



# **CODELCO – CHILE**

**Interim Unaudited Consolidated Financial Statements as of and for the six-month periods ended June 30, 2014**

**(Translation to English of Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)**

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(As of and for the six-month periods ended as of June 30, 2014)

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

As of June 30, 2014 and December 31, 2013

(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	6/30/2014	12/31/2013
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	1	933,179	750,670
Other current financial assets	11	24,313	5,627
Other current non-financial assets		87,079	27,107
Trade and other current receivables	2	1,952,474	2,186,182
Accounts receivables due from related companies, current	3	13,825	30,883
Inventory	4	2,655,625	2,244,011
Current tax assets	6	260,217	179,759
<b>Total current assets</b>		<b>5,926,713</b>	<b>5,424,240</b>
<b>Non-current assets</b>			
Other non-current financial assets	11	93,088	93,707
Other non-current non-financial assets	10	42,865	39,622
Non-current receivables	2	139,548	138,896
Accounts receivables due from related companies, non-current	3	224	224
Investment accounted for using the equity method	8	7,378,005	7,494,982
Intangible assets other than goodwill		18,690	18,623
Property, plant and equipment, net	7	20,867,127	20,126,811
Investment property		17,944	18,018
<b>Total non-current assets</b>		<b>28,557,492</b>	<b>27,930,923</b>
<b>Total Assets</b>		<b>34,484,204</b>	<b>33,355,163</b>

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, 2014 and December 31, 2013

(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	6/30/2014	12/31/2013
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other current financial liabilities	12	1,527,560	1,160,301
Trade and other current payables	15	1,429,130	1,572,697
Accounts payables to related companies, current	3	125,631	153,949
Other current provisions	16	340,900	221,392
Current tax liabilities	6	285,213	15,723
Current employee benefit accruals	16	406,398	567,555
Other current non-financial liabilities		130,124	87,139
<b>Total current liabilities</b>		<b>4,244,956</b>	<b>3,778,756</b>
<b>Non-current liabilities</b>			
Other non-current financial liabilities	12	11,534,109	10,847,842
Accounts payables to related companies, non-current	3	212,026	230,692
Other non-current provisions and accrued expenses	16	1,352,052	1,387,890
Deferred tax liabilities	5	3,472,702	3,398,044
Non-current employee benefit accruals	16	1,329,444	1,298,367
Other non-current non-financial liabilities		4,550	5,952
<b>Total non-current liabilities</b>		<b>17,904,883</b>	<b>17,168,787</b>
<b>Total liabilities</b>		<b>22,149,839</b>	<b>20,947,543</b>
<b>Equity</b>			
Issued capital		2,524,423	2,524,423
Retained earnings		2,377,562	2,590,388
Other reserves	18	5,389,812	5,245,707
<b>Equity attributable to owners of the parent</b>		<b>10,291,797</b>	<b>10,360,518</b>
Non-controlling interests	18	2,042,568	2,047,102
<b>Total equity</b>		<b>12,334,365</b>	<b>12,407,620</b>
<b>Total liabilities and equity</b>		<b>34,484,204</b>	<b>33,355,163</b>

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the six-month and three-month periods ended as of June 30, 2014 and 2013  
(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see  
Note 1.2)

	Notes	1/1/2014 6/30/2014	1/1/2013 6/30/2013	4/1/2014 6/30/2014	4/1/2013 6/30/2013
Profit (loss)					
Revenue	19	6,578,406	7,216,977	3,448,217	3,939,301
Cost of sales		(4,964,894)	(5,340,678)	(2,503,964)	(3,090,575)
<b>Gross profit</b>		<b>1,613,512</b>	<b>1,876,299</b>	<b>944,253</b>	<b>848,726</b>
Other Income, by function	21.a	76,146	52,039	9,703	20,064
Distribution costs		(5,361)	(6,219)	(2,067)	(2,846)
Administrative expenses		(232,257)	(232,424)	(124,840)	(105,141)
Other expenses	21.b	(759,801)	(686,262)	(291,892)	(384,838)
Other gains (loss)		24,016	25,251	14,502	14,492
<b>Profit (loss) from operating activities</b>		<b>716,255</b>	<b>1,028,684</b>	<b>549,659</b>	<b>390,457</b>
Finance income		9,012	17,899	4,180	6,142
Finance costs	22	(233,607)	(187,124)	(113,192)	(97,879)
Share of profit of associates and joint ventures accounted for using the equity method	8	183,056	255,882	92,091	126,659
Foreign exchange differences	24	144,923	130,996	(11,423)	191,154
<b>Profit for the period before tax</b>		<b>819,639</b>	<b>1,216,337</b>	<b>521,315</b>	<b>616,533</b>
Income tax expense	5	(479,789)	(703,512)	(325,867)	(361,198)
<b>Profit for the period</b>		<b>339,841</b>	<b>512,825</b>	<b>195,448</b>	<b>255,335</b>
Profit (loss) attributable to:					
Profit attributable to owners of the parent		326,884	494,744	189,028	248,150
Profit attributable to non-controlling interests	18.b	12,957	18,081	6,420	7,185
<b>Profit/ (loss) for the period</b>		<b>339,841</b>	<b>512,825</b>	<b>195,448</b>	<b>255,335</b>

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Continuation)**  
For the six-month and three-month periods ended as of June 30, 2014 and 2013  
(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2014 6/30/2014	1/1/2013 6/30/2013	4/1/2014 6/30/2014	4/1/2013 6/30/2013
Profit/ (loss) for the period		339,841	512,825	195,448	255,335
<b>Components of other comprehensive income (loss), before tax:</b>					
<b>Exchange differences on conversion</b>					
Gain (loss) on exchange differences on conversion, before tax		(936)	(1,176)	(8)	(1,409)
Other comprehensive income, before tax, exchange differences on conversion		(936)	(1,176)	(8)	(1,409)
<b>Cash flow hedges</b>					
Gain (loss) on cash flow hedges, before tax		11,422	46,430	(11,985)	19,807
Other comprehensive income, before tax, cash flow hedges		11,422	46,430	(11,985)	19,807
Other comprehensive income, before tax, gains (losses) for defined benefit plans		(192,963)	-	(56,906)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, before tax		(520)	131	(83)	510
Other comprehensive income (loss), before tax		(182,997)	45,385	(68,982)	18,908
<b>Income tax related to other comprehensive income:</b>					
Income tax related to cash flow hedges of other comprehensive income	5	(6,853)	(25,577)	7,191	(9,644)-
Income tax relating to defined benefit plans other comprehensive income		124,183	-	35,746	-
Aggregated income tax related to components of other comprehensive income		117,330	(25,577)	42,937	(9,644)
<b>Other comprehensive income (loss)</b>		<b>(65,667)</b>	<b>19,808</b>	<b>(26,045)</b>	<b>(9,264)</b>
Reclassifiable other comprehensive income items to profit or loss in subsequent periods		3,113	19,808	(4,885)	9,264
Other comprehensive income for items not reclassifiable to profit or loss in subsequent periods		(68,780)	-	(21,160)	-
<b>Total comprehensive income</b>		<b>274,174</b>	<b>532,633</b>	<b>169,403</b>	<b>264,599</b>
<b>Comprehensive income attributable to:</b>					
Comprehensive income attributable to owners of the parent		261,217	514,552	162,983	257,414
Comprehensive income attributable to non-controlling interests	18.b	12,957	18,081	6,420	7,185
<b>Total comprehensive income</b>		<b>274,174</b>	<b>532,633</b>	<b>169,403</b>	<b>264,599</b>

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

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

As of June 30, 2014 and June 30, 2013  
(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see  
Note I.2)

	Notes	1/1/2014 6/30/2014	1/1/2013 6/30/2013
<b>Cash flow provided by (used in) operating activities:</b>			
Cash receipts provided by operating activities			
Cash flows provided by sales of goods and rendering of services		7,087,009	7,652,354
Other cash flows provided by operating activities	25	886,904	1,064,050
Types of cash payments			
Payments to suppliers for goods and services		(4,321,694)	(4,914,414)
Payments to and on behalf of employees		(1,266,581)	(1,088,023)
Other cash flows used in operating activities	25	(1,078,697)	(1,402,932)
Dividends received		298,627	348,034
Income taxes paid		(131,845)	(172,431)
<b>Net cash flows provided by operating activities</b>		<b>1,473,723</b>	<b>1,486,640</b>
<b>Cash flows provided by (used in) investing activities:</b>			
Other payments to acquire equity or debt instruments of other entities		(13,548)	(1,547)
Purchases of property plant and equipment		(1,880,127)	(2,225,513)
Interest received		2,431	18,288
Other inflows (outflows) of cash		(2,965)	49,038
<b>Net cash flows from (used in) investing activities</b>		<b>(1,894,209)</b>	<b>(2,159,734)</b>
<b>Cash flows provided by (used in) financing activities:</b>			
Total amounts from loans		1,440,523	890,997
Repayments of loans		(412,678)	(392,116)
Dividends paid		(202,103)	(142,576)
Interest paid		(220,450)	(188,040)
<b>Net cash flows from (used in) financing activities</b>		<b>605,292</b>	<b>168,264</b>
<b>Net increase (decrease) in cash and cash equivalents before foreign exchange difference</b>		<b>184,806</b>	<b>(504,830)</b>
Effect of exchange rate changes		(2,297)	19,396
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>182,509</b>	<b>(485,434)</b>
Cash and cash equivalents at beginning of period	1	750,670	1,263,823
Cash and cash equivalents at end of period	1	933,179	778,389

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.

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

As of June 30, 2014 and June 30, 2013  
(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

June 30, 2014	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial gains and losses in defined benefits plans  Note 17	Other miscellaneous reserves	Total other reserves  Note 18	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests  Note 18	Total Equity
<b>Initial balance as of 1/1/2014</b>	2,524,423	1,220	(8,704)	(113,519)	5,366,710	5,245,707	2,590,388	10,360,518	2,047,102	12,407,620
Opening balance reformulated	2,524,423	1,220	(8,704)	(113,519)	5,366,710	5,245,707	2,590,388	10,360,518	2,047,102	12,407,620
Changes in equity										
Profit for the period							326,884	326,884	12,957	339,841
Other comprehensive income (loss)		(936)	4,569	(68,780)	(520)	(65,667)		(65,667)	-	(65,667)
Comprehensive income								261,217	12,957	274,174
Dividends Paid							(202,103)	(202,103)		(202,103)
Increase (decrease) through transfers and other changes	-	-	-	-	209,772	209,772	(337,607)	(127,835)	(17,491)	(145,326)
Total increase (decrease) in equity	-	(936)	4,569	(68,780)	209,252	144,105	(212,826)	(68,721)	(4,534)	(73,255)
<b>Final balance as of 6/30/2014</b>	2,524,423	284	(4,135)	(182,299)	5,575,962	5,389,812	2,377,562	10,291,797	2,042,568	12,334,365

The accompanying notes form an integral part of these Interim Unaudited Consolidated Financial Statements.



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
As of June 30, 2014 and June 30, 2013  
(In thousands of US dollars - ThUS\$)

(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

June 30, 2013	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial gains and losses in defined benefits plans  Note 17	Other miscellaneous reserves	Total other reserves  Note 18	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests  Note 18	Total Equity
<b>Initial balance as of 1/1/2013</b>	2,524,423	1,609	(5,673)	(102,246)	3,368,247	3,261,937	4,293,246	10,079,606	2,099,406	12,179,012
Opening balance reformulated	2,524,423	1,609	(5,673)	(102,246)	3,368,247	3,261,937	4,293,246	10,079,606	2,099,406	12,179,012
Changes in equity										
Profit for the period							494,744	494,744	18,081	512,825
Other comprehensive income (loss)		(1,176)	20,853	-	131	19,808		19,808	-	19,808
Comprehensive income								514,552	18,081	532,633
Dividends Paid							(142,576)	(142,576)		(142,576)
Increase (decrease) through transfers and other changes	-	-	-	-	1,020,085	1,020,085	(1,053,786)	(33,701)	(66,419)	(100,120)
Total increase (decrease) in equity	-	(1,176)	20,853	-	1,020,216	1,039,893	(701,618)	338,275	(48,338)	289,937
<b>Final balance as of 6/30/2013</b>	2,524,423	433	15,180	(102,246)	4,388,463	4,301,830	3,591,628	10,417,881	2,051,068	12,468,949

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 Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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#### I. GENERAL INFORMATION

##### 1. Corporate Information

Corporación Nacional del Cobre de Chile, Codelco (hereinafter referred to as “Codelco”, “Codelco - Chile”, or the “Corporation”), is the largest copper producer in the world. Its most important product is refined copper, primarily in the form of cathodes. The Corporation also produces copper concentrates, blister and anode copper and by-products such as molybdenum, anode slime and sulfuric acid. Codelco also manufactures wire rods in Germany, a semi-manufactured product that uses copper cathodes as raw material through an associated company (discussed in Note 8).

The Corporation trades its products based on a policy with the objective of selling refined copper to manufacturers or producers of semi-manufactured products.

These products contribute to diverse fields of community development, particularly those intended to improve areas such as public health, energy efficiency, and sustainable development, among others.

Codelco is registered under Securities Registry No. 785 of the Chilean Superintendency of Securities and Insurance (the “SVS”) and is subject to the supervision of said SVS. According to Article 10 of Law N° 20.392 (on the new Corporate Governance of Codelco), such supervision will be on the same terms as publicly traded companies, notwithstanding the provisions in Decree Law (D.L.) No. 1.349 of 1976, which created the Comisión Chilena del Cobre (“Chilean Copper Commission”).

Codelco’s head office is located in Santiago, Chile, at 1270 Huérfanos, telephone number (56 2) 26903000.

Codelco Chile was formed as stipulated by D.L. N° 1.350 of 1976, which is the statutory decree of the Corporation. In accordance with the statutory decree, Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity with its own equity. Codelco Chile currently carries out its mining business through its divisions Chuquicamata, Radomiro Tomic, Salvador, Andina, El Teniente, Ventanas and Gabriela Mistral. The Gabriela Mistral division is in charge of the ore deposit of the same name, whose operations were, until December 31, 2012, the responsibility of its subsidiary Minera Gaby SpA., a wholly owned subsidiary of the Corporation which was absorbed by Codelco on that date.

In 2010 the Corporation was authorized by its Board of Directors to invest in the operation of the new division Ministro Hales Mine, who commenced operations in the first half of 2014 (at 2013 year end the division had completed its pre-stripping and concentrator testing, and was

## 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 Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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beginning its operations missing only the roasting plant tests). 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 N° 20.392, Codelco is governed by its organic standards set forth in Decree Law No. 1.350 (D.L. No. 1.350) and that of its statutes, and in matters not covered by them and, insofar as they are compatible and do not go against the provisions of these rules, the rules that govern publicly traded companies and the common laws as applicable to them.

In accordance with D.L. No. 1.350 Section IV related to the Company's Exchange and Budget Regulations, Codelco's financial activities are conducted following a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The tax system applicable to Codelco's income is in accordance with Article 26 of D. L. No. 1.350, which refers to Decree Laws No. 824 on Income Tax of 1974 and Decree Law No. 2.398 (Article 2) of 1978, as applicable. The Corporation's income is also subject to a Specific Mining Tax in accordance with Law N° 20.026 of 2005.

The Corporation is subject to Law No. 13.196, which mandates the payment of a 10% tax over the foreign currency return on the actual sale revenue of copper production, including its by-products.

The subsidiaries whose financial statements are included in these consolidated financial statements correspond to companies located in Chile and abroad, which are detailed in Note 2.d of Section II to the Summary of Significant Accounting Policies.

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

## 2. Basis of Presentation of the Consolidated Financial Statements

The Corporation's consolidated financial statements are stated in thousands of US dollars and were prepared based on the accounting records maintained by Codelco Chile and its subsidiaries, and have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB").

### Responsibility for the Information and Use of Estimates

The Board of Directors of the Corporation has been informed of the information included in these financial statements and expressly states its responsibility for the consistent and reliable nature of the information included in the consolidated financial statements as of June 30, 2014, for the effects of which IFRS principles issued by the IASB have been applied in full. The June 30, 2014

**CORPORACION NACIONAL DEL COBRE DE CHILE**

**NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of Interim Unaudited Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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Consolidated Financial Statements were approved by the Board of Directors in a meeting on August 28, 2014.

**Accounting Principles**

These consolidated financial statements reflect the financial position of Codelco Chile and its subsidiaries as of June 30, 2014 and December 31, 2013, also, the results of their operations for the six and three-month periods ended June 30, 2014 and 2013, the changes in net equity and cash flows for the six-month periods ended June 30, 2014 and 2013, and their related notes, all of which have been prepared and presented in accordance with IAS 34 “Presentation of Financial Statements” which considers the respective regulations of the Chilean Superintendency of Securities and Insurance (“SVS”), and do not conflict with IFRS.

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

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the amounts of assets and liabilities recognized as of the date of financial statements and the amounts of income and expenses during the reporting period. It also requires the Corporation’s management to exercise its judgment in the process of applying the Corporation’s accounting principles. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as follows:

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

The studies consider specific factors related to the use of assets.

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

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**

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time. For such reason, these changes would lead to modifications in the usage estimates of certain assets and of the amount of certain decommissioning and restoration costs.

The Corporation estimates its reserves and mineral resources based on the information composed by the Competent Persons of the Corporation, defined and regulated by the Chilean Law N° 20.235. The estimates are based on the JORC (Joint Ore Reserves Committee) methodology, taking into consideration the historical information of the cost of goods sold and copper prices in the international market.

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

- c) Impairment of assets** - The Corporation reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss with regard to the carrying amount. In the evaluation of impairment, the assets are grouped into cash generating units ("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 CGU's and also estimates the timing and cash flows that such CGU's should generate. Subsequent changes in the grouping of the CGU, or changes in the assumptions supporting the estimates of cash flows or the discount rate, could impact the carrying amounts of the corresponding assets.

Estimation of factors influencing the calculation of cash flows, such as the price of copper or treatment charges and refining charges, among others, are determined based on studies conducted by the Corporation, which are in turn supported by certain standards over time. Any changes to these criteria may impact the recoverable amount of the assets on which is performing the impairment tests. The Corporation has evaluated and defined the CGU are made at the level of each of its current operating divisions.

The Corporation has assessed and defined that the CGU's are constituted at the level of each of its current operating divisions.

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

- d) Provisions for decommissioning and site restoration costs** - The Corporation is obligated to incur in decommissioning and site restoration costs when environmental disturbance is caused by 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.

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For these purposes, a defined list of mine sites, installations and other equipment assigned to this process, considered at the engineering level profile, the cubing of assets that will be subject to removal and restoration, weighted by a structure of market prices of goods and services, reflecting the best knowledge at the time to carry out such activities, as well as techniques and more efficient construction procedures to date. In the process of valuation of the activities mentioned, the assumptions of the exchange rate for tradable goods and services must be made, and the discount rate applied to update the relevant cash flows over time, which reflects the time value of money and includes the risks associated with liabilities, which is determined based on the currency in which disbursements will be made.

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

If the change in estimate results in an increase in the decommissioning and site restoration liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If the revised asset net of decommissioning and site restoration provisions exceeds the recoverable value, that portion of the increase is charged directly to profit or loss statement. Any decommissioning and site restoration costs that arose as a result of the production phase of a mine should be expensed as incurred.

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

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

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

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Corporation believes that the assumptions used are appropriate, a change in these assumptions could affect net income.

- f) Accruals for open invoices** - The Corporation uses information on future copper prices, through which it recognizes adjustments to its revenues and trade receivables, due to the conditions of its provisional invoicing. These adjustments are updated on a monthly basis and the accounting principle on “Revenue recognition” is referred to in letter q) of the section 2 “Significant accounting policies” of the current document.
- g) Fair Value of Derivatives and Other Instruments** - Management may use its judgment to choose an adequate and proper valuation method for the instruments that are not quoted in an active market. The Corporation applies customary valuation techniques used by other professionals in the industry. In the case of derivative financial instruments, assumptions are based on the observable market inputs, adjusted in conformity with the specific features of the instruments.
- h) Lawsuits and contingencies** - The Corporation assesses the probability of lawsuits and contingency losses on an ongoing basis according to estimates performed by its legal advisors. For cases in which management and the Corporation’s legal advisors believe that a favorable outcome will be obtained or when the results are uncertain and the lawsuits are still pending resolution, no provisions are recognized.

Although these above-mentioned estimates have been made based on the best information available as of the date of issuance of these consolidated financial statements, it is possible that future developments may force the Corporation to modify these estimates in upcoming periods. Such modifications, if occurred, would be adjusted prospectively, recognizing the effects of the change in estimate on the corresponding future consolidated financial statements, as required by IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

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**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, 2014 and December 31, 2013.
- Statements of Comprehensive Income for the six and three-month periods ending June 30, 2014 and 2013.
- Statements of Changes in Equity for the six-month periods ending June 30, 2014 and 2013.
- Statements of Cash Flows for the six-month periods ending June 30, 2014 and 2013.

b) **Basis of preparation** - The consolidated financial statements of the Corporation for the period ended as of June 30, 2014 have been prepared in conformity with IFRS, as issued by the IASB.

The consolidated statement of financial position as of December 31, 2013 and as of January 1, 2013, and the statements of comprehensive income for the six and three-month periods ending June 30, 2014, statements of net equity and of cash flows for the six-month periods ended June 30, 2013, included for comparative purposes, have been prepared in conformity with IFRS, on a consistent basis with the criteria used by the Corporation for the period ended June 30, 2014.

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

c) **Functional Currency** - The functional currency of Codelco is the US dollar, which is the currency of the primary economic environment in which the Corporation operates and the currency in which it receives its revenues. Transactions other than those in the Corporation's functional currency are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at closing exchange rates. Gains and losses from foreign currency conversion are included in the period profit or loss within the line item "Foreign Exchange differences".

The presentation currency of the 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



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performed with Codelco), the functional currency is also the US dollar, as this is the functional currency of Codelco.

When the indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions under which each entity operates.

- d) Basis of consolidation** - The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In the consolidation process, all significant balances and transactions between the consolidated companies have been fully eliminated, and the equity share of non-controlling interests has been recognized and presented as “Non-controlling Interests” The consolidated financial statements take into account the elimination of intercompany balances, transactions and unrealized profit and loss between the consolidated companies, including foreign and local subsidiaries. The companies incorporated in the consolidation are detailed as follows:

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Taxpayer Number	Company	Country	Currency	6/30/2014			12/31/2013
				Entity Share Percentage			Entity Share Percentage
				Direct	Indirect	Total	Total
Foreign	Chile Copper Limited	England	GBP	100.00	-	100.00	100.00
Foreign	CK Metall Agentur GmbH	Germany	EURO	-	100.00	100.00	100.00
Foreign	Codelco do Brasil Mineracao	Brazil	BRL	-	100.00	100.00	100.00
Foreign	Codelco Group Inc.	United States of America	USD	100.00	-	100.00	100.00
Foreign	Codelco International Limited	Bermuda	USD	100.00	-	100.00	100.00
Foreign	Codelco Kupferhandel GmbH	Germany	EURO	100.00	-	100.00	100.00
Foreign	Codelco Metals Inc.	United States of America	USD	-	100.00	100.00	100.00
Foreign	Codelco Services Limited	England	GBP	-	100.00	100.00	100.00
Foreign	Codelco Shanghai Company Limited	China	USD	100.00	-	100.00	100.00
Foreign	Codelco Technologies Ltd.	Bermuda	USD	-	100.00	100.00	100.00
Foreign	Codelco USA Inc.	United States of America	USD	-	100.00	100.00	100.00
Foreign	Ecometales Limited	Anglonormandars	USD	-	100.00	100.00	100.00
Foreign	Exploraciones Mineras Andinas Ecuador EMSAEC S.A.	Ecuador	USD	-	100.00	100.00	-
Foreign	Cobrex Prospeccao Mineral	Brazil	BRL	-	51.00	51.00	-
78.712.170-5	Compañía Minera Picacho (SCM)	Chile	USD	99.99	0.01	100.00	100.00
78.860.780-6	Compañía Contractual Minera los Andes	Chile	USD	99.97	0.03	100.00	100.00
79.566.720-2	Isapre Chuquicamata Ltda.	Chile	CLP	98.30	1.70	100.00	100.00
81.767.200-0	Asociación Garantizadora de Pensiones	Chile	CLP	96.69	-	96.69	96.69
88.497.100-4	Clinica San Lorenzo Limitada	Chile	CLP	99.90	0.10	100.00	100.00
76.521.250-2	San Lorenzo Institución de Salud Previsional Ltda.	Chile	CLP	-	100.00	100.00	99.90
89.441.300-K	Isapre Río Blanco Ltda.	Chile	CLP	99.99	0.01	100.00	100.00
96.817.780-K	Ejecutora Hospital del Cobre Calama S.A.	Chile	USD	99.99	0.01	100.00	100.00
96.819.040-7	Complejo Portuario Mejillones S.A.	Chile	USD	99.99	0.01	100.00	100.00
96.854.500-0	Instituto de Innovación en Minería y Metalurgia S.A.	Chile	USD	99.93	0.07	100.00	100.00
96.876.140-4	Santiago de Río Grande S.A.	Chile	USD	99.99	0.01	100.00	100.00
76.024.442-2	Ecosea Farming S.A.	Chile	USD	-	85.03	85.03	85.03
96.991.180-9	Biosigma S.A.	Chile	USD	66.67	-	66.67	66.67
99.569.520-0	Exploraciones Mineras Andinas S.A.	Chile	USD	99.90	0.10	100.00	100.00
99.573.600-4	Clinica Río Blanco S.A.	Chile	CLP	99.00	1.00	100.00	100.00
76.064.682-2	Centro de Especialidades Médicas Río Blanco Ltda.	Chile	CLP	99.00	1.00	100.00	100.00
77.773.260-9	Sociedad de Inversiones Copperfield Ltda.	Chile	USD	99.99	0.01	100.00	100.00
76.883.610-8	Energía Minera S.A.	Chile	USD	99.00	1.00	100.00	100.00
76.043.396-9	Innovaciones en Cobre S.A.	Chile	USD	0.05	99.95	100.00	100.00
76.148.338-2	Sociedad de Inversiones Copperfield Ltda.	Chile	USD	99.90	0.10	100.00	100.00
76.167.903-1	Inversiones Mineras Acrux SpA	Chile	USD	-	67.80	67.80	67.80
76.173.357-5	Inversiones GacruX SpA	Chile	USD	100.00	-	100.00	100.00
76.231.838-5	Inversiones Mineras Nueva Acrux SpA	Chile	USD	-	67.80	67.80	67.80
76.237.866-3	Inversiones Mineras Los Leones SpA	Chile	USD	100.00	-	100.00	100.00
76.173.783-K	Inversiones Mineras BecruX SpA	Chile	USD	-	67.80	67.80	67.80
76.124.156-7	Centro de Especialidades Médicas San Lorenzo Ltda.	Chile	USD	-	100.00	100.00	100.00
76.255.061-K	Central Eléctrica Luz Minera SpA	Chile	USD	100.00	-	100.00	100.00
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	USD	100.00	-	100.00	100.00
76.255.667-7	MCM Equipos S.A.	Chile	USD	-	-	-	100.00
70.905.700-6	Fusat	Chile	CLP	-	-	-	-
76.334.370-7	Inst. de Salud Previsional Fusat. Ltda.	Chile	CLP	-	99.70	99.70	99.70
78.394.040-K	Centro de Servicios Médicos Porvenir Ltda.	Chile	CLP	-	99.00	99.00	99.00
96.796.530-8	Inmobiliaria Centro de Especialidades Torre Médica S.A.	Chile	CLP	-	75.00	75.00	75.00
77.928.390-9	Inmobiliaria e Inversiones Río Cipreces Ltda.	Chile	CLP	-	99.90	99.90	99.90
77.270.020-2	Prestaciones de Servicios de la Salud Intersalud Ltda.	Chile	CLP	-	99.00	99.00	99.00

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

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- **Subsidiaries** - A subsidiary is an entity over which the Corporation has power to govern its operating and financial policies in order to obtain benefits from its activities under the conditions of IFRS 10. The consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows of Codelco and its subsidiaries, after eliminating all inter-company balances and transactions. For partially owned subsidiaries, the net assets and net earnings attributable to non-controlling shareholders are presented as “Non-controlling interests” in the consolidated statements of financial position and consolidated statement of income.
- **Associates** - An associate is an entity over which Codelco is in the position to exercise significant influence, but not to control or jointly control, through the power to participate in the financial and operating policy decisions of that entity.

