



RESULTS 1H 2014

Santiago de Chile, August 29, 2014 – Corporación Nacional del Cobre (CODELCO) reported June 30, 2014 operational and financial results:

- **1H 2014 revenues** were US\$ 6.6 billion, 8.9% lower than US\$ 7.2 billion for the first half of 2013, principally due to a 8.3% decrease in LME average copper price.
- **ADJUSTED EBITDA** in the first half of 2014 was US\$ 2.5 billion (38.5% margin) compared to US\$ 2.8 billion (39.2% margin) in the same period of 2013 principally due to the decrease of the LME average copper price in 2014.
- **Net Income** in the first half of 2014 was US\$ 340 million (5.2% of sales) compared to US\$ 513 million (7.1% of sales) for the same period of 2013, basically due lower LME average copper price, partially offset by lower cost of sales.
- **Total copper mine production**, including El Abra and Anglo American Sur shares, increased 4.0% in the first half of 2014 to 877 thousand tons compared to 843 thousand tons in the same period of 2013, especially due to the new production coming from the new operation Ministro Hales which offset the decrease in Radomiro Tomic and Gaby Divisions production.
- **Direct Cash Cost C1** per pound of copper was US\$ 158.1 in the first half of 2014, compared to US\$ 171.2 in the same period of 2013. A decrease of 7.7% primarily attributable to higher by-product credits and savings in input costs, energy and favorable exchange rate movements.
- **Operating cash flows** totaled US\$ 1.47 billion in the first half of 2014 remaining stable from the US\$ 1.49 billion in the same period of 2013.
- **Capital expenditures** decreased 20.3% to US\$ 1,8 billion in the first half of 2014 compared to US\$ 2.2 billion in the same period of 2013, which includes maintenance and projects.



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SUMMARY FINANCIAL AND OPERATING DATA

	March 31,			
	2014	2013	Amount	Variation %
Copper Production* ('000 mft)	877	843	34	4.0
Own Molybdenum Production ('000 mft)	15.9	11.3	5	40.7
Cash Cost (Usc/Pound)	158.1	171.2	(13.1)	(7.7)
Own Copper Sales ('000 mft)	779	837	(58)	(6.9)
Molybdenum Sales ('000 mft)	12.5	10.7	1.8	16.8
LME Copper Price (Usc/Pound)	313.7	342.0	(28.3)	(8.3)
Metals Week Molybdenum Price (US\$/Pound)	11.7	11.0	0.7	6.4
Average Exchange Rate (CLP/US\$)	553	479	74	15.4
Closing Exchange Rate (CLP/US\$)	551	504	47	9.3
Total Revenues (US\$ mn)	6,578	7,217	(639)	(8.9)
Gross Profit (US\$ mn)	1,614	1,876	(262)	(14.0)
Gross Margin (%)	24.5	26.0	(1.5)	(5.8)
Adjusted EBITDA (US\$ mn)	2,534	2,831	(297)	(10.5)
Adjusted EBITDA Margin (%)	38.5	39.2	(0.7)	(1.8)
Net Financial Debt** (US\$ mn)	11,127	8,781	2,346	26.7
Net Interest Expense (US\$mn)	225	169	56	33.1
Net Financial Debt** to LTM Adjusted EBITDA	1.96	0.95	1	106.3
Adjusted EBITDA to Net Interest Expenses	11.3	16.7	(5.4)	(32.8)
Net Financial Debt** to total Capitalization (%)	45.6	39.8	5.8	14.5
Capex (US\$ mn)	1,768	2,218	(450)	(20.3)
Contribution to the Chilean Treasury	759	895	(136)	(15.2)

*Includes El Abra and Anglo American Sur shares of production relative to Codelco

**Net of cash and cash equivalents. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because is non-recourse to CODELCO

OPERATION: PRODUCTION, REVENUES & COST

Consolidated Production.- The first half of 2014 consolidated copper mine production, including El Abra and Anglo American Sur shares, increased 4.0% to 877 thousand tons compared to 843 thousand tons for the same period in 2013 principally due to the additional production coming from the new operation Ministro Hales and the increased production of Chuquicamata, mainly due to higher ore grade. Nonetheless, this effect has been partially offset by the diminished production coming from Radomito Tomic and Gaby divisions, especially due to lower ore grades in both divisions. El Teniente and Salvador divisions show slightly increases in their production, while Andina shows a slightly decrease.

