

CodeIco

Financial Results

2013

Thomas Keller L.
CEO

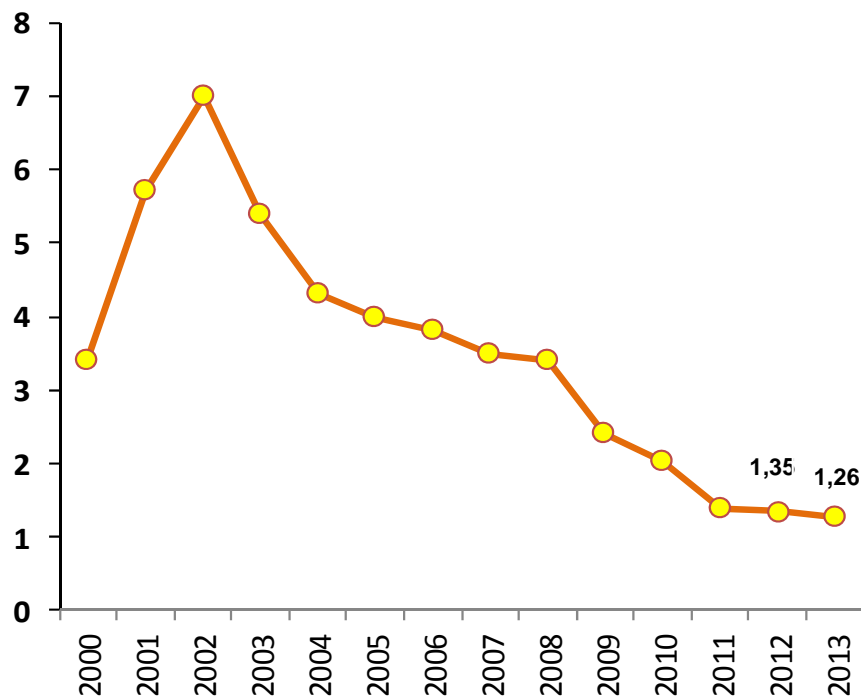
Iván Arriagada H.
Vice-President, Administration & Finance

Press Conference
28 March 2014

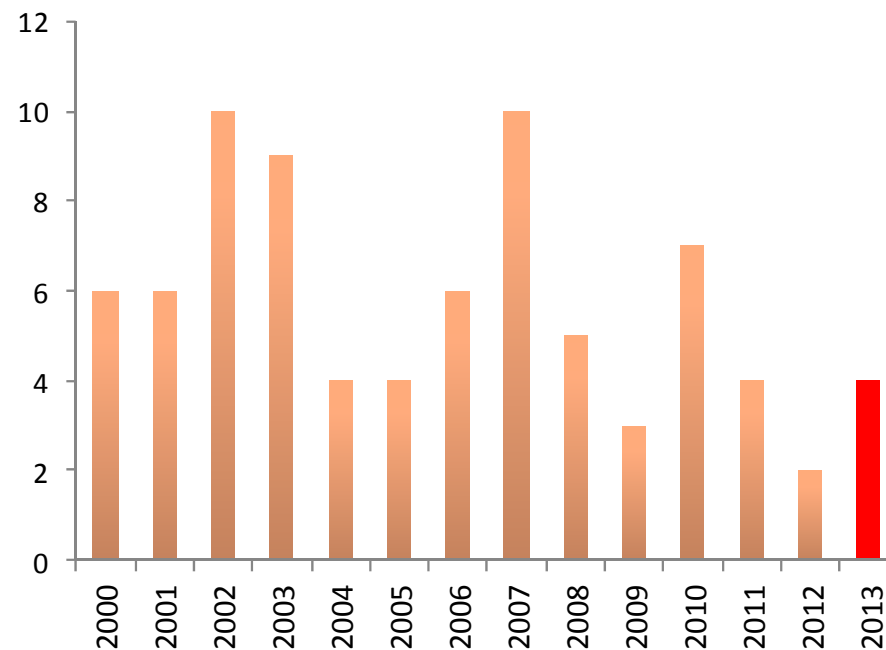


Accident Rate 2013

Accident Frequency Rate – Employees & Contractors (Lost Time Incidents / Million hours worked)



Employee & Contractor Fatalities (Fatal Accidents)



- Accident Frequency rate during this period was 1.26.
- Unfortunately, there were 4 fatalities, 3 contractors and 1 employee.
- In December the Health and Safety Structural Project implementation was completed. A corporate audit was conducted which showed an average 92 per cent compliance in each key point.
- For 2014, key points shall be the implementation of critical risk controls identified at Codelco, in addition to work in Contractor and Subcontractor companies, through Occupational Health and Safety Standards.

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Highlights 2013

- **New Division:** On 1st January Minera Gaby subsidiary became the new Gabriela Mistral Division.
- **Change of Executives:** In April new managers assumed positions at three North District divisions: Juan Medel, General Manager at Radomiro Tomic; Claudio Olguín, General Manager at Ministro Hales, and Óscar Jiménez, General Manager at Gabriela Mistral. In December two new vice-presidents assumed positions: Jaime Pérez de Arce, Human Resources and Marcelo Villouta, North Operations, replacing Sebastián Conde and Julio Aranís, respectively.
- **Employee Strike:** There was a 7-day strike at Radomiro Tomic Division at the end of March; on 9 April another 24-hour strike hit all Codelco operations. In September, after a 14-day legal strike at Salvador Division, a collective agreement was signed that benefits 1,122 employees.
- **Production:** During the first quarter, there was a 20-day port strike, delaying 60,000 tonnes of copper shipments, which were shipped over the following months. During the second half of the year, Ministro Hales Division produced 30,000 tonnes of refined copper, which were processed at Chuquicamata Division plants.
- **Capitalisation:** In July, the Government decided to raise capital charged to the 2012 retained earnings from Anglo American Sur: USD 1 billion and in December another capitalisation for USD 1 billion was also authorized.
- **Corporate Governance:** In May, President Sebastián Piñera appointed Blas Tomic Errázuriz as a new Codelco director and reappointed Gerardo Jofré Miranda for a new period; he was also ratified as Chairman of the Board. Both directors were appointed for a 4-year period until May 2017.
- **International Bonds :** In August, Codelco issued USD 750 million in 10-year bonds, with annual coupon of 4.5 % and annual yield of 4.517%. Subsequently in October, the Company issued USD 950 million in 30-year bonds, with annual coupon of 5.625 % and annual yield of 5.775%.
- **Energy:** In April, Codelco and GNL Mejillones agreed on a contract to use the Natural Liquefied Gas Regasification Terminal at Mejillones.

In March, Codelco successfully completed its ERNC Credit Tender Process for the 2013-2017 period, fully complying with ERNC legal requirements. The contracts were awarded to Norvind and Arauco.

