



Codelco Financial Results January - September 2014

Nelson Pizarro Contador
President & CEO

Iván Arriagada Herrera
Vice-President Administration & Finance

Press Conference, November 28, 2014

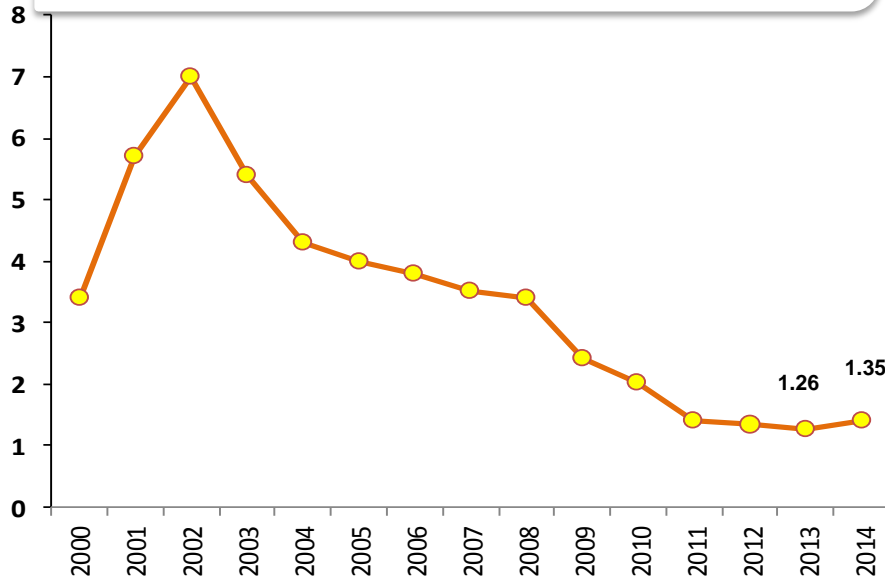
Safety at Work



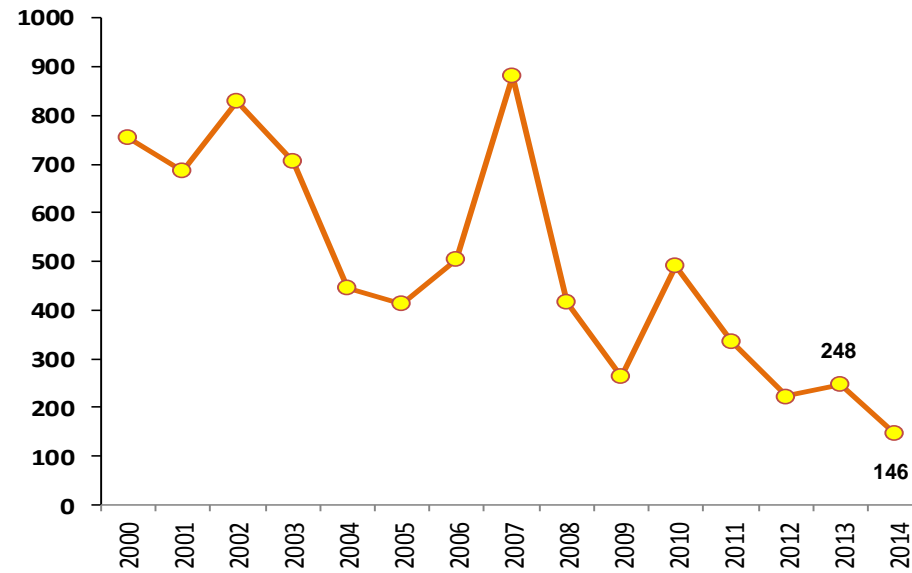
Safety: we have made progress, however....

Over the last 4 years the accident rate has been low. As at September 30 there has been a steady fall in the accident severity rate.

Accident Frequency Rate – Employees & Contractors (Lost Time Incidents / Million Hours Worked)



Accident Severity Rate – Employees & Contractors (Days Lost and Debited Days / Million Hours Worked)



Occupational Health & Safety Structural Project

- Implementation of **critical controls** (based on Fatality Control Standards)
- Compliance with **Special Occupational Health & Safety Regulations** for RESSO contractors and subcontractors
- Ongoing **reporting & learning** from incidents

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Safety: we have made progress, however....

