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Introductory Note: Documents and Legislation Concerning the "Chileanization" of Anaconda's Chile Exploration Company

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DOCUMENTS AND LEGISLATION CONCERNING THE "CHILEANIZATION" OF ANACONDA'S CHILE EXPLORATION COMPANY

Introductory Note*

The three major copper mining enterprises in Chile were until recently wholly-owned subsidiaries of two United States firms, Kennecott Copper Corporation and The Anaconda Company. Their fate was hotly contested in the 1964 presidential elections; it came down eventually to a choice between outright nationalization, as advocated by one candidate, and "Chileanization," as proposed by the other. The latter candidate, Eduardo Frei Montalva, won and his plans became Law No. 16,425 of January 25, 1966, later incorporated in Law No. 16,624 of April 20/May 15, 1967. The twin objectives of the Chileanization program are: first, the expansion of the copper industry, through increased investment and production, induced by means of loans, credits and tax concessions, and second, the participation of the Chilean Government in the ownership and control of the larger copper-producing enterprises, through a government agency in the form of a public corporation, the Copper Corporation (Corporación del Cobre, CODELCO). [For a description of the Chileanization program, see T. G. Sanders, "Chile and Its Copper," American Universities Fieldstaff Reports, West Coast South America Series, XVI(1), March 1969.]

In July 1966, Braden Copper, subsidiary of Kennecott, owning and operating the El Teniente Mine, agreed with CODELCO to establish a jointly-owned corporation in which CODELCO would own 51% of the shares and Braden 49%, and to which Braden would sell El Teniente. At the same time, additional investments from local and outside sources were authorized and tax exemptions were given to Braden Copper. Related documents are reproduced in 6 International Legal Materials 1146-61 (1967). The transaction is discussed in detail in, Note, "The Chileanization of the Copper Industry," 1 NYU Journal of International Law and Politics 157, at 163-72 (1969).

Another jointly-owned company, the Compañía Minera Exótica, S.A., was formed in December 1966, between Chile Copper Company, a wholly-owned subsidiary of The Anaconda Company, holding 75% of the shares, and CODELCO, holding 25%. The company will develop a new mine, located near Anaconda's major mining operation at Chuquicamata. Related investments were authorized in February 1967; the authorizing decree is reprinted in 6 International Legal Materials 454-65 (1967). Details of the transaction are given in the Note cited above, at pages 176-78.

Also in December 1966, additional investments of nearly $100 million (U.S.) in the Chuquicamata mine, owned by the Chile Exploration Company, a wholly-owned subsidiary of Chile Copper Company, were authorized; the decree is reproduced in 6 International Legal Materials 424-53 (1967). Investments of $10 million (U.S.) in the El Salvador mines, owned by Andes Copper Mining Company, another wholly-owned subsidiary of Anaconda, were also authorized; see note at 6 International Legal Materials 425 (1967). The rise of copper prices in the ensuing period created serious tensions between government and company. After inconclusive discussions, President Frei delivered, on May 21, 1969, a strong speech stressing "Chile's duty to defend its legitimate interests in matters of basic resources." A month later the President

*This Introductory Note was prepared for International Legal Materials by A. A. Fatouros, Professor of Law, Indiana University (Bloomington).

[A complete list of the documents reprinted in this issue appears at page 923.]
announced the successful conclusion of negotiations with the company; his statement, outlining the arrangements agreed upon, is reproduced in *International Legal Materials* 1073-78 (1969). Detailed instruments were prepared later that year.

Two mixed companies were established: the Compañía de Cobre Chuquicamata, S.A., jointly owned by CODELCO and Chile Exploration Company, and the Compañía de Cobre El Salvador, S.A., jointly owned by CODELCO and Andes Copper Mining Company. In each, CODELCO holds 51% of the shares and the Anaconda subsidiary 49%. The mixed companies' capital corresponds to the book value of Chile Exploration Company, in the one case, and Andes Copper Mining Company, in the other, on the basis of the December 31, 1968 Balance Sheet. The Chuquicamata mine being considerably larger, the Compañía de Cobre Chuquicamata, S.A., has a capital of $275,480,000 (U.S.), divided as many shares of one dollar each, while the Compañía de Cobre El Salvador, S.A., has a capital of $66,637,000 (U.S.), again divided in one-dollar shares. The Transitory Articles governing the period of joint ownership provide for later adjustment of the mixed companies' capital to reflect the Balance Sheet of December 31, 1969. This adjustment was effected in the spring of 1970 and incorporated by amendment in the companies' By-Laws. There was no change in the Chuquicamata company's capital; the capital of the El Salvador company was increased to $66,947,000 (U.S.). The conditions for the establishment and operation of the two companies are substantially identical, the amount of capital being the sole significant difference between them. Accordingly, only the documents concerning the Compañía de Cobre Chuquicamata, S.A., are reproduced here; translations of the corresponding instruments for the Compañía de Cobre El Salvador, S.A., are available for reference in the Library of the American Society of International Law.

At the time of establishment of the Compañía de Cobre Chuquicamata, S.A. (CCC), Chile Exploration Company undertook to transfer to it all its assets and liabilities in exchange for all CCC shares, which Chile Exploration further agreed to sell to CODELCO. The transfer of assets took place on December 31, 1969. The sale of shares takes place in two stages. The first stage, already executed, involved the transfer of 51% of the shares of CODELCO on December 31, 1969. The second stage involves the transfer of the remaining 49% of shares within a period of no less than three and no more than twelve years (between December 31, 1972 and December 31, 1981). Until that sale, CCC will be jointly owned by CODELCO, holding 51% of shares, all classed as Class A shares, and by Chile Exploration, holding 49% of shares, all Class B shares. [Law No. 16,624 of 1967 provides in Article 56 that shares in mixed companies owned by CODELCO and any of three other state-owned corporations will always belong to a separate class.]

Payment for CCC shares (in other words compensation for Chile Exploration's assets) will take two forms. The 51% of the shares, transferred on December 31, 1969, will be paid on the basis of book value, as adjusted, in 24 equal semi-annual installments (plus tax-free interest of 6% on the unpaid balance), starting June 30, 1970. CODELCO has issued 24 promissory notes and delivered them to the Banco Central de Chile, for delivery to a New York bank, upon transfer of the shares. The promissory notes are guaranteed by the Corporación de la Producción, Chile's solidly established economic development agency. Moreover, the shares to be paid for are pledged in favor of Chile Exploration Company through deposit of the related certificates at the Banco Central; as each payment is made, the pledge for seven-eighths of the corresponding shares is cancelled, the one-eighth remaining pledged until total payment.

The value of the remaining 49% of shares, to be transferred by subsequent agreement no later than December 31, 1981, is to be calculated on the basis of CCC's average profits, between January 1, 1970, and the date of sale,
multiplied by a coefficient which decreases with the passing of time (e.g., it is 8 for 1973, 7 for 1975, and 7 for 1977 or later).

During the years of joint ownership of the Compañía de Cobre Chuquicamata by CODELCO and Chile Exploration, special provisions contained in the transitory Articles will apply. Chile Exploration's rights and obligations concerning new investments and tax exemptions were transferred to CCC by Presidential Decree, which was then incorporated in a public (notarial) deed, according to Chilean usage, so as to bind both parties contractually. Moreover, CCC has concluded technical assistance agreements (at fixed fees) with Chile Exploration; these agreements are not included in the set of documents reproduced here, although there are numerous references to them. Finally, in order for the Chilean Government to take advantage of possible future increases in the price of copper, the By-Laws of CCC provide for a preferential dividend (the so-called "overprice") to be paid to Class A shares on the basis of a complicated calculation set forth in Article 44 of the By-Laws.

A similar arrangement has been incorporated by amendment in the Charter and By-Laws of the Compañía Minera El Teniente, S.A., jointly owned by CODELCO and Braden Copper (a subsidiary of Kennecott Copper Corporation). A preferential dividend is authorized on shares owned by CODELCO when the price received by El Teniente for its copper exceeds 40¢ a pound. The dividend distribution to the Chilean Government will, therefore, be more than the originally-contemplated 51%. The overprice agreement with Kennecott was retroactive to June 1, 1969.

The following documents have been reproduced concerning the "Chileanization" of Anaconda's Chile Exploration Company:

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His Excellency has today decreed the following:

No. 116: In view of: Official Communication No. 241 of October 22, 1969, from the Copper Corporation; the provisions of No. 8 of article 15 and Title III of Law No. 16,624,

I DECREES:

1) The Copper Corporation is hereby authorized to purchase or to enter into a purchase contract for 51% of the shares of the mixed mining corporation that shall be organized by Chile Exploration Company, for which purpose the latter shall transfer all of its Assets and Liabilities, including all mining claims constituting the Chuquicamata mine.

2) The transfer of Chile Exploration Company's Assets and Liabilities shall be made pursuant to their value shown in the balance and books of the Company as of December 31, 1968, updated to December 31, 1969, in accordance with the normal course of operations and constructions of Chile Exploration Company. Any additions or deductions not corresponding to this normal course shall be the subject of an agreement between the Copper Corporation and Chile Exploration Company.

3) The price of the shares representing 51% of the capital stock of the Sociedad shall be 51% of the book value to which the preceding number refers, payable in a term of 12 years counted as from January 1, 1970, the Copper Corporation being empowered to agree as to the form and formalities for payment, the interest that shall accrue, the guaranties that shall be granted and the other conditions that may have to be agreed to.

4) The Copper Corporation is likewise authorized to purchase the remaining 49% of the shares of the company to which No. 1 refers, for which purpose it may immediately enter into a purchase contract.

The sale and transfer of 49% of the shares shall take place on January 1 or July 1 of any year subsequent to 1972. To execute the promised purchase contract, the Copper Corporation shall pay Chile Exploration Company 60% of the unpaid balance of the purchase price of 51% of the shares, determined on the date of execution of the contract for the 49%. The price per share for the sale of 49% of the shares shall be the amount obtained by multiplying the average annual profits for the period elapsed from January 1, 1970, to the date of the sale, by one of the following factors: 8 if the sale takes place in 1973; 7.5 if in the year 1974; 7 if in the year 1975; 6.5 in the year 1976; and 6 if the sale takes place in 1977 or thereafter. For this purpose, the average annual profits for the shares corresponding to the 49% shall be determined after deducting the income tax paid by the mixed company, the preferred dividend of the shares of the Copper Corporation in said company, and the additional tax corresponding to the shareholders.

The price shall be paid in 12 equal semi-annual installments. This term shall be counted as from the due date of the last unpaid price installment of 51% of the shares, the Corporation being empowered to agree as to the form and formalities for payment, the interest that shall accrue, the guaranties that shall be granted and the other conditions that may have to be agreed to.

5) It is a condition for the purchase of the shares referred to in No. 1 of this decree, that the proposed company be constituted to the entire satisfaction of the Copper Corporation.

6) While the new company to be constituted by Chile Exploration Company is obtaining its authorization for existence, the Copper Corporation may enter into the contracts to which this decree refers.


*Reprinted from the English translation provided to International Legal Materials by The Anaconda Company. The official Spanish text appears in the Diario Oficial of Chile, November 22, 1969.
Public Deed Setting Forth the Organization of the Compañía de Cobre Chuquicamata S.A. (CCC)*

PUBLIC DEED EXECUTED ON DECEMBER 11, 1969, BETWEEN CHILE EXPLORATION COMPANY AND MANUEL VARGAS, BEFORE NOTARY PUBLIC EDUARDO GONZALEZ ABBOTT, WHICH INCLUDES THE BY-LAWS AND PROMISE TO SELL CONTRACT OF THE SHARES OF CCC

BY-LAWS

Title One

Name, domicile, duration and purpose

Article 1: A Corporation is hereby constituted under the name of "Compañía de Cobre Chuquicamata S.A.," hereinafter the "Sociedad," which will be governed by Law No. 16,624 and the present By-Laws, and in their silence, by the legal and regulatory provisions in effect, and especially by the applicable Regulations of Corporations, approved by Finance Supreme Decree No. 4705 of November 30, 1946.

Article 2: The domicile of the Sociedad shall be the Department of Santiago, without prejudice to the agencies, offices or branches that the Board of Directors may resolve to establish within or outside the territory of the Republic.

Article 3: The duration of the Sociedad shall be 50 years counted from the date on which its existence is authorized.

Article 4: The purpose of the Sociedad shall be:

a) Continue to exploit the Chuquicamata orebody, located in the Department of El Loa, Province of Antofagasta, and its establishments, works and related services.

b) Denounce and acquire in any legal manner mining properties and other mining rights and explore and exploit other non-ferrous orebodies located in the territory of Chile.

c) Produce copper ore and concentrates, copper bars, by-products and other derivatives and substances obtained from the exploitation of copper ores or derived from complementary production processes, in its own or other plants, and beneficiate ores from third parties in its own plants.

d) Produce other non-ferrous metals be they in the form of ores, concentrates, smelted or refined, and the products and by-products obtained or derived from the same.

e) Sell, export, transport, ship, consign and, in general, market the copper and other ores, products and by-products mentioned in the preceding letters.

f) Carry out one or more of the purposes mentioned in article 13 of Law 16,624 in order to comply with the obligation to invest profits that may be imposed on it pursuant to the aforementioned legal provision.

g) Organize companies of any kind for any of the purposes indicated in the above letters and participate in them.

h) In general, perform all the civil or commercial acts related directly to the exploitation and marketing of copper and other ores, products and by-products mentioned in the preceding letters, or those which may be necessary for said activities.

*Reprinted from the English translation provided to International Legal Materials by The Anaconda Company.*
Title Two
Capital and Shares

Article 5: The capital of the Sociedad shall be the sum of 275,480,000 dollars, divided into 275,480,000 nominative shares of a par value of one dollar each, to be subscribed and paid in the manner, term and conditions indicated in Transitory Article 1 of these By-Laws.

Article 6: There shall be two classes of shares which shall be denominated Class "A" and Class "B". Class "A" shares shall be those owned by the entities indicated in article 56 of Law 16,624. The remaining shares shall be Class "B". When Class "A" shares are transferred to entities or persons other than those indicated in article 56 of Law 16,624, said shares shall be converted to Class "B" shares and, reciprocally, when any of the entities mentioned in said article 56 acquire Class "B" shares, these shall be converted to Class "A" shares. There shall be a register for each class of shares.

Article 7: Class "A" shares shall be entitled to receive a preferred and accumulative dividend in accordance with that established in articles 42 and 44 of these By-Laws.

Article 8: The certificates of the shares shall be nominative and in respect to their form, issuance, recording, delivery, replacement, exchange, cancellation, transfer and transmission, the Regulations of Corporations approved by Ministry of Finance Decree No. 4705, of November 30, 1946, or the legal or regulatory norms on the subject that may be in force at the corresponding time, shall be applicable. The Shareholders' Registers shall be kept in the offices of the Sociedad in Santiago and shall be closed on the dates determined by the Board of Directors, pursuant to article 24 of the aforementioned Regulations or to the legal or regulatory norms that are in effect at the time.

Article 9: In the event that one or more shares are owned jointly by various persons, the co-owners shall be obliged to name a common proxy to act before the Sociedad.

Title Three
Administration of the Sociedad

Article 10: The Sociedad shall be administered by a Board of Directors, without prejudice to the authority corresponding to the Shareholders' Meeting.

Article 11: The Board shall be composed of seven regular members.

There also shall be seven alternate Directors. It shall not be necessary for the Directors to be shareholders. The Directors shall be elected at the Shareholders' Meeting, shall hold office for three years and may be re-elected for successive three-year periods. If the Shareholders' Meeting called to effect the election should not be held opportunely, the Directors shall continue in office after the expiration of their term, until they are re-elected or their successors are elected. In the latter case, the Board of Directors must call a meeting as soon as possible to make the corresponding appointments.

Article 12: Each Director must constitute a guaranty in favor of the Sociedad in order to discharge his duties. This guaranty may consist of a pledge of 100 shares of the Sociedad, estimated at their par value, or the equivalent in cash, in a surety, in an insurance policy or in any other guaranty sufficient in the judgment of the Board. The guaranty must be constituted within 30 days after the acceptance of the appointment, and provided there are no charges against the Director, may be withdrawn only six months after the latter's term of office has expired.

Article 13: Each regular Director shall receive as a remuneration for his services a sum equivalent to one monthly vital salary, Scale "A" of the Department of Santiago,
for each meeting he attends, this remuneration not exceeding two-and-a-half said salaries per month.

The alternate Directors shall receive a remuneration equivalent to one-half of that which corresponds to the regular Directors, except when they replace a regular Director, in which case they shall receive the remuneration that corresponds to the latter. The maximum monthly remuneration of the alternate Directors shall be equal to one-half of that of the regular Directors, except when they attend meetings in replacement of one of them.

The remuneration to which this article refers shall be without prejudice to other remunerations that may be agreed for regular or alternate Directors in the performance of other duties, commissions, services or work that may be entrusted to them by the Sociedad.

The Board of Directors may resolve, with the favorable vote of at least five of its members, that the travelling and other expenses which the Directors may incur in the normal performance of their duties, be reimbursed to them.

Article 14: The Board of Directors shall hold Ordinary Meetings on the days and at the time it may determine, being obliged to hold at least one meeting every two months. The Board of Directors shall hold Special Meetings, previous special citations made by the President or when requested in writing by two Directors. The meetings shall be held in the city of Santiago, unless the Board of Directors agrees for each case, with the favorable vote of its seven members, to hold them in a different place. The citation to Special Meetings shall be made by registered letter, at least three days before the date of the meeting, unless the Board of Directors may have agreed beforehand on some other method of citation, and must indicate the matters that will be discussed at the meeting, and the place, day and hour in which it will be held.

Article 15: The alternate Directors may attend the Board of Directors' meetings, together with the regular Directors; but they shall not be considered for purposes of the quorum nor shall they have the right to vote except when they have to replace the regular Directors.

The replacement shall operate by the sole fact of the absence of one or more of the regular Directors; the mere attendance of an alternate Director in place of an absent regular Director, shall be proof in itself of the replacement, in respect to the Sociedad and to third parties, without it being necessary to justify its cause.

Article 16: The Board of Directors shall appoint from among its members a President and a Vice President, who shall also act as such for the Sociedad for the first meeting held after the corresponding ordinary triennial Shareholders' Meeting. In case of absence or temporary impediment of the President to perform his duties, he shall be replaced by the Vice President, or in the latter's place, by the Director appointed by the Board of Directors. In these cases, it will not be necessary to verify the absence or impediment before third parties. If for any reason the offices of President and Vice President should be vacant, the Board shall appoint from among its members a new President or Vice President for the period remaining before the respective term expires. The Board of Directors shall also appoint a Secretary, who will act as such at its meetings, and at the Shareholders' Meetings, and who may be the General Manager. In case of absence of the Secretary, the person appointed by whoever presides over the meeting shall act in his place.

Article 17: The Board of Directors' meetings shall be presided over by the President or by the person to whom it corresponds in accordance with the preceding article.

Article 18: The Board of Directors must meet with the attendance of at least four of its members.