In August, the Pampa Elvira Solar thermoelectric plant started operations, it provides clean energy to Gabriela Mistral Division for its electrowinning processes.

In 2013, the Luz Minera gas plant began its Environmental Impact Assessment, project located in Mejillones.

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Key Events 2013

- **Investments & Projects:** Progress of structural growth projects in 2013 was as follows:
 - **Ministro Hales:** successful start-up of mine and concentrator plant. The Roaster Plant started initial load operations at the end of 2013. Total progress was 99.9 %.
 - **New El Teniente Mine Level:** Overall progress was 20.2% in its implementation phase, which consists of building the primary mine tunnels, ventilation adits, development of mine interior and Maitenes – Confluencia road.
 - **Chuquicamata Underground Mine:** continued building main tunnels, and ventilations shafts, air extraction shafts and work inside mine, which are part of permanent early works; total progress was 72.7 %.
 - **Andina Expansion 244:** Environmental Impact Assessment is still being processed. On 16 December Codelco asked the Environmental Assessment Service (SEA) to extended period to submit Addendum until 31 July 2014.
 - **RT Sulphide Expansion:** Environmental Impact Assessment is still being processed; submitted to SEA in the II Region of Antofagasta.

- **New uses for copper :** In September, Codelco and the Ministry of Health delivered 70 complete modules equipped with antimicrobial copper at the intensive care units at the former Santiago Posta Central. Also during this period the Intensive Care Unit at Roberto del Río Children's Hospital was completed; 6 rooms and 2 ICU rooms were equipped with copper touch surfaces.

In March, Codelco and Celulosa Arauco launched a new product that uses the antimicrobial properties of copper: Vesto melamine. In August, Codelco and Textil Monarch, launched antimicrobial copper clothes for Crystal Skin Children.

In October, antimicrobial copper was incorporated in one of the Valparaíso metro trains, which is a pilot plan to test this technology.

In December the Company announced an alliance with Mayo Clinic (USA) in order to conduct a study of orthopaedic implants treated with copper.

- **Sustainability and CSR :** Codelco announced it would invest more than USD 1 billion in its smelters, to adapt them to the new environmental regulations in this zone.

Codelco promoted a new Children's Symphony Orchestra in Diego de Almagro. This initiative is similar to those implemented in Los Andes, Mejillones and Til Til.

For the sixth consecutive year, Codelco awarded 2,150 higher education scholarships to the children of contractors.

In January, Codelco received the Sello Pro Pyme award, given by the Ministry of Economy to companies that have committed to pay its small and medium-sized enterprise suppliers within a period of 30 days. Codelco has more than 9,500 suppliers, 43% are SMEs.

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Performance

2012 vs. 2013

	2013	2012	Var	Var (%)
Own Copper Production (1,000 tonnes)	1.792	1.758	34	2%
Own Copper Production - Divisions (1,000 tonnes)	1.622	1.647	-25	-2%
Molybdenum Production (1,000 tonnes)	23	20	3	17%
Acid Production – Smelters (1,000 tonnes)	2.767	3.130	-363	-12%
Silver Production (*) (tonnes)	290	284	6	2%
Gold Production (*) (tonnes)	2,3	2,4	-0,1	-3%
Copper Sales (**) (1,000 tonnes)	1.723	1.740	-16	-1%
Own copper	1.599	1.602	-3	0%
Third-party copper	124	137	-13	-9%
Molybdenum Sales – (1,000 tonnes)	22	19	3	14%
LME copper prices (cl/lb)	332,1	360,6	-28,5	-8%
Metals Week molybdenum prices (US\$/kg)	22,7	28,1	-5,4	-19%
Sulphuric acid prices (US\$/ton)	92	147	-55	-38%
Gold prices (US\$/oz)	1.410	1.668	-259	-16%
Silver prices (US\$/oz)	24	31	-7	-24%
Exchange rate	495	487	8	2%
CPI	109,9	108,0	1,9	2%

