

CodeIco Results January–September 2012

Thomas Keller
CodeIco President & CEO

Press Conference
22 November 2012



Highlights January-September 2012

- **Safety:** The total accident frequency rate was 1.43, a 1% drop over the same period in 2011; accident severity rate (TGG) dropped 53%. Codelco had to regret the death of Manuel Antonio Lara Ramírez, age 39, contract worker for Sacyr Aguasanta S.A., company that provided services to El Teniente Division.
- **CEO & Senior Administration:** After its was ratified by the Board, on 1 June, Thomas Keller L assumed the position of Chief Executive Officer; he had previously served as Vice President of Administration and Finance.

In April and May changes were implemented in the company's senior management, such as the appointment of Julio Aranis as Vice President of North Operations. New general managers were also appointed to Chuquicamata Division (Juan Carlos Avendaño), Radomiro Tomic Division (Francisco Carvajal), Salvador Division (Armando Olavarría) and Andina Division (Ricardo Palma).
- **Corporate Governance:** President Sebastián Piñera appointed Raimundo Espinoza as Director, who will represent Codelco employees until 2016. He also appointed the supervisor representative as the former representative, Ignacio Torres C., had resigned. In September, President Piñera appointed Augusto González as supervisor representative on the Board..
- **Agreement with Anglo American:** On 23 August both companies reached an agreement, resolving the judicial dispute regarding the option to buy 49% of Anglo American Sur (AAS). The agreement establishes that Anglo American continues to control 50.1% of AAS; while a joint venture between Codelco and Mitsui, controlled by Codelco, acquired 29.5% of AAS.
- **Funding:** In April the Codelco Shareholders' Meeting was held where the ministers of Mining and Economy reaffirmed the decision to maintain the level of investment for Codelco's debt. At the end of June, the Government authorized a US\$800 million capitalisation of profits.

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Highlights January-September 2012

In July, the Company successfully issued US\$ 2 billion in 10 and 30-year bonds, and obtained very good conditions for a Latin American issuer.

- **Investments & Projects:** Codelco plans to invest close to US\$ 4 billion in 2012, of which US\$ 2.273 billion will go to the investment portfolio of Project Vice Presidency.

Structural projects as at 30 September:

- **Ministro Hales:** is in the implementation phase that consists of pre-stripping the mine and building its plants, with 67.2% progress (as at 30 September).
 - **El Teniente New Mine Level:** completed early works (Emergency Exit Ramp and Confluence platforms) and is starting the first stage of the Investment Executive.
 - **Chuquicamata Underground Mine:** continues the feasibility study (93.7% progress) and commenced early works.
 - **Other Structural Projects - Andina 244 & RT Sulphide Expansion** continue developing Feasibility studies (basic engineering).
- **New uses for copper :** Codelco contributed 600 million pesos to put copper touch surfaces in the Intensive Care Unit at Roberto del Río Children's Hospital in Santiago, the oldest paediatric centre in Chile. The is the first public health centre to incorporate antimicrobial copper at its facilities. In May, it was announced that a \$ 300 million investment would be made to apply copper surfaces to 80 units– beds at the Hospital de Asistencia Pública (formerly Posta Central).

Use of copper in aquaculture. During the period the first harvest of Atlantic salmon post virus ISA cultivated in submersible cages was carried out and the research results were reported by ADL Diagnostic that certified that the copper alloy cages eliminated 99.9% of virus and bacteria, including ISA.



Highlights January-September 2012

- **Copper Man of the Year 2011:** In May, Jürgen Leibbrandt, Business Planning and Market Development Manager, received the Copper Man 2011 award given by the New York Copper Club for his outstanding work in promoting the use of copper..
- **Energy:** Calama Solar 3, a photovoltaic plant, was open in June. It was built and is operated by Solarpack in Calama. It is the first industrial solar plant in Chile using 1MW installed power, that will inject clean energy to the industrial zones of Chuquicamata and it will also help to reduce CO2 emissions.
- **Human Resources & Contractors:** Codelco launched the technical course Mining Extraction Professional Technician at two secondary schools in Rancagua, where it will prepare 75 students per year. This initiative aims to educate a work force specialised in mining and give development opportunities to young people in the VI Region of O'Higgins..

For the fifth consecutive year, Codelco granted 2,000 scholarships in higher education to the children of contractors and subcontractors.

