



CODELCO UPDATE April 2015

❖ Codelco Highlights

❖ **Industry Overview**

❖ **Operating and Financial Review**

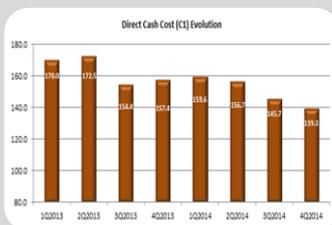
❖ **Development Plan and Outlook**



CodeLco's Highlights 2014



Copper Mine Production: increased by 2.7% in 2014 to 1,841 thousand tons, compared to 1,792 thousand tons in 2013, especially due to the new production coming from Mina Ministro Hales.



Cost Reduction: Consolidating as one of the world's lowest cost producers, C1 decreased 7.8%, from Usc 163.1 per pound in 2013 to Usc 150.4 per pound in 2014, primarily attributable to higher by-product credit, favorable exchange rate movements and lower energy cost.



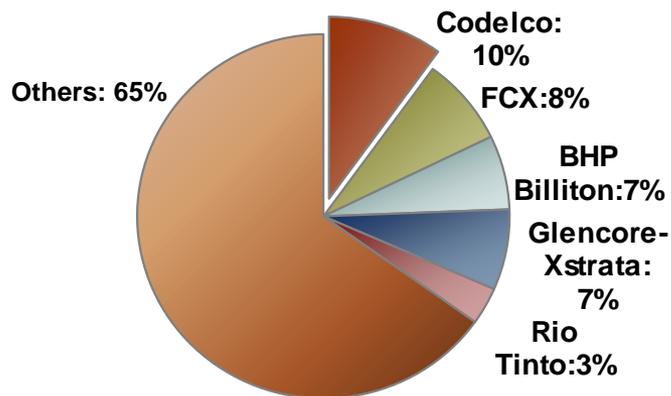
Financial Performance: Adjusted EBITDA achieved US\$5.4 bn and EBITDA Margin reached 39.4%, despite the 6.7% drop in the average copper price in 2014



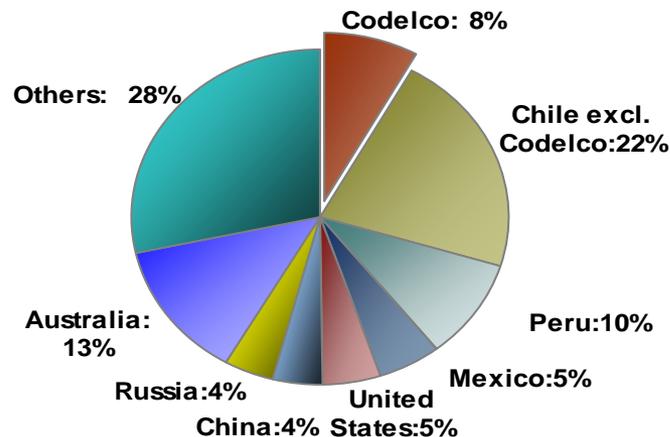
Capitalization Program: A multi-year capitalization bill became effective and provides CODELCO resources up to US\$3 billion as capital injection for the period 2014-2018, and another US\$1 billion as retained earnings has been committed for the same period of time.

Leadership in Copper and Molybdenum Mining

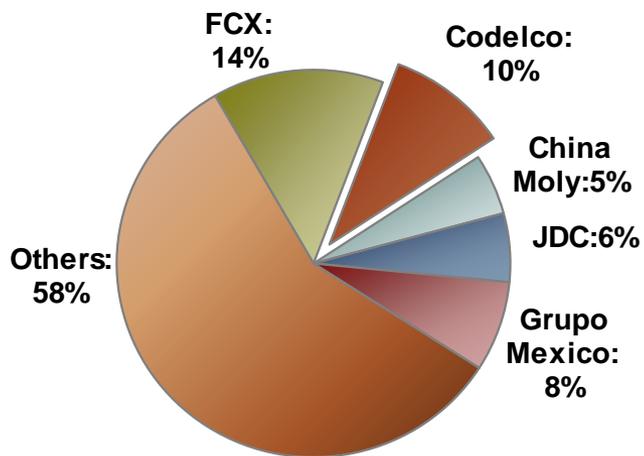
Leadership in Copper Production



Leadership in Proven and Probable Copper Reserves



Second Largest Molybdenum Producer



Long Life Reserves and Resources

	Ore Reserves (million mft)	Identified Mineral Resources (million mft)
Chuquicamata	7.5	14.7
RT	10.3	15.8
MH	2.3	9.3
Salvador	0.3	7.6
Andina	15.8	39.2
El Teniente	15.5	36.8
Gaby	1.6	1.7
Total	53.2	125.0

