

BMO CAPITAL MARKETS
25th GLOBAL METALS & MINING CONFERENCE
**CODELCO: RECENT DEVELOPMENTS
AND PERSPECTIVES**

**Oscar Landerretche M.
Chairman of the Board**

February 28 - March 2, 2016

CODELCO HIGHLIGHTS

2015 Highlights



Safety^(P): total global accident frequency and severity rates decreased by 30% and 39%, reaching 0.93* and 140**, respectively. No fatal accident.



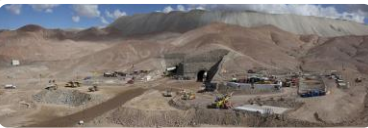
Copper Own Mine Production: increased by 3.6% in 2015 to 1,732 thousand tons, compared to 2014, especially due to the new production coming from Mina Ministro Hales. Total production achieved a historical record of 1,891 thousand tons.



Cost Reduction^(P): C1 decreased 7.8% to 138.6 c/lb in 2015 compared to 2014, attributable to lower input prices and the intensification of the control cost program.



Financial Performance^(P): Adjusted Mining EBITDA Margin reached 41%, despite the 20% drop in the average copper price in 2015 compared to 2014. (S&P A+, Moody's A1)



Financing Program: In addition to the US\$2 billion bond issuance in September, Codelco received US\$600 million capital injection plus an approval to retain earnings for US\$225 million, securing the financing for 2016.



Investment Program: During 2015 Codelco reduced its capex program by US\$1 billion, without affecting the execution plan for the key projects under construction.

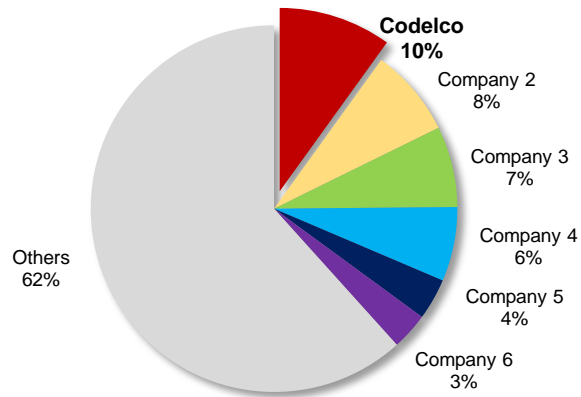
(P): All 2015 figures contained in this presentation are preliminary

* Lost Time Injuries/ Million Hours worked

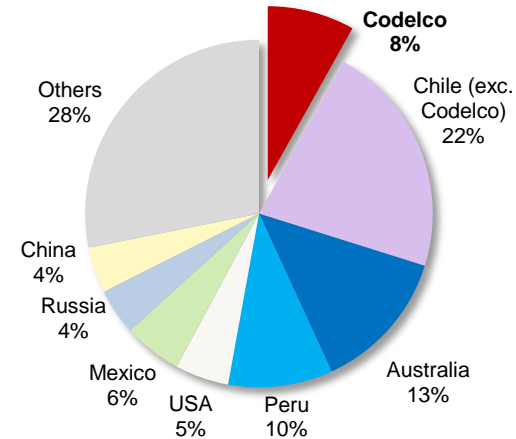
** Lost days & days charged / Million Hours worked

Leadership in copper and molybdenum production

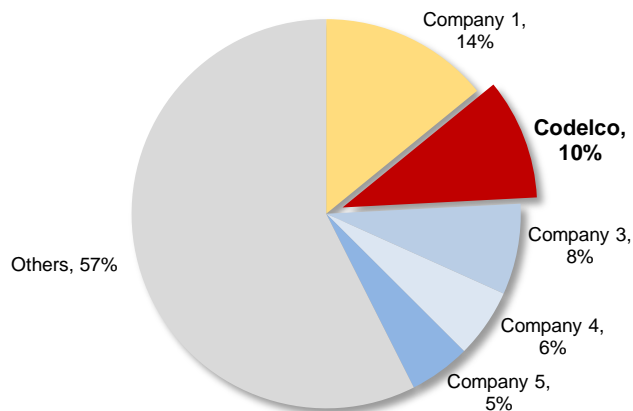
Leadership in Copper Production



Leadership in Proven and Probable Copper Reserves



Second Largest Molybdenum Producer



Long Life Reserves and Resources

Life of mine (years)	Mineral resources*	Geological resources**
Andina	78	237
El Teniente	74	200
Ministro Hales	58	87
Chuquicamata	42	205
Salvador	40	98
Radomiro Tomic	37	69
Gabriela Mistral	10	21

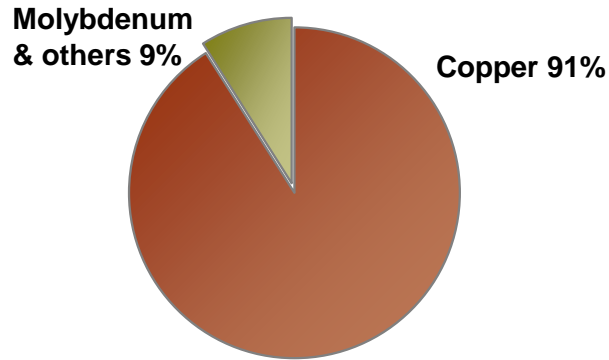
*: Includes reserves.

