

€600,000,000



CODELCO

Corporación Nacional del Cobre de Chile

2.250% Notes due 2024

The notes will bear interest at the rate of 2.250% per year and will mature on July 9, 2024. The interest on the notes will be payable on July 9 of each year, beginning on July 9, 2015. The notes will not be redeemable prior to maturity except in the event of certain developments affecting taxation. See “Description of Notes—Tax Redemption.” The notes will be direct, unsecured and unsubordinated obligations of Corporación Nacional del Cobre de Chile (“CODELCO” or the “Company”) and will rank *pari passu* with all other unsecured and unsubordinated obligations of CODELCO. See “Description of Notes—General.”

Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market of the Luxembourg Stock Exchange (the “Euro MTF Market”). This Listing Memorandum constitutes a “prospectus” for the purposes of the Luxembourg Act dated July 10 2005 on prospectuses for securities, as amended. The Euro MTF Market is not a regulated market for purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

This document may not be used for or in connection with an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful. This document has not been approved by any regulatory authority in the European Economic Area and has not been prepared in accordance with EC Prospectus Directive 2003/71/EC, as amended, and the EC Prospectus Regulation 2012/486/EC.

See “Risk Factors” beginning on page 13 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The notes have not been registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws, and are being offered and sold only to (i) qualified institutional buyers under Rule 144A under the Securities Act and (ii) persons outside the United States under Regulation S under the Securities Act. For a description of certain restrictions on transfer of the notes, see “Transfer Restrictions” and “Plan of Distribution.”

The notes will be delivered in registered global form only and deposited with a common depository for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme*, Luxembourg (“Clearstream”) on or about July 9, 2014.

Issue price: 98.707% plus accrued interest, if any, from July 9, 2014.

Joint Book-Running Managers

Deutsche Bank

HSBC

Santander

The date of this offering memorandum is July 15, 2014.

We have not authorized anyone to provide any information other than that contained in this offering memorandum. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the initial purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. Prospective investors should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

After having made all reasonable inquiries, we confirm that the information contained in this offering memorandum is true and accurate in all material respects, that the opinions and intentions expressed herein are honestly held, and that there are no other facts the omission of which would make this offering memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading. CODELCO accepts responsibility accordingly.

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to “CODELCO,” the “Company,” “we,” “our,” “ours,” “us” or similar terms refer to Corporación Nacional del Cobre de Chile (CODELCO) together with its subsidiaries.

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The notes may not be offered or sold, directly or indirectly, in the Republic of Chile (“Chile”) or to any resident of Chile, except as permitted by applicable Chilean law.

This offering memorandum has been prepared by CODELCO solely for use in connection with the proposed offering of the securities described herein. This offering memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. We and the initial purchasers reserve the right to reject for any reason any offer to purchase any of the notes.

This offering memorandum may only be used for the purposes of this offering.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future. CODELCO has furnished the information contained in this offering memorandum. The initial purchasers have not independently verified any of the information contained herein (financial, legal or otherwise) and assume no responsibility for the accuracy or completeness of any such information.

In making an investment decision, prospective investors must rely on their own examination of CODELCO and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to CODELCO or the initial purchasers, and at the office of the Luxembourg paying agent.

IN CONNECTION WITH THE ISSUE OF THE NOTES, HSBC BANK PLC AS STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILIZING MANAGER) WILL UNDERTAKE SUCH STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE OFFER OF THE NOTES AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes and (2) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; neither we nor the initial purchasers shall have any responsibility therefor. See “Transfer Restrictions” for information concerning some of the transfer restrictions applicable to the notes.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;
- you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the notes, other than as contained in this offering memorandum and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

See “Risk Factors” beginning on page 13 for a description of certain risks you should consider before investing in the notes.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, OR THE RSA, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PRUCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

NOTICE TO PROSEPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus

for offers of notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Company, or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in relation to such offer. Neither the Company, nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the initial purchasers to publish a prospectus for such offer. Neither the Company nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the initial purchasers, which constitute the final placement of the notes contemplated in this offering memorandum. The expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. We may from time to time make forward-looking statements in our annual report, in prospectuses, press releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of these forward-looking statements include:

- projections of revenues, net income (loss), capital expenditures, dividends, capital structure or other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to anticipated trends, competition, regulation and rates;
- statements about our future economic performance or that of Chile or other countries in which we have investments; and
- statements of assumptions underlying these statements.

Words such as “believe,” “could,” “may,” “will,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “potential,” “predict,” “forecast,” “guideline,” “should” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in these forward-looking statements. These factors, some of which are discussed under “Risk Factors,” include economic and political conditions and government policies in Chile or elsewhere, inflation rates, exchange rates, regulatory developments and changes in Chilean law, customer demand, competition, unanticipated mining and production problems, commodity prices, relations with employees and contractors, variances in ore grade, adverse weather conditions and natural disasters. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements.

You are cautioned not to place undue reliance on these forward-looking statements which reflect our views only as of the date they are made, and we do not undertake any obligation to update them or publicly to release the result of any revisions to these forward-looking statements in light of new information or future developments after the date of this offering memorandum.

ENFORCEABILITY OF CIVIL LIABILITIES

CODELCO is a state-owned enterprise organized under the laws of Chile. All of its directors and executive officers and certain experts named in this offering memorandum reside outside the United States (principally in Chile) and all or a substantial portion of the assets of CODELCO and of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States on, or bring actions or enforce foreign judgments against, CODELCO or such persons in U.S. courts. In addition, CODELCO has been advised by its Chilean counsel, Carey y Cía. Ltda., that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments. There is also doubt as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Chilean courts, however, have enforced judgments rendered in the United States by virtue of the legal principles of reciprocity and comity, subject to the review in Chile of the U.S. judgment in order to ascertain whether certain basic principles of due process and public policy have been respected, without reviewing the merits of the subject matter of the case. Lastly, CODELCO has been advised by Carey y Cía. Ltda. that there is doubt as to the enforceability in original actions in Chilean courts of liabilities predicated solely upon U.S. federal securities laws.

The notes, the Fiscal and Paying Agency Agreement and the Purchase Agreement will provide that CODELCO will appoint the Chilean consul in New York City as its agent upon whom process may be served in any action arising out of or based upon, respectively, the notes, the Fiscal and Paying Agency Agreement, the Purchase Agreement or the transactions contemplated thereby, which may be instituted in any federal or state court having “subject matter” jurisdiction. See “Description of Notes.”

Pursuant to the Chilean Mining Code, mining concessions as well as certain raw materials and other property or assets permanently dedicated to the exploration or extraction of minerals cannot be subject to an order of attachment, except with respect to mortgages, in the case that the debtor consents to the attachment in the same enforcement proceeding or when the debtor is a stock corporation. In addition, pursuant to the Chilean Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by CODELCO. As a result, the rights of holders to attach property of CODELCO in the event of a default under the notes would be limited by such provisions. See “Regulatory Framework—Mining Regulations.”

PRESENTATION OF FINANCIAL AND STATISTICAL INFORMATION

In this offering memorandum, references to “U.S.\$,” “\$,” “U.S. dollars” and “dollars” are to United States dollars and references to “cents” are to United States cents (U.S.\$0.01). References to “pesos” or “Ch\$” are to Chilean pesos and references to “UF” are to “*Unidades de Fomento*.” The UF is an inflation-indexed Chilean monetary unit which is linked to, and which is adjusted daily to reflect changes in, the Chilean consumer price index during the preceding 30 days. References to “euro” or “€” are to the legal currency of the European Economic and Monetary Union.

Pursuant to *Oficio Circular* 368 of October 2006, as amended, of the *Superintendencia de Valores y Seguros* (“SVS”), or the Chilean Superintendency of Securities and Insurance, beginning in 2010, all companies with publicly traded securities in Chile are required to prepare and report consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the International Accounting Standards Board (IASB). As of January 1, 2010, CODELCO no longer prepares financial statements in accordance with generally accepted accounting principles in Chile (“Chilean GAAP”).

The audited consolidated statements of financial position as of December 31, 2011, 2012 and 2013, and the consolidated statements of comprehensive income for the years ended December 31, 2011, 2012 and 2013 included herein (the “Year-end Consolidated Financial Statements”), are presented in accordance with IFRS as issued by the IASB. The consolidated financial statements for the years ended December 31, 2012 and 2013 are referred to as the “2012-2013 Year-end Consolidated Financial Statements.”

The unaudited interim consolidated statements of financial position as of March 31, 2014 and the unaudited consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2013 and 2014 (the “Unaudited Interim Consolidated Financial Statements”) included in this offering memorandum are presented in accordance with IFRS. The Unaudited Interim Consolidated Financial Statements and the Year-end Consolidated Financial Statements are referred to together as the “Consolidated Financial Statements.”

The accounting policies adopted in the preparation of the Unaudited Interim Consolidated Financial Statements are consistent with those applied in the preparation of the Year-end Consolidated Financial Statements for the year ended December 31, 2013. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—New Accounting Standards.”

Unless otherwise indicated, the Consolidated Financial Statements and other financial information concerning CODELCO included herein are presented in U.S. dollars in conformity with Decree Law 1.350 of 1976, as amended by Law 20.392 published in the Official Gazette on November 14, 2009, and for periods after January, 1, 2009, in accordance with IFRS. Decree Law 1.350 is the Chilean law pursuant to which CODELCO was created and which provides for its governance.

Because the notes offered hereby have not been and will not be registered with the SEC, the Consolidated Financial Statements do not and are not required to comply with the applicable requirements of the Securities Act, and the related rules and regulations adopted by the SEC, which would apply if the notes offered hereby were being registered with the SEC.

The U.S. dollar is the currency used in the primary economic environment in which CODELCO operates. Nevertheless, as an international company operating primarily in Chile as well as in several other Latin American countries, a portion of CODELCO’s business is transacted in Chilean pesos and other non-dollar currencies.

Adjusted EBITDA data is included in this offering memorandum because such data is used by certain investors to measure a company’s ability to service debt and fund capital expenditures, and it is included herein for convenience only. Adjusted EBITDA is calculated by adding finance income (expense), net, income tax expense, depreciation and amortization plus export taxes to net income, in each case determined in accordance with IFRS as issued by the IASB. Adjusted EBITDA is presented because it is a widely accepted indicator of funds available to service debt, although it is not an IFRS-based measure of liquidity or performance. The Company believes that

Adjusted EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company's calculation of Adjusted EBITDA may be different than the calculation used by other companies and therefore, comparability may be affected.

Under IFRS, gross profit is calculated before provision for the 10% special export tax payable by CODELCO under Law 13.196, as well as a mining tax at progressive rates of between 5% and 14% that became effective in January 2006 pursuant to a modification of Chilean Income Tax Law 824 (*Decreto Ley* 824). See also "Risk Factors—Risks Relating to CODELCO's Relationship with the Chilean Government—CODELCO is subject to special taxes and distributions" for information related to the mining tax rate effective in 2013 and estimated from 2014.

Certain figures included in this offering memorandum and in the Consolidated Financial Statements have been rounded for ease of presentation. Percentage figures included in this offering memorandum have in some cases been calculated on the basis of such figures prior to rounding. For this reason, certain percentage amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in the Consolidated Financial Statements. Certain other amounts that appear in this offering memorandum may not sum due to rounding.

The Observed Exchange Rate (as defined herein under "Exchange Rates") reported by the Central Bank of Chile as of December 30, 2013 was Ch\$523.76 = U.S.\$1.00, as of March 31, 2014 was Ch\$550.53 = U.S.\$1.00 and as of July 1, 2014 was Ch\$552.72 = U.S.\$1.00. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. See "Exchange Rates."

All tonnage information in this offering memorandum is expressed in metric tons and all references to ounces are to troy ounces, in each case, unless otherwise specified. Tonnage information in this offering memorandum does not include CODELCO's share of the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra, owned 49% by CODELCO and 51% by Cyprus El Abra Corporation (a subsidiary of Freeport McMoRan Copper & Gold, Inc. ("Freeport McMoRan")) or CODELCO's indirect 20% share of Anglo American Sur S.A. ("Anglo American Sur"), unless otherwise specified. See "Business and Properties—Associations, Joint Ventures and Partnerships—SCM El Abra" and "Business and Properties—Associations, Joint Ventures and Partnerships—Anglo American Sur" for a description of these joint ventures. Certain terms relating to the copper mining business are defined in "Glossary of Certain Mining Terms."

Market information regarding CODELCO's share of copper production, reserves and relative cost position has been derived by CODELCO from third-party sources, including reports of Brook Hunt & Associates, and from CODELCO's own industry research. Brook Hunt & Associates publishes periodic reports containing global copper production data and cost analysis by mine site. While CODELCO believes that its estimates are reliable, such estimates have not been confirmed by independent sources. The Consolidated Financial Statements do not reflect the value of CODELCO's mining concessions or its resources and reserves.

As used in this offering memorandum, "cash cost" is calculated in accordance with the methodology specified by Brook Hunt & Associates for determination of C1 cost (cash cost) and includes all direct cash costs of mining, including costs associated with extraction, leaching, smelting and further processing of copper ores into refined metal, as well as labor, transportation and physical plant costs associated with those processes, net of income from sales of by-products. Cash cost figures are given as nominal dollar amounts, usually expressed as cents per pound, and exclude provisions, amortization, depreciation and central office costs. Cash cost is presented because it is a widely used measure of costs, although it is not an IFRS or U.S. GAAP-based measure of cost. The Company believes that cash cost, while providing useful information, should not be considered in isolation or as a substitute for costs of sales, costs of selling and administrative expenses, or as an indicator of costs.

As used in this offering memorandum, "Chuquicamata," "Radomiro Tomic," "Gabriela Mistral," "El Teniente," "Andina," "Salvador," "Mina Ministro Hales" and "Ventanas" refer to the divisions of CODELCO, not the mines having those names, unless otherwise required by context.

As used in this offering memorandum, the term "billion" means one thousand million (1,000,000,000).

SUMMARY

This summary must be read as an introduction to this offering memorandum and any decision to invest in the notes should be based on a consideration of the offering memorandum as a whole.

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this offering memorandum. Unless otherwise indicated, financial information with respect to CODELCO provided in this offering memorandum has been presented in U.S. dollars and prepared in accordance with IFRS.

CODELCO is the world's largest copper producer and the largest company in Chile in terms of revenues (U.S.\$14.96 billion in 2013). As of December 31, 2013, CODELCO's total assets and equity amounted to U.S.\$33.36 billion and U.S.\$12.40 billion, respectively, without including the value of CODELCO's mining concessions and ore deposits (as of March 31, 2014, such amounts were U.S.\$34.08 billion and U.S.\$12.31 billion, respectively).

CODELCO engages 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 Chile and controls approximately 9% of the world's proved and probable copper reserves, as such terms are defined by the U.S. Geological Survey.

In 2013, CODELCO had an estimated 10% share of total world copper production, with production of approximately 1.79 million metric tons including CODELCO's share of the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra (owned 49% by CODELCO and 51% by Cyprus El Abra Corporation, a subsidiary of Freeport McMoRan) and CODELCO's share of Anglo American Sur (of which CODELCO owns a 20% indirect share), and an estimated 9% share of the world's molybdenum production, with production of approximately 23,043 metric tons excluding CODELCO's share of Anglo American Sur.

CODELCO's main commercial product is Grade A cathode copper. In 2013, CODELCO derived 93% of its total sales from copper and 7% of its total sales from by-products of its copper production. For the three-month period ended March 31, 2014, CODELCO derived 92% of its total sales from copper and 8% of its total sales from by-products of its copper production.

CODELCO's sales of copper in 2013 were geographically diversified, with approximately 59% of sales made to Asia, including 41% to China, 15% to Europe, 26% to North and South America. CODELCO's top ten customers purchased approximately 35% of its total copper sales volume in 2013.

CODELCO's copper operations are divided into eight divisions. In September 2010, CODELCO created the Mina Ministro Hales Division, which operates the Mina Ministro Hales ore body. In December 2010, CODELCO divided the former CODELCO Norte Division into the Chuquicamata and Radomiro Tomic Divisions. CODELCO's divisions consist of the following:

- The Chuquicamata Division operates the Chuquicamata mine, one of the largest copper producing mines in the world, which began its operations in 1915 and currently includes smelting and refining capacities. In 2013, this division produced 339,012 metric tons of copper cathodes, or 18.9% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 165.8 cents per pound, compared to 193.4 cents per pound in 2012, and a total cash cost of U.S.\$1,228 million, compared to U.S.\$1,503 million in 2012. For the first three months of 2014, this division had a cash cost of 144.8 cents per pound and a total cash cost of U.S.\$240 million.
- The Radomiro Tomic Division operates the Radomiro Tomic mine, which began its first full year of production in 1998 and is the world's largest producer of copper using the SX-EW technology. In 2013, this division produced 379,589 metric tons of copper cathodes, or 21.2% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a

cash cost of 133.4 cents per pound, compared to 130.9 cents per pound in 2012, and a total cash cost of U.S.\$1,104 million in 2013 compared to U.S.\$1,223 million in 2012. For the first three months of 2014, this division had a cash cost of 157.5 cents per pound and a total cash cost of U.S.\$279 million.

- On January 1, 2013, CODELCO created the Gabriela Mistral Division. The Gabriela Mistral Division operates the Gabriela Mistral mine, which uses SX-EW technology. The Gabriela Mistral mine produced its first copper cathodes in May 2008 after a 26-month construction period with total construction costs of U.S.\$1.03 billion. In 2013, this division produced 128,170 metric tons of copper, or 7.2% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 205.7 cents per pound, compared to 199.6 cents per pound in 2012, and a total cash cost of U.S.\$581 million in 2013, compared to U.S.\$585 million in 2012. For the first three months of 2014, this division had a cash cost of 206.6 cents per pound and a total cash cost of U.S.\$113 million.
- The El Teniente Division is the operator of El Teniente mine, which is the world's largest underground copper mine and has been in operation for more than 100 years. The El Teniente Division includes the Caletones smelter. In 2013, this division produced 450,390 metric tons of copper, or 25.1% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 133.0 cents per pound, compared to 128.8 cents per pound in 2012, and a total cash cost of U.S.\$1,306 million, compared to U.S.\$1,175 million in 2012. For the first three months of 2014, this division had a cash cost of 121.3 cents per pound and a total cash cost of U.S.\$281 million.
- The Andina Division operates the Andina and Sur-Sur mines with production split among open-pit and underground mines. It does not have independent smelting capacity. Andina has been in operation since 1970. In 2013, this division produced 236,715 metric tons of copper, or 13.2% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 133.9 cents per pound, compared to 136.3 cents per pound in 2012, and a total cash cost of U.S.\$675 million in 2013, compared to U.S.\$725 million in 2012. For the first three months of 2014, this division had a cash cost of 145.1 cents per pound and a total cash cost of U.S.\$165 million.
- The Salvador Division includes the Salvador mine and concentrator and the smelter/refinery complex at Potrerillos, which has a capacity to treat 671,000 metric tons of concentrate. In 2013, this division produced 54,242 metric tons of copper cathodes, or 3.0% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 312.3 cents per pound, compared to 268.9 cents per pound in 2012, and a total cash cost of U.S.\$373 million in 2013, compared to U.S.\$372 million in 2012. For the first three months of 2014, this division had a cash cost of 264.5 cents per pound and a total cash cost of U.S.\$70 million. CODELCO's Board of Directors has decided to phase out mining operations at the Salvador mine by 2016, or by 2021 if warranted by market and operational conditions. The Potrerillos smelter and refinery will continue to operate upon any cessation of the mining operations at Salvador.
- The Ventanas Division was created in connection with the acquisition of the Ventanas smelter/refinery complex from Chile's state-owned mining company Empresa Nacional de Minería ("ENAMI") in May 2005. The Ventanas smelter has a capacity to treat 400,000 metric tons of concentrate. In 2013, this division refined 403,059 metric tons of copper. Pursuant to the terms of the acquisition, CODELCO is required to provide on market terms the necessary smelting and refining capacity for the treatment of copper concentrate delivered by the small- and medium-sized mining industry that ENAMI serves.
- The Mina Ministro Hales Division was created in September 2010 for the operation of the Mina Ministro Hales ore body, which first began producing copper at the end of 2013 for a total of 33,572 metric tons of copper, with a cash cost of 172.1 cents per pound and a total cash cost of U.S.\$123 million in 2013. For the first three months of 2014, this division produced 29,607 metric tons of copper, with a cash cost of 155.4 cents per pound and a total cash cost of U.S.\$98 million.

For a description of CODELCO's associations with other companies, see "Business and Properties—Copper Production—Associations, Joint Ventures and Partnerships."

Competitive Strengths

CODELCO believes it has certain distinguishing competitive strengths:

- *Copper Reserves.* CODELCO controls approximately 9% of the world's proved and probable copper reserves. In 2013, CODELCO's proved and probable reserves represented at least 35 years of future production at current levels. According to the U.S. Geological Survey, CODELCO's proved and probable reserves decreased from 63.6 million tons in 2013 to 61.2 million tons in 2014.
- *Market Presence.* CODELCO is the largest copper producer in the world, with an estimated 10% share of the total world copper production, with 1.79 million metric tons (including CODELCO's share of the El Abra deposit and Anglo American Sur) of production in 2013. CODELCO is also one of the largest producers of molybdenum in the world, with an estimated 9% share of total world molybdenum production, producing 23,043 metric tons in 2013 (excluding CODELCO's share of Anglo American Sur). CODELCO believes its significant market presence gives the Company certain advantages in the marketing of its products.
- *Low Cost Producer.* For many years, CODELCO has been one of the world's lowest cost producers of copper, and has been within the first and second quartile in industry costs. This position is principally attributable to the quality of its ore bodies, its economies of scale, and the experience of its workforce and management. The Company intends to make every effort through investment and management to return to the first quartile of the industry's cost curve in the long term. In 2013, CODELCO's total costs and expenses were reduced by 33.0 cents per pound, reaching 231.5 cents per pound in 2013, compared to 264.5 cents per pound in 2012 and 205.6 in 2011. For the first three months of 2014, CODELCO's total costs and expenses were 236.1 cents per pound compared to 245.0 cents per pound for the same period in 2013. In 2013, CODELCO's total costs and expenses were reduced by 13.8% to U.S.\$8,278 million. For the first three months of 2014, CODELCO's total costs and expenses were U.S.\$1,992 million, compared to U.S.\$2,077 million for the same period in 2013. In 2013, CODELCO's cash cost of production was 163.1 cents per pound compared to 163.5 cents per pound in 2012 and 116.4 cents per pound in 2011. For the first three months of 2014, CODELCO's cash cost of production was 159.6 cents per pound, compared to 170.0 cents per pound for the first three months of 2013. In 2013, CODELCO'S total cash cost was U.S.\$5,754 million compared to U.S.\$5,864 million in 2012. For the first three months of 2014, CODELCO's total cash cost was U.S.\$1,328 million, as compared to U.S.\$1,424 million for the first three months of 2013. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview."
- *Research and Technological Innovation.* CODELCO remains competitive by developing and incorporating new technologies into its production processes, which aim to improve overall operations, including mining processes, efficiency, productivity, environmental protection, and worker safety.
- *Stable, Long-term and Geographically Diverse Client Base.* CODELCO has developed long-term relationships with the majority of its clients, including some of the leading manufacturers in the world.
- *Financial Strength.* In 2013, CODELCO's earnings before interest expense, taxes (including income and export taxes), depreciation and amortization (Adjusted EBITDA) amounted to U.S.\$6.0 billion; total debt to capitalization as of December 31, 2013 was 48.8% and the ratio of total debt to Adjusted EBITDA was 1.98. As of March 31, 2014, Adjusted EBITDA amounted to U.S.\$1.1 billion; total debt to capitalization as of March 31, 2014 was 51.1%.
- *Management Efficiency and Flexibility.* CODELCO's copper reserves are concentrated in Chile and can therefore be managed efficiently. CODELCO believes that it has a highly experienced workforce and executive team with a proven track record of managing long-life copper reserves that is able to

respond to market changes by adjusting the allocation of its resources and operations among several different methods of production and ore deposits.

- *A Leading Company in Chile.* CODELCO is the largest company in Chile in terms of sales as of December 31, 2013, and is a key contributor to the Chilean government budget. In 2013, CODELCO contributed U.S.\$2.86 billion to the Chilean Treasury and accounted for approximately 18% of Chile's total exports. For the first three months of 2014, CODELCO contributed U.S.\$465 million to the Chilean Treasury. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury" and "Regulatory Framework."

Business Strategy

CODELCO's mission is to maximize the value of its mineral resources for the benefit of its shareholder, the Chilean state, by fully developing its vast mining resources on a timely basis, leveraging the Company's experienced workforce, utilizing its advanced technological assets in key areas and by executing the following key strategic initiatives:

- *Capital Expenditure Program.* The Company seeks to maintain and improve its competitive position in the industry through its capital expenditure program. Following the completion of a number of significant projects in recent years, such as the development of sulfide ores at the Radomiro Tomic mine, the expansion at the Andina mine and the development of the Pilar Norte area at El Teniente mine, CODELCO intends to continue its development program. Accordingly, the Company intends to make capital expenditures of approximately U.S.\$23.3 billion over the next five years on major projects, transforming its main mining operations with a view towards the long-term development of its resources. The Company's expansion and development projects for the next five years include:
 - the final development stage and ramp up of the Mina Ministro Hales ore body, which produced its first tons of copper in 2013 (U.S.\$332 million investment over the next five years to produce an expected total average of 183,000 tons of copper per year and 300 tons of silver per year);
 - the development of a new production level in the existing El Teniente underground mine (U.S.\$2.2 billion investment over the next five years to maintain El Teniente's current annual copper production of approximately 434,000 tons of copper per year starting in 2017; environmental approvals were obtained in March 2011);
 - the first stage of the expansion of the existing sulfide operations in the Radomiro Tomic mine (U.S.\$3.2 billion investment over the next five years to enable the Radomiro Tomic mine to produce an expected average of 343,000 tons of copper per year starting in 2018);
 - the gradual transfer of the Chuquicamata mine from an open pit mine to an underground operation (U.S.\$3.1 billion investment over the next five years to enable Chuquicamata to produce an expected total average of 366,000 tons of copper and 18,000 tons molybdenum per year starting in 2018; environmental approvals were obtained in September 2010); and
 - the expansion of the existing Andina mine (U.S.\$668 million investment over the next five years to enable Andina to produce an expected average of an additional 350,000 tons of copper per year for a total expected average of approximately 600,000 tons of copper per year starting in 2023).

For a complete list of planned capital expenditures, see "Business and Properties—Copper Production—Operations."

- *Improvement in Operations.* A number of improvement initiatives are underway to adopt best industry practices, most notably in the areas of labor productivity, asset utilization rates and process efficiency. Together with its capital expenditure program, these initiatives are expected to enhance CODELCO's

competitive position. The Company operates in a cyclical business and CODELCO's strategy is to ensure that it is able to take full advantage of high copper prices. The Company is developing a number of plans to achieve production targets in the coming years. These plans mainly focus on reducing the risk of disruptions to production and on providing increased flexibility to its operations.

- *Exploration Effort.* CODELCO controls the largest copper reserves worldwide, the Company's single most important long-term competitive advantage. The discovery of new mining resources and improving its ability to locate existing ore bodies and prospects are critical to maintain this preeminent position in the industry. Accordingly, the Company's exploration program will continue to be a key part of its business strategy.
- *Investment in Human Capital.* The successful execution of CODELCO's business strategy relies on continuing to attract and retain a world-class management team and professionals of the highest caliber. Against the background of increased competition for talent in the mining industry, the Company will continue to improve career development opportunities for its staff and the overall attractiveness of CODELCO as a preferred employer.
- *Mining Association with Third Parties.* CODELCO seeks to continue to develop and operate assets in association with third parties in situations where these associations will add value to CODELCO's business. An example of the Company's willingness and ability to do so is the association with Freeport McMoRan in the El Abra copper mine (CODELCO owns 49%) and the association with Anglo American plc ("Anglo American"), Mitsui & Co., Ltd. ("Mitsui") and Mitsubishi Corporation ("Mitsubishi Corporation") in Anglo American Sur (CODELCO owns an indirect 20% interest). CODELCO believes its large mining reserve is a strong platform from which to establish such associations.

Recent Developments

Appointment of New Directors

On May 12, 2014, the President of Chile appointed 3 new Board members: Oscar Landerretche Moreno, Dante Contreras Guajardo and Laura Albornoz Pollmann, replacing Juan Luis Ossa Bulnes, Andrés Tagle Domínguez and Fernando Porcile Valenzuela. The President of Chile also selected Oscar Landerretche Moreno as the Chairman of the Board of Directors. On June 6, 2014, the Board of Directors of CODELCO decided to remove the Company's CEO, Mr. Thomas Keller, by a vote of five in favor, three against and one abstention. This decision became effective on June 13, 2014. Furthermore, on June 13, 2014, the Board of Directors unanimously named Octavio Araneda Osés as Acting CEO. Prior to that date, Mr. Araneda held the position of Vice President of Operations Centro Sur. The Board of Directors also agreed to start the search to select the new CEO, an open-ended process that will be conducted by the Chairman of the Board. See "Management."

Corporate Information

CODELCO's principal executive offices are located at Huérfanos 1270, Santiago, Chile, and its telephone number is (562) 2690-3000. CODELCO was established by Decree Law 1.350, published in the Official Gazette of February 28, 1976, as amended by Decree Law 20.392, published in the Official Gazette on November 14, 2009.

The Offering

Issuer	Corporación Nacional del Cobre de Chile.
Securities Offered	€600,000,000 aggregate principal amount of 2.250% notes due 2024.
Issue Price.....	The issue price of the notes is 98.707% plus accrued interest, if any, from July 9, 2014.
Interest	2.250% per year. The interest on the notes will be payable on July 9 of each year, beginning on July 9, 2015. See “Description of Notes.”
Maturity	July 9, 2024.
Currency of Payment	All payments of principal of and premium, if any, and interest on the notes will be made in euro.
Withholding Tax.....	Interest will be paid after withholding for or on account of certain taxes imposed by Chile. Under current Chilean law and regulations, payments of interest to holders of the notes that are not residents of Chile for purposes of Chilean taxation will generally be subject to Chilean withholding tax at a rate of 4%. Subject to specified exceptions and limitations, CODELCO will pay Additional Amounts (as defined in “Description of Notes—Payment of Additional Amounts”) in respect of such withholding tax on interest payments. See “Description of Notes—Payment of Additional Amounts” and “Taxation—Chilean Taxation.”
Tax Redemption	The notes are redeemable at the option of CODELCO in whole (but not in part), at any time at the principal amount thereof plus accrued and unpaid interest and any Additional Amounts due thereon if, as a result of changes in the laws or regulations affecting Chilean taxation, CODELCO becomes obligated to pay Additional Amounts on interest payments on the notes in respect of withholding or deduction of Chilean tax at a rate in excess of 4%. See “Description of Notes—Tax Redemption,” “Taxation—Chilean Taxation” and “Risk Factors—Risks Relating to the Offering.”

Form and Denomination	The notes will be issued in the form of one or more fully registered global securities, without coupons, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The global notes will be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, <i>société anonyme</i> , Luxembourg (“Clearstream”) and registered in the name of the common depositary or its nominee. See “Description of Notes.”
Payments; Transfers	Payment of interest and principal with respect to interests in global notes will be credited by Euroclear or Clearstream, as the case may be, to the account of the holders of such interests with Euroclear or Clearstream, as the case may be. Transfers of interests in notes held through Euroclear or Clearstream will be conducted in accordance with the rules and operating procedures of the relevant system. There will be a Luxembourg paying agent.
Ranking	The notes will be the direct, unsecured and unsubordinated obligations of CODELCO ranking <i>pari passu</i> with all other unsecured and unsubordinated obligations of CODELCO, other than certain obligations granted preferential treatment pursuant to Chilean law. The notes will contain no restrictions on the amount of additional indebtedness which may be incurred by CODELCO or its subsidiaries; however, as set forth under “Description of Notes—Limitation on Liens,” the notes will contain certain restrictions on the ability of CODELCO and its subsidiaries to incur secured indebtedness. See “Description of Notes.”
Certain Covenants	The notes will contain certain covenants, including, but not limited to, covenants with respect to (i) limitations on liens, (ii) limitations on sale and lease-back transactions and (iii) limitations regarding consolidation, merger, conveyance, sale or lease transactions. See “Description of Notes—Limitation on Liens,” “—Limitation on Sale and Lease-Back Transactions” and “—Consolidation, Merger, Conveyance, Sale or Lease.”
Transfer Restrictions	The notes have not been and will not be registered under the Securities Act and are subject to restrictions on resales. See “Transfer Restrictions.”

Further Issues.....	In accordance with the terms of the Fiscal and Paying Agency Agreement, CODELCO may issue additional notes of the same series as the notes offered hereby at a future date. See “Description of Notes—Further Issues of Notes.”
Listing.....	Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market in accordance with its rules and regulations. If any European or national legislation is adopted and is implemented or takes effect in Luxembourg in a manner that would impose requirements on us that we, in our discretion, determine are impracticable or unduly burdensome, we may de-list the notes. In these circumstances, there can be no assurance that we would obtain an alternative admission to listing, trading and/or quotation for the notes by another listing authority, exchange and/or system within or outside the European Union. For information regarding the notice requirements associated with any delisting decision, see “Description of Notes—Notices.”
Governing Law; Submission to Jurisdiction.....	The notes will be governed by the laws of the State of New York. CODELCO will submit to the jurisdiction of the United States federal and state courts located in the Borough of Manhattan in the City of New York in respect of any action arising out of or based on the notes. See “Description of Notes—Governing Law; Submission to Jurisdiction; Sovereign Immunity.”
Expected Ratings	The notes offered hereby will be assigned a rating by Moody’s Investors Service, Inc. (“Moody’s”) and by Standard & Poor’s rating group (“S&P”). CODELCO currently has a Foreign Currency Long Term Debt rating by Moody’s of A1 (negative) and a Long Term Foreign Issuer Credit rating by S&P of AA- (stable). A securities rating is not a recommendation to buy, sell or hold securities, is subject to revision or withdrawal at any time by the assigning rating organization and should be evaluated independently of any other rating.
Use of Proceeds	The net proceeds from the offering of the notes will be used for general corporate purposes, including for capital expenditures and to refinance indebtedness.
Fiscal Agent.....	The Bank of New York Mellon.
Paying Agent	The Bank of New York Mellon, London Branch.

Luxembourg Listing Agent, Luxembourg Paying Agent,
Luxembourg Transfer Agent and Registrar The Bank of New York Mellon (Luxembourg) S.A.

Risk Factors

Before investing, you should carefully consider the risks set forth under “Risk Factors” beginning on page 13.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present CODELCO's summary consolidated financial data and other data as of and for the periods indicated. This data is qualified in its entirety by reference to, and should be read together with, CODELCO's Consolidated Financial Statements and notes thereto, included elsewhere in this offering memorandum, from which all such data (other than the average London Metal Exchange ("LME") copper prices) has been derived. The data should also be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Year-end Consolidated Financial Statements for 2011, 2012 and 2013, and the Unaudited Interim Consolidated Financial Information for the three-month periods ended March 31, 2013 and 2014, and other financial information included in this offering memorandum are presented in accordance with IFRS. The unaudited interim information for the three-month periods ended March 31, 2013 and 2014 includes all adjustments, consisting of only normal recurring adjustments, that in the opinion of management are necessary for the fair presentation of such information. The unaudited results of operations for the three months ended March 31, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014 or any other period.

	For the year ended December 31,			For the three months ended March 31,	
	2011	2012	2013	2013	2014
		(unaudited)			
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Revenues	\$17,515,296	\$15,860,432	\$14,956,283	\$ 3,277,676	\$ 3,130,189
Cost of sales ⁽¹⁾	(10,283,026)	(10,607,900)	(10,801,815)	(2,250,103)	(2,460,930)
Gross profit	7,232,270	5,252,532	4,154,468	1,027,573	669,259
Other income	726,185	4,092,339	162,552	31,975	66,443
Distribution cost	(11,114)	(12,654)	(11,057)	(3,373)	(3,294)
Administrative expenses	(452,217)	(543,531)	(471,562)	(127,283)	(107,417)
Other expenses ⁽²⁾	(2,307,326)	(2,232,631)	(1,513,434)	(301,424)	(467,909)
Other gains	38,709	35,400	52,249	10,759	9,514
Finance income	44,701	59,023	28,851	11,757	4,832
Finance cost	(294,496)	(406,278)	(327,113)	(89,245)	(120,415)
Share of profit of associates and joint ventures accounted for using the equity method	353,440	457,230	444,133	99,223	90,965
Exchange differences	216,998	(165,801)	212,823	(60,158)	156,346
Profit for the period before tax	5,547,150	6,535,629	2,731,910	599,804	298,324
Income tax expense ⁽³⁾	(3,491,798)	(2,545,468)	(1,617,339)	(342,314)	(153,931)
Profit for the period	2,055,352	3,990,161	1,114,571	257,490	144,393
Profit attributable to owners of parent	2,056,414	3,982,801	1,073,204	246,594	137,856
Profit (loss), attributable to non-controlling interests	(1,062)	7,360	41,367	10,896	6,537
Profit for the period	\$ 2,055,352	\$ 3,990,161	\$ 1,114,571	\$ 257,490	\$ 144,393
STATEMENTS OF FINANCIAL POSITION INFORMATION					
	As of December 31, 2011	As of January 1 2012	As of December 31, 2012	As of December 31, 2013	As of March 31, 2014*
					(unaudited)
Total current assets	\$ 5,906,920	\$ 5,906,920	\$ 6,534,627	\$ 5,424,240	\$ 5,792,284
Total property, plant and equipment	13,437,764	13,217,003	17,067,949	20,126,811	20,481,822
Investments accounted for using the equity method ⁽⁴⁾	945,055	945,055	7,636,636	7,494,982	7,496,964
Non-current receivables	132,721	132,721	171,699	138,896	144,051
All other assets	412,484	412,534	249,066	170,234	169,649
Total assets	\$ 20,834,944	\$ 20,614,183	\$ 31,660,077	\$ 33,355,163	\$ 34,084,770
Total current liabilities	4,416,082	4,416,082	4,138,972	3,778,756	4,092,668
Total non-current liabilities	10,353,832	10,221,375	15,342,093	17,168,787	17,681,074
Total liabilities	\$ 14,769,914	\$ 14,637,457	\$ 19,481,065	\$ 20,947,543	\$ 21,773,742
Non-controlling interests	2,020	2,020	2,099,406	2,047,102	2,053,684
Equity attributable to owners of parent	6,063,010	5,974,706	10,079,606	10,360,518	10,257,344
Total equity	\$ 6,065,030	\$ 5,976,726	\$ 12,179,012	\$ 12,407,620	\$ 12,311,028
Total liabilities and equity	\$ 20,834,944	\$ 20,614,183	\$ 31,660,077	33,355,163	\$ 34,084,770

OTHER ITEMS	For the year ended December 31,				For the three months ended March 31,	
	2011	2012	2013	2013	2014	
	(in thousands of U.S.\$, except ratios and copper prices)				(unaudited)	
Depreciation and amortization of assets	\$ 1,485,357	\$ 1,606,166	\$ 1,748,020	\$ 397,036	\$ 473,314	
Interest income (expense), net	\$ (249,795)	\$ (347,255)	\$ (298,262)	\$ (77,488)	\$ (115,583)	
Ratio of earnings to fixed charges ⁽⁵⁾	19.8	17.1	9.4	7.7	3.5	
Average LME copper price (U.S. ¢ per pound) ⁽⁶⁾	399.7	360.6	332.1	359.8	319.4	
Adjusted EBITDA ⁽⁷⁾	\$ 8,812,554	\$ 9,817,981	\$ 5,963,680	\$ 1,354,091	\$ 1,132,836	
Ratio of debt to Adjusted EBITDA	0.8	1.0	2.0	—	—	
Adjusted EBITDA coverage ratio ⁽⁸⁾	35.3	28.3	20.0	17.5	9.8	

- (1) Cost of sales for any period includes direct and indirect costs, depreciation and amortization associated with the production of copper and by-products, as well as purchase costs of third-party copper, sold by CODELCO in that period.
- (2) Other expenses is comprised principally of costs related to retirement plan and severance indemnities, costs of environmental exit, restoration and similar liabilities and the 10% special export tax paid by the Company that is required by Law 13.196. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”
- (3) CODELCO was subject to a 5% mining tax calculated on its operating income for the fiscal year 2011. Effective for its 2012 fiscal year, CODELCO is subject to a mining tax on operating income at progressive rates of between 5% and 14%. The tax is imposed on operating income generated during the operating year. The effective rate of the mining tax was 5.7% for CODELCO in 2011 and 5.0% in 2012 and 2013. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury” and “Regulatory Framework.” See also “Risk Factors—Risks Relating to CODELCO’s Relationship with the Chilean Government—CODELCO is subject to special taxes and distributions” for information related to the mining tax rate effective in 2012. In addition, CODELCO is subject to the corporate income tax rate of 20% (a 17% historic corporate tax rate applied to income earned in and prior to 2011) and a 40% tax on net earnings applicable to state-owned enterprises as specified by Decree Law 2.398, Art. 2. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury.”
- (4) See Note 8 to the Unaudited Interim Consolidated Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”
- (5) For the purpose of calculating CODELCO’s ratio of earnings to fixed charges, (i) earnings consist of profit (loss) before income tax and finance cost and (ii) fixed charges consist of finance cost.
- (6) Average price on the LME for Grade A cathode copper during period.
- (7) Adjusted EBITDA is calculated by adding finance income (expense), net, income tax expense, depreciation and amortization (EBITDA) plus export taxes (Adjusted EBITDA) to net income, in each case determined in accordance with IFRS as issued by the IASB. Adjusted EBITDA is presented because it is a widely accepted indicator of funds available to service debt, although it is not an IFRS-based measure of liquidity or performance. The Company believes that Adjusted EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company’s calculation of Adjusted EBITDA may be different than the calculation used by other companies and therefore, comparability may be affected.
- (8) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income.

The following table shows CODELCO's Adjusted EBITDA and reconciles its Adjusted EBITDA with profit under IFRS for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2011	2012	2013	2013	2014
	(in thousands of U.S.\$)			(unaudited)	
Profit for the period.....	\$ 2,055,352	\$ 3,990,161	\$ 1,114,571	\$ 257,490	144,393
Income tax expense.....	3,491,798	2,545,568	1,617,339	342,314	153,931
Depreciation and amortization of assets.....	1,485,357	1,606,166	1,748,020	397,036	473,314
Export taxes	1,485,551	1,269,908	1,156,637	268,006	240,783
Finance cost	294,496	406,278	327,113	89,245	120,415
Adjusted EBITDA	<u>\$ 8,812,554</u>	<u>\$ 9,817,981</u>	<u>\$ 5,963,680</u>	<u>\$ 1,354,091</u>	<u>\$ 1,132,836</u>

The following table shows CODELCO's earnings, ratio of earnings to fixed charges and reconciliation of earnings to profit under IFRS for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2011	2012	2013	2013	2014
	(in thousands of U.S.\$, except ratios)			(unaudited)	
Profit for the period	\$ 2,055,352	\$ 3,990,161	\$ 1,114,571	\$ 257,490	\$ 144,393
Income tax expense.....	3,491,798	2,545,468	1,617,339	342,314	153,931
Finance cost	294,496	406,278	327,113	89,245	120,415
EBIT ⁽¹⁾	<u>\$ 5,841,646</u>	<u>\$ 6,941,907</u>	<u>\$ 3,059,023</u>	<u>\$ 689,049</u>	<u>\$ 418,739</u>
Ratio of earnings to fixed charges ⁽²⁾	19.8	17.1	9.4	7.7	3.5

(1) EBIT is calculated by adding finance cost and income tax expense, each determined in accordance with IFRS as issued by the IASB, to profit for the period. EBIT, while not a financial performance measure under IFRS, is presented as an indicator of funds available to service debt. The Company believes that EBIT, while providing useful information, should not be considered in isolation as a substitute for profit for the period, as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company's calculation of EBIT may be different than the calculation used by other companies and therefore, comparability may be affected.

(2) Fixed charges consist of finance cost. The ratio of earnings to fixed charges is calculated by dividing earnings by finance cost.

The following table shows CODELCO's debt and ratio of debt to Adjusted EBITDA and Adjusted EBITDA coverage ratio under IFRS for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2011	2012	2013	2013	2014
	(in thousands of U.S.\$, except ratios)			(unaudited)	
Debt ⁽¹⁾	\$ 7,049,274	\$ 9,902,678	\$ 11,825,267	\$ 9,962,651	\$ 12,846,104
Ratio of debt to Adjusted EBITDA...	0.8	1.0	2.0	—	—
Finance income	44,701	59,023	28,851	11,757	4,832
Adjusted EBITDA coverage ratio ⁽²⁾ ..	35.3	28.3	20.0	17.5	9.8

(1) CODELCO's total debt includes a non-recourse loan from Mitsui of U.S.\$822.44 million outstanding as of March 31, 2014, which was used to acquire 20% of Anglo American Sur. Under IFRS accounting standards, CODELCO must consolidate this debt. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Other Debt."

(2) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income.

RISK FACTORS

Prospective purchasers of the notes offered hereby should carefully consider all the other information contained herein, including the risk factors set forth below. As a general matter, investing in the securities of an issuer, substantially all of whose operations are in a developing country such as Chile, involves a higher degree of risk than investing in securities of issuers with substantially all of their operations in the United States and other jurisdictions.

Risks Relating to CODELCO's Operations

CODELCO's business is highly dependent upon the price of copper.

CODELCO's financial performance is significantly affected by the market prices of copper. These prices have been historically subject to wide fluctuations and are affected by numerous factors beyond the control of CODELCO, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers and others, and actions of participants in the commodities markets. To a lesser extent, copper prices are also subject to the effects of inventory carrying costs and currency exchange rates. In addition, the market prices of copper have occasionally been subject to rapid short-term changes. See "Overview of the Copper Market."

In the first three months of 2014, copper prices averaged 319.35 cents per pound, down from 359.77 cents per pound in the same period in 2013, which may be attributed in part to the uncertainty in the demand for copper in China and other emerging markets. China has been the main driver of copper consumption over the last few years, and in 2011, 2012 and 2013, 37.6%, 40.8% and 41.4%, respectively, of CODELCO's sales were made to China. If economic conditions deteriorate in China and other emerging markets, the market price of copper could fall. A decline in copper prices would have an adverse impact on CODELCO's revenues and financial results. In 2013, each one-cent change in CODELCO's average annual copper price per pound caused a variation in operating profit of approximately U.S.\$40 million. In the event of a sustained decline in prices, CODELCO has in the past and could again determine to curtail operations or suspend certain of its mining and processing operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

CODELCO faces competition in the copper market from other copper producers.

CODELCO faces competition from other copper mining companies and producers of copper around the world. Although CODELCO is currently among the lowest cost copper producers in the world mining industry and continues to focus on reducing costs, there can be no assurance that competition from lower cost producers will not have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO.

The mining industry has experienced significant consolidation in recent years, including consolidation among some of CODELCO's main competitors, as a result of which an increased percentage of copper production is from companies that also produce other products and are, consequently, more diversified. There can be no assurance that the result of current or further consolidation in the industry will not have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO.

Most of CODELCO's copper output is dependent upon production from three of its main mining complexes.

Three of CODELCO's mining complexes produced over 65.2% of its copper output in 2013 (including CODELCO's share in El Abra and Anglo American Sur). The Chuquicamata mine produced an aggregate of 339,012 metric tons of copper in 2013, and the Radomiro Tomic mine produced an aggregate of 379,589 metric tons of copper in the same period. The El Teniente Division, including the Caletones smelter, produced 450,390 metric tons of copper in 2013. If operations in any of these three mining complexes were significantly reduced, interrupted or curtailed, CODELCO's financial condition and its ability to make the required payments on the notes could be materially and adversely affected. CODELCO cannot assure you that production interruptions will not occur or that any such incident would not materially adversely affect its production. See "Business and Properties—Operations—

Chuquicamata Division,” “Business and Properties—Operations—Radomiro Tomic Division,” and “Business and Properties—Operations—El Teniente Division.”

The business of mining is subject to risks, some of which are not completely insurable.

The business of mining, smelting and refining copper is generally subject to a number of risks and hazards, including industrial accidents, labor disputes, unexpected geological conditions, mine collapses, changes in the regulatory environment, environmental hazards, weather and other natural phenomena, such as earthquakes, fires and floods. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, human exposure to pollution, personal injury or death, environmental and natural resource damage, delays in mining, monetary losses and possible legal liability. CODELCO maintains insurance typical in the copper mining industry and in amounts that it believes to be adequate, but which may not provide complete coverage in certain circumstances. Insurance against certain risks (including certain liabilities for environmental pollution and other hazards as a result of exploration and production) is not generally available to CODELCO or to other companies within the industry.

Under each of CODELCO’s copper sales agreements, CODELCO or its customer may suspend or cancel delivery of copper during a period of force majeure. Events of force majeure under the agreements include acts of nature, strikes, fires, floods, wars, transportation delays, government actions or other events that are beyond the control of the parties. Any suspension or cancellation of deliveries under copper sales agreements that are not replaced by delivery under new contracts or sales on the spot market could have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO.

CODELCO’s water supply could be affected by geological changes or environmental regulations.

CODELCO’s business is dependent on the availability of water for the production of copper and subject to environmental regulations regarding water usage. In the past, Chile has experienced droughts severe enough to adversely affect the energy sector of the economy in the central and southern regions of Chile. CODELCO’s access to water may also be impacted by changes in geology or other natural factors that CODELCO cannot control. If Chile were to experience a drought or CODELCO was otherwise unable to obtain adequate water supplies, CODELCO’s ability to conduct its operations could be impaired.

In addition, Chile is evaluating and may adopt new water quality standards (including regulations to develop water quality standards for the Loa, Aconcagua and Cachapoal rivers). If adopted, these new water quality standards could result in significant additional environmental compliance costs.

CODELCO’s compliance with environmental, health and safety laws may require increased costs, including capital commitments, and non-compliance may subject it to significant penalties.

Chile has adopted environmental, health and safety regulations requiring industrial companies operating in Chile, including CODELCO, to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources, including water and air, among other requirements. If the environmental authority declares an area to be polluted or potentially polluted, a prevention or decontamination plan is required. Either type of plan may contain measures that may increase the costs of developing new facilities or expanding existing ones in the designated area. Some of the areas where CODELCO operates have been declared polluted. The measures currently included in the decontamination or prevention plans that govern these areas are subject to change and may become more stringent if compliance with the quality standards is not achieved. CODELCO must comply with certain air quality environmental regulations regarding particulate matter (PM₁₀) and sulfur dioxide (SO₂) in the areas surrounding the Potrerillos, Caletones, Ventanas and Chuquicamata smelting plants. The Potrerillos, Caletones and Ventanas smelting plants have decontamination plans for such pollutants. In the area surrounding the Chuquicamata smelter, there is a decontamination plan for PM₁₀ under review, and a pollution prevention plan for SO₂ is under development. CODELCO is unable to fully assess yet what may be required of the Company or the cost of compliance with the revised PM₁₀ pollution reduction plan, the SO₂ prevention plan or any future changes to the other plans covering the areas where CODELCO operates. To date, the impact of operating in latent and saturated zones has not been material for CODELCO; however, it could have a material effect in the future. A new air emission standard for smelters was enacted by the Ministry of the Environment in December 2013. This standard

involves arsenic (As), SO₂, PM₁₀ and mercury (Hg) emissions. CODELCO is currently unable to estimate fully the costs of complying with these new regulations but all the necessary engineering projects to ensure compliance are under development. See “Regulatory Framework—Environmental Regulations.”

Environmental, health and safety laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. For example, changes to current environmental laws and regulations and additional environmental laws and regulations have recently been adopted, including mine closure legislation that would require financial guarantees, and additional changes are pending and may be adopted in Chile. Each of these laws and regulations could result in significant additional environmental compliance costs. At March 31, 2014, CODELCO had total provisions of U.S.\$1,282 million for mine closure expenses (asset retirement and decommissioning). CODELCO is currently unable to estimate fully the costs of complying with potential new regulations regarding smelter emissions, but such costs could be material. CODELCO’s operations outside of Chile are also subject to extensive international, national and local environmental, health and safety laws and regulations.

CODELCO is developing and implementing environmental management systems at each of its divisions to monitor and achieve compliance with applicable environmental laws and regulations. While CODELCO has budgeted for future capital and operating expenditures to maintain compliance with these laws and regulations, there is no guarantee that current levels of expenditures and capital commitments will be sufficient to achieve future compliance. There also can be no assurance that CODELCO has been or will be at all times in complete compliance with environmental laws and regulations, or that proceedings or civil actions will not be brought, or that fines and other sanctions will not be imposed for such non-compliance in the future. In addition, there can be no assurance that more stringent enforcement of, or changes in, existing laws and regulations, the adoption of additional laws and regulations, or the discovery of new facts resulting in increased liabilities would not have a material adverse effect on CODELCO’s business, financial condition, results of operations or prospects.

For further information on environmental matters, and current and proposed environmental laws and regulations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Environmental” and “Regulatory Framework—Environmental Regulations.”

Earthquake damage to CODELCO’s properties and operations could negatively affect CODELCO’s results.

Chile is located in a seismic area that exposes CODELCO’s operations to the risk of earthquakes. Chile has been adversely affected by powerful earthquakes in the past, including, most recently, in April 2014 when an earthquake struck the north of Chile and in February 2010 when a severe earthquake struck the southern central region of the country. An 8.2-magnitude earthquake struck northern Chile in April 2014, mainly affecting the Arica and Tarapaca Regions with no significant consequences for the rest of the country. The February 2010 earthquake and its aftershocks, as well as tsunamis from adjacent coastal waters, caused severe damage to Chile’s infrastructure, including roads, bridges, ports and Santiago’s international airport, affecting areas across the country.

Although the April 2014 and February 2010 earthquakes did not have any substantial effect on CODELCO or its results of operations, and although CODELCO’s mining operations are subject to, and designed to withstand, damage from significant seismic events, an earthquake occurring closer to CODELCO’s operations in northern Chile could cause damage to its mining operations that would not be covered by insurance, except to the extent that its production ceased for more than 30 days. Any such damages caused by an earthquake that were not covered by insurance could have an adverse effect on CODELCO’s results of operations, earnings and cash flow.

Future compliance with a changing and complex regulation scheme may require changes in CODELCO’s business.

CODELCO’s exploration, mining, milling, smelting and refining activities are also subject to non-environmental Chilean laws and regulations (including certain industry technical standards), which change from time to time. Matters subject to regulation include, but are not limited to, concession fees, transportation, production, reclamation, export, taxation and labor standards.

While CODELCO does not believe that compliance with such laws and regulations will have a material adverse effect on its business, financial condition, results of operations or prospects, there can be no assurance that more stringent enforcement of, or change in, existing laws and regulations, the adoption of additional laws and regulations, or the discovery of new facts resulting in increased liabilities or costs would not have a material adverse effect on CODELCO's business, financial condition, results of operations or prospects.

CODELCO's business plans are based on estimates of the volume and grade of CODELCO's ore deposits that could be incorrect.

CODELCO's ore deposits (its resources and reserves) described in this offering memorandum constitute estimates based on standard evaluation methods generally used in the international mining industry and on assumptions as to production costs and market prices. The actual ore deposits may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels. Lower market prices, as well as increased production costs, reduced recovery rates and other factors, may render CODELCO's ore deposits uneconomic to exploit and may result in revision of its reserve and resource estimates from time to time. Reserve and resource data are not indicative of future results of operations. See "Business and Properties—Resources and Reserves."

CODELCO's business requires substantial capital expenditures.

CODELCO's business is capital intensive. Specifically, the exploration and exploitation of copper reserves, mining, smelting and refining costs, the maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. CODELCO must continue to invest capital to maintain or to increase the amount of copper reserves that it exploits and the amount of copper that it produces. CODELCO expects to make capital expenditures of approximately U.S.\$23.3 billion over the next five years on major projects, which it intends to finance through operations, including capitalization and retention of net income, new borrowing from banks and capital markets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditure Program." There can be no assurance that CODELCO will be able to maintain its production levels or generate sufficient cash flow, capitalize a sufficient amount of its net income or have access to sufficient investments, loans or other financing alternatives to finance its capital expenditure program at a level necessary to continue its exploration, exploitation and refining activities at or above its present levels.

Future performance of the Company depends on the results of current and future innovation and exploration.

CODELCO has a two-pronged exploration program that is focused on increasing reserves of its existing divisions and exploring for new deposits outside of its current operations. As the ore quality of CODELCO's reserves continue to decline over time, innovation and exploration is increasingly important to CODELCO's success. While initial results have been favorable, there can be no guarantee that CODELCO's exploration program will continue to be successful. In addition, there may be some degree of execution risk associated with the expansion of operations into deeper mines or mines at higher altitudes. CODELCO's expansion program could also experience delays or be negatively impacted by higher costs. For a description of CODELCO's current development programs, see "Business and Properties—Resource Development."

CODELCO has experienced high energy costs and may experience higher energy costs in the future.

Energy represents a material portion of the production costs for CODELCO. The main energy sources for CODELCO's operations are electricity, liquid fuels (such as diesel, fuel oil and gasoline) and natural gas. Since 2004, there has been a restricted supply of natural gas from Argentina. CODELCO's production costs have increased due to these shortages, as it must rely on electricity generated from more expensive sources, such as diesel, oil or coal, and such increased costs have adversely affected CODELCO's results. CODELCO has taken certain actions to secure the sources from which it can procure energy, including the participation in the construction of liquefied natural gas ("LNG") re-gasification terminals and entering into electrical and liquid fuels contracts which are expected to meet its energy requirements. See "Business and Properties—Production Costs of Copper." If CODELCO is unable to procure sufficient energy at reasonable prices in the future or its energy suppliers do not perform as expected, CODELCO's profits and cash flow could be adversely affected.

Labor disruptions involving CODELCO's employees or the employees of its independent contractors could affect CODELCO's production levels and costs.

On December 31, 2013, CODELCO employed 19,431 employees, approximately 88.4% of whom were covered by collective bargaining agreements with labor unions. Most of these collective bargaining agreements have terms of two to four years. Although management believes its present labor relations are good, CODELCO has experienced material work slowdowns, work stoppages and strikes in the past.

CODELCO was involved in negotiating five collective bargaining agreements in 2013. Two of these collective bargaining agreements, one in the El Teniente Division and another one in the Radomiro Tomic Division, covering a total of 1,284 employees, were negotiated before the termination of the contracts, without conflict or work stoppage. In addition, two of these collective bargaining agreements, a new union in the El Teniente Division and the other related to the Vice Presidency of Projects, were negotiated for the first time. Finally, the collective bargaining agreement at the Salvador Division was finalized after a legal strike that lasted 14 days. In 2014, three collective bargaining agreements at the El Teniente Division have been negotiated in advance, covering a total of 4,238 employees. A fourth collective bargaining agreement in 2014 was negotiated with the Salvador Supervisors Union, covering a total of 211 supervisors. It is anticipated that four other collective bargaining agreements will be negotiated in the coming months of 2014, involving the Headquarter workers, Chiquicamata supervisors, Ministro Hales workers and Gabriela Mistral professional workers, covering a total of 1,013 employees.

There can be no assurance that a work slowdown or work stoppage will not occur prior to or upon the expiration of the current collective bargaining agreements, and management is unable to estimate the effect of any such work slowdown, stoppage or strike on CODELCO's production levels. Work slowdowns, stoppages or other labor-related developments affecting CODELCO could have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO.

On July 11, 2011, a one-day strike was called by the Federation of Copper Workers ("FTC"), which resulted in an approximately 5,000 metric ton decrease in production. CODELCO and the FTC subsequently signed a framework agreement to regulate relations within the Company between management and workers and to foster a dialogue concerning the competitiveness of the Company.

On April 9, 2013, an illegal one-day strike was called by the FTC, which resulted in an approximately 4,700 metric ton decrease in production. CODELCO and the FTC subsequently established a dialogue to address issues concerning labor stability.

As of March 31, 2013, there were 39,681 employees of regular independent operating contractors and 9,687 employees of contractors involved in the development of CODELCO's investment projects. At the end of July 2007, a small portion of contract workers that provide services to CODELCO in various divisions went on a strike that lasted 37 days. During 2007, a framework agreement was signed establishing programs to improve the benefits for the workers. Nevertheless, there was another strike in April and May of 2008 by workers of CODELCO's contractors that lasted 12 days at El Teniente and 20 days at Salvador, reducing production by 30,000 metric tons. A similar strike occurred in May 2011 that lasted 55 days in El Teniente, which resulted in an approximately 17,000 metric ton decrease in production. This strike was resolved through dialogue and agreement between representatives of the workers and the association of contractor companies (Asociación Gremial de Empresas para la Minería y Rubros Asociados ("AGEMA")). While none of the strikes had a material effect on CODELCO's results of operations, CODELCO has experienced material and more protracted work disruptions in the past.

In August 2011, the AGEMA and the Confederation of Copper Workers ("CTC") signed an agreement to prevent strikes such as the El Teniente strike of April and May 2008 for the benefit of employees of contractors that permanently service various CODELCO divisions and production facilities, including Gabriela Mistral. The agreement provided for the payment of a bonus by the contractor companies to certain contract employees and establishes better working practices.

On May 15, 2013, the AGEMA and the CTC signed a revision and extension of their previous agreement. This agreement provides for the payment of one additional bonus by the contractor companies to certain contract

employees and establishes better working practices. There can be no assurance that a work slowdown or stoppage will not occur prior to or upon the completion of the agreed bonus payment, and CODELCO is unable to estimate the effect of any such events on CODELCO's production levels.

Work slowdowns, stoppages and other labor related events could increase CODELCO's independent contracting costs, which could have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO. In addition, pursuant to the Labor Code of Chile (*Código del Trabajo*), CODELCO could be held liable for the payment of labor and social security obligations owed to the employees of independent contractors (or their subcontractors) if the independent contractors (or their subcontractors) do not fulfill those payment obligations.

Law 20.123 governing subcontractors provides incentives for companies to ensure that contractors and subcontractors comply with labor, health and safety regulations and standards with respect to their own employees. Law 20.123 gives companies the right to request that contractors provide information on the status of their payment of labor and social security obligations to their employees prior to the company's payment of amounts due to contractors. Additionally, companies have the right to withhold payments due if the contractors cannot provide evidence that they have fulfilled their labor and social security obligations. Finally, companies are required to pay contractors' pending labor and social security obligations with the amounts withheld from the contractors. It also regulates the provision of temporary services by contractors and subcontractors, enabling the creation of specialized and regulated companies for this specific purpose (*Empresas de Servicios Transitorios*) and defining the specific events under which companies may hire for temporary services.

For further information on employee and independent contractor matters, see "Business and Properties—Employees."

CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO.

CODELCO from time to time hedges certain future copper delivery commitments and production in order to manage the risk associated with copper price volatility. CODELCO currently does not have any production hedging commitments. See Notes 27 and 28 to the Unaudited Interim Consolidated Financial Statements.

CODELCO's production hedging activities could cause it to lose the benefit of an increase in copper prices if copper prices increase over the level of CODELCO's hedge position, as occurred in 2012. The cash flows from and the mark-to-market values of CODELCO's production hedges can be affected by factors such as the market price of copper, copper price volatility and interest rates, which are not under CODELCO's control.

CODELCO's production hedging agreements contain events of default and termination events that could lead to early close-outs of CODELCO's hedges. These include failure to pay, breach of the agreement, misrepresentation, default under CODELCO's loans or other hedging agreements and bankruptcy. In the event of an early termination of CODELCO's hedging agreements, the cash flows from the affected hedge instruments would cease and CODELCO and the relevant hedge counterparty would settle all of CODELCO's obligations at that time. In that event, there could be a lump sum payment to be made either to or by CODELCO. The magnitude and direction of such a payment would depend upon, among other things, the characteristics of the particular hedge instruments that were terminated and the market price of copper and copper price volatility and interest rates at the time of termination.

In addition to its production hedging activities, CODELCO has hedged a portion of its exchange rate and interest rate exposure by entering into forward exchange contracts to hedge against fluctuations in the UF to U.S. dollar exchange rate for its outstanding UF-denominated bonds. CODELCO also periodically enters into futures contracts at the request of customers with respect to certain sales of its own copper in order to provide its customers with protection against fluctuation in the sale price paid in connection with such sales. No assurance can be given that CODELCO will be adequately protected by its hedging activities.

See “Business and Properties—Marketing—Pricing and Hedging,” Notes 27 and 28 to the 2012-2013 Year-end Consolidated Financial Statements and Notes 27 and 28 to the Unaudited Interim Consolidated Financial Statements for further information on CODELCO’s hedging activity.

Risks Relating to CODELCO’s Relationship with the Chilean Government

Important corporate governance matters, the annual budget and financing programs are determined by or subject to the approval of the President of Chile and the Ministries of Finance and Mining.

CODELCO is a mining, industrial and commercial state-owned enterprise of indefinite duration with its own legal personality and capital. CODELCO’s relationship with the Government of Chile is through the Ministry of Mining, and is governed by Decree Law 1.350, as amended by Law 20.392, its bylaws and other applicable legislation. The President of Chile is vested with the authority analogous to that of the shareholders of a corporation (*sociedad anónima*) under Chilean law, which may be delegated in whole or in part to the Ministers of Finance and Mining, jointly. Pursuant to such authority, the President of Chile names CODELCO’s nine directors and approves any amendments to CODELCO’s bylaws. In December 2013, Verónica Michelle Bachelet Jeria was re-elected as President of Chile, after having previously served as President from 2006-2010. In May 2014, the President of Chile appointed Oscar Landerretche Moreno, Dante Contreras Guajardo and Laura Albornoz Pollmann as directors. In addition, the President of Chile appointed Oscar Lederretche Moreno as Chairman of the Board. On June 6, 2014, the Board of Directors of CODELCO decided to remove the Company’s CEO, Mr. Thomas Keller, by a vote of five in favor, three against and one abstention. This decision became effective on June 13, 2014. Furthermore, on June 13, 2014, the Board of Directors unanimously named Octavio Araneda Osés as Acting CEO. Prior to that date, Mr. Araneda held the position of Vice President of Operations Centro Sur. The Board of Directors also agreed to start the search to select the new CEO, an open-ended process that will be conducted by the Chairman of the Board. Senior management and administration of the Company are vested in its Board of Directors and further delegated to its Chief Executive Officer. Pursuant to Decree Law 1.350, CODELCO’s Board of Directors must submit its proposed annual budget to the Ministries of Finance and Mining for approval and possible revision. In addition, Decree Law 1.350 requires CODELCO to include as part of its proposed annual budget a debt amortization budget that includes interest and principal payments on CODELCO’s debts, including the notes. CODELCO must also submit a three-year Business Development Plan (*Plan de Negocios de Desarrollo*) (“BDP”), approved by the Company’s Board of Directors, to the Ministries of Finance and Mining by March of each year. There is no guarantee that actions taken with respect to the appointment of CODELCO’s directors, amendments to its bylaws, and revision and approval of its budget, including CODELCO’s capitalization of net income, are or will be the same as they would be in a privately owned company. See “Management” and “Regulatory Framework.”

CODELCO’s use of net income is restricted and is subject to the approval of the Ministries of Finance and Mining.

As a state-owned enterprise and according to its governing law, CODELCO’s net income is required to be transferred to the Chilean Treasury. Before June 30 of each year, the Ministries of Finance and Mining determine, by means of a joint decree, the amount that the Company shall allocate to the creation of capitalization and reserve funds. Although CODELCO currently expects the Ministries of Finance and Mining to make available a substantial amount of its pre-tax profit over the next five years, a joint decree of the Ministries of Finance and Mining is required each year and the amounts approved in any given year could vary significantly. On June 30, 2014, the Ministries of Finance and Mining approved the capitalization of 17.9% of 2013 net income, or U.S.\$200 million. In addition, the Ministries of Finance and Mining announced their plans to submit a draft law to Congress during the third quarter of 2014 that will aim to secure CODELCO’s long-term financing. Since 2007, the Government of Chile has authorized the capitalization and retention of almost U.S.\$5.4 billion within CODELCO.

If CODELCO’s funding through capitalization and retention of profits, depreciation, amortization and deferred taxes were to prove insufficient to fund capital expenditures, CODELCO’s business could be adversely affected if it is unable to otherwise finance planned expenditures. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

CODELCO is subject to special taxes and distributions.

Law 13.196 of Chile currently requires the payment of a 10% special export tax on revenues from the export of copper and related by-products produced by CODELCO. A bill is currently under discussion in the Chilean Congress that proposed the repeal of Law 13.196, and if the bill were to be approved, effective as of January 1 of the calendar year following such approval, CODELCO would no longer be subject to such special export tax, and consequently, its pre-tax income and after-tax profit could increase.

In addition, CODELCO is subject to the corporate income tax rate of 20% (a 17% historic corporate tax rate applied to income earned in and prior to 2011) and a 40% tax on net earnings applicable to state-owned enterprises as specified by Decree Law 2.398, Art. 2.

CODELCO was subject to a 5% mining tax calculated on its operating income for the fiscal year 2011. Effective 2012 fiscal year, CODELCO is subject to a mining tax on operating income at progressive rates of between 5% and 14%. The tax is imposed on operating income generated during the operating year and will be determined as provided in new articles 64 II and 64 III of the Chilean Income Tax Law. For 2013, CODELCO distributed a total of U.S.\$2.86 billion (including income tax, and export tax payments and distributions) to the Chilean Treasury. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury” and “Regulatory Framework.” The effective rate of the mining tax was 5.0% for CODELCO in 2013 and it is estimated to be approximately 5.0% for 2014.

Constitutional amendments could be proposed that would allow private ownership of CODELCO.

CODELCO is 100% owned by Chile and a constitutional amendment approved by the Chilean Congress would be required to allow private participation in CODELCO’s ownership. Although there has been no formal governmental action to permit private investment in CODELCO, no assurance can be given that such a constitutional amendment will not be proposed to the Chilean Congress in the future. See “Regulatory Framework—Overview of the Regulatory Regime.”

Risks Relating to Chile

CODELCO’s growth and profitability depend on political stability and economic activity in Chile and other emerging markets.

Almost all of CODELCO’s revenues are derived from its operations in Chile. Accordingly, CODELCO’s results of operations and general financial condition depend in part on Chilean markets for labor and certain materials and equipment, and on factors relating to Chilean political stability generally. While Chile has experienced relative political stability in recent years, there can be no assurance that future developments in or affecting the Chilean political situation, including economic or political instability in other emerging markets, will not result in material and adverse effects on CODELCO’s business, financial condition or results of operations. CODELCO also could be adversely affected by legal or regulatory changes over which it has no control.

CODELCO’s business performance is subject to the effects of inflation and changes in the value of the peso.

Although Chilean inflation has been reduced in recent years, Chile has experienced high levels of inflation in the past. High levels of inflation in Chile could adversely affect the Chilean economy and have an adverse effect on CODELCO’s results of operations if high inflation is not accompanied by a matching devaluation of the local currency. There can be no assurance that Chilean inflation will not revert to prior levels in the future. In addition, the measures taken by the Chilean Central Bank to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and economic growth.

The following table shows the annual rate of inflation (as measured by changes in the Chilean consumer price index and as reported by the *Instituto Nacional de Estadísticas*, or the Chilean National Institute of Statistics) during the last five years ended December 31, 2013 and in the first three months of 2014:

<u>Year</u>	<u>Inflation (CPI)</u> <u>(in percentages)</u>
2009	(1.4)
2010	3.0
2011	4.4
2012	1.5
2013	3.0
2014 (through March 31, 2014)	1.5

Source: Chilean National Institute of Statistics

A significant portion of CODELCO's operating costs are denominated in pesos and could therefore be significantly affected by the rate of inflation in Chile. If inflation in Chile were to increase without a corresponding depreciation of the peso, or if the value of the peso were to appreciate relative to the U.S. dollar without the peso experiencing corresponding deflation in Chile, the financial position and results of operations of CODELCO as well as the value of the notes could be materially and adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

The variation of the U.S. dollar against the peso constitutes the main exchange exposure of CODELCO. The mismatch between assets and liabilities denominated in pesos amounts to a net asset for the Company of U.S.\$1,058 million (3.1% of the total amount of assets on a consolidated basis) as of March 31, 2014. In order to cover this risk, CODELCO has and currently is engaged in hedging transactions to partially mitigate the effects of the volatility of foreign exchange rates. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO."

Risks Relating to the Offering

In case of a default under the notes, the ability of holders to attach property of CODELCO may be limited by Chilean law.

CODELCO's activities in Chile are dependent on concessions granted by the Chilean Ordinary Courts with respect to CODELCO's mining rights. These concessions are granted for indefinite terms in the case of exploitation concessions and for two-year periods in the case of exploration concessions (renewable with certain limitations). As a general matter, the Ordinary Courts, through legal proceedings brought by third parties (or by the Chilean Treasury in case of noncompliance with the obligation to pay annual fees), have the legal right to terminate or annul the concessions. Pursuant to the Chilean Mining Code, all mining concessions, as well as certain raw materials and other property or assets permanently dedicated to the exploration or extraction of minerals, cannot be subject to an order of attachment, except with respect to mortgages, where the debtor consents to the attachment in the relevant legal proceeding or when the debtor is a stock corporation. In addition, pursuant to the Chilean Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by CODELCO. As a result, the rights of holders to attach property of CODELCO in the event of a default under the notes would be limited by such provisions. See "Regulatory Framework—Mining Regulations."

CODELCO is permitted to incur additional indebtedness ranking equally to the notes or certain secured indebtedness.

The notes contain no restrictions on the amount of additional indebtedness which may be incurred by CODELCO or its subsidiaries; however, the notes contain restrictions on the ability of CODELCO and its subsidiaries to incur certain secured indebtedness as set forth in "Description of Notes—Limitations on Liens" below. As a result, CODELCO is permitted to issue additional unsecured debt that ranks on an equal and ratable basis with the notes. If CODELCO incurs any additional unsecured debt that ranks on an equal and ratable basis with the notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of

CODELCO subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you under such an event.

If certain changes to tax law were to occur, CODELCO would have the option to redeem the notes.

Under current Chilean law and regulations, payments of interest to holders of the notes that are not residents of Chile for purposes of Chilean taxation generally will be subject to Chilean withholding tax at a rate of 4%. Subject to certain exceptions, CODELCO will pay Additional Amounts (as defined in “Description of Notes—Additional Amounts”) so that the amount received by the holder after Chilean withholding tax will equal the amount that would have been received if no such taxes had been applicable. The notes are redeemable at the option of CODELCO in whole (but not in part), at any time at the principal amount thereof plus accrued and unpaid interest and any Additional Amounts due thereon if, as a result of changes in the laws or regulations after the date of this offering memorandum affecting Chilean taxation, CODELCO becomes obligated to pay additional amounts with respect to interest on the notes in respect of withholding or deduction of Chilean tax at a rate in excess of 4%. CODELCO is unable to determine whether such an increase in the withholding tax rate will ultimately be presented to or enacted by the Chilean Congress; however, if such an increase were enacted, the notes would be redeemable at the option of CODELCO. See “Description of Notes—Tax Redemption” and “Taxation—Chilean Taxation.”

Our obligations under the notes will be subordinated to certain statutory liabilities.

Under Chilean bankruptcy law, the obligations under the notes are subordinated to certain statutory preferences. In the event of a liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the notes.

The market value of the notes may depend on economic conditions in other countries, including the Eurozone countries, over which CODELCO has no control.

The market value of securities of Chilean companies, including CODELCO, is affected to varying degrees by economic and market conditions in other emerging market countries. Although economic conditions in such countries may differ significantly from economic conditions in Chile, investors’ reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Chilean issuers. International financial markets have in recent years experienced volatility due to a combination of international political and economic events. There can be no assurance that deterioration of emerging market economies or other events in or outside of the region will not adversely affect the market value of the notes.

In addition, there are persistent concerns regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro to function as a single currency given the diverse economic and political circumstances in individual Eurozone countries. These potential developments, or market perceptions concerning these and related issues, could negatively impact the value of the notes.

The transferability of the notes may be limited by the absence of an active trading market and restrictions on transfer under applicable securities law.

The notes have not been registered under the Securities Act or any state securities laws. CODELCO does not intend to list the notes on any national securities exchange or to seek admission of the notes for trading on any securities exchange in the United States; however, application has been made to list the notes on the Luxembourg Stock Exchange. Furthermore, CODELCO does not intend to exchange the notes for notes that are registered under the Securities Act. The initial purchasers are not obligated to make a market in the notes. No assurance can be given about the liquidity of any markets that may develop for the notes, the ability of holders to sell the notes or the prices at which the notes could be sold. Future trading prices of the notes will depend on many factors, including prevailing interest rates, CODELCO’s operating results and the market for similar securities. There can be no assurance that any active trading market will develop for the notes or that you will be able to transfer or resell the notes without registration under applicable securities laws.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. CODELCO cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

Payments claimed in Chile on the notes, pursuant to a judgment or otherwise, may be in pesos.

In the event that proceedings are brought against CODELCO in Chile, either to enforce a judgment or as a result of an original action brought in Chile, CODELCO would not be required to discharge those obligations in a currency other than Chilean currency. Such obligation may be satisfied in Chilean currency at the rate of exchange in effect on the date on which payments are made. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment in Chile.

Holders in some jurisdictions may not receive payment of additional amounts for withholding in compliance with the European Council Directive on taxation of savings income.

Under Council Directive 2003/48/EC (the “Savings Directive”) on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favor of automatic exchange of information with effect from January 1, 2015.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures to the Savings Directive.

On March 24, 2014, the Council of the European Union adopted a Directive amending the Savings Directive (the “Amending Directive”) which, when implemented, will broaden the scope of the rules described above. The Member States will have until January 1, 2016 to adopt national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or secured for, certain other entities and legal arrangements (including trusts and partnerships), where certain conditions are satisfied. They also broaden the definition of “interest payment” to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment under a note were to be made by a person in a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to the Directive, neither CODELCO nor any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of such note as a result of the imposition of such withholding tax. CODELCO is, however, required to maintain a Paying Agent, whether or not in a Member State, that will not be obliged to withhold or deduct tax pursuant to the Savings Directive or any such law.

See also, “Description of the Notes—Covenants—Additional Amounts” and “Taxation—European Union Savings Directive.” An investor should consult a tax adviser with respect to the Directive and the application of withholding tax payments of interest on the notes.

Holders of the notes will receive payments solely in euro.

All payments of interest on and the principal of the notes, any redemption price for, and any additional amounts with respect to the notes will be made in euro. CODELCO, the initial purchasers, and the fiscal and paying agents with respect to the notes will not be obligated to convert, or to assist any registered owner or beneficial owner of notes in converting payments of interest, principal, any redemption price, or any additional amount in euro made with respect to the notes into any other currency.

Trading in the clearing system is subject to minimum denomination requirements.

The terms of the notes provide that the notes will be issued with a minimum denomination of €100,000 and multiples of €1,000 in excess thereof. It is possible that the clearing systems may process trades that could result in amounts being held in denominations smaller than the minimum denominations. If definitive notes are required to be issued in relation to such notes in accordance with the provisions of the relevant global notes, a holder that does not have the minimum denomination or a multiple of €1,000 in excess thereof in its account with relevant clearing system at the relevant time may not receive all of its entitlement in the form of definitive notes unless and until such time as its holding satisfies the minimum denomination requirement.

USE OF PROCEEDS

The estimated total net proceeds from the offering of the notes is €581,659,500 after deducting commissions to the initial purchasers, payment of a Chilean stamp tax of €2.4 million and payment of legal fees and all other expenses related to the offering. The net proceeds will be used for general corporate purposes, including for capital expenditures and to refinance indebtedness. See “Capitalization.”

CAPITALIZATION

The following table sets forth the capitalization of CODELCO in accordance with IFRS at March 31, 2014 and as adjusted to give effect to the offering of the notes and application of the net proceeds from the offering of the notes as described in “Use of Proceeds.” This table is qualified in its entirety by reference to, and should be read together with, CODELCO’s Consolidated Financial Statements, including the notes thereto, included elsewhere in this offering memorandum.

	As of March 31, 2014	
	Actual	As Adjusted
	(in thousands of U.S.\$)	
Short-term debt		
Current portion of loans from financial institutions	\$ 953,606	\$ 953,606
Current portion of bonds ⁽¹⁾	611,414	—
Current portions of others	24,443	24,443
Total short-term debt.....	<u>\$ 1,589,463</u>	<u>\$ 978,049</u>
Long-term debt		
Bank debt	\$ 3,628,401	\$ 3,628,401
7.500% Notes due 2019	593,194	593,194
3.750% Notes due 2020	986,888	986,888
3.875% Notes due 2021	1,135,763	1,135,763
3.00% Notes due 2022	1,234,214	1,234,214
4.50% Notes due 2023	736,140	736,140
4.0% UF Notes due 2025 ⁽²⁾	316,695	316,695
5.625% Notes due 2035	490,592	490,592
6.150% Notes due 2036	495,973	495,973
4.25% Notes due 2042	731,220	731,220
5.63% Note due 2043.....	932,004	932,004
Long-term of others.....	188,383	188,383
Notes offered hereby ⁽³⁾⁽⁴⁾	—	801,352
Total long-term debt	<u>\$ 11,469,467</u>	<u>\$ 12,270,819</u>
Non-controlling interest	\$ 2,053,684	\$ 2,053,684
Equity		
Issued capital.....	\$ 2,524,423	\$ 2,524,423
Other reserves	5,206,650	5,206,650
Retained Earnings:		
Retained earnings	2,526,271	2,526,271
Profits distributions to the Chilean Treasury.....	—	—
Net income for the period	144,393	144,393
Equity attributable to equity holders of parent.....	<u>\$ 10,257,344</u>	<u>\$ 10,257,344</u>
Total capitalization ⁽⁵⁾	<u>\$ 25,369,958</u>	<u>\$ 25,559,896</u>

(1) The 4.750% notes due 2014 to be repaid with the proceeds of this offering or other funds available to us are included in this item.

(2) The approximate U.S.\$ equivalent of UF 6.9 million aggregate principal amount of the 4.0% UF notes due 2025 has been translated at an exchange rate of U.S.\$1.00 = UF 0.022 at March 31, 2014.

(3) Net of deferred financing costs, commissions to the initial purchasers, payment of a Chilean stamp tax and payment of legal fees and all other expenses related to the offering.

(4) Amount stated in U.S. dollars as of March 31, 2014 has been translated from euro at the exchange rate of U.S.\$1.3777 = €1.00 as published by the U.S. Federal Reserve Board.

(5) CODELCO has no convertible debt securities, warrants exercisable for debt securities or other similar securities outstanding.

EXCHANGE RATES

As a general matter, prior to 1989, Chilean law permitted the purchase and sale of foreign exchange only in those cases explicitly authorized by the Central Bank. Law 18.840, the *Ley Orgánica Constitucional del Banco Central de Chile* (the “Chilean Central Bank Act”) liberalized the rules that govern the purchase and sale of foreign currency. The act empowers the Central Bank to determine that certain purchases and sales of foreign currency specified by law must be carried out in the *Mercado Cambiario Formal* (the “Formal Exchange Market”). The Formal Exchange Market is formed by the banks and other entities so authorized by the Central Bank. For more information, see “Foreign Investment and Exchange Controls in Chile.” The observed exchange rate for any given day equals the average exchange rate of the transactions conducted in the Formal Exchange Market on the immediately preceding banking day, as certified by the Central Bank (the “Observed Exchange Rate”). Even though the Central Bank is authorized to carry out its transactions at the rates it sets, it generally uses the spot rate for its transactions. Authorized transactions by other banks are generally carried out at the spot rate.

Purchases and sales of foreign exchange which may be effected outside the Formal Exchange Market can be carried out in the *Mercado Cambiario Informal* (the “Informal Exchange Market”). There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the Observed Exchange Rate.

The following table sets forth, for the periods indicated, the high, low, average and period-end Observed Exchange Rate for U.S. dollars for each year beginning in 2011 as reported by the Central Bank of Chile. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

Observed Exchange Rates (Ch\$ per U.S.\$)

Period	High ⁽¹⁾	Low ⁽¹⁾	Average ⁽²⁾	Period-End ⁽³⁾
2011	533.74	455.91	483.67	519.20
2012	519.69	469.65	486.75	478.60
2013:	533.95	466.50	495.00	523.76
2014:				
January	550.53	524.61	537.03	547.22
February	563.32	546.94	554.41	563.32
March	573.24	550.23	563.84	550.53
April	563.76	544.96	554.64	560.56
May	566.88	548.04	555.40	548.04
June	559.12	549.59	553.05	550.60

(1) Rates shown are the actual low and high on a daily basis for periods indicated.

(2) The average annual rates represent the average of average monthly rates for the periods indicated. The average monthly rates represent the average of the rates on each day for the periods indicated.

(3) Period ends on January 1 of the following year.

Source: Central Bank of Chile.

The Observed Exchange Rate reported by the Central Bank of Chile for July 1, 2014 was Ch\$552.72 = U.S.\$1.00.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present CODELCO's summary consolidated financial data and other data as of and for each of the periods indicated. This data is qualified in its entirety by reference to, and should be read together with, CODELCO's Consolidated Financial Statements and notes thereto, included elsewhere in this offering memorandum, from which all such data (other than the average LME copper prices) has been derived. The data should also be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Year-end Consolidated Financial Statements for 2011, 2012 and 2013, the Unaudited Interim Consolidated Financial Information for the three-month periods ended March 31, 2013 and 2014, and other financial information included in this offering memorandum are presented in accordance with IFRS. The unaudited interim information for the three-month periods ended March 31, 2013 and 2014 includes all adjustments, consisting of only normal recurring adjustments, that in the opinion of management are necessary for the fair presentation of such information. The unaudited results of operations for the three months ended March 31, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014 or any other period.

	For the year ended December 31,			For the three months ended March 31,	
	2011	2012	2013	2013	2014
	(in thousands of U.S.\$)			(unaudited)	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Revenues	\$ 17,515,296	\$ 15,860,432	\$14,956,283	\$ 3,277,676	3,130,189
Cost of sales ⁽¹⁾	(10,283,026)	(10,607,900)	(10,801,815)	(2,250,103)	(2,460,930)
Gross profit	7,232,270	5,252,532	4,154,468	1,027,573	669,259
Other income	726,185	4,092,339	162,552	31,975	66,443
Distribution cost	(11,114)	(12,654)	(11,057)	(3,373)	(3,294)
Administrative expenses	(452,217)	(543,531)	(471,562)	(127,283)	(107,417)
Other expenses ⁽²⁾	(2,307,326)	(2,232,631)	(1,513,434)	(301,424)	(467,909)
Other gains	38,709	35,400	52,249	10,759	9,514
Finance income	44,701	59,023	28,851	11,757	4,832
Finance cost	(294,496)	(406,278)	(327,113)	(89,245)	(120,415)
Share of profit of associates and joint ventures accounted for using the equity method	353,440	457,230	444,133	99,223	90,965
Exchange differences	216,998	(165,801)	212,823	(60,158)	156,346
Profit for the period before tax	5,547,150	6,535,629	2,731,910	599,804	298,324
Income tax expense ⁽³⁾	(3,491,798)	(2,545,468)	(1,617,339)	(342,314)	(153,931)
Profit for the period	2,055,352	3,990,161	1,114,571	257,490	144,393
Profit attributable to owners of parent	2,056,414	3,982,801	1,073,204	246,594	137,856
Profit (loss), attributable to non-controlling interests	(1,062)	7,360	41,367	10,896	6,537
Profit for the period	\$ 2,055,352	\$ 3,990,161	\$ 1,114,571	\$ 257,490	\$ 144,393

**STATEMENTS OF FINANCIAL
POSITION INFORMATION**

	As of December 31, 2011	As of January 1, 2012	As of December 31, 2012	As of March 31, 2013	As of March 31, 2014
					(unaudited)
Total current assets	\$ 5,906,920	\$ 5,906,920	\$ 6,534,627	\$ 5,424,240	\$ 5,792,284
Total property, plant and equipment	13,437,764	13,217,003	17,067,949	20,126,811	20,481,822
Investments accounted for using the equity method ⁽⁴⁾	945,055	945,005	7,636,636	7,494,982	7,496,964
Non-current receivables	132,721	132,721	171,699	138,896	144,051
All other assets	412,484	412,534	249,066	170,234	169,649
Total assets	\$ 20,834,944	\$ 20,614,183	\$ 31,660,077	\$ 33,355,163	\$ 34,084,770
Total current liabilities	4,416,082	4,416,082	4,138,972	3,778,756	4,092,668
Total non-current liabilities	10,353,832	10,221,375	15,342,093	17,168,787	17,681,074
Total liabilities	\$ 14,769,914	\$ 14,637,457	\$ 19,481,065	\$ 20,947,543	\$ 21,773,742
Non-controlling interests	2,020	2,020	2,099,406	2,047,102	2,053,684
Equity attributable to owners of parent	6,063,010	5,974,706	10,079,606	10,360,518	10,257,344
Total equity	\$ 6,065,030	\$ 5,976,726	\$ 12,179,012	\$ 12,407,620	\$ 12,311,028
Total liabilities and equity	\$ 20,834,944	\$ 20,614,183	\$ 31,660,077	\$ 33,355,163	\$ 34,084,770

OTHER ITEMS

	For the year ended December 31,			For the three months ended March 31,	
	2011	2012	2013	2013	2014
	(in thousands of U.S.\$, except ratios and copper prices)				
	(unaudited)				
Depreciation and amortization of assets	\$ 1,485,357	\$ 1,606,165	\$ 1,748,020	\$ 397,036	\$ 473,314
Interest income (expense), net	\$ (249,795)	\$ (347,255)	\$ (298,262)	\$ (77,488)	\$ (115,583)
Ratio of earnings to fixed charges ⁽⁵⁾	19.8	17.16.4	9.4	7.7	3.5
Average LME copper price (U.S. ¢ per pound) ⁽⁶⁾	399.7	360.6	332.2	359.8	319.4
Adjusted EBITDA ⁽⁷⁾	\$ 8,812,554	\$ 9,817,981	\$ 5,963,680	\$ 1,354,091	\$ 1,132,836
Ratio of debt to Adjusted EBITDA	0.8	1.0	2.0	—	—
Adjusted EBITDA coverage ratio ⁽⁸⁾	35.3	28.3	20.0	17.5	9.8

- (1) Cost of sales for any period includes direct and indirect costs, depreciation and amortization associated with the production of copper and by-products, as well as purchase costs of third-party copper, sold by CODELCO in that period.
- (2) Other expenses is comprised principally of costs related to retirement plan and severance indemnities, costs of environmental exit, restoration and similar liabilities and the 10% special export tax paid by the Company that is required by Law 13.196. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- (3) CODELCO was subject to a 5% mining tax calculated on its operating income for the fiscal year 2011. Effective for its 2012 fiscal year, CODELCO is subject to a mining tax on operating income at progressive rates of between 5% and 14%. The tax is imposed on operating income generated during the operating year. The effective rate of the mining tax was 5.7% for CODELCO in 2011 and 5.0% in 2012 and 2013. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury" and "Regulatory Framework." See also "Risk Factors—Risks Relating to CODELCO's Relationship with the Chilean Government—CODELCO is subject to special taxes and distributions" for information related to the mining tax rate effective in 2013. In addition, CODELCO is subject to the corporate income tax rate of 20% (a 17% historic corporate tax rate applied to income earned in and prior to 2011) and a 40% tax on net earnings applicable to state-owned enterprises as specified by Decree Law 2.398, Art. 2. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury."
- (4) See Note 8 to the Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- (5) For the purpose of calculating CODELCO's ratio of earnings to fixed charges, (i) earnings consist of profit (loss) before income tax and finance cost and (ii) fixed charges consist of finance cost.
- (6) Average price on the LME for Grade A cathode copper during period.
- (7) Adjusted EBITDA is calculated by adding finance income (expense), net, income tax expense, depreciation and amortization (EBITDA) plus export taxes (Adjusted EBITDA) to net income, in each case determined in accordance with IFRS as issued by the IASB. Adjusted EBITDA is presented because it is a widely accepted indicator of funds available to service debt, although it is not an IFRS-based measure of liquidity or performance. The Company believes that Adjusted EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company's calculation of Adjusted EBITDA may be different than the calculation used by other companies and therefore, comparability may be affected.
- (8) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income.

The following table shows CODELCO's Adjusted EBITDA and reconciles its Adjusted EBITDA with profit under IFRS for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2011	2012	2013	2013	2014
	(in thousands of U.S.\$)			(unaudited)	
Profit for the period	\$ 2,055,352	\$ 3,990,161	\$ 1,114,571	\$ 257,490	\$ 144,393
Income tax expense	3,491,798	2,545,568	1,617,339	342,314	153,931
Depreciation and amortization of assets.....	1,485,357	1,606,166	1,748,020	397,036	473,314
Export taxes.....	1,485,551	1,269,908	1,156,637	268,006	240,783
Finance cost.....	294,496	406,278	327,113	89,245	120,415
Adjusted EBITDA.....	<u>\$ 8,812,554</u>	<u>\$ 9,817,981</u>	<u>\$ 5,963,680</u>	<u>\$ 1,354,091</u>	<u>\$ 1,132,836</u>

The following table shows CODELCO's earnings, ratio of earnings to fixed charges and reconciliation of earnings to profit under IFRS for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2011	2012	2013	2013	2014
	(in thousands of U.S.\$, except ratios)			(unaudited)	
Profit for the period	\$ 2,055,352	\$ 3,990,161	\$ 1,114,571	\$ 257,490	\$ 144,393
Income tax expense	3,491,798	2,545,468	1,617,339	342,314	153,391
Finance cost.....	294,496	406,278	327,113	89,245	120,415
EBIT ⁽¹⁾	<u>\$ 5,841,646</u>	<u>\$ 6,941,907</u>	<u>\$ 3,059,023</u>	<u>\$ 689,049</u>	<u>\$ 418,739</u>
Ratio of earnings to fixed charges ⁽²⁾	19.8	17.1	9.4	7.7	3.5

- (1) EBIT is calculated by adding finance cost and income tax expense, each determined in accordance with IFRS as issued by the IASB, to profit for the period. EBIT, while not a financial performance measure under IFRS, is presented as an indicator of funds available to service debt. The Company believes that EBIT, while providing useful information, should not be considered in isolation as a substitute for profit for the period, as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company's calculation of EBIT may be different than the calculation used by other companies and therefore, comparability may be affected.
- (2) Fixed charges consist of finance cost. The ratio of earnings to fixed charges is calculated by dividing earnings by finance cost.

The following table shows CODELCO's ratio of debt to Adjusted EBITDA and Adjusted EBITDA coverage ratio under IFRS for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2011	2012	2013	2013	2014
	(in thousands of U.S.\$, except ratios)			(unaudited)	
Debt ⁽¹⁾	\$7,049,274	\$9,902,678	\$11,825,267	\$ 9,962,651	\$ 12,846,104
Ratio of debt to Adjusted EBITDA	0.8	1.0	2.0	—	—
Finance income	44,701	59,023	28,851	11,757	4,832
Adjusted EBITDA coverage ratio ⁽²⁾	35.3	28.3	20.0	17.5	9.8

- (1) CODELCO's total debt includes a non-recourse loan from Mitsui of U.S.\$822.44 million, as of March 31, 2014, which was used to acquire 20% of Anglo American Sur. Under IFRS accounting standards, CODELCO must consolidate this debt. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Other Debt."
- (2) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income.

SELECTED OPERATING DATA

The following table sets forth a summary of the production and sales data of CODELCO for each of the years ended December 31, 2011, 2012 and 2013 and for the three months ended March 31, 2012 and 2013. For more information regarding such data, see “Business Properties.”

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
COPPER MINING OPERATIONS					
(unaudited)					
Ore Mined (in thousands of dry metric tons):					
Ministro Hales	—	—	18,645	—	4,657
Chuquicamata Division	67,531	52,117	47,007	13,866	12,727
Radomiro Tomic Division	71,925	75,952	75,575	21,405	17,933
Gabriela Mistral Division	29,121	31,818	33,467	7,713	7,361
El Teniente Division	46,963	48,879	49,584	11,777	11,831
Andina Division	30,547	31,436	31,585	7,626	7,535
Salvador Division	15,613	15,793	13,142	3,566	3,811
Total	261,700	255,995	269,005	69,953	65,855
Average Copper Ore Grade:					
Ministro Hales	—	—	1.17%	—	1.52%
Chuquicamata Division	0.97%	0.80%	0.84	0.82%	0.91
Radomiro Tomic Division	0.77	0.71	0.67	0.69	0.47
Gabriela Mistral Division	0.59	0.57	0.53	0.59	0.46
El Teniente Division	0.95	0.92	0.98	0.93	0.98
Andina Division	0.88	0.90	0.86	0.87	0.80
Salvador Division	0.59	0.55	0.57	0.55	0.57
Weighted Average	0.83%	0.76%	0.76%	0.76%	0.76%
PLANT COPPER PRODUCTION					
(by division in metric tons):					
Ministro Hales	—	—	33,572	—	29,607
Chuquicamata Division	443,381	355,901	339,012	73,296	75,828
Radomiro Tomic Division	470,096	427,791	379,589	110,083	81,142
Gabriela Mistral Division	118,078	133,000	128,170	32,352	24,728
El Teniente Division	400,294	417,244	450,390	98,034	106,116
Andina Division	234,348	249,861	236,715	58,215	53,301
Salvador Division	69,044	62,728	54,242	12,635	12,016
Total	1,735,241	1,646,525	1,621,691	384,615	382,738
PLANT COPPER PRODUCTION					
(contained copper in metric tons):					
ER Cathodes	234,989	120,574	129,332	34,673	36,594
SX-EW Cathodes	617,124	599,379	543,954	145,860	113,645
Fire-refined	68,968	—	—	—	—
Anodes – Blister	274,694	376,200	350,179	67,396	87,312
Concentrates	538,466	550,372	598,226	136,687	145,187
Total	1,735,241	1,646,525	1,621,691	384,616	382,738
MOLYBDENUM PRODUCTION					
(contained molybdenum in metric tons)	23,098	19,676	23,043	5,401	8,216
COPPER SALES					
(in metric tons; includes sales of third-party copper):					
Cathodes	1,573,815	1,423,920	1,240,433	247,471	296,088
Fire-refined	74,830	99	—	—	—
Anodes – Blister	63,881	101,360	120,623	14,884	11,382
Concentrates	215,390	317,440	365,183	86,496	69,831
Total	1,927,916	1,842,819	1,726,239	348,851	377,301
COPPER EXPORTS					
(in metric tons; includes sales of third-party copper):					
Cathodes	1,493,940	1,335,715	1,136,526	225,458	268,208
Fire-refined	73,997	99	—	—	—
Blister	63,874	101,360	120,623	14,884	11,382
Concentrates	196,167	288,020	308,771	79,276	56,404
Total	1,827,978	1,725,194	1,565,920	319,618	335,994
INVENTORIES OF COPPER AT PERIOD-END					
(in metric tons)	77,433	100,081	99,770	155,056	119,909

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum, as well as the data set forth in "Selected Consolidated Financial Data."

Adoption of IFRS

Pursuant to *Oficio Circular 368*, as amended, promulgated by the SVS, beginning January 1, 2010, Chilean companies were required to report consolidated financial statements in accordance with IFRS. As of January 1, 2010, CODELCO is no longer preparing financial statements in accordance with Chilean GAAP. IFRS differs in certain significant respects from Chilean GAAP, and as a result of the Company's adoption of IFRS, there were significant changes in the presentation of CODELCO's financial statements and of its equity. The adoption of IFRS represents a change in the accounting framework only and does not affect the Company's operations or cash flows. CODELCO's first results reported under IFRS were the unaudited interim financial statements as of and for the three-month period ended March 31, 2010.

The Consolidated Financial Statements and other financial information included in this offering memorandum, unless otherwise indicated are presented in accordance with IFRS.

Overview

CODELCO is the world's largest copper producer and the largest company in Chile in terms of sales. CODELCO engages 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. In 2013, CODELCO derived 93% of its total sales from copper and 7% of its total sales from by-products of its copper production, primarily molybdenum, anodic slimes and sulfuric acid.

Since its inception in 1976, CODELCO contributed approximately U.S.\$101 billion (in 2013 currency) to the Chilean Treasury. Due to higher copper prices, 60% of this amount was generated in the last 10 years, representing 13% of Government revenues. In 2013, CODELCO accounted for 18% of all Chilean exports.

CODELCO's financial performance is significantly affected by the market prices of copper. As with prices for other commodities, copper prices have historically been subject to wide fluctuations. LME copper prices averaged 332.1 in 2013, compared to 360.6 cents per pound in 2012 and 399.7 cents per pound in 2011. Copper prices averaged 319.4 cents per pound in the first three months of 2014. In the second quarter of 2014, copper prices averaged 307.9 cents per pound. See "Overview of the Copper Market."

CODELCO continues to focus on controlling and limiting production cost increases. For many years, CODELCO has been one of the world's lowest cost producers of copper and has been within the first and second quartile in industry costs. This position is principally attributable to the quality of its ore bodies, its economies of scale, and the experience of its workforce and management. The Company intends to make every effort, through investment and management, to return to the first quartile of the industry's cost curve in the long term. In 2013, CODELCO's total costs and expenses were 231.5 cents per pound, compared to 264.5 per pound in 2012 and 205.6 cents per pound in 2011. The decrease in 2013 as compared to 2012 is primarily attributable to savings in materials, services and input costs (especially energy), favorable exchange rate movements and lower labor costs due to a decrease in labor agreement expenses. The increase in 2012 as compared to 2011 is primarily attributable to lower ore grade, a significant increase in prices of energy, increases in third-party service expenses and increases in prices of most significant inputs and consumables used in the production process. For the first three months of 2014, CODELCO's total costs and expenses were 236.1 cents per pound, compared to 245.0 cents per pound in the same period in 2013. CODELCO was able to reduce costs 3.6%, primarily as a result of savings in materials, services and input costs and favorable exchange rate movements.

In 2013, CODELCO'S total cash cost was U.S.\$5,754 million, as compared to U.S.\$5,864 million in 2012, and U.S.\$4,408 million in 2011. For the first three months of 2014, CODELCO's total cash cost was U.S.\$1,328 million, as compared to U.S.\$1,424 million for the first three months of 2013. Because a significant portion of CODELCO's costs are denominated in Chilean pesos, depreciation of the Chilean peso against the U.S. dollar reduces CODELCO's cash costs in U.S. dollar terms and appreciation increases these costs. See "Exchange Rates." In 2013, CODELCO's cash cost of production was 163.1 cents per pound, compared to 163.5 cents per pound in 2012, primarily due to exchange rate differences, lower collective bargaining agreements and retirement plans expenses and savings in materials, services and input costs (especially energy) partially offset by lower by-product credit. In 2012, CODELCO's cash cost of production was 163.5 cents per pound, compared to 116.4 cents per pound in 2011, primarily due to lower ore grades and the increase in prices of most significant inputs, consumables and services used in the production process. For the first three months of 2014, CODELCO's cash cost was 159.6 cents per pound, compared to 170.0 cents per pound, in the same period in 2013. This decrease is primarily attributable to savings in materials, services and input costs and favorable exchange rate movements.

CODELCO conducts hedging operations from time to time to reduce the risk associated with copper price volatility. CODELCO also periodically enters into futures contracts at the request of customers with respect to certain sales of its own copper in order to provide its customers with protection against fluctuation in the sale price paid in connection with such sales. In July 2005, the Board of Directors determined to hedge certain future copper delivery commitments and production in order to manage the risk associated with copper price volatility. As of March 31, 2014, CODELCO did not have any production hedging commitments and, accordingly, there was no related impact on pre-tax income in the first three months. See Notes 27 and 28 to the 2012-2013 Year-end Consolidated Financial Statements and Notes 27 and 28 Unaudited Interim Financial Statements.

CODELCO has hedged a portion of its exchange rate and interest rate exposure, including by entering into forward exchange contracts to hedge against fluctuations in the UF to U.S. dollar exchange rate for its outstanding UF-denominated bonds. See "Business and Properties—Marketing—Pricing and Hedging" and "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO." See also Notes 27 and 28 to the 2012-2013 Year-end Consolidated Financial Statements and Notes 27 and 28 to the Unaudited Interim Consolidated Financial Statements for further information on CODELCO's hedging activity.

Sale prices for CODELCO's products are established principally by reference to prices quoted on the LME and the New York Commodity Exchange ("COMEX") in the case of copper, or prices published in "Metals Weekly" in the case of molybdenum. The substantial majority of copper produced by CODELCO is sold under annual contracts to customers who have long-term relationships with CODELCO. Pricing under such contracts is based on prevailing average copper prices for a quotational period, generally for the month following shipment. Revenues under such contracts are recorded at provisional prices determined at the time of shipment. Delays in the delivery of copper led to a delay in the recording of revenues, such as during the work stoppage from March 16 to April 5, 2013 that blocked exports from Chilean ports. Usually, an adjustment is then made after delivery of the copper, based on the pricing terms contained in the applicable contract.

CODELCO's financial performance is also significantly affected by the relationship of copper prices to production costs. In 2013, CODELCO's annual production increased to 1.79 million metric tons including El Abra and Anglo American Sur (as compared to 1.76 million in 2012 and 1.80 million metric tons in 2011), mainly due to the new production coming from Anglo American Sur, the increase at El Teniente Division and first tons produced by the new operation Mina Ministro Hales partially offset by decreases in Radomiro Tomic, Chuquicamata and Andina Divisions. The decrease in 2012 as compared to 2011 was related to lower production from the Chuquicamata and Radomiro Tomic Divisions resulting from lower ore grades, partially offset by higher production of El Teniente, Andina and Gabriela Mistral Divisions. In 2013, each one-cent change in CODELCO's average annual copper price per pound caused a variation in operating profit of approximately U.S.\$40 million. CODELCO expects production to remain relatively flat in the near future. By overcoming certain non-permanent disruptions, such as inclement weather and other natural events and strikes, and producing more copper through the Andina Phase I Expansion, Radomiro Tomic Sulfides project and the new Mina Ministro Hale ore body, CODELCO believes that it will be able to compensate for diminished production resulting from lower average ore grades, which themselves are expected to stabilize over time. Nonetheless, CODELCO continues to develop its project pipeline with the goal of increasing its production marginally in the medium term.

CODELCO continues to develop and refine its mine management practices and programs to limit and reduce its cost increases. These include the following: (i) improved deposit identification and mining techniques; (ii) the implementation of early retirement plans and workforce reduction programs; (iii) an investment in human capital and continuing to attract and retain a world-class management team and professionals of the highest caliber; (iv) improved utilization of equipment and inputs used in the processes of copper production to increase productivity and efficiency; and (v) the development of key projects, including the Mina Ministro Hales ore body, the Radomiro Tomic Sulfides phase II, the new mine level at El Teniente, Chuquicamata underground and Andina Phase II Expansion Project. Cash costs of production are influenced by mining and production practices, as well as the type of ore from which copper is produced, production levels of and market prices for by-products, and exchange rates.

In 2013, CODELCO invested U.S.\$4.2 billion, mainly in Mina Ministro Hales, the new mine level at El Teniente and early work associated with the Chuquicamata underground project. See “Business and Properties.”

In 2012, CODELCO acquired an indirect 20% interest in Anglo American Sur and as a result recognized other income of U.S.\$3.5 billion. See “Business and Properties—Associations, Joint Ventures and Partnerships—Anglo American Sur” and Note 21a to the Year-end Consolidated Financial Statements.

In addition to selling its current production of copper, CODELCO may sell from its inventories of copper to meet the demand of its customers. CODELCO also purchases copper from third parties in the spot market for resale. The Company makes these purchases and sales of third-party copper to meet requirements under sales contracts and, to a lesser extent, to participate in the spot market for copper based on its evaluation of market conditions. Other than pursuant to the joint venture with Minmetals, CODELCO has no long-term commitments regarding third-party copper purchases or sales. CODELCO also engages in copper transactions with its affiliates at market terms. In addition, CODELCO purchases copper from its affiliates for further processing and resale.

The following tables set forth, for the periods indicated, the components of CODELCO’s consolidated statements of operations expressed as a percentage of revenues under IFRS. These tables are qualified in their entirety by reference to, and should be read together with, CODELCO’s Consolidated Financial Statements, including the notes thereto, included elsewhere in this offering memorandum:

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
				(unaudited)	
Revenue.....	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	(58.7)	(66.9)	(72.2)	(68.6)	(78.6)
Gross profit	41.3	33.1	27.8	31.4	21.4
Other income.....	4.1	25.8	1.1	1.0	2.1
Administrative expenses.....	(2.6)	(3.4)	(3.2)	(3.9)	(3.4)
Other expenses	(13.2)	(14.1)	(10.1)	(9.2)	(14.9)
Finance cost.....	(1.7)	(2.6)	(2.2)	(2.7)	(3.8)
Profit for the period before tax	31.7	41.2	18.3	18.3	9.5
Income tax expense	(19.9)	(16.0)	(10.8)	(10.4)	(4.9)
Profit for the period	11.7%	25.2%	7.5%	7.9%	4.6%

The following tables set forth, for the periods indicated, certain price, volume and cost data:

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
CODELCO Average Metal Price (per pound) ⁽¹⁾					
Copper	\$ 3.81	\$ 3.53	\$ 3.16	\$ 3.36	\$ 2.87
Molybdenum	\$ 15.45	\$ 12.90	\$ 10.31	\$ 11.38	\$ 9.84
CODELCO Sales Volume (in metric tons)					
Own copper ⁽²⁾	1,855,304	1,739,515	1,723,361	359,292	365,562
Third-party copper	145,079	205,821	258,180	40,948	72,078
Total copper	2,000,383	1,945,336	1,981,542	400,240	437,640
Molybdenum (in oxide and concentrate)	22,843	19,126	21,708	5,002	5,815
CODELCO's Cash Cost of Production (per pound) ..	116.4¢	163.5¢	163.1¢	170.0¢	159.6¢

(1) The average metal price is the weighted average of prices actually paid to CODELCO for its product mix.

(2) Includes wire rod sales and cathodes from CODELCO subsidiaries.

Results of Operations for the Three-Month Periods ended March 31, 2013 and 2014

The following table sets forth CODELCO's summarized results of operations for the three months ended March 31, 2013 and 2014:

	Three months ended March 31,		% Change 2013/2014
	2013	2014	
	(in millions of U.S.\$) (unaudited)		
Revenues	\$ 3,278	\$ 3,130	(4.5)%
Cost of sales	(2,250)	(2,461)	9.4
Gross profit	1,028	669	(34.9)
Other income	32	66	106.2
Administrative expenses	(127)	(107)	(15.7)
Other expenses	(301)	(468)	55.5
Finance cost	(89)	(120)	34.8
Share of profit of associates and joint ventures accounted for using the equity method	99	91	(8.1)
Exchange differences	(60)	156	(360.0)
Profit for the period before tax	600	298	(50.3)
Income tax expense	(342)	(154)	(55.0)
Profit for the period	257	144	(44.0)
Profit (loss), attributable to owners of parent	247	138	(44.1)
Profit (loss), attributable to non-controlling interests	11	7	(36.4)

Revenues. The following table sets forth CODELCO's revenues for the three months ended March 31, 2013 and 2014:

	Three months ended March 31,		% Change 2013/2014
	2013	2014	
	(in millions of U.S.\$) (unaudited)		
Revenues	\$ 3,278	\$ 3,130	(4.5)%
Sales of CODELCO's own copper	2,663	2,316	(13.0)
Sales of third-party copper	384	548	42.7
Sales of by-products and other	226	265	17.3

Revenues decreased by 4.5% to U.S.\$3.13 billion in the first three months of 2014, compared to U.S.\$3.28 billion for the same period in 2013. This decrease was principally due to a decrease of U.S.\$347 million in the sales of CODELCO's own copper, partially offset by U.S.\$39 million increase in the sales of by-products and others during the first three months of 2014, resulting from a decrease in CODELCO's average copper prices from U.S.\$3.36 per pound in the first three months of 2013 to U.S.\$2.87 per pound in the first three months of 2014. These decreases were partially offset by the increase of the total tonnage of copper sold (9.3%) mainly due to the

increase of third-party tonnage copper sold. The lower amount of CODELCO's own copper sold in the first three months of 2013, compared to 2014, is related to the impact of the port stoppage that took place between March 16 and April 13, 2013, as lower sales in the first quarter of 2013 were registered. A decline in copper prices in April and May 2014 will result in a downward adjustment in CODELCO's revenues and trade receivables for March 2014. See "—Critical Accounting Policies—Accruals for Open Invoices."

Third-party copper sales totaled U.S.\$548 million in the first three months of 2014, compared to U.S.\$384 million for the same period in 2013, principally due to the port stoppage that took place between March 16 and April 13, 2013, as lower sales in the first quarter of 2013 were registered. In general, changes in the volume of third-party copper sold are dependent upon CODELCO's need to meet requirements under sales contracts and, to a lesser extent, to participate in the spot market for copper based on its evaluation of market conditions.

Sales of by-products and other increased by 17.3% to U.S.\$265 million in the first three months of 2014, compared to U.S.\$226 million for the same period in 2013. This increase was primarily due to the port stoppage between March 16 and April 13, 2013 and an increase of 133.2% of the anodic slimes volume sold from operations in the Chuquicamata, El Teniente and Salvador Divisions.

Cost of Sales. CODELCO's cost of sales in any period includes the mining and production costs of its own copper and by-products, as well as the purchase costs of copper, as well as gold, silver and other by-products at market prices from third parties and processed and sold by CODELCO in that period. The following table sets forth CODELCO's total cost of sales for the three months ended March 31, 2013 and 2014:

	Three months ended March 31,		% Change 2013/2014
	2013	2014	
	(in millions of U.S.\$) (unaudited)		
Cost of sales	\$ 2,250	\$ 2,461	9.4%
Cost of CODELCO's own copper	1,749	1,755	0.3
Cost of third-party sales	375	548	46.1
Cost of by-products and other	126	158	25.4

CODELCO's total cost of sales increased by 9.4 % to U.S.\$2.46 billion (78.6% of sales) in the first three months of 2014, compared to U.S.\$2.25 billion (68.6% of sales) for the same period in 2013 principally due to an increase in mineral ore purchases from third parties. Some of the minerals that CODELCO sells are purchased at market prices, and CODELCO also purchases mineral ore from third parties at market prices that it processes and sells as copper.

CODELCO's cost of sales of its own copper remained stable at U.S.\$1.75 billion during the first three months of 2014, compared to U.S.\$1.75 billion for the same period in 2013, despite an increase in the volume sold.

The cost of copper purchased from third parties increased by 46.1% in the first three months of 2014 to U.S.\$548 million, compared to U.S.\$375 million for the same period in 2013, primarily as a result of a 76.0% increase in the volume of third-party copper purchased, partially offset by the decrease of the average price of copper purchased.

The cost of by-products and other increased by 25.4% to U.S.\$158 million in the first three months of 2014, compared to U.S.\$126 million in the first three months of 2013, mainly due to a higher volume of anodic slimes sold.

The depreciation of fixed assets is calculated by CODELCO according to the straight-line method based on the estimated useful life of the particular assets. The amortization of the development costs of mines is based on the proportion of the tons of mineral extracted from the mine compared to the total reserves of the mine. Depreciation and amortization expenses increased by 19.2% to U.S.\$473 million for the first three months of 2014, compared to U.S.\$397 million for the same period in 2013. This increase was due to higher levels of overall investment that resulted in depreciable assets.

Gross profit. Gross profit amounted to U.S.\$669 million for the first three months of 2014, compared to U.S.\$1.03 billion for the same period in 2013. The decrease was mainly due to the decrease in the average price received for CODELCO's product mix, and the increase in the cost of sales.

Other income. The largest components of other income are sales of services to third parties, fines received from suppliers for not complying with contract terms, insurance payments and sale of assets. Other income increased to U.S.\$66.4 million in the first three months of 2014, compared to U.S.\$32.0 million for the same period in 2013. This increase is mainly due to the recognition of the quarterly effects arising from the process of changing the depreciation method from straight-line to a production units one, which will be recognized for year-end financials for 2014.

Administrative expenses. Administrative expenses were U.S.\$107.4 million (3.4% of total sales) for the first three months of 2014, compared to U.S.\$127.3 million (3.9% of total sales) for the same period in 2013. This decrease was primarily due to the depreciation of the Chilean peso against the U.S. dollar and the result of the cost control program implemented by CODELCO in 2013.

Other expenses. Other expenses amounted to U.S.\$467.9 million (14.9% of total sales) for the first three months of 2014, compared to U.S.\$301.4 million (9.2% of total sales) for the same period in 2014. This increase was primarily due to a decrease in the employee benefit expenses mainly related to the El Teniente labor bargaining agreement, partially offset by lower export tax pursuant to Law 13.196 due to lower revenues.

The following table sets forth the principal components of CODELCO's other expenses for the periods indicated:

	Three months ended March 31,	
	2013	2014
	(in millions of U.S.\$) (unaudited)	
Law 13.196 export tax.....	\$ 268	\$ 241
Employee benefits expenses.....	12	220
Other expenses	21	7
Total	<u>\$ 301</u>	<u>\$ 468</u>

CODELCO recorded other expenses of U.S.\$268 million and U.S.\$241 million in the first three months of 2013 and 2014, respectively, pursuant to Law 13.196, which levies a 10% tax on CODELCO's exports of its own copper and related by-products. Under IFRS, this export tax is accounted for in the other expenses line. The decrease of this tax recorded in the first three months of 2014 compared to the same period in 2013, is mainly due to a corresponding decrease in export sales of CODELCO's own copper and a lower price of copper sold.

Finance cost. Finance cost increased to U.S.\$120.4 million in the first three months of 2014, compared to U.S.\$89.2 million for the same period in 2013. This increase was primarily due to the increase in debt from U.S.\$9.96 billion as of March 31, 2013 to U.S.\$12.85 billion as of March 31, 2014. CODELCO's average interest rate is 3.46% as of March 31, 2014. As of March 31, 2014, 71% of bond debt had a fixed rate and 29% had a floating rate.

Share of profit of associates and joint ventures accounted for using the equity method. CODELCO's net equity participation in related companies decreased to a net of U.S.\$91.0 million in the first three months of 2014, compared to U.S.\$99.2 million for the same period in 2013. This decrease was primarily due to lower share of profit from GNL Mejillones S.A. ("GNL Mejillones") and Anglo American Sur. The decrease from GNL Mejillones primarily resulted from the lack of alternative business to offset the diminished number of contracts that the company is facing since the end of 2012. The decrease related to Anglo American Sur was primarily the result of lower copper prices in the first three months of 2014 compared to the same period in 2013.

Profit before tax. Profit before tax was U.S.\$298.3 million in the first three months of 2014, compared to U.S.\$599.8 million for the same period in 2013, principally due to a decrease in copper prices, higher cost of sales

and higher other expenses related to the labor bonuses agreed to as part of the El Teniente Division's collective bargaining agreement.

