



# Material Events first semester 2012

- **Safety:** Total global accident frequency rate was 1.50, virtually identical to the one recorded in the same period of 2011. Codelco had to regret the death of Manuel Antonio Lara Ramírez, 39 years old, employee of Sacyr Aguasanta S.A., a contractor company, at El Teniente Division.
- **CEO & Senior Management:** On June 1, after the Board ratification, Thomas Keller L. took over as CEO of Codelco, who until that time was serving as Vice President of Administration and Finance.  

In April and May, changes were made to the senior management of the company, including the appointment of Julio Aranís as Vice President of North Operations. Also appointed new general managers at Chuquicamata (Juan Carlos Avendaño), Radomiro Tomic (Francisco Carvajal), Salvador (Armando Olavarria) and Andina (Ricardo Palma) Divisiones.
- **Corporate Governance:** President Sebastián Piñera appointed Raimundo Espinoza as Director of Codelco, employee representative, for a period that extends until 2016. He also appointed the supervisors representative, Ignacio Torres C., who resigned his designation.
- **Financing:** In April, the Company shareholders' meeting was held in which the Ministers of Mining and Finance reaffirmed the decision to maintain Codelco's investment grade rating. In late June, the Government authorized a US\$ 800 million capitalization of earnings.
- **Option up to 49% stake in Anglo American Sur (AAS):** On January 2, the first working day of the month, Codelco exercised its option to buy 49 % of AAS. Later, the conflict was brought to court for trial, which was suspended on May 22 on the occasion of the conciliation process, opening a space for negotiation. A month later, the two companies agreed to extend the period, reaching an agreement on 23 July.



# Material Events first semester 2012

- **Investments & Projects:** Codelco plans to invest roughly US\$ 4 billion in 2012, of which US\$ 2,273 billion will go to the Vice Presidency of Projects.

Structural projects as at June 30:

- **Ministro Hales** is in the implementation stage that consists of pre-stripping the mine and building its plants, as at June 30, total physical progress was 53.9%.
  - **El Teniente New Mine Level** is in the final stage of its early works: Emergency Exit Ramp (progress of 93.6%) and Confluencia Platform (95.8%), and continues progressing in the implementation stage.
  - **Chuquicamata Underground** continues its feasibility (progress of 81.1%) and its early works construction. On July 6, the first blast of the main tunnels was made.
  - **Andina Expansion 244** and **RT Sulphide Mine Phase II** continues progressing in their feasibility studies.
- **New Uses for copper:** Codelco contributed CLP\$ 600 million to put copper touch surfaces in the Intensive Care Unit at the Roberto del Río Children's Hospital in Santiago, Chile's older children health center. This is the first public health center incorporating copper bactericide in its facilities. In May, a CLP\$ 300 million investment was announced to incorporate copper to 80 units – hospital beds to the Public Assistance (ex Posta Central.)

In applications for the aquaculture industry, the first harvest of Atlantic salmon post ISA virus grown in submersible cages was conducted and ADL Diagnostic study results were reported, which certified that copper alloy cages eliminate up to 99.9% of the viruses and bacteria, including the ISA.

- **Copper Man of the Year 2011:** For his outstanding work in promoting the use of copper, Manager of Business Planning and Market Development, Jürgen Leibbrandt, received in May 2011 the award that gives the Copper Club of Nueva York.



# Material Events first semester 2012

- **Energy:** In June, Calama Solar 3 photovoltaic plant was inaugurated, constructed and operated by Solarpack in Calama. It is the first solar industrial plant in the country with 1MW of installed capacity, which will inject clean energy to the industrial areas of Chuquicamata and provide a significant reduction in CO2 emissions.
- **Bacterial leaching on an industrial scale:** BioSigma, Codelco's subsidiary, reported the commissioning of the first biomass industrial plant producing microorganisms and leaching solutions needed for this process on an industrial scale. The plant is located near Calama.
- **Human Resources & Contractors:** Codelco started the Mining Extraction Technical Professional career in two high schools in Rancagua, where train 75 young men per year. The initiative aims to educate skilled labor in mining and provide a development opportunity to the youth of the VI Region, O'Higgins.