On the other hand, molybdenum production in the first half of 2014 increased by 40.5% to 15,874 tons from 11,296 tons in the same period of 2013 especially due to higher production in Chuquicamata Division, which increased by 105.8%.



Codelco Total Copper Production

	June 30,	
	2014	2013
Chuquicamata Division	166	140
Radomiro Tomic Division.....	156	204
Ministro Hales	66	–
Gabriela Mistral Division	54	67
El Teniente Division	214	209
Andina Division	109	116
Salvador Division	23	22
El Abra ⁽¹⁾	41	39
Anglo American Sur ⁽²⁾	48	46
CODELCO Total Production	877	843

(1) CODELCO's figures presented for El Abra include 49% of the mine's total production (the share of production which corresponds to CODELCO's 49% ownership interest in the mine).

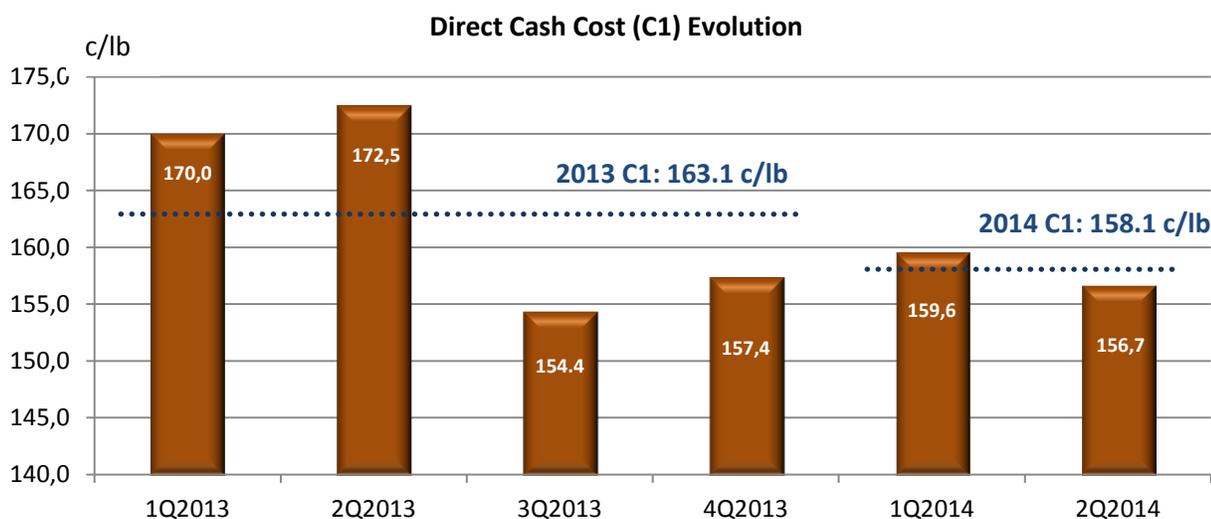
(2) CODELCO's figures presented for Anglo American Sur include 20% of the mine's total production (the share of production which corresponds to CODELCO's 20% ownership interest in the mine).

Consolidated Revenues.- The first half of 2014 revenues decreased 8.9% to US\$ 6.6 billion from US\$ 7.2 billion in the same period of 2013 principally due to lower copper revenues of 10.4%, as a direct consequence of a 8.3% decreased in the LME average copper price. Revenues from molybdenum increased 17.6% between the mentioned periods due to an increase in the volume sold of 16.7% from 10,687 tons in the first half of 2013 to 12,473 in the same period of 2014, and an increase of 6.4% in molybdenum price. Finally, other by-products and services revenues increased 3.9% up to June 30, 2014 compared to the same period in 2013 mainly due to an increase of 25.9% in the anodic slimes volume sold.

Consolidated Costs.- Unit cash costs will vary with the fluctuations in payable production and average realized prices for by-products. In the first half of 2014, CODELCO's cash cost was 158.1 cents per pound, compared to 171.2 cents per pound in the same period of 2013. A decrease of 7.7% primarily attributable to:

- 1) Lower operational costs: savings in materials and energy.
- 2) Exchange rate differences.
- 3) Higher by-product credit: This increase is primarily attributable to higher molybdenum volume sold.

The cash cost reduction trend started in the first quarter of 2013, evidence the consolidation of the control cost program results.



CAPITAL EXPENDITURE: STRUCTURAL PROJECTS

Mina Ministro Hales.- The project is completed and in its rump up stage.

