



CAP Group Update Investors meeting

Fernando Reitich
President & CEO

April, 2014

Company overview

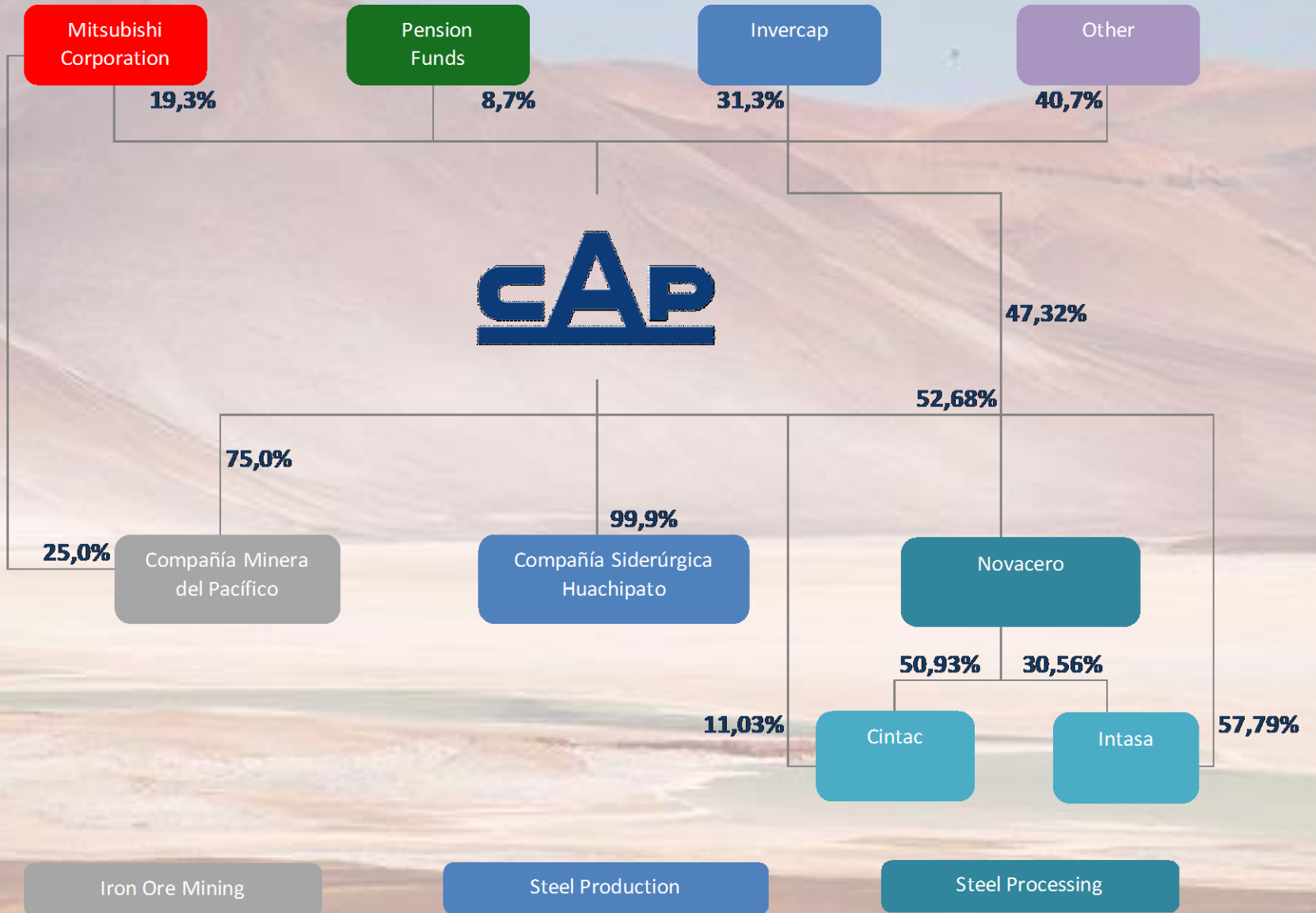
Global industry update

Financial performance

Future prospects

Final remarks

Ownership structure





Mining



- Production capacity: 15 Mt/y
- Only large-scale iron ore producer in Chile
- On track to reach 18 million tons production capacity
- 85% exports, mainly to Asia

 Mining

Steel



- Production: 0,7 Mt/y
- Nominal capacity: 1.45 Mt/y
- Focus on grinding media, rebar & wire rod in the domestic market
- 50% of target market

 Steel

Steel processing



- Production capacity: 400 kt/y
- Leading steel processor in Chile
- Regional player: Chile, Peru and Argentina

 Steel processing 3

Iron ore mining



Los Colorados mine

Mining sites

CAP Mining has three different areas of operation in the north of Chile, located around the cities of:

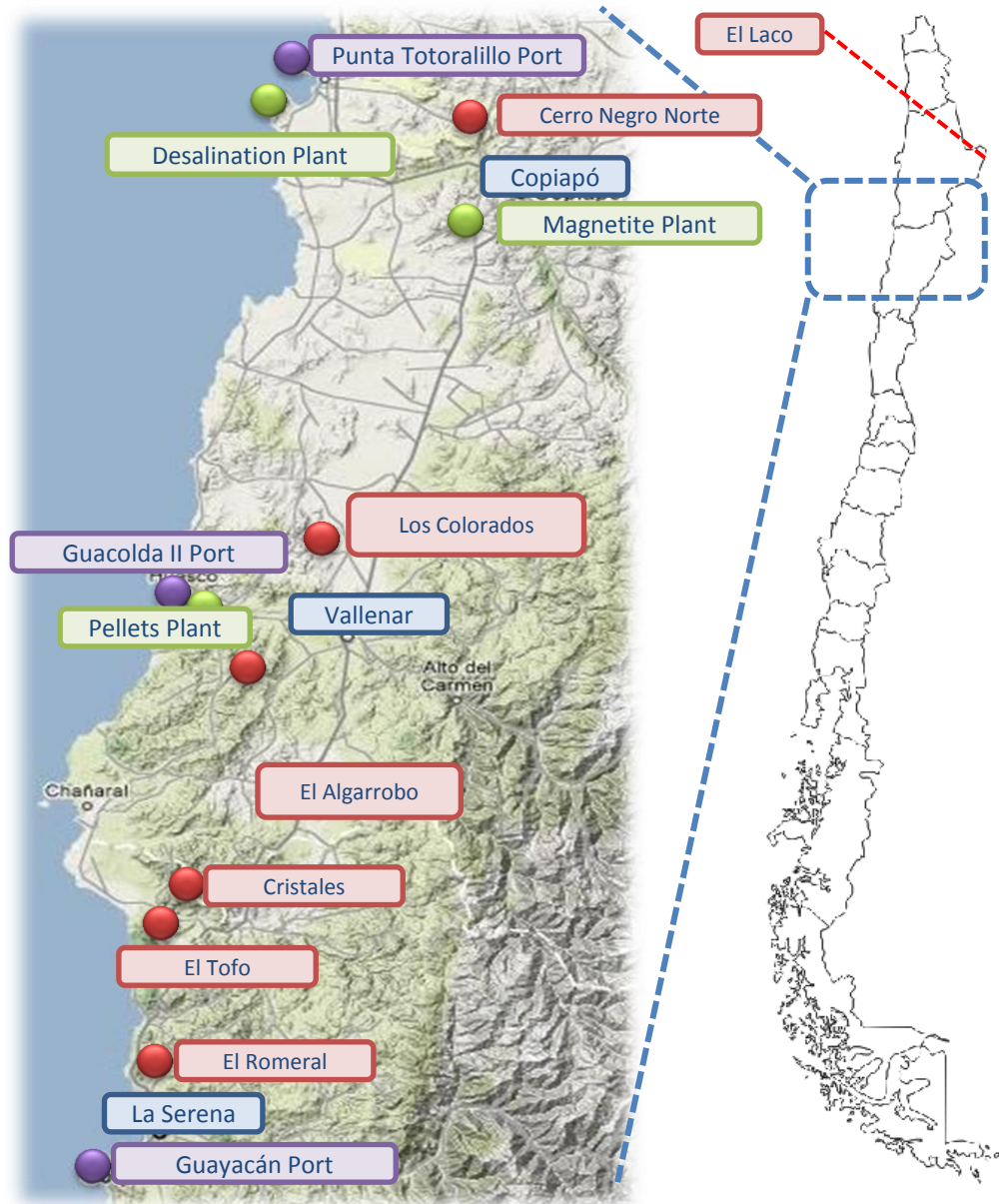
- La Serena
- Vallenar
- Copiapó

Cities

Mines

Plants

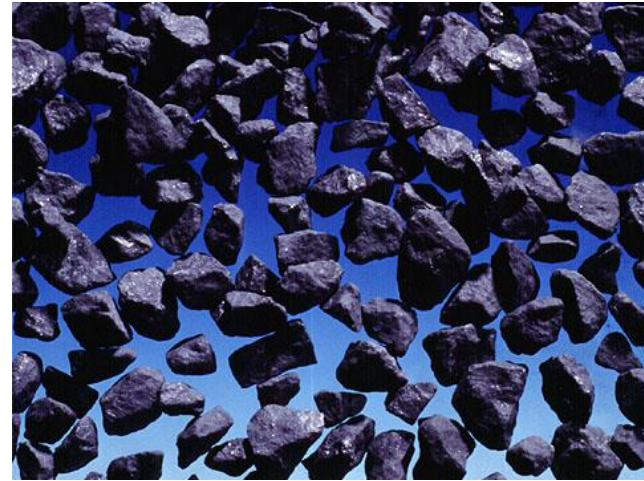
Ports



BF and DR Pellets (Fe 65% - 66%)



Lumps (Fe 62%)



Pellet Feed (Fe 67% - 68%)



Fines (Fe 62%)



Ranking 2012
Hectares in **exploration** concessions - Chile

N°	Company	Hectares	%
1	BHP Chile Inc.	2.219.500	12,38
2	Codelco	969.400	5,41
3	Antofagasta Minerals S.A.	736.800	4,11
4	Teck Exploraciones Mineras Chile Ltda.	728.600	4,07
5	CAP	609.400	3,4

