# CODELCO – CHILE

Interim Unaudited Consolidated Financial Statements as of September 30, 2012

(Translation of interim unaudited consolidated financial statements originally issued in Spanish – see Note I.2)

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INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2012 and December 31, 2011
(In thousands of US dollars - ThUS$)

(Translation of interim unaudited consolidated financial statements originally issued in Spanish – see Note I.2)

| | Notes | 9/30/2012 | 12/31/2011 |
|---|---|---|---|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 1 | 2,525,692 | 1,382,876 |
| Other current financial assets | 12 | 5,330 | 193,237 |
| Other currents non-financial assets | | 49,501 | 36,413 |
| Trade and other current receivables | 2 | 2,014,527 | 1,968,269 |
| Accounts receivables due from related companies, current | 3 | 46,835 | 56,357 |
| Inventory | 4 | 2,661,592 | 2,014,838 |
| Current tax assets | 6.a | 252,997 | 254,930 |
| *Total current assets* | | 7,556,474 | 5,906,920 |
| Non-current assets | | | |
| Other non-current financial assets | 12 | 149,198 | 102,593 |
| Other non-current non-financial assets | 11 | 38,080 | 203,950 |
| Non-current receivables | 2 | 146,116 | 132,721 |
| Accounts receivables due from related companies, non-current | 3 | 51,652 | 75,860 |
| Investment accounted for using the equity method | 9 | 7,546,020 | 945,055 |
| Intangible assets other than goodwill | | 12,485 | 12,292 |
| Property, Plant and Equipment, net | 8 | 14,913,814 | 13,437,764 |
| Investment property | | 17,377 | 17,789 |
| Tax assets, non-current | | 30,748 | - |
| *Total non-current assets* | | 22,905,490 | 14,928,024 |
| TOTAL ASSETS | | 30,461,964 | 20,834,944 |

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 September 30, 2012 and December 31, 2011
(In thousands of US dollars - ThUS$)
(Translation of interim unaudited consolidated financial statements originally issued in Spanish – see Note I.2)

| | Notes | 9/30/2012 | 12/31/2011 |
|---|---|---|---|
| Liabilities and Equity | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Other current financial liabilities | 13 | 962,708 | 1,643,424 |
| Trade and other current payables | 16 | 1,789,404 | 1,782,459 |
| Accounts payables to related companies, current | 3 | 173,650 | 126,850 |
| Other current provisions | 17 | 211,339 | 210,514 |
| Current tax liabilities | 6.b | 120,524 | 137,267 |
| Current employee benefit accruals | 17 | 443,156 | 459,251 |
| Other current non- financial liabilities | | 73,148 | 56,317 |
| *Total current liabilities* | | 3,773,929 | 4,416,082 |
| Non-current liabilities | | | |
| Other non-current financial liabilities | 13 | 10,405,896 | 6,395,154 |
| Other non-current payables | | 49 | 319 |
| Accounts payables to related companies, non-current | 3 | 284,151 | 308,616 |
| Other non-current provisions and accrued expenses | 17 | 1,065,483 | 1,013,441 |
| Deferred tax liabilities | 5 | 2,745,736 | 1,540,242 |
| Non-current employee benefit accruals | 17 | 1,180,528 | 1,092,966 |
| Other non-current non-financial liabilities | | 3,041 | 3,094 |
| *Total non-current liabilities* | | 15,684,884 | 10,353,832 |
| Total liabilities | | 19,458,813 | 14,769,914 |
| Equity | | | |
| Issued Capital | | 2,524,423 | 2,524,423 |
| Retained earnings | | 4,083,296 | 1,709,068 |
| Other Reserves | 19 | 3,294,279 | 1,829,519 |
| Equity attributable to owners of the parent | | 9,901,998 | 6,063,010 |
| Non-controlling interests | 19 | 1,101,153 | 2,020 |
| *Total equity* | | 11,003,151 | 6,065,030 |
| TOTAL LIABILITIES AND EQUITY | | 30,461,964 | 20,834,944 |

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
For the nine-month periods ended as of September 30, 2012 and 2011
(In thousands of US dollars - ThUS$)
(Translation of interim unaudited consolidated financial statements originally issued in Spanish – see Note I.2)

| | Notes | 1/1/2012 9/30/2012 | 1/1/2011 9/30/2011 | 7/1/2012 9/30/2012 | 7/1/2011 9/30/2011 |
|---|---|---|---|---|---|
| Profit (loss) | | | | | |
| Revenue | 20 | 11,523,724 | 12,864,791 | 3,898,925 | 3,984,743 |
| Cost of sales | | (7,563,203) | (7,411,657) | (2,663,080) | (2,552,079) |
| Gross profit | | 3,960,521 | 5,453,134 | 1,235,845 | 1,432,664 |
| Other Income, by function | 22.a | 3,592,874 | 577,781 | 3,533,829 | 36,731 |
| Distribution costs | | (8,713) | (8,217) | (2,344) | (2,380) |
| Administrative expenses | | (369,361) | (353,075) | (129,137) | (125,635) |
| Other expenses | 22.b | (1,113,285) | (1,689,994) | (384,279) | (438,174) |
| Other gains (losses) | | 22,514 | 25,179 | 6,305 | 767 |
| Profit (losses) from operating activities | | 6,084,550 | 4,004,808 | 4,260,219 | 903,973 |
| Finance income | | 34,761 | 31,834 | 15,899 | 9,807 |
| Finance costs | 23 | (349,058) | (220,447) | (126,202) | (114,589) |
| Share of profit of associates and joint ventures accounted for using the equity method | 9 | 292,734 | 254,402 | 60,883 | 129,858 |
| Foreign exchange differences | 25 | (198,302) | 124,859 | (122,029) | 82,986 |
| Profit for the period before tax | | 5,864,685 | 4,195,456 | 4,088,770 | 1,012,035 |
| Income tax expense | 5 | (2,213,725) | (2,585,695) | (1,144,950) | (590,719) |
| Profit for the period from continuing operations | | 3,650,960 | 1,609,761 | 2,943,820 | 421,316 |
| Profit for the period | | 3,650,960 | 1,609,761 | 2,943,820 | 421,316 |
| Profit (loss) attributable to: | | | | | |
| Profit attributable to owners of the parent | | 3,651,870 | 1,610,791 | 2,943,937 | 421,734 |
| Loss attributable to non-controlling interests | 19.b | (910) | (1,030) | (117) | (418) |
| Profit for the period | | 3,650,960 | 1,609,761 | 2,943,820 | 421,316 |

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)
For the nine-month periods ended as of September 30, 2012 and 2011
(In thousands of US dollars - ThUS$)
(Translation of interim unaudited consolidated financial statements originally issued in Spanish – see Note I.2)

| | Notes | 1/1/2012 9/30/2012 | 1/1/2011 9/30/2011 | 7/1/2012 9/30/2012 | 7/1/2011 9/30/2011 |
|---|---|---|---|---|---|
| Profit for the period | | 3,650,960 | 1,609,761 | 2,943,820 | 421,316 |
| Components of other comprehensive income (loss), before tax: | | | | | |
| Exchange differences on conversion | | | | | |
| Gain (loss) on exchange differences on conversion, before tax | | 1,492 | (2,838) | 1,190 | (3,767) |
| Other comprehensive income, before tax, exchange differences on conversion | | 1,492 | (2,838) | 1,190 | (3,767) |
| Cash flow hedges | | | | | |
| Gain (loss) on cash flow hedges, before tax | | 465,609 | 1,434,564 | 273,477 | 763,792 |
| Other comprehensive income before tax, exchange differences on conversion | | 465,609 | 1,434,564 | 273,477 | 763,792 |
| Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method | | (4,207) | 92,908 | (398) | (390) |
| Other comprehensive income (loss) before tax | | 462,894 | 1,524,634 | 274,269 | 759,635 |
| Income tax related to components of other comprehensive income: | | - | - | - | - |
| Income tax related to cash flow hedges of other comprehensive income | 5 | (271,215) | (793,094) | (157,061) | (458,275) |
| Aggregated income tax related to components of other comprehensive income | | (271,215) | (793,094) | (157,061) | (458,275) |
| Other comprehensive income (loss) | | 191,679 | 731,540 | 117,208 | 301,360 |
| Total comprehensive income | | 3,842,639 | 2,341,301 | 3,061,028 | 722,676 |
| Comprehensive income attributable to | | - | - | - | - |
| Comprehensive income attributable to owners of the parent | | 3,843,549 | 2,342,331 | 3,061,145 | 723,094 |
| Comprehensive income attributable to non-controlling interests | 19.b | (910) | (1,030) | (117) | (418) |
| Total comprehensive income | | 3,842,639 | 2,341,301 | 3,061,028 | 722,676 |

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

For the nine-month periods ended as of September 30, 2012 and 2011

(In thousands of US dollars - ThUS$)

(Translation to English of interim unaudited consolidated financial statements originally issued in Spanish – see Note I.2)

| | Notes | 1/1/2012<br>9/30/2012 | 1/1/2011<br>9/30/2011 |
|---|---|---|---|
| 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 | | 12,462,777 | 15,279,388 |
| Other cash flows provided by operating activities | 26 | 1,588,009 | 1,460,925 |
| Types of cash payments | | | |
| Payments to suppliers for goods and services | | (7,246,652) | (6,713,744) |
| Payments to and on behalf of employees | | (1,415,774) | (1,803,210) |
| Other cash flows used in operating activities | 26 | (2,626,538) | (3,225,789) |
| Dividends received | | 182,626 | 85,750 |
| Income taxes paid | | (1,270,463) | (2,831,687) |
| Net cash flows provided by operating activities | | 1,673,985 | 2,251,633 |
| Cash flows provided by (used in) investing activities: | | | |
| Cash flows (used in) the purchase of non-controlled shares | | (1,699,795) | - |
| Other payments (used in) the acquisition of equity or debt instruments of other entities | | (28,271) | - |
| Other cash flows provided by the sales of joint ventures | 26 | - | 1,088,351 |
| Borrowings to related Companies | | (8,405) | (3,900) |
| Purchases of property, plant and equipment | | (2,543,598) | (1,677,276) |
| Collections from related Companies | | 35,150 | - |
| Interest received | | 23,370 | 20,151 |
| Other inflows (outflows) of cash | | (36,382) | 75,427 |
| Net cash flows from (used in) investing activities | | (4,257,931) | (497,247) |
| Cash flows used in financing activities: | | | |
| Payments for other equity shares | | - | - |
| Proceeds from current borrowings | | 5,064,431 | 100,000 |
| Repayments of borrowings | | (905,124) | (517,534) |
| Dividends paid | | - | (1,051,957) |
| Interest paid | | (432,545) | (264,223) |
| Net cash flows used in financing activities | | 3,726,762 | (1,733,714) |
| Net increase (decrease) in cash and cash equivalents before foreign exchange difference | | 1,142,816 | 20,672 |
| Net increase (decrease) in cash and cash equivalents | | 1,142,816 | 20,672 |
| Cash and cash equivalents at beginning of period | 1 | 1,382,876 | 874,039 |
| Cash and cash equivalents at end of period | 1 | 2,525,692 | 894,711 |

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
For the nine-month periods ended as of September 30, 2012 and 2011
(In thousands of US dollars - ThUS$)
(Translation of interim unaudited consolidated financial statements originally issued in Spanish – see Note I.2)

| 9/30/2012 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| September 30, 2012 | Issued Capital | Foreign currency conversion reserve | Cash flow hedge reserve | Other miscellaneous reserves | Total other reserves Note 19 | Accumulated Retained earnings | Equity attributable to owners of the parent | Non-controlling interests Note 19 | Total Equity |
| Initial Balance as of 1/1/2012 | 2,524,423 | 283 | (272,349) | 2,101,585 | 1,829,519 | 1,709,068 | 6,063,010 | 2,020 | 6,065,030 |
| Changes in equity | | | | | | | | | |
| Profit for the period | | | | | | 3,651,870 | 3,651,870 | (910) | 3,650,960 |
| Other comprehensive income (loss) | | 1,492 | 194,394 | (4,207) | 191,679 | | 191,679 | - | 191,679 |
| Comprehensive income | | | | | | | 3,843,549 | (910) | 3,842,639 |
| Dividends Paid | | | | | | - | - | | - |
| Increase (decrease) through transfers and other changes | - | - | - | 1,273,081 | 1,273,081 | (1,277,642) | (4,561) | 1,100,043 | 1,095,482 |
| Total increase (decrease) in equity | - | 1,492 | 194,394 | 1,268,874 | 1,464,760 | 2,374,228 | 3,838,988 | 1,099,133 | 4,938,121 |
| Final Balance as of 9/30/2012 | 2,524,423 | 1,775 | (77,955) | 3,370,459 | 3,294,279 | 4,083,296 | 9,901,998 | 1,101,153 | 11,003,151 |

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
For the nine-month periods ended as of September 30, 2012 and 2011
(In thousands of US dollars - ThUS$)
(Translation of interim unaudited consolidated financial statements originally issued in Spanish – see Note I.2)

| September 30, 2011 | 9/30/2011 Issued Capital | Foreign currency conversión reserve | Cash flow hedge reserve | Other miscellaneous reserves | Total other reserves Note 19 | Accumulated Retained earnings | Equity attributable to owners of the parent | Non-controlling interests Note 19 | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| Initial Balance as of 1/1/2011 | 2,524,423 | 2,916 | (969,571) | 1,642,058 | 675,403 | 1,329,392 | 4,529,218 | 1,994 | 4,531,212 |
| Changes in equity | | | | | | | | | |
| Profit for the period | | | | | | 1,610,791 | 1,610,791 | (1,030) | 1,609,761 |
| Other comprehensive income ( loss) | | (2,838) | 641,470 | 92,908 | 731,540 | | 731,540 | - | 731,540 |
| Comprehensive income | | | | | | | 2,342,331 | (1,030) | 2,341,301 |
| Dividends Paid | | | | | | (1,254,824) | (1,254,824) | | (1,254,824) |
| Increase (decrease) through transfers and other changes | - | - | - | 378,150 | 378,150 | (25,460) | 352,690 | 1,085 | 353,775 |
| Total increase (decrease) in equity | | (2,838) | 641,470 | 471,058 | 1,109,690 | 330,507 | 1,440,197 | 55 | 1,440,252 |
| Final Balance as of 9/30/2011 | 2,524,423 | 78 | (328,101) | 2,113,116 | 1,785,093 | 1,659,899 | 5,969,415 | 2,049 | 5,971,464 |

The accompanying notes form an integral part of these interim unaudited consolidated financial statements.

# 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. Also, in May 2008, Codelco - Chile started exploiting the deposit known as Gabriela Mistral, whose mining operations are the responsibility of its subsidiary Minera Gaby SpA., a wholly owned subsidiary of the Corporation. 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 end 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.

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, which are 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 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 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 September 30, 2012, for the effects of which IFRS principles issued by the International Accounting Standards Board have been applied in full. The September 30, 2012 interim consolidated financial statements were approved by the Board of Directors in the meeting on November 21, 2012. The December 31, 2011 consolidated financial statements were approved by the Corporation's Board of Directors on March 22, 2012.

Accounting Principles

These interim consolidated financial statements reflect the financial position of Codelco Chile and its subsidiaries as of September 30, 2012 and December 31, 2011, the results of their operations, the changes in net equity and cash flows for periods ended September 30, 2012 and 2011, 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 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 International Financial Reporting Standards 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 (both internal and 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 composed 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.

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.

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.

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".

## 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 September 30, 2012 and December 31, 2011.
- Statements of Comprehensive Income for the nine and three-month periods ending September 30, 2012 and 2011, respectively
- Statements of Changes in Equity for the nine-month periods ending September 30, 2012 and 2011.
- Statements of Cash Flows for the nine-month periods ended as of September 30, 2012 and 2011.

b) Basis of Preparation - The interim consolidated financial statements of the Corporation for the period ended as of September 30, 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 nine-month period ended September 30, 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 September 30, 2012.

These interim 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.

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:

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Taxpayer Number | Company | Country | Functional Currency | 9/30/2012 | | | 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 | 99.900 | 0.100 | 100.000 | 66.000 |
| 78.712.170-5 | Compañia Minera Picacho (SCM) | Chile | USD | 99.990 | 0.010 | 100.000 | 100.000 |
| 78.860.780-6 | Compañia 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 | Clinica 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 | 99.900 | 0.100 | 100.000 | 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 | - | 83.050 | 83.050 | 100.000 |
| 76.173.357-5 | Inversiones Gacrux SpA. | Chile | USD | 99.000 | - | 99.000 | - |
| 76.231.838-5 | Inversiones Mineras Nueva Acrux SpA | Chile | USD | - | 83.050 | 83.050 | - |
| 76.237.866-3 | Inversiones Mineras Los Leones SpA. | Chile | USD | 99.000 | - | 99.000 | - |
| 76.173.783-K | Inversiones Mineras Becrux SpA. | Chile | USD | - | 83.050 | 83.050 | 100.000 |
| 76.124.156-7 | Centro de Especialidades Médicas San Lorenzo Ltda. | Chile | USD | - | 100.000 | 100.000 | 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 |
| 70.905.700-6 | Fusat (Special Purpose Entity) | Chile | CLP | - | - | - | - |

For the purposes of these interim 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 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.

