



Codelco's Mining Resources: History and Strategy

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Sensitization Seminar on the work of the International Seabed Authority and the environmental, legal and technical challenges for Deep Sea Mining

Santiago - Chile, November 2015

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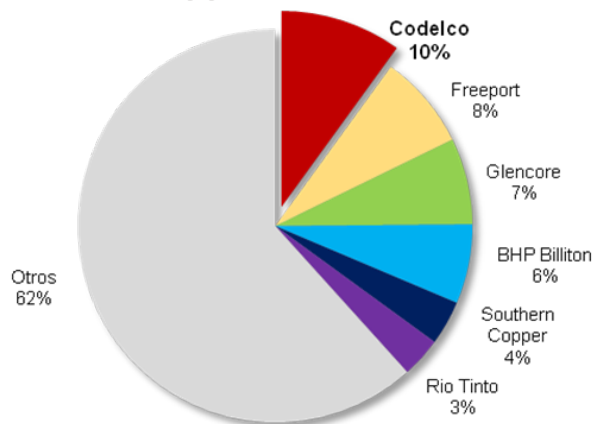
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- As an Industry Standard, Codelco divides its mineral holdings into two categories, reserves and resources. Resources are ore bodies of economic value that have been identified and evaluated through exploration, reconnaissance and sampling. Reserves 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)

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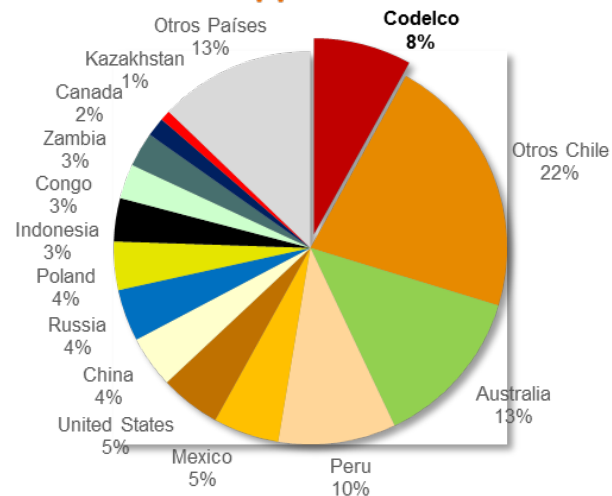
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Codelco in Copper and Molybdenum World Production