Article 19: The attributes and duties of the Board of Directors, in addition to those that may correspond to it by law, regulations and other provisions of these By-Laws, are the following:

a) Determine the policy of the Sociedad, administrate and direct its operations and businesses, control them and supervise them, all with the most ample powers.
b) Determine the policy of marketing and sales of the products and by-products of the Sociedad, including the determination of the prices and the sales modalities for each market; to approve the sales manuals for the products and by-products; to agree to and execute the sales of the products and by-products and appoint or contract commission agents for the sales of said products and by-products.

c) Represent the Sociedad administratively, judicially and extra-judicially, without prejudice to the legal representation that corresponds to the General Manager. In the judicial aspect, the Board shall have the special powers listed in the second paragraph of article 7 of the Code of Civil Procedure, that is, those of desisting in the first instance from any petition filed, to accept complaints, to answer interrogatories, to waive legal remedies or legal terms, to submit to arbitration, to grant to arbitrators the powers to judge in equity, to approve agreements to avoid a debtor's bankruptcy, to settle and to receive. The power to settle may be exercised even if no lawsuit is involved.

d) Manage the funds of the Sociedad.

e) Approve the ordinary and extraordinary budgets of receipts, expenses and investments, and the construction programs. The approval by the Board of the aforementioned budgets or programs signifies, at the same time, the authorization to effect the expenses and investments and to execute the works, projects and acts considered in these budgets.

f) Present annually to the Ordinary Shareholders' Meeting for its approval, the Annual Report, the Balance Sheet, the Profit and Loss Account and the Inventory of Stocks; and propose that the profits of the Sociedad be distributed in accordance with article 42 and those following.

g) Convene Ordinary and Special Shareholders' Meetings and comply with their resolutions.

h) Appoint and remove the General Manager, the Sales Manager, the Manager of Operations, the Assistant Manager of Operations, the General Superintendent, the Controller and the Head of the Legal Department, determine their powers and duties, and fix their remunerations.

i) Determine the functions of other persons whose services may be required by the Sociedad.

j) Approve the Functions Manuals of the employees of the Sociedad, the Organization Chart of the same and its internal regulations, and modify said Manuals, Organization Chart and internal regulations.

k) Resolve the distribution of provisional dividends during the business year, provided the Directors who concur in the resolution, under their responsibility, deem that there will be sufficient profits at the date of the next Balance.

l) Establish agencies or offices within the country or abroad.

m) Execute all the acts and celebrate all the contracts, in the country or abroad, conducive to the achievement of the corporate objectives, modify or terminate them. Consequently, without the following enumeration signifying a limitation, the Board may: purchase, sell or transfer, for any consideration, mining claims or rights and, in general, all classes of personal or real property, shares, bonds and other securities; claim, survey and execute all the steps necessary to acquire mining property and explore and exploit orebodies, execute mortgages, pledges, sureties, guaranties and other securities; constitute the Sociedad as solidary co-debtor; form, integrate, modify, dissolve and liquidate other companies; form or adhere to associations of any kind and carry on business in participation with third parties; rent and lease, in the form of concessions, mining leases payable in kind, or other form of benefit, mining properties and all classes of personal or real property; register trade marks and inventions; celebrate contracts with commercial banks, with the State Bank of Chile, with the Central Bank of Chile, with credit institutions, with Public Law corporations, with savings and loan associations, with cooperatives and, in general, with natural or legal persons, for credits or loans, deposits, current commercial accounts, current banking deposit or credit accounts; deposit, draw and overdraw on such accounts; withdraw
checkbooks and approve balances; contract overdrafts, promissory notes, advances against acceptances and other forms of credit, with or without security; open letters of credit; make term deposits; issue bonds or debentures; enter into exchange, transportation or freight and insurance contracts; execute contracts for rendering of services and, especially, individual and collective labor contracts, accept or grant powers-of-attorney, commissions or representations; enter into all classes of agreements; assign credits and accept assignments; withdraw securities in guaranty or custody; withdraw and endorse shipping documents; withdraw all classes of correspondence and parcel post; collect and receive any sum owed to the Sociedad; sign all classes of receipts, cancellations or settlements, whether or not they constitute public or private instruments; draw, accept, re-accept, deposit, discount, guarantee, endorse, collect, negotiate, cancel and protest drafts, checks, promissory notes and other negotiable instruments, and perform all banking, commercial or other operations required for the execution of the corporate business.

n) Entrust to the Directors activities other than the administrative ones that correspond to them as such and grant special remunerations to them for such services, in accordance with that established in article 13.

m) Approve the transfer of shares.

o) Establish the attributes of the person to whom articles 23 and 24 of these By-Laws refer, without prejudice to those conferred on them by these By-Laws.

p) Interpret the doubtful clauses of these By-Laws, without prejudice to the right to resort to the arbitrator in case of disagreement.

q) Resolve all matters not contemplated in these By-Laws and, in general, conduct all the businesses and take all the measures that correspond to the purposes and objectives of the Sociedad and which are not reserved for the Shareholders' Meeting.

r) Confer general and special powers-of-attorney and delegate part of its powers on the President, on the Vice President, on the General Manager, on a Director or a committee of Directors, and for specially determined purposes, on other persons.

Article 20: The resolutions of the Board of Directors shall be adopted by the majority of the members in attendance.

Article 21: The regular and alternate Directors shall cease to hold office due to death; by resignation in writing; by revocation and by declaration of the Board that the office is vacant in the event of judicial declaration of bankruptcy. In all of the cases contemplated previously, the remaining Directors shall proceed to appoint a replacement for the regular or alternate Director who has ceased to hold office, for his unexpired term of office. The regular and alternate Directors shall not cease to hold office by the mere fact of remaining abroad for more than three months in a calendar year.

Article 22: In all which is concerned with the form of recording the deliberations and the resolutions of the Board of Directors, as well as the form of avoiding the responsibility of the Directors for acts executed in the performance of their duties, the norms set forth in articles 18 and 19 of the Regulations approved by Finance Supreme Decree No. 4705, of November 30, 1946, or the legal or regulatory norms that may be in effect on the subject at the respective time, shall be applicable.

Title Four
President and Vice President, General Manager and Secretary

President

Article 23: It shall correspond to the President to:

a) Preside over meetings of the Board of Directors and the General Shareholders' Meetings;
b) Call special meetings of the Board when he deems it convenient or when requested in writing by two Directors, pursuant to article 14 of these By-Laws;

c) Convoke Shareholders' Meetings by resolution of the Board, without prejudice to the provisions of article 28.

d) Sign communications on behalf of the Board of Directors the subscription of which has not been entrusted by the Board to other officials;

e) See that the By-Laws, the regulations and the resolutions and norms of the Board are carried out;

f) Sign the Annual Report, the Balance Sheet, and the Accounting Statements that the Board may submit to the shareholders or may resolve to publish or distribute;

g) Exercise the other powers and comply with the obligations that correspond to him pursuant to these By-Laws or which the Board of Directors or the Shareholders' Meetings may entrust or delegate to him.

Vice President

Article 24: In the event of absence or of temporary impediment of the President to exercise his functions, he shall be replaced by the Vice President or, in his stead, by the Director appointed by the Board. The Vice President and the Director, in their respective cases, shall have the same powers and obligations as the President.

General Manager

Article 25: The General Manager shall have the powers granted to him by the Board and shall represent the Sociedad judicially pursuant to article 8 of the Code of Civil Procedure.

The General Manager shall have only the right to speak in the Board meetings and shall be jointly responsible with the members of the same for all resolutions and agreements that may be illegal or detrimental to the corporate interests when his opposition is not recorded in the respective Minutes.

Secretary

Article 26: It shall correspond to the Secretary to maintain the books of the Board of Directors' and Shareholders' Meetings, sign the corresponding Minutes together with the others who should sign these, safeguard the antecedents of the respective meetings, issue the notices and see that the publications ordered by the law or by these By-Laws are made, and discharge the other functions entrusted to him by the Board.

Title Five

Shareholders' Meetings

Article 27: The shareholders shall hold a Meeting upon prior notice issued as determined in articles 28 and 29 of these By-Laws. The meetings shall be Ordinary or Special. The Ordinary Meetings shall be held during the course of the first four months of each year.

Article 28: The Meetings shall be convoked by the President, on prior resolution by the Board. They must, in addition, be convoked by the President when so requested in writing, and with indication of the purpose, by one or more shareholders representing at least one fourth of the shares issued.

Article 29: The citation to Ordinary or Special Meetings shall be made by means of a notice published on three different days in a Santiago newspaper, within twenty days
before the meeting. The first notice must be published at least ten days before the meeting and must include the announcement of the closing of the Shareholders' Register. The notices shall indicate the day, hour and place where the Meeting will be held. In any event, the meeting must be held in the Department of Santiago. In the case of Special Meetings, the notice must also indicate the purpose of the meeting. No citation or notice shall be necessary for meetings held with the full attendance of shareholders, whether they attend in person or by proxy.

Article 30: The Meetings shall be constituted by the attendance of persons representing at least two thirds of the shares issued. If that majority should not be present, a second citation shall be made, and in such event the Meeting may be constituted by the persons that attend, whatever may be the number of shares they represent. Between the date fixed for holding a Meeting by first citation and that fixed by second citation, a period of no less than 15 nor more than 30 days must elapse.

Article 31: The Meetings shall be presided over by the President, or in his place and successively, by the Vice President, by the Director whom the other Directors present may appoint, or by the one attending if he should be the only one present. If no Director should be present, the shareholders or their representatives, by a majority vote, shall elect one of their number to preside over the meeting.

Article 32: The shareholders may be represented at the Meetings by other shareholders, by means of a letter of proxy addressed to the President or to the General Manager. They may also be represented by a person that is not a shareholder, but in this case the proxy must be granted by public deed.

Article 33: The persons attending a Meeting shall sign an attendance sheet on which it shall indicate, after each signature, the number and the Class of shares which the signer owns, the number and the Class of shares which he represents, and the names of those he represents.

Article 34: It shall correspond to the Ordinary Meetings to:

a) Deliberate and vote on the Annual Report, the Balance Sheet, the Profit and Loss Account and the Inventory of Stocks, which the Board of Directors must present;

b) Approve the provisional dividends distributed by the Board of Directors during the business year;

c) Comply with the provisions of article 42 and those following;

d) Elect Directors when necessary;

e) Appoint Auditors;

f) In general, resolve any matter concerning the corporate interests with the exception of those that correspond to the Special Shareholders' Meeting or the Board of Directors.

Article 35: At the Special Meetings only the matters indicated in the citation may be discussed. Only at a Special Shareholders' Meeting may a resolution be passed in regard to the amendment of the By-Laws, the sale of assets and liabilities, the transfer and lease of mining properties or other real property and the early dissolution of the Sociedad.

Article 36: The shareholders who appear as such at the time of the closing of the Register shall be entitled to participate in the deliberations of the Meetings with the right to speak and to vote. In the voting that may take place at the Meetings, each share gives the right to one vote.

Article 37: For the election of regular Directors in the corresponding Ordinary Shareholders' Meetings, the following rules shall be observed:

a) Each share shall be entitled to one vote, each shareholder being able to freely distribute his votes among the various persons to be elected.
b) The persons elected shall be those who in a one and only ballot obtain
the highest number of votes, until the election of the required number of Directors has
been completed.

The alternate Directors shall be elected in a separate ballot in the same
Ordinary Shareholders' Meeting in which the regular Directors are elected, for which
the preceding rules shall also apply.

At the time it appoints alternate Directors, the Ordinary Shareholders' Meeting shall establish the order in which they shall be called to integrate the Board in order to replace the regular Directors.

Article 38: The shareholders shall be entitled to appoint each year, during an
Ordinary Meeting, two regular and two alternate Auditors. The Auditors must supervise
the operations of the Sociedad; review its accounting, inventory and Balance Sheet, and inform the next Ordinary Meeting about compliance with their mandate.

The rules set forth for the election of Directors in the preceding article 37
where applicable, shall be observed in the election of regular and alternate Auditors.

The Auditors may or may not be shareholders of the Sociedad, said office being able also to be performed by firms of registered accountants.

The Auditors shall have the remuneration that the Shareholders' Meeting establishes for them.

Article 39: The resolutions of the Shareholders' Meetings shall be adopted by
the majority vote of the shares issued.

The following cases are excepted:

a) The resolutions concerning the determination of the amounts that must be
distributed as dividends in order to comply with the obligatory distribution of profits in the manner contemplated in article 34, letter c) of these By-Laws and those that fix a longer term than that indicated in article 43 for the payment of the dividends, shall be approved with the vote of at least two thirds of the shares issued.

b) The resolutions adopted during Special Shareholders' Meetings for the
amendment of the By-Laws, the sale of the assets and liabilities, the transfer and
lease of mining properties and other real estate and the early dissolution of the
Sociedad, shall require the favorable vote of at least 80% of the Class "A" shares and
of two thirds of the shares issued.

Article 40: The deliberations and resolutions of the Meetings shall be recorded
in a special Minutes Book to be kept by the Secretary, complying in all other matters
with the requirements of articles 29 and 30 of the Regulations for Corporations approved by Finance Supreme Decree No. 4705 of 1946, or with the legal or regulatory norms that may be in effect at the time on the subject.

Title Six
Annual Report, Balance Sheet and Dividends

Article 41: During the Ordinary Shareholders' Meeting the Board of Directors shall report on the status of the business of the Sociedad and shall submit the Annual Report of operations for the previous business year, the Balance Sheet as of December 31 of the previous year, the Profit and Loss Account and the Inventory of Stocks. The Balance Sheet and the Profit and Loss Account shall be published once in a Santiago newspaper three days before the Shareholders' Meeting.

Article 42: The profits obtained in each business year shall be destined:

a) To comply with the obligation to invest contemplated in article 13 of Law 16,624 and its regulations, approved by Supreme Decree No. 114 of August 30, 1966, of
the Ministry of Mines. If it is necessary to create a special fund for the effects of this letter, Class "A" and Class "B" shareholders shall contribute thereto in proportion to their total participation in the corporate profits in the form of preferred and ordinary dividends in the respective business year.

b) To pay the preferred dividend contemplated in article 44.

c) The balance, to pay a dividend to Class "A" and Class "B" shareholders pro rata to the number of shares they own.

The proceeds from sales of assets subject to depreciation included in the Global Depreciation Reserve of the Sociedad, cannot be distributed to the shareholders, except to the extent and in such measure as the proceeds are considered taxable income by the Tax Department.

The profits obtained from the sale of assets not subject to depreciation, whether or not they are subject to the capital gains tax, shall be distributed to the shareholders, after deduction of the applicable tax, pro rata to the number of shares they own. If said profits are considered taxable income by the Tax Department, they shall receive the same treatment as the profits of the Sociedad.

Article 43: The dividends shall be paid in dollars of the United States of America. Those corresponding to Class "A" shares and those of the shares of said Class that may have become Class "B" shares, shall be paid in the domicile of the Sociedad. The dividends of the other shares shall be paid in New York City, United States of America.

The payment of the dividends, after deduction of the provisional dividends paid during the business year, shall be effected within 15 days after the Shareholders' Meeting, except in the case indicated in the last part of letter a) of article 39.

Article 44: For the effects of calculating the amount of preferred dividend for Class "A" shares, it shall be understood:

a) For base cost per pound of copper: that corresponding to the average cost for the years 1968 and 1969, which shall be determined by dividing the total costs and other expenses considered for the purposes of determining the tax on income or profits, imputable to copper sold and delivered, by the amount of copper sold and delivered in those years, in accordance with sales contracts approved by the Copper Corporation. In the case of export sales at a price lower than the CIF port of destination price, there shall be added to the cost the difference between the price received and that which would have corresponded to be received on being sold CIF port of destination. Without prejudice to the foregoing, in case of blister copper being sold abroad, the discounts for blister contemplated in the respective contracts shall also be added. With regard to sales to the national industry and to the authorized entities to which Law 16,624 refers, there shall be added the deductions that may have been made pursuant to letter b) of article 9 of the mentioned law.

For the determination of this base cost, the costs of the other products or by-products which the Sociedad might obtain in accordance with the accounting systems and norms used by Chile Exploration Company in the years 1968 and 1969, shall not be considered.

b) For base price: the price of U.S. 40 cents per pound of copper sold by the Sociedad. This base price shall be adjusted as indicated in No. 5 of this article.

c) For amounts and prices of copper sold and delivered in each business year: that which is determined in accordance with the same accounting systems and norms applied for the amounts and prices of copper sold and delivered used by Chile Exploration Company in the years 1968 and 1969 and accepted by the Copper Corporation and by the Tax Department. It shall include any type or quality of copper sold and delivered both in the country and abroad.

The operations necessary to calculate the amount of the preferred dividend are the following:
1) In the years 1970 and those ensuing there shall be established the average cost per pound of copper sold and delivered in the respective business year which shall be determined by dividing the total costs and other expenses considered for determining the tax on income or profits imputable to the copper sold and delivered, by the amount of copper sold and delivered in the respective business year, in accordance with the sales contracts approved by the Copper Corporation.

In the event that in future business years the Tax Department changes the system, norms, guidelines or criteria for determining taxable income that differ from those finally applied for the business years 1968 and 1969 which are used to determine the base cost, and provided that they signify a change in the cost, this base cost shall be readjusted in accordance with the modifications introduced to such systems, norms, guidelines or criteria. The "base cost" so modified shall be taken into account in determining the preferred dividend for the business year in which such modification of the referred to systems, norms, guidelines or criteria may occur, and shall continue in force until a further modification occurs, in which case the above procedure shall be followed.

On establishing the cost of copper sold and delivered in each business year, the cost of the other products or by-products obtained by the Sociedad, which are determined in accordance with the same accounting systems and norms used by Chile Exploration Company in the years 1968 and 1969, shall not be considered.

2) The average sale price per pound of copper sold and delivered during the business year shall be established, for which purpose the price obtained for said copper shall be divided by the total pounds of copper sold and delivered during the same business year. To determine the price of copper sold and delivered to the national industry and authorized entities, the discounts referred to in article 9 of Law 16,624 which are deductible from the tax on income or profits of the Sociedad, shall not be deducted.

3) From this average sale price per pound of copper there shall be subtracted the base price of U.S. 40 cents per pound of copper, adjusted correspondingly pursuant to that established in No. 5 of this clause.

4) The result of the foregoing operation shall be multiplied by the total pounds of copper sold and delivered during the corresponding business year.

5) The result obtained by the foregoing operation shall be multiplied by the rate indicated below, in accordance with the average price per pound obtained by the sale of copper in the respective business year.

For an average sale price per pound of copper obtained during the business year of U.S. 40 cents per pound up to U.S. 41 cents per pound, the rate is 54%; for an average price of more than U.S. 41 cents per pound up to U.S. 42 cents, the rate is 56.8%; for an average price of more than U.S. 42 cents per pound up to U.S. 43 cents, the rate is 55.6%; for an average price of more than U.S. 43 cents per pound up to U.S. 44 cents, the rate is 56.4%; for an average price of more than U.S. 44 cents per pound up to U.S. 45 cents, the rate is 57.2%; for an average price of more than U.S. 45 cents per pound up to U.S. 46 cents, the rate is 58%; for an average price of more than U.S. 46 cents per pound up to U.S. 47 cents, the rate is 58.8%; for an average price of more than U.S. 47 cents per pound up to U.S. 48 cents, the rate is 59.6%; for an average price of more than U.S. 48 cents per pound up to U.S. 49 cents, the rate is 60.4%; for an average price of more than U.S. 49 cents per pound up to U.S. 50 cents, the rate is 61.2%; for an average price of more than U.S. 50 cents per pound up to U.S. 51 cents, the rate is 62%. For an average sale price per pound of copper obtained during the business year in excess of U.S. 51 cents per pound, the rate is 62% for that part of the result obtained from the operation indicated in No. 4 which would correspond to an average price of U.S. 51 cents per pound, and 70% for the part of said results that correspond to the balance.

The base price of U.S. 40 cents per pound of copper and the average price scale indicated above for the determination of the rate, correspond to the base cost defined in letter a) of this article. For each one U.S. cent, or fraction of a U.S. cent, that the average cost increases or decreases, as established in No. 1 of this article, in each future business year with respect to said base cost, the base price and, in the scale, the average prices which are used as a basis for fixing the rates
indicated previously, must be increased or decreased one U.S. cent, or the corresponding fraction of one U.S. cent.