Codelco’s share of the net assets of such entities is included in the consolidated financial statements by using the equity method. This requires recording the initial investment at cost and then, in subsequent periods, adjusting the carrying amount of the investment to reflect Codelco’s share in the income of associates, less any impairment of goodwill and any other changes in the associate’s net assets.

The Corporation makes adjustments to the proportional gains or losses obtained by the associate after the acquisition, in order to consider the effects that may exist in the depreciation of fair value of the assets according to the date of acquisition.

- **Acquisitions and Disposals** - The results of businesses acquired are incorporated in the consolidated financial statements from the acquisition date; the results of businesses sold during the period are incorporated into the consolidated financial statements up to the effective date of disposal. Gains or losses from the disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the ownership interest that has been sold.

Upon the occurrence of operations that generate a loss of control over a subsidiary, the valuation of investment which results from the loss of control in the subsidiary must be based on the fair values of such companies.

If at the time of acquisition of an investment in an associate, Codelco’s share in the net fair value of identifiable assets and liabilities of the associate is higher than the cost of the investment, the Corporation recognizes revenue in the period in which such purchase was made.

- **Joint Ventures** - The entities that qualify as joint ventures, in which joint control exists over the operating and financial decisions, are accounted for using the equity method.

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

At the reporting period-end, monetary assets and liabilities denominated in currency other than the functional currency, indexed in unidades de fomento (UF or inflation index-linked units of account) (6/30/2014: US\$ 43.48; 12/31/2013: US\$44.52), are translated into U.S. dollars at the closing exchange rates of each period.

Income and expenses denominated in Chilean pesos have been translated into U.S. dollars at the exchange rate at the date when the transaction was recorded in the accounting records.

Exchange differences are recognized in net income in accordance with IFRS.

The financial statements of subsidiaries, associates and jointly controlled entities, whose functional currency is different from the presentation currency of Codelco, are translated using the following procedures:

- Assets and liabilities for each statement of financial position presented shall be translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive income shall be translated at average exchange rates of the reporting period.
- All resulting exchange differences are recognized as a separate component of net equity.

The exchange rates used in each period are as follows:

Relation	Exchange rates	
	6/30/2014	12/31/2013
USD/CLP	0.00181	0.00191
USD/GBP	1.71086	1.65153
USD/BRL	0.45188	0.42452
USD/EURO	1.36930	1.38064

- f) **Offsetting Balances and Transactions:** As a general standard, assets and liabilities, income and expenses, are not offset in the financial statements, except for those cases in which offsetting is required or is allowed by some standard and the presentation is a reflection of the transaction.

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Income or expenses arising from transactions which, for contractual or legal reasons, consider the possibility of offsetting and which the Corporation intends to liquidate for their net value or realize the assets and pay the liabilities simultaneously, are stated net in the statement of income.

- g) Property, plant and equipment and depreciation** - Property, plant and equipment items are initially recognized at cost. After their initial recognition, they are recorded at cost, less any accumulated depreciation and any accumulated impairment losses.

The costs of property, plant and equipment items related to the extension, modernization or improvement representing an increase of the productivity, capacity or efficiency or an increase in the useful life of the assets is capitalized as cost of the corresponding assets.

Furthermore, investments in assets acquired under finance lease contracts are not legally owned by the Corporation until the corresponding purchase option is exercised.

Items included in property, plant and equipment are depreciated in accordance with the straight-line method over their economic useful lives, which are summarized in the following table:

Items	Minimum useful life	Maximum useful life
Buildings	15 years	50 years
Plant and equipment	2 years	35 years
Fixtures and fittings	2 years	15 years
Motor vehicles	5 years	25 years
Mining operations	20 years	35 years
Construction in progress (mine development)	1 year	5 years
Land improvements	10 years	35 years
Other	5 years	24 years

The  
straight-line

depreciation method mentioned above, based on calculation procedures that enable the detection of significant changes, does not differ materially from depreciation results based on calculations which detect changes in production units.

The assets maintained under finance leases are depreciated during the estimated period of the lease contract or in accordance with the useful life of the assets, whichever is lower.

Estimated useful lives, residual values and the depreciation method are reviewed at each year end, recording prospectively the effect of any change in estimates.

The profit or loss from disposal or withdrawal of an asset is calculated as the difference between the price obtained in the disposal and the value recorded in the ledgers recognizing the charge or credit to net income for the year.

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Work in progress includes the amounts invested in the construction of property, plant and equipment assets and in mining development projects. Works in progress are transferred to assets in operation once the testing period has terminated and when they are available for use, and start to be depreciated as of that moment.

The ore deposits owned by the Corporation are recorded in the accounting records at US\$1 (one US dollar).

Without limiting the foregoing, reserves and resources acquired as part of acquisitions of shares in companies where the economic value of such properties differs from the carrying amount are recorded at fair value less any accumulated losses for impairment, and deducting the value associated with the use and/or consumption of such reserves.

Borrowing costs that are directly attributable to the acquisition or construction of assets that require a substantial period of time before they are ready for use or sale will be considered as part of the cost of property, plant and equipment.

- h) Impairment of property, plant and equipment and intangible assets** - Property, plant and equipment and intangible assets of definite useful life are reviewed for impairment, in order to verify whether there is any indication that the carrying value cannot be recovered. If such an indicator exists, the recoverable amount of the assets is estimated to determine the extent of the impairment loss. Where the asset does not generate cash flows independently from other assets, Codelco estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

For assets with indefinite useful lives, the estimated recoverable amount is performed at the end of each year.

If the asset does not generate cash flows that are independent from other assets, Codelco determines the recoverable amount of the CGU to which the asset belongs.

For such purposes, each division of the Corporation has been defined as a cash generating unit.

The measurement of impairment includes subsidiaries and associates.

The recoverable amount of an asset will be the higher of the fair value less costs to sell the asset and its value in use. When evaluating the value in use, the estimated future cash flows are discounted using an interest rate, before taxes, that shows the market evaluations corresponding to the time value of money and the specific risks of the asset, for which the future cash flow estimates have not been adjusted.

If the recoverable value of an asset or cash generating unit is estimated to be less than its carrying amount, an impairment loss is immediately recognized, reducing the carrying amount up to its recoverable amount with a charge to net income. In case of a subsequent reversal of the impairment, the carrying amount increases to the reviewed estimate of the

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recoverable amount, but only to the point that it does not exceed the carrying amount that would have been determined if no impairment had been recognized previously. A reversal is recognized as a decrease in the charge for depreciation for the year.

For CGU's, future cash flow estimates are based on the estimates of future production levels, future prices of basic products and future production costs. IAS 36 "Impairment of Assets" includes a series of restrictions to the future cash flows that can be recognized regarding the restructurings and future improvements related to expenses. When calculating the value in use, it is also necessary to base the calculations on the current exchange rates at the moment of the measurement.

- i) **Exploration, mine development and mining operations costs and expenses** - The Corporation has defined an accounting criterion for each of these costs and expenses.

Development expenses for deposits under exploitation whose purpose is to maintain production levels are charged to net income when incurred.

Expenses for exploration and drillings of deposits include the expenses destined to locate mineralized areas to determine their potential for commercial exploitation. The accounting policy for these expenses has been defined by the Corporation in accordance with IFRS 6 paragraph 9, which will mainly be treated as expenses in profit or loss in the period when the expenses occurred until there is certainty that the project is economically viable.

Pre-operating and mine development expenses (PP&E) incurred during the execution of a project and until its start-up are capitalized and amortized in relation to the future production of the mine. These costs include extraction of waste material, constructing the mine's infrastructure and other works carried out prior to the production phase.

Finally, the costs for the delimitation of new areas or deposit areas in exploitation and of mining operations (PP&E) are recorded in property, plant and equipment and are charged to net income during the period in which the benefits are obtained.

- j) **Deferred stripping** – Costs that arise by removing mine waste materials (overburden) to gain access to mineral ore deposits in open pits that are in production, incurred in order to access mineral deposits that are in production, or incurred in order to access mineral deposits are recognized in property, plant and equipment, provided they meet the following criteria set out in IFRIC 20:

- It is probable that the future economic benefits associated with the stripping activity will flow to the entity.
- It is possible to identify the component of an ore body for which access has been improved as a result of the stripping activity.
- The costs relating to the improved access to that component can be measured reliably.

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The amounts recognized in property, plant and equipment are depreciated according to units of production method extracted from the ore body related to the stripping activity which generated this amount.

- k) Income taxes and deferred taxes** - Codelco and its Chilean subsidiaries record Income Tax based on the net taxable income determined as per the standards established in the Income Tax Law and Article 2 of the D.L. 2.398, as well as the specific tax on mining referred to in Law 20.026 of 2005. Its foreign subsidiaries record income tax according to the taxation standards of each country.

Deferred taxes due to temporary differences and other events that generate difference between the accounting and tax bases for assets and liabilities are recorded in accordance with the standards established in IAS 12 "Income taxes".

In addition, a deferred tax is recognized for the net income of subsidiaries, associates, special purpose entities and joint ventures, originated by withholding taxes on remittances of dividends paid by such companies to the Corporation.

- l) Inventory** - Inventory is stated at cost, which does not exceed its net realizable value. The net realizable value represents the estimated sales price less all finishing costs and marketing, sales and distribution expenses. Costs have been determined according to the following methods:

- **Finished products and products in process:** This inventory is stated at average production cost, according to the absorption costing method, including labor and the depreciation of property, plant and equipment, the amortization of intangible assets and the indirect expenses of each period.
- **Materials in warehouse:** This inventory is stated at acquisition cost, and the Corporation determines an allowance for obsolescence considering the permanence in stock of slow moving materials in the warehouse.
- **Materials in transit:** This inventory is stated at cost incurred until the period-end date. Any difference, due to the estimate of a lower net realizable value of the inventory, in relation to its accounting value, is adjusted with a charge to net income.

- m) Dividends** - The payment obligation of net revenues presented in the financial statements, as determined in Article 6 of D.L. 1.350, is recognized based on the accrued payment obligation.

- n) Employee benefits** - Codelco recognizes accruals for employee benefits when there is a current obligation as a result of the services provided.

The contract conditions stipulate, subject to compliance with certain conditions, the payment of an employee termination benefit when an employment contract ends. In



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general, this corresponds to one monthly salary per year of service and considers the components of the final remunerations which are contractually defined as the basis for the indemnity. This benefit has been defined as a long-term benefit.

Codelco has also agreed to post-employment medical care for certain employees, which are paid based on a fixed percentage of the monthly tax base of the employees covered by this agreement. This benefit has been defined as a post-employment medical care benefit.

The employee termination benefit obligation and the post-employment medical plans are calculated in accordance with valuations performed by an independent actuary, using the projected unit credit method, which are updated on a regular basis. The obligation recognized in the statement of financial position represents the net present value of the employee termination benefit obligation and the post-employment medical benefit. Actuarial gains and losses are recognized immediately in the statement of other comprehensive income.

Management uses assumptions to determine the best estimate of these benefits. Such assumptions include an annual discount rate, mortality and morbidity tables, expected increases in compensation and future permanence, among other factors.

In accordance with its operating optimization programs to reduce costs and increase labor productivity by incorporating new current technologies and/or practical management best practices, the Corporation has established employee retirement programs by means of related addenda to employee contracts or collective union agreements with benefits that encourage employees to retire. Accordingly, the required accruals are established based on the accrued obligation at current value. In case of employee retirement programs which involve multiyear periods, the provisioned obligations for these concepts are updated considering a discount rate determined by financial instruments for the same currency used to pay the obligations and similar maturities.

- o) Provisions for dismantling and restoration costs** – A legal or constructive obligation occurs when dismantling and restoration costs are incurred as a result of alterations caused by a mining activity (in development or in production). Costs are estimated on the basis of a formal closure plan and are subject to yearly reviews.

The costs arising from the obligation to dismantle the installation of a plant or other project for the preparation of the site, discounted at their net present value, are accrued and capitalized at the beginning of each project, at which time the obligation to incur such costs is arises.

These dismantling costs are recorded in income via the depreciation of the asset that gave rise to this cost, and the provision is used when the dismantling takes place. Subsequent changes in the estimates of liabilities related to dismantling are added to or deducted from the costs of the related assets in the period in which the adjustment is made.

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The restoration costs are accrued at their net present value against operating income, and the provision is used in the period during which the restoration works are performed. Changes in measurement of the liability related to the location of the mining activity (discount rate or time) are recorded in operating income and depreciated based on the useful lives of assets which give rise to these changes.

The effects of updating the liability, due to the discount rate and/or time, are recorded as finance costs.

- p) Leases** – (Codelco as a lessee) Leases are classified as finance leases when the terms of the lease transfer all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease costs under operating leases are charged to income over the lease term. Assets acquired under finance leases are recognized as assets at the start of the lease at either the fair value or the present value of minimum lease payments for the discounted lease at the contracted interest rate, whichever is lower. Interest is charged in the finance costs, at a fixed periodic rate, in the same depreciation period of the asset. The lease obligations net of financing costs are included in other current or non-current liabilities, as appropriate.

Under the provisions of International Financial Reporting Interpretations the Committee (“IFRIC”) 4 (IFRIC 4) titled “Determining whether an Arrangement Contains a Lease”, an arrangement is, or contains a lease at the start date, if it uses a specific asset or assets or if it grants the right to use the asset, even if that right is not explicitly specified. For agreements occurring before January 1, 2005, the start date is considered as January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

All “take-or-pay” contracts and any other service and supply contracts that meet the conditions established in IFRIC 4, are reviewed for indicators of an embedded leasing.

- q) Revenue recognition** - Revenue is recorded when ownership rights and obligations have been substantially transferred to the purchaser, according to the shipment or dispatch of the products, in conformity with the agreed upon conditions and are subject to variations related to the content and/or sales price at their liquidation date. Notwithstanding the foregoing, there are certain contracts for which the rights and obligations are substantially transferred based on receipt of the product at the buyer’s destination point, and for these contracts revenue is recorded at the moment of transfer.

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

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

As indicated in the note related to hedging policies in the markets of metal derivatives, the Corporation enters into operations in the markets of metal derivatives. The net results of these contracts are added to or discounted from revenues.

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

- r) **Derivative contracts** - Codelco uses derivative financial instruments to reduce the risk of fluctuations in the sales prices of its products and of exchange rates.

Derivatives are initially recognized at fair value at the date on which the derivative is entered into and subsequently updated at fair value at each reporting date.

The effective part of the changes in fair value of the derivatives that are allocated as "effective cash flow hedges", is recognized directly in equity, net of taxes, in the item "Cash flow hedge reserves", while the ineffective part is recorded in the statements of comprehensive income on lines Finance expenses or Finance income depending on the effect generated by the ineffectiveness. The amount recognized in net equity is not transferred to other comprehensive income account until the results of the hedged operations are recorded in the statements of comprehensive income or until the maturity date of such operations.

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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 ranges of 80% - 125%. The corresponding unrealized profit or loss is recognized in comprehensive income for the period, only in those cases in which the contracts are liquidated or when they no longer comply with hedging characteristics.

The total fair value of the hedge derivatives is classified as a non-current asset or liability, if the remaining maturity of the hedged item is greater than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is lower than 12 months.

All derivatives designated as hedge instruments are classified as current or non-current assets or liabilities, respectively, depending on the maturity date of the derivative.

The derivative contracts entered into by the Corporation are originated by the application of the risk hedge policies indicated below, and are recorded as indicated for each case:

- ***Hedging policies for exchange rates***

From time to time the Corporation enters into exchange rate and interest rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are conducted in. Pursuant to the policies established by the Board of Directors these operations are only performed when there are recognized assets or liabilities, the forecast of highly probable transactions or firm commitments, and not for investment or speculative reasons.

The results of foreign exchange insurance operations are recorded at the maturity or liquidation date of the respective contracts.

- ***Hedging policies in the metal derivatives markets***

In accordance with the policies approved by the Board of Directors the Corporation entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

The hedging policies seek to protect expected cash flows from the sale of products by fixing the prices for a portion of future production, while to the extent necessary adjusting physical contracts to its standard commercial policies. When the sales agreements are fulfilled and the derivative contracts are settled, income from sales and derivative operations is offset.

At each reporting date, these derivative contracts are recorded and adjusted to marked-to-market and recorded at the settlement date of the hedging operations, as a part of the sales revenue of the products.

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Hedging operations carried out by the Corporation are not of a speculative nature.

- ***Embedded derivatives***

The Corporation has established a procedure that allows for evaluation of the existence of embedded derivatives in financial and non-financial contracts. Where there is an embedded derivative, and if the host contract is not recorded at fair value, the procedure determines whether the characteristics and risks of the embedded derivative are not closely related to the host contract, in which case it requires a separate recording.

The procedure consists of an initial characterization of each contract that allows for distinguishing of those in which an embedded derivative could exist. In that case, the contract is submitted to a more in-depth analysis. If as a result of this evaluation it is determined that the contract has an embedded derivative that needs to be recorded separately, it is valued and the movements in its fair value are recorded in comprehensive income in the consolidated financial statements.

- s) **Financial information by segment** - For the purposes of IFRS 8, Operating Segments the segments are defined as Codelco's Divisions, plus the Ministro Hales Division, whose starting of operations occurred during the first half of 2014 (at the end of the year 2013, the mine is operating with its pre-stripping, its concentrator finished loading tests and is now beginning its operational phase; only missing the roasting plant). Income and expenses of the Head Office are distributed in the defined segments.
- t) **Presentation of Financial Statements** - For the purposes of IAS 1, *Presentation of the Financial Statements*, the Corporation establishes the presentation of its statement of financial position classified in "current and non-current" and of its statements of income in conformity with the "by function" method and its cash flows using the direct method.

With respect to the Statements of Other Comprehensive Income (loss) on currency exchange rate cash flow hedges and share of associates and joint ventures accounted for using the equity method, could have an effect of future Statements of Comprehensive Income (loss), while the Statement of Other Comprehensive Income (loss) of actuarial defined benefit plans will not have future effects on the Statement of Comprehensive Income.

- u) **Current and non-current financial assets** - The Corporation determines the classification of its investments upon initial recognition and reviews these at each closing date. This classification depends on the purpose for which such investments were acquired.

In this section the following categories are observed:

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- ***Financial assets at fair value through profit or loss:***

This category includes those financial assets acquired for trading or sale in the short term. Their initial and subsequent recognition is performed at fair value, which is obtained as of the observable date in the market. The gains and losses from variations in fair value are included in net income for the period.

- ***Loans granted and accounts receivable:***

These correspond to financial assets with fixed or determined payments, and which are not quoted in an active market. Their initial recognition is at fair value, which includes the transaction costs that are directly attributed to the issuance of it. Subsequent to the initial recognition, these are stated at amortized cost, recognizing in the statements of comprehensive income the accrued interest according to the effective interest rate and the possible losses in value of these assets.

A loss in value of the financial assets stated at amortized cost is caused when there is objective evidence that the Corporation will not be able to recover all amounts in accordance with the original terms.

The amount of loss in value is the difference between the carrying amount and the net present value of the future cash flows discounted at the effective interest rate, and it is recognized as an expense in the statements of comprehensive income.

If in subsequent periods there is evidence of a recovery in the value of the financial asset stated at amortized cost, the recognized impairment loss will be reversed as long as it does not generate an amount in the financial asset ledgers that exceeds the one recorded prior to the loss. The accounting of the reversal is recognized in net income for the period.

Finally, an account receivable is not considered recoverable when situations arise such as the dissolution of the company, lack of identifiable assets for its execution or a legal pronouncement.

- v) **Financial liabilities** - Financial liabilities are recognized initially at fair value, net of the incurred transaction costs. As the Corporation does not own any financial liabilities held for trading, subsequent to their initial recognition, the financial liabilities are valued at amortized cost, using the effective interest rate method, recognizing the interest expenses based on the effective profitability.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the

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expected life of the financial liability, or when appropriate, a shorter period when the associated liability has a prepayment option that is considered to be exercised.

Trade accounts payable and other payables are financial liabilities that do not explicitly accrue interest and are recorded at their nominal value.

The financial liabilities are derecognized when the liabilities are paid or expire.

- w) **Allowance for doubtful accounts** - The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and the aging of the items.
- x) **Cash and cash equivalents and Statement of Cash Flows prepared by direct method** - Cash equivalents are comprised of highly liquid investments, which have a limited risk in relation to possible changes in value, and maturities of which are less than 90 days from date of purchase.

For the purposes of preparing the statement of cash flows, the Corporation has defined the following:

Cash and cash equivalents in the statement of financial position include cash at banks and on hand, and short term deposits and other highly liquid short term investments with an original maturity of three months or less. In the statement of financial position, bank overdrafts are classified as external resources in current liabilities.

- **Operating activities:** These are the activities that constitute the main source of operating income for the Corporation, as well as other activities that cannot be classified as investment or financing activities.
  - **Investing activities:** These correspond to acquisition or sale activities or disposal through other methods of long-term assets and other investments not included in cash and cash equivalents.
  - **Financing activities:** These are activities that cause changes in the size and composition of net equity and of financial liabilities.
- y) **Law No. 13.196** – According to Law No. 13.196, the return on foreign currency of Codelco's copper export sales based on the actual sales revenue, including byproducts is taxed at 10%. The amount for this concept is presented in the statement of income in the item other expenses, by function.
  - z) **Cost of sales** - Cost of sales is determined according to the absorption cost method, including the direct and indirect costs, depreciation, amortization and any other expenses associated with the production process.

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- aa) Environment** - The Corporation adheres to the principles of sustainable development, which foster the economic development while safekeeping the environment and the health and safety of its collaborators. The Corporation recognizes that these principles are key for the wellbeing of its collaborators, care for the environment and success in its operations.
  
- ab) Classification of current and non-current balances** - In the consolidated statement of financial position, the balances are classified according to their maturities, that is, as current those with a maturity equal to or less than twelve months and as non-current those with a greater maturity. Where there are obligations whose maturity is less than twelve months, but whose long-term refinancing is insured upon a decision by the Corporation, through credit agreements available unconditionally with long-term maturity, these could be classified as non-current liabilities.

**3. New standards and interpretations adopted by the Corporation**

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Corporation for the year ended 31 December 2013; except for the adoption of new standards and interpretations effective from January 1<sup>st</sup>, 2014, which are:

- a) IFRIC 21-Liens.

This rule interprets the provisions of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" with respect to the criteria for recognition of a liability (existence of present obligation as a result of a past event), for the case of taxes, which occurs when the activity described in the relevant legislation triggers the payment of tax. The application of IFRIC 21 has not materially affected the measurements made by the Corporation.

**4. New accounting pronouncements**

As of the issuance date of these consolidated financial statements, the following IFRS and IFRIC interpretations have been issued by the IASB. Their application was not mandatory (1):



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<b>New IFRS</b>	<b>Date of mandatory application</b>	<b>Summary</b>
IFRS 9 - Financial Instruments	To be determined	Financial assets must be entirely classified on the basis of the business model of the entity for financial asset management and the characteristics of contractual cash flows of financial assets. Financial assets under this standard are measured either at amortized cost or fair value. Only financial assets classified as measured at amortized cost must be tested for impairment.
IFRS 14 - Deferred Regulatory Accounts.	Annual periods beginning on or after July 1 <sup>st</sup> , 2016	Standard for the comparability of financial information from entities that are involved in activities with regulated prices. Entities and IFRS financial statements presented should not implement this standard.
IFRS 15 - Revenue from Contracts with Clients	Annual Periods beginning on or after January 1 <sup>st</sup> , 2017	Provides a new model for revenue recognition, which stresses the concept of the transfer to the customer "control" of assets sold instead of the concept of transferring "risk" alluded to in IAS 18. In addition it requires more detail in disclosures and refers to more detailed sales contracts with multiple elements.