In spite of having achieved a **year without fatal accidents**, Codelco suffered the **loss of two collaborators**: José Luis Orellana (20/10) and Jaime Gutiérrez Correa (7/11), both working for contractors on the New Mine Level Project at El Teniente.

Improving Safety

- **Identifying causes & responsibilities**: investigation commissions were set up for both accidents
- **Strengthening safety management**: leadership in the field, identifying critical risks and the respective controls.
- **Involvement of the whole company**: analysis and brainstorming meetings across the company: at management level and with contractors.

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Focus & Milestones



1 Ensure the Present

Execute mining plans safely, protecting health, communities and the environment. Meet goals for production, cost and productivity, without accidents.

2 Build the Future

Develop engineering excellence for structural projects to capitalise mineral resources, incorporating innovation to increase future safety and productivity.

3 Build Relationships of Trust

Establish relationships of understanding and trust between everyone, prioritising the common goals set to achieve the aims of CODELCO. It is time to listen to each other in order to reach agreements and progress together.

4 Sense of Urgency

The schedule is tight. We must fulfil our profit commitments now and at the same time develop our portfolio of megaprojects. It is time to move on without haste, without jumping steps, but also without stopping.

Key Events July – September 2014

Capitalisation

- **August 25:** Draft law to capitalise Codelco for up to US\$ 4 billion between 2014 – 2018 **submitted** to Congress.
- **October:** President Bachelet **approves** capitalisation.

Issuance of Bonds

- **July:** 600 million euros
- **October:** US\$ 980 million
- In both cases excellent conditions were obtained, confirming the company's investment grade.

Change in the Executive Team

- On September 1 Nelson Pizarro Contador became **Codelco's President & CEO**.
- Appointment of **vice-presidents** for Norte and Sur Operations, Projects, Mineral Resources and Human Resources.
- Appointment of **general managers** for the divisions: Chuquicamata, Radomiro Tomic, Ministro Hales, Gabriela Mistral, Salvador and El Teniente.
- Formation of management teams in line with the characteristics and magnitude of challenges

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Key Events July – September 2014

International Audit of Structural Projects

- Aimed at getting an expert and independent vision of the engineering of the projects and their implementation plans. The first reports are currently being received and analysed.

Dialogue with workers:

- **September 11:** joint declaration of Codelco management & the Copper Workers' Federation.
- **November 13:** technical convergence round tables start.

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Financial Results



The business in numbers

Codelco produced **1,231,000 tonnes of fine copper** between January and September 2014.

This involved:

- The work of **47,000 people** (employees & contractors in 8 divisions)
- **193 million tonnes of ore was mined** to produce an average of **4,511 tons of fine copper** per day
- Purchase of inputs and services totalling **US\$ 16 million** per day
- Business with **4,076 suppliers**: strong integrated production with private companies
- Shipping of **4,354 tonnes of copper** (average)
- **33%** of exports to **China**, our main buyer
- Daily pre-tax profit of **US\$ 8 million** (excluding production costs)
- Pre-tax profit for the state of **US\$ 2.3 billion** to September.

As we report these results **18,000 people** are working in our operations and we will have generated close to **200 million pesos** for the State in pre-tax profit.

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Production & Sales (January to September: 2014 – 2013)

	2014	2013	Var	Var (%)
Producción de cobre - miles de tmf	1.360	1.310	50	3,8%
Producción de cobre Divisiones - miles de tmf	1.231	1.184	47	4,0%
Producción de molibdeno Divisiones - miles de tmf	23	16	7	41%
Producción de ácido Fundiciones - miles de ton	2.240	1.984	256	13%
Producción de plata (*) - ton	477	195	281	144%
Producción de oro (*) - ton	1,9	1,6	0,3	18%
Ventas de cobre (**) - miles de tmf	1.189	1.257	-68	-5%
cobre de minerales propios	1.138	1.168	-30	-3%
cobre de minerales de terceros	51	89	-38	-43%
Ventas de molibdeno - miles de tmf	19	16	3	19%
Precio cobre BML (cl/lb)	314,9	334,7	-19,8	-6%
Precio molibdeno Metals Week (US\$/kg)	26,7	23,2	3,4	15%
Precio Acido Sulfúrico (US\$/ton)	74	90	-16	-18%
Precio Oro (US\$/oz)	1.288	1.457	-169	-12%
Precio Plata (US\$/oz)	20	25	-5	-20%
Tipo de cambio	561	488	73	15%
IPC	103,7	99,6	4,1	4%