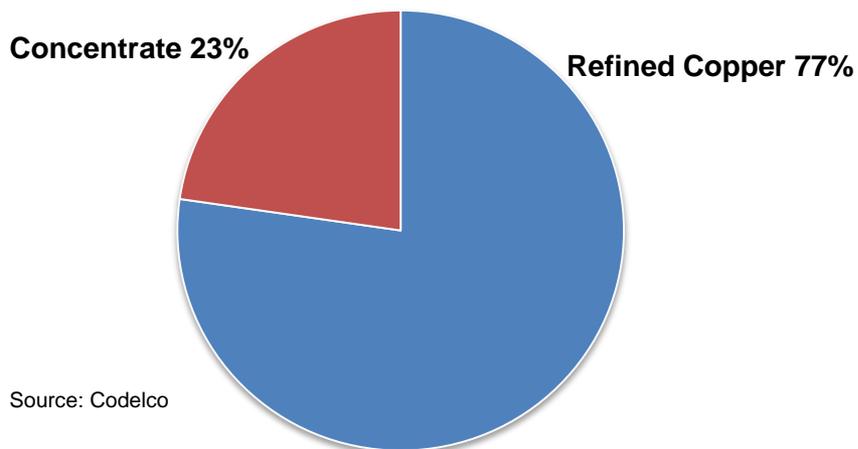
Sources: Codelco, US Geological Survey

Sales Breakdown – 2014

Sales Breakdown by Product 2014

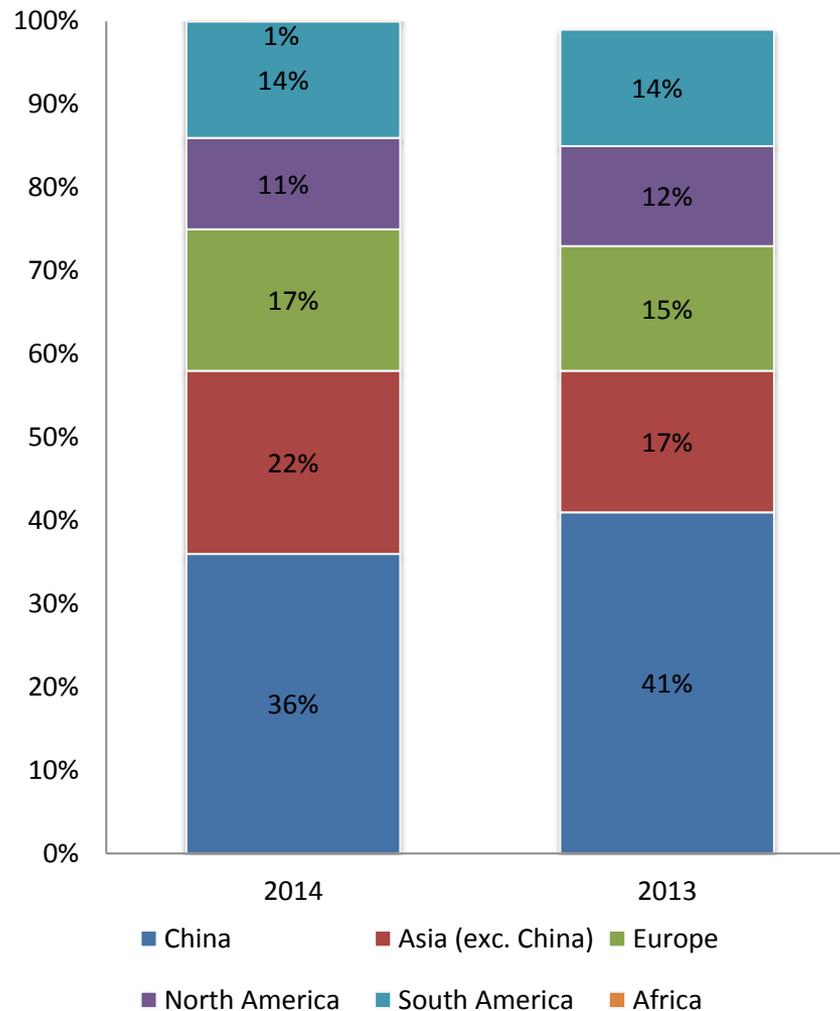
	US\$ million	%
Copper	12,592	91.1%
Molybdenum	670	4.8%
Other Products (anodic slimes, sulfuric acid, etc.)	565	4.1%
Total	13,827	100%

Copper Sales Breakdown 2014 (mft)



Source: Codelco

Copper Sales Breakdown by Region 2014(mft)



