



# RESULTS PRESENTATION

## THIRD QUARTER 2017

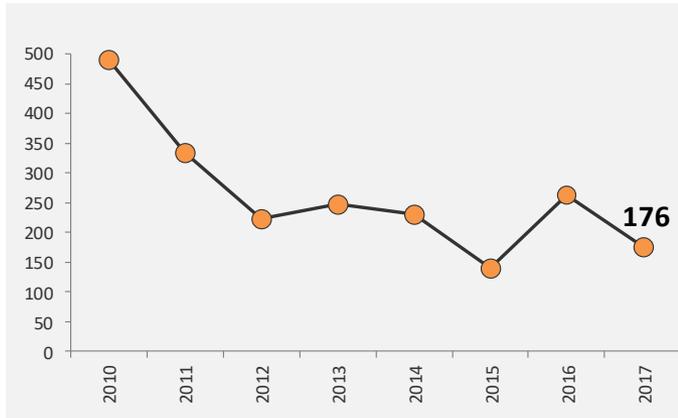
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Nelson Pizarro, CEO  
November 23, 2017

# Our workers are our greatest asset

## Accident severity rate of workers and contractors

(Days lost and days charged/ Million hours worked)



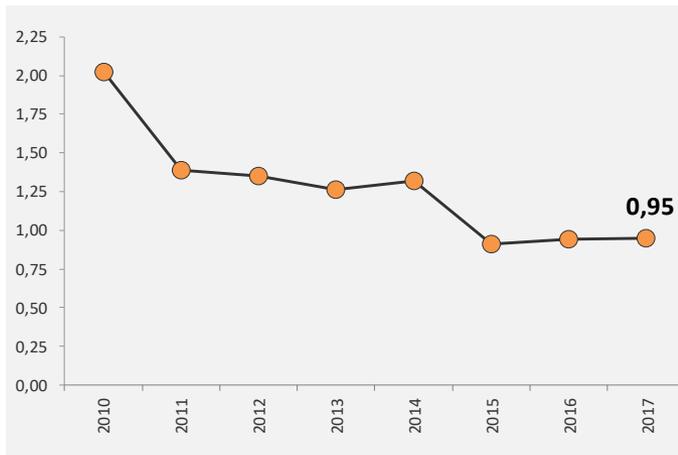
Severity rate **fell**  
**33.1%**

January-September  
2017 compared to  
previous year:

- The severity rate decreased by 33.1%, **the second lowest rate in the history** of the company.
- **The frequency rate was stable** compared to the last two years.

## Accident frequency rate of workers and contractors

(Accidents involving time off / Million hours worked)



Frequency rate  
**stable at 0.95**



# Codelco recognized for its transparency and corporate reputation



Top 10, MERCO Empresas,  
Corporate reputation ranking.



Award for excellence in diversity,  
Universidad de La Frontera and El  
Mercurio



1° place MERCO Talento



2° place in Corporate Sustainability  
Index (CSI), ActionAbility Institute  
and Revista Capital



1° among state-owned companies in  
the world, transparency and  
accountability index, Natural  
Resource Governance Institute



1° among state-owned companies,  
Corporate Transparency Index,  
Business Intelligence.



Only state-owned company among  
the 50 most innovative firms, Ranking  
of Perception of Innovation