6) From the amount obtained by the foregoing operation there shall be deducted a sum equivalent to the result of applying to said amount the percentage of tax on income or profits that may affect the Sociedad during the same business year. The result thus obtained shall constitute the amount of the preferred dividend.

7) If for any reason it is verified that a preferred dividend was erroneously determined, said preferred dividend shall be re-calculated and the resulting differences shall be added or deducted, without interest, to or from the preferred dividend for the year in which such new calculation is made or for future years if the adjustment cannot be made in the mentioned year.

In case of Tax Department liquidations, the re-liquidation of the affected preferred dividend shall be made when the corresponding deposit or payment has been made to the National Treasury or when the tax claim ordering the return of a payment or deposit has been finally accepted.

8) For the effects of this article, the figures expressed in cents per pound of copper shall be calculated up to five decimal points, disregarding the rest, unless the sixth decimal point is 5 or over 5, in which case the fifth decimal point shall be increased to the next highest digit.

9) If there should be no profits in a business year or if these were lower than the preferred dividend corresponding to said business year, the total or the balance of said dividend shall be distributed, without interest, and charged to the profits of the following business year or years, with preference to all other dividends.

Article 45: Provided the circumstances indicated in letter k) of article 19 occur, the Board of Directors must resolve quarterly the provisional distribution of the preferred dividend. The distribution of these dividends must be agreed on in the month following the last month of the respective calendar quarter, on the basis of average costs and prices that were in force during the immediately preceding quarter.

The provisional dividends distributed pursuant to the foregoing shall constitute advances of the dividend for the respective business year. If the total provisional preferred dividends distributed in a business year are higher than the corresponding annual dividend, the excess received for this concept shall be imputed first to the ordinary dividend corresponding to Class "A" shareholders for the same business year and, if the latter is insufficient, to the preferred dividends next closest.

Title Seven

Dissolution, Liquidation and Jurisdiction

Article 46: The Sociedad shall be dissolved in the following cases:

a) At the expiration of the term indicated in article 3 of these By-Laws.

b) When so resolved by the Special Shareholders' Meeting held pursuant to the provisions of articles 35 and 39, letter b), of these By-Laws; and

c) In the other cases contemplated in the law, except that of article 464 of the Commercial Code.

Article 47: Once the dissolution of the Sociedad, early or not, takes place, the Board of Directors shall call a Special Shareholders' Meeting, which shall appoint a Liquidating Board composed of five persons who shall be elected pursuant to the provisions of article 37 for election of regular Directors. The Liquidating Board shall replace the Board of Directors and shall be in charge of the liquidation, under the conditions, with the compensations and with the powers the Special Shareholders' Meeting grants it besides those which by law correspond to it. The Liquidating Board may not begin working until there have been complied with all the formalities required by the law for the dissolution of corporations. In the interim, the last Board of Directors shall continue to administer the Sociedad.
The Liquidators shall elect a President from among their members, who will legally represent the Sociedad in liquidation, without prejudice to the appointment of the attorneys-in-fact the Board may deem necessary.

Article 48: The Liquidators shall remain in office until the liquidation has been completed, without prejudice to the faculty of the Shareholders' Meeting to revoke their powers. They shall cease to hold office, however, for ensuing incapacity and bankruptcy. In such cases, the remaining Liquidators shall appoint replacements for those who have ceased to hold office, who shall remain in office until the next Ordinary Shareholders' Meeting, which must make the permanent appointment. If for any reason only one Liquidator should remain in office, a Special Shareholders' Meeting must be convened as soon as possible in order that it may make the appropriate appointments.

Article 49: The Liquidators must adopt their resolutions with the favorable vote of four of their number.

Article 50: The Liquidating Board shall extraordinarily convene Meetings if unforeseen needs so require or if requested by shareholders who represent at least one-fourth of the shares.

Article 51: In the case contemplated in letter b) of article 46, the resolution referred to in article 47 shall be adopted in the same Meeting in which the early dissolution is resolved.

Article 52: The appointment of Liquidators shall be unnecessary when the Sociedad is dissolved because all the shares are in the hands of one person.

Article 53: The issues which may arise between the Sociedad and its shareholders and the difference that may occur among the latter in their role as such, whether during the life of the Sociedad or pending its liquidation, shall necessarily be submitted to arbitration before an arbitral Court composed of two arbitrators which shall proceed in accordance with these By-Laws, and against whose resolutions there shall be no further recourse. Each party shall appoint an arbitrator; in the alternate, the appointment shall be made by an ordinary Court of Justice. In case of dispute between the arbitrators, they shall appoint an umpire to settle the matter, and in case of disagreement as to such appointment, it shall be made by an Ordinary Court of Justice at the request of one of the interested parties, from amongst former Supreme Court Justices. The arbitrators and the umpire, constituted as a Court, shall decide by majority vote without further recourse.

TRANSITORIAL ARTICLES

Transitory Article 1: The capital stock of the Sociedad shall be subscribed and paid in the following manner:

a) Chile Exploration subscribes 275,478,000 Class "B" shares, for a total of 275,478,000 dollars which shall be paid by means of the transfer of its properties, assets and liabilities, rights and obligations. The properties, assets and liabilities, rights and obligations, object of this transfer, shall be those included in the Balance Sheet as of December 31, 1968, to which shall be made the adjustments as of December 31, 1969, corresponding to the normal course of the operations and constructions, and from which shall be excluded those indicated in the list signed by the parties that is recorded on this same date at the end of my Register of Public Deeds corresponding to the present month of December. Said properties, assets and liabilities, rights and obligations shall be transferred to the Sociedad at the end of the year 1969, appraised at the value they have according to the Balance for Transfer referred to in Transitory Article 3 of these By-Laws. However, the Sociedad shall not be responsible for those obligations which, having to have figured in the current liabilities pursuant to the usual accounting norms applied by the Company, were not included in said liabilities in the aforesaid Balance for Transfer. If pursuant to the aforesaid Balance the value of the transfer is lower than that of the shares subscribed in this letter, the transferee company shall complete the latter, at its option, and not later than May 31, 1970, by means of the payment of the difference to the corporate funds or by assuming the short-term obligations shown in said Balance in an amount equivalent to said difference. If, on the
contrary, the value of the transfer according to the aforesaid Balance, is higher than that of the shares mentioned, that provided for in Transitory Article 2 shall take place. The shares referred to before shall be deemed irrevocably issued and subscribed and, consequently, the Sociedad shall be entitled to demand the payment of said shares in the form established before, to the extent of their par value.

b) Manuel Vargas Vargas subscribes 2,000 Class "B" shares for a total of 2,000 dollars which shall be paid in dollars of the United States of America through their payment to the corporate funds not later than January 1, 1970.

Transitory Article 2: If according to the Balance for Transfer that Chile Exploration Company must submit to the Corporation on March 31, 1970, pursuant to Transitory Article 4 of these By-Laws, the value of the properties, assets and liabilities, rights and obligations transferred by said Company exceeds the value of the shares it subscribes pursuant to letter a) of the preceding article, the Sociedad shall hold a Special Shareholders' Meeting not later than April 10, 1970, in which it shall approve a capital increase in an amount equivalent to said excess. Once the referred-to capital increase is approved by the competent authority and the final value established of the properties, assets and liabilities, rights and obligations object of the transfer pursuant to the procedure contemplated in Transitory Article 4, and not later than June 5, 1970, the Board of Directors of the Sociedad shall issue, imputable to said capital increase, Class "B" shares of a par value of U.S. $1.00 each, in an amount equivalent to the resulting excess of the transfer. These shares may only be subscribed by Chile Exploration Company and shall be deemed paid with the referred-to excess.

In the event that the approved capital increase is higher than the value of the shares subscribed and paid with the excess of the transfer mentioned previously, the shares corresponding to the increase in capital that remain unsubscribed must be issued, subscribed and paid no later than September 5, 1970.

The increase in capital shall remain automatically without effect with respect to the shares that have not been issued and subscribed within said term. The issuance of shares not destined to pay the excess above mentioned within the term referred to above must be approved by the Board of Directors with the vote of at least five Directors.

If by April 10, 1970, the Special Shareholders' Meeting has not approved the aforementioned capital increase because of the non-attendance at the meeting of Class "A" shareholders, or because in the meeting said shareholders voted against the capital increase or abstained from voting, or if on June 5, 1970, the Board of Directors of the Sociedad has not resolved the issuance of the aforementioned shares destined to pay the excess already indicated, notwithstanding the increase in capital having been approved by the competent authority, the Sociedad must return to Chile Exploration Company, not later than June 30, 1970, in dollars of the United States of America payable in the City of New York, the value by which its transfer exceeds the par value of the shares subscribed pursuant to letter a) of Transitory Article 1.

Transitory Article 3: The value of the transfer of Chile Exploration Company's properties, assets and liabilities, rights and obligations, shall be equivalent to the difference between the assets and liabilities, with exclusion of capital and surplus, of the Balance for Transfer as of December 31, 1969. Said Balance for Transfer shall be made with the values shown in the Balance Sheet as of December 31, 1968, attached to the income tax return presented by said Company to the Tax Department on March 31, 1969, adjusted as of December 31, 1969, within the normal course of operations and constructions. Especially, there shall be considered as adjustments originating in the normal course of operations and constructions for the year 1969, the following:

A. Fixed Assets: The following additions and deductions shall be made to and from the fixed assets as of December 31, 1968, which amounts to 239,347,588 dollars and 25 cents:

(1) There shall be added the value of the investments made between January 1 and December 31, 1969, whether for work executed or in execution.

(ii) There shall be deducted the value of the depreciation charged to determine taxable income for the business year 1969, calculated pursuant to the
(iii) There shall be deducted the net value of the fixed assets sold or withdrawn from said assets during the normal course of operations and constructions in the business year 1969.

(iv) There shall be deducted the net value of the fixed assets excluded from the transfer in accordance with the list referred to in Transitory Article 1.

(v) There shall be added the net value of the assets that must be added to the assets in accord with liquidations made by the Tax Department in respect to the business years up to and including 1968, that have been paid up to December 31, 1969.

B. Other Assets: With respect to the other assets, their value shall be considered directly in the balance sheet which Chile Exploration Company must include with its income tax return for the business year 1969, after deducting the value of those excluded from the transfer pursuant to the list referred to in Transitory Article 1.

Among such assets, there shall be included the value as of December 31, 1969, of the obligatory loans of Laws 16,840 and 17,073, paid by Chile Exploration Company.

C. Liabilities: In respect to current and deferred liabilities, their value shall be considered directly in the balance sheet that Chile Exploration Company must include with its income tax return for the business year 1969, after deducting the value of those excluded from the transfer in accordance with the list referred to in Transitory Article 1.

The amount of the reserves that have not been deducted in order to determine taxable income, shall not be considered in the current and deferred liabilities included within the Balance for Transfer.

Transitory Article 4: The Balance to which Transitory Article 3 refers must be prepared by Chile Exploration Company and presented to the Corporation for its approval not later than March 31, 1970. If said organization judges that one or various specific items of the Balance for Transfer do not adequately reflect the adjustments corresponding to the normal course of operations and constructions for the year 1969, pursuant to the accounting norms used by said Company in its previous balance sheets, to the norms of these By-Laws or to those of the Deed of Transfer, they may challenge them no later than April 25, 1970. Together with informing Chile Exploration Company of the challenge, the Copper Corporation shall present a technical-accounting report; simultaneously, it shall inform said Company of the appointment of the arbitrator and of the list of six former Supreme Court Justices mentioned below.

In the event that Chile Exploration Company does not accept one or more of the objections made, it shall inform Codelco of this fact, together with a technical-accounting report, before April 30, 1970; at the same time, it shall inform the Copper Corporation of the appointment of the arbitrator referred to below.

The disagreements produced with respect to the items challenged by the Copper Corporation that are not accepted by Chile Exploration Company, shall be submitted to the decision of an arbitral court composed of two arbitrators appointed by the parties at the time indicated above. This arbitral court must be constituted at the latest on April 30, 1970, and shall render a decision not later than May 15 of the same year. In case of disagreement between the arbitrators, the dispute shall be settled by a third arbitrator to be appointed in accordance with the following procedure: before May 10, 1970, Chile Exploration Company shall select two former Supreme Court Justices from the list referred to above; not later than May 15, 1970, the Copper Corporation shall designate the third arbitrator from between the two persons so selected. The decision of the third arbitrator must be rendered at the latest on May 30, 1970.

The arbitral court and the third arbitrator, as the case may be, shall take note of the matters that concern them, without formal legal proceedings, and shall guide

*See 6 International Legal Materials 435 (1967)*
their decisions by the accounting norms used by Chile Exploration Company in previous balance sheets and by the norms that are contained in these By-Laws and in the Deed of Transfer. Such decisions shall not be subject to further recourse.

If any of the acts contemplated in this article are carried out before the date established as a maximum deadline for their fulfillment, the deadline stipulated for the subsequent act shall be advanced by the same number of days as the previous act was advanced. For these effects, all days shall be considered working days.

In the event it is impossible for one or more of the appointed arbitrators to exercise their functions, whether because of non-acceptance of the respective office or for supervening cause, he or they shall be replaced immediately directly by the party which appointed him or them, and in the case of the third arbitrator, the list of six former Supreme Court Justices shall be completed by the Copper Corporation; Chile Exploration shall select two former Justices from said list and the Copper Corporation shall immediately appoint the third arbitrator from the persons so selected.

The fee for the third arbitrator and the costs of arbitration shall be for account of both parties by halves. The fees of the arbitrators appointed by each party and the fees for the technical-accounting reports to which this article refers, shall be paid by the party which appointed them or presented them.

Transitory Article 5: If a new law imposes a burden on part of the proceeds from the sale of copper and affects the Sociedad or its shareholders, the right to the preferred dividend established in article 44 shall cease in respect to copper sold and delivered from the date of legal effect of the law and while it is applicable.

If the new law is retroactive, Class "A" shareholders must pay the burden applicable to the retroactive period subsequent to January 1, 1970, and to the extent of the amounts they may have received under article 44 of these By-Laws in respect to copper sold and delivered from the date the law becomes applicable. If Class "A" shareholders do not make the indicated payment, the Sociedad shall make it, imputing the payment to the next dividends that correspond to them.

The above is without prejudice to the right of the Sociedad to contest application of the burden by all legal means. In the event the objection is accepted by a final judgment, the preferred dividend contemplated in article 44 of these By-Laws shall be reinstated and if restitution of the amounts paid is obtained, the Sociedad must re-calculate its profits, declare the dividends in the same way it would have done so if the burden had not been applied and return to Class "A" shareholders the amounts they may have disbursed pursuant to this article.

Transitory Article 6: As long as one person owns or represents Class "B" shares which constitute at least 49% of the capital stock subscribed and paid, the appointment of Directors shall be subject to the following rules:

a) Class "A" shares shall appoint four regular Directors and four alternate Directors;

b) Class "B" shares which constitute at least 49% of the capital stock subscribed and paid and which are owned or represented by one person, shall appoint three regular Directors and three alternate Directors;

c) The appointment of regular and alternate Directors shall be made separately by the shareholders of each Class, by means of a communication directed to the President of the Sociedad before the date of the Ordinary Shareholders' Meeting to which it would correspond to elect the Board of Directors pursuant to article 34, letter d) of these By-Laws, receipt of which must be acknowledged by the President on a copy of the same;

d) If Class "A" shares belong to various of the entities referred to in article 56 of Law No. 16,624, the communication mentioned in letter c) above shall be subscribed jointly by all of them;

e) The shareholders of each Class must indicate in the communication to which letters c) and d) refer, the order in which the alternate Directors shall be
called to serve on the Board in order to replace the regular Directors in case that the latter cannot attend its meetings;

f) The shareholders of each Class may, at any time, recall one or more regular or alternate Directors, by means of a communication directed to the President, being applicable for the rest of the provisions of letter c) and, when appropriate, those of letter d). In case of resignation of one or more of the Directors, the Board shall take note of this and the President shall communicate it to the respective shareholders in order that they may proceed in the appointment of replacements;

g) The replacements of the regular or alternate Directors who for any reason cease to hold office shall be appointed by the shareholders of the Class to which they belong for the time remaining before their term expires through a communication directed to the President, being applicable for the rest, the provisions of letter c) and, when appropriate, those of letter d).

Transitory Article 7: As long as one person owns or represents Class "B" shares that constitute at least 49% of the capital stock subscribed and paid, Class "A" and Class "B" shares that are owned or represented by one person shall appoint a regular and an alternate Auditor and, in the case of liquidation, Class "A" shares shall appoint three liquidators and Class "B" shares subject to the conditions mentioned, shall appoint two. As regards the procedure for making the appointments and the other matters pertaining to them, the rules of Transitory Article 6 shall govern, when applicable.

Transitory Article 8: In the case contemplated in the two preceding articles, the resolutions of the Board concerning the following matters shall be adopted with the favorable vote of at least one Director representing Class "B" shares:

a) Appoint from among its members a President and a Vice President, who shall also act as such for the Sociedad; their removal shall require the favorable vote of at least five Directors.

b) Appoint the General Manager and the Comptroller and determine their powers and remunerations. The removal of these officers shall require the favorable vote of at least five Directors.

c) Issue bonds or debentures; contract loans or credits of any kind; and constitute mortgages, pledges and other guarantees, except when the latter guarantees the payment of the balances of the price of assets acquired by the Sociedad.

d) Propose to the Shareholders' Meeting the sale or alienation of mining claims and other real property of the Sociedad, or the concession of the exploitation of such properties to third parties.

e) Explore and exploit the mining properties to which letter b) of article 4 of these By-Laws refers.

f) Acquire property to be included in the fixed assets or sell the property constituting such assets unless the acquisitions and alienation are included in the ordinary operations of the Sociedad; purchase and sell shares, bonds, debentures and other securities, and execute the acts or enter into contracts that do not correspond to the operational line of the business in which the financial responsibility of the Sociedad may be compromised.

g) Sell its products or by-products for other than cash or in a currency other than dollars of the United States of America or other freely convertible currency unless the sales involved can be made legally in the national currency of Chile.

h) Approve the Sales and Functions Manuals, the Organization Chart of the Sociedad and the regulations for its internal operation, and the amendments to such Manuals, Organization Chart and regulations.

i) Those that refer to letters k), l), n), m) and p) of article 19.

However, the vote of at least one Director representing Class "B" shares shall not be necessary to approve the distribution of provisional preferred dividends at the times indicated in article 45 of these By-Laws.
Neither shall said vote be necessary to approve the transfer to any of the entities mentioned in article 56 of Law 16,624 of Class "A" shares that are not pledged to guarantee the payment of balances of the price, nor to approve the transfer to the Copper Corporation of the shares that Chile Exploration Company promises to sell to it pursuant to the contract inserted below in this same instrument.

j) Delegate the powers listed in this article wholly or partially and revoke the delegations.

Transitory Article 9: The resolutions of the Shareholders' Meetings that concern matters which pursuant to Transitory Article 8 require in the Board the vote of at least one Director representing Class "B" shares, shall be adopted with the vote of at least two thirds of the shares issued.

Transitory Article 10: In the case contemplated in Transitory Article 6 the administrative and judicial representation of the Sociedad that corresponds to the Board of Directors pursuant to article 19, letter c), shall be exercised by the latter in respect to the filing of lawsuits, administrative, tax or other claims, by virtue of a resolution adopted with the favorable vote of the Directors representing the shareholders of either of the two Classes. For this purpose it shall be understood that a resolution has the favorable vote of the Directors who represent the shareholders of a certain Class when the absolute majority of the Directors representing that Class concur in such resolution. In tax matters, the preceding rules shall apply even in the cases involving claims against the Sociedad's own income tax returns.

