CODELCO – CHILE

Consolidated Financial Statements
as of December 31, 2011

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

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CONSOLIDATED FINANCIAL STATEMENTS
(January - December 2011)

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Report of Independent Auditors

(A Free Translation from the of original report issued in Spanish)

To the Shareholders of
Corporación Nacional del Cobre de Chile

We have audited the accompanying consolidated statements of financial position of Corporación Nacional del Cobre de Chile and its subsidiaries as of December 31, 2011 and the related statements of comprehensive income, changes in shareholders' equity and of cash flows for the year ended at that date. The preparation of these financial statements (including the related notes) is the responsibility of the management of Corpoación Nacional del Cobre de Chile. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of Corpoación Nacional del Cobre de Chile for the year ended December 31, 2010 were audited by other auditors, who issued an unqualified opinion as of March 23, 2011.

We conducted our audit in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Corporación Nacional del Cobre de Chile as of December 31, 2011 and the results of its operations, and its cash flows for the years then ended, in conformity with International Financial Reporting Standards.

Charles A. Bunce

ERNST & YOUNG LTDA.

Santiago, March 22, 2012

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2011 and 2010
(In thousands of US dollars - ThUS$)
(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	12/31/211	12/31/2010
Assets			
Current Assets			
Cash and cash equivalents	1	1,382,876	874,039
Other current financial assets	11	193,237	195,138
Other currents non-financial assets		36,413	33,607
Trade and other current receivables	2	1,968,269	2,714,006
Accounts receivables due from related companies, current	3	56,357	157,954
Inventory	4	2,014,838	1,782,506
Current tax assets	6.a	254,930	194,226
Non- current assets classified as held for sale	7	-	672,409
Total current assets		5,906,920	6,623,885
Non-current assets			
Other non-current financial assets	12	102,593	181,125
Other non-current non-financial assets	11	203,950	203,505
Non-current receivables	2	132,721	198,785
Accounts receivables due from related companies, non-current	3	75,860	104,896
Investment accounted for using the equity method	9	945,055	588,365
Intangible assets other than goodwill		12,292	21,556
Property, Plant and Equipment, net	8	13,437,764	12,351,430
Investment property		17,789	5,494
Total non-current assets		14,928,024	13,655,156
TOTAL ASSETS		20,834,944	20,279,041

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

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2011 and 2010
(In thousands of US dollars - ThUS$)
(Translation to English of consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	12/31/2011	12/31/2010
Liabilities and Equity			
Liabilities			
Current liabilities			
Other current financial liabilities	13	1,643,424	1,918,908
Trade and other current payables	16	1,782,459	1,803,276
Accounts payables to related companies, current	3	126,850	171,565
Other current provisions	17	210,514	296,713
Current tax liabilities	6.b	137,267	307,952
Current employee benefit accruals	17	459,251	689,075
Other current non- financial liabilities		56,317	56,338
Total current liabilities		4,416,082	5,243,827
Non-current liabilities			
Other non-current financial liabilities	13	6,395,154	7,189,482
Other non-current payables		319	2,658
Accounts payables to related companies, non-current	3	308,616	349,204
Other non-current provisions and accrued expenses	17	1,013,441	1,057,472
Deferred tax liabilities	5	1,540,242	711,382
Non-current employee benefit accruals	17	1,092,966	1,191,112
Other non-current non-financial liabilities		3,094	2,692
Total non-current liabilities		10,353,832	10,504,002
Total liabilities		14,769,914	15,747,829
Equity			
Issued Capital		2,524,423	2,524,423
Retained earnings		1,709,068	1,329,392
Other Reserves	19	1,829,519	675,403
Equity attributable to owners of the parent		6,063,010	4,529,218
Non-controlling interests	19	2,020	1,994
Total equity		6,065,030	4,531,212
TOTAL LIABILITIES AND EQUITY		20,834,944	20,279,041

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

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED INCOME STATEMENT
For the years ended December 31, 2011 and 2010
(In thousands of US dollars - ThUS$)
(Translation to English consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	ACCUMULATED 1/1/2011 12/31/2011	1/1/2010 12/30/2010
Profit (loss)			
Revenue	20	17,515,296	16,065,946
Cost of sales		(10,283,026)	(9,088,740)
Gross profit		7,232,270	6,977,206
Other Income, by function	22.a	726,185	141,473
Distribution costs		(11,114)	(14,944)
Administrative expenses		(452,217)	(390,234)
Other expenses	22.b	(2,307,326)	(2,058,867)
Other gains (losses)		38,709	28,040
Finance income		44,701	35,559
Finance costs	23	(294,496)	(331,132)
Share of profit of associates and joint ventures accounted for using the equity method	8	353,440	303,395
Foreign exchange differences	25	216,998	(202,524)
Profit for the period before tax		5,547,150	4,487,922
Income tax expense	5	(3,491,798)	(2,611,601)
Profit for the period from continuing operations		2,055,352	1,876,321
Profit for the period from discontinued operations		-	-
Profit for the period		2,055,352	1,876,321
Profit (loss) attributable to:			
Profit attributable to owners of the parent		2,056,414	1,877,659
Loss attributable to non-controlling interests	19.b	(1,062)	(1,338)
Profit for the period		2,055,352	1,876,321

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

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the years ended December 31, 2011 and 2010
(In thousands of US dollars - ThUS$)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2011 12/31/2011	1/1/2010 12/31/2010
Profit for the period		2,055,352	1,876,321
Components of other comprehensive income (loss), before tax:			
Exchange differences on conversion			
Gain (loss) on exchange differences on conversion, before tax		(2,633)	490
Other comprehensive income, before tax, exchange differences on conversion		(2,633)	490
Cash flow hedges			
Gain (loss) on cash flow hedges, before tax		1,594,322	111,508
Other comprehensive income before tax, exchange differences on conversion		1,594,322	111,508
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		81,376	136,560
Other comprehensive income (loss) before tax		1,673,065	248,558
Income tax related to components of other comprehensive income:			
Income tax related to cash flow hedges of other comprehensive income	5	(897,100)	(63,560)
Aggregated income tax related to components of other comprehensive income		(897,100)	(63,560)
Other comprehensive income (loss)		755,965	184,998
Total comprehensive income		2,831,317	2,061,319
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent		2,832,379	2,062,657
Comprehensive income attributable to non-controlling interests	19.b	(1,062)	(1,338)
Total comprehensive income		2,831,317	2,061,319

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

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD
For the years ended December 31, 2011 and 2010
(In thousands of US (In thousands of US dollars - ThUS$)
(Translation to English of financial statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2011 12/31/2011	1/1/2010 12/31/2010
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		19,702,113	16,974,027
Other cash flows provided by operating activities	26	1,843,793	1,767,151
Types of cash payments			
Payments to suppliers for goods and services		(8,741,815)	(7,833,235)
Payments to and on behalf of employees		(2,196,072)	(1,784,501)
Other cash flows used in operating activities	26	(4,191,069)	(3,525,415)
Dividends received		85,750	179,532
Income taxes paid		(3,852,469)	(2,515,754)
Net cash flows provided by operating activities		2,650,231	3,261,805
Cash flows provided by (used in) investing activities:			
Other cash flows provided by the sales of joint ventures	26	1,088,351	-
Other cash flows used to acquire interests in joint ventures		-	(44,878)
Loans to related Companies		-	(71,839)
Purchases of property plant and equipment		(2,251,630)	(2,309,484)
Collections from related Companies		40,700	-
Interest received		26,912	12,716
Other inflows (outflows) of cash		36,543	109,927
Net cash flows from (used in) investing activities		(1,059,124)	(2,303,558)
Cash flows used in financing activities:			
Proceeds from current borrowings		1,232,049	2,387,386
Repayments of borrowings		(517,534)	(800,860)
Dividends paid		(1,472,048)	(2,206,124)
Interest paid		(324,737)	(237,686)
Net cash flows used in financing activities		(1,082,270)	(857,284)
Net increase (decrease) in cash and cash equivalents before foreign exchange difference		508,837	100,963
Net increase (decrease) in cash and cash equivalents		508,837	100,963
Cash and cash equivalents at beginning of period	1	874,039	773,076
Cash and cash equivalents at end of period	1	1,382,876	874,039

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

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2011 and 2010
(In thousands of US dollars - ThUS$)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

12/31/2011	Issued Capital	Foreign currency conversion reserve	Cash flow hedge reserve	Other miscellaneouns reserves	Total other reserves Note 19	Accumulated Retained earnings	Equity attributable to owners of the parent	Non-controlling interests Note 19	Total Equity
Equity 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 (loss)						2,056,414	2,056,414	(1,062)	2,055,352
Other comprehensive income (loss)		(2,633)	697,222	81,376	775,965		775,965	-	775,965
Comprehensive income							2,832,379	(1,062)	2,831,317
Dividends Paid						(1,674,916)	(1,674,916)		(1,674,916)
Increase (decrease) through transfers and other changes	-	-	-	378,151	378,151	(1,822)	376,329	1,088	377,417
Total increase (decrease) in equity	-	(2,633)	697,222	459,527	1,154,116	379,676	1,533,792	26	1,533,818
Equity as of 12/31/2011	2,524,423	283	(272,349)	2,101,585	1,829,519	1,709,068	6,063,010	2,020	6,065,030

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

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2011 and 2010
(In thousands of US dollars - ThUS$)
(Translation of consolidated financial statements originally issued in Spanish – see Note I.2)

12/31/2010	Issued Capital	Foreign currency conversión reserve	Cash flow hedge reserve	Other miscellaneouns reserves	Total other reserves Note 19	Accumulated Retained earnings	Equity attributable to owners of the parent	Non-controlling interests Note 19	Total Equity
Equity as of 1/1/2010	2,524,423	2,426	(1,017,519)	1,637,733	622,640	1,294,157	4,441,220	2,007	4,443,227
Changes in equity									
Profit (loss)						1,877,659	1,877,659	(1,338)	1,876,321
Other comprehensive income (loss)		490	47,948	136,560	184,998		184,998	-	184,998
Comprehensive income							2,062,657	(1,338)	2,061,319
Dividends Paid						(1,875,509)	(1,875,509)		(1,875,509)
Increase (decrease) through transfers and other changes	-	-	-	(132,235)	(132,235)	33,085	(99,150)	1,325	(97,825)
Total increase (decrease) in equity	-	490	47,948	4,325	52,763	35,235	87,998	(13)	87,985
Equity as of 12/31/2010	2,524,423	2,916	(969,571)	1,642,058	675,403	1,329,392	4,529,218	1,994	4,531,212

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

I. GENERAL INFORMATION

1. Corporate Information

Corporación Nacional del Cobre de Chile, Codelco (hereinafter referred to as “Codelco - Chile”, the “Corporation” or “the Company”), 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.

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 corporations, 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 Company. In 2010 the Company 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 corporations 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 Company's income is also subject to a tax in accordance with Law No. 20,026 of 2005 (Specific Mining Tax).

The Company 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 Company'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 financial statements and expressly states its responsibility for the consistent and reliable nature of the information included in the consolidated financial statements as of December 31, 2011, for the effects of which IFRS principles issued by the International Accounting Standards Board have been applied in full. The December 31, 2011 consolidated financial statements were approved by the Board of Directors in the meeting on March 22, 2012. The December 31, 2010 consolidated financial statements were approved by the Company's Board of Directors on March 23, 2011.

Accounting Principles

These consolidated financial statements reflect the financial position of Codelco Chile and its subsidiaries as of December 31, 2011 and 2010, the results of their operations ended December 31, 2011 and 2010, the changes in net equity and cash flows for periods ended December 31, 2011 and 2010, and their related notes, all of which have been prepared and presented in accordance with IAS 1 "Presentation of Financial Statements" which considers the respective regulations of the Chilean Superintendency of Securities and Insurance ("SVS"), and do not conflict with IFRS.

For the convenience of the reader, these consolidated financial statements and their accompanying notes have been translated from Spanish to English.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with 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 Company'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 consolidated financial statements of Corporación Nacional del Cobre de Chile include:

- Statements of Financial Position as of December 31, 2011 and 2010.
- Statements of Comprehensive Income for the years ending December 31, 2011 and 2010.
- Statements of Changes in Equity for the years ending December 31, 2011 and 2010.
- Statements of Cash Flows for the years ending December 31, 2011 and 2010.

b) Basis of Preparation - The consolidated financial statements of the Corporation for the period ended December 31, 2011 have been prepared in conformity with IFRS, as issued by the IASB.

The consolidated statement of financial position as of December 31, 2010 and the statements of comprehensive income, of net equity and of cash flows for the period ended December 31, 2010, included for comparative purposes, have been prepared in conformity with IFRS, on a consistent basis with the criteria used by the Company for the same period ended December 31, 2011.

These consolidated financial statements have been prepared based on the accounting records kept by the Corporation.

c) Functional Currency - The functional currency of Codelco is the US dollar, which is the currency of the primary economic environment in which the Corporation operates and the currency in which it receives its revenues. Transactions other than those in the Corporation's functional currency are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at closing exchange rates. Gains and losses from foreign currency conversion are included in 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	12/31/2011 Entity Share Percentaje			12/31/2010 Entity Share Percentaje
				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 USA 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 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	Brasil	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 Shangai Company Limited	China	USD	100,000	-	100,000	-
59.087.530-9	Ecometales Ltd. Agencia en Chile	Chile	USD	-	100,000	100,000	100,000
76.561.210-1	Mining Information Communications and Monitoring S.A.	Chile	USD	66,000	-	66,000	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
76.063.022-5	Inca de Oro S.A.	Chile	USD	-	-	-	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	-	99,900	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	-	99,930	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
Foreign	Biosigma Bermudas Ltda. (Bermuda)	Bermuda	USD	-	-	-	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
76.152.263-5	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
76.082.774-6	Inversiones Tocopilla 2B S.A.	Chile	USD	99,990	0,010	100,000	100,000
76.148.338-2	Sociedad de Procesamiento de Molibdeno Ltda.	Chile	USD	99,900	0,100	100,000	-
76.082.158-6	Inversiones Mejillones 2 S.A.	Chile	USD	34,800	65,200	100,000	100,000
76.167.903-1	Inversiones Mineras Acrux SpA.	Chile	USD	100,000	-	100,000	-
76.173.357-5	Inversiones Gacrux SpA.	Chile	USD	-	100,000	100,000	-
76.173.783-K	Inversiones Mineras Becrux Limitada	Chile	USD	-	100,000	100,000	-
76.124.156-7	Centro de Especialidades Médicas San Lorenzo Ltda.	Chile	USD	-	100,000	100,000	-
70.905.700-6	Fusat (Special Purpose Entity)	Chile	CLP	-	-	-	-

For the purposes of these consolidated financial statements, subsidiaries, associates, acquisitions and disposals and joint ventures are defined as follows:

- **Subsidiaries -** A subsidiary is an entity over which the Corporation has power to govern its operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows of Codelco and its subsidiaries, after eliminating all inter-company balances and 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.