For the fifth consecutive year, Codelco awarded 2,000 educational scholarships to children of employees of contractors and subcontractors of operations.

- **Collective Bargain Agreements:** During the period, Codelco successfully closed, without conflict, the collective bargaining of Ventanas Division Union B roles and Andina Division Union A role.
- **Sustainability:** In May, the Company presented its sustainability report and informed that 2012 sustainability investment will reach US\$ 245 million.

In April, Ventanas Division informed that have made a US\$ 31 million investment to improve the environmental production process, seeking to reduce emissions. In June, announced investments for US\$ 170 million to reduce emissions in the industrial hub of Puchuncaví - Quintero.

- **Social Responsibility :** Codelco continues boosting Calama Plus project, a public-private alliance, in which the community plays an important role. In the following days, the project portfolio, that will be materialized in the next 5 years, will be presented.

Codelco, with other private mining companies, supported the event: "Un Canto a la Minería," a project that showed Carmina Burana at the Santiago Municipal Theatre, the "medialuna" ring in Rancagua and the Open-pit at Chuquicamata with great success of public.



# Total Accident Rate January-June

(Staff+ Contract Workers)

	2012	2011
Chuquicamata	1.18	1.87
Radomiro Tomic	0.43	1.86
Ministro Hales	1.73	0.0
Salvador	1.22	1.14
Andina	0.99	0.51
Ventanas	2.31	3.67
El Teniente	2.37	1.15
<b>Codelco</b>	<b>1.50</b>	<b>1.46</b>
Gaby	0.74	3.44

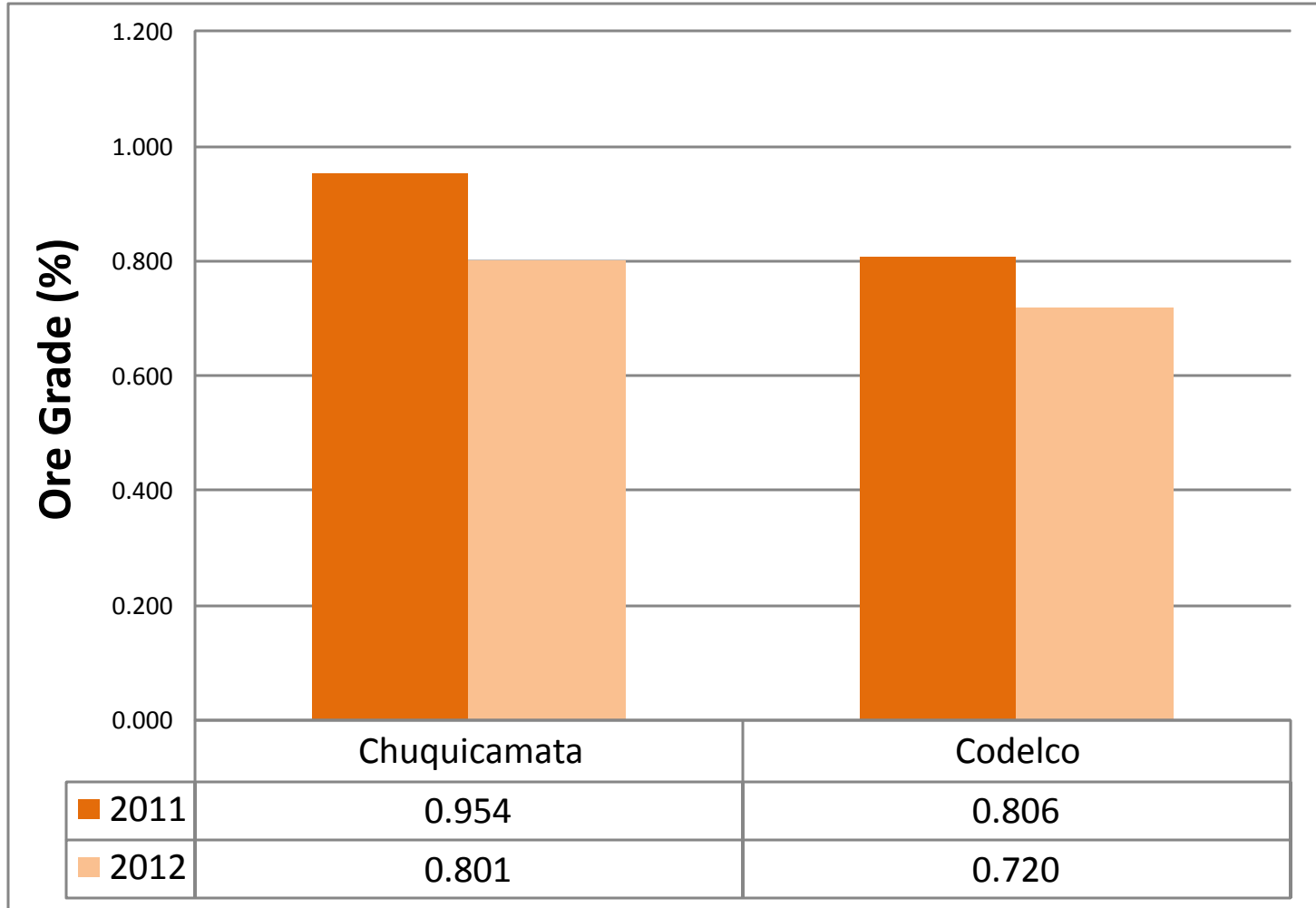
Accident Rate: lost time accidents per 1 million hours worked