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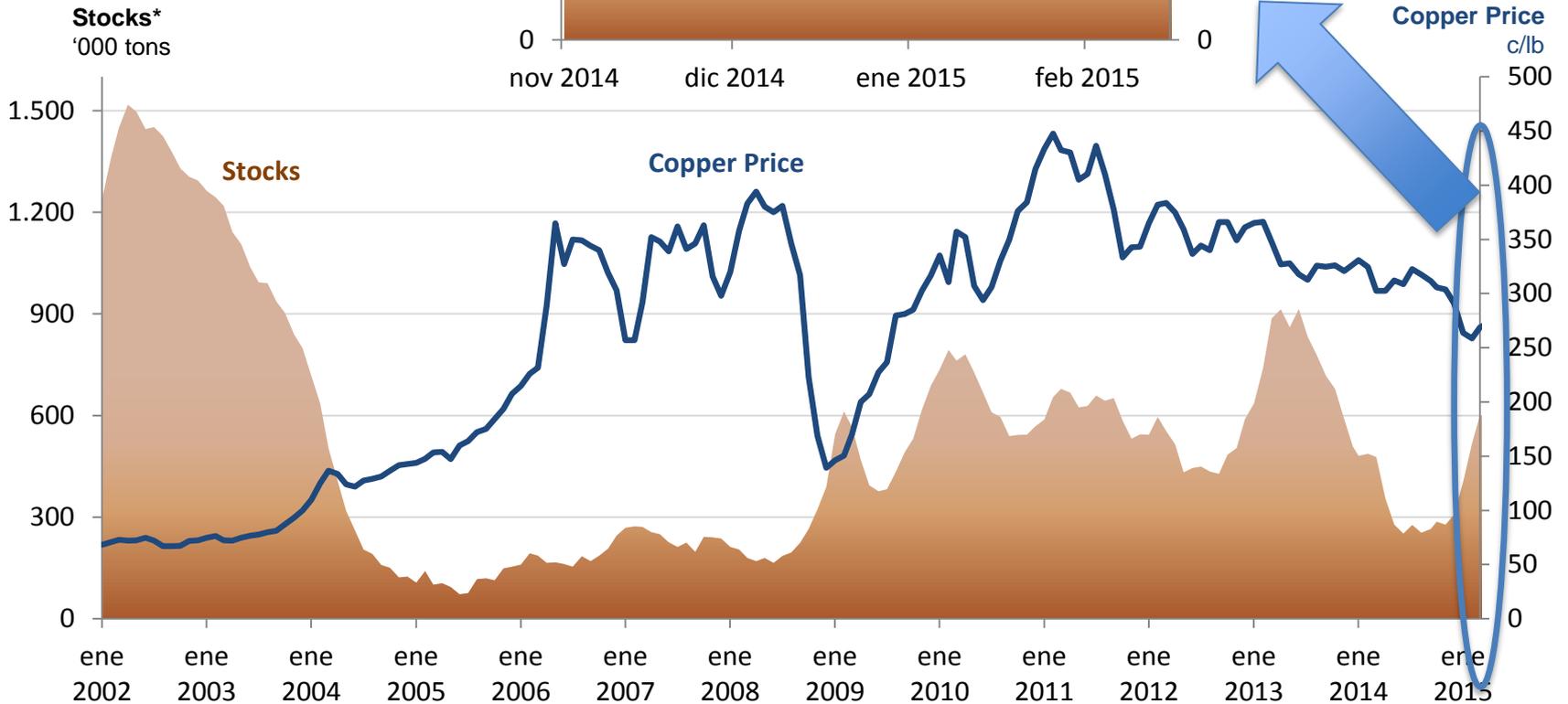
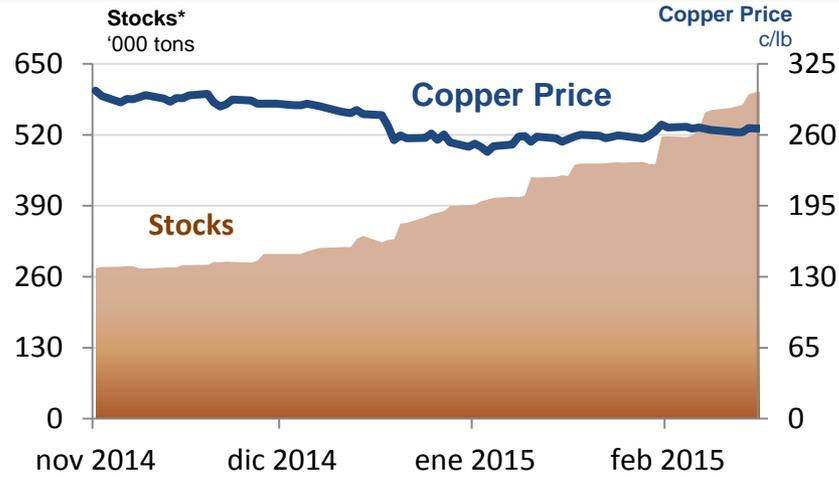
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Copper Price and Stocks Evolution



Note: Figures up to April 9th, 2015

*: London, COMEX and Shanghai metal exchanges

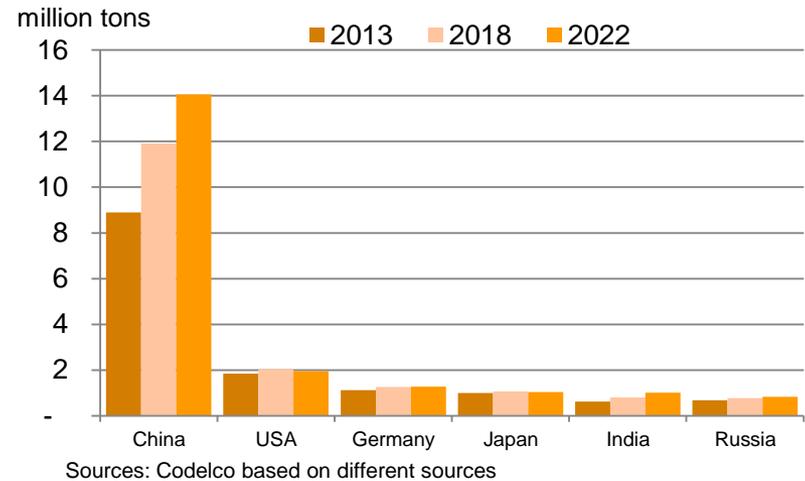


Future Copper Consumption Fundamentals Remain Healthy

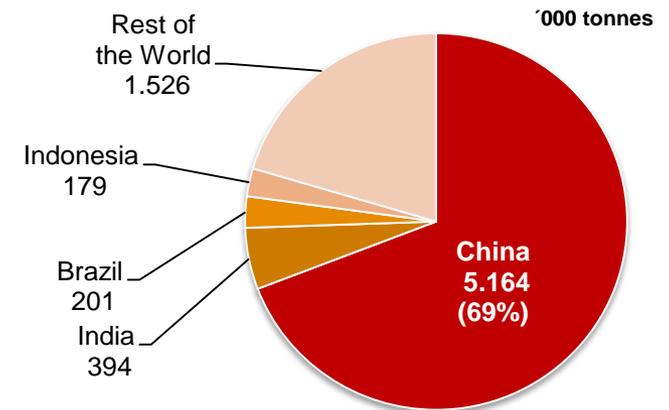
Refined Copper Consumption Fundamentals

- ✓ Fundamental Demand in China Remains in good shape
 - Economic activity supported by faster infrastructure investment
 - Tight supply of scrap in oversea market (poor generation) and cathode export scarcity creating tightness in domestic market
- ✓ Europe recovering consumption from a low base due to a fundamental improvement.
- ✓ U.S. demand should start improving driven by:
 - Consumer confidence has been growing to high level ranges
 - Automotive Production and Construction industries recovering to pre subprime crisis level

