



2016 HALF YEAR RESULTS

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President & CEO

26 AUGUST 2016



SAFETY

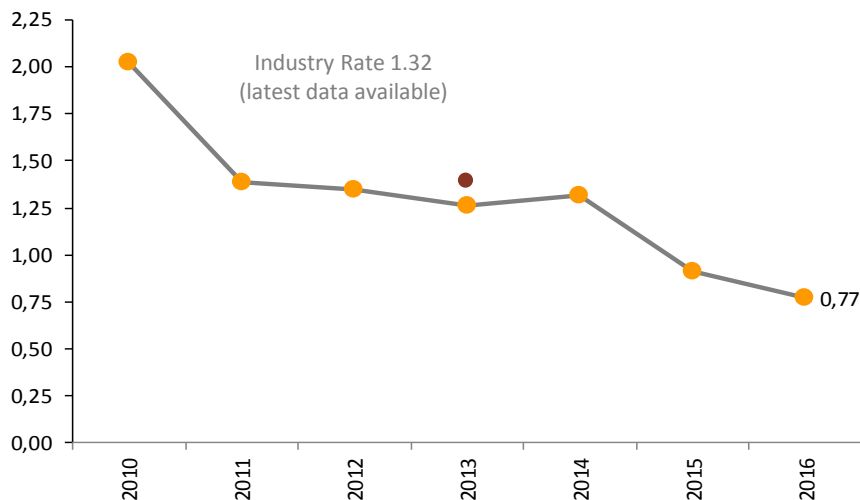

CODELCO
Norte
Produciendo Futuro
Manex



WORK SAFETY

Frequency Rate – Employees and Contractors

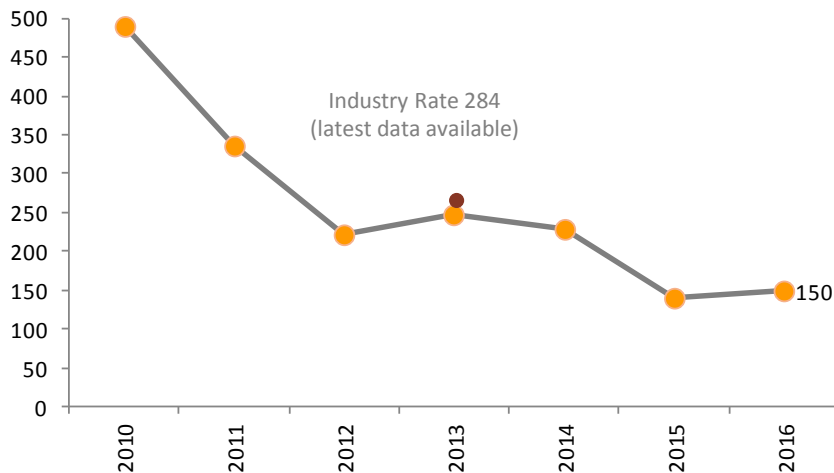
(Lost Time Injuries / Million Hours worked)



Codelco's accident **frequency rate dropped 15%**, but its **severity rate rose 7%**, compared to 2015. This increase is due to a fatal accident in January 2016.

Severity Rate – Employees and Contractors

(Days lost & days charged/ Million Hours worked)





