



RESULTS 2015

Nelson Pizarro C
Codelco CEO
March 2016

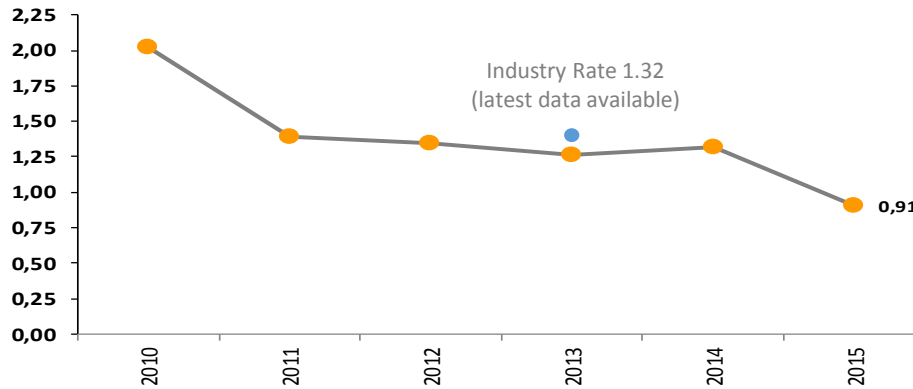


**SAFETY,
PRODUCTION & COSTS**



Work Safety

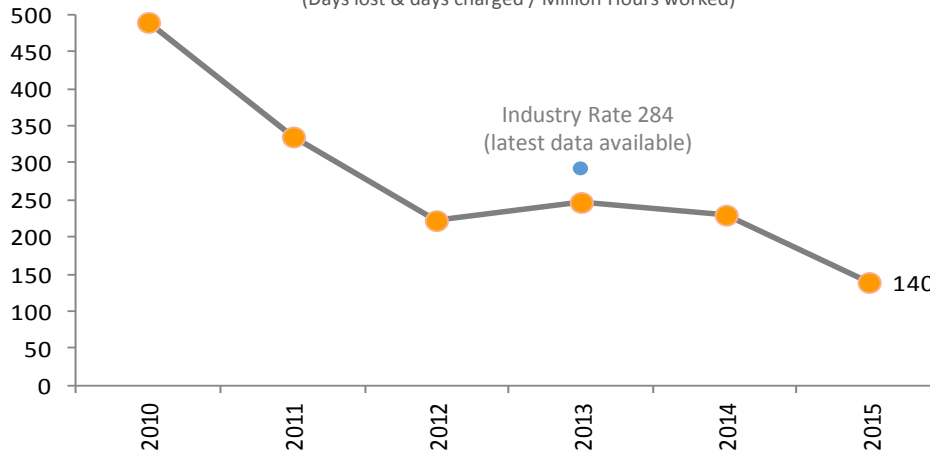
Frequency Rate – Own Staff and Contractors
(Lost Time Injuries/ Million Hours worked)



There were no fatalities in 2015

The best accident frequency rate in company history

Severity Rate – Own Staff and Contractors
(Days lost & days charged / Million Hours worked)



Compared to 2014:

Frequency rate **was down 31%**

Severity Rate **fell 39%**

*Number of Total injuries per million man-hours exposed to risk.