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# Ore Grade Evolution (%)

(January – June)

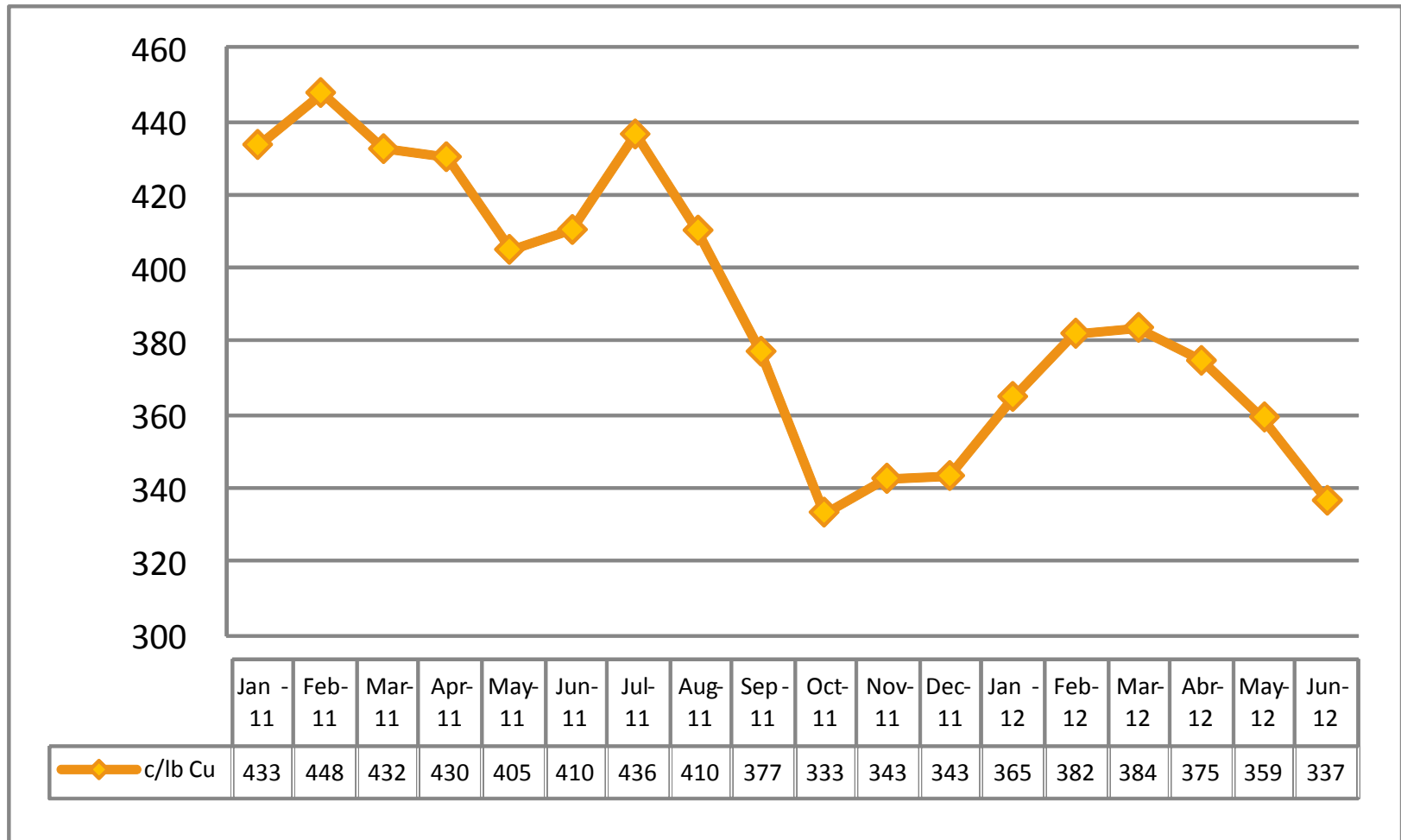


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# Copper Price Evolution

c/lb



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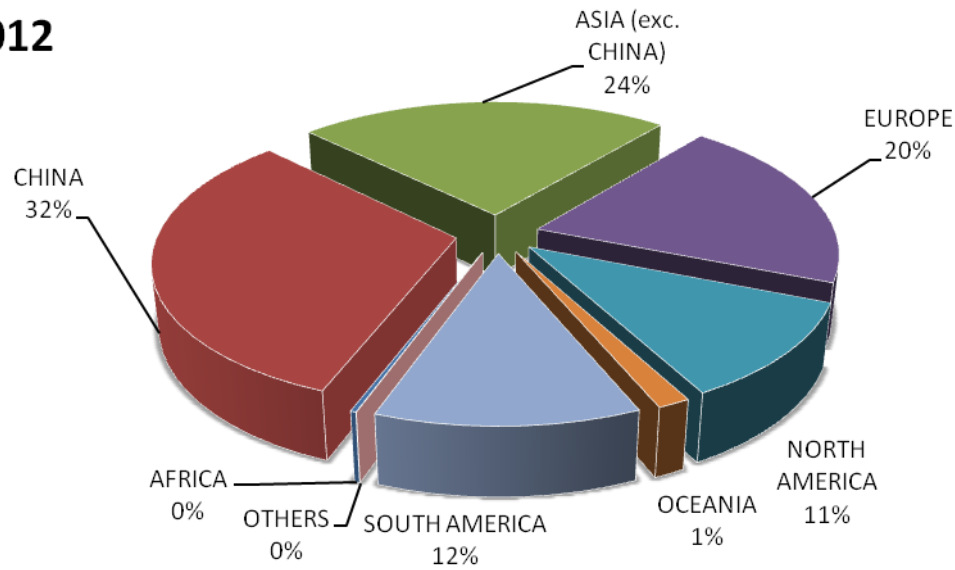
**CODELCO**  
Orgullo de Todos



