



FIRST QUARTER 2016 FINANCIAL RESULTS

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27 May, 2016



SUSTAINABILITY



WORK SAFETY

The Company had to regret the **loss of one of its employees,** Eustaquio Moreno Navarro

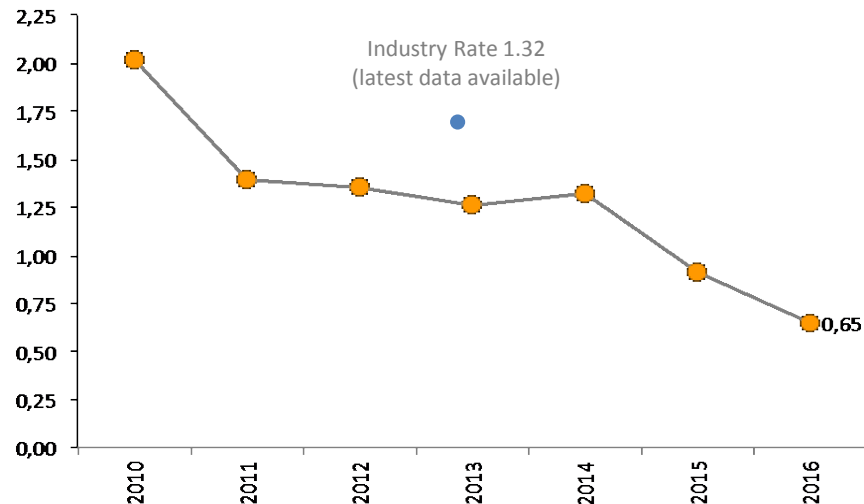
Compared to 2015:

Frequency Rate
fell 33%

Severity Rate
rose 76%

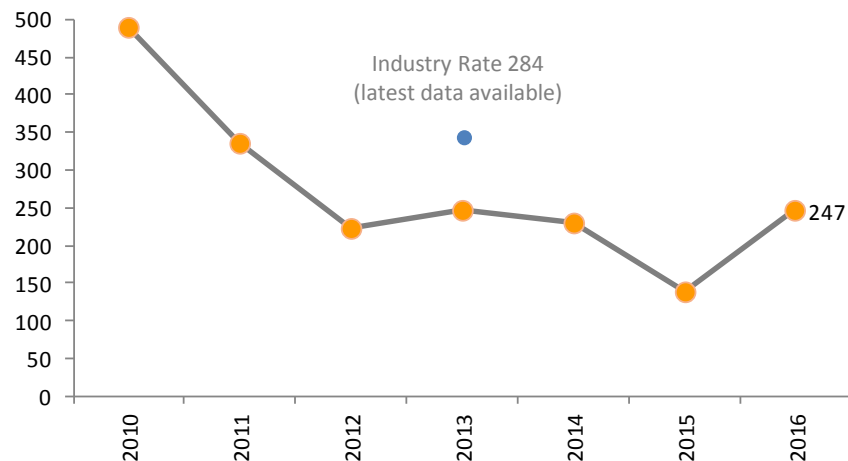
Frequency Rate – Own Staff and Contractors

(Lost Time Injuries / Million Hours worked)



Severity Rate – Own Staff and Contractors

(Days lost & days charged/ Million Hours worked)



ENVIRONMENTAL PERFORMANCE

We are not satisfied

On 25 February, a pipeline burst at Andina Division spilling 50 m³ of concentrate into Río Blanco.

SHORT TERM

- Safe operation and reduce incidents, old facilities and lack of investments.
- Meet growing demands and 26,000 environmental commitments.
- Meet Supreme Decree 28, capture 95% of emissions.

LONG TERM

We have to prepare Codelco for the next 50 years

- World-class smelters and refineries : capture more than 98% of emissions.
- Desalination plant to supply new water requirements.
- Andina Future Development will recycle all operation water, increase water use efficiency by 30% .



PEOPLE DEVELOPMENT

The Company's sustainable development requires :

- **Leadership and excellence in key positions**
- **Retain the best employees**

Succession System

Best practices from different industries

49 people currently training who have potential to become front line employees.

What does it mean?