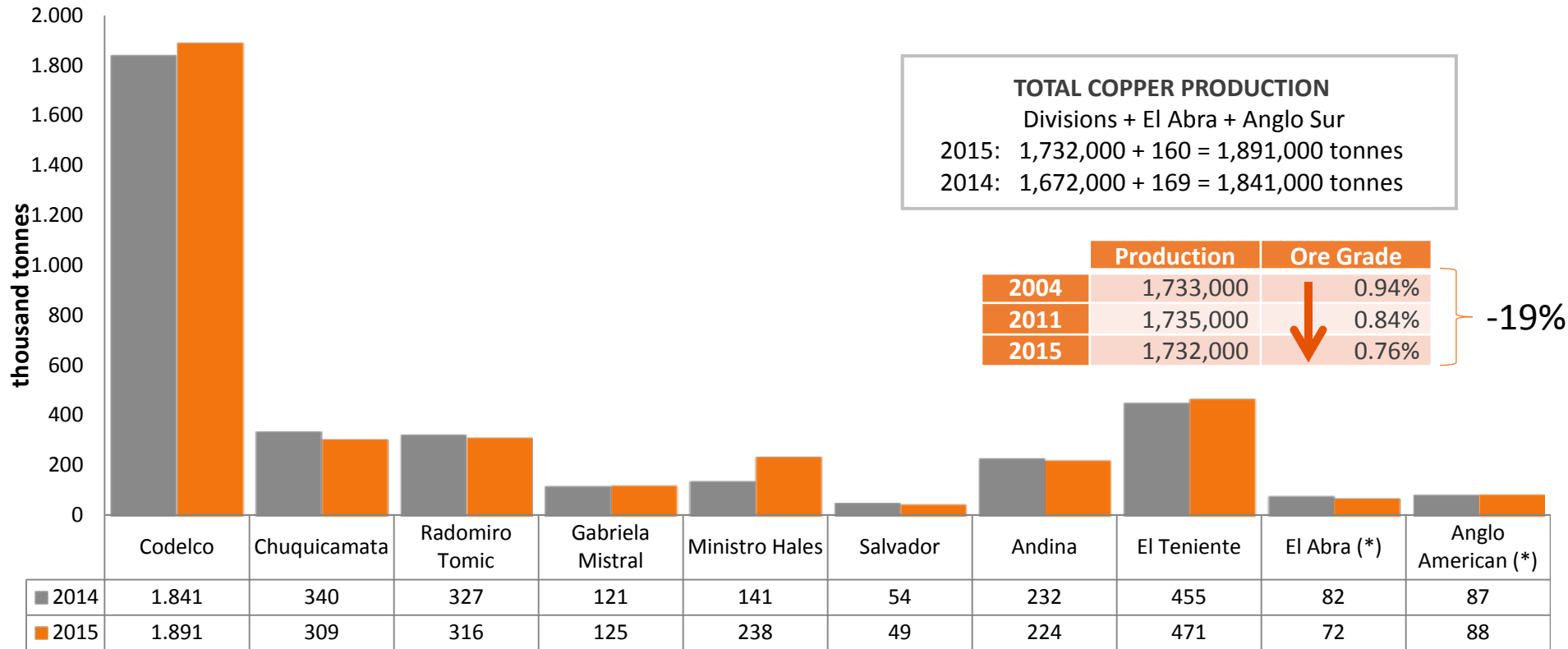
**Number of days lost per million hours worked.



Copper Production

January - December 2015

Codelco's **copper production increased by 3.6%** at all its divisions over 2014, **record production** despite **lower ore grades**.



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

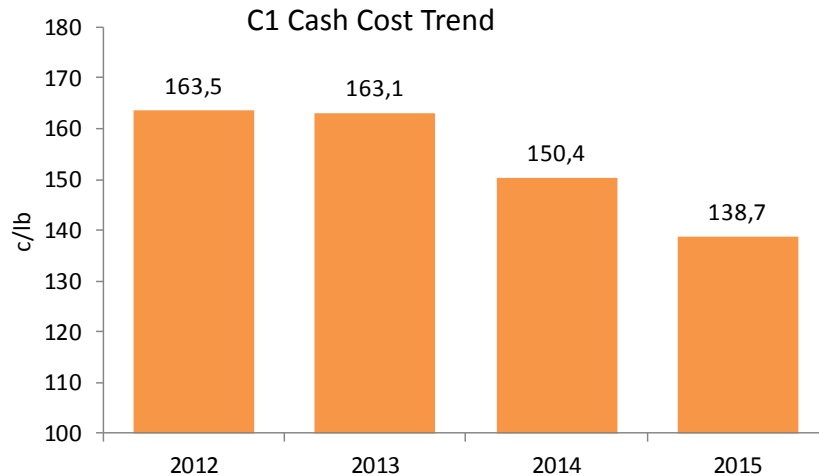


Unit Costs

January – December 2015

	2014 (c/lb)	2015 (c/lb)	Var (%)
Direct Cash Cost (C1)	150.4	138.7	-8%
Net Cathode Cost (C3)	213.3	196.9 (*)	-8%

(*) Before adjusting for extraordinary items



In 2015, Codelco's **C1 cash cost fell 8%** compared to 2014.