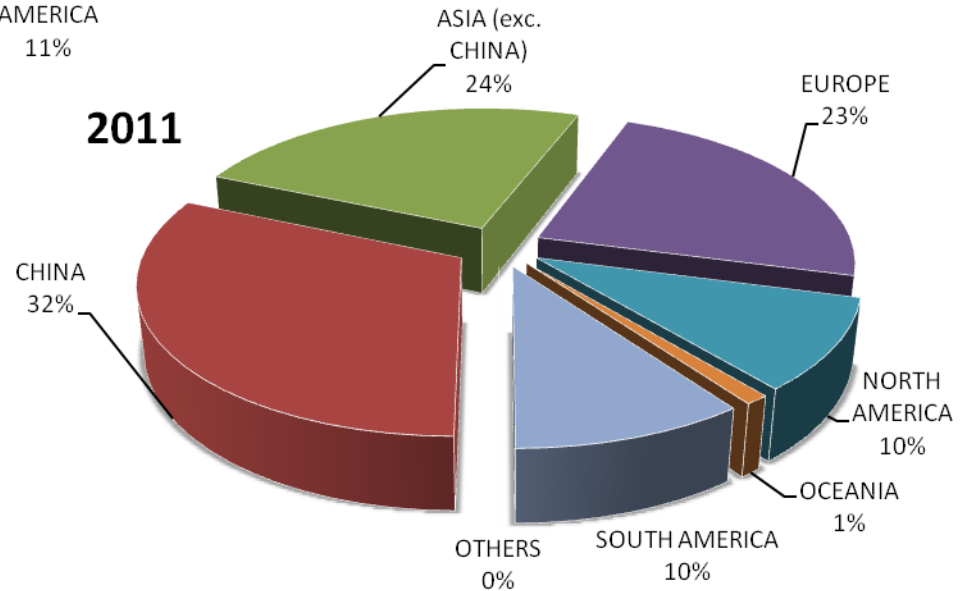
# Sales Destination (US\$)

(January – June)

2012



2011



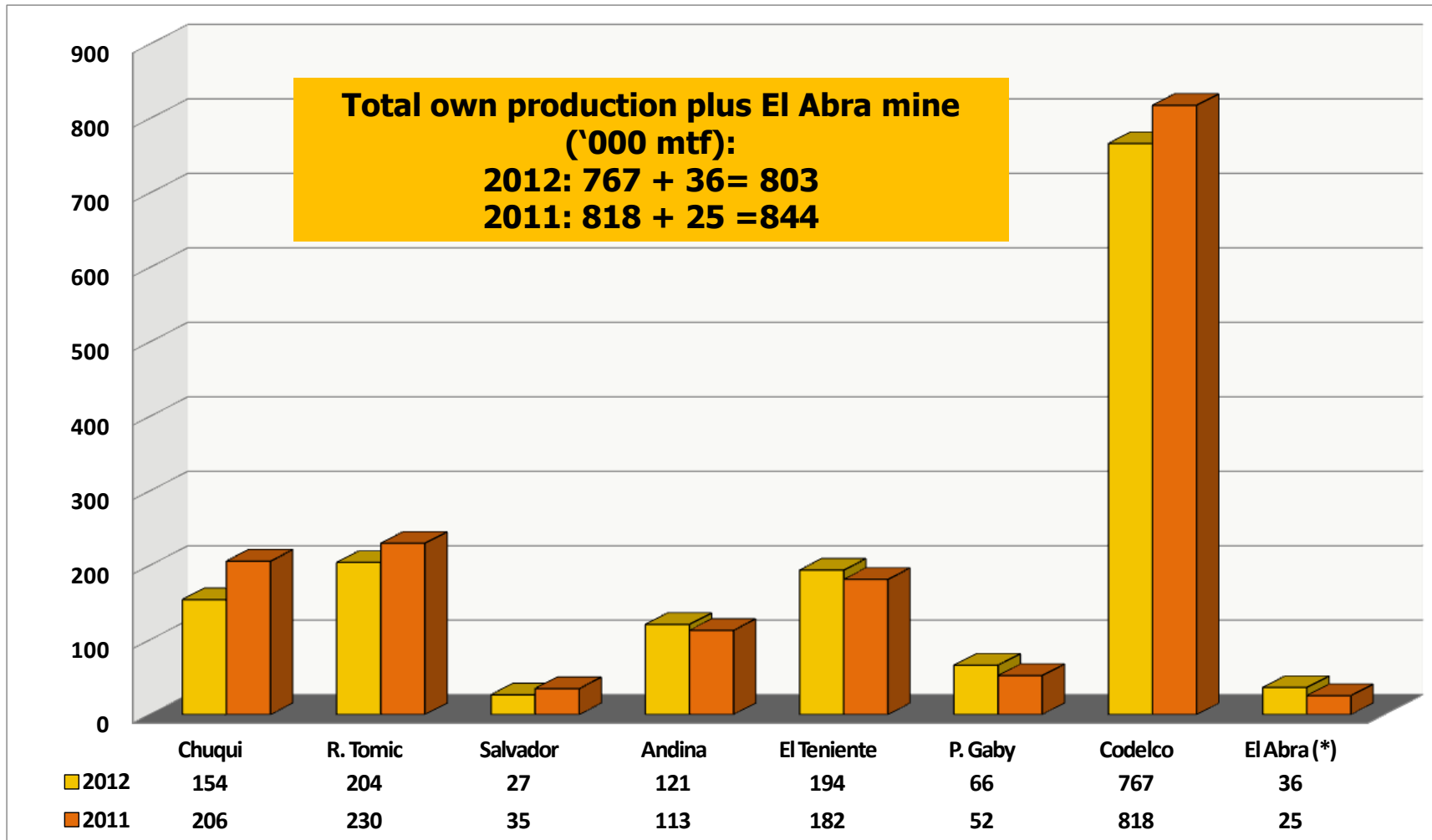
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# Copper Production January-June - own & subsidiaries

