



# Codelco Financial Results

## January-June 2013

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Thomas Keller L.  
Codelco CEO

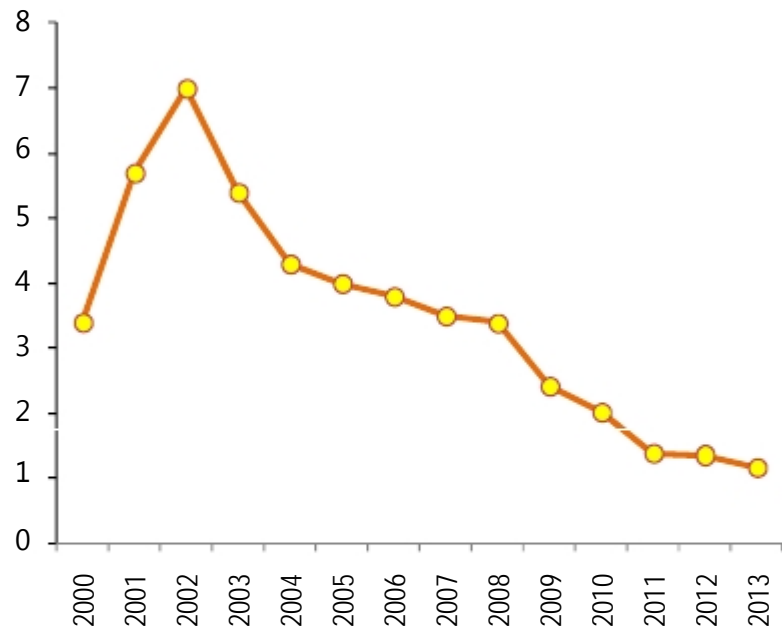
Iván Arriagada H.  
Administration & Finance Vice-President

**Press Conference**  
**30 August 2013**

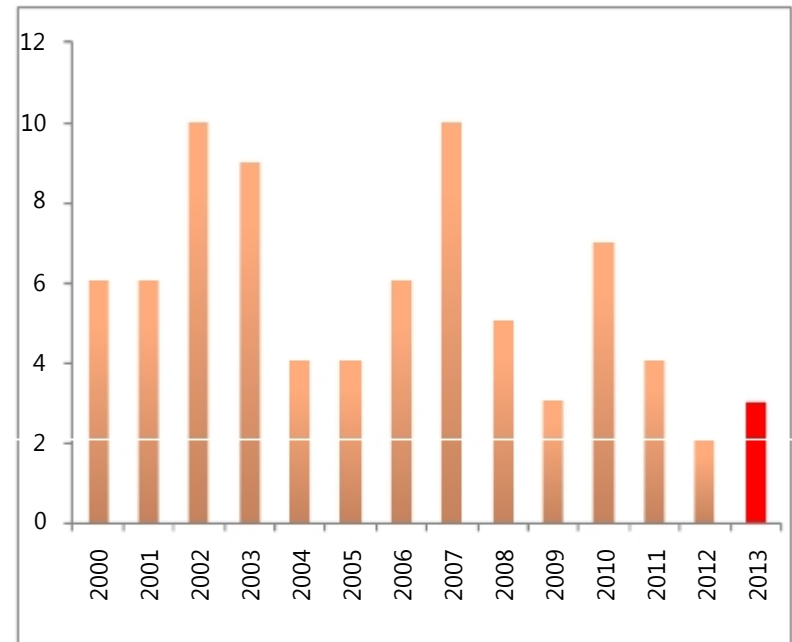


# Accident Rate January-June 2013

**Accident Frequency Rate - Staff & Contractors**  
(Lost Time Incidents / Million hours worked)



**Staff & Contractor Fatalities**  
(Fatal Accidents)



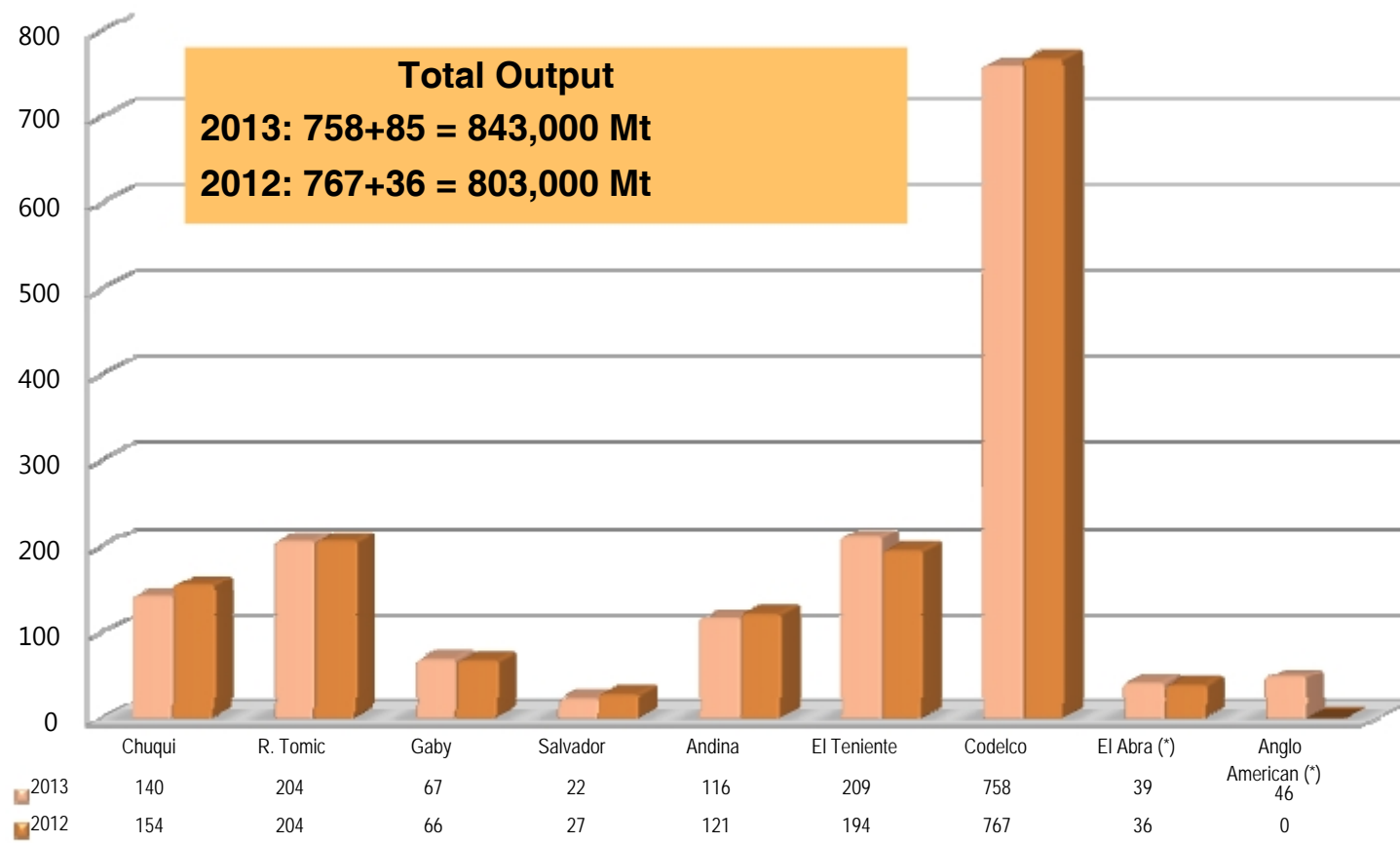
- During the first half of 2013, January – June – we had to regret 3 fatal accidents.
- We continue to make progress in implementing the Occupational Health and Safety Growth Project (PESSO), to once and for all eliminate fatalities and thus be consistent with Codelco's first core value:  
**Respect for Life and Dignity**

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# Copper Production (kMt)

## 1<sup>st</sup> Half Year 2012-2013



(\*) Output reflects Codelco's stake

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## Key Events January-June 2013

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- **New Codelco Division:** On 1st January Minera Gaby subsidiary officially became Gabriela Mistral Division.
- **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
- **Port Strike:** Port workers went on a 20-day strike, of which 15 days were in March, delaying shipments of 60,000 tons of copper.
- **Corporate Governance:** A Shareholders' Meeting was held in April, the Ministers of Finance and Mining were also at the meeting, and together with the Board of Directors, the 2012 financial statements, annual report and balance sheet were reviewed.
  - 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 have been appointed for a 4-year period until May 2017.
  - 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.
- **Investments & Projects:** Progress of structural growth projects as at 30 June:
  - **Ministro Hales:** completing implementation stage, which consists of pre-stripping, building and start-up of mine facilities; physical progress is 95.1 %
  - **New El Teniente Mine Level:** in implementation stage (12.8 % progress), construction of main tunnels, ventilation adits, development of mine interior and roads.
  - **Chuquicamata Underground Mine:** completing construction of early works (52.8 % progress).
  - **Andina Expansion 244:** currently processing its Environmental Impact Study, preparing answers to requirements set by the authorities and community at ICSARA.
  - **RT Sulphide Expansion:** currently processing its Environmental Impact Study, submitted on 31 May to the Environmental Assessment Service of the II Regions of Antofagasta.

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## Key Events January-June 2013

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- **Human Resources:** Codelco has increased number of women hired; in June female staff represented 8.5% of total workforce (1,657 employees).
- **Energy:** In February Luz Minera gas plant started its environmental assessment, project implemented in Mejillones. It will now be available to energy generation companies that take part in the tender process, that Codelco decided to implement to meet the energy requirements of its different projects.
  - In March, Codelco successfully completed its ERNC Credit Tender Process for the period 2013-2017, fully complying with the ERNC legal requirements. The contracts were awarded to Norvind and Arauco.
  - In April, Codelco and GNL Mejillones agreed on a contract to use the Natural Liquefied Gas Regasification Terminal at Mejillones.
- **New uses for copper:** In March, Codelco and Arauco launched a new product that uses the antimicrobial properties of copper: Vesto melamine. Also during this period, the Intensive Care Unit at Roberto del Río Children's Hospital in Santiago, which has 6 rooms and 2 ICU rooms, was equipped with copper touch surfaces to reduce intrahospital infections.
- **Sustainability & CSR:** In May, Codelco published its Sustainable Development Report 2012.
  - Codelco received the Sello Pro Pyme award, given by the Ministry of Economy to companies that have committed to pay its SME suppliers within thirty days. Codelco has more than 9.500 suppliers, 43% are small-sized enterprises.
  - Codelco promoted a new Children's Symphony Orchestra in the city of Diego de Almagro. This initiative is similar to those implemented in Los Andes, Mejillones and Til Til.
  - Original Peoples' Day: In June the Book *Ritualidad Andina Alto* was launched at Toconce and Estación San Pedro. This book compiles photographs of the different traditions of the Andean peoples in the province.

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# Performance January-June

## Output and Price Data

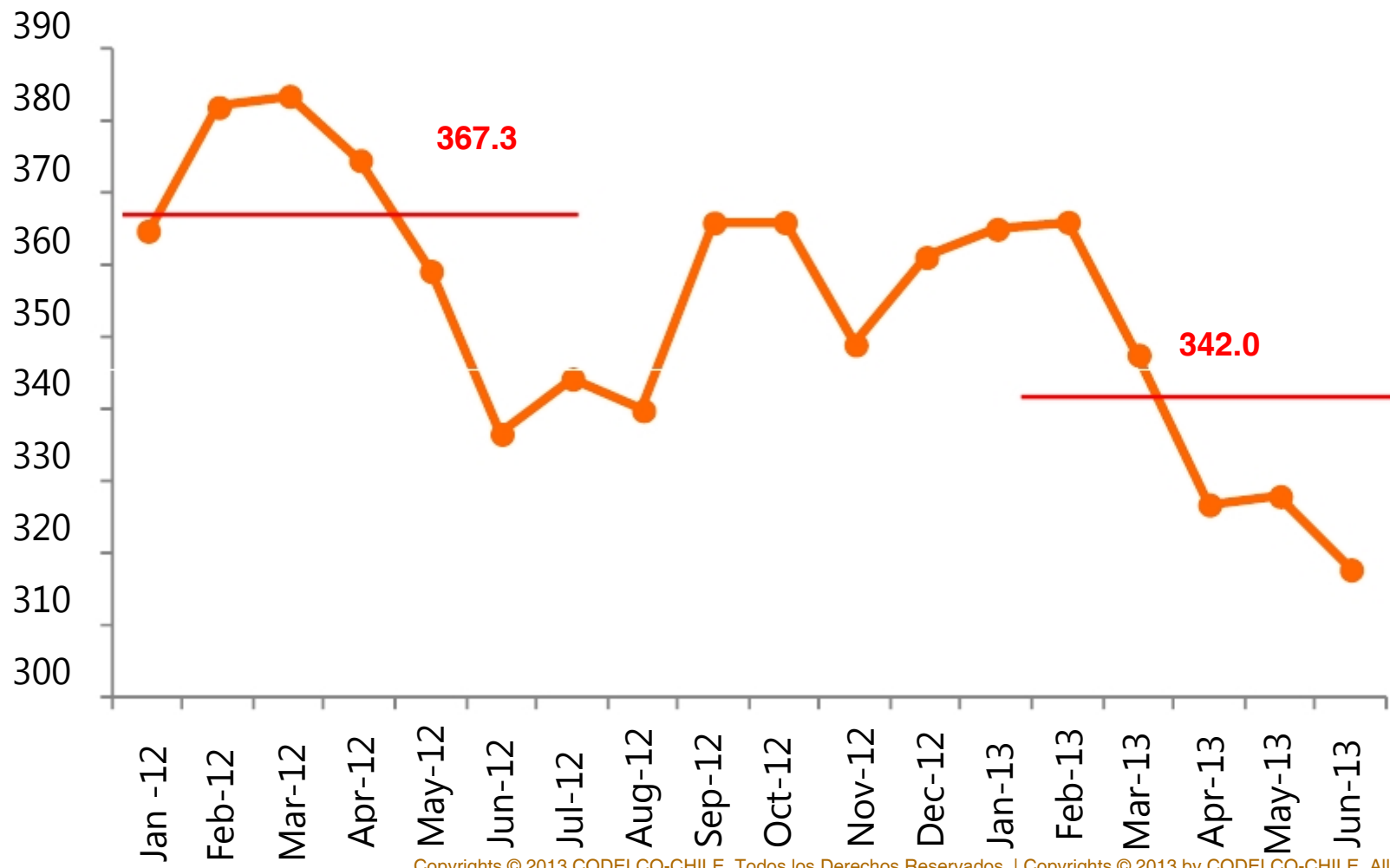
	2013	2012
Own Copper Output including El Abra & Anglo – (1,000 metric tons)	843	803
Own Copper Output (1,000 metric tons)	758	767
Molybdenum Output (1,000 metric tons)	11,3	9,5
Acid Surplus Output (1,000 metric tons)	1,245	1,571
Silver Output(*) - ton	128	150
Gold Output(*) - ton	1.1	1.2
Copper Sales (**) - (1,000 refined metric tons)	837	813
Own Copper	777	732
Third-party copper	60	81
Molybdenum Sales (1,000 metric tons)	11	10
LME copper prices (cl/lb)	342.0	367.3
Metals Week molybdenum prices (US\$/kg)	24.5	31.0
Sulphuric acid prices (US\$/ton)	91	147
Gold prices (US\$/oz)	1,523	1,651
Silver prices (US\$/oz)	26.6	30.8
Exchange Rate	479	493
CPI	109.0	107.6

(\*) Gold and silver contained in anode slimes, concentrates, anodes and blister  
 (\*\*) Includes third-party mineral ore

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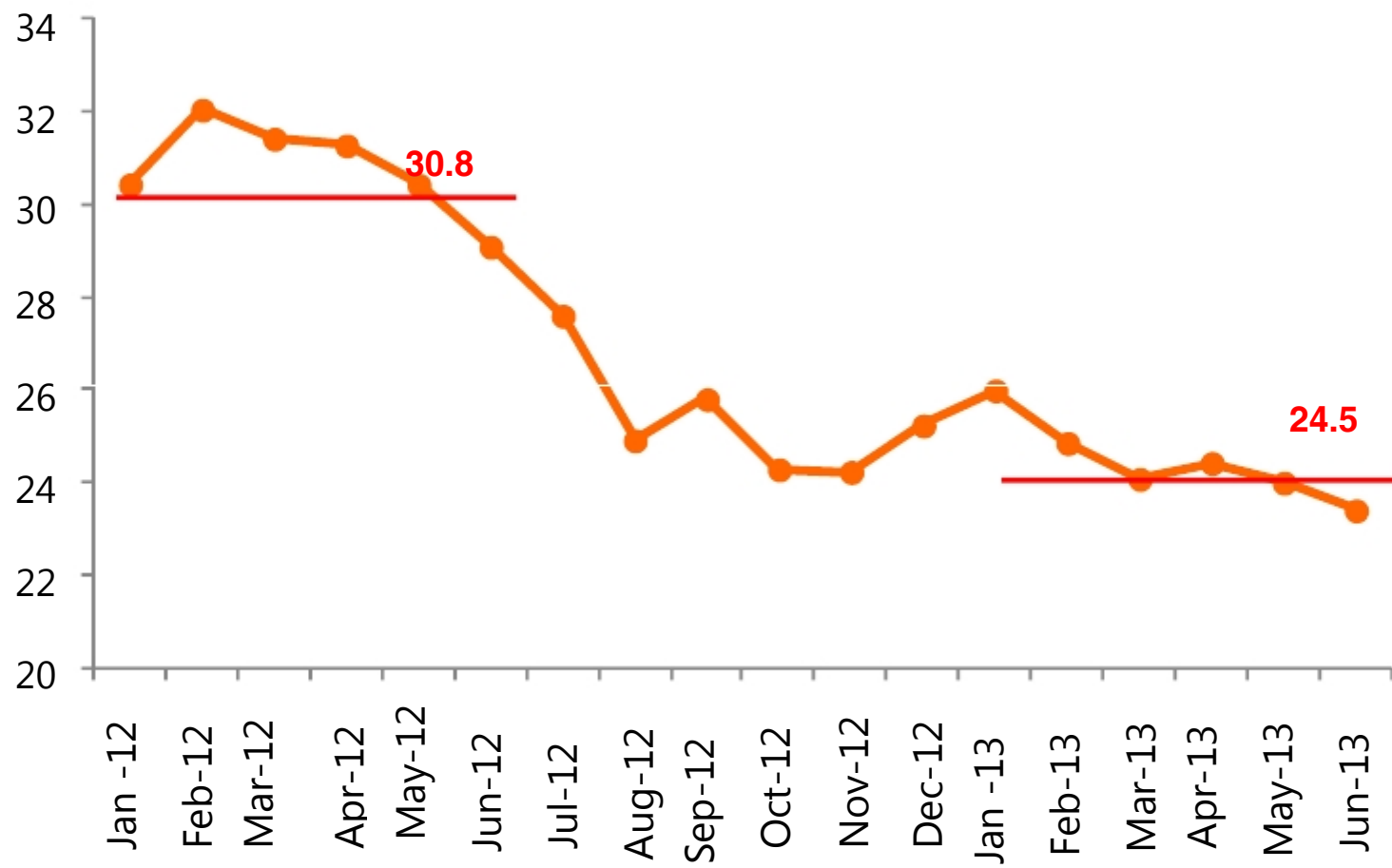
# Copper Price Chart (c/lb) 2012-2013



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# Molybdenum Price Chart (US\$/Kg) 2012-2013



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# Copper Output

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## Production (Ktmf) By Division 1<sup>st</sup> half year 2013

	2013	2012	Var	%
<b>Total Copper Output</b>	<b>843</b>	<b>803</b>	<b>39</b>	<b>4.9%</b>
Chuquicamata	140	154	-14.19	-9%
Radomiro Tomic	204	204	-0.41	0%
Gaby	67	66	1.16	2%
Salvador	22	27	-4.40	-17%
Andina	116	121	-5.54	-5%
Teniente	209	194	14.71	8%
<b>Own Copper Output</b>	<b>758</b>	<b>767</b>	<b>-9</b>	<b>-1.1%</b>
El Abra (*)	39	36	2	6%
Anglo American (*)	46	-	46	
<b>Attributable Copper Output</b>	<b>84</b>	<b>36</b>	<b>48</b>	<b>132,3%</b>

(\*) Proportion of output related to Codelco's stake

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## Costs

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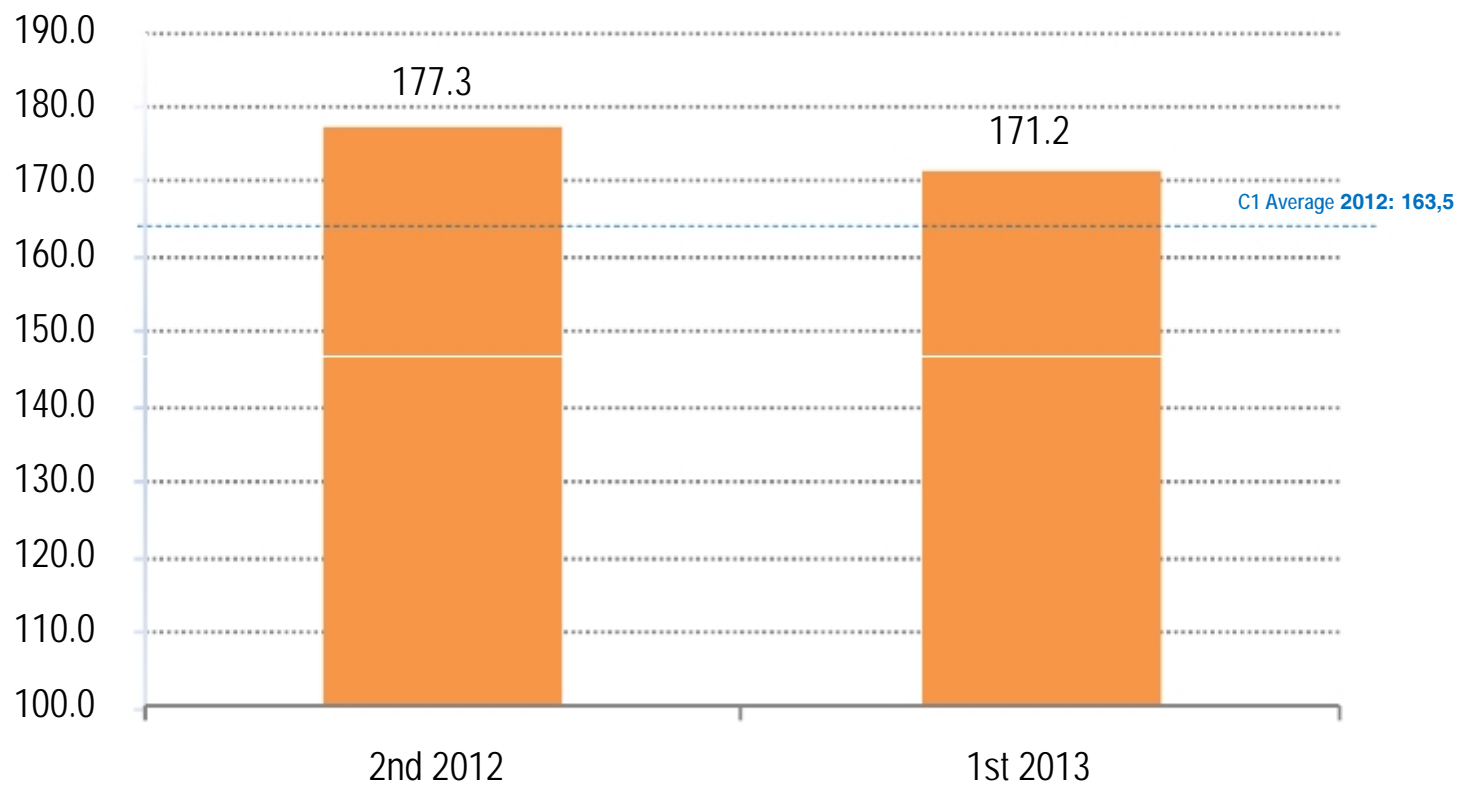
## Direct Costs January-June 2013 vs. average 2012 (US c/lb of copper)

	2013	2012	Var (%)
<b>Total costs &amp; expenses</b>	<b>236.3</b>	<b>264.5</b>	<b>-11%</b>
TC/RC costs	6.3	4.8	
By-product credit	-22.7	-27.7	
<b>Net Cathode Cost (C3)</b>	<b>219.9</b>	<b>241.7</b>	<b>-9%</b>
Depreciation % amortization	-45.6	-41.5	
Financial Expenses	-8.8	-9.1	
Total non-operating expenses	9.6	-23.0	
Corporate Office expenses	-3.9	-4.5	
<b>Cost C1</b>	<b>171.2</b>	<b>163.5</b>	<b>5%</b>

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# C1 Cost –Half Year Graph (c/lb)



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# Total C1 Cost Variance Analysis

(US c/lb of copper)

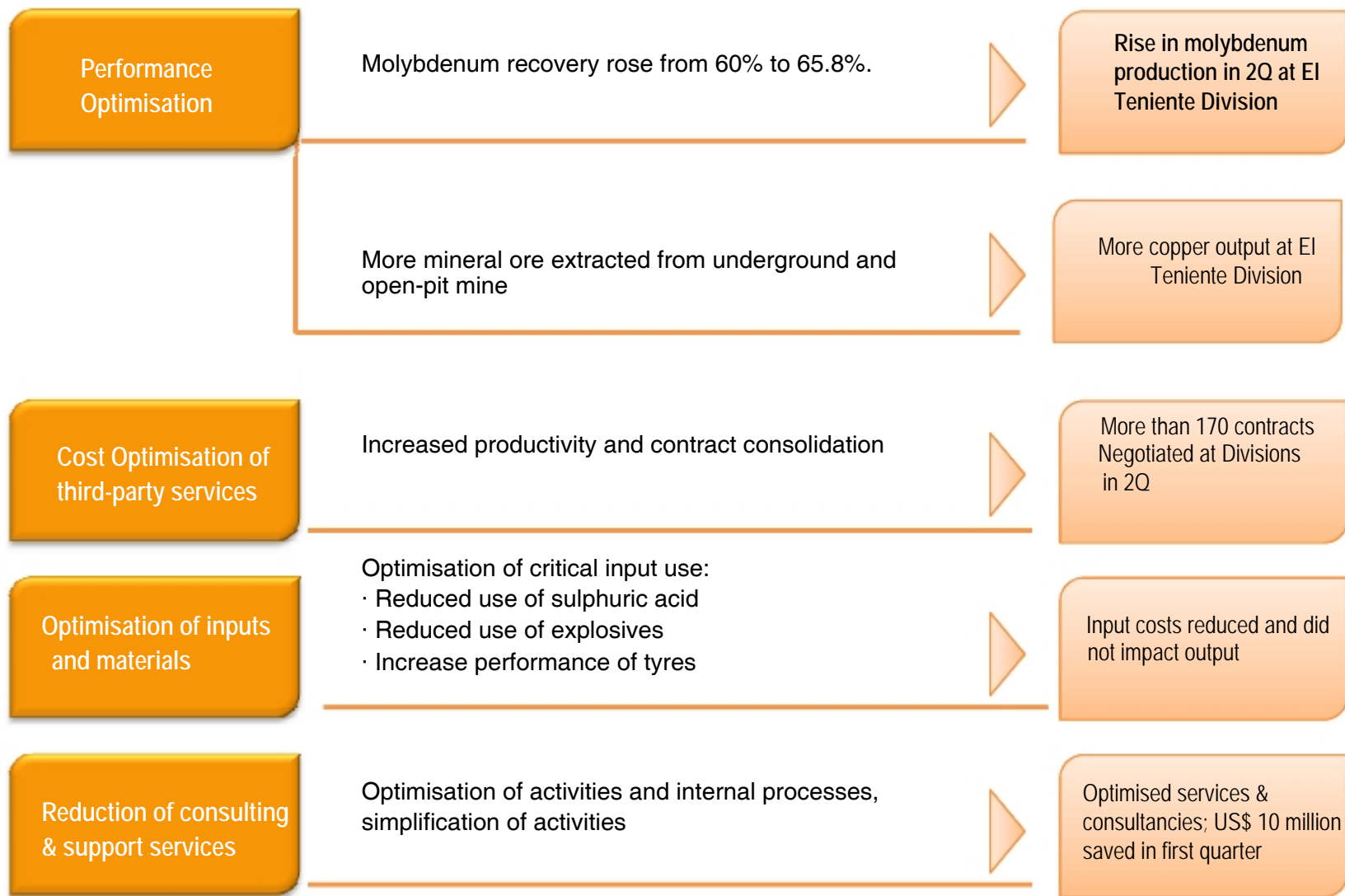
C1 cost 2012	163.5
Effect of CPI, Exchange Rate & US PPI	3.6
Lower by-product credit	6.5
Lower electricity prices	-1.0
Lower services & input prices	-1.8
<b>Subtotal</b>	<b>7.3</b>
Lower third-party services	-1.8
Lower input costs	-0.8
Copper mine variables	1.5
Processing & other costs	1.4
Salaries, benefits, & others	0.1
<b>Subtotal</b>	<b>0.4</b>
<b>C1 Cost January - June 2013</b>	<b>171.2</b>
<b>Difference</b>	<b>7.7</b>

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# Productivity and Cost Improvements

## Examples 1<sup>st</sup> Half Year 2013



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# Codelco Financial Results

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## Pre-tax Profits and Earnings





# Income Statement

## 1st Half Year 2013 (US\$ millions)

	2013	2012
Copper sales revenue	5.846	6.070
Copper sales cost	-4.176	-3.575
<b>Gross profit – copper sales</b>	<b>1.670</b>	<b>2.495</b>
<b>Gross profit – by-product &amp; other product sales</b>	<b>206</b>	<b>354</b>
<b>GROSS PROFIT</b>	<b>1.876</b>	<b>2.849</b>
Non-operating income	-70	-333
<b>PRE-TAX PROFIT</b>	<b>1.806</b>	<b>2.516</b>
<b>COMPARABLE PROFIT (*)</b>	<b>1.398</b>	<b>1.972</b>

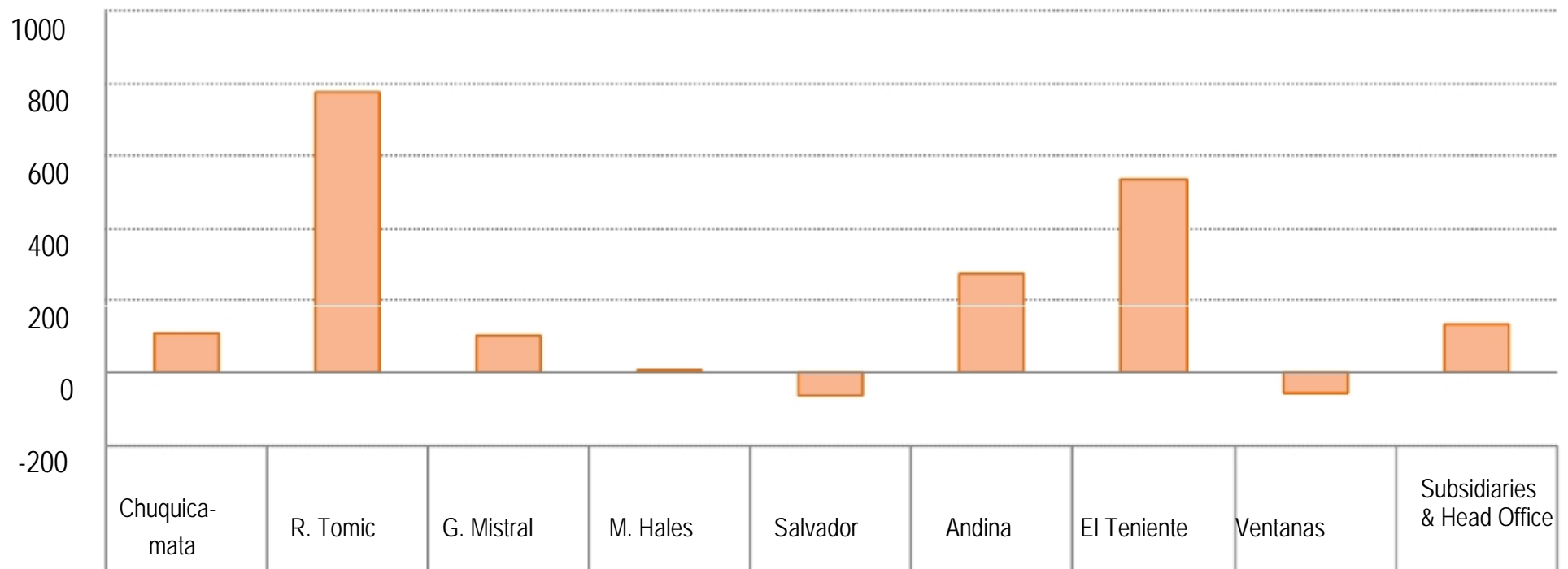
(\*)Equivalent to Codelco's profit applying the same tax requirements as private-sector companies

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# Pre-tax Profit by Division

1<sup>st</sup> Half Year 2013 (US\$ millions)



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# Pre-Tax Profit Distribution

1<sup>st</sup> Half Year 2013 (US\$ millions)

	2013	2012
Reserve Tax Law No.13.196	590	615
Income Tax	637	1.016
Specific Mining Tax	66	128
Profit	513	757
<b>TOTAL PRE-TAX PROFIT</b>	<b>1.806</b>	<b>2.516</b>
<b>COMPARABLE PROFIT(*)</b>	<b>1.398</b>	<b>1.972</b>

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

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