



COCHILCO

Comisión Chilena del Cobre

Mining Investment and Mining Business in Chile

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- The Chilean Economy
- Chile's Attraction to Foreign Investment



Chile's Mining Sector



Chile in World Mining

(Main metals and minerals) (MT=Metric Tons)

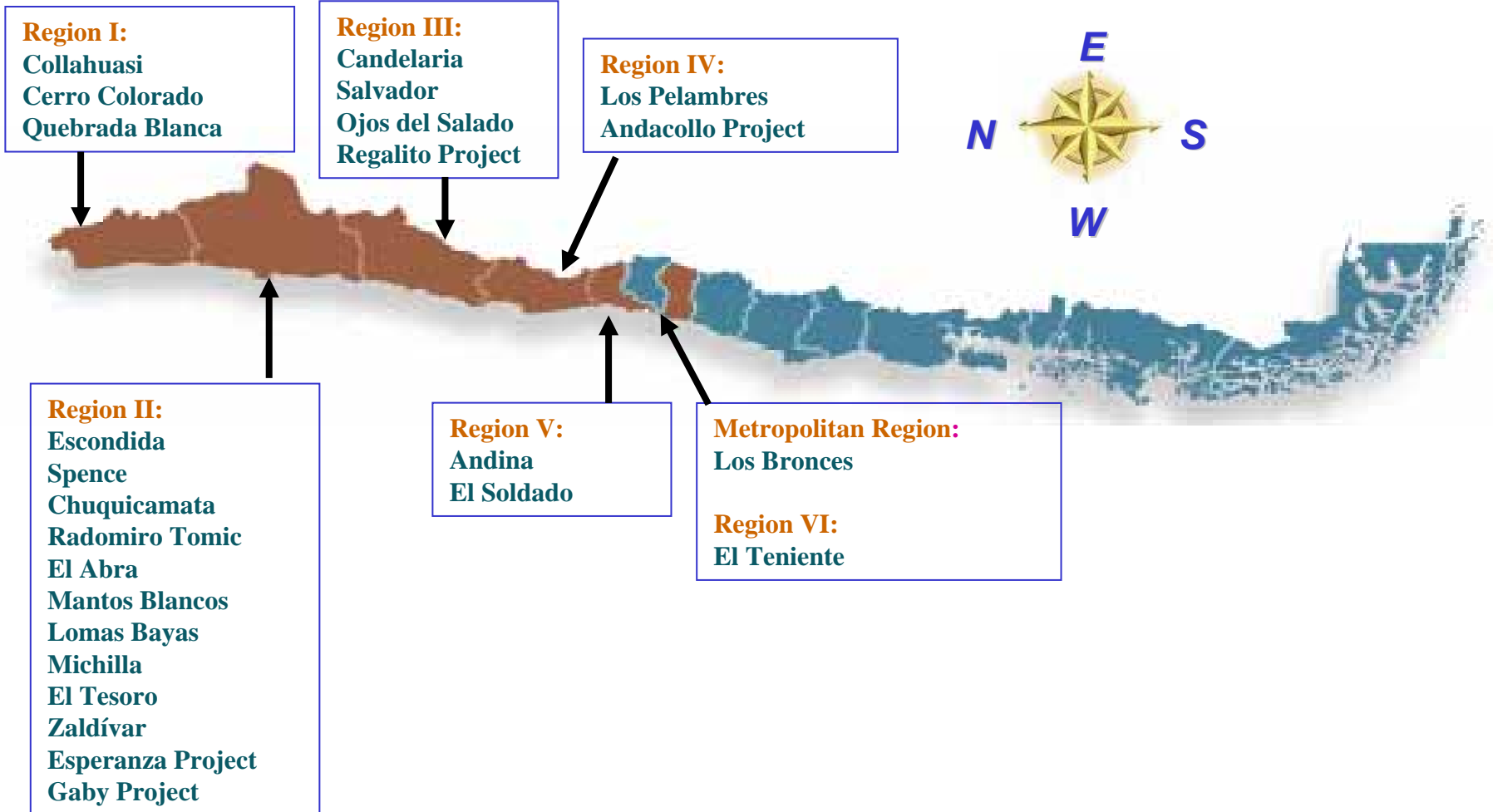
Product	Production 2006	Position in World Ranking of Production	Share of World Production (%)	Share of World Reserves	Forecast 2010
Copper (MT million)	5.4	1 °	35.5%	38%	6,2
Molybdenum (MT thousand)	43	2 °	23.2%	13%	52
Silver (MT)	1,602	5 °	7.2%	NA	3,250
Gold (MT)	41	13 °	1.9%	NA	100
Nitrates (MT Million)	1.3 (*)	1 °	100%	100%	1,7
Lithium Carbonate (MT thousand)	44(*)	1 °	39.2%	27%	50

Source: Cochilco and USGS (reserve base)