PRODUCTION, COSTS & PRICES

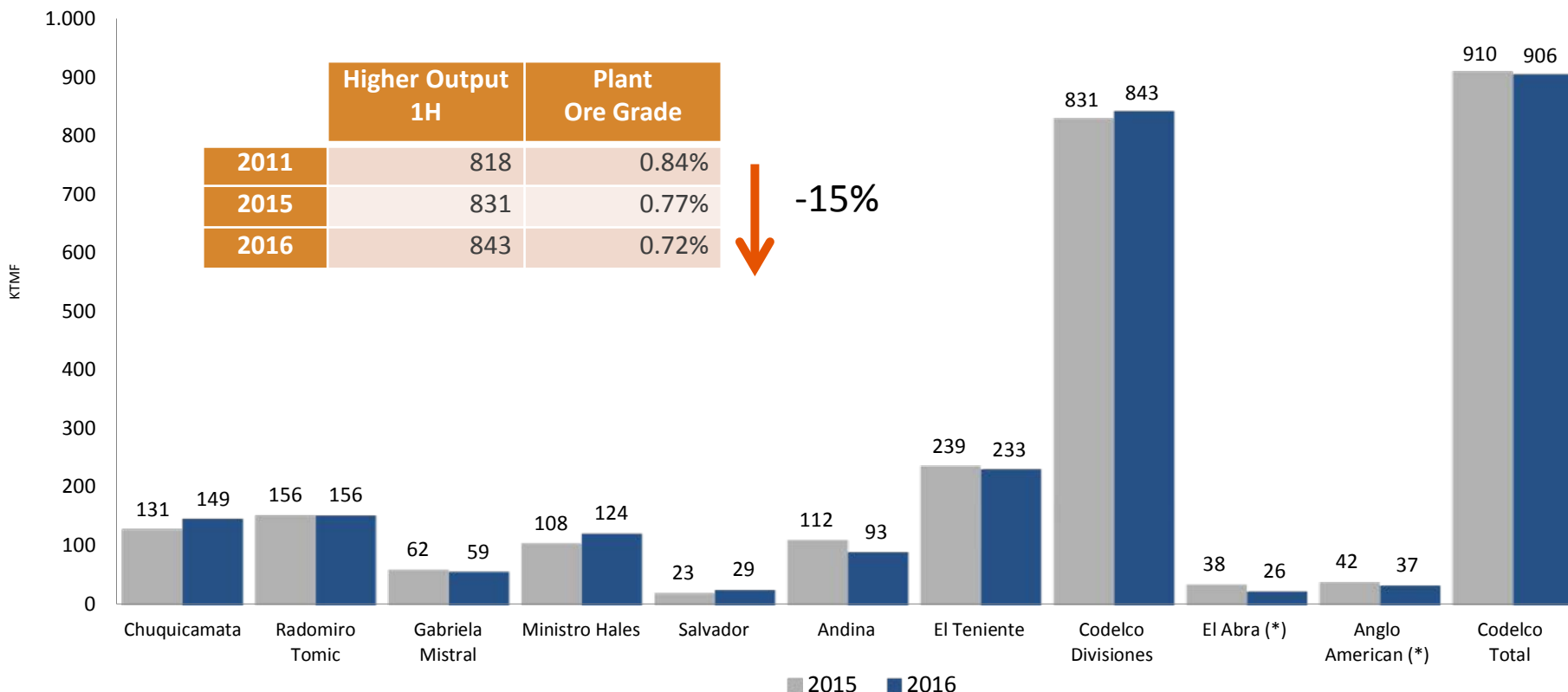


COPPER PRODUCTION

January-June: 2015 vs. 2016 (k tonnes)

Codelco had a record production,
despite its lowest ore grades.

In the first six months of 2016, Codelco divisions copper production rose 1.4% compared to the same period in 2015 and 2% more than expected.



(*) Productions includes Codelco's stake in : El Abra 49%, Anglo American 20%

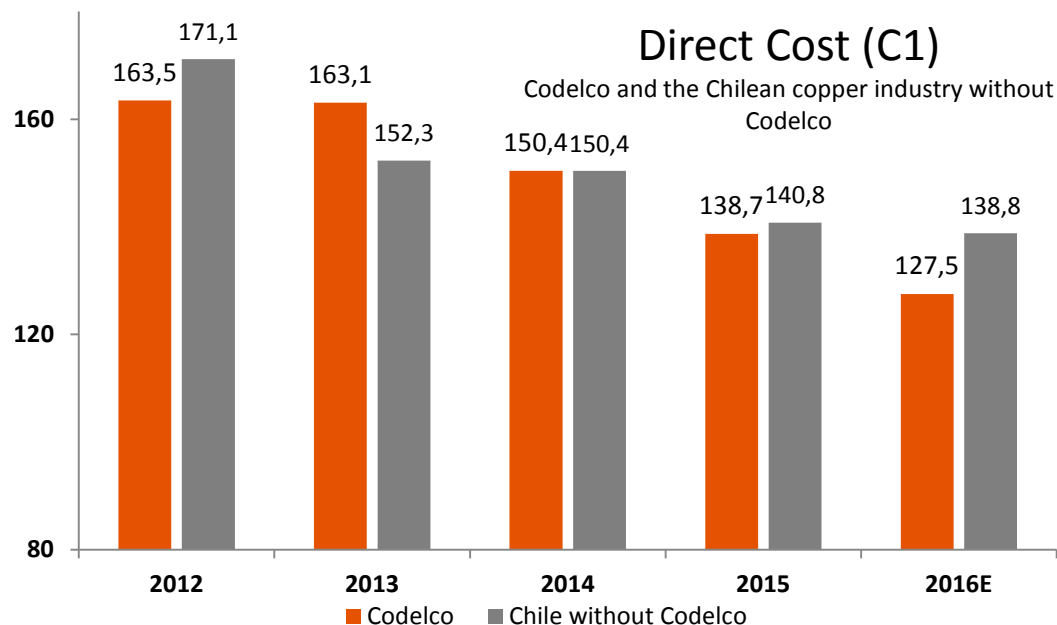


LOWEST COSTS (C1) IN THE LAST 5 YEARS

January-June: 2015 vs. 2016 | (c/lb)