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

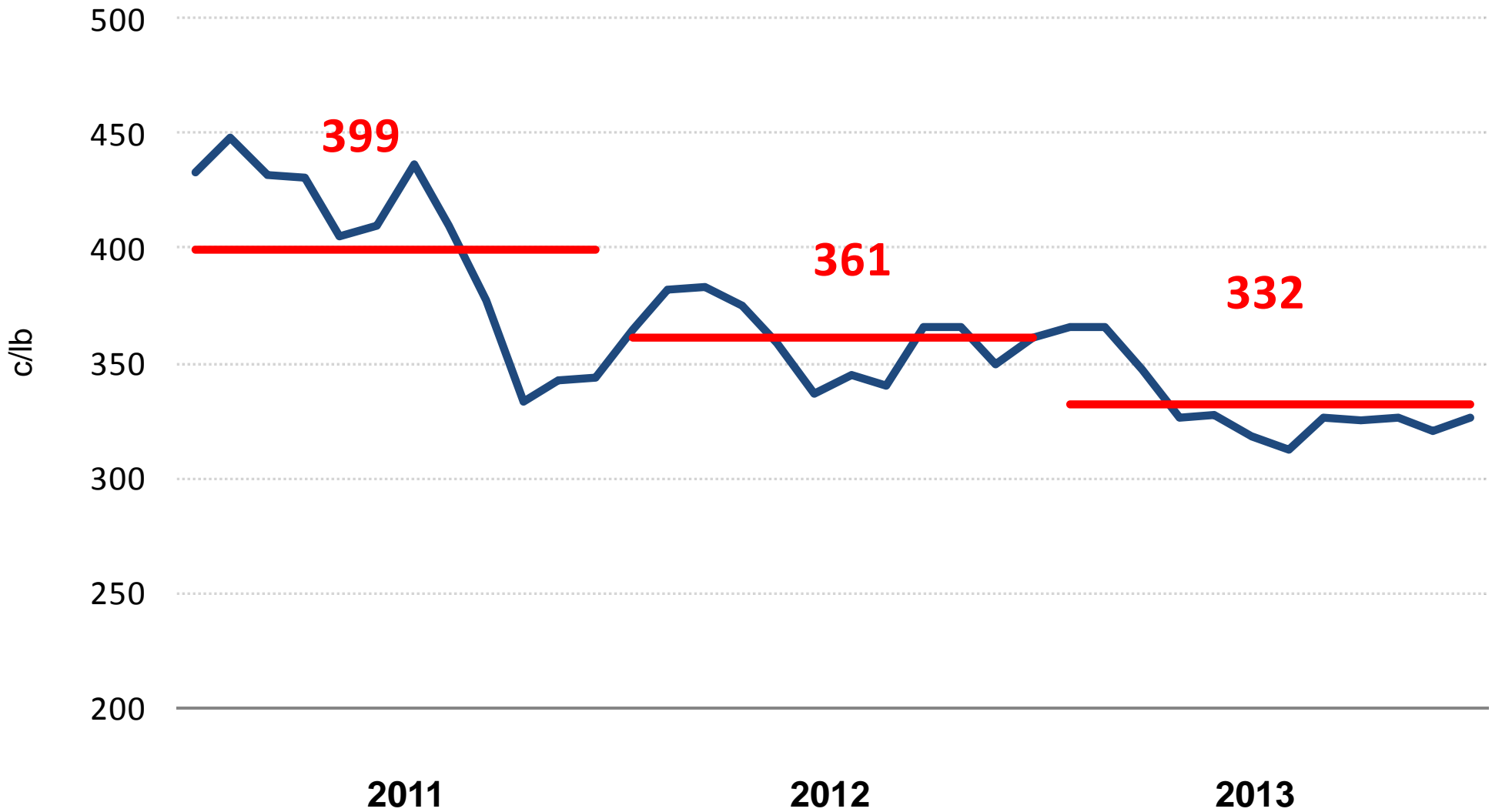
(**) Includes third-party mineral ore

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Copper Price Chart (c/lb)

2011-2013

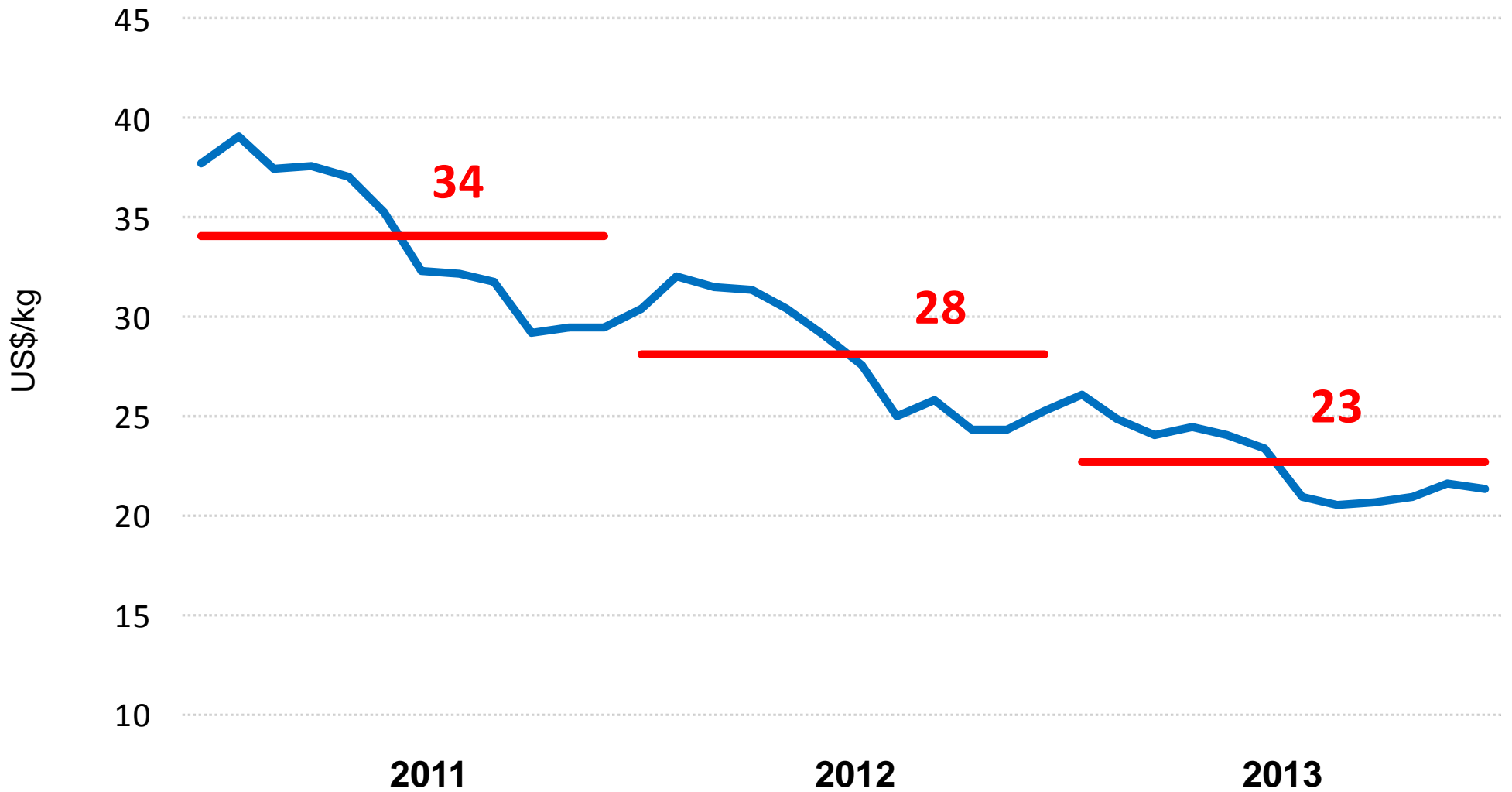


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Molybdenum Price Chart (US\$/Kg)