(*) 2005 figures

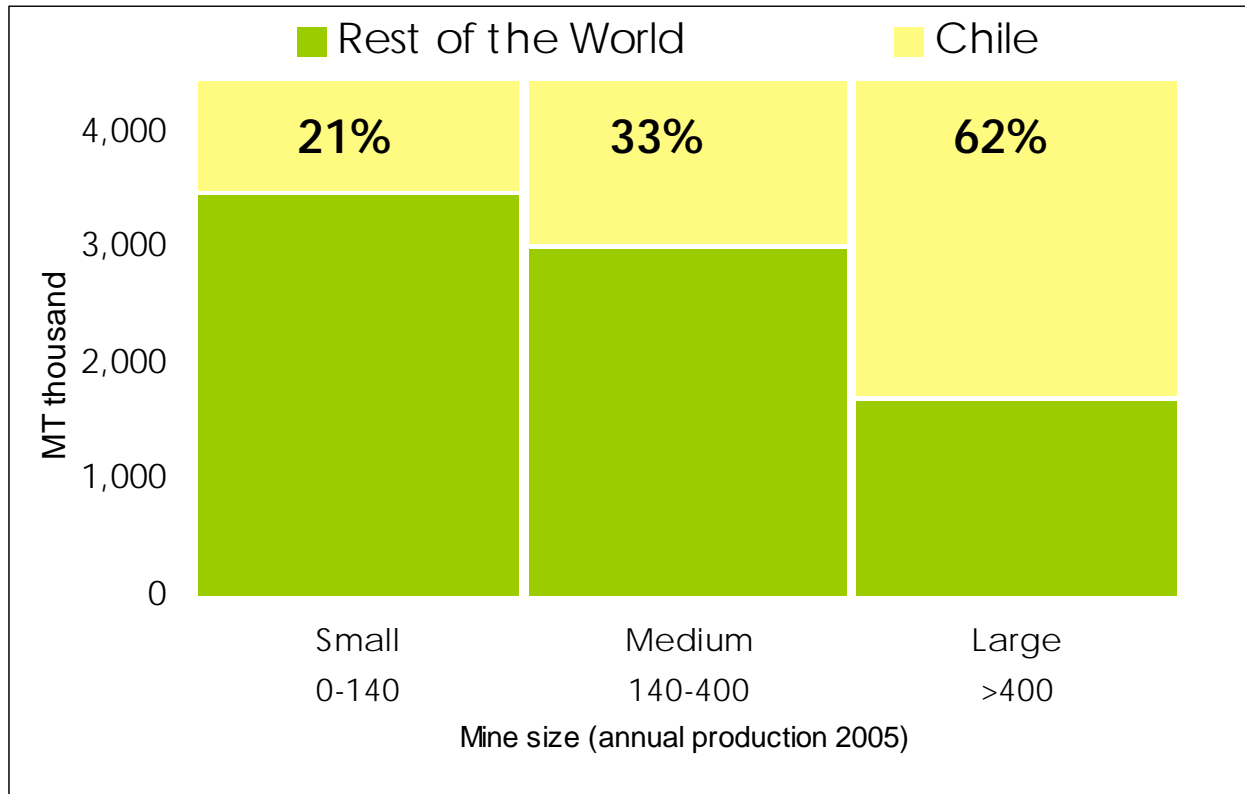


Chile's Main Copper Mines





Size of Chilean Copper Mines and their Share of World Production

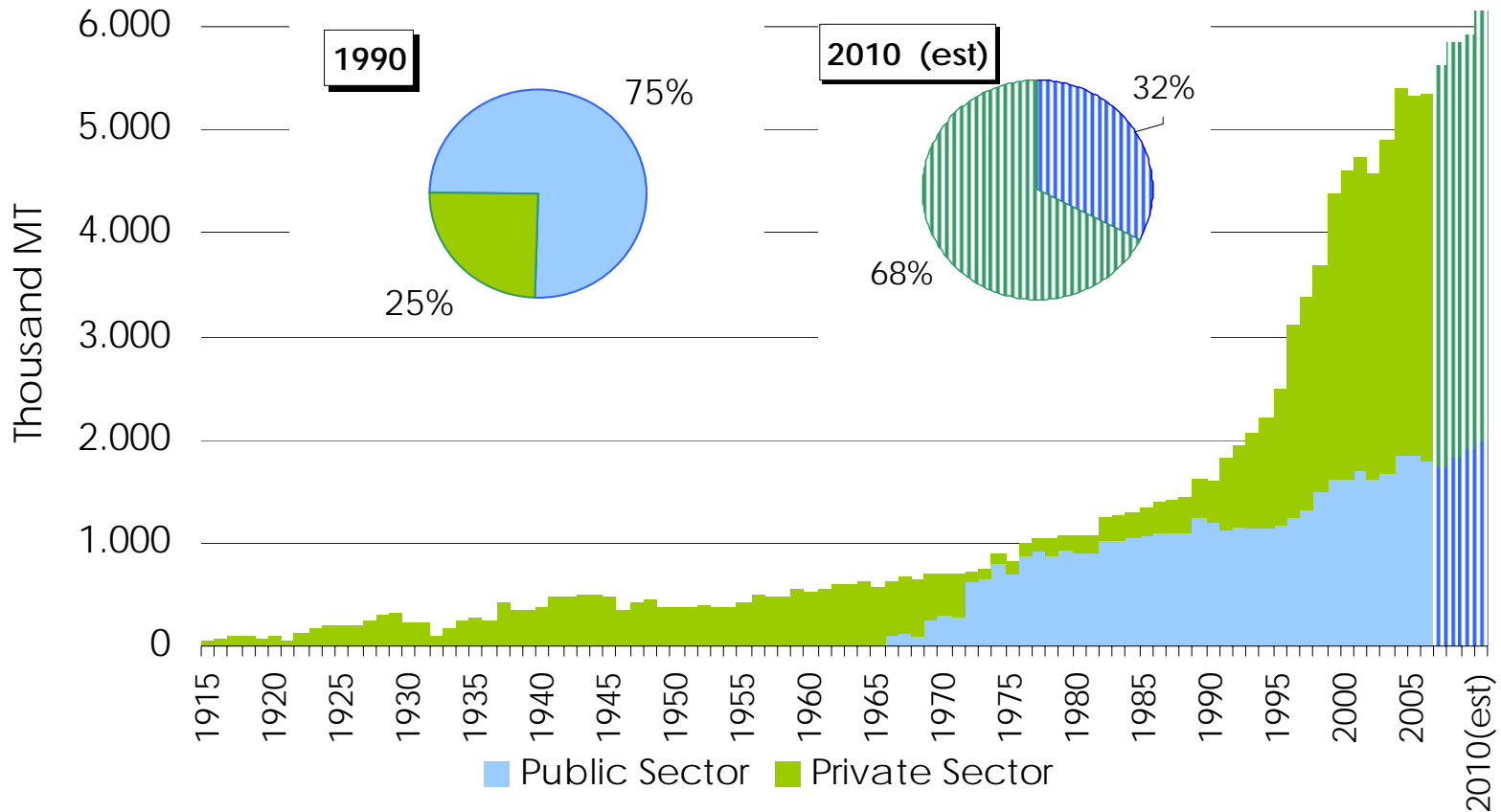


Source: Brook Hunt



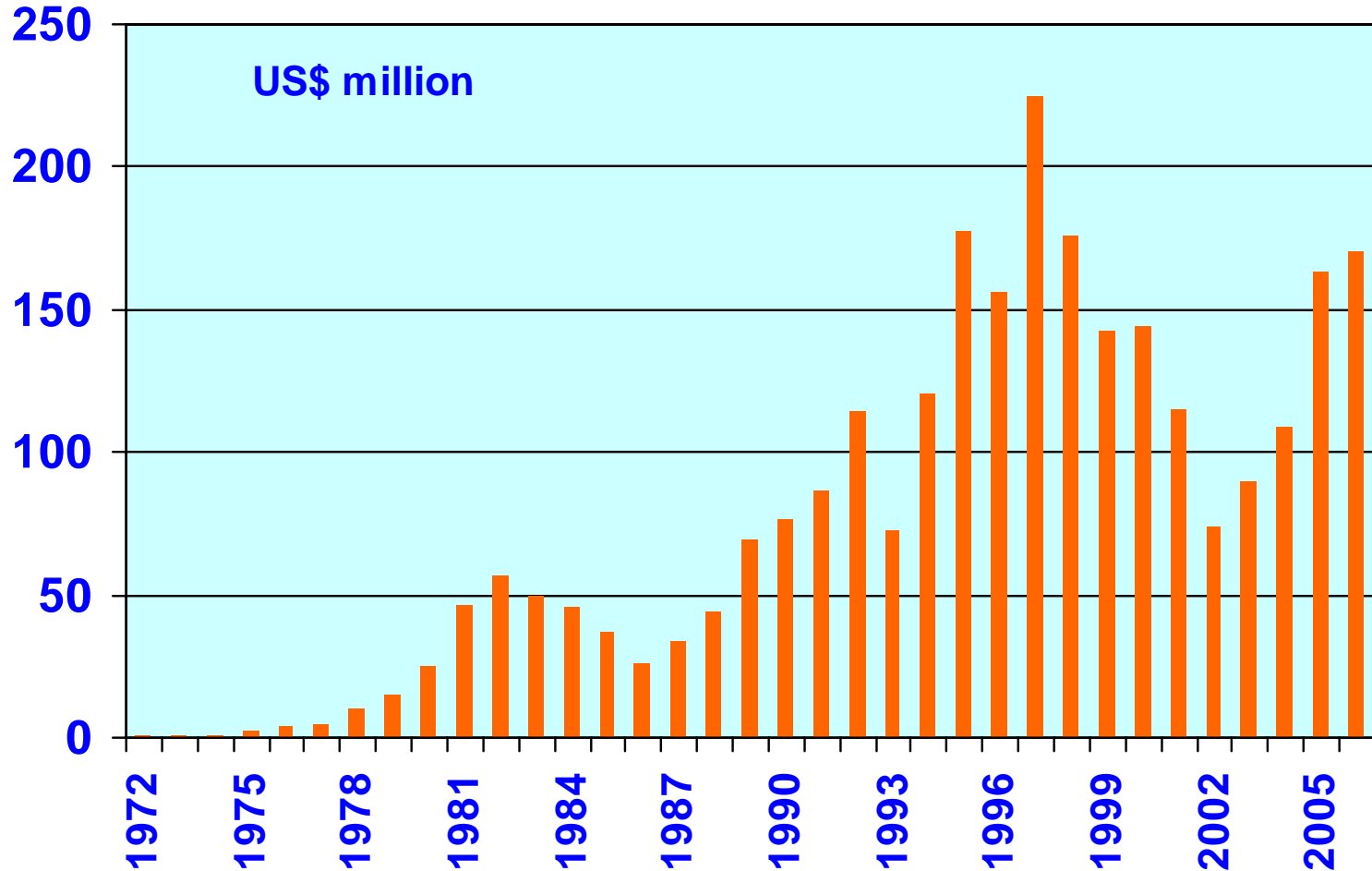
Large and Modern state-owned company

Copper Production in Chile Public/Private Sector





Investment in Mining Exploration





Challenges for Chile's Copper Industry

- Energy and water
- Mining cluster
- Investment, exploration
- R&D.
- Sustainable Development