Income tax expense. For the first three months of 2014, CODELCO had an effective income tax rate of 60% in accordance with applicable regulations, comprised of a corporate income tax rate of 20% (a 17% historic corporate tax rate applied to income earned in and prior to 2011) and a 40% tax on net earnings applicable to state-owned enterprises as specified by Decree Law 2.398, Art. 2. As of 2006, CODELCO is also subject to an additional mining tax that is based on its operating income, and, effective for its 2012 fiscal year, is imposed at progressive rates of between 5% and 14%. CODELCO's effective rate of the mining tax for 2013 was 5.0%. CODELCO's taxes on income amounted to U.S.\$153.9 million and U.S.\$342.3 million for the first three months of 2014 and 2013, respectively.

Profit. CODELCO's profit was U.S.\$144.4 million in the first three months of 2014, compared to U.S.\$257.5 million for the same period of 2013, principally due to a decrease in copper prices, higher cost of sales and higher other expenses related to the labor bargaining agreement bonuses of the El Teniente Division.

Results from Operations for the Three Years Ended December 31, 2013

The following table sets forth CODELCO's summarized results of operations for the years ended December 31, 2011, 2012 and 2013:

	Year ended December 31,			% Change	
	2011	2012	2013	2011/2012	2012/2013
	(in millions of U.S.\$)				
Revenues.....	\$ 17,515	15,860	14,956	(9.4)%	(5.7)%
Cost of sales	(10,283)	(10,608)	(10,802)	3.2	1.8
Gross profit	7,232	5,253	4,154	(27.4)	(20.9)
Other income.....	726	4,092	163	463.6	(96.0)
Administrative expenses	(452)	(544)	(472)	20.4	(13.2)
Other expenses	(2,307)	(2,233)	(1,513)	(3.2)	(32.2)
Finance cost	(294)	(406)	(327)	38.1	(19.5)
Share of profit of associates and joint ventures accounted for using the equity method.....	353	457	444	29.5	(2.8)
Exchange differences	217	(166)	213	(176.5)	(228.3)
Profit (for the period before tax).....	5,547	6,536	2,732	17.8	(58.2)
Income tax expense	(3,492)	(2,545)	(1,617)	(27.1)	(36.5)
Profit for the period.....	2,055	3,990	1,115	94.2	(72.1)
Profit attributable to owners of parent.....	2,056	3,983	1,073	93.7	(73.1)
Profit (loss), attributable to non-controlling interests.....	(1)	7	41	(800.0)	485.7

Revenues. The following table sets forth CODELCO's revenues for the years ended December 31, 2011, 2012 and 2013:

	Year ended December 31,			% Change	
	2011	2012	2013	2011/2012	2012/2013
	(in millions of U.S.\$)				
Revenues	\$ 17,515	\$ 15,860	\$ 14,956	(9.4)%	(5.7)%
Sales of CODELCO's own copper	14,338	12,792	12,022	(10.8)	(6.0)
Sales of third-party copper.....	1,346	1,669	1,897	24.0	13.7
Sales of by-products and other.....	1,832	1,400	1,038	(23.6)	(25.9)

Revenues decreased by 5.7% to U.S.\$14.96 billion in 2013 compared to U.S.\$15.86 billion for 2012 and decreased by 9.4% in 2012 to U.S.\$15.86 billion compared to U.S.\$17.51 billion for 2011. The decrease in 2013 as compared to 2012 was primarily attributable to the decrease of U.S.\$771 million in the sales of CODELCO's own copper, resulting from a decrease in CODELCO's average copper price from U.S.\$3.53 per pound in 2012 to U.S.\$3.16 per pound in 2013. The decrease in 2012 as compared to 2011 was primarily attributable to the decrease of U.S.\$1.55 billion in the sales of CODELCO's own copper during 2012, resulting from a decrease in CODELCO's average copper prices from U.S.\$3.81 per pound in 2011 to U.S.\$3.53 per pound in 2012 and a decrease of total

tonnage of copper sold of 2.8%, primarily due to the 6.2% decrease of own copper sold. The decrease in CODELCO's own copper sold is related to lower production in 2012, due to the scheduled decline of deposit ore grades, especially in the Chuquicamata Division.

Third-party copper sales totaled U.S.\$1.90 billion in 2013, compared to U.S.\$1.67 billion in 2012 and U.S.\$1.35 billion in 2011, primarily due to the increase in copper volume in 2013 and 2012. In general, changes in the volume of third-party copper sold are dependent upon CODELCO's need to meet requirements under sales contracts and, to a lesser extent, to participate in the spot market for copper based on its evaluation of market conditions.

Sales of by-products and other decreased by 25.9% in 2013 to U.S.\$1.04 billion, compared to U.S.\$1.40 billion in 2012. In 2012, sales of by-products decreased by 23.6% from U.S.\$1.83 billion in 2011. The decrease in 2013 as compared to 2012 was mainly attributable to lower by-product prices, which was partially offset by higher quantity of molybdenum and amodic slimes sold. The decrease in 2012 as compared to 2011 was attributable to a lower production of copper and a related lower production of by-products, especially molybdenum, as well as lower by-product prices.

Cost of Sales. The following table sets forth CODELCO's total cost of sales for the years ended December 31, 2011, 2012 and 2013:

	Year ended December 31,			% Change	
	2011	2012	2013	2011/2012	2012/2013
	(in millions of U.S.\$)				
Cost of sales.....	\$ 10,283	\$ 10,608	\$ 10,802	3.2%	1.8%
Cost of CODELCO's own copper	8,114	8,235	8,299	1.5	0.8
Cost of third-party sales	1,331	1,647	1,875	23.7	13.8
Cost of by-products and other ⁽¹⁾	838	726	628	(13.4)	(13.5)

CODELCO's total cost of sales increased by 1.8% to U.S.\$10.802 billion (72.2% of sales) compared to U.S.\$10.61 billion (66.9% of sales) in 2012 and U.S.\$10.28 billion (58.7% of sales) in 2011. The increase in 2013 as compared to 2012 was mainly due to higher volume of copper sold. The increase in 2012 as compared to 2011 was mainly due to significant increases in the prices of energy and most important inputs and consumables used in the production process, as well as third-party services expenses.

CODELCO's cost of sales of its own copper increased slightly by 0.8% to U.S.\$8.30 billion in 2013, compared to U.S.\$8.24 billion in 2012 and U.S.\$8.11 billion in 2011. CODELCO's cost of sales of its own copper increased by 1.5% to U.S.\$8.24 billion in 2012, compared to U.S.\$8.11 billion in 2011. The increase in 2012 as compared to 2011 was primarily due to higher costs of inputs used in the production process, especially energy, and third-party services expenses.

The cost of copper purchased from third parties increased by 13.8% to U.S.\$1.87 billion in 2013 compared to U.S.\$1.65 billion in 2012, primarily due to higher volumes purchased. The cost of copper purchased from third parties increased 23.7% in 2012 compared to U.S.\$1.33 billion in 2011, primarily due to higher volumes purchased.

The cost of by-products and other decreased by 13.5% to U.S.\$628 million in 2013, compared to U.S.\$726 million in 2012, mainly due to a 20.7% decrease in cost of sales of other by-products and services, partially offset by an increase of 9.3% in molybdenum cost of sales due to higher volume sold. The cost of by-products and other decreased by 13.4% to U.S.\$726 million in 2012, compared to U.S.\$838 million in 2011, mainly due to a 18.3% decrease in cost of sales of other by-products and services, which was partially offset by an increase of 6.8% in molybdenum cost of sales.

The depreciation of fixed assets is calculated by CODELCO according to the straight-line method based on the estimated useful life of the particular assets. The amortization of the development costs of mines is based on the proportion of the tons of mineral extracted from the mine compared to the total reserves of the mine. Depreciation and amortization expenses increased by 8.8% to U.S.\$1.75 billion in 2013, compared to U.S.\$1.61 billion in 2012 and U.S.\$1.49 billion in 2011. The increases in each of these years were due to higher levels of overall investment that resulted in depreciable assets.

Gross profit. Gross profit amounted to U.S.\$4.15 billion in 2013, compared to U.S.\$5.25 billion in 2012 and U.S.\$7.23 billion in 2011. The decrease in 2013 as compared to 2012 was principally related to a lower average price received for CODELCO's product mix in 2013 compared to 2012. The decrease in 2012 was mainly related to lower production, average price received for CODELCO's product mix and increases in industry operating costs.

Other income. Other income decreased 96.0% to U.S.\$163 million in 2013, compared to U.S.\$4.1 billion in 2012 and U.S.\$726 million in 2011. The decrease from 2012 to 2013 was mainly due to the temporary inflation of other income recorded as a result of the exercise of the Anglo American Sur option in 2012. The increase in 2012 as compared to 2011 was primarily due to CODELCO's decision to exercise its option to purchase a stake in Anglo American Sur due to the capture of the difference between the Anglo American Sur option price of U.S.\$1.7 billion and the fair market value of the asset of U.S.\$5.4 billion. CODELCO acquired an indirect 20% interest in Anglo American Sur. Without the recognition of this difference due to the exercise of this option, other income would have decreased to U.S.\$575 million. See Note 21a to the Year-end Consolidated Financial Statements. During 2011, the 414.9% increase was mainly due to the sale of 100% of CODELCO's equity stake in E-CL S.A. (formerly Edelnor S.A.) to the public for U.S.\$1.051 billion in January 2011 and the sale of 66% of CODELCO's stake in Inca de Oro S.A. in February 2011. The estimated book value of CODELCO's investment was U.S.\$672 million, and the Government of Chile permitted CODELCO to retain the gain (less expense), which amounted to U.S.\$375 million.

Administrative expenses. Administrative expenses were U.S.\$472 million (3.2% of total asset sales) compared to U.S.\$544 million (3.4% of total asset sales) for 2012 and U.S.\$452 million (2.6% of total sales) in 2011. The increases in each of these years were due primarily to higher third-party services expenses, salaries and other expenses.

Other expenses. Other expenses amounted to U.S.\$1.51 billion (10.1% of total sales) for 2013 compared to U.S.\$2.23 billion (14.1% of total sales) in 2012 and U.S.\$2.31 billion (13.2% of total sales) in 2011. The decrease in 2013 as compared to 2012 was principally due to lower labor bargaining agreement bonuses and early retirement plan expenses. The decrease in 2012 as compared to 2011 was mainly due to the decrease in export tax paid by the Company. In addition, lower other expenses related primarily to the sale of shares in Acrux in August 2012 accounted for as other expense under IFRS, partially offset by higher employee benefits expenses related to higher collective bargaining agreement and retirement plan expenses.

The following table sets forth the principal components of CODELCO's other expenses for the periods indicated:

	Year ended December 31,		
	2011	2012	2013
	(in millions of U.S.\$)		
Law 13.196 export tax	\$ (1,486)	\$ (1,270)	\$ (1,157)
Employee benefits expenses	(313)	(643)	(177)
Other expenses	(508)	(320)	(180)
Total	<u>\$ (2,307)</u>	<u>\$ (2,233)</u>	<u>\$ (1,513)</u>

CODELCO recorded other expenses of U.S.\$1.16 billion, U.S.\$1.27 billion and U.S.\$1.49 billion in 2013, 2012 and 2011, respectively, pursuant to Law 13.196, which levies a 10% tax on CODELCO's exports of its own copper and related by-products. The decreases of this tax recorded in 2013 and 2012 were mainly due to corresponding decreases in export sales of CODELCO's own copper as a result of lower copper prices.

Finance cost. Finance cost in 2013 was U.S.\$327 million, compared to U.S.\$406 million in 2012 and U.S.\$294 million in 2011. The decrease in 2013 as compared to 2012 was principally due to the absence of the accounting adjustment recorded in 2012. The increase in 2012 as compared to 2011 was mainly due to an accounting adjustment in 2012, due to CODELCO's swaps related to the local bonds and an increase in the average level of debt, and was partially offset by lower average interest rates. CODELCO's average interest rate is 3.68% as of December 31, 2013. As of December 31, 2013, 77% of CODELCO's bond debt had a fixed rate and 23% had a floating rate.

Share of profit of associates and joint ventures accounted for using the equity method. CODELCO's net equity participation in related companies decreased to U.S.\$444 million in 2013, compared to U.S.\$457 million in 2012 and U.S.\$353 million in 2011. The decrease in 2013 as compared to 2012 was mainly due to lower profit received from El. Abra and CUPIC due to lower copper prices, GNL Mejillones due to the absence of hedges in 2013 and a lower number of contracts since the end of 2012, partially offset by the income recorded as a result of the exercise of the Anglo American Sur option in August 2012. The increase in 2012 as compared to 2011 was mainly due to higher profit received from CUPIC, the inclusion of four months of CODELCO's share of Anglo American Sur (from September to December 2012) and GNL Mejillones.

Profit before tax. Profit before tax was U.S.\$2.7 billion in 2013, compared to U.S.\$6.5 billion in 2012 and U.S.\$5.5 billion in 2011. The decrease from 2013 to 2012 was mainly due to the temporary inflation of profit before tax recorded as a result of the exercise of the Anglo American Sur option in 2012. The increase in 2012 as compared to 2011 was primarily due to the opportunity of CODELCO to capture the difference between Anglo American Sur's option price and the asset market value.

Income tax expense. In 2013, CODELCO had an effective income tax rate of 60% in accordance with applicable regulations, comprised of a corporate income tax of 20% (a 17% historic corporate tax rate applied to income earned in and prior to 2011) and a 40% tax on net earnings applicable to state-owned enterprises as specified in Decree Law 2.398, Art. 2. CODELCO is also subject to an additional mining tax that is based on its operating income, and, effective for its 2012 fiscal year, is imposed at progressive rates of between 5% and 14%. CODELCO's effective rate of the mining tax for 2013 was 5.0%. See also "Risk Factors—Risks Relating to CODELCO's Relationship with the Chilean Government—CODELCO is subject to special taxes and distributions." CODELCO's taxes on income amounted to U.S.\$1.6 billion, U.S.\$2.5 billion and U.S.\$3.5 billion for 2013, 2012 and 2011, respectively. Income tax decreased from 2013 to 2012 and from 2012 to 2011 due to lower revenues due to lower copper and by-product prices.

Profit. CODELCO's profit decreased 72.1% in 2013 to U.S.\$1.1 billion in 2013 compared to U.S.\$4.0 billion in 2012 and U.S.\$2.1 billion in 2011. The decrease in 2013 as compared to 2012 was principally due to the decrease in copper and by-product prices. The increase in 2012 as compared to 2011 was mainly due to CODELCO's decision to capture the difference between the Anglo American Sur option price and the asset market value.

Liquidity and Capital Resources

CODELCO's primary sources of liquidity are funds from operations, domestic and international borrowings from banks, and debt offerings in the domestic and international capital markets. In addition, CODELCO is generally required to transfer its net income to the Chilean Treasury, and is limited to funding with internally generated cash from deferred taxes, amortization and depreciation. In 2013, funding available to CODELCO from these three sources totaled U.S.\$2.23 billion (U.S.\$480 million from deferred taxes, U.S.\$595 million from amortization and U.S.\$1.15 billion from depreciation). When deferred taxes become payable, the use of cash required for the payment of such taxes reduces the amount of internally generated funding available for investment. See Note 5 to the 2012-2013 Year-end Consolidated Financial Statements for further information on deferred taxes. In January 2011, the Government of Chile authorized CODELCO to sell its equity interest in E-CL S.A. (formerly Edelnor S.A.) to the public and retain the difference between the cash proceeds (less expenses) and the book value, which amounted to U.S.\$375 million. The sale proceeds totaled U.S.\$1.051 billion, and the estimated book value of CODELCO's investment was U.S.\$672 million. In June 2012, the Ministries of Finance and Mining approved the capitalization of 40% of 2011 net income, or U.S.\$800 million (in addition to the authorization for CODELCO to retain the gain (less expenses) over the estimated book value of CODELCO's investment from the proceeds obtained in its sale of its equity interest in E-CL S.A. (formerly Edelnor S.A.), announced after the sale in 2011). In June 2013, the Ministries of Finance and Mining approved the capitalization of U.S.\$1.0 billion of 2012 net income, from retained earnings attributed to the fair value accounting related to the purchase of CODELCO's indirect interest in Anglo American Sur. In December 2013, the Ministries of Finance and Mining approved an additional capitalization of U.S.\$1.0 billion from the same retained earnings attributed to the fair value accounting related to the purchase of CODELCO's indirect interest in Anglo American Sur. On June 30, 2014, the Ministries of Finance and Mining approved the capitalization of 17.9% of 2013 net income, or U.S.\$200 million. In addition, the Ministries of Finance and Mining announced their plans to submit a draft law to

Congress during the third quarter of 2014 that will aim to secure CODELCO's long-term financing. Since 2007, the Government of Chile has authorized the capitalization and retention of almost U.S.\$5.4 billion within CODELCO.

Cash flow. For the year ended December 31, 2013, net cash flow from operating activities increased to U.S.\$3.14 billion from U.S.\$2.08 billion for the same period in 2012. The increase in net cash flow from operating activities was principally due to the decrease of payments to goods and services vendors as a result of the cost control structural program, the decrease of the income tax paid, mainly due to the effect of the exercise of the Anglo American Sur option in 2012 and a lower average copper price, and the end of copper price hedging in January 2013, partially offset by lower revenues provided by the sale of goods and services due to lower average copper and by-product prices. For the first three months of 2014, net cash flow from operating activities decreased 60.2% to U.S.\$478 million from U.S.\$1.20 billion for the same period in 2013. This decrease in net cash flow from operating activities resulted primarily from the decrease in cash flows provided by sales of goods and rendering of services due to lower copper and by-product prices. See Note 25 to the 2012-2013 Year-end Consolidated Financial Statements and Note 25 to the Unaudited Interim Consolidated Financial Statements.

For the year ended December 31, 2012, net cash flow from operating activities decreased to U.S.\$2.08 billion from U.S.\$2.65 billion for the same period in 2011. The decrease in net cash flow from operating activities mainly resulted from decreases in cash flows provided by sales of goods and rendering of services due to a decrease in copper and by-product prices.

CODELCO prepaid in full (i) on September 9, 2011, a U.S.\$200 million loan from Banco Santander-Chile that would have matured in December 2011 and (ii) on December 31, 2011, a U.S.\$200 million loan from Export Development Canada that would have matured in March 2012.

On September 1, 2012, CODELCO fully paid at maturity the UF 7 million (U.S.\$328,192,448) 3.96% UF notes due 2012 placed in the Chilean market.

On November 30, 2012, CODELCO fully paid at maturity the U.S.\$435 million 6.375% notes due 2012 placed in the international market.

On October 15, 2013, CODELCO fully paid at maturity the U.S.\$500 million 5.500% notes due 2013 placed in the international market.

Bank debt. CODELCO's total financial debt as a percentage of its total capitalization was 53.8% at December 31, 2011, 44.8% at December 31, 2012, 48.8% at December 31, 2013 and 51.1% at March 31, 2014. CODELCO's total outstanding financial debt at December 31, 2013, 2012 and 2011 was U.S.\$11.83 billion, U.S.\$9.90 billion and U.S.\$7.05 billion, respectively and U.S.\$12.85 billion as of March 31, 2014. As adjusted to give effect to the offering of the notes, CODELCO's total financial debt as a percentage of its total capital would be 51.4% and its total outstanding financial debt would be U.S.\$13.04 billion as of March 31, 2014.

In August 2007, CODELCO entered into a U.S.\$400 million, seven-year unsecured syndicated bank loan with a group of international financial institutions, which bears interest at a rate of LIBOR plus an average margin of 16.42 basis points. The loan requires three payments of principal in the fifth, sixth and seventh years.

Between November and December 2010, CODELCO entered into five five-year U.S. dollar unsecured bilateral bank loans with the following banks and terms:

	Credit Amount	Interest Rate
Banco Santander-Chile	U.S.\$75.0 million	LIBOR plus 85 basis points
HSBC Bank Bermuda Ltd.	U.S.\$162.5 million	LIBOR plus 85 basis points
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	U.S.\$100.0 million	LIBOR plus 75 basis points
Banco Santander-Chile	U.S.\$100.0 million	LIBOR plus 85 basis points
Export Development Canada	U.S.\$250.0 million	LIBOR plus 80 basis points

Between February and November 2011, CODELCO entered into four five-year U.S. dollar unsecured bilateral bank loans, each with a commitment fee of 10 basis points, with the banks and terms described below.

	Credit Amount	Interest Rate
Sumitomo Mitsui	U.S.\$100.0 million	LIBOR plus 83 basis points
HSBC Bank USA, National Association	U.S.\$250.0 million	LIBOR plus 60 basis points
The Bank of Tokyo–Mitsubishi UFJ, Ltd.	U.S.\$250.0 million	LIBOR plus 50 basis points
Mizuho Corporate Bank Ltd.	U.S.\$100.0 million	LIBOR plus 60 basis points
Export Development Canada	U.S.\$250.0 million	LIBOR plus 50 basis points

In February 2011, CODELCO drew on 100% of its commitment described above with Sumitomo Mitsui. In April 2012, CODELCO drew on 100% of its commitments described above with The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Corporate Bank Ltd. In July 2012, CODELCO drew on 100% of its commitments described above with HSBC Bank USA, National Association. In October 2012, CODELCO drew on 100% of its commitments described above with Export Development Canada.

In May 2012, CODELCO entered into a two-tranche U.S. dollar unsecured bilateral loan, each tranche with a commitment fee of 15 basis points per annum with a maturity date of (i) ten years for the Japan Bank for International Cooperation loan and (ii) seven years for The Bank of Tokyo-Mitsubishi UFJ, Ltd., to be disbursed by the lenders on a pro rata basis, for the development, construction and operation of a metals processing plant to be constructed in Mejillones and the export of certain metals to Japanese customers pursuant to long-term offtake agreements. The terms of the loan are described below:

	Credit Amount	Interest Rate	Availability Period
Japan Bank for International Cooperation	U.S.\$224.0 million	LIBOR plus 45 basis points	36 months
The Bank of Tokyo–Mitsubishi UFJ, Ltd.	U.S.\$96.0 million	LIBOR plus 55 basis points	36 months

Between July and September 2013, CODELCO entered into four five-year U.S. dollar unsecured bilateral bank loans, each with a commitment fee of 10 basis points, with the banks and terms described below.

	Credit Amount	Interest Rate
The Bank of Tokyo–Mitsubishi UFJ, Ltd.	U.S.\$300.0 million	LIBOR plus 62.5 basis points
Bank of America N.A.	U.S.\$300.0 million	LIBOR plus 65.0 basis points
Export Development Canada	U.S.\$300.0 million	LIBOR plus 62.5 basis points
Mizuho Corporate Bank Ltd.	U.S.\$300.0 million	LIBOR plus 62.0 basis points

In September 2013, CODELCO drew on 100% of its commitments described above with Mizuho Corporate Bank Ltd. In October 2013, CODELCO drew on 100% of its commitments described above with Bank of America N.A. In January 2014, CODELCO drew on 100% of its commitments described above with The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Export Development Canada.

Additionally, apart from the committed unsecured bilateral bank loans mentioned above, in 2013 the Government of Chile authorized CODELCO to use U.S.\$1 billion of short-term lines of credit, with the banks and terms described below.

	Credit Amount	Interest Rate
Banco Santander-Chile	U.S.\$300.0 million	LIBOR less 11 basis points
Scotiabank	U.S.\$100.0 million	LIBOR plus 5 basis points
HSBC Bank USA, National Association	U.S.\$245.0 million	LIBOR plus 15 basis points

In June 2014, CODELCO entered into two five-year U.S. dollar unsecured bilateral loans with the banks and terms described below:

	Credit Amount	Interest Rate
Mizuho Corporate Bank Ltd.	U.S.\$95.0 million	LIBOR plus 62.0 basis points
Export Development Canada	U.S.\$300.0 million	LIBOR plus 62.0 basis points

In June 2014, CODELCO drew on 100% of its outstanding commitments described above with Mizuho Corporate Bank Ltd. The Export Development Canada loan has an availability period of six months and a commitment fee of 10 basis points.

In addition, Codelco-Kupferhandel GmbH has a short-term line of credit for €60 million, with a guarantee letter provided by CODELCO.

Other Debt. The following table shows amounts due by CODELCO under notes issued in both international and local markets:

Type of Issuance	Maturity	Principal Amount	Interest Rate
International	October 15, 2014	US\$500,000,000	4.75%
International	January 15, 2019	US\$600,000,000	7.50%
International	November 4, 2020	US\$1,000,000,000	3.75%
International	November 4, 2021	US\$1,150,000,000	3.88%
International	July 17, 2022	US\$1,250,000,000	3.00%
International	August 13, 2023	US\$750,000,000	4.50%
Local	April 1, 2025	UF6,900,000	4.00%
International	September 21, 2035	US\$500,000,000	5.63%
International	October 24, 2036	US\$500,000,000	6.15%
International	July 17, 2042	US\$750,000,000	4.25%
International	October 18, 2043	US\$950,000,000	5.63%

Additionally, apart from the committed unsecured bilateral bank loans mentioned above, CODELCO has uncommitted short-term lines of credit available for U.S.\$2.55 billion. The Government of Chile has authorized CODELCO's use of only U.S.\$1 billion of such short-term lines of credit. In addition, Codelco-Kupferhandel GmbH has a short-term line of credit for €60 million, with a comfort letter provided by CODELCO.

The following table sets forth the scheduled maturities of CODELCO's contractual obligations as of March 31, 2014, adjusted to give effect to the offering of the notes:

Contractual Financial Obligations Outstanding (in millions of U.S.\$)							Average Annual Interest Rate
	Total	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years	
Contractual Financial Obligations							
Bank debt.....	\$ 4,582	\$ 954	\$ 796	\$ 843	\$ 1,192	\$ 796	LIBOR + 0.51%
Notes payable.....	8,264	611	—	—	593	7,059	4.62%
Total.....	<u>\$ 12,846</u>	<u>\$ 1,565</u>	<u>\$ 796</u>	<u>\$ 843</u>	<u>\$ 1,786</u>	<u>\$ 7,856</u>	

In addition to the obligations set forth in the table above, CODELCO was a party to certain commitments primarily to secure the payment of deferred customs duties and severance payment obligations payable upon retirement of individual employees, amounting to U.S.\$1 million and U.S.\$842 million, respectively, as of December 31, 2013, and to U.S.\$5 million and U.S.\$854 million, respectively, as of March 31, 2014. See Notes 16

and 17 to the 2012-2013 Year-end Consolidated Financial Statements and Notes 16 and 17 to the Unaudited Interim Consolidated Financial Statements. In addition, as of March 31, 2014, CODELCO has deferred tax obligations of U.S.\$(307) million payable in 2014, U.S.\$(333) million payable in 2015, U.S.\$(143) million payable in 2016, U.S.\$408 million receivable in 2017 and U.S.\$(3.012) million payable after 2018. CODELCO currently has no hedges related to its production of copper through 2013. See “Business and Properties—Marketing—Pricing and Hedging” and “Risk Factors—Risks Relating to CODELCO’s Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO.”

CODELCO entered into an agreement with Mitsui on October 12, 2011, pursuant to which Mitsui made available to Inversiones Mineras Acrux SpA (“Acrux”) a short-term bridge financing facility of up to U.S.\$6.75 billion, guaranteed by CODELCO and subsidiaries of Acrux, as a possible means to fund the exercise of the Anglo American Sur option (the “Anglo American Sur Option”). CODELCO also entered into a separate agreement with Mitsui that provided CODELCO with the option to repay a portion of the bridge loan from Mitsui through a put option for an indirect 50% stake in the Anglo American Sur interest acquired, assuming a pre-determined value for the 49% interest in Anglo American Sur of U.S.\$9.76 billion. The balance of the bridge loan would convert into a non-recourse five-year term loan between Acrux and Mitsui, which would not be guaranteed by CODELCO, and would be repayable only from cash distributions on the Anglo American Sur shares held by Acrux. In addition, CODELCO and Mitsui entered into a 10-year sale and purchase agreement for the equivalent of 30,000 tons of fine copper per year subject to market-based pricing terms.

On August 23, 2012, the parties amended and restated the loan agreement described above (the “A&R Mitsui Bridge Loan Facility”) pursuant to which an affiliate of Mitsui agreed to make available to a wholly-owned subsidiary of CODELCO a bridge loan denominated in U.S. dollars. On August 24, 2012, the subsidiary of CODELCO drew down an amount equal to U.S.\$1,867 million to finance the acquisition by Inversiones Mineras Becrux SpA (“Becrux”) of equity interests of Anglo American Sur as described below under “Business and Properties—Associations, Joint Ventures and Partnerships—Anglo American Sur” and to pay certain taxes, costs and expenses relating to the financing. On October 31, 2012, CODELCO and Mitsui entered into an agreement to refinance the U.S.\$1,867 million bridge loan with a U.S.\$875 million non-recourse term loan with a 3.25% fixed interest rate and a 20-year amortization (the “Mitsui Term Loan”) that is secured by a pledge of the equity interests in Acrux held by such subsidiary of CODELCO. As part of this refinancing, CODELCO sold to Mitsui the equivalent of a 4.5% stake of Anglo American Sur for U.S.\$998 million and used the proceeds of this sale to prepay a portion of the bridge loan. At March 31, 2014 the balance payable by CODELCO under the Mitsui Term Loan is U.S.\$822.44 million.

Capital Expenditure Program. The Company seeks to maintain and improve its competitive position in the industry through its capital expenditure program. Following the completion of a number of significant projects in recent years, such as the development of CODELCO’s new mine Ministro Hales, the development of sulfide ores at the Radomiro Tomic mine, the expansion at the Andina mine and the development of the Pilar Norte area at El Teniente mine, CODELCO intends to continue its development program. Accordingly, the Company expects to make capital expenditures of approximately U.S.\$23.3 billion over the next five years on major projects, creating new operations and transforming its main mining operations with a view towards the long-term development of its resources. The Company’s expansion and development projects for the next five years include:

- the final development stage and ramp up of the Mina Ministro Hales ore body (U.S. \$332 million investment over the next five years to produce an expected total average of 183,000 tons of copper per year and 300 tons of silver per year);
- the development of a new production level in the existing El Teniente underground mine (U.S.\$2.2 billion investment over the next five years to maintain El Teniente’s current annual copper production of approximately 434,000 tons of copper per year starting in 2017; environmental approvals were obtained in March 2011);

- the first stage of the expansion of the existing sulfide operation in the Radomiro Tomic mine (U.S.\$3.2 billion investment over the next five years to enable the Radomiro Tomic mine to produce an expected average of 343,000 tons of copper per year starting in 2018);
- the gradual transfer of the Chuquicamata mine from an open pit mine to an underground operation (U.S.\$3.1 billion investment over the next five years to enable Chuquicamata to produce an expected total average of 366,000 tons of copper and 18,000 tons molybdenum per year starting in 2018; environmental approvals were obtained in September 2010); and
- the expansion of the existing Andina mine (U.S.\$668 million investment over the next five years to enable Andina to produce an expected average of an additional 350,000 tons of copper per year for a total expected average of approximately 600,000 tons of copper per year starting in 2023).

In 2013, CODELCO invested U.S.\$4.18 billion in expansion and development projects, including Mina Ministro Hales, the Chuquicamata underground expansion, Radomiro Tomic sulfides, El Teniente new mine level and the Andina mine expansion. In 2012, CODELCO invested U.S.\$4.09 billion in these same projects. In 2011, CODELCO invested U.S.\$2.63 billion in expansion and development projects, including Mina Ministro Hales, Chuquicamata Underground, Andina Phase II and El Teniente New Mine Level.

For additional description of CODELCO's principal planned capital expenditures, see "Business and Properties—Copper Production—Operations."

CODELCO expects that it will have sufficient resources from operations, including capitalization and retention of net income, new borrowing from banks and capital markets to fund its anticipated capital expenditures and investment. As described in "Regulatory Framework—Overview of the Regulatory Regime" below, the Ministries of Finance and Mining determine by means of a joint decree the amount that the Company shall allocate to the creation of capitalization and reserve funds. In January 2011, the Government of Chile authorized CODELCO to sell its equity interest in E-CL S.A. (formerly Edelnor S.A.) to the public and retain the difference between the cash proceeds (less expenses) and the book value, which amounted to U.S.\$375 million. The sale proceeds totaled U.S.\$1.051 billion, and the estimated book value of CODELCO's investment was U.S.\$672 million. In June 2012, the Ministries of Finance and Mining approved the capitalization of 40% of 2011 net income, or U.S.\$800 million (in addition to the authorization for CODELCO to retain the gain (less expenses) over the estimated book value of CODELCO's investment from the proceeds obtained in its sale of its equity interest in E-CL S.A. (formerly Edelnor S.A.), announced after the sale in 2011). In June 2013, the Ministries of Finance and Mining approved the capitalization of U.S.\$1.0 billion of 2012 net income, from retained earnings attributed to the fair value accounting related to the purchase of CODELCO's indirect interest in Anglo American Sur. In December 2013, the Ministries of Finance and Mining approved an additional capitalization of U.S.\$1.0 billion from the same retained earnings attributed to the fair value accounting related to the purchase of CODELCO's indirect interest in Anglo American Sur. On June 30, 2014, the Ministries of Finance and Mining approved the capitalization of 17.9% of 2013 net income, or U.S.\$200 million. In addition, the Ministries of Finance and Mining announced their plans to submit a draft law to Congress during the third quarter of 2014 that will aim to secure CODELCO's long-term financing. Since 2007, the Government of Chile has authorized the capitalization and retention of almost U.S.\$5.4 billion within CODELCO.

Cash flow from operations may, however, be affected by a variety of factors including copper price levels. In the event that CODELCO is unable to sell assets or obtain external financing with respect to such capital investments, it may be required to curtail such expenditures.

Environmental. An important part of CODELCO's investment policy is its pollution abatement plan, which includes several environmental projects undertaken to comply with Chilean law and to achieve its own environmental performance goals. See "Regulatory Framework—Environmental Regulations." CODELCO invested U.S.\$528 million in these projects from 2009 to 2013, and plans to continue implementing its pollution abatement plan through additional capital investments of approximately U.S.\$474 million from 2014 through 2015. In 2013, CODELCO invested U.S.\$211 million in environmental projects, including the seventh stage of the enlargement of the Talabre tailings dam in the Chuquicamata Division and a project to prevent pollution of natural

water resources in the north dump area in the Andina Division. This figure includes the investment made in the Gabriela Mistral Division. CODELCO's investment of approximately U.S.\$230 million in 2014 includes the continuation of a project to prevent pollution of natural water resources in the north dump area in the Andina Division, and a new phase of the enlargement of the Caren tailings dam in the El Teniente Division, among others. In 2015, planned investments include the continuation of the enlargement of the Caren tailings dam in the El Teniente Division, and a project in Potrerillos smelter in the Salvador Division for the abatement of atmospheric emissions, among others.

The following table sets forth CODELCO's principal environmental investments in the years 2011-2013:

	Environmental Investments (in millions of U.S.\$)			Total
	2011	2012	2013	
Decontamination plans	0.1	13.2	10.9	24.2
Tailing dams.....	48.9	67.4	92.6	208.9
Solid wastes	7.1	0.7	0.1	7.9
Liquid wastes	10.3	49.7	106.7	166.7
Others.....	5.5	7.4	0.9	13.8
Total.....	71.9	138.4	211.2	421.5

Distributions to the Chilean Treasury. As a state-owned enterprise and according to its governing law, CODELCO's net income is due to be transferred to the Chilean Treasury. Before June 30 of each year, the Ministries of Finance and Mining determine, by means of a joint decree, the amount that the Company shall allocate to the creation of capitalization and reserve funds. The amount not allocated to the creation of capitalization and reserve funds is distributed to the Chilean Treasury.

In 2011, 2012 and 2013, CODELCO distributed U.S.\$6.90 billion, U.S.\$3.18 billion and U.S.\$2.86 billion respectively, to the Chilean Treasury. While CODELCO makes advance payments to the Chilean Treasury, funded by cash flows from operations, throughout the year, it generally has distributions payable to the Chilean Treasury at the end of each year. These distributions are paid in the first quarter of the following year but are reflected in the prior year's financial statements.

The following table sets forth amounts paid in taxes (which due to the timing of payments may be different from tax amounts accrued) and payments and net income distributions made by CODELCO to the Chilean Treasury for each of the three years ended December 31, 2013 and for the three months ended March 31, 2014.

Contributions to the Chilean Treasury
(in millions of U.S.\$)

	Year Ended December 31,			For the three months ended March 31, 2014
	2011	2012	2013	
Income tax payments	\$ 3,851	\$ 1,807	\$ 887	\$ 60
Export tax under Law 13.196.....	1,576	1,264	1,198	203
Subtotal	\$ 5,428	\$ 3,071	\$ 2,085	\$ 263
Net income distributions	1,472	106	776	202
Total	\$ 6,900	\$ 3,177	\$ 2,861	\$ 465

Production Hedging. CODELCO has hedged certain future copper delivery commitments and production in order to manage the risk associated with copper price volatility in the past. CODELCO currently does not have any hedged production commitments and therefore there is no relevant impact from hedging. See Notes 27 and 28 to the 2012-2013 Year end Consolidated Financial Statements and Notes 27 and 28 to the Unaudited Interim

Consolidated Financial Statements. In 2013, CODELCO's production hedging activities had a negative impact of U.S.\$1 million on pre-tax income.

CODELCO's future production hedging activities could cause it to lose some of the benefit of an increase in copper prices if copper prices increase over the level of CODELCO's hedge position, as occurred in 2012. The cash flows from and the mark-to-market values of CODELCO's production hedges can be affected by factors such as the market price of copper, copper price volatility and interest rates, which are not under CODELCO's control.

CODELCO's production hedging agreements contain events of default and termination events that could lead to early close-outs of CODELCO's hedges. These include failure to pay, breach of the agreement, misrepresentation, default under CODELCO's loans or other hedging agreements and bankruptcy. In the event of an early termination of CODELCO's hedging agreements, the cash flows from the affected hedge instruments would cease and CODELCO and the relevant hedge counterparty would settle all of CODELCO's obligations at that time. In that event, there could be a lump sum payment to be made either to or by CODELCO. The magnitude and direction of such a payment would depend upon, among other things, the characteristics of the particular hedge instruments that were terminated and the market price of copper and copper price volatility and interest rates at the time of termination.

See "Business and Properties—Marketing—Pricing and Hedging," "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO," Note 27 to the 2012-2013 Year-end Consolidated Financial Statements and Note 27 to the Unaudited Interim Consolidated Financial Statements for further information on CODELCO's hedging activity.

Exchange Rates and Interest Rates. CODELCO's main currency exposure is between the Chilean peso and the U.S. dollar due to the fact that a significant portion of CODELCO's operating costs are denominated in pesos and paid pursuant to contracts providing for indexation to Chilean inflation, and approximately 100% of revenues are denominated in U.S. dollars or other foreign currencies. To minimize the risks associated with currency exposures and fluctuations in interest rates, CODELCO enters into interest rate futures contracts and foreign exchange forward contracts which reduce exposure to fluctuations in the peso/dollar exchange rate.

As of March 31, 2014, CODELCO had swap contracts in place to hedge the risk of future UF/U.S.\$ exchange rate fluctuations with respect to a notional amount of U.S.\$209 million, which is equivalent to, and sufficient to cover, 100% of CODELCO's outstanding UF-denominated bonds.

As of March 31, 2014, 29% of CODELCO's financial debt was at a variable interest rate and 71% had a fixed rate.

Controls and Procedures

CODELCO's management conducted an assessment utilizing The Committee of Sponsoring Organizations (COSO) criteria of the effectiveness of its internal control as of the year ended December 31, 2013. Based on the assessment performed, CODELCO's management identified a material weakness within the Company's SAP enterprise resource planning applications, specifically related to the deficiencies in the assignment of profiles. The situation detracted from an effective control environment.

The material weakness identified by CODELCO did not result in any impact on CODELCO's consolidated financial statements as of and for the three-month period ended March 31, 2013, as of and for the year ended December 31, 2013 and as of and for the three-month period ended March 31, 2014 or require the correction of any material misstatement in the Company's disclosures.

In response to the results of CODELCO's evaluation, management undertook remedial measures to implement additional controls and improve the functionalities in its SAP system. The principal procedures implemented by CODELCO included implementing a predictive risk matrix by defining the function/action/authorization/objects based on critical, high, medium and low risk.

CODELCO has also created a position for a manager of internal risks to direct and oversee the implementation of changes and enhancements to its SAP system. CODELCO believes that its remediation measures have mitigated the risks within its SAP system and further believes that the material weakness has been remediated as of the date of this offering memorandum.

New Accounting Standards

The accounting policies adopted in the preparation of the Unaudited Interim Consolidated Financial Statements are consistent with those applied in the preparation of the Year-end Consolidated Financial Statements for the year ended December 31, 2012, except for the adoption of new standards and interpretations effective from January 1, 2013, which required retroactive restatement of certain figures for the three months ended March 31, 2012. The amounts reported at and for the three months ended March 31, 2013 are not fully comparable to amounts presented in the Year-end Consolidated Financial Statements. See Section II.3 to the Unaudited Interim Consolidated Financial Statements. The following is a description of the new standards and interpretations effective from January 1, 2013:

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. The accounting criteria established in IFRIC 20 requires that the costs of waste removal activities relating to the production phase of a surface mine (stripping), incurred with the purpose of granting access to a specific ore body, be recognized as part of property, plant and equipment and are amortized based on units of production extracted from the mineralized zone. In contrast, the accounting methods applied by CODELCO prior to the adoption of IFRIC 20 established an amortization criteria based on linear amortization of the capitalized removal costs.

The adoption of IFRIC 20 in the Unaudited Interim Consolidated Financial Statements resulted in a change in CODELCO's accounting policy as defined by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors." This change involved making adjustments based on the criteria of this standard, so that the existing balances at December 31, 2011 with respect to stripping in the production phase (discussed by other accounting criteria based on IFRIC 20) determined to be the initial balance for purposes of applying IFRIC 20.

The impact of this standard on the comparative amounts presented in the Audited Consolidated Financial Statements were as follows:

Effects of IFRIC 20 on Retained Earnings, as of January 1, 2012	
(in thousands of U.S.\$)	
The balance of retained earnings prepared in accordance with the accounting policies in place prior to the adoption of IFRIC 20.....	\$ 1,709,068
Adjustments due to IFRIC 20, net of deferred taxes	\$ (88,305)
Balance of retained earnings, as adjusted by IFRIC 20	\$ 1,620,763
Net Effects of IFRIC 20 on PP&E, as of December 31, 2012	
(in thousands of U.S.\$)	
The balance of PP&E, net as of December 31, 2012 under prior accounting policies	\$ 17,044,931
Adjustments due to IFRIC 20	\$ 23,018
Balance of PP&E, as adjusted by IFRIC 20	\$ 17,067,949
Effects of IFRIC 20 on gain (loss), before taxes as of year-end period ended December 31, 2012	
(in thousands of U.S.\$)	

Gain (loss) before taxes under prior accounting policies	\$	3,650,960
Adjustments due to IFRIC 20	\$	97,512
Gain (loss) before taxes, as adjusted by IFRIC 20 December 31, 2012	\$	3,748,472

**Effects of IFRIC 20 on gain (loss), from associates as of year-end period ended
December 31, 2012**

(in thousands of U.S.\$)		
Associated IFRIC 20 adjustment attributable to owners of the parents	\$	(7,976)
Associated IFRIC 20 adjustment attributable to noncontrolling interests	\$	(3,789)
IFRIC 20 Total effect on retained earnings from associates as of December 31, 2012	\$	(11,765)

IAS 19 Employee Benefits (revised 2011) (IAS 19-R). Until December 31, 2012, CODELCO included actuarial gains and losses in the profit of a given period. IAS 19-R requires that actuarial results be included as part of other comprehensive income and permanently excludes it from the profit and loss of a given period. Other modifications include new disclosures, such as quantitative sensitivity of the variables set for the calculation of the defined benefit liabilities.

IAS 19-R requires retrospective application of the associated effects, requiring the restatement of financial statements from previous years. Given that CODELCO updated the discount rate used as an actuarial assumption in the calculation of some of the employee benefit obligation at December 31, 2012 and 2011, the adoption of IAS 19-R involved reclassifications of actuarial gains and losses from retained earnings to other comprehensive income, modifying the statements of financial position as follows:

Effects at January 1, 2012	Retained Earnings	Reserve of gains / (losses) on defined benefit plans
	(in thousands of U.S.\$)	
Balance under prior accounting policies	\$ 1,709,068	-
Adjustments due to IAS 19-R	\$ 84,917	\$ (84,917)
Balance, as adjusted by IAS 19-R	\$ 1,793,985	\$ (84,917)

Effects at December 31, 2012	Retained Earnings	Reserve of gains / (losses) on defined benefit plans
	(in thousands of U.S.\$)	
Balance under prior accounting policies	\$ 4,189,769	-
Adjustments due to IAS 19-R	\$ 102,246	\$ (102,246)
Balance, as adjusted by IAS 19-R	\$ 4,292,015	\$ (102,246)

IAS 1 Presentation of items in other comprehensive income – Modifications to IAS 1. The amendments made to this standard require of the separation of the items included in other comprehensive income, which may be reclassified as the statement of comprehensive income in the future (e.g. net results from cash flow hedges or exchange rates of foreign operations) of those items that standards do not allow to be reclassified as comprehensive income (e.g. gains and losses from benefits plans). This amendment affects only the presentation of the statement of comprehensive income and has no impact on CODELCO's financial position.

IAS 1 Comparative reporting requirement – Explanatory amendment. This amendment requires the inclusion of comparative information in notes to the financial statements when they are voluntarily disclosed beyond the minimum comparative period. When a retrospective accounting change is made, an additional statement of

financial position must be presented, and the items included in the financial statements must be reclassified, as long as any of those changes have a material effect on the statement of financial position at the beginning of the previous period. This amendment clarifies that the additional statement of financial position does not need to be accompanied by comparative information in related notes.

IFRS 10 Consolidated Financial Statements and IAS 27 Consolidated and Separate Financial Statements. IFRS replaces IAS 27 “Consolidated and Separate Financial Statements” in sections related to consolidated financial statements and SIC 12 “Consolidation Special Purpose Entities.” IFRS 10 changes the definition of control such that an investor controls an investee when such is exposed, or has rights, to variable returns from its involvement in the investee and has the potential to affect those returns through its power over the investee. The application of IFRS 10 had no impact on the determination of control or consolidation of investments held by CODELCO.

IFRS 11 Joint Arrangements. IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly-controlled Entities – Non-monetary Contributions by Ventures.” IFRS 11 removes the option to account for jointly controlled entities using proportional consolidation, leaving the equity method as the only option. The application of IFRS 11 had no impact on CODELCO’s Unaudited Consolidated Financial Statements.

IFRS 12 Disclosure of Interests in Other Entities. This standard establishes requirements for disclosures related to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. The additional disclosure requirements are presented in Notes 8 and 9 to the Unaudited Consolidated Financial Statements, and are related to summarized financial information of material subsidiaries and associates.

IFRS 13 Fair Value Measurement. IFRS 13 establishes a single source of fair value measurements. This standard provides guidance on how to measure fair value when required or permitted by IFRS. The application of IFRS 13 has not materially affected CODELCO’s fair value measurements.

Critical Accounting Policies

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the amounts of assets and liabilities recognized as of the date of financial statements and the amounts of income and expenses during the reporting period. It also requires the CODELCO’s management to exercise its judgment in the process of applying the CODELCO’s accounting principles. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are below. For a full description of CODELCO’s accounting policies, see Section II to the Year-end Consolidated Financial Statements and Section II to the Unaudited Interim Consolidated Financial Statements.

Useful Economic Lives and Residual Values of Property, Plant and Equipment. The useful lives and residual values of property, plant and equipment assets that are used for calculating depreciation are determined based on technical studies prepared by specialists (internal or external). When there are indicators that could lead to changes in the estimated useful lives of such assets, these changes are determined by using technical estimates considering specific factors related to the use of the assets.

Ore Reserves. The measurements of ore reserves are based on estimates of the ore resources that are economically exploitable, and reflect the technical considerations of the Company regarding the amount of resources that could be exploited and sold at prices exceeding the total cost associated with the extraction and processing.

CODELCO applies judgment in determining the ore reserves, and as such, possible changes in these estimates could significantly impact the estimates of net revenues over time. For such reason, these changes would lead to modifications in the usage estimates of certain assets and of the amount of certain decommissioning and restoration costs.

CODELCO estimates its reserves and mineral resources based on the information composed by the Competent Persons of the Company, defined and regulated by the Chilean Law No. 20.235. The estimates are based

on the JORC (Joint Ore Reserves Committee) methodology, taking into consideration the historical information of the cost of goods sold and copper prices in the international market.

CODELCO also periodically reviews such estimates supported by world-class external experts, who certify the determined reserves.

Impairment of Assets. CODELCO reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss with regard to the carrying amount. In the evaluation of impairment, the assets are grouped into cash generating units ("CGUs") to which the assets belong. The recoverable amount of these assets or CGUs is calculated as the present value of the cash flows expected to be derived from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of the assets is less than their carrying amount, an impairment loss exists.

CODELCO defines the CGUs and also estimates the timing and cash flows that such CGUs should generate. Subsequent changes in the grouping of the CGU, or changes in the assumptions supporting the estimates of cash flows or the discount rate, could impact the carrying amounts of the corresponding assets.

Estimates of factors influencing the calculation of cash flows, such as the price of copper or treatment charges and refining charges, among others, are determined based on studies conducted by the Company, which are in turn supported by certain standards over time. Any changes to these criteria may impact the recoverable amount of the assets on which is performing the impairment tests. CODELCO's evaluations and definition of the CGUs are made at the level of each of its current operating divisions.

CODELCO has assessed and defined that the CGUs are constituted at the level of each of its current operating divisions.

The review for impairment includes subsidiaries, associates and joint arrangements.

Provisions for Decommissioning and Site Restoration Costs. CODELCO is obligated to incur in decommissioning and site restoration costs when environmental disturbance is caused by the development or ongoing production of a mining property. Costs are estimated on the basis of a formal closure plan and are reassessed annually or as of the date such obligations become known.

Significant estimates and assumptions are made in determining the provision for decommissioning and site restoration costs, as there are numerous factors that will affect the ultimate liability payable. In order to establish such estimates, CODELCO (1) creates a defined list of mine sites, installations and other equipment assigned to this process, considered at the engineering level profile, (2) evaluates the assets that will be subject to removal and restoration, weighted by a structure of market prices of goods and services, and reflecting the best knowledge at the time to carry out such activities, and (3) examines the techniques and more efficient construction procedures to date. In addition, CODELCO must make certain assumptions about the exchange rate for tradable goods and services and the discount rate applied to update the relevant cash flows over time, which reflects the time value of money and includes the risks associated with liabilities, which is based on the currency in which disbursements will be made.

The provision as of a reporting date represents management's best estimate of the present value of the future decommissioning and site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the decommissioning and site restoration liability and therefore any deduction from the decommissioning and site restoration asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning and site restoration liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication

of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If the revised asset net of decommissioning and site restoration provisions exceeds the recoverable value, that portion of the increase is charged directly to profit or loss statement. Any decommissioning and site restoration costs that arose as a result of the production phase of a mine should be expensed as incurred.

The costs arising from the installation of a plant or other site preparation projects are discounted at net present value, provided for and capitalized at the beginning of each project, as soon as the obligation to incur such costs arises. These decommissioning costs are charged to net income over the life of the mine through depreciation of the asset. The depreciation is included in operating costs, while the unwinding of the discount in the provision is included in finance costs.

Accrual for Employee Benefits. Employee benefits costs for severance payments and health benefits for services rendered by the employees are determined based on actuarial calculations using the Projected Credit Unit Method, and are charged to profit or loss on an accrual basis.

The Company uses assumptions to determine the best estimate for these benefits. Such estimates, as well as assumptions, are determined together with an external actuary. These assumptions include demographic assumptions, mortality and morbidity, discount rate and expected salary increases and rotation levels, among other factors. Although the Company believes that the assumptions used are appropriate, a change in these assumptions could affect net income.

Accruals for Open Invoices. The substantial majority of copper produced by CODELCO is sold under annual contracts. Pricing on such contracts is based on prevailing monthly average prices quoted on the LME for a quotational period, generally the month following the scheduled month of shipment. CODELCO recognizes adjustments to its revenues and trade receivables after delivery of the copper. These adjustments are updated on a monthly basis. At the end of each month, CODELCO estimates and accrues for any reduction in the provisional sales price using information available at the time financial statements are generated. However, the amount estimated may differ from the amount received at settlement. Revenue is recorded when ownership rights and obligations have been substantially transferred to the purchaser, according to the shipment or dispatch of the products, in conformity with the agreed upon conditions and are subject to variations related to the content and/or sales price at their liquidation date. Notwithstanding the foregoing, there are certain contracts for which the rights and obligations are substantially transferred based on receipt of the product at the buyer's destination point, and for these contracts revenue is recorded at the moment of transfer.

Sales contracts include a provisional price at the shipment date, whose final price is generally based on the price recorded in the LME. In the majority of cases, the recognition of sales revenue for copper and other commodities is based on the estimates of the future spread of metal price on the LME and/or the spot price at the date of shipment, with a subsequent adjustment made upon final determination and presented as part of "Revenue." The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the "quotation period"). As such the final price will be fixed on the dates indicated in the contracts. Adjustments to the sales price occurs based on movements in quoted market prices (LME) up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and six months. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices for the applicable metals.

Sales in the national market are recorded in conformity with the regulations that govern domestic sales as indicated in Articles 7, 8 and 9 of Law No. 16.624, modified by Article 15 of Decree Law No. 1.349 of 1976, on the determination of the sales price for the internal market.

Additionally, the Company recognizes revenue for providing services, mainly related to the processing of minerals bought from third parties. Revenue is recognized when the amounts can be measured reliably and when the services have been provided.

See "Business and Properties—Marketing—Pricing and Hedging" for information on hedge accounting.

Fair Value of Derivatives and Other Instruments. Management may use its judgment to choose an adequate and proper valuation method for the instruments that are not quoted in an active market. The Company applies customary valuation techniques used by other professionals in the industry. In the case of derivative financial instruments, assumptions are based on the observable market inputs, adjusted in conformity with the specific features of the instruments.

Lawsuits and Contingencies. The Company assesses the probability of lawsuits and contingency losses on an ongoing basis according to estimates performed by its legal advisors. For cases in which management and the Company's legal advisors believe that a favorable outcome will be obtained or when the results are uncertain and the lawsuits are still pending resolution, no provisions are recognized.

BUSINESS AND PROPERTIES

CODELCO is the world's largest copper producer and the largest company in Chile in terms of sales (U.S.\$14.96 billion in 2013). As of March 31, 2014, CODELCO's total assets and equity amounted to U.S.\$34.07 billion and U.S.\$12.31 billion, respectively, without including the value of CODELCO's mining concessions and ore deposits (as of December 31, 2013, such amounts were U.S.\$33.36 billion and U.S.\$12.41 billion, respectively). CODELCO engages 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 Chile and controls approximately 9% of the world's proved 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 of the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra, owned 49% by CODELCO and 51% by Cyprus El Abra Corporation (a subsidiary of Freeport McMoRan) and CODELCO's indirect 20% share of Anglo American Sur) and an estimated 9% share of the world's molybdenum production with production of approximately 23,043 metric tons (excluding CODELCO's share of the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra, owned 49% by CODELCO and 51% by Cyprus El Abra Corporation (a subsidiary of Freeport McMoRan) and CODELCO's indirect 20% share of Anglo American Sur).

CODELCO's main commercial product is Grade A cathode copper. In 2013, CODELCO derived 93% of its total sales from copper and 7% of its total sales from by-products of its copper production (for the three-month period ended March 31, 2014, 92% and 8%, respectively).

The following table sets forth certain production, cost and price information relating to CODELCO for the three-year period ended December 31, 2013 and the three-month periods ended March 31, 2013 and 2014:

Copper Production, Cash Cost of Production and Price Information (excluding El Abra and Anglo American Sur) (production in thousands of metric tons and cash costs and prices in cents per pound)

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
CODELCO's Copper Production.....	1,735	1,646	1,622	385	383
CODELCO's Cash Cost of Production	116.4	163.5	163.1	170.0	159.6
Average LME Price ⁽¹⁾	399.7	360.6	332.1	359.8	319.4

(1) Price for Grade A cathode copper.

CODELCO's mission is to maximize the value of its mineral resources for the benefit of its shareholder, the Chilean state, by fully developing its vast mining resources on a timely basis, leveraging the Company's experienced workforce, utilizing its advanced technological holds in key areas and by executing the following key strategic initiatives:

Capital Expenditure Program. The Company seeks to maintain and improve its competitive position in the industry through its capital expenditure program. Following the completion of a number of significant projects in recent years, such as the development of sulfide ores at the Radomiro Tomic mine, the expansion at the Andina mine and the development of the Pilar Norte area at El Teniente mine, CODELCO intends to continue its development program. Accordingly, the Company expects to invest approximately U.S.\$ 23.3 billion over the next five years on major projects, creating new operations and transforming its main mining operations with a view towards the long-term development of its resources. The Company's expansion and development projects for the next five years include:

- the final development stage and ramp up of the Mina Ministro Hales ore body, which delivered the first tons of copper in 2013 (U.S.\$332 million investment over the next five years to produce an expected total average of 183,000 tons of copper per year and 300 tons of silver per year once in full operation);

- the development of a new production level in the existing El Teniente underground mine (U.S.\$2.2 billion investment over the next five years to maintain El Teniente's current annual copper production of approximately 434,000 tons of copper per year starting in 2017; environmental approvals were obtained in March 2011);
- the first stage of the expansion of the existing sulfide operation in the Radomiro Tomic mine (U.S.\$3.2 billion investment over the next five years to enable the Radomiro Tomic mine to produce an expected average of 343,000 tons of copper per year starting in 2018);
- the gradual transfer of the Chuquicamata mine from an open pit mine to an underground operation (U.S.\$3.1 billion investment over the next five years to enable Chuquicamata to produce an expected total average of 366,000 tons of copper and 18,000 tons molybdenum per year starting in 2018; environmental approvals were obtained in September 2010); and
- the expansion of the existing Andina mine (U.S.\$668 million investment over the next five years to enable Andina to produce an expected average of an additional 350,000 tons of copper per year for a total expected average of approximately 600,000 tons of copper per year starting in 2023).

Improvement in operations. A number of improvement initiatives are underway to adopt best industry practices, most notably in the areas of labor productivity, asset utilization rates and process efficiency. Together with its capital expenditure investment program, these initiatives are expected to enhance CODELCO's competitive position. The Company operates in a cyclical business and CODELCO's strategy is to ensure that it is able to take full advantage of high copper prices. The Company is developing a number of plans to achieve production targets in the coming years. These plans mainly focus on reducing the risk of disruptions to production and on providing increased flexibility to its operations.

Exploration Effort. CODELCO controls the largest copper reserves worldwide, the Company's single most important long-term competitive advantage. The discovery of new mining resources and improving its ability to locate existing ore bodies and prospects are critical to maintain this preeminent position in the industry. Accordingly, the Company's exploration program will continue to be a key part of its business strategy.

Investment in Human Capital. The successful execution of CODELCO's business strategy relies on continuing to attract and retain a world-class management team and professionals of the highest caliber. Against the background of increased competition for talent in the mining industry, the Company will continue to improve career development opportunities for its staff and the overall attractiveness of CODELCO as a preferred employer.

Mining Association with Third Parties. CODELCO seeks to continue to develop and operate assets in association with third parties in situations where these associations will add value to CODELCO's business. An example of the Company's willingness and ability to do so is the association with Freeport McMoran in the El Abra copper mine (CODELCO owns 49%) and the association with Anglo American, Mitsui and Mitsubishi Corporation in Anglo American Sur (CODELCO owns an indirect 20% interest). CODELCO believes its large mining reserve is a strong platform from which to establish such associations.

Copper Production

General

The copper deposits in CODELCO's mines exist in two principal forms—sulfide ore and oxide ore. The majority of CODELCO's mines, including Chuquicamata and El Teniente, yield primarily sulfide ore. The ore extracted from the Radomiro Tomic deposit is copper oxide and sulfides. CODELCO produces refined copper from oxide and sulfide ore using different processes. CODELCO believes that having these two different forms of copper deposits gives it a high level of flexibility to respond to market changes by adjusting its production and utilizing the refining processes described below.

Sulfide Ores. Sulfide ores are found in CODELCO's open-pit and underground mines. In open-pit mines, the process of producing copper from sulfide ores begins at the mine pit. Waste rock and ores containing copper are first drilled and blasted and then loaded onto diesel-electric trucks by electric shovels. Waste is hauled to dump areas. In underground mines, copper ore is deposited on rail cars and transported to a crushing circuit where gyratory crushers break the ore into sizes no larger than 3/4 of an inch. In both types of mines, the ore is then transported to rod and ball mills which grind it to the consistency of powder. In the conventional concentrator/smelter/refinery process for sulfide ore, this finely ground ore is agitated in a water and chemical solution and pumped as a watery mixture to the flotation separator. The solution is then aerated, producing a froth which carries the copper minerals, but not the waste rock, to the surface. The froth is skimmed off and filtered to produce copper concentrates. The waste rock, called tailings, is sent to a tailings storage facility. The copper concentrates (which contain a copper grade of approximately 30%) are then sent to the smelter.

At the smelter, the concentrates are blended with fluxes and fed into reverberatory furnaces or a Teniente converter (a technologically advanced type of converter designed by CODELCO) where they are melted, producing "matte" and "slag." Matte from reverberatory furnaces contains approximately 45% copper, and matte from a Teniente converter contains approximately 75% copper. Slag is a residue of the smelting process containing iron and other impurities, which the Company disposes of with its other industrial solid waste. The matte is transferred by ladles to the converters and is oxidized in two steps. First, the iron sulfides in the matte are oxidized with silica, producing slag that is returned to the reverberatory furnaces. Second, the impurities in the matte sulfide are oxidized to produce blister copper. The blister copper contains approximately 98.5% copper. Some of the blister copper is sold to customers. The remainder is transferred to the electrolytic refinery.

After additional treatment in the anode furnace, the copper is cast into anodes and then moved to the refinery's electrolytic tank house. This anode copper is approximately 99.0% copper. In the electrolytic tank house, anodes are suspended in tanks containing an acid solution and copper sulfate. An electrical current is passed through the anodes and chemical solution to deposit clean copper on pure copper plates. The resulting refined copper cathodes are 99.99% copper. Silver and small amounts of other metals contained in the anodes settle on the bottom of the tanks and are recovered in a separate process.

Oxide Ores. Oxide ore is scarcer than sulfide ore, and is typically found closer to the surface of the earth. A different process (called the SX-EW process) is used to produce refined copper from oxide ores, which CODELCO employs at its SX-EW facilities in Chuquicamata, El Teniente, Salvador, Gabriela Mistral and Radomiro Tomic. In the first step of the SX-EW process, copper sulfide ore is mined, crushed and deposited into large piles. The piles are leached for a period of several days with a solution of sulfuric acid, resulting in the effusion from the piles of a solution with a high-concentration of copper. The copper solution is collected into large pools, from which copper is then recovered by solvent extraction, followed by a second recovery method called electrowinning, to produce high-grade copper cathodes. The SX-EW process involves lower overall refining costs, and can be used with a lower grade of ore, than the traditional concentrator/smelter/refinery process. The SX-EW process also enables CODELCO to recover copper by re-leaching waste material left over from prior copper extractions.

Operations

CODELCO's copper operations are divided into eight divisions. In December 2010, CODELCO divided the former CODELCO Norte Division into the Chuquicamata and Radomiro Tomic Divisions. CODELCO's divisions consist of the following:

- The Chuquicamata Division operates the Chuquicamata mine, one of the largest copper producing mines in the world, which began its operations in 1915 and currently includes smelting and refining capacities. In 2013, this division produced 339,012 metric tons of copper cathodes, or 18.9% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 165.8 cents per pound, compared to 193.4 cents per pound in 2012, and a total cash cost of U.S.\$1,228 million, compared to U.S.\$1,503 million in 2012. For the first three months of 2014, this division had a cash cost of 144.8 cents per pound and a total cash cost of U.S.\$240 million.

- The Radomiro Tomic Division operates the Radomiro Tomic mine, which began its first full year of production in 1998 and is the world's largest producer of copper using the SX-EW technology. In 2013, this division produced 379,589 metric tons of copper cathodes, or 21.2% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 133.4 cents per pound, compared to 130.9 cents per pound in 2012, and a total cash cost of U.S.\$1,104 million, compared to U.S.\$1,223 million in 2012. For the first three months of 2014, this division had a cash cost of 157.5 cents per pound and a total cash cost of U.S.\$279 million.
- On January 1, 2013, CODELCO created the Gabriela Mistral Division. The Gabriela Mistral Division operates the Gabriela Mistral mine, which uses SX-EW technology. The Gabriela Mistral mine produced its first copper cathodes in May 2008 after a 26-month construction period with total construction costs of U.S.\$1.03 billion. In 2013, this division produced 128,170 metric tons of copper, or 7.2% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 205.7 cents per pound, compared to 199.6 cents per pound in 2012, and a total cash cost of U.S.\$581 million, compared to U.S.\$585 million in 2012. For the first three months of 2014, this division had a cash cost of 206.6 cents per pound and a total cash cost of U.S.\$113 million.
- The El Teniente Division is the operator of the El Teniente mine, which is the world's largest underground copper mine and has been in operation for more than 100 years. The El Teniente Division includes the Caltones smelter. In 2013, this division produced 450,390 metric tons of copper, or 25.1% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 133.0 cents per pound, compared to 128.8 cents per pound in 2012, and a total cash cost of U.S.\$1,306 million, compared to U.S.\$1,175 million in 2012. For the first three months of 2014, this division had a cash cost of 121.3 cents per pound and a total cash cost of U.S.\$281 million.
- The Andina Division operates the Andina and Sur-Sur mines with production split among open-pit and underground mines. It does not have independent smelting capacity. Andina has been in operation since 1970. In 2013, this division produced 236,715 metric tons of copper, or 13.2% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 133.9 cents per pound, compared to 136.3 cents per pound in 2012, and a total cash cost of U.S.\$675 million, compared to U.S.\$725 million in 2012. For the first three months of 2014, this division had a cash cost of 145.1 cents per pound and a total cash cost of U.S.\$165 million.
- The Salvador Division includes the Salvador mine and concentrator and the smelter/refinery complex at Potrerillos, which has a capacity to treat 671,000 metric tons of concentrate. In 2013, this division produced 54,242 metric tons of copper cathodes, or 3.0% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 312.3 cents per pound, compared to 268.9 cents per pound in 2012, and a total cash cost of U.S.\$373 million, compared to U.S.\$372 million in 2012. For the first three months of 2014, this division had a cash cost of 264.5 cents per pound and a total cash cost of U.S.\$70 million. CODELCO's Board of Directors has decided to phase out mining operations at the Salvador mine by 2016, or by 2021 if warranted by market and operational conditions. The Potrerillos smelter and refinery will continue to operate upon any cessation of the mining operations at Salvador.
- The Ventanas Division was created in connection with the acquisition of the Ventanas smelter/refinery complex from ENAMI in May 2005. The Ventanas smelter has a capacity to treat 400,000 metric tons of concentrate. In 2013, this division refined 403,059 metric tons of copper. Pursuant to the terms of the acquisition, CODELCO is required to provide on market terms the necessary smelting and refining capacity for the treatment of copper concentrate delivered by the small- and medium-sized mining industry that ENAMI serves.
- The Mina Ministro Hales Division was created in September 2010 for the operation of the Mina Ministro Hales ore body. In 2013, this division produced 33,572 metric tons of copper, or 1.9% of

CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 172.1 cents per pound and a total cash cost of U.S.\$123 million. For the first three months of 2014, this division had a cash cost of 155.4 cents per pound and a total cash cost of U.S.\$98 million.

For a description of CODELCO's associations with other companies, see "—Associations, Joint Ventures and Partnerships" below.

Beginning in late 2010, CODELCO implemented a corporate reorganization plan which divided the management of the Company's operations into Operations Norte and Operations Centro-Sur, to supervise the divisions in the north and center-southern regions, respectively. Pursuant to the plan, CODELCO created a new mining division in the north (the Mina Ministro Hales Division), to manage the operations of the Mina Ministro Hales ore body, and divided the CODELCO Norte Division into the Chuquicamata and Radomiro Tomic Divisions. In addition, the reorganization was intended to simplify the organizational structure by causing all corporate administrative and support functions to report to a single vice president, and the productive divisions to concentrate on maximizing production, controlling costs and implementing safety measures. The Chuquicamata Division, Radomiro Tomic Division and Mina Ministro Hales Division are now supervised by the vice president of Operations Norte. The Salvador Division (moved from Operation Norte in early 2012), Andina Division, El Teniente Division and Ventanas Division are now supervised by the vice president of Operations Centro Sur.

CODELCO's copper production, excluding CODELCO's share of the El Abra deposit and of Anglo American Sur, decreased to 382,738 metric tons for the first three months of 2014 from 384,615 metric tons in the first three months of 2013. This decrease was mainly due to the decrease in Radomiro Tomic Division, partially offset by an increased production in El Teniente Division.

The table below shows the production of copper from CODELCO's mines, as compared to private sector production in Chile, for the four-year period ended December 31, 2014 and the three-month period ended March 31, 2014:

Production of Copper from Chilean Mines (CODELCO and Private Sector)
(in thousands of metric tons)

	Year ended December 31,			Three months ended March 31, 2014
	2011	2012	2013	
Mina Ministro Hales	—	—	34	30
Chuquicamata Division.....	443	356	339	76
Radomiro Tomic Division.....	470	428	380	81
Gabriela Mistral Division.....	118	133	128	25
El Teniente Division.....	400	417	450	106
Andina Division	234	250	237	53
Salvador Division.....	69	63	54	12
El Abra ⁽¹⁾	61	75	76	20
Anglo American Sur ⁽²⁾	—	36	94	25
CODELCO Total Production.....	1,796	1,758	1,792	428
Chilean Private Sector⁽³⁾	3,467	3,676	3,984	963
Total Chilean Production	5,263	5,434	5,776	1,391

(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). The balance of El Abra's production is included in the private sector figures.

(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). The balance of Anglo American Sur production is included in the private sector figures.

(3) Source: Chilean Copper Commission.

The table below shows the breakdown of CODELCO's own copper output for the four-year period ended December 31, 2012 and the three-month period ended March 31, 2013:

Copper Output of CODELCO (excluding El Abra and Anglo American Sur)
(in thousands of metric tons)

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Cathodes.....	853	720	673	150
Fired Refined.....	69	0	0	0
Blister and anodes.....	275	376	350	87
Concentrates.....	538	550	598	145
Total.....	1,735	1,646	1,622	383

The following table sets forth CODELCO's capital expenditures budget for the period 2013-2017 by division, and for the executive offices, as approved by the Company's Board of Directors as part of the Company's BDP, which is subject to the approval of the Ministries of Finance and Mining (capital expenditures are subject to change at the discretion of the Company):

Projected Capital Expenditures by Division 2014-2018

Division	Investment ⁽¹⁾ (in millions of U.S.\$)
Chuquicamata.....	\$ 5,739
Radomiro Tomic.....	4,034
Mina Ministro Hales.....	734
El Teniente.....	4,195
Andina.....	2,820
Salvador.....	1,241
Ventanas.....	289
Gabriela Mistral.....	448
Executive Offices.....	458
Subsidiaries.....	551
Deferred expenses.....	2,789
Total.....	\$ 23,298

(1) Includes equipment replacement and facilities repair, contributions to subsidiaries and other.

The following table sets forth CODELCO's principal expansion and development projects in each division (projects are subject to change at the discretion of the Company):

Division	Project	Status	Estimated Investment (in millions of U.S.\$)
Chuquicamata	Chuquicamata Underground (2018)	Execution ⁽¹⁾	\$ 4,115
Radomiro Tomic	Sulfides phase II (2018)	Feasibility	5,226
El Teniente	New mining level (2017)	Execution ⁽¹⁾	3,431
Andina	Expansion phase II (2023)	Feasibility	6,586
Mina Ministro Hales	Mina Ministro Hales ore body (2014)	Execution ⁽¹⁾	3,301
Total Investment			\$ 22,659

(1) Expenditures have been invested in projects in the execution stage.

Chuquicamata Division

Chuquicamata—Mining Operations. Chuquicamata is one of the largest open pits in the world with a total production of 339,012 metric tons in 2012. Located in the Atacama Desert, 1,200 kilometers north of Santiago and

240 kilometers east of the Chilean city of Antofagasta, the mine has been in continuous operation since 1915. The Chuquicamata mine is an open-pit operation that produces predominantly sulfide concentrates, which are smelted and refined on site. The pit size of the Chuquicamata mine is almost nine kilometers long in a north-south direction by five kilometers wide and one kilometer deep.

The Chuquicamata deposit is a porphyry-type ore body. The most important feature of the ore body is a north-south regional fault, the West Fissure fault, which cuts the ore on the west side and creates a sharp limit on the deposit. An oxide ore zone was a large part of the deposit and has been almost totally mined out. The mine contains a supergene enrichment layer (a redeposit of copper, by natural forces, from higher to lower layers), which has a thickness of almost 800 meters near the center of the mine. Five kilometers north of Chuquicamata, the ore body narrows and merges with the Radomiro Tomic ore body.

In December 2007, CODELCO completed the Calama Integration Project, a major initiative undertaken to relocate the inhabitants of the town of Chuquicamata, which is situated on the outskirts of the mining facility, to the nearby city of Calama. CODELCO undertook the project to make more space available near the mine site for depositing the large piles of the mine's tailings and to move inhabitants away from mining activities near the growing project area. CODELCO invested U.S.\$317 million in the implementation of this project, which included the construction and financing of houses and apartments for mine employees and commercial centers in Calama. The site of the town of Chuquicamata is now being used as a new site for the deposit of waste rock and for SX-EW treatment dams.

Chuquicamata—Smelting Operations. Chuquicamata utilizes one Outokumpu flash furnace, five Pierce Smith converters and two Teniente converters to process 1.37 million metric tons of 27.58% copper concentrate per year. Chuquicamata performs all stages of copper production from the mining process through cathode production.

As of March 31, 2014, the Chuquicamata Division employed 6,108 persons and produced 75,828 metric tons of copper at a cash cost of 144.8 cents per pound and a total cash cost of U.S.\$240 million, compared to a cash cost of 193.4 cents per pound and a total cash cost of U.S.\$311 million for the first three months of 2013. In 2013, this division had a cash cost of 165.8 cents per pound, compared to 193.4 cents per pound in 2012, and a total cash cost of U.S.\$1,228 million, compared to U.S.\$1,503 million in 2012.

Radomiro Tomic Division

Radomiro Tomic. Radomiro Tomic deposit lies five kilometers north of the main pit at Chuquicamata. Radomiro Tomic began production at the end of 1997. The Radomiro Tomic mine is a state of the art facility, and the world's largest producer of copper using the highly efficient SX-EW process.

During the first half of 2010, the Sulfide Phase I project was completed, which enables the treatment of 100,000 metric tons per day of sulfides from Radomiro Tomic in the Chuquicamata processing plants. In 2013, the Radomiro Tomic Division produced 379,589 metric tons of copper.

As of March 31, 2014, the Radomiro Tomic Division employed 1,070 persons and produced 81,142 metric tons of copper at a cash cost of 157.5 cents per pound and a total cash cost of U.S.\$279 million, compared to a cash cost of 121.7 cents per pound and a total cash cost of U.S.\$292 million for the first three months of 2013. In 2013, this division had a cash cost of 133.4 cents per pound, compared to 130.9 cents per pound in 2012, and a total cash cost of U.S.\$1,104 million, compared to U.S.\$1,223 million in 2012.

Copper Production and Cash Cost — CODELCO Norte Division (Chuquicamata and Radomiro Tomic)⁽¹⁾
(production in thousands of metric tons and cash cost in cents per pound)

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Copper Production CODELCO Norte	—	—	—	—
Copper Production Chuquicamata	443	356	339	76
Copper Production Radomiro Tomic	470	428	380	81
Cash Cost Chuquicamata	110.8	193.4	165.8	144.8
Cash Cost Radomiro Tomic	100.3	130.9	133.4	157.5

Gabriela Mistral Division

The Gabriela Mistral ore body is located in Chile's Second Region and began production in May 2008. On January 1, 2013, CODELCO created the Gabriela Mistral Division, which operates the Gabriela Mistral mine. Gabriela Mistral uses SX-EW technology and produced its first copper cathodes in May 2008 after a 26-month construction period at a cost of U.S.\$1.03 billion. In 2013, the Gabriela Mistral Deposit produced 128,170 metric tons of copper.

As of March 31, 2014, the Gabriela Mistral Division employed 526 persons and produced 24,728 metric tons of copper at a cash cost of 206.6 cents per pound and a total cash cost of U.S.\$113 million, as compared to a cash cost of 221.5 cents per pound and a total cash cost of U.S.\$158 million for the first three months of 2013. In 2013, this division had a total cash cost of 205.7 cents per pound, compared to 199.6 cents per pound in 2012, and a total cash cost of U.S.\$581 million, compared to U.S.\$585 million in 2012.

Copper Production and Cash Cost — Gabriela Mistral Division
(production in thousands of metric tons and cash cost in cents per pound)

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Copper Production	118	133	128	25
Cash Cost	165.8	199.6	205.7	206.6

El Teniente Division

Mining Operations. The El Teniente Division is the second-largest division of CODELCO based on 2012 production and operates El Teniente underground mine located 80 kilometers southeast of Santiago. With production of 450,390 metric tons in 2013, it is the world's largest underground copper mine.

The El Teniente deposit is also a porphyry-type ore body. The deposit covers a vertical span of over 1,500 meters. A tabular subvertical dacite porphyry intrusion two kilometers long by 200 meters wide is well exposed in the northern part of the deposit, and a quartz-diorite stock is located at the southeast side. Wall rocks are mostly andesites, which are strongly mineralized, containing a high concentration of chalcopyrite and bornite. The size of the deposit is at least three kilometers north-south and close to one kilometer wide.

El Teniente primarily produces concentrates that are smelted at the Caletones smelter. In addition to the principal mine at El Teniente, the division performs mining operations at several other areas of the main deposit,

with a production of approximately 118,000 metric tons of ore per day. The Reservas Norte area of the mine is the main producing mine area, producing approximately 35,000 metric tons of ore per day.

As of March 31, 2014, the El Teniente Division employed 5,006 persons and produced 106,116 metric tons of copper at a cash cost of 121.3 cents per pound and a total cash cost of U.S.\$281 million, as compared to a cash cost of 162.6 cents per pound and a total cash cost of U.S.\$347 million for the first three months of 2013. In 2013, this division had a cash cost of 133.0 cents per pound, compared to 128.8 cents per pound in 2012, and a total cash cost of U.S.\$1,306 million, compared to U.S.\$1,175 million in 2012.

Copper Production and Cash Cost — El Teniente Division
(production in thousands of metric tons and cash cost in cents per pound)

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Copper Production.....	400	417	450	106
Cash Cost.....	92.4	128.8	133.0	121.3

Smelting Operations. The El Teniente Division includes the Caletones smelter, with capacity to smelt 1.25 million metric tons of concentrate per year. El Teniente mine supplies 1.34 million metric tons of concentrate per year to the Caletones smelter. The balance of concentrate processed by the smelter is brought by railway from the Andina Division, 300 kilometers away.

The Caletones smelter operates two Teniente Modified Converters, three Pierce Smith Converters and several refining furnaces and gas treatment plants. El Teniente has no electrolytic refining plant, and smelter output is sold as fire-refined copper or anodes to be refined at other facilities such as the Ventanas refinery or Chuquicamata.

Andina Division

Mining Operations. The Andina Division operates the Andina mine and the Sur-Sur mine, which are located 50 kilometers northeast of Santiago. Production at the Andina Division is split among open-pit and underground mines. The Andina Division does not operate a smelter. Its production is processed at the Caletones smelter of El Teniente, at the Ventanas refinery or at the Salvador Division, and some of its concentrate is sold to ENAMI or other purchasers. As of March 31, 2014, the Andina Division employed 1,628 persons and produced 53,301 metric tons of copper at a cash cost of 145.1 cents per pound and a total cash cost of U.S.\$165 million, as compared to a cash cost of 131.0 cents per pound and a total cash cost of U.S.\$162 million for the first three months of 2013. In 2013, this division produced 236,715 metric tons of copper and had a cash cost of 133.9 cents per pound, compared to 136.2 cents per pound in 2012, and a total cash cost of U.S.\$675 million, compared to U.S.\$725 million in 2012.

The Río Blanco-Los Bronces porphyry-type deposit, one of the largest copper ore bodies in Chile, is partially owned by the Andina Division. The northwest portion of this deposit is owned by the Andina Division; Anglo Sur owns and operates the mines at Los Bronces and El Soldado along with the Chagres Smelter and various mineral resources, including Los Sulfatos and San Enrique Monolito, located in the southwest portion of the deposit. The deposit is characterized by plentiful tourmaline and breccia rock bodies mineralized with copper sulfides, mostly calcopyrite. CODELCO's portion of the deposit is four kilometers in length, in the northwest to southeast direction, with a maximum width of almost one kilometer.

Copper Production and Cash Cost — Andina Division
(production in thousands of metric tons and cash cost in cents per pound)

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Copper Production	234	250	237	53
Cash Cost	128.0	136.3	133.9	145.1

With the aim to increase the processing output of the Andina Division, CODELCO completed the Andina Phase I Expansion Project in 2010 and plans to continue with a U.S.\$668 million investment over the next five years to expand the mine and increase copper production to produce an expected additional 350,000 tons of copper per year for a total expected average of approximately 600,000 tons of copper per year starting in 2021.

Salvador Division

Mining Operations. The Salvador Division is the smallest of the CODELCO divisions. In 2013, it produced 54,242 metric tons of fine copper. The complex includes the mine and concentrator at Salvador and a smelter/refinery at Potrerillos. The Salvador mine is located 900 kilometers north of Santiago and 120 kilometers east of the Chilean port of Chañaral. Concentrates are transported 67 kilometers from the mine to the smelter at Potrerillos via pipeline and truck.

The Salvador Division has the smallest base reserve of ore among all of the CODELCO divisions. The Salvador deposit is a typical medium-sized porphyry-type ore body. There is an 80- to 200-meter thick leached capping covering a lensoid-shaped enrichment layer roughly one kilometer in diameter that attains a maximum thickness of about 250 meters. This enrichment layer is almost completely mined out. Mining is currently focused on the primary ore located underneath the secondary enrichment (the so-called Inca levels).

As of March 31, 2014, Salvador employed 1,445 persons and produced 12,016 metric tons of fine copper at a cash cost of 264.5 cents per pound and a total cash cost of U.S.\$70 million, compared to a cash cost of 245.7 cents per pound and a total cash cost of U.S.\$68 million for the first three months of 2013. In 2013, this division had a cash cost of 312.3 cents per pound, compared to 268.9 cents per pound in 2012, and a total cash cost of U.S.\$373 million, compared to U.S.\$372 million in 2012.

CODELCO's Board of Directors has decided to phase out mining operations at the Salvador mine by 2016, or by 2021 if warranted by market and operational conditions. The Potrerillos smelter and refinery will continue to operate upon any cessation of the mining operations at Salvador.

Copper Production and Cash Cost — Salvador Division
(production in thousands of metric tons and cash cost in cents per pound)

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Copper Production	69	63	54	12
Cash Cost	175.3	268.9	312.3	264.5

Smelting Operations. The smelting and refining operation is located at Potrerillos. This facility includes one Teniente converter and four Pierce Smith converters for a rated annual capacity of 671,000 metric tons of concentrate. CODELCO increased capacity of the Potrerillos smelter in May 2004, and is currently conducting conceptual engineering for a proposed expansion of capacity of the Potrerillos refinery.

Ventanas Division

Smelting and Refinery Operations. The Ventanas Division was created in connection with the acquisition of the Ventanas smelter and refinery from the Chilean state-owned mining company ENAMI in May 2005. The Ventanas smelter has a capacity of over 400,000 metric tons of concentrate. Ventanas refined approximately 403,059 metric tons of copper in 2013. Pursuant to the terms of the acquisition, CODELCO is required to provide on market terms the necessary smelting and refining capacity for the treatment of products for the small- and medium-sized mining industry that ENAMI serves. As of March 31, 2014, the Ventanas Division employed 966 persons.

Mina Ministro Hales Division

Mining Operations. The Mina Ministro Hales Division was created in September 2010 for the operation of the Mina Ministro Hales ore body, and delivered its first tons of copper during the last quarter of 2013. In 2013, it produced 33,572 metric tons of fine copper. The Mina Ministro Hales ore body is located near Calama in the Antofagasta region and is expected to produce an average of 183,000 tons of copper per year and 300 tons of silver per year and is expected to be exploited at a rate of 375,000 tons of rock per day. As of March 31, 2014, the Mina Ministro Hales Division employed 708 persons.

As of March 31, 2014, Mina Ministro Hales employed 708 persons and produced 29,607 metric tons of fine copper at a cash cost of 155.4 cents per pound and a total cash cost of U.S.\$98 million. In 2013, this division had a cash cost of 172.1 cents per pound and a total cash cost of U.S.\$123 million.

Smelting and Refinery Operations. The processing of minerals will be carried out in a stand-alone concentrator with processing capacity of 50,000 tons per day. Copper concentrates will be processed in a new roasting plant. The project also includes a new acid plant.

Associations, Joint Ventures and Partnerships

CODELCO has undertaken several projects, business ventures and associations with certain private sector mining and non-mining enterprises, including:

- ***Copper Partners Investment Company Ltd.:*** In March 2006, CODELCO and China Minmetals Non-Ferrous Metals Co. Ltd. ("Minmetals"), a Chinese state-owned metals company, created a joint venture company equally owned by both companies. Under a 15-year sales contract covering a total of 836,250 metric tons of copper, CODELCO sells cathodes to Copper Partners Investment Company Ltd. The joint venture made an initial up-front payment of U.S.\$550 million to CODELCO in March 2006 and pays a price balance on shipments during the term of the contract. In turn, the joint venture sells the cathodes to Minmetals at market prices. Shipments under the contract commenced in June 2006. CODELCO also granted Minmetals an option to acquire, at market price, a minority interest in a company that will be formed to exploit the Gabriela Mistral mineral deposit. In September 2008, CODELCO and Minmetals suspended the option indefinitely. The option may be revived upon the agreement of both parties. CODELCO and Minmetals also have agreed to identify joint opportunities in the future. At April 30, 2014, this company has delivered dividends to Codelco for an amount of US\$469.3 million.
- ***SCM El Abra:*** In 1994, CODELCO (49%) formed a company with Cyprus El Abra Corporation (51%), a subsidiary of Freeport McMoRan, Sociedad Contractual Minera (SCM) El Abra to develop the El Abra mine in northern Chile. The mine is a porphyry copper open-pit facility located 105 kilometers north of the city of Calama at an altitude of 3,900 meters above sea level. El Abra started production seven months ahead of schedule in August 1996. Constructed at a cost of U.S.\$1.05 billion, it is designed to produce 225,000 metric tons of copper per year and includes one of the world's largest SX-EW facilities. The El Abra project was originally financed by a U.S.\$850 million syndicated loan, which was repaid in full in November 2004.

- In October 2009, SCM El Abra approved resuming construction activities for the Sulfolix Project, which had been deferred as a result of market conditions at the end of 2008, to extract and process (by the leaching process) sulfide ores, which is expected to extend mine life by 13 years and enable El Abra to produce at least 125,000 metric tons of fine copper per year. This project contains approximately 1,200 million metric tons of leachable oxide and sulfide copper, with an average ore grade of 0.43%. The project started producing sulfides, shifting from an oxide operation, during the first quarter of 2011 and includes milling mine ores until 2024, and is expected to generate the last cathode in 2029 by leaching heap remains. The Sulfolix Project requires approximately U.S.\$565 million of initial equity and an additional U.S.\$160 million to sustain the operations. The project is financed by SCM EL Abra's retained earnings.
- In 2013, SCM El Abra produced 155,670 metric tons of fine copper at a cash cost of 200 cents per pound. For the three months ended March 31, 2014, the production was 41,700 metric tons of fine copper with a cash cost of 183 cents per pound.
- As of March 31, 2014, the project had delivered total dividends of U.S.\$3,049 million and CODELCO had received U.S.\$1,494 million in dividends and CODELCO's equity participation in SCM El Abra totaled U.S.\$843.6 million.
- *Anglo American Sur:* On December 19, 2008, CODELCO purchased from ENAMI for U.S.\$175 million the Anglo American Sur Option to purchase up to 49% of the equity interests of Anglo American Sur, a wholly-owned subsidiary of Anglo American, for a price determined by a prescribed formula based on a multiple of historic earnings. Anglo American Sur owns and operates the mines at Los Bronces and El Soldado, the Chagres Smelter and various mineral resources, including Los Sulfatos and San Enrique Monolito. In October 2011, CODELCO announced that it had arranged for a bridge loan of up to U.S.\$6.75 billion from Mitsui that would allow it to exercise the Sur Option and indicated its intent to exercise the Sur Option during the next window for its exercise, which would occur in January 2012. On November 9, 2011, Anglo American announced that it had sold 24.5% of the equity interests of Anglo American Sur to affiliates of Mitsubishi Corporation. Following this sale CODELCO announced that it retained the right to acquire up to 49% of the equity interests of Anglo American Sur and requested from the Santiago Court of Appeals a legal order preventing further sales of equity interests of Anglo American Sur until CODELCO was able to exercise the Sur Option. The requested legal order was received and on January 2, 2012, CODELCO exercised the Sur Option to purchase 49% of the equity interests of Anglo American Sur. Prior to and after the exercise of the Sur Option, Anglo American and CODELCO were involved in additional legal proceedings relating to the exercise of the Sur Option, which were ultimately settled pursuant to the settlement agreement described below.
- On August 23, 2012, CODELCO and Anglo American entered into a settlement agreement to settle their respective claims in relation to the Sur Option. In connection with this settlement agreement, CODELCO and Anglo American agreed that Becrux, a wholly-owned subsidiary of Acrux, an entity owned by CODELCO and Mitsui in the manner described below, would acquire 29.5% of the equity interests in Anglo American Sur pursuant to the following transactions:
 - on August 24, 2012, Becrux acquired (i) shares representing 24.5% of the equity interests of Anglo American Sur for a purchase price of U.S.\$1.7 billion, which was financed through a draw down by an affiliate of CODELCO on the A&R Mitsui Bridge Loan Facility described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Other Debt;" and (ii) shares representing 0.94% of the equity interests of Anglo American Sur for a purchase price of U.S.\$206.8 million, which was financed by cash contributions made by Mitsui; and
 - on September 14, 2012, Becrux acquired shares representing 4.06% of the equity interests of Anglo American Sur for a purchase price of U.S.\$893.2 million, which was financed by cash contributions made by Mitsui.

- As part of the settlement agreement, Anglo American Sur transferred to CODELCO certain undeveloped mining properties, Los Leones and Profundo, which are located to the east of CODELCO's Andina mine, and the shareholders of Anglo American Sur entered into a shareholders' agreement that provides a framework for the ongoing governance of Anglo American Sur, which includes board representation and participation in certain decisions for Becrux.
- Immediately following the acquisition of 29.5% of the equity interests of Anglo American Sur, affiliates of CODELCO and Mitsui owned approximately 83% and 17%, respectively, of the equity interests of Acrux. In connection with the refinancing of the A&R Mitsui Bridge Loan Facility described below under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Other Debt," an affiliate of Mitsui exercised its right to acquire from an affiliate of CODELCO at the closing of the refinancing a number of equity interests of Acrux representing a 4.5% stake in Anglo American Sur for a purchase price equal to U.S.\$998 million. This amount was used to prepay a portion of the bridge loan previously drawn down by an affiliate of CODELCO under the A&R Mitsui Bridge Loan Facility in connection with the transactions described above. Following the consummation of this transaction, affiliates of CODELCO and Mitsui owned approximately 67.8% and 32.2%, respectively, of the equity interests of Acrux. Consequently, CODELCO indirectly owns a 20% interest in Anglo American Sur.
- Anglo American Sur fine copper production was 419,108 metric tons in 2012 with a cash cost of 152 cents per pound and 467,884 metric tons in 2013 with a cash cost of 150 cents per pound. For the three months ended March 31, 2014, the production was 125,523 metric tons of fine copper with a cash cost of 138 cents per pound. Anglo American Sur has distributed US\$ 280,251,984 in 2013 and 56,074,381 in 2014 in cash dividends to Becrux, and Codelco has a 67.8% indirect participation in Becrux. As of March 31, 2014, the value of equity of Anglo American Sur was equal to U.S.\$6,339.1 million. Codelco has a 20% indirect participation in Anglo American Sur.
- *SCM Purén*: CODELCO (35%) and Compañía Mantos de Oro (65%), a subsidiary of Kinross Gold Corp., own SCM Purén. SCM Purén's mining activities, located in the Atacama Region, east of the city of Copiapó, began in November 2005, having produced over 801,839 ounces of equivalent gold. During 2013, this company did not deliver dividends. SCM Purén mines two gold and silver ore bodies through open pits. Currently, SCM Purén is evaluating a second phase of the project, which is expected to produce 295,419 ounces of equivalent gold over a four-year period.
- *Agua de la Falda S.A.*: CODELCO (43%) and Minera Meridian Limitada (57%), a subsidiary of Yamaha Gold Inc., own Agua de la Falda S.A., which was created to explore and exploit the Agua de la Falda deposit, which was in production until 2005. As of the date of this offering memorandum, the company is completing a feasibility study of the Jerónimo gold deposit, which contains over 2 million ounces of gold as indicated and inferred resources.
- *Inca de Oro S.A.*: CODELCO (34%) and PanAust Minera Limited (66%) own Inca de Oro S.A., which was created in 2009 to explore, exploit and process mineral resources in Chile and abroad. Inca de Oro S.A. is expected to produce 45,000 tons of fine copper over a ten-year period from its porphyry copper deposit located in northern Chile.
- *Deutsche Giessdraht GmbH*: CODELCO (40%) and Nordeutsche Affinerie Group (60%) own Deutsche Giessdraht GmbH, a German corporation located in Emmerich, Germany. The company, which has been in existence since 1975, produces continuous copper cast wire rod. CODELCO indirectly supplies copper to Deutsche Giessdraht GmbH.

CODELCO sold to the public in January 2011, for proceeds totaling U.S.\$1.05 billion, all of its direct and indirect interest (40%) in E-CL S.A. (formerly Edelnor S.A.), which is a power generating company operating in the north of Chile. The estimated book value of CODELCO's investment was U.S.\$672 million, and CODELCO was permitted to retain the difference (less expenses).

Exploration Partnerships and Agreements: In recent years, as various companies have formally expressed their interest in undertaking joint exploration efforts with CODELCO, the Company has executed numerous exploration agreements with strategic partners, some of them leading to the creation of mining companies, such as SCM Purén mentioned above, and Minera Pecobre S.A. de C.V., with Mexican mining company Minas Peñoles, S.A. de C.V. (51%). On December 29, 2008, CODELCO sold its 49% interest in Pecobre to its affiliate, Industrias Peñoles S.A. de C.V, for U.S.\$5 million.

- *GNL Mejillones S.A.:* Due to the decrease and eventual termination of natural gas supply from Argentina, electrical power generation companies have experienced diminished electricity generation. For this reason, CODELCO and Suez Energy Andino S.A. through GNL Mejillones constructed an LNG re-gasification plant, which has been operating since the beginning of 2010. GNL Mejillones has the capacity to receive, process and store natural gas, with a send-out capacity of 5.5 million of cubic meters of gas per day, originating in Trinidad and Tobago and purchased from SUEZ Global LNG Ltd. under a long-term supply contract. As of the date of this offering memorandum, the LNG storage tank has finished its construction and now is in operation. GNL has entered into a long term agreement with E-CL S.A. for the re-gasification and storage of approximately 15 trillion BTU (British Thermal Unit).
- GNL Mejillones provides gas required by the electricity power plant in the *Sistema Interconectado del Norte Grande*, known as the SING, which supplies power to CODELCO's operations. The project partners have financed this project under existing take-or-pay contracts with CODELCO and other mining companies.
- As of March 31, 2014, CODELCO owned 37% of the outstanding shares of the company, and Suez Energy Andino S.A. owned the remaining 63% of the shares.

Technology and Research and Development Partnerships and Associations: CODELCO has entered into associations with companies and organizations that are world leaders in research and development to increase the integration of knowledge and innovation into mining processes. The following is a representative list of such associations.

- *BioSigma S.A.:* CODELCO (66.67%) established BioSigma S.A. ("BioSigma") in 2002 with the Japanese company JX-Nippon Mining and Metals Corporation (33.33%). BioSigma's mission today is being a company known by its competence on deploying and adapting full innovative biotechnology solutions, adding value to mining operations by the way of using environmental sustainable technologies. BioSigma plays a leading role in CODELCO's efforts to develop bioleaching technologies to improve the leaching process of primary copper sulfide ores operations that will add more copper to solvent extraction and electro-winning plants that are not being fully used due to depletion of oxidized mineral resources. In December 2012, a full industrial test of BioSigma's technologies commenced and was applied to mining resources in the Radomiro Tomic Division, which involves a pioneer biomass plant to supply leaching microorganisms into low grade primary sulfide ores heaps. The test was successfully finished in May 2014. Results indicate that BioSigma bioleaching technology produced a significant improvement in copper recovery and profitability compared to those of conventional bioleaching technologies.
- *MI Robotic Solutions S.A.:* In April 2007, CODELCO formed MI Robotic Solution S.A. among itself (36%), Nippon Mining and Metals Co. Ltd. (9%), Kuka Roboter GmbH (2%) and Industrial Support Company Limitada (53%), whose purpose is to research and develop robotics products and technologies to be used in the mining industry and metallurgic and related services. In May 2013, Codelco sold its participation (67,295 shares) in this company for an amount of 39,524.88 UF (roughly U.S.\$1.9 million).
- *Kairos Mining S.A.:* Kairos Mining S.A. is a company created in December 2006 in association with Honeywell Chile S.A., which owns 95%, and CODELCO, which owns 5%. Kairos Mining S.A.'s

purpose is to provide services for the automation and control of industrial and mining activities, and to supply related technology and software licenses.

- *Ecosea Farming S.A.*: CODELCO, through its subsidiary Innovaciones en Cobre S.A., is an 85.7% shareholder in EcoSea Farming, a technology driven company setting the standard for aquaculture on a global scale. The company's objective is to incorporate the use of metallic copper alloy meshes for fish cultivation systems, in order to take advantage of the various benefits of copper: antimicrobial, antifouling, anti-predator, mechanically strong and infinitely recyclable. In addition, EcoSea is discovering new properties that allow for lower operational costs and expansion of offshore aquaculture in exposed areas. Today, EcoSea has installed their systems in Chile, Canada, Scotland and Australia, and will soon be installed in Norway, the number one salmon producer in the world.
- *CoMoTech S.A.*: CODELCO, through its subsidiary Innovaciones en Cobre S.A, and Molibdeno y Metales S.A. (Molymet) equally own 97.22% shareholders in CoMoTech. The University of Chile owns the remaining shares. CoMoTech was created for research and development to increase molybdenum demand through new and enhanced applications. CoMoTech's results have not been as expected and the company is in the process of being wound up.
- *Copper for Energy S.A. (C4E)*: Codelco, through its subsidiary Innovaciones en Cobre S.A, along with the University of Chile, ICA and Fundación Chile formed the C4E consortium in 2010. C4E was created to develop renewable energy and water treatment technologies and products, using copper as the key material due to its superior conductivity and properties. C4E's results have not been as expected and the company is in the process of being wound up.

The following table sets forth the major mining and exploration agreements to which CODELCO is a party, as of March 31, 2014:

Major Mining and Exploration Agreements (as of March 31, 2014)

Mining Co-participation in Chile	Partner	Type
SCM El Abra	Freeport-MacMoRan Copper & Gold (USA)	Copper
Agua de la Falda S.A.	Meridian Gold Inc. (USA)	Gold
SCM Purén	Compañía Mantos de Oro (Chile)	Gold/Silver
Inca de Oro S.A.	PanAust Minera Limited (Australia)	Copper
Anglo American Sur S.A.	Inversiones Anglo American Sur S.A. (England); affiliates of Mitsubishi Corporation (Japan); and Mitsui & Co., Ltd. (Japan)	Copper
Exploration Agreement Projects		
Chile		
Anillo	Fortune Valley Resources (Chile)	Gold
Puntilla Galenosa	Pucobre (Chile)	Copper
Sierra Jardín	Antofagasta Minerals S.A. (England)	Copper
Cumbres	Antofagasta Minerals S.A. (England)	Copper
Queen Elizabeth	Rio Tinto (England)	Copper
Plazuela	Hot Chilli (Australia)	Copper/Iron
International		
Liberdade	Pan Brazilian (Brazil)	Copper/Gold
JV Codelco-Xstrata	Xstrata Do Brasil (Brazil)	Copper
Grupo Propiedades	Ministerio de Minas y Petróleo del Ecuador (Ecuador)	Copper

Resources and Reserves

As is standard in the industry, CODELCO divides its mineral holdings into three categories – geological resources, mineral resources and ore reserves. The system described below for categorizing mineral ore is widely used within the mining industry and codified in such international regulations as the Chilean Code 2009 and the Joint Ore Reserves Committee (JORC) code of Australia 2004.

Geological Resources

Geological resources are concentrations or occurrences of materials in such form, quantity (tonnage and ore grade) and quality, based on specific geological evidence and knowledge, which allows for the calculation of the amount, ore grade and quality of the material with some level of confidence. *Geological resources* are identified and evaluated through exploration, reconnaissance and sampling. They are estimated based on geological knowledge about the deposit, which is based on scientific concepts concerning the formation of minerals such as oxides, sulfides and mixed ores, as well as available knowledge concerning the geological continuity of the mineralized sectors. This is based on technical parameters, such as robustness of the genetic-geological model, and its validation through drillings. *Geological resources* are further categorized as *measured*, *indicated* and *inferred*.

A resource is considered to be *measured* if CODELCO's knowledge of the resource is extensive and direct; if CODELCO's knowledge of the resource is substantial but less extensive, it is considered to be *indicated*; and if CODELCO's knowledge of the resource is only indirect, it is considered to be *inferred*.

Mineral Resources

Once CODELCO has achieved increased knowledge about its *geological resources*, it is able to generate a long-term mining plan for the exploitation of such resources, which are then considered to be *mineral resources*. Like geological resources, mineral resources are sub-categorized as *measured*, *indicated* and *inferred*.

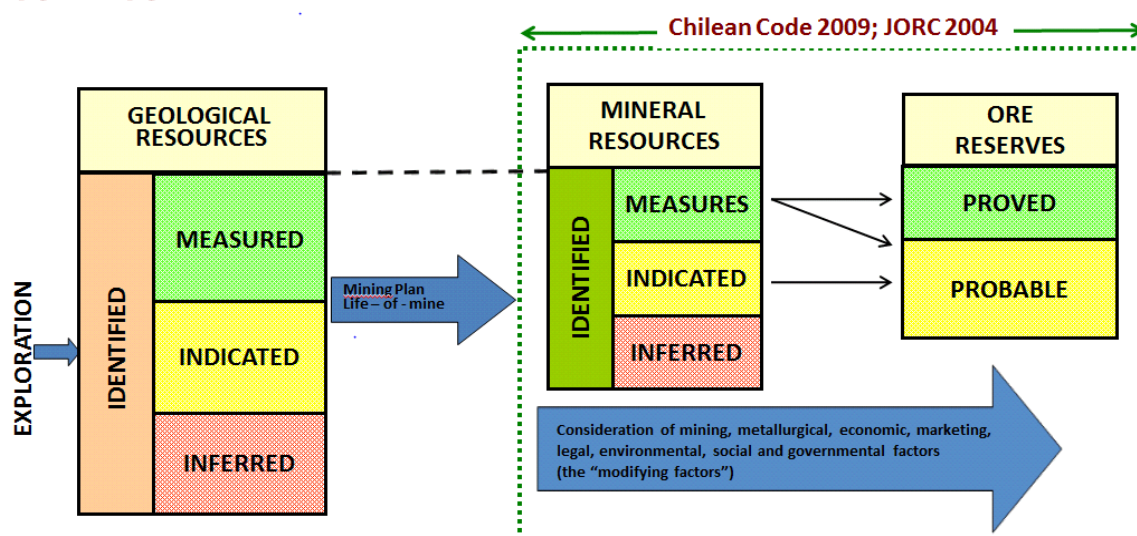
Ore Reserves

Ore reserves are defined as the economically mineable part of a *mineral resource*. They include diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and

studies have been carried out, which take into account rationally assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments address at the time of reporting whether extraction is justified. *Ore reserves* are sub-divided in order of increasing confidence from *probable ore reserves* to *proved ore reserves*. Ore reserves are a subset of *mineral resources* in the same way as *mineral resources* are a subset of *geological resources*.

The following diagram sets forth the relationships among the different categories of resources and reserves:

RESOURCES AND RESERVES CODELCO



Based on the methods and categories described above, CODELCO's proved and probable reserves include 61.2 million metric fine tons of copper, an amount that represents at least 30 years of future production at current levels. CODELCO's mineral resources include 130.2 million metric fine tons of copper, and its identified geological resources include 337.2 million fine metric tons of copper, for a cut-off grade of 0.2% copper.

The following table sets forth the amount and grade of CODELCO's copper holdings by division according to the methodology described above, as of December 31, 2013:

	Identified Geological Resources ⁽¹⁾			Identified Mineral Resources ⁽²⁾			Ore Reserves		
	Ore ⁽³⁾	Grade copper	Fine copper ⁽³⁾	Ore ⁽³⁾	Grade copper	Fine copper ⁽³⁾	Ore ⁽³⁾	Grade copper	Fine copper ⁽³⁾
Radomiro Tomic	8,180	0.36%	29.4	3,671	0.46%	16.8	2,482	0.49%	12.2
Chuquicamata.....	14,763	0.46%	67.2	2,147	0.70%	15.1	874	0.88%	7.7
Ministro									
Hales	1,748	0.82%	14.4	937	0.95%	8.9	209	1.22%	2.5
Gabriela Mistral	1,079	0.35%	3.7	491	0.36%	1.8	448	0.37%	1.6
Salvador	2,893	0.46%	13.3	1,678	0.46%	7.7	764	0.47%	3.6
Andina.....	19,838	0.59%	117.6	6,017	0.75%	45.1	2,582	0.72%	18.5
El Teniente.....	16,216	0.56%	90.3	4,195	0.83%	34.8	1,538	0.98%	15.1
Exploration/Business and Subsidiaries	558	0.25%	1.4	—	—	—	—	—	—
Total	65,274	0.52 %	337.2	19,136	0.68 %	130.2	8,896	0.69 %	61.2

(1) Geological resources cut-off grade 0.2% copper.

(2) Mineral resources with variable cut-off grade.

(3) In millions of metric tons.

The following table sets forth the copper holdings of the world and of CODELCO using the U.S. Geological Survey system as of December 31, 2013:

	World (in millions of tons)	CODELCO (in millions of tons)	CODELCO's share (%)
Geological Resources	3,000 ⁽¹⁾	337.2	11
Proved and Probable Reserves	690 ⁽¹⁾	61.2	9

(1) As defined by the U.S. Geological Survey (January 2014).

Each year, the Board of Directors must approve a long-term BDP of the Company. The first three years are subject to the approval of the Ministries of Finance and Mining. This plan must include the annual investment and financing amounts in addition to the annual profits that the Company is estimated to generate during the period. The Ministries of Finance and Mining jointly issue a decree, pursuant to which a portion of CODELCO's net income may be allocated by CODELCO to the creation of capitalization and reserve funds.

The 2014 BDP enables CODELCO to develop a long-term mining plan. CODELCO reviews the terms of the BDP annually to update or modify it for changes in business trends.

The 2014 BDP uses inferred resources to define CODELCO's strategic vision for long-term resource development. However, the incorporation of such resources increases gradually over time, and the inferred resources become proved and probable reserves.

In the early stages of the 2014 BDP, production is almost exclusively based on proved and probable reserves and mining projects are at advanced stages of engineering or at the investment stage. Mining projects must support their economic evaluation based on pre-defined minimum proved and probable reserves in order to be approved for investment.

Resource Development

CODELCO holds an estimated 9% of the world's proved and probable copper reserves. CODELCO has a two-pronged exploration program that is focused on increasing new resources for its existing divisions and exploring for new deposits outside its current operations in Chile and abroad. Development and replacement of reserves is a major aspect of CODELCO's development strategy.

CODELCO's main exploration projects can be summarized, in order of economic importance, with information of total resources (measured, indicated and inferred resources), as set forth below. The majority of the resources described for each of these projects are inferred, based on advanced exploration studies.

- *Mocha*: Mocha is located approximately 90 kilometers to the northeast of Iquique. CODELCO estimates that this deposit contains total resources of 1,738 million metric tons of ore with an average grade of 0.35% copper, for a cut-off grade of 0.2% copper.
- *Cerro Negro*: Cerro Negro located northeast of the Rio Blanco Deposit. CODELCO estimates that this deposit contains total resources of 429 million metric tons of ore with an average grade of 0.66% copper,¹ for a cut-off grade of 0.2% copper.
- *Sierra Overa*: Sierra Overa is an advanced exploration project, where drilling has been completed for the Casualidad deposit. CODELCO estimates that this deposit contains total resources of 595 million metric tons of ore with an average grade of 0.38% copper, for a cut-off grade of 0.2% copper.

¹ The total estimated for the Cerro Negro project, 627 Mt with an average grade of 0.65% copper, was incorporated into stock of the Andina Division.

- *Distrito Salvador:* In Distrito Salvador were defined resources for 219 million metric tons of ore with an average grade of 0.36% copper, for a cut-off grade of 0.2% copper, in the area called Franja Oriental.
- *Distrito Codelco Norte:* Distrito Codelco Norte were defined resources for 50 million metric tons of ore with an average grade of 0.43% copper, for a cut-off grade of 0.2% copper, in the areas of Jarosita and Carmen, located in the vicinity of the mine Radomiro Tomic.

As part of its strategy, Codelco drives basic or greenfield exploration to generate new areas of interest and find favorable geological deposits in strips across the country. Codelco has conducted geological and geophysical surveys and drilling on targets of interest from the Region of Arica and Parinacota to the Bío Bío Region. This work will continue during 2014.

Production Costs of Copper

CODELCO's production costs include all costs and expenses incurred in connection with the mining and production of its copper mix and related by-products. These production costs do not include administrative and operating costs incurred in connection with the processing of other copper products purchased from third parties.

In 2013, CODELCO's annual production of copper was 1.62 million metric tons, or 1.79 million metric tons including El Abra and Anglo American Sur. CODELCO continues to focus on controlling and limiting production cost increases. In 2013, CODELCO's total costs and expenses were 231.5 cents per pound, compared to 264.5 cents per pound in 2012 and 205.6 cents per pound in 2011. The increase in 2013 as compared to 2012 is mainly explained by savings in materials, services and input costs (especially energy), favorable exchange rate movements and lower labor costs due to a decrease in labor agreement expenses. The increase in 2012 as compared to 2011 is primarily attributable to an increase in prices of most significant inputs and consumables used in the production process and third-party services. For the first three months of 2014, CODELCO's total costs and expenses were 236.1 cents per pound, compared to 245.0 cents per pound in the same period in 2013.

In 2013, CODELCO's cash cost of production was 163.1 cents per pound, as compared with 163.5 cents per pound in 2012 and 116.4 cents per pound in 2011. In 2012, CODELCO's cash cost increased as compared to 2011, mainly due to lower ore grade, significant increases in energy prices, increases in third-party service expenses, and increases in prices of most significant inputs, consumables used in the production process. In 2013, CODELCO's cash cost marginally decreased as compared to 2012, mainly due to savings in materials, services and input costs (especially energy), favorable exchange rate movements and lower labor costs due to a decrease in labor agreement expenses, partially offset by lower by-product credit. For the first three months of 2014, CODELCO's cash cost of production was 159.6 cents per pound, compared to 170.0 cents per pound in the first three months of 2013. This decrease is primarily attributable to savings in materials, services and input costs and favorable exchange rates. In 2013, CODELCO'S total cash cost was U.S.\$5,754 million, compared to U.S.\$5,864 million in 2012. For the first three months of 2014, CODELCO's total cash cost was U.S.\$1,328 million, as compared to U.S.\$1,424 million for the first three months of 2013.

The main energy sources for CODELCO's operations are electricity, liquid fuels (such as diesel, fuel oil and gasoline) and natural gas. Since 2004, there has been a restricted supply of natural gas from Argentina. CODELCO's production costs have increased due to these shortages, having to rely on electricity generated from more expensive sources, such as diesel, oil or coal, and such increased costs have adversely affected CODELCO's results.

In the past few years, the energy industry has invested in LNG re-gasification terminals in response to the natural gas shortage. CODELCO joined a consortium in the ownership of the LNG re-gasification terminal in Mejillones, in the north of Chile, in an effort to provide more stability to the electrical supply for the north of the country. See "Business and Properties—Copper Production—Associations, Joint Ventures and Partnerships—Exploration Partnerships and Agreements—GNL Mejillones S.A." Recently, CODELCO has entered into electrical and liquid fuel supply agreements to help ensure the long-term energy supply for its operations. In late 2009 and early 2010, CODELCO entered into electrical supply agreements at competitive prices for a 15-year period for its

facilities in the Chuquicamata Division and for a 30-year period for facilities in the middle-south region of Chile. Both agreements include the creation of a new electrical generation capacity based on coal. In early 2010, CODELCO entered into a five-year supply contract for liquid fuels with the main Chilean fuel distributors. In August 2011, CODELCO entered into two energy and power supply agreements with Norgener S.A. for the Mina Ministro Hales Division and the Radomiro Tomic Division. Energy supply began in 2011 for Mina Ministro Hales and is expected to begin in 2016 for Radomiro Tomic, lasting until 2028 for each. These energy supply contracts are expected to meet all of CODELCO's power requirements. In April 2012, CODELCO renewed a contract with Pacific Hydro, involving the purchase of power generation of the Coya and Pangal hydroelectric plants, for 12 years. Since CODELCO's sale of the Coya and Pangal hydroelectric plants to Pacific Hydro in 2004, Pacific Hydro and CODELCO have entered into similar supply contracts to purchase the injected energy produced by these hydroelectric plants.

CODELCO continues to develop and refine its mine management practices and programs to limit and reduce its cost increases. These include the following: (i) improved deposit identification and mining techniques; (ii) the implementation of early retirement plans and workforce reduction programs; (iii) an investment in human capital and continuing to attract and retain a world-class management team and professionals of the highest caliber; (iv) improved utilization of equipment and inputs used in the processes of copper production to increase productivity and efficiency; and (v) an acceleration of the development of key projects, including the Mina Ministro Hales ore body, the Radomiro Sulfide Phase II Project, the new mine level at El Teniente mine, the Chuquicamata underground project and the Andina Phase II Expansion Project.

CODELCO has also implemented a productivity and cost structured project intended to lower costs and increase production. The initiative is comprised of (i) performance optimization to minimize operational disruption, (ii) budget optimization to identify expendable and necessary contracts to control the budget for third-party services costs, (iii) energy and inputs costs optimization marked by a review of energy and main inputs contracts and (iv) a review of hygienic factors and costs, such as travel expenses and consulting services.

Marketing

General

Four of CODELCO's wholly-owned subsidiaries and 12 of its sales representatives cover over 35 countries around the world. The following table shows the breakdown of CODELCO's sales by product type including third-party products for the four years ended December 31, 2012 and the three months ended March 31, 2014:

Copper Sales by Product Type
(in thousands of metric tons)

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Cathodes.....	1,574	1,424	1,240	296
Fired Refined.....	75	0	0	0
Blisters and Anodes.....	64	101	121	11
Concentrates.....	215	317	365	70
Total	1,928	1,843	1,726	377

CODELCO's marketing strategy is focused in three major areas:

- *Establishing long-term relationships.* CODELCO encourages sales through annual contracts and direct long-term relationships with copper consumers.
- *Quality and sales service.* CODELCO focuses on product quality and sales service based on timeliness, scheduling and conditions of product delivery.

- *Diversification.* CODELCO has a geographically diverse sales portfolio.

Pricing and Hedging

The substantial majority of copper produced by CODELCO is sold to customers with long-term relationships with CODELCO, generally under annual contracts. For such contracts, pricing is based on prevailing monthly average copper prices quoted on the LME for a quotational period, generally the month following the scheduled month of shipment. To the extent not sold under annual contracts, copper is sold on a spot sale basis to merchants and consumers.

CODELCO applies a premium policy in sales of its Grade A cathodes. Premium amounts for different markets are adjusted in accordance with prevailing ocean freight costs and keyed to the standard terms of payment in different markets, as well as to the individual characteristics and competitive conditions of those markets. For 2013, the base premium for CIF shipments (including shipping and insurance costs) to Rotterdam was set at U.S.\$85 per metric ton, as compared to the premium of U.S.\$90 per metric ton established in 2012, U.S.\$98 per metric ton established in 2011. The estimated base premium for 2014 is U.S.\$112 per metric ton.

CODELCO sells its copper concentrates under long-term contracts. These contracts generally have three-year terms with fixed volume. As a general rule, each year contracts covering one-third of the terms on one-third of the volume come up for negotiation. The selling price is based on world metal prices and is generally tied to the LME settlement prices for Grade A copper cathodes minus certain treatment and refining costs.

Molybdenum is sold mainly to steel producers and merchants under annual contracts. Sales prices are based on prevailing monthly averages of molybdenum dealer oxide high/low prices as quoted in “Metals Week” for a quotational period, generally the month following the scheduled month of shipment.

CODELCO has hedged certain future copper delivery commitments and production in order to manage the risk associated with copper price volatility in the past. CODELCO currently does not have any hedged production commitments and therefore there is no relevant impact from hedging. See Notes 27 and 28 to the Unaudited Interim Consolidated Financial Statements.

CODELCO also periodically enters into futures contracts at the request of customers with respect to sales of its own copper in order to provide protection to its customers against fluctuation in the sale price paid by them in connection with such sales.

See “Risk Factors—Risks Relating to CODELCO’s Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO,” Notes 27 and 28 to the 2012-2013 Year-end Consolidated Financial Statements and Notes 27 and 28 to the Unaudited Interim Consolidated Financial Statements for further details regarding CODELCO’s hedging activity.

Major Export Customers

As discussed above, most of CODELCO’s customers receive shipments on a monthly basis. Consequently, CODELCO’s sales volume is relatively consistent throughout the year. The value of CODELCO’s sales of copper in U.S. dollars in 2013 was geographically diversified, with approximately 59% of sales made to Asia, including 41% to China, 15% to Europe, 26% to North and South America, and the remainder to Oceania and Africa. CODELCO’s top ten customers purchased approximately 35.1% of its total copper sales volume in 2013.