<b>Amendments to IFRS</b>	<b>Date of mandatory application</b>	<b>Summary</b>
IAS 19 - Employee benefits	Annual periods beginning on or after July 1 <sup>st</sup> , 2014	Simplify the accounting treatment for contribution benefits not associated with service years of employees; for example, contributions of employees that are calculated according to fixed percentages of salary.
IFRS 3 - Business Combinations (Annual Improvements to IFRS 2010–2012 cycle)	Annual periods beginning on or after July 1 <sup>st</sup> , 2014	It refers to the consideration of fair value in the valuation of contingent assets and liabilities in a business combination.
IAS 40 - Investment Property (Annual Improvements to IFRS 2011–2013 cycle)	Annual periods beginning on or after July 1 <sup>st</sup> , 2014	Professional judgment is used to distinguish acquisition operations of investment properties and business combinations.
IAS 16 – Property, Plant and Equipment IAS 38 – Intangible Assets	Annual periods beginning on or after January 1 <sup>st</sup> , 2016	Indicates that it is not appropriate to use methods of depreciation of an asset based on income, because such methods generally reflect factors other than consumption of the

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IFRIC 12 – Agreements of Service Concessions		economic benefits embodied in the asset.
IAS 16 – Property, Plant and Equipment IAS 41 – Agriculture	Annual periods beginning on or after January 1 <sup>st</sup> , 2016	Instructs on the implementation of IAS 16 criteria for biological assets considered plants to produce fruit.
IFRS 11 – Joint Agreements	Annual periods beginning on or before January 1 <sup>st</sup> , 2016	Referring to the acquisition of an interest in a joint operation which constitutes a business, noting that the purchasers must apply all the principles of accounting for business combinations of IFRS 3 Business Combinations and other rules that are not in conflict with guidelines IFRS 11 Joint Arrangements.

IAS, International Accounting Standard, IFRS, International Financial Reporting Standard, IFRIC, International Financial Reporting Interpretations Committee.

Management believes that these standards, amendments and interpretations described above, shall be adopted in the interim consolidated financial statements of the Corporation in the respective years. Codelco is still evaluating the impacts that could be generated from such rules and changes, anticipating that they will not have significant impacts.

**III. EXPLANATORY NOTES**

**1. Cash and cash equivalents**

Cash and cash equivalents are detailed as follows:

Items	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Cash on hand	4,356	9,281
Bank balances	80,966	38,256
Time deposits	847,481	701,195
Mutual funds – Money market	289	1,431
Resale agreements	87	507
<b>Total Cash and cash equivalents</b>	<b>933,179</b>	<b>750,670</b>

Valuation of time deposits is made on an accrual basis with an interest rate associated with each of these instruments.

The Corporation does not maintain any significant amounts of cash and cash equivalents that are not available for use.

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**2. Trade and other receivables**

a) Accrual for open sales invoices

As mentioned in the Article of Summary of Significant Accounting Policies, the Corporation adjusts its revenues and balances from trade accounts receivable, based on future copper prices, by recording an accrual for open sales invoices.

When the future price of copper is lower than the provisional invoice amount, this provision is presented in the Statement of Financial Position as follows:

- Customers that have debt balances with the Corporation are presented in Current Assets, decreasing the amounts owed by these customers.
- Customers that do not have debt balances with the Corporation are presented in the item Trade and other payables under Current Liabilities.

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

Based on the above-mentioned, trade receivables as of June 30, 2014 and of December 31, 2013 include a negative accrual of ThUS\$ 94,979 and a positive accrual of ThUS\$ 124,905, respectively, related to the accrual of open invoices.

b) Trade and other receivables

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

Items	Current		Non-current	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade receivables (1)	1,397,161	1,591,384	1,807	1,882
Allowance for doubtful accounts (3)	(2,114)	(2,694)	-	-
<b>Subtotal trade receivables, net</b>	<b>1,395,047</b>	<b>1,588,690</b>	<b>1,807</b>	<b>1,882</b>
Other receivables (2)	562,509	602,495	137,741	137,014
Allowance for doubtful accounts (3)	(5,082)	(5,003)	-	-
<b>Subtotal other receivables, net</b>	<b>557,427</b>	<b>597,492</b>	<b>137,741</b>	<b>137,014</b>
<b>Total</b>	<b>1,952,474</b>	<b>2,186,182</b>	<b>139,548</b>	<b>138,896</b>

- (1) Trade receivables are generated by sales of the Corporation, which are generally sold for cash or by bank guarantee.

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(2) Other receivables include the amounts owed mainly by:

- Personnel of the Corporation, including short-term loans and mortgage loans, payment for which is withheld on a monthly basis from employee paychecks. The mortgage loans are backed by mortgage guarantees.
- Claims from insurance companies.
- Liquidations to the Central Bank as per Law 13,196.
- Advance payments to suppliers and contractors, to be discounted from the corresponding payment statements.
- Accounts receivable for toll services (Ventanas' Smelter).
- Tax credit exporter VAT remainder susceptible to refund and other taxes receivable in the amount of ThUS\$ 171,821 and ThUS\$163,642 at June 30, 2014 and December 31, 2013 respectively.

(3) The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and the aging of the entries.

The movement in the allowance for uncollectable accounts in the six month period ended June 30, 2014 and in 2013 were as follows:

<b>Movements of allowance for doubtful accounts</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
<b>Opening balance</b>	<b>7,697</b>	<b>7,633</b>
Increases	265	388
Write-offs/applications	(766)	(324)
<b>Movement, subtotal</b>	<b>(501)</b>	<b>64</b>
<b>Final balance</b>	<b>7,196</b>	<b>7,697</b>

Past due and not impaired balances are detailed as follows:

<b>Maturity</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Less than 90 days	28,515	20,182
Between 90 days and 1 year	1,516	659
More than 1 year	5,280	4,217
<b>Total past-due and not impaired</b>	<b>35,311</b>	<b>25,058</b>

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**3. Balance and related party disclosures**

a) Operations related to third parties

According to the New Corporate Governance Law, Codelco's Board Members were affected in business with related parties, as described in Title XVI of the Corporations law (regarding transactions with related parties in publically traded companies and their affiliates).

Notwithstanding the foregoing, pursuant to the provisions of the final paragraph of Article 147 b) of Title XVI, containing emergency regulations regarding the process of approval of transactions with related parties, the Corporation established a general policy of habituality (reported to the Superintendency of Securities and Insurance as material fact), which establishes which establishes common transactions ordinarily made with its related parties within their line of business, contributes to their social interest and are necessary for Codelco's normal developmental activities.

In addition, consistent with the legal framework, the Corporation maintains within its internal framework a specific policy about transactions with persons and companies related to Codelco personnel. Codelco Corporate Standard No. 18 (NCC No. 18), whose latest version currently in force was approved by the Executive President and the Board.

Codelco, without the authorization indicated in NCC No. 18 and of the Board of Directors, when required by Law or the Corporate Statute, shall not enter into contracts involving one or more Directors, Executive President, members of the Committee of Managing Directors, Vice President, Legal Counsel, General Auditor, General Manager, Senior Management or staff who must make recommendations and/or has the authority to resolve tenders, purchases and assignments and/or purchases of goods and services and the staff that holds management positions (until the fourth hierarchical level in the organization), including their spouses, children and other relatives up to the 2nd degree of relation, with an interest in itself, directly, or represented by third parties or on behalf of another person. The NCC No. 18 obligates the Corporation's contract to declare all such relationships, as well as remove related job responsibilities from any member within these positions who may be involved.

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

The Board of Directors has been informed of the transactions covered by Codelco Corporate Standard No. 18, and upon which it must decide, according to this standard.

Among these operations are those indicated in the following chart, for the total amounts indicated, which need to be executed in the periods specified by each contract:

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Entity	Identification Number	Country	Nature of the relationship	Description of the transaction	1/1/2014	1/1/2013	4/1/2014	4/1/2013
					6/30/2014	6/30/2013	6/30/2014	6/30/2013
					Amount	Amount	Amount	Amount
					ThUS\$	ThUS\$	ThUS\$	ThUS\$
Ecometales Limited (Chilean agency)	59.087.530-9	Chile	Affiliate	Services	4,744	3,670	2,702	3,670
Fundación Orquesta Sinfónica Infantil de los Andes	65.018.784-9	Chile	Founder	Services	563	169	186	169
Codelco Shanghai Company Limited.	Foreigner	China	Affiliate	Services	1,610	-	-	-
Centro de Especialidades Médicas Río Blanco Ltda.	76.064.682-2	Chile	Affiliate	Services	6,985	6,954	6,985	-
Sociedad de Procesamiento de Molibdeno Ltda.	76.148.338-2	Chile	Affiliate	Services	-	20,836	-	20,800
Consultor Jannet Troncoso Carvajal E.I.R.L.	76.174.237-K	Chile	Employee Relative	Services	-	137	-	137
Inversiones Raul Martinez E.I.R.L.	76.791.980-8	Chile	Employee of Executive	Services	-	125	-	125
Prestaciones de Servicios de la Salud Intersalud Ltda.	77.270.020-2	Chile	Affiliate	Services	21	3,428	-	3,428
Fundacion Educacional Chuquicamata	72.747.300-9	Chile	Founder	Services	-	2,650	-	-
Cosando Construcción y Montaje Ltda.	77.755.770-K	Chile	Employee's relative	Services	1,378	10,480	1,378	28
Anglo American Sur S.A.	77.762.940-9	Chile	Investee	Services	-	20	-	-
Hatch Ingenieros y Consultores Ltda.	78.784.480-4	Chile	Employee's relative	Services	8,541	-	8,389	-
Empresa Nacional de Telecomunicaciones S.A	92.580.000-7	Chile	Director's family	Services	3	-	-	-
CIS Ingenieros Asociados S.A.	88.422.600-7	Chile	Director's ownership	Services	18	1,003	18	1,003
Institución de Salud Previsional Río Blanco Ltda.	89.441.300-K	Chile	Affiliate	Services	-	43,552	-	43,552
Salomón Sack S.A.	90.970.000-0	Chile	Director's ownership	Supplies	1,440	-	-	-
Sociedad Contractual Minera El Abra	96.701.340-4	Chile	Investee	Purchase of rights	-	10,000	-	-
Sociedad Contractual Minera El Abra	96.701.340-4	Chile	Investee	Supplies	161	-	28	-
Clínica Río Blanco S.A	99.573.600-4	Chile	Affiliate	Services	-	5,352	-	-
Finning Chile S.A	91.489.000-4	Chile	Employee's relative	Supplies	584	-	489	-
Complejo Portuario Mejillones S.A.	96.819.040-7	Chile	Affiliate	Services	13,785	-	-	-
Fundación Educacional el Salvador	73.435.300-0	Chile	Founder	Services	6	-	-	-
Asesorías y Consultorías Domingo Jeréz EIRL	76.312.085-6	Chile	Employee's relative	Services	220	-	-	-
Miji Asesorías y Consultorías EIRL	76.167.903-1	Chile	Affiliate	Services	108	-	-	-
Fundación Sewell	65.493.830-K	Chile	Foundery	Services	39	-	39	-
Ferront y cia Ltda.	77.395.540-9	Chile	Employee's relative	Supplies	4	-	4	-
Arcadis Chile S.A.	89.371.200-3	Chile	Employee's relative	Services	131	-	131	-

b) Key Personnel of the Corporation

In accordance with the policy established by the Board of Directors and its related regulation, those transactions affecting the Directors, its Executive President, Vice presidents, Corporate Auditor, the members of the Divisional Management Committees and Divisional General Managers should be approved by this Board.

During the first half of 2014 and 2013, the members of the Board of Directors have received the following amounts as per diems, salaries and fees:

Name	Identification Number	Country	Nature of the relationship	Description of the	1/1/2014 6/30/2014	1/1/2013 6/30/2013	4/1/2014 6/30/2014	4/1/2013 6/30/2013
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				relationship	Amount ThUS\$	Amount ThUS\$	Amount ThUS\$	Amount ThUS\$
Augusto González Aguirre	6.826.386-7	Chile	Director	Director's fees	52	57	26	28
Augusto González Aguirre	6.826.386-7	Chile	Director	Payroll	73	67	43	32
Blas Tomic Errázuriz	5.390.891-8	Chile	Director	Director's fees	52	9	26	9
Dante Contreras Guajardo	9.976.475-9	Chile	Director	Director's fees	17	-	17	-
Gerardo Jofré Miranda	5.672.444-3	Chile	Director	Director's fees	69	86	30	42
Laura Albornoz Pollmann	10.338.467-2	Chile	Director	Director's fees	17	-	17	-
Marcos Büchi Buc (1)	7.383.017-6	Chile	Director	Director's fees	-	-	-	-
Marcos Lima Aravena	5.119.963-4	Chile	Director	Director's fees	65	72	32	36
Oscar Landerretche Moreno	8.366.611-0	Chile	Chairman of the Board	Director's fees	26	-	26	-
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director's fees	52	57	26	28
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Payroll	20	22	10	10
Andrés Tagle Domínguez	5.895.255-9	Chile	Director(*)	Director's fees	35	57	9	28
Fernando Porcile Valenzuela	4.027.183-K	Chile	Director(*)	Director's fees	35	57	9	28
Jorge Bande Bruck	5.899.738-2	Chile	Director(*)	Director's fees	-	39	-	10
Juan Luis Ossa Bulnes	3.638.915-K	Chile	Director(*)	Director's fees	35	57	9	28

- (1) During the periods from January 1 to June 30, 2014 and 2013, the Corporation has not issued any payment instrument for the concept of remunerations to Mr. Marcos Büchi Buc, derived from his participation as Corporation Director, since he has expressly and irrevocably waived those payments, as well as any present or future collection action for that concept.

Through Supreme Decree of the Treasury Department No. 458, dated March 14, 2014, the method for determining the remunerations of the Corporation's directors was updated. This document details the calculation method of such remunerations, as per the following:

The monthly salary of the directors of Codelco for participating in Board meetings fixed in the amount of Ch\$ 3,618,736 - (three million six hundred eighteen thousand, seven hundred and thirty six Chilean pesos).

A unique monthly salary of Ch\$ 7,237,472 - (Seven million two hundred thirty seven thousand, four hundred seventy two Chilean pesos) is established for the Chairman of the Board.

Directors that shall participate in a Board Committee, whether the one referred to in Article 50 bis) of law No. 18.046 or another established by the by-laws of the Corporation, receive a single additional monthly amount of Ch\$ 1,206,245 - (one million two hundred and six thousand, two hundred and forty five 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\$ 2,412,491 - (two million four hundred and twelve thousand, four hundred ninety one Chilean pesos).

The established salaries are in effect for a timeframe of two years, as of March 1<sup>st</sup> 2014. They will be adjusted on January 1<sup>st</sup> 2015, in accordance to the same provisions that govern the general wage adjustments of officials of the Publiv Sector.

On the other hand, in relation to the short term benefits from the executives who form the administrative line of the Corporation; paid during the period of January – June 2014, a total amount of ThUS\$ 5,650 (January – June 2013: Th US\$ 6,910)

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The criterias that determine the wages for the executives were established by the Board of Directors by agreement of January 29, 2003.

During the period of January through June of 2014 and 2013, payments were made to the Principle Executives of Codelco as compensation for years of service, equal to ThUS\$ 417 and ThUS\$ 1,048 respectively.

There were no payments for other noncurrent benefits during the period of January through June 2014 and 2013, other then those mentioned in the previous paragraph.

There do not exist any benefit plans based on actions.

c) Operations with Codelco Investees

In addition, the Corporation performs necessary commercial and financial transactions with entities in which it has capital ownership. The financial transactions correspond mainly to loans in checking accounts.

The commercial operations with related companies refer to the purchase and sale of products or services, at market conditions and prices and which do not consider interest or indexation. These companies, for the period January – June 2014 and 2013, are the following: Sociedad GNL Mejillones S.A., Copper Partners Investment Corporation Ltd., Copper for Energy, Sociedad Contractual Minera Purén, MI Robotic Solutions S.A., Sociedad Contractual Minera El Abra, Agua de La Falda S.A., Ecosea Farming S.A., Comotech S.A., Deutsche Geissdraht GmbH, Inca de Oro S.A. and Anglo American Sur S.A..

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

Accounts receivable from and payable to relate companies as of June 30, 2014 and of December 31, 2013, are detailed as follows:



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Accounts receivable from related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					6/30/2014	12/31/2013	6/30/2014	12/31/2013
					ThUS\$	ThUS\$	ThUS\$	ThUS\$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	6,513	23,125	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	74	17	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	USD	-	-	224	224
76.133.034-9	Copper for Energy S.A.	Chile	Associate	USD	6	6	-	-
Foreign	Copper Partners Invest. Company Ltd.	Bermuda	Joint venture	USD	7,232	7,735	-	-
<b>Total</b>					<b>13,825</b>	<b>30,883</b>	<b>224</b>	<b>224</b>

Accounts payable to related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					6/30/2014	12/31/2013	6/30/2014	12/31/2013
					ThUS\$	ThUS\$	ThUS\$	ThUS\$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	USD	549	-	-	-
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	USD	34,838	65,153	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	USD	52,274	51,370	-	-
Foreign	Copper Partners Investment Company Ltd.	Bermuda	Joint venture	USD	33,610	33,610	212,026	230,692
Foreign	Deutsche Geissdraht GmbH	Germany	Associate	EURO	4,360	3,816	-	-
<b>Total</b>					<b>125,631</b>	<b>153,949</b>	<b>212,026</b>	<b>230,692</b>

The transactions performed between the Corporation and its related companies during the first half of 2014 and 2013 are detailed in the next chart together with their corresponding effects on profit or loss:

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Taxpayer number	Entity	Nature of the relationship	Country	Indexation currency	1/1/2014 6/30/2014		1/1/2013 6/30/2013		4/1/2014 6/30/2014		4/1/2013 6/30/2013	
					Amount	Effects on net income (charges) / credits	Amount	Effects on net income (charges) / credits	Amount	Effects on net income (charges) / credits	Amount	Effects on net income (charges) / credits
					ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Foreign	Copper Partners Investment Co. Ltd.	Sales of products	Bermuda	USD	61,001	61,001	59,109	59,109	30,232	30,232	37,374	37,374
Foreign	Copper Partners Investment Co. Ltd.	Dividends received	Bermuda	USD	75,000	-	72,000	-	75,000	-	34,000	-
77.762.940-9	Anglo American Sur S.A.	Dividends received	Chile	USD	56,250	-	206,502	-	176	-	-	-
77.762.940-9	Anglo American Sur S.A.	Purchase of Products	Chile	USD	127,484	(127,484)	208,003	(208,003)	52,988	(52,988)	188,852	(188,852)
77.762.940-9	Anglo American Sur S.A.	Purchase of Products	Chile	USD	61	-	1,167	1,167	61	-	1,167	1,167
76.775.710-7	Sociedad GNL Mejillones S.A.	Purchase of energy	Chile	USD	-	-	12,925	(12,925)	-	-	5,696	(5,696)
76.775.710-7	Sociedad GNL Mejillones S.A.	Collection of loans	Chile	USD	16,828	-	26,199	-	13,484	-	-	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan interests	Chile	USD	343	343	-	-	132	132	-	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Expense Reimbursement	Chile	USD	(4,603)	(4,603)	-	-	(3,124)	(3,124)	-	-
76.775.710-7	Sociedad GNL Mejillones S.A.	Cuota garantía	Chile	USD	-	-	-	-	-	-	(46)	(46)
96.701.340-4	SCM El Abra	Dividendos percibidos	Chile	USD	166,600	-	68,600	-	134,750	-	44,100	-
96.701.340-4	SCM El Abra	Purchase of Products	Chile	USD	282,865	(282,865)	282,147	(282,147)	142,850	(142,850)	168,731	(168,731)
96.701.340-4	SCM El Abra	Sales of products	Chile	USD	10,991	10,991	10,540	10,540	4,566	4,566	3,123	3,123
96.701.340-4	SCM El Abra	Purchase of Services	Chile	USD	904	(904)	4,589	(4,589)	341	(341)	3,213	(3,213)
96.701.340-4	SCM El Abra	Comissions received	Chile	USD	102	102	97	97	50	50	61	61
Foreign	Deutsche Geissdraht GmbH	Dividends received	Germany	EURO	953	-	932	-	1	-	(6)	-
76.063.022-5	Inca de Oro S.A.	Contribution	Chile	USD	-	-	1,547	-	-	-	-	-

d) Additional Information

The current and noncurrent account payable to the entity Copper Partners Investment Company Ltd., is the balance of the advance received (U.S.\$ 550 million) product of the trade agreement with Minmetals society.

The balance of current and noncurrent receivables from Society GNL Mejillones S.A., correspond mainly to a loan agreement signed with the company, which will be due July 31, 2014 and its interest rate is Libor 90 + 3.5%.

Transactions for the purchase and sales of products with Anglo American Sur S.A., correspond on the one hand, to the normal operation that both companies made to acquire

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copper and other products, while on the other hand, there exist certain transactions that are associated with the contract between the affiliate Inversiones Mineras Nueva Acrux SpA (the non-controlling shareholder is Mitsui) and Anglo American Sur S.A., in which the latter agrees to sell a portion of its annual copper output to said subsidiary.

On August 24, 2012, the Corporation, with the approval of their respective board of Directors, purchased the shares of Anglo American Sur S.A., of Inversiones Anglo American Sur S.A., Rut: 77.762.890-9. The price paid by the Corporation via its subsidiary Inversiones Mineras Becrux SpA was ThUS\$ 2,799,795. Out of the above-mentioned amount ThUS\$ 1,100,000 million relates to the interest acquired by Mitsui.

**4. Inventories**

Inventories as of June 30, 2014 and December 31, 2013 are detailed as follows:

Items	6/30/2014	12/31/2013
	ThUS\$	ThUS\$
Finished products	767,632	639,034
<b>Subtotal finished products, net</b>	<b>767,632</b>	<b>639,034</b>
Products in process	1,396,405	1,166,900
<b>Subtotal products in process, net</b>	<b>1,396,405</b>	<b>1,166,900</b>
Material in warehouse and other	548,864	488,198
Obsolescence allowance adjustment	(57,276)	(50,121)
<b>Subtotal material in warehouse and other, net</b>	<b>491,588</b>	<b>438,077</b>
<b>Total Inventory</b>	<b>2,655,625</b>	<b>2,244,011</b>

Inventories recognized as cost of operation for the periods ended at June 30, 2014 and 2013 correspond to finished goods and amount to ThUS\$ 4,928,941 and ThUS\$ 5,293,740, respectively.

In the materials category "warehouse and others", the Corporation discloses a reclassification of strategic inventories to Property, Plant and Equipment on June 30, 2014. They amount to ThUS\$ 83,763.

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The change in the obsolescence provision is described in the following table:

<b>Obsolescence allowance movements</b>	<b>ThUS\$</b>
<b>Initial Balance 1/1/2014</b>	<b>(50,121)</b>
Period allowance	(7,363)
Allowance reversal	208
<b>Final Balance 6/30/2014</b>	<b>(57,276)</b>

As of June 30, 2014 and 2013 Codelco has not written off inventory that has been recognized in the Statements of Comprehensive Income.

At the end of the financial period ended June 30, 2014, the book value of inventories - under evaluation of the concept of net realizable value under IAS 2 - amounted to ThUS\$ 216,641 (June 30, 2013: ThUS\$ 388,530). Product of the evaluation, the Corporation adjusted inventories on those assets whose book value exceeds its net realizable value, reaching the balance of this adjustment to the date indicated in the amount of ThUS\$ 34,296 (June 30, 2013: 73,560), which is deducted from the aforementioned figure.

Codelco, along with Sociedad Contractual Minera El Abra, purchase and sell copper. At June 30, 2014, the value of finished goods inventories for this category had an unrealized profit provision of ThUS\$ 8,009. At December 31, 2013, an unrealized provision of ThUS\$ 6,238 was filed.

The Corporation realizes operations for the purchase and sale of copper with Anglo American Sur S.A. The value of finished goods inventories for this category at June 30, 2014, has an unrealized profit provision of ThUS\$ 902. At December 31, 2013, the Corporation had an unrealized provision of ThUS\$ 3,336.

**5. Deferred taxes and income taxes**

This provision is stated in the item Current Tax Assets, in current assets, net of monthly provisional tax payments and other tax credits (Note 6).

For the Specific Tax on Mining Activities, in accordance with Law 20.469, a tax rate of 5% was estimated for this fiscal period.

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Deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	6/30/2014	12/31/2013
	ThUS\$	ThUS\$
Provisions	1,082,521	1,145,649
Unrealized gains	32,046	32,046
Finance lease	17,033	18,706
Derivatives – futures	-	8,535
Advances from clients	152,180	163,380
Hedged Swap derivatives of exchange rates	5,317	4,892
Health care plans	14,654	14,654
Other	3,325	3,132
<b>Total deferred tax assets</b>	<b>1,307,076</b>	<b>1,390,994</b>

Deferred tax liabilities	6/30/2014	12/31/2013
	ThUS\$	ThUS\$
IFRIC 20 First adoption	13,820	13,820
Taxes from Mining Activity	62,735	61,802
Price-level restatement of P,P&E IFRS first time adoption	961,487	1,041,494
Valuation of employee termination benefit	31,219	82,757
Accelerated depreciation	2,917,678	2,780,984
Anglo American Sur S.A. investment	656,238	669,230
Income from fair value of mining properties	80,377	80,377
Derivatives – futures	(1,257)	-
Other	57,481	58,574
<b>Total deferred tax liabilities</b>	<b>4,779,778</b>	<b>4,789,038</b>

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

Deferred taxes affecting Equity	6/30/2014	12/31/2013
	ThUS\$	ThUS\$
Cash Flow Hedge	(6,853)	4,961
Defined Benefit Plans	124,183	16,908
<b>Total deferred taxes affecting equity</b>	<b>117,330</b>	<b>21,869</b>

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

Items	6/30/2014				
	Taxable Base 20%	Taxable Base 40%	Tax rate 20%	Additional Tax rate 40%	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit (losses) before taxes	819,639	819,639	163,928	327,856	491,784
Permanent differences 20%	(103,153)	-	(20,631)	-	(20,631)
Permanent differences 40%	-	(39,292)	-	(15,717)	(15,717)
Income from corporations and other	(79,794)	(12,208)	(15,959)	(4,883)	(20,842)
Income from contractual companies	(70,403)	-	(14,081)	-	(14,081)
Income from Isapres (Private health insurance companies)	(871)	-	(174)	-	(174)
Foreign exchange differences	(1,280)	(1,280)	(256)	(512)	(768)
Specific mining tax	(35,104)	(35,104)	(7,021)	(14,042)	(21,063)
Dividends	75,000	-	15,000	-	15,000
Others	9,300	9,300	1,860	3,720	5,580
Fair value amortization Anglo American Sur S.A.	-	-	-	-	(12,992)
Specific mining tax, net from deferred tax	-	-	-	-	45,590
Effect of subsidiaries	-	-	-	-	(8,236)
<b>Total tax expense</b>			<b>143,297</b>	<b>312,139</b>	<b>479,798</b>

Items	6/30/2013				
	Taxable Base 20%	Taxable Base 40%	Tax rate 20%	Additional Tax rate 40%	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit (losses) before taxes	1,216,337	1,216,337	243,267	486,535	729,802
Permanent differences 20%	(180,861)	-	(36,172)	-	(36,172)
Permanent differences 40%	-	(100,795)	-	(40,318)	(40,318)
Income from corporations and other	(93,904)	(18,854)	(18,781)	(7,541)	(26,322)
Income from contractual companies	(94,714)	-	(18,943)	-	(18,943)
Income from Isapres (Private health insurance companies)	(2)	-	-	-	-
Foreign exchange differences	(1,821)	(1,821)	(364)	(728)	(1,092)
Specific mining tax	(60,691)	(60,691)	(12,138)	(24,276)	(36,414)
Dividends	72,000	-	14,400	-	14,400
Other	18,890	18,890	3,778	7,555	11,333
Investment in Anglo American Sur S.A.	-	-	-	-	(15,880)
Specific mining tax, net from deferred tax	-	-	-	-	66,080
Absoción Minera Gaby SpA	(12,244)	(12,244)	(2,449)	(4,898)	(7,347)
Effect of subsidiaries	(8,376)	(26,075)	(1,675)	(10,430)	(12,105)
<b>Total tax expense</b>			<b>207,095</b>	<b>446,217</b>	<b>703,512</b>

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**6. Current tax assets and liabilities**

In both areas the income tax receivables and tax liabilities to net income of monthly provisional payments are recorded respectively.