The resolutions of the Board of Directors revoking or modifying in any way those to which this article refers, shall be adopted with the vote of at least five Directors of the Sociedad.

The resolutions of the Board which direct the payment of a tax shall be adopted with the vote of at least five Directors of the Sociedad.

In the event that the Directors representing the shareholders of Class "B" shares unanimously vote in favor of the payment of a tax, they shall have the right to require, and the Board of Directors must adopt, the measures to avoid the payment of penalty interests and sanctions, by means of the deposit of the tax or in whatever other form contemplated by law for such purpose.

Transitory Article 11: While contracts are in force by virtue of which assistance is rendered to the Sociedad, and in accordance with which the appointment and removal of the higher officials of the Sociedad require, the compliance with certain requisites, the provisions of such contracts shall apply in respect to the appointment and removal of said officials.

Transitory Article 12: The first Board of Directors of the Sociedad shall be formed by seven regular Directors and seven alternate Directors who shall be appointed jointly by Chile Exploration Company and Manuel Vargas Vargas, by a private instrument signed before a Notary, and for the rest, Transitory Article 6 of these By-Laws shall govern when applicable. Said Board of Directors shall be constituted not later than December 31, 1969, shall have the powers indicated in article 19 of these By-Laws and shall hold office until the first General Ordinary Shareholders' Meeting is held, which must take place in 1971.

The Sociedad must inform the Superintendency of Insurance Companies, Corporations and Stock Exchange of the composition of the Board of Directors to which this article refers.

Transitory Article 13: Considering that, as stipulated in the Promise to Sell contract which is included in this deed, the Copper Corporation shall purchase 51% of the shares of the Sociedad, which pursuant to article 6 of these By-Laws shall be Class "A" shares; and considering further that the shares of said Class are entitled to appoint four regular and four alternate Directors in accordance with Transitory Article 6, Chile Exploration Company and Manuel Vargas Vargas by this act grant irrevocable power-of-attorney to the Copper Corporation to appoint four regular Directors and four alternate Directors to the first Board of Directors of the Sociedad, in the manner established in the preceding article. For all the effects of these By-Laws, it shall be considered that the Directors appointed pursuant to this article are
Class "A" Directors. From the date on which the Copper Corporation becomes a shareholder, the Directors referred to in this article shall be understood confirmed in their office by the said Corporation; unless the latter makes use of the rights that Transitory Article 6 confers on Class "A" shareholders.

Transitory Article 14: Messrs. Eduardo Yáñez Egert and Manuel Vargas Vargas with the most ample powers, are authorized to request from the President of the Republic the approval of these By-Laws, to accept in the name of the subscribers the amendments suggested or proposed by the authorities, to subscribe the corresponding complementary deeds and perform all the other steps necessary to legalize the approval of these By-Laws.

PROMISE TO SELL

Present in this act Mr. José Claro Vial, etc., Executive Vice President of the Copper Corporation, as attested by Decree, etc., and on its behalf, as shall be evidenced at the end hereof, both domiciled in this city, Agustinas 1161, fourth floor, who agrees with Messrs. Jorge Babra Lyon and Edward W. Witcomb Wallace, already named, on behalf of Chile Exploration Company, on the following Promise to Sell pursuant to the clauses indicated hereunder:

FIRST:

Messrs. Jorge Babra Lyon and Edward W. Witcomb Wallace, on behalf of Chile Exploration Company, hereinafter also the "Company," promise to sell to the Copper Corporation, hereinafter also the "Corporation," on whose behalf Mr. José Claro Vial promises to purchase all the shares of Compañía de Cobre Chuquicamata S.A., hereinafter also the "Sociedad," subscribed and paid pursuant to Transitory Article 1 of its By-Laws, as well as the shares that may be issued pursuant to Transitory Article 2 of said By-Laws.

In order to fulfill this promise, the parties obligate themselves to execute opportunely the public deeds of sale and the other documents that in accordance with the law are required to transfer title of the shares to which this promise refers, which hereinafter shall be called, collectively, the "transfer documents."

SECOND:

The price of the shares promised to be sold in clause 1, shall be the sum of the following amounts:

I. 51% of the par value of the shares of the Sociedad subscribed pursuant to Transitory Articles 1 and 2 of its By-Laws.

II. 49% of the average of the annual profits obtained by the Sociedad in the period included between January 1, 1970, and up to the date on which the transfer documents referred to in letter c) of clause 9 are executed, multiplied by the corresponding factor in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>8</td>
</tr>
<tr>
<td>1974</td>
<td>7.5</td>
</tr>
<tr>
<td>1975</td>
<td>7</td>
</tr>
<tr>
<td>1976</td>
<td>6.5</td>
</tr>
<tr>
<td>1977 or following years</td>
<td>6</td>
</tr>
</tbody>
</table>

49% of the average of the annual profits for the previously indicated period shall be determined in accordance with the following norms:

a) The pre-income-tax profits obtained by the Sociedad in each complete business year included in the period referred to above, shall be verified in accordance with its balance sheets approved by the Ordinary General Shareholders' Meeting. If in addition said period includes a semi-annual period, the parties, through the Directors representing them in the Sociedad, shall cause the latter to prepare a balance sheet to determine the pre-income-tax profits obtained in said semi-annual period, to which the
same norms shall be applied as those for the annual balance sheets. Said semi-annual balance sheet must be submitted to a General Special Shareholders' Meeting of the Sociedad for its approval and in order that it may determine the amount of the preferred dividends that it would correspond to distribute on the basis of the copper sold and delivered in said semi-annual period.

b) The following adjustments shall be made to the profits for each business year or semi-annual period, as the case may be.

(i) The income tax corresponding to the respective business year or semi-annual period shall be deducted.

(ii) An amount equivalent to the preferred dividends obtained for the respective business year or semi-annual period shall be deducted.

c) The proceeds from the sale of assets subject to depreciation credited to the Reserve for Depreciation of the Sociedad shall not be considered as profit, except when and to the extent that said proceeds are subject to income tax. Not to be taken into account either shall be the profits not affected by any tax or burdened with tax on the capital gains derived from the sale of assets not subject to depreciation or, if being so, its proceeds cannot be credited to the Reserve for Depreciation nor the losses derived from the alienation of these same assets, unless said gains or losses are taken into account to determine taxable income.

d) The result of the operations indicated in the foregoing letters in respect to each one of the business years and of the semi-annual period, as the case may be, included in the period shall be added, and the sum shall be divided by the number of semi-annual periods included in said period.

e) The quotient of the division referred to in the preceding letter shall be multiplied by two, and from 4% of the result there shall be deducted 32%.

f) The result obtained from the operation indicated in the preceding letter, shall be the 4% of the average of the annual profits obtained by the Sociedad during the period referred to in this paragraph second.

THIRD:

The price of the shares promised to be sold shall be paid in accordance with the following rules:

a) The amount indicated in Paragraph I of clause 2 shall be paid in a term of 12 years, counted from January 1, 1970, in 24 equal semi-annual installments, the first of which shall fall due on June 30, 1970, plus interest accrued on the total unpaid balance on the date of each payment computed at the rate of 6% per annum, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile.

In order to facilitate payment of this part of the price and without it constituting a novation, the Corporation shall subscribe two groups of promissory notes to the order of the Company, in the following manner:

(i) The first group shall be of 24 promissory notes, with maturity dates on the same dates on which fall due the installments corresponding to this part of the price, each one equivalent to 1/24 of the amount of US$ 140,494,800. Said notes shall accrue interest at the rate of 6% per annum, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile, to be paid semi-annually on June 30 and December 31 of each year, the first of which falling due June 30, 1970. Not later than December 24, 1969, the Corporation shall deliver the corresponding promissory notes to the Banco Central de Chile, with irrevocable instructions that the latter remit them, in turn, to a bank in New York of its election, hereinafter the "correspondent bank," to be delivered to the Company as soon as said Banco Central so instructs it, pursuant to the provisions of clause 13.

(ii) The second group shall also be of 24 promissory notes, each one equivalent to 1/24 of 51% of the par value of the shares that the Company subscribes pursuant to Transitory Article 2 of the By-Laws of the Sociedad, governing as regards due dates and interest, the provisions of paragraph (i). As soon as the amount of the excess is
determined to which Transitory Article 2 of the By-Laws of the Sociedad refers and not later than June 10, 1970, the Corporation shall deliver the corresponding promissory notes to the Banco Central de Chile, with irrevocable instructions that the latter, in turn, remit them to the correspondent bank, to be delivered to the Company as soon as said Banco Central so instructs it, pursuant to the provisions of clause 13. If pursuant to the provisions of Transitory Article 2 of the By-Laws of the Sociedad, the latter does not issue new shares that have to be subscribed by the Company, the provisions of this paragraph (ii) shall not apply.

b) The amount obtained by applying the norms indicated in paragraph II of clause 2, shall be paid in a term of 12 years counted from the date of payment of the last unpaid installment of the part of the price that remains after compliance with No. 2 of clause 10 and to which letter a) of this clause refers, or from the date on which said installment may become due and payable if payment has not been made opportune. Said payment shall be made in 24 equal semi-annual installments, the first of which shall fall due six months after the date said 12-year period commences to run. This part of the price shall accrue interest at the rate of 6% per annum on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile, on the total unpaid balance, computed from the date on which the transfer documents referred to in letter c) of clause 9 are executed, which shall be paid semi-annually. The first payment of the interest shall be made the first June 30 or December 31 following said date.

To facilitate payment of this part of the price and without it constituting a novation, the Corporation shall subscribe 24 promissory notes to the order of the Company which shall fall due on the same dates as the installments for said part of the price. Each promissory note shall be for an amount equal to that of each of the installments mentioned and shall accrue interest at the rate of 6% per annum, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile, which shall be paid semi-annually on June 30 or December 31 each year. The Corporation shall issue these promissory notes as soon as the part of the price referred to in this letter b) is determined and, in any case, not later than the first April 15 or October 15 following the date on which are executed the transfer documents referred to in letter c) of clause 9, and shall deliver them to the Banco Central de Chile, not later than on that which corresponds of said dates, with irrevocable instructions that said Banco Central remit them in turn to a bank in New York of its election, hereinafter the "correspondent bank," to be delivered to the Company as soon as the Banco Central so instructs it, pursuant to the provisions of clause 16.

FOURTH:

The promissory notes referred to in the preceding clause shall be expressed in dollars of the United States of America and shall be payable in that currency in the city of New York. Each promissory note must indicate the rate of interest and the bank in whose offices it must be paid. The aforementioned bank shall be that designated by the Company when the promissory notes are issued. The payment to said bank of the principal of each promissory note shall extinguish the principal of the respective installment, and the payment to said bank of the interest of each promissory note shall extinguish the corresponding part of the interest accrued on each installment. The promissory notes shall contain a stipulation whereby the holder waives the obligation of protest and the notices of dishonor and protest, and shall be written in English and Spanish. The holder, at his option, may invoke either text.

FIFTH:

In case of delay in the payment of a price installment or of the promissory note representing it, the Corporation must pay, besides the interest accrued up to the date of the default, interest free from taxes in Chile, computed on the basis of a 360-day year and twelve 30-day months, in accordance with the following rules:

a) During the first ten days of delay, the Corporation shall pay the same interest at 6% per annum calculated on the principal of the respective installment or promissory note.

b) The rate of interest indicated in the preceding letter shall be increased 1% per annum during each successive additional period of delay of fifteen days or fraction of fifteen days, until the rate equals the rate then charged by First National City Bank, in New York (or its successor), to its prime, commercial borrowers, increased by
50%. From then on and up to the date on which the default is cured by payment of the interest accrued up to the date of payment, including moratory interest, and of the principal of the respective installment or promissory note, the aforesaid prime rate shall continue to be applied, increased by 50%.

In the event of delay in the payment of interest due and payable corresponding to price installments not yet due or to the promissory notes representing these, and provided that such delay continues for more than ten days, the Corporation shall pay the interest of 1% per annum, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile, computed on the principal of the respective installments or promissory notes, during the first additional period of delay of fifteen days or fraction of fifteen days. This rate shall be increased one percentage unit during each successive additional fifteen-day period of delay or fraction of fifteen days, until reaching a rate equivalent to the difference between 6% per annum and the rate then charged by First National City Bank, in New York (or its successor), to its prime commercial borrowers, increased by 50%, which shall continue to be applied until the date on which the default is cured by payment of the payable, due and unpaid interest, and of the aforementioned moratory interest.

SIXTH:

In order to guarantee the payment of the price installments established in clause 2 of this Promise to Sell and their interest, the Corporation commits itself to cause the Corporación de Fomento de la Producción to constitute itself as its guarantor and solidary co-debtor for the total amount of said installments and interest. This guaranty must be attested in the sale, having to be evidenced in the promissory notes to which clauses 3 and 4 refer.

SEVENTH:

For the same purpose indicated in the preceding clause, the Corporation shall constitute a pledge in favor of the Company of the shares that it promises to purchase pursuant to this instrument, within the five days following that on which the certificates of said shares are issued in its name, which shall be implemented by the deposit of said certificates in the Banco Central de Chile. The Corporation and the Company shall grant an irrevocable power of attorney to said bank in order that it may collect and receive the dividends of the pledged shares and in order that it apply them to payment of the price installments and their interest or to the promissory notes representing said price installments and interest, in the following order of preference:

a) For immediate payment of the interest, including the surcharge established in clause 5 in case of delay in the payment of interest, that is due, payable and unpaid on the date on which the bank receives the provisional or final dividend.

b) For immediate payment of the moratory interest on the price installments or of the principal of the promissory notes representing these, established in letters a) and b) of clause 5, that may be due and unpaid on the date indicated in letter a).

c) For immediate payment of the price installments or of the principal of the promissory notes representing these, that may be due and unpaid on the date indicated in letter a).

d) For the opportune payment of the interest that shall become due and payable the following June 30 or December 31, whichever of these dates is closer to the date on which the bank receives a specific dividend.

e) For the opportune payment of the price installment or principal of the promissory note representing it that shall become due the following June 30 or December 31, whichever of these dates is closer to the date on which the bank receives a specific dividend.

In the event that on complying with one of the indicated orders of preference insufficiencies would result to pay the total of the obligations contained therein, the amounts available to attend that order of preference shall be applied proportionately to payment of the respective interest or principal of the installments included therein.
For this purpose, the principals shall instruct the Banco Central de Chile to place at the disposal of the bank designated in accord with clause 4, the amounts necessary for payment of the referred to promissory notes. The Company shall instruct said bank that once it receives the amount corresponding to each promissory note, to send the respective document, duly cancelled, to the Banco Central de Chile.

If there do not exist sufficient dividends in the Banco Central de Chile for the payment of a specific promissory note, the Corporation shall opportually deposit in said bank the necessary funds to complete them.

When the aforementioned power of attorney is granted, the Corporation and the Company shall instruct the Banco Central de Chile that if there is an excess over the amounts required to make the payments contemplated in this clause, said excess be placed at the disposal of the Corporation.

EIGHTH:

It shall be understood that there are as many pledges as price and interest installments, in such a way that each one of these price installments and its interest is guaranteed by \( \frac{1}{24} \) of the shares included in the respective transfer documents, without prejudice to that set forth below. Each time an installment and interest is paid, the pledge of \( \frac{7}{8} \) of the shares that guarantee its payment shall be cancelled. The pledge of the remaining \( \frac{1}{8} \) shall be maintained until the total payment of the price installments and interest corresponding to the respective mentioned transfer documents.

In the event the promissory note representative of a specific price installment is divided into various promissory notes of lesser value, the pledge corresponding to the promissory note representative of said installment may not be liquidated except jointly by all the holders of the promissory notes of lesser value into which it has been divided.

In the event of the liquidation of the pledged shares for the payment of the interest corresponding to a specific price installment not due or promissory note representing it, the Corporation must replace the liquidated shares, by constituting a new pledge on the same number of shares, within the shortest possible term. Until the new pledge is constituted, the surplus amounts that remain after the payment of the aforementioned interest must be kept on deposit in the Banco Central de Chile as a guaranty for the payment of the respective price installment or promissory note and interest.

When the power of attorney referred to in clause 7 is granted, the Corporation and the Company shall instruct the Banco Central de Chile to cancel the respective pledges and to deliver to the Corporation the certificates of the corresponding shares, pursuant to the preceding norms, and to collect and receive the surplus amounts to which this clause refers.

NINTH:

The transfer documents to which this contract refers shall be executed on the dates indicated below:

a) In respect to the first lot, equivalent to 140,494,800 shares of the Sociedad, not later than the end of the year 1969. That part of the price corresponding to this lot shall be the amount of US$ 140,494,800.

b) In respect to the second lot, equivalent to 51% of the shares subscribed and paid pursuant to Transitory Article 2 of the By-Laws of the Sociedad, if applicable, not later than June 20, 1970. The part of the price corresponding to this lot shall be an amount equivalent to the par value of the shares included in this lot.

c) In respect to the last lot, equivalent to 49% of the shares of the Sociedad subscribed and paid, on January 1, or July 1, or any year subsequent to 1972, on prior notice given by the Corporation to the Company six months before the date when the transfer documents are to be executed, and not later than the date the 12-year term expires as established in clause 3 for payment of the price of the shares referred to in the preceding letters a) and b). The part of the price corresponding to this lot shall be the amount obtained by applying the rules indicated in paragraph XI of clause 2.
TENTH:
Before the sale of the shares, the Supreme Decree which authorizes the assignment to Compañía de Cobre Chuquicamata S.A. of the benefits, franchises, rights and obligations granted to or imposed on, Chile Exploration Company by Supreme Decree of the Ministry of Economy, Development and Reconstruction No. 1771 of December 23, 1966, must be raised to public deed.*

The transfer documents for the shares referred to in letter c) of the preceding clause shall be executed provided that:

1) The Corporation is up to date in the payment of the price installments of the shares corresponding to the lots referred to in letters a) and b) of the preceding clause and the interest due and payable on the date when the transfer documents for the shares referred to in the mentioned letter c) are to be executed.

2) At the time the transfer documents are executed, the Corporation pays to the Company 60% of the unpaid balance of the price of the shares referred to in letters a) and b) of the preceding clause, determined as of said date. This payment shall be imputed to the unpaid price installments corresponding to the mentioned shares, in inverse order of their maturity.

ELEVENTH:
At the time the sale of the shares included in letter a) of clause 9 takes place, the assistance contracts for plant operations, administration and sales between the Sociedad and Chile Exploration Company, and the Organization Chart, Functions Manual and Sales Manual must have been already approved by the Board of Directors of the Sociedad, and the appointments made of the higher officials of the Sociedad whose designation is subject to special requisites pursuant to its By-Laws or to the aforementioned assistance contracts. For this purpose, the parties shall instruct accordingly the Directors that they have designated to the Board.

The transfer documents in respect to each lot of shares referred to in clause 9 must be executed on the same date that are executed the corresponding transfer documents in respect to the shares of Compañía de Cobre Salvador S.A., subscribed pursuant to Transitory Article 1 and Transitory Article 2, as the case may be, of its By-Laws, in accordance with the terms of the contract of Promise to Sell between Andes Copper Mining Company and the Corporation.

THIRTEENTH:
The delivery of the shares included in the lots indicated in letters a) and b) of clause 9, shall be effected by means of their inscription in the Register of Shareholders of the Sociedad.