El Teniente New Mine Level.- Continuing the execution progress (26%) with the construction of main and ventilation tunnels, interior mine development.

Chuquicamata Underground.- Early works advance developing main and ventilation tunnels and interior mine works (91%).

RT Sulphides Phase II.- Proceeding the environmental impact study, submitted to the competent authority of Antofagasta.

Andina Phase II.- Continues proceeding the environmental impact study, finishing the answers to the requirements set by the authority and the community.



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AVERAGE METAL PRICE

	LME Copper (US\$/lb.)	COMEX Copper (US\$/lb.)	Molybdenum (US\$/lb.)
1Q 2014	3.19	3.24	9.93
2Q 2014	3.08	3.10	13.45
Average 2013	3.14	3.17	11.69
1Q 2013	3.60	3.60	11.28
2Q 2013	3.24	3.25	10.80
3Q 2013	3.21	3.23	9.36
4Q 2013	3.24	3.28	9.60
Average 2013	3.32	3.34	10.26
Variation: 2Q 2014 vs. 2Q 2013	(4.9)%	(4.6)%	24.5%
Variation: 2Q 2014 vs. 1Q 2014	(3.4)%	(4.3)%	35.4%
Variation: 1H 2014 vs. 1H 2013	(8.2)%	(7.6)%	5.9%

CASH FLOWS

For the first half of 2014, CODELCO's net cash flows from operating activities remain almost stable in US\$1.47 billion compared to US\$1.49 billion for the same period in 2013. Nonetheless, while the cash flows provided by sales of goods have been diminished due to lower copper volume sold and lower LME average copper price, payments to suppliers have also decreased, netting therebetween.

CASH AND DEBT

At June 30, 2014, CODELCO had consolidated cash and cash equivalents of US\$933 million compared to US\$ 778 billion at the same date of 2013. At June 30, 2014 CODELCO's net financial debt* reached US\$ 11.1 billion compared to US\$ 8.8 in June 30, 2013. First half 2014 main debt movements compared to the same period of 2013, include the 10 year and 30 year bonds issued during the second half of 2013 for US\$750 million and US\$950 million respectively, four bilateral loans of US\$300 million each, another bilateral loan of US\$95 million and US\$29 million loan for the development of a metal processing plant to be constructed in Mejillones and an increase of short term loans for US\$105 million. On the other hand, the principal movements related to payments include a US\$500 million bond matured in October 2013 and the US\$133 million second annual installment of a syndicated loan which matures in September 2014.

* Net of cash and cash equivalents. Excludes Mitsui debt to acquire 20% of Anglo American Sur asset, because is non-recourse to CODELCO



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit (loss)	1/1/2014 06/30/2014	1/1/2013 06/30/2013	Var Amnt	%
Revenue	6,578,406	7,216,977	(638,571)	(8.8)
Cost of sales	(4,964,894)	(5,340,678)	375,784	(7.0)
Gross profit	1,613,512	1,876,299	(262,787)	(14.0)
Other Income, by function	76,146	52,039	24,107	46.3
Distribution costs	(5,361)	(6,219)	858	(13.8)
Administrative expenses	(232,257)	(232,424)	167	(0.1)
Other expenses	(759,801)	(686,262)	(73,539)	10.7
Other gains (losses)	24,016	25,251	(1,235)	(4.5)
Profit (losses) from operating activities	716,255	1,028,684	(312,429)	(30.4)
Finance income	9,012	17,899	(8,887)	(49.7)
Finance costs	(233,607)	(187,124)	(46,483)	24.8
Share of profit of associates and joint ventures accounted for using the equity method	183,056	225,882	(42,826)	(19.0)
Foreign exchange differences	144,923	130,996	13,927	10.6
Profit for the period before tax	819,639	1,216,337	(396,698)	(32.6)
Income tax expense	(479,798)	(703,512)	223,714	(31.8)
Profit for the period	339,841	512,825	(172,984)	(33.7)
Profit (loss) attributable to:				
Profit attributable to owners of the parent	326,884	494,744	(167,860)	(33.9)
Loss attributable to non-controlling interests	12,957	18,081	(5,124)	(28.3)
Profit for the period	339,841	512,825	(172,984)	(33.7)