Refined Copper Consumption Projection



Consumption increase 2013-2022: 7.5 million tons

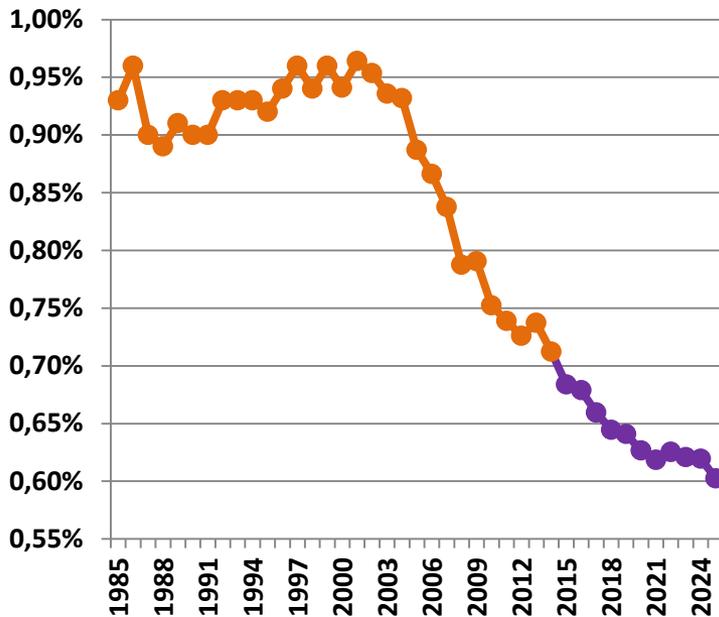


Sources: Codelco based on different sources

Supply Challenges for the Copper Mining Industry

Current Operations Challenges:

- ✓ Steep declining average industry ore grade

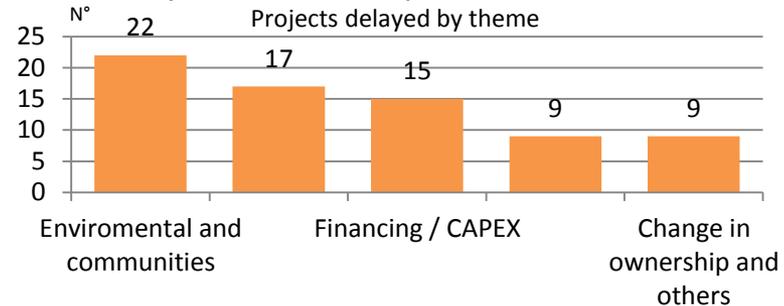


- ✓ Environmental and community challenges
- ✓ Tighter operating margins require higher levels of efficiency
- ✓ Production concerns related to the ramp-up of several recently new operations

New Operations Challenges:

- ✓ Deposits with lower ore grade and metallurgically more complex → Higher cash costs

- ✓ Projects face delays:

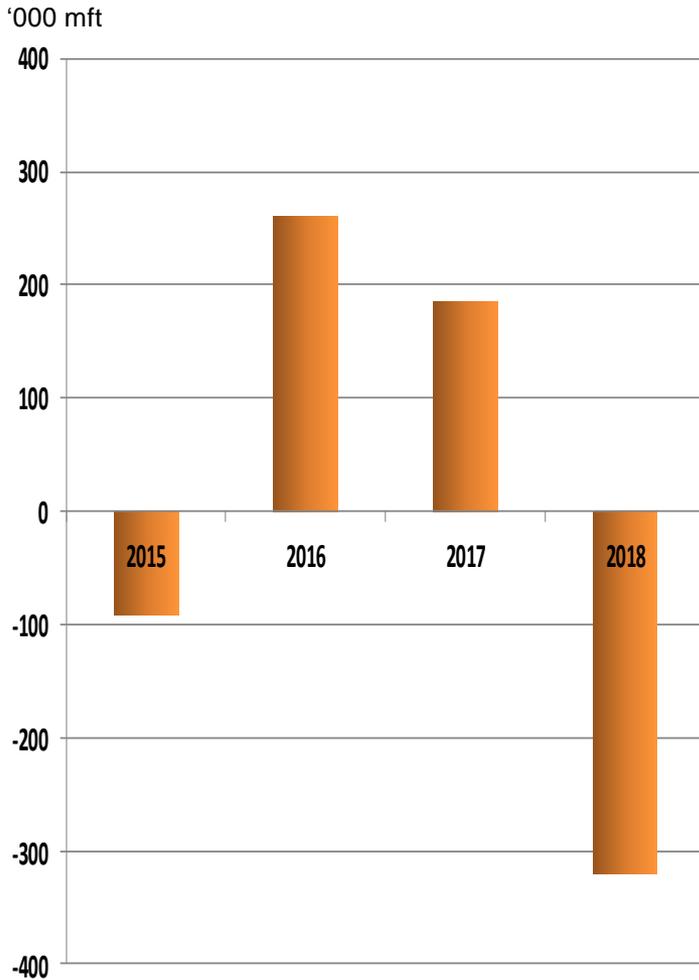


- ✓ Environmental and community challenges
 - Lots of permits and excessive time for review and approval
 - Different criteria for environmental assessment
 - Active and negative reaction from the community to large scale projects
- ✓ Project judicialization and lack of predictability