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. The consolidated financial statements of the FUSAT include the following entities:

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

Entity	Country	Equity share percentage	
		12/31/2011	12/31/2010
		%	%
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	99.99	99.99
Prestaciones de Servicios de la Salud Intersalud Ltda.	Chile	99.00	99.00
Institución de Salud Previsional Fusat Ltda.	Chile	99.69	99.69

e) Foreign currency transactions - Monetary assets and liabilities denominated in foreign currency have been translated into U.S. dollars at the closing exchange rate of the period.

At the reporting period-end, monetary assets and liabilities denominated in currency other than the functional currency, indexed in unidades de fomento (UF or inflation index-linked units of account) (12/31/2011: US$ 43.03 ; 12/31/2010: US$ 45.92), are translated into U.S. dollars at the closing exchange rates.

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 or separate income statement presented 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:

Ratio	Period-end exchange rates	
	12/31/2011	12/31/2010
USD / CLP	0.00193	0.00214
USD / GBP	1.55087	1.54059
USD / BRL	0.53588	0.60107
USD / EURO	1.29618	1.32802

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 lease contracts with purchase options that meet the characteristics of a finance lease are included in this item. These items 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	Minimun useful life	Maximun 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 years	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 Company 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).

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 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 six months. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices for the applicable metals.

Sales in the national market are recorded in conformity with the regulations that govern domestic sales as indicated in Articles 7, 8 and 9 of Law No. 16,624, modified by Article 15 of Decree Law No. 1,349 of 1976, on the determination of the sales price for the internal market.

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 income statement, 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 the income statement account until the results of the hedged operations are recorded in the income statement 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 Operating 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 income statement 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 income statement.

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.

bb) Classification of Current and Non-Current Balances - In the consolidated statement of financial position, the balances are classified according to their maturities, that is, as current those with a maturity equal 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 Company, 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.

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

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.
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	Annual periods beginning on or before January 1, 2013.	Establishes criteria for the recognition and measurement of assets for the concept of stripping costs in the production phase.

IFRS Amendments	Date of mandatory application	Summary
IAS 1 Presentation of Financial Statements	Annual periods beginning on or after July 1, 2012.	Modifications are related to the presentation of Other Comprehensive Income items, giving the option to expose income for the period and comprehensive income. In addition, modifies paragraphs on disclosure of information on income for the period and other comprehensive income.
IAS 12, Deferred taxes – Recovery of Underlying Asset.	Annual periods beginning on or after January 1, 2013	Deferred taxes on investments in properties measured at fair value shall be recognized on the basis of sales, unless the entity has a model that demonstrates that it will be consumed during the business. In addition deferred taxes on non-depreciable assets measured under the revaluation model, must be measured on the basis of sales.
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 year.
IAS 32 – Financial Instrument	Annual periods beginning on or after	Clarifies the requirements regarding the application of compensations between

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

Presentation	January 1st, 2014	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.

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.

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III. EXPLANATORY NOTES

1. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Items	12/31/2011 Thus$	12/31/2010 Thus$
Cash On hand	11,738	3,319
Bank Balances	24,650	17,012
Time deposits	1,331,904	741,579
Mutual Funds – Money Market	7,240	61,855
Resale Agreements	7,344	50,274
Total Cash and Cash Equivalents	1,382,876	874,039

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.

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

When the future copper price is higher than the provisional invoice price, the provision is presented in current assets, increasing the amounts owed by customers.

Based on the above-mentioned, trade receivables as of December 31 and 2011 include an accrual of ThUS$ (47,781) and ThUS$ 406,837, respectively, related with the open invoices of the unfinished sales.

b) Trade and other receivables

The following chart shows the amounts of Trade and other receivables, with their corresponding allowances:

	Current		Non- Current	
Items	12/31/2011 ThUS$	12/31/2010 ThUS$	12/31/2011 ThUS$	12/31/2010 ThUS$
Trade Receivables (1)	1,551,444	2,349,685	-	-
Allowance for doubtful accounts (3)	(2,027)	(2,343)	-	-
Subtotal trade receivables, Net	1,549,417	2,347,342	-	-
Other Receivables (2)	423,193	370,878	132,721	198,785
Allowance for doubtful accounts (3)	(4,341)	(4,214)	-	-
Subtotal other receivables, Net	418,852	366,664	132,721	198,785
Total	1,968,269	2,714,006	132,721	198,785

(1) Trade receivables are generated by sales of the Company, 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 (Fundición Ventanas).

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

(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 periods January to December 2011 and 2010 is detailed as follows:

Movements of allowance for doubtful accounts	12/31/2011 ThUS$	12/31/2010 ThUS$
Opening balance	6,557	6,962
Increases	279	184
Write-offs/applications	(468)	(589)
Movement, subtotal	(189)	(405)
Final Balance	6,368	6,557

Past due and not impaired balances are detailed as follows:

Past-due and not impaired	12/31/2011 ThUS$	12/31/2010 ThUS$
Less than 90 days	33,908	18,814
Between 90 days and 1 year	2,197	378
More than 1 year	7,181	3,572
Total past-due and not impaired	43,286	22,764

3. 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 Company 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 Company 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 Nr. 18 (NCC Nr, 18) and its corresponding administrative procedures in 2011.

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 NCC No. 18 obligates the Company´s contract to declare all such relationships, as well as remove related job responsibilities from any member within these positions who may be involved.

This prohibition also includes the companies in which such individuals are involved through ownership or management, whether directly or through representation of other natural persons or legal entities, or individuals who have ownership or management interests in those companies.

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

These transactions present the total transaction amount for the years specified in the table below:

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

Entity	Taxpayer number	Country	Nature of the relationship	Description of the transaction	1/1/2011 12/31/2011 Amount ThUS$	1/1/2010 12/31/2010 Amount ThUS$
Domingo Iraola Vera	2.320.212-3	Chile	Executive´s relative	Services	8,550	59
Cosando Construcción y Montaje Ltda.	77.755.770-K	Chile	Executive´s relative	Services	7,938	-
Ernst &Young Ltda.	77.802.430-6	Chile	Director´s relative	Services	-	2,489
Mining Information Comunications and Monitoring S.A.	76.561.210-1	Chile	Subsidiary	Services	181	-
Servicios Aridam S.A.	76.033.531-2	Chile	Executive´s relative	Services	12,022	192
Ecometales Ltd.	59.097.530-9	Chile	Subsidiary	Services	23,255	27,735
Fundación de Salud El Teniente	70.905.700-6	Chile	Special Purpose Entity	Services	5,606	-
Biosigma S.A.	96.991.180-9	Chile	Subsidiary	Services	-	12,000
Minera Gaby S.A.	76.685.790-6	Chile	Subsidiary	Services	-	464,280
Club Deportes Cobresal	70.658.400-5	Chile	One employee is the President of the Club	Services	-	340
Exploraciones Mineras Andinas	99.569.520-0	Chile	Subsidiary	Services	83,000	-
CAID S.A.	76.069.751-6	Chile	Executive´s relative	Services	-	771
ANMAR S.A.	76.134.358-0	Chile	Director´s ownership	Services	438	-
B. BOSCH. S.A.	84.716.400-K	Chile	Executive´s relative	Services	20,244	473
CIS Ingenieros Asociados Ltda.	88.422.600-7	Chile	Director´s ownership	Services	26	170
E-CL S.A.	88.006.900-4	Chile	Associate	Services	900	-
Centro de Investigación Minera y Metalúrgica (Fundación sin fines de lucro)	70.001.300-6	Chile	Founder	Services	116	-
Irene Astudillo Fernández	8.972.584-4	Chile	Executive´s relative	Services	-	74
Sociedad Contractual Minera El Abra	96.701.340-4	Chile	Associate	Services	-	8
Sinclair Knight Merz (Chile) Ltda	76.334.600-5	Chile	Executive´s relative	Services	123,479	9,223
Entel S.A.	92.580.000-7	Chile	Director´s relative	Services	-	70
Clinica San Lorenzo Ltda.	88.497.100-4	Chile	Subsidiary	Services	-	1,841
Clínica Río Blanco S.A	99.573.600-4	Chile	Subsidiary	Services	11,027	-
Instituto Innovación en Minería y Metalúrgica	96.854.500-0	Chile	Subsidiary	Services	10,300	-
San Lorenzo Institucion de Salud Previsional Ltda.	76.521.250-2	Chile	Subsidiary	Services	-	1,353
Centro de Especialidades Médicas Río Blanco Ltda.	76.064.682-2	Chile	Subsidiary	Services	10,990	-
Quadrem Chile Ltda	77.546.140-3	Chile	Related Company	Services	-	2,034
Mining Industry Robotic Solutions S.A.	76.869.100-2	Chile	Subsidiary	Services	-	25
Salomón Sack S.A.	90.970.000-0	Chile	Director´s ownership	Services	1,627	-

(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 2011 and 2010, 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	1/1/2011 12/31/2011		1/1/2010 12/31/2010	
					Amount ThUS$	Effects on net income (charges)/ credits ThUS$	Amount ThUS$	Effects on net income (charges)/ credits ThUS$
Santiago González Larraín	6.499.284-8	Chile	Chairman of the Board	Director´s fees	-	-	4	(4)
Andrés Velasco Brañes	6.973.692-0	Chile	Director	Director´s fees	-	-	4	(4)
Nicolás Majluf Sapag	4.940.618-5	Chile	Director	Director´s fees	-	-	45	(45)
Nicolás Majluf Sapag	4.940.618-5	Chile	Director	Fees	-	-	7	(7)
Jorge Bande Bruck	5.899.738-2	Chile	Director	Director´s fees	109	(109)	90	(90)
Jorge Bande Bruck	5.899.738-2	Chile	Director	Fees	-	-	5	(5)
Jorge Candia Díaz	8.544.205-8	Chile	Director	Remunerations	-	-	15	(15)
Jorge Candia Díaz	8.544.205-8	Chile	Director	Director´s fees	-	-	11	(11)
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Remunerations	44	(44)	72	(72)
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director´s fees	78	(78)	70	(70)
Gustavo González Jure	6.866.126-9	Chile	Director	Director´s fees	-	-	11	(11)
Alberto Arenas de Mesa	8.718.414-5	Chile	Director	Director´s fees	-	-	18	(18)
Jaime Gutiérrez Castillo	6.772.588-3	Chile	Director	Remunerations	30	(30)	80	(80)
Jaime Gutiérrez Castillo	6.772.588-3	Chile	Director	Director´s fees	26	(26)	59	(59)
Andrés Sanfuentes Vergara	4.135.157-8	Chile	Director	Director´s fees	-	-	18	(18)
Gerardo Jofré Miranda	5.672.444-3	Chile	Chairman of the Board	Director´s fees	156	(156)	115	(115)
Marcos Büchi Buc (1)	7.383.017-6	Chile	Director	Director´s fees	-	-	70	(70)
Fernando Porcile Valenzuela	4.027.183-k	Chile	Director	Director´s fees	78	(78)	48	(48)
Andrés Tagle Dominguez	5.895.255-9	Chile	Director	Director´s fees	78	(78)	48	(48)
Marcos Lima Aravena	5.119.963-4	Chile	Director	Director´s fees	130	(130)	79	(79)
Juan Luis Ossa Bulnes	3.638.915-K	Chile	Director	Director´s fees	71	(71)	48	(48)

(1) During the period from January 1 to December 31, 2011, the Corporation has not issued any payment instrument for the concept of remunerations to Mr. Marcos Büchi Buc, derived from his participation as Corporation Director, since he has expressly and irrevocably waived those payments, as well as any present or future collection action for that concept. Regarding the amounts referring to Board fees for 2010, although the relevant payment documents had been issued, they were not cashed at the time by Mr. Büchi, due to his waiving collection of those amounts, and they were written-off.

Through Supreme Decree of the Treasury Department No. 257, dated March 3, 2010, the method for determining the remunerations of the Corporation's directors was established. This document details the calculation method of such remunerations, as per the following:

- The monthly salary of the directors of Codelco is fixed in the amount of Ch$3,000,000 - (three million Chilean pesos) for participating in the Board meetings.

- A unique monthly salary of Ch$6,000,000 - (six million Chilean pesos) is established for the Chairman of the Board.

- 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$1,000,000 - (one million 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$2,000,000 - (two million Chilean pesos).

- The compensation established in this legal document will be valid for a period of two years, as of March 1, 2010, and was adjusted as of January 10, 2011, according to the same provisions that govern the general salary adjustment of 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 - December 2011, amount to ThUS$ 7,180 (2010: ThUS$ 6,658).

Non-current benefits during the January – December 2010 period amount to ThUS $ 547.

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

In the period being reported, no payments are recorded for the main executives of Codelco for the concept of staff severance indemnities, termination benefits, or post employment benefits.

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 Company 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 and Inca de Oro S.A.

The Corporation does not establish an allowance for doubtful accounts for the main items receivable from their related companies, as these have been registered by including the relevant safeguards in the respective debt contracts.