The following table shows CODELCO’s copper sales for the four years ended December 31, 2013 to CODELCO’s top export markets and in Chile:

CODELCO's Copper Sales by Destination
(in thousands of metric tons)

	2011	2012	2013
China.....	725	747	769
South Korea.....	162	137	136
United States.....	175	171	205
Chile.....	91	140	168
France.....	93	94	87
Italy.....	69	64	46
India.....	34	61	45
Germany.....	100	52	45
Brazil.....	76	51	71
Turkey.....	39	47	39
Taiwan.....	50	45	43
Japan.....	68	37	48
Greece.....	37	34	30
Vietnam.....	23	25	20
Mexico.....	26	18	11
Australia.....	21	18	7
Malaysia.....	21	16	11
Spain.....	28	10	7
Bulgaria.....	17	8	20
Others.....	73	108	50
Total.....	1,928	1,831	1,859

The decrease in sales to most of CODELCO's export markets during 2013 as compared to 2011 was primarily due to CODELCO's lower production and global economic instability. Despite the global slowdown and the efforts of the Chinese government to slow its economy's GDP growth, China has remained the main driver of copper consumption over the past few years.

Competition

CODELCO believes that competition in the copper market is based upon price, quality of product and timing of delivery. CODELCO's products compete with other materials, including aluminum and plastics. CODELCO competes with other mining companies and private individuals in connection with the acquisition of mining concessions and mineral leases and in connection with the recruitment and retention of qualified employees.

Employees

On December 31, 2013, CODELCO employed 19,431 employees, approximately 88.4% of whom were covered by collective bargaining agreements with labor unions. Most of these collective bargaining agreements have terms of two to four years. Although management believes its present labor relations are good, CODELCO has experienced material work slowdowns, work stoppages and strikes in the past.

CODELCO was involved in negotiating five collective bargaining agreements in 2013. Two of these collective bargaining agreements, one in the El Teniente Division and another one in the Radomiro Tomic Division, covering a total of 1,284 employees and were negotiated before the termination of the contracts, without conflict or work stoppage. In addition, two of these collective bargaining agreements, a new union in the El Teniente Division and the other related to the Vice Presidency of Projects, were negotiated for the first time. Finally, the collective bargaining agreement at the Salvador Division was finalized after a legal strike that lasted fourteen days. In 2014, three collective bargaining agreements at the El Teniente Division have been negotiated in advance, covering a total of 4,238 employees. A fourth collective bargaining agreement in 2014 was conducted with the Salvador Supervisors Union, covering a total of 211 supervisors. It is anticipated that four other collective bargaining agreements will be negotiated in the coming months of 2014, involving the Headquarter workers, Chiquicamata supervisors, Ministro Hales workers and Gabriela Mistral professional workers, covering a total of 1,013 employees.

Although management believes its present labor relations are good, there can be no assurance that a work slowdown, a work stoppage or strike will not occur prior to or upon the expiration of the current collective

bargaining agreements and management is unable to estimate the effect of any such work slowdown, stoppage or strike on CODELCO's production levels. See "Risk Factors—Risks Relating to CODELCO's Operations—Labor disruptions involving CODELCO's employees or the employees of its independent contractors could affect CODELCO's production levels and costs."

On July 11, 2011, an illegal one-day strike was called by the FTC, which resulted in an approximately 5,000 metric ton decrease in production. CODELCO and the FTC subsequently signed a framework agreement to regulate relations within the Company between management and workers and to foster a dialogue concerning the competitiveness of the Company.

On April 9, 2013, an illegal one-day strike was called by the FTC, which resulted in an approximately 4,700 metric ton decrease in production. CODELCO and the FTC subsequently established a dialogue to address issues concerning labor stability.

CODELCO employed an average work force of 19,431 persons during 2013, an increase of 4.52% as compared with 2012. CODELCO employed an average work force of 18,772 persons during the first three months of 2014. CODELCO spent U.S.\$18.36 million during 2013 on staff development and training. A total of 7,235 training sessions were held, with many employees attending multiple courses, for a total of 52,325 participants.

In September 2010, CODELCO offered retirement to approximately 15% of its labor force, in order to increase productivity, and 2,448 employees accepted, representing 82% of the total offered. This process began on December 31, 2010 and continued through 2011 to ensure the efficient transfer of all activities. Consequently, there has not been any disruption to CODELCO's production.

As of March 31, 2014, there were 39,681 employees of regular independent operating contractors and 9,687 employees of contractors involved in the development of CODELCO's investment projects. At the end of July 2007, a small portion of contract workers that provide services to CODELCO in various divisions went on a strike that lasted 37 days. During 2007, a framework agreement was signed that established programs to improve the benefits for the workers. Nevertheless, there was another strike in April and May of 2008 by workers of CODELCO's contractors that lasted 12 days at El Teniente and 20 days at Salvador, reducing production by 30,000 metric tons. A similar strike occurred in May 2011 that lasted 55 days in El Teniente, which resulted in an approximately 17,000 metric ton decrease in production. This strike was resolved through dialogue and agreement between representatives of the workers and the AGEMA. While none of the strikes had a material effect on CODELCO's results of operations, CODELCO has experienced material and more protracted work disruptions in the past.

In August 2011, the AGEMA and the CTC signed an agreement to prevent strikes such as the one at El Teniente in April and May of 2008 for the benefit of employees of contractors that permanently service various CODELCO divisions and production facilities. The agreement provides for the payment of a bonus by the contractor companies to certain contract employees, which will be paid in installments until December 2013, and better working practices.

On May 15, 2013, the AGEMA and the CTC signed a revision and extension of their previous agreement. This agreement provides for the payment of one additional bonus by the contractor companies to certain contract employees and establishes better working practices. There can be no assurance that a work slowdown or stoppage will not occur prior to or upon the completion of the agreed bonus payment, and CODELCO is unable to estimate the effect of any such events on CODELCO's production levels.

Work slowdowns, stoppages and other labor related events could increase CODELCO's independent contracting costs, which could have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO. In addition, pursuant to the Labor Code of Chile (*Código del Trabajo*), CODELCO could be held liable for the payment of labor and social security obligations owed to the employees of independent contractors (or of their subcontractors) if the independent contractors (or of their subcontractors) do not fulfill those payment obligations. CODELCO has agreed with a Chilean governmental agency to provide a framework to facilitate this agency's supervision of the labor and social security obligations owed by the independent contractors to their employees.

As part of its compensation plan, CODELCO offers each employee the opportunity to partially finance the purchase of a first home or to obtain other personal loans granted through each employee's severance plan. Such home loans have a term of up to 15 years, and such personal loans have a term of less than one year. Loans of both kinds provide for interest rates of actual inflation plus a margin of between 1% and 5%. As of March 31, 2014, an aggregate of U.S.\$254 million in principal amount of these loans was outstanding.

Number of Employees by Division⁽¹⁾

Division	January-December		Variation (%)	January-March
	2012	2013	2013/2012	2014
Chuquicamata.....	6,676	6,615	(0.9)%	6,147
Radomiro Tomic	1,036	1,082	4.4%	1,071
Gabriela Mistral	520	552	6.2%	525
Mina Ministro Hales.....	374	624	66.84%	702
Salvador	1,508	1,498	(0.6)%	1,443
Andina.....	1,591	1,624	2.1%	1,620
El Teniente.....	5,012	5,065	1.1%	5,008
Head office.....	549	521	(5.1)%	495
Ventanas.....	984	967	(1.7)%	965
Share services (Vice Presidency of Projects)	860	886	3.0%	795
Total	19,110	19,431	1.7%	18,772

(1) Average for the period.

Law 20.123 governing subcontractors provides incentives for companies to ensure that contractors and subcontractors comply with labor, health and safety regulations and standards with respect to their own employees. Law 20.123 gives companies the right to request that contractors provide information on the status of their payment of labor and social security obligations to their employees prior to the company's payment of amounts due to contractors. Additionally, companies have the right to withhold payments due if the contractors cannot provide evidence that they have fulfilled their labor and social security obligations. Finally, companies are required to pay contractors' pending labor and social security obligations with the amounts withheld from the contractors. It also regulates the provision of temporary services by contractors and subcontractors, enabling the creation of specialized and regulated companies for this specific purpose (*Empresas de Servicios Transitorios*) and defining the specific events under which companies may hire for temporary services.

Legal Proceedings

CODELCO is involved in various pending legal actions initiated by or against the Company. These lawsuits are inherent to the nature of the environment in which CODELCO develops its mining, industrial and commercial activities.

In December 2003, CODELCO initiated a legal proceeding against a tax resolution of the *Servicio de Impuestos Internos* ("SII"), or the Chilean Internal Revenue Service, seeking a rebate of approximately U.S.\$42 million in connection with the resolution of a tax claim in respect of fiscal year 2003. A final decision regarding this matter is pending.

In October 2006, CODELCO initiated a legal proceeding against a tax resolution of the SII seeking a rebate of approximately U.S.\$31 million in connection with the resolution of a tax claim related to fiscal years 2003, 2004 and 2005. A final decision regarding this matter is pending.

In December 2009, Mr. Milton Astudillo initiated, before the Ordinary Courts of Calama, a summary civil legal proceeding against CODELCO (Radomiro Tomic Division), seeking payment of approximately U.S.\$26 million for damages for the alleged use of certain technology. The lower court held that CODELCO was required to pay U.S.\$14 million, and CODELCO appealed this judgment. The Constitutional Court later declared that the plaintiff's constitutional claim was not applicable, and reduced the award to U.S.\$ 0.1 million. A final decision regarding this matter is pending.

In May and July of 2009, 81 former workers from the Andina Division initiated two additional civil lawsuits for approximately U.S.\$110 million for alleged silicosis due to working conditions. In December 2010, 40 former workers of the Andina Division initiated a new civil lawsuit for approximately U.S.\$43 million on the same grounds. A final resolution is pending in these matters. CODELCO has a provision related to these proceedings.

In March 2012, 62 former workers from the Salvador Division initiated a civil lawsuit against the company alleging silicosis due to working conditions for an amount of approximately U.S.\$64 million. A final resolution by the lower courts is pending. CODELCO has a provision related to this proceeding.

In September 2013, 24 former workers from the Andina Division initiated a civil lawsuit for approximately U.S.\$10 million for alleged silicosis due to working conditions. A final resolution by the lower courts is pending. CODELCO has a provision related to this proceeding.

In August 2013, Cipo Ingeniería y Proyectos Ossa Ltda. initiated a civil lawsuit against CODELCO alleging breach of contract for an amount of approximately U.S.\$30 million. CODELCO filed its answer to the claim and an arbitrator was appointed to resolve this dispute. However, CODELCO is appealing the arbitration order because it was not notified of the order in a timely manner. A final resolution of this proceeding is pending. CODELCO has a provision related to this proceeding.

In January 2014, Promet Servicios S.A. ("Promet") initiated a civil lawsuit against CODELCO for U.S.\$20 million, claiming that CODELCO over-charged the company during the course of its contract with the Company. CODELCO counter-sued on the basis of Promet's delays in fulfilling its obligations. In its counterclaim, Codelco requested that the tribunal order the contract terminated, order Promet to pay to CODELCO approximately U.S.\$7.5 million for accrued fines and order Promet to pay CODELCO approximately U.S.\$40 million in damages. Promet filed its answer to the counterclaim of CODELCO in May 2014. An arbitrator has been appointed to the case to resolve this dispute and an evidentiary hearing is scheduled for June 30, 2014. A final resolution of this proceeding is pending. CODELCO has a provision related to this proceeding.

CODELCO is in the process of responding to, by the relevant deadlines, an assessment of the SII that originated from a review of taxable income from prior years related to a product sales contract signed with a related company, certain deductions, expenses related to employee benefits as well as adjustments to taxable income related to a merger. CODELCO believes that the position of the SII is incorrect, and expects this will be so declared in the pending review or subsequently by a court at the petition of CODELCO, but if the assessment were upheld, it would have a material impact on our results of operations.

CODELCO believes that it has meritorious defenses to the claims against it and, accordingly, is vigorously defending its rights and interests in these proceedings.

For additional details related to CODELCO's litigation and contingencies, see Note 28 to the Unaudited Interim Consolidated Financial Statements.

OVERVIEW OF THE COPPER MARKET

Copper is an internationally traded commodity, the price of which is effectively established on terminal markets including the LME and COMEX. The following table sets forth quarterly average prices for refined copper since 2008 on the LME:

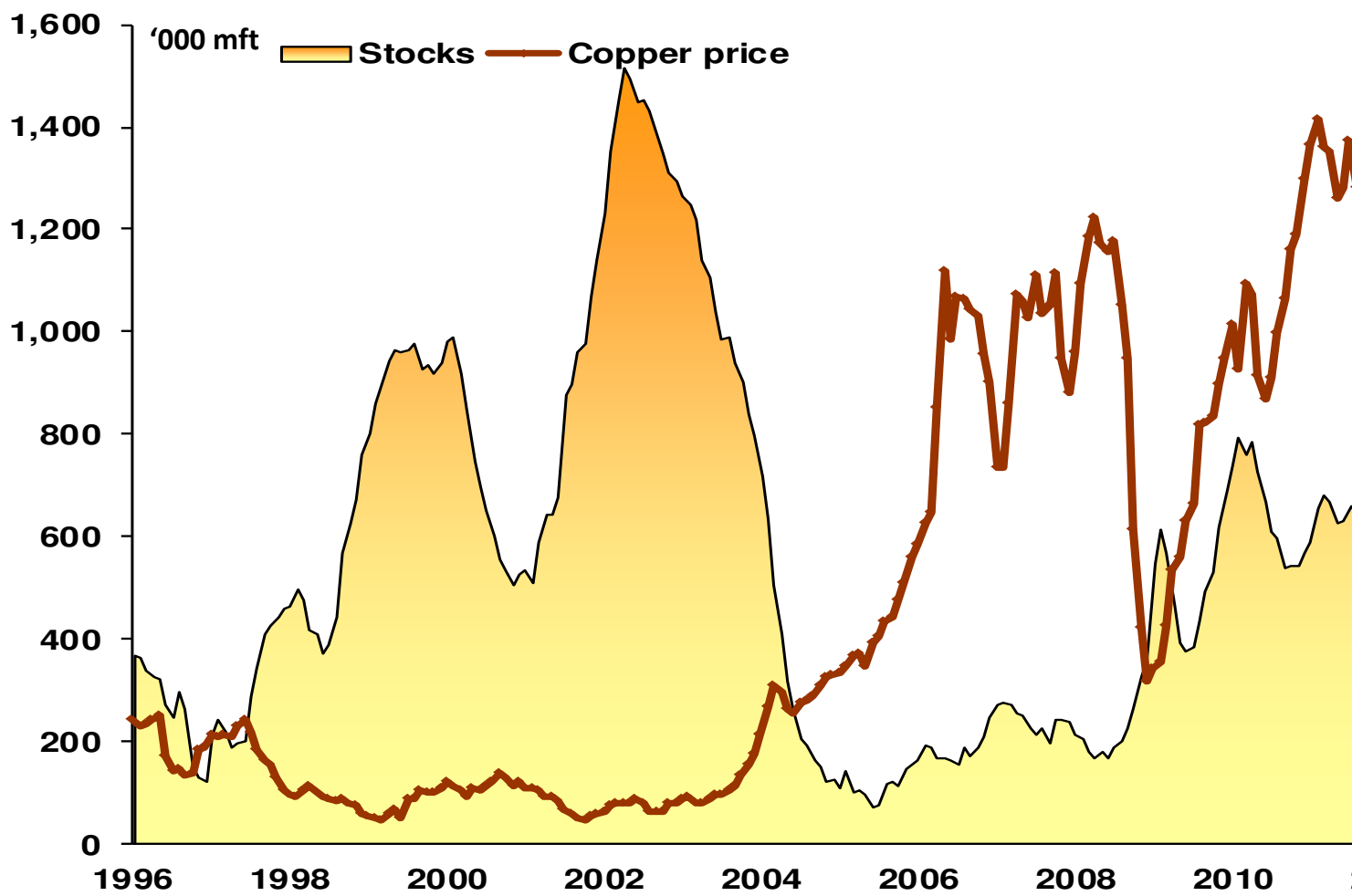
Average Copper Price (U.S.¢/Pound)		
2011		
	First Quarter	437.5
	Second Quarter	415.1
	Third Quarter	407.9
	Fourth Quarter	339.7
2012		
	First Quarter	376.9
	Second Quarter	356.9
	Third Quarter	349.5
	Fourth Quarter	358.7
2013		
	First Quarter	359.8
	Second Quarter	324.2
	Third Quarter	320.8
	Fourth Quarter	324.5
2014		
	First Quarter	319.4
	Second Quarter	307.9

Source: London Metal Exchange, Monthly Average Settlement.

On July 1, 2014 the closing price for refined copper on the LME was 318.20 cents per pound.

The following graph compares average market prices for copper and the level of LME, Shanghai Metal Exchange and COMEX inventories from 1996 through March 2014:

Copper Prices and Inventories on Commodities Exchanges



Source: Metal Exchanges: London, COMEX and Shanghai.

*Year 2014 until May 23.

Historically, copper prices have been subject to wide fluctuations and are affected by numerous factors, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers and others and actions of participants in the commodities markets. To a lesser extent, copper prices are also subject to the effects of inventory carrying costs and currency exchange rates. In addition, the market prices of copper have occasionally been subject to rapid short-term changes. See “Risk Factors—Risks Relating to CODELCO’s Operations—CODELCO’s business is highly dependent upon the price of copper.”

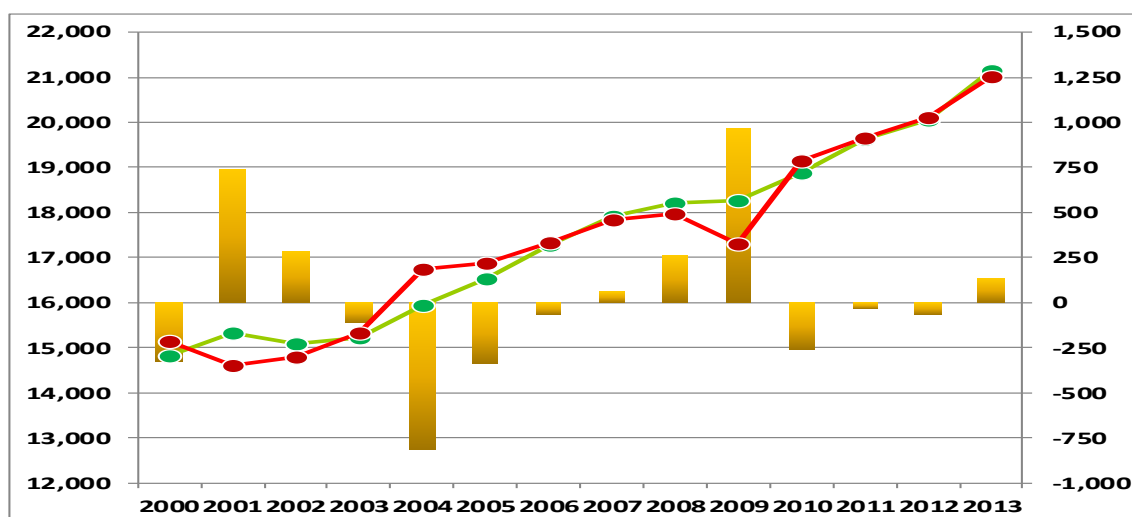
Opportunities for Copper

Since 2005, copper prices have experienced significant volatility. LME copper prices averaged 332.1 in 2013, compared to 360.6 cents per pound in 2012 and 399.7 cents per pound in 2011. Lower copper prices in 2013 and 2012 reflect the global volatility, the European crisis and the fears regarding China. Due to uncertainty in China and global volatility, copper prices averaged 319.4 cents per pound in the first three months of 2014. In the second quarter of 2014, copper prices averaged 307.9 cents per pound. Copper demand remains strong, particularly in Asia, keeping copper prices at high levels despite economic conditions and other global uncertainties. See “Risk Factors—Risks Relating to CODELCO’s Operations—CODELCO’s business is highly dependent upon the price of copper.” Global demand for copper in 2013 increased by 4.4%, including a 9.0% demand increase from China. China’s consumption was extremely robust in 2010, 2011 and 2012, driven by the expansion of its urbanization, power grid and strong auto and consumer appliances sales, among others.

There is also increased general use of copper tubing, particularly in air conditioning systems. The quantity of copper consumed in electrical applications in cars, trains and other vehicles has also increased. In the electricity generation and transmission area, the control of energy losses and a growing concern for higher energy efficiency are factors that have tended to increase demand for copper. The termination of widespread substitution of aluminum for copper in overhead high-voltage transmission lines also bodes well for the metal’s future.

Historically, demand and supply of copper have demonstrated continued growth during periods of oversupply as well as periods of overconsumption. The following graph shows the historical development of copper supply, demand and stocks in the world from 2000 through 2014 (estimated) (in thousands of metric tons):

Refined Copper Supply and Demand Worldwide Balance



Sources: CODELCO, May 2014.

REGULATORY FRAMEWORK

Overview of the Regulatory Regime

CODELCO is a mining, industrial and commercial state-owned enterprise of indefinite duration with its own legal personality and capital. CODELCO's relationship with the Government of Chile is through the Ministry of Mining. CODELCO was established pursuant to Decree Law 1.350 of 1976, as amended by Law 20.392, published in the Official Gazette on November 14, 2009, and effective as of March 1, 2010. CODELCO is governed by Decree Law 1.350 and by Decree 146 of August 12, 1991, as amended (to conform the same with Law 20.392) by Decree 3 of January 13, 2012 issued jointly by the Ministries of Finance and Mining, published in the Official Gazette on July 4, 2012, which sets forth CODELCO's current bylaws, and the general legal framework applicable to private companies regarding public disclosure (rules applicable to open-ended stock companies), and other applicable regulations. CODELCO's principal corporate purpose is the exercise of the mining, exploration and other rights belonging to Chile at the time of CODELCO's creation in 1976.

Principally, the amendments to Decree Law 1.350 contained in Law 20.392 (i) introduce best corporate governance practices in conformity with recommendations made by the Organization for Economic Co-operation and Development ("OECD"), into CODELCO's legal framework; (ii) make applicable the provisions of Law 18.046, (the "Corporations Law"), to CODELCO; and (iii) vests in the President of Chile the authority given to the shareholders of a corporation (*sociedad anónima*) under Chilean law, who may delegate such authority to the Ministries of Finance and Mining, jointly. In addition, the amendments introduced significant changes to the structure, designation and authority of the Board of Directors of CODELCO: (i) there are no longer directorship positions for the Ministers of Finance and Mining or the representative of the Armed Forces; (ii) directors must (a) hold a professional degree granted by a State-run or State-recognized university or college or by an equivalent foreign university and (b) have at least five years' working experience in directive positions at public or private companies; (iii) directors representing the workers and foremen are no longer appointed directly by the President of Chile, but instead, are appointed by the President of Chile from short-lists presented by the Federation of Copper Workers (FTC) and both the Federation of Copper Supervisors (FESUC) and the National Association of Copper Supervisors (ANSCO), respectively; and (iv) directors are subject to the rules governing the rights, obligations, responsibilities and prohibitions established in the Corporations Law.

CODELCO is subject to the supervision of (i) the SVS, on the same terms as open-ended stock companies (CODELCO is registered under the Securities Registry No. 785 of the SVS) and (ii) the Chilean Commission of Copper (*Comisión Chilena del Cobre*) (COCHILCO), or the, governmental agencies that, among other authorities, are responsible for examining the compliance with certain regulations applicable to CODELCO's activities and report the relevant findings to its Chief Executive Officer. Furthermore, other government agencies in charge of specific areas, such as taxes and customs, exercise their legal authorities with respect to CODELCO as they do in regard to any other company of the Chilean private sector. The Lower House (*Cámara de Diputados*) of the Chilean Congress also maintains an overarching authority to oversee CODELCO in the exercise of its constitutional duties.

Chilean law requires CODELCO to obtain the approval of the Ministry of Finance before it can assume any financial indebtedness and before it can acquire assets outside of Chile with financial or payment terms exceeding one year. Although CODELCO is 100% owned by Chile, Chile is not legally liable for CODELCO's obligations unless expressly guaranteed by Chile, nor do such obligations form any part of the direct public debt of Chile. A constitutional amendment would be required to allow private participation in CODELCO's ownership.

Each year, the Board of Directors must approve the BDP (*Plan de Negocios y Desarrollo*) of the Company for the following three years, subject to the approval of the Ministries of Finance and Mining. This plan must include the annual investment and financing amounts in addition to the annual profits that the Company is estimated to generate during the period. The Ministries of Finance and Mining jointly issue a decree pursuant to which a portion of CODELCO's net income may be allocated by CODELCO to the creation of capitalization and reserve funds.

CODELCO's Board of Directors must also submit its proposed annual budget to the Ministries of Finance and Mining for approval. In addition, Decree Law 1.350 requires CODELCO to include as part of its proposed annual budget a debt amortization budget that includes interest and principal payments on CODELCO's debts,

including the notes. CODELCO's budget and financial statements are subject to both internal and external controls. CODELCO's Board of Directors is responsible for monitoring its operations, and CODELCO retains independent auditors to audit its consolidated financial statements and an internal comptroller to review its finances, accounting and administration.

Mining Regulations

Legal framework. CODELCO's exploration, mining, milling, smelting and refining activities are subject to those Chilean laws and regulations which are generally applicable to Chilean companies in the mining sector. The legal framework which regulates CODELCO as a holder of mining concessions is contained in the Constitutional Law Governing Mining Concessions (Law 18,097 of January 21, 1982) and the Mining Code (Law 18,248 of October 14, 1983). Under Chilean mining law, Chile is the owner of all mineral and fossil substances, regardless of who owns the land in which such substances are located. Private persons and companies may obtain mining concessions for exploration and exploitation. These concessions are granted by judicial resolutions in accordance with the Mining Code.

Mining concessions are transferable, mortgageable and irrevocable and regulated by the same civil law that regulates real estate rights generally. Generally, the owner of a mining concession may occupy as much of the surface as is necessary for mining activities upon the creation of a mining easement or upon other authorization given by the land owner, such as a lease agreement or a license. Mining easements can be obtained by direct negotiation with the land surface owner or, if the latter opposes, by a summary procedure before the relevant court. Regardless of how the mining easement is obtained, the party granting the easement is entitled to compensation should the mining activities and works caused by the owner of the mining concession cause damage. Exploitation concessions have an indefinite duration. Exploration concessions are granted for two years and may be extended for a maximum of two additional years upon waiver of at least half of the area allocated. Prior to the expiration of the first or the second two-year period, exploration concessions can be converted to exploitation concessions. If they are not so converted, the exploration concession terminates.

Owners of mining concessions must pay an annual fee equivalent to approximately U.S.\$3 per hectare in the case of exploration concessions and U.S.\$8 in the case of exploitation concessions. However, the latter, within certain limits, may be credited to income taxes originated in the exploitation of the concession. Payments of the annual fees must be made in March of each year. Failure to make the annual fee payments may result in the loss of title to the concession through its auction.

CODELCO owns mining concessions granted by the Chilean Ordinary Courts for its exploration and exploitation operations. Some of these concessions were previously held by foreign private mining companies before such being transferred to Chile in 1971 and then to CODELCO upon its creation in 1976. CODELCO's principal concessions are those which give rights to the mineral deposits of the Chuquicamata, El Teniente, Andina, Salvador, Radomiro Tomic, Gabriela Mistral, and Mina Ministro Halesmines. CODELCO's concessions relating to land that is currently being mined essentially grant an indefinite right to conduct mining operations in that land, provided that annual concession fees are paid. In 2013, CODELCO paid total concession fees of U.S.\$7.6 million.

Pursuant to the Mining Code, all mining concessions, as well as certain raw materials, assets and other property permanently dedicated to the exploration or extraction of minerals, cannot be subject, except in extremely limited circumstances, to an order of attachment. In addition, pursuant to the Chilean Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by CODELCO. As a result, the rights of holders to attach property of CODELCO in the event of a default under the notes would be limited by such provisions. See "Risk Factors—Risks Relating to the Offering—In case of a default under the notes, the ability of holders to attach property of CODELCO may be limited by Chilean law."

Environmental Regulations

CODELCO's operations are subject to national, regional and local regulations as well as international treaties subscribed by the Chilean Government and enacted as Chilean domestic law regarding the protection of the environment, natural resources and the effect of the environment on human health and safety, including laws and

regulations concerning water, air and noise pollution, the handling, disposal and transportation of hazardous waste and occupational health and safety.

The General Environmental Law (Law 19.300), enacted in March 1994 and modified by Law 20.417, enacted in 2010, establishes the general environmental legal framework in Chile, including the establishment of a range of environmental management tools known as the Environmental Impact Assessment System (*Sistema de Evaluación de Impacto Ambiental*). Chilean environmental laws and regulations, and the enforcement thereof, have become increasingly stringent since 2010 and have become even more so due to recent changes. Such recent amendments include, among other significant modifications, the creation of a new institutional framework comprised by: (i) the Ministry of the Environment (*Ministerio del Medio Ambiente*); (ii) the Council of Ministers for Sustainability (*Consejo de Ministros para la Sustentabilidad*); (iii) the Environmental Assessment Service (*Servicio de Evaluación Ambiental*); (iv) the Bureau of the Environment (*Superintendencia del Medio Ambiente*); and (v) the Environmental Courts (*Tribunales Ambientales*), which are in charge of designing, evaluating and enforcing laws and regulations relating to projects and activities that could have an environmental impact. These institutions are fully operational. Recent legal and regulatory changes are likely to impose additional restrictions or costs on CODELCO and also increased fines due to non-compliance with such laws and regulations, relating to environmental litigation and protection of the environment, particularly those related to flora and fauna, wildlife protected areas, water quality standards, mine closure, air emissions, and soil pollution. Since the Bureau of the Environment became fully operational on December 28, 2012, infringement of environmental regulations may result in fines of up to approximately U.S.\$9.3 million, the closure of facilities and the revocation of environmental approvals. As described in more detail below, CODELCO incurs, and may be required in the future to incur, in substantial capital and operating costs related to environmental compliance. However, many of these costs are inextricably intertwined with the operation of CODELCO's business as a whole.

The General Environmental Law, as supplemented by additional regulations, permits the Chilean Government to (i) bring administrative and judicial proceedings against companies that violate environmental laws, (ii) close non-complying facilities, (iii) revoke required operating licenses (iv) require that companies submit their projects for environmental evaluation as required by applicable law and (v) impose sanctions and fines when companies act negligently, recklessly or deliberately in connection with environmental matters. The General Environmental Law also grants citizens the right to bring civil actions against companies that are not in compliance with environmental laws and regulations, after such non-compliance has been established by a judicial proceeding. In 2013, the Ventanas Division of CODELCO was required to obtain an operating license for two areas of the smelter under Law 19.300, which CODELCO appealed because this law is not applicable to smelters existing prior to the execution of this law. A final decision is pending by the Environmental Court. Additionally, citizens affected by environmental pollution may petition for relief to a Chilean Court of Appeal, which has the power to require the suspension of the offending activity and to adopt protective measures through a process called *recurso de protección* (protective action).

The General Environmental Law and its regulations contain certain rules on Environmental Impact Assessment, which have been in effect since April 3, 1997, and that provide that CODELCO must evaluate the environmental impact of any future project or activity listed in Law 19.300 by means of a declaration or a study depending on the significance of the environmental impacts associated. CODELCO has conducted these environmental impact declarations and studies pursuant to the General Environmental Law.

Chile has adopted environmental regulations requiring companies operating in Chile, including CODELCO, to undertake programs to reduce, control and/or eliminate certain environmental impacts. CODELCO has undertaken a number of environmental initiatives to comply with such regulations. From 2004 to 2013, CODELCO invested U.S.\$757 million in projects, and plans to continue implementing pollution abatement plans through additional capital investments amounting to U.S.\$474 million from 2014 through 2015. In 2013, CODELCO allocated U.S.\$211 million to environmental projects, including the enlargement of the Talabre tailings dam in the Chuquicamata Division and a project to prevent pollution of natural water resources in the north dump area of the Andina Division. Additionally, as part of its pollution abatement efforts, CODELCO continues to implement water recovery systems, the costs of which are also budgeted in CODELCO's pollution abatement plan, to conserve resources and minimize pollution of natural water sources.

To protect and improve environmental air quality in the country, the Ministry of the Environment has the authority to declare certain areas to be “latent zones” (*zonas latentes*) or “saturated zones” (*zonas saturadas*). Latent zones are areas in which there exists a high risk of excessive pollution – the pollutant concentration is greater than 80% of the corresponding quality standard in a certain area – and in which further emissions are highly restricted. Saturated zones are areas in which an excessive level of pollution already has been reached – the ambient concentration of the air pollutant exceeds 100% of the corresponding quality standard for a pollutant in a certain area – and in which emissions are required to be reduced and mitigation measures are required to be implemented. In connection with the declaration of a latent or saturated zone, the Ministry of the Environment begins an investigation and public-consultation process to develop a prevention or decontamination plan, as the case may be. The whole process for approving these plans may take more than two years. Upon publication of either type of plan, emission reduction targets and other environmental remediation actions may be required of specific industries located within the latent or saturated zone. Measures included in the pollution prevention or reduction plans governing CODELCO’s operations are subject to change and may become more stringent if compliance with applicable air quality standards is not achieved.

The area surrounding the Potrerillos, Caletones and Ventanas smelting facilities have been declared saturated zones for particulate matter (PM₁₀) and sulfur dioxide (SO₂). These areas are subject to decontamination plans. In the area surrounding the Chuquicamata smelter, there is a decontamination plan for PM₁₀ under review and a pollution prevention plan for SO₂ is under development. A new saturated area, which includes Calama and its surroundings, was declared for PM₁₀ in 2009, and as a result, a new decontamination plan is under development and is expected to be completed in the near future.

The Ministry of the Environment has also taken steps to implement decontamination plans that could affect CODELCO’s operations in the Central Valley near Chile’s Sixth Region, which is currently declared saturated for PM₁₀. In addition, the relevant Environmental Assessment Service may impose further requirements on CODELCO’s projects. Under the various plans that cover the areas where CODELCO operates, net increases in emissions by industrial facilities in these zones, including any increased emissions from the Potrerillos, Caletones, Ventanas and Chuquicamata smelting plants, have been banned. To date, the impact of operating in latent and saturated zones has not been material for CODELCO; however, it could have a material effect in the future.

A new air quality standard for an additional pollutant, primary particulate matter PM_{2.5}, was enacted by the Ministry of the Environment in May 2011. This standard became effective on January 1, 2012 and could lead to the declaration of new latent or saturated zones within the country, which might affect CODELCO’s operations. CODELCO is unable to fully assess at this time if any new zones will be declared, what actions might be required in response or the cost of compliance.

On December 12, 2013, the Government enacted a new Emission Standard for Smelting Plants, which establishes maximum parameters of emission for PM₁₀, SO₂, arsenic (As) and mercury (Hg) generated by smelting plants. Some aspects of the regulation became effective immediately but the new emission standards must be complied with by a later date— within three years in the case of Ventanas smelter, and within five years in Chuquicamata, Potrerillos and Caletones smelters. CODELCO is currently unable to estimate the total costs of complying with this new regulation regarding smelter emissions, but all the necessary engineering projects for compliance are under development.

Supreme Decree 90, which sets forth the standards for discharges of liquid waste into surface water bodies, went into effect in September 2006. CODELCO has invested significant amounts to reduce liquid waste emissions to date and anticipates that it will continue to incur costs related to compliance with Supreme Decree 90. In addition, the authorities are developing water quality standards for water bodies that CODELCO currently or may in the future discharge into, including the Loa, Aconcagua and Cachapoal rivers. Such standards could require CODELCO to incur additional costs to manage liquid waste discharges.

Regulations were enacted in February 2004 governing safety standards for mining operations. Pursuant to these regulations, all mining companies, including CODELCO, were required to provide closure plans for their mining facilities, demonstrating compliance with safety standards. These plans must be updated every five years and must consider the requirements set forth in the environmental authorization issued for the respective facility, if

any. The National Geological and Mining Service (*Servicio Nacional de Geología y Minería*) (SERNAGEOMIN) has approved the closure plans CODELCO prepared for all of its facilities.

A new mine closure regulation, Law 20.551, which includes health, safety and environmental requirements along with mandatory provisions that require financial guarantees, was enacted in November 2011, and became effective in November 2012. CODELCO expects that its financial guarantee obligations pursuant to the new law will not be material. According to this law, CODELCO and other mining companies in Chile will be required to submit an assessment of the closure expenses of all its mines to the SERNAGEOMIN before November 2014. Once the assessment of closure expenses is approved, CODELCO must provide the financial guarantee between the sixth months counted from the approval and 2/3 of the project life (less than 20 years), or 15 years of the project life (more than 20 years). CODELCO may also make any necessary financial provisions beginning in July 2015. CODELCO had total provisions amounting to U.S.\$1,337 million for closure expenses, including potential new governmental regulations, at December 31, 2013, and U.S.\$1,282 million at March 31, 2014. CODELCO is currently developing a project to estimate the additional costs of complying with this new regulation regarding mine closure, which could be material.

CODELCO first complied in 2003 with international standard ISO-14001 2004 Environmental Management Systems (EMSs) for all its divisions, operations and corporate head office, which have been maintained through annual revisions. This review certifies that CODELCO has management systems in place to control the environmental impact of its activities, products and services. The EMSs provide a structure for the Company to manage atmospheric emissions, waste and wastewater, the environmental impact and risks of its projects and the efficient use of resources.

CODELCO also obtained third-party certification under OHSAS-18001. OHSAS-18001 is an international occupational health and safety management system designed to assist CODELCO's management in the identification, evaluation, elimination and reduction of occupational health and safety risks through continuous improvement. ISO and OHSAS certifications have been maintained in all of CODELCO's divisions following certification obtained through third-party ISO and OHSAS audits.

Future legislative or regulatory developments, private causes of action or the discovery of new facts relating to environmental matters could impose new restrictions or result in additional costs that could have a material adverse effect on CODELCO's business, financial condition, results of operations or prospects. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO's compliance with environmental, health and safety laws may require increased costs, including capital commitments, and non-compliance may subject it to significant penalties."

Enforceability of Obligations

CODELCO's commercial obligations are enforceable in the same manner as those of any privately owned company in Chile. Even though CODELCO is a state-owned enterprise, it is subject to the same laws and regulations applicable to all private Chilean corporations. This principle is consistent with the Constitution of 1980, which, in Article 19, No. 21 states that if Chile and its bodies carry out commercial activities, they will be governed by common legislation applicable to private persons, unless a specific law approved by an absolute majority of representatives of the Chilean Congress and senators dictates otherwise. No such law has been passed with respect to CODELCO.

Payment of Obligations

Article 23 of Decree Law 1.350 provides that CODELCO has the obligation to return the total proceeds of its exports to Chile, but has no obligation to convert the proceeds to Chilean pesos in excess of its peso requirements. The proceeds from its exports are deposited at the Central Bank of Chile, and withdrawals against such foreign exchange deposits are made to cover CODELCO's expenses. In addition, Article 13 of Decree Law 1.350 directs CODELCO to prepare a Loan Amortization Budget which must include the payment of principal of CODELCO's debts and related interest payments, including the notes. This budget, as part of the general budget of CODELCO, is approved annually by joint decree of the Ministry of Mining and the Ministry of Finance and may be amended to meet non-budgeted expenses. The incurrence of any indebtedness by CODELCO must be authorized by

an official letter from the Ministry of Finance. For loans with maturity at issuance of a duration of more than one year, this authorization is required to commence the relevant procedures. The Ministry of Finance of Chile authorized CODELCO to commence negotiations to issue bonds abroad through Resolution No. 1171 dated June 17, 2014. The Ministry of Finance of Chile authorized the issuance of the notes by Resolution No. 1290 dated July 2, 2014.

Statutory Documents

The statutory documents of CODELCO are contained in Decree Law 1.350 published in the Official Gazette of February 28, 1976, as amended by Law 20.392 published in the Official Gazette on November 14, 2009, and Decree 146 published in the Official Gazette of October 25, 1991, as amended (to conform the same with Law 20.392) by Decree 3 of January 13, 2012 issued jointly by the Ministries of Finance and Mining, published in the Official Gazette on July 4, 2012. These gazettes may be seen on-line on the Library of the Chilean Congress website (<http://www.bcn.cl/portada.html>) or in a booklet that CODELCO will issue upon request, which contains free translations of the regulations into English.

MANAGEMENT

The Board of Directors has primary responsibility for the management and administration of CODELCO. The Board of Directors is composed of nine members, appointed as set forth in Law 20.392, enacted on November 4, 2009: (i) three directors are directly appointed by the President of Chile; (ii) four directors are appointed by the President of Chile from a short-list presented by the Council of Senior Public Management (*Consejo de la Alta Dirección Pública*), an entity within the National Civil Service Bureau that advises the President of Chile, ministers and heads of services departments on the appointment of high-ranking public positions; (iii) one director is appointed by the President of Chile from a short-list presented by the Federation of Copper Workers (FTC); (iv) and one director is appointed by the President of Chile from a short-list presented by both the Federation of Copper Supervisors (FESUC) and the National Association of Copper Supervisors (ANSCO). All directors in CODELCO serve in office for four years and may be reelected for new terms. The Board is renewed on a staggered basis and may not be revoked in its entirety.

The Board of Directors is vested with all the management and asset-disposal authority, except to the extent that Chilean law or CODELCO's bylaws establish such authority within the exclusive province of the President of Chile (as discussed below), and other than the authority delegated to the Chief Executive Officer. The main responsibilities of the Board of Directors of CODELCO are to: (i) designate and remove the Chief Executive Officer; (ii) approve and send to the Ministry of Finance an estimate of the revenues and surplus earnings that it will transfer to the State in the following year's budget; (iii) prepare the annual budget of CODELCO and send for the approval of the Ministry of Finance; and (iv) approve the BDP of the Company for the following three-year period.

The President of Chile is vested with authority analogous to that of the shareholders of a corporation (*sociedad anónima*) under Chilean law, which may be delegated in whole or in part to the Ministers of Finance and Mining, jointly. Pursuant to such authority, the President of Chile: (i) participates in the designation of the Board of Directors by designating three directors without external input and by electing six directors on the basis of third-party short-lists; (ii) appoints the Chairman of the Board of Directors and (iii) may approve and amend the bylaws of the Company, subject to an executive order issued jointly by the Ministries of Finance and Mining.

Senior management and administration of the Company are vested in its Board of Directors and Chief Executive Officer. The Board of Directors is in charge of the ultimate conduct and oversight of the Company. The Chief Executive Officer is named by the Board of Directors and remains in office so long as he/she maintains the confidence of the Board. The Chief Executive Officer is responsible for implementing the resolutions of the Board of Directors and supervising the activities of CODELCO. Thomas Keller Lippold was appointed Chief Executive Officer of CODELCO in May 2012.

In May 2011, two of the directors selected by the President of Chile from a short-list presented by the Council of Senior Public Management in February 2010, with a term expiring in 2011, were reappointed with a term through 2015. In September 2012, the President of Chile selected and appointed Augusto González Aguirre to fill a vacant position left since May 2012, after Ignacio Torres Cabello voluntarily resigned, from a short-list presented by both the Federation of Copper Supervisors (FESUC) and the National Association of Copper Supervisors (ANSCO). In May 2013, the President of Chile renewed the mandate of Gerardo Jofré Miranda and reappointed him as Chairman of the Board. The President of Chile also selected and appointed Blas Tomic Errázuriz from a short-list presented by the Council of Senior Public Management in May 2013, replacing Jorge Bande Bruck. In May 2014, the President of Chile appointed Oscar Landerretche Moreno, Dante Contreras Guajardo and Laura Albornoz Pollmann as directors. In addition, the President of Chile appointed Oscar Lederretche Moreno as Chairman of the Board.

On June 6, 2014, the Board of Directors of CODELCO decided to remove the Company's CEO, Mr. Thomas Keller, by a vote of five in favor, three against and one abstention. This decision became effective on June 13, 2014. Furthermore, on June 13, 2014, the Board of Directors unanimously named Octavio Araneda Osés as Acting CEO. Prior to that date, Mr. Araneda held the position of Vice President of Operations Centro Sur. The Board of Directors also agreed to start the search to select the new CEO, an open-ended process that will be conducted by the Chairman of the Board.

Directors and Executive Officers

The following table sets forth the current directors and executive officers of CODELCO and their positions:

<u>Name</u>	<u>Position</u>
Directors	
Oscar Landerretche Moreno	Chairman ⁽¹⁾⁽⁷⁾
Marcos Büchi Buc	Director ⁽¹⁾⁽⁶⁾
Blas Tomic Errázuriz	Director ⁽¹⁾⁽⁵⁾
Gerardo Jofré Errázuriz	Director ⁽¹⁾⁽⁵⁾
Marcos Lima Aravena	Director ⁽¹⁾⁽⁶⁾
Laura Albornoz Pollmann	Director ⁽²⁾⁽⁷⁾
Juan Luis Ossa Bulnes	Director ⁽²⁾⁽⁷⁾
Dante Contreras Guajardo	Director ⁽²⁾⁽⁷⁾
Raimundo Espinoza Concha	Director ⁽³⁾⁽⁸⁾
Augusto González Aguirre	Director ⁽⁴⁾⁽⁶⁾
Executive Officers	
Octavio Araneda Osés	Acting Chief Executive Officer and President
Iván Arriagada Herrera	Chief Financial Officer
Jaime Perez de Arce Araya	Vice President Human Resources
Rodrigo Toro Ugarte	Vice President Sales
Gerhard von Borries Harms	Vice President Projects ⁽¹⁾
Fidel Baez Núñez	Vice President Business Development ⁽¹⁾
René Aguillar Saez	Vice President Corporate Affairs & Sustainability
José Antonio Álvarez López	Executive Vice President of Finance
Cristián Quinzio Santelices	General Counsel
Ignacio Muñoz Reyes	General Auditor
Raúl Villouta Gonzalez	Vice President – Operations Norte
Octavio Araneda Osés	Vice President – Operations Centro Sur
Juan Carlos Avendaño Díaz	General Manager – Chuquicamata Division
Juan Medel Fernández	General Manager – Radomiro Tomic Division
Claudio Olgún Valdivia	General Manager – Mina Ministro Hales Division
Oscar Jiménez Medina	General Manager – Gabriela Mistral Division
José Sanhueza Reyes	General Manager – Ventanas Division
Álvaro Aliaga Jobet	General Manager – El Teniente Division
Ricardo Palma Contesse	General Manager – Andina Division
Armando Olavarría Couchot	General Manager – Salvador Division

(1) Appointed by the President of Chile from a short list presented by the Council of Senior Public Management (*Consejo de la Alta Dirección Pública*).

(2) Directly appointed by the President of Chile.

(3) Employee of CODELCO, appointed by the President of Chile from a short list presented by the Federation of Copper Workers.

(4) Employee of CODELCO, appointed by the President of Chile from a short list presented by the Federation of Copper Supervisors and the National Association of Copper Supervisors.

(5) Term expires May 2017.

(6) Term expires May 2015.

(7) Term expires May 2018.

(8) Raimundo Espinoza Concha was reappointed in May 2012 and his term expires May 2016.

There is no family relationship between any director or executive officer and any other director or executive officer. The business address for the executives and directors previously listed is Huérfanos 1270, 6th floor, Santiago, Chile. No executive holds a position outside of CODELCO.

Committees of the Board of Directors

Audit, Benefits and Ethics Committee (Comité de Auditoría, Compensaciones y Ética)

CODELCO's audit, benefits and ethics committee consists of four members of the Board of Directors, Marcos Lima Aravena (Chair), Marcos Büchi Buc (Vice Chair), Gerardo Jofré Miranda and Blas Tomic Errázuriz, and may invite others to assist in its work. The audit, benefits and ethics committee's primary responsibility is to support the Board of Directors by providing and improving internal controls by reviewing transactions with related parties and the work of CODELCO's internal audit department. The committee also analyzes and reviews the work and reports of the external auditors. The committee is also responsible for analyzing observations made by Chilean regulatory entities and for recommending measures to be taken by the management in response. CODELCO's audit, benefits and ethics committee is not subject to the independence and other requirements to which U.S. public companies are subject.

Projects and Investment Committee (Comité de Proyectos y Financiamiento de Inversiones)

The projects and investments committee consists of four members, Gerardo Jofré Miranda (Chair), Marcos Lima Aravena (Vice Chair), Oscar Landerretche Moreno and Raimundo Espinoza Concha. This committee analyzes and recommends major mining development projects and financing of these projects.

Management Committee (Comité de Gestión)

The management committee consists of Dante Contreras Guajardo (Chair), Marcos Lima Aravena (Vice Chair), Laura Albornoz Pollman and Raimundo Espinoza Concha. The committee is primarily responsible for management of the Company's divisions, key projects and review and evaluation of the performance of subsidiaries and affiliated companies.

Corporate Governance and Sustainability Committee (Comité de Gobierno Corporativo y Sustentabilidad)

The corporate governance and sustainability committee consists of Laura Albornoz Pollmann (Chair), , Gerardo Jofré Miranda (Vice Chair), Dante Contreras Guajardo and Augusto González Aguirre. The committee considers any recommendations made by senior management regarding changes in corporate or divisional structure, any changes proposed to the internal operating procedures of the Company and responsibilities of senior management, oversees compliance with the code of conduct and corporate governance policies and coordinates self-evaluations of members of the Board of Directors. The committee also advises the Board of Directors with respect to matters of sustainability, providing assistance to the Board of Directors in the Company's sustainability policies and goals as well as analyzing the efficacy of the Company's policies and management systems in the areas of health, safety and the environment.

RELATED PARTY TRANSACTIONS

In the ordinary course of its business, CODELCO engages in a variety of transactions on arm's-length terms with certain related parties. For information concerning these transactions, see Note 3 to the 2012-2013 Year-end Consolidated Financial Statements and Note 3 to the Unaudited Interim Consolidated Financial Statements.

In its dealings with Cyprus El Abra Corporation (a subsidiary of Freeport McMoRan), the partner in SCM El Abra, CODELCO acts through a subsidiary, as agent. CODELCO does not sell copper to Nordeutsche Affinerie Group, its partner in Deutsche Giessradht GmbH.

Pursuant to Article 147 of the Corporations Law, CODELCO may only enter into operations with related parties when their intent is to benefit the corporate interest, when entered into on arm's length terms as prevailing when approved, and when they meet the requirements and complete the procedures indicated therein.

According to Article 146 of the Corporations Law (as amended by Law 20.382, the "Corporate Governance Law," enacted on October 13, 2009 and effective as of January 1, 2010), "operations with related parties" of CODELCO include any and all negotiations, acts, contracts or operations in which the Company must take part, as well as:

- (i) any related persons to the Company, pursuant to the definition contained in Article 100 of Law 18.045 (the "Securities Market Law," also as amended by the Corporate Governance Law);
- (ii) board members, managers or main executives of CODELCO, acting directly or on behalf of any third company, or their respective spouses or relatives up to the second degree (consanguinity or affinity);
- (iii) corporations or partnerships in which one of the persons mentioned in (ii) above are direct or indirect owners of 10% or more of its capital, board members, managers or main executives;
- (iv) those persons specifically established under the CODELCO's bylaws or reasonably identified by the Directors' Committee, as applicable, even if not of a relevant amount, provided they are conducted on a regular basis (as per the regularity policy determined by the Board of Directors of CODELCO) or with a subsidiary of CODELCO in which the Company holds a direct or indirect ownership interest of at least 95%; and
- (v) any company in which a board member, manager or main executive of CODELCO has served as a board member, manager, main executive or liquidator, during the last 18 months.

The rules, requirements and procedures to approve operations with related parties apply both to the operations of CODELCO as well as to those of its subsidiaries, regardless of their legal nature, except for some exemptions set forth in Article 147 of the Corporations Law in which related-party transaction may be executed without the requirements referred to above, with the prior approval of the Board of Directors.

The breach of any of the restrictions on related party transactions will not affect the validity of the transaction. However, CODELCO or the President of Chile may demand from the breaching party, the reimbursement for an amount equivalent to the benefits gained by the breaching party resulting from the transaction. Additionally, CODELCO or the President of Chile may claim damages. Finally, the breaching party bears the burden of proof that the transaction was carried out according to the law.

CODELCO's policy for transactions with related parties is defined and governed by a specific internal regulation created pursuant to general policies established by the Board of Directors and in connection with the guidance provided by Decree Law 1.350 and the Corporations Law. CODELCO's internal regulation prescribes the manner in which transactions between CODELCO and related entities must be carried out and provides for sanctions if the requirements of the regulation are not met.

FOREIGN INVESTMENT AND EXCHANGE CONTROLS IN CHILE

As a general matter, the Chilean Central Bank is, among other things, responsible for monetary policies and for exchange controls in Chile. Most Chilean companies must inform the Central Bank of any international issue of bonds and if the proceeds of the issuance are not left abroad, should be brought into Chile through a bank or other participant in the Formal Exchange Market. Article 23 of Decree Law 1.350 provides that CODELCO has an obligation to return the total proceeds of its exports to Chile, but has no obligation to convert such proceeds to Chilean pesos beyond its peso requirements. These proceeds from its exports are deposited at the Central Bank of Chile, and withdrawals against such foreign exchange deposits are made to cover CODELCO's expenses. As a result, CODELCO does not require foreign exchange approval in connection with the issuance or placement of, or payments upon the notes. See "Regulatory Framework—Payment of Obligations."

DESCRIPTION OF NOTES

The notes will be issued pursuant to a Fiscal and Paying Agency Agreement (the “Fiscal and Paying Agency Agreement”) to be dated as of July 9, 2014 between CODELCO, The Bank of New York Mellon, as fiscal agent (the “Fiscal Agent”), The Bank of New York Mellon, London Branch, as paying agent (the “Paying Agent”) and the Bank of New York Mellon (Luxembourg) S.A., as Luxembourg listing agent, Luxembourg paying agent, Luxembourg transfer agent and registrar (the “Registrar”). The following description of certain provisions of the notes and of the Fiscal and Paying Agency Agreement is subject to and is qualified in its entirety by reference to the provisions of the notes and the Fiscal and Paying Agency Agreement, copies of which will be available for inspection at the office of the Fiscal Agent in The City of New York, currently located at 101 Barclay Street, Floor 7 East, New York, New York 10286.

General

The notes will be issued by CODELCO and CODELCO will be liable therefor and obligated to perform all covenants and agreements to be performed by CODELCO pursuant to the notes and the Fiscal and Paying Agency Agreement, including the obligations to pay principal, interest and Additional Amounts (as defined below under “Payment of Additional Amounts”), if any. The fiscal agent under the Fiscal and Paying Agency Agreement is The Bank of New York Mellon (the “Fiscal Agent,” which term shall include any successor fiscal agent under the Fiscal and Paying Agency Agreement) and the paying agent under the Fiscal and Paying Agency Agreement is The Bank of New York Mellon, London Branch (the “Paying Agent,” which term shall include any successor paying agent under the Fiscal and Paying Agency Agreement).

Notes having the same date of maturity and Interest Payment Dates (as defined below), payable in the same currency, bearing interest at the same rate and the terms of which are otherwise identical, are referred to as a “series.” The Fiscal and Paying Agency Agreement provides for the issuance by CODELCO from time to time of notes in one or more series up to an aggregate principal amount of notes as from time to time may be authorized by CODELCO, subject to all required government authorizations.

The notes will bear interest at the rate per annum set forth on the cover page of this offering memorandum from the date of issuance or from the most recent interest payment date to which interest has been paid or provided for. Interest on the notes will be payable annually on July 9 of each year, commencing on July 9, 2015, or, if any such date is not a Business Day (as defined below), on the next succeeding Business Day (each an “Interest Payment Date”) to the person or persons (each, a “Holder”) in whose name such notes are registered in the Security Register (as defined below) at the close of business on the June 24 preceding such Interest Payment Date (the “Record Date”). Interest on the notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes (or July 9, 2014 if no interest has been paid on the notes), to but excluding the next scheduled interest payment date. This payment conversion is referred to as Actual/Actual (ICMA) as defined in the handbook of the International Capital Market Association. For the purposes hereof, the term “Business Day” means a day on which banks in The City of New York or London are not authorized or required by law or executive order to be closed and on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, operates.

Moneys paid by CODELCO to the Paying Agent for the payment of principal of or interest on any of the notes and remaining unclaimed at the end of two years after the date on which such principal or interest shall have become due and payable (whether at maturity, upon call for redemption or otherwise) shall, together with interest made available for payment thereof, be repaid to CODELCO, whereupon all liability of the Fiscal Agent and Paying Agent with respect to such moneys shall cease.

Payments of interest and principal with respect to interests in the Global Notes (as defined below) will be credited by Euroclear or Clearstream, as the case may be, to the account of the holders of such interests with Euroclear or Clearstream, as the case may be.

The notes will mature on July 9, 2024. The notes will not be redeemable prior to maturity except in the event of certain developments affecting taxation at the price equal to the outstanding principal amount thereof,

together with any Additional Amounts and accrued interest to the redemption date. On the maturity date of the notes, CODELCO will be required to pay 100% of the then outstanding principal amount of the notes plus accrued and unpaid interest thereon and Additional Amounts, if any. The notes will be direct, unsecured and unsubordinated obligations of CODELCO ranking *pari passu* among themselves and with all other unsecured and unsubordinated obligations of CODELCO, other than certain obligations granted preferential treatment pursuant to Chilean law. The notes contain no restrictions on the amount of additional indebtedness which may be incurred by CODELCO or its subsidiaries; however, as set forth under “—Limitation on Liens” below, the notes contain certain restrictions on the ability of CODELCO and its subsidiaries to incur secured indebtedness.

Issuance in Euro

Initial holders will be required to pay for the notes in euro, and all payments of interest and principal, including payments made upon any redemption of the notes, will be payable in euro.

Registration, Form and Delivery

The notes will be issued upon the closing of this offering in definitive, fully registered form, without coupons, in denominations of €100,000 principal amount at maturity and multiples of €1,000 in excess thereof. The notes will be exchangeable, and transfers thereof will be registrable, at the office of the Fiscal Agent (including the office of the Luxembourg transfer and paying agent). No charge will be made to holders of the notes in connection with any exchange or registration of transfer, except for the expenses of delivery by other than regular mail (if any) and except for the payment of a sum sufficient to cover any tax or other governmental charges or insurance charges that may be imposed in relation thereto.

The Registrar will maintain at its office in Luxembourg, currently located at Vertigo Building, Polaris 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg, a security register (the “Security Register”) with respect to the notes. The name and address of the registered Holder of each note and the amount of each note will be recorded in the applicable Security Register, and the Fiscal Agent and CODELCO may treat the person in whose name the note is registered as the owner of such note for all purposes. For so long as the notes are represented by one or more Global Notes, the registered owner of a Global Note, in accordance with the terms of the Global Notes, may be treated at all times and for all purposes by CODELCO and the Fiscal Agent as the sole owner with respect to such notes, with respect to all payments on the notes and for all other purposes under the terms of the notes and the Fiscal and Paying Agency Agreement.

Global Notes; Book-Entry Form

We have obtained the information in this section concerning Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and Euroclear Bank, S.A./N.V., or its successor, (“Euroclear”) and their book-entry systems and procedures from sources that we believe to be reliable. We take no responsibility for an accurate portrayal of this information. In addition, the description of the clearing systems in this section reflects our understanding of the rules and procedures of Clearstream and Euroclear as they are currently in effect. Those clearing systems could change their rules and procedures at any time.

The notes initially sold to qualified institutional buyers (or “QIBs”), as defined in Rule 144A under the Securities Act, will be evidenced by one or more permanent Rule 144A Global Notes (collectively, the “144A Global Notes”), which will be deposited with, or on behalf of, a common depositary, and registered in the name of the nominee of a common depositary for Clearstream, Luxembourg and Euroclear.

The notes initially sold to persons who acquire such notes in compliance with Regulation S under the Securities Act will be evidenced by one or more permanent Regulation S Global Notes (collectively, the “Regulation S Global Notes” and, together with the 144A Global Notes, the “Global Notes”), which will be registered in the name of the nominee of a common depositary for Clearstream, Luxembourg and Euroclear.

Any resale or transfer of such interests to U.S. persons (as that term is defined in Regulation S) during the restricted period (as defined below) shall only be permitted as described in this offering memorandum. The 144A Global Notes and the Regulation S Global Notes are hereinafter sometimes referred to individually as a “Global

Note” and collectively as the “Global Notes.” Except as set forth below, the global notes may be transferred, in whole and not in part, only to Euroclear or Clearstream or their respective nominees. You may hold your interests in the global notes in Europe through Clearstream or Euroclear, either as a participant in such systems or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests in the global notes on behalf of their respective participating organizations or customers through customers’ securities accounts in Clearstream’s or Euroclear’s names on the books of their respective depositories. Book-entry interests in the notes and all transfers relating to the notes will be reflected in the book-entry records of Clearstream and Euroclear.

Prior to the 40th day after the later of the commencement of the offering of the notes and the date of the closing of the sale of the notes (through and including the 40th day, the “restricted period”), transfers by an owner of a beneficial interest in the Regulation S Global Notes to a transferee who takes delivery of this interest through the 144A Global Notes will be made only in accordance with applicable procedures and upon receipt by the Fiscal Agent of a written certification from the transferor of the beneficial interest to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A. Such written certification will no longer be required after the expiration of the restricted period.

Transfers by an owner of a beneficial interest in the 144A Global Notes to a transferee who takes delivery of such interest through the Regulation S Global Notes will be made only upon receipt by the Fiscal Agent of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

QIBs may hold their interests in any of the 144A Global Notes directly through Euroclear or Clearstream or indirectly through organizations that are participants in Euroclear or Clearstream (“Euroclear Participants” and “Clearstream Participants,” respectively). Non-U.S. Persons may hold their interests in any of the Regulation S Global Notes directly through Euroclear or Clearstream, or indirectly through Euroclear Participants or Clearstream Participants. Transfers between Euroclear Participants and between Clearstream Participants will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Any beneficial interest in a Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a 144A Global Note will, upon transfer, cease to be represented by a Regulation S Global Note and will become represented by a 144A Global Note and, accordingly, will be subject to the procedures applicable to beneficial interests in a 144A Global Note for as long as it remains such an interest. Any beneficial interest in a 144A Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Note will, upon transfer, cease to be represented by a 144A Global Note and will become represented by a Regulation S Global Note and, accordingly, will be subject to the procedures applicable to beneficial interests in a Regulation S Global Note for as long as it remains such an interest.

The distribution of the notes will be cleared through Clearstream and Euroclear. Any secondary market trading of book-entry interests in the notes will take place through Clearstream and Euroclear participants and will settle in same-day funds. Owners of book-entry interests in the notes will receive payments relating to their notes in euro.

Clearstream and Euroclear have established electronic securities and payment transfer, processing, depository and custodial links among themselves and others, either directly or through custodians and depositories. These links allow the notes to be issued, held and transferred among the clearing systems without the physical transfer of certificates. Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market.

The policies of Clearstream and Euroclear will govern payments, transfers, exchanges and other matters relating to the investor’s interest in the notes held by them. CODELCO has no responsibility for any aspect of the records kept by Clearstream or Euroclear or any of their direct or indirect participants. CODELCO also does not supervise these systems in any way.

Clearstream and Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

Except as provided below, owners of beneficial interests in the Global Notes will not be entitled to have the notes registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered the owners or holders of the notes under the Fiscal and Paying Agency Agreement, including for purposes of receiving any reports delivered by us or the Fiscal Agent pursuant to the Fiscal and Paying Agency Agreement. Accordingly, each person owning a beneficial interest in a note must rely on the procedures of the depositary and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, in order to exercise any rights of a holder of notes under the Global Notes and the Fiscal and Paying Agency Agreement.

CODELCO has been advised by Clearstream and Euroclear, respectively, as follows:

Clearstream

Clearstream advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for Clearstream Participants and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depositary, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly.

Distributions with respect to interests in the notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures.

Euroclear

Euroclear advises that it was created in 1968 to hold securities for Euroclear Participants and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the “Euroclear Operator”). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, or the Euroclear Terms and Conditions, and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern:

- transfers of securities and cash within Euroclear;
- withdrawal of securities and cash from Euroclear; and
- receipt of payments with respect to securities in Euroclear.

All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants and has no record of or relationship with persons holding securities through Euroclear Participants.

Distributions with respect to interests in the notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Euroclear Terms and Conditions.

Clearance and Settlement Procedures

CODELCO understands that investors that hold their notes through Clearstream or Euroclear accounts will follow the settlement procedures that are applicable to conventional eurobonds in registered form. Notes will be credited to the securities custody accounts of Clearstream and Euroclear participants on the business day following the settlement date, for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

CODELCO understands that secondary market trading between Clearstream and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream and Euroclear. Secondary market trading will be settled using procedures applicable to conventional eurobonds in registered form.

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the notes through Clearstream and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States. United States investors who wish to transfer their interests in the notes, or to make or receive a payment or delivery of the notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Clearstream or Euroclear will credit payments to the cash accounts of Clearstream customers or Euroclear participants, as applicable, in accordance with the relevant system's rules and procedures, to the extent received by its depository. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder under the indenture on behalf of a Clearstream customer or Euroclear participant only in accordance with its relevant rules and procedures.

Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the notes among participants of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

Certificated Notes

If the depository is at any time unwilling or unable to continue as a depository for the Global Notes and a successor depository is not appointed by CODELCO within 90 days or if an event of default has occurred and is continuing and the registrar has received a request from the depository to issue certificated notes, CODELCO will issue notes in registered form without coupons ("Certificated Notes") in exchange for the Global Notes which will bear the legends referred to under the heading "Transfer Restrictions," as applicable.

If CODELCO issues Certificated Notes, the holder may present its notes for exchange with notes of a different authorized denomination, together with a written request for an exchange, at the office of the Fiscal Agent in the City of New York, or at the office of any paying agent. In addition, the holder of any Certificated Note may transfer it in whole or in part by surrendering it at any of these offices together with an executed instrument of transfer. CODELCO will not charge the holders of notes for the costs and expenses associated with the exchange, transfer or registration of transfer of the notes. CODELCO may, however, charge the holders of notes for certain delivery expenses as well as any applicable stamp duty, tax or other governmental charges. The Fiscal Agent may reject any request for an exchange or registration of transfer of any Note made within 15 days of the date for any

payment of principal of or interest on the note. CODELCO will notify the Euro MTF Market of the Luxembourg Stock Exchange and publish a notice in a daily newspaper in Luxembourg in the event that Certificated Notes are issued.

Consolidation, Merger, Conveyance, Sale or Lease

Nothing contained in the notes prevents CODELCO from consolidating with or merging into another corporation or conveying, transferring or leasing its properties and assets substantially as an entirety to any person, provided that (a) the corporation formed by such consolidation or into which CODELCO is merged or the person which acquires by conveyance or transfer, or which leases, the properties and assets of CODELCO substantially as an entirety is a corporation organized and existing under the laws of Chile and expressly assumes, by supplemental agreement, executed and delivered to the Fiscal Agent, in form satisfactory to the Fiscal Agent, the due and punctual payment of the principal of and interest, if any, on the notes and the performance of every covenant of the notes on the part of CODELCO to be performed or observed; (b) immediately after giving effect to such transaction no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and (c) CODELCO has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, transfer or lease and supplemental agreement complies with the foregoing provisions relating to such transaction.

Limitation on Liens

Nothing contained in the notes restricts or prevents CODELCO or any Restricted Subsidiary (as defined below) from incurring any additional indebtedness; provided that neither CODELCO nor any Restricted Subsidiary will (a) issue, assume or guarantee any indebtedness for money borrowed ("Debt") if such Debt is secured by a lien upon, or (b) directly or indirectly secure any outstanding Debt by a lien upon, any Principal Property (as defined below) or upon any shares of stock of, or indebtedness of, any Restricted Subsidiary, now owned or hereafter acquired, without effectively providing that the notes shall be secured equally and ratably with such Debt, except that the foregoing restrictions shall not apply to (i) liens on any Principal Property acquired, constructed or improved after the date of issuance of the notes to secure or provide for the payment of the purchase price or cost of construction or improvements (including costs such as increased costs due to escalation, interest during construction and similar costs) thereof incurred after the date of the issuance of the notes, or existing liens on property acquired, *provided* such liens shall not apply to any property theretofore owned by CODELCO or any Restricted Subsidiary other than theretofore unimproved real property, (ii) liens on any Principal Property or shares of stock or indebtedness acquired from a corporation merged with or into CODELCO or a Restricted Subsidiary, (iii) liens to secure Debt of a Restricted Subsidiary to CODELCO or another Subsidiary, (iv) the sale or other transfer of any interest in property of the character commonly referred to as a "production payment," (v) liens over any property at the time of acquisition of such property by CODELCO or any of its Restricted Subsidiaries which lien was not (or is not) created in connection with such acquisition, (vi) liens in existence on the date of the offering of the notes, (vii) liens on deposits to secure, or any lien otherwise securing, the performance of bids, statutory obligations, surety bonds, appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business, (viii) liens created on any property to secure Debt incurred in connection with the financing of such property, the repayment of which Debt is to be made from the revenues arising out of, or other proceeds of realization from, such property, with recourse to those revenues and proceeds and other property used in connection with, or forming the subject matter of, such property, but without recourse to any other property of CODELCO or any Restricted Subsidiary and (ix) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any lien referred to in the foregoing clauses (i) to (iii) or (v), (vi) and (viii), inclusive of any Debt secured thereby, *provided* that the principal amount of Debt so secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement lien shall be limited to all or part of the property which secured the lien extended, renewed or replaced (plus improvements on or additions to such property). Notwithstanding the foregoing, CODELCO and one or more Restricted Subsidiaries may issue, assume or guarantee Debt secured by liens which would otherwise be subject to the foregoing restrictions in an aggregate principal amount which, together with the aggregate outstanding principal amount of all other Debt of CODELCO and its Restricted Subsidiaries which would otherwise be subject to the foregoing restrictions (not including Debt permitted to be secured under clauses (i)

through (ix) above) and the aggregate value of the sale and lease-back transactions described under “—Limitation on Sale and Lease-Back Transactions” below (other than sale and lease-back transactions the proceeds of which have been applied as provided in clause (b) under “—Limitation on Sale and Lease-Back Transactions” below), does not at the time of issuance, assumption or guarantee thereof exceed 20% of Consolidated Net Tangible Assets. “Consolidated Net Tangible Assets” is defined as the total of all assets (including reevaluations thereof as a result of commercial appraisals, price level restatement or otherwise) appearing on the consolidated balance sheet of CODELCO and its Subsidiaries prepared in accordance with IFRS as of the then most recent date filed by CODELCO with the SVS, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets (which term shall not be construed to include such reevaluations), less the aggregate of the current liabilities of CODELCO and its Subsidiaries appearing on such balance sheet. The term “Principal Property” means any mineral property, concentrator, smelter, refinery or rod mill located within Chile, of CODELCO or any Subsidiary except any such property, plant or facility which the Board of Directors by resolution declares is not of material importance to the total business conducted by CODELCO and its Subsidiaries as an entity. The term “Subsidiary” means any corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by CODELCO and of which CODELCO has the power to direct the management. The term “Restricted Subsidiary” means (a) any Subsidiary which owns, directly or indirectly, any Principal Property and (b) any Subsidiary which owns, directly or indirectly, any stock or debt of a Restricted Subsidiary.

Limitation on Sale and Lease-Back Transactions

The notes provide that neither CODELCO nor any Restricted Subsidiary will enter into any arrangement with any person (other than CODELCO or a Restricted Subsidiary), or to which any such person is a party, providing for the leasing to CODELCO or a Restricted Subsidiary for a period of more than three years of any property or assets which has been or is to be sold or transferred by CODELCO or such Restricted Subsidiary to such person or to any person (other than CODELCO or a Restricted Subsidiary) to which funds have been or are to be advanced by such person on the security of the leased property or assets unless either (a) CODELCO or such Restricted Subsidiary would be entitled, pursuant to the provisions described under “—Limitation on Liens” above, to incur Debt in a principal amount equal to or exceeding the value of such sale and lease-back transaction, secured by a lien on the property or assets to be leased, without equally and ratably securing the notes, or (b) CODELCO, during or immediately after the expiration of six months after the effective date of such transaction (whether made by CODELCO or a Restricted Subsidiary), applies to the voluntary retirement of indebtedness of CODELCO (including the notes) maturing by its terms more than one year after the original creation thereof (“Funded Debt”) an amount equal to the value of such transaction, less an amount equal to the sum of (i) the principal amount of notes delivered, within six months after the effective date of such arrangement, to the Fiscal Agent for retirement and cancellation and (ii) the principal amount of other Funded Debt voluntarily retired by CODELCO within such six-month period, in each case excluding retirements of notes and other Funded Debt as a result of conversions or pursuant to mandatory sinking fund or mandatory prepayment provisions or by payment at maturity.

Payment of Additional Amounts

All payments of principal and stated interest under the notes by CODELCO will be made without deduction or withholding for or on account of any present or future taxes, assessments, duties or governmental charges of whatever nature imposed or levied by or on behalf of Chile or any political subdivision or territory or possession thereof or therein (the “Taxing Jurisdiction”) unless the withholding or deduction of such taxes, assessments, duties or governmental charges is required by law or regulation or by the official interpretation thereof. In that event, CODELCO will pay to each Holder of a note such additional amounts (“Additional Amounts”) as may be necessary in order that each net payment on such note after such deduction or withholding will not be less than the amount provided for in such note to be then due and payable; *provided, however*, that the foregoing obligation to pay Additional Amounts will not apply to:

- (a) any tax, assessment, duty or other governmental charge that would not have been so deducted or withheld but for (i) the existence of any present or former connection between the Holder or the beneficial owner of the note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Holder or beneficial owner, if such Holder or beneficial owner is an estate, trust, partnership or corporation) and the Taxing Jurisdiction imposing such tax, assessment, duty or other governmental charge (including, without limitation, such Holder or beneficial owner (or such fiduciary,

settler, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein) other than the mere receipt of payments in respect of a note or the holding or ownership of a note or beneficial interest therein; or (ii) the presentation of a note (where presentation is required) for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(b) any estate, inheritance, gift, sales, transfer, personal property, capital gains, excise or similar tax, assessment, duty or other governmental charge;

(c) any tax, assessment, duty or other governmental charge that is payable other than by withholding from payments of (or in respect of) principal of, or any interest on, the notes;

(d) any tax, assessment, duty or other governmental charge that would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the Holder or beneficial owner of the note, if compliance is required by statute or by regulation of the Taxing Jurisdiction as a precondition to relief or exemption from all or part of such tax, assessment, duty or other governmental charge, or to a reduction in the applicable tax rate, and proper notice has been sent to the Holder or beneficial owner;

(e) any such withholding or deduction imposed on a payment to an individual that is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC (as amended from time to time); or

(f) any combination of items (a), (b), (c), (d) and (e) above.

Nor shall Additional Amounts be paid with respect to any payment of the principal of or any interest on any note to any Holder or beneficial owner that is a fiduciary or partnership or other than the sole beneficial owner of such note to the extent such payment would be required by the laws of the Taxing Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been a Holder of such note.

If CODELCO pays Additional Amounts in respect of the Chilean withholding tax on payments of interest or premium, if any, made by CODELCO in respect of the notes to a Foreign Holder (as defined in “Taxation”) assessed at a rate of 4%, and a refund is provided with respect to such withholding tax, CODELCO shall have the right to receive and be entitled to such funds from the relevant Taxing Jurisdiction.

CODELCO will ensure that it maintains a paying agent, whether or not in a European Union Member State, that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive.

Holders in some jurisdictions may not receive payment of additional amounts for withholding in compliance with the Directive. See “Risk Factors—Holders in some jurisdictions may not receive payment of additional amounts for withholding in compliance with the European Council Directive on taxation of savings income.”

Tax Redemption

The notes may be redeemed at the election of CODELCO, in whole, but not in part, by the giving of notice as provided in “—Notices” below, at a price equal to the outstanding principal amount thereof, together with any Additional Amounts and accrued and unpaid interest to the redemption date, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder, including a holding by a court of competent jurisdiction) of the Taxing Jurisdiction, or any change in the official application, administration or interpretation of such laws, regulations or rulings in such Taxing Jurisdiction, CODELCO has or will become obligated to pay Additional Amounts on the notes in excess of the Additional Amounts that would be payable were

payments of interest on the notes subject to 4% withholding (“Excess Additional Amounts”), and if such change or amendment is announced or becomes effective on or after the date of original issuance of the notes and such obligation cannot be avoided by CODELCO taking measures it considers reasonable and that are available to it (for this purpose, reasonable measures shall not include any change in CODELCO’s or any successor’s jurisdiction of incorporation or organization or location of its principal executive or registered office); *provided, however*, that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which CODELCO would be obligated to pay such Excess Additional Amounts, were a payment in respect of the notes then due. Prior to the giving of notice of redemption of such notes, CODELCO will deliver to the Fiscal Agent an officers’ certificate and a written opinion of recognized Chilean counsel independent of CODELCO to the effect that all governmental approvals necessary for CODELCO to effect such redemption, if any, have been or at the time of redemption will be obtained and in full force and effect and that CODELCO is entitled to effect such a redemption, and setting forth in reasonable detail the circumstances giving rise to such right of redemption. See “Taxation—Chilean Taxation.”

Defeasance

CODELCO may discharge its obligation to comply with the covenants specified above under “—Consolidation, Merger, Conveyance, Sale or Lease,” “—Limitation on Liens” and “—Limitation on Sale and Lease-Back Transactions” by depositing funds or obligations issued by the United States in an amount sufficient to provide for the timely payment of principal, interest and all other amounts due under the notes with the Fiscal Agent, acting as trustee for such purposes and by satisfying certain other conditions, including delivery to the Fiscal Agent of an opinion of independent tax counsel of recognized standing to the effect that beneficial owners of notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Events of Default

An Event of Default with respect to the notes is defined in the Fiscal and Paying Agency Agreement as being any of the following: (i) default for 30 days in payment of any interest on the notes; (ii) default in payment of principal of the notes; (iii) default in the performance, or breach, of any covenant or warranty or obligation of CODELCO in the notes and continuance of such default or breach for a period of 60 days after written notice is given to CODELCO by the holders of at least 33 1/3% in aggregate principal amount of the notes; (iv) default under any bond, debenture, note or other evidence of indebtedness for money borrowed, or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by CODELCO or any Subsidiary, whether such indebtedness now exists or shall hereafter be created, in an aggregate principal amount exceeding U.S.\$50 million (or its equivalent in any other currency or currencies) which default (x) shall constitute the failure to pay any portion of the principal of such indebtedness when due and payable, whether at maturity, upon redemption or acceleration or otherwise, or (y) shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, in either case, if such default shall continue for more than 30 Business Days and within such 30 Business Days the time for payment of such amount has not been expressly extended (provided that if such default under such indenture or instrument shall be remedied or cured by CODELCO or waived by the holders of such indebtedness, then the event of default with respect to the notes shall be deemed likewise to have been remedied, cured or waived); and (v) certain events of bankruptcy or insolvency of CODELCO or any Significant Subsidiary. “Significant Subsidiary” is defined in the notes as a Subsidiary, the total assets of which exceed 10% of the total assets of CODELCO and its subsidiaries on a consolidated basis as of the end of the most recently completed year.

Each note will provide that if any Event of Default shall have occurred and be continuing, the holder of such note may declare the principal of such note, together with unpaid accrued interest thereon, if any, to the date of repayment, to be due and payable by notice to CODELCO.

Notices

Notices to holders of notes will be given by mail to the addresses of such holders as they appear in the Security Register and, once the notes are listed on the Luxembourg Stock Exchange, such notices will be published

in a daily newspaper in circulation in Luxembourg. In addition, any notices relating to the delisting of the notes from the Luxembourg Stock Exchange as described under “General Information — Listing” will also be published in each of the authorized newspapers, which will be *The Wall Street Journal*, the *Financial Times* and the *Luxemburger Wort*. CODELCO will be deemed to have given such notices on the date of each publication or, if published more than once, on the date of the first publication. Notices may, at CODELCO’s option, be published on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Amendments

The Fiscal and Paying Agency Agreement may be amended by CODELCO and the Fiscal Agent without the consent of the holders of the notes in certain limited circumstances therein provided. The notes may be amended by CODELCO and the Fiscal Agent without the consent of the holders of notes for the purpose of correcting any manifest error or to change the terms of the notes in any manner which CODELCO deems necessary or desirable and which shall not adversely affect the interests of the holders of outstanding notes in any material respect. The Fiscal and Paying Agency Agreement may otherwise be amended, and the rights and obligations of CODELCO and the rights of the holders of notes under the notes may be modified, with the consent of holders of more than 66 2/3% in principal amount of the notes outstanding, except that the consent of all holders of notes will be required: (i) to change the definition of Interest Payment Date or the stated maturity date; (ii) to reduce the principal amount of or the interest rate on any Note; (iii) to change the obligation to pay Additional Amounts or the option to redeem the notes (see “—Payment of Additional Amounts,” and “—Tax Redemption”); (iv) to change the place of payment where, or the coin or currency in which, interest is payable; (v) to impair the right of holders of notes to institute suit for the enforcement of payments of interest; (vi) to reduce the percentage amount of notes outstanding the consent of whose holders is required in order to amend the notes or the Fiscal and Paying Agency Agreement; and (vii) to modify the provisions of the notes or the Fiscal and Paying Agency Agreement governing the amendment of the notes or the Fiscal and Paying Agency Agreement.

Governing Law; Submission to Jurisdiction; Sovereign Immunity

The notes will be governed by, and will be construed and interpreted in accordance with, the law of the State of New York. The notes will provide that CODELCO will maintain at all times during the life of the notes an office or agent in the Borough of Manhattan, The City of New York, upon whom process may be served in any action arising out of or based on the notes which may be instituted in the Supreme Court of the State of New York or the United States District Court for the Southern District of New York, in either case in the Borough of Manhattan, The City of New York, by any holder of a note, and CODELCO will expressly accept the jurisdiction of any such court.

To the extent that CODELCO may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to the notes, to claim for itself or its revenues or assets any immunity from suit, jurisdiction, attachment in aid or execution of a judgment or prior to a judgment, execution of a judgment or any other legal process with respect to its obligations under the notes, and to the extent that in any such jurisdiction there may be attributed to CODELCO such an immunity (whether or not claimed), CODELCO will irrevocably agree not to claim and will irrevocably waive such immunity to the maximum extent permitted by law.

Article 226 of the Mining Code of Chile prohibits the attachment and judicial sale of a debtor’s mining concessions and installations and other goods permanently dedicated to exploration or extraction of minerals relating to those mining concessions, except with respect to mortgages. However, a debtor may consent to such attachment and sale, provided that the consent is given in the same judicial proceeding in which the attachment and sale is sought. The general waiver of immunity by CODELCO in the notes will not be effective with respect to immunity under Article 226. In addition, pursuant to the Chilean Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by CODELCO.

Further Issues of Notes

Without the consent of the holders, CODELCO may create and issue additional notes with terms and conditions that are the same (or the same except as to scheduled interest payments prior to the time of issue of the

additional notes) as the terms and conditions of an outstanding series of notes, including the notes. CODELCO may consolidate the additional notes to form a single series with an outstanding series of notes, including the notes.

TAXATION

General

The following is a summary of certain Chilean tax and U.S. federal income tax considerations (and certain EU related tax consequences) relating to the purchase, ownership and disposition of notes. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the notes, and, except to the extent certain EU related tax consequences are described below, it does not describe any tax consequences arising under the laws of any supranational, national, state, or local taxing jurisdiction other than the United States and Chile.

This summary is based on the tax laws of Chile and the United States as in effect on the date of this offering memorandum, as well as regulations, rulings and decisions of Chile and the United States available on or before such date and now in effect. All of the foregoing is subject to change, which may apply retroactively and could affect the continued validity of this summary.

Prospective purchasers of the notes should consult their own tax advisors as to the Chilean, United States or other tax consequences of the purchase, ownership and disposition of the notes, taking into account the application of the tax considerations discussed below to their particular situation, as well as the application of state, local, foreign or other tax laws.

On February 4, 2010, Chile and the United States entered into a tax treaty (the “Treaty”), the application of which is subject to ratification by the competent authorities of both countries before it can enter into effect, and which may apply to income generated in Chile or the United States by a resident of either country. Investors should consult their own advisors regarding the application of the Treaty to their particular circumstances and the date on which a particular Treaty provision will enter into effect.

Chilean Taxation

The following is a general summary of the material consequences under Chilean tax law, as currently in effect, of an investment in the notes made by a “Foreign Holder.” For purposes of this summary, the term “Foreign Holder” means (i) an individual not resident or domiciled in Chile or (ii) a legal entity that is not incorporated under the laws of Chile, unless the notes are assigned to a branch or a permanent establishment of such entity in Chile. For purposes of Chilean taxation, (a) an individual is a resident of Chile if such individual has remained in Chile for more than six months in any calendar year, or for more than six months in total within two consecutive calendar years and (b) an individual is domiciled in Chile if such individual resides in Chile with the intention of remaining in Chile (the intention will be determined according to the circumstances).

Under Chile’s income tax law (the “Income Tax Law”), payments of interest or premium, if any, made by CODELCO in respect of the notes to a Foreign Holder will generally be subject to a Chilean withholding tax assessed at a rate of 4% (the “Chilean Interest Withholding Tax”).

However, the same interest that qualifies for the referenced 4% withholding tax rate is subject to special additional 31% tax rate, with the additional 31% tax imposed on CODELCO, to the extent paid to entities related to the Company on the portion of our indebtedness considered to be excessive (thin capitalization rules). Our indebtedness will be considered to be excessive (“Excessive Indebtedness”) when in the calendar year when the notes are issued the Company has an indebtedness with entities related to CODELCO qualifying for the 4% withholding tax rate that exceeds three times our “net worth” as calculated for Chilean tax purposes. Consequently, such interest paid to entities related to us with respect to debt that exceeds the Excessive Indebtedness will be subject to a 31% surtax.

Under the Excessive Indebtedness rules, a lender or creditor, such as the holder of the notes, will be deemed to be related to the payor or debtor if (i) the lender or creditor is incorporated, domiciled or resident in a tax haven (qualified as such by the Chilean Ministry of Finance, based on the list of harmful preferential tax regimes and tax havens published by the Organization for Economic Co-operation and Development) at the time of granting

the loan, (ii) the lender or debtor, directly or indirectly, owns or participates in 10% or more of the capital or the profits of the other, or if the lender and debtor have a common partner or shareholder which, directly or indirectly, owns or participates in 10% or more of the capital or the profits of both or (iii) the debt is guaranteed directly or indirectly by a third party with cash or cash equivalent securities (excluding the securities evidencing obligations of the borrower with any of its related entities) for the amount effectively guaranteed.

The Income Tax Law provides that a Foreign Holder is subject to income tax on his Chilean source income, Chilean source income is defined by the Income Tax law as income arising from goods located in Chile or activities performed in Chile, regardless of the domicile or residence of the taxpayer. In line with this, capital gains arising from the sale or other disposition by a Foreign Holder of the notes generally should not be subject to Chilean income taxes provided that such sales or other dispositions occur outside of Chile and are made to a Foreign Holder.

The Income Tax Law does not refer to the source of income in case of notes issued abroad by a Chilean company and as of the date of this offering memorandum, there are no specific rulings from the Chilean internal revenue service under which the capital gain earned by a Foreign Holder on the sale or other disposition outside of Chile of a note issued abroad by a Chilean company to a Foreign Holder may be considered a Chilean source of income. However, recent interpretations issued by the Chilean internal revenue service with respect to notes that counsel believes are distinguishable from the notes offered hereby, could be read to imply that any capital gain acquired by a Foreign Holder arising from the sale or disposition of notes issued by a Chilean company would generally be considered Chilean source income, without regard to the tax residency of the Foreign Holder. Chilean internal revenue service interpretations are not binding on taxpayers.

As described above, CODELCO has agreed, subject to specific exceptions and limitations, to pay to the holders of notes Additional Amounts in respect of the Chilean Interest Withholding Tax in order that any interest or premium the Foreign Holder receives, net of the Chilean Interest Withholding Tax, equals the amount which would have been received by such Foreign Holder in the absence of such withholding. See “Description of Notes—Payment of Additional Amounts.”

A Foreign Holder will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings unless the notes held by a Foreign Holder are either located in Chile at the time of such Foreign Holder’s death, or, if the notes are not located in Chile at the time of a Foreign Holder’s death, if such notes were purchased or acquired with monies obtained from Chilean sources.

The issuance of the notes is subject to a 0.4% stamp tax, which will be payable by CODELCO.

If the stamp tax is not paid when due, Chile’s Tax Law imposes penalties (fines, interests and readjustments), which will also be payable by CODELCO. In addition, until such tax (and any penalty) is paid, Chilean courts would not enforce any action brought with respect to the notes. We have agreed to pay promptly such tax when due.

On April 1, 2014, Chilean President Michelle Bachelet presented an extensive tax reform proposal to the Chilean Congress, including changes to the corporate tax rate, the thin capitalization rules, the taxation of Chilean investment abroad (controlled foreign-corporation rules for passive income) and the stamp tax rate, among other significant tax amendments. The proposal is currently under debate in the Chilean Congress.

United States Taxation

This summary of U.S. federal income tax considerations deals with U.S. Holders (as defined below) that will hold CODELCO notes as capital assets and whose functional currency is the U.S. dollar. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor’s decision to purchase notes and generally does not address the tax treatment of U.S. Holders that may be subject to special tax rules, such as certain banks, tax-exempt entities, partnerships (or entities classified as a partnership for U.S. federal income tax purposes) or partners therein, insurance companies, dealers in securities, or persons that will hold notes as part of an integrated investment (including a “straddle”) consisting of the notes and one or more other positions, nor does it address the tax treatment of U.S. Holders that do not acquire notes as part of the initial

distribution at the notes' "issue price," which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the notes is sold for money. Further, this summary does not address the alternative minimum tax, the Medicare tax on net investment income, or other aspects of U.S. federal income or state and local taxation that may be relevant to a U.S. Holder in light of such Holder's particular circumstances. As used in this section "—United States Taxation," the term "U.S. Holder" means a beneficial owner of a note that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise will be subject to U.S. federal income taxation on a net income basis in respect of the notes.

Investors should consult their own tax advisors in determining the tax consequences to them of purchasing, owning, and disposing of the notes, including the application in their particular circumstances of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign, or other tax laws and possible changes in tax laws.

Tax Consequences to U.S. Holders

Taxation of Interest and Additional Amounts. The gross amount of interest and Additional Amounts (*i.e.*, without reduction for any Chilean Interest Withholding Tax at the applicable rate) will be taxable to a U.S. Holder as ordinary interest income in respect of the notes at the time it accrues or is actually or constructively received in accordance with the holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest will be required to include in ordinary income the U.S. dollar value of the euro ("foreign currency") interest payment determined on the date such payment is received, regardless of whether the payment is in fact converted to U.S. dollars. A U.S. Holder that uses the accrual method of accounting for tax purposes will accrue interest income on a note in foreign currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the Holder's taxable year), or, at the Holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. A U.S. Holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service (the "IRS").

An accrual method U.S. Holder will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will generally (i) be treated as ordinary income or loss, (ii) not be treated as an adjustment to interest income received on the note, and (iii) be treated as U.S. source income or as an offset to U.S. source income, respectively.

Subject to generally applicable restrictions and conditions, Chilean Interest Withholding Tax withheld on payments of interest on the notes, or on Additional Amounts, is a foreign income tax eligible (i) for credit against a U.S. Holder's U.S. federal income tax liability, or (ii) at the election of such U.S. Holder, for deduction in computing such U.S. Holder's taxable income provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. Subject to the foreign currency rules discussed above, interest and Additional Amounts generally will constitute income from sources without the United States for foreign tax credit purposes. Such income generally will constitute "passive category income" or, in the case of certain U.S. Holders, "general category income."

The calculation of foreign tax credits and, in the case of a U.S. Holder that elects to deduct foreign taxes, the availability of such deduction, involves the application of rules that depend on a U.S. Holder's particular circumstances. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits and the treatment of Additional Amounts.

Taxation of Dispositions. A U.S. Holder will generally recognize taxable gain or loss upon the sale, exchange or retirement of the notes in an amount equal to the difference between the amount realized upon such sale, exchange or retirement (reduced by any amounts attributable to accrued but unpaid interest and Additional

Amounts not previously included in income, which will be taxable in the manner described above under “—Taxation of Interest and Additional Amounts”) and such U.S. Holder’s adjusted tax basis in those notes.

A U.S. Holder’s adjusted tax basis in a note generally will be the U.S. dollar value of the purchase price of that note on the date of purchase. The amount realized by a U.S. Holder upon the sale, exchange or retirement of a note will be the U.S. dollar value of the currency received calculated at the exchange rate in effect on the date the instrument is sold or disposed of. In the case of a note that is traded on an established securities market, a cash method U.S. Holder, and if it so elects, an accrual method U.S. Holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to accrual method U.S. Holders in respect of the purchase and sale of notes traded on an established securities market, discussed above, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below, gain or loss realized by a U.S. Holder on such sale or other taxable disposition generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the notes have been held for more than one year. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of taxation in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a U.S. Holder on the sale, exchange or retirement of a note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the Holder held such note. This foreign currency gain or loss will generally be treated as U.S. source income or as an offset to U.S. source income, respectively and will not be treated as an adjustment to interest income received on the notes. For an accrual method U.S. Holder that does not make the election described above, the foreign currency gain or loss will include amounts attributable to changes in exchange rates between the trade date and the settlement date. In addition, upon the sale or other taxable disposition of a note, an accrual method U.S. Holder may realize foreign currency gain or loss attributable to amounts received in respect of accrued and unpaid interest. The amount of foreign currency gain or loss realized with respect to principal and accrued interest will, however, be limited to the amount of overall gain or loss realized on the disposition.

Capital gain or loss, as well as any foreign currency gain or loss, recognized by a U.S. Holder generally will be U.S. source gain or loss. Consequently, if any such gain would be subject to Chilean withholding tax, a U.S. Holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. U.S. Holders should consult their own tax advisors as to the foreign tax credit implications of a disposition of the notes.

Information Reporting and Backup Withholding

Payments of interest and Additional Amounts on the notes and sales or redemption proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and to backup withholding unless (i) the holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Any amounts withheld under the backup withholding rules from a payment to a holder will be refunded (or credited against such holder’s U.S. federal income tax liability, if any), provided the required information is properly furnished to the U.S. Internal Revenue Service.

A holder that is not a U.S. Holder generally will not be subject to information reporting or backup withholding, but such a holder may have to comply with certification procedures to establish that it is not a United States person.

European Union Savings Directive

Under Council Directive 2003/48/EC (the “Savings Directive”) on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favor of automatic exchange of information with effect from January 1, 2015.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures to the Savings Directive.

On March 24, 2014 the Council of the European Union adopted a Directive amending the Savings Directive (the “Amending Directive”) which, when implemented, will broaden the scope of the rules described above. The Member States will have until January 1, 2016 to adopt national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or secured for, certain other entities and legal arrangements (including trusts and partnerships), where certain conditions are satisfied. They also broaden the definition of “interest payment” to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment under a note were to be made by a person in a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to the Directive, neither CODELCO nor any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of such note as a result of the imposition of such withholding tax. CODELCO is, however, required to maintain a Paying Agent, whether or not in a Member State, that will not be obliged to withhold or deduct tax pursuant to the Savings Directive or any such law.

The Proposed Financial Transactions Tax

The European Commission has published a proposal for a Directive for a common financial transactions tax (“FTT”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the notes (including secondary market transactions) in certain circumstances. In May 2014, a joint statement by ministers of the participating Member States (excluding Slovenia) proposed “progressive implementation” of the FTT, with the initial form applying the tax to transactions in shares and some derivatives.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and the legality of the proposal is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States

may decide to withdraw. Prospective holders of the notes are advised to seek their own professional advice in relation to the FTT.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of the purchase agreement between CODELCO and Banco Santander, S.A., Deutsche Bank AG, London Branch and HSBC Bank plc, the initial purchasers have severally agreed to purchase from the Company the following respective principal amounts of notes listed opposite their name below at the initial offering price set forth on the cover page of this offering memorandum, less discounts and commissions:

<u>Initial Purchasers</u>	<u>Principal Amount of Notes</u>
Banco Santander, S.A.....	€ 200,000,000
Deutsche Bank AG, London Branch.....	200,000,000
HSBC Bank plc.....	200,000,000
Total.....	<u>€ 600,000,000</u>

The purchase agreement provides that the obligations of the several initial purchasers to purchase the notes offered hereby are subject to certain conditions precedent and that the initial purchasers will purchase all of the notes offered by this offering memorandum if any of these notes are purchased. The initial purchasers may use any of their affiliates to purchase any of the notes.

After the initial offering, the initial purchasers may change the offering price and other selling terms.

CODELCO has agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the initial purchasers may be required to make in respect of any of these liabilities.

The notes have not been registered under the Securities Act. Each initial purchaser has agreed that it will offer or sell the notes only (i) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act or (ii) in offshore transactions in reliance on Regulation S under the Securities Act. The notes being offered and sold pursuant to Regulation S may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless the notes are registered under the Securities Act or an exemption from, the registration requirements thereof is available. Resales of the notes are restricted as described under “Transfer Restrictions.”

Until forty (40) days after the later of the commencement of the offering and the closing date, any offer or sale of notes within the United States by a broker-dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act, unless such offer or sale is made pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements thereof. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

CODELCO has agreed, that for a period of 60 days from the date of the purchase agreement, CODELCO will not, without prior consent of the initial purchasers, offer, sell or contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by CODELCO or any affiliate of CODELCO or any person in privity with CODELCO or any of its affiliates), directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by CODELCO (other than the notes).

The notes are a new issue of securities without an established trading market. The notes will be listed only on the Official List of the Luxembourg Stock Exchange. The notes are expected to trade on the Euro MTF market of the Luxembourg Stock Exchange. See “General Information—Listing.” No assurance can be given as to the liquidity of the trading or that an active market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

In connection with this offering, the initial purchasers, or any person acting for any of them, may over-allot or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation for the initial purchasers, or any person acting for any of them, to do this. Such stabilizing, if commenced, may be discontinued at any time.

The initial purchasers and their affiliates have performed certain commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and expenses. The initial purchasers may, from time to time, continue to engage in transactions with and perform services for us in the ordinary course of their business. Certain affiliates of HSBC Bank plc are lenders to us under various credit and derivatives facilities totaling U.S.\$706.2 million currently. An affiliate of HSBC Bank plc is the custody agent and onshore account bank with respect to our acquisition of a 29.5% stake in Anglo American Sur. See “Business and Properties—Associations, Joint Ventures and Partnerships.” A subsidiary of Banco Santander, S.A. is a lender under a U.S.\$300 million short-term line of credit and under commercial bank loans totaling U.S.\$175.0 million.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Delivery of the notes is expected on or about July 9, 2014, which will be the fifth business day following the date of pricing of the notes (this settlement cycle being referred to as “T+5”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade notes on the pricing date or the next succeeding business day should consult their own advisor.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this offering memorandum to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the Company or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

This offering memorandum has been prepared on the basis that any offer of notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish an offering memorandum for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Company or any of the initial purchasers to publish an offering memorandum pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the initial purchasers to publish an offering memorandum for such offer.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

Each initial purchaser has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any other document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Italy

The offer of the notes has not been registered with the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, the “CONSOB”) pursuant to Italian securities legislation and, accordingly, the Notes may not be offered, sold or distributed, to the public in the Republic of Italy (“Italy”) nor may copies of the Offering Memorandum or of any other document relating to the Notes be distributed in Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 2, paragraph (e) of the Prospectus Directive as implemented by Article 34-ter of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time, (the “Issuers Regulation”); or
- (ii) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998, as amended from time to time, (the “Financial Services Act”) and Article 34-ter of the Issuers Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the notes or distribution of copies of this offering memorandum or any other document relating to the notes in Italy under (i) or (ii) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the “Banking Act”);
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by the Bank of Italy, CONSOB or other Italian authority.

Any investor purchasing the notes in the offering is solely responsible for ensuring that any offer or resale of the notes it purchased in the offering occurs in compliance with applicable Italian laws and regulations.

Notice to Prospective Investors in Japan

The notes offered in this offering memorandum have not been registered under the Securities and Exchange Law of Japan, and the notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law, and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

- shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except:
- to an institutional investor (for corporations, under Section 274 of SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than U.S.\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

Notice to Prospective Investors in Switzerland

The notes may not and will not be publicly offered, distributed or redistributed on a professional basis in or from Switzerland only on the basis of a non-public offering, and neither this offering memorandum nor any other solicitation for investments in the notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of articles 652a or 1156 of the Swiss Federal Code of Obligations or of Article 2 of the Federal Act on Investment Funds of March 18, 1994. This offering memorandum may not be copied, reproduced, distributed or passed on to others without the initial purchasers' prior written consent. This offering memorandum is not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss exchange and may not comply with the information standards required thereunder. We will not apply for a listing of the notes on any Swiss stock exchange or other Swiss regulated market and this offering memorandum may not comply with the information required under the relevant listing rules. The notes have not been and will not be approved by any Swiss regulatory authority. The notes have not been and will not be registered with or supervised by the Swiss Federal Banking Commission, and have not been and will not be authorized under the Federal Act on Investment Funds of March 18, 1994. The investor protection afforded to acquirers of investment fund certificates by the Federal Act on investment Funds of March 18, 1994 does not extend to acquirers of the notes.

Notice to Prospective Investors in Chile

The notes may not be offered or sold in Chile, directly or indirectly, by means of a "Public Offer" (as defined under Law 18.045 and regulations from the SVS). Chilean institutional investors (such as banks, pension funds and insurance companies) are required to comply with specific restrictions relating to the purchase of the notes.

Notice to Prospective Investors in the Republic of China

Each initial purchaser has agreed that, as part of the distribution of the notes, it has not offered or sold, and will not offer or sell, any note directly or indirectly in the Republic of China; each initial purchaser also understands and has acknowledged that the notes may not be sold to any related person of us (as defined in the Republic of China Statement of Financial Accounting Standards No. 6) or any person listed in Article 36 of the Chinese Securities Association Regulations Governing Underwriting and Resale of Securities by Securities Firms.

TRANSFER RESTRICTIONS

The notes have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except that notes may be offered or sold to (i) QIBs in reliance upon the exemption from the registration requirement of the Securities Act provided by Rule 144A and (ii) persons other than U.S. persons as such term is defined in Regulation S under the Securities Act (“Foreign Purchasers”) in offshore transactions in reliance upon Regulation S.

Each purchaser of the notes that is not a Foreign Purchaser will be deemed to:

(1) represent that it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB and is aware that the sale to it is being made in reliance on Rule 144A;

(2) acknowledge that the notes have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) agree that if it should resell or otherwise transfer the securities, it will do so only pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction;

(4) agree that it will deliver to each person to whom it transfers notes notice of any restrictions on transfer of such notes;

(5) agree that it is not an “affiliate” (within the meaning of Rule 144 under the Securities Act) of the Bank; and

(6) acknowledge that CODELCO, the Fiscal Agent, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account. If any of the acknowledgements, representations or agreements it is deemed to have been made by the purchase of notes is no longer accurate, it will promptly notify CODELCO and the initial purchasers.

Each 144A Global Note will bear the following legend:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR ANY STATE SECURITIES LAW. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”)) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT OR (B) IT IS A NON-U.S. PERSON OUTSIDE THE UNITED STATES WITHIN THE MEANING OF (OR AN ACCOUNT SATISFYING THE REQUIREMENTS OF PARAGRAPH (k)(2)(i) OF RULE 902 UNDER) REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE NOTES EVIDENCED HEREBY UNDER RULE 144(d) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER SUCH NOTES

EXCEPT IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND ONLY (A) TO THE ISSUER OR A SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EXEMPTION FROM REGISTRATION (IF APPLICABLE). PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (E) ABOVE, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THIS NOTE IS SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THE FISCAL AND PAYING AGENCY AGREEMENT REFERRED TO ON THE REVERSE HEREOF. THIS LEGEND WILL BE REMOVED ONLY AT THE OPTION OF THE ISSUER.

Each purchaser of notes that is a Foreign Purchaser will be deemed to:

- (1) represent that it is purchasing the notes for its own account or an account for which it exercises sole investment discretion and that it and any such account is a Foreign Purchaser that is outside the United States and acknowledge that the notes have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (2) agree that if it should resell or otherwise transfer the notes prior to the expiration of a restricted period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the notes), it will do so only (a)(i) outside the United States in compliance with Rule 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A, and (b) in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction.

Each Regulation S Global Note will bear the following legend:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AGENCY IN ANY JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS SECURITY IS SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THE FISCAL AND PAYING AGENCY AGREEMENT REFERRED TO ON THE REVERSE HEREOF. PRIOR TO THE EXPIRATION OF A RESTRICTED PERIOD ENDING ON AUGUST 18, 2014 OR SUCH LATER DATE AS THE COMPANY MAY NOTIFY TO THE FISCAL AGENT, THIS SECURITY, OR ANY BENEFICIAL INTEREST HEREIN, MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT (A)(1) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (2) TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN COMPLIANCE WITH RULE 144A, AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION.

The transfer or exchange of a beneficial interest in a Regulation S Global Note for a beneficial interest in a 144A Global Note during the restricted period may be made only upon receipt by the Fiscal Agent of a duly completed Rule 144A Certificate, as defined in the Fiscal and Paying Agency Agreement. Such Rule 144A Certificate will no longer be required after the expiration of the restricted period. The transfer or exchange of a beneficial interest in a 144A Global Note for a beneficial interest in a Regulation S Global Note may be made only upon receipt by the Fiscal Agent of a duly completed Regulation S Certificate, as defined in the Fiscal and Paying Agency Agreement.

For so long as the notes are listed on the Luxembourg Stock Exchange, if the notes are ever issued in certificated form:

- Certificated Notes will be delivered by the Fiscal Agent as described in this offering memorandum and at the offices of the Luxembourg paying agent; and
- holders of notes in certificated form will be able to transfer or exchange their notes at the offices of the Luxembourg transfer agent.

Any resale or other transfer, or attempted resale of other transfer, made other than in compliance with the above stated restrictions shall not be recognized by us.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfers of interests in Global Notes, see “Description of Notes—Global Notes; Book-Entry Form.”

We have prepared this offering memorandum solely for use in connection with the offer and sale of the notes outside the United States, for the private placement of the notes in the United States and for the listing on the Luxembourg Stock Exchange. We and the initial purchasers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of notes offered pursuant to Rule 144A under the Securities Act. This offering memorandum does not constitute an offer to any person in the United States other than any QIB under the Securities Act to whom an offer has been made directly by the initial purchasers or an affiliate of the initial purchasers.

Each purchaser of notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells notes or possesses or distributes this offering memorandum or any part of it and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or resales, and neither the Company nor the initial purchasers shall have any responsibility therefor.

VALIDITY OF THE NOTES

The validity of the notes will be passed upon for CODELCO by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, United States counsel for CODELCO, and by Carey y Cía. Ltda., Chilean counsel to CODELCO, and for the initial purchasers by Davis Polk & Wardwell LLP, United States counsel for the initial purchasers, and by Philippi, Yrarrázaval, Pulido & Brunner Ltda., Chilean counsel for the initial purchasers. Cleary Gottlieb Steen & Hamilton LLP may rely without independent investigation as to all matters of Chilean law on Carey y Cía. Ltda., and Davis Polk & Wardwell LLP may rely without independent investigation as to all matters of Chilean law on Philippi, Yrarrázaval, Pulido & Brunner Ltda.

INDEPENDENT AUDITORS

The consolidated financial statements of CODELCO as of and for the years ended December 31, 2011, 2012 and 2013, included in this offering memorandum, have been audited by Ernst & Young Servicios Profesionales de Auditoría y Asesorías Limitada, independent auditors as stated in their report appearing herein.

GLOSSARY OF CERTAIN MINING TERMS

Andesite: A fine-grained volcanic rock, usually dark grey in color, with an average composition of 50-60% sulphur dioxide.

Anode Copper: Blister copper that has undergone further refinement to remove impurities. In an anode furnace, the blister copper is blown with air and a hydrocarbon redundant to upgrade its purity to approximately 99.5% copper. It is then cast into keystone-shaped slabs that are shipped to an electrolytic refinery.

Anodic Slime: A product with a high content of precious metals that settles on the bottom of an electrolytic cell in the copper refinery during the production of copper cathodes. The product is called anode, or anodic, slime due to its muddy appearance. Anode slimes have a high commercial value based on their precious metals content (silver, gold, platinum and palladium).

Blister Copper: Copper that has been cast after passing through a converter. Blister copper is approximately 99.0% copper and takes its name from the “blisters” that form on the surface during cooling.

Breccia: A rock conglomerate made up of highly angular coarse fragments.

Calcopyrite: A combination of copper and iron sulfide with a metallic yellow-gold color, containing 34.7% copper, 30% iron and 26% sulfur.

Cathode: Copper produced by an electrochemical refining process that has been melted and cast into cakes, billets, wire bars or rods usually weighing approximately 90kg.

Concentration: The process by which crushed and ground ore is separated into metal concentrates and reject material through processes such as flotation. Concentrates are shipped to a smelter for further processing.

Concentrator: A plant where concentration takes place.

Converter: A plant that conducts a principal phase of the smelting process, blowing oxygen-enriched air through, molten metal, causing oxidation and the removal of sulfur and other impurities. In the case of copper, the product of this process is blister copper.

Copper Concentrate: A product of the concentrator usually containing 25% to 30% copper. It is the raw feed material for smelting.

Copper Grade: The concentration of copper in a given volume of rock, usually expressed as a percentage.

Dacite: A fine-grained volcanic rock similar in composition to andesite but containing a greater abundance of quartz crystals that are frequently visible to the naked eye.

Development: Activities related to the building of infrastructure and the stripping and opening of mineral deposits, commencing when economically recoverable reserves can reasonably be estimated to exist and generally continuing until commercial production begins.

Diorite: A dark, coarsely crystalline igneous rock, similar in composition to granite that is composed principally of silica, alumina, calcium and iron.

Electrolytic Refining: Electrochemical refining of copper anodes. Copper anodes are placed between layers of refined copper sheets in a tank through which an acid copper sulfate solution is circulated. A low voltage current is introduced, causing the transfer of copper from the anodes to the pure copper sheets, and producing 99.98% copper cathodes. Impurities, often containing precious metals, settle to the bottom of the tank.

Electrowinning: The process of directly recovering copper from solution by the action of electric currents.

Exploration: Activities associated with ascertaining the existence, location, extent or quality of a mineral deposit.

Fine Copper: 99.99% pure copper obtained through metallurgical processes.

Flotation: A process of copper concentrate production in which mineral particles attach themselves to the bubbles in an oily froth and rise to the surface, where they are skimmed off. This process is used primarily for the concentration of sulfide ores.

Flux: A high grade silica, which reacts with iron oxides formed during smelting and converting stages to create a molten slag.

Geological Resources (measured, indicated and inferred): Concentrations or occurrences of materials in such form, quantity (tonnage and ore grade) and quality, based on specific geological evidence and knowledge, which allows for the calculation of the amount, ore grade and quality of the material with some level of confidence.

Grade A Copper: Electrolytic copper, in the form of cathodes, that (i) is at least 99.99% pure, (ii) meets the LME's highest standards for copper quality, and (iii) is named in the LME-approved list of brands of Grade A copper.

Indicated Resources (geological or mineral resources): Resources about which CODELCO's knowledge is substantial but less extensive than its knowledge of measured resources.

Inferred Resources (geological or mineral resources): Resources about which CODELCO's knowledge is only indirect.

Intrusion: A geologic processes in which magmatic material flows to the earth's surface through pre-existing rocks.

Leached Capping: An abundant mass of iron oxide concentrated in the upper zones of a porphyry copper deposit.

Leaching: The process of extracting a soluble metallic compound from an ore by selectively dissolving it in a suitable solvent.

Matte: A high density liquid that is produced during the concentrate fusion stage of the pyro-metallurgical process.

Matte Sulfide: A high density liquid containing copper and iron sulfides that is produced of the concentrate fusion stage of the pyro-metallurgical process.

Measured Resources (geological or mineral resources): Resources about which CODELCO's knowledge is both extensive and direct.

Milling: A treatment process in which ore is ground into a fine powder.

Mine: Mines are the source of mineral-bearing material found near the surface or deep in the ground.

Mineral Deposit: A mineralized underground body that has been probed by a sufficient number of closely-spaced drill holes and/or underground sampling measurements to support an estimate of sufficient tonnage and ore grade to warrant further exploration or development. Mineral deposits or mineralized materials do not qualify as commercially minable ore reserves (*i.e.*, probable reserves or proved reserves), as prescribed under standards of the U.S. Bureau of Mines Circular 831 of 1980, until a final and comprehensive economic, technical, and legal feasibility study based upon the test results has been concluded.

Mineral Resources (measured, indicated and inferred): Geological resources about which CODELCO has achieved increased knowledge and which enable CODELCO to generate a long-term mining plan for the exploitation of such resources.

Mineralization: A deposit of rock containing one or more minerals for which the economics of recovery have not yet been established.

Molybdenum: A metallic element, grayish in color, that resembles chromium and tungsten in many properties, and is used especially in strengthening and hardening steel.

Ore: A mineral or aggregate of minerals from which metal can be economically mined or extracted.

Ore Grade: The average amount of metal expressed as a percentage or in ounces per metric ton.

Ore Deposit: Category including all geological resources, mineral resources and ore reserves.

Ore Reserves: The economically mineable part of a mineral resource.

Ounces: Unit of weight. A troy ounce equals 31,103 grams or 1.097 avoirdupois ounces.

Outokumpu Flash Furnace: Pyro-metallurgical technology used to smelt copper concentrate.

Overburden: The alluvium and rock that must be removed in order to expose an ore deposit.

Oxide Ore: Metalliferous minerals altered by weathering, surface waters, and their conversion, partly or wholly, into oxides, carbonates, or sulfates.

Pierce Smith Converter: Horizontal furnace to remove impurities from white metal by oxidation.

Porphyry: Rock with siliceous minerals and fine-medium grained size.

Porphyry-type Ore Body: Deposit of porphyric rocks with economic mineralization.

Probable Ore Reserves: Ore reserves about which CODELCO's knowledge is substantial but less extensive than its knowledge of proved ore reserves.

Proved Ore Reserves: Ore reserves about which CODELCO's knowledge is both extensive and direct. Quantities of proved ore reserves are computed from dimensions revealed in outcrops, trenches, workings or drill holes, and grade and quality are computed from the results of detailed sampling. Sites for inspection, sampling and measurement of proved ore reserves are spaced so closely together, and the geologic character of the ore is so well defined, that its size, shape, depth and mineral content are well established.

Reclamation: The process of restoring mined land to a condition established by applicable law. Reclamation standards vary widely, but usually address issues of ground and surface water, topsoil, final slope gradients, overburden and revegetation.

Refining: The purification of crude metallic substances.

Reverberatory Furnace: A furnace with a shallow hearth and a ceiling that reflects flames toward the hearth or radiates heat toward the surface of the charge.

Rod Mill: A large rotating cylinder in which metal rods are used for grinding ore.

Slag: A residue of the smelting process containing iron and other impurities, which the Company disposes of with its other industrial solid waste.

Smelting: A pyro-metallurgical process in which metal is separated by fusion from those impurities with which it may be chemically combined or physically mixed.

Solvent Extraction: A method of separating one or more substances from a chemical solution by treatment with a suitable organic solvent.

Subvertical: Amount of waste material removed during mining per metric ton of ore extracted in a near-vertical spatial orientation.

Sulfide Ore: Ore characterized by the inclusion of metal in the crystal structure of a sulfide mineral.

Tabular: Having a near-rectangular geometric configuration close to a rectangular shape.

Tailings: Finely ground rock from which valuable minerals have been extracted by concentration.

Teniente Converter: A horizontal rotary furnace into which matte, concentrates and flux are placed, and through which oxygen-rich air is blown to provide sufficient heat to smelt the concentrates. Off-gases are captured and transported to the acid plant.

Teniente Modified Converter: An advanced pyro-metallurgical technology used to smelt copper concentrate.

Tera: A metric prefix meaning 10^{12} , or one trillion.

Ton: A unit of weight. One metric ton equals 2,204.6 pounds. One short ton equals 2,000 pounds. Unless otherwise specified in this document, “tons” refers to metric tons.

Tourmaline: A dark-green hydrosilicate that exists in altered rock zones in some ore deposits.

GENERAL INFORMATION

Authorization

The Ministry of Finance of Chile authorized Codelco to commence negotiations to issue bonds abroad by Resolution No. 1171 dated June 17, 2014. The Ministry of Finance of Chile authorized the issuance of the notes by Resolution No. 1290 dated July 2, 2014.

CODELCO's Board of Directors authorized the issuance of the notes in its ordinary session of April 24, 2014 by means of Reserved Agreement No. 17/2014. CODELCO has obtained all other consents and authorizations necessary under Chilean law for the issuance of the notes.

Litigation

CODELCO is not involved in any litigation or arbitration proceeding which is material in the context of the issuance of the notes. CODELCO is not aware of any material litigation or arbitration proceeding that is pending or threatened.

Clearing

The notes have been accepted for clearance through the clearing systems of Euroclear System and Clearstream Banking, *société anonyme*. The securities codes are:

	Common Code	ISIN Number
Rule 144A Global Note.....	108494310	XS1084943106
Regulation S Global Note	108494247	XS1084942470

Listing

Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market of the Luxembourg Stock Exchange, in accordance with its rules and regulations. According to the Rules and Regulations of the Luxembourg Stock Exchange, the notes shall be freely transferable and therefore no transaction made on the Luxembourg Stock Exchange shall be cancelled.

As long as the notes are listed on the Luxembourg Stock Exchange, you may receive free of charge copies of the following documents at the offices of the listing agent or the Luxembourg paying and transfer agents on any business day:

- this offering memorandum;
- the fiscal and paying agency agreement attaching the forms of the notes;
- CODELCO's Unaudited Interim Consolidated Financial Statements for the period ending March 31, 2014;
- CODELCO's statutory documents;
- English translations of the official letter authorizing the incurrence of indebtedness as issued by the Ministry of Finance; and
- the most recent annual report, including the audited consolidated financial statements, of CODELCO.

The notes have been issued through the book-entry delivery system of Clearstream and Euroclear, and will be issued in certificated form only under the limited circumstances described in this offering memorandum.

