



Third-Quarter 2016 Results

Nelson Pizarro, CEO.
25 November 2016



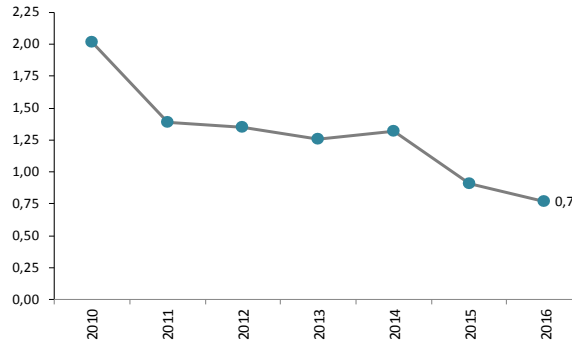
SAFETY

Work Safety

Although Codelco's accident frequency rate fell 15% in this period, we had to regret the **loss of two workers** in traffic accidents which occurred in August at Chuquicamata Division

Frequency Rate – Employees and Contractors

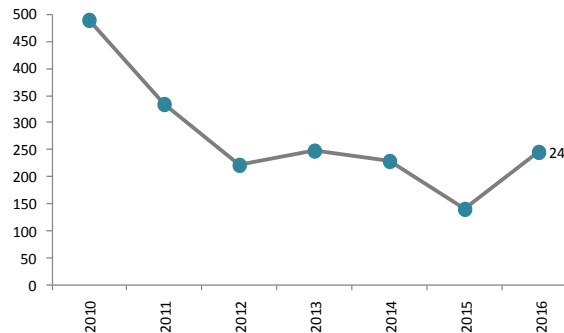
(Lost Time Injuries / Million hours worked)



Frequency Rate
Fell 15%

Severity Rate – Employees and Contractors

(Days Lost & days charged / Million Hours worked)



Severity Rate
rose 76%

PRODUCTION, COSTS & PRICES

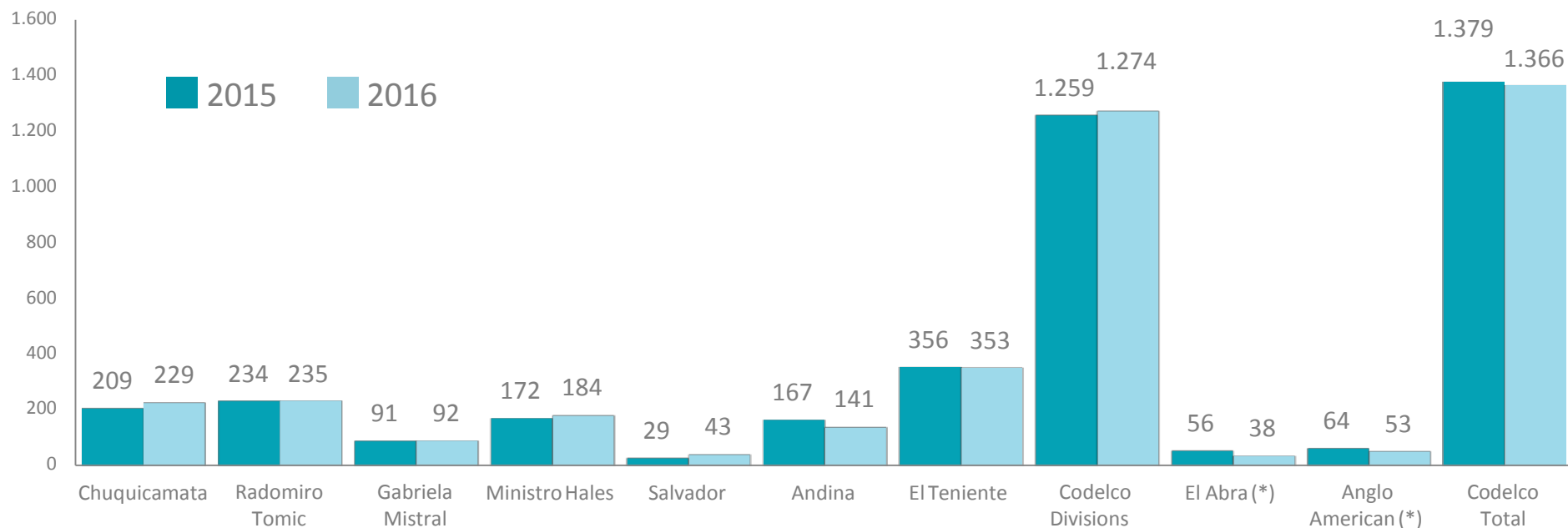
Copper Output

In September, Codelco had met its production goal



January – September 2015 / 2016 (Kt refined copper)

Although its **ore grade fell 6.2%** year-on-year, the Company continues to increase its output.