2011-2013



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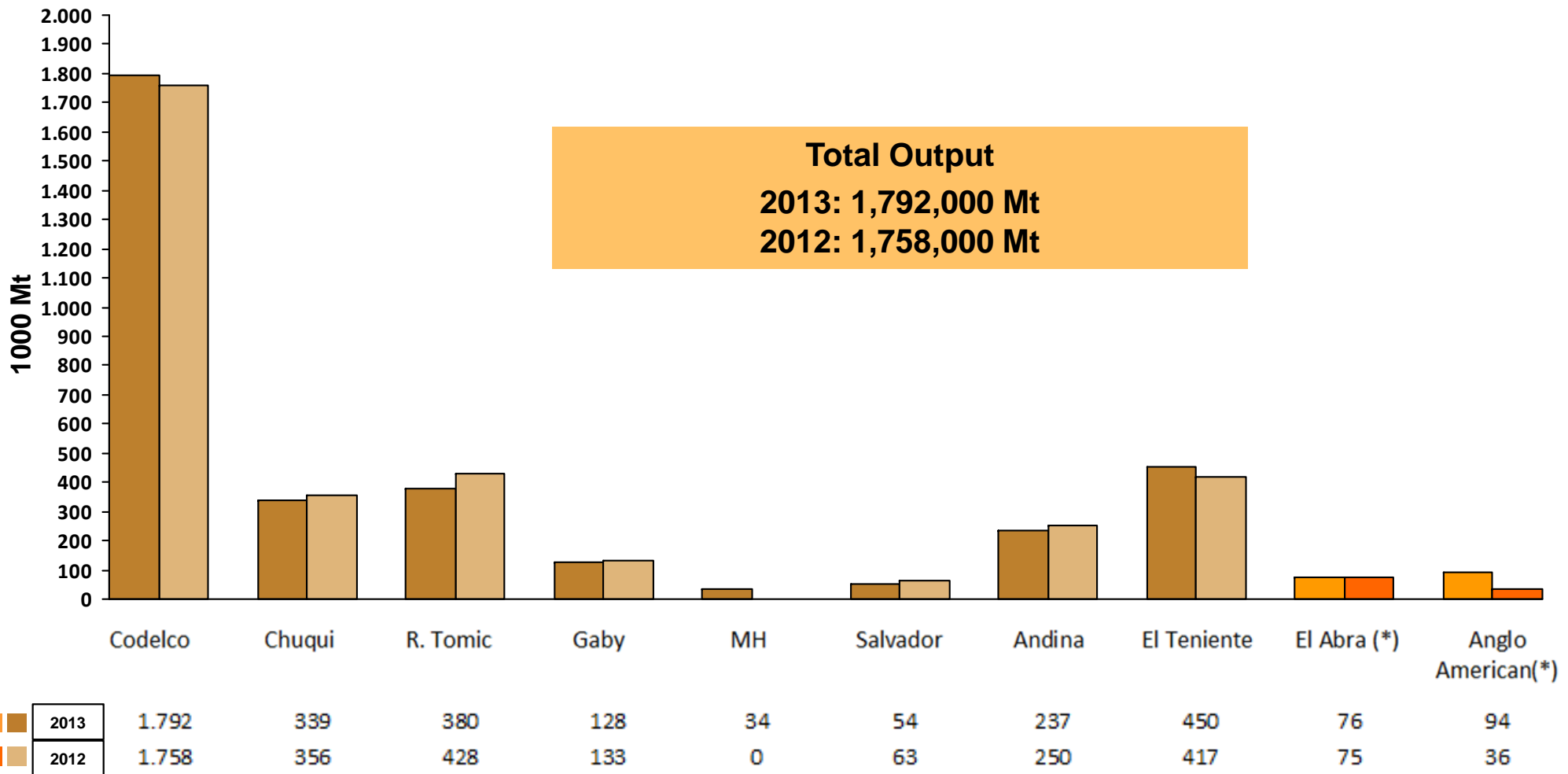
Codelco Financial Results

Copper Output

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Copper Output 2012 - 2013

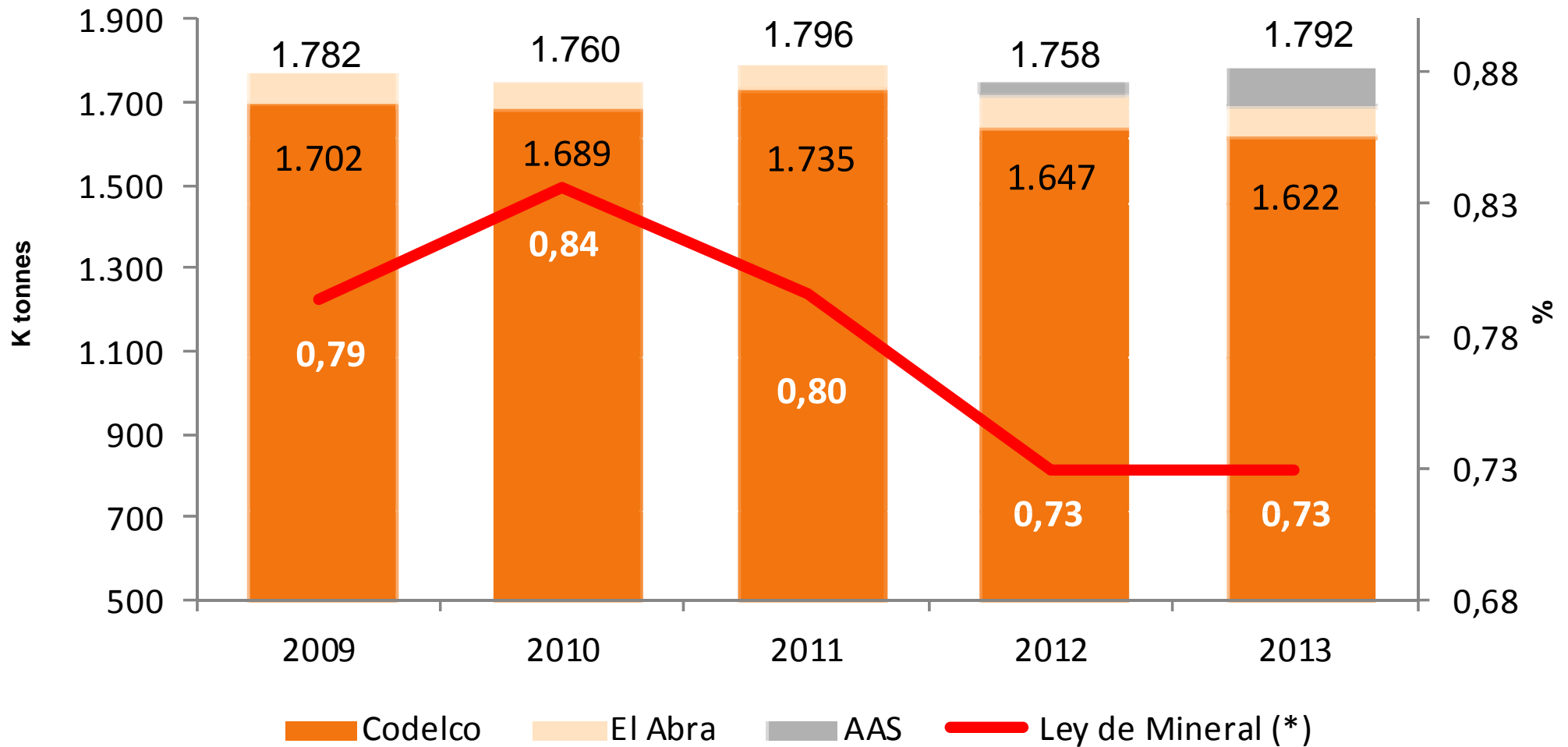


(*) Output reflects Codelco's interest : El Abra 49%, Anglo American 20%



Copper Output (1,000 Mt refined copper)

Last 5 years – 2009-2013 Period



(*) Ore Grade at Codelco Divisions

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Financial Results

Costs

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Costs

Items

Items included

	Total Expenses	Net Cathode Costs C3	Direct Cash Costs C1
Operating Costs (*)	✓	✓	✓
Non-Operating Costs	✓	✓	-
Corporate Office Expenses	✓	✓	-
Financial Expense	✓	✓	-
Depreciation & Amortisation	✓	✓	-
TC/RC Cost	-	✓	✓
By-product Credit	-	✓	✓

(*) Applying IFRSs changes, from 2013 reporting period, Codelco has complied with IFRIC 20 to account for mine developments.