Ranking 2012
Hectares in **exploitation** concessions - Chile

N°	Company	Hectares	%
1	Soquimich S.A.	2.876.778	20,98
2	Codelco	838.207	6,11
3	Minera Escondida Limitada	362.108	2,64
4	SCM Virginia	256.751	1,87
5	Enami	254.229	1,85
6	Antofagasta Minerals S.A.	208.292	1,52
7	CAP	193.601	1,41

- Top 5 position in exploration concessions
- More than 700.000 meters drilled over the period 2008-2013

Resources and reserves of magnetite ore



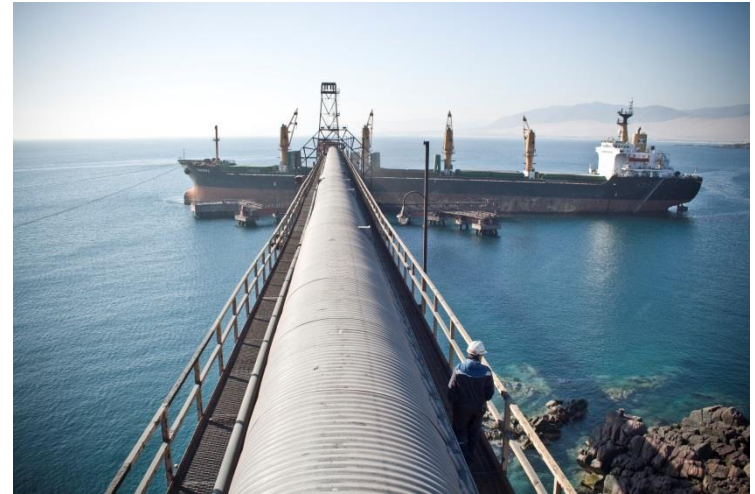
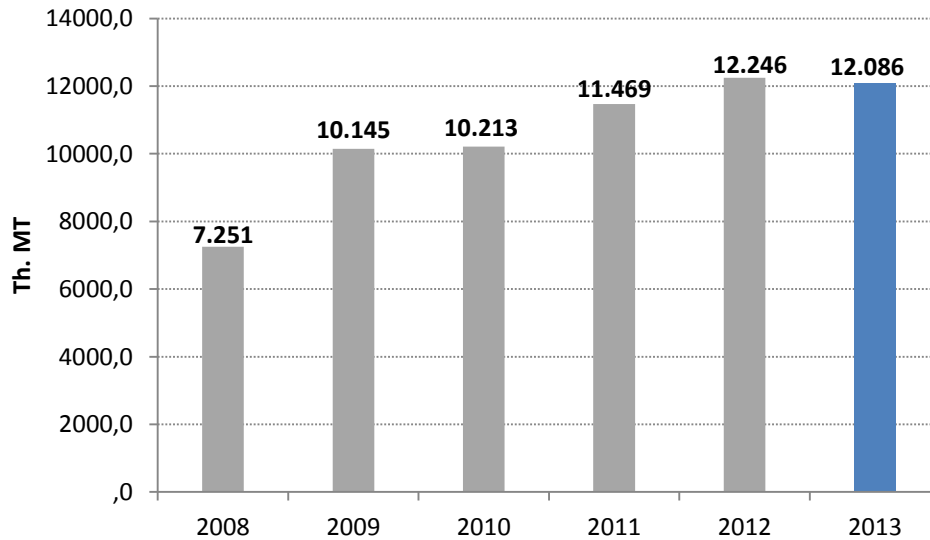
As a result of continued successful exploration campaigns, iron ore resources have increased progressively over the years, reaching 6.350 million tons in 2013

Mine / Deposit		Total Mineral Resources (1)		Reserves (2)	
Mine	Location	Ton	Grade (% Fe)	Ton	Grade (% Fe)
Existing operations					
Los Colorados	Vallenar	943	34,7%	509	36,5%
Los Colorados District	Vallenar	26	43,3%		
Romeral	La Serena	455	28,3%	101	30,6%
Hierro Atacama I - Candelaria (3)	Copiapó	374	10,0%	374	10,0%
El Algarrobo	Vallenar	136	45,8%	81	49,5%
Projects under construction					
Cerro Negro Norte	Copiapó	377	32,8%	190	36,5%
Reserves for future development					
El Laco	Antofagasta	734	49,2%	376	56,7%
Algarrobo District	Vallenar	606	33,5%	118	35,5%
Cristales	Vallenar	149	32,8%		
Tofo District	La Serena	2.551	25,6%	529	26,1%
TOTAL		6.351	30,8%	2.278	33,2%

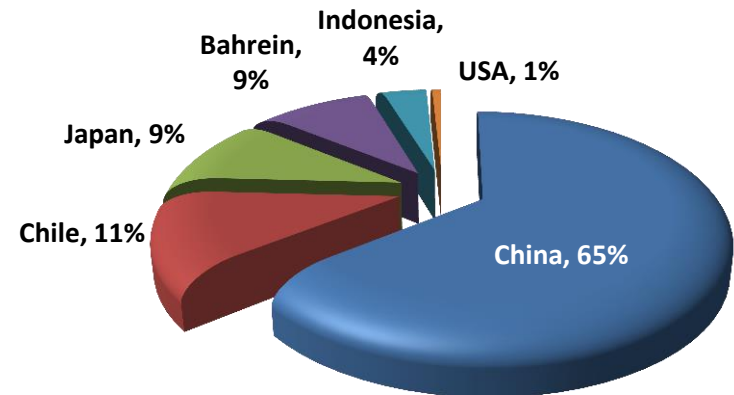
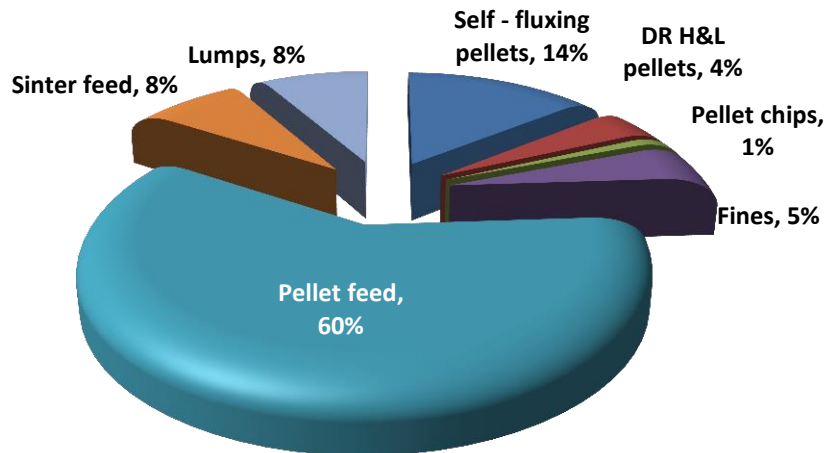
Source: CAP, March 2014

(1) Resources: Minerals measured on a geological ore content feasible of being mined. (2) Reserves: Minerals measured on a geological content feasible of being mined economically. (3) CMP has the contract for processing the tailings of the Candelaria copper mine.

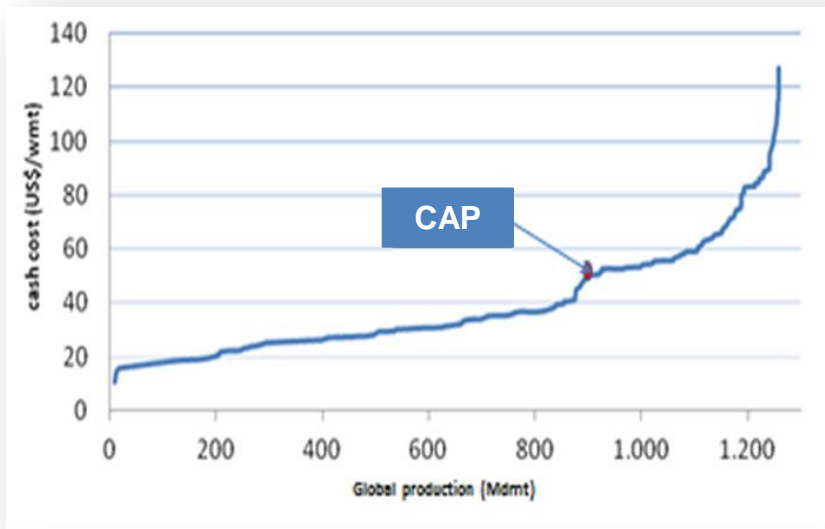
Shipments



Shipments by markets and products (CY 2013)

