



# ANUAL REPORT

## 2010





## ANNUAL REPORT 2010

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# Chairman's Review

On behalf of our Board I am pleased to report to the country and stakeholders in general, Codelco's performance in 2010.

First, I would like to highlight that in 2010 Codelco delivered one of the best financial performances of its history. It achieved annual profits of US\$ 5,799 billion, before tax and Reserve Law tax; an amount that has only been exceeded in 2006 and 2007. This figure represents a 47 % growth compared to 2009 pre-tax profits.

These positive results were mainly influenced by the strong rise in international copper and molybdenum prices. In 2010, the London Metal Exchange average copper price was at 342 c/lb, 46% higher than the average 234.2 c/lb in 2009.

In 2010, the world economy continued to recover from the global financial crisis and, according to the IMF, the GDP growth rate was over 4.5%. The demand for copper was particularly reinforced by the strong demand in

China and the recovery of copper consumption in the rest of the developed and emerging countries, which suffered a sharp fall in 2009 due to the global financial crisis. Therefore in 2010, the global growth rate of refined copper consumption increased around 10 %.

Copper producers are still facing difficulties to continue increasing supplies at the same pace as the rising world demand. At the end of the year, inventories were at around a 2.5 week high, therefore stocks were down.

However, not everything was positive in 2010. Unfortunately, in terms of safety, we deeply regret the death of seven workers, three Codelco employees and four contract workers, which is clearly below our expectations, as both Board and management, and it leaves us completely unsatisfied. An unacceptable tragedy for their families, col-

leagues and Codelco management. This is one of the most significant areas where we will have to make changes to our management.

In this respect, we would like to mention Codelco's participation in the rescue of the 33 miners trapped at the San José mine in Copiapó. Codelco provided more than 100 people, who helped at different stages and in different tasks, showing the world the capacity and commitment of its engineers and technicians. This makes us think that we can still improve our safety performance and achieve our goal of zero fatalities.

2010 was a key year in terms of Codelco's Corporate Governance. Towards the end of 2009, the amendments to Decree Law 1,350 (Codelco Law) were enacted which set out important changes to both Corporate Governance and decision-making mechanisms related to the corporate management processes. This new Corporate Governance incorporates the best practices of world-class companies.

On 10 May 2010, after the new Board assumed its role, I was honoured to be appointed Chairman of the Board by His Excellency the President of the Republic. Therefore, I have had the unique opportunity to preside a Board of excellence that aims to make Codelco an increasingly better company for the benefit of all Chileans, as they are the ultimate owners.

This effort has focused on defining, together with management, medium and long-term strategies, and short-term plans, with strong emphasis on structural projects in order to ensure Codelco's value in the long term for the benefit of Chile and all its inhabitants.

Another important task for the Board has been to define the Corporate Governance instruments and practices that give sustainable development in the long term to the Board's mission, as



the top management structure in the company, in keeping with international best practices.

I would like to mention some of the key milestones in 2010 that have been an important part of the Board's operation and work:

- > Selection and Appointment of Chief Executive Officer, Diego Hernández, on 19 May.
- > Approval of Corporate Governance Code.
- > Approval of Triennial Plan and 2010 Development and Business Plan.
- > Approval of Codelco Strategic Plan 2011-2015.
- > Approval of 2011 Budget.
- > Definition of a medium and long-term financing and investment policy for the company. This policy considers the Government's absolute authority, in its role assigned by law as Shareholders' Meeting representative of the company's owners, who are all Chileans, in order to define the company's dividend distribution policy and capitalisation of its earnings, as a general standard of public companies in the private sector. In exercising this exclusive power, the Government has stated it fully supports the company's Investment Plan for its structural projects, and it will authorise any capitalisation required for the company to maintain its solvency and investment level. As this policy was immediately applicable, the Government defined that gains from selling off Codelco's main non-essential asset, that the Board had decided to sell – its minority interest in E-CL Power Company – will be capitalised in full and, also, other earnings will be capitalised equivalent to the tax payable for this operation.
- > Approval of the above sale - Codelco's 40% stake in E-CL Power Company - in order to use 100% of the earnings from this operation to finance part of its investment plans.
- > Approval to build the Ministro Hales greenfield project. This is the Company's first structural project to start its implementation stage and the only one to develop a new deposit.

- > Agreement to extend the useful life of Salvador Division.
- > Approval of Codelco's senior management structure and appointment of Vice-Presidents and General Managers.
- > Approval of Codelco Statement of Values.
- > Approval of Codelco's new Strategic Plan for the period 2011-2015.

The 2011 market prospects look quite promising. China, the driving force behind the demand for copper, has maintained a solid consumption, and economic projections by different organisations such as the IMF, indicate that the GDP growth rate will probably be over 9 percent.

However, the Board and management team are also aware of the risks that currently threaten the economy, such as Europe's sovereign debt crisis, the slow recovery of the United States, rapid inflation in emerging countries, geopolitical factors that may impact important supplies such as petroleum and the recent catastrophe that hit Japan.

In a long-term horizon, both the economic and urban development of emerging economies should continue to have a positive impact on all commodity prices and the mining industry.

Undoubtedly, 2011 will bring important challenges for Codelco. We have a Vision to face them. We want to continue to be the world's largest copper producer and the company that contributes the most to the Chilean economy.

To make this Vision a reality, we have a clear strategy that emphasises our priorities: sustainability and maintenance of a licence to operate: optimal implementation of structural projects to make the most of our mining base potential; increase competitiveness; renovation and human capital management; financing assurance through a collaborative relationship with the owner; development of new growth opportunities; organisational and cultural changes required.

These structural projects are very important to Codelco's future strategy. These projects practically mean re-establishing current operations.

Thereby, the Chuquicamata mine will change from an open pit mine to a huge underground mine; El Teniente mine will have a new level, 300 metres deeper, with a similar mining system, but the mineral ore will be lifted to the plant on a continuous conveyor belt system, and not on a railway batch process; Andina Division will develop its new Phase and therefore it will become Codelco's largest mine; Salvador Division will once again have its own large-scale production, and the Ministro Hales project, already approved by the Board and by all the relevant government authorities, will become a new mining Division at Codelco.

Productivity is also a challenge. Codelco has to achieve the world's highest productivity and efficiency standards, and to do so, the Board is sure that every employee is fully committed.

Our Strategic Plan gives a strong boost to sustainability issues, so as to take operations to a new excellence level in terms of the environment and also to take our employees' safety to the highest levels of the world mining industry, including our goal of zero fatalities or serious accidents.

The Board, which I have the honour to preside, is convinced that the Company has the people, capacities, organisational structure and financial flexibility to take advantage of current opportunities and continue creating value for shareholders in the medium and long term.

I would like to finish by stating our total commitment, together with the entire management team and employees, in order to succeed despite the enormous challenges Codelco will face in the coming years, in order to ensure that Chile continues to have the world's largest copper producing company with a world-class management.



GERARDO JOFRÉ M.

CHAIRMAN

# Chief Executive Officer's Review

I had the honour of taking over as CEO of Codelco on 19 May 2010, after I was appointed by its Board. During these months, I have led the main company of Chile, during a very positive and significant period, with deep transformations and progress in both the institutional and organisational structure and in management performance.

In terms of the institutional structure, the new Board assumed its role on 1 March, pursuant to the new Corporate Governance Law that incorporates the best practices of similar companies worldwide and to which are applied the rights, obligations, responsibilities and prohibitions under the Public Company Law.

On 11 May, the President of the Republic directly appointed three new Board members and named Gerardo Jofré Miranda as Chairman of the Board.

When I took over as CEO of Codelco, one of the first tasks we addressed was to ensure production, cost and profit goals were achieved in the short term, so as to benefit from the very favourable scenario of the copper and molybdenum market we experienced in 2010.

In fact, the London Metals Exchange copper price reached an annual average price of 342 ¢/lb, up 46% from 2009, mainly due to a strong demand for copper in China and other emerging countries amid supply constraints. Additionally, molybdenum prices increased from 24.5 US\$/kg in 2009 to 34.8 US\$/kg in 2010.

As a result of these higher prices and efforts to increase productivity and control costs, in 2010 Codelco generated US\$ 5,799 billion in profits, before taxes and Reserve Law tax.

Therefore, between 2004 and 2010, Codelco's profits totalled more than US\$ 44 billion, in 2010 currency. This significant amount is, in real terms, more than half of the total profits generated by the Company since 1976.

Own and subsidiary copper output totalled 1,689,000 metric tonnes of fine copper (mtf), in line with 2009 output. If Codelco's stake in El Abra Mine is included, output increases to 1,760,000 mtf. Hence, Codelco continues to be the world's top producer.

Direct cash cost (C1) was 104.4 ¢/lb, higher than 92.9 ¢/lb in 2009. This cost increase was influenced by higher remunerations due to incentives related to copper and molybdenum prices; the continued upward pressure on main input prices and a lower exchange rate affected local currency expenses.

As for work safety, in 2010 Codelco achieved the lowest accident frequency rate in the Company's history, 2.04 accidents per million hours worked. However, we had to regret the death of seven workers, three employees and four contract workers in four work accidents. This result evidences the need to redouble our efforts to eliminate from operations events that result in worker injuries or deaths, by adopting a new standardised safety system within Codelco, which we shall implement in 2011.

Codelco was from the very beginning actively involved in the rescue of the 33 miners trapped at the San José Mine, near Copiapó. In total, more than a hundred workers and professionals helped in the highly complex task, which was led by the Minister of Mining. We took pride in leading the technical team in charge of this task and in participating, together with other mining and service companies, in this great effort that will be recorded in the history of Chilean mining.

During 2010, Codelco worked with 2,243 goods suppliers, 1,292 service suppliers and 357 suppliers who provide both goods and services. The total amount assigned was US\$ 18.157 billion; this includes signing long-term electricity supply contracts (US\$ 12.303 billion) and fuel supply contracts (US\$ 1.807 billion).

Goods and services consumption was up 14% from 2009, due to new projects in operation, increased activity of our operations and price increase of an important number of goods and services.

During this period, in addition to benefiting from the favourable conditions of the copper and molybdenum market, we prepared a new Corporate Strategic Plan. A fundamental priority of this Plan is to implement the Structural Plans, based on the promised timeline, budget and quality, capacity and results. These are conditions required to ensure the long-term future of Codelco and to recapture the enormous potential of its deposits. The President of the Republic has expressed the Government's support to the Company's Investment Plans.

The implementation of the Structural Projects, which in addition to investments in other development projects such as mine development and deferred charges, replacement and refurbishment of our facilities, environment and safety and in other investments, required an unprecedented amount of resources in the history of Codelco. During 2010, for the fourth consecutive year, the Company made record capital investments: US\$ 2.616 billion.

In 2010, Codelco turned to the capital market to partially finance its Investment Plan and pay debt maturing during the year. In October, it sold 10-year bonds overseas for US\$1 billion, the lowest coupon ever for Latin American corporate bonds.

Progress of major projects during this period is as follows:

- > Completed implementation and start-up of the Rodomiro Tomic Sulphide Deposit Phase I, Andina Development Plan Phase I and Pilar Norte (El Teniente); these are key projects in order to meet our short and medium-term production goals.
- > Completed implementation and start-up of Gaby Phase II.
- > Implementation of the Ministro Hales Project approved by the Board.
- > Continued feasibility studies for the Chuquicamata Underground Mine, El Teniente New Mine Level and Andina Expansion Phase II projects.
- > Progress in technical and economic studies for the Radomiro Tomic Sulphide II.
- > Board agreed to revert the decision to close mining operations at Salvador Division (initially scheduled for December 2011), given the improved prospects of the copper market; started planning its medium-term operations, and identifying long-term development opportunities. Also at this Division, priority was given to the pre-investment study for the San Antonio Project.

From a long-term perspective, progress was made in the mining and exploration base. Mineral reserves (proven and probable) considered in the Business and Development Plan (BDP) 2011, measured in fine copper content, were up 8.4% from the BDP 2010, despite consuming around 1.7

million tonnes of fine copper as annual output in 2010.

In 2010, the exploration strategy was focused on brownfields, i.e., it looked for new reserves in the area next to mining deposits. The most important results were in the District of Andina, where significant molybdenum and copper sulphide mineralisation was found in a new district called Cerro Negro. These results suggest a very attractive potential.

In El Teniente District, mineralisation was found in two new zones by surface and underground drilling.

Internationally, the Company agreed joint ventures with Xstrata and Pan Brasil, in the Carajas mining district, which includes five mining property groups and we began exploration drilling at the end of the year.

Additionally, in Ecuador the Company continued prospecting within the framework of the Agreement with Enami EP, legal successor for this purpose of the Ministry of Mining and Petroleum, enabling Codelco to have access to an important number of areas of interest and maintain an active prospect portfolio.

In technology, Codelco has continued to look for and develop innovations in mining-metallurgical processes. During the year, the company invested US\$ 78 million in different projects, programmes, initiatives and contributions to technological subsidiaries in which it has a stake.

Key corporate programmes which showed important progress were: continuous underground mining, open-pit mining, mineral processing (efficient water and energy use), continuous



smelting operations, sulphide mineral concentrate bioleaching, in-situ mining and automation. Codelco continues to develop innovative solutions for mining through its technological companies BioSigma, IM2, Kairos Mining, MiCoMo, MIRS and Ecometales.

In 2010, another key priority for Codelco management and for its new Strategic Plan was the implementation of organisational changes, aimed at greater efficiency and focus on managing the different operations and businesses; more coordination and communication between the different corporate departments, and a structure suitable to successfully face future challenges.

Key changes were:

- › Creation of North Operations and Centre-South Operations Vice-Presidencies, and their main mission is to ensure safety and sustainable development, prepare and meet production and cost goals; and be the operational counterpart for development projects or alternatives.
- › Creation of Administration and Finance Vice-Presidency, as the only financial counterpart of the Company's operations and projects.
- › Restructuring of Codelco Norte Division, created Chuquicamata and Radomiro Tomic divisions in order to focus efforts and tasks of these operations that have different challenges.
- › Creation of Ministro Hales Division, in order to promote the development of the project, ensure a flawless start-up and operate the deposit based on the best management standards available in the industry.
- › Strengthening of the Human Resources Vice-Presidency, with emphasis on establishing a dynamic relationship with trade unions, talent attraction and retention, people recruitment and mobility, knowledge management, staff renewal and improvement of work practices.

Organisational changes required the appointment of new executives in senior management and staff for senior structures. This process was carried out through focused and selective searches for outstanding professionals in the national and international mining sector and by promoting our own professionals.

The average age of Codelco's workforce was 47, significantly higher than our competition. To address the challenge of an aging workforce and to move forwards in a generation renewal process, during the period the Workforce Early Retirement Plans were implemented for divisions and Head Office, which were agreed with the corresponding union leaderships. At the end of 2010, around 2,200 people opted for this programme, which considers knowledge retention measures for critical positions. Hence, the average age dropped to just over 45.

Another strategic priority is talent attraction, retention and management. In 2010, in this context, 245 critical positions were identified in the Company, and 124 correspond to the metallurgical-mining-geological area. In 2011, we hope to replace the number of exits, with a strategy that includes trainee, graduate, expert and emerging leader programmes. A common element in these programmes is to attract young talent.

As for labour relations, we reached agreements, without any conflicts, negotiated in collective bargaining with the trade unions at Salvador (Union A and Union B), Radomiro Tomic (Union B), Chuquicamata (Mining Union B) and El Teniente (Union A) divisions.

Additionally, we launched numerous initiatives to promote productivity and quality of work life, especially focused on educational, self-care, healthy eating and physical activity programmes. These programmes have resulted in lower absenteeism and overtime rates.

At Codelco, sustainability and social responsibility form an integral part of the Strategic Plan and its business management. To date, the Company has managed these areas based on a model that incorporates safety, occupational health, environment, territory, community management; as well as efficient use of natural resources and market defence and development.

In 2010, investments in occupational health and safety totalled US\$ 145.6 million and US\$ 61.6 million in environmental and decontamination projects.

Besides these projects, we have also made progress in this area:

- › In relation to the framework of the Global Programme for the Elimination of Silicosis from the world by 2030, Codelco held a seminar "Mining without Silicosis," in order to promote the Global Programme, review the current situation of Codelco's operations and consolidate a coordination authority to address this issue.
- › Reviewed and updated the Master Plan for Corporate Water Resources and created a specific programme to implement these resources at each Division.
- › Initiated Phase II of Cerro El Minero Mine Closure Plan (El Teniente Division), it includes the withdrawal, transfer and disposal of stable arsenic waste.
- › Reduced general inventory of the Company's liquid waste discharge: from 25 discharges in December 2009 to just 15 in 2010.
- › Continued implementing the Energy Efficiency Plan.
- › Approval of action plans to implement Corporate Glacier Strategy.
- › Compliance with the requirements set out by the European Union to allow the entry of chemical substan-

ces to that region (REACH) and the classification and labelling system of dangerous substances.

- › Updated life cycle inventory for key copper products.
- › Developed and updated corporate management of mine closure.
- › Divisions, explorations and Head Office developed more than 400 social projects, in alliance with public and private institutions, totalling more than US\$ 6 million.

Codelco has also continued to have a leading role in market promotion and development, strongly supporting the International Copper Association (ICA), the marketing arm of the copper industry.

An important milestone in 2010 was the creation and registration of the Antimicrobial Copper Cu+ brand, developed by ICA, highlighting the bactericidal properties of copper and promoting its use worldwide. Codelco's Head Office is the first building in Chile that incorporated copper Cu+ into touch surfaces in its public areas.

Through its subsidiary INCuBA, Codelco has consolidated this entrepreneurship for new copper uses in agriculture, having significant commercial and technological development, with 60 active systems in salmon farming and with clear growth potential in both Chile and abroad.

One of the most important achievements of this period was the develop-

ment of the Codelco Statement of Values and the revision of the Code of Conduct and Business Ethics, top priority documents within the organisation.

The final document of the Statement of Values, released in December, includes the values and principles that should guide Codelco management and each employee. In order to develop these values, Codelco carried out a highly participatory process, in which around 4 thousand employees were involved directly or through our intranet during the month of October.

The Code of Ethics and Business Conduct, among other components, has an associated Hotline to report anti-ethical actions that since October 2010, is publicly available through our webpage [www.codelco.com](http://www.codelco.com).

In brief, during 2010 the Company made important progress, practically in every management area, which shows its tremendous capacity as a company. We implemented significant changes in how we organise ourselves and address different tasks, which will enable us in 2011 to move forward at a faster pace and with clear and defined objectives.

I'm sure that, with the trust and support of the Board and its Owner, and with the commitment of each employee and professional, we shall continue developing our capacities and strengths to expand our leadership in the world copper industry. Therefore, Codelco will continue to increase its contribution to the development of Chile.



DIEGO HERNÁNDEZ C.

CHIEF EXECUTIVE OFFICER

# Board of Directors 2010



■ **GERARDO JOFRÉ MIRANDA**  
Chairman  
Business Administration,  
Pontificia Universidad Católica de Chile.  
RUT: 5.672.444-3

■ **FERNANDO PORCILE VALENZUELA**  
Deputy Chairman  
Mining Engineer  
Universidad de Chile.  
RUT: 4.027.183-K



■ **MARCOS LIMA ARAVENA**  
Director  
Industrial Engineer  
Pontificia Universidad Católica de Chile.  
RUT: 5.119.963-4

■ **MARCOS BÜCHI BUC**  
Director  
Structural Engineer  
Universidad de Chile.  
RUT: 7.383.017-6

■ **JORGE BANDE BRUCK**  
Director  
Economist, American University,  
Washington, USA.  
RUT: 5.899.738-2



■ **JUAN LUIS OSSA BULNES**  
Director  
Lawyer  
Pontificia Universidad Católica de Chile.  
RUT: 3.638.915-K



■ **ANDRÉS TAGLE DOMÍNGUEZ**  
Director  
Business Administration  
Pontificia Universidad Católica de Chile.  
RUT: 5.895.255-9

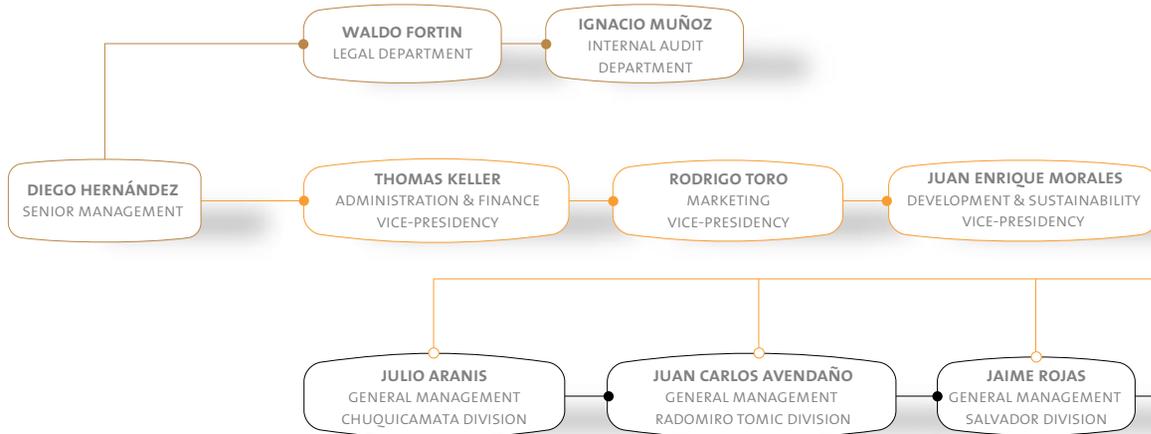


■ **RAIMUNDO ESPINOZA CONCHA**  
Director  
Electrical Technician  
Mine Engineering Studies  
Universidad Técnica de Antofagasta.  
RUT: 6.512.182-4



■ **JAIME GUTIÉRREZ CASTILLO**  
Director  
Electrical Engineer  
Universidad de Concepción.  
RUT: 6.772.588-3

# Senior Management



■ **DIEGO HERNÁNDEZ**  
CEO  
Mining Engineer  
RUT: 5.711.634-K



■ **THOMAS KELLER**  
Vice President  
Administration & Finance  
Business Administration  
RUT: 5.495.282-1



■ **RODRIGO TORO**  
Vice President  
Marketing  
Industrial Engineer  
RUT: 5.863.554-5



■ **JUAN ENRIQUE MORALES**  
Vice President  
Sustainability & Development  
Mining Engineer  
RUT: 5.078.923-3



■ **JULIO ARANIS**  
General Manager  
Chuquicamata Division  
Mining Engineer  
RUT: 9.969.428-9



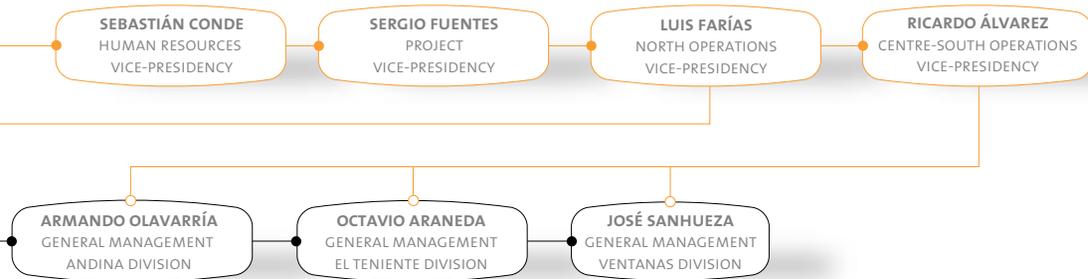
■ **JUAN CARLOS AVENDAÑO**  
General Manager  
Radomiro Tomic Division  
Mechanical Engineer  
RUT: 7.408.565-2



■ **JAIME ROJAS**  
General Manager  
Salvador Division  
Metallurgical Engineer  
RUT: 7.109.996-2



■ **ARMANDO OLAVARRÍA**  
General Manager  
Andina Division  
Mining Engineer  
RUT: 5.952.863-7



■ **SEBASTIÁN CONDE**  
Vice President  
Human Resources  
Economist  
RUT: 6.065.239-2



■ **SERGIO FUENTES**  
Vice President  
Project  
Mining Engineer  
RUT: 6.671.376-8



■ **LUIS FARÍAS**  
Vice President  
North Operations  
Chemical Engineer  
RUT: 4.183.149.9



■ **RICARDO ÁLVAREZ**  
Vice President  
Centre-South Operations  
Mining Engineer  
RUT: 6.689.778-8



■ **OCTAVIO ARANEDA**  
General Manager  
El Teniente Division  
Mining Engineer  
RUT: 8.088.228-9



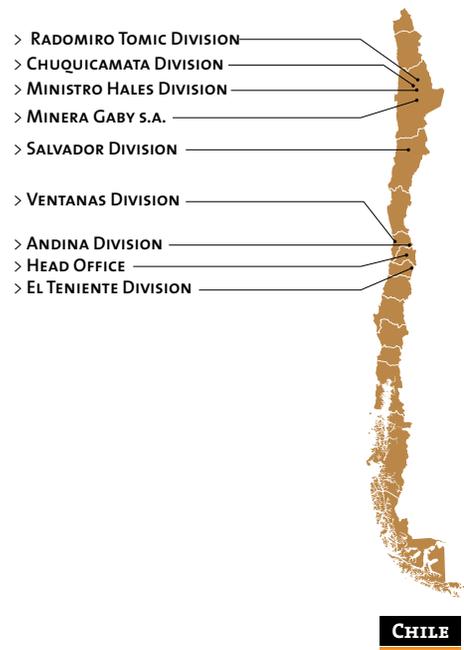
■ **JOSÉ SANHUEZA**  
General Manager  
Ventanas Division  
Metallurgical Engineer  
RUT: 6.525.034-9



■ **WALDO FORTÍN**  
Chief Legal Counsel  
Lawyer  
RUT: 4.556.889-K



■ **IGNACIO MUÑOZ**  
Chief Audit Executive  
Accountant  
RUT: 5.632.031-8



CODELCO HAS EIGHT OPERATIONS, LOCATED BETWEEN THE REGION OF ANTOFAGASTA AND THE REGION OF BERNARDO O'HIGGINS; ITS HEAD OFFICE IS IN SANTIAGO. IN 2010, THE MINISTRO HALES DIVISION WAS CREATED IN THE REGION OF ANTOFAGASTA, THE MINE IS UNDER CONSTRUCTION.

# Highlights

(US\$ BILLIONS)	2006	2007	2008	2009	2010
SALES	17.077	16.988	14.425	12.379	16.066
PRE-TAX PROFITS	9.215	8.460	4.970	3.948	5.799
TREASURY PAYMENTS	8.334	7.933	6.829	3.048	6.069
TOTAL ASSETS	13.033	15.186	13.707	18.254	20.279
TOTAL LIABILITIES <sup>(1)</sup>	8.505	10.442	9.831	13.811	15.748
EQUITY	4.528	4.744	3.876	4.443	4.531
CAPITAL EXPENDITURE	1.219	1.605	1.975	1.681	2.309
<b>COPPER OUTPUT (THOUSANDS OF FINE METRIC TONNES) <sup>(2)</sup></b>	<b>1.783</b>	<b>1.665</b>	<b>1.548</b>	<b>1.782</b>	<b>1.760</b>
<b>DIRECT EMPLOYMENT (AS AT 31 DECEMBER)</b>					
EMPLOYEES	17.936	18.211	19.300	19.359	19.347
CONTRACT WORKERS - OPERATIONS & SERVICES CONTRACTORS <sup>(*)</sup>	24.028	26.210	23.171	22.602	23.138
CONTRACT WORKERS - INVESTMENT CONTRACTORS <sup>(*)</sup>	8.620	17.079	15.627	24.556	18.103
<b>COPPER PRICE (USC/LB) (LME GRADE A CATHODES)</b>	<b>305.3</b>	<b>323.2</b>	<b>315.3</b>	<b>234.2</b>	<b>342.0</b>

BASED ON CONSOLIDATED FINANCIAL STATEMENTS. 2009 AND 2010 STATEMENTS ARE ALSO REPORTED IN CONFORMITY WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS).

<sup>(1)</sup> INCLUDES MINORITY INTEREST (UNTIL 2008).

<sup>(2)</sup> INCLUDES CODELCO'S STAKE IN EL ABRA MINE.

<sup>(\*)</sup> PROVIDE SERVICES UNDER SUBCONTRACTS (LAW 20.123).



**CHUQUICAMATA**  
Division



CHILE



Region of Antofagasta

ORE BODY	OPEN-PIT MINE
OPERATION	SINCE 1915
LOCATION	CALAMA, II REGION OF ANTOFAGASTA
PRODUCTS	ELECTRO-REFINED AND ELECTRO-WON CATHODES, AND COPPER CONCENTRATE
OUTPUT	528,377 METRIC TONNES OF FINE COPPER
WORKFORCE	7,569 EMPLOYEES AS AT 31 DECEMBER 2010



**RADOMIRO  
TOMIC**  
Division



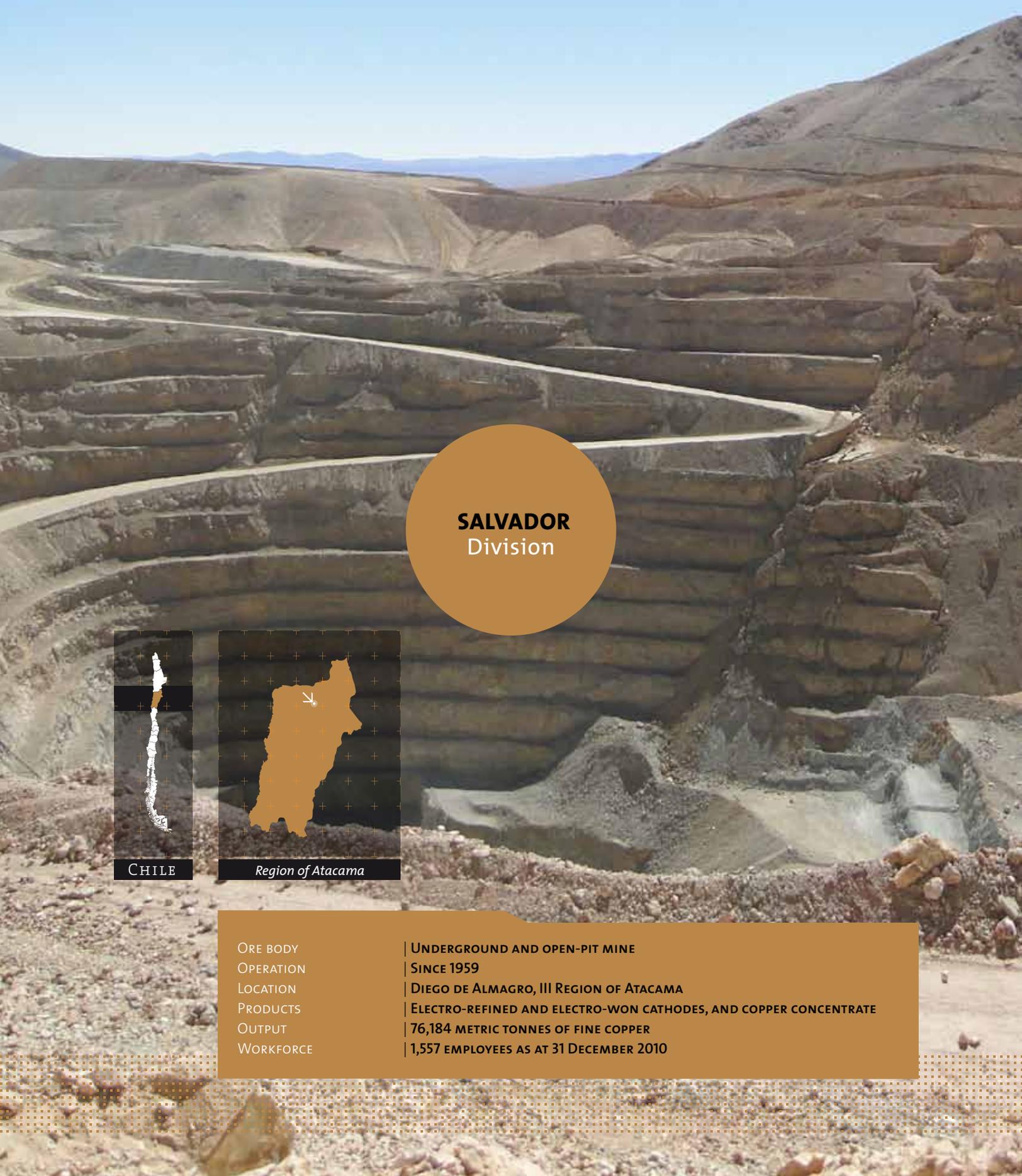
CHILE



Region of Antofagasta

ORE BODY  
OPERATION  
LOCATION  
PRODUCTS  
OUTPUT  
WORKFORCE

OPEN-PIT MINE  
SINCE 1997  
CALAMA, II REGION OF ANTOFAGASTA  
ELECTRO-WON CATHODES  
375,344 METRIC TONNES OF FINE COPPER  
820 EMPLOYEES AS AT 31 DECEMBER 2010



**SALVADOR**  
Division



ORE BODY	UNDERGROUND AND OPEN-PIT MINE
OPERATION	SINCE 1959
LOCATION	DIEGO DE ALMAGRO, III REGION OF ATACAMA
PRODUCTS	ELECTRO-REFINED AND ELECTRO-WON CATHODES, AND COPPER CONCENTRATE
OUTPUT	76,184 METRIC TONNES OF FINE COPPER
WORKFORCE	1,557 EMPLOYEES AS AT 31 DECEMBER 2010

Papudo 62  
Ventanas 23  
Quintero 22



**VENTANAS**  
Division



CHILE



Region of Valparaíso

ACTIVITY	REFINERY AND SMELTER
OPERATION	SINCE 1964, SMELTER; AND SINCE 1966, ELECTROLYTIC REFINERY
LOCATION	PUCHUNCAVÍ, V REGION OF VALPARAÍSO
PRODUCTS	COPPER CATHODES, GOLD INGOTS AND SILVER GRAINS
WORKFORCE	1,079 EMPLOYEES AS AT 31 DECEMBER 2010



**ANDINA**  
Division



CHILE



Region of Valparaíso

ORE BODY  
OPERATION  
LOCATION  
PRODUCTS  
OUTPUT  
WORKFORCE

| UNDERGROUND AND OPEN-PIT MINE  
| SINCE 1970  
| LOS ANDES, V REGION OF VALPARAÍSO  
| COPPER CONCENTRATE  
| 188,494 METRIC TONNES OF FINE COPPER  
| 1,664 EMPLOYEES AS AT 31 DECEMBER 2010



**EL TENIENTE**  
Division



CHILE



Region of Libertador  
General Bernardo O'Higgins

ORE BODY	UNDERGROUND MINE
OPERATION	SINCE 1905
LOCATION	RANCAGUA, VI REGION OF LIBERTADOR GENERAL BERNARDO O'HIGGINS
PRODUCTS	FIRE-REFINED AND COPPER ANODES
OUTPUT	403,616 METRIC TONNES OF FINE COPPER
WORKFORCE	5,430 EMPLOYEES AS AT 31 DECEMBER 2010



**Minera  
GABY S.A.**



CHILE



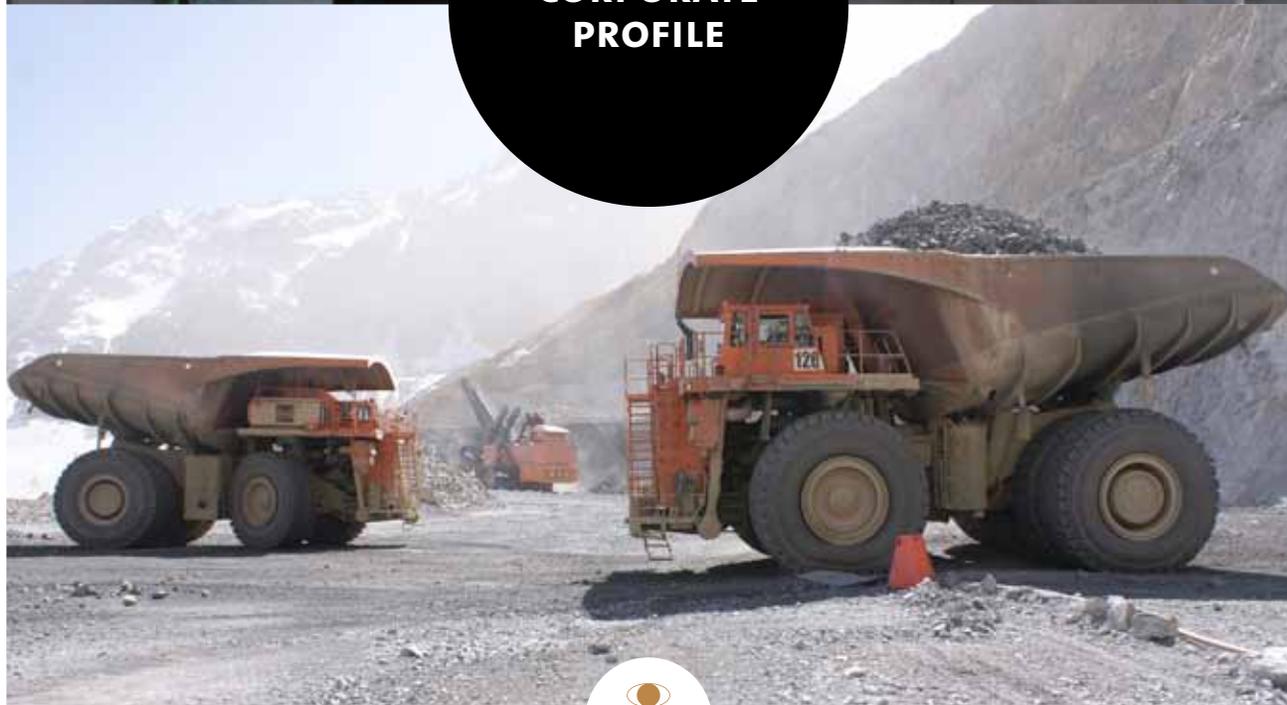
Region of Antofagasta

ORE BODY	OPEN PIT MINE
OPERATION	SINCE 2008
LOCATION	SIERRA GORDA, II REGION OF ANTOFAGASTA
PRODUCTS	ELECTRO-WON CATHODES
OUTPUT	117,052 METRIC TONNES OF FINE COPPER
WORKFORCE	398 EMPLOYEES AS AT 31 DECEMBER 2010

**RESPECT FOR PEOPLE'S LIFE AND DIGNITY** | IS A CORE VALUE.  
NOTHING JUSTIFIES TAKING UNCONTROLLED RISKS THAT THREATEN OUR HEALTH  
AND SAFETY | *CODELCO STATEMENT OF VALUES*



**CORPORATE  
PROFILE**





## CORPORATE PROFILE

Codelco is one of the world's top mining companies. It has the largest copper reserves in the world, it is at the forefront of knowledge and technology, and it has an organisation and a business model that promotes value creation. Its employees are competent and motivated to help build the company's future; and its executives are highly skilled.