Codelco Unit Costs - 2013 vs 2012

(US c/lb of copper)

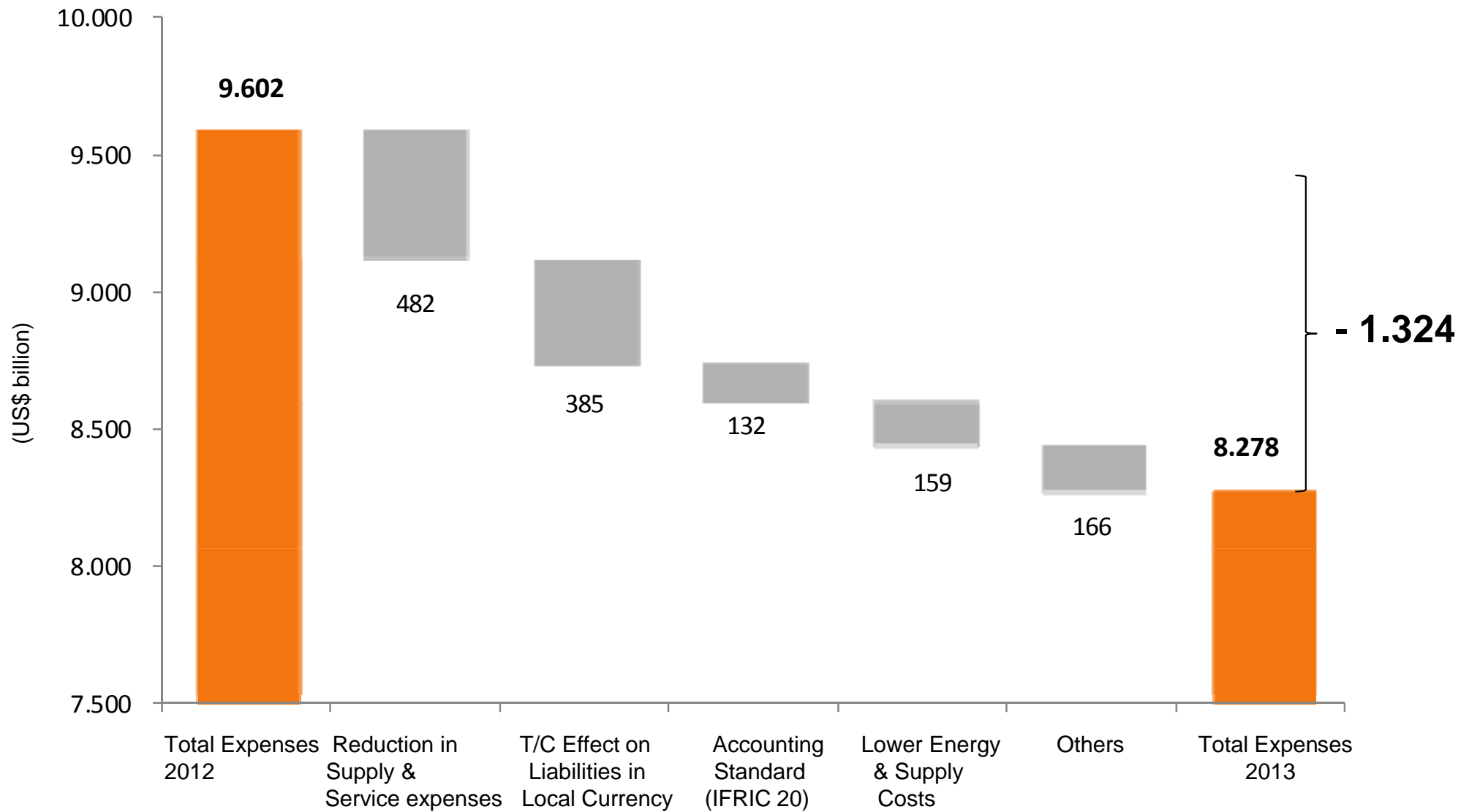
	2013 (c/lb)	2012 (c/lb)	Var (%)	Var Mill. US\$
Total Expenses	231,5	264,5	-12,5%	-1.324
Net Cathode Cost (C3)	217,0	241,7	-10,2%	
Cost (C1)	163,1	163,5	-0,3%	

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Codelco Total Expenses 2013 vs. 2012

(US\$ billions)