1° among mining companies,  
Ethical Boardroom Awards



100% compliance with Transparency  
Law, Council for Transparency



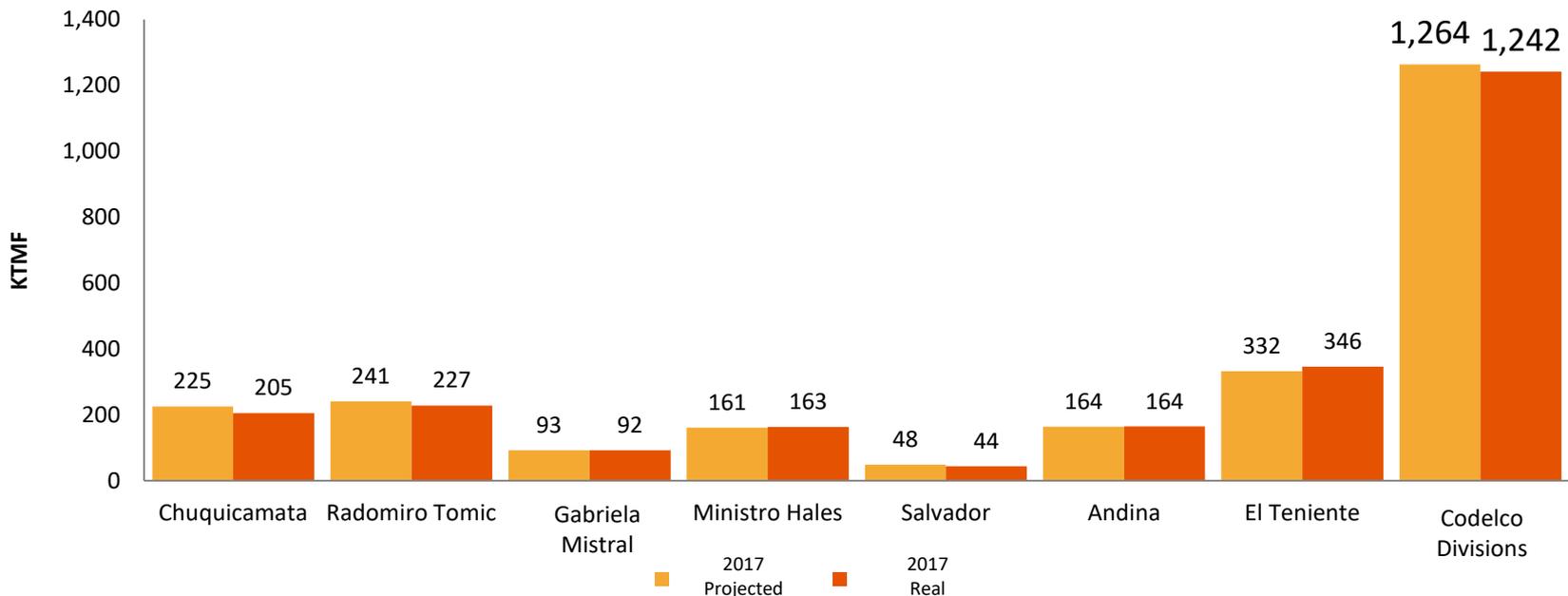
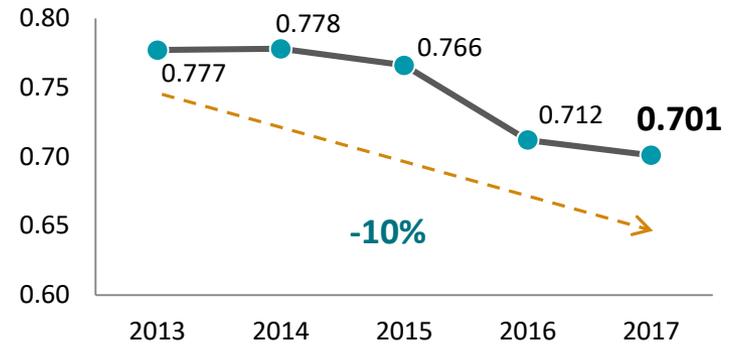
RESULTS



# Codelco met its **production target** for the period January-September 2017

Despite a significant drop in the ore grade, Codelco produced **1.2 million tons** (+-2% of the target range), and is on track to reach its annual production target of **1.7 million tons** in 2017.