This lower cost allowed Codelco to improve from the third quartile on the industry cost curve to the second quartile.



Cost Reduction Plan

2015 Goal: **US\$1 billion**
US\$1.203 billion reduced costs
120% on target

LOWER COSTS

EFFICIENCY & PRODUCTIVITY

US\$547 million

109%

Progress



Goal
US\$500 million

CRITICAL INPUTS

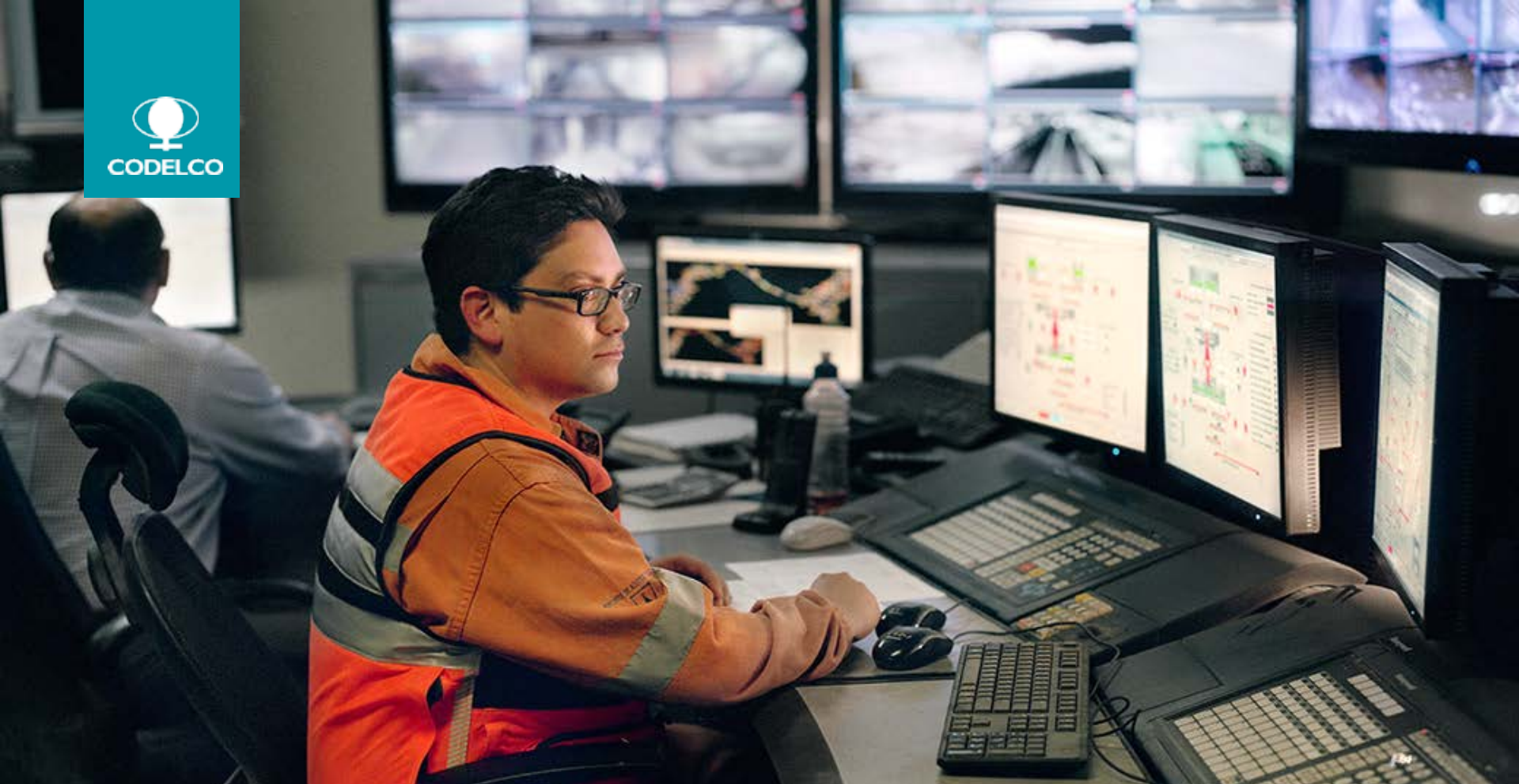
Goal
US\$500 million



US\$656 million

131%

Progress



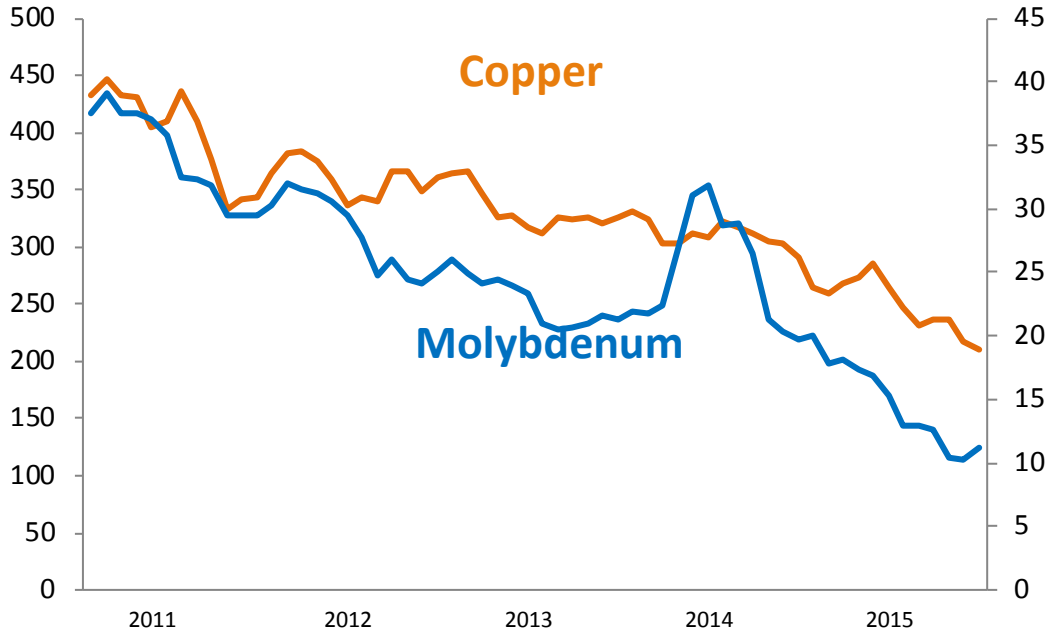
PRICES & PRE-TAX PROFIT



Copper & Molybdenum Price Trend

Cu Price
(c/lb)

Mo Price
(US\$/Kg)



In 2015, **copper and molybdenum prices fell 20% and 41%** respectively, compared to the same period in 2014.