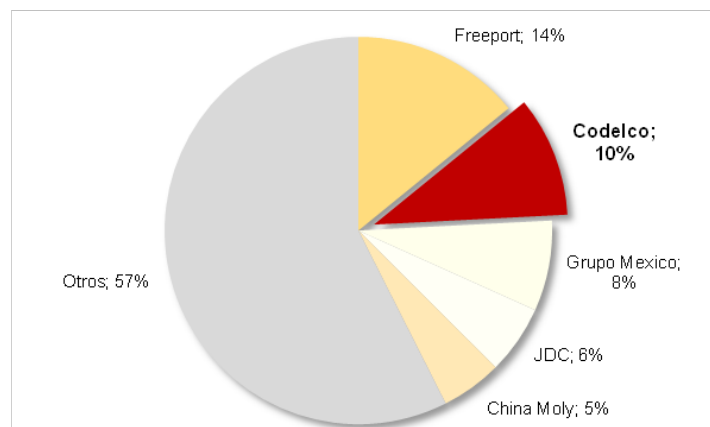
Copper Production



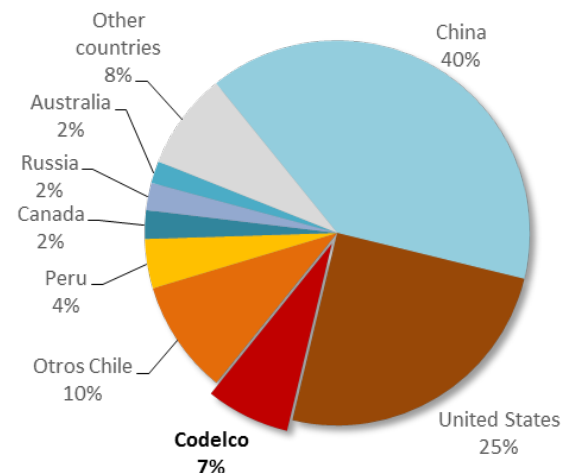
Copper Reserves



Molybdenum Production

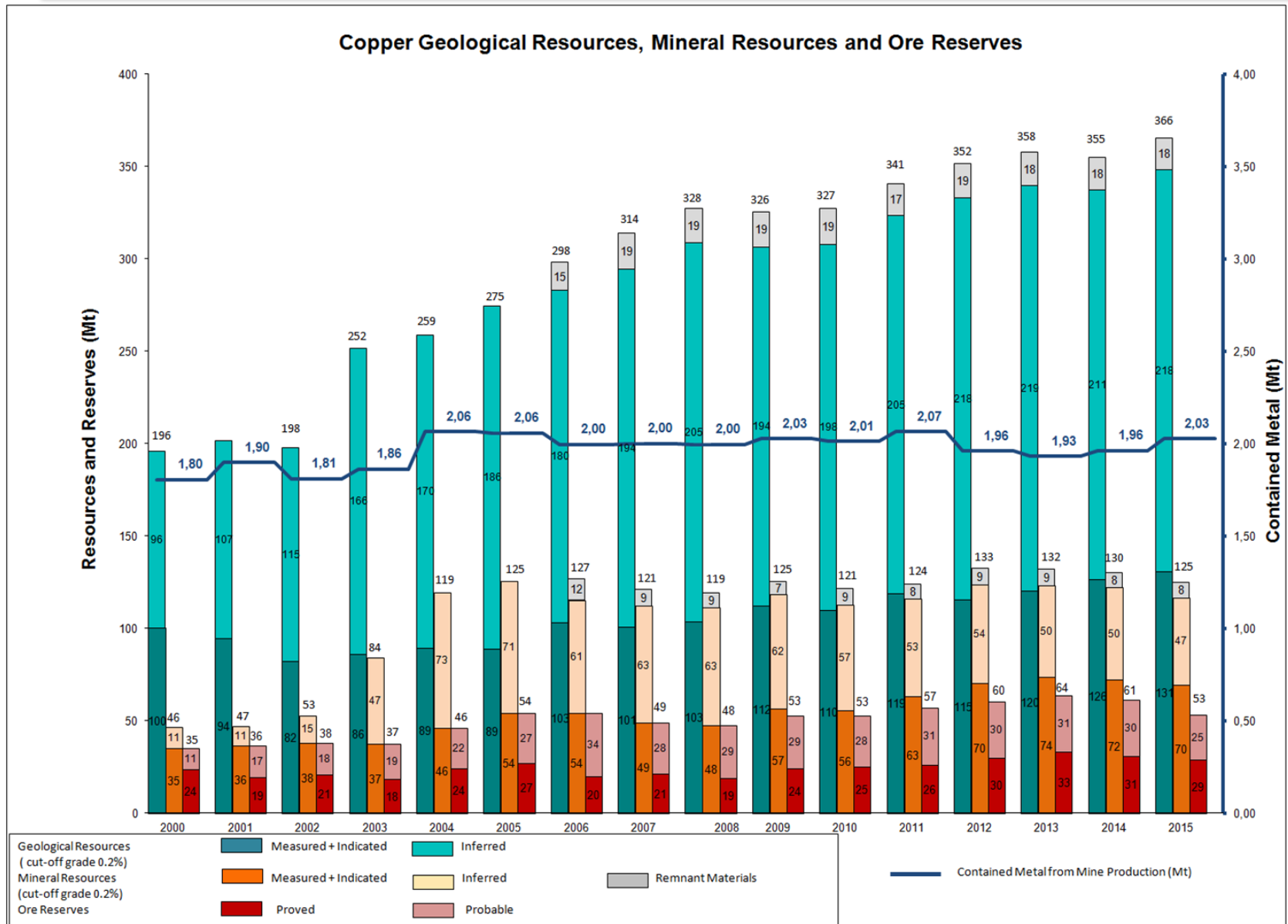


Molybdenum Reserves

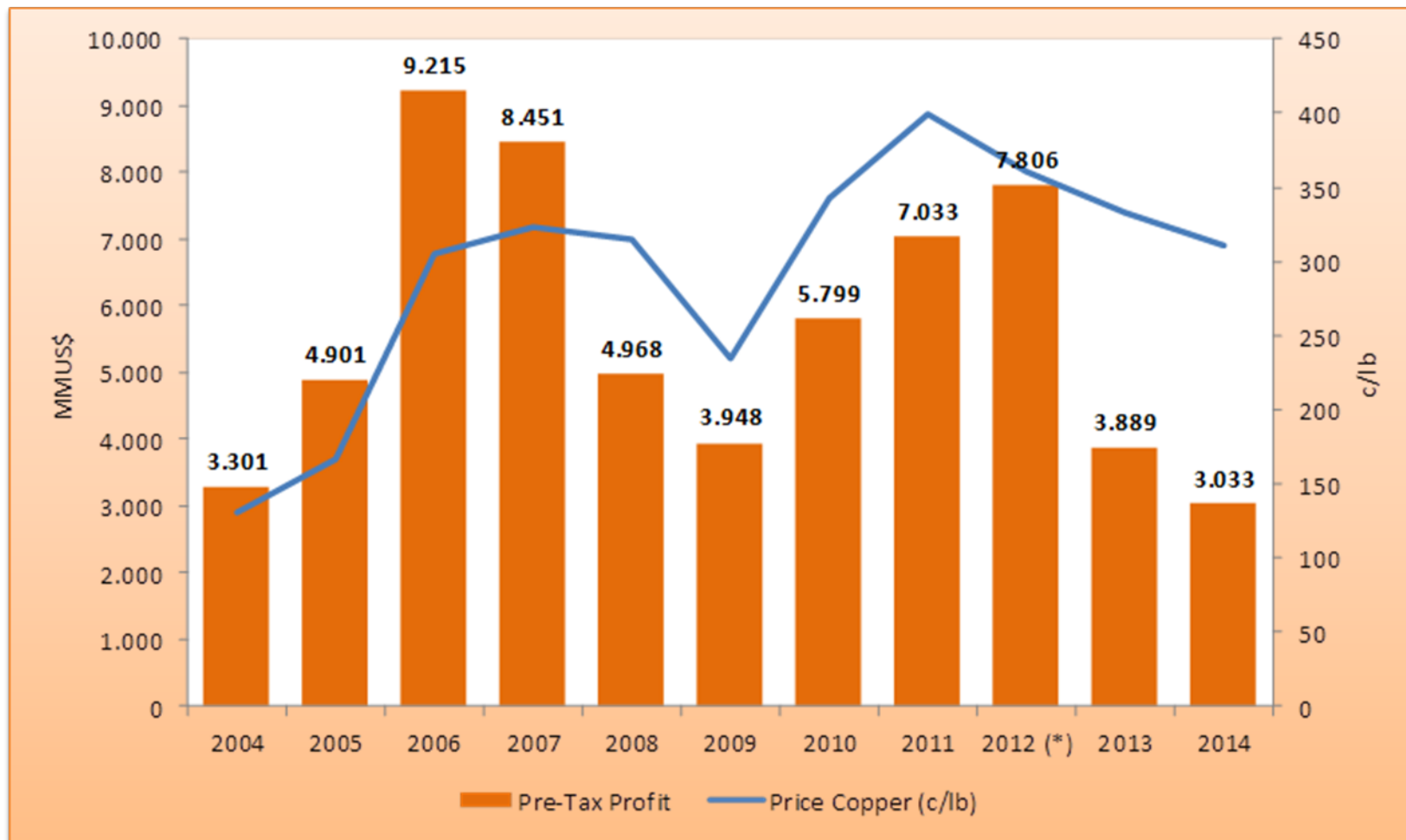


Source: Codelco, Companies Annual Reports, WBMS and USGS.