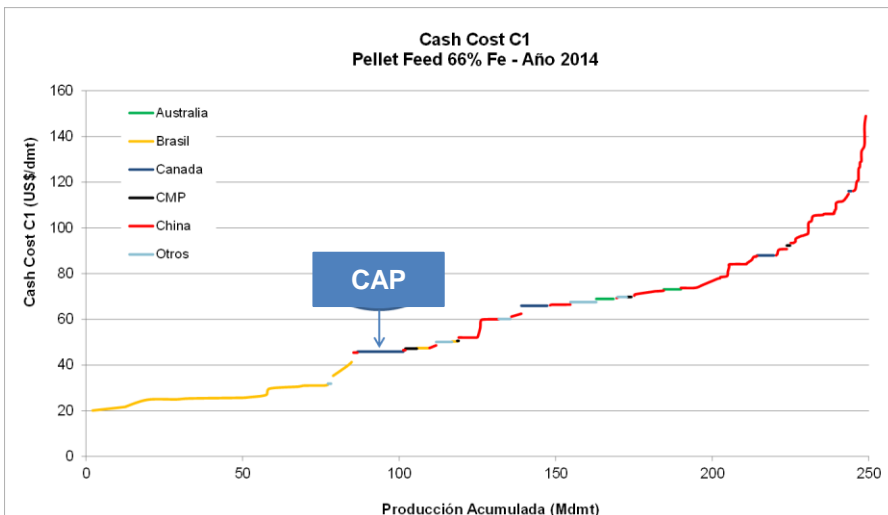


Global production cost

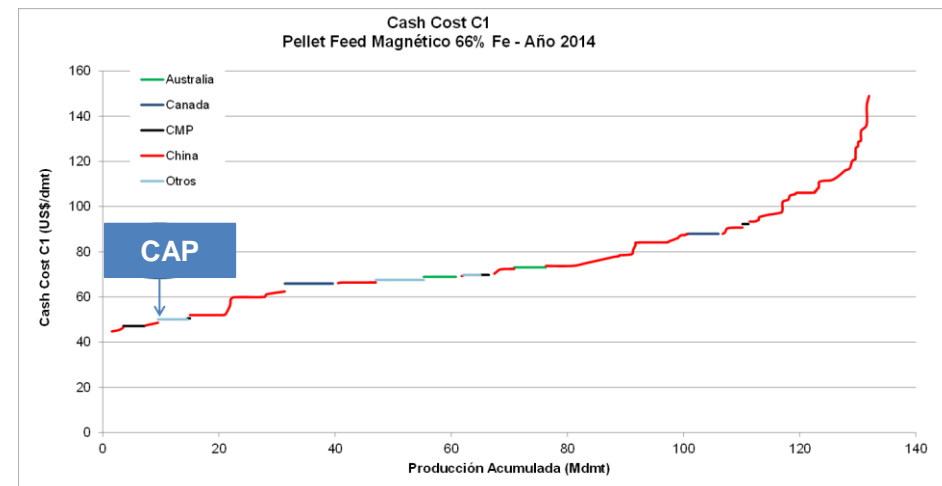


- CAP Mining is a low cost producer of high grade magnetite concentrate
- Mine depletion will lead to higher demand for high grade pellet feed
- Environmental and economic constraints support the increased need for magnetite concentrate

Pellet feed global production cost



Magnetic pellet feed global production cost





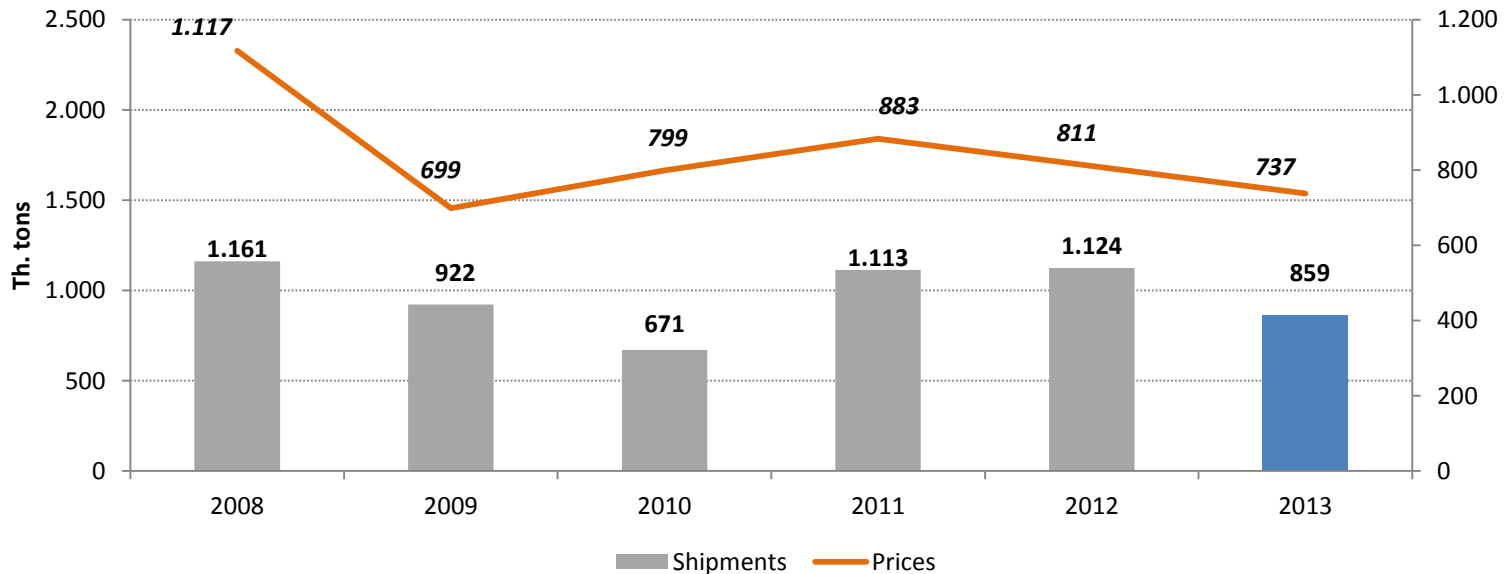
Cerro Negro Norte mine

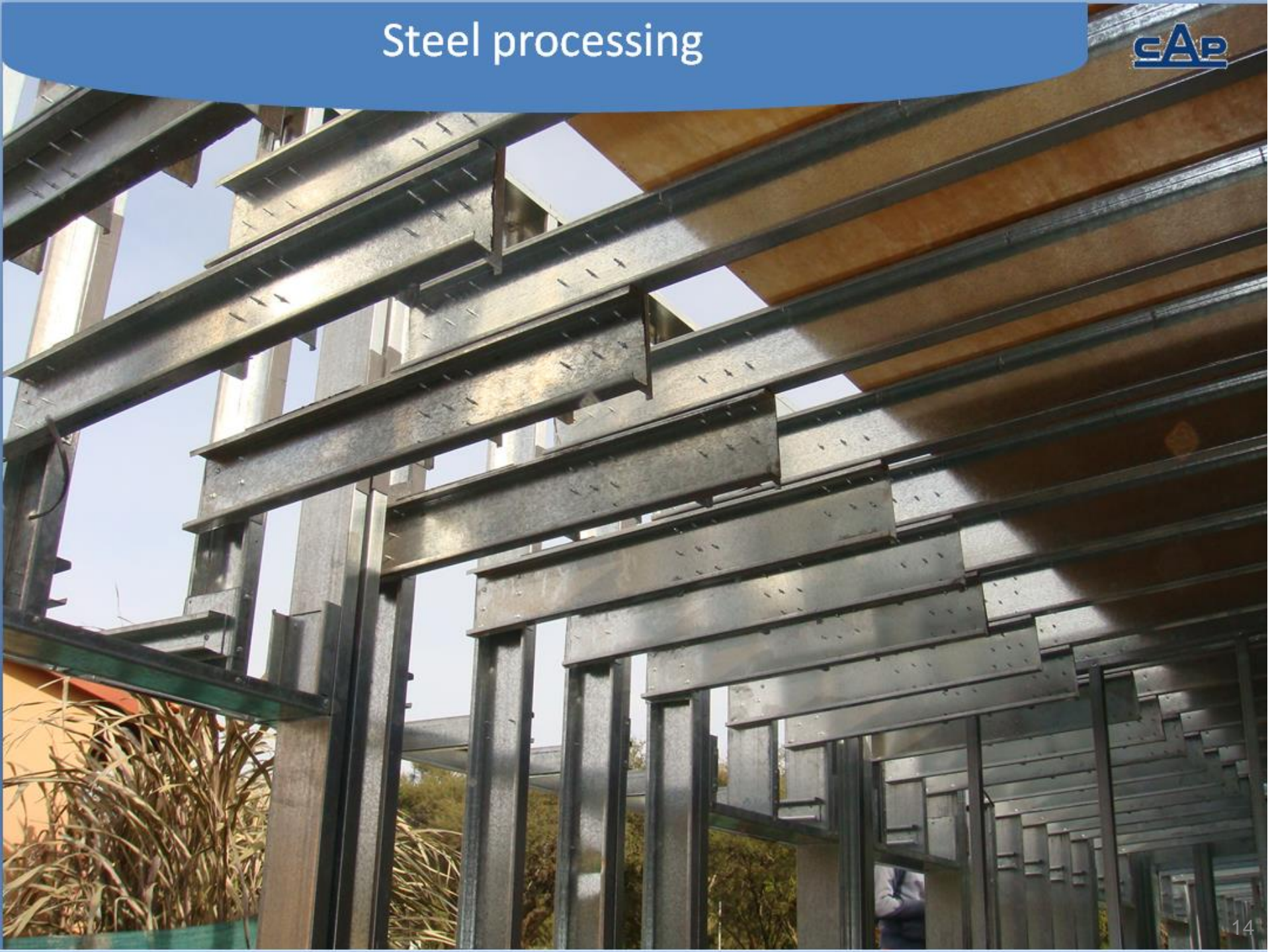
Steel



- Reorganization of the plant to produce 700 kt/y, operating with only one blast furnace
- Strong adjustment in its industrial processes and workforce
- Long products demand underpinned by domestic construction and mining sectors

Shipments and prices

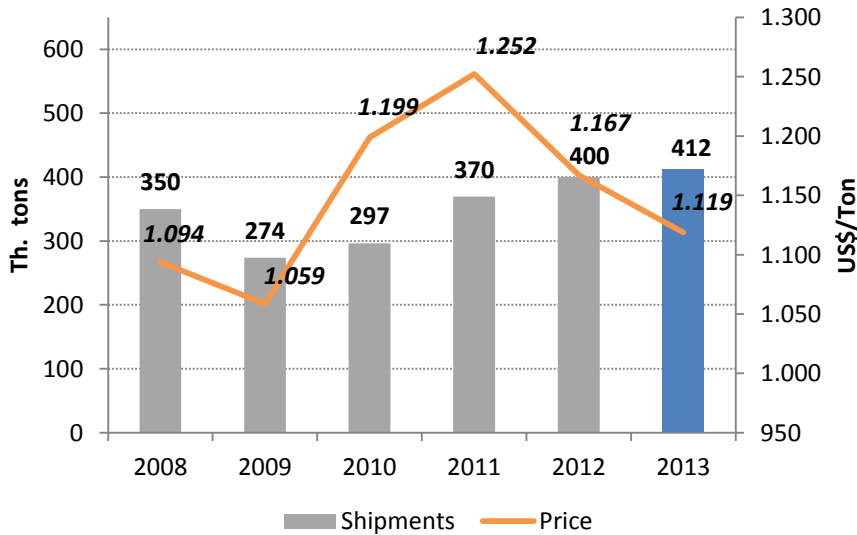




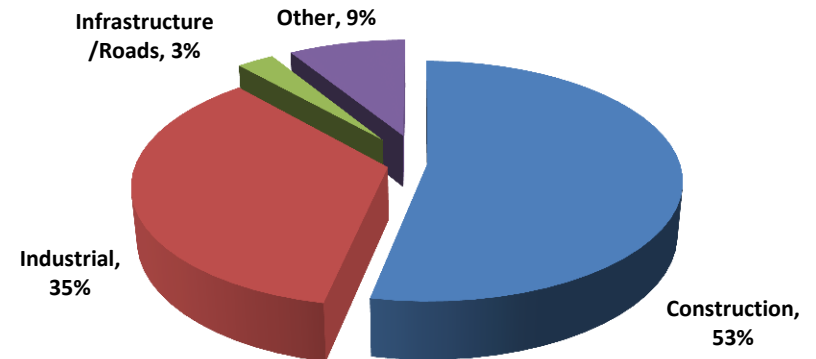
- Creates value-added solutions for the construction, industry and infrastructure sectors in Chile, Peru and Argentina
- Chile is LATAM's most intensive user of steel in construction
- Main flat steel importer on the Pacific coast of South America