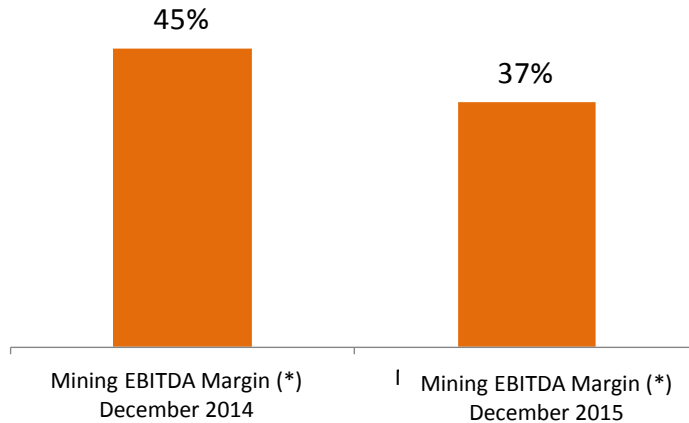
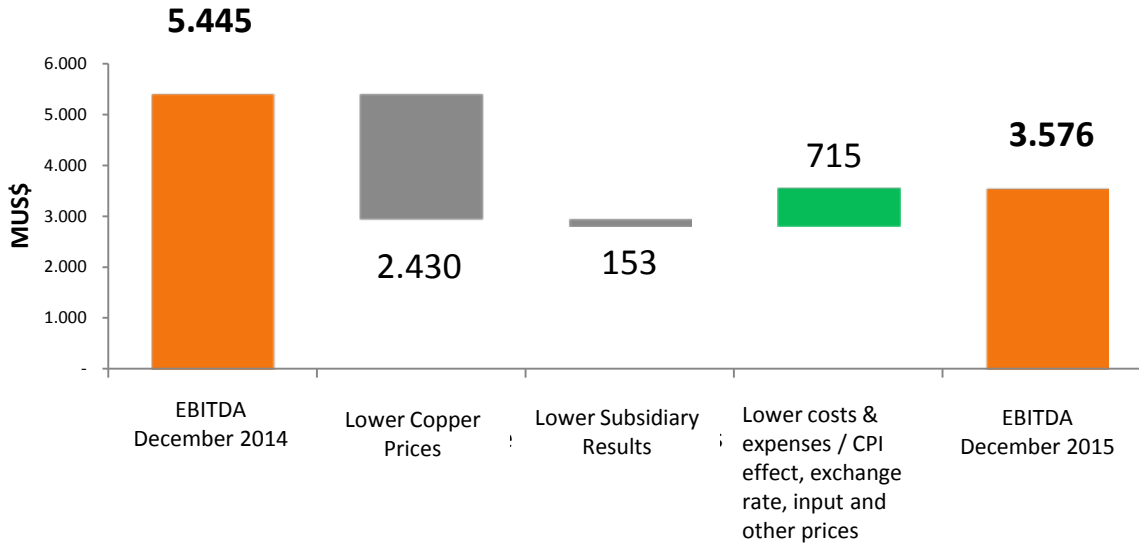
For each cent the price of copper fell, it had a **US\$36 million** impact on pre-tax profits.

Average price at December	2014	2015
Copper (c/lb)	311.3	249.2
Molybdenum (US\$/Kg)	25.1	14.7



EBITDA

January- December: 2014 - 2015
(US\$ millions)