Market Outlook for the following years

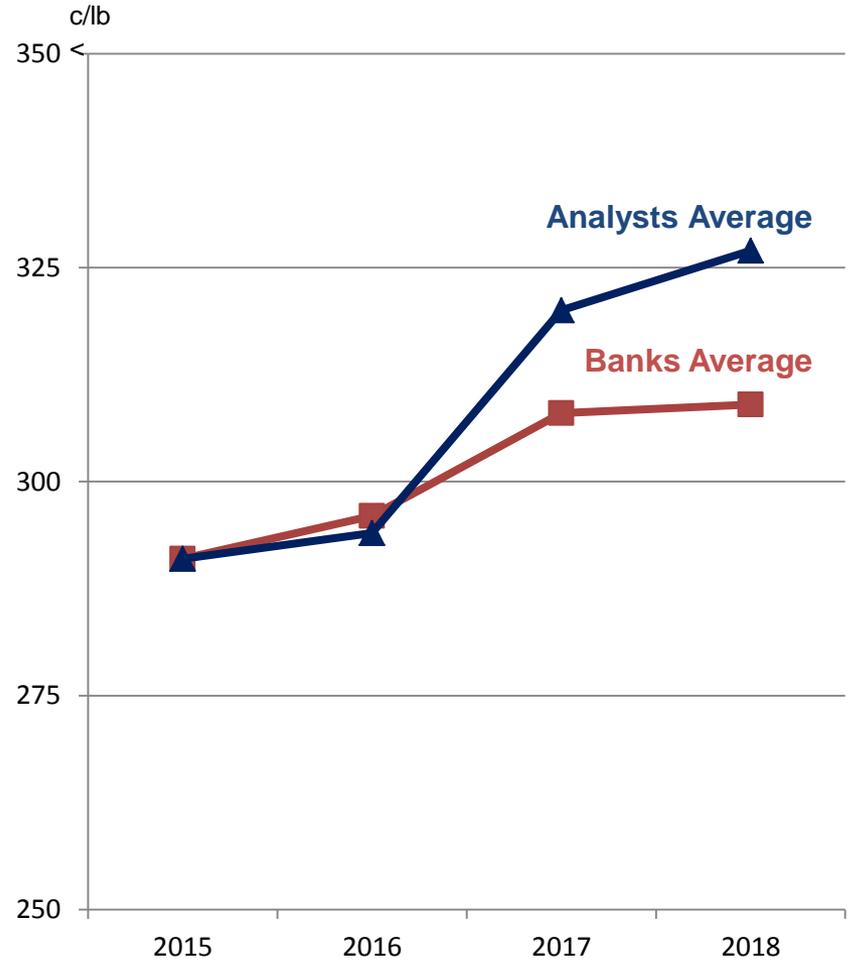
2015 currency

Market Balance



Sources: CRU, April 2015 Report.

Analysts and Banks Copper Price Outlook



Sources: Consensus Forecast Energy & Metals April 2015, CRU April 2015, Wood Mackenzie April 2015 and SML April 2015 reports.

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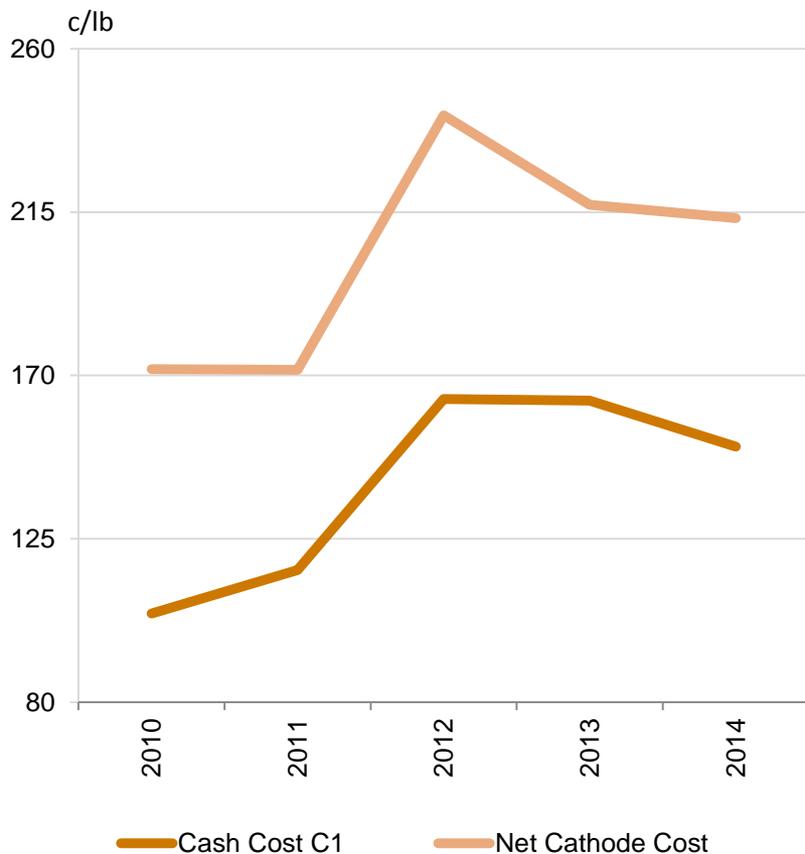
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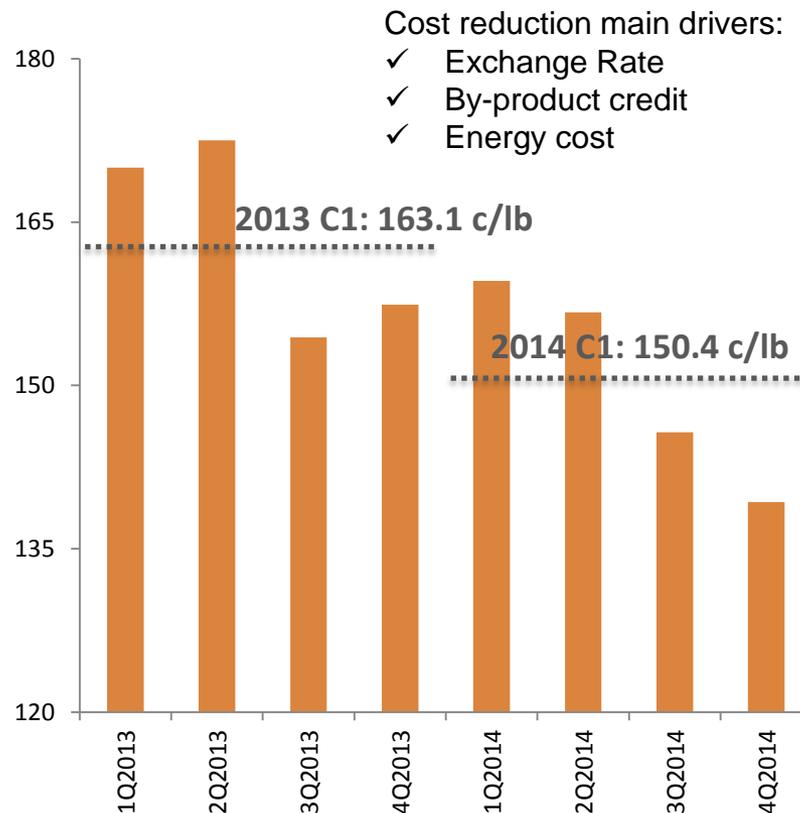