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The Chilean Economy



Key Economic Indicators

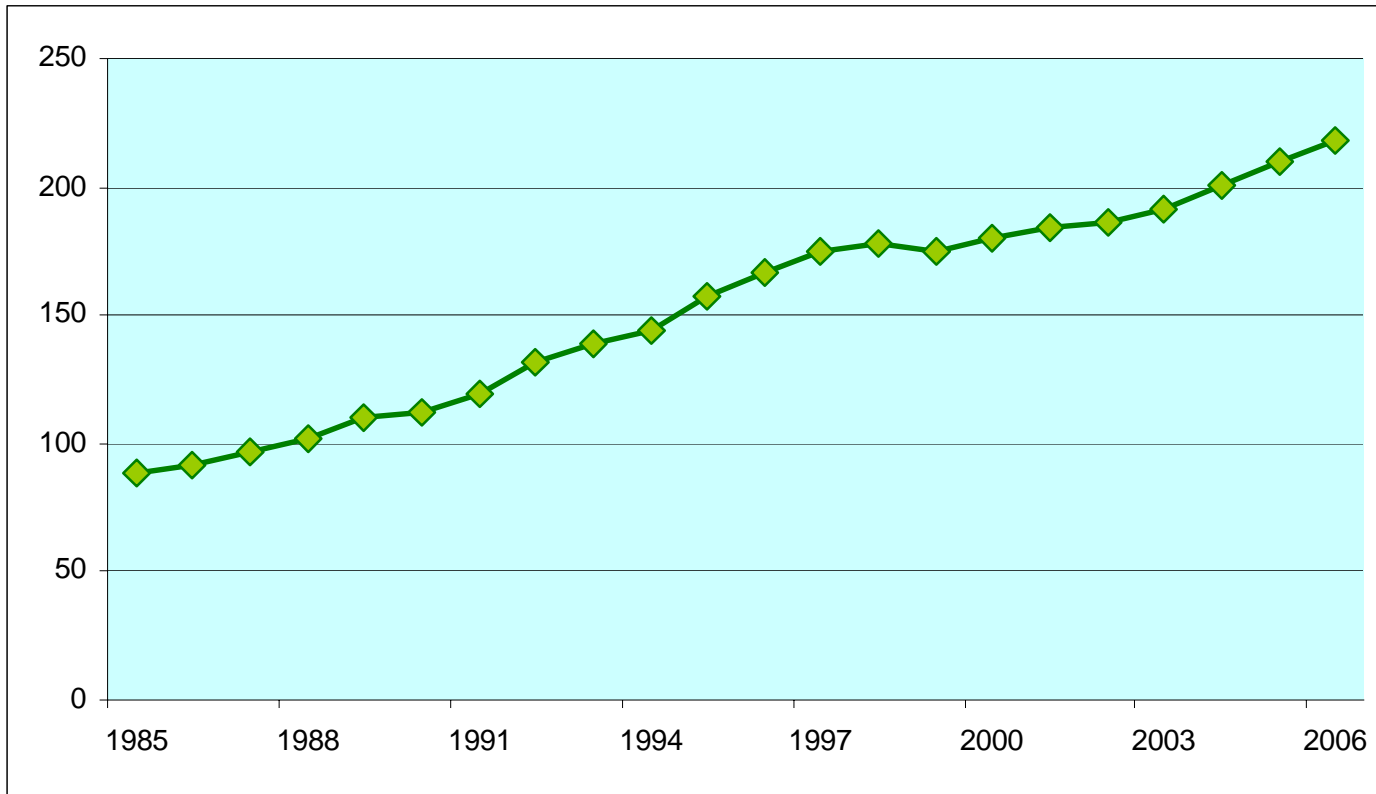
	Unit	2005	2006
GDP (current prices)	US\$ billion	115	140
GDP growth (constant prices)	%	6.3	4.2
Population	million	16.3	16.4
GDP per capita (current prices)	US\$	7,089	8,500
Inflation	%	3.1	2.6
Unemployment	%	9,3	8.0
Exports	US\$ billion	40.6	59.0
Imports	US\$ billion	30.4	36.0
Mining exports/total exports	%	56.2	64.0
Copper exports/total exports	%	44.6	56.0

Sources: Central Bank of Chile, Finance Ministry, IMF, National Institute of Statistics (INE)