For this purpose, the Company shall deliver the certificates of the shares included in each of said lots, together with the respective transfer documents, to the Banco Central de Chile, within five days after the execution of the transfer documents. Together with receiving these documents, the Banco Central de Chile shall irrevocably instruct the correspondent bank referred to in letter a) of clause 3, to deliver the corresponding promissory notes in New York. The Banco Central de Chile shall require the inscription of the transfer in the Register of Shareholders of the Sociedad and the issuance of new certificates in the name of the Corporation, immediately after it receives notice from the correspondent bank that the latter bank has in its possession the receipt of the promissory notes issued by the Company.

In the respective transfer documents, the Corporation shall grant an irrevocable power of attorney to the Banco Central de Chile so that it may proceed as indicated in this clause.

*See I.H.M. page 956.
In respect to delivery of the shares included in the lot referred to in letter c) of clause 9, the provisions of clause 16 shall apply.

FOURTEENTH:

Without prejudice to the promissory notes referred to in letter b) of clause 3, on June 20, 1970, the Corporation shall issue and deliver to the Company, 24 promissory notes with semi-annual due dates, the first of which shall be due on June 30, 1982. The amount of each of these promissory notes shall be equivalent to 80% of the par value of the shares included in the lot indicated in letter c) of clause 9, divided by 24. These promissory notes must be issued in the same way and under the same conditions indicated in letter b) of clause 3 and shall accrue interest at the rate of 6% per annum as from January 1, 1982, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile. The provisions of clause 4 shall apply to these promissory notes.

If for any reason these promissory notes are not exchanged pursuant to the provisions of clause 15, the Company only shall be able to make them effective, on capital and interest, in order to impute them to the payment of the price and interest of the shares referred to in letter c) of clause 9. The foregoing does not limit the performance of the obligations nor the exercise of the rights of the parties.

FIFTEENTH:

The Company shall deposit the promissory notes mentioned in the foregoing clause in the bank in New York that it may elect, hereinafter the "depository bank," within a term of 30 days after their receipt, with irrevocable instructions to exchange them for those subscribed by the Corporation pursuant to letter b) of clause 3 and pursuant to that established in the following clause.

The Company shall confer an irrevocable power of attorney on the depository bank to proceed in the manner indicated before, and shall transmit opportually to it the pertinent instructions.

SIXTEENTH:

The Company shall deposit the certificates of the shares included in the lot referred to in letter c) of clause 9 in the Banco Central de Chile not later than June 20, 1970. In addition, the Company shall deliver to the referred to Banco Central, the transfer documents of the aforementioned shares within five days after the date of execution of said transfer documents.

At the same time it receives the documents referred to above, the Banco Central de Chile shall irrevocably instruct the correspondent bank referred to in letter b) of clause 3, to deliver to the depository bank the promissory notes referred to in said letter b) in exchange for the promissory notes mentioned in clause 14. Only the Banco Central de Chile may require the inscription of the transfer in the Register of Shareholders of the Sociedad and the issuance of the new certificates in the name of the Corporation, which it shall do immediately after it receives from the correspondent bank the notice of having in its possession the receipt for the promissory notes executed by the Company.

Once the Sociedad issues the new certificates in the name of the Corporation, the Banco Central de Chile shall receive them and retain them in its possession as a pledge in favor of the Company, pursuant to the provisions of clause 7. The pledge shall be understood to be constituted on the date on which the Sociedad delivers the certificates to the Banco Central de Chile.

In the respective transfer documents, the Corporation shall confer an irrevocable power of attorney on the Banco Central de Chile to proceed in the manner indicated in this clause.

SEVENTEENTH:

Neither the pledge of shares with which this contract deals, nor the deposit of their certificates in the Banco Central de Chile shall alter or reduce the rights corresponding to the parties as shareholders of the Sociedad, except the right of the
Corporation to receive the dividends, which shall be limited in the manner indicated in clause 7.

EIGHTEENTH:
Notwithstanding the deposit referred to in clause 16, the Company may sell the shares object of said deposit, provided the purchaser assumes the obligations which in this respect the Company contracts in this contract and that the transfer is approved by the Board of Directors of the Sociedad in the form established in articles 19, letter i) and Transitory 8, letter i) of its By-Laws.

NINETEENTH:
In the transfer documents and in the promissory notes executed pursuant to this instrument, it shall be attested that the interest is free of taxes, contributions, charges, duties or other burdens in Chile. If it is legally impossible to establish the exemption, the rate of interest shall be increased in such manner that the net interest received after payment of the tax is 6\%, on the basis of a 360-day year and twelve 30-day months, or the higher rate obtained by applying clause 5.

TWENTIETH:
If after the date on which the transfer documents are executed in respect to the shares referred to in letter c) of clause 9, the Corporation sells shares of the Sociedad to one or more foreign companies or to national companies in which foreign companies own more than 15\% of the shares comprising their capital stock, it must pay the then unpaid balance of the price besides the interest accrued up to that date.

TWENTY-FIRST:
In the negotiations between Chile Exploration Company and Andes Copper Mining Company and the Corporation that led to the constitution of the mixed mining companies, by the transfer that the former companies would make of all of their properties, assets and liabilities, rights and obligations, in the manner established in the respective corporate deeds and in the execution of this Promise to Sell, in the terms contained in this instrument, it was further agreed, as a contractual modality, that Chile Exploration Company shall pay the Copper Corporation the following amounts:

A. An amount equivalent to a proportion of profits obtained by Chile Exploration Company from June 1 to December 31, 1969, both dates inclusive. To determine the amount of the sum that Chile Exploration Company must pay to the Copper Corporation pursuant to that established above, the same norms shall be applied as those established in article 44 of the By-Laws of Compañía de Cobre Chuquicamata S.A. to fix the amount of the preferred dividend corresponding to Class "A" shares, but taking into account the copper sold and delivered between June 1 and December 31, 1969, both dates inclusive, and the price obtained from the sales of that copper. Notwithstanding the foregoing, to make the corresponding calculation there shall be considered the average cost per pound of copper for the entire business year 1969, applied to the pounds of copper sold and delivered in the period, and for the purposes of the deduction provided in No. 6 of said article 44, there shall be applied the average tax rate that affects Chile Exploration Company for the year 1969.

The Company has paid provisionally to the Corporation, imputable to the amount referred to in letter A, the amounts of US$ 6,298,899.62 on July 31, 1969, and of US$ 10,711,399.49 on September 30, 1969. A third provisional payment shall be made on December 27, 1969, on the basis of the average costs of the first eleven months of 1969, of the average income tax rate applicable to that same period and of the price of copper sold and delivered between June 1 and November 30, 1969, after deducting the payments made previously. The balance shall be paid within the first 90 days of the year 1970, in accordance with the final liquidation that must be made within the same term.

If a new law establishes retroactively a burden that affects part of the proceeds of copper sold and delivered by the Company between June 1 and December 31, 1969, the Corporation must pay the burden applicable to the period of retroactivity after June 1, 1969, to the extent of the amounts that it would have received from the Company pursuant to this clause during that period.
Except for the above case, the Corporation shall not be obligated, for any reason, to return to the Company the amounts it receives pursuant to this letter A.

In case of noncompliance with that established in this letter A, the Corporation shall be entitled only to demand its obligatory compliance.

B. An amount equivalent to 51% of the profits obtained by Chile Exploration Company from September 1 to December 31, 1969, both dates inclusive. To determine the amount of this sum, the following norms shall be applied:

(i) There shall be considered all income obtained by the Company, whatever may be its nature, corresponding to the period between September 1 and December 31, 1969, both dates inclusive, in accord with the accounting system and norms used by the Company in the years 1968 and 1969.

(ii) All costs and other expenditures which correspond to the business year 1969 in accord with the aforementioned accounting system and norms, shall be divided by the pounds of copper sold and delivered in the year. The average cost thus obtained shall be multiplied by the pounds of copper sold and delivered in the period indicated in paragraph (i) and the result shall be deducted from the income for said period.

(iii) From the profits determined in accordance with the above letters, there shall be deducted an amount equivalent to the product resulting from multiplying the referred to profits by the average income tax rate applicable to the Company for the year 1969.

(iv) From the amount obtained by the previous operation there shall be deducted an amount equivalent to the payment referred to in letter A. of this clause corresponding to copper sold and delivered during the period indicated in paragraph (i) of this letter B.

(v) 51% of the amount determined pursuant to the foregoing paragraph, less an amount equal to 2% of the price of 51% of the shares of the Sociedad acquired by the Corporation pursuant to letters a) and b) of clause 9 of this promise, shall be the amount that the Company shall deliver to the Corporation by reason of the participation referred to in this letter B. This participation shall be paid provisionally in four approximately equal installments, on the last bank working day of the months of January, February, March, and April, 1970. Once the average income tax rate applicable to the Company for the year 1969 and the price of 51% of the shares referred to previously is definitely determined, the corresponding adjustments shall be made and the differences that may result shall be paid within a term of ten days.

In the event that the transfer documents for the shares referred to in letter a) of clause 9 of this contract are not executed because of an act imputable to the Corporation, the Company shall not be obligated to comply with that established in letter B. If notwithstanding the fact that the corresponding transfer documents are executed, the Company does not comply with that established in letter B, the Corporation shall be entitled only to demand the obligatory compliance thereof.

TWENTY-SECOND:

If as a consequence of liquidations made by the Tax Department with respect to business years prior to January 1, 1970, and unpaid before this date, the value of the asset items related to the assets transferred by the Company to the Sociedad increases because the values that produce assets from said liquidations are higher than that paid for taxes and interest corresponding to said liquidations, the Corporation shall pay the Company an additional amount equivalent to 51% of said increase divided into a number of installments equal to the calendar semi-annual periods included between the date of payment of the tax demanded, pursuant to the liquidation if no claim is filed against it, or between the date of the final judgment rejecting the claims, in the opposite case, and December 31, 1981. The first of these installments shall fall due on June 30 or December 31 subsequent to either of the circumstances indicated previously, whichever of said dates is closer.

To these installments shall be added the interest accrued on the total unpaid balance on each due date, computed from January 1, 1970, at the rate of 6% per annum, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile. To
facilitate the payment of these installments and without it constituting a novation, the Corporation shall subscribe to the order of the Company an equal number of promissory notes that shall be governed by the provisions of clauses 3, 4, and 5 of this contract, when applicable. The Corporation shall obtain the execution of a solidary guaranty of the Corporación de Fomento de la Producción to secure payment of said promissory notes and their interest.

In the event that the claims brought against the liquidations referred to are decided by a final judgment after December 31, 1981, the payment of 51% of the higher value referred to above must be made within a term of 30 days counted from the date of the final judgment, with interest at the rate of 6% per annum, computed from January 1, 1970, up to the date of payment.

TWENTY-THIRD:

If on April 15 or October 15, as the case may be, of the year when the transfer documents in respect to the shares included in letter c) of clause 9 are to be executed, the Sociedad has not distributed in the form of dividends, pursuant to article 42 of its By-Laws, the total profits of one or more of the business years included in the period referred to in paragraph II of clause 2 of this contract, or has not paid the dividends distributed in respect to said business years, the Corporation shall pay the Company, on the corresponding date of those indicated, a sum equal to the amounts the latter may have failed to receive for said concepts, after deducting the sum corresponding to the additional tax which would have had to be paid if the dividend had been received. The sums referred to above shall be paid in dollars of the United States of America in the bank in New York designated by the Company for this purpose.

In the transfer documents for the shares referred to in letter c) of clause 9, the Company shall assign irrevocably to the Corporation the right to receive the dividends which the Sociedad may resolve to distribute, imputable to the profits that may be obtained starting from the date of the aforementioned transfer documents.

TWENTY-FOURTH:

The acts or contracts which pursuant to this Promise must be executed or entered into on specified dates, shall be executed or entered into on the following bank working day if the day corresponding to said date is a holiday.

TWENTY-FIFTH:

The Copper Corporation obligates itself to guarantee payment of the balance or balances of the credits transferred or granted to the Sociedad that are unpaid at the date when the transfer documents for the shares referred to in letter c) of clause 9 are executed, provided that the respective creditors so require, or in respect to those credits for which the Company may have granted a guaranty.

TWENTY-SIXTH:

It is attested that the sole purpose of the reference made in this contract to a year of 360 days and twelve 30-day months is to equate the interest for the different months and semi-annual periods constituting a calendar year, without affecting the total 6% per annum in the calendar year.

TWENTY-SEVENTH:

This Promise to Sell contract, as well as the sales contracts subscribed pursuant to this Promise to Sell contract, shall be governed by Chilean law. The doubts or difficulties that may arise between the parties in relation to the interpretation, validity and performance of this Promise or of the respective sales contracts, shall be decided with no further recourse by an arbitral court composed of two arbitrators. Each party shall appoint an arbitrator; in the alternate, the appointment shall be made by an ordinary Court of Justice. In the event of dispute between the arbitrators, they shall appoint an umpire to settle the matter, and in case of disagreement as to this appointment, it shall be made by an ordinary Court of Justice, upon request of any one of the interested parties, from among former Supreme Court Justices. The arbitrators and the umpire, constituted as a Court, shall decide by majority vote, with no further recourse.
POWER OF ATTORNEY COPPER CORPORATION AND CHILE EXPLORATION COMPANY
TO BANCO CENTRAL DE CHILE

In Santiago, Chile, on December 23, 1969, before me, Eduardo González Abbott, Notary Public of this Department and witnesses whose names are included at the end hereof, there appear: Mr. José Claro Vial, Chilean, lawyer, widower, domiciled in this city, Agustinas 1161, 4th floor, identity card No. 146795 of Santiago, in his capacity as Executive Vice President and on behalf of the Copper Corporation, of the same domicile, as shall be verified; Mr. Jorge Rubra Lyon, Chilean, married, lawyer, domiciled in this city, Huérfanos 1189, 8th floor, identity card No. 685026 of Santiago, and Mr. Edward W. Witcomb Wallace, Chilean, married, engineer, of the same domicile indicated, identity card No. 11084 of Chuquicamata, both on behalf of Chile Exploration Company, a North American corporation with an agency in Chile, of the same domicile, as shall be verified, and Mr. Carlos Massad Abud, Chilean, engineer, married, identity card No. 2639074 of Santiago, in his capacity as President of the Banco Central de Chile, and Mr. Francisco Ibáñez Barceló, Chilean, employee, married, identity card No. 1221053 of Santiago, in his capacity as General Manager of the same bank, both domiciled in this city, Agustinas 1180, and on behalf of the Banco Central de Chile, of the same domicile, as shall be verified, all these appearing being of age, who accredited their identities with their respective identity cards, and stated:

FIRST:

As a result of the negotiations held between the Copper Corporation, hereinafter the Corporation, and Chile Exploration Company, hereinafter the Company, the latter shall transfer its assets and liabilities to Compañía de Cobre Chuquicamata S.A., hereinafter the Sociedad, in exchange for shares in the latter Sociedad, for a par value of one dollar each. The Company entered into a Promise to Sell whereby it obligated itself to sell to the Corporation all the shares of the Sociedad.** The sale of 51% of these shares shall be executed in two stages, the first of which shall take place in December 1969, and the second, in June 1970; the sale of the remaining 49% of said shares shall take place on January 1 or July 1 of any year subsequent to December 31, 1972, and not later than December 31, 1981. The price of 51% of the shares shall be equivalent to the par value of the same, and that of the 49% of said shares shall be equivalent to 49% of the average of the profits obtained by the Sociedad between January 1, 1970, and the date on which the sale is executed, multiplied by a factor that shall be 8 if the sale takes place in 1973; 7.5 if it takes place in 1974; 7 if it takes place in 1975; 6.5 if it takes place in 1976; 6 if it takes place in 1977 or in subsequent years. The price of 51% of the shares shall be paid in 24 equal semi-annual installments, with due dates on June 30 and December 31 each year, the first of which shall become due on June 30, 1970, with interest at 6% per annum, computed on the total unpaid balance on the date of each maturity; the price of the remaining 49% also shall be paid in 24 equal semi-annual installments, with due dates on June 30 and December 31 of each year, the first of which shall become due on June 30 or December 31 of the year when the sale takes place, whichever of these dates is closer to the date of execution of the sale, with interest at 6% per annum computed in the aforementioned manner. The price installments and the promissory notes that represent these shall have the guaranty of the Corporación de Fomento de la Producción. To facilitate the payment of the aforementioned price installments and their interest, the Corporation shall issue promissory notes representing such installments and interest, to the order of the Company, payable in New York, in dollars of the United States of America, and for the purpose of securing the payment of such promissory notes, the Corporation shall constitute a pledge in favor of the Company on the shares it acquires. Without prejudice to the foregoing, the Corporation shall issue promissory notes for an amount equivalent to 80%
of the par value of the shares corresponding to the 49% which shall be delivered to the Company and that it shall deposit in a bank in New York which hereinafter shall be called the depository bank. Each one of the promissory notes referred to previously may be exchanged, at the request of its holder, for other promissory notes for a value not less than $500,000, for an aggregate principal amount equivalent to the principal amount of the exchanged promissory note. In this case, the pledge that secures the payment of said promissory note cannot be liquidated except with the joint approval of all the holders of the promissory notes of lesser value into which that promissory note may have been divided. In order to adequately carry out the stipulations of the parties in respect to the delivery of the shares of the Sociedad to the Corporation; to the delivery and payment of the aforementioned promissory notes to the Company; to the execution, substitution and cancellation of the pledge, to the application of the dividends given as a pledge for payment of the mentioned promissory notes, the Corporation and the Company hereby confer upon the Banco Central de Chile, hereinafter the mandatory bank, special and irrevocable mandates so that said mandatory bank may execute in the name and on behalf of the Corporation, of the Company, or of both, as the case may be, the following acts:

a) Remit to the bank in New York which the mandatory bank elects, hereinafter the correspondent bank, the promissory notes that the Corporation must subscribe to the order of the Company to facilitate the payment of the price installments and interest corresponding to both 51% and 49% of the shares of the Sociedad that the Company shall sell to the Corporation.

b) Receive from the Company the certificates of 51% of the shares issued in its name and an authorized copy of the deeds of sale to the Corporation of said shares for the purposes indicated in letters d) and f).

c) Receive on deposit from the Company the certificates of 49% of the shares and, in due time, receive the authorized copy of the deed of sale of such shares to the Corporation, for the purposes indicated in letters e) and f).

d) Advise the correspondent bank of the circumstance mentioned in letter b), with irrevocable instructions to deliver to the Company in New York the promissory notes representing the price installments and interest corresponding to 51% of the shares, against receipt that must be issued by the Company, the correspondent bank having to advise the mandatory bank of the delivery of the promissory notes and the issuance by the Company of the corresponding receipt, and remit such receipt to the mandatory bank in the shortest possible term.

e) Advise the correspondent bank of the circumstance of having received the authorized copy of the deed of sale of 49% of the shares to which letter c) refers, with irrevocable instructions to deliver to the depository bank the promissory notes representing the price installments and interest corresponding to 49% of the shares, in exchange for the promissory notes for 51% of the par value of said shares, to which the beginning of this clause refers, the correspondent bank having to advise the mandatory bank of the mentioned exchange of promissory notes and the issuance of the corresponding receipt by the Company, and to remit such receipt to the mandatory bank in the shortest possible term.

f) Request from the Sociedad, after receipt of the advice to which letters d) and e) refer, the inscription of the transfer of the shares included in the respective deeds of sale in its Shareholders' Register, and the issuance of new certificates in the name of the Corporation; receive from the Sociedad such certificates and keep them on deposit for the purposes indicated in letter g).

g) Maintain the certificates of the shares issued in the name of the Corporation to which the preceding letter refers to perfect the pledge executed by the Corporation in favor of the Company in order to secure payment of the promissory notes representing the price installments and interest, under the terms established in the respective pledge contracts between the Company and the Corporation.

h) Collect and receive directly from the Sociedad the provisional or final dividends of the pledged shares, which it shall deposit in a special account that the mandatory bank shall open for the Copper Corporation pursuant to letter m) of article 20 of Law 16,624, which shall be operated exclusively by the mandatory bank.
i) Apply each dividend deposited in the special account referred to in the preceding letter to the payment of the promissory notes representing the price installments and the corresponding interest, in the following order of preference:

(ii) For immediate payment of the interest, including the surcharge established in the event of delay in the payment of interest due, demandable and unpaid on the date when the Bank receives the provisional or final dividend.