Corporación Nacional del Cobre de Chile, Codelco, is the world's largest copper producer and one of the most profitable companies in the industry. It has US\$ 20.279 billion in assets and at the end of 2010 its equity totalled US\$ 4.531 billion. Its main commercial product is Grade A copper cathodes.

The Company has five mining divisions: Chuquibambilla, Radomiro Tomic, Salvador, Andina and El Teniente. Since May 2005, Ventanas Smelter and Refinery Division is Codelco's sixth division. As of May 2008, it incorporated Minera Gaby S.A., a 100% owned subsidiary. In 2010, it created Ministro Hales Division; its deposit is currently under construction. Codelco's Head Office is in Santiago.

Codelco also has a 49% stake in the copper company Sociedad Contractual Minera El Abra, and it also has a stake

in other mining ventures focused on geological exploration, both in Chile and overseas.

## Codelco sustains its world leadership in the copper industry based on six key pillars.

### Leading Presence

In 2010, Codelco produced 1,760,000 metric tonnes of fine copper, including its stake in El Abra mine. This is equivalent to 11% of the 2010 global mine copper output.

Additionally, the Company is one of the world's top producers of molybdenum; in 2010 it produced 21,677 metric tonnes.

### Copper Reserves

Codelco has the largest reserves and resources known on the planet. At current production rates, mining operations have an estimated useful life of 70 years.

### Stable and Diverse Customer Portfolio

Codelco has developed long-term relationships with a stable and geographically diverse customer base, includ-

ing some of the world's major manufacturing companies.

### Research and Technological Innovation

Research and technological development, integrated into the production processes, are pillars that sustain Codelco's competitive position.

From this perspective, innovation projects implemented by the company aim to significantly streamline the mining operation processes, causing a strong impact on efficiency, productivity, environmental care and protection, and also on worker safety. It also searches for new forms of mining, through technological breakthroughs.

### Financial Strength

Access to capital markets, both domes-

tic and international capital markets, easily and at competitive prices, significantly contributes to financing the Company's funding programme, and, therefore, it is an integral part of Codelco's long-term strategy.

A prudent funding policy, the good results obtained, the Company's competitive advantages and the favourable market outlook are reflected in the investment grade credit rating that Codelco has maintained consistently over time.

### Efficiency and Competitive Position

Codelco promotes initiatives and programmes at its mine operations in order to reduce production costs.

During 2010, direct costs (C1) at Codelco were up to 104.4 cents per pound of copper. C1 is the type of cost used in the world mining industry to compare efficiency rates between different companies.

### VISION

Codelco is the world's largest copper producer and the company that contributes the most to the Chilean economy.

### CREATION AND LEGAL FRAMEWORK

Codelco is owned by the Chilean State and it encompasses mining, trading and industrial activities. Decree Law No. 1,350 (1976) created Corporación Nacional del Cobre de Chile, Codelco Chile, that took over the management of large-scale mines nationalised in 1971.

Codelco reports to the Government through the Ministry of Mining and is governed by ordinary legislation, except for specific provisions included in the abovementioned decree.

Through Law 20,392, published in the Official Gazette on 14 November 2009, the Basic Bylaws of Codelco Chile (D.L. 1,350, 1976) and current mining property regulations (Law 19,137) were amended. It came into force on 1 March 2010.

### TRADE NAME

Corporación Nacional del Cobre de Chile.  
RUT (Fiscal ID Number): 61.704.000-K.

### MANAGEMENT

Until 1 March 2010, date when Law 20,392 came into effect, Codelco's executive and senior management was the responsibility of the Board and the CEO. Basically, the CEO was

the managing authority and the Board was the governing and overseeing authority.

The Board consisted of the Minister of Mining, who presided it; the Minister of Finance; three members appointed by the former President of the Republic; and two members also appointed by the former President of the Republic, based on a proposal presented by Codelco's workers' and supervisors' trade unions.

As of 1 March 2010, Codelco's Corporate Governance changed; therefore the management is undertaken by a Board consisting of:

- Three members appointed by the President of the Republic;
- Two members who represent Codelco employees, appointed by the President of the Republic based on separate shortlists of candidates, for each position, on the one hand presented by the Copper Workers' Federation and, on the other jointly presented by the Copper Workers' Federation and the National Association of Copper Supervisors, and
- Four members appointed by the President of the Republic, based on a shortlist presented for each position by the Senior Public Management

Council, with a favourable vote of four fifths of its members.

Codelco CEO is appointed by the Board who also delegate the powers required for his position. He is responsible for implementing the Board's agreements and overseeing all the company's productive, administrative and financial activities.

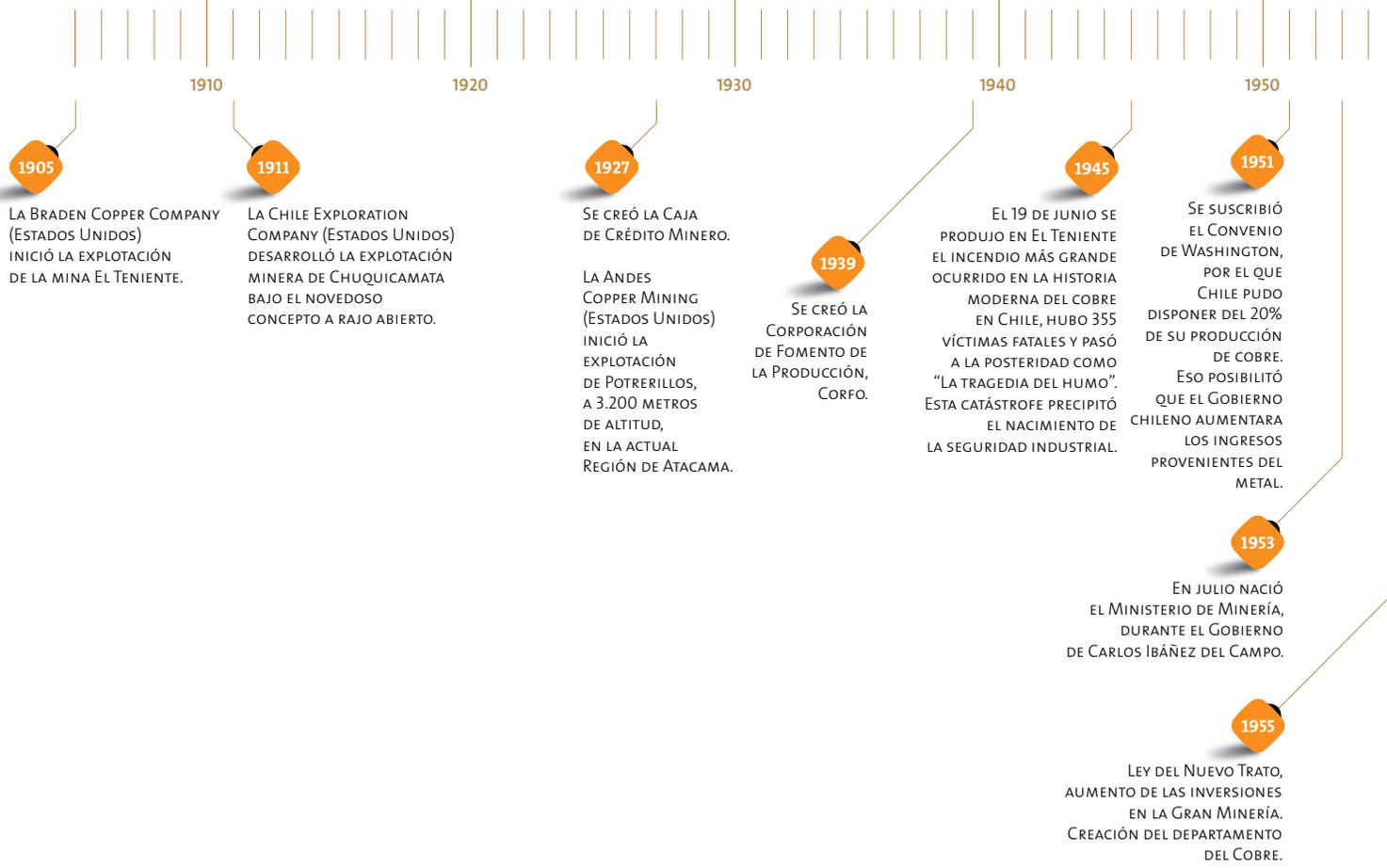
### BUDGET

Codelco's annual budget is approved by a Supreme Decree jointly issued by the Ministries of Mining and Finance.

### SUPERVISION

Codelco is overseen by Chile's National Comptroller's Office (Contraloría General de la República), through the Chilean Copper Commission.

The Company is registered with the Superintendency of Securities and Insurance (SVS), under No. 785. It is subject to the provisions under the Securities Market Law, and therefore has to submit to the SVS and the general public the same information that is required for all publicly traded companies.



**1905**  
LA BRADEN COPPER COMPANY (ESTADOS UNIDOS) INICIÓ LA EXPLOTACIÓN DE LA MINA EL TENIENTE.

**1911**  
LA CHILE EXPLORATION COMPANY (ESTADOS UNIDOS) DESARROLLÓ LA EXPLOTACIÓN MINERA DE CHUQUICAMATA BAJO EL NOVEDOSO CONCEPTO A RAJO ABIERTO.

**1927**  
SE CREÓ LA CAJA DE CRÉDITO MINERO.  
  
LA ANDES COPPER MINING (ESTADOS UNIDOS) INICIÓ LA EXPLOTACIÓN DE POTRERILLOS, A 3.200 METROS DE ALTITUD, EN LA ACTUAL REGIÓN DE ATACAMA.

**1939**  
SE CREÓ LA CORPORACIÓN DE FOMENTO DE LA PRODUCCIÓN, CORFO.

**1945**  
EL 19 DE JUNIO SE PRODUJO EN EL TENIENTE EL INCENDIO MÁS GRANDE OCURRIDO EN LA HISTORIA MODERNA DEL COBRE EN CHILE, HUBO 355 VÍCTIMAS FATALES Y PASÓ A LA POSTERIDAD COMO "LA TRAGEDIA DEL HUMO". ESTA CATÁSTROFE PRECIPITÓ EL NACIMIENTO DE LA SEGURIDAD INDUSTRIAL.

**1951**  
SE SUSCRIBIÓ EL CONVENIO DE WASHINGTON, POR EL QUE CHILE PUDO DISPONER DEL 20% DE SU PRODUCCIÓN DE COBRE. ESO POSIBILITÓ QUE EL GOBIERNO CHILENO AUMENTARA LOS INGRESOS PROVENIENTES DEL METAL.

**1953**  
EN JULIO NACIÓ EL MINISTERIO DE MINERÍA, DURANTE EL GOBIERNO DE CARLOS IBÁÑEZ DEL CAMPO.

**1955**  
LEY DEL NUEVO TRATO, AUMENTO DE LAS INVERSIONES EN LA GRAN MINERÍA. CREACIÓN DEL DEPARTAMENTO DEL COBRE.

## HISTORY

Copper has been one of the pillars of our economic and cultural development, even since before our existence as a nation. The indigenous cultures that lived in the Andean region, such as the Incas and Tiahuanacos, incorporated the red metal to make tools, utensils, and even alloys with other metals for their various ornamental and artistic expressions, creating part of the symbolic and material universe of these cultures.

The incipient copper metallurgy developed at the beginning of our Pre-Colombian history had a great cultural and economic influence on the Southern Cone, spreading the use of copper and its alloys. Archaeological findings bear witness to the influence of this metal at the time.

When the Spaniards arrived, copper had a strong influence on native South America. The Europeans were more interested in gold than in the

red metal. Nevertheless, during the colonial period, Chile had a small copper industry. In 1810, the year of our Independence, Chile produced 19,000 tonnes of copper. Between 1820 and 1900, 2 million tonnes were recorded. However, at the end of the 19th century, the boom of nitrate monopolised both interest and investors in the mining industry. In 1897, Chile only produced 21,000 tonnes of copper.

At the beginning of the 20th century, American capital was strongly invested in Chile to start mining copper deposits: this was the beginning of Large-Scale Copper Mining in Chile.

El Teniente mine began its operations in 1904 with the American Braden Copper Company, subsequently a subsidiary company of Kennecott Copper Corporation. In 1910, Chile Exploration Company started industrial operations at Chuquicamata. During the 1920s, the

Andes Copper Mining operations started at Potrerillos mine and then mined the Indio Muerto deposit, at El Salvador ore body.

In 1923, Chile Exploration Company was purchased by Anaconda Copper Company that also controlled Andes Copper, hence Chuquicamata and Potrerillos deposits (today Mina Vieja) were under the same management. In 1955, Cerro Corporation started studies that resulted in the construction and mining of Cerro Blanco mine, which was opened in 1970 (today Andina Division).

Mining camps began to be built around these mining deposits, such as Sewell—declared a World Heritage Site—Coya, Chuquicamata, Potrerillos, Mina Vieja, Llanta and today's city of El Salvador.

The Chilean State used to receive very little from copper mining until the



1960

1970

1980

1990

2000

1960

TRAS LA FUSIÓN DE LA CAJA DE CRÉDITO MINERO Y LA EMPRESA NACIONAL DE FUNDICIONES (ENAF), SURGIÓ LA EMPRESA NACIONAL DE MINERÍA, ENAMI.

1959

LA ANDES COPPER MINING (ESTADOS UNIDOS) DESCUBRIÓ UN NUEVO YACIMIENTO DE COBRE EN EL CERRO INDIO MUERTO, EN LA REGIÓN DE ATACAMA. HOY ES DIVISIÓN SALVADOR DE CODELCO.

1966

DURANTE LA ADMINISTRACIÓN DE EDUARDO FREI MONTALVA SE APROBÓ LA LEY DE CHILENIZACIÓN DEL COBRE Y SE CREÓ LA CORPORACIÓN DEL COBRE.

1970

LA SOCIEDAD MINERA ANDINA, A 80 KILÓMETROS DE SANTIAGO Y A 4.000 METROS DE ALTITUD, INICIÓ SUS OPERACIONES EN CERRO BLANCO.

1971

EL 11 DE JULIO, EL CONGRESO NACIONAL APROBÓ LA LEY 17.450 SOBRE LA NACIONALIZACIÓN DEL COBRE DE CHILE.

1983

SE PROMULGA EL CÓDIGO DE MINERÍA.

1976

EL 1 DE ABRIL SE CREÓ LA CORPORACIÓN NACIONAL DEL COBRE DE CHILE (CODELCO), UNIFICANDO EN UNA SOLA EMPRESA LOS YACIMIENTOS QUE ADMINISTRABA LA CORPORACIÓN DEL COBRE.

SE CREÓ LA COMISIÓN CHILENA DEL COBRE, COCHILCO.

1992

INTENSIVA EXPANSIÓN DE INVERSIONES Y PROYECTOS MINEROS PRIVADOS DE GRAN ENVERGADURA.

1997

SE INAUGURÓ LA DIVISIÓN RADOMIRO TOMIC, PRIMER YACIMIENTO PUESTO EN OPERACIÓN ÍNTEGRAMENTE POR CODELCO.

1998

SE CONSTITUYÓ EL CONSEJO MINERO, ENTIDAD QUE AGRUPA A LAS EMPRESAS DE LA GRAN MINERÍA DEL COBRE.

2008

EN MAYO INICIÓ SUS OPERACIONES LA MINERA GABRIELA MISTRAL.

Washington agreement was signed in 1951. It gave Chile control over 20 percent of copper production, enabling the Chilean government to significantly increase its earnings from copper mining.

As a result of the legislative work in relation to the red metal industry, in 1955 a series of laws were passed in order to guarantee minimum revenue for the Chilean State, and also to promote the development of the mining industry and capital investment in mining. On 5 May 1955, the Copper Department was created to oversee the national mining industry and to participate in the international red metal markets.

#### CHILEANISATION

In the context of the "Chileanisation of Copper", Law No. 16,425 was issued in 1966 creating joint venture companies between the Chilean State and foreign mining companies that mined deposits

of what is known as Large-Scale Copper Mining. Legislation set a minimum State interest of 25 percent.

In 1967, El Teniente, Chuquibambilla and Salvador mines became joint ventures, and the State acquired a 51% interest. In Exotica and Andina, the State acquired 25% and the remaining 75% was controlled by Cerro Corporation and Anaconda, respectively.

#### NATIONALISATION

In 1971, the National Congress unanimously agreed to amend Article 10 of the Chilean Constitution and the nationalisation of large-scale copper mining became a possibility. The same constitutional reform added a temporary provision setting forth that: "as required by national interest and in exercising the State's inalienable and sovereign interest to freely dispose of its natural resources and wealth, foreign companies involved in Chile's large scale copper industry are nation-

alised and hence declared to be wholly and exclusively owned by the Nation."

Hence Large-Scale Mining became wholly owned by the Chilean State. In order to manage these resources state-owned general partnerships were created with the Copper Corporation (95%), formerly the Copper Department, and Empresa Nacional de Minería (5%). The Copper Corporation was in charge of managing these partnerships.



2010

2010

**PRODUCCIÓN**  
1.760 MILES DE TONELADAS  
MÉTRICAS FINAS,  
EQUIVALENTE AL 11%  
DE LA PRODUCCIÓN MUNDIAL

**EMPLEO DIRECTO**  
60.588 PERSONAS

**EXCEDENTES**  
32.392 MILLONES  
DE DÓLARES  
ENTRE 2006 Y 2010

**CREACIÓN DE LA DIVISIÓN  
MINISTRO HALES**  
INICIO DE SU CONSTRUCCIÓN

### CODELCO

On 1 April 1976, Corporación Nacional del Cobre de Chile - Codelco Chile - was created. In conformity with Decree Law No. 1,350, Codelco took over the nationalised mining deposits, replacing the State General Partnerships which had been created for this purpose. As a result, the ore deposits at Chuquicamata, Exótica, El Teniente, Salvador and Andina were grouped together to form one mining, industrial and trading company, with legal capacity and equity capital, for an indefinite period of time.

Since 1982, the Codelco Chile Head Office is located at Huérfanos 1270, its current corporate address. The building was previously owned by the Private Employee Savings Bank (Caja de Empleados Particulares).

In relation to the new ore deposits, in 1997 operations began at Radomiro Tomic, the first deposit to be completely developed by Codelco. In 2003, Radomiro Tomic and Chuquicamata Division ore deposits and plants formed part of the new Codelco Norte Division.

In January 2005, Codelco acquired Empresa Nacional de Minería, property owned by the Ventanas Refinery – Smelter complex, in the V Region, and it became the new Ventana Division at Codelco.

In May 2008, the construction stage of the plant and related services was completed of what was then known as the Gaby project, a Codelco subsidiary, and the Gabriela Mistral Mine, located in the II Region approximately 100 km from the city of Calama, began operations. It is the second new mine operation completely developed by Codelco from its engineering and construction work to its start-up.

In 2010, Codelco Norte Division was divided into Chuquicamata Division and Radomiro Tomic Division in order to

focus efforts based on the different challenges. During this period, Ministro Hales Division was also created to develop and operate the Ministro Hales mine.

Today, in addition to Head Office and Project Vice-Presidency - a service unit with independent management - Codelco has seven divisions: Chuquicamata, Radomiro Tomic, Ministro Hales, Salvador, Andina, El Teniente and Ventanas, and it also has investments in other subsidiary mines. Codelco is the state-owned company that contributes the most to the State every year. During 2006-2009, this contribution totalled US\$ 26.593 billion; and in 2010, US\$ 5.799 billion.



**LEADER  
IN GLOBAL  
MINING**





## MINING RESOURCES AND ASSET MANAGEMENT

### BUSINESS AND DEVELOPMENT PLAN

Codelco prepares an annual Business and Development Plan that has short, medium and long-term projections.

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The Plan includes cost, expenditure and income flows, investments and funding generated during the period that, based on the Mining Plan, are required to extract all the mineral resources and reserves that sustain the business during the period covered.

A Triennial Plan is prepared based on the above plan, which is then put to the consideration of the Ministries of Mining and Finance under the terms specified by the new Corporate Governance in effect since 1 March 2010.

### MINE RESOURCES AND RESERVES

In conformity with standard industrial practices, Codelco divides its mineral inventory into geological resources, mineral resources and ore reserves.

Geological Resources (measured, indicated and inferred) are mineral concentrations identified and estimated through exploration, geological evidence and sampling. If the resources are of economic interest and present reasonable prospects for eventual

extraction, then they are known as mineral resources.

Reserves represent the measured and indicated mineral resources that are economically feasible for extraction, based on a productive, technological and sustainable scenario included in a mining plan.

In 2005, Codelco established a new criterion to divide Geological Resources, Mineral Resources and Ore Reserves for its deposits, through the Codelco Corporate Standard no. 31 revision 1 (NCC31). This standard is based on three main pillars: data quality, geological continuity and confidence in resource estimate.

This classification provides global measures, consistent across Corporate Divisions; a comprehensive and audit-

able monitoring of the classification process, and a control tool to determine the quality of the geological modelling and estimation process. The classification criterion for Codelco resources requires at least one sample drilling to define it as an inferred resource.

Therefore, Codelco has the same classification scheme at all divisions. This scheme is in line with the definitions in the Australasian Joint Ore Reserves Committee Code – JORC – (adopted by Codelco as referent), for mineral resources, proven and probable ore reserves and artificial deposits (ore stockpile and broken ore).

Artificial ore deposits consist of:

**Broken ore:** resource not extracted; remains of total or partial extraction in underground mining.

**Ore Stockpile:** remaining resources extracted and heaped into piles, as a result of past and future operations of open-pit mining; it depends on the cut-off grades in mining plan (short and long term). Stockpiles are also subdivided into tailings and spent ore.

<b>GEOLOGICAL RESOURCE INVENTORY</b> (Cut-off grade at 0.2% CuT)												
DIVISIONS	MEASURED RESOURCES		INDICATED RESOURCES		DEMONSTRATED RESOURCES		INFERRED RESOURCES		TOTAL IDENTIFIED RESOURCES			
	Mineral [Mt]	Cu Grade [%]	Mineral [Mt]	Cu Grade [%]	Mineral [Mt]	Cu Grade [%]	Mineral [Mt]	Cu Grade [%]	Mineral [Mt]	Cu Grade [%]	Fine Cu [Mt]	
RADOMIRO TOMIC	797	0.553	1,413	0.469	2,211	0.499	5,036	0.311	7,247	0.368	26.7	
CHUQUICAMATA	1,132	0.834	1,286	0.654	2,418	0.738	8,079	0.488	10,497	0.546	57.3	
MINISTRO HALES	236	1.059	168	0.943	403	1.011	935	0.915	1,339	0.944	12.6	
SALVADOR	536	0.550	674	0.437	1,210	0.487	1,505	0.410	2,715	0.444	12.1	
ANDINA	2,719	0.752	2,105	0.663	4,824	0.713	14,338	0.553	19,162	0.593	113.7	
EL TENIENTE	2,759	0.829	3,148	0.593	5,907	0.703	10,850	0.479	16,756	0.558	93.5	
GABRIELA MISTRAL	382	0.421	254	0.350	636	0.393	555	0.328	1,191	0.363	4.3	
EXPLORATIONS / BUSINESSES & SUBSIDIARIES	121	0.423	224	0.380	345	0.395	723	0.262	1,068	0.305	3.3	
<b>CODELCO</b>	<b>8,681</b>	<b>0.746</b>	<b>9,272</b>	<b>0.581</b>	<b>17,954</b>	<b>0.661</b>	<b>42,021</b>	<b>0.487</b>	<b>59,974</b>	<b>0.539</b>	<b>323.4</b>	

<b>RESOURCES IN ARTIFICIAL ORE DEPOSITS</b> (Cut-off grade at 0.2% CuT)			
DIVISIONS	ARTIFICIAL ORE DEPOSIT RESOURCES		
	Mineral [Mt]	Cu Grade [%]	Fine Cu [Mt]
RADOMIRO TOMIC/ CHUQUICAMATA	1,134	0.250	2.8
SALVADOR	1,248	0.182	2.3
EL TENIENTE	2,284	0.541	12.4
<b>CODELCO</b>	<b>4,667</b>	<b>0.374</b>	<b>17.5</b>

define a corporate development strategy, with a global and comprehensive outlook for all the available resources and an adequate balance between the plan's risk and profitability, by backing the quality of information obtained and quality of analyses, criteria and assumptions used in establishing the parameters for resources, reserves, designs, processes and technologies.

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Codelco also reports a geological resource inventory at a cut-off grade of 0.2% copper.

2010 geological resources were up 5.3% in fine copper compared to 2009, due to the incorporation of resources from explorations and joint ventures (Puntillas-Galenosa and Inca de Oro) and from increased resources at Andina, Radomiro Tomic and Miranda deposit in Chuquicamata Division. Demonstrated resources increased by 8.2%.

Resources from artificial deposits were down by 9.9% because inventory was measured and updated at practically all divisions.

The Business and Development Plan is based on the mining plan for the entire

life of mine. Therefore, it considers all of the mineral resources, i.e., proven and probable reserves, and also measured, indicated and inferred geological resources found during the studies in progress to confirm reserves.

The need to transform resources into reserves occurs gradually and increasingly over time, always preceded by proven and probable reserves (sustainability matrix). Hence, meeting the criteria set in the classification codes.

Codelco defined as sustainability matrix the reserve quality requirements that have to be complied by the Mining Plan of both the Exploration Plan and the Business and Development Plan throughout its scheduled timeline. The objective is to

The matrix defines the maximum risk or uncertainty in the Mining Plan of the Business and Development Plan. As the start-up stage gets closer, less risk is accepted and production during the early stage is mainly based on ore reserves (proven + probable).

The mining plan of the Business and Development Plan has to meet the ore reserve classification stated below:

RESERVES	YEAR 1-2	YEAR 3-5	YEAR 6-12	YEAR 13-20	YEAR 21-25	YEAR ≥26
	← Mineral Quality of Plan					
PROVEN	80%	70%	50%	20%	5%	-
PROBABLE	20%	30%	30%	25%	20%	-
RESOURCES IN MINING PLAN	-	-	20%	55%	75%	100%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



<b>2011 MINERAL RESOURCES– BUSINESS AND DEVELOPMENT PLAN</b> (Cut-off grade in Mining Plan)											
<b>DIVISIONS</b>	<b>MEASURED RESOURCES</b>		<b>INDICATED RESOURCES</b>		<b>DEMONSTRATED RESOURCES</b>		<b>INFERRED RESOURCES</b>		<b>TOTAL IDENTIFIED RESOURCES</b>		
	Mineral [Mt]	Cu Grade [%]	Mineral [Mt]	Cu Grade [%]	Mineral [Mt]	Cu Grade [%]	Mineral [Mt]	Cu Grade [%]	Mineral [Mt]	Cu Grade [%]	Fine Cu [Mt]
RADOMIRO TOMIC	742	0.547	1,053	0.469	1,795	0.501	737	0.410	2,532	0.475	12.0
CHUQUICAMATA	414	0.925	545	0.776	959	0.840	1,538	0.609	2,497	0.698	17.4
MINISTRO HALES	189	0.992	69	0.908	258	0.970	601	0.924	859	0.938	8.1
SALVADOR	98	0.531	114	0.528	212	0.530	70	0.473	283	0.516	1.5
ANDINA	1,943	0.817	1,343	0.723	3,286	0.778	2,248	0.782	5,534	0.780	43.2
EL TENENTE	686	1.087	808	0.920	1,494	0.997	2,175	0.782	3,669	0.869	31.9
GABRIELA MISTRAL	317	0.411	209	0.369	526	0.394	18	0.313	544	0.392	2.1
<b>CODELCO</b>	<b>4,389</b>	<b>0.795</b>	<b>4,141</b>	<b>0.684</b>	<b>8,530</b>	<b>0.741</b>	<b>7,387</b>	<b>0.716</b>	<b>15,917</b>	<b>0.730</b>	<b>116.2</b>

<b>ARTIFICIAL DEPOSIT RESOURCES IN MINING PLAN</b>			
<b>DIVISIONS</b>	<b>ARTIFICIAL ORE DEPOSITS RESOURCES</b>		
	Mineral [Mt]	Cu Grade [%]	Fine Cu [Mt]
RADOMIRO TOMIC	52	0.476	0.2
CHUQUICAMATA	780	0.167	1.3
MINISTRO HALES	43	0.358	0.2
SALVADOR	58	0.614	0.4
ANDINA	354	0.744	2.6
EL TENIENTE	508	0.630	3.2
GABRIELA MISTRAL	9	0.440	0.0
<b>CODELCO</b>	<b>1,804</b>	<b>0.440</b>	<b>7.9</b>

Mineral resources (2011 Business and Development Plan), that include identified mineral resources and stockpile/broken ore, had a positive variation of 1.4% in fine copper compared to the 2008 Plan after the mining plans were updated at all Divisions.

Output during the first 12 years is sustained nearly exclusively on proven and probable reserves; even though broken ore or stockpile are accepted in the mining plans, at maximum percentage of 20-25%, prior analysis of material origin and characteristics.

Ore reserves (proven and probable) in the 2011 Business and Development Plan was up 8.4% in fine copper content compared to the 2010 Plan, in spite of consuming approximately 1.7 Mt Fine Cu in the 2010 annual production.

The above indicates that Codelco has been able to replace the reserve consumption corresponding to its annual production plan (approximately 1,900,000 tonnes of fine copper on site), through an adequate exploration programme to transform resources into reserves.

This plan includes drill holes, analysis, interpretation and geological, mining and metallurgical modelling, as well as engineering and environmental impact studies.



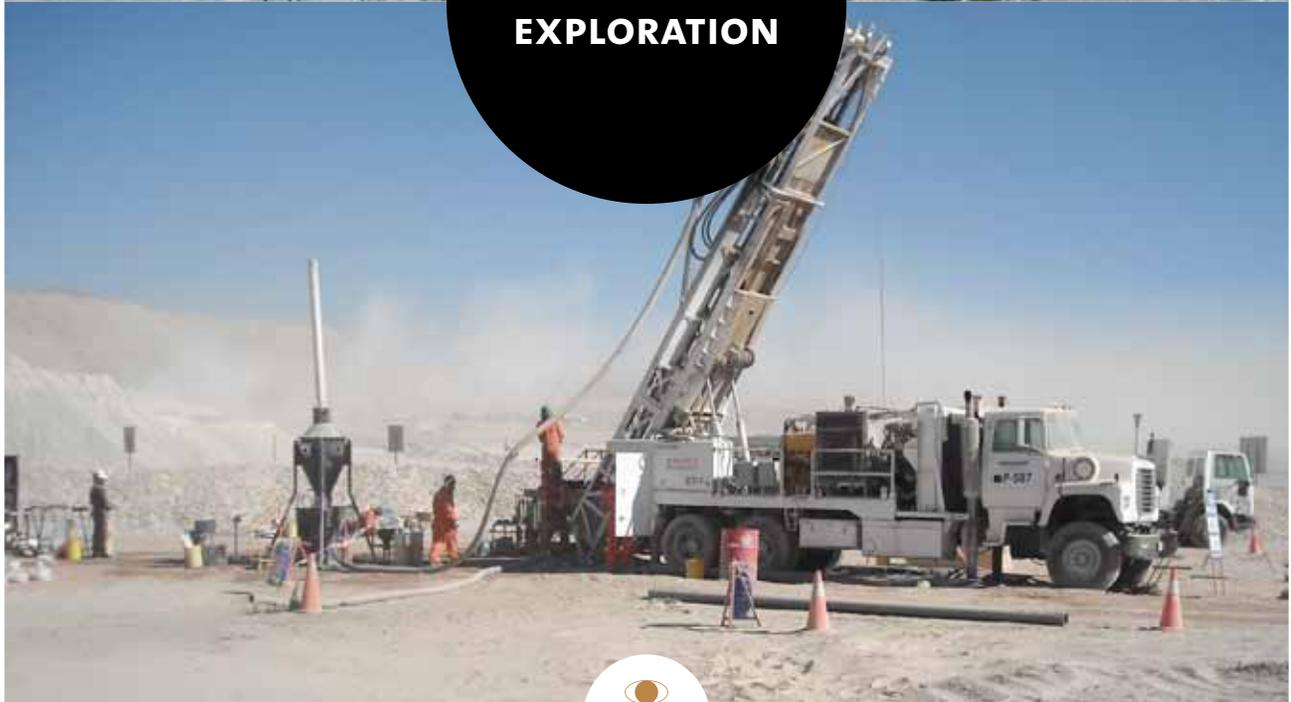
**ORE RESERVES – BUSINESS AND DEVELOPMENT PLAN 2011**  
(At cut-off grade in Mining Plan)

DIVISIONS	PROVEN RESOURCES			PROBABLE RESOURCES			TOTAL RESERVES		
	Mineral [Mt]	Cu Grade [%]	Fine Cu [Mt]	Mineral [Mt]	Cu Grade [%]	Fine Cu [Mt]	Mineral [Mt]	Cu Grade [%]	Fine Cu [Mt]
RADOMIRO TOMIC	340	0.544	1.8	1,456	0.491	7.2	1,795	0.501	9.0
CHUQUICAMATA	399	0.922	3.7	488	0.836	4.1	888	0.875	7.8
MINISTRO HALES	189	0.992	1.9	69	0.908	0.6	258	0.970	2.5
SALVADOR	98	0.531	0.5	114	0.528	0.6	212	0.530	1.1
ANDINA	1,072	0.871	9.3	1,483	0.704	10.4	2,555	0.774	19.8
EL TENENTE	686	1.087	7.5	808	0.920	7.4	1,494	0.997	14.9
GABRIELA MISTRAL	317	0.411	.3	209	0.369	0.8	526	0.394	2.1
<b>CODELCO</b>	<b>3,101</b>	<b>0.839</b>	<b>26.0</b>	<b>4,627</b>	<b>0.627</b>	<b>31.1</b>	<b>7,728</b>	<b>0.739</b>	<b>57.1</b>

**TEAMWORK** | WE FOSTER TEAMWORK, RESPONSIBLE PARTICIPATION  
AND CONTRIBUTION FROM DIFFERENT EMPLOYEE ORGANISATIONS  
AND EXPERIENCE | *CODELCO STATEMENT OF VALUES*



**MINERAL  
EXPLORATION**



## Codelco intensified its brownfield exploration in Chile, and had promising results in Andina and El Teniente divisions

### MINERAL EXPLORATION

In 2010, Codelco increased its brownfield exploration or the process of finding new ore bodies in the area within close proximity to ore deposits. The most significant results were obtained in the Andina District, with important deep-lying mineralised intersections, in the area known as Cerro Negro; and in El Teniente District, with good indication of copper mineralisation in two drilling areas.

Internationally, Codelco enhanced its exploration portfolio in Brazil; while in Ecuador, pursuant to the agreement with ENAMI EP, an Ecuadorian state-owned company, another exploration drilling with third-parties was included to the areas already under review, where prospecting will begin during the first half of 2011. The Company also continued to monitor and look for opportunities in other countries, especially in the Andean region.

Global investment in exploration grew – in response to high metal prices – totalling US\$ 11.2 billion – a recovery of almost 50% compared to investments in 2009.

Exploration expenses in Chile also increased. It maintained its third position in Latin America and globally, it climbed one position, from seventh to sixth. Therefore, Chile regained the position it held in the 2008 ranking, when metal prices were also high.

In 2010, Codelco invested US\$ 27 million in exploration and 60% of this amount was in brownfield or district exploration in Chile.

In 2010, within the framework of Law 19,137, a strong boost was given to transferring mining properties to Enami, in 22 prospects located between the 1st and 6th Region. A total of 70,188



hectares was transferred, equivalent to 28% of the total 252,658 hectares transferred since 1993 to date.

Some of these properties contain mineralisation which could be of interest to small scale mining; while for Codelco it means reducing expenses because it does not have to pay mining taxes.



The most important result in sustainable development was to achieve by October, 33 months and 1,580,000 worked hours without disabling injuries in employees and contractors, including operations in Chile and abroad. In October a lost time accident occurred, with minor consequences for the injured employee. These results are in the context of the safety action plan launched in 2008, which aims to instil a preventive work culture and to have zero accidents in exploration activities.

#### CHILE

The strategy to focus on brownfield exploration, which aims to add new reserves in the proximity of existing mine operations, concentrated most of the exploration drilling.

The most significant results were obtained in the Andina District,

where important mineralised intersections of molybdenum and copper sulphide were found in a new zone known as Cerro Negro, located to the east below the area currently developed in the Río Blanco section of the underground mine.

Results suggest a mineralisation potential that may exceed the size and quality of what was found at La Americana sector in 2009; its resources were more than 850 Mt of medium grade, 0.6 %Cu and 0.02 %Mo.

In the Andina District, an attractive exploration portfolio was defined, that as of 2011 will be the centre of a surface and underground exploration drilling campaign, including geophysical and geological studies.

The exploration programme for El Teniente District reached mineralised intersections in two new areas drilled

from the surface and underground operations. New drillings are scheduled for 2011 in order to confirm expected new resources in these areas, in an active brownfield exploration project boosted by the development of geological models and ideas which will be proven in 2011 and 2012.

In the exploration programme for Chuquicamata District, the Company explored new leachable mineral resources, finding interesting results in two areas, north of Radomiro Tomic mine.

Basic or greenfield exploration is included in Codelco's development strategy, which has reported important findings, such as the Gabriela Mistral deposit mined since 2008. In 2010, new areas were created and programmes were strengthened that aim to find large mineralised porphyry both in the north and centre of Chile.

Initiatives to develop new knowledge on exploration models focused on the application, integration and implementation of methods designed between 2008 and 2009 to explore covered zones in Chile, between the 1st and 6th Region.

New studies included preliminary assessment of lithium brine contained in the salt flats with mining property owned by Codelco and conceptual studies for new water resources in underground aquifers.





EXPLORATION JOINT VENTURES		
PROJECTS IN CHILE	PARTNER	TYPE
PASACA	RIO TINTO	COPPER
ANILLO	FORTUNA VALLEY	GOLD
PUNTILLA-GALENOSA	PUCOBRE	COPPER
LOS LOBOS	HOT CHILI	COPPER
NUEVA QDA. VALIENTE	CM MANTOS DE ORO	GOLD/COPPER
CUMBRE	ANTOFAGASTA MINERALS	COPPER
PROJECTS ABROAD		
BOM JARDIM	XSTRATA BRASIL	COPPER
BOA FÉ	XSTRATA BRASIL	COPPER
BACAJÁ	XSTRATA BRASIL	COPPER
LIBERDADE	PAN BRASIL	COPPER
CURIONÓPOLIS	PAN BRASIL	COPPER
GRUPO PROPIEDADES	ECUADORIAN MINISTRY OF MINES AND PETROLEUM	COPPER
EL PALMAR	EDGAR SALAZAR - ECUADOR	COPPER

DECEMBER 2010

Codelco has mining joint ventures with six companies. The different projects are: Pasaca, with Rio Tinto; Puntilla-Galenosa with Pucobre; Anillo with Fortune Valley Resources; Los Lobos with Hot Chili; Nueva Quebrada Valiente with Compañía Minera Mantos de Oro; and Cumbre with Antofagasta Minerals.