Despite lower copper prices, **EBITDA Margin** continued to be strong and competitive in the industry due to **cost reduction efforts**.

In 2015, Codelco's EBITDA was **US\$3.576 billion**.

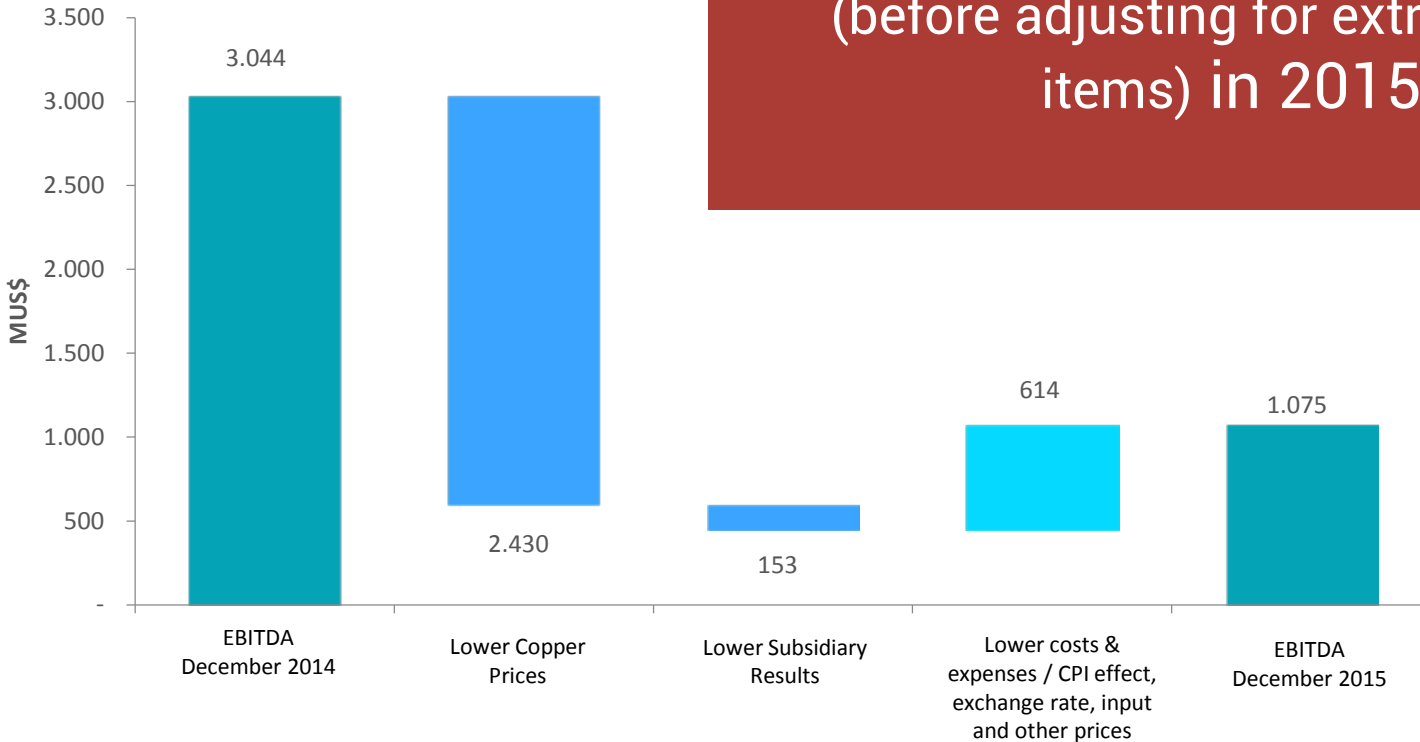
(*) Mining EBITDA Margin (%) = $\frac{\text{EBITDA} - \text{Margin of copper purchased from a third-party}}{\text{Total Earnings} - \text{Earnings from copper purchased from a third-party}}$