Shipments and prices



Sales by Sector 2013



Company overview

Global industry update

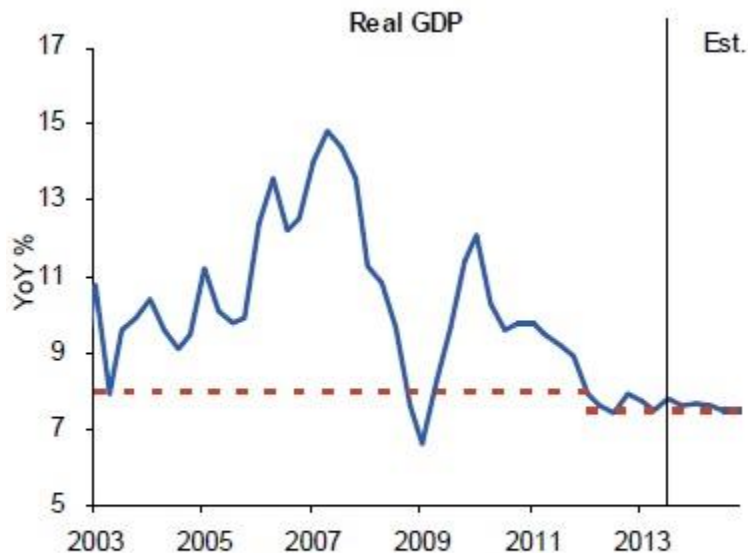
Financial performance

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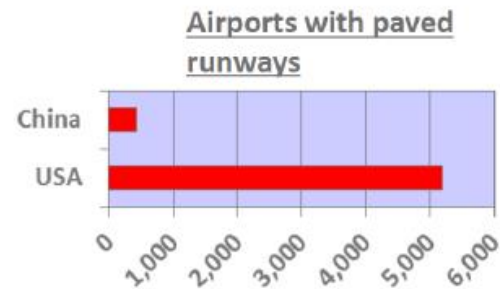
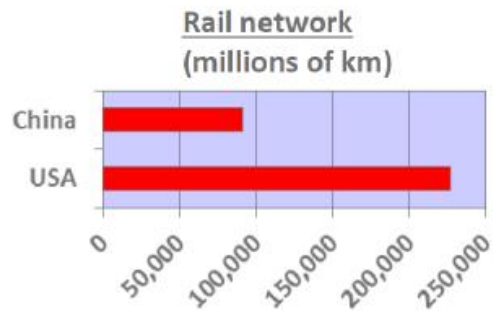
- GDP growth reached 7.7% in year 2013
- Growth led by domestic demand should continue, even though fixed assets investment slows.
- This divergent development will continue in 2014

Expect 7.5% YoY GDP growth in 2014

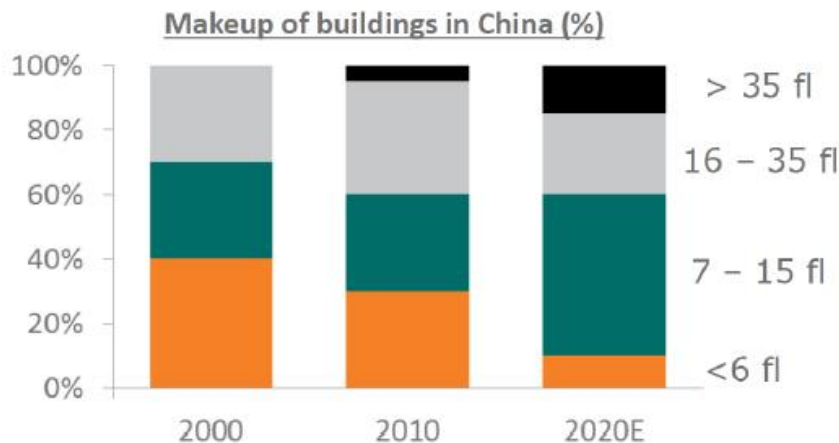


	Consumption	Investment	Net exports	GDP (YoY%)
3/2013	4.3	2.3	1.1	7.7
6/2013	3.4	4.1	0.1	7.5
9/2013	3.5	4.3	-0.1	7.8
12/2013	3.9	4.2	-0.3	7.6
3/2014 E	3.8	3.6	0.1	7.5
6/2014 E	3.8	3.6	0.2	7.6
9/2014 E	3.7	3.6	0.2	7.5
12/2014 E	3.7	3.5	0.3	7.5
2014E	3.8	3.6	0.2	7.5

More infrastructure....

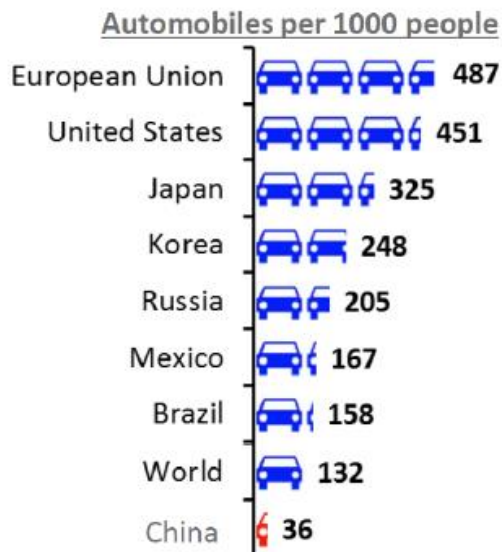


Taller buildings...



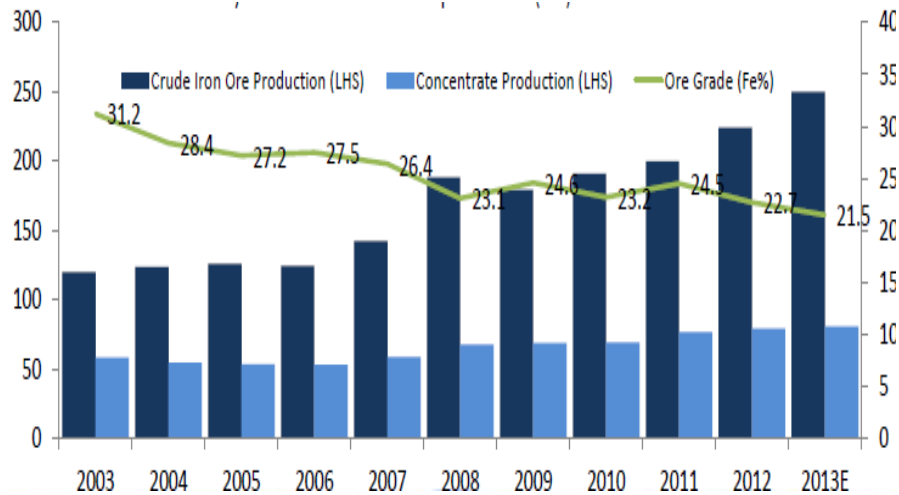
Source: The Economist, McKinsey Global Institute; Vale Market Intelligence

More cars...

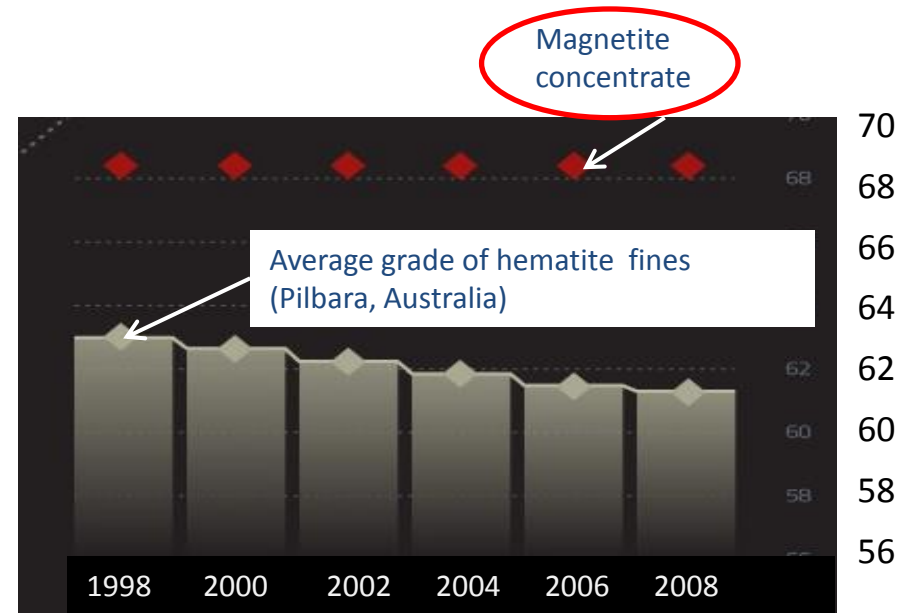


- Crude iron ore grade is dropping
- Mine depletion will lead to higher demand for high grade concentrates