**BRAZIL**

In 2010, Codelco’s activities and exploration portfolio in Brazil increased as a result of work focused on finding and assessing new opportunities in property with potential to contain large mineralised bodies required by Codelco, in the well known Carajas mining district, State of Para; and also in the state of Rio Grande do Sul, Goiás and Mato Grosso.

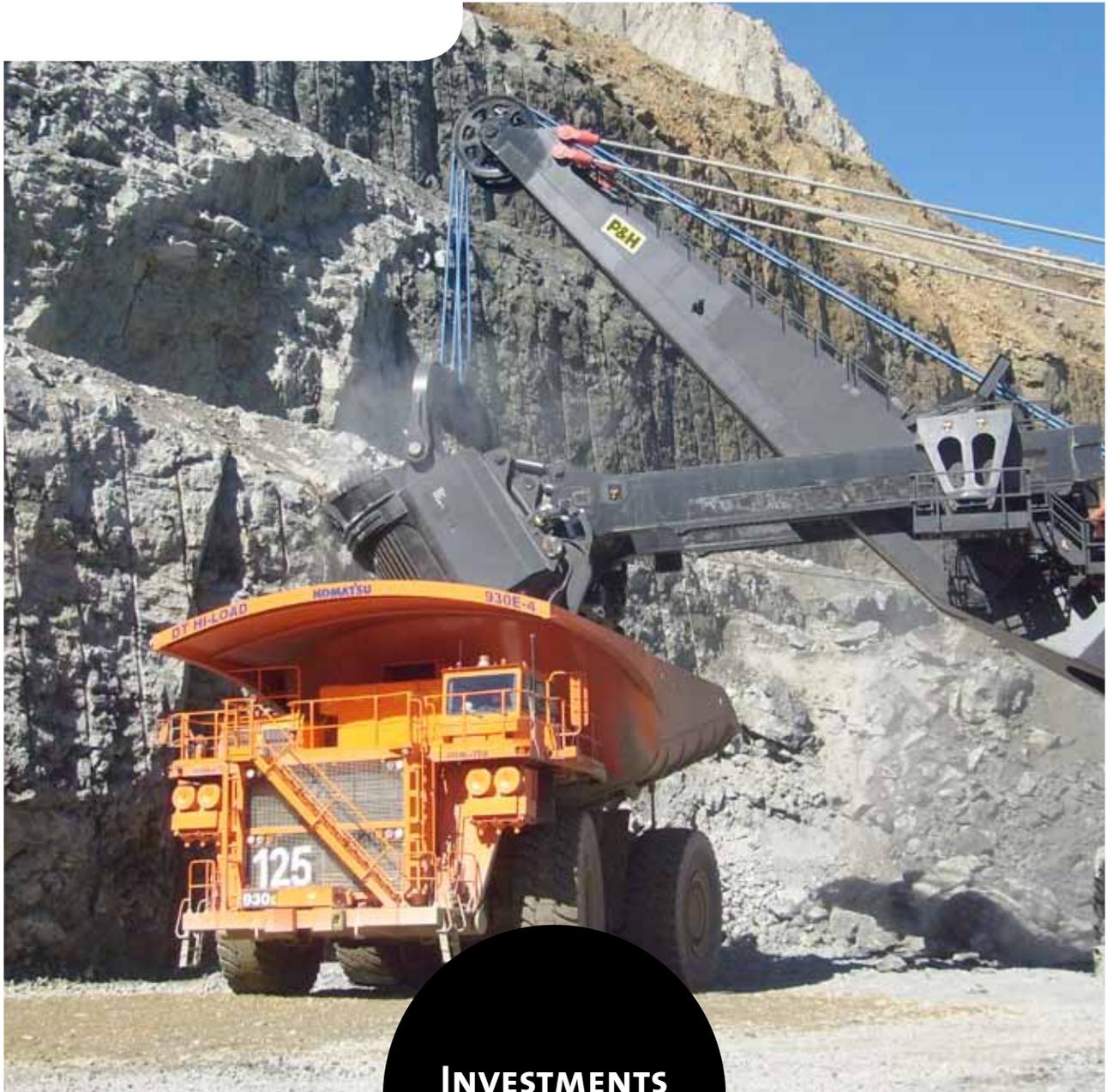
Additionally, joint ventures were entered into with Xstrata and Pan Brasil, in the Caraja mining district, that include five mining property groups. Test drilling began towards the end of 2010 and exploration is scheduled to be completed during 2011.

**ECUADOR**

In 2010, the Company continued prospecting in the framework of the ENAMI EP agreement, legal successor for this purpose of Ecuador’s Ministry of Mining and Petroleum, this enables Codelco to have access to an important number of areas of interest and maintain an active portfolio of prospects under consideration.

At the same time, contact with the private sector was stepped up, which ensured a lease-purchase agreement in El Palmar prospect, located 80 km north of Quito. In 2011, the initial exploration drilling will begin, once it has the environmental permit, required before carrying out any drilling.

**EXCELLENCE AT WORK** | WE STRIVE FOR EXCELLENCE IN EVERYTHING WE DO  
AND WE PRACTISE ONGOING IMPROVEMENT TO BE ONE OF THE BEST IN THE  
INDUSTRY | *CODELCO STATEMENT OF VALUES*



**INVESTMENTS  
AND PROJECTS**





## INVESTMENTS AND PROJECTS

In 2010, Codelco invested US\$ 2.616 billion in its project portfolio, a record capital expenditure.

40

Investment management for the period primarily focused on structural projects, which will significantly influence Codelco's long-term production, and on the implementation of projects to ensure the continuity of existing mine operations at all divisions.

In 2010, significant progress was made in the feasibility studies for four structural projects, currently underway:

- > Ministro Hales
- > Chuquicamata Underground Mine
- > New Andina -Phase II
- > El Teniente New Mine Level.

During the period under review, four projects commenced operations that significantly contributed to Codelco's copper output:

- > Sulphide Ore Extraction at Radomiro Tomic-Phase I
- > Gaby Project -Phase II
- > Andina Expansion Plan -Phase I
- > Extraction at Pilar Norte (El Teniente).

### 2010 INVESTMENTS US\$ millions (nominal currency)

TYPE OF INVESTMENT	US\$
EXPANSION PROJECTS	1,198
EQUIPMENT REPLACEMENT & FACILITY REFURBISHMENT	204
ENVIRONMENT, WORKPLACE SAFETY & WELFARE	209
RESEARCH AND STUDIES	282
GEOLOGICAL EXPLORATION	30
MINE DEVELOPMENT AND DEFERRED EXPENSES	599
OTHERS	95
<b>TOTAL</b>	<b>2,616</b>

Safety was another important management achievement during project work - assembly, industrial, electrical, at high altitude and mechanical work, and other high risk work – reflected in 22,580,000 hour worked, and the average workforce was 11,500 people, a 1.37 frequency rate and a 21 severity rate; this is the best performance in the project industry.

## CHUQUICAMATA DIVISION

STRUCTURAL PROJECT: CHUQUICAMATA UNDERGROUND MINE	
LOCATION	II REGION OF ANTOFAGASTA, DISTRICT OF CALAMA
OUTPUT	340,000 METRIC TONNES OF FINE COPPER & MORE THAN 18,000 TONNES OF FINE MOLYBDENUM PER ANNUM
PROJECT COMPLETION	END OF 2019

During the year, the Chuquicamata Underground mine project continued its feasibility study. In September 2010, it obtained the environmental authorisation for its implementation. The early construction work is scheduled for the second half of 2011.

This structural expansion will mine part of the resources located under the last open pit at Chuquicamata, that for almost 100 years has delivered wealth to Chile, but will no longer be profitable towards the end of this decade. Therefore, this strategic project has to transform the world's largest open-pit mine into an underground operation, with an output rate of 140,000 tonnes per day.

### Other Projects

As for investments to sustain the continuity of existing sulphide operations at Chuquicamata Division, the **Talabre Tailings Dam Wall Raising** project was completed in 2010. The tailings dam height reached 2,490 metres. This work was undertaken together with the prefeasibility studies that will ensure the long-term continuity of the Division's tailings storage systems.

The **Mina Sur North Expansion - Phase 9** project was started in the copper oxide production line at Chuquicamata Division, and a project was approved to remove old infrastructure that made it difficult to mine the south side of the mine.

Authorisation was also given to extend the tailings dumps at Chuquicamata mine; this initiative ensures continuity of the oxide processing and production lines. Furthermore, vehicles with new technology replaced part of its truck and shovel mining fleet.

### RADOMIRO TOMIC DIVISION

In June 2010, construction work was completed at the **Radomiro Tomic Copper Sulphide Mine - Phase I**, which was fast tracked in 24 months. Towards the end of 2010, the facilities and development work began commercial operations.

The project, which required a total investment of US\$ 370 million, includes a crushing system to haul mineral from the Radomiro Tomic mine to the concentrator plant at Chuquicamata with a nominal capacity of 100,000 tonnes of sulphide ore per day. As a

result, the Chuquicamata concentrator (approximately 8 kilometres from Radomiro Tomic mine) will be able to maintain its full capacity during the Chuquicamata transition period from open-pit to underground mine.

Considerable progress was made in the technical and economic studies on the significant amount of mineral resources available at the Radomiro Tomic deposit; the information will be used to mine the sulphide minerals included in the **Radomiro Tomic - Phase II project**.

In 2010, key investments were also made to replace mining equipment at the mine, especially trucks and shovels with new technologies. Furthermore, the expansion of the tailings dumps at Radomiro Tomic mine was approved.

## MINISTRO HALES DIVISION

STRUCTURAL PROJECT: MINISTRO HALES MINE	
LOCATION	II REGION OF ANTOFAGASTA, 5 KILOMETRES NORTH OF CALAMA
OUTPUT	160,000 METRIC TONNES OF FINE COPPER CONTAINED IN CALCINE (HIGH-GRADE COPPER CONCENTRATE); & 300 TONNES OF SILVER PER ANNUM
PROJECT COMPLETION	END OF 2013

In July 2010, the **Ministro Hales Mine** structural project obtained its environmental permit. In December, it was at an early stage of construction that will be completed by mid 2011.



The project includes extracting and treating ore from the mine - formerly Mansa Mina mine - that will provide fine copper and silver; this output will position Codelco among the world's largest silver producers. It is a porphyry copper deposit and contains 1.059 million tonnes of mineral, total copper grade of 0.95% and a high silver and impurity content.

This project also involves pre-stripping scheduled to begin during the second quarter of 2011. The pre-stripping volume will be more than 136 million tonnes per year during the first periods. For this purpose it will use large-scale and state-of-the-art mining shovels and trucks.

Other work included are the concentrator plant that will process 50,000 tonnes of mineral per day and a concentrate roaster facility (toaster, acid plant and effluent treatment plant), incorporating state-of-the-art technology to abate impurities and to control the environmental impact.

In community management, Ministro Hales Division has developed a plan to effectively integrate into the Calama, given its proximity to the city, so as to positively influence their welfare and quality of life.

#### MINERA GABY S.A.

In November 2010, construction work was completed for the **Gabriela Mistral Mine -Phase II** project; it incorporated a third crusher line and it expanded the plants heap leach process, increasing its mining and treatment capacity to offset the expected lower nominal copper grade.

As a result of this initiative, the annual output of this subsidiary, wholly owned by Codelco, will increase from an average of 150,000 to 170,000 tonnes of fine copper per annum. The expansion required a US\$ 230 million investment and its start-up and production ramp up was towards the end of 2010.

During the year, early construction and feasibility studies were authorised for the **Secondary Leaching** project to recover copper contained in the leached ore from Gabriela Mistral mine.

#### SALVADOR DIVISION

In consideration of the better long-term prospects for the copper market, in 2010 the Board agreed to go back on its decision to close the Division's mining operations, initially scheduled for December 2011. The Division was

authorised to plan its operations in a medium-term outlook and identify more long-term development opportunities.

In 2010, the pre-investment study for the San Antonio - Oxide project was speeded up; it will give continuity to Salvador Division's production. The project will process the oxidised ore leftover from the old Potrerillos mine (today Mina Vieja), located 8 kilometres southeast of Potrerillos, at around 3,200 metres above sea level. During the period, the prefeasibility study was undertaken and should be completed during the first half of 2011.

The project is designed for an open-pit mine which will include a crushing plant; haulage via a conveyor belt system, and electro-winning, solvent extraction and leaching plants, located 9 kilometres away at Potrerillos.

It is estimated that the mining operations will have a maximum output of 60,000 tonnes of fine copper per annum, over a period of almost 12 years. The sulphuric acid from the Potrerillos Smelter will be used at the San Antonio Oxide operations, as well as other synergies with the Division, such as services and supplies.



Additionally, a first assessment of primary sulphides at the San Antonio deposit was carried out. The results showed more than 900 million tonnes of copper, average grade at 0.5%; therefore it has high potential to implement a new project.

During this period, the following projects were completed: Increased Capacity of Pampa Austral Tailings Dam and Thickener Upgrade at Concentrator Plant.

Studies were also carried out to update its automated control system and other automation studies for some of the unit operations in the underground mine.

In 2010, at the smelter-refinery complex the Replacement of Rectifiers 1 and 2 at the Electrolytic Refinery project was started; and in September, the Fugitive Gas project was completed. At the end of the year, the approval process began for the Slag Cleaning project feasibility study, which aims to significantly increase smelter recovery.

**ANDINA DIVISION**  
**NEW ANDINA - PHASE I**

During the period, construction work was completed for Andina Expansion -

Phase I project, which involves expanding its mining and processing capacity from 72,000 tonnes per day to an average 94,000 tonnes per day.

The project required a nominal investment of US\$ 1.134 billion; and towards the end of 2010, it was close to reaching its design capacity. This expansion gave the Division a new crush/grind/float line in the underground concentrator, increasing annual output by 70,000 tonnes of fine copper.

**NEW ANDINA - PHASE II**

STRUCTURAL PROJECT; NEW ANDINA-PHASE II	
LOCATION	V REGION OF VALPARAÍSO, DISTRICT OF LOS ANDES
OUTPUT	380,000 TONNES OF FINE COPPER PER ANNUM
PROJECT COMPLETION	END OF 2018

During the year, progress was made in the studies for New Andina -Phase II project, which is a production and processing capacity expansion and should deliver an additional 150,000 tonnes per day, up from the current 94,000 to 244,000 tonnes per day. This expansion is sustained on the basis of the mineral wealth of the ore body; its geological resources are estimated at 114 million tonnes of fine copper.

### Other Projects

The Division will need significant investments to prevent future contact of fresh water with the waste dump. The construction of the **Rio Blanco Bypass Tunnel** project is underway and is scheduled to be completed by the end of 2011.

In 2010, the prefeasibility study was completed that provides a solution to drainage water management in the future **North Waste Rock Dump** (currently in its feasibility stage and recently authorised to start early construction work).

In October, the implementation of the **Andina Power System Backup** project was completed and progress was made in the **Water Standardisation - Stage I** project.

### VENTANAS DIVISION

One of the projects authorised during the year was the **Construction of Ponds** and a **Water Recycling System** that practically eliminates discharging process water into the sea. This is another initiative included in the environmental improvement programme implemented by the Division in recent years.

The prefeasibility study for the **Ventanas Refinery Capacity Expansion** project, which will increase cathode output from 400,000 to 585,000 tonnes per year, was also completed. It was recommended to move onto the project feasibility stage. If the recommendation to expand the Ventanas Refinery is confirmed, then the project feasibility study will be undertaken.

Equipment refurbishment or replacement was authorised: **Replacement of the Rectifier Transformer No. 2** to support the continuity of operations. Furthermore, in the innovation project portfolio, the industrial automation test was approved to remove starter sheets in refinery.





**EL TENIENTE DIVISION**

STRUCTURAL PROJECT: NEW MINE LEVEL	
<b>LOCATION</b>	VI REGION OF LIBERTADOR BERNARDO O'HIGGINS, DISTRICT OF RANCAGUA
<b>OUTPUT</b>	430,000 METRIC TONNES OF FINE COPPER PER ANNUM
<b>PROJECT COMPLETION</b>	2017

In 2010, the **New Mine Level** project made significant progress in its feasibility study, scheduled to be completed during the first half of 2011. Progress was also made in the construction work related to the emergency exit ramp and main entrances.

The new mine ensures another 50 years of operation, maintaining current fine copper output levels and also generating important long-term growth.

With this project, the Division will mine 2.5 billion tonnes in reserves,

located at a deeper level in El Teniente mine (1,880 metres above sea level), with an average copper grade of 0.4%.

The structural project will process about 137,000 tonnes of ore per day, equivalent to an output rate of 430,000 metric tonnes of fine copper per year, and there would still be the option to start the expansion work that will be required to process 180,000 tonnes of ore per day by 2020.

The project includes panel caving mining, applying a level scheme: caving,

production, ventilation, hauling and grinding, where the mineral ore is hauled to the surface on a conveyor belt system to the Colón concentrator.

**Other Projects**

In 2010, the **Pilar Norte Mine** was launched, which will deliver 17,000 tonnes of ore per day. This production will replace depleted zones within the mine and improve its competitiveness, at an average copper grade of 1.32%, one of the highest in Codelco. At full



production, Pilar Norte is expected to produce approximately 75,000 tonnes of fine copper per annum. The total investment was US\$ 140 million. Pilar Norte production, highly automated, is monitored from a control room located in Rancagua, more than 50 kilometres from the mine.

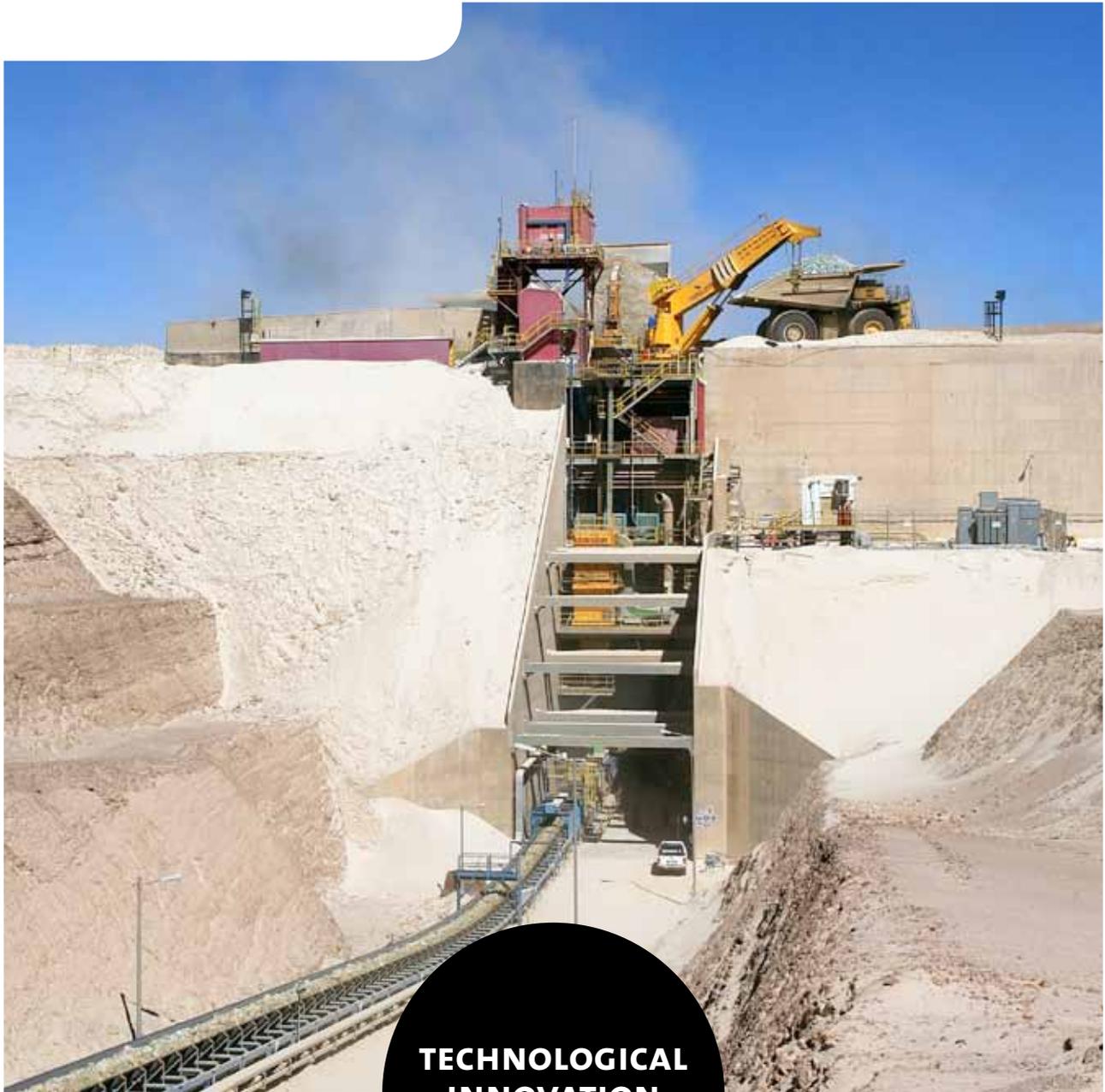
**Diablo Regimiento Mine -Phase III** project is in full implementation, this mine replaces 10,000 tonnes per day of the output capacity of El Teniente mine and it is expected to start operations by mid 2012. It estimated output rate per annum is about 30,000 tonnes of fine copper by 2014.

As part of the replacement strategy of the Division's mining zones, in 2010 early work and continuation of the feasibility study for the **Rajo Sur** project was authorised; it includes opening an open-pit mine in the mountains. Ore treatment will be carried out at the Sewell concentrator facilities.

In pre-investment studies for replacement projects in depleted mine zones, the following projects were completed: **Dacita** and **Pacífico Superior** prefeasibility studies and the **Diablo Regimiento-Phase IV** zone feasibility study.

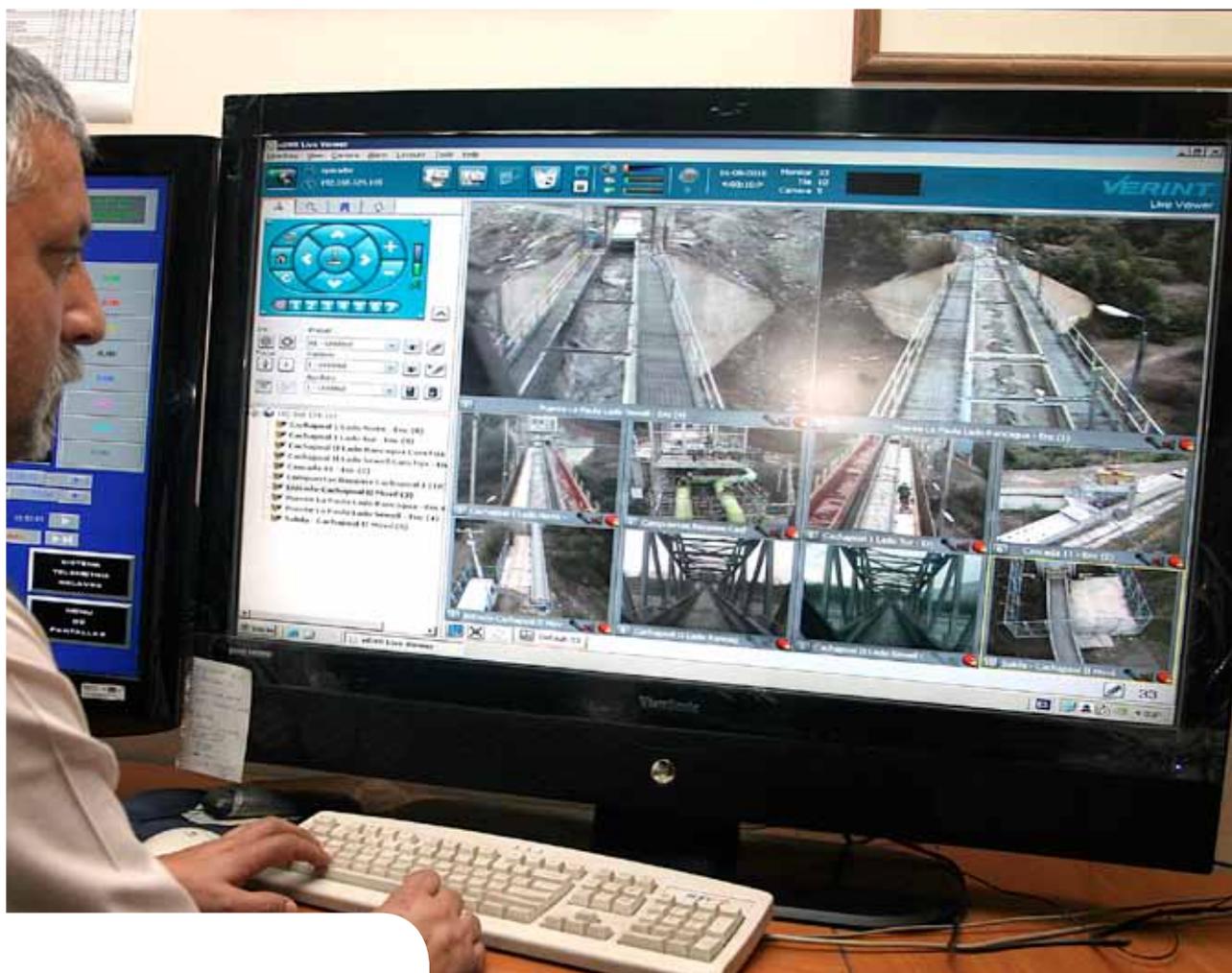
The **Carén Dam Wall Raising Stage V** project is another project to ensure the continuity of operations; it is expected to extend its useful life until 2015.

**INNOVATION** | WE ARE A CREATIVE COMPANY, INNOVATING  
TO GENERATE NEW KNOWLEDGE, CREATE VALUE AND IMPROVE  
OUR LEADERSHIP | *CODELCO STATEMENT OF VALUES*



**TECHNOLOGICAL  
INNOVATION  
AND RESEARCH**





## TECHNOLOGICAL INNOVATION AND RESEARCH

The ongoing search for and development of technological innovations is a strategic activity for Codelco. The incorporation of new technologies in the mining-metallurgical processes aims to increase productivity, improve safety at work and ensure the protection of the environment.

In 2010, Codelco invested US\$ 78 million in various corporate technological programmes and projects; in the framework of technological research and development, and innovation initiatives. This also includes projects developed by Codelco subsidiaries and related companies.

The most significant progress during the period was as follows:

### TECHNOLOGICAL DEVELOPMENT

Corresponds to multi-year initiatives aimed to solve specific and key challenges for Codelco.

#### Underground Mining

The main objective is to significantly improve productivity of block caving and its employment in Codelco's new projects.

Since 2000 the Company has developed four lines of research:

- > Pre-condition,
- > Transition mining,
- > Mining preparation and
- > Continuous mining.

Pre-condition aims to modify the rock characteristics, applying a combination of hydraulic fracturing and blasting with explosives. In 2010, key activities were the blast test and evaluation at El Teniente Division and 2011 blast plan preparation for blasting at 200 metres above sea level at Andina Division. Data gathering was also completed, consolidating all the information acquired during the last 10 years.

Transition mining focused on preparing the application test for the Sizer equipment at El Teniente Division in 2011, this includes construction, equipment procurement and test protocols.

Metallurgical validation studies were also carried out on the Sizer crushing equipment, based on the results obtained at Andina Division in 2010.

In mine preparation, prefabricated

frames to reinforce the extraction points were tested and are currently being assessed to see their behaviour in operating conditions underground. As for rapid tunnel development, the complete section equipment application was conceptually assessed.

Together with supplier companies, the conceptual design of the equipment was developed for a complete section and it was agreed that its experimental application would be used in Codelco divisions and projects.

Codelco considers the future development of low-cost, high yield and eco-friendly, automated continuous underground mining. In 2010, continuous mining focused on selecting a sector at Andina Division to apply its mass implementations. The associated basic and conceptual engineering study was developed and completed in March 2011. Secondary blasting equipment was looked for in order to ensure the flow of mineral ore during the operation. Furthermore, basic engineering was carried out for equipment that safely locates and installs charges in the rock, which was one of the solutions studied for chained rocks, that are

currently a risk to the operation and the material-managing equipment is less productive.

### Open-Pit Mining

In the medium term, the aim is to develop and validate theoretical blast designs, slope engineering and industrial assessment of autonomous transport initiatives.

In 2010, work was jointly undertaken with Acumine, an Australian company, on the conceptualisation of **Automated Open-Pit Mining** and resources were requested to implement the first stage of the project, scheduled to start in 2011.

Furthermore, the **Acumine-Micomo Collision Avoidance System** began to be applied at an industrial level on the entire Andina Division mine fleet, to significantly improve safety at the operations. The system was installed in ten machines at Radomiro Tomic mine as a pilot test.

The Company worked jointly with its subsidiary IM2 assessing the impact of **Vertical Slope** technology, applied in a section of the Mina Sur mine, in the Chuquicamata's transition from an open-pit mine to an underground mine and in Toqui Mine at Chuquicamata Division. In the cases analysed, there is a potential impact on the projects' profitability and output capacity.

### Mineral Processing

In 2010, focus was on the efficient use of energy and water and on increasing mineral recovery.

In comminution technologies, an Electrodynamical Control Ball for SAG Mill was designed, built and tested; it monitors online the grinding component movements inside the machinery, improving process control. This invention is currently being patented.

Another initiative was the lab scale assessment of an electrodynamic fracturing technology that had promising results; it aims to significantly reduce energy consumption in the comminution process.

A semi-pilot test was also implemented in a Loesche mill, in Germany. The technology being tested is based on mineral attrition with rotating components. Tests were carried out on mineral ore and slag samples. The results, which demonstrated an important reduction in energy consumption, have to be validated at a larger scale.

Studies were undertaken to determine the Seismic Stability of the Carén Dam at El Teniente Division. The idea was to put paste on the tailings dump. The study involved taking samples from different places in the dump, and modelling the stability conditions under different applications. The results showed that it is safe to use paste in the Carén dam.

Additionally, using tailings at the Division, thickness tests were carried out at a pilot plant in the dam. Results showed that the thickening technology increases solids to 66%, with the consequent water recovery and improved efficiency of the tailings dams.

As for optimised mineral recovery, Andina Division assessed the Molybdenum Recovery technology at industrial level, by injecting emulsified flotation reactive in micro-bubbles.

### Concentrate Smelter

In the Continuous Smelting programme, important progress was made in the continuity and integration of pyrometallurgical processes. Based on fluid-dynamics and metallurgical models, an operational methodology was structured at the Potrerillos smelter, to apply a continuous fusion process at El Teniente converter and semi-continuous cleaning in the slag cleaning furnace.

Additionally, progress was made in developing devices to measure variables in the line process, such as phase level, magnetite and copper sensors. The analysis covered conversion operating practices in use at the Chuquicamata and Caletones smelters, as well as the corresponding theoretical support, it opens the way to continue developing continuous anode refining technology.

### In Situ Mining

In 2010, the impact of using confined blasting in a deposit was assessed to improve permeability of solutions through rock and its effect on the process. The results showed improvement in rock permeability.

A **Phenomenological Model** was validated, that forecasts and estimates parameters and determines the technical feasibility of the process. A case study was also carried out at Salvador Division, where the economic benefit of implementing **In-Situ Leaching** technology using confined blasting was assessed.

### Remaining Resources

Engineering studies undertaken in order to validate the geological-mining-metallurgical base and assess the viability of extracting the remaining resources in the Inca deposit at Salvador Division. 16,000 metres of ascending reverse circulation drilling were completed and enhancements were made to the mass balance methodology in order to speed up the validation of the broken ore model.

Additionally, mine planning studies were carried out to assess the interference of the future open-pit mine with the current underground plan, in order to define mining scenarios with more economic-technical potential.

### Water Treatment

A pilot test programme was developed to validate the **Sulphate Abatement** technologies for sulphates contained in water.

The project was centred in Andina to treat infiltrated water. A test was applied using bio-reduction technology, applied by the Dutch Company Paques; and technologies provided by Veolia and Harrison Western were chosen to start work on the pilot plants. The goal is to have a validated technology to abate sulphates.

### Intellectual Property

An **Intellectual Property Protection Management System** was implemented in the Company. It is a computer system that records and monitors the in-house patent procedure and the



external process at the Instituto Nacional de Propiedad Intelectual, INAPI. Thereby it keeps track of actions and authorisations, and it has a high security level as well as restricted access since it deals with the Company's confidential information.

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A **Technological Development Assessment Manual** was prepared that sets out the procedures to assess any innovation proposal.

**SCIENCE AND TECHNOLOGY**

Codelco has developed an approach focused on developing alliances with leading R&D companies and organisations, both in Chile and overseas. Its goal is to promote the incorporation of innovation and technology to improve productivity and sustainability.

In 2010, Codelco participated in the implementation of the following projects and initiatives together with Chilean universities, international institutions and companies:

**Projects Fondef**

- > Multivariable modelling for deposit assessment (Universidad de Chile).

- > Methodologies to assess long-term copper mining plans with uncertain prices and ore grade (Universidad de Chile).
- > Generation of a commercial technological packet to implement solar wind technology at an industrial scale (Fundación Palma).

**Projects sponsored by Corfo**

- > Development of a local capacity and knowledge platform to create new products using the bactericidal properties of copper (International Copper Association, ICA).
- > Prospecting for the standardisation of mining objects (Universidad de Chile and Freeport McMoran), which aims to set standards to develop mining software.
- > Applications and challenges of molybdenum for the industry and researchers in Chile (Molymet and Universidad de Chile).
- > In 2009, Codelco and OTRI Chile jointly developed the project Strengthening the Technological Business Market based on National Inventions, which was sponsored by Innova Chile, Enami, Sonami, Drillco and Indura. Its objective is to bring together inventors and

the mining industry through a national competition. Among the proposals submitted, Codelco has been developing the **Detector of Failures in Conveyor Belts** project since 2010.

**International Collaborative Research Projects**

- > **Geometalurgical Mapping and Mine Modelling:** this international, multi-company collaborative project, managed by AMIRA, aims to develop new tools for the prediction of mineral behaviour at plants. In 2010, work started on the ore characterisation study at Andina and Chuquicamata divisions, with new techniques developed during the previous project stage.
- > **Hybrid Stress Blasting Model:** this project was completed in 2009, therefore in 2010 research focused on how to approach a complementary stage so as to consolidate results, ensure the software works, validate the model with industrial information and calibrate its parameters with real results. This complementary stage is scheduled to be completed in 2012.



› **Mass Mining Technologies:** The second phase of this project was started, in which ten mining companies are involved. The initiative will last three years and it will provide further knowledge on Block Caving methods in underground mining, specifically in gravitational flow, block caving mechanics, primary comminution and subsidence.

› **Río de Cobre (River of Copper):** In the context of this technological alliance between Codelco and Rio Tinto, activities were carried out to develop underground mining projects and mineral processing. Additional activities were implemented to share knowledge and experience, in the application of technologies and knowledge protection strategies related to technology development.

#### **AUTOMATION, TELECOMMUNICATIONS AND INFORMATION TECHNOLOGIES**

Codelco believes that information, telecommunications and automation technologies (TICA) are essential to enable new work models and to ensure the future and sustainable viability of mining. This strategy, called Codelco

Digital, gives priority to the efficient use of these technologies, focused on mining production processes. In 2010, key innovation projects, TICA applied to mine management, were as follows:

- › Start-up of Integrated Operations Centre at Andina Division, the first control centre in the mining industry where an integrated data platform of all the production processes was launched.
- › Mine fleet management, in the open-pit and underground mine services where implemented that incorporated standard technology that enable the company to continuously enhance mining processes. Particularly, the application of high precision technologies and their integration from the mine operations into the ERP/SAP system.
- › Consolidation of an operational management platform, based on the PI System technology, as data support and business knowledge base, which provides real time data on Codelco's mining operations.
- › Codelco entered an agreement with Microsoft to explore the creation of

a Mining Software Solution Centre, in northern Chile. The initiative involves experts assigned by both companies, who work with specialised support centres overseas and are creating a project portfolio and associated business cases.

## CODELCO IN TECHNOLOGICAL COMPANIES

### BIOSIGMA S.A.



**Started**  
2002

**Ownership**  
Codelco [66%]  
Nippon Mining & Metals Co Ltd. [34%]

**Contact**  
[www.biosigma.cl](http://www.biosigma.cl)

Codelco and the Japanese Nippon Mining & Metals, Co. Ltd. created BioSigma S.A. in 2002 to incorporate into mining biotechnology breakthroughs (genomics, proteomics and y bioinformatics), so that processing of low grade resources and other secondary material becomes sustainable. In 2010, Radomiro Tomic Division built the first Biomass Industrial Plant to apply BioSigma technologies for bioleaching primary and secondary minerals, using BioSigma-SBP® and BioSigma CPY® processes.

This plant, the only one in the world, will produce, on an industrial scale, the microorganisms isolated by BioSigma, that together with the native flora in the minerals help to increase the microbial activity in the bioleaching process of sulphide minerals.

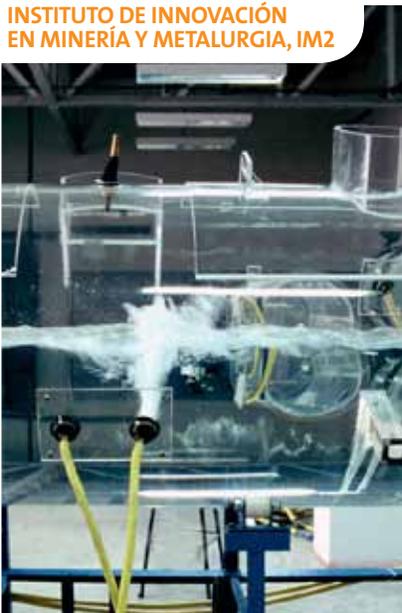
Biomass production technological validation in the industry, during the next two years, as well as the developments in bioleaching technologies will open

prospects for the application of BioSigma technologies to a vast range of low-grade mineral processing projects at Codelco and other companies.

In addition to technological development, BioSigma's strategic focal points aim to generate intellectual property rights, from a basic scientific viewpoint, in the field of biotechnology and molecular microbiology.

Until 2010, BioSigma has submitted twenty patent applications for the Company's developments in Chile and overseas, including the first patents granted in Chile, the United States, Australia, South Africa, Japan, China and other important mining countries.

### INSTITUTO DE INNOVACIÓN EN MINERÍA Y METALURGIA, IM2



**Started**  
1998

**Ownership**  
Codelco [100%]

**Contact**  
[www.im2.cl](http://www.im2.cl)

IM2 is a Codelco subsidiary focused on generating knowledge, technological solutions and innovations for the different copper mining and metallurgical processes.

In 2010, IM2 developed 115 technological innovation and research projects. 55.7% of the funds for these projects go to Codelco's technological programmes in underground and open-pit mining, in-situ leaching, high temperature processes and mineral ore processing; while 29.4 % were division initiatives aimed to optimise existing processes, and 14.09 % to technological services.

In mine planning, the development of the **Optimised Sequence Generator** software for open-pit mining and the validation of division projects for applying in underground mining were completed.

