



CODELCO - CHILE

Interim Unaudited Consolidated Financial Statements as of June 30, 2011
(Translation of interim consolidated financial statements originally issued in
Spanish – see Note I.2)

TABLE OF CONTENTS

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(January - June 2011)

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

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
INTERIM UNAUDITED CONSOLIDATED INCOME STATEMENT	6
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....	7
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD.....	8
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY.....	9
I. GENERAL INFORMATION.....	11
1. Corporate Information	11
2. Basis of Presentation of the Consolidated Financial Statements.....	12
II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	13
1. Significant Accounting Judgments, Estimates and Assumptions	13
2. Significant Accounting Policies	16
3. New Accounting Pronouncements Not Yet Effective.....	32
III. EXPLANATORY NOTES.....	35
1. Cash and cash equivalents.....	35
2. Trade and other receivables	35
3. Related Party Disclosures	37
4. Inventories.....	45
5. Deferred taxes and income taxes	46
6. Current tax assets and liabilities	48
7. Property, plant and equipment.....	49
8. Investments accounted for using the equity method	52
9. Subsidiaries	60
10. Intangible assets other than goodwill	60
11. Other non-current, non-financial assets	62
12. Current and non-current financial assets	63

13. Interest-bearing borrowings	64
14. Fair Value of items recorded at amortized cost.....	73
15. Fair value hierarchy.....	73
16. Trade and other payables.....	74
17. Other accrued expenses and provisions	75
18. Employee benefits	76
19. Net equity	77
20. Operating income.....	79
21. Expenses by nature	80
22. Other revenues and expenses by function	80
23. Finance costs	81
24. Operating segments.....	81
25. Foreign exchange differences.....	89
26. Statement of cash flows	89
27. Financial risk management, objectives and policies.....	91
28. Derivatives contracts.....	95
29. Contingencies and restrictions.....	97
30. Guarantees.....	102
31. Balances in foreign currency	104
32. Sanctions.....	109
33. Subsequent events	109
34. Environment	109

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2011 and December 31, 2010

(In thousands of US dollars - ThUS\$)

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

	Notes	6/30/2011	12/31/2010
Assets			
Current Assets			
Cash and cash equivalents	1	1,369,552	874,039
Other current financial assets	12	177,462	195,138
Other currents non-financial assets		27,637	33,607
Trade and other current receivables	2	1,738,379	2,714,006
Accounts receivables due from related companies, current	3	90,402	157,954
Inventories	4	2,093,242	1,782,506
Current tax assets	6.a	186,064	194,226
Total current assets		5,682,738	5,951,476
Non-current assets			
Other non-current financial assets	12	190,658	181,125
Other non-current non-financial assets	11	207,928	203,505
Non-current receivables	2	192,608	198,785
Accounts receivables due from related companies, non-current	3	80,839	104,896
Investment accounted for using the equity method	8	794,035	1,260,744
Intangible assets other than goodwill	10	16,385	21,556
Property, Plant and Equipment, net	7	12,839,686	12,351,430
Investment property		5,494	5,494
Total non-current assets		14,327,633	14,327,565
TOTAL ASSETS		20,010,371	20,279,041

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2011 and December 31, 2010

(In thousands of US dollars - ThUS\$)

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

	Notes	6/30/2011	12/31/2010
Liabilities and Equity			
Liabilities			
Current liabilities			
Other current financial liabilities	13	1,703,930	1,918,908
Trade and other current payables	16	1,299,127	1,803,276
Accounts payables to related companies, current	3	101,457	171,565
Other short-term provisions	17	155,520	296,713
Current tax liabilities	6.b	331,892	307,952
Current employee benefit accruals	17	401,551	689,075
Other current non- financial liabilities		55,826	56,338
Total current liabilities other than liabilities included in disposal groups classified as held for sale		4,049,393	5,243,827
Liabilities included in disposal groups classified as held for sale		-	-
Total current liabilities		4,049,393	5,243,827
Non-current liabilities			
Other non-current financial liabilities	13	6,562,137	7,189,482
Other non-current payables		305	2,658
Accounts payables to related companies, non-current	3	326,977	349,204
Other long-term provisions and accrued expenses	17	1,238,528	1,057,472
Deferred tax liabilities	5	1,005,673	711,382
Non-current employee benefit accruals	17	1,194,104	1,191,112
Other non-current non-financial liabilities		3,221	2,692
Total non-current liabilities		10,330,945	10,504,002
Total liabilities		14,380,338	15,747,829
Equity			
Issued Capital		2,524,423	2,524,423
Retained earnings		1,619,404	1,329,392
Other Reserves	19	1,483,734	675,403
Equity attributable to owners of the parent		5,627,561	4,529,218
Non-controlling interests	19	2,472	1,994
Total equity		5,630,033	4,531,212
TOTAL LIABILITIES AND EQUITY		20,010,371	20,279,041

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six-month and three-month periods ended June 30, 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	ACCUMULATED		LAST QUARTER	
		1/1/2011 6/30/2011	1/1/2010 6/30/2010	4/1/2011 6/30/2011	4/1/2010 6/30/2010
Profit (loss)					
Revenue	20	8,880,048	6,743,645	4,575,102	3,429,447
Cost of sales		(4,859,578)	(4,161,656)	(2,516,654)	(2,263,219)
Gross profit		4,020,470	2,581,989	2,058,448	1,166,228
Other Income, by function	22.a	513,398	61,312	35,098	32,573
Distribution costs		(5,837)	(7,077)	(2,575)	(3,616)
Administrative expenses		(227,440)	(171,869)	(131,037)	(104,858)
Other expenses	22.b	(1,251,820)	(742,785)	(814,083)	(356,771)
Other gains (losses)		31,160	13,568	14,171	8,429
Finance income		22,027	12,099	12,479	5,928
Finance costs	23	(105,858)	(143,164)	(30,176)	(62,766)
Share of profit of associates and joint ventures accounted for using the equity method	8	124,544	150,454	109,704	92,784
Foreign exchange differences	25	41,873	31,014	(36,408)	27,207
Profit for the period before tax		3,162,517	1,785,541	1,215,621	805,138
Income tax expense	5	(1,983,061)	(1,031,078)	(769,647)	(317,795)
Profit for the period from continuing operations		1,179,456	754,463	445,874	487,343
Profit for the period from discontinued operations		-	-	-	-
Profit for the period		1,179,456	754,463	445,874	487,343
Profit (loss) attributable to:					
Profit attributable to owners of the parent		1,180,068	755,166	446,185	487,796
Loss attributable to non-controlling interests	19.b	(612)	(703)	(311)	(453)
Profit for the period		1,179,456	754,463	445,874	487,343

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six-month and three-month periods ended June 30, 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	ACCUMULATED		LAST QUARTER	
		1/1/2011 6/30/2011	1/1/2010 6/30/2010	4/1/2011 6/30/2011	4/1/2010 6/30/2010
Profit for the period		1,179,456	754,463	445,874	487,343
Components of other comprehensive income (loss), before tax:					
Exchange differences on translation					
Gain (loss) on exchange differences on translation, before tax		929	(1,117)	750	(464)
Other comprehensive income, before tax, exchange differences on translation		929	(1,117)	750	(464)
Cash flow hedges					
Gain (loss) on cash flow hedges, before tax		670,772	925,826	391,887	1,141,220
Other comprehensive income before tax, exchange differences on translation		670,772	925,826	391,887	1,141,220
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		93,298	825	44,426	63,897
Other comprehensive income (loss) before tax		764,999	925,534	437,063	1,204,653
Income tax relating to components of other comprehensive income:					
Income tax relating to cash flow hedges of other comprehensive income	5	(334,819)	(527,721)	(175,855)	(650,495)
Aggregated income tax relating to components of other comprehensive income		(334,819)	(527,721)	(175,855)	(650,495)
Other comprehensive income (loss)		430,180	397,813	261,208	554,158
Total comprehensive income		1,609,636	1,152,276	707,082	1,041,501
Comprehensive income attributable to					
Comprehensive income attributable to owners of the parent		1,610,248	1,152,979	707,393	1,041,954
Comprehensive income attributable to non-controlling interests		(612)	(703)	(311)	(453)
Total comprehensive income		1,609,636	1,152,276	707,082	1,041,501

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD

For the six-month periods ended June 30, 2011 and 2010

(In thousands of US (In thousands of US dollars - ThUS\$))

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

	Notes	ACCUMULATED 1/1/2011 6/30/2011	1/1/2010 6/30/2010
Cash flow provided by operating activities:			
Cash receipts provided by operating activities			
Cash flows provided by sales of goods and rendering of services		10,458,867	7,866,106
Other cash flows provided by operating activities	26	1,427,426	783,302
Types of cash payments			
Payments to suppliers for goods and services		(4,825,070)	(3,634,459)
Payments to and on behalf of employees		(1,420,702)	(960,977)
Other cash flows used in operating activities	26	(2,164,446)	(1,623,258)
Dividends received		36,750	81,532
Income taxes paid		(2,122,709)	(1,097,369)
Net cash flows provided by operating activities		1,390,116	1,414,877
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		-	(803)
Purchases of property plant and equipment		(3,900)	(71,500)
Interest received		(1,028,404)	(1,185,932)
Other inflows (outflows) of cash		13,967	4,701
Other inflows (outflows) of cash		(118,269)	62,162
Net cash flows from (used in) investing activities		(48,255)	(1,191,372)
Cash flows used in financing activities:			
Proceeds from short-term borrowings		100,000	705,886
Total proceeds from borrowings		100,000	705,886
Repayments of borrowings		(117,534)	(2,308)
Dividends paid		(663,296)	(1,064,161)
Interest paid		(165,518)	(104,298)
Net cash flows used in financing activities		(846,348)	(464,881)
Net increase (decrease) in cash and cash equivalents before foreign exchange difference			
		495,513	(241,376)
Cash and cash equivalents at beginning of period			
		874,039	765,833
Cash and cash equivalents at end of period			
		1,369,552	524,457

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six-month periods ended June 30, 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)

Item	6/30/2011								
	Issued capital	Foreign currency translation reserve	Cash flow hedge reserve	Other miscellaneous reserves	Total other reserves Note 19	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									
Comprehensive income									
Profit (loss)						1,180,088	1,180,068	(612)	1,179,456
Other comprehensive income (loss)		929	335,953	93,298	430,180		430,180	-	430,180
Comprehensive income							1,610,248	(612)	1,609,636
Issuance of equity	-					-	-		-
Dividends paid						(866,162)	(866,162)		(866,162)
Increase (decrease) through transfers and other changes	-	-	-	378,151	378,151	(23,894)	354,257	478	355,347
Total increase (decrease) in equity	-	929	335,953	471,449	808,331	290,012	1,098,343	478	1,098,821
Equity as of 6/30/2011	2,524,423	3,845	(633,618)	2,113,507	1,483,734	1,619,404	5,627,561	2,472	5,630,033

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six-month periods beginning January 1st and ended June 30, 2011 and 2010
(In thousands of US dollars - ThUS\$)
(Translation of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Item	6/30/2010							Non-controlling interests Note 19	Total Equity
	Issued capital	Foreign currency translation reserve	Cash flow hedge reserve	Other miscellaneous reserves	Total other reserves Note 19	Retained earnings	Equity attributable to owners of parent		
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									
Comprehensive income									
Profit (loss)						755,166	755,166	(703)	754,463
Other comprehensive income (loss)		(1,117)	398,105	825	397,813		397,813	-	397,813
Comprehensive income							1,152,979	(703)	1,152,276
Issuance of equity	-					-	-		-
Dividends paid						(604,616)	(604,616)		(604,616)
Increase (decrease) through transfers and other changes	-	-	-	-	-	16,355	16,355	792	17,147
Total increase (decrease) in equity	-	(1,117)	398,105	825	397,813	166,905	564,718	89	564,807
Equity as of 6/30/2010	2,524,423	1,309	(619,414)	1,638,558	1,020,453	1,461,062	5,005,938	2,096	5,008,034

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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

I. GENERAL INFORMATION

1. Corporate Information

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

Codelco is registered under Securities Registry No. 785 of the Chilean Superintendency of Securities and Insurance (the “Superintendency”) and is subject to the supervision of said Superintendency. 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 S.A., 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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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 (please refer to Note 2 c).

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 e of Section II to the Summary Of Significant Accounting Policies.

The associates correspond to companies located in Chile and abroad, which are detailed in the Explanatory Notes Section III Note 8.

2. Basis of Presentation of the Consolidated Financial Statements

The 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 interim consolidated financial statements as of June 30, 2011, for the effects of which IFRS principles and criteria as issued by the International Accounting Standards Board have been applied in full. The June 30, 2011 interim consolidated financial statements were approved by the Board of Directors in the meeting on August 25, 2011. The December 31, 2010 consolidated financial statements were approved by the Company's Board of Directors on March 23, 2011.

Accounting Principles

These interim consolidated financial statements reflect the financial position of Codelco Chile and subsidiaries as of June 30, 2011 and December 31, 2010, the results of their operations for the six-month and three-month periods ended June 30, 2011 and 2010, and the changes in net equity and cash flows for

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

the six-month periods ended June 30, 2011 and 2010, and their related notes, all of which have been prepared and presented in accordance with IAS 34 “Interim Financial Reporting” considering the respective presentational regulations of the Chilean Superintendency of Securities and Insurance (“SVS”), which do not conflict with IFRS.

For the convenience of the reader, these interim unaudited 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
- 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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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.

Significant estimates and assumptions are made in determining the provision for decommissioning and site restoration costs as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of decommissioning and site restoration activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. Environmental costs are estimated by using the work of external specialists and/or internal experts. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision as of a reporting date represents management's best estimate of the present value of the future decommissioning and site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the decommissioning and site restoration liability and therefore any deduction from the decommissioning and site restoration asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning and site restoration liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If the revised asset net of decommissioning and site restoration provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. 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.

The costs for restoration of site damages, which are created on an ongoing basis during production, are provided for at their net current values and charged to profit or loss for the year as extraction progresses.

The Corporation's management applies its judgment and experience to provide for and amortize these estimated costs over the useful life of the mine.

- 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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

- 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 June 30, 2011 and December 31, 2010.
 - Statements of Comprehensive Income for the six and three-month periods ending June 30, 2011 and 2010, respectively.
 - Statements of Changes in Equity for the six-month periods ending June 30, 2011 and 2010, respectively.
 - Statements of Cash Flows for the six-month periods ending June 30, 2011 and 2010, respectively.
- b) **Basis of Preparation** - The interim consolidated financial statements of the Corporation for the six months ended June 30, 2011 have been prepared in conformity with IFRS, as issued by the IASB.