Production from key CISA Chinese iron ore producers (Mt)



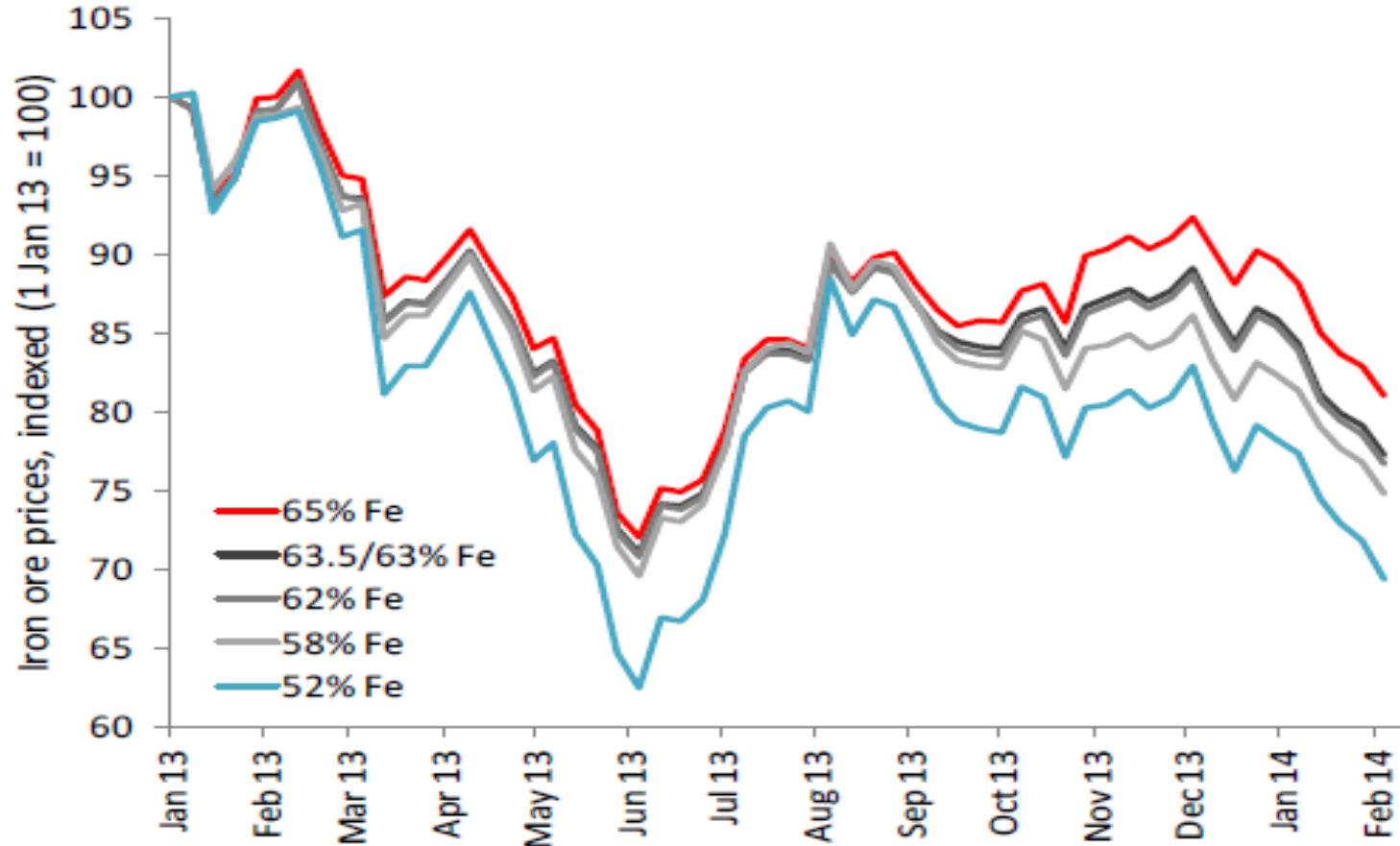
Source: Hatch, UNCTAD



Source: www.visualcapitalist.com

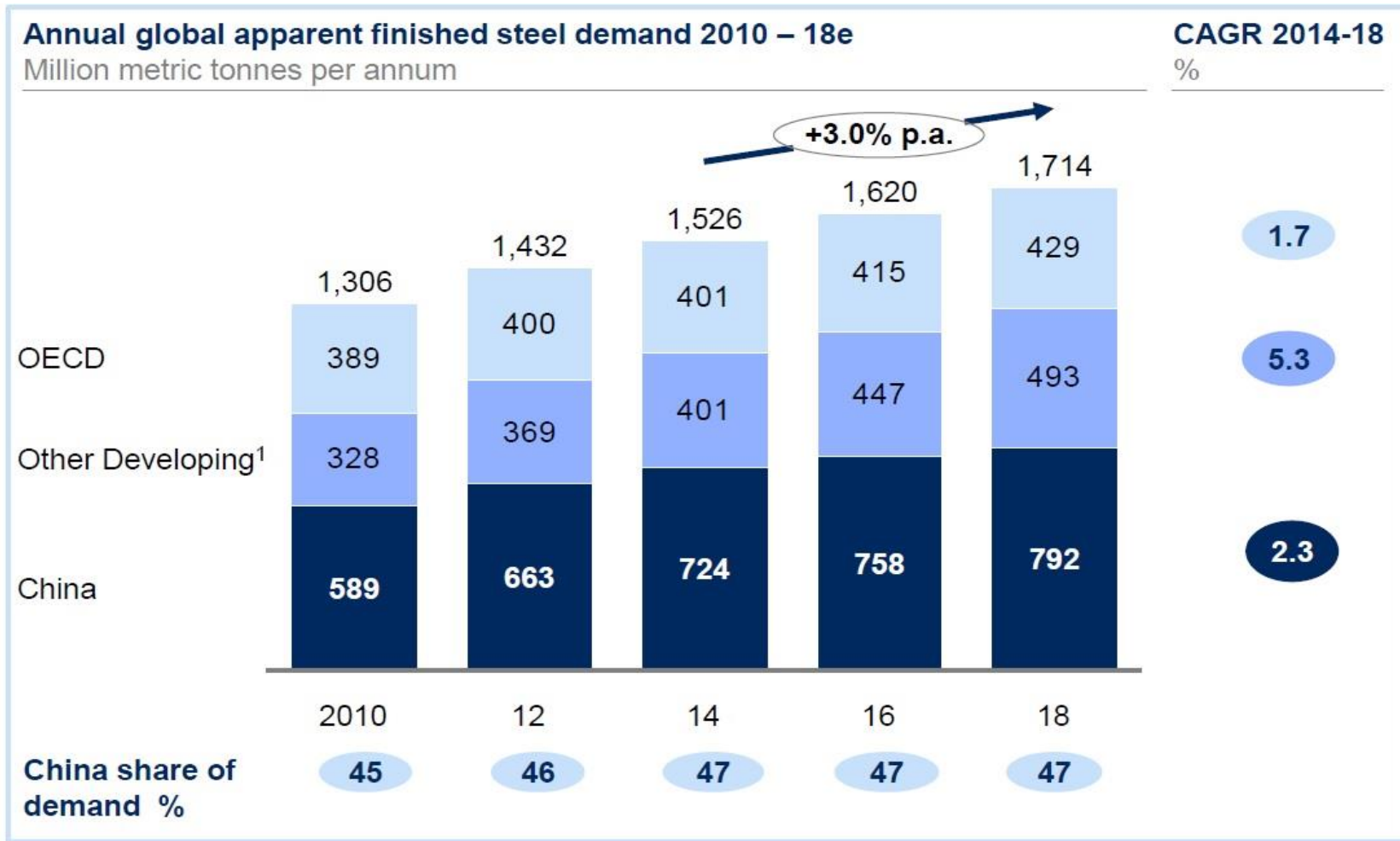
Preference for higher quality iron ore

Relative price performance of ores of different grades



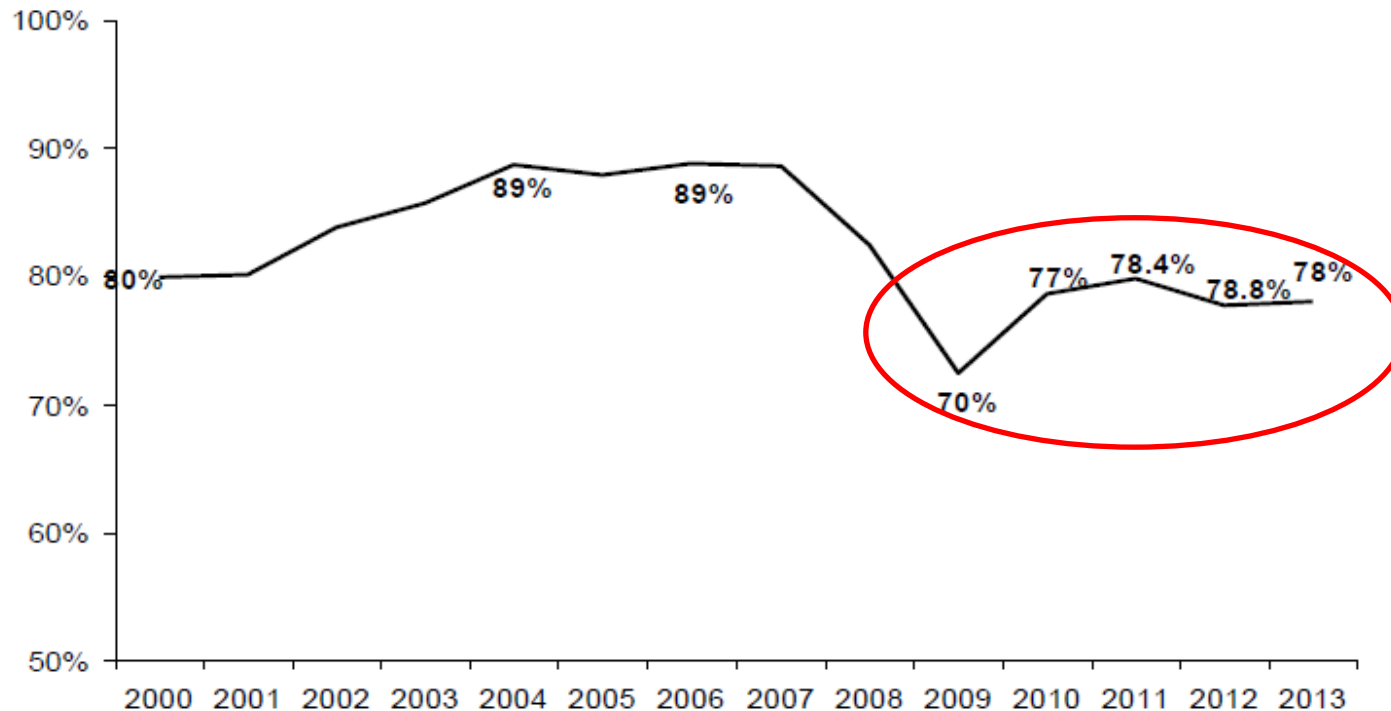
Global steel demand growth

- Global apparent finished steel demand will grow from 1.5 bn tons in 2014 to 1.7 bn tons by 2018 (implied 3% CAGR)



