



RESULTS

JUNE 30, 2017

Santiago de Chile, September 5, 2017 – Corporación Nacional del Cobre (CODELCO) reported June 30, 2017 operational and financial results:

- **Six months ended June 30, 2017 revenues** were US\$ 6.0 billion, 10.8% over the reported US\$ 5.4 billion for the six months of 2016, due to the 22.3% increase in the average LME copper price, partially offset by a decrease in the copper volume sold.
- **Adjusted EBITDA** for the six months of 2017 was US\$ 2.3 billion (38.2% margin) compared to US\$ 1.2 billion (22.4% margin) in the same period of 2016 principally due to the increase of the average copper price in 2017 helped by the decrease in the cost of sales mainly due to efforts for saving.
- **Net financial debt** decrease 1.9% to US\$13.4 billion in the first half of 2017 compared to US\$13.6 billion in the same period of 2016 principally due to higher cash available. Therefore, the net debt reduction together with the increase in the adjusted EBITDA have positively impacted the net debt to last twelve month adjusted EBITDA ratio reaching 3.2x compared to 5.0x in the first half of 2016.
- **Profit before tax** in the first six months of 2017 was US\$ 556 million (9.3% of sales), compared to a loss of US\$ 496 million (-9.2% of sales) in the same period of 2016 basically due to a higher average copper price and lower impact of foreign exchange rate differences.
- **Operating cash flows** increased by 251.8% to US\$ 1.8 billion in the six months of 2017 compared to US\$ 506 million in the same period of 2016 primarily due to the increase in cash received from the sales of goods as a direct consequence of higher average prices for CODELCO's product portfolio, also helped by the cost contention program.
- **Capex program** of the three structural projects under construction keeps progressing, while the competitive tender process for a water desalination plant construction and operation for the Company northern divisions has been started, as well as the one to find a partner to develop the Lithium business. Moreover, the structural project of Inca Pit mine of El Salvador division is under review for the feasibility study authorization, while Andina Future Development project is still developing the pre-feasibility study.
- **Total copper mine production**, including El Abra and Anglo American Sur attributable production to CODELCO, decreased 6.0% in the six months of 2017 to 851 thousand tons compared to 906 thousand tons for the first half of 2016, especially due to lower production coming from Chuquicamata and El Teniente divisions.



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- **Direct Cash Cost C1** per pound of copper was US\$ 131.7 in the first half of 2017, compared to US\$ 127.5 in the same period of 2016. This increase of 3.3% is primarily attributable to lower copper production compared to the same period of 2016, increases in energy and fuel expenses and the unfavorable effect of the appreciation of the Chilean peso against the U.S. dollar.
- **One Labor bargain agreement** has been negotiated during the first half of 2017 without affecting production, non-real salary increases and significant bonuses reduction compared to previous agreement.

SUMMARY FINANCIAL AND OPERATING DATA

	June 30,			
	2017	2016	Amount	Variation %
Copper Production ⁽¹⁾ ('000 mft)	851	906	(55)	(6.0)
Own Molybdenum Production ('000 mft)	14	15	(1)	(10.5)
Direct Cash Cost C1 (Usc/Pound)	131.7	127.5	4.2	3.3
Copper Sales ('000 mft)	805	916	(111)	(12.2)
Molybdenum Sales ('000 mft)	14	15	(1)	(5.8)
LME Copper Price (Usc/Pound)	260.8	213.2	47.6	22.3
Metals Week Molybdenum Price (US\$/Pound)	8.0	6.1	1.9	29.5
Average Exchange Rate (CLP/US\$)	660	690	(30)	(4.3)
Closing Exchange Rate (CLP/US\$)	664	661	3	0.5
Total Revenues (US\$ mn)	5,990	5,406	584	10.8
Gross Profit (US\$ mn)	1,456	672	784	116.7
Gross Margin (%)	24.3	12.4	11.9	95.6
Adjusted EBITDA ⁽²⁾ (US\$ mn)	2,289	1,211	1,078	89.0
Adjusted EBITDA Margin (%)	38.2	22.4	15.8	70.6
Net Financial Debt ⁽³⁾ (US\$ mn)	13,375	13,631	(256)	(1.9)
Net Interest Expense (US\$mn)	250	266	(16)	(6.1)
Net Debt to LTM Adjusted EBITDA	3.2	5.0	(1.8)	(35.9)
Adjusted EBITDA to Net Interest Expenses	9.2	4.5	4.7	101.8
Net Debt to total Capitalization (%)	54.3	58.0	(3.7)	(6.5)
Contribution to the Chilean Treasury (US\$ mn)	475	538	(63)	(11.7)

(1) Includes El Abra and Anglo American Sur attributable production to CODELCO

(2) Adjusted Ebitda is defined as Net Income plus Income Tax, Royalty, Export Tax, Interest Expenses and Depreciation and Amortization