(*) Plata y Oro contenidos en barras anódicos, concentrados, ánodos y blister

(**) Incluye minerales de terceros

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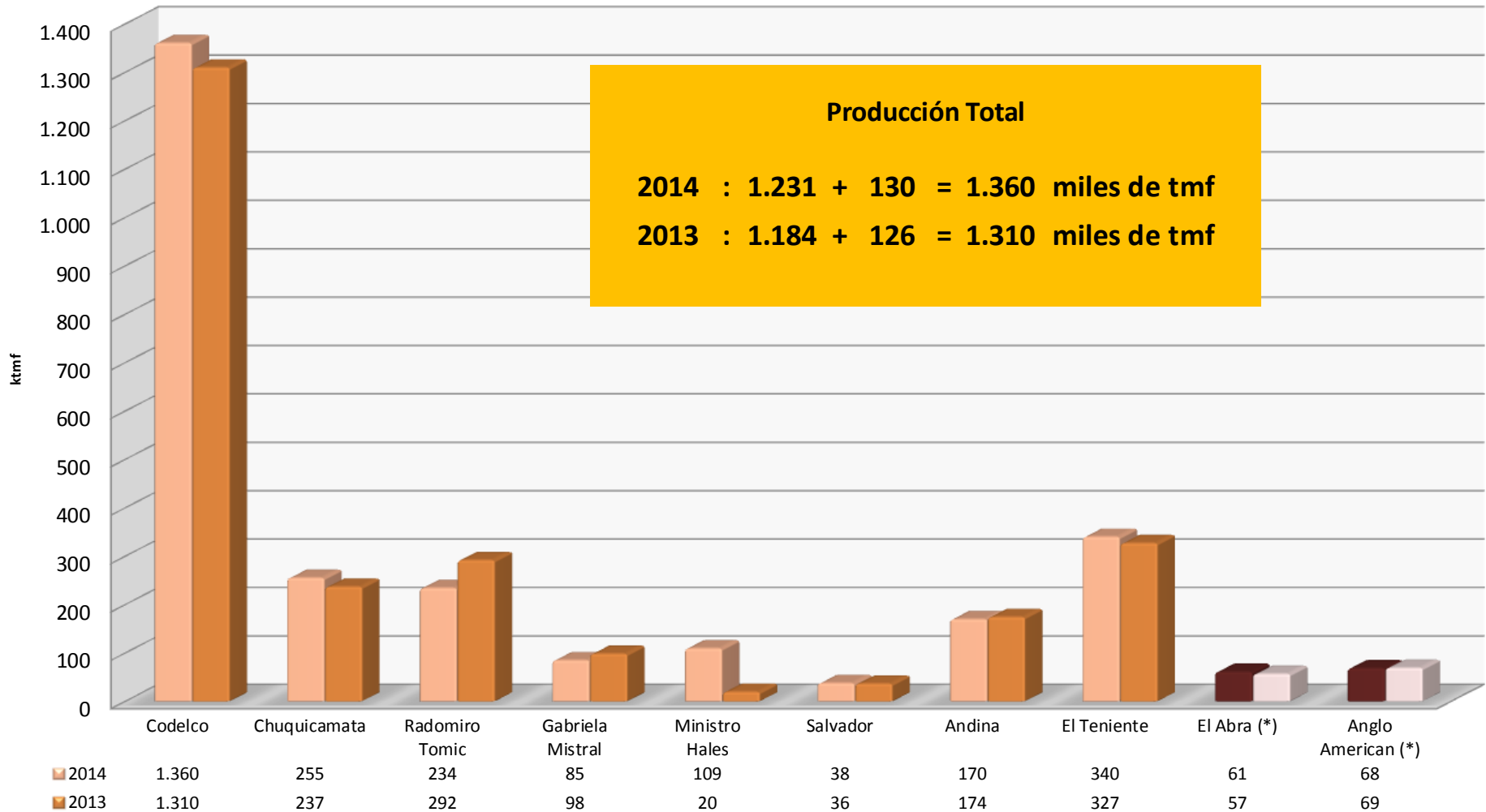
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Production