(in thousands of fine metric tonnes)



(\*) Share of Codelco in El Abra

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# Income Statement January-June

## Production and Prices Summary

	2012	2011
<b>Own Copper Production – 1,000 metric tonnes</b>	<b>767</b>	<b>818</b>
<b>Own Copper Production including El Abra– 1,000 metric tonnes</b>	<b>803</b>	<b>844</b>
<b>Molybdenum Production - 1,000 metric tonnes</b>	<b>10</b>	<b>12</b>
<b>Sulphuric Acid Sales - 1,000 tonnes</b>	<b>838</b>	<b>905</b>
<b>Silver Production (*) - tonnes</b>	<b>150</b>	<b>198</b>
<b>Gold Production (*) - tonnes</b>	<b>1.2</b>	<b>1.7</b>
<b>Copper Sales (**) - 1,000 metric tonnes</b>	<b>813</b>	<b>859</b>
<b>Own Mineral Copper</b>	<b>732</b>	<b>749</b>
<b>Third-Party Mineral Copper</b>	<b>81</b>	<b>110</b>
<b>Molybdenum Sales - 1,000 metric tonnes</b>	<b>10</b>	<b>10</b>
LME Copper Price (cl/lb)	367.3	426.3
Metals Week Molybdenum Price (US\$/kg)	31.0	37.5
Sulphuric Acid Price (US\$/ton)	147	124
Gold Price (US\$/oz)	1,651	1,425
Silver Price (US\$/oz)	30.8	33.5
Exchange Rate	493	476
CPI	107.7	103.8

(\*) Silver and Gold contained in anodic slimes, concentrates, anodes and blisters

(\*\*) Include Third-Party minerals

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# Income Statement January-June

(in millions of US\$)

	2012	2011
Revenue Copper Sales	6,070	7,294
Cost of Copper Sales	-3,700	-3,795
<b>Gross Profit Copper</b>	<b>2,370</b>	<b>3,500</b>
<b>Gross Profit by-products &amp; other products</b>	<b>354</b>	<b>521</b>
<b>GROSS PROFIT</b>	<b>2,725</b>	<b>4,020</b>
Other income & expenses	-566	-658
Relates companies profits	232	125
<b>PRE-TAX PROFIT (excludes sale of assets)</b>	<b>2,391</b>	<b>3,487</b>
Sale of equity interest in E-CL		375
Sale of equity interest in Inca de Oro		72
<b>PRE-TAX PROFIT (includes sale of assets)</b>	<b>2,391</b>	<b>3,934</b>
<b>COMPARABLE PROFIT (*)</b>	<b>1,847</b>	<b>2,876</b>