In high temperature processes, activities were undertaken in the fusion modules, Codelco continuous conver-

sion, continuous anode refining and instrumentation applicable to continuous smelting in the context of the corporate technological programme.

Additionally, at Chuquicamata Division an automated manipulator was implemented to remove slag from the Flash furnace.

As for intellectual property, in 2010, IM2 jointly with Codelco submitted 5 patent applications for national inventions; and two patents were granted in the country.

**KAIROS MINING S.A.****Started**

December 2006

**Ownership**Codelco [40%]  
Honeywell [60%]**Contact**

claudio.zamora@kairosmining.com

Kairos Mining is a joint venture between Codelco and Honeywell, a world leader in process control and automation systems, which aims to incorporate next generation automation systems at concentrator plants, supporting changes in operational practices to optimise asset productivity and sustain Codelco's long-term business performance.

In 2010, in addition to the programme applied at Chuquicamata, Andina and El Teniente, new programmes were incorporated: automation of operations in the Ministro Hales project and at Salvador Division. In the latter, work started in fitting out the control rooms, upgrading the automation platform and enhancing the flotation and thickening process and molybdenum plant.

In 2010, the company continued to incorporate other mining companies such as Doña Inés de Collahuasi. In addition to the successful completion of applications at the grinding plant,

service coverage was expanded to the water treatment plants, by incorporating advanced solutions in the tailings thickeners.

The **Corporate Support Centre** continues to deliver maintenance services, online system and application monitoring, incident management and document management for Chuquicamata, Andina and El Teniente divisions.

**MICOMO LIMITED****Started**

2006

**Ownership**Codelco [66%]  
Nippon Telegraph and Telephone Co Ltd, NTT, [34%]**Contact**

www.micomo.cl

Micomo, company formed by Codelco and NTT, a leading Japanese company in information and communication technology development, provides design, supply, installation and maintenance services for information and communication technology products for the mining industry and related services, and for Codelco and other Chilean and foreign mining companies.

In 2010, Micomo had an important role in the successful rescue of the 33 miners trapped at the San José mine. It adapted audio and video communications systems to the refuge and wireless systems on the surface. Both were essential in helping the miners stay physically and psychologically fit.

During the period, SO<sub>2</sub> (sulphur dioxide) particulate matter impact and weather forecast and monitoring services were regularly operational and with high availability in the Norte District, and the weather forecast and

SO<sub>2</sub> impact solution was completed at Ventanas Division.

In 2011, work will start on the development of an air quality impact forecasting system for pre-stripping operations at Ministro Hales Division. This new Nowcasting solution is more geographically detailed and is updated every hour, which will impact the speed of operational decisions regarding particulate matter generation.

Additionally, agreements were reached with Minera Spence, operated by BHP Billiton Base Metals, and Minera Los Pelambres, operated by Antofagasta Minerals, as customers of air quality impact, weather forecast and modelling services. Micomo was chosen by BHP Billiton Base Metals as the strategic supplier for its Cluster Programme.

As for BOTDR (Brillouin Optical Time-Domain Reflectometry), a service was completed to measure the service tun-

nel deformation at Chuquicamata. This technology was also validated at El Teniente Division, hence completing this development co-funded by Corfo-Innova, Codelco, NTT and Micomo for this first application in mining.

This technology was also documented in order to submit three patent applications for industrial property and also register SidMil software, which is used to represent and analyse alarms generated by these measurements.

Photonic communication services were increased to monitor and control the concentrator, smelter and refinery at Chuquicamata Division.

In El Teniente Division monitoring, control and remote operation services were expanded at Pilar Norte.

High capacity wireless communications increased penetration with mass monitoring services through video for security and process monitoring appli-

cations at Chuquicamata, Radomiro Tomic and Calama, for the refinery and industrial protection area of Distrito Norte; and also in the Radomiro Tomic mine and operations site.

Micomo, also participated in national and international conferences and seminars in Calama, Lima and Tokyo; and attended exploratory meetings in Peru and Bolivia.

**MINING INDUSTRY ROBOTIC SOLUTIONS S.A., MIRS**



**Started**  
2007

**Ownership**

Codelco [36%],  
HighService Ltda. [53%]  
Nippon Mining & Metals Co Ltd [9%]  
KUKA Roboter GmbH [2%]

**Contact**

[www.mirs.cl](http://www.mirs.cl)

MIRS focuses on research, design, creation, invention, manufacturing, installation, supply, maintenance and marketing of robotic solutions for the mining industry.

Several key products have been industrially incorporated, such as those installed at Radomiro Tomic and Chuquicamata: a robotic solution to manage rejected cathodes; three for transferring initial plates at Radomiro Tomic refinery, and a robotic solution for opening and blocking the slag discharge passage in the flash furnace at the Chuquicamata smelter.

Based on solutions developed in 2009, MIRS conceptualised various robotic solutions to be applied in different production processes at Codelco. During the period, work was started on the

installation of four robotic manipulators, in the Industrial Test of Initial Plate Separation Automation, at Ventanas Division.

Conceptual engineering was developed for seven new robotic solutions for different applications in Codelco's production processes.

In the local market, MIRS launched a robotic solution to sample molybdenum concentrates in big bags at Molynor. It also obtained two robotic projects to manage cathodes at two important private mining operations located in northern Chile.

**ECOMETALES LIMITED**



**Started**  
2006

**Ownership**

Codelco Technologies Limited [100%]

**Contact**

[www.ecometales.cl](http://www.ecometales.cl)

Ecometales focuses on all types of mineral treatment and processing, particularly metal recovery and impurity treatment.

In 2010, Ecometales processed 54,000 tonnes of dust recovered from the concentrate smelting operations at Codelco Norte, Salvador and Ventanas Divisions. This involved transporting approximately 9,000 tonnes of fine copper.

After the applied research, approval was given to the project to build an antimony and arsenic abatement plant, in order to confine the smelter dust and refinery effluent impurities at Chuquicamata Division. The plant is

expected to have a nominal processing capacity of 75,000 tonnes per day and 350,000 m<sup>3</sup> per year of refinery effluents.

In 2010, capital expenditure totalled US\$ 14 million on critical equipment and construction, and the industrial operation is scheduled to start in 2012.

In new businesses, it conducted a selective recovery process of molybdenum dissolved in acid solutions, using ion-exchange resin that produces molybdenum oxide. The feasibility study will be implemented in 2011.



**CODELCO,  
MAIN COMPANY  
AND PRIDE OF CHILE**



## ECONOMIC FINANCIAL RESULTS

### Pre-tax Profits and Copper Prices

Codelco's pre-tax profits totalled US\$ 5,799 billion in 2010. This implies an increase of almost 47% compared to the US\$ 3,948 billion in 2009.

Pre-tax profits correspond to earnings before income tax and Tax Reserve Law No 13,196 that levies a 10% tax on foreign currency sales of copper and by-products.

The average copper price for the year at the London Metals Exchange was US\$ 342.0 per pound, higher than in 2009, when it was US\$234.2 per pound.

The average molybdenum price for the year was up from US\$ 24.5/kg in 2009 to US\$ 33.7/kg in 2009, based on Metals Week prices.

The price behaviour of the main metals sold by the Company explains, to a large extent, the improved financial results delivered in 2010 over the prior year.

Therefore, operating income from its own copper mining rose to US\$ 13,459 billion in 2010, higher than the US\$ 9,675 billion for the prior year.

The EBITDA, calculated as earnings for the period plus depreciation and amortization, interest and taxes – including Law 13,196 - totalled US\$ 7,435 billion, higher than the US\$ 5,349 billion in 2009.

Comparable net profit in 2010, i.e., applying the same tax as private companies, was US\$ 4.61 billion. With this figure, Codelco confirms it is first in the earnings ranking for firms that operate in Chile.

### Contribution to the Treasury

In 2010, Codelco contributed US\$ 6,069 billion to the Chilean Treasury. The following table shows contributions to the Treasury compared to the prior year.

CONTRIBUTION TO THE TREASURY	2010	2009
DIVIDENDS	2,206	836
INCOME TAX	2,515	1,218
LAW 13,196	1,271	912
OTHERS	77	82
<b>TOTAL</b>	<b>6,069</b>	<b>3,048</b>

### Production

Codelco's copper production from its own deposits stood at 1,689,067 tonnes of fine copper, very similar to the 1,701,998 tonnes of fine copper in 2009.

The 2010 production level was obtained thanks to a mining plan focused on offsetting the lower level of treatment, by improving the ore grade. As a result of this plan, the average ore grade was 0.85% in 2010, up from 0.83% for the prior year.

Less ore treatment was due to the start-up of projects: Andina Phase I, Pilar Norte at El Teniente and Gabriela Mistral Mine Phase II; which affected the normal operation of these deposits, reducing the actual operating days.

Codelco's total copper output was 1,760,198 tonnes. This includes Codelco's output from the 49% stake it holds in Minera El Abra, that was 71,131 tonnes of fine copper.

In by-products, molybdenum output was 21,700 tonnes; while sulphuric acid production totalled 3.4 million tonnes, of which 60% went to sales and the rest was used in leaching operations. As for precious metals, gold and silver content in anode bars was 3.5 tonnes and 394 tonnes, respectively.

Output levels for both copper and by-products were in line with Codelco's business plan.

### COPPER & MOLYBDENUM PRODUCTION (Fine metric tonnes)

	COPPER		MOLYBDENUM	
	2010	2009	2010	2009
CHUIQUICAMATA	528,377	520,808	10,760	11,606
RADOMIRO TOMIC	375,344	353,940	1,355	1,461
SALVADOR	76,184	65,462	1,044	1,147
ANDINA	188,494	209,727	2,901	2,163
EL TENIENTE	403,616	404,035	5,617	5,179
GABRIELA MISTRAL	117,052	148,026		
CODELCO	1,689,067	1,701,998	21,677	21,557
EL ABRA	71,131	79,606		
<b>TOTAL</b>	<b>1,760,198</b>	<b>1,781,604</b>	<b>21,677</b>	<b>21,557</b>

**Costs**

Total costs and expenses, including non-operating expenses, averaged US\$197.6 per pound of copper produced, up US\$39.8 per pound from 2009. Therefore, and as the rest of the mining industry that operates in Chile, Codelco's costs were adversely affected by a stronger Chilean peso and its impact on expenses in local currency as they are stated in US dollars.

The increased price of practically all inputs had a similar impact since they strongly affect the cost structure. Additionally, Codelco's total costs and expenses were affected by special events, many of non-recurring nature. Such as expenses related to the extraordinary early retirement plan, imple-

mented during the third quarter – this meant a charge to results of approximately US\$ 300 million – and derivatives from an important number of collective bargaining agreements, which had to be undertaken during the period, totalling US\$ 208 million. A third factor that had an important impact on total costs and expenses was the effect of adopting IFRS in the preparation of the Company's financial statements and which resulted in a significant increase in depreciation expense.

Net cathode costs (C3) include net by-product credits and treatment and refining costs (TC-RC) to state in cathodes the types of lower-added value copper, were US\$171.7 compared to US\$138.6 in 2009.

Cash costs (C1) were US\$104.4 per pound, up US\$11.5 per pound from 2009. C1 cost is the type of cost that the mining industry uses to compare efficiency rates between different operations and companies. C1 costs are directly incurred in copper production and exclude non-operating expenses, such as depreciation and amortisation. These costs include cathode production TC-RC, net of by-product credits and by-product sales revenue (mainly molybdenum and sulphuric acid, in Codelco's case). The increase in C1 costs was primarily due to the abovementioned external factors.

UNIT COSTS (US\$/LB)	2010	2009
TOTAL COSTS	197.6	157.8
NET CATHODE COSTS (C3)	171.7	138.6
DIRECT CASH COST (C1)	104.4	92.9

**RISK FACTORS**

**Copper Prices**

Copper prices significantly affect Codelco's financial performance. The Company's strategy to protect itself from copper price fluctuations is to become one of the most cost-efficient producers in the mining industry.

Derivative operations do not involve speculative operations.

**Currency Exchange and Interest Rates**

The Company has policies to cover currency exchange rates and interest rates. Coverage for exchange rates includes exchange insurance for future fluctuations in UF (inflation indexed peso)/US dollar; while interest rate hedging involves contracts to set rates for future obligations.

These actions do not include speculative operations.

**Insurance**

Codelco has all its assets and potential business interruption permanently insured; the insurance coverage is as follows:

**Insured assets**

All facilities used for its main business activity in Chilean territory.

**Type of coverage**

Comprehensive and property insurance, combined with business interruption and a maximum loss of US\$ 850 million.

Claims currently in process of adjustment:

**Damage to SAG 2 Mill at El Teniente Mill**

The damage event, on 30 August 2008, caused a 16-day standstill. When it was

finally repaired, in June 2009, there was another 44-day standstill. The final claim was submitted to the adjuster who is in the process of preparing the final report.

**Earthquake Damage to Andina and El Teniente**

The earthquake on 27 February 2010 caused some damage to the Andina and El Teniente Division facilities.

In both cases, no compensation for damages or losses is expected.



### Funding

Codelco regularly has access to domestic and international capital markets to help fund its investments. This has enabled it to develop an extensive and geographically diversified base of financial institutions that invest in the debt instruments issued by the Company. Hence, the Company has had access to American, Asian and European capital markets, through bond sales and syndicated and bilateral loans.

In 2010, Codelco carried out funding operations totalling US\$ 1.8 billion to finance part of its investments implemented during the year and to refinance part of its existing debt. These operations consisted in issuing a US\$ 1 billion bond and negotiating 5-year bilateral loans for US\$ 800 million with bullet maturity.

Codelco is analysed and its debt assessed by four credit rating agencies: Fitch Ratings, Feller-Rate, Standard &

Poor's and Moody's. In 2010, Codelco retained its investment-grade credit rating for its foreign debt: A1 by Moody's; and A by Standard & Poor's. As for local debt, Codelco has AAA rating, both by Fitch Ratings and Feller-Rate.

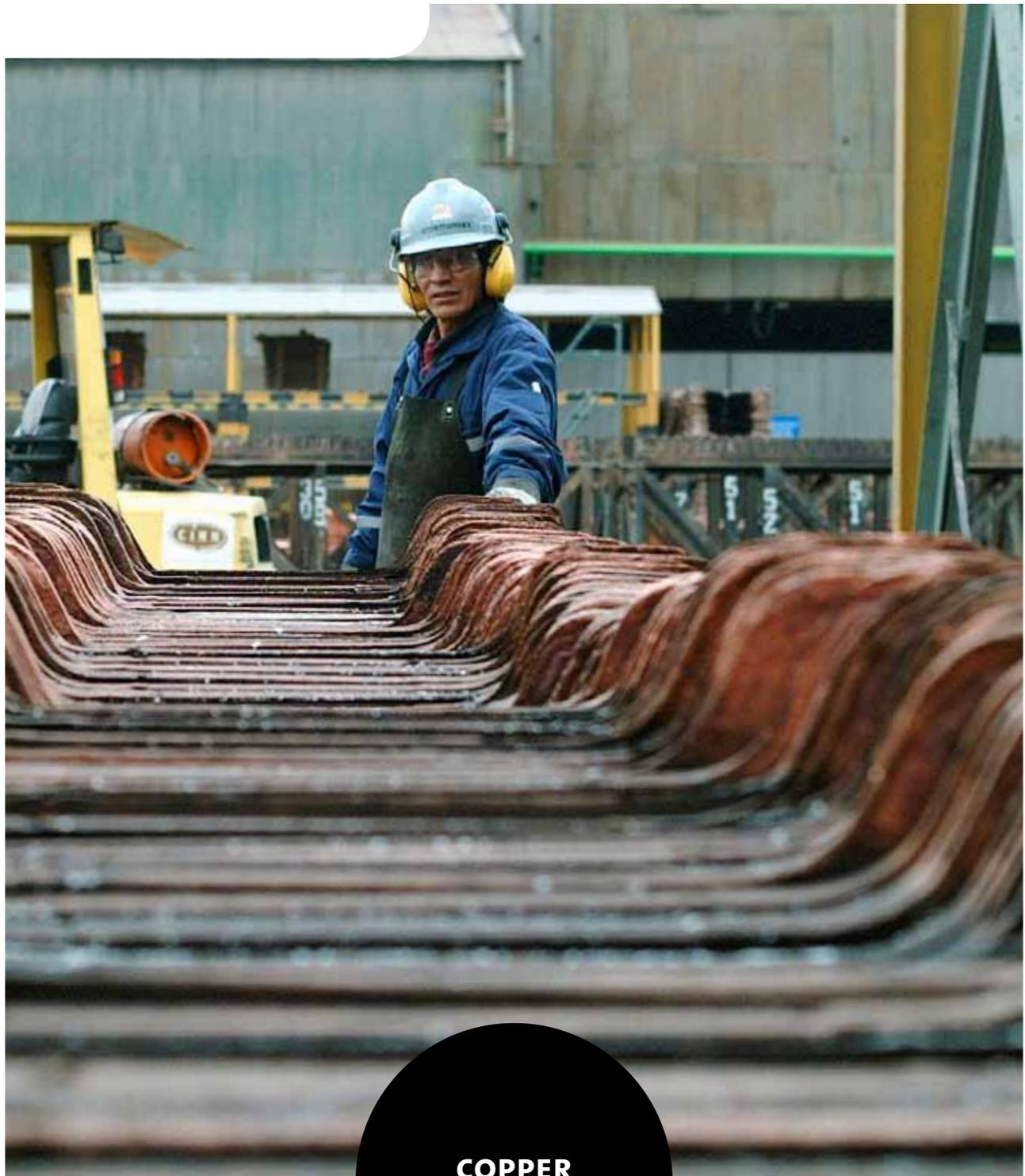
The Company is registered since 2002 with the Superintendency of Securities and Insurance (SVS) in Chile.

### Bonds issued on International Market

In October, Codelco sold US\$ 1 billion in 10-year bonds on the international market, to partially finance its investment plan and pay its debt maturing during the year. The conditions obtained, total rate of 3.96% and a 3.75% annual coupon; are the lowest rate ever for a Latin American corporate bond.

The fund administrators, insurance companies and pension funds represented 91% of the demand; while banks and hedge funds contributed 9%. The

geographic distribution was: 80% in the United States; 18% in Asia and Europe, and 2% in Latin America. The transaction was arranged by HSBC and Deutsche Bank.



**COPPER  
MARKET**



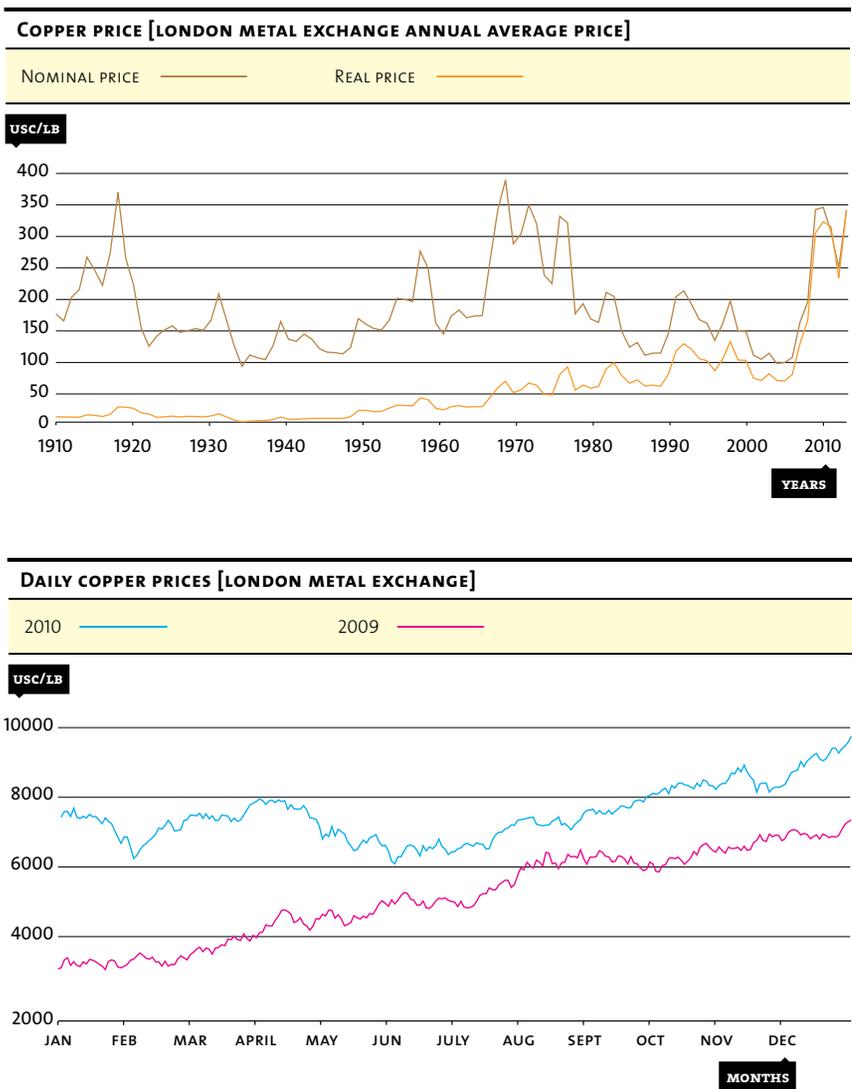


## COPPER MARKET

In 2010, the LME average annual price of copper was US\$ 342.0 per pound; it reached a maximum price of US\$ 441.77 per pound on 31 December 2010.

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The following graph compares copper price behaviour in 2009 and 2010.





All base metals traded on the London Metal Exchange had a similar behaviour in 2010. Nevertheless, nickel and tin were the best-performing metals during the period.

PRICE VARIATION BASED ON PRICE LISTED 4 JANUARY 2010



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**SALES**

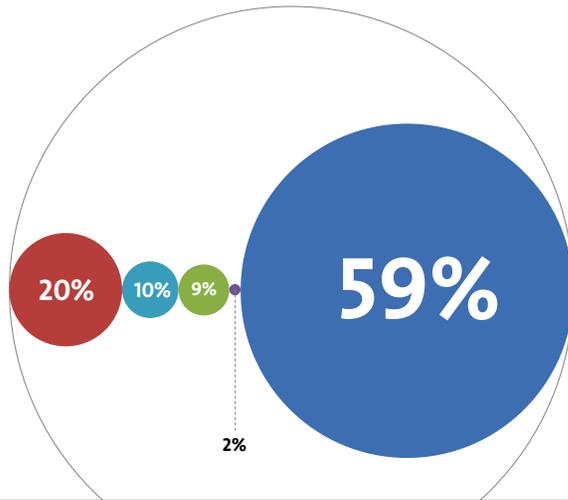
Total sales revenue from copper, by-products and copper processing services was US\$ 16.066 billion in 2010. Copper represents 92% of total sales and by-products 8%.

SALES 2010 (US\$ billions)	
OWN COPPER	13.459
THIRD-PARTY COPPER	1.256
MOLYBDENUM	0.720
OTHERS	0.631
<b>TOTAL</b>	<b>16.066</b>

Revenues from own and third-party copper sales totalled US\$ 14.715 billion, which corresponds to a total 1.98 million metric tonnes.

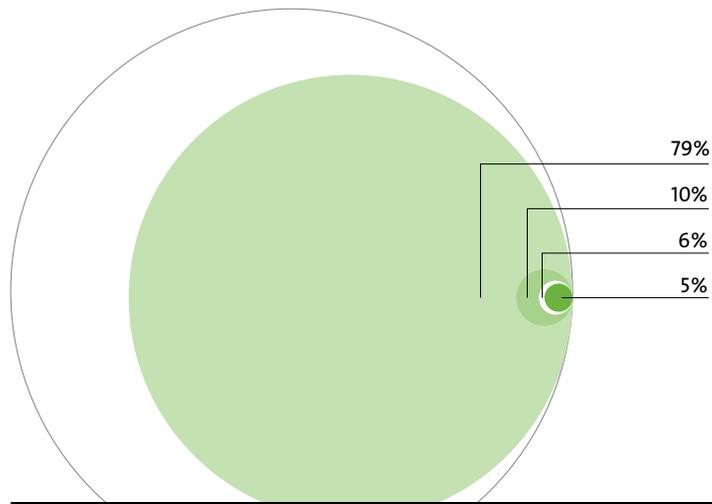
Other item sales include anode slime, sulphuric acid, precious metals and revenues from copper processing services.

By-products sales added US\$ 1.351 billion to Codelco revenues, of which US\$ 720 million correspond to molybdenum and US\$ 631 million to sales (other items) of anode slimes, sulphuric acid and precious metals.



PHYSICAL SALES OF COPPER BY REGION 2010

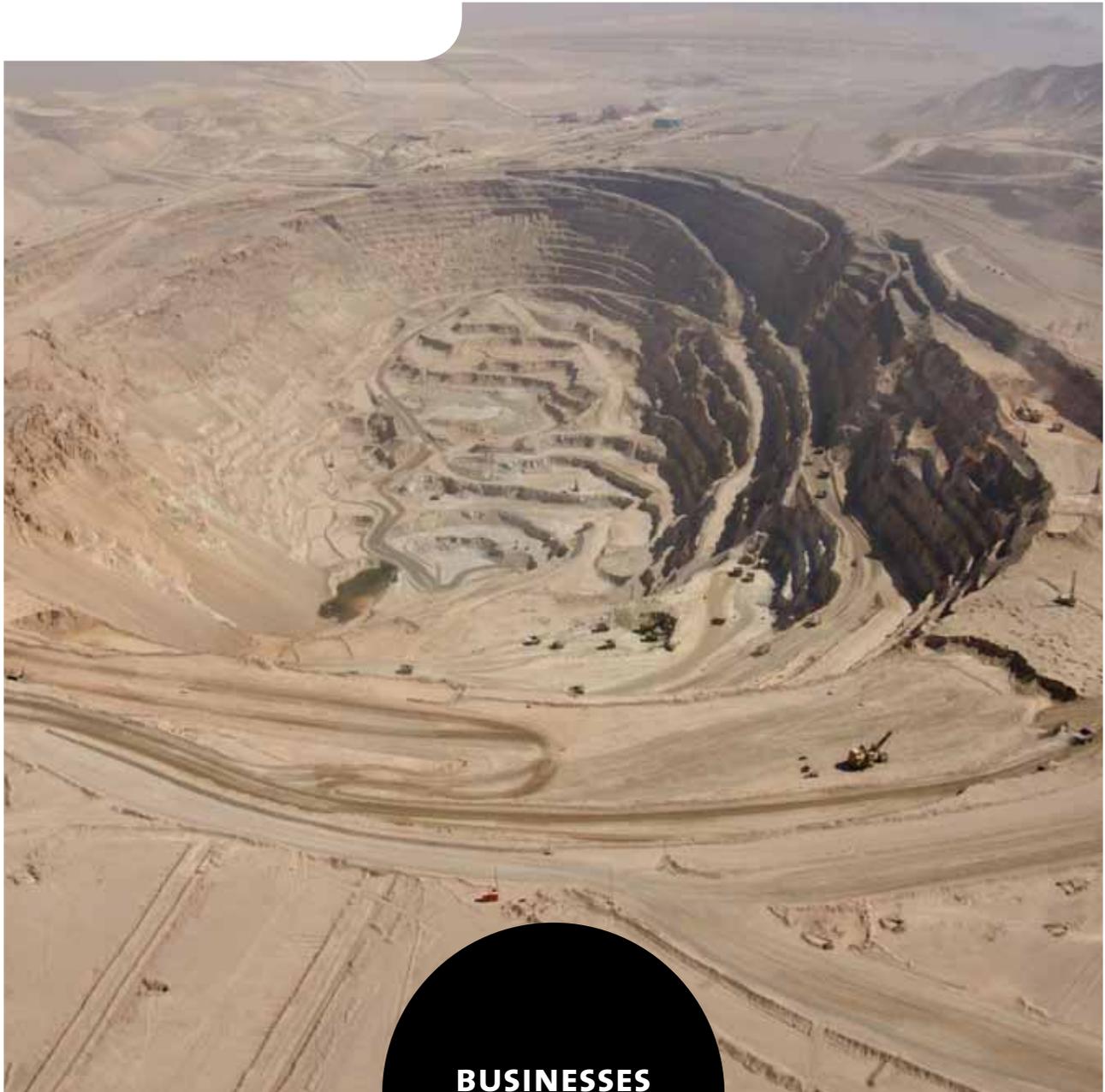
EUROPE SOUTH AMERICA NORTH AMERICA OCEANIA ASIA



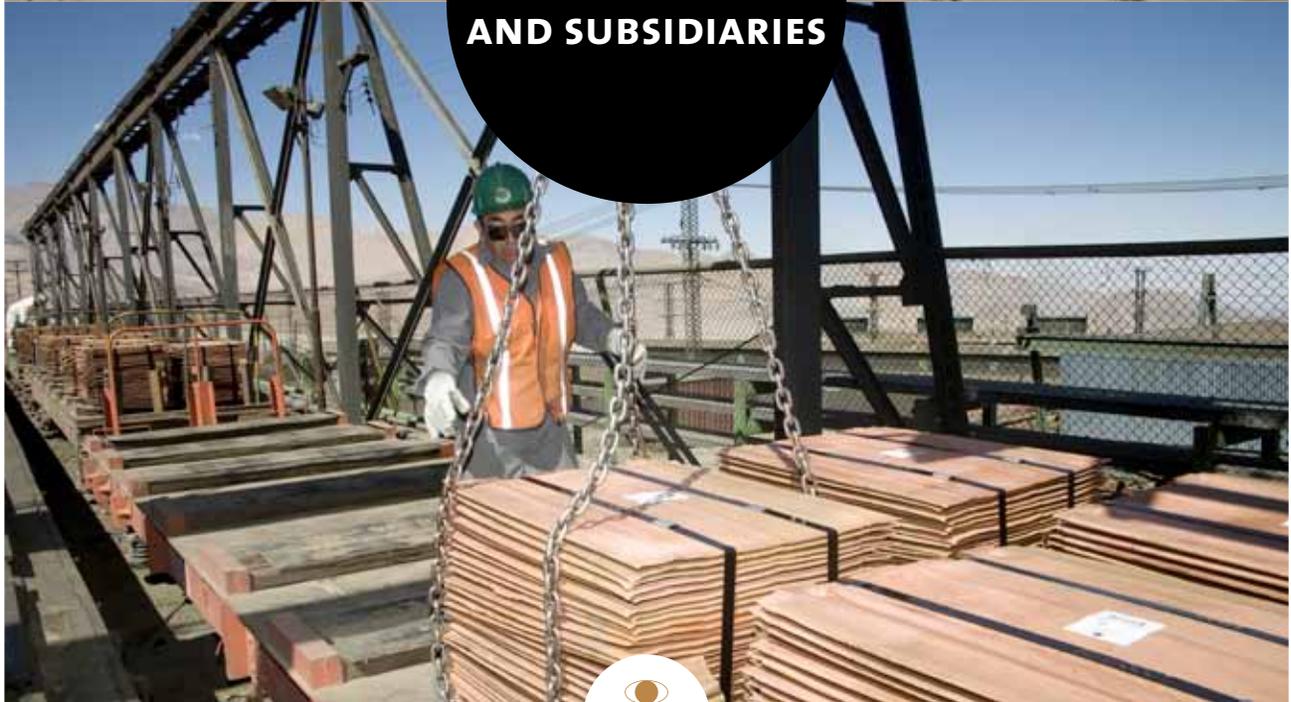
PHYSICAL SALES OF COPPER BY PRODUCT 2010

CATHODES CONCENTRATE BLISTER FIRE-REFINED

**RESPONSIBILITY & COMMITMENT** | TO WORK FOR CODELCO  
IS AN HONOUR, A GREAT RESPONSIBILITY & AN ENORMOUS  
COMMITMENT | *CODELCO STATEMENT OF VALUES*



**BUSINESSES  
AND SUBSIDIARIES**





## BUSINESSES AND SUBSIDIARIES

Codelco participates as majority or minority shareholder in many companies and joint ventures associated to the mining business.

As at 31 December 2010, Codelco had a network of 49 subsidiaries and related companies, with a workforce of 1,149 people.

Business and Subsidiary Management looks after Codelco's interest in these companies and also searches for new business opportunities with third parties and supports its implementation. This management focuses on:

- Searching for, assessing, and implementing business opportunities in partnerships with third-parties, acquisitions, mergers and asset sales.
- Representing and ensuring Codelco's interest in the partnerships in which it holds a stake.
- Contributing to the creation of value in the Company's partnerships.

### NEW BUSINESSES

In 2010, progress was made in the investments required to develop the sulphide project at SCM El Abra, where Codelco holds a 49% stake.

On average, this project will produce 136,000 tonnes of copper over a 10-year period and will offset the reduction of oxide minerals currently extracted by the Company. Operations are scheduled to start in 2011. In 2010, El Abra's production was 145,166 metric tonnes of copper.

In 2010, the Board of Codelco approved the incorporation of PanAust Limited to Inca de Oro S.A., to develop the Inca del Oro copper deposit in the 3rd Region of Atacama. During the period, the Company was waiting for the Constitutional and Legislative Review of the Supreme Decree to be signed by the Comptroller General of the Republic. The transfer was completed on 22 February 2011.

During the second half of 2010, Codelco entered into an earn-in agreement with Antofagasta Minerals, and exploration work was started at the Cumbre prospect located in Chile's Antofagasta Region.

In 2010, Codelco and Suez Energy Andino S.A. consolidated the merger of their power assets in the SING electricity grid (Norte Grande power grid): Edelnor S.A., Electroandina S.A., Gasoducto Nor Andino S.A., Central

Térmica Andina and Central Térmica Hornitos. As a result of this merger, Codelco retained 40.27% of its interest in the merged company, called E-CL S.A. This merger process was an important step for Codelco, since it then sold its stake in the resulting company (E-CL S.A.). This process was undertaken in January 2011.

GNL Mejillones S.A. decided to commence the construction project for a natural liquefied gas ground storage tank, and therefore will permit the use of gas in the future and also diversify the SING power network, among other benefits. Codelco reduced its ownership in GNL Mejillones from 50% to 37%, as a result of the formula to fund this project.

## THIRD-PARTY RELATIONS

### GOODS AND SERVICES

In 2010, Codelco had transactions with 2,243 goods suppliers, 1,292 service suppliers and 357 suppliers who provided both services and goods. The contracts accounted for US\$ 18.157 billion, amount that includes long-term electricity supply contracts (US\$ 12.303 billion) and fuel supply contracts (US\$ 1.807 billion).

In 2010, the consumption of goods and services was up 14% from 2009. This rise was primarily due to new projects starting operations, more activity at several existing operations and a price increase in several key goods and services.

BUSINESS BY TYPE OF SUPPLY CONTRACT										
TYPE OF CONTRACT		2010			2009			2008		
		No. BUSINESS	AMOUNT (US\$ THOUSANDS)	%	BUSINESS QUANTITY	AMOUNT (US\$ THOUSANDS)	%	No. BUSINESS	AMOUNT (US\$ THOUSANDS)	%
PUBLIC/OPEN BID	INVESTMENT	573	59,167	0.3%	256	326,331	12.2%	302	633,829	14.9%
	OPERATION	28,234	10,848,787	59.7%	22,904	611,329	22.8%	29,717	1,181,399	27.8%
<b>TOTAL PUBLIC/OPEN BID</b>		<b>28,807</b>	<b>10,907,953</b>	<b>60.1%</b>	<b>23,160</b>	<b>937,660</b>	<b>35.0%</b>	<b>30,019</b>	<b>1,815,228</b>	<b>42.6%</b>
PRIVATE BID	INVESTMENT	1,169	1,059,302	5.8%	954	715,865	26.7%	1,350	888,764	20.9%
	OPERATION	3,974	5,233,398	28.8%	3,239	399,844	14.9%	3,550	874,965	20.6%
<b>TOTAL PRIVATE BID</b>		<b>5,143</b>	<b>6,292,700</b>	<b>34.7%</b>	<b>4,193</b>	<b>1,115,709</b>	<b>41.6%</b>	<b>4,900</b>	<b>1,763,729</b>	<b>41.4%</b>
DIRECT CONTRACT	INVESTMENT	768	109,600	0.6%	564	134,967	5.0%	619	175,659	4.1%
	OPERATION	1,286	97,005	0.5%	867	70,380	2.6%	1,058	117,456	2.8%
<b>TOTAL DIRECT CONTRACT</b>		<b>2,054</b>	<b>206,605</b>	<b>1.1%</b>	<b>1,431</b>	<b>205,347</b>	<b>7.7%</b>	<b>1,677</b>	<b>293,115</b>	<b>6.9%</b>
OTHER CONTRACTS (*)	INVESTMENT	279	67,363	0.4%	318	156,519	5.8%	374	63,214	1.5%
	OPERATION	2,604	682,927	3.8%	3,071	265,617	9.9%	3,805	321,641	7.6%
<b>TOTAL OTHER CONTRACTS</b>		<b>2,883</b>	<b>750,290</b>	<b>4.1%</b>	<b>3,389</b>	<b>422,136</b>	<b>15.7%</b>	<b>4,179</b>	<b>384,855</b>	<b>9.0%</b>
<b>TOTAL</b>	INVESTMENT	2,789	1,295,432	7.1%	2,092	1,333,682	49.7%	2,645	1,761,466	41.4%
	OPERATION	36,098	16,862,116	92.9%	30,081	1,347,170	50.3%	38,130	2,495,461	58.6%
<b>TOTAL</b>		<b>38,887</b>	<b>18,157,548</b>	<b>100.0%</b>	<b>32,173</b>	<b>2,680,852</b>	<b>100.0%</b>	<b>40,775</b>	<b>4,256,927</b>	<b>100.0%</b>

CONSUMPTION OF GOODS & SERVICES (US\$ Billions)									
	GOODS			SERVICES			TOTAL		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
OPERATION	1.349	1.291	1.356	2.921	2.714	2.433	4.270	4.005	3.789
INVESTMENT	0.415	0.335	0.356	1.368	0.982	0.897	1.783	1.317	1.253
<b>TOTAL</b>	<b>1.764</b>	<b>1.626</b>	<b>1.712</b>	<b>4.289</b>	<b>3.696</b>	<b>3.330</b>	<b>6.053</b>	<b>5.322</b>	<b>5.042</b>

## SUPPLIERS

Supplier development is a key initiative for Codelco. Through this initiative it aims to ensure a competitive offer of goods and services for the growing requirements of the Company's current and future activities. At the same time, new technologies, innovative solutions and management capacity are incorporated into its business processes. Some of the main activities in supplier development were as follows:

### > Shanghai Expo 2010

At the international exhibition, Codelco held its traditional annual meeting with almost a hundred Asian companies in addition to an important number of factory visits. The initiative was particularly successful in products, such as refractory bricks, chemicals and balls. The Codelco office in the city of Shanghai had a decisive role in these results.

### > 4th International Forum for Mining Suppliers

The event, organised by Corfo, focused on attracting international companies to participate in the supply market to the mining industry. As in previous events, Codelco presented its goods and services requirements for operations and different structural and division projects.