Per Capita Income, 1985-2006

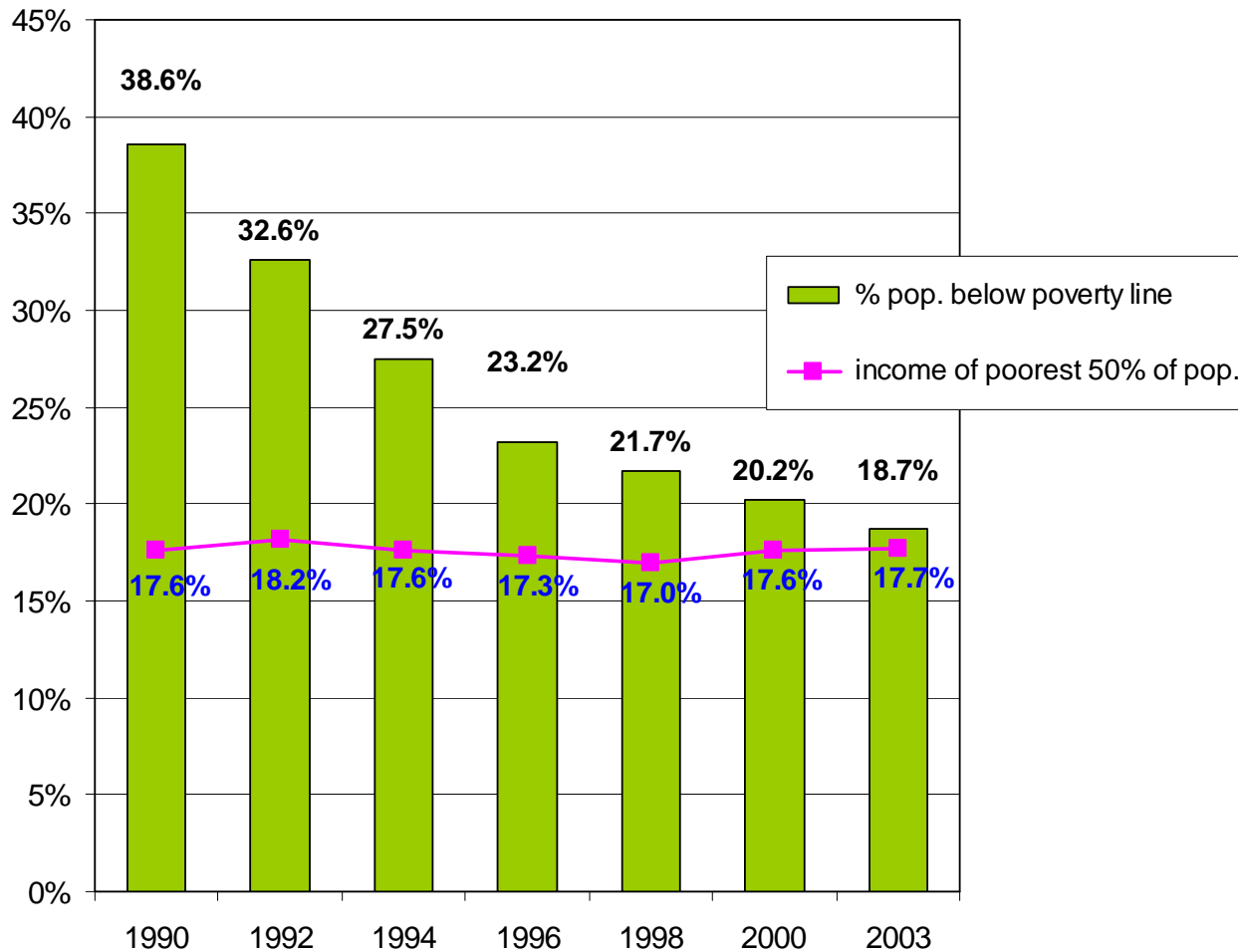
(Constant Prices, 1980=100)



Source: IMF



Socioeconomic Indicators

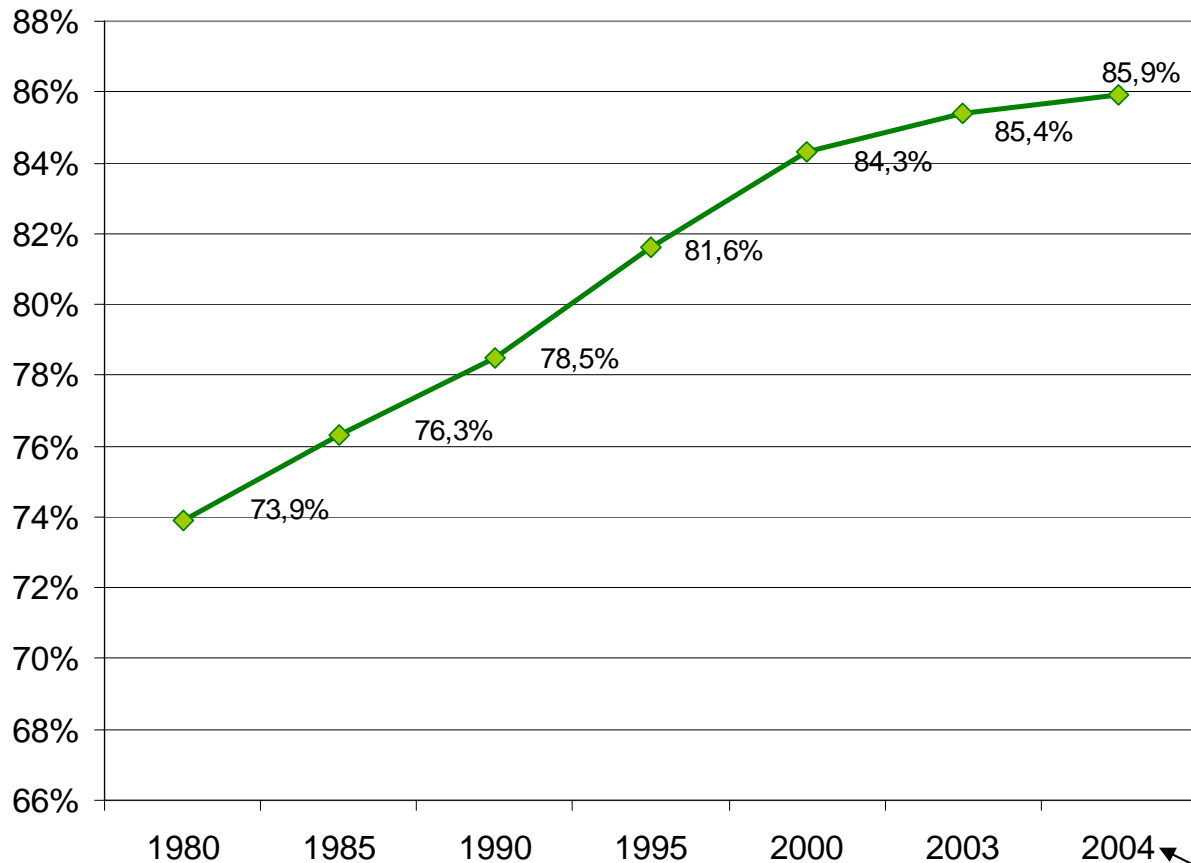


Source: CASEN survey, Chilean government



Human Development Index (HDI)