- 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.

- 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

- **Special Purpose Entities (SPE's) -** The substance of the relationship between Codelco and Fundación de Salud El Teniente (FUSAT), indicated 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 the FUSAT include the following entities:

| Entity | Country | Equity share percentage | |
|---|---|---|---|
| | | 9/30/2012 | 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 Rio Cipreces Ltda. | Chile | 99.90% | 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) (9/30/2012: US$ 47.68 ; 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The exchange rates used in each period are as follows:

| Rate | Period-end exchange rates | |
|---|---|---|
| | 9/30/2012 | 12/31/2011 |
| USD / CLP | 0.00211 | 0.00193 |
| USD / GBP | 1.61473 | 1.55087 |
| USD / BRL | 0.49351 | 0.53588 |
| USD / EURO | 1.28617 | 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. These assets 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:

| Item | 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 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) and the economic value of these deposits differs from the accounting value.

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 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 cash generating units (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.

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. 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 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 considering 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 within operating costs.

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.

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 periodic 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.

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 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"). Recognition of sales revenue for copper and other commodities is based on the estimates of the future spread of metal price ("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 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.

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, more specifically 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 is a recognized assets or liabilities, forecast highly probable transactions or firm commitment, 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* it has been defined that the segments are defined as the Codelco's Divisions, plus the Gabriela Mistral mine operation, which make up Codelco. Income and expenses of the parent company 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.

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. They arise when the Corporation provides - for valuable consideration - cash, goods or services directly to a debtor without the intention of negotiating the accounts receivable that are generated by the transaction. Its initial recognition is at fair value, which includes the transaction costs that are directly attributed to the acquisition or 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 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 -** 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 -** 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 interim consolidated statement of financial position, the balances are classified according to their maturities, that is, as current those with a maturity equal or inferior to 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 3. New accounting pronouncements not yet effective

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 | 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. |

, [1] IAS, International Accounting Standards; IFRS, International Financial Reporting Standards, IFRIC, International Financial Reporting Standards Interpretations Committee

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| | | |
|---|---|---|
| IFRIC 20, Accounting for waste removal costs | Annual periods beginning on or after 1 January 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 high quality corporate 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 1st, 2014 | Clarifies the requirements regarding the application of compensations between financial entries. |
| IFRS 7, Financial Instruments: Disclosures | Annual periods beginning on or after January 1st, 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 1st, 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 1st, 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 1st, 2013 | An exception is aggregated to record government granted loans on an interest rate lower than the market. |

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. Codelco is still evaluating the impact that the mentioned standards and modifications, considering that they would not have a significant impact.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

# III. EXPLANATORY NOTES

## 1. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

| Items | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Cash On hand | 8,203 | 11,738 |
| Bank Balances | 59,628 | 24,650 |
| Time deposits | 2,451,661 | 1,331,904 |
| Mutual Funds – Money Market | 6,200 | 7,240 |
| Resale Agreements | - | 7,344 |
| Total Cash and Cash Equivalents | 2,525,692 | 1,382,876 |

Valuation of time deposits is made on an accrual basis with an interest rate associated to 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 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

Based on the above-mentioned, trade receivables as of September 30, 2012 and December 31, 2011 include an accrual of ThUS$ 130,066 and ThUS$ (47,781), respectively, related with 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:

| | Current | | Non- Current | |
|---|---|---|---|---|
| Items | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
| Trade Receivables (1) | 1,501,886 | 1,551,444 | - | - |
| Allowance for doubtful accounts (3) | (1,765) | (2,027) | - | - |
| Subtotal trade receivables, Net | 1,500,121 | 1,549,417 | - | - |
| Other Receivables (2) | 519,407 | 423,193 | 146,116 | 132,721 |
| Allowance for doubtful accounts (3) | (5,001) | (4,341) | - | - |
| Subtotal other receivables, Net | 514,406 | 418,852 | 146,116 | 132,721 |
| Total | 2,014,527 | 1,968,269 | 146,116 | 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 for 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.

The movement of the allowance for doubtful accounts in the period to September 30, 2012 and 2011 are detailed as follows:

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Movements of allowance for doubtful accounts | 9/30/2012 ThUS$ | 9/30/2011 ThUS$ |
|---|---|---|
| Opening balance | 6,368 | 6,557 |
| Increases | 3,075 | 2,325 |
| Write-offs/applications | (2,677) | (608) |
| Movement, subtotal | 398 | 1,717 |
| Final Balance | 6,766 | 8,274 |

Past due and not impaired balances are detailed as follows:

| Past-due and not impaired | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Less than 90 days | 33,488 | 33,908 |
| Between 90 days and 1 year | 17,506 | 2,197 |
| More than 1 year | 5,799 | 7,181 |
| Total past-due and not impaired | 56,793 | 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 to the legal framework, the Corporation has revised its internal policy that governs transactions with persons and companies related to Codelco personnel. Therefore, the Board of Directors approved an update of Corporate Regulation No. 18 (NCC No, 18) and its corresponding administrative procedures.

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, staff who have involvement in the assessment, recommendation, sales and/or contract of goods and services, personnel management, or 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 Codelco´s Corporate Standard 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

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.

For the purpose of these regulations, positions of authority are defined as those in charge of second, third and fourth hierarchical level in the Corporation's organization.

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:

| Entity | Taxpayer number | Country | Nature of the relationship | Description of the transaction | 1/1/2012 9/30/2012 Amount ThUS$ | 1/1/2011 9/30/2011 Amount ThUS$ | 7/1/2012 9/30/2012 Amount ThUS$ | 7/1/2011 9/30/2011 Amount ThUS$ |
|---|---|---|---|---|---|---|---|---|
| Domingo Iraola Vera | 2.320.212-3 | Chile | Employee´s relative | Services | - | 8,531 | - | 94 |
| Inmobiliaria e Inversiones Rio Cipreses | 77.928.890-9 | Chile | Special Purpose Entities | Services | 141 | - | - | - |
| Hatch Ingenieros y Consultores Ltda. | 78.784.480-4 | Chile | Employee´s relative | Services | 608 | - | - | - |
| Centro de Capacitación y Recreación Radomiro Tomic | 75.985.550-7 | Chile | Other | Services | 200 | - | - | - |
| Cosando Construcción y Montaje Ltda. | 77.755.770-K | Chile | Employee´s relative | Services | 3,921 | 3,716 | 3,921 | - |
| Fundación Orquesta Sinfónica Infantil de los Andes | 65.018.784-9 | Chile | Founder | Services | 279 | - | - | - |
| Kairos Mining S.A. | 76.781.030-K | Chile | Subsidiary | Services | 55,600 | - | - | - |
| Servicios Aridam S.A. | 76.033.531-2 | Chile | Employee´s relative | Services | 9,306 | 12,022 | 3,652 | - |
| Ecometales Ltd. | 59.097.530-9 | Chile | Subsidiary | Services | 6,263 | 5,178 | 817 | - |
| Fundación de Salud El Teniente | 70.905.700-6 | Chile | Special Purpose Entities | Services | 839 | 5,606 | 797 | 5,606 |
| Biosigma S.A. | 96.991.180-9 | Chile | Subsidiary | Services | 17 | - | 17 | - |
| Minera Gaby S.A. | 76.685.790-6 | Chile | Subsidiary | Services | 233 | . | 233 | - |
| Club Deportes Cobresal | 70.658.400-5 | Chile | Employee´s Club President | Services | 653 | - | - | - |
| ANMAR S.A. | 76.134.358-0 | Chile | Employee´s relative | Services | 1,525 | 438 | 981 | 438 |
| CIS Ingenieros Asociados Ltda. | 88.422.600-7 | Chile | Director´s ownership | Services | 24 | 26 | 24 | 26 |
| E-CL S.A. | 88.006.900-4 | Chile | Associate | Services | - | 900 | - | - |
| Isapre Chuquicamata Limitada | 79.566.720-2 | Chile | Subsidiary | Services | 3,637 | 123,479 | - | - |
| Clínica Río Blanco S.A | 99.573.600-4 | Chile | Subsidiary | Services | 868 | 1,407 | 868 | 1,407 |
| Instituto Innovación en Minería y Metalúrgica | 96.854.500-0 | Chile | Subsidiary | Services | 4,200 | - | - | - |
| Salomón Sack S.A. | 90.970.000-0 | Chile | Director´s ownership | Supplies | 1,036 | 303 | - | 33 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

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:

| Entity | Taxpayer number | Country | Nature of the relationship | Description of the transaction | 1/1/2012 9/30/2012 | 1/1/2011 9/30/2011 | 7/1/2012 9/30/2012 | 7/1/2011 9/30/2011 |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount ThUS$ | Amount ThUS$ | Amount ThUS$ | Amount ThUS$ |
| Jorge Bande Bruck | 5.899.738-2 | Chile | Director | Director´s fees | 81 | 79 | 28 | 26 |
| Raimundo Espinoza Concha | 6.512.182-4 | Chile | Director | Payroll | 35 | 34 | 12 | 10 |
| Raimundo Espinoza Concha | 6.512.182-4 | Chile | Director | Director´s fees | 67 | 59 | 27 | 19 |
| 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 | 122 | 119 | 42 | 40 |
| 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 | 67 | 59 | 27 | 19 |
| Andrés Tagle Dominguez | 5.895.255-9 | Chile | Director | Director´s fees | 67 | 59 | 27 | 19 |
| Marcos Lima Aravena | 5.119.963-4 | Chile | Director | Director´s fees | 101 | 99 | 34 | 33 |
| Juan Luis Ossa Bulnes | 3.638.915-K | Chile | Director | Director´s fees | 67 | 59 | 27 | 19 |
| Augusto González Aguirre | 6.826.386-7 | Chile | Director | Payroll | 11 | - | 11 | - |
| Augusto González Aguirre | 6.826.386-7 | Chile | Director | Director´s fees | 7 | - | 7 | - |

(1) During the nine-month period from January 1, 2012 to September 30, 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) Is fixed in the amount of Ch$3,282,300 - (three million two hundred and eighty two thousand three hundred Chilean pesos), the monthly salary of the directors of Codelco for participating in the Board meetings.

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) In the case of the 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, they shall 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 main executives of the Corporation, paid during the period January - September 2012, amount to ThUS$ 8,535 (2011: ThUS$ 5,574).

The criteria used to determine the remunerations of the executives was established by the Board on January 29, 2003.

During the period January-September 2012, there were payments to senior executives of Codelco by the concepts of service severance, termination benefits and post-employment benefits, equivalent to US$ 429 million.

There were no non-current benefit payments during the period January-September 2012 and 2011, respectively 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 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, 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

Accounts receivable from and payable to related companies as of September 30, 2012 and December 31, 2011, are detailed as follows:

Accounts receivable from related companies

| Taxpayer Number | Company | Country | Nature of the relationship | Indexation currency | Current | | Non-current | |
|---|---|---|---|---|---|---|---|---|
| | | | | | 9/30/2012 | 12/31/2011 | 9/30/2012 | 12/31/2011 |
| | | | | | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| 76.775.710-7 | GNL Mejillones S.A. | Chile | Associate | USD | 34,101 | 46,065 | 51,428 | 75,602 |
| 96.701.340-4 | Sociedad Contractual Minera El Abra | Chile | Associate | USD | 3,275 | 50 | - | - |
| Foreign | Copper Partners Invest. Company Ltd. | Bermuda | Joint Venture | USD | 9,435 | 10,226 | - | - |
| 96.801.450-1 | Agua de la Falda S.A. | Chile | Associate | USD | - | - | 224 | 224 |
| 76.063.022-5 | Inca de Oro S.A. | Chile | Associate | CLP | 7 | - | - | - |
| 76.024.442-2 | Ecosea Farming S.A. | Chile | Associate | CLP | 17 | - | - | 34 |
| 76.781.030-K | Kairos Mining S.A. | Chile | Associate | CLP | - | 16 | - | - |
| Total | | | | | 46,835 | 56,357 | 51,652 | 75,860 |

Accounts payable to related companies

| Taxpayer Number | Company | Country | Nature of the relationship | Indexation currency | Current | | Non-current | |
|---|---|---|---|---|---|---|---|---|
| | | | | | 9/30/2012 | 12/31/2011 | 9/30/2012 | 12/31/2011 |
| | | | | | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Foreign | Copper Partners Investment Company Ltd. | Bermuda | Joint Venture | USD | 33,610 | 36,666 | 284,151 | 308,616 |
| Foreign | Deutsche Geissdraht GmbH | Germany | Associate | EURO | 2,577 | 4,065 | - | - |
| 76.781.030-K | Kairos Mining S.A. | Chile | Associate | CLP | - | 20,138 | - | - |
| 76.869.100-2 | Mining Industry Robotic Solutions S.A. | Chile | Associate | CLP | - | 251 | - | - |
| 96.701.340-4 | Sociedad Contractual Minera El Abra | Chile | Associate | USD | 120,743 | 49,720 | - | - |
| 76.775.710-7 | GNL Mejillones S.A. | Chile | Associate | USD | 13,478 | 16,010 | - | - |
| 77.762.940-9 | Anglo American Sur S.A. | Chile | Associate | USD | 3,242 | - | - | - |
| Total | | | | | 173,650 | 126,850 | 284,151 | 308,616 |

The transactions performed between the Corporation and its related companies during the nine and three-month periods ended September 30, 2012 and 2011 are detailed in the next chart together with their corresponding effects on profit or loss:

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Taxpayer number | Company | Nature of the relationship | Country | Indexation currency | 1/1/2012 9/30/2012 | | 1/1/2011 9/30/2011 | | 7/1/2012 9/30/2012 | | 7/1/2011 9/30/2011 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Effects on net income (charges)/credits | Amount | Effects on net income (charges)/credits | Amount | Effects on net income (charges)/credits | Amount | Effects on net income (charges)/credits |
| | | | | | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Foreign | Copper Partners Investment Co. Ltd. | Sales of products | Bermuda | USD | 97,706 | 97,706 | 96,676 | 96,676 | 35,964 | 35,964 | 29,706 | 29,706 |
| Foreign | Copper Partners Investment Co. Ltd. | Dividends received | Bermuda | USD | 130,500 | - | - | - | 72,000 | - | - | - |
| 77.762.940-9 | Anglo American Sur S.A. | Purchase of products | Chile | USD | 26,880 | (26,880) | - | - | 26,880 | (26,880) | - | - |
| 77.762.940-9 | Anglo American Sur S.A. | Contribution | Chile | USD | 6,489,000 | - | - | - | 6,489,000 | - | - | - |
| 76.775.710-7 | Sociedad GNL Mejillones S.A. | Purchase of energy | Chile | USD | 116,655 | (116,655) | 190,667 | (190,667) | (2,543) | 2,543 | 104,468 | (104,468) |
| 76.775.710-7 | Sociedad GNL Mejillones S.A. | Collection of loan | Chile | USD | 36,317 | - | - | - | 8,536 | - | - | - |
| 76.775.710-7 | Sociedad GNL Mejillones S.A. | Loan interests | Chile | USD | 1,295 | 1,295 | 3,846 | 3,846 | - | - | 1,219 | 1,219 |
| 76.775.710-7 | Sociedad GNL Mejillones S.A. | Commissions received | Chile | USD | - | - | 569 | 569 | - | - | 193 | - |
| 76.775.710-7 | Sociedad GNL Mejillones S.A. | Guarantee fee | Chile | USD | 609 | 609 | - | - | 143 | 143 | - | - |
| 76.781.030-k | Kairos Mining S.A. | Purchase of services | Chile | CLP | 6,551 | (6,551) | 9,202 | (9,202) | - | - | - | - |
| 76.869.100-2 | Mining Industry Robotic Solutions S.A | Purchase of services | Chile | CLP | 162 | (162) | 821 | (821) | - | - | - | - |
| 96.701.340-4 | SCM El Abra | Dividends received | Chile | USD | 36,750 | - | 85,750 | - | 36,750 | - | 49,000 | - |
| 96.701.340-4 | SCM El Abra | Purchase of products | Chile | USD | 383,179 | (383,179) | 314,710 | (314,710) | 130,477 | (130,477) | 117,132 | (117,132) |
| 96.701.340-4 | SCM El Abra | Sales of products | Chile | USD | 47,908 | 47,908 | 83,118 | 83,118 | 24,783 | 24,783 | 60,323 | 60,323 |
| 96.701.340-4 | SCM El Abra | Purchase of services | Chile | USD | 3,957 | (3,957) | 960 | (960) | - | - | - | - |
| 96.701.340-4 | SCM El Abra | Commissions received | Chile | USD | 118 | 118 | 86 | 86 | 41 | 41 | 84 | 84 |
| Foreign | Deutsche Geissdraht GmbH | Dividends received | Germany | EURO | 1,377 | - | 1,398 | - | - | - | 82 | - |
| 73.063.022-5 | Inca de Oro S.A. | Contribution | Chile | USD | 4,231 | - | - | - | - | - | - | - |
| 76.028.880-2 | Minera Purén SCM | Dividends received | Chile | USD | 14,000 | - | - | - | - | - | - | - |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

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 (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.