**7. Property, Plant and Equipment**

a) The balances of Property, plant and equipment at June 30, 2014 compared with December 31, 2013, are as follows:

Property, Plant and Equipment, gross	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Work in progress	8,116,979	7,710,714
Land	126,214	126,792
Buildings	3,721,709	3,598,214
Plant and equipment	12,180,384	11,873,805
Fixtures and fittings	48,988	47,599
Motor vehicles	1,723,256	1,646,457
Land improvements	4,110,507	3,943,872
Mining operations	4,839,813	4,451,724
Mine development	1,164,442	1,163,561
Other assets	1,297,731	1,258,693
<b>Total Property, Plant and Equipment, gross</b>	<b>37,330,023</b>	<b>35,821,431</b>

Property, Plant and Equipment, accumulated depreciation	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Work in progress	-	-
Land	-	-
Buildings	2,321,548	2,252,824
Plant and equipment	7,725,787	7,388,801
Fixtures and fittings	33,672	32,058
Motor vehicles	900,720	845,974
Land improvements	2,359,693	2,256,779
Mining operations	2,136,715	1,965,717
Mine development	626,050	573,777
Other assets	358,711	378,690
<b>Total Property, Plant and Equipment, accumulated depreciation</b>	<b>16,462,896</b>	<b>15,694,620</b>

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<b>Property, Plant and Equipment, net</b>	<b>6/30/2014 ThUS\$</b>	<b>12/31/2013 ThUS\$</b>
Work in progress	8,116,979	7,710,714
Land	126,214	126,792
Buildings	1,400,161	1,345,390
Plant and equipment	4,454,597	4,485,004
Fixtures and fittings	15,316	15,541
Motor vehicles	822,536	800,483
Land improvements	1,750,814	1,687,093
Mining operations	2,703,098	2,486,007
Mine development	538,392	589,784
Other assets	939,020	880,003
<b>Total Property, Plant and Equipment, net</b>	<b>20,867,127</b>	<b>20,126,811</b>



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b) Movement of Property, plant and equipment:

Movements	Work in progress ThUS\$	Land ThUS\$	Buildings ThUS\$	Plant and equipment ThUS\$	Fixtures and fittings ThUS\$	Motor vehicles ThUS\$	Land improvements ThUS\$	Mining operations ThUS\$	Mine development ThUS\$	Other assets ThUS\$	Total ThUS\$
Opening balance as of 1/1/2014	7,710,714	126,792	1,345,390	4,485,004	15,541	800,483	1,687,093	2,486,007	589,784	880,003	20,126,811
Additions	1,348,310	-	18	104,193	421	58	-	300,043	-	51,877	1,804,920
Disposals	(718)	-	-	(1)	(1)	(29)	-	-	-	(4,982)	(5,731)
Capitalizations	(850,047)	-	153,425	270,897	888	82,311	167,770	172,648	882	1,226	-
Depreciation and amortization	-	-	(69,069)	(347,961)	(1,684)	(60,828)	(102,913)	(255,600)	(52,273)	(38,446)	(928,774)
Reclassifications	(108,730)	-	(33,718)	(15,965)	165	228	(10,619)	-	-	49,383	(119,256)
Others	17,450	(578)	4,115	(41,570)	(14)	313	9,483	-	(1)	(41)	(10,843)
Total movements	406,265	(578)	54,771	(30,407)	(225)	22,053	63,721	217,091	(51,392)	59,017	740,316
<b>Final balance 6/30/2014</b>	<b>8,116,979</b>	<b>126,214</b>	<b>1,400,161</b>	<b>4,454,597</b>	<b>15,316</b>	<b>822,536</b>	<b>1,750,814</b>	<b>2,703,098</b>	<b>538,392</b>	<b>939,020</b>	<b>20,867,127</b>

Movements	Work in progress ThUS\$	Land ThUS\$	Buildings ThUS\$	Plant and equipment ThUS\$	Fixtures and fittings ThUS\$	Motor vehicles ThUS\$	Land improvements ThUS\$	Mining operations ThUS\$	Mine development ThUS\$	Other assets ThUS\$	Total ThUS\$
Opening balance as of 1/1/2013	5,515,165	119,265	1,302,373	4,804,873	8,362	627,312	1,668,923	1,755,009	510,866	755,801	17,067,949
Additions	4,294,697	1	-	2,261	28	1,668	-	455,900	-	9,001	4,763,556
Disposals	(2,158)	-	(1,367)	(7,625)	(153)	(9,762)	-	(920)	-	(4,938)	(26,923)
Capitalizations	(1,833,635)	8,655	102,281	563,044	896	263,342	183,102	514,332	193,260	4,723	-
Depreciation and amortization	-	-	(129,229)	(640,509)	(3,341)	(100,888)	(219,786)	(401,832)	(114,342)	(78,091)	(1,688,018)
Reclassifications	(230,736)	-	71,973	(105,460)	9,895	18,682	33,775	158,113	-	127,521	83,763
Dismantling Asset	-	-	(8,618)	(74,935)	(38)	(2)	(6,560)	-	-	-	(90,153)
Others	(32,619)	(1,129)	7,977	(56,645)	(108)	131	27,639	5,405	-	65,986	16,637
Total movements	2,195,549	7,527	43,017	(319,869)	7,179	173,171	18,170	730,998	78,918	124,202	3,058,862
<b>Final balance 12/31/2013</b>	<b>7,710,714</b>	<b>126,792</b>	<b>1,345,390</b>	<b>4,485,004</b>	<b>15,541</b>	<b>800,483</b>	<b>1,687,093</b>	<b>2,486,007</b>	<b>589,784</b>	<b>880,003</b>	<b>20,126,811</b>

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- c) The value of construction in progress, is directly associated with the operating activities of the Corporation and its subsidiaries, and relates to the acquisition of equipment and projects in construction.
- d) The Corporation has contracted insurance policies to cover the potential risks to which the various elements of property, plant and equipment are subject, and any claims that could arise from their activities during the period, these policies provide adequate coverage of the potential risks.
- e) Borrowing costs capitalized for the period from January 1 to June 30, 2014 amounted to ThUS\$ 40,546 calculated on an annual capitalization rate of 3.38% and while the amount corresponding to December 31, 2013 was ThUS\$ 178,412 on an annual rate of 3,81% capitalization.
- f) The item "Other assets" under "Property, plant and equipment" includes:

<b>Other assets, net</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Leasing assets	98,966	66,061
Mining properties from purchase of Anglo American Sur S.A. shares	402,000	402,000
Others	438,054	411,942
<b>Total other assets, net</b>	<b>939,020</b>	<b>880,003</b>

- g) With the exception of assets under lease whose legal title corresponds to the lessor, the Corporation currently has no ownership restrictions relating to assets belonging to Property, plant and equipment.
- h) The Corporation at June 30, 2014 had strategic inventory reclassification for property, plant and equipment, equal to the amount of ThUS\$ 8,768. At December 31, 2013 it amounted to ThUS\$ 83,763.

Codelco has not granted "Property, plant and equipment" assets as collateral to third parties in order to enable the realization of its normal business activities or as a commitment to support payment obligations.

**8. Investments accounted for using the equity method**

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

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Items	Equity Method		Accrued Net Income		Accrued Net Income	
	6/30/2014	12/31/2013	1/1/2013	1/1/2013	4/1/2013	4/1/2013
	ThUS\$	ThUS\$	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Investments in associates accounted for using the equity method	7,233,451	7,341,196	117,286	155,214	59,985	82,150
Joint Ventures	144,554	153,786	65,769	70,668	32,105	44,509
<b>Total</b>	<b>7,378,005</b>	<b>7,494,982</b>	<b>183,055</b>	<b>225,882</b>	<b>92,090</b>	<b>126,659</b>

**a) Associates**

**Agua de la Falda S.A.**

As of June 30, 2014, Codelco has a 43.28% interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

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

**Sociedad Contractual Minera El Abra**

Sociedad Contractual Minera El Abra was formed in 1994. As of June 30, 2014, Codelco has a 49% interest in Sociedad Contractual Minera El Abra, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

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

**Sociedad Contractual Minera Purén**

As of June 30, 2014, Codelco has a 35% interest in Sociedad Contractual Minera Purén, with the remaining 65% owned by Compañía Minera Mantos de Oro.

This company's line of business is to explore, identify, survey, investigate, develop and exploit mineral deposits in order to extract, produce and process ore.

**Mining Industry Robotic Solutions S.A.**

Until the May 17, 2013, Codelco had a 36% stake of its capital shares, 53% was owned by Support Company Limited, 9% by Nippon Mining & Metals Co. Ltd., and 2% by Kuka Roboter GmbH.

On May 17, 2013, Codelco and Support Company Limited, agreed to enter into a transaction whereby the Corporation sold its stake to Support Company Limited. The result of this operation before tax was ThUS\$ 731.

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#### **Sociedad GNL Mejillones S.A.**

As of June 30, 2014, Codelco has a 37% interest in Sociedad GNL Mejillones S.A., with the remaining 63% owned by Suez Energy Andino S.A. These interests were established on November 5, 2010 when the Corporation did not increase the capital agreed upon by the meeting of shareholders of such company. Before the actual increase, both the Corporation and Suez Energy Andino S.A. had a 50% interest each.

This company's line of business is the production, storage, marketing, transportation and distribution of all types of fuel, and the acquisition, construction, maintenance and operation of infrastructure facilities and construction projects necessary for transport, reception, processing and storage both in Chile and abroad, singly or in partnership with third parties.

#### **Comotech S.A.**

As of June 30, 2014, Codelco has a 48.19% interest in Comotech S.A. through its indirect subsidiary Innovaciones en Cobre S.A.

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

#### **Inca de Oro S.A.**

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

On February 15, 2011, the association of Codelco and Minera PanAust IDO Ltda. was approved in respect to the Inca de Oro deposit, with 66% of the share of Inca de Oro S.A. held by Minera PanAust IDO Ltda. and Codelco maintains a 34% share. Before the materialization of this association, Codelco owned the 100% of the society.

The financial effects from this operation generated a profit before income tax of ThUS\$ 33,668 during the period ended at December 31, 2011.

#### **Copper for Energy S.A.**

As of June 30, 2014, Codelco has a 25% interest in the share capital of International Copper Association Ltd., a 25% interest in Fundación Chile and a 25% interest in Universidad de Chile.

Copper for Energy S.A.'s line of business is to develop and commercialize new products and applications for copper, destined to make the most efficient use of energy and/ or to generate and utilize renewable energy; conducting and ordering research, carrying out studies and projects, rendering of training services and activities.

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**Deutsche Giessdraht GmbH**

As of June 30, 2014, Aurubis and Codelco through its affiliate, Codelco Kupferhandel GmbH, have a 60% and 40% interest, respectively.

The company produces wire rods in its Emmerich, Germany facility.

**Anglo American Sur S.A.**

On August 24, 2012, the company Inversiones Mineras Acrux SpA. (Acrux) and its affiliates (the shares divided between Mitsui & Co. Ltd. (Mitsui) and Codelco, but with Codelco maintaining control), acquired a 29.5% share interest in Anglo American Sur S.A. (AAS), of which, 24.5% corresponds to the indirect ownership of Codelco on AAS.

Subsequently, on November 26, 2012, Codelco sold 44,900 of its shares of Acrux to its partner Mitsui, generating a profit before tax of ThUS\$ 7,626.

After the above mentioned sale, Codelco reduced its indirect share interest in AAS to 20%, while Mitsui increased its participation to 9.5%. This situation remains without changes as of December 31, 2012.

At June 30, 2014, the control of Anglo American Sur belongs to Inversiones Anglo American Sur S.A. with a 50.06% share interest, while the non-controlling interest corresponds to Acrux through its subsidiary Inversiones Mineras Becrux SpA., with a 29.5% and Mitsubishi group with a 20.44%.

The principal activities of the Company are the exploration, extraction, exploitation, production, processing and trading of minerals, concentrates, precipitates, copper bars and all metallic and non-metallic minerals, all fossil substances and liquid and gaseous hydrocarbons naturally presented. This includes the exploration, exploitation and use of all natural energy sources capable of industrial use and the products or by-products obtained, as well as any other related, connected or complementary activities in which the shareholders agree.

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

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Associates	Taxpayer Number	Functional Currency	Equity Interest		Equity Method		Accrued Net Income		Accrued Net Income	
			6/30/2014	12/31/2013	6/30/2014	12/31/2013	1/1/2014	1/1/2013	4/1/2014	4/1/2013
			%	%	ThUS\$	ThUS\$	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Deutsche Geissdraht GmbH	Foreign	EURO	40.00%	40.00%	3,182	3,627	881	536	585	333
Agua de la Falda S.A. Sociedad Contractual Minera El Abra	96.801.450-1	USD	43.28%	43.28%	5,456	5,589	(133)	10	(74)	10
Minera Purén SCM	96.701.340-4	USD	49.00%	49.00%	745,123	838,225	72,311	86,317	36,493	48,959
Sociedad GNL Mejillones S.A.	76.028.880-2	USD	35.00%	35.00%	8,755	8,833	(78)	(195)	(33)	(139)
MI Robotic Solutions S.A.	76.775.710-7	USD	37.00%	37.00%	58,783	56,582	2,137	11,522	2,185	4,566
Inca de Oro S.A.	76.869.100-2	CLP	-%	36.00%	-	-	-	50	-	320
Anglo American Sur S.A.	73.063.022-5	USD	34.00%	34.00%	53,537	53,423	(38)	(65)	-	(111)
Other	77.762.940-9	USD	29.50%	29.50%	6,358,615	6,374,917	42,206	57,123	20,829	28,251
<b>TOTAL</b>					<b>7,233,451</b>	<b>7,341,196</b>	<b>117,286</b>	<b>155,214</b>	<b>59,985</b>	<b>82,150</b>

In respect of investments in associates accounted for under the equity method, then the following tables with details of assets and liabilities at June 30, 2014 and December 31, 2013 are presented as well as the major movements and respective results for the periods ended June 30, 2014 and December 31, 2013.

Assets and liabilities	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	1,731,545	1,912,177
Non-Current assets	6,711,235	6,759,726
Current liabilities	1,015,211	1,145,842
Non-Current liabilities	1,068,205	1,290,594

Net Income	1/1/2014 6/30/2014 ThUS\$	1/1/2013 6/30/2013 ThUS\$	4/1/2014 6/30/2014 ThUS\$	4/1/2013 6/30/2013 ThUS\$
Revenue	2,133,725	2,177,400	1,071,756	1,092,979
Cost of sales	(1,623,628)	(1,550,555)	(826,172)	(797,905)
Profit for the period	510,097	626,845	245,584	295,074

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Movements of Investment in Associates	1/1/2014 6/30/2014 ThUS\$	1/1/2013 6/30/2013 ThUS\$
<b>Opening balances</b>	<b>7,341,196</b>	<b>7,466,286</b>
Contributions	153	1,547
Dividends	(223,803)	(276,034)
Net income for the period	117,286	155,214
Foreign exchange differences	(373)	(151)
Other comprehensive income	64	(707)
Other	(1,072)	(29,744)
<b>Final balance</b>	<b>7,233,451</b>	<b>7,316,411</b>

From the tables associated with significant breakdown of assets and liabilities at June 30, 2014 and December 31, 2013 are presented as well as the major movements and their results for the year ended June 30, 2014 and December 31, 2013.

**Sociedad Contractual Minera El Abra**

Assets and liabilities	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	607,359	764,600
Non-Current assets	1,325,631	1,347,536
Current liabilities	113,403	106,474
Non-Current liabilities	189,930	186,001

Net Income	1/1/2014 6/30/2014 ThUS\$	1/1/2013 6/30/2013 ThUS\$	4/1/2014 6/30/2014 ThUS\$	4/1/2013 6/30/2013 ThUS\$
Revenue	578,039	580,577	296,947	314,587
Cost of sales	(428,043)	(392,871)	(223,669)	(216,541)
Profit for the period	149,996	187,706	73,278	98,046

**Anglo American Sur S.A.**

Assets and liabilities	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	1,085,943	1,097,744
Non-Current assets	4,812,253	4,867,265
Current liabilities	868,650	1,004,062
Non-Current liabilities	593,543	831,799

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Net Income	1/1/2014	1/1/2013	4/1/2014	4/1/2013
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	1,517,630	1,495,024	754,904	734,646
Cost of sales	(1,162,606)	(1,088,440)	(588,139)	(551,982)
Profit for the period	355,024	406,584	166,765	182,664

**b) Joint ventures**

At June 30, 2014, the Corporation participates in the Copper Partners Investment Company Limited Joint venture. This partnership dates from March 2006 when Codelco Chile through its subsidiary Codelco International Ltd., executed the agreement with Album Enterprises Limited (a subsidiary of Minmetals) to form the company, in which both companies hold equal interests.

Assets and liabilities	6/30/2014	12/31/2013
	ThUS\$	ThUS\$
Current assets	79,406	43,089
Non-current assets	216,934	272,299
Current liabilities	7,236	7,822
Non-current liabilities	-	-

Net Income	1/1/2014	1/1/2013	4/1/2014	4/1/2013
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue and other comprehensive income	198,988	204,507	97,520	129,391
Cost of sales	(67,461)	(63,171)	(33,311)	(40,373)
Profit (losses)	131,537	141,336	64,209	89,018

Movements of the investment in joint ventures	1/1/2014	1/1/2013
	6/30/2014	6/30/2013
	ThUS\$	ThUS\$
<b>Opening balance</b>	<b>153,786</b>	<b>178,326</b>
Net income for the period	65,769	70,668
Dividends	(75,000)	(72,000)
Other	(1)	875
<b>Final balance</b>	<b>144,554</b>	<b>177,869</b>

Additional Information	06/30/2014	12/31/2013
	ThUS\$	ThUS\$
Cash and cash equivalent	6,036	43,706



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**c) Additional information about unrealized profit**

The Corporation has recognized unrealized profit for purchases and sales of products, mining properties, property, plant and equipment and ownership rights. The most significant transactions include the transaction carried out in 1994 for the initial contribution of mining properties to Sociedad Contractual Minera El Abra.

The balance of unrealized profit at June 30, 2014 corresponds to ThUS\$ 53,409 (December 31, 2013: ThUS\$ 53,409), an amount which represents deductions of investments in this entity.

Codelco carries out copper purchase and sales with the company. At June 30, 2014, the value of finished products inventories category presents an unrealized gain provision of ThUS\$ 8,009. On December 31, 2013, there was an unrealized gain accrual of ThUS\$ 6,238.

Moreover, Codelco carries out copper purchases and sales with this company with Anglo American Sur S.A., the value of finished products for the category Inventories at June 30, 2014, has a provision for unrealized gain ThUS\$ 902. At December 31, 2013, the company has a provision unrealized gain for ThUS\$ 3,336.

The Company has recorded unrealized gains for the purchase of rights to use GNL terminal of Contractual Minera El Abra, to June 30, 2014, corresponds to ThUS\$ 3,920. As of December 31, 2013 it amounts to ThUS\$ 3,920.

**d) Share in companies acquired at fair value versus carrying amount**

The acquisition by Codelco of its participation in Anglo American Sur S.A., on August 24, 2012, was recorded based on the acquisition method, which involved the initial recognition of an investment in the amount of ThUS\$ 6,490,000, corresponding to the percentage of the share interest acquired (29.5%) over the fair value of the net assets of the company, while the book value at the acquisition date was ThUS\$ 1,699,795.

In determining the fair value of the net assets of the acquired share interest, the Corporation considered both the resources and mineral reserves that can be recovered reliably and the assessment of intangibles and all other considerations about assets and contingent liabilities was performed.

The fair value of the assets acquired and liabilities assumed at the acquisition date are as follows:

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	<b><u>Balance at Fair Value August 24, 2012</u></b>
	<b>(US\$ million)</b>
Property, plant and equipments	17,718
Intangibles	-
Mining resources	10,450
Water rights	28
<b>Non-current assets</b>	<b>28,196</b>
Inventories	211
Trade receivable and other receivables	693
Hedging instruments	1
Recoverable taxes	36
Cash and cash equivalents	599
<b>Current assets</b>	<b>1,540</b>
<b>Total Assets</b>	<b>29,736</b>
Capital	1,241
Retained earnings	2,895
Other reserves	18,510
<b>Total Equity</b>	<b>22,646</b>
Trade payables and other payables	1,599
Provision for employees benefits	76
Deferred taxes	4,925
Provisions	220
<b>Non-Current liabilities</b>	<b>6,820</b>
Trade payables and other payables	258
Provisions	12
<b>Current liabilities</b>	<b>270</b>
<b>Total Liabilities</b>	<b>29,736</b>

0

The allocation of the purchase price to fair value between the identifiable assets and liabilities has been prepared by management using its best estimates and taking into account all relevant information available at the time of the acquisition of Anglo American Sur S.A.

The transaction has not resulted in the acquisition of control of the acquired company.

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The Corporation used the model of discounted cash flows to estimate cash flow projections, based on the life of the mines. These projections are based on estimated production and future prices of minerals, operating costs and capital costs at the date of acquisition, among other estimates. Additionally, resources and potential resources to explore are not included in the plan because they have been valued separately using a market model. These resources include the concept of "Mineral Resources". As part of this process and the application of the discounted cash flow model, the fair value of the net assets of Anglo American Sur S.A. valued at US\$ 22,646 million in proportion to the ownership by Inversiones Mineras Becrux SpA (29.5%) which amounts to US\$ 6,681 million at fair value.

On June 30, 2014 and December 31, 2013 neither the amount recognized for the total consideration transferred, nor the range of estimates or assumptions used to determine reasonable values at the acquisition date have changed.

The earnings before tax, corresponding to the proportion of the gains of Anglo American Sur S.A. recognized for the period ended June 30, 2014 was ThUS\$ 104,732, while the adjustment for depreciation and decrease in the fair value of the net assets of the company recognized at the acquisition date, meant an effect of lower profit before tax of ThUS\$ 64,960 and is decreasing the item "Equity in earnings (losses) of associates and joint ventures accounted for using the equity method" of the comprehensive income statement.

**9. Subsidiaries**

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

<b>Assets and liabilities</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Current assets	479,734	423,173
Non-current assets	6,917,069	6,923,084
Current liabilities	296,623	251,115
Non-current liabilities	1,087,821	1,093,414

<b>Net Income</b>	<b>1/1/2014</b>	<b>1/1/2013</b>	<b>4/1/2014</b>	<b>4/1/2013</b>
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Revenue	1,061,805	1,019,515	459,200	503,591
Cost of sales	(973,654)	(914,581)	(417,753)	(447,492)
Profit (losses) for the period	88,151	104,934	41,447	56,099

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**10. Other non-current non-financial assets**

Other non-current non-financial assets included in the consolidated statement of financial position as of June 30, 2014 and December 31, 2013 is detailed as follows:

<b>Other non-current non-financial assets</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
	ThUS\$	ThUS\$
Law No. 13,196 asset (1)	25,363	27,230
Other	17,502	12,432
<b>Total</b>	<b>42,865</b>	<b>39,662</b>

- (1) Corresponds to the recording of the commitment related to Law No. 13.196, for the advance payment received for the copper sales contract signed with Copper Partners Investment Company Limited. This amount will be amortized according to the shipments made.

**11. Current and non-current financial assets**

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

<b>Classification in the statement of financial position</b>	<b>6/30/2014</b>				
	<b>At fair value though profit and loss</b>	<b>Loans and receivables</b>	<b>Hedging derivatives</b>	<b>Available for sale</b>	<b>Total financial assets</b>
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	289	932,890	-	-	933,179
Trade and other current receivables	94,979	1,857,495	-	-	1,952,474
Accounts receivables, non – current	-	139,548	-	-	139,548
A/R due from related companies, current	-	13,825	-	-	13,825
A/R due from related companies, non – current	-	224	-	-	224
Other current financial assets	-	21,916	2,397	-	24,313
Other non - current financial assets	-	9,410	83,678	-	93,088
<b>Total</b>	<b>95,268</b>	<b>2,975,309</b>	<b>86,075</b>	-	<b>3,156,652</b>

<b>Classification in the statement of financial position</b>	<b>12/31/2013</b>				
	<b>At fair value though profit and loss</b>	<b>Loans and receivables</b>	<b>Hedging derivatives</b>	<b>Available for sale</b>	<b>Total financial assets</b>
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	1,431	749,239	-	-	750,670
Trade and other current receivables	124,905	2,061,277	-	-	2,186,182
Accounts receivables, non – current	-	138,896	-	-	138,896
A/R due from related companies, current	-	30,883	-	-	30,883
A/R due from related companies, non – current	-	224	-	-	224
Other current financial assets	-	3,899	1,728	-	5,627
Other non - current financial assets	-	9,829	83,878	-	93,707
<b>Total</b>	<b>126,336</b>	<b>2,994,247</b>	<b>85,606</b>	-	<b>3,206,189</b>

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- **Financial assets designated at fair value through profit or loss:** At June 30, 2014, this category mainly includes unfinished product sale invoices and mutual fund investments made by Codelco Chile subsidiaries.

The effects on results of open invoices are determined by the differences between the provisional price at the date of shipment and the futures price curve of products, as explained under the title Accounting policies (letter p of number 2 of Chapter II), while mutual funds affect the result by the change in fair value of shares.

