

Dear Shareholders,

I hereby submit the "Molibdenos y Metales S.A. Annual Report", corresponding to year 2018, for your consideration and approval. This annual report includes Molibdenos y Metales S.A. ("Molymet") and subsidiaries' consolidated financial statements and the corresponding report from the independent external auditors of the corporation.

The work and professionalism of all Molymet collaborators, was reflected this year in a very positive financial result. This result, while allowing us to meet expectations and respond to the trust of our shareholders, also enables us to continue, step by step, with our strategic agenda for the future and, in that way, meet the expectations of all stakeholders of Molymet. The Molymet consolidated result at the end of fiscal year 2018 resulted in a profit of US\$ 96.79 million. This result is 24% higher than the previous year, which is notable when considering the context in which they were obtained.

Last year 2018 had a particular characteristic when it comes to the main Molymet business. In fact, year 2018 showed an increase in the world's molybdenum demand, which was not matched by the corresponding increase in supply. The above, due to lower production of secondary molybdenum mining.

According to the data provided by the International Molybdenum Association (IMO) and the company's estimates, the demand for molybdenum products increased by 3.4% in 2018. The main industrial sectors contributing to drive this positive demand trend were automotive, chemical/petrochemical and engineering & construction. From the geographical point of view, the largest increases in demand came from China, Japan and the United States of America. According to the above, the world demand for this metal reached a historical record.

The average molybdenum price showed a 3.73 US\$/lbMo increase, which meant an approximate 45% increase in regards to the average price from the previous year. Thus, during year 2018, said metal averaged a value of 11.94 US\$/lbMo, while in year 2017, its average price was 8.21 US\$/lbMo.

Regarding company performance, time has demonstrated Molymet's business model strength, who holds its leading position in the molybdenum and rhenium markets, with a solid liquidity standing, which has enabled it to strengthen its position worldwide, in a market with a clear growth and price levels recovery.

By December 31st 2018, EBITDA totaled US\$ 185.60 million, an 11.13% increase over the same period in 2017, which was US\$ 167.01 million. This is mainly due to the increase in gross profit at the end of the period, for US\$ 29.78 million over December 2017, which was partially offset by higher administrative expenses, distribution costs and other gains (losses) by function, for US\$ 7.86 million.

Molymet holds a unique geographic diversification in the sector. The strategic location of its processing plants and commercial offices has allowed it to obtain business and supply advantages through a more complete and efficient service for its clients and suppliers of raw materials. As known, Molymet's industrial activities are conducted in two plants located in Chile, one plant located in Mexico, one plant located in Belgium, one plant located in Germany and one plant located in China. On the other hand, business offices are distributed across England, China, the United States, Brazil, Peru and Chile. Except for the industrial unit located in China, all production units and business offices are directly owned by Molymet, or indirectly by its subsidiaries, which enables the company to be provided with business and operational flexibility, to adapt to market requirements.

An agreement was subscribed on December 2018 in order to transfer ownership of 100% of the shareholding in Luoyang Hi-Tech Metals Co., Ltd., to China Molybdenum Co., Ltd. The purchase and sale operation is expected to materialize during the first quarter of 2019.

By the end of December 2018, Molymet's total processing capacity reached 207 million pounds per year. Such processing capacity is certainly significant worldwide, considering that the annual consumption of molybdenum products is around 577 million pounds.

In the business area, the volume of products sold by Molymet in all its modalities, as of December 2018, reached 156.12 million pounds, over 159.24 million pounds as of December 2017. This decrease has been offset by higher value-added products, which grant a greater margin to the company.

Molymet holds a base of long-term agreements granting stability to the business, highlighting tolling agreements, subscribed and in effect as of this date, with Codelco, Sierra Gorda, Grupo México and Kennecott.

As for new projects, the Molymet Board of Directors approved the Project for “Increasing the Productive Capacity of the Chemiometall Plant” in Germany during 2018. This development mainly includes the addition of a third production line at the Chemiometall GmbH subsidiary, thus increasing installed capacity by 56%, which is equivalent to a production of an additional 645 annual tons of metallic molybdenum powder. The execution period has been considered to be 21 months and includes an estimated investment amount of US\$ 9.20 million. Meanwhile, and as previously reported, the Chemical Plant Project is in progress at the Sadaci NV subsidiary in Belgium, which will enable the production of higher value-added products, in addition to greater flexibility in the processing of molybdenum concentrates. By the end of December 2018, this Project shows a physical progress of 56% and its commissioning is expected by the third quarter of 2019.