** : Cut-off grade at 0.2% CuT and 0.5% average ore grade

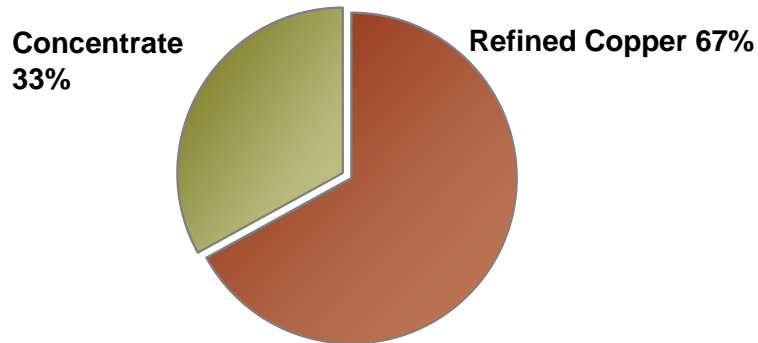
Codelco: sales breakdown – 2015^(P)

Sales Breakdown by Product

US\$ 10,779 million

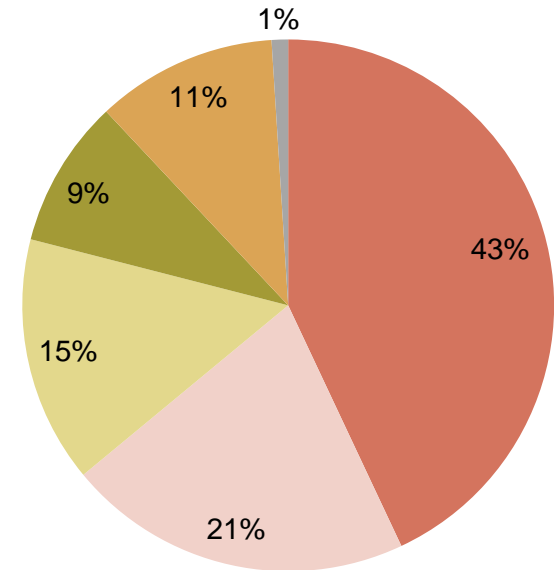


Copper Sales Breakdown (mft)



67% of total copper sales to final clients

Well-diversified Copper Sales by Region (mft)