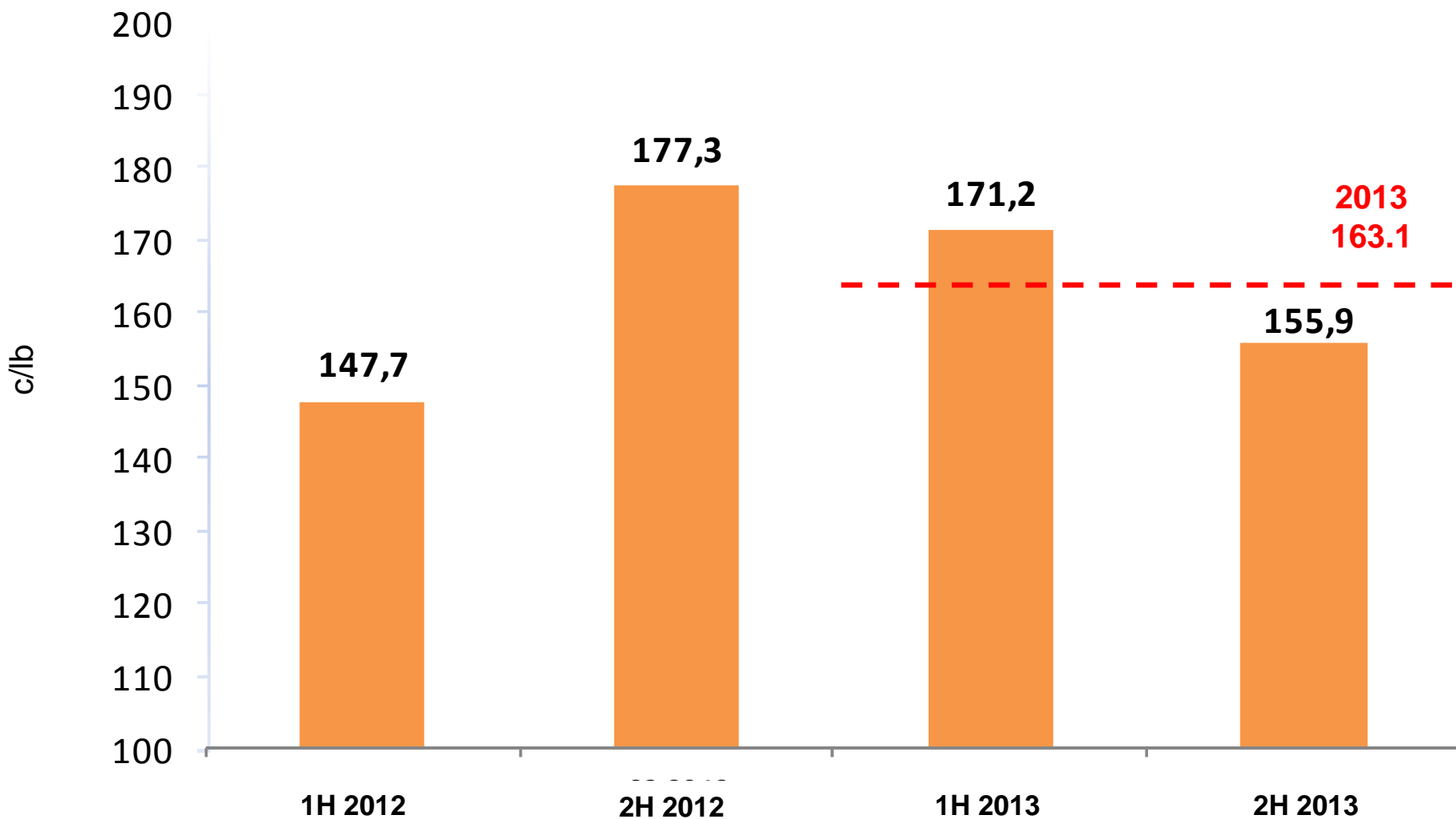


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C1 Cost Chart

(US\$ c/lb of copper)



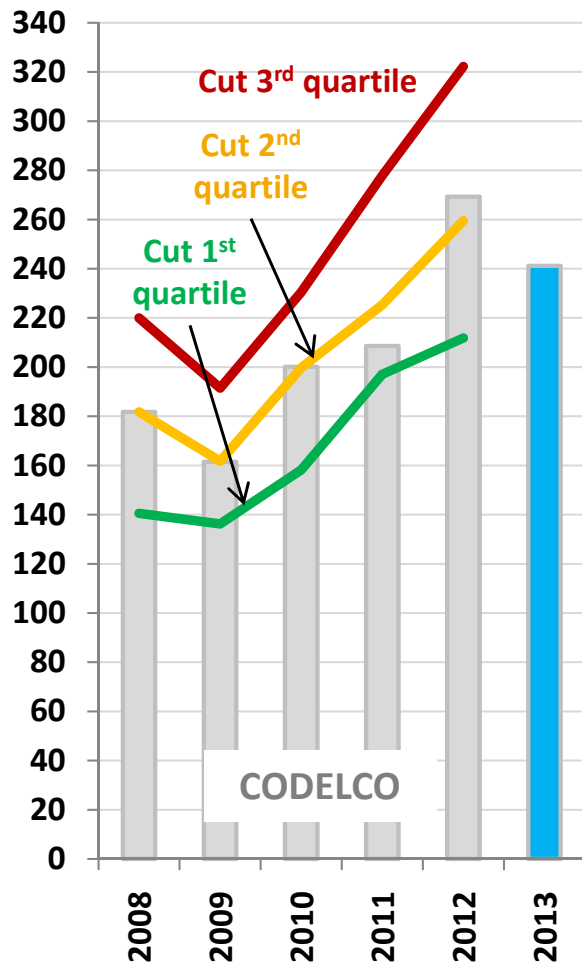
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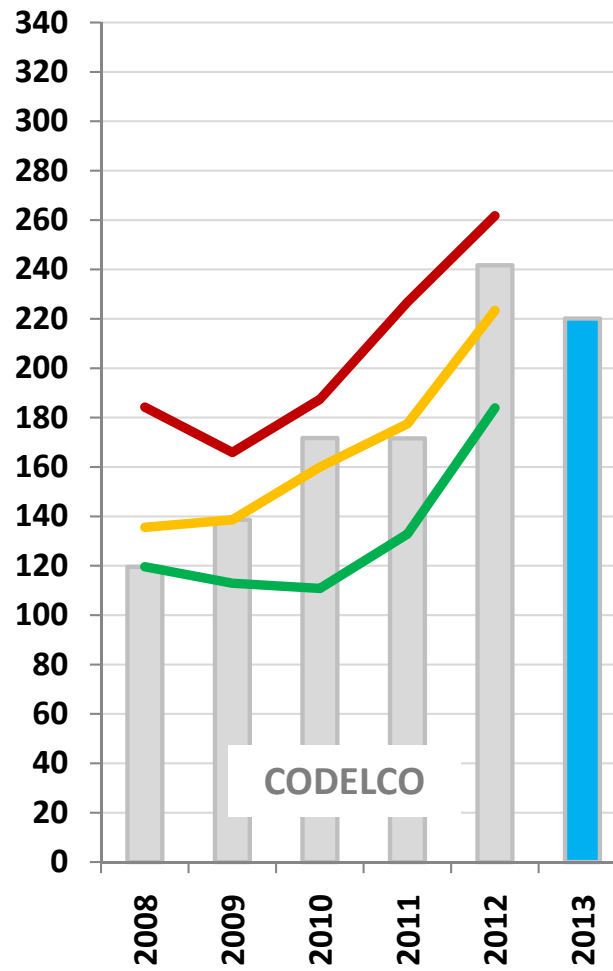
Cost Positioning : Codelco & Industry Quartiles

c/lb, currency each year

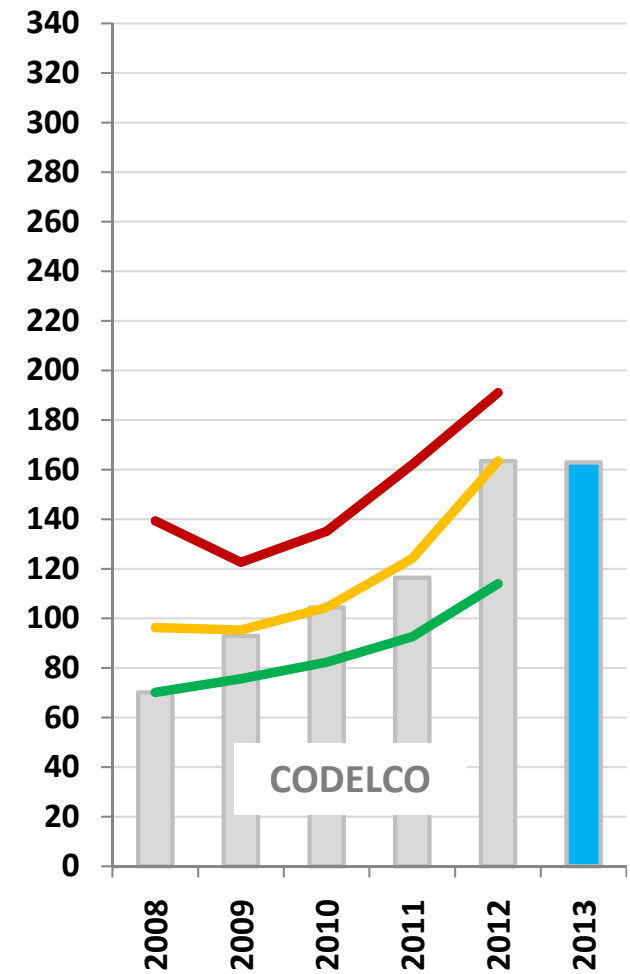
Total Cathode Cost



Net Cathode Cost



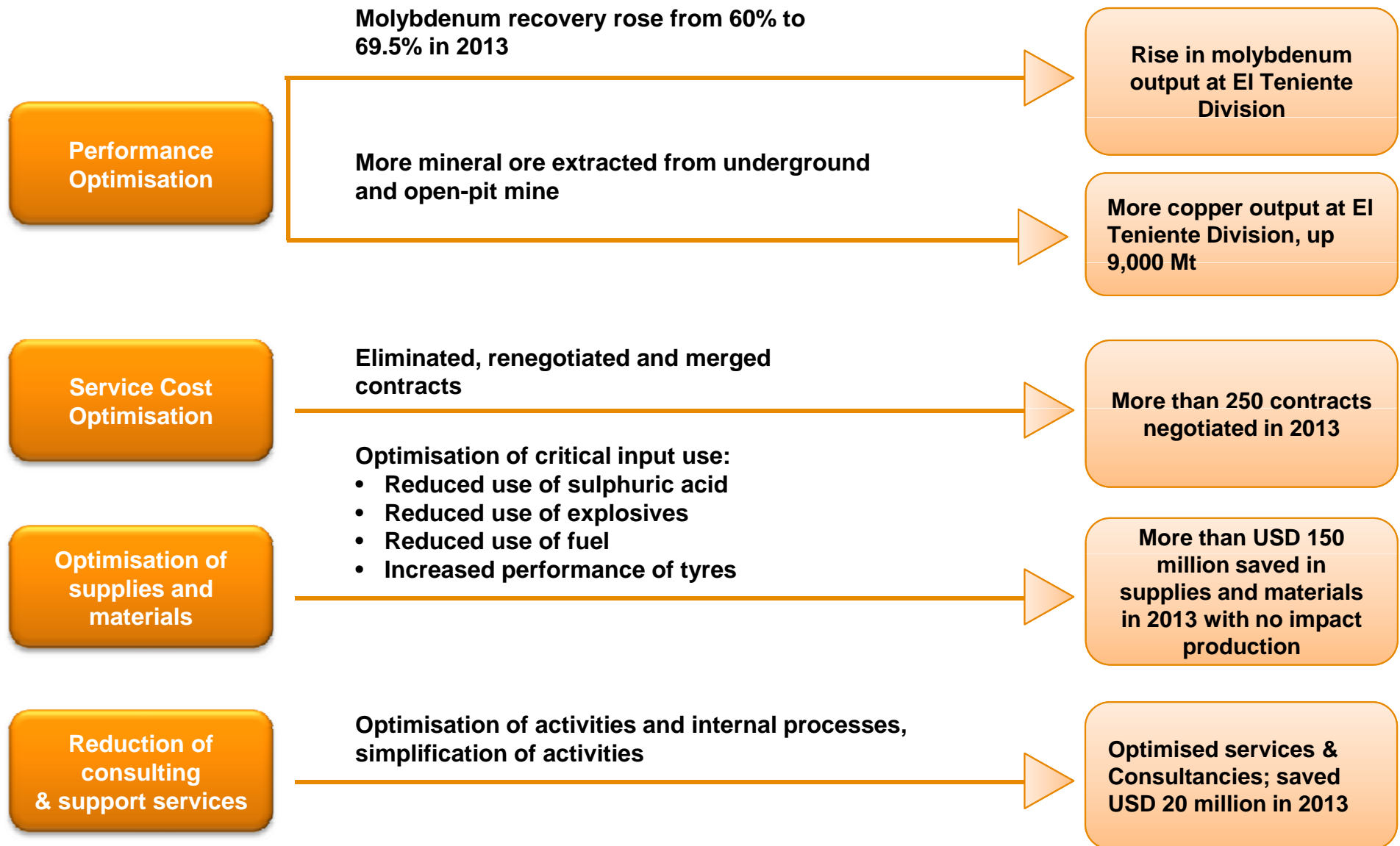
Cash Cost (C1)



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Productivity & Costs 2013 - Examples



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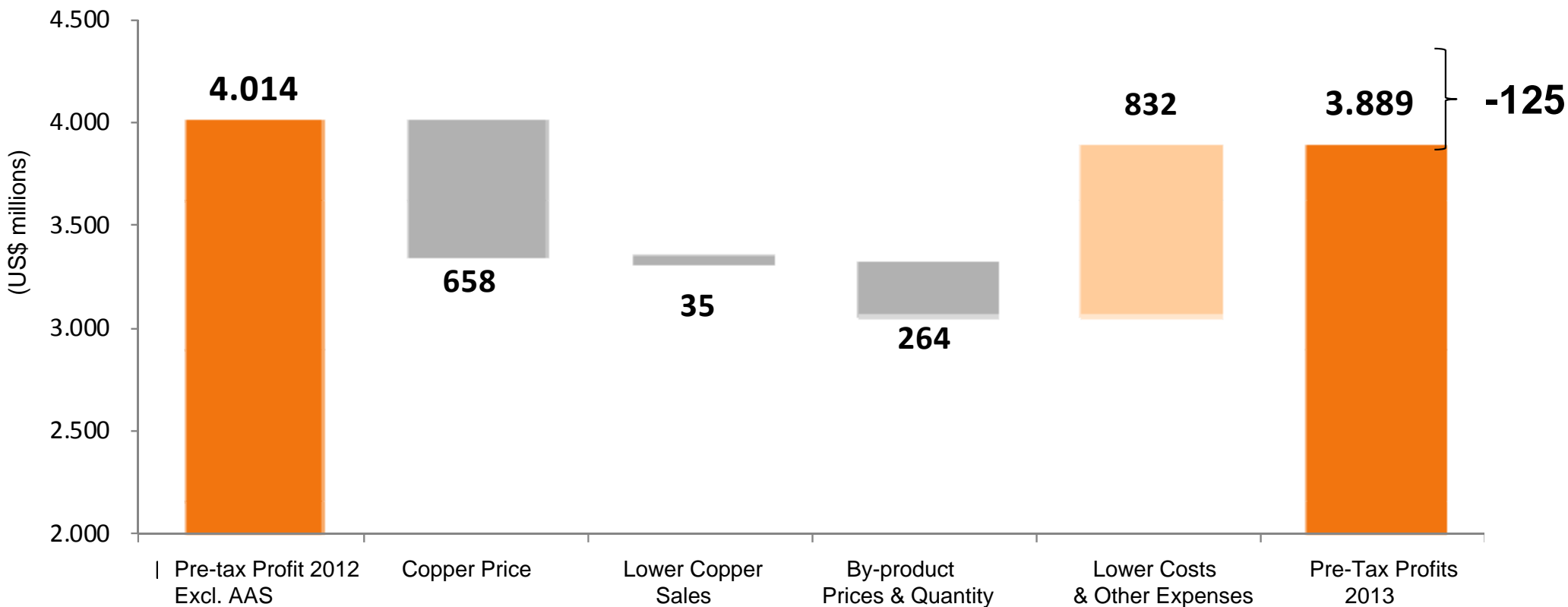
Pre-Tax Profit and Net Profit