	2015 (c/lb)	2016 (c/lb)	Var (%)
Direct Cost (C1)	140.0	127.5	-9%
Net Cathode Cost (C3)	196.3	210.9	+7%

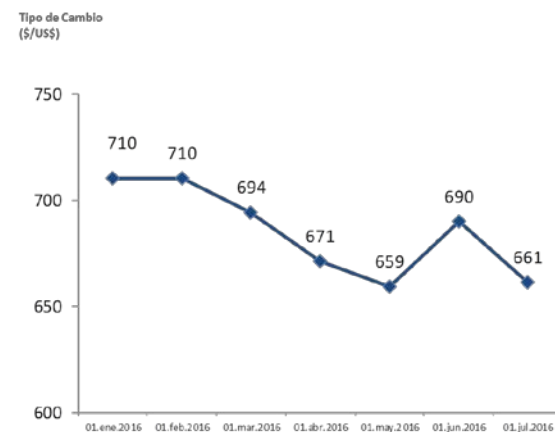
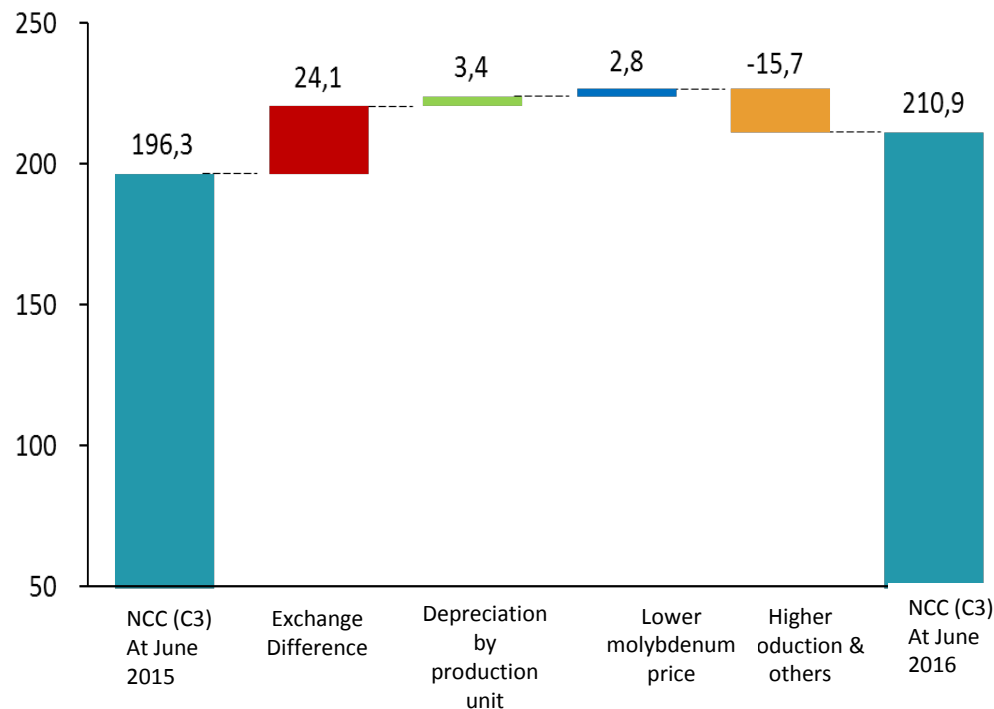
In the first six months of 2016, Codelco's **Direct Cost (C1)** fell 9% over the same period in 2015, **exceeding its target by 7%** (136.9 c/lb.).



A lower exchange rate increased net cathode cost by (C3) 24.1 c/lb., offset by 15.7 c/lb. due to higher production and lower costs, totalling **210.9 c/lb.**



C3 INCREASE PRIMARILY DUE TO EXCHANGE RATE DEPRECIATION



- Codelco's assets are valued in pesos (mine closure provisions and seniority-based compensation).
- Codelco's accounting is in US dollars, therefore it is affected by exchange rate variances.
- This is book effect and falls as the dollar appreciates.
- The **higher production counteracted this effect.**