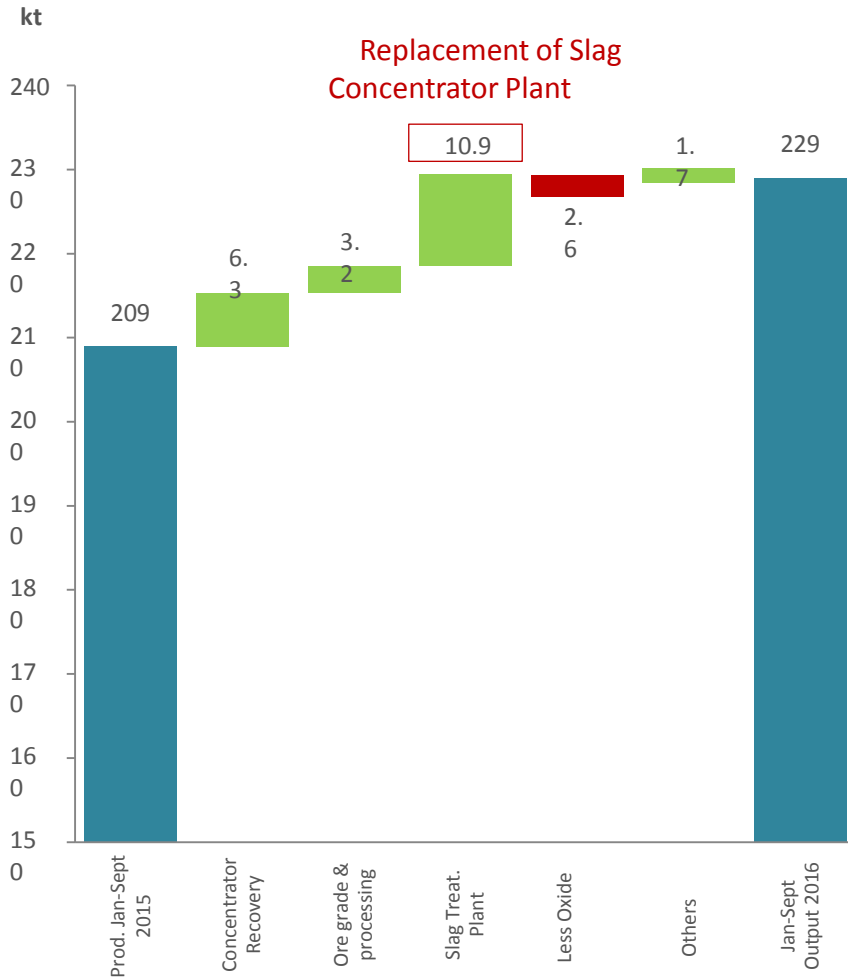
(*) Production includes Codelco's stake in El Abra 49% and Anglo American 20%

Chuquicamata & Andina Output Variation

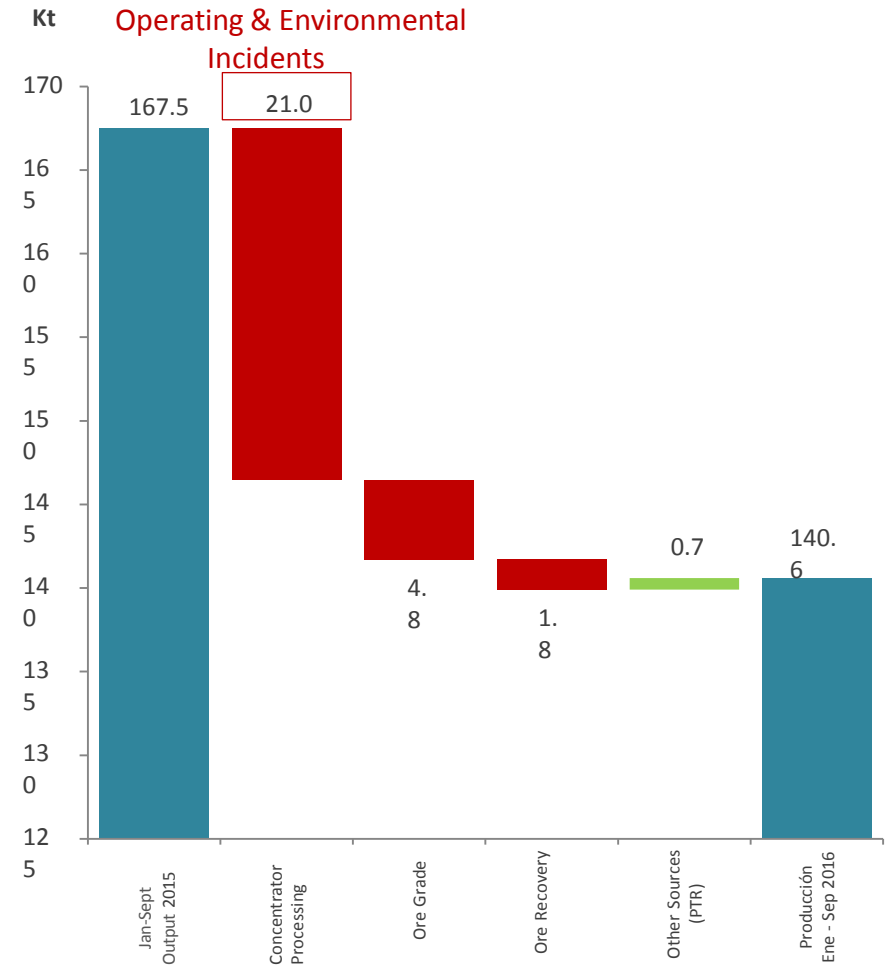
January – September 2015 / January – September 2016