The interim 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 six months ended June 30, 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 June 30, 2011.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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 translation 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:

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

Tax Payer Number	Company	Country	Functional Currency	6/30/2011			12/31/2010	6/30/2010
				Entity Share Porcentaje			Entity Share Porcentaje	
				Direct	Indirect	Total	Total	Total
Foreign	Chile Copper Limited	England	GBP	100.00	-	100.00	100.00	100.00
Foreign	Codelco Services Limited	England	GBP	-	100.00	100.00	100.00	100.00
Foreign	Codelco Group USA Inc.	United States of America	USD	100.00	-	100.00	100.00	100.00
Foreign	Codelco Metals Inc.	United States of America	USD	-	100.00	100.00	100.00	100.00
Foreign	Codelco International Limited	Bermuda	USD	100.00	-	100.00	100.00	100.00
Foreign	Codelco Technologies Ltd.	Bermuda	USD	-	100.00	100.00	100.00	100.00
Foreign	Codelco do Brasil Mineracao	Brazil	BRL	-	100.00	100.00	100.00	100.00
Foreign	Codelco Kupferhandel GmbH	Germany	EURO	100.00	-	100.00	100.00	100.00
Foreign	Metall Agentur GmbH	Germany	EURO	-	100.00	100.00	100.00	100.00
Foreign	Ecometales Limited	Anglonormandars	USD	-	100.00	100.00	100.00	100.00
59.087.530-9	Ecometales Ltd. Agencia en Chile	Chile	USD	-	100.00	100.00	100.00	100.00
76.561.210-1	Mining Information Communications and Monitoring S.A.	Chile	USD	66.00	-	66.00	66.00	66.00
78.712.170-5	Compania Minera Picacho (SCM)	Chile	USD	99.99	0.01	100.00	100.00	100.00
78.860.780-6	Compania Contractual Minera los Andes	Chile	USD	99.97	0.03	100.00	100.00	100.00
76.063.022-5	Inca de Oro S.A.	Chile	USD	-	-	-	100.00	100.00
79.566.720-2	Isapre Chuquicamata Ltda.	Chile	CLP	98.30	1.70	100.00	100.00	100.00
81.767.200-0	Asociacion Garantizadora de Pensiones	Chile	CLP	96.69	-	96.69	96.69	96.69
88.497.100-4	Clinica San Lorenzo Limitada	Chile	CLP	99.90	-	99.90	99.90	99.95
76.521.250-2	San Lorenzo Institución de Salud Previsional Ltda,	Chile	CLP	-	99.90	99.90	99.90	100.00
89.441.300-K	Isapre Rio Blanco Ltda.	Chile	CLP	99.99	0.01	100.00	100.00	100.00
96.817.780-K	Ejecutora Hospital del Cobre Calama S.A.	Chile	USD	99.99	0.01	100.00	100.00	100.00
96.819.040-7	Complejo Portuario Mejillones S.A.	Chile	USD	99.99	0.01	100.00	100.00	100.00
96.854.500-0	Instituto de Innovación en Minería y Metalurgia S.A.	Chile	USD	99.93	-	99.93	99.93	99.93
96.876.140-4	Santiago de Río Grande S.A.	Chile	USD	99.99	0.01	100.00	100.00	100.00
96.991.180-9	Biosigma S.A.	Chile	USD	66.67	-	66.67	66.67	66.67
Foreign	Biosigma Bermudas Ltda. (Bermuda)	Bermuda	USD	-	-	-	66.67	66.67
99.569.520-0	Exploraciones Mineras Andinas S.A.	Chile	USD	99.90	0.10	100.00	100.00	100.00
99.573.600-4	Clinica Rio Blanco S.A.	Chile	CLP	99.00	1.00	100.00	100.00	100.00
76.064.682-2	Centro de Especialidades Médicas Río Blanco Ltda.	Chile	CLP	99.00	1.00	100.00	100.00	-
76.685.790-6	Minera Gaby SpA	Chile	USD	99.90	0.10	100.00	100.00	100.00
77.773.260-9	Sociedad de Inversiones Copperfield Ltda.	Chile	USD	99.99	0.01	100.00	100.00	100.00
76.883.610-8	Energia Minera S.A.	Chile	USD	99.00	1.00	100.00	100.00	100.00
76.043.396-9	Innovaciones en Cobre S.A	Chile	USD	0.10	99.90	100.00	100.00	100.00
76.082.774-6	Inversiones Tocopilla 2B S.A.	Chile	USD	99.99	0.01	100.00	100.00	100.00
76.148.338-2	Sociedad de Procesamiento de Molibdeno Ltda.	Chile	USD	99.90	0.10	100.00	-	-
76.082.158-6	Inversiones Mejillones 2 S.A.	Chile	USD	34.80	65.20	100.00	100.00	100.00
76.124.156-7	Centro de Especialidades Médicas San Lorenzo Ltda.	Chile	USD	-	100.00	100.00	-	-
70.905.700-6	Fusat (Special Purpose Entity)	Chile	CLP	-	-	-	-	-

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

- **Subsidiaries** - A subsidiary is an entity over which the Corporation has power to govern its operating and financial policies in order to obtain benefits from its activities. The interim consolidated financial statements include all assets, liabilities, revenues, expenses and cash

flows of Codelco and its subsidiaries, after eliminating all inter-company balances and transactions. For partially owned subsidiaries, the net assets and net earnings attributable to

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

minority 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 interim 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.
- **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:

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Entity	Country	Equity share percentage	
		6/30/2011	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) (6/30/2011: Ch\$ 21,889.89; 12/31/2010: Ch\$ 21,455.55), 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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

The exchange rates used in each period are as follows:

Ratio	Period-end exchange rates		
	6/30/2011	12/31/2010	6/30/2010
USD / CLP	0.00214	0.00214	0.00183
USD / GBP	1.60617	1.54059	1.49477
USD / BRL	0.64103	0.60107	0.64103
USD / EURO	1.45180	1.32802	1.22354

- 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	Minimum useful life	Maximum useful life
Buildings	15 years	50 years
Plant and equipment	2 years	35 years
Fixtures and fittings	2 years	15 years
Motors 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	57 months	293 months

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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 and are charged to net income when incurred.

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".

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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) **Inventories** - 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) **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.
- m) **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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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.

- n) **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.

- o) **Leases – (Codelco as a lessee)** - Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of International Financial Reporting Interpretations Committee ("IFRIC") 4 'Determining whether an Arrangement contains a Lease'.

Embedded leases

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.

- p) **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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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.

- q) **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 net income. 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 and Interest Rates*

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. According to the policies of the Board of Directors these operations are only performed when there is a balance (asset or liability) or an existing flow supporting it, and not for investment or speculative reasons.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

The results of the exchange rate hedge operations are recorded at the maturity or liquidation date of such 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 on the one hand to protect expected cash flows from the sale of products by fixing the prices for a portion of future production, and on the other hand to adjust physical contracts to its standard commercial policies, to the extent necessary. When the sales agreements are fulfilled and the future contracts are settled, income from sales and futures operations is offset.

The results of these hedging transactions are recorded at the settlement date of the hedging operations, as part of the sales revenue of the products.

Hedging operations carried out by the Company 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.

- r) **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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

- s) **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.
- t) **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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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.

- u) **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.

- v) **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.
- w) **Intangible Assets** - Intangible assets are measured on initial recognition at cost. Amortization, where appropriate, is recognized in accordance with IAS 38. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Currently intangible assets are amortized using the straight-line method over periods between 4 and 19 years. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

Research and development costs

Research costs are expensed as incurred.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

- x) **Statement of Cash Flows** - 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.
- aa) **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.
- ab) **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.
- ac) **Classification of Current and Non-Current Balances** - In the Interim consolidated statement of financial position, the balances are classified according to their maturities, that is, as current those with a maturity equal or inferior to twelve months and as non-current those with a greater maturity. Where there are obligations whose maturity is less than twelve months, but whose long-term refinancing is insured upon a decision by the Company, through credit agreements available unconditionally with long-term maturity, these could be classified as non-current liabilities.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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, 2013	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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

IFRS Amendments	Date of mandatory application	Summary
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.
IAS 1 Presentation of Financial Statements	Annual periods beginning on or after July 1, 2012.	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 12, Deferred taxes – Recovery of Underlying Asset.	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 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.

¹ IAS, International Accounting Standards; IFRS, International Financial Reporting Standards; IFRIC, International Financial Reporting Interpretation Committee

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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, In order to determine the eventual impact that these pronouncements will have on the Corporation's financial statements, studies are being conducted of each of the pronouncements detailed above.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

EXPLANATORY NOTES

1. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Items	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Cash On hand	3,864	3,319
Bank Balances	74,560	17,012
Time deposits	1,253,058	741,579
Mutual Funds	12,273	61,855
Resale Agreements	25,797	50,274
Total Cash and Cash Equivalents	1,369,552	874,039

Time deposits have a maturity of 90 days or less from their date of acquisition and they are valued at cost plus interest at their corresponding interest rate.

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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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 this, current assets as of June 30, 2011 and December 31, 2010 include an accrual of ThUS\$ (73,340) y ThUS\$ 406,837, respectively, in current assets.

Trade and other receivables

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

Items	Current		Non- Current	
	6/30/2011 ThUS\$	12/31/2010 ThUS\$	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Trade Receivables (1)	1,442,758	2,349,685	-	-
Allowance for doubtful accounts (3)	(4,196)	(2,343)	-	-
<i>Subtotal trade receivables, Net</i>	1,438,562	2,347,342	-	-
Other Receivables(2)	306,296	370,878	192,608	198,785
Allowance for doubtful accounts (3)	(6,479)	(4,214)	-	-
<i>Subtotal other receivables, Net</i>	299,817	366,664	192,608	198,785
Total	1,738,379	2,714,006	192,608	198,785

(1) Trade receivables are non-interest bearing.

(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).

(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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

The movement of the allowance for doubtful accounts in the periods January to June 2011 and 2010 is detailed as follows:

Movements of allowance for doubtful accounts	6/30/2011 ThUS\$	6/30/2010 ThUS\$
Opening balance	6,557	4,558
Increases	4,294	260
Write-offs/applications	(176)	(492)
Movement, subtotal	4,118	(232)
Final balance	10,675	4,326

Past due and not impaired balances are detailed as follows:

Past-due and not impaired	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Less than 90 days	12,631	18,814
Between 90 days and 1 year	3,033	378
More than 1 year	5,638	3,572
Total past-due and not impaired	21,302	22,764

3. Related Party Disclosures

a) Transactions with the Board of Directors

The Corporation's Board of Directors has established the policy that governs transactions with persons and companies related to Codelco personnel, which has been regulated by Management, since December 1, 1995, through Corporate Regulation No.18 and its corresponding administrative procedures.

Accordingly, Codelco cannot enter into agreements or acts in which one or more of its Directors, its Executive President, members of the Divisional Board of Directors, Vice Presidents, Corporate Auditors, Divisional General Managers and senior supervisory personnel, including their spouses, children and other relatives, up to the second degree of kinship, have direct personal interests, whether they are represented by third parties or act as representatives of another person, without prior authorization as set forth in the aforementioned policy and Regulation, and by the Board of Directors, when required by Law or the Company's By-Laws.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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.

Without affecting the above, the internal regulatory framework included in Corporate Regulation No. 18, is adjusted by the provisions of Title XVI of Corporations Law - of the operations with related parties in publicly traded companies and their subsidiaries - and in particular, to the final section of Article 147 b), which establishes exemption standards regarding operations with related parties that are made according to general habitual policies determined by the Board of the Corporation. The Corporation has established a general policy in this regard, adhering to the final section of Article 147 b), which establishes the operations that are habitual, and it is understood that these are those performed habitually with its related parties within its line of business, that contribute to the line of business and that are necessary for the normal development of the activities of Codelco.

For the purposes of this regulation, second and third hierarchical level positions in the Divisions, and Managers and Assistant Managers in the Parent Company are considered as senior supervisory positions.

The Board of the Corporation is aware of the transactions regulated by the Corporate Regulation No. 18, on which according to this standard, it has to make a statement. Among these operations are those indicated in the following chart, for the total amounts indicated, which need to be executed in the periods specified by each contract:

Entity	Taxpayer number	Country	Nature of the relationship	Description of the transaction	1/1/2011	1/1/2010	4/1/2011	4/1/2010
					6/30/2011	6/30/2010	6/30/2011	6/30/2010
					Amount	Amount	Amount	Amount
					ThUS\$	ThUS\$	ThUS\$	ThUS\$
Domingo Iraola Vera	2.320.212-3	Chile	Executive's relative	Services	8,437	33	18	33
Cosando Construcción y Montaje Ltda.	77.755.770-K	Chile	Executive's relative	Services	3,716	-	1,774	-
Ernst & Young Ltda.	77.802.430-6	Chile	Director's relative	Services	-	17	-	-
Servicios Aridam S.A.	76.033.531-2	Chile	Executive's relative	Services	12,022	184	12,022	184
Ecometales Ltd.	59.097.530-9	Chile	Subsidiary	Services	5,178	-	4,162	-
Club Deportes Cobresal	70.658.400-5	Chile	One employee is the President of the Club	Services	-	340	-	340
CAID S.A.	76.069.751-6	Chile	Executive's relative	Services	-	442	-	442
B. BOSCH. S.A.	84.716.400-K	Chile	Executive's relative	Services	-	195	-	195
E-CL S.A.	88.006.900-4	Chile	Associate	Services	900	-	-	-
Irene Astudillo Fernández	8.972.584-4	Chile	Executive's relative	Services	-	74	-	74
Sinclair Knight Merz (Chile) Ltda	76334600-5	Chile	Executive's relative	Services	9	121	9	121
Salomón Sack S.A.	90.970.000-0	Chile	Director's ownership	Services	270	-	248	-