- **Labour Relations:** During this period, collective bargaining negotiations were successfully held with Trade union Union Rol B at Ventanas Division and Rol A at Andina Division..
- **Sustainability:** In May the company presented its sustainability report; it reported that in 2012 investments totalled US\$ 245 million in this area.

Ventanas Division reported that in April it made a US\$ 31 million investment to improve environmental production processes that aim to reduce emissions. In July, it reported a US\$ 300 million investment to reduce emissions and implement improvements in order to meet the new smelting unit standards, currently being developed.

- **Social Responsibility:** Codelco has continued to promote the Calama Plus project, as a private-public alliance where the community plays an important role. During the next few days it will present the project portfolio for the next 5 years. In August this initiative obtained the "Más por Chile" seal (More for Chile) that is awarded by the Ministry of Social Development.
- **Technology:** More than 600 people attended the VI Technological Rapprochement Conference held in Calama, which aimed to bring the technological and mining industry together to facilitate and promote the incorporation of technologies and innovation in mining.

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Total Accident Frequency Rate

January-September (Employees + Contractors)

	2012	2011
Chuquicamata	1,03	1,57
Radomiro Tomic	0,38	1,44
Ministro Hales	1,08	1,16
Salvador	1,01	1,06
Andina	0,87	0,71
Ventanas	3,05	3,26
El Teniente	2,69	1,44
Project Vice-Presidency	1,18	1,39
Codelco	1,43	1,44
Gabriela Mistral	1,16	3,00

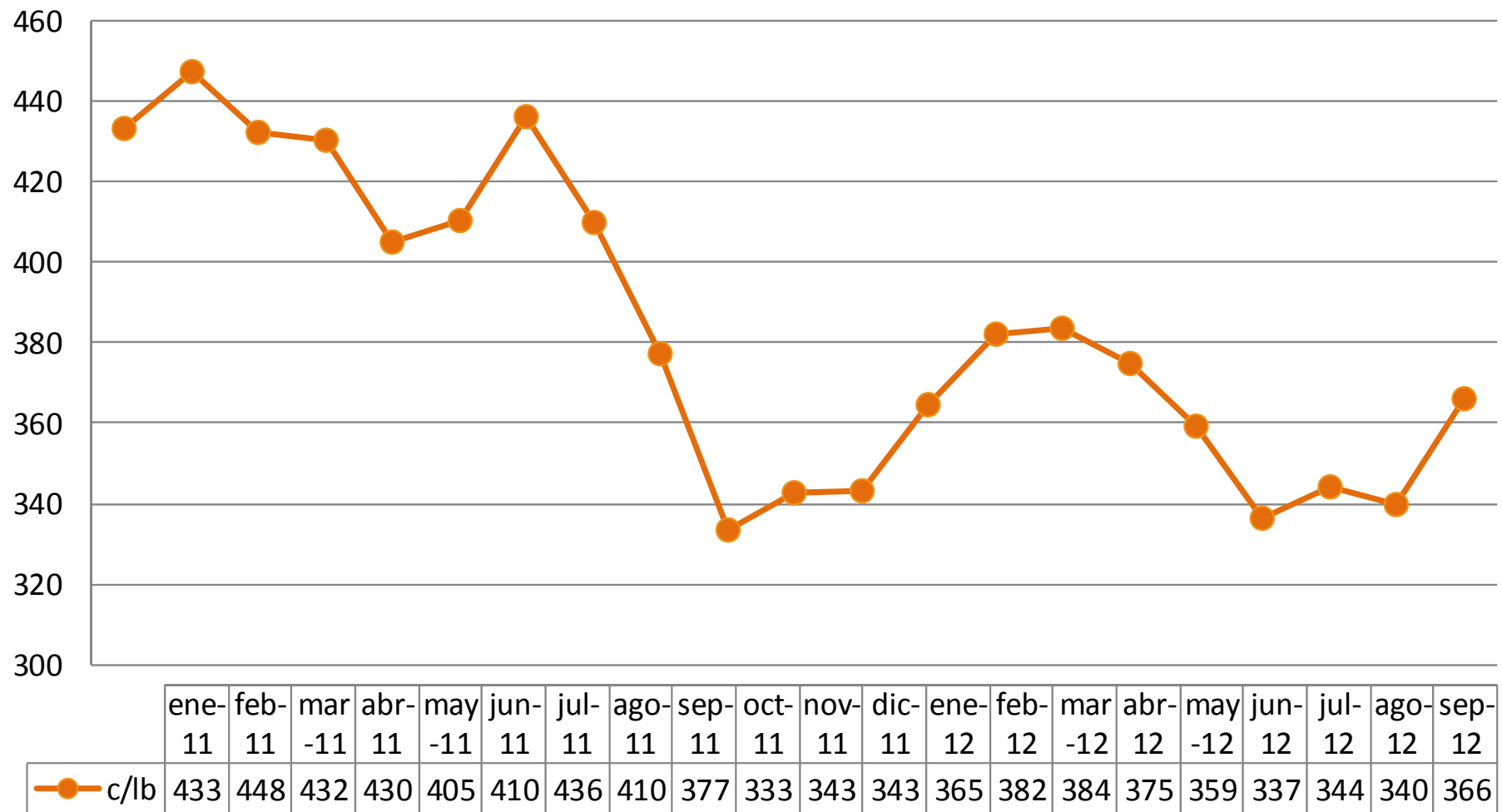
Frequency Rate : lost time accidents per 1 million hours worked