PRODUCTION & COSTS

BY DIVISION IN FIRST SIX MONTHS

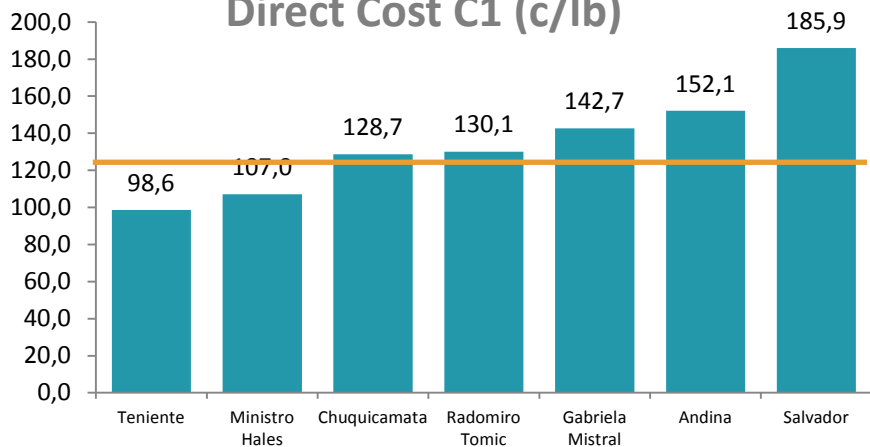
Divisions	Production (k tonnes)	CostoC1 (c/lb)	Cost C3 (c/lb)
Chuquicamata	149	128.7	193.7
Radomiro Tomic	156	130.1	170.9
Ministro Hales	124	107.0	184.5
Gabriela Mistral	59	142.7	198.8
Salvador	29	185.9	191.3
Andina	93	152.1	243.0
Teniente	233	98.6	143.9
Codelco	843	127.5	210.9

- Teniente Division had the highest output and the lowest costs at Codelco.
- Salvador and Andina Division posted the highest C1 and C3 respectively.
- **Six of Codelco's seven mining operations have positive operating margins.** However, average costs are close to the current copper price.

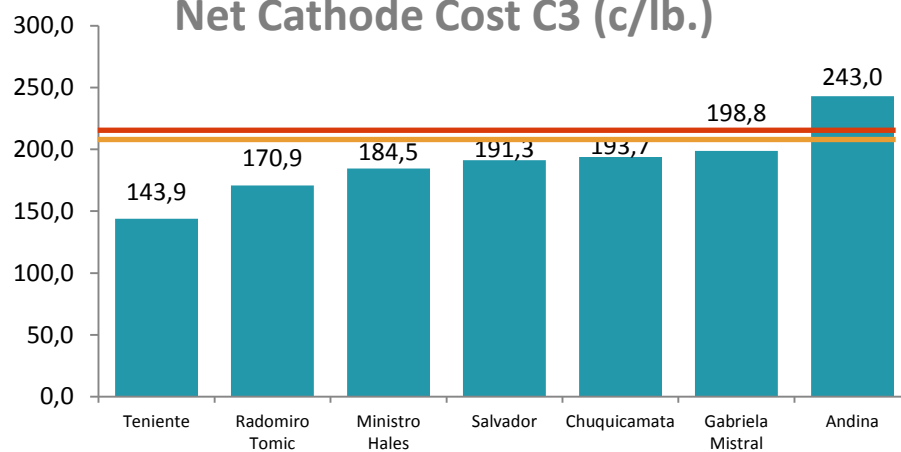
— Codelco Cost, first six months

— CU Price, first six months

Direct Cost C1 (c/lb)