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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 Boards of Directors 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 6/30/2011		1/1/2010 6/30/2010		4/1/2011 6/30/2011		4/1/2010 6/30/2010	
					Amount ThUS\$	Effects on net income (charges)/ credits ThUS\$	Amount ThUS\$	Effects on net income (charges)/ credits ThUS\$	Amount ThUS\$	Effects on net income (charges)/ credits ThUS\$	Amount ThUS\$	Effects on net income (charges)/ credits ThUS\$
Santiago González Larrain	6.499.284-8	Chile	Chairman of the Board	Director's fees	-	-	4	(4)	-	-	-	-
Andrés Velasco Branes	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)	-	-	23	(23)
Nicolás Majluf Sapag	4.940.618-5	Chile	Director	Fees	-	-	7	(7)	-	-	-	-
Jorge Bande Bruck	5.899.738-2	Chile	Director	Director's fees	53	(53)	43	(43)	27	(27)	24	(24)
Jorge Bande Bruck	5.899.738-2	Chile	Director	Fees	-	-	5	(5)	-	-	-	-
Jorge Candia Díaz	8.544.205-8	Chile	Director	Compensations	-	-	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	Compensations	24	(24)	30	(30)	11	(11)	18	(18)
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director's fees	40	(40)	26	(26)	20	(20)	9	(9)
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)	-	-	12	(12)
Jaime Gutiérrez Castillo	6.772.588-3	Chile	Director	Compensations	30	(30)	21	(21)	-	-	18	(18)
Jaime Gutiérrez Castillo	6.772.588-3	Chile	Director	Director's fees	26	(26)	33	(33)	6	(6)	27	(27)
Andrés Santibáñez Vergara	4.135.157-8	Chile	Director	Director's fees	-	-	18	(18)	-	-	12	(12)
Gerardo Jofré Miranda	5.672.444-3	Chile	Chairman of the Board	Director's fees	79	(79)	43	(43)	40	(40)	33	(33)
Marcos Büchi Buc (1)	7.383.017-6	Chile	Director	Director's fees	-	-	32	(32)	-	-	24	(24)
Fernando Porcile Valenzuela	4.027.183-k	Chile	Director	Director's fees	40	(40)	-	-	20	(20)	-	-
Andrés Tagle Domínguez	5.895.255-9	Chile	Director	Director's fees	40	(40)	-	-	20	(20)	-	-
Marcos Lima Aravena	5.119.963-4	Chile	Director	Director's fees	66	(66)	32	(32)	33	(33)	24	(24)
Juan Luis Ossa Bulnes	3.638.915-K	Chile	Director	Director's fees	40	(40)	-	-	20	(20)	-	-

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Entity	Taxpayer number	Country	Nature of the relationship	Description of the transaction	1/1/2011 6/30/2011		1/1/2010 6/30/2010		4/1/2011 6/30/2011		4/1/2010 6/30/2010	
					Amount	Effects on net income (charges)/ credits	Amount	Effects on net income (charges)/ credits	Amount	Effects on net income (charges)/ credits	Amount	Effects on net income (charges)/ credits
					ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Santiago González Larrain	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)	-	-	23	(23)
Nicolás Majluf Sapag	4.940.618-5	Chile	Director	Fees	-	-	7	(7)	-	-	-	-
Jorge Bande Bruck	5.899.738-2	Chile	Director	Director's fees	53	(53)	43	(43)	27	(27)	24	(24)
Jorge Bande Bruck	5.899.738-2	Chile	Director	Fees	-	-	5	(5)	-	-	-	-
Jorge Candia Díaz	8.544.205-8	Chile	Director	Compensations	-	-	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	Compensations	24	(24)	30	(30)	11	(11)	18	(18)
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director's fees	40	(40)	26	(26)	20	(20)	9	(9)
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)	-	-	12	(12)
Jaime Gutiérrez Castillo	6.772.588-3	Chile	Director	Compensations	30	(30)	21	(21)	-	-	18	(18)
Jaime Gutiérrez Castillo	6.772.588-3	Chile	Director	Director's fees	26	(26)	33	(33)	6	(6)	27	(27)
Andrés Sanfuentes Vergara	4.135.157-8	Chile	Director	Director's fees	-	-	18	(18)	-	-	12	(12)
Gerardo Jofré Miranda	5.672.444-3	Chile	Chairman of the Board	Director's fees	79	(79)	43	(43)	40	(40)	33	(33)
Marcos Büchi Buc (1)	7.383.017-6	Chile	Director	Director's fees	-	-	32	(32)	-	-	24	(24)
Fernando Porcile Valenzuela	4.027.183-k	Chile	Director	Director's fees	40	(40)	-	-	20	(20)	-	-
Andrés Tagle Domínguez	5.895.255-9	Chile	Director	Director's fees	40	(40)	-	-	20	(20)	-	-
Marcos Lima Aravena	5.119.963-4	Chile	Director	Director's fees	66	(66)	32	(32)	33	(33)	24	(24)
Juan Luis Ossa Bulnes	3.638.915-K	Chile	Director	Director's fees	40	(40)	-	-	20	(20)	-	-

- (1) During the six-month period from January 1 to June 30, 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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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:

- a. 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.
- b. A unique monthly salary of Ch\$6,000,000 - (six million Chilean pesos) is established for the Chairman of the Board.
- c. In the case of the directors that shall participate in a Board Committee, whether the one referred to in Article 50 bis) of law No. 18,046 or another established by the by-laws of the Corporation, they shall receive a single additional monthly amount of Ch\$1,000,000 - (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).
- d. 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 - June 2011, amount to ThUS\$ 4,374 (2010: ThUS\$ 3,071).

Non-current benefits during the January – June 2011 period amount to ThUS \$ 39.

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.

The criteria used to determine the remunerations of the executives were established by the Board on January 29, 2003. The current text of the policy, updated in the remunerations committee of the Board dated March 2, 2004, is the following:

- i. The fixed salary will be equal to the fixed salary corresponding to 50% of the fixed component of the compensation for this position in the market of reference, with a range of approximately 15%.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

- ii. The non-guaranteed performance bonus will have an annual value that will fluctuate depending on goal compliance and individual performance between zero and three fixed monthly salaries. In addition, two limitations are established: first, that the annual surplus of the Corporation shall be higher than 20% of its equity (capital plus reserves), and, second, that the total bonuses shall not exceed 2.4 times the amount added to the monthly base salary of these executives.
- iii. The total compensation, that is to say, the sum of the guaranteed fixed salary plus the possible performance bonus, shall not exceed the total remuneration corresponding to the 75th percentile of this position in the market of reference.

None of the main executives of Codelco received severance payments as of June 30, 2011 and 2010

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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

Accounts receivable from and payable to related companies as of June 30, 2011 and December 31, 2010, are detailed as follows:

Accounts receivables due from related companies

Taxpayer number	Company	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					6/30/2011	12/31/2010	6/30/2011	12/31/2010
					ThUS\$	ThUS\$	ThUS\$	ThUS\$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	80,002	52,655	80,557	104,672
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	3,824	1,217	-	-
Foreign	Copper Partners Invest. Company Ltd.	Bermuda	Joint Venture	USD	6,368	100,121	-	-
77.773.260-9	Sociedad de Inversiones Copperfield Ltda.	Chile	Associate	USD	208	2,453	40	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	USD	-	-	242	224
76.024.442-2	Ecosea Farming S.A.	Chile	Associate	CLP	-	64	-	-
76.009.778-0	Comotech S.A.	Chile	Associate	CLP	-	165	-	-
76.869.100-2	Mining Industry Robotic Solutions S.A.	Chile	Associate	CLP	-	1,279	-	-
Total					90,402	157,954	80,839	104,896

Accounts payables to related companies

Taxpayer number	Company	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					6/30/2011	12/31/2010	6/30/2011	12/31/2010
					ThUS\$	ThUS\$	ThUS\$	ThUS\$
Foreign	Copper Partners Investment Company Ltd.	Bermuda	Joint Venture	USD	44,484	36,666	326,977	345,324
Foreign	Deutsche Geissdraht GmbH	Germany	Associate	EURO	1,645	2,081	-	-
76.781.030-K	Kairos Mining S.A.	Chile	Associate	CLP	-	13,845	-	-
76.869.100-2	Mining Industry Robotic Solutions S.A.	Chile	Associate	CLP	-	-	-	-
88.006.900-4	E-CL S.A.	Chile	Associate	USD	-	53,091	-	3,880
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	39,796	50,670	-	-
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	15,474	15,146	-	-
	Other investment			CLP	58	66	-	-
Total					101,457	171,565	326,977	349,204

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

The transactions performed between the Corporation and its related companies during the six months ended June 30, 2011 and 2010 are detailed in the next chart together with their corresponding effects on profit or loss:

Company	Taxpayer number	Description of the transaction	Country	Indexation Currency	1/1/2011 6/30/2011		1/1/2010 6/30/2010		4/1/2011 6/30/2011		4/1/2010 6/30/2010	
					Amount	Effects on net income (charges)/credits	Amount	Effects on net income (charges)/credits	Amount	Effects on net income (charges)/credits	Amount	Effects on net income (charges)/credits
					ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Foreign	Copper Partners Investment Co. Ltd.	Sale of products	Bermuda	USD	66,970	66,970	71,804	71,804	20,959	20,959	36,047	36,047
76.775.710-7	Sociedad GNL Mejillones S.A.	Purchase of energy	Chile	USD	86,199	(86,199)	-	-	46,576	(46,576)	-	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan	Chile	USD	-	-	71,500	-	-	-	71,500	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Commissions received	Chile	USD	376	376	450	450	135	135	450	450
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan interests	Chile	USD	2,627	2,627	3,566	3,566	2,627	-	3,566	-
96.701.340-4	SCM El Abra	Purchase of products	Chile	USD	197,578	(197,578)	214,464	(214,464)	105,323	(105,323)	104,856	(104,856)
96.701.340-4	SCM El Abra	Sale of products	Chile	USD	22,795	22,795	13,264	13,264	10,117	10,117	4,907	4,907
96.701.340-4	SCM El Abra	Purchase of services	Chile	USD	960	(960)	865	(865)	294	(294)	667	(667)
96.701.340-4	SCM El Abra	Commissions received	Chile	USD	2	2	76	76	(22)	(22)	39	39
88.006.900-4	E-CL S.A.	Interests and commissions	Chile	USD	-	-	-	-	-	-	(468)	(468)
88.006.900-4	E-CL S.A.	Purchase of energy	Chile	USD	-	-	229,043	(229,043)	-	-	122,874	(122,874)
88.006.900-4	E-CL S.A.	Gas Supply	Chile	USD	-	-	-	-	-	-	(2,717)	2,717

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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

4. Inventories

Inventories as of June 30, 2011, December 31, 2010 is detailed as follows:

Items	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Finished products	554,700	418,394
Subtotal finished products, net	554,700	418,394
Products in process	1,131,091	1,055,664
Subtotal products in process, net	1,131,091	1,055,664
Materials in warehouse and others	470,980	381,932
Obsolescence allowance adjustment	(63,529)	(73,484)
Subtotal Materials in warehouse and others, net	407,451	308,448
Total inventories	2,093,242	1,782,506

Movements	6/30/2011 ThUS\$
Initial balance	(73,484)
Additions	(12,039)
Reversals	21,994
Final balance	(63,529)

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 the six months ended June 30, 2011 and 2010, corresponds to finished products and amounts to ThUS\$4,859,578 and ThUS\$4,161,656, respectively.

Codelco has not written off inventory that has been recognized in the Statement of Income by function.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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. In fiscal year 2013 the income tax rate will revert back to 17%.

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. As of June 30, 2011, the pending reserve balance amounted to ThUS\$ 1,831.

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.

Deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Provisions	680,056	671,737
Unrealized gains	49,170	49,246
Finance lease	18,980	18,862
Specific mining tax	21,055	7,452
Derivatives - futures	893,039	1,232,505
Advances from clients	207,277	217,734
Derivatives interest rate swaps	57,388	52,740
Health care plans	20,398	20,081
Others	31,400	31,754
Total deferred tax assets	1,978,763	2,302,111

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

Deferred tax liabilities	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Financial liabilities under effective interest rate	7,814	8,000
Derivatives exchange rate swaps	-	-
Specific mining tax	-	-
Price-level restatement of property, plant and equipment	765,259	832,594
Valuation of employee termination benefit	200,529	200,568
Accelerated depreciation	2,009,097	1,915,741
Derivatives - futures	-	-
Provisions	329	46,808
Other	1,408	9,782
Total deferred tax liabilities	2,984,436	3,013,493

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

Deferred taxes affecting Equity	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Cash Flow Hedge	(334,819)	(63,560)
Total deferred taxes affecting equity	(334,819)	(63,560)

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

Items	6/30/2011				
	Taxable base 20% ThUS\$	Taxable base 40% ThUS\$	Tax rate 20% ThUS\$	Additional tax rate 40% ThUS\$	Total ThUS\$
Profit before taxes	3,162,517	3,162,517	632,503	1,265,007	1,897,510
Permanent differences 20%	(366,035)	-	(73,207)	-	(73,207)
Permanent differences 40%	-	(235,631)	-	(94,252)	(94,252)
Income from corporations and others	(128,918)	(128,918)	(25,784)	(51,567)	(77,351)
Income from contractual companies	(127,321)	-	(25,464)	-	(25,464)
Income from Isapres (Private health insurance companies)	(3,158)	-	(632)	-	(632)
Foreign exchange differences	929	929	186	372	558
Specific mining tax	(214,635)	(214,635)	(42,927)	(85,854)	(128,781)
Dividends receivable	-	(75)	-	(30)	(30)
Others	107,068	107,068	21,414	42,827	64,241
Specific mining tax net of deferred tax	-	-	-	-	201,085
Effect of subsidiaries	-	-	-	-	51,295
Total tax expense			559,296	1,170,755	1,983,061

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

Items	6/30/2010				
	Taxable base 17%	Taxable base 40%	Tax rate 17%	Additional tax rate 40%	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit before taxes	1,785,541	1,785,541	303,542	714,216	1,017,758
Permanent differences 20%	(264,869)	-	(45,028)	-	(45,028)
Permanent differences 40%	-	(101,046)	-	(41,418)	(41,418)
Income from corporations and others	(36,166)	(36,166)	(6,148)	(14,466)	(20,614)
Income from contractual companies	(113,319)	-	(19,264)	-	(19,264)
Income from Isapres (Private health insurance companies)	(186)	-	(32)	-	(32)
Foreign exchange differences	(725)	(725)	(123)	(290)	(413)
Specific mining tax	(131,998)	(131,998)	(22,440)	(52,799)	(75,239)
Dividends receivable	-	50,318	-	20,127	20,127
Others	17,525	17,525	2,979	7,010	9,989
Specific mining tax net of deferred tax	-	-	-	-	108,624
Effect of subsidiaries	-	-	-	-	(9,598)
Total tax expense			258,514	673,798	1,031,078

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	6/30/2011 ThUS\$	12/31/2010 ThUS\$
VAT fiscal credit	175,972	153,347
Other taxes	4,775	5,153
Income tax	5,317	35,726
Total	186,064	194,226

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
 (Translation to English of interim consolidated financial statements originally issued in Spanish – see Note
 1.2)

b) Current tax liabilities

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

Item	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Income tax payable	331,982	307,952
Total	331,982	307,952

7. Property, Plant and Equipment

a) The balances of Property, plant and equipment at June 30, 2011 comparative with December 31, 2010, are as follows:

Property, Plant and Equipment, gross	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Construction in progress	3,002,279	2,756,793
Land	125,585	108,087
Buildings	3,211,278	3,163,952
Plant and Equipment	10,121,929	9,767,914
Fixtures and fittings	35,097	35,600
Motor vehicles	1,172,336	1,106,413
Land Improvements	3,124,662	3,067,271
Mining Operations	2,957,637	2,670,080
Mine development	759,518	737,544
Other Assets	741,840	735,895
Property, Plant and Equipment, gross	25,122,907	24,149,549