Chile

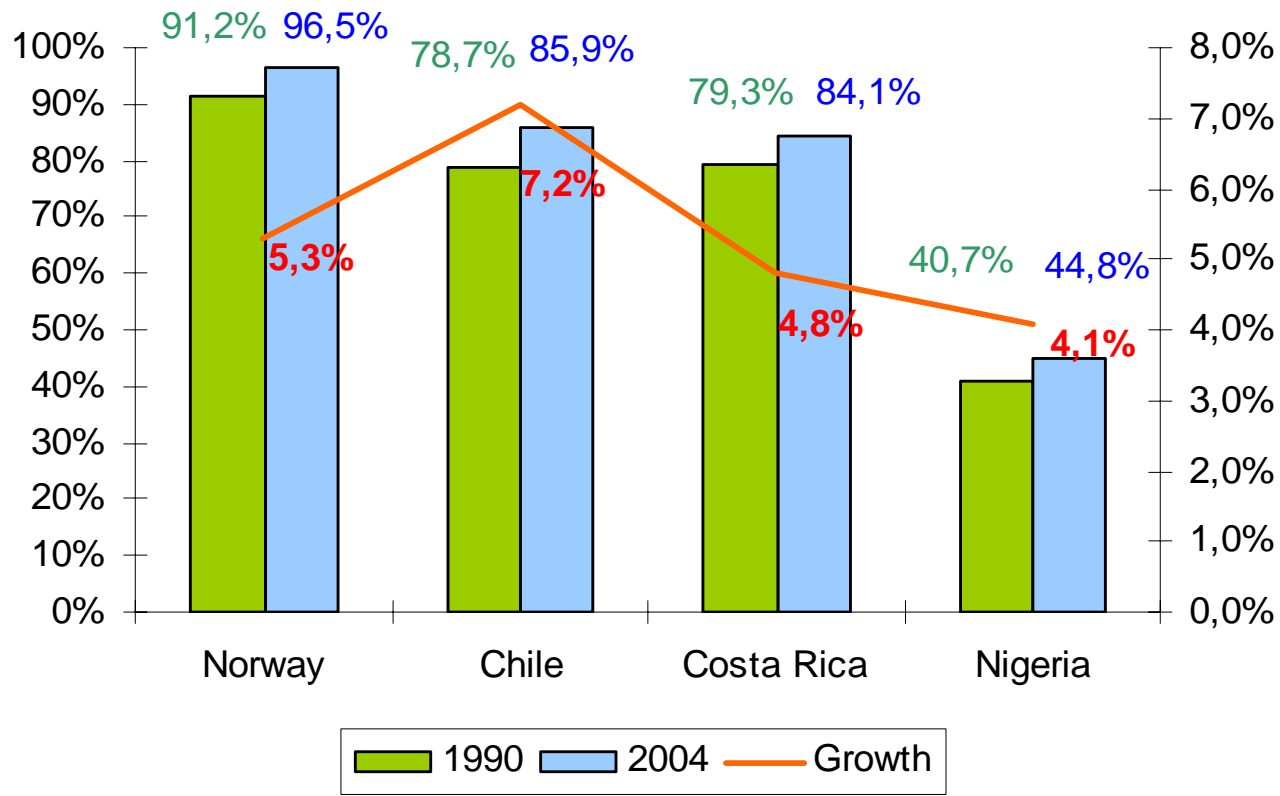


Source: UNDP

Chile: 38/177



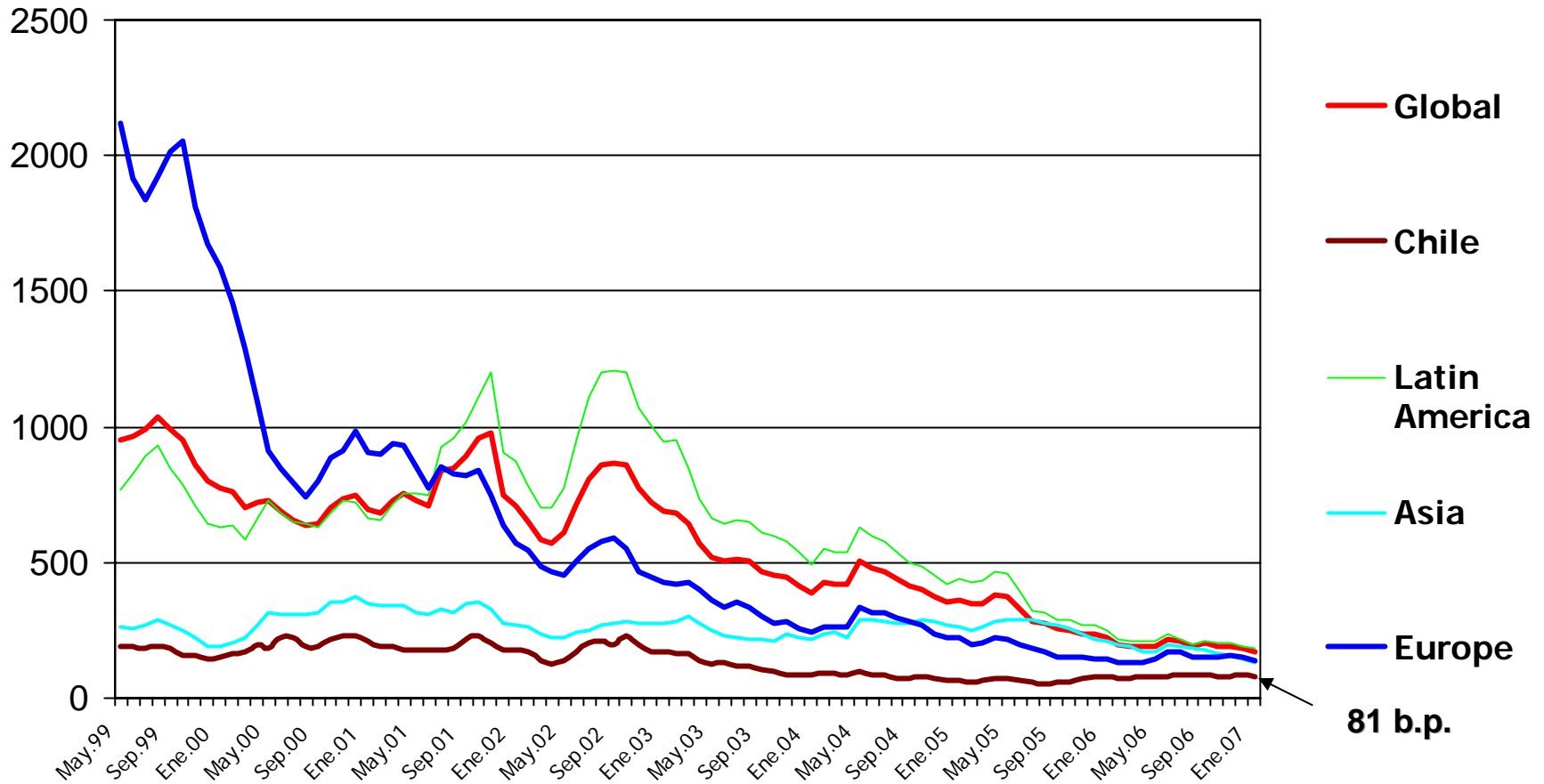
Human Development Index





Spread Sovereign Bonds

(basic points)