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Pre-Tax Profit 2012 vs. 2013, excl. AAS

US\$ millions



US\$ millions	2012	2013	Var
PRETAX PROFIT, excl. AAS	4,014	3,889	-125
COMPARABLE PROFIT, excl. AAS (*)	2,915	3,009	94

(*) Equivalent to Codelco's profit applying the same tax requirements as private-sector companies.

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Income Statement 2012 vs. 2013

(US\$ millions)

	2013	2012	Var
Copper sales revenue	12.021	12.792	-771
Copper sales cost	-8.299	-8.235	-64
Gross profit – copper sales	3.722	4.557	-835
Gross profit – by-product & other product sales	433	696	-263
GROSS PROFIT	4.154	5.253	-1.099
Non-operating income	-265	2.552	-2.817
PRE-TAX PROFIT	3.889	7.805	-3.916
Excluding Anglo American Sur	3.889	4.014	-125
COMPARABLE PROFIT excluding AAS (*)	3.009	2.915	94

(*) Equivalent to Codelco's earnings, applying the same tax requirements as private-sector companies.

(**) 2012 Financial Results are updated applying IFRIC 20 (accounting for mine developments), to compare to 2013 financial results.

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Pre-Tax Profit Distribution 2012 vs. 2013

(US\$ millions)

	2013	2012
Reserve Tax Law No.13.196	1.157	1.270
Income Tax	1.486	2.304
Specific Mining Tax	131	241
Net Profit	1.115	3.990
TOTAL PRE-TAX PROFIT	3.889	7.805
COMPARABLE PROFIT (*)	3.009	5.947

(*) Equivalent to Codelco's earnings applying the same tax requirements as private-sector companies.



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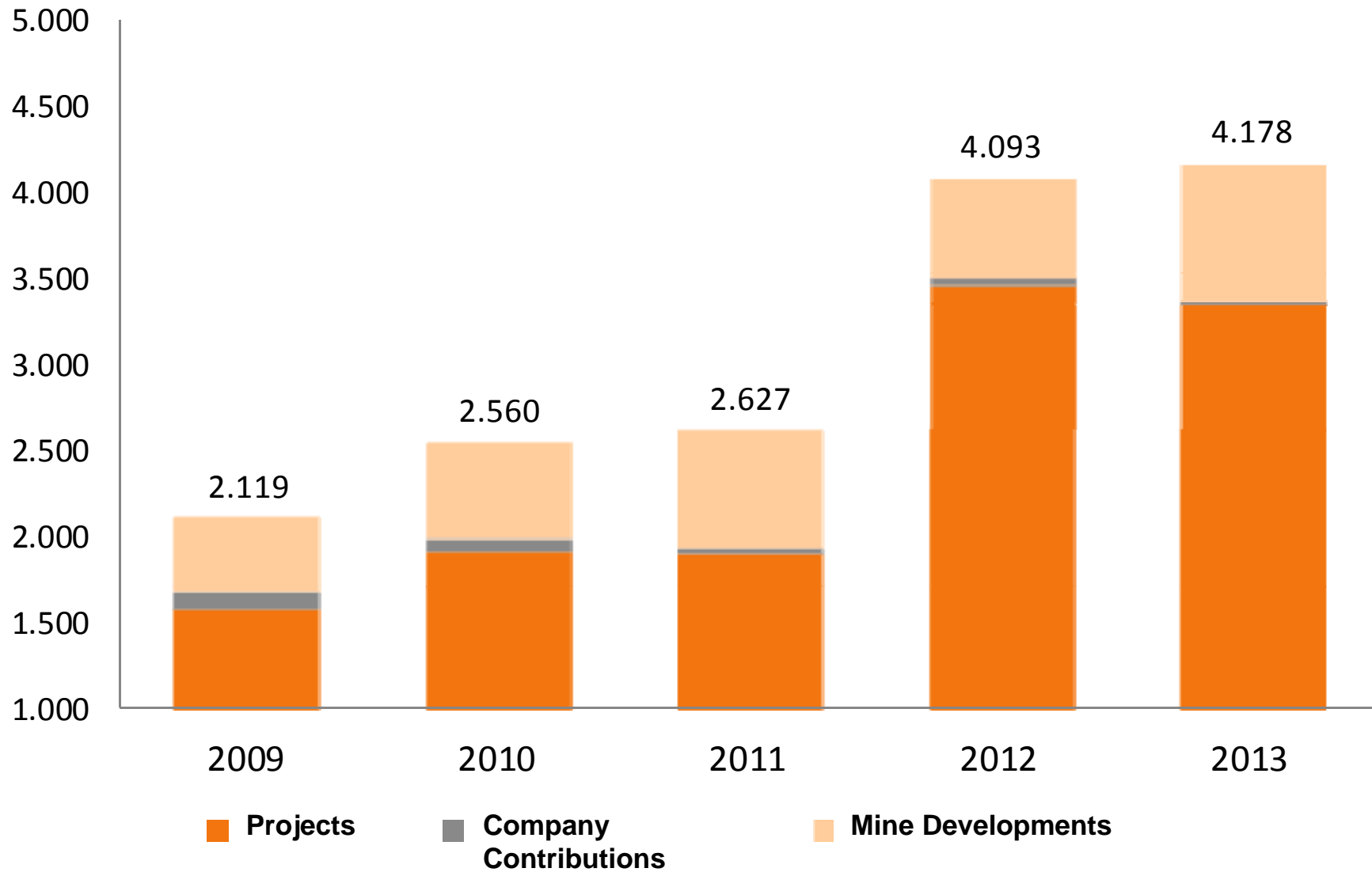
Investments

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Investments 2009-2013

US\$ billions



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