Accounts receivable from and payable to related companies as of December 31, 2011 and December 31, 2010, 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	Nature of the relationship	Indexation currency	Current 12/31/2011 ThUS$	Current 12/31/2010 ThUS$	Non- Current 12/31/2011 ThUS$	Non- Current 12/31/2010 ThUS$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	46,065	52,655	75,602	104,672
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	50	1,217	-	-
Foreign	Copper Partners Invest. Company Ltd.	Bermuda	Joint Venture	USD	10,226	100,121	-	-
88.006.900-4	E-CL S.A.	Chile	Associate	USD	-	2,453	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	USD	-	-	224	224
76.024.442-2	Ecosea Farming S.A.	Chile	Associate	CLP	-	64	34	-
76.009.778-0	Comotech S.A.	Chile	Associate	CLP	-	165	-	-
76.781.030-K	Kairos Mining S.A.	Chile	Associate	CLP	16	-	-	-
76.869.100-2	Mining Industry Robotic Solutions S.A.	Chile	Associate	CLP	-	1,279	-	-
Total					56,357	157,954	75,860	104,896

Taxpayer Number	Company	Country	Nature of the relationship	Indexation currency	Current 12/31/2011 ThUS$	Current 12/31/2010 ThUS$	Non- Current 12/31/2011 ThUS$	Non- Current 12/31/2010 ThUS$
Foreign	Copper Partners Investment Company Ltd.	Bermuda	Joint Venture	USD	36,666	36,666	308,616	345,324
Foreign	Deutsche Geissdraht GmbH	Germany	Associate	EURO	4,065	2,081	-	-
76.781.030-K	Kairos Mining S.A.	Chile	Associate	CLP	20,138	13,845	-	-
76.869.100-2	Mining Industry Robotic Solutions S.A.	Chile	Associate	CLP	251	-	-	-
88.006.900-4	E-CL S.A.	Chile	Associate	USD	-	53,091	-	3,880
77.546.140-3	Quadrem Chile Ltda.	Chile	Other investment	CLP	-	66	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	49,720	50,670	-	-
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	16,010	15,146	-	-
Total					126,850	171,565	308,616	349,204

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

The transactions performed between the Corporation and its related companies during the period ended December 31, 2011 and 2010 are detailed in the next chart together with their corresponding effects on profit or loss:

Taxpayer Number	Company	Description of the transaction	Country	Indexation Currency	1/1/2011 12/31/2011		1/1/2010 12/31/2010	
					Amount ThUS$	Effects on net income (charges)/ credits ThUS$	Amount ThUS$	Effects on net income (charges)/ credits ThUS$
Foreign	Copper Partners Investment Co. Ltd.	Sale of products	Bermuda	USD	125,012	125,012	143,902	143,902
76.775.710-7	Sociedad GNL Mejillones S.A.	Purchase of energy	Chile	USD	178,026	(178,026)	105,658	(105,658)
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan	Chile	USD	-	-	157,322	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan	Chile	USD	35,655	-	-	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan interest	Chile	USD	5,047	5,047	-	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Expenses refund	Chile	USD	5	-	5	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Guarantee fee	Chile	USD	666	666	-	-
76.781.030-k	Kairos Mining S.A.	Purchase of services	Chile	CLP	20,406	(20,406)	14,345	(14,345)
76.869.100-2	Mining Industry Robotic Solutions S.A	Purchase of services	Chile	CLP	1,292	(1,292)	1,448	(1,448)
96.701.340-4	SCM El Abra	Dividends received	Chile	USD	85,750	-	147,000	-
96.701.340-4	SCM El Abra	Purchase of products	Chile	USD	432,345	(432,345)	447,027	(447,027)
96.701.340-4	SCM El Abra	Sale of products	Chile	USD	58,143	58,143	28,179	28,179
96.701.340-4	SCM El Abra	Purchase of services	Chile	USD	5,815	(5,815)	1,607	(1,607)
96.701.340-4	SCM El Abra	Commissions received	Chile	USD	123	123	145	145
88.006.900-4	E-CL S.A.	Purchase of energy	Chile	USD	-	-	466,955	(466,955)
88.006.900-4	E-CL S.A.	Maintenance and operation services	Chile	USD	-	-	1,007	(1,007)
88.006.900-4	E-CL S.A.	Recovery of loan	Chile	USD	-	-	130,627	-
88.006.900-4	E-CL S.A.	Dividends received	Chile	USD	-	-	32,040	-
76.133.034-9	Copper for Energy S.A.	Contributions	Chile	CLP	203	-	-	-

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(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 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.

4. Inventories

Inventory as of December 31, 2011 and 2010 is detailed as follows:

Items	12/31/2011 ThUS$	12/31/2010 ThUS$
Finished products	459,795	418,394
Subtotal finished products, net	459,795	418,394
Products in process	1,142,531	1,055,664
Subtotal products in process, net	1,142,531	1,055,664
Material in wharehouse and other	485,012	381,932
Obsolescence allowance adjustment	(72,500)	(73,484)
Subtotal material in wharehouse and other, net	412,512	308,448
Total	2,014,838	1,782,506

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 December 31, 2011 and 2010, corresponds to finished products and amounts to ThUS$ 9,712,011 and ThUS$ 8,777,024 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	12/31/2011 ThUS$
Initial Balance	(73,484)
Additions	(32,005)
Reversals	32,989
Final Balance	(72,500)

In the consolidated income statement as of December 31, 2011, Codelco recognized a write-off of inventory in the amounf of ThUS$ 7,044, and did not have any write-offs during 2010.

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).

In accordance with Law 20,455 related to reconstruction due to the earthquake, the income tax rates were changed for tax years 2012 and 2013 (fiscal years 2011 and 2012) to 20% and 18.5%, respectively from the 17% rate in force.

The effect of this tax rate change resulted in recognizing a deferred tax asset of ThUS$ 22,735, with a credit to income, as of December 31, 2010. The deferred taxes that will be reversed in tax years 2012 and 2013 (fiscal years 2011 and 2012) amount to ThUS$ 17,379 and ThUS$ 5,356, respectively.

In accordance with Law 20,469 regarding the Specific Mining Tax, that changes the current income tax rate (5%) to be applied from tax year 2012 onwards, the Company has estimated a tax rate of 5.68% for that tax year.

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

Deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	12/31/2011 ThUS$	12/31/2010 ThUS$
Provisions	808,037	671,737
Unrealized gains	49,157	49,246
Finance lease	27,685	18,862
Specific mining tax	35,854	7,452
Derivatives - futures	317,888	1,232,505
Advances from clients	196,811	217,734
Derivatives interest rate swaps	70,259	52,740
Health care plans	14,879	20,081
Other	8,506	31,754
Total deferred tax assets	1,529,076	2,302,111

Deferred tax liabilities	12/31/2011 ThUS$	12/31/2010 ThUS$
Financial liabilities under effective interest rate	138	8,000
Price-level restatement of property, plant and equipment	775,202	832,594
Valuation of employee termination benefit	81,566	200,568
Accelerated depreciation	2,206,342	1,915,741
Provisions	-	46,808
Other	6,070	9,782
Total deferred tax liabilities	3,069,318	3,013,493

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

Deferred taxes affecting Equity	12/31/2011 ThUS$	12/31/2010 ThUS$
Cash Flow Hedge	(897,100)	(63,560)
Total deferred taxes affecting equity	(897,100)	(63,560)

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

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

Items	12/31/2011				
	Taxable base 20% ThUS$	Taxable base 40% ThUS$	Tax rate 20% ThUS$	Additional tax rate 40% ThUS$	Total ThUS$
Profit before taxes	5,547,150	5,547,150	1,109,430	2,218,860	3,328,290
Permanent differences 20%	(751,284)	-	(150,257)	-	(150,257)
Permanent differences 40%	-	(183,497)	-	(73,399)	(73,399)
Income from corporations and other	(192,514)	(192,514)	(38,503)	(77,006)	(115,509)
Income from contractual companies	(232,853)	-	(46,571)	-	(46,571)
Income from Isapres (Private health insurance companies)	1,391	-	278	-	278
Foreign exchange differences	(5,966)	(5,966)	(1,193)	(2,386)	(3,579)
Specific mining tax	(384,838)	(384,838)	(76,968)	(153,935)	(230,903)
Dividends receivable	-	67,104	-	26,842	26,842
Other	63,496	332,717	12,700	133,086	145,786
Specific mining tax net of deferred tax	-	-	-	-	358,738
Change in annual tax rate	-	-	-	-	(20,118)
Effect of subsidiaries	-	-	-	-	48,544
Total tax expense			959,173	2,145,461	3,491,798

Items	12/31/2010				
	Taxable base 17% ThUS$	Taxable base 40% ThUS$	Tax rate 17% ThUS$	Additional tax rate 40% ThUS$	Total ThUS$
Profit before taxes	4,487,922	4,487,922	762,947	1,795,169	2,558,116
Permanent differences 17%	(588,768)	-	(100,092)	-	(100,092)
Permanent differences 40%	-	(290,069)	-	(116,028)	(116,028)
Income from corporations and other	(72,774)	(72,774)	(12,372)	(29,110)	(41,482)
Income from contractual companies	(234,402)	-	(39,848)	-	(39,848)
Income from Isapres (Private health insurance companies)	(2,174)	-	(370)	-	(370)
Foreign exchange differences	826	826	140	330	470
Specific mining tax	(304,652)	(304,652)	(51,791)	(121,861)	(173,652)
Dividends receivable	-	106,244	-	42,498	42,498
Other	24,408	(19,713)	4,149	(7,885)	(3,736)
Specific mining tax net of deferred tax	-	-	-	-	291,039
Effect of subsidiaries	-	-	-	-	(21,434)
Total tax expense			662,855	1,679,141	2,611,601

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

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:

Item	12/31/2011 ThUS$	12/31/2010 ThUS$
VAT fiscal credit	177,105	153,347
Other taxes	9,437	5,153
Income tax	68,388	35,726
Total	254,930	194,226

b) Current tax liabilities

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

Item	12/31/2011 ThUS$	12/31/2010 ThUS$
Income tax payable	137,267	307,952
Total	137,267	307,952

7. Non-current assets classified as held for sale

At 31 of December 2010, the balance of non-current assets classified as held for sale, the consolidated current asset, relates to the 40% participation the Company held in E-CL S.A. on that date. This amount represents the carrying amount of investment in that company, which is less than its fair value less costs of disposal.

In connection with the mentioned company, it must be noted that on November 6, 2009, Codelco and Suez Energy Andino S.A. (to date, the company which controlles E-CL S.A. indirectly through Inversiones Mejillones S.A. and Inversiones Tocopilla Ltda.) agreed to execute and conclude the acts and contracts leading to a merger set to gather under one company all the shares and rights that Codelco and Suez Energy Andino S.A. had in E-CL S.A. Electroandina S.A., among other companies, oriented production, distribution and supply of electricity to industrial clients and mining enterprises established in the Norte Grande zone in Chile.

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

At 31 of December 2010, 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 $ 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 by this operation was US$ 29.819 million.

8. Property, Plant and Equipment

a) The balances of Property, plant and equipment at December 31, 2011 comparative with December 31, 2010, are as follows:

Property, Plant and Equipment, gross	12/31/2011 ThUS$	12/31/2010 ThUS$
Construction in progress	3,320,333	2,756,793
Land	101,057	108,087
Buildings	3,282,133	3,163,952
Plant and Equipment	10,632,843	9,767,914
Fixtures and fittings	35,085	35,600
Motor vehicles	1,263,540	1,106,413
Land Improvements	3,282,628	3,067,271
Mining Operations	3,061,596	2,670,080
Mine development	791,161	737,544
Other Assets	727,499	735,895
Total Property, Plant and Equipment, gross	26,497,875	24,149,549

(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	12/31/2011 ThUS$	12/31/2010 ThUS$
Construction in progress	-	-
Land	-	-
Buildings	2,014,477	1,905,162
Plant and Equipment	6,049,883	5,407,138
Fixtures and fittings	24,821	24,123
Motor vehicles	724,028	643,353
Land Improvements	1,941,146	1,820,174
Mining Operations	1,534,597	1,305,938
Mine development	362,835	316,568
Other Assets	408,324	375,663
Total Property, Plant and Equipment, accumulated depreciation	13,060,111	11,798,119

Property, Plant and Equipment, net	12/31/2011 ThUS$	12/31/2010 ThUS$
Construction in progress	3,320,333	2,756,793
Land	101,057	108,087
Buildings	1,267,656	1,258,790
Plant and Equipment	4,582,960	4,360,776
Fixtures and fittings	10,264	11,477
Motor vehicles	539,512	463,060
Land Improvements	1,341,482	1,247,097
Mining Operations	1,526,999	1,364,142
Mine development	428,326	420,976
Other Assets	319,175	360,232
Total Property, Plant and Equipment, net	13,437,764	12,351,430

(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
Opening Balance as of 1/1/2010	2,492,101	106,924	1,190,164	4,028,205	6,158	453,887	1,023,198	1,156,339	346,673	406,784	11,210,433
Additions	2,227,531	172	4,761	16,383	705	27	0	324,906	0	39,618	2,614,103
Disposals	(55,184)	(198)	(14,981)	(26,520)	(523)	(6,820)	(8,838)	(26,957)	0	(57,506)	(197,527)
Capitalizations	(1,661,144)	55	166,091	923,208	6,361	105,288	335,136	4,901	107,015	13,089	0
Depreciation and Amortization	0	0	(97,258)	(600,038)	(1,610)	(92,054)	(102,023)	(317,433)	(32,910)	(47,303)	(1,290,629)
Reclassifications	(242,132)	0	11,088	727	439	2,732	4,562	222,386	198	0	0
Impairment	0	0	0	1,867	0	0	0	0	0	0	1,867
Others	(4,379)	1,134	(1,075)	16,944	(53)	0	(4,938)	0	0	5,550	13,183
Total movements	264,692	1,163	68,626	332,571	5,319	9,173	223,899	207,803	74,303	(46,552)	1,140,997
Final Balance as of 12/31//2010	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

Movements	Construction in Progress	Land	Buildings	Plant and Equipment	Fixtures and fittings	Motor vehicles	Land Improvements	Mining Operations	Mine development	Other assets	Total
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	0	13,298	2,848,635
Disposals	0	(19)	0	(12,280)	(106)	(4,336)	(2)	(49,052)	0	(554)	(66,349)
Capitalizations	(1,441,799)	387	99,270	916,880	1,362	179,530	193,632	0	53,617	313	3,192
Depreciation and Amortization		0	(111,659)	(681,574)	(2,340)	(96,803)	(119,920)	(364,876)	(46,267)	(55,145)	(1,479,584)
Reclassifications	(273,272)	0	32,727	40,832	549	(1,450)	20,272	239,187	0	(1,480)	57,365
Impairment	(7,259)	(6,277)	(10,525)	(42,348)	(106)	(569)	(1,168)	0	0	(1,178)	(70,000)
Others	(49,419)	(18,746)	(130,831)	(11,442)	(1,805)	57	0	0	0	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 as of 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	13,347,764

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

c) During year 2011, an impairment loss amounting to MUS$ 70,000 was recognized, which has been assigned to the assets of property, plant and equipment of the Division Ventanas. In the consolidated income statement this loss is recognized on line "Other expenses, by function".

d) 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.

e) 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. These policies provide adequate coverage of the potential risks.

f) Interest costs capitalized for the period from January 1 to December 31, 2011 amount to ThUS$ 45.514, calculated based on an annual capitalization rate of 4.31%, and ThUS$ 9,411 for the same period in the year 2010, calculated based on a capitalization rate of 4.26%.

g) The Corporation currently has no ownership restrictions on Property, Plant and Equipment assets.