Chuquicamata



Andina

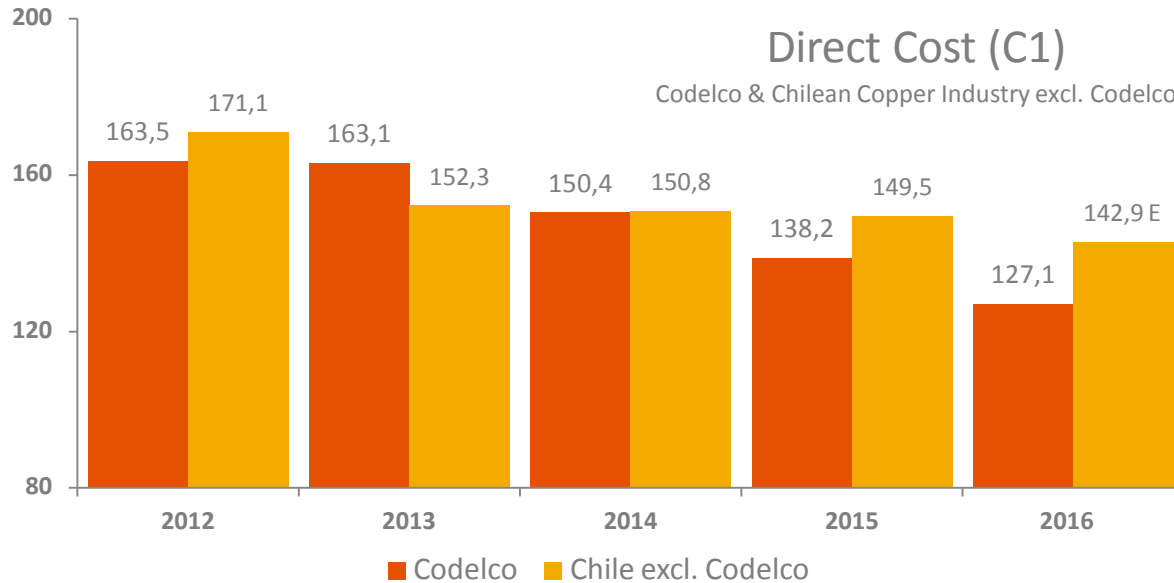


(*) - Grade, - Recovery and + Processing



Codelco consolidates its Costs declining Trend

January – September 2015 /2016 (c/lb)



Source: Wood Mackenzie & Codelco.

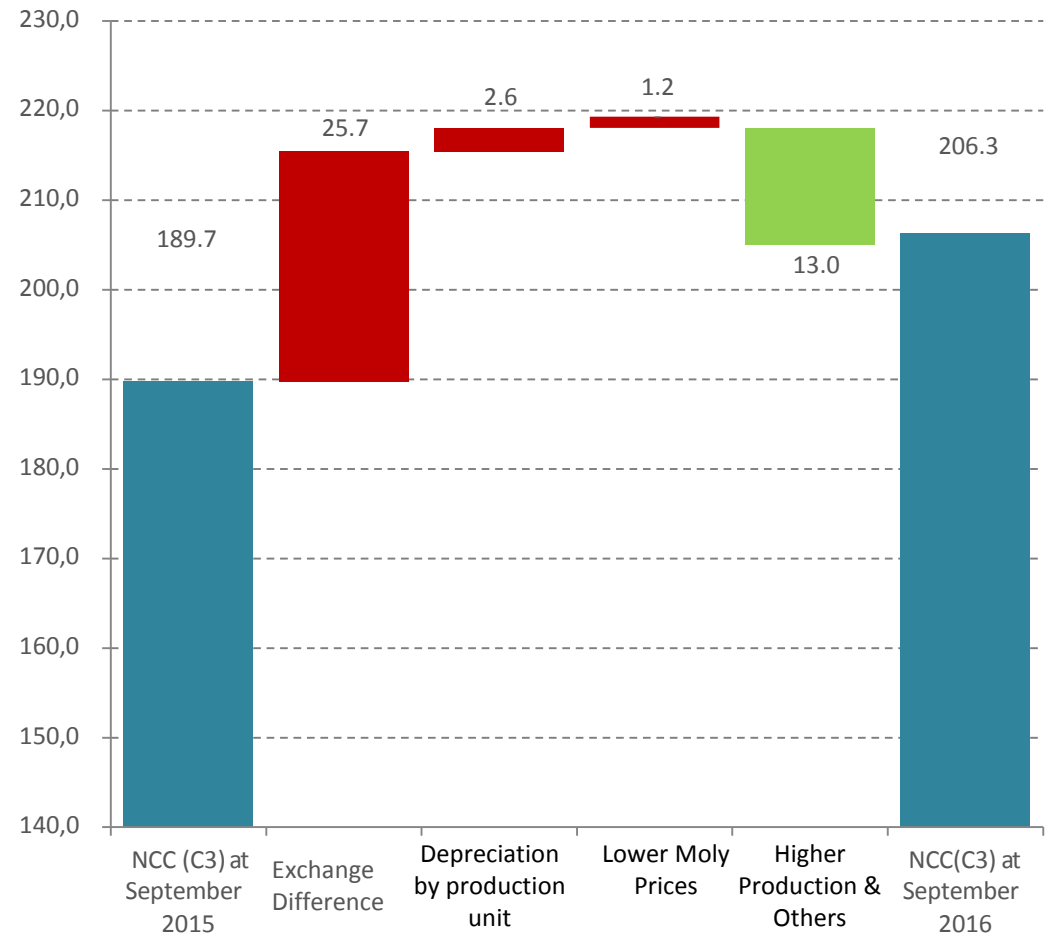
	2015 (c/lb)	2016 (c/lb)	Var (%)
Direct Cash Cost (C1)	138.2	127.1	-8%
Cathode Net Cost (C3)	189.7	206.3	+9%