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Copper Price Trends

(US\$/lb copper)

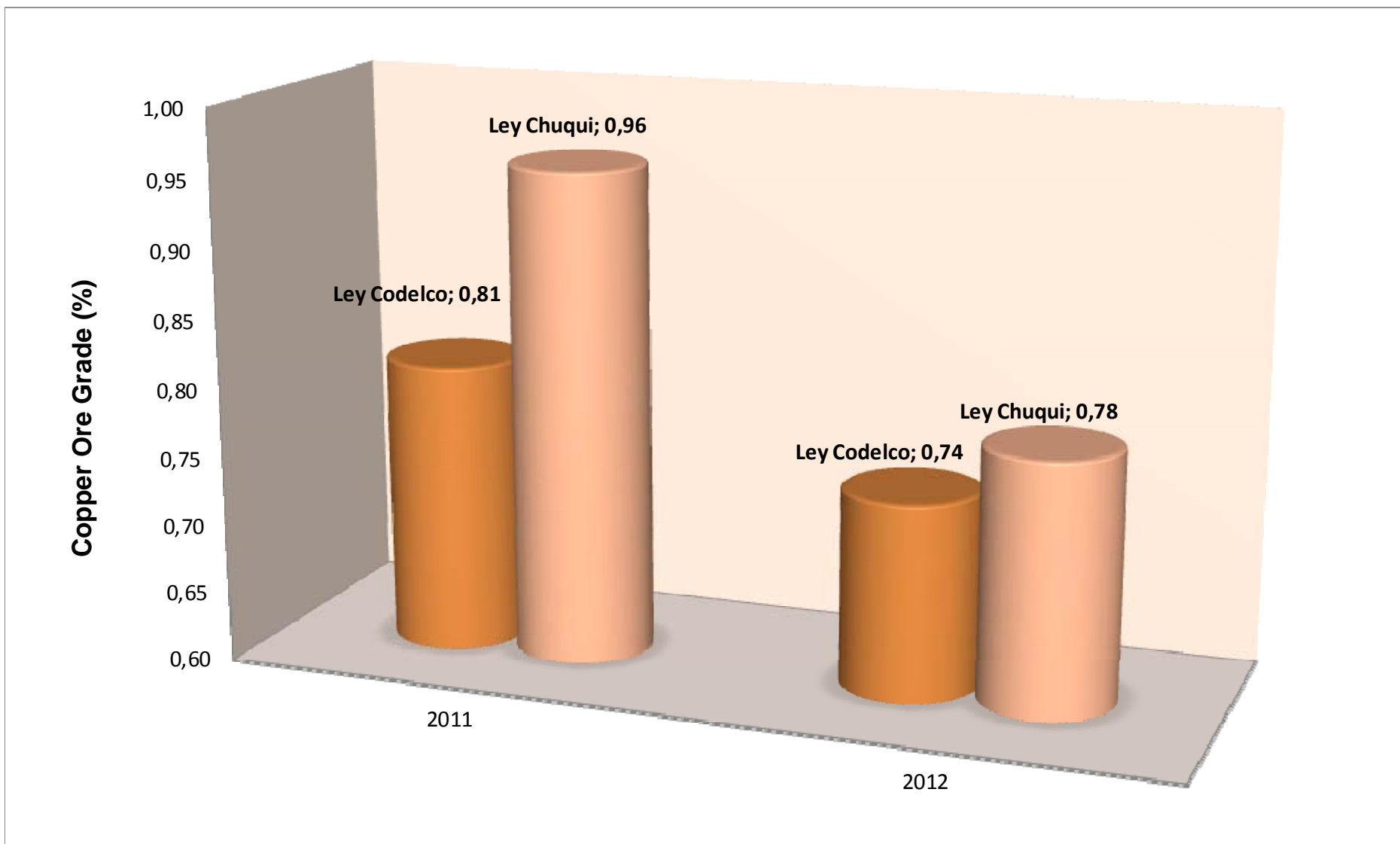


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Ore Grade Trends