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

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# Pre-Tax Profit Distribution January-June

(in millions of US\$)

Distribución de los Excedentes  
(Millones de US\$)

	2012	2011
Tax Law No. 13,196	615	751
Income Tax (57%)	941	1,794
Specific Mining Tax	128	201
Profit	707	1,188
<b>TOTAL PRE-TAX PROFIT</b>	<b>2,391</b>	<b>3,934</b>
<b>COMPARABLE PROFIT (*)</b>	<b>1,847</b>	<b>2,876</b>

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

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# Costs

Items included	Total costs & expenses	Net cathode cost C3	Direct Cash cost C1
Operating cost	✓	✓	✓
Non-operating cost	✓	✓	-
Head Office	✓	✓	-
Finance cost	✓	✓	-
Depreciation & amortization	✓	✓	-
Treatment & refining cost (TC-RC)	-	✓	✓
By-product credit	-	✓	✓



# Direct Costs January-June 2012 vs. year 2011

(US\$ c/lb of copper)

<b>Direct Cash-cost (C1) 2011</b>	<b>116.44</b>
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Salaries & Wages	8.1
Materials, Fuels & Energy	18.8
Thierd-Party & Other Services	-4.8
Refining, Sales & Other Expenses	3.7
By-Product Credit	5.4

<b>Direct Cash-cost (C1) 2012</b>	<b>147.7</b>
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<b>Variation</b>	<b>31.3</b>
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## Main Variations

- Effect of CPI, exchange rate, US PPI
- Higher relevant input prices (electricity, oil barrel, spare parts)
- Product portfolio (higher sales of semi-finished products and higher refining expenses)
- Lower by-product credit (Molybdenum, anodic slimes & others)

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# Codelco Costs January-June 2012 vs. year 2011

(US\$ c/lb of copper)

	2012	2011
<b>Direct Cash- cost (C1)</b>	<b>147.7</b>	<b>116.4</b>
Depreciations & amortizations	40.8	37.4
Financing costs	9.5	6.5
Non-Operating costs	6.9	7.1
Corporate office expenses	4.1	4.3
<b>Net Cathode Cost (C3)</b>	<b>209.1</b>	<b>171.6</b>
Cathode treatment & refining (TC-RC)	-4.0	-3.0
By-product credit	31.5	37.0
<b>Total Costs &amp; Expenses</b>	<b>236.6</b>	<b>205.6</b>

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# Total Costs & Expenses Variation Analysis

(US\$ c/lb of copper)

<b>Total Costs &amp; Expenses January-December 2011</b>	<b>205.6</b>
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Input prices increase	9.4
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Effect of CPI, exchange rate & US PPI	6.6
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<b>Subtotal</b>	<b>16.0</b>
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Mining Variables (more mineral processed)	3.8
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Higher operational services (include Minera Gaby)	9.4
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Higher depreciations & amortizations	7.6
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Lower retirement plans & collective bargain agreements	-5.7
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<b>Total Costs &amp; Expenses January-June 2012</b>	<b>236.6</b>
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<b>Variation</b>	<b>31.0</b>
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# PRE-TAX Profit

current currency

	Change (%): 1st Sem 2012 / 1st Sem 2011	Change (%): Last 12 Month / Previous 12 Month
<b>Codelco*</b>	-31%	-21%
<b>Main International Companies (1)</b>	-51%	-31%
<b>Main National Companies (2)</b>	-29%	-42%

\*: Excludes sale of assets (E-CL & Inca de Oro).

(1): FCX, BHP Billiton, Xstrata, Anglo American, Southern Copper, Rio Tinto, KGHM, Antofagasta Plc, Vale.

(2): Escondida, Collahuasi, Los Pelambres, El Tesoro, Andacollo y Quebrada Blanca.



# Financial Report

## Codelco

### January – June 2012

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Thomas Keller  
Codelco CEO

Press Conference  
August 31st, 2012