   In addition, under no circumstance has management granted assets in guarantee to third parties to allow performance of its normal business activities or as a commitment to secure the payment of its 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	
	12/31/2011	12/31/2010	1/1/2011 12/31/2011	1/1/2010 12/31/2010
	ThUS$	ThUS$	ThUS$	ThUS$
Investments in associates accounted for using the equity method	748,284	561,730	268,637	287,607
Joint Ventures	196,771	26,635	84,803	15,788
Total	945,055	588,365	353,440	303,395

a) Associates

Agua de la Falda S.A.

As of December 31, 2011, Codelco has a 43.28% interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

The line of business of this company is to exploit deposits of gold and other minerals, in the third region of the country.

Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994. As of December 31, 2011, Codelco has a 49% interest in Sociedad Contractual Minera El Abra, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

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

Sociedad Contractual Minera Purén

At December 31, 2011, 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 December 31, 2011, 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 December 31, 2011, Codelco has a 36% interest in Mining Industry Robotic Solutions S.A., with the remainder owned by Support Company Limited with 53%, Nippon Mining & Metals Co. Ltd., 9% and Kuka Roboter GmbH, 2%.

The company's line of business is the research, design, creation, invention, manufacture, installation, supply, maintenance and marketing in any form or type of robot products, technology products of a robotic nature or complementary supplies necessary for the marketing and maintenance of those products that can be used in the mining and metals industry and related services; to produce under license, license and market the licensing of products, processes and technology services of a robotic nature for the mining and metallurgical industry, as well as any other form of use by third parties of products or services based on such technology. In addition, the company can also form all types of companies and participate as a partner or shareholder in any existing company.

Sociedad GNL Mejillones S.A.

As of December 31, 2011, 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 December 31, 2011, Codelco has a 33.33% interest in Comotech S.A. through its indirect subsidiary Innovaciones en Cobre S.A., Molibdenos y Metales S.A. and Universidad de Chile. Each of the two companies owns a 33.33% interest.

The company's line of business is to carry out research activities to increase the demand for molybdenum at the national and international level through new and better applications, uses and/or markets.

Inca de Oro S.A.

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

As of December 31, 2010, Codelco had full ownership of Inca de Oro S.A. (79.74% direct and 20.26% through its subsidiary Sociedad Contractual Minera Los Andes).

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.

This operation generated net gain after taxes in the amount of US$ 33,668 million for Codelco.

Copper for Energy S.A.

As of December 31, 2011, 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.

As of December 31, 2011, Codelco held a 47.4% interest.

The company's objective is the transfer, adaptation, research and development of technologies and support services based on copper and alloys for aquaculture and related areas, and the production and marketing of all forms of products and / or services obtained from them.

Deutsche Giessdraht GmbH

As of December 31, 2011, 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.

The following table demonstrates the equity value and accrued results of investments in associates:

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

Associates	Taxpayer number	Functional Currency	Equity interest		Equity Method		Accrued net income	
			12/31/2011	12/31/2010	12/31/2011	12/31/2010	1/1/2011 12/31/2011	1/1/2010 12/31/2010
			%	%	ThUS$	ThUS$	ThUS$	ThUS$
Deutsche Geissdraht GmbH	Foreign	EURO	40.00%	40.00%	4,283	4,141	1,674	1,816
Agua de la Falda S.A.	96.801.450-1	USD	43.28%	43.28%	5,731	5,810	(26)	28
Sociedad Contractual Minera El Abra	96.701.340-4	USD	49.00%	49.00%	666,968	542,625	210,093	236,833
Minera Purén SCM	76.028.880-2	USD	35.00%	35.00%	23,033	5,407	17,626	(2,403)
Sociedad GNL Mejillones S.A.	76.775.710-7	USD	37.00%	50.00%	-	-	39,516	(28,927)
Kairos Mining S.A.	76.781.030-K	CLP	40.00%	40.00%	130	105	52	1
MI Robotic Solutions S.A.	76.869.100-2	CLP	36.00%	36.00%	2,241	2,537	(136)	45
E - CL S.A.	88.006.900-4	USD	-	40.00%	-	-	-	80,096
Inca de Oro S.A.	73.063.022-5	USD	34.00%	-	44,817	-	(149)	-
Other					1,081	1,105	(13)	118
TOTAL					748,284	561,730	268,637	287,607

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

The following tables provide details of the assets, liabilities and major movements in investments in associates accounted for using the equity method and their respective results during period ended December 31, 2010 and 2011

Assets and liabilities	12/31/2011 ThUS$	12/31/2010 ThUS$
Current assets	808,605	793,845
Non- Current assets	1,717,531	1,878,260
Current liabilities	513,798	543,184
Non- Current liabilities	361,182	539,212

Net income	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Revenue	1,752,929	1,570,474
Cost of sales	(1,167,780)	(1,173,902)
Profit for the period	585,149	396,572

Movements of investment in associates	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Opening balances	561,730	1,100,156
Contributions	22,259	-
Dividends	(85,750)	(179,040)
Decrease in equity / disposals	-	(2)
Net income for the period	268,637	287,607
Foreign exchange differences	(228)	262
Asset reclassification as available for sale	-	(672,409)
Fair Value adjustment by the Loss of control	20,904	-
Transfer of negative equity	(30,094)	4,778
Sale of E-CL ownership interest	-	42,976
Other comprehensive income	(12,001)	-
Other	2,827	(22,598)
Final balance	748,284	561,730

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

b) Joint ventures

At December 31, 2011, 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	12/31/2011 ThUS$	12/31/2010 ThUS$
Current Assets	210,515	138,824
Non - current assets	308,616	345,324
Current Liabilities	40,161	258,021
Non - current liabilities	85,428	172,858

Net income	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Revenue	490,846	434,426
Cost of sale	(321,240)	(402,850)
Profit (loss)	169,606	31,576

Movements of the investment in Joint Ventures	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Opening Balance	26,635	-
Net income for the period	84,803	15,788
Distribution	(7,818)	(12,431)
Transfer of negative equities	-	(64,342)
Other comprehensive income	93,151	87,620
Total	196,771	26,635

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

c) Interest in negative equity

The Corporation, at December 31, 2011 and 2010, has an interest in the following negative equities (amounts expressed in ThUS$):

Entity	Equity interest percentage	Negative Equity	
		12/31/2011	12/31/2010
Sociedad GNL Mejillones S.A.	37%	(41,789)	(116,152)
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 December 31, 2011 is ThUS$ 86,240 (12/31/2010 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 December 31, 2011, and 2010, the value of finished products in Inventory does not have an unrealized profit accrual.

10. Subsidiaries

The following tables present a detail of the assets, liabilities and results of the Corporation's subsidiaries, prior to consolidation adjustments:

Assets and Liabilities	12/31/2011 ThUS$	12/31/2010 ThUS$
Current Assets	697,933	338,871
Non- Current Assets	618,753	721,681
Current Liabilities	431,813	231,351
Non- Current liabilities	305,783	297,303

Net income	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Revenue	2,634,729	1,273,466
Cost of sales	(2,477,072)	(1,216,205)
Profit for the period	157,657	57,261

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

11. Other non-current non-financial assets

Other non-current non-financial assets included in the consolidated statement of financial position as of December 31, 2011 and 2010 are detailed as follows:

Other non-current financial assets	12/31/2011 ThUS$	12/31/2010 ThUS$
Anglo American Purchase Option (1)	155,700	155,700
Law No. 13,196 asset (2)	34,528	38,199
Other	13,722	9,606
TOTAL	203,950	203,505

(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 figure presented on December 31, 2011 corresponds to the amounts paid by Codelco to Enami. These payments were made in three installments during 2010.

The purchase option mentioned above contains a derivative, the exact value, based on its characters and other factors, is difficult to measure. Therefore the terms of IAS 39 AG81 have been used.

Note 29 "Contingencies and restrictions" and Note 33 "Subsequent Events" of the financial statements, the report of Significant Events in this statement, acknowledges the process of exercising the purchase right by Codelco of the social interest indicated before , as well as the position taken by Anglo American and Codelco.

(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:

(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

Classification in the statement of financial position	12/31/2010				
	At fair value though profit and loss	Loans and receivables	Hedging derivatives	Available for sale	Total financial assets ThUS$
Cash and Cash equivalents	61,855	812,184	-	-	874,039
Trade and other current receivables	406,837	2,307,169	-	-	2,714,006
Rights receivables, non current	-	198,785	-	-	198,785
Due from related companies, current	-	157,954	-	-	157,954
Due from related companies, non - current	-	104,896	-	-	104,896
Other current financial assets	-	8,117	187,021	-	195,138
Other non - current financial assets	-	7,826	173,299	-	181,125
TOTAL	468,692	3,596,931	360,320	-	4,425,943

- Financial assets designated at fair value through profit or loss: At December 31, 2011, this category mainly includes unfinished product sale invoices and mutual fund investments made by Codelco Chile subsidiaries.

  The effects on results of unfinished bills of sale 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.

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

The effects on the income statement 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 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.

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.”

	12/31/2011					
	Current			Non- Current		
Items	Loans and other payables	Hedge derivatives	Total	Loans and other payables	Hedge derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	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

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

	12/31/2010					
	Current			Non- Current		
Items	Loans and other payables	Hedge derivatives	Total	Loans and other payables	Hedge derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Loans from financial entities	340,613	-	340,613	1,296,050	-	1,296,050
Bonds	61,933	-	61,933	4,647,841	-	4,647,841
Financial Lease	17,367	-	17,367	122,503	-	122,503
Hedge obligations	-	1,493,312	1,493,312	-	1,028,308	1,028,308
Other financial liabilities	5,683	-	5,683	94,780	-	94,780
Total	425,596	1,493,312	1,918,908	6,161,174	1,028,308	7,189,482

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.

- *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 a 3.29% 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 Company 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 will mature in a single installment on November 3, 2021,with an interest rate of 3.875% per annum, with interest paid semiannually.

- *Financial debt commissions and expenses:*

Obtaining financial resources generates, in addition to the interest rate, fees and other expenses charged by the financial institutions, and the Corporation receives the net value of the loans. These expenses are amortized based on the effective interest rate determined using the amortized cost method.

- *Finance leases:*

Finance lease transactions are generated for service contracts, principally for buildings and machinery.

(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	Exporf pre-funding	BBVA Bancomer	9/27/2014	Floating	US$	400,000	Maturity	Quarterly	0.75%	0.80%	6	399,643
Foreign	England	Exporf pre-funding	Banco Santander Londres	11/30/2015	Floating	US$	75,000	Maturity	Quarterly	1.36%	1.49%	94	74,714
Foreign	Bermuda	Exporf pre-funding	HSBC Bank Bermuda Limited	12/17/2015	Floating	US$	162,500	Maturity	Quarterly	1.41%	1.53%	66	161,870
Foreign	United States of America	Exporf pre-funding	Bank of Tokyo-Mitsubishi	12/22/2015	Floating	US$	100,000	Maturity	Quarterly	1.32%	1.42%	28	99,678
Foreign	United States of America	Exporf pre-funding	Banco Santander	12/23/2015	Floating	US$	100,000	Maturity	Quarterly	1.42%	1.55%	27	99,600
Foreign	Canada	Exporf pre-funding	Export. Dev. Canada	12/28/2015	Floating	US$	250,000	Maturity	Quarterly	1.38%	1.50%	24	248,996
Foreign	United States of America	Exporf pre-funding	Sumitomo Mitsui Banking	2/18/2016	Floating	US$	100,000	Maturity	Quarterly	1.38%	1.45%	52	99,686
Foreign	Germany	Credit line	HSBC Trinkaus & Burkhardt		Floating	Euro	15,364			1.65%	1.65%	19,915	-
Foreign	Germany	Credit line	Deutsche Bank		Floating	Euro	14,562			1.65%	1.65%	18,875	-
			Other Institutions									2,189	12,458
TOTAL												41,276	1,196,645

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

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	Maturity	Semi annual	6.38%	6.48%	437,206	-
144-A REG.S	United States of America	10/15/2013	Fixed	US$	500,000	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	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	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	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	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	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	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 December 31, 2010, the detail of Borrowings from financial institutions and Bond obligations is as follows:

12/31/2010													
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	Exporf pre-funding	Bank of Tokyo-Mitsubishi	12/22/2015	Floating	US$	100,000	Maturity	Quarterly	1.05%	1.15%	0	99,602
Foreign	Bermuda	Exporf pre-funding	HSBC Bank Bermuda Limited	12/17/2015	Floating	US$	162,500	Maturity	Quarterly	1.15%	1.27%	0	161,695
Foreign	United States of America	Exporf pre-funding	BBVA Bancomer	9/27/2014	Floating	US$	400,000	Maturity	Quarterly	0.45%	0.45%	0	399,509
Foreign	United States of America	Exporf pre-funding	Bank of Tokyo-Mitsubishi	6/29/2011	Floating	US$	100,000	Maturity	Quarterly	0.65%	0.65%	100,005	0
Foreign	United States of America	Exporf pre-funding	Banco Santander	12/9/2011	Floating	US$	200,000	Maturity	Quarterly	0.95%	0.95%	200,030	0
Foreign	Canada	Exporf pre-funding	Export. Dev. Canada	12/28/2015	Floating	US$	250,000	Maturity	Quarterly	1.10%	1.22%	0	248,752
Foreign	Canada	Exporf pre-funding	Export. Dev. Canada	3/26/2012	Floating	US$	200,000	Maturity	Quarterly	0.95%	0.95%	0	200,000
Foreign	England	Exporf pre-funding	Banco Santander Londres	11/30/2015	Floating	US$	75,000	Maturity	Quarterly	1.14%	1.26%	-	74,639
Foreign	United States of America	Exporf pre-funding	Banco Santander	12/23/2015	Floating	US$	100,000	Maturity	Quarterly	1.15%	1.27%	0	99,503
Foreign	Germany	Credit line	HSBC Trinkaus & Burkhardt		Floating	Euro	15,373			1.90%	1.90%	20,416	-
Foreign	Germany	Credit line	Deutsche Bank		Floating	Euro	13,512			1.94%	1.94%	17,944	-
			Other institutions									2,218	12,350
TOTAL												340,613	1,296,050