If any European or national legislation is adopted and is implemented or takes effect in Luxembourg in a manner that would impose requirements on us that CODELCO, in its discretion determines are impracticable or unduly burdensome, CODELCO may de-list the notes. In these circumstances, there can be no assurance that CODELCO would obtain an alternative admission to listing, trading and/or quotation for the notes by another listing authority, exchange and/or system within or outside the European Union. For information regarding the notice requirements associated with any delisting decision, see “Description of Notes—Notices.”

CODELCO has initially appointed The Bank of New York Mellon (Luxembourg) S.A. to serve as its Luxembourg listing agent, Luxembourg paying agent, Luxembourg transfer agent and registrar. You can contact the Luxembourg listing agent, Luxembourg paying agent, Luxembourg transfer agent and registrar at the addresses listed on the inside back cover of this offering memorandum. CODELCO will maintain a paying agent and transfer agent so long as the notes are listed on the Luxembourg Stock Exchange, and such financial institution has been appointed in such way that the financial service of the notes is ensured in Luxembourg. Any change in the Luxembourg paying or transfer agent will be communicated to the Luxembourg Stock Exchange and through publication in a daily newspaper in Luxembourg.

Financial Condition

There has been no material adverse change in CODELCO’s financial condition since the date of the last audited financial statements.



CODELCO – CHILE

**Interim Unaudited Consolidated Financial Statements as of and for the three-month
period ended March 31, 2014**

**(Translation to English of Interim Consolidated Financial Statements originally
issued in Spanish – see Note I.2)**

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INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(As of and for the three-month period ended March 31, 2014)

(Translation to English of Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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CORPORACION NACIONAL DEL COBRE DE CHILE

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2014 and December 31, 2013

(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	3/31/2014	12/31/2013
Assets			
Current Assets			
Cash and cash equivalents	1	961,547	750,670
Other current financial assets	11	11,308	5,627
Other current non-financial assets		62,415	27,107
Trade and other current receivables	2	2,042,111	2,186,182
Accounts receivables due from related companies, current	3	30,235	30,883
Inventory	4	2,428,978	2,244,011
Current tax assets	6	255,690	179,759
Total current assets		5,792,284	5,424,240
Non-current assets			
Other non-current financial assets	11	92,707	93,707
Other non-current non-financial assets	10	39,799	39,662
Non-current receivables	2	144,051	138,896
Accounts receivables due from related companies, non-current	3	224	224
Investment accounted for using the equity method	8	7,496,964	7,494,982
Intangible assets other than goodwill		18,661	18,623
Property, plant and equipment, net	7	20,481,822	20,126,811
Investment property		18,258	18,018
Total non-current assets		28,292,486	27,930,923
Total Assets		34,084,770	33,355,163

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2014 and December 31, 2013

(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	3/31/2014	12/31/2013
Liabilities and Equity			
Liabilities			
Current liabilities			
Other current financial liabilities	12	1,589,463	1,160,301
Trade and other current payables	15	1,406,292	1,572,697
Accounts payables to related companies, current	3	136,897	153,949
Other current provisions	16	302,444	221,392
Current tax liabilities	6	128,207	15,723
Current employee benefit accruals	16	376,851	567,555
Other current non-financial liabilities		152,514	87,139
Total current liabilities		4,092,668	3,778,756
Non-current liabilities			
Other non-current financial liabilities	12	11,469,467	10,847,842
Accounts payables to related companies, non-current	3	221,199	230,692
Other non-current provisions and accrued expenses	16	1,324,329	1,387,890
Deferred tax liabilities	5	3,387,308	3,398,044
Non-current employee benefit accruals	16	1,272,998	1,298,367
Other non-current non-financial liabilities		5,773	5,952
Total non-current liabilities		17,681,074	17,168,787
Total liabilities		21,773,742	20,947,543
Equity			
Issued capital		2,524,423	2,524,423
Retained earnings		2,526,271	2,590,388
Other reserves	18	5,206,650	5,245,707
Equity attributable to owners of the parent		10,257,344	10,360,518
Non-controlling interests	18	2,053,684	2,047,102
Total equity		12,311,028	12,407,620
Total liabilities and equity		34,084,770	33,355,163

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of March 31, 2014 and March 31, 2013

(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2014 3/31/2014	1/1/2013 3/31/2013
Profit (loss)			
Revenue	19	3,130,189	3,277,676
Cost of sales		(2,460,930)	(2,250,103)
Gross profit		669,259	1,027,573
Other Income, by function	21.a	66,443	31,975
Distribution costs		(3,294)	(3,373)
Administrative expenses		(107,417)	(127,283)
Other expenses	21.b	(467,909)	(301,424)
Other gains		9,514	10,759
Profit from operating activities		166,596	638,227
Finance income		4,832	11,757
Finance costs	22	(120,415)	(89,245)
Share of profit of associates and joint ventures accounted for using the equity method	8	90,965	99,223
Foreign exchange differences	24	156,346	(60,158)
Profit for the period before tax		298,324	599,804
Income tax expense	5	(153,931)	(342,314)
Profit for the period		144,393	257,490
Profit attributable to:			
Profit attributable to owners of the parent		137,856	246,594
Loss attributable to non-controlling interests	18.b	6,537	10,896
Profit for the period		144,393	257,490

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUATION)

As of March 31, 2014 and March 31, 2013

(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2014 3/31/2014	1/1/2013 3/31/2013
Profit for the period		144,393	257,490
Components of other comprehensive income (loss), before tax:			
Exchange differences on conversion			
Gain (loss) on exchange differences on conversion, before tax		(928)	233
Other comprehensive income, before tax, exchange differences on conversion		(928)	233
Cash flow hedges			
Gain on cash flow hedges, before tax		23,407	26,623
Other comprehensive income, before tax, cash flow hedges		23,407	26,623
Other comprehensive income, before tax, gains (losses) for defined benefit plans		(136,057)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, before tax		(437)	(379)
Other comprehensive income (loss), before tax		(114,015)	26,477
Income tax related to other comprehensive income:			
Income tax related to cash flow hedges of other comprehensive income	5	(14,044)	(15,933)
Income tax relating to defined benefit plans other comprehensive income		88,437	-
Aggregated income tax related to components of other comprehensive income		74,393	(15,933)
Other comprehensive income (loss)		(39,622)	10,544
Reclassifiable other comprehensive income items to profit or loss in subsequent periods		7,998	10,544
Other comprehensive income for items not reclassifiable to profit or loss in subsequent periods		(47,620)	-
Total comprehensive income		104,771	268,034
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		98,234	257,138
Comprehensive income attributable to non-controlling interests	18.b	6,537	10,896
Total comprehensive income		104,771	268,034

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD

As of March 31, 2014 and March 31, 2013

(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2014 3/31/2014	1/1/2013 3/31/2013
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		3,456,449	4,264,192
Other cash flows provided by operating activities	25	426,634	594,462
Types of cash payments			
Payments to suppliers for goods and services		(2,181,912)	(2,447,661)
Payments to and on behalf of employees		(730,854)	(643,313)
Other cash flows used in operating activities	25	(508,988)	(735,406)
Dividends received		88,876	269,940
Income taxes paid		(72,447)	(103,220)
Net cash flows provided by operating activities		477,758	1,198,993
Cash flows provided by (used in) investing activities:			
Other payments to acquire equity or debt instruments of other entities		(5,416)	(1,547)
Purchases of property plant and equipment		(971,077)	(1,150,192)
Interest received		1,322	14,334
Other inflows (outflows) of cash		(11,923)	38,235
Net cash flows from (used in) investing activities		(987,094)	(1,099,170)
Cash flows provided by (used in) financing activities:			
Total amounts from loans		1,178,573	236,606
Repayments of loans		(156,126)	(201,265)
Dividends paid		(202,103)	-
Interest paid		(99,882)	(82,493)
Net cash flows from (used in) financing activities		720,462	(47,154)
Net increase (decrease) in cash and cash equivalents before foreign exchange difference		211,126	52,670
Effect of exchange rate changes		(249)	14,265
Net increase (decrease) in cash and cash equivalents		210,877	66,935
Cash and cash equivalents at beginning of period	1	750,670	1,263,823
Cash and cash equivalents at end of period	1	961,547	1,330,758

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As of March 31, 2014 and March 31, 2013

(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see page 10)

March 31, 2014	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial gains and losses in defined benefits plans Note 17	Other miscellaneous reserves	Total other reserves Note 18	Retained earnings
Initial balance as of 1/1/2014	2,524,423	1,220	(8,704)	(113,519)	5,366,710	5,245,707	2,599,900
Changes in equity							
Profit for the period							13,000
Other comprehensive income (loss)		(928)	9,363	(47,620)	(437)	(39,622)	
Comprehensive income							
Dividends Paid							(20,000)
Increase (decrease) through transfers and other changes	-	-	-	-	565	565	
Total increase (decrease) in equity	-	(928)	(9,363)	(47,620)	128	(39,057)	(6,500)
Final balance as of 3/31/2014	2,524,423	292	659	(161,139)	5,366,838	5,206,650	2,593,400

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As of March 31, 2014 and March 31, 2013
(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see page 10)

March 31, 2013	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial gains and losses in defined benefits plans Note 17	Other miscellaneous reserves	Total other reserves Note 18	Retained earnings
Initial balance as of 1/1/2013	2,524,423	1,609	(5,673)	(102,246)	3,368,247	3,261,937	4,293,246
Changes in equity							
Profit for the period							246,594
Other comprehensive income (loss)		233	10,690	-	(379)	10,544	
Comprehensive income							
Dividends Paid							-
Increase (decrease) through transfers and other changes	-	-	-	-	(32,738)	(32,738)	161
Total increase (decrease) in equity	-	233	10,690	-	(33,117)	(22,194)	246,755
Final balance as of 3/31/2013	2,524,423	1,842	5,017	(102,246)	3,335,130	3,239,743	4,540,001

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of the Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

I. GENERAL INFORMATION

1. Corporate Information

Corporación Nacional del Cobre de Chile, Codelco (hereinafter referred to as “Codelco - Chile”, the “Corporation”), is the largest copper producer in the world. Its most important product is refined copper, primarily in the form of cathodes. The Corporation also produces copper concentrates, blister and anode copper and by-products such as molybdenum, anode slime and sulfuric acid. Codelco also manufactures wire rods in Germany, a semi-manufactured product that uses copper cathodes as raw material through an associated company (discussed in Note 8).

The Corporation trades its products based on a policy with the objective of selling refined copper to manufacturers or producers of semi-manufactured products.

These products contribute to diverse fields of community development, particularly those intended to improve areas such as public health, energy efficiency, and sustainable development, among others.

Codelco is registered under Securities Registry No. 785 of the Chilean Superintendency of Securities and Insurance (the “SVS”) and is subject to the supervision of said SVS. According to Article 10 of Law No. 20.392 (on the new Corporate Governance of Codelco), such supervision will be on the same terms as publicly traded companies, notwithstanding the provisions in Decree Law (D.L.) No. 1.349 of 1976, which created the Comisión Chilena del Cobre (“Chilean Copper Commission”).

Codelco’s head office is located in Santiago, Chile, at 1270 Huérfanos, telephone number (56 2) 26903000.

Codelco Chile was formed as stipulated by D.L. No. 1.350 of 1976, which is the statutory decree of the Corporation. In accordance with the statutory decree, Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity with its own equity. Codelco Chile currently carries out its mining business through its divisions Chuquicamata, Radomiro Tomic, Salvador, Andina, El Teniente, Ventanas and Gabriela Mistral. The Gabriela Mistral division is in charge of the ore deposit of the same name, whose operations were, until December 31, 2012, the responsibility of its subsidiary Minera Gaby SpA., a wholly owned subsidiary of the Corporation which was absorbed by Codelco on that date. In 2010 the Corporation was authorized by its Board of Directors to invest in the operation of the new division Ministro Hales Mine, whose estimated initial operating date is during the first half of 2014 (at the end of 2013 the mine was operating with full pre-stripping and the tests in the concentrator plant were completed, with just the tests in the roasting plant remaining). The Corporation also carries out similar activities in other mining deposits in association with third parties.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of the Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

In accordance with letter e) of Article 10 of Law No. 20.392, Codelco is governed by its organic standards set forth in Decree Law No. 1.350 (D.L. No. 1.350) and that of its statutes, and in matters not covered by them and, insofar as they are compatible and do not go against the provisions of these rules, the rules that govern publicly traded companies and the common laws as applicable to them.

In accordance with D.L. No. 1.350 Section IV related to the Company's Exchange and Budget Regulations, Codelco's financial activities are conducted following a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The tax system applicable to Codelco's income is in accordance with Article 26 of D. L. No. 1.350, which refers to Decree Laws No. 824 on Income Tax of 1974 and Decree Law No. 2.398 (Article 2) of 1978, as applicable. The Corporation's income is also subject to a Specific Mining Tax in accordance with Law No. 20.026 of 2005.

The Corporation is subject to Law No. 13.196, which mandates the payment of a 10% tax over the foreign currency return on the actual sale revenue of copper production, including its by-products.

The subsidiaries whose financial statements are included in these consolidated financial statements correspond to companies located in Chile and abroad, which are detailed in Note 2.d of Section II to the Summary of Significant Accounting Policies.

The associates correspond to companies located in Chile and abroad, which are detailed in the Explanatory Notes Section III Note 8.

2. Basis of Presentation of the Interim Consolidated Financial Statements

The Corporation's interim consolidated financial statements are stated in thousands of US dollars and were prepared based on the accounting records maintained by Codelco Chile and its subsidiaries, and have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB").

Responsibility for the Information and Use of Estimates

The Board of Directors of the Corporation has been informed of the information included in these interim consolidated financial statements and expressly states its responsibility for the consistent and reliable nature of the information included in the interim consolidated financial statements as of March 31, 2014, for the effects of which IFRS principles issued by the IASB have been applied in full. The March 31, 2014 Interim Consolidated Financial Statements were approved by the Board of Directors in a meeting on May 29, 2014.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of the Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

Accounting Principles

These interim consolidated financial statements reflect the financial position of Codelco Chile and its subsidiaries as of March 31, 2014 and December 31, 2013, the results of their operations for the periods ended March 31, 2014 and 2013, the changes in net equity and cash flows for the periods ended March 31, 2014 and 2013, and their related notes, all of which have been prepared and presented in accordance with IAS 34 “Presentation of Interim Financial Reporting” which considers the respective regulations of the Chilean Superintendency of Securities and Insurance (“SVS”), and do not conflict with IFRS.

For the convenience of the reader, these interim consolidated financial statements and their accompanying notes have been translated from Spanish to English.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these interim consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the amounts of assets and liabilities recognized as of the date of financial statements and the amounts of income and expenses during the reporting period. It also requires the Corporation's management to exercise its judgment in the process of applying the Corporation's accounting principles. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim consolidated financial statements as follows:

- a) **Useful economic lives and residual values of property, plant and equipment** - The useful lives and residual values of property, plant and equipment assets that are used for calculating the depreciation are determined based on technical studies prepared by specialists (internal or external). When there are indicators that could lead to changes in the estimated useful lives of such assets, these changes are determined by using technical estimates considering specific factors related to the use of the assets.

The studies consider specific factors related to the use of assets.

- b) **Ore reserves** - The measurements of ore reserves are based on estimates of the ore resources that are economically exploitable, and reflect the technical considerations of the Corporation regarding the amount of resources that could be exploited and sold at prices exceeding the total cost associated with the extraction and processing.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
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The Corporation applies judgment in determining the ore reserves, and as such, possible changes in these estimates could significantly impact the estimates of net revenues over time. For such reason, these changes would lead to modifications in the usage estimates of certain assets and of the amount of certain decommissioning and restoration costs.

The Corporation estimates its reserves and mineral resources based on the information composed by the Competent Persons of the Corporation, defined and regulated by the Chilean Law N° 20.235. The estimates are based on the JORC (Joint Ore Reserves Committee) methodology, taking into consideration the historical information of the cost of goods sold and copper prices in the international market.

The Corporation also periodically reviews such estimates, supported by world-class external experts, who certify the determined reserves.

- c) Impairment of assets** - The Corporation reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss with regard to the carrying amount. In the evaluation of impairment, the assets are grouped into cash generating units ("CGUs") to which the assets belong. The recoverable amount of these assets or CGUs is calculated as the present value of the cash flows expected to be derived from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of the assets is less than their carrying amount, an impairment loss exists.

The Corporation defines the CGUs and also estimates the timing and cash flows that such CGUs should generate. Subsequent changes in the grouping of the CGU, or changes in the assumptions supporting the estimates of cash flows or the discount rate, could impact the carrying amounts of the corresponding assets.

Estimation of factors influencing the calculation of cash flows, such as the price of copper or treatment charges and refining charges, among others, are determined based on studies conducted by the Corporation, which are in turn supported by certain standards over time. Any changes to these criteria may impact the recoverable amount of the assets on which is performing the impairment tests.

The Corporation has assessed and defined that the CGUs are constituted at the level of each of its current operating divisions.

The review for impairment includes subsidiaries, associates and joint arrangements.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
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d) Provisions for decommissioning and site restoration costs - The Corporation is obligated to incur in decommissioning and site restoration costs when environmental disturbance is caused by the development or ongoing production of a mining property. Costs are estimated on the basis of a formal closure plan and are reassessed annually or as of the date such obligations become known.

For these purposes, a defined list of mine sites, installations and other equipment assigned to this process, considered at the engineering level profile, the cubing of assets that will be subject to removal and restoration, weighted by a structure of market prices of goods and services, reflecting the best knowledge at the time to carry out such activities, as well as techniques and more efficient construction procedures to date. In the process of valuation of the activities mentioned, the assumptions of the exchange rate for tradable goods and services must be made, and the discount rate applied to update the relevant cash flows over time, which reflects the time value of money and includes the risks associated with liabilities, which is determined based on the currency in which disbursements will be made.

The provision as of a reporting date represents management's best estimate of the present value of the future decommissioning and site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the decommissioning and site restoration liability and therefore any deduction from the decommissioning and site restoration asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning and site restoration liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If the revised asset net of decommissioning and site restoration provisions exceeds the recoverable value, that portion of the increase is charged directly to profit or loss statement. Any decommissioning and site restoration costs that arose as a result of the production phase of a mine should be expensed as incurred.

The costs arising from the installation of a plant or other site preparation projects are discounted at net present value, provided for and capitalized at the beginning of each project, as soon as the obligation to incur such costs arises. These decommissioning costs are charged to net income over the life of the mine, through depreciation of the asset. The depreciation is included in operating costs, while the unwinding of the discount in the provision is included in finance costs.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of the Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

- e) Accrual for employee benefits** - Employee benefits costs for severance payments and health benefits for services rendered by the employees are determined based on actuarial calculations using the Projected Credit Unit Method, and are charged to profit or loss on an accrual basis.

The Corporation uses assumptions to determine the best estimate for these benefits. Such estimates, as well as assumptions, are determined together with an external actuary. These assumptions include demographic assumptions, mortality and morbidity, discount rate and expected salary increases and rotation levels, among other factors. Although the Corporation believes that the assumptions used are appropriate, a change in these assumptions could affect net income.

- f) Accruals for open invoices** - The Corporation uses information on future copper prices, through which it recognizes adjustments to its revenues and trade receivables, due to the conditions of its provisional invoicing. These adjustments are updated on a monthly basis and the accounting principle on "Revenue recognition" is referred to in letter q) of the section 2 "Significant accounting policies" of the current document.
- g) Fair Value of Derivatives and Other Instruments** - Management may use its judgment to choose an adequate and proper valuation method for the instruments that are not quoted in an active market. The Corporation applies customary valuation techniques used by other professionals in the industry. In the case of derivative financial instruments, assumptions are based on the observable market inputs, adjusted in conformity with the specific features of the instruments.
- h) Lawsuits and contingencies** - The Corporation assesses the probability of lawsuits and contingency losses on an ongoing basis according to estimates performed by its legal advisors. For cases in which management and the Corporation's legal advisors believe that a favorable outcome will be obtained or when the results are uncertain and the lawsuits are still pending resolution, no provisions are recognized.

Although these above-mentioned estimates have been made based on the best information available as of the date of issuance of these interim consolidated financial statements, it is possible that future developments may force the Corporation to modify these estimates in upcoming periods. Such modifications, if occurred, would be adjusted prospectively, recognizing the effects of the change in estimate on the corresponding future consolidated financial statements, as required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

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2. Significant accounting policies

- a) **Period covered** - The accompanying interim consolidated financial statements of Corporación Nacional del Cobre de Chile include:
- Statements of Financial Position as of March 31, 2014 and December 31, 2013.
 - Statements of Comprehensive Income for the periods ending March 31, 2014 and 2013.
 - Statements of Changes in Equity for the period ending March 31, 2014 and 2013.
 - Statements of Cash Flows for the period ending March 31, 2014 and 2013.
- b) **Basis of preparation** - The interim consolidated financial statements of the Corporation for the period ended as of March 31, 2014 have been prepared in conformity with IFRS, as issued by the IASB.

The consolidated statement of financial position as of December 31, 2013 and the statements of comprehensive income, of net equity and of cash flows for the period ended March 31, 2013, included for comparative purposes, have been prepared in conformity with IFRS, on a consistent basis with the criteria used by the Corporation for the period ended March 31, 2014.

These consolidated financial statements have been prepared based on the accounting records kept by the Corporation.

- c) **Functional Currency** - The functional currency of Codelco is the US dollar, which is the currency of the primary economic environment in which the Corporation operates and the currency in which it receives its revenues. Transactions other than those in the Corporation's functional currency are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at closing exchange rates. Gains and losses from foreign currency conversion are included in the period profit or loss within the line item "Foreign Exchange differences".

The presentation currency of the interim consolidated financial statements of Codelco is the US dollar.

The functional currency of subsidiaries, associates and joint ventures, likewise corresponds to the currency of the primary economic environment in which those entities operate and the currency in which they receive their revenues, as established in IAS 21. However, regarding those subsidiaries and associates that correspond only to an extension of the operations of Codelco (entities that are not self-sufficient and whose main transactions are performed with Codelco), the functional currency is also the US dollar, as this is the functional currency of Codelco.

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When the indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions under which each entity operates.

- d) Basis of consolidation** - The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In the consolidation process, all significant balances and transactions between the consolidated companies have been fully eliminated, and the equity share of non-controlling interests has been recognized and presented as “Non-controlling Interests” The interim consolidated financial statements take into account the elimination of intercompany balances, transactions and unrealized profit and loss between the consolidated companies, including foreign and local subsidiaries. The companies incorporated in the consolidation are detailed as follows:

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Taxpayer Number	Company	Country	Currency	3/31/2014			12/31/2013
				Entity Share Percentage			Entity Share Percentage
				Direct	Indirect	Total	Total
Foreign	Chile Copper Limited	England	GBP	100.00	-	100.00	100.00
Foreign	CK Metall Agentur GmbH	Germany	EURO	-	100.00	100.00	100.00
Foreign	Codelco do Brasil Mineracao	Brazil	BRL	-	100.00	100.00	100.00
Foreign	Codelco Group Inc.	United States of America	USD	100.00	-	100.00	100.00
Foreign	Codelco International Limited	Bermuda	USD	100.00	-	100.00	100.00
Foreign	Codelco Kupferhandel GmbH	Germany	EURO	100.00	-	100.00	100.00
Foreign	Codelco Metals Inc.	United States of America	USD	-	100.00	100.00	100.00
Foreign	Codelco Services Limited	England	GBP	-	100.00	100.00	100.00
Foreign	Codelco Shanghai Company Limited	China	USD	100.00	-	100.00	100.00
Foreign	Codelco Technologies Ltd.	Bermuda	USD	-	100.00	100.00	100.00
Foreign	Codelco USA Inc.	United States of America	USD	-	100.00	100.00	100.00
Foreign	Ecometales Limited	Anglonormandars	USD	-	100.00	100.00	100.00
Foreign	Exploraciones Mineras Andinas Ecuador EMSAEC S.A.	Ecuador	USD	-	100.00	100.00	-
Foreign	Cobrex Prospeccion Mineral	Brazil	BRL	-	51.00	51.00	-
78.712.170-5	Compañía Minera Picacho (SCM)	Chile	USD	99.99	0.01	100.00	100.00
78.860.780-6	Compañía Contractual Minera los Andes	Chile	USD	99.97	0.03	100.00	100.00
79.566.720-2	Isapre Chuquicamata Ltda.	Chile	CLP	98.30	1.70	100.00	100.00
81.767.200-0	Asociación Garantizadora de Pensiones	Chile	CLP	96.69	-	96.69	96.69
88.497.100-4	Clinica San Lorenzo Limitada	Chile	CLP	99.90	0.10	100.00	100.00
76.521.250-2	San Lorenzo Institución de Salud Previsional Ltda.	Chile	CLP	-	100.00	100.00	99.90
89.441.300-K	Isapre Rio Blanco Ltda.	Chile	CLP	99.99	0.01	100.00	100.00
96.817.780-K	Ejecutora Hospital del Cobre Calama S.A.	Chile	USD	99.99	0.01	100.00	100.00
96.819.040-7	Complejo Portuario Mejillones S.A.	Chile	USD	99.99	0.01	100.00	100.00
96.854.500-0	Instituto de Innovación en Minería y Metalurgia S.A.	Chile	USD	99.93	0.07	100.00	100.00
96.876.140-4	Santiago de Rio Grande S.A.	Chile	USD	99.99	0.01	100.00	100.00
76.024.442-2	Ecosea Farming S.A.	Chile	USD	-	85.03	85.03	85.03
96.991.180-9	Biosigma S.A.	Chile	USD	66.67	-	66.67	66.67
99.569.520-0	Exploraciones Mineras Andinas S.A.	Chile	USD	99.90	0.10	100.00	100.00
99.573.600-4	Clinica Rio Blanco S.A.	Chile	CLP	99.00	1.00	100.00	100.00
76.064.682-2	Centro de Especialidades Médicas Río Blanco Ltda.	Chile	CLP	99.00	1.00	100.00	100.00
77.773.260-9	Sociedad de Inversiones Copperfield Ltda.	Chile	USD	99.99	0.01	100.00	100.00
76.883.610-8	Energía Minera S.A.	Chile	USD	99.00	1.00	100.00	100.00
76.043.396-9	Innovaciones en Cobre S.A.	Chile	USD	0.05	99.95	100.00	100.00
76.148.338-2	Sociedad de Inversiones Copperfield Ltda.	Chile	USD	99.90	0.10	100.00	100.00
76.167.903-1	Inversiones Mineras Acrux SpA	Chile	USD	-	67.80	67.80	67.80
76.173.357-5	Inversiones GacruX SpA	Chile	USD	100.00	-	100.00	100.00
76.231.838-5	Inversiones Mineras Nueva Acrux SpA	Chile	USD	-	67.80	67.80	67.80
76.237.866-3	Inversiones Mineras Los Leones SpA	Chile	USD	100.00	-	100.00	100.00
76.173.783-K	Inversiones Mineras BecruX SpA	Chile	USD	-	67.80	67.80	67.80
76.124.156-7	Centro de Especialidades Médicas San Lorenzo Ltda.	Chile	USD	-	100.00	100.00	100.00
76.255.061-K	Central Eléctrica Luz Minera SpA	Chile	USD	100.00	-	100.00	100.00
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	USD	100.00	-	100.00	100.00
76.255.667-7	MCM Equipos S.A.	Chile	USD	-	-	-	100.00
70.905.700-6	Fusat	Chile	CLP	-	-	-	-
76.334.370-7	Inst. de Salud Previsional Fusat. Ltda.	Chile	CLP	-	99.70	99.70	99.70
78.394.040-K	Centro de Servicios Médicos Porvenir Ltda.	Chile	CLP	-	99.00	99.00	99.00
96.796.530-8	Inmobiliaria Centro de Especialidades Torre Médica S.A.	Chile	CLP	-	75.00	75.00	75.00
77.928.390-9	Inmobiliaria e Inversiones Rio Cipreces Ltda.	Chile	CLP	-	99.90	99.90	99.90
77.270.020-2	Prestaciones de Servicios de la Salud Intersalud Ltda.	Chile	CLP	-	99.00	99.00	99.00

For the purposes of these interim consolidated financial statements, subsidiaries, associates, acquisitions and disposals and joint ventures are defined as follows:

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- **Subsidiaries** - A subsidiary is an entity over which the Corporation has power to govern its operating and financial policies in order to obtain benefits from its activities under the conditions of IFRS 10. The interim consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows of Codelco and its subsidiaries, after eliminating all inter-company balances and transactions. For partially owned subsidiaries, the net assets and net earnings attributable to non-controlling shareholders are presented as “Non-controlling interests” in the consolidated statements of financial position and consolidated statement of income.
- **Associates** - An associate is an entity over which Codelco is in the position to exercise significant influence, but not to control or jointly control, through the power to participate in the financial and operating policy decisions of that entity.

Codelco’s share of the net assets of such entities is included in the consolidated financial statements by using the equity method. This requires recording the initial investment at cost and then, in subsequent periods, adjusting the carrying amount of the investment to reflect Codelco’s share in the income of associates, less any impairment of goodwill and any other changes in the associate’s net assets.

The Corporation makes adjustments to the proportional gains or losses obtained by the associate after the acquisition, in order to consider the effects that may exist in the depreciation of fair value of the assets according to the date of acquisition.

- **Acquisitions and Disposals** - The results of businesses acquired are incorporated in the consolidated financial statements from the acquisition date; the results of businesses sold during the period are incorporated into the consolidated financial statements up to the effective date of disposal. Gains or losses from the disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the ownership interest that has been sold.

Upon the occurrence of operations that generate a loss of control over a subsidiary, the valuation of investment which results from the loss of control in the subsidiary must be based on the fair values of such companies.

If at the time of acquisition of an investment in an associate, Codelco’s share in the net fair value of identifiable assets and liabilities of the associate is higher than the cost of the investment, the Corporation recognizes revenue in the period in which such purchase was made.

- **Joint Ventures** - The entities that qualify as joint ventures, in which joint control exists over the operating and financial decisions, are accounted for using the equity method.

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- e) **Foreign currency transactions** - Monetary assets and liabilities denominated in foreign currency have been translated into U.S. dollars at the closing exchange rate of the period.

At the reporting period-end, monetary assets and liabilities denominated in currency other than the functional currency, indexed in unidades de fomento (UF or inflation index-linked units of account) (3/31/2014: US\$ 42.73; 12/31/2013: US\$44.52), are translated into U.S. dollars at the closing exchange rates of each period.

Income and expenses denominated in Chilean pesos have been translated into U.S. dollars at the exchange rate at the date when the transaction was recorded in the accounting records.

Exchange differences are recognized in net income in accordance with IFRS.

The financial statements of subsidiaries, associates and jointly controlled entities, whose functional currency is different from the presentation currency of Codelco, are translated using the following procedures:

- Assets and liabilities for each statement of financial position presented shall be translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive income shall be translated at average exchange rates of the reporting period.
- All resulting exchange differences are recognized as a separate component of net equity.

The exchange rates used in each period are as follows:

Relation	Exchange rates	
	3/31/2014	12/31/2013
USD/CLP	0.00181	0.00191
USD/GBP	1.66778	1.65153
USD/BRL	0.44348	0.42452
USD/EURO	1.37722	1.38064

- f) **Offsetting Balances and Transactions:** As a general standard, assets and liabilities, income and expenses, are not offset in the financial statements, except for those cases in which offsetting is required or is allowed by some standard and the presentation is a reflection of the transaction.

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Income or expenses arising from transactions which, for contractual or legal reasons, consider the possibility of offsetting and which the Corporation intends to liquidate for their net value or realize the assets and pay the liabilities simultaneously, are stated net in the statement of income.

- g) Property, plant and equipment and depreciation** - Property, plant and equipment items are initially recognized at cost. After their initial recognition, they are recorded at cost, less any accumulated depreciation and any accumulated impairment losses.

The costs of property, plant and equipment items related to the extension, modernization or improvement representing an increase of the productivity, capacity or efficiency or an increase in the useful life of the assets is capitalized as cost of the corresponding assets.

Furthermore, investments in assets acquired under finance lease contracts are not legally owned by the Corporation until the corresponding purchase option is exercised.

Items included in property, plant and equipment are depreciated in accordance with the straight-line method over their economic useful lives, which are summarized in the following table:

The	Items	Minimum useful life	Maximum useful life	straight-line depreciation
	Buildings	15 years	50 years	
	Plant and equipment	2 years	35 years	
	Fixtures and fittings	2 years	15 years	
	Motor vehicles	5 years	25 years	
	Mining operations	20 years	35 years	
	Construction in progress (mine development)	1 year	5 years	
	Land improvements	10 years	35 years	
	Other	5 years	24 years	

method mentioned above, based on calculation procedures that enable the detection of significant changes, does not differ materially from depreciation results based on calculations which detect changes in production units.

The assets maintained under finance leases are depreciated during the estimated period of the lease contract or in accordance with the useful life of the assets, whichever is lower.

Estimated useful lives, residual values and the depreciation method are reviewed at each year end, recording prospectively the effect of any change in estimates.

The profit or loss from disposal or withdrawal of an asset is calculated as the difference between the price obtained in the disposal and the value recorded in the ledgers recognizing the charge or credit to net income for the year.

Work in progress includes the amounts invested in the construction of property, plant and equipment assets and in mining development projects. Works in progress are transferred to

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assets in operation once the testing period has terminated and when they are available for use, and start to be depreciated as of that moment.

The ore deposits owned by the Corporation are recorded in the accounting records at US\$1 (one US dollar).

Without limiting the foregoing, reserves and resources acquired as part of acquisitions of shares in companies where the economic value of such properties differs from the carrying amount are recorded at fair value less any accumulated losses for impairment, and deducting the value associated with the use and/or consumption of such reserves.

Borrowing costs that are directly attributable to the acquisition or construction of assets that require a substantial period of time before they are ready for use or sale will be considered as part of the cost of property, plant and equipment.

- h) Impairment of property, plant and equipment and intangible assets** - Property, plant and equipment and intangible assets of definite useful life are reviewed for impairment, in order to verify whether there is any indication that the carrying value cannot be recovered. If such an indicator exists, the recoverable amount of the assets is estimated to determine the extent of the impairment loss. Where the asset does not generate cash flows independently from other assets, Codelco estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

For assets with indefinite useful lives, the estimated recoverable amount is performed at the end of each year.

If the asset does not generate cash flows that are independent from other assets, Codelco determines the recoverable amount of the CGU to which the asset belongs.

For such purposes, each division of the Corporation has been defined as a cash generating unit.

The measurement of impairment includes subsidiaries and associates.

The recoverable amount of an asset will be the higher of the fair value less costs to sell the asset and its value in use. When evaluating the value in use, the estimated future cash flows are discounted using an interest rate, before taxes, that shows the market evaluations corresponding to the time value of money and the specific risks of the asset, for which the future cash flow estimates have not been adjusted.

If the recoverable value of an asset or cash generating unit is estimated to be less than its carrying amount, an impairment loss is immediately recognized, reducing the carrying amount up to its recoverable amount with a charge to net income. In case of a subsequent reversal of the impairment, the carrying amount increases to the reviewed estimate of the recoverable amount,

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but only to the point that it does not exceed the carrying amount that would have been determined if no impairment had been recognized previously. A reversal is recognized as a decrease in the charge for depreciation for the year.

For CGUs, future cash flow estimates are based on the estimates of future production levels, future prices of basic products and future production costs. IAS 36 “Impairment of Assets” includes a series of restrictions to the future cash flows that can be recognized regarding the restructurings and future improvements related to expenses. When calculating the value in use, it is also necessary to base the calculations on the current exchange rates at the moment of the measurement.

- i) **Exploration, mine development and mining operations costs and expenses** - The Corporation has defined an accounting criterion for each of these costs and expenses.

Development expenses for deposits under exploitation whose purpose is to maintain production levels are charged to net income when incurred.

Expenses for exploration and drillings of deposits include the expenses destined to locate mineralized areas to determine their potential for commercial exploitation. The accounting policy for these expenses has been defined by the Corporation in accordance with IFRS 6 paragraph 9, which will mainly be treated as expenses in profit or loss in the period when the expenses occurred until there is certainty that the project is economically viable.

Pre-operating and mine development expenses (PP&E) incurred during the execution of a project and until its start-up are capitalized and amortized in relation to the future production of the mine. These costs include extraction of waste material, constructing the mine’s infrastructure and other works carried out prior to the production phase.

Finally, the costs for the delimitation of new areas or deposit areas in exploitation and of mining operations (PP&E) are recorded in property, plant and equipment and are charged to net income during the period in which the benefits are obtained.

- j) **Deferred stripping** – Costs that arise by removing mine waste materials (overburden) to gain access to mineral ore deposits in open pits that are in production, incurred in order to access mineral deposits that are in production, or incurred in order to access mineral deposits are recognized in property, plant and equipment, provided they meet the following criteria set out in IFRIC 20:

- It is probable that the future economic benefits associated with the stripping activity will flow to the entity.

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- It is possible to identify the component of an ore body for which access has been improved as a result of the stripping activity.
- The costs relating to the improved access to that component can be measured reliably.

The amounts recognized in property, plant and equipment are depreciated according to units of production method extracted from the ore body related to the stripping activity which generated this amount.

- k) **Income taxes and deferred taxes** - Codelco and its Chilean subsidiaries record Income Tax based on the net taxable income determined as per the standards established in the Income Tax Law and Article 2 of the D.L. 2.398, as well as the specific tax on mining referred to in Law 20.026 of 2005. Its foreign subsidiaries record income tax according to the taxation standards of each country.

Deferred taxes due to temporary differences and other events that generate difference between the accounting and tax bases for assets and liabilities are recorded in accordance with the standards established in IAS 12 "Income taxes".

In addition, a deferred tax is recognized for the net income of subsidiaries, associates, special purpose entities and joint ventures, originated by withholding taxes on remittances of dividends paid by such companies to the Corporation.

- l) **Inventory** - Inventory is stated at cost, which does not exceed its net realizable value. The net realizable value represents the estimated sales price less all finishing costs and marketing, sales and distribution expenses. Costs have been determined according to the following methods:
- **Finished products and products in process:** This inventory is stated at average production cost, according to the absorption costing method, including labor and the depreciation of property, plant and equipment, the amortization of intangible assets and the indirect expenses of each period.
 - **Materials in warehouse:** This inventory is stated at acquisition cost, and the Corporation determines an allowance for obsolescence considering the permanence in stock of slow moving materials in the warehouse.
 - **Materials in transit:** This inventory is stated at cost incurred until the period-end date. Any difference, due to the estimate of a lower net realizable value of the inventory, in relation to its accounting value, is adjusted with a charge to net income.

- m) **Dividends** - The payment obligation of net revenues presented in the financial statements, as determined in Article 6 of D.L. 1.350, is recognized based on the accrued payment obligation.

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- n) **Employee benefits** - Codelco recognizes accruals for employee benefits when there is a current obligation as a result of the services provided.

The contract conditions stipulate, subject to compliance with certain conditions, the payment of an employee termination benefit when an employment contract ends. In general, this corresponds to one monthly salary per year of service and considers the components of the final remunerations which are contractually defined as the basis for the indemnity. This benefit has been defined as a long-term benefit.

Codelco has also agreed to post-employment medical care for certain employees, which are paid based on a fixed percentage of the monthly tax base of the employees covered by this agreement. This benefit has been defined as a post-employment medical care benefit.

The employee termination benefit obligation and the post-employment medical plans are calculated in accordance with valuations performed by an independent actuary, using the projected unit credit method, which are updated on a regular basis. The obligation recognized in the statement of financial position represents the net present value of the employee termination benefit obligation and the post-employment medical benefit. Actuarial gains and losses are recognized immediately in the statement of other comprehensive income.

Management uses assumptions to determine the best estimate of these benefits. Such assumptions include an annual discount rate, mortality and morbidity tables, expected increases in compensation and future permanence, among other factors.

In accordance with its operating optimization programs to reduce costs and increase labor productivity by incorporating new current technologies and/or practical management best practices, the Corporation has established employee retirement programs by means of related addenda to employee contracts or collective union agreements with benefits that encourage employees to retire. Accordingly, the required accruals are established based on the accrued obligation at current value. In case of employee retirement programs which involve multiyear periods, the provisioned obligations for these concepts are updated considering a discount rate determined by financial instruments for the same currency used to pay the obligations and similar maturities.

- o) **Provisions for dismantling and restoration costs** - An obligation, legal or constructive, arises when dismantling and restoration costs are incurred as a result of alterations caused by a mining activity (in development or in production). Costs are estimated on the basis of a formal closure plan and are subject to yearly reviews.

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The costs arising from the obligation to dismantle the installation of a plant or other project for the preparation of the site, discounted at their net present value, are accrued and capitalized at the beginning of each project, at which time the obligation to incur such costs is arises.

These dismantling costs are recorded in income via the depreciation of the asset that gave rise to this cost, and the provision is used when the dismantling takes place. Subsequent changes in the estimates of liabilities related to dismantling are added to or deducted from the costs of the related assets in the period in which the adjustment is made.

The restoration costs are accrued at their net present value against operating income, and the provision is used in the period during which the restoration works are performed. Changes in measurement of the liability related to the location of the mining activity (discount rate or time) are recorded in operating income and depreciated based on the useful lives of assets which give rise to these changes.

The effects of updating the liability, due to the discount rate and/or time, are recorded as finance costs.

- p) **Leases** – (Codelco as a lessee) Leases are classified as finance leases when the terms of the lease transfer all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease costs under operating leases are charged to income over the lease term. Assets acquired under finance leases are recognized as assets at the start of the lease at either the fair value or the present value of minimum lease payments for the discounted lease at the contracted interest rate, whichever is lower. Interest is charged in the finance costs, at a fixed periodic rate, in the same depreciation period of the asset. The lease obligations net of financing costs are included in other current or non-current liabilities, as appropriate.

Under the provisions of International Financial Reporting Interpretations Committee ("IFRIC") 4 (IFRIC 4) titled "Determining whether an Arrangement Contains a Lease", an arrangement is, or contains a lease at the start date, if it uses a specific asset or assets or if it grants the right to use the asset, even if that right is not explicitly specified. For agreements occurring before January 1, 2005, the start date is considered as January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

All take-or-pay contracts and any other service and supply contracts that meet the conditions established in IFRIC 4, are reviewed for indicators of an embedded leasing.

- q) **Revenue recognition** - Revenue is recorded when ownership rights and obligations have been substantially transferred to the purchaser, according to the shipment or dispatch of the products, in conformity with the agreed upon conditions and are subject to variations related to the content and/or sales price at their liquidation date. Notwithstanding the foregoing, there are certain

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contracts for which the rights and obligations are substantially transferred based on receipt of the product at the buyer's destination point, and for these contracts revenue is recorded at the moment of transfer.

Sales contracts include a provisional price at the shipment date, whose final price is generally based on the price recorded in the London Metals Exchange ("LME"). In the majority of cases, the recognition of sales revenue for copper and other commodities is based on the estimates of the future spread of metal price on the LME and/or the spot price at the date of shipment, with a subsequent adjustment made upon final determination and presented as part of "Revenue". The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the "quotation period"). As such the final price will be fixed on the dates indicated in the contracts. Adjustments to the sales price occurs based on movements in quoted market prices on the LME up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and nine months. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices for the applicable metals.

Sales in the national market are recorded in conformity with the regulations that govern domestic sales as indicated in Articles 7, 8 and 9 of Law No. 16.624, modified by Article 15 of Decree Law No. 1.349 of 1976, on the determination of the sales price for the internal market.

As indicated in the note related to hedging policies in the metal derivatives market, the Corporation enters into operations in the metal derivatives market. The net results of these contracts are added to or discounted from revenues.

Additionally the Corporation recognizes revenue for providing services, mainly related to the processing of minerals bought from third parties. Revenue is recognized when the amounts can be measured reliably and when the services have been provided.

- r) **Derivative contracts** - Codelco uses derivative financial instruments to reduce the risk of fluctuations in the sales prices of its products and of exchange rates.

Derivatives are initially recognized at fair value at the date on which the derivative is entered into and subsequently updated at fair value at each reporting date.

The effective part of the changes in fair value of the derivatives that are allocated as "effective cash flow hedges", is recognized directly in equity, net of taxes, in the item "Cash flow hedge reserves", while the ineffective part is recorded in the statements of comprehensive income on lines Finance expenses or Finance income depending on the effect generated by the ineffectiveness. The amount recognized in net equity is not transferred to other comprehensive

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income account until the results of the hedged operations are recorded in the statements of comprehensive income or until the maturity date of such operations.

A hedge is considered highly effective when the changes in fair value or in the cash flows of the underlying item attributable to the hedged risk, are offset with the changes in the fair value or in the cash flows of the hedge instruments, with effectiveness between a range of 80% - 125%. The corresponding unrealized profit or loss is recognized in comprehensive income for the period, only in those cases in which the contracts are liquidated or when they no longer comply with hedging characteristics.

The total fair value of the hedge derivatives is classified as a non-current asset or liability, if the remaining maturity of the hedged item is greater than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is lower than 12 months.

All derivatives designated as hedge instruments are classified as current or non-current assets or liabilities, respectively, depending on the maturity date of the derivative.

The derivative contracts entered into by the Corporation are originated by the application of the risk hedge policies indicated below, and are recorded as indicated for each case:

- ***Hedging policies for exchange rates***

From time to time the Corporation enters into exchange rate and interest rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are conducted in. Pursuant to the policies established by the Board of Directors these operations are only performed when there are recognized assets or liabilities, the forecast of highly probable transactions or firm commitments, and not for investment or speculative reasons.

The results of foreign exchange insurance operations are recorded at the maturity or liquidation date of the respective contracts.

- ***Hedging policies in the metal derivatives markets***

In accordance with the policies approved by the Board of Directors the Corporation entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

The hedging policies seek to protect expected cash flows from the sale of products by fixing the prices for a portion of future production, while to the extent necessary adjusting physical

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contracts to its standard commercial policies. When the sales agreements are fulfilled and the derivative contracts are settled, income from sales and derivative operations is offset.

At each reporting date, these derivative contracts are recorded and adjusted to marked-to-market and recorded at the settlement date of the hedging operations, as a part of the sales revenue of the products.

Hedging operations carried out by the Corporation are not of a speculative nature.

- ***Embedded derivatives***

The Corporation has established a procedure that allows for evaluation of the existence of embedded derivatives in financial and non-financial contracts. Where there is an embedded derivative, and if the host contract is not recorded at fair value, the procedure determines whether the characteristics and risks of the embedded derivative are not closely related to the host contract, in which case it requires a separate recording.

The procedure consists of an initial characterization of each contract that allows for distinguishing of those in which an embedded derivative could exist. In that case, the contract is submitted to a more in-depth analysis. If as a result of this evaluation it is determined that the contract has an embedded derivative that needs to be recorded separately, it is valued and the movements in its fair value are recorded in comprehensive income in the consolidated financial statements.

- s) **Financial information by segment** - For the purposes of IFRS 8, Operating Segments the segments are defined as Codelco's Divisions, plus the Ministro Hales Division, whose operation is expected to begin during the first half 2014 (at the end of 2013, the mine was operating with pre-stripping, its concentrator had completed loading tests and it is now beginning its operational phase; with only the tests in the roasting plant remaining). Income and expenses of the Head Office are distributed in the defined segments.
- t) **Presentation of Financial Statements** - For the purposes of IAS 1, *Presentation of the Financial Statements*, the Corporation establishes the presentation of its statement of financial position classified in "current and non-current" and of its statements of income in conformity with the "by function" method and its cash flows using the direct method.

With respect to the Statements of Other Comprehensive Income (loss) on currency exchange rate cash flow hedges and share of associates and joint ventures accounted for using the equity method, could have an effect of future Statements of Comprehensive Income (loss), while the Statement of Other Comprehensive Income (loss) of actuarial defined benefit plans will not have future effects on the Statement of Comprehensive Income.

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- u) **Current and non-current financial assets** - The Corporation determines the classification of its investments upon initial recognition and reviews these at each closing date. This classification depends on the purpose for which such investments were acquired.

In this section the following categories are observed:

- ***Financial assets at fair value through profit or loss:***

This category includes those financial assets acquired for trading or sale in the short term. Their initial and subsequent recognition is performed at fair value, which is obtained as of the observable date in the market. The gains and losses from variations in fair value are included in net income for the period.

- ***Loans granted and accounts receivable:***

These correspond to financial assets with fixed or determined payments, and which are not quoted in an active market. Their initial recognition is at fair value, which includes the transaction costs that are directly attributed to the issuance of it. Subsequent to the initial recognition, these are stated at amortized cost, recognizing in the statements of comprehensive income the accrued interest according to the effective interest rate and the possible losses in value of these assets.

A loss in value of the financial assets stated at amortized cost is caused when there is objective evidence that the Corporation will not be able to recover all amounts in accordance with the original terms.

The amount of loss in value is the difference between the carrying amount and the net present value of the future cash flows discounted at the effective interest rate, and it is recognized as an expense in the statements of comprehensive income.

If in subsequent periods there is evidence of a recovery in the value of the financial asset stated at amortized cost, the recognized impairment loss will be reversed as long as it does not generate an amount in the financial asset ledgers that exceeds the one recorded prior to the loss. The accounting of the reversal is recognized in net income for the period.

Finally, an account receivable is not considered recoverable when situations arise such as the dissolution of the company, lack of identifiable assets for its execution or a legal pronouncement.

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- v) **Financial liabilities** - Financial liabilities are recognized initially at fair value, net of the incurred transaction costs. As the Corporation does not own any financial liabilities held for trading, subsequent to their initial recognition, the financial liabilities are valued at amortized cost, using the effective interest rate method, recognizing the interest expenses based on the effective profitability.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or when appropriate, a shorter period when the associated liability has a prepayment option that is considered to be exercised.

Trade accounts payable and other payables are financial liabilities that do not explicitly accrue interest and are recorded at their nominal value.

The financial liabilities are derecognized when the liabilities are paid or expire.

- w) **Allowance for doubtful accounts** - The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and the aging of the items.
- x) **Cash and cash equivalents and Statement of Cash Flows prepared by direct method** - Cash equivalents are comprised of highly liquid investments, which have a limited risk in relation to possible changes in value, and maturities of which are less than 90 days from date of purchase.

For the purposes of preparing the statement of cash flows, the Corporation has defined the following:

Cash and cash equivalents in the statement of financial position include cash at banks and on hand, and short term deposits and other highly liquid short term investments with an original maturity of three months or less. In the statement of financial position, bank overdrafts are classified as external resources in current liabilities.

- **Operating activities:** These are the activities that constitute the main source of operating income for the Corporation, as well as other activities that cannot be classified as investment or financing activities.
- **Investing activities:** These correspond to acquisition or sale activities or disposal through other methods of long-term assets and other investments not included in cash and cash equivalents.

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- **Financing activities:** These are activities that cause changes in the size and composition of net equity and of financial liabilities.
- y) **Law No. 13.196** – According to Law No. 13.196, the return on foreign currency of Codelco's copper export sales based on the actual sales revenue, including byproducts is taxed at 10%. The amount for this concept is presented in the statement of income in the item other expenses, by function.
- z) **Cost of sales** - Cost of sales is determined according to the absorption cost method, including the direct and indirect costs, depreciation, amortization and any other expenses associated with the production process.
- aa) **Environment** - The Corporation adheres to the principles of sustainable development, which foster the economic development while safekeeping the environment and the health and safety of its collaborators. The Corporation recognizes that these principles are key for the wellbeing of its collaborators, care for the environment and success in its operations.
- ab) **Classification of current and non-current balances** - In the consolidated statement of financial position, the balances are classified according to their maturities, that is, as current those with a maturity equal to or less than twelve months and as non-current those with a greater maturity. Where there are obligations whose maturity is less than twelve months, but whose long-term refinancing is insured upon a decision by the Corporation, through credit agreements available unconditionally with long-term maturity, these could be classified as non-current liabilities.

3. New standards and interpretations adopted by the Corporation

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Corporation for the year ended December 31, 2013, except for the adoption of new standards and interpretations effective from January 1, 2014, which are:

a) IFRIC 21 - Levies

This standard interprets the established in IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" regarding to the liabilities recognition criteria (the existence of a present obligation as result of a past event). For the cases of levies, recognition occurs when the Corporation performs the activity described in the relevant legislation that triggers the payment of tax. The application of IFRIC 21 has not materially affected the measurements made by the Corporation.

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4. New accounting pronouncements

As of the issuance date of these interim consolidated financial statements, the following IFRS and IFRIC interpretations have been issued by the IASB. Their application was not mandatory (1):

New IFRS	Date of mandatory application	Summary
IFRS 9, Financial Instruments	Subject upon decision	Financial assets must be entirely classified on the basis of the business model of the entity for financial asset management and the characteristics of contractual cash flows of financial assets. Financial assets under this standard are measured either at amortized cost or fair value. Only financial assets classified as measured at amortized cost must be tested for impairment.
IFRS 14, Regulatory Deferral Accounts	Annual periods beginning on or after July 1, 2014	This standard is issued for the purposes of comparing financial information of entities involved in activities with regulated prices. Entities that already present financial statements under IFRS should not apply this standard.

Amendments to IFRS	Date of mandatory application	Summary
IAS 19, Employee benefits	Annual periods beginning on or after July 1, 2014	The standard simplifies the accounting treatment of contribution benefits not associated with the years of services performed by the employee, for example, contributions of employees are calculated according to a fixed percentage of salary.
IFRS 3, Business Combinations (Annual Improvements to IFRS 2010–2012 cycle)	Annual periods beginning on or after July 1, 2014	This standard refers to the consideration of fair value in the valuation of contingent assets and liabilities in a business combination.
IAS 40, Investment Property (Annual Improvements to IFRS 2011–2013 cycle)	Annual periods beginning on or after July 1, 2014	Professional judgment is used to distinguish acquisition operations of investment properties and business combinations.

(1) IAS, International Accounting Standard, IFRS, International Financial Reporting Standard, IFRIC, International Financial Reporting Interpretations Committee

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Management is currently in the process of evaluating the initial effects of the application of the standards, amendments and interpretations that will be adopted in the consolidated financial statements of the Corporation in the respective years indicated, anticipating that they would not have significant impacts.

I. EXPLANATORY NOTES

1. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Items	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Cash on hand	5,372	9,281
Bank balances	61,669	38,256
Time deposits	892,739	701,195
Mutual funds – Money market	1,666	1,431
Resale agreements	101	507
Total Cash and cash equivalents	961,547	750,670

Valuation of time deposits is made on an accrual basis with an interest rate associated with each of these instruments.

The Corporation does not maintain any significant amounts of cash and cash equivalents that are not available for use.

2. Trade and other receivables

a) Accrual for open sales invoices

As mentioned in the Article of Summary of Significant Accounting Policies, the Corporation adjusts its revenues and balances from trade accounts receivable, based on future copper prices, by recording an accrual for open sales invoices.

When the future price of copper is lower than the provisional invoice amount, this provision is presented in the Statement of Financial Position as follows:

- Customers that have debt balances with the Corporation are presented in Current Assets, decreasing the amounts owed by these customers.

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- Customers that do not have debt balances with the Corporation are presented in the item Trade and other payables under Current Liabilities.

When the future copper price is higher than the provisional invoice price, the provision is presented in current assets, increasing the amounts owed by customers.

Based on the above-mentioned, trade receivables as of March 31, 2014 and of December 31, 2013 include a negative accrual of ThUS\$ 62,258 and of ThUS\$ 124,905, respectively, related to the accrual of open invoices.

b) Trade and other receivables

The following chart shows the amounts of Trade and other receivables, with their corresponding allowances:

Items	Current		Non-current	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade receivables (1)	1,463,410	1,591,384	1,848	1,882
Allowance for doubtful accounts (3)	(2,246)	(2,694)	-	-
Subtotal trade receivables, net	1,461,164	1,588,690	1,848	1,882
Other receivables (2)	585,964	602,495	142,203	137,014
Allowance for doubtful accounts (3)	(5,017)	(5,003)	-	-
Subtotal other receivables, net	580,947	597,492	142,203	137,014
Total	2,042,111	2,186,182	144,051	138,896

- (1) Trade receivables are generated by sales of the Corporation, which are generally sold for cash or by bank guarantee.
- (2) Other receivables include the amounts owed mainly by:
 - Personnel of the Corporation, including short-term loans and mortgage loans, payment for which is withheld on a monthly basis from employee paychecks. The mortgage loans are backed by mortgage guarantees.
 - Claims from insurance companies.
 - Liquidations to the Central Bank as per Law 13,196.
 - Advance payments to suppliers and contractors, to be discounted from the corresponding payment statements.
 - Accounts receivable for toll services (Ventanas' Smelter).

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- VAT fiscal credits and other taxes receivable in the amount of ThUS\$ 153,430 ThUS\$ 163,642 at March 31, 2014 and December 31, 2013 respectively.
- (3) The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and the aging of the entries.

The movement in the allowance for doubtful accounts for the three-month period ended March 31, 2014 and in 2013 were as follows:

Movements of allowance for doubtful accounts	3/31/2014 ThUS\$
Opening balance	7,697
Increases	175
Write-offs/applications	(609)
Movement, subtotal	(434)
Final balance as of 3/31/2014	7,263

Past due and not impaired balances are detailed as follows:

Maturity	3/31/2014 ThUS\$
Less than 90 days	13,443
Between 90 days and 1 year	3,719
More than 1 year	5,984
Total past-due and not impaired	23,146

3. Balance and related party disclosures

a) Operations with the Board of Directors

According to the New Corporate Governance Law, Codelco's Board Members were affected in business with related parties, as described in Title XVI of the Corporations law (regarding transactions with related parties in publically traded companies and their affiliates).

As provided in the final paragraph of Article 147 b) of Title XVI, which contains exceptions regarding the approval process for related party transactions, the Corporation has set a general policy of regularity (reported to the SVS as a material fact), which establishes common transactions ordinarily made with its related parties within their line of

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business, contributes to their social interest and are necessary for Codelco's normal developmental activities.

In addition, consistent with the legal framework, the Corporation maintains within its internal framework a specific policy about transactions with persons and companies related to Codelco personnel. Codelco Corporate Standard No. 18 (NCC No. 18), whose latest version currently in force was approved by the Executive President and the Board.

Codelco, without the authorization indicated in NCC No. 18 and the Board of Directors, when required by Law or the Corporate Statute, shall not enter into contracts involving one or more Directors, Executive President, members of the Committee of Managing Directors, Vice President, Legal Counsel, General Auditor, General Manager, Senior Management or staff who must make recommendations and/or has the authority to resolve tenders, purchases and assignments and/or purchases of goods and services and the staff that holds management positions (until the fourth hierarchical level in the organization), including their spouses, children and other relatives up to the 2nd degree of relation, with an interest in itself, directly, or represented by third parties or on behalf of another person. The NCC No. 18 obligates the Corporation's contract to declare all such relationships, as well as remove related job responsibilities from any member within these positions who may be involved.

This prohibition also includes the companies in which such individuals are involved through ownership or management, whether directly or through representation of other natural persons or legal entities, or individuals who have ownership or management interests in those companies.

The Board of Directors has been informed of the transactions covered by Codelco Corporate Standard No. 18, and upon which it must decide, according to this standard.

Among these operations are those indicated in the following chart, for the total amounts indicated, which need to be executed in the periods specified by each contract:

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Entity	Taxpayer Number	Country	Nature of the relationship	Description of the transaction	1/1/2014	1/1/2013
					3/31/2014	3/31/2013
					Amount ThUS\$	Amount ThUS\$
Ecometales Limited (Chilean agency)	59.087.530-9	Chile	Affiliate	Services	2,042	-
Fundación Orquesta Sinfónica Infantil de los Andes	65.018.784-9	Chile	Founder	Services	377	-
Codelco Shanghai Company Limited.	Foreigner	China	Affiliate	Services	1,610	-
Centro de Especialidades Médicas Río Blanco Ltda.	76.064.682-2	Chile	Affiliate	Services	-	6,954
Sociedad de Procesamiento de Molibdeno Ltda.	76.148.338-2	Chile	Affiliate	Services	-	36
Prestaciones de Servicios de la Salud Intersalud Ltda.	77.270.020-2	Chile	Affiliate	Services	21	-
Fundacion Educacional Chuquicamata	72.747.300-9	Chile	Founder	Services	-	2,650
Cosando Construcción y Montaje Ltda.	77.755.770-K	Chile	Employee's relative	Services	-	10,452
Anglo American Sur S.A.	77.762.940-9	Chile	Investee	Services	-	20
Hatch Ingenieros y Consultores Ltda.	78.784.480-4	Chile	Employee's relative	Services	152	-
Empresa Nacional de Telecomunicaciones S.A	92.580.000-7	Chile	Director family	Services	3	-
Salomón Sack S.A.	90.970.000-0	Chile	Director's ownership	Supplies	1,440	-
Sociedad Contractual Minera El Abra	96.701.340-4	Chile	Investee	Purchase of rights	-	10,000
Sociedad Contractual Minera El Abra	96.701.340-4	Chile	Investee	Supplies	133	-
Clínica Río Blanco S.A	99.573.600-4	Chile	Affiliate	Services	-	5,352
Finning Chile S.A	91.489.000-4	Chile	Employee's relative	Supplies	95	-
Complejo Portuario Mejillones S.A.	96.819.040-7	Chile	Affiliate	Services	13,785	-
Fundación Educacional el Salvador	73.435.300-0	Chile	Founder	Services	6	-
Asesorías y Consultorías Domingo Jeréz EIRL	76.312.085-6	Chile	Employee's relative	Services	220	-
Miji Asesorías y Consultorías EIRL	76.219.287-k	Chile	Employee's relative	Services	108	-

b) Key Personnel of the Corporation

In accordance with the policy established by the Board of Directors and its related regulation, those transactions affecting the Directors, its Executive President, Vice presidents, Corporate Auditor, the members of the Divisional Management Committees and Divisional General Managers should be approved by this Board.

During the first quarter of 2014 and 2013, the members of the Board of Directors have received the following amounts as per diems, salaries and fees:

Entity	Taxpayer Number	Country	Nature of the relationship	Description of the relationship	1/1/2014	1/1/2013
					3/31/2014	3/31/2013
					Amount ThUS\$	Amount ThUS\$
Jorge Bande Bruck	5.899.738-2	Chile	Director	Director's fees	-	29
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Payroll	10	12
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director's fees	26	29
Gerardo Jofré Miranda	5.672.444-3	Chile	Chairman of the Board	Director's fees	39	44
Marcos Büchi Buc (1)	7.383.017-6	Chile	Director	Director's fees	-	-
Fernando Porcile Valenzuela	4.027.183-K	Chile	Director	Director's fees	26	29
Andrés Tagle Domínguez	5.895.255-9	Chile	Director	Director's fees	26	29
Marcos Lima Aravena	5.119.963-4	Chile	Director	Director's fees	33	36
Juan Luis Ossa Bulnes	3.638.915-K	Chile	Director	Director's fees	26	29
Blas Tomic Errázuriz	5.390.891-8	Chile	Director	Director's fees	26	-
Augusto González Aguirre	6.826.386-7	Chile	Director	Payroll	30	35
Augusto González Aguirre	6.826.386-7	Chile	Director	Director's fees	26	29

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- (1) During the periods from January 1st to March 31st, 2014 and 2013, the Corporation has not issued any payment instrument for the concept of remunerations to Mr. Marcos Büchi Buc, derived from his participation as Corporation Director, since he has expressly and irrevocably waived those payments, as well as any present or future collection action for that concept.

Through Supreme Decree of the Treasury Department No. 302, dated February 29, 2012, the method for determining the remunerations of the Corporation's directors was actualized. This document details the calculation method of such remunerations, as per the following:

- a. The monthly salary of the directors of Codelco for participating in Board meetings fixed in the amount of Ch\$ 3,282,300 - (three million two hundred and eighty two thousand three hundred Chilean pesos).
- b. A unique monthly salary of Ch\$ 6,564,600 - (six million five hundred and sixty four thousand six hundred Chilean pesos) is established for the Chairman of the Board.
- c. Directors that shall participate in a Board Committee, whether the one referred to in Article 50 bis) of law No. 18.046 or another established by the by-laws of the Corporation, receive a single additional monthly amount of Ch\$ 1,094,100 (one million ninety four thousand and one hundred Chilean pesos) for their participation, notwithstanding the number of committees in which they participate. In addition, the director holding the chair of the Directors' Committee shall receive a single monthly remuneration for his participation in committees of Ch\$ 2,188,200 - (two million one hundred eighty eight thousand and two hundred Chilean pesos).
- d. The established salaries are in effect for a period of two years, as of March 1st 2012. They were adjusted on January 1st 2013, in accordance to the same provisions that govern the general wage adjustments of officials of the Public Sector. For 2014, the adjustment is 5%.

The Supreme Decree of Finance that updates wages for a period of two years starting in 2014 is in the process of transaction and underwriting by the relevant authorities.

Additionally, executives who form the administration of the Corporation were paid, a total amount of Th US\$ 3,381 (2013: Th US\$ 4,773) during the period of January through March 31, 2014 in relation to short term benefits.

The criterias that determine the wages for the executives were established by the Board of Directors by agreement of January 29, 2003

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During the period of January through March of 2014 and 2013, payments were made to the principal executives of Codelco as compensation for years of service, equal to Th US\$ 104 and Th US\$ 1,048 respectively.

There were no payments for other noncurrent benefits during the period of January through March 2014 and 2013, other than those mentioned in the previous paragraph.

There are no stock-based benefit plans.

c) Operations with Codelco Investees

In addition, the Corporation performs necessary commercial and financial transactions with entities in which it has capital ownership. The financial transactions correspond mainly to loans in checking accounts.

The commercial operations with related companies refer to the purchase and sale of products or services, at market conditions and prices and which do not consider interest or indexation. These companies, for the period January – March 2014 and 2013, are the following: Sociedad GNL Mejillones S.A., Copper Partners Investment Corporation Ltd., Copper for Energy, Sociedad Contractual Minera Purén, MI Robotic Solutions S.A., Sociedad Contractual Minera El Abra, Agua de La Falda S.A., Ecosea Farming S.A., Comotech S.A., Deutsche Geissdraht GmbH, Inca de Oro S.A. and Anglo American Sur S.A.

The Corporation does not establish an allowance for doubtful accounts for the main items receivable from their related companies, as these have been registered by including the relevant safeguards in the respective debt contracts.

Accounts receivable from and payable to relate companies as of March 31, 2014 and of December 31, 2013, are detailed as follows:

Accounts receivable from related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					3/31/2014 ThUS\$	12/31/2013 ThUS\$	3/31/2014 ThUS\$	12/31/2013 ThUS\$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	19,817	23,125	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	1,377	17	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	USD	-	-	224	224
76.133.034-9	Copper for Energy S.A.	Chile	Associate	USD	6	6	-	-
Foreign	Copper Partners Invest. Company Ltd.	Bermuda	Joint venture	USD	9,035	7,735	-	-
Total					30,235	30,883	224	224

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Accounts payable to related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					3/31/2014 ThUS\$	12/31/2013 ThUS\$	3/31/2014 ThUS\$	12/31/2013 ThUS\$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	510	-	-	-
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	USD	45,766	65,153	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	53,714	51,370	-	-
Foreign	Copper Partners Investment Company Ltd.	Bermuda	Joint venture	USD	33,610	33,610	221,199	230,692
Foreign	Deutsche Geissdraht GmbH	Germany	Associate	EURO	3,297	3,816	-	-
Total					136,897	153,949	221,199	230,692

The transactions performed between the Corporation and its related companies during the first quarters of 2014 and 2013 are detailed in the next chart together with their corresponding effects on profit or loss:

Taxpayer number	Entity	Nature of the relationship	Country	Indexation currency	1/1/2014 3/31/2014		1/1/2013 3/31/2013	
					Amount ThUS\$	Effects on net income (charges) / credits ThUS\$	Amount ThUS\$	Effects on net income (charges) / credits ThUS\$
Foreign	Copper Partners Investment Co. Ltd.	Sales of products	Bermuda	USD	30,769	30,769	21,735	21,735
Foreign	Copper Partners Investment Co. Ltd.	Dividends received	Bermuda	USD	-	-	38,000	-
77.762.940-9	Anglo American Sur S.A.	Dividends received	Chile	USD	56,074	-	206,502	-
77.762.940-9	Anglo American Sur S.A.	Purchase of Products	Chile	USD	74,496	(74,496)	19,151	(19,151)
76.775.710-7	Sociedad GNL Mejillones S.A.	Purchase of energy	Chile	USD	-	-	7,229	(7,229)
76.775.710-7	Sociedad GNL Mejillones S.A.	Collection of loans	Chile	USD	3,344	-	26,199	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan interests	Chile	USD	211	211	-	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Reimbursement of expenses	Chile	USD	(1,479)	(1,479)	-	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Guarantees	Chile	USD	-	-	46	46
96.701.340-4	SCM El Abra	Dividends received	Chile	USD	31,850	-	24,500	-
96.701.340-4	SCM El Abra	Purchase of Products	Chile	USD	140,015	(140,015)	113,416	(113,416)
96.701.340-4	SCM El Abra	Sales of products	Chile	USD	6,425	6,425	7,417	7,417
96.701.340-4	SCM El Abra	Purchase of Services	Chile	USD	563	(563)	1,376	(1,376)
96.701.340-4	SCM El Abra	Comissions received	Chile	USD	52	52	36	36
Foreign	Deutsche Geissdraht GmbH	Dividends received	Germany	EURO	952	-	938	-
76.063.022-5	Inca de Oro S.A.	Contribution	Chile	USD	-	-	1,547	-

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d) Additional Information

The current and noncurrent account payable to the society Copper Partners Investment Company Ltd., is the balance of the advance received (U.S.\$ 550 million) product trade agreement with Minmetals.

The balance of current and noncurrent receivables from Society GNL Mejillones S.A., correspond mainly to a loan agreement signed with the company, which will be due December 31, 2016 and its interest rate is Libor 90 + 3.5%.

Transactions for the purchase and sales of products with Anglo American Sur SA, correspond on the one hand, to the normal operation that both companies made to acquire copper and other products, while on the other hand, there exist certain transactions that are associated with the contract between the affiliate Inversiones Mineras Nueva Acrux SpA (the non-controlling shareholder is Mitsui) and Anglo American Sur SA, in which the latter agrees to sell a portion of its annual copper output to said subsidiary

On August 24, 2012, the Corporation, with the approval of the Board of Directors, purchased shares of Anglo American Sur S.A., of the Society Inversiones Anglo American Sur S.A., Rut: 77.762.890-9, whose operation meant a cash outlay of ThUS\$2,799,795 through a subsidiary named Inversiones Mineras Corporation Becrux SpA. The cash outlay amount, including the amount of ThUS \$ 1.1 million, was related to the interest acquired by Mitsui.

4. Inventories

Inventories as of March 31, 2014 and December 31, 2013 are detailed as follows:

Items	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Finished products	743,101	639,034
Subtotal finished products, net	743,101	639,034
Products in process	1,218,297	1,166,900
Subtotal products in process, net	1,218,297	1,166,900
Material in warehouse and other	521,485	488,198
Obsolescence allowance adjustment	(53,905)	(50,121)
Subtotal material in warehouse and other, net	467,580	438,077
Total Inventory	2,428,978	2,244,011

Inventories recognized as cost of operation for the periods ended at March 31, 2014 and 2013 correspond to finished goods and amount to ThUS\$ 2,442,095 and ThUS\$ 2,238,688 respectively.

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In the Inventories category "warehouse and others", the Corporation discloses a reclassification of strategic inventories to Property, Plant and Equipment in March 31, 2014. They amount to ThUS\$ 5,770. As of December 31, 2013 the amount was ThUS\$ 83,763.

The change in the obsolescence provision is described in the following table:

Obsolescence allowance movements	ThUS\$
Initial Balance 1/1/2014	(50,121)
Period allowance	(3,992)
Allowance reversal	208
Final Balance 3/31/2014	(53,905)

As of March 31, 2014 and 2013 Codelco had not written off inventory that has been recognized in the Interim Statements of Comprehensive Income.

At the end of the financial period ended March 31, 2014, the book value of inventories under evaluation of the assessment of net realizable value under IAS N ° 2 amounted to ThUS \$ 73,723. Product of the evaluation, the Corporation inventory adjustments on those assets whose book value exceeds its net realizable value, reaching the balance of this adjustment to the date indicated in the amount of ThUS\$ 25,223, which was deducted from the aforementioned figure. The adjustment for the three-months ended March 31, 2013, was ThUS\$ 41,481, while the book value of the adjusted inventory at that time, was ThUS\$ 395,881.

Codelco, along with Sociedad Contractual Minera El Abra, purchases and sells copper. At March 31, 2014, the value of finished goods inventories for this category had an unrealized profit provision of ThUS\$ 8,012. At December 31, 2013, an unrealized provision of ThUS\$ 6,238 was filed.

The Corporation enters into transactions for the purchase and sale of copper with Anglo American Sur S.A. The value of finished goods inventories for this category at March 31, 2014, has an unrealized profit provision of ThUS\$ 2,252. At December 31, 2013, the Corporation filed an unrealized provision of ThUS \$ 3,336.

5. Deferred taxes and income taxes

This provision is stated in the item Current Tax Assets, in current assets, net of monthly provisional tax payments and other tax credits (Note 6).

For the Specific Tax on Mining Activities, in accordance with Law 20.469, a tax rate of 5% was estimated for this fiscal period.

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Deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Provisions	1,186,255	1,145,649
Unrealized gains	32,046	32,046
Finance lease	16,507	18,706
Derivatives – futures	2,321	8,535
Advances from clients	157,684	163,380
Hedged Swap derivatives of exchange rates	-	4,892
Health care plans	14,654	14,654
Other	3,494	3,132
Total deferred tax assets	1,412,961	1,390,994

Deferred tax liabilities	3/31/2014 ThUS\$	12/31/2013 ThUS\$
IFRIC 20, first adoption	13,820	13,820
Derivatives - exchange rate	2	-
Spicific mining tax	55,559	61,802
Price-level restatement of PP&E IFRS first time adoption	1,057,587	1,041,494
Valuation of employee termination benefits	47,331	82,757
Accelerated depreciation	2,806,136	2,780,984
Anglo American Sur S.A. investment	662,181	669,230
Income from fair value of mining properties	80,377	80,377
Derivatives – futures	2,938	-
Other	74,338	58,574
Total deferred tax liabilities	4,800,269	4,789,038

The effect of deferred taxes affecting equity is summarized as follows:

Deferred taxes affecting Equity	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Cash Flow Hedge	(14,044)	4,961
Defined Benefit Plans	88,437	16,908
Total deferred taxes affecting equity	74,393	21,869

A reconciliation of taxes considering the legal tax rate and the calculation of the taxes actually paid is detailed as follows:

Items	3/31/2014

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	Taxable Base 20%	Taxable Base 40%	Tax rate 20%	Additional Tax rate 40%	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit before taxes	298,324	291,385	59,665	116,554	176,219
Permanent differences 20%	(83,516)	-	(16,704)	-	(16,704)
Permanent differences 40%	-	(11,019)	-	(4,408)	(4,408)
Income from corporations and other	(39,143)	(5,097)	(7,829)	(2,039)	(9,868)
Income from contractual companies	(38,050)	-	(7,610)	-	(7,610)
Income from Isapres (Private health insurance companies)	(401)	-	(80)	-	(80)
Foreign exchange differences	(1,248)	(1,248)	(250)	(499)	(749)
Specific mining tax	(6,665)	(6,665)	(1,333)	(2,666)	(3,999)
Others	1,991	1,991	398	796	1,194
Fair value amortization Anglo American Sur S.A.	-	-	-	-	(7,049)
Specific mining tax, net from deferred tax	-	-	-	-	7,225
Effect of subsidiaries	-	-	-	-	(1,352)
Total tax expense			42,961	112,146	153,931

Items	3/31/2013				
	Taxable Base 20%	Taxable Base 40%	Tax rate 20%	Additional Tax rate 40%	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit before taxes	599,804	599,804	119,961	239,922	359,883
Permanent differences 20%	(108,905)	-	(21,781)	-	(21,781)
Permanent differences 40%	-	(34,502)	-	(13,801)	(13,801)
Income from corporations and other	(42,796)	(12,238)	(8,559)	(4,895)	(13,454)
Income from contractual companies	(44,355)	-	(8,871)	-	(8,871)
Income from Isapres (Private health insurance companies)	62	-	12	-	12
Difference due to exchange	431	431	86	172	258
Specific mining tax	(30,824)	(30,824)	(6,165)	(12,330)	(18,495)
Other	8,577	8,577	1,716	3,431	5,147
Absoción Minera Gaby SpA	-	(448)	-	(179)	(179)
Effect of subsidiaries	-	-	-	-	18,103
Total tax expense			98,180	226,121	342,314

6. Current tax assets and liabilities

In both areas the income tax receivables and tax liabilities to net income of monthly provisional payments are recorded respectively.

7. Property, Plant and Equipment

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- a) The balances of Property, plant and equipment at March 31, 2014 compared with December 31, 2013, are as follows:

Property, Plant and Equipment, gross	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Work in progress	7,846,767	7,710,714
Land	126,244	126,792
Buildings	3,607,017	3,598,214
Plant and equipment	12,045,138	11,873,805
Fixtures and fittings	47,568	47,599
Motor vehicles	1,658,648	1,646,457
Land improvements	3,959,525	3,943,872
Mining operations	4,801,624	4,451,724
Mine development	1,163,561	1,163,561
Other assets	1,394,184	1,258,693
Total Property, Plant and Equipment, gross	36,560,276	35,821,431

Property, Plant and Equipment, accumulated depreciation	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Work in progress	-	-
Land	-	-
Buildings	2,285,852	2,252,824
Plant and equipment	7,552,108	7,388,801
Fixtures and fittings	32,827	32,058
Motor vehicles	875,301	845,974
Land improvements	2,305,815	2,256,779
Mining operations	2,086,304	1,965,717
Mine development	589,144	573,777
Other assets	351,103	378,690
Total Property, Plant and Equipment, gross	16,078,454	15,694,620

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Property, Plant and Equipment, net	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Work in progress	7,846,767	7,710,714
Land	126,244	126,792
Buildings	1,321,165	1,345,390
Plant and equipment	4,493,030	4,485,004
Fixtures and fittings	14,741	15,541
Motor vehicles	783,347	800,483
Land improvements	1,653,710	1,687,093
Mining operations	2,715,320	2,486,007
Mine development	574,417	589,784
Other assets	953,081	880,003
Total Property, Plant and Equipment, gross	20,481,822	20,126,811

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b) Movement of Property, plant and equipment:

Movements	Work in progress	Land	Buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Land improvements	Mining operations	M development
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 1/1/2014	7,710,714	126,792	1,345,390	4,485,004	15,541	800,483	1,687,093	2,486,007	
Additions	593,024	-	18	102,920	23	391	-	157,429	
Disposals	(218)	-	(1)	(3,722)	(1)	(6)	-	-	
Capitalizations	(243,980)	-	4,811	42,734	2	11,551	12,234	172,648	
Depreciation and amortization	-	-	(28,875)	(148,354)	(816)	(29,294)	(49,063)	(122,214)	
Reclassifications	(212,268)	-	1,361	14,921	6	228	-	20,119	
Others	(505)	(548)	(1,539)	(473)	(14)	(6)	3,446	1,331	
Total movements	136,053	(548)	(24,225)	8,026	(800)	(17,136)	(33,383)	229,313	
Final balance 3/31/2014	7,846,767	126,244	1,321,165	4,493,030	14,741	783,347	1,653,710	2,715,320	

Movements	Work in progress	Land	Buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Land improvements	Mining operations	M development
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 1/1/2013	5,515,165	119,265	1,302,373	4,804,873	8,362	627,312	1,668,923	1,755,009	
Additions	4,294,697	1	-	2,261	28	1,668	-	455,900	
Disposals	(2,158)	-	(1,367)	(7,625)	(153)	(9,762)	-	(920)	
Capitalizations	(1,833,635)	8,655	102,281	563,044	896	263,342	183,102	514,332	
Depreciation and amortization	-	-	(129,229)	(640,509)	(3,341)	(100,888)	(219,786)	(401,832)	
Reclassifications	(230,736)	-	71,973	(105,460)	9,895	18,682	33,775	158,113	
ARO	-	-	(8,618)	(74,935)	(38)	(2)	(6,560)	-	
Others	(32,619)	(1,129)	7,977	(56,645)	(108)	131	27,639	5,405	
Total movements	2,195,549	7,527	43,017	(319,869)	7,179	173,171	18,170	730,998	
Final balance 12/31/2013	7,710,714	126,792	1,345,390	4,485,004	15,541	800,483	1,687,093	2,486,007	

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- c) The value of construction in progress, is directly associated with the operating activities of the Corporation and its subsidiaries, and relates to the acquisition of equipment and projects in construction.
- d) The Corporation has contracted insurance policies to cover the potential risks to which the various elements of property, plant and equipment are subject, and any claims that could arise from their activities during the period, these policies provide adequate coverage of the potential risks.
- e) Borrowing costs capitalized for the period from January 1 to March 31, 2014 amounted to ThUS\$ 15,145 calculated on an annual capitalization rate of 3.38% and while the amount corresponding to the same period in 2013 was ThUS\$ 25,000 on an annual rate of 4.32% capitalization.
- f) The item "Other assets" under "Property, plant and equipment" includes:

Other assets, net	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Leasing assets	105,023	66,061
Mining properties from purchase of Anglo American Sur S.A. shares	402,000	402,000
Others	446,058	411,942
Total other assets, net	953,081	880,003

- g) With the exception of assets under lease whose legal title corresponds to the lessor, the Corporation currently has no ownership restrictions relating to assets belonging to Property, plant and equipment.
- h) As of March 31, 2014, the Corporation had strategic inventory reclassification for property, plant and equipment equal to the amount of ThUS\$ 5,770. As of December 31, 2013 it amounted to ThUS\$ 83,763.

Codelco has not granted "Property, plant and equipment" assets as collateral to third parties in order to enable the realization of its normal business activities or as a commitment to support payment obligations.

8. Investments accounted for using the equity method

The following table sets forth the carrying amount and the share of profit of the investments accounted for using the equity method:

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Items	Equity Method		Accrued Net Income	
	3/31/2014	12/31/2013	1/1/2014 3/31/2014	1/1/2013 3/31/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Investments in associates accounted for using the equity method	7,309,516	7,341,196	57,301	73,064
Joint Ventures	187,448	153,786	33,664	26,159
Total	7,496,964	7,494,982	90,965	99,223

a) Associates

Agua de la Falda S.A.

As of March 31, 2014, Codelco has a 43.28% interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

The line of business of this company is to exploit deposits of gold and other minerals, in the third region of the country.

Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994. As of March 31, 2014, Codelco has a 49% interest in Sociedad Contractual Minera El Abra, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

Company activities involve the extraction, production and marketing of copper cathodes.

Sociedad Contractual Minera Purén

As of March 31, 2014, Codelco has a 35% interest in Sociedad Contractual Minera Purén, with the remaining 65% owned by Compañía Minera Mantos de Oro.

This company's line of business is to explore, identify, survey, investigate, develop and exploit mineral deposits in order to extract, produce and process ore.

Mining Industry Robotic Solutions S.A.

As of May 17, 2013, Codelco had a 36% stake of its capital shares, 53% was owned by Support Company Limited, 9% by Nippon Mining & Metals Co. Ltd., and 2% by Kuka Roboter GmbH.

On May 17, 2013, Codelco and Support Company Limited, agreed to enter into a transaction whereby the Corporation sold its stake to Support Company Limited. The result of this operation before tax was ThUS \$ 731.

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Sociedad GNL Mejillones S.A.

As of March 31, 2014, Codelco has a 37% interest in Sociedad GNL Mejillones S.A., with the remaining 63% owned by Suez Energy Andino S.A. These interests were established on November 5, 2010 when the Corporation did not increase the capital agreed upon by the meeting of shareholders of such company. Before the actual increase, both the Corporation and Suez Energy Andino S.A. had a 50% interest each.

This company's line of business is the production, storage, marketing, transportation and distribution of all types of fuel, and the acquisition, construction, maintenance and operation of infrastructure facilities and construction projects necessary for transport, reception, processing and storage both in Chile and abroad, singly or in partnership with third parties.

Comotech S.A.

As of March 31, 2014, Codelco has a 48.19% interest in Comotech S.A. through its indirect subsidiary Innovaciones en Cobre S.A.

The company's line of business is to carry out research activities to increase the demand for molybdenum at the national and international level through new and better applications, uses and/or markets.

Inca de Oro S.A.

On June 1, 2009 Codelco's Board authorized the formation of a company destined to developing studies to allow continuity of the Inca de Oro Project.

On February 15, 2011, the association of Codelco and Minera PanAust IDO Ltda. was approved in respect to the Inca de Oro deposit, with 66% of the share of Inca de Oro S.A. held by Minera PanAust IDO Ltda. and Codelco maintains a 34% share. Before the materialization of this association, Codelco owned the 100% of the society.

The financial effects from this operation generated a profit before income tax of ThUS\$ 33,668 during the period ended at December 31, 2011.

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Copper for Energy S.A.

As of March 31, 2014, Codelco has a 25% interest in the share capital of International Copper Association Ltd., a 25% interest in Fundación Chile and a 25% interest in Universidad de Chile.

Copper for Energy S.A.'s line of business is to develop and commercialize new products and applications for copper, destined to make the most efficient use of energy and/ or to generate and utilize renewable energy; conducting and ordering research, carrying out studies and projects, rendering of training services and activities.

Deutsche Giessdraht GmbH

As of March 31, 2014, Aurubis and Codelco through its affiliate, Codelco Kupferhandel GmbH, have a 60% and 40% interest, respectively.

The company produces wire rods in its Emmerich, Germany facility.

Anglo American Sur S.A.

On August 24, 2012, the company Inversiones Mineras Acrux SpA. (Acrux) and its affiliates (the shares divided between Mitsui & Co. Ltd. (Mitsui) and Codelco, but with Codelco maintaining control), acquired a 29.5% share interest in Anglo American Sur S.A. (AAS), of which, 24.5% corresponds to the indirect ownership of Codelco on AAS.

Subsequently, on November 26, 2012, Codelco sold 44,900 of its shares of Acrux to its partner Mitsui, generating a profit before tax of ThUS\$ 7,626.

After the above mentioned sale, Codelco reduced its indirect share interest in AAS to 20%, while Mitsui increased its participation to 9.5%. This situation remains unchanged as of December 31, 2012.

As of March 31, 2013, the control of AAS belongs to Inversiones Anglo American Sur S.A. with a 50.06% share interest, while the non-controlling interest corresponds to Acrux through its subsidiary Inversiones Mineras Becrux SpA., with a 29.5% and Mitsubishi group with a 20.44%.

The principal activities of the Company are the exploration, extraction, exploitation, production, processing and trading of minerals, concentrates, precipitates, copper bars and all metallic and non-metallic minerals, all fossil substances and liquid and gaseous hydrocarbons naturally presented. This includes the exploration, exploitation and use of all natural energy sources capable of industrial use and the products or by-products obtained, as well as any other related, connected or complementary activities in which the shareholders agree.

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The following table demonstrates the equity value and accrued results of investments in associates:

Associates	Taxpayer Number	Functional Currency	Equity Interest		Equity Method		Accrued Net Income	
			3/31/2014	12/31/2013	3/31/2014	12/31/2013	1/1/2014 3/31/2014	1/1/2013 3/31/2013
			%	%	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Deutsche Geissdraht GmbH	Foreign	EURO	40.0%	40.0%	2,615	3,627	296	203
Agua de la Falda S.A.	96.801.450-1	USD	43.3%	43.3%	5,530	5,589	(59)	-
Sociedad Contractual Minera El Abra	96.701.340-4	USD	49.0%	49.0%	843,639	838,225	35,818	37,358
Minera Purén SCM	76.028.880-2	USD	35.0%	35.0%	8,788	8,833	(45)	(56)
Sociedad GNL Mejillones S.A.	76.775.710-7	USD	37.0%	37.0%	56,425	56,582	(48)	6,956
MI Robotic Solutions S.A.	76.869.100-2	CLP	-	36.0%	-	-	-	(270)
Inca de Oro S.A.	73.063.022-5	USD	34.0%	34.0%	53,384	53,423	(38)	46
Anglo American Sur S.A.	77.762.940-9	USD	29.5%	29.5%	6,339,135	6,374,917	21,377	28,872
Other					-	-	-	(45)
TOTAL					7,309,516	7,341,196	57,301	73,064

The following tables provide details of assets and liabilities at March 31, 2014 and December 31, 2013 and major movements in respect of investments in associates accounted for under the equity method, and respective results for the periods ended March 31, 2014 and December 31, 2013.

Assets and liabilities	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	1,969,906	1,912,177
Non-Current assets	6,736,686	6,759,726
Current liabilities	962,546	1,145,842
Non-Current liabilities	1,308,401	1,290,594

Net Income	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Revenue	1,061,969	1,084,421
Cost of sales	(797,456)	(752,650)
Profit for the period	264,513	331,771

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Movements of Investment in Associates	1/1/2014 3/31/2014 ThUS\$	1/1/2013 12/31/2013 ThUS\$
Opening balances	7,341,196	7,466,286
Contributions	-	1,547
Dividends	(88,876)	(231,940)
Net income for the period	57,301	73,064
Difference due to exchange	(356)	(40)
Other comprehensive income	(109)	(379)
Other	360	(23,299)
Final balance	7,309,516	7,285,239

The following tables provide details on associated with significant breakdown of assets and liabilities as of March 31, 2014 and December 31, 2013 and include major movements and their results for the year ended at March 31, 2014 and December 31, 2013.

Sociedad Contractual Minera El Abra

Assets and liabilities	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	762,518	764,600
Non-Current assets	1,353,174	1,347,536
Current liabilities	97,114	106,474
Non-Current liabilities	187,868	186,001

Net Income	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Revenue	281,092	265,990
Cost of sales	(204,374)	(176,330)
Profit for the period	76,718	89,660

Anglo American Sur S.A.

Assets and liabilities	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	1,158,284	1,097,744
Non-Current assets	4,826,542	4,867,265
Current liabilities	830,814	1,004,062
Non-Current liabilities	836,604	831,799

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Net Income	1/1/2014 3/31/2014	1/1/2013 3/31/2013
	ThUS\$	ThUS\$
Revenue	762,726	760,378
Cost of sales	(574,467)	(536,458)
Profit for the period	188,259	223,920

b) Joint ventures

At March 31, 2014, the Corporation participates in the Copper Partners Investment Company Limited Joint venture. This partnership dates from March 2006 when Codelco Chile through its subsidiary Codelco International Ltd., executed the agreement with Album Enterprises Limited (a subsidiary of Minmetals) to form the company, in which both companies hold equal interests.

Assets and liabilities	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	119,824	43,089
Non-current assets	262,806	272,299
Current liabilities	7,736	7,822
Non-current liabilities	-	-

Net Income	1/1/2014 3/31/2014	1/1/2013 3/31/2013
	ThUS\$	ThUS\$
Revenue and other comprehensive income	101,478	75,116
Cost of sales	(34,150)	(22,798)
Profit (losses)	67,328	52,318

Movements of the investment in joint ventures	1/1/2014 3/31/2014	1/1/2013 3/31/2013
	ThUS\$	ThUS\$
Opening balance	153,786	178,326
Net income for the period	33,664	26,159
Dividends	-	(38,000)
Other	(2)	875
Final balance	187,448	167,360

Additional Information	3/31/2014 ThUS\$	3/31/2013 ThUS\$

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Cash and cash equivalent	91,476	13,288

c) Additional information about unrealized profit

The Corporation has recognized unrealized profit for purchases and sales of products, mining properties, property, plant and equipment and ownership rights. The most significant transactions include the transaction carried out in 1994 for the initial contribution of mining properties to Sociedad Contractual Minera El Abra.

The balance of unrealized profit as of March 31, 2014 corresponds to ThUS\$ 53,409 (December 31, 2013: ThUS\$ 53,409), an amount which represents deductions of investments in this entity.

Codelco carries out copper purchases and sales with Sociedad Contractual Minera El Abra. As of March 31, 2014, the value of finished products inventories category presents an unrealized provision of ThUS\$ 8,012. On December 31, 2013, there was an unrealized profit accrual of ThUS\$ 6,238.

Moreover, Codelco carries out copper purchases and sales with Anglo American Sur S.A., the value of finished products for the category Inventories as of March 31, 2014, has a provision for unrealized profit of ThUS\$ 2,252. At December 31, 2013, the company has a provision unrealized profit for ThUS\$ 3,336.

The Company has recorded unrealized gains for the purchase of rights to use GNL terminal of Contractual Minera El Abra, as of March 31, 2014 that correspond to ThUS\$ 3,920. As of December 31, 2013 it amounts to ThUS\$ 3,920.

d) Share in companies acquired at fair value versus carrying amount

The acquisition by Codelco of its participation in Anglo American Sur S.A., on August 24, 2012, was recorded based on the acquisition method, which involved the initial recognition of an investment in the amount of ThUS\$ 6,490,000, corresponding to the percentage of the share interest acquired (29.5%) over the fair value of the net assets of the company, while the book value at the acquisition date was ThUS\$ 1,699,795.

In determining the fair value of the net assets of the acquired share interest, the Corporation considered both the resources and mineral reserves that can be recovered reliably and the assessment of intangibles and all other considerations about assets and contingent liabilities was performed.

The fair value of the assets acquired and liabilities assumed at the acquisition date are as follows:

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	<u>Balance at Fair Value August 24, 2012</u> (US\$ million)
Property, plant and equipments	17,718
Intangibles	-
Mining resources	10,450
Water rights	28
Non-current assets	28,196
Inventories	211
Trade receivable and other receivables	693
Hedging instruments	1
Recoverable taxes	36
Cash and cash equivalents	599
Current assets	1,540
Total Assets	29,736
Capital	1,241
Retained earnings	2,895
Other reserves	18,510
Total Equity	22,646
Trade payables and other payables	1,599
Provision for employees benefits	76
Deferred taxes	4,925
Provisions	220
Non-Current liabilities	6,820
Trade payables and other payables	258
Provisions	12
Current liabilities	270
Total Liabilities	29,736

The purchase price to fair value between the identifiable assets and liabilities has been prepared by management using its best estimates and taking into account all relevant information available at the time of the acquisition of Anglo American Sur S.A.

The transaction has not resulted in the acquisition of control of the acquired company.

The Corporation used the model of discounted cash flows to estimate cash flow projections, based on the life of the mines. These projections are based on estimated production and

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future prices of minerals, operating costs and capital costs at the date of acquisition, among other estimates. Additionally, resources and potential resources to explore are not included in the plan because they have been valued separately using a market model. These resources include the concept of "Mineral Resources". As part of this process and the application of the discounted cash flow model, the fair value of the net assets of Anglo American Sur S.A. valued at US\$ 22,646 million in proportion to the ownership by Inversiones Mineras Becrux SpA (29.5%) which amounts to US\$ 6,681 million at fair value.

On March 31, 2014 and December 31, 2013 neither the amount recognized for the total consideration transferred, nor the range of estimates or assumptions used to determine reasonable values at the acquisition date have changed.

The earnings before tax, corresponding to the proportion of the gains of Anglo American Sur S.A. recognized for the period ended March 31, 2014 was ThUS\$ 55,537, while the adjustment for depreciation and decrease in the fair value of the net assets of the company recognized at the acquisition date, meant an effect of lower profit before tax of ThUS\$ 35,244 and is decreasing the item "Equity in earnings (losses) of associates and joint ventures accounted for using the equity method" of the comprehensive income statement.

9. Subsidiaries

The following tables present a detail of the assets, liabilities and results of the Corporation's subsidiaries, prior to consolidation adjustments:

Assets and liabilities	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	479,207	423,173
Non-current assets	6,922,544	6,923,084
Current liabilities	249,268	251,115
Non-current liabilities	1,096,909	1,093,414

Net Income	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Revenue	602,605	515,924
Cost of sales	(555,901)	(467,089)
Profit (losses) for the period	46,704	48,835

10. Other non-current non-financial assets

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Other non-current non-financial assets included in the consolidated statement of financial position as of March 31, 2014 and December 31, 2013 is detailed as follows:

Other non-current non-financial assets	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Law No. 13,196 asset (1)	26,281	27,230
Other	13,518	12,432
TOTAL	39,799	39,662

- (1) Corresponds to the recording of the commitment related to Law No. 13.196, for the advance payment received for the copper sales contract signed with Copper Partners Investment Company Limited. This amount will be amortized according to the shipments made.

11. Current and non-current financial assets

Current and non-current financial assets included in the statement of financial position are detailed as follows:

Classification in the statement of financial position	3/31/2014				Total financial assets ThUS\$
	At fair value through profit and loss	Loans and receivables	Hedging derivatives	Available for sale	
Cash and cash equivalents	1,666	959,881	-	-	961,547
Trade and other current receivables	(62,258)	2,104,369	-	-	2,042,111
Accounts receivables, non – current	-	144,051	-	-	144,051
A/R due from related companies, current	-	30,235	-	-	30,235
A/R due from related companies, non – current	-	224	-	-	224
Other current financial assets	-	2,177	9,131	-	11,308
Other non - current financial assets	-	9,064	83,643	-	92,707
Total	(60,592)	3,250,001	92,774	-	3,282,183

Classification in the statement of financial position	12/31/2013				Total financial assets ThUS\$
	At fair value through profit and loss	Loans and receivables	Hedging derivatives	Available for sale	
Cash and cash equivalents	1,431	749,239	-	-	750,670
Trade and other current receivables	124,905	2,061,277	-	-	2,186,182
Accounts receivables, non – current	-	138,896	-	-	138,896
A/R due from related companies, current	-	30,883	-	-	30,883
A/R due from related companies, non – current	-	224	-	-	244
Other current financial assets	-	3,899	1,728	-	5,627
Other non - current financial assets	-	9,829	83,878	-	93,707
Total	126,336	2,994,247	85,606	-	3,206,189

- **Financial assets designated at fair value through profit or loss:** As of March 31, 2014, this category mainly includes unfinished product sale invoices and mutual fund investments made by Codelco Chile subsidiaries.

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The effects on results of open invoices are determined by the differences between the provisional price at the date of shipment and the futures price curve of products, as explained under the title Accounting policies (letter p of number 2 of Chapter II), while mutual funds affect the result by the change in fair value of shares.

- **Loans granted and receivables:** These correspond to financial assets with fixed or determinable payments that are not traded in an active market.

The effects on the period's statements of comprehensive income generated by these assets, come mainly from financial interest gains and from the exchange rate differences related to the balances in currencies other than the functional currency.

No material impairments were recognized in accounts receivable.

- **Hedging derivatives:** Correspond to the receivable balances for derivative contracts for the exposure generated by existing operations and which affect the period profit and loss from the liquidation of these operations. The detail of derivative transactions is included in Note 27.
- **Available-for-sale financial assets:** These correspond primarily to non-derivative financial assets that are specifically designated as available for sale or are not classified as: a) loans and receivables, b) investments held to maturity or c) financial assets carried at fair value through profit or loss (IAS 39, paragraph 9).

Within the period presented, there was no reclassification of financial instruments among the different categories established under IAS 39.

12. Interest-bearing borrowings

Current and non-current interest-bearing borrowings correspond to Borrowings from financial institutions, Bond obligations and Finance leases, which are recorded by the Corporation at amortized cost using the effective interest rate method. The following tables detail the composition of the item "other financial liabilities, current and non-current."

The tables below show the composition of the other financial liabilities, current and non-current.

Items	3/31/2014					
	Current			Non-current		
	Loans and other payables	Hedge derivatives	Total	Loans and other payables	Hedge derivatives	Total

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	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Loans from financial entities	953,606	-	953,606	3,628,401	-	3,628,401
Bonds	611,414	-	611,414	7,652,683	-	7,652,683
Financial Lease	22,803	-	22,803	110,644	-	110,644
Hedge obligations	-	519	519	-	48	48
Other financial liabilities	1,121	-	1,121	77,691	-	77,691
Total	1,588,944	519	1,589,463	11,469,419	48	11,469,467

Items	12/31/2013					
	Current			Non-current		
	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$
Loans from financial entities	520,893	-	520,893	3,030,057	-	3,030,057
Bonds	611,929	-	611,929	7,662,388	-	7,662,388
Financial Lease	21,243	-	21,243	76,240	-	76,240
Hedge obligations	-	5,125	5,125	1,245	-	1,245
Other financial liabilities	1,111	-	1,111	77,912	-	77,912
Total	1,155,176	5,125	1,160,301	10,847,842	-	10,847,842

These items are generated by the following situations:

- Borrowings from financial institutions:

The loans obtained by the Corporation to finance its production operations oriented towards the foreign market.

On August 23, 2012, the subsidiary Inversiones GacruX SpA (GacruX), agreed to funding from Oriente Copper Netherlands BV (a subsidiary of Mitsui & Co. Ltd.) for approximately US\$1,863 million, renewable monthly until November 26, 2012, after which, if not paid or renegotiated, will automatically become a loan with a 7.5 years maturity from the date of disbursement, and an annual rate of Libor + 2.5%. This credit has no personal guarantees ("non-recourse") on Codelco's part.

Codelco's indirect subsidiary Codelco Inversiones Mineras BecruX SpA used this funding for the acquisition of 24.5% of the shares of Anglo American Sur S.A. and other related expenses.

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On October 31, 2012, new terms of the amended Credit Agreement were agreed, which remains without personal guarantees of Codelco ("non-recourse"), and establish a fixed rate of 3.25% per annum and a duration 20 years, to be payable in 40 semi-annual quotas of principal and interest. Under previous agreements, Mitsui is entitled to additional interest equivalent to one-third of the savings that result to GacruX from the difference between refinanced credit and the Credit Agreement originally signed. Furthermore, Mitsui (through a subsidiary) held an option to purchase from GacruX an additional 15.25% of the shares issued by the company Inversiones Mineras Acrux SpA. ("Acrux"), at a fixed price by approximately US\$ 998 million, to be used in full to prepay GacruX's debt under the Credit Agreement.

Subsequently, on November 26, 2012, Mitsui materialized the purchase of additional 15.25% share interest in Acrux, so Codelco reduced its debt with Mitsui, which at March 31, 2014, has a balance of ThUS\$ 822,440.

- **Bond obligations:**

On October 15, 2004, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 15, 2014, with an interest rate of 4.750% per annum with interest paid semiannually.

On May 10, 2005, the Corporation issued and placed bonds in the domestic market for a nominal amount of UF6,900,000, in a single series denominated Series B, and consists of 6,900 bonds for UF 1,000 each. These bonds mature in a single installment on April 1, 2025, with a 4% annual interest rate and with bi-annual interest payments.

On September 21, 2005, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on September 21, 2035, with a 5.6250% annual interest rate and with bi-annual interest payments.

On October 19, 2006, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 24, 2036, with a 6.15% annual interest rate and with bi-annual interest payments.

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On January 20, 2009, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 600,000. These bonds mature in a single installment on January 15, 2019, at an interest rate of 7.5% per annum with interest paid bi-annually.

On November 4, 2010 the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 1,000,000. These bonds mature in a single installment on November 4, 2020, at an interest rate of 3.75% per annum with interest paid bi-annually.

On November 3, 2011, the Corporation issued and placed bonds in the U.S. market under Rule 144A and Regulation S, for a nominal amount of ThUS\$ 1,150,000. These bonds mature in a single installment on November 4, 2021, with an interest rate of 3.875% per annum, with interest paid bi-annually.

On July 17, 2012, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of US\$ 2,000 million. The ThUS\$ 1,250,000 with an interest rate of 3% per annum mature on July 17, 2022 and the ThUS\$ 750,000 with an interest rate of 4.25% mature on July 17, 2042, and each have interest paid annually.

On August 13, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 750,000, which will mature in a single installment on August 13, 2023, with a coupon of 4.5% per annum with interest paid semiannually.

On October 18, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 950,000, which will mature in a single installment on October 18, 2043, with a coupon of 5.625% per annum with interest paid semiannually.

- **Financial debt commissions and expenses:**

Obtaining financial resources generates, in addition to the interest rate, fees and other expenses charged by the financial institutions, and the Corporation receives the net value of the loans. These expenses are amortized based on the effective interest rate determined using the amortized cost method.

- **Finance leases:**

Finance lease transactions are generated for service contracts, principally for buildings and machinery.

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As of March 31, 2014, the breakdown of loans from financial institutions and bond obligations is as follows:

3/31/2014									
Taxpayer number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payments of Interests
Foreign	USA	Syndicated Credit	BBVA Bancomer	9/27/2014	Floating	US\$	400,000,000	3 annual installments of principal at maturity	Quarterly
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	11/30/2015	Floating	US\$	75,000,000	Maturity	Quarterly
Foreign	Bermudas	Bilateral Credit	HSBC Bank Bermuda Limited	12/17/2015	Floating	US\$	162,500,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank of Tokyo-Mitsubishi	12/22/2015	Floating	US\$	100,000,000	Maturity	Quarterly
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	12/23/2015	Floating	US\$	100,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export. Dev. Canada	12/28/2015	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Sumitomo Mitsui Banking	2/18/2016	Floating	US\$	100,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US\$	100,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank Of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	HSBC Bank USA. N.A.	10/11/2016	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US\$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US\$	300,000,000	Maturity	Quarterly
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi	5/24/2019	Floating	US\$	8,700,000	Semiannually installments of principal from 2015 until maturity	Semi-annual
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US\$	20,300,000	Semiannually installments of principal from 2015 until maturity	Semi-annual
Foreign	USA	Bilateral Credit	Bank Of Tokyo Mitsubishi Ltd.	7/19/2018	Floating	US\$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export Dev Canada	7/20/2018	Floating	US\$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	HSBC Bank USA. N.A.	4/24/2014	Floating	US\$	245,000,000	Maturity	Monthly
97004000-5	Chile	Bilateral Credit	Banco de Chile	4/14/2014	Floating	US\$	100,000,000	Maturity	Monthly
97018000-1	Chile	Bilateral Credit	Scotiabank Chile	4/14/2014	Floating	US\$	100,000,000	Maturity	Monthly
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	3/31/2014	Floating	US\$	300,000,000	Maturity	Monthly
Foreign	Netherland	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US\$	874,959,000	Semiannually installments of principal until maturity	Semi-annual
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	Euro			
Foreign	Germany	Credit Line	Deutsche Bank		Floating	Euro			
			Other institutions						
TOTAL									

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Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal Rate	Effective interest rate
144-A REG.S	United States of America	10/15/2014	Fixed	US\$	500,000,000	Maturity	Semi annual	4.75%	4.99%
114-A REG.S	United States of America	1/15/2019	Fixed	US\$	600,000,000	Maturity	Semi annual	7.50%	7.79%
114-A REG.S	United States of America	11/4/2020	Fixed	US\$	1,000,000,000	Maturity	Semi annual	3.75%	3.98%
114-A REG.S	United States of America	11/4/2021	Fixed	US\$	1,150,000,000	Maturity	Semi annual	3.88%	4.07%
144-A REG.S	United States of America	7/17/2022	Fixed	US\$	1,250,000,000	Maturity	Semi annual	3.00%	3.16%
144-A REG.S	United States of America	8/13/2023	Fixed	US\$	750,000,000	Maturity	Semi annual	4.50%	4.75%
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi annual	4.00%	3.24%
144-A REG.S	United States of America	9/21/2035	Fixed	US\$	500,000,000	Maturity	Semi annual	5.63%	5.78%
144-A REG.S	United States of America	10/24/2036	Fixed	US\$	500,000,000	Maturity	Semi annual	6.15%	6.22%
144-A REG.S	United States of America	7/17/2042	Fixed	US\$	750,000,000	Maturity	Semi annual	4.25%	4.40%
144-A REG.S	United States of America	10/18/2043	Fixed	US\$	950,000,000	Maturity	Semi annual	5.63%	5.76%
TOTAL									

Nominal and effective interest rates presented above correspond to annual rates.

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As of December 31, 2013, the breakdown of loans from financial institutions and bond obligations is as follows:

12/31/2013								
Taxpayer number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization
Foreign	USA	Syndicated Credit	BBVA Bancomer	9/27/2014	Floating	US\$	400,000,000	3 annual installments of principal at maturity
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	11/30/2015	Floating	US\$	75,000,000	Maturity
Foreign	Bermudas	Bilateral Credit	HSBC Bank Bermuda Limited	12/17/2015	Floating	US\$	162,500,000	Maturity
Foreign	USA	Bilateral Credit	Bank of Tokyo-Mitsubishi	12/22/2015	Floating	US\$	100,000,000	Maturity
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	12/23/2015	Floating	US\$	100,000,000	Maturity
Foreign	USA	Bilateral Credit	Export. Dev. Canada	12/28/2015	Floating	US\$	250,000,000	Maturity
Foreign	USA	Bilateral Credit	Sumitomo Mitsui Banking	2/18/2016	Floating	US\$	100,000,000	Maturity
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US\$	100,000,000	Maturity
Foreign	USA	Bilateral Credit	Bank Of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US\$	250,000,000	Maturity
Foreign	USA	Bilateral Credit	HSBC Bank USA. N.A.	10/11/2016	Floating	US\$	250,000,000	Maturity
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US\$	250,000,000	Maturity
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US\$	300,000,000	Maturity
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US\$	300,000,000	Maturity
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi	5/24/2019	Floating	US\$	8,700,000	Semiannually installments of capital from 2015 until maturity
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US\$	20,300,000	Semiannually installments of capital from 2015 until maturity
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	1/29/2014	Floating	US\$	300,000,000	Maturity
Foreign	Netherland	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US\$	874,959,000	Semiannually instalments of capital until maturity
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	Euro		
Foreign	Germany	Credit Line	Deutsche Bank Other Institutions		Floating	Euro		
Total								

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Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate	Effective interest rate	Current Balance ThUS\$
144-A REG.S	EE.UU	10/15/2014	Fixed	US\$	500,000,000	Maturity	Semiannually	4.75%	4.99%	504,350
114-A REG.S	EE.UU	1/15/2019	Fixed	US\$	600,000,000	Maturity	Semiannually	7.50%	7.79%	21,030
114-A REG.S	EE.UU	11/04/2020	Fixed	US\$	1,000,000,000	Maturity	Semiannually	3.75%	3.98%	6,210
114-A REG.S	EE.UU	11/04/2021	Fixed	US\$	1,150,000,000	Maturity	Semiannually	3.88%	4.07%	7,380
144-A REG.S	EE.UU	7/17/2022	Fixed	US\$	1,250,000,000	Maturity	Semiannually	3.00%	3.16%	17,220
144-A REG.S	EE.UU	8/13/2023	Fixed	US\$	750,000,000	Maturity	Semiannually	4.50%	4.75%	12,930
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semiannually	4.00%	3.24%	3,110
144-A REG.S	EE.UU	9/21/2035	Fixed	US\$	500,000,000	Maturity	Semiannually	5.63%	5.78%	8,080
144-A REG.S	EE.UU	10/24/2036	Fixed	US\$	500,000,000	Maturity	Semiannually	6.15%	6.22%	5,990
144-A REG.S	EE.UU	7/17/2042	Fixed	US\$	750,000,000	Maturity	Semiannually	4.25%	4.40%	14,630
144-A REG.S	EE.UU	10/18/2043	Fixed	US\$	950,000,000	Maturity	Semiannually	5.63%	5.76%	10,950
Total										611,920

Nominal and effective interest rates presented above correspond to annual rates.

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The undiscounted amounts due to the Corporation maintained with financial institutions, is as follows:

3/31/2014					Current			
Debtor's	Currency	Effective Interest Rate	Nominal Rate	Payment of Interest	Less than	More than	Current	One to
Name					90 days	90 days	Total	Three Years
BBVA BANCOMER	US\$	0.49%	0.43%	Quarterly	148	133,486	133,634	
BANCO SANTANDER S.A.	US\$	1.21%	1.09%	Quarterly	205	630	835	75,62
HSBC BANK BERMUDA LIMITED	US\$	1.21%	1.08%	Quarterly	450	1,345	1,795	163,84
THE BANK OF TOKYO M.	US\$	1.07%	0.98%	Quarterly	249	743	992	100,75
BANCO SANTANDER S.A.	US\$	1.20%	1.08%	Quarterly	274	822	1,096	100,82
EXPORT DEVELOP CANADA	US\$	1.15%	1.03%	Quarterly	653	1,945	2,598	251,97
SUMITOMO MITSUI BANKING	US\$	1.16%	1.06%	Quarterly	272	799	1,071	101,08
MIZUHO CORPORATE BANK LTD	US\$	1.12%	0.84%	Quarterly	210	641	851	101,48
BANK OF TOKYO-MITSUBISHI LTD.	US\$	1.05%	0.74%	Quarterly	462	1,411	1,873	253,27
HSBC BANK USA, N.A.	US\$	1.15%	0.84%	Quarterly	1,058	1,602	2,660	253,27
EXPORT DEVELOP CANADA	US\$	1.10%	0.74%	Quarterly	460	1,406	1,866	253,26
MIZUHO CORPORATE BANK LTD	US\$	1.08%	0.85%	Quarterly	654	1,941	2,595	5,19
BANK OF AMERICA N.A.	US\$	1.10%	0.89%	Quarterly	1,350	1,365	2,715	5,42
BANK OF TOKYO MITSUBISHI LTD.	US\$	1.01%	0.90%	Semiannually	39	40	79	3,40
JAPAN BANK INTERNATIONAL COOPERATION	US\$	0.81%	0.80%	Semiannually	81	81	162	4,64
BANK OF TOKYO MITSUBISHI LTD.	US\$	0.96%	0.86%	Quarterly	647	1,985	2,632	5,25
EXPORT DEV CANADA	US\$	0.96%	0.86%	Quarterly	646	1,975	2,621	5,24
HSBC BANK USA, N.A.	US\$	0.48%	0.30%	Monthly	245,182	-	245,182	
BANCO DE CHILE	US\$	0.35%	0.35%	Monthly	100,017	-	100,017	
SCOTIABANK CHILE	US\$	0.21%	0.21%	Monthly	100,010	-	100,010	
BANCO SANTANDER S.A.	US\$	0.04%	0.04%	Monthly	300,000	-	300,000	
ORIENTE COPPER NETHERLANDS B.V	US\$	3.60%	3.25%	Semiannually	-	79,913	79,913	155,56
BONO 144-A REG. 2014	US\$	4.99%	4.75%	Semiannually	11,875	511,875	523,750	
BONO 144-A REG. 2019	US\$	7.79%	7.50%	Semiannually	-	45,000	45,000	90,00
BONO 144-A REG. 2020	US\$	3.98%	3.75%	Semiannually	18,750	18,750	37,500	75,00
BONO 144-A REG. 2021	US\$	4.07%	3.88%	Semiannually	22,281	22,281	44,562	89,12
BONO 144-A REG. 2022	US\$	3.16%	3.00%	Semiannually	-	37,500	37,500	75,00
BONO 144-A REG. 2023	US\$	4.75%	4.50%	Semiannually	16,875	16,875	33,750	67,50
BONO 144-A REG. 2035	US\$	5.78%	5.63%	Semiannually	-	28,125	28,125	56,25
BONO 144-A REG. 2036	US\$	6.22%	6.15%	Semiannually	15,416	15,375	30,791	61,50
BONO 144-A REG. 2042	US\$	4.40%	4.25%	Semiannually	-	31,875	31,875	63,75
BONO 144-A REG. 2043	US\$	5.76%	5.63%	Semiannually	-	53,438	53,438	106,87
Total ThUS\$					838,264	1,013,224	1,851,488	2,525,05

BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semiannually	138,000	138,000	276,000	552,00
Total U.F.					138,000	138,000	276,000	552,00
Subtotal ThUS\$					5,918	5,918	11,835	23,67
Total ThUS\$					844,181	1,019,142	1,863,323	2,548,76

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Nominal and effective interest rates presented above correspond to annual rates.

12/31/2013					Current			
Debtor's Name	Currency	Effective Interest Rate	Nominal Rate	Payment of interest	Less than 90 days	More than 90 days	Current Total	One to three years
BBVA BANCOMER	US\$	0.50%	0.45%	Quarterly	149	133,642	133,791	
BANCO SANTANDER S.A.	US\$	1.21%	1.09%	Quarterly	206	632	838	75,8
HSBC BANK BERMUDA LIMITED	US\$	1.21%	1.09%	Quarterly	444	1,363	1,807	164,3
THE BANK OF TOKYO M.	US\$	1.09%	1.00%	Quarterly	252	755	1,007	101,0
BANCO SANTANDER S.A.	US\$	1.21%	1.10%	Quarterly	277	833	1,110	101,1
EXPORT DEVELOP CANADA	US\$	1.16%	1.05%	Quarterly	662	1,977	2,639	252,6
SUMITOMO MITSUI BANKING	US\$	1.17%	1.07%	Quarterly	268	811	1,079	101,3
MIZUHO CORPORATE BANK LTD	US\$	1.12%	0.84%	Quarterly	215	639	854	101,7
BANK OF TOKYO-MITSUBISHI LTD.	US\$	1.05%	0.74%	Quarterly	475	1,410	1,885	253,7
HSBC BANK USA, N.A.	US\$	1.15%	0.84%	Quarterly	1,066	1,072	2,138	254,2
EXPORT DEVELOP CANADA	US\$	1.10%	0.74%	Quarterly	471	1,397	1,868	253,7
MIZUHO CORPORATE BANK LTD	US\$	1.09%	0.86%	Quarterly	654	1,977	2,631	5,2
BANK OF AMERICA N.A.	US\$	1.10%	0.89%	Quarterly	1,363	1,363	2,726	5,4
BANK OF TOKYO MITSUBISHI LTD.	US\$	1.01%	0.90%	Semiannually	-	79	79	3,4
JAPAN BANK INTERNATIONAL COOPERATION	US\$	0.81%	0.80%	Semiannually	-	162	162	4,6
BANCO SANTANDER S.A.	US\$	0.06%	0.06%	Quarterly	300,015	-	300,015	
ORIENTE COPPER NETHERLANDS B.V	US\$	3.60%	3.25%	Semiannually	-	79,913	79,913	155,5
BONO 144-A REG. 2014	US\$	4.99%	4.75%	Semiannually	-	523,750	523,750	
BONO 144-A REG. 2019	US\$	7.79%	7.50%	Semiannually	22,500	22,500	45,000	90,0
BONO 144-A REG. 2020	US\$	3.98%	3.75%	Semiannually	-	37,500	37,500	75,0
BONO 144-A REG. 2021	US\$	4.07%	3.88%	Semiannually	-	44,563	44,563	89,1
BONO 144-A REG. 2022	US\$	3.16%	3.00%	Semiannually	18,750	18,750	37,500	75,0
BONO 144-A REG. 2023	US\$	4.75%	4.50%	Semiannually	16,875	16,875	33,750	67,5
BONO 144-A REG. 2035	US\$	5.78%	5.63%	Semiannually	14,063	14,063	28,126	56,2
BONO 144-A REG. 2036	US\$	6.22%	6.15%	Semiannually	-	30,750	30,750	61,5
BONO 144-A REG. 2042	US\$	4.40%	4.25%	Semiannually	15,938	15,938	31,876	63,7
BONO 144-A REG. 2043	US\$	5.76%	5.63%	Semiannually	-	53,438	53,438	106,8
Total ThUS\$					394,643	1,006,152	1,400,795	2,519,0
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semiannually	138,000	138,000	276,000	552,0
Total U.F.					138,000	138,000	276,000	552,0
Subtotal ThUS\$					6,132	6,132	12,263	24,5
Total ThUS\$					400,775	1,012,284	1,413,058	2,543,6

Nominal and effective interest rates presented above correspond to annual rates.