(iii) For immediate payment of the moratory interest in case of delay in the payment of the price installments or the principal amount of the promissory notes that represent them.

(iv) For opportune payment of the interest that will become demandable on the following June 30 or December 31, whichever of these dates is closer to the date when the bank receives a certain dividend.

(v) For opportune payment of the price installment or of the principal amount of the promissory note that represents it which will become payable the following June 30 or December 31, whichever of these dates is closer to the date when the bank receives a certain dividend.

If at the time of receipt of a certain dividend the mandatory bank verifies that the amount of the same is insufficient to make the payments contemplated in paragraphs (i), (ii), (iii), (iv), and (v), it shall advise the Corporation of this fact so that the Corporation may opportunely deposit the required funds in the special account referred to in letter h).

If in complying with one of the aforementioned orders of preference there is an insufficiency to pay all of the obligations included therein, the available amounts for compliance with that order of preference shall be applied proportionally to the payment of the respective interest or price installments included therein.

If at the time of receipt of a certain dividend the mandatory bank verifies that the balance of the account mentioned in letter h) is in excess of the amount necessary to make the payments contemplated in paragraphs (i), (ii), (iii), (iv), and (v), said mandatory bank shall place the excess at the disposal of the Corporation.

In the event a certain promissory note is divided in accordance with that stated in the beginning of this clause, the preceding rules shall be applied in respect to each one of the promissory notes of lesser value into which such promissory note may have been divided.

j) Physically effect the corresponding payments pursuant to that indicated in the preceding letter i), for which the mandatory bank must opportunely draw the necessary amounts from the special account referred to in letter h) and place them at the disposal of the bank in New York designated to collect the respective promissory notes. Once their principal amount is paid, the mandatory bank shall require delivery of the duly cancelled promissory notes.

k) Cancel the pledge of 7/8 of the total shares that secure payment of a certain promissory note as soon as it receives the respective document duly cancelled by the bank designated for collection, and return to the Corporation the certificates corresponding to said shares at the time indicated.

l) Cancel the pledge of the remaining aforementioned 1/8 when it receives, duly cancelled by the bank designated to make the collection, the promissory notes corresponding to the total price installments of the shares included in the respective deed of sale, and return to the Corporation the certificates corresponding to said shares at the time indicated.

m) If as a consequence of the non-payment of interest due on a certain promissory note, or on all of the promissory notes of lesser value into which said promissory note may have been divided, the pledge securing these is liquidated and a surplus remains after the payment of said interest, the mandatory bank shall collect
and receive the mentioned surplus and shall maintain it on deposit to secure the payment of the respective promissory note or of all the promissory notes of lesser value into which said promissory note may have been divided, and the interest thereon that shall become due. This deposit shall be maintained until the Corporation pays the note or notes secured by such deposit, or until it exchanges this for a new pledge of shares of the Sociedad of a par value equivalent to the principal amount of the mentioned note or notes.

SECOND:

Those appearing testify that the price of the shares to which this instrument refers, the price installments of the same, the promissory notes representing these and their interest, including moratory interest, shall be payable in New York, in dollars of the United States of America. Consequently, the deposits, withdrawals, remittances and payments that must be executed by any of the principals to comply with that established in the preceding clauses, shall be made only in said currency.

THIRD:

In the exercise of the powers conferred upon it by this instrument, the mandatory bank shall act as the operator in each one of the operations described, with the powers necessary to execute them, without its action involving obligations of a patrimonial nature. The mandatory bank may likewise partially delegate on other banks the powers hereby conferred on it.

FOURTH:

Mr. Carlos Massad Abud and Mr. Francisco Ibáñez Barceló, on behalf of the mandatory bank, accept the powers referred to in clause one under the terms expressed therein and in the other preceding clauses.

FIFTH:

The Corporation and the Company shall reimburse the mandatory bank the expenses which said bank may incur in the compliance with the powers granted by this instrument. The principals must share said reimbursement of expenses in equal parts.

SIXTH:

The mandatory bank shall receive a commission of 1/8% on the amount of each payment it makes on behalf of the Copper Corporation of the principal and interest of the notes referred to in the text of this power of attorney. The principals must share the payment of this commission in equal parts. The reimbursement of the expenses shall be made against presentation of the corresponding liquidation and the payment of the commission, ten days after each remittance is made.
RAISING OF DECREE TO PUBLIC DEED COMPAÑÍA DE COBRE CHUQUICAMATA, S.A. (CCC)

In Santiago, Chile, on December 30, 1969, before me, Eduardo González Abbott, Notary and Registrar of Mines of this Department and the witnesses whose names shall be expressed at the end hereof, there appear: Mr. Carlos Figueroa Serrano, Chilean, married, lawyer, of this domicile, Testinos No. 120, 12th floor, identity card No. 26380404 of Santiago; in his capacity as Minister of Economy, Development and Reconstruction and on behalf of the State, as shall be verified; Mr. Alberto Pulido Moraga, Chilean, married, lawyer, domiciled in Agustinas No. 1161, 4th floor, on behalf of Compañía de Cobre Chuquicamata S.A., as shall be verified, identity card No. 19517 of the Bureau of Santiago; Mr. Jorge Babra Lyon, Chilean, married, lawyer, of this domicile, Huérfanos 1189, 8th floor, identity card No. 683026 issued by the Bureau of Santiago and Mr. Edward W. Witcomb, Chilean, married, engineer, of the same domicile, identity card No. 11084 issued by the Bureau of Chuquicamata; both on behalf of Chile Exploration Company, a North American mining corporation with agency in Chile, as shall be verified; those appearing being of age, who accredited their identity with the aforementioned identity cards and state:

That for the effects of that provided for in articles 24, fourth paragraph, and 25, first paragraph, of the Decree with Force of Law No. 258, of 1960 and of that provided for in article 5 of the decree of the Ministry of Economy, Development and Reconstruction No. 1359, of December 22, 1969; published in the Diario Oficial of December 26, 1969; they hereby raise to public deed this latter decree, which is of the following tenor:

"Authorizes the assignment of benefits, franchises, rights and obligations to the Compañía de Cobre Chuquicamata S.A. and modifies Decree No. 1771 of 1966 of the Ministry of Economy, Development and Reconstruction.

No. 1359


In view of:

1) The petition filed by Mr. Richard C. Sims, on behalf of Chile Exploration Company, a North American mining corporation with agency in Chile, domiciled for these effects in this city, Huérfanos 1189, 8th floor.

2) The Supreme decree of the Ministry of Mining No. 116, of October 31, 1969, which authorized the Copper Corporation to purchase 51% of the shares of the Compañía de Cobre Chuquicamata S.A.**

3) The Official Communication No. 10,034, of December 9, 1969, of the Superintendency of Insurance Companies, Corporations and Stock Exchanges, issued pursuant to that provided for in article 62 of Law No. 16,624.

4) That reported by the Confederation of Production and Commerce on November 25, 1969, and by the Copper Corporation, by Official Communication No. 286, of December 9, 1969.

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*Reprinted from the English translation provided to International Legal Materials by The Anaconda Company.

/Decree No. 1771 of December 23, 1966, concerning the investment of Anaconda's Chile Exploration Company in the Chuquicamata Mine, appears at 6 International Legal Materials 424 (1967)./

**See I.L.M. page 924.

I decree:

Article 1: Authorize Chile Exploration Company, a North American corporation with agency in Chile, to assign to Compañía de Cobre Chuquicamata S.A., a mixed mining company of the large copper mining industry, the benefits, franchises, rights and obligations that were granted or imposed on the former by Supreme Decree of the Ministry of Economy, Development and Reconstruction No. 1771, of December 23, 1966, in the conditions and with the modifications that are expressed in the following articles.

Article 2: Modify the Supreme decree of the Ministry of Economy, Development and Reconstruction No. 1771, already mentioned, in the manner that is indicated below:

A) Substitute, in the first paragraph of its first article the words "Chile Exploration Company, a North American corporation with agency in Chile, hereinafter "the Company),'" with the words "Compañía de Cobre Chuquicamata S.A., a Chilean mixed mining company of the large copper mining industry, hereinafter the "Sociedad'."

B) Add at the end of letter a) of the fourth article, the following No. 7: "7) The depreciation of the assets purchased from Chile Exploration Company by the Sociedad may not be higher than the undepreciated balance of those assets as of December 31, 1969, in accordance with the accounting books of Chile Exploration Company, as determined by the Copper Corporation."

C) Introduce, in letter b) of the fourth article, the following modifications:
iv) Delete the following phrases: "The Company shall enjoy the guaranty of the value and invariable character of the fixed rate of 52.5% of the income tax established in the first article of Law No. 11,828, and the replacement, with the same character of the variable surtax of said article by a variable surtax of 33% which shall be applied to the profits corresponding to the base production referred to by Supreme Decree No. 150 of October 3, 1956, of the Ministry of Mining, and which shall be reduced proportionately to the increase in production above the base figure at the rate of 0.165%, for each one percent or fraction of increase in production until the increase is 50%. When the increases are higher than the base figure, the surtax shall be reduced by 0.495% for each one percent or fraction of increase until they reach 100% of said figure, from which level there shall be applied only the tax of 52.5%." In their place, insert the following phrase: "The guaranty that the tax on profits or income shall have the character of sole and invariable and that its rate shall be 30% on the net taxable income." ii) Delete the words "all this in conformity with that established in the first paragraph of letter e) of the second article of Title II of Law 16,425," and in their place, insert the following: "all this in conformity with that established in letter j) of article 54 of Law No. 16,624."

D) Add after letter b) of the fourth article, the following letters b-1 and b-2:
"b-1) The guaranty that to the shareholders of the Sociedad subject to the tax referred to by Title V of article 5 of Law 15,564, there shall be applied only the additional tax contemplated in the mentioned Title V, with the character of sole and invariable and with a fixed rate of 32% on the dividends or profits distributed by the Sociedad, in conformity with that provided for in letter j) of article 54 of Law No. 16,624." "b-2) The guaranty that the Sociedad and its shareholders shall be totally exempt, without prejudice to that established in the preceding letters b) and b-1), from any new tax that may be established on the ordinary or extraordinary benefits, that affect the corporate profits and the guaranty that its shareholders shall be exempt from tax in respect to the profits that correspond to them and which have not been distributed to them. All this in conformity with that established in letter j) of article 54 of Law No. 16,624."

E) Substitute in the second paragraph of letter e) of the fourth article the phrase "without prejudice to those granted in letter b) of this article" with the phrase "without prejudice to those granted in letters b), b-1) and b-2) of this article."

F) Substitute letter e) of the fourth article by the following: "e) The Sociedad shall enjoy the guaranty that its net taxable income shall be determined in
accordance with the norms at present established in the first category of Title II of the Income Tax Law, whose text is contained in article 5 of Law 15,564, in conformity with that established in article 61 of Law 16,624, and in accordance with that established in letter b) of article 54 of the same law, the Sociedad may enjoy new deductions that are established in the future, in case their non-application would be discriminatory in accordance with the mentioned provision. In conformity with that expressed by the Internal Revenue Service in its resolution No. 7325, of December 9, 1969, the Sociedad shall carry its accounting in dollars of the United States of America."

G) Replace the first paragraph of letter f) of the fourth article by the following: "The Company shall enjoy the guaranty of invariability of articles six, seven, eight, nine, eleven and sixteen of Law 16,624 and of the Regulation to which this latter article refers and the text of which is contained in the decrees of the Ministry of Mining Nos. 61 and 91 of April 21 and June 28, of 1966, respectively. Likewise it shall enjoy the invariability of the percentage of commission to which article 22 of the same law refers and of the provisions contained in Title III of Law 16,624, on Mixed Mining Companies, in conformity with that established in letter c) of article 54 of the last mentioned law."

H) Add as second paragraph of letter g) of the fourth article the following: "The Sociedad shall enjoy the tax exemption contemplated in letter c) of article 17 of Law 7747, in conformity with that established in letter j) of article 54 of Law 16,624, in respect to the exports of its products. Nevertheless, the company shall pay the tax contemplated in article 134 of Law 15,575, except for exports to which the exemption from taxes is applicable in accordance with No. 6 of article 136 of the mentioned law or which have been expressly authorized by the Copper Corporation without payment of the export tax for market reasons, which shall be duly qualified by the mentioned Corporation."

I) Delete letter j) of the fourth article.

J) Delete the eleventh article.

K) Add the following new articles:

"Article 11: In conformity with that provided for in article 59, letter b) of Law 16,624, exempt from all tax, contribution, duties or burden, the interest on the credits that the Sociedad contracts, after authorization by the Copper Corporation, for its financing or for its investments, and the interest on the balance of the purchase price of the shares of the Sociedad by the Copper Corporation. This exemption shall not include the global complementary tax.

Article 12: In conformity with that provided for in article 59 letter c) of Law 16,624, exempt from all tax, contribution, duty or burden, the acts, contracts or documents that originate from or are a consequence of the purchase of shares of the Sociedad by the Copper Corporation. There are expressly included in this exemption, the acts, contracts or documents that are extended for the effects of celebrating the agreement to purchase the shares by the Copper Corporation; the transfer of shares and the contracts of pledge, deposit, power of attorney or others arising from the purchase of shares, as well as the promissory notes, receipts of money, and other documents of any nature that are extended by reason of these operations or contracts."
its shareholders, including the promissory notes or other documents that are issued in accordance with these contracts."

L) The references made to "the Company" in the various provisions of Supreme Decree No. 1771, of 1966, shall be understood as made to the "Sociedad."

Article 3: The reference that in the first article and in letter f) of article 4 of Supreme Decree No. 215 of the Ministry of Economy, Development and Reconstruction, of February 13, 1967, is made to Chile Exploration Company, shall be understood made to the Compañía de Cobre Chuquicamata S.A.*

Article 4: It shall be the obligation and responsibility of the Sociedad, the execution of that part of the investments that Chile Exploration Company must realize in accordance with Supreme Decree No. 1771, of 1966, the execution of which is pending on the date on which the present decree becomes effective.

Article 5: For the effects of articles 24 and 25 of Decree with Force of Law No. 258, of 1960, the present decree must be published in the Diario Oficial within the term of 30 days counted from the moment when the Reception Office of the Ministry of Economy, Development and Reconstruction impresses on it the stamp of End of Procedure, and raised to public deed that shall be signed by the Minister of Economy, Development and Reconstruction and an authorized representative of the Sociedad, within the term of 60 days, counted from its publication in the Diario Oficial.

Article 6: The provisions of the present decree shall become effective on January 1, 1970, being applicable, in tributary matters, to the receipts, expenses, incomes, benefits and profits of the Compañía de Cobre Chuquicamata S.A. as of said date.

Take note, communicate and publish. E. Frei M. - Carlos Figueroa S. - Andrés Zaldívar L. - Alejandro Hales J. -

Which I transcribe to you for your information. God protect you. Hernán Lacalle Soza. - Under Secretary of Economy, Development and Reconstruction. In conformity with the Decree of the Ministry of Economy, Development and Reconstruction No. 1359, of December 22, 1969, the text of which, published in edition No. 27,530 of the Diario Oficial, corresponding to December 26, 1969, I have had before me.

The legal capacity of Mr. Carlos Figueroa Serrano is evidenced in the Supreme Decree of the Ministry of the Interior, No. 1213, of September 5, 1969, published in the Diario Oficial of September 17 of the same year, which is of the following tenor:

"Appoints Minister of Economy, Development and Reconstruction.

Santiago, September 5, 1969.

His Excellency the President of the Republic today decreed the following:

No. 1213

In view of that provided for in article seventy-two number five of the Political Constitution of the State, I have resolved and decree:

Appoint as of this date Minister of State in the Department of Economy, Development and Reconstruction Mr. Carlos Figueroa Serrano.

Comply with the Stamp Law.

Take note, record, communicate and publish.

E. Frei M. - Patricio Rojas S. -

Which I transcribe to you for your information. God protect you. Juan Achurra Larraín, Under Secretary of the Interior."

*See 6 International Legal Materials 460 (1967).
The representation of the State for the effects of the present deed, has been conferred on the Minister of Economy, Development and Reconstruction by the fourth paragraph of article 24 of the Decree with Force of Law No. 258, of 1960.

The legal capacity of Mr. Alberto Pulido Morgan is evidenced in the Minutes of the First Meeting of the Board of Directors of the corporation called "Compañía de Cobre Chuquicamata S.A.," raised to public deed before me on this date.

The legal capacity of Messrs. Jorge Babra Lyon and Edward W. Witcomb is accredited by the powers of attorney granted to them by the Board of Directors of Chile Exploration Company with main office in the city of New York of the United States of America, in two resolutions adopted by said Board of Directors and which raised to public deed before the Consul of Chile in said city, have been duly legalized in Chile and inserted in the deed of December 11, 1969, executed before me.

In witness thereof they sign, after reading, with the witnesses capable of attesting, of age, who are known by the undersigned notary who were Marta Méndez Fernández and Rosa Brito Brito. A copy was given.

This deed is exempt from tax in conformity with that provided for in Supreme Decree No. 2731 of the Ministry of Finance, of December 18, 1969, published in the Diario Oficial of December 22, 1969.


This second copy conforms to its original draft. Santiago, December 30, 1969.

Signed Eduardo González Abbott.
Transfer of Assets of Anaconda's Chile Exploration Company to 
Compañía de Cobre Chuquicamata S.A. (CCC)*

PUBLIC DEED EXECUTED ON DECEMBER 31, 1969, BEFORE 
NOTARY PUBLIC EDUARDO GONZALEZ ABBOTT

First: By deed of December 11, 1969, executed before the Notary of Santiago Mr. 
Eduardo Gonzalez Abbott, there was formed the Compañía de Cobre Chuquicamata S.A., 
with a capital of US$ 275,480,000 divided into 275,480,000 shares with a par value of 
one dollar each.**

From this total of shares, Chile Exploration Company subscribed 275,478,000 shares 
pursuant to transitory article 1 of the By-Laws contained in the aforementioned deed, 
for their par value, that is, for the amount of US$ 275,478,000. Chile Exploration Com-
pany obligated itself to pay for the shares subscribed through the transfer of its 
properties, assets and liabilities, rights and obligations, under the terms set forth 
in transitory articles 1, 2, 3 and 4 of the aforementioned By-Laws.

Second: In payment of the shares subscribed pursuant to transitory article 1 re-
ferred to in the preceding clause, Chile Exploration Company hereby transfers to Com-
pañía de Cobre Chuquicamata S.A., on whose behalf Mr. Alberto Pulido Morgan accepts, 
all the properties, assets and liabilities, rights and obligations for the value they 
have pursuant to the "Balance for Transfer" as of December 31, 1969, referred to in 
transitory articles 3 and 4 of the aforementioned By-Laws. If in accordance with the 
referred to "Balance for Transfer" the value of the properties, assets and liabilities, 
rights and obligations of Chile Exploration Company is lower than the value of the 
shares that this Company subscribes pursuant to transitory article 1 of the corporate 
By-Laws, said Company shall complete said value, at its option, and not later than May 
31, 1970, by payment of the difference to the Sociedad or by taking over short-term 
obligations that appear in said Balance for an amount equivalent to said difference. 
If, on the contrary, the value of the properties, assets and liabilities, rights and 
obligations is in excess of the value of the aforementioned subscribed shares, the ex-
cess shall be applied to payment of the shares which in such case must be subscribed 
by Chile Exploration Company pursuant to transitory article 2 of the aforementioned 
By-Laws.