(1) Other Developing includes CIS, MENA, Sub-Saharan Africa, Latin America, India, and Other Asia
 SOURCE: WSA; McKinsey Steel Demand Model Oliver Ramsbottom, Partner, McKinsey & Company, February 2014

- However, world capacity utilization has been below 80% for the last 5 years, tightening the margins of the steel production industry
- Most of the excess capacity is concentrated in China. Current efforts to diminish this excess capacity have not yielded significant progress yet.
- Annual average for world's crude steel capacity utilization rate was 78% in 2013, down 0,8% over 2012



Source: worldsteel

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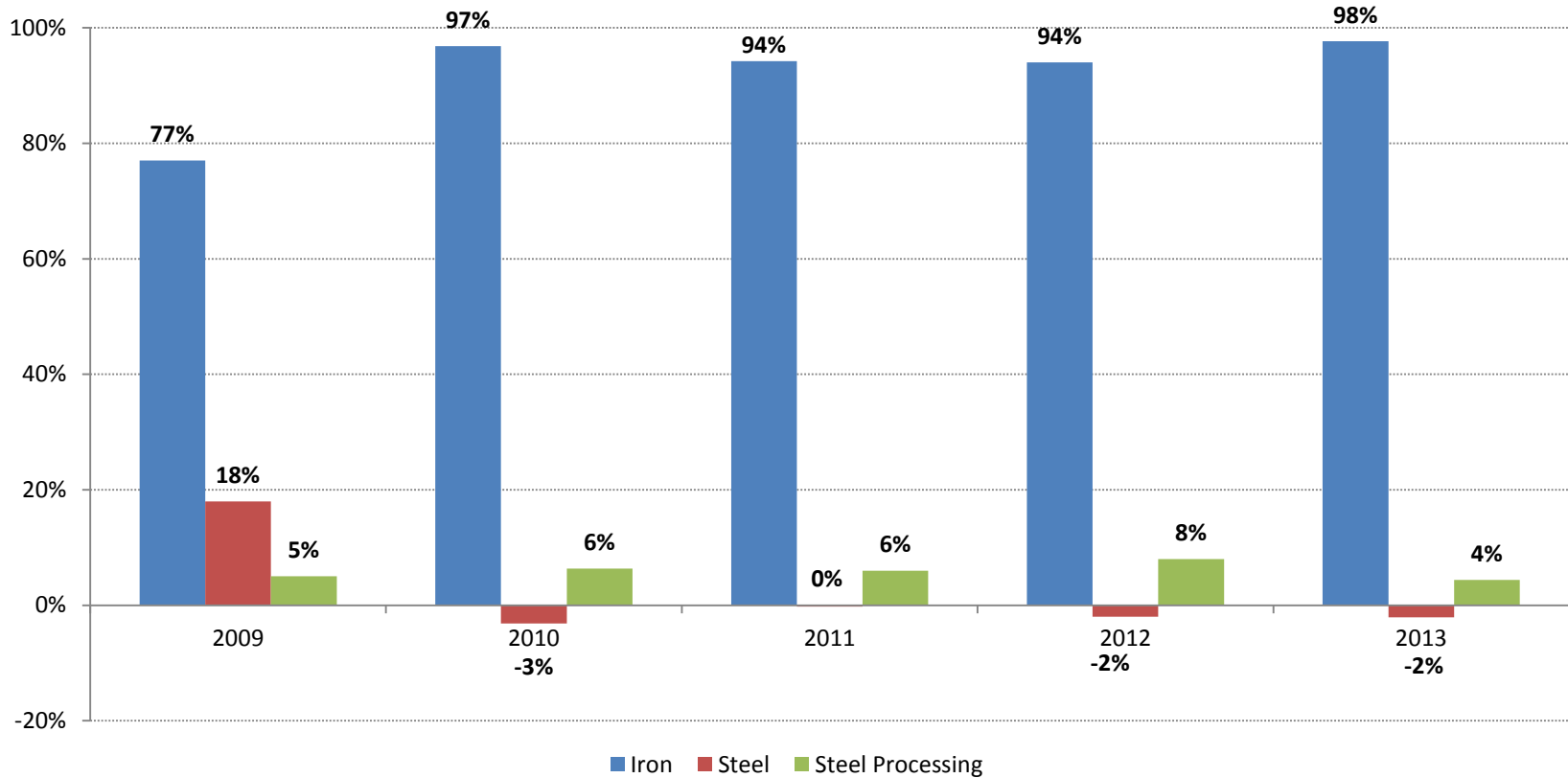
CAP - Financial evolution



USD Million	2008	2009	2010	2011	2012	2013
Sales	1.972	1.375	1.994	2.787	2.470	2.297
EBITDA	534	128	740	1.184	764	708
EBITDA Margin	27,1%	9,3%	37,1%	42,5%	30,9%	30,8%
Net Income	291	25	590	442	234	184 ⁽¹⁾
Cash	379	393	981	883	711	309
Gross Financial debt	880	907	1.001	628	719	932
Net Financial debt	501	514	20	-255	8	623
Net Financial Debt /EBITDA	0,94	4,01	0,03	-0,22	0,01	0,88
Capex	161	142	207	282	777	975

(1) Net income includes a MUS\$ 58 expense related to write-off and impairment in the steel business

EBITDA contribution by business



(1) EBITDA: Gross Margin – S&AE + Depreciation and Amortization + Dividends received in cash, over the last twelve months

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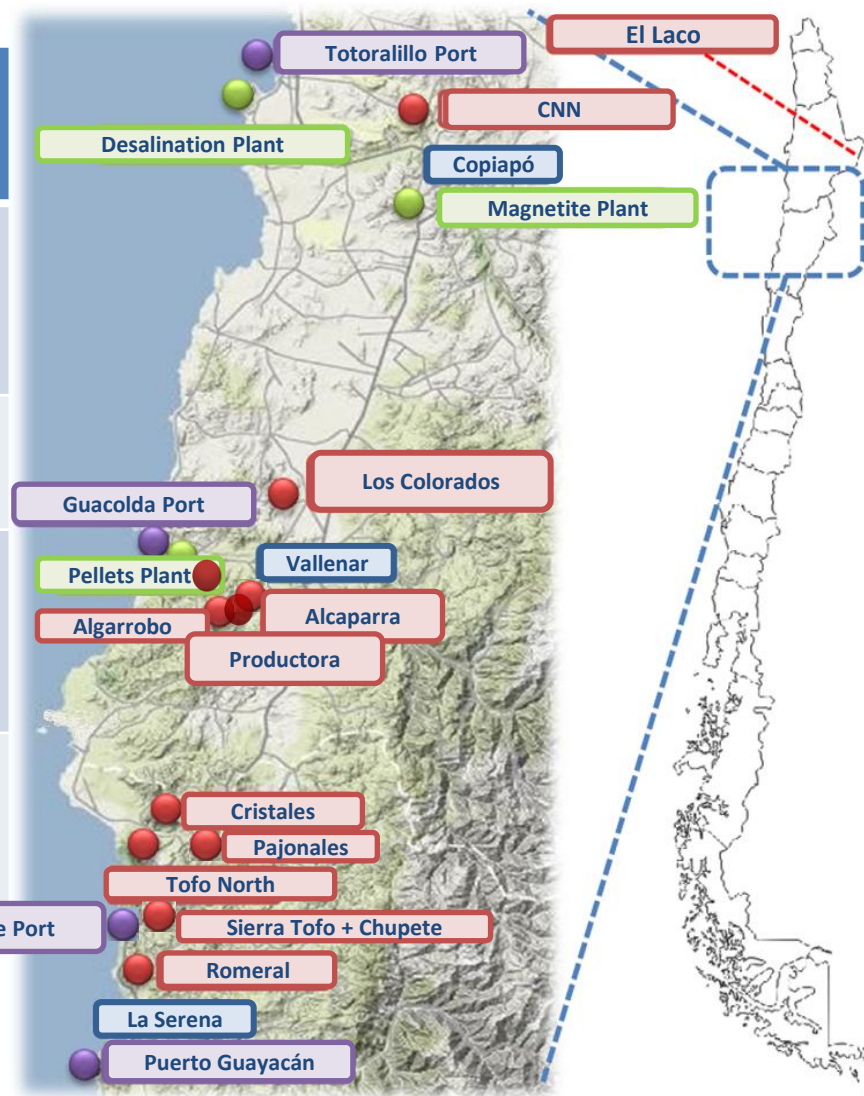
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Mining – Future prospects

Project	Production Mt	Est. Capex MUS\$
Magnetite Plant Expansion	1 Pf	110
Tofo	6,5 Pf 13,5 Pf	1.700 2.900
Alcaparra	6 Pf 135 Kt Conc-Cu	1.600 300
Los Colorados Expansion	4 sf	500