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

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%	4,389	319,000
144-A REG.S	United States of America	11/30/2012	Fixed	US$	435,000	Maturity	Semi Annual	6.38%	6.48%	2,528	434,222
144-A REG.S	United States of America	10/15/2013	Fixed	US$	500,000	Maturity	Semi Annual	5.50%	5.57%	6,044	499,092
144-A REG.S	United States of America	10/15/2014	Fixed	US$	500,000	Maturity	Semi Annual	4.75%	4.99%	5,219	495,913
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi Annual	4.00%	3.24%	3,196	342,976
144-A REG.S	United States of America	9/21/2035	Fixed	US$	500,000	Maturity	Semi Annual	5.63%	5.78%	8,003	489,931
144-A REG.S	United States of America	10/24/2036	Fixed	US$	500,000	Maturity	Semi Annual	6.15%	6.22%	5,914	495,730
114-A REG.S	United States of America	1/15/2019	Fixed	US$	600,000	Maturity	Semi Annual	7.50%	7.79%	20,665	589,839
114-A REG.S	United States of America	11/4/2020	Fixed	US$	1,000,000	Maturity	Semi Annual	3.75%	3.98%	5,975	981,138
TOTAL										61,933	4,647,841

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 or amortization	Less than 90 days	More than 90 days	Total Current	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 LONDRES	US$	1.49%	1.36%	Quarterly	277	833	1,110	2,223	76,113	-	78,336
BANCO SANTANDER S.A.	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
BOND 144-A REG. 2012	US$	6.48%	6.38%	Semi annual	-	463,150	463,150	-	-	-	-
BOND 144-A REG. 2013	US$	5.57%	5.50%	Semi annual	-	27,824	27,824	527,842	-	-	527,842
BOND 144-A REG. 2014	US$	4.99%	4.75%	Semi annual	-	24,796	24,796	549,753	-	-	549,753
BOND 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
BOND 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
BOND 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
BOND 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
BOND 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
BOND BCODE-A 2012	U.F.	4.45%	3.96%	Semi annual	154,996	7,155,360	7,310,356	-	-	-	-
BOND 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
				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

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

At December 31, 2010, the detail of amounts due undiscounted that the Corporation has with financial institutions is as follows:

12/31/2010					Current			Non- Current			
Debtor´s name	Currency	ffective interes rate	Nominal rate	Type or amortization	Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	Non- current Total
BBVA BANCOMER S.A.	US$	0.45%	0.45%	Quarterly	453	1,358	1,811	405,061	-	-	405,061
BANCO SANTANDER S. A.	US$	0.95%	0.95%	Quarterly	360	201,465	201,825	-	-	-	-
EDC	US$	0.95%	0.95%	Quarterly	471	1,435	1,906	200,482	-	-	200,482
BANCO SANTANDER LONDRES	US$	1.26%	1.14%	Quarterly	141	718	859	2,575	75,846	-	78,421
HSBC BANK BERMUDA LIMITED	US$	1.27%	1.15%	Quarterly	395	1,477	1,872	5,615	164,434	-	170,049
BANK OF TOKYO MITSUBISHI LTD.	US$	1.15%	1.05%	Quarterly	237	816	1,053	3,158	101,103	-	104,261
BANCO SANTANDER S.A.	US$	1.27%	1.15%	Quarterly	263	890	1,153	3,458	101,210	-	104,668
EDC	US$	1.22%	1.10%	Quarterly	666	2,091	2,757	8,271	252,933	-	261,204
BOND 144-A REG. 2012	US$	6.48%	6.38%	Semi annual	11,555	16,177	27,732	461,191	-	-	461,191
BOND 144-A REG. 2013	US$	5.57%	5.50%	Semi annual	7,944	19,556	27,500	550,340	-	-	550,340
BOND 144-A REG. 2014	US$	4.99%	4.75%	Semi annual	6,861	16,889	23,750	567,556	-	-	567,556
BOND 144-A REG. 2035	US$	5.78%	5.63%	Semi annual	6,094	22,031	28,125	84,375	84,375	1,008,594	1,177,344
BOND 144-A REG. 2036	US$	6.22%	6.15%	Semi annual	9,738	21,013	30,751	92,250	92,250	1,090,144	1,274,644
BOND 144-A REG. 2019	US$	7.79%	7.50%	Semi annual	1,750	43,250	45,000	135,000	135,000	652,125	922,125
BOND 144-A REG. 2020	US$	2.98%	3.75%	Semi annual	12,917	24,583	37,500	112,500	112,500	1,112,083	1,337,083
				Total ThUS$	59,845	373,749	433,594	2,631,832	1,119,651	3,862,946	7,614,429
BOND BCODE-A 2012	U.F.	3.24%	4.00%	Semi annual	43,899	233,357	277,256	7,191,769	-	-	7,191,769
BOND BCODE-B 2025	U.F.	4.45%	3.29%	Semi annual	92,000	184,000	276,000	828,000	828,000	8,958,500	10,614,500
				Total U.F.	135,899	417,357	553,256	8,019,769	828,000	8,958,500	17,806,269
				SubTotal ThUS	6,230	19,133	25,363	367,660	37,959	410,695	816,314
				Total ThUS$	66,075	392,882	458,957	2,999,492	1,157,610	4,273,641	8,430,743

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	12/31/2011			12/31/2010		
	Gross ThUS$	Interst ThUS$	Net ThUS$	Gross ThUS$	Interst ThUS$	Net ThUS$
Less than one year	28,897	(5,943)	22,954	36,810	(19,443)	17,367
Between one and five years	85,842	(29,918)	55,924	99,176	(48,376)	50,800
More than five years	97,476	(47,305)	50,171	123,539	(51,836)	71,703
Total	212,215	(83,166)	129,049	259,525	(119,655)	139,870

Commitment to future payments for operating leases and lease payments recognized in the income statement are summarized in the following table:

Futures payments for operating leases	12/31/2011 ThUS$	12/31/2010 ThUS$
Less than one year	160,208	137,142
Between one and five years	188,733	300,052
More than five years	118,033	104,020
Total	466,974	541,214

Rental fees recognized in the Statement of Income	12/31/2011 ThUS$	12/31/2010 ThUS$
Minimum payments for operating leases	179,418	151,815

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, no incremental disclosures are required in accordance with IFRS 7.

15. Fair value hierarchy

Each of the estimated market values for the Corporation's portfolio of financial instruments, is based on a calculation and data input methodology. Each of these methodologies has been analyzed to determine to which of the following levels they can be assigned:

- Level 1 corresponds to Fair Value measurement methodologies through market quotes (unadjusted) in active markets and considering the same valued Assets and Liabilities.

(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 December 31, 2011:

Financial Assets and liabilities at fair value with an effect in profit and loss statement	12/31/2011			
	Level 1 ThUS$	Level 2 ThUS$	Level 3 ThUS$	Total ThUS$
Financial Assets:				
Provisionally priced sales contracts	-	(47,781)	-	(47,781)
Cross Currency Swap	-	106,754	-	106,754
Mutual fund units	7,240	-	-	7,240
Metals Futures	178,630	-	-	178,630
Financial Liabilities:				
Metals Futures	722,025	-	-	722,025

No transfers between different levels of market values were observed for the reporting period.

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

16. Trade and other payables

Total trade and other payables, current and non-current, are detailed as follows:

Items	Current Liabilities	
	12/31/2011	12/31/2010
	ThUS$	ThUS$
Trade payables	1,475,980	1,292,895
Dividends payables	-	173,134
Payables to employees	22,519	31,310
Witholdings	88,723	86,033
Tax witholdings	50,791	52,422
Other payables	144,446	167,482
Total	1,782,459	1,803,276

17. Other accrued expenses and provisions

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

Other provisions	Current		Non- Current	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
	ThUS$	ThUS$	ThUS$	ThUS$
Trade (1)	14,562	38,191	-	-
Operating (2)	43,810	22,835	-	-
Law No. 13,196	110,350	202,711	-	-
Sundry (3)	41,792	32,976	25,992	48,466
Closure, decommissioning and restoration (4)	-	-	861,530	887,142
Contingencies	-	-	125,989	121,864
Total	210,514	296,713	1,013,441	1,057,472

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

Accrual for employee benefits	Current		Non-current	
	12/31/2011 ThUS$	12/31/2010 ThUS$	12/31/2011 ThUS$	12/31/2010 ThUS$
Employees' collective bargaining agreements	209,525	203,301	-	-
Employee termination benefit	45,494	37,283	692,206	809,177
Bonus	3,715	4,524	-	-
Vacation	128,994	150,000	-	-
Medical care programs (5)	521	480	336,862	304,876
Retirement plans (6)	62,003	282,414	-	-
Other	8,999	11,073	63,898	77,059
Total	459,251	689,075	1,092,966	1,191,112

(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.
Movements of Other provisions were as follows:

Movements	1/1/2011 12/31/2011		
	Provision for mine closure ThUS$	Contingencies ThUS$	Other provisions ThUS$
Opening balance	887,142	121,864	48,466
Annual cost	10,606	9,994	844
Adjustments to asset retirement provision	59,651	-	-
Financial expenses	28,278	-	-
Payment of liabilities	(34,502)	(5,382)	(1,597)
Foreign Exchange rate differences	(91,870)	(487)	243
Other variations	2,225	-	(22,034)
Final Balance	861,530	125,989	25,922

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 income statement in the period in which they occur.

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:

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

	1/1/2011 12/31/2011		1/1/2010 12/31/2010	
	Retirement Plan	Health Plan	Retirement Plan	Health Plan
Movements	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	846,460	305,356	719,585	213,227
Cost	54,341	59,743	43,187	59,410
Finance expense	33,226	4,025	35,976	15,729
Indemnities paid	(102,065)	(12,189)	(22,379)	(5,981)
Subtotal	831,962	356,935	776,369	282,385
(Gains) Losses from foreign exchange differences	(90,889)	(19,552)	70,091	22,971
Total balance	741,073	337,383	846,460	305,356

b) Employee benefits expenses by nature of the benefits

Expenses according to the nature of the Benefits	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Current benefits	1,649,717	1,536,423
Post-employment benefits	59,743	59,410
Employee termination benefits	74,311	288,246
Benefits for years of service	54,341	43,187
Total	1,838,112	1,927,266

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 company's Business and Development Plan for the next three-year period. Taking that plan as a reference, and keeping in mind the company'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 company 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 become part of the Nation's general income.

As of December 31, 2010, there is a dividends balance payable corresponding to net income for that period less advances delivered to the Government in the same period, which is recognized as a payment obligation in trade and other accounts payable in current liabilities in the amount of ThUS$ 173,134. As of December 31, 2011, no dividends payable were provisioned due to the Corporation's authorized net income withholding policy.

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

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	12/31/2011 ThUS$	12/31/2010 ThUS$
Foreign exchange differences on conversion reserves	283	2,916
Cash flow hedge reserves	(272,349)	(969,571)
Capitalization fund and reserves	1,456,476	1,078,326
Other reserves	645,109	563,732
Total other reserves	1,829,519	675,403

b) Non-controlling equity interests

The details of non-controlling equity interests, included in liabilities and net income, are listed in the table below, as of the dates indicated in each case.

Company	Net Equity		Profit (loss)	
	12/31/2011 ThUS$	12/31/2010 ThUS$	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Asociación Garantizadora de Pensiones	21	24	(1)	(2)
Biosigma S.A.	1,032	1,023	(1,092)	(1,284)
Instituto de Innovación en Minería y Metalurgia S.A.	4	4	-	-
Clínica San Lorenzo Ltda.	-	11	-	3
Micomo S.A.	946	914	32	(53)
Fundación de Salud El Teniente	17	18	(1)	(2)
TOTAL	2,020	1,994	(1,062)	(1,338)

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

20. Operating income

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

Item	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Revenue from sales of the Corporation´s copper	15,565,681	14,501,055
Revenue from sales of copper bought to third parties	1,346,056	1,255,682
Revenue from sales of molybdenum	777,843	719,831
Revenue from sales of other products	1,053,776	631,447
Loss in futures market	(1,228,060)	(1,042,069)
Total	17,515,296	16,065,946

21. Expenses by nature

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

Item	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Personnel Expenses	1,649,717	1,536,423
Depreciation	1,020,118	908,858
Amortization	465,239	395,743
Total	3,135,074	2,841,024

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

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	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Penalties to suppliers	21,189	8,111
Realized income	-	4,778
Outsourcing	6,423	6,295
Miscellaneous sales (net)	160,151	98,168
Sale of E-CL S.A.	375,080	-
Sale of Inca de Oro	72,463	-
Compensation by insurance companies	9,535	-
Other income	81,344	24,121
Total	726,185	141,473

b) Other expenses by function

Item	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Law No. 13,196	(1,485,551)	(1,310,733)
Research expenses	(106,179)	-
Bonus for the end of collective bargaining	(179,245)	(208,083)
Closure expense	(10,606)	(14,810)
Retirement plan	(74,311)	(288,246)
Penalty fixed assets	(63,697)	-
Medical care plan	(59,743)	(59,410)
Actuarial results	(150,818)	-
Ventanas Division Impairment	(70,000)	-
Other Expenses	(106,906)	(177,585)
Total	(2,307,326)	(2,058,867)

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

23. Finance costs

Finance costs are detailed as follows:

Item	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Bond interests	(183,834)	(208,925)
Bank loan interests	(9,009)	(11,756)
Exchange differences on severance indemnity provision	(33,226)	(35,976)
Exchange differences on other non-current provisions	(37,803)	(56,139)
Other	(30,624)	(18,336)
Total	(294,496)	(331,132)

The capitalized interests under IAS 23 are disclosed in note 8, “Property, plant and equipment”.