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Payment commitments for financial leasing transactions are summarized in the following table:

Financial Leasing	3/31/2014			12/31/2013		
	Gross ThUS\$	Interest ThUS\$	Net ThUS\$	Gross ThUS\$	Interest ThUS\$	Net ThUS\$
Less than 90 days	7,459	(2,486)	4,973	6,994	(2,446)	4,548
Between 90 days and 1 year	25,453	(7,623)	17,830	24,195	(7,500)	16,695
Between 1 year and 2 years	25,004	(8,657)	16,347	34,723	(13,433)	21,290
Between 2 and 3 years	16,623	(7,195)	9,428	21,978	(9,640)	12,338
Between 3 and 4 years	14,238	(5,613)	8,625	28,833	(11,590)	17,243
Between 4 and 5 years	32,200	(8,905)	23,295	20,126	(5,369)	14,757
More than 5 years	66,736	(13,787)	52,949	16,954	(6,342)	10,612
Total	187,713	(54,266)	133,447	153,803	(56,320)	97,483

Contractual Financial Obligations	Contractual Financial Obligations Outstanding						
	(in millions of U.S.\$)						
	Total	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years	Average Annual Interest Rate
Bank debt	4,582	954	796	843	1,192	796	LIBOR + 0.51%
Notes payable	8,264	611	—	—	593	7,059	4.62%
Total	12,846	1,565	796	843	1,786	7,856	

Commitment to future payments for operating leases and lease payments recognized in the statements of comprehensive income are summarized in the following table:

Future payments for operating leases	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Less than one year	218,754	900,787
Between one and five years	311,986	492,528
More than five years	158,280	297,745
TOTAL	689,020	1,691,060

Rental fees recognized in the Statement of Comprehensive Income	3/31/2014 ThUS\$	03/31/2013 ThUS\$
Minimum payments for operating leases	87,206	101,240

13. Fair Value of financial assets and liabilities

As the carrying amount of financial assets and liabilities is a reasonable approximation of their fair value, no incremental disclosures are required in accordance with IFRS 7.

14. Fair value hierarchy

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Each of the estimated market values for the Corporation's portfolio of financial instruments is based on a calculation and data input methodology. Each of these methodologies has been analyzed to determine to which of the following levels they can be assigned:

- Level 1 corresponds to Fair Value measurement methodologies through market quotes (unadjusted) in active markets and considering the same valued Assets and Liabilities.
- Level 2 corresponds to Fair Value measurement methodologies using market quote data, not included in Level 1, that are either directly (prices) or indirectly (derived from the prices) observable for the valued Assets and Liabilities.
- Level 3 corresponds to Fair Value measurement methodologies that use valuation techniques that include data on the valued Assets and Liabilities that are not supported by observable market data.

Based on the methodologies, inputs, and previous definitions the following market levels have been established for the financial instruments portfolio held by the Corporation at March 31, 2014:

Financial assets and liabilities at fair value with an effect in profit and loss statement	3/31/2014			
	Level 1 ThUS\$	Level 2 ThUS\$	Level 3 ThUS\$	Total ThUS\$
Financial Assets:				
Provisionally priced sales contracts	-	(62,258)	-	(62,258)
Cross currency swap	-	83,487	-	83,487
Mutual fund units	1,666	-	-	1,666
Metals futures	5,466	-	-	5,466
Financial Liabilities:				
Metals futures	568	-	-	568

No transfers between different levels of market values were observed for the reporting period.

15. Trade and other payables

Total trade and other payables, current and non-current, are detailed as follows:

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Items	Current Liabilities	
	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Trade payables	1,034,221	1,287,112
Payables to employees	31,118	18,796
Withholdings	117,661	109,767
Tax withholdings	136,787	70,943
Other payables	86,505	86,079
Total	1,406,292	1,572,697

16. Other provisions

Other short-term accrued expenses and provisions as of the indicated dates are detailed as follows:

Other provisions	Current		Non-current	
	3/31/2014 ThUS\$	12/31/2013 ThUS\$	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Trade (1)	5,493	9,859	-	-
Operating (2)	124,473	79,732	-	-
Law No. 13.196	119,982	65,773	-	-
Sundry	52,496	66,028	4,441	2,502
Closure, decommissioning and restoration (3)	-	-	1,282,471	1,336,842
Contingencies	-	-	37,417	48,546
Total	302,444	221,392	1,324,329	1,387,890

Accrual for employee benefits	Current		Non-current	
	3/31/2014 ThUS\$	12/31/2013 ThUS\$	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Collective bargaining agreements	82,886	218,964	-	-
Severance Indemnity	48,016	51,005	806,344	790,939
Bonus	15,114	6,113	-	-
Vacation	135,618	162,125	-	-
Medical care programs (4)	765	820	380,326	349,339
Retirement plans (5)	88,118	118,652	76,251	147,512
Other	6,334	9,876	10,077	10,577
Total	376,851	567,555	1,272,998	1,298,367

- (1) Corresponds to a sales-related accrual, which includes charges for freight, loading, and unloading that were not invoiced at the end of the period.
- (2) Corresponds to a provision for customs duties, freight on purchases, electricity, among others.
- (3) Corresponds to future asset retirement provision costs primarily related to tailing dams, closures of mine operations and other assets. The value is calculated in present value

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discounted at a real annual discount rate before tax of 3.04% in Chilean pesos, (in 2011 cash flows were expressed in Chilean pesos discounted at a rate of 3% in real terms), and reflects the corresponding assessments of the value of money in time, that the market is being affected. The discount rate includes the risks associated to the liability that is being determined, except those that are included in the cash flows. The discount period varies between 11 and 82 years.

The new law on mine and mining facilities closure, published in the Official newspaper on November 11, 2011, will have effects in future periods on this provision, as mentioned in Note 29, "Contingencies and restrictions."

The Company determines and records the liability in accordance with the accounting policies mentioned in note 2, letter o) of the Accounting Policies.

- (4) Corresponds to an accrual for contributions to medical care institutions agreed upon with current and former employees.
- (5) Corresponds to an accrual for employees who have agreed or expected to agree to retire in accordance with plans in force for personnel retirement.

Movements of Other provisions were as follows:

Movements	1/1/2014 3/31/2014			
	Provision for mine closure	Contingencies	Other provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	1,336,842	48,546	2,502	1,387,890
Annual cost	390	-	28	418
Financial expenses	7,865	-	-	7,865
Payment of liabilities	(5,599)	(284)	(58)	(5,941)
Foreign exchange rate differences	(55,653)	676	108	(54,869)
Other variations	(1,374)	(11,521)	1,861	(11,034)
Final balance	1,282,471	37,417	4,441	1,324,329

17. Employee benefits

a. Provisions for post employment benefits and other long term benefits

Provision for post employment benefits corresponds to medical care plans and is intended to cover the payment obligations that the Corporation has contracted with its employees, according to contracts or collective bargaining agreements, to partially cover the costs of medical services.

Both long term benefits are based on the agreements in the employment contracts or collective bargaining agreements signed between the Corporation and workers.

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These accruals are recorded in the statement of financial position, at the present value of estimated future obligations. The discount rate applied is determined on the basis of the rates of financial instruments in the same currency in which the obligations are to be paid and with similar maturities.

The basis for the registration of these obligations are denominated in Chilean pesos, therefore the amount include in the Corporation's financial statements represents exposure to financial risk of exchange rate.

The results from adjustments and changes in actuarial variables are charged or credited to the statements of other comprehensive income in the period in which they occur.

During the period of January to March 2014, there were no significant changes in post-employment benefits plans.

Actuarial assumptions for calculating the employee termination benefit accrual are as follows:

Assumptions	3/31/2014	
	Severance Indemnity	Health Plan
Annual Discount Rate	5.46%	5.46%
Voluntary Annual Turnover Rate for Retirement (Men)	3.11%	3.11%
Voluntary Annual Turnover Rate for Retirement (Women)	0.25%	0.25%
Salary Increase (real annual average)	1.08%	1.08%
Future Rate of Long-Term Inflation	3.00%	3.00%
Inflation Health Care	4.08%	4.08%
Mortality tables used for projections	RV-2009	RV-2009
Average duration of future cash flows (years)	10.28	18.17
Expected Retirement Age (Men)	65	65
Expected Retirement Age (Women)	60	60

The discount rates correspond to the price in the secondary market of government bonds issued by Chile. Annual inflation corresponds to the long-term goal of the Central Bank of Chile. Rotation rates were determined by reviewing the experience of the Corporation, by studying the cumulative expenditures for the last three years on the current (analysis executed by causal) behavior. Growth rates of compensable revenues respond to the long-term trend observed by reviewing the historical salaries paid by the Corporation. The mortality tables used for the actuarial calculations correspond to numbers issued by the Superintendency of Securities and Insurance, and these are used because they are an appropriate representation of the Chilean market because of the lack of comparable statistical series to develop independent studies. Financial liabilities term corresponds to average maturity of payment flows of the respective defined benefit. Retirement ages are defined in the scheduled withdrawal of AFP, which is a parameter generally accepted in the Chilean market.

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Reconciliation of post employment benefit and other long term benefits provision:

Movements	1/1/2014	
	3/31/2014	
	Severance Indemnity ThUS\$	Health Plan ThUS\$
Initial balance	841,944	350,159
Service cost	17,813	4,148
Financial cost	5,629	2,626
Paid contributions	(70,278)	(3,758)
Other operational costs	104,044	32,013
<i>Subtotal</i>	<i>899,152</i>	<i>385,188</i>
(Gains) / Losses on Foreign exchange rate	(44,792)	(4,097)
Final Total	854,360	381,091

The technical revaluation of the liability for severance benefits for years of service, with a net effect of ThUS\$ 104,044, in equity, which decomposes in a loss of ThUS\$ 84,341 as of March 31, 2014, by the revaluation of financial assumptions; and a loss of ThUS\$ 19,703, for the effect of the historical behavior of severance payments, the fair value exceeded the actuarial valuation assumptions. Similar to the latter, the liability arising from health benefit plans has resulted in an actuarial loss of ThUS\$ 32,013.

The balance as of March 31, 2014 comprises a portion of ThUS\$ 48,016 and ThUS\$ 765 in the short term, corresponding to compensation for years of service and Health Plans respectively. As of March 31, 2014 a balance of ThUS\$ 925,234 is projected for the provision of compensation and ThUS\$ 378,220 for health benefits. The compensation payments flow over the next twelve months, reaching an expected monthly average of ThUS\$ 4,001 for severance and of ThUS\$ 64 per concept of health benefit plans.

Following the review of the sensitivities on the provisions made, from an average scenario, at low or high scenario with unit percentage change, respectively, and the two separate effects of reduction or increase of the book value of these provisions states:

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Severance Benefits for Years of Service	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	4.462%	5.462%	6.462%	8.72%	-7.55%
Financial effect on the real increase in income	0.580%	1.080%	1.580%	-7.86%	7.12%
Demographic effect of job rotations	2.610%	3.110%	3.610%	0.34%	-0.30%
Demographic effect on mortality tables	-25.00%	RV09 SVS, Chile	25.00%	-0.16%	0.17%
Health Benefits and Other	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	4.462%	5.462%	6.462%	9.57%	-7.22%
Financial effect on health inflation	3.582%	4.082%	4.582%	-3.57%	4.18%
Demographic effect, planned retirement age	58 / 63	60 / 65	62 / 67	2.74%	-2.50%
Demographic effect on mortality tables	-25.00%	RV09 SVS, Chile	25.00%	-3.75%	5.00%

b. Provision for termination benefits

The Corporation under its operational optimization programs seeks to reduce costs and increased labor productivity, facilitated by the incorporation of modern technologies and/or best management practices, has established personnel severance programs, using the corresponding addendum to contracts or collective bargaining agreements, with benefits that encourage retirement, for which necessary provisions are made based on the accrued obligation at present value.

As of March 31, 2014 and December 31, 2013, a running balance is presented by these obligations ThUS\$ 88,118, and ThUS\$ 118,652 respectively, while non-current balance represents ThUS\$ 76,251 and ThUS\$ 147,512 respectively, the latter associated with the provision related to the term of the collective bargaining process that the Administration argued Codelco Chuquicamata during the month of December 2012 with workers Unions that Division. These values have been discounted using a discount rate equivalent to that used for calculating employee benefits provisions and whose outstanding balances are part of the accounting balances as of March 31, 2014 and December 31, 2013.

c. Employee benefits expenses by nature of the benefits

The costs associated with employee benefits classified by their nature, are:

Expenditure by Nature of Employee Benefits	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Benefits - Short term	446,408	492,116
Benefits - Post employment	4,148	465
Benefits - Termination	2,585	10,545
Benefits by years of service	17,813	20,355
Total	470,954	523,481

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18. Net equity

In accordance with article 6 of Decreto Law 1.350 of 1976, it is established that, before March 30 of each year, the Board must approve the corporation's Business and Development Plan for the next three-year period. Taking that plan as a reference, and keeping in mind the Corporation's balance sheet for the immediate previous year, in order to ensure its competitiveness, before June 30 of each year the amounts that the Corporation shall allocate to the formation of capitalization funds and reserves shall be determined by founded decree from the Ministries of Mining and Treasury.

Net income shown in the balance sheets, after deducting the amounts referred to in the previous paragraph, shall belong to the State and becomes part of the Nation's general income.

Pursuant to the Exempt Finance Decree No. 217 of June 28, 2013 of the Ministry of Finance, the Corporation authorized capitalization amounting to US\$ 1,000 million, under the accounting profits generated by the purchase of shareholding Anglo American Sur SA, arising from the fair value measurement of this operation, in accordance with applicable accounting standards.

On December 13, 2013 and by Exempt Finance Decree No. 415, the Corporation authorized capitalization of US\$ 1,000 million under the accounting profits generated by the purchase of shares of Anglo American Sur SA, arising from the fair value measurement of this operation, in accordance with applicable accounting standards.

As of March 31, 2013 and December 31, 2012, no dividends payable were provisioned.

In the financial statement "Statement of Changes in Net Equity" the changes experienced in the Corporation's equity are disclosed.

Due to the bylaws that govern the Corporation, these financial statements do not consider disclosure of information related to earnings per share.

The movement and composition of other equity reserves is presented in the Consolidated Statement of Changes in Net Consolidated Equity.

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a) Other reserves

Other equity reserves are listed in the table below, as of the dates indicated in each case.

Other reserves	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Foreign exchange differences on conversion reserves	292	1,200
Cash flow hedge reserves	659	(8,704)
Capitalization fund and reserves	4,729,556	4,729,556
Reserve of gains (losses) of defined benefit plans	(161,139)	(113,519)
Other reserves	637,282	637,154
Total other reserves	5,206,650	5,245,707

b) Non-controlling equity interests

The details of non-controlling equity interests, included in liabilities and net income, are listed in the table below, as of the dates indicated in each case.

Company	Non-controlling participation		Net Equity		Profit (loss)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	1/1/2014 3/31/2014	1/1/2013 3/31/2013
	%	%	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Biosigma S.A.	33.30%	33.30%	645	439	(220)	(274)
Inversiones Gacru SpA	32.20%	32.20%	2,052,595	2,046,231	6,744	11,171
Ecosea Farming S.A.	14.97%	14.97%	433	420	13	-
Others	-	-	11	12	-	(1)
Total			2,053,684	2,047,102	6,537	10,896

Between January 1 and March 31, 2014, Inversiones SA Gacru has not paid dividends to non-controlling shareholders.

The percentage of non-controlling interest over the assets of Inversiones Mineras Acrux SpA is equal to 32.2% and generates a non-controlling interest in the affiliated company Inversiones Gacru SpA, which had the following figures in its statement of financial position, income statements and cash flow statement:

Assets and Liabilities	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	245,751	182,195
Non-current assets	6,339,135	6,374,917
Current liabilities	102,766	86,475
Non-current liabilities	771,727	771,727

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Results	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Revenues	74,661	19,366
Expenses	(63,178)	6,624
Profit of the period	11,483	25,990

Cash Flow	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Net Cash flow from operating activities	55,220	534
Net Cash flow from investing activities	138	206,566
Net Cash flow from financing activities	-	-

19. Operating income

The following table shows the sources of the Corporation's consolidated revenue.

Item	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Revenue from sales of the Corporation's copper	2,315,942	2,662,680
Revenue from sales of copper bought to third parties	547,816	384,344
Revenue from sales of molybdenum	126,132	125,485
Revenue from sales of other products	139,076	100,270
Loss in futures market	1,223	4,897
Total	3,130,189	3,277,676

20. Expenses by nature

The Corporation's consolidated expenses by nature are detailed as follows:

Item	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Personnel Expenses	446,408	492,116
Depreciation	307,003	252,326
Amortization	166,311	144,710
Total	919,722	889,152

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21. Other revenues and expenses by function

Other revenues and expenses by function are detailed in the following tables:

a) Other income by function

Item	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Penalties to suppliers	1,352	2,347
Delegated Administration	1,150	1,216
Miscellaneous sales (net)	9,196	6,023
Compensation by insurance companies	89	-
Other income	54,656	22,389
Total	66,443	31,975

b) Other expenses by function

Item	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Law No. 13.196	(240,783)	(268,006)
Research expenses	(3,522)	(7,046)
Bonus for the end of collective bargaining	(213,757)	(512)
Expenses plan	(2,585)	(10,545)
Penalty fixed assets	-	(503)
Medical care plan	(4,148)	(465)
Other Expenses	(3,114)	(14,347)
Total	(467,909)	(301,424)

22. Finance costs

Finance costs are detailed as follows:

Item	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Bond interests	(79,234)	(54,844)
Bank loan interests	(15,316)	(14,643)
Exchange differences on severance indemnity provision	(4,413)	(5,440)
Exchange differences on other non-current provisions	(13,949)	(7,793)
Other	(7,503)	(6,525)
Total	(120,415)	(89,245)

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23. Operating segments

In Section II, “Summary of Significant Accounting Policies” it has been indicated that, in conformity with IFRS No. 8, “Operating Segments”, the operating segments are determined according to the Divisions that make up Codelco. The revenues and expenses of the Head Office, are distributed among the defined opening segments.

Mining sites in operation, in which the Corporation carries out extractive and production processes, are organized into the Chuquicamata, Radomiro Tomic, Salvador, Andina, El Teniente and Gabriela Mistral divisions. Additionally the Ventanas division is added even though it is operating only as a smelter and refinery, and Ministro Hales that is estimated to be opened in the first half of 2014 (at the end of 2013 the mine was operating with full pre-stripping and the tests in the concentrator plant were completed, with just the tests in the roasting plant remaining).. Those operations are administered independently and are reporting directly to the Executive President. The details and operations related to each mine are the following:

Chuquicamata

Types of mine sites: open pit mines

Operating: since 1915

Location: Calama – Region II

Products: electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

Radomiro Tomic

Types of mine sites: open pit mines

Operating: since 1997.

Location: Calama – Region II

Products: electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

Salvador

Type of mine: underground mine and open pit mine

Operating: since 1926

Location: Salvador – Region III

Products: electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

Andina

Type of mines: underground and open pit mines

Operating: since 1970

Location: Los Andes – Region V

Product: copper concentrate

El Teniente

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Type of mine: underground mine
Operating: since 1905
Location: Rancagua – Region VI
Products: fire-refined copper and copper anodes

Ministro Hales

In charge of the future development of the open pit mine Ministro Hales whose authorization is dated November 19, 2010. The estimated date for the start of operations is the first half of 2014.

Gabriela Mistral

Type of mine: open pit mine
Operating: since 2008
Location: Calama – Region II
Products: electrolytic (electro-obtained) cathodes

a) Head Office Distribution

Revenue and expenses controlled by the Head Office are allotted to operating segments based on the criteria detailed as follows.

Main items are allocated according to the following criteria:

Sales and Cost of Sales of Head Office commercial transactions

- Distribution to the operating segments made proportionally to the value of the products and sub-products invoiced by each division.

Other income, by function

- Other income by function, associated and identified with each operating segment, is allotted directly.
- Recognition of realized profits and other income by function of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining other income is distributed in proportion to the addition of balances of “other income” and “finance income” of the respective operating segment.

Distribution costs

- Expenses associated and identified with each operating segment are allotted directly.
- Distribution costs of subsidiaries are allotted in proportion to the operating income of each operating segment.

Administrative Expenses

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- Administrative expenses associated and identified with each segment are allotted directly.
- Administrative expenses are recorded in cost centers associated with the sales function. Administrative expenses of subsidiaries are distributed in proportion to the operating income of each operating segment.
- Administrative expenses recorded in cost centers associated with the supply function are allocated in relation to material account balances in each division warehouse
- The remaining administrative expenses are distributed in relation to operating cash expenses of each operating segment.

Other Expenses, by function

- Expenses associated and identified with each operating segment are allotted directly.
- Expenses for pre-investment studies and other expenses of subsidiaries by function are distributed in proportion to the operating income of each operating segment.

Other Earnings

- Other earnings associated and identified with each individual operating segment are allotted directly
- Other earnings of subsidiaries are distributed in proportion to the operating income of each operating segment.

Finance Income

- Finance income associated and identified with each operating segment is allotted directly.
- Finance income of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining finance income is distributed in relation to the operating cash expenses of each operating segment.

Finance costs

- Finance costs associated and identified with each operating segment in particular are allotted directly.
- Finance costs of subsidiaries are distributed in proportion to the operating income of each operating segment.

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Share in profit (losses) of Associates and joint ventures, which are accounted for using the equity method

- The share in profit or losses of associates and joint ventures identified for each individual operating segment is allotted directly.

Foreign currency conversion

- Foreign currency conversion identifiable with each individual operating segment is allotted directly.
- Foreign currency conversion of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining foreign currency conversion is distributed in relation to operating cash expenses of each operating segment.

Contribution to the Treasury of Chile Law No. 13.196

- The amount of the contribution is distributed and accounted for in relation to values invoiced and accounted for in the copper and sub-product exports of each operating segment, subject to taxation.

Income tax income (expenses)

- First category income tax (corporate), of D.L. 2.398 and specific mining tax are distributed based on the pre-tax income of each operating segment, considering for this purpose the income and expenses distribution criteria of the Head Office and subsidiaries mentioned above.
- Other tax expenses are distributed in proportion to the first category income tax, specific mining tax and D.L. 2.398 allotted to each operating segment.

b) Transactions between segments

Transactions between segments are made up mainly by products processing services (or maquilas), which are recognized as revenue for the segment that makes maquilas and as the cost of sales for the segment that receives the service. Such recognition is performed in the period in which these services are provided, as well as disposal of both factors on corporate financial statements.

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c) Cash flow from segments

The operating segments defined by the Corporation, maintain a cash management which refers mainly to operational activities that need to be covered periodically with fixed funds constituted in each of these segments and whose amounts are not significant in the context of the category Corporate balances cash and cash equivalents.

Conversely, activities such as obtaining financing, investment and payment of relevant duties are mainly based at the Head Office.

d) Impairment

No reversals of impairment were made during the three-months ended March 31, 2014 and 2013, respectively.

e) Anglo American Sur S.A. participation

The effect of the result of the acquisition of Anglo American Sur S.A. on the assets and liabilities of the Corporation are shown separately.

The following tables detail the financial information organized by operating segments:

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From 1/1/2014 to 3/31/2014									
Segments	Chuquicamata ThUS\$	R. Tomic ThUS\$	Salvador ThUS\$	Andina ThUS\$	El Teniente ThUS\$	Ventanas ThUS\$	G. Mistral ThUS\$	M. Hales ThUS\$	Tot
Revenue from sales of the Corporation's copper	498,104	585,139	181,591	247,948	519,061	62,898	173,668	46,211	
Revenue from sales of copper bought from third parties	-	-	-	(774)	-	52,562	-	-	
Revenue from sales of molybdenum	48,418	2,157	3,170	41,874	30,513	-	-	-	
Revenue from sales of other products	31,754	-	24,658	-	20,829	61,835	-	-	
Revenue from futures market	976	(406)	291	29	31	-	224	-	
Revenue between segments	24,162	-	5,999	20	76	14,664	-	-	
Revenue from regular activities	603,414	586,890	215,709	289,097	570,510	191,959	173,892	46,211	
Cost of sales of the Corporation's copper	(398,732)	(418,212)	(207,718)	(206,943)	(292,932)	(63,561)	(148,989)	(27,859)	
Cost of sales of copper bought from third parties	-	-	-	165	-	(55,334)	-	-	
Cost of sales of molybdenum	(20,206)	(2,863)	(2,740)	(10,698)	(7,964)	-	-	-	
Cost of sales of other products	(2,846)	-	(11,054)	1	(27,408)	(72,145)	-	-	
Cost of sales between segments	(54,627)	25,610	(8,032)	2,540	10,163	(20,575)	-	-	
Cost of sales	(476,411)	(395,465)	(229,544)	(214,935)	(318,141)	(211,615)	(148,989)	(27,859)	
Gross Profit	127,003	191,425	(13,835)	74,162	252,369	(19,656)	24,903	18,352	
Other revenue per function	3,763	11,734	2,826	1,142	2,039	175	389	156	
Distribution costs	(119)	(9)	(74)	(64)	(89)	(240)	-	-	
Administrative expenses	(14,360)	(7,750)	(1,675)	(7,589)	(19,020)	(2,298)	(8,042)	(6,923)	
Other expenses per function	(869)	3,138	(5,929)	(2,807)	(216,969)	(244)	422	(171)	
Law 13,196	(58,542)	(59,784)	(20,734)	(28,791)	(44,825)	(8,330)	(17,677)	(2,098)	
Other gains (losses)	-	-	-	-	-	-	-	-	
Finance income	511	187	190	25	437	46	15	64	
Finance costs	(22,416)	(6,120)	(1,369)	(16,781)	(31,080)	(1,561)	(4,423)	(20)	
Share in the profit (loss) of associates and joint ventures accounted by the equity method	618	-	(88)	364	183	-	-	-	
Exchange differences	56,695	15,544	10,812	14,366	56,069	5,495	5,542	6,148	
Profit (loss) before taxes	92,241	148,275	(29,476)	34,027	(886)	(26,613)	1,129	15,508	
Income tax expenses	(57,922)	(90,618)	18,197	(21,617)	1,117	15,999	(677)	(11,874)	
Profit (loss)	34,319	57,657	(11,279)	12,410	231	(10,614)	451	3,634	

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Segments	from 1/1/2013 to 3/31/2013								Tot
	Chuquicamata ThUS\$	R. Tomic ThUS\$	Salvador ThUS\$	Andina ThUS\$	El Teniente ThUS\$	Ventanas ThUS\$	G. Mistral ThUS\$	M. Hales ThUS\$	
Revenue from sales of the Corporation's copper	496,671	632,579	147,709	424,793	669,134	110,762	152,302	-	-
Revenue from sales of copper bought from third parties	-	-	-	-	-	13,198	-	-	-
Revenue from sales of molybdenum	35,171	8,439	6,925	34,018	40,932	-	-	-	-
Revenue from sales of other products	25,416	-	21,021	1,106	13,416	40,778	(1,467)	-	-
Revenue from futures market	(463)	3,024	1,153	(137)	382	-	783	-	-
Revenue between segments	27,045	-	4,822	147	235	10,969	-	-	-
Revenue from regular activities	583,840	644,042	181,630	459,927	724,099	175,707	151,618	-	-
Cost of sales of the Corporation's copper	(455,508)	(272,689)	(144,111)	(250,656)	(391,733)	(116,390)	(118,914)	-	-
Cost of sales of copper bought from third parties	-	-	-	-	-	(10,404)	-	-	-
Cost of sales of molybdenum	(14,409)	(6,582)	(4,285)	(7,399)	(8,199)	-	-	-	-
Cost of sales of other products	(5,508)	-	(9,610)	(96)	(21,560)	(48,601)	-	-	-
Cost of sales between segments	(72,729)	-	(12,913)	(277)	(883)	(27,442)	-	-	-
Cost of sales	(548,154)	(279,271)	(170,919)	(258,428)	(422,375)	(202,837)	(118,914)	-	-
Gross Profit	35,686	364,771	10,711	201,499	301,724	(27,130)	32,704	-	-
Other revenue per function	21,793	933	2,859	1,348	628	206	255	24	-
Distribution costs	(46)	(13)	(13)	(47)	(57)	-	-	-	-
Administrative expenses	(12,418)	(6,797)	(4,253)	(5,933)	(21,495)	(2,831)	(13,737)	31	-
Other expenses per function	(13,425)	(298)	1,087	(2,033)	(8,621)	(37)	(461)	(35)	-
Law 13,196	(54,889)	(65,616)	(16,640)	(44,499)	(60,422)	(10,205)	(15,736)	-	-
Other gains (losses)	-	-	-	-	-	-	-	-	-
Finance income	706	226	209	183	931	157	73	6	-
Finance costs	(22,717)	(5,449)	(1,713)	(27,695)	(12,064)	(755)	(13,400)	(43)	-
Share in the profit (loss) of associates and joint ventures accounted by the equity method	35	-	(104)	115	-	-	-	-	-
Exchange differences	(30,666)	(5,453)	(3,843)	(6,442)	(11,224)	(2,404)	(3,168)	602	-
Profit (loss) before taxes	(75,941)	282,304	(11,700)	116,496	189,400	(42,999)	(13,470)	585	-
Income tax expenses	51,615	(221,025)	5,442	(88,544)	(135,531)	23,873	16,186	(1,321)	-
Profit (loss)	(24,326)	61,279	(6,258)	27,952	53,869	(19,126)	2,716	(736)	-

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The assets and liabilities related to each operating segment, including the Corporation's head office as of March 31, 2014 and of December 31, 2013 are detailed in the following tables:

3/31/2014											
Account	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries, associates and Head office, net	Participation Anglo American Sur	Consolidated Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current assets	1,024,496	739,472	352,659	402,524	844,493	213,497	374,408	361,245	1,233,739	245,751	5,792,284
Non-current assets	3,745,989	1,626,334	721,328	3,820,401	4,339,952	264,374	1,219,403	3,853,019	2,363,195	6,339,135	28,292,486
Current liabilities	469,338	156,183	174,596	191,480	511,070	188,706	99,142	158,373	2,041,015	102,766	4,092,668
Non-current liabilities	986,366	247,511	174,040	236,567	795,160	42,574	116,301	38,622	14,272,207	771,727	17,681,074

12/31/2013											
Account	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries, associates and Head office, net	Participation Anglo American Sur	Consolidated Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current assets	1,052,825	741,528	410,839	336,743	785,660	250,815	368,231	168,686	1,110,302	198,611	5,424,240
Non-current assets	3,721,726	1,620,915	691,550	3,782,954	4,244,771	261,878	1,084,670	3,799,355	2,347,704	6,375,400	27,930,923
Current liabilities	526,944	218,826	180,856	237,748	450,063	175,146	124,236	135,123	1,659,755	70,059	3,778,756
Non-current liabilities	1,065,178	260,946	178,384	233,453	796,866	39,143	79,831	38,214	13,681,941	794,831	17,168,787

Revenue classified by geographical area is detailed as follows:

Revenue per geographical areas	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Total revenue from local customers	301,820	171,595
Total revenue from foreign customers	2,828,369	3,106,081
Total	3,130,189	3,277,676

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Revenue per geographical areas	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
China	616,325	808,385
Rest of Asia	743,500	528,234
Europe	430,259	419,866
America	689,354	808,078
Others	650,751	713,113
Total	3,130,189	3,277,676

The main customers of the Corporation are listed in the following table:

Principal Clients	Country	1/1/2014 3/31/2014 ThUS\$
Red Kite Master Fund Ltd.	Bermuda	200,822
Trafigura Pte Ltd	Singapore	175,671
Southwire Company	USA	113,351
Wanxiang Resources	Singapore	97,647
Nexans France	France	92,367
Cobre Cerrillos S.A.	Chile	85,195
N.V. Umicore S. A.	Belgium	82,698
Ls-Nikko Copper Inc	South Korea	78,993
Kuniosa Metals Co. Ltd.	Japan	72,943
Nexans Chile S.A.	Chile	62,948
Total		1,062,635

Sales are allocated to different geographical areas depending on the residence of the clients that have signed sales contracts with Codelco.

Non-current assets other than financial instruments, deferred tax assets, Post-employment benefit assets, and rights arising under insurance contracts, are located mainly in Chile, with no significant exceptions, located in foreign subsidiaries, and which do not exceed more than 1% of such assets.

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24. Foreign exchange differences

According to Decree Law 1.350, the Corporation maintains its accounting records in United States dollars (US\$), recording transactions in currencies other than U.S. dollars at the exchange rate current at the date of each transaction and subsequently updating them, when necessary, according to the exchange rate determined by the Superintendency of Securities and Insurance as of closing reporting for each of the financial statements.

The following table summarizes the foreign exchange differences included in the consolidated statements of income:

Gain (loss) from foreign exchange differences recognized in income	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Gain from foreign exchange differences	199,770	25,969
Loss from foreign exchange differences	(43,424)	(86,127)
Total foreign exchange differences, net	156,346	(60,158)

25. Statement of cash flows

The following table shows the items that comprise other collections and payments from operating activities in the Statement of Cash Flows:

Other collections from operating activities	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
VAT Refund	361,254	516,381
Other	65,380	78,081
Total	426,634	594,462

Other payments for operating activities	1/1/2014 3/31/2014 ThUS\$	1/1/2013 3/31/2013 ThUS\$
Contribution to the Chilean Treasury (Law No. 13,196)	(203,215)	(322,955)
Finance hedges and sales	5,022	(59,123)
VAT and other similar taxes paid	(310,795)	(353,288)
Total	(508,988)	(735,406)

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26. Financial risk management, objectives and policies

Codelco has created committees within its organization to generate strategies with which to minimize the financial risks to which it may be exposed.

The risks to which Codelco is exposed are detailed as follows, along with a brief description of the management procedures that are carried out in each case.

a. Financial risks

- Exchange rate risk:

According to IFRS 7, exchange rate risk is understood to be the risk that arises from financial instruments that are denominated in foreign currencies, that is, a currency other than the Corporation's functional currency (U.S. dollar).

Codelco's activities that generate this exposure correspond to funding in UF, accounts payable and receivable in Chilean pesos, other foreign currencies used in its business operations and obligations with employees.

The majority of transactions in currencies other than US\$ are denominated in Chilean pesos.

Taking the assets and financial liabilities as of March 31, 2014 as the base, a fluctuation (positive or negative) of 10 Chilean pesos against the U.S. dollar (keeping the other variables constant), could affect profits by US\$ 43 million or result in losses of US\$ 57 million, before taxes. This result is obtained by identifying the principle areas affected by exchange rate, including assets and financial liabilities, in order to measure the impact on income that a variation of +/- 10 Chilean pesos would have to US\$, with respect to the real exchange rate as of the date of this financial statement.

Codelco has signed deposits in national currency to cover the effects of exchange rate fluctuations between the dollar and the Chilean peso due to the obligations of the Corporation held in Chilean pesos.

As of March 31, 2014 and December 31, 2013, Codelco does not have balance of these deposits.

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- Interest rate risk:

This risk is generated by interest rate fluctuations in Codelco's investment and financing activities. This movement can affect future cash flows or the market value of fixed rate financial instruments.

These rate variations refer to U.S. dollar variations, mostly with respect to the LIBOR rate. To manage this risk, Codelco maintains an adequate combination of fixed and variable rate debt, which is complemented by the possibility of using interest-rate derivatives to meet the strategic guidelines defined by Codelco's Corporate Finance Department.

It is estimated that, on the basis of net debt as of March 31, 2014, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US\$ 8 million change in finance costs, before tax. This estimation is made by identifying the liabilities assigned to variable interest, accrued at the end of the financial statements, which may vary with a change of one percentage point in variable interest rates.

Total fixed and variable interest rate obligations maintained by Codelco as of March 31, 2014, amount to ThUS\$ 9,086,537 and ThUS\$ 3,759,567 respectively.

b. Market risks

- Commodity price risk:

As a result of its commercial operations and activities, the Corporation's income is mainly exposed to the volatility of copper prices and certain sub-products such as gold and silver.

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average market price for specified future periods. The host contract is the sale of metals contained in the concentrate or cathode at the provisional invoice price, and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. At the reporting date, the provisionally priced metal sales are marked-to-market, with adjustments (both gains and losses) being recorded in revenues in the consolidated statements of comprehensive income. Forward prices at the period end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets futures market.

As of March 31, 2014, if the future price of copper were to vary by + / - 5% (with the other variables constant), net income would vary by + / - US\$ 165 million as a result of setting the mark to market of sales revenue to provisional prices in effect at March 31, 2014 (MTMF 483). For the estimate indicated, all physical sales contracts were identified that will be valued according to the average of the month immediately following the close of the financial statements, after which the definitive liquidation price will be estimated and proceeds to estimate

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what the final settlement price if there is a difference of + / identified / - 5% with respect to the future price on that date known to date for the given period.

In order to protect its cash flows and, if necessary, adjust its sales contracts to its commercial policy, the Corporation performs transactions in the metal derivative market. At the reporting date, the contracts are adjusted to their fair value, registering that effect, at the maturity of the hedge operations, being recorded in revenues of product sales.

Forward prices at the period-end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets derivative market.

As of March 31, 2014, a US¢ 1 variation in the price per pound of copper, because of the effect on derivative instrument contracts entered into by the Corporation, would result in a variation in revenue or payments for existing contracts (exposure) of ThUS\$ 5, before taxes. This calculation is obtained from a simulation of the change of future copper prices, which are used to value all derivative instruments entered into by the Corporation. Estimates will vary if there is an increase / decrease of U.S. ¢ 1 in the price of the pound of copper.

No hedging contracts have been entered into for the specific purpose of mitigating the price risk caused by fluctuations in the price of production supplies.

c. Liquidity risk

The Corporation ensures that it has sufficient resources, such as pre-approved credit lines (including refinancing), in order to meet short-term requirements, after considering the necessary working capital for its operations and any other commitments it has.

In this sense, Codelco Chile maintains resources at its disposal sufficient to meet its obligations, whether in cash, liquid financial instruments or credit facilities.

In addition, the Finance Department constantly monitors the Corporation's cash flow projections based on short and long term projections and available financing alternatives. In addition, the Corporation estimates that it has enough room to increase the level of borrowing for the normal requirements of its operations and investments established in its development plan.

In this context, according to current existing commitments with creditors, the cash requirements to cover financial liabilities classified by maturity and presented in the statement of financial position are detailed as follows:

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Maturities of financial liabilities at March 31, 2014	Less than a year ThUS\$	Between one and five years ThUS\$	More than five years ThUS\$
Loans from financial institutions	953,606	2,832,172	796,229
Bonds	611,414	593,194	7,059,489
Finance leases	22,803	57,695	52,949
Derivatives	519	48	-
Other financial liabilities	1,121	77,691	-
Total	1,589,463	3,560,800	7,908,667

d. Credit risk

This risk comprises the possibility that a third party does not fulfill its contractual obligations, thereby causing a loss for the Corporation.

Given the Corporation's sales policy, principally with cash and advance payments and bank letters of credit, the uncollectibility of client debt balances is minimal. This is complemented by the familiarity the Corporation has with its clients and the length of time it has operated with them. Therefore, the credit risk of these transactions is not significant.

In general, the Corporation's other accounts receivable have a high credit quality according to the Corporation's evaluations, based on each debtor's solvency analysis and payment history.

The maximum credit risk exposure as of March 31, 2014 is represented by the financial asset items presented in the Corporation's Statement of Financial Position.

The Corporation's accounts receivable do not include customers with balances that could be classified as a significant concentration of debt and would represent a material exposure for Codelco. This exposure is distributed among a large number of clients and other counterparties.

The client items include allowances, which are not significant, designed to cover possible insolvencies. These provisions are determined based on review of the debt balances and the clients' characteristics, to cover possible insolvencies.

Explanatory note 2 in "Trade and other receivables" presents overdue balances that have not been impaired.

The Corporation estimates that unimpaired amounts overdue over 30 days are recoverable based on clients' historical payment behavior and their existing credit ratings.

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As of March 31, 2014 and March 31, 2013, there are no receivable balances that have been renegotiated.

Codelco works with major banks, which have high national and international ratings, and continually assesses them; therefore, the risk that could affect the availability of the Corporation's funds and financial instruments is not significant.

Also, in some cases, to minimize credit risk, the Corporation has contracted credit insurance policies through which it transfers to third parties the commercial risk associated with some aspects of its business.

During the periods ended March 31, 2014 and March 31, 2013, no assets have been obtained as a result of the execution of guarantees contracted to insure the collection of third party debt.

Personnel loans are mainly generated by mortgage loans, according to programs included in collective agreements, which are guaranteed by housing mortgages which are paid for through payroll discounts.

27. Derivatives contracts

As stated in the Board of Directors' policy, ratified on March 27, 2009, the Corporation has operations to hedge cash flows, to minimize the risk of foreign exchange rate variations and sales price variations, detailed as follows:

a. Exchange rate hedges

The Corporation has protective measures against exchange rate variations, whose net deferred tax exposure amounts to ThUS\$ 1,547, which will expire in April 2025.

The following table summarizes the exposure of the financial hedges contracted by the Corporation:

March 31, 2014

Hedge Item	Bank	Type of derivative contract	Maturity	Currency	Amount of the hedge item ThUS\$	Financial Obligation: Hedging Instrument ThUS\$	Exposure ThUS\$	Asset ThUS\$	Liability ThUS\$
Bono UF Matur. 2025	Credit Suisse (EE.UU)	Swap	4/1/2015	US\$	295,875	208,519	83,138	360,300	(277,162)
Total					295,875	208,519	83,138	360,300	(277,162)

Neither as of March 31, 2014 nor as of December 31, 2013, were there cash deposits for guarantees.

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The current methodology for valuing the currency swap, using the bootstrapping technique from the Mid and Mid Swap rates build curves (zero) in UF and USD respectively, from market information.

b. Cash flows and commercial policy adjustment hedging contracts

The Corporation performs transactions in the metal derivatives market, recording their results at maturity. These results are added to or deduced from sales revenue. This addition or deduction is made because sales revenue incorporates the positive or negative effect of market prices. At March 31, 2014, these operations generated a lower net realized income of ThUS\$ 673 (plus an effect of higher net income equivalents to ThUS\$ 78 in subsidiaries), which is detailed below:

b.1. Commercial operations of current copper contracts

The purpose of these contracts is to adjust the price of shipments to the price defined in the Corporation's related policy, defined in accordance with the London Metal Exchange (LME). As of March 31, 2014, the Corporation performed derivative market transactions of copper that represent 281,855 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of March 31, 2014 presenting a ThUS\$ 3,806 positive exposure, and their final result will only be known at their maturity, offsetting the hedging transactions with revenue from the sale of the hedged products.

The transactions completed between January 1st and March 31, 2014 generated a net positive effect on net income of ThUS\$ 1,506, which is deducted from the amounts paid for purchase contracts and added to the values received for sales contracts of the products affected by these pricing transactions.

b.2. Commercial Transactions of Current Gold and Silver Contracts

As of March 31, 2014 the Corporation maintains contracts for derivatives the sale of gold for MOZT 46 and silver for MOZT 2,036.

The contracts outstanding as of March 31, 2014 show a positive exposure of ThUS \$1,091. The final result will only be known at the expiration of such operations, after offsetting between hedging and income from the sale of the goods.

The transactions completed between January 1st and March 31, 2014 generated a negative effect on net income of ThUS\$ 833 which are added to the amounts received from the sales contracts and the sales of products related to these transactions. These hedging transactions mature in August 2014.

b.3. Cash flow hedging operations backed by future production

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The Corporation does not hold actual transactions at March 31, 2014, resulting from these operations, which allowed protecting future cash flows, by way of ensuring the sales prices levels of production.

Exposure of metal hedges is summarized in the following tables, as referred to in point b above:

March 31, 2014		Maturity date					
ThUS US\$	2014	2015	2016	2017	2018	Upcoming	Total
Flex Com Copper (Asset)	3,654	690	(8)	-	-	-	4,336
Flex Com Copper (Liability)	(260)	(270)	-	-	-	-	(530)
Flex Com Gold/Silver	1,091	-	-	-	-	-	1,091
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	4,485	420	(8)	-	-	-	4,897

December 31, 2013		Maturity date					
ThUS US\$	2014	2015	2016	2017	2018	Upcoming	Total
Flex Com Copper (Asset)	5,516	40	-	-	-	-	5,556
Flex Com Copper (Liability)	(14,119)	(1,245)	-	-	-	-	(15,364)
Flex Com Gold/Silver	1,655	-	-	-	-	-	1,655
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	(6,948)	(1,205)	-	-	-	-	(8,153)

March 31, 2014		Maturity date					
Th of TM/Ounces	2014	2015	2016	2017	2018	Upcoming	Total
Copper Futures [TM]	215.0	65.0	2.0	-	-	-	282.0
Gold/Silver Futures [MOZ]	2,082.0	-	-	-	-	-	2,082.0
Copper price setting [TM]	-	-	-	-	-	-	-
Copper Options [TM]	-	-	-	-	-	-	-

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December 31, 2013	Maturity date						
Th of TM/Ounces	2014	2015	2016	2017	2018	Upcoming	Total
Copper Futures [TM]	279.0	50.0	-	-	-	-	329.0
Gold/Silver Futures [MOZ]	1,869.0	-	-	-	-	-	1,869.0
Copper price setting [TM]	-	-	-	-	-	-	-
Copper Options [TM]	-	-	-	-	-	-	-

28. Contingencies and restrictions

a) Litigations and contingencies

There are various lawsuits and legal actions initiated by or against the Corporation, which derive from its operations and the industry in which it operates. In general, these are civil, tax, labor and mining litigations, all related to the Corporation's activities.

In the opinion of Management and its legal advisors, the lawsuits in which the Corporation is being sued, and could have negative results; do not represent significant loss contingencies or cash flows. Codelco defends its rights and employs all corresponding relevant legal instances, resources and procedures.

The most significant lawsuits that involve Codelco are related to the following matters:

- Tax Lawsuits: There are several tax lawsuits due to Internal Revenue Service tax assessments, for which the Corporation has filed the corresponding opposition.
- Labor Lawsuits: Labor lawsuits filed by workers of the Andina Division against the Corporation, relating to occupational illness (silicosis).
- Mining and Other Lawsuits derived from operations: The Corporation has been participating and will probably continue to participate as a claimant and defendant in certain lawsuits relating to its operations and mining activities, through which it seeks to exercise or oppose certain actions or exceptions with regard to certain mining concessions that have been established or are pending constitution, and its other activities. These processes do not currently have a fixed amount and not essentially affect the development of Codelco.

A case by case analysis of these lawsuits has shown that there are a total of 219 cases that have a clearly estimated value. It is estimated that 153 of these, which represent 69.86% of the total and which amount to ThUS\$ 37,417, could have a negative impact on the Corporation. There are also 57 lawsuits, representing 26.03% of the total and which amount to ThUS\$ 248, for which there is no certainty that the outcome will be unfavorable for Codelco. For the 9 remaining cases, the Corporation's legal advisors believe that an unfavorable outcome is unlikely. In addition, there are 107 lawsuits for undetermined amounts. It is believed that the results of 37 of these lawsuits could be unfavorable to Codelco.

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The Corporation received Liquidations N° 45, 46 and 47, issued on 29 June, 2012 by the Large Taxpayers Internal Revenue Service (SII), all relating to the audit of the transactions that the Corporation has with the associate company Copper Partners Investment Company Limited, for which Codelco has asked the Review of the Performance Audit (RAF), adding to a similar review requested by Overstock N° 1 and N° 2 and SDF Ex. Resolution No. 1 issued dated July 30, 2010 by the Division of Control of IBS in relation to transactions of the same type indicated above. The IBS, on December 23, 2013, invited the Corporation to a conciliation procedure. On January 21, 2014, the SDF rejected resolution N° 178/2014, Branch Control is delivered in the revision of the supervisory action, under the Liquidations N° 1 and N° 2 and SDF Ex. On January 27, 2014, the Corporation requested the reconsideration of the resolution N° 178/2014. On March 4, 2014, the IBS in response granted the application for a special evidentiary procedure by the Corporation.

The necessary provisions have been made for the lawsuits with probable losses and their legal costs. These provisions are recorded as contingency provisions.

As is public knowledge, the Corporation has submitted Appeals for Protection before the respective Courts of Appeals, challenging the findings reported by the Labor Department, deriving from inspections performed under the framework of Law No. 20.123, which regulates subcontracted work schemes and temporary service firms. Five of these appeals were accepted and one was rejected, the latter of which has been appealed by the Corporation. All appeals are currently pending in the Supreme Court.

b) Other Commitments

- i. On February 29, 2010, the Board agreed to continue mining operations of the Salvador Division until 2016, and if market and operating conditions are maintained, until 2021, both extensions are subject to the condition that management improvements and cost reduction commitments made by the Division are met, these commitments were filed at the Board of Directors in August 2010, and the extension was approved.
- ii. On May 31, 2005, Codelco, through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to form a company, Copper Partners Investment Company Ltd., in which both companies have an equal equity interest. A 15-year copper cathode sales contract to that associated company was agreed upon, as well as a purchase contract from Minmetals to the latter for the same period and for equal monthly shipments to complete a total of 836,250 metric tons. Each shipment shall be paid by the buyer at a price formed by a fixed re-adjustable component plus a variable component, which depends on current copper prices at the time of shipment.

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During the first quarter of 2006 and on the basis of the negotiated financial terms, financing contracts were formalized with the China Development Bank allowing Copper Partners Investment Company Ltd. to make the US\$550 million advance payment to Codelco in March 2006.

As of March 31, 2014, the contract is operational, and monthly shipments began in June 2006.

With regard to financial obligations incurred by the associate Copper Partners Investment Company Ltd. with the China Development Bank, Codelco Chile and Codelco International Ltd. must meet certain commitments, mainly relating to the delivery of financial information. In addition, Codelco Chile must maintain 51% ownership of Codelco International Limited.

According to the Sponsor Agreement, dated March 8, 2006, the Codelco International Ltd. subsidiary gave its participation in Copper Partners Investment Company Limited as a guarantee to the China Development Bank.

Subsequently, on March 14, 2012, Copper Partners Investment Company Ltd. paid off his debt to the abovementioned bank. As of March 31, 2014, Codelco does not hold any indirect guarantee regarding its participation in this associated company.

- iii. Regarding the financing agreement signed on August 23, 2012, between the subsidiary, Gacru Inversiones SpA and Mitsui & Co. Ltd. for the acquisition of the 24.5% stake in Anglo American Sur S.A, which was subsequently amended on October 31, 2012, includes a pledge over the shares that the subsidiary has on Acrux Inversiones SpA (shared participation with Mitsui and minority shareholder in Anglo American Sur S.A.), in order to ensure compliance with the obligations that the financial agreement contemplates.

This pledge extends to the right to collect and receive from Acrux, dividends which have been agreed in the corresponding meetings of shareholders of the company and any other distributions paid or payable to Gacru respect of the pledged shares.

- iv. The Corporation has signed gas supply contracts with its associate GNL Mejillones S.A., which began operations in October 2010, and through this contract, the associate agrees to sell part of a minimum equivalent to 27 Terra BTU's (British Thermal Units) per year during the 2010 - 2012 period. Additionally, the Corporation has signed an option contract together with other participating mining companies that includes the option to:
 - Acquire the right to the long-term use of the terminal's capacity from the end of the contract, or

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- To acquire the company's shares; the companies are committed to choosing one or other of these two alternatives.

On March 31, 2014, the Corporation does not have guarantees for the derivative transactions made by GNL Mejillones S.A.

- v. Law 19,993 dated December 17, 2004, which authorized the purchase of the Fundición y Refinería Las Ventanas assets from ENAMI, established that the Corporation must ensure that the smelting and refining capacity required is maintained, without any restriction and limitation, for treating the products of the small and medium mining sector sent by ENAMI, under the form of toll production mode or another form agreed upon by the parties.
- vi. Obligations with the public for bond issues means that the Corporation must meet certain restrictions related to limits on pledges and leaseback transactions on its principal assets and on its ownership interest in subsidiaries.

The Corporation, as of March 31, 2014 and 2013, has met these conditions.

- vii. On January 20, 2010, the Corporation signed two energy supply contracts with Colbún S.A., which includes energy and power purchases for a total of 351 MW. The contract provides a discount for that energy consumption due to lower demand from Codelco's SIC divisions with respect to the amount of contracted power. The discount is equivalent to the value of the sale of that energy on the spot market.

In addition, through a supplementary agreement, Codelco has ensured the supply by Colbún of 159 MW, adapted to Codelco's long-term energy and power requirements from the SIC of approximately 510 MW.

This contract is based on energy production from Colbún's Santa María thermal power station, which is currently under construction. This plant is coal-fired, and therefore the electric energy tariff rate applied for the energy supplied to Codelco is linked to the price of coal.

Through these contracts, which operate through take or pay, the Corporation agrees to pay for the contracted energy and Colbún undertakes to return at market price the energy not consumed by Codelco.

These contracts have maturity date in 2027 and 2045.

- viii. On November 6, 2009, Codelco signed the following long-term electric energy supply contracts with ELECTROANDINA S.A.(associate until January 2011), with a maturity in 2017:

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- This Contract replaces the one signed on November 22, 1995, for the supply of electricity to the Chuquicamata work center, for a 15-year term beginning in January 2010 for between 200 and 280 MW in power and all associated electric energy. The approximate cost of the contract is US\$1,380 million for the whole period.
 - Modification of the contract dated December 21, 1995 for the Radomiro Tomic work center, for a maximum power of 110 MW, in which new prices are established, for the power and energy contemplated in the contract as well as their new adjustment formulas from January 2010.
- ix. On November 11, 2011, Law No. 20.551 was published in the Official Journal, which regulates the tasks and closure of mining facilities. Additionally, on November 22, 2012, the Decreto Supremo No. 41 of the Ministerio de Minería, which approved the Regulations of this law was published in the Diario Oficial.

This law requires the Corporation, among other requirements, to provide financial guarantees to the State to ensure the implementation of closure plans. It also establishes the obligation to make contributions to a fund which aims to cover the costs of post-closure activities.

The Corporation, in accordance with the mentioned regulation, must provide to SERNAGEOMIN the Mine Closure Plan in October 2014, while in April 2015 it must submit a proposal for the creation of guaranties. In the month of June 2015, Codelco should create guarantees for the initial 20% of the obligation under the regulations of this Code. The remaining 80% should be adjusted proportionately each year over the remaining period of fourteen years. The guarantee will be determined in present value of all actions and measures within the mine closure plan.

The Corporation is in the process of updating its mine closure plan and the process of valuation, which must comply with the requirements of Law No. 20,551, considering that the accounting liability record caused by this obligation, differs from the law's requirement, mainly by differences concerning the horizon that is considered for the projection of flows, in which the law requires the determination of the obligations in terms of mineral reserves, while the financial-accounting approach incorporates some of its mineral resources. Therefore, the discount rate established by law, may differ from that used by the Corporation under the criteria set out in IAS 37 and described in Note 2, letter o) of Main Accounting Policies.

- x. In order to finance investments and refinance liabilities during the third quarter of 2013 the Corporation signed financing agreements of US\$ 1,200 million with bilateral financial institutions. These agreements establish periods of availability of funds, which give the borrower the flexibility to draw funds when required. At the end of the first quarter, Codelco

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does not hold available funds related to these credits agreements because they are withdrawn in their totality to date.

- xi. On May 24, 2012, the Corporation signed a financing agreement with Japan Bank for International Cooperation and Bank of Tokyo-Mitsubishi UFJ Ltd., for a financing contract for up to US\$ 320 million for the development, construction and operation of a plant metal processing in the second region of Chile, as of March 31, 2014, ThUS\$ 29,000 have been drawn.
- xii. On August 24, 2012, Codelco through its subsidiary Inversiones Mineras Nueva Acrux (Nueva Acrux) SpA (which minority shareholder is Mitsui), signed a contract with Anglo American Sur S.A. Under this contract Codelco agreed to sell a portion of its annual copper production to the mentioned subsidiary, who in turn agrees to purchase such production.

Such annual portion is determined by the share of Codelco's indirect subsidiary, Inversiones Mineras Becrux SpA (also shared ownership with Mitsui), maintained for the shares of Anglo American Sur S.A.

In turn, Nueva Acrux agrees to sell to Mitsui, the products purchased under the agreement described in the preceding paragraphs.

The term of the contract will occur when the shareholders agreement of Anglo American Sur S.A ends or other events related to the completion of mining activities of the company take place.

29. Guarantees

The Corporation as a result of its activities has received and given guarantees.

The following tables list the main guarantees given to financial institutions:

Direct Guarantees provided to Financial Institutions				
Creditor of the Guarantee	Type of guarantee	3/31/2014		12/31/2013
		Maturity	ThUS\$	ThUS\$
Oriente Copper Netherlands B.V.	Pledge on shares	Nov-32	877,813	877,813
Total			877,813	877,813

As of March 31, 2014 and December 31, 2013, there are no guarantees extended to financial institutions.

As for the documents received as collateral, they cover mainly obligations of suppliers and contractors related to the various development projects. Below are given the amounts received as collateral, grouped according to the Operating Divisions that have received these amounts:

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Guarantees received from third parties		
Division	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Andina	36,481	40,112
Chuquicamata	34,545	39,424
Casa Matriz	571,017	580,823
Radomiro Tomic	6,739	7,233
Salvador	33,085	31,626
Ministro Hales	1,452	1,648
El Teniente	64,716	80,345
Ventanas	4,595	3,628
Gabriela Mistral	845	845
Total	753,475	785,684

30. Balances in foreign currency

a) Assets by Type of Currency

Item	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Liquid assets	972,855	756,297
US Dollars	852,444	703,513
Euros	64,277	31,712
Other currencies	4,766	4,474
Non-indexed Ch\$	49,662	14,691
U.F.	1,706	1,907
Cash and Cash Equivalents	961,547	750,670
US Dollars	843,025	699,809
Euros	63,948	31,373
Other currencies	4,766	4,474
Non-indexed Ch\$	48,102	13,107
U.F.	1,706	1,907
Other current financial assets	11,308	5,627
US Dollars	9,418	3,704
Euros	329	339
Other currencies	-	-
Non-indexed Ch\$	1,560	1,584
U.F.	-	-
Short and long term receivables	2,216,621	2,356,185
US Dollars	1,703,476	1,808,056
Euros	96,811	69,143
Other currencies	3,581	1,717
Non-indexed Ch\$	409,314	473,598
U.F.	3,439	3,671
Trade and other receivables	2,042,111	2,186,182
US Dollars	1,673,017	1,776,949
Euros	95,844	68,174
Other currencies	3,563	1,699
Non-indexed Ch\$	266,248	335,689
U.F.	3,439	3,671

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Item	3/31/2014 ThUS\$	12/31/2013 ThUS\$
Rights receivables, non-current	144,051	138,896
US Dollars	-	-
Euros	967	969
Other currencies	18	18
Non-indexed Ch\$	143,066	137,909
U.F.	-	-
Due from related companies, current	30,235	30,883
US Dollars	30,235	30,883
Euros	-	-
Other currencies	-	-
Non-indexed Ch\$	-	-
U.F.	-	-
Due from related companies, non-current	224	224
US Dollars	224	224
Euros	-	-
Other currencies	-	-
Non-indexed Ch\$	-	-
U.F.	-	-
Rest of assets	30,895,294	30,242,681
US Dollars	28,031,520	27,396,894
Euros	353,887	383,148
Other currencies	28,629	28,506
Non-indexed Ch\$	2,157,991	2,103,094
U.F.	323,267	331,039
Total Assets	34,084,770	33,355,163
US Dollars	30,587,440	29,908,463
Euros	514,975	484,003
Other currencies	36,976	34,697
Non-indexed Ch\$	2,616,967	2,591,383
U.F.	328,412	336,617

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b) Liability by type of currency:

Current liability by currency	3/31/2014		12/31/2013	
	Up to 90 days ThUS\$	90 days to 1 year ThUS\$	Up to 90 days ThUS\$	90 days to 1 year ThUS\$
Current liabilities	3,538,865	543,803	3,025,377	753,379
US Dollars	2,934,312	532,913	2,156,736	741,045
Euros	30,952	3,297	59,610	-
Other currencies	1,042	-	3,773	-
Non-indexed Ch\$	576,217	2,454	795,943	6,380
U.F.	6,342	5,139	9,315	5,954
Other current financial liabilities	1,051,212	538,251	412,234	748,067
US Dollars	1,034,803	532,913	371,179	741,045
Euros	12,823	-	34,994	-
Other currencies	-	-	-	-
Non-indexed Ch\$	1,570	1,517	1,583	2,328
U.F.	2,016	3,821	4,478	4,694
Bank loans	519,200	434,406	337,406	183,487
US Dollars	504,627	434,406	302,412	181,887
Euros	12,823	-	34,994	-
Other currencies	-	-	-	-
Non-indexed Ch\$	1086	-	-	844
U.F.	664	-	-	756
Obligations	523,666	87,748	62,384	549,545
US Dollars	523,634	87,748	59,267	549,545
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	-	-	-	-
U.F.	32	-	3,117	-
Finance lease	6,706	16,097	6,208	15,035
US Dollars	4,902	10,759	4,374	9,613
Euros	-	-	-	-
Other currency	-	-	-	-
Non-indexed Ch\$	484	1,517	473	1,484
U.F.	1,320	3,821	1,361	3,938
Others	1,640	-	6,236	-
US Dollars	1,640	-	5,126	-
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	-	-	1,110	-
U.F.	-	-	-	-
Other current liabilities	2,497,653	5,552	2,613,143	5,312
US Dollars	1,899,509	-	1,785,557	-
Euros	18,129	3,297	24,616	-
Other currencies	1,042	-	3,773	-
Non-indexed Ch\$	574,647	937	794,360	4,052
U.F.	4,326	1,318	4,837	1,260

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Non- Current liability by currency	3/31/2014				12/31/2013			
	1 to 3 years ThUS\$	3 to 5 years ThUS\$	5 to 10 years ThUS\$	More than 10 years ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	5 to 10 years ThUS\$	More than 10 years ThUS\$
Non-Current liabilities	7,966,434	1,805,348	4,175,471	3,733,821	8,074,278	607,395	4,741,700	3,745,414
US Dollars	6,820,492	1,800,501	4,148,730	3,417,126	6,903,208	602,033	4,714,661	3,416,873
Euros	-	-	-	-	-	-	-	-
Other currencies	29	-	-	-	29	-	-	-
Non-indexed Ch\$	979,970	-	625	-	1,000,803	736	1,284	-
U.F.	165,943	4,847	26,116	316,695	170,238	4,626	25,755	328,541
Other non-current financial liabilities	1,754,827	1,805,348	4,175,471	3,733,821	1,754,617	607,395	4,740,416	3,745,414
US Dollars	1,736,188	1,800,501	4,148,730	3,417,126	1,731,231	602,033	4,714,661	3,416,873
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	2,853	-	625	-	4,349	736	-	-
U.F.	15,786	4,847	26,116	316,695	19,037	4,626	25,755	328,541
Bank loans	1,638,486	1,193,686	28,892	767,337	1,639,536	594,295	28,889	767,337
US Dollars	1,638,486	1,192,425	28,892	767,337	1,638,156	594,295	28,889	767,337
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-	-
U.F.	-	1,261	-	-	1,380	-	-	-
Obligations	-	593,194	4,093,005	2,966,484	-	-	4,684,311	2,978,077
US Dollars	-	593,194	4,093,005	2,649,789	-	-	4,684,311	2,649,536
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-	-
U.F.	-	-	-	316,695	-	-	-	328,541
Finance Lease	38,602	18,468	53,574	-	35,924	13,100	27,216	-
US Dollars	19,963	14,882	26,833	-	15,009	7,738	1,461	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	2,853	-	625	-	3,258	736	-	-
U.F.	15,786	3,586	26,116	-	17,657	4,626	25,755	-
Others	77,739	-	-	-	79,157	-	-	-
US Dollars	77,739	-	-	-	78,066	-	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	1,091	-	-	-
U.F.	-	-	-	-	-	-	-	-
Other liabilities non current	6,211,607	-	-	-	6,319,661	-	1,284	-
US Dollars	5,084,304	-	-	-	5,171,977	-	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	29	-	-	-	29	-	-	-
Non-indexed Ch\$	977,117	-	-	-	996,454	-	1,284	-
U.F.	150,157	-	-	-	151,201	-	-	-

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31. Sanctions

As of March 31, 2014 and December 31, 2013, neither Codelco Chile nor its Directors and Managers have been sanctioned by the Superintendency of Securities and Insurance or any other administrative authorities.

32. Subsequent events

On April 3, 2014, it was reported as a significant event that Mr. Sergio Fuentes Sepulveda had resigned as the Vice President of Projects. His resignation was accepted.

Mr. Gerhard Von Borries, Vice President of Business Development, temporarily assumed the duties of Vice President of Projects, as of May 1, 2014. From the same date, Mr. Fidel Báez Nunez, Chief Technology and Innovation, assumed the duties of Interim Vice President of Business Development

On April 7, 2014, it was reported that Codelco decided to convene a General Meeting of Shareholders on April 29, 2014, at 11:30 am at the offices of the Company located in Huerfanos 1270, 11th floor, Santiago.

On April 29, 2014, it was reported as a significant event that the General Meeting of Shareholders, held on April 29, 2014, with the presence of the Ministers of Finance and Mining as delegates of the President of the Republic, the following resolutions:

1. The Financial Report, Balance Sheet and Other Financial Statements for the year ended as of December 31, 2013, and the Report of the External Auditor on that year was approved.
2. The Company Ernst & Young was appointed as External Auditor of Codelco in 2014.
3. Feller Rate, Fitch Ratings, Moody's and Standard & Poor's were designated as rating agencies for year 2014.
4. The Diario Financiero Journal was designated as the Official Journal for publications that Codelco should carry in print, in accordance with the SVS directions and the Corporation Act.
5. The operations that the Corporation has made with related entities or persons were reported, in accordance with the Article 44 of the Corporations Act.
6. The expenses incurred by the Board of Directors and the Audit Committee during year 2013 were reported.

On May 12, 2014, it was reported as a significant event, that the President of the Republic has appointed Mr. Oscar Landerretche Moreno, Mr. Dante Contreras Guajardo and Mrs. Laura Albornoz Pollmann as Board Members starting May 11, 2014.

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It was also reported that Mr. Oscar Landerretche Moreno was appointed as Chairman of the Management Board by the President of the Republic.

The Company's management is not aware of other significant events of financial or other nature, that would affect the financial statements, occurring between 1st January 2014 and the date of issuance of these financial statements (May 29, 2014).

33. Environmental Expenditures

Each of Codelco's operations is subject to national, regional and local regulations related to protection of the environment and natural resources, including standards relating to water, air, noise and disposal and transportation of dangerous residues, among others. Chile has adopted environmental regulations that have obligated Chilean companies, including Codelco, to carry out programs to reduce, control or eliminate relevant environmental impacts. Codelco has executed and shall continue to execute a series of environmental projects to comply with these regulations.

Pursuant to the Letter of Values approved in 2010, Codelco is governed by a series of internal policies and regulations that frame its commitment to the environment, including the Sustainable Development Policy (2003) and the Corporate Security, Occupational Health and Environmental Management Policy (2007).

The environmental management systems of the divisions and the Head Office, structure their efforts in order to comply with the commitments assumed by the corporation's environmental policies, incorporating planning, operating, verifying and reviewing elements. As of March 31, 2014, they have received ISO 14001 certification for the environmental management of Chuquicamata, Radomiro Tomic, Andina, Salvador, El Teniente, Ventanas Division, Gabriela Mistral and the Head Office.

To comply with the Circular N°1.901 of 2008 of the Chilean Superintendency of Securities and Insurance, the details of the Corporation's main expenditures related to the environment during the period three-months periods ended March, 31, 2014 and 2013, respectively, and the projected future expenses are stated below.

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Entity	Project Name	Disbursements 3/31/2014			
		Project Status	Amount ThUS\$	Asset/Expenditure	Asset Item / Expenditure
	Chuquicamata		22,587		
Codelco Chile	Talambre dam extension, 7th stage	In Process	6,516	Asset	P, P & E
Codelco Chile	Emergency restoration system dust control crushing plant 2 ° / 3 °	In Process	39	Asset	P, P & E
Codelco Chile	Replacement of circulation pot 1A and 2A	In Process	30	Asset	P, P & E
Codelco Chile	Acid plants	In Process	11,237	Expenditure	Administrative expenses
Codelco Chile	Solid waste	In Process	525	Expenditure	Administrative expenses
Codelco Chile	Tailings	In Process	3,843	Expenditure	Administrative expenses
Codelco Chile	Water treatment plant	In Process	122	Expenditure	Administrative expenses
Codelco Chile	Environmental Monitoring	In Process	275	Expenditure	Administrative expenses
	Salvador		11,030		
Codelco Chile	Dust collection improvement	In Process	966	Asset	P, P & E
Codelco Chile	Constuction north wall camber 2nd stage	In Process	72	Asset	P, P & E
Codelco Chile	Improvement of integrated gas collection process	In Process	284	Asset	P, P & E
Codelco Chile	Construction of sanitary filling	In Process	31	Asset	P, P & E
Codelco Chile	Tailings	In Process	632	Expenditure	Administrative expenses
Codelco Chile	Acid plants	In Process	8,568	Expenditure	Administrative expenses
Codelco Chile	Solid waste	In Process	301	Expenditure	Administrative expenses
Codelco Chile	Water treatment plant	In Process	176	Expenditure	Administrative expenses
	Andina		54,658		
Codelco Chile	Construction of water trap for east ballast deposit	In Process	1,937	Asset	P, P & E
Codelco Chile	Drains expansion stage 5	Finished	-	Asset	P, P & E
Codelco Chile	Drain water treatment	In Process	131	Asset	P, P & E
Codelco Chile	Drain internal water treatment E1	In Process	805	Asset	P, P & E
Codelco Chile	Drainage water treatment	In Process	21,154	Asset	P, P & E
Codelco Chile	Water Normative Phase 2	In Process	3,244	Asset	P, P & E
Codelco Chile	Building evacuation and capturing towers	In Process	512	Asset	P, P & E
Codelco Chile	Construction of tailings canal (Ovejeria)	In Process	-	Asset	P, P & E
Codelco Chile	Rebuilding of dam injection wells	In Process	989	Asset	P, P & E
Codelco Chile	Improvement to irrigation	In Process	85	Asset	P, P & E
Codelco Chile	Improvement of the sand lines	In Process	498	Asset	P, P & E
Codelco Chile	Improvement of interception filters (Ovejeria)	Finished	-	Asset	P, P & E
Codelco Chile	Rebuilding of bypass cameras	In Process	46	Asset	P, P & E
Codelco Chile	Construction site emergency plan	In Process	375	Asset	P, P & E
Codelco Chile	Dam logistics taxes	In Process	9,591	Asset	P, P & E
Codelco Chile	Solid waste	In Process	632	Expenditure	Administrative expenses
Codelco Chile	Water treatment plant	In Process	994	Expenditure	Administrative expenses
Codelco Chile	Trailings	In Process	13,510	Expenditure	Administrative expenses
Codelco Chile	Acid drainage	In Process	155	Expenditure	Administrative expenses
Subtotal			88,275		

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or
(Translation to English of Interim Unaudited consolidated financial statements originally issued in Spanish – s

Entity	Project Name	Disbursements 3/31/2014				3/31/2014
		Project Status	Amount ThUS\$	Asset/Expenditure	Asset Item / Expenditure	Amount ThUS\$
	El Teniente		45,985			24,585
Codelco Chile	Construction of 5th phase of Carén	Finished	-	Asset	P, P & E	5,000
Codelco Chile	Apliation of tailing Route 5	In Process	-	Asset	P, P & E	
Codelco Chile	Construction of 6th phase of Carén	In Process	88	Asset	P, P & E	
Codelco Chile	Environmental reconstruction of courts	In Process	403	Asset	P, P & E	
Codelco Chile	Acid plants	In Process	22,020	Expenditure	Administrative expenses	15,000
Codelco Chile	Solid waste	In Process	528	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	4,671	Expenditure	Administrative expenses	2,000
Codelco Chile	Tailings	In Process	18,275	Expenditure	Administrative expenses	
	Gabriela Mistral		649			
Codelco Chile	Implementation wastewater treatment system	Finished	-	Asset	P, P & E	
Codelco Chile	Environmental monitoring	In Process	11	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In Process	332	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	306	Expenditure	Administrative expenses	
	Ventanas		9,383			9,383
Codelco Chile	Supplay of arsenic in electric oven	Finished	-	Asset	P, P & E	
Codelco Chile	Increase uptake Mat.	Finished	-	Asset	P, P & E	
Codelco Chile	Cold load mechanical system Cps N°1 y 3	Finished	-	Asset	P, P & E	
Codelco Chile	Catching second gases	In Process	170	Asset	P, P & E	
Codelco Chile	Catching racking gases	In Process	1,083	Asset	P, P & E	
Codelco Chile	Treatment of gases in line	In Process	66	Asset	P, P & E	
Codelco Chile	Acid plants	In Process	6,087	Expenditure	Administrative expenses	6,000
Codelco Chile	Solid waste	In Process	354	Expenditure	Administrative expenses	1,000
Codelco Chile	Environmental monitoring	In Process	320	Expenditure	Administrative expenses	
Codelco Chile	Effluent treatment plant	In Process	1,303	Expenditure	Administrative expenses	1,000
	Radomiro Tomic		1,072			
Codelco Chile	Solid waste	In Process	5	Expenditure	Administrative expenses	
Codelco Chile	Environmental monitoring	In Process	-	Expenditure	Administrative expenses	
Codelco Chile	Effluent treatment plant	In Process	1,067	Expenditure	Administrative expenses	
	Ecometales Limited		85			
Ecometales Limited	Smelting plant of foundry dust	In Process	85	Expenditure	Administrative expenses	
Subtotal			57,174			34,000
Total			145,449			83,000



CODELCO – CHILE

**Consolidated Financial Statements as of
December 31, 2013**

**(Translation to English of Consolidated Financial Statements originally issued in
Spanish – see Note I.2)**

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Report of Independent Auditors

(A free translation of the original report issued in Spanish)

To the Shareholders of
Corporación Nacional del Cobre de Chile

We have audited the accompanying consolidated financial statements of Corporación Nacional del Cobre de Chile and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2013 and 2012 and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Corporación Nacional del Cobre de Chile and its subsidiaries as of December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Additional Notes, Adoption of New Accounting Principals

As mentioned in Note 3, as of January 1, 2013, the Corporation adopted new International Financial Reporting Standards for the recognition of actuarial gains and losses of employee benefits and accounting for stripping costs in the production phase. The adoption of these standards and interpretations implied a retrospective application, the restatement of comparative financial information and presentation of the statement of consolidated financial position as of January 1, 2012 for purposes of disclosure. Our opinion is not modified in relation to this matter.

A handwritten signature in purple ink, appearing to read 'C. Bunce', is located to the left of the name 'Charles A. Bunce'.

Charles A. Bunce

ERNST & YOUNG LTDA.

Santiago, March 27, 2014

CORPORACION NACIONAL DEL COBRE DE CHILE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2013 and December 31, 2012

(In thousands of US dollars - ThUS\$)

(Translation to English of Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	12/31/2013	12/31/2012	1/1/2012
Assets				
Current Assets				
Cash and cash equivalents	1	750,670	1,263,823	1,382,876
Other current financial assets	11	5,627	8,709	193,237
Other current non-financial assets		27,108	24,015	36,413
Trade and other current receivables	2	2,186,182	2,376,013	2,154,811
Accounts receivables due from related companies, current	3	30,883	29,442	56,357
Inventory	4	2,244,011	2,431,965	2,014,838
Current tax assets	6	179,759	400,660	68,388
Total current assets		5,424,240	6,534,627	5,906,920
Non-current assets				
Other non-current financial assets	11	93,707	132,999	102,593
Other non-current non-financial assets	10	39,662	37,680	203,950
Non-current receivables	2	138,896	171,699	132,721
Accounts receivables due from related companies, non-current	3	224	41,305	75,860
Investment accounted for using the equity method	8	7,494,982	7,636,636	945,055
Intangible assets other than goodwill		18,623	19,178	12,292
Property, plant and equipment, net	7	20,126,811	17,067,949	13,217,003
Investment property		18,018	18,004	17,789
Total non-current assets		27,930,923	25,125,450	14,707,263
Total Assets		33,355,163	31,660,077	20,614,183

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2013 and December 31, 2012

(In thousands of US dollars - ThUS\$)

(Translation to English of Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	12/31/2013	12/31/2012	1/1/2012
Liabilities and Equity				
Liabilities				
Current liabilities				
Other current financial liabilities	12	1,160,301	864,779	1,643,424
Trade and other current payables	15	1,572,697	2,245,592	1,782,459
Accounts payables to related companies, current	3	153,949	143,364	126,850
Other current provisions	16	221,392	209,895	210,514
Current tax liabilities	6	15,723	50,205	137,267
Current employee benefit accruals	16	567,555	549,975	459,251
Other current non-financial liabilities		87,139	75,162	56,317
Total current liabilities		3,778,756	4,138,972	4,416,082
Non-current liabilities				
Other non-current financial liabilities	12	10,847,842	9,262,324	6,395,154
Other non-current payables		-	-	319
Accounts payables to related companies, non-current	3	230,692	275,011	308,616
Other non-current provisions and accrued expenses	16	1,387,890	1,554,167	1,013,441
Deferred tax liabilities	5	3,398,044	2,922,907	1,407,785
Non-current employee benefit accruals	16	1,298,367	1,323,294	1,092,966
Other non-current non-financial liabilities		5,952	4,390	3,094
Total non-current liabilities		17,168,787	15,342,093	10,221,375
Total liabilities		20,947,543	19,481,065	14,637,457
Equity				
Issued capital		2,524,423	2,524,423	2,524,423
Retained earnings		2,590,388	4,293,246	1,705,680
Other reserves	18	5,245,707	3,261,937	1,744,603
Equity attributable to owners of the parent		10,360,518	10,079,606	5,974,706
Non-controlling interests	18	2,047,102	2,099,406	2,020
Total equity		12,407,620	12,179,012	5,976,726
Total liabilities and equity		33,335,163	31,660,077	20,614,183

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of December 31, 2013 and December 31, 2012

(In thousands of US dollars - ThUS\$)

(Translation to English of Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2013 12/31/2013	1/1/2012 12/31/2012
Profit (loss)			
Revenue	19	14,956,283	15,860,432
Cost of sales		(10,801,815)	(10,607,900)
Gross profit		4,154,468	5,252,532
Other Income, by function	21.a	162,552	4,092,339
Distribution costs		(11,057)	(12,654)
Administrative expenses		(471,562)	(543,531)
Other expenses	21.b	(1,513,434)	(2,232,631)
Other gains (losses)		52,249	35,400
Profit (losses) from operating activities		2,373,216	6,591,455
Finance income		28,851	59,023
Finance costs	22	(327,113)	(406,278)
Share of profit of associates and joint ventures accounted for using the equity method	8	444,133	457,230
Foreign exchange differences	24	212,823	(165,801)
Profit for the period before tax		2,731,910	6,535,629
Income tax expense	5	(1,617,339)	(2,545,468)
Profit for the period		1,114,571	3,990,161
Profit (loss) attributable to:			
Profit attributable to owners of the parent		1,073,204	3,982,801
Loss attributable to non-controlling interests	18.b	41,367	7,360
Profit/ (loss) for the period		1,114,571	3,990,161

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUATION)

As of December 31, 2013 and December 31, 2012

(In thousands of US dollars - ThUS\$)

(Translation to English of Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2013 12/31/2013	1/1/2012 12/31/2012
Profit/ (loss) for the period		1,114,571	3,990,161
Components of other comprehensive income (loss), before tax:			
Exchange differences on conversion			
Gain (loss) on exchange differences on conversion, before tax		(389)	1,326
Other comprehensive income, before tax, exchange differences on conversion		(389)	1,326
Cash flow hedges			
Gain (loss) on cash flow hedges, before tax		(7,992)	646,416
Other comprehensive income, before tax, cash flow hedges		(7,992)	646,416
Other comprehensive income, before tax, gains (losses) for defined benefit plans		(28,181)	(43,323)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, before tax		(1,592)	(6,418)
Other comprehensive income (loss), before tax		(38,154)	598,001
Income tax related to other comprehensive income:			
Income tax related to cash flow hedges of other comprehensive income	5	4,961	(379,740)
Income tax relating to defined benefit plans other comprehensive income		16,908	25,994
Aggregated income tax related to components of other comprehensive income		21,869	(353,746)
Other comprehensive income (loss)		(16,285)	244,255
Reclassifiable other comprehensive income items to profit or loss in subsequent periods		(5,012)	261,584
Other comprehensive income for items not reclassifiable to profit or loss in subsequent periods		(11,273)	(17,329)
Total comprehensive income		1,098,286	4,234,416
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		1,056,919	4,227,056
Comprehensive income attributable to non-controlling interests	18.b	41,367	7,360
Total comprehensive income		1,098,286	4,234,416

The accompanying notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD

As of December 31, 2013 and December 31, 2012

(In thousands of US dollars - ThUS\$)

(Translation to English of Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2013 12/31/2013	1/1/2012 12/31/2012
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		15,106,688	16,932,810
Other cash flows provided by operating activities	25	2,139,686	2,161,881
Types of cash payments			
Payments to suppliers for goods and services		(9,092,233)	(10,002,524)
Payments to and on behalf of employees		(2,049,725)	(1,945,274)
Other cash flows used in operating activities	25	(2,684,856)	(3,562,098)
Dividends received		604,854	276,672
Income taxes paid		(887,094)	(1,777,896)
Net cash flows provided by operating activities		3,137,320	2,083,571
Cash flows provided by (used in) investing activities:			
Cash flow used in the purchase of non-controlling interests		-	(2,799,795)
Other payments to acquire equity or debt instruments of other entities		(14,999)	-
Otros pagos para adquirir participaciones en negocios conjuntos y asociadas		-	(31,408)
Purchases of property plant and equipment		(4,437,366)	(3,687,182)
Purchase of intangible assets		(9,983)	-
Interest received		22,743	43,137
Other inflows (outflows) of cash		(34,184)	(3,795)
Net cash flows from (used in) investing activities		(4,473,789)	(6,479,043)
Cash flows provided by (used in) financing activities:			
Proceeds from issuance of shares		-	1,100,000
Total amounts from loans		4,038,608	5,481,146
Repayments of loans		(2,053,841)	(1,505,414)
Dividends paid		(775,801)	(106,000)
Interest paid		(363,410)	(541,988)
Other inflows (outflows) of cash		(37,610)	(151,006)
Net cash flows from (used in) financing activities		807,946	4,276,737
Net increase (decrease) in cash and cash equivalents before foreign exchange difference		(528,523)	(118,735)
Effect of exchange rate changes		15,370	(318)
Net increase (decrease) in cash and cash equivalents		(513,153)	(119,053)
Cash and cash equivalents at beginning of period	1	1,263,823	1,382,876
Cash and cash equivalents at end of period	1	750,670	1,263,823

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As of December 31, 2013 and December 31, 2012
(In thousands of US dollars - ThUS\$)

(Translation to English of Consolidated Financial Statements originally issued in Spanish – see Note I.)

December 31, 2013	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial gains and losses in defined benefits plans Note 17	Other miscellaneous reserves	Total other reserves Note 18	Retained earnings
Initial balance as of 1/1/2013	2,524,423	1,609	(5,673)	-	3,368,247	3,364,183	4,189,769
Increase (decrease) from changes in accounting policies*	-	-	-	(102,246)	-	(102,246)	103,477
Opening balance reformulated	2,524,423	1,609	(5,673)	(102,246)	3,368,247	3,261,937	4,293,246
Changes in equity							
Profit for the period							1,073,204
Other comprehensive income (loss)		(389)	(3,031)	(11,273)	(1,592)	(16,285)	
Comprehensive income							
Dividends Paid							(775,801)
Increase (decrease) through transfers and other changes	-	-	-	-	2,000,055	2,000,055	(2,000,261)
Total increase (decrease) in equity	-	(389)	(3,031)	(11,273)	1,998,463	1,983,770	(1,702,858)
Final balance as of 12/31/2013	2,524,423	1,220	(8,704)	(113,519)	5,366,710	5,245,707	2,590,388

The accompanying notes form an integral part of these Consolidated Financial Statements.

*3. New standards and interpretations adopted by the Corporation

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As of December 31, 2013 and December 31, 2012
(In thousands of US dollars - ThUS\$)

(Translation to English of Consolidated Financial Statements originally issued in Spanish – see Note I.)

December 31, 2012	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial gains and losses in defined benefits plans Note 17	Other miscellaneous reserves	Total other reserves Note 18	Retained earnings
Initial balance as of 1/1/2012	2,524,423	283	(272,349)	-	2,101,586	1,829,520	1,709,068
Increase (decrease) from changes in accounting policies	-	-	-	(84,917)	-	(84,917)	(3,388)
Opening balance reformulated	2,524,423	283	(272,349)	(84,917)	2,101,586	1,744,603	1,705,680
Changes in equity							
Profit for the period							3,982,801
Other comprehensive income (loss)		1,326	266,676	(17,329)	(6,418)	244,255	
Comprehensive income							
Dividends Paid							(106,000)
Increase (decrease) through transfers and other changes	-	-	-	-	1,273,079	1,273,079	(1,289,235)
Total increase (decrease) in equity	-	1,326	266,676	(17,329)	1,266,661	1,517,334	2,587,566
Final balance as of 12/31/2012	2,524,423	1,609	(5,673)	(102,246)	3,368,247	3,261,937	4,293,246

The accompanying notes form an integral part of these Consolidated Financial Statements.

*3. New standards and interpretations adopted by the Corporation

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

(Translation to English of Consolidated Financial Statements originally issued in Spanish – see Note I.2)

I. GENERAL INFORMATION

1. Corporate Information

Corporación Nacional del Cobre de Chile, Codelco (hereinafter referred to as “Codelco - Chile”, the “Corporation”), is the largest copper producer in the world. It's most important product is refined copper, primarily in the form of cathodes. The Corporation also produces copper concentrates, blister and anode copper and by-products such as molybdenum, anode slime and sulfuric acid. Codelco also manufactures wire rods in Germany, a semi-manufactured product that uses copper cathodes as raw material through an associated company (discussed in Note 8).

The Corporation trades its products based on a policy with the objective of selling refined copper to manufacturers or producers of semi-manufactured products.

These products contribute to diverse fields of community development, particularly those intended to improve areas such as public health, energy efficiency, and sustainable development, among others.

Codelco is registered under Securities Registry No. 785 of the Chilean Superintendency of Securities and Insurance (the “SVS”) and is subject to the supervision of said SVS. According to Article 10 of Law No. 20.392 (on the new Corporate Governance of Codelco), such supervision will be on the same terms as publicly traded companies, notwithstanding the provisions in Decree Law (D.L.) No. 1.349 of 1976, which created the Comisión Chilena del Cobre (“Chilean Copper Commission”).

Codelco's Head Office is located in Santiago, Chile, at 1270 Huérfanos, telephone number (56 2) 26903000.

Codelco Chile was formed as stipulated by D.L. No. 1.350 of 1976, which is the statutory decree of the Corporation. In accordance with the statutory decree, Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity with its own equity. Codelco Chile currently carries out its mining business through its divisions Chuquicamata, Radomiro Tomic, Salvador, Andina, El Teniente, Ventanas and Gabriela Mistral. The Gabriela Mistral division is in charge of the ore deposit of the same name, whose operations were, until December 31, 2012, the responsibility of its subsidiary Minera Gaby SpA., a wholly owned subsidiary of the Corporation which was absorbed by Codelco on that date. In 2010 the Corporation was authorized by its Board of Directors to invest in the operation of the new division Ministro Hales Mine, whose estimated initial operating date is during the first six months of 2014. The Corporation also carries out similar activities in other mining deposits in association with third parties.

In accordance with letter e) of Article 10 of Law No. 20.392, Codelco is governed by its organic standards set forth in Decree Law No. 1.350 (D.L. No. 1.350) and that of its statutes, and in matters

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not covered by them and, insofar as they are compatible and do not go against the provisions of these rules, the rules that govern publicly traded companies and the common laws as applicable to them.

In accordance with D.L. No. 1.350 Section IV related to the Company's Exchange and Budget Regulations, Codelco's financial activities are conducted following a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The tax system applicable to Codelco's income is in accordance with Article 26 of D. L. No. 1.350, which refers to Decree Laws No. 824 on Income Tax of 1974 and Decree Law No. 2.398 (Article 2) of 1978, as applicable. The Corporation's income is also subject to a Specific Mining Tax in accordance with Law No. 20.026 of 2005.

The Corporation is subject to Law No. 13.196, which mandates the payment of a 10% tax over the foreign currency return on the actual sale revenue of copper production, including its by-products.

The subsidiaries whose financial statements are included in these consolidated financial statements correspond to companies located in Chile and abroad, which are detailed in Note 2.d of Section II to the Summary of Significant Accounting Policies.

The associates correspond to companies located in Chile and abroad, which are detailed in the Explanatory Notes Section III Note 8.

2. Basis of Presentation of the Consolidated Financial Statements

The Corporation's consolidated financial statements are stated in thousands of US dollars and were prepared based on the accounting records maintained by Codelco Chile and its subsidiaries, and have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB").

Responsibility for the Information and Use of Estimates

The Board of Directors of the Corporation has been informed of the information included in these financial statements and expressly states its responsibility for the consistent and reliable nature of the information included in the consolidated financial statements as of December 31, 2013, for the effects of which IFRS principles issued by the IASB have been applied in full. The December 31, 2013 Consolidated Financial Statements were approved by the Board of Directors in a meeting on March 27, 2014.

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Accounting Principles

These consolidated financial statements reflect the financial position of Codelco Chile and its subsidiaries as of December 31, 2013 and December 31, 2012, the results of their operations for the periods ended December 31, 2013 and 2012, the changes in net equity and cash flows for the periods ended December 31, 2013 and 2012, and their related notes, all of which have been prepared and presented in accordance with IAS 1 “Presentation of Financial Statements” which considers the respective regulations of the Chilean Superintendency of Securities and Insurance (“SVS”), and do not conflict with IFRS.

For the convenience of the reader, these consolidated financial statements and their accompanying notes have been translated from Spanish to English.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the amounts of assets and liabilities recognized as of the date of financial statements and the amounts of income and expenses during the reporting period. It also requires the Corporation’s management to exercise its judgment in the process of applying the Corporation’s accounting principles. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as follows:

- a) **Useful economic lives and residual values of property, plant and equipment** - The useful lives and residual values of property, plant and equipment assets that are used for calculating the depreciation are determined based on technical studies prepared by specialists (internal or external). When there are indicators that could lead to changes in the estimated useful lives of such assets, these changes are determined by using technical estimates considering specific factors related to the use of the assets.

The studies consider specific factors related to the use of assets.

- b) **Ore reserves** - The measurements of ore reserves are based on estimates of the ore resources that are economically exploitable, and reflect the technical considerations of the Corporation regarding the amount of resources that could be exploited and sold at prices exceeding the total cost associated with the extraction and processing.

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The Corporation applies judgment in determining the ore reserves, and as such, possible changes in these estimates could significantly impact the estimates of net revenues over time. For such reason, these changes would lead to modifications in the usage estimates of certain assets and of the amount of certain decommissioning and restoration costs.

The Corporation estimates its reserves and mineral resources based on the information composed by the Competent Persons of the Corporation, defined and regulated by the Chilean Law N° 20.235. The estimates are based on the JORC (Joint Ore Reserves Committee) methodology, taking into consideration the historical information of the cost of goods sold and copper prices in the international market.

The Corporation also periodically reviews such estimates, supported by world-class external experts, who certify the determined reserves.

- c) Impairment of assets** - The Corporation reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss with regard to the carrying amount. In the evaluation of impairment, the assets are grouped into cash generating units ("CGUs") to which the assets belong. The recoverable amount of these assets or CGUs is calculated as the present value of the cash flows expected to be derived from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of the assets is less than their carrying amount, an impairment loss exists.

The Corporation defines the CGUs and also estimates the timing and cash flows that such CGUs should generate. Subsequent changes in the grouping of the CGU, or changes in the assumptions supporting the estimates of cash flows or the discount rate, could impact the carrying amounts of the corresponding assets.

Estimation of factors influencing the calculation of cash flows, such as the price of copper or treatment charges and refining charges, among others, are determined based on studies conducted by the Corporation, which are in turn supported by certain standards over time. Any changes to these criteria may impact the recoverable amount of the assets on which the impairment tests are performed.

The Corporation has assessed and defined that the CGUs are constituted at the level of each of its current operating divisions.

The review for impairment includes subsidiaries, associates and joint arrangements.

- d) Provisions for decommissioning and site restoration costs** - The Corporation is obligated to incur in decommissioning and site restoration costs when environmental disturbance is caused by

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the development or ongoing production of a mining property. Costs are estimated on the basis of a formal closure plan and are reassessed annually or as of the date such obligations become known.

For these purposes, a defined list of mine sites, installations and other equipment assigned to this process, considered at the engineering level profile, the cubing of assets that will be subject to removal and restoration, weighted by a structure of market prices of goods and services, reflecting the best knowledge at the time to carry out such activities, as well as techniques and more efficient construction procedures to date. In the process of valuation of the activities mentioned, the assumptions of the exchange rate for tradable goods and services must be made, and the discount rate applied to update the relevant cash flows over time, which reflects the time value of money and includes the risks associated with liabilities, which is determined based on the currency in which disbursements will be made.

The provision as of a reporting date represents management's best estimate of the present value of the future decommissioning and site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the decommissioning and site restoration liability and therefore any deduction from the decommissioning and site restoration asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning and site restoration liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If the revised asset net of decommissioning and site restoration provisions exceeds the recoverable value, that portion of the increase is charged directly to profit or loss statement. Any decommissioning and site restoration costs that arose as a result of the production phase of a mine should be expensed as incurred.

The costs arising from the installation of a plant or other site preparation projects are discounted at net present value, provided for and capitalized at the beginning of each project, as soon as the obligation to incur such costs arises. These decommissioning costs are charged to net income over the life of the mine, through depreciation of the asset. The depreciation is included in operating costs, while the unwinding of the discount in the provision is included in finance costs.

- e) Accrual for employee benefits** - Employee benefits costs for severance payments and health benefits for services rendered by the employees are determined based on actuarial calculations using the Projected Credit Unit Method, and are charged to profit or loss on an accrual basis.

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The Corporation uses assumptions to determine the best estimate for these benefits. Such estimates, as well as assumptions, are determined together with an external actuary. These assumptions include demographic assumptions, mortality and morbidity, discount rate and expected salary increases and rotation levels, among other factors. Although the Corporation believes that the assumptions used are appropriate, a change in these assumptions could affect net income.

- f) **Accruals for open invoices** - The Corporation uses information on future copper prices, through which it recognizes adjustments to its revenues and trade receivables, due to the conditions of its provisional invoicing. These adjustments are updated on a monthly basis and the accounting principle on "Revenue recognition" is referred to in letter q) of the section 2 "Significant accounting policies" of the current document.
- g) **Fair Value of Derivatives and Other Instruments** - Management may use its judgment to choose an adequate and proper valuation method for the instruments that are not quoted in an active market. The Corporation applies customary valuation techniques used by other professionals in the industry. In the case of derivative financial instruments, assumptions are based on the observable market inputs, adjusted in conformity with the specific features of the instruments.
- h) **Lawsuits and contingencies** - The Corporation assesses the probability of lawsuits and contingency losses on an ongoing basis according to estimates performed by its legal advisors. For cases in which management and the Corporation's legal advisors believe that a favorable outcome will be obtained or when the results are uncertain and the lawsuits are still pending resolution, no provisions are recognized.

Although these above-mentioned estimates have been made based on the best information available as of the date of issuance of these consolidated financial statements, it is possible that future developments may force the Corporation to modify these estimates in upcoming periods. Such modifications, if occurred, would be adjusted prospectively, recognizing the effects of the change in estimate on the corresponding future consolidated financial statements, as required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2. Significant accounting policies

- a) **Period covered** - The accompanying consolidated financial statements of Corporación Nacional del Cobre de Chile include:
 - Statements of Financial Position as of December 31, 2013 and December 31, 2012.
 - Statements of Comprehensive Income for the periods ending December 31, 2013 and 2012.

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- Statements of Changes in Equity for the period ending December 31, 2013 and 2012.
- Statements of Cash Flows for the period ending December 31, 2013 and 2012.

- b) Basis of preparation** - The consolidated financial statements of the Corporation for the period ended as of December 31, 2013 have been prepared in conformity with IFRS, as issued by the IASB.

The consolidated statement of financial position as of December 31, 2012, and the statements of comprehensive income, of net equity and of cash flows for the period ended December 31, 2012, included for comparative purposes, have been prepared in conformity with IFRS, on a consistent basis with the criteria used by the Corporation for the period ended December 31, 2013.

These consolidated financial statements have been prepared based on the accounting records kept by the Corporation.

- c) Functional Currency** - The functional currency of Codelco is the US dollar, which is the currency of the primary economic environment in which the Corporation operates and the currency in which it receives its revenues. Transactions other than those in the Corporation's functional currency are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at closing exchange rates. Gains and losses from foreign currency conversion are included in the period profit or loss within the line item "Foreign Exchange differences".

The presentation currency of the consolidated financial statements of Codelco is the US dollar.

The functional currency of subsidiaries, associates and joint ventures, likewise corresponds to the currency of the primary economic environment in which those entities operate and the currency in which they receive their revenues, as established in IAS 21. However, regarding those subsidiaries and associates that correspond only to an extension of the operations of Codelco (entities that are not self-sufficient and whose main transactions are performed with Codelco), the functional currency is also the US dollar, as this is the functional currency of Codelco.

When the indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions under which each entity operates.

- d) Basis of consolidation** - The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date when such control ceases.

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The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In the consolidation process, all significant balances and transactions between the consolidated companies have been fully eliminated, and the equity share of non-controlling interests has been recognized and presented as “Non-controlling Interests” The consolidated financial statements take into account the elimination of intercompany balances, transactions and unrealized profit and loss between the consolidated companies, including foreign and local subsidiaries. The companies incorporated in the consolidation are detailed as follows:

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Taxpayer Number	Company	Country	Currency	12/31/2013			12/31/2012
				Entity Share Percentage			Entity Share Percentage
				Direct	Indirect	Total	Total
Foreign	Chile Copper Limited	England	GBP	100.00	-	100.00	100.00
Foreign	CK Metall Agentur GmbH	Germany	EURO	-	100.00	100.00	100.00
Foreign	Codelco do Brasil Mineracao	Brazil	BRL	-	100.00	100.00	100.00
Foreign	Codelco Group Inc.	United States of America	USD	100.00	-	100.00	100.00
Foreign	Codelco International Limited	Bermuda	USD	100.00	-	100.00	100.00
Foreign	Codelco Kupferhandel GmbH	Germany	EURO	100.00	-	100.00	100.00
Foreign	Codelco Metals Inc.	United States of America	USD	-	100.00	100.00	100.00
Foreign	Codelco Services Limited	England	GBP	-	100.00	100.00	100.00
Foreign	Codelco Shanghai Company Limited	China	USD	100.00	-	100.00	100.00
Foreign	Codelco Technologies Ltd.	Bermuda	USD	-	100.00	100.00	100.00
Foreign	Codelco USA Inc.	United States of America	USD	-	100.00	100.00	100.00
Foreign	Ecometales Limited	Anglonormandars	USD	-	100.00	100.00	100.00
Foreign	Exploraciones Mineras Andinas Ecuador EMSAEC S.A.	Ecuador	USD	-	100.00	100.00	-
Foreign	Cobrex Prospeccion Mineral	Brazil	BRL	-	51.00	51.00	-
78.712.170-5	Compañía Minera Picacho (SCM)	Chile	USD	99.99	0.01	100.00	100.00
78.860.780-6	Compañía Contractual Minera los Andes	Chile	USD	99.97	0.03	100.00	100.00
79.566.720-2	Isapre Chuquicamata Ltda.	Chile	CLP	98.30	1.70	100.00	100.00
81.767.200-0	Asociación Garantizadora de Pensiones	Chile	CLP	96.69	-	96.69	96.69
88.497.100-4	Clinica San Lorenzo Limitada	Chile	CLP	99.90	0.10	100.00	100.00
76.521.250-2	San Lorenzo Institución de Salud Previsional Ltda.	Chile	CLP	-	100.00	100.00	99.90
89.441.300-K	Isapre Rio Blanco Ltda.	Chile	CLP	99.99	0.01	100.00	100.00
96.817.780-K	Ejecutora Hospital del Cobre Calama S.A.	Chile	USD	99.99	0.01	100.00	100.00
96.819.040-7	Complejo Portuario Mejillones S.A.	Chile	USD	99.99	0.01	100.00	100.00
96.854.500-0	Instituto de Innovación en Minería y Metalurgia S.A.	Chile	USD	99.93	0.07	100.00	100.00
96.876.140-4	Santiago de Rio Grande S.A.	Chile	USD	99.99	0.01	100.00	100.00
76.024.442-2	Ecosea Farming S.A.	Chile	USD	85.03	-	85.03	-
96.991.180-9	Biosigma S.A.	Chile	USD	66.67	-	66.67	66.67
99.569.520-0	Exploraciones Mineras Andinas S.A.	Chile	USD	99.90	0.10	100.00	100.00
99.573.600-4	Clinica Rio Blanco S.A.	Chile	CLP	99.00	1.00	100.00	100.00
76.064.682-2	Centro de Especialidades Médicas Río Blanco Ltda.	Chile	CLP	99.00	1.00	100.00	100.00
77.773.260-9	Sociedad de Inversiones Copperfield Ltda.	Chile	USD	99.99	0.01	100.00	100.00
76.883.610-8	Energía Minera S.A.	Chile	USD	99.00	1.00	100.00	100.00
76.043.396-9	Innovaciones en Cobre S.A.	Chile	USD	0.05	99.95	100.00	100.00
76.148.338-2	Sociedad de Inversiones Copperfield Ltda.	Chile	USD	99.90	0.10	100.00	100.00
76.167.903-1	Inversiones Mineras Acrux SpA	Chile	USD	-	67.80	67.80	67.80
76.173.357-5	Inversiones GacruX SpA	Chile	USD	100.00	-	100.00	100.00
76.231.838-5	Inversiones Mineras Nueva Acrux SpA	Chile	USD	-	67.80	67.80	67.80
76.237.866-3	Inversiones Mineras Los Leones SpA	Chile	USD	100.00	-	100.00	100.00
76.173.783-K	Inversiones Mineras Becrux SpA	Chile	USD	-	67.80	67.80	67.80
76.124.156-7	Centro de Especialidades Médicas San Lorenzo Ltda.	Chile	USD	-	100.00	100.00	100.00
76.255.061-K	Central Eléctrica Luz Minera SpA	Chile	USD	100.00	-	100.00	100.00
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	USD	100.00	-	100.00	100.00
76.255.667-7	MCM Equipos S.A.	Chile	USD	100.00	-	100.00	100.00
70.905.700-6	Fusat	Chile	CLP	-	-	-	-
76.334.370-7	Inst. de Salud Previsional Fusat. Ltda.	Chile	CLP	-	99.70	99.70	99.70
78.394.040-K	Centro de Servicios Médicos Porvenir Ltda.	Chile	CLP	-	99.00	99.00	99.00
96.796.530-8	Inmobiliaria Centro de Especialidades Torre Médica S.A.	Chile	CLP	-	75.00	75.00	75.00
77.928.390-9	Inmobiliaria e Inversiones Río Cipreces Ltda.	Chile	CLP	-	99.90	99.90	99.90
77.270.020-2	Prestaciones de Servicios de la Salud Intersalud Ltda.	Chile	CLP	-	99.00	99.00	99.00

For the purposes of these consolidated financial statements, subsidiaries, associates, acquisitions and disposals and joint ventures are defined as follows:

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- **Subsidiaries** - A subsidiary is an entity over which the Corporation has power to govern its operating and financial policies in order to obtain benefits from its activities under the rules of IFRS 10. The consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows of Codelco and its subsidiaries, after eliminating all inter-company balances and transactions. For partially owned subsidiaries, the net assets and net earnings attributable to non-controlling shareholders are presented as “Non-controlling interests” in the consolidated statements of financial position and consolidated statement of income.
- **Associates** - An associate is an entity over which Codelco is in the position to exercise significant influence, but not to control or jointly control, through the power to participate in the financial and operating policy decisions of that entity.

Codelco’s share of the net assets of such entities is included in the consolidated financial statements by using the equity method. This requires recording the initial investment at cost and then, in subsequent periods, adjusting the carrying amount of the investment to reflect Codelco’s share in the income of associates, less any impairment of goodwill and any other changes in the associate’s net assets.

The Corporation makes adjustments to the proportional gains or losses obtained by the associate after the acquisition, in order to consider the effects that may exist in the depreciation of fair value of the assets according to the date of acquisition.

- **Acquisitions and Disposals** - The results of businesses acquired are incorporated in the consolidated financial statements from the acquisition date; the results of businesses sold during the period are incorporated into the consolidated financial statements up to the effective date of disposal. Gains or losses from the disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the ownership interest that has been sold.

Upon the occurrence of operations that generate a loss of control over a subsidiary, the valuation of investment which results from the loss of control in the subsidiary must be based on the fair values of such companies.

If at the time of acquisition of an investment in an associate, Codelco’s share in the net fair value of identifiable assets and liabilities of the associate is higher than the cost of the investment, the Corporation recognizes revenue in the period in which such purchase was made.

- **Joint Ventures** - The entities that qualify as joint ventures, in which joint control exists over the operating and financial decisions, are accounted for using the equity method.

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- e) **Foreign currency transactions** - Monetary assets and liabilities denominated in foreign currency have been translated into U.S. dollars at the closing exchange rate of the period.

At the reporting period-end, monetary assets and liabilities denominated in currency other than the functional currency, indexed in unidades de fomento (UF or inflation index-linked units of account) (12/31/2013: US\$44.52; 12/31/2012: US\$47.51; 1/1/2012: US\$43.03), are translated into U.S. dollars at the closing exchange rates of each period.

Income and expenses denominated in Chilean pesos have been translated into U.S. dollars at the exchange rate at the date when the transaction was recorded in the accounting records.

Exchange differences are recognized in net income in accordance with IFRS.

The financial statements of subsidiaries, associates and jointly controlled entities, whose functional currency is different from the presentation currency of Codelco, are translated using the following procedures:

- Assets and liabilities for each statement of financial position presented shall be translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive income shall be translated at average exchange rates of the reporting period.
- All resulting exchange differences are recognized as a separate component of net equity.

The exchange rates used in each period are as follows:

Relation	Exchange rates		
	12/31/2013	12/31/2012	1/1/2012
USD/CLP	0.00191	0.00208	0.00193
USD/GBP	1.65153	1.61629	1.55087
USD/BRL	0.42452	0.48957	0.53588
USD/EURO	1.38064	1.32188	1.29618

- f) **Offsetting Balances and Transactions:** As a general standard, assets and liabilities, income and expenses, are not offset in the financial statements, except for those cases in which offsetting is required or is allowed by some standard and the presentation is a reflection of the transaction.

Income or expenses arising from transactions which, for contractual or legal reasons, consider the possibility of offsetting and which the Corporation intends to liquidate for their net value or realize the assets and pay the liabilities simultaneously, are stated net in the statement of income.

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- g) Property, plant and equipment and depreciation** - Property, plant and equipment items are initially recognized at cost. After their initial recognition, they are recorded at cost, less any accumulated depreciation and any accumulated impairment losses.

The costs of property, plant and equipment items related to the extension, modernization or improvement representing an increase of the productivity, capacity or efficiency or an increase in the useful life of the assets is capitalized as cost of the corresponding assets.

Furthermore, investments in assets acquired under finance lease contracts are not legally owned by the Corporation until the corresponding purchase option is exercised.

Items included in property, plant and equipment are depreciated in accordance with the straight-line method over their economic useful lives, which are summarized in the following table:

Items	Minimum useful life	Maximum useful life
Buildings	15 years	50 years
Plant and equipment	2 years	35 years
Fixtures and fittings	2 years	15 years
Motor vehicles	5 years	25 years
Mining operations	20 years	35 years
Construction in progress (mine development)	1 year	5 years
Land improvements	10 years	35 years
Other	5 years	24 years

The straight-line depreciation method mentioned above, based on calculation procedures that enable the detection of significant changes, does not differ materially from depreciation results based on calculations which detect changes in production units.

The assets maintained under finance leases are depreciated during the estimated period of the lease contract or in accordance with the useful life of the assets, whichever is lower.

Estimated useful lives, residual values and the depreciation method are reviewed at each year end, recording prospectively the effect of any change in estimates.

The profit or loss from disposal or withdrawal of an asset is calculated as the difference between the price obtained in the disposal and the value recorded in the ledgers recognizing the charge or credit to net income for the year.

Work in progress includes the amounts invested in the construction of property, plant and equipment assets and in mining development projects. Works in progress are transferred to assets in operation once the testing period has terminated and when they are available for use, and start to be depreciated as of that moment.

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The ore deposits owned by the Corporation are recorded in the accounting records at US\$1 (one US dollar).

Without limiting the foregoing, reserves and resources acquired as part of acquisitions of shares in companies where the economic value of such properties differs from the carrying amount are recorded at fair value less any accumulated losses for impairment, and deducting the value associated with the use and/or consumption of such reserves.

Borrowing costs that are directly attributable to the acquisition or construction of assets that require a substantial period of time before they are ready for use or sale will be considered as part of the cost of property, plant and equipment.

- h) Impairment of property, plant and equipment and intangible assets** - Property, plant and equipment and intangible assets of definite useful life are reviewed for impairment, in order to verify whether there is any indication that the carrying value cannot be recovered. If such an indicator exists, the recoverable amount of the assets is estimated to determine the extent of the impairment loss. Where the asset does not generate cash flows independently from other assets, Codelco estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

For assets with indefinite useful lives, the estimated recoverable amount is performed at the end of each year.

If the asset does not generate cash flows that are independent from other assets, Codelco determines the recoverable amount of the CGU to which the asset belongs.

For such purposes, each division of the Corporation has been defined as a cash generating unit.

The measurement of impairment includes subsidiaries and associates.

The recoverable amount of an asset will be the higher of the fair value less costs to sell the asset and its value in use. When evaluating the value in use, the estimated future cash flows are discounted using an interest rate, before taxes, that shows the market evaluations corresponding to the time value of money and the specific risks of the asset, for which the future cash flow estimates have not been adjusted.

If the recoverable value of an asset or cash generating unit is estimated to be less than its carrying amount, an impairment loss is immediately recognized, reducing the carrying amount up to its recoverable amount with a charge to net income. In case of a subsequent reversal of the impairment, the carrying amount increases to the reviewed estimate of the recoverable amount, but only to the point that it does not exceed the carrying amount that would have been

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determined if no impairment had been recognized previously. A reversal is recognized as a decrease in the charge for depreciation for the year.

For CGUs, future cash flow estimates are based on the estimates of future production levels, future prices of basic products and future production costs. IAS 36 “Impairment of Assets” includes a series of restrictions to the future cash flows that can be recognized regarding the restructurings and future improvements related to expenses. When calculating the value in use, it is also necessary to base the calculations on the current exchange rates at the moment of the measurement.

- i) **Exploration, mine development and mining operations costs and expenses** - The Corporation has defined an accounting criterion for each of these costs and expenses.

Development expenses for deposits under exploitation whose purpose is to maintain production levels are charged to net income when incurred.

Expenses for exploration and drillings of deposits include the expenses destined to locate mineralized areas to determine their potential for commercial exploitation. The accounting policy for these expenses has been defined by the Corporation in accordance with IFRS 6 paragraph 9, which will mainly be treated as expenses in profit or loss in the period when the expenses occurred until there is certainty that the project is economically viable.

Pre-operating and mine development expenses (PP&E) incurred during the execution of a project and until its start-up are capitalized and amortized in relation to the future production of the mine. These costs include extraction of waste material, constructing the mine’s infrastructure and other works carried out prior to the production phase.

Finally, the costs for the delimitation of new areas or deposit areas in exploitation and of mining operations (PP&E) are recorded in property, plant and equipment and are charged to net income during the period in which the benefits are obtained.

- j) **Deferred stripping** - Costs that arise by removing mine waste materials (overburden) to gain access to mineral ore deposits in open pits that are in production, incurred in order to access mineral deposits that are in production, or incurred in order to access mineral deposits are recognized in property, plant and equipment, provided they meet the following criteria set out in IFRIC 20:

- It is probable that the future economic benefits associated with the stripping activity will flow to the entity.
- It is possible to identify the component of an ore body for which access has been improved as a result of the stripping activity.
- The costs relating to the improved access to that component can be measured reliably.

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The amounts recognized in property, plant and equipment are depreciated according to units of production method extracted from the ore body related to the stripping activity which generated this amount.

- k) **Income taxes and deferred taxes** - Codelco and its Chilean subsidiaries record Income Tax based on the net taxable income determined as per the standards established in the Income Tax Law and Article 2 of the D.L. 2.398, as well as the specific tax on mining referred to in Law 20.026 of 2005. Its foreign subsidiaries record income tax according to the taxation standards of each country.

Deferred taxes due to temporary differences and other events that generate difference between the accounting and tax bases for assets and liabilities are recorded in accordance with the standards established in IAS 12 "Income taxes".

In addition, a deferred tax is recognized for the net income of subsidiaries, associates, special purpose entities and joint ventures, originated by withholding taxes on remittances of dividends paid by such companies to the Corporation.

- l) **Inventory** - Inventory is stated at cost, which does not exceed its net realizable value. The net realizable value represents the estimated sales price less all finishing costs and marketing, sales and distribution expenses. Costs have been determined according to the following methods:
- **Finished products and products in process:** This inventory is stated at average production cost, according to the absorption costing method, including labor and the depreciation of property, plant and equipment, the amortization of intangible assets and the indirect expenses of each period.
 - **Materials in warehouse:** This inventory is stated at acquisition cost, and the Corporation determines an allowance for obsolescence considering the permanence in stock of slow moving materials in the warehouse.
 - **Materials in transit:** This inventory is stated at cost incurred until the period-end date. Any difference, due to the estimate of a lower net realizable value of the inventory, in relation to its accounting value, is adjusted with a charge to net income.
- m) **Dividends** - The payment obligation of net revenues presented in the financial statements, as determined in Article 6 of D.L. 1.350, is recognized based on the accrued payment obligation.
- n) **Employee benefits** - Codelco recognizes accruals for employee benefits when there is a current obligation as a result of the services provided.

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The contract conditions stipulate, subject to compliance with certain conditions, the payment of an employee termination benefit when an employment contract ends. In general, this corresponds to one monthly salary per year of service and considers the components of the final remunerations which are contractually defined as the basis for the indemnity. This benefit has been defined as a long-term benefit.

Codelco has also agreed to post-employment medical care for certain employees, which are paid based on a fixed percentage of the monthly tax base of the employees covered by this agreement. This benefit has been defined as a post-employment medical care benefit.

The employee termination benefit obligation and the post-employment medical plans are calculated in accordance with valuations performed by an independent actuary, using the projected unit credit method, which are updated on a regular basis. The obligation recognized in the statement of financial position represents the net present value of the employee termination benefit obligation and the post-employment medical benefit. Actuarial gains and losses are recognized immediately in the statement of other comprehensive income.

Management uses assumptions to determine the best estimate of these benefits. Such assumptions include an annual discount rate, mortality and morbidity tables, expected increases in compensation and future permanence, among other factors.

In accordance with its operating optimization programs to reduce costs and increase labor productivity by incorporating new current technologies and/or practical management best practices, the Corporation has established employee retirement programs by means of related addenda to employee contracts or collective union agreements with benefits that encourage employees to retire. Accordingly, the required accruals are established based on the accrued obligation at current value. In case of employee retirement programs which involve multiyear periods, the provisioned obligations for these concepts are updated considering a discount rate determined by financial instruments for the same currency used to pay the obligations and similar maturities.

- o) Provisions for dismantling and restoration costs** - An obligation, legal or constructive, arises when dismantling and restoration costs are incurred as a result of alterations caused by a mining activity (in development or in production). Costs are estimated on the basis of a formal closure plan and are subject to yearly reviews.

The costs arising from the obligation to dismantle the installation of a plant or other project for the preparation of the site, discounted at their net present value, are accrued and capitalized at the beginning of each project, at which time the obligation to incur such costs is arises.

These dismantling costs are recorded in income via the depreciation of the asset that gave rise to this cost, and the provision is used when the dismantling takes place. Subsequent changes in the

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estimates of liabilities related to dismantling are added to or deducted from the costs of the related assets in the period in which the adjustment is made.

The restoration costs are accrued at their net present value against operating income, and the provision is used in the period during which the restoration works are performed. Changes in measurement of the liability related to the location of the mining activity (discount rate or time) are recorded in operating income and depreciated based on the useful lives of assets which give rise to these changes.

The effects of updating the liability, due to the discount rate and/or time, are recorded as finance costs.

- p) **Leases – (Codelco as a lessee)** Leases are classified as finance leases when the terms of the lease transfer all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease costs under operating leases are charged to income over the lease term. Assets acquired under finance leases are recognized as assets at the start of the lease at either the fair value or the present value of minimum lease payments for the discounted lease at the contracted interest rate, whichever is lower. Interest is charged in the finance costs, at a fixed periodic rate, in the same depreciation period of the asset. The lease obligations net of financing costs are included in other current or non-current liabilities, as appropriate.

Under the provisions of International Financial Reporting Interpretations Committee ("IFRIC") 4 (IFRIC 4) titled "Determining whether an Arrangement Contains a Lease", an arrangement is, or contains a lease at the start date, if it uses a specific asset or assets or if it grants the right to use the asset, even if that right is not explicitly specified. For agreements occurring before January 1, 2005, the start date is considered as January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

All take-or-pay contracts and any other service and supply contracts that meet the conditions established in IFRIC 4, are reviewed for indicators of an embedded leasing.

- q) **Revenue recognition** - Revenue is recorded when ownership rights and obligations have been substantially transferred to the purchaser, according to the shipment or dispatch of the products, in conformity with the agreed upon conditions and are subject to variations related to the content and/or sales price at their liquidation date. Notwithstanding the foregoing, there are certain contracts for which the rights and obligations are substantially transferred based on receipt of the product at the buyer's destination point, and for these contracts revenue is recorded at the moment of transfer.