### > Trade Unions

In 2010, Codelco had regular meetings with the different trade unions in order to address issues of common interest.

### > Mining Industry Meetings

Codelco participated in several seminars, such as those organised by Aquiles, Sicep, Agrupación del Transporte and Abastemín, an organisation dependent on the Mining Council (Consejo Minero). At these meetings, Supplier Management presented the requirements associated with the Company's operations and investment activities.

### > Development of World-Class Suppliers Programme

In the framework of a collaboration agreement between Codelco and BHP-Billiton in this programme, the

Company developed a series of internal and external activities to structure its Cluster Project portfolio. These initiatives aim to develop local market suppliers through collaborative work with Codelco user areas and that are focused on finding creative proposals to address various operational challenges. In 2010, five new development solutions were incorporated into Codelco's Cluster Project portfolio.

## CONTRACTOR MANAGEMENT AND SUPERVISION

Labour relations within contractor companies that provide services or do work for Codelco are the exclusive responsibility of each company.

Nevertheless, and in order to monitor that contractor companies comply with labour regulations, Codelco exercises its right to information, retention and payment regarding labour and social benefit insurance obligations provided by law.

Furthermore, Codelco undertakes all the necessary measures to effectively protect the life and health of all personnel who work at its operations, whether employees or contractors.

The Company also defines and implements on site programmes to supervise the various contracts entered into by divisions and Head Office to ensure labour and social benefits insurance obligations are complied. In 2010, there was a high level of compliance with all obligations by contractor companies.

As for social responsibility, in 2010 Codelco awarded 2,000 scholarships for excellence to the children of contractors and subcontractors, to help finance their higher education.

Every year, Codelco also promotes social training schemes that benefit, for example, contractors, subcontractors and their families; this scheme is funded with the Sence surplus.

**PERSONAL SKILLS** | WE VALUE AND RECOGNISE COMPETENT EMPLOYEES, WHO SHOW INITIATIVE AND LEADERSHIP, AND CONFRONT CHANGES WITH DECISION AND COURAGE | *CODELCO STATEMENT OF VALUES*



**HUMAN  
RESOURCES AND  
GOVERNANCE**





## HUMAN RESOURCES AND GOVERNANCE

A person's talent, together with asset quality, give Codelco a solid position in an increasingly challenging market.

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The Company's human resources strategy is to create a competitive advantage by combining the people, the organisation and its culture, in the context of the major investment projects Codelco will develop during this decade.

In 2010, some of the actions in this strategy were as follows:

### CORPORATE GOVERNANCE

The Board of Directors, in conformity with the new regulations, began to govern Codelco's new Corporate Governance, which has autonomy to achieve its objectives, adapting its operation to a public company. The roles and duties of the Shareholders' Meeting are performed by the President of the Republic, who may delegate such responsibilities to the Ministers of Finance and Mining. The President of the Republic, in conformity with his powers, appointed Gerardo Jofré as Chairman of the Board, and the Board appointed Diego Hernández as Chief Executive Officer.

### VALUE FRAMEWORK

A Statement of Values was created to guide Codelco's management and reinforce its identity, and also to give guidance on conducts within the company. The formulation and communication process of this document was through active participation across the Company.

### ORGANISATIONAL STRUCTURE

Top-level organisational structures were formulated to increase coordination and communication between areas, generating speed and efficiency in the Company. Key changes were:

- > Creation of North and Centre-South Operations Vice-Presidencies to reinforce safety, and meet production and cost goals; and also be the operational counterpart for the development projects.
- > Creation of the Administration and Finance Vice-Presidency, as the financial counterpart of Codelco operations and projects.
- > Strengthening of the Human Resources Vice-Presidency, in recruitment, talent management, mobility,



knowledge management, workforce renewal and improved work practices.

- > Restructuring of Codelco Norte Division into Chuquicamata Division and Radomiro Tomic Division, to focus effort to face different challenges.
- > Creation of Ministro Hales Division to develop and operate the deposit.

#### EXECUTIVE MANAGEMENT

New executives were appointed to Codelco's senior management. A specialised and selective search for national and international professionals for senior management was launched.

#### WORKFORCE RENEWAL

The average age of Codelco's workforce is 47, around 7 years more than the average age of the company's competitors, giving Codelco an advantage in experience and knowledge. However, the company has an ageing workforce, which if projected to the start-up of structural projects it would mean that most people would be at retirement age.

To face the need to renew the workforce, an early retirement plan was set for divisions and Head Office, and

agreements were reached with the corresponding trade unions.

At the end of 2010, approximately 2,200 people, mainly at retirement age or close to retirement, opted for the benefits of this early retirement. The plan included knowledge retention measures for key positions.

In 2011, the Company expects to replace a fraction of retirees, with a talent attraction strategy, including internships, graduate, expert and emerging leader schemes. The common denominator of these schemes is to attract young talent. There has also been interest to identify women, to promote more female participation in the mining sector.

#### TALENT MANAGEMENT

This programme aims to identify and manage knowledge within Codelco, ensure succession of key positions and those that will foster their future projection.

250 critical positions were identified in 2010, of which 178 are mining, metallurgical and geological experts and the rest are in staff and support area.

A talent review was conducted across all divisions, 577 professionals (16%) were identified. The average age of this talent is 40 and 13% are women.

#### RECRUITMENT AND DEVELOPMENT

An integrated system was implemented with the following elements:

- > Staff planning: determine the number and skills required by the company, and also identify the gaps in the labour market.
- > Availability of human capital: its mission is to develop a supply of skilled personnel; attract and retain talent, and position Codelco as one of the most attractive places to work at, both nationally and internationally.
- > Recruitment and selection: ensure capturing the best talent in the market based on standards of excellence.
- > Training: add skills required by the business.
- > Development: identify talent with potential for senior-level positions.

**LABOUR RELATIONS**

Good labour relations led by management and trade union leaders resulted in successful collective agreements at Salvador Division, Union A and Union B; Radomiro Tomic Division, Union B; Chuquicamata Division, Miner's Union B, and El Teniente Division, Union A.

2011 work agendas were agreed with the Federation of Copper Workers (FTC) and the Federation of Supervisors and Professionals Codelco-Chile (FESUC).

The National Association of Copper Supervisors (ANSCO) and management participated in the ANSCO 2010 seminar: the Leader's Role, Building our Future.

**PRODUCTIVITY AND QUALITY OF WORKING LIFE**

Various initiatives promoted productivity and quality of working life, particularly focused on educational, self-care, healthy eating and physical activity at work programmes.

Absenteeism was down from 5.59% in 2005 to 3.84% in 2010. Overtime fell from 6.44% in 2005 to 2.97% in 2010. As for drug and alcohol prevention, 3,042 random and pre-employment tests were conducted.

**STRUCTURAL PROJECTS**

In 2010, the Company approved the first structural project it will implement to face long-term challenges. The Ministro Hales Division was created, based on a resource management proposal that incorporated the Company's best practices, as well as improvements and innovations in line with future challenges.

In 2010, the organisation began a staffing process which was primarily focused on searching for synergy and collective work, where values, performance with consequences, permanent development opportunities and market compensations, aim to attract the best talent in the mining sector.

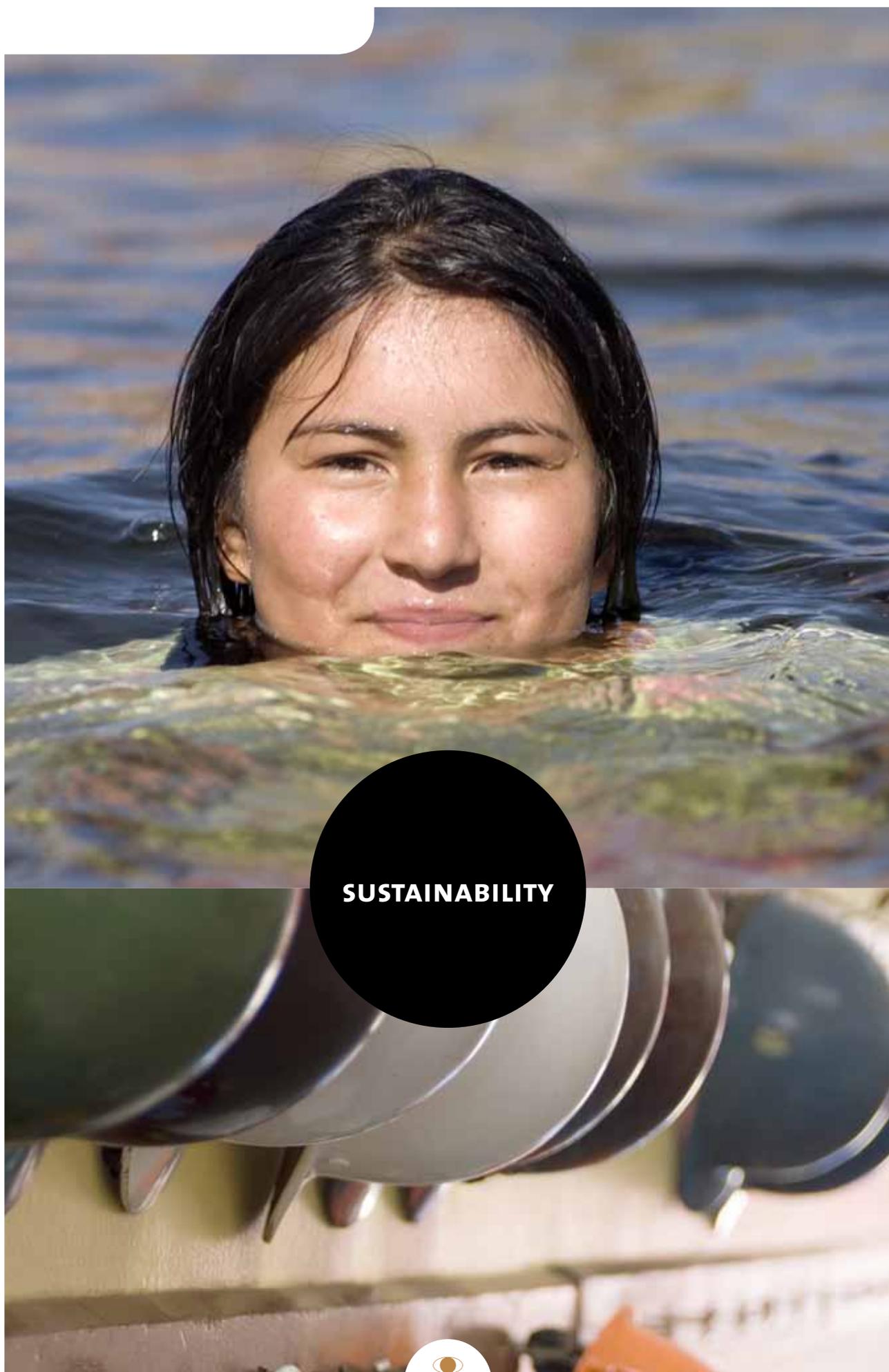
**WORKFORCE**

In 2010, Codelco's employees totalled 19,347 people, of which 18,114 have indefinite contracts and 1,233 have temporary contracts. The table below shows the workforce breakdown.

**CODELCO EMPLOYEES 2010**

DIVISION	INDEFINITE CONTRACTS			TEMPORARY CONTRACTS	TOTAL
	LIST E	LIST A	LIST B		
CHUQUICAMATA	22	1,044	6,216	287	7,569
RADOMIRO TOMIC	3		769	48	820
MINISTRO HALES	8				8
SALVADOR	8	150	1,201	198	1,557
ANDINA	16	348	1,219	81	1,664
VENTANAS	5	77	989	8	1,079
EL TENIENTE	19	653	4,578	180	5,430
HEAD OFFICE	107	556	126	431	1,220
<b>TOTAL CODELCO</b>	<b>188</b>	<b>2,828</b>	<b>15,098</b>	<b>1,233</b>	<b>19,347</b>

**SUSTAINABLE DEVELOPMENT** | WE ARE COMMITTED TO SUSTAINABLE  
DEVELOPMENT IN OUR OPERATIONS AND PROJECTS | *CODELCO STATEMENT OF VALUES*



**SUSTAINABILITY**



Our main goal is to be the best in all issues related to employee health and safety, respect for the environment and have an active role in social responsibility.

**SUSTAINABLE DEVELOPMENT**

For Codelco sustainable development is a fundamental support for its current business and future development. It is embedded in the Statement of Values and the Code of Conduct and Business Ethics, to which the Company assigns the highest priority. In turn, the Sustainable Development Policy sets out Codelco’s commitment to sustainability and social responsibility, as an integral part of the business project.

At Codelco, sustainable development is based on a model which incorporated: occupational health, safety, environment, territory and community management; as well as efficient use of natural resources, and market defence and development. This approach guides social responsibility in how the Company manages its business and permits it to obtain a social licence to operate, develop new entrepreneurial activities and market its products.

This development management is implemented from the organisation’s first level and it is primarily under the Development and Sustainability Vice-Presidency, which reflects the importance and value the Company gives these issues.

The divisions have occupational health, safety and sustainability managements, in line with their specific operational responsibilities and in the top level division structure. The divisions

also have policies, plans and programmes related to this subject and all have occupational health, safety and environmental certifications in conformity with ISO 14001 and OHSAS 18001.

**DOW JONES SUSTAINABILITY INDEX**

In 2010 was the first time Codelco decided to be externally assessed according to the criteria applied by Dow Jones Sustainability Index, an indicator that assesses the sustainability of leading companies worldwide.

The analysis of the sustainability criteria ranked Codelco ninth among 41 companies in the mining sector, which positions it in 11% among mining sector leaders.

**SAFETY**

In 2010, Codelco deeply regretted the death of seven workers, three employees and four contractors. This negative situation forces the Company to deepen its efforts to eliminate high risk incidents that cause fatalities at its operations.

Nevertheless, in 2010 Codelco achieved the lowest disabling injury frequency rate in its history, with 2.04 injuries per million hours worked. This is the result of Codelco’s ongoing commitment to put into practice its first value; respect for life. The severity rate, however, was higher than in 2009, it reached 490 for both employees and contractors.

Some of the safety actions taken in 2010 were:

- > Development of a corporate project to strengthen leadership and foster a safety culture targeting first-level executives and supervisors.
- > Official corporate guidelines to investigate fatal, serious and high potential incidents, applied while investigating fatal incidents during the year.
- > Launched verification, monitoring and analysis study of fatal incident investigation, which occurred in Codelco between January 2008 and October 2010.
- > Began preparation of Rules for Life compliance standards.
- > Implemented Green Card at all operations (except Ventanas).
- > Implemented behavioural safety plans at all Divisions.

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**ACCIDENT INCIDENT RATE 2010**

WORKFORCE	ACCIDENT INCIDENT RATE	FREQUENCY RATE D.S. 40	SEVERITY RATE D.S. 40	FATAL ACCIDENTS	FATAL ACCIDENT FREQUENCY RATE
EMPLOYEES	0.49%	2.52	767	3	0.08
CONTRACTORS	0.37%	1.81	378	4	0.04
GLOBAL	0.40%	2.02	490	7	0.05

ACCIDENT INCIDENT RATE: NUMBER OF LOST TIME INJURIES FOR EVERY 100 EMPLOYEES. INCLUDES FATAL ACCIDENTS.

ACCIDENT FREQUENCY RATE (SUPREME DECREE 40): NUMBER OF LOST TIME INJURIES PER MILLION HOURS WORKED. INCLUDES FATAL ACCIDENTS.

SEVERITY RATE (SUPREME DECREE 40): NUMBER OF LOST WORKDAYS PER MILLION DAYS WORKED. INCLUDES DAYS ABSENT PER INCIDENT.

FATAL ACCIDENT RATE: THE NUMBER OF FATALITIES PER MILLION HOURS WORKED.

## OCCUPATIONAL HEALTH AND SAFETY

During 2010, the new resolutions on occupational illnesses affecting active workers are listed below:

RESOLUTIONS* OF OCCUPATIONAL ILLNESSES - ACTIVE WORKERS	
DIAGNOSIS	TOTAL
SILICOSIS	17
HYPOACUSIA	41
MUSCULOSKELETAL DISORDERS	13
OTHER ILLNESSES	1
<b>TOTAL OCCUPATIONAL ILLNESSES</b>	<b>72</b>

\* RESOLUTIONS OF DISABILITY WITH LOSS OF EARNING CAPACITY EQUAL OR HIGHER THAN 15%

Codelco continues its systematic occupational health and safety activities focused on prevention, detection and treatment of occupational illnesses that affects its own employees.

In the framework of the Global Programme for the Elimination of Silicosis from the World by 2030, Codelco held the seminar Towards Mining without Silicosis, in order to communicate the current situation of Codelco operations in terms of dust control and creation of a coordination entity to address the programme. The Company also actively participated in the technical entities created by the Ministry of Health to implement the National Plan for the Elimination of Silicosis.

In 2010, a Procedure Manual on Dust Control in Mining was prepared.

As for contractors, Codelco and administrative entities of Law 16.744 (employee mutual insurance and ISL) reached an agreement on employee pre-employment and employment medical examinations and screening. This will enable mining companies to have uniform standards and it will facilitate

employee transfers, simplifying procedures, reducing costs and avoiding unnecessary medical examinations.

In industrial health, a new version of Codelco's Risk Roadmap was launched, available on the intranet. The map identifies occupational risks in the workplace, so that employees know the health hazards to which they may be exposed and could lead to an occupational illness. This is the basis for health risk management.

Additionally, an information platform was launched with occupational health, safety, and industrial health modules for all Divisions, which will cover all the information gaps and optimise management related to medical, accident prevention and occupational illness processes, enabling synergies and traceability.

### INVESTMENT IN OCCUPATIONAL HEALTH AND SAFETY

In 2010, Codelco invested US\$ 145.6 million in projects to improve working conditions and habitability of different mining operations. Some of the key projects were as follows:

#### Codelco Norte Division

- › Transfer of central chemical laboratory.

#### Salvador Division

- › Improvement of fugitive gas emissions.

#### Andina Division

- › Water Standardisation-Stage I.

#### El Teniente Division

- › Infrastructure restoration and installation after February 2010 earthquake.

#### Ventanas Division

- › Improvement of canteen safety conditions.



**ENVIRONMENTAL PERFORMANCE**

In 2010, Codelco developed plans and programmes to mitigate the environmental impact of its mining operations and processes, decide on historic socio-environmental assets and make viable its growth projects. Key implementations were:

**Water Resources**

Aware that water shortage is a global and local problem, Codelco reuses an average of seven times every drop of freshwater.

In 2010, a major boost was given to water resources management, which materialised at the First Corporate Water Conference. The main outcome of this conference was that Codelco’s Water Resources Master Plan was reviewed and updated and specific programme on resource instrumentation was created for all divisions. These programmes aim to report Codelco’s freshwater extraction to authorities and other stakeholders.

**Solid Waste**

The Company carried out responsible industrial waste management. In December 2010 a new version of the Corporate Guidelines on Solid Industrial Waste was launched, which replaces the 2003 version.

In conformity with the advances in public policies and the development of

this topic in Chile, the 2010 Guidelines provide the basis to ensure the sustainable management of solid industrial waste, minimising its generation, controlling potential impacts on the environment and looking for added value in each management stage, from origin to disposal. This is done by setting out minimum common criteria for waste management, applied to operations, growth projects and new businesses.

In October 2010, began the implementation of the Cerro El Minero Mine Closure Plan – Phase II (2010-2011), at El Teniente Division. This stage involves the withdrawal, transfer and disposal of approximately 20,000 tonnes of stable arsenic waste. The total plan includes the removal of 100,000 tonnes from the safety storage facility at El Teniente Division within six years and at an estimated cost of US\$ 36 million.

During Phase I (2009–2010), 22,000 tonnes of arsenic waste were removed and transported to an authorised external site for final disposal; no adverse incidents occurred.

**Liquid Waste**

In 2010, an important achievement in liquid industrial waste (RILes) was that four discharges at Andina Division and six at El Teniente Division were formally eliminated with the Superintendency of Sanitary Services (SISS).

As a result, the general inventory of the Company’s liquid waste discharges went down from 25 in December 2009 to 15 in 2010. Liquid waste discharge is shown in the following table by Division:

DIVISION	DISCHARGE MONITORING BY SISS	DISCHARGE MONITORING BY DIRECTEMAR	TOTAL
SALVADOR	3	0	3
ANDINA	10	0	10
EL TENIENTE	1	0	1
VENTANAS	0	1	1
<b>TOTAL</b>	<b>14</b>	<b>1</b>	<b>15</b>



Codelco Norte and Gabriela Mistral deposit do not discharge liquid industrial waste into surface, continental nor sea water; therefore, Supreme Decree 90 is not applicable.

Codelco keeps its liquid waste information updated on its website [www.codelco.com](http://www.codelco.com).

#### **Emissions, Energy Efficiency and Greenhouse Gases**

During 2010, Codelco fully complied with all the emission standards applied to its smelters, both specific emission standards and those emissions regulated by decontamination plans.

Since the 1990s Codelco has been committed to reducing air emissions, through investments, management plans and emission control at its older smelters that were not originally designed to meet such standards.

The most relevant emissions are smelter gases regulated by emission standards, in the case of arsenic (As), or by decontamination plans, in the case of sulphur dioxide (SO<sub>2</sub>).

In advance of the promulgation of emission standards, in 2010 the Company began measuring the particulate matter baseline for PM 2.5 at all divisions.

The Energy Efficiency Plan, implemented in 2008, aims to reduce specific

energy consumption in Codelco's production processes. During 2010, division performance agreements were established on energy efficiency management, with monthly monitoring of key indicators of specific use in each process, covering more than 80% of total energy consumption (electricity and fuel).

Codelco has an energy data system to quantify greenhouse gas emissions, based on direct and indirect emissions, associated with energy consumption.

Codelco's smelter emissions, compliance and energy consumption data by Division is available on its website: [www.codelco.com](http://www.codelco.com).

#### **Biodiversity and Territorial Management**

In 2010, major progress was achieved in territorial management. A corporate work team was formed; two workshops were held which resulted in the first Corporate Guidelines for Territorial Management and a division work plan was implemented in December.

Biodiversity programmes were advanced, in keeping with Codelco Biodiversity Commitments, and initiatives and division projects were implemented.

**Glaciers**

The Corporate Glacier Strategy, approved in December 2009, defined a conceptual framework and applicable regulations; including guidance, definitions and objectives, and it determines the specific actions required to develop glacier studies, promotion, conservation, communication and engagement.

The strategy’s action plan was agreed in November 2010, by the Corporate Glacier Work Group. The plan set out activities and deadlines for the actions included in the strategy.

Andina and El Teniente Divisions have conducted the corresponding inventory and diagnosis studies on their glacier status, based on the action plan.

**Environmental Impact Evaluation System**

During 2010, Codelco submitted 20 projects to the Environmental Impact Assessment System (EIAS): 18 were Environmental Impact Statements (EIS) and 2 Environmental Impact Studies

(EIS). One environmental study corresponds to the New Mine Level project at El Teniente Division; and another to the Tailings Copper and Molybdenum Recovery Plant at Andina Division.

Among the initiatives submitted during the year, 11 were approved and 9 are currently undergoing approval.

Key projects approved in 2010 were:

- > EIS - Chuquicamata Underground Mine, Codelco Norte Division.
- > EIS - Ministro Hales Mine Modifications, Codelco Norte Division.
- > EIS - Rajo Turquesa Remnant Mining, Salvador Division.
- > EIS – Geological Prospecting, Andina Division.
- > EIS – Rajo Sur Mining Project, El Teniente Division.
- > EIS – Refinery Cleaning Sludge Transport, Ventanas Division.
- > EIS – Anode Slime Transport, Head Office.

In Chile, 62 projects were approved in the mining sector during 2010, which required an estimated investment of US\$ 7.139 billion. 63,5% of these projects were Codelco investments.

**Environmental Investment**

During 2010, Codelco invested US\$ 61.6 million in environmental and decontamination projects, such as:

**Salvador Division**

- > Implementation of a wastewater and effluent management solution in Potrerillos.

**Andina Division**

- > Construction of a water barrier to prevent leakages at Ovejería Dam.

**El Teniente Division**

- > Implementation and construction of Carén Dam - 5th Stage.

**Ventanas Division**

- > Construction of a new temporary hazardous waste facility.



### Copper Life Cycle

Copper life cycle refers to the different stages of copper, from when it is mined to its final disposal at the end of its useful life. A life cycle inventory is a tool for measuring the estimated potential environmental impact associated with the production of a product unit during its entire life cycle.

During 2010, Codelco updated its life cycle inventory for its main copper commercial products. It also developed a carbon footprint calculator specific for copper product lines at each Division, which were given to employees to use in operations management.

### Mine Closure

Since 2007, Codelco has ongoing mine closure management. The decisions made in this field have been as follows:

- > Corporate Guidelines updated during 2010.
- > Closure plans approved by Sernageomín.
- > Corporate closure cost estimate and

updated provisions.

- > Functional organisation, based on existing roles.
- > Began closure project portfolio at divisions.

Closure activities were classified into areas that, in turn, were grouped into decommissioning and restoration categories, in conformity with IFRS.

In October 2010, the first Corporate Mine Closure Workshop was held, where opinions were shared with other mining companies, national regulations were reviewed, the division closure management was updated, in keeping with the relevant closure portfolio, and a concurrent closure plan was submitted for the period 2010-2014.

The estimated cost of Codelco's mine closures is calculated in current value, considering expense flows during the entire life of each mine. The first security payment is scheduled for 2014, if

the draft Bill is enacted by Congress.

### SOCIAL RESPONSIBILITY

As a fundamental part of social responsibility practices, Codelco conducts initiatives and projects to support the community within the framework of Codelco Buen Vecino (Good Neighbour). In 2010, these initiatives focused on: education, environment and entrepreneurship, directly associated with corporate definitions and regulations; the requirements of the division business plans, and the needs of the actual communities detected through direct engagement and ongoing communication with the communities, their leaders and with authorities in the influence areas of the mining operations.

Codelco Buen Vecino is a community management programme that groups all the initiatives against the adverse impacts caused by operations or new projects on local, social and environmental systems.

Codelco Buen Vecino projects also aim to help improve the quality of life of communities, establishing closer, transparent and ongoing collaborative relationships with social organisations, local authorities and the community in general. For this purpose, agreements were entered into with social organisations or public institutions.

Codelco's community management has strengthened its reputation capital, giving it social licence to maintain and develop its production activities. According to Chileans, Codelco is among the most socially responsible companies in the country, perception that is reflected in the different internal and external surveys conducted during 2010 (such as the MORI survey; Are Chileans socially responsible?; the Prohumana survey and the Sustainable Codelco perception study, Gestra S.A.)

As for stakeholder management, a new version of the Community Engagement Manual was approved. A corporate decalogue was created for relationships with associates, contractors and subcontractors. A training scheme was also implemented for contractor companies on using e-billing, as part of a social responsibility agree-





ment for supplier company development, together with the Chilean Inland Revenue (SII).

As for Codelco Buen Vecino initiatives and projects, the divisions, exploration and Head Office developed 401 projects in alliance with public and private institutions, totalling more than US\$ 6 million (reference value: US\$470).

Additionally, approximately US\$ 2.6 million of remaining Sence funds were assigned to social grants for job training.

**CODELCO BUEN VECINO**  
**Chuquicamata Division and Radomiro Tomic Division**

In 2010, grant funds were implemented jointly with Calama schools and social organisations which would be used to restore public spaces.

Other initiatives implemented were citizen safety and quality of life programmes, targeting vulnerable and low-income segments.

As for indigenous people initiatives, Codelco built a multipurpose room annexed to the Calama Museum to promote cultural heritage in the region, and activities were conducted

in the context of the collaboration agreement with the Quechua community in San Pedro Estación, focused on the agricultural recovery and social development of this location.

**Salvador**

Complementary educational workshops were held for all primary schools in the province of Chañaral.

The division continued to support the pre-university colleges in Diego de Almagro and Chañaral, benefiting more than 500 teenagers.

Through the heritage recovery project at the Diego de Almagro and Chañaral museums, improvements were made to infrastructure and the classification of exhibition samples. Visits were also organised to archaeological sites in the province to promote respect and care for archaeological and historical heritage in the country.

Sustainable energy use was promoted, through homemade solar energy devices. More than 300 people were trained to use heavy duty machinery, electricity and homemade solar energy techniques. This initiative helps to create jobs in the province.

As in prior years, local organisations were directly engaged by developing handicraft and skills workshops; and work with the Colla Community is still in progress.

#### Andina

The Division continues to undertake direct work with social organisations; the local community's requirements were channelled through regular working sessions in socially profitable actions and work.

Key projects were the consolidation of Los Andes Children's Symphony Orchestra, two years after it was created and with the participation of 120 children and teenagers at risk.

Other initiatives were: contribution to primary education through Comics: 40 Years of Andina's History; social reintegration of former drug users by fitting out Crehad Rehabilitation Centre; and social connectivity of district organisations by providing technological equipment and training for leaders.

#### Ventanas

It continued to invest in agricultural education and entrepreneurship in the Puchuncaví and Quintero municipalities. The division diversified its actions towards other community needs. Training workshops were held for social leaders, strengthening the neighbours-company relationship.

The Division continued to implement grant funds for community organisations, through an open and participatory methodology, which were awarded to 11 initiatives out of a total 80 submitted.

The Division also contributed to road infrastructure at La Greda (Puchuncaví district), where the main road pavement, curbs and shoulders were paved; it was a joint effort between the community, the municipality and Codelco.

#### El Teniente

Sustainability education promotion projects were implemented, such as "Yard Classrooms," in the district of Alhué; and "My First Green School Bag," at 19 nurseries in Rancagua.

Actions were undertaken to develop entrepreneurial and social-envi-

mental skills among neighbours in Valparaíso, O'Higgins and Metropolitan Regions, through solar energy and trade workshops.

The Company also contributed professional staff and machinery to help reconstruction efforts after the earthquake in six districts next to El Teniente operations.

#### Exploration

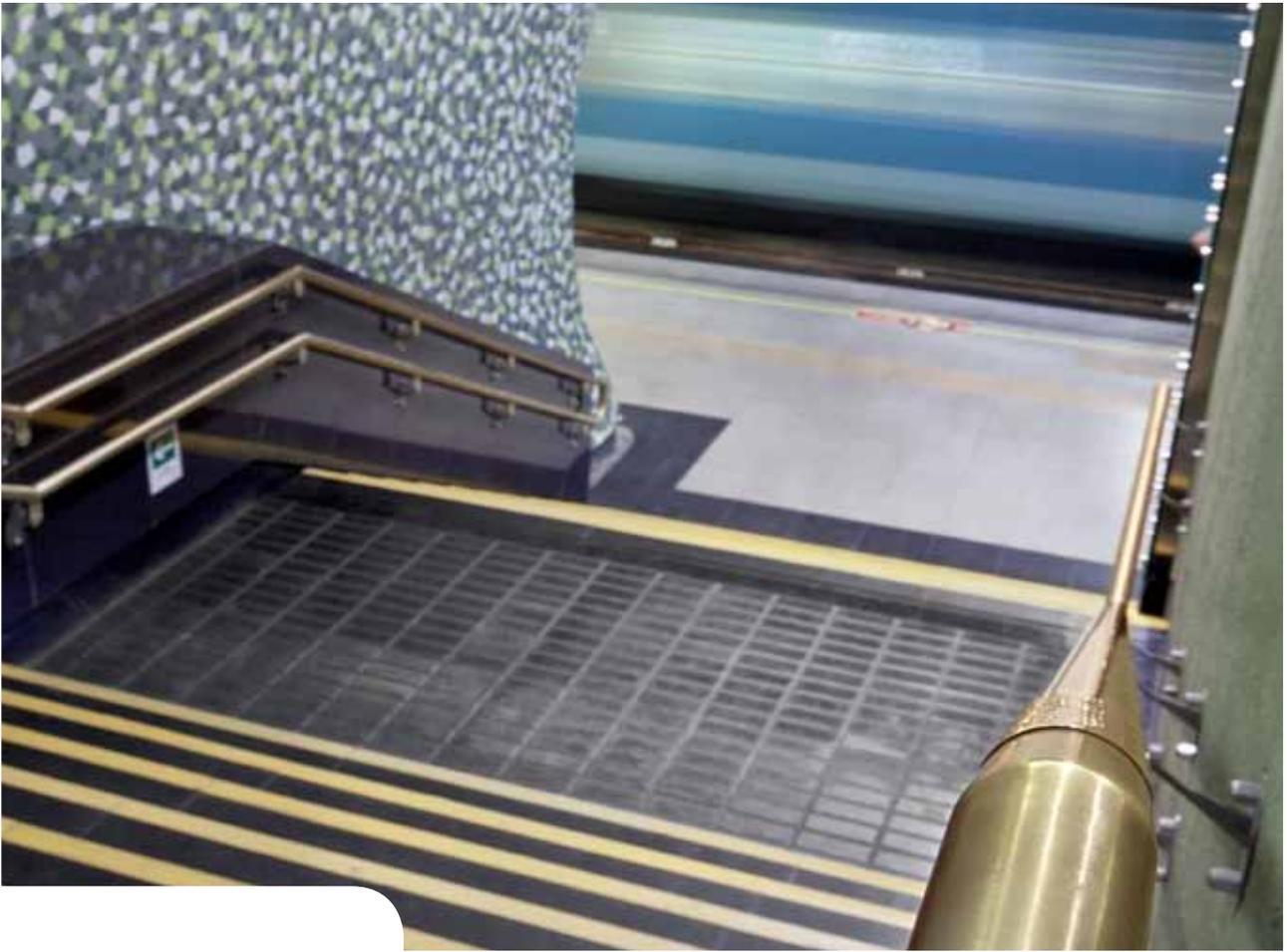
Exploration Management reported mining exploration activities using educational material to pupils at three Calama schools and two rural schools in the Salamanca district, so that the children could learn about the initial stage of a mining operation.

It also focused on promoting physical activity and health, personal development and environmental care, in the framework of projects carried out with primary schools in Calama. Part of the Salamanca community also received training on home safety.

#### Corporate Centre

Head Office promoted the creation of a Children's Symphony Orchestra in the district of Mejillones. It consists of almost 80 children; many of these children are socially at risk and vulnerable. This project aims to replicate the successful experience of Los Andes Children's Symphony Orchestra.

Codelco has been present in Mejillones for several years, for example, the Port Complex, E-CL (formerly Edelnor), the LNG terminal, employee camping sites of the former Codelco Norte Division and cathode shipments from Minera Gaby and Chuquicamata.



## MARKET DEVELOPMENT

Codelco analyses and monitors the copper market and its medium and long-term prospects, through market development initiatives. At the same time, the Marketing Vice-Presidency complements the annual sales task of Codelco's production and product portfolio, by permanently observing the metal market trends and new regulations.

Thereby substitution threats are detected, the emergence of market access restrictions; and also the development of innovative and profitable projects, that use copper in new applications and improve people's quality of life.

### INTERNATIONAL COPPER ASSOCIATION - ICA

The International Copper Association (ICA) represents most of the world's largest copper production, smelting and refining companies. Its goal is to promote and defend the copper market.

Currently the ICA has 36 member companies and it works with more than 350 additional members on different projects in more than 60 countries.

Since it was founded in 1989, Codelco has had a leading role in ICA; it has participated in the Board of Directors and the committees that guide work

programmes focused on the efficient use of resources and compliance of such programmes.

In 2010, ICA focused on developing projects associated with the promotion and defence of the use of copper, and the creation and marketing of new technologies that positively impact the use of copper.

A key event in 2010 was the launch of the Antimicrobial Copper Cu+ brand, for copper touch surfaces; and the new website [www.antimicrobialcopper.org](http://www.antimicrobialcopper.org).

ICA registered in the EU REACH dossier (Registration, Evaluation, Authorization and Restriction of Chemical Substances) copper and intermediate products, in conformity with the European regulations to enter products into the region. It developed a chemical safety report which assessed the products effect on the environment and human health. Hence, it successfully completed the registration stage, which involved three years of joint effort of key stakeholders in the copper industry, led by ICA.

An intense programme was also undertaken to set out the 2012-2016 Strategic Plan, which will be completed

in October 2011, with the final approval of the Board. The new strategy will particularly focus on external funding, sustainability, energy, antimicrobial copper and selection and management of project portfolio.

### INTERNATIONAL MOLYBDENUM ASSOCIATION - IMO

Codelco has been a member of the International Molybdenum Association (IMO), since it was founded in 1989. IMO's budget is approximately US\$ 3 million.

In 2010, Codelco was no longer chair of IMO, which it presided for three years, with major progress in all its initiatives, such as:

- > Implementation of a new strategic plan for the period 2010-2014.
- > Development of a new mission, vision and values.
- > Completion of REACH registration, which covered 11 substances associated with molybdenum and widely used substances in Europe. The process included a complete risk assessment of molybdenum and its effect on human health and the environment. This will permit the industry

to proactively address new worldwide regulatory processes.

- > Completion of guidelines in different languages for new labelling of molybdenum by-products, in keeping with the requirements set by the new UN legislation on Classification, Labelling and Packaging (CLP).
- > Elimination of molybdenum from the list of substances that could form part of the new European Union regulations on more complex and hazardous substances for human health and the environment.
- > First seminar on the future use of molybdenum was held in Chile, together with Comotech, a Codelco subsidiary, and Universidad de Chile.

#### NEW REACH REGULATIONS

In November 2010, Codelco met the requirements set out in REACH, in order to market its products in the region. The Company registered copper cathodes, fire-refined copper, roasted molybdenite, concentrates and anode slime.

In addition to meeting the registration deadlines, Codelco submitted to the European Chemical Agency a series of studies on potential risks to human health and the environment associated with the registered products, as well as the corresponding control measures. These studies were conducted jointly with the members of the copper and molybdenum consortiums that include the world's major mining companies.

This research will enable Codelco to have valuable scientific knowledge base on the effects of copper and molybdenum on the environment, information that can also be used in future regulatory processes both in Chile and overseas.

#### Product Classification and Labelling

The European Union has implemented a new classification and labelling system for hazardous chemical substances, known as Classification, Labelling and Packaging (CLP Regulation). The system is aligned with Globally Harmonised Systems (GHS) which is sponsored by the United Nations.

For all substances registered in REACH, Codelco had to submit to the European Chemical Agency a CLP proposal and implement labelling and the corresponding safety data sheets, whenever required. The proposals were prepared together with the other members of the REACH copper and molybdenum consortiums.

During 2010, Codelco also began to label anode slimes and molybdenite concentrates to comply with this labelling system. Safety data sheets were generated, subject to the new format required by the European Union.

#### INCUBA S.A.

INCUBA S.A., a Codelco subsidiary, was created as an instrument to invest in profitable projects and initiatives that have an impact on the demand for copper or molybdenum; that it has a country impact or interest; and that generates an attractive value proposal for private entrepreneurs or firms.

In 2010, some of the key projects managed by INCUBA were:

#### Ecosea Farming S.A.

Company that leases copper alloy farming systems to the aquaculture sector; it marketed more than 60 fish farming systems in Chile in 2010.