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 September 30, 2012 and December 31, 2011 are detailed as follows:

| Items | 9/30/2012<br>ThUS$ | 12/31/2011<br>ThUS$ |
|---|---|---|
| Finished products | 709,245 | 459,795 |
| Subtotal finished products, net | 709,245 | 459,795 |
| Products in process | 1,446,637 | 1,142,531 |
| Subtotal products in process, net | 1,446,637 | 1,142,531 |
| Material in warehouse and other | 583,266 | 485,012 |
| Obsolescence allowance adjustment | (77,556) | (72,500) |
| Subtotal material in warehouse and other, net | 505,710 | 412,512 |
| Total | 2,661,592 | 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.

The inventory recognized as an expense in the cost of sales during period ended September 30, 2012 and 2011, corresponds to finished products and amounts to ThUS$ 7,508,726 and ThUS$ 7,355,003 respectively.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

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 | (32,005) |
| Reversals | 26,949 |
| Final Balance 9/30/2012 | (77,556) |

As of September 30, 2012 and 2011 Codelco has not written off inventory that has been recognized in the Statements of Compreheinsive Income.

## 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 as of September 30, 2012, resulted in a deferred tax liability with a credit to income of ThUS $ 97,118.

Deferred tax assets and liabilities are detailed as follows:

| Deferred tax assets | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Provisions | 860,540 | 808,037 |
| Unrealized gains | 51,744 | 49,157 |
| Finance lease | 33,360 | 27,685 |
| Specific mining tax | 26,629 | 35,854 |
| Derivatives – futures | 124,176 | 317,888 |
| Advances from clients | 190,657 | 196,811 |
| Derivatives interest rate swaps | - | 70,259 |
| Health care plans | 14,654 | 14,879 |
| Other | - | 8,506 |
| Total deferred tax assets | 1,301,760 | 1,529,076 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Deferred tax liabilities | 9/30/2012<br>ThUS$ | 12/31/2011<br>ThUS$ |
|---|---|---|
| Financial liabilities under effective interest rate | 30,349 | 138 |
| Swap hedging derivatives exchange | 7,244 | - |
| Price-level restatement of property, plant and equipment, IFRS first time adoption | 704,843 | 775,202 |
| Valuation of employee termination benefit | 91,717 | 81,566 |
| Accelerated depreciation | 2,426,572 | 2,206,342 |
| Net fair value of investments | 704,286 | - |
| Other | 82,485 | 6,070 |
| **Total deferred tax liabilities** | 4,047,496 | 3,069,318 |

The effect of deferred taxes affecting equity is summarized as follows:

| Deferred taxes affecting Equity | 9/30/2012<br>ThUS$ | 12/31/2011<br>ThUS$ |
|---|---|---|
| Cash Flow Hedge | (271,215) | (897,100) |
| **Total deferred taxes affecting equity** | (271,215) | (897,100) |

A reconciliation of taxes considering the legal tax rate and the calculation of the taxes actually paid is detailed as follows:

| Items | 9/30/2012 | | | | |
|---|---|---|---|---|---|
| | Taxable base 20%<br>ThUS$ | Taxable base 40%<br>ThUS$ | Tax rate 20%<br>ThUS$ | Additional tax rate 40%<br>ThUS$ | Total<br>ThUS$ |
| Profit before taxes | 5,864,685 | 5,864,685 | 1,172,937 | 2,345,874 | 3,518,811 |
| Permanent differences 20% | (339,124) | - | (67,825) | - | (67,825) |
| Permanent differences 40% | - | 3,796,190 | - | 1,518,476 | 1,518,476 |
| Income from corporations and other | (64,656) | (64,656) | (12,931) | (25,862) | (38,793) |
| Income from contractual companies | (130,195) | - | (26,039) | - | (26,039) |
| Income from Isapres (Private health insurance companies) | (452) | - | (90) | - | (90) |
| Foreign exchange differences | 2,877 | 2,877 | 575 | 1,151 | 1,726 |
| Specific mining tax | (171,013) | 171,013) | (34,203) | (68,405) | (102,608) |
| Dividends receivable | - | 48,430 | - | 19,372 | 19,372 |
| Other | 24,315 | (95,138) | 4,863 | (38,056) | (33,193) |
| Fair Value purchase option Anglo American Sur S.A. | - | (3,516,690) | - | (1,406,676) | (1,406,676) |
| Specific mining tax net of deferred tax | - | - | - | - | 180,272 |
| Change in annual tax rate (*) | - | - | - | - | 97,118 |
| Effect of subsidiaries | - | - | - | - | 3,825 |
| Total tax expense | | | 1,105,112 | 827,398 | 2,213,725 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Items | 9/30/2011 | | | | |
|---|---|---|---|---|---|
| | Taxable base 20% ThUS$ | Taxable base 40% ThUS$ | Tax rate 20% ThUS$ | Additional tax rate 40% ThUS$ | Total ThUS$ |
| Profit before taxes | 4,195,456 | 4,195,456 | 839,091 | 1,678,182 | 2,517,273 |
| Permanent differences 20% | (539,999) | - | (108,000) | - | (108,000) |
| Permanent differences 40% | - | (370,670) | - | (148,267) | (148,267) |
| Income from corporations and other | (150,710) | (150,710) | (30,142) | (60,284) | (90,426) |
| Income from contractual companies | (178,658) | - | (35,732) | - | (35,732) |
| Income from Isapres (Private health insurance companies) | (1,237) | - | (247) | - | (247) |
| Foreign exchange differences | (2,838) | (2,838) | (568) | (1,135) | (1,703) |
| Specific mining tax | (320,531) | (320,531) | (64,106) | (128,212) | (192,318) |
| Dividends receivable | - | (10,566) | - | (4,227) | (4,226) |
| Other | 113,975 | 113.975 | 22,795 | 45,590 | 68,385 |
| Specific mining tax net of deferred tax | - | - | - | - | 274,627 |
| Effect of subsidiaries | - | - | - | - | 50,062 |
| Total tax expense | | | 731,091 | 1,529,915 | 2,585,695 |

(*) Deferred tax liablitity related to the operation of AAS increase to ThUS$597,837 that was calculated at the moment of the transaction at a tax rate of 17%. Due to the increase of the first category income tax from 17% to 20% according to Law Number 20,630 published on September 27, 2012, the effect due to the change of the tax rate generates a higher deferred tax liability of ThUS$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 | Current | | Non-Current | |
|---|---|---|---|---|
| | 9/30/2012 MUS$ | 12/31/2011 MUS$ | 9/30/2012 MUS$ | 12/31/2011 MUS$ |
| VAT fiscal credit | 172,579 | 177,105 | - | - |
| Other taxes | 13,288 | 9,437 | - | - |
| Income tax | 67,13 | 68,388 | 30,748 | - |
| Total | 252,997 | 254,93 | 30,748 | - |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

b) Current tax liabilities

This item shows the income tax liabilities, net of monthly provisional payments:

| Item | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Income tax payable | 120,524 | 137,267 |
| Total | 120,524 | 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 January-September 2011 by this operation was ThUS$ 29,819.

## 8. Property, Plant and Equipment

a) The balances of Property, plant and equipment at September 30, 2012 comparative with December 31, 2011, are as follows:

| Property, Plant and Equipment, gross | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Construction in progress | 5,079,837 | 3,320,333 |
| Land | 108,354 | 101,057 |
| Buildings | 3,306,031 | 3,282,133 |
| Plant and Equipment | 10,740,596 | 10,632,843 |
| Fixtures and fittings | 35,500 | 35,085 |
| Motor vehicles | 1,321,762 | 1,263,540 |
| Land Improvements | 3,424,311 | 3,282,628 |
| Mining Operations | 3,456,743 | 3,061,596 |
| Mine development | 874,945 | 791,161 |
| Other Assets | 751,213 | 727,499 |
| Total Property, Plant and Equipment, gross | 29,099,292 | 26,497,875 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Property, Plant and Equipment, accumulated depreciation | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Construction in progress | - | - |
| Land | - | - |
| Buildings | 2,098,695 | 2,014,477 |
| Plant and Equipment | 6,570,094 | 6,049,883 |
| Fixtures and fittings | 27,028 | 24,821 |
| Motor vehicles | 783,337 | 724,028 |
| Land Improvements | 2,035,518 | 1,941,146 |
| Mining Operations | 1,813,308 | 1,534,597 |
| Mine development | 414,992 | 362,835 |
| Other Assets | 442,506 | 408,324 |
| Total Property, Plant and Equipment, accumulated depreciation | 14,185,478 | 13,060,111 |

| Property, Plant and Equipment, net | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Construction in progress | 5,079,837 | 3,320,333 |
| Land | 108,354 | 101,057 |
| Buildings | 1,207,336 | 1,267,656 |
| Plant and Equipment | 4,170,502 | 4,582,960 |
| Fixtures and fittings | 8,472 | 10,264 |
| Motor vehicles | 538,425 | 539,512 |
| Land Improvements | 1,388,793 | 1,341,482 |
| Mining Operations | 1,643,435 | 1,526,999 |
| Mine development | 459,953 | 428,326 |
| Other Assets | 308,707 | 319,175 |
| Total Property, Plant and Equipment, net | 14,913,814 | 13,437,764 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

b) Movement of Property, plant and equipment:

| Movements | Construction in Progress | Land | Buildings | Plant and Equipment | Fixtures and Fittings | Motor vehicles | Land Improvements | Mining Operations | Mine Development | Other Assets | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ThUS$ | ThUS$ | 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 | 428,326 | 319,175 | 13,437,764 |
| Additions | 2,450,868 | 3 | 321 | 1,585 | 234 | 33 | - | 215,293 | - | 10,800 | 2,679,137 |
| Disposals | (772) | - | (18) | (6,494) | (3) | (1,086) | - | - | - | (6) | (8,379) |
| Capitalizations | (608,351) | - | 21,394 | 196,088 | 253 | 81,501 | 90,553 | 137,459 | 83,784 | - | 2,681 |
| Depreciation and Amortization | (171) | - | (80,975) | (491,756) | (1,677) | (63,172) | (92,073) | (325,028) | (52,157) | (41,235) | (1,148,244) |
| Reclassifications | (151,573) | 6,202 | 1,520 | (50,302) | (496) | (17,509) | 49,780 | 88,712 | - | 19,520 | (54,146) |
| Impairment | - | - | - | - | - | - | - | - | - | - | - |
| Others | 69,503 | 1,092 | (2,562) | (61,579) | (103) | (854) | (949) | - | - | 453 | 5,001 |
| Total movements | 1,759,504 | 7,297 | (60,320) | (412,458) | (1,792) | (1,087) | 47,311 | 116,436 | 31,627 | (10,468) | 1,476,050 |
| Final Balance 9/30/2012 | 5,079,837 | 108,354 | 1,207,336 | 4,170,502 | 8,472 | 538,425 | 1,388,793 | 1,643,435 | 459,953 | 308,707 | 14,913,814 |

| Movements | Construction in Progress | Land | Buildings | Plant and Equipment | Fixtures and Fittings | Motor vehicles | Land Improvements | Mining Operations | Mine Development | Other Assets | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ThUS$ | ThUS$ | 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 | 420,976 | 360,232 | 12,351,430 |
| Additions | 2,335,287 | 17,625 | 129,884 | 12,116 | 1,233 | 23 | 1,571 | 337,598 | - | 13,298 | 2,848,635 |
| Disposals | - | (19) | - | (12,280) | (106) | (4,336) | (2) | (49,052) | - | (554) | (66,349) |
| Capitalizations | (1,441,799) | 387 | 99,270 | 916,880 | 1,362 | 179,530 | 193,632 | - | 53,617 | 313 | 3,192 |
| Depreciation and Amortization | - | - | (111,659) | (681,574) | (2,340) | (96,803) | (119,920) | (364,876) | (46,267) | (56,145) | (1,479,584) |
| Reclassifications | (273,272) | - | 32,727 | 40,832 | 549 | (1,450) | 20,272 | 239,187 | - | (1,480) | 57,365 |
| Impairment | (7,259) | (6,277) | (10,525) | (42,348) | (106) | (569) | (1,168) | - | - | (1,748) | (70,000) |
| Others | (49,417) | (18,746) | (130,831) | (11,442) | (1,805) | 57 | - | - | - | 5,259 | (206,925) |
| Total movements | 563,540 | (7,030) | 8,866 | 222,184 | (1,213) | 76,452 | 94,385 | 162,857 | 7,350 | (41,057) | 1,086,334 |
| 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 | 428,326 | 319,175 | 13,437,764 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

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) Interest costs capitalized for the period from January 1 to September 30, 2012 amount to ThUS$ 22,757, calculated based on an annual capitalization rate of 3.98%, and ThUS$ 24,006 for the same period in the year 2011, calculated based on a capitalization rate of 4.14%.

f) The item "Other assets" under "Property, plant and equipment" includes assets held under finance leases, which as of September 30, 2012 and December 31, 2011 correspond to ThUS$ 64,872 and ThUS$ 76,970, respectively.

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.

## 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 | | Accrued Net Income | |
|---|---|---|---|---|---|---|
| | 9/30/2012 | 12/31/2011 | 1/1/2012 9/30/2012 | 1/1/2011 9/30/2011 | 7/1/2012 9/30/2012 | 7/1/2011 9/30/2011 |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Investments in associates accounted for using the equity method | 7,364,264 | 748,284 | 177,250 | 205,868 | 26,035 | 86,768 |
| Joint Ventures | 181,756 | 196,771 | 115,484 | 48,534 | 34,848 | 43,090 |
| Total | 7,546,020 | 945,055 | 292,734 | 254,402 | 60,883 | 129,858 |

a) Associates

Agua de la Falda S.A.

As of September 30, 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 September 30, 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.

Corporation activities involve the extraction, production and marketing of copper cathodes.

Sociedad Contractual Minera Purén

At of September 30, 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.

Kairos Mining S.A.

As of September 30, 2012, Codelco has a 40% interest in Kairos Mining S.A., with the remaining 60% owned by Honeywell Chile S.A.

Its line of business is to provide automation and control services for industrial and mining activities and to license technology and software licenses.

Mining Industry Robotic Solutions S.A.

As of September 30, 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 September 30, 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.

Its 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 September 30, 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 September 1, 2009 Codelco's Board authorized the formation of a company destined to developing studies to allow continuity of the Inca de Oro Project.

Subsequently, on February 15, 2011, the association of Codelco and Minera PanAust IDO Ltda. was approved in respect to the Inca de Oro deposit, which implies that the latter will have 66% share of Inca de Oro S.A. and Codelco shall maintain a 34% share. Before the materialization of this association, Codelco owned the 100% of the society.

This operation generated during the first half of 2011 a net gain after taxes in the amount of ThUS$ 33,668.

Copper for Energy S.A.

As of September 30, 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.

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 September 30, 2012, Aurubis and Codelco through its affiliate, Codelco Kupferhandel GmbH, have a 60% and 40% interest, respectively.

The business model is to produce wire rods in its Emmerich, Germany facility.

Anglo American Sur S.A.

As of September 30, 2012, Inversiones Mineras Becrux SpA, an indirect subsidiary of Codelco, owns a 29.5% interest in the company, of which 24.5% corresponds to the Corporation and the remaining 5% to the Mitsui group. The control of the company AAS is 50.06% of Inversiones Anglo American Sur SA and 20.44% of the Mitsubishi group.