Third: The parties hereby attest that the properties, assets and liabilities, 
rights and obligations which are transferred by this instrument constitute the means 
used by Chile Exploration Company as of this date for the operation of its businesses 
in Chile and, especially, in the mining property of Chuquicamata and its establish-
ments, works and related services.

In order that Compañía de Cobre Chuquicamata S.A. may continue without interrup-
tion the aforementioned businesses of Chile Exploration Company, as its successor in 
said businesses, the parties agree that the delivery of the transferred properties, 
assets and liabilities, rights and obligations is understood to be made at the close 
of business of the year 1969. Consequently, as of that date Compañía de Cobre Chuqui-
camata S.A. shall take charge of the referred to businesses for its exclusive account 
and risk.

The stipulations contained in this clause do not restrict Chile Exploration Com-
pany’s rights to carry on other activities or businesses in Chile.

Fourth: The transfer of assets that in this act Chile Exploration Company makes 
to Compañía de Cobre Chuquicamata S.A. includes, except for the exclusions indicated in 
transitory article 1 of the By-Laws of the latter, all of its businesses, companies, 
mining claims, constituted or in formation, real and personal property, rights, choses 
in action, concessions, patents, trade marks and, in general, all the properties and

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by The Anaconda Company. /

**The Deed of December 11, 1969, appears at I.L.M. page 925.
rights, real as well as personal, whatever may be their nature or location, that are in the possession of the transferor company or third parties under any claim, including goodwill that pertains to, or belongs to it, at the close of business of the year 1969 and the named Compañía de Cobre Chuquicamata S.A. takes in its charge and for its account, with the exception indicated, all the operations and businesses of Chile Exploration Company in Chile which is expressly accepted also by the subscribers of the shares of the Compañía de Cobre Chuquicamata S.A. Included in the transfer, without thereby limiting the extent of that previously expressed, and, with the exception indicated, all the mining claims, constituted or in formation, offices, installations, buildings, stocks and rights to stocks of copper and its by-products, molybdenite and other metallic and non-metallic substances that belong to it, works, machinery, electrical or mechanical plants and installations, electric transmission line towers, railroads, railroad sidings, track, locomotives and rolling stock, supplies and equipment, pipelines, reservoirs, tools, spare parts, supplies, real estate, water rights and concessions, electric and radio communications concessions, surface occupancy concessions and others, mining concessions of any nature, mining easements and those of any other nature active and passive, port and maritime concessions, municipal patents, patents for inventions and other rights, cash in its possession or in deposits in national or foreign currency, personal property, rights pending and in litigation, tax claims, commitments, intellectual property, shares and participations in any partnership, business, corporation or foundation, communities and associations, vehicles of any nature, vessels and like maritime elements that belong to it, accounting books, files and other documents property of Chile Exploration Company. The property to which this clause refers is to be transferred with all its usages, customs, rights and easements in the state in which it is found at the date of this deed, which is known by Compañía de Cobre Chuquicamata S.A.

Fifth: For a better determination of certain assets included in the transfer and without it limiting in any way that set forth in this deed and in the stipulations contained in other agreements or contracts between the parties, the following are indicated:

1) Mining Claims and Mining Easements: The mining claims and mining easements included in the transfer are those indicated in the public deed that complements this deed, which is executed on this same date before me between the parties.

2) Other real estate property (describe these).

3) Administrative concessions and water rights.

4) Motor vehicles: The motor vehicles included in the transfer are those indicated in the public deed that complements this deed, which is executed on this same date before me between the parties.

5) Rights in litigation. [omitted]

6) Rights in litigation derived from the following tax claims:

[omitted]

In the event that a final judgment approves wholly or in part any of the claims brought against the foregoing liquidations or orders of payment, the following rules shall be applied in respect to each point in the claim that is favorably settled:

(i) The amounts ordered to be returned for taxes the application of which does not generate assets included in the transfer, shall be returned by Compañía de Cobre Chuquicamata S.A. to Chile Exploration Company.

(ii) The amounts ordered to be returned for taxes the application of which generate assets included in the transfer shall be compared with the value of said assets. If the amounts ordered to be returned are higher than the aforementioned value, Compañía de Cobre Chuquicamata S.A. shall return the excess to Chile Exploration Company.
and, if such amounts are lower than the value indicated, Chile Exploration Company shall pay the deficit to Compañía de Cobre Chuquicamata S.A.

For the application of the preceding rules, there shall be considered the interests under claim and those of article 57 of the Tributary Code, when applicable.

7) Credits arising from the obligatory loans established in Laws 16,840 and 17,073, which were opportunist paid by Chile Exploration Company as evidenced by receipts Nos. 1862, 2418, 438, 2768 and 2770 issued by the Provincial Treasury of Santiago for their value on December 31, 1969.

8) Rights in partnerships and corporations, shares and bonds.

9) Commercial contracts and concessions.

Sixth: Chile Exploration Company hereby and irrevocably authorizes Compañía de Cobre Chuquicamata S.A., which accepts, to impute the amounts of the credits mentioned in No. 7 of the preceding clause, to the income taxes that Compañía de Cobre Chuquicamata S.A. may owe directly or to the additional tax of Chile Exploration Company that it may be obligated to withhold.

Seventh: Chile Exploration Company, on behalf of Compañía de Cobre Chuquicamata S.A. and when the latter so requests, shall perform the acts and take all the steps that may be necessary or convenient for Compañía de Cobre Chuquicamata S.A. to complete or perfect title to the properties, rights and assets that Chile Exploration Company transfers to Compañía de Cobre Chuquicamata S.A. and in order that the latter may obtain possession and use of said properties, rights and assets and, therefore, Chile Exploration Company shall perform for account of Compañía de Cobre Chuquicamata S.A. and on its behalf, all of the acts and shall subscribe all of the public or private documents that the latter may request or which may be necessary for the purpose indicated and which are related to the transfer to which the present instrument refers. In addition, Compañía de Cobre Chuquicamata S.A. is hereby authorized, at any time, on behalf of Chile Exploration Company, to take the steps, perform the acts and subscribe the instruments to which this clause refers.

Eighth: The transfer of assets that Chile Exploration Company hereby makes to Compañía de Cobre Chuquicamata S.A. includes all of its obligations as of the close of business of the year 1969, with the exception of those that are excluded in accordance with transitory article 1 of the By-Laws of Compañía de Cobre Chuquicamata S.A. For this effect, the parties agree that Compañía de Cobre Chuquicamata S.A. shall replace Chile Exploration Company in all of the obligations included in the transfer of assets.

Ninth: For a better determination of certain obligations included in the transfer of assets, and without this limiting in any way that set forth in the preceding clause, the following are listed:

a) The obligation to continue and complete the investments referred to in Supreme Decree No. 1771 of December 23, 1966, of the Ministry of Economy, Development and Reconstruction, in accordance with Supreme Decree No. 1359 dated December 22, 1969, of the same Ministry, Chile Exploration Company consequently being definitely released from any obligation or responsibility in respect to such investments, without prejudice to that expressed in the deed executed before me on December 18, 1969, between the Copper Corporation and Chile Exploration Company.

b) The obligation to continue the housing program for the personnel of the Sociedad initiated by Chile Exploration Company, through contribution of the Corvi tax to Vienor Ltda. C.P.A., as long as the latter may legally receive such contribution, or by means of the opportune construction of houses imputable to such tax.

c) The obligation to comply with the promise to sell low-cost houses entered into by Chile Exploration Company with its personnel, and that of re-investing pursuant to the housing laws, the amounts which the Sociedad receives in payment of the prices or price balances of low-cost houses sold to its personnel by Chile Exploration Company, and those that it receives for reimbursement of loans made by said Company to its personnel to purchase or construct such houses.
d) Compañía de Cobre Chuquicamata S.A., as successor to Chile Exploration Company, obligates itself to maintain in their positions all personnel working for the latter Company as of the date of this deed, with the exception of the personnel who will continue to work for Chile Exploration Company, and replaces it in all of the debts and obligations it may have with its employees and workmen, obligating itself to honor individual or collective labor contracts, including subscribed contracts and collective agreements and arbitration decisions made by reason of collective labor conflicts. In addition, Compañía de Cobre Chuquicamata S.A. obligates itself to recognize all the benefits presently enjoyed by the personnel working for Chile Exploration Company on the date of this deed, with the aforementioned exceptions indicated in the document which is legalized on this same date at the end of this Registry, as well as the benefits in favor of those persons who have left the service of Chile Exploration Company who are indicated in that document.

e) The obligation to take over any tax liquidation or order of payment of taxes, duties, contributions or burdens of any sort, including obligatory loans established or to be established for Chile Exploration Company in respect to any period prior to January 1, 1970. The same shall apply in the event a future law establishes new taxes, duties, contributions or burdens of any sort, including obligatory loans or surcharges on existing ones, that may be established or computed in relation to income or profits received or accrued or to operations made prior to January 1, 1970.

In the event a liquidation or order of payment is made of any of the taxes, duties, contributions or burdens referred to in the preceding paragraph, Compañía de Cobre Chuquicamata S.A. must pay these opportually.

If claims were not filed against the referred to liquidation or order of payment, or if the claim is rejected wholly or in part by a final decision, the assets that should have been reincorporated in the assets of the Sociedad as a consequence of the liquidation or order of payment shall be its exclusive property. If the liquidation or order of payment does not result in reinstatement of assets or if the amount of said assets is lower than the tax and interest paid, Chile Exploration Company must pay the total or the difference, as the case may be, to Compañía de Cobre Chuquicamata S.A., once the payment is made if no claim is filed or, in the opposite case, once the decision rejecting it wholly or in part becomes final.

f) The obligation to comply with all the contracts for the purchase or supply of materials or for the performance of services or for construction or others of any nature that Chile Exploration Company may have entered into prior to the date of this deed and that of paying the debts arising from such contracts as they become due. There shall not be included in this letter the contracts entered into between Chile Exploration Company and The Anaconda Company or its subsidiaries or affiliates which are not known by the Copper Corporation and which, manifestly, have been celebrated in terms which do not correspond to normal commercial practices.

g) The obligation to pay the unpaid balance and interest and that of complying with the other conditions of the contracts of loans or credit that are in force on the date of this deed between Chile Exploration Company and Eximbank Bank, commercial banks or other lenders or creditors.

h) The obligation to comply with all of the obligations incumbent on Chile Exploration Company in its capacity as drawer, acceptor, subscriber, endorser, endorsee, guarantor, drawee, bearer or, in general, debtor of bills of exchange, checks, promissory notes, bills of lading, insurance policies, invoices or other commercial instruments and import and export policies and other Customs documents issued in the name of said Company, except in the case of obligations which are not the responsibility of Compañía de Cobre Chuquicamata S.A. pursuant to transitory article 1 of its corporate By-Laws.

i) The obligation to comply with all of the stipulations of the contracts entered into with the Social Security Service and the National Health Service, in connection with medical services and subsidies of Law 10,383; with the National Medical Employees' Service in connection with preventive medicine and for payment of subsidies for curative medicine; with the Social Security Service, with the Private Employees' Bank and with the Social Security Bank of the National Merchant Marine, in connection with industrial accidents.
j) The obligation to comply with the provisions of DFL 8352, of December 23, 1927, in favor of the special "Carabinero" service functioning in Chuquicamata, in the same way as it is presently being fulfilled.

k) The obligation to comply with the contracts for the sale of copper or by-products or other products entered into by Chile Exploration Company with third parties, duly authorized by the Copper Corporation, and especially those entered into through Anaconda Sales Company pursuant to the Agency Contract in force between the latter Company and Chile Exploration Company, which on the date hereof have not been complied with wholly or in part.


m) In general, the obligation to comply with all obligations of any nature that Chile Exploration Company may have contracted or which may have been imposed on it prior to January 1, 1970, with the sole exception of those indicated in transitory article 1 of the By-Laws of Compañía de Cobre Chuquicamata S.A.

Tenth: The determination of the properties, assets and liabilities, rights and obligations referred to in this transfer of assets, has been effected pursuant to the systems, methods and accounting procedures and inventories applied by Chile Exploration Company, which Compañía de Cobre Chuquicamata S.A. declares to know, without prejudice to the provisions of transitory article 4 of the By-Laws of the latter Company.

Eleventh: All of the properties, assets and liabilities, rights and obligations of Chile Exploration Company in Chile shall be owned and shall be the responsibility of Compañía de Cobre Chuquicamata S.A., except the exclusions referred to in transitory article 1 of the By-Laws of said Sociedad and, consequently, with the aforementioned exceptions, all of the assets existing on the date of this deed shall belong to it, whether or not they appear in the inventories or books of Chile Exploration Company and which for any reason, cause, motive or title are owned by it or to which said Company may have rights, credits or choses in action for any concept or title and future ones that correspond to it or may correspond to it by virtue of its business prior to this deed. There shall be understood as incorporated in the patrimony of Compañía de Cobre Chuquicamata S.A. and for its account and responsibility, the operations, acts, businesses and steps undertaken by Chile Exploration Company or initiated and still pending as of the date of this deed.

Twelfth: Pursuant to transitory article 1 of the By-Laws of Compañía de Cobre Chuquicamata S.A., Mr. Manuel Vargas Vargas subscribed 2,000 Class "B" shares, at their par value, which he pays hereby through payment to the Sociedad of the amount of two thousand dollars, which said Sociedad hereby receives to its entire satisfaction.

Thirteenth: The bearer of an authenticated copy of this deed is empowered to request from the competent functionaries and, especially, from Real Estate, Commercial and Mines Registrars, the inscriptions, sub-inscriptions, annotations and cancellations that it may be necessary or advisable to make in their respective Registers to effect the transference of the assets included in the transfer of assets.
Guaranty of Promissory Notes Made by
Chile Corporación de Fomento de la Producción*

PUBLIC DEED EXECUTED ON DECEMBER 31, 1969, BEFORE
NOTARY PUBLIC EDUARDO GONZÁLEZ ABBOTT

FIRST:

By resolution of the Board of the Corporación de Fomento de la Producción, herein-
after the "Corporation," No. 9318, of 1969, the Executive Vice President was authorized
to execute, by means of any juridical act that does not take the form of an accommoda-
tion endorsement, the solidary guaranty of the Institution with respect to the obliga-
tions that the Copper Corporation shall contract in favor of Chile Exploration Company,
derived from the purchase of 51% of the shares of a mixed mining company that said Com-
pany will organize, to which it will transfer its assets and liabilities.

SECOND:

As provided for in the mentioned agreement the guaranteed obligations must adjust
to the following modalities:

a) Their amount shall be up to 51% of the book value as of December 31, 1969.

b) They shall be paid in dollars of the United States of America within the term
of 12 years counted from January 1, 1970, in 24 semi-annual equal installments, the
first of which falling due on June 30, 1970.

c) They shall accrue an ordinary interest of 6% per annum.

THIRD:

The Ministry of Finance by Decree No. 2556, of December 9 instant published in the
"Diario Oficial" of the 20th of the same month, authorized the solidary guaranty to
which number first of this deed refers.

FOURTH:

In accordance with the antecedents stated, Mr. Sergio Molina Silva, in the capacity
in which he appears, executes by this act the solidary guaranty of the Corporation with
respect to the obligations contracted by the Copper Corporation in favor of Chile Ex-
ploration Company, in the deed of purchase of 51% of the shares subscribed and paid by
the Compañía de Cobre Chuquicamata S.A., executed between said Copper Corporation and
Chile Exploration Company, on this same date, before me, including that of paying to
their respective holders the principal and interest of the promissory notes referred to
in said deed, or of those that may be issued in exchange for them pursuant to the stipu-
lations of such promissory notes, issued in accordance with the modalities indicated in
number second of this deed, which the Corporación de Fomento de la Producción declares
to know and accept in all their parts.

FIFTH:

Any communication or notice that must be directed to the Corporación de Fomento
de la Producción in relation to the solidary guaranty that it executes by this instru-
ment shall be considered as received by said Corporation when received in its offices
at 80 Pine Street, New York, United States of America, or in the event that said office
ceases to exist or is moved, when received by the office of the Consul General of Chile
in New York, New York, United States of America. Said communication or notice may also
be sent to the Corporación de Fomento at Ramón Nieto No. 920, Santiago, Chile. Like-
wise, the places indicated above shall be considered as the domicile of the Corporación
de Fomento de la Producción for all that related with the performance of the obligation
it contracts by this instrument.

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SIXTH:

Chile Exploration Company accepts the solidary guaranty executed by the Corporación de Fomento de la Producción in the terms stated above.

SEVENTH:

Those who appear declare that this solidary guaranty is executed in accordance with that established in this respect in the Promise to Sell of the shares of the Compañía de Cobre Chuquicamata S.A., celebrated between the Copper Corporation and Chile Exploration Company, by public deed of December 11, 1969,* before me, and that said solidary guaranty has been determinative in the celebration of the sales contract referred to in clause first of this instrument and in order that Chile Exploration Company accepts that the payment of the price of said sale and its corresponding interest be effected in the manner and terms referred to in said deed.**

*See I.L.M. page 942
**See I.L.M. page 968
PUBLICATION OF CCC SHARES BY THE CHILE COPPER CORPORATION
FROM ANACONDA'S CHILE EXPLORATION COMPANY*

PUBLIC DEED EXECUTED ON DECEMBER 31, 1969, BEFORE NOTARY PUBLIC
EDUARDO GONZALEZ ABBOTT

FIRST:

Mr. Jorge Babra Lyon and Mr. Edward W. Witcomb Wallace, on behalf of Chile Exploration Company, hereinafter also the "Company," sell, assign and transfer to the Copper Corporation, hereinafter also the "Corporation," on whose behalf Mr. Jose Claro Vial purchases and accepts, 140,494,800 shares of the corporation called "Compañía de Cobre Chuquicamata S.A.," hereinafter also the "Sociedad," equivalent to 51% of the capital stock of the mentioned Sociedad. The Company acquired these shares by subscription, in accordance with that established in letter a) of Transitory Article 1 of the By-Laws of the Sociedad, which are included in the public deed executed before me on December 11, 1969.

SECOND:

The price of this sale is the sum of 140,494,800 dollars, that is, the amount of one dollar per share, which shall be paid in a term of 12 years, counted from January 1, 1970, in 24 semi-annual equal installments, the first of which shall fall due on June 30, 1970, plus the interest accrued on the total unpaid balance of the price on each maturity date, computed at the rate of 6% per annum, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile. However, if pursuant to that established in letter a) of clause 9 of the Promise to Sell executed by the parties in the same public deed referred to in clause 1, the Corporation wishes to make effective the purchase of the remaining 49% of the subscribed and paid shares of the Sociedad, after December 31, 1972, and before December 31, 1981, said Corporation must pay, at the time the respective deed of sale is executed, 60% of the unpaid balance of the price of the shares it acquires by this deed, determined on said date. This payment shall be imputed to the unpaid price installments corresponding to said shares in inverse order of their maturity.