#### Public Health

This initiative focused on developing products for hospitals, clothing and public transport areas (Santiago Metro). These advances use copper fibre and copper alloy materials. In this respect, an agreement was entered into with Monarch, a Chilean company, to produce and launch in 2011 a line of socks with copper fibre as a bactericide.

These projects aim to increase, directly and indirectly, the demand for copper, by approximately 50,000 tonnes per annum.

#### Copper for Energy - C4E

This consortium was created with the support of Innova Chile, an innovation programme implemented by Corfo (economic development agency), and it is formed by ICA, Fundación Chile, Universidad de Chile and Codelco. Its

objective is to support technological innovation projects, intensive use of copper and enable energy efficiency improvements; and also make viable the generation and use of non-conventional renewable energies.

Some of the 2010 initiatives are C4Water (copper for water), that offers combined solutions of solar power generation and water treatment, whether desalination for human consumption or mine waste treatment; and C4Heat (copper for heat), to improve energy efficiency of heat exchangers, solving the corrosion problem which prevented the use of copper in these applications.

**BACTERICIDAL PROPERTIES OF COPPER**

2010 saw the successful completion of Corfo's Innova Chile project on the development of a local capacity and knowledge platform to create new products that use the antimicrobial properties of copper. This initiative was supported by ICA (through Procobre Chile), Universidad de Chile (through UNTEC) and Codelco.

The clinical trial of the use of copper on contact surfaces was carried out on half the Critical Patient Units at the Hospital del Cobre in Calama; the results demonstrated the substantial bactericidal effect of copper, by reducing major pathogens by more than 90 percent.

The enormous potential of antimicrobial copper applications led ICA to register worldwide the Antimicrobial Copper Cu+ brand, in order to have an emblem that certifies the bactericidal properties of copper or copper alloys, registered in the US Environmental

Protection Agency (EPA), under contact surfaces.

The brand will be available in the near future to manufacturers of semi-copper products and finished copper products, prior registration and signing of the terms and conditions of use.

In May 2010, Codelco coated with Cu+ certified antimicrobial copper, high contact surfaces in the public areas at its Head Office, such as handrails, handles, public service desks and lift rails. Thereby, Codelco delivered the first building in Santiago protected with Cu+ Antimicrobial Copper. Codelco expects this initiative to be applied in other public and private buildings for the benefit of people's health.

Another initiative is a pilot project with Metro S.A., that installed handrails made out of a copper-zinc alloy at the Santiago Bueras station on the new Maipú line of Santiago Metro. The copper-zinc handrails, apart from their

aesthetic contribution, will also help to mitigate the transfer of pathogens by direct contact between people who use this public transport.



## STAKEHOLDERS AND PUBLIC OPINION

### STATEMENT OF VALUES

In 2010, the Company established a participatory process to define, together with employees, Codelco's Statement of Values. One of the main activities carried out was an interactive online dialogue: Let's talk about Our Values, which was held on 19 and 20 October and all employees could send in their comments on the values that should guide the Company.

In total, 6,346 comments and suggestions were received, which were sent by 2,138 participants, representing a little more than 18% of those who had direct access to the participation tool on the internal network.

The final document, published in December and which is available at [www.codelco.com](http://www.codelco.com), includes the values and principles that have guided and

must guide Codelco management and each and every employee. Basically, Codelco Statement of Values sets out:

### Our Identity

We are Codelco, the Largest Mining Company in Chile.

We are a team of men and women committed to Codelco's leadership in both the Chilean and world mining industry in order to contribute to the country's development.

We do our work with enthusiasm and high safety standards, focusing on sustainable development and maximising the profits we deliver to our owner, the Chilean State.

We strive to make every Chilean take pride in and admire Codelco's history of service to the country, and look after

the Company's reputation as if it were our own reputation.

### Our Values

#### 1. Respect for people's life and dignity.

Respect for people's life and dignity is a core value. Nothing justifies taking uncontrolled risk that could affect our health and safety.

#### 2. Responsibility and Commitment.

To work for Codelco is an honour, a great responsibility and an enormous commitment.

#### 3. Personal Skills.

We value and recognise competent employees, who show initiative and leadership, and confront changes with decision and courage.

#### 4. Teamwork.

We foster teamwork, responsible participation and contribution from different employee organisations and experience.

#### 5. Excellence at Work.

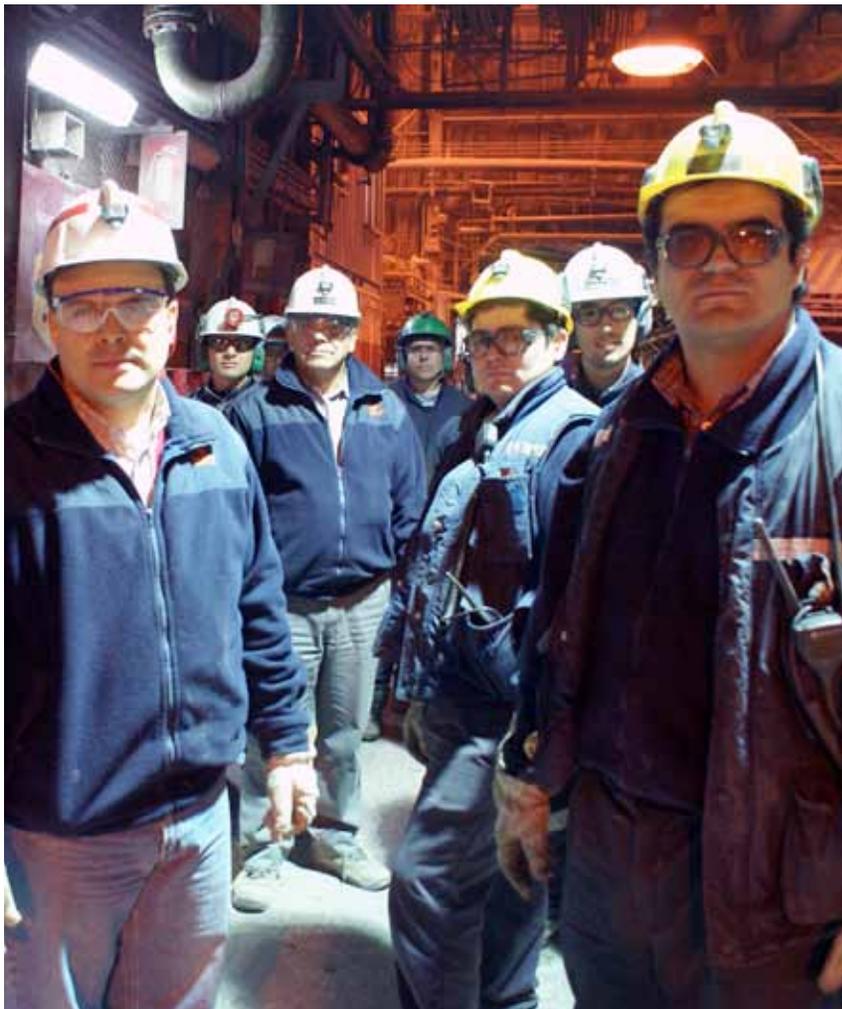
We strive for excellence in everything we do and we practise ongoing improvement in order to be one of the best in the industry.

#### 6. Innovation.

We are a creative company, innovating to generate new knowledge, create value and improve our leadership.

#### 7. Sustainable Development.

We are committed to sustainable development in our operations and projects.





**CODE OF CONDUCT AND BUSINESS ETHICS**

The Code of Conduct and Business Ethics sets out the values that govern Codelco in order to fulfil its mission and the basic guidelines for behaviour or conduct that have to be met by everyone who works in the Company. Hence, it targets everyone who has duties within Codelco or on its behalf, regardless of their role or type of contract.

The Code of Conduct and Business Ethics:

- > It is in tune with the Statement of Values.
- > It sets out what we understand and the extent of conflict of interests.
- > It forms part of the Internal Order, Health and Safety Regulations at each Division and Head Office, and it applies the same penalties for infringements included in these regulations.
- > It has an associated Complaint Hotline

to report complaints or non-ethical behaviour. This enables anyone to report a complaint, anonymously, safely and confidentially, via internet or phone call.

**Complaint Hotline**

The Codelco Hotline was launched on 1 July 2009 and, since October 2010 it is publicly available on the website [www.codelco.com](http://www.codelco.com).

During 2010, 64 complaints were reported, of which 15 were under investigation and 49 were closed as at 31 December.

Of the 49 closed complaints:

- > 10 (2 in Andina, 2 in Codelco Norte, 1 in Salvador and 5 in El Teniente) were closed, because they did not violate the Code of Conduct.
- > 11 (1 in Head Office, 1 in Andina, 3 in Codelco Norte, 5 in El Teniente and 1 in Project Vice-Presidency) were investigated and the corresponding administrative measures were taken.

> For 22 complaints, the information provided by the department found no grounds for the case (3 in Head Office, 5 in Codelco Norte, 3 in Salvador, 7 in El Teniente, 2 in Ventanas and 2 in Project Vice-Presidency).

> 2 complaints (1 in Codelco Norte and 1 in Salvador) were closed for other reasons.

> 4 complaints did not have sufficient information presented by the person reporting the complaint.

**TRANSPARENCY LAW COMPLIANCE**

Since April 2009, when Law 20,285 on Transparency of Public Functions and Access to Information on State Administration became effective, Codelco has had on its website [www.codelco.com](http://www.codelco.com) a section with all the information required by this regulation.

This law is applicable to public companies in an Active Transparency mode, i.e., the following information must be made publicly available on the Internet:

- › Regulatory framework applicable to Codelco.
- › Board of Directors; organisational structure; duties and competencies of the executive level.
- › Financial statements and other information filed with the Superintendency of Securities and Insurance.
- › Codelco subsidiary and associated companies, and any stake it holds in other entities and organisations.
- › Fees and remunerations of Codelco board directors and employees.

#### REPORTING AND TRANSPARENCY

Codelco has an ongoing, collaborative relationship with the regional, national and international media. In 2010, based on Codelco records, a total of 10,043 articles were reported in newspapers, magazines radios and TV channels on different topics about Codelco management. This represents a 28 percent increase over articles published in 2009, which is primarily due to the media impact of the 33 miners rescued from the San José Mine.

The Company also reports quarterly financial-economic results at press conferences and through direct communication channels, such as website, emails, magazines and e-bulletins targeting different audiences.

In addition to press information, our website [www.codelco.com](http://www.codelco.com) publishes data on key corporate issues. During 2010, the website received 1,150,783 visits, a monthly average of 95,898 visits, and with more than 750,000 single users.

So that the Chilean youth segment knows more about the company, in October 2009 Codelco incorporated the use of social networks as a dissemination channel. As at December 2010, the Company had 1,167 fans on Facebook; 1,751 followers on Twitter; more than 1,500 photos published on Flickr with 23,803 visits, and 61 Codelco videos uploaded on You Tube, which had 38,830 visits.

Codelco does not publish commercial advertisements or infomercials in the media.

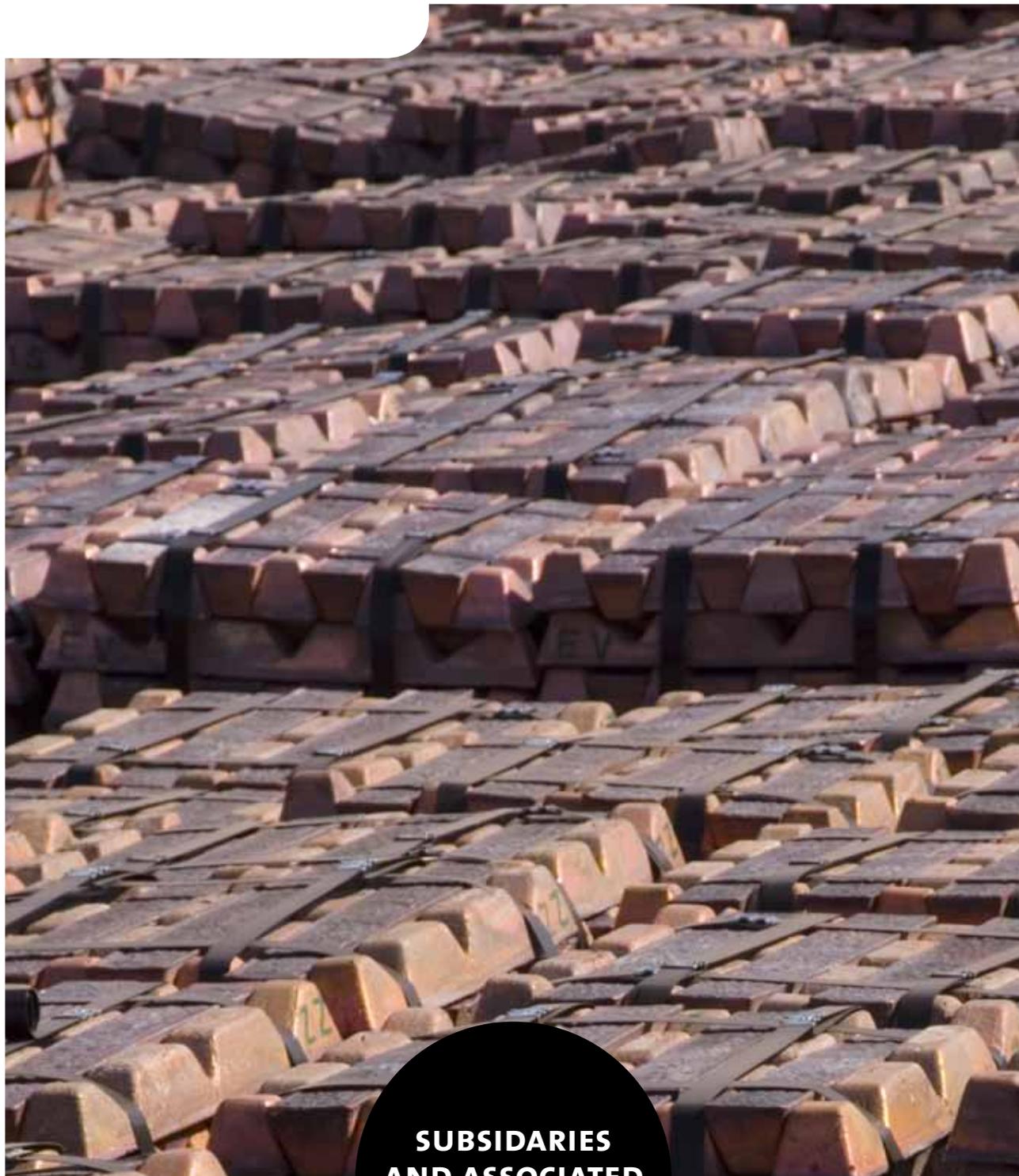
#### ALDEAMINERA.CL

In 2010, the website [www.aldeaminera.cl](http://www.aldeaminera.cl) continued to provide information for workers and their families on quality of life, including a section to ask experts questions as well as budget control and child Internet safety talks held at the Head Office and divisions.

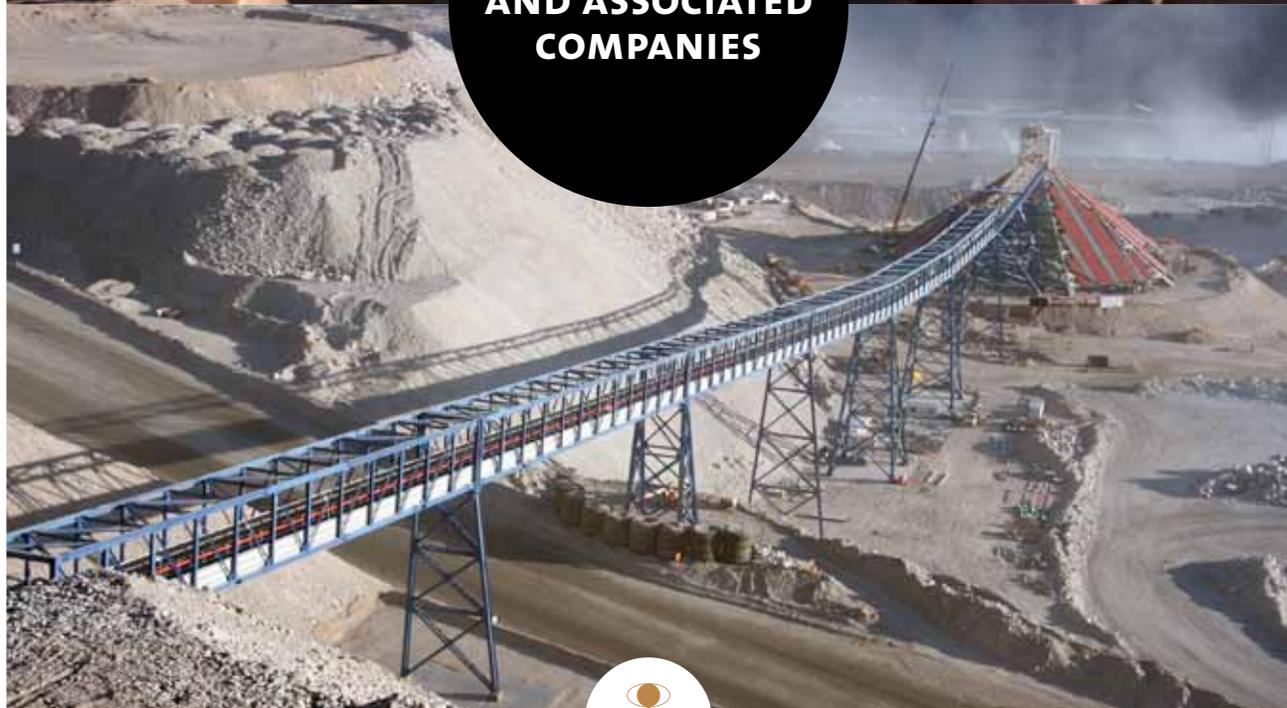
It also provided alternative online support to prepare PSU exams; it held the second Tech Fair which offers users notebooks at preferential rates; a Facebook Fan page was created, and social networking functions were incorporated, such as "I like it" in the note comments.

Aldeaminera.cl increased its single users per month by almost 50 percent in 2010. Our next challenge is to have a deeper relationship with users.

CODELCO, MAIN COMPANY  
AND PRIDE OF CHILE



**SUBSIDIARIES  
AND ASSOCIATED  
COMPANIES**



## SUBSIDIARIES AND ASSOCIATED COMPANIES

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**AGUA DE LA FALDA S.A.**

As at December 2010

**Legal Status**

RUT: 96.801.450-1

**Incorporation:**

25 July 1996.

**Partners:**

Codelco 43.28% and Minera Meridian Limitada 56.72%.

**Subscribed and Paid-In Capital**

Capital subscribed and paid by Codelco: US\$17,052,000, representing a 43.28% interest.

**Corporate Purpose**

Prospecting, exploring and extracting from mining properties that contain gold, precious metals and other metals, and subsequent marketing activities.

**Directors**Roberto Alarcón Bittner, Chairman  
Ricardo Palma  
Charles Bruce MainNicolás Saric Rendic (\*)  
Edmundo Tulcanaza Navarro (\*)**Alternate Directors**Sergio Orrego Flory  
Alejandro Gordon Farfán  
Jacqueline Francois Fuentes  
Eduardo Foix Iñiguez (\*)  
Carlos Huete Lira (\*)**General Manager**

Felipe Núñez Cordero

**Codelco's Interest and Changes during 2010**

Codelco holds a 43.28% interest and there were no changes in shareholding structure during the period under review.

**Business Relations with Codelco**

The company has the following service contracts with Codelco:

Freshwater, industrial water and power supply, and crushing plant lease contract.

**Contracts with Codelco**

No new contracts during 2010.

**Investment Ratio of Head Office Total**

2010 Investment in associated company US\$5,810,000.

2009 Investment in associated company US\$5,783,000.

**Investment Ratio of Head Office Total Assets**

0,029%, 2010.

\* CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**COMPAÑÍA CONTRACTUAL MINERA LOS ANDES, CCMLA**

As at 31 december 2010

**Legal Status**

RUT: 78.860.780-6

**Trade Name:**

Compañía Contractual Minera Los Andes (CCMLA)

**Incorporation:**

16 May 1996, Series No. 273.

**Notary:**

M. Gloria Acharán Toledo. Registered on page 117, in 1996, in the Property Registry and on page 9550, in the Shareholders' Book of the Santiago Mining Registrar.

**Subscribed and Paid-In Capital**

Capital subscribed and paid by partners, equivalent to 15,220,454 shares, Codelco paid 99.969% and Minera Picacho 0.031%, totalling US\$17,655,000.

**Corporate Purpose**

Geological and other explorations to find and survey ore bodies in Chile or overseas.

**Directors**Waldo Fortin Cabezas, Chairman (\*)  
Francisca Castro Fones (\*)  
Juan Enrique Morales Jaramillo (\*)Carlos Huete Lira (\*)  
Nicolás Saric Rendic (\*)**General Manager**

Nicolás Saric Rendic (\*)

**Codelco's Interest and Changes during 2010**

Codelco holds a 99.969% interest. There were no changes during the period under review.

**Business Relations with Codelco**

Its exploration activities are temporarily at a standstill. Its Exploradora and Esteli properties are being explored by Rio Tinto Mining and Exploration Limited/Agency in Chile; and Los Lobos property by Hot Chili (Australia), under options contract that in the future may become public limited companies. During the year, Codelco paid, on behalf of the company, for mine maintenance work, expenses that are recognised under accounts payable. In March 2009, CCM Los Andes received a capital contribution from its principal shareholder, Codelco, to exercise the share option on the Porteñas

mining property, subsequently contributed to create Inca de Oro, S.A.

**Contracts with Codelco**

No new contracts were entered into during 2010.

**Investment Ratio of Head Office Total**

2010 Investment in subsidiary company US\$303,000.

2009 Investment in subsidiary company US\$1,696,000.

**Investment Ratio of Head Office Total Assets**

0,001%, 2010.

\* CODELCO DIRECTORS OR EXECUTIVE DIRECTORS

## COMPAÑÍA MINERA PICACHO SCM

As at 31 december 2010

### Legal Status

RUT: 78.712.170-5

### Trade Name:

Compañía Minera Picacho SCM.  
Incorporated on 26 September 1994.

### Notary's Office:

Andrés Rubio Flores, under Series No.  
6552/94.

### Subscribed and Paid-In Capital

Capital subscribed and paid by Codelco (9,999 shares) and Sociedad de Inversiones Copperfield Limitada (1 share) totalled US\$1,213,000.

### Corporate Purpose

It was originally incorporated in 1994 by Codelco and Sociedad Minera Mount ISA Chile S.A. to carry out geological exploration on property owned by Codelco and Mount ISA. In 1997, Codelco bought Mount ISA's shares and expanded the company's business activities in order to apply for water exploration permits and obtain water use

rights, recently becoming its main business activity.

### Board of Directors

Carlos Huete Lira (\*), Chairman  
Nicolás Saric Rendic (\*)  
Hernán Sepúlveda Astorga (\*)

### General Manager

Álvaro Puig Godoy (\*)

### Codelco's Interest and Changes during 2010

Codelco directly and indirectly holds 100% interest.

### Business Relations with Codelco

No business relations in 2010.

### Contracts with Codelco

Mandate to Codelco that authorises exploration activities in areas where Picacho has exploration requests approved and/or undergoing approval effective until December 2010.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$127,000.  
2009 Investment in subsidiary company US\$135,000.

### Investment Ratio of Head Office Total Assets

0,001%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## EXPLORACIONES MINERAS ANDINAS S.A.

As at 31 december 2010

### Legal Status

RUT: 99.569.520-0

Exploraciones Mineras Andinas S.A.

### Incorporation:

29 July 2004.

### Partners:

Corporación Nacional del Cobre de Chile, 99.99%; and Sociedad de Inversiones Copperfield Ltda., 0.1% interest.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$236,000, representing 99.9%.

### Corporate Purpose

Provide planning, management and implementation services for mining exploration and water resources exploration programmes, providing services in: drilling, chemical analysis, sampling, lab analysis, geological and geophysical mapping, physical property measurement, material characterisation, support and other services required to implement such programmes; consulting services in geology and related fields; staff training in areas related to mining exploration; seminars, workshops and courses; publications.

### Directors

Carlos Huete Lira, (Chairman) (\*)  
Edmundo Tulcanaza (\*)  
Alejandro Gómez Arenal (\*)

### Executive

Sergio Rivera Cabello, General Manager

### Codelco's Interest and Changes during 2010

As at 31 December 2010, Codelco directly holds a 99.9% interest and indirectly 0.1% under its subsidiary Soc. de Inversiones Copperfield Ltda. There were no changes during the period under review.

### Business Relations with Codelco

The company provides geological exploration services to Codelco and Codelco subsidiaries.

### Contracts with Codelco

Mining Exploration Services Contract. Since 15 October 2004, the company has entered into several contracts with Codelco in order to implement and execute Codelco's exploration programmes in Chile. The contract currently in force is "Integral Mining Exploration Services for 2010-2011 Programmes". Geological Prospecting Services

Contract (Contract between EM S.A. and IDO S.A.).

The Company entered into a service contract with Inca de Oro S.A., a Codelco subsidiary, on 1 August 2009, to carry out geological prospecting to demarcate, estimate and classify during the first seven years of exploration at Inca de Oro deposit. Contract end date: 1 April 2010.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$1,058,000.  
2009 Investment in subsidiary company US\$760,000.

### Investment Ratio of Head Office Total Assets

0,005%, 2010.

\*CODELCO DIRECTORS OR EXECUTIVE DIRECTORS

**INCA DE ORO S.A.**

As at December 2010

**Legal Status**

RUT: 76.063.022-5

**Incorporation:**

11 June 2009.

**Notary's Office:**

Oswaldo Pereira Gonzales, under Series No. 7.565.09, Abstract page 30101 N1 20730 in the Registry of Commerce of the Santiago Property Registrar.

**Subscribed and Paid-In Capital**

As at December 2010, capital subscribed and paid by Codelco was US\$6,100,000, representing 79.74 %.

**Corporate Purpose**

Exploration and mining resources, exploration and concentrator plants. Incorporate or form part of other partnerships in similar, related or complementary activities; or acquire or transfer rights or shares in them. Acquisition, incorporation and sale of properties, ore deposits, concessions and mining rights in general, immovable or movable assets, and also securities and any other kind of finan-

cial instrument. Provide services in Chile and overseas for the mining industry.

**Board of Directors at Closing Date**

Luis Fariás Lasarte, Chairman (\*)  
Germán Morales G. (\*)  
Nicolás Saric R. (\*)

**General Manager**

Nicolás Saric R. (\*)

**Codelco's Interest and Changes during 2010 at Closing Date**

During the period under review, Codelco Chile held a 74% interest and Compañía Contractual Minera Los Andes held the remaining: 20.26%.

**Business Relations with Codelco**

The company did not perform any business activities during 2010 with its owner Codelco.

**Contracts with Codelco**

The company did not have contracts. However, it has a contract with a

Codelco subsidiary, Exploraciones Mineras Andinas S.A., to provide exploration services that considers 4,500 metres of drilling, with additional support services, including geology, mapping, chemical analysis and operational support from August 2009 to February 2010. The contract was completed on 1 April 2010.

**Investment Ratio of Head Office Total at Closing Date**

2010 Investment in subsidiary company US\$2,959,000.  
2009 Investment in subsidiary company US\$4,574,000.

**Investment Ratio of Head Office Total Assets**

0,015%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**MINERA GABY S.A.**

As at 31 december 2010

**Legal Status**

RUT: 76.685.790-6

**Trade Name:**

Minera Gaby S.A.

**Closely Held Company, incorporated:**

22 September 2006.

**Subscribed and Paid-In Capital**

As at 31 December 2010, shareholders had subscribed and paid 1,000 registered common, non-par-value shares, all in the same series. Capital authorised, subscribed and paid totalled US\$20,000,000.

Shareholders: Corporación Nacional del Cobre de Chile holds a 99.9% interest, and Sociedad Inversiones Copperfield Limitada holds a 0.1% interest.

**Corporate Purpose**

Mine, explore, prospect, research, develop and operate ore deposits in order to extract, produce and process minerals, concentrates and other mineral products, and for this purpose install and operate ore processing and treatment plants.

**Directors**

Diego Hernández C., Chairman (\*)  
Juan Enrique Morales (\*)  
Thomas Keller Lippold (\*)  
Waldo Fortin Cabezas (\*)  
Luis Fariás Lasarte (\*)

**General Manager**

Eliseo Pérez Delard

**Codelco's Interest and Changes during 2010**

Codelco has a 99.9% interest in subscribed and paid-up shares. There were no changes during the period under review.

**Business Relations with Codelco**

Minera Gaby S.A. (MGSA) and Codelco have business relations and contracts relevant to Gabriela Mistral mine operations and its concentrator plants, under a Service Provision Contract. Other business relations are, for example, mandate contracts for legal representation, project investment activity management, IT and communications services.

**Investment Ratio of Head Office Total**

2010 Investment in subsidiary company US\$33,577,000.  
2009 Investment in subsidiary company US\$24,867,000.

**Investment Ratio of Head Office Total Assets**

0,166%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## SOCIEDAD CONTRACTUAL MINERA EL ABRA

As at 31 december 2010

### Legal Status

RUT: 96.701.340-4

Incorporated by public deed on 28 June 1994.

### Notary's Office:

Victor Manuel Correa Valenzuela.

Registered in the Santiago Registry of Commerce on page 149, No.40 in 1994. Shareholder Register no. 9054 page 20, 1994.

**Trade Name:** Sociedad Contractual Minera El Abra (SCM El Abra).

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid totalled US\$647,059,000 divided into 100,000 shares.

Shareholders: Cyprus El Abra Corporation holds 51,000 shares, and Corporación Nacional del Cobre de Chile holds 49,000 shares.

### Corporate Purpose

Prospecting, exploring and mining the El Abra ore deposit, located in the 2nd Region of Antofagasta, including its extension, and also the adjacent or nearby areas. Also extracting, processing and treating ore mined at the deposit and surrounding areas; and

transporting and trading products and by-products obtained from processing ore and other mining activities at the deposit.

### Directors

Jorge Riquelme, Chairman  
Luis Farías Lasarte (\*)  
Harry M. Conger  
Juan Enrique Morales (\*)  
Francisco Costabal

### Alternate Directors

Steve I. Tanner  
Germán Morales (\*)  
Kathleen Quirk  
Mario Espinoza Durán (\*)  
Joshua Olmsted

### Executives

Joshua Olmsted, General Manager

### Codelco's Interest and Changes during 2010

Codelco has a 49% interest, which has not changed since the company was incorporated.

### Business Relations with Codelco

Main business between the two companies: El Abra sells copper cathodes to

Codelco. Codelco sells sulphuric acid to SCM El Abra. The amount and price is negotiated on a yearly basis.

### Contracts with Codelco

The copper sales agreement is under a Marketing Agreement, signed on 15 June 1995, between SCM El Abra and Codelco Services Ltd. This agreement sets forth the termination date as 1 January 2012 and it can be automatically renewed on a year-to-year basis. Sulphuric acid sales contracts have been extended until 31 December 2016.

### Investment Ratio of Head Office Total

2010 Investment in associated company US\$542,625,000.  
2009 Investment in associated company US\$448,014,000.

### Investment Ratio of Head Office Total Assets

2,676%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## SOCIEDAD CONTRACTUAL MINERA PURÉN

As at 31 december 2010

### Legal Status

RUT: 76.028.880-2

**Trade Name:** Sociedad Contractual Minera Purén.

### Incorporation:

23 September 2003.

**Registration:** Property Register on page 121, no.31 in 2003, and Shareholders' Register on page 185, no.207 in 2003, both at the Santiago Mining Registrar.

**Notary's Office:** Fernando Opazo Larrain

### Subscribed and Paid-In Capital

Codelco holds 35% interest; Compañía Minera Mantos de Oro, 65%. Capital subscribed and paid by Mantos de Oro: US\$18,410,000. Capital subscribed and paid by Codelco: US\$9,913,000.

### Corporate Purpose

The purpose of the company is to explore, search, prospect, research, develop and operate mining deposits, in order to extract, produce and process ores, concentrates and other mineral products.

Additionally to install and operate ore concentrator and treatment plants; claim and purchase mining rights of any kind; sell, transport, export and market mineral substances and products. Also perform any action and enter into any contract and agreements that indirectly or directly result in achieving its business object.

### Directors

Andrés Verdugo, Chairman  
Alejandro Gómez Arenal (\*)  
Nicolás Saric (\*)  
Luis Parra Falcón  
Rolando Cubillos Basaure

### Alternate Directors

Marcos Álvarez Silva  
Carlos Huete Lira (\*)  
Eduardo Foix I. (\*)  
John Robert Pritting  
Miguel Baeza Guíñez

### General Manager

Guillermo Olivares Ardiles

### Codelco's Interest and Changes during 2010

Codelco has a 35% interest with 350 shares subscribed from a total of 1,000. There were no changes during the period under review.

### Business Relations with Codelco

No goods or services were sold or purchased between the company and Codelco.

### Contracts with Codelco

There are no contracts that have significant influence on Codelco's operations and results.

### Investment Ratio of Head Office Total

2010 Investment in associated company US\$5,407,000.  
2009 Investment in associated company US\$7,810,000.

### Investment Ratio of Head Office Total Assets

0,027%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## SANTIAGO DE RÍO GRANDE S.A.

As at 31 december 2010

### Legal Status

RUT: 96.876.140-4

Incorporation:

2 October 1998.

Notary's Office: Gloria Cortez Escaida

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$24,000, representing 99.99%.

### Corporate Purpose

Its purpose is to obtain water rights and mining resources exploration.

### Directors

Carlos Huete Lira, Chairman (\*)

Hernán Sepúlveda A. (\*)

Nicolás Saric Rendic (\*)

### General Manager

Mirtha Solari Espinoza (\*)

### Codelco's Interest and Changes during 2010

Codelco directly holds 99.99 % and indirectly 0.01% interest.

### Business Relations with Codelco

At present Santiago de Río Grande does not have any business relations with Codelco.

### Contracts with Codelco

On 26 November 2010 a contract was entered into with Codelco to explore for water and obtain water use rights as titleholder.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$0

2009 Investment in subsidiary company US\$0.

### Investment Ratio of Head Office Total Assets

0%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## CHILE COPPER LIMITED

As at 31 december 2010

### Legal Status

Limited Liability Company created in England on 29 March 1971.

### Subscribed and Paid-In Capital

As at 31 December 2010, Capital subscribed and paid by Codelco Chile totalled £ 1,000, subscribed in 1,000 shares. Codelco Chile holds 998 shares. Codelco Chile jointly with Gonzalo Cuadra have 2 shares.

### Corporate Purpose

Codelco Chile Sales Agent and representative for copper and molybdenum products in the UK, Spain, Scandinavia, Bulgaria, Turkey and other European and Middle Eastern markets.

It owns 80% of the subsidiary Codelco Services Ltd., the remaining 20% is owned by Codelco Kupferhandel GmbH.

### Directors

Rodrigo Toro U., Chairman (\*)

María de los Angeles Pérez L. (\*)

Conrado Venegas (\*)

### General Manager

Gonzalo Cuadra

### Codelco's Interest and Changes during 2010

Codelco holds a 100% interest. There were no changes during the period under review.

### Business Relations with Codelco

Agent through its subsidiary company Codelco Services Ltd. It trades copper and molybdenum to meet Codelco Chile contracts; and it also carries out hedging operations for Codelco Chile and its subsidiary Codelco Kupferhandel GmbH.

### Contracts with Codelco

Copper sales agency contract.

Molybdenum sales agency contract.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$2,323,000.

2009 Investment in subsidiary company US\$2,350.

### Investment Ratio of Head Office Total Assets

0,011%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## CODELCO SERVICES LIMITED

As at 31 december 2010

### Legal Status

Limited liability company incorporated in England on 16 August 1988. A subsidiary company of Copper Limited and associated company of Codelco Kupferhandel GmbH.

### Subscribed and Paid-In Capital

As at 31 December 2010, Capital subscribed and paid by its owners was £500,000 with 500,000 shares at £1 each. Chile Copper Limited owns 400,000 shares and Codelco K upferhandel GmbH owns 100,000 shares.

### Corporate Purpose

Its corporate purpose is extensive, and can be summarised as manufacturing,

storage and trade of products and provide services to third parties. Its normal business is limited to trading copper and molybdenum products and copper futures trade, in order to provide services to Codelco Chile and Codelco Kupferhandel GmbH, and other companies in the Codelco Group that the Head Office deems appropriate.

### Directors

Rodrigo Toro U., Chairman (\*)  
Mar a de los  ngeles P rez (\*)  
Conrado Venegas (\*)  
Gonzalo Cuadra

### General Manager

Gonzalo Cuadra

### Codelco's Interest and Changes during 2010

Codelco has indirect ownership through its subsidiaries Chile Copper and Codelco Kupferhandel. They have an 80% and 20% interest, respectively. There were no changes during the period under review.

### Business Relations with Codelco

Codelco Services Limited trades copper and molybdenum to meet Codelco Chile contracts; it also provides hedging services for Codelco Chile and the related company Codelco Kupferhandel GmbH.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## CODELCO GROUP (USA) INC.

As at 31 december 2010

### Legal Status

Incorporated on 21 December 1992 as a corporation chartered in the State of Delaware, pursuant to section 108(c) under the General Corporation Law.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco Chile corresponds to 1,000 shares totalling US\$1,000.

### Corporate Purpose

Any action or activity permitted under the General Corporation Laws in the State of Delaware.

As at 31 December 2010, under this company there are two subsidiaries: Codelco-USA Inc. and Codelco Metals Inc; their objective is to act, but not limited to, as sales agent and representative of Codelco Chile for copper pro-

ducts and by-products in NAFTA markets; trade copper internally in NAFTA markets applying the relevant logistics procedures.

### Directors

Rodrigo Toro U., Chairman (\*)  
Waldo Fortin (\*)  
Conrado Venegas (\*)

### General Manager

Michael Galetzki

### Codelco's Interest and Changes during 2010

Codelco has a 100% interest. There were no changes during the period under review.

### Business Relations with Codelco

Business relations with Codelco are established through the subsidiary

companies in Codelco Group Inc.; one as Codelco Sales Agent; another as a copper and molybdenum trading company.

### Contracts with Codelco

Contratos de agencia, contratos de compra de cobre.

### Investment Ratio of Head Office Total

2010	Investment in subsidiary company US\$0.
2009	Investment in subsidiary company US\$0.

### Investment Ratio of Head Office Total Assets

0%, 2010

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## CODELCO METALS INC.

As at 31 december 2010

### Legal Status

A subsidiary of Codelco Group (USA) Inc, incorporated under the laws in the State of Delaware..

### Board of Directors

Rodrigo Toro U., Chairman (\*)  
Waldo Fortin (\*)  
Conrado Venegas (\*)

### General Manager

Michael Galetzki

### Codelco's Interest and Changes during 2010

Codelco has an indirect interest through its subsidiary Codelco Group USA Inc. The latter company holds a 100% interest. There were no changes during the period under review.