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
 (Translation to English of interim consolidated financial statements originally issued in Spanish – see Note
 1.2)

Property, Plant and Equipment, accumulated depreciation	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Construction in progress	387	-
Land	-	-
Buildings	1,960,700	1,905,162
Plant and Equipment	5,734,876	5,407,138
Fixtures and fittings	24,036	24,123
Motor vehicles	686,248	643,353
Land Improvements	1,877,418	1,820,174
Mining Operations	1,391,665	1,305,938
Mine development	333,857	316,568
Other Assets	403,288	375,663
Property, Plant and Equipment, accumulated depreciation	12,412,475	11,798,119

Property, Plant and Equipment, net	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Construction in progress	3,001,892	2,756,793
Land	125,585	108,087
Buildings	1,250,578	1,258,790
Plant and Equipment	4,387,053	4,360,776
Fixtures and fittings	11,061	11,477
Motor vehicles	486,088	463,060
Land Improvements	1,247,244	1,247,097
Mining Operations	1,565,972	1,364,142
Mine development	425,661	420,976
Other Assets	338,552	360,232
Property, Plant and Equipment, net	12,839,686	12,351,430

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

b) Movement of Property, plant and equipment

Movements ThUS\$	Construction in Progress	Land	Buildings	Plant and Equipment	Fixtures and fittings	Motor Vehicles	Land Improvements	Mining Operations	Mine developments	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	-	324.906	-	39.618	2.614.103
Disposals	(55.184)	(198)	(14.981)	(26.520)	(523)	(6.820)	(8.838)	(26.957)	-	(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	-
Depreciation and Amortization	-	-	(97.258)	(600.038)	(1.610)	(92.054)	(102.023)	(317.433)	(32.910)	(47.303)	(1.290.629)
Reclassifications	(242.132)	-	11.088	727	439	2.732	4.562	222.386	198	-	-
Impairment	-	-	-	1.867	-	-	-	-	-	-	1.867
Others	(4.379)	1.134	(1.075)	16.944	(53)	-	(4.938)	-	-	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 ThUS\$	Construction in Progress	Land	Buildings	Plant and Equipment	Fixtures and fittings	Motor Vehicles	Land Improvements	Mining Operations	Mine developments	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	989.711	17.500	129.218	6.990	1.198	19	1.530	163.011	21.974	8.409	1.339.560
Disposals	(6.345)	-	-	8.939	(81)	(12)	-	-	-	(10.823)	(8.322)
Capitalizations	(584.332)	-	30.966	415.909	22	68.606	50.067	-	-	-	(18.762)
Depreciation and Amortization	(276)	-	(55.115)	(337.293)	(1.144)	(49.325)	(57.226)	(184.099)	(17.289)	(28.001)	(729.768)
Reclassifications	(191.803)	-	7.640	(13.302)	30	(444)	5.624	211.767	-	1.258	20.770
Impairment	-	-	-	-	-	-	-	-	-	-	-
Others	38.144	(2)	(120.921)	(54.966)	(441)	4.184	152	11.151	-	7.477	(115.222)
Total movements	245.099	17.498	(8.212)	26.277	(416)	23.028	147	201.830	4.685	(21.680)	488.256
Final Balance as of 6/30/2011	3.001.892	125.585	1.250.578	4.387.053	11.061	486.088	1.247.244	1.565.972	425.661	338.552	12.839.686

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

- c) The value of construction in progress, is directly associated with the operating activities of the Corporation and its subsidiaries, and relates to the acquisition of equipment and projects in construction.
- d) The Corporation has contracted insurance policies to cover the potential risks to which the various elements of property, plant and equipment are subject, and any claims that could arise from their activities. These policies provide adequate coverage of the potential risks.
- e) Interest costs capitalized for the period from January 1 to June 30, 2011 amount to ThUS\$ 16,006, calculated based on an annual capitalization rate of 4.14%, and ThUS\$ 4,705 for the same period in the year 2010, calculated based on a capitalization rate of 4.26%.
- f) Restrictions on ownership and assets given in guarantee.

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.

8. Investments accounted for using the equity method

The following table sets forth the carrying amount and the share of profit of the investments accounted for using the equity method:

Item	Equity Method		Accrued net income		Accrued net income	
	6/30/2011	12/31/2010	1/1/2011	1/1/2010	4/1/2011	4/1/2010
	ThUS\$	ThUS\$	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Investments in associates accounted for using the equity method	668,803	1,234,139	119,100	146,614	106,934	92,945
Joint Ventures	125,232	26,635	5,444	3,840	2,770	(161)
Total	794,035	1,260,774	124,544	150,454	109,704	92,784

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

a) Associates

Agua de la Falda S.A.

As of June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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%.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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 June 30, 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 June 30, 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.

E-CL S.A.

On November 6, 2009, Codelco and Suez Energy Andino S.A. (at that date, the indirect controller of E-CL S.A. through Inversiones Mejillones S.A. and Inversiones Tocopilla Ltda.) agreed to execute and sign the acts and contracts for the defined merger process to gather into a single company all of the shares and rights that Codelco and Suez Energy Andino S.A. own in E-CL

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

S.A., Electroandina S.A., and other companies dedicated to the production, distribution and electric energy supply to industrial customers and mining companies established in the north of Chile.

Therefore, as of December 31, 2010, a 40% equity interest in E-CL S.A. is held by Codelco (with a 16.35% interest held directly by Codelco, and 23.65% through Inversiones Mejillones 2 S.A.) and 52.4% by Suez Energy Andino S.A., with a 7.6% remainder held by minority shareholders.

Subsequently, on January 27, 2011, Codelco placed 424,251,415 shares issued by E-CL S.A. (representative of 40% of this company's share capital), equivalent to a total amount of Ch\$509,101,698,000, equivalent to ThUS\$ 1,051,558, based on the observed US dollar exchange rate as of the current date.

Net financial income after taxes generated by this operation was ThUS\$ 29,819.

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\$ 22 million for Codelco.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Copper for Energy S.A.

As of June 30, 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.

Associates	Taxpayer number	Functional currency	Equity interest		Equity Method		Accrued net income		Accrued net income	
			6/30/2011	12/31/2010	6/30/2011	12/31/2010	1/1/2011	1/1/2010	4/1/2011	4/1/2010
			%	%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Deutsche Geissdraht GmbH	Foreign	Foreign	40.00%	40.00%	3,543	4,141	917	795	427	239
Agua de la Falda S.A.	96.801.450-1	USD	43.28%	43.28%	5,526	5,810	(231)	(36)	(103)	(16)
Sociedad Contractual Minera El Abra	96.701.340-4	USD	49.00%	49.00%	614,607	542,625	108,732	112,069	59,570	46,931
Minera Purén SCM	76.028.880-2	USD	35.00%	35.00%	17,483	5,407	12,076	1,734	6,947	(151)
Sociedad GNL Mejillones S.A.	76.775.710-7	USD	37.00%	50.00%	-	-	(1,961)	931	40,451	41,547
Kairos Mining S.A.	76.781.030-K	CLP	40.00%	40.00%	101	105	(2)	(17)	27	(23)
MI Robotic Solutions S.A.	76.869.100-2	CLP	36.00%	36.00%	2,160	2,537	(430)	(263)	(220)	(126)
E - CL S.A.	88.006.900-4	USD	-	40.00%	-	672,409	-	31,405	-	4,548
Inca de Oro S.A.	73.063.022-5	USD	34.00%	-	24,132	-	70	-	70	-
Others					1,251	1,105	(71)	(4)	(235)	(4)
TOTAL					668,803	1,234,139	119,100	146,614	106,934	92,945

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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 the six months ended June 30, 2011 and December 31, 2010:

Assets and liabilities	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Current assets	1,486,977	1,462,328
Non-current assets	1,691,840	4,013,708
Current liabilities	839,020	891,539
Non-current liabilities	429,883	1,373,837

Net Income	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$	4/1/2011 6/30/2011 ThUS\$	4/1/2010 6/30/2010 ThUS\$
Sales	1,079,000	890,820	685,741	473,557
Cost of sales	(709,855)	(591,131)	(500,054)	(202,778)
Profit for the period	369,145	299,689	185,687	270,779

Movement of investments in associates	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$
Opening balance	1,234,139	1,100,156
Contributions	22,259	-
Net income for the period	119,100	146,614
Foreign exchange differences	53	(64)
Transfer of negative equity	9,680	(931)
Sale of E-CL ownership interest	(672,409)	-
Other comprehensive income	(7,720)	(5,375)
Other	(36,299)	(93,609)
Final balance	668,803	1,146,791

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

b) Joint ventures

At June 30, 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 Alum 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	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Current Assets	135,232	138,824
Non - current assets	326,976	345,324
Current Liabilities	70,241	258,021
Non - current liabilities	157,144	172,858

Net income	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$	4/1/2011 6/30/2011 ThUS\$	4/1/2010 6/30/2010 ThUS\$
Revenue	265,382	198,258	128,379	93,990
Cost of sale	(254,494)	(190,578)	(122,840)	(94,311)
Profit (loss)	10,888	7,680	5,539	(321)

Movement of investment in Joint Ventures	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$
Opening Balance	26,635	-
Net income for the period	5,444	3,840
Distribution	-	(12,431)
Transfer of negative equities	-	(64,341)
Other comprehensive income	93,153	83,436
Final Balance	125,232	10,504

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

c) Fair value of investments for which there are published price quotations

Investments in associates for which there are public quoted prices, have the following value for the Corporation, as set forth in the following table¹:

Entity	6/30/2011	12/31/2010
	ThUS\$	ThUS\$
E-CL S.A. (Ex Edelnor S.A.)	-	2,755,536
Investment attributable to the Corporation 40%	-	1,102,214

d) Interest in negative equity

The Corporation, at June 30, 2011 and December 31, 2010, has an interest in the following negative equities (amounts expressed in ThUS\$):

Entity	Equity interest percentage	Negative equity	
		6/30/2011 ThUS\$	12/31/2010 ThUS\$
Sociedad GNL Mejillones S.A.	37%	(142,316)	(116,152)

e) 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 June 30, 2011 is ThUS\$86,240 June 30, 2010 ThUS\$88,629. This figure is shown by deducting the investment in this company.

Codelco carries out copper purchases and sales with this company. At June 30, 2011, and December 31, 2010, the value of finished products in Inventories does not have an unrealized profit accrual.

¹ The fair value is determined from the quoted prices and the company's market presence, provided as financial background on the site <http://www.bolsadesantiago.com>

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

9. Subsidiaries

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

Assets and liabilities	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Current Assets	1,130,623	338,871
Non - current assets	548,282	721,681
Current Liabilities	564,953	231,351
Non - current liabilities	315,988	297,303

Net Income	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$
Revenue	1,440,018	844,548
Cost of sale	(1,299,639)	(809,582)
Profit (loss)	140,379	34,966

10. Intangible assets other than goodwill

a) Balance of Intangible Assets

Intangible assets, gross	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Software Licenses	612	474
Water rights	12,172	12,172
Electricity rights	8,780	8,780
Other	4,333	9,361
Total	25,897	30,787

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Intangible assets, accumulated amortization	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Software Licenses	438	346
Water rights	6,550	6,550
Electricity rights	2,511	2,335
Other	13	-
Total	9,512	9,231

Intangible assets, net	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Software Licenses	174	128
Water rights	5,622	5,622
Electricity rights	6,269	6,445
Other	4,320	9,361
Total	16,385	21,556

b) Movement of Intangible Assets

Movements ThUS\$	Software licenses	Water Rights	Electricity Rights	Others	Total
Opening balance as of 1/1/2010	218	5,622	6,796	8,744	21,380
Additions	18	-	-	-	18
Disposals	(1)	-	-	-	(1)
Capitalized costs	(90)	-	-	-	(90)
Amortization	(21)	-	(351)	-	(372)
Reclassifications	-	-	-	-	-
Impairment	-	-	-	-	-
Other	4	-	-	617	621
Total movements	(90)	-	(351)	617	176
Final movement as of 12/31/2010	128	5,622	6,445	9,361	21,556

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Movements ThUS\$	Software licenses	Water Rights	Electricity Rights	Others	Total
Opening balance as of 1/1/2011	128	5,622	6,445	9,361	21,556
Additions	130	-	-	-	130
Disposals	(64)	-	-	(1,511)	(1,575)
Capitalized costs	-	-	-	-	-
Amortization	(20)	-	(176)	(30)	(226)
Reclassifications	-	-	-	379	379
Impairment	-	-	-	-	-
Other	-	-	-	(3,879)	(3,879)
Total movements	67	-	(176)	(5,041)	(5,171)
Final movement as of 6/30/2011	174	5,622	6,269	4,320	16,385

c) Research and Development

Disbursements for research and development recognized as expenses for the period	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$	4/1/2011 6/30/2011 ThUS\$	4/1/2010 6/30/2010 ThUS\$
	26,585	18,817	16,999	10,933

11. Other non-current non-financial assets

Other non-current non-financial assets included in the interim consolidated statement of financial position as of June 30, 2011 and December 31, 2010 are detailed as follows:

Other non-current financial assets	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Anglo American Purchase Option (1)	155,700	155,700
Law No. 13,196 asset (2)	36,364	38,199
Others	15,864	9,606
TOTAL	207,928	203,505

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

- (1) On December 19, 2008, Empresa Nacional de Minería (ENAMI) assigned Codelco Chile the right to acquire up to 49% of the shares of Anglo American Sur S.A. This right may be exercised by the Corporation until 2027, deciding whether or not to exercise it every three years.
- (2) This corresponds to the recording of the commitment related to Law N°13,196, for the advance payment received for the copper sales contract signed with Copper Partners Investment Company Limited. This amount will be amortized according to the shipments made.

12. Current and non-current financial assets

Current and non-current financial assets included in the statement of financial position are detailed as follows:

Classification in the statement of financial position	6/30/2011				
	At fair value though profit and loss	Loans and receivables	Hedging derivatives	Available for sale	Total financial assets ThUS\$
Cash and Cash equivalents	12,273	1,357,279	-	-	1,369,552
Trade and other current receivables	73,340	1,665,039	-	-	1,738,379
Rights receivables, non current	-	192,608	-	-	192,608
Due from related companies, current	-	90,402	-	-	90,402
Due from related companies, non - current	-	80,839	-	-	80,839
Other current financial assets	-	7,690	169,772	-	177,462
Other non - current financial assets	-	9,365	181,293	-	190,658
TOTAL	85,613	3,403,222	351,065	-	3,839,900

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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

- **Financial assets designated at fair value through profit or loss:** At June 30, 2011, this category mainly includes unfinished product sale invoices and mutual fund investments made by Codelco Chile subsidiaries.
- **Loans granted and receivable:** These correspond to financial assets with fixed or determinable payments that are not traded in an active market.