(3) 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.- Consolidated copper mine production, including El Abra and Anglo American Sur attributable production to CODELCO, decreased 6.0% in the six months of 2017 to 851 thousand tons compared to 906 thousand tons for the first half of 2016, due to lower production in almost all CODELCO divisions, except for Andina and Gabriela Mistral, in addition to the decrease in the joint ventures of Anglo American Sur and El Abra. CODELCO's own production decreased 5.3%. Main decrease occurred at Chuquicamata division primarily explained by a 10.7% lower ore grade, due to the change in mining sequence to stabilize the pit. The decrease showed in the El Teniente division during the first quarter of 2017, has been partially recovered during the second quarter of the current year and the rest of it will be recovered during the year. Moreover, Mina Ministro Hales division decrease is the result of lower ore grades. Andina division increased its production by 13.0% due to higher mineral ore processed partially offsetting the decreases in the other divisions. Joint Ventures in Anglo American Sur and El Abra also reported decreased in production enlarging the negative results.

Molybdenum production decreased by 10.5% in the first half of 2017 mainly due to the decreased production of El Teniente and Chuquicamata divisions.

Copper Production (K ton)	June 30,	
	2017	2016
Chuquicamata	116	149
Radomiro Tomic	152	156
Ministro Hales	113	124
Gabriela Mistral	60	59
El Teniente	219	233
Andina	112	93
Salvador	27	29
El Abra ⁽¹⁾	18	26
Anglo American Sur ⁽²⁾	35	37
CODELCO Total	851	906

(1) CODELCO's figures presented for El Abra include 49% of the mine's total production (attributable production 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 (attributable production to CODELCO's 20% ownership interest in the mine).



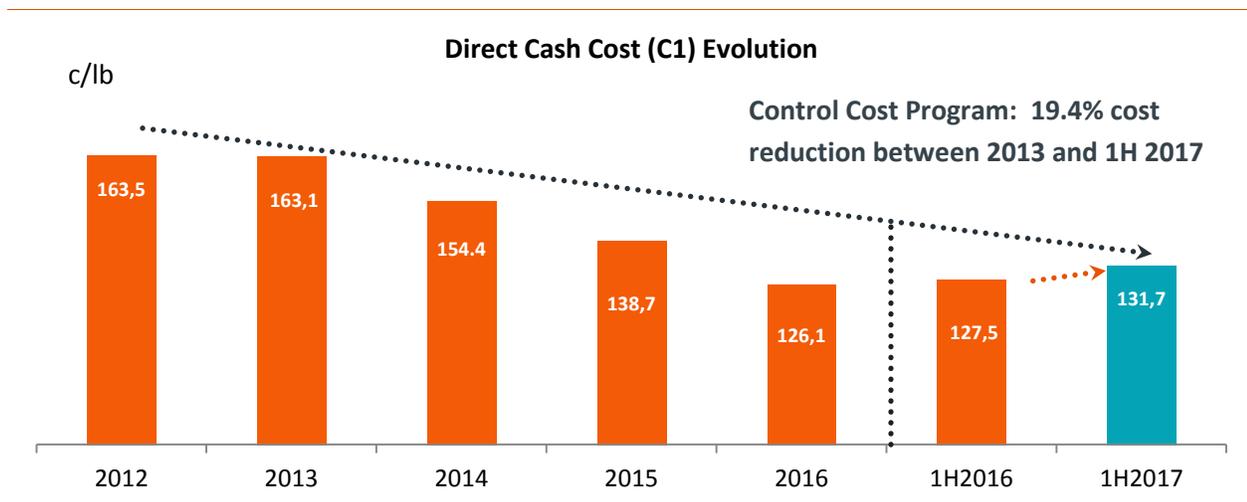
RESULTS JUNE 30, 2017

Revenues.- The revenues for the six months of 2017 increased 10.8% to US\$ 6.0 billion compared to US\$ 5.4 billion in the same period of 2016 mainly due to 13.6% higher revenues from own copper sales as the result of 22.3% higher average LME copper price partially offset by a decrease of 12.2% of the own copper volume sold. Copper tonnage sold reduction is related to lower production in 2017 and the sale of inventories during 2016. On the molybdenum side, revenues increased by 26.8% due to an average price increase of 29.5% per ton while the volume sold decreased by 5.8%. Finally other by-products revenues have declined 19.5% mainly due to the decrease in sulphuric acid average price and volume sold and the decrease in gold and silver volume sold due to lower production.