- **Loans granted and receivables:** These correspond to financial assets with fixed or determinable payments that are not traded in an active market.

The effects on the period's statements of comprehensive income generated by these assets, come mainly from financial interest gains and from the exchange rate differences related to the balances in currencies other than the functional currency.

No material impairments were recognized in accounts receivable.

- **Hedging derivatives:** Correspond to the receivable balances for derivative contracts for the exposure generated by existing operations and which affect the period profit and loss from the liquidation of these operations. The detail of derivative transactions is included in Note 27.
- **Available-for-sale financial assets:** These correspond primarily to non-derivative financial assets that are specifically designated as available for sale or are not classified as: a) loans and receivables, b) investments held to maturity or c) financial assets carried at fair value through profit or loss.

Within the period presented, there was no reclassification of financial instruments among the different categories established under IAS 39.

## **12. Interest-bearing borrowings**

Current and non-current interest-bearing borrowings correspond to Borrowings from financial institutions, Bond obligations and Finance leases, which are recorded by the Corporation at amortized cost using the effective interest rate method. The following tables detail the composition of the item "other financial liabilities, current and non-current."

The tables below show the composition of the other financial liabilities, current and noncurrent.

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Items	6/30/2014					
	Current			Non-current		
	Loans and other payables ThUS\$	Hedging derivatives ThUS\$	Total ThUS\$	Loans and other payables ThUS\$	Hedging derivatives ThUS\$	Total ThUS\$
Loans from financial entities	889,297	-	889,297	3,691,378	-	3,691,378
Bonds	611,083	-	611,083	7,659,972	-	7,659,972
Financial Lease	21,484	-	21,484	106,754	-	106,754
Hedge obligations	-	4,564	4,564	-	96	96
Other financial liabilities	1,132	-	1,132	75,909	-	75,909
<b>Total</b>	<b>1,522,996</b>	<b>4,564</b>	<b>1,527,560</b>	<b>11,534,013</b>	<b>96</b>	<b>11,534,109</b>

Items	12/31/2013					
	Current			Non-current		
	Loans and other payables ThUS\$	Hedging derivatives ThUS\$	Total ThUS\$	Loans and other payables ThUS\$	Hedging derivatives ThUS\$	Total ThUS\$
Loans from financial entities	520,893	-	520,893	3,030,057	-	3,030,057
Bonds	611,929	-	611,929	7,662,388	-	7,662,388
Financial Lease	21,243	-	21,243	76,240	-	76,240
Hedge obligations	-	5,125	5,125	-	1,245	1,245
Other financial liabilities	1,111	-	1,111	77,912	-	77,912
<b>Total</b>	<b>1,155,176</b>	<b>5,125</b>	<b>1,160,301</b>	<b>10,846,597</b>	<b>1,245</b>	<b>10,847,842</b>

These items are generated by the following situations:

**- Borrowings from financial institutions:**

The loans obtained by the Corporation to finance its production operations oriented towards the foreign market.

On August 23, 2012, the subsidiary Inversiones GacruX SpA (GacruX), agreed to funding from Oriente Copper Netherlands BV (a subsidiary of Mitsui & Co. Ltd.) for approximately US\$ 1,863 million, renewable monthly until November 26, 2012, after which, if not paid or renegotiated, will automatically become a loan with a 7.5 years maturity from the date of disbursement, and an annual rate of Libor + 2.5%. This credit has no personal guarantees ("non-recourse") on Codelco's part.

Codelco's indirect subsidiary Codelco Inversiones Mineras BecruX SpA used this funding for the acquisition of 24.5% of the shares of Anglo American Sur S.A. and other related expenses.

On October 31, 2012, new terms of the amended Credit Agreement were agreed, which remains without personal guarantees of Codelco ("non-recourse"), and establish a fixed rate of 3.25% per annum and a duration 20 years, to be payable in 40 semi-annual quotas of principal and interest. Under previous agreements, Mitsui is entitled to additional interest

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equivalent to one-third of the savings that result to GacruX from the difference between refinanced credit and the Credit Agreement originally signed. Furthermore, Mitsui (through a subsidiary) held an option to purchase from GacruX an additional 15.25% of the shares issued by the company Inversiones Mineras Acrux SpA ("Acrux"), at a fixed price by approximately US\$ 998 million, to be used in full to prepay GacruX's debt under the Credit Agreement.

Subsequently, on November 26, 2012, Mitsui materialized the purchase of additional 15.25% share interest in Acrux, so Codelco reduced its debt with Mitsui, which at June 30, 2014, has a balance of ThUS\$ 791,949.

#### • **Bond obligations:**

On October 15, 2004, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 15, 2014, with an interest rate of 4.750% per annum with interest paid semiannually.

On May 10, 2005, the Corporation issued and placed bonds in the domestic market for a nominal amount of UF 6,900,000, in a single series denominated Series B, and consists of 6,900 bonds for UF 1,000 each. These bonds are payable in a single installment on April 1, 2025, with a 4% annual interest rate and with bi-annual interest payments.

On September 21, 2005, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds are payable in a single installment on September 21, 2035, with a 5.6250% annual interest rate and with bi-annual interest payments.

On October 19, 2006, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds are payable in a single installment on October 24, 2036, with a 6.15% annual interest rate and with bi-annual interest payments.

On January 20, 2009, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 600,000. These bonds mature in a single installment on January 15, 2019, at an interest rate of 7.5% per annum with interest paid bi-annually.

On November 4, 2010 the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 1,000,000. These bonds mature in a single installment on November 4, 2020, at an interest rate of 3.75% per annum with interest paid bi-annually.

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On November 3, 2011, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 1,150,000. These bonds mature in a single installment on November 4, 2021, with an interest rate of 3.875% per annum, with interest paid bi-annually.

On July 17, 2012, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 2,000,000. The ThUS\$ 1,250,000 with an interest rate of 3% per annum mature on July 17, 2022 and the ThUS\$ 750,000 with an interest rate of 4.25% mature on July 17, 2042, and each have interest paid annually.

On August 13, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 750,000, which will mature in a single installment on August 12, 2023, with a coupon of 4.5% per annum with interest paid semiannually.

On October 18, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS\$ 950,000, which will mature in a single installment on October 18, 2043, with a coupon of 5.625% per annum with interest paid semiannual.

- **Financial debt commissions and expenses:**

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

- **Finance leases:**

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



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As of June 30, 2014, the details of loans from financial institutions and bond obligations are as follows:

6/30/2014													
Taxpayer Number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate	Effective rate	Current Balance ThUS\$	Non-Current Balance ThUS\$
Foreign	USA	Syndicated Credit	BBVA Bancomer	9/27/2014	Floating	US\$	400,000,000	3 annual installments of principal at Maturity	Quarterly	0.43%	0.48%	133,642	-
97036000-k	Chile	Bilateral Credit	Banco Santander S.A.	11/30/2015	Floating	US\$	75,000,000	Maturity	Quarterly	1.08%	1.20%	78	74,890
Foreign	Bermuda	Bilateral Credit	HSBC Bank Bermuda Limited	12/17/2015	Floating	US\$	162,500,000	Maturity	Quarterly	1.08%	1.20%	64	162,255
Foreign	USA	Bilateral Credit	HSBC Bank Bermuda Limited	12/22/2015	Floating	US\$	100,000,000	Maturity	Quarterly	0.98%	1.07%	19	99,864
97036000-k	Chile	Bilateral Credit	Banco Santander S.A.	12/23/2015	Floating	US\$	100,000,000	Maturity	Quarterly	1.08%	1.20%	21	99,846
Foreign	USA	Bilateral Credit	Export Dev. Canada	12/28/2015	Floating	US\$	250,000,000	Maturity	Quarterly	1.03%	1.15%	-	249,616
Foreign	USA	Bilateral Credit	Sumitomo Mitsui Banking	2/18/2016	Floating	US\$	100,000,000	Maturity	Quarterly	1.06%	1.15%	35	99,858
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US\$	100,000,000	Maturity	Quarterly	0.83%	1.10%	175	99,391
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US\$	250,000,000	Maturity	Quarterly	0.73%	1.03%	386	248,297
Foreign	USA	Bilateral Credit	HSBC Bank USA. N.A.	10/11/2016	Floating	US\$	250,000,000	Maturity	Quarterly	0.83%	1.13%	472	248,327
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US\$	250,000,000	Maturity	Quarterly	0.73%	1.09%	313	247,970
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US\$	300,000,000	Maturity	Quarterly	0.85%	1.08%	92	297,338
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US\$	300,000,000	Maturity	Quarterly	0.88%	1.09%	594	297,556
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi	5/24/2019	Floating	US\$	8,700,000	Semi-annual principal installments from 2015 until maturity	Semi-annual	0.87%	0.99%	8	8,672
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US\$	20,300,000	Semi-annual principal installments from 2015 until maturity	Semi-annual	0.77%	0.78%	17	20,222
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	7/19/2018	Floating	US\$	300,000,000	Maturity	Quarterly	0.85%	0.95%	519	299,001
Foreign	USA	Bilateral Credit	Export Dev Canada	7/20/2018	Floating	US\$	300,000,000	Maturity	Quarterly	0.85%	0.95%	476	298,961
Foreign	USA	Bilateral Credit	HSBC Bank Bermuda Limited	7/24/2014	Floating	US\$	245,000,000	Maturity	Monthly	0.30%	0.43%	245,021	-
97036000-k	Chile	Bilateral Credit	Banco Santander S.A.	7/7/2014	Floating	US\$	300,000,000	Maturity	Monthly	0.15%	0.15%	300,032	-
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/10/2019	Floating	US\$	95,000,000	Maturity	Quarterly	0.85%	1.08%	46	94,001
97018000-1	Chile	Bilateral Credit	Scotiabank Chile	7/11/2014	Floating	US\$	100,000,000	Maturity	Monthly	0.20%	0.20%	100,010	-
Foreign	Netherland	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US\$	874,959,000	Semi-annual principal installments	Semi-annual	3.25%	3.60%	55,103	736,846
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	Euro				1.45%	1.45%	26,247	-
Foreign	Germany	Credit Line	Deutsche Bank		Floating	Euro				1.44%	1.44%	20,205	-
			Other Institutions									5,722	8,467
<b>TOTAL</b>												<b>889,297</b>	<b>3,691,378</b>

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Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate	Effective rate	Current balance ThUS\$	Non-current balance ThUS\$
144-A REG.S	USA	10/15/2014	Fixed	US\$	500,000,000	Maturity	Semi-annual	4.75%	4.99%	504,837	-
114-A REG.S	USA	1/15/2019	Fixed	US\$	600,000,000	Maturity	Semi-annual	7.50%	7.79%	20,760	1,145,994
114-A REG.S	USA	11/4/2020	Fixed	US\$	1,000,000,000	Maturity	Semi-annual	3.75%	3.98%	6,114	1,243,490
114-A REG.S	USA	11/4/2021	Fixed	US\$	1,150,000,000	Maturity	Semi-annual	3.88%	4.07%	7,266	737,427
144-A REG.S	USA	7/17/2022	Fixed	US\$	1,250,000,000	Maturity	Semi-annual	3.00%	3.16%	17,196	308,020
144-A REG.S	USA	8/13/2023	Fixed	US\$	750,000,000	Maturity	Semi-annual	4.50%	4.75%	12,795	481,302
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annual	4.00%	3.24%	3,010	932,064
144-A REG.S	USA	9/21/2035	Fixed	US\$	500,000,000	Maturity	Semi-annual	5.63%	5.78%	7,948	600,000
144-A REG.S	USA	10/24/2036	Fixed	US\$	500,000,000	Maturity	Semi-annual	6.15%	6.22%	5,881	990,648
144-A REG.S	USA	7/17/2042	Fixed	US\$	750,000,000	Maturity	Semi-annual	4.25%	4.40%	14,617	484,592
144-A REG.S	USA	10/18/2043	Fixed	US\$	950,000,000	Maturity	Semi-annual	5.63%	5.76%	10,658	736,435
<b>TOTAL</b>										<b>611,083</b>	<b>7,659,972</b>

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

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At December 31, 2013, the detail of Borrowings from financial institutions and Bond obligations is as follows:

12/31/2013													
Taxpayer Number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate	Effective rate	Current balance ThUS\$	Non-current balance ThUS\$
Foreign	USA	Syndicated Credit	BBVA Bancomer	9/27/2014	Floating	US\$	400,000,000	3 annual installments of principal at maturity	Quarterly	0.45%	0.50%	133,254	-
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	11/30/2015	Floating	US\$	75,000,000	Maturity	Quarterly	1.09%	1.21%	82	74,849
Foreign	Bermuda	Bilateral Credit	HSBC Bank Bermuda Limited	12/17/2015	Floating	US\$	162,500,000	Maturity	Quarterly	1.09%	1.21%	76	162,172
Foreign	USA	Bilateral Credit	Bank of Tokyo-Mitsubishi	12/22/2015	Floating	US\$	100,000,000	Maturity	Quarterly	1.00%	1.09%	22	99,824
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	12/23/2015	Floating	US\$	100,000,000	Maturity	Quarterly	1.10%	1.21%	25	99,794
Foreign	USA	Bilateral Credit	Export. Dev. Canada	12/28/2015	Floating	US\$	250,000,000	Maturity	Quarterly	1.05%	1.16%	7	249,489
Foreign	USA	Bilateral Credit	Sumitomo Mitsui Banking	2/18/2016	Floating	US\$	100,000,000	Maturity	Quarterly	1.07%	1.17%	39	99,819
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US\$	100,000,000	Maturity	Quarterly	0.84%	1.12%	186	99,260
Foreign	USA	Bilateral Credit	Bank Of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US\$	250,000,000	Maturity	Quarterly	0.74%	1.05%	411	247,930
Foreign	USA	Bilateral Credit	HSBC Bank USA. N.A.	10/11/2016	Floating	US\$	250,000,000	Maturity	Quarterly	0.84%	1.15%	501	247,965
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US\$	250,000,000	Maturity	Quarterly	0.74%	1.10%	334	247,543
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US\$	300,000,000	Maturity	Quarterly	0.86%	1.09%	111	297,022
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US\$	300,000,000	Maturity	Quarterly	0.89%	1.10%	592	297,273
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi	5/24/2019	Floating	US\$	8,700,000	Semi-annual principal installments from 2015 until maturity	Semi-annual	0.90%	1.01%	8	8,668
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US\$	20,300,000	Semi-annual principal installments from 2015 until maturity	Semi-annual	0.80%	0.81%	17	20,221
97036000-K	Chile	Bilateral Credit	Banco Santander S.A.	1/29/2014	Floating	US\$	300,000,000	Maturity	Monthly	0.06%	0.06%	300,001	-
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US\$	874,959,000	Semi-annual principal installments	Semi-annual	3.25%	3.60%	45,509	767,337
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	Euro				1.42%	1.42%	18,374	-
Foreign	Germany	Credit Line	Deutsche Bank		Floating	Euro				1.42%	1.42%	16,620	-
			Other Institutions									4,724	10,891
<b>TOTAL</b>												<b>520,893</b>	<b>3,030,057</b>

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Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate	Effective rate	Current balance ThUS\$	Non-current balance ThUS\$
144-A REG.S	USA	10/15/2014	Fixed	US\$	500,000,000	Maturity	Semi-annual	4.75%	4.99%	504,359	-
114-A REG.S	USA	1/15/2019	Fixed	US\$	600,000,000	Maturity	Semi-annual	7.50%	7.79%	21,035	592,912
114-A REG.S	USA	11/4/2020	Fixed	US\$	1,000,000,000	Maturity	Semi-annual	3.75%	3.98%	6,215	986,344
114-A REG.S	USA	11/4/2021	Fixed	US\$	1,150,000,000	Maturity	Semi-annual	3.88%	4.07%	7,386	1,135,353
144-A REG.S	USA	7/17/2022	Fixed	US\$	1,250,000,000	Maturity	Semi-annual	3.00%	3.16%	17,221	1,233,848
144-A REG.S	USA	8/13/2023	Fixed	US\$	750,000,000	Maturity	Semi-annual	4.50%	4.75%	12,931	735,854
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annual	4.00%	3.24%	3,117	328,541
144-A REG.S	USA	9/21/2035	Fixed	US\$	500,000,000	Maturity	Semi-annual	5.63%	5.78%	8,080	490,537
144-A REG.S	USA	10/24/2036	Fixed	US\$	500,000,000	Maturity	Semi-annual	6.15%	6.22%	5,997	495,953
144-A REG.S	USA	7/17/2042	Fixed	US\$	750,000,000	Maturity	Semi-annual	4.25%	4.40%	14,638	731,138
144-A REG.S	USA	10/18/2043	Fixed	US\$	950,000,000	Maturity	Semi-annual	5.63%	5.76%	10,950	931,908
<b>TOTAL</b>										<b>611,929</b>	<b>7,662,388</b>

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

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The undiscounted amounts due to the Corporation maintained with financial institutions, is as follows:

Debtor's Name	6/30/2014				Current			Non-Current			
	Currency	Effective Interest Rate	Nominal Rate	Payments of Interest	Less than 90 days	More than 90 days	Current total	1 to 3 years	3 to 5 years	More than 5 years	Non-current total
BBVA Bancomer	US\$	0.48%	0.43%	Quarterly	133,480	-	133,480	-	-	-	-
Banco Santander S.A.	US\$	1.20%	1.08%	Quarterly	204	624	828	75,413	-	-	75,413
HSBC Bank Bermuda Limited	US\$	1.20%	1.08%	Quarterly	449	1,333	1,782	163,394	-	-	163,394
Bank of Tokyo-Mitsubishi	US\$	1.07%	0.98%	Quarterly	499	740	1,239	100,498	-	-	100,498
Banco Santander S.A.	US\$	1.20%	1.08%	Quarterly	550	820	1,370	100,550	-	-	100,550
Export. Dev. Canada	US\$	1.15%	1.03%	Quarterly	646	1,960	2,606	251,314	-	-	251,314
Sumitomo Mitsui Banking	US\$	1.15%	1.06%	Quarterly	271	795	1,066	100,807	-	-	100,807
Mizuho Corporate Bank Ltd	US\$	1.10%	0.83%	Quarterly	209	629	838	101,260	-	-	101,260
Bank of Tokyo Mitsubishi Ltd.	US\$	1.03%	0.73%	Quarterly	459	1,382	1,841	252,770	-	-	252,770
HSBC Bank USA. N.A.	US\$	1.13%	0.83%	Quarterly	1,054	1,572	2,626	252,638	-	-	252,638
Export Dev Canada	US\$	1.09%	0.73%	Quarterly	459	1,383	1,842	252,770	-	-	252,770
Mizuho Corporate Bank Ltd	US\$	1.08%	0.85%	Quarterly	653	1,939	2,592	5,191	303,245	-	308,436
Bank of America N.A.	US\$	1.09%	0.88%	Quarterly	673	1,331	2,004	5,346	304,007	-	309,353
Bank of Tokyo-Mitsubishi	US\$	0.99%	0.87%	Semi-annual	39	39	78	3,402	4,417	1,092	8,911
Japan Bank International Cooperation	US\$	0.78%	0.77%	Semi-annual	81	78	159	4,634	5,993	10,269	20,896
Bank of Tokyo Mitsubishi Ltd.	US\$	0.95%	0.85%	Quarterly	-	1,951	1,951	5,186	3,228	-	8,414
Export Dev Canada	US\$	0.95%	0.85%	Quarterly	647	1,949	2,596	5,200	2,596	-	7,796
HSBC Bank Bermuda Limited	US\$	0.43%	0.30%	Monthly	245,064	-	245,064	-	-	-	-
Banco Santander S.A.	US\$	0.15%	0.15%	Monthly	300,032	-	300,032	-	-	-	-
Mizuho Corporate Bank Ltd	US\$	1.08%	0.85%	Quarterly	206	612	818	1,639	96,637	-	98,276
Scotiabank Chile	US\$	0.20%	0.20%	Monthly	100,016	-	100,016	-	-	-	-
Oriente Copper Netherlands B.V	US\$	3.60%	3.25%	Semi-annual	-	79,198	79,198	154,139	148,305	850,351	1,152,795
BONO 144-A REG. 2014	US\$	4.99%	4.75%	Semi-annual	-	511,875	511,875	-	-	-	-
BONO 144-A REG. 2019	US\$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	90,000	690,000	-	780,000
BONO 144-A REG. 2020	US\$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75,000	75,000	1,056,250	1,206,250
BONO 144-A REG. 2021	US\$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89,125	89,125	1,261,406	1,439,656
BONO 144-A REG. 2022	US\$	3.16%	3.00%	Semi-annual	18,750	18,750	37,500	75,000	75,000	1,381,250	1,531,250
BONO 144-A REG. 2023	US\$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67,500	67,500	918,750	1,053,750
BONO 144-A REG. 2035	US\$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	56,250	964,063	1,076,563
BONO 144-A REG. 2036	US\$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	61,500	1,038,125	1,161,125
BONO 144-A REG. 2042	US\$	4.40%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	63,750	1,499,063	1,626,563
BONO 144-A REG. 2043	US\$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	106,875	1,309,219	1,522,969
<b>Total ThUS\$</b>					<b>873,817</b>	<b>864,587</b>	<b>1,738,404</b>	<b>2,521,151</b>	<b>2,153,428</b>	<b>10,289,838</b>	<b>14,964,417</b>
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	552,000	8,694,000	9,798,000
<b>Total U.F.</b>					<b>138,000</b>	<b>138,000</b>	<b>276,000</b>	<b>552,000</b>	<b>552,000</b>	<b>8,694,000</b>	<b>9,798,000</b>
<b>Subtotal ThUS\$</b>					<b>6,021</b>	<b>6,021</b>	<b>12,042</b>	<b>24,085</b>	<b>24,085</b>	<b>379,334</b>	<b>427,503</b>
<b>Total ThUS\$</b>					<b>879,838</b>	<b>870,608</b>	<b>1,750,446</b>	<b>2,545,236</b>	<b>2,177,513</b>	<b>10,669,172</b>	<b>15,391,920</b>

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

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

Debtor's Name	12/31/2013				Current			Non-current			
	Currency	Effective Interest Rate	Nominal Rate	Payments of Interest	Less than 90 days	More than 90 days	Current total	1 to 3 years	3 to 5 years	More than 5 years	Non-current total
BBVA BANCOMER	US\$	0.50%	0.45%	Quarterly	149	133,642	133,791	-	-	-	-
BANCO SANTANDER S.A.	US\$	1.21%	1.09%	Quarterly	206	632	838	75,827	-	-	75,827
HSBC BANK BERMUDA LIMITED	US\$	1.21%	1.09%	Quarterly	444	1,363	1,807	164,302	-	-	164,302
THE BANK OF TOKYO M.	US\$	1.09%	1.00%	Quarterly	252	755	1,007	101,010	-	-	101,010
BANCO SANTANDER S.A.	US\$	1.21%	1.10%	Quarterly	277	833	1,110	101,110	-	-	101,110
EXPORT DEVELOP CANADA	US\$	1.16%	1.05%	Quarterly	662	1,977	2,639	252,653	-	-	252,653
SUMITOMO MITSUI BANKING	US\$	1.17%	1.07%	Quarterly	268	811	1,079	101,359	-	-	101,359
MIZUHO CORPORATE BANK LTD	US\$	1.12%	0.84%	Quarterly	215	639	854	101,712	-	-	101,712
BANK OF TOKYO-MITSUBISHI LTD.	US\$	1.05%	0.74%	Quarterly	475	1,410	1,885	253,775	-	-	253,775
HSBC BANK USA, N.A.	US\$	1.15%	0.84%	Quarterly	1,066	1,072	2,138	254,281	-	-	254,281
EXPORT DEVELOP CANADA	US\$	1.10%	0.74%	Quarterly	471	1,397	1,868	253,741	-	-	253,741
MIZUHO CORPORATE BANK LTD	US\$	1.09%	0.86%	Quarterly	654	1,977	2,631	5,256	304,595	-	309,851
BANK OF AMERICA N.A.	US\$	1.10%	0.89%	Quarterly	1,363	1,363	2,726	5,444	305,436	-	310,880
BANK OF TOKYO MITSUBISHI LTD.	US\$	1.01%	0.90%	Semi-annual	-	79	79	3,406	4,419	1,092	8,917
JAPAN BANK INTERNATIONAL COOPERATION	US\$	0.81%	0.80%	Semi-annual	-	162	162	4,643	5,999	10,273	20,915
BANCO SANTANDER S.A.	US\$	0.06%	0.06%	Quarterly	300,015	-	300,015	-	-	-	-
ORIENTE COPPER NETHERLANDS B.V	US\$	3.60%	3.25%	Semi-annual	-	79,913	79,913	155,568	149,735	886,802	1,192,105
BONO 144-A REG. 2014	US\$	4.99%	4.75%	Semi-annual	-	523,750	523,750	-	-	-	-
BONO 144-A REG. 2019	US\$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	90,000	90,000	622,500	802,500
BONO 144-A REG. 2020	US\$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75,000	75,000	1,075,000	1,225,000
BONO 144-A REG. 2021	US\$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89,125	89,125	1,283,688	1,461,938
BONO 144-A REG. 2022	US\$	3.16%	3.00%	Semi-annual	18,750	18,750	37,500	75,000	75,000	1,400,000	1,550,000
BONO 144-A REG. 2023	US\$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67,500	67,500	918,750	1,053,750
BONO 144-A REG. 2035	US\$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	56,250	978,125	1,090,625
BONO 144-A REG. 2036	US\$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	61,500	1,053,500	1,176,500
BONO 144-A REG. 2042	US\$	4.40%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	63,750	1,515,000	1,642,500
BONO 144-A REG. 2043	US\$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	106,875	1,309,219	1,522,969
<b>Total ThUS\$</b>					<b>394,643</b>	<b>1,006,152</b>	<b>1,400,795</b>	<b>2,519,087</b>	<b>1,455,184</b>	<b>11,053,949</b>	<b>15,028,220</b>
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	552,000	8,694,000	9,798,000
<b>Total U.F.</b>					<b>138,000</b>	<b>138,000</b>	<b>276,000</b>	<b>552,000</b>	<b>552,000</b>	<b>8,694,000</b>	<b>9,798,000</b>
<b>Subtotal ThUS\$</b>					<b>6,132</b>	<b>6,132</b>	<b>12,263</b>	<b>24,526</b>	<b>24,526</b>	<b>386,288</b>	<b>435,341</b>
<b>Total ThUS\$</b>					<b>400,775</b>	<b>1,012,284</b>	<b>1,413,058</b>	<b>2,543,613</b>	<b>1,479,710</b>	<b>11,440,237</b>	<b>15,463,561</b>

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

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

Financial Leasing	6/30/2014			12/31/2013		
	Gross ThUS\$	Interest ThUS\$	Net ThUS\$	Gross ThUS\$	Interest ThUS\$	Net ThUS\$
Less than 90 days	8,034	(2,474)	5,560	6,994	(2,446)	4,548
Between 90 days and 1 year	23,429	(7,505)	15,924	24,195	(7,500)	16,695
Between 1 and 2 years	26,873	(9,323)	17,550	34,723	(13,433)	21,290
Between 2 and 3 years	20,374	(7,673)	12,701	21,978	(9,640)	12,338
Between 3 and 4 years	18,717	(6,682)	12,035	28,833	(11,590)	17,243
Between 4 and 5 years	18,683	(5,632)	13,051	20,126	(5,369)	14,757
More than 5 years	64,041	(12,624)	51,417	16,954	(6,342)	10,612
<b>Total</b>	<b>180,151</b>	<b>(51,913)</b>	<b>128,238</b>	<b>153,803</b>	<b>(56,320)</b>	<b>97,483</b>

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

Future payments for operating issues	6/30/2014	6/30/2013
	ThUS\$	ThUS\$
Less than one year	586,552	900,787
Between one and five years	601,082	492,528
More than five years	265,264	297,745
<b>TOTAL</b>	<b>689,020</b>	<b>1,691,060</b>

Rental fees recognized in the Statement of Comprehensive Income	6/30/2014	6/30/2013
	ThUS\$	ThUS\$
Minimum payments for operatings leases	124,059	153,885

### 13. Fair Value of financial assets and liabilities

As the carrying amount of financial assets and liabilities is a reasonable approximation of their fair value, no incremental disclosures are required in accordance with IFRS 7.