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. 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.

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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

- ***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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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.

- **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.

The following tables detail the composition of the item “other financial liabilities, current and non-current.”

Items	6/30/2011					
	Current			Non- Current		
	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$
Loans from financial entities	425,368	-	425,368	1,197,605	-	1,197,605
Bonds	61,689	-	61,689	4,663,202	-	4,663,202
Financial Lease	21,981	-	21,981	125,492	-	125,492
Hedge obligations	-	1,185,817	1,185,817	-	492,363	492,363
Other financial liabilities	9,075	-	9,075	83,475	-	83,475
Total	518,113	1,185,817	1,703,930	6,069,774	492,363	6,562,137

Items	12/31/2010					
	Current			Non- Current		
	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$	Loans and other payables ThUS\$	Hedge derivatives ThUS\$	Total ThUS\$
Loans from financial entities	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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

At June 30, 2011, the detail of Borrowings from financial institutions and Bond obligations is as follows:

Tax payer number	Country	6/30/2011						Type of amortization	Payment of interest	Nominal rate	Effective interest rate	Current balance ThUS\$	Non-current balance ThUS\$
		Loans with financial entities	Institution	Maturity	Rate	Currency	Amount						
Foreign	United States Of America	Exporf Pre- Funding	Bank of Tokyo-Mitsubishi	22-12-2015	Floating	US\$	100,000	Maturity	Quarterly	1.06%	1.16%	25	99,641
Foreign	Bermuda	Exporf Pre- Funding	HSBC Bank Bermuda Limited	17-12-2015	Floating	US\$	162,500	Maturity	Quarterly	1.10%	1.21%	64	161,794
Foreign	United States Of America	Exporf Pre- Funding	BBVA Bancomer	27-09-2014	Floating	US\$	400,000	Maturity	Quarterly	0.46%	0.50%	-	399,580
Foreign	United States Of America	Exporf Pre- Funding	Banco Santander	09-12-2011	Floating	US\$	200,000	Maturity	Quarterly	0.65%	0.65%	200,076	-
Foreign	Canada	Exporf Pre- Funding	Export. Dev. Canada	28-12-2015	Floating	US\$	250,000	Maturity	Quarterly	1.11%	1.23%	22	248,876
Foreign	Canada	Exporf Pre- Funding	Export. Dev. Canada	26-03-2012	Floating	US\$	200,000	Maturity	Quarterly	0.65%	0.65%	200,000	-
Foreign	England	Exporf Pre- Funding	Banco Santander Londres	30-11-2015	Floating	US\$	75,000	Maturity	Quarterly	1.10%	1.22%	71	74,677
Foreign	United States Of America	Exporf Pre- Funding	Banco Santander	23-12-2015	Floating	US\$	100,000	Maturity	Quarterly	1.16%	1.28%	24	99,552
Foreign	United States Of America	Exporf Pre- Funding	Sumitomo Mitsui Banking Corporation	18-02-2016	Floating	US\$	100,000	Maturity	Quarterly	1.14%	1.21%	48	99,661
Foreign	Germany	Credit line	HSBC Trinkaus & Burkhardt		Floating	US\$						12,178	-
Foreign	Germany	Credit line	Deutsche Bank		Floating	US\$						11,102	-
			Other institutions									1,758	13,824
TOTAL											425,368	1,197,605	

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
 (Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Bonds	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate	Effective interest rate	Current balance	Non-current balance
										ThUS\$	ThUS\$
BCODE-A	Banco de Chile - B. en UF	9/1/2012	Fixed	U.F.	7,000,000	Maturity	Semi anual	3.96%	4.45%	4,416	326,364
144-A REG.S	JP-Morgan	11/30/2012	Fixed	US\$	435,000	Maturity	Semi anual	6.38%	6.48%	2,564	434,415
144-A REG.S	JP-Morgan	10/15/2013	Fixed	US\$	500,000	Maturity	Semi anual	5.50%	5.57%	5,940	499,241
144-A REG.S	HSBC USA	10/15/2014	Fixed	US\$	500,000	Maturity	Semi anual	4.75%	4.99%	5,130	496,401
BCODE-B	Banco de Chile - B. en UF	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi anual	4.00%	3.24%	3,191	348,776
144-A REG.S	JP-Morgan	9/21/2035	Fixed	US\$	500,000	Maturity	Semi anual	5.63%	5.78%	7,954	490,024
144-A REG.S	The Deutsche Bank	10/24/2036	Fixed	US\$	500,000	Maturity	Semi anual	6.15%	6.22%	5,802	495,764
114-A REG.S	JP-Morgan	1/15/2019	Fixed	US\$	600,000	Maturity	Semi anual	7.50%	7.79%	20,776	590,300
114-A REG.S	HSBC USA	11/4/2020	Fixed	US\$	1,000,000	Maturity	Semi anual	3.75%	3.98%	5,916	981,917
TOTAL										61,689	4,663,202

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
 (Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

At December 31, 2010, the detail of Borrowings from financial institutions and Bond obligations is as follows:

		12/31/2010											
Tax payer 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	22-12-2015	Floating	US\$	100,000	Maturity	Quarterly	1.05%	1.15%	-	99,602
Foreign	Bermuda	Exporf Pre- Funding	HSBC Bank Bermuda Limited	17-12-2015	Floating	US\$	162,500	Maturity	Quarterly	1.15%	1.27%	-	161,695
Foreign	United States of America	Exporf Pre- Funding	BBVA Bancomer	27-09-2014	Floating	US\$	400,000	Maturity	Quarterly	0.45%	0.45%	-	399,509
Foreign	United States of America	Exporf Pre- Funding	Bank of Tokyo-Mitsubishi	29-06-2011	Floating	US\$	100,000	Maturity	Quarterly	0.65%	0.65%	100,005	-
Foreign	United States of America	Exporf Pre- Funding	Banco Santander	09-12-2011	Floating	US\$	200,000	Maturity	Quarterly	0.95%	0.95%	200,030	-
Foreign	Canada	Exporf Pre- Funding	Export. Dev. Canada	28-12-2015	Floating	US\$	250,000	Maturity	Quarterly	1.10%	1.22%	-	248,752
Foreign	Canada	Exporf Pre- Funding	Export. Dev. Canada	26-03-2012	Floating	US\$	200,000	Maturity	Quarterly	0.95%	0.95%	-	200,000
Foreign	England	Exporf Pre- Funding	Banco Santander Londres	30-11-2015	Floating	US\$	75,000	Maturity	Quarterly	1.14%	1.26%	-	74,639
Foreign	United States of America	Exporf Pre- Funding	Banco Santander	23-12-2015	Floating	US\$	100,000	Maturity	Quarterly	1.15%	1.27%	-	99,503
			Other insitutions									40,578	12,350
TOTAL												340,613	1,296,050

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
 (Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

Bonds	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate	Effective interest rate	Current balance	Non-current balance
										ThUS\$	ThUS\$
BCODE-A	Banco de Chile - B. en UF	9/1/2012	Fixed	U.F.	7,000,000	Maturity	Semi anual	4.00%	3.24%	4,389	319,000
144-A REG.S	JP-Morgan	11/30/2012	Fixed	US\$	435,000	Maturity	Semi anual	6.38%	6.48%	2,528	434,222
144-A REG.S	JP-Morgan	10/15/2013	Fixed	US\$	500,000	Maturity	Semi anual	5.50%	5.57%	6,044	499,092
144-A REG.S	HSBC USA	10/15/2014	Fixed	US\$	500,000	Maturity	Semi anual	4.75%	4.99%	5,219	495,913
BCODE-B	Banco de Chile - B. en UF	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi anual	3.29%	4.45%	3,196	342,976
144-A REG.S	JP-Morgan	9/21/2035	Fixed	US\$	500,000	Maturity	Semi anual	5.63%	5.78%	8,003	489,931
144-A REG.S	The Deutsche Bank	10/24/2036	Fixed	US\$	500,000	Maturity	Semi anual	6.15%	6.22%	5,914	495,730
114-A REG.S	JP-Morgan	1/15/2019	Fixed	US\$	600,000	Maturity	Semi anual	7.50%	7.79%	20,665	589,839
114-A REG.S	HSBC USA	11/4/2020	Fixed	US\$	1,000,000	Maturity	Semi anual	3.75%	3.98%	5,975	981,138
TOTAL										61,933	4,647,841

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

At June 30, 2011, the detail of amounts due undiscounted that the Corporation has with financial institutions is as follows:

6/30/2011						Current			Non- Current			
Debtor's name	Debtor country	Currency	Effective interest rate	Nominal rate	Type of 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
EXPORT DEVELOP CANADA	Canada	US\$	0.65%	0.65%	Quarterly	-	660	660	200,330	-	-	200,330
BANCO SANTANDER S.A.	United States of America	US\$	0.65%	0.65%	Quarterly	-	200,652	200,652	-	-	-	-
BBVA BANCOMER	United States of America	US\$	0.50%	0.46%	Quarterly	-	809	809	3,641	400,809	-	404,450
BANCO SANTANDER LONDRES	England	US\$	1.22%	1.10%	Quarterly	209	209	418	2,093	76,256	-	78,349
HSBC BANK BERMUDA LIMITED	Bermuda	US\$	1.21%	1.10%	Quarterly	-	900	900	4,048	165,649	-	169,697
THE BANK OF TOKYO M.	United States of America	US\$	1.16%	1.06%	Quarterly	-	509	509	2,292	101,783	-	104,075
BANCO SANTANDER S.A.	United States of America	US\$	1.28%	1.16%	Quarterly	-	560	560	2,520	101,960	-	104,480
EXPORT DEVELOP CANADA	Canada	US\$	1.23%	1.11%	Quarterly	-	1,337	1,337	6,016	254,679	-	260,695
SUMITOMO MITSUI BANKING	United States of America	US\$	1.21%	1.14%	Quarterly	-	550	550	2,477	102,202	-	104,679
THE BANK OF NEW YORK	United States of America	US\$	6.48%	6.38%	Semi Anual	-	13,866	13,866	462,731	-	-	462,731
THE BANK OF NEW YORK	United States of America	US\$	5.57%	5.50%	Semi Anual	-	13,750	13,750	555,000	-	-	555,000
THE BANK OF NEW YORK	United States of America	US\$	4.99%	4.75%	Semi Anual	-	11,875	11,875	59,375	511,875	-	571,250
THE BANK OF NEW YORK	United States of America	US\$	5.78%	5.63%	Semi Anual	-	14,063	14,063	70,313	56,250	767,188	893,751
THE DEUTSCHE BANK	United States of America	US\$	6.22%	6.15%	Semi Anual	-	15,375	15,375	76,875	61,500	1,130,375	1,268,750
HSBC USA	United States of America	US\$	7.79%	7.50%	Semi Anual	22,500	22,500	45,000	90,000	90,000	735,000	915,000
THE BANK OF NEW YORK	United States of America	US\$	3.98%	3.75%	Semi Anual	-	18,750	18,750	93,750	75,000	1,168,750	1,337,500
						-	-	-	-	-	-	-
Total ThUS\$						22,709	316,365	339,074	1,631,461	1,997,963	3,801,313	7,430,737
BANCO DE CHILE	CHILE	U.F.	3.24%	3.29%	Semi Anual	138,627	-	138,627	7,138,627	-	-	7,138,627
BANCO DE CHILE	CHILE	U.F.	4.45%	4.00%	Semi Anual	-	138,000	138,000	690,000	552,000	9,384,000	10,626,000
Total U.F.						138,627	138,000	276,627	7,828,627	552,000	9,384,000	17,764,627
Subtotal ThUS\$						6,482	6,453	12,935	366,053	25,811	438,780	830,643
Total ThUS\$						29,191	322,818	352,009	1,997,514	2,023,774	4,240,093	8,261,380

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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

Debtor's name	12/31/2010					Current			Non- Current			
	Debtor country	Currency	Effective interest rate	Nominal rate	Type of 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.	United States of America	US\$	0.45%	0.45%	Quarterly	453	1,358	1,811	405,061	-	-	405,061
BANCO SANTANDER S. A.	United States of America	US\$	0.95%	0.95%	Quarterly	360	201,465	201,825	-	-	-	-
EDC	Canada	US\$	0.95%	0.95%	Quarterly	471	1,435	1,906	200,482	-	-	200,482
BANCO SANTANDER LONDRES	United States of America	US\$	1.26%	1.14%	Quarterly	141	718	859	2,575	75,846	-	78,421
HSBC BANK BERMUDA LIMITED	Bermuda	US\$	1.27%	1.15%	Quarterly	395	1,477	1,872	5,615	164,434	-	170,049
BANK OF TOKYO MITSUBISHI LTD.	United States of America	US\$	1.15%	1.05%	Quarterly	237	816	1,053	3,158	101,103	-	104,261
BANCO SANTANDER S.A.	United States of America	US\$	1.27%	1.15%	Quarterly	263	890	1,153	3,458	101,210	-	104,668
EDC	Canada	US\$	1.22%	1.10%	Quarterly	666	2,091	2,757	8,271	252,933	-	261,204
THE BANK OF NEW YORK	United States of America	US\$	6.48%	6.38%	Semi Anual	11,555	16,177	27,732	461,191	-	-	461,191
THE BANK OF NEW YORK	United States of America	US\$	5.57%	5.50%	Semi Anual	7,944	19,556	27,500	550,340	-	-	550,340
HSBC	United States of America	US\$	4.99%	4.75%	Semi Anual	6,861	16,889	23,750	567,556	-	-	567,556
THE BANK OF NEW YORK	United States of America	US\$	5.78%	5.63%	Semi Anual	6,094	22,031	28,125	84,375	84,375	1,008,594	1,177,344
DEUTSCHE BANK SECURITIES INC.	United States of America	US\$	6.22%	6.15%	Semi Anual	9,738	21,013	30,751	92,250	92,250	1,090,144	1,274,644
THE BANK OF NEW YORK	United States of America	US\$	7.79%	7.50%	Semi Anual	1,750	43,250	45,000	135,000	135,000	652,125	922,125
HSBC	United States of America	US\$	2.98%	3.75%	Semi Anual	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
BANCO DE CHILE	CHILE	U.F.	3.24%	4.00%	Semi Anual	43,899	233,357	277,256	7,191,769	-	-	7,191,769
BANCO DE CHILE	CHILE	U.F.	4.45%	3.29%	Semi Anual	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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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

Financial Leasing	6/30/2011			12/31/2010		
	Gross ThUS\$	Interest ThUS\$	Net ThUS\$	Gross ThUS\$	Interest ThUS\$	Net ThUS\$
Less than one year	28,274	(6,293)	21,981	36,810	(19,443)	17,367
Between one and five years	84,610	(32,196)	52,414	99,176	(48,376)	50,800
More than five years	128,777	(55,699)	73,078	123,539	(51,836)	71,703
Total	241,661	(94,188)	147,473	259,525	(119,655)	139,870

14. Fair Value of items recorded at amortized cost

In accordance with IFRS 7, when the book value of financial assets and liabilities is a reasonable approximation of their fair value, no disclosures are required in relation to this issue.