Sales contracts include a provisional price at the shipment date, whose final price is generally based on the price recorded in the London Metals Exchange ("LME"). In the majority of cases, the recognition of sales revenue for copper and other commodities is based on the estimates of

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the future spread of metal price on the LME and/or the spot price at the date of shipment, with a subsequent adjustment made upon final determination and presented as part of "Revenue". The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the "quotation period"). As such the final price will be fixed on the dates indicated in the contracts. Adjustments to the sales price occurs based on movements in quoted market prices on the LME up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and nine months. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices for the applicable metals.

Sales in the national market are recorded in conformity with the regulations that govern domestic sales as indicated in Articles 7, 8 and 9 of Law No. 16.624, modified by Article 15 of Decree Law No. 1.349 of 1976, on the determination of the sales price for the internal market.

As indicated in the note related to hedging policies in the metal derivatives market, the Corporation enters into operations in the metal derivatives market. The net results of these contracts are added to or discounted from revenues.

Additionally the Corporation recognizes revenue for providing services, mainly related to the processing of minerals bought from third parties. Revenue is recognized when the amounts can be measured reliably and when the services have been provided.

- r) **Derivative contracts** - Codelco uses derivative financial instruments to reduce the risk of fluctuations in the sales prices of its products and of exchange rates.

Derivatives are initially recognized at fair value at the date on which the derivative is entered into and subsequently updated at fair value at each reporting date.

The effective part of the changes in fair value of the derivatives that are allocated as "effective cash flow hedges", is recognized directly in equity, net of taxes, in the item "Cash flow hedge reserves", while the ineffective part is recorded in the statements of comprehensive income on lines Finance expenses or Finance income depending on the effect generated by the ineffectiveness. The amount recognized in net equity is not transferred to other comprehensive income account until the results of the hedged operations are recorded in the statements of comprehensive income or until the maturity date of such operations.

A hedge is considered highly effective when the changes in fair value or in the cash flows of the underlying item attributable to the hedged risk, are offset with the changes in the fair value or in the cash flows of the hedge instruments, with effectiveness between a range of 80% - 125%. The corresponding unrealized profit or loss is recognized in comprehensive income for the period, only in those cases in which the contracts are liquidated or when they no longer comply with hedging characteristics.

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The total fair value of the hedge derivatives is classified as a non-current asset or liability, if the remaining maturity of the hedged item is greater than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is lower than 12 months.

All derivatives designated as hedge instruments are classified as current or non-current assets or liabilities, respectively, depending on the maturity date of the derivative.

The derivative contracts entered into by the Corporation are originated by the application of the risk hedge policies indicated below, and are recorded as indicated for each case:

- ***Hedging policies for exchange rates***

From time to time the Corporation enters into exchange rate and interest rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are conducted in. Pursuant to the policies established by the Board of Directors these operations are only performed when there are recognized assets or liabilities, the forecast of highly probable transactions or firm commitments, and not for investment or speculative reasons.

The results of foreign exchange insurance operations are recorded at the maturity or liquidation date of the respective contracts.

- ***Hedging policies in the metal derivatives markets***

In accordance with the policies approved by the Board of Directors the Corporation entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

The hedging policies seek to protect expected cash flows from the sale of products by fixing the prices for a portion of future production, while to the extent necessary adjusting physical contracts to its standard commercial policies. When the sales agreements are fulfilled and the derivative contracts are settled, income from sales and derivative operations is offset.

At each reporting date, these derivative contracts are recorded and adjusted to marked-to-market and recorded at the settlement date of the hedging operations, as a part of the sales revenue of the products.

Hedging operations carried out by the Corporation are not of a speculative nature.

- ***Embedded derivatives***

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The Corporation has established a procedure that allows for evaluation of the existence of embedded derivatives in financial and non-financial contracts. Where there is an embedded derivative, and if the host contract is not recorded at fair value, the procedure determines whether the characteristics and risks of the embedded derivative are not closely related to the host contract, in which case it requires a separate recording.

The procedure consists of an initial characterization of each contract that allows for distinguishing of those in which an embedded derivative could exist. In that case, the contract is submitted to a more in-depth analysis. If as a result of this evaluation it is determined that the contract has an embedded derivative that needs to be recorded separately, it is valued and the movements in its fair value are recorded in comprehensive income in the consolidated financial statements.

- s) **Financial information by segment** - For the purposes of IFRS 8, Operating Segments the segments are defined as Codelco's Divisions, plus the Ministro Hales Division, whose operation is expected to begin at the end of 2014 (at the end 2013, the mine was operating with pre-stripping, its concentrator completed loading tests and it is now beginning its operational phase; with only the roasting plant remaining). Income and expenses of the Head Office are distributed in the defined segments.
- t) **Presentation of Financial Statements** - For the purposes of IAS 1, *Presentation of the Financial Statements*, the Corporation establishes the presentation of its statement of financial position classified in "current and non-current" and of its statements of income in conformity with the "by function" method and its cash flows using the direct method.

With respect to the Statements of Other Comprehensive Income (loss) on currency exchange rate cash flow hedges and share of associates and joint ventures accounted for using the equity method, there could be an effect on future Statements of Comprehensive Income (loss), while the Statement of Other Comprehensive Income (loss) of actuarial defined benefit plans will not have future effects on the Statement of Comprehensive Income.

- u) **Current and non-current financial assets** - The Corporation determines the classification of its investments upon initial recognition and reviews these at each closing date. This classification depends on the purpose for which such investments were acquired.

In this section the following categories are observed:

- ***Financial assets at fair value through profit or loss:***

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This category includes those financial assets acquired for trading or sale in the short term. Their initial and subsequent recognition is performed at fair value, which is obtained as of the observable date in the market. The gains and losses from variations in fair value are included in net income for the period.

- ***Loans granted and accounts receivable:***

These correspond to financial assets with fixed or determined payments, and which are not quoted in an active market. Their initial recognition is at fair value, which includes the transaction costs that are directly attributed to the issuance of it. Subsequent to the initial recognition, these are stated at amortized cost, recognizing in the statements of comprehensive income the accrued interest according to the effective interest rate and the possible losses in value of these assets.

A loss in value of the financial assets stated at amortized cost is caused when there is objective evidence that the Corporation will not be able to recover all amounts in accordance with the original terms.

The amount of loss in value is the difference between the carrying amount and the net present value of the future cash flows discounted at the effective interest rate, and it is recognized as an expense in the statements of comprehensive income.

If in subsequent periods there is evidence of a recovery in the value of the financial asset stated at amortized cost, the recognized impairment loss will be reversed as long as it does not generate an amount in the financial asset ledgers that exceeds the one recorded prior to the loss. The accounting of the reversal is recognized in net income for the period.

Finally, an account receivable is not considered recoverable when situations arise such as the dissolution of the company, lack of identifiable assets for its execution or a legal pronouncement.

- v) **Financial liabilities** - Financial liabilities are recognized initially at fair value, net of the incurred transaction costs. As the Corporation does not own any financial liabilities held for trading, subsequent to their initial recognition, the financial liabilities are valued at amortized cost, using the effective interest rate method, recognizing the interest expenses based on the effective profitability.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or when appropriate, a shorter period when the associated liability has a prepayment option that is considered to be exercised.

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Trade accounts payable and other payables are financial liabilities that do not explicitly accrue interest and are recorded at their nominal value.

The financial liabilities are derecognized when the liabilities are paid or expire.

- w) **Allowance for doubtful accounts** - The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and the aging of the items.
- x) **Cash and cash equivalents and Statement of Cash Flows prepared by direct method** - Cash equivalents are comprised of highly liquid investments, which have a limited risk in relation to possible changes in value, and maturities of which are less than 90 days from date of purchase.

For the purposes of preparing the statement of cash flows, the Corporation has defined the following:

Cash and cash equivalents in the statement of financial position include cash at banks and on hand, and short term deposits and other highly liquid short term investments with an original maturity of three months or less. In the statement of financial position, bank overdrafts are classified as external resources in current liabilities.

- **Operating activities:** These are the activities that constitute the main source of operating income for the Corporation, as well as other activities that cannot be classified as investment or financing activities.
 - **Investing activities:** These correspond to acquisition or sale activities or disposal through other methods of long-term assets and other investments not included in cash and cash equivalents.
 - **Financing activities:** These are activities that cause changes in the size and composition of net equity and of financial liabilities.
- y) **Law No. 13.196** – According to Law No. 13.196, the return on foreign currency of Codelco's copper export sales based on the actual sales revenue, including byproducts is taxed at 10%. The amount for this concept is presented in the statement of income in the item other expenses, by function.
 - z) **Cost of sales** - Cost of sales is determined according to the absorption cost method, including the direct and indirect costs, depreciation, amortization and any other expenses associated with the production process.

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aa) Environment - The Corporation adheres to the principles of sustainable development, which foster the economic development while safekeeping the environment and the health and safety of its collaborators. The Corporation recognizes that these principles are key for the wellbeing of its collaborators, care for the environment and success in its operations.

ab) Classification of current and non-current balances - In the consolidated statement of financial position, the balances are classified according to their maturities, that is, as current those with a maturity equal to or less than twelve months and as non-current those with a greater maturity. Where there are obligations whose maturity is less than twelve months, but whose long-term refinancing is insured upon a decision by the Corporation, through credit agreements available unconditionally with long-term maturity, these could be classified as non-current liabilities.

3. New standards and interpretations adopted by the Corporation

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Corporation for the year ended December 31, 2012, except for the adoption of new standards and interpretations effective from January 1, 2013, which are:

a) IAS 19 Employee Benefits (revised 2011) (IAS 19-R)

The Corporation until December 31, 2012 recognized in profit for the period its actuarial gains and losses. IAS 19-R establishes the recognition of actuarial results as part of the Statement of Other Comprehensive Income and permanently excludes these from the profit and loss for the period. Other modifications include new disclosures, such as quantitative sensitivity of the variables set for the calculation of the defined benefit giving rise to the liabilities.

IAS 19-R requires retrospective application of the associated effects, implying re-statements of previous years' financial statements.

The adoption of the new version of the standard mentioned above implies reclassifications of actuarial earnings and losses from retained earnings (losses) through other respective comprehensive income, influencing the statement of financial position as follows:

Effects at January 1, 2012	Retained earnings	Reserve of gains /(losses) on defined benefit plans
	ThUS\$	ThUS\$
Balance prior to the application of IAS 19-R	1,709,068	-
Adjustments for application of IAS 19-R	84,917	(84,917)

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Balance with application of IAS 19-R	1,793,985	(84,917)

Effects at December 31, 2012	Retained (losses) earnings	Reserve of gains /(losses) on defined benefit plans
	ThUS\$	ThUS\$
Balance prior to the application of IAS 19-R	4,189,769	-
Adjustments for application of IAS 19-R	102,246	(102,246)
Balance with application of IAS 19-R	4,292,015	(102,246)

b) IAS 1 Presentation of items in other comprehensive income – Modifications to IAS 1

The amendments made to the IAS 1 require separation of the items of Other Comprehensive Income which may be reclassified to the Statement of Comprehensive Income in the future (e.g. net results from cash flow hedges or exchange rate of foreign operations) of those items that standards do not allow to be reclassified to Comprehensive Income (e.g. gains and losses from benefits plans).

The amendment affects only the presentation of the Statement of Comprehensive Income and has no impact on the financial position of the Corporation.

c) IAS 1 Comparative reporting requirement – Explanatory amendment

It is required to include comparative information in the notes to the financial statements when there is a voluntary disclosure beyond the minimum comparative period.

IAS 1 also requires the presentation of an additional Statement of Financial Position when a retrospective accounting change is made and that items of the Financial Statements are reclassified, as long as any of those changes have a material effect on the Statement of Financial Position at the beginning of the previous period. The amendment clarifies that the additional Statement of Financial Position is not required to include comparative information in related notes.

d) IFRS 10 Consolidated Financial Statements and IAS 27 Consolidated and Separate Financial Statements.

IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” in sections related to consolidated financial statements and SIC 12 “Consolidation Special Purpose Entities”. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement in the investee and has the potential to affect those returns through its power over the investee. The application of IFRS 10 had no impact on the determination of control or consolidation of investments held by the Corporation.

e) IFRS 11 Joint Arrangements

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IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly-controlled Entities – Non-monetary Contributions by Venturers”. IFRS 11 removes the option to account for jointly controlled entities (JCE’s) using proportional consolidation, leaving as the only option, the equity method. The application of IFRS 11 had no impact on the Consolidated Financial Statements of the Corporation.

f) IFRS 12 Disclosure of Interests in Other Entities

This standard establishes requirements for disclosures related to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. The additional disclosure requirements are presented in Note 8 and 9, and are related to summarize financial information of material subsidiaries and associates.

g) IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of fair value measurements. This standard provides guidance on how to measure fair value when it is required or permitted by IFRS. The application of IFRS 13 has not materially affected the fair value measurements of the Corporation.

h) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 indicates that the costs of waste removal activities in surface mine in a production phase (stripping of production phase), incurred with the purpose of granting access to an ore body, are recognized as part of Property, Plant and Equipment and are amortized based on units of production extracted from the mineralized zone specifically related to the respective removal activity that generates this amount.

The accounting treatment applied by the Corporation before the adoption of IFRIC 20 differed from the requirements of IFRIC 20 and established an amortization criterion based on linear amortization of the capitalized removal costs.

These Consolidated Financial Statements were prepared in accordance with IFRIC 20, which applies as of January 1, 2013. Adopting IFRIC 20 resulted in a change in the accounting policy of the Corporation, as defined by IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

This involved making adjustments based on the criteria of IFRIC 20, so that the existing balances at December 31, 2011 in respect of stripping in the production phase (discussed by other accounting criteria based on IFRIC 20), are assigned as initial balance for purposes of applying IFRIC 20.

The impacts of this standard on the comparative amounts presented in the Consolidated Financial Statements at December 31, 2013, were as follows:

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Effects of IFRIC 20 Retained earnings, as of January 1, 2012	ThUS\$
The balance of retained earnings, as of January 1 st , 2012 under prior accounting policies	1,709,068
Adjustments to the balances prior to applying IFRIC 20, net of deferred taxes	(88,305)
The balance of retained earnings, as of January 1, 2012 adjusted by IFRIC 20	1,620,763

Effects of IFRIC 20 Property, Plant and Equity, net as of December 31, 2012	ThUS\$
The balance of Property, Plant and Equity net as of December 31, 2012 under prior accounting policies	17,044,931
Adjustments to IFRIC 20	23,018
Adjusted balance of Property, Plant and Equity as of December 31, 2012	17,067,949

Effects of IFRIC 20 gain (loss), after taxes for the year ending as of December 31, 2012	ThUS\$
Gain (loss) before taxes under prior accounting policies as of December 31, 2012 before applying IFRIC 20	3,650,960
Adjustments to IFRIC 20	97,512
Gain (loss), after taxes for the year ending as of December 31, 2012 under IFRIC 20	3,748,472

IFRIC 20 Effects on Retained Earnings from associates, as of December 31, 2012	ThUS\$
Associated IFRIC 20 adjustment attributable to owners of the parent	(7,976)
Associated IFRIC 20 adjustment attributable to noncontrolling interests	(3,789)
IFRIC 20 Total effect on retained earnings from associates as of December 31, 2012.	(11,765)

4. New accounting pronouncements

As of the issuance date of these consolidated financial statements, the following IFRS and IFRIC interpretations have been issued by the IASB. Their application was not mandatory (1):

New IFRS	Date of mandatory application	Summary

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IFRS 9, Financial Instruments	Subject upon decision	Financial assets must be entirely classified on the basis of the business model of the entity for financial asset management and the characteristics of contractual cash flows of financial assets. Financial assets under this standard are measured either at amortized cost or fair value. Only financial assets classified as measured at amortized cost must be tested for impairment.
IFRIC 21, Levies	Annual periods beginning on or after January 1, 2014	IFRIC 21 is an interpretation of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> . IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Amendments to IFRS	Date of mandatory application	Summary
IFRS 10, Consolidated Financial Statements	Annual periods beginning on or after January 1, 2014	The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of interests in other entities and IAS 27 Separate Financial Statements come from proposals in the Exposure Draft Investment Entities published in August, 2011. The amendments define an investment entity and introduce an exception to consolidate certain subsidiaries owned by investment entities. These amendments require that an investment entity record these subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated financial statements and separate. The amendments also introduce new disclosure requirements related to investment entities in IFRS 12 and IAS 27.
IFRS 12, Disclosure of interests in other entities		
IAS 27, Separate Financial Statements		
IAS 32, Financial Instrument Presentation	Annual periods beginning on or after January 1, 2014	Clarifies the requirements regarding the application of compensation between financial entries.
IAS 36, Impairment of Assets	Annual periods beginning on or after January 1, 2014	Modifies the requirements for disclosure of information about the recoverable amount of impaired assets based on fair value less costs of sales. These amendments are related to IFRS 13 Fair Value Measurement issue. The amendments must be applied retroactively.
IAS 39, Financial Instruments: Recognition and Measurement	Annual periods beginning on or after January 1, 2014	Provides an exception to the requirement for discontinuing the hedge accounting on situations in which the OTC derivatives which has been designated in hedging instrument, is

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		both of direct or indirectly novated to a central counterparty as a consequence of laws or regulations.
IAS 19, Employee benefits	Annual periods beginning on or after July 1, 2014	The standard simplifies the accounting treatment of contribution benefits not associated with the years of services performed by the employee, for example, contributions of employees that are calculated according to a fixed percentages of salary.
IFRS 3, Business Combinations (Annual Improvements to IFRS 2010–2012 cycle)	Annual periods beginning on or after January 1, 2014	The standard refers to the consideration of fair value in the valuation of contingent assets and liabilities in a business combination.
IAS 40, Investment Property (Annual Improvements to IFRS 2011–2013 cycle)	Annual periods beginning on or after January 1, 2014	Professional judgment is used to distinguish acquisition operations of investment properties and business combinations.

(1) IAS, International Accounting Standard, IFRS, International Financial Reporting Standard, IFRIC, International Financial Reporting Interpretations Committee

Management is currently in the process of evaluating the initial effects of the application of the standards, amendments and interpretations that will be adopted in the consolidated financial statements of the Corporation in the respective years indicated, anticipating that they would not have significant impacts.

I. EXPLANATORY NOTES

1. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Items	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Cash on hand	9,281	4,703
Bank balances	38,256	33,439
Time deposits	701,195	1,124,459
Mutual funds – Money market	1,431	11,137
Resale agreements	507	90,085
Total Cash and cash equivalents	750,670	1,263,823

Valuation of time deposits is made on an accrual basis with an interest rate associated with each of these instruments.

The Corporation does not maintain any significant amounts of cash and cash equivalents that are not available for use.

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2. Trade and other receivables

a) Accrual for open sales invoices

As mentioned in the Article of Summary of Significant Accounting Policies, the Corporation adjusts its revenues and balances from trade accounts receivable, based on future copper prices, by recording an accrual for open sales invoices.

When the future price of copper is lower than the provisional invoice amount, this provision is presented in the Statement of Financial Position as follows:

- Customers that have debt balances with the Corporation are presented in Current Assets, decreasing the amounts owed by these customers.
- Customers that do not have debt balances with the Corporation are presented in the item Trade and other payables under Current Liabilities.

When the future copper price is higher than the provisional invoice price, the provision is presented in current assets, increasing the amounts owed by customers.

Based on the above-mentioned, trade receivables as of December 31, 2013 and of December 31, 2012 include a positive accrual of ThUS\$124,905 and of ThUS\$36,534, respectively, related to the accrual of open invoices.

b) Trade and other receivables

The following chart shows the amounts of Trade and other receivables, with their corresponding allowances:

Items	Current		Non-current	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade receivables (1)	1,591,384	1,616,493	1,882	-
Allowance for doubtful accounts (3)	(2,694)	(1,925)	-	-
Subtotal trade receivables, net	1,588,690	1,614,568	1,882	-
Other receivables (2)	602,495	767,153	137,014	171,699
Allowance for doubtful accounts (3)	(5,003)	(5,708)	-	-
Subtotal other receivables, net	597,492	761,445	137,014	171,699
Total	2,186,182	2,376,013	138,896	171,699

- (1) Trade receivables are generated by sales of the Corporation, which are generally sold for cash or by bank guarantee.

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- (2) Other receivables include the amounts owed mainly by:
- Personnel of the Corporation, including short-term loans and mortgage loans, payment for which is withheld on a monthly basis from employee paychecks. The mortgage loans are backed by mortgage guarantees.
 - Claims from insurance companies.
 - Liquidations to the Central Bank as per Law 13,196.
 - Advance payments to suppliers and contractors, to be discounted from the corresponding payment statements.
 - Accounts receivable for toll services (Ventanas' Smelter).
 - VAT fiscal credits and other taxes receivable in the amount of ThUS\$ 153,430 ThUS\$ 163,642 at March 31, 2014 and December 31, 2013 respectively.
- (3) The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and the aging of the entries.

The movement of the allowance for doubtful accounts for the year ended December 31, 2013 is detailed as follows:

Movements of allowance for doubtful accounts	12/31/2013 ThUS\$
Opening balance	7,633
Increases	388
Write-offs/applications	(324)
Movement, subtotal	64
Final balance as of 12/31/2013	7,697

Past due and not impaired balances are detailed as follows:

Maturity	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Less than 90 days	20,182	22,250
Between 90 days and 1 year	659	2,108
More than 1 year	4,217	8,334
Total past-due and not impaired	25,058	32,692

3. Balance and related party disclosures

- a) Transactions with the Board of Directors

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According to the New Corporate Governance Law, Codelco's Board Members were affected in business with related parties, as described in Title XVI of the Corporations Law (regarding transactions with related parties in publically traded companies and their affiliates).

As provided in the final paragraph of Article 147 b) of Title XVI, which contains exceptions regarding the approval process for related party transactions, the Corporation has set a general policy of regularity (reported to the SVS as a material fact), which establishes common transactions ordinarily made with its related parties within their line of business, contributes to their social interest and are necessary for Codelco's normal developmental activities.

In addition, consistent with the legal framework, the Corporation maintains within its internal framework a specific policy about transactions with persons and companies related to Codelco personnel. Codelco Corporate Standard No. 18 (NCC No. 18), whose latest version currently in force was approved by the Executive President and the Board.

Codelco, without the authorization indicated in NCC No. 18 and the Board of Directors, when required by Law or the Corporate Statute, shall not enter into contracts involving one or more Directors, Executive President, members of the Committee of Managing Directors, Vice President, Legal Counsel, General Auditor, General Manager, Senior Management or staff who must make recommendations and/or has the authority to resolve tenders, purchases and assignments and/or purchases of goods and services and the staff that holds management positions (until the fourth hierarchical level in the organization), including their spouses, children and other relatives up to the 2nd degree of relation, with an interest in itself, directly, or represented by third parties or on behalf of another person. The NCC No. 18 obligates the Corporation's contract to declare all such relationships, as well as remove related job responsibilities from any member within these positions who may be involved.

This prohibition also includes the companies in which such individuals are involved through ownership or management, whether directly or through representation of other natural persons or legal entities, or individuals who have ownership or management interests in those companies.

The Board of Directors has been informed of the transactions covered by Codelco Corporate Standard No. 18, and upon which it must decide, according to this standard.

Among these operations are those indicated in the following chart, for the total amounts indicated, which need to be executed in the periods specified by each contract:

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Entity	Taxpayer Number	Country	Nature of the relationship	Description of the transaction	1/1/2013	1/1/2012
					12/31/2013	12/31/2012
					Amount ThUS\$	Amount ThUS\$
Ecometales Limited (Chilean agency)	59.087.530-9	Chile	Affiliate	Services	45,753	10,713
Fundación Orquesta Sinfónica Infantil de los Andes	65.018.784-9	Chile	Founder	Services	169	279
Club de Deportes Cobresal	70.658.400-5	Chile	Employee Pres. Club	Services	355	653
Fundación de Salud El Tentiente	70.905.700-6	Chile	Affiliate	Services	-	11,094
Centro de Capacitación y Recreación Radomiro Tomic	75.985.550-7	Chile	Other related	Services	-	700
Codelco Shanghai Company Limited.	Foreigner	China	Affiliate	Services	-	400
Services Aridam S.A.	76.033.531-2	Chile	Employee's relative	Services	-	9,306
Centro de Especialidades Médicas Río Blanco Ltda.	76.064.682-2	Chile	Affiliate	Services	6,954	11,390
Anmar S.A.	76.134.358-0	Chile	Employee's relative	Services	-	1,525
Sociedad de Procesamiento de Molibdeno Ltda.	76.148.338-2	Chile	Affiliate	Services	20,836	-
Núcleo Educativo S.A.	96.940.740-K	Chile	Director's ownership	Services	-	175
Consultora Jannet Troncoso C.E.I.R.L.	76.174.237-K	Chile	Employee's relative	Services	137	41
Kairos Mining S.A.	76.781.030-K	Chile	Other related	Services	-	56,065
Biosigma S.A.	96.991.180-9	Chile	Affiliate	Services	-	17
Inversiones Raúl Martínez E.I.R.L.	76.791.980-8	Chile	Executive's related	Services	125	-
Prestaciones de Servicios de la Salud Intersalud Ltda.	77.270.020-2	Chile	Affiliate	Services	3,428	-
Fundación Educacional Chuquicamata	72.747.300-9	Chile	Founder	Services	2,650	-
Cosando Construcción y Montaje Ltda.	77.755.770-K	Chile	Employee's relative	Services	10,778	4,228
Anglo American Sur S.A.	77.762.940-9	Chile	Investee	Services	20	-
Inmobiliaria e Inversiones Río Cipreses	77.928.390-9	Chile	Affiliate	Services	276	-
Hatch Ingenieros y Consultores Ltda.	78.784.480-4	Chile	Employee's relative	Services	-	973
Institución de Salud Previsional Chuquicamata Ltda.	79.566.720-2	Chile	Affiliate	Services	52,000	3,637
Sinclair Knight Merz (Chile) Ltda.	76.334.600-5	Chile	Executive family	Services	-	21
Empresa Nacional de Telecomunicaciones S.A	92.580.000-7	Chile	Director family	Services	515	-
CIS Ingenieros Asociados S.A.	88.422.600-7	Chile	Director's ownership	Services	1,044	24
Institución de Salud Previsional Río Blanco Ltda.	89.441.300-K	Chile	Affiliate	Services	43,552	-
Salomón Sack S.A.	90.970.000-0	Chile	Director's ownership	Supplies	301	1,036
Sociedad Contractual Minera El Abra	96.701.340-4	Chile	Investee	Purchase of rights	10,005	-
Instituto Innovación en Minería y Metalúrgica	96.854.500-0	Chile	Affiliate	Services	-	40,200
S y S Ingenieros Consultores Ltda.	84.146.100-2	Chile	Employee's relative	Services	-	85
Clínica Río Blanco S.A	99.573.600-4	Chile	Affiliate	Services	5,352	9,633
B. Bosh S.A	84.716.400-K	Chile	Employee's relative	Supplies	28	-
Finning Chile S.A	91.489.000-4	Chile	Employee's relative	Supplies	310,398	-
Minera Gaby S.A	76.685.790-6	Chile	Ex Subsidiary	Services	-	561
Exploraciones Mineras Andinas S.A	99.569.520-0	Chile	Affiliate	Services	128,537	-
Inversiones Gacrux SpA	76.173.357-5	Chile	Affiliate	Services	118	-
Inversiones Mineras Acrux SpA	76.167.903-1	Chile	Affiliate	Services	117	-
Inversiones Mineras Becrux SpA	76.173.783-K	Chile	Affiliate	Services	111	-

b) Key Personnel of the Corporation

In accordance with the policy established by the Board of Directors and its related regulation, those transactions affecting the Directors, its Executive President, Vice presidents, Corporate Auditor, the members of the Divisional Management Committees and Divisional General Managers should be approved by this Board.

During the periods of 2013 and 2012, the members of the Board of Directors have received the following amounts as per diems, salaries and fees:

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Entity	Taxpayer Number	Country	Nature of the relationship	Description of the relationship	1/1/2013	1/1/2012
					12/31/2013	12/31/2012
					Amount ThUS\$	Amount ThUS\$
Jorge Bande Bruck	5.899.738-2	Chile	Director	Director's fees	39	108
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Payroll	71	47
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director's fees	111	95
Gerardo Jofré Miranda	5.672.444-3	Chile	Chairman of the Board	Director's fees	166	162
Marcos Büchi Buc (1)	7.383.017-6	Chile	Director	Director's fees	-	-
Fernando Porcile Valenzuela	4.027.183-K	Chile	Director	Director's fees	111	95
Andrés Tagle Domínguez	5.895.255-9	Chile	Director	Director's fees	111	95
Marcos Lima Aravena	5.119.963-4	Chile	Director	Director's fees	138	135
Juan Luis Ossa Bulnes	3.638.915-K	Chile	Director	Director's fees	109	95
Blas Tomic Errázuriz	5.390.891-8	Chile	Director	Director's fees	58	-
Augusto González Aguirre	6.826.386-7	Chile	Director	Payroll	133	44
Augusto González Aguirre	6.826.386-7	Chile	Director	Director's fees	111	27

- (1) During the periods from January 1st to December 31st, 2013 and 2012, the Corporation has not issued any payment instrument for the concept of remunerations to Mr. Marcos Büchi Buc, derived from his participation as Corporation Director, since he has expressly and irrevocably waived those payments, as well as any present or future collection action for that concept.

Through Supreme Decree of the Treasury Department No. 302, dated February 29, 2012, the method for determining the remunerations of the Corporation's directors was actualized. This document details the calculation method of such remunerations, as per the following:

- a. The monthly salary of the directors of Codelco for participating in Board meetings fixed in the amount of Ch\$ 3,282,300 - (three million two hundred and eighty two thousand three hundred Chilean pesos).
- b. A unique monthly salary of Ch\$ 6,564,600 - (six million five hundred and sixty four thousand six hundred Chilean pesos) is established for the Chairman of the Board.
- c. Directors that shall participate in a Board Committee, whether the one referred to in Article 50 bis) of law No. 18.046 or another established by the by-laws of the Corporation, receive a single additional monthly amount of Ch\$ 1,094,100 - (one million ninety four thousand and one hundred Chilean pesos) for their participation, notwithstanding the number of committees in which they participate. In addition, the director holding the chair of the Directors' Committee shall receive a single monthly remuneration for his participation in committees of Ch\$ 2,188,200 - (two million one hundred eighty eight thousand and two hundred Chilean pesos).
- d. The compensation established in this legal document will be valid for a period of two years, starting from March 1st, 2012, and was adjusted by 5% as of January 1st, 2013, following the same standards that apply to the employees of the public sector of the Republic of Chile.

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The short-term benefits related to the executives of the Corporation, paid during the period January – December 2013, amount to ThUS\$ 10,641 (2012: ThUS\$ 10,773).

The criteria used to determine the remunerations of the executives were established by the Board on January 29, 2003.

There were no non-current benefit payments during the periods from January 1st to December 31, 2013 and 2012, different than those mentioned in the previous paragraph.

There are no stock-based benefit plans.

c) Operations with Codelco Investees

In addition, the Corporation performs necessary commercial and financial transactions with entities in which it has capital ownership. The financial transactions correspond mainly to loans in checking accounts.

The commercial operations with related companies refer to the purchase and sale of products or services, at market conditions and prices and which do not consider interest or indexation. These companies, for the periods of 2013 and 2012, are the following: Sociedad GNL Mejillones S.A., Copper Partners Investment Corporation Ltd., Copper for Energy, Sociedad Contractual Minera Purén, Kairos Mining S.A., MI Robotic Solutions S.A., Sociedad Contractual Minera El Abra, Agua de La Falda S.A., Ecosea Farming S.A., Comotech S.A., Deutsche Geissdraht GmbH, Inca de Oro S.A. and Anglo American Sur S.A..

The Corporation does not establish an allowance for doubtful accounts for the main items receivable from their related companies, as these have been registered by including the relevant safeguards in the respective debt contracts.

Accounts receivable from and payable to relate companies as of December 31, 2013 and of December 31, 2012, are detailed as follows:

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Accounts receivable from related companies

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2013 ThUS\$	12/31/2012 ThUS\$	12/31/2013 ThUS\$	12/31/2012 ThUS\$
76.024.442-2	Ecosea Farming S.A.	Chile	Associate	CLP	-	480	-	59
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	23,125	19,238	-	41,022
76.781.030-K	Kairos Mining S.A.	Chile	Other investments	CLP	-	147	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	17	3,232	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	USD	-	-	224	224
76.133.034-9	Copper for Energy S.A.	Chile	Associate	USD	6	-	-	-
Foreign	Copper Partners Invest. Company Ltd.	Bermuda	Joint venture	USD	7,735	6,345	-	-
Totals					30,883	29,442	224	41,305

Accounts payable to related companies

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2013 ThUS\$	12/31/2012 ThUS\$	12/31/2013 ThUS\$	12/31/2012 ThUS\$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	-	2,686	-	-
76.869.100-2	Mining Industry Robotic Solutions S.A.	Chile	Associate	CLP	-	93	-	-
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	USD	65,153	45,618	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	51,370	58,372	-	-
Foreign	Copper Partners Investment Company Ltd.	Bermuda	Joint venture	USD	33,610	33,610	230,692	275,011
Foreign	Deutsche Geissdraht GmbH	Germany	Associate	EURO	3,816	2,985	-	-
Totals					153,949	143,364	230,692	275,011

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The transactions performed between the Corporation and its related companies during the periods of 2013 and 2012 are detailed together with their corresponding effects on profit or loss:

Taxpayer number	Entity	Nature of the relationship	Country	Indexation currency	1/1/2013		12/31/2012
					12/31/2013		12/31/2012
					Amount	Effects on net income (charges) /credits	Amount
					ThUS\$	ThUS\$	ThUS\$
Foreign	Copper Partners Investment Co. Ltd.	Sales of products	Bermuda	USD	117,626	117,626	131,950
Foreign	Copper Partners Investment Co. Ltd.	Dividends received	Bermuda	USD	165,000	-	175,500
77.762.940-9	Anglo American Sur S.A.	Dividends received	Chile	USD	280,252	-	-
77.762.940-9	Anglo American Sur S.A.	Purchase of products	Chile	USD	574,006	(574,006)	142,384
77.762.940-9	Anglo American Sur S.A.	Sales of products	Chile	USD	2,349	2,349	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Purchase of energy	Chile	USD	12,921	(12,921)	152,086
76.775.710-7	Sociedad GNL Mejillones S.A.	Collection of loans	Chile	USD	37,112	1,423	61,417
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan interests	Chile	USD	-	-	1,295
76.775.710-7	Sociedad GNL Mejillones S.A.	Guarantee fee	Chile	USD	63	63	753
76.781.030-K	Kairos Mining S.A.	Purchase of services	Chile	CLP	-	-	14,248
76.781.030-K	Kairos Mining S.A.	Dividends received	Chile	CLP	-	-	96
76.869.100-2	Mining Industry Robotic Solutions S.A	Purchase of services	Chile	CLP	-	-	523
96.701.340-4	SCM El Abra	Dividends received	Chile	USD	158,760	-	63,700
96.701.340-4	SCM El Abra	Purchase of products	Chile	USD	549,308	(549,308)	499,742
96.701.340-4	SCM El Abra	Sales of products	Chile	USD	23,850	23,850	65,857
96.701.340-4	SCM El Abra	Purchase of services	Chile	USD	6,206	(6,206)	1,732
96.701.340-4	SCM El Abra	Commissions received	Chile	USD	189	189	156
Foreign	Deutsche Geissdraht GmbH	Dividends received	Germany	EURO	943	-	1,381
73.063.022-5	Inca de Oro S.A.	Contribution	Chile	USD	1,547	-	6,764
76.028.880-2	Minera Purén SCM	Dividends received	Chile	USD	-	-	14,000

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d) Additional Information

The current and non-current account payable to the company Copper Partners Investment Company Ltd., corresponds to the balance of an advance payment received (ThUS\$550,000) due to the commercial agreement with the company Minmetals.

The current and non-current receivables balance from Sociedad GNL Mejillones S.A. refers to a loan agreement signed with the company, with a maturity of December 31, 2016 and an interest rate of Libor 90 days +3.5%.

The product purchase transaction with Anglo American Sur S.A., corresponds to the normal operations of both companies made to acquire copper and other products. In addition, certain contracts between the Corporation's subsidiary Inversiones Mineras Nueva Acrux S.p.A. (of which Mitsui is a non - controlling shareholder) and Anglo American Sur S.A., the latter agreed to sell a portion of its annual copper production to the subsidiary.

On August 24, 2012, the Corporation, with the approval of their respective Board of Directors, made the purchase of shares of Anglo American Sur SA, Inversiones Anglo American Sur SA, Rut: 77.762.890-9, whose operation meant a cash outlay of ThUS\$ 2,799,795 through subsidiary Inversiones Mineras Becrux SpA. The cash outlay amount, including the amount of ThUS\$ 1,100,000, was related to the interest acquired by Mitsui.

4. Inventories

Inventories as of December 31, 2013 and December 31, 2012 are detailed as follows:

Items	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Finished products	639,034	736,064
Subtotal finished products, net	639,034	736,064
Products in process	1,166,900	1,196,720
Subtotal products in process, net	1,166,900	1,196,720
Material in warehouse and other	488,198	581,128
Obsolescence allowance adjustment	(50,121)	(81,947)
Subtotal material in warehouse and other, net	438,077	499,181
Total Inventory	2,244,011	2,431,965

Inventories recognized as cost of operation for the periods ended at December 31, 2013 and 2012 correspond to finished goods and amount to ThUS\$ 10,760,122 and ThUS\$ 10,781,926, respectively.

In the Inventories category "warehouse and others", the Corporation discloses a reclassification of strategic inventories to Property, Plant and Equipment in December 31, 2013. They amount to ThUS\$ 83,763

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The change in the obsolescence provision is described in the following table:

Obsolescence allowance movements	ThUS\$
Initial Balance 1/1/2013	(81,947)
Period allowance	(13,146)
Allowance reversal	44,972
Final Balance 12/31/2013	(50,121)

As of December 31, 2013 and 2012 Codelco has not written off inventory that has been recognized in the Statements of Comprehensive Income.

For the period ended December 31, 2013, the book value of inventories under evaluation of the concept of net realizable value under IAS N° 2 amounted to ThUS\$ 229,047. Product of the evaluation, the Corporation inventory adjustments on those assets whose book value exceeds its net realizable value, reaching the balance of this adjustment to the date indicated in the amount of ThUS\$ 25,354, which was deducted from the aforementioned figure. The adjustment for the year ended December 31, 2012, was ThUS\$ 48,937, while the adjusted book value inventories at December 31, 2012, corresponds to ThUS\$ 262,773.

Codelco, along with Sociedad Contractual Minera El Abra, purchases and sells copper. As of December 31, 2013, the value of finished goods inventories for this category had an unrealized profit provision of ThUS\$ 6,238. As of December 31, 2012, an unrealized provision of ThUS\$ 6,971 was filed.

The Corporation enters into transactions for the purchase and sale of copper with Anglo American Sur S.A. The value of finished goods inventories for this category at December 31, 2013, has an unrealized profit provision of ThUS\$ 3,336. As of December 31, 2012, no provision was introduced as unrealized.

5. Deferred taxes and income taxes

This provision is stated in the item Current Tax Assets, in current assets, net of monthly provisional tax payments and other tax credits (Note 6).

For the Specific Tax on Mining Activities, in accordance with Law 20.469, a tax rate of 5% was estimated for this fiscal period.

Deferred tax assets and liabilities are detailed as follows:

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Deferred tax assets	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Provisions	1,145,649	1,046,454
Unrealized gains	32,046	43,783
Finance lease	18,706	28,078
Derivatives – futures	8,535	9,112
Advances from clients	163,380	185,173
Hedged Swap derivatives of exchange rates	4,892	-
Tax loss	-	28,265
Health care plans	14,654	14,654
Other	3,123	7,081
Total deferred tax assets	1,390,994	1,362,600

Deferred tax liabilities	12/31/2013 ThUS\$	12/31/2012 ThUS\$
IFRIC 20 First adoption	13,820	13,812
Derivatives - exchange rate	-	706
Specific mining tax	61,802	41,236
Price-level restatement of P,P&E IFRS first time adoption	1,041,494	752,988
Valuation of employee termination benefit	82,757	109,646
Accelerated depreciation	2,780,984	2,520,323
Anglo American Sur S.A. investment	669,230	695,669
Income from fair value of mining properties	80,377	80,382
Other	58,574	70,745
Total deferred tax liabilities	4,789,038	4,285,507

The effect of deferred taxes affecting equity is summarized as follows:

Deferred taxes affecting Equity	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Cash Flow Hedge	4,961	(379,740)
Defined Benefit Plans	16,908	25,994
Total deferred taxes affecting equity	21,869	(353,746)

A reconciliation of taxes considering the legal tax rate and the calculation of the taxes actually paid is detailed as follows:

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Items	12/31/2013				
	Taxable Base 20%	Taxable Base 40%	Tax rate 20%	Additional Tax rate 40%	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit (losses) before taxes	2,731,910	2,731,910	546,382	1,092,764	1,639,146
Permanent differences 20%	(283,814)	-	(56,763)	-	(56,763)
Permanent differences 40%	-	(140,026)	-	(56,010)	(56,010)
Income from corporations and other	(180,923)	(42,650)	(36,185)	(17,060)	(53,245)
Income from contractual companies	(169,287)	-	(33,857)	-	(33,857)
Income from Isapres (Private health insurance companies)	(1,229)	-	(246)	-	(246)
Foreign exchange differences	(2,252)	(2,252)	(450)	(901)	(1,351)
Specific mining tax	(110,599)	(110,599)	(22,120)	(44,240)	(66,360)
Dividends	165,000	-	33,000	-	33,000
Others	30,038	30,038	6,008	12,015	18,023
Absorption Minera Gaby SpA	(14,563)	(14,563)	(2,913)	(5,824)	(8,737)
Fair value amortization Anglo American Sur S.A.	-	-	-	-	(29,222)
Specific mining tax, net from deferred tax	-	-	-	-	131,165
Effect of subsidiaries	-	-	-	-	(10,977)
Total tax expense			489,619	1,036,754	1,617,339

Items	12/31/2012				
	Taxable Base 20%	Taxable Base 40%	Tax rate 20%	Additional Tax rate 40%	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit (losses) before taxes	6,535,629	6,535,629	1,307,126	2,614,252	3,921,378
Permanent differences 18.5%	(606,282)	-	(121,256)	-	(121,256)
Permanent differences 40%	-	(4,418,905)	-	(1,767,562)	(1,767,562)
Income from corporations and other	(310,676)	(310,676)	(62,135)	(124,270)	(186,405)
Income from contractual companies	(180,054)	-	(36,011)	-	(36,011)
Income from Isapres (Private health insurance companies)	(458)	-	(92)	-	(92)
Foreign exchange differences	2,556	2,556	511	1,022	1,533
Specific mining tax	(163,635)	(163,635)	(32,727)	(65,454)	(98,181)
Receive dividends	-	-	-	-	-
Other	45,985	(27,542)	9,198	(11,017)	(1,819)
Investment in Anglo American Sur S.A.	-	(3,517,690)	-	(1,407,076)	(1,407,076)
Fair value acquired mining properties	-	(401,918)	-	(160,767)	(160,767)
Specific mining tax, net of deferred tax	-	-	-	-	235,817
Rate criterion of closure law	-	-	-	-	43,076
Exchange Rate difference	-	-	-	-	101,944
Effect of subsidiaries	-	-	-	-	132,071
Total tax expense			1,185,870	846,690	2,545,468

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6. Current tax assets and liabilities

In both areas the income tax receivables and tax liabilities to net income of monthly provisional payments are recorded respectively.

7. Property, Plant and Equipment

- a) The balances of Property, plant and equipment at December 31, 2013 compared with December 31, 2012, are as follows:

Property, Plant and Equipment, gross	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Work in progress	7,710,714	5,515,165
Land	126,792	119,265
Buildings	3,598,214	3,430,809
Plant and equipment	11,873,805	11,465,565
Fixtures and fittings	47,599	35,648
Motor vehicles	1,646,457	1,434,168
Land improvements	3,943,872	3,751,829
Mining operations	4,451,724	3,350,053
Mine development	1,163,561	986,283
Other assets	1,258,693	1,223,265
Total Property, Plant and Equipment, gross	35,821,431	31,312,050

Property, Plant and Equipment, accumulated depreciation	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Work in progress	-	-
Land	-	-
Buildings	2,252,824	2,128,436
Plant and equipment	7,388,801	6,660,692
Fixtures and fittings	32,058	27,286
Motor vehicles	845,974	806,856
Land improvements	2,256,779	2,082,906
Mining operations	1,965,717	1,595,044
Mine development	573,777	475,417
Other assets	378,690	467,464
Total Property, Plant and Equipment, gross	15,694,620	14,244,101

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Property, Plant and Equipment, net	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Work in progress	7,710,714	5,515,165
Land	126,792	119,265
Buildings	1,345,390	1,302,373
Plant and equipment	4,485,004	4,804,873
Fixtures and fittings	15,541	8,362
Motor vehicles	800,483	627,312
Land improvements	1,687,093	1,668,923
Mining operations	2,486,007	1,755,009
Mine development	589,784	510,866
Other assets	880,003	755,801
Total Property, Plant and Equipment, gross	20,126,811	17,067,949

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b) Movement of Property, plant and equipment:

Movements	Work in progress	Land	Buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Land improvements	Mining operations	Mining development
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 1/1/2013	5,515,165	119,265	1,302,373	4,804,873	8,362	627,312	1,668,923	1,755,009	
Additions	4,294,697	1	-	2,261	28	1,668	-	455,900	
Disposals	(2,158)	-	(1,367)	(7,625)	(153)	(9,762)	-	(920)	
Capitalizations	(1,833,635)	8,655	102,281	563,044	896	263,342	183,102	514,332	
Depreciation and amortization	-	-	(129,229)	(640,509)	(3,341)	(100,888)	(219,786)	(401,832)	
Reclassifications	(230,736)	-	71,973	(105,460)	9,895	18,682	32,775	158,113	
Dismantling asset	-	-	(8,618)	(74,935)	(38)	(2)	(6,560)	-	
Others	(32,619)	(1,129)	7,977	(56,645)	(108)	131	27,639	5,405	
Total movements	2,195,549	7,527	43,017	(319,869)	7,179	173,171	18,170	730,998	
Final balance 12/31/2013	7,710,714	126,792	1,345,390	4,485,004	15,541	800,483	1,687,093	2,486,007	

Movements	Work in progress	Land	Buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Land improvements	Mining operations	Mining development
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 1/1/2012	3,320,333	101,057	1,267,656	4,582,960	10,264	539,512	1,341,482	1,306,237	
Additions	3,921,379	3	16,808	7,446	304	34	-	493,025	
Disposals	(20,010)	-	(1,900)	(11,814)	-	(1,087)	(6)	(14,279)	
Capitalizations	(1,585,623)	10,992	82,949	506,584	791	200,367	379,438	222,573	
Depreciation and amortization	-	-	(109,539)	(586,455)	(2,267)	(90,171)	(138,757)	(349,013)	
Reclassifications	(190,746)	6,202	(433)	(70,723)	(510)	(20,497)	49,027	96,466	
Impairment	-	-	-	(8,380)	(335)	-	-	-	
Closure provision	-	-	50,824	441,937	227	12	38,688	-	
Others	69,832	1,011	(3,992)	(56,682)	(112)	(858)	(949)	-	
Total movements	2,194,832	18,208	34,717	221,913	(1,902)	87,800	327,441	448,772	
Final balance 12/31/2012	5,515,165	119,265	1,302,373	4,804,873	8,362	627,312	1,668,923	1,755,009	

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- c) The value of construction in progress, is directly associated with the operating activities of the Corporation and its subsidiaries, and relates to the acquisition of equipment and projects in construction.
- d) The Corporation has contracted insurance policies to cover the potential risks to which the various elements of property, plant and equipment are subject, and any claims that could arise from their activities during the period, these policies provide adequate coverage of the potential risks.
- e) Borrowing costs capitalized for the period from January 1 to December 31, 2013 amounted to ThUS\$ 178,412, calculated on an annual capitalization rate of 3.81% and while the amount corresponding to the same period in 2012 was ThUS\$ 96,805 on an annual rate of 4.18% capitalization.
- f) The item "Other assets" under "Property, plant and equipment" includes:

Other assets, net	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Leasing assets	66,061	80,745
Mining properties from purchase of Anglo American Sur S.A. shares	402,000	402,000
Others	411,942	273,056
Total other assets, net	880,003	755,801

- g) With the exception of assets under lease whose legal title corresponds to the lessor, the Corporation currently has no ownership restrictions relating to assets belonging to Property, plant and equipment.
- h) As of December 31, 2013, the Corporation had strategic inventory reclassification for Property, Plant and Equipment equal to the amount of ThUS \$ 83,763.

Codelco has not granted "Property, plant and equipment" assets as collateral to third parties in order to enable the realization of its normal business activities or as a commitment to support payment obligations.

8. Investments accounted for using the equity method

The following table sets forth the carrying amount and the share of profit of the investments accounted for using the equity method:

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Items	Equity Method		Accrued Net Income	
	12/31/2013	12/31/2012	1/1/2013	1/1/2012
	ThUS\$	ThUS\$	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Investments in associates accounted for using the equity method	7,341,196	7,458,310	304,549	300,177
Joint Ventures	153,786	178,326	139,584	157,053
Total	7,494,982	7,636,636	444,133	457,230

a) Associates

Agua de la Falda S.A.

As of December 31, 2013, Codelco has a 43.28% interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

The line of business of this company is to exploit deposits of gold and other minerals, in the third region of the country.

Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994. As of December 31, 2012, Codelco has a 49% interest in Sociedad Contractual Minera El Abra, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

Company activities involve the extraction, production and marketing of copper cathodes.

Sociedad Contractual Minera Purén

As of December 31, 2013, Codelco has a 35% interest in Sociedad Contractual Minera Purén, with the remaining 65% owned by Compañía Minera Mantos de Oro.

This company's line of business is to explore, identify, survey, investigate, develop and exploit mineral deposits in order to extract, produce and process ore.

Kairos Mining S.A.

Until November 26, 2012 Codelco maintained a 40% interest in Kairos Mining S.A., with the remaining 60% majority owned by Honeywell Chile S.A. Kairos Mining S.A. provides automation and control services for industrial and mining activities and to license technology and software licenses.

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On November 26, 2012, the Corporation sold part of its stake to Honeywell Chile S.A., After the sale, Codelco held a 5% share on December 31, 2013, while the remaining 95% was held by Honeywell Chile S.A, resulting in revenue before tax of ThUS\$ 13.

Mining Industry Robotic Solutions S.A.

Until the May 17, 2013, Codelco had a 36% stake of its capital shares, 53% was owned by Support Company Limited, 9% by Nippon Mining & Metals Co. Ltd., and 2% by Kuka Roboter GmbH.

On May 17, 2013, Codelco and Support Company Limited, agreed to enter into a transaction whereby the Corporation sold its stake to Support Company Limited. The result of this operation before tax was ThUS \$ 731.

Sociedad GNL Mejillones S.A.

As of December 31, 2013, Codelco has a 37% interest in Sociedad GNL Mejillones S.A., with the remaining 63% owned by Suez Energy Andino S.A. These interests were established on November 5, 2010 when the Corporation did not increase the capital agreed upon by the meeting of shareholders of such company. Before the actual increase, both the Corporation and Suez Energy Andino S.A. had a 50% interest each.

This company's line of business is the production, storage, marketing, transportation and distribution of all types of fuel, and the acquisition, construction, maintenance and operation of infrastructure facilities and construction projects necessary for transport, reception, processing and storage both in Chile and abroad, singly or in partnership with third parties.

Comotech S.A.

As of December 31, 2013, Codelco has a 48.19% interest in Comotech S.A. through its indirect subsidiary Innovaciones en Cobre S.A.

The company's line of business is to carry out research activities to increase the demand for molybdenum at the national and international level through new and better applications, uses and/or markets.

Inca de Oro S.A.

On June 1, 2009 Codelco's Board authorized the formation of a company destined to developing studies to allow continuity of the Inca de Oro Project.

On February 15, 2011, the association of Codelco and Minera PanAust IDO Ltda. was approved in respect to the Inca de Oro deposit, with 66% of the share of Inca de Oro S.A.

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held by Minera PanAust IDO Ltda. and Codelco maintains a 34% share. Before the materialization of this association, Codelco owned the 100% of the society.

The financial effects from this operation generated a profit before income tax of ThUS\$ 33,668 during the period ended at December 31, 2011.

Copper for Energy S.A.

As of December 31, 2013, Codelco has a 25% interest in the share capital of International Copper Association Ltd., a 25% interest in Fundación Chile and a 25% interest in Universidad de Chile.

Copper for Energy S.A.'s line of business is to develop and commercialize new products and applications for copper, destined to make the most efficient use of energy and/ or to generate and utilize renewable energy; conducting and ordering research, carrying out studies and projects, rendering of training services and activities.

Deutsche Giessdraht GmbH

As of December 31, 2013, Aurubis and Codelco through its affiliate, Codelco Kupferhandel GmbH, have a 60% and 40% interest, respectively.

The company produces wire rods in its Emmerich, Germany facility.

Anglo American Sur S.A.

On August 24, 2012, the company Inversiones Mineras Acrux SpA. (Acrux) and its affiliates (the shares divided between Mitsui & Co. Ltd. (Mitsui) and Codelco, but with Codelco maintaining control), acquired a 29.5% share interest in Anglo American Sur S.A. (AAS), of which 24.5% corresponds to the indirect ownership of Codelco on AAS.

Subsequently, on November 26, 2012, Codelco sold 44,900 of its shares of Acrux to its partner Mitsui, generating a profit before tax of ThUS\$ 7,626.

After the above mentioned sale, Codelco reduced its indirect share interest in AAS to 20%, while Mitsui increased its participation to 9.5%. This situation remains unchanged as of December 31, 2012.

As of December 31, 2013, the control of AAS belongs to Inversiones Anglo American Sur S.A. with a 50.06% share interest, while the non-controlling interest corresponds to Acrux through its subsidiary Inversiones Mineras Becrux SpA., with a 29.5% and Mitsubishi group with a 20.44%.

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The principal activities of the Company are the exploration, extraction, exploitation, production, processing and trading of minerals, concentrates, precipitates, copper bars and all metallic and non-metallic minerals, all fossil substances and liquid and gaseous hydrocarbons naturally presented. This includes the exploration, exploitation and use of all natural energy sources capable of industrial use and the products or by-products obtained, as well as any other related, connected or complementary activities in which the shareholders agree.

The following table demonstrates the equity value and accrued results of investments in associates:

Associates	Taxpayer Number	Functional Currency	Equity Interest		Equity Method		Accrued Net Income	
			12/31/2013	12/31/2012	12/31/2013	12/31/2012	1/1/2013	1/1/2012
			%	%	ThUS\$	ThUS\$	12/31/2013	12/31/2012
Deutsche Geissdraht GmbH	Foreign	EURO	40.00%	40.00%	3,627	3,820	1,311	1,347
Agua de la Falda S.A.	96.801.450-1	USD	43.28%	43.28%	5,589	5,639	(86)	(92)
Sociedad Contractual Minera El Abra	96.701.340-4	USD	49.00%	49.00%	838,225	805,973	169,433	182,465
Minera Purén SCM	76.028.880-2	USD	35.00%	35.00%	8,833	9,096	(263)	62
Sociedad GNL Mejillones S.A.	76.775.710-7	USD	37.00%	37.00%	56,582	48,304	8,699	68,805
Kairos Mining S.A.	76.781.030-K	CLP	5.00%	5.00%	-	-	-	11
MI Robotic Solutions S.A.	76.869.100-2	CLP	36.00%	36.00%	-	1,615	(270)	(851)
Inca de Oro S.A.	73.063.022-5	USD	34.00%	34.00%	53,423	51,847	(90)	270
Anglo American Sur S.A.	77.762.940-9	USD	29.50%	29.50%	6,374,917	6,529,527	126,095	47,503
Other					-	2,489	(280)	657
TOTAL					7,341,196	7,458,310	304,549	300,177

The following tables provide details of assets and liabilities at March 31, 2014 and December 31, 2013 and major movements in respect of investments in associates accounted for under the equity method, and respective results for the years ended December 31, 2013 and 2012.

Assets and liabilities	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current assets	1,912,177	2,404,840
Non-Current assets	6,759,726	6,736,527
Current liabilities	1,145,842	1,012,443
Non-Current liabilities	1,290,594	1,671,681

Net Income	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Revenue	4,566,849	4,858,975
Cost of sales	(3,314,082)	(3,329,363)
Profit for the period	1,252,767	1,529,612

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Movements of Investment in Associates	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Opening balances	7,458,310	748,284
Contributions	1,547	6,764
Purchase of participation	-	2,799,795
Adjustments fair value participation	-	3,690,205
Dividends	(439,955)	(79,177)
Net income for the period	304,549	300,177
Foreign exchange differences	(561)	(64)
Negative wealth transfer	-	(15,462)
Sale of companies	270	-
Other comprehensive income	(486)	(5,039)
Other	17,522	12,827
Final balance	7,341,196	7,458,310

The following tables provide details associated with significant breakdown of assets and liabilities as of December 31, 2013 and December 31, 2012 and include major movements and their results for the year ended 31 December 2013 and 31 December 2012.

Sociedad Contractual Minera El Abra

Assets and liabilities	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current assets	764,600	803,647
Non-Current assets	1,347,536	1,266,058
Current liabilities	106,474	129,860
Non-Current liabilities	186,001	146,081

Net Income	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Revenue	1,133,969	1,236,970
Cost of sales	(781,681)	(850,050)
Profit for the period	352,288	386,920

Anglo American Sur S.A.

Assets and liabilities	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current assets	1,097,744	1,536,213
Non-Current assets	4,867,265	4,978,694
Current liabilities	1,004,062	840,307
Non-Current liabilities	831,799	1,276,319

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Net Income	1/1/2013	1/1/2012
	12/31/2013	12/31/2012
	ThUS\$	ThUS\$
Revenue	3,295,507	3,186,268
Cost of sales	(2,417,262)	(2,232,318)
Profit for the period	878,245	953,950

b) Joint ventures

As of December 31, 2013, the Corporation participates in the Copper Partners Investment Company Limited Joint venture. This partnership dates from March 2006 when Codelco Chile through its subsidiary Codelco International Ltd., executed the agreement with Album Enterprises Limited (a subsidiary of Minmetals) to form the company, in which both companies hold equal interests.

Assets and liabilities	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current assets	43,089	54,397
Non-current assets	272,299	308,621
Current liabilities	7,822	6,370
Non-current liabilities	-	-

Net Income	1/1/2013	1/1/2012
	12/31/2013	12/31/2012
	ThUS\$	ThUS\$
Revenue and other comprehensive income	407,925	447,503
Cost of sales	(128,757)	(133,397)
Profit (losses)	279,168	314,106
Movements of the investment in joint ventures	1/1/2013	1/1/2012
	12/31/2013	12/31/2012
	ThUS\$	ThUS\$
Opening balance	178,326	196,771
Net income for the period	139,584	157,053
Dividends	(165,000)	(175,500)
Other comprehensive income	875	-
Other	1	2
Final balance	153,786	178,326

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Additional Information	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Cash and cash equivalent	12,369	20,934

c) Additional information about unrealized profit

The Corporation has recognized unrealized profit for purchases and sales of products, mining properties, property, plant and equipment and ownership rights. The most significant transactions include the transaction carried out in 1994 for the initial contribution of mining properties to Sociedad Contractual Minera El Abra.

The balance of unrealized profit as of December 31, 2013 corresponds to ThUS\$ 53,409 (December 31, 2012: ThUS\$ 72,972), an amount which represents deductions of investments in this entity.

Codelco carries out copper purchase and sales with the company. As of December 31, 2013, the value of finished products inventories category presents a unrealized provision of ThUS\$ 6,238. On December 31, 2012, there was an unrealized profit accrual of ThUS\$ 6,971.

Moreover, Codelco carries out copper purchases and sales with this company with Anglo American Sur S.A, the value of finished products for the category Inventories at December 31, 2013, has a provision for unrealized ThUS\$ 3,336. As of December 31, 2012, there was no accrual of unrealized profit on December 31, 2012.

The Company has recorded unrealized gains for the purchase of rights to use GNL terminal of Contractual Minera El Abra, to December 31, 2013, corresponds to ThUS\$ 3,920.

d) Share in companies acquired at fair value versus carrying amount

The acquisition by Codelco of its participation in Anglo American Sur S.A., on August 24, 2012, was recorded based on the acquisition method, which involved the initial recognition of an investment in the amount of ThUS\$ 6,490,000, corresponding to the percentage of the share interest acquired (29.5%) over the fair value of the net assets of the company, while the book value at the acquisition date was ThUS\$ 1,699,795.

In determining the fair value of the net assets of the acquired share interest, the Corporation considered both the resources and mineral reserves that can be recovered reliably and the assessment of intangibles and all other considerations about assets and contingent liabilities was performed.

The fair value of the assets acquired and liabilities assumed at the acquisition date are as follows:

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	Balance at Fair Value August 24, 2012 (US\$ million)
Property, plant and equipments	17,718
Intangibles	-
Mining resources	10,450
Water rights	28
Non-current assets	28,196
Inventories	211
Trade receivable and other receivables	693
Hedging instruments	1
Recoverable taxes	36
Cash and cash equivalents	599
Current assets	1,540
Total Assets	29,736
Capital	1,241
Retained earnings	2,895
Other reserves	18,510
Total Equity	22,646
Trade payables and other payables	1,599
Provision for employees benefits	76
Deferred taxes	4,925
Provisions	220
Non-Current liabilities	6,820
Trade payables and other payables	258
Provisions	12
Current liabilities	270
Total Liabilities	29,736

n of the purchase price to fair value between the identifiable assets and liabilities has been prepared by management using its best estimates and taking into account all relevant information available at the time of the acquisition of Anglo American Sur S.A.

The transaction has not resulted in the acquisition of control of the acquired company.

The Corporation used the model of discounted cash flows to estimate cash flow projections, based on the life of the mines. These projections are based on estimated production and

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future prices of minerals, operating costs and capital costs at the date of acquisition, among other estimates. Additionally, resources and potential resources to explore are not included in the plan because they have been valued separately using a market model. These resources include the concept of "Mineral Resources". As part of this process and the application of the discounted cash flow model, the fair value of the net assets of Anglo American Sur S.A. valued at US\$ 22,646 million in proportion to the ownership by Inversiones Mineras Becrux SpA (29.5%) which amounts to US\$ 6,681 million at fair value.

On December 31, 2013 and December 31, 2012 neither the amount recognized for the total consideration transferred, nor the range of estimates or assumptions used to determine reasonable values at the acquisition date have changed.

The earnings before tax, corresponding to the proportion of the gains of Anglo American Sur S.A. recognized for the period ended December 31, 2013 was ThUS\$ 259,082, while the adjustment for depreciation and decrease in the fair value of the net assets of the company recognized at the acquisition date, meant an effect of lower profit before tax of ThUS\$ 129,651 and is decreasing the item "Equity in earnings (losses) of associates and joint ventures accounted for using the equity method" of the comprehensive income statement.

9. Subsidiaries

The following tables present a detail of the assets, liabilities and results of the Corporation's subsidiaries, prior to consolidation adjustments:

Assets and liabilities	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current assets	423,173	509,590
Non-current assets	6,923,084	7,134,568
Current liabilities	251,115	478,875
Non-current liabilities	1,093,414	1,789,191

Net Income	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Revenue	2,022,221	2,458,238
Cost of sales	(1,811,126)	(2,363,448)
Profit (losses) for the period	211,095	94,790

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10. Other non-current non-financial assets

Other non-current non-financial assets included in the consolidated statement of financial position as of December 31, 2013 and 2012 is detailed as follows:

Other non-current financial assets	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Law No. 13,196 asset (1)	27,230	30,862
Other	12,432	6,818
TOTAL	39,662	37,680

- (1) Corresponds to the recording of the commitment related to Law No. 13.196, for the advance payment received for the copper sales contract signed with Copper Partners Investment Company Limited. This amount will be amortized according to the shipments made.

11. Current and non-current financial assets

Current and non-current financial assets included in the statement of financial position are detailed as follows:

Classification in the statement of financial position	12/31/2013				
	At fair value though profit and loss	Loans and receivables	Hedging derivatives	Available for sale	Total financial assets ThUS\$
Cash and cash equivalents	1,431	749,239	-	-	750,670
Trade and other current receivables	124,905	2,061,277	-	-	2,186,182
Accounts receivables, non – current	-	138,896	-	-	138,896
A/R due from related companies, current	-	30,883	-	-	30,883
A/R due from related companies, non – current	-	224	-	-	224
Other current financial assets	-	3,899	1,728	-	5,627
Other non - current financial assets	-	9,829	83,878	-	93,707
Total	126,336	2,994,247	85,606	-	3,206,189

Classification in the statement of financial position	12/31/2012				
	At fair value though profit and loss	Loans and receivables	Hedging derivatives	Available for sale	Total financial assets ThUS\$
Cash and cash equivalents	11,137	1,252,686	-	-	1,263,823
Trade and other current receivables	36,534	2,339,479	-	-	2,376,013
Accounts receivables, non – current	-	171,699	-	-	171,699
A/R due from related companies, current	-	29,442	-	-	29,442
A/R due from related companies, non – current	-	41,305	-	-	41,305
Other current financial assets	-	7,825	884	-	8,709
Other non - current financial assets	-	11,820	121,179	-	132,999
Total	47,671	3,854,256	122,063	-	4,023,990

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- **Financial assets designated at fair value through profit or loss:** As of December 31, 2013, this category mainly includes unfinished product sale invoices and mutual fund investments made by Codelco Chile subsidiaries.

The effects on results of open invoices are determined by the differences between the provisional price at the date of shipment and the futures price curve of products, as explained under the title Accounting policies (letter p of number 2 of Chapter II), while mutual funds affect the result by the change in fair value of shares.

- **Loans granted and receivables:** These correspond to financial assets with fixed or determinable payments that are not traded in an active market.

The effects on the period's statements of comprehensive income generated by these assets, come mainly from financial interest gains and from the exchange rate differences related to the balances in currencies other than the functional currency.

No material impairments were recognized in accounts receivable.

- **Hedging derivatives:** Correspond to the receivable balances for derivative contracts for the exposure generated by existing operations and which affect the period profit and loss from the liquidation of these operations. The detail of derivative transactions is included in Note 27.
- **Available-for-sale financial assets:** These correspond primarily to non-derivative financial assets that are specifically designated as available for sale or are not classified as: a) loans and receivables, b) investments held to maturity or c) financial assets carried at fair value through profit or loss (IAS 39, paragraph 9).

Within the period presented, there was no reclassification of financial instruments among the different categories established under IAS 39.

12. Interest-bearing borrowings

Current and non-current interest-bearing borrowings correspond to Borrowings from financial institutions, Bond obligations and Finance leases, which are recorded by the Corporation at amortized cost using the effective interest rate method. The following tables detail the composition of the item "other financial liabilities, current and non-current."

The tables below show the composition of the other financial liabilities, current and non-current.

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Items	12/31/2013					
	Current			Non-current		
	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$
Loans from financial entities	520,893	-	520,893	3,030,057	-	3,030,057
Bonds	611,929	-	611,929	7,662,388	-	7,662,388
Financial Lease	21,243	-	21,243	76,240	-	76,240
Hedge obligations	-	5,125	5,125	1,245	-	1,245
Other financial liabilities	1,111	-	1,111	77,912	-	77,912
Total	1,155,176	5,125	1,160,301	10,847,842	-	10,847,842

Items	12/31/2012					
	Current			Non-current		
	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$
Loans from financial entities	219,686	-	219,686	2,577,896	-	2,577,896
Bonds	594,006	-	594,006	6,511,090	-	6,511,090
Financial Lease	35,601	-	35,601	91,306	-	91,306
Hedge obligations	-	14,537	14,537	-	1,533	1,533
Other financial liabilities	949	-	949	80,499	-	80,499
Total	850,242	14,537	864,779	9,260,791	1,533	9,262,324

These items are generated by the following situations:

- Borrowings from financial institutions:

The loans obtained by the Corporation to finance its production operations oriented towards the foreign market.

On August 23, 2012, the subsidiary Inversiones GacruX SpA (GacruX), agreed to funding from Oriente Copper Netherlands BV (a subsidiary of Mitsui & Co. Ltd.) for approximately US\$1,863 million, renewable monthly until November 26, 2012, after which, if not paid or renegotiated, will automatically become a loan with a 7.5 years maturity from the date of disbursement, and an annual rate of Libor + 2.5%. This credit has no personal guarantees ("non-recourse") on Codelco's part.

Codelco's indirect subsidiary Codelco Inversiones Mineras BecruX SpA used this funding for the acquisition of 24.5% of the shares of Anglo American Sur S.A. and other related expenses.

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On October 31, 2012, new terms of the amended Credit Agreement were agreed, which remains without personal guarantees of Codelco ("non-recourse"), and establish a fixed rate of 3.25% per annum and a duration 20 years, to be payable in 40 semi-annual quotas of principal and interest. Under previous agreements, Mitsui is entitled to additional interest equivalent to one-third of the savings that result to GacruX from the difference between refinanced credit and the Credit Agreement originally signed. Furthermore, Mitsui (through a subsidiary) held an option to purchase from GacruX an additional 15.25% of the shares issued by the company Inversiones Mineras Acrux SpA. ("Acrux"), at a fixed price by approximately US\$ 998 million, to be used in full to prepay GacruX's debt under the Credit Agreement.

Subsequently, on November 26, 2012, Mitsui materialized the purchase of additional 15.25% share interest in Acrux, so Codelco reduced its debt with Mitsui, which at December 31, 2013, has a balance of ThUS\$ 812,846.

• **Bond obligations:**

On October 15, 2003, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. This bond was paid on October 15, 2013.

On October 15, 2004, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 15, 2014, with an interest rate of 4.750% per annum with interest paid semiannually.

On May 10, 2005, the Corporation issued and placed bonds in the domestic market for a nominal amount of UF6,900,000, in a single series denominated Series B, and consists of 6,900 bonds for UF1,000 each. These bonds mature in a single installment on April 1, 2025, with a 4% annual interest rate and with bi-annual interest payments.

On September 21, 2005, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$500,000. These bonds mature in a single installment on September 21, 2035, with a 5.6250% annual interest rate and with bi-annual interest payments.

On October 19, 2006, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$500,000. These bonds mature in a single installment on October 24, 2036, with a 6.15% annual interest rate and with bi-annual interest payments.

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On January 20, 2009, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$600,000. These bonds mature in a single installment on January 15, 2019, at an interest rate of 7.5% per annum with interest paid bi-annually.

On November 4, 2010 the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$1,000,000. These bonds mature in a single installment on November 4, 2020, at an interest rate of 3.75% per annum with interest paid bi-annually.

On November 3, 2011, the Corporation issued and placed bonds in the U.S. market under Rule 144A and Regulation S, for a nominal amount of ThUS\$1,150,000. These bonds mature in a single installment on November 4, 2021, with an interest rate of 3.875% per annum, with interest paid bi-annually.

On July 17, 2012, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of US\$ 2,000 million. The ThUS\$ 1,250,000 with an interest rate of 3% per annum mature on July 17, 2022 and the ThUS\$750,000 with an interest rate of 4.25% mature on July 17, 2042, and each have interest paid annually.

On August 13, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 750,000, which will mature in a single installment on August 12, 2023, with a coupon of 4.5% per annum with interest paid semiannually.

On October 18, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 950,000, which will mature in a single installment on October 18, 2043, with a coupon of 5.625% per annum with interest paid semiannually.

- **Financial debt commissions and expenses:**

Obtaining financial resources generates, in addition to the interest rate, fees and other expenses charged by the financial institutions, and the Corporation receives the net value of the loans. These expenses are amortized based on the effective interest rate determined using the amortized cost method.

- **Finance leases:**

Finance lease transactions are generated for service contracts, principally for buildings and machinery.

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As of December 31, 2013, the detail of Borrowings from financial institutions and Bond obligations is as follows:

12/31/2013									
Taxpayer number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payments of interest
Foreign	USA	Syndicated credit	BBVA Bancomer	9/27/2014	Floating	US\$	400,000,000	3 annual installments of principal at maturity	Quarterly
97.036.000-K	Chile	Bilateral Credit	Banco Santander S.A.	11/30/2015	Floating	US\$	75,000,000		Quarterly
			HSBC Bank Bermuda						
Foreign	Bermuda	Bilateral Credit	Limited	12/17/2015	Floating	US\$	162,500,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank of Tokyo-Mitsubishi	12/22/2015	Floating	US\$	100,000,000	Maturity	Quarterly
97.036.000-K	Chile	Bilateral Credit	Banco Santander S.A.	12/23/2015	Floating	US\$	100,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export. Dev. Canada	12/28/2015	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Sumitomo Mitsui Banking	2/18/2016	Floating	US\$	100,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US\$	100,000,000	Maturity	Quarterly
			Bank Of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	HSBC Bank USA. N.A.	10/11/2016	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US\$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US\$	300,000,000	Maturity	Monthly
			Bank of Tokyo Mitsubishi Ltda	5/24/2019	Floating	US\$	8,700,000	Semi-annual principal installments	Semi-annual
Foreign	Japan	Bilateral Credit	Japan Bank International	5/24/2022	Floating	US\$	20,300,000	Semi-annual principal installments	Semi-annual
Foreign	Japan	Bilateral Credit	Cooperation	5/24/2022	Floating	US\$	300,000,000	Semi-annual principal installments	Monthly
97.036.000-K	Chile	Bilateral Credit	Banco Santander S.A.	1/29/2014	Floating	US\$	300,000,000	Maturity	Monthly
			Oriente Copper Netherlands B.V.	11/26/2032	Fixed	US\$	874,959,000	Semiannual installments of principal	Semi annual
Foreign	Netherlands	Bilateral Credit	HSBC Trinkaus & Burkhardt		Floating	Euro			
Foreign	Germany	Credit Line	Deutsche Bank		Floating	Euro			
Foreign	Germany	Credit Line	Other institutions						

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Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal Rate	Effective interest rate
144-A REG.S	United States of America	10/15/2014	Fixed	US\$	500,000,000	Maturity	Semi annual	4.75%	4.99%
114-A REG.S	United States of America	1/15/2019	Fixed	US\$	600,000,000	Maturity	Semi annual	7.50%	7.79%
114-A REG.S	United States of America	11/4/2020	Fixed	US\$	1,000,000,000	Maturity	Semi annual	3.75%	3.98%
114-A REG.S	United States of America	11/4/2021	Fixed	US\$	1,150,000,000	Maturity	Semi annual	3.88%	4.07%
144-A REG.S	United States of America	7/17/2022	Fixed	US\$	1,250,000,000	Maturity	Semi annual	3.00%	3.16%
144-A REG.S	United States of America	8/13/2023	Fixed	US\$	750,000,000	Maturity	Semi annual	4.50%	4.75%
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi annual	4.00%	3.24%
144-A REG.S	United States of America	9/21/2035	Fixed	US\$	500,000,000	Maturity	Semi annual	5.63%	5.78%
144-A REG.S	United States of America	10/24/2036	Fixed	US\$	500,000,000	Maturity	Semi annual	6.15%	6.22%
144-A REG.S	United States of America	7/17/2042	Fixed	US\$	750,000,000	Maturity	Semi anual	4.25%	4.40%
144-A REG.S	United States of America	10/18/2043	Fixed	US\$	950,000,000	Maturity	Semi annual	5.63%	5.76%
TOTAL									

Nominal and effective interest rates presented above correspond to annual rates.

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As of December 31, 2012, the detail of Borrowings from financial institutions and Bond obligations is as follows:

12/31/2012										
Taxpayer Number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate
Foreign	United States of America	Syndicated credit	BBVA Bancomer	09/27/2014	Floating	US\$	400,000,000	3 annual installments of principal at maturity	Quarterly	0.5
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	11/30/2015	Floating	US\$	75,000,000	Maturity	Quarterly	1.1
Foreign	Bermuda	Bilateral Credit	HSBC Bank Bermuda Limited	12/17/2015	Floating	US\$	162,500,000	Maturity	Quarterly	1.1
Foreign	United States of America	Bilateral Credit	Bank of Tokyo-Mitsubishi	12/22/2015	Floating	US\$	100,000,000	Maturity	Quarterly	1.0
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	12/23/2015	Floating	US\$	100,000,000	Maturity	Quarterly	1.1
Foreign	United States of America	Bilateral Credit	Export. Dev. Canada	12/28/2015	Floating	US\$	250,000,000	Maturity	Quarterly	1.1
Foreign	United States of America	Bilateral Credit	Sumitomo Mitsui Banking	02/18/2016	Floating	US\$	100,000,000	Maturity	Quarterly	1.1
Foreign	United States of America	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US\$	100,000,000	Maturity	Quarterly	0.9
Foreign	United States of America	Bilateral Credit	Bank Of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US\$	250,000,000	Maturity	Quarterly	0.8
Foreign	United States of America	Bilateral Credit	HSBC Bank United States of America. N.A.	10/11/2016	Floating	US\$	250,000,000	Maturity	Quarterly	0.9
Foreign	United States of America	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US\$	250,000,000	Maturity	Quarterly	0.8
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V.	11/26/2032	Fixed	US\$	874,959,000	Semiannual installments of principal	Semi annual	3.2
Foreign	Germany	Credit Line	HSBC Trinkaus & Burkhardt		Floating	Euro				1.3
Foreign	Germany	Credit Line	Deutsche Bank		Floating	Euro				1.3
			Other institutions							

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Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate
144-A REG.S	United States of America	10/15/2013	Fixed	US\$	500,000,000	Maturity	Semi annual	5.50
144-A REG.S	United States of America	10/15/2014	Fixed	US\$	500,000,000	Maturity	Semi annual	4.75
144-A REG.S	United States of America	1/15/2019	Fixed	US\$	600,000,000	Maturity	Semi annual	7.50
144-A REG.S	United States of America	11/4/2020	Fixed	US\$	1,000,000,000	Maturity	Semi annual	3.75
144-A REG.S	United States of America	11/4/2021	Fixed	US\$	1,150,000,000	Maturity	Semi annual	3.80
144-A REG.S	United States of America	7/17/2022	Fixed	US\$	1,250,000,000	Maturity	Semi annual	3.00
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi annual	4.00
144-A REG.S	United States of America	9/21/2035	Fixed	US\$	500,000,000	Maturity	Semi annual	5.60
144-A REG.S	United States of America	10/24/2036	Fixed	US\$	500,000,000	Maturity	Semi annual	6.10
144-A REG.S	United States of America	11/4/2042	Fixed	US\$	750,000,000	Maturity	Semi annual	4.20

Nominal and effective interest rates presented above correspond to annual rates.

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The undiscounted amounts due to the Corporation maintained with financial institutions, is as follows:

12-31-2013					Current			
Debtor's Name	Currency	Effective Interest Rate	Nominal Rate	Payment of Interest	Less than 90 days	More than 90 Days	Current Total	One to Three Years
BBVA BANCOMER	US\$	0.50%	0.45%	Quarterly	149	133,642	133,791	
BANCO SANTANDER S.A.	US\$	1.21%	1.09%	Quarterly	206	632	838	75
HSBC BANK BERMUDA LIMITED	US\$	1.21%	1.09%	Quarterly	444	1,363	1,807	164
THE BANK OF TOKYO M.	US\$	1.09%	1.00%	Quarterly	252	755	1,007	101
BANCO SANTANDER S.A.	US\$	1.21%	1.10%	Quarterly	277	833	1,110	101
EXPORT DEVELOP CANADA	US\$	1.16%	1.05%	Quarterly	662	1,977	2,639	252
SUMITOMO MITSUI BANKING	US\$	1.17%	1.07%	Quarterly	268	811	1,079	101
MIZUHO CORPORATE BANK LTD	US\$	1.12%	0.84%	Quarterly	215	639	854	101
BANK OF TOKYO-MITSUBISHI LTD.	US\$	1.05%	0.74%	Quarterly	475	1,410	1,885	253
HSBC BANK USA, N.A.	US\$	1.15%	0.84%	Quarterly	1,066	1,072	2,138	254
EXPORT DEVELOP CANADA	US\$	1.10%	0.74%	Quarterly	471	1,397	1,868	253
MIZUHO CORPORATE BANK LTD	US\$	1.09%	0.86%	Quarterly	654	1,977	2,631	5
BANK OF AMERICA N.A.	US\$	1.10%	0.89%	Quarterly	1,363	1,363	2,726	5
BANK OF TOKYO MITSUBISHI LTD.	US\$	1.01%	0.90%	Semi-annual	-	79	79	3
JAPAN BANK INTERNATIONAL COOPERATION	US\$	0.81%	0.80%	Semi-annual	-	162	162	4
BANCO SANTANDER S.A.	US\$	0.06%	0.06%	Quarterly	300,015	-	300,015	
ORIENTE COPPER NETHERLANDS B.V	US\$	3.60%	3.25%	Semi-annual	-	79,913	79,913	155
BONO 144-A REG. 2014	US\$	4.99%	4.75%	Semi-annual	-	523,750	523,750	
BONO 144-A REG. 2019	US\$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	90
BONO 144-A REG. 2020	US\$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75
BONO 144-A REG. 2021	US\$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89
BONO 144-A REG. 2022	US\$	3.16%	3.00%	Semi-annual	18,750	18,750	37,500	75
BONO 144-A REG. 2023	US\$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67
BONO 144-A REG. 2035	US\$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56
BONO 144-A REG. 2036	US\$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61
BONO 144-A REG. 2042	US\$	4.40%	4.25%	Semi-annual	15,938	15,938	31,876	63
BONO 144-A REG. 2043	US\$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106
Total ThUS\$					394,643	1,006,152	1,400,795	2,519

BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552
Total U.F.					138,000	138,000	276,000	552
Subtotal								
ThUS\$					6,132	6,132	12,263	24
Total Th US\$					400,775	1,012,284	1,413,058	2,543

Nominal and effective interest rates presented above correspond to annual rates.

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12/31/2012					Current			One to three years
Debtor's Name	Currency	Effective interest rate	Nominal rate	Payment of interest	Less than 90 days	More than 90 days	Current Total	
BBVA BANCOMER	US\$	0.57%	0.51%	Quarterly	340	134,212	134,552	133,851
BANCO SANTANDER S.A.	US\$	1.28%	1.16%	Quarterly	220	673	893	76,766
HSBC BANK BERMUDA LIMITED	US\$	1.28%	1.16%	Quarterly	471	1,460	1,931	166,321
THE BANK OF TOKYO M.	US\$	1.15%	1.06%	Quarterly	268	801	1,069	102,149
BANCO SANTANDER S.A.	US\$	1.28%	1.16%	Quarterly	293	880	1,173	102,352
EXPORT DEVELOP CANADA	US\$	1.23%	1.11%	Quarterly	694	2,120	2,814	255,627
SUMITOMO MITSUI BANKING	US\$	1.23%	1.14%	Quarterly	288	860	1,148	2,308
MIZUHO CORPORATE BANK LTD	US\$	1.21%	0.93%	Quarterly	467	475	942	1,894
BANK OF TOKYO-MITSUBISHI LTD.	US\$	1.15%	0.84%	Quarterly	1,077	1,071	2,148	4,272
HSBC BANK USA, N.A.	US\$	1.26%	0.95%	Quarterly	1,204	1,819	3,023	4,219
EXPORT DEVELOP CANADA	US\$	1.18%	0.81%	Quarterly	520	1,542	2,062	4,123
ORIENTE COPPER NETHERLANDS B.V.	US\$	3.60%	3.25%	Semi annual	-	71,829	71,829	139,392
BONO 144-A REG. 2013	US\$	5.57%	5.50%	Semi annual	-	527,500	527,500	-
BONO 144-A REG. 2014	US\$	4.99%	4.75%	Semi annual	-	23,750	23,750	523,750
BONO 144-A REG. 2019	US\$	7.79%	7.50%	Semi annual	22,500	22,500	45,000	90,000
BONO 144-A REG. 2020	US\$	3.98%	3.75%	Semi annual	-	37,500	37,500	75,000
BONO 144-A REG. 2021	US\$	4.07%	3.88%	Semi annual	-	44,563	44,563	89,125
BONO 144-A REG. 2022	US\$	3.16%	3.00%	Semi annual	18,750	18,750	37,500	75,000
BONO 144-A REG. 2035	US\$	5.78%	5.63%	Semi annual	14,063	14,063	28,126	56,250
BONO 144-A REG. 2036	US\$	6.22%	6.15%	Semi annual	-	30,750	30,750	61,500
BONO 144-A REG. 2042	US\$	4.40%	4.25%	Semi annual	15,938	15,938	31,876	63,750
Total ThUS\$					77,093	953,056	1,030,149	2,027,649
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi annual	138,000	138,000	276,000	552,000
Total U.F.					138,000	138,000	276,000	552,000
Subtotal ThUS\$					6,567	6,567	13,135	26,269
Total ThUS\$					83,660	959,623	1,043,284	2,053,918

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Payment commitments for financial leasing transactions are summarized in the following table:

Financial Leasing	12/31/2013			12/31/2012		
	Gross ThUS\$	Interest ThUS\$	Net ThUS\$	Gross ThUS\$	Interest ThUS\$	Net ThUS\$
Less than one year	31,190	(9,947)	21,243	38,785	(3,184)	35,601
Between one and five years	78,175	(29,151)	49,024	76,538	(27,996)	48,542
More than five years	44,438	(17,222)	27,216	84,499	(41,735)	42,764
Total	153,803	(56,320)	97,483	199,822	(72,915)	126,907

Commitment to future payments for operating leases and lease payments recognized in the statements of comprehensive income are summarized in the following table:

Future payments for operating leases	12/31/2013	12/31/2012
	ThUS\$	ThUS\$
Less than one year	900,787	753,718
Between one and five years	492,528	386,619
More than five years	297,745	324,428
TOTAL	1,691,060	1,464,765

Rental fees recognized in the Statement of Comprehensive Income	12/31/2013	12/31/2012
	ThUS\$	ThUS\$
Minimum payments for operating leases	282,029	208,854

13. Fair Value of financial assets and liabilities

As the carrying amount of financial assets and liabilities is a reasonable approximation of their fair value, no incremental disclosures are required in accordance with IFRS 7.

14. Fair value hierarchy

Each of the estimated market values for the Corporation's portfolio of financial instruments is based on a calculation and data input methodology. Each of these methodologies has been analyzed to determine to which of the following levels they can be assigned:

- Level 1 corresponds to Fair Value measurement methodologies through market quotes (unadjusted) in active markets and considering the same valued Assets and Liabilities.
- Level 2 corresponds to Fair Value measurement methodologies using market quote data, not included in Level 1, that are either directly (prices) or indirectly (derived from the prices) observable for the valued Assets and Liabilities.

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- Level 3 corresponds to Fair Value measurement methodologies that use valuation techniques that include data on the valued Assets and Liabilities that are not supported by observable market data.

Based on the methodologies, inputs, and previous definitions the following market levels have been established for the financial instruments portfolio held by the Corporation at December 31, 2013:

Financial assets and liabilities at fair value with an effect in profit and loss statement	12/31/2013			
	Level 1 ThUS\$	Level 2 ThUS\$	Level 3 ThUS\$	Total ThUS\$
Financial Assets:				
Provisionally priced sales contracts	-	124,905	-	124,905
Cross currency swap	-	83,879	-	83,879
Mutual fund units	1,431	-	-	1,431
Metals futures	1,728	-	-	1,728
Financial Liabilities:				
Metals futures	9,921	-	-	9,921

No transfers between different levels of market values were observed for the reporting period.

15. Trade and other payables

Total trade and other payables, current and non-current, are detailed as follows:

Items	Current Liabilities	
	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Trade payables	1,287,112	1,775,773
Payables to employees	18,796	23,611
Withholdings	109,767	116,905
Tax withholdings	70,943	167,146
Other payables	86,079	162,157
Total	1,572,697	2,245,592

16. Other provisions

Other short-term accrued expenses and provisions as of the indicated dates are detailed as follows:

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Other provisions	Current		Non-current	
	12/31/2013 ThUS\$	12/31/2012 ThUS\$	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Trade (1)	9,859	13,880	-	-
Operating (2)	79,732	36,014	-	-
Law No. 13.196	65,773	112,014	-	-
Sundry	66,028	47,987	2,502	6,869
Closure, decommissioning and restoration (3)	-	-	1,336,842	1,471,157
Contingencies	-	-	48,546	76,141
Total	221,392	209,895	1,387,890	1,554,167

Accrual for employee benefits	Current		Non-current	
	12/31/2013 ThUS\$	12/31/2012 ThUS\$	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Employees' collective bargaining agreements	218,964	214,598	-	-
Employee termination benefit	51,005	48,717	790,939	749,358
Bonus	6,113	4,888	-	-
Vacation	162,125	153,925	-	-
Medical care programs (4)	820	576	349,339	373,703
Retirement plans (5)	118,652	113,112	147,512	128,696
Other	9,876	14,159	10,577	71,537
Total	567,555	549,975	1,298,367	1,323,294

- (1) Corresponds to a sales-related accrual, which includes charges for freight, loading, and unloading that were not invoiced at the end of the period.
- (2) Corresponds to a provision for customs duties, freight on purchases, electricity, among others.
- (3) Corresponds to future asset retirement provision costs primarily related to tailing dams, closures of mine operations and other assets. The value is calculated in present value discounted at a real annual discount rate before tax of 3.04% in Chilean pesos, (in 2011 cash flows were expressed in Chilean pesos discounted at a rate of 3% in real terms), and reflects the corresponding assessments of the value of money in time, that the market is being affected. The discount rate includes the risks associated with the liability that is being determined, except those that are included in the cash flows. The discount period varies between 11 and 82 years.
The new law on mine and mining facilities closure, published in the Official newspaper on November 11, 2011, will have effects in future periods on this provision, as mentioned in Note 29, "Contingencies and restrictions."
The Company determines and records the liability in accordance with the accounting policies mentioned in note 2, letter o) of the Accounting Policies.
- (4) Corresponds to an accrual for contributions to medical care institutions agreed upon with current and former employees.
- (5) Corresponds to an accrual for employees who have agreed or expected to agree to retire in accordance with plans in force for personnel retirement.

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In respect of these plans, and following the ending of the collective bargaining process that the Codelco - Chuquicamata administration had during the month of December 2012 with the unions of that Division, the Collective Agreement subscribed to by the parties established a scheduled voluntary retirement plan. As a result, the Corporation recognized a provision for this in current and noncurrent liabilities in the amounts of ThUS\$73,371 and ThUS\$128,696, respectively. The values are discounted at a discount rate equivalent to that used for the calculation of provisions for employee benefits that are part of the account balances at December 31, 2013 and December 31, 2012.

Movements of Other provisions were as follows:

Movements	1/1/2013 12/31/2013			
	Provision for mine closure	Contingencies	Other provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	1,471,157	76,141	6,869	1,554,167
Annual cost	(42,327)	-	3,909	(38,418)
Financial expenses	33,476	-	-	33,476
Payment of liabilities	(19,041)	(17,579)	(165)	(36,785)
Foreign exchange rate differences	(101,947)	4,539	258	(97,150)
Reclassifications	-	9,235	(5,919)	3,316
Other variations	(4,476)	(23,790)	(2,450)	(30,716)
Final balance	1,336,842	48,546	2,502	1,387,890

17. Employee benefits

a. Provisions for post employment benefits and other long term benefits

Provision for post employment benefits corresponds to medical care plans and is intended to cover the payment obligations that the Corporation has contracted with its employees, according to contracts or collective bargaining agreements, to partially cover the costs of medical services.

Both long term benefits are based on the agreements in the employment contracts or collective bargaining agreements signed between the Corporation and workers.

These accruals are recorded in the statement of financial position, at the present value of estimated future obligations. The discount rate applied is determined on the basis of the rates of financial instruments in the same currency in which the obligations are to be paid and with similar maturities.

The basis for the registration of these obligations are denominated in Chilean pesos, therefore the amount included in the Corporation's financial statements represents exposure to financial risk of exchange rate.

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The results from adjustments and changes in actuarial variables are charged or credited to the statements of other comprehensive income in the period in which they occur.

During 2013, there were no significant changes in post-employment benefits plans.

Actuarial assumptions for calculating the employee termination benefit accrual are as follows:

Assumptions	12/31/2013		12/31/2012	
	IPAS	Health Plan	IPAS	Health Plan
Annual Discount Rate	5.60%	6.00%	5.75%	6.00%
Voluntary Annual Turnover Rate for Retirement (Men)	3.11%	3.11%	3.11%	3.11%
Voluntary Annual Turnover Rate for Retirement (Women)	0.25%	0.25%	0.25%	0.25%
Salary Increase (real annual average)	1.08%	1.08%	1.08%	1.08%
Future Rate of Long-Term Inflation	3.00%	3.00%	3.00%	3.00%
Inflation Health Care	4.08%	4.08%	4.08%	4.08%
Mortality tables used for projections	RV-2009	RV-2009	RV-2009	RV-2009
Average duration of future cash flows (years)	9.11	20.41	10.00	20.00
Expected Retirement Age (Men)	65	65	65	65
Expected Retirement Age (Women)	60	60	60	60

The discount rates correspond to the price in the secondary market of government bonds issued by Chile. Annual inflation corresponds to the long-term goal of the Central Bank of Chile. Rotation rates were determined by reviewing the experience of the Corporation, by studying the cumulative expenditures for the last three years on the current (analysis executed by causal) behavior. Growth rates of compensable revenues respond to the long-term trend observed by reviewing the historical salaries paid by the Corporation. The mortality tables used for the actuarial calculations correspond to numbers issued by the Superintendency of Securities and Insurance, and these are used because they are an appropriate representation of the Chilean market because of the lack of comparable statistical series to develop independent studies. Financial liabilities term corresponds to average maturity of payment flows of the respective defined benefit. Retirement ages are defined in the scheduled withdrawal of AFP, which is a parameter generally accepted in the Chilean market.

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Reconciliation of post employment benefit and other long term benefits provision:

Movements	1/1/2013 12/31/2013		1/1/2012 12/31/2012	
	Retirement Plan	Health Plan	Retirement Plan	Health Plan
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Initial balance	798,075	374,279	737,700	337,383
Service cost	70,793	2,439	59,202	6,470
Financial cost	21,344	11,212	22,098	8,235
Paid contributions	(29,620)	(20,297)	(41,857)	(13,282)
Other operational costs	40,731	(12,550)	8,939	34,384
<i>Subtotal</i>	<i>901,323</i>	<i>355,083</i>	<i>786,082</i>	<i>373,190</i>
(Gains) / Losses on Foreign exchange rate	(59,379)	(4,924)	11,993	1,089
Final Total	841,944	350,159	798,075	374,279

The technical revaluation of the liability for severance benefits for years of service, was completed with a net effect of ThUS\$ 40,731, in equity, which decomposes in an actuarial gain of ThUS\$ 1,685 as of December 31, 2013, for changes in demographic assumptions; a loss of ThUS\$ 7,560 by the revaluation of financial assumptions; and finally, the recognition of a higher provision of ThUS\$ 34,856, the effect of the historical behavior of severance payments, the fair value exceeded the actuarial valuation assumptions. Similar to the latter, the obligation generated by health benefit plans has resulted in an actuarial gain of ThUS\$ 12,550.

The balance as of December 31, 2013 comprises a portion of ThUS\$ 51,005 and ThUS\$ 820 in the short term, corresponding to compensation for years of service and Health Plans respectively. As of December 31, 2014 the balance is projected to be ThUS\$ 854,919 for the provision of compensation and ThUS\$ 352,825 for health benefits. The compensation payment flows over the next twelve months, reaching an expected monthly average of ThUS\$ 4,250 for severance and of ThUS\$68 per concept of health benefit plans.

Following the review of the sensitivities on the provisions made, from an average scenario, at a low or high scenario with unit percentage change, respectively, and the two separate effects of reduction or increase of the book value of these provisions states:

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Severance Benefits for Years of Service	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	4.600%	5.600%	6.600%	3.96%	-3.49%
Financial effect on the real increase in income	0.580%	1.080%	1.580%	-0.59%	0.45%
Demographic effect of job rotations	2.610%	3.110%	3.610%	-0.09%	0.09%
Demographic effect on mortality tables	-25.00%	RV09 SVS, Chile	25.00%	2.17%	-2.52%
Health Benefits and Other	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	5.000%	6.000%	7.000%	9.39%	-7.29%
Financial effect on health inflation	3.582%	4.082%	4.582%	-3.90%	4.44%
Demographic effect, planned retirement age	58 / 63	60 / 65	62 / 67	3.07%	-2.92%
Demographic effect on mortality tables	-25.00%	RV09 SVS, Chile	25.00%	5.33%	-4.19%

b. Provision for termination benefits

The Corporation under its operational optimization programs seeks to reduce costs and increased labor productivity, facilitated by the incorporation of modern technologies and/or best management practices, has established personnel severance programs, using the corresponding addendum to contracts or collective bargaining agreements, with benefits that encourage retirement, for which necessary provisions are made based on the accrued obligation at present value.

As of December 31, 2013 and December 31, 2012, a running balance is presented by these obligations ThUS\$ 118,652, and ThUS\$ 113,112, respectively, while non-current balance represents ThUS\$ 147,512 and ThUS\$ 128,696 respectively, the latter associated with the provision related to the term of the collective bargaining process that the Administration argued Codelco Chuquicamata during the month of December 2012 with workers Unions that Division. These values have been discounted using a discount rate equivalent to that used for calculating employee benefits provisions and whose outstanding balances are part of the accounting balances as of December 31, 2013 and December 31, 2012.

c. Employee benefits expenses by nature of the benefits

The costs associated with employee benefits classified by their nature, are:

Expenditure by Nature of Employee Benefits	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Benefits - Short term	1,957,895	1,814,171
Benefits - Post employment	2,439	6,470
Benefits - Termination	71,192	218,570
Benefits by years of service	70,793	59,202
Total	2,102,319	2,098,413

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18. Net equity

In accordance with article 6 of Decreto Law 1.350 of 1976, it is established that, before March 30 of each year, the Board must approve the corporation's Business and Development Plan for the next three-year period. Taking that plan as a reference, and keeping in mind the Corporation's balance sheet for the immediately previous year, and in order to ensure its competitiveness, before June 30 of each year the amounts that the Corporation shall allocate to the formation of capitalization funds and reserves shall be determined by founded decree from the Ministries of Mining and Treasury.

Net income shown in the balance sheets, after deducting the amounts referred to in the previous paragraph, shall belong to the State and becomes part of the Nation's general income.

On June 26, 2012, pursuant to Decree Law No. 674 of the Ministries of Mining and Finance the capitalization of reserve funds amounting to US\$ 800 million, corresponding to part of the profits generated by Codelco in 2011 was approved. Additionally and according to the provisions of decree law No. 1.160 the Ministries of Mining and Finance, of 2010, authorized the retention of profits before tax for the year 2011 in an amount equivalent to US\$ 473 million through earnings obtained from the sale of electricity assets.

Pursuant to Exceptional Decree Law No. 217 of June 28, 2013 of the Ministry of Finance, the Corporation authorized capitalization amounting to US\$ 1,000 million, under the accounting profits generated by the purchase of shareholding Anglo American Sur SA, arising from the fair value measurement of this operation, in accordance with applicable accounting standards.

On December 13, 2013 and by Exempt Finance Decreto No. 415, the Corporation authorized capitalization of US\$ 1,000 million under the accounting profits generated by the purchase of shares of Anglo American Sur SA, arising from the fair value measurement of this operation, in accordance with applicable accounting standards.

As of December 31, 2013 and December 31, 2012, no dividends payable were provisioned.

In the financial statement "Statement of Changes in Net Equity" the changes experienced in the Corporation's equity are disclosed.

Due to the bylaws that govern the Corporation, these financial statements do not consider disclosure of information related to earnings per share.

The movement and composition of other equity reserves is presented in the Consolidated Statement of Changes in Net Consolidated Equity.

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a) Other reserves

Other equity reserves are listed in the table below, as of the dates indicated in each case.

Other reserves	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Foreign exchange differences on conversion reserves	1,220	1,609
Cash flow hedge reserves	(8,704)	(5,673)
Capitalization fund and reserves	4,729,556	2,729,556
Reserve of gains (losses) of defined benefit plans	(113,519)	(102,246)
Other reserves	637,154	638,691
Total other reserves	5,245,707	3,261,937

b) Non-controlling equity interests

The details of non-controlling equity interests, included in liabilities and net income, are listed in the table below, as of the dates indicated in each case.

Company	non-controlling participation		Net Equity		Profit (loss)	
	12/31/2013 %	12/31/2012 %	12/31/2013 ThUS\$	12/31/2012 ThUS\$	1/1-2013 ThUS\$	1/1/2012 ThUS\$
Biosigma S.A.	33.30%	33.30%	439	762	(1,119)	(1,270)
Inversiones Gacru SpA	32.20%	32.20%	2,046,231	2,098,607	42,471	8,842
Ecosea Farming S.A.	14.97%	-	420	-	15	-
Others	-	-	12	37	-	(212)
Total			2,047,102	2,099,406	41,367	7,360

Between January 1 and 31 December 2013, Inversiones SA Gacru paid dividends to non-controlling shareholders of ThUS\$ 89,561.

The percentage of non-controlling interest over the assets of Inversiones Mineras Acrux SpA is equal to 32.2% and generates a non-controlling interest in the affiliated company Inversiones Gacru SpA, which had the following figures in its statement of financial position, income statements and cash flow statement:

Assets and Liabilities	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Current assets	182,195	2,363
Non-current assets	6,374,917	6,567,659
Current liabilities	86,475	44,663
Non-current liabilities	771,727	809,035

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Results	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Revenues	181,675	-
Expenses	(95,872)	(63,653)
Profit (loss) of the period	85,803	(63,653)

Cash Flow	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Net Cash flow from operating activities	188,730	15
Net Cash flow from investing activities	174	(2,799,795)
Net Cash flow from financing activities	(81,285)	2,802,142

19. Operating income

The following table shows the sources of the Corporation's consolidated revenue.

Item	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Revenue from sales of the Corporation's copper	12,022,179	13,556,369
Revenue from sales of copper bought to third parties	1,897,401	1,668,961
Revenue from sales of molybdenum	493,389	544,041
Revenue from sales of other products	544,650	855,636
Loss in futures market	(1,336)	(764,575)
Total	14,956,283	15,860,432

20. Expenses by nature

The Corporation's consolidated expenses by nature are detailed as follows:

Item	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Personnel Expenses	1,957,895	1,814,171
Depreciation	1,152,739	1,005,027
Amortization	595,281	601,139
Total	3,705,915	3,420,337

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21. Other revenues and expenses by function

Other revenues and expenses by function are detailed in the following tables:

a) Other income by function

Item	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Penalties to suppliers	14,290	16,583
Delegated Administration	4,655	4,518
Miscellaneous sales (net)	23,499	58,525
Compensation by insurance companies	380	16,538
Stock option revaluation Anglo American Sur	-	3,517,690
Fair value of acquired mining utilities	-	401,918
Profits from sales of Inv. Mineras Acrux SpA. Shares	-	7,626
Utility realized en associates	19,563	13,268
Other income	100,165	55,673
Total	162,552	4,092,339

b) Other expenses by function

Item	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Law No. 13.196	(1,156,637)	(1,269,908)
Research expenses	(67,856)	(102,285)
Bonus for the end of collective bargaining	(103,093)	(418,006)
Expenses plan	(71,192)	(218,570)
Penalty fixed assets	(11,739)	(20,981)
Medical care plan	(2,439)	(6,470)
Operating expenses: acquisition of Anglo American Sur shares	-	(136,322)
Additional bonos for contractors	(96,170)	-
Other Expenses	(4,308)	(60,089)
Total	(1,513,434)	(2,232,631)

22. Finance costs

Finance costs are detailed as follows:

Item	1/1/2013 12/31/2013 ThUS\$	1/1/2013 12/31/2013 ThUS\$
Bond interests	(168,362)	(289,219)
Bank loan interests	(55,240)	(26,597)
Exchange differences on severance indemnity provision	(21,344)	(22,098)
Exchange differences on other non-current provisions	(55,300)	(36,077)
Other	(26,867)	(32,287)
Total	(327,113)	(406,278)

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23. Operating segments

In Section II, “Summary of Significant Accounting Policies” it has been indicated that, in conformity with IFRS No. 8, “Operating Segments”, the operating segments are determined according to the Divisions that make up Codelco. The revenues and expenses of the Head Office, are distributed among the defined opening segments.

Mining sites in operation, in which the Corporation carries out extractive and production processes, are organized into the Chuquicamata, Radomiro Tomic, Salvador, Andina, El Teniente and Gabriela Mistral divisions. Additionally the Ventanas division is added even though it is operating only as a smelter and refinery, and Ministro Hales that is estimated to be opened in the first six months of 2014 (at the end of 2013 the mine was operating with full pre-stripping and the tests in the concentrator plant were completed, with just the tests in the roasting plant remaining). Those operations are administered independently and are reporting directly to the Executive President. The details and operations related to each mine are the following:

Chuquicamata

Types of mine sites: open pit mines

Operating: since 1915

Location: Calama – Region II

Products: electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

Radomiro Tomic

Types of mine sites: open pit mines

Operating: since 1997.

Location: Calama – Region II

Products: electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

Salvador

Type of mine: underground mine and open pit mine

Operating: since 1926

Location: Salvador – Region III

Products: electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

Andina

Type of mines: underground and open pit mines

Operating: since 1970

Location: Los Andes – Region V

Product: copper concentrate

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El Teniente

Type of mine: underground mine

Operating: since 1905

Location: Rancagua – Region VI

Products: fire-refined copper and copper anodes

Ministro Hales

In charge of the future development of the open pit mine Ministro Hales whose authorization is dated November 19, 2010. The estimated date for the start of operations is the first six months of 2014.

Gabriela Mistral

Type of mine: open pit mine

Operating: since 2008

Location: Calama – Region II

Products: electrolytic (electro-obtained) cathodes

a) Head Office Distribution

Revenue and expenses controlled by the Head Office are allotted to operating segments based on the criteria detailed as follows.

Main items are allocated according to the following criteria:

Sales and Cost of Sales of Head Office commercial transactions

- Distribution to the operating segments made proportionally to the value of the products and sub-products invoiced by each division.

Other income, by function

- Other income by function, associated and identified with each operating segment, is allotted directly.
- Recognition of realized profits and other income by function of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining other income is distributed in proportion to the addition of balances of “other income” and “finance income” of the respective operating segment.

Distribution costs

- Expenses associated and identified with each operating segment are allotted directly.
- Distribution costs of subsidiaries are allotted in proportion to the operating income of each operating segment.

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Administrative Expenses

- Administrative expenses associated and identified with each segment are allotted directly.
- Administrative expenses are recorded in cost centers associated with the sales function. Administrative expenses of subsidiaries are distributed in proportion to the operating income of each operating segment.
- Administrative expenses recorded in cost centers associated with the supply function are allocated in relation to material account balances in each division warehouse
- The remaining administrative expenses are distributed in relation to operating cash expenses of each operating segment.

Other Expenses, by function

- Expenses associated and identified with each operating segment are allotted directly.
- Expenses for pre-investment studies and other expenses of subsidiaries by function are distributed in proportion to the operating income of each operating segment.

Other Earnings

- Other earnings associated and identified with each individual operating segment are allotted directly
- Other earnings of subsidiaries are distributed in proportion to the operating income of each operating segment.

Finance Income

- Finance income associated and identified with each operating segment is allotted directly.
- Finance income of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining finance income is distributed in relation to the operating cash expenses of each operating segment.

Finance costs

- Finance costs associated and identified with each operating segment in particular are allotted directly.
- Finance costs of subsidiaries are distributed in proportion to the operating income of each operating segment.

Share in profit (losses) of Associates and joint ventures, which are accounted for using the equity method

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- The share in profit or losses of associates and joint ventures identified for each individual operating segment is allotted directly.

Foreign currency conversion

- Foreign currency conversion identifiable with each individual operating segment is allotted directly.
- Foreign currency conversion of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining foreign currency conversion is distributed in relation to operating cash expenses of each operating segment.

Contribution to the Treasury of Chile Law No. 13.196

- The amount of the contribution is distributed and accounted for in relation to values invoiced and accounted for in the copper and sub-product exports of each operating segment, subject to taxation.

Income tax income (expenses)

- First category income tax (corporate), of D.L. 2.398 and specific mining tax are distributed based on the pre-tax income of each operating segment, considering for this purpose the income and expenses distribution criteria of the Head Office and subsidiaries mentioned above.
- Other tax expenses are distributed in proportion to the first category income tax, specific mining tax and D.L. 2.398 allotted to each operating segment.

b) Transactions between segments

Transactions between segments are made up mainly by products processing services (or maquilas), which are recognized as revenue for the segment that makes maquilas and as the cost of sales for the segment that receives the service. Such recognition is performed in the period in which these services are provided, as well as disposal of both factors on corporate financial statements.

c) Cash flow from segments

The operating segments defined by the Corporation, maintain a cash management which refers mainly to operational activities that need to be covered periodically with fixed funds constituted in each of these segments and whose amounts are not significant in the context of the category Corporate balances cash and cash equivalents.

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Conversely, activities such as obtaining financing, investment and payment of relevant duties are mainly based at the Head Office.

d) Impairment

No reversals of impairment were made during the twelve months ended December 31, 2013 and 2012, respectively.

e) Anglo American Sur S.A. participation

The effect of the result of the acquisition of Anglo American Sur S.A. on the assets and liabilities of the Corporation are shown separately.

The following tables detail the financial information organized by operating segments:

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From 1/1/2013 to 12/31/2013								
Segments	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue from sales of the Corporation's copper	2,434,670	2,557,653	752,018	1,634,777	3,242,284	476,663	909,419	-
Revenue from sales of copper bought from third parties	-	-	-	51,856	-	83,083	-	-
Revenue from sales of molybdenum	141,172	26,524	21,944	145,070	158,679	-	-	-
Revenue from sales of other products	113,065	-	74,121	4,665	105,427	250,015	(2,643)	-
Revenue from futures market	1,248	922	(1,380)	(208)	(4,630)	-	1,309	-
Revenue between segments	128,815	-	20,530	392	651	61,505	-	-
Revenue from regular activities	2,818,970	2,585,099	867,233	1,836,552	3,502,411	871,266	908,085	-
Cost of sales of the Corporation's copper	(1,937,561)	(1,414,307)	(850,867)	(1,034,347)	(1,903,854)	(490,062)	(673,664)	-
Cost of sales of copper bought from third parties	-	-	-	(37,528)	-	(84,045)	-	-
Cost of sales of molybdenum	(70,922)	(24,969)	(15,089)	(38,637)	(42,400)	-	-	-
Cost of sales of other products	(24,798)	-	(42,551)	(240)	(92,989)	(275,552)	-	-
Cost of sales between segments	(296,087)	166,538	(45,230)	19,991	56,074	(113,179)	-	-
Cost of sales	(2,329,368)	(1,272,738)	(953,737)	(1,090,761)	(1,983,169)	(962,838)	(673,664)	-
Gross Profit	489,602	1,312,361	(86,504)	745,791	1,519,242	(91,572)	234,421	-
Other revenue per function	36,167	6,343	11,045	4,228	12,406	2,334	3,982	4,498
Distribution costs	(181)	(41)	(36)	(218)	(256)	-	-	-
Administrative expenses	(45,428)	(20,965)	(23,787)	(29,470)	(77,532)	(12,252)	(47,891)	(10,884)
Other expenses per function	29,884	(37,698)	(149,014)	(23,814)	(103,459)	(3,998)	(11,753)	(28)
Law 13,196	(247,071)	(256,475)	(81,071)	(148,883)	(284,482)	(48,477)	(90,178)	-
Other gains (losses)	-	-	-	-	-	-	-	-
Finance income	2,229	1,004	774	341	3,156	423	150	32
Finance costs	(113,050)	(26,060)	(6,755)	(128,175)	(60,730)	(5,231)	(29,752)	93,012
Share in the profit (loss) of associates and joint ventures accounted by the equity method	62	-	426	1,136	-	-	-	-
Exchange differences	104,123	22,700	15,482	19,246	44,205	8,735	10,142	4,331
Profit (loss) before taxes	256,337	1,001,169	(319,440)	440,182	1,052,550	(150,038)	69,121	90,961
Income tax expenses	(125,759)	(628,972)	202,265	(284,678)	(673,730)	88,936	(38,522)	(7,325)
Profit (loss)	130,578	372,197	(117,175)	155,504	378,820	(61,102)	30,599	83,636

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From 1/1/2012 to 12/31/2012									
Segments	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Segments
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue from sales of the Corporation's copper	3,031,820	3,235,066	704,655	1,791,456	3,304,523	455,473	1,058,421	-	13,581,414
Revenue from sales of copper bought from third parties	-	-	-	-	-	94,717	-	-	94,717
Revenue from sales of molybdenum	222,108	42,380	24,763	100,192	154,598	-	-	-	544,041
Revenue from sales of other products	216,207	-	95,268	8,950	241,560	293,901	-	-	855,886
Revenue from futures market	(163,893)	(195,229)	(39,792)	(116,313)	(190,211)	-	(59,032)	-	(764,470)
Revenue between segments	101,312	-	44,323	1,273	1,459	62,315	-	-	210,682
Revenue from regular activities	3,407,554	3,082,217	829,217	1,785,558	3,511,929	906,406	999,389	-	14,522,270
Cost of sales of the Corporation's cooper	(2,330,624)	(1,499,992)	(777,199)	(927,794)	(1,621,932)	(471,960)	(601,496)	-	(8,230,997)
Cost of sales of cooper bought from third parties	-	-	-	-	-	(106,891)	-	-	(106,891)
Cost of sales of molybdenum	(69,583)	(24,702)	(15,997)	(24,417)	(41,039)	-	-	-	(175,738)
Cost of sales of other products	(63,038)	(3)	(51,989)	(505)	(143,485)	(291,037)	-	-	(550,057)
Cost of sales between segments	(231,605)	139,477	(78,388)	9,795	26,334	(76,295)	-	-	(210,682)
Cost of sales	(2,694,850)	(1,385,220)	(923,573)	(942,921)	(1,780,122)	(946,183)	(601,496)	-	(9,274,365)
Gross Profit	712,704	1,696,997	(94,356)	842,637	1,731,807	(39,777)	397,893	-	5,247,905
Other revenue per function	56,708	9,724	9,832	5,722	44,385	1,803	6,913	178	135,265
Distribution costs	(101)	(65)	(43)	(187)	(236)	-	-	-	(632)
Administrative expenses	(65,390)	(52,736)	(24,958)	(34,409)	(76,044)	(14,322)	(36,946)	458	(304,347)
Other expenses per function	535,860	1,297	(47,045)	(89,088)	(35,744)	(23,393)	(7,085)	42	(736,906)
Law 13,196	/306,646)	(304,490)	(73,765)	(153,965)	(284,861)	(47,871)	(98,310)	-	(1,269,908)
Other gains (losses)	-	-	-	-	-	-	-	-	-
Finance income	4,005	1,701	889	1,436	6,460	899	465	25	15,880
Finance costs	(89,037)	(22,209)	(5,281)	(132,569)	(78,146)	(3,573)	(62,543)	(32)	(393,390)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	159	-	(90)	294	-	-	(31,033)	-	(30,670)
Exchange differences	(80,094)	(10,615)	(25,070)	(28,897)	(35,311)	(4,687)	(9,302)	1,544	(192,432)
Profit (loss) before taxes	(303,552)	1,319,604	(259,887)	410,974	1,272,280	(130,921)	160,052	2,215	2,470,765
Expenses by taxes on profits	138,888	(885,691)	158,072	(284,911)	(825,989)	79,262	(129,879)	(4,553)	(1,754,801)
Profit (loss)	(164,664)	433,913	(101,815)	126,063	446,291	(51,659)	30,173	(2,338)	715,964

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The assets and liabilities related to each operating segment, including the Corporation's Head Office as of December 31, 2013 and of December 31, 2012 are detailed in the following tables:

12/31/2013

Account	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries, associates and Head Office, net	Participation Anglo American Sur	Consolidated Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current assets	1,052,825	741,528	410,839	336,743	785,660	250,815	368,231	168,686	1,110,302	198,611	5,424,240
Non-current assets	3,721,726	1,620,915	691,550	3,782,954	4,244,771	261,878	1,084,670	3,799,355	2,347,704	6,375,400	27,930,923
Current liabilities	526,944	218,826	180,856	237,748	450,063	175,146	124,236	135,123	1,659,755	70,059	3,778,756
Non-current liabilities	1,065,178	260,946	178,384	233,453	796,866	39,143	79,831	38,214	13,681,941	794,831	17,168,787

12/31/2012

Account	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries, associates and Head Office, net	Participation Anglo American Sur	Consolidated Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current assets	1,348,606	850,741	449,560	309,229	854,587	206,191	550,637	120,102	1,841,693	3,281	6,534,627
Non-current assets	3,304,986	1,535,565	637,243	3,507,881	3,716,190	252,403	1,049,336	2,222,911	2,069,180	6,829,755	25,125,450
Current liabilities	849,472	232,009	164,586	219,207	510,923	156,769	219,483	249,908	1,491,943	44,672	4,138,972
Non-current liabilities	1,252,439	260,746	160,320	253,355	829,236	39,255	93,336	-	10,989,800	1,463,606	15,342,093

Revenue classified by geographical area is detailed as follows:

Revenue per geographical areas	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
Total revenue from local customers	1,295,272	1,270,364
Total revenue from foreign customers	13,661,011	14,590,068
Total	14,956,283	15,860,432

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Revenue per geographical areas	1/1/2013 12/31/2013 ThUS\$	1/1/2012 12/31/2012 ThUS\$
China	3,543,606	4,147,385
Rest of Asia	2,591,990	3,216,510
Europe	2,215,853	2,616,138
America	3,383,076	3,672,924
Others	3,221,758	2,207,475
Total	14,956,283	15,860,432

The main customers of the Corporation are listed in the following table:

Principal Clients	Country	1/1/2013 12/31/2013 ThUS\$
Southwire Company	USA	788,969
Nexans France	France	636,798
Trafigura Pte Ltd	Singapore	473,703
Red Kite Master Fund Ltd.	USA	473,561
Wanxiang Resources	China	370,828
Mitsui & Co., Ltd.	Japan	370,267
N.V. Umicore S. A.	Belgium	302,726
Cobre Cerrillos S.A.	Chile	280,561
Lg International Corporation	South Korea	242,347
Hangzhou Tianan Economic	China	230,438
Total		4,170,198

Sales are allocated to different geographical areas depending on the residence of the clients that have signed sales contracts with Codelco.

Non-current assets other than financial instruments, deferred tax assets, Post-employment benefit assets, and rights arising under insurance contracts, are located mainly in Chile, with no significant exceptions, located in foreign subsidiaries, and which do not exceed more than 1% of such assets.