### 14. Fair value hierarchy

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

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

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- Level 2 corresponds to Fair Value measurement methodologies using market quote data, not included in Level 1, that are either directly (prices) or indirectly (derived from the prices) observable for the valued Assets and Liabilities.
- Level 3 corresponds to Fair Value measurement methodologies that use valuation techniques that include data on the valued Assets and Liabilities that are not supported by observable market data.

Based on the methodologies, inputs, and previous definitions the following market levels have been established for the financial instruments portfolio held by the Corporation at June 30, 2014:

Financial assets and liabilities at fair value with effect in profit and loss statement	6/30/2014			
	Level 1 ThUS\$	Level 2 ThUS\$	Level 3 ThUS\$	Total ThUS\$
<b>Financial Assets</b>				
Provisionally priced sales contracts	-	94,979	-	94,979
Cross Currency Swap	-	83,679	-	83,679
Mutua funds units	289	-	-	289
Metals futures	2,397	-	-	2,397
<b>Financial Liabilities</b>				
Metals Futures	4,491	-	-	4,491

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

**15. Trade and other payables**

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

Items	Current Liabilities	
	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Trade payables	1,025,421	1,287,112
Dividends payable	128,581	-
Payables to employees	19,403	18,796
Withholdings	98,742	109,767
Tax withholdings	28,093	70,943
Other payables	128,890	86,079
<b>Total</b>	<b>1,429,130</b>	<b>1,572,697</b>



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**16. Other provisions**

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

Other Provisions	Current		Non-current	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade (1)	18,297	9,859	-	-
Operating (2)	116,905	79,732	-	-
Law No. 13.196	99,421	65,773	-	-
Sundry	106,277	66,028	4,378	2,502
Closure, decommissioning and restoration (3)	-	-	1,307,348	1,336,842
Contingencies	-	-	40,326	48,546
<b>Total</b>	<b>340,900</b>	<b>221,392</b>	<b>1,352,052</b>	<b>1,387,890</b>

Accrual for employee benefits	Current		Non-current	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Employees' collective bargaining agreements	115,298	218,964	-	-
Employee termination benefit	48,192	51,005	809,012	790,939
Bonus	28,228	6,113	-	-
Vacation	149,040	162,125	-	-
Medical care programs (4)	810	820	428,538	349,339
Retirement plans (5)	55,193	118,652	72,740	147,512
Other	9,637	9,876	19,154	10,577
<b>Total</b>	<b>406,398</b>	<b>567,555</b>	<b>1,329,444</b>	<b>1,298,367</b>

- (1) Corresponds to a sales-related accrual, which includes charges for freight, loading, and unloading that were not invoiced at the end of the period.
- (2) Corresponds to a provision for customs duties, freight on purchases, electricity, among others.
- (3) Corresponds to future asset retirement provision costs primarily related to tailing dams, closures of mine operations and other assets. The value is calculated in present value discounted at a real annual discount rate before tax of 3.04% in Chilean pesos, and reflects the corresponding assessments of the value of money in time, that the market is being affected. The discount rate includes the risks associated to the liability that is being determined, except those that are included in the cash flows. The discount period varies between 11 and 82 years.  
The Company determines and records the liability in accordance with the accounting policies mentioned in note 2, letter o) of the Accounting Policies.
- (4) Corresponds to an accrual for contributions to medical care institutions agreed upon with current and former employees.
- (5) Corresponds to an accrual for employees who have agreed or expected to agree to retire in accordance with plans in force for personnel retirement.

Movements of Other provisions were as follows:

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Movements	1/1/2014			
	6/30/2014			
	Provision for mine closure	Contingencies	Other Provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Opening balance</b>	<b>1,336,842</b>	<b>48,546</b>	<b>2,502</b>	<b>1,387,890</b>
Annual cost	2,514	-	-	2,514
Financial expenses	14,925	-	-	14,925
Payment of liabilities	(6,451)	(574)	(140)	(7,165)
Foreign exchange rate differences	(39,699)	3,331	108	(36,260)
Other variations	(783)	(10,977)	1,908	(9,852)
<b>Final balance</b>	<b>1,307,348</b>	<b>40,326</b>	<b>4,378</b>	<b>1,352,052</b>

**17. Employee benefits**

a. Provisions for post employment benefits and other long term benefits

Provision for post employment benefits corresponds to medical care plans and is intended to cover the payment obligations that the Corporation has contracted with its employees, according to contracts or collective bargaining agreements, to partially cover the costs of medical services.

Both long term benefits are based on the agreements in the employment contracts or collective bargaining agreements signed between the Corporation and workers.

These accruals are recorded in the statement of financial position, at the present value of estimated future obligations. The discount rate applied is determined on the basis of the rates of financial instruments in the same currency in which the obligations are to be paid and with similar maturities.

The basis for the registration of these obligations are denominated in Chilean pesos, therefore the amount include in the Corporation's financial statements represents exposure to financial risk of exchange rate.

The results from adjustments and changes in actuarial variables are charged or credited to the statements of other comprehensive income in the period in which they occur.

During the period of January to June 2014, there were no significant changes in post-employment benefits plans.

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

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Assumptions	6/30/2014	
	IPAS	Health Plan
Annual Discount Rate	5.46%	5.46%
Voluntary Annual Turnover Rate for Retirement (Men)	3.11%	3.11%
Voluntary Annual Turnover Rate for Retirement (Women)	0.25%	0.25%
Salary Increase (real annual average)	1.08%	1.08%
Future Rate of Long-Term Inflation	3.00%	3.00%
Inflation Health Care	4.08%	4.08%
Mortality tables used for projections	RV-2009	RV-2009
Average duration of future cash flows (years)	10.45	17.86
Expected Retirement Age (Men)	65	65
Expected Retirement Age (Women)	60	60

The discount rates correspond to the price in the secondary market of government bonds issued in Chile. Annual inflation corresponds to the long-term goal publicly declared by the Central Bank of Chile. Rotation rates were determined by reviewing the experience of the Corporation, by studying the cumulative expenditures for the last three years on the current (analysis executed by causal) behavior. Growth rates of compensable revenues respond to the long-term trend observed in reviewing the historical salaries paid by the Corporation. The mortality tables used for the actuarial calculations correspond to numbers issued by the Superintendency of Securities and Insurance, and these are used because they are an appropriate representation of the Chilean market and the lack of comparable statistical series to develop own studies. Financial liabilities term corresponds to average maturity of payment flows of the respective defined benefit. Retirement ages are defined in the scheduled withdrawal of AFP, which is a parameter generally accepted in the Chilean market.

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Reconciliation of post employment benefit and other long term benefits provision:

Movements	1/1/2014 6/30/2014	
	Retirement Plan	Health Plan
	ThUS\$	ThUS\$
<b>Opening balance</b>	<b>841,944</b>	<b>350,159</b>
Service cost	31,482	7,900
Financial cost	10,626	5,099
Paid contributions	(89,019)	(16,492)
Other operational costs	106,860	86,103
<i>Subtotal</i>	<i>901,893</i>	<i>432,769</i>
(Gain) / Loss on foreign exchange rate	(44,689)	(3,421)
<b>Final Total</b>	<b>857,204</b>	<b>429,348</b>

It's been performed a technical revaluation of the liability for severance benefits for years of service, with a net effect of ThUS\$ 106,860 in equity, which decomposes in a loss of ThUS\$ 84,102 at June 30, 2014, by the revaluation of financial assumptions; and a loss of ThUS \$ 22,758, for the effect of the historical behavior of severance payments, the fair value exceeded the actuarial valuation assumptions. Similarly, the liability arising from health benefit plans has resulted in an actuarial loss of ThUS\$ 86,103.

The balance at June 30, 2014 comprises a portion of ThUS\$ 48,192 and ThUS \$810 in the short term, corresponding to compensation for years of service and Health Plans respectively. At June 30, 2014 a balance of ThUS\$ 945,256 is projected for the provision of compensation and ThUS\$ 306,642 for health benefits. The compensation payments flow over the next twelve months reach an expected monthly average of ThUS\$ 4,016 for severance and of ThUS\$ 68 per concept of health benefit plans.

The next table shows a review of the sensitivities performed over the provisions, from an average scenario, at low or high scenario with unit percentage change, respectively, and the two separate effects of reduction or increase of the book value of these provisions states:

Severance Benefits for Years of Service	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	4.462%	5.462%	6.462%	8.85%	-7.67%
Financial effect on the real increase in income	0.580%	1.080%	1.580%	-3.21%	3.53%
Demographic effect of job rotations	2.610%	3.110%	3.610%	0.65%	-0.53%
Demographic effect on mortality tables	-25.00%	RV09 SVS, Chile	25.00%	-0.16%	0.16%
Health Benefits and Other	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	4.462%	5.462%	6.462%	8.94%	-6.85%
Financial effect on health inflation	3.582%	4.082%	4.582%	-4.30%	4.85%
Demographic effect, planned retirement age	58 / 63	60 / 65	62 / 67	3.22%	-3.12%
Demographic effect on mortality tables	-25.00%	RV09 SVS, Chile	25.00%	5.16%	-4.03%

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b. Provision for termination benefits

The Corporation under its operational optimization programs seeks to reduce costs and increased labor productivity, facilitated by the incorporation of modern technologies and/or best management practices, has established personnel severance programs, using the corresponding addendum to contracts or collective bargaining agreements, with benefits that encourage retirement, for which necessary provisions are made based on the accrued obligation at present value.

At June 30, 2014 and December 31, 2013, a running balance is presented by these obligations ThUS\$ 55,193, and ThUS\$ 118,652 respectively, while non-current balance represents ThUS\$ 72,740 and ThUS\$ 147,512 respectively, the latter associated with the provision related to the term of the collective bargaining process that the Administration argued Codelco Chuquicamata during the month of December 2012 with workers Unions that Division. These values have been discounted using a discount rate equivalent to that used for calculating employee benefits provisions and whose outstanding balances are part of the accounting balances at June 30, 2014 and December 31, 2013.

c. Employee benefits expenses by nature of the benefits

The costs associated with employee benefits classified by their nature, are:

Expenditure by Nature of Employee Benefits	1/1/2014	1/1/2013	4/1/2014	4/1/2013
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Benefits - Short term	889,848	983,698	443,440	491,582
Benefits - Post employment	7,900	9,818	3,752	9,353
Benefits - Termination	6,917	11,138	4,332	593
Benefits by years of service	31,482	76,073	13,669	55,718
<b>Total</b>	<b>936,147</b>	<b>1,080,727</b>	<b>465,193</b>	<b>557,246</b>

**18. Net equity**

In accordance with article 6 of Decreto Law 1.350 of 1976, it is established that, before March 30 of each year, the Board must approve the corporation's Business and Development Plan for the next three-year period. Taking that plan as a reference, and keeping in mind the Corporation's balance sheet for the immediate previous year, in order to ensure its competitiveness, before June 30 of each year the amounts that the Corporation shall allocate to the formation of capitalization funds and reserves shall be determined by founded decree from the Ministries of Mining and Treasury.

Net income shown in the balance sheets, after deducting the amounts referred to in the previous paragraph, shall belong to the State and becomes part of the Nation's general income.

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Pursuant to the Exempt Finance Decree No. 217 of June 28, 2013 of the Ministry of Finance, the Corporación authorized capitalization amounting to US\$ 1,000 million, under the accounting profits generated by the purchase of shareholding Anglo American Sur S.A., arising from the fair value measurement of this operation, in accordance with applicable accounting standards.

On December 13, 2013 and by Exempt Finance Decree No. 415, the Corporation authorized capitalization of US\$ 1,000 million under the accounting profits generated by the purchase of shares of Anglo American Sur S.A., arising from the fair value measurement of this operation, in accordance with applicable accounting standards.

Pursuant to the Exempt Finance Decree No. 184 of June 27, 2014 of the Ministry of Finance, the Corporación authorized capitalization amounting to US\$ 200 of the net profit of the prior financial statements. Those resources will be charged to the profits of 2014.

As of June 30, 2014 and December 31, 2013, no dividends payable were provisioned.

In the financial statement “Statement of Changes in Net Equity” the changes experienced in the Corporation’s equity are disclosed.

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

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

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a) Other reserves

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

Other reserves	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Foreign exchange differences on conversion reserves	284	1,220
Cash flow hedge reserves	(4,135)	(8,704)
Capitalization fund and reserves	4,938,359	4,729,556
Reserve of gains (losses) of defined benefit plans	(182,299)	(113,519)
Other reserves	637,603	637,154
<b>Total other reserves</b>	<b>5,389,812</b>	<b>5,245,707</b>

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.

Subsidiaries	Non-controlling participation		Net equity		Profit (loss)			
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	1/1/2014 6/30/2014	1/1/2013 6/30/2013	4/1/2014 6/30/2014	4/1/2013 6/30/2013
	%	%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Biosigma S.A.	33.30%	33.30%	1,009	439	(431)	(602)	(211)	(328)
Inversiones Gacrux SpA	32.20%	32.20%	2,041,285	2,046,231	13,546	18,682	6,802	7,511
Ecosea Farming S.A.	14.97%	14.97%	261	420	(159)	-	(172)	-
Other	-	-	13	12	1	1	1	2
Total			2,042,568	2,047,102	12,957	18,081	6,420	7,185

Between January 1 and June 30, 2014, Inversiones Gacrux SpA did not report any dividends paid to non-controlling participations.

The percentage of non-controlling interest over the assets of Inversiones Mineras Acrux SpA is equal to 32.2% and generates a non-controlling interest in the affiliated company Inversiones Gacrux SpA, which had the following figures in its statement of financial position, income statements and cash flow statement:

Assets and Liabilities	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Current assets	181,518	182,195
Non-current assets	6,358,615	6,374,917
Current liabilities	92,147	86,475
Non-current liabilities	741,236	771,727

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Results	1/1/2014	1/1/2013	4/1/2014	4/1/2013
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenues	129,757	82,497	55,096	63,131
Expenses	(103,805)	(41,664)	(40,627)	(48,288)
Profit (loss) of the period	25,952	40,833	14,469	14,843

Cash Flow	1/1/2014	1/1/2013
	6/30/2014	6/30/2013
	ThUS\$	ThUS\$
Net Cash flow from operating activities	(228)	140,376
Net Cash flow from investing activities	37,493	20
Net Cash flow from financing activities	(40,101)	(40,787)

**19. Operating income**

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

Item	1/1/2014	1/1/2013	4/1/2014	4/1/2013
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue from sales of own copper	5,002,286	5,847,602	2,686,344	3,184,922
Revenue from sales of third-party copper	996,309	838,840	448,493	454,496
Revenue from sales of molybdenum	307,370	261,471	181,238	135,986
Revenue from sales of other products	272,638	262,370	133,562	162,100
Loss in futures market	(197)	6,694	(1,420)	1,797
<b>Total</b>	<b>6,578,406</b>	<b>7,216,977</b>	<b>3,448,217</b>	<b>3,939,301</b>

**20. Expenses by nature**

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

Item	1/1/2014	1/1/2013	4/1/2014	4/1/2013
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Personnel Expenses	889,848	983,698	443,440	491,582
Depreciation	617,190	565,971	310,187	313,645
Amortization	373,056	271,531	206,745	126,821
<b>Total</b>	<b>1,880,094</b>	<b>1,821,200</b>	<b>960,372</b>	<b>932,048</b>

**21. Other revenues and expenses by function**

Other revenues and expenses by function are detailed in the following tables:



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a) Other income by function

Item	1/1/2014	1/1/2013	4/1/2014	4/1/2013
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Penalties to suppliers	2,793	9,549	1,441	7,202
Delegated Administration	2,272	2,360	1,122	1,144
Miscellaneous sales (net)	12,589	12,225	3,393	6,202
Compensations by insurance companies	273	88	184	88
Other Expenses	58,219	27,817	3,563	5,428
<b>Totales</b>	<b>76,146</b>	<b>52,039</b>	<b>9,703</b>	<b>20,064</b>

b) Other expenses by function

Item	1/1/2014	1/1/2013	4/1/2014	4/1/2013
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Law No. 13.196	(490,681)	(590,145)	(249,898)	(322,139)
Research expenses	(23,792)	(25,946)	(20,270)	(18,900)
Bonus for the end of collective bargaining	(221,292)	(15)	(7,535)	497
Expenses plan	(6,917)	(11,138)	(4,332)	(593)
Penalty fixed assets	(434)	(1,697)	(434)	(1,194)
Medical care plan	(7,900)	(9,931)	(3,752)	(9,466)
Other Expenses	(8,785)	(47,390)	(5,671)	(33,043)
<b>Totales</b>	<b>(759,801)</b>	<b>(686,262)</b>	<b>(291,892)</b>	<b>(384,838)</b>

**22. Finance costs**

Finance costs are detailed as follows:

Item	1/1/2014	1/1/2013	4/1/2014	4/1/2013
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Bond interests	(149,269)	(112,611)	(70,035)	(57,767)
Bank loan interests	(32,740)	(28,872)	(17,424)	(14,229)
Exchange differences on severance indemnity provision	(9,406)	(9,756)	(4,993)	(4,316)
Exchange differences on other non-current provisions	(28,374)	(22,895)	(14,425)	(15,102)
Other	(13,818)	(12,990)	(6,315)	(6,465)
<b>Total</b>	<b>(233,607)</b>	<b>(187,124)</b>	<b>(113,192)</b>	<b>(97,879)</b>

**23. Operating segments**

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

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Mining sites in operation, in which the Corporation performs extraction and processing, are organized in divisions: Chuquicamata, Radomiro Tomic, Salvador, Andina, El Teniente and Gabriela Mistral. Additionally the Ventanas division is added even though it is operating solely as a smelter and refinery, and Ministro Hales whose estimated date to start its operations has occurred during the first half of 2014 (at the end of 2013, the mine was already operating its full pre-stripping and the concentrator finished loading tests and is about to start its operating phase, only missing the roasting plant). Those operations are administered independently and are reporting directly to the Executive President. The details and operations related to each mine are the following:

#### **Chuquicamata**

Types of mine sites: open pit mines

Operating: since 1915

Location: Calama – Region II

Products: electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

#### **Radomiro Tomic**

Types of mine sites: open pit mines

Operating: since 1997.

Location: Calama – Region II

Products: electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

#### **Salvador**

Type of mine: underground mine and open pit mine

Operating: since 1926

Location: Salvador – Region III

Products: electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

#### **Andina**

Type of mines: underground and open pit mines

Operating: since 1970

Location: Los Andes – Region V

Product: copper concentrate

#### **El Teniente**

Type of mine: underground mine

Operating: since 1905

Location: Rancagua – Region VI

Products: fire-refined copper and copper anodes

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#### **Ministro Hales**

In charge of the future development of the open pit mine Ministro Hales whose authorization is dated November 19, 2010. The date for the start of operations has occurred during the first half of 2014.

#### **Gabriela Mistral**

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

#### **a) Head Office Distribution**

Revenue and expenses controlled by the Head Office are allotted to operating segments based on the criteria detailed as follows.

Main items are allocated according to the following criteria:

##### *Sales and Cost of Sales of Head Office commercial transactions*

- Distribution to the operating segments made proportionally to the value of the products and sub-products invoiced by each division.

##### *Other income, by function*

- Other income by function, associated and identified with each operating segment, is allotted directly.
- Recognition of realized profits and other income by function of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining other income is distributed in proportion to the addition of balances of “other income” and “finance income” of the respective operating segment.

##### *Distribution costs*

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

##### *Administrative Expenses*

- Administrative expenses associated and identified with each segment are allotted directly.

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- Administrative expenses are recorded in cost centers associated with the sales function. Administrative expenses of subsidiaries are distributed in proportion to the operating income of each operating segment.
- Administrative expenses recorded in cost centers associated with the supply function are allocated in relation to material account balances in each division warehouse
- The remaining administrative expenses are distributed in relation to operating cash expenses of each operating segment.

#### *Other Expenses, by function*

- Expenses associated and identified with each operating segment are allotted directly.
- Expenses for pre-investment studies and other expenses of subsidiaries by function are distributed in proportion to the operating income of each operating segment.

#### *Other Earnings*

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

#### *Finance Income*

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

#### *Finance costs*

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

#### *Share in profit (losses) of Associates and joint ventures, which are accounted for using the equity method*

- The share in profit or losses of associates and joint ventures identified for each individual operating segment is allotted directly.

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#### *Foreign currency conversion*

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

#### *Contribution to the Treasury of Chile Law No. 13.196*

- The amount of the contribution is distributed and accounted for in relation to values invoiced and accounted for in the copper and sub-product exports of each operating segment, subject to taxation.

#### *Income tax income (expenses)*

- First category income tax (corporate), of D.L. 2.398 and specific mining tax are distributed based on the pre-tax income of each operating segment, considering for this purpose the income and expenses distribution criteria of the Head Office and subsidiaries mentioned above.
- Other tax expenses are distributed in proportion to the first category income tax, specific mining tax and D.L. 2.398 allotted to each operating segment.

#### **b) Transactions between segments**

Transactions between segments are made up mainly by products processing services (or maquilas), which are recognized as revenue for the segment that makes maquilas and as the cost of sales for the segment that receives the service. Such recognition is performed in the period in which these services are provided, as well as disposal of both factors on corporate financial statements.

#### **c) Cash flow from segments**

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

Conversely, activities such as obtaining financing, investment and payment of relevant duties are mainly based at the Head Office.

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#### d) Impairment

No reversals of impairment were made during the six-month period ended as of June 30, 2014 and 2013, respectively.

#### e) Anglo American Sur S.A. participation

The effect of the result of the acquisition of Anglo American Sur S.A. on the assets and liabilities of the Corporation are shown separately.