Costs.- Unit cash costs will vary with the fluctuations in payable production and average realized prices for by-products. In the six months of 2017, CODELCO's cash cost was 131.7 cents per pound, compared to 127.5 cents per pound in the same period of 2016. An increase of 3.3% primarily attributable to:

- 1) Lower production
- 2) Fuel and Energy cost increases
- 3) Unfavorable exchange rate movements due to the appreciation of the Chilean peso against the U.S. dollar impacting CODELCO's input prices (1H 2017 average exchange rate of CLP 660 per dollar compared to CLP 690 per dollar for the same period of 2016)

The cash cost reduction trend evidence the consolidation of the control cost program, despite the appreciation of the Chilean peso against the US dollar.





CAPITAL EXPENDITURE: PROJECTS PROGRESS

Chuquicamata Underground: Under construction with a total progress of 51.4% as of June 2017. Under operation by 2019.

Andina Plant Reallocation: Under construction with a total progress of 41.7% as of June 2017. Under operation by 2020.

El Teniente New Mine Level: Under construction with a total progress of 43.9% as of June 2017. Under operation by 2023.

Salvador Inca Pit projects: Under review for the feasibility study authorization.

Andina Development: Completing the pre-feasibility study.

Northern District Desalination Plant: A competitive tender process has been launched to outsource the construction and operation of the plant.

Lithium: Moving forward in the process of finding a partner for the development of the lithium business, a short list of potential partners will be defined by the end of September, and such applicants will be invited to submit binding offers.

Codelco International:

- **Ecuador:** In agreement with the Enami EP, Codelco has evaluated more than 20 prospects, and is currently developing exploration activities in Llurimagua and Mina Real.
- **Mongolia and Brazil:** Under preliminary studies.

New Emission Standards for Smelters (DS N°28): Total capex of US\$1.9 billion to comply with the regulation:

- **Ventanas:** 100% progress - Project completed.
 - **Salvador:** 55% progress.
 - **Chuquicamata:** 26% progress.
 - **El Teniente:** 23% progress.
- } To be completed by December 2018



AVERAGE METAL PRICE

	LME Copper (US\$/lb.)	COMEX Copper (US\$/lb.)	Molybdenum (US\$/lb.)
1Q 2017	2.65	2.65	7.74
2Q 2017	2.57	2.58	8.00
1H 2017	2.61	2.62	7.87
1Q 2016	2.12	2.11	5.27
2Q 2016	2.15	2.13	6.89
3Q 2016	2.17	2.16	6.94
4Q 2016	2.40	2.39	6.58
1H 2016	2.13	2.12	6.08
Average 2016	2.21	2.20	6.42
Variation: 2Q 2017 vs. 2Q 2016	19.5%	21.1%	16.1%
Variation: 2Q 2017 vs. 1Q 2016	(3.0)%	(2.6)%	3.4%
Variation: 1H 2017 vs. 1H 2016	22.5%	23.6%	29.4%

CASH FLOWS

For the six months of 2017, net cash flow from operating activities increased by 251.8% to US\$ 1.8 billion compared to US\$ 506 million in the same period of 2016. This decrease in cash flow resulted primarily due to the increase in cash received from the sales of goods as a direct consequence of higher average prices for CODELCO's product portfolio, also helped by the cost contention.

CASH AND DEBT

At June 30, 2017, CODELCO had consolidated cash and cash equivalents for US\$ 889 million compared to US\$ 339 million at the same date of 2016. At June 30, 2017, CODELCO's financial debt⁽¹⁾ achieved US\$ 14.3 billion compared to US\$ 14.0 billion at June 30, 2016. CODELCO's net financial debt⁽¹⁾ reached US\$ 13.4 billion by June 30, 2017 compared to US\$ 13.6 by June 30, 2016. First half 2017 debt increase includes the issuance of CODELCO 2026 local bond for UF 10 million (approximately US\$ 406 million) in August 2016. Since the second part of 2016, CODELCO has done rollovers for US\$850 million bilateral loan maturities and repay short term credit lines for US\$ 200 million.

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (US\$ Th)

Profit (loss)	Six month ended June 30,	
	2017	2016
Revenue	5,989,650	5,406,033
Cost of sales	(4,533,889)	(4,734,154)
Gross profit	1,455,761	671,879
Other Income, by function	72,725	78,918
Distribution costs	(5,272)	(5,401)
Administrative expenses	(207,781)	(176,145)
Other expenses	(605,341)	(545,454)
Other gains (losses)	3,010	14,363
Profit (loss) from operating activities	713,102	38,160
Finance income	11,842	13,401
Finance costs	(262,040)	(279,711)
Share of profit of associates and joint ventures accounted for using the equity method	118,658	(28,919)
Foreign exchange differences	(25,493)	(239,253)
Profit (loss) for the period before tax	556,069	(496,322)
Income tax expense	(349,740)	292,509
Profit (loss) for the period	206,329	(203,813)
Profit (loss) attributable to:		
Profit (loss) attributable to owners of the parent	169,863	(191,812)
Loss attributable to non-controlling interests	36,466	(12,001)
Profit for the period	206,329	(203,813)