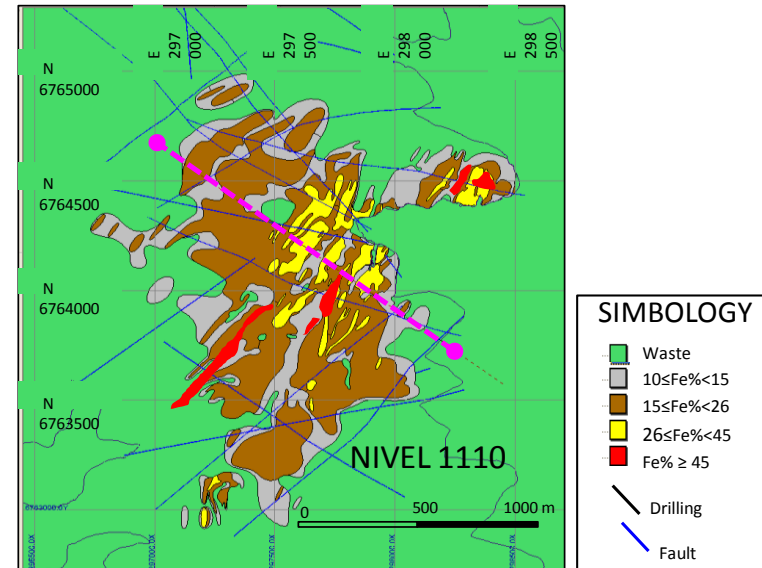


Investment (E) : 1,700 – 2,900 MUS\$

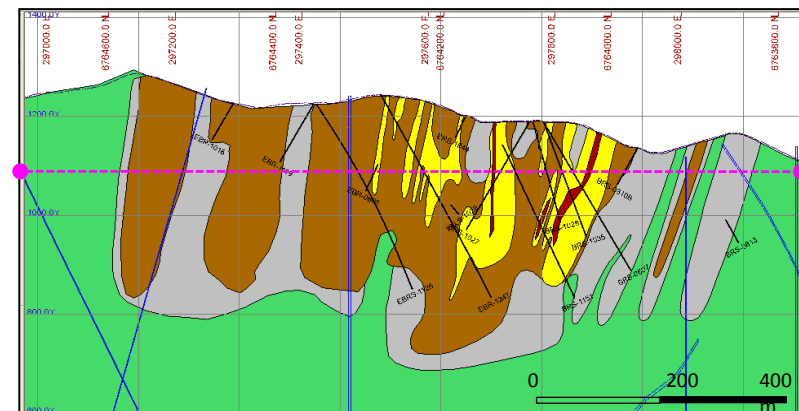
- Greenfield

Production: 6.5-13,5 Mt/y of pellet feed

Stage: Conceptual engineering



Resources	Volume [Mt]	Fe [%]
Measured	946	25.5
Indicated	455	23.4
Inferred	190	22.5
Total	1,591	24.5



Future prospects - Alcaparra Iron/Copper



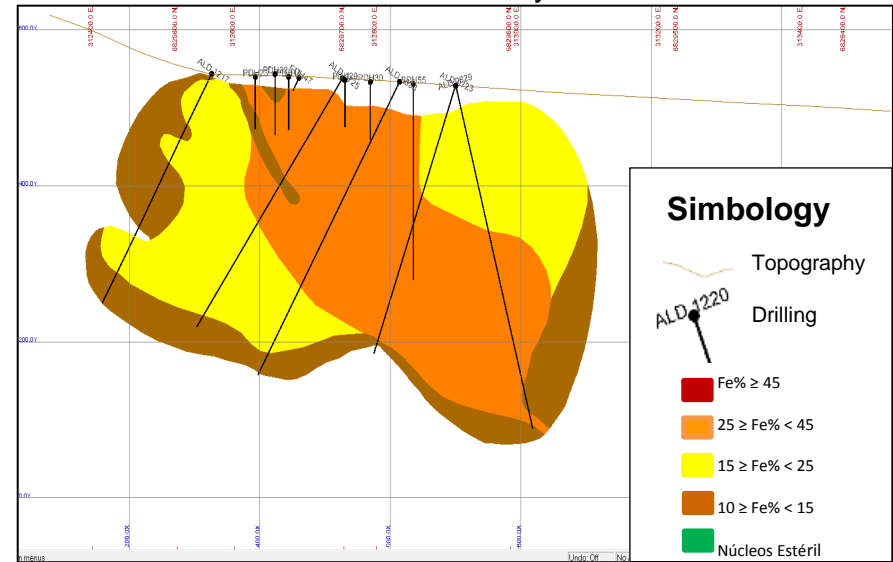
Investment (E): 1,600 + 300 MUS\$

Production: 6 Mt/y of pellet feed
135 kt/y of copper concentrate

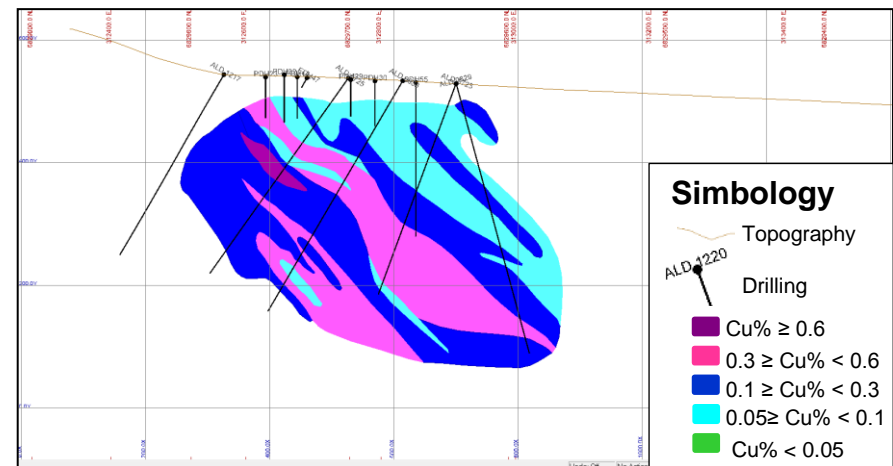
Stage: Advanced exploration
Exploratory metallurgy