In the finance area, the company's liquidity level reached US\$ 214.85 million as of December 31st, 2018. By the same date, net debt was US\$ 105.20 million, which accounts for a US \$ 71.94 million increase over the end of 2017 and which is mainly explained by the increase in working capital requirements, derived from the rise in the price of molybdenum oxide in 2018.

Molymet conducted a bond issuance in the Colombian market for an amount equivalent to US\$ 68.85 million, thus becoming the first foreign issuer of corporate bonds in the real sector in Colombia and thereby contributing to the development of the Colombian capital market with a regional approach. The issue was classified as an AAA risk for the Colombian market by Fitch Ratings.

Molymet paid US\$ 78.13 million for capital and accrued interests during the first quarter of 2018, for the 5-year term bond issued in Mexico in 2013. Additionally, by September 2018, subsidiary Molymex S.A. de C.V. fully and entirely paid the committed credit line held with the Canadian entity The Bank of Nova Scotia, for US\$ 60 million.

Regarding the company risk rating, Feller Rate raised Molymet's solvency rating and bond lines from A+ to AA-. According to the rating agency, this rise in the rating is the result of the improvement of the company's financial profile, due to the sharp decrease in indebtedness and its robust liquidity position. This rating had already been improved in 2017 by Fitch Ratings. It should be noted that, continuously since 2007 to this date, Molymet holds its status as an Investment Grade in the international market.

In conclusion, the Company shows a sound financial structure with high liquidity levels, a comfortable debt maturity profile and broad access to financing markets.

Upon indicating the main business, operational and financial aspects, it is also worth noting that our company analyzed its strategic agenda in depth during year 2018 with the help of highly qualified external advice. The main conclusions obtained from this study were the need to speed up the development of our human team, to reach international Industry 4.0 levels and insist on the sustainability of our processes and the company, as a whole.

Therefore, Molymet devoted special efforts to comprehensive work on the development of our collaborators team during 2018, understanding that a large part of the current and future value of the company lies in the talent and personal awareness of each of our members. For this purpose, we deal with crucial aspects such as attracting talent, developing and retaining our employees. We also worked on executive succession systems, also redesigning the profile of the Molymet leader, including cultural aspects, values and leadership skills inherent to our company. Finally, a survey was conducted to measure the commitment level of our employees, whose results were certainly gratifying.

Regarding innovation and industry 4.0, its focus lies on increasing productivity, greater efficiency in the use of resources and the update of our processes. Hence, we have begun the adoption of the "Lean Management" methodology through specific pilot programs, which will enable us to use this work philosophy in the medium term, in all our industrial units. In addition, the strategy to drive progress in the inclusion of new technologies will articulate through short-term projects which are quick to deploy, enabling us to early assess effectiveness and measure profits.

It should also be noted that Molymet has submitted its first two invention patents applications during 2018 in compliance with the provisions of its current intellectual property policy, both in Chile and in other selected

countries, which are still under processing. It is relevant to note that both requests refer to concentrates cleaning processes of various natures, which is a main part of the development and innovation to the processes of greater added value for our company.

The company allocated special efforts in terms of sustainability during 2018, in order to maintain environmentally sustainable management and observing the regulatory framework pursuant to a Comprehensive Management System, which is based on four international certifications: ISO 14001, ISO 9001, SAE AS 9100B and OHSAS 18000. With that same goal in mind, Molymet began to prepare its first annual sustainability report during year 2018, which will be published during 2019, thus giving way to an even deeper and non-returnable path, to the strategic objective implied by sustainability and sustainable management for Molymet. And on this point, it is also worth noting the good standing of the Molymet labor relations with its group of companies, which enabled Complejo Industrial Molynor S.A. to conclude collective bargaining processes with the two unions of this company successfully and beneficially for all participants, among other aspects.

Considering that the annual result of 2018 has generated a profit of US\$ 96.79 million, the Board of Directors of Molibdenos y Metales S.A. has decided to submit the payment of a total final dividend of US\$ 0.29109 per share, for the consideration of the Ordinary Shareholders' Meeting. If said proposal is approved, the dividend will be paid as of May 3rd, 2019.

We have concluded a successful year 2018, characterized by all the effort and work of those of us who are involved in Molymet and which has enabled us to build a company that is increasingly sound and which stands on strength and future vision. Due to all of the above, I think it is necessary to acknowledge and especially congratulate each one of Molymet's employees and its Executive President, who, with their quality and professionalism, have enabled us to meet and overcome the challenges brought by the year that just left us in a very good way.

A handwritten signature in blue ink, consisting of a large loop at the top and a vertical line extending downwards, ending in a small crossbar.

George Anastassiou Mustakis
PRESIDENT OF THE BOARD OF DIRECTORS
MOLIBDENOS Y METALES S.A.