Mineral Resources and Ore Reserves Evolution



Codelco's Contribution to the Chilean State



Accumulated Pre-Tax Profit : 62.344 MMUS\$

Strategic Context

Codelco's Exploration Objectives

Generation of a strong base of mineral resources to allow the Company's long term development and growth: the first stage within the value chain.

Codelco's Executive Management, in accordance with its strategic objectives has, in the recent past years, stressed the exploitation and mining of its known resources. Recently, the renovation and replacement of economic mineral resources and development of new projects have been incorporated into the current policy of incrementing and diversification it's production.

Strategic Context

Company's Strategic Mission

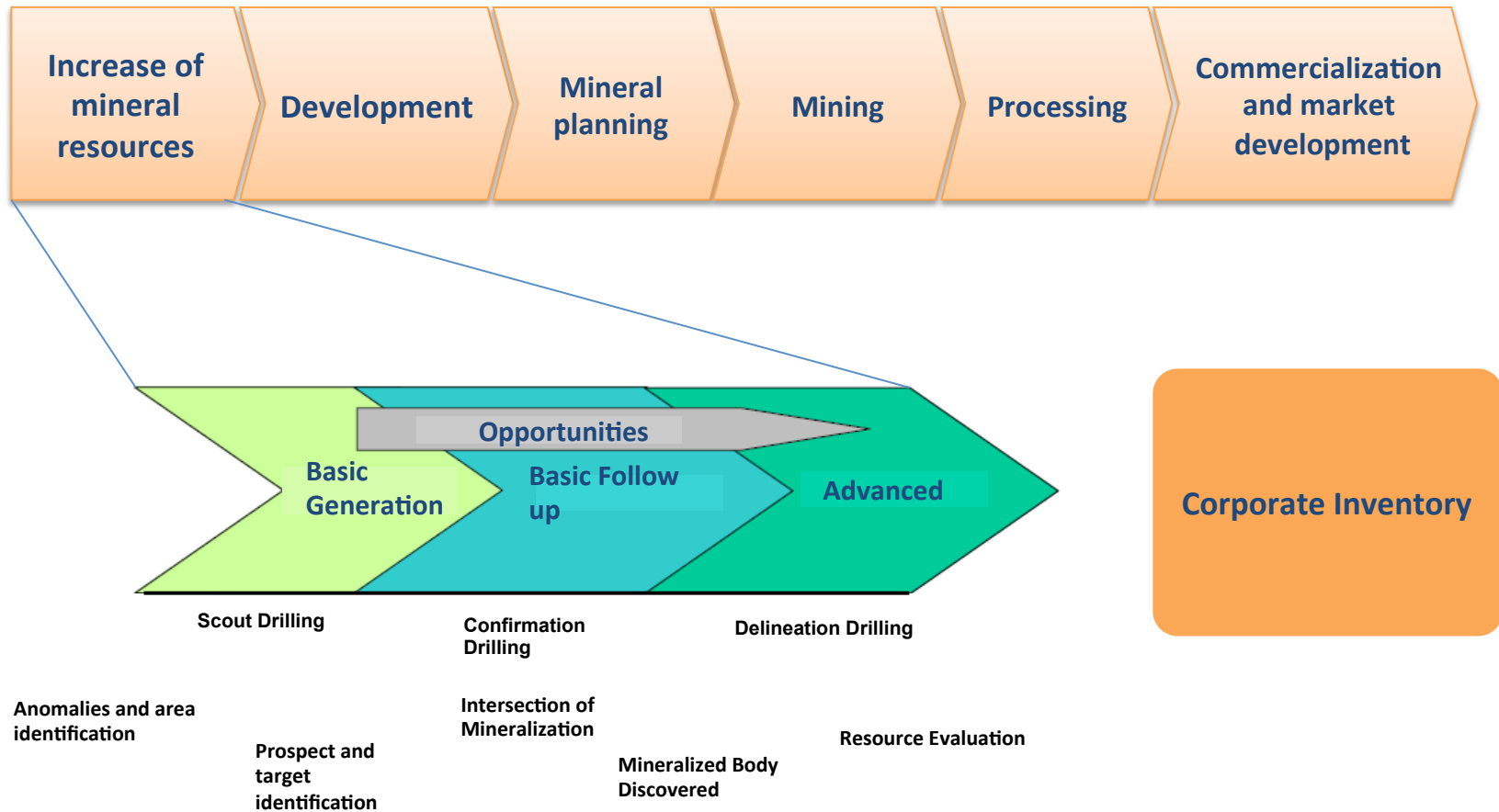
Codelco considers incrementing its value by the discovery of new mineral resources, either in domestic or international environments, a goal to be achieved by explorations or associations. This increase in value is to be met by means of robust exploration strategies, based on:

- High performance teams
- Efficient knowledge management
- Sustainable operations
- High health and safety standards
- Environmental and community care and respect

**CODELCO is not a private company. It's a state public enterprise.
Requires a strong commitment on common objectives,
for supporting the "big eyes" and face to difficulties.**

Exploration Process

Codelco's Value Chain



Exploration Strategy

District

- To generate replacement opportunities, by high quality mineralization, aimed to extend the mine's life and to support the Production Plans by means of exploration and delineation within the company's deposits. District exploration has generated a 73% of the fine Cu incorporated to the inventories.