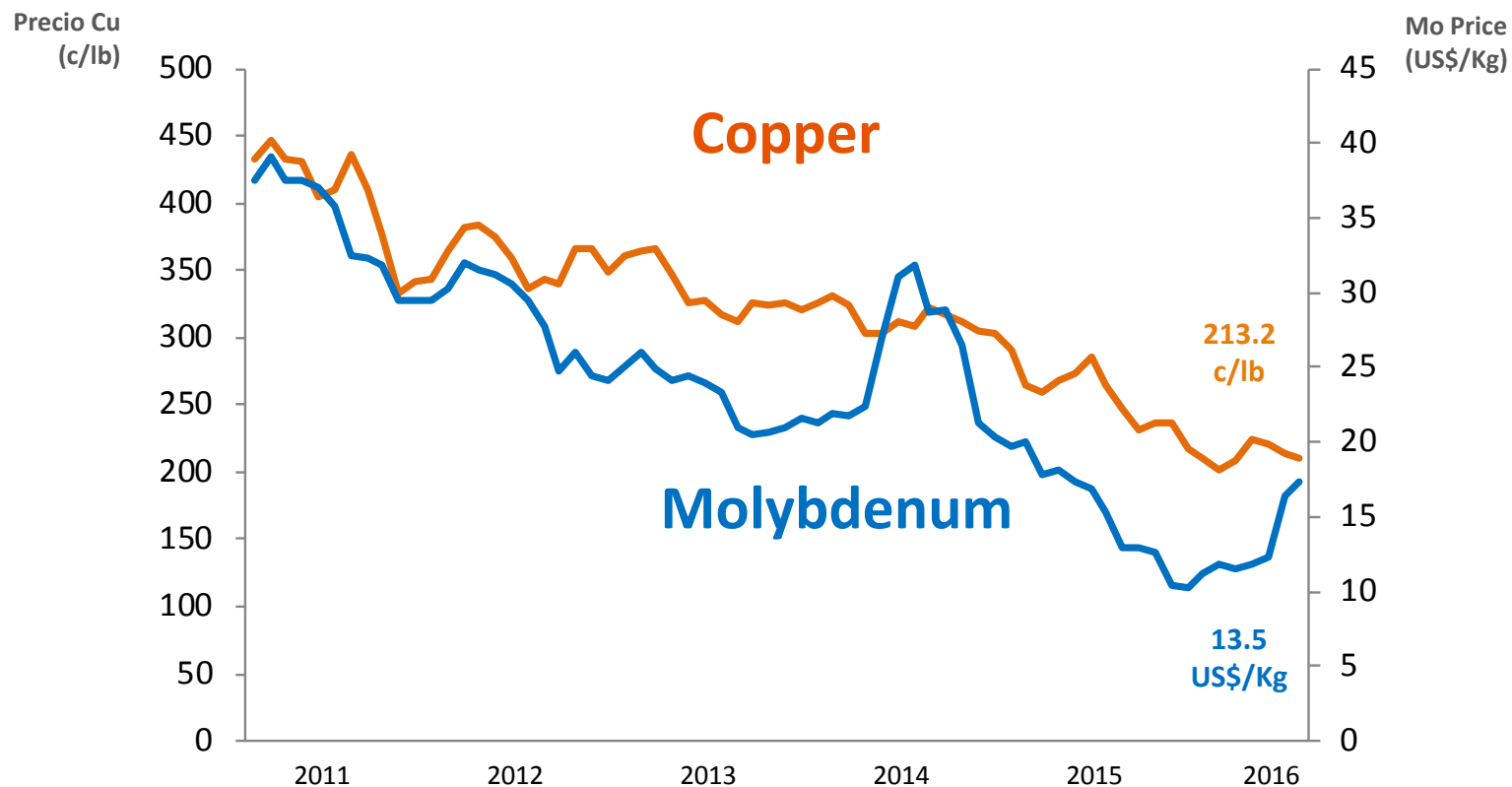


Net Cathode Cost C3 (c/lb.)





COPPER & MOLYBDENUM PRICE TRENDS



In the first six months of 2016 copper prices were down **21%** compared to the same period in 2015. Prices have fallen **55%** since 2011.

Molybdenum prices were down **23%** compared to the same period in 2015. However, this year prices have recovered by **54%**.