Codelco cut its direct costs (C1) by 8% compared to the same period the previous year, 7% higher than the set target. The Company's costs are 11% lower than the rest of the industry.

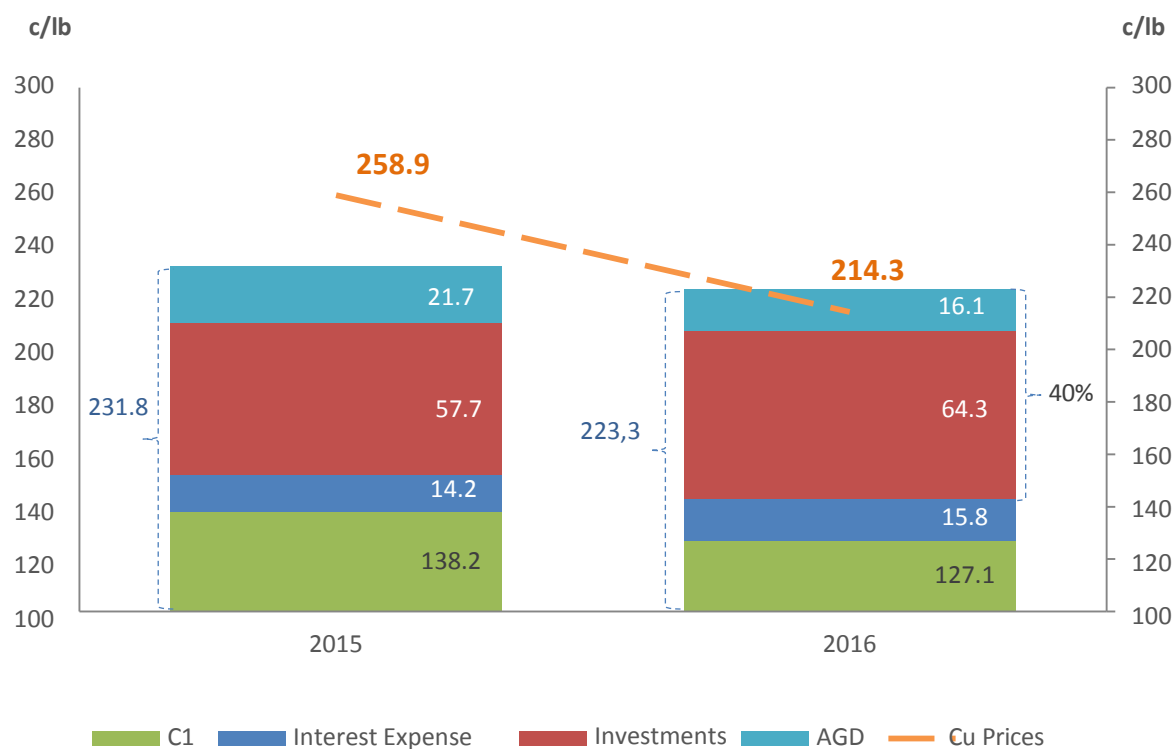
C3 costs rose due to a lower exchange rate.

C3 increased due to exchange rate, but was limited by increased production

- The fall in the exchange rate affected the assets valued in pesos (mine closure provisions and seniority-based compensation).
- This had an **effect on its book**, it is temporary and decreases as the dollar appreciates.