Upward Trend in Costs Has Been Broken

CODELCO'S COSTS



CODELCO'S CASH COST BY QUARTER



Cost reduction main drivers:

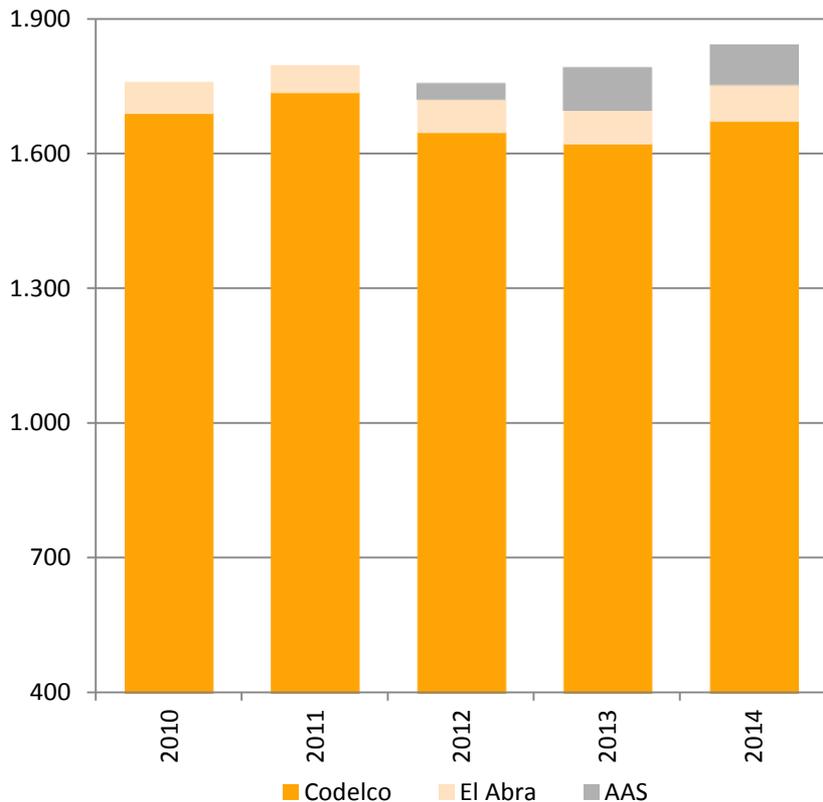
- ✓ Exchange Rate
- ✓ By-product credit
- ✓ Energy cost



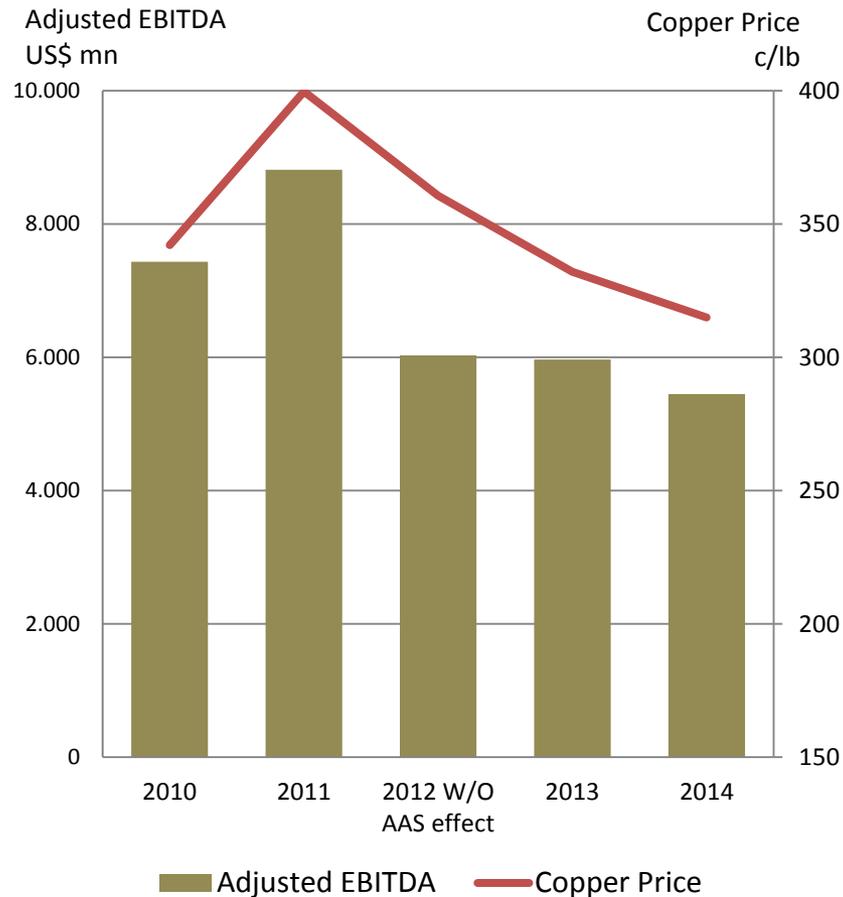
Increases in Production and Lower Costs Softened the Financial Impact of Copper Price Reduction