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Copper Production (January – September: 2014 – 2013)



(*) La producción refleja la proporción propiedad de Codelco: El Abra 49%, Anglo American 20%

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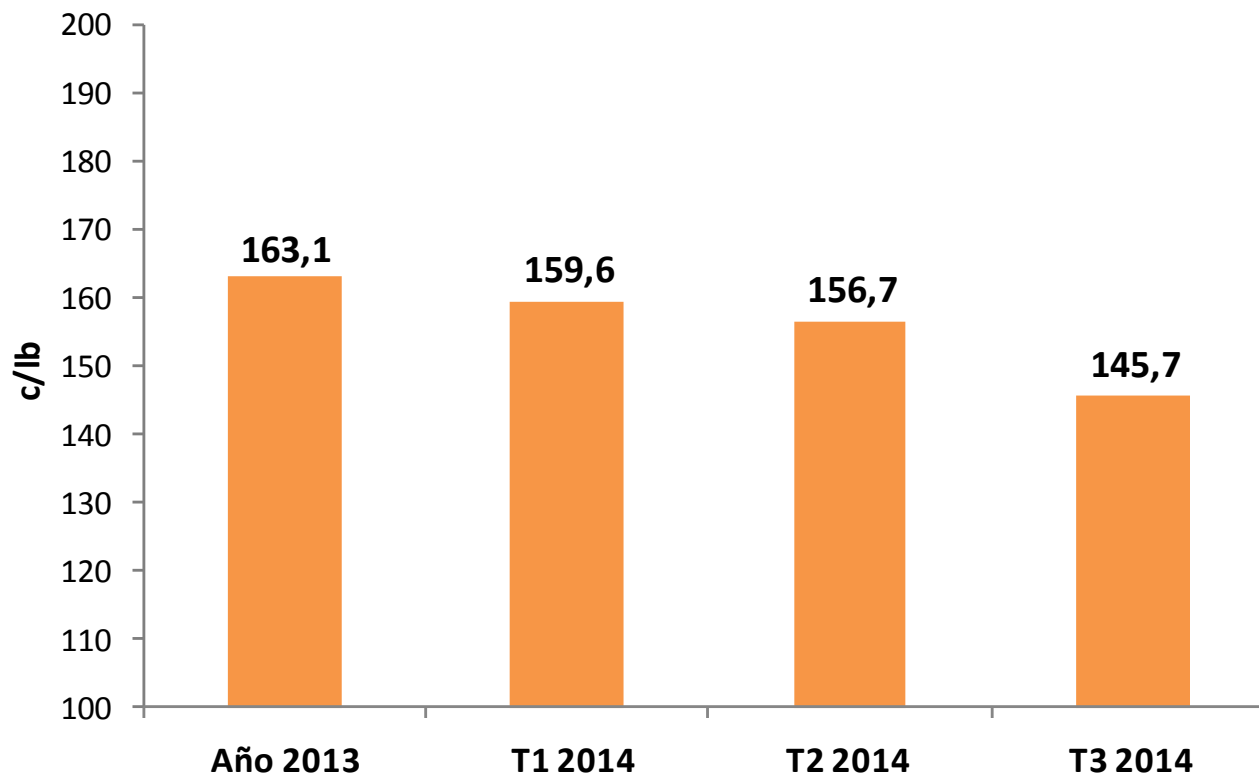
Costs

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Costs Chart C1

(cents/lb copper)



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Codelco Unit Costs (Enero – Septiembre: 2014 – 2013)

	2014 (c/lb)	2013 (c/lb)	Var %
Direct Cost C1	153.7	165.2	-7.0%
Net Cathode Cost (C3)	216.6	218.6	-0.9%
Total Costs and Expenses	234.2	232.8	0.1%