The principal activity of the Company is the exploration, mining, exploitation, production, processing and trade of ores, concentrates, precipitates, copper bars and all metallic and non-metallic minerals, all fossil substances and liquid and gaseous hydrocarbons naturally present. 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

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 | | Accrued Net Income | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 9/30/2012 | 12/31/2011 | 9/30/2012 | 12/31/2011 | 1/1/2012 9/30/2012 | 1/1/2011 9/30/2011 | 7/1/2012 9/30/2012 | 7/1/2011 9/30/2011 |
| | | | % | % | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Deutsche Geissdraht GmbH | Foreign | EURO | 40.00% | 40.00% | 3,461 | 4,283 | 1,088 | 1,486 | 350 | 569 |
| Agua de la Falda S.A. | 96.801.450-1 | USD | 43.28% | 43.28% | 5,643 | 5,731 | (88) | (152) | (44) | 79 |
| Sociedad Contractual Minera El Abra | 96.701.340-4 | USD | 49.00% | 49.00% | 766,301 | 666,968 | 118,717 | 159,840 | 14,148 | 51,108 |
| Minera Purén SCM | 76.028.880-2 | USD | 35.00% | 35.00% | 9,086 | 23,033 | 53 | 13,863 | 12 | 1,787 |
| Sociedad GNL Mejillones S.A. | 76.775.710-7 | USD | 37.00% | 37.00% | 37,683 | - | 57,538 | 31,529 | 11,063 | 33,490 |
| Kairos Mining S.A. | 76.781.030-K | CLP | 40.00% | 40.00% | 139 | 130 | 11 | 18 | (21) | 20 |
| MI Robotic Solutions S.A. | 76.869.100-2 | CLP | 36.00% | 36.00% | 1,562 | 2,241 | (919) | (537) | (130) | (107) |
| Inca de Oro S.A. | 73.063.022-5 | USD | 34.00% | 34.00% | 49,208 | 44,817 | 163 | (115) | 19 | (185) |
| Anglo American Sur S.A. | 77.762.940-9 | USD | 24.50% | 0.00% | 6,489,000 | - | - | - | - | - |
| Others | | | | | 2,181 | 1,081 | 687 | (64) | 638 | 7 |
| TOTAL | | | | | 7,364,264 | 748,284 | 177,250 | 205,868 | 26,035 | 86,768 |

The following tables provide details of the assets, liabilities and major movements in investments in associates accounted for using the equity method during the period ended September 30, 2012 and December 31, 2011 and their respective results during period ended September 30, 2012 and 2011.

| Assets and liabilities | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Current assets | 2,605,677 | 808,605 |
| Non-Current assets | 6,675,832 | 1,717,531 |
| Current liabilities | 598,270 | 513,798 |
| Non-Current liabilities | 2,468,879 | 361,182 |

| Net Income | 1/1/2012 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ | 7/1/2012 9/30/2012 ThUS$ | 7/1/2011 9/30/2011 ThUS$ |
|---|---|---|---|---|
| Revenue | 3,553,026 | 1,264,734 | 2,669,652 | 185,734 |
| Cost of sales | (2,704,908) | (816,040) | (2,158,830) | (106,185) |
| Profit for the period | 848,118 | 448,694 | 510,822 | 79,549 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Movements of Investment in Associates | 1/1/2012<br>9/30/2012<br>ThUS$ | 1/1/2011<br>9/30/2011<br>ThUS$ |
|---|---|---|
| Opening balances | 748,284 | 561,730 |
| Contributions | 6,493,231 | 22,259 |
| Dividends | (52,127) | (87,121) |
| Net income for the period | 177,250 | 205,868 |
| Foreign exchange differences | (40) | (238) |
| Fair Value adjustment by the Loss of control | - | 20,904 |
| Transfer of negative equity | - | (22,107) |
| Other comprehensive income | (4,393) | (9,422) |
| Other | 2,059 | 3,344 |
| Final balance | 7,364,264 | 695,217 |

## b) Joint ventures

At September 30, 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 Album Enterprises Limited (a subsidiary of Minmetals) to form the company, in which both companies hold equal interests.

| Identification of the company | Equity interest percentage |
|---|---|
| Copper Partners Investment Company Limited | 50% |

| Assets and liabilities | 9/30/2012<br>ThUS$ | 12/31/2011<br>ThUS$ |
|---|---|---|
| Current assets | 55,370 | 210,515 |
| Non-current assets | 322,334 | 308,616 |
| Current liabilities | 14,196 | 40,161 |
| Non-current liabilities | - | 85,428 |

| Net Income | 1/1/2012<br>9/30/2012<br>ThUS$ | 1/1/2011<br>9/30/2011<br>ThUS$ | 7/1/2012<br>9/30/2012<br>ThUS$ | 7/1/2011<br>9/30/2011<br>ThUS$ |
|---|---|---|---|---|
| Revenue | 332,228 | 385,363 | 100,888 | 119,981 |
| Cost of sale | (101,260) | (288,296) | (31,192) | (33,802) |
| Profit (loss) | 230,968 | 97,067 | 69,696 | 86,179 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Movements of the investment in Joint Ventures | 1/1/2012 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ |
|---|---|---|
| Opening Balance | 196,771 | 26,635 |
| Net income for the period | 115,484 | 48,534 |
| Dividends | (130,500) | - |
| Distributions | - | (7,818) |
| Other comprehensive income | - | 93,152 |
| Other | 1 | - |
| Total | 181,756 | 160,503 |

## c) Interest in negative equity

The Corporation, at September 30, 2012 and December 31, 2011, has an interest in the following negative equities (amounts expressed in ThUS$):

| Entity | Equity interest percentage | Negative Equity | |
|---|---|---|---|
| | | 9/30/2012 | 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.

The balance of unrealized profit to be recognized as of September 30, 2012 is ThUS$ 86,240 (12/31/2011 ThUS$86,240). This figure is shown by deducting the investment in this company.

Codelco carries out copper purchases and sales with this company. At September 30, 2012, and December 31, 2011, the value of finished products in Inventory includes an unrealized profit accrual of ThUS$ 17,366. At December 31, 2011 there is no accrual of unrealized profit.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 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 | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Current assets | 504,808 | 697,933 |
| Non-current assets | 7,126,126 | 618,753 |
| | | |
| Current liabilities | 413,324 | 431,813 |
| Non-current liabilities | 2,741,691 | 305,783 |

| Net Income | 1/1/2012 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ | 7/1/2012 9/30/2012 ThUS$ | 7/1/2011 9/30/2011 ThUS$ |
|---|---|---|---|---|
| Revenue | 1,753,241 | 2,085,597 | 537,144 | 645,579 |
| Cost of sales | (1,621,878) | (1,960,127) | (515,275) | (660,488) |
| Profit (loss) for the period | 131,363 | 125,470 | 21,869 | (14,909) |

## 11. Other non-current non-financial assets

Other non-current non-financial assets included in the interim consolidated statement of financial position as of September 30, 2012 and December 31, 2011 is detailed as follows:

| Other non-current financial assets | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Anglo American Purchase Option (1) | - | 162,558 |
| Law No. 13,196 asset (2) | 31,776 | 34,528 |
| Other | 6,304 | 6,864 |
| TOTAL | 38,080 | 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

Later, during the 2012 trial between Codelco and Anglo American which occurred due to the exercise of the Call Option and before their conciliation 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 invoked 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$ 3,689,205.

As of September 30, 2012, no amounts were recorded for the asset corresponding to the right to purchase shares, since the Purchase Option, revalued as mentioned in the above table, was provided to the affiliate company Sociedad de Inversiones Becrux SpA, for the final purchase option for 24.5% of shares in Anglo American Sur SA

(2) This 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 | 9/30/2012 | | | | |
|---|---|---|---|---|---|
| | At fair value though profit and loss | Loans and receivables | Hedging derivatives | Available for sale | Total financial assets ThUS$ |
| Cash and Cash equivalents | 6,200 | 2,519,492 | - | - | 2,525,692 |
| Trade and other current receivables | 130,066 | 1,884,461 | - | - | 2,014,527 |
| Rights receivables, non - current | - | 146,116 | - | - | 146,116 |
| Due from related companies, current | - | 46,835 | - | - | 46,835 |
| Due from related companies, non - current | - | 51,652 | - | - | 51,652 |
| Other current financial assets | - | 2,798 | 2,532 | - | 5,330 |
| Other non - current financial assets | - | 16,627 | 132,571 | - | 149,198 |
| TOTAL | 136,266 | 4,667,981 | 135,103 | - | 4,939,350 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| 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 |

- Financial assets designated at fair value through profit or loss: At September 30, 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 effect on the period profit and loss are from 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 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."

| | 9/30/2012 | | | | | |
|---|---|---|---|---|---|---|
| | Current | | | Non- Current | | |
| Items | Loans and other payables ThUS$ | Hedge derivatives ThUS$ | Total ThUS$ | Loans and other payables ThUS$ | Hedge derivatives ThUS$ | Total ThUS$ |
| Loans from financial entities | 190,624 | - | 190,624 | 3,217,905 | - | 3,217,905 |
| Bonds | 540,294 | - | 540,294 | 7,009,839 | - | 7,009,839 |
| Financial Lease | 26,881 | - | 26,881 | 93,434 | - | 93,434 |
| Hedge obligations | - | 204,086 | 204,086 | - | 2,482 | 2,482 |
| Other financial liabilities | 823 | - | 823 | 82,236 | - | 82,236 |
| Total | 758,622 | 204,086 | 962,708 | 10,403,414 | 2,482 | 10,405,896 |

| | 12/31/2011 | | | | | |
|---|---|---|---|---|---|---|
| | Current | | | Non- Current | | |
| Items | 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 for up to a twelve-month term, contracted at the market interest rate to finance its production operations oriented towards the foreign market.

The loans obtained by the Corporation for terms that exceed twelve month are mainly to finance the investments required for production processes.

On August 23, 2012, the subsidiary Inversiones Gacrux SpA, 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.

Indirect subsidiary Codelco Inversiones Mineras Becrux SpA used this funding for the acquisition of 24.5% of shares in Anglo American Sur S.A. and other related expenses.

- *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.

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.

On October 15, 2003, the Corporation issued and placed bonds on 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.

On October 15, 2004, the Corporation issued and placed bonds on 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 on 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 on 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 on 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 semiannually.

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 ThUS$ 2,000 million. At maturity on July 17, 2022, the bonds will be valued at US$1,250 million with a coupon of 3% per year, and an expiration of July 17, 2042, corresponding to US$750 million with a coupon of 4.25% annually.

- *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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

At September 30, 2012, the detail of Borrowings from financial institutions and Bond obligations is as follows:

| 9/30/2012 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Taxpayer Number | Country | Loans with financial entities | Institution | Maturity | Rate | Currency | Amount | Type of amortization | Payment of interest | Nominal rate | Effective interest rate | Current Balance ThUS$ | Non-current Balance ThUS$ |
| Foreign | United States of America | Export pre-funding | BBVA Bancomer | 9/27/2014 | Floating | US$ | 400,000,000 | 3 annual installments of principal at maturity | Quaterly | 0.56% | 0.63% | 133,354 | 133,354 |
| 97836000-K | Chile | Export pre-funding | Banco Santander | 11/30/2015 | Floating | US$ | 75,000,000 | Maturity | Quaterly | 1.28% | 1.40% | 90 | 74,765 |
| Foreign | Bermudas | Export pre-funding | HSBC Bank Bermuda Limited | 12/17/2015 | Floating | US$ | 162,500,000 | Maturity | Quaterly | 1.24% | 1.36% | 95 | 161,992 |
| Foreign | United States of America | Export pre-funding | Bank of Tokyo Mitsubishi Ltd. | 12/22/2015 | Floating | US$ | 100,000,000 | Maturity | Quaterly | 1.12% | 1.22% | 31 | 99,724 |
| 97836000-K | Chile | Export pre-funding | Banco Santander | 12/23/2015 | Floating | US$ | 100,000,000 | Maturity | Quaterly | 1.22% | 1.34% | 22 | 99,662 |
| Foreign | Canada | Export pre-funding | Export. Dev. Canada | 12/28/2015 | Floating | US$ | 250,000,000 | Maturity | Quaterly | 1.16% | 1.28% | 18 | 249,169 |
| Foreign | United States of America | Export pre-funding | Sumitomo Mitsui Banking | 2/18/2016 | Floating | US$ | 100,000,000 | Maturity | Quaterly | 1.22% | 1.31% | 48 | 99,727 |
| Foreign | United States of America | Export pre-funding | Mizuho Corporate Bank Ltd | 10/13/2016 | Floating | US$ | 100,000,000 | Maturity | Quaterly | 1.06% | 1.34% | 232 | 98,941 |
| Foreign | United States of America | Export pre-funding | Bank of Tokyo Mitsubishi Ltd. | 10/14/2016 | Floating | US$ | 250,000,000 | Maturity | Quaterly | 0.96% | 1.27% | 525 | 247,052 |
| Foreign | United States of America | Export pre-funding | HSBC Trinkaus & Burkhardt | 10/11/2016 | Floating | US$ | 250,000,000 | Maturity | | 1.06% | 1.37% | 612 | 247,093 |
| Foreign | Germany | Credit Line | HSBC Trinkaus & Burkhardt | | Floating | Euro | 19,765,000 | Maturity | | 1.35% | 1.35% | 19,765 | - |
| Foreign | Germany | Credit Line | Deutsche Bank | | Floating | Euro | 15,205,000 | Maturity | | 1.35% | 1.35% | 15,205 | - |
| Foreign | Netherlands | Bilateral Credit | Oriente Copper Netherlands B.V. | 5/24/2020 | Floating | US$ | 1,862,749,752 | Maturity | Semi annual | 1.99% | 3.24% | 18,509 | 1,695,559 |
| | | | Other institutions | | Floating | US$ | 66 | Maturity | | - | - | 2,118 | 11,122 |
| TOTAL | | | | | | | | | | | | 190,624 | 3,217,905 |

| Bonds | Country | Maturity | Rate | Currency | Amount | Type of amortization | Payment of interest | Nominal rate | Effective interest rate | Current Balance ThUS$ | Non-current Balance ThUS$ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 144-A REG.S | United States of America | 11/30/2012 | Fixed | US$. | 435,000,000 | Maturity | Semi annual | 6.38% | 6.48% | 444,424 | - |
| 144-A REG.S | United States of America | 10/15/2013 | Fixed | US$ | 500,000,000 | Maturity | Semi annual | 5.50% | 5.57% | 12,850 | 499,644 |
| 144-A REG.S | United States of America | 10/15/2014 | Fixed | US$ | 500,000,000 | Maturity | Semi annual | 4.75% | 4.99% | 11,096 | 497,698 |
| 114-A REG.S | United States of America | 1/15/2019 | Fixed | US$ | 600,000,000 | Maturity | Semi annual | 7.50% | 7.79% | 9,766 | 591,548 |
| 114-A REG.S | United States of America | 11/4/2020 | Fixed | US$ | 1,000,000,000 | Maturity | Semi annual | 3.75% | 3.98% | 15,285 | 983,958 |
| 114-A REG.S | United States of America | 11/4/2012 | Fixed | US$ | 1,150,000,000 | Maturity | Semi annual | 3.88% | 4.07% | 18,164 | 1,133,408 |
| 114-A REG.S | United States of America | 7/17/2022 | Fixed | US$ | 1,250,000,000 | Maturity | Semi annual | 3.00% | 3.16% | 7,703 | 1,232,029 |
| BCODE-B | Chile | 4/1/2025 | Fixed | U.F. | 6,900,000 | Maturity | Semi annual | 4.00% | 3.24% | - | 354,676 |
| 144-A REG.S | United States of America | 9/21/2035 | Fixed | US$ | 500,000,000 | Maturity | Semi annual | 5.63% | 5.78% | 932 | 490,271 |
| 144-A REG.S | United States of America | 10/24/2036 | Fixed | US$ | 500,000,000 | Maturity | Semi annual | 6.15% | 6.22% | 13,527 | 495,855 |
| 144-A REG.S | United States of America | 7/17/2042 | Fixed | US$ | 750,000,000 | Maturity | Semi annual | 4.25% | 4.40% | 6,547 | 730,752 |
| TOTAL | | | | | | | | | | 540,294 | 7,009,839 |

Nominal and effective interest rates presented above correspond to annual rates.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