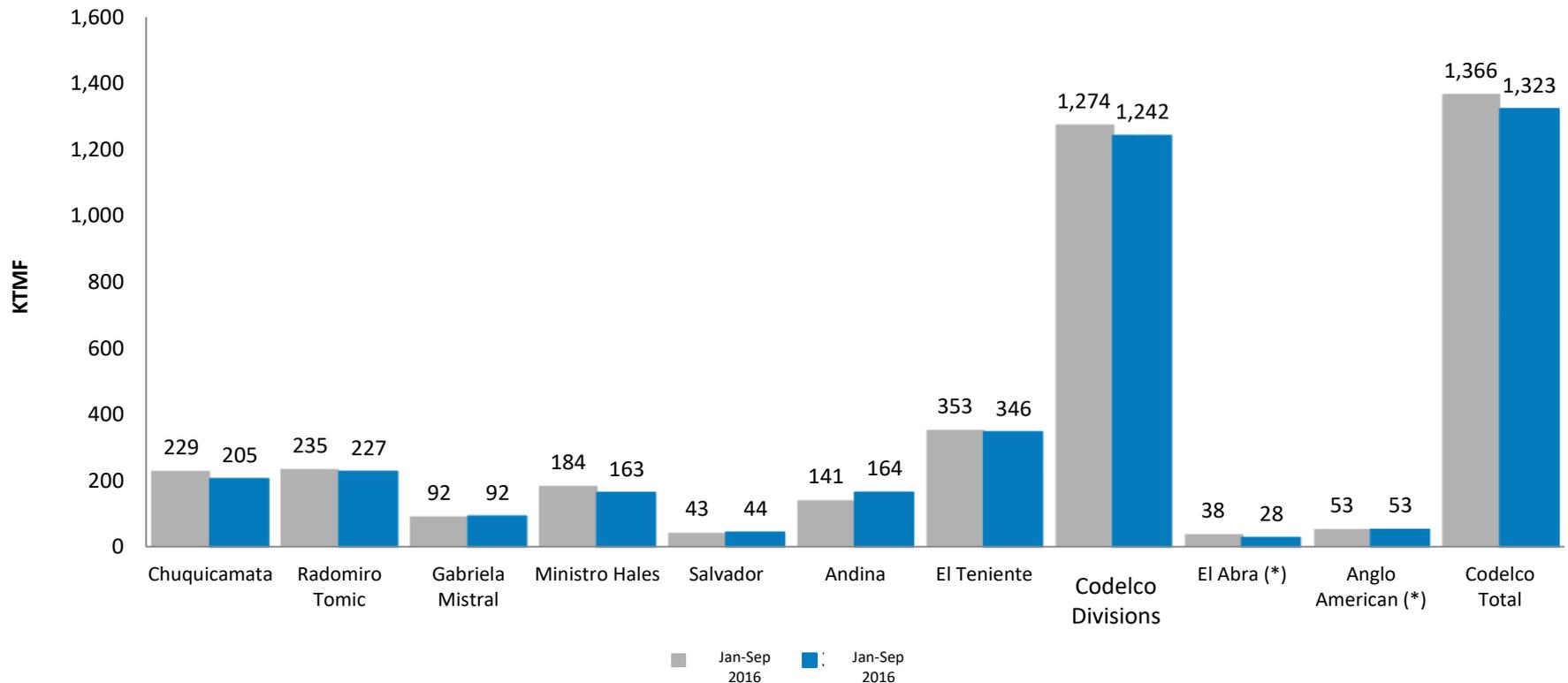
Reduction of ore grade





# Codelco produced 1.2 millions tons of fine copper despite a decline in ore grades

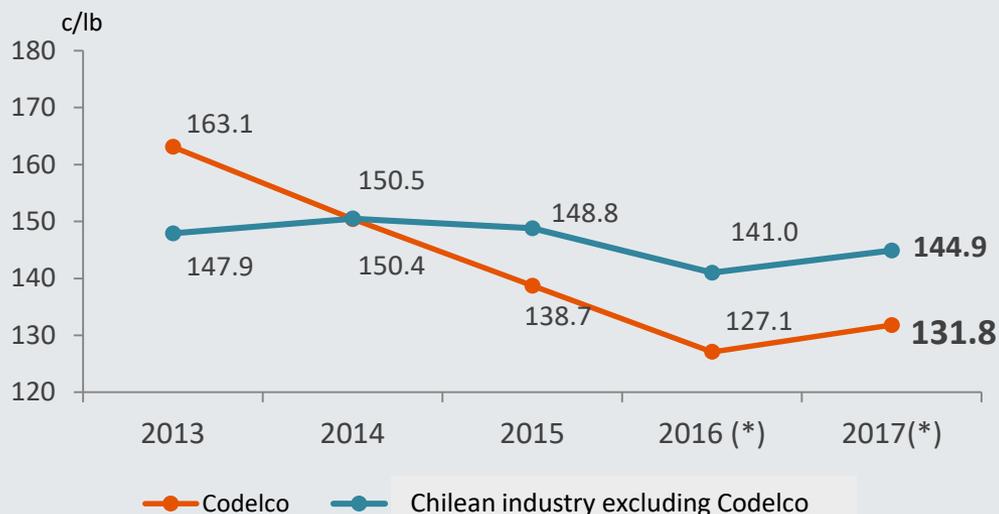
Codelco's lower production compared to the same period of 2016 **was considered in the company's mining plan** due to the lower ore grades.