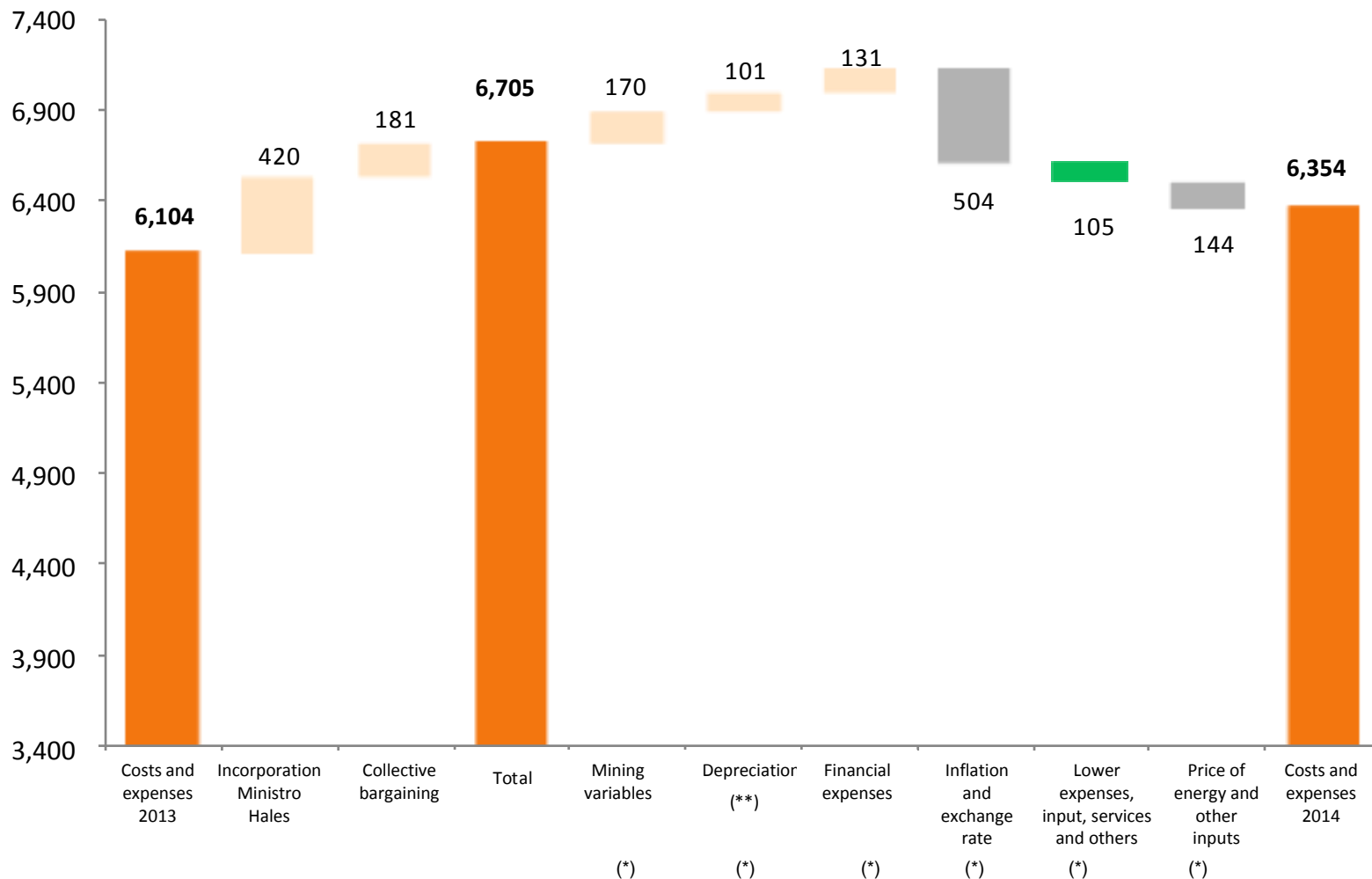
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Codelco Total Cost and Expenses Variation

(Enero – Septiembre: 2014 – 2013)