At December 31, 2011, the detail of Borrowings from financial institutions and Bond obligations is as follows:

| 12/31/2011 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Taxpayer Number | Country | Loans with financial entities | Institution | Maturity | Rate | Currency | Amount | Type of amortization | Payment of interest | Nominal rate | Effective interest rate | Current Balance ThUS$ | Non-current Balance ThUS$ |
| Foreign | United States of America | Export pre-funding | BBVA Bancomer | 9/27/2014 | Floating | US$ | 400,000,000 | 3 Annual installments of principal at maturity | Quaterly | 0.75% | 0.80% | 6 | 399,643 |
| 97836000-K | Chile | Export pre-funding | Banco Santander | 11/30/2015 | Floating | US$ | 75,000,000 | Maturity | Quaterly | 1.36% | 1.49% | 94 | 74,714 |
| Foreign | Bermudas | Export pre-funding | HSBC Bank Bermuda Limited | 12/17/2015 | Floating | US$ | 162,500,000 | Maturity | Quaterly | 1.41% | 1.53% | 66 | 161,870 |
| Foreign | United States of America | Export pre-funding | Bank of Tokyo-Mitsubishi | 12/22/2015 | Floating | US$ | 100,000,000 | Maturity | Quaterly | 1.32% | 1.42% | 28 | 99,678 |
| 97836000-K | Chile | Export pre-funding | Banco Santander | 12/23/2015 | Floating | US$ | 100,000,000 | Maturity | Quaterly | 1.42% | 1.55% | 27 | 99,600 |
| Foreign | Canada | Export pre-funding | Export. Dev. Canada | 12/28/2015 | Floating | US$ | 250,000,000 | Maturity | Quaterly | 1.38% | 1.50% | 24 | 248,996 |
| Foreign | United States of America | Export pre-funding | Sumitomo Mitsui Banking | 2/18/2016 | Floating | US$ | 100,000,000 | Maturity | Quaterly | 1.38% | 1.45% | 52 | 99,686 |
| Foreign | Germany | Credit line | HSBC Trinkaus & Burkhardt | | Floating | Euro | 15,364,000 | | | 1.65% | 1.65% | 19,915 | - |
| Foreign | Germany | Credit line | Deutsche Bank | | Floating | Euro | 14,562,000 | | | 1.65% | 1.65% | 18,875 | - |
| | | | Other institutions | | | | - | | | - | - | 2,189 | 12,458 |
| TOTAL | | | | | | | | | | | | 41,276 | 1,196,645 |

| Bonds | Country | Maturity | Rate | Currency | Amount | Type of amortization | Payment of interest | Nominal rate | Effective interest rate | Current Balance ThUS$ | Non-current Balance ThUS$ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| BCODE-A | Chile | 9/1/2012 | Fixed | U.F. | 7,000,000 | Maturity | Semi annual | 3.96% | 4.45% | 303,701 | - |
| 144-A REG.S | United States of America | 11/30/2012 | Fixed | US$ | 435,000,000 | Maturity | Semi annual | 6.38% | 6.48% | 437,206 | - |
| 144-A REG.S | United States of America | 10/15/2013 | Fixed | US$ | 500,000,000 | Maturity | Semi annual | 5.50% | 5.57% | 6,011 | 499,399 |
| 144-A REG.S | United States of America | 10/15/2014 | Fixed | US$ | 500,000,000 | Maturity | Semi annual | 4.75% | 4.99% | 5,191 | 496,911 |
| 114-A REG.S | United States of America | 1/15/2019 | Fixed | US$ | 600,000,000 | Maturity | Semi annual | 7.50% | 7.79% | 20,788 | 590,785 |
| 114-A REG.S | United States of America | 11/4/2020 | Fixed | US$ | 1,000,000,000 | Maturity | Semi annual | 3.75% | 3.98% | 5,975 | 982,719 |
| 114-A REG.S | United States of America | 11/3/2021 | Fixed | US$ | 1,150,000,000 | Maturity | Semi annual | 3.88% | 4.07% | 7,184 | 1,132,295 |
| BCODE-B | Chile | 4/1/2025 | Fixed | U.F. | 6,900,000 | Maturity | Semi annual | 4.00% | 3.24% | 2,981 | 320,369 |
| 144-A REG.S | United States of America | 9/21/2035 | Fixed | US$ | 500,000,000 | Maturity | Semi annual | 5.63% | 5.78% | 8,036 | 490,121 |
| 144-A REG.S | United States of America | 10/24/2036 | Fixed | US$ | 500,000,000 | Maturity | Semi annual | 6.15% | 6.22% | 5,881 | 495,800 |
| TOTAL | | | | | | | | | | 802,954 | 5,008,399 |

Nominal and effective interest rates presented above correspond to annual rates.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

At September 30, 2012, the detail of amounts due undiscounted that the Corporation has with financial institutions is as follows:

| 9/30/2012 | | | | | Current | | | Non-current | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Debtor´s Name | Currency | Effective interest rate | Nominal rate | Type of amortization | Less than 90 days | More than 90 days | Current Total | One to three years | Three to five years | More than five years | Non-current Total |
| THE BANK OF TOKYO M. | US$ | 1.22% | 1.12% | Quaterly | 284 | 848 | 1,132 | 2,277 | 100,284 | - | 102,561 |
| HSBC BANK BERMUDA LIMITED | US$ | 1.36% | 1.24% | Quaterly | 528 | 1,539 | 2,067 | 4,100 | 163,011 | - | 167,111 |
| BBVA BANCOMER | US$ | 0.63% | 0.56% | Quaterly | 380 | 134,490 | 134,870 | 134,095 | - | - | 134,095 |
| EXPORT DEVELOP CANADA | US$ | 1.28% | 1.16% | Quaterly | 734 | 2,212 | 2,946 | 5,892 | 250,734 | - | 256,626 |
| BANCO SANTANDER S.A | US$ | 1.40% | 1.28% | Quaterly | 242 | 740 | 982 | 1,942 | 75,242 | - | 77,184 |
| BANCO SANTADER S.A | US$ | 1.34% | 1.22% | Quaterly | 309 | 940 | 1,249 | 2,505 | 100,312 | - | 102,817 |
| SUMITOMO MITSUI BANKING | US$ | 1.31% | 1.22% | Quaterly | 308 | 921 | 1,229 | 2,471 | 100,616 | - | 103,087 |
| MIZUHO CORPORATE BANK LTD | US$ | 1.34% | 1.06% | Quaterly | - | 801 | 801 | 2,142 | 101,344 | - | 103,486 |
| BANK OF TOKYO MITSUBISHI LTD. | US$ | 1.27% | 0.96% | Quaterly | 611 | 1,202 | 1,813 | 4,847 | 253,041 | - | 257,888 |
| HSBC BANK USA, N.A. | US$ | 1.37% | 1.06% | Quaterly | 1,354 | 2,009 | 3,363 | 4,695 | 253,370 | - | 258,065 |
| ORIENTE COPPER NETHERLAND B.V. | US$ | 3.24% | 1.99% | Semi annual | - | 18,509 | 18,509 | 74,651 | 74,753 | 1,984,135 | 2,133,538 |
| BONO 144-A REG. 2012 | US$ | 6.48% | 6.38% | Semi annual | 448,866 | - | 448,866 | - | - | - | - |
| BONO 144-A REG. 2013 | US$ | 5.57% | 5.50% | Semi annual | 13,750 | 13,750 | 27,500 | 513,750 | - | - | 513,750 |
| BONO 144-A REG. 2014 | US$ | 4.99% | 4.75% | Semi annual | 11,875 | 11,875 | 23,750 | 535,625 | - | - | 535,625 |
| BONO 144-A REG. 2035 | US$ | 5.78% | 5.63% | Semi annual | - | 28,125 | 28,125 | 56,250 | 42,188 | 1,020,313 | 1,118,751 |
| BONO 144-A REG. 2036 | US$ | 6.22% | 6.15% | Semi annual | 15,375 | 15,375 | 30,750 | 61,500 | 61,500 | 1,099,625 | 1,222,625 |
| BONO 144-A REG. 2019 | US$ | 7.79% | 7.50% | Semi annual | - | 45,000 | 45,000 | 90,000 | 90,000 | 667,500 | 847,500 |
| BONO 144-A REG. 2020 | US$ | 3.98% | 3.75% | Semi annual | 18,750 | 18,750 | 37,500 | 75,000 | 75,000 | 1,131,250 | 1,281,250 |
| BONO 144-A REG. 2021 | US$ | 4.07% | 3.88% | Semi annual | 22,281 | 22,281 | 44,562 | 89,125 | 89,125 | 1,350,531 | 1,528,781 |
| BONO 144-A REG. 2022 | US$ | 3.16% | 3.00% | Semi annual | - | 37,500 | 37,500 | 75,000 | 75,000 | 1,437,500 | 1,587,500 |
| BONO 144-A REG. 2042 | US$ | 4.40% | 4.25% | Semi annual | - | 31,875 | 31,875 | 63,750 | 63,750 | 1,546,875 | 1,674,375 |
| | | | | Total ThUS$ | 535,647 | 388,742 | 924,389 | 1,799,617 | 1,969,270 | 10,237,729 | 14,006,615 |
| BONO BCODE-B 2025 | U.F. | 3.24% | 4.00% | Semi annual | - | 276,000 | 276,000 | 414,000 | 552,000 | 9,108,000 | 10,074,000 |
| | | | | Total U.F. | - | 276,000 | 276,000 | 414,000 | 552,000 | 9,108,000 | 10,074,000 |
| | | | | Sub total ThUS$ | - | 13,161 | 13,161 | 19,741 | 26,321 | 434,302 | 480,364 |
| | | | | Total ThUS$ | 535,647 | 401,903 | 937,550 | 1,819,358 | 1,995,591 | 10,672,031 | 14,486,979 |

Nominal and effective interest rates presented above correspond to annual rates.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

At December 31, 2011, the detail of amounts due undiscounted that the Corporation has with financial institutions is as follows:

| 12/31/2011 | | | | | Current | | | Non-current | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Debtor´s Name | Currency | Effective interest rate | Nominal rate | Type of amortization | Less than 90 days | More than 90 days | Current Total | One to three years | Three to five years | More than five years | Non-current Total |
| THE BANK OF TOKYO M. | US$ | 1.42% | 1.32% | Quarterly | 353 | 1,059 | 1,412 | 2,826 | 101,415 | - | 104,241 |
| HSBC BANK BERMUDA LIMITED | US$ | 1.53% | 1.41% | Quarterly | 619 | 1,858 | 2,477 | 4,961 | 164,984 | - | 169,945 |
| BBVA BANCOMER | US$ | 0.80% | 0.75% | Quarterly | 798 | 2,394 | 3,192 | 405,588 | - | - | 405,588 |
| EXPORT DEVELOP CANADA | US$ | 1.50% | 1.38% | Quarterly | 933 | 2,802 | 3,735 | 7,481 | 253,746 | - | 261,227 |
| BANCO SANTANDER | US$ | 1.49% | 1.36% | Quarterly | 277 | 833 | 1,110 | 2,223 | 76,113 | - | 78,336 |
| BANCO SANTANDER | US$ | 1.55% | 1.42% | Quarterly | 385 | 1,155 | 1,540 | 3,084 | 101,544 | - | 104,628 |
| SUMITOMO MITSUI BANKING | US$ | 1.45% | 1.38% | Quarterly | 348 | 1,084 | 1,432 | 2,791 | 101,992 | - | 104,783 |
| 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 | - | - | 527,842 |
| BONO 144-A REG. 2014 | US$ | 4.99% | 4.75% | Semi annual | - | 24,796 | 24,796 | 549,753 | - | - | 549,753 |
| BONO 144-A REG. 2035 | US$ | 5.78% | 5.63% | Semi annual | 14,161 | 28,324 | 42,485 | 56,684 | 56,736 | 1,043,188 | 1,156,608 |
| BONO 144-A REG. 2036 | US$ | 6.22% | 6.15% | Semi annual | - | 30,823 | 30,823 | 61,661 | 61,682 | 1,118,796 | 1,242,139 |
| BONO 144-A REG. 2019 | US$ | 7.79% | 7.50% | Semi annual | 22,986 | 23,005 | 45,991 | 92,224 | 92,591 | 716,349 | 901,164 |
| BONO 144-A REG. 2020 | US$ | 3.98% | 3.75% | Semi annual | - | 39,154 | 39,154 | 78,510 | 78,798 | 1,158,558 | 1,315,866 |
| BONO 144-A REG. 2021 | US$ | 4.07% | 3.88% | Semi annual | - | 46,050 | 46,050 | 92,286 | 92,551 | 1,382,689 | 1,567,526 |
| | | | | Total ThUS$ | 40,860 | 694,311 | 735,171 | 1,887,914 | 1,182,152 | 5,419,580 | 8,489,646 |
| | | | | | | | | | | | |
| 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 | 475,419 | 8,859,557 | 9,815,164 |
| | | | | Total U.F. | 161,896 | 7,397,149 | 7,559,045 | 480,188 | 475,419 | 8,859,557 | 9,815,164 |
| | | | | Sub total ThUS$ | 6,954 | 317,738 | 324,692 | 20,626 | 20,421 | 380,554 | 421,601 |
| | | | | Total ThUS$ | 47,814 | 1,012,049 | 1,059,863 | 1,908,540 | 1,202,573 | 5,800,134 | 8,911,247 |

Nominal and effective interest rates presented above correspond to annual rates.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

Payment commitments for financial leasing transactions are summarized in the following table:

| Financial Leasing | 9/30/2012 | | | 12/31/2011 | | |
|---|---|---|---|---|---|---|
| | Gross ThUS$ | Interest ThUS$ | Net ThUS$ | Gross ThUS$ | Interest ThUS$ | Net ThUS$ |
| Less than one year | 29,488 | (2,607) | 26,881 | 28,897 | (5,943) | 22,954 |
| Between one and five years | 75,289 | (27,738) | 47,551 | 85,842 | (29,918) | 55,924 |
| More than five years | 91,536 | (45,653) | 45,883 | 97,476 | (47,305) | 50,171 |
| Total | 196,313 | (75,998) | 120,315 | 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 | 9/30/2012 ThUS$ | 12/31/2011 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 | 9/30/2012 ThUS$ | 9/30/2011 ThUS$ |
|---|---|---|
| Minimum payments for operating leases | 208,854 | 131,320 |

## 14. Fair Value of financial assets and liabilities

As the book value of financial assets and liabilities is a reasonable approximation of their fair value, noincremental 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

- 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 September 30, 2012:

| Financial Assets and liabilities at fair value with an effect in profit and loss statement | 9/30/2012 | | | |
|---|---|---|---|---|
| | Level 1 ThUS$ | Level 2 ThUS$ | Level 3 ThUS$ | Total ThUS$ |
| *Financial Assets:* | | | | |
| Provisionally priced sales contracts | - | 130,066 | - | 130,066 |
| Cross Currency Swap | - | 132,572 | - | 132,572 |
| Mutual fund units | 6,200 | - | - | 6,200 |
| Metals Futures | 2,532 | - | - | 2,532 |
| *Financial Liabilities:* | | | | |
| Metals Futures | 209,491 | - | - | 209,491 |

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 | |
|---|---|---|
| | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
| Trade payables | 1,484,592 | 1,475,980 |
| Payables to employees | 27,908 | 22,519 |
| Withholdings | 98,977 | 88,723 |
| Tax withholdings | 31,424 | 50,791 |
| Other payables | 146,503 | 144,446 |
| Total | 1,789,404 | 1,782,459 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 17. Other provisions

Other short-term accrued expenses and provisions as of the indicated dates are detailed as follows:

| Other provisions | Current | | Non-current | |
|---|---|---|---|---|
| | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
| Trade (1) | 9,876 | 14,562 | - | - |
| Operating (2) | 68,487 | 43,810 | - | - |
| Law No. 13,196 | 106,060 | 110,350 | - | - |
| Sundry (3) | 26,547 | 41,792 | 9,287 | 25,922 |
| Closure, decommissioning and restoration (4) | - | - | 930,010 | 861,530 |
| Contingencies | 369 | - | 126,186 | 125,989 |
| Total | 211,339 | 210,514 | 1,065,483 | 1,013,441 |

| Accrual for employee benefits | Current | | Non-current | |
|---|---|---|---|---|
| | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
| Employees’ collective bargaining agreements | 161,943 | 209,525 | - | - |
| Employee termination benefit | 49,959 | 45,494 | 754,387 | 692,206 |
| Bonus | 43,265 | 3,715 | - | - |
| Vacation | 144,500 | 128,994 | - | - |
| Medical care programs (5) | 539 | 521 | 356,188 | 336,862 |
| Retirement plans (6) | 39,064 | 62,003 | - | - |
| Other | 3,886 | 8,999 | 69,953 | 63,898 |
| Total | 443,156 | 459,251 | 1,180,528 | 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) Includes an accrual for uncompleted invoices for product purchases, which lowers the current provision and accrued expenses balance.
(4) Corresponds to a provision for future closure costs primarily related to tailing dams, mine closure and other assets. This cost value is calculated to an actual value discounted at 3% annual rate and its discount period varies between 24 and 87 years.
The new Law of mine closure, published in Official Journal November 11, 2011, will have future impact on this provision as explained in note 29 “Contingencies and restrictions”
(5) Corresponds to an accrual for contributions to medical care institutions agreed upon with current and former employees.
(6) Corresponds to an accrual for employees who have agreed to retire in accordance with plans in force for personnel retirement.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

Movements of Other provisions were as follows:

| Movements | 1/1/2012 9/30/2012 | | |
|---|---|---|---|
| | Provision for mine closure ThUS$ | Contingencies ThUS$ | Other provisions ThUS$ |
| Opening balance | 861,530 | 125,989 | 25,922 |
| Annual cost | - | 2,107 | 2,242 |
| Adjustment property, plant equipment | 16,701 | - | - |
| Financial expenses | 13,837 | - | - |
| Payment of liabilities | (34,941) | (2,299) | (2,780) |
| Foreign Exchange rate differences | 72,883 | 388 | (207) |
| Reverses | - | - | (15,462) |
| Other variations | - | 370 | (428) |
| Final Balance | 930,010 | 126,555 | 9,287 |

## 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.

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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

Actuarial assumptions for calculating the employee termination benefit accrual are as follows:

| Actuarial assumptions | |
|---|---|
| Discount rate | 6.35% to 20 years |
| Turnover rate – resignation | 3.11% Men --- 0.25% Women |
| (Average) wage increase | 0.9% - 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 9/30/2012 | | 1/1/2011 9/30/2011 | |
|---|---|---|---|---|
| | Retirement Plan ThUS$ | Health Plan ThUS$ | Retirement Plan ThUS$ | Health Plan ThUS$ |
| Opening balance | 737,700 | 337,383 | 846,460 | 305,356 |
| Cost | 40,097 | 7,451 | 35,723 | 79,638 |
| Finance expense | 16,430 | 6,342 | 25,333 | 2,344 |
| Indemnities paid | (32,836) | (10,143) | (97,310) | (9,122) |
| *Subtotal* | 761,391 | 341,033 | 810,206 | 378,216 |
| (Gains) Losses from foreign exchange differences | 42,955 | 15,949 | (82,479) | (14,859) |
| Total balance | 804,346 | 356,982 | 727,727 | 363,357 |

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 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ | 7/1/2012 9/30/2012 ThUS$ | 7/1/2011 9/30/2011 ThUS$ |
|---|---|---|---|---|
| Current benefits | 1,345,906 | 1,216,050 | 470,116 | 415,846 |
| Post-employment benefits | 7,451 | 79,638 | 1,801 | 2,976 |
| Employee termination benefits | 12,604 | 63,569 | 6,911 | 2,527 |
| Benefits for indemnities | 40,097 | 35,723 | (1,051) | 9,933 |
| Total | 1,406,058 | 1,394,980 | 477,777 | 431,282 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 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, conforming 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 of the year 2011 in an amount equivalent to US$ 473 million through earnings obtained from sale of electricity assets.