Source: Central Bank of Chile



Chile's Attraction to Foreign Investment

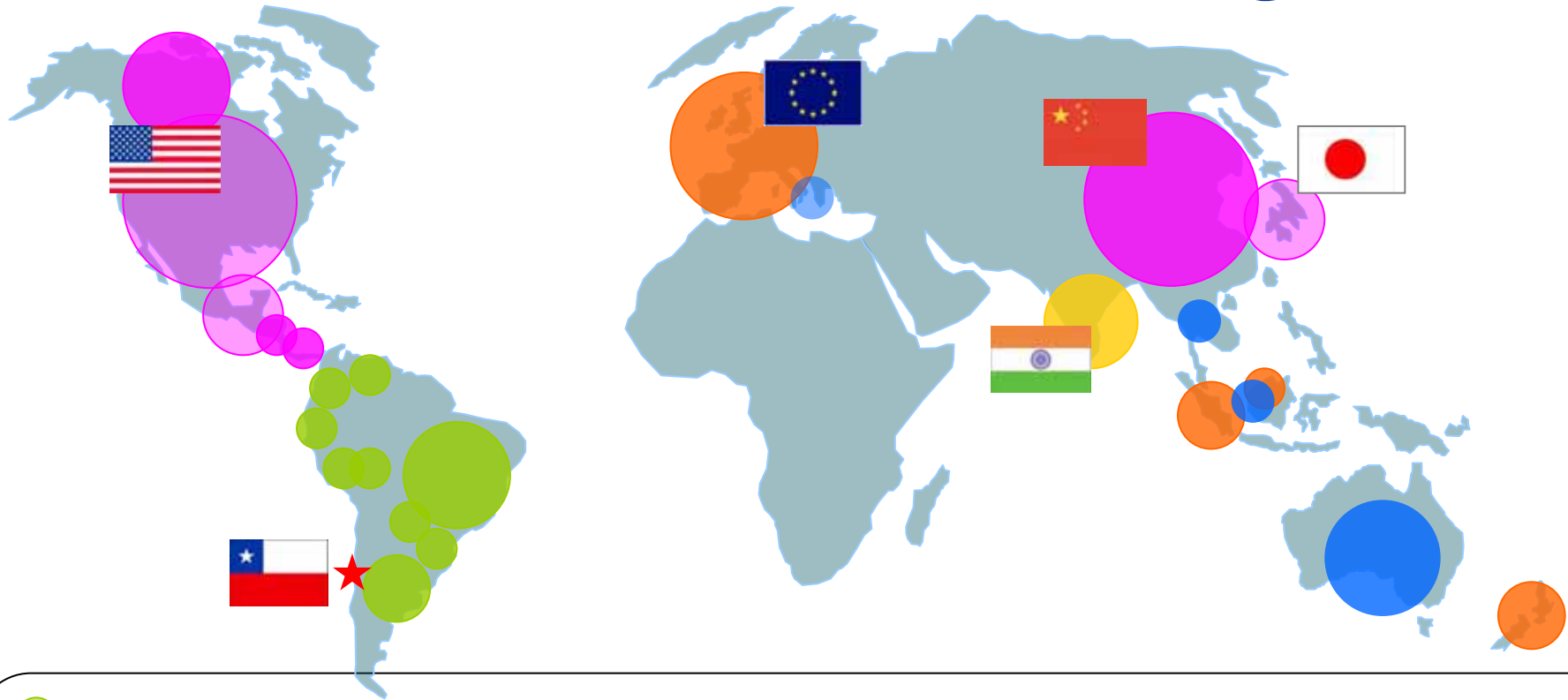


Friendly towards Foreign Investment

- Open Economy
- Good Infrastructure
- Qualified labor force in mining
- Excellent Mining Potential
- Successful strategy of growth based upon F.I.
- Friendly Non-discriminatory legal system
- Stable rules, policies and political system
- 20th (20/163) place in Corruption Perception Index 2006
- Low crime level compared to other developing countries



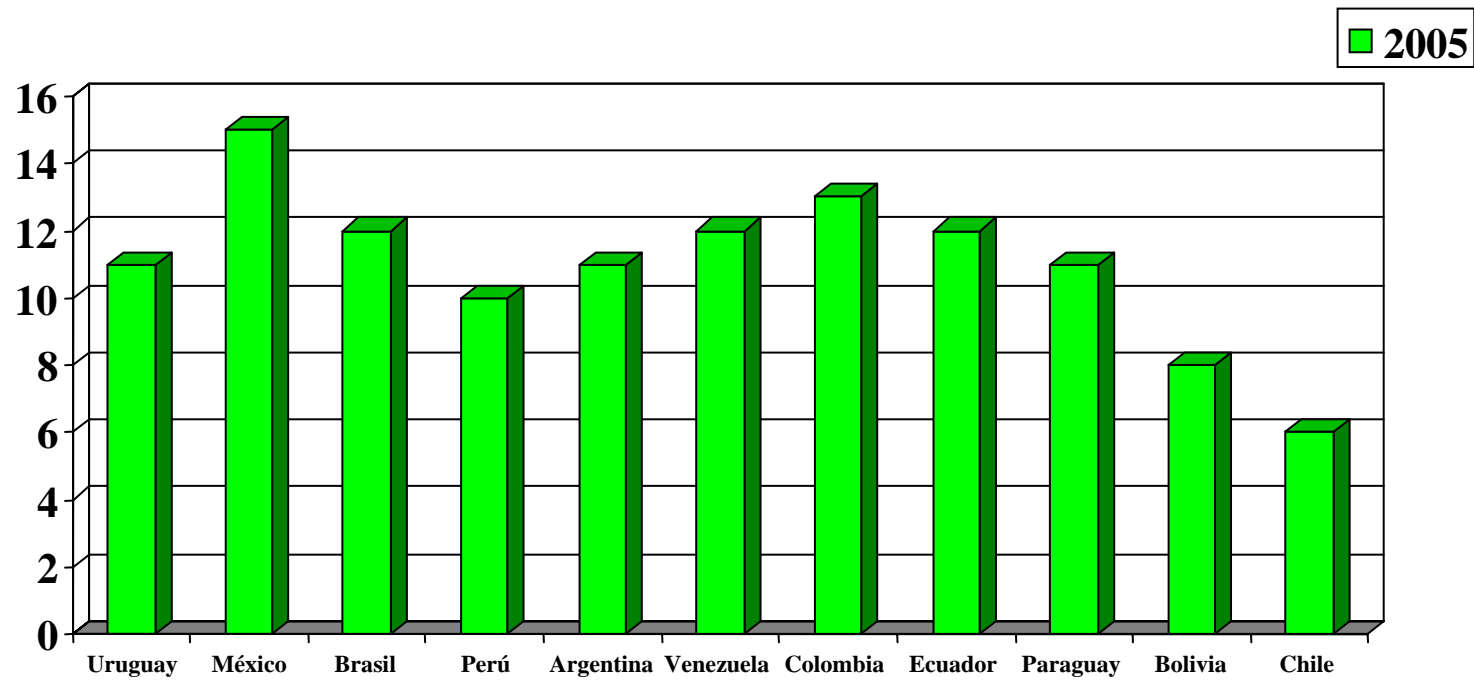
Chile & Economic Agreements



- Economic Complementary Agreement: Argentina, Uruguay, Paraguay, Brazil, Venezuela, Bolivia, Colombia, Ecuador y Perú
- Free Trade Agreement: China, USA, Canada, Japan, South Korea, Mexico, Panama, Costa Rica and El Salvador
- Partial Scope Agreement: India
- Economic Partnership Agreement: EU, P4 (New Zealand, Brunei, Singapore and Chile),
- 2007: Malaysia, Australia, Vietnam, Turkey and India