US\$ millions



* Does not include Ministro Hales Division

** Includes exchange depreciation effect on production units in line with IFRS

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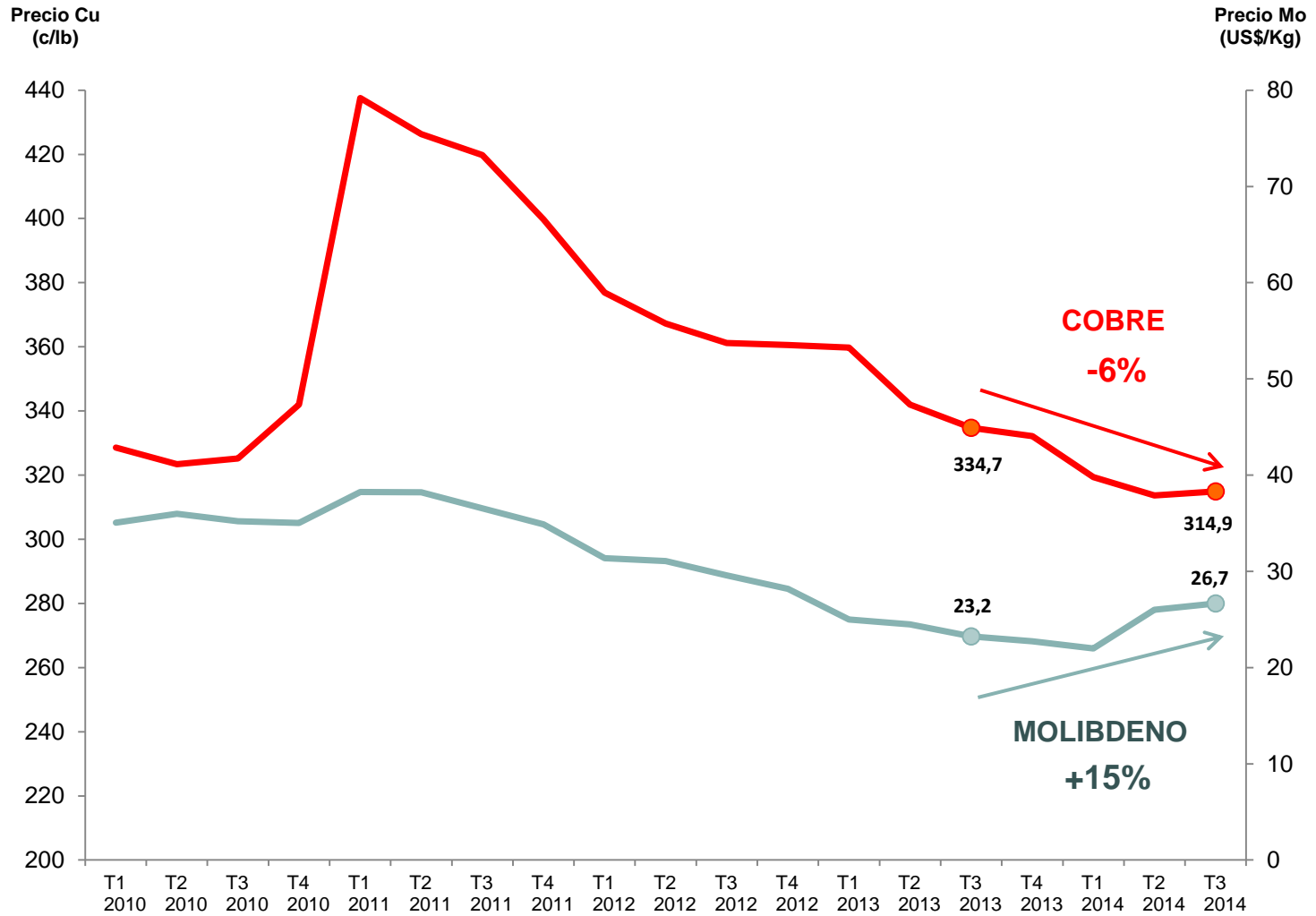
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Pre-Tax Profit and Net Profit