As of September 30, 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.

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 | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Foreign exchange differences on conversion reserves | 1,775 | 283 |
| Cash flow hedge reserves | (77,995) | (272,349) |
| Capitalization fund and reserves | 2,729,556 | 1,456,476 |
| Other reserves | 640,943 | 645,109 |
| Total other reserves | 3,294,279 | 1,829,519 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

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) | | | |
|---|---|---|---|---|---|---|
| | 9/30/2012 | 12/31/2011 | 1/1/2012 9/30/2012 | 1/1/2011 9/30/2011 | 7/1/2012 9/30/2012 | 7/1/2011 9/30/2011 |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Asociación Garantizadora de Pensiones | 23 | 21 | (1) | (1) | - | - |
| Biosigma S.A. | 1,122 | 1,032 | (910) | (873) | (282) | (286) |
| Instituto de Innovación en Minería y Metalurgia S.A. | 3 | 4 | - | - | - | - |
| Clínica San Lorenzo Ltda. | - | - | 1 | - | - | - |
| Micomo S.A. | - | 946 | - | (156) | 165 | (130) |
| Inversiones Mineras Acrux SpA | 1,100,000 | - | - | - | - | - |
| Fundación de Salud El Teniente | 5 | 17 | - | - | - | (2) |
| TOTAL | 1,101,153 | 2,020 | (910) | (1,030) | (117) | (418) |

## 20. Operating income

The following table shows the sources of the Corporation's consolidated revenue.

| Item | 1/1/2012 9/30/2012 | 1/1/2011 9/30/2011 | 7/1/2012 9/30/2012 | 7/1/2011 9/30/2011 |
|---|---|---|---|---|
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Revenue from sales of the Corporation's copper | 9,824,400 | 11,429,399 | 3,363,426 | 3,477,400 |
| Revenue from sales of copper bought to third parties | 1,204,467 | 1,063,594 | 386,534 | 406,191 |
| Revenue from sales of molybdenum | 431,744 | 586,560 | 123,680 | 215,127 |
| Revenue from sales of other products | 635,157 | 769,579 | 206,510 | 212,618 |
| Loss in futures market | (572,044) | (984,341) | (181,225) | (326,593) |
| Total | 11,523,724 | 12,864,791 | 3,898,925 | 3,984,743 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 21. Expenses by nature

The Corporation's consolidated expenses by nature are detailed as follows:

| Item | 1/1/2012 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ | 7/1/2012 9/30/2012 ThUS$ | 7/1/2011 9/30/2011 ThUS$ |
|---|---|---|---|---|
| Personnel Expenses | 1,345,906 | 1,216,050 | 470,116 | 415,846 |
| Depreciation | 730,129 | 663,224 | 219,997 | 166,579 |
| Amortization | 416,567 | 294,677 | 141,448 | 61,849 |
| Total | 2,492,602 | 2,173,951 | 831,561 | 644,274 |

## 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 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ | 7/1/2012 9/30/2012 ThUS$ | 7/1/2011 9/30/2011 ThUS$ |
|---|---|---|---|---|
| Penalties to suppliers | 9,317 | 16,190 | 2,247 | 5,484 |
| Realized income | 3,322 | 4,856 | 1,134 | 1,608 |
| Miscellaneous sales (net) | 44,433 | 73,016 | 10,615 | 19,457 |
| Profit of E-CL S.A. Sale | - | 375,080 | - | - |
| Profit of Inca de Oro Sale | - | 72,463 | - | - |
| Compensation by insurance companies | 7,185 | 8 | 63 | - |
| Net fair value purchase option Anglo American Sur | 3,516,690 | - | 3,516,690 | - |
| Other income | 11,927 | 36,168 | 3,080 | 10,182 |
| Total | 3,592,874 | 577,781 | 3,533,829 | 36,731 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

b) Other expenses by function

| Item | 1/1/2012<br>9/30/2012<br>ThUS$ | 1/1/2011<br>9/30/2011<br>ThUS$ | 7/1/2012<br>9/30/2012<br>ThUS$ | 7/1/2011<br>9/30/2011<br>ThUS$ |
|---|---|---|---|---|
| Law No. 13,196 | (911,831) | (1,126,813) | (296,568) | (375,876) |
| Research expenses | (59,546) | (54,479) | (24,149) | (21,564) |
| Bonus for the end of collective bargaining | (63,271) | (156,444) | (33,498) | 13,193 |
| Retirement plan | (12,604) | (63,569) | (6,911) | (2,527) |
| Penalty fixed assets | (508) | (12,255) | (263) | (12,255) |
| Medical care plan | (7,195) | (79,638) | (1,545) | (2,976) |
| Actuarial results | - | (135,907) | - | - |
| Other Expenses | (58,330) | (60,889) | (21,345) | (36,169) |
| Total | (1,113,285) | (1,689,994) | (384,279) | (438,174) |

## 23. Finance costs

Finance costs are detailed as follows:

| Item | 1/1/2012<br>9/30/2012<br>ThUS$ | 1/1/2011<br>9/30/2011<br>ThUS$ | 7/1/2012<br>9/30/2012<br>ThUS$ | 7/1/2011<br>9/30/2011<br>ThUS$ |
|---|---|---|---|---|
| Bond interests | (269,608) | (113,360) | (100,071) | (78,523) |
| Bank loan interests | (6,110) | (13,069) | (2,458) | (4,842) |
| Exchange differences on severance indemnity provision | (16,430) | (25,333) | (5,662) | (8,736) |
| Exchange differences on other non-current provisions | (26,261) | (50,582) | (4,766) | (15,830) |
| Other | (30,649) | (18,103) | (13,245) | (6,658) |
| Total | (349,058) | (220,447) | (126,202) | (114,589) |

## 24. Operating segments

In Section II, “Summary of Significant Accounting Policies” it has been indicated that, in conformity with IFRS No. 8, “Operating Segments”, its operating segments are determined according to the Divisions that make up Codelco. The revenues and expenses of the Parent Corporation, are distributed among the defined segments.

Mining sites in operation, in which the Corporation carries out its extractive and processing production processes, are managed divided into its Chuquicamata, Radomiro Tomic, Salvador, Andina and El

Teniente divisions. Additionally the division of Ventanas is added that 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. Additionally, in May 2008, the Gabriela Mistral mine site was added to the divisions specified above. 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: electrorefined 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: electrorefined and electrolytic (electro-obtained) copper cathodes and copper concentrate

Salvador
Type of mine: underground mine
Operating: since 1926
Location: Salvador – Region III
Products: electrorefined 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, 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 Parent Corporation 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*

- 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*

- 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.

In other hand, activities like obtaining financing, investment and payment of relevant duties are mainly based at the Head Office.

Accordingly to previous information, in the next tables the financial information organized by operating segment is detailed as follows:

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| From 1/1/2012 to 9/30/2012 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Segments | Chuquicamata | R. Tomic | Salvador | Andina | El Teniente | Ventanas | G. Mistral | M. Hales | Total Segments | Subsidiaries, associates and Parent, net | Participation Anglo American Sur | Consolidated Total |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Revenue from sales of the Corporation´s cooper | 2,133,463 | 2,346,159 | 476,061 | 1,334,046 | 2,427,814 | 369,657 | 746,780 | - | 9,833,980 | (9,580) | - | 9,824,400 |
| Revenue from sales of cooper bought from third parties | - | - | - | - | - | 70,068 | - | - | 70,068 | 1,134,399 | - | 1,204,467 |
| Revenue from sales of molybdenum | 179,849 | 35,370 | 14,275 | 78,216 | 124,034 | - | - | - | 431,744 | - | - | 431,744 |
| Revenue from sales of other products | 168,823 | - | 64,786 | 5,328 | 187,073 | 209,397 | - | - | 635,407 | (250) | - | 635,157 |
| Revenue from futures market | (115,047) | (149,338) | (28,112) | (91,152) | (144,644) | - | (43,656) | - | (571,949) | (95) | - | (572,044) |
| Revenue between segments | 77,854 | - | 34,022 | 1,026 | 1,203 | 48,161 | - | - | 162,266 | (162,266) | - | - |
| Revenue from regular activities | 2,444,942 | 2,232,191 | 561,032 | 1,327,464 | 2,595,480 | 697,283 | 703,124 | - | 10,561,516 | 962,208 | - | 11,523,724 |
| Cost of sales of the Corporation´s cooper | (1,648,697) | (1,095,345) | (482,353) | (682,121) | (1,129,953) | (384,263) | (450,670) | - | (5,873,402) | 22,485 | - | (5,850,917) |
| Cost of sales of cooper bought from third parties | - | - | - | - | - | (76,677) | - | - | (76,677) | (1,099,160) | - | (1,175,837) |
| Cost of sales of molybdenum | (51,818) | (19,598) | (8,991) | (19,002) | (31,881) | - | - | - | (131,290) | - | - | (131,290) |
| Cost of sales of other products | (47,512) | - | (36,255) | (119) | (98,201) | (223,072) | - | - | (405,159) | - | - | (405,159) |
| Cost of sales between segments | (202,520) | - | (59,733) | (1,724) | (3,461) | (55,559) | - | - | (322,997) | 322,997 | - | - |
| Cost of sales | (1,950,547) | (1,114,943) | (587,332) | (702,966) | (1,263,496) | (739,571) | (450,670) | - | (6,809,525) | (753,678) | - | (7,563,203) |
| Gross Profit | 494,395 | 1,117,248 | (26,300) | 624,498 | 1,331,984 | (42,288) | 252,454 | - | 3,751,991 | 208,530 | - | 3,960,521 |
| Other revenue per function | 22,730 | 2,500 | 6,614 | 4,110 | 30,831 | 1,310 | - | 4 | 68,099 | 8,085 | 3,516,690 | 3,592,874 |
| Distribution costs | (73) | (39) | (29) | (137) | (177) | - | - | - | (455) | (8,258) | - | (8,713) |
| Administrative expenses | (52,108) | (34,007) | (18,399) | (24,747) | (46,287) | (10,072) | (22,062) | 828 | (206,854) | (162,507) | - | 369,361) |
| Other expenses per function | (30,127) | (4,853) | (5,726) | (48,696) | (16,982) | (20,425) | (7,086) | 36 | (133,859) | (979,426) | - | (1,113,285) |
| Other gains (losses) | - | - | - | - | - | - | - | - | - | 22,514 | - | 22,514 |
| Finance income | 3,117 | 1,242 | 700 | 1,157 | 4,710 | 754 | 378 | 19 | 12,077 | 22,684 | - | 34,761 |
| Finance costs | (77,206) | (19,894) | (5,337) | (99,518) | (87,159) | (3,232) | (46,925) | (15) | (339,286) | (4,714) | (5,058) | (349,058) |
| Share in the profit (loss) of associates and joint ventures accounted by the equity method | 218 | - | (304) | 389 | - | - | (21,166) | - | (20,863) | 313,597 | - | 292,734 |
| Exchange differences | (76,752) | (12,616) | (27,246) | (31,163) | (68,911) | (5,331) | (10,564) | 1,471 | (231,112) | 32,810 | - | (198,302) |
| Profit (loss) before taxes | 284,194 | 1,049,581 | (76,027) | 425,893 | 1,148,009 | (79,284) | 145,029 | 2,343 | 2,899,738 | (546,685) | 3,511,632 | 5,864,685 |
| Income tax expenses | (74,221) | (632,025) | 69,955 | (223,483) | (653,224) | 69,900 | (55,559) | (2,582) | (1,501,239) | (9,545) | (702,941) | (2,213,725) |
| Profit (loss) | 209,973 | 417,556 | (6,072) | 202,410 | 494,785 | (9,384) | 89,470 | (239) | 1,398,499 | (556,230) | 2,808,691 | 3,650,960 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| From 1/1/2011 to 9/30/2011 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Segments | Chuquicamata | R. Tomic | Salvador | Andina | El Teniente | Ventanas | G. Mistral | M. Hales | Total Segments | Subsidiaries, associates and Parent, net | Consolidated Total |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Revenue from sales of the Corporation´s cooper | 3,008,881 | 2,681,740 | 807,603 | 1,343,877 | 2,496,500 | 401,998 | 702,284 | - | 11,442,883 | (13,484) | 11,429,399 |
| Revenue from sales of cooper bought from third parties | - | - | - | - | - | 4,904 | - | - | 4,904 | 1,058,690 | 1,063,594 |
| Revenue from sales of molybdenum | 323,978 | 21,880 | 24,795 | 72,711 | 143,196 | - | - | - | 586,560 | - | 586,560 |
| Revenue from sales of other products | 267,707 | - | 53,167 | 6,267 | 146,426 | 176,682 | - | - | 650,249 | 119,330 | 769,579 |
| Revenue from futures market | (263,048) | (233,947) | (72,961) | (135,927) | (219,353) | - | (58,994) | - | (984,230) | (111) | (984,341) |
| Revenue between segments | 44,523 | - | 29,744 | 1,270 | 1,503 | 42,290 | - | - | 119,330 | (119,330) | - |
| Revenue from regular activities | 3,382,041 | 2,469,673 | 842,348 | 1,288,198 | 2,568,272 | 625,874 | 643,290 | - | 11,819,696 | 1,045,095 | 12,864,791 |
| Cost of sales of the Corporation´s cooper | (1,939,295) | (831,079) | (644,029) | (625,657) | (960,553) | (422,526) | (353,283) | - | (5,776,422) | 47,993 | (5,728,429) |
| Cost of sales of cooper bought from third parties | - | - | - | - | - | (4,210) | - | - | (4,210) | (1,059,232) | (1,063,442) |
| Cost of sales of molybdenum | (57,471) | (10,299) | (8,424) | (15,205) | (25,734) | - | - | - | (117,133) | - | (117,133) |
| Cost of sales of other products | (12,906) | - | 6,044 | 2,854 | (99,892) | (161,088) | - | - | (264,988) | (237,665) | (502,653) |
| Cost of sales between segments | (121,734) | - | (49,873) | (2,956) | (3,545) | (59,557) | - | - | (237,665) | 237,665 | - |
| Cost of sales | (2,131,406) | (841,378) | (696,282) | (640,964) | (1,089,724) | (647,381) | (353,283) | - | (6,400,418) | (1,011,239) | (7,411,657) |
| Gross Profit | 1,250,635 | 1,628,295 | 146,066 | 647,234 | 1,478,548 | (21,507) | 290,007 | - | 5,419,278 | 33,856 | 5,453,134 |
| Other revenue per function | 34,960 | 3,048 | 8,071 | 8,050 | 42,038 | 2,286 | - | - | 98,453 | 479,328 | 577,781 |
| Distribution costs | (150) | (24) | (6) | (83) | (116) | - | - | - | (379) | (7,838) | (8,217) |
| Administrative expenses | (46,836) | (28,437) | (19,303) | (20,078) | (47,185) | (9,711) | (14,971) | 2 | (186,519) | (166,556) | (353,075) |
| Other expenses per function | (149,880) | (32,169) | (14,212) | (22,012) | (300,493) | (13,191) | (2) | (234) | (532,193) | (1,157,801) | (1,689,994) |
| Other gains (losses) | - | - | - | - | - | - | - | - | - | 25,179 | 25,179 |
| Finance income | 3,771 | 1,184 | 1,050 | 698 | 4,185 | 486 | 96 | 2 | 11,472 | 20,362 | 31,834 |
| Finance costs | (75,555) | (9,455) | (13,915) | (47,470) | (38,847) | (2,388) | (26,230) | - | (213,860) | (6,587) | (220,447) |
| Share in the profit (loss) of associates and joint ventures accounted by the equity method | (193) | - | (134) | (66) | - | - | (16,461) | - | (16,854) | 271,256 | 254,402 |
| Exchange differences | 51,371 | 2,719 | 12,109 | 20,643 | 44,485 | 7,299 | 2,498 | (1,437) | 139,687 | (14,828) | 124,859 |
| Profit (loss) before taxes | 1,068,123 | 1,565,161 | 119,726 | 586,916 | 1,182,615 | (36,726) | 234,937 | (1,667) | 4,719,085 | (523,629) | 4,195,456 |
| Income tax expenses | (465,529) | (910,891) | (14,908) | (319,147) | (682,570) | 58,296 | (114,850) | 1,000 | (2,448,599) | (137,096) | (2,585,695) |
| Profit (loss) | 602,594 | 654,270 | 104,818 | 267,769 | 500,045 | 21,570 | 120,087 | (667) | 2,270,486 | (660,725) | 1,609,761 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The assets and liabilities related to each operating segment, including the Corporation's corporate center (head office) as of September 30, 2012 and December 31, 2011 are detailed in the following tables:

| 9/30/2012 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance Sheet Item | Chuquicamata | Radomiro Tomic | Salvador | Andina | El Teniente | Ventanas | G. Mistral | M. Hales | Subsidiaries, associates and head office | Participation of Anglo American Sur | Consolidated Total |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Current asset | 1,515,788 | 775,818 | 414,240 | 293,894 | 843,942 | 222,507 | 272,273 | 111,739 | 3,097,040 | 9,233 | 7,556,474 |
| Non-current asset | 2,627,280 | 1,299,471 | 688,420 | 3,430,884 | 3,346,597 | 256,228 | 1,017,258 | 1,813,061 | 1,906,543 | 6,519,748 | 22,905,490 |
| Current liabilities | 625,289 | 178,059 | 166,895 | 172,094 | 438,980 | 205,668 | 832 | 215,546 | 1,752,033 | 18,533 | 3,773,929 |
| Non-current liabilities | 778,469 | 135,035 | 214,534 | 272,050 | 695,705 | 48,320 | 73,930 | - | 11,036,647 | 2,430,194 | 15,684,884 |

| 12/31/2011 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance Sheet Item | Chuquicamata | Radomiro Tomic | Salvador | Andina | El Teniente | Ventanas | G. Mistral | M. Hales | Subsidiaries, associates and head office | 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 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ | 7/1/2012 9/30/2012 ThUS$ | 7/1/2011 9/30/2011 ThUS$ |
|---|---|---|---|---|
| Total revenue from local customers | 1,618,694 | 1,521,494 | 1,013,207 | 917,976 |
| Total revenue from foreign customers | 9,905,030 | 11,343,297 | 2,885,718 | 3,066,767 |
| Total | 11,523,724 | 12,864,791 | 3,898,925 | 3,984,743 |

| Revenue per geographical areas | 1/1/2012 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ | 7/1/2012 9/30/2012 ThUS$ | 7/1/2011 9/30/2011 ThUS$ |
|---|---|---|---|---|
| China | 2,907,468 | 3,740,192 | 1,128,369 | 1,400,536 |
| Rest of Asia | 2,451,184 | 2,968,959 | 700,735 | 889,823 |
| Europe | 1,883,592 | 2,751,376 | 528,877 | 802,731 |
| Other | 4,281,480 | 3,404,264 | 1,540,944 | 891,653 |
| Total | 11,523,724 | 12,864,791 | 3,898,925 | 3,984,743 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

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 exceptions if not being significant, located in foreign subsidiaries, and that 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' interim consolidated statements of income:

| Gain (loss) from foreign exchange differences recognized in income | 1/1/2012 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ | 7/1/2012 9/30/2012 ThUS$ | 7/1/2011 9/30/2011 ThUS$ |
|---|---|---|---|---|
| Gain from foreign exchange differences | 146,960 | 256,977 | 75,615 | 80,725 |
| Loss from foreign exchange differences | (345,262) | (132,118) | (197,644) | 2,261 |
| Total foreign exchange differences, net | (198,302) | 124,859 | (122,029) | 82,986 |

## 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 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ |
|---|---|---|
| VAT Refund | 1,268,150 | 1,033,296 |
| Other | 319,859 | 427,629 |
| Total | 1,588,009 | 1,460,925 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Other payments for operating activities | 1/1/2012 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ |
|---|---|---|
| Contribution to the Chilean Treasury (Law No. 13,196) | (911,049) | (1,231,443) |
| Finance hedges and sales | (592,134) | (960,352) |
| VAT and other similar taxes paid | (1,123,355) | (1,033,994) |
| Total | (2,626,538) | (3,225,789) |

| Other payments for operating activities | 1/1/2012 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 ThUS$ |
|---|---|---|
| Sale of ECL-S.A. | - | 1,055,351 |
| Sale of Inca de Oro S.A. | - | 33,000 |
| Total | - | 1,088,351 |

On Februrary, 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.

| Loss of control over subsidiaries | 1/1/2012 9/30/2012 ThUS$ | 1/1/2011 9/30/2011 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 (*) | - | |
| *Current assets* | - | 489 |
| *Non-current assets* | - | 2,665 |
| *Current liabilities* | - | 18 |
| *Non-current liabilities* | - | - |

(*) Statement of Financial Position as of January 1, 2011

## 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 September 30, 2012, the Market Risk Management Committee and the Vice-presidency of Management and Finance and the Vice-presidency of Commercialization are responsible for this.

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 September 30, 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$31 million. This result is obtained by identifying the principle areas affected by exchange rate, including assets and financial liabilities, in order to measure the impact on income that a variation of +/- 10 Chilean pesos would have to US$, 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 September 30, 2012, the balance of these deposits is US$ 1,040 million. As of December 31, 2011, balances were not maintained using this concept.

- 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 September 30, 2012, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US$11 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 September 30, 2012, amount to ThUS$ 7,550,133 y ThUS$ 3,408,529 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 September 30, 2012, if the future price of copper were to vary by + / - 5% (with the other variables constant), net income would vary by + / - US$148 million as a result of the mark to market adjustment of sales revenue at provisional prices current at September 30, 2012 (ThTMF 384). 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

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 September 30, 2012, 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 US$3 million, 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 September 30, 2012 | Less than a year ThUS$ | Between one and five years ThUS$ | More than five years ThUS$ |
|---|---|---|---|
| Loans from financial institutions | 190,624 | 1,522,346 | 1,695,559 |
| Bonds | 540,294 | 997,342 | 6,012,497 |
| Finance leases | 26,881 | 47,551 | 45,883 |
| Derivatives | 204,086 | 2,482 | - |
| Other financial liabilities | 823 | 82,236 | - |
| Total | 962,708 | 2,651,957 | 7,753,939 |

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 September 30, 2012 is reliably 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 September 30, 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

During the period from January to September of 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 maintains operations to protect against exchange rate variations. The positive exposure net of deferred tax amounts to ThUS $4,830 and are scheduled to 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 | Swap value | Exposure |
|---|---|---|---|---|---|---|---|
| Bond UF Maturity 2025 | Credit Suisse (USA) | Swap | 4/1/2025 | US$ | 329,017 | 208,519 | 132,571 |
| Total | | | | | 329,017 | 208,519 | 132,571 |

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 September 30, 2012, these operations generated a lower net income of ThUS$ 569,810 (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 September 30, 2012, the Corporation performed futures market transactions that represent 418,545 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.
The current contracts as of September 30, 2012 present a ThUS$ 4,467 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 September 30, 2012 generated a net positive effect on net income of ThUS$ 12,045, 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 September 30, 2012 the Corporation maintains contracts for pricing the sale of gold for ThTOZ 6.2 and silver for ThTOZ 304.5.

The positive exposure at that date is ThUS$ 548.

The transactions completed between January 1 and September 30, 2012 generated a negative effect on net income of ThUS$ 611, which is subtracted from the amounts received for the sales contracts of the products affected by these pricing transactions. These hedging transactions mature in october 2012.

b.3. Cash flow hedging operations backed by future production

Also, to hedge future cash flows by ensuring the sale price of part of its production, copper futures transactions have been entered into for 37,500 tons of fine copper (TMF). The copper futures sales contracts mature in January 2013.

The current futures contracts as of September 30, 2012 present a ThUS$ 203,042 negative exposure, and their final result will only be known at their maturity, offsetting their effects with the sale of the hedged products.

The futures transactions completed between January 1 and September 30, 2012, related to production sold, generated a lower income of ThUS$ 581,244, 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.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The following table summarizes the exposure of the metal hedges contracted by the Corporation, indicated on previous letter b:

| 9/30/2012 | | | Maturity Date | | | | |
|---|---|---|---|---|---|---|---|
| ThUS$ | 2012 | 2013 | 2014 | 2015 | 2016 | Following | Total |
| Flex Com Copper (Asset) | 1,323 | 980 | - | - | - | - | 2,303 |
| Flex Com Copper (Liability) | (1,776) | (3,700) | (1,294) | - | - | - | (6,770) |
| Flex Com Gold/Silver | 548 | - | - | - | - | - | 548 |
| Copper Pricing | (135,361) | (67,681) | - | - | - | - | (203,042) |
| Metal Options | - | - | - | - | - | - | - |
| Total | (135,266) | (70,401) | (1,294) | - | - | - | (206,961) |

| 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 |
| Copper Pricing | (661,714) | (60,287) | - | - | - | - | (722,001) |
| Metal Options | - | - | - | - | - | - | - |
| Total | (484,610) | (58,785) | - | - | - | - | (543,395) |

| 9/30/2012 | | | Maturity Date | | | | |
|---|---|---|---|---|---|---|---|
| Th TM/Onzas | 2012 | 2013 | 2014 | 2015 | 2016 | Following | Total |
| Copper Futures [TM] | 128.0 | 253.0 | 37.1 | - | 0.5 | - | 418.6 |
| Gold/Silver Futures [MOZ] | 310.7 | - | - | - | - | - | 310.7 |
| Copper Pricing [TM] | 25.0 | 12.5 | - | - | - | - | 37.5 |
| Copper Options [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 Pricing [TM] | 137.5 | 12.5 | - | - | - | - | 150.0 |
| Copper Options [TM] | - | - | - | - | - | - | - |

## 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 287 cases that have a clearly estimated value. It is estimated that 175 of these, which represent 60.98% of the total and which amount to ThUS$ 102,156.45, could have a negative impact on the Corporation. There are also 27 lawsuits, representing 9.41% of the total and which amount to ThUS$ 2,058.64, about which there is no certainty that the outcome would be unfavorable for Codelco. For the 85 remaining cases, amounting to ThUS$ 598.39, the Corporation's legal advisors believe that an unfavorable outcome is unlikely. In addition, there are 207 lawsuits for undetermined amounts; it is believed that the result of 52 of these could be unfavorable to Codelco.

Additionally, the Corporation is in the process of responding to, by the corresponding deadlines, a resolution of the Internal Revenue Service that originates from a review of taxable income from prior years related to a product sales contract signed with a related company.

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 September 30, 2012, 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 September 30, 2012, Codelco does not hold any indirect guarantee regarding its participation in this associated company.

iii. Regarding the financing agreement signed between the subsidiary Inversiones Gacrux SpA and Mitsui & Co. Ltda, for the acquisition of a 24.5% stake in Anglo American Sur S.A.

As of September 30, 2012, agreements between the parties existed in the event of renegotiation of financing conditions existing at the closing date of these financial statements. Mitsui & Co., Ltd. has the opportunity to purchase from Gacrux an additional 15.25% of the shares issued by Inversiones Mineras Acrux SpA, at a price of approximately US$ 998 million, which would be used to prepay part of the Gacrux debt under the loan agreement.

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 September 30, 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 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 September, 30, 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 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).

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

x. The Corporation entered into business relations with various financial institutions, including a certain bilateral funding commitment on September 30, 2012, totaling an amount of up to US$650 million. The agreement was signed with the aim of Codelco, when so required and within the limits laid down in the contracts, to have the necessary funds to finance investments and refinance liabilities.

xi. On November 11, 2011, Law No. 20,551 was published in the Official Journal, which regulates the tasks and closure of mining facilities.

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 enforcement of this law will start one year after its publication in the Official Journal, the date on which Codelco shall determine, provide and make available the guarantee of its retirement obligation. These valuations must be approved, so that the guarantees begin to be granted starting from the first business day after the sixth month from the date of such approval.

xii. On May 24, 2012, the Corporation has signed a deal 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.

On September 30, 2012, actual disbursements of this funding have not been materialized.

## 30. Guarantees

The Corporation as a result of its activities has received and given guarantees.

In the following tables are the main guarantees given to financial institutions:

| Direct Guarantees provided to Financial Institutions | | | | |
|---|---|---|---|---|
| Creditor of the Guarantee | Type of Guarantee | 9/30/2012 | | 12/31/2011 |
| | | Maturity | ThUS$ | ThUS$ |
| Koch Supply & Trading LP | Standby Letter - Banco Santander Chile | Jan - 2012 | - | 25,000 |
| Total | | | - | 25,000 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Indirect Guarantees given to Financial Institutions | | | | | |
|---|---|---|---|---|---|
| Creditor of the Guarantee | Debtor guaranteed | Relationship | Type of guarantee | 9/30/2012 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 | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
| Andina | 26,942 | 41,491 |
| Chuquicamata | 55,178 | 69,210 |
| Head Office | 467,258 | 207,967 |
| Radomiro Tomic | 19,588 | 23,003 |
| Salvador | 37,127 | 1,400 |
| Ministro Hales | 16,286 | 6,244 |
| El Teniente | 72,260 | 96,491 |
| Ventanas | 3,380 | 3,015 |
| Total | 698,019 | 448,821 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 31. Balances in foreign currency

a) Assets by Type of Currency

| Item | 9/30/2012<br>ThUS$ | 12/31/2011<br>ThUS$ |
|---|---|---|
| Liquid Assets | 2,531,022 | 1,576,113 |
| US Dollars | 1,454,960 | 1,362,980 |
| Euros | 659 | 489 |
| Other currencies | 5,976 | 2,555 |
| Non-indexed Ch$ | 1,068,606 | 18,023 |
| U.F. | 821 | 192,066 |
| Cash and Cash Equivalents | 2,525,692 | 1,382,876 |
| US Dollars | 1,452,316 | 1,362,612 |
| Euros | 201 | 179 |
| Other currencies | 5,976 | 2,555 |
| Non-indexed Ch$ | 1,066,378 | 17,530 |
| U.F. | 821 | - |
| Other current financial assets | 5,330 | 193,237 |
| US Dollars | 2,644 | 368 |
| Euros | 458 | 310 |
| Other currencies | - | - |
| Non-indexed Ch$ | 2,228 | 493 |
| U.F. | - | 192,066 |
| Short and long terms receivables | 2,488,634 | 2,233,207 |
| US Dollars | 1,758,596 | 1,669,982 |
| Euros | 81,097 | 99,803 |
| Other currencies | 18,336 | 18,020 |
| Non-indexed Ch$ | 580,512 | 311,963 |
| U.F. | 50,093 | 133,439 |
| Trade and other receivables | 2,014,527 | 1,968,269 |
| US Dollars | 1,539,576 | 1,537,815 |
| Euros | 118,377 | 98,300 |
| Other currencies | 18,121 | 18,020 |
| Non-indexed Ch$ | 331,602 | 311,913 |
| U.F. | 6,851 | 2,221 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Item | 9/30/2012 ThUS$ | 12/31/2011 ThUS$ |
|---|---|---|
| Rights receivables, non-current | 146,116 | 132,721 |
| US Dollars | 1 | - |
| Euros | 1,491 | 1,503 |
| Other currencies | 46 | - |
| Non-indexed Ch$ | 144,578 | - |
| U.F. | - | 131,218 |
| Due from related companies, current | 46,835 | 56,357 |
| US Dollars | 46,835 | 56,341 |
| Euros | - | - |
| Other currencies | - | - |
| Non-indexed Ch$ | - | 16 |
| U.F. | - | - |
| Due from related companies, non-current | 51,652 | 75,860 |
| US Dollars | 51,614 | 75,826 |
| Euros | - | - |
| Other currencies | - | - |
| Non-indexed Ch$ | 38 | 34 |
| U.F. | - | - |
| Rest of assets | 25,442,308 | 17,025,624 |
| US Dollars | 22,476,462 | 16,115,389 |
| Euros | 388,714 | 138,349 |
| Other currencies | 33,836 | 5,415 |
| Non-indexed Ch$ | 2,135,264 | 672,820 |
| U.F. | 408,032 | 93,651 |
| Total Assets | 30,461,964 | 20,834,944 |
| US Dollars | 25,690,018 | 19,148,351 |
| Euros | 470,470 | 238,641 |
| Other currencies | 58,148 | 25,990 |
| Non-indexed Ch$ | 3,784,382 | 1,002,806 |
| U.F. | 458,946 | 419,156 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