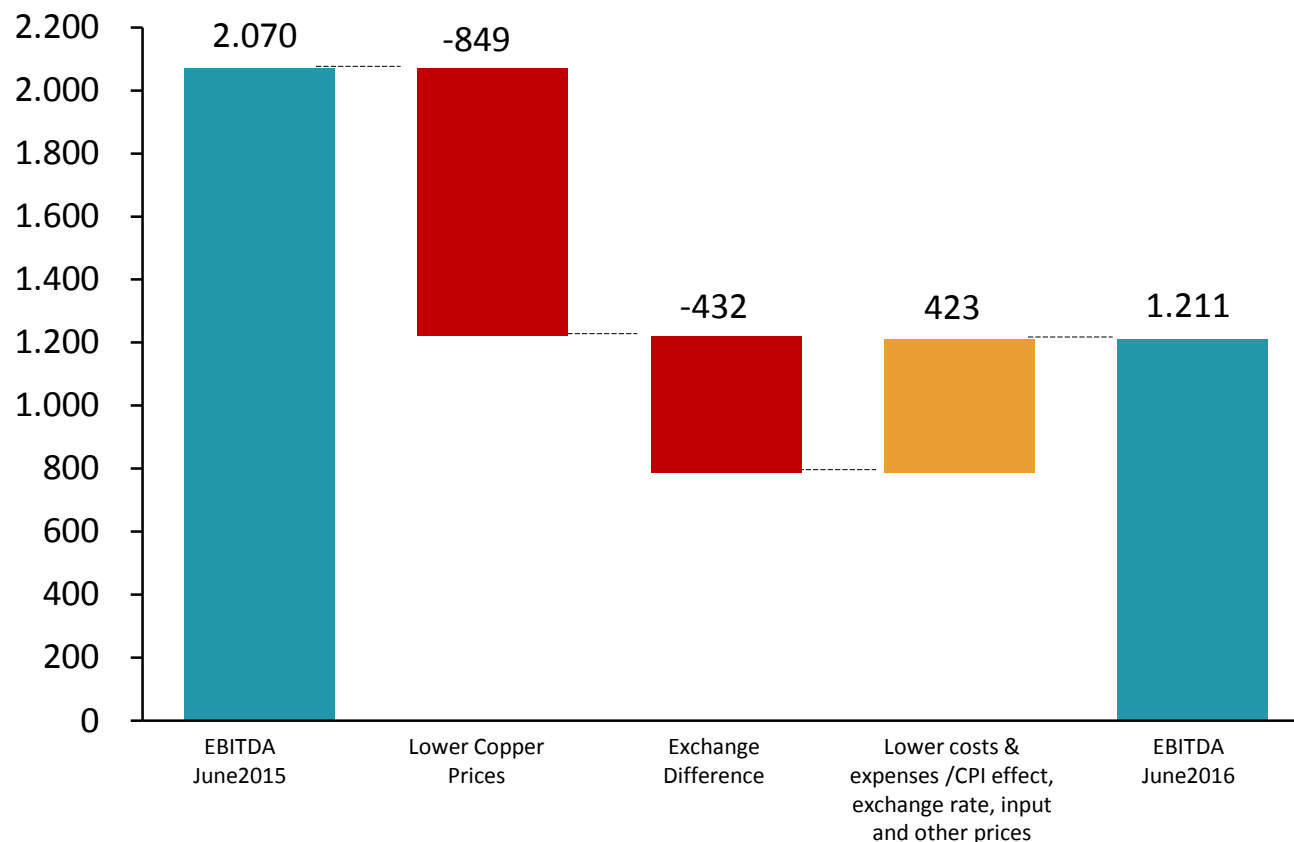
RESULTS





EBITDA*

January-June: 2015 vs. 2016 (US\$ millions)



The decline in copper prices, plus the effect of the exchange rate, impacted the results by US\$1.281 billion compared to the same period the prior year, which was partly **offset by US\$423 million in lower costs.**

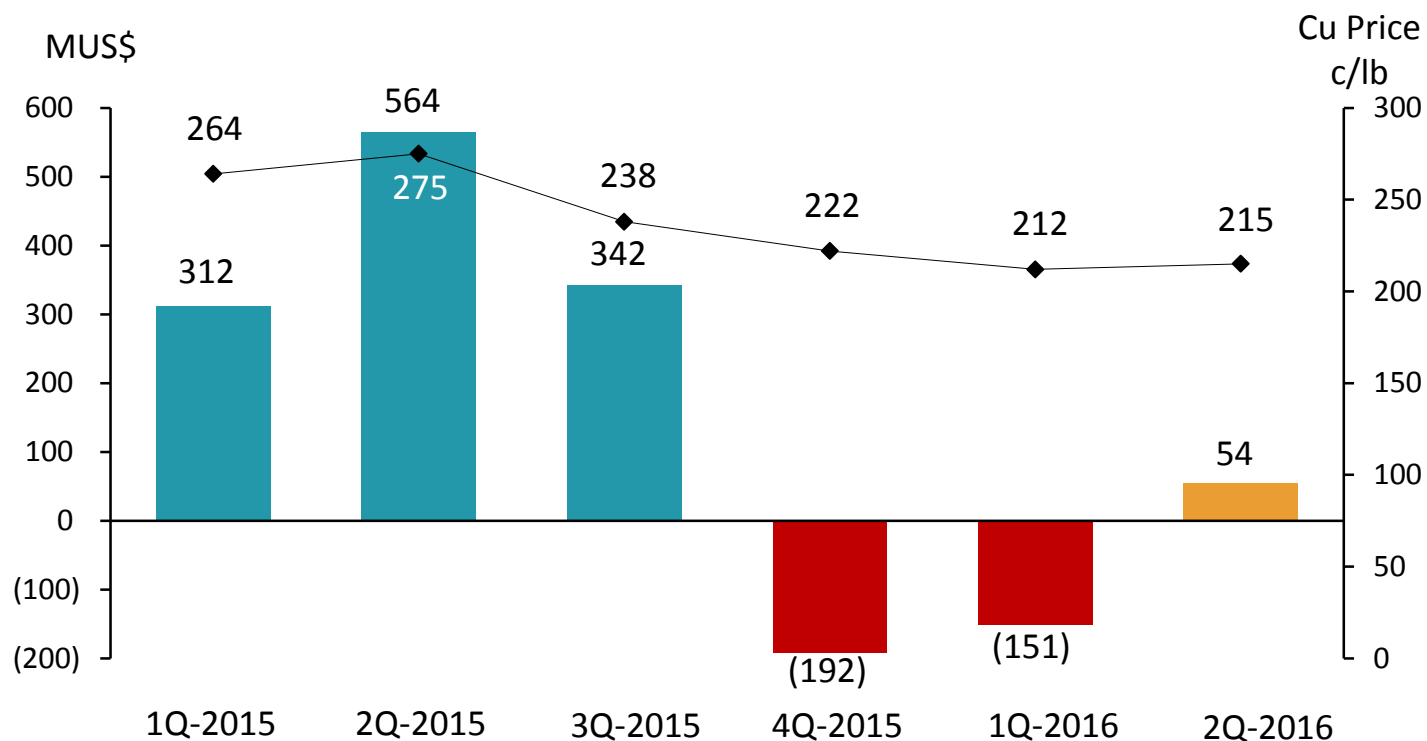
Codelco's EBITDA was **US\$ 1.211 billion** at the end of the first six months of 2016

*Before the Copper Reserve Law



CODELCO DELIVERED US\$54 MILLION TO THE CHILE STATE IN THE SECOND QUARTER

January-June: 2015 vs. 2016 (US\$ millions)

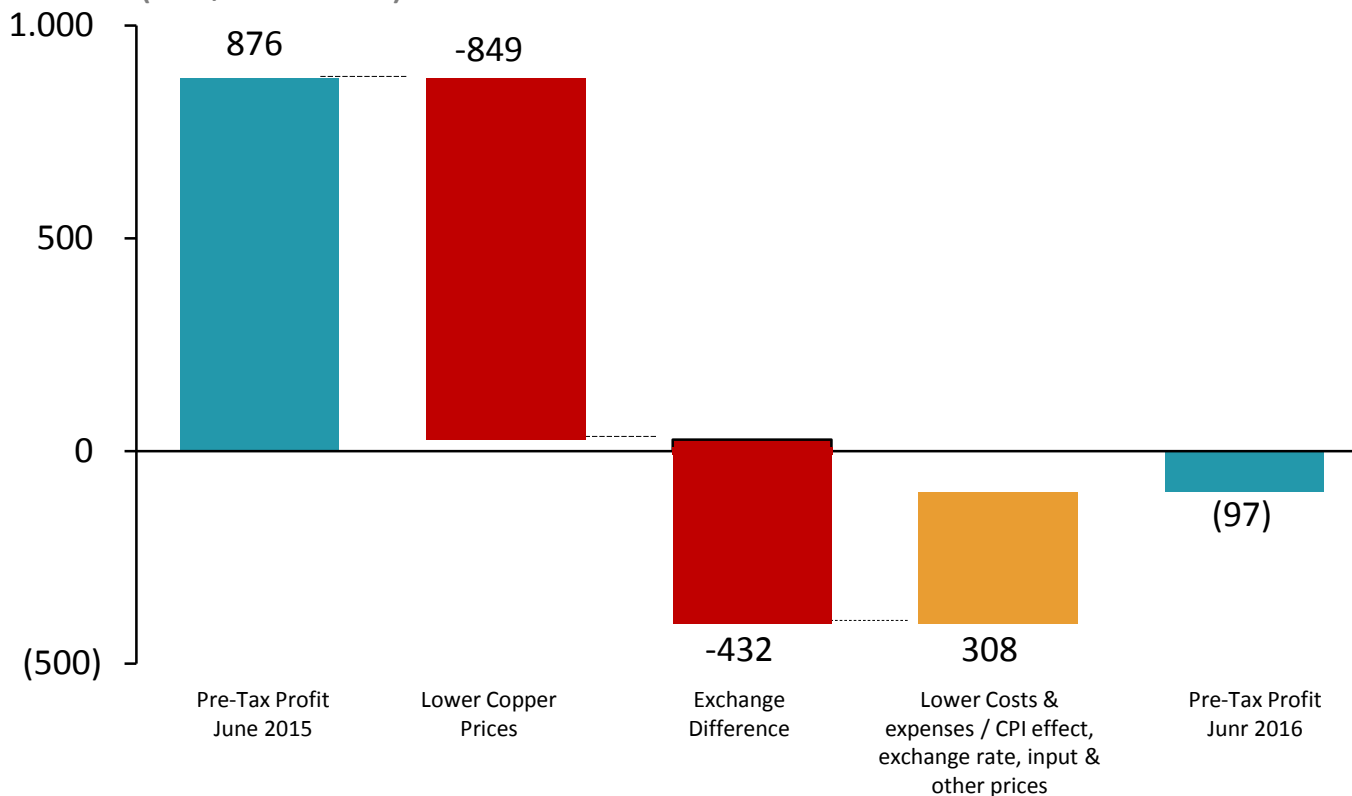


Thanks to the cost reduction plan, increased production and sales, Codelco delivered **US\$ 54 million in pre-tax profit** at the end of the first six months of 2016, exceeding the last two quarters which had negative pre-tax profits.



CODELCO DELIVERED US\$538 MILLION TO THE CHILEAN STATE

Accumulated pre-tax profit in first six months, January-June: 2015 vs. 2016 (US\$ millions)



Although Codelco generated pre-tax profit during the April-June period,
The six-month results were **US\$ - 97 million**.