COPPER PRODUCTION



ADJUSTED EBITDA AND COPPER PRICE



Financial Results

In US\$ million, except noted

	FY			
	2012	2013	2014	2014/2013
Copper Production ('000 mft)⁽¹⁾	1,758	1,792	1,841	2.7%
Cash Cost (US¢/pound)⁽²⁾	163.5	163.1	150.4	(7.8)%
LME Copper price (US¢/pound)	360.6	332.1	311.3	(6.3)%
Metal Week Molybdenum price (US\$/pound)	12.6	10.3	11.3	9.7%
Average Exchange Rate (US\$/CLP)	487	495	570	15.2%
Closing Exchange Rate (US\$/CLP)	479	525	607	15.7%
Total Revenues	\$15,860	\$14,956	\$13,827	(7.5)%
Gross Profit	\$5,253	\$4,154	\$3,715	(10.6)%
Gross Margin	33.1%	27.8%	26.9%	(3.2)%
Adjusted EBITDA⁽³⁾	\$9,818	\$5,964	\$5,445	(8.7)%
Adjusted EBITDA Margin	61.9%	39.9%	39.4%	(1.3)%
Net Financial Debt⁽⁴⁾	\$7,785	\$10,262	\$11,554	12.6%
Net Interest Expense⁽⁵⁾	\$347	\$298	\$445	49.3%
Capex	\$4,093	\$4,178	\$3,364	(19.5)%

1 Includes Codelco's share of El Abra and Anglo American Sur production

2 Cash cost is always relative to a metal and expressed per unit of production. It includes all cash expenses of production net of the revenues from other metals extracted that are not copper

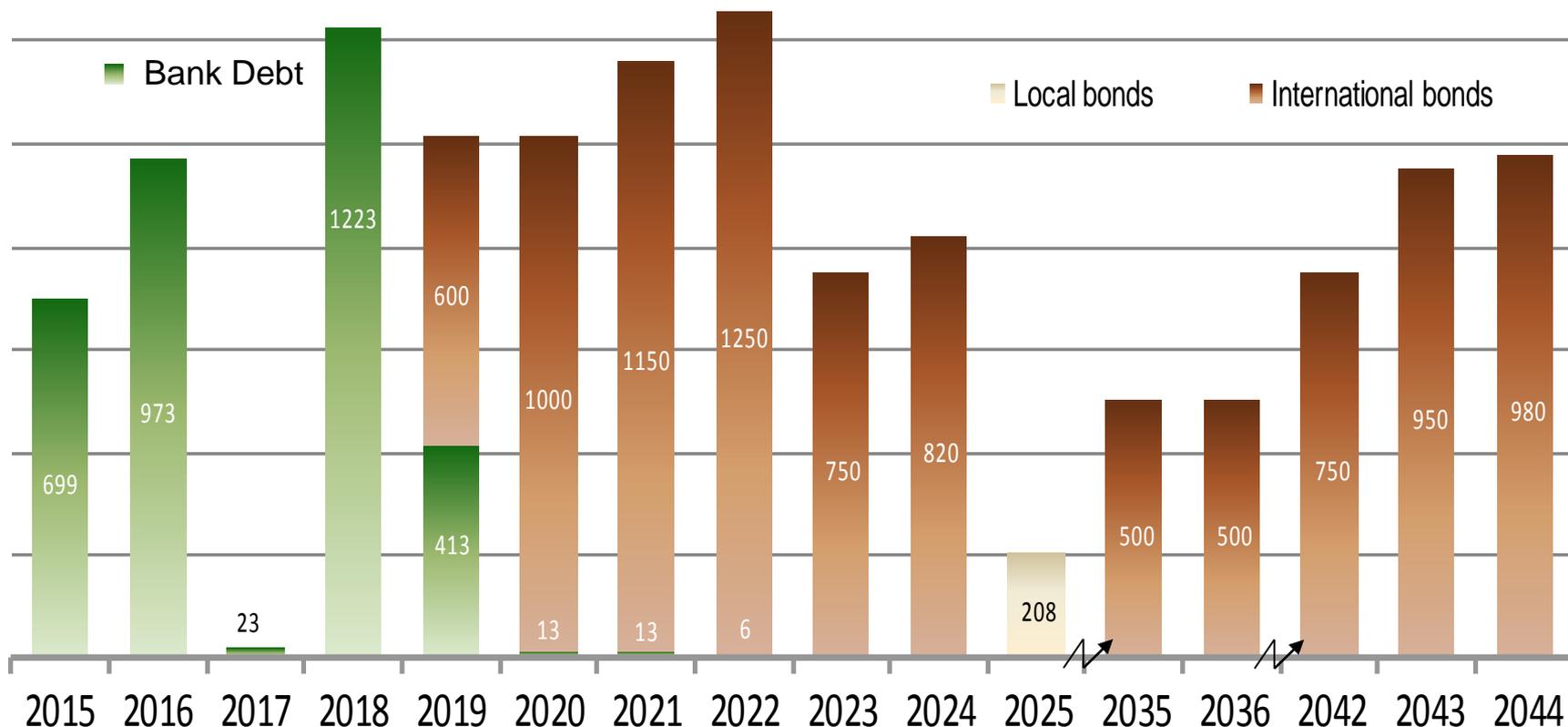
3 Calculated as Net Profit plus Taxes (includes Export Tax), Finance Cost and Depreciations and Amortizations

4 Net of cash and cash equivalents. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is non-recourse to Codelco

5 Includes provisions and other financial expenses, net of swap effects

Codelco Debt Maturity Profile - March 2014*

In US\$ million



*: Does not include Anglo American Sur acquisition debt with Mitsui because it is non recourse to Codelco