In this context, and given the nature of the entries currently maintained by the Corporation, it can be observed that there are no significant differences between book values and fair values that would need to be disclosed in this section.

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.
- 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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
 (Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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 June 30, 2011:

Financial Assets and liabilities at fair value with an effect in profit and loss statement	6/30/2011			
	Level 1 ThUS\$	Level 2 ThUS\$	Level 3 ThUS\$	Total ThUS\$
<i>Financial Assets:</i>				
Unfinished invoices for the sales of products	73,340	-	-	73,340
Cross Currency Swap	-	181,293	-	181,293
Mutual fund units	12,273	-	-	12,273
Futures	169,772	-	-	169,772
<i>Financial Liabilities:</i>				
Futures	1,658,170	-	-	1,658,170

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

16. Trade and other payables

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

Item	Current Liabilities	
	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Trade payables	950,613	1,292,895
Dividends payable	-	173,134
Payables to employees	19,484	31,310
Other payables	329,030	305,937
Total	1,299,127	1,803,276

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

17. Other accrued expenses and provisions

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

Accrued expenses and provisions	Current		Non-current	
	6/30/2011 ThUS\$	12/31/2010 ThUS\$	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Trade (1)	-	38,191	-	-
Operating (2)	36,186	22,835	-	-
Law No. 13,196	95,916	202,711	-	-
Sundry (3)	23,418	32,976	57,356	48,466
Closure (4)	-	-	1,031,335	887,142
Contingencies	-	-	149,837	121,864
Total	155,520	296,713	1,238,528	1,057,472

Accrual for employee benefits	Current		Non-current	
	6/30/2011 ThUS\$	12/31/2010 ThUS\$	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Employees' collective bargaining agreements	118,277	203,301	-	-
Employee termination benefit	50,783	37,283	757,612	809,177
Bonus	25,921	4,524	-	-
Salaries (5)	492	-	-	-
Vacation	127,779	150,000	-	-
Medical care programs (6)	488	480	377,071	304,876
Retirement plans (7)	74,043	282,414	-	-
Others	3,768	11,073	59,421	77,059
Total	401,551	689,075	1,194,104	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.
- (5) Corresponds to commitments with the Corporation's employees which have been accrued at the date of closure of the financial statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

- (6) Corresponds to an accrual for contributions to medical care institutions agreed upon with current and former employees.
- (7) Corresponds to an accrual for employees who have agreed to retire in accordance with plans in force for personnel retirement.

18. Employee benefits

Employee termination benefit and medical care plans

The employee termination benefit accrual covers the employee termination liabilities to be paid to employees when they leave the Corporation based on the agreements in the employment contracts or collective bargaining agreements.

The medical care plan accrual is to cover 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.

These accruals are recorded in the statement of financial position, at the present value of estimated future obligations. These obligations are calculated using actuarial methods and assumptions defined by independent actuaries. 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 Determining the Employee Termination Benefit Accrual

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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

i. Reconciliation of Benefit for Years of Service balances

Movements	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$
Opening balance	846,460	719,585
Cost	25,790	18,774
Finance expense	16,597	17,219
Indemnities paid	(81,458)	(11,598)
Subtotal	807,389	743,980
(Gains) Losses from foreign exchange differences	1,006	14,790
Final balance	808,395	758,770

ii. Expenses by nature of the benefits

Movements of expenses according to the nature of the Benefits	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$	4/1/2011 6/30/2011 ThUS\$	4/1/2010 6/30/2010 ThUS\$
Short-term benefits	800,204	705,024	428,295	262,972
Post-employment benefits	76,662	7,498	66,354	4,632
Employee termination benefits	61,042	3,752	40,205	4,249
Benefits for years of service	25,790	18,774	6,859	12,339
Total	963,968	735,048	541,713	284,192

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 June 30, 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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

trade and other accounts payable in current liabilities in the amount of ThUS\$ 44,201. As of June 30, 2011, no dividends payable were provisioned due to the Corporation's authorized net income withholding policy.

In the financial statement "Statement of Changes in Net Equity" the changes experienced in the Corporation's equity are disclosed.

Due to the bylaws that govern the Corporation, these financial statements do not consider disclosure of information related to earnings per share.

The movement and composition of other equity reserves is presented in the Consolidated Statement of Changes in Net Consolidated Equity.

a) Other reserves

Other equity reserves are listed in the table below, as of the dates indicated in each case.

Other Reserves	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Foreign exchange differences on translation reserves	3,845	2,916
Cash flow hedge reserves	(633,618)	(969,571)
Other reserves	2,113,507	1,642,058
Total	1,483,734	675,403

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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)		Profit (loss)	
	6/30/2011	12/31/2010	1/1/2011	1/1/2010	4/1/2011	4/1/2010
	ThUS\$	ThUS\$	6/30/2011	6/30/2010	6/30/2011	6/30/2010
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Asociación Garantizadora de Pensiones	24	24	(1)	(1)	(1)	(1)
Biosigma S.A.	1,537	1,023	(587)	(678)	(235)	(403)
Instituto de Innovación en Minería y Metalurgia S.A.	4	4	-	-	-	-
Clínica San Lorenzo Ltda.	-	11	-	-	5	1
Micom S.A.	888	914	(26)	(23)	(83)	(48)
Fundación de Salud El Teniente	19	18	2	(1)	3	(2)
TOTAL	2,472	1,994	(612)	(703)	(311)	(453)

20. Operating income

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

Item	1/1/2011	1/1/2010	4/1/2011	4/1/2010
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue from sales of the Corporation's copper	7,951,999	6,128,051	4,036,052	3,091,715
Revenue from sale of third parties' copper	657,403	560,962	363,036	296,915
Revenue from sales of molybdenum	371,433	323,451	194,389	179,581
Revenue from sales of other products	556,961	203,301	303,346	92,261
Loss in futures market	(657,748)	(472,120)	(321,721)	(234,025)
Total	8,880,048	6,743,645	4,575,102	3,429,447

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

21. Expenses by nature

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

Item	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$	4/1/2011 6/30/2011 ThUS\$	4/1/2010 6/30/2010 ThUS\$
Personnel Expenses	800,204	705,024	428,295	262,971
Depreciation	496,645	436,518	251,412	222,682
Amortization	232,828	195,621	118,883	98,341
Total	1,529,677	1,337,163	790,590	583,994

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 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$	4/1/2011 6/30/2011 ThUS\$	4/1/2010 6/30/2010 ThUS\$
Penalties to suppliers	10,706	3,421	5,842	1,908
Realized income	-	2,389	-	1,195
Outsourcing	3,248	2,980	1,626	1,471
Miscellaneous sales (net)	53,559	46,831	11,654	25,769
Sale of E-CL S.A.	375,080	-	(4,364)	-
Sale of Inca de Oro	44,800	-	-	-
Other income	26,005	5,691	20,340	2,230
Total	513,398	61,312	35,098	32,573

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

b) Other expenses by function

Item	1/1/2011	1/1/2010	4/1/2011	4/1/2010
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Law No. 13,196	(750,937)	(523,403)	(382,521)	(286,392)
Research expenses	(32,915)	(26,448)	(17,806)	(18,564)
Bonus for the end of collective bargaining	(169,637)	(153,080)	(168,155)	(18,632)
Retirement plan	(61,042)	(3,752)	(39,867)	(4,249)
Medical care plan	(76,662)	(7,397)	(66,354)	(4,632)
Actuarial results	(135,907)	-	(135,907)	-
Other Expenses	(24,720)	(28,705)	(3,473)	(24,302)
Total	(1,251,820)	(742,785)	(814,083)	(356,771)

23. Finance costs

Finance costs are detailed as follows:

Item	1/1/2011	1/1/2010	4/1/2011	4/1/2010
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Bond interests	(34,837)	(83,937)	8,998	(33,288)
Bank loan interests	(8,227)	(1,986)	(4,750)	(42)
Exchange differences on severance indemnity provision	(16,597)	(20,241)	(8,407)	(11,250)
Exchange differences on other non-current provisions	(34,752)	(22,109)	(21,372)	(14,782)
Other	(11,445)	(14,891)	(4,645)	(3,404)
Total	(105,858)	(143,164)	(30,176)	(62,766)

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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Teniente divisions. The Ventanas division, which is also included among these divisions, is dedicated exclusively to smelting and refining processes. Each of these divisions operates under separate

management, all of which report to the Executive President. Additionally, in May 2008, the Gabriela Mistral mine site was added to the divisions specified above. The characteristics of each division and its respective mine sites are detailed as follows:

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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Products: electrolytic (electro-obtained) cathodes

The exploitation of the “Mina Ministro Hales” mine was authorized on November 19, 2010, forming a new division with an estimated opening date of operation at the end of 2013.

Parent Company Distribution

Revenue and expenses controlled by the Parent Company are allotted to the Divisions 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 Divisions is 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 Division, is allotted directly.
- Recognition of realized profits and other income by function of subsidiaries is distributed in proportion to the operating income of each Division.
- The remaining other income is distributed in proportion to the addition of balances of “other income” and “finance income” of the respective Divisions.

Distribution costs

- Expenses associated and identified with each Division are allotted directly.
- Distribution costs of subsidiaries are allotted in proportion to the operating income of each Division.

Administrative Expenses

- Administrative expenses associated and identified with each Division 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 Division.
- 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 Division.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Other Expenses, by function

- Expenses associated and identified with each Division 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 Division

Other Earnings

- Other earnings associated and identified with each individual Division are allotted directly
- Other earnings of subsidiaries are distributed in proportion to the operating income of each Division.

Finance Income

- Finance income associated and identified with each Division is allotted directly.
- Finance income of subsidiaries is distributed in proportion to the operating income of each Division.
- The remaining finance income is distributed in relation to the operating cash expenses of each Division.

Finance costs

- Finance costs associated and identified with each Division in particular are allotted directly.
- Finance costs of subsidiaries are distributed in proportion to the operating income of each Division.

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 Division is allotted directly.

Foreign currency translation

- Foreign currency translation identifiable with each individual Division is allotted directly.
- Foreign currency translation of subsidiaries is distributed in proportion to the operating income of each Division.
- The remaining foreign currency translation is distributed in relation to operating cash expenses of each Division.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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 Division, 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 Division, 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 Division.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Financial information organized by operating segment is detailed as follows

Segments	From 1/1/2011 to 6/30/2011										
	Chuquicamata ThUS\$	R. Tomic ThUS\$	Salvador ThUS\$	Andina ThUS\$	El Teniente ThUS\$	Ventanas ThUS\$	G. Mistral ThUS\$	M. Hales ThUS\$	Total Codelco ThUS\$	Subsidiaries and Parent net ThUS\$	Consolidated Total ThUS\$
Revenue from sales of the Corporation's copper	2,002,434	1,743,042	588,866	1,080,500	1,802,264	291,707	451,803	-	7,960,616	381,366	8,341,982
Revenue from sales from third parties' copper	-	-	-	-	-	2,720	-	-	2,720	692,619	695,339
Revenue from sales of molybdenum	200,590	10,656	15,900	45,889	98,398	-	-	-	371,433	-	371,433
Revenue from sales of other products	265,945	-	83,629	8,225	92,329	183,994	-	-	634,122	(77,161)	556,961
Revenue from futures market	(164,343)	(149,076)	(51,609)	(102,936)	(152,352)	-	(37,069)	-	(657,385)	(362)	(657,747)
Revenue between segments	-	-	-	-	-	-	-	-	-	(427,920)	(427,920)
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Revenue from regular activities	2,304,626	1,604,622	636,786	1,031,678	1,840,639	478,421	414,734	-	8,311,506	568,542	8,880,048
Cost of sales of the Corporation's copper	(1,286,194)	(526,908)	(449,369)	(436,341)	(606,035)	(299,374)	(213,252)	-	(3,817,473)	(571,131)	(4,388,604)
Cost of sales from third parties' copper	-	-	-	-	-	(3,620)	-	-	(3,620)	(645,500)	(649,120)
Cost of sales of molybdenum	(34,100)	(4,274)	(4,660)	(9,282)	(16,361)	-	-	-	(68,677)	-	(68,677)
Cost of sales of other products	(171,354)	36,863	(56,361)	4,879	(55,163)	(183,271)	-	-	(424,407)	77,161	(347,246)
Cost of sales between segments	6,797	4,732	1,878	3,042	5,428	1,411	1,223	-	24,511	569,558	594,069
Other Cost of sales	-	-	-	-	-	-	-	-	-	-	-
Cost of sales	(1,484,851)	(489,587)	(508,512)	(437,702)	(672,131)	(484,854)	(212,029)	-	(4,289,666)	(569,912)	(4,859,578)
Gross Profit	819,775	1,115,035	128,274	593,976	1,168,508	(6,433)	202,705	-	4,021,840	(1,370)	4,020,470
Other revenue per function	89,297	34,106	23,614	32,551	90,133	12,511	7,711	-	289,923	223,475	513,398
Distribution costs	(1,403)	(896)	(271)	(644)	(1,117)	(260)	(225)	-	(4,816)	(1,021)	(5,837)
Administrative expenses	(63,343)	(24,268)	(17,406)	(22,385)	(50,854)	(9,049)	(14,706)	(122)	(202,133)	(25,307)	(227,440)
Other expenses per function	(347,274)	(175,678)	(73,216)	(115,201)	(450,709)	(47,292)	(41,109)	(241)	(1,250,720)	(1,100)	(1,251,820)
Other gains (losses)	-	-	-	-	-	-	-	-	-	31,160	31,160
Finance income	7,212	2,068	1,289	2,136	5,935	556	703	1	19,900	2,127	22,027
Finance costs	(38,030)	(4,828)	(8,913)	(19,471)	(17,666)	(1,329)	(10,963)	-	(101,200)	(4,658)	(105,858)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	72,627	49,842	19,871	32,143	57,172	14,860	1,801	-	248,316	(123,772)	124,544
Exchange differences	5,837	(249)	(777)	1,352	10,035	(147)	629	807	17,487	24,386	41,873
Profit (loss) before taxes	544,698	995,132	72,465	504,457	811,437	(36,583)	146,546	445	3,038,597	123,920	3,162,517
Income tax expenses	(319,782)	(617,796)	(33,043)	(314,327)	(512,929)	31,886	(87,913)	(261)	(1,854,165)	(128,896)	(1,983,061)
Profit (loss)	224,916	377,336	39,422	190,130	298,508	(4,697)	58,633	184	1,184,432	(4,976)	1,179,456