Cash Flow required additional to Direct Costs



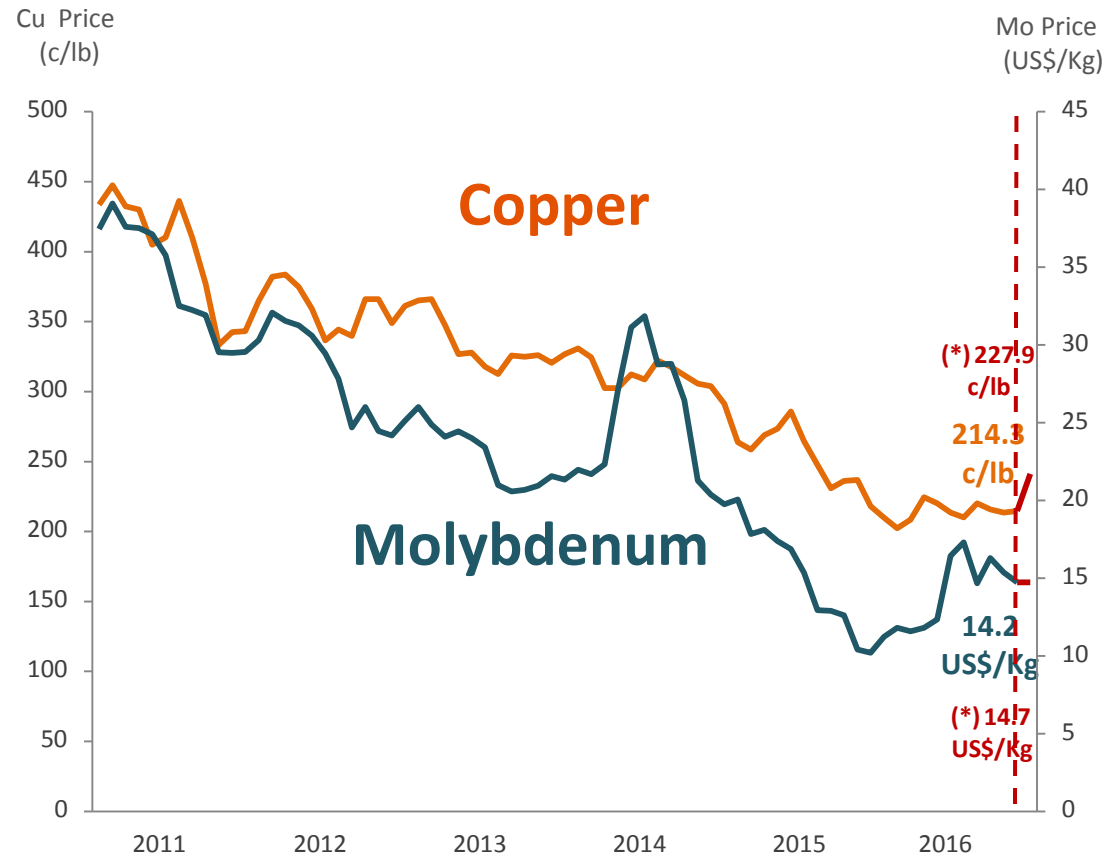
- Approximately **40%** of the cash flow requirements are **investments** and mine development.
- This requires **ensuring the availability of resources** to implement the Company's structural project portfolio.

Copper & Molybdenum Price Trends

During the third quarter of 2016 copper prices fell 17% compared to the same period last year.

Molybdenum prices fell 13% year-on-year.

The quarterly results were posted before the current rise in copper prices.



(*) Copper & Molybdenum Average Price
October & November 2016



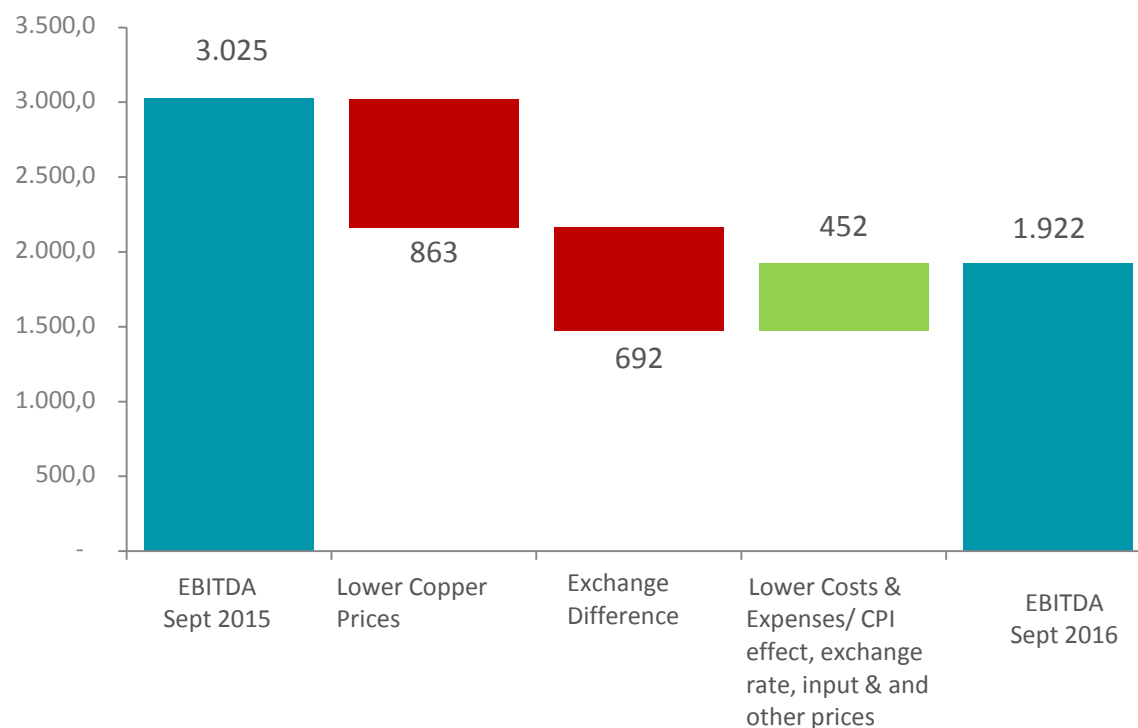
RESULTS

Codelco's EBITDA was USD 1.922 billion

In third quarter 2016, before Copper Reserve Law
January- September 2015/2016 (MM USD)