(\*) Production proportional to Codelco's stake in each project: El Abra 49%, Anglo American Sur 20%

# CodeLco continued to reduce its costs through the third quarter

CodeLco / Direct costs (C1) of the national industry (excluding CodeLco)



Sources: Wood Mackenzie y CodeLco.

	2016 (c/lb)	2017 (c/lb)	Var (%)
<b>Direct cost (C1)</b>	127.1	<b>131.8</b>	<b>+ 3.7%</b>
<b>Net cathode cost (C3)</b>	206.3	<b>211.4</b>	<b>+ 2.5%</b>

(\*) For 2016 and 2017, the direct cost (C1) is for the period January - September.

**CodeLco improved its competitiveness**, with C1 costs 9% lower than the average for the rest of the industry compared to costs that were 10% higher than average in 2013.

The decrease in the exchange rate, lower production during the first half of 2017 and higher prices for inputs explain the **increase in C1 and C3 costs of 3.7% and 2.5%, respectively.**

The exchange rate fell 27 pesos compared to 2016 (\$654 v/s \$681). **This explains the 4.5 c/lb increase in costs.**

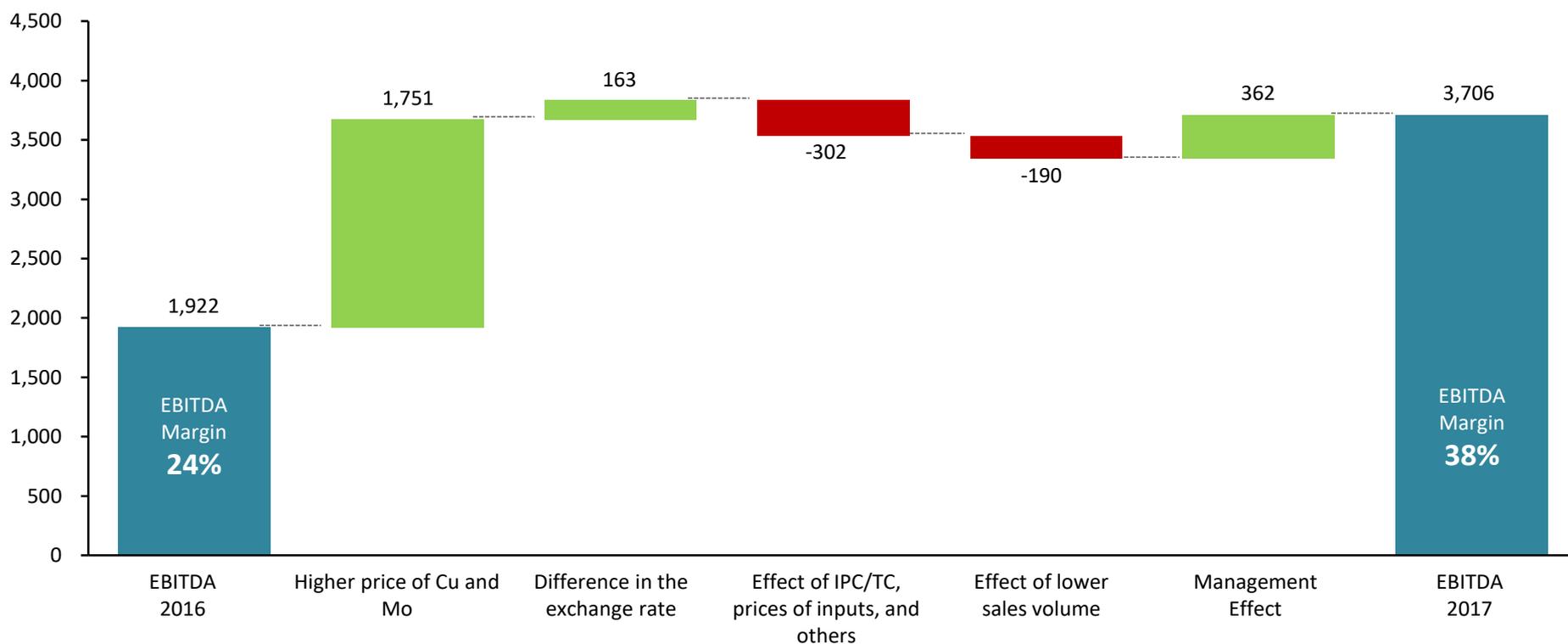
**We met our goal.** The direct cost and net cathode cost came in below budget: -1% and -2%, respectively.