THIRD:

To facilitate the payment of the price indicated in the preceding clause, and without it constituting a novation, the Corporation has subscribed, to the order of the Company, 24 promissory notes with due dates on the same dates on which fall due the installments of the price referred to before, and equivalent, each one to 1/24 of the amount of 140,494,800 dollars, that is, to 5,853,950 dollars. These promissory notes shall accrue interest at 6% per annum on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile, which shall be paid semi-annually on June 30 and December 31 of each year, the first of which shall fall due on June 30, 1970. It is hereby attested that these promissory notes were delivered by the Corporation to the Banco Central de Chile in order that said Bank may proceed in respect to them in the manner indicated in the irrevocable power of attorney which was conferred on it by parties by public deed of December 23, 1969, before me.** The Corporation has delivered these promissory notes to the Banco Central de Chile, with irrevocable instructions that it remit them in turn to a bank in New York of its election, hereinafter the "correspondent bank," to be delivered to the Company as soon as said Banco Central de Chile so instructs it in accordance with that provided for in clause 8.

FOURTH:

The referred-to promissory notes are expressed in dollars of the United States of America and shall be payable in that currency in the city of New York in the offices of First National City Bank in that city.

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**See I.L.M. page 952.7
FIFTH:

The payment to First National City Bank, in New York, of the principal of each promissory note shall extinguish the principal of the respective price installment and the payment to said bank of the interest on each promissory note shall extinguish the corresponding part of the interest accrued for each price installment, which shall be understood to be carried out for account of the holder of the respective promissory note.

SIXTH:

In case of delay in the payment of a price installment or of the promissory note that represents it, the Corporation must pay, besides the interest accrued up to the date of maturity of the respective installment or promissory note that represents it, interest, free from taxes in Chile, computed on the basis of a 360-day year and twelve 30-day months, in accordance with the following rules:

a) During the first ten days of delay, the Corporation shall pay the same interest of 6% per annum computed on the principal of the respective installment or promissory note.

b) The rate of interest indicated in the preceding letter shall be increased by one percentage unit per annum during each successive additional period of fifteen days or fraction of fifteen days of delay, until it reaches a rate equivalent to the rate then being charged by First National City Bank in New York (or its successor) to its prime commercial borrowers, increased by 50%. From then and until the date on which the delay is cured by the payment of the interest accrued up to the date of the payment, including the moratory interest, and of the principal of the respective installment or promissory note, there shall continue to be applied the prime rate referred to increased by 50%. The increase established in this paragraph b) shall not be applied while the moratory interest is accruing to which the following paragraph refers. In case of delay in the payment of the demandable interest corresponding to price installments not yet due, or to the promissory notes that represent them, and provided that said delay continues for more than ten days, the Corporation shall pay interest of 1% per annum, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile, computed on the principal of the respective installments or promissory notes, during the first additional period of delay of fifteen days or fraction of fifteen days. This rate shall be increased by one percentage unit per annum during each successive additional fifteen-day or fraction of fifteen days delay, until it reaches a rate equivalent to the difference between 6% per annum and the rate then being charged by First National City Bank of New York (or its successor) to its prime commercial borrowers, increased by 50%, which shall continue to be applied until the date on which the delay is cured by the payment of the interest due, demandable and unpaid, and of the moratory interest referred to above.

SEVENTH:

To guarantee the payment of the price installments established in clause 2 and of their interest or of the promissory notes that represent them, the Corporation shall constitute a pledge in favor of the Company of the 140,494,800 shares that it purchases by this deed, within the five days following that on which there are issued in its favor the certificates of said shares, which shall be implemented by the deposit of said certificates in the Banco Central de Chile, and shall be governed for the rest by that established in clause 8 of the Promise to Sell referred to before. Pursuant to the power of attorney conferred by the parties on the Banco Central de Chile by the deed mentioned in clause 3, said Bank shall collect and receive the dividends of the shares given as a pledge and shall apply them to the payment of the price installments and their interest or to the promissory notes representative of said installments and interest, in the order of preference and in accordance with the other norms that are established in said deed of power of attorney which are understood as reproduced in this instrument. In case there are not sufficient dividends in the possession of the Banco Central de Chile for the payment of a specific promissory note, the Corporation shall deposit opportunistically in said Bank the funds necessary to complete it. On its part, the Company shall instruct First National City Bank in New York to the effect that, after receipt of the amount corresponding to each promissory note, it remit to the Banco Central de Chile the respective document, duly cancelled.
EIGHTH:

The delivery of the 140,494,800 shares that the Corporation purchases by this deed shall be effected by their inscription in the Register of Shareholders of the Compañía de Cobre Chuquicamata S.A. For these effects, the Company shall deliver the certificates in its name for the 140,494,800 shares that it sells, together with an authorized copy of this deed of sale, to the Banco Central de Chile, within the five days following the date of this deed. Together with receiving these documents the Banco Central de Chile, in accordance with that established in the power of attorney indicated in clause 3 of this deed, shall irrevocably instruct the correspondent bank referred to in said clause to deliver to the Company the corresponding promissory notes in New York. The Banco Central de Chile shall require the inscription of the transfer in the Register of Shareholders of the Sociedad and the issuance of new certificates in the name of the Corporation immediately after it receives from the correspondent bank notice that it has in its possession the receipt of the promissory notes executed by the Company.

NINTH:

The pledge of the shares that must be executed by the Corporation in favor of the Company in accordance with that established in clause 7, shall not alter nor decrease the rights that correspond to the Corporation in its capacity as a shareholder of the Sociedad, except its right to receive the dividends, which is limited in the manner indicated in the mentioned clause 7.

TENTH:

The interest, including the moratory, on the unpaid balance of the price or on the promissory note that represents it is free from taxes, contributions, duties or other burdens in Chile, in accordance with that established in the Supreme Decree of the Ministry of Economy, Development and Reconstruction No. 1359 dated December 22, 1969. However, if said price or the corresponding interest is taxed with any of such burdens, the rate of interest shall be increased so that, once the tax is paid, the net interest received is 6% per annum on the basis of a 360-day year and twelve 30-day months, or of the higher rate that results from applying clause 6.

ELEVENTH:

If as a consequence of liquidations made by the Tax Department with respect to business years prior to January 1, 1970, and unpaid before this date, the value of the asset items related to the assets transferred by the Company to the Sociedad, increases because the values that produce assets from said liquidations are higher than that paid for taxes and interest corresponding to said liquidations, the Corporation shall pay the Company an additional amount equivalent to 51% of said increase divided into a number of installments equal to the calendar semi-annual periods included between the date of payment of the tax demanded pursuant to the liquidation if no claim is filed against it, or between the date of the final judgment rejecting the claims, in the opposite case, and December 31, 1981. The first of these installments shall fall due on June 30 or December 31 subsequent to either of the circumstances indicated previously, whichever of said dates is closer. To these installments shall be added the interest accrued on the total unpaid balance on each due date, computed from January 1, 1970, at the rate of 6% per annum, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile. To facilitate the payment of these installments, and without it constituting a novation, the Corporation shall subscribe to the order of the Company an equal number of promissory notes that shall be governed by the provisions of clauses 3, 4, 5 and 6 of this contract, when applicable. The Corporation shall obtain from the Corporación de Fomento de la Producción the execution of a solidary guaranty to secure the payment of said promissory notes and their interest.

In the event that the claims filed against the referred-to liquidations are decided by a final judgment after December 31, 1981, the payment of the 51% of the higher value referred to above must be made within a term of 30 days counted from the date of the final judgment, with interest at 6% per annum computed from January 1, 1970, up to the date of payment.
TWELFTH:

It is hereby attested that the only purpose of the reference made in this sales contract to a 360-day year and twelve 30-day months is to equate the interest for the different months and semi-annual periods that constitute a calendar year, without affecting the total interest of 6% per annum in the calendar year.

THIRTEENTH:

This sales contract shall be governed by Chilean law. The doubts or differences that may arise between the parties with respect to the interpretation, validity, or performance of this contract shall be settled with no further recourse by an arbitral court composed of two arbitrators. Each one of the parties shall appoint an arbitrator; in the alternative, the designation shall be made by an ordinary Court of Justice. In case of dispute between the arbitrators, they themselves shall name an umpire to settle it and in case of disagreement as to this designation, it shall be made by an ordinary Court of Justice at the request of any one of the parties from among former Supreme Court Justices. The arbitrators and the umpire, constituted as a Court, shall decide by majority vote, with no further recourse.

FOURTEENTH:

It is hereby established that on subscribing this contract there has been raised to public deed before me, on December 29, 1969, the Supreme Decree No. 1359 of the Ministry of Economy, Development and Reconstruction,* above mentioned, which authorizes the assignment to the Compañía de Cobre Chuquicamata S.A. of the benefits, franchises, rights and obligations which were granted or imposed on Chile Exploration Company by Supreme Decree of the Ministry of Economy, Development and Reconstruction No. 1771 of December 23, 1966,** and that there have been approved by the Board of Directors of the Compañía de Cobre Chuquicamata S.A. the assistance contracts for operation of the plants, for administration and for sales, the Functions Manual, the Sales Manual and the designation made by said Board of Directors of the higher officials of the Sociedad, whose appointment is subject to the compliance with special requisites in accordance with its By-Laws or to the aforementioned assistance contracts.

FIFTEENTH:

The parties attest that on this same date there has been subscribed, before the Notary of Santiago Mr. Herman Chadwick Valdés, the public deed whereby Andes Copper Mining Company sells to the Copper Corporation 33,984,070 shares of the Compañía de Cobre Salvador S.A. equivalent to 51% of the shares subscribed pursuant to that established in Transitory Article one of the By-Laws of the Compañía de Cobre Salvador S.A.

SIXTEENTH:

The parties also attest that with the subscription of this deed of sale they have complied with the obligation contracted in the Promise to Sell deed, celebrated between them, referred to in the second clause with respect to the 51% of the shares subscribed and paid in accordance with Transitory Article one of the By-Laws of the Compañía de Cobre Chuquicamata S.A.

SEVENTEENTH:

The Corporation hereby accepts that provided for in the By-Laws of the Compañía de Cobre Chuquicamata S.A. and the resolutions of its General Shareholders Meetings.

EIGHTEENTH:

Finally, the parties hereby attest that the obligations that the Corporation assumes by this instrument have been guaranteed by the solidary guaranty of Corporación de Fomento de la Producción pursuant to the public deed executed on this same date, before me, between said Corporación de Fomento de la Producción and the Company.

*See I.L.M. page 956.

**See 6 International Legal Materials 424 (1967).
Pledge of CCC Shares by Chile Copper Corporation to Anaconda's Chile Exploration Company*

PUBLIC DEED EXECUTED ON JANUARY 5, 1970, BEFORE NOTARY PUBLIC EDUARDO GONZÁLEZ ABBOTT

Appear: Mr. Jaime Varela Chadwick, ... etc., in his capacity as Chief Attorney and Acting Vice President of the Copper Corporation; Mr. Carlos Massad Abud, ... etc., in his capacity as President of the Banco Central de Chile and Mr. Francisco Itahiez Barceló, ... etc., in his capacity as General Manager of the same Bank, ... etc.; Mr. Jorge Babra Lyon, ... etc., and Mr. Edward W. Witcomb Wallace, ... etc., both in representation of Chile Exploration Company, ... etc., and Mr. Cedric Teare Sainsbury, ... etc., in his capacity as Comptroller and in representation of Compañía de Cobre Chuquicamata S.A., ... etc., and state:

FIRST: By public deed of December 31, 1969,** before me, Chile Exploration Company, hereinafter "the Company," sold to the Copper Corporation, hereinafter "the Corporation," 140,494,800 shares of the corporation called Compañía de Cobre Chuquicamata S.A., hereinafter "the Sociedad." The purchase price was the sum of $140,494,800, that is, the amount of one dollar per share, payable in a term of twelve years, counted from January 1, 1970, in twenty-four equal semi-annual installments, the first of which shall fall due on June 30, 1970, plus the interest accrued on the total unpaid balance of the price on each maturity date, calculated at the rate of 6% per annum, on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile. In the abovementioned sales deed it was provided that in order to facilitate the payment of the price of the shares, and without it constituting a novation, the Corporation had subscribed twenty-four promissory notes to the order of the Company with maturity dates on the same dates on which the installments of the aforementioned price fall due and each one equivalent to one twenty-fourth of the sum of $140,494,800, that is, $5,853,950. These promissory notes shall accrue interest at the rate of 6% per annum on the basis of a 360-day year and twelve 30-day months, free from taxes in Chile, that shall be paid semi-annually on June 30 and December 31 of each year, the first one of these falling due on June 30, 1970. The referred to promissory notes, as provided in the sales deed abovementioned, were delivered by the Corporation to the Banco Central de Chile in order that said Bank proceed with respect to them in the manner indicated in the irrevocable power of attorney granted by the Company and the Corporation by deed of December 23, 1969, before me.*** In the sales deed so many times referred to, it was also provided that to guarantee the payment of the installments of the sales price of the shares and their interest or of the promissory notes representing them, the Corporation would constitute a pledge in favor of the Company of the 140,494,800 shares, object of the sale, within five days following that on which there is issued in favor of the Corporation the certificates of said shares and that this pledge would be implemented by the deposit of said certificates in the Banco Central de Chile, being applicable for the rest that provided for in clause eight of the promise to sell entered into between the Company and the Corporation by deed of December 11, 1969, before me.****

SECOND: In conformity with that expressed in the preceding clause and to guarantee the payment of each one of the twenty-four installments of the price referred to in clause one and of the interest thereof and of each one of the twenty-four promissory notes representing said installments and interest, in the terms and conditions indicated in the sales deed and in the mentioned promissory notes, the Corporation hereby constitutes twenty-four pledges, in favor of the Company, of the shares mentioned in the preceding clause. Each pledge covers the shares respectively indicated below:

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*Reprinted from the English translation provided to International Legal Materials by The Anaconda Company.**** See I.L.M. page 946.7
FIRST PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 1 for 4,885,956 shares and by Certificate No. 2, for 967,994 shares. This pledge corresponds to the first price installment and to promissory note No. 1.

SECOND PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 3, for 4,885,956 shares and by Certificate No. 4 for 967,994 shares. This pledge corresponds to the second price installment and to promissory note No. 2.

THIRD PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 5, for 4,885,956 shares and by Certificate No. 6 for 967,994 shares. This pledge corresponds to the third price installment and to promissory note No. 3.

FOURTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 7 for 4,885,956 shares and by Certificate No. 8 for 967,994 shares. This pledge corresponds to the fourth price installment and to promissory note No. 4.

FIFTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 9 for 4,885,956 shares and by Certificate No. 10 for 967,994 shares. This pledge corresponds to the fifth price installment and to promissory note No. 5.

SIXTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 11 for 4,885,956 shares and by Certificate No. 12 for 967,994 shares. This pledge corresponds to the sixth price installment and to promissory note No. 6.

SEVENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 13 for 4,885,956 shares and by Certificate No. 14 for 967,994 shares. This pledge corresponds to the seventh price installment and to promissory note No. 7.

EIGHTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 15 for 4,885,956 shares and by Certificate No. 16 for 967,994 shares. This pledge corresponds to the eighth price installment and to promissory note No. 8.

NINTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 17 for 4,885,956 shares and by Certificate No. 18 for 967,994 shares. This pledge corresponds to the ninth price installment and to promissory note No. 9.

TENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 19 for 4,885,956 shares and by Certificate No. 20 for 967,994 shares. This pledge corresponds to the tenth price installment and to promissory note No. 10.

ELEVENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 21 for 4,885,956 shares and by Certificate No. 22 for 967,994 shares. This pledge corresponds to the eleventh price installment and to promissory note No. 11.

TWELFTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 23 for 4,885,956 shares and by Certificate No. 24 for 967,994 shares. This pledge corresponds to the twelfth price installment and to promissory note No. 12.

THIRTEENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 25 for 4,885,956 shares and by Certificate No. 26 for 967,994 shares. This pledge corresponds to the thirteenth price installment and to promissory note No. 13.

FOURTEENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 27 for 4,885,956 shares and by Certificate No. 28 for 967,994 shares. This pledge corresponds to the fourteenth price installment and to promissory note No. 14.

FIFTEENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 29 for 4,885,956 shares and by Certificate No. 30 for 967,994 shares. This pledge corresponds to the fifteenth price installment and to promissory note No. 15.

SIXTEENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 31 for 4,885,956 shares and by Certificate No. 32 for 967,994 shares. This pledge corresponds to the sixteenth price installment and to promissory note No. 16.

SEVENTEENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 33 for 4,885,956 shares and by Certificate No. 34 for 967,994 shares. This pledge corresponds to the seventeenth price installment and to promissory note No. 17.
EIGHTEENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 35 for 4,885,956 shares and by Certificate No. 36 for 967,994 shares. This pledge corresponds to the eighteenth price installment and to promissory note No. 18.

NINETEENTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 37 for 4,885,956 shares and by Certificate No. 38 for 967,994 shares. This pledge corresponds to the nineteenth price installment and to promissory note No. 19.

TWENTIETH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 39 for 4,885,956 shares and by Certificate No. 40 for 967,994 shares. This pledge corresponds to the twentieth price installment and to promissory note No. 20.

TWENTY-FIRST PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 41 for 4,885,956 shares and by Certificate No. 42 for 967,994 shares. This pledge corresponds to the twenty-first price installment and to promissory note No. 21.

TWENTY-SECOND PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 43 for 4,885,956 shares and by Certificate No. 44 for 967,994 shares. This pledge corresponds to the twenty-second price installment and to promissory note No. 22.

TWENTY-THIRD PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 45 for 4,885,956 shares and by Certificate No. 46 for 967,994 shares. This pledge corresponds to the twenty-third price installment and to promissory note No. 23.

TWENTY-FOURTH PLEDGE: 5,853,950 Class "A" shares, represented by Certificate No. 47 for 4,885,956 shares and by Certificate No. 48 for 967,994 shares. This pledge corresponds to the twenty-fourth price installment and to promissory note No. 24.

The twenty-four pledges add up to 140,494,800 Class "A" shares of the Compañía de Cobre Chuquicamata S.A.

THIRD: The Banco Central de Chile, in whose possession are the certificates referred to in the preceding clause, by virtue of letter f) of the first clause of the power of attorney referred to in the first clause of this instrument, holds such certificates, in the name of, and in representation of, the Company, by virtue of letter g) of the mentioned clause of the aforesaid power of attorney. The Company and the Corporation agree that in this manner the delivery of the referred to certificates to the pledgee has been complied with and, therefore, the pledge has been perfected.

FOURTH: The Sociedad considers itself hereby notified of the constitution of the pledges in accordance with clauses two and three above and shall proceed to note said pledge in its Shareholders' Register.

FIFTH: The Banco Central de Chile shall proceed, in relation to the receipt of the dividends of the shares pledged, to the payment of the promissory notes representing the price installments and their respective interest, to the substitution and lifting of the pledge and other particulars of said pledge, in conformity with the irrevocable power of attorney granted to it by the Corporation and the Company, mentioned in clause one of this contract.

SIXTH: With the execution of this pledge and with that provided for in the pertinent clauses of the irrevocable power of attorney granted to the Banco Central de Chile which has been referred to, the Corporation and the Company consider that the promise entered into by deed of December 11, 1969, before me, has been complied with in all respects, in that concerning the pledge of the shares corresponding to 51% of the capital subscribed and paid for in conformity with transitory article one of the By-Laws of the Sociedad which are recorded also in the aforementioned deed of December 11, 1969, before me.

SEVENTH: The pledge of the shares mentioned in this contract shall not alter nor diminish the rights corresponding to the Corporation in its capacity as shareholder of the Sociedad, except for the right of the Corporation to receive the dividends, which shall be limited in the manner indicated in the irrevocable power of attorney granted to the Banco Central de Chile referred to in clause one of this instrument.