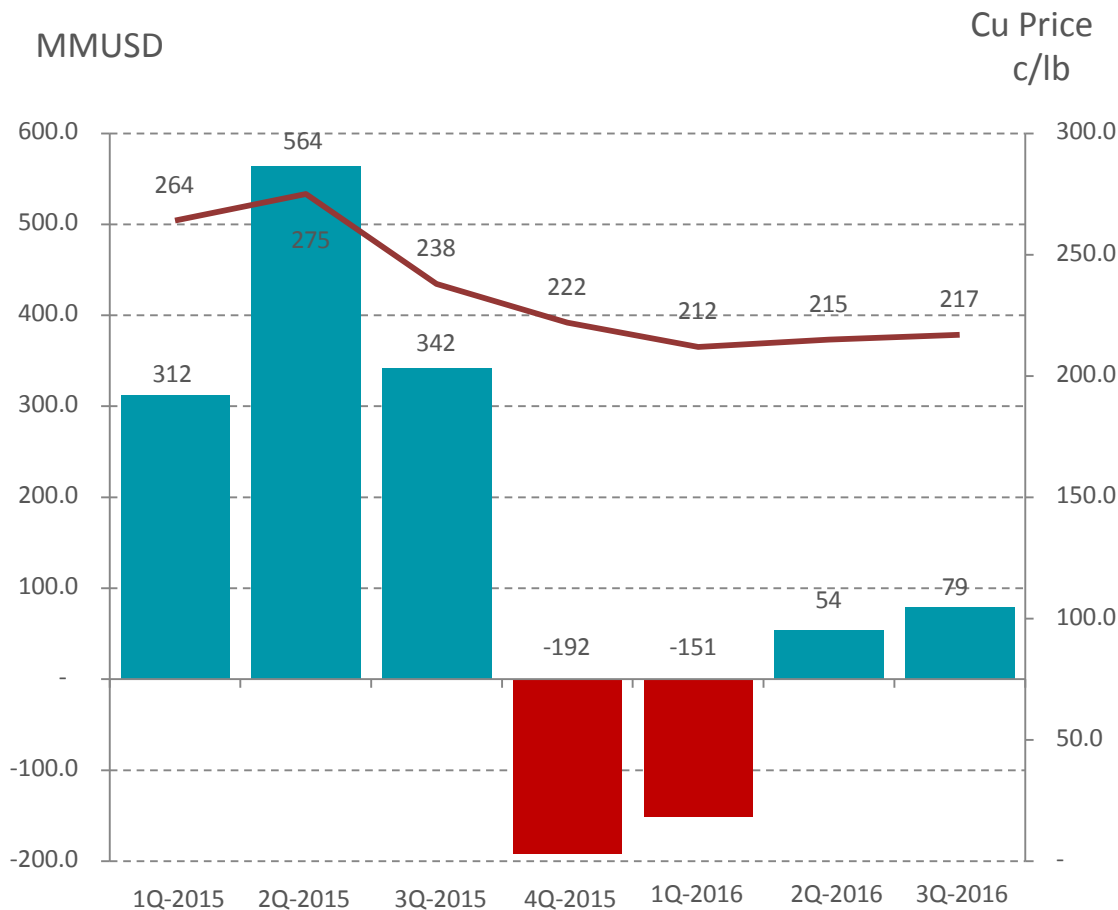
A lower Ebitda compared to previous year is due to **falling copper prices and a lower exchange rate**. This caused a decline of USD1.555 billion.

However, this impact **was offset by cutting costs by USD452 million**.





Codelco posted USD79 million in Pre-Tax Profits for the Quarter



Codelco managed to **revert the trend of its results**, it has had positive figures for two consecutive quarters, even though copper prices have not changed significantly.

Between July and September Codelco posted **USD79 million in pre-tax profit**.

This break in the trend was due to its **productivity and cost reduction plan**.