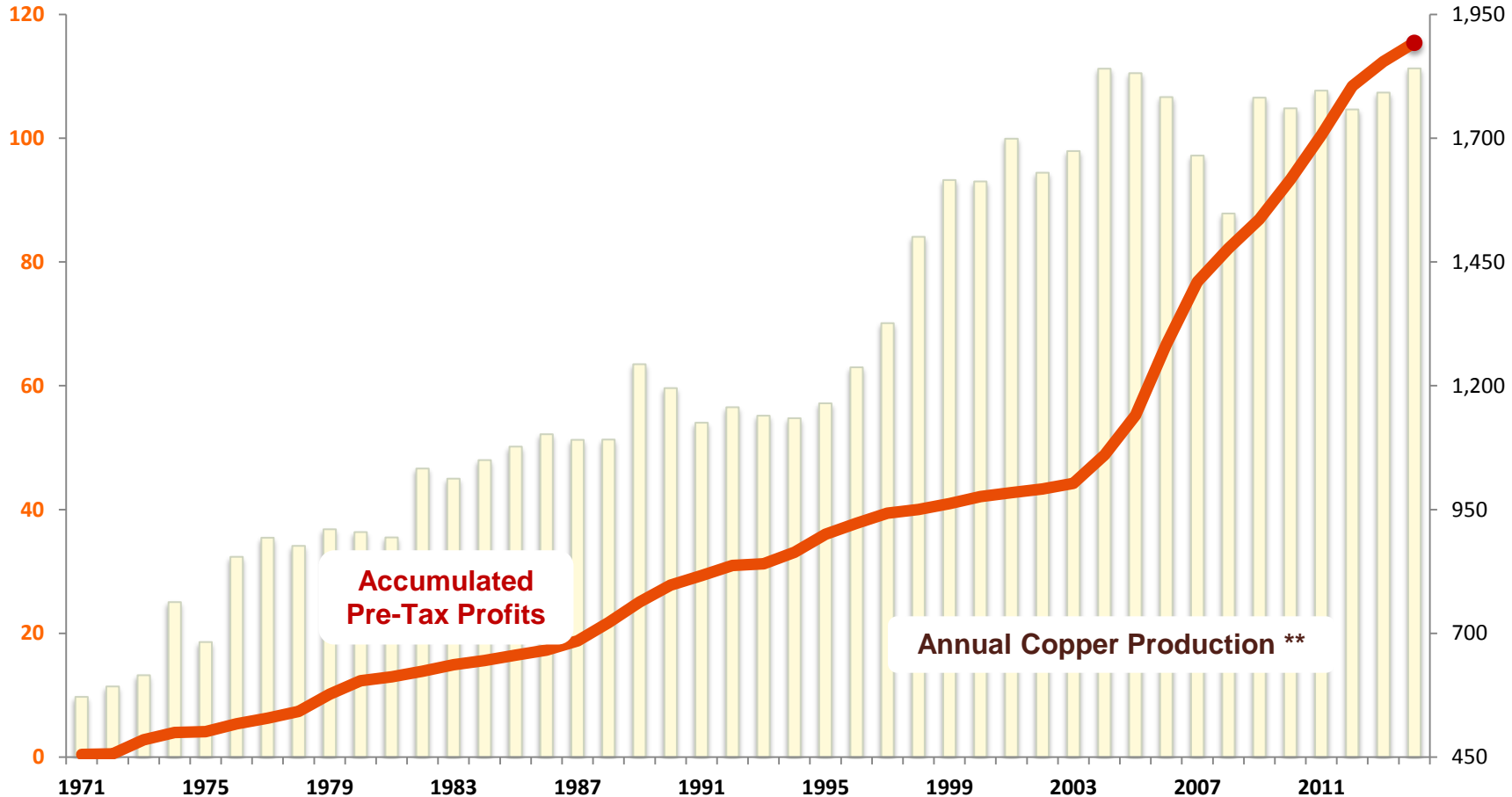
- China
- Asia (exc. China)
- Europe
- North America
- South America
- Others

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Codelco has completed over US\$ 116.6 billion of pre-tax profits generation for the development and progress of Chile *

US\$ billion, 2014 currency

'000 tons of copper content



* : Includes profits between January-September 2015.

** : Production includes stakes in El Abra (49%) and Anglo American Sur (20%)

COPPER MARKET

Copper price

Since 2011, the price of copper has shown a **downward trend**, which has intensified in recent times

COPPER PRICE: 2004-2016*



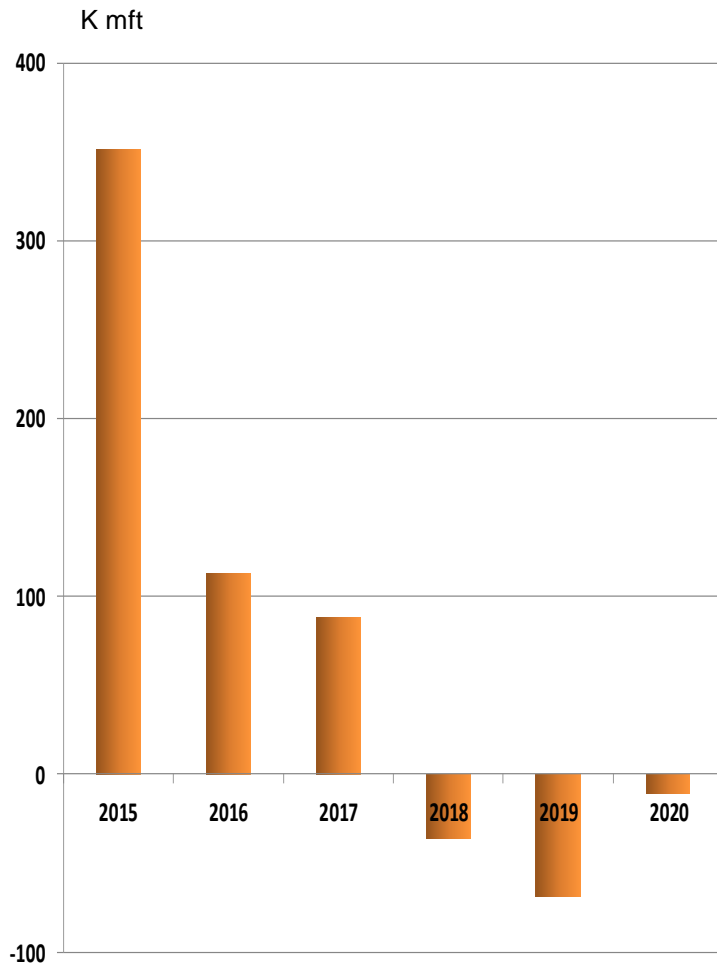
- Increasing in world copper production has temporarily turned the market into a surplus, in times of a slowdown and uncertainties on the Chinese economy growth.
- Increasing uncertainties in the world economy growth.
- Strong process of dollar appreciation.
- Important cost reductions from lower input prices, allow marginal producers to remain in business.