Resources	Volume [Mt]	Fe/Cu [%]
Iron	674	24.5
Copper	423	0.26

Iron ore body



Iron & Copper intersection



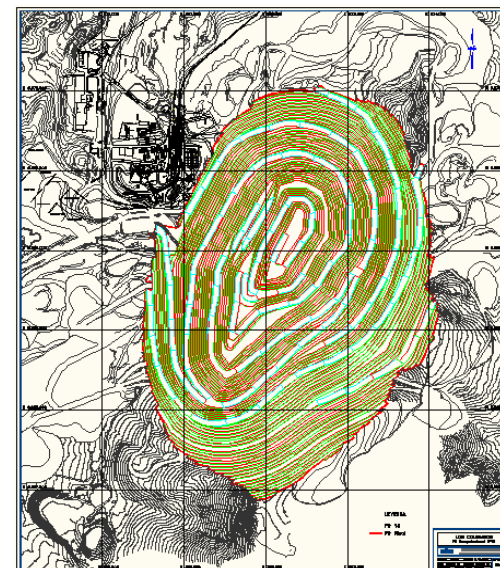
Future prospects – Colorados expansion

Investment : 500 MUS\$

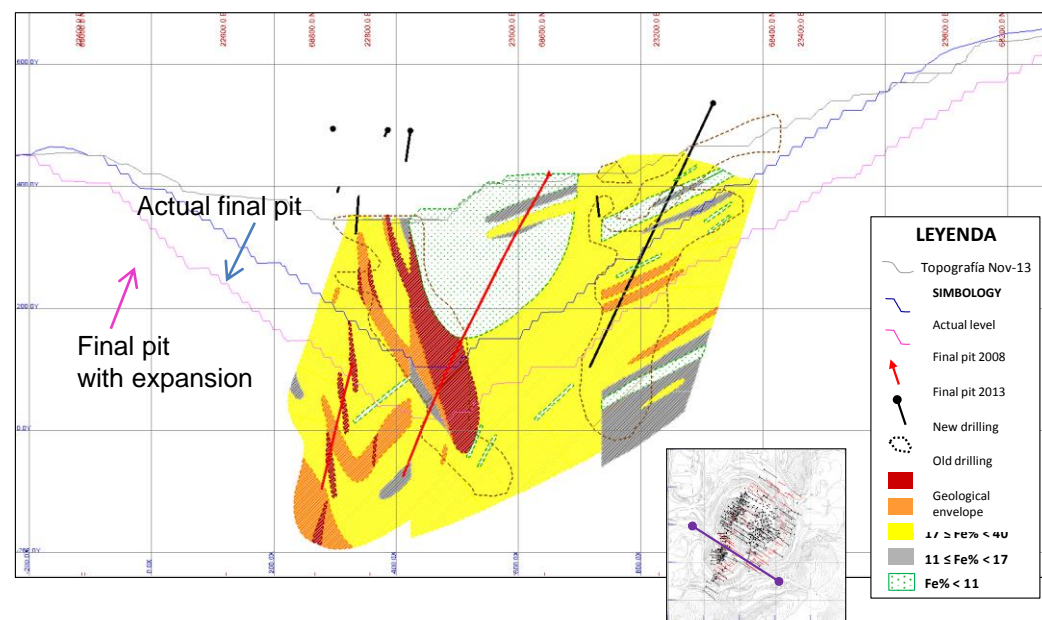
- Brownfield

Production: 4 Mt/y of fines

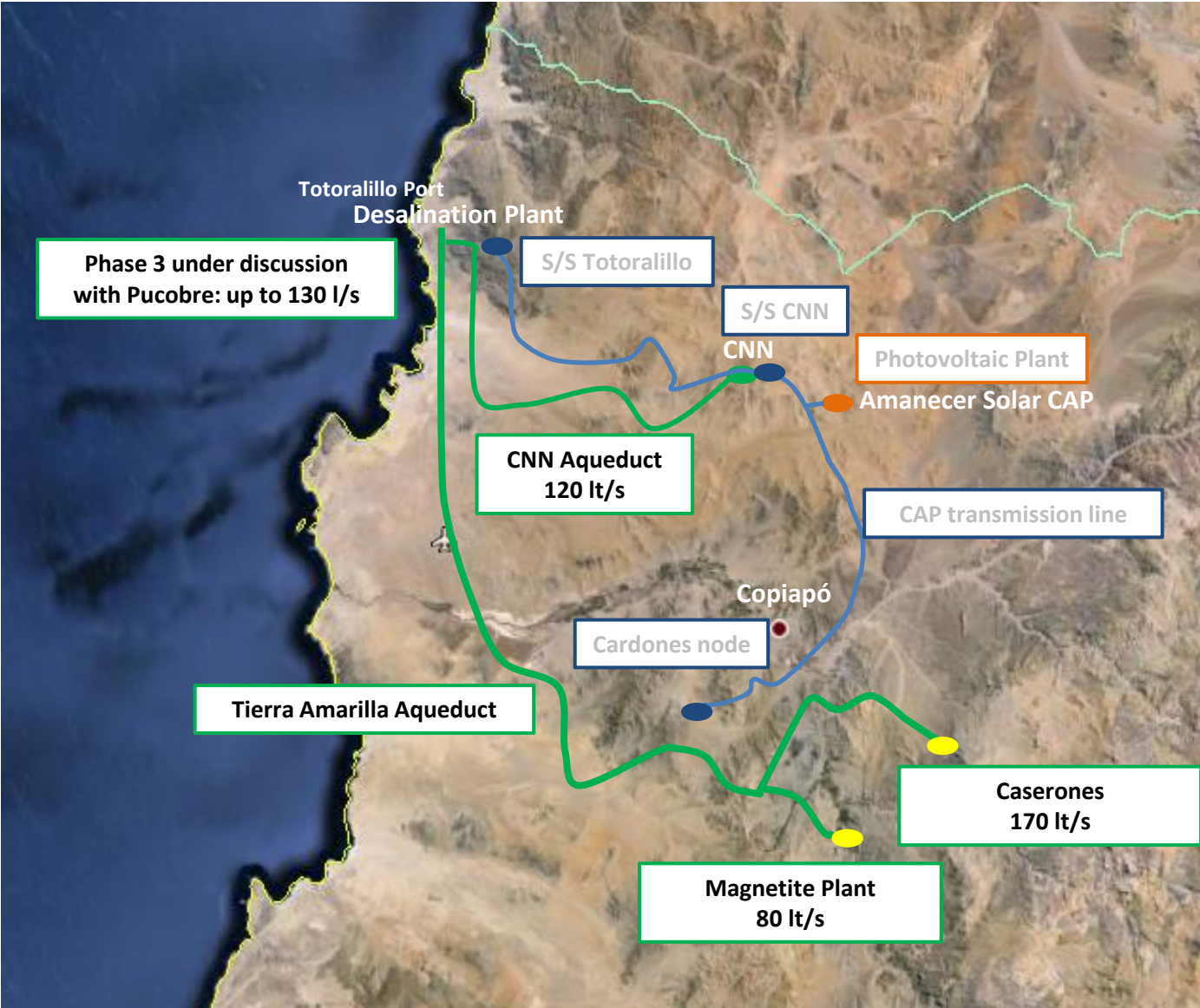
Stage: Basic engineering



Resources 2012	Volume [Mt]	Fe [%]
Measured	694	31,5
Indicated	343	31,4
Inferred	100	33,9
TOTAL	1.137	31,7



Future prospects - Infrastructure – Desalination plant



Desalination plant

- Desalination Plant and CNN Aqueduct is operating from Feb 2014 and will provide 120 I/s to CNN
- Tierra Amarilla Aqueduct will be completed in April 2014 and will transport:
 - 80 I/s to CMP's magnetite plant
 - 170 I/s to Caserones mine
- CAP (51%) / Mitsubishi (49%)
- Capex: MUS\$ 407



CAP Ports



Punta Totalillo:

- 29 km north of Caldera
- Iron ore shipping
- 200,000 dwt



Guayacán:

- Herradura bay, Coquimbo
- Iron ore shipping
- 165,000 dwt



Guacolda II:

- Located in Huasco City
- Iron ore shipping
- 300,000 dwt



Huachipato:

- Talcahuano bay
- Unloading coal and iron ore & finished steel shipping



Las losas:

- Located in Huasco City
- Multi purpose port



Guarello:

- Guarello island, south
- Limestone shipping
- 800 kt/y

CAP Mining Totalillo Port

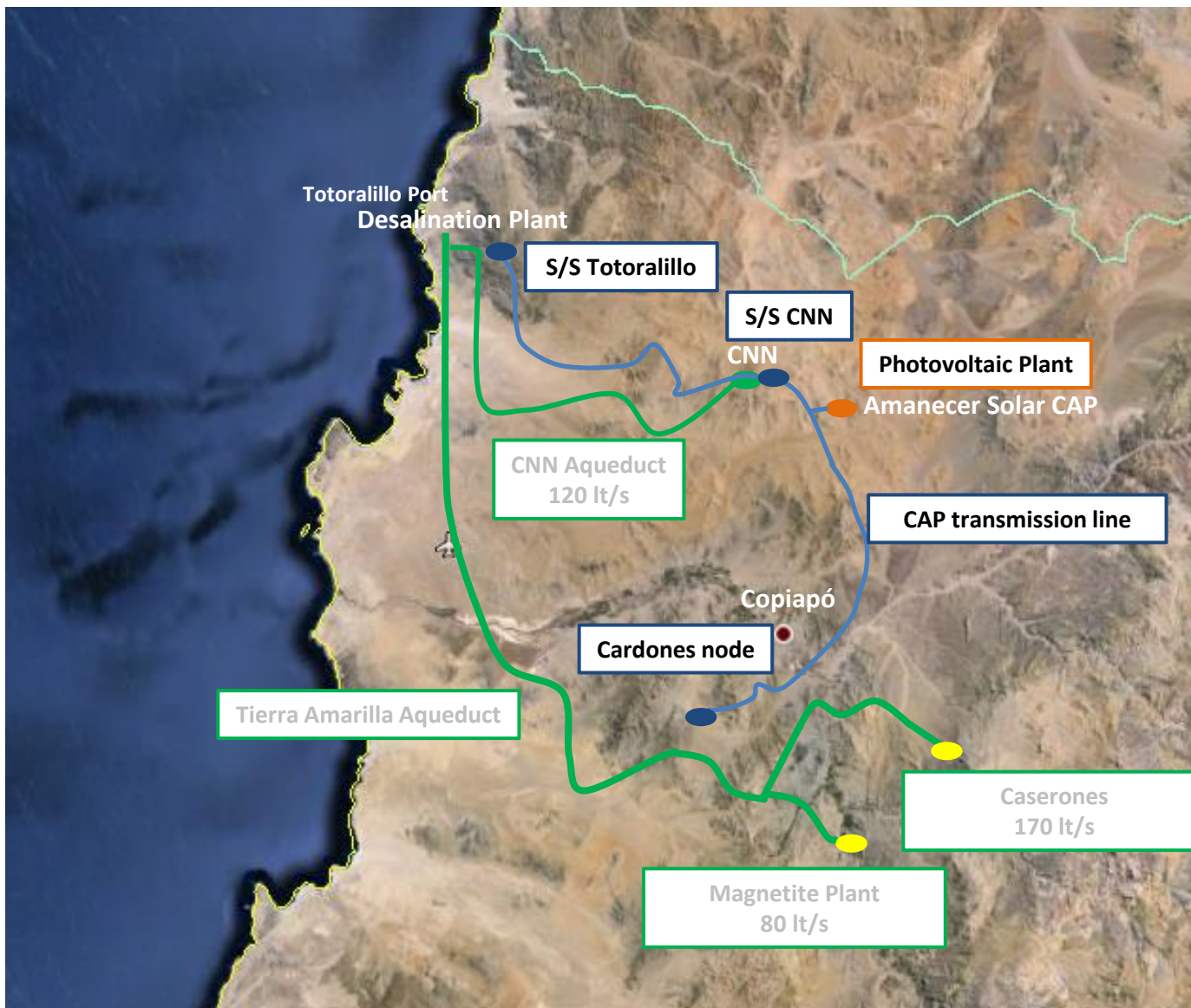
- Third-party iron ore loading and storage capacity at Totalillo port is 3 Mt/y
- Loaded tonnages: 2 Mt in 2013 and 2,5 Mt in 2014
- EBITDA generation: 20 MUS\$ in 2013 and 22 MUS\$ in 2014
- With the addition of 1 Mt/y of copper loading services under preliminary negotiation, EBITDA could reach MUS\$ 35 per year (expected by 2017)



Other CAP Ports

- Copper storage and loading services in preliminary negotiation stage at Las Losas port, and under study at Guayacan port.
- Copper loading services at Guayacán port, and various possibilities for CSH's port under study (expected to be defined by 2014)

Future prospects - Infrastructure – Solar energy



- 100 MW Photovoltaic power plant fully committed to CAP (PPA)
- Located nearby CNN Mine
- CAP retains call option for up to 40% of the equity
- Financial hedge
- Compliance with NCRE law
- Connected to a 142 km long 220 kv transmission line owned by CAP



General view of the “Amanecer Solar” Plant site, as of March 2014

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- **CAP Mining**

- On track for expansion of 50% production capacity to 18 Mt/y
- Ample portfolio of future prospects based on abundant reserves; further expansion to be defined in 2014
- Global environmental and economic constraints support the growing need for CAP's magnetite concentrate

- **CAP Steel**

- Focus on long steel products that distinguishes from competitors through technology and/or logistics
- Expectation of cash neutrality and profitability in the near term
- Versatility: possible re-expansion dependent on market conditions

- **CAP Steel Processing**

- Already largest flat steel processor in the Pacific coast of South America
- Leader in innovative solutions for industrial and residential construction
- Strong plans for organic and inorganic growth

- CAP is advancing through sustainable development based on competitive advantages
- Concurrently, cost reduction initiatives and productivity improvements will be at the center of management efforts
 - CAP Mining: operational improvements
 - CAP Steel: optimize raw materials and energy utilization; maximize semi-finished steel for the given pig iron production
 - CAP Steel Processing: minimize inventory; reduction of lead time and freight costs



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**Fernando Reitich
President & CEO**

April, 2014