# January-September 2017, EBITDA margin<sup>(\*)</sup> was 38%

EBITDA in the first nine months of 2017 reached **US\$ 3.706 billion**, a **93% increase** compared to the same period a year ago.

Millions of US\$



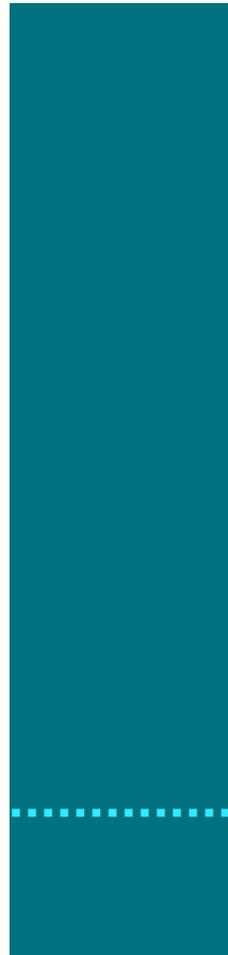
(\*) Consolidated, before the Copper Reserve Law.

January - September 2017:

Pre-tax profit of **US\$1.614 billion**

In the first nine months, Codelco **tripled its earnings for the country compared to the full-year 2016\***, as the result of **improved management (US\$362 million)**, especially in terms of **lower costs**, and the **higher price** for copper and molybdenum.

\*Total earnings 2016: US\$500 million



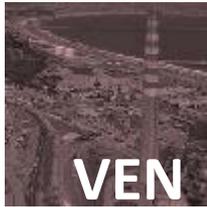
Earnings  
**US\$  
1.614  
billion**

Codelco **exceeded its earnings target by more than six times.**

Earnings target for the period  
January-September 2017

**US\$ 254  
million**

# Significant progress of projects in complying with emissions regulations



100%

## Ventanas Smelter

- Projects completed and in operation since December 2016.

**US\$ 105 million**



**US\$ 916 million**

33%

## Chuquicamata Smelter

- Acid plants 3 and 4: Detailed engineering 80% complete and plants under construction.
- Upgrade of Flash Oven: in approval process.



**US\$ 558 million**

29%

## Caletones Smelter

- Continued progress in slag treatment plant and reduction of emissions from gas cleaning plant.
- Reduction of heavy smoke from anode furnace: In approval process



**US\$ 351 million**

67%

## Potreros Smelter

- Improvement in capture and processing of gases: planning and work during the plant's shutdown in October.

**December 2018**



# Codelco Ventanas **eliminates black smoke** and particulate matter

Black smoke emitting during the copper refining process is now filtered and converted into steam.

The project, including cooling towers and sleeve filters, **eliminated black smoke and reduced particulate matter by more than 90%.**

An aerial photograph of the Codelco Ventanas industrial complex. The facility consists of numerous large industrial buildings with various colored roofs (blue, green, grey). A prominent feature is a tall, cylindrical smokestack with horizontal stripes. The surrounding area includes roads, parking lots, and some greenery. The sky is clear and blue.

**-90%**  
**Particulate matter**

# Projects under construction



## Chuquicamata Underground

### Total progress

55,7%

First drilling in 2019. Access tunnel is complete and connected with projects inside the mine. We have built 85 km of a total 140 km of tunnels.



