



Codelco Financial Results January - June 2014

Octavio Araneda O.
CEO (Interim)

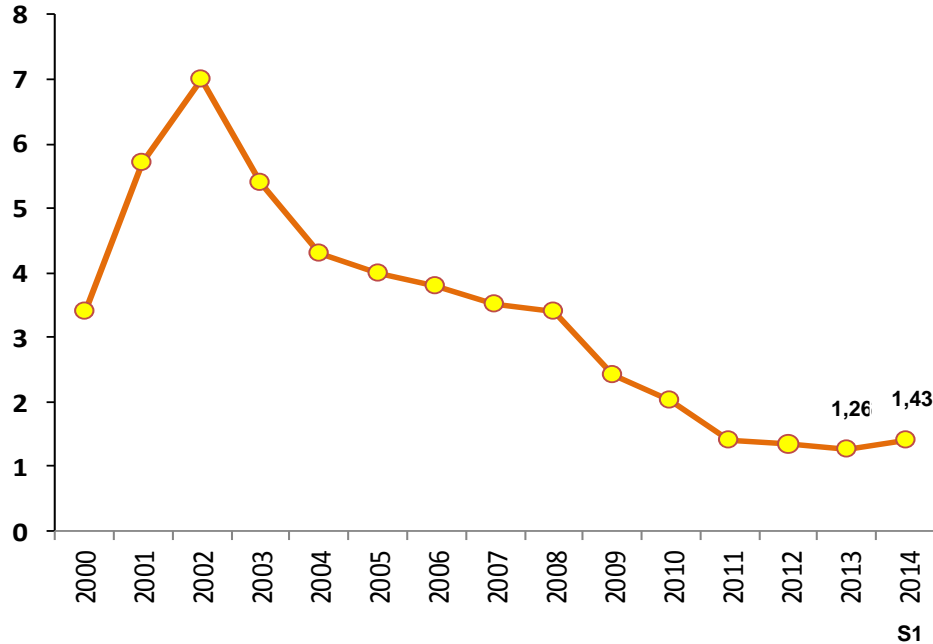
Iván Arriagada H.
Vice President of Administration & Finance

Press Conference - August 29, 2014

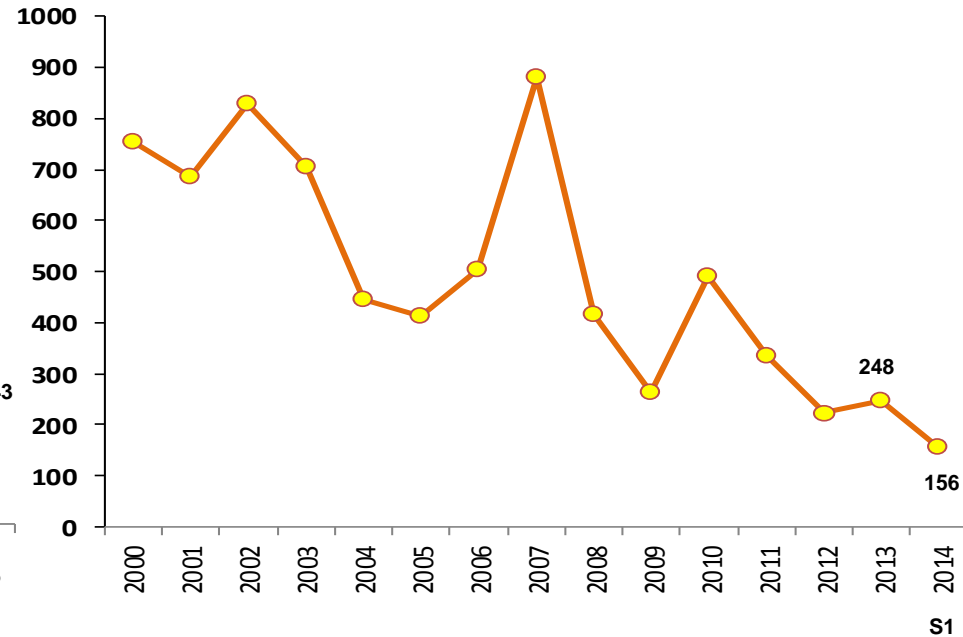


Accident Rate

Accident Frequency Rate – Employees & Contractors (Lost Time Incidents / Million Hours Worked)



Severity Rate – Employees & Contractors (Days Lost and Debited Days / Million Man Hours Worked)



- The accident frequency rate for the period was 1.43.
- The total accident severity rate for the period was 156.
- No fatal accidents were recorded.
- During this period we focused on Occupational Health and Safety Structural Project tools in three areas: implementing critical controls (based on Fatality Control Standards) in defined critical areas, enforcing RESSO (special occupational health and safety regulations for contractors and subcontractors) and ongoing incident reporting and learning.

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Highlights January–June 2014

Corporate Governance:

Renewal of Board: On May 12, President of the Republic Michelle Bachelet appointed Óscar Landerretche chairman of the board of the company, replacing Gerardo Jofré, and Laura Albornoz and Dante Contreras as directors, replacing Fernando Porcile, Juan Luis Ossa and Andrés Tagle, who finished their term.

Change of CEO: On June 13 the board appointed VP of Central-South Operations, Octavio Araneda, as acting CEO. The search began for a new CEO and ended with the appointment of Nelson Pizarro Contador, who will take up his post on September 1st.

Capitalization and investment plan:

In accordance with the Corporate Governance law, in March the corporation's investment plan was referred to the ministries of Finance and Mining. On July 1, the ministries of Finance and Mining announced a initial USD 200 million capitalization phase. A bill was then sent to Congress for the capitalization of Codelco with up to USD 4 billion between 2014-2018.

Management and operations:

Productivity & costs: Over the first half of the year improvements in productivity and costs continued, achieving lower operating costs compared to the same period last year, which helped to offset the fall in the price of copper.

Energy: Codelco contracted the purchase of two tankers of natural gas for its Norte Grande operations, one for 2014 and the other for 2015. In May, the first carrier unloaded 3.06 Tbtu (equivalent to 83 million m³ of natural gas) in the Mejillones LNG terminal. As a result of the contract, natural gas will be incorporated in the Chuquicamata and Radomiro Tomic operations.

Port Strike: In January, there was a 22-day port strike at different ports throughout Chile, affecting the regular delivery of copper exports. The situation was normalised in the following months.

Social Responsibility:

Ministro Hales began work on the Peri-urban Park which is part of Codelco's support for Calama Plus.

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Highlights January – June 2014

Investments & projects: Progress of structural projects up to June 30:

Ministro Hales: the project is completed and is being trialled by the Ministro Hales Division.

New Level at El Teniente Mine: progress in the implementation phase continues (26 % overall progress) and involves building main tunnels, ventilation adits and developing mine interior.

Chuquicamata Underground Mine: preliminary permanent building work continues: main tunnels and ventilation shafts, air extraction shafts and structure inside mine with total physical progress of this phase at 86%.

Andina 244 Expansion: Environmental Impact Assessment is still in process; answers are being finalised to requirements put forward by authorities and the community in the ICSARA.

RT Sulphide : Environmental Impact Assessment is still in process, now submitted to the Environmental Assessment Service (SEA) of the II Region of Antofagasta.

Human Resources & Contract Workers:

In February, collective bargaining was successfully completed in advance with employees of the Roles B union at the El Teniente Division. In May, collective bargaining was also completed without conflict with the supervisors' union of the Salvador Division.

Higher Education Scholarships began for children, spouses and workers of contracting companies.

Uses for Copper & Innovation:

Innovations in copper investment fund: In April, Codelco, Corfo and the Aurus funds administrator launched an USD 80 million fund to support initiatives promoting the efficient & sustainable use of copper. The fund includes resources from the IDB and the Latin American Development Bank and in July the Japanese company Mitsui came on board.

New uses: In the context of a long-term alliance between Codelco and the National Professional Football Association, the facilities of the team at Juan Pinto Duran were remodeled, incorporating antimicrobial copper.

Codelco presented 40 public health centres close to their Divisions with antimicrobial copper medical supplies.

In Valparaíso, the “Think like Codelco” competition was launched in the context of Copper Innovation (*Innova Cobre*), which aims to diversify its use.

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Production and Sales Data (January to June: 2014 vs 2013)

	2014	2013	Var	Var(%)
Copper Production (1,000 tonnes)	877	843	34	4,0%
Copper Production - Divisions (1,000 tonnes)	788	758	30	3,9%
Molybdenum Production - Divisions (1,000 tonnes)	16	11	5	41%
Acid Production – Smelters (1,000 tonnes)	1.426	1.245	181	15%
Silver Production (*) (tonnes)	173	128	45	35%
Gold Production (*) (tonnes)	1,2	1,1	0,1	6%
Copper Sales (**) (1,000 tonnes)	779	837	-58	-7%
Own copper	742	777	-35	-4%
Third-party copper	37	60	-23	-39%
Molybdenum Sales – (1,000 tonnes)	12,5	10,7	1,8	17%
LME copper prices (cl/lb)	313,7	342,0	-28,3	-8%
Metals Week molybdenum prices (US\$/kg)	26,0	24,5	1,5	6%
Sulphuric acid prices (US\$/ton)	75	91	-16	-18%
Gold prices (US\$/oz)	1.291	1.523	-232	-15%
Silver prices (US\$/oz)	20	27	-7	-25%
Exchange rate	553	479	74	16%
CPI	103,1	99,3	3,8	4%

(*) Gold and silver contained in anode slimes, concentrates, anodes and blister

(**) Includes third-party mineral ore

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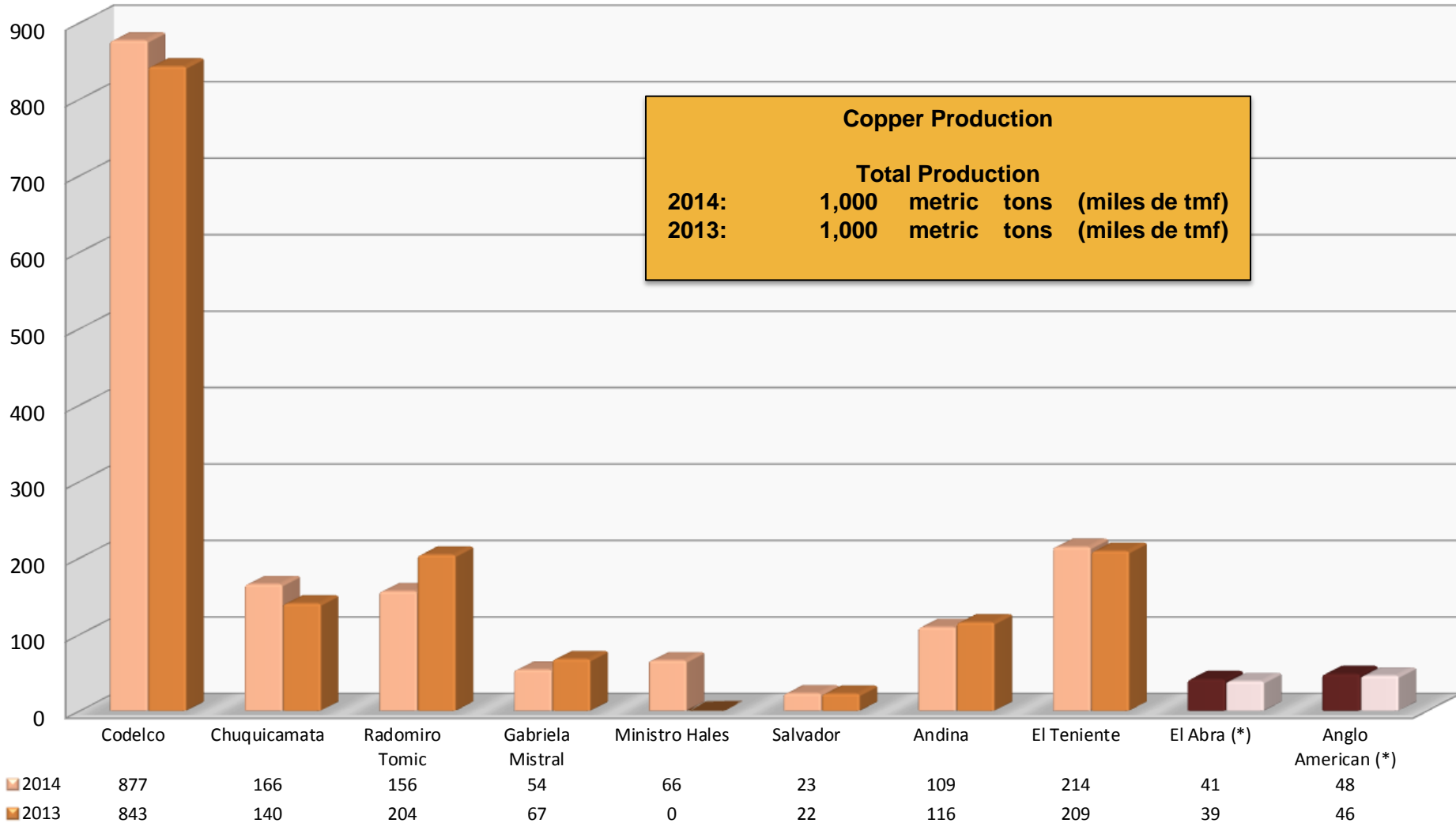
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Production

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Copper Production (January - June: 2014 – 2013)



(*) Output reflects Codelco's stake: El Abra 49%, Anglo American 20%

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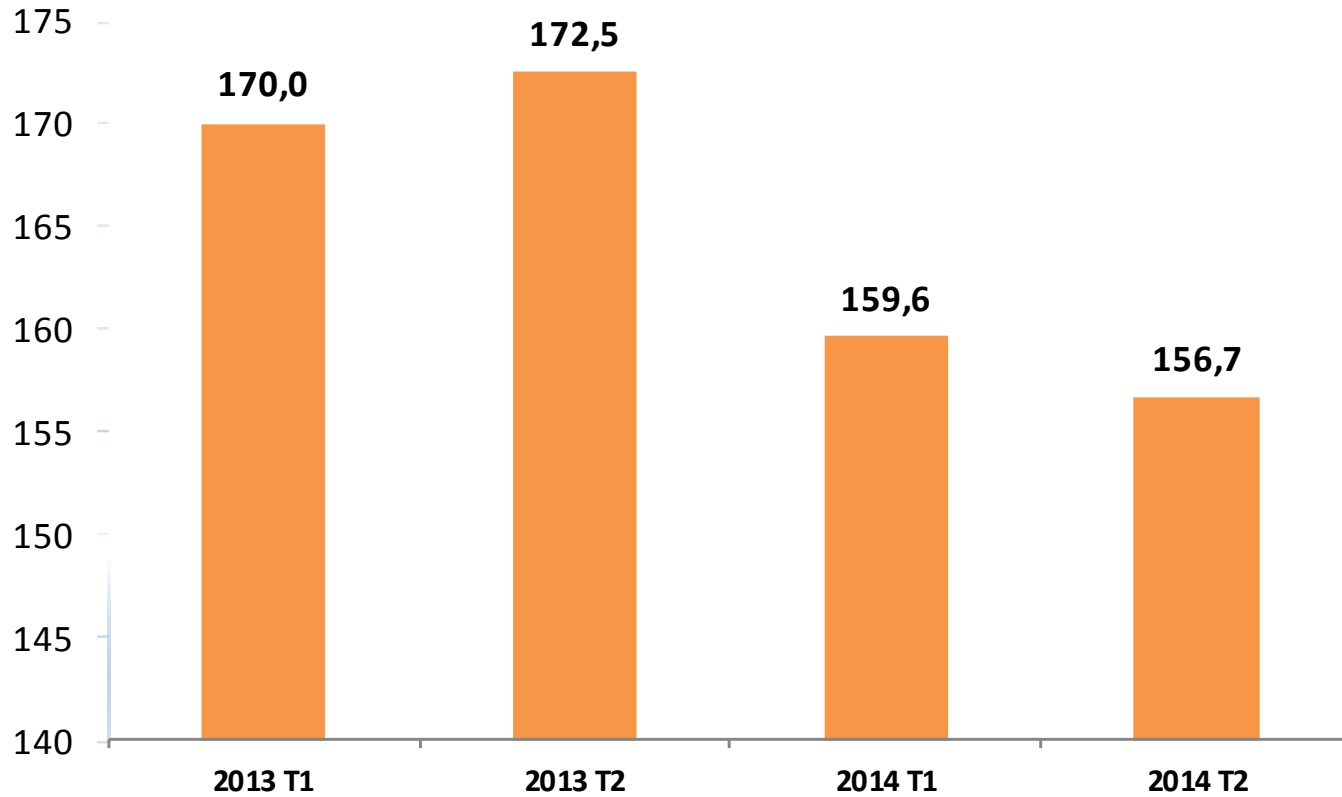
Costs

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C1 Costs Chart

(US\$ c/lb of copper)



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Codelco Unit Costs (January to June: 2014 – 2013)

	2014 (c/lb)	2013 (c/lb)	Var %	Var US\$ millones
Costo Directo C1	158,1	171,2	-7,7%	-121
Costo Neto a Cátodos (C3)	224,3	219,9	2,0%	208
Total costos y gastos	240,9	236,3	2,0%	234

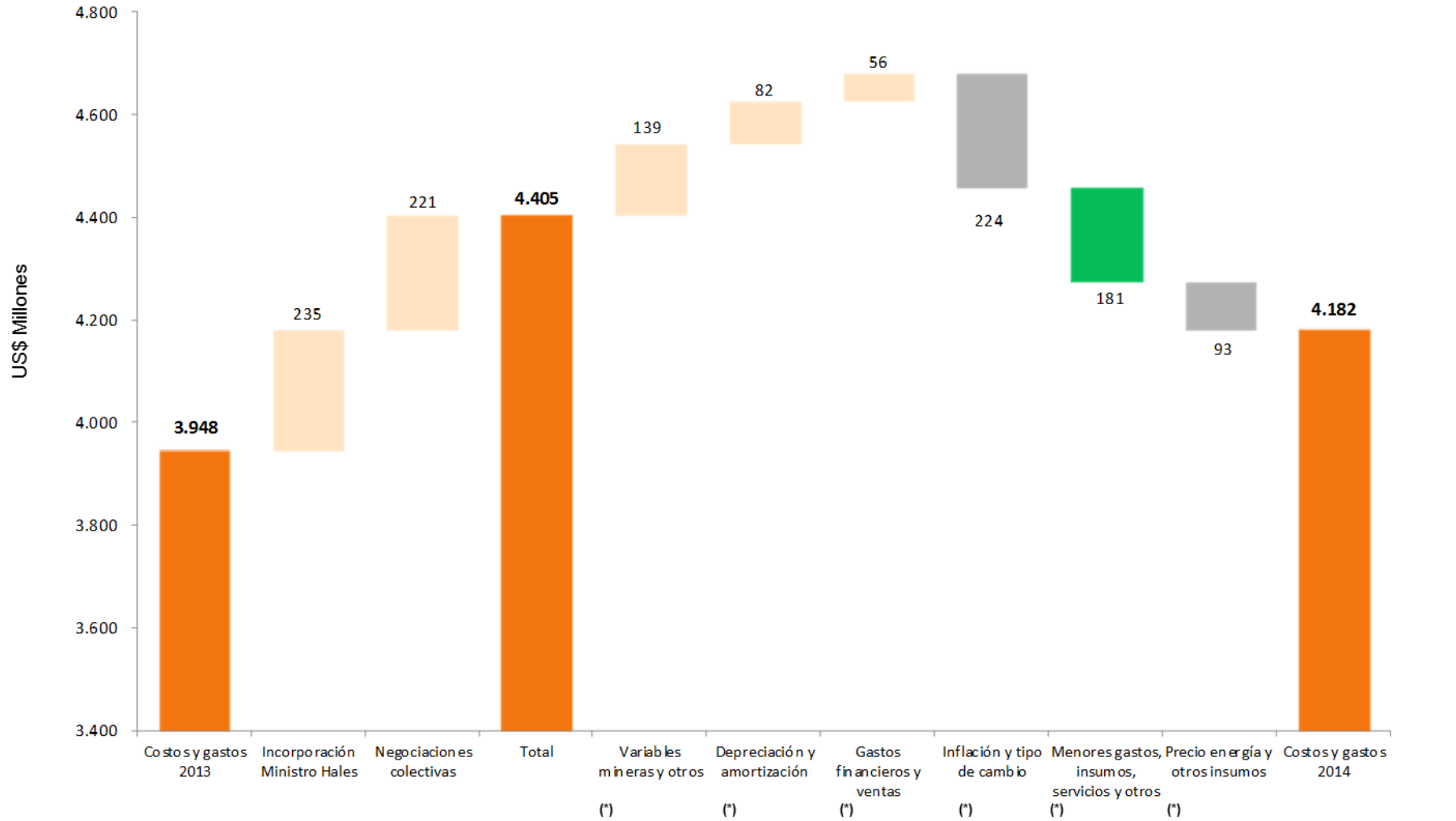
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Codelco Total Expenses Comparison

(1st Half Year: 2014 – 2013)

US\$ millions

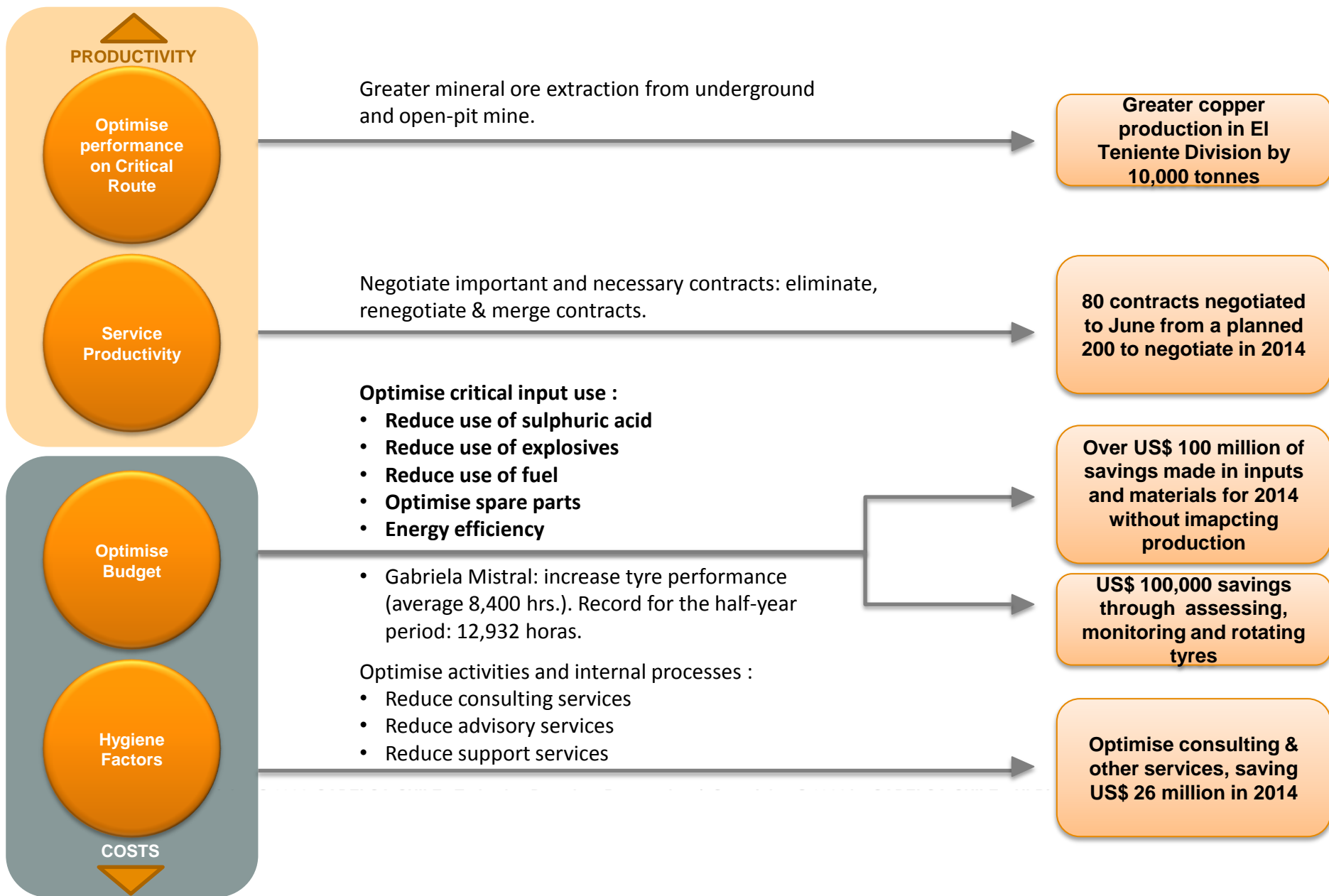


(*) No incluye División Ministro Hales



Improvements in Productivity and Costs

Examples 1st Half Year 2014



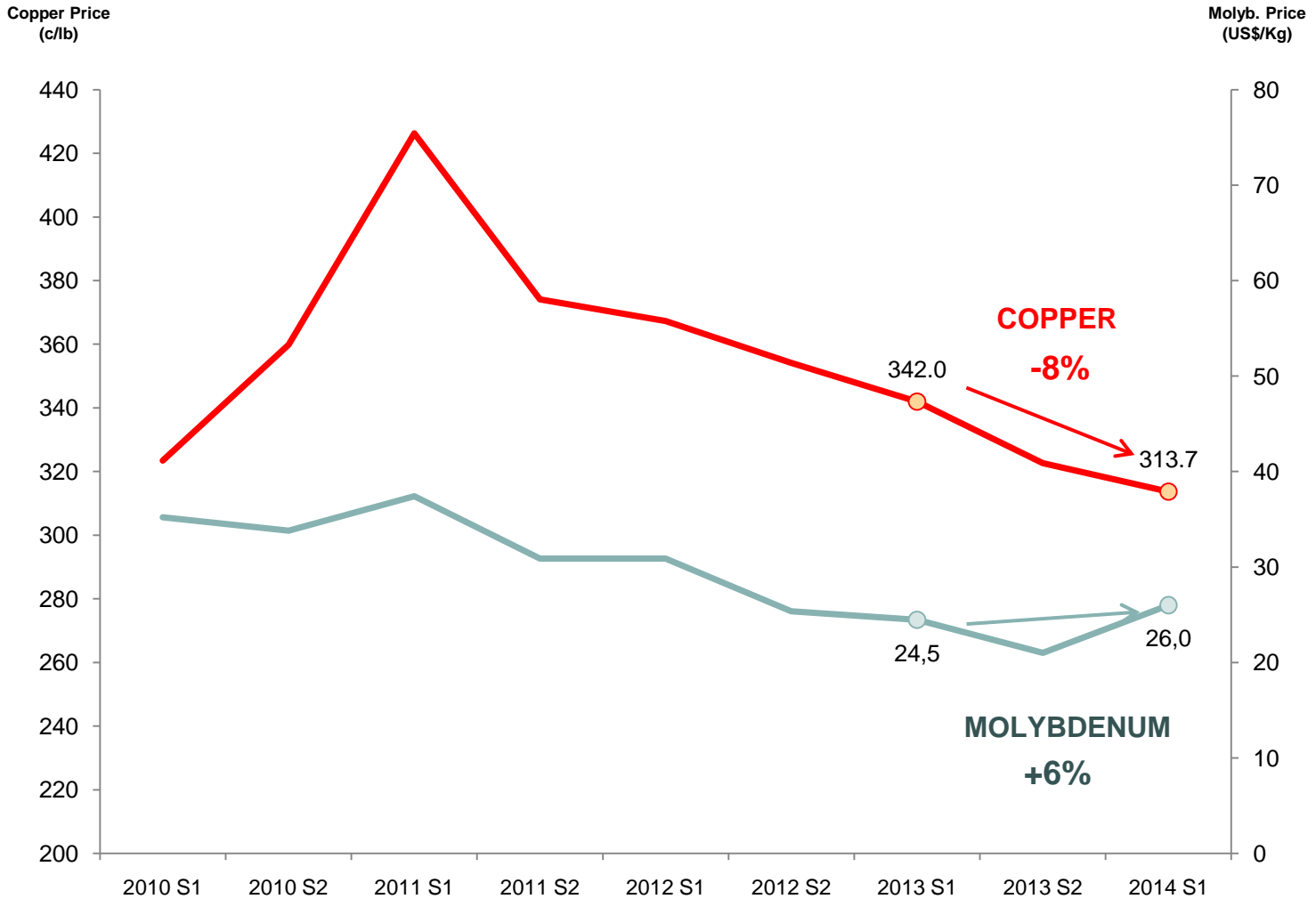
Codelco Financial Results

Pre-Tax Profits and Earnings

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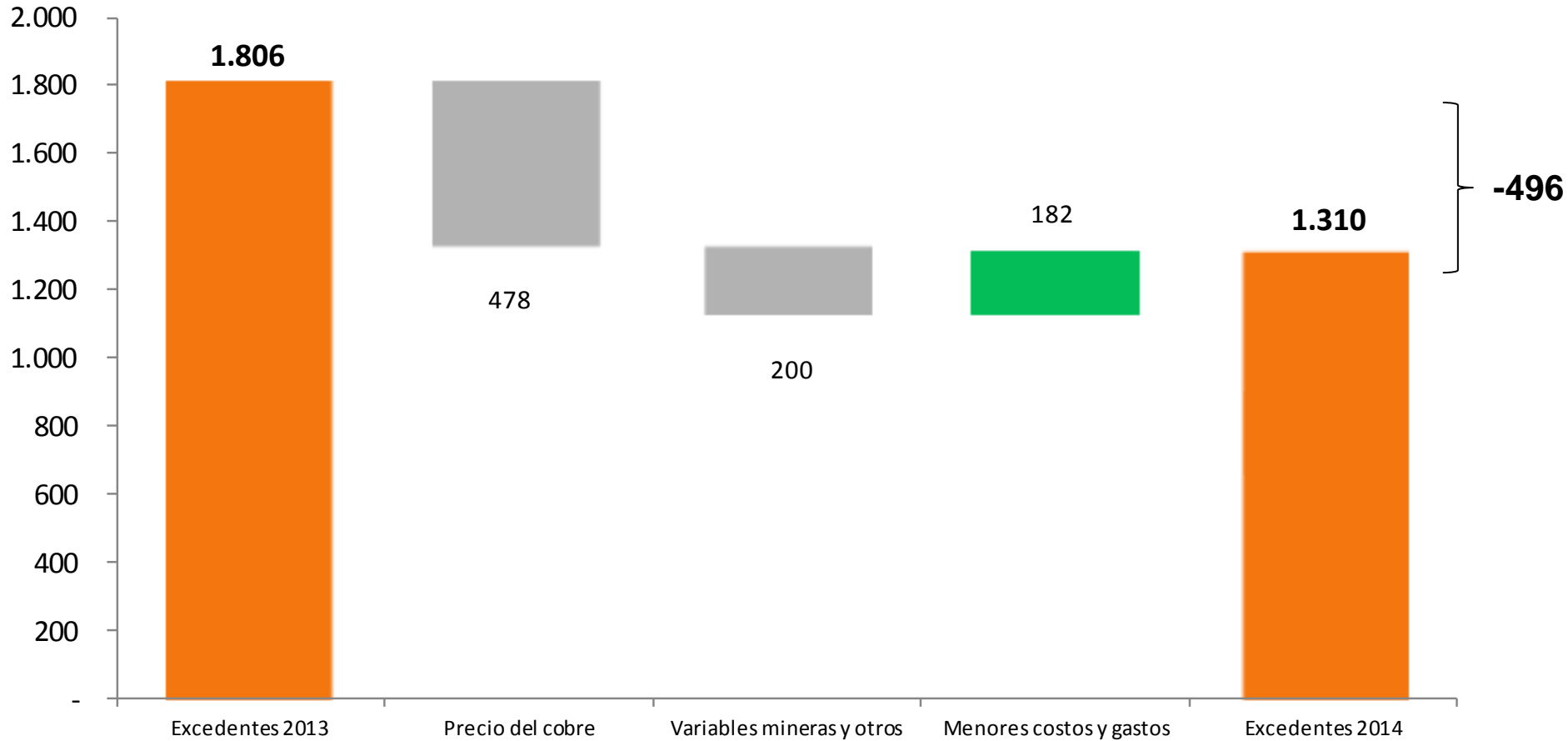
Copper and Molybdenum Price Chart



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Pre-Tax Profit (First Half: 2014 vs 2013)

(US\$ millions)



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Income Statement (First Half: 2014 vs 2013)

(US\$ millions)

	2014	2013	Var
Ingresos por venta de cobre propio	5.002	5.854	-852
Costos de venta de cobre propio	-3.676	-4.176	499
Ganancia bruta en venta de cobre	1.326	1.679	-353
Ganancia bruta en ventas de subproductos y otros	287	198	89
Ganancia Bruta	1.613	1.876	-263
Resultados No Operacional	-302	-70	-232
Excedentes	1.310	1.806	-496
GANANCIA COMPARABLE (*)	1.050	1.398	-348

(*) Equivale a la ganancia que obtendría Codelco aplicando igual tributo que la empresa privada.

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Pre-Tax Profit Distribution (First Half: 2014 vs 2013)

(US\$ millions)

	2014	2013	Var
Impuesto Ley Reservada N° 13.196	491	590	-99
Impuestos a la Renta	434	637	-203
Impuesto específico a la minería	46	66	-20
Ganancia	340	513	-173
Total Excedentes	1.310	1.806	-496
GANANCIA COMPARABLE (*)	1.050	1.398	-348

(*) Equivale a la ganancia que obtendría Codelco aplicando igual tributo que la empresa privada.

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Many Thanks