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 Company, 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 mine Gabriela Mistral. Those operations are administered independently and are reporting directly to the Executive President. The details and operations related to each mine are the following:

Chuquicamata
Types of mine sites: open pit mines
Operating: since 1915
Location: Calama - Region II
Products: 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

Gabriela Mistral
Type of mine: open pit mine
Operating: since 2008
Location: Calama - Region II
Products: electrolytic (electro-obtained) cathodes

Mina Ministro Hales
Type of mine: open pit mine
Operating: estimated date end of 2013
Location: Calama, Chile II Region
Products: electrolytic (electro-obtained) cathodes

a) Parent Company Distribution

Revenue and expenses controlled by the Parent Company 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 Parent Company 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 individual 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 segments.

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 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 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 Parent Company 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 smelter), which are recognized as ordinary revenue for the segment where the smelter is present and as cost of sales for the segment that receives the service. Such recognition is performed in the period in which such services are provided, as well as elimination of both effects in consolidated financial statements.

c) Segments cash flows

The operating segments defined by the Corporation, maintain cash management which refers mainly to periodical operational activities that need to be covered with fixed funds constituted in each of these segments and whose amounts are not significant in Corporate balances on line Cash and cash equivalents.

For its part, obtainment of financing, relevant investment and payment of significant obligations is mainly based at the Head Office.

c) Impairment loss

Operating segment Division Ventanas presents in its income statement an impairment loss before taxes amounting to MUS$ 70,000, which has been assigned to the assets of property, plant and equipment assigned to that division in its capacity as a cash-generating unit.

This deterioration was registered under the recovery of the recoverable amount of these assets, resulting in lower than their book value as at December 31, 2011.

The recoverable amount of assets in Division Ventanas is value in use, and the discount rate used to calculate this value is 8%.

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

Financial information organized by operating segment is detailed as follows:

From 1/1/2011 to 12/31/2011											
Segments	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Codelco	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 copper	4,055,772	3,637,504	1,037,086	1,888,662	3,414,537	527,582	996,341	-	15,557,484	723,564	16,281,048
Revenue from sales of copper bought from third parties	-	-	-	-	-	33,994	-	-	33,994	1,312,062	1,346,056
Revenue from sales of molybdenum	432,275	29,290	31,257	98,922	185,757	-	-	-	777,501	341	777,842
Revenue from sales of other products	469,878	-	166,836	5,791	209,570	368,715	-	-	1,220,790	(167,014)	1,053,776
Revenue from futures market	(329,285)	(291,592)	(86,912)	(166,856)	(275,177)	-	(76,788)	-	(1,226,610)	(1,450)	(1,228,060)
Revenue between segments	-	-	-	-	-	-	-	-	-	(715,366)	(715,366)
Revenue from regular actitivities	4,628,640	3,375,202	1,148,267	1,826,519	3,534,687	930,291	919,553	-	16,363,159	1,152,137	17,515,296
Cost of sales of the Corporation´s copper	(2,741,733)	(1,221,534)	(832,069)	(910,569)	(1,364,186)	(543,608)	(521,828)	-	(8,135,527)	21,162	(8,114,365)
Cost of sales of copper bought from third parties	-	-	-	-	-	(34,497)	-	-	(34,497)	(1,296,119)	(1,330,616)
Cost of sales of molybdenum	(82,312)	(11,519)	(11,398)	(22,040)	(37,352)	-	-	-	(164,621)	-	(164,621)
Cost of sales of other products	(348,465)	-	(128,342)	(3,970)	(144,389)	(393,023)	-	-	(1,018,189)	344,765	(673,424)
Cost of sales between segments	22,086	97,953	2,393	11,950	39,067	4,052	-	-	177,501	(177,501)	-
Cost of sales	(3,150,424)	(1,135,100)	(969,416)	(924,629)	(1,506,860)	(967,076)	(521,828)	-	(9,175,333)	(1,107,693)	(10,283,026)
Gross Profit	1,478,216	2,240,102	178,851	901,890	2,027,827	(36,785)	397,725	-	7,187,826	44,444	7,232,270
Other revenue per function	79,070	9,630	10,167	17,678	65,974	3,241	-	5	185,765	540,420	726,185
Distribution costs	(194)	(43)	(16)	(109)	(152)	-	-	-	(514)	(10,600)	(11,114)
Administrative expenses	(63,424)	(17,651)	(25,474)	(26,895)	(71,166)	(13,723)	(21,474)	(367)	(240,174)	(212,043)	(452,217)
Other expenses per function	(191,107)	(66,666)	(16,141)	(35,682)	(323,427)	(83,297)	(1)	(235)	(716,556)	(1,590,770)	(2,307,326)
Other gains (losses)	-	-	-	-	-	-	-	-	-	38,709	38,709
Finance income	5,390	1,627	1,468	1,042	5,850	778	194	3	16,352	28,349	44,701
Finance costs	(87,383)	(12,178)	(9,011)	(70,477)	(58,773)	(3,161)	(45,028)	-	(286,011)	(8,485)	(294,496)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	286	-	(206)	(808)	-	-	(22,044)	-	(22,772)	376,212	353,440
Exchange differences, net	70,294	28,586	28,568	35,881	63,383	12,425	7,977	(3,623)	243,491	(26,493)	216,998
Profit (loss) before taxes	1,291,148	2,183,407	168,206	822,520	1,709,516	(120,522)	317,349	(4,217)	6,367,407	(820,257)	5,547,150
Income tax expenses	(645,906)	(1,226,886)	(54,448)	(448,913)	(967,274)	114,446	(145,852)	2,801	(3,372,032)	(119,766)	(3,491,798)
Profit (loss)	645,242	956,521	113,758	373,607	742,242	(6,076)	171,497	(1,416)	2,995,375	(940,023)	2,055,352

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

From 1/1/2010 to 12/31/2010											
Segments	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Codelco	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 copper	5,094,736	2,373,076	1,088,075	1,341,566	3,159,811	621,224	919,008	-	14,597,496	513,680	15,111,176
Revenue from sales of copper bought from third parties	-	-	-	-	-	153,129	-	-	153,129	1,102,553	1,255,682
Revenue from sales of molybdenum	381,074	-	44,032	98,916	195,809	-	-	-	719,831	-	719,831
Revenue from sales of other products	210,421	-	110,140	17,768	91,835	286,256	-	-	716,420	(84,973)	631,447
Revenue from futures market	(401,061)	(168,938)	(78,597)	(96,208)	(231,889)	-	(64,582)	-	(1,041,275)	(794)	(1,042,069)
Revenue between segments	-	-	-	-	-	-	-	-	-	(610,121)	(610,121)
Revenue from regular actitivities	5,285,170	2,204,138	1,163,650	1,362,042	3,215,566	1,060,609	854,426	-	15,145,601	920,345	16,065,946
Cost of sales of the Corporation´s copper	(2,899,503)	(744,202)	(784,451)	(598,133)	(1,184,452)	(635,176)	(400,401)	-	(7,246,318)	(553,174)	(7,799,492)
Cost of sales of copper bought from third parties	-	-	-	-	(329)	(160,077)	-	-	(160,406)	(1,096,325)	(1,256,731)
Cost of sales of molybdenum	(74,460)	-	(13,993)	(17,891)	(34,721)	-	-	-	(141,065)	-	(141,065)
Cost of sales of other products	(95,586)	-	(104,310)	20,790	(97,220)	(309,157)	-	-	(585,483)	85,161	(500,322)
Cost of sales between segments	(13,570)	(5,659)	(2,988)	(3,497)	(8,256)	(2,723)	(2,194)	-	(38,887)	959,473	920,586
Other cost of sales	-	-	-	-	-	-	-	-	-	(311,716)	(311,716)
Cost of sales	(3,083,119)	(749,861)	(905,742)	(598,731)	(1,324,978)	(1,107,133)	(402,595)	-	(8,172,159)	(916,581)	(9,088,740)
Gross Profit	2,202,051	1,454,277	257,908	763,311	1,890,588	(46,524)	451,831	-	6,973,442	3,764	6,977,206
Other revenue per function	27,110	11,536	10,839	27,601	54,161	3,757	196	-	135,200	6,273	141,473
Distribution costs	(3,081)	(1,295)	(3,832)	(866)	(2,241)	(622)	(485)	-	(12,422)	(2,572)	(14,994)
Administrative expenses	(116,492)	(33,189)	(30,926)	(33,644)	(95,651)	(19,560)	(24,157)	(210)	(353,829)	(36,405)	(390,234)
Other expenses per function	(906,468)	(250,084)	(156,173)	(154,340)	(424,539)	(81,402)	(83,459)	-	(2,056,465)	(2,402)	(2,058,867)
Other gains (losses)	-	-	-	-	-	-	-	-	-	28,040	28,040
Finance income	14,536	3,705	2,735	4,248	7,885	1,054	1,564	-	35,727	(168)	35,559
Finance costs	(107,456)	(11,630)	(6,092)	(61,745)	(88,041)	(15,309)	(36,162)	(2)	(326,437)	(4,695)	(331,132)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	114,589	43,491	22,832	27,203	63,448	20,928	2,080	-	294,571	8,824	303,395
Exchange differences, net	(56,628)	(9,410)	(15,220)	(24,192)	(82,960)	(8,618)	(4,747)	-	(201,775)	(749)	(202,524)
Profit (loss) before taxes	1,168,161	1,207,401	82,071	547,576	1,322,650	(146,296)	306,661	(212)	4,488,012	(90)	4,487,922
Income tax expenses	(676,240)	(711,367)	(37,259)	(322,324)	(781,162)	96,183	(178,313)	129	(2,610,353)	(1,248)	(2,611,601)
Profit (loss)	491,921	496,034	44,812	225,252	541,488	(50,113)	128,348	(83)	1,877,659	(1,338)	1,876,321

(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 (Parent Company) as of December 30, 2011 and 2010 are detailed in the following tables:

12/31/2011										
Balance Sheet Item	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiares, associates and Parent net	Consolidated Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Current Assets	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 assets	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	207,897	155,702	617,029	30,059	206	-	8,202,111	10,353,742

12/31/2010										
Balance Sheet Item	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiares, associates and Parent net	Consolidated Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Current Assets	1,697,367	524,568	489,662	467,567	795,830	310,335	251,597	4,318	2,082,641	6,623,885
Non-current assets	3,118,643	1,233,388	428,352	3,042,902	2,771,088	278,212	916,073	131,803	1,734,695	13,655,156
Current Liabilities	696,405	93,134	113,621	285,423	459,953	138,851	541	42,692	3,413,207	5,243,827
Non-current liabilities	827,355	118,390	164,582	174,766	597,336	35,300	11,552	93,641	8,481,080	10,504,002

Revenue classified by geographical area is detailed as follows:

Revenue per geographical areas	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Total revenue from local customers	1,169,288	1,211,955
Total revenue from foreign customers	16,346,008	14,853,991
Total	17,515,296	16,065,946

Revenue per geographical areas	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
China	5,163,802	5,475,831
Rest of Asia	3,670,452	2,652,353
Europe	3,699,763	3,015,019
Other	4,981,279	4,922,743
Total	17,515,296	16,065,946

Sales are allocated to different geographical areas depending on the residence of the clients that have signed sales contracts with Codelco.

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

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, net

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 as of closing reporting for each of the financial statements.

The following table summarizes the foreign exchange differences in Codelco Chile and subsidiaries' consolidated statements of income:

Gain (Loss) from foreign exchange differences recognized in income	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Gain from foreign exchange differences	364,354	84,996
Loss from foreign exchange differences	(147,356)	(287,520)
Total foreign exchange differences, net	216,998	(202,524)

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	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
VAT Refund	1,343,162	1,242,491
Other	500,631	524,660
Total	1,843,793	1,767,151

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

Other payments for operating activities	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 ThUS$
Contribution to the Chilean Treasury (Law No. 13,196)	(1,576,057)	(1,270,940)
Finance hedges and sales	(1,223,076)	(986,624)
VAT and other similar taxes paid	(1,391,936)	(1,267,851)
Total	(4,191,069)	(3,525,415)

Other collections from investing activities	1/1/2011 12/31/2011 ThUS$	1/1/2010 12/31/2010 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	1/1/2011 12/31/2011 ThUS$
Total consideration received	33,000
Consideration consisting of cash and cash equivalents	33,000
Cash and cash equivalents loss in the subsidiaries	575
Assets and liabilities other than cash or cash equivalents in the subsidiaries(*)	
Current Assets	489
Non- current Assets	2,665
Current Liabilities	18
Non- current Liabilites	-

(*) 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 December 31, 2011, the Market Risk Management Committee and the Vice-presidency of Management and Finance are responsible for this.

The Market Risk Management Committee is also responsible for analyzing and proposing financial hedging operations to the Corporation's Board of Directors, to issue standards and to control the execution of the authorizations given by the Board.

The risks to wich Codelco is exposed are detailed as follows, along with a brief description of the management procedures that are carried out in each case.

a. Financial risks

- Exchange rate risk:

According to IFRS 7, exchange rate risk is understood to be the risk that arises from financial instruments that are denominated in foreign currencies, that is, a currency other than the Corporation's functional currency (U.S. dollar).

Codelco's activities that generate this exposure correspond to funding in UF, accounts payable and receivable in Chilean pesos, other foreign currencies used in its business operations and obligations with employees.

The majority of transactions in currencies other than US$ are denominated in Chilean pesos.

Taking the assets and financial liabilities as of December 31, 2011 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$24 million. This result is obtained by identifying the principle areas affected by exchange rate, including assets and financial liabilities, in order to measure the impact on income that a variation of +/- 10 Chilean pesos would have to US$, with respect to the real exchange rate as of the date of this financial statement.