*: Year 2016 until February 15th.

Market outlook for the following years

2016 currency

Market Balance

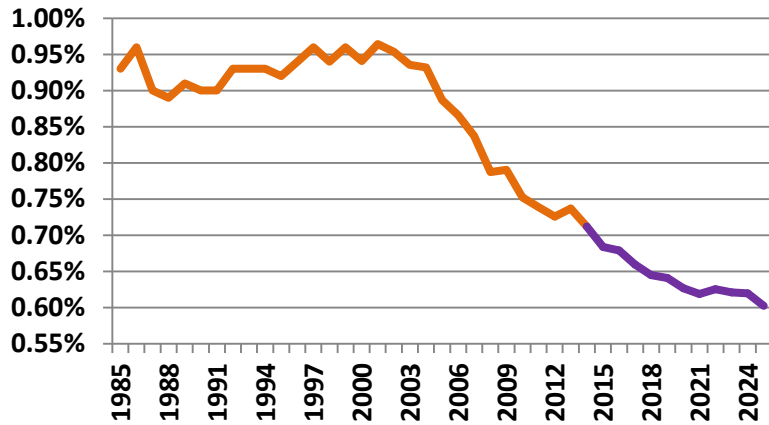


Sources: Codelco

- Due to the recent mature of projects developed in previous years, the market is expected to show a surplus until 2017.
- Thereafter, it is expected that production will not be able to satisfy demand, even at a lower growth rate.
- Moreover, exacerbated by important investment cuts and postponements of projects,
- Therefore, the fundamentals of the copper industry remain strong and should lead to a market recovery in a context of increasing difficulties to replace the depleting copper reserves.

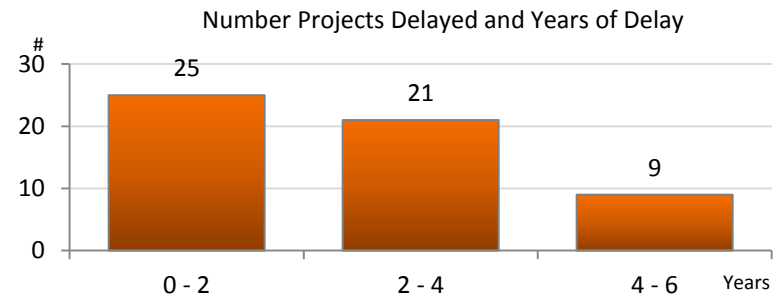
Supply challenges for the copper mining industry

- ✓ Steep declining average industry ore grade



- ✓ Environmental and community challenges
- ✓ Increasing scarcity of water supply
- ✓ Legal obstacles and lack of predictability

- ✓ New projects with lower ore grade and metallurgically more complex .
- ✓ Ramp-up of several new operations have not met the production target.
- ✓ Important number of Projects Delayed.



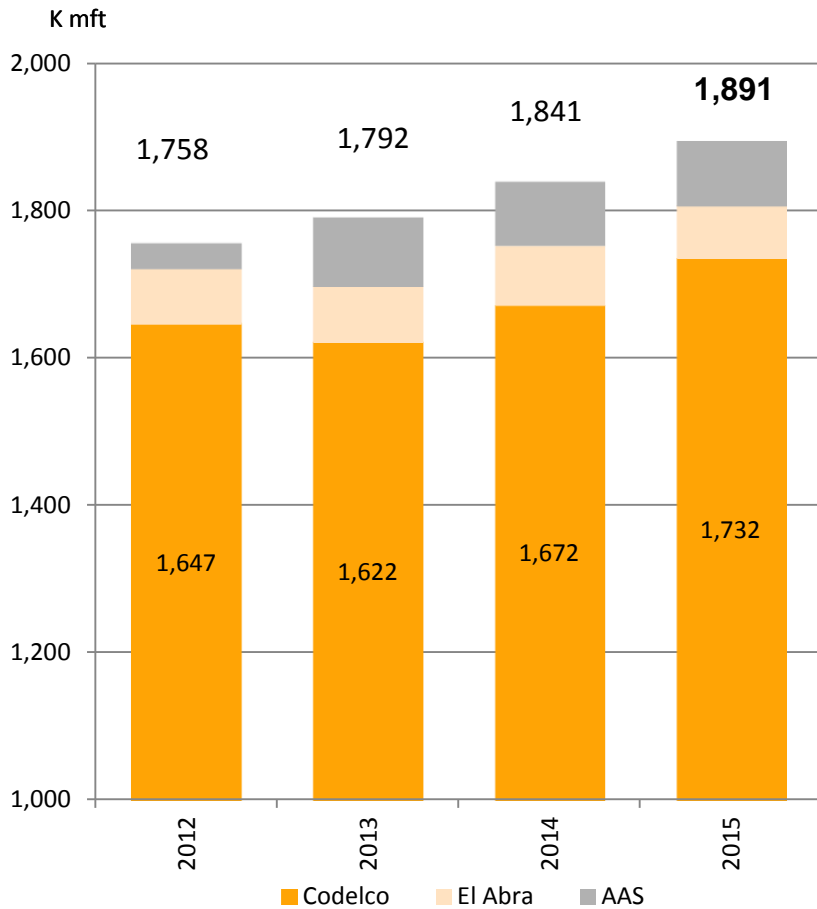
- ✓ Finally, lack of relevant new copper deposits to replace the existing ones

Codelco large mine base is especially attractive to underpin its future growth

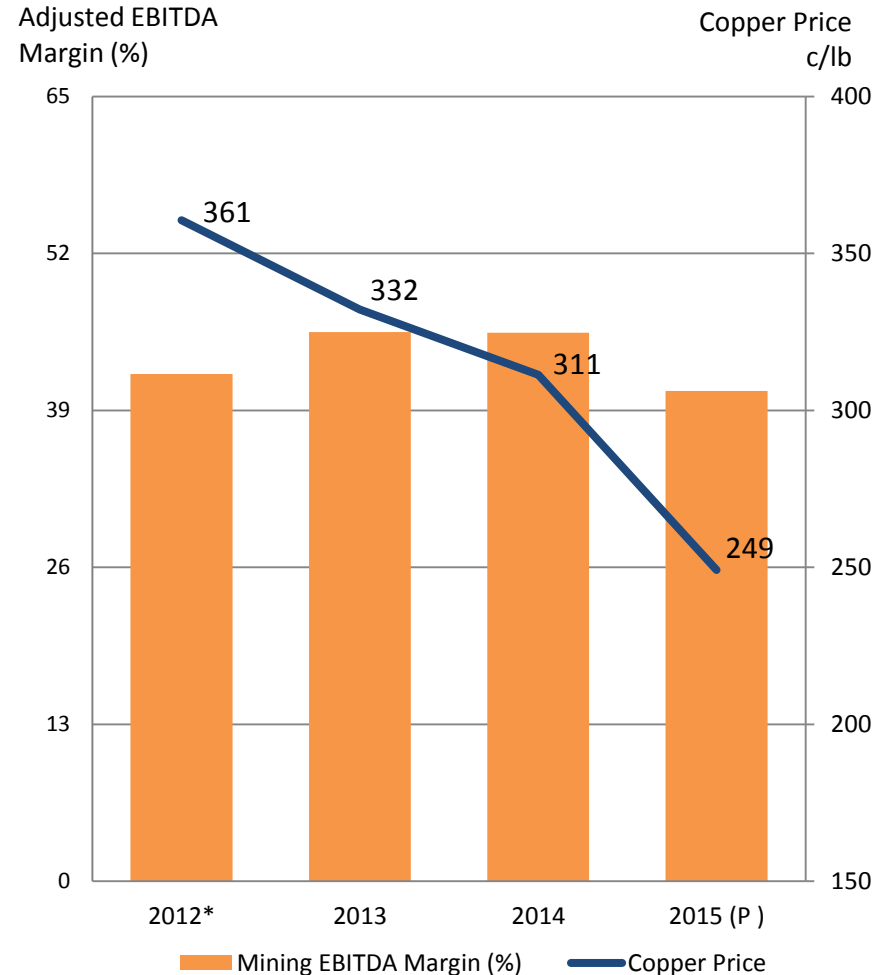
CODELCO'S OPERATING AND FINANCIAL REVIEW

Focus on productivity and cost management reduced the financial impact of copper price decrease

Total Copper Production



Mining EBITDA Margin and Copper Price



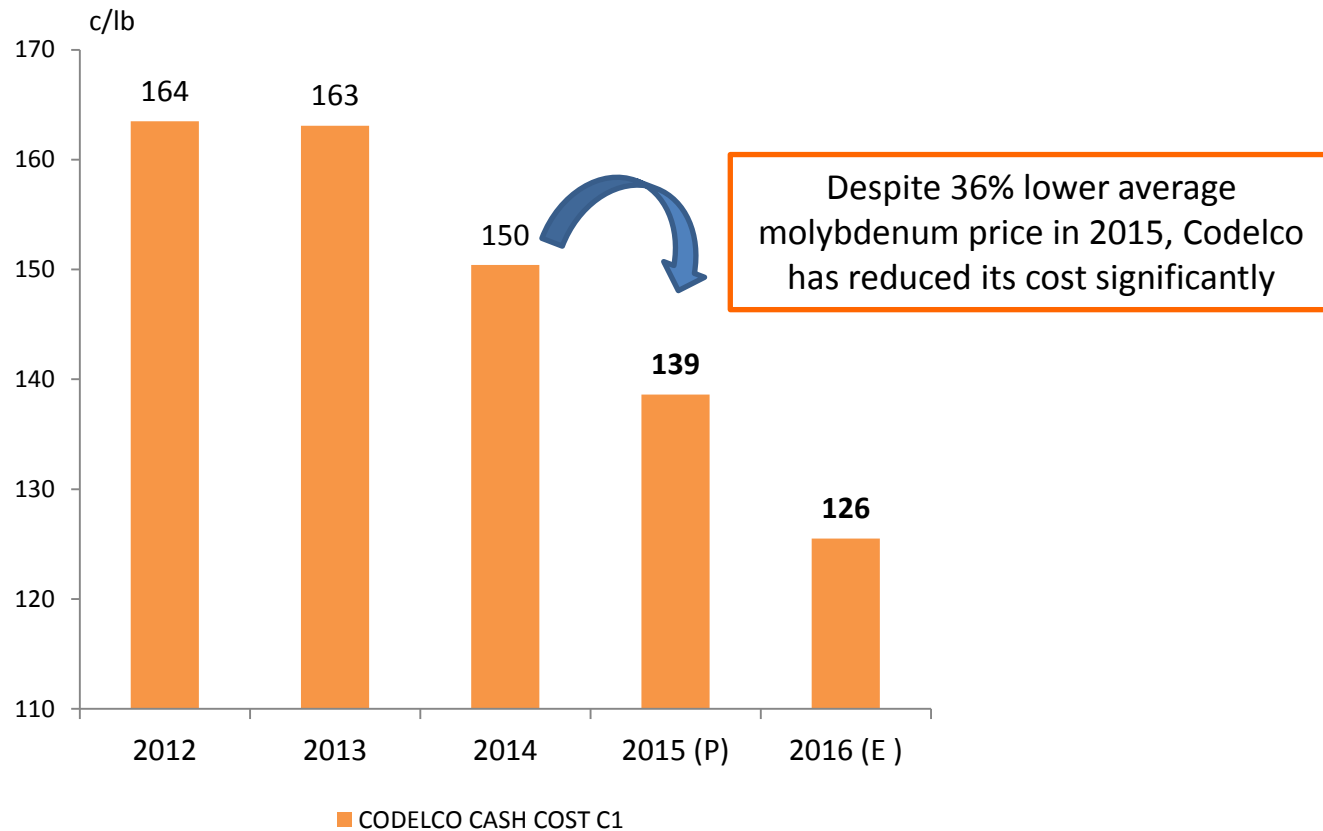
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*: 2012 Adjusted EBITDA excludes the extraordinary fair value accounting effect of Anglo American Sur 20% acquisition.

Cost control program is steadily delivering expected results

2015 Cost Reduction Main Drivers

- ✓ Increasing productivity
- ✓ Lower input prices (exchange rates, energy, fuels, other supplies and services)



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(E): All 2016 figures contained in this presentation are estimated.

CODELCO'S CURRENT OPERATIONS AND THEIR FUTURE TRANSFORMATION

Current operations – 2015^(P) and 2016^(E)



Chuquicamata	2015 ^(P)	2016 ^(E)
Production of Copper (kmft)	309	285
Cash Cost (C1)	150	133



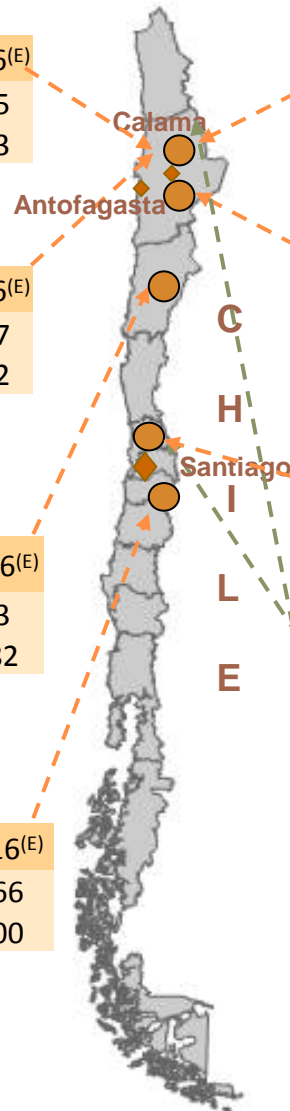
Radomiro Tomic	2015 ^(P)	2016 ^(E)
Production of Copper (kmft)	316	327
Cash Cost (C1)	141	132



Salvador	2015 ^(P)	2016 ^(E)
Production of Copper (kmft)	49	63
Cash Cost (C1)	248	182



El Teniente	2015 ^(P)	2016 ^(E)
Production of Copper (kmft)	471	466
Cash Cost (C1)	101	100



Ministro Hales	2015 ^(P)	2016 ^(E)
Production of Copper (kmft)	238	207
Cash Cost (C1)	141	126



Gabriela Mistral	2015 ^(P)	2016 ^(E)
Production of Copper (kmft)	125	122
Cash Cost (C1)	160	151



Andina	2015 ^(P)	2016 ^(E)
Production of Copper (kmft)	224	234
Cash Cost (C1)	145	122



Anglo American Sur*	2015 ^(P)	2016 ^(E)
Production of Copper (kmft)	88	n/a
Cash Cost (C1)	n/a	n/a



El Abra*	2015 ^(P)	2016 ^(E)
Production of Copper (kmft)	72	n/a
Cash Cost (C1)	n/a	n/a



*: Proportional production according to Codelco's share
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Projects under Construction – Progress as of December 2015



Chuquicamata Underground (24.5% progress)

- Expected Production: 367,000 mft per year (replacement); start-up in 2018
- CAPEX: US\$4.0 bn



Traspaso Mina Planta Andina (19.6% progress)

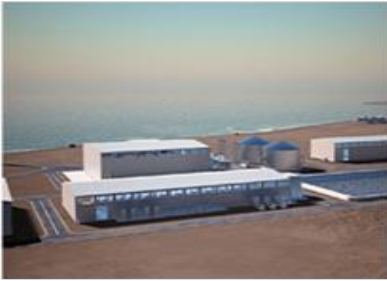
- Allows to maintain long-term treatment capacity and enable a future expansion
- CAPEX: US\$1.4 bn
- Under operation in 2022



Nuevo Nivel Mina Teniente (36% progress)

- Expected Production: 432,000 mft per year (replacement); start-up in 2022
- CAPEX: US\$5.1 bn
- Status: the development is being reformulated to better respond to challenging geo-mechanical conditions encountered in its development

Projects under Engineering Studies



RT Sulfides Phase II

- Status: 59.9% progress in detailed engineering, environmental study approved and developing early works
- Concentrator plant of 100 + 100 ktpd



Andina Expansion

- The project is being reformulated to create an alternative less capital intensive, optimizing water consumption through recirculation of water pumped from the tailings dam and minimizing impacts on the environment to prolong the life of the Andina Division



Salvador Inca Pit

- Status: Pre-feasibility study has been extended to generate more geo-mining-metallurgy background to define key design parameters

CODELCO STRATEGY

Our strategy

**GROWTH BEYOND
OUR MINING BASE**

**BROWNFIELD EXPANSIONS TO TAKE
ADVANTAGE OF OUR MINING BASE**

**CURRENT OPERATIONS: COST CONTROL AND
INCREASING PRODUCTIVITY**

Strengthen
corporate
governance

Manage with
safety and
occupational
health

Operate in
harmony with
environment,
communities
and territory

Strengthen
the
organization
and
management
processes

Incorporate
and maximize
talent
development

Create value
through
innovation and
new
technologies

Innovations oriented to three key objectives

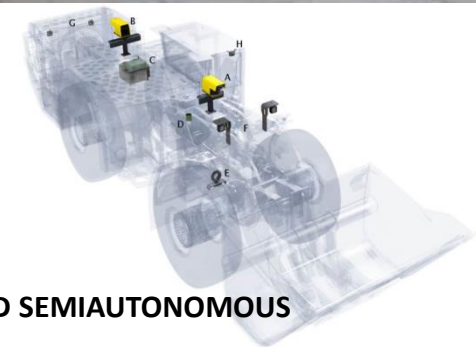
- **Solving operational difficulties**

- Open pit dangerous areas / **Remote mining.**
- Operational control / **Robotic concentrates sampler.**
- Preventive maintenance / **Big data.**



- **Transforming resources into reserves**

- Higher productivity and safety / **Semiautonomous trucks.**
- Increasing impurities / **Complex concentrates processing.**



- **Breakthrough to achieve competitive advantages**

- Higher productivity and safety / **Continuous mining.**
- Higher productivity and lower environmental impact / **Leaching sulfides.**



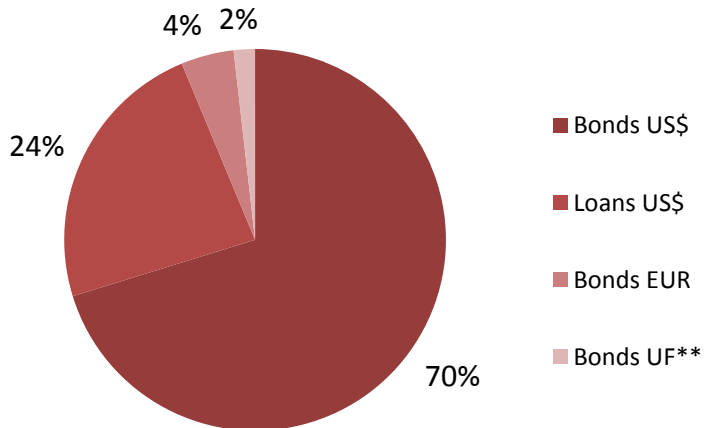
FINANCING PLAN

Financing plan

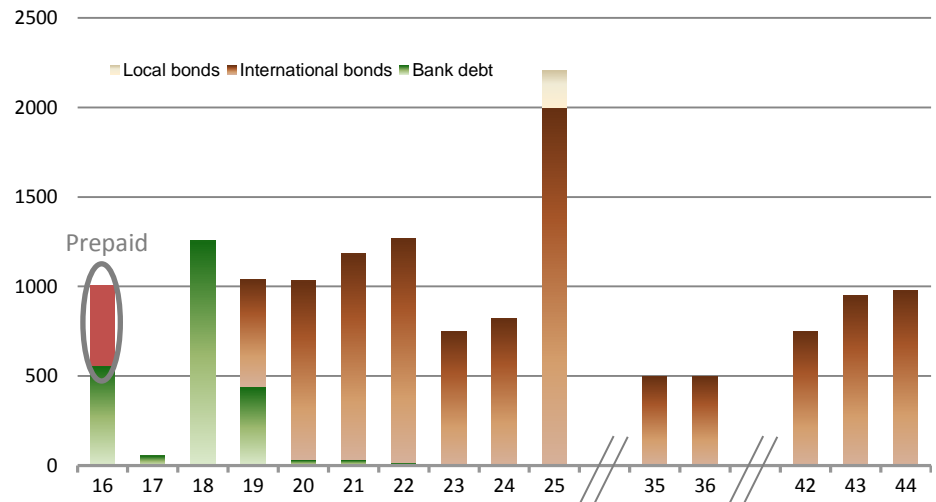
- The Company's financing policy considers a long term gearing consistent with the **investment grade** rating.
- A law was enacted to **capitalize Codelco** (US\$ 4 billion through capital contribution and retained earnings during the period 2014-2018.)
- All these contributes to ensure a **competitive cost** for future fund requirements.
- The Company has a conservative debt maturity profile, without major debt repayment until 2018.

Codelco's Access to Global Financial Markets

Financial Debt*: US\$ 14.8 billion



Debt Maturity Profile*



*: As of September 2015. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because it is non-recourse to Codelco.

** : The Unidad de Fomento (UF) is a Unit of account that is used in Chile.

SUMMARY

In summary

Codelco's strength and future growth are based on:

- **High Quality Assets and Resource Base**
 - 8% worldwide reserves.
 - World largest copper producer, with 10% of industry share.
 - Second largest molybdenum producer, with 10% of industry share.
 - Long-life reserve base (63 years for reserves and mineral resources; 191 years for geological resources.)
- **Focus on operating cost control and productivity**
 - Fully integrated competitive cost operations (C1: 126 c/lb ^(E), expected for 2016).
 - Strong operating margins (2015 Adjusted Mining EBITDA margin reached 41% ^(P).)
- **Investing through the cycle**
 - Excellent brownfield projects under execution.
 - Robust pipeline of brownfield project throughout operations under engineering study status.
- **Innovation and technology oriented to enhance productivity**
- **Experienced management with proven track record**
- **Owner strong support** (US\$4 billion approved capitalization program (2014-2018))

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As is standard in the industry, 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 widely used within the mining industry (and codified in such international regulations as the Joint One Reserves Committee (JORC) code of Australia, the South African Mineral Resources Committee (SAMREC), and the Reporting Code of Great Britain). Other systems of categorization are also used; one such system is that used by the U.S. Geological Survey. This presentation may not be taken away with you. The contents of this presentation may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

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Notes