The following tables detail the financial information organized by operating segments:

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Segments	From 1/1/2014 to 6/30/2014										
	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Segments	Subsidiaries, associates and Head Office, net	Total Consolidated
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue from sales of own copper	1,000,627	1,034,055	290,720	597,365	1,444,736	73,127	354,506	195,864	4,991,000	11,286	5,002,286
Revenue from sales of third-party copper	-	-	-	1,372	-	89,955	-	-	91,327	904,982	996,309
Revenue from sales of molybdenum	123,457	7,040	7,704	98,998	70,171	-	-	-	307,370	-	307,370
Revenue from sales of other products	69,517	-	37,632	3,578	50,376	107,003	-	4,532	272,638	-	272,638
Revenue from futures market	323	(707)	162	14	35	389	210	20	446	(643)	(197)
Revenue between segments	78,085	-	14,861	68	1,533	33,904	-	(33,513)	94,938	(94,938)	-
<b>Revenue</b>	<b>1,272,009</b>	<b>1,040,388</b>	<b>351,079</b>	<b>701,395</b>	<b>1,566,851</b>	<b>304,378</b>	<b>354,716</b>	<b>166,903</b>	<b>5,757,719</b>	<b>820,687</b>	<b>6,578,406</b>
Cost of sales of own copper	(777,106)	(768,127)	(342,374)	(474,883)	(808,158)	(75,875)	(289,695)	(131,445)	(3,667,663)	(8,818)	(3,676,481)
Cost of sales of copper third-party copper	-	-	-	(5)	-	(91,611)	-	-	(91,616)	(896,561)	(988,177)
Cost of sales of molybdenum	(41,389)	(7,221)	(5,471)	(23,112)	(17,404)	-	-	-	(94,597)	-	(94,597)
Cost of sales of other products	(5,891)	-	(20,870)	(47)	(52,980)	(125,652)	-	(199)	(205,639)	-	(205,639)
Cost of sales between segments	(96,112)	40,031	(18,986)	11,477	17,450	(49,380)	-	582	(94,938)	94,938	-
<b>Cost of sales</b>	<b>(920,498)</b>	<b>(735,317)</b>	<b>(387,701)</b>	<b>(486,570)</b>	<b>(861,092)</b>	<b>(342,518)</b>	<b>(289,695)</b>	<b>(131,062)</b>	<b>(4,154,453)</b>	<b>(810,441)</b>	<b>(4,964,894)</b>
<b>Gross profit</b>	<b>351,511</b>	<b>305,071</b>	<b>(36,622)</b>	<b>214,825</b>	<b>705,759</b>	<b>(38,140)</b>	<b>65,021</b>	<b>35,841</b>	<b>1,603,266</b>	<b>10,246</b>	<b>1,613,512</b>
Other income, by function	6,100	13,120	5,103	2,222	5,496	286	743	(2,464)	30,606	45,540	76,146
Distribution costs	(196)	(11)	(135)	(119)	(139)	(398)	-	(14)	(1,012)	(4,349)	(5,361)
Administrative expenses	(28,831)	(14,356)	(7,523)	(15,839)	(42,307)	(5,216)	(15,074)	(26,623)	(155,769)	(76,488)	(232,257)
Other expenses, by function	(22,035)	6,255	(9,083)	(15,543)	(208,181)	(100)	(2,324)	4,716	(246,295)	(22,825)	(269,120)
Law No. 13,196	(114,311)	(102,866)	(32,001)	(59,598)	(122,980)	(11,964)	(35,018)	(14,664)	(493,401)	2,720	(490,681)
Other gains (losses)	-	-	-	-	-	-	-	-	-	24,016	24,016
Finance income	1,385	502	387	168	914	105	42	105	3,608	5,404	9,012
Finance costs	(51,318)	(15,140)	(4,331)	(39,824)	(66,770)	(3,460)	(2,761)	(27)	(183,631)	(49,976)	(233,607)
Share in the profit (loss) of associates and joint ventures	618	-	78	515	1,045	-	-	-	2,256	180,800	183,056
Exchange differences	39,355	15,097	10,387	12,814	55,862	5,150	5,879	6,512	151,056	(6,133)	144,923
<b>Profit (loss) before taxes</b>	<b>182,278</b>	<b>207,672</b>	<b>(73,740)</b>	<b>99,621</b>	<b>328,699</b>	<b>(53,737)</b>	<b>16,508</b>	<b>3,382</b>	<b>710,684</b>	<b>108,955</b>	<b>819,639</b>
Income tax expenses	(113,676)	(132,538)	44,796	(63,431)	(204,296)	31,433	(9,978)	(2,462)	(450,152)	(29,645)	(479,798)
<b>Profit (loss)</b>	<b>68,602</b>	<b>75,134</b>	<b>(28,944)</b>	<b>36,190</b>	<b>124,402</b>	<b>(22,304)</b>	<b>6,531</b>	<b>920</b>	<b>260,532</b>	<b>79,310</b>	<b>339,841</b>

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Segments	From 1/1/2013 to 6/30/2013										
	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Segments	Subsidiaries, associates and Head Office, net	Total Consolidated
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue from sales of own copper	1,163,162	1,415,682	318,070	775,111	1,466,949	222,316	485,681	-	5,846,971	631	5,847,602
Revenue from sales of third-party copper	-	-	-	-	-	37,321	-	-	37,321	801,519	838,840
Revenue from sales of molybdenum	68,372	19,146	12,379	76,117	85,457	-	-	-	261,471	-	261,471
Revenue from sales of other products	63,195	-	37,049	1,314	39,420	123,735	(2,343)	-	262,370	-	262,370
Revenue from futures market	(106)	1,064	(213)	(139)	(3,614)	8,309	1,023	-	6,324	370	6,694
Revenue between segments	57,600	-	10,691	261	539	24,390	-	-	93,481	(93,481)	-
<b>Revenue</b>	<b>1,352,223</b>	<b>1,435,892</b>	<b>377,976</b>	<b>852,664</b>	<b>1,588,751</b>	<b>416,071</b>	<b>484,361</b>	<b>-</b>	<b>6,507,938</b>	<b>709,039</b>	<b>7,216,977</b>
Cost of sales of own copper	(1,012,982)	(733,042)	(381,867)	(510,626)	(952,996)	(235,365)	(353,025)	-	(4,179,903)	4,139	(4,175,764)
Cost of sales of copper third-party copper	-	-	-	-	-	(35,815)	-	-	(35,815)	(799,091)	(834,906)
Cost of sales of molybdenum	(32,521)	(16,931)	(7,644)	(17,377)	(22,769)	-	-	-	(97,242)	-	(97,242)
Cost of sales of other products	(12,505)	-	(21,665)	(96)	(49,966)	(148,534)	-	-	(232,766)	-	(232,766)
Cost of sales between segments	(141,686)	95,200	(25,218)	10,995	19,207	(51,979)	-	-	(93,481)	93,481	-
<b>Cost of sales</b>	<b>(1,199,694)</b>	<b>(654,773)</b>	<b>(436,394)</b>	<b>(517,104)</b>	<b>(1,006,524)</b>	<b>(471,693)</b>	<b>(353,025)</b>	<b>-</b>	<b>(4,639,207)</b>	<b>(701,471)</b>	<b>(5,340,678)</b>
<b>Gross profit</b>	<b>152,529</b>	<b>781,119</b>	<b>(58,418)</b>	<b>335,560</b>	<b>582,227</b>	<b>(55,622)</b>	<b>131,336</b>	<b>-</b>	<b>1,868,731</b>	<b>7,568</b>	<b>1,876,299</b>
Other income, by function	19,314	3,108	6,216	1,506	9,628	796	538	4,631	45,737	6,302	52,039
Distribution costs	(108)	(24)	(19)	(104)	(121)	-	-	-	(376)	(5,843)	(6,219)
Administrative expenses	(31,041)	(8,451)	(11,608)	(13,568)	(43,180)	(5,571)	(27,758)	(14)	(141,191)	(91,233)	(232,424)
Other expenses, by function	(45,744)	274	(6,380)	(2,670)	(20,076)	(46)	7,898	(174)	(66,918)	(29,199)	(96,117)
Law No. 13,196	(124,826)	(144,029)	(35,290)	(76,770)	(135,348)	(24,761)	(49,121)	-	(590,145)	-	(590,145)
Other gains (losses)	-	-	-	-	-	-	-	-	-	25,251	25,251
Finance income	1,252	480	431	215	1,765	242	118	20	4,523	13,376	17,899
Finance costs	(59,536)	(13,025)	(4,626)	(61,217)	(20,210)	(2,120)	(15,277)	(95)	(176,106)	(11,018)	(187,124)
Share in the profit (loss) of associates and joint ventures	(318)	-	189	690	-	-	-	-	561	225,321	225,882
Exchange differences	71,613	12,958	9,515	11,612	23,321	3,026	5,528	323	137,896	(6,900)	130,996
<b>Profit (loss) before taxes</b>	<b>(16,865)</b>	<b>632,410</b>	<b>(99,990)</b>	<b>195,254</b>	<b>398,006</b>	<b>(84,056)</b>	<b>53,262</b>	<b>4,691</b>	<b>1,082,712</b>	<b>133,625</b>	<b>1,216,337</b>
Income tax expenses	18,450	(422,661)	65,087	(132,942)	(262,515)	53,440	(28,019)	(4,717)	(713,877)	10,365	(703,512)
<b>Profit (loss)</b>	<b>1,585</b>	<b>209,749</b>	<b>(34,903)</b>	<b>62,312</b>	<b>135,491</b>	<b>(30,616)</b>	<b>25,243</b>	<b>(26)</b>	<b>368,835</b>	<b>143,990</b>	<b>512,825</b>



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The assets and liabilities related to each operating segment, including the Corporation's head office as of June 30, 2014 and of December 31, 2013 are detailed in the following tables:

6/30/2014											
Category	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries, associates and Head Office, net	Participation on Anglo American Sur	Total Consolidated
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current assets	1,032,004	701,237	339,582	368,387	890,558	124,619	403,517	451,609	1,433,682	181,518	5,926,713
Non-current assets	3,805,665	1,677,964	751,378	3,834,738	4,421,508	271,945	1,211,488	3,971,258	2,252,933	6,358,615	28,557,492
Current liabilities	443,464	154,195	168,796	187,055	407,243	107,564	114,421	161,593	2,408,478	92,147	4,244,956
Non-current liabilities	1,014,600	249,976	174,027	247,870	771,716	46,448	117,407	40,019	14,501,584	741,236	17,904,883

12/31/2013											
Category	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries, associates and Head Office, net	Participation on Anglo American Sur	Total Consolidated
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current assets	1,052,825	741,528	410,839	336,743	785,660	250,815	368,231	168,686	1,110,302	198,611	5,424,240
Non-current assets	3,721,726	1,620,915	691,550	3,782,954	4,244,771	261,878	1,084,670	3,799,355	2,347,704	6,375,400	27,930,923
Current liabilities	526,944	218,826	180,856	237,748	450,063	175,146	124,236	135,123	1,659,755	70,059	3,778,756
Non-current liabilities	1,065,178	260,946	178,384	233,453	796,866	39,143	79,831	38,214	13,681,941	794,831	17,168,787

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Revenue classified by geographical area is detailed as follows:

Revenue per geographical areas	1/1/2014 6/30/2014 ThUS\$	1/1/2013 6/30/2013 ThUS\$	4/1/2014 6/30/2014 ThUS\$	4/1/2013 6/30/2013 ThUS\$
Total revenue from domestic customers	639,115	590,798	337,295	419,203
total revenue from foreign customer	5,939,291	6,626,179	3,110,922	3,520,098
<b>Total</b>	<b>6,578,406</b>	<b>7,216,977</b>	<b>3,448,217</b>	<b>3,939,301</b>

Revenue per geographical areas	1/1/2014 6/30/2014 ThUS\$	1/1/2013 6/30/2013 ThUS\$	4/1/2014 6/30/2014 ThUS\$	4/1/2013 6/30/2013 ThUS\$
China	1,202,440	1,796,598	586,115	988,213
Rest of Asia	1,449,406	1,301,378	705,906	773,144
Europe	1,880,022	1,736,281	1,449,763	1,316,415
America	1,331,190	1,690,516	641,836	882,438
Other	715,348	692,204	64,597	(20,909)
<b>Total</b>	<b>6,578,406</b>	<b>7,216,977</b>	<b>3,448,217</b>	<b>3,939,301</b>

The main customers of the Corporation are listed in the following table:

Main clients	Country	1/1/2014 6/30/2014 ThUS\$
Red Kite Master Fund Ltd.	USA	361,673
Trafigura Pte Ltd.	Singapore	329,326
Southwire Company	USA	285,454
Nexans France	France	280,610
Cobre Cerrillos S.A.	Chile	165,436
N.V. Umicore S. A.	Belgium	146,331
Kuniosa Metals Co. Ltd	Japan	140,282
Wanxiang Resources	Singapore	139,779
Mitsui & Co., Ltd.	Japan	124,821
Nexans Chile S.A.	Chile	117,552
<b>Total</b>		<b>2,091,264</b>

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

Non-current assets other than financial instruments, deferred tax assets, Post-employment benefit assets, and rights arising under insurance contracts, are located mainly in Chile, with no significant exceptions, located in foreign subsidiaries, and which do not exceed more than 1% of such assets.

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**24. Foreign exchange differences**

According to Decree Law 1.350, the Corporation maintains its accounting records in United States dollars (US\$), recording transactions in currencies other than U.S. dollars at the exchange rate current at the date of each transaction and subsequently updating them, when necessary, according to the exchange rate determined by the Superintendency of Securities and Insurance as of closing reporting for each of the financial statements.

The following table summarizes the foreign exchange differences included in the Consolidated Statements of Comprehensive Income:

<b>Gain (loss) from foreign exchange differences recognized in income</b>	<b>1/1/2014 6/30/2014 ThUS\$</b>	<b>1/1/2013 6/30/2013 ThUS\$</b>	<b>4/1/2014 6/30/2014 ThUS\$</b>	<b>4/1/2013 6/30/2013 ThUS\$</b>
Gain from foreign exchange differences	182,636	188,124	(17,134)	162,155
Loss from foreign exchange differences	(37,713)	(57,128)	5,711	28,999
<b>Total exchange difference, net</b>	<b>144,923</b>	<b>130,996</b>	<b>(11,423)</b>	<b>191,154</b>

**25. Statement of cash flows**

The following table shows the items that comprise other collections and payments from operating activities in the Statement of Cash Flows:

<b>Other collections from operating activities</b>	<b>1/1/2014 6/30/2014 ThUS\$</b>	<b>1/1/2013 6/30/2013 ThUS\$</b>
VAT Refund	744,969	945,948
Other	141,935	118,102
<b>Total</b>	<b>886,904</b>	<b>1,064,050</b>

<b>Other payments for operating activities</b>	<b>1/1/2014 6/30/2014 ThUS\$</b>	<b>1/1/2013 6/30/2013 ThUS\$</b>
Contribution to the Chilean Treasury (Law No. 13,196)	(464,396)	(583,983)
Finance hedge and sales	(452)	(57,364)
VAT and other similar taxes paid	(613,519)	(761,585)
<b>Total</b>	<b>(1,078,697)</b>	<b>(1,402,932)</b>

**26. Financial risk management, objectives and policies**

Codelco has created committees within its organization to generate strategies with which to minimize the financial risks to which it may be exposed.

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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 financial assets and liabilities as of June 30, 2014 as the base, a fluctuation (positive or negative) of 10 Chilean pesos against the U.S. dollar (keeping the other variables constant), could affect profits before taxes by US\$ 42 million of gains or losses, respectively. This result is obtained by identifying the principle areas affected by exchange rate, including assets and financial liabilities, in order to measure the impact on income that a variation of +/- 10 Chilean pesos would have to US\$, with respect to the real exchange rate as of the date of this financial statement.

Codelco has signed deposits in national currency to cover the effects of exchange rate fluctuations between the dollar and the Chilean peso due to the obligations of the Corporation held in Chilean pesos.

As of June 30, 2014 and December 31, 2013, Codelco does not have balance of these deposits.

- Interest rate risk:

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

These rate variations refer to U.S. dollar variations, mostly with respect to the LIBOR rate. To manage this risk, Codelco maintains an adequate combination of fixed and variable rate debt, which is complemented by the possibility of using interest-rate derivatives to meet the strategic guidelines defined by Codelco's Corporate Finance Department.

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It is estimated that, on the basis of net debt as of June 30, 2014, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US\$ 17 million change in finance costs, before tax. This estimation is made by identifying the liabilities assigned to variable interest, accrued at the end of the financial statements, which may vary with a change of one percentage point in variable interest rates.

Total fixed and variable interest rate obligations maintained by Codelco as of June 30, 2014, amount to ThUS\$ 9,063,004 and ThUS\$ 3,788,726 respectively.

#### b. Market risks

##### - Commodity price risk:

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

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average market price for specified future periods. The host contract is the sale of metals contained in the concentrate or cathode at the provisional invoice price, and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. At the reporting date, the provisionally priced metal sales are marked-to-market, with adjustments (both gains and losses) being recorded in revenues in the consolidated statements of comprehensive income. Forward prices at the period end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets futures market.

At June 30, 2014, if the future price of copper will vary by + / - 5% (with the other variables constant), the result would vary + / - US\$ 139 million before taxes as a result of setting the mark to market of sales revenue to provisional prices in effect at June 30, 2014 (MTMF 419). To estimate indicated, all those physical sales contracts be valued according to the average of the month immediately following the close of the financial statements, and proceeds to estimate what the final settlement price if there is a difference of + identified / - 5% with respect to the future price known to date to this period.

In order to protect your cash flow and adjusted, where necessary, their sales contracts to trade policy, the Corporation has operations in future markets. At the date of presentation of the financial statements, these contracts are adjusted to fair value, recorded this effect, the settlement date of the hedging transactions as part of net product sales.

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

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At June 30, 2014, a variation of U.S. ¢ 1 in the price per pound of copper, considering derivatives contracted by the Corporation, involves a change in income or payments for existing contracts (exposures) of ThUS\$ 5 before taxes. This calculation is obtained from a simulation curves future copper prices, which are used to assess all those subscribed derivative instruments by the Corporation; estimating so, how would vary the exposure of these instruments, if there is an increase / U.S. ¢ 1 decrease in the price per pound of copper.

No hedging transactions with the specific aim to mitigate the price risk caused by fluctuations in prices of production inputs.

c. Liquidity risk

The Corporation ensures that it has sufficient resources, such as pre-approved credit lines (including refinancing), in order to meet short-term requirements, after considering the necessary working capital for its operations and any other commitments it has.

In this sense, Codelco Chile maintains resources at its disposal sufficient to meet its obligations, whether in cash, liquid financial instruments or credit facilities.

In addition, the Finance Department constantly monitors the Corporation's cash flow projections based on short and long term projections and available financing alternatives. In addition, the Corporation estimates that it has enough room to increase the level of borrowing for the normal requirements of its operations and investments established in its development plan.

In this context, according to current existing commitments with creditors, the cash requirements to cover financial liabilities classified by maturity and presented in the statement of financial position are detailed as follows:

Maturity of financial liabilities as of June 30, 2014	Less than one year ThUS\$	Between one and five years ThUS\$	More than five years ThUS\$
Loans from financial institutions	889,297	2,934,310	757,068
Bonds	611,083	1,145,994	6,513,978
Finance leases	21,484	55,337	51,417
Derivatives	4,564	96	-
Other financial liabilities	1,132	75,909	-
<b>Total</b>	<b>1,527,560</b>	<b>4,211,646</b>	<b>7,322,463</b>

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#### d. Credit risk

This risk comprises the possibility that a third party does not fulfill its contractual obligations, thereby causing a loss for the Corporation.

Given the Corporation's sales policy, principally with cash and advance payments and bank letters of credit, the uncollectibility of client debt balances is minimal. This is complemented by the familiarity the Corporation has with its clients and the length of time it has operated with them. Therefore, the credit risk of these transactions is not significant.

In general, the Corporation's other accounts receivable have a high credit quality according to the Corporation's evaluations, based on each debtor's solvency analysis and payment history.

The maximum credit risk exposure as of June 30, 2014 is represented by the financial asset items presented in the Corporation's Statement of Financial Position.

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

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

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

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

As of June 30, 2014 and 2013, there are no receivable balances that have been renegotiated.

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

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

During the period January-June 2014 and 2013, no assets have been obtained as a result of the execution of guarantees contracted to insure the collection of third party debt.

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Personnel loans are mainly generated by mortgage loans, according to programs included in collective agreements, which are guaranteed by housing mortgages which are paid for through payroll discounts.

**27. Derivatives contracts**

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

**a. Exchange rate hedges**

The Corporation has protection measurements from exchange rate variations, whose net deferred tax exposure amounts to ThUS\$ 3,544, which will expire in April 2025.

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

6/30/2014

Hedge item	Bank	Type of derivative contract	Maturity	Currency	Amount	Financial obligation: hedging instrument	Exposure	Asset	Liability
					ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Bond UF Maturity 2025	Credit Suisse (EE.UU)	Swap	4/1/2025	US\$	301,058	208,519	82,524	370,053	(287,529)
<b>Total</b>					<b>301,058</b>	<b>208,519</b>	<b>82,524</b>	<b>370,053</b>	<b>(287,529)</b>

12/31/2013

Hedge item	Bank	Type of derivative contract	Maturity	Currency	Amount	Financial obligation: hedging instrument	Exposure	Asset	Liability
					ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Bond UF Maturity 2025	Credit Suisse (EE.UU)	Swap	4/1/2025	US\$	306,582	208,519	83,838	264,632	(384,470)
<b>Total</b>					<b>306,582</b>	<b>208,519</b>	<b>83,838</b>	<b>264,632</b>	<b>(384,470)</b>

**b. Cash flows and commercial policy adjustment hedging contracts**

The Corporation performs transactions in the metal derivatives market, recording their results at maturity. These results are added to or deduced from sales revenue. This addition or deduction is made because sales revenue incorporates the positive or negative effect of market prices. At June 30, 2014, these operations generated a higher net realized income of ThUS\$ 927 (plus an effect of lower net income equivalents to ThUS\$ 634 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 June 30, 2014, the Corporation performed derivative market transactions of copper that



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represent 254,788 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of June 30, 2014 presenting a ThUS\$ 126 negative exposure, and their final result will only be known at their maturity, offsetting the hedging transactions with revenue from the sale of the hedged products.

The transactions completed between January 1st and June 30, 2014 generated a net positive effect on net income of ThUS\$ 539, 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, 2014 the Corporation maintains contracts for derivatives the sale of gold for MOZT 38 and silver for MOZT 687.

The contracts outstanding at June 30, 2014 show a positive exposure of ThUS \$1,969. The final result will only be known at the expiration of such operations, after offsetting between hedging and income from the sale of the goods.

The transactions completed between January 1st and June 30, 2014 generated a positive effect on net income of ThUS\$ 388 which are added to the amounts received from the sales contracts and the sales of products related to these transactions. These hedging transactions mature in October 2014.

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

The Corporation does not hold actual transactions at June 30, 2014, resulting from these operations, which allowed protecting future cash flows, by way of ensuring the sales prices levels of production.

Exposure of metal hedges is summarized in the following tables, as referred to in point b above:

June 30, 2014	Maturity date						Outcoming	Total
	ThUS\$	2014	2015	2016	2017	2018		
Flex Com Copper (Asset)		2,025	375	-	-	-	-	2,400
Flex Com Copper (Liability)		(2,332)	(94)	(100)	-	-	-	(2,526)
Flex Com Gold/Silver		(1,969)	-	-	-	-	-	(1,969)
Price setting		-	-	-	-	-	-	-
Metal options		-	-	-	-	-	-	-
<b>Total</b>		<b>(2,276)</b>	<b>281</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,095)</b>

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<b>December 31, 2013</b>		<b>Maturity date</b>						
<b>ThUS\$</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Outcoming</b>	<b>Total</b>	
Flex Com Copper (Asset)	5,516	40	-	-	-	-	5,556	
Flex Com Copper (Liability)	(14,119)	(1,245)	-	-	-	-	(15,364)	
Flex Com Gold/Silver	1,655	-	-	-	-	-	1,655	
Price setting	-	-	-	-	-	-	-	
Metal options	-	-	-	-	-	-	-	
<b>Total</b>	<b>(6,948)</b>	<b>(1,205)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,153)</b>	

<b>June 30, 2014</b>		<b>Maturity date</b>						
<b>ThTM/Ounces</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Outcoming</b>	<b>Total</b>	
Copper Futures [TM]	135.0	109.0	11.0	-	-	-	255.0	
Gold/Silver Futures [MOZ]	725.0	-	-	-	-	-	725.0	
Copper price setting [TM]	-	-	-	-	-	-	-	
Copper Options [TM]	-	-	-	-	-	-	-	

<b>December 31, 2013</b>		<b>Maturity date</b>						
<b>ThTM/Ounces</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Outcoming</b>	<b>Total</b>	
Copper Futures [TM]	279.0	50.0	-	-	-	-	329.0	
Gold/Silver Futures [MOZ]	1,869.0	-	-	-	-	-	1,869.0	
Copper price setting [TM]	-	-	-	-	-	-	-	
Copper Options [TM]	-	-	-	-	-	-	-	

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#### 28. Contingencies and restrictions

##### a) Litigations and contingencies

There are various lawsuits and legal actions initiated by or against the Corporation, which derive from its operations and the industry in which it operates. In general, these are civil, tax, labor and mining litigations, all related to the Corporation's activities.

In the opinion of Management and its legal advisors, the lawsuits in which the Corporation is being sued, and could have negative results; do not represent significant loss contingencies or cash flows. Codelco defends its rights and employs all corresponding relevant legal instances, resources and procedures.

The most significant lawsuits that involve Codelco are related to the following matters:

- Tax Lawsuits: There are several tax lawsuits due to Internal Revenue Service tax assessments, for which the Corporation has filed the corresponding opposition.
- Labor Lawsuits: Labor lawsuits filed by workers of the Andina Division against the Corporation, relating to occupational illness (silicosis).
- Mining and Other Lawsuits derived from operations: The Corporation has been participating and will probably continue to participate as a claimant and defendant in certain lawsuits relating to its operations and mining activities, through which it seeks to exercise or oppose certain actions or exceptions with regard to certain mining concessions that have been established or are pending constitution, and its other activities. These processes do not currently have a fixed amount and not essentially affect the development of Codelco.

A case by case analysis of these lawsuits has shown that there are a total of 262 cases that have a clearly estimated value. It is estimated that 152 of these, which represent 58.02% of the total and which amount to ThUS\$ 40,326, could have a negative impact on the Corporation. There are also 90 lawsuits, representing 34.35% of the total and which amount to ThUS\$ 3,335, about which there is no certainty that the outcome would be unfavorable for Codelco. For the 20 remaining cases, which amount to ThUS\$ 1,158, the Corporation's legal advisors believe that an unfavorable outcome is unlikely. In addition, there are 115 lawsuits for undetermined amounts. It is believed that the result of 37 of these could be unfavorable to Codelco.

The Corporation received two Liquidations N° 45, 46 and 47, issued on 29 June, 2012 by the Large Taxpayers Internal Revenue Service (SII), all relating to the audit of the transactions that the Corporation has the associate company Copper Partners Investment Company Limited, for which Codelco has asked the Review of the Performance Audit (RAF), adding to similar review requested by Overstock N° 1 and N° 2 and SDF Ex. Resolution N° 1 issued dated July 30, 2010 by the Division of Control of IBS in relation to transactions of the same species before indicated.

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IRS, date of December 23, 2013, invited the Corporation for the conciliation procedure. January 21, 2014, the SDF exempted its resolution N° 178/2014, Branch Control is delivered in the revision of the supervisory action, under the Liquidations N° 1 and N° 2 and SDF Ex. The Corporation launched an attempt to reposition that service, requesting in January 27, 2014, the reconsideration of the resolution N ° 178/2014. In March 4, 2014, the IBS in response granted the application of evidentiary procedure special made by the company. As of June 27, 2014, during the fiscalization process of the year 2010, Codelco received the liquidations N° 7 y N° 8. At July 18, 2014 a new Review of the Performance Audit was presented in relation to those Liquidations, which are added to the RAF that is being reviewed by the IRS.

For litigation costs and potential loss, the necessary provisions exist, which 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 N° 20.123, which regulates subcontracted work schemes and temporary service firms. Five of these appeals were accepted and one was rejected, the latter of which has been appealed by the Corporation. All appeals are currently pending in the Supreme Court.

#### **b) Other Commitments**

- i. On February 29, 2010, the Board agreed to continue mining operations of the Salvador Division until 2016, and if market and operating conditions are maintained, until 2021, both extensions are subject to the condition that management improvements and cost reduction commitments made by the Division are met, these commitments were filed at the Board of Directors in August 2010, and the extension was approved.
- ii. On May 31, 2005, Codelco, through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to form a company, Copper Partners Investment Company Ltd., in which both companies have an equal equity interest. A 15-year copper cathode sales contract to that associated company was agreed upon, as well as a purchase contract from Minmetals to the latter for the same period and for equal monthly shipments to complete a total of 836,250 metric tons. Each shipment shall be paid by the buyer at a price formed by a fixed re-adjustable component plus a variable component, which depends on current copper prices at the time of shipment.

During the first quarter of 2006 and on the basis of the negotiated financial terms, financing contracts were formalized with the China Development Bank allowing Copper Partners Investment Company Ltd. to make the US\$550 million advance payment to Codelco in March 2006.