January – September (%)

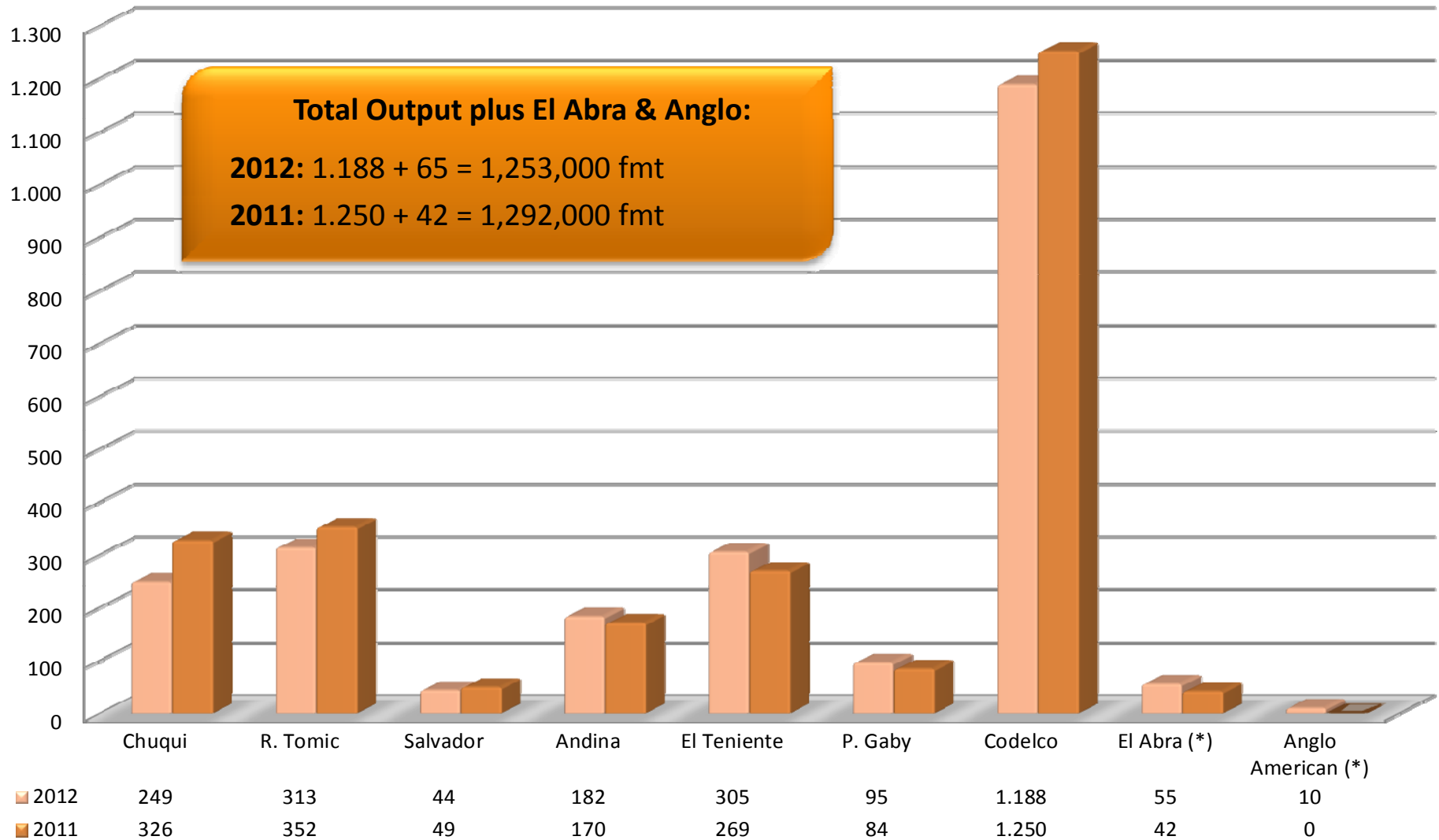


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Copper Output

January-September, Own & Subsidiary Copper (1,000 Fine Metric Tons)



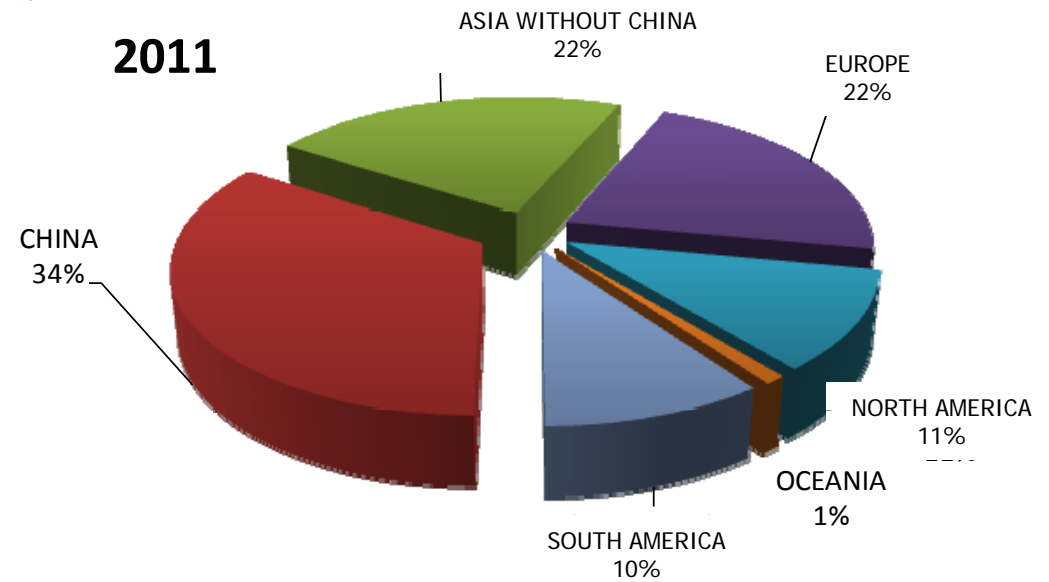
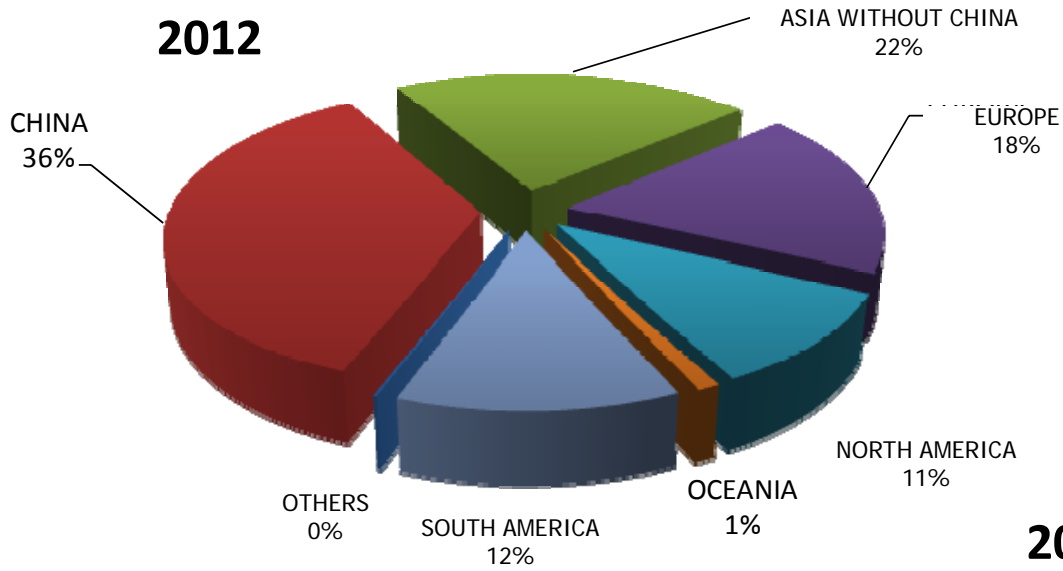
(*) Output includes Codelco's stake in El Abra & Anglo