### Business Relations with Codelco

It is a copper and molybdenum trading company that helps Codelco Chile in marketing and selling so that Codelco

can meet contracts through on-site delivery

### Contracts with Codelco

Agency contracts, copper purchase contracts.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**CODELCO USA INC.****As at 31 december 2010****Legal Status**

Subsidiary company of Codelco Group (USA), Inc. Incorporated under the Laws in the State of York.

**Corporate Purpose**

Acts as sales agent and represents Codelco Chile copper products and by-products in NAFTA markets, and also internally trades copper in NAFTA with the respective logistics procedure.

**Directors**

Rodrigo Toro U., Chairman (\*)  
Waldo Fortin (\*)  
Conrado Venegas (\*)

**General Manager**

Michael Galetzki

**Codelco's Interest and Changes during 2010**

Codelco has indirect ownership through its subsidiary company Codelco Group USA Inc. Codelco Group USA Inc. has 100% interest. There were no changes during the period under review.

**Business Relations with Codelco**

It has business relations with Codelco, as Codelco's sales agent and representative before international organisations. Specific examples of the business relationship:  
Acted as sales agent and representative of Codelco-Chile in markets, organisations and activities assigned.  
Codelco Chile sales agent for copper,

molybdenum, gold and silver, in Mexican, US and Canadian markets. Representative and participates on behalf of Codelco Chile in organisations, such as Nymex Non-Ferrous Metals Committee, Copper Development Association, International Molybdenum Association (IMOA), and Board of Directors of the Chilean-American Chamber of Commerce (CACC).

**Contracts with Codelco**

Agency contracts, copper purchase contracts.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**CODELCO KÜPFERHANDEL GmbH****As at 31 december 2010****Legal Status**

A limited liability company incorporated in Hamburg on 27 March 1981.

**Subscribed and Paid-In Capital**

As at 31 December 2010, capital subscribed and paid by Codelco Chile totalled €3,000,000, as the sole shareholder.

**Corporate Purpose**

Import, export, trade and transform metal in any form, especially copper; and trade equipment for the copper producing industry. This company's objective is also to acquire and manage shareholding in metal manufacturing companies, especially copper, and also undertake research work to obtain and manufacture metals. It holds 100% interest in the subsidiary CK Metall Agentur GmbH and 40% in the wire rod production plant Deutsche Giessdraht GmbH; in the latter it

manages the cathodes supply, and also markets the wire rods produced.

**Directors**

Diego Hernández C., Chairman (\*)  
Rodrigo Toro U. (\*)  
María de los Ángeles Pérez (\*)

**General Manager**

Heribert Heitling

**Codelco's Interest and Change during 2010**

Codelco has 100% interest. There were no changes during the period under review.

**Business Relations with Codelco**

Through the subsidiary CK Metall Agentur, GmbH acts as the commercial operations agent for Codelco Chile in Northern European countries (Germany, Austria, the Netherlands and Denmark). Through its associated company in the

UK, Codelco Services Ltd., it performs hedging and other brokerage activities for Codelco.

**Contracts with Codelco**

Cathode contract.

**Investment Ratio of Head Office Total**

2010 Investment in subsidiary company US\$0.  
2009 Investment in subsidiary company US\$1,085,000.

**Investment Ratio of Head Office Total Assets**

0%, 2010

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## DEUTSCHE GIESSDRAHT GMBH

As at 31 december 2010

### Legal Status

Incorporated in Germany on 9 April 1975. An associated company of Codelco K pferhandel GmbH.

### Corporate Purpose

Wire rod production plant.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by the Codelco Chile subsidiary, Codelco K pferhandel GmbH, totalled  3,200,000, a 40% interest.

### Directors

Stefan Boel, Chairman  
Ra l de la Piedra (\*)  
Heribert Heitling (\*)  
Jens Jacobsen  
Bj rn Carsten Frenzel

### Alternate Directors

Michael Landau  
Fernando Eimbcke (\*)  
Wilhelm Happ (\*)

### Gerente General

J rgen Jestrabek



### Codelco's Interest and Changes during 2010

Codelco has indirect ownership through its subsidiary company Codelco K pferhandel GmbH. Codelco K pferhandel GmbH has a 40% interest. There were no changes during the period under review.

### Business Relations with Codelco

Codelco K pferhandel GmbH (Codelco subsidiary) has a direct relationship with the wire rod production plant Deutsche Giessdraht GmbH, and is its supplier in cathode supply management, and it also trades the wire rods produced.

### Contracts with Codelco

Cathode contract.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS

## CK METALL AGENTUR GMBH

As at 31 december 2010

### Legal Status

Limited Liability Company incorporated in Germany on 7 July 1992. A subsidiary company of Codelco K pferhandel GmbH.

### General Manager

Heribert Heitling

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by the Codelco Chile subsidiary, Codelco K pferhandel GmbH, totalled  30,000, as sole shareholder.

### Codelco's Interest and Changes during 2010

Codelco has indirect ownership through its subsidiary company Codelco K pferhandel GmbH. Codelco K pferhandel GmbH has a 40% interest. There were no changes during the period under review.



### Business Relations with Codelco

A commercial operations agent of Codelco Chile in Germany and Northern European countries. Specifically as Codelco Chile sales agent for copper products in Germany, Austria, the Netherlands and Denmark.

As Codelco Chile sales agent for molybdenum and other by-products in Germany, Austria, the Netherlands, Czech Republic, Slovakia and Poland. It coordinates logistics and supports shipping and delivery operations to customers.

### Contracts with Codelco

Cathode contracts.

## GEOTÉRMICA DEL NORTE S.A.

As at 31 december 2010

### Legal Status

RUT: 96.971.330-6

### Incorporation:

29 December 2000.

### Notary's Office:

José Musalem Saffie  
Series No.13.010/2000.  
Santiago Registry of Commerce of the  
Property Registrar, on page 2 No. 2, 2001.

### Subscribed and Paid-In Capital

Capital subscribed and paid by Codelco, as at 31 December 2010, \$ 255,009,346, representing 0.89%.

### Corporate Purpose

Research, exploration and operation of geothermal resources, located in northern Chile (1st, 2nd and 3rd Region); marketing in whatever way all its products, by-products, raw materials, whether manufactured, semi-manufactured or not, directly or indirectly result from the activities stated in the above number. Furthermore, the company

may also carry out any other activity related, directly or indirectly with those listed above, to efficiently use the social organisation.

### Board of Directors

Rafael Sotil Bidart, Chairman  
Rodrigo Bloomfield  
Valerio Cecchi  
Giuseppe Turchiarelli

### General Manager

Guido Cappetti

### Codelco's Interest and Changes during 2010

La participación de Codelco al 31 de diciembre de 2010 corresponde a un 0.89% del capital social. Con fecha 1 de diciembre de 2010 se aumentó el capital social que fue suscrito por Enap y Enel solamente. El resto de la participación se distribuye entre las empresas Enap (48.59%) y Enel (51%).

### Business Relations with Codelco

No business relations between the companies in 2010.

### Contracts with Codelco

No new contracts in 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## INVERSIONES TOCOPILLA 2B S.A.

As at 31 december 2010

### Legal Status

RUT: 76.082.774-6

### Incorporation:

20 November 2009.

### Notary's Office:

Iván Torrealba Acevedo, registered on page 51,502, no. 43,055 in the Santiago Registry of Commerce, 2009

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco was US\$174,642,000, equivalent to a 99.99% interest.

### Corporate Purpose

Its purpose is to buy and sell any securities held as shares, and rights in other companies whose business activity is in electricity in any of its forms, especially in the electricity sector and investments in companies that develop such business activities; manage such invest-

ments and receive returns; and participate in any other business or activity directly or indirectly related, associated and/or complementary to the corporate business.

### Directors

Jorge Bande, Chairman (\*)  
Cristián Eyzaguirre J.  
Vacante

### General Manager

Victor Janer (\*)

### Codelco's Interest and Changes during 2010

Codelco directly holds a 99.99% interest and there were no changes during the period under review.

### Relación comercial con Codelco

No business relations between companies in 2010.

### Contracts with Codelco

No business contracts with Codelco in 2010.

### Investment Ratio of Head Office Total

2009 Investment in associated company US\$119,274,000.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS

## INVERSIONES MEJILLONES 2 S.A.

As at 31 december 2010

### Legal Status

RUT: 76.082.158-6

### Incorporation:

13 November 2009.

### Notary's Office:

Iván Torrealba Acevedo. Registered on page 59,192, number 41,277, of the Registry of Commerce, in 2009.

### Subscribed and Paid-In Capital

Capital subscribed and paid by Codelco is US\$18,558,000, equivalent to 34.8% interest. Indirectly holds 65.2% through its subsidiary Inversiones Tocopilla 2 B S.A.

### Corporate Purpose

The purpose of this company is to buy and sell securities held as shares, bonds and other instruments issued by Empresa Eléctrica del Norte Grande S.A. Exercise all the rights and perform all the obligations as shareholder and holder of such secu-

rities, pursuant to the law and articles of association and, in general, buy, sell, invest in all kinds of intangible property, such as company bonds, shares, deposits, mutual fund payments, share certificates, bills of credit, securities, etc.; manage such investments and receive returns; and participate in any other business or activity directly or indirectly related, associated and/or complementary to the corporate business.

### Directors

Jorge Bande, Chairman (\*)  
Cristián Eyzaguirre J.  
Vacante

### General Manager

Víctor Janer (\*)

### Codelco's Interest and Changes during 2010

Codelco directly holds a 34.8% interest, and

indirectly, 65.2% through its subsidiary Inversiones Tocopilla 2 B S.A. there were no change during the period under review.

### Business Relations with Codelco

No business relations between companies in 2010.

### Contracts with Codelco

No contracts with Codelco in 2010.

### Investment Ratio of Head Office Total

2009 Investment in associated company US\$ 129,921,000.

\*CODELCO DIRECTORS OR EXECUTIVE DIRECTORS

## E - CL S.A.

As at 31 december 2010

### Legal Status

RUT: 88.006.900-4

### Incorporation:

30 September 1983.

### Notary's Office:

Enrique Morgan Torres. Registered on page 467 number 244 of Santiago Registry of Commerce in 1983.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco was US\$172,991,000, equivalent to a 16.46% interest.

### Corporate Purpose

Generate, transport, distribute and supply electricity; purchase, sell and transport all kinds of fuel, either liquid, solid or gaseous fuels; provide consultancy services in all fields and specialties in engineering and business management; and provide maintenance and repair services for power systems.

### Directors

Jan Flachet, Chairman  
Manlio Alessi Remedi  
Juan Clavería A.  
Willem van Twembeke  
Jorge Bande B. (\*)  
Francisca Castro (\*)  
Cristián Eyzaguirre J.

### Alternate Directors

Albert Verhoeven  
Marc Debyser  
Gabriel Marcuz  
Frederik Janssens  
Vacante

Waldo Fortin (\*)  
Mario Espinoza D. (\*)

### General Manager

Lodewijk Verdeyen

### Codelco's Interest and Changes during 2010

Codelco has a direct 16.35% interest and an indirect 23.65% through Inversiones Mejillones 2 S.A. and during there were no changes during the period under review. On 29 December 2009, the Extraordinary Shareholders' Meeting of Edelnor (now E-CL S.A.) and Inversiones Tocopilla-1 S.A. agreed the merger of both companies by absorption of the latter by Edelnor; therefore Inversiones Tocopilla-1 S.A. was dissolved and all its assets and liabilities were transferred to Edelnor. Hence, Edelnor became the owner of all the shares it held in Electroandina S.A. (99.99%), Central Termoelectrica Andina S.A. (99.99%), Inversiones Hornitos S.A. (60%), Gasoducto Norandino S.A. (78.91%) and Gasoducto Norandino Argentina S.A. (78.91%). In contrast to the above transfer of assets and liabilities, Edelnor gave 604,176, 440 own shares to Inversiones Tocopilla-1 S.A. shareholders on pro rata basis of their interest in the absorbed company, therefore, Suez Energy Andino S.A. and Corporación Nacional del Cobre de Chile (Codelco) obtained, 430,793,979 shares and 173,382,461 shares, respectively.

Given the interest they both have in the company, through Inversiones Mejillones-1 S.A. and Inversiones Mejillones-2 S.A., the direct and indirect interest of Suez Energy Andino S.A., controller of Edelnor, is 52.40%,

while the direct and indirect interest of Codelco is 40%. The remaining 7.6% is still held by minority shareholders.

### Business Relations with Codelco

Electroandina S.A. as a 99.99% subsidiary of E.CL S.A. has a contract in effect until 2024: Electricity Supply Contract with Codelco Chile, Codelco Norte Division. Distrinor S.A. as a 99.99% subsidiary of Electroandina S. has a contract in effect until 2013 Natural Gas Supply Contract with Codelco Chile, Codelco Norte Division. Finally, Distrinor provided gas transport services to Codelco during the second half of 2010 (for gas directly purchased by Codelco from GNLM).

### Business Relations with Codelco

No commercial contracts with Codelco in 2010.

### Investment Ratio of Head Office Total

2010 Investment in associated company US\$672,409,000.  
2009 Investment in associated company US\$258,011,000.

### Investment Ratio of Head Office Total Assets

3,316%, 2010

\*CODELCO DIRECTORS OR EXECUTIVE DIRECTORS

## SOCIEDAD GNL MEJILLONES S.A.

As at 31 december 2010

### Legal Status

RUT: 76.775.710-7

### Incorporation:

31 January 2007.

### Notary's Office:

Oswaldo Pereira González. Santiago Registry of Commerce on page 6,625 No.4,909, in 2007.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital paid by Codelco Chile totalled US\$ 37,000,000, equivalent to 37% interest.

### Corporate Purpose

Production, storage, marketing, transport and distribution of all kinds of fuel; and the acquisition, construction, and operation of the facilities and infrastructure and other physical works required to transport, receive, process and store, both in Chile and overseas, by the company or in a third-party partnership.

### Directors

Willem Van Twembeke, Chairman  
Andrés Alonso (\*)  
Luis Valenzuela P.  
Marcelo Tokman  
Manlio Alessi Remedi  
Juan Clavería A.  
Jean Louis Pairon

### Alternate Directors

Jan Flachet

Francisca Castro F. (\*)  
Mario Espinoza D. (\*)  
Vacante  
Valérie Barnich  
Albert Verhoeven  
Marleen Delvaux

### General Manager

Frederik Janssens

### Codelco's Interest and Changes during 2010

As at 31 December 2010, Codelco's interest in Sociedad GNL Mejillones S.A. was 37%. Prior to the last amendment to the articles of association of Sociedad GNL Mejillones S.A., agreed at the Extraordinary Shareholders' Meeting on 5 November 2010, Codelco had 50% interest.

### Business Relations with Codelco

Sociedad GNL Mejillones S.A. supplies Codelco Chile with regasified natural gas.

### Contracts with Codelco

Sociedad GNL Mejillones S.A. has a regasified natural gas sales contract with Codelco, as per a take-or-pay agreement. It also has this sort of contract with SCM El Abra and ECL; Codelco has a stake in both companies. Between Sociedad GNL Mejillones S.A. and Codelco, there is an options contract which entitles to the future use of

facilities with Codelco as client; and also other contracts with Complejo Portuario Mejillones, a subsidiary of Codelco.

Option contract where Codelco has an option between:

- Rights of use regarding the regasification terminal facilities for Codelco as a regasification service customer and other related services.
- Acquire shares in Sociedad GNL Mejillones S.A., by subscribing and paying through a share capital increase.

Tariff payment agreement for granting guarantees on the ISDA contracts entered into between Sociedad GNL Mejillones S.A. and Morgan Stanley Capital Group Inc, Koch Supply and Trading LP and Barclays Bank PLC. Contracts with Complejo Portuario Mejillones S.A., a Codelco subsidiary, associated with a land lease on the property were the GNL Mejillones facilities are operating.

### Investment Ratio of Head Office Total

2010 Investment in associated company US\$0  
2009 Investment in associated company US\$27,979,000

### Investment Ratio of Head Office Total Assets

0%, 2010

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS

## ENERGÍA MINERA S.A.

As at 31 december 2010

### Legal Status

RUT: 76.883.610-8

### Incorporation:

15 June 2008.

### Notary's Office:

Oswaldo Pereira González. Registered in the Santiago Registry of Commerce on page 25340 No.18444, under number 19324, in 2008.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$2,000, for 990 shares equivalent to a 99% interest.

### Corporate Purpose

The purpose of the company is to develop, directly or through a related party, individually or jointly with others, within Chilean territory or abroad, the following activities: generate, supply, purchase and sell electricity; provide all kinds of energy services; obtain, trans-

fer, purchase, rent, tax or operate in whatever way the relevant concessions and markets pursuant to the General Electric Services Law and other regulations that regulate energy services; request permits, authorisations and franchises to preserve, promote or develop the company's business; purchase, sell, import, export, manufacture, produce, market, and distribute all kinds of goods or inputs, that are related to any kind of energy.

### Directors

Waldo Fortin Cabezas, Chairman (\*)  
Mario Espinoza D. (\*)  
Juan Medel Fernández (\*)

### General Manager

Andrés Alonso (\*)

### Codelco's Interest and Changes during 2010

As at 31 December 2010, Codelco had a

99% interest and Sociedad Inversiones Copperfield Ltda., 1%.

No changes during this period.

### Business Relations with Codelco

No hubo relación comercial entre ambas empresas en el año 2010.

### Contracts with Codelco

No contracts were entered into with Codelco.

### Investment Ratio of Head Office Total

2010 Inversión en empresa coligada US\$0 miles.  
2009 Inversión en empresa coligada US\$0 miles.

### Investment Ratio of Head Office Total Assets

0%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**BIOSIGMA S.A.****As at 31 december 2010****Legal Status****RUT:** 96.991.180-9**Incorporation:**

31 May 2002.

**Notary's Office:**

Nancy de la Fuente Hernández.  
Santiago Registry of Commerce of  
Property Registrar, on page 14,849  
No.12.239 in 2002, and it was rectified  
on page 17.663 No.14.532.

**Subscribed and Paid-In Capital**

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$ 25,066,000, representing 66.67%.

**Corporate Purpose**

Develop processes and technology in the field of genomics, proteomics and bioinformatics for mining and, in general, apply the microorganism-based systems and other activities and businesses related to the above areas. The activities currently developed are technological validation and mineral bioleaching research at the pilot plants and commercial prototypes.

**Directors**

Juan Enrique Morales Jaramillo,  
Chairman (\*)  
Pedro Antonio Morales Cerda (\*)  
Mario Espinoza Durán (\*)  
Pedro Sierra Bosch (\*)  
Keiichi Sato  
Kenichi Murakami

**Alternate Directors**

Luis Castelli Sandoval (\*)  
José Robles Becerra (\*)  
Gloria Parada Zamorano (\*)  
Juan González González (\*)  
Wataru Takahashi  
Hirofumi Nakata

**General Manager**

Ricardo Badilla Ohlbaum

**Codelco's Interest and Changes during 2010**

Incorporated by Codelco in association with the Japanese Nippon Mining and Metals Co. Ltd. As at 31 December 2010, Codelco had a 66.67% interest and there were no changes during the period under review.

**Contracts with Codelco**

To date, Biosigma S.A. has entered into the following contracts with Codelco:  
Contracts signed with Codelco in 2010.  
Merchant Account Contract dated 24 September 2010.  
Commodatum Contract dated 26

August 2010, for the delivery of material to BioSigma from the Experimental Pilot Plant CELTE, located in Huechún.

Duration: 5 years.

Addendum 3 dated 28 May 2010; it extends until 31 December 2010 the Technological Agreement between Codelco BioSigma originally until 23 December 2004.

Letter of Intent dated 24 September 2010, to carry out an Industrial Trial of the Technology Applied to the RT Mixed Ore at Codelco Norte Division.

Service Contract dated 12 March 2010, to carry out a study on the bioleaching microflora in at Codelco Andina.

Service contract dated 1 January 2010, to carry out lab tests for the application of BioSigma technology on sulphide mineral samples from El Teniente and Salvador Divisions, and called Iron Ore Copper and Gold.

Amendment 1 on 10 September to EPCM Service Contract, RT Mixed Ore Industrial Test Biomass Plant Project, that extends its implementation until 31 December 2010.

Framework Contract dated 17 November 2010, to develop BioSigma's Application of Bioleaching Technology project, to the mineral resources of Codelco Divisions by applying expert services, conducting lab research, pilot plants, industrial tests and engineering studies.

**Investment Ratio of Head Office Total**

2010 Investment in subsidiary company US\$2,046,000.

2009 Investment in subsidiary company US\$2,263,000.

**Investment Ratio of Head Office Total Assets**

0,010%, 2010.

## INSTITUTO DE INNOVACIÓN EN MINERÍA Y METALURGIA S.A.

As at 31 december 2010

### Legal Status

RUT: 96.854.500-0  
Instituto de Innovación en Minería y Metalurgia S.A.

### Incorporation:

24 September 1998  
Series No. 3664/98  
Santiago Notary's Office:  
Antonieta Mendoza Escala.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$3,296,000, representing 99.93%.

### Corporate Purpose

Develop metallurgical and mining technological innovation.

### Directors

Juan Enrique Morales Jaramillo,  
Chairman (\*)  
Pedro Morales Cerda (\*)  
Carlos Urzúa Ramírez (\*)  
Ricardo Álvarez Fuentes (\*)  
Andrés Weintraub Pohorille

### General Manager

Pedro Sierra Bosch

### Codelco's Interest and Changes during 2010

Codelco has 99.93% interest and there were no changes during the period under review.

### Business Relations with Codelco

Business relations between IM2 and Codelco dates from 1998. At present the three-year Technological Innovation and Research Agreement is in effect for 2009-2011, whereby IM2 provides services for preparing, and implementing technological innovation and research programmes and projects.

### Contracts with Codelco

Technological Research and Innovation Contract.  
Technical Collaboration Agreement.  
Services Agreement for Codelco's Technical Documentation Centre.

IT and Communications services contract.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$5,305,000.  
2009 Investment in subsidiary company US\$4,786,000.

### Investment Ratio of Head Office Total Assets

0,026%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## KAIROS MINING S.A.

As at 31 december 2010

### Legal Status

RUT: 76.781.030-K

### Incorporation:

12 December 2006.

### Notary's Office:

Eduardo Avello Concha. Registered in the Registry of Commerce on page 363, no.295 in 2008.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco Chile totalled US\$40,000 (forty thousand US dollars) equivalent to 400 shares. The remaining 60% of shares is held by Honeywell Chile S.A.

### Corporate Purpose

The purpose of this company is to provide automation and control services for industrial and mining activities, and also provide technology and software licenses.

### Directors

Claudio Zamora Larrebourg, Chairman  
Luis Castelli Sandoval (\*)  
José Robles Becerra (\*)  
Frank Whitsura  
David Sánchez

### General Manager

Fernando Lorca Arancibia

### Codelco's Interest and Changes during 2010

Codelco Chile has a 40% interest in Kairos Mining S.A. There were no changes during the period under review.

### Business Relations with Codelco

Kairos Mining S.A. has a long-term service framework agreement currently in force with Codelco Chile. Services Framework Agreement to develop an automation programme at Codelco concentrator plants, during a 5-year period (as of 3 April 2008); it can be extended for equal and successive 5-year periods.

### Contracts with Codelco

10 September 2010, Amendment No. 1 to the Service Framework Agreements was signed, expressly incorporating the concentrator plants at Salvador and Ministro Hales Divisions, within the scope of the programme-initiative.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$105,000.  
2009 Investment in subsidiary company US\$94,000.

### Investment Ratio of Head Office Total Assets

0,001%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## MINING INFORMATION, COMMUNICATION AND MONITORING S.A. (MICOMO S.A.)

As at 31 december 2010

### Legal Status

RUT: 76.561.210-1

**Trade Name:** Mining Information, Communication and Monitoring S.A. (MICOMO S.A.)

### Incorporation:

10 April 2006.

### Notary's Office:

César Ricardo Sánchez García. Registry of Commerce of the Santiago Property Registrar, on page 16,702, No.11,490, in 2006

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$1,980,000, representing a 66% interest.

### Corporate Purpose

MICOMO S.A. was incorporated by Codelco jointly with NTT Advanced Technology Corporation (Japan) and NTT Leasing (USA), Inc. The purpose of

the company is to provide, design and maintain ITC products (information technology and communications) and services related to Codelco; and extend the aforementioned business to mining companies in Chile and abroad.

### Directors

Juan Enrique Morales Jaramillo, Chairman (\*)  
Pedro Antonio Morales Cerda (\*)  
Marco Orellana Silva (\*)  
Daniel Barría Iroumé  
Hiroshi Kotera  
Yoshihisa Sakai

### General Manager

Vacant

### Codelco's Interest and Changes during 2010

Codelco has 66% of subscribed and paid shares. There were no changes during the period under review.

### Contracts with Codelco

Framework Contract No. 4600006468. NTT Technology Adaptation and Implementation Services. Service Framework Contract No. 4600009138. Micomo Services for development, validation, implementation and support during the technology's life cycle.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$1,773,000.  
2009 Investment in subsidiary company US\$2,810,000.

### Investment Ratio of Head Office Total Assets

0,009%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## MINING INDUSTRY ROBOTIC SOLUTIONS S.A. (MIRS S.A.)

As at 31 december 2010

### Legal Status

RUT: 76.869.100-2

### Incorporation:

11 April 2008.

### Notary's Office:

René Benavent Cash. Registered on page 22,026 No. 16.060 in the Registry of Commerce of the Santiago Property Registrar in 2007.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$3,092,000, representing a 36% interest.

### Corporate Purpose

Research, design, creation, invention, manufacture, installation, supply, maintenance and marketing in whatever form, all kinds of robotic products, robotic technology products or supplies required or complementary to market and maintain such products in the mining and metallurgical industry, and related services; produce under licensing, license, and market product licenses, robotic technology processes and

services for the mining and metallurgical industry and, also form any kind of firm and become a partner or shareholder in any existing firm.

### Directors

Hugo Salamanca Poblete, Chairman.  
Eugenio Barhar Bortschenko  
Juan Carlos Villegas  
Luis Morán Tamayo  
José Robles Becerra (\*)  
Pedro Sierra Bosch  
Kenichi Murakami

### General Manager

Edgar Happke A.

### Codelco's Interest and Changes during 2010

Codelco has 67,925 shares, equivalent to 36% and the remaining shares are distributed between Industrial Support Company Limitada, 53%, Nippon Mining & Metals Co. Ltd., 9% and Kuka Roboter GmbH, 2%.

### Contracts with Codelco

At present, MIRS S.A. has a Framework Contract with Codelco to develop robo-

tic solutions and implement operation and maintenance services for the technology's life cycle, so as to facilitate the early incorporation of these solutions in Codelco's processes.

### Investment Ratio of Head Office Total

2010 Investment in associated company US\$2,537,000.  
2009 Investment in associated company US\$2,238,000.

### Investment Ratio of Head Office Total Assets

0,013%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## CODELCO INTERNATIONAL LIMITED

As at 31 december 2010

### Legal Status

#### Incorporation:

Bermuda 2000.  
Registration No. EC-28890.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$49,323,000, representing 100%.

### Corporate Purpose

Its purpose is to manage and control Codelco's interest in the various international projects. Through its subsidiary Codelco Technologies Limited it has investments Ecometales Limited, a firm in Jersey-Channel Island, and its operating agency Ecometales Limited –Agency in Chile, to develop and mine biologically-based technologies applied to copper and molybdenum materials and concentrates. Codelco International Limited and Codelco Technologies Limited have incorporated Codelco do Brasil Mineração Limitada, in Brazil in order to develop exploration, mining and market development projects. The firm has a 6% stake in Quadrem International Holdings Limited, a world company formed by companies related to mining, to operate in the electronic market to purchase and transfer goods

and services. In partnership with the Chinese company Alburn Enterprises Limited (China Minmetals subsidiary) created in Bermuda (UK), the trading company Copper Partners Investment Ltd, each holding 50%. Codelco International Limited, in December 2009 acquired the stake Santiago del Río Grande had in Sociedad de Inversiones Copperfield Ltda. and now has the latter's 0.01% interest.

### Board of Directors

Mario Espinoza Durán, Office Set Director and Chairman (\*)  
Waldo Fortin Cabezas, Office Set Director and Deputy Chairman (\*)  
Nicolás Saric Rendic, Director (\*)

### Codelco's Interest and Changes during 2010

Codelco has a 100% interest.

### Business Relations with Codelco

Copper Partners Investment Company Ltda. and Ecometales Limited have commercial contracts with Codelco.

### Contracts with Codelco

No new contracts between Codelco and Codelco International Limited in 2010.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$19,799,000.  
2009 Investment in subsidiary company US\$96,294,000.

### Investment Ratio of Head Office Total Assets

0,098%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## CODELCO DO BRASIL MINERAÇÃO LIMITADA

As at 31 december 2010

### Legal Status

#### Incorporation:

Brazil, 14 September 2001.  
Series No. 33.2.0708361-1.  
Board of Trade R.J.

### Corporate Purpose

Ownership interest in mining companies or ventures, of any kind in Brazil and/or overseas, is similar to managing own assets or third-parties assets. Carry out any activity related to mining, including but not limited to, research, exploration and extracting economic resources and/or ore deposits in Brazil. Carry out, in general, any other civil or commercial activity, directly or indirectly related to research, explo-

ration, economic extraction, production or marketing mineral products or by-products.

### Comité directivo

Mario Espinoza Durán (\*)  
Waldo Fortin Cabezas (\*)  
Nicolás Saric Rendic (\*)  
Juan Enrique Morales Jaramillo (\*)  
Carlos Huete Lira (\*)

### Codelco International Ltda and Codelco Technologies Ltda Interest and Changes during 2010

Codelco International Limited and Codelco Technologies Limited have 90% and 10% interest, respectively. There were no changes during the period under review.

### Business Relations with Codelco

No business relations between the companies in 2010.

### Contracts with Codelco

No contracts with Codelco in 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## CODELCO TECHNOLOGIES LIMITED

At 31 december 2010

### Legal Status

**Incorporation:**  
Bermuda, 2000.  
Registration No. EC-28891.

### Corporate Purpose

Manage and control Codelco's interest in various international projects. It has investments in Ecometales Limited on Jersey-Channel Island, and its operating agency Ecometales Limited – Agency in Chile, to develop and mine biologically-based technologies applied to copper and molybdenum material and concentrate processing and also in Codelco do Brasil Mineração Limitada, in Brazil, in order to develop exploration, extraction and market development projects.

### Board of Directors

Mario Espinoza Durán, Office Set Director and Chairman (\*)  
Waldo Fortin Cabezas, Office Set Director and Deputy Chairman (\*)  
Juan Enrique Morales Jaramillo, Director (\*)

### Codelco International Limited Interest and Changes during 2010

Codelco International Limited has 100% interest and no changes occurred during the period under review.

### Business Relations with Codelco

No business relations between the companies in 2010.

### Contracts with Codelco

No direct acts or contracts between Codelco and Codelco Technologies Limited in 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## COPPER PARTNERS INVESTMENT COMPANY

As at 31 december 2010

### Legal Status

Associated company of Codelco International Limited (50%).  
Incorporated under the laws of Bermuda on 1 February 2006.

### Corporate Purpose

Perform business transactions between Codelco Chile and Minmetals Non - Ferrous Metals Co. Ltd.

### Directors

M. de los Ángeles Pérez (\*)  
Mario Espinoza D. (\*)

Rodrigo Toro (\*)

Xu Jiqing  
Jiao Jian  
Wang Lixin

### Partners' Interest and Changes during 2010

Incorporated by Codelco International Limited (50%) and Ambum Enterprises Limited (50%), subsidiaries of Codelco and China Minmetals Non-Ferrous Metals Co. Ltd., respectively. No shareholding structure changes during the period under review.

### Contracts with Codelco

The company has a contract with Codelco Chile until May 2021: its buys from Codelco 55,750 MT of copper per annum.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## ECOMETALES LIMITED

As at 31 december 2010

### Legal Status

Subsidiary company of Codelco Technologies Limited (100%).  
**RUT:** 59.087.530-9  
Incorporated on 22 August 2000 in Jersey (U.K.) (ACL).  
**Registry number:** 78014, on Jersey Island.  
**Notary's Office:**  
Goeffrey St. Clair Cornwall.  
**Started activities:** 2001

### Corporate Purpose

Develop activities for all kinds of ore treatment and smelting, especially impurity treatment and ore recovery. Also develop innovations to treat smelter dust and other smelter and

refinery effluents, applying environmentally sustainable technologies.

### Directors

José Robles B., Chairman (\*)  
Mario Espinoza D. (\*)  
Pedro Morales C. (\*)  
Hernán Sepúlveda Astorga (\*)  
Luis Farías Lasarte (\*)

### Partners' Interest and Changes during 2010

Codelco Technologies Limited holds 100% interest, and no changes occurred during the period under review.

### Business Relations with Codelco

Provides processing services to Codelco

Chile, through a contract to provide copper recovery processing services contained in the copper concentrate smelter dust, dated 31 March 2007.

### Contracts with Codelco

In November 2010 a commercial agreement was reached with Salvador Division to buy dust from Potrerillos smelter.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## QUADREM INTERNATIONAL HOLDINGS LIMITED (QIHL)

As at 31 december 2010

### Legal Status

Company related to Codelco International Limited. Incorporated: 26 June de 2000 and domiciled in Bermuda (UK).

### Corporate Purpose

Marketplace mining company that operates a global electronic market to exchange mining goods and services for the global business market; enables companies that wish to take advantage of its digitalisation across its supply chain and order processes; provide solutions and services to companies offering products and services, including but not limited to, connectivity, content, electronic catalogues, shipping services and strategic solutions.

### Directors

Alan J. Broome, Chairman  
Andrew Hinkly  
Juan Eduardo Herrera

Scott Singer  
Dirk Van De Putte  
Lionel Willaert  
João Moraes  
Charles Jackson

### Partners' Interest and Changes during 2010

Codelco International Limited has 80,280 shares corresponding to a 4.849% stake and there were no changes during the period under review.

### Business Relations with Codelco

Provides Marketplace services to Codelco Chile; therefore, Codelco Chile has a double relationship with QIHL: one as indirect shareholder (through its subsidiary Codelco International Limited) and another as a client.

### Contracts with Codelco

Codelco has the following service contracts with Quadrem:

4500805737 E-business platform.  
4500951915 Corporate services for material coding and description.  
4500839992 Issue and receipt of e-tax documents.  
4500903505 Supply agreement management comprehensive services.  
4500901464 Implementation and operation of SMAC application.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## ELABORADORA DE COBRE CHILENA LIMITADA

UNDERGOING LIQUIDATION

As at 31 december 2010

### Legal Status

**Trade Name:** Elaboradora de Cobre Chilena Limitada.

**Incorporation:**  
18 December 1985.

**Notary's Office:**  
María Gloria Acharán Toledo.  
Registered on page 20,932, No. 10,784 in Santiago Registry of Commerce in 1985. Based on the last amendment of its articles of association, this company expires on 31 December 2009.

### Subscribed and Paid-In Capital

As at December 2010, it totalled US\$1,137,000.

### Corporate Purpose

Originally incorporated in 1985 by Codelco and Madeco S.A. as a limited liability company, in order to study and develop projects and investments on producing and marketing non-ferrous metal manufactured and semi-manufactured products, either directly or in partnership with a third party. By public deed, on 17 April 1998 the company changed its shareholder structure.

Through an amendment Sociedad, Madeco S.A. withdrew as shareholder and Codelco-Chile held 99% interest and Minera Picacho held 1%. On 26 November 2009, the shareholders agreed on the dissolution and liquidation of Sociedad Elaboradora de Cobre Chilena Limitada, since it currently does not fulfil the objectives for which it was created and keeping it open implies unnecessary expenses for the partners. On 27 January 2011, the majority shareholder, Codelco, agreed to the dissolution and liquidation of the company. At present, the grounds for its creation are no longer applicable.

### Codelco's Interest and Changes during 2010

Until closure date, Codelco-Chile had a 99% interest and Compañía Minera Picacho SCM, 1%. There were no changes during 2010.

### Business Relations with Codelco

No business relations between the companies.

### Contracts with Codelco

No new contracts between the companies in 2010.

### Investment Ratio of Head Office Total

2009 Investment in associated company US\$1,390,000.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## SOCIEDAD DE INVERSIONES COPPERFIELD LIMITADA

As at 31 december 2010

### Legal Status

RUT: 77.773.260-9

Limited Liability Company incorporated by public deed on 12 December 2001.

### Notary's Office:

Álvaro Bianchi Rosas. Registered in the Registry of Commerce on page 32430 No. 26478, on 14 December 2001.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled MUS\$6,390 pesos, representing a 99.99% interest.

### Corporate Purpose

Exploration and operation of mineral resources and processing plants; purchase, build and operate property, deposits and mining rights; and participate in any kind of company, taking up, directly or indirectly, rights and ownership.

### Representatives of Partners

Mario Espinoza Durán (\*)

Waldo Fortin Cabezas (\*)

Francisca Castro Fones (\*)

### Codelco's Interest and Changes during 2010

Originally, after statutory amendments in 2008, Codelco had 99.985198753% interest and Santiago de Río Grande S.A. 0.014801247% interest. After Codelco International Limited, a Codelco Chile subsidiary, purchased Santiago del Río Grande's stake on 23 December 2009, the ownership interest of Sociedad de Inversiones Copperfield Ltda.

### Business Relations with Codelco

At present, Inversiones Copperfield Ltda. does not have business relations with Codelco, except as minority shareholder in the following companies: Exploraciones Mineras Andinas S.A (0.1%), Minera Gaby S.A. (0.1%), Termoeléctrica Farellones S.A. (1.0% until 15 December 2009) and Energía Minera S.A. (1.0%); and Compañía Minera Picacho SCM (0.01%); majority shareholder in Innovaciones en Cobre S.A. (99.9%).

### Contracts with Codelco

During this period under review no contracts were entered into with Codelco.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$14,179,000.

2009 Investment in subsidiary company US\$15,385,000.

### Investment Ratio of Head Office Total Assets

0,070%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## INNOVACIONES EN COBRE S.A.

As at 31 december 2010

### Legal Status

RUT: 76.043.396-9

### Incorporation:

Series No. 20536/2008.

### Notary's Office:

Santiago Eighteenth Notary's Office. Started activities: 30 December 2008.

### Subscribed and Paid-In Capital

Capital subscribed and paid by Codelco as at 31 December 2010 accounted for 1 share, totalling US\$2,074 and the capital subscribed and paid by Inversiones Copperfield corresponds to 999 shares, totalling US\$1,571,926.

### Corporate Purpose

Its purpose is to:

a) Analyse, research, invent, create, develop and implement new applications, benefits and uses for copper and molybdenum; b) Promote, spread, dis-

tribute and market products that are manufactured incorporating new applications, benefits and uses for copper and/or molybdenum; c) Represent companies and individuals or entities, national or foreign; and d) Perform all kinds of activities that are directly and indirectly related to the above and any other activity the partners by common consent specify. All the activities that form part of the corporate purpose may be performed by the company or another company, either directly or by a third party.