## Andina Transfer

### Total progress

42,5%

Project development on schedule. Contract awarded for construction of main crushing dome.



## New Level Mine

### Total progress

44%

We have built 39.3 km of a total 80.2 km of new tunnels

## Rajo Inca Mine

Feasibility study approved.

## Andina Future Development

Pre-feasibility study in progress.



# Andina Transfer

Start of project  
**September  
2013**

30 more  
years of  
operation

Start of  
production  
**2020**

Period 8 Years;  
Budget US\$  
**1.128 billion**

Total 19  
million man-  
hours; peak  
personnel  
**1,700**

Expected  
production  
**88 ktpd**



**MAIN CRUSHER**

## Main works

- Main crushing system and belts.
- Secondary crushing plant for conventional grinding.
- Avalanche-protection system.
- Mineral distribution center.
- Mine infrastructure.



# Management Summary



# Conclusions

## US\$ 1.614 billion

Codelco widely exceeded its earnings for the State of Chile compared to 2016, posting a loss of US\$ 5 million in the same period of 2016.

## 1.242 ktmf

Production in line with our target for the period.

## C1 131.8 c/lb | C3 211.4 c/lb

Codelco increased its competitiveness, with C1 costs 9% lower than the average for the rest of the industry compared to costs that were 10% higher than average in 2013.

## EBITDA US\$ 3.706 billion | Margin 38%

Through the third quarter, EBITDA was 93% higher than the same period of 2016.

**Codelco will continue its efforts to achieve greater efficiency and productivity, which is the only way to ensure growth.**

The background image shows a large industrial facility, likely a steel mill. The ceiling is composed of numerous parallel, reddish-brown metal beams. On the right side, there are large, dark, curved structures, possibly part of a furnace or a conveyor system. In the center and left, several workers in orange safety vests and hard hats are visible, standing on a platform or walkway. The floor is dark and reflective, showing some equipment and materials. The overall atmosphere is industrial and brightly lit.

# Appendix



# Financial Results

January – September: 2016– 2017  
(US\$ MM)

	2016	2017	Var
Sales revenue – own copper	6.101	7.609	1.508
Cost of sales – own copper	-5.318	-5.356	-38
<b>Gross profit on own copper sales</b>	<b>783</b>	<b>2.253</b>	<b>1.470</b>
<b>Gross profit on sales of by-products and others</b>	<b>279</b>	<b>299</b>	<b>20</b>
<b>Gross profit</b>	<b>1.062</b>	<b>2.552</b>	<b>1.490</b>
Non-operating income	-1.080	-901	179
<b>Pre-tax profit</b>	<b>-18</b>	<b>1.651</b>	<b>1.669</b>
Taxes at related companies	-3	6	9
Minority interest	16	-42	-58
<b>Pre-tax profit Codelco</b>	<b>-5</b>	<b>1.614</b>	<b>1.619</b>



# Financial Results

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(US\$ MM)

Financial results  
(US\$ millions)

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<b>(Loss) Pre-tax consolidated income</b>	<b>-622</b>	<b>905</b>	<b>1.527</b>
Income tax	308	-589	-897
<b>(Loss) Net consolidated income</b>	<b>-314</b>	<b>315</b>	<b>629</b>
Minority interest	16	-42	-58
<b>(Loss) Net income, Codelco</b>	<b>-297</b>	<b>273</b>	<b>570</b>

# Distribution of earnings

January – September: 2016– 2017  
(US\$ MM)

	2016	2017	Var
Reserve Law Tax Nº 13.196	604	746	143
Income Tax	-356	541	897
Mining-specific tax (Royalty)	45	54	9
Net income	-297	273	570
<b>Total Pre-Tax Profit</b>	<b>-5</b>	<b>1.614</b>	<b>1.619</b>
<b>COMPARABLE PROFIT (*)</b>	<b>-</b>	<b>1.103</b>	

Accrued amounts

\* Net income under private sector tax system



# RESULTS PRESENTATION

Third Quarter 2017

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Nelson Pizarro, CEO  
November 23, 2017