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Segments	From 1/1/2010 to 6/30/2010										
	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Codelco	Subsidiaries and Parent net	Consolidated Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue from sales of the Corporation's copper	2,108,841	1,027,775	471,357	417,685	1,411,233	274,584	417,627	-	6,129,102	275,063	6,404,165
Revenue from sales from third parties' copper	-	-	-	-	-	55,456	-	-	55,456	505,506	560,962
Revenue from sales of molybdenum	179,720	-	18,148	45,113	80,470	-	-	-	323,451	-	323,451
Revenue from sales of other products	40,161	-	40,895	1,430	37,190	124,747	-	-	244,423	(41,123)	203,300
Revenue from futures market	(174,513)	(77,964)	(37,944)	(34,434)	(114,924)	-	(31,456)	-	(471,235)	(885)	(472,120)
Revenue between segments	-	-	-	-	-	-	-	-	-	(276,113)	(276,113)
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Revenue from regular activities	2,154,209	949,811	492,456	429,794	1,413,969	454,787	386,171	-	6,281,197	462,448	6,743,645
Cost of sales of the Corporation's copper	(1,283,424)	(390,977)	(363,676)	(240,679)	(587,039)	(286,234)	(193,521)	-	(3,345,550)	(414,803)	(3,760,353)
Cost of sales from third parties' copper	-	-	-	-	(330)	(62,499)	-	-	(62,829)	(509,651)	(572,480)
Cost of sales of molybdenum	(30,727)	-	(5,853)	(8,118)	(13,875)	17	-	-	(58,556)	-	(58,556)
Cost of sales of other products	(17,933)	-	(37,115)	6,267	(44,005)	(146,005)	-	-	(238,791)	41,311	(197,480)
Cost of sales between segments	(2,482)	(1,107)	(560)	(568)	(1,655)	(527)	(461)	-	(7,359)	434,572	427,213
Other Cost of sales	-	-	-	-	-	-	-	-	-	-	-
Cost of sales	(1,334,566)	(392,084)	(407,204)	(243,098)	(646,904)	(495,248)	(193,982)	-	(3,713,085)	(448,571)	4,161,656
Gross Profit	819,643	557,727	85,252	186,696	767,065	(40,461)	192,189	-	(2,568,112)	13,877	(2,581,989)
Other revenue per function	10,845	2,016	6,316	15,386	22,213	1,775	99	-	58,650	2,662	61,312
Distribution costs	(1,597)	(675)	(1,696)	(379)	(1,215)	(319)	(262)	-	(6,143)	(934)	(7,077)
Administrative expenses	(46,563)	(14,676)	(14,772)	(13,598)	(43,854)	(10,105)	(11,550)	-	(155,118)	(16,751)	(171,869)
Other expenses per function	(362,016)	(87,169)	(41,946)	(43,358)	(149,821)	(22,357)	(35,064)	-	(741,731)	(1,054)	(742,785)
Other gains (losses)	0	0	0	0	0	0	0	-	0	13,568	13,568
Finance income	4,623	1,112	839	1,283	2,720	385	541	-	11,503	596	12,099
Finance costs	(45,943)	(7,885)	(2,818)	(27,368)	(34,415)	(6,691)	(15,083)	-	(140,203)	(2,961)	(143,164)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	54,877	24,450	12,355	13,150	36,588	11,640	2,819	-	155,879	(5,424)	150,455
Exchange differences	22,022	(6,102)	2,908	9,193	6,336	2,431	(3,515)	-	33,273	(2,259)	31,014
Profit (loss) before taxes	455,891	468,798	46,438	141,005	605,617	(63,702)	130,174	-	1,784,221	1,320	1,785,541
Income tax expenses	(261,862)	(277,823)	(21,952)	(80,959)	(357,781)	43,804	(75,666)	-	(1,032,239)	1,161	(1,031,078)
Profit (loss)	194,029	190,975	24,486	60,046	247,836	(19,898)	54,508	-	751,982	2,481	754,463

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

The assets and liabilities related to each operating segment, including the Corporation's corporate center (Parent Company) as of June 30, 2011 and as of December 31, 2010 are detailed in the following tables:

6/30/2011										
Balance Sheet Item	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries and Parent net	Consolidated Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current Assets	1,334,409	687,598	353,992	266,785	744,842	175,669	256,108	27,292	1,836,043	5,682,738
Non-current assets	2,772,692	1,250,862	466,456	3,146,677	2,834,098	285,547	1,071,295	571,601	1,928,046	14,327,633
Current Liabilities	440,202	98,456	104,866	265,376	306,633	85,798	105	31,288	2,716,669	4,049,393
Non-current liabilities	827,355	193,874	224,997	173,472	661,431	31,217	11,850	-	8,096,002	10,330,945

12/31/2010										
Balance Sheet Item	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries 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	1,410,232	5,951,476
Non-current assets	3,118,643	1,233,388	428,352	3,042,902	2,771,088	278,212	916,073	131,803	2,407,104	14,327,565
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	1/1/2010	1/1/2011	1/1/2010
	6/30/2011	6/30/2010	4/1/2011	4/1/2010
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Total revenue from local customers	603,518	543,923	305,037	278,776
Total revenue from foreign customers	8,276,530	6,199,722	4,270,065	3,150,671
Total	8,880,048	6,743,645	4,575,102	3,429,447

Revenue per geographical areas	1/1/2011	1/1/2010	1/1/2011	1/1/2010
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Asia	4,418,792	3,672,565	2,234,566	1,992,512
Europe	1,948,645	1,332,887	1,008,922	701,672
Others	2,512,611	1,738,193	1,331,614	735,263
Total	8,880,048	6,743,645	4,575,102	3,429,447

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

Non-current assets other than financial instruments, deferred tax assets, Post-employment benefit assets, and rights arising under insurance contracts, are located mainly in Chile, with exceptions if not being significant, located in foreign subsidiaries, and that do not exceed more than 1% of such assets.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

25. Foreign exchange differences

According to Decree Law 1,350, the Corporation maintains its accounting records in United States dollars (US\$), recording transactions in currencies other than U.S. dollars at the exchange rate current at the date of each transaction and subsequently updating them, when necessary, according to the exchange rate determined by the Superintendency of Securities and Insurance as of closing reporting for each of the financial statements.

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

Gain (Loss) from foreign exchange differences recognized in income	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$	4/1/2011 6/30/2011 ThUS\$	4/1/2010 6/30/2010 ThUS\$
Gain from foreign exchange differences	176,252	102,516	64,412	46,716
Loss from foreign exchange differences	(134,379)	(71,502)	(100,820)	(19,509)
Total foreign exchange differences	41,873	31,014	(36,408)	27,207

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 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$
VAT Refund	686,823	584,615
Others	740,603	198,687
Total	1,427,426	783,302

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Other payments for operating activities	1/1/2011 6/30/2011 ThUS\$	1/1/2010 6/30/2010 ThUS\$
Contribution to the Chilean Treasury (Law No. 13,196)	(859,804)	(570,908)
Finance hedges and sales	(636,690)	(452,082)
VAT and other similar taxes paid	(667,952)	(600,268)
Total	(2,164,446)	(1,623,258)

On February, 15, 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.

Other collections from investing activities	1/1/2011 6/30/2011 ThUS\$
Sale of ECL-S.A.	1,055,351
Sale of Inca de Oro S.A.	33,000
Total	1,088,351

On 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.

Loss of control over subsidiaries	1/1/2011 6/30/2011 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(*)	3,154

(*) Statement of Financial Position as of December 31, 2010

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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.

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

a. Financial risks

- **Exchange rate risk:**

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

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

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

Taking the assets and financial liabilities as of June 30, 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\$25 million.

- **Interest rate risk:**

This risk is generated by interest rate fluctuations in Codelco's investment and financing activities. This movement can affect future cash flows or the market value of fixed rate financial instruments.

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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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 June 30, 2011, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US\$4.3 million change in finance costs.

Total fixed and variable interest rate obligations maintained by Codelco as of June 30, 2011, amount to ThUS\$ 4,724,891 y ThUS\$ 1,622,973, respectively.

b. Market risks

- **Commodity price risk:**

As a result of its commercial operations and activities, the the Corporation's income is mainly exposed to the volatility of copper prices and certain sub-products such as gold and silver.

Revenues associated with sales contracts that provide for a provisional price at the date of shipment and whose final price is based on the price of the London Metal Exchange ("LME") are adjusted to their market value and recorded in net income for the period.

As of June 30, 2011, if the future price of copper were to vary by + / - 5% (with the other variables constant), net income would vary by + / - US\$1 million as a result of the mark to market adjustment of sales revenue at provisional prices current at June 30, 2011 (ThTMF 330).

In order to protect its cash flows and, if necessary, adjust its sales contracts to its commercial policy, the Corporation performs transactions in the futures market, recording their earnings at maturity. These earnings are added or subtracted from sales revenue. This addition or subtraction is made because sales revenue incorporates the positive or negative effect of market prices.

The note "Derivative Contracts" describes the financial hedging instruments that exist as of June 30, 2010 to minimize market risk.

As of June 30, 2011, a one cent (US\$) 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\$5.

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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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, whether in cash, liquid financial instruments and credit facilities that are sufficient to meet its obligations.

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:

Maturities of financial liabilities at June 30, 2011	Less than one year ThUS\$	Between one and five years ThUS\$	More than five years ThUS\$
Loans from financial institutions	425,368	1,197,605	-
Bonds	61,689	1,756,421	2,906,781
Finance leases	21,981	52,414	73,078
Derivatives	1,185,818	492,363	-
Other financial liabilities	9,075	83,475	-
Total	1,703,930	3,582,278	2,979,859

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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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 valuations, based on each debtor's solvency analysis and payment history.

The maximum credit risk exposure as of June 30, 2011 is reliably represented by the financial asset items presented in the Corporation's Statement of Financial Position.

The Corporation's accounts receivable do not include customers with balances that could be classified as a significant concentration of debt and would represent a material exposure for Codelco. This exposure is distributed among a large number of clients and other counterparties.

The client items include allowances, which are not significant, based on review of the debt balances and the clients' characteristics, to cover possible insolvencies.

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

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

As of June 30, 2011 and December 31, 2010, there are no receivable balances that have been renegotiated.

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

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

During the 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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

28. Derivatives contracts

As stated in the Board of Directors' policy, ratified on March 27, 2009, the Corporation has operations to hedge cash flows, to minimize the risk of foreign exchange rate variations and sales price variations, detailed as follows:

a. Exchange rate hedges

The Corporation has interest rate hedging transactions for a total of ThUS \$158,260, which mature in August 2012 and April 2025.

The following table summarizes the exposure of the financial hedges contracted by the Corporation:

Hedge Item	Bank	Type of derivative Contract	Maturity	Currency	Amount of the hedge item	Swap value	Exposure
					ThUS\$	ThUS\$	ThUS\$
Bono UF Vcto. 2012	Bco. Chile - Jp Morgan	Swap	9/1/2012	US\$	327,308	164,482	26,026
Bono UF Vcto. 2025	Credit Suisse	Swap	4/1/2025	US\$	322,632	208,519	155,267
Total					649,940	373,001	181,293

The current methodology used to valorize the Swap

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 June 30, 2011, these operations generated lower net income of ThUS\$ 656,625 (plus an effect of higher net income equivalent to ThUS\$362 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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

June 30, 2011, the Corporation performed futures market transactions that represent 537,425 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of June 30, 2011 present a ThUS\$169,131 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 June 30, 2011 generated a net positive effect on net income of ThUS \$9,407, 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 June 30, 2011 the Corporation maintains contracts for pricing the sale of gold for ThTOZ 3 and silver for ThTOZ 696.

The negative exposure at that date is ThUS\$61.

The transactions completed between January 1 and June 30, 2011 generated a negative effect on net income of ThUS\$868, 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.

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 250,800 tons of fine copper (TMF). The copper futures sales contracts mature in January 2013.

The current futures contracts as of June 30, 2011 present a ThUS\$1,657,468 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 June 30, 2011, related to production sold, generated a lower income of ThUS\$665,164, 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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note 1.2)

The following table summarizes the exposure of the metal hedges contracted by the Corporation:

6/30/2011		Maturity Date					
ThUS\$	2011	2012	2013	2014	2015	Following	Total
Flex Com Coper (Assets)	165,547	3,975	-	-	-	-	169,522
Flex Com Copper (Liabilities)	-	-	(392)	-	-	-	(392)
Flex Com Gold/Silver	(94)	33	-	-	-	-	(61)
Copper Pricing	(556,722)	(1,019,372)	(81,374)	-	-	-	(1,657,468)
Metal options	-	-	-	-	-	-	-
Total	(391,269)	(1,015,364)	(81,766)	-	-	-	(1,488,399)

12/31/2010		Maturity Date					
ThUS\$	2011	2012	2013	2014	2015	Following	Total
Flex Com Coper (Assets)	186,631	116	-	-	-	-	186,747
Flex Com Copper (Liabilities)	(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)	(997,469)	(77,162)	-	-	-	(2,254,216)

6/30/2011		Maturity Date					
Th TM/Onzas	2011	2012	2013	2014	2015	Following	Total
Copper futures[TM]	245.4	255.8	35.3	0,5	-	-	537.0
Gold/ Silver futures [MOZ]	618.4	80.4	-	-	-	-	698.8
Copper pricing [TM]	84.0	154.3	12.5	-	-	-	250.8

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

29. Contingencies and restrictions

i. Litigations and contingencies

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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

In the opinion of Management and its legal advisors, the lawsuits in which the Company is being sued do not represent significant loss contingencies. 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 305 cases that have a clearly estimated value. It is estimated that 126 of these, which represent 41% of the total and which amount to ThUS\$90,613, could have a negative impact on the Corporation. There are also 50 lawsuits, representing 16% of the total and which amount to ThUS\$53,405, about which there is no certainty that the outcome would be unfavorable for Codelco. For the 129 remaining cases, amounting to ThUS\$11,682, the Corporation's legal advisors believe that an unfavorable outcome is unlikely. In addition, there are 124 lawsuits for undetermined amounts; it is believed that the result of 57 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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

ii. Other Commitments

- a) On April 29, 2008, the Company, jointly with other companies in the mining sector, entered into an electricity generation supporting contract with Gas Atacama Generación S.A. in the Norte Grande Interconnected System (SING), in force from March 1, 2008 to December 31, 2011, the expense for which will be accrued according to the participating companies' consumption. Codelco is responsible for covering a maximum of US\$194.71 million in that period.
- b) 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.
- c) 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.

In addition, Codelco granted Minmetals an option to purchase, at market price, a non-controlling interest in a company that would exploit the Gaby deposit, subject to the conditions established and authorized by Codelco to carry out this initiative.