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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	06/30/2014	06/30/2013
Assets		
Current Assets		
Cash and cash equivalents	933,179	778,389
Other current financial asset	24,313	24,714
Other current non-financial assets	87,079	45,836
Trade and other current receivables	1,952,474	1,757,557
Accounts receivables due from related companies, current	13,825	27,897
Inventory	2,655,625	2,414,939
Current tax asset	260,217	328,984
Total current assets	5,926,713	5,378,316
Non-current asset		
Other non-current financial assets	93,088	123,513
Other non-current non-financial assets	42,865	37,279
Non-current receivables	139,548	147,424
Accounts receivables due from related companies, non-current	224	12,957
Investment accounted for using the equity method	7,378,005	7,494,280
Intangible assets other than goodwill	18,690	29,301
Property, Plant and Equipment, net	20,867,127	18,453,957
Investment property	17,944	18,103
Total non-current asset	28,557,492	26,316,814
TOTAL ASSETS	34,484,204	31,695,130



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Liabilities

	06/30/2014	06/30/2013
Current liabilities		
Other current financial liabilities	1,527,560	1,367,298
Trade and other current payables	1,429,130	1,393,443
Accounts payables to related companies, current	125,631	158,803
Other current provisions	340,900	260,521
Current tax liabilities	285,213	290,385
Current employee benefit accruals	406,398	457,312
Other current non- financial liabilities	130,124	55,875
Total current liabilities	4,244,956	3,983,637
Non-current liabilities		
Other non-current financial liabilities	11,534,109	9,219,608
Accounts payables to related companies, non-current	212,026	257,111
Other non-current provisions and accrued expenses	1,352,052	1,476,539
Deferred tax liabilities	3,472,702	2,962,210
Non-current employee benefit accruals	1,329,444	1,311,388
Other non-current non-financial liabilities	4,550	3,668
Total non-current liabilities	17,904,883	15,230,524
Total liabilities	22,149,839	19,214,161
Equity		
Issued Capital	2,524,423	2,524,423
Retained earnings	2,377,562	3,556,090
Other Reserves	5,389,812	4,349,388
Equity attributable to owners of the parent	10,291,797	10,429,901
Non-controlling interests	2,042,568	2,051,068
Total equity	12,334,365	12,480,969
TOTAL LIABILITIES AND EQUITY	34,484,204	31,695,130



CONSOLIDATED STATEMENTS OF CASH FLOWS

	1/1/2014 06/30/2014	1/1/2013 06/30/2013
Cash flow provided by (used in) operating activities:		
Cash receipts provided by operating activities		
Cash flows provided by sales of goods and rendering of services	7,087,009	7,652,354
Other cash flows provided by operating activities	886,904	1,064,050
Types of cash payments		
Payments to suppliers for goods and services	(4,321,694)	(4,914,414)
Payments to and on behalf of employees	(1,266,581)	(1,088,023)
Other cash flows used in operating activities	(1,078,697)	(1,402,932)
Dividends received	298,627	348,034
Income taxes paid	(131,845)	(172,431)
Net cash flows provided by operating activities	1,473,723	1,486,640
Cash flows provided by (used in) investing activities:		
Other payments to acquire equity or debt instruments of other entities	(13,548)	(1,547)
Purchases of property plant and equipment	(1,880,127)	(2,225,513)
Interest received	2,431	18,288
Other inflows (outflows) of cash	(2,965)	49,038
Net cash flows from (used in) investing activities	(1,894,209)	(2,159,734)
Cash flows used in financing activities:		
Proceeds from current borrowings	1,440,523	890,997
Repayments of borrowings	(412,678)	(392,116)
Dividends paid	(202,103)	(142,576)
Interest paid	(220,450)	(188,040)
Net cash flows used in financing activities	605,292	168,264
Net increase (decrease) in cash and cash equivalents before foreign exchange difference	184,806	(504,830)
Foreign Exchange Rate Net increase (decrease) in cash and cash equivalents	(2,297)	19,396
Net increase (decrease) in cash and cash equivalents	182,509	(485,434)
Cash and cash equivalents at beginning of period	750,670	1,263,823
Cash and cash equivalents at end of period	933,179	778,389

COMPANY PROFILE



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CODELCO is the world's largest copper producer engaging primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore into refined copper and the international sale of refined copper and by-products. CODELCO is 100% owned by the Republic of Chile and controls approximately 9% of the world proven and probable copper reserves; as such term is defined by the U.S. Geological Survey. In 2013, CODELCO had an estimated 10% share of the total world copper production, with production of approximately 1.79 million metric tons (including CODELCO's share in the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra and its share in Anglo American Sur) and an estimated 9% share of the world's molybdenum production with own production of approximately 23,043 metric tons.

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