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (US\$ Th)

	6/30/2017	6/30/2016
Assets		
Current Assets		
Cash and cash equivalents	888,627	339,112
Other current financial asset	1,638	7,272
Other current non-financial assets	25,798	51,804
Trade and other current receivables	1,893,575	1,705,074
Accounts receivables due from related companies, current	148,437	1,072
Inventory	1,997,837	2,052,399
Current tax asset	3,668	259,190
Total current assets	4,959,580	4,415,923
Non-current asset		
Non-current inventories	401,834	240,363
Other non-current financial assets	89,985	52,194
Other non-current non-financial assets	13,337	27,884
Non-current receivables	89,006	88,218
Accounts receivables due from related companies, non-current	22,217	20,796
Investment accounted for using the equity method	3,658,371	3,952,973
Intangible assets other than goodwill	201,178	191,819
Property, Plant and Equipment, net	24,373,362	22,919,552
Investment property	981	5,830
Non-current tax asset	233,772	-
Diferred tax assets	28,706	-
Total non-current asset	29,112,749	27,499,629
TOTAL ASSETS	34,072,329	31,915,552



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (US\$ Th)

Liabilities	6/30/2017	6/30/2016
Current liabilities		
Other current financial liabilities	372,180	1,069,303
Trade and other current payables	1,157,269	974,845
Accounts payables to related companies, current	122,287	92,795
Other current provisions	223,212	201,372
Current tax liabilities	15,323	1,984
Current employee benefit accruals	298,338	303,418
Other current non- financial liabilities	52,808	135,481
Total current liabilities	2,241,417	2,779,198
Non-current liabilities		
Other non-current financial liabilities	14,964,789	14,005,596
Other non-current liabilities	54,101	71,826
Accounts payables to related companies, non-current	-	-
Other non-current provisions and accrued expenses	1,620,821	1,305,440
Deferred tax liabilities	3,486,280	2,933,383
Non-current employee benefit accruals	1,314,357	1,299,559
Other non-current non-financial liabilities	4,186	5,586
Total non-current liabilities	21,444,543	19,621,390
Total liabilities	23,685,951	22,400,588
Equity		
Issued Capital	4,099,423	2,524,423
Retained earnings	(35,333)	57,801
Other Reserves	5,315,864	5,902,182
Equity attributable to owners of the parent	9,379,954	8,484,406
Non-controlling interests	1,006,424	1,030,558
Total equity	10,386,378	9,514,964
TOTAL LIABILITIES AND EQUITY	34,072,329	31,915,552



CONSOLIDATED STATEMENTS OF CASH FLOWS (US\$ Th)

	Six months ended June 30,	
	2017	2016
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	6,352,238	5,591,044
Other cash flows provided by operating activities	1,040,836	695,998
Types of cash payments		
Payments to suppliers for goods and services	(3,700,801)	(3,809,159)
Payments to and on behalf of employees	(911,337)	(898,298)
Other cash flows used in operating activities	(1,036,651)	(1,055,277)
Dividends received	44,743	24,558
Income taxes paid	(8,672)	(42,842)
Net cash flows provided by operating activities	1,780,356	506,024
Cash flows provided by (used in) investing activities:		
Other payments to acquire equity or debt instruments of other entities	-	(81)
Purchases of property plant and equipment	(1,648,758)	(1,691,331)
Interest received	3,262	9,079
Other inflows (outflows) of cash	(8,280)	207,940
Net cash flows from (used in) investing activities	(1,653,776)	(1,474,393)
Cash flows used in financing activities:		
Proceeds from current borrowings	319,826	217,460
Repayments of borrowings	(345,794)	(400,145)
Other cash inflow	488,424	-
Interest paid	(277,450)	(260,135)
Net cash flows used in financing activities	185,006	(442,820)
Net increase (decrease) in cash and cash equivalents before foreign exchange difference	311,586	(1,411,189)
Foreign Exchange Rate Net increase (decrease) in cash and cash equivalents	315	2,583
Net increase (decrease) in cash and cash equivalents	311,901	(1,408,606)
Cash and cash equivalents at beginning of period	576,726	1,747,718
Cash and cash equivalents at end of period	888,627	339,112

COMPANY PROFILE



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 7% of the world proven and probable copper reserves; as such term is defined by the U.S. Geological Survey. In 2016, CODELCO had an estimated 9% share of the total world copper production, with production of approximately 1.83 million metric tons (including CODELCO's attributable production in the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra, and Anglo American Sur) and an estimated 10% share of the world's molybdenum production with own production of approximately 30,641 metric tons.

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