Pre-Tax Profit before extraordinary items

January- December 2015 | (US\$ millions)

Codelco generated **US\$1.075 billion** in pre-tax profit (before adjusting for extraordinary items) in 2015.





Impairment

Asset	Adjustment (US\$M)
Anglo American Sur	1.654
Salvador	311
Ventanas	54
Others	413
Total	2.431



- Globally, *impairments* in the mining industry totalled **US\$60 billion** in 2015.
- The top 10 mining companies booked an average impairment of US\$4.6 billion.
- Although 70% of Codelco's adjustment was due to Anglo American Sur, this acquisition continues to be a good business. Codelco bought a 20% stake for US\$875 million; the asset's market value is US\$4.408 billion. After *impairment*, its book value is approximately US\$2.754 billion.



Pre-Tax Profit after extraordinary items

(US\$ millions)

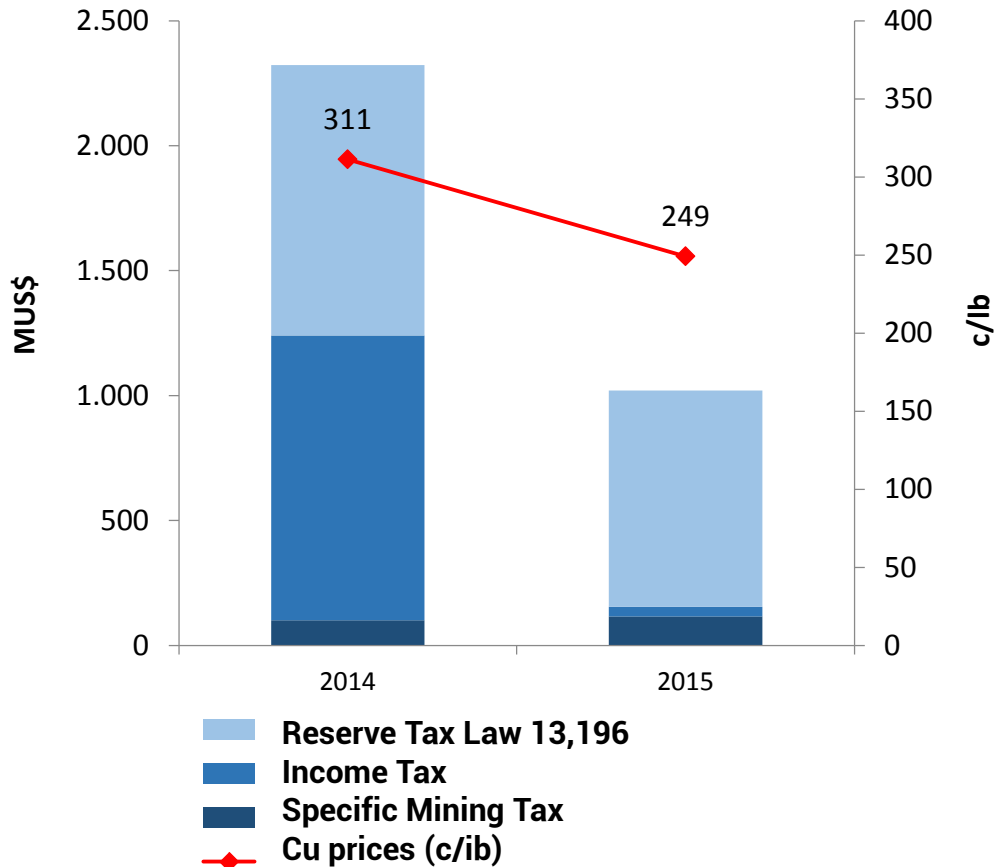
Pre-tax profit before extraordinary items	1.075
Accounting adjustments	-2.431
Total Pre-tax Profit	-1.357

- ▶ This accounting adjustment **does not impact the funds Codelco gives to the Treasury**, the cash available for its operations, nor the implementation of its investment portfolio.
- ▶ In 2015, Codelco delivered more than US\$1 billion to the Chilean State.



Transfers to the State

January- December 2015 | (US\$ millions)



Codelco transferred **56% less funds** to the Chilean State than in 2014.

This is because copper prices **plunged 20%**.



CODELCO



INVESTMENTS





Structural Project Progress |

31 December 2015

Chuquicamata Underground Mine

- Early works completed during the first half of 2015.
 - Project implementation status is **25.8% progress**, currently building main access tunnels, air extraction shaft and works inside mine.
-

El Teniente New Mine Level

- **36.3% Progress**
 - The project is currently being redesigned and adapted to the geo-mechanical conditions found during the implementation stage, incorporating the latest knowledge available of primary rock mining techniques.
-

RT Sulphide Mine

- **68.4% progress in detailed engineering** and in early works development to clear and scale interferences to build future facilities.
- In January 2016, the Environmental Impact Study was approved and the Investment Pre-project is currently being defined.



Structural Project Progress |

at 31 December 2015

Andina Future Expansion

- The project is currently being redesigned to create an alternative project that requires less investment, optimises water usage and reduces its environmental impact.
- Started the Prefeasibility Study.

New Andina Transfer System

- **20.5% total progress**
- Measures were implemented to mitigate delays of key underground work contracts.
- Project currently being redesigned and adapted in line with the Andina expansion project.

Rajo Inca Mine

- Prefeasibility study currently in progress.
- The study has been extended to collect more geo-mining-metallurgical data in order to define key design parameters and analyse new business case alternatives.



Management Summary 2015

- Codelco had **record production in 2015, despite a 19% fall in treated ore grades** compared to 2004.
- Its **refined copper production rose 3.6% to 1,732,000 tonnes**, despite the negative impact of contractor strikes and extreme weather events in northern Chile.
- Thanks to the cost reduction plan and increased productivity, Codelco **saved US\$1.203 billion**, exceeding its target by **120%**.
- The Company **reduced direct cash costs (C1) 8%** from 2014, improving from the third quartile on the industry cost curve to the second quartile.
- As a result, its **Mining EBITDA margin remained over 35%**, a valuable result amidst falling copper and molybdenum prices.



Management Summary 2015

- Before accounting adjustments, **Codelco's pre-tax profit was US\$ 1.075 billion.**
- After adjusting for extraordinary items, Codelco's pre-tax profit had **a pre-tax loss of US\$1.357.** This adjustment does not have an impact on the funds Codelco delivers to the Treasury, on the cash available for its operations nor on the implementation of its investment portfolio.
- A US\$600 million capitalisation, plus **successfully issuing US\$2 billion in bonds,** has allowed Codelco to advance its investment plan.
- In 2015, **there were no fatal accidents** and it had the best frequency rate in Company history.



