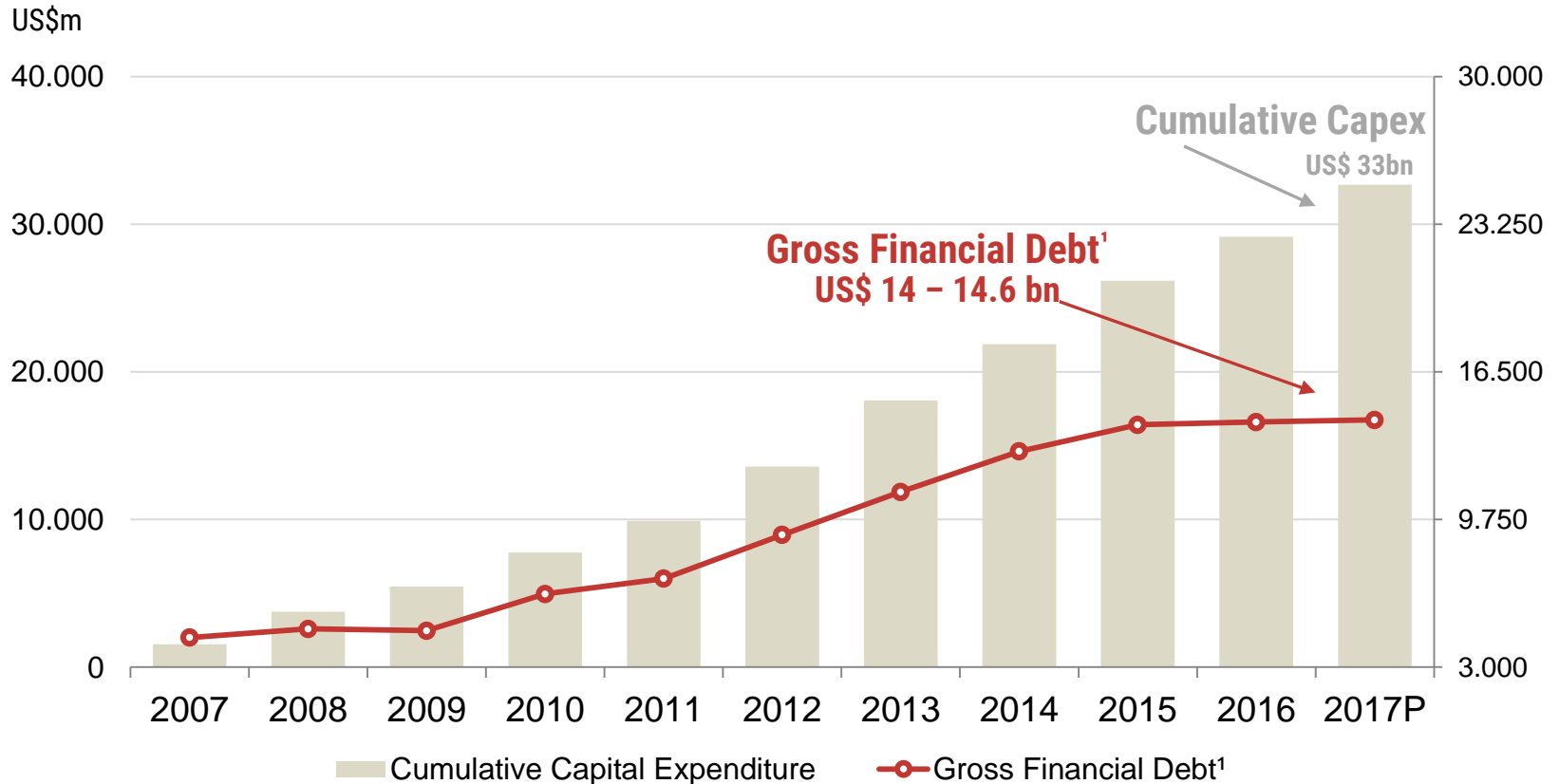
- 94% of the 2017 bond proceeds were deployed to buy-back short and medium term debt for **US\$ 2.4 billion**
 - Any and All tender offer on '19s, '20s and '21s bond maturities
 - Maximum tender offer on '22s, '23s and '25s bond maturities
 - Extended average maturity in **3.3 years** and reduced Codelco's total interest in **5 bps p.a.**
- Roll-over of **US\$ 600 million** in bank debt, extending maturity from 2018 to 2022

Debt maturity profile¹



¹ Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is non-recourse to CODELCO. As of August 31, 2017

Debt levels have been stable since 2015, despite our intense capex program



*Our financial focus is on maintaining our **credit quality** through copper price cycles, while developing our capex plan.*



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

P. projected figures for year end 2017

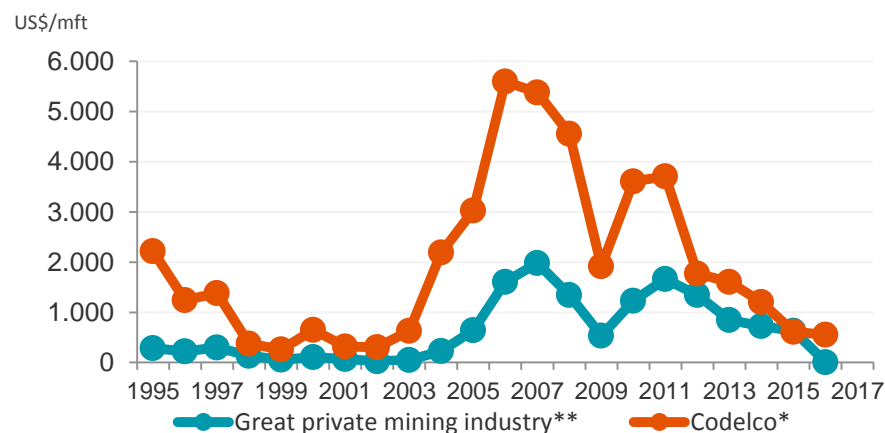
Strong government support

- Government recently **capitalized Codelco with US\$975m**
(US\$ 500m Dec'16 + US\$ 475m Apr'17)
- The Company's time limit to deploy the remaining **US\$ 2.7bn approved capital** was extended through 2019
- New payment schedule for the export tax through a **single payment at the end of each year**
 - Working capital improvement
- Codelco is a key cash contributor to the state of Chile, confirming the importance it has for the owner

Ratings

		2010	2011	2012	2013	2014	2015	2016	2017
	Moody's	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3
	S&P	A+	A+	AA-	AA-	AA-	AA-	AA-	A+
	Moody's	A1	A1	A1	A1	A1	A1	A3	A3
	S&P	A	A	A	AA-	AA-	AA-	A+	A+

Contributions to the Chilean treasury per ton



Source: Cochilco, Codelco, Dipres. *: Codelco's production not considers its share in El Abra nor AAS. **: Main ten private copper producers in 2001 with a foreign investment contract signed (DL-600). Those enterprises presented 90% of the private production and contributed for most of the mining sector taxation.

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CONCLUSIONS

Codelco: Beyond copper price recovery



- **High-quality assets** and resource base
- Focus on **competitiveness** allows to better capture **positive industry perspectives**
- Strengthening of **corporate governance, transparency** and **accountability**
- Streamlined **investment program** ensures layered execution and start-up of projects, reducing risks
- Proactive **debt maturity profile** management through ample **access to debt markets**; working on deepening funding sources
- Focus on **liquidity strength and credit quality** through copper price cycles, while developing the capex program.
- Strong **owner support** (recent capitalizations for US\$975m)



Chuquicamata Mine
in operation since 1915