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As of June 30, 2014, the contract is operational, and monthly shipments began in June 2006.

With regard to financial obligations incurred by the associate Copper Partners Investment Company Ltd. with the China Development Bank, Codelco Chile and Codelco International Ltd. must meet certain commitments, mainly relating to the delivery of financial information. In addition, Codelco Chile must maintain 51% ownership of Codelco International Limited.

According to the Sponsor Agreement, dated March 8, 2006, the Codelco International Ltd. subsidiary gave its participation in Copper Partners Investment Company Limited as a guarantee to the China Development Bank.

Subsequently, on March 14, 2012, Copper Partners Investment Company Ltd. paid off his debt to the abovementioned bank. As of June 30, 2014, Codelco does not hold any indirect guarantee regarding its participation in this associated company.

- iii. Regarding the financing agreement signed on August 23, 2012, between the subsidiary, Gacrux Inversiones SpA and Mitsui & Co. Ltd. for the acquisition of the 24.5% stake in Anglo American Sur S.A, which was subsequently amended on October 31, 2012, includes a pledge over the shares that the subsidiary has on Acrux Inversiones SpA (shared participation with Mitsui and minority shareholder in Anglo American Sur S.A.), in order to ensure compliance with the obligations that the financial agreement contemplates.

This pledge extends to the right to collect and receive from Acrux, dividends which have been agreed in the corresponding meetings of shareholders of the company and any other distributions paid or payable to Gacrux respect of the pledged shares.

- iv. The Corporation has signed gas supply contracts with its associate GNL Mejillones S.A., which began operations in October 2010, and through this contract, the associate agrees to sell part of a minimum equivalent to 27 Terra BTU's (British Thermal Units) per year during the 2010 - 2012 period. Additionally, the Corporation has signed an option contract together with other participating mining companies that includes the option to:
- Acquire the right to the long-term use of the terminal's capacity from the end of the contract, or
  - To acquire the company's shares; the companies are committed to choosing one or other of these two alternatives.

As of June 30, 2014, the Corporation does not have guarantees of the derivative transactions made by GNL Mejillones S.A.

- v. Law 19,993 dated December 17, 2004, which authorized the purchase of the Fundación y Refinería Las Ventanas assets from ENAMI, established that the Corporation must ensure

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that the smelting and refining capacity required is maintained, without any restriction and limitation, for treating the products of the small and medium mining sector sent by ENAMI, under the form of toll production mode or another form agreed upon by the parties.

- vi. Obligations with the public for bond issues means that the Corporation must meet certain restrictions related to limits on pledges and leaseback transactions on its principal assets and on its ownership interest in subsidiaries.

The Corporation, at June 30, 2014 and 2013, has complied with these conditions.

- vii. On January 20, 2010, the Corporation signed two energy supply contracts with Colbún S.A., which includes energy and power purchases for a total of 351 MW. The contract provides a discount for that energy consumption due to lower demand from Codelco's SIC divisions with respect to the amount of contracted power. The discount is equivalent to the value of the sale of that energy on the spot market.

In addition, through a supplementary agreement, Codelco has ensured the supply by Colbún of 159 MW, adapted to Codelco's long-term energy and power requirements from the SIC of approximately 510 MW.

This contract is based on energy production from Colbún's Santa María thermal power station, which is currently under construction. This plant is coal-fired, and therefore the electric energy tariff rate applied for the energy supplied to Codelco is linked to the price of coal.

Through these contracts, which operate through take or pay, the Corporation agrees to pay for the contracted energy and Colbún undertakes to return at market price the energy not consumed by Codelco.

These contracts have maturity date in 2027 and 2045.

- viii. On November 6, 2009, Codelco signed the following long-term electric energy supply contracts with ELECTROANDINA S.A.(associate until January 2011), with a maturity in 2017:
  - This 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.

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- ix. On November 11, 2011, Law N° 20.551 was published in the Official Journal, which regulates the tasks and closure of mining facilities. Additionally, on November 22, 2012, the Decreto Supremo No. 41 of the Ministerio de Minería, which approves the Regulations of this law was published in the Diario Oficial.

This law requires the Corporation, among other requirements, to provide financial guarantees to the State to ensure the implementation of closure plans. It also establishes the obligation to make contributions to a fund which aims to cover the costs of post-closure activities.

The Corporation, in accordance with the mentioned regulation, must provide to SERNAGEOMIN the Mine Closure Plan in October 2014, while in April 2015 it must submit a proposal for the creation of guaranties. In the month of June 2015, Codelco should create guarantees for the initial 20% of the obligation under the regulations of this Code. The remaining 80% should be adjusted proportionately each year over the remaining period of fourteen years. The guarantee will be determined in present value of all actions and measures within the mine closure plan.

The Corporation is in the process of updating its mine closure plan and the process of valuation, which must comply with the requirements of Law No. 20,551, considering that the accounting liability record caused by this obligation, differs from the law's requirement, mainly by differences concerning the horizon that is considered for the projection of flows, in which the law requires the determination of the obligations in terms of mineral reserves, while the financial-accounting approach incorporates some of its mineral resources. Therefore, the discount rate established by law, may differ from that used by the Corporation under the criteria set out in IAS 37 and described in Note 2, letter o) of Main Accounting Policies.

- x. In order to finance investments and refinance liabilities during year 2013 the Corporation signed some bilateral financial institutions financing of US\$ 1,200 million. These agreements establish periods of availability of funds, which give the borrower the flexibility to draw funds when required. At the end of the first half, Codelco does not hold available funds related to these credits agreements because they are withdrawn in their totality to date.
- xi. On May 24, 2012, the Corporation has signed with Japan Bank for International Cooperation and Bank of Tokyo-Mitsubishi UFJ Ltd., a financing contract for up to US\$ 320 million for the development, construction and operation of a plant metal processing in the second region of Chile, of which at June 30, 2014, have been drawn ThUS\$ 29,000.
- xii. On August 24, 2012, Codelco through its subsidiary Inversiones Mineras Nueva Acrux (Nueva Acrux) SpA (which minority shareholder is Mitsui), signed a contract with Anglo

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American Sur S.A.. Under this contract Codelco agreed to sell a portion of its annual copper production to the mentioned subsidiary, who in turn agrees to purchase such production.

Such annual portion is determined by the share of Codelco's indirect subsidiary, Inversiones Mineras Becrux SpA (also shared ownership with Mitsui), maintained for the shares of Anglo American Sur S.A.

In turn, Nueva Acrux agrees to sell to Mitsui, the products purchased under the agreement described in the preceding paragraphs.

The term of the contract will occur when the shareholders agreement of Anglo American Sur S.A ends or other events related to the completion of mining activities of the company take place.

**29. Guarantees**

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

The following tables list the main guarantees given to financial institutions:

<b>Direct Guarantees provided to Financial Insitutions</b>				
<b>Creditor of the Guarantee</b>	<b>Type of Guarantee</b>	<b>6/30/2014</b>		<b>12/31/2013</b>
		<b>Maturity</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Oriente Copper Netherlands B.V.	Pledge on shares	Nov-2032	877,813	877,813
<b>Total</b>			<b>877,813</b>	<b>877,813</b>

As of June 30, 2014 and December 31, 2013, there are not indirect guarantees extended to financial institutions.

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

<b>Guarantees received from third parties</b>		
<b>Division</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Andina	34,182	40,112
Chuquicamata	35,186	39,424
Casa Matriz	574,865	580,823
Radomiro Tomic	7,392	7,233
Salvador	35,303	31,626
Ministro Hales	1,347	1,648
El Teniente	60,214	80,345
Ventanas	4,902	3,628
Gabriela Mistral	845	845
<b>Total</b>	<b>754,236</b>	<b>785,684</b>



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**30. Balances in foreign currency**

a) Assets by Type of Currency

Category	6/30/2014 ThUS\$	12/31/2013 ThUS\$
<b><u>Liquid assets</u></b>	<b>957,492</b>	<b>756,297</b>
US Dollars	859,776	703,513
Euros	16,175	31,712
Other currencies	4,531	4,474
Non-indexed Ch\$	69,819	14,691
U.F.	7,191	1,907
<b>Cash and cash equivalents</b>	<b>933,179</b>	<b>750,670</b>
US Dollars	844,161	699,809
Euros	15,848	31,373
Other currencies	4,531	4,474
Non-indexed Ch\$	68,119	13,107
U.F.	520	1,907
<b>Other current financial assets</b>	<b>24,313</b>	<b>5,627</b>
US Dollars	15,615	3,704
Euros	327	339
Other currencies	-	-
Non-indexed Ch\$	1,700	1,584
U.F.	6,671	-
<b><u>Short and long term receivables</u></b>	<b>2,106,071</b>	<b>2,356,185</b>
US Dollars	1,395,715	1,808,056
Euros	105,558	69,143
Other currencies	1,016	1,717
Non-indexed Ch\$	600,407	473,598
U.F.	3,375	3,671
<b>Trade and other receivables</b>	<b>1,952,474</b>	<b>2,186,182</b>
US Dollars	1,381,666	1,776,949
Euros	104,596	68,174
Other currencies	1,016	1,699
Non-indexed Ch\$	461,821	335,689
U.F.	3,375	3,671

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Category	6/30/2014 ThUS\$	12/31/2013 ThUS\$
Rights receivables, non-current	139,548	138,896
US Dollars	-	-
Euros	962	969
Other currencies	-	18
Non-indexed Ch\$	138,586	137,909
U.F.	-	-
Due from related companies, current	13,825	30,883
US Dollars	13,825	30,883
Euros	-	-
Other currencies	-	-
Non-indexed Ch\$	-	-
U.F.	-	-
Due from related companies, non-current	224	224
US Dollars	224	224
Euros	-	-
Other currencies	-	-
Non-indexed Ch\$	-	-
U.F.	-	-
<b>Rest of assets</b>	<b>31,420,641</b>	<b>30,242,681</b>
US Dollars	28,372,820	27,396,894
Euros	429,889	383,148
Other currencies	29,590	28,506
Non-indexed Ch\$	2,259,294	2,103,094
U.F.	329,048	331,039
<b>Total assets</b>	<b>34,484,204</b>	<b>33,355,163</b>
US Dollars	30,628,311	29,908,463
Euros	551,622	484,003
Other currencies	35,137	34,697
Non-indexed Ch\$	2,929,520	2,591,383
U.F.	339,614	336,617

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

b) Liability by type of currency:

Current liability by currency	6/30/2014		12/31/2013	
	Up to 90 days	90 days to 1 year	Up to 90 days	90 days to 1 year
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Current liabilities</b>	3,604,650	640,306	3,025,377	753,379
US Dollars	3,030,406	614,262	2,156,736	741,045
Euros	88,638	-	59,610	-
Other currencies	765	-	3,773	-
Non-indexed Ch\$	475,643	20,766	795,943	6,380
U.F.	9,198	5,278	9,315	5,954
<b>Other current financial liabilities</b>	913,862	613,698	412,234	748,067
US Dollars	861,498	606,572	371,179	741,045
Euros	46,452	-	34,994	-
Other currencies	-	-	-	-
Non-indexed Ch\$	1,627	2,818	1,583	2,328
U.F.	4,285	4,308	4,478	4,694
<b>Bank loans</b>	826,279	63,018	337,406	183,487
US Dollars	779,827	61,132	302,412	181,887
Euros	46,452	-	34,994	-
Other currencies	-	-	-	-
Non-indexed Ch\$	-	1,267	-	844
U.F.	-	619	-	756
<b>Obligations</b>	76,326	534,756	62,384	549,545
US Dollars	73,316	534,756	59,267	549,545
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	-	-	-	-
U.F.	3,010	-	3,117	-
<b>Finance lease</b>	5,560	15,924	6,208	15,035
US Dollars	3,790	10,684	4,374	9,613
Euros	-	-	-	-
Other currency	-	-	-	-
Non-indexed Ch\$	495	1,551	473	1,484
U.F.	1,275	3,689	1,361	3,938
<b>Others</b>	5,697	-	6,236	-
US Dollars	4,565	-	5,126	-
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch\$	1,132	-	1,110	-
U.F.	-	-	-	-
<b>Other current liabilities</b>	2,690,787	26,608	2,613,143	5,312
US Dollars	2,168,908	7,690	1,785,557	-
Euros	42,186	-	24,616	-
Other currencies	765	-	3,773	-
Non-indexed Ch\$	474,016	17,948	794,360	4,052
U.F.	4,913	970	4,837	1,260

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Non-current liability by currency	6/30/2014				12/31/2013			
	1 to 3 years ThUS\$	3 to 5 years ThUS\$	5 to 10 years ThUS\$	More than 10 years ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	5 to 10 years ThUS\$	More than 10 years ThUS\$
<b>Non-Current liabilities</b>	8,052,332	2,460,555	2,911,411	4,480,585	8,074,278	607,395	4,741,700	3,745,414
US Dollars	6,933,030	2,449,747	2,883,789	3,548,521	6,903,208	602,033	4,714,661	3,416,873
Euros	238	-	-	-	-	-	-	-
Other currencies	30	-	-	-	29	-	-	-
Non-indexed Ch\$	961,770	-	1,980	-	1,000,803	736	1,284	-
U.F.	157,264	10,808	25,642	932,064	170,238	4,626	25,755	328,541
<b>Other non-current financial liabilities</b>	1,751,090	2,460,555	2,841,879	4,480,585	1,754,617	607,395	4,740,416	3,745,414
US Dollars	1,738,035	2,449,747	2,816,237	3,548,521	1,731,231	602,033	4,714,661	3,416,873
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	2,949	-	-	-	4,349	736	-	-
U.F.	10,106	10,808	25,642	932,064	19,037	4,626	25,755	328,541
Bank loans	1,644,834	1,289,476	20,222	736,846	1,639,536	594,295	28,889	767,337
US Dollars	1,644,834	1,288,269	20,222	736,846	1,638,156	594,295	28,889	767,337
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-	-
U.F.	-	1,207	-	-	1,380	-	-	-
Obligations	-	1,145,994	2,770,239	3,743,739	-	-	4,684,311	2,978,077
US Dollars	-	1,145,994	2,770,239	2,811,675	-	-	4,684,311	2,649,536
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	-	-	-	-
U.F.	-	-	-	932,064	-	-	-	328,541
Finance Lease	30,251	25,085	51,418	-	35,924	13,100	27,216	-
US Dollars	17,196	15,484	25,776	-	15,009	7,738	1,461	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	2,949	-	-	-	3,258	736	-	-
U.F.	10,106	9,601	25,642	-	17,657	4,626	25,755	-
Others	76,005	-	-	-	79,157	-	-	-
US Dollars	76,005	-	-	-	78,066	-	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch\$	-	-	-	-	1,091	-	-	-
U.F.	-	-	-	-	-	-	-	-
Other liabilities non current	6,301,242	-	69,532	-	6,319,661	-	1,284	-
US Dollars	5,194,995	-	67,552	-	5,171,977	-	-	-
Euros	238	-	-	-	-	-	-	-
Other currencies	30	-	-	-	29	-	-	-
Non-indexed Ch\$	958,821	-	1,980	-	996,454	-	1,284	-
U.F.	147,158	-	-	-	151,201	-	-	-

## CORPORACION NACIONAL DEL COBRE DE CHILE

### NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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#### 31. Sanctions

As of June 30, 2014 and December 31, 2013, neither Codelco Chile nor its Directors and Managers have been sanctioned by the Superintendency of Securities and Insurance or any other administrative authorities.

#### 32. Subsequent events

On July 2, 2014, it was reported as a significant event that on the same date, Codelco has accessed to the international financial markets, through a bond issuance of EUR 600 million, with a 2.25% annual coupon and at an annual yield of 2.397%.

The issuance was leaded by Banco Santander S.A., Deutsche Bank AG, London Branch and HSBC Bank plc. These resources are part of the financing program of the Corporation's investment plan.

On July 31, 2014, it was reported as a significant event that the Board of Directors has unanimously nominated to Mister Nelson Pizarro Contador as CEO of the Corporation, who will assume the post on September 1<sup>st</sup>, 2014; ceasing from that same date Mister Octavio Araneda Osés as Interim CEO, who will continue performing as Vice President of Operations Centro-Sur.

The Company's management is not aware of other significant events of financial or other nature, that would affect the financial statements, occurring between 1st July 2014 and the date of issuance of these financial statements (August 28, 2014).

#### 33. Environmental Expenditures

Each of Codelco's operations is subject to national, regional and local regulations related to protection of the environment and natural resources, including standards relating to water, air, noise and disposal and transportation of dangerous residues, among others. Chile has introduced environmental regulations that have companies, including Codelco, to carry out programs to reduce, control or eliminate relevant environmental impacts. Codelco has executed and shall continue to execute a series of environmental projects to comply with these regulations.

Pursuant to the Letter of Values approved in 2010, Codelco is governed by a series of internal policies and regulations that frame its commitment to the environment, including the Sustainable Development Policy (2003) and the Corporate Security, Occupational Health and Environmental Management Policy (2007).

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### NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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The environmental management systems of the divisions and the Head Office, structure their efforts in order to comply with the commitments assumed by the corporation's environmental policies, incorporating planning, operating, verifying and reviewing elements. As of June 30, 2014, they have received ISO 14001 certification for the environmental management of Chuquicamata, Radomiro Tomic, Andina, Salvador, El Teniente, Ventanas, Gabriela Mistral and the Head Office.

To comply with the Circular N°1.901 of 2008 of the Chilean Superintendency of Securities and Insurance, you find below details of the Corporation's main expenditures related to the environment during the period from January, 1 to June 30, 2014 and 2013, and the projected future expenses.

**CORPORACION NACIONAL DEL COBRE DE CHILE**

**NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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Entity	Project name	Disbursements 6/30/2014			6/30/2013	Expenditures		
		Project status	Amount ThUS\$	Asset/ Expenditure	Asset item/ Expenditure	Amount ThUS\$	Amount ThUS\$	Estimated date
	<b>Chuquicamata</b>		<b>47,300</b>			<b>55,105</b>	<b>97,858</b>	
Codelco Chile	Talambre dam extension, 7th stage	In Process	7,433	Asset	P, P & E	23,141	1,070	2014
Codelco Chile	Emergency resbration system dust control crushing plant 2 ° / 3 °	In Process	86	Asset	P, P & E	3,428	8,152	2014
Codelco Chile	Replacement of circulation pot 1A and 2A	In Process	119	Asset	P, P & E	-	34,756	2018
Codelco Chile	Acid plants	In Process	22,736	Expenditure	Administrative expenditure	27,053	26,609	2014
Codelco Chile	Solid waste	In Process	1,567	Expenditure	Administrative expenditure	-	-	2014
Codelco Chile	Tailings	In Process	14,734	Expenditure	Administrative expenditure	-	27,271	2014
Codelco Chile	Water treatment plant	In Process	218	Expenditure	Administrative expenditure	1,483	-	2014
Codelco Chile	Environmental monitoring	In Process	407	Expenditure	Administrative expenditure	-	-	2014
	<b>Salvador</b>		<b>25,183</b>			<b>19,689</b>	<b>305,022</b>	
Codelco Chile	Dust collection improvement	In Process	2,099	Asset	P, P & E	436	2,349	2014
Codelco Chile	Construction V stage of tailing treatment	Finished	-	Asset	P, P & E	360	-	2013
Codelco Chile	Constuction north wall camber 2nd stage	In Process	1,699	Asset	P, P & E	-	525	2014
Codelco Chile	Improvement of integrated gas collection process	In Process	749	Asset	P, P & E	-	271,445	2018
Codelco Chile	Construction of sanitary filling	In Process	66	Asset	P, P & E	-	730	2014
Codelco Chile	Tailings	In Process	2,132	Expenditure	Administrative expenditure	-	871	2014
Codelco Chile	Acid plants	In Process	17,435	Expenditure	Administrative expenditure	18,264	27,688	2014
Codelco Chile	Solid waste	In Process	599	Expenditure	Administrative expenditure	-	663	2014
Codelco Chile	Water treatment plant	In Process	404	Expenditure	Administrative expenditure	629	751	2014
	<b>Andina</b>		<b>93,951</b>			<b>60,496</b>	<b>141,457</b>	
Codelco Chile	Construction of water trap for east ballast deposit	In Process	2,273	Asset	P, P & E	2,734	6,694	2015
Codelco Chile	Drains expansion stage 5	Finished	-	Asset	P, P & E	540	-	2013
Codelco Chile	Drain water treatment	In Process	232	Asset	P, P & E	173	-	2014
Codelco Chile	Drain internal water treatment E1	In Process	1,504	Asset	P, P & E	4,032	1,257	2014
Codelco Chile	Drainage water treatment	In Process	38,523	Asset	P, P & E	40,655	9,441	2014
Codelco Chile	Water Normative Phase 2	In Process	6,512	Asset	P, P & E	3,239	31,120	2016
Codelco Chile	Building evacuation and capturing towers	In Process	173	Asset	P, P & E	3,948	17,447	2014
Codelco Chile	Construction of tailings canal (Ovejería)	In Process	177	Asset	P, P & E	2,310	-	2013
Codelco Chile	Construcción ducto agua tratamiento cambio pique	In Process	-	Asset	P, P & E	12	-	2014
Codelco Chile	Rebuilding of dam injection wells	In Process	89	Asset	P, P & E	-	-	2013
Codelco Chile	Improvement to irrigation	In Process	416	Asset	P, P & E	-	7,915	2015
Codelco Chile	Improvements to line wall sand	In Process	1,011	Asset	P, P & E	-	1,398	2014
Codelco Chile	Improvement of interception filters (Ovejería)	Finished	-	Asset	P, P & E	809	-	2013
Codelco Chile	Improvement of drainage system	In Process	488	Asset	P, P & E	-	429	2014
Codelco Chile	Rebuilding of bypass cameras	In Process	157	Asset	P, P & E	-	364	2014
Codelco Chile	Construction site emergency plan	In Process	1,805	Asset	P, P & E	-	25,239	2015
Codelco Chile	Dam logistics taxes	In Process	9,664	Asset	P, P & E	-	3,368	2014
Codelco Chile	Solid waste	In Process	1,169	Expenditure	Administrative expenditure	1,232	1,181	2014
Codelco Chile	Water treatment plant	In Process	1,880	Expenditure	Administrative expenditure	812	2,457	2014
Codelco Chile	Trailings	In Process	27,588	Expenditure	Administrative expenditure	-	32,197	2014
Codelco Chile	Acid drainage	In Process	290	Expenditure	Administrative expenditure	-	950	2014
<b>Subtotal</b>			<b>166,434</b>			<b>135,290</b>	<b>544,337</b>	

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Entity	Project name	Disbursements 6/30/2014				6/30/2013	Expenditures	
		Project status	Amount ThUS\$	Asset/ Expenditure	Asset item/ Expenditure	Amount ThUS\$	Amount ThUS\$	Estimated date
	<b>El Teniente</b>		<b>99,368</b>			<b>44,049</b>	<b>250,763</b>	
Codelco Chile	Apliation of tailing Route 5	In Process	-	Asset	P, P & E	7	-	2013
Codelco Chile	Construction of 6th phase of Carén	In Process	606	Asset	P, P & E	9,361	139,552	2016
Codelco Chile	Environmental reconstruction of courts	In Process	484	Asset	P, P & E	-	5,979	2015
Codelco Chile	Acid plants	In Process	48,716	Expenditure	Administrative Expenditure	27,680	48,839	2014
Codelco Chile	Solid waste	In Process	1,370	Expenditure	Administrative Expenditure	1,176	1,830	2014
Codelco Chile	Water treatment plant	In Process	10,314	Expenditure	Administrative Expenditure	5,825	10,577	2014
Codelco Chile	Tailings	In Process	37,878	Expenditure	Administrative Expenditure	-	43,986	2014
	<b>Gabriela Mistral</b>		<b>1,399</b>			<b>23</b>	<b>1,580</b>	
Codelco Chile	Implementation wastewater treatment system	Finished	-	Asset	P, P & E	23	-	2013
Codelco Chile	Environmental monitoring	In Process	20	Expenditure	Administrative Expenditure	-	-	2013
Codelco Chile	Solid waste	In Process	689	Expenditure	Administrative Expenditure	-	824	2014
Codelco Chile	Water treatment plant	In Process	690	Expenditure	Administrative Expenditure	-	756	2014
	<b>Ventanas</b>		<b>19,438</b>			<b>18,916</b>	<b>68,063</b>	
Codelco Chile	Supply of arsenic in electric oven	Finished	-	Asset	P, P & E	115	-	2013
Codelco Chile	Increase uptake Mat.	In Process	-	Asset	P, P & E	37	-	2013
Codelco Chile	Increase uptake Mp He	Finished	-	Asset	P, P & E	65	-	2013
Codelco Chile	Cold load mechanical system Cps N°1 y 3	Finished	-	Asset	P, P & E	1,103	-	2013
Codelco Chile	Catching second gases	In Process	630	Asset	P, P & E	-	23,326	2016
Codelco Chile	Catching racking gases	In Process	2,367	Asset	P, P & E	-	12,911	2015
Codelco Chile	Treatment of gases in line	In Process	181	Asset	P, P & E	-	14,594	2015
Codelco Chile	Acid plants	In Process	12,051	Expenditure	Administrative Expenditure	14,878	9,475	2014
Codelco Chile	Solid waste	In Process	829	Expenditure	Administrative Expenditure	2,130	967	2014
Codelco Chile	Environmental monitoring	In Process	747	Expenditure	Administrative Expenditure	-	983	2014
Codelco Chile	Effluent treatment plant	In Process	2,633	Expenditure	Administrative Expenditure	588	5,807	2014
	<b>Radomiro Tomic</b>		<b>1,717</b>			<b>-</b>	<b>596</b>	
Codelco Chile	Solid waste	In Process	37	Expenditure	Administrative Expenditure	-	-	-
Codelco Chile	Effluent treatment plant	In Process	1,680	Expenditure	Administrative Expenditure	-	596	2014
	<b>Ecometales Limited</b>		<b>295</b>			<b>182</b>	<b>534</b>	
Ecometales Limited	Smelting plant of foundry dust	In Process	295	Expenditure	Administrative Expenditure	182	534	2014
<b>Subtotal</b>			<b>122,217</b>			<b>63,170</b>	<b>321,536</b>	
<b>Total</b>			<b>288,651</b>			<b>198,460</b>	<b>865,873</b>	



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Octavio Araneda Osés  
Chief Executive Officer (i)

Iván Arriagada Herrera  
Chief Financial Officer

Héctor Espinoza Villarroel  
Controller

Gonzalo Zamorano Martínez  
General Accountant