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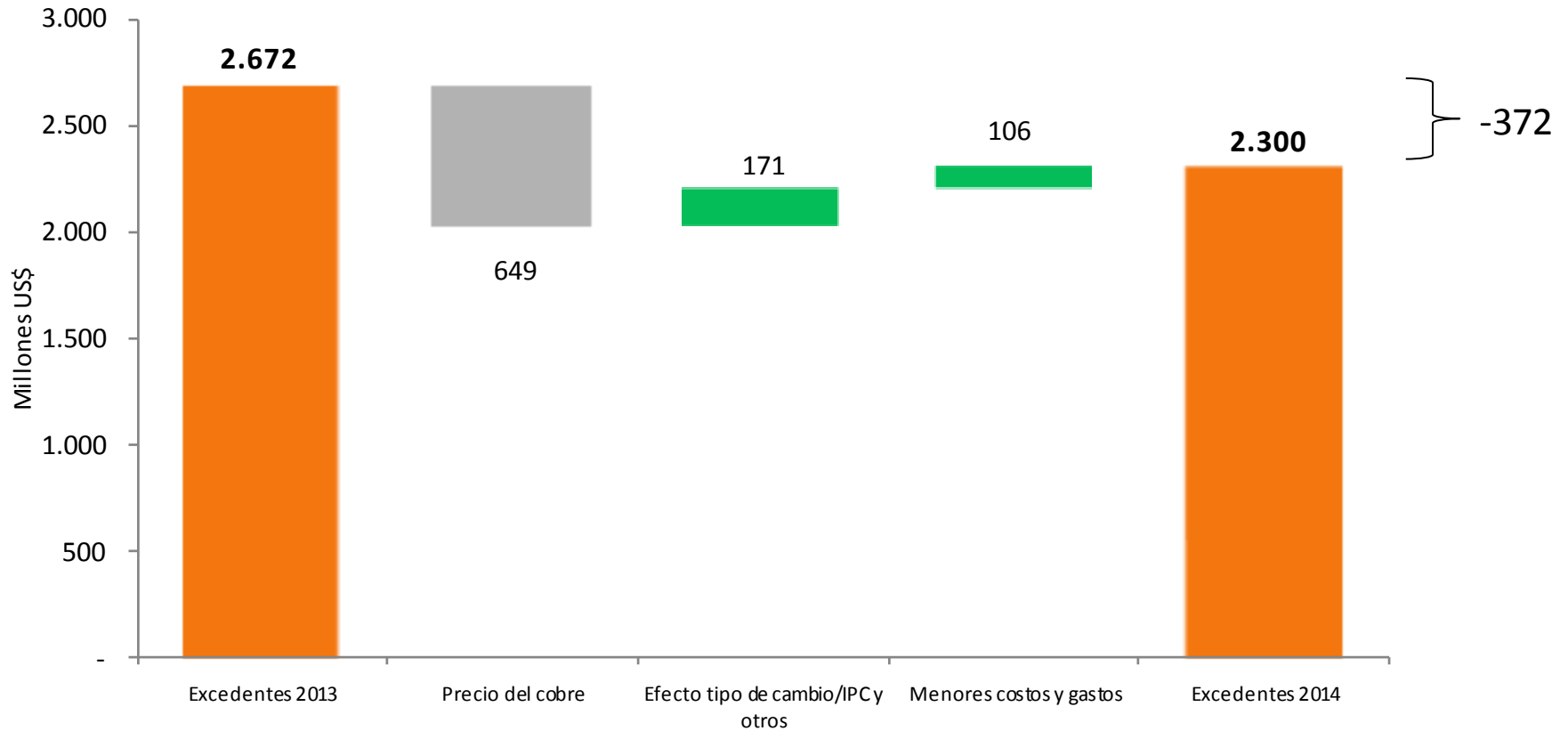
Copper and Molybdenum Price Chart



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Pre-Tax Profit (January – September: 2014 – 2013)

(US\$ millions)



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Income Statement (Enero – Septiembre: 2014 – 2013)

(millions US\$)

	2014	2013	Var
Copper sales revenue	7,714	8,808	-1,095
Copper sales cost	-5,478	-6,233	755
Gross profit – copper sales	2,236	2,575	-339
Gross profit – by-product & other product sales	458	291	168
GROSS PROFIT	2,694	2,866	-171
Non-operating income	-394	-194	-200
PRE-TAX PROFIT	2,300	2,672	-372
COMPARABLE PROFIT (*)	1,805	2,099	-294

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

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Pre-Tax Profit Distribution (Enero – Septiembre: 2014 – 2013)

(millones de US\$)

	2014	2013	Var
Reserve Law Tax	768	858	-91
Income Tax (60%)	854	950	-96
Specific Mining Tax	80	95	-15
Net Profit	598	769	-171
Total Pre-Tax Profit	2,300	2,672	-372
Comparable Profit*	1,805	2,099	-294

* Equivalent to Codelco's profits applying the same tax requirements as private-sector companies

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Thank You