Liability by type of currency:

| Current liabilities by currency | 9/30/2012 Up to 90 days ThUS$ | 9/30/2012 From 90 days to 1 year ThUS$ | 12/31/2011 Up to 90 days ThUS$ | 12/31/2011 From 90 days to 1 year ThUS$ |
|---|---|---|---|---|
| Current liabilities | 3,043,011 | 730,918 | 2,777,535 | 1,638,547 |
| US Dollars | 2,198,459 | 695,948 | 1,666,726 | 1,286,447 |
| Euros | 18,413 | 34,970 | 88,393 | 38,714 |
| Other currencies | 979 | - | 42,744 | - |
| Non-indexed Ch$ | 814,547 | - | 955,950 | 5,182 |
| U.F. | 10,613 | - | 23,722 | 308,204 |
| Other current financial liabilities | 231,790 | 730,918 | 4,877 | 1,638,547 |
| US Dollars | 223,833 | 695,948 | 4,716 | 1,286,447 |
| Euros | - | 34,970 | - | 38,714 |
| Other currencies | - | - | - | - |
| Non-indexed Ch$ | 1,144 | - | - | 5,182 |
| U.F. | 6,813 | - | 161 | 308,204 |
| Bank loans | - | 190,624 | - | 41,276 |
| US Dollars | - | 155,654 | - | 2,106 |
| Euros | - | 34,970 | - | 38,714 |
| Other currencies | - | - | - | - |
| Non-indexed Ch$ | - | - | - | 225 |
| U.F. | - | - | - | 231 |
| Bonds | - | 540,294 | - | 802,954 |
| US Dollars | - | 540,294 | - | 496,272 |
| Euros | - | - | - | - |
| Other currencies | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - |
| U.F. | - | - | - | 306,682 |
| Finance lease | 26,881 | - | 4,877 | 18,077 |
| US Dollars | 19,747 | - | 4,716 | 17,572 |
| Euros | - | - | - | |
| Other currencies | - | - | - | |
| Non-indexed Ch$ | 321 | - | - | |
| U.F. | 6,813 | - | 161 | 505 |
| Other | 204,909 | - | - | 776,240 |
| US Dollars | 204,086 | - | - | 770,497 |
| Euros | - | - | - | - |
| Other currencies | - | - | - | - |
| Non-indexed Ch$ | 823 | - | - | 4,957 |
| U.F. | - | - | - | 786 |
| Other current liabilities | 2,811,221 | - | 2,772,658 | - |
| US Dollars | 1,974,626 | | 1,662,010 | - |
| Euros | 18,413 | | 88,393 | - |
| Other currencies | 979 | | 42,744 | - |
| Non-indexed Ch$ | 813,403 | | 955,950 | - |
| U.F. | 3,800 | | 23,561 | - |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Non-current liabilities by currency | 9/30/2012 | | | | 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$ | More than 10 years ThUS$ |
| Non-current liabilities | 6,552,820 | 1,424,008 | 5,636,502 | 2,071,554 | 5,491,370 | 800,202 | 1,623,675 | 2,438,585 |
| US Dollars | 4,902,748 | 1,415,455 | 5,636,502 | 1,716,878 | 4,306,911 | 798,637 | 1,604,281 | 2,118,216 |
| Euros | - | - | - | - | - | - | - | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | 1,600,872 | - | - | - | 801,765 | - | - | - |
| U.F. | 49,200 | 8,553 | - | 354,676 | 382,694 | 1,565 | 19,394 | 320,369 |
| Other non-current financial liabilities | 1,273,832 | 1,424,008 | 5,636,502 | 2,071,554 | 1,532,692 | 800,202 | 1,623,675 | 2,438,585 |
| US Dollars | 1,259,512 | 1,415,455 | 5,636,502 | 1,716,878 | 1,529,318 | 798,637 | 1,604,281 | 2,118,216 |
| Euros | - | - | - | - | - | - | - | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - | - | - | - | - |
| U.F. | 14,320 | 8,553 | - | 354,676 | 3,374 | 1,565 | 19,394 | 320,369 |
| Bank loans | 144,221 | 1,378,125 | 1,695,559 | - | 412,101 | 784,544 | - | - |
| US Dollars | 144,221 | 1,378,125 | 1,695,559 | - | 410,258 | 784,544 | - | - |
| Euros | - | - | - | - | - | - | - | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - | - | - | - | - |
| U.F. | - | - | - | - | 1,843 | - | - | - |
| Bonds | 997,342 | - | 3,940,943 | 2,071,554 | 996,310 | - | 1,573,504 | 2,438,585 |
| US Dollars | 997,342 | - | 3,940,943 | 1,716,878 | 996,310 | - | 1,573,504 | 2,118,216 |
| Euros | - | - | - | - | - | - | - | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - | - | - | - | - |
| U.F. | - | - | - | 354,676 | - | - | - | 320,369 |
| Financial Lease | 47,551 | 45,883 | - | - | 40,266 | 15,658 | 50,171 | - |
| US Dollars | 33,231 | 37,330 | - | - | 38,735 | 14,093 | 30,777 | - |
| Euros | - | - | - | - | - | - | - | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - | - | - | - | - |
| U.F. | 14,320 | 8,553 | - | - | 1,531 | 1,565 | 19,394 | - |
| Others | 84,718 | - | - | - | 84,015 | - | - | - |
| US Dollars | 84,718 | - | - | - | 84,015 | - | - | - |
| Euros | - | - | - | - | - | - | - | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - | - | - | - | - |
| U.F. | - | - | - | - | - | - | - | - |
| Other non-current financial liabilities | 5,278,988 | - | - | - | 3,958,678 | - | - | - |
| US Dollars | 3,643,236 | - | - | - | 2,777,593 | - | - | - |
| Euros | - | - | - | - | - | - | - | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | 1,600,872 | - | - | - | 801,765 | - | - | - |
| U.F. | 34,880 | - | - | - | 379,320 | - | - | - |

## 32. Sanctions

As of September 30, 2012 and December 31, 2011, neither Codelco Chile nor its Directors and Managers have been sanctioned relevant by the Superintendency of Securities and Insurance or any other administrative authorities late.

## 33. Subsequent events

On October 8, 2012, a key event was reported that Mr. Ivan Arriagada Herrera was appointed Vice President of Administration and Finance of the Corporation. As of November 19, 2012 he will take over the position Mr. Thomas Keller previously held before being appointed CEO of Codelco.

On October 30, a key event was reported that Jorge Gomez Diaz, current Vice President of Operaciones Centro Sur, offered his resignation from Codelco. His resignation will become effective on November 30, 2012.

On November 1, 2012, a key event was reported that by a private instrument dated October 31, 2012, Inversiones Gacrux SpA ("Gacrux"), a 100% Codelco-owned subsidiary, and Oriente Copper Netherlands BV, a subsidiary of Mitsui & Co., Ltd. ("Mitsui"), modified the loan agreement signed on October 12, 2011. The text was amended and restated to August 23, 2012 (hereinafter, the "Loan Agreement"), for US$ 1,867 million, renewable monthly until November 30, 2012 (and in certain conditions could extend to May 30, 2013), after which, if not paid or re-negotiated, will automatically become a loan with a maturity of 7.5 years from the date of disbursement, and an annual rate of Libor plus 2.5%. Last August, using funds of the Loan Agreement, Gacrux funded the acquisition of Inversiones Mineras Becrux SpA, an indirect subsidiary of Codelco, with 24.5% of the shares in Anglo American Sur SA plus other expenses.

The new terms of the amended Loan Agreement, which remains without Codelco's personal guarantee ("non-recourse"), set a fixed rate of 3.25% annually and a term of 20 years, payable in 40 semi-annual installments of principal and interest. Under previous agreements, Mitsui will be entitled to additional interest equivalent to one third of the savings Gacrux accrued of the difference between the refinanced credit and original Loan Agreement. It was also reported on August 23, 2012 that Mitsui (through a subsidiary) will have the opportunity to buy 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 part of the Gacrux debt under the Loan Agreement, reducing it to approximately US$875 million. It is estimated that the transaction will be terminated during a period that won´t extend November 26, 2012.

Through this, Codelco will maintain control of Acrux, and through it, control Inversiones Mineras Becrux SpA, which owns 29.5% of shares in Anglo American Sur S.A.

Between January 1, 2012 and November 21, 2012 (the date of issuance of these financial statements), the Company's management is not aware of any other significant financial events, or events of any other nature, that may affect these financial statements.

## 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.

Consequently with 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 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 September 30, 2012, they have received ISO 14001 certification for the environmental management of the Chuquicamata, Radomiro Tomic, Andina, Salvador, El Teniente and Ventanas Division, Gaby Operation and the Parent Corporation.

To comply with the Circular N°1.901 from 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 nine-month periods ended as of September 30, 2012 and 2011 respectively, and the projected future expenses.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Corporation | Project | Disbursements made up to 9/30/2012 | | | | 9/30/2011 | Futures Expenditures | |
|---|---|---|---|---|---|---|---|---|
| | | Project Status | Amount ThUS$ | Asset/ Expenditure | Asset Item / Expenditure | Amount ThUS$ | Amount ThUS$ | Estimated Date |
| | Chuquicamata | | 74,649 | | | 48,489 | 86,585 | |
| Codelco Chile | Talambre dam extension, 7th stage | In process | 19,631 | Asset | Property, plant and equipment | 97 | 55,956 | 2013 |
| Codelco Chile | Expansion capacity Talabre dam, 8th stage | In process | 2,255 | Asset | Property, plant and equipment | - | 1,895 | 2012 |
| Codelco Chile | Emergency restoration system dust control crushing plant 2 ° / 3 ° | In process | 138 | Asset | Property, plant and equipment | - | 13,995 | 2012 |
| Codelco Chile | Acid plants | In process | 47,493 | Expenditure | Administrative expenses | 44,139 | 12,699 | 2012 |
| Codelco Chile | Solid waste | In process | 3,029 | Expenditure | Administrative expenses | 2,453 | 890 | 2013 |
| Codelco Chile | Water treatment plant | In process | 2,103 | Expenditure | Administrative expenses | 1,800 | 1,150 | 2014 |
| | Salvador | | 24,993 | | | 24,718 | 4,124 | |
| Codelco Chile | Dust collection improvement | In process | 2,771 | Asset | Property, plant and equipment | - | 1,883 | 2013 |
| Codelco Chile | Trench construction of hazardous waste | In process | 705 | Asset | Property, plant and equipment | - | 75 | 2012 |
| Codelco Chile | Construction V stage of tailing treatment | In process | 3,366 | Asset | Property, plant and equipment | - | 1,301 | 2013 |
| Codelco Chile | Acid plants | In process | 17,665 | Expenditure | Administrative expenses | 24,200 | - | |
| Codelco Chile | Solid waste | In process | 396 | Expenditure | Administrative expenses | 333 | 785 | 2012 |
| Codelco Chile | Water treatment plant | In process | 90 | Expenditure | Administrative expenses | 185 | 80 | 2012 |
| | Andina | | 29,654 | | | 9,501 | 207,531 | |
| Codelco Chile | Construction of water trap for east ballast deposit | In process | 3,045 | Asset | Property, plant and equipment | 3,867 | 8,362 | 2014 |
| Codelco Chile | Construction of drain tanks 2 | Finished | - | Asset | Property, plant and equipment | 1,793 | - | |
| Codelco Chile | District warehouse installation | In process | 317 | Asset | Property, plant and equipment | - | 79 | 2012 |
| Codelco Chile | Drains expansion stage 5 | In process | 8,418 | Asset | Property, plant and equipment | - | 14,499 | 2013 |
| Codelco Chile | Drain water treatment | In process | 12,949 | Asset | Property, plant and equipment | - | 149,424 | 2014 |
| Codelco Chile | Building evacuation and capturing towers Ovejería | In process | 670 | Asset | Property, plant and equipment | - | 27,051 | 2014 |
| Codelco Chile | Construction Ovejería tailings canal | In process | 187 | Asset | Property, plant and equipment | 1,788 | 4,823 | 2013 |
| Codelco Chile | Improved interception infiltrates Ovejería | In process | 1,668 | Asset | Property, plant and equipment | - | 2,491 | 2013 |
| Codelco Chile | Solid waste | In process | 1,345 | Expenditure | Administrative expenses | 1,286 | 543 | 2012 |
| Codelco Chile | Water treatment plant | In process | 1,055 | Expenditure | Administrative expenses | 767 | 259 | 2012 |
| Subtotal | | | 129,296 | | | 82,708 | 298,240 | |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Corporation | Project | Disbursements made up to 9/30/2012 | | | | 9/30/2011 | Futures Expenditures | |
|---|---|---|---|---|---|---|---|---|
| | | Project Status | Amount ThUS$ | Asset/ Expenditure | Asset Item / Expenditure | Amount ThUS$ | Amount ThUS$ | Estimated Date |
| | El Teniente | | 98,277 | | | 104,263 | 48,047 | |
| Codelco Chile | Construction of the 5th stage in Caren reservoir | In process | 4,165 | Asset | Property, plant and equipment | 34,640 | 9,606 | 2012 |
| Codelco Chile | Online monitoring of tailing dam | In process | 5,109 | Asset | Property, plant and equipment | - | 2,541 | 2012 |
| Codelco Chile | Tailing expansion of waterfal 4 | In process | 754 | Asset | Property, plant and equipment | 8 | 244 | 2012 |
| Codelco Chile | Tailing expansion of route 5 | In process | 757 | Asset | Property, plant and equipment | - | 10 | 2012 |
| Codelco Chile | Construction of the 6th stage Caren Reservoir | In process | 937 | Asset | Property, plant and equipment | - | 14,041 | 2013 |
| Codelco Chile | Acid plants | In process | 75,232 | Expenditure | Administrative expenses | 59,816 | 17,410 | 2012 |
| Codelco Chile | Solid waste | In process | 2,437 | Expenditure | Administrative expenses | 2,002 | 719 | 2012 |
| Codelco Chile | Water treatment plant | In process | 8,886 | Expenditure | Administrative expenses | 7,797 | 3,476 | 2012 |
| | Minera Gaby | | - | | | 3,210 | 981 | |
| Minera Gaby S.p A. | Installation of gravel dump phase IV | Finished | - | Asset | Property, plant and equipment | 3,210 | - | 2011 |
| Minera Gaby S.p A. | | Finished | - | Asset | Property, plant and equipment | - | 981 | 2011 |
| | Ventanas | | 35,908 | | | 20,519 | 14,607 | |
| Codelco Chile | Mitigation of environmental concentrator stock | In process | 2,613 | Asset | Property, plant and equipment | - | 768 | 2012 |
| Codelco Chile | Standarization of rainwater pools | In process | 1,629 | Asset | Property, plant and equipment | - | 1,039 | 2012 |
| Codelco Chile | Cold load system Cps N 2 | In process | 1,376 | Asset | Property, plant and equipment | - | 2 | 2012 |
| Codelco Chile | Aumento Captacion Mat. | In process | 1,996 | Asset | Property, plant and equipment | - | 200 | 2012 |
| Codelco Chile | Increase uptake Mp He | In process | 6,140 | Asset | Property, plant and equipment | | 280 | 2012 |
| Codelco Chile | Cold load Mechanical System No. 1 and 3 | In process | 58 | Asset | Property, plant and equipment | - | 4,102 | 2013 |
| Codelco Chile | Acid plants | In process | 17,489 | Expenditure | Administrative expenses | 15,563 | 5,373 | 2012 |
| Codelco Chile | Solid waste | In process | 807 | Expenditure | Administrative expenses | 762 | 409 | 2012 |
| Codelco Chile | Water treatment plant | In process | 3,800 | Expenditure | Administrative expenses | 4,194 | 2,434 | 2012 |
| | Radomiro Tomic | | 1,517 | | | 983 | 754 | |
| Codelco Chile | Solid waste | In process | 1,260 | Asset | Property, plant and equipment | 895 | 635 | 2012 |
| Codelco Chile | Water treatment plant | In process | 257 | Expenditure | Administrative expenses | 88 | 119 | 2012 |
| Subtotal | | | 135,702 | | | 128,975 | 64,389 | |
| Total | | | 264,998 | | | 211,683 | 362,629 | |