On September 23, 2008, Codelco Chile and Minmetals agreed to indefinitely suspend the rights and obligations related to the option on the Gabriela Mistral Deposit. Any possible replacement of this option will require an agreement between both parties. Likewise, both companies agreed to work together, on a case by case basis, in the study of new international copper mining business and exploration opportunities, mainly in Latin America and Africa.

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 June 30, 2011, the contract is operational, and monthly shipments began in June 2006.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

On the basis of the agreements with Minmetals, Codelco's Board of Directors authorized hedging transactions for a total of 139,325 tons, by Copper Partners Investment Company Ltd., which were completed during the months of January and March 2006 (6,975 TMF outstanding at June 30, 2011), maturing until July 2011. Copper Partners Investment Company Ltd. assumes the results of the hedging transactions.

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.

- d) On January 30, 2009, the Corporation informed Anglo American Sur S.A. of its decision to postpone exercising the option it holds – which initially belonged to Empresa Nacional de Minería (ENAMI) and was transferred to Codelco for consideration - to acquire up to 49% of the shares of said company, for the next contract period from January 1 to 31, 2012.
- e) On February 22, 2010, Codelco made an advance payment of ThUS\$163,935 for the assignment of ENAMI's option to purchase Anglo American Sur S.A. shares, in three installments. The first two installments of ThUS\$60,000 were paid on February 22 and 25, 2010, respectively, and a third installment for the balance was paid on March 1, 2010.

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 June 30, 2010, the Corporation has guarantees for 50% of the total exposure of the derivative transactions made by GNL Mejillones S.A., up to a maximum of ThUS\$266,400.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

- f) 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.
- g) 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 June 30, 2011 and 2010, has met these conditions.

- h) 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.

- i) On November 6, 2009, Codelco signed the following long-term electric energy supply contracts with ELECTROANDINA SA:
- 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.

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

- j) 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 as of April 1, 2010 and up to March 31, 2013. The agreed maximum power is HP 70 (MW) and HFP 71 (MW).

30. Guarantees

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

The guarantees given by Codelco include those granted to financial institutions. The main ones are detailed in the following tables:

Direct guarantees provided to Financial institutions				
Creditor of the Guarantee	Type of Guarantee	Maturity	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Macquarie Bank Limited	Standby Letter - Intesa Sanpaolo Bank	May-11	30,000	165,000
Macquarie Bank Limited	Standby Letter - Intesa Sanpaolo Bank	May-11	55,000	-
Koch Supply & Trading LP	Standby Letter - Intesa Sanpaolo Bank	Jun-11	50,000	-
Koch Supply & Trading LP	Standby Letter - Intesa Sanpaolo Bank	Jun-11	30,000	-
Koch Supply & Trading LP	Standby Letter - Banco Santander Chile	May-11	55,000	55,000
Koch Supply & Trading LP	Standby Letter - Banco Santander Chile	Abr-11	25,000	-
Total			245,000	220,000

Indirect Guarantees provided to Financial Institutions					
Creditor por the Guarantee	Type of Guarantee	Relationship	Type of Guarantee	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Barclays Bank PLC	Sociedad GNL Mejillones S.A.	Associate	Guarantor	74,000	100,000
Morgan Stanley Capital Group INC.	Sociedad GNL Mejillones S.A.	Associate	Guarantor	148,000	200,000
Koch Supply & Trading LP	Sociedad GNL Mejillones S.A.	Associate	Guarantor	44,400	60,000
China Development Bank	Copper Partners Investment Co. Ltd.	Joint Venture	Rights	125,232	26,635
Total				391,632	386,635

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

The documents obtained as guarantees principally cover supplier and contractor obligations related to the various projects in progress. Considering the large amount of documents received and the large number

of suppliers and contractors, the information regarding these guarantees, is grouped according to the Operating Divisions that have received them.

Guarantees received from third parties		
Division	6/30/2011	12/31/2010
	ThUS\$	ThUS\$
Andina	40,858	50,026
Chuquicamata	61,929	52,652
Parent Company	77,012	140,949
Salvador	742	536
El Teniente	65,250	66,461
Ventanas	2,455	2,040
Total	248,246	312,664

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

31. Balances in foreign currency

a) Assets by Type of Currency

Item	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Liquid assets	1,547,014	1,069,177
US Dollars	1,437,339	983,905
Euros	15,680	558
Other currencies	2,427	21,780
Non-indexed Ch\$	88,218	62,934
U.F.	3,350	-
Cash and Cash equivalents	1,369,552	874,039
US Dollars	1,265,392	792,409
Euros	14,975	-
Other currencies	2,427	21,779
Non-indexed Ch\$	83,408	59,851
U.F.	3,350	-
Other current financial assets	177,462	195,138
US Dollars	171,947	191,496
Euros	705	558
Other currencies	-	1
Non-indexed Ch\$	4,810	3,083
U.F.	-	-
Short and long term receivables	2,102,228	3,175,641
US Dollars	1,580,470	2,628,357
Euros	134,265	67,926
Other currencies	2,421	459,333
Non-indexed Ch\$	383,065	18,835
U.F.	2,006	1,190
Trade and other receivables	1,738,379	2,714,006
US Dollars	1,405,493	2,363,430
Euros	132,357	67,926
Other currencies	2,421	265,486
Non-indexed Ch\$	196,102	15,974
U.F.	2,006	1,190

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Item	6/30/2011 ThUS\$	12/31/2010 ThUS\$
Reights receivables, non-current	192,608	198,785
US Dollars	3,736	3,585
Euros	1,908	-
Other currencies	-	193,847
Non-indexed Ch\$	186,964	1,353
U.F.	-	-
Due from related companies, current	90,402	157,954
US Dollars	90,402	156,446
Euros	-	-
Other currencies	-	-
Non-indexed Ch\$	-	1,508
U.F.	-	-
Due from related companies, non-current	80,839	104,896
US Dollars	80,839	104,896
Euros	-	-
Other currencies	-	-
Non-indexed Ch\$	-	-
U.F.	-	-
Rest of assets	16,361,129	16,034,223
US Dollars	13,447,874	11,754,576
Euros	398,246	460,807
Other currencies	23,658	3,530,536
Non-indexed Ch\$	1,763,529	250,197
U.F.	727,822	38,107
Total Assets	20,010,371	20,279,041
US Dollars	16,456,683	15,366,838
Euros	548,191	529,291
Other currencies	28,506	4,011,649
Non-indexed Ch\$	2,234,813	331,966
U.F.	733,178	39,297

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

b) Liability by type of currency

Current liabilities by currency	6/30/2011		12/31/2010	
	Up to 90 days ThUS\$	From 90 days to 1 year ThUS\$	Up to 90 days ThUS\$	From 90 days to 1 year ThUS\$
Current Liabilities	2,356,847	1,692,546	3,324,919	1,918,908
US Dollars	1,623,387	1,659,899	3,072,346	1,904,206
Euros	-	23,280	-	3,979
Other currencies	30	-	95,386	25
Non-indexed Ch\$	727,388	1,760	336	-
U.F.	6,042	7,607	156,851	10,698
Other current financial liabilities	11,384	1,692,546	-	1,918,908
US Dollars	6,619	1,659,899	-	1,904,206
Euros	-	23,280	-	3,979
Other currencies	-	-	-	25
Non-indexed Ch\$	2,383	1,760	-	-
U.F.	-	7,607	-	10,698
Bank loans	-	425,368	-	340,613
US Dollars	-	400,330	-	336,440
Euros	-	23,280	-	1,060
Other currencies	-	-	-	-
Non-indexed Ch\$	-	1,758	-	-
U.F.	-	-	-	3,113
Secured debentures	-	61,689	-	61,933
US Dollars	-	54,082	-	54,348
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	-	-	-	-
U.F.	-	7,607	-	7,585

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Current liabilities by currency	6/30/2011		12/31/2010	
	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	5,427	16,554	-	17,367
US Dollars	3,706	16,554	-	17,116
Euros	-	-	-	226
Other currencies	-	-	-	25
Non-indexed Ch\$	1,721	-	-	-
U.F.	-	-	-	-
Others	5,957	1,188,936	-	1,498,995
US Dollars	5,295	1,188,933	-	1,496,302
Euros	-	-	-	2,693
Other currencies	-	-	-	-
Non-indexed Ch\$	662	2	-	-
U.F.	-	-	-	-
Other current liabilities	2,345,463	-	3,324,919	-
US Dollars	1,614,386	-	3,072,346	-
Euros	-	-	-	-
Other currencies	30	-	95,386	-
Non-indexed Ch\$	725,005	-	336	-
U.F.	6,042	-	156,851	-

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Non-current liabilities by currency	6/30/2011				12/31/2010			
	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Non - current liabilities	5,667,120	1,683,966	1,645,295	1,334,564	6,024,775	1,579,613	1,570,977	1,328,637
US Dollars	4,184,916	1,682,074	1,622,449	985,788	4,594,673	1,579,613	1,570,977	985,661
Euros	-	-	-	-	476	-	-	-
Other currencies	-	-	-	-	2,444	-	-	-
Non-indexed Ch\$	1,117,482	-	1,466	-	1,022,154	-	-	-
U.F.	364,722	1,892	21,380	348,776	405,028	-	-	342,976
Other non - current financial liabilities	1,898,312	1,683,966	1,645,295	1,334,564	2,710,255	1,579,613	1,570,977	1,328,637
US Dollars	1,555,945	1,682,074	1,622,449	985,788	2,257,146	1,579,613	1,570,977	985,661
Euros	-	-	-	-	476	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	13,824	-	1,466	-	64,921	-	-	-
U.F.	328,543	1,892	21,380	348,776	387,712	-	-	342,976
Bank Loans	13,824	1,183,781	-	-	212,350	1,083,700	-	-
US Dollars	-	1,183,781	-	-	212,350	1,083,700	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	13,824	-	-	-	-	-	-	-
U.F.	-	-	-	-	-	-	-	-
Secured Debentures	1,260,020	496,401	1,572,217	1,334,564	1,252,314	495,913	1,570,977	1,328,637
US Dollars	933,656	496,401	1,572,217	985,788	933,314	495,913	1,570,977	985,661
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-	-
U.F.	326,364	-	-	348,776	319,000	-	-	342,976
Financial Lease	48,630	3,784	73,078	-	122,503	-	-	-
US Dollars	46,451	1,892	50,232	-	53,315	-	-	-
Euros	-	-	-	-	476	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	1,466	-	-	-	-	-
U.F.	2,179	1,892	21,380	-	68,712	-	-	-
Others	575,838	-	-	-	1,123,088	-	-	-
US Dollars	575,838	-	-	-	1,058,167	-	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	64,921	-	-	-
U.F.	-	-	-	-	-	-	-	-
Other non - current financial liabilities	3,768,808	-	-	-	3,314,520	-	-	-
US Dollars	2,628,971	-	-	-	2,337,527	-	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	2,444	-	-	-
Non-indexed Ch\$	1,103,658	-	-	-	957,233	-	-	-
U.F.	36,179	-	-	-	17,316	-	-	-

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

32. Sanctions

As of June 30, 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

- a) On July 8, the corporation communicated to the SVS that the Chilean Federation of Copper Workers had announced an illegal strike, for Monday, July 11, which would prevent the Corporation from producing an estimated 4,900 tons of fine copper and could generate losses of approximately US\$ 41 million. (Unaudited)
- b) On July 23, 2011, the Corporation communicated to the SVS that Codelco's Board of Directors had approved an investment of US\$ 3,039 million for the construction of the Nuevo Nivel Mina project at the El Teniente division.

The Nuevo Nivel Mina project (NNM) consists of prolonging the useful life of the El Teniente mine - ,located in the municipality of Machalí - , through the construction of infrastructure with the purpose of accessing a deeper area of the same mine site that has been exploited for more than a century.

Codelco's Management is not aware of any other significant events, of a financial nature or otherwise, that have occurred between January 1, 2011 and the date of issuance of these financial statements (August 25, 2011) that could affect them,

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

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
(Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

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 June 30, 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 June 30, 2011 and 2010, respectively and the projected future expenses for the second quarter of the current year:

Such disbursements are recorded as part of the assets of the Company

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
 (Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Environmental Investments Projected Future Expenses	Second quarter ThUS\$
Total Codelco-Chile	92,150
Andina	21,485
Infrastructure improvements for Ovejería and Los Leones - Projected	1,000
Line enhancement for main wall stirrups	599
Construction of water trap for ballast deposit - projected	4,565
Improvement tunnel N°3 handling for Ovejería	886
Drainage construction DL D2 to port - projected	2,076
Acid water treatment DLN and projected	9,905
Construction of plug for evacuation tower N°1	202
Slope Improvements and protection	1,045
Acquisition of independent pump equipment - projected	207
Infrastructure improvements for spill management - projected	1,000
El Teniente	52,933
Construction of 5th stage in Caren Reservoir	49,714
Liquid waste sewage solution - Sewel	3,119
Online monitoring canal residue - Tte - Projected	100
Minera Gaby	10,419
Installation of gravel dump - phase IV	8,631
Optimization Dust Collection System - phase II	376
Vision detection system	148
Vision detection system on Granulometric profile	64
Integral solution on the flexibility and vulnerability on water systems	1,200
	7,313
Ventanas	
Environmental mitigation regarding to the copper concentrate stock incident at Ventana´s project	7,313

CORPORACION NACIONAL DEL COBRE DE CHILE

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)
 (Translation to English of interim consolidated financial statements originally issued in Spanish – see Note I.2)

Environmental Investments Real Nominal Expense	6/30/2011 ThUS\$	6/30/2010 ThUS\$
Total Codelco-Chile	20,162	39,420
Salvador	1,239	-
Implementation if the solution for handling of liquid waste and water	910	-
Solution for oxygen plant water treatment and water plants	329	-
Andina	4,014	7,236
Remediation works- Residue Transport Tunnels	632	-
Construction of uptake tower N°3 for Ovejería reservoir	1,837	-
Line enhancement of main wall stirrup at Ovejería reservoir	31	329
Emergency construction hydraulic barrier	1,429	-
Construction of water trap for ballast deposit - projected	74	3,167
Construction of plug for evacuation tower N°1	-	202
Slope Improvements and protection	-	1,015
Acquisition of independent pump equipment	-	209
Improvement of tunnel 3 handling of Ovejería residue- projected	-	878
Drainage construction DL D2 to port - Projected	-	1,436
Improvement of the tailing concentrator underflow control	11	-
El Teniente	14,088	28,974
Construction of the 5th stage in Caren Reservoir	12,392	26,552
Decontamination of conditioning of laboratory	133	-
Liquid waste sewage solution - Sewel	1,563	2,422
Ventanas	821	-
Overhaul interchange W23	217	-
Construction of a new temporary storage facility (respel)	604	-
Minera Gaby	-	3,210
Installation of gravel dump - phase IV	-	3,210