The Company will have a succession plan, that includes a large number of women, in order to appoint 20 key positions at Codelco.





PRODUCTION, COSTS & PRICES

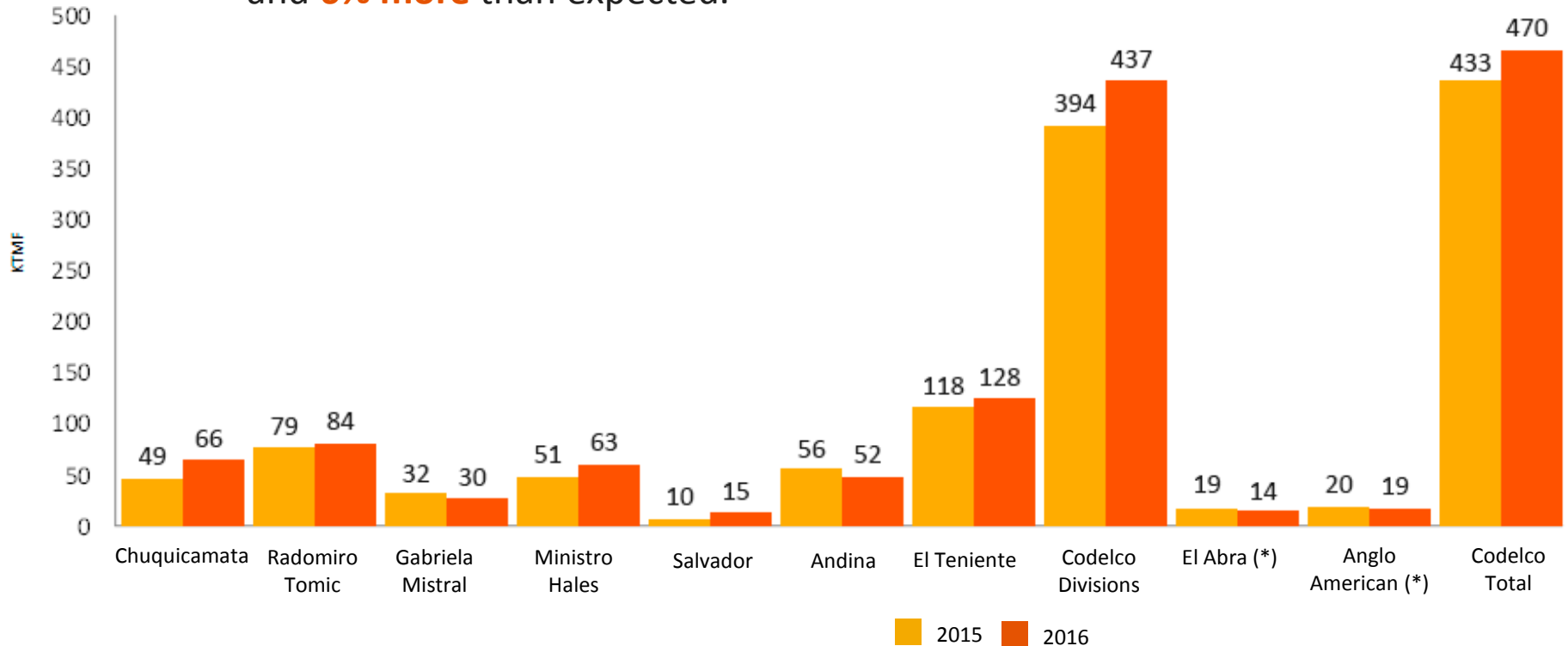


COPPER PRODUCTION

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

Highest first quarter production with the lowest-grade ore in Codelco history.

Codelco's own **copper production rose 11%** over the same period in 2015 and **6% more** than expected.



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

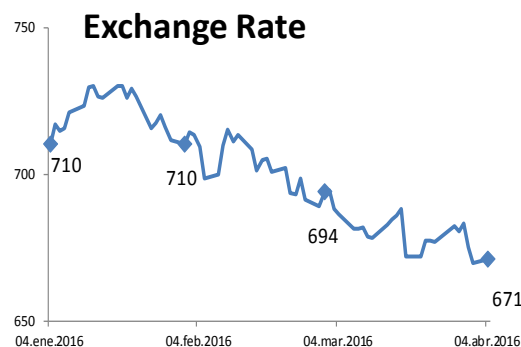
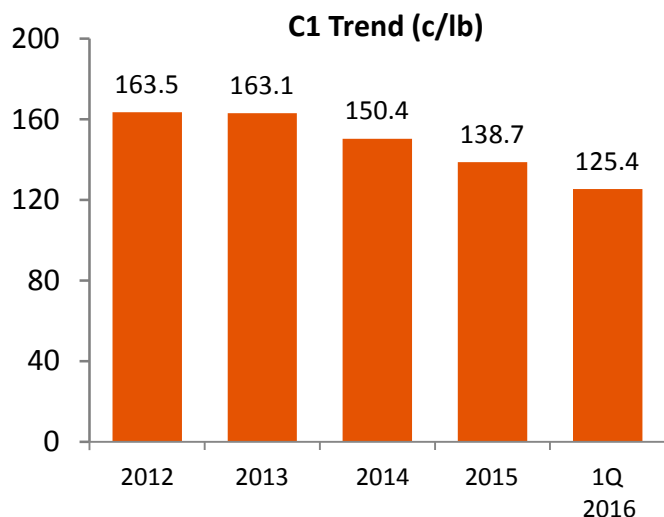


UNIT COSTS

January-March: 2015 vs 2016 (c/lb)

| | 2015 (c/lb) | 2016 (c/lb) | Var (%) |
|-----------------------|----------------|----------------|------------|
| Direct Cash Cost (C1) | 136.1 | 125.4 | -8% |
| Net Cathode Cost (C3) | 191.6 | 213.8 | +12% |

In the first quarter of 2016, Codelco **cut direct cash cost (C1) by 8%** over the same period in 2015, **7% more than** expected.

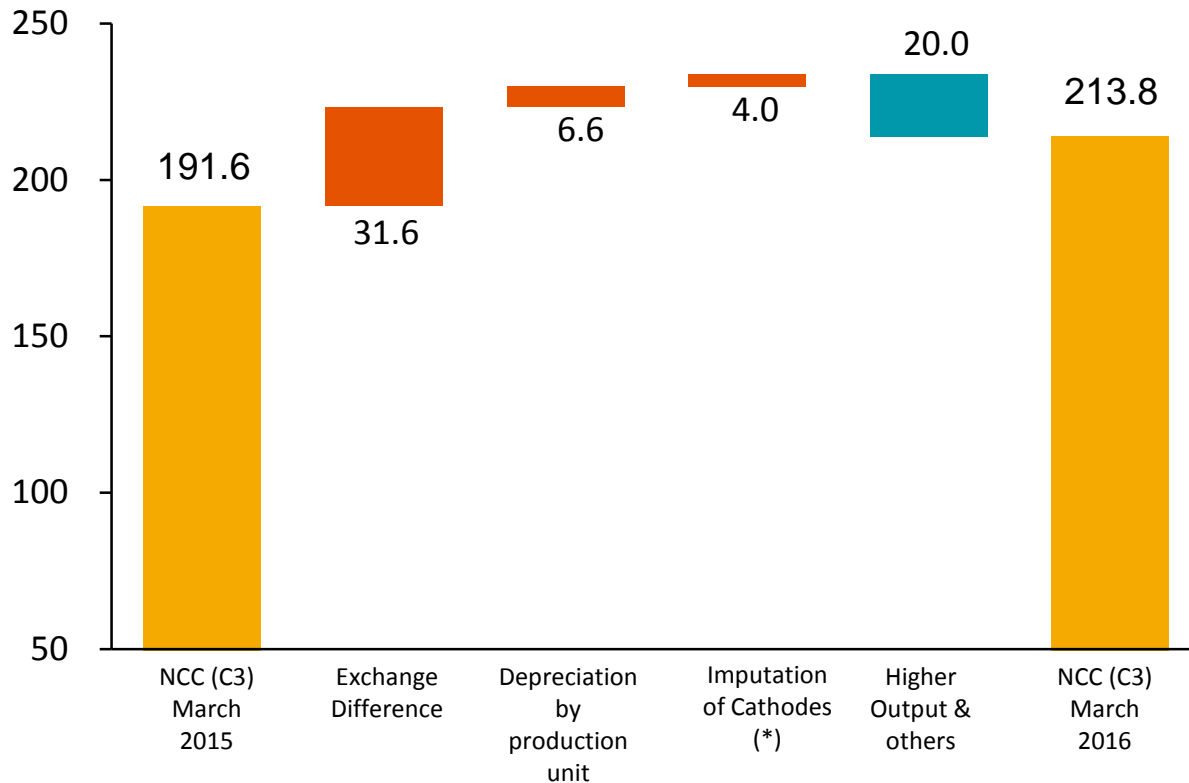


Net cathode cost **was up 12%**, due to a **temporary fall in exchange rate, mainly affecting provisions** for mine closures.



NET CATHODE COST (C3)

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



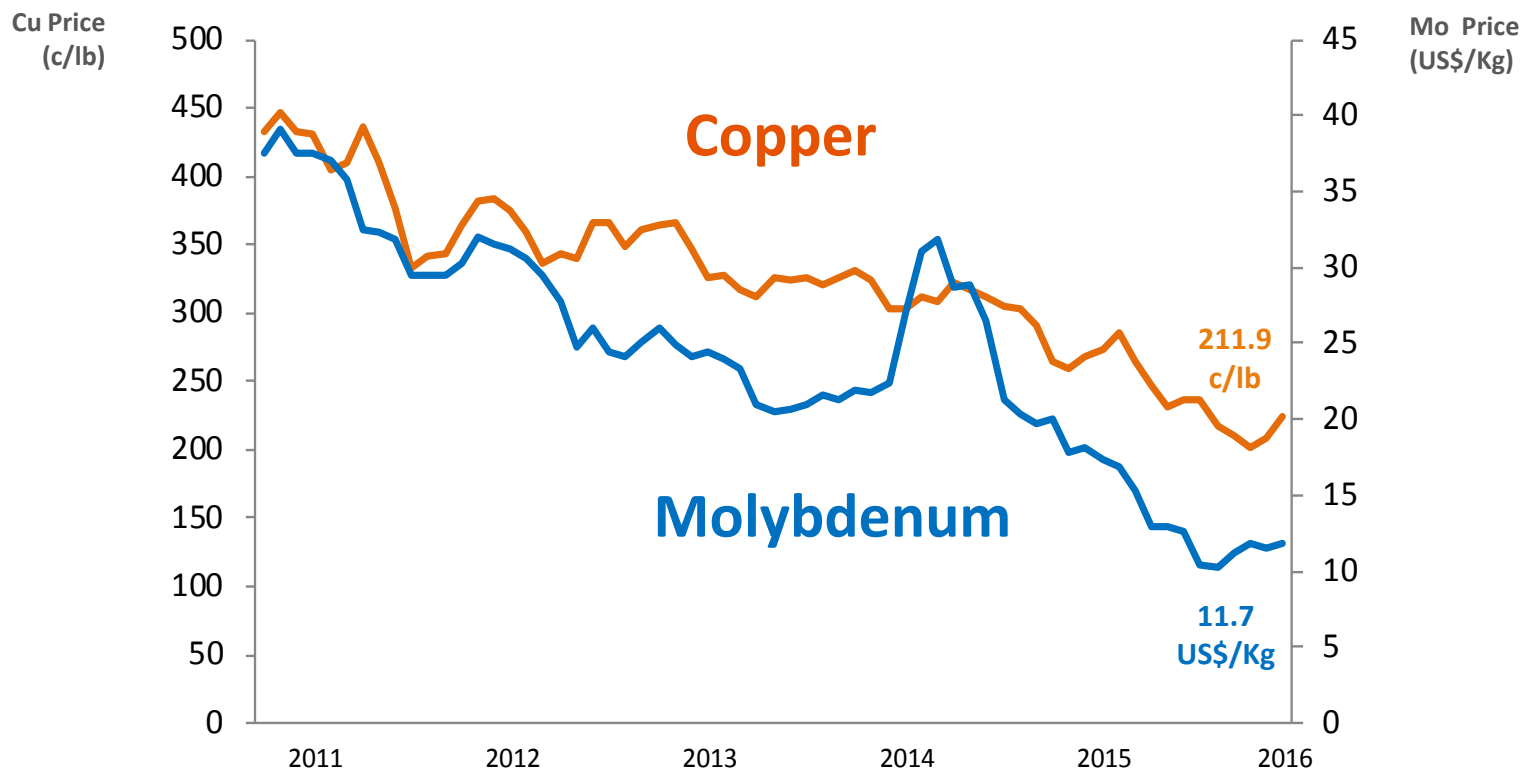
(*) Higher concentrate sales (30 k tonnes)

Higher C3 due to the impact of exchange **rate fluctuations** on **provisions and depreciation of a higher production.**

These effects are **temporary and affect accounting**, and do not increase operating costs.



COPPER & MOLYBDENUM PRICE TREND



In the first quarter of 2016
copper prices fell **20%**
compared to the same period in
2015

Molybdenum prices fell **37%**
compared to the same period
in 2015

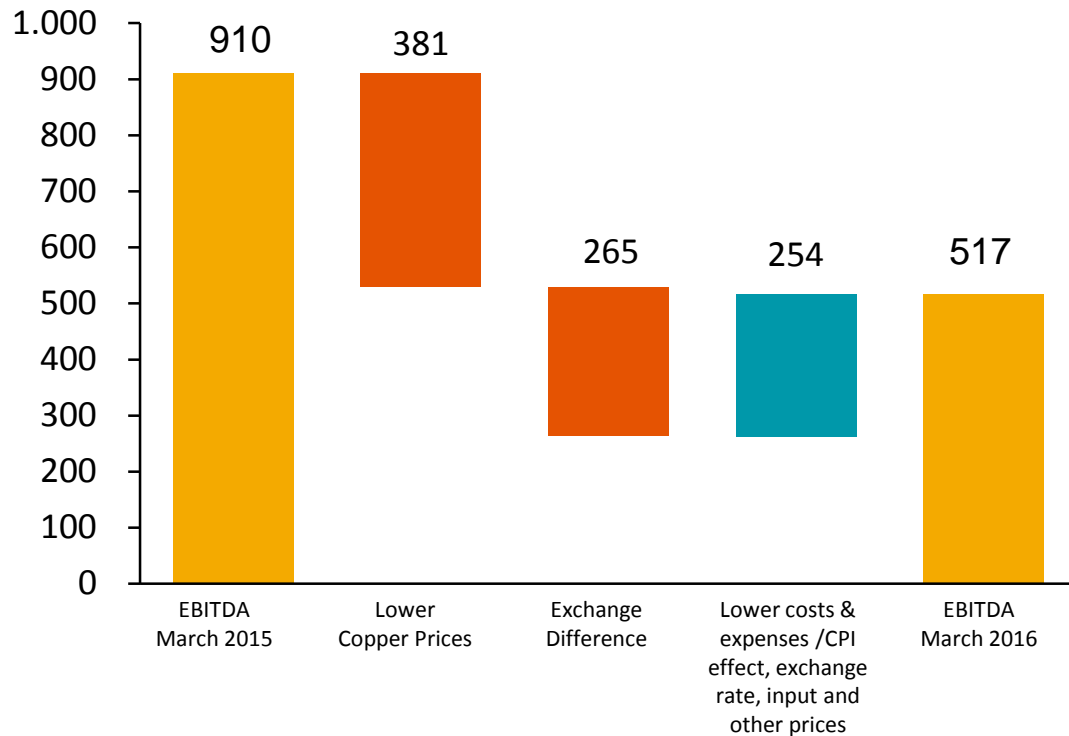


RESULTS



EBITDA

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



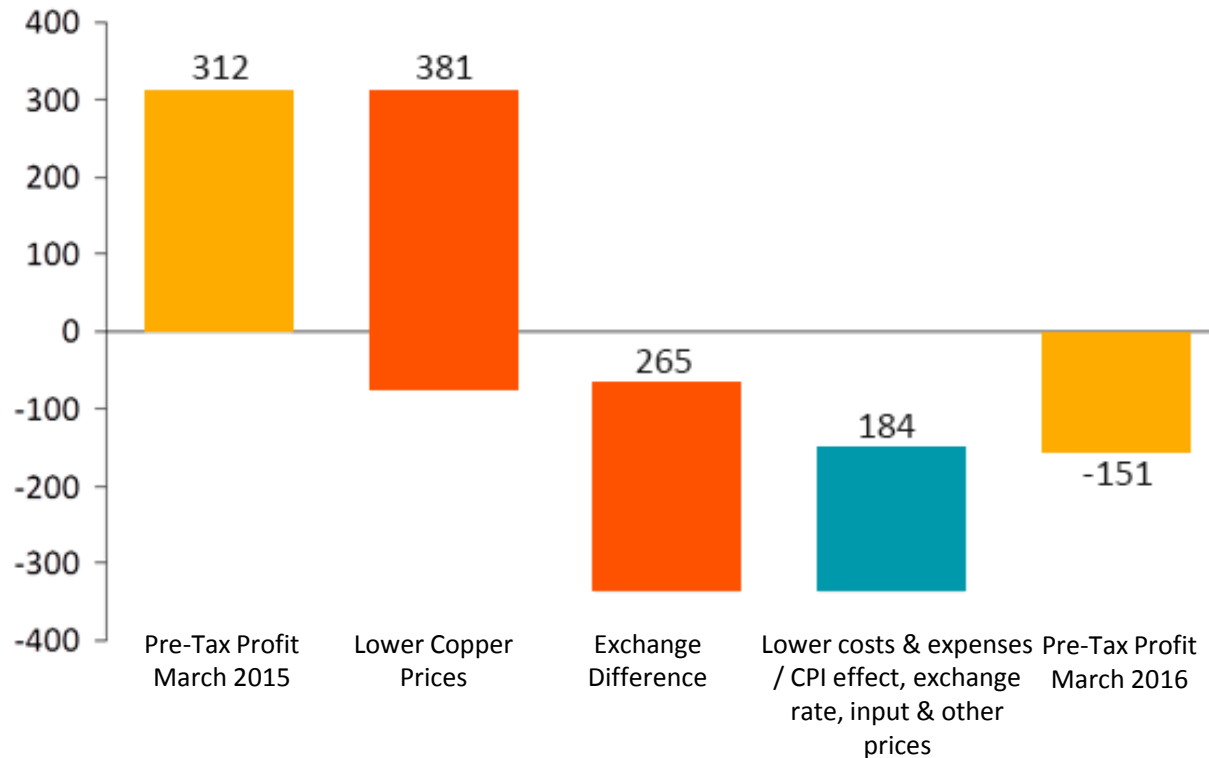
Lower copper prices and exchange differences explain a 71% drop in EBITDA, down US\$ 646 million.

Codelco's EBITDA for the first quarter 2016 was **US\$ 517 million.**



Contribution and Pre-Tax Profit :

CODELCO DELIVERED US\$223 MILLION TO THE CHILEAN STATE | January-March: 2015 vs. 2016 (US\$ millions)



Codelco's pre-tax profit was **- US\$ 151 million** for the first quarter 2016. However, the 1Q **contribution to the Chilean State was US\$ 223 million** (copper reserve law and mining royalties)

Despite new market conditions, Codelco expects to meet its pre-tax profit target set for 2016, approximately **US\$ 300 million** and contribute **US\$ 832 million** to the State.

We cut costs,
increased
production, but...

WE MUST
CONTINUE TO
IMPROVE



Our Goals

Despite negative market conditions, we expect to generate a pre-tax profit of US\$ 300 million in 2016.

Reconcile development of our projects with the Company's financial health.





HOW DO WE ACHIEVE THIS?

Cut costs and increase productivity

Intensify cost reduction through:

- Input management,
- Renegotiate contracts & eliminate unnecessary contracts,
- Reduce truck fleet,
- Reduce trips,
- Optimise offices, etc.

Continue the Company's productivity improvements.

- Operational Excellence (Lean Model),
- Proactive maintenance,
- Competitive third-party services,
- Low-cost purchasing
- Asset management

Reconcile project development with the Company's financial health

Prioritise critical investments, freeing up cash and seeking better conditions to capture value.

Explore creating new resources.





CUT COSTS & INCREASE PRODUCTIVITY

Example:

US\$ 5 million saved by optimising stacker

Stacker rotation was optimised from 24 to 18 hours, available an additional 6 hours, increased stacking by 1.2 KTPD per year.



CUT COSTS & INCREASE PRODUCTIVITY

Example:

Salvador Division

- In-sourcing of mine operators.
- Renegotiate contracts.
- Improve complex concentrate processing.
- Continuity of oxide line (San Antonio low scale).
- Extract higher-grade sulphides from QM mine sulphides.
- Optimise costs at refinery.

| | 1Q15 | 1Q16 | Variation |
|------------|--------|--------|-----------|
| C1 | 253.5 | 180.7 | - 29% |
| Production | 10,082 | 15,030 | + 50% |

INVESTMENTS





PROJECT PROGRESS

At 31 March 2016

Chuquicamata Underground Mine:

Progress on schedule (29%).

Andina Transfer:

Overall progress 23%.

New Mine Level :

Continued to improve tunnel design and construction methods. We are also analysing new mining sectors to give continuity to the current operation, in the event the project is hit by more delays.

North District Desalination Plant:

Scheduled to start building desalination plant in 2017 to supply part of the water requirements to the North District.

RT Sulphide Mine:

The Environmental Impact Assessment was approved in January.
Currently assessing adjustments to ensure best business case.

Inca Mine & Andina Future Expansion:

Prefeasibility stage to assess best business case.

MANAGEMENT SUMMARY



- **We cut costs by 8%** and had a **record** production, despite lower-grade ores.
 - Our results have been significantly affected by **lower copper prices** and the **peso's devaluation** relative to the US dollar.
 - We no longer benefit from lower input prices: steel, energy, oil, because they have hit record low prices.
 - **Productivity** as a main goal: we must do more with less.
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MANAGEMENT SUMMARY



- The adverse market conditions have affected the implementation of our investment plan, required for the Company's development.
 - Our cash flow has declined while our debts have increased.
 - We shall work on two strategies:
 - Continue **cutting costs and increase productivity** and,
 - Reconcile our **project** development with the Company's **financial health**.
 - This will allow us to achieve positive results in 2016.
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THANK YOU





APPENDICES



PRE-TAX PROFIT

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

| | 2016 | 2015 | Var |
|---|-------------|-------------|-------------|
| Sales Revenue – own copper | 2.056 | 1.977 | 79 |
| Cost of Sales – own copper | -1.837 | -1.618 | -219 |
| Gross Profit on copper sales | 219 | 359 | -140 |
| Gross Profit on by-products and other products | 61 | 108 | -47 |
| Gross Profit | 280 | 466 | -186 |
| Non-operating income | -431 | -154 | -277 |
| Pre-Tax Profit | -151 | 312 | -463 |



PERFORMANCE & PRICES

January- March: 2015 vs. 2016

| | 2016 | 2015 | Var | Var (%) |
|--|------------|------------|------------|--------------|
| Own Copper Production – k tonnes refined (*) | 470 | 433 | 36 | 8.4% |
| Division Copper Production - k tonnes refined | 437 | 394 | 43 | 10.8% |
| Division Molybdenum Production – k tonnes refined | 7 | 6 | 1 | 12.7% |
| Copper Sales (**) – k tonnes refined | 484 | 375 | 108 | 29% |
| Own Copper Ore Sales | 446 | 352 | 94 | 27% |
| Third-Party Copper Ore Sales | 38 | 23 | 15 | 62% |
| Molybdenum Sales – k tonnes refined | 8 | 7 | 1 | 21.4% |
| LME Copper Prices BML (cl/lb) | 211.9 | 263.9 | -52.0 | -20% |
| Metals Week Molybdenum Prices (US\$/kg) | 11.7 | 18.7 | -7.0 | -37% |
| Exchange Rate | 702 | 624 | 78 | 12% |

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

(**) Includes third-party mineral ore