CODELCO

Appendices



Income Statement



Income Statement

January – December: 2014– 2015
(US\$ millions)

	2014	2015	Var
Sales Revenue – own copper	10.733	8.721	-2.012
Cost of Sales – own copper	-7.662	-7.396	266
Gross Profit on copper sales	3.071	1.325	-1.746
Gross Profit on by-products and other products	644	451	-193
Gross Profit	3.716	1.776	-1.940
Non-Operating Income	-682	-3.968	-3.286
Pre-Tax Profit	3.033	-2.191	-5.224
Minority Interest	11	836	825
Codelco Pre-Tax Profit	3.044	-1.357	-4.401



Income Statement

January – December: 2014– 2015
(US\$ millions)

	2014	2015	Var
Sales Revenue – own copper	10.733	8.721	-2.012
Cost of Sales – own copper	-7.662	-7.396	266
Gross Profit on copper sales	3.071	1.325	-1.746
Gross Profit on by-products and other products	644	451	-193
Gross Profit	3.716	1.776	-1.940
Profit (Loss), before consolidated tax	1.952	-3.056	-5.008
Income Tax	-1.241	728	1.969
Net Profit (Loss), consolidated	711	-2.328	-3.039
Minority Interest	-11	-836	-825
Net Profit (Loss) Codelco	722	-1.492	-2.214



Comparable Profit Method Codelco vs Private Sector

January - December: 2014 – 2015
(US\$ million)

	2014	2015 (*)
Pre-Tax Profit		
Codelco applying Private Sector Taxes	3.044	1.075
1 st Category Taxes	-459	-163
Additional Taxes	0	0
Royalty Taxes	-137	-104
Net Profit after Taxes		
Codelco Private Sector	2.449	808

(*) Before adjusting for extraordinary items



Output & Prices

(January – December: 2015 - 2014)

	2014	2015	Var	Var (%)
Refined Copper Output (*) – thousand tonnes	1.841	1.891	51	2.8%
Divisions Refined Copper Output – thousands tonnes	1.672	1.732	60	3.6%
Divisions Refined Molybdenum Output – thousand tonnes	31	28	-3	-9.6%
Own Copper Sales (**) – thousand tonnes	1.688	1.774	86	5%
Own copper ore	1.624	1.681	58	4%
Third-party copper ore	64	92	28	44%
Molybdenum Sales– thousand tonnes	27	26	-1	-2.4%
Copper Price LME (Ct/lb)	311.3	249.2	-62.1	-20%
Molybdenum Price Metals Market (USD/kg)	25.1	14.7	-10.4	-41%
Exchange Rate	570	654	84	15%

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

(**) Includes third-party ore



Key Events 2015

Safety

- Reduced total frequency rate (0.91) by 31% and severity rate (140) by 39% . No fatal accidents.
-

Financing Plan

- In addition to a record US\$2 billion issue of 10-year bonds, in New York, Codelco received a US\$600 million capitalisation and was authorised by the Government to retain US\$225 million to finance 2016.
-

Strategic Agreement with Employees

- On 4 November President Bachelet formally received the Governance Strategic Agreement, signed by the administration and the Copper Workers' Federation (FTC), providing sustainability and competitiveness to the Company.



Key Events 2015

Investments & Projects

- Codelco adjusted its investment plan by US\$1 billion, this did not have an impact on its key projects currently underway. Total investment was US\$ 3.343 billion for its pre-investment studies and project portfolio (similar amount to 2014).

Contractor Strikes

- Contractors, members of the CTC union, went on a 22-day strike. Several incidents occurred while the Salvador Division was occupied and ended in the death of contractor Nelson Quichillao López. The strike caused a revenue loss of about US\$80 million.

Codelco aids Tocopilla Reconstruction

- Codelco sent equipment, staff and resources to aid recovery and reconstruction efforts in Tocopilla, seriously damaged by extreme weather conditions that hit the region.



Key Events 2015

Probity and Transparency

- Codelco Board approved transparency, probity and good corporate governance standards, based on strict international standards in different areas, such as trade relations, institutional links and lobbying; and people management processes. Our standards are higher than as provided in the lobbying law.

Sustainability

- We invested US\$ 479 million on sustainable development (US\$184 million on health and safety initiatives; and US\$ 295 million on environmental investments).
- We invested CLP \$ 5.671 billion on community engagement.



CODELCO



Thanks