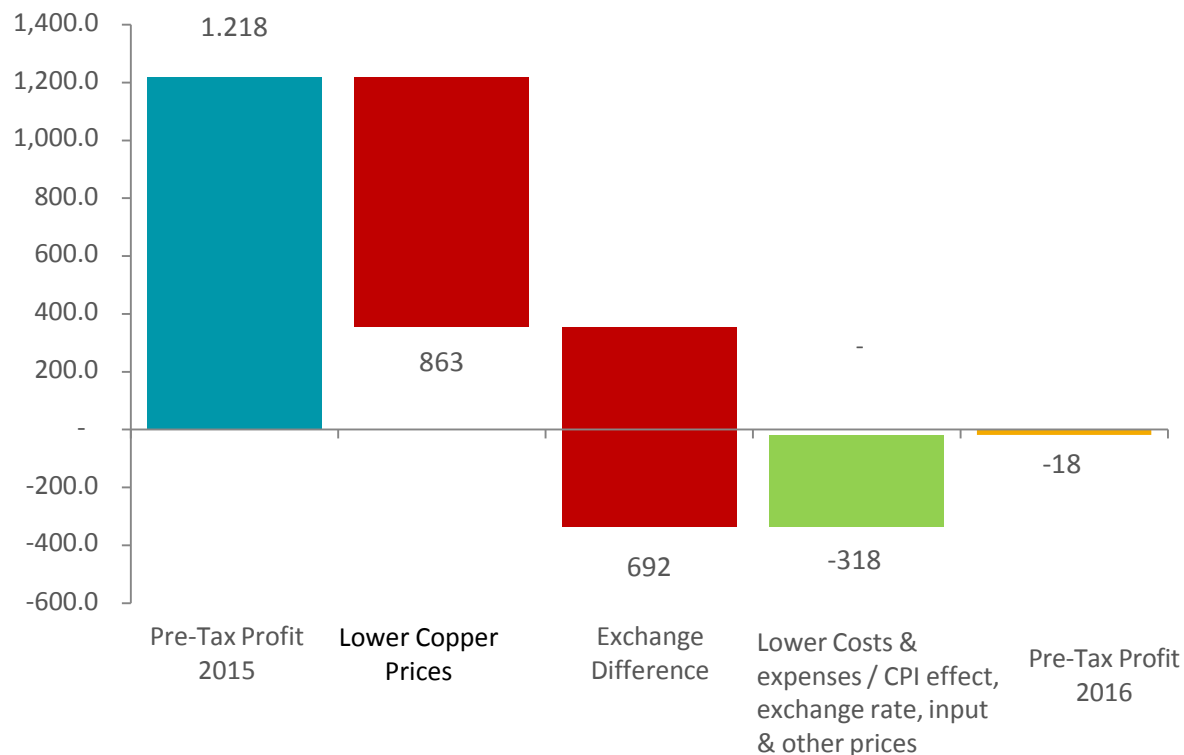
Codelco has started to revert its Negative Results

If we continue like this, **We can turn things around!**

For the third quarter, Codelco posted USD79 million in pre-tax profit, reducing this year's negative accumulated margin (USD -18 million).

It delivered **USD733 million** to the State, through the Copper Reserve Law and the Royalty Law.

Accumulated pre-tax profit for the third quarter, January- September 2015/2016 (MM USD)



INVESTMENTS



Structural Projects were rescheduled to carry out in sequence



The portfolio involves an investment of **USD18 billion** for the five-year period 2016-2020.

As we have already reported, we changed from a simultaneous development plan for our projects to a **sequential development** strategy.

This change in our approach is to :

- Improve management,
- ensure technical problems are solved,
- Availability of resources,
- Safeguard output rates and other aspects.

Structural Project Progress



Projects under Construction



Chuquicamata Underground Mine

Overall progress is 37.2%, currently executing major mine contract work.



Andina Transfer

Overall progress is 26.6%; it is on schedule. May bring forward estimated completion date.



New Mine Level

Significant progress has been made in strengthening the tunnel structure, electrical infrastructure (100%), air shafts (76%) and mine (36%).

Prefeasibility Study Projects

Rajo Inca & Andina Future Expansion

The Company will soon complete the prefeasibility studies.

North District Desalination Plant

Executed detailed engineering, currently assessing outsourcing options.

Codelco Investments are making progress progress based on Plan to comply with SD 28



Emission Standards for copper smelters and arsenic emission sources.

Estimated Investment in Ore Smelters & Refineries (FURE) total USD1.8 billion.



72%

USD100 million



Dec

16



10%

USD800 million



42%

USD300 million



Dec

18



7%

USD 600 million



CONCLUSIONS



Conclusions

- Codelco posted **USD79 million** in pre-tax profit for the third quarter (accumulated in September US\$ -18 million).
- The company **has delivered USD 733 million to the State** in the first nine months (USD 707 through Reserve Law and USD 26 through Royalty Law).
- We are reverting our negative results. **There is no room for deviations** in production, costs and continuity of operations.

Conclusions

We have taken committed and decisive action to face a difficult year:

- The **variation in US dollar** against the peso has affected **results by USD 692 million**.
- **Declining copper prices** have had a **USD 863 million** impact on results.

However, in these nine months we have **reduced our pre-tax loss to an eighth** compared to the first quarter.

Our structural projects are making progress :

- **El Teniente New Mine Level**, is making progress and solving its technical challenges.
- Prefeasibility study will soon be completed for Rajo Inca Mine and Andina Expansion.
- Investments to meet smelter emission standards are in line with plan.

We are very optimistic about the near future.

Challenges

We can turn things around!

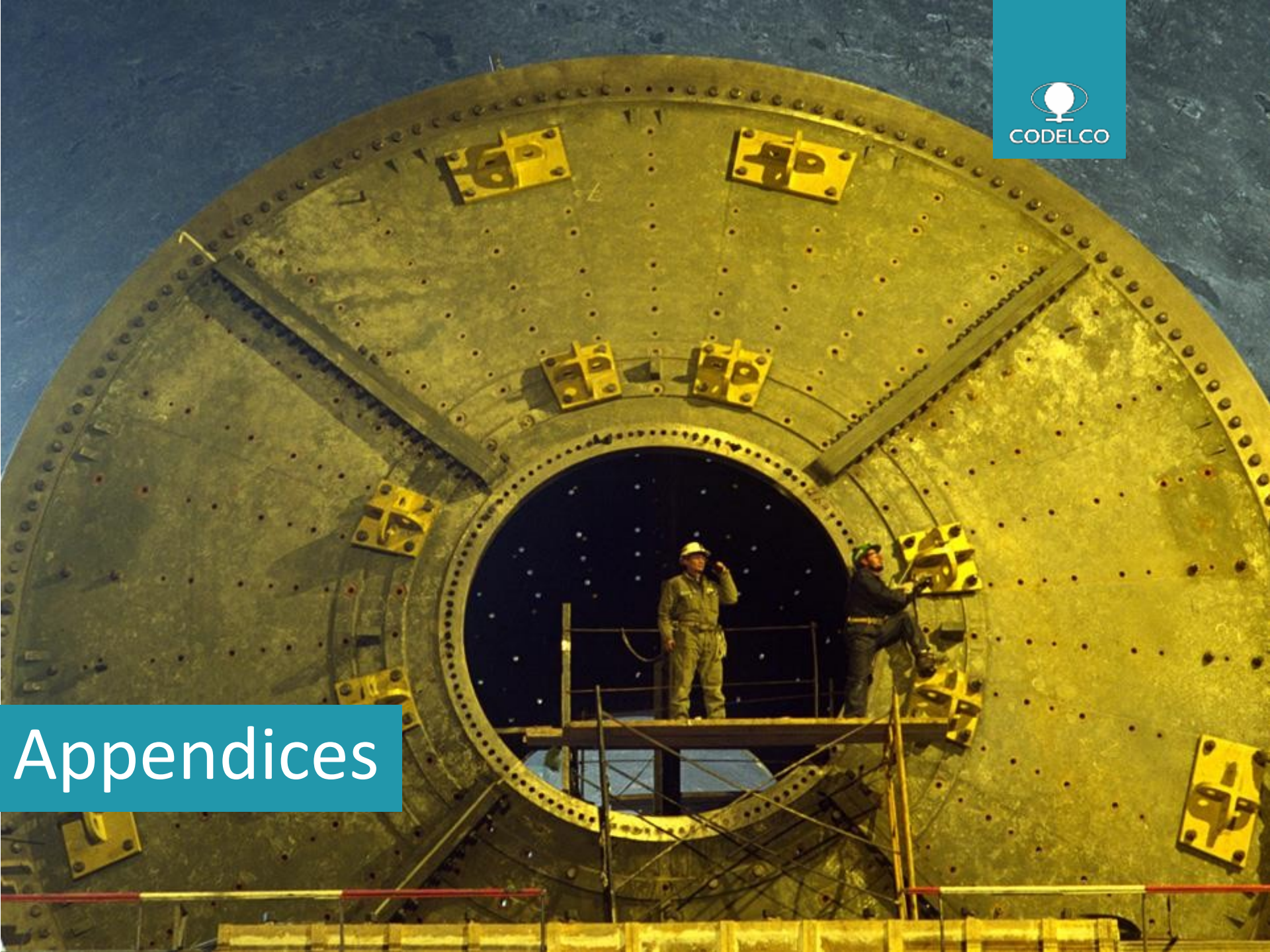
- We want to continue increasing the **productivity** of our processes to face declining ore grades.
 - We **increased it by 6%** between January and September, compared to the same period in the previous year.
- Continue **cutting operating costs** to make our mines and divisions more competitive.
 - We had **cut costs by 8%** in September.
- We want to continue developing our **investments** to ensure growth.
 - Our investment plan has an **83% performance** in the third quarter.



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Appendices



Pre-Tax Profit

January- September: 2015 vs. 2016 (MM USD)

	2016	2015	Var
Sales Revenue – own copper	6.101	6.472	-371
Cost of Sales – own copper	-5.318	-5.297	-21
Gross Profit on copper sales	783	1.175	-392
Gross Profit on by-product and other product sales	279	378	-99
Gross Profit	1.062	1.553	-491
Non-Operating Income	-1.080	-335	-745
Pre-Tax Profit	-18	1.218	-1.236
COMPARABLE PROFIT(*)	-57	909	-966

Distribution of Pre-Tax Profit

January- September: 2015 vs. 2016 (MM USD)



	2016	2015	Var
Reserve Law Tax 13,196	604	639	-35
Income Tax	-346	475	-821
Mining-Specific Tax (Royalty)	37	146	-109
Profit	-314	-42	-272
Total Pre-Tax Profit	-18	1.218	-1.236
COMPARABLE PROFIT (*)	-57	909	-966

Performance & Prices

January- September: 2015 vs. 2016 (MM USD)



	<u>2016</u>	<u>2015</u>	<u>Var</u>	<u>Var (%)</u>
Copper Production (*) – Kt refined	1.366	1.379	-13	-1.0%
Division Copper Production – Kt refined	1.274	1.259	15	1.2%
Division Molybdenum Production – Kt refined	23	20	3	13.4%
Own Copper Sales (**) – Kt refined	1.367	1.257	110	9%
Own copper ore sales	1.278	1.189	88	7%
Third-party copper ore sales	89	68	21	32%
Molybdenum sales – Kt refined	22	19	3	16,8%
LME Copper Prices (c/lb)	214.3	258.5	-44.2	-17%
Metals Week Molybdenum Prices (USD/kg)	14	16	-2	-13%
Average Exchange Rate	680	640	40	6%

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

(**) Includes third-party mineral ore



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