### Directors

Jurgen Leibbrandt, Chairman (\*)

Nicolás Saric R. (\*)

Alan Farcas G.

### General Manager

Victor Pérez Vallejos (\*)

### Codelco's Interest and Changes during 2010

Codelco Chile directly has 0.1% interest in Innovaciones en Cobre S.A. and Sociedad Inversiones Copperfield Limitada (a Codelco Chile subsidiary) has the remaining 99.9% interest.

### Business Relations with Codelco

Company related to Codelco in order to invest in business and projects related to new copper and molybdenum applications.

### Contracts with Codelco

Innovaciones en Cobre S.A. has no contracts with Codelco.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**ECOSEA FARMING S.A.****As at 31 december 2010****Legal Status**

RUT: 76.024.442.2

**Incorporation:**

Series No. 8881.

**Notary's Office:**

Nancy de la Fuente. Deed series where articles of association are amended: 11,018. Started activities: 17 July 2008.

**Subscribed and Paid-In Capital**

As at 31 December 2010, capital subscribed and paid by Innovaciones en Cobre S.A. corresponds to 559 shares, totalling \$614,900,000, which represents a 47.4% interest.

**Corporate Purpose**

Its purpose is to: a) Transfer, adapt, research, investigate and develop farming technologies and auxiliary services, based on copper and copper alloys for aquaculture and other related areas; b) Produce and market any kind of product and/or services resulting from the above activities; c) Perform all acts and enter into contracts and agreements that directly and indirectly lead to achieving its goal.

**Directors**

Víctor Pérez V., Chairman (\*)

Alan Farcas

Eduardo Foix I. (\*)

Miguel Riquelme A.

Luis Pichott

Gabriel Yany

Marcelo Molina

- Universidad de Concepción: 17.7%.
- Pontificia Universidad Católica de Valparaíso: 6%.
- Fundación Chile: 6%.

**Business Relations with Codelco**

EcoSea Farming S.A. does not have business relations with Codelco.

**Alternate Directors**

Carmen Tardito S. (\*)

Jürgen Leibbrandt (\*)

Vacante

**General Manager**

Rodrigo Sánchez

**Contracts with Codelco**

EcoSea Farming S.A. does not have any contracts with Codelco.

**Codelco's Interest and Changes during 2010**

Chile has indirect ownership in EcoSea Farming S.A., through its subsidiary Innovaciones en Cobre S.A., with a 47.4% interest.

The remaining partners' interest is as follows:

- International Copper Association: 20.8%.
- Sitecna: 2.1%.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**COMOTECH S.A.****As at 31 december 2010****Legal Status**

RUT: 76.009.778-0

Incorporation.

Series No. 12.688-07.

**Notary's Office:**

Iván Torrealba A.

**Started Activities:** 7 February 2008.

Associated company of Innovaciones en Cobre S.A. (a Codelco subsidiary).

**Subscribed and Paid-In Capital**

As at 31 December 2010, capital subscribed and paid by Innovaciones en Cobre S.A. (a Codelco Chile subsidiary) corresponds to 1,700 shares, totalling de US\$196,666.67.

**Corporate Purpose**

Research and development to increase molybdenum demand through new and enhanced applications, uses and/or markets, for which the company may, in general, implement any kind of act and enter into any contract, which includes forming and taking part in other companies or entities, directly or

indirectly related to achieving the corporate purposes or with management, investment, provision of corporate assets.

**Directors**

Victor Pérez Vallejos, Chairman (\*)

Fernando Alliende C.

Jorge Allende R.

**Alternate Directors**

Carmen Tardito (\*)

**General Manager**

David Villaseca

**Business Relations with Codelco**

No hubo relación comercial entre ambas empresas en el año 2010.

**Contracts with Codelco**

CoMoTech S.A. does not have contracts with Codelco.

**Codelco's Interest and Changes during 2010**

Codelco has indirect interest in the company, through its subsidiary Innovaciones en Cobre S.A., with 33.3%.

The remaining partners' interest is as follows:

- Universidad de Chile holds a 33.3% interest.
- Molytmet holds a 33.3% interest.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## COMPLEJO PORTUARIO MEJILLONES S.A.

As at 31 december 2010

### Legal Status

RUT: 96.819.040-7

### Incorporation:

18 March 1997.

### Notary's Office:

Hugo Leonardo Pérez Pousa

Registered in the Santiago Registry of Commerce on page 7,188 No. 5.679.

### Subscribed and Paid-In Capital por Codelco

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$32,592,000, representing a 99.99% interest.

### Corporate Purpose

The purpose of the company is to project, build and operate a port in the Mejillones bay, 2nd Region of Antofagasta. CPM developed the project and awarded the construction and operation of Terminal 1 through a 30-year concession contract to Compañía Portuaria Mejillones S.A., a private consortium originally formed by Grupo Ultramar, Inversiones y Construcciones

Belfi Ltda. and Inversiones Portuarias Norte Grande S.A.

### Directors

Jorge Taboada, Chairman  
Rodrigo Toro U. (\*)  
Waldo Fortin C. (\*)  
Mario Espinoza D. (\*)  
Teodoro Wigodski

### General Manager

Álvaro Arroyo Albala

### Codelco's Interest and Changes during 2010

As at December 2010, it was 99.99%. There were no changes during the period under review.

### Business Relations with Codelco

Codelco Guarantee Contract: it is a guarantee contract entered into by Codelco, Complejo Portuario Mejillones S.A. and Compañía Portuaria Mejillones S.A., whereby Codelco guarantees to Compañía Portuaria Mejillones S.A. the payment of any and all sums payable

by CPM to the Compañía Portuaria under the Contract to Build Port Facilities and Provide Port Services at Terminal 1, Mejillones (BOT Contract), entered into by both companies, in the event that CPM fails to comply. Contract whereby CPM rents out office space to Codelco at Terminal 1 administration building, October 2003.

### Contracts with Codelco

There were no new contracts with Codelco in 2010.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$25,990,000.  
2009 Investment in subsidiary company US\$32,777,000.

### Investment Ratio of Head Office Total Assets

0,128%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## ASOCIACIÓN GARANTIZADORA DE PENSIONES

As at 31 december 2010

### Legal Status

A Mutual-Pension Fund Company under Private Law. It is a non-profit, private, mutual and pension fund, with legal capacity under Decree No. 1625 dated 18 June 1927, incorporated to guarantee, replacing the associated companies, pension payments under Occupational Accident Law No. 4,055. It is a non-profit company and, therefore, is exempt from income tax law regulations.

### Corporate Purpose

Exclusively for the purpose of paying pension funds pursuant to Occupational Accident Law No. 4,055.

### Directors

Está formado por las siguientes personas nombradas por el afiliado mayoritario, Codelco:

### Directors

María Carolina Vargas V, Chairman (\*)

José Antonio Alvarez L. (\*)  
Gonzalo Zamorano (\*)  
Victor Janer P. (\*)  
María de los Ángeles Pérez (\*)

### Alternate Directors

María Elena Brahm (\*)  
Gloria Parada (\*)  
Rodolfo Reyes (\*)

### Manager

Elly García Inostroza

### Codelco's Interest and Changes during 2010

It has a 96.69% interest, and there were no changes during the year.

### Business Relations with Codelco

The company did not have any business relations in 2010.

### Contracts with Codelco

No contracts were entered into in 2010.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$712,000.  
2009 Investment in subsidiary company US\$589,000.

### Investment Ratio of Head Office Total Assets

0,004%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## CENTRO DE ESPECIALIDADES MÉDICAS RÍO BLANCO LTDA.

At 31 december 2010

### Legal Status

RUT: 76.064.682-2

Trade Name:

Centro de Especialidades Médicas Río Blanco Ltda.

### Incorporation:

30 June 2009.

### Notary's Office:

Nancy de la Fuente Hernández. It was published in the Official Gazette no. 39,410 on 13 July 2009. Registered on page 148 No. 142, in the Santiago Registry of Commerce in 2009.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled \$560,000, representing a 99% interest.

### Corporate Purpose

Implement all kinds services and provide outpatient medical care and provide management services for the health benefits of the contributors and members of Isapre Río Blanco Ltda.

### Directors

Armando Olavarría Couchot,

Chairman (\*)

Juan Carlos Joannon

Héctor Cáceres (\*)

Leonardo Whittle F. (\*)

Daniel Michea

### Managing Partner

Enrique Miguel Fernández Astudillo

### Codelco's Interest and Changes during 2010

Codelco Chile: 99%.

Isapre Río Blanco Ltda.: 1%

No changes during the period under review.

### Business Relations with Codelco

Provide outpatient medical services and manage health benefits for workers at Codelco's Andina Division.

### Contracts with Codelco

Industrial area emergency centre

administration and operation contract: Contract No. 4500980649: "Industrial Area Emergency Service Contract".

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$832,000.

2009 Investment in subsidiary company US\$619,000.

### Investment Ratio of Head Office Total Assets

0,004%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## CLÍNICA RÍO BLANCO S.A.

As at 31 december 2010

### Legal Status

RUT: 99.573.600-4

Closely held company.

Trade Name: Clínica Río Blanco S.A.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled \$5,307,000, representing a 99% interest.

### Corporate Purpose

Provide health services and benefits, directly and providing all kinds of medical services and care, for which it can create, maintain and manage clinics and other healthcare establishments, provide outpatient and emergency healthcare services, and paramedics; carry out lab tests, pharmacology, analyses, radiology tests and, in general, any medical and nursing activity.

### Directors

Armando Olavarría C. (\*)

Héctor Cáceres Vicencio (\*)

Daniel Michea C.

Juan Carlos Joannon

Desiderio Astorga Leyton

Pablo Fernández

Fernando Condell M.

### Alternate Directors

Leonardo Whittle Ferrer (\*)

Manuel Opazo Mortola (\*)

Carlos Arroyo L. (\*)

Luis Galdames C. (\*)

Juan Carlos Olguín P.

Juan Montecinos R.

Christian Muñoz T.

### General Manager

Enrique Fernández Astullido

### Codelco's Interest and Changes during 2010

Codelco Chile: 99%.

Isapre Río Blanco Ltda.: 1%.

No changes during the period under review.

### Business Relations with Codelco

Provision of medical, health, ambulatory and emergency services, paramedics, lab tests, pharmacology, radiology and, in general, the provision of medical and nursing care to workers at Codelco's Andina Division.

### Contracts with Codelco

Occupational health contract with

Occupational Health and Industrial

Department: Contract No. 4500982103, "Service Provision Contract, Law 16,744." Occupational Health Unit administration contract at Clínica Río Blanco: Contract No. 4500981031, "CRB Operation and Administration Service Contract".

HR Management Contract: Contract No. 4500875625, "Additional Medical Care Services."

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$1,274,000.

2009 Investment in subsidiary company US\$1,083,000.

### Investment Ratio of Head Office Total Assets

0,006%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## EJECUTORA PROYECTO HOSPITAL DEL COBRE CALAMA S.A.

As at 31 december 2010

### Legal Status

**Trade Name:** Ejecutora Proyecto Hospital del Cobre-Calama S.A. Sociedad Anónima Cerrada.

### Subscribed and Paid-In Capital

Its shareholders are: Codelco Chile has 99.9% interest; and Isapre San Lorenzo has 0.01%.

Capital subscribed and paid by Codelco as at 31 December 2010, totalled US\$ 455,000.

### Corporate Purpose

Its purposes is to plan and construct, the company or a third party, a building to be used as a hospital in the city of Calama; rent or sublet hospital facilities; take out insurance and carry out repairs, maintenance and improvements to hospital facilities that are rented or sublet.

### Directors

Ricardo Landeta P., Chairman (\*)  
María Rosa Martínez Núñez, (\*)  
Víctor Janer P. (\*)

### General Manager

Héctor Cerda Ortiz (\*)

### Codelco's Interest and Changes during 2010

Codelco-Chile: 99.99%.  
Prestadora de Servicios San Lorenzo Limitada: 0,01%.

### Business Relations with Codelco

Framework agreement entered into by: Codelco-Chile, Ejecutora Proyecto Hospital del Cobre-Calama S.A. and Las Américas Administradora Fondos de Inversión S.A. It is the regulatory framework governing the relationship between the abovementioned parties, for a 20-year period (until 31 March 2021).

Sublet the Hospital del Cobre Dr. Salvador Allende G., until March 2021, as per the Framework Agreement. Accounting and billing services provided to the company Ejecutora by Codelco, until 31 March 2021.

Detailed and Basic Engineering Services by Codelco applied to the

expansion of the Primary Healthcare Centre, CAP, terminated in 2004. Various contracts started in 2005, related to the same CAP Primary Healthcare Centre Expansion Project.

### Contracts with Codelco

No new contracts were entered into in 2010.

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$0.  
2009 Investment in subsidiary company US\$0.

### Investment Ratio of Head Office Total Assets

0%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

## ISAPRE CHUQUICAMATA LTDA.

As at 31 december 2010

### Legal Status

**RUT:** 79.566.720-2

### Trade Name:

Isapre Chuquicamata Ltda. Limited Liability Company.

### Subscribed and Paid-In Capital

As at 31 December 2010, capital subscribed and paid by Codelco totalled \$ 764,895, representing a 93.3% interest.

### Corporate Purpose

Provision of health services and benefits, either directly or through funding, pursuant to the regulations set forth in D.F.L. No. 3 issued by the Ministry of Health. In order to meet its objective, the company may perform and enter into any kind of contract, even create and form part of other companies.

### Representante Legal

Julio Aranis Vargas (\*)

### General Manager

Militza Saguas González

### Codelco's Interest and Changes during 2010

Codelco has a 98.3% interest. Fusat has 1.7% interest there were no changes in Codelco's interest during the period under reviews.

### Business Relations with Codelco

As requested by Codelco, it manages group health plans for its employees, former employees, their family members and beneficiaries.

### Contracts with Codelco

- Medical care contract (01.06.82)
- Medical equipment and instrument rental contract (30.09.98)
- Services provision contract between Isapre Chuquicamata and

Medical Service of Codelco Norte Division. (22.07.03)

- Service Provision contract (01.06.98), cancelled 20.12.06
- Amendment to Healthcare Service contract (1.10.09)

### Investment Ratio of Head Office Total

2010 Investment in subsidiary company US\$4,034,000.  
2009 Investment in subsidiary company US\$3,207,000.

### Investment Ratio of Head Office Total Assets

0,020%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**ISAPRE RÍO BLANCO LTDA.****As at 31 december 2010****Legal Status****RUT:** 89.441.300-K

Isapre Río Blanco Limitada is a Limited Liability Company

**Subscribed and Paid-In Capital**

As at 31 December 2010, capital subscribed and paid by Codelco totalled US\$1,058,000, representing a 99.99% interest.

**Corporate Purpose**

Health Insurance Institution (Isapre).

**Directors**María Elena Etcheberry Court,  
Chairman

Armando Olavarría C. (\*)

Héctor Cáceres Vicencio (\*)

Marcos Vergara Iturriaga

Álvaro Covarrubias Risopatrón

**Alternate Directors**

Leonardo Whittle Ferrer (\*)

Manuel Opazo Mortola (\*)

**General Manager**

Jaime Del Solar Zorzano

**Codelco's Interest and Changes during 2010**

Codelco Chile: 99.99%. Isapre San Lorenzo Ltda.: 0.01%.

**Business Relations with Codelco**

Andina Division is required under the contracts and/or collective agreements signed with its employees, to fund its employees and their legally recognised family members, healthcare services when the employee signs a Work Contract with the Division and to pay the legal health insurance payment to Isapre Río Blanco.

Likewise, the Division is required to provide healthcare to its former employees who opted for the early retirement plan, so they may have, and their legally recognised family members, the medical, pharmaceutical and dental care included in the health regulation for the period of time set out in the corresponding early retirement plan. The Division's contribution is complementary to the mandatory health payment for each employee to the amount required to complete .

**Contracts with Codelco**

Contract No. 4600008778, for medical services provided to employees, former employees and their family members. Andina Division entrusts Isapre Río Blanco Ltda., to fund the preceding services, based on the terms and conditions of the Isapre's health plan. Contract No. 4600008777 Health

Benefit Administration Agreement, Andina Division entrusts Isapre the health benefit administration provided in their collective agreements and contracts when the benefits are not covered by the health plan. This is maintained so that the company complies with the work commitments concerning health issues, takes out healthcare services and pays on behalf of the principal, all the health service expenses associated with the health benefit for employees, former employees and their family members, even if they exceed the amount set out in the relevant Healthcare Group Plan, amounts that the company refunds the Isapre in conformity with the terms and conditions provided in the contract.

**Investment Ratio of Head Office Total**

2010 Investment in subsidiary company US\$2,300,000.

2009 Investment in subsidiary company US\$1,807,000.

**Investment Ratio of Head Office Total Assets**

0,011%, 2010.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**SAN LORENZO ISAPRE LTDA. (FILIAL DE CLÍNICA SAN LORENZO LTDA.)****As at 31 december 2010****Legal Status****Incorporation:**

17 April 2006.

**Notary's Office:**

Patricio Zaldívar Mackenna, and through an Exempt Resolution IF/No. 383 on 26 May 2006 (notice was given on 5 June 2006) of the Superintendency of Health, authorised for the Isapre to be registered as a legal successor, keeping the same number of the Code Registry, No. 62 of the Head Office.

**Corporate Purpose**

Its purpose is to provide funds for health services and benefits and related or complementary activities, under the terms set out in Law No. 18.933.

**Directors**

Sergio Flores Varas, Chairman (\*)

Juan Carlos Joannon

Mauricio Márquez

Carlos Wulff (\*)

**General Manager**

Carlos Bastías Gädicke

**Clínica San Lorenzo Ltda. Interest and Changes during 2010.**

Clínica San Lorenzo Ltda. holds a 99.0% interest in San Lorenzo Isapre Ltda. Codelco Chile is majority partner of Clínica San Lorenzo Ltda. (99.99%). There were no shareholding structure changes during the period under review.

**Business Relations with Codelco**

Salvador Division has been required through collective contracts and/or agreements with its employees, to fund employee and legally recognised family members, healthcare services when the Work Contract is signed with

the Division and complete the payment of the legal health contribution to San Lorenzo Isapre Ltda.

The Division funds the healthcare services not included in the Isapre health plan, but which are included in the collective agreements of the Division with employees.

**Contracts with Codelco**

This Isapre has to date the following contracts with related companies:

- Medical services provision contract with Codelco (Salvador Division), for 2009 - 2010;
- Administrative services provision contract with Clínica San Lorenzo Ltda.

CODELCO DIRECTORS OR EXECUTIVE DIRECTORS.

**FUSAT****As at 31 december 2010****Legal Status****RUT:** 70.905.700-6**Trade Name:**

Fundación de Salud El Teniente

**Subscribed and Paid-In Capital**

As at 31 December 2010, capital subscribed and paid by Fusat totalled \$ 101,000,000.

**Corporate Purpose**

Provide healthcare service under the terms and conditions provided by Law 18,933 and subsequent amendments. Establish free healthcare service for low-income people. Maintain and/or increase coverage and quality of healthcare initiatives, in keeping with the Codelco-Chile and Supreme Government health plans. Maintain and/or increase health research plans, especially occupational health. Direct initiatives based on prevention

standards, without postponing recovery and rehabilitation initiatives. Increase education initiatives in health, training and teaching, related to regional and nationwide plans. Sign agreements and/or contracts with other similar entities to achieve its objective. Optimise resource management to be more efficient, in order to maintain or increase the infrastructure and specific initiatives of the organisation.

**Advisory Council Board of Directors**

María Elena Etcheberry C., Chairman.  
Gustavo Sánchez M.  
Ricardo Álvarez F. (\*)  
Álvaro Covarrubias R.  
Diego Ruidíaz G. (\*)

**Executive Director**

Jorge Quevedo S.

\*DIRECTORES O EJECUTIVOS DE CODELCO

**ISAPRE FUSAT LIMITADA****As at 31 december 2010****Legal Status****RUT:** 76.334.370-7**Trade Name:** Isapre Fusat Ltda. Limited Liability Company.**Subscribed and Paid-In Capital**

As at 31 December 2010, capital subscribed and paid by Fusat totalled \$ 1.37 billion.

**Corporate Purpose**

Finance health services and benefits and related or complementary activities, as provided in Law 18,933 and its subsequent amendments.

**Advisory Council Board of Directors**

María Elena Etcheberry C., Chairman.  
Gustavo Sánchez M.  
Diego Ruidíaz G. (\*)  
Ricardo Álvarez F. (\*)  
Álvaro Covarrubias R.

**General Manager**

Francisco de La Fuente

**Business Relations with Codelco**

Isapre Fusat Ltda. finances healthcare services through medical care services targeting all Codelco employee members of this Isapre, and their family members and all members who are former employees of Codelco. The amount of the services paid on a monthly basis (allowance value), by Codelco to Isapre Fusat.

**Contracts with Codelco**

The agreements currently entered into and in effect with Codelco El Teniente Division are:

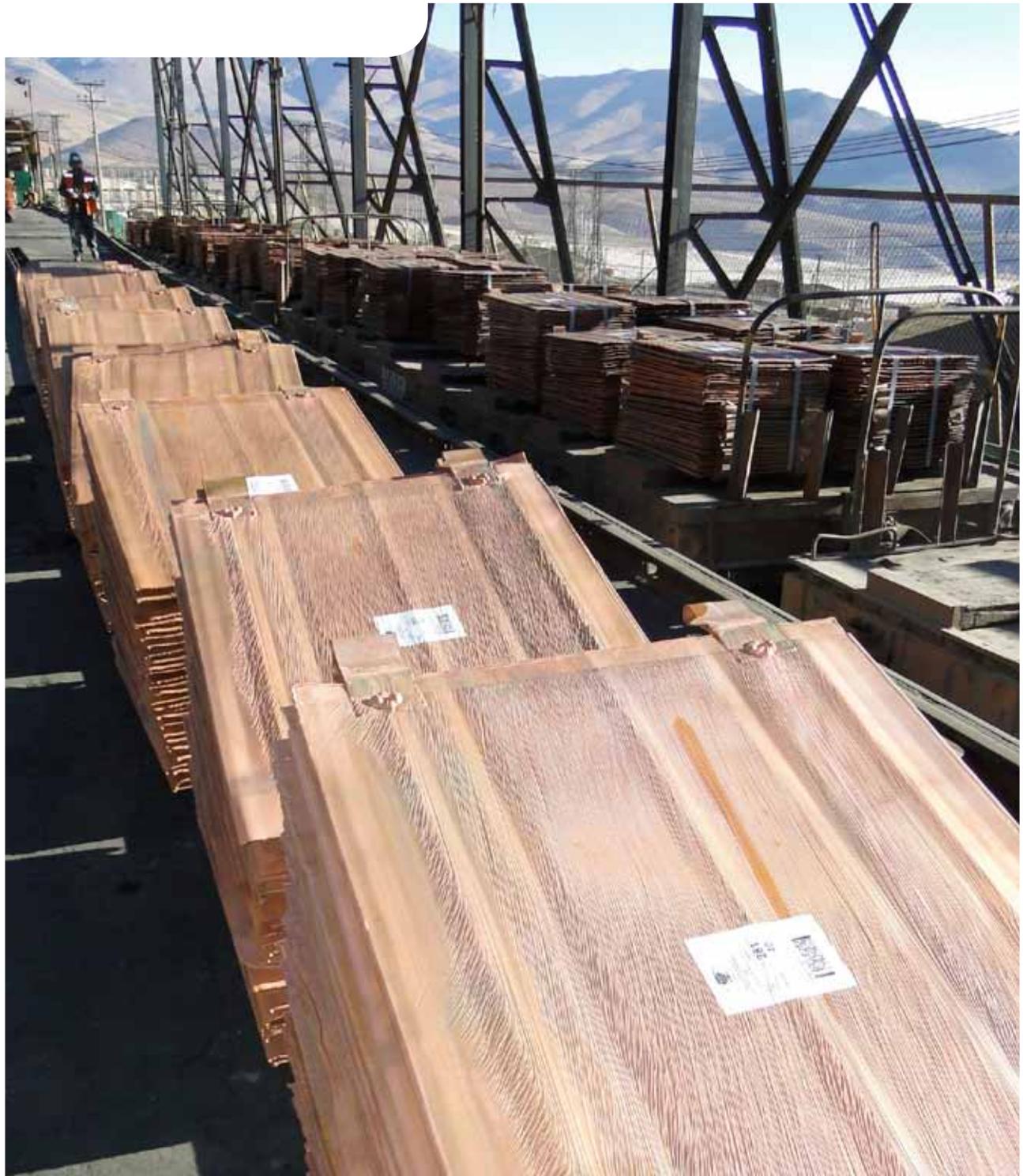
- Administration & Payment Agreement Number B (05.01.2009)
- Pension Payment & Administration Agreement (01.08.2009)

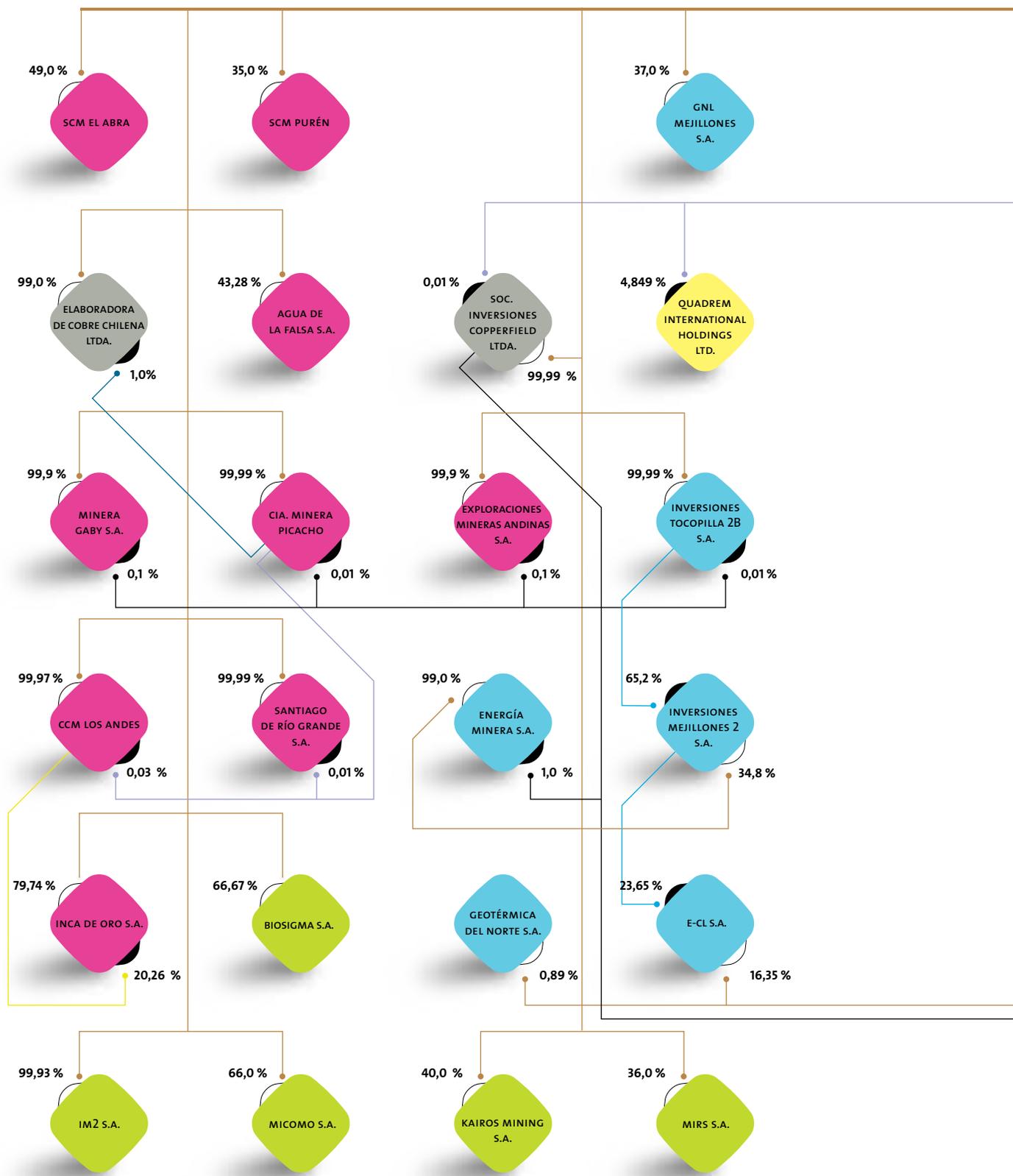
**Business Relations with Codelco**

Codelco does not have direct shareholding. Isapre Fusat Ltda. shareholding is distributed as follows:

- Fusat: 99.7%
- Inmobiliaria e Inv. Río Cipreses Ltda.: 0.3%

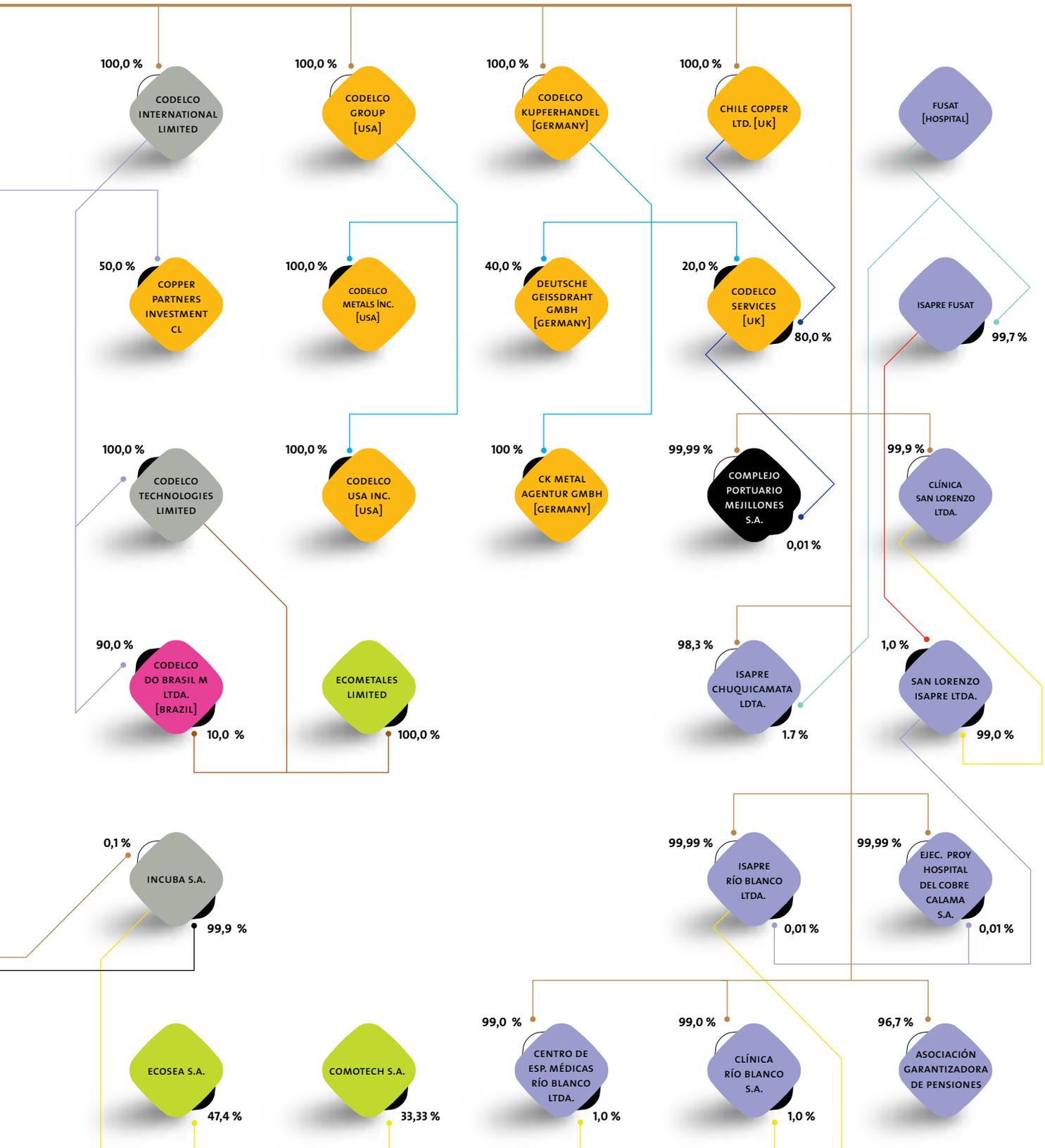
CODELCO DIRECTORS OR EXECUTIVE DIRECTORS





 MINING	 INVESTMENT	 % PARTNER COMPANY
 TRADE	 MINING GOODS & SERVICES	 % CODELCO
 ELECTRICITY	 PORT	
 RESEARCH & TECHNOLOGY	 HEALTH AND PENSIONS	

# CODELCO

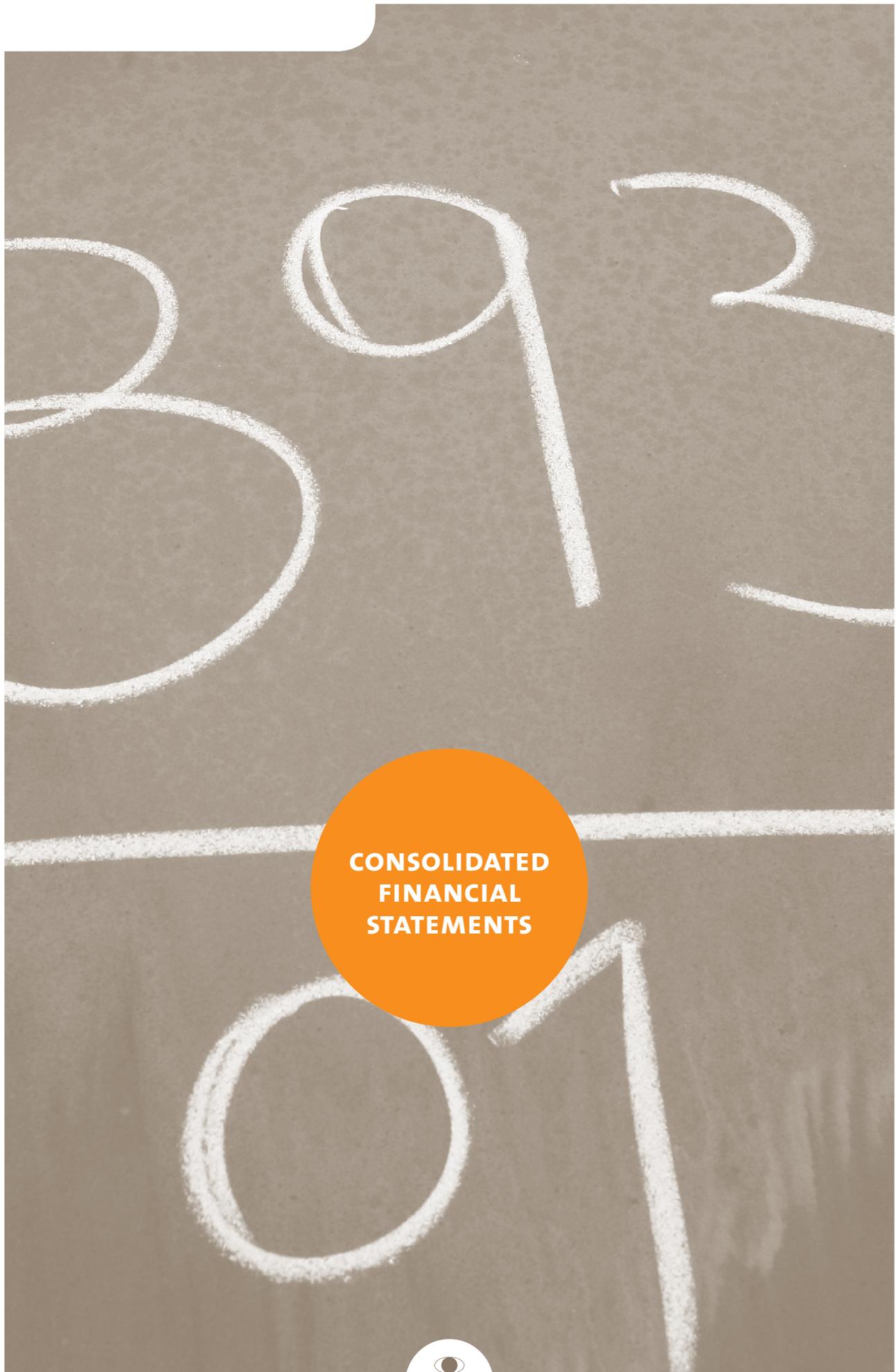






CODELCO, MAIN COMPANY  
& PRIDE OF CHILE

**CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2010**





CONSOLIDATED FINANCIAL  
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(January - December 2010)

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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Directors  
of Corporación Nacional del Cobre de Chile

1. We have audited the accompanying consolidated statements of financial position of Corporación Nacional del Cobre de Chile and subsidiaries ("the Corporation" or "the Company") as of December 31, 2010 and 2009, the opening consolidated statement of financial position as of January 1, 2009, and the related consolidated statements of comprehensive income, changes in net equity and cash flows for the years ended on December 31, 2010 and 2009. These financial statements (including the related notes) are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements, based on our audits. We did not audit the financial statements as of December 31, 2010 and 2009 and the opening statements of financial position as of January 1, 2009 of certain associates, jointly controlled entities and subsidiaries. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such investees, jointly controlled entities and subsidiaries, is based solely on the reports of the other auditors. As of December 31, 2010 and 2009, and as of January 1, 2009, the direct and indirect investment of the Corporation in such associates and jointly controlled entities and the total assets reflected in the statements of such subsidiaries, constitutes 8.0%, 7.2% and 6.8%, respectively, of the total consolidated assets, and the total net income for the year in those associates and jointly controlled entities and the total revenues reflected in the financial statements of such subsidiaries, constitute 9.4% and 9.8% in 2010 and 2009, respectively, of the total consolidated revenues.
2. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management of the Corporation, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.
3. In our opinion, based on our audits and the reports of other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Corporación Nacional del Cobre de Chile and subsidiaries as of December 31, 2010 and 2009, and January 1, 2009, and the results of their operations and their cash flows for the years ended December 31, 2010 and 2009 in conformity with International Financial Reporting Standards.
4. The accompanying consolidated financial statements have been translated into English solely for the convenience of the readers outside of Chile.



March 23, 2011

Corporación Nacional del Cobre de Chile

**Consolidated Statements of Financial Position**

As of December 31, 2010, December 31, 2009 and January 1st, 2009

(In thousands of US dollars - ThUS\$)

	NOTES	12-31-2010	12-31-2009	01-01-09
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
CASH AND CASH EQUIVALENTS	1	874,039	773,076	393,197
OTHER CURRENT FINANCIAL ASSETS	12	195,138	292,884	386,013
OTHER CURRENT NON-FINANCIAL ASSETS		33,607	18,755	16,123
TRADE AND OTHER CURRENT RECEIVABLES	2	2,714,006	2,062,026	835,367
ACCOUNTS RECEIVABLES FROM RELATED COMPANIