

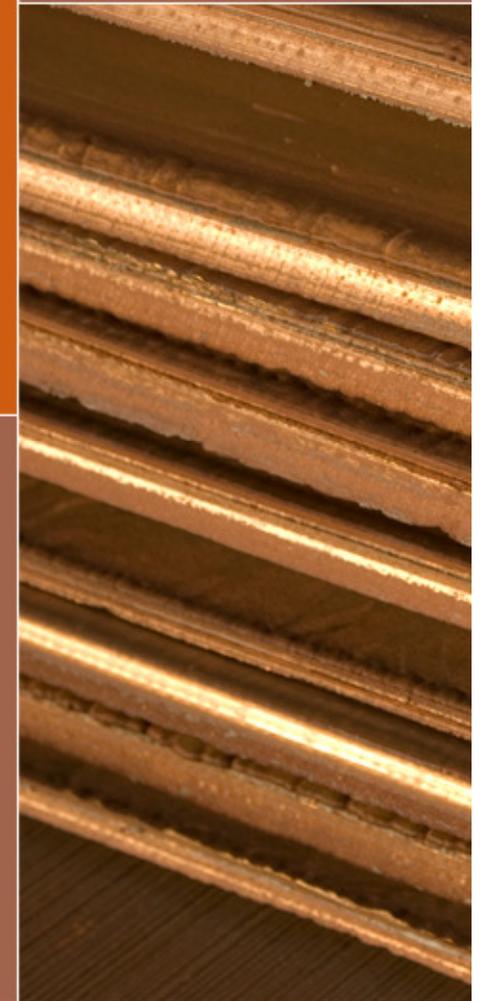


Codelco Financial Results

January – June 2011

**Diego Hernández,
Codelco CEO**

Press Conference 13 September 2011



Key Events First Half 2011

- **Safety.** On 4 May, Codelco had to regret the fatal accident of Dany Cruz Nogales (RIP), contractor at Chuquicamata Division. Subsequently, on 27 August the fatal accident of Luis González Castro (RIP), contractor at El Teniente Division. Total injury frequency rate for the first half of 2011 was 1.50, down from 1.93 during the same period in 2010. The company has launched a corporate plan to eradicate fatal accidents in the Company.
- **Financial Results.** Pre-tax profits generated during the first six months totalled US\$ 3.913 billion, a 70% rise over 2010. This increase is mainly due to higher prices of copper and by-products traded by Codelco. This result also increased after Codelco sold its stake in ECL electricity company. The rise in key input prices, a stronger Chilean peso and a contractors' strike at El Teniente Division adversely affected unit costs during this period.
- **Corporate Governance :** In May, Marcos Büchi and Marcos Lima were appointed directors by President Piñera for a new 4-year period. The Supervisors' representative has still not been appointed because AnSCO and Fesuc unions have not reach an agreement.
- **Restructuring :** The reorganisation of Codelco's senior management was completed. A new Legal Counsel and an new Development Vice-President were appointed and Corporate Affairs and Sustainability General Management was created.



Key Events First Half 2011

- **Financing** : In January, the government authorised Codelco to sell its stake in E-CL electricity company (formerly Edelnor) and retain 100 percent of the earnings obtained. The sale was just over US\$ 1 billion.

In April, the Finance and Mining Ministers were present at first Codelco Shareholders' Meeting, where the owner's representatives backed the financing policy which focuses on maintaining the *Investment Grade* of the Company's debt. In June, the government approved a US\$ 376 million capitalisation of profits equivalent to 20% of 2010 profits.

- **Investments and Projects**: Codelco announced a US\$ 3.2 billion capital investment for 2011, a record figure for the Company. Progress has been made in Codelco's structural projects: the Board approved an investment for El Teniente New Minel Level project and the Ministro Hales project began pre-stripping operation. The feasibility studies are underway for Chuquicamata Underground Mine, New Andina-Phase II and Radomiro Tomic Phase II.
- **Partnerships** : The Company entered into a partnership with Australian Pan Aust to develop Inca de Oro deposit in the Atacama Region. Codelco also entered into a partnership with Nikko Copper, an important Korean nonferrous metal company, to study the construction of a noble metal plant, initiative that would primarily permit the recovery of gold, silver and selenium from the anode slimes produced in copper refining.
- **Labour Relations**: During the first half of 2011 collective bargaining negotiations were completed in advance at Minera Gaby and El Teniente Division (Union B).
- **Innovation and Technology** Codelco's IT Manager, Marco Orellana, received the Award for Innovation Leadership given every year at MIT (Massachusetts Institute of Technology).



Key Events First Half 2011

- **Contractors:** Codelco awarded 2,000 higher education scholarships to the children of contractors and subcontractors in the context of the Company's competitive scholarship scheme.

Towards the end of the first half of 2011, contractors went on an illegal strike at El Teniente Division. The 55-day strike affected the division's operations, and employees and contractors were even attacked, in addition to damages and acts of sabotage to corporate facilities. The strike concluded after an agreement was reached between contractors and worker representatives.

- **New Uses for Copper :** In March, a pilot project was launched to use copper alloy handrails at the new metro station Santiago Bueras. Codelco and Metro de Santiago signed an agreement to incorporate copper with bactericidal properties in future stations and wagons, which would reduce the risk of infections.

In May, EcoSea, a Codelco subsidiary, placed a copper-alloy cage, with capacity for 20,000 Atlantic salmon, in the XI Region of Aysén. This is the first time a project of this magnitude has been implemented worldwide.

- **Environmental Situation at Ventanas:** There were two unrelated environmental issues:
 - a) Presence of metals and arsenic in a dust sample at La Greda school: to help mitigate the situation, currently being addressed with other industrial companies in the area, Codelco stopped collecting its minerals in the open air at the port of Ventanas. Codelco also entered into a Clean Production Agreement with other companies in the industrial area and with the Government. .
 - b) Environmental episode at Ventanas Division smelter on 23 March 2011: Excess hours during the smelter start-up operation, after annual maintenance work. No other problem of a similar nature has occurred at the Smelter operations since this date.



Total Accident Rate

January-June

(Employees & Contractors)

	2011	2010
Chuquicamata	1.87	2.74
Radomiro Tomic	2.12	1.44
Ministro Hales	0.00	
Salvador	1.14	1.62
Andina	0.51	1.59
Ventanas	3.72	3.60
El Teniente	1.22	1.31
Codelco	1.50	1.93
Gaby	3.44	2.98

Accident Rate : lost time accidents per 1 million hours worked

Income Statement January-June

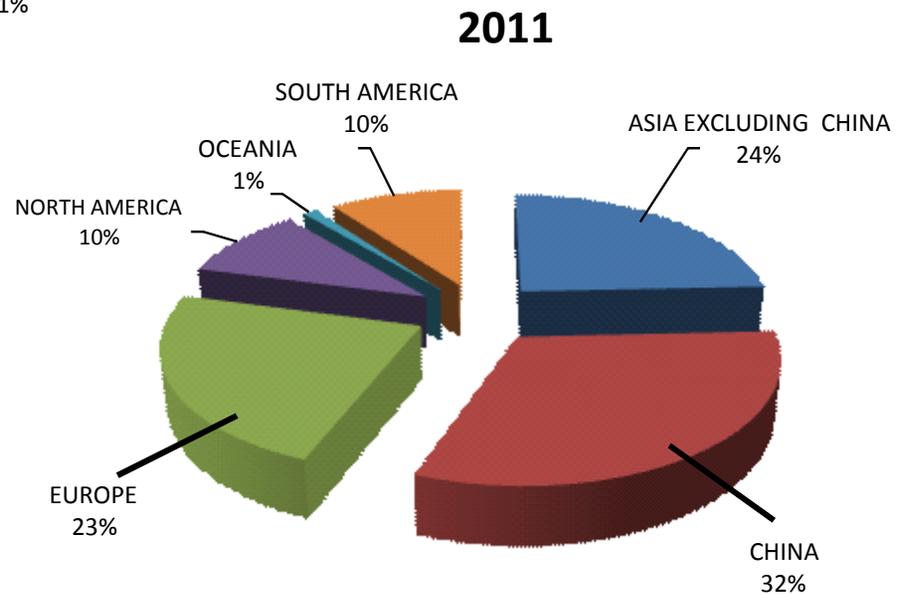
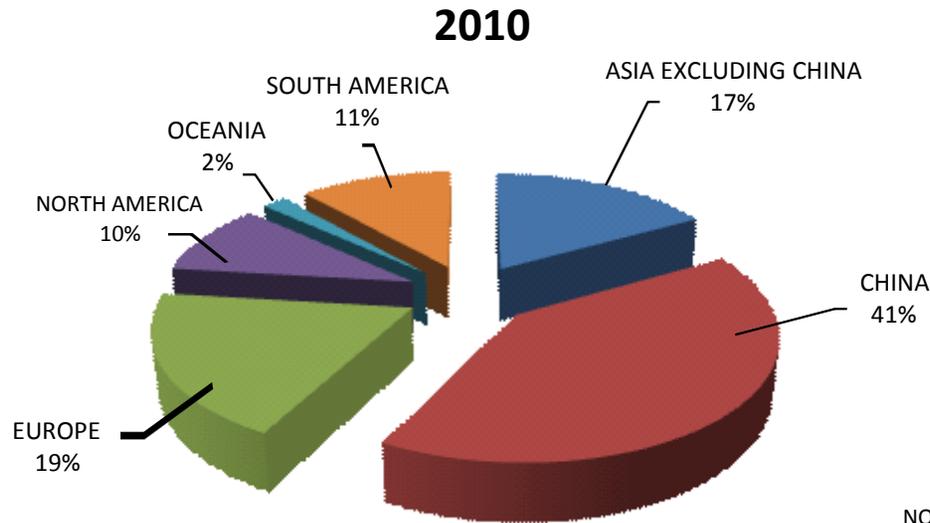
Production and Price Information

	2011	2010
Own Copper Production – (1,000 metric tonnes)	818	799
Molybdenum Production - (1,000 metric tonnes)	12	9
Acid Surplus Production - (1,000 metric tonnes)	905	886
Silver Production (*) - tonnes	198	174
Gold Production (*) - kgs	1,727	1,671
Copper Sales - (1,000 metric tonnes)	859	911
Molybdenum Sales - (1,000 metric tonnes)	9.9	9.6
LME copper price (c/lb)	426.3	323.4
Metals Week molybdenum price (US\$/kg)	37.5	35.7
Sulphuric acid price (US\$/ton)	124.0	51.3
Gold price (US\$/oz)	1,425.0	1,124.0
Silver price (US\$/oz)	33.5	17.3
Exchange Rate	476	524

(*) Gold and silver contained in anode slimes



Sales Destination (January – June)



Income Statement January-June

(in millions of US\$)

	2011	2010
Sales revenue – copper	7,295	5,656
Costs of sales - copper	-3,795	-3,333
Gross profit - copper sales	3,500	2,323
Gross profit – by-products & other products	520	259
GROSS PROFIT	4,020	2,582
Other income & expenses	-232	-423
Related company profit	125	150
PRE-TAX PROFIT	3,913	2,309
COMPARABLE NET PROFIT (*)	2,868	1,836

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



Pre-Tax Profit Distribution January-June

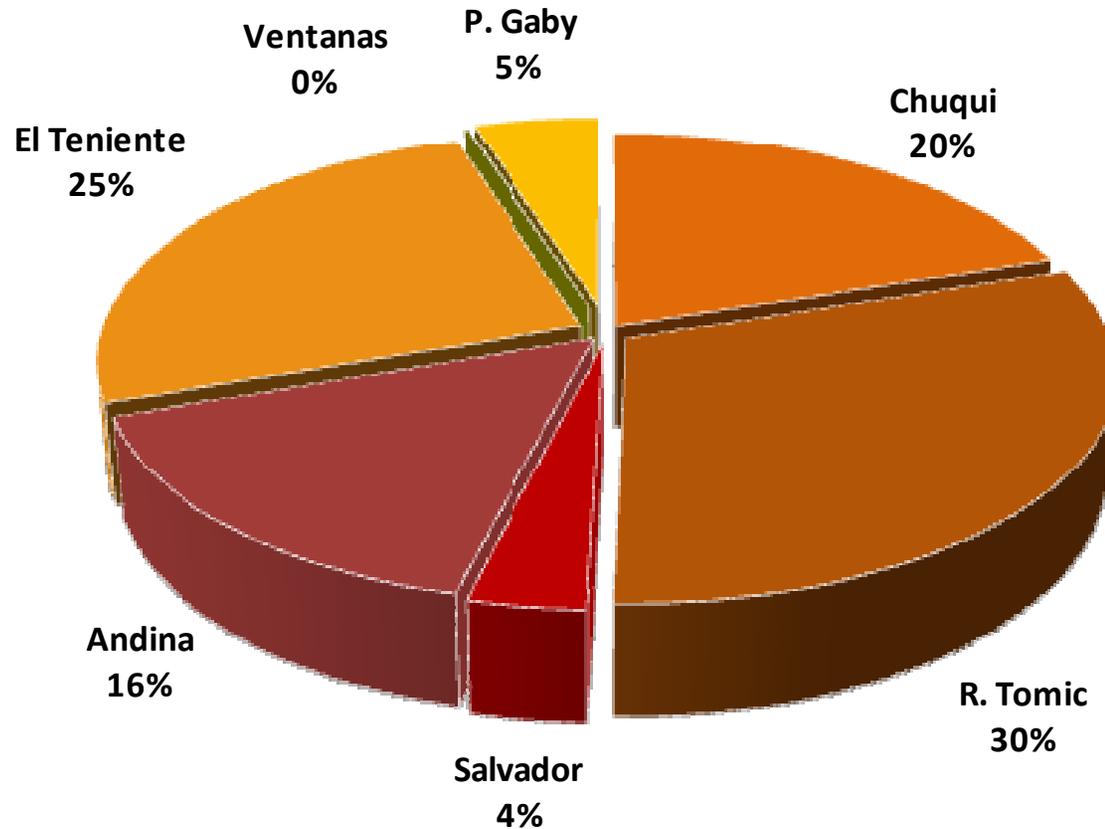
(in millions of US\$)

	2011	2010
Tax Law No. 13,196	751	523
Income Tax	1,782	922
Specific Mining Tax	201	109
Profit	1,179	755
TOTAL PROFIT	3,913	2,309
COMPARABLE NET PROFIT (*)	2,868	1,836

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

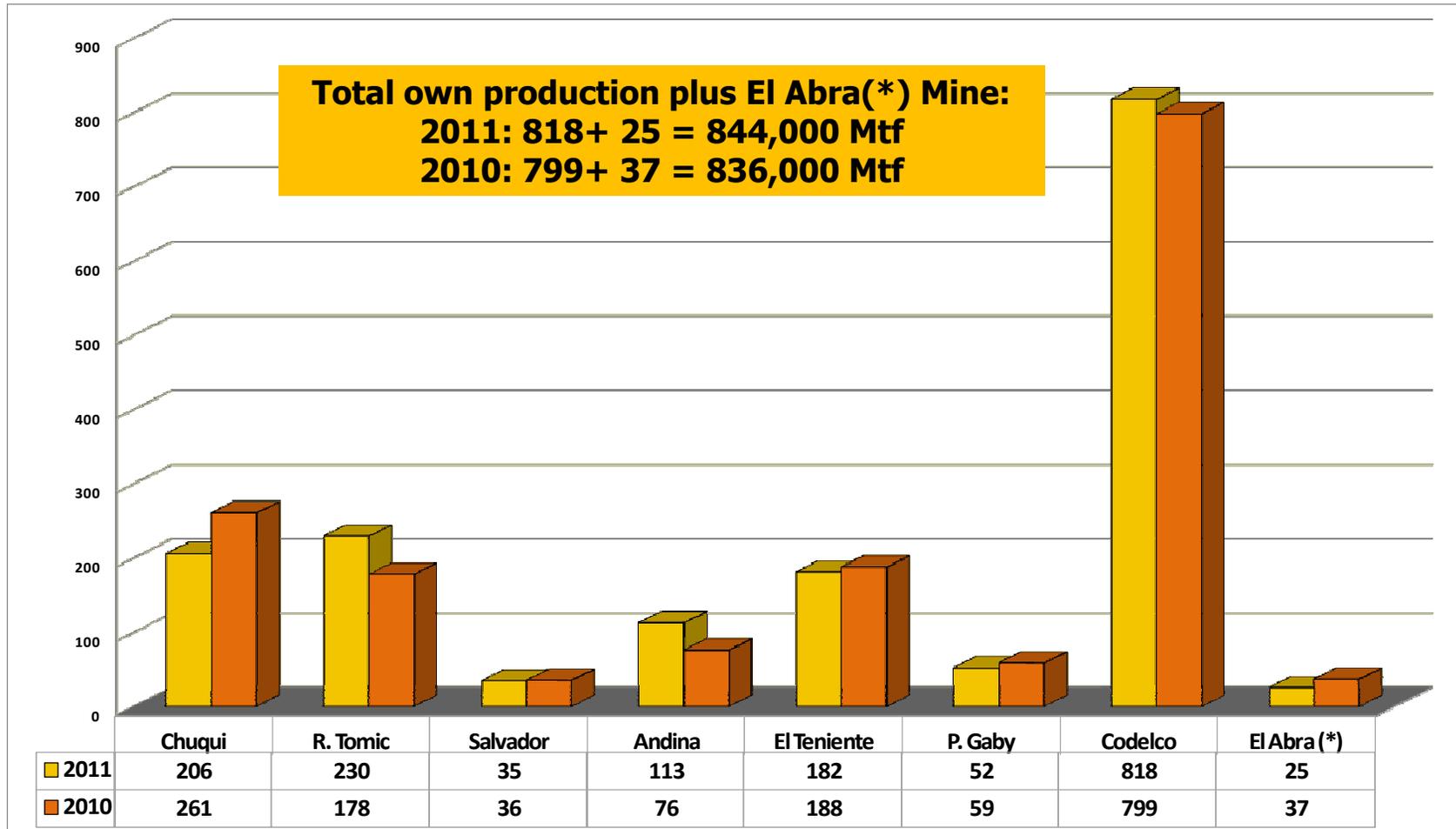
Pre-Tax Profit Distribution January-June 2011

(in millions of US\$)



Copper Production January-June

(in thousands of fine metric tonnes)



(*) Share of production related to Codelco's stake



Costs

Items included	Total Costs & Expenses	Net Cathode Cost C3	Direct Cash Cost C1
Operating cost	✓	✓	✓
Non-operating cost	✓	✓	-
Head Office	✓	✓	-
Interest expense	✓	✓	-
Depreciation & amortization	✓	✓	-
Treatment & refining costs (TC-RC)	-	✓	✓
By-product credits	-	✓	✓



Direct Costs January-June

(USc/lb of Copper)

Direct Cash Cost (C1) 2010	106.1	2011	2010
Salaries & wages	3.0	44.1	41.1
Material, fuel & energy	12.4	66.4	54.0
Third-Party & other services	-5.2	23.2	28.4
Refining, sales & other expenses	5.0	10.6	5.6
By-product credits	-16.5	-39.5	-23.0
Direct Cash Cost (C1) 2011	104.8	104.8	106.1
Variation	-1.3		

Main Variations

- Effect of CPI, Exchange Rate, US PPI
- Relevant input prices (electricity, oil barrel, spare parts)
- Product Portfolio (higher sales of semi-finished products and higher refining expenses)
- Better by-product credit (Molybdenum and other products)



Codelco Costs January-June

(USc/lb copper)

	2011	2010
Direct Cash Cost (C1)	104.8	106.1
Depreciation & amortization	38.8	35.3
Interest expenses	4.6	7.6
Total non-operating expenses	22.6	4.0
Corporate Office expenses	4.3	4.2
Net Cathode Cost (C3)	175.0	157.3
Treatment and refining costs (TC-RC)	-3.6	-1.9
By-product credit	39.5	23.0
Total costs & expenses	210.9	178.4



Total Costs & Expenses Variation Analysis

(US\$ c/lb of copper)

Total Costs & Expenses 2010	178.4
Higher input prices	10.2
Effect of CPI, Exchange Rate & US PPI	14.5
Subtotal	24.7
Mining Variables (more ore mined)	-11.5
Less operating services	-1.2
Higher depreciation & amortization	5.1
Retirement Plans & Collective Bargaining	15.3
Total Costs & Expenses 2011	210.9
Variation	32.5



Net Cathode Cost Variation Analysis

(USc/lb of copper)

Net Cathode Cost (C3) 1st half 2010	157.3
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Higher total costs & Expenses	32.5
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Higher TC/RC costs	1.7
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Higher by-product credit	-16.5
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Net Cathode Cost (C3) 1st half 2011	175.0
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Variation	17.8
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Direct Cash Cost C1 Variation Analysis

(USc/lb of copper)

Direct Cash Cost (C1) 2010	106.1
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Higher net cathode cost	17.8
Higher depreciation & amortization	-3.5
Higher non-operating expenses	-15.6

Direct Cash Cost (C1) 2011	104.8
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Variation	-1.3
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