However, Codelco **delivered US\$538 million to the Chilean State** (Royalty & Copper Reserve Law)



INVESTMENTS



PROJECT PORTFOLIO

The board and management have focused on redesigning the Development & Business Plan (PND) based on the following criteria :

- ✓ Maximise our **long-term value**, subject to the restrictions imposed by the economic scenario.
- ✓ Maintain the Company's financial position by having a **responsible debt** .
- ✓ **Adapt and /or postpone** investments affecting as little as possible the critical project route.



PROJECT PROGRESS

As at 31 June 2016

Chuquicamata
Underground Mine:

Progress on schedule (33.1%). Still scheduled to start operations in 2019.

Andina Transfer:

Overall progress is 26.1%, on schedule.

New Mine Level :

Significant progress in reinforcing tunnels and looking for technical alternatives to continue implementing the project. At the same time, mining alternatives are being analysed at current operations to offset delay on the project.

RT Sulphide Mine:

The project is being reassessed to find a better business case because, in relative terms, its profitability is not competitive compared to the rest of the portfolio.

Andina Future Expansion :

Currently under analysis to find the best business case adjusted to financial feasibility criteria, limited risk and higher environmental standards.



BOND ISSUE



BOND ISSUE : MARKET RECONFIRMED THEIR CONFIDENCE IN CODELCO

- **Favourable Conditions:** best 10-year rate and record demand in local market.
- Fund **capital investments** and refinance liabilities.
- Interest in these bonds reflects **investor's confidence** in Codelco and its management.

Demand:

2.6 times the offer

Spread:

81 base points, 10 years

Effective Rate :

2.09%

Rate **0.6%** lower than the value of equivalent international bonds *

*Equivalent rate in US dollars at 3.09% per year, which is about 0.6% less than the trade value for Codelco's International bonds for an equivalent term.



A photograph of three miners walking away from the camera in a dark, arched tunnel. They are wearing orange high-visibility work clothes, dark pants, and hard hats with headlamps. The tunnel walls are rough and rocky, and the floor is wet and reflective. Several bright lights are mounted on the ceiling of the tunnel, illuminating the scene.

COLLECTIVE BARGAINING

COLLECTIVE BARGAINING

4 collective bargaining negotiated early in 2016
(Andina SUT, Andina SILL, VP and Head Office):

- Bonus payment for ending collective bargaining, adapted to the Company's possibilities.
- 0% readjustment to real base wage
- No strikes nor business interruptions.

Collective Bargaining Schedule

Division	Trade Union	End Collective Agreement	No.	Previous Collective Bargaining	Union Members
Chuquicamata	No. 1, 2 and 3	02-2017	B	Dec 2012	4.637
Chuquicamata	No. 5, Chuquicamata and No. 1 Antofagasta	04-2017	B	Dec 2012	155
Chuquicamata	Minero	05-2017	B	Dec 2012	267
Salvador	Supervisores Rol A	04-2017	A	April 2014	158



CONCLUSION



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- Codelco has successfully cut its costs, maintaining operational continuity and achieving a quarter in the black.
- Costs were cut by 9% and it had a record production in the first half of the year.
- However, **Codelco's situation is fragile**, because costs continue to be very close to copper prices.
- Six out of its seven mine operations had positive operating margin in the first six month of the year. El Teniente Division stands out because of its production and costs.
- These results show that Codelco has the capacity to adapt to the difficult situation. However, it has to continue its efforts and fulfil its responsibilities.
- This is particularly relevant for the largest investment portfolio in Company history to be feasible.

APPENDICES



PRE-TAX PROFIT

January-June: 2015 vs. 2016 | (US\$ millions)

	2016	2015	Var
Sales Revenue – own copper	4.046	4.425	-380
Cost of Sales – own copper	-3.546	-3.505	-41
Gross Profit on copper sales	500	921	-421
Gross Profit on by-product and other product sales	172	224	-52
Gross Profit	672	1.145	-473
Non-operating income	-769	-269	-500
Pre-Tax Profit	-97	876	-973



PERFORMANCE & PRICES

January-June: 2015 vs. 2016

	2016	2015	Var	Var (%)
Own Copper Production – k tonnes refined (*)	906	910	-4	-0,5%
Division Copper Production – k tonnes refined	843	831	12	1,4%
Division Molybdenum Production – k tonnes refined	15	14	2	12,6%
Copper Sales (**) – k tonnes refined	916	810	106	13%
Own copper ore sales	856	762	94	12%
Third-party copper ore sales	61	48	12	26%
Molybdenum Sales – k tonnes refined	15	13	2	12,2%
LME Copper Prices BML (cl/lb)	213,2	268,9	-55,7	-21%
Metals Week Molybdenum Prices (US\$/kg)	14	18	-4	-23%
Average Exchange Rate	690	621	69	11%

(*) Includes El Abra (49%) and Anglo American Sur (20%)

(**) Includes third-party mineral ore