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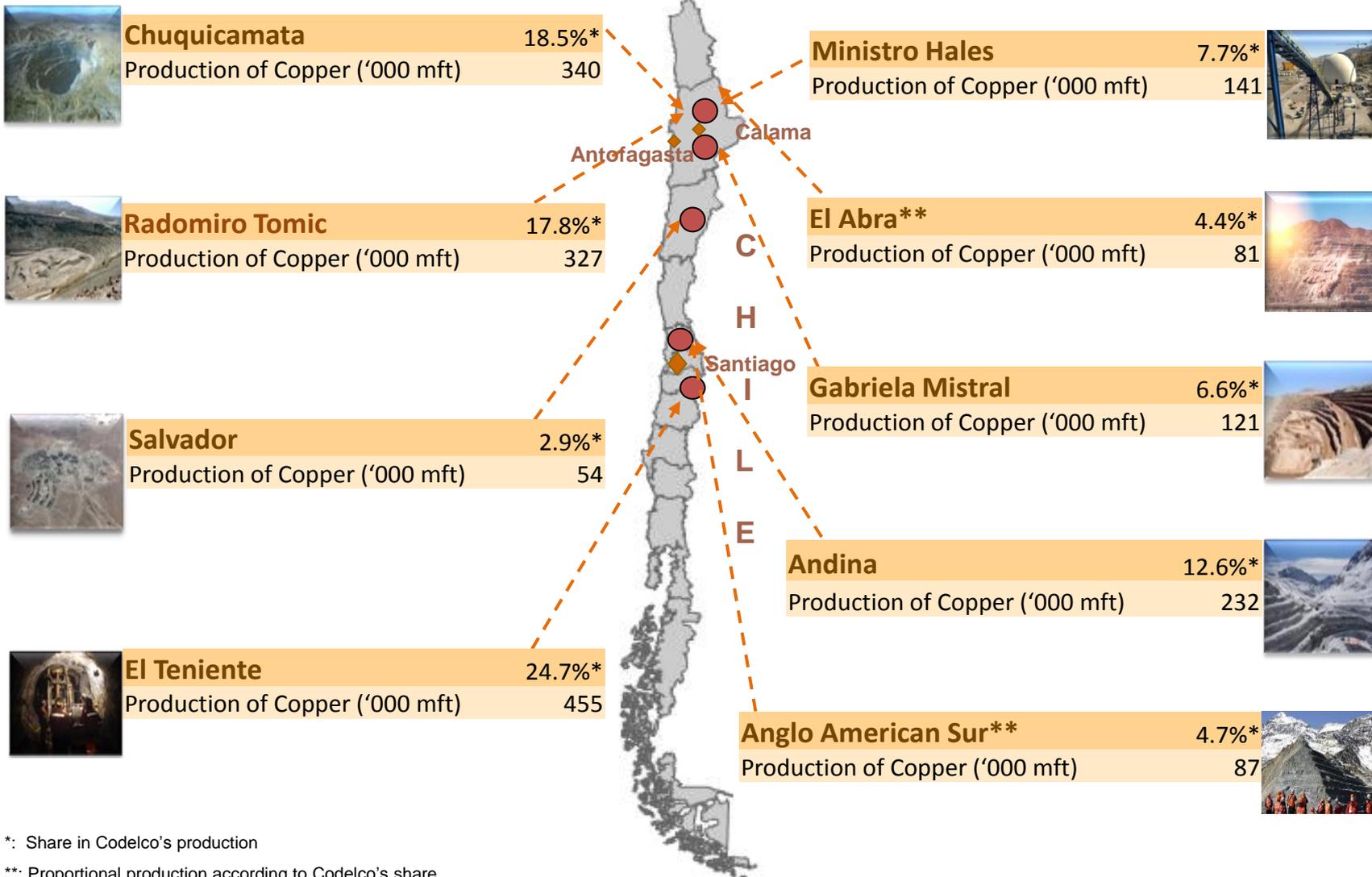
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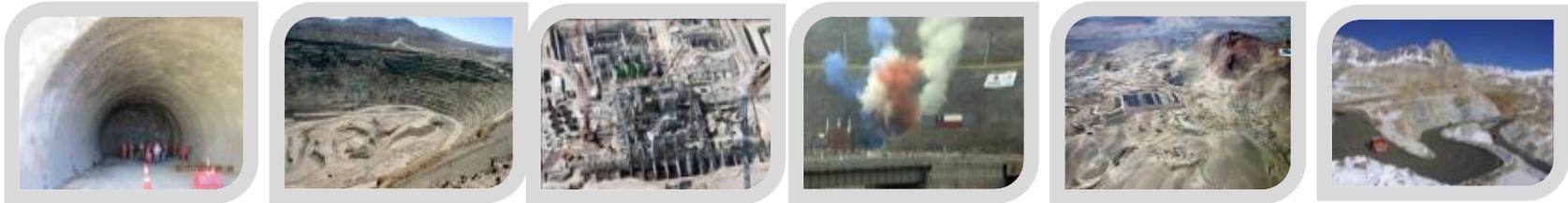
Codelco's Current Operations – 2014



*: Share in Codelco's production

**: Proportional production according to Codelco's share

Shaping the Future



Chuquicamata Underground	RT Sulphides Phase II	Andina Reallocation	El Teniente New Mine Level	Salvador Inca Pit	AndinaExpansion
2018	2019	2019	2020	2020	2024
<ul style="list-style-type: none"> • Production: 367,000 mft/y • Stage: Under construction - 17.4% progress execution 	<ul style="list-style-type: none"> • Production: 354,000 mft/y • Stage: Detail engineering studies and environmental permits proceedings 	<ul style="list-style-type: none"> • Production: 161,000 mft/y • Stage : Under Construction - 12.6% progress execution 	<ul style="list-style-type: none"> • Production: 432,000 mft/y • Stage: Under construction - 31.8% progress execution 	<ul style="list-style-type: none"> • Production: 196,000 mft/y • Stage: prefeasibility studies 	<ul style="list-style-type: none"> • Production: 343,000 mft/y • Stage: environmental permits proceedings

Note: Projects production refers to first 10 years average production after ramp up

Source: CODELCO – Business and Development Plan 2015 (PND 2015)

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