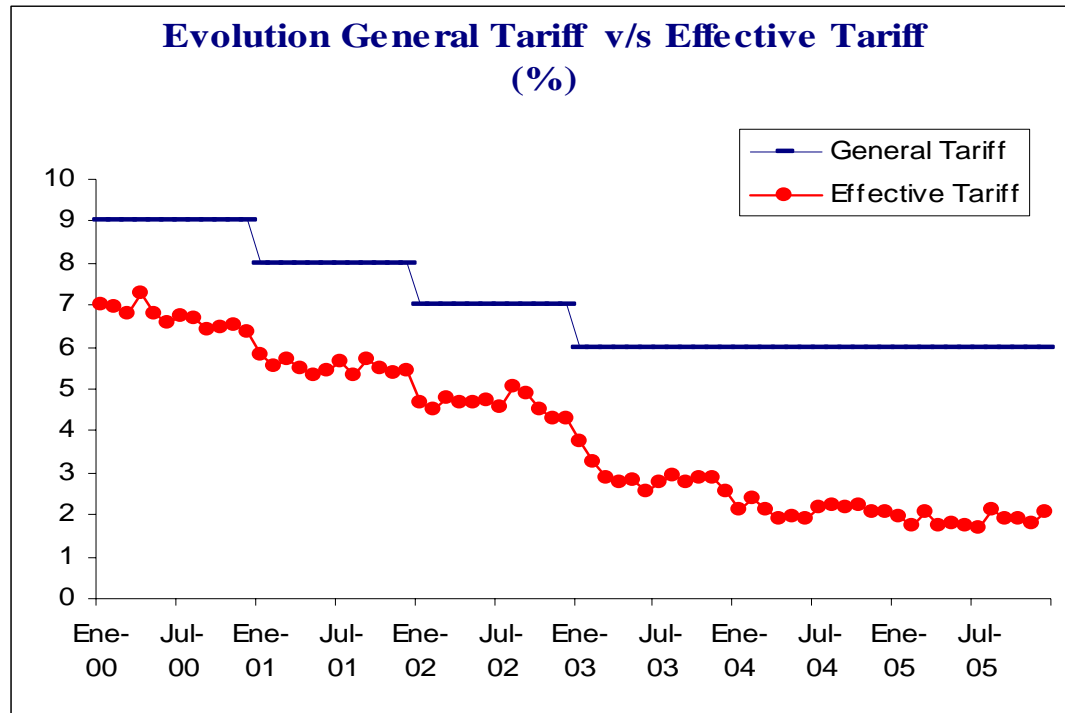


General Tariff in Latin American Countries





Effective Tariff Less Than 2%



Source: Central Bank of Chile



Sound Infrastructure

Indicator	Australia	Canada	Argentina	Brazil	Chile	Mexico
Population (mill. of inh).	20,3	33,1	39,9	188,1	16,4	107,4
Area(mill. of km2)	7,7	10	2,8	8,5	0,8	1,9
Internet users per inh.	0,72	0,66	0,25	0,14	0,42	0,17
Airports (N°/ mill of inh)	22,4	40,4	34,6	22,7	22,1	17,1
Sea Ports (N°/ mill of Km2)	1,4	0,8	2,9	1,1	10,0	3,7
Phones - main lines in use (lines/ inh.)	0,57	0,55	0,22	0,23	0,21	0,18
Mobbile cellulars per inh.	0,9	0,5	0,6	0,5	0,7	0,4

Source: World Factbook



Foreign Investment Statute (DL-600)

Main guarantees:

- Right to repatriate all capital and earnings
- Access to the banking system to purchase foreign currency for remittances at market exchange rates
- Invariable income-tax rate; maximum of 42% (instead of 35%)
- Right to maintain accounts in US dollars
- Right to export products freely



Very Friendly Legal Framework for Foreign Investment in Mining

Mining concession property rights guaranteed under the Constitution and granted by law, not the incumbent government.

Legal framework:

- Political Constitution
- Organic Constitutional Law on Mining Concessions
- Mining Code



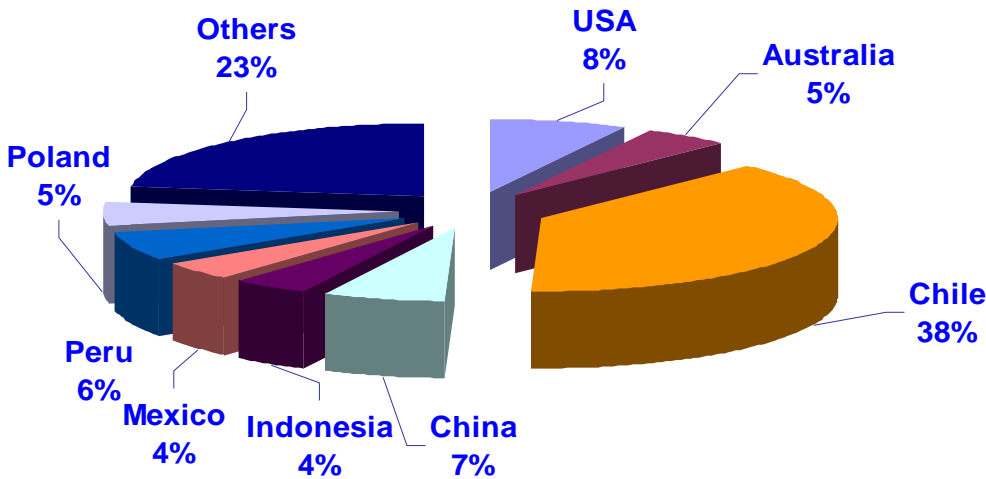
Specific Mining Tax

- Introduced on January 1, 2006
- Tax rate of 0% to 5% on operating income from **mining** (deducted as cost for income tax purposes).
- Investors able to choose between DL-600 or SMT tax invariability systems.
- International comparison of tax burden and changes in Fraser Index.

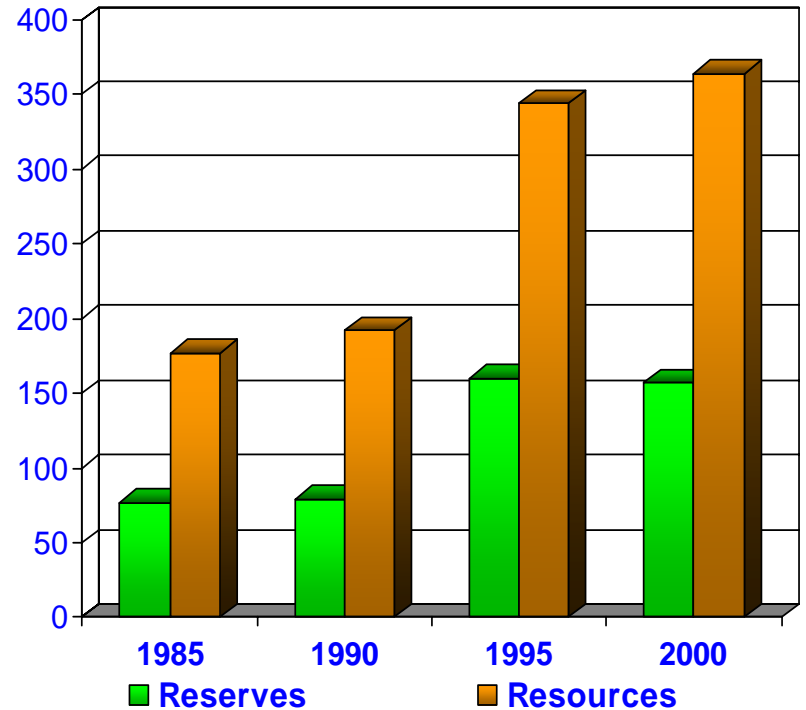


World Copper Reserve Base

Reserve Base : 937 million MT



Evolution of Copper Reserves in Chile
1985-2000
(MT million)

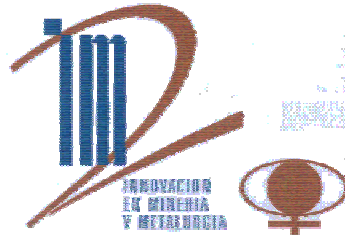


Sources: USGS Mineral Commodity Summaries 2007, Sernageomin, Central Bank of Chile



Chilean Know how in Mining

Conymet





Excellent potential for mining investment

Current Mineral Potential, Assuming Current Regulations/Land Use Restrictions

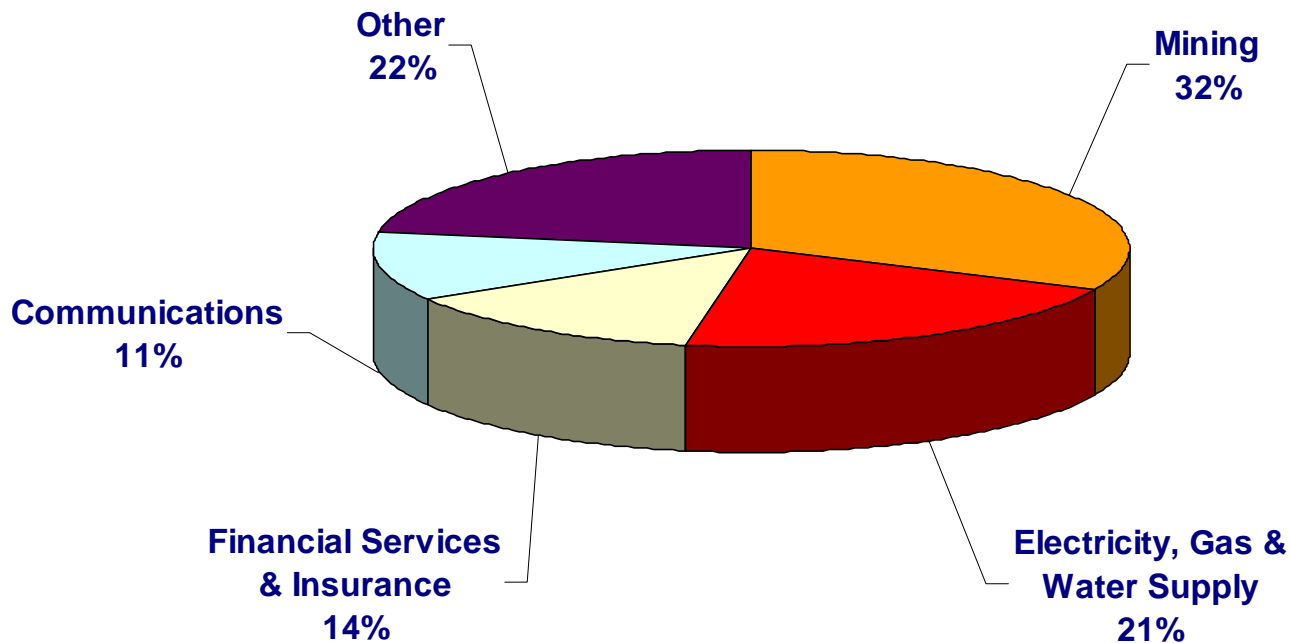
(Survey of 64 jurisdictions around the world, published in March 2006)





Direct Foreign Investment in Chile

1990-2005

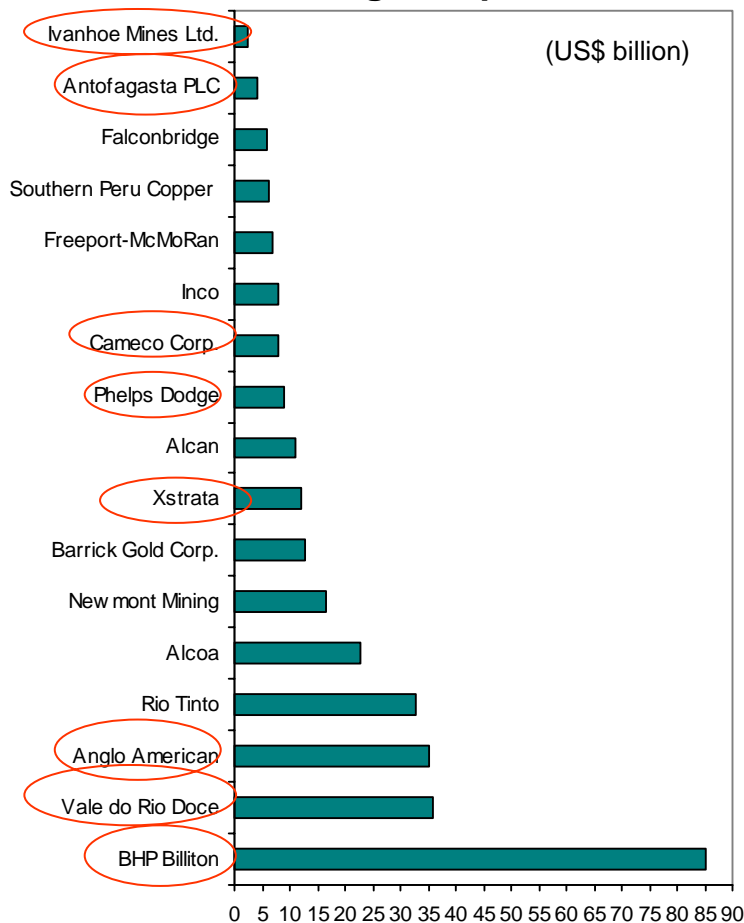


Total = US\$ 55 billion
Mining = US\$ 17,5 billion



Large number of foreign-owned companies

**Market Capitalization
Main Mining Companies**



Main Private Copper Companies in Chile

Name	Owners	Production 2006 (TMT Cu)
Escondida	BHP Billiton (57%), RTZ Corp. (Rio Tinto) (30%), JECO (Mitsubishi and others) (10%), IFC (2.5%)	1,256
Collahuasi	Xstrata (44%), Anglo American (44%) Nippon-Mitsui (12%)	440
Los Pelambres	Antofagasta Minerals (60%), Nippon Mining, Manuberi, Mitsui, Mitsubishi Materials Corp. and Mitsubishi Corp. (40%)	335
Sur Andes	Anglo American (100%)	295
Candelaria	Free Port-Phelps Dodge Corp. (80%), Sumitomo Corp. (20%)	170
El Abra	Phelps Dodge (51%), Codelco (49%)	219
Mantos Blancos	Anglo American (100%)	152
Zaldívar	Placer Dome (100%)	146
Cerro Colorado	BHP Billiton (100%)	116
Quebrada Blanca	Aur Resources (76.5%), Inversiones Mineras S.A. (13.5%), Enami (10%)	82



Chile-Japan: Copper Mining

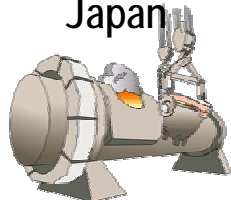


- Nittetsu Mining
- Mitsubishi Corp
- Mitsui
- Nippon Mining
- Sumitomo Corp.
- Pan Pacific
- Marubeni

- Collahuasi
- Escondida
- Candelaria
- Los Pelambres
- Regalito Project
- Atakama Cozan



Japan

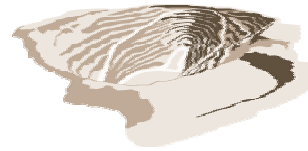


Smelters

Copper Concentrate



Chile



Copper Mines

Mining Projects Investment





Japan-Chile: Copper Mining Related Business



 **日鉱金属株式会社**
NIPPON MINING & METALS CO., LTD.

 **MITSUI & CO., LTD.**

 Mitsubishi Corporation

NITTETSU
MINING CO., LTD.

 SUMITOMO METAL MINING CO., LTD.

 **JICA** Japan International Cooperation Agency

 **JOGMEC**

BRIDGESTONE
PASSION for EXCELLENCE

KOMATSU
Komatsu Chile S.A.

Makita

 **NYK LINE**
NIPPON YUSEN KAISHA

 **ITOCHU**
ITOCHU Corporation

Estimated Investment in Copper Mining in Chile (2007-2011) :
US\$ 11.400 Million

Potential Business (2007-2011):

US\$ 1.430 Mill/yr.....supplies
US\$ 570 Mill/yr..... investment goods
US\$ 2.500 Mill/yr.....services





Opportunities for mining related business

- Energy efficiency and water management
- New technologies for mining exploration
- Management software
- Information and communication technologies (ITC's)
- Environmental technology
- Mine closures
- Modeling, simulation & robotic
- Designing
- Logistic
- Bioleaching



The Challenge: Sustainable Development

sharing business

complementing both economies

strengthening friendship between our nations.



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