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24. Foreign exchange differences

According to Decree Law 1.350, the Corporation maintains its accounting records in United States dollars (US\$), recording transactions in currencies other than U.S. dollars at the exchange rate current at the date of each transaction and subsequently updating them, when necessary, according to the exchange rate determined by the Superintendency of Securities and Insurance as of closing reporting for each of the financial statements.

The following table summarizes the foreign exchange differences included in the consolidated statements of income:

Gain (loss) from foreign exchange differences recognized in income	1/1/2013	1/1/2012
	12/31/2013	12/31/2012
	ThUS\$	ThUS\$
Gain from foreign exchange differences	292,666	131,329
Loss from foreign exchange differences	(79,843)	(297,130)
Total foreign exchange differences, net	212,823	(165,801)

25. Statement of cash flows

The following table shows the items that comprise other collections and payments from operating activities in the Statement of Cash Flows:

Other collections from operating activities	1/1/2013	1/1/2012
	12/31/2013	12/31/2012
	ThUS\$	ThUS\$
VAT Refund	1,807,834	1,749,426
Other	331,852	412,455
Total	2,139,686	2,161,881

Other payments for operating activities	1/1/2013	1/1/2012
	12/31/2013	12/31/2012
	ThUS\$	ThUS\$
Contribution to the Chilean Treasury (Law No. 13,196)	(1,197,555)	(1,263,896)
Finance hedges and sales	(50,808)	(780,529)
VAT and other similar taxes paid	(1,436,493)	(1,517,673)
Total	(2,684,856)	(3,562,098)

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26. Financial risk management, objectives and policies

Codelco has created committees within its organization to generate strategies with which to minimize the financial risks to which it may be exposed.

The risks to which Codelco is exposed are detailed as follows, along with a brief description of the management procedures that are carried out in each case.

a. Financial risks

- Exchange rate risk:

According to IFRS 7, exchange rate risk is understood to be the risk that arises from financial instruments that are denominated in foreign currencies, that is, a currency other than the Corporation's functional currency (U.S. dollar).

Codelco's activities that generate this exposure correspond to funding in UF, accounts payable and receivable in Chilean pesos, other foreign currencies used in its business operations and obligations with employees.

The majority of transactions in currencies other than US\$ are denominated in Chilean pesos.

Taking the assets and financial liabilities as of December 31, 2013 as the base, a fluctuation (positive or negative) of 10 Chilean pesos against the U.S. dollar (keeping the other variables constant), could affect profits by US\$ 63 million or result in losses of US\$ 47 million, before taxes. This result is obtained by identifying the principle areas affected by exchange rate, including assets and financial liabilities, in order to measure the impact on income that a variation of +/- 10 Chilean pesos would have to US\$, with respect to the real exchange rate as of the date of this financial statement.

Codelco has signed deposits in national currency to cover the effects of exchange rate fluctuations between the dollar and the Chilean peso due to the obligations of the Corporation held in Chilean pesos.

As of December 31, 2013, Codelco does not have balance of these deposits, while at December 31, 2012, the balance is US\$ 539 million.

- Interest rate risk:

This risk is generated by interest rate fluctuations in Codelco's investment and financing activities. This movement can affect future cash flows or the market value of fixed rate financial instruments.

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These rate variations refer to U.S. dollar variations, mostly with respect to the LIBOR rate. To manage this risk, Codelco maintains an adequate combination of fixed and variable rate debt, which is complemented by the possibility of using interest-rate derivatives to meet the strategic guidelines defined by Codelco's Corporate Finance Department.

It is estimated that, on the basis of net debt as of December 31, 2013, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US\$ 22 million change in finance costs, before tax. This estimation is made by identifying the liabilities assigned to variable interest, accrued at the end of the financial statements, which may vary with a change of one percentage point in variable interest rates.

Total fixed and variable interest rate obligations maintained by Codelco as of December 31, 2013, amount to ThUS\$ 9,087,163 and ThUS\$ 2,738,104 respectively.

b. Market risks

- Commodity price risk:

As a result of its commercial operations and activities, the Corporation's income is mainly exposed to the volatility of copper prices and certain sub-products such as gold and silver.

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average market price for specified future periods. The host contract is the sale of metals contained in the concentrate or cathode at the provisional invoice price, and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. At the reporting date, the provisionally priced metal sales are marked-to-market, with adjustments (both gains and losses) being recorded in revenues in the consolidated statements of comprehensive income. Forward prices at the period end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets futures market.

As of December 31, 2013, if the future price of copper will vary by + / - 5% (with the other variables constant), the result would vary + / - US\$ 195 million before taxes as a result of setting the mark to market of sales revenue to provisional prices in effect as of December 31, 2013 (MTMF 562). For the indicated estimate, all physical sales contracts were identified that will be valued according to the average of the month immediately prior to the closing date of the financial statements, after which the definitive liquidation price will be estimated if there is a difference of +/- 5% with respect to the known future price on that date for the given period.

In order to protect its cash flows and, if necessary, adjust its sales contracts to its commercial policy, the Corporation performs transactions in the copper futures market. At the reporting date, the contracts are adjusted to their fair value, registering that effect, at the maturity of the hedge operations, being recorded in revenues of product sales.

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Forward prices at the period-end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets future market.

As of December 31, 2013, a U.S.¢ 1 variation in the price per pound of copper, because of the effect on derivative instrument contracts entered into by the Corporation, would result in a variation in revenue or payments for existing contracts (exposure) of ThUS\$ 1, before taxes. This calculation is obtained from a simulation of the change of future copper prices, which are used to value all derivative instruments entered into by the Corporation. Estimates will vary if there is an increase / decrease of U.S. ¢ 1 in the price of the pound of copper.

No hedging contracts have been entered into for the specific purpose of mitigating the price risk caused by fluctuations in the price of production supplies.

c. Liquidity risk

The Corporation ensures that it has sufficient resources, such as pre-approved credit lines (including refinancing), in order to meet short-term requirements, after considering the necessary working capital for its operations and any other commitments it has.

In this sense, Codelco Chile maintains resources at its disposal sufficient to meet its obligations, whether in cash, liquid financial instruments or credit facilities.

In addition, the Finance Department constantly monitors the Corporation's cash flow projections based on short and long term projections and available financing alternatives. In addition, the Corporation estimates that it has enough room to increase the level of borrowing for the normal requirements of its operations and investments established in its development plan.

In this context, according to current existing commitments with creditors, the cash requirements to cover financial liabilities classified by maturity and presented in the statement of financial position are detailed as follows:

Maturities of financial liabilities at December 31, 2013	Less than a year ThUS\$	Between one and five years ThUS\$	More than five years ThUS\$
Loans from financial institutions	520,893	2,233,831	796,226
Bonds	611,929	-	7,662,388
Finance leases	21,243	49,024	27,216
Derivatives	5,125	1245	-
Other financial liabilities	1,111	77,912	-
Total	1,160,301	2,362,012	8,485,830

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d. Credit risk

This risk comprises the possibility that a third party does not fulfill its contractual obligations, thereby causing a loss for the Corporation.

Given the Corporation's sales policy, principally with cash and advance payments and bank letters of credit, the uncollectibility of client debt balances is minimal. This is complemented by the familiarity the Corporation has with its clients and the length of time it has operated with them. Therefore, the credit risk of these transactions is not significant.

In general, the Corporation's other accounts receivable have a high credit quality according to the Corporation's evaluations, based on each debtor's solvency analysis and payment history.

The maximum credit risk exposure as of December 31, 2013 is represented by the financial asset items presented in the Corporation's Statement of Financial Position.

The Corporation's accounts receivable do not include customers with balances that could be classified as a significant concentration of debt and would represent a material exposure for Codelco. This exposure is distributed among a large number of clients and other counterparties.

The client items include allowances, which are not significant, designed to cover possible insolvencies. These provisions are determined based on review of the debt balances and the clients' characteristics, to cover possible insolvencies.

Explanatory note 2 in "Trade and other receivables" presents overdue balances that have not been impaired.

The Corporation estimates that unimpaired amounts overdue over 30 days are recoverable based on clients' historical payment behavior and their existing credit ratings.

As of December 31, 2013 and December 31, 2012, there are no receivable balances that have been renegotiated.

Codelco works with major banks, which have high national and international ratings, and continually assesses them; therefore, the risk that could affect the availability of the Corporation's funds and financial instruments is not significant.

Also, in some cases, to minimize credit risk, the Corporation has contracted credit insurance policies through which it transfers to third parties the commercial risk associated with some aspects of its business.

During the period January-December 2013 and 2012, no assets have been obtained as a result of the execution of guarantees contracted to insure the collection of third party debt.

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Personnel loans are mainly generated by mortgage loans, according to programs included in collective agreements, which are guaranteed by housing mortgages which are paid for through payroll discounts.

27. Derivatives contracts

As stated in the Board of Directors' policy, ratified on March 27, 2009, the Corporation has operations to hedge cash flows, to minimize the risk of foreign exchange rate variations and sales price variations, detailed as follows:

a. Exchange rate hedges

The Corporation has protective measures against exchange rate variations, whose net deferred tax exposure amounts to ThUS\$ 5,690, which will expire in April 2025.

The following table summarizes the exposure of the financial hedges contracted by the Corporation:

December 31, 2013

Hedge Item	Bank	Type of derivative contract	Maturity	Currency	Amount of the hedge item ThUS\$	Financial Obligation: Hedging Instrument ThUS\$	Exposure ThUS\$	Asset ThUS\$	Liability ThUS\$
Bono UF Matur. 2025	Credit Suisse (EE.UU)	Swap	4/1/2015	US\$	306,582	208,519	83,838	264,632	(348,470)
Total					306,582	208,519	83,838	264,632	(348,470)

December 31, 2012

Hedge Item	Bank	Type of derivative contract	Maturity	Currency	Amount of the hedge item ThUS\$	Financial Obligation: Hedging Instrument ThUS\$	Exposure ThUS\$	Asset ThUS\$	Liability ThUS\$
Bono UF Matur. 2025	Credit Suisse (EE.UU)	Swap	4/1/2015	US\$	328,523	208,519	121,180	298,773	(419,953)
Total					328,523	208,519	121,180	298,773	(419,953)

Neither as of December 31, 2013 nor as of December 31, 2012, were there cash deposits for guarantees.

The current methodology for valuing the currency swap, using the bootstrapping technique from the Mid and Mid Swap rates build curves (zero) in UF and USD respectively, from market information.

b. Cash flows and commercial policy adjustment hedging contracts

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The Corporation performs transactions in the metal derivatives market, recording their results at maturity. These results are added to or deduced from sales revenue. This addition or deduction is made because sales revenue incorporates the positive or negative effect of market prices. As of December 31, 2013, these operations generated a higher net realized income of ThUS\$ 2,739 (plus an effect of higher net income equivalents to ThUS\$ 1,403 in subsidiaries), which is detailed below:

b.1. Commercial operations of current copper contracts

The purpose of these contracts is to adjust the price of shipments to the price defined in the Corporation's related policy, defined in accordance with the London Metal Exchange (LME). As of December 31, 2013, the Corporation performed derivative market transactions of copper that represent 328,850 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of December 31, 2013 presenting a ThUS\$ 9,808 negative exposure, and their final result will only be known at their maturity, offsetting the hedging transactions with revenue from the sale of the hedged products.

The transactions completed between January 1st and December 31, 2013 generated a net negative effect on net income of ThUS\$ 2,039, which is deducted from the amounts paid for purchase contracts and added to the values received for sales contracts of the products affected by these pricing transactions.

b.2. Commercial Transactions of Current Gold and Silver Contracts

As of December 31, 2013 the Corporation maintains contracts for derivatives the sale of gold for MOZT 37 and silver for MOZT 1.832.

The contracts outstanding as of December 31, 2013 show a positive exposure of ThUS \$1,655. The final result will only be known at the expiration of such operations, after offsetting between hedging and income from the sale of the goods.

The transactions completed between January 1 and December 31, 2013 generated a positive effect on net income of ThUS\$ 15,682 which are added to the amounts received from the sales contracts and the sales of products related to these transactions. These hedging transactions mature in April 2014.

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b.3. Cash flow hedging operations backed by future production

The Corporation does not hold actual transactions at December 31, 2013, resulting from these operations, which allowed protecting future cash flows, by way of ensuring the sales prices levels of production.

Exposure of metal hedges is summarized in the following tables, as referred to in point b above:

December 31, 2013		Maturity date					
ThUS US\$	2014	2015	2016	2017	2018	Upcoming	Total
Flex Com Copper (Asset)	5,516	40	-	-	-	-	5,556
Flex Com Copper (Liability)	(14,119)	(1,245)	-	-	-	-	(15,364)
Flex Com Gold/Silver	1,655	-	-	-	-	-	1,655
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	(6,948)	(1,205)	-	-	-	-	(8,153)

December 31, 2012		Maturity date					
ThUS US\$	2013	2014	2015	2016	2017	Upcoming	Total
Flex Com Copper (Asset)	685	-	-	-	-	-	685
Flex Com Copper (Liability)	(13,012)	(3,032)	-	-	-	-	(16,044)
Flex Com Gold/Silver	-	-	-	-	-	-	-
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	(12,328)	(3,032)	-	-	-	-	(15,359)

December 31, 2013		Maturity date					
Th of TM/Ounces	2014	2015	2016	2017	2018	Upcoming	Total
Copper Futures [TM]	279.0	50.0	-	-	-	-	329.0
Gold/Silver Futures [MOZ]	1,869.0	-	-	-	-	-	1,869.0
Copper price setting [TM]	-	-	-	-	-	-	-
Copper Options [TM]	-	-	-	-	-	-	-

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December 31, 2012	Maturity date						
Th of TM/Ounces	2013	2014	2015	2016	2017	Upcoming	Total
Copper Futures [TM]	323.0	51.0	-	0.5	-	-	374.5
Gold/Silver Futures [MOZ]	-	-	-	-	-	-	-
Copper price setting [TM]	-	-	-	-	-	-	-
Copper Options [TM]	-	-	-	-	-	-	-

28. Contingencies and restrictions

a) Litigations and contingencies

There are various lawsuits and legal actions initiated by or against the Corporation, which derive from its operations and the industry in which it operates. In general, these are civil, tax, labor and mining litigations, all related to the Corporation's activities.

In the opinion of Management and its legal advisors, the lawsuits in which the Corporation is being sued, and could have negative results; do not represent significant loss contingencies or cash flows. Codelco defends its rights and employs all corresponding relevant legal instances, resources and procedures.

The most significant lawsuits that involve Codelco are related to the following matters:

- Tax Lawsuits: There are several tax lawsuits due to Internal Revenue Service tax assessments, for which the Corporation has filed the corresponding opposition.
- Labor Lawsuits: Labor lawsuits filed by workers of the Andina Division against the Corporation, relating to occupational illness (silicosis).
- Mining and Other Lawsuits derived from operations: The Corporation has been participating and will probably continue to participate as a claimant and defendant in certain lawsuits relating to its operations and mining activities, through which it seeks to exercise or oppose certain actions or exceptions with regard to certain mining concessions that have been established or are pending constitution, and its other activities. These processes do not currently have a fixed amount and not essentially affect the development of Codelco.

A case by case analysis of these lawsuits has shown that there are a total of 208 cases that have a clearly estimated value. It is estimated that 126 of these, which represent 60.58% of the total and which amount to ThUS\$ 48,546, could have a negative impact on the Corporation. There are also 71 lawsuits, representing 34.13% of the total and which amount to ThUS\$ 278, about which there is no certainty that the outcome would be unfavorable for Codelco. For the 11 remaining cases, amounting to ThUS\$ 145, the Corporation's legal advisors believe that an unfavorable outcome is unlikely. In addition, there are 107 lawsuits for undetermined amounts. It is believed that the result of 39 of these could be unfavorable to Codelco.

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The Corporation received two Liquidations N° 45, 46 and 47, issued on 29 June, 2012 by the Large Taxpayers Internal Revenue Service (SII), all relating to the audit of the transactions that the Corporation has with its associate company Copper Partners Investment Company Limited, for which Codelco has asked the Review of the Performance Audit (RAF), adding to a similar review requested by Overstock N° 1 and N° 2 and SDF Ex. Resolution No. 1 issued dated July 30, 2010 by the Division of Control of IBS in relation to transactions of the same type indicated above. The IBS, on December 23, 2013, invited the Corporation to a conciliation procedure. On January 21, 2014, the SDF rejected resolution N° 178/2014, Branch Control is delivered in the revision of the supervisory action, under the Liquidations N° 1 and N° 2 and SDF Ex. On January 27, 2014, the Corporation requested the reconsideration of the resolution N° 178/2014. On March 4, 2014, the IBS in response granted the application for a special evidentiary procedure by the Corporation.

The necessary provisions have been made for the lawsuits with probable losses and their legal costs. These provisions are recorded as contingency provisions.

As is public knowledge, the Corporation has submitted Appeals for Protection before the respective Courts of Appeals, challenging the findings reported by the Labor Department, deriving from inspections performed under the framework of Law No. 20.123, which regulates subcontracted work schemes and temporary service firms. Five of these appeals were accepted and one was rejected, the latter of which has been appealed by the Corporation. All appeals are currently pending in the Supreme Court.

b) Other Commitments

- i. On February 29, 2010, the Board agreed to continue mining operations of the Salvador Division until 2016, and if market and operating conditions are maintained, until 2021, both extensions are subject to the condition that management improvements and cost reduction commitments made by the Division are met, these commitments were filed at the Board of Directors in August 2010, and the extension was approved.
- ii. On May 31, 2005, Codelco, through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to form a company, Copper Partners Investment Company Ltd., in which both companies have an equal equity interest. A 15-year copper cathode sales contract to that associated company was agreed upon, as well as a purchase contract from Minmetals to the latter for the same period and for equal monthly shipments to complete a total of 836,250 metric tons. Each shipment shall be paid by the buyer at a price formed by a fixed re-adjustable component plus a variable component, which depends on current copper prices at the time of shipment.

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During the first quarter of 2006 and on the basis of the negotiated financial terms, financing contracts were formalized with the China Development Bank allowing Copper Partners Investment Company Ltd. to make the US\$550 million advance payment to Codelco in March 2006.

As of December 31, 2013, the contract is operational, and monthly shipments began in June 2006.

With regard to financial obligations incurred by the associate Copper Partners Investment Company Ltd. with the China Development Bank, Codelco Chile and Codelco International Ltd. must meet certain commitments, mainly relating to the delivery of financial information. In addition, Codelco Chile must maintain 51% ownership of Codelco International Limited.

According to the Sponsor Agreement, dated March 8, 2006, the Codelco International Ltd. subsidiary gave its participation in Copper Partners Investment Company Limited as a guarantee to the China Development Bank.

Subsequently, on March 14, 2012, Copper Partners Investment Company Ltd. paid off his debt to the abovementioned bank. As of December 31, 2013, Codelco does not hold any indirect guarantee regarding its participation in this associated company.

- iii. Regarding the financing agreement signed on August 23, 2012, between the subsidiary, GacruX Inversiones SpA and Mitsui & Co. Ltd. for the acquisition of the 24.5% stake in Anglo American Sur S.A, which was subsequently amended on October 31, 2012, includes a pledge over the shares that the subsidiary has on Acrux Inversiones SpA (shared participation with Mitsui and minority shareholder in Anglo American Sur S.A.), in order to ensure compliance with the obligations that the financial agreement contemplates.

This pledge extends to the right to collect and receive from Acrux, dividends which have been agreed in the corresponding meetings of shareholders of the company and any other distributions paid or payable to GacruX respect of the pledged shares.

- iv. The Corporation has signed gas supply contracts with its associate GNL Mejillones S.A., which began operations in October 2010, and through this contract, the associate agrees to sell part of a minimum equivalent to 27 Terra BTU's (British Thermal Units) per year during the 2010 - 2012 period. Additionally, the Corporation has signed an option contract together with other participating mining companies that includes the option to:
- Acquire the right to the long-term use of the terminal's capacity from the end of the contract, or
 - To acquire the company's shares; the companies are committed to choosing one or other of these two alternatives.

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On December 31, 2013, the Corporation does not have guarantees for the derivative transactions made by GNL Mejillones S.A.

- v. Law 19,993 dated December 17, 2004, which authorized the purchase of the Fundación y Refinería Las Ventanas assets from ENAMI, established that the Corporation must ensure that the smelting and refining capacity required is maintained, without any restriction and limitation, for treating the products of the small and medium mining sector sent by ENAMI, under the form of toll production mode or another form agreed upon by the parties.
- vi. Obligations with the public for bond issues means that the Corporation must meet certain restrictions related to limits on pledges and leaseback transactions on its principal assets and on its ownership interest in subsidiaries.

The Corporation, as of December 31, 2013 and 2012, has met these conditions.

- vii. On January 20, 2010, the Corporation signed two energy supply contracts with Colbún S.A., which includes energy and power purchases for a total of 351 MW. The contract provides a discount for that energy consumption due to lower demand from Codelco's SIC divisions with respect to the amount of contracted power. The discount is equivalent to the value of the sale of that energy on the spot market.

In addition, through a supplementary agreement, Codelco has ensured the supply by Colbún of 159 MW, adapted to Codelco's long-term energy and power requirements from the SIC of approximately 510 MW.

This contract is based on energy production from Colbún's Santa María thermal power station, which is currently under construction. This plant is coal-fired, and therefore the electric energy tariff rate applied for the energy supplied to Codelco is linked to the price of coal.

Through these contracts, which operate through take or pay, the Corporation agrees to pay for the contracted energy and Colbún undertakes to return at market price the energy not consumed by Codelco.

These contracts have maturity date in 2027 and 2045.

- viii. On November 6, 2009, Codelco signed the following long-term electric energy supply contracts with ELECTROANDINA S.A.(associate until January 2011), with a maturity in 2017:
 - This Contract replaces the one signed on November 22, 1995, for the supply of electricity to the Chuquicamata work center, for a 15-year term beginning in January 2010 for between 200 and 280 MW in power and all associated electric energy. The approximate cost of the contract is US\$1,380 million for the whole period.

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- Modification of the contract dated December 21, 1995 for the Radomiro Tomic work center, for a maximum power of 110 MW, in which new prices are established, for the power and energy contemplated in the contract as well as their new adjustment formulas from January 2010.
- ix. On November 11, 2011, Law No. 20.551 was published in the Official Journal, which regulates the tasks and closure of mining facilities. Additionally, on November 22, 2012, the Decreto Supremo No. 41 of the Ministerio de Minería, which approved the Regulations of this law was published in the Diario Oficial.

This law requires the Corporation, among other requirements, to provide financial guarantees to the State to ensure the implementation of closure plans. It also establishes the obligation to make contributions to a fund which aims to cover the costs of post-closure activities.

The Corporation, in accordance with the mentioned regulation, must provide to SERNAGEOMIN the Mine Closure Plan in October 2014, while in April 2015 it must submit a proposal for the creation of guaranties. In the month of June 2015, Codelco should create guarantees for the initial 20% of the obligation under the regulations of this Code. The remaining 80% should be adjusted proportionately each year over the remaining period of fourteen years. The guarantee will be determined in present value of all actions and measures within the mine closure plan.

The Corporation is in the process of updating its mine closure plan and the process of valuation, which must comply with the requirements of Law No. 20,551, considering that the accounting liability record caused by this obligation, differs from the law's requirement, mainly by differences concerning the horizon that is considered for the projection of flows, in which the law requires the determination of the obligations in terms of mineral reserves, while the financial-accounting approach incorporates some of its mineral resources. Therefore, the discount rate established by law, may differ from that used by the Corporation under the criteria set out in IAS 37 and described in Note 2, letter o) of Main Accounting Policies.

- x. In order to finance investments and refinance liabilities during the third quarter of 2013 the Corporation signed financing agreements of US\$ 1,200 million with bilateral financial institutions. These agreements establish periods of availability of funds, which give the borrower the flexibility to draw funds when required. As of the end of the third quarter, Codelco had drawn US\$ 600 million under these agreements.
- xi. On May 24, 2012, the Corporation signed a financing agreement with Japan Bank for International Cooperation and Bank of Tokyo-Mitsubishi UFJ Ltd., for a financing contract for up to US\$ 320 million for the development, construction and operation of a plant metal processing in the second region of Chile, of which as of December 31, 2013, have been drawn ThUS\$ 29,000.

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- xii. On August 24, 2012, Codelco through its subsidiary Inversiones Mineras Nueva Acrux (Nueva Acrux) SpA (which minority shareholder is Mitsui), signed a contract with Anglo American Sur S.A.. Under this contract Codelco agreed to sell a portion of its annual copper production to the mentioned subsidiary, who in turn agrees to purchase such production.

Such annual portion is determined by the share of Codelco's indirect subsidiary, Inversiones Mineras Becrux SpA (also shared ownership with Mitsui), maintained for the shares of Anglo American Sur S.A.

In turn, Nueva Acrux agrees to sell to Mitsui, the products purchased under the agreement described in the preceding paragraphs.

The term of the contract will occur when the shareholders agreement of Anglo American Sur S.A ends or other events related to the completion of mining activities of the company take place.

29. Guarantees

The Corporation as a result of its activities has received and given guarantees.

The following tables list the main guarantees given to financial institutions:

Direct Guarantees provided to Financial Institutions				
Creditor of the Guarantee	Type of guarantee	12/31/2013		12/31/2012
		Maturity	ThUS\$	ThUS\$
Oriente Copper Netherlands B.V.	Pledge on shares	Nov-32	877,813	877,813
Total			877,813	877,813

Indirect Guarantees given to Financial Institutions					
Creditor of the Guarantee	Debtor guaranteed	Relationship	Type of guarantee	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Barclays Bank PLC	Sociedad GNL Mejillones S.A.	Associate	Guarantee	-	37,000
Morgan Stanley Capital Group INC.	Sociedad GNL Mejillones S.A.	Associate	Guarantee	-	148,000
Koch Supply & Trading LP	Sociedad GNL Mejillones S.A.	Associate	Guarantee	-	44,400
Total				-	229,400

As for the documents received as collateral, they cover mainly obligations of suppliers and contractors related to the various development projects. Below are given the amounts received as collateral, grouped according to the Operating Divisions that have received these amounts:

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Guarantees received from third parties		
Division	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Andina	40,112	23,469
Chuquicamata	39,424	51,784
Casa Matriz	580,823	483,711
Radomiro Tomic	7,233	19,164
Salvador	31,626	42,149
Ministro Hales	1,648	7,925
El Teniente	80,345	74,274
Ventanas	3,628	4,184
Gabriela Mistral	845	21,075
Total	785,684	727,735

30. Balances in foreign currency

a) Assets by Type of Currency

Item	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Liquid assets	756,297	1,272,532
US Dollars	703,513	702,901
Euros	31,712	1,626
Other currencies	4,474	6,208
Non-indexed Ch\$	14,691	560,976
U.F.	1907	821
Cash and Cash Equivalents	750,670	1,263,823
US Dollars	699,809	699,317
Euros	31,373	1,168
Other currencies	4,474	4,761
Non-indexed Ch\$	13,107	557,756
U.F.	1907	821
Other current financial assets	5,627	8,709
US Dollars	3,704	3,584
Euros	339	458
Other currencies	-	1,447
Non-indexed Ch\$	1,584	3,220
U.F.	-	-
Short and long term receivables	2,356,185	2,618,459
US Dollars	1,808,056	1,907,509
Euros	69,143	114,457
Other currencies	1,717	20,985
Non-indexed Ch\$	473,598	568,730
U.F.	3,671	6,778
Trade and other receivables	2,186,182	2,376,013
US Dollars	1,776,949	1,837,446
Euros	68,174	113,241
Other currencies	1,699	20,920
Non-indexed Ch\$	335,689	397,628
U.F.	3,671	6,778

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Item	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Rights receivables, non-current	138,896	171,699
US Dollars	-	2
Euros	969	1,216
Other currencies	18	65
Non-indexed Ch\$	137,909	170,416
U.F.	-	-
Due from related companies, current	30,883	29,442
US Dollars	30,883	28,815
Euros	-	-
Other currencies	-	-
Non-indexed Ch\$	-	627
U.F.	-	-
Due from related companies, non-current	224	41,305
US Dollars	224	41,246
Euros	-	-
Other currencies	-	-
Non-indexed Ch\$	-	59
U.F.	-	-
Rest of assets	30,242,681	27,777,062
US Dollars	27,396,894	24,738,635
Euros	383,148	431,024
Other currencies	28,506	32,335
Non-indexed Ch\$	2,103,094	2,166,828
U.F.	331,039	408,240
Total Assets	33,355,163	31,668,053
US Dollars	29,908,463	27,349,045
Euros	484,003	547,107
Other currencies	34,697	59,528
Non-indexed Ch\$	2,591,383	3,296,534
U.F.	336,617	415,839

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b) Liability by type of currency:

Current liability by currency	12/31/2013		12/31/2012	
	Up to 90 days ThUS\$	90 days to 1 year ThUS\$	Up to 90 days ThUS\$	90 days to 1 year ThUS\$
Current liabilities	3,025,377	753,379	3,325,680	813,292
US Dollars	2,156,736	741,045	1,980,142	775,889
Euros	59,610	-	5,520	37,403
Other currencies	3,773	-	1,184	-
Non-indexed Ch\$	795,943	6380	1,330,388	-
U.F.	9,315	5,954	8,446	-
Other current financial liabilities	412,234	748,067	51,487	813,292
US Dollars	371,179	741,045	45,409	775,889
Euros	34,994	-	-	37,403
Other currencies	-	-	-	-
Non-indexed Ch\$	1,583	2,328	1,009	-
U.F.	4,478	4,694	5,069	-
Bank loans	337,406	183,487	400	219,286
US Dollars	302,412	181,887	-	181,883
Euros	34,994	-	-	37,403
Other currencies	-	-	-	-
Non-indexed Ch\$	-	844	-	-
U.F.	-	756	400	-
Obligations	62,384	549,545	-	594,006
US Dollars	59,267	549,545	-	594,006
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	-	-	-	-
U.F.	3,117	-	-	-
Finance lease	6,208	15,035	35,601	-
US Dollars	4,374	9,613	30,715	-
Euros	-	-	-	-
Other currency	-	-	-	-
Non-indexed Ch\$	473	1,484	217	-
U.F.	1,361	3,938	4,669	-
Others	6,236	-	15,486	-
US Dollars	5,126	-	14,694	-
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	1,110	-	792	-
U.F.	-	-	-	-
Other current liabilities	2,613,143	5,312	3,274,193	-
US Dollars	1,785,557	-	1,934,733	-
Euros	24,616	-	5,520	-
Other currencies	3,773	-	1,184	-
Non-indexed Ch\$	794,360	4,052	1,329,379	-
U.F.	4,837	1,260	3,377	-

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Non- Current liability by currency	12/31/2013				12/31/2012			
	1 to 3 years ThUS\$	3 to 5 years ThUS\$	5 to 10 years ThUS\$	More than 10 years ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	5 to 10 years ThUS\$	More than 10 years ThUS\$
Non-Current liabilities	8,074,278	607,395	4,741,700	3,745,414	7,512,271	974,667	3,942,371	2,912,783
US Dollars	6,903,208	602,033	4,714,661	3,416,873	5,937,436	974,667	3,942,371	2,559,055
Euros	-	-	-	-	-	-	-	-
Other currencies	29	-	-	-	-	-	-	-
Non-indexed Ch\$	1,000,803	736	1284	-	1,515,446	-	-	-
U.F.	170,238	4,626	25,755	328,541	59,389	-	-	353,728
Other non-current financial liabilities	1,754,617	607,395	4,740,416	3,745,414	1,465,498	974,667	3,942,371	2,879,788
US Dollars	1,731,231	602,033	4,714,661	3,416,873	1,441,452	974,667	3,942,371	2,526,060
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	4,349	736	-	-	-	-	-	-
U.F.	19,037	4,626	25,755	328,541	24,046	-	-	353,728
Bank loans	1,639,536	594,295	28,889	767,337	828,936	939,925	-	809,035
US Dollars	1,638,156	594,295	28,889	767,337	827,164	939,925	-	809,035
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-	-
U.F.	1,380	-	-	-	1,772	-	-	-
Obligations	-	-	4,684,311	2,978,077	497,966	-	3,942,371	2,070,753
US Dollars	-	-	4,684,311	2,649,536	497,966	-	3,942,371	1,717,025
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-	-
U.F.	-	-	-	328,541	-	-	-	353,728
Finance Lease	35,924	13,100	27,216	-	56,564	34,742	-	-
US Dollars	15,009	7,738	1,461	-	34,290	34,742	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	3,258	736	-	-	-	-	-	-
U.F.	17,657	4,626	25,755	-	22,274	-	-	-
Others	79,157	-	-	-	82,032	-	-	-
US Dollars	78,066	-	-	-	82,032	-	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	1,091	-	-	-	-	-	-	-
U.F.	-	-	-	-	-	-	-	-
Other liabilities non current	6,319,661	-	1,284	-	6,046,773	-	-	32,995
US Dollars	5,171,661	-	-	-	4,495,984	-	-	32,995
Euros	-	-	-	-	-	-	-	-
Other currencies	29	-	-	-	-	-	-	-
Non-indexed Ch\$	996,454	-	1,284	-	1,515,446	-	-	-
U.F.	151,201	-	-	-	35,343	-	-	-

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31. Sanctions

As of December 31, 2013 and December 31, 2012, neither Codelco Chile nor its Directors and Managers have been sanctioned by the Superintendency of Securities and Insurance or any other administrative authorities.

32. Subsequent events

The Company's management is not aware of significant events of financial or other nature, that would affect the financial statements, occurred between 1st January 2014 and the date of issuance of these financial statements (March 27, 2014).

33. Environmental Expenditures

Each of Codelco's operations is subject to national, regional and local regulations related to protection of the environment and natural resources, including standards relating to water, air, noise and disposal and transportation of dangerous residues, among others. Chile has adopted environmental regulations that have obligated Chilean companies, including Codelco, to carry out programs to reduce, control or eliminate relevant environmental impacts. Codelco has executed and shall continue to execute a series of environmental projects to comply with these regulations.

Pursuant to the Letter of Values approved in 2010, Codelco is governed by a series of internal policies and regulations that frame its commitment to the environment, including the Sustainable Development Policy (2003) and the Corporate Security, Occupational Health and Environmental Management Policy (2007).

The environmental management systems of the divisions and the Head Office, structure their efforts in order to comply with the commitments assumed by the corporation's environmental policies, incorporating planning, operating, verifying and reviewing elements. As of December 31, 2013, they have received ISO 14001 certification for the environmental management of Chuquicamata, Radomiro Tomic, Andina, Salvador, El Teniente, Ventanas Division, Gabriela Mistral and the Head Office.

To comply with the Circular N°1.901 of 2008 of the Chilean Superintendency of Securities and Insurance, the details of the Corporation's main expenditures related to the environment during the period from January, 1, 2013 to December, 31, 2013, and the projected future expenses are stated below.

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Entity	Project Name	Disbursements 12/31/2013				12/31/2012
		Project Status	Amount ThUS\$	Asset/Expenditure	Asset Item / Expenditure	Amount ThUS\$
	Chuquicamata		129,519			100,000
Codelco Chile	Talambre dam extension, 7th stage	In Process	58,170	Asset	P,P & E	34,000
Codelco Chile	Expansion capacity Talabre dam, 8th stage	Finished	-	Asset	P,P & E	2,000
Codelco Chile	Emergency restoration system dust control crushing plant 2 ° / 3 °	In Process	5,061	Asset	P,P & E	
Codelco Chile	Foundry enlargement fifth cps	In Process	72	Asset	P,P & E	
Codelco Chile	Replacement of circulation pot 1A and 2A	In Process	14	Asset	P,P & E	
Codelco Chile	Acid plants	In Process	54,129	Expenditure	Administrative expenses	56,000
Codelco Chile	Solid waste	In Process	3,314	Expenditure	Administrative expenses	3,000
Codelco Chile	Tailings	In Process	5,448	Expenditure	Administrative expenses	
Codelco Chile	Acid drainage	In Process	511	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	1,505	Expenditure	Administrative expenses	2,000
Codelco Chile	Environmental Monitoring	In Process	1,294	Expenditure	Administrative expenses	
	Salvador		44,721			48,000
Codelco Chile	Dust collection improvement	In Process	2,245	Asset	P,P & E	4,000
Codelco Chile	Trench construction of hazardous waste	Finished	-	Asset	P,P & E	
Codelco Chile	Construction V stage of tailing treatment	In Process	3,116	Asset	P,P & E	4,000
Codelco Chile	Constuction north wall camber 2nd stage	In Process	56	Asset	P,P & E	
Codelco Chile	Improvement of integrated gas collection process	In Process	724	Asset	P,P & E	
Codelco Chile	Construction of sanitary filling	In Process	111	Asset	P,P & E	
Codelco Chile	Tailings	In Process	2,564	Expenditure	Administrative expenses	
Codelco Chile	Acid plants	In Process	33,872	Expenditure	Administrative expenses	38,000
Codelco Chile	Solid waste	In Process	1,035	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	728	Expenditure	Administrative expenses	
Codelco Chile	Environmental Management, Monitoring and Acessories	In Process	1,252	Expenditure	Administrative expenses	
	Andina		189,334			56,000
Codelco Chile	Construction of water trap for east ballast deposit	In Process	6,110	Asset	P,P & E	3,000
Codelco Chile	District warehouse installation	Finished	-	Asset	P,P & E	
Codelco Chile	Drains expansion stage 5	In Process	1,130	Asset	P,P & E	14,000
Codelco Chile	Drain water treatment	In Process	1,223	Asset	P,P & E	
Codelco Chile	Drain internal water treatment E1	In Process	7,907	Asset	P,P & E	
Codelco Chile	Drainage water treatment	In Process	78,922	Asset	P,P & E	27,000
Codelco Chile	Water Normative Phase 2	In Process	10,140	Asset	P,P & E	
Codelco Chile	Building evacuation and capturing towers	In Process	6,890	Asset	P,P & E	2,000
Codelco Chile	Construction of tailings canal	In Process	2,972	Asset	P,P & E	
Codelco Chile	Rebuilding of dam injection wells	In Process	989	Asset	P,P & E	
Codelco Chile	Improvement of interception filters	In Process	807	Asset	P,P & E	3,000
Codelco Chile	Rebuilding of bypass cameras	In Process	323	Asset	P,P & E	
Codelco Chile	Construction site emergency plan	In Process	472	Asset	P,P & E	
Codelco Chile	Dam logistics taxes	In Process	1,297	Asset	P,P & E	
Codelco Chile	Solid waste	In Process	2,920	Expenditure	Administrative expenses	1,000
Codelco Chile	Water treatment plant	In Process	3,982	Expenditure	Administrative expenses	1,000
Codelco Chile	Trailings	In Process	63,251	Expenditure	Administrative expenses	
Codelco Chile	Acid drainage	In Process	-	Expenditure	Administrative expenses	
Subtotal			363,575			205,000

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(In thousands of US dollars of the United States of America, except as indicated in other currency or

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Entity	Project Name	Disbursements 12/31/2013				12/31/2013
		Project Status	Amount ThUS\$	Asset/Expenditure	Asset Item / Expenditure	
	El Teniente		210,894			
Codelco Chile	Construction of 5th phase of Carén	Finished	-	Asset	P,P & E	
Codelco Chile	Monitoring online of tailings	Finished	-	Asset	P,P & E	
Codelco Chile	Aplication of tailing 4	Finished	-	Asset	P,P & E	
Codelco Chile	Aplication of tailing Route 5	In Process	-	Asset	P,P & E	
Codelco Chile	Construction of 6th phase of Carén	In Process	9,724	Asset	P,P & E	
Codelco Chile	Environmental reconstruction of courts	In Process	145	Expenditure	Administrative expenses	
Codelco Chile	Acid plants	In Process	96,321	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In Process	2,947	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	25,145	Expenditure	Administrative expenses	
Codelco Chile	Tailings	In Process	76,612	Expenditure	Administrative expenses	
	Gabriela Mistral		3,081			
Codelco Chile	Implementation wastewater treatment system	Finished	23	Asset	P,P & E	
Codelco Chile	Environmental monitoring	In Process	-	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In Process	1,703	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	1,355	Expenditure	Administrative expenses	
	Ventanas		38,579			
Codelco Chile	Mitigation of environmental concentrator stock	Finished	-	Asset	P,P & E	
Codelco Chile	Standization of rainwater pools	Finished	-	Asset	P,P & E	
Codelco Chile	Cold load system Cps N 2	Finished	-	Asset	P,P & E	
Codelco Chile	Arsenic supply in electric oven	In Process	241	Asset	P,P & E	
Codelco Chile	Increase uptake Mat.	In Process	40	Asset	P,P & E	
Codelco Chile	Increase uptake Mp He	In Process	65	Asset	P,P & E	
Codelco Chile	Cold load mechanical system Cps N°1 y 3	In Process	1,129	Asset	P,P & E	
Codelco Chile	Catching second gases	In Process	110	Asset	P,P & E	
Codelco Chile	Catching racking gases	In Process	487	Asset	P,P & E	
Codelco Chile	Treatment of gases in line	In Process	84	Asset	P,P & E	
Codelco Chile	Acid plants	In Process	26,211	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In Process	3,004	Expenditure	Administrative expenses	
Codelco Chile	Environmental monitoring	In Process	1,442	Expenditure	Administrative expenses	
Codelco Chile	Effluent treatment plant	In Process	5,766	Expenditure	Administrative expenses	
	Radomiro Tomic		3,065			
Codelco Chile	Solid waste	In Process	1,143	Expenditure	Administrative expenses	
Codelco Chile	Environmental monitoring	In Process	275	Expenditure	Administrative expenses	
Codelco Chile	Effluent treatment plant	In Process	1,647	Expenditure	Administrative expenses	
	Ecometales Limited		328			
Ecometales Limited	Smelting plant of foundry dust	In Process	328	Expenditure	Administrative expenses	
Subtotal			255,947			
Total			619,521			



CODELCO – CHILE

Consolidated Financial Statements as of December 31, 2012

(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

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Report of Independent Auditors

(A free translation of the original report issued in Spanish)

To the Shareholders of
Corporación Nacional del Cobre de Chile

We have audited the accompanying consolidated statements of financial statements of Corporación Nacional del Cobre de Chile and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2012 and 2011 and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

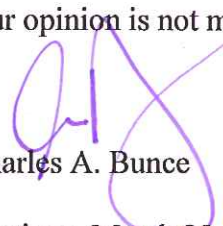
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Corporación Nacional del Cobre de Chile and its subsidiaries as of December 31, 2012 and 2011, and the consolidated results of its operations, and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of a matter, Anglo American Sur S.A.

As a result of the negotiation with Anglo American, in which Corporación Nacional del Cobre de Chile acquired certain mining concessions as well as 29.5% of Anglo American Sur S.A., through its subsidiary Inversiones Mineras Becrux SpA., the conditions that precluded remeasurement of the purchase option over the interest in Anglo American Sur S.A. to fair value were removed. The results of these measurements to fair value generated a non-cash gain of US\$ 3,920 million for the year ended as of December 31, 2012, less tax effects of US\$ 776 million, which are disclosed in Notes 26 and Note 5.

As indicated in Note 9, the purchase price allocation based on the fair value of the identifiable assets and liabilities has been prepared by the Management using its best estimates while considering all relevant information available as of the acquisition date of Anglo American Sur S.A., however, is subject to adjustments for up to one year from the date of acquisition.

Our opinion is not modified with respect to these matters.



Charles A. Bunce

Santiago, March 28, 2013

ERNST & YOUNG LTDA.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2012 and 2011
(In thousands of US dollars - ThUS\$)

(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	12/31/2012	12/31/2011
Assets			
Current Assets			
Cash and cash equivalents	1	1,263,823	1,382,876
Other current financial assets	12	8,709	193,237
Other current non-financial assets		24,015	36,413
Trade and other current receivables	2	2,149,103	1,968,269
Accounts receivables due from related companies, current	3	29,442	56,357
Inventory	4	2,431,965	2,014,838
Current tax assets	6.a	627,570	254,930
Total current assets		6,534,627	5,906,920
Non-current assets			
Other non-current financial assets	12	133,000	102,593
Other non-current non-financial assets	11	37,677	203,950
Non-current receivables	2	171,699	132,721
Accounts receivables due from related companies, non-current	3	41,305	75,860
Investment accounted for using the equity method	9	7,644,612	945,055
Intangible assets other than goodwill		19,178	12,292
Property, Plant and Equipment, net	8	17,044,931	13,437,764
Investment property		18,004	17,789
Total non-current assets		25,110,406	14,928,024
Total assets		31,645,033	20,834,944

The accompanying notes form an integral part of these consolidated financial statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2012 and 2011
(In thousands of US dollars - ThUS\$)

(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	12/31/2012	12/31/2011
Liabilities and Equity			
Liabilities			
Current liabilities			
Other current financial liabilities	13	864,779	1,643,424
Trade and other current payables	16	2,245,592	1,782,459
Accounts payables to related companies, current	3	143,364	126,850
Other current provisions	17	209,895	210,514
Current tax liabilities	6.b	50,205	137,267
Current employee benefit accruals	17	549,975	459,251
Other current non- financial liabilities		75,162	56,317
Total current liabilities		4,138,972	4,416,082
Non-current liabilities			
Other non-current financial liabilities	13	9,262,324	6,395,154
Other non-current payables		-	319
Accounts payables to related companies, non-current	3	275,011	308,616
Other non-current provisions and accrued expenses	17	1,554,167	1,013,441
Deferred tax liabilities	5	2,909,095	1,540,242
Non-current employee benefit accruals	17	1,323,294	1,092,966
Other non-current non-financial liabilities		4,390	3,094
Total non-current liabilities		15,328,281	10,353,832
Total liabilities		19,467,253	14,769,914
Equity			
Issued Capital		2,524,423	2,524,423
Retained earnings		4,189,769	1,709,068
Other Reserves	19	3,364,182	1,829,519
Equity attributable to owners of the parent		10,078,374	6,063,010
Non-controlling interests	19	2,099,406	2,020
Total equity		12,177,780	6,065,030
Total liabilities and equity		31,645,033	20,834,944

The accompanying notes form an integral part of these consolidated financial statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended as of December 31, 2012 and 2011

(In thousands of US dollars - ThUS\$)

(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2012 12/31/2012	1/1/2011 12/31/2011
Profit (loss)			
Revenue	20	15,860,432	17,515,296
Cost of sales		(10,851,680)	(10,283,026)
Gross profit		5,008,752	7,232,270
Other Income, by function	22.a	4,092,339	726,185
Distribution costs		(12,654)	(11,114)
Administrative expenses		(543,531)	(452,217)
Other expenses	22.b	(2,275,954)	(2,307,326)
Other gains (losses)		35,400	38,709
Profit (losses) from operating activities		6,304,352	5,226,507
Finance income		59,023	44,701
Finance costs	23	(406,278)	(294,496)
Share of profit of associates and joint ventures accounted for using the equity method	9	457,230	353,440
Foreign exchange differences	25	(165,801)	216,998
Profit for the period before tax		6,248,526	5,547,150
Income tax expense	5	(2,373,206)	(3,491,798)
Profit for the period		3,875,320	2,055,352
Profit (loss) attributable to:			
Profit attributable to owners of the parent		3,867,960	2,056,414
Loss attributable to non-controlling interests	19.b	7,360	(1,062)
Profit for the period		3,875,320	2,055,352

The accompanying notes form an integral part of these consolidated financial statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUATION)

For the years ended as of December 31, 2012 and 2011

(In thousands of US dollars - ThUS\$)

(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2012 12/31/2012	1/1/2011 12/31/2011
Profit for the period		3,875,320	2,055,352
Components of other comprehensive income (loss), before tax:			
Exchange differences on conversion			
Gain (loss) on exchange differences on conversion, before tax		1,326	(2,633)
Other comprehensive income, before tax, exchange differences on conversion		1,326	(2,633)
Cash flow hedges			
Gain (loss) on cash flow hedges, before tax		646,416	1,594,322
Other comprehensive income before tax, exchange differences on conversion		646,416	1,594,322
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		(6,418)	81,376
Other comprehensive income (loss) before tax		641,324	1,673,065
Income tax related to components of other comprehensive income:			
Income tax related to cash flow hedges of other comprehensive income	5	(379,740)	(897,100)
Aggregated income tax related to components of other comprehensive income		(379,740)	(897,100)
Other comprehensive income (loss)		261,584	775,965
Total comprehensive income		4,136,904	2,831,317
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent		4,129,544	2,832,379
Comprehensive income attributable to non-controlling interests	19.b	7,360	(1,062)
Total comprehensive income		4,136,904	2,831,317

The accompanying notes form an integral part of these consolidated financial statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD

For the years ended as of December 31, 2012 and 2011

(In thousands of US dollars - ThUS\$)

(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2012 12/31/2012	1/1/2011 12/31/2011
Cash flows provided by (used in) operating activities:			
Cash receipts provided by operating activities			
Cash flows provided by sales of goods and rendering of services		16,932,810	19,702,113
Other cash flows provided by operating activities	26	2,161,658	1,843,793
Types of cash payments			
Payments to suppliers for goods and services		(9,880,753)	(8,741,815)
Payments to and on behalf of employees		(2,100,391)	(2,196,072)
Other cash flows used in operating activities	26	(3,562,099)	(4,191,069)
Dividends received		276,672	85,750
Income taxes paid		(1,892,661)	(3,852,469)
Net cash flows provided by operating activities		1,935,236	2,650,231
Cash flows provided by (used in) investing activities:			
Net cash used for the purchase of associate	26	(2,799,795)	-
Other payments to acquire equity or debt instruments of other entities		(31,408)	-
Other collections from the sale of interests in joint ventures and associates	26	-	1,088,351
Borrowings to related companies		(8,405)	-
Purchases of property plant and equipment		(3,687,182)	(2,251,630)
Collections from related companies		61,050	40,700
Interest received		43,137	26,912
Other inflows (outflows) of cash		91,576	36,543
Net cash flows from (used in) investing activities		(6,331,027)	(1,059,124)
Cash flows provided by (used in) financing activities:			
Proceeds from the issue of shares		1,100,000	-
Proceeds from current borrowings		5,481,146	1,232,049
Repayments of borrowings		(1,505,414)	(517,534)
Dividends paid		(106,000)	(1,472,048)
Interest paid		(541,988)	(324,737)
Other inflows (outflows) of cash		(151,006)	-
Net cash flows from (used in) financing activities		4,276,738	(1,082,270)
Net increase (decrease) in cash and cash equivalents before foreign exchange difference		(119,053)	508,837
Net increase (decrease) in cash and cash equivalents		(119,053)	508,837
Cash and cash equivalents at beginning of period	1	1,382,876	874,039
Cash and cash equivalents at end of period	1	1,263,823	1,382,876

The accompanying notes form an integral part of these consolidated financial statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended as of December 31, 2012 and 2011
(In thousands of US dollars - ThUS\$)

(Translation to English of consolidated financial statements originally issued in Spanish – see N

December 31, 2012	Issued Capital	Foreign currency conversion reserve	Cash flow hedge reserve	Other miscellaneous reserves	Total other reserves Note 19	Accumulated retained earnings	Equity attribu owners of the
Initial Balance as of 1/1/2012	2,524,423	283	(272,349)	2,101,585	1,829,519	1,709,068	6,0
Changes in equity							
Profit for the period						3,867,960	3,8
Other comprehensive income (loss)		1,326	266,676	(6,418)	261,584		2
Comprehensive income							4,1
Dividends Paid						(106,000)	(1
Increase (decrease) through transfers and other changes	-	-	-	1,273,079	1,273,079	(1,281,259)	
Increase (decrease) in equity	-	1,326	266,676	1,266,661	1,534,663	2,480,701	4,0
Final Balance as of 12/31/2012	2,524,423	1,609	(5,673)	3,368,246	3,364,182	4,189,769	10,0

The accompanying notes form an integral part of these consolidated financial statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended as of December 31, 2012 and 2011
(In thousands of US dollars - ThUS\$)

(Translation to English of consolidated financial statements originally issued in Spanish – see Note 1)

December 31, 2011	Issued Capital	Foreign currency conversion reserve	Cash flow hedge reserve	Other miscellaneous reserves	Total other reserves Note 19	Accumulated retained earnings	Attributable to owners
Initial Balance as of 1/1/2011	2,524,423	2,916	(969,571)	1,642,058	675,403	1,329,392	
Changes in equity							
Profit for the period						2,056,414	
Other comprehensive income (loss)		(2,633)	697,222	81,376	775,965		
Comprehensive income							
Dividends Paid						(1,674,916)	(1,674,916)
Increase (decrease) through transfers and other changes	-	-	-	378,151	378,151	(1,822)	
Increase (decrease) in equity	-	(2,633)	697,222	459,527	1,154,116	379,676	
Final Balance as of 12/31/2011	2,524,423	283	(272,349)	2,101,585	1,829,519	1,709,068	

The accompanying notes form an integral part of these consolidated financial statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

I. GENERAL INFORMATION

1. Corporate Information

Corporación Nacional del Cobre de Chile, Codelco (hereinafter referred to as “Codelco - Chile”, the “Corporation”), is the largest copper producer in the world. Its most important product is refined copper, primarily in the form of cathodes. The Corporation also produces copper concentrates, blister and anode copper and by-products such as molybdenum, anode slime and sulfuric acid. Codelco also manufactures wire rods in Germany, a semi-manufactured product that uses copper cathodes as raw material, through an associated company that is disclosed in Note 9. The Corporation trades its products based on a policy with the objective of selling refined copper to manufacturers or producers of semi-manufactured products.

These products contribute to diverse fields of community development, particularly those intended to improve areas such as public health, energy efficiency, and sustainable development, among others.

Codelco is registered under Securities Registry No. 785 of the Chilean Superintendency of Securities and Insurance (the “SVS”) and is subject to the supervision of said SVS. According to Article 10 of Law No. 20,392 (on the new Corporate Governance of Codelco), such supervision will be on the same terms as publicly traded companies, notwithstanding the provisions in Decree Law (D.L.) No. 1,349 of 1976, which created the Comisión Chilena del Cobre (“Chilean Copper Commission”).

Codelco’s Head Office is located in Santiago, Chile, at 1270 Huérfanos, telephone number (56 2) 6903000.

Codelco Chile was formed as stipulated by D.L. No. 1,350 of 1976, which is the statutory decree of the Corporation. In accordance with the statutory decree, Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity with its own equity. Codelco - Chile currently carries out its mining business through its divisions Chuquicamata, Radomiro Tomic, Salvador, Andina, El Teniente and Ventanas and Gabriela Mistral. The Gabriela Mistral division is in charge of the ore deposit of the same name, whose operations were, until December 31, 2012 the responsibility of its subsidiary Minera Gaby SpA., a wholly owned subsidiary of the Corporation and on that date was absorbed by Codelco. Also, in 2010 the Corporation was authorized by the Board of Directors of the Corporation to invest in the operation of the new division Ministro Hales Mine, whose estimated initial operating date is at the last quarter of 2013. The Corporation also carries out similar activities in other mining deposits in association with third parties.

In accordance with letter e) of Article 10 of Law No. 20,392, Codelco is governed by its organic standards set forth in Decree Law No. 1,350 (D.L. No. 1,350) and that of its statutes, and in matters not covered by them and, insofar as they are compatible and do not go against the provisions of these rules, the rules that govern publicly traded companies and the common laws as applicable to them.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

In accordance with D.L. No. 1,350 Section IV related to the Company's Exchange and Budget Regulations, Codelco's financial activities are conducted following a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The tax system applicable to Codelco's income is in accordance with Article 26 of D. L. No. 1,350, which refers to Decree Laws No. 824 on Income Tax of 1974 and Decree Law No. 2,398 (Article 2) of 1978, as applicable. The Corporation's income is also subject to a tax in accordance with Law No. 20,026 of 2005 (Specific Mining Tax).

The Corporation is subject to Law No. 13,196, which mandates the payment of a 10% tax over the foreign currency return on the export value of copper production, including its by-products.

The subsidiaries whose financial statements are included in these consolidated financial statements correspond to companies located in Chile and abroad, which are detailed in Note 2 d of Section II to the Summary of Significant Accounting Policies.

The associates correspond to companies located in Chile and abroad, which are detailed in the Explanatory Notes Section III Note 9.

2. Basis of Presentation of the Consolidated Financial Statements

The Corporation's consolidated financial statements are stated in thousands of US dollars and were prepared based on the accounting records maintained by Codelco - Chile and its subsidiaries, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board (hereinafter "IASB").

Responsibility for the Information and Use of Estimates

The Board of Directors of the Corporation has been informed of the information included in these financial statements and expressly states its responsibility for the consistent and reliable nature of the information included in the consolidated financial statements as of December 31, 2012, for the effects of which IFRS principles issued by the IASB have been applied in full. The December 31, 2012 consolidated financial statements were approved by the Board of Directors in the meeting on March 28, 2013.

Accounting Principles

These consolidated financial statements and the related notes reflect the financial position of Codelco Chile and its subsidiaries as of December 31, 2012 and 2011, the results of their operations, the changes in net equity and cash flows for periods ended December 31, 2012 and 2011, and their related notes, all of which have been prepared and presented in accordance with IAS 1 "Presentation

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

of Financial Statements” which considers the respective regulations of the Chilean Superintendency of Securities and Insurance (“SVS”), and do not conflict with IFRS.

For the convenience of the reader, these consolidated financial statements and their accompanying notes have been translated from Spanish to English.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the amounts of assets and liabilities recognized as of the date of financial statements and the amounts of income and expenses during the reporting period. It also requires the Corporation’s management to exercise its judgment in the process of applying the Corporation’s accounting principles. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as follows:

- a) **Useful Economic Lives and Residual Values of Property, Plant and Equipment** - The useful lives and residual values of property, plant and equipment assets that are used for calculating the depreciation are determined based on technical studies prepared by specialists (internal or external). When there are indicators that could lead to changes in the estimated useful lives of such assets, these changes are determined by using technical estimates considering specific factors related to the use of the assets.

The studies consider specific factors related to the use of assets.

- b) **Ore Reserves** - The measurements of ore reserves are based on estimates of the ore resources that are economically exploitable, and reflect the technical considerations of the Corporation regarding the amount of resources that could be exploited and sold at prices exceeding the total cost associated with the extraction and processing.

The Corporation applies judgment in determining the ore reserves, and as such, possible changes in these estimates could significantly impact the estimates of net revenues over time. For such reason, these changes would lead to modifications in the usage estimates of certain assets and of the amount of certain decommissioning and restoration costs.

The Corporation estimates its reserves and mineral resources based on the information compiled by the Competent Persons of the Corporation, defined and regulated by the Chilean Law N° 20.235. The estimations are based on the JORC (Joint Ore Reserves Committee) methodology, taking into consideration the historical information of the cost of goods sold and copper prices at an international market.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
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The Corporation also periodically reviews such estimates, supported by world-class external experts, who certify the determined reserves.

- c) Impairment of Assets** - The Corporation reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss with regard to the carrying amount. In the evaluation of impairment, the assets are grouped into cash generating units ("CGU's") to which the assets belong. The recoverable amount of these assets or CGU's is calculated as the present value of the cash flows expected to be derived from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of the assets is less than their carrying amount, an impairment loss exists.

The Corporation defines the CGUs and also estimates the timing and cash flows that such CGUs should generate. Subsequent changes in the grouping of the CGU, or changes in the assumptions supporting the estimates of cash flows or the discount rate, could impact the carrying amounts of the corresponding assets.

The Corporation has assessed and defined that the CGUs are constituted at the level of each of its current operating divisions.

The review for impairment includes subsidiaries and associates.

- d) Provisions for Decommissioning and Site Restoration Costs** - An obligation to incur in decommissioning and site restoration costs when environmental disturbance is caused by the development or ongoing production of a mining property. Costs are estimated on the basis of a formal closure plan and are reassessed annually or as of the date such obligations become known.

For these purposes, a defined list of mine sites, installations and other equipment assigned to this process, considered at the engineering level profile, the cubings of assets that will be subject to removal and restoration, weighted by a structure of market prices of goods and services, reflecting the best knowledge at the time to carry out such activities, as well as techniques and more efficient construction procedures to date. In the process of valuation of the activities mentioned, the assumptions of the exchange rate for tradable goods and services must be made, and the discount rate applied to update the relevant cash flows over time, which reflects the time value of money and includes the risks associated with liabilities, which is determined based on the currency in which disbursements will be made.

The provision as of a reporting date represents management's best estimate of the present value of the future decommissioning and site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the decommissioning and site restoration liability and therefore any deduction from the decommissioning and site restoration asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning and site restoration liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If the revised asset net of decommissioning and site restoration provisions exceeds the recoverable value, that portion of the increase is charged directly to profit or loss statement. Any decommissioning and site restoration costs that arose as a result of the production phase of a mine, should be expensed as incurred.

The costs arising from the installation of a plant or other site preparation projects are discounted at net present value, provided for and capitalized at the beginning of each project, as soon as the obligation to incur such costs arises. These decommissioning costs are charged to net income over the life of the mine, through depreciation of the asset. The depreciation is included in operating costs, while the unwinding of the discount in the provision is included in finance costs.

- e) Accrual for Employee Benefits** - Employee benefits costs for severance payments and health benefits for services rendered by the employees are determined based on actuarial calculations using the Projected Credit Unit Method, and are charged to profit or loss on an accrual basis.

The Corporation uses assumptions to determine the best estimate for these benefits. Such estimates, as well as assumptions, are determined together with an external actuary. These assumptions include demographic assumptions, mortality and morbidity, discount rate and expected salary increases and rotation levels, among other factors. Although the Corporation believes that the assumptions used are appropriate, a change in these assumptions could affect net income.

- f) Accruals for Open Invoices** - The Corporation uses information on future copper prices, through which it recognizes adjustments to its revenues and trade receivables, due to the conditions of its provisional invoicing. These adjustments are updated on a monthly basis and the accounting principle on "Revenue recognition" is referred to in letter q) of the section 2 "Significant accounting policies" of the current document.

- g) Fair Value of Derivatives and Other Instruments** - Management may use its judgment to choose an adequate and proper valuation method for the instruments that are not quoted in an active market. The Corporation applies customary valuation techniques used by other professionals in the industry. In the case of derivative financial instruments, assumptions are

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
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based on the observable market inputs, adjusted in conformity with the specific features of the instruments.

- h) Lawsuits and Contingencies** - The Corporation assesses the probability of lawsuits and contingency losses on an ongoing basis according to estimates performed by its legal advisors. For cases in which management and the Corporation's legal advisors believe that a favorable outcome will be obtained or when the results are uncertain and the lawsuits are still pending resolution, no provisions are recognized.

Although these above-mentioned estimates have been made based on the best information available as of the date of issuance of these consolidated financial statements, it is possible that future developments may force the Corporation to modify these estimates in upcoming periods. Such modifications, if occurred, would be adjusted prospectively, recognizing the effects of the change in estimate on the corresponding future consolidated financial statements, as required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2. Significant accounting policies

- a) Period covered** - The accompanying consolidated financial statements of Corporación Nacional del Cobre de Chile include:
- Statements of Financial Position as of December 31, 2012 and 2011.
 - Statements of Comprehensive Income for the years ending December 31, 2012 and 2011, respectively
 - Statements of Changes in Equity for the years ending December 31, 2012 and 2011.
 - Statements of Cash Flows for the years ending December 31, 2012 and 2011.
- b) Basis of Preparation** - The consolidated financial statements of the Corporation for the period ended as of December 31, 2012 have been prepared in conformity with IFRS, as issued by the IASB.

The consolidated statement of financial position as of December 31, 2011 and the statements of comprehensive income, of net equity and of cash flows for the year ended December 31, 2011, included for comparative purposes, have been prepared in conformity with IFRS, on a consistent basis with the criteria used by the Corporation for the same period ended December 31, 2012.

These consolidated financial statements have been prepared based on the accounting records kept by the Corporation.

- c) Functional Currency** - The functional currency of Codelco is the US dollar, which is the currency of the primary economic environment in which the Corporation operates and the currency in

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which it receives its revenues. Transactions other than those in the Corporation's functional currency are translated at the exchange rate prevailing at the date of the transactions. Monetary

assets and liabilities denominated in currencies other than the functional currency are retranslated at closing exchange rates. Gains and losses from foreign currency conversion are included in the period profit or loss within the line item "Foreign Exchange differences".

The presentation currency of the consolidated financial statements of Codelco is the US dollar.

The functional currency of subsidiaries, associates and joint ventures, likewise corresponds to the currency of the primary economic environment in which those entities operate and the currency in which they receive their revenues, as established in IAS 21. However, regarding those subsidiaries and associates that correspond only to an extension of the operations of Codelco (entities that are not self-sufficient and whose main transactions are performed with Codelco), the functional currency is also the US dollar, as this is the functional currency of Codelco.

When the indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions under which each entity operates.

- d) Basis of Consolidation** - The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In the consolidation process, all significant balances and transactions between the consolidated companies have been fully eliminated, and the equity share of non-controlling interests has been recognized and presented as "Non-controlling Interests". The consolidated financial statements take into account the elimination of intercompany balances, transactions and unrealized profit and loss between the consolidated companies, including foreign and local subsidiaries. The companies incorporated in the consolidation are detailed as follows:

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Taxpayer Number	Company	Country	Functional Currency	12/31/2012			12/31/2011
				Entity Share Percentage			Entity Share Percentage
				Direct	Indirect	Total	Total
Foreign	Chile Copper Limited	England	GBP	100.000	-	100.000	100.000
Foreign	Codelco Services Limited	England	GBP	-	100.000	100.000	100.000
Foreign	Codelco Group Inc.	United States of America	USD	100.000	-	100.000	100.000
Foreign	Codelco Metals Inc.	United States of America	USD	-	100.000	100.000	100.000
Foreign	Codelco USA Inc.	United States of America	USD	-	100.000	100.000	100.000
Foreign	Codelco International Limited	Bermuda	USD	100.000	-	100.000	100.000
Foreign	Codelco Technologies Ltd.	Bermuda	USD	-	100.000	100.000	100.000
Foreign	Codelco do Brasil Mineracao	Brazil	BRL	-	100.000	100.000	100.000
Foreign	Codelco Kupferhandel GmbH	Germany	EURO	100.000	-	100.000	100.000
Foreign	Metall Agentur GmbH	Germany	EURO	-	100.000	100.000	100.000
Foreign	Ecometales Limited	Anglonormandars	USD	-	100.000	100.000	100.000
Foreign	Codelco Shanghai Company Limited	China	USD	100.000	-	100.000	100.000
76.561.210-1	Mining Information Communications and Monitoring S.A.	Chile	USD	-	-	-	66.000
78.712.170-5	Compañía Minera Picacho (SCM)	Chile	USD	99.990	0.010	100.000	100.000
78.860.780-6	Compañía Contractual Minera los Andes	Chile	USD	99.970	0.030	100.000	100.000
79.566.720-2	Isapre Chuquicamata Ltda.	Chile	CLP	98.300	1.700	100.000	100.000
81.767.200-0	Asociacion Garantizadora de Pensiones	Chile	CLP	96.690	-	96.690	96.690
88.497.100-4	Clínica San Lorenzo Limitada	Chile	CLP	99.900	0.100	100.000	99.900
76.521.250-2	San Lorenzo Institución de Salud Previsional Ltda.	Chile	CLP	-	99.900	99.900	99.900
89.441.300-K	Isapre Río Blanco Ltda.	Chile	CLP	99.990	0.010	100.000	100.000
96.817.780-K	Ejecutora Hospital del Cobre Calama S.A.	Chile	USD	99.990	0.010	100.000	100.000
96.819.040-7	Complejo Portuario Mejillones S.A.	Chile	USD	99.990	0.010	100.000	100.000
96.854.500-0	Instituto de Innovación en Minería y Metalurgia S.A.	Chile	USD	99.930	0.070	100.000	99.930
96.876.140-4	Santiago de Río Grande S.A.	Chile	USD	99.990	0.010	100.000	100.000
96.991.180-9	Biosigma S.A.	Chile	USD	66.670	-	66.670	66.670
99.569.520-0	Exploraciones Mineras Andinas S.A.	Chile	USD	99.900	0.100	100.000	100.000
99.573.600-4	Clínica Río Blanco S.A.	Chile	CLP	99.000	1.000	100.000	100.000
76.064.682-2	Centro de Especialidades Médicas Río Blanco Ltda.	Chile	CLP	99.000	1.000	100.000	100.000
76.152.363-5	Minera Gaby SpA	Chile	USD	-	-	-	100.000
77.773.260-9	Sociedad de Inversiones Copperfield Ltda.	Chile	USD	99.990	0.010	100.000	100.000
76.883.610-8	Energía Minera S.A.	Chile	USD	99.000	1.000	100.000	100.000
76.043.396-9	Innovaciones en Cobre S.A	Chile	USD	0.100	99.900	100.000	100.000
76.148.338-2	Sociedad de Procesamiento de Molibdeno Ltda.	Chile	USD	99.900	0.100	100.000	100.000
76.167.903-1	Inversiones Mineras Acrux SpA.	Chile	USD	-	67.800	67.800	100.000
76.173.357-5	Inversiones Gacru SpA.	Chile	USD	100.000	-	100.000	100.000
76.231.838-5	Inversiones Mineras Nueva Acrux SpA	Chile	USD	-	67.800	67.800	-
76.237.866-3	Inversiones Mineras Los Leones SpA	Chile	USD	100.000	-	100.000	-
76.173.783-K	Inversiones Mineras Becrux SpA	Chile	USD	-	67.800	67.800	100.000
76.082.774-6	Inversiones Tocopilla 2B S.A.	Chile	USD	-	-	-	100.000
76.082.158-6	Inversiones Mejillones 2 S.A.	Chile	USD	-	-	-	100.000
76.124.156-7	Centro de Especialidades Médicas San Lorenzo Ltda.	Chile	USD	-	100.000	100.000	100.000
76.255.061-K	Central Eléctrica Luz Minera SpA	Chile	USD	100.000	-	100.000	-
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	USD	100.000	-	100.000	-
76.255.667-7	MCM Equipos S.A.	Chile	USD	100.000	-	100.000	-
70.905.700-6	Fusat (Special Purpose Entity)	Chile	CLP	-	-	-	-

For the purposes of these consolidated financial statements, subsidiaries, associates, acquisitions and disposals and joint ventures are defined as follows:

- **Subsidiaries** - A subsidiary is an entity over which the Corporation has power to govern its operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows of Codelco and its subsidiaries, after eliminating all inter-company balances and

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transactions. For partially owned subsidiaries, the net assets and net earnings attributable to non-controlling shareholders are presented as “Non-controlling interests” in the consolidated statements of financial position and consolidated statement of income.

Likewise, on consolidation, the Corporation incorporates those entities in which it does not hold any direct or indirect ownership interest but instead represent special purpose entities, in accordance with the criteria established in SIC Interpretation 12, Consolidation - Special Purpose Entities.

- **Associates** - An associate is an entity over which Codelco is in the position to exercise significant influence, but not to control or jointly control, through the power to participate in the financial and operating policy decisions of that entity.

Codelco’s share of the net assets of such entities is included in the consolidated financial statements by using the equity method. This requires recording the initial investment at cost and then, in subsequent periods, adjusting the carrying amount of the investment to reflect Codelco’s share in the income of associates, less any impairment of goodwill and any other changes in the associate’s net assets.

The Corporation makes adjustments to the proportional gains or losses obtained by the associate after the acquisition, in order to consider the effects that may exist in the depreciation of fair value of the assets according to the date of acquisition.

- **Acquisitions and Disposals** - The results of businesses acquired are incorporated in the consolidated financial statements from the acquisition date; the results of businesses sold during the period are incorporated into the consolidated financial statements up to the effective date of disposal. Gains or losses from the disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the ownership interest that has been sold.

Upon the occurrence of operations that generate a loss of control over a subsidiary, the valuation of investment which results from the loss of control in the subsidiary must be based on the fair values of such companies.

If at the time of acquisition of an investment in an associate, Codelco’s share in the net fair value of identifiable assets and liabilities of the associate is higher than the cost of the investment, the Corporation recognizes revenue in the period in which such purchase was made.

- **Joint Ventures** - The entities that qualify as joint ventures, in which joint control exists over the operating and financial decisions, are accounted for using the equity method.

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- **Special Purpose Entities (SPE's)** - The substance of the relationship between Codelco and Fundación de Salud El Teniente (FUSAT), indicate that this entity is controlled by Codelco. As such, the consolidated financial statements of FUSAT are incorporated into the consolidation of Codelco, according to IAS 27. The consolidated financial statements of FUSAT include the following entities:

Entity	Country	Equity share percentage	
		12/31/2012	12/31/2011
Centro de Servicios Médicos Porvenir Ltda.	Chile	99.00%	99.00%
Inmobiliaria Centro de Especialidades Torre Médica S.A.	Chile	75.09%	75.09%
Inmobiliaria e Inversiones Río Cipreces Ltda.	Chile	99.99%	100.00%
Prestaciones de Servicios de la Salud Intersalud Ltda.	Chile	99.00%	100.00%
Institución de Salud Previsional Fusat Ltda.	Chile	99.69%	100.00%

- e) **Foreign currency transactions** - Monetary assets and liabilities denominated in foreign currency have been translated into U.S. dollars at the closing exchange rate of the period.

At the reporting period-end, monetary assets and liabilities denominated in currency other than the functional currency, indexed in unidades de fomento (UF or inflation index-linked units of account) (12/31/2012: US\$ 47.51 ; 12/31/2011: US\$ 43.03), are translated into U.S. dollars at the closing exchange rates of each period.

Income and expenses denominated in Chilean pesos have been translated into U.S. dollars at the exchange rate at the date when the transaction was recorded in the accounting records.

Exchange differences are recognized in net income in accordance with IFRS.

The financial statements of subsidiaries, associates and jointly controlled entities, whose functional currency is different from the presentation currency of Codelco, are translated using the following procedures:

- Assets and liabilities for each statement of financial position presented shall be translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive income shall be translated at average exchange rates of the reporting period.

All resulting exchange differences are recognized as a separate component of net equity.

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The exchange rates used in each period are as follows:

Rate	Period-end exchange rates	
	12/31/2012	12/31/2011
USD / CLP	0.00208	0.00193
USD / GBP	1.61629	1.55087
USD / BRL	0.48957	0.53588
USD / EURO	1.32188	1.29618

- f) **Offsetting Balances and Transactions:** As a general standard, assets and liabilities, income and expenses, are not offset in the financial statements, except for those cases in which offsetting is required or is allowed by some standard and the presentation is a reflection of the transaction.

Income or expenses arising from transactions which, for contractual or legal reasons, consider the possibility of offsetting and which the Corporation intends to liquidate for their net value or realize the assets and pay the liabilities simultaneously, are stated net in the statement of income.

- g) **Property, plant and equipment and depreciation** - Property, plant and equipment items are initially recognized at cost. After their initial recognition, they are recorded at cost, less any accumulated depreciation and any accumulated impairment losses.

The costs of property, plant and equipment items related to the extension, modernization or improvement representing an increase of the productivity, capacity or efficiency or an increase in the useful life of the assets is capitalized as cost of the corresponding assets.

Furthermore, investments in assets acquired under finance lease contracts are not legally owned by the Corporation until the corresponding purchase option is exercised.

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Items included in property, plant and equipment are depreciated in accordance with the straight-line method over their economic useful lives, which are summarized in the following table:

Items	Minimum useful life	Maximum useful life
Buildings	15 years	50 years
Plant and equipment	2 years	35 years
Fixtures and fittings	2 years	15 years
Motor vehicles	5 years	25 years
Mining Operations	20 years	35 years
Construction in progress (Mine development)	1 year	5 years
Land improvements	10 years	35 years
Other	5 years	24 years

The straight-line depreciation method mentioned above does not differ materially from depreciation results based on calculations which detect changes in production units.

The assets maintained under finance leases are depreciated during the estimated period of the lease contract or in accordance with the useful life of the assets, whichever is lower.

Estimated useful lives, residual values and the depreciation method are reviewed at each year end, recording prospectively the effect of any change in estimates.

The profit or loss from disposal or withdrawal of an asset is calculated as the difference between the price obtained in the disposal and the value recorded in the ledgers recognizing the charge or credit to net income for the year.

Work in progress includes the amounts invested in the construction of property, plant and equipment assets and in mining development projects. Works in progress are transferred to assets in operation once the testing period has terminated and when they are available for use, and start to be depreciated as of that moment.

The ore deposits owned by the Corporation are recorded in the accounting records at US\$1 (one US dollar).

Without limiting the foregoing, reserves and resources acquired as part of acquisitions of shares in companies where the economic value of such properties differs from the carrying amount are recorded at fair value less any accumulated losses for impairment, and deducting the value associated with the use and/or consumption of such reserves.

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Borrowing costs that are directly attributable to the acquisition or construction of assets that require a substantial period of time before they are ready for use or sale will be considered as part of the cost of property, plant and equipment items.

- h) Impairment of Property, Plant and Equipment and Intangible Assets** - Property, plant and equipment items and intangible assets of definite useful life are reviewed for impairment, in order to verify whether there is any indication that the carrying value cannot be recovered. If such an indicator exists, the recoverable amount of the assets is estimated to determine the extent of the impairment loss. Where the asset does not generate cash flows independently from other assets, Codelco estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

For assets with indefinite useful lives, the estimated recoverable amount is performed at the end of each year.

If the asset does not generate cash flows that are independent from other assets, Codelco determines the recoverable amount of the CGU to which the asset belongs.

For such purposes, each division of the Corporation has been defined as a cash generating unit.

The measurement of impairment includes subsidiaries and associates.

The recoverable amount of an asset will be the higher of the fair value less costs to sell the asset and its value in use. When evaluating the value in use, the estimated future cash flows are discounted using an interest rate, before taxes, that shows the market evaluations corresponding to the time value of money and the specific risks of the asset, for which the future cash flow estimates have not been adjusted.

If the recoverable value of an asset or cash generating unit is estimated to be less than its carrying amount, an impairment loss is immediately recognized, reducing the carrying amount up to its recoverable amount with a charge to net income. In case of a subsequent reversal of the impairment, the carrying amount increases to the reviewed estimate of the recoverable amount, but only to the point that it does not exceed the carrying amount that would have been determined if no impairment had been recognized previously. A reversal is recognized as a decrease in the charge for depreciation for the year.

For CGU's, future cash flow estimates are based on the estimates of future production levels, future prices of basic products and future production costs. IAS 36 "Impairment of Assets" includes a series of restrictions to the future cash flows that can be recognized regarding the restructurings and future improvements related to expenses. When calculating the value in use, it is also necessary to base the calculations on the current exchange rates at the moment of the measurement.

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- i) **Exploration, Mine Development and Mining Operations Costs and Expenses** - The Corporation has defined an accounting criterion for each of these costs and expenses.

Development expenses for deposits under exploitation whose purpose is to maintain production levels are charged to net income when incurred.

Expenses for exploration and drillings of deposits include the expenses destined to locate mineralized areas to determine their potential for commercial exploitation. The accounting policy for these expenses has been defined by the Corporation in accordance with IFRS 6 paragraph 9, which will mainly be treated as expenses in profit or loss in the period when the expenses occurred.

Pre-operating and mine development expenses (PP&E) incurred during the execution of a project and until its start-up are capitalized and amortized in relation to the future production of the mine. These costs include extraction of waste material, constructing the mine's infrastructure and other works carried out prior to the production phase.

Finally, the costs for the delimitation of new areas or deposit areas in exploitation and of mining operations (PP&E) are recorded in property, plant and equipment and are charged to net income during the period in which the benefits are obtained.

- j) **Income Taxes and Deferred Taxes** - Codelco and its Chilean subsidiaries record Income Tax based on the net taxable income determined as per the standards established in the Income Tax Law and Article 2 of the D.L. 2,398, as well as the specific tax on mining referred to in Law 20,026 of 2005. Its foreign subsidiaries record income tax according to the taxation standards of each country.

Deferred taxes due to temporary differences and other events that generate difference between the accounting and tax bases for assets and liabilities are recorded in accordance with the standards established in IAS 12 "Income taxes".

In addition, a deferred tax is recognized for the net income of subsidiaries, associates and special purpose entities, originated by withholding taxes on remittances of dividends paid by such companies to the Corporation.

- k) **Inventory** - Inventory is stated at cost, which does not exceed its net realizable value. The net realizable value represents the estimated sales price less all finishing costs and marketing, sales and distribution expenses. Costs have been determined according to the following methods:
- **Finished Products and Products in Process:** This inventory is stated at average production cost, according to the absorption costing method, including labor and the depreciation of

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property, plant and equipment, the amortization of intangible assets and the indirect expenses of each period.

- **Materials in Warehouse:** This inventory is stated at acquisition cost, and the Corporation determines an allowance for obsolescence considering the permanence in stock of slow moving materials in the warehouse.
 - **Materials in Transit:** This inventory is stated at cost incurred until the period-end date. Any difference, due to the estimate of a lower net realizable value of the inventory, in relation to its accounting value, is adjusted with a charge to net income.
- l) **Non-current assets classified as held for sale** - These assets are valued at the lower of its carrying amount and fair value less costs to sell.
- m) **Dividends** - The payment obligation of net revenues presented in the financial statements, as determined in Article 6 of D.L. 1,350, is recognized based on the accrued payment obligation.
- n) **Employee Benefits** - Codelco recognizes accruals for employee benefits when there is a current obligation as a result of the services provided.

The contract conditions stipulate, subject to compliance with certain conditions, the payment of an employee termination benefit when an employment contract ends. In general, this corresponds to one monthly salary per year of service and considers the components of the final remunerations which are contractually defined as the basis for the indemnity. This benefit has been defined as a long-term benefit.

Codelco has also agreed to post-employment medical care for certain employees, which are paid based on a fixed percentage of the monthly tax base of the employees covered by this agreement. This benefit has been defined as a post-employment medical care benefit.

The employee termination benefit obligation and the post-employment medical plans are calculated in accordance with valuations performed by an independent actuary, using the projected unit credit method, which are updated on a regular basis. The obligation recognized in the statement of financial position represents the net present value of the employee termination benefit obligation and the post-employment medical benefit. Actuarial gains and losses are recognized immediately in the statement of comprehensive income.

Management uses assumptions to determine the best estimate of these benefits. Such assumptions include an annual discount rate, mortality and morbidity tables, expected increases in compensation and future permanence, among other factors.

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In accordance with its operating optimization programs to reduce costs and increase labor productivity by incorporating new current technologies and/or practical management best practices, the Corporation has established employee retirement programs by means of related addenda to employee contracts or collective union agreements with benefits that encourage employees to retire. Accordingly, the required accruals are established based on the accrued obligation at current value. In case of employee retirement programs which involve multiyear periods, the provisioned obligations for these concepts, are updated considering a discount rate determined by financial instruments for the same currency used to pay the obligations and similar maturities.

- o) Provisions for Dismantling and Restoration Costs** - An obligation, legal or constructive, arises when dismantling and restoration costs are incurred as a result of alterations caused by a mining activity (in development or in production). Costs are estimated on the basis of a formal closure plan and are subject to yearly reviews.

The costs arising from the obligation to dismantle the installation of a plant or other project for the preparation of the site, discounted at their net present value, are accrued and capitalized at the beginning of each project, at which time the obligation to incur such costs is arises.

These dismantling costs are recorded in income via the depreciation of the asset that gave rise to this cost, and the provision is used when the dismantling takes place. Subsequent changes in the estimates of liabilities related to dismantling are added to or deducted from the costs of the related assets in the period in which the adjustment is made.

The restoration costs are accrued at their net present value against operating income, and the provision is used in the period during which the restoration works are performed. Changes in measurement of the liability related to the location of the mining activity (discount rate or time) are recorded in operating income and depreciated based on the useful lives of assets which give rise to these changes.

The effects of updating the liability, due to the discount rate and/or time, are recorded as finance costs.

- p) Leases – (Codelco as a lessee)** – Leases are classified as finance leases when the terms of the lease transfer all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease costs under operating leases are charged to income over the lease term. Assets acquired under finance leases are recognized as assets at the start of the lease at either the fair value or the present value of minimum lease payments for the discounted lease at the contracted interest rate, whichever is lower. Interest is charged in the finance costs, at a fixed periodic rate, in the same depreciation period of the asset. The lease obligations net of financing costs are included in other current or non-current liabilities, as appropriate.

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Under the provisions of International Financial Reporting Interpretations Committee ("IFRIC") 4 (IFRIC 4) titled "Determining whether an Arrangement Contains a Lease", an arrangement is, or contains a lease at the start date, if it uses a specific asset or assets or if it grants the right to use the asset, even if that right is not explicitly specified. For agreements occurring before January 1, 2005, the start date is considered as January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

All take-or-pay contracts and any other service and supply contracts that meet the conditions established in IFRIC 4, are reviewed for indicators of a lease on inception.

- q) Revenue Recognition** - Revenue is recorded when ownership rights and obligations have been substantially transferred to the purchaser, according to the shipment or dispatch of the products, in conformity with the agreed upon conditions and are subject to variations related to the content and/or sales price at their liquidation date. Notwithstanding the foregoing, there are certain contracts for which the rights and obligations are substantially transferred based on receipt of the product at the buyer's destination point, and for these contracts revenue is recorded at the moment of transfer.

Sales contracts include a provisional price at the shipment date, whose final price is generally based on the price recorded in the London Metals Exchange ("LME"). In the majority of cases, the recognition of sales revenue for copper and other commodities is based on the estimates of the future spread of metal price on the LME and/or the spot price at the date of shipment, with a subsequent adjustment made upon final determination and presented as part of "Revenue". The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the "quotation period"). As such the final price will be fixed on the dates indicated in the contracts. Adjustments to the sales price occurs based on movements in quoted market prices on the LME up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and nine months. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices for the applicable metals.

Sales in the national market are recorded in conformity with the regulations that govern domestic sales as indicated in Articles 7, 8 and 9 of Law No. 16,624, modified by Article 15 of Decree Law No. 1,349 of 1976, on the determination of the sales price for the internal market.

As indicated in the note related to hedging policies in the metal futures market, the Corporation enters into operations in the futures market. The net results of these contracts are added to or discounted from the revenues.

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Additionally the Corporation recognizes revenue for providing services, mainly related to the processing of minerals bought from third parties. Revenue is recognized when the amounts can be measured reliably and when the services have been provided.

- r) **Derivative Contracts** - Codelco uses derivative financial instruments to reduce the risk of fluctuations in the sales prices of its products and of exchange rates.

Derivatives are initially recognized at fair value at the date on which the derivative is entered into and subsequently updated at fair value at each reporting date.

The effective part of the changes in fair value of the derivatives that are allocated as “effective cash flow hedges”, is recognized directly in equity, net of taxes, in the item “Cash flow hedge reserves”, while the ineffective part is recorded in the statements of comprehensive income, on lines Finance expenses or Finance income depending on the effect generated by the ineffectiveness. The amount recognized in net equity is not transferred to other comprehensive income account until the results of the hedged operations are recorded in the statements of comprehensive income or until the maturity date of such operations.

A hedge is considered highly effective when the changes in fair value or in the cash flows of the underlying item attributable to the hedged risk are offset with the changes in the fair value or in the cash flows of the hedge instruments, with effectiveness between a range of 80% - 125%. The corresponding unrealized profit or loss is recognized in comprehensive income for the period, only in those cases in which the contracts are liquidated or when they no longer comply with hedging characteristics.

The total fair value of the hedge derivatives is classified as a non-current asset or liability, if the remaining maturity of the hedged item is greater than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is lower than 12 months.

All derivatives designated as hedge instruments are classified as current or non-current assets or liabilities, respectively, depending on the maturity date of the derivative.

The derivative contracts entered into by the Corporation are originated by the application of the risk hedge policies indicated below, and are recorded as indicated for each case:

- *Hedging Policies for Exchange Rates*

From time to time the Corporation enters into exchange rate and interest rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are conducted in. Pursuant to the policies established by the Board of Directors these operations are only performed when there are a recognized assets or

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liabilities, the forecast of highly probable transactions or firm commitments, and not for investment or speculative reasons.

The results of foreign exchange insurance operations are recorded at the maturity or liquidation date of the respective contracts.

- *Hedging Policies in the Metal Futures Markets*

In accordance with the policies approved by the Board of Directors the Corporation entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

The hedging policies seek to protect expected cash flows from the sale of products by fixing the prices for a portion of future production, while to the extent necessary adjusting physical contracts to its standard commercial policies. When the sales agreements are fulfilled and the future contracts are settled, income from sales and futures operations is offset.

At each reporting date, these futures contracts are recorded and adjusted to marked-to-market and recorded at the settlement date of the hedging operations, as a part of the sales revenue of the products.

Hedging operations carried out by the Corporation are not of a speculative nature.

- *Embedded Derivatives*

The Corporation has established a procedure that allows for evaluation of the existence of embedded derivatives in financial and non-financial contracts. Where there is an embedded derivative, and if the host contract is not recorded at fair value, the procedure determines whether the characteristics and risks of the embedded derivative are not closely related to the host contract, in which case it requires a separate recording.

The procedure consists of an initial characterization of each contract that allows for distinguishing of those in which an embedded derivative could exist. In that case, the contract is submitted to a more in-depth analysis. If as a result of this evaluation it is determined that the contract has an embedded derivative that needs to be recorded separately, it is valued and the movements in its fair value are recorded in comprehensive income in the consolidated financial statements.

- s) **Financial Information by Segment** - For the purposes of IFRS 8, *Operating Segments* the segments are defined as Codelco's Divisions, plus the Ministro Hales Division, whose operation is expected to begin at the end of 2013. Income and expenses of the parent company are distributed in the defined segments.

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- t) **Presentation of Financial Statements** - For the purposes of IAS 1, *Presentation of the Financial Statements*, the Corporation establishes the presentation of its statement of financial position classified in "current and non-current" and of its statements of income in conformity with the "by function" method and its cash flows using the direct method.
- u) **Current and Non-Current Financial Assets** - The Corporation determines the classification of its investments upon initial recognition and reviews these at each closing date. This classification depends on the purpose for which such investments were acquired.

In this section the following categories are observed:

- *Financial Assets at Fair Value through Profit or Loss:*

This category includes those financial assets acquired for trading or sale in the short term. Their initial and subsequent recognition is performed at fair value, which is obtained as of the observable date in the market. The gains and losses from variations in fair value are included in net income for the period.

- *Loans Granted and Accounts Receivable:*

These correspond to financial assets with fixed or determined payments, and which are not quoted in an active market. Their initial recognition is at fair value, which includes the transaction costs that are directly attributed to the issuance of it. Subsequent to the initial recognition, these are stated at amortized cost, recognizing in the statements of comprehensive income the accrued interest according to the effective interest rate and the possible losses in value of these assets.

A loss in value of the financial assets stated at amortized cost is caused when there is objective evidence that the Corporation will not be able to recover all amounts in accordance with the original terms.

The amount of loss in value is the difference between the carrying amount and the net present value of the future cash flows discounted at the effective interest rate, and it is recognized as an expense in the statements of comprehensive income.

If in subsequent periods there is evidence of a recovery in the value of the financial asset stated at amortized cost, the recognized impairment loss will be reversed as long as it does not generate an amount in the financial asset ledgers that exceeds the one recorded prior to the loss. The accounting of the reversal is recognized in net income for the period.

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Finally, an account receivable is not considered recoverable when situations arise such as the dissolution of the company, lack of identifiable assets for its execution or a legal pronouncement.

- v) **Financial Liabilities** - Financial liabilities are recognized initially at fair value, net of the incurred transaction costs. As the Corporation does not own any financial liabilities held for trading, subsequent to their initial recognition, the financial liabilities are valued at amortized cost, using the effective interest rate method, recognizing the interest expenses based on the effective profitability.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or when appropriate, a shorter period when the associated liability has a prepayment option that is considered to be exercised.

Trade accounts payable and other payables are financial liabilities that do not explicitly accrue interest and are recorded at their nominal value.

The financial liabilities are derecognized when the liabilities are paid or expire.

- w) **Allowance for Doubtful Accounts** - The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and the aging of the items.
- x) **Cash and cash equivalents and Statement of Cash Flows prepared by direct method**- Cash equivalents are comprised of highly liquid investments, which have a limited risk in relation to possible changes in value, and maturities of which are less than 90 days from date of purchase.

For the purposes of preparing the statement of cash flows, the Corporation has defined the following:

Cash and cash equivalents in the statement of financial position include cash at banks and on hand, and short term deposits and other highly liquid short term investments with an original maturity of three months or less. In the statement of financial position, bank overdrafts are classified as external resources in current liabilities.

- **Operating Activities:** These are the activities that constitute the main source of operating income for the Corporation, as well as other activities that cannot be classified as investment or financing activities.

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- **Investing Activities:** These correspond to acquisition or sale activities or disposal through other methods of long-term assets and other investments not included in cash and cash equivalents.
 - **Financing Activities:** These are activities that cause changes in the size and composition of net equity and of financial liabilities.
- y) **Law No. 13,196** – According to Law No. 13,196, the return on foreign currency of Codelco's copper export sales (FOB), including byproducts is taxed at 10%. The amount for this concept is presented in the statement of income in the item Other expenses, by function.
- z) **Cost of Sales** - Cost of sales is determined according to the absorption cost method, including the direct and indirect costs, depreciation, amortization and any other expenses associated with the production process.
- aa) **Environment** - The Corporation adheres to the principles of sustainable development, which foster the economic development while safekeeping the environment and the health and safety of its collaborators. The Corporation recognizes that these principles are key for the wellbeing of its collaborators, care for the environment and success in its operations.
- bb) **Classification of Current and Non-Current Balances** - In the consolidated statement of financial position, the balances are classified according to their maturities, that is, as current those with a maturity equal to or less than twelve months and as non-current those with a greater maturity. Where there are obligations whose maturity is less than twelve months, but whose long-term refinancing is insured upon a decision by the Corporation, through credit agreements available unconditionally with long-term maturity, these could be classified as non-current liabilities.

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3. New accounting pronouncements not yet effective

As of the issuance date of these consolidated financial statements, the following IFRS and IFRIC interpretations have been issued by the IASB. Their application was not mandatory¹:

New IFRS	Date of mandatory application	Summary
IFRS 9, Financial Instruments	Annual periods beginning on or after January 1, 2015	Financial assets must be entirely classified on the basis of the business model of the entity for financial asset management and the characteristics of contractual cash flows of financial assets. Financial assets under this standard are measured either at amortized cost or fair value. Only financial assets classified as measured at amortized cost must be tested for impairment.
IFRS 10, Consolidated Financial Statements	Annual periods beginning on or after January 1, 2013	Establishes a single control model that applies to all entities (including special purpose entities). In addition, this standard requires that management exercise professional judgment in determining which entity is controlled and must be consolidated.
IFRS 11, Joint Agreements	Annual periods beginning on or after January 1, 2013	Establishes only two forms of joint agreements (joint ventures and joint operations). This standard uses the principle of control of IFRS 10 to determine whether there is joint control. There is no option for accounting for joint control entities (JCEs) using proportional consolidation. In the case of joint ventures, these must be accounted for using the equity method. For joint operations, which include jointly controlled assets, initial joint operations and initial joint control entities (JCEs) their assets, liabilities, income and expenses are recognized.
IFRS 12, Disclosure of interests in other entities	Annual periods beginning on or after January 1, 2013	Establishes the disclosures of IAS 27, IAS 31 and IAS 28. A number of new disclosures are included in this standard.
IFRS 13, Fair Value	Annual periods beginning on or after January 1, 2013	Establishes a single source to measure fair value. Does not change when an entity must use fair value. The standard changes the definition of fair value. Additionally incorporates certain new disclosures.

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IFRIC 20, Accounting for waste removal costs	Annual periods beginning on or after January 1, 2013	Establishes criteria for the recognition and measurement of assets for costs of removal (stripping cost) under production.
IFRS Amendments	Date of mandatory application	Summary
IAS 19, Employee Benefits	Annual periods beginning on or after January 1, 2013	Changes the accounting for defined benefit plans the termination benefits. For modification of defined benefits and plan assets, the focus of the broker is eliminated, recognizing past service costs in an accelerated manner. Changes in the defined benefits obligation and plan assets are broken down into three components: service costs, net interest on defined benefit, net liabilities (assets). Net interest is calculated using the rate of return for government issued bonds. This could be lower than the rate currently used to calculate expected return on plan assets, resulting in a decrease in net income for the period.
IAS 32, Financial Instrument Presentation	Annual periods beginning on or after January 1, 2014	Clarifies the requirements regarding the application of compensations between financial entries.
IFRS 7, Financial Instruments: Disclosures	Annual periods beginning on or after January 1, 2013	Establishes new requirements related to disclosures in order to improve the comparison between financial statements prepared under IFRS and US GAAP.
IAS 27, Separate Financial Statements (former IAS 27 - Consolidated and Separate Financial Statements)	Annual periods beginning on or after January 1, 2013	The name and content of this rule changed as a result of the publication of the new IFRS 10 - Consolidated Financial Statements. IAS 27 refers only to separate financial statements.
IAS 28, Investments in associate entities and joint ventures (former IAS 28 - Investments in Associates)	Annual periods beginning on or after January 1, 2013	The name and content of this rule changed as a result of the publication of the new IFRS 11 - Joint Arrangements.
IFRS 1, First time adoption of the International Financial Reporting Standards	Annual periods beginning on or after January 1, 2013	An exception is aggregated to record government granted loans on an interest rate lower than the market.

1 IAS, International Accounting Standards; IFRS, International Financial Reporting Standards, IFRIC, International Financial Reporting Standards Interpretations Committee

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Management is currently in the process of evaluating the initial effects of the application of the standards, amendments and interpretations that will be adopted in the consolidated financial statements of the Corporation in the respective years indicated.

a) Estimated impacts of IFRIC 20

The effects of the application of this standard will be presented in the following consolidated interimfinancial statements of Codelco published after January 1, 2013.

The interpretation requires for comparative purposes the appliance of the interpretation since January 1, 2012. If there should exist balances of stripping costs as of December 31, 2011 that were being treated using a different accounting policy than IFRIC 20 requires, those balances could be assigned to the stripping activity asset only and if those are related to the same mineral that creates benefits to the Corporation.

The current accounting policy applied by the Corporation recognizing stripping costs in the production phase is to capitalize stripping costs in line with the period when the future benefits are expected to be obtained by the extraction or new areas or levels to be explored by the Corporation.

The effects on the income statement are reflected based on the installments of depreciation based on the useful lives of the mineral being extracted so that at the end of the period all the remaining balance is being depreciated completely.

It is estimated that the impact of this standard on the financial statements at December 31, 2012 would be as follows (1):

Effects of IFRIC 20 on Retained earnings, as of January 1, 2012	ThUS\$
The balance of retained earnings, as of January 1, 2012 according to the prior accounting policies prior to applying IFRIC 20	1,709,068
Adjustments to the balances prior to applying IFRIC 20, net of deferred taxes	(22,923)
The balance of retained earnings, as of January 1, 2012 adjusted by IFRIC 20	1,686,145

Effects of IFRIC 20 on PP&E, net as of December 31, 2012	ThUS\$
The balance of PP&E, net as of December 31, 2012 under prior accounting policies	484,900
Adjustments to IFRIC 20	(60,174)
Booking under IFRIC 20	160,440
Adjusted balance of PP&E as of December 31, 2012	585,166

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Effects of IFRIC 20 on gain (loss), before taxes as of December 31, 2012	ThUS\$
Gain (loss) before taxes under prior accounting policies as of December 31, 2012 before applying IFRIC 20	3,875,320
Reverse of amounts recorded in the books before applying IFRIC 20	256,881
Booking under IFRIC 20	(157,110)
Gain (loss) before taxes after applying IFRIC 20 as of December 31, 2012	3,975,091

(1) These impacts will be reflected in the comparative financial statements for those submitted from January 1, 2012.

The Corporation anticipates no significant impacts with respect to other regulatory pronouncements.

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III. EXPLANATORY NOTES

1. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Items	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Cash On hand	4,703	11,738
Bank Balances	33,439	24,650
Time deposits	1,124,459	1,331,904
Mutual Funds – Money Market	11,137	7,240
Resale Agreements	90,085	7,344
Total Cash and Cash Equivalents	1,263,823	1,382,876

Valuation of time deposits is made on an accrual basis with an interest rate associated with each of these instruments.

The Corporation does not maintain any significant amounts of cash and cash equivalents that are not available for use.

2. Trade and other receivables

a) Accrual for open sales invoices

As mentioned in the Article of Summary of Significant Accounting Policies, the Corporation adjusts its revenues and balances from trade accounts receivable, based on future copper prices, by recording an accrual for open sales invoices.

When the future price of copper is lower than the provisional invoice amount, this provision is presented in the Statement of Financial Position as follows:

- Customers that have debt balances with the Corporation are presented in Current Assets, decreasing the amounts owed by these customers.
- Customers that do not have debt balances with the Corporation are presented in the item Trade and other payables under Current Liabilities.

When the future copper price is higher than the provisional invoice price, the provision is presented in current assets, increasing the amounts owed by customers.

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Based on the above-mentioned, trade receivables as of December 31, 2012 and 2011 include an accrual of ThUS\$ 36,534 and ThUS\$ (47,781), respectively, related to the accrual of open invoices.

b) Trade and other receivables

The following chart shows the amounts of Trade and other receivables, with their corresponding allowances:

Items	Current		Non-current	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade Receivables (1)	1,616,493	1,551,444	-	-
Allowance for doubtful accounts (3)	(1,925)	(2,027)	-	-
Subtotal trade receivables, Net	1,614,568	1,549,417	-	-
Other Receivables (2)	540,243	423,193	171,698	132,721
Allowance for doubtful accounts (3)	(5,708)	(4,341)	-	-
Subtotal other receivables, Net	534,535	418,852	171,698	132,721
Total	2,149,103	1,968,269	171,698	132,721

(1) Trade receivables are generated by sales of the Corporation, which are generally sold for cash or by bank guarantee.

(2) Other receivables include the amounts owed mainly by:

- Personnel of the Corporation, including short-term loans and mortgage loans, payment for which is withheld on a monthly basis from employee paychecks. The mortgage loans are backed by mortgage guarantees.
- Claims from insurance companies.
- Liquidations to the Central Bank as per Law 13,196.
- Advance payments to suppliers and contractors, to be discounted from the corresponding payment statements.
- Accounts receivable for toll services (Ventanas' Smelter).

(3) The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and the aging of the entries.

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The movement of the allowance for doubtful accounts in the periods ended at December 31, 2012 and 2011 are detailed as follows:

Movements of allowance for doubtful accounts	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Opening balance	6,368	6,557
Increases	1,841	279
Write-offs/applications	(576)	(468)
Movement, subtotal	1,265	(189)
Final balance	7,633	6,368

Past due and not impaired balances are detailed as follows:

Past-due and not impaired	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Less than 90 days	22,250	33,908
Between 90 days and 1 year	19,075	2,197
More than 1 year	24,975	7,181
Total past-due and not impaired	66,300	43,286

3. Balance and Related Party Disclosures

a) Transactions with the Board of Directors

According to the New Corporate Governance Law, Codelco's Board Members were affected in business with related parties, as described in Title XVI of the Corporations law (regarding transactions with related parties in publically traded companies and their affiliates).

As provided in the final paragraph of Article 147 b) of Title XVI, which contains exceptions regarding the approval process for related party transactions, the Corporation has set a general policy of regularity (reported to the SVS as a material fact), which establishes common transactions ordinarily made with its related parties within their line of business, contributes to their social interest and are necessary for Codelco's normal developmental activities.

In addition, consistent with the legal framework, the Corporation maintains within its internal framework a specific policy about transactions with persons and companies related to Codelco personnel. Codelco Corporate Standard No. 18 (NCC No. 18), whose latest version currently in force was approved by the Executive President and the Board.

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Codelco, without the authorization indicated in NCC No. 18 and the Board of Directors, when required by Law or the Corporate Statute, shall not enter into contracts involving one or more Directors, Executive President, members of the Committee of Managing Directors, Vice President, Legal Counsel, General Auditor, General Manager, Senior Management or staff who must make recommendations and/or has the authority to resolve tenders, purchases and assignments and/or purchases of goods and services and the staff that holds management positions (until the fourth hierarchical level in the organization), including their spouses, children and other relatives up to the 2nd degree of relation, with an interest in itself, directly, or represented by third parties or on behalf of another person. The NCC No. 18 obligates the Corporation's contract to declare all such relationships, as well as remove related job responsibilities from any member within these positions who may be involved.

This prohibition also includes the companies in which such individuals are involved through ownership or management, whether directly or through representation of other natural persons or legal entities, or individuals who have ownership or management interests in those companies.

The Board of Directors has been informed of the transactions covered by Codelco Corporate Standard No. 18, and upon which it must decide, according to this standard.

Among these operations are those indicated in the following chart, for the total amounts indicated, which need to be executed in the periods specified by each contract:

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Entity	Taxpayer number	Country	Nature of the relationship	Description of the transaction	1/1/2012	1/1/2011
					12/31/2012	12/31/2011
					Amount ThUS\$	Amount ThUS\$
Domingo Iraola Vera	2.320.212-3	Chile	Employee's relative	Services	-	8,550
Inmobiliaria e Inversiones Rio Cipreses	77.928.890-9	Chile	Special Purpose Entity	Services	216	-
Hatch Ingenieros y Consultores Ltda.	78.784.480-4	Chile	Employee's relative	Services	973	-
Centro de Capacitación y Recreación Radomiro Tomic	75.985.550-7	Chile	Other related	Services	700	-
Codelco Shanghai Company Limited	Foreign	China	Subsidiary	Services	400	-
Cosando Construcción y Montaje Ltda.	77.755.770-K	Chile	Employee's relative	Services	4,228	7,938
Fundación Orquesta Sinfónica Infantil de los Andes	65.018.784-9	Chile	Founder	Services	279	-
Kairos Mining S.A.	76.781.030-K	Chile	Other related	Services	56,065	-
Mining Information Communications and Monitoring S.A.	76.561.210-1	Chile	Ex associate	Services	-	181
Servicios Aridam S.A.	76.033.531-2	Chile	Employee's relative	Services	9,306	12,022
Nucleo Educativo S.A.	96.940.740-K	Chile	Director's ownership	Services	175	-
Ecometales Ltd.	59.097.530-9	Chile	Subsidiary	Services	10,713	23,255
Fundación de Salud El Teniente	70.905.700-6	Chile	Special Purpose Entity	Services	11,094	5,606
Biosigma S.A.	96.991.180-9	Chile	Subsidiary	Services	17	-
Minera Gaby S.p.A.	76.685.790-6	Chile	Ex associate	Services	561	-
Club Deportes Cobresal	70.658.400-5	Chile	Executive club president	Services	653	-
Consultora Jannet Troncoso C.E.I.R.L.	76.174.237-K	Chile	Employee's relative	Services	41	-
Exploraciones Mineras Andinas	99.569.520-0	Chile	Subsidiary	Services	-	83,000
CAID S.A.	76.069.751-6	Chile	Executive's relative	Services	-	-
ANMAR S.A.	76.134.358-0	Chile	Employee's relative	Services	1,525	438
B. BOSCH. S.A.	84.716.400-K	Chile	Executive's relative	Services	-	20,244
CIS Ingenieros Asociados Ltda.	88.422.600-7	Chile	Director's ownership	Services	24	26
E-CL S.A.	88.006.900-4	Chile	Associate	Services	-	900
Centro de Investigación Minera y Metalúrgica (Fundación sin fines de lucro)	70.001.300-6	Chile	Founder	Services	-	116
Isapre Chuquicamata Ltda.	79.566.720-2	Chile	Subsidiary	Services	3,637	123,479
Sinclair Knight Merz (Chile) Ltda	76.334.600-5	Chile	Executive's relative	Services	21	-
Clínica Río Blanco S.A	99.573.600-4	Chile	Subsidiary	Services	9,633	11,027
Instituto Innovación en Minería y Metalúrgica	96.854.500-0	Chile	Subsidiary	Services	40,200	10,300
Centro de Especialidades Médicas Río Blanco Ltda.	76.064.682-2	Chile	Subsidiary	Services	11,390	10,990
S & S Ingenieros Consultores Ltda.	84.146.100-2	Chile	Employee's relative	Services	85	-
Salomón Sack S.A.	90.970.000-0	Chile	Director's ownership	Supplies	1,036	1,627

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b) Key Personnel of the Corporation

In accordance with the policy established by the Board of Directors and its related regulation, those transactions affecting the Directors, its Executive President, Vice presidents, Corporate Auditor, the members of the Divisional Management Committees and Divisional General Managers should be approved by this Board.

During 2012 and 2011, the members of the Board of Directors have received the following amounts as per diems, salaries and fees:

Name	Taxpayer number	Country	Nature of the relationship	Description of the transaction	1/1/2012	1/1/2011
					12/31/2012	12/31/2011
					Amount ThUS\$	Amount ThUS\$
Jorge Bande Bruck	5.899.738-2	Chile	Director	Director's fees	108	109
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Payroll	47	44
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director's fees	95	78
Jaime Gutiérrez Castillo	6.772.588-3	Chile	Director	Payroll	-	30
Jaime Gutiérrez Castillo	6.772.588-3	Chile	Director	Director's fees	-	26
Gerardo Jofré Miranda	5.672.444-3	Chile	Chairman of the Board	Director's fees	162	156
Marcos Büchi Buc (1)	7.383.017-6	Chile	Director	Director's fees	-	-
Fernando Porcile Valenzuela	4.027.183-K	Chile	Director	Director's fees	95	78
Andrés Tagle Domínguez	5.895.255-9	Chile	Director	Director's fees	95	78
Marcos Lima Aravena	5.119.963-4	Chile	Director	Director's fees	135	130
Juan Luis Ossa Bulnes	3.638.915-K	Chile	Director	Director's fees	95	71
Augusto González Aguirre	6.826.386-7	Chile	Director	Payroll	44	-
Augusto González Aguirre	6.826.386-7	Chile	Director	Director's fees	27	-

- (1) During the periods from January 1 to December 31, 2012 and 2011, the Corporation has not issued any payment instrument for the concept of remunerations to Mr. Marcos Büchi Buc, derived from his participation as Corporation Director, since he has expressly and irrevocably waived those payments, as well as any present or future collection action for such payments.

Through Supreme Decree of the Treasury Department No. 302, dated February 29, 2012, the method for determining the remunerations of the Corporation's directors was actualized. This document details the calculation method of such remunerations, as per the following:

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- a) The monthly salary of the directors of Codelco for participating in the Board meetings is fixed in the amount of Ch\$3,282,300 - (three million two hundred and eighty two thousand three hundred Chilean pesos).
- b) A unique monthly salary of Ch\$6,564,600 - (six million five hundred and sixty four thousand six hundred Chilean pesos) is established for the Chairman of the Board.
- c) Directors that shall participate in a Board Committee, whether the one referred to in Article 50 bis) of law No. 18,046 or another established by the by-laws of the Corporation, receive a single additional monthly amount of Ch\$1,094,100 - (one million ninety four thousand and one hundred Chilean pesos) for their participation, notwithstanding the number of committees in which they participate. In addition, the director holding the chair of the Directors' Committee shall receive a single monthly remuneration for his participation in committees of Ch\$2,188,200 - (two million one hundred eighty eight thousand and two hundred Chilean pesos).
- d) The compensation established in this legal document will be valid for a period of two years, starting from March 1, 2012, and will be adjusted as of January 1, 2013, following the same standards that apply to the employees of the public sector of the Republic of Chile.

The short-term benefits related to the executives of the Corporation, paid during the period January - December 2012, amount to ThUS\$ 10,773 (2011: ThUS\$ 7,180).

The criteria used to determine the remunerations of the executives were established by the Board on January 29, 2003.

Codelco made severance payments to senior executives in the amount US\$ 502, 000.

There were no non-current benefit payments during 2012 and 2011, different than those mentioned in the previous paragraph.

There are no share-based benefit plans.

c) Operations with Codelco Investees

In addition, the Corporation performs necessary commercial and financial transactions with entities in which it has capital ownership. The financial transactions correspond mainly to loans in checking accounts.

The commercial operations with related companies refer to the purchase and sale of products or services, at market conditions and prices and which do not consider interest or indexation. These companies, for 2012 and 2011, are the following: Sociedad GNL Mejillones S.A., Copper

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Partners Investment Corporation Ltd., Copper for Energy, Sociedad Contractual Minera Purén, Kairos Mining S.A., MI Robotic Solutions S.A., Sociedad Contractual Minera El Abra, Electroandina S.A., Agua de La Falda S.A., Ecosea Farming S.A., Comotech S.A., E-CL S.A., Deutsche Geissdraht GmbH, Inca de Oro S.A. and Anglo American Sur S.A..

The Corporation does not establish an allowance for doubtful accounts for the main items receivable from their related companies, as these have been registered by including the relevant safeguards in the respective debt contracts.

Accounts receivable from and payable to related companies as of December 31, 2012 and 2011, are detailed as follows:

Accounts receivable from related companies

Taxpayer Number	Company	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2012 ThUS\$	12/31/2011 ThUS\$	12/31/2012 ThUS\$	12/31/2011 ThUS\$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	19,238	46,065	41,022	75,602
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	3,232	50	-	-
Foreign	Copper Partners Invest. Company Ltd.	Bermuda	Joint venture	USD	6,345	10,226	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	USD	-	-	224	224
76.024.442-2	Ecosea Farming S.A.	Chile	Associate	CLP	480	-	59	34
76.781.030-K	Kairos Mining S.A.	Chile	Other investments	CLP	147	16	-	-
Total					29,442	56,357	41,305	75,860

Accounts payable to related companies

Taxpayer Number	Company	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2012 ThUS\$	12/31/2011 ThUS\$	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Extranjera	Copper Partners Investment Company Ltd.	Bermuda	Joint venture	USD	33,610	36,666	275,011	308,616
Extranjera	Deutsche Geissdraht GmbH	Germany	Associate	EURO	2,985	4,065	-	-
76.781.030-K	Kairos Mining S.A.	Chile	Other investments	CLP	-	20,138	-	-
76.869.100-2	Mining Industry Robotic Solutions S.A.	Chile	Associate	CLP	93	251	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	58,372	49,720	-	-
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	2,686	16,010	-	-
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	USD	45,618	-	-	-
Total					143,364	126,850	275,011	308,616

The transactions performed between the Corporation and its related companies during the years ended December 31, 2012 and 2011 are detailed in the next chart together with their corresponding effects on profit or loss:

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Taxpayer number	Company	Nature of the relationship	Country	Indexation currency	1/1/2012 12/31/2012		Amount ThUS\$
					Amount	Effects on net income (charges)/credits	
					ThUS\$	ThUS\$	
Foreign	Copper Partners Investment Co. Ltd.	Sales of products	Bermuda	USD	131,950	131,950	125,0
Foreign	Copper Partners Investment Co. Ltd.	Dividends received	Bermuda	USD	175,500	-	
77.762.940-9	Anglo American Sur S.A.	Purchase of products	Chile	USD	142,384	(142,384)	
76.775.710-7	Sociedad GNL Mejillones S.A.	Purchase of energy	Chile	USD	152,086	(152,086)	178,0
76.775.710-7	Sociedad GNL Mejillones S.A.	Collection of loan	Chile	USD	61,417	-	35,6
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan interests	Chile	USD	1,295	1,295	5,0
76.775.710-7	Sociedad GNL Mejillones S.A.	Guarantee fee	Chile	USD	753	753	6
76.133.034-9	Copper for Energy S.A.	Contribution	Chile	CLP	-	-	2
76.781.030-K	Kairos Mining S.A.	Purchase of services	Chile	CLP	14,248	(14,248)	20,4
76.781.030-K	Kairos Mining S.A.	Dividends received	Chile	CLP	96	-	
76.869.100-2	Mining Industry Robotic Solutions S.A	Purchase of services	Chile	CLP	523	(523)	1,2
96.701.340-4	SCM El Abra	Dividends received	Chile	USD	63,700	-	85,7
96.701.340-4	SCM El Abra	Purchase of products	Chile	USD	499,742	(499,742)	432,3
96.701.340-4	SCM El Abra	Sales of products	Chile	USD	65,857	65,857	58,1
96.701.340-4	SCM El Abra	Purchase of services	Chile	USD	1,732	(1,732)	5,8
96.701.340-4	SCM El Abra	Commissions received	Chile	USD	156	156	1
Foreign	Deutsche Geissdraht GmbH	Dividends received	Germany	EURO	1,381	-	1,3
73.063.022-5	Inca de Oro S.A.	Contribution	Chile	USD	6,764	-	
76.028.880-2	Minera Purén SCM	Dividends received	Chile	USD	14,000	-	

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d) Additional Information

On August 24, 2012, the Corporation, with the approval of its Board of Directors, purchased shares in Anglo American Sur SA, from Inversiones Anglo American Sur SA, Taxpayer number: 77,762,890-9, whose operation meant a disbursement of ThUS \$ 2,799,795 through the Corporation's subsidiary Inversiones Mineras Becrux SpA. That amount included ThUS \$ 1.1 million for the stake acquired by Mitsui.

The current and non-current account payable to the company Copper Partners Investment Company Ltd., corresponds to the balance of an advance payment received (US\$550 million) due to the commercial agreement with the company Minmetals.

The current and non-current receivables balance from Sociedad GNL Mejillones S.A. refers to a loan agreement signed with the company, with a maturity of December 31, 2016 and accrues an interest of Libor 180 days+3% until June 30, 2010. From July 1, 2010 to December 31, 2012 the interest rate is Libor 90 days+3% and afterwards the rate is being fixed at Libor 90 days +4.5% until the full payment by Sociedad GNL Mejillones S.A.

Products purchase transactions with Anglo American Sur S.A. correspond to both companies' normal operations to acquire copper and other products.

4. Inventories

Inventories as of December 31, 2012 and 2011 are detailed as follows:

Items	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Finished products	736,064	459,795
Subtotal finished products, net	736,064	459,795
Products in process	1,196,720	1,142,531
Subtotal products in process, net	1,196,720	1,142,531
Material in warehouse and other	581,128	485,012
Obsolescence allowance adjustment	(81,947)	(72,500)
Subtotal material in warehouse and other, net	499,181	412,512
Total	2,431,965	2,014,838

The value of finished products is stated net of unrealized profit corresponding to the purchase and sales operations of associates and subsidiaries, and which according to accounting standards need to be discounted from the entries that originated them.

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The inventory recognized as an expense in the cost of sales during period the ended December 31, 2012 and 2011, corresponds to finished products and amounts to ThUS\$10,781,926 and ThUS\$9,712,011, respectively.

The change in the obsolescence provision is described in the following table:

Movements of obsolescence allowance	ThUS\$
Initial Balance 1/1/2012	(72,500)
Additions	(39,130)
Reversals	29,683
Final Balance 12/31/2012	(81,947)

As of December 31, 2012 and 2011 Codelco has not written off inventory that has been recognized in the Statements of Comprehensive Income.