- 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 December 31, 2011, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US$15 million change in finance costs. This estimation is made by identifying the liabilities assigned to variable interest, accrued at the end of the financial statements, which may vary with a change of one percentage point in variable interest rates.

Total fixed and variable interest rate obligations maintained by Codelco as of December 31, 2011, amount to ThUS$ 5,811,353 y ThUS$ 1,184,157 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 income statement. Forward prices at the period end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets futures market.

As of December 31, 2011, if the future price of copper were to vary by + / - 5% (with the other variables constant), net income would vary by + / - US$151 million as a result of the mark to market adjustment of sales revenue at provisional prices current at December 31, 2011 (ThTMF 393). 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.

Forward prices at the period-end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets future market.

As of December 31, 2011, a one cent (US$ 0.01) 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$3.00 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 Company. 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.

The Corporation has signed physical commodity contracts also enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are measured at cost.

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 Company's cash flow projections based on short and long term projections and available financing alternatives. In addition, the Company 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:

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

Maturities of financial liabilities at December 31, 2011	Less than a year ThUS$	Between one and five years ThUS$	More than five years ThUS$
Loans from financial institutions	41,276	1,196,645	-
Bonds	802,954	996,310	4,012,089
Finance leases	22,954	55,924	50,171
Derivatives	770,666	25	-
Other financial liabilities	5,574	83,990	-
Total	1,643,424	2,332,894	4,062,260

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 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, such as historical behavior and existing risk ratings.

Explanatory note 2 in "Trade and other receivables" presents overdue balances that have not been impaired.

The Corporation estimates that unimpaired amounts overdue over 30 days are recoverable, based on clients’ historical payment behavior and their existing credit ratings.

As of December 31, 2011 and 2010, there are no receivable balances that have been renegotiated.

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

Codelco works with major banks, which have high national and international ratings, and continually assesses them; therefore, the risk that could affect the availability of the Corporation's funds and financial instruments is not significant.

Also, in some cases, to minimize credit risk, the Corporation has contracted credit insurance policies through which it transfers to third parties the commercial risk associated with some aspects of its business.

During the first quarter of 2011 and 2010, 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 Company maintains operations to protect against exchange rate variations. The negative exposure net of deferred tax amounts to ThUS $46,840, and are scheduled to expire in September 2012 and April 2025.

The following table summarizes the exposure of the financial hedges contracted by the Corporation as at 31 of December 2011:

Hedge Item	Bank	Type of derivative Contract	Maturity	Currency	Amount of the hedge item ThUS$	Swap value ThUS$	Exposure ThUS$
Bond UF 2012	Bco. Chile (Chile) - JP Morgan (EE.UU)	Swap	9/1/2012	US$	300,574	164,482	14,213
Bond UF 2025	Credit Suisse (EE.UU)	Swap	4/1/2025	US$	296,280	208,519	92,541
Total					596,854	373,001	106,754

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 subtracted from sales revenue. This addition or subtraction is made because sales revenue incorporates the positive or negative effect of market prices. At December 31, 2011, these operations generated lower net income of ThUS$ 1,221,801 (plus an effect of higher net income equivalent to ThUS$1,450 in subsidiaries), which is detailed below:

b.1. Commercial operations of current copper contracts

The purpose of these contracts is to adjust the price of shipments to the price defined in the Corporation's related policy, defined in accordance with the London Metal Exchange (LME). As of December 31, 2011, the Corporation performed futures market transactions that represent 400,465 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of December 31, 2011 present a ThUS$178,474 positive exposure, and their final result will only be known at their maturity, offsetting the hedging transactions with revenue from the sale of the hedged products.

The transactions completed between January 1 and December 31, 2011 generated a net positive effect on net income of ThUS $8,295, which is deducted from the amounts paid for purchase contracts and added to the values received for sales contracts of the products affected by these pricing transactions.

b.2. Commercial Transactions of Current Gold and Silver Contracts

As of December 31, 2011 the Corporation maintains contracts for pricing the sale of gold for ThTOZ 3 and silver for ThTOZ 422.

The positive exposure at that date is ThUS$131.

The transactions completed between January 1 and December 31, 2011 generated a negative effect on net income of ThUS$231, which is subtracted from the amounts received for the sales contracts of the products affected by these pricing transactions. These hedging transactions mature in January 2012.

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

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 150,000 tons of fine copper (TMF). The copper futures sales contracts mature in January 2013.

The current futures contracts as of December 31, 2011 present a ThUS$ 722,000 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 December 31, 2011, related to production sold, generated a lower income of ThUS$ 1,213,275, which is the result of offsetting the hedging transaction and sales revenue from the sale of the products affected by this pricing. These results are presented by reducing net operating income.

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

12/31/2011	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)

12/31/2010	Maturity Date						
ThUS$	2011	2012	2013	2014	2015	Following	Total
Flex Com Copper (Asset)	186,631	116	-	-	-	-	186,747
Flex Com Copper (Liability)	(26,830)	(5,970)	-	-	-	-	(32,800)
Flex Com Gold/Silver	211	33	-	-	-	-	244
Copper Pricing	(1,339,596)	(991,649)	(77,162)	-	-	-	(2,408,407)
Metal Options	-	-	-	-	-	-	-
Total	(1,179,584)	(997,470)	(77,162)	-	-	-	(2,254,216)

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]	-	-	-	-	-	-	-

12/31/2010			Maturity Date				
Th TM/Onzas	2011	2012	2013	2014	2015	Following	Total
Copper Futures [TM]	393.7	54.2	-	0.5	-	0.5	448.9
Gold/Silver futures [MOZ]	916.6	80.4	-	-	-	-	997.0
Copper pricing [TM]	198.7	154.3	12.5	-	-	-	365.5
Copper options [TM]	-	-	-	-	-	-	-

29. Contingencies and restrictions

a) Litigations and contingencies

During normal operations of the Corporation, there are various lawsuits and legal actions initiated by or against the Company, 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 Company is being sued 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 plaintiff 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. The amounts related to these processes have not been currently determined and do not significantly affect Codelco's development.

A case by case analysis of these lawsuits has shown that there are a total of 186 cases that have a clearly estimated value. It is estimated that 94 of these, which represent 77% of the total and which amount to ThUS$93,705, could have a negative impact on the Corporation. There are also 29 lawsuits, representing 11% of the total and which amount to ThUS$12,781, about which there is no certainty that the outcome would be unfavorable for Codelco. For the 63 remaining cases, amounting to ThUS$13,931, the Corporation's legal advisors believe that an unfavorable outcome is unlikely. In addition, there are 103 lawsuits for undetermined amounts; it is believed that the result of 32 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 December 31, 2011, 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.

iii. In October 2011, the Company, along with Mitsui & Co., Ltd.(Mitsui) engaged in a credit agreement for up to U.S. $6,750 million, payable within a period of six months (which could be extended in certain cases to a total of 12 months) with the purpose to finance Codelco´s purchase right. In the same month, under the contract such right of purchase, Codelco´s Board of Directors agreed to exercise up to 49% interest in the company Anglo American Sur SA, the legal successor of Compañia Minera Disputada of Las Condes S.A.

The credit mentioned before will be awarded, guaranteed by a subsidiary of Codelco, Acrux Mining Investments SpA (Acrux), and will contribute directly or indirectly to the shares acquired.

Under additional agreements with Mitsui, Codelco has a mechanism for managing certain risks associated with compliance of its obligations under the credit agreement, under which it has the right, but not the obligation, to transfer shares to Mitsui representing 50% of the total shares issued by Acrux, at the given subscription price, but subject to certain adjustments (with an approximate value assigned to 49% of the shares of Anglo American Sur SA of approximately U.S. $ 9,760 million) against the capitalization of part of the credit granted to Acrux. In this situation, the balance of outstanding debt with Mitsui will be amended and shall be payable within 5 years, guaranteed by the shares of Acrux and without Codelco's guarantee.

iv. The Corporation has signed gas supply contracts with its associate GNL Mejillones S.A., which began operations in October 2010, and through this contract, the associate agrees to sell part of a minimum equivalent to 27 Terra BTU's (British Thermal Units) per year during the 2010 - 2012 period. Additionally, the Corporation has signed an option contract together with other participating mining companies that includes the option to:

- Acquire the right to the long-term use of the terminal's capacity from the end of the contract, or

- To acquire the company's shares; the companies are committed to choosing one or other of these two alternatives.

On December 31, 2011, 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$266,400.

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 December, 31, 2011 and 2010, 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).

x. During the fourth quarter of 2011, the Company signed four bilateral funding contracts with various financial institutions, amounting to $ 850 million, enabling Codelco to have the funds necessary to carry out its investment plan and refinance its liabilities when needed, and within the periods established in the contract.

The abovementioned amounts have not been used by the Corporation as of December 31, 2011.

xi. On November 11, 2011, Law No. 20551 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 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 the legal body will start on November, 2012 the date on which it begins to take effect within two years within which Codelco will have to value its closure plans. 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.

The amounts that Codelco should initially constitute as guarantees, will be equivalent to twenty percent of the total present value of the total cost of closure activities and will have a total term of fifteen years to make up the full value of the aforementioned guarantees.

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

30. Guarantees

The Corporation as a result of its activities has received and given guarantees. In the tables below are given details of the main guarantees given to financial institutions:

Direct Guarantees provided to Financial Institutions				
Creditor por the Guarantee	Type of Guarantee	12/31/2011		12/31/2010
		Maturity	ThUS$	ThUS$
Macquarie Bank Limited	Standby Letter - Intesa Sanpaolo Bank	-	-	60,000
Macquarie Bank Limited	Standby Letter - Intesa Sanpaolo Bank	-	-	55,000
Koch Supply & Trading LP	Standby Letter - Intesa Sanpaolo Bank	-	-	55,000
Koch Supply & Trading LP	Standby Letter - Intesa Sanpaolo Bank	-	-	30,000
Koch Supply & Trading LP	Standby Letter - Banco Santander Chile	Jan-12	25,000	50,000
Total			25,000	250,000

Indirect guarantees given to financial institutions					
Creditor of the guarantee	Debtor guaranteed	Relationship	Type of the guarantee	12/31/2011 ThUS$	12/31/2010 ThUS$
Barclays Bank PLC	Associate GNL Mejillones S.A.	Associate	Guarantee	74.000	100.000
Morgan Stanley Capital Group INC.	Associate GNL Mejillones S.A.	Associate	Guarantee	148.000	200.000
Koch Supply & Trading LP	Associate GNL Mejillones S.A.	Associate	Guarantee	44.400	60.000
China Development Bank	Copper Partners Investment Co. Ltd.	Associate	Rights	59.621	26.635
Total				326.021	386.635

As for the documents received as collateral, they cover mainly obligations of suppliers and contractors related to the various development projects. Below are given the amounts received as collateral, grouped according to the Operating Divisions that have received these amounts:

Guarantees received from third parties		
Division	12/31/2011 ThUS$	12/31/2010 ThUS$
Andina	41,491	50,026
Chuquicamata	69,210	54,907
Parent Company	207,967	202,116
Radomiro Tomic	23,003	-
Salvador	1,400	536
Ministro Hales	6,244	-
El Teniente	96,491	67,026
Ventanas	3,015	2,127
Total	448,821	376,738

(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	12/31/2011 ThUS$	12/31/2010 ThUS$
Liquid assets	1,576,113	1,069,177
US Dollars	1,362,980	983,905
Euros	489	558
Other currencies	2,555	21,780
Non-indexed Ch$	18,023	62,934
U.F.	192,066	-
Cash and Cash equivalents	1,382,876	874,039
US Dollars	1,362,612	792,409
Euros	179	-
Other currencies	2,255	21,779
Non-indexed Ch$	17,530	59,851
U.F.		-
Other current financial assets	193,237	195,138
US Dollars	368	191,496
Euros	310	558
Other currencies	-	1
Non-indexed Ch$	493	3,083
U.F.	192,066	-
Short and long terms receivables	2,233,207	3,175,641
US Dollars	1,669,982	2,628,357
Euros	99,803	67,926
Other currencies	18,020	459,333
Non-indexed Ch$	311,963	18,835
U.F.	133,439	1,190
Trade and other receivables	1,968,269	2,714,006
US Dollars	1,537,815	2,363,430
Euros	98,300	67,926
Other currencies	18,020	265,486
Non-indexed Ch$	311,913	15,974
U.F.	2,221	1,190

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

Item	12/31/2011 ThUS$	12/31/2010 ThUS$
Rights receivables, non-current	131,721	198,785
US Dollars	-	3,585
Euros	1,503	-
Other currencies	-	193,847
Non-indexed Ch$	-	1,353
U.F.	131,218	-
Due from related companies, current	56,357	157,954
US Dollars	56,341	156,446
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	16	1,508
U.F.	-	-
Due from related companies, non-current	75,860	104,896
US Dollars	75,826	104,896
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	34	-
U.F.	-	-
Rest od assets	17,025,624	16,034,223
US Dollars	16,115,389	11,754,576
Euros	138,349	460,807
Other currencies	5,415	3,530,536
Non-indexed Ch$	672,820	250,197
U.F.	93,651	38,107
Total Assets	20,834,944	20,279,041
US Dollars	19,148,351	15,366,838
Euros	238,641	529,291
Other currencies	25,990	4,011,649
Non-indexed Ch$	1,002,806	331,966
U.F.	419,156	39,297

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

b) Liability by type of currency

	12/31/2011		12/31/2010	
	Up to 90 days	From 90 days to 1 year	Up to 90 days	From 90 days to 1 year
Current liabilities by currency	ThUS$	ThUS$	ThUS$	ThUS$
Current Liabilities	2,774,763	1,641,319	3,324,919	1,918,908
US Dollars	1,662,077	1,287,215	3,072,346	1,904,206
Euros	88,393	38,714	-	3,979
Other currencies	42,744	-	95,386	25
Non-indexed Ch$	956,965	5,182	336	-
U.F.	24,584	310,208	156,851	10,698
Other current financial liabilities	2,105	1,641,319	-	1,918,908
US Dollars	67	1,287,215	-	1,904,206
Euros	-	38,714	-	3,979
Other currencies	-	-	-	25
Non-indexed Ch$	1,015	5,182	-	-
U.F.	1,023	310,208	-	10,698
Bank loans	-	41,276	-	340,613
US Dollars	-	2,106	-	336,440
Euros	-	38,714	-	1,060
Other currencies	-	-	-	-
Non-indexed Ch$	-	225	-	-
U.F.	-	231	-	3,113
Bonds	-	802,954	-	61,933
US Dollars	-	496,272	-	54,348
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch$	-	-	-	-
U.F.	-	306,682	-	7,585