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Sales Destination

January-September



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Performance – January-September

Output & Price Information

	2012	2011
Own Copper Production (1,000 metric tons)	1.188	1.250
Own Copper Production incl. El Abra & Anglo (1,000 metric tons)	1.253	1.292
Molybdenum Production (1,000 metric tons)	15	17
Acid Surplus Production (1,000 tons)	1.508	1.354
Silver Production (*) (ton)	216	279
Gold Production (*) (ton)	2	2
Copper Sales (**) (1,000 metric tonnes)	1.252	1.319
Own copper	1.145	1.171
Third-party copper	107	148
Molybdenum Sales – (1,000 metric tonnes)	15	16
LME copper prices (cl/lb)	361,2	419,8
Metals Week molybdenum prices (US\$/kg)	29,3	35,7
Sulphuric acid prices (US\$/ton)	147	124
Gold prices (US\$/oz)	1.652	1.531
Silver prices (US\$/oz)	30,7	36,2
Exchange rate	489	474
CPI	107,7	104,2

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

(**) Includes third-party minerals

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Income Statement

January – September (US\$ millions)

	2012	2011
Copper sales revenue	9.252	10.445
Copper sales cost	-5.851	-5.728
Gross profit – copper sales	3.401	4.717
Gross profit – by-product & other products sales	559	737
GROSS PROFIT	3.961	5.453
Other income & expenses	-993	-832
Income from Anglo American Sur / E-CL – Inca de Oro	3.517	447
Associated Company income	293	254
PRE-TAX PROFIT	6.777	5.323
COMPARABLE PROFIT	5.166	3.936

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

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Pre-Tax Profit Distribution

January – September (US\$ millions)

	2012	2011
Reserve Tax Law No. 13,196	912	1.127
Income Tax	2.034	2.311
Specific Mining Tax	180	275
Profit	3.651	1.610
TOTAL PRE-TAX PROFIT	6.777	5.323
COMPARABLE PROFIT (*)	5.166	3.936

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

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Costs

Items

Items Included

	Total costs & expenses	Net Cathode Costs C3	Direct Cash Cost C1
Operating cost	✓	✓	✓
Non-operating cost	✓	✓	-
Head office	✓	✓	-
Financial expenses	✓	✓	-
Depreciation & amortization	✓	✓	-
Treatment & Refining Costs /TC-RC	-	✓	✓
By-product credit	-	✓	✓



Direct Costs

January – September 2012 v/s 2011 (US\$/lb copper)

Direct cash cost (C1) 2011 (US\$/lb)	116,4
Salaries & wages	7,7
Materials, fuel & electricity	16,2
Third-party & other services	4,1
Refining, sales & other expenses	4,8
By-product credit	7,5
Direct cash cost (C1) 2012 (US\$/lb)	156,7
Variation (US\$/lb)	40,3

Key Variations

Effect of CPI, Exchange Rate, US PPI

Higher key input prices (electricity, oil barrel, spare parts)

Product Portfolio (higher sales of semi-finished products and higher refining expenses)

Lower by-product credit (Molybdenum, anode slime and other products)

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Codelco Costs

January – September 2012 v/s 2011 (US\$c/lb copper)

	2012	2011
Direct cash cost (C1)	156,7	116,4
Depreciation & amortization	39,6	37,4
Finance expenses	8,0	6,5
Other non-operating expenses	10,9	7,1
Corporate Office expenses	4,2	4,3
Net Cathode Cost (C3)	223,2	171,6
TC-RC costs	-5,2	-3,0
By-product credit	29,5	37,0
Total Costs & Expenses	247,5	205,6

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Analysis of Total Cost & Expense Difference

(US\$c/lb copper)

Total Costs & Expenses 2011	205,6
Higher input prices	8,7
Effect of IPC, exchange rate & US PPI	14,7
Subtotal	23,4
Mining variables (more processed ore)	8,3
More operational services	11,3
Higher depreciation and amortization	2,1
Less Retirement Plans & collective bargaining	-3,3
Total Costs & Expenses 2012	247,5
Difference	41,9

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