The Corporation performed inventory adjustments on those assets whose book value exceeds their net realizable value. This adjustment, for the year ended December 31, 2012, was ThUS\$ 48,937, while the book value of inventories adjusted, to December 31, 2012, corresponded to ThUS\$ 262,773. During the year ended December 31, 2011, no adjustments were made for this item.

5. Deferred taxes and income taxes

This provision is stated in the item Current Tax Liabilities, in current liabilities, net of monthly provisional tax payments and other tax credits (Note 6).

For the Specific Tax on Mining Activities, in accordance with Law 20,469, a tax rate of 5.7% was estimated for this fiscal period.

As a result of Law 20,630 becoming effective, the income tax rate increased from 17% to 20%.

The effect of this change resulted in a deferred tax liability with a charge to income of ThUS\$ 97,118.

With the entry into force of the Law on Mine Closure, and the publication of its rules in 2012, the expenses related to the closure tasks not correspond to accepted expenditure for purposes of specific tax to mining activity, therefore proceeded to reverse the deferred tax asset relating to the closure provisions with a charge to income of ThUS\$ 43,076.

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Deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Provisions	1,046,454	808,037
Unrealized gains	43,783	49,157
Finance lease	28,078	27,685
Specific mining tax	-	35,854
Derivatives - futures	9,112	317,888
Advances from clients	185,173	196,811
Derivatives interest rate swaps	-	70,259
Tax loss	28,265	-
Amortization in fair value of Anglo American Sur S.A. investment	8,817	-
Health care plans	14,654	14,879
Other	7,081	8,506
Total deferred tax assets	1,371,417	1,529,076

Deferred tax liabilities	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Financial liabilities under effective interest rate	-	138
Derivatives - exchange rate	706	-
Specific mining tax	41,236	-
Price-level restatement of property, plant and equipment, IFRS first time adoption	752,988	775,202
Valuation of employee termination benefit	109,646	81,566
Accelerated depreciation	2,520,323	2,206,342
Anglo American Sur S.A. investment	704,486	-
Income from fair value of mining properties	80,382	-
Other	70,745	6,070
Total deferred tax liabilities	4,280,512	3,069,318

The effect of deferred taxes affecting equity is summarized as follows:

Deferred taxes affecting Equity	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Cash Flow Hedge	(379,740)	(897,100)
Total deferred taxes affecting equity	(379,740)	(897,100)

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A reconciliation of taxes considering the legal tax rate and the calculation of the taxes actually paid is detailed as follows:

Items	12/31/2012				
	Taxable base 20%	Taxable base 40%	Tax rate 20%	Additional tax rate 40%	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit (losses) before taxes	6,248,526	6,248,526	1,249,705	2,499,410	3,749,115
Permanent differences 20%	(606,282)	-	(121,256)	-	(121,256)
Permanent differences 40%	-	(4,418,904)	-	(1,767,562)	(1,767,562)
Income from corporations and other	(310,676)	(310,676)	(62,135)	(124,270)	(186,405)
Income from contractual companies	(180,054)	-	(36,011)	-	(36,011)
Income from Isapres (Private health insurance companies)	(458)	-	(92)	-	(92)
Foreign exchange differences	2,556	2,556	511	1,022	1,533
Specific mining tax	(163,636)	(163,635)	(32,727)	(65,454)	(98,181)
Others	45,986	(27,542)	9,198	(11,017)	(1,819)
Anglo American Sur S.A. investment	-	(3,517,690)	-	(1,407,076)	(1,407,076)
Income from fair value of mining properties	-	401,917	-	160,767	(160,767)
Specific mining tax net for deferred tax	-	-	-	-	235,817
Change of criteria in Closure Law	-	-	-	-	43,076
Change in annual rate	-	-	-	-	101,945
Effect of subsidiaries	-	-	-	-	132,071
Total tax expense			1,128,449	731,848	2,373,206

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Items	12/31/2011				
	Taxable base 20%	Taxable base 40%	Tax rate 20%	Additional tax rate 40%	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit (losses) before taxes	5,547,150	5,547,150	1,109,430	2,218,860	3,328,290
Permanent differences 20%	(751,284)	-	(150,257)	-	(150,257)
Permanent differences 40%	-	(183,497)	-	(73,399)	(73,399)
Income from corporations and other	(192,514)	(192,514)	(38,503)	(77,006)	(115,509)
Income from contractual companies	(232,853)	-	(46,571)	-	(46,571)
Income from Isapres (Private health insurance companies)	1,391	-	278	-	278
Foreign exchange differences	(5,966)	(5,966)	(1,193)	(2,386)	(3,579)
Specific mining tax	(384,838)	(384,838)	(76,968)	(153,935)	(230,903)
Dividends receivable	-	67,104	-	26,842	26,842
Other	63,496	332,717	12,700	133,086	145,786
Specific mining tax net of deferred tax	-	-	-	-	358,738
Reverse from rate change	-	-	-	-	(20,118)
Effect of subsidiaries	-	-	-	-	48,544
Total tax expense			959,173	2,145,461	3,491,798

The deferred tax associated with the operation of Anglo American Sur S.A. is ThUS\$ 597,837, calculated at the time of operation with a rate of 17%. Due to the increase in the 1° Category Tax Rate from 17% to 20%, under Law No. 20,630 published on September 27, 2012, the effect of the change in the rate associated with the operation generates a higher deferred tax of Th\$ 106,449.

6. Current tax assets and liabilities

a) Current tax assets

This item shows the right to collect VAT fiscal credit, income taxes and other taxes receivable, and is detailed as follows:

Current tax assets	12/31/2012 ThUS\$	12/31/2011 ThUS\$
VAT fiscal credit	203,883	177,105
Other taxes	23,027	9,437
Income tax	400,660	68,388
Total	627,570	254,930

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b) Current tax liabilities

This item shows the income tax liabilities, net of monthly provisional payments:

Current tax liabilities	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Income tax payable	50,205	137,267
Total	50,205	137,267

7. Non-current assets classified as held for sale

At 1 of January, 2011, the ownership of E-CL S.A. was represented by Codelco's 40% participation (16.35% direct participation and 23.65% indirect participation through Inversiones Mejillones 2 S.A.), a 52.4% stake of Suez Energy Andino S.A. and a remaining 7.6% stake held by non-controlling shareholders.

Subsequently, on January 27, 2011, Codelco made the placement of 424,251,415 shares issued by E-CL S.A. (representing 40% of the shares of that company), which amounted to a total Ch\$ 509,101,698,000, equivalent to US\$ 1,051,558 million, according to the observed dollar exchange rate on the effective day.

The financial profit after tax generated during the period ended at December 31, 2011 by this operation was ThUS\$ 29,819.

8. Property, Plant and Equipment

- a) The balances of Property, plant and equipment at December 31, 2012 comparative with December 31, 2011, are as follows:

Property, Plant and Equipment, gross	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Work in progress	5,515,165	3,320,333
Land	119,265	101,057
Buildings	3,430,809	3,282,133
Plant and Equipment	11,465,568	10,632,843
Fixtures and fittings	35,648	35,085
Motor vehicles	1,434,168	1,263,540
Land Improvements	3,751,829	3,282,628
Mining Operations	3,652,641	3,061,596
Mine development	986,283	791,161
Other Assets	1,223,265	727,499
Total Property, Plant and Equipment, gross	31,614,641	26,497,875

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Property, Plant and Equipment, accumulated depreciation	12/31/2012	12/31/2011
	ThUS\$	ThUS\$
Work in progress	-	-
Land	-	-
Buildings	2,128,436	2,014,477
Plant and Equipment	6,660,692	6,049,883
Fixtures and fittings	27,286	24,821
Motor vehicles	806,856	724,028
Land Improvements	2,082,906	1,941,146
Mining Operations	1,920,653	1,534,597
Mine development	475,417	362,835
Other Assets	467,464	408,324
Total Property, Plant and Equipment, accumulated depreciation	14,569,710	13,060,111

Property, Plant and Equipment, net	12/31/2012	12/31/2011
	ThUS\$	ThUS\$
Work in progress	5,515,165	3,320,333
Land	119,265	101,057
Buildings	1,302,373	1,267,656
Plant and Equipment	4,804,876	4,582,960
Fixtures and fittings	8,362	10,264
Motor vehicles	627,312	539,512
Land Improvements	1,668,923	1,341,482
Mining Operations	1,731,988	1,526,999
Mine development	510,866	428,326
Other Assets	755,801	319,175
Total Property, Plant and Equipment, net	17,044,931	13,437,764

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b) Movement of Property, plant and equipment:

Movements	Work in Progress	Land	Buildings	Plant and Equipment	Fixtures and Fittings	Motor vehicles	Land Improvements	Mining Operations	Mine Development
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening Balance as of 1/1/2012	3,320,333	101,057	1,267,656	4,582,960	10,264	539,512	1,341,482	1,526,999	428,888
Additions	3,921,379	3	16,808	7,446	304	34	-	334,286	-
Disposals	(20,010)	-	(1,900)	(11,814)	-	(1,087)	(6)	(14,279)	-
Capitalizations	(1,585,623)	10,992	82,949	506,584	791	200,367	379,438	222,573	195,888
Depreciation and Amortization	-	-	(109,539)	(586,455)	(2,267)	(90,171)	(138,757)	(434,057)	(112,888)
Reclassifications	(190,746)	6,202	(433)	(70,723)	(510)	(20,497)	49,027	96,466	-
Impairment	-	-	-	(8,380)	(335)	-	-	-	-
Closure provision	-	-	50,824	441,937	227	12	38,688	-	-
Others	69,832	1,011	(3,992)	(56,679)	(112)	(858)	(949)	-	-
Total movements	2,194,832	18,208	34,717	221,916	(1,902)	87,800	327,441	204,989	82,888
Final Balance 12/31/2012	5,515,165	119,265	1,302,373	4,804,876	8,362	627,312	1,668,923	1,731,988	510,888

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Movements	Work in Progress	Land	Buildings	Plant and Equipment	Fixtures and Fittings	Motor vehicles	Land Improvements	Mining Operations	Mine Developments
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening Balance as of 1/1/2011	2,756,793	108,087	1,258,790	4,360,776	11,477	463,060	1,247,097	1,364,142	420,912
Additions	2,335,287	17,625	129,884	12,116	1,233	23	1,571	337,598	
Disposals	-	(19)	-	(12,280)	(106)	(4,336)	(2)	(49,052)	
Capitalizations	(1,441,799)	387	99,270	916,880	1,362	179,530	193,632	-	53,611
Depreciation and Amortization	-	-	(111,659)	(681,574)	(2,340)	(96,803)	(119,920)	(364,876)	(46,266)
Reclassifications	(273,272)	-	32,727	40,832	549	(1,450)	20,272	239,187	
Impairment	(7,259)	(6,277)	(10,525)	(42,348)	(106)	(569)	(1,168)	-	
Others	(49,417)	(18,746)	(130,831)	(11,442)	(1,805)	57	-	-	
Total movements	563,540	(7,030)	8,866	222,184	(1,213)	76,452	94,385	162,857	7,345
Final Balance 12/31/2011	3,320,333	101,057	1,267,656	4,582,960	10,264	539,512	1,341,482	1,526,999	428,257

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- c) The value of construction in progress, is directly associated with the operating activities of the Corporation and its subsidiaries, and relates to the acquisition of equipment and projects in construction.
- d) The Corporation has contracted insurance policies to cover the potential risks to which the various elements of property, plant and equipment are subject, and any claims that could arise from their activities during the period. These policies provide adequate coverage of the potential risks.
- e) Borrowing costs capitalized for the year ended December 31, 2012 amounted to ThUS \$ 96,805, calculated on an annual capitalization rate of 4.18%. The amount for the same period of 2011 was ThUS \$ 45,514 calculated on an annual compounding rate of 4.31%.
- f) The item "Other assets" under "Property, plant and equipment" includes:

Other assets, net	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Leasing assets	80,745	82,123
Mining properties from purchase of Anglo American Sur S.A. shares	402,000	-
Others	273,056	237,052
Total other assets, net	755,801	319,175

- g) With the exception of assets under lease whose legal title corresponds to the lessor, the Corporation currently has no ownership restrictions relating to assets belonging to Property, plant and equipment.

Codelco has not granted "Property, plant and equipment" assets as collateral to third parties in order to enable the realization of its normal business activities or as a commitment to support payment obligations.

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9. Investments accounted for using the equity method

The following table sets forth the carrying amount and the share of profit of the investments accounted for using the equity method:

Items	Equity Method		Accrued Net Income	
	12/31/2012	12/31/2011	1/1/2012	1/1/2011
	ThUS\$	ThUS\$	12/31/2012	12/31/2011
Investments in associates accounted for using the equity method	7,466,286	748,284	300,177	268,637
Joint Ventures	178,326	196,771	157,053	84,803
Total	7,644,612	945,055	457,230	353,440

a) Associates

Agua de la Falda S.A.

As of December 31, 2012, Codelco has a 43.28% interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

The line of business of this company is to exploit deposits of gold and other minerals, in the third region of the country.

Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994. As of December 31, 2012, Codelco has a 49% interest in Sociedad Contractual Minera El Abra, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

Company activities involve the extraction, production and marketing of copper cathodes.

Sociedad Contractual Minera Purén

As of December 31, 2012, Codelco has a 35% interest in Sociedad Contractual Minera Purén, with the remaining 65% owned by Compañía Minera Mantos de Oro.

This company's line of business is to explore, identify, survey, investigate, develop and exploit mineral deposits in order to extract, produce and process ore.

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Kairos Mining S.A.

Until November 26, 2012 Codelco maintained a 40% interest in Kairos Mining S.A., with the remaining 60% majority owned by Honeywell Chile S.A.

Kairos Mining S.A. provides automation and control services for industrial and mining activities and to license technology and software licenses.

On November 21, 2012, the Corporation sold part of its stake to Honeywell Chile SA. After the sale, Codelco held a 5 % share on December 31, 2012, while the remaining 95% was held by Honeywell Chile SA, resulting in revenue before tax of ThUS \$ 13.

Mining Industry Robotic Solutions S.A.

As of December 31, 2012, Codelco has a 36% interest in Mining Industry Robotic Solutions S.A., with the remainder owned by Support Company Limited with 53%, Nippon Mining & Metals Co. Ltd., 9% and Kuka Roboter GmbH, 2%.

The company's line of business is the research, design, creation, invention, manufacture, installation, supply, maintenance and marketing in any form or type of robot products, technology products of a robotic nature or complementary supplies necessary for the marketing and maintenance of those products that can be used in the mining and metals industry and related services; to produce under license, license and market the licensing of products, processes and technology services of a robotic nature for the mining and metallurgical industry, as well as any other form of use by third parties of products or services based on such technology. In addition, the company can also form all types of companies and participate as a partner or shareholder in any existing company.

Sociedad GNL Mejillones S.A.

As of December 31, 2012, Codelco has a 37% interest in Sociedad GNL Mejillones S.A., with the remaining 63% owned by Suez Energy Andino S.A. These interests were established on November 5, 2010 when the Corporation did not increase the capital agreed upon by the meeting of shareholders of such company. Before the actual increase, both the Corporation and Suez Energy Andino S.A. had a 50% interest each.

This company's line of business is the production, storage, marketing, transportation and distribution of all types of fuel, and the acquisition, construction, maintenance and operation of infrastructure facilities and construction projects necessary for transport, reception, processing and storage both in Chile and abroad, singly or in partnership with third parties.

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Comotech S.A.

As of December 31, 2012, Codelco has a 48.19% interest in Comotech S.A. through its indirect subsidiary Innovaciones en Cobre S.A.

The company's line of business is to carry out research activities to increase the demand for molybdenum at the national and international level through new and better applications, uses and/or markets.

Inca de Oro S.A.

On June 1, 2009 Codelco's Board authorized the formation of a company destined to developing studies to allow continuity of the Inca de Oro Project.

On February 15, 2011, the association of Codelco and Minera PanAust IDO Ltda. was approved in respect to the Inca de Oro deposit, with 66% of the share of Inca de Oro S.A. held by Minera PanAust IDO Ltda and Codelcomaintains a 34% share. Before the materialization of this association, Codelco owned 100% of the society.

This operation generated during the period ended at December 31, 2011 a net gain after taxes in the amount of ThUS\$ 33,669.

Copper for Energy S.A.

As of December 31, 2012, Codelco has a 25% interest in the share capital of International Copper Association Ltd., a 25% interest in Fundación Chile and a 25% interest in Universidad de Chile.

Copper for Energy S.A.'s line of business is to develop and commercialize new products and applications for copper, destined to make the most efficient use of energy and/ or to generate and utilize renewable energy; conducting and ordering research, carrying out studies and projects, rendering of training services and activities.

Ecosea Farming S.A.

At December 31, 2012, the indirect affiliate of Codelco, Innovaciones de Cobre S.A., holds a stake of 85.03% in Ecosea Farming S.A.. However, the Corporation does not exercise control over it, since it does not have the majority voting rights.

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The company's objective is the transfer, adaptation, research and development of technologies and support services based on copper and alloys for aquaculture and related areas, and the production and marketing of all forms of products and / or services obtained from them.

Deutsche Giessdraht GmbH

As of December 31, 2012, Aurubis and Codelco through its affiliate, Codelco Kupferhandel GmbH, have a 60% and 40% interest, respectively.

The company produces wire rods in its Emmerich, Germany facility.

Anglo American Sur S.A.

On August 24, 2012, the company Inversiones Mineras Acrux SpA. (Acrux) and its affiliates (the shares divided between Mitsui & Co. Ltd. (Mitsui) and Codelco, but with Codelco maintaining control), acquired a 29.5% share interest in Anglo American Sur S.A. (AAS), of which, 24.5% corresponds to the indirect ownership of Codelco on AAS.

Subsequently, on November 26, 2012, Codelco sold 44,900 of its shares of Acrux to its partner Mitsui, generating a profit before tax of ThUS \$ 7,626.

After the sale, and as of December 31, 2012, Codelco reduced its indirect share interest in AAS. to 20%, while Mitsui increased its participation to 9.5%.

At December 31, 2012, the control of AAS belongs to Inversiones Anglo American Sur S.A. with a 50.06% share interest, while the non-controlling interest corresponds to Acrux through its subsidiary Inversiones Mineras Becrux SpA., with a 29.5% and Mitsubishi group with a 20.44%.

The principal activities of the Company are the exploration, extraction, exploitation, production, processing and trading of minerals, concentrates, precipitates, copper bars and all metallic and non-metallic minerals, all fossil substances and liquid and gaseous hydrocarbons naturally presented. This includes the exploration, exploitation and use of all natural energy sources capable of industrial use and the products or by-products obtained, as well as any other related, connected or complementary activities in which the shareholders agree.

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The following table demonstrates the equity value and accrued results of investments in associates:

Associates	Taxpayer Number	Functional Currency	Equity Interest		Equity Method		Accrued Net Income	
			12/31/2012	12/31/2011	12/31/2012	12/31/2011	1/1/2012	1/1/2011
			%	%	ThUS\$	ThUS\$	12/31/2012	12/31/2011
Deutsche Geissdraht GmbH	Foreign	EURO	40.00%	40.00%	3,820	4,283	1,347	1,674
Agua de la Falda S.A.	96.801.450-1	USD	43.28%	43.28%	5,639	5,731	(92)	(26)
Sociedad Contractual Minera El Abra	96.701.340-4	USD	49.00%	49.00%	805,973	666,968	182,465	210,093
Minera Purén SCM	76.028.880-2	USD	35.00%	35.00%	9,096	23,033	62	17,626
Sociedad GNL Mejillones S.A.	76.775.710-7	USD	37.00%	37.00%	48,304	-	68,805	39,516
Kairos Mining S.A.	76.781.030-K	CLP	5.00%	40.00%	-	130	11	52
MI Robotic Solutions S.A.	76.869.100-2	CLP	36.00%	36.00%	1,615	2,241	(851)	(136)
Inca de Oro S.A.	73.063.022-5	USD	34.00%	34.00%	51,847	44,817	270	(149)
Anglo American Sur S.A.	77.762.940-9	USD	29.50%	-	6,537,503	-	47,503	-
Others					2,489	1,081	657	(13)
TOTAL					7,466,286	748,284	300,177	268,637

The following tables provide details of the assets, liabilities and major movements in investments in associates accounted for using the equity method and their respective results during period ended December 31, 2012 and 2011.

Assets and liabilities	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Current assets	2,404,840	808,605
Non-Current assets	6,789,002	1,717,531
Current liabilities	1,004,201	513,798
Non-Current liabilities	1,692,517	361,182

Net Income	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Revenue	4,858,707	1,752,929
Cost of sales	(3,351,045)	(1,167,780)
Profit for the period	1,507,662	585,149

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Movements of Investment in Associates	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Opening balances	748,284	561,730
Contributions	6,764	22,259
Purchase of the participation (1)	2,799,795	-
Adjustments for fair value participation acquisition (1)	3,690,205	-
Dividends	(79,177)	(85,750)
Net income for the period	300,177	268,637
Foreign exchange differences	(64)	(228)
Fair Value adjustment by the Loss of control	-	20,904
Transfer of negative equity	(15,462)	(30,094)
Other comprehensive income	(5,039)	(12,001)
Other	20,803	2,827
Final balance	7,466,286	748,284

(1) Corresponds to the investment in Anglo American Sur S.A., totaling ThUS\$6,490,000.

b) Joint ventures

At December 31, 2012, the Corporation participates in the Copper Partners Investment Company Limited Joint venture. This partnership dates from March 2006 when Codelco Chile through its subsidiary Codelco International Ltd., executed the agreement with Alumbr Enterprises Limited (a subsidiary of Minmetals) to form the company, in which both companies hold equal interests.

Assets and liabilities	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Current assets	54,397	210,515
Non-Current assets	308,621	308,616
Current liabilities	6,370	40,161
Non-Current liabilities	-	85,428

Net Income	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Revenue	447,503	490,846
Cost of sales	(133,397)	(321,240)
Profit for the period	314,106	169,606

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Movements of the investment in joint ventures	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Opening Balance	196,771	26,635
Net income for the period	157,053	84,803
Dividends	(175,500)	-
Distributions	-	(7,818)
Other comprehensive income	-	93,151
Other	2	-
Final Balance	178,326	196,771

c) Interest in negative equity

The Corporation, at December 31, 2012 and December 31, 2011, has an interest in the following negative equities (amounts expressed in ThUS\$):

Entity	Equity interest percentage	Negative Equity	
		12/31/2012	12/31/2011
Sociedad GNL Mejillones S.A.	37%	-	(41,789)
Copper for Energy S.A.	25%	-	(44)

d) Additional information about unrealized profit

The Corporation has recognized unrealized profit for purchases and sales of products, mining properties, property, plant and equipment and ownership rights. The most significant transactions include the transaction carried out in 1994 for the initial contribution of mining properties to Sociedad Contractual Minera El Abra.

During the year ended December 31, 2012 a gain of ThUS\$ 13,268 was recognized as unrealized profits with a balance of unrealized profits at December 31, 2012 of ThUS\$72,972 (compared to a balance at the December 31, 2011 of ThUS\$86,240), .

Codelco carries out copper purchases and sales with this company. At December 31, 2012, , the value of finished products in Inventory includes an unrealized profit accrual of ThUS\$6,971. At December 31, 2011 there is no accrual of unrealized profit.

e) Share in companies acquired at fair value versus carrying amount

The acquisition by Codelco of its participation in Anglo American Sur S.A., on August 24, 2012, was recorded based on the acquisition method, which involved the initial recognition of

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an investment in the amount of ThUS\$ 6,490,000, corresponding to the percentage of the share interest acquired (29.5%) over the fair value of the net assets of the company, while the book value at the acquisition date was ThUS\$ 1,217,668.

In determining the fair value of the net assets of the acquired share interest, the Corporation considered both the resources and mineral reserves that can be recovered reliably and the assessment of intangibles and all other considerations about assets and contingent liabilities was performed.

There was no difference between the fair value and the amount paid. Therefore, no goodwill was registered as a result of the operation.

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The fair value of the assets acquired and liabilities assumed at the acquisition date are as follows:

	(US\$ million)
Cash and cash equivalents	599
Hedging instruments	1
Trade receivable and other receivables	693
Inventories	211
Recoverable taxes	36
Current assets	1,540
Property, plant and equipments	17,718
Mining resources	9,218
Water rights	28
Intangibles	-
Non-current assets	26,964
Total Assets	28,504
Trade payables and other payables	1,598
Provision for employees benefits	76
Deferred taxes	4,339
Provisions	220
Non-Current liabilities	6,233
Trade payables and other payables	259
Provisions	12
Current liabilities	271
Capital	1,241
Retained earnings	2,895
Other reserves	17,864
Total Equity	22,000
Total Liabilities	28,504
Net Asset	22,000

Summary of the operation at acquisition date

(US\$ million)

Identifiable net assets at fair value of Anglo America Sur S.A.	22,000
Effective investment in the acquisition	29.5%
Total fair value of the investment	6,490
Amount paid in cash	2,800
Adjustment of fair value of the purchase option	3,690
Goodwill generated in the investment	-

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The allocation of the purchase price to fair value between the identifiable assets and liabilities has been prepared by management using its best estimates and taking into account all relevant information available at the time of the acquisition of Anglo American Sur S.A., and final determination will be completed within the period of 12 months from the date of acquisition.

The transaction has not resulted in the acquisition of control of the acquired company.

The Corporation used the model of discounted cash flows to estimate cash flow projections, based on the life of the mines. These projections are based on estimated production and future prices of minerals, operating costs and capital costs at the date of acquisition, among other estimates. Additionally, resources and potential resources to explore are not included in the plan because they have been valued separately using a market model. These resources include the concept of "Mineral Resources".

At December 31, 2012, neither the amount recognized for the total consideration transferred, nor the range of estimates or assumptions used to determine fair values at the acquisition date have changed.

The earnings before tax, corresponding to the proportion of the gains of Anglo American Sur S.A. recognized between the date of acquisition to December 31, 2012 was ThUS\$ 91,590, while the adjustment for depreciation and decrease in the fair value of the net assets of the company recognized at the acquisition date, meant an effect of lower profit before tax of ThUS\$ 44,087 and is decreasing the item "Equity in earnings (losses) of associates and joint ventures accounted for using the equity method" of the comprehensive income statement.

10. Subsidiaries

The following tables present a detail of the assets, liabilities and results of the Corporation's subsidiaries, prior to consolidation adjustments:

Assets and liabilities	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Current assets	509,590	697,933
Non-current assets	7,134,568	618,753
Current liabilities	478,875	431,813
Non-current liabilities	1,789,191	305,783

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At December 31, 2012, the Corporation absorbed the assets and liabilities of the Minera Gaby S.p.A. subsidiary, forming a part of the new Gabriela Mistral Division.

Net Income	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Revenue	2,458,238	2,634,729
Cost of sales	(2,363,448)	(2,477,072)
Profit (loss) for the period	94,790	157,657

11. Other non-current non-financial assets

Other non-current non-financial assets included in the consolidated statement of financial position as of December 31, 2012 and 2011 is detailed as follows:

Other non-current financial assets	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Anglo American Purchase Option (1)	-	162,558
Law No. 13,196 asset (2)	30,862	34,528
Other	6,815	6,864
TOTAL	37,677	203,950

- (1) On December 19, 2008, Empresa Nacional de Minería (ENAMI) assigned Codelco Chile the right to buy up to 49% of the shares of Anglo American Sur S.A.

The figures as of December 31, 2011, correspond to the amounts paid by Codelco to Enami in 2010.

During the 2012 trial between Codelco and Anglo American plc which occurred due to the exercise of the Call Option and before their reconciliation in August 2012, the value of this asset remained valued at cost plus any expenses incurred during the performance of the aforementioned option. Revaluation adjustments did not exist based on the fair value of this financial instrument because the characteristics and other factors present during the period made it difficult to determine the fair value in accordance with the terms set forth in IAS 39 AG81.

Due to the reconciliation recognized legally and the subsequent execution of the transaction on the terms stipulated in the settlement agreement, the Corporation proceeded to revalue the financial instrument based on fair value, which, as of the date of execution, amounted to ThUS\$3,690,205.

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As of December 31, 2012, no amounts were recorded for the asset corresponding to the right to purchase shares, since the Call Option, revalued as mentioned in the above paragraph, was provided to the affiliate Inversiones Mineras Becrux SpA. The final purchase option was agreed for the acquisition of 24.5% of the share interest of Anglo American Sur S.A. (details are disclosed in Note No. 9 a).

- (2) Corresponds to the recording of the commitment related to Law N°13,196, for the advance payment received for the copper sales contract signed with Copper Partners Investment Company Limited. This amount will be amortized according to the shipments made.

12. Current and non-current financial assets

Current and non-current financial assets included in the statement of financial position are detailed as follows:

Classification in the statement of financial position	12/31/2012				
	At fair value though profit and loss	Loans and receivables	Hedging derivatives	Available for sale	Total financial assets ThUS\$
Cash and Cash equivalents	11,137	1,252,686	-	-	1,263,823
Trade and other current receivables	36,534	2,112,569	-	-	2,149,103
Rights receivables, non - current	-	171,698	-	-	171,698
Due from related companies, current	-	29,442	-	-	29,442
Due from related companies, non - current	-	41,305	-	-	41,305
Other current financial assets	-	7,825	884	-	8,709
Other non - current financial assets	-	11,820	121,180	-	133,000
TOTAL	47,671	3,627,345	122,064	-	3,797,080

Classification in the statement of financial position	12/31/2011				
	At fair value though profit and loss	Loans and receivables	Hedging derivatives	Available for sale	Total financial assets ThUS\$
Cash and Cash equivalents	7,240	1,375,636	-	-	1,382,876
Trade and other current receivables	(47,781)	2,016,050	-	-	1,968,269
Rights receivables, non - current	-	132,721	-	-	132,721
Due from related companies, current	-	56,357	-	-	56,357
Due from related companies, non - current	-	75,860	-	-	75,860
Other current financial assets	-	1,171	192,066	-	193,237
Other non - current financial assets	-	9,275	93,318	-	102,593
TOTAL	(40,541)	3,667,070	285,384	-	3,911,913

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- **Financial assets designated at fair value through profit or loss:** At December 31, 2012, this category mainly includes unfinished product sale invoices and mutual fund investments made by Codelco Chile subsidiaries.

The effects on results of open invoices are determined by the differences between the provisional price at the date of shipment and the futures price curve of products, as explained under the title Accounting policies (letter p of number 2 of Chapter II), while mutual funds affect the result by the change in fair value of shares.

- **Loans granted and receivables:** These correspond to financial assets with fixed or determinable payments that are not traded in an active market.

The effects on the period's statements of comprehensive income generated by these assets, come mainly from financial interest gains and from the exchange rate differences related to the balances in currencies other than the functional currency.

No material impairments were recognized in accounts receivable.

- **Hedging derivatives:** Correspond to the receivable balances for derivative contracts for the exposure generated by existing operations and which affect the period profit and loss from the liquidation of these operations. The detail of derivative transactions is included in Note 28.
- **Available-for-sale financial assets:** These correspond primarily to non-derivative financial assets that are specifically designated as available for sale or are not classified as: a) loans and receivables, b) investments held to maturity or c) financial assets carried at fair value through profit or loss (IAS 39, paragraph 9).

Within the period presented, there was no reclassification of financial instruments among the different categories established under IAS 39.

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13. Interest-bearing borrowings

Current and non-current interest-bearing borrowings correspond to Borrowings from financial institutions, Bond obligations and Finance leases, which are recorded by the Corporation at amortized cost using the effective interest rate method. The following tables detail the composition of the item “other financial liabilities, current and non-current.”

Items	12/31/2012					
	Current			Non-current		
	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$
Loans from financial entities	219,686	-	219,686	2,577,896	-	2,577,896
Bonds	594,006	-	594,006	6,511,090	-	6,511,090
Financial Lease	35,601	-	35,601	91,306	-	91,306
Hedge obligations	-	14,537	14,537	-	1,533	1,533
Other financial liabilities	949	-	949	80,499	-	80,499
Total	850,242	14,537	864,779	9,260,791	1,533	9,262,324

Items	12/31/2011					
	Current			Non-current		
	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$
Loans from financial entities	41,276	-	41,276	1,196,645	-	1,196,645
Bonds	802,954	-	802,954	5,008,399	-	5,008,399
Financial Lease	22,954	-	22,954	106,095	-	106,095
Hedge obligations	-	770,666	770,666	-	25	25
Other financial liabilities	5,574	-	5,574	83,990	-	83,990
Total	872,758	770,666	1,643,424	6,395,129	25	6,395,154

These items are generated by the following situations:

- ***Borrowings from financial institutions:***

The loans obtained by the Corporation to finance its production operations oriented towards the foreign market.

On August 23, 2012, the subsidiary Inversiones GacruX SpA (GacruX), agreed to funding from Oriente Copper Netherlands BV (a subsidiary of Mitsui & Co. Ltd.) for approximately US\$1,863 million, renewable monthly until November 26, 2012, after which, if not paid or renegotiated, will

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automatically become a loan with a 7.5 years maturity from the date of disbursement, and an annual rate of Libor + 2.5%. This credit has no personal guarantees ("non-recourse") on Codelco's part.

Codelco's indirect subsidiary Codelco Inversiones Mineras Becrux SpA used this funding for the acquisition of 24.5% of the shares of Anglo American Sur S.A. and other related expenses.

On October 31, 2012, new terms of the amended Credit Agreement were agreed, which remains without personal guarantees of Codelco ("non-recourse"), and establish a fixed rate of 3.25% per annum and a duration 20 years, to be payable in 40 semi-annual quotas of principal and interest. Under previous agreements, Mitsui is entitled to additional interest equivalent to one-third partsavings that result to GacruX from the difference between the refinanced credit and the credit agreement originally signed. Furthermore, Mitsui (through a subsidiary) held an option to purchase from GacruX an additional 15.25% of the shares issued by the company Inversiones Mineras Acrux SpA. ("Acrux"), at a fixed price of approximately US\$ 998 million to be used in full to prepay GacruX's debt under the Credit Agreement, reducing it to US\$ 875 million.

Subsequently, on November 26, 2012, Mitsui materialized the purchase of additional 15.25% share interest in Acrux, so Codelco reduced its debt with Mitsui, which at December 31, 2012, has a balance of ThUS\$ 853,647.

- **Bond obligations:**

On November 18, 2002, the Corporation issued and placed bonds on the domestic market, under the rules of the Superintendency of Securities and Insurance. These bonds were issued for a nominal amount of UF7,000,000, in a single series denominated Series A, and consist of 70,000 bonds for UF100 each. These bonds are payable in a single installment on September 1, 2012, with a 4.0% annual interest rate and with bi-annual interest payments. No balance was due at December 31, 2012.

On November 30, 2002, the Corporation issued and placed bonds on the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$435,000. These bonds are payable in a single installment on November 30, 2012, with a 6.375% annual interest rate and with bi-annual interest payments. No balance was due at December 31, 2012.

On October 15, 2003, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$500,000. These bonds are payable in a single installment on October 15, 2013, with a 5.5% annual interest rate and with bi-annual interest payments.

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On October 15, 2004, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$500,000. These bonds are payable in a single installment on October 15, 2014, with a 4.750% annual interest rate and with bi-annual interest payments.

On May 10, 2005, the Corporation issued and placed bonds on the domestic market for a nominal amount of UF6,900,000, in a single series denominated Series B, and consist of 6,900 bonds for UF1,000 each. These bonds are payable in a single installment on April 1, 2025, with an 3.96% annual interest rate and with bi-annual interest payments.

On September 21, 2005, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$500,000. These bonds are payable in a single installment on September 21, 2035, with a 5.6250% annual interest rate and with bi-annual interest payments.

On October 19, 2006, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$500,000. These bonds are payable in a single installment on October 24, 2036, with a 6.15% annual interest rate and with bi-annual interest payments.

On January 20, 2009, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$600,000. These bonds mature in a single installment on January 15, 2019, at an interest rate of 7.5% per annum with interest paid bi-annually.

On November 4, 2010 the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$1,000,000. These bonds mature in a single installment on November 4, 2020, at an interest rate of 3.75% per annum with interest paid bi-annually.

On November 3, 2011, the Corporation issued and placed bonds in the U.S. market under Rule 144A and Regulation S, for a nominal amount of ThUS \$1,150,000. These bonds mature in a single installment on November 4, 2021, with an interest rate of 3.875% per annum, with interest paid bi-annually.

On July 17, 2012, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of US\$ 2,000 million. The ThUS\$ 1,250,000 with an interest rate of 3% per annum mature on July 17, 2022 and the ThUS\$750,000 with an interest rate of 4.29% mature on July 17, 2042, and each have interest paid bi-annually.

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- ***Financial debt commissions and expenses:***

Obtaining financial resources generates, in addition to the interest rate, fees and other expenses charged by the financial institutions, and the Corporation receives the net value of the loans. These expenses are amortized based on the effective interest rate determined using the amortized cost method.

- ***Finance leases:***

Finance lease transactions are generated for service contracts, principally for buildings and machinery.

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At December 31, 2012, the detail of Borrowings from financial institutions and Bond obligations is as follows:

12/31/2012									
Taxpayer Number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest
Foreign	United States of America	Export pre-funding	BBVA Bancomer	09/27/2014	Floating	US\$	400,000,000	3 annual installments of principal at maturity	Quarterly
97836000-K	Chile	Bilateral Credit	Banco Santander S.A.	11/30/2015	Floating	US\$	75,000,000	Maturity	Quarterly
Foreign	Bermuda	Bilateral Credit	HSBC Bank Bermuda Limited	12/17/2015	Floating	US\$	162,500,000	Maturity	Quarterly
Foreign	United States of America	Bilateral Credit	Bank of Tokyo-Mitsubishi	12/22/2015	Floating	US\$	100,000,000	Maturity	Quarterly
97836000-K	Chile	Bilateral Credit	Banco Santander S.A.	12/23/2015	Floating	US\$	100,000,000	Maturity	Quarterly
Foreign	Canada	Bilateral Credit	Export. Dev. Canada	12/28/2015	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	United States of America	Bilateral Credit	Sumitomo Mitsui Banking	2/18/2016	Floating	US\$	100,000,000	Maturity	Quarterly
Foreign	United States of America	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US\$	100,000,000	Maturity	Quarterly
Foreign	United States of America	Bilateral Credit	Bank Of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	United States of America	Bilateral Credit	HSBC Bank United States of America. N.A.	10/11/2016	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	United States of America	Bilateral Credit	Export Dev Canada	11/03/2016	Floating	US\$	250,000,000	Maturity	Quarterly
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V.	11/26/2032	Fixed	US\$	874,959,000	Maturity	Semi annual
Foreign	Germany	Credit Line	HSBC Trinkaus & Burkhardt		Floating	Euro			
Foreign	Germany	Credit Line	Deutsche Bank		Floating	Euro			
			Other institutions						

TOTAL

Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest
144-A REG.S	United States of America	10/15/2013	Fixed	US\$	500,000,000	Maturity	Semi annual
144-A REG.S	United States of America	10/15/2014	Fixed	US\$	500,000,000	Maturity	Semi annual
144-A REG.S	United States of America	1/15/2019	Fixed	US\$	600,000,000	Maturity	Semi annual
144-A REG.S	United States of America	11/04/2020	Fixed	US\$	1,000,000,000	Maturity	Semi annual
144-A REG.S	United States of America	11/04/2021	Fixed	US\$	1,150,000,000	Maturity	Semi annual
144-A REG.S	United States of America	7/17/2022	Fixed	US\$	1,250,000,000	Maturity	Semi annual
BCODE-B	Chile	4/01/2025	Fixed	U.F.	6,900,000	Maturity	Semi annual
144-A REG.S	United States of America	9/21/2035	Fixed	US\$	500,000,000	Maturity	Semi annual
144-A REG.S	United States of America	10/24/2036	Fixed	US\$	500,000,000	Maturity	Semi annual
144-A REG.S	United States of America	11/04/2042	Fixed	US\$	750,000,000	Maturity	Semi annual

TOTAL

Nominal and effective interest rates presented above correspond to annual rates.

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At December 31, 2011, the detail of Borrowings from financial institutions and Bond obligations is as follows:

12/31/2011								Type of amortization	Payment of interest	Nominal rate
Taxpayer Number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount			
Foreign	United States of America	Bilateral Credit	BBVA Bancomer	09/27/2014	Floating	US\$	400,000,000	3 annual installments of principal at maturity	Quarterly	
97836000-K	Chile	Bilateral Credit	Banco Santander	11/30/2015	Floating	US\$	75,000,000	Maturity	Quarterly	0.7
Foreign	Bermuda	Bilateral Credit	HSBC Bank Bermuda Limited	12/17/2015	Floating	US\$	162,500,000	Maturity	Quarterly	1.3
Foreign	United States of America	Bilateral Credit	Bank of Tokyo-Mitsubishi	12/22/2015	Floating	US\$	100,000,000	Maturity	Quarterly	1.4
97836000-K	Chile	Bilateral Credit	Banco Santander	12/23/2015	Floating	US\$	100,000,000	Maturity	Quarterly	1.3
Foreign	Canada	Bilateral Credit	Export. Dev. Canada	12/28/2015	Floating	US\$	250,000,000	Maturity	Quarterly	1.4
Foreign	United States of America	Bilateral Credit	Sumitomo Mitsui Banking	02/18/2016	Floating	US\$	100,000,000	Maturity	Quarterly	1.3
Foreign	Germany	Credit Line	HSBC Trinkaus & Burkhardt		Floating	Euro	15,364,000			1.6
Foreign	Germany	Credit Line	Deutsche Bank		Floating	Euro	14,562,000			1.6
			Other institutions				-			
TOTAL										

Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate
BCODE-A	Chile	09/01/2012	Fixed	U.F.	7,000,000	Maturity	Semi annual	3.9
144-A REG.S	United States of America	11/30/2012	Fixed	US\$	435,000,000	Maturity	Semi annual	6.3
144-A REG.S	United States of America	10/15/2013	Fixed	US\$	500,000,000	Maturity	Semi annual	5.5
144-A REG.S	United States of America	10/15/2014	Fixed	US\$	500,000,000	Maturity	Semi annual	4.7
114-A REG.S	United States of America	01/15/2019	Fixed	US\$	600,000,000	Maturity	Semi annual	7.5
114-A REG.S	United States of America	11/04/2020	Fixed	US\$	1,000,000,000	Maturity	Semi annual	3.7
114-A REG.S	United States of America	11/03/2021	Fixed	US\$	1,150,000,000	Maturity	Semi annual	3.8
BCODE-B	Chile	04/01/2025	Fixed	U.F.	6,900,000	Maturity	Semi annual	4.0
144-A REG.S	United States of America	09/21/2035	Fixed	US\$	500,000,000	Maturity	Semi annual	5.6
144-A REG.S	United States of America	10/24/2036	Fixed	US\$	500,000,000	Maturity	Semi annual	6.1
TOTAL								

Nominal and effective interest rates presented above correspond to annual rates.

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At December 31, 2012, the detail of amounts due undiscounted that the Corporation has with financial institutions is as follows:

12/31/2012					Current			One to three years	Th five
Debtor's Name	Currency	Effective interest rate	Nominal rate	Type of amortization	Less than 90 days	More than 90 days	Current Total		
BBVA BANCOMER	US\$	0.57%	0.51%	3 annual quotes of principal at maturity	340	134,212	134,552	133,851	
BANCO SANTANDER S.A.	US\$	1.28%	1.16%	Quaterly	220	673	893	76,766	
HSBC BANK BERMUDA LIMITED	US\$	1.28%	1.16%	Quaterly	471	1,460	1,931	166,321	
THE BANK OF TOKYO M.	US\$	1.15%	1.06%	Quaterly	268	801	1,069	102,149	
BANCO SANTANDER S.A.	US\$	1.28%	1.16%	Quaterly	293	880	1,173	102,352	
EXPORT DEVELOP CANADA	US\$	1.23%	1.11%	Quaterly	694	2,120	2,814	255,627	
SUMITOMO MITSUI BANKING	US\$	1.23%	1.14%	Quaterly	288	860	1,148	2,308	
MIZUHO CORPORATE BANK LTD	US\$	1.21%	0.93%	Quaterly	467	475	942	1,894	
BANK OF TOKYO-MITSUBISHI LTD.	US\$	1.15%	0.84%	Quaterly	1,077	1,071	2,148	4,272	
HSBC BANK USA, N.A.	US\$	1.26%	0.95%	Quaterly	1,204	1,819	3,023	4,219	
EXPORT DEVELOP CANADA	US\$	1.18%	0.81%	Quaterly	520	1,542	2,062	4,123	
ORIENTE COPPER NETHERLANDS B.V.	US\$	3.60%	3.25%	Semi annual	-	71,829	71,829	139,392	
BONO 144-A REG. 2013	US\$	5.57%	5.50%	Semi annual	-	527,500	527,500	-	
BONO 144-A REG. 2014	US\$	4.99%	4.75%	Semi annual	-	23,750	23,750	523,750	
BONO 144-A REG. 2019	US\$	7.79%	7.50%	Semi annual	22,500	22,500	45,000	90,000	
BONO 144-A REG. 2020	US\$	3.98%	3.75%	Semi annual	-	37,500	37,500	75,000	
BONO 144-A REG. 2021	US\$	4.07%	3.88%	Semi annual	-	44,563	44,563	89,125	
BONO 144-A REG. 2022	US\$	3.16%	3.00%	Semi annual	18,750	18,750	37,500	75,000	
BONO 144-A REG. 2035	US\$	5.78%	5.63%	Semi annual	14,063	14,063	28,126	56,250	
BONO 144-A REG. 2036	US\$	6.22%	6.15%	Semi annual	-	30,750	30,750	61,500	
BONO 144-A REG. 2042	US\$	4.40%	4.25%	Semi annual	15,938	15,938	31,876	63,750	
Total ThUS\$					77,093	953,056	1,030,149	2,027,649	1,
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semiannual	138,000	138,000	276,000	552,000	
Total U.F.					138,000	138,000	276,000	552,000	
Subtotal MUS\$					6,567	6,567	13,135	26,269	
Total ThUS\$					83,660	959,623	1,043,284	2,053,918	1,

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At December 31, 2011, the detail of amounts due undiscounted that the Corporation has with financial institutions is as follows:

12/31/2011					Current			One to three years	Total
Debtor's Name	Currency	Effective interest rate	Nominal rate	Type of amortization	Less than 90 days	More than 90 days	Current Total		
THE BANK OF TOKYO M.	US\$	1.42%	1.32%	Quarterly	353	1,059	1,412	2,826	
HSBC BANK BERMUDA LIMITED	US\$	1.53%	1.41%	Quarterly	619	1,858	2,477	4,961	
				3 annual quotes of principal at maturity					
BBVA BANCOMER	US\$	0.80%	0.75		798	2,394	3,192	405,588	
EXPORT DEVELOP CANADA	US\$	1.50%	1.38%	Quarterly	933	2,802	3,735	7,481	
BANCO SANTANDER	US\$	1.49%	1.36%	Quarterly	277	833	1,110	2,223	
BANCO SANTANDER	US\$	1.55%	1.42%	Quarterly	385	1,155	1,540	3,084	
SUMITOMO MITSUI BANKING	US\$	1.45%	1.38%	Quarterly	348	1,084	1,432	2,791	
BONO 144-A REG. 2012	US\$	6.48%	6.38%	Semi annual	-	463,150	463,150	-	
BONO 144-A REG. 2013	US\$	5.57%	5.50%	Semi annual	-	27,824	27,824	527,842	
BONO 144-A REG. 2014	US\$	4.99%	4.75%	Semi annual	-	24,796	24,796	549,753	
BONO 144-A REG. 2035	US\$	5.78%	5.63%	Semi annual	14,161	28,324	42,485	56,684	
BONO 144-A REG. 2036	US\$	6.22%	6.15%	Semi annual	-	30,823	30,823	61,661	
BONO 144-A REG. 2019	US\$	7.79%	7.50%	Semi annual	22,986	23,005	45,991	92,224	
BONO 144-A REG. 2020	US\$	3.98%	3.75%	Semi annual	-	39,154	39,154	78,510	
BONO 144-A REG. 2021	US\$	4.07%	3.88%	Semi annual	-	46,050	46,050	92,286	
Total ThUS\$					40,860	694,311	735,171	1,887,914	
BONO BCODE-A 2012	U.F.	4.45%	3.96%	Semi annual	154,996	7,155,360	7,310,356	-	
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi annual	6,900	241,789	248,689	480,188	
Total U.F.					161,896	7,397,149	7,559,045	480,188	
Subtotal ThUS\$					6,954	317,738	324,692	20,626	
Total ThUS\$					47,814	1,012,049	1,059,863	1,908,540	

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Payment commitments for financial leasing transactions are summarized in the following table:

Financial Leasing	12/31/2012			12/31/2011		
	Gross ThUS\$	Interest ThUS\$	Net ThUS\$	Gross ThUS\$	Interest ThUS\$	Net ThUS\$
Less than one year	38,785	(3,184)	35,601	28,897	(5,943)	22,954
Between one and five years	76,538	(27,996)	48,542	85,842	(29,918)	55,924
More than five years	84,499	(41,735)	42,764	97,476	(47,305)	50,171
Total	199,822	(72,915)	126,907	212,215	(83,166)	129,049

Commitment to future payments for operating leases and lease payments recognized in the statements of comprehensive income are summarized in the following table:

Future payments for operating leases	12/31/2012	12/31/2011
	ThUS\$	ThUS\$
Less than one year	753,718	160,208
Between one and five years	386,619	188,733
More than five years	324,428	118,033
TOTAL	1,464,765	466,974

Rental fees recognized in the Statement of Comprehensive Income	12/31/2012	12/31/2011
	ThUS\$	ThUS\$
Minimum payments for operating leases	208,854	179,418

14. Fair Value of financial assets and liabilities

As the carrying amount of financial assets and liabilities is a reasonable approximation of their fair value, no incremental disclosures are required in accordance with IFRS 7.

15. Fair value hierarchy

Each of the estimated market values for the Corporation's portfolio of financial instruments is based on a calculation and data input methodology. Each of these methodologies has been analyzed to determine to which of the following levels they can be assigned:

- Level 1 corresponds to Fair Value measurement methodologies through market quotes (unadjusted) in active markets and considering the same valued Assets and Liabilities.

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- Level 2 corresponds to Fair Value measurement methodologies using market quote data, not included in Level 1, that are either directly (prices) or indirectly (derived from the prices) observable for the valued Assets and Liabilities.
- Level 3 corresponds to Fair Value measurement methodologies that use valuation techniques that include data on the valued Assets and Liabilities that are not supported by observable market data.

Based on the methodologies, inputs, and previous definitions the following market levels have been established for the financial instruments portfolio held by the Corporation at December 31, 2012:

Financial Assets and liabilities at fair value with an effect in profit and loss statement	12/31/2012			
	Level 1 ThUS\$	Level 2 ThUS\$	Level 3 ThUS\$	Total ThUS\$
Financial Assets:				
Provisionally priced sales contracts	-	36,534	-	36,534
Cross Currency Swap	-	121,180	-	121,180
Mutual fund units	11,137	-	-	11,137
Metals Futures	884	-	-	884
Financial Liabilities:				
Metals Futures	16,070	-	-	16,070

No transfers between different levels of market values were observed for the reporting period.

16. Trade and other payables

Total trade and other payables, current and non-current, are detailed as follows:

Items	Current Liabilities	
	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Trade payables	1,775,773	1,475,980
Payables to employees	23,611	22,519
Withholdings	116,905	88,723
Tax withholdings	167,146	50,791
Other payables	162,157	144,446
Total	2,245,592	1,782,459

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17. Other provisions

Other short-term accrued expenses and provisions as of the indicated dates are detailed as follows:

Other provisions	Current		Non-current	
	12/31/2012 ThUS\$	12/31/2011 ThUS\$	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Trade (1)	13,880	14,562	-	-
Operating (2)	36,014	43,810	-	-
Law No. 13,196	112,014	110,350	-	-
Sundry	47,987	41,792	6,869	25,922
Closure, decommissioning and restoration (3)	-	-	1,471,157	861,530
Contingencies	-	-	76,141	125,989
Total	209,895	210,514	1,554,167	1,013,441

Accrual for employee benefits	Current		Non-current	
	12/31/2012 ThUS\$	12/31/2011 ThUS\$	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Employees' collective bargaining agreements	214,598	209,525	-	-
Employee termination benefit	48,717	45,494	749,358	692,206
Bonus	4,888	3,715	-	-
Vacation	153,925	128,994	-	-
Medical care programs (4)	576	521	373,703	336,862
Retirement plans (5)	113,112	62,003	128,696	-
Other	14,159	8,999	71,537	63,898
Total	549,975	459,251	1,323,294	1,092,966

- (1) Corresponds to a sales-related accrual, which includes charges for freight, loading, and unloading that were not invoiced at the end of the period.
- (2) Corresponds to a provision for customs duties, freight on purchases, electricity, among others.
- (3) Corresponds to future asset retirement provision costs primarily related to tailing dams, closures of mine operations and other assets. The value is calculated in present value discounted at a real annual discount rate before tax of 3.04% in Chilean pesos, (in 2011 cash flows were expressed in Chilean pesos discounted at a rate of 3% in real terms), and reflects the corresponding assessments of the value of money in time that the market is being affected. The discount rate includes the risks associated with the liability that is being determined, except those that are included in the cash flows. The discount period varies between 11 and 82 years.
The new law on mine and mining facilities closure, published in the Official newspaper on November 11, 2011, will have effects in future periods on this provision, as mentioned in Note 29, "Contingencies and restrictions."
The Company determines and records the liability in accordance with the accounting policies mentioned in note 2, letter o) of the Accounting Policies.
- (4) Corresponds to an accrual for contributions to medical care institutions agreed upon with current and former employees.
- (5) Corresponds to an accrual for employees who have agreed or expected to agree to retire in accordance with plans in force for personnel retirement.

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In respect of these plans, and following the ending of the collective bargaining process that the Codelco - Chuquicamata administration had during the month of December 2012 with the unions of that Division, the Collective Agreement subscribed to by the parties established a scheduled voluntary retirement plan. As a result, the Corporation recognized a provision for this in current and noncurrent liabilities in the amounts of US\$73,371 and \$128,696, respectively. The values are discounted at a discount rate equivalent to that used for the calculation of provisions for employee benefits that are part of the account balances at December 31, 2012.

Movements of Other provisions were as follows:

Movements	1/1/2012 12/31/2012			
	Provision for mine closure	Contingencies	Other provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	861,530	125,989	25,922	1,013,441
Annual cost	8,457	143,773	2,790	155,020
Adjustment ARO	531,688	-	-	531,688
Financial expenses	26,813	-	-	26,813
Payment of liabilities	(25,809)	(195,165)	(2,803)	(223,777)
Foreign Exchange rate differences	62,286	1,544	(176)	63,654
Reverses	-	-	(15,462)	(15,462)
Other variations	6,192	-	(3,402)	2,790
Final Balance	1,471,157	76,141	6,869	1,554,167

18. Employee benefits

a) Provisions for post employment benefits and other long term benefits

Provision for post employment benefits corresponds to medical care plans and is intended to cover the payment obligations that the Corporation has contracted with its employees, according to contracts or collective bargaining agreements, to partially cover the costs of medical services.

Other long term benefits provision refers to employee termination benefit for years of service which is registered to reflect the termination liabilities to be paid to employees when they leave the Corporation based on the agreements in the employment contracts or collective bargaining agreements.

These accruals are recorded in the statement of financial position, at the present value of estimated future obligations. The discount rate applied is determined on the basis of the rates of financial instruments in the same currency in which the obligations are to be paid and with similar maturities.

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The results from adjustments and changes in actuarial variables are charged or credited to the statements of comprehensive income in the period in which they occur.

Actuarial assumptions for calculating the employee termination benefit accrual are as follows:

Actuarial assumptions	
Discount rate	5.49% --- 5.76%
Turnover rate - resignation	3.11% Men --- 0.25% Women
(Average) wage increase	1.08% - Annual
Men's retirement age	65
Women's retirement age	60

The Corporation has used the effective mortality schedules issued by the Superintendency of Securities and Insurance, last updated in 2009.

Reconciliation of post employment benefit and other long term benefits provision:

Movements	1/1/2012 12/31/2012		1/1/2011 12/31/2011	
	Retirement Plan	Health Plan	Retirement Plan	Health Plan
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	737,700	337,383	846,460	305,356
Cost	59,202	63,893	54,341	59,743
Finance expense	22,098	8,235	33,226	4,025
Indemnities paid	(41,857)	(13,282)	(102,065)	(12,189)
Subtotal	777,143	396,229	831,962	356,935
(Gains) Losses from foreign exchange differences	20,933	(21,950)	(94,262)	(19,552)
Total balance	798,076	374,279	737,700	337,383

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b) Employee benefits expenses by nature of the benefits

The costs associated with employee benefits classified by their nature, are:

Expenses according to the nature of the benefits	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Current benefits	1,814,171	1,649,717
Post-employment benefits	63,893	59,743
Employee termination benefits	218,570	74,311
Benefits for indemnities	59,201	54,341
Total	2,155,835	1,838,112

19. Net equity

In accordance with article 6 of Decree Law 1,350 of 1976, it is established that, before March 30 of each year, the Board must approve the corporation's Business and Development Plan for the next three-year period. Taking that plan as a reference, and keeping in mind the corporation's balance sheet for the immediately previous year, and in order to ensure its competitiveness, before June 30 of each year the amounts that the corporation shall allocate to the formation of capitalization funds and reserves shall be determined by founded decree from the Ministries of Mining and Treasury.

Net income shown in the balance sheets, after deducting the amounts referred to in the previous paragraph, shall belong to the State and becomes part of the Nation's general income.

On June 26, 2012, pursuant to Decree Law No. 674 of the Ministries of Mining and Finance the capitalization of reserve funds amounting to US\$ 800 million, corresponding to part of the profits generated by Codelco in 2011 was approved. Additionally and according to the provisions of decree law No. 1160 the Ministries of Mining and Finance authorized the retention of profits before tax for the year 2011 in an amount equivalent to US\$ 473 million through earnings obtained from the sale of electricity assets.

As of December 31, 2012 and December 31, 2011, no dividends payable were provisioned due to the Corporation's authorized net income withholding policy.

In the financial statement "Statement of Changes in Net Equity" the changes experienced in the Corporation's equity are disclosed.

Due to the bylaws that govern the Corporation, these financial statements do not consider disclosure of information related to earnings per share.

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The movement and composition of other equity reserves is presented in the Consolidated Statement of Changes in Net Consolidated Equity.

a) Other reserves

Other equity reserves are listed in the table below, as of the dates indicated in each case.

Other reserves	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Foreign exchange differences on conversion reserves	1,609	283
Cash flow hedge reserves	(5,673)	(272,349)
Capitalization fund and reserves	2,729,556	1,456,476
Other reserves	638,690	645,109
Total other reserves	3,364,182	1,829,519

b) Non-controlling equity interests

The details of non-controlling equity interests, included in liabilities and net income, are listed in the table below, as of the dates indicated in each case.

Company	Net Equity		Profit (loss)	
	12/31/2012	12/31/2011	1/1/2012	1/1/2011
	ThUS\$	ThUS\$	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Asociación Garantizadora de Pensiones	21	21	(1)	(1)
Biosigma S.A.	762	1,032	(1,270)	(1,092)
Instituto de Innovación en Minería y Metalurgia S.A.	3	4	(1)	-
Clínica San Lorenzo Ltda.	8	-	2	-
Micomo S.A.	-	946	(212)	32
Inversiones Mineras GacruX SpA	2,098,607	-	8,842	-
Fundación de Salud El Teniente	5	17	-	(1)
TOTAL	2,099,406	2,020	7,360	(1,062)

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20. Operating income

The following table shows the sources of the Corporation's consolidated revenue.

Item	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Revenue from sales of the Corporation's copper	13,556,369	15,565,681
Revenue from sales of copper bought to third parties	1,668,961	1,346,056
Revenue from sales of molybdenum	544,041	777,843
Revenue from sales of other products	855,636	1,053,776
Loss in futures market	(764,575)	(1,228,060)
Total	15,860,432	17,515,296

21. Expenses by nature

The Corporation's consolidated expenses by nature are detailed as follows:

Item	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Personnel Expenses	1,814,171	1,649,717
Depreciation	1,005,026	1,020,118
Amortization	601,139	465,239
Total	3,420,336	3,135,074

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22. Other revenues and expenses by function

Other revenues and expenses by function are detailed in the following tables:

a) Other income by function

Item	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Penalties to suppliers	16,583	21,189
Delegated Administration	4,518	6,423
Miscellaneous sales (net)	58,525	160,151
Profit of E-CL S.A. Sale	-	375,080
Profit of Inca de Oro Sale	-	72,463
Compensation by insurance companies	16,538	9,535
Stock option revaluation Anglo American Sur	3,517,690	-
Net fair value acquired mining properties	401,918	-
Income from sales of Inv. Mineras Acrux SpA. shares	7,626	-
Other income	68,941	81,344
Total	4,092,339	726,185

b) Other expenses by function

Item	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Law No. 13,196	(1,269,908)	(1,485,551)
Research expenses	(102,285)	(106,179)
Bonus for the end of collective bargaining	(418,006)	(179,245)
Closing expense	-	(10,606)
Retirement plan	(218,570)	(74,311)
Penalty fixed assets	(20,981)	(63,967)
Medical care plan	(63,893)	(59,743)
Actuarial results	-	(150,818)
Impairment Ventanas smelter	-	(70,000)
Expenses from sales of Inv. Mineras Acrux SpA. shares	(136,322)	-
Other Expenses	(45,989)	(106,906)
Total	(2,275,954)	(2,307,326)

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23. Finance costs

Finance costs are detailed as follows:

Item	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Bond interests	(289,219)	(183,834)
Bank loan interests	(26,597)	(9,009)
Exchange differences on severance indemnity provision	(22,098)	(33,226)
Exchange differences on other non-current provisions	(36,077)	(37,803)
Other	(32,287)	(30,624)
Total	(406,278)	(294,496)

24. Operating segments

In Section II, “Summary of Significant Accounting Policies” it has been indicated that, in conformity with IFRS No. 8, “Operating Segments”, the operating segments are determined according to the Divisions that make up Codelco. The revenues and expenses of the Head Office, are distributed among the defined operating segments.

Mining sites in operation, in which the Corporation carries out its extractive and processing production processes, are managed into the Chuquicamata, Radomiro Tomic, Salvador, Andina and El Teniente and Gabriela Mistral divisions. Additionally the Ventanas division is added even though it is operating only as a smelter and refinery, and Ministro Hales that is estimated to be opened at the end of 2013. Those operations are administered independently and are reporting directly to the Executive President. The details and operations related to each mine are the following:

Chuquicamata

Types of mine sites: open pit mines

Operating: since 1915

Location: Calama – Region II

Products: electrolytically refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

Radomiro Tomic

Types of mine sites: open pit mines

Operating: since 1997.

Location: Calama – Region II

Products: electrolytically refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

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Salvador

Type of mine: underground mine and open pit mine

Operating: since 1926

Location: Salvador – Region III

Products: electrolytically refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

Andina

Type of mines: underground and open pit mines

Operating: since 1970

Location: Los Andes – Region V

Product: copper concentrate

El Teniente

Type of mine: underground mine

Operating: since 1905

Location: Rancagua – Region VI

Products: fire-refined copper and copper anodes

Ministro Hales

In charge of the future development of the open pit mine Ministro Hales whose authorization is dated November 19, 2010. The estimated date for the start of operations is late 2013.

Gabriela Mistral

Type of mine: open pit mine

Operating: since 2008

Location: Calama – Region II

Products: electrolytic (electro-obtained) cathodes

a) Head Office Distribution

Revenue and expenses controlled by the Head Office are allotted to operating segments based on the criteria detailed as follows.

Main items are allocated according to the following criteria:

Sales and Cost of Sales of Head Office commercial transactions

- Distribution to the operating segments made proportionally to the value of the products and sub-products invoiced by each division.

Other income, by function

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- Other income by function, associated and identified with each operating segment, is allotted directly.
- Recognition of realized profits and other income by function of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining other income is distributed in proportion to the addition of balances of “other income” and “finance income” of the respective operating segment.

Distribution costs

- Expenses associated and identified with each operating segment are allotted directly.
- Distribution costs of subsidiaries are allotted in proportion to the operating income of each operating segment.

Administrative Expenses

- Administrative expenses associated and identified with each segment are allotted directly.
- Administrative expenses are recorded in cost centers associated with the sales function. Administrative expenses of subsidiaries are distributed in proportion to the operating income of each operating segment.
- Administrative expenses recorded in cost centers associated with the supply function are allocated in relation to material account balances in each division warehouse
- The remaining administrative expenses are distributed in relation to operating cash expenses of each operating segment.

Other Expenses, by function

- Expenses associated and identified with each operating segment are allotted directly.
- Expenses for pre-investment studies and other expenses of subsidiaries by function are distributed in proportion to the operating income of each operating segment.

Other Earnings

- Other earnings associated and identified with each individual operating segment are allotted directly
- Other earnings of subsidiaries are distributed in proportion to the operating income of each operating segment.

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Finance Income

- Finance income associated and identified with each operating segment is allotted directly.
- Finance income of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining finance income is distributed in relation to the operating cash expenses of each operating segment.

Finance costs

- Finance costs associated and identified with each operating segment in particular are allotted directly.
- Finance costs of subsidiaries are distributed in proportion to the operating income of each operating segment.

Share in profit (losses) of Associates and joint ventures, which are accounted for using the equity method

- The share in profit or losses of associates and joint ventures identified for each individual operating segment is allotted directly.

Foreign currency conversion

- Foreign currency conversion identifiable with each individual operating segment is allotted directly.
- Foreign currency conversion of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining foreign currency conversion is distributed in relation to operating cash expenses of each operating segment.

Contribution to the Treasury of Chile Law No. 13,196

- The amount of the contribution is distributed and accounted for in relation to values invoiced and accounted for in the copper and sub-product exports of each operating segment, subject to taxation.

Income tax income (expenses)

- First category income tax (corporate), of D.L. 2,398 and specific mining tax are distributed based on the pre-tax income of each operating segment, considering for this purpose the income and expenses distribution criteria of the Head Office and subsidiaries mentioned above.

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- Other tax expenses are distributed in proportion to the first category income tax, specific mining tax and D.L. 2,398 allotted to each operating segment.

b) Transactions between segments

Transactions between segments are made up mainly by products processing services (or maquilas), which are recognized as revenue for the segment that makes maquilas and as the cost of sales for the segment that receives the service. Such recognition is performed in the period in which these services are provided, as well as disposal of both factors on corporate financial statements.

c) Cash flow from segments

The operating segments defined by the Corporation, maintain a cash management which refers mainly to operational activities that need to be covered periodically with fixed funds constituted in each of these segments and whose amounts are not significant in the context of the category Corporate balances cash and cash equivalents.

Conversely, activities such as obtaining financing, investment and payment of relevant duties are mainly based at the Head Office.

d) Impairment

In its income statement for 2011, the Ventanas division operating segment presented an impairment loss of US\$70,000 before taxes, corresponding to the impairment of assets of property, plant and equipment assigned to this division based on the CGU evaluation method.

This impairment was registered under the valuation of the recoverable amount of the mentioned assets, which result was lower than their book value of them at December 31, 2011.

The recoverable amount for the assets of the Ventanas division is the use in value, and the discount rate used to calculate this was 8%.

No reversals of impairment were made during the years ended December 31, 2012 and 2011.

e) Anglo American Sur S.A. participation

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Presents separately, the financial economic effect of the result of the acquisition operation of the share participation of the company Anglo American Sur S.A., which are not distributed to the usual business operating segments of Codelco, by their character as investments valued at fair value.

The following tables detail the financial information organized by operating segments:

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From 1/1/2012 to 12/31/2012										
Segments	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Segments	Subsidiaries and associated companies
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue from sales of the Corporation's cooper	3,031,820	3,235,066	704,655	1,791,456	3,304,523	455,473	1,058,421	-	13,581,414	
Revenue from sales of cooper bought from third parties	-	-	-	-	-	94,717	-	-	94,717	
Revenue from sales of molybdenum	222,108	42,380	24,763	100,192	154,598	-	-	-	544,041	
Revenue from sales of other products	216,207	-	95,268	8,950	241,560	293,902	-	-	855,887	
Revenue from futures market	(163,893)	(195,229)	(39,792)	(116,313)	(190,211)	-	(59,032)	-	(764,470)	
Revenue between segments	101,312	-	44,323	1,273	1,459	62,315	-	-	210,682	
Revenue from regular activities	3,407,554	3,082,217	829,217	1,785,558	3,511,929	906,407	999,389	-	14,522,271	
Cost of sales of the Corporation's cooper	(2,515,466)	(1,531,901)	(768,278)	(928,703)	(1,626,354)	(471,960)	(632,115)	-	(8,474,777)	
Cost of sales of cooper bought from third parties	-	-	-	-	-	(106,891)	-	-	(106,891)	
Cost of sales of molybdenum	(69,583)	(24,702)	(15,997)	(24,417)	(41,039)	-	-	-	(175,738)	
Cost of sales of other products	(63,038)	(3)	(51,989)	(505)	(143,485)	(291,037)	-	-	(550,057)	
Cost of sales between segments	(231,605)	139,477	(78,388)	9,795	26,334	(76,295)	-	-	(210,682)	
Cost of sales	(2,879,692)	(1,417,129)	(914,652)	(943,830)	(1,784,544)	(946,183)	(632,115)	-	(9,518,145)	
Gross Profit	527,862	1,665,088	(85,435)	841,728	1,727,385	(39,776)	367,274	-	5,004,126	
Other revenue per function	56,708	9,724	9,832	5,722	44,385	1,803	6,913	178	135,265	
Distribution costs	(101)	(65)	(43)	(187)	(236)	-	-	-	(632)	
Administrative expenses	(65,390)	(52,736)	(24,958)	(34,409)	(76,044)	(14,321)	(36,946)	458	(304,346)	
Other expenses per function	(829,049)	(303,260)	(120,625)	(242,994)	(377,661)	(71,193)	(105,395)	42	(2,014,135)	
Other gains (losses)	-	-	-	-	-	-	-	-	-	
Finance income	4,005	1,701	889	1,436	6,460	899	465	25	15,880	
Finance costs	(89,037)	(22,209)	(5,281)	(132,569)	(78,146)	(3,573)	(62,543)	(32)	(393,390)	
Share in the profit (loss) of associates and joint ventures accounted by the equity method	159	-	(90)	294	-	-	(31,033)	-	(30,670)	
Exchange differences	(80,094)	(10,615)	(25,070)	(28,897)	(35,311)	(4,687)	(9,302)	1,544	(192,432)	
Profit (loss) before taxes	(474,937)	1,287,628	(250,781)	410,124	1,210,832	(130,848)	129,433	2,215	2,219,666	
Income tax expenses	241,719	(866,505)	152,607	(284,400)	(823,574)	79,220	(111,508)	(4,554)	(1,616,994)	
Profit (loss)	(233,218)	421,123	(98,174)	125,724	387,258	(51,628)	17,925	(2,339)	602,672	

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From 1/1/2011 to 12/31/2011									
Segments	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Segments
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue from sales of the Corporation's cooper	4,055,772	3,637,504	1,037,086	1,888,662	3,414,537	527,582	996,340	-	15,555,772
Revenue from sales of cooper bought from third parties	-	-	-	-	-	33,994	-	-	33,994
Revenue from sales of molybdenum	432,275	29,290	31,257	98,922	185,757	-	-	-	777,275
Revenue from sales of other products	469,878	-	166,836	5,791	209,570	368,715	-	-	1,221,890
Revenue from futures market	(329,285)	(291,592)	(86,912)	(166,856)	(275,177)	-	(76,788)	-	(1,228,518)
Revenue between segments	44,523	-	29,744	1,270	1,503	42,290	-	-	119,330
Revenue from regular activities	4,673,163	3,375,202	1,178,011	1,827,789	3,536,190	972,581	919,552	-	16,488,222
Cost of sales of the Corporation's cooper	(2,741,733)	(1,221,534)	(832,069)	(910,569)	(1,364,186)	(543,608)	(521,828)	-	(8,134,447)
Cost of sales of cooper bought from third parties	-	-	-	-	-	(34,497)	-	-	(34,497)
Cost of sales of molybdenum	(82,312)	(11,519)	(11,398)	(22,040)	(37,352)	-	-	-	(164,621)
Cost of sales of other products	(348,465)	-	(128,342)	(3,970)	(144,389)	(393,023)	-	-	(1,018,189)
Cost of sales between segments	22,086	97,953	2,393	11,950	39,067	4,052	-	-	177,491
Cost of sales	(3,150,424)	(1,135,100)	(969,416)	(924,629)	(1,506,860)	(967,076)	(521,828)	-	(9,179,321)
Gross Profit	1,522,739	2,240,102	208,595	903,160	2,029,330	5,505	397,724	-	7,308,899
Other revenue per function	79,070	9,630	10,167	17,678	65,974	3,241	-	5	185,765
Distribution costs	(194)	(43)	(16)	(109)	(152)	-	-	-	(514)
Administrative expenses	(63,424)	(17,651)	(25,474)	(26,895)	(71,166)	(13,723)	(21,474)	(367)	(240,989)
Other expenses per function	(633,392)	(406,236)	(124,024)	(205,905)	(630,085)	(145,668)	(93,076)	(235)	(2,238,385)
Other gains (losses)	-	-	-	-	-	-	-	-	-
Finance income	5,390	1,627	1,468	1,042	5,850	778	194	3	19,142
Finance costs	(87,383)	(12,178)	(9,011)	(70,477)	(58,773)	(3,161)	(45,028)	-	(286,933)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	286	-	(206)	(808)	-	-	(22,044)	-	(22,768)
Exchange differences	70,294	28,586	28,568	35,881	63,383	12,425	7,977	(3,623)	244,491
Profit (loss) before taxes	893,386	1,843,837	90,067	653,567	1,404,361	(140,603)	224,273	(4,217)	4,963,386
Income tax expenses	(645,906)	(1,226,886)	(54,448)	(448,913)	(967,274)	114,446	(145,852)	2,801	(3,379,752)
Profit (loss)	247,480	616,951	35,619	204,654	437,087	(26,157)	78,421	(1,416)	1,583,634

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The assets and liabilities related to each operating segment, including the Corporation's corporate center (Head Office) as of December 31, 2012 and 2011 are detailed in the following tables:

12/31/2012											
Balance Sheet Item	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries, associates and Head Office, net	Participation Anglo American Sur	Consolidated Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current asset	1,348,606	850,741	449,560	309,229	854,587	206,191	550,637	120,102	1,841,693	3,281	6,534,627
Non-current asset	3,304,986	1,535,565	637,243	3,507,881	3,716,190	252,403	1,049,336	2,222,911	1,944,388	6,939,503	25,110,406
Current liabilities	849,472	232,009	164,586	219,207	510,923	156,769	219,483	249,908	1,491,943	44,673	4,138,972
Non-current liabilities	1,252,439	260,746	160,320	253,355	829,236	39,255	93,336	-	10,882,773	1,556,821	15,328,281

12/31/2011										
Balance Sheet Item	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries, associates and Head Office, net	Consolidated Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current asset	1,234,261	714,252	337,625	298,668	796,300	251,296	220,463	93,490	1,960,565	5,906,920
Non-current asset	2,821,238	1,300,334	561,810	3,251,603	2,987,947	219,644	1,023,682	954,785	1,806,981	14,928,024
Current liabilities	629,056	181,284	144,564	232,512	425,734	106,737	463	127,904	2,567,828	4,416,082
Non-current liabilities	942,489	198,249	207,987	155,702	617,029	30,059	206	-	8,202,111	10,353,832

Revenue classified by geographical area is detailed as follows:

Revenue per geographical areas	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Total revenue from local customers	1,270,364	1,169,288
Total revenue from foreign customers	14,590,068	16,346,008
Total	15,860,432	17,515,296

Revenue per geographical areas	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
China	4,147,385	5,163,802
Rest of Asia	3,216,510	3,670,452
Europe	2,616,138	3,699,763
Other	5,880,399	4,981,279
Total	15,860,432	17,515,296

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Sales are allocated to different geographical areas depending on the residence of the clients that have signed sales contracts with Codelco.

Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts, are located mainly in Chile, with no significant exceptions located in foreign subsidiaries, and which do not exceed more than 1% of such assets.

25. Foreign exchange differences

According to Decree Law 1,350, the Corporation maintains its accounting records in United States dollars (US\$), recording transactions in currencies other than U.S. dollars at the exchange rate current at the date of each transaction and subsequently updating them, when necessary, according to the exchange rate determined by the Superintendency of Securities and Insurance as of closing reporting for each of the financial statements.

The following table summarizes the foreign exchange differences in Codelco Chile and subsidiaries consolidated statements of income:

Gain (loss) from foreign exchange differences recognized in income	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Gain from foreign exchange differences	131,329	364,354
Loss from foreign exchange differences	(297,130)	(147,356)
Total foreign exchange differences, net	(165,801)	216,998

26. Statement of cash flows

The following table shows the items that comprise other collections and payments from operating activities in the Statement of Cash Flows:

Other collections from operating activities	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
VAT Refund	1,749,426	1,343,162
Other	412,232	500,631
Total	2,161,658	1,843,793

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Other payments for operating activities	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Contribution to the Chilean Treasury (Law No. 13,196)	(1,263,896)	(1,576,057)
Finance hedges and sales	(780,529)	(1,223,076)
VAT and other similar taxes paid	(1,517,674)	(1,391,936)
Total	(3,562,099)	(4,191,069)

Other collections (payments) from sales (purchases) of investments in joint ventures and associates	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Purchase of participation in Anglo American Sur S.A.	(2,799,795)	-
Sale of ECL-S.A.	-	1,055,351
Sale of Inca de Oro S.A.	-	33,000
Total	(2,799,795)	1,088,351

Earnings before taxes generated by the recognition of the fair value of assets acquired in the purchase of the share interest of Anglo American Sur S.A., corresponding, first to shares of the company (ThUS\$ 3,517,690) and the other part to mining properties (ThUS\$ 401,918), did not generate positive effects to the cash flows of the Corporation (see Note 22.a).

On February, 15, 2011 the association of Codelco with Minera PanAust IDO Ltda. was approved in relation to the mine site Inca de Oro. Additionally, Codelco became the holder of an equity interest of 34%, down from 100%, ceding control of Inca de Oro S.A. to PanAust IDO Ltda. This operation generated a profit before tax of ThUS\$72,463, of which ThUS\$39,463 do not correspond to the materialization of cash earnings.

Loss of control over subsidiaries	1/1/2012 12/31/2012 ThUS\$	1/1/2011 12/31/2011 ThUS\$
Total consideration received	-	33,000
Consideration consisting of cash and cash equivalents	-	33,000
Balance of cash and cash equivalents in the subsidiaries (*)	-	575
Balance of other assets different than cash or cash equivalents (*)		
<i>Current assets</i>	-	489
<i>Non-current assets</i>	-	2,665
<i>Current liabilities</i>	-	18
<i>Non-current liabilities</i>	-	-
(*) Statement of Financial Position as of January 1, 2011		

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27. Financial risk management, objectives and policies

Codelco has created committees within its organization to generate strategies with which to minimize the financial risks to which it may be exposed.

As December 31, 2012, the Market Risk Management Committee, the Vice-presidency of Management and Finance and the Vice-presidency of Commercialization are responsible for minimizing exposure to financial risk.

The risks to which Codelco is exposed are detailed as follows, along with a brief description of the management procedures that are carried out in each case.

a. Financial risks

- Exchange rate risk:

According to IFRS 7, exchange rate risk is understood to be the risk that arises from financial instruments that are denominated in foreign currencies, that is, a currency other than the Corporation's functional currency (U.S. dollar).

Codelco's activities that generate this exposure correspond to funding in UF, accounts payable and receivable in Chilean pesos, other foreign currencies used in its business operations and obligations with employees.

The majority of transactions in currencies other than US\$ are denominated in Chilean pesos.

Taking the assets and financial liabilities as of December 31, 2012 as the base, a fluctuation (positive or negative) of 10 Chilean pesos against the U.S. dollar (keeping the other variables constant), could affect profits by + / - US\$27 million. This result is obtained by identifying the principle areas affected by exchange rate, including assets and financial liabilities, in order to measure the impact on income that a variation of +/- 10 Chilean pesos would have to US\$, with respect to the real exchange rate as of the date of this financial statement.

Codelco has signed deposits in national currency to cover the effects of exchange rate fluctuations between the dollar and the Chilean peso due to the obligations of the Corporation held in Chilean pesos.

As of December 31, 2012, the balance of these deposits is US\$ 539 million. As of December 31, 2011, no balances were maintained for deposits in Chilean pesos.

- Interest rate risk:

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This risk is generated by interest rate fluctuations in Codelco's investment and financing activities. This movement can affect future cash flows or the market value of fixed rate financial instruments.

These rate variations refer to U.S. dollar variations, mostly with respect to the LIBOR rate. To manage this risk, Codelco maintains an adequate combination of fixed and variable rate debt, which is complemented by the possibility of using interest-rate derivatives to meet the strategic guidelines defined by Codelco's Corporate Finance Department.

It is estimated that, on the basis of net debt as of December 31, 2012, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US\$16 million change in finance costs, before tax. This estimation is made by identifying the liabilities assigned to variable interest, accrued at the end of the financial statements, which may vary with a change of one percentage point in variable interest rates.

Total fixed and variable interest rate obligations maintained by Codelco as of December 31, 2012, amount to ThUS\$ 7,105,096 and ThUS\$ 2,797,582 respectively.

b. Market risks

- Commodity price risk:

As a result of its commercial operations and activities, the Corporation's income is mainly exposed to the volatility of copper prices and certain sub-products such as gold and silver.

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average market price for specified future periods. The host contract is the sale of metals contained in the concentrate or cathode at the provisional invoice price, and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. At the reporting date, the provisionally priced metal sales are marked-to-market, with adjustments (both gains and losses) being recorded in revenues in the consolidated statements of comprehensive income. Forward prices at the period end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets futures market.

As of December 31, 2012, if the future price of copper were to vary by + / - 5% (with the other variables constant), net income would vary by + / - US\$182 million as a result of the mark to market adjustment of sales revenue at provisional prices current at December 31, 2012 (ThTMF 469). For the indicated estimate, all physical sales contracts were identified that will be valued according to the average of the month immediately prior to the closing date of the financial

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statements, after which the definitive liquidation price will be estimated if there is a difference of +/- 5% with respect to the known future price on that date for the given period.

In order to protect its cash flows and, if necessary, adjust its sales contracts to its commercial policy, the Corporation performs transactions in the copper futures market. At the reporting date, the contracts are adjusted to their fair value, registering that effect, at the maturity of the hedge operations, being recorded in revenues of product sales.

Forward prices at the period-end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets future market.

As of December 31, 2012, a U.S.¢ 1 variation in the price per pound of copper, because of the effect on derivative instrument contracts entered into by the Corporation, would result in a variation in revenue or payments for existing contracts (exposure) of ThUS\$50, before taxes. This calculation is obtained from a simulation of the change of future copper prices, which are used to value all derivative instruments entered into by the Corporation. Estimates will vary if there is an increase / decrease of U.S. ¢ 1 in the price of the pound of copper.

No hedging contracts have been entered into for the specific purpose of mitigating the price risk caused by fluctuations in the price of production supplies.

c. Liquidity risk

The Corporation ensures that it has sufficient resources, such as pre-approved credit lines (including refinancing), in order to meet short-term requirements, after considering the necessary working capital for its operations and any other commitments it has.

In this sense, Codelco Chile maintains resources at its disposal sufficient to meet its obligations, whether in cash, liquid financial instruments or credit facilities. .

In addition, the Finance Department constantly monitors the Corporation's cash flow projections based on short and long term projections and available financing alternatives. In addition, the Corporation estimates that it has enough room to increase the level of borrowing for the normal requirements of its operations and investments established in its development plan.

In this context, according to current existing commitments with creditors, the cash requirements to cover financial liabilities classified by maturity and presented in the statement of financial position are detailed as follows:

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Maturities of financial liabilities at December 31, 2012	Less than a year ThUS\$	Between one and five years ThUS\$	More than five years ThUS\$
Loans from financial institutions	219,686	1,768,861	809,035
Bonds	594,006	497,966	6,013,124
Finance leases	35,601	48,542	42,764
Derivatives	14,537	1,533	-
Other financial liabilities	949	80,499	-
Total	864,779	2,397,401	6,864,923

d. Credit risk

This risk comprises the possibility that a third party does not fulfill its contractual obligations, thereby causing a loss for the Corporation.

Given the Corporation's sales policy, principally with cash and advance payments and bank letters of credit, the uncollectibility of client debt balances is minimal. This is complemented by the familiarity the Corporation has with its clients and the length of time it has operated with them. Therefore, the credit risk of these transactions is not significant.

In general, the Corporation's other accounts receivable have a high credit quality according to the Corporation's evaluations, based on each debtor's solvency analysis and payment history.

The maximum credit risk exposure as of December 31, 2012 is represented by the financial asset items presented in the Corporation's Statement of Financial Position.

The Corporation's accounts receivable do not include customers with balances that could be classified as a significant concentration of debt and would represent a material exposure for Codelco. This exposure is distributed among a large number of clients and other counterparties.

The client items include allowances, which are not significant, designed to cover possible insolvencies. These provisions are determined based on review of the debt balances and the clients' characteristics, to cover possible insolvencies.

Explanatory note 2 in "Trade and other receivables" presents overdue balances that have not been impaired.

The Corporation estimates that unimpaired amounts overdue over 30 days are recoverable based on clients' historical payment behavior and their existing credit ratings.

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As of December 31, 2012 and December 31, 2011, there are no receivable balances that have been renegotiated.

Codelco works with major banks, which have high national and international ratings, and continually assesses them; therefore, the risk that could affect the availability of the Corporation's funds and financial instruments is not significant.

Also, in some cases, to minimize credit risk, the Corporation has contracted credit insurance policies through which it transfers to third parties the commercial risk associated with some aspects of its business.

During the period as ended December 31, 2012 and 2011, no assets have been obtained as a result of the execution of guarantees contracted to insure the collection of third party debt.

Personnel loans are mainly generated by mortgage loans, according to programs included in collective agreements, which are guaranteed by housing mortgages which are paid for through payroll discounts.

28. Derivatives contracts

As stated in the Board of Directors' policy, ratified on March 27, 2009, the Corporation has operations to hedge cash flows, to minimize the risk of foreign exchange rate variations and sales price variations, detailed as follows:

a. Exchange rate hedges

The Corporation has protection operations from exchange rate variations, whose net deferred tax positive exposure amounts to ThUS \$ 470, which will expire in April 2025.

The following table summarizes the exposure of the financial hedges contracted by the Corporation:

Hedge Item	Bank	Type of derivative contract	Maturity	Currency	Amount of the hedge item ThUS\$	Swap value ThUS\$	Exposure ThUS\$
Bond UF Maturity 2025	Credit Suisse (USA)	Swap	4/1/2025	US\$	328,523	208,519	121,180
Total					328,523	208,519	121,180

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The current methodology for valuing the currency swap, using the bootstrapping technique from the Mid and Mid Swap rates for Libor build curves (zero) in UF and USD respectively, from market information.

b. Cash flows and commercial policy adjustment hedging contracts

The Corporation performs transactions in the futures market, recording their results at maturity. These results are added to or deduced from sales revenue. This addition or deduction is made because sales revenue incorporates the positive or negative effect of market prices. At December 31, 2012, these operations generated a lower net realized income of ThUS\$761,571 and a positive unrealized income of ThUS\$173 (plus an effect of higher net income equivalent to ThUS\$ 95 in subsidiaries), which is detailed below:

b.1. Commercial operations of current copper contracts

The purpose of these contracts is to adjust the price of shipments to the price defined in the Corporation's related policy, defined in accordance with the London Metal Exchange (LME). As of December 31, 2012, the Corporation performed futures market transactions that represent 374,540 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of December 31, 2012 present a ThUS\$15,359 negative exposure, and their final result will only be known at their maturity, offsetting the hedging transactions with revenue from the sale of the hedged products.

The transactions completed between January 1 and December 31, 2012 generated a net positive effect on net income of ThUS\$11,609, which is deducted from the amounts paid for purchase contracts and added to the values received for sales contracts of the products affected by these pricing transactions.

b.2. Commercial Transactions of Current Gold and Silver Contracts

As of December 31, 2012 the Corporation maintains contracts for pricing the sale of gold for ThTOZ 2.5 and silver for ThTOZ 120.8.

At December 31, 2012, there was a positive result of ThUS\$173, corresponding to non-effective exposure associated with these operations.

The transactions completed between January 1 and December 31, 2012 generated a negative effect on net income of ThUS\$247, which is subtracted from the amounts received for the sales contracts of the products affected by these pricing transactions. These hedging transactions mature in February 2013.

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b.3. Cash flow hedging operations backed by future production

The Corporation does not hold actual transactions at December 31, 2012, resulting from these operations, which allow protecting future cash flows, by ensuring the sales prices levels of production.

The futures transactions completed between January 1 and December 31, 2012, related to production sold, generated a lower income of ThUS\$772,933, which is the result of offsetting the hedging transaction and sales revenue from the sale of the products affected by this pricing. These results are presented by reducing net operating income.

The following table summarizes the exposure of the metal hedges contracted by the Corporation, indicated on previous letter b:

12/31/2012	Maturity Date						
ThUS\$	2013	2014	2015	2016	2017	Following	Total
Flex Com Copper (Asset)	685	-	-	-	-	-	685
Flex Com Copper (Liability)	(13,012)	(3,032)	-	-	-	-	(16,044)
Flex Com Gold/Silver	-	-	-	-	-	-	-
Price setting	-	-	-	-	-	-	-
Total	(12,327)	(3,032)	-	-	-	-	(15,359)

12/31/2011	Maturity Date						
ThUS\$	2012	2013	2014	2015	2016	Following	Total
Flex Com Copper (Asset)	176,973	1,554	-	-	-	-	178,527
Flex Com Copper (Liability)	-	(52)	-	-	-	-	(52)
Flex Com Gold/Silver	131	-	-	-	-	-	131
Price setting	(661,714)	(60,287)	-	-	-	-	(722,001)
Total	(484,610)	(58,785)	-	-	-	-	(543,395)

12/31/2012	Maturity Date						
Th TM/Onzas	2013	2014	2015	2016	2017	Following	Total
Copper Futures [TM]	323.0	51.0	-	0.5	-	-	374.5
Gold/Silver Futures [MOZ]	-	-	-	-	-	-	-
Copper price setting [TM]	-	-	-	-	-	-	-

12/31/2011	Maturity Date						
Th TM/Onzas	2012	2013	2014	2015	2016	Following	Total
Copper Futures [TM]	352.0	47.9	0.5	-	0.5	-	400.9
Gold/Silver Futures [MOZ]	424.2	-	-	-	-	-	424.2
Copper price setting [TM]	137.5	12.5	-	-	-	-	150.0

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29. Contingencies and restrictions

a) Litigations and contingencies

There are various lawsuits and legal actions initiated by or against the Corporation, which derive from its operations and the industry in which it operates. In general, these are civil, tax, labor and mining litigations, all related to the Corporation's activities.

In the opinion of Management and its legal advisors, the lawsuits in which the Corporation is being sued, and could have negative results, do not represent significant loss contingencies or cash flows. Codelco defends its rights and employs all corresponding relevant legal instances, resources and procedures.

The most significant lawsuits that involve Codelco are related to the following matters:

- Tax Lawsuits: There are several tax lawsuits due to Internal Revenue Service tax assessments, for which the Corporation has filed the corresponding opposition.
- Labor Lawsuits: Labor lawsuits filed by workers of the Andina Division against the Corporation, relating to occupational illness (silicosis).
- Mining and Other Lawsuits derived from operations: The Corporation has been participating and will probably continue to participate as a claimant and defendant in certain lawsuits relating to its operations and mining activities, through which it seeks to exercise or oppose certain actions or exceptions with regard to certain mining concessions that have been established or are pending constitution, and its other activities. These processes do not currently have a fixed amount and not essentially affect the development of Codelco.

A case by case analysis of these lawsuits has shown that there are a total of 234 cases that have a clearly estimated value. It is estimated that 31 of these, which represent 13% of the total and which amount to ThUS\$30,413, could have a negative impact on the Corporation. There are also 141 lawsuits, representing 60% of the total and which amount to ThUS\$46,101, about which there is no certainty that the outcome would be unfavorable for Codelco. For the 62 remaining cases, amounting to ThUS\$3,821, the Corporation's legal advisors believe that an unfavorable outcome is unlikely. In addition, there are 85 lawsuits for undetermined amounts; it is believed that the result of 29 of these could be unfavorable to Codelco.

The Corporation received liquidations No. 45, 46 and 47, issued dated June 29, 2012 by the Large Taxpayers Internal Tax Service (SII in spanish), all relating to the audit of the transactions that the Company has with investee Copper Partners Investment Company Limited, for which Codelco has asked the Review of the Performance Audit (RAF in spanish), joining similar audit

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request by the Liquidations No. 1 and No. 2 and SDF Ex. Resolution No. 1, issued dated July 30, 2010 by the Division of Enforcement of SII, in relation to transactions of the same types mentioned above. The SII, to December 31, 2012, has not made any pronouncements concerning these performance reviews audit made by the Corporation.

The necessary provisions have been made for the lawsuits with probable losses and their legal costs. These provisions are recorded as contingency provisions.

As is public knowledge, the Corporation has submitted Appeals for Protection before the respective Courts of Appeals, challenging the findings reported by the Labor Department, deriving from inspections performed under the framework of Law No.20,123, which regulates subcontracted work schemes and temporary service firms. Five of these appeals were accepted and one was rejected, the latter of which has been appealed by the Corporation. All appeals are currently pending in the Supreme Court.

b) Other Commitments

- i. On February 29, 2010, the Board agreed to continue mining operations of the Salvador Division until 2016, and if market and operating conditions are maintained, until 2021, both extensions are subject to the condition that management improvements and cost reduction commitments made by the Division are met, these commitments were filed at the Board of Directors in August 2010, and the extension was approved.
- ii. On May 31, 2005, Codelco, through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to form a company, Copper Partners Investment Company Ltd., in which both companies have an equal equity interest. A 15-year copper cathode sales contract to that associated company was agreed upon, as well as a purchase contract from Minmetals to the latter for the same period and for equal monthly shipments to complete a total of 836,250 metric tons. Each shipment shall be paid by the buyer at a price formed by a fixed re-adjustable component plus a variable component, which depends on current copper prices at the time of shipment.

During the first quarter of 2006 and on the basis of the negotiated financial terms, financing contracts were formalized with the China Development Bank allowing Copper Partners Investment Company Ltd. to make the US\$550 million advance payment to Codelco in March 2006.

As of December 31, 2012, the contract is operational, and monthly shipments began in June 2006.

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With regard to financial obligations incurred by the associate Copper Partners Investment Company Ltd. with the China Development Bank, Codelco Chile and Codelco International Ltd. must meet certain commitments, mainly relating to the delivery of financial information. In addition, Codelco Chile must maintain 51% ownership of Codelco International Limited.

According to the Sponsor Agreement, dated March 8, 2006, the Codelco International Ltd. subsidiary gave its participation in Copper Partners Investment Company Limited as a guarantee to the China Development Bank.

Subsequently, on March 14, 2012, Copper Partners Investment Company Ltd. paid off his debt to the abovementioned bank. As of December 31, 2012, Codelco does not hold any indirect guarantee regarding its participation in this associated company.

- iii. Regarding the financing agreement signed on August 23, 2012, between the subsidiary, Inversiones GacruX SpA and Mitsui & Co. Ltd. for the acquisition of the 24.5% stake in Anglo American Sur S.A., which was subsequently amended on October 31, 2012, includes a pledge over the shares that the subsidiary has on Inversiones Mineras Acrux SpA (shared participation with Mitsui and minority shareholder in Anglo American Sur S.A.), in order to ensure compliance with the obligations that the financial agreement contemplates.

This pledge extends to the right to collect and receive from Acrux, dividends which have been agreed in the corresponding meetings of shareholders of the company and any other distributions paid or payable to GacruX in respect of the pledged shares.

- iv. The Corporation has signed gas supply contracts with its associate GNL Mejillones S.A., which began operations in October 2010, and through this contract, the associate agrees to sell part of a minimum equivalent to 27 Terra BTU's (British Thermal Units) per year during the 2010 - 2012 period. Additionally, the Corporation has signed an option contract together with other participating mining companies that includes the option to:
- Acquire the right to the long-term use of the terminal's capacity from the end of the contract, or
 - To acquire the company's shares; the companies are committed to choosing one or other of these two alternatives.

On December 31, 2012, the Corporation has guarantees for 37% of the total exposure of the derivative transactions made by GNL Mejillones S.A., up to a maximum of ThUS\$ 229,400.

- v. Law 19,993 dated December 17, 2004, which authorized the purchase of the Fundación y Refinería Las Ventanas assets from ENAMI, established that the Corporation must ensure

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that the smelting and refining capacity required is maintained, without any restriction and limitation, for treating the products of the small and medium mining sector sent by ENAMI, under the form of toll production mode or another form agreed upon by the parties.

- vi. Obligations with the public for bond issues means that the Corporation must meet certain restrictions related to limits on pledges and leaseback transactions on its principal assets and on its ownership interest in subsidiaries.

The Corporation, as of December, 31, 2012 and 2011, has met these conditions.

- vii. On January 20, 2010, the Corporation signed two energy supply contracts with Colbún S.A., which includes energy and power purchases for a total of 351 MW. The contract provides a discount for that energy consumption due to lower demand from Codelco's SIC divisions with respect to the amount of contracted power. The discount is equivalent to the value of the sale of that energy on the spot market.

In addition, through a supplementary agreement, Codelco has ensured the supply by Colbún of 159 MW, adapted to Codelco's long-term energy and power requirements from the SIC of approximately 510 MW.

This contract is based on energy production from Colbún's Santa María thermal power station, which is currently under construction. This plant is coal-fired, and therefore the electric energy tariff rate applied for the energy supplied to Codelco is linked to the price of coal.

Through these contracts, which operate through take or pay, the Corporation agrees to pay for the contracted energy and Colbún undertakes to return at market price the energy not consumed by Codelco.

These contracts have maturity date in 2027 and 2045.

- viii. On November 6, 2009, Codelco signed the following long-term electric energy supply contracts with ELECTROANDINA S.A.(associate until January 2011), with a maturity in 2017:
- This Contract replaces the one signed on November 22, 1995, for the supply of electricity to the Chuquicamata work center, for a 15-year term beginning in January 2010 for between 200 and 280 MW in power and all associated electric energy. The approximate cost of the contract is US\$1,380 million for the whole period.
 - Modification of the contract dated December 21, 1995 for the Radomiro Tomic work center, for a maximum power of 110 MW, in which new prices are established, for the

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power and energy contemplated in the contract as well as their new adjustment formulas from January 2010.

- ix. On December 31, 2009, Codelco has signed a purchase contract with Empresa Nacional de Electricidad S.A., for the purchase of power and electricity from the Central Interconnected System (SIC) to meet Codelco's requirements for its Salvador Division.

The contract is effective from April 1, 2010 until March 31, 2013. The maximum power agreed reaches HP 70 (MW) and HFP 71 (MW).

- x. On November 11, 2011, Law No. 20,551 was published in the Official Journal, which regulates the tasks and closure of mining facilities. Additionally, on November 22, 2012 the Decreto Supremo No. 41 of the Ministerio de Minería, which approves the Regulations of this law, was published in the Diario Oficial.

This law requires the Corporation, among other requirements, to provide financial guarantees to the State to ensure the implementation of closure plans. It also establishes the obligation to make contributions to a fund which aims to cover the costs of post-closure activities.

The Corporation, in accordance with the mentioned regulation, must provide to SERNAGEOMIN the Mine Closure Plan in October 2014, while in April 2015 it must submit a proposal for the creation of guaranties. In the month of June 2015, Codelco should create guarantees for the initial 20% of the obligation under the regulations of this Code. The remaining 80% should be adjusted proportionately each year over the remaining period of fourteen years. The guarantee will be determined in present value of all actions and measures within the mine closure plan.

The Corporation is in the process of updating its mine closure plan and the process of valuation, which must comply with the requirements of Law No. 20,551, considering that the accounting liability record caused by this obligation, differs from the law's requirement, mainly by differences concerning the horizon that is considered for the projection of flows, in which the law requires the determination of the obligations in terms of mineral reserves, while the financial-accounting approach incorporates some of its mineral resources. Therefore, the discount rate established by law, may differ from that used by the Corporation under the criteria set out in IAS 37 and described in Note 2, letter o) of Main Accounting Policies.

- xi. On May 24, 2012, the Corporation signed financing agreements with Japan Bank for International Cooperation and Bank of Tokyo-Mitsubishi UFJ Ltd., for a financing for up to

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US\$ 320 million for the development, construction and operation of a plant metal processing in the second region of Chile.

On December 31, 2012, actual disbursements of this funding have not been materialized.

- xii. On August 24, 2012, Codelco, through its subsidiary Inversiones Mineras Nueva Acrux (Nueva Acrux) SpA (which minority shareholder is Mitsui), signed a contract with Anglo American Sur SA. Under this contract Codelco agreed to sell a portion of its annual copper production to the mentioned subsidiary, who in turn agrees to purchase such production.

Such annual portion is determined by the share of Codelco's indirect subsidiary, Inversiones Mineras Becrux SpA (also shared ownership with Mitsui), maintains in Anglo American Sur SA.

In turn, Nueva Acrux agrees to sell to Mitsui, the products purchased under the agreement described in the preceding paragraphs.

The term of the contract will occur when the shareholders agreement of Anglo American Sur SA ends or other events related to the completion of mining activities of the company take place.

The first purchase of products will be made in January 2013 and the set prices for the realization of this agreement are adjusted to market conditions.

30. Guarantees

The Corporation as a result of its activities has received and given guarantees.

The following tables list the main guarantees given to financial institutions:

Direct Guarantees provided to Financial Institutions				
Creditor of the Guarantee	Tipo de Garantía	12/31/2012		12/31/2011
		Maturity	ThUS\$	ThUS\$
Koch Supply & Trading LP	Standby Letter - Banco Santander Chile	Jan - 2012	-	25,000
Oriente Copper Netherlands B.V.	Pledge on shares	Nov - 2032	2,915,275	-
Total			2,915,275	25,000

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Indirect Guarantees given to Financial Institutions					
Creditor of the Guarantee	Debtor guaranteed	Relationship	Type of guarantee	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Barclays Bank PLC	Sociedad GNL Mejillones S.A.	Associate	Guarantee	37,000	74,000
Morgan Stanley Capital Group INC.	Sociedad GNL Mejillones S.A.	Associate	Guarantee	148,000	148,000
Koch Supply & Trading LP	Sociedad GNL Mejillones S.A.	Associate	Guarantee	44,400	44,400
China Development Bank	Copper Partners Investment Co. Ltd.	Associate	Rights	-	59,621
Total				229,400	326,021

As for the documents received as collateral, they cover mainly obligations of suppliers and contractors related to the various development projects. Below are given the amounts received as collateral, grouped according to the Operating Divisions that have received these amounts:

Guarantees received from third parties		
Division	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Andina	23,469	41,491
Chuquicamata	51,784	69,210
Head Office	483,711	207,967
Radomiro Tomic	19,164	23,003
Salvador	42,149	1,400
Ministro Hales	7,925	6,244
El Teniente	74,274	96,491
Ventanas	4,184	3,015
Gabriela Mistral	21,075	-
Total	727,735	448,821

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31. Balances in foreign currency

a) Assets by Type of Currency

Item	12/31/2012 ThUS\$	12/31/2011 ThUS\$
<u>Liquid Assets</u>	1,272,532	1,576,113
US Dollars	702,901	1,362,980
Euros	1,626	489
Other currencies	6,208	2,555
Non-indexed Ch\$	560,976	18,023
U.F.	821	192,066
Cash and Cash Equivalents	1,263,823	1,382,876
US Dollars	699,317	1,362,612
Euros	1,168	179
Other currencies	4,761	2,555
Non-indexed Ch\$	557,756	17,530
U.F.	821	-
Other current financial assets	8,709	193,237
US Dollars	3,584	368
Euros	458	310
Other currencies	1,447	-
Non-indexed Ch\$	3,220	493
U.F.	-	192,066

Item	12/31/2012 ThUS\$	12/31/2011 ThUS\$
<u>Short and long terms receivables</u>	2,391,548	2,233,207
US Dollars	1,668,745	1,669,982
Euros	114,457	99,803
Other currencies	21,104	18,020
Non-indexed Ch\$	568,044	311,963
U.F.	19,198	133,439
Trade and other receivables	2,149,103	1,968,269
US Dollars	1,610,536	1,537,815
Euros	113,241	98,300
Other currencies	20,920	18,020
Non-indexed Ch\$	397,628	311,913
U.F.	6,778	2,221

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Item	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Rights receivables, non-current	171,699	132,721
US Dollars	2	-
Euros	1,216	1,503
Other currencies	65	-
Non-indexed Ch\$	70,416	-
U.F.	-	131,218
Due from related companies, current	29,442	56,357
US Dollars	16,903	56,341
Euros	-	-
Other currencies	119	-
Non-indexed Ch\$	-	16
U.F.	12,420	-
Due from related companies, non-current	41,305	75,860
US Dollars	41,305	75,826
Euros	-	-
Other currencies	-	-
Non-indexed Ch\$	-	34
U.F.	-	-

Item	12/31/2012 ThUS\$	12/31/2011 ThUS\$
Rest of assets	27,980,952	17,025,624
US Dollars	24,942,525	16,115,389
Euros	431,024	138,349
Other currencies	32,335	5,415
Non-indexed Ch\$	2,166,828	672,820
U.F.	408,240	93,651
Total Assets	31,645,033	20,834,944
US Dollars	27,314,172	19,148,351
Euros	547,107	238,641
Other currencies	59,647	25,990
Non-indexed Ch\$	3,295,848	1,002,806
U.F.	428,259	419,156

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b) Liability by type of currency:

Current liabilities by currency	12/31/2012		12/31/2011	
	Up to 90 days	From 90 days to 1 year	Up to 90 days	From 90 days to 1 year
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current liabilities	3,325,680	813,292	2,777,535	1,638,547
US Dollars	1,980,142	775,889	1,666,726	1,286,447
Euros	5,520	37,403	88,393	38,714
Other currencies	1,184	-	42,744	-
Non-indexed Ch\$	1,330,388	-	955,950	5,182
U.F.	8,446	-	23,722	308,204
Other current financial liabilities	51,487	813,292	4,877	1,638,547
US Dollars	45,409	775,889	4,716	1,286,447
Euros	-	37,403	-	38,714
Other currencies	-	-	-	-
Non-indexed Ch\$	1,009	-	-	5,182
U.F.	5,069	-	161	308,204
Bank loans	400	219,286	-	41,276
US Dollars	-	181,883	-	2,106
Euros	-	37,403	-	38,714
Other currencies	-	-	-	-
Non-indexed Ch\$	-	-	-	225
U.F.	400	-	-	231

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Current liabilities by currency	12/31/2012		12/31/2011	
	Up to 90 days ThUS\$	From 90 days to 1 year ThUS\$	Up to 90 days ThUS\$	From 90 days to 1 year ThUS\$
Bonds	-	594,006	-	802,954
US Dollars	-	594,006	-	496,272
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	-	-	-	-
U.F.	-	-	-	306,682
Finance lease	35,601	-	4,877	18,077
US Dollars	30,715	-	4,716	17,572
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	217	-	-	-
U.F.	4,669	-	161	505
Other	15,486	-	-	776,240
US Dollars	14,694	-	-	770,497
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	792	-	-	4,957
U.F.	-	-	-	786
Other current liabilities	3,274,193	-	2,772,658	-
US Dollars	1,934,733	-	1,662,010	-
Euros	5,520	-	88,393	-
Other currencies	1,184	-	42,744	-
Non-indexed Ch\$	1,329,379	-	955,950	-
U.F.	3,377	-	23,561	-

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Non-current liabilities by currency	12/31/2012				12/31/2011		
	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	1 to 3 years	3 to 5 years	5 to 10 years
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Non-current liabilities	7,531,455	974,667	3,942,371	2,879,788	5,491,370	800,202	1,623,719
US Dollars	5,956,620	974,667	3,942,371	2,526,060	4,306,911	798,637	1,604,518
Euros	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-
Non-indexed Ch\$	1,515,446	-	-	-	801,765	-	-
U.F.	59,389	-	-	353,728	382,694	1,565	19,686
Other non-current financial liabilities	1,465,498	974,667	3,942,371	2,879,788	1,532,692	800,202	1,623,719
US Dollars	1,441,452	974,667	3,942,371	2,526,060	1,529,318	798,637	1,604,518
Euros	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-
U.F.	2,046	-	-	353,728	3,374	1,565	19,686
Bank loans	828,936	939,925	-	809,035	412,101	784,544	-
US Dollars	827,164	939,925	-	809,035	410,258	784,544	-
Euros	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-
U.F.	1,772	-	-	-	1,843	-	-
Bonds	497,966	-	3,942,371	2,070,753	996,310	-	1,573,181
US Dollars	497,966	-	3,942,371	1,717,025	996,310	-	1,573,181
Euros	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-
U.F.	-	-	-	353,728	-	-	-

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Non-current liabilities by currency	12/31/2012				12/31/2011		
	1 to 3 years ThUS\$	3 to 5 years ThUS\$	5 to 10 years ThUS\$	More than 10 years ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	5 to 10 years ThUS\$
Financial Lease	56,564	34,742	-	-	40,266	15,658	-
US Dollars	34,290	34,742	-	-	38,735	14,093	-
Euros	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-
U.F.	22,274	-	-	-	1,531	1,565	-
Others	82,032	-	-	-	84,015	-	-
US Dollars	82,032	-	-	-	84,015	-	-
Euros	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-
U.F.	-	-	-	-	-	-	-
Other non-current financial liabilities	6,065,957	-	-	-	3,958,678	-	-
US Dollars	4,515,168	-	-	-	2,777,593	-	-
Euros	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-
Non-indexed Ch\$	1,515,446	-	-	-	801,765	-	-
U.F.	35,343	-	-	-	379,320	-	-

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32. Sanctions

As of December 31, 2012 and December 31, 2011, neither Codelco Chile nor its Directors and Managers have been sanctioned by the Superintendency of Securities and Insurance or any other administrative authorities.

33. Subsequent events

On January 31, 2013, an essential event was reported in respect of the removal of the Vice Presidency for Technology and Innovation and Vice Executive Presidency as part of Codelco, whose functions become part of the Vice Presidency of Business Development.

The Vice Presidency of Corporate Affairs and Sustainability was created, from the current General Manager of the same name, designating the position of Vice Presidency of Corporate Affairs and Sustainability to Mr. Juan Pablo Schaeffer Fabres.

The changes listed above apply from 1 February, 2013.

During the month of January 2013, the Administration entered two separate addendum to the collective agreements with workers and supervisors of Headquarters of Codelco, which establish certain incentives associated with staff voluntary retirement plans, all in the context of a restructuring program that the Corporation has enacted for the headquarters, which is expected to be completed during 2013, with an estimated impact on expenditure for that year for ThUS\$ 7,665 before taxes.

From January 1, 2013 to the date of the issuance of these financial statements (March 28, 2013), the Company's management is not aware of other significant financial facts or of any other nature that would affect these statements and future cash flows.

34. Environmental Expenditures

Each of Codelco's operations is subject to national, regional and local regulations related to protection of the environment and natural resources, including standards relating to water, air, noise and disposal and transportation of dangerous residues, among others. Chile has adopted environmental regulations that have obligated the companies that operate in the country, including Codelco, to carry out programs to reduce, control or eliminate relevant environmental impacts. Codelco has executed and shall continue to execute a series of environmental projects to comply with these regulations.

Pursuant to the Letter of Values approved in 2010, Codelco is governed by a series of internal policies and regulations that frame its commitment to the environment, including the Sustainable Development Policy (2003) and the Corporate Security, Occupational Health and Environmental Management Policy (2007).

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The environmental management systems of the divisions and the Parent Corporation, structure their efforts in order to comply with the commitments assumed by the corporation's environmental policies, incorporating planning, operation, verification and activities review elements. As of December 31, 2012, they have received ISO 14001 certification for the environmental management of the Chuquicamata, Radomiro Tomic, Andina, Salvador, El Teniente and Ventanas Division, Gabriela Mistral and the Parent Corporation.

To comply with the Circular N°1.901 of 2008 of the Chilean Superintendency of Securities and Insurance, below are the details of the Corporation's main expenditures related to the environment during the periods ended as of December 31, 2012 and 2011 respectively, and the projected future expenses.

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Corporation	Project	Disbursements made up to 12/31/2012				12/31/2012
		Project Status	Amount ThUS\$	Asset/ Expenditure	Asset Item / Expenditure	Amount ThUS\$
	Chuquicamata		100,244			6
Codelco Chile	Talambre dam extension, 7th stage	In process	34,253	Asset	Property, plant and equipment	
Codelco Chile	Expansion capacity Talabre dam, 8th stage	In process	2,864	Asset	Property, plant and equipment	
Codelco Chile	Emergency restoration system dust control crushing plant 2 ° / 3 °	In process	265	Asset	Property, plant and equipment	
Codelco Chile	Acid plants	In process	56,022	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In process	3,919	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In process	2,921	Expenditure	Administrative expenses	
	Salvador		48,777			
Codelco Chile	Dust collection improvement	In process	4,029	Asset	Property, plant and equipment	
Codelco Chile	Trench construction of hazardous waste	In process	705	Asset	Property, plant and equipment	
Codelco Chile	Construction V stage of tailing treatment	In process	4,477	Asset	Property, plant and equipment	
Codelco Chile	Acid plants	In process	38,445	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In process	976	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In process	145	Expenditure	Administrative expenses	
	Andina		56,606			
Codelco Chile	Construction of water trap for east ballast deposit	In process	3,780	Asset	Property, plant and equipment	
Codelco Chile	Construction of drain tanks 2	Finished	-	Asset	Property, plant and equipment	
Codelco Chile	District warehouse installation	In process	316	Asset	Property, plant and equipment	
Codelco Chile	Drains expansion stage 5	In process	14,753	Asset	Property, plant and equipment	
Codelco Chile	Drain water treatment	In process	3	Asset	Property, plant and equipment	
Codelco Chile	Drain internal water treatment E1	In process	746	Asset	Property, plant and equipment	
Codelco Chile	Drainage water treatment	In process	27,279	Asset	Property, plant and equipment	

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Corporation	Project	Disbursements made up to 12/31/2012				12/31/2012
		Project Status	Amount ThUS\$	Asset/ Expenditure	Asset Item / Expenditure	Amount ThUS\$
Codelco Chile	Standard Water Phase 2	In process	350	Asset	Property, plant and equipment	
Codelco Chile	Building evacuation and capturing towers Ovejería	In process	2,312	Asset	Property, plant and equipment	
Codelco Chile	Construction Ovejería tailings canal	In process	877	Asset	Property, plant and equipment	
Codelco Chile	Improved interception infiltrates Ovejería	In process	3,285	Asset	Property, plant and equipment	
Codelco Chile	Solid waste	In process	1,721	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In process	1,184	Expenditure	Administrative expenses	
Subtotal			205,627			1

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		Project Status	Amount ThUS\$	Asset/Expenditure	Asset Item / Expenditure	Amount ThUS\$
	El Teniente		120,869			
	Construcción de la 5ta etapa embalse Carén					
Codelco Chile	Monitoreo en línea de canal de relaves	In process	4,319	Asset	Property, plant and equipment	
Codelco Chile	Ampliación cajón relave cascada 4	In process	6,744	Asset	Property, plant and equipment	
Codelco Chile	Ampliación cajón relave Ruta 5	In process	754	Asset	Property, plant and equipment	
Codelco Chile	Construcción de la 6ta etapa embalse Carén	In process	795	Asset	Property, plant and equipment	
Codelco Chile	Plantas de ácido	In process	5,407	Asset	Property, plant and equipment	
Codelco Chile	Residuos sólidos	In process	87,226	Expenditure	Administrative expenses	
Codelco Chile		In process	3,570	Expenditure	Administrative expenses	
Codelco Chile	Planta de tratamiento de efluentes	In process	12,054	Expenditure	Administrative expenses	
	Minera Gaby		40			
	Installation of gravel dump phase IV					
Minera Gaby S.p.A.	Implementation waste treatment system	Finished	-	Asset	Property, plant and equipment	
Minera Gaby S.p.A.		Finished	40	Asset	Property, plant and equipment	
	Ventanas		46,495			
	Mitigation of environmental concentrator stock					
Codelco Chile	Standardization of rainwater pools	In process	2,613	Asset	Property, plant and equipment	
Codelco Chile	Cold load system Cps N 2	In process	1,642	Asset	Property, plant and equipment	
Codelco Chile	Arsenic supply in electric oven	In process	1,290	Asset	Property, plant and equipment	
Codelco Chile	Increase uptake Mat.	In process	25	Asset	Property, plant and equipment	
Codelco Chile	Increase uptake Mp He	In process	2,234	Asset	Property, plant and equipment	
Codelco Chile	Cold load mechanical system Cps N°1 y 3	In process	6,483	Asset	Property, plant and equipment	
Codelco Chile	Acid plants	In process	2,946	Asset	Property, plant and equipment	
Codelco Chile		In process	22,970	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In process	1,164	Expenditure	Administrative expenses	

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency)
(Translation to English of consolidated financial statements originally issued in Spanish – see Note 1)

Corporation	Project	Disbursements made up to 12/31/2012				12/31/2012
		Project Status	Amount ThUS\$	Asset/ Expenditure	Asset Item / Expenditure	Amount ThUS\$
Codelco Chile	Water treatment plant	In process	5,128	Expenditure	Administrative expenses	
	Radomiro Tomic		2,636			
Codelco Chile	Solid waste	In process	2,278	Expenditure	Administrative expenses	
Codelco Chile	Effluent treatment plant	In process	358	Expenditure	Administrative expenses	
	Ecometales Limited		703			
Ecometales Limited	Leaching plant smelter powders	In process	703	Expenditure	Administrative expenses	
Subtotal			170,743			
Subtotal			376,370			

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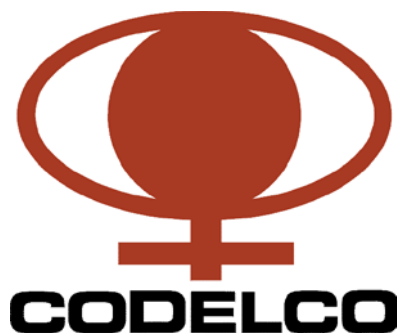
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Corporación Nacional del Cobre de Chile

2.250 % Notes due 2024

Offering Memorandum

Joint Book-Running Managers

Deutsche Bank

HSBC

Santander

July 15, 2014