Regional

- To create opportunities for mineral replacement and increment Corporate Business Plans by exploration and discovery of fresh geologic resources that could generate new business units.

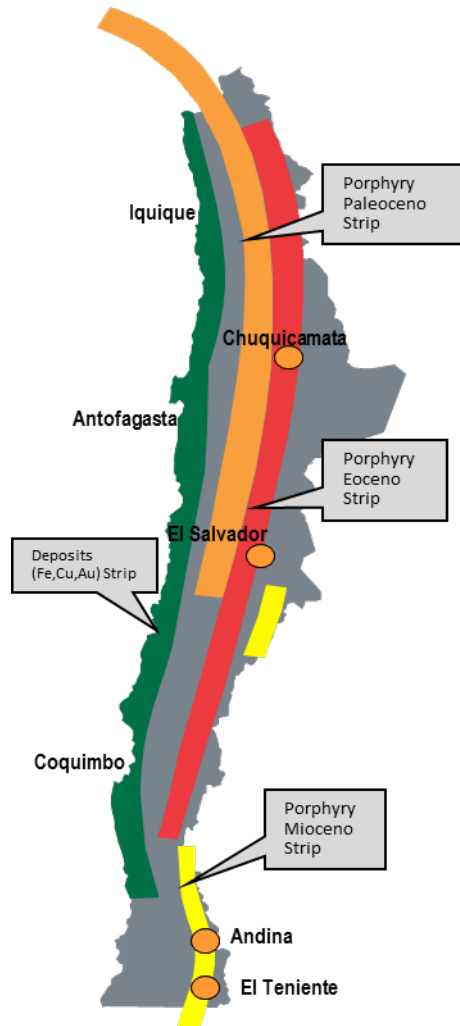
International

- As indicated by the Board of Directors in Agreement 35/2007, Codelco is to be positioned as a global company. Within that orientation it "should establish the adequate mechanism for searching international opportunities compatible with the risks that the Company is willing to afford".

Codelco's Exploration Today

- **2015 exploration budget: US\$ 80 million (45 % increase compared to 2014).**
- **Exploration focused in Chile (75%):**
 - Priority around Codelco's operating mines (*brownfields*).
 - Discovery of new zones of interest within the main metallogenic belts, mostly over covered areas (*greenfields*).
- **International exploration (25%):**
 - Centered in early stage opportunities. Growth according to results of development
 - Prospects in Brazil and Ecuador.
- **Discoveries which are not part of the size and core-business could be developed in JV partnerships with third parties, keeping a minority participation.**

Exploration in Chile

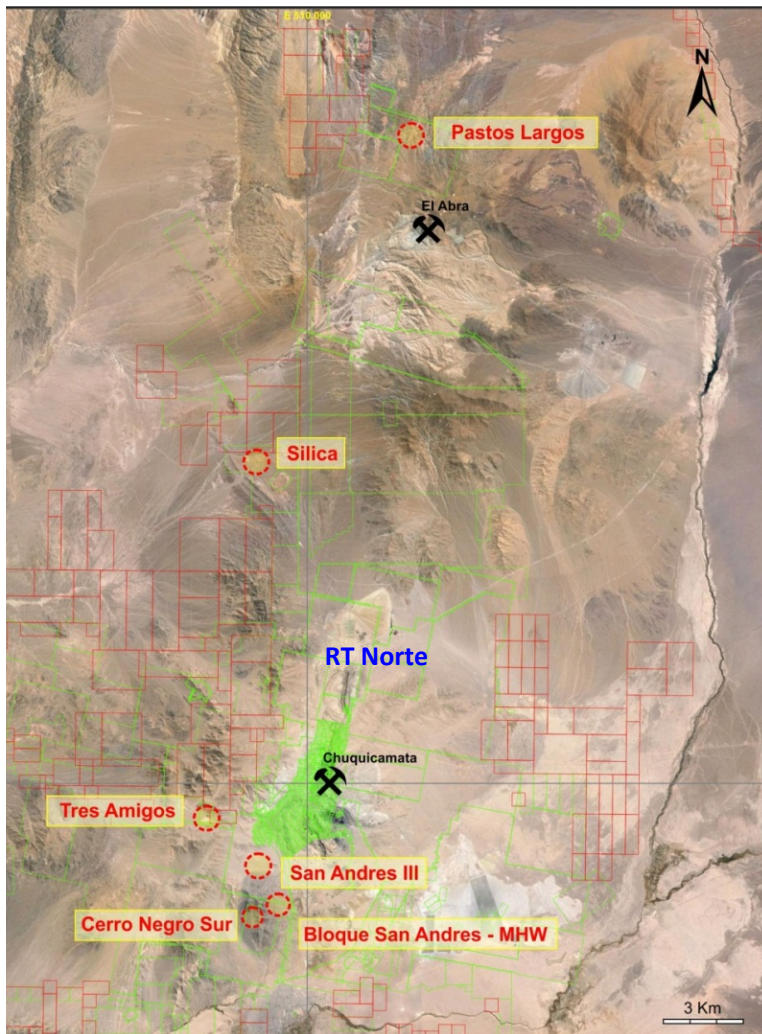


- It is oriented to discover porphyry copper deposits in the surroundings of the production deposits (Distrital or Brownfield) or in new districts through Basic Exploration (Greenfield)
- District Exploration Programme aims to discover and to evaluate resources close to our operations and to provide new geological information for the mining development of current operations.
- Basic Exploration Programme aims to discover big size porphyry deposits in Paleoceno, Eoceno y Mioceno Strip.

Exploring Close to our Operations

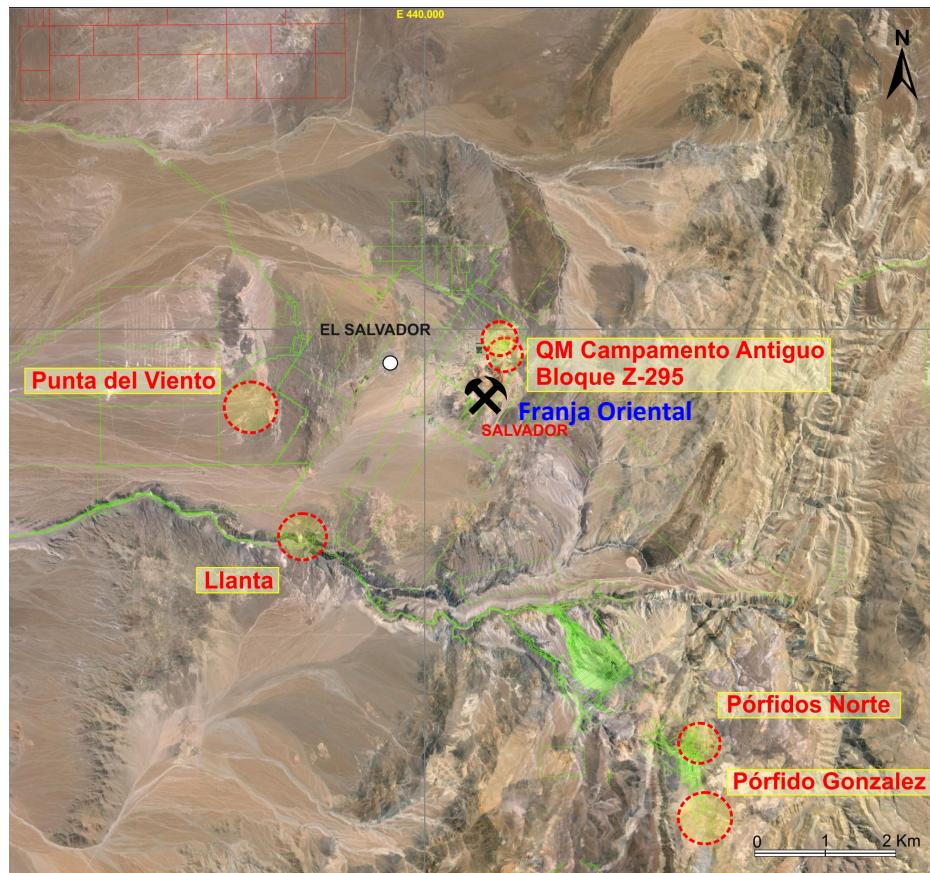
Northern District

RT Norte:
72 Mt @ 0,33 %CuT.



El Salvador District

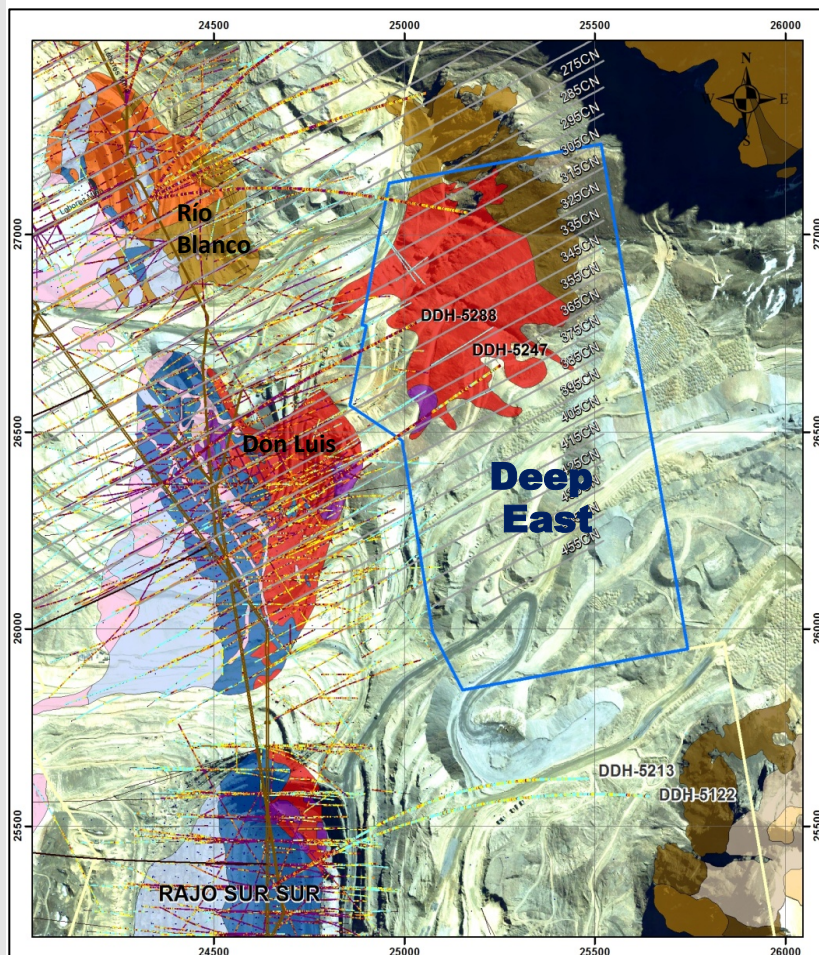
Oriental Strip:
219 Mt @ 0,36 %CuT.



Exploring Close to our Operations

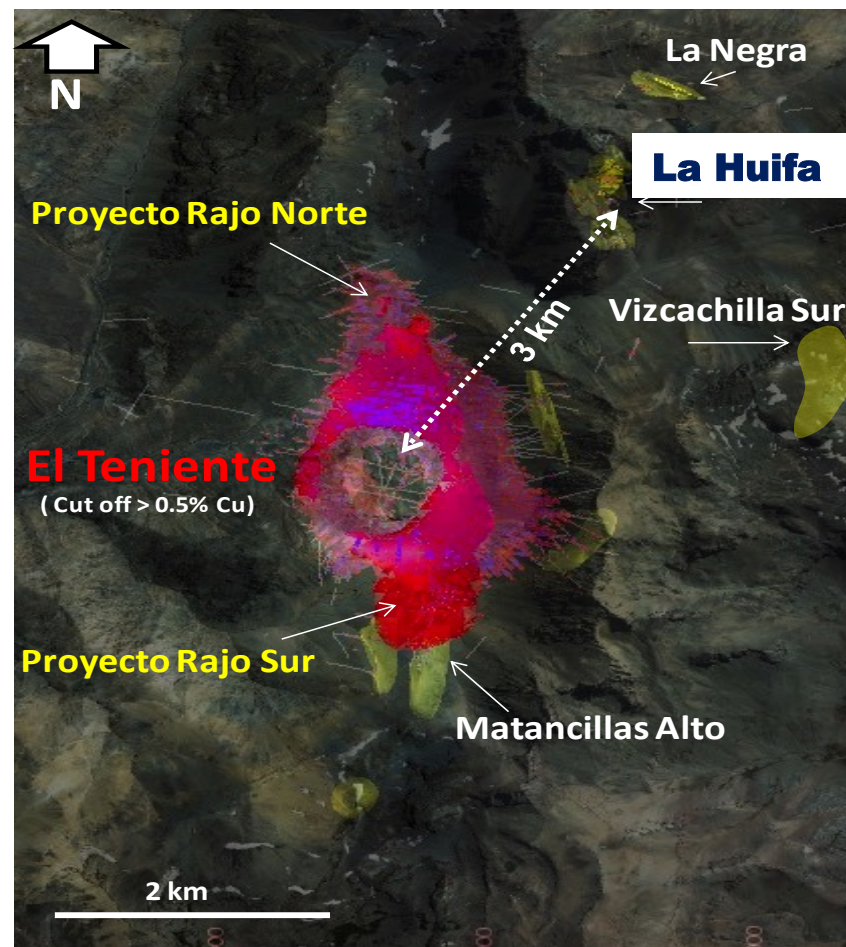
Andina District

Deep East:
607 Mt @ 0,65 %CuT.

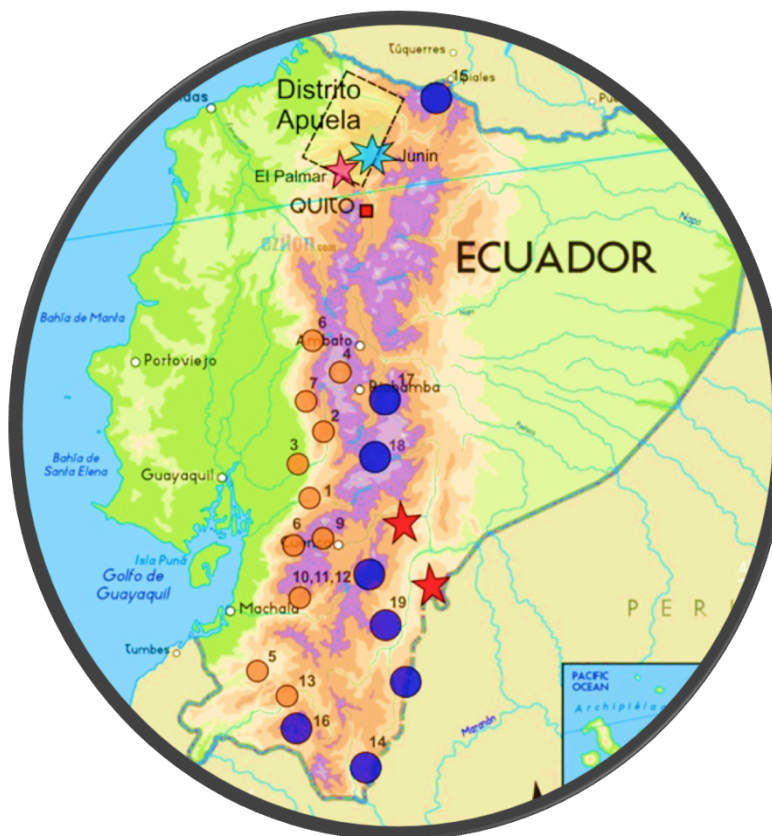


Teniente District

La Huifa:
154 Mt @ 0,84 %CuT.



International Exploration



Junín: Llurimagua Project, a copper porphyry with identified resources 800 – 900 Mt @ 0.7% Cu, in association with Ecuatorian Government.

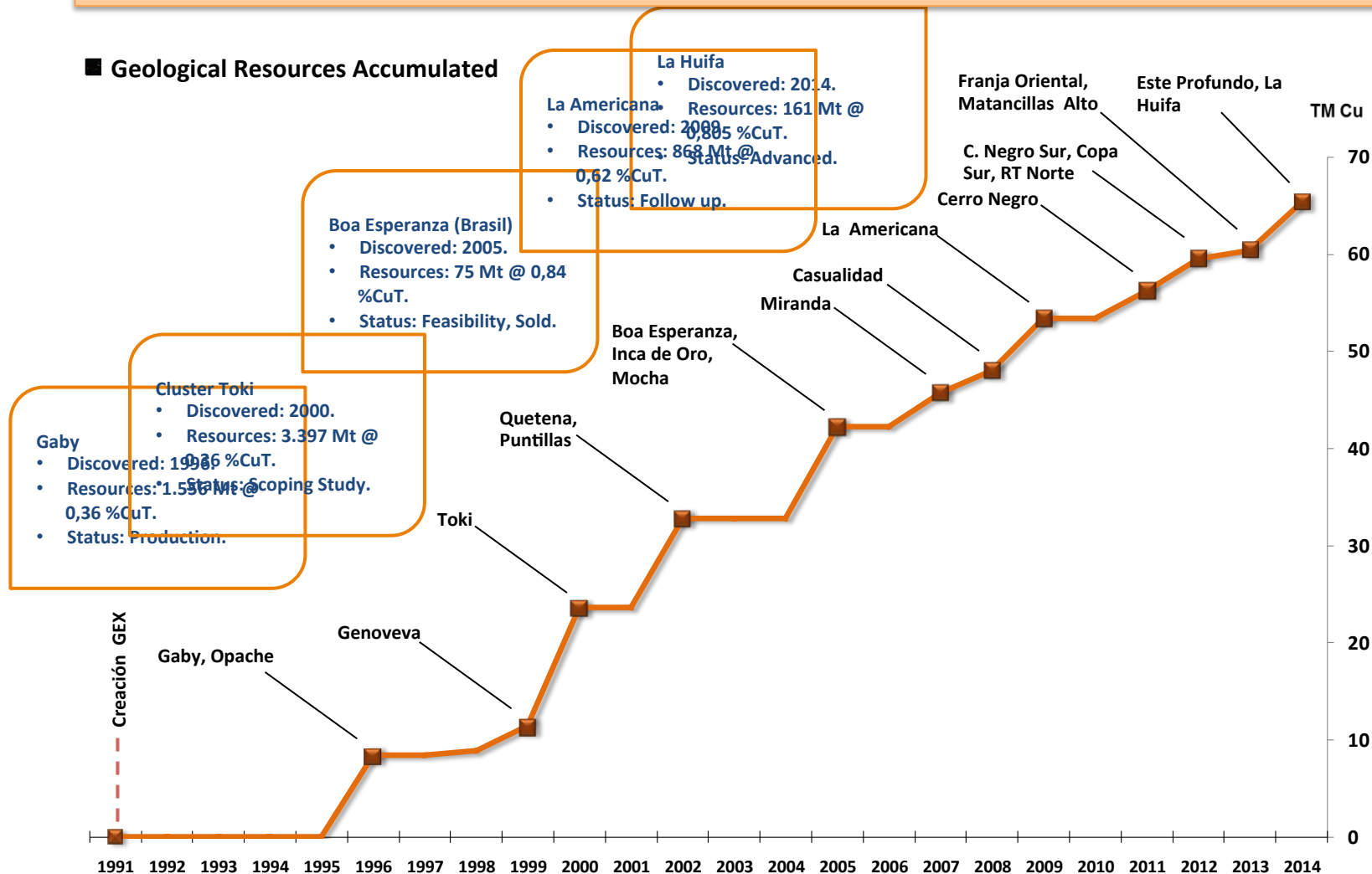


Focus on Gran Carajás where the highest copper reserves are located in Brazil. Liberdade Prospect 242mt @ 0.77 CuT.

Exploration Outcomes

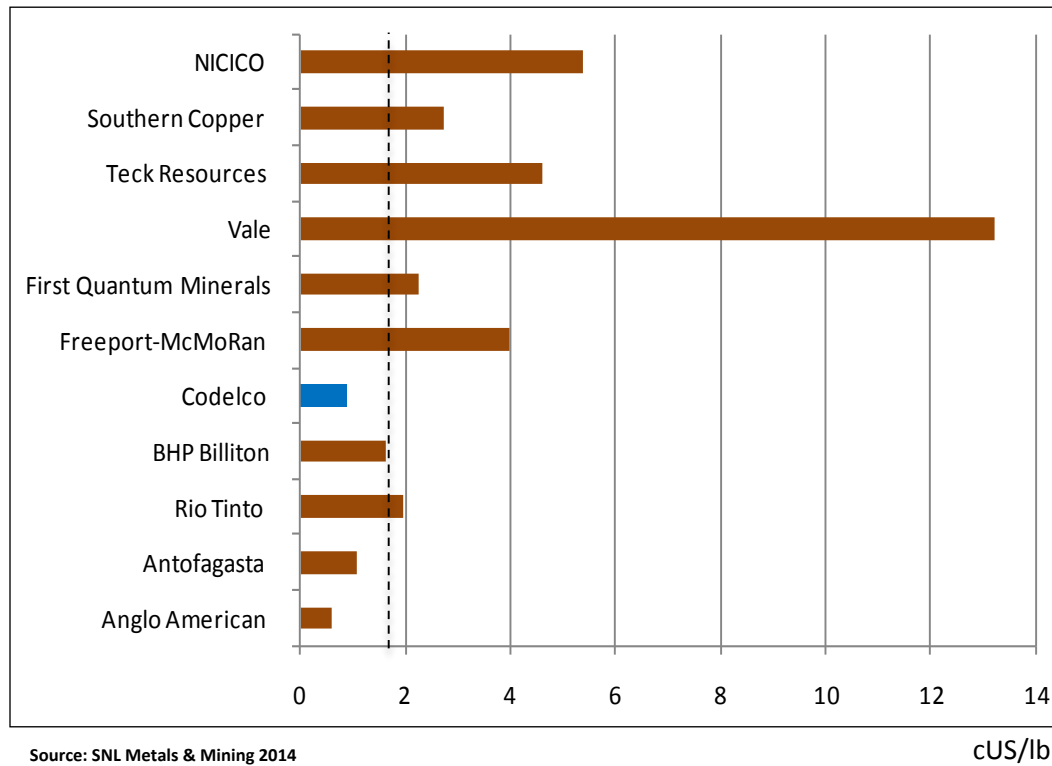
Codelco's mineral exploration has resulted in a successful strategic business; in 24 years over 65 M tons of fine copper has been generated and added to the resource inventory.

Geological Resources Accumulated



Exploration Costs

	CODELCO	Other Major Producers
Discovery Cost (cUS\$/lb)	0,89	1,9
Expl. spending/Ton Produced (US \$/Ton)	32	102



The New Exploration Scenario

- An integrated vision of Territory
- Care for the Environment
- Community relations



About Deep Sea Mining...why Codelco has not led initiatives in undersea mining?

- Current mining legislation does not provide regulation for ocean mining
- Mineral wealth located in the territorial sea (without access to land through tunnels) cannot be the object of mineral concessions
- In order to take advantage of such mineral wealth private actors need to obtain from the state special permits (administrative concessions and special operating contracts)
- To take advantage of mining wealth located in the territorial waters (12 to 200 miles) it is required to subscribe the United Nations Convention on Law of the Sea and obtain a permit granted in accordance to it
- Experience

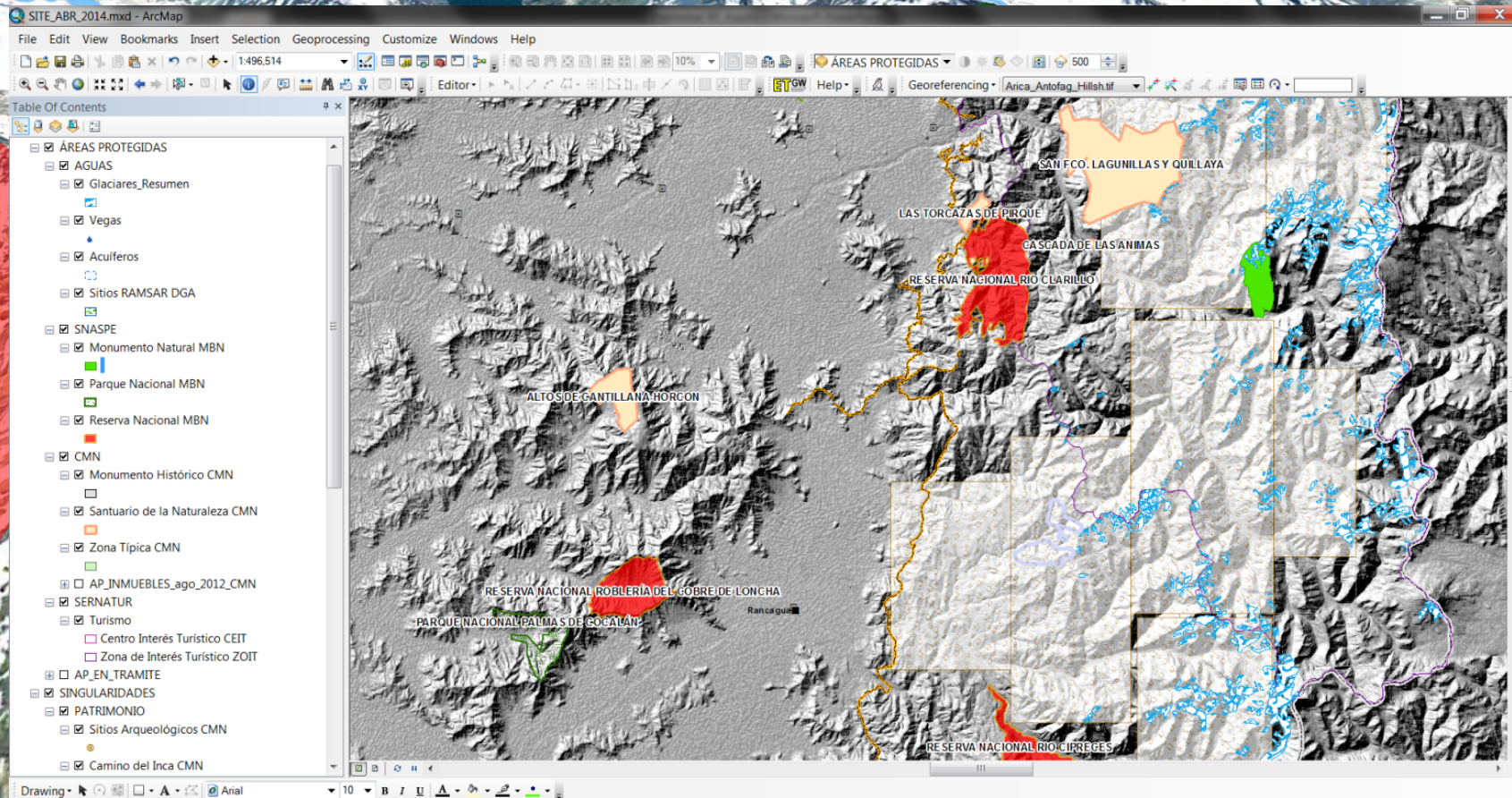
Codelco's Mining Resources: History and Strategy

Thanks...!

Territory

Territory Management

For assuring a sustainable use of the land, all territorial variables are incorporated into the project planning from their inception.



Environment



Environment

The early management of environmental issues aims to prevent, anticipate and control eventual impacts. The strict fulfillment of current legislation is pursued by means of Innovation and strict application of the best practices.



Community

Community Managing

Contribute to the strengthening of solid and clear relations with local communities, based on collaboration, respect and agreement on mutual benefits. Of primary importance becomes early understandings of the community feelings and opinions on future decisions in which they will be involved.