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

	12/31/2011		12/31/2010	
Current liabilities by currency	Up to 90 days ThUS$	From 90 days to 1 year ThUS$	Up to 90 days ThUS$	From 90 days to 1 year ThUS$
Finance lease	2,105	20,849	-	17,367
US Dollars	67	18,340	-	17,116
Euros	-	-	-	226
Other currencies	-	-	-	25
Non-indexed Ch$	1,015	-	-	-
U.F.	1,023	2,509	-	-
Other		776,240	-	1,498,995
US Dollars	-	770,497	-	1,496,302
Euros	-	-	-	2,693
Other currencies	-	-	-	-
Non-indexed Ch$	-	4,957	-	-
U.F.	-	786	-	-
Other current liabilities	2,772,658	-	3,324,919	-
US Dollars	1,662,010	-	3,072,346	-
Euros	88,393	-	-	-
Other currencies	42,744	-	95,386	-
Non-indexed Ch$	955,950	-	336	-
U.F.	23,561	-	156,851	-

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

Non-current liabilities by currency	12/31/2011				12/31/2010			
	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	5,550,343	791,400	1,573,504	2,438,585	6,024,775	1,579,613	1,570,977	1,328,637
US Dollars	4,350,229	784,544	1,573,504	2,118,216	4,594,673	1,579,613	1,570,977	985,661
Euros	-	-	-	-	476	-	-	-
Other currencies	-	-	-	-	2,444	-	-	-
Non-indexed Ch$	801,871	-	-	-	1,022,154	-	-	-
U.F.	398,243	6,856	-	320,369	405,028	-	-	342,976
Other non - current financial liabilities	1,591,665	791,400	1,573,504	2,438,585	2,710,255	1,579,613	1,570,977	1,328,637
US Dollars	1,572,636	784,544	1,573,504	2,118,216	2,257,146	1,579,613	1,570,977	985,661
Euros	-	-	-	-	476	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	106	-	-	-	64,921	-	-	-
U.F.	18,923	6,856	-	320,369	387,712	-	-	342,976
Bank Loans	412,101	784,544	-	-	212,350	1,083,700	-	-
US Dollars	410,258	784,544	-	-	212,350	1,083,700	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	1,843	-	-	-	-	-	-	-
Secured Debentures	996,310	-	1,573,504	2,438,585	1,252,314	495,913	1,570,977	1,328,637
US Dollars	996,310	-	1,573,504	2,118,216	933,314	495,913	1,570,977	985,661
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	-	-	320,369	319,000	-	-	342,976
Financial Lease	99,239	6,856	-	-	122,503	-	-	-
US Dollars	82,053	-	-	-	53,315	-	-	-
Euros	-	-	-	-	476	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	106	-	-	-	-	-	-	-
U.F.	17,080	6,856	-	-	68,712	-	-	-
Others	84,015	-	-	-	1,123,088	-	-	-
US Dollars	84,015	-	-	-	1,058,167	-	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	64,921	-	-	-
U.F.	-	-	-	-	-	-	-	-
Other non - current financial liabilities	3,958,678	-	-	-	3,314,520	-	-	-
US Dollars	2,777,593	-	-	-	2,337,527	-	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	2,444	-	-	-
Non-indexed Ch$	801,765	-	-	-	957,233	-	-	-
U.F.	379,320	-	-	-	17,316	-	-	-

Cambiar (“secured debentures” por “bonds”)

32. Sanctions

As of December 31, 2011 and 2010, neither Codelco Chile nor its Directors and Managers have been sanctioned by the Superintendency of Securities and Insurance or any other administrative authorities.

33. Subsequent events

On January 2, 2012, under the contract dated January 24, 1978 and its amendment of dated November 13, 2002 (collectively, the "Agreement"), the National Copper Corporation of Chile exercised formally its right to purchase the shares of Anglo American Sur SA ("AA South"), the legal successor of the former mining company Disputada de las Condes SA, for the maximum amount Codelco had the right to acquire.
The exercise of the purchase right of Codelco involves the acquisition of 49% of the shares issued by Anglo American Sur S.A. Simultaneously, with the indicated share acquisition, Codelco expressed its decision to assume the same percentage of the unpaid balance of any loans received by AA Southern, part of Anglo American PLC or any of its subsidiaries (collectively, "Anglo American"), upon payment to said companies from the proportionate share of the net principal amount owed by AA South.

Considering that Anglo American has not provided the information necessary to establish the final price, this determination should be made in accordance with the standards established in the Agreement. According to information provided by Anglo American in July 2011, the purchase price of 49% of the shares (including the proportion of corresponding loans) is estimated to be around US $6,000 million. For this purpose, as was reported as an material fact dated October 12, 2011, Codelco has concluded and signed with its subsidiary Acrux Mining Investments SpA and Mitsui & Co., Ltd., agreements and instruments that provide the resources to finance this operation.

Codelco believes the transfer of shares that represent 49% of the shares in Anglo American Sur SA, must have been made within the period specified in the Contract.

On December 28, 2011 Codelco was notified of a civil lawsuit filed against it by Anglo American, which requested the termination of the Agreement which establishes the right of Codelco to buy up to 49% of the total shares of AA South, plus compensation for damages. The suit does not quantify the alleged damages claimed and postponed its decision to a later stage, either during this or another claim. Codelco estimated that the claim is unfounded both in fact and in law, since its purpose, as well in their refusal to disclose information, is to override the right of purchase that had already been executed.

Codelco estimated that that claim is unfounded both in fact and in law, since its only and evident goal, like refusing to disclose information that is due, is to override the right of purchase which with this date has been exercised is hindering the practice of Purchase Right of Codelco. Therefore, Codelco requested the rejection of such claim and demanded a counterclaim to Anglo American for forced performance of the Contract and therefore the transfer of shares representing a 49% interest in AA Sur, plus compensation for damages. The trial is currently in development, estimating a period of at least 3 years for completion by the end statement. Meanwhile, Codelco decided in favor of a precautionary measure to hold documents and contracts on 49% of the shares of AA Sur as an object of the counterclaim.

The Company has made clear that will perform such actions required to defend and enforce their legal rights as well as to enforce the Contract that Anglo American has attempted to ignore.

It should be noted that the right to purchase up to 49% of the shares of AA Sure corresponds to right of purchase that in 1978 Exxon Minerals Chile Inc. awarded to the National Mining Corporation ("Enami") in the contract that was the first to sell controlling shares in the then Mining Company of Las Condes SA Disputada. The contract was amended in 2002 due to the acquisition by Anglo American de la Compañia Minera Disputade de Las Condes S.A. to Exxon, in connection with a lawsuit filed by Enami against Exxon in defense of their right to purchase. In December 2008, Enami assigned Codelco as its designated holder. Codelco acquired all the rights that correspond to Enami as a result.

The Directors of the Company are not aware of other significant events of a financial or other nature, that occurred from January 1, 2011 and March 22, 2012, the date of issuance of these financial statements.

34. Environment

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 Company, structure their efforts in order to comply with the commitments assumed by the Corporation's environmental policies, incorporating planning, operation, verification and activities review elements. As of December 31, 2011, 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 Company.

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 periods between January 1 and December 31, 2011 and 2010, 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)

Company	Project	Disbursements made up to 12/31/2011				12/31/2010	Future Committed Expenditures	
		Project Status	Amount ThUS$	Asset/Expenditure	Asset Item / Expenditure	Amount ThUS$	Amount ThUS$	Estimated date
	Chuquicamata		53,961			47,117	105,309	
Codelco Chile	Talabre dam extension, 7th stage, Chuquicamata	In process	2,521	Asset	Property, plant and Equipment	-	62,603	2013
Codelco Chile	Acid plants	In process	45,532	Expenditure	Administrative expenses	43,530	36,498	2012
Codelco Chile	Solid waste	In process	1,866	Expenditure	Administrative expenses	790	1,932	2012
Codelco Chile	Water Treatment Plant	In process	4,042	Expenditure	Administrative expenses	2,797	4,276	2012
	Salvador		25,653			28,983	30,867	
Codelco Chile	Implementation liquid waste and water handling solution	Finished	-	Asset	Property, plant and Equipment	1,006	-	
Codelco Chile	Solution for oxygen plant water treatment and water plants	Finished	-	Asset	Property, plant and Equipment	328	-	
Codelco Chile	Dust Collection Improvement	In process	126	Asset	Property, plant and Equipment	-	3,501	2013
Codelco Chile	Construction of Hazardous Waste Area	In process	456	Asset	Property, plant and Equipment	-	669	2012
Codelco Chile	Acid plants	In process	24,200	Expenditure	Administrative expenses	26,861	25,868	2012
Codelco Chile	Solid waste	In process	686	Expenditure	Administrative expenses	686	686	2012
Codelco Chile	Water Treatment Plant	In process	185	Expenditure	Administrative expenses	102	143	2012
	Andina		15,612			12,759	15,320	
Codelco Chile	Improved Control of Tailings Discharge	Finished	-	Asset	Property, plant and Equipment	39	-	
Codelco Chile	Remediation works- Residue Transport Tunnels	Finished	-	Asset	Property, plant and Equipment	1,670	-	
Codelco Chile	Construction of the Ovejería Dam Tower 3	Finished	-	Asset	Property, plant and Equipment	2,744	-	
Codelco Chile	Line enhancement of main wall stirrup at Ovejería reservoir	Finished	393	Asset	Property, plant and Equipment	292		
Codelco Chile	Construction hydraulic barrier	Finished	-	Asset	Property, plant and Equipment	3,573	-	
Codelco Chile	Construction of plug for evacuation tower N°1	Finished	202	Asset	Property, plant and Equipment	691	-	
Codelco Chile	Slope Improvements and protection	Finished	1,032	Asset	Property, plant and Equipment	209	-	
Codelco Chile	Acquisition of independent pump equipment	Finished	209	Asset	Property, plant and Equipment	6	-	
Codelco Chile	Improvement of tunnel 3 handling of Ovejería residue- projected	Finished	881	Asset	Property, plant and Equipment	26	-	
Codelco Chile	Construction of water trap for east ballast deposit	In process	4,824	Asset	Property, plant and Equipment	743	4,824	2014
Codelco Chile	Contruction of Drain Tanks 2	In process	1,929	Asset	Property, plant and Equipment	499	-	2012
Codelco Chile	District Warehouse Installation	In process	584	Asset	Property, plant and Equipment	-	387	2012
Codelco Chile	Contruction of Ovejeria Tailing Canal	In process	3,009	Asset	Property, plant and Equipment	-	-	2012
Codelco Chile	Drains Expansion Stage 5	In process	28	Asset	Property, plant and Equipment	-	6,898	2013
Codelco Chile	Solid waste	In process	1,641	Expenditure	Administrative expenses	1,382	2,173	2012
Codelco Chile	Water Treatment Plant	In process	880	Expenditure	Administrative expenses	885	1,038	2012
Subtotal			95,226			88,859	151,496	

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

Company	Project	Disbursements made up to 12/31/2011				12/31/2010	Future Committed Expenditures	
		Project Status	Amount ThUS$	Asset/Expenditure	Asset Item / Expenditure	Amount ThUS$	Amount ThUS$	Estimated date
	El Teniente		146,921			132,959	107,306	
Codelco Chile	Construction of the 5th stage in Caren Reservoir	In process	49,232	Asset	Property, plant and Equipment	39,941	3,822	2012
Codelco Chile	Decontamination of conditioning of laboratory	Finished	-	Asset	Property, plant and Equipment	133	-	
Codelco Chile	Solution for RILES, water sewage	Finished	3,909	Asset	Property, plant and Equipment	8,325	-	
Codelco Chile	Online monitoring of tailing dam	In process	152	Asset	Property, plant and Equipment	-	7,082	2012
Codelco Chile	Tailing Expansion of Waterfall 4	In process	78	Asset	Property, plant and Equipment	-	900	2012
Codelco Chile	Tailing Expansion of Route 5	In process	101	Asset	Property, plant and Equipment	-	688	2012
Codelco Chile	Acid Plant	In process	79,576	Expenditure	Administrative expenses	69,796	78,182	2012
Codelco Chile	Solid Waste	In process	3,073	Expenditure	Administrative expenses	2,728	2,876	2012
Codelco Chile	Water Treatment Plant	In process	10,800	Expenditure	Administrative expenses	12,036	13,756	2012
	Minera Gaby		6,922			1,345	-	
Minera Gaby S.p A.	Installation of gravel dump - phase IV	Finished	6,922	Asset	Property, plant and Equipment	1,345	-	
	Ventanas		30,495			24,269	32,252	
Codelco Chile	Environmental Emergency Mitigations Project Window	Finished	-	Asset	Property, plant and Equipment	-	-	
Codelco Chile	Overhaul interchange W23	Finished	-	Asset	Property, plant and Equipment	246	-	
Codelco Chile	Construction of a new temporary storage facility (respel)	Finished	-	Asset	Property, plant and Equipment	1,149	-	
Codelco Chile	Mitigation of Environmental Concentrator Stock	In process	4,926	Asset	Property, plant and Equipment	-	2,830	2012
Codelco Chile	Standardization of Rainwater Pools	In process	6	Asset	Property, plant and Equipment	-	2,422	2012
Codelco Chile	Acid Plant	In process	19,114	Expenditure	Administrative expenses	17,280	19,500	2012
Codelco Chile	Solid Waste	In process	1,012	Expenditure	Administrative expenses	632	1,500	2012
Codelco Chile	Water Treatment Plant	In process	5,437	Expenditure	Administrative expenses	4,962	6,000	2012
	Radomiro Tomic		743			338	2,081	
Codelco Chile	solid Waste	In process	560	Asset	Property, plant and Equipment	233	1,800	2012
Codelco Chile	Water Treatment Plant	In process	183	Expenditure	Administrative expenses	105	281	2012
Subtotal			185,081			158,911	141,639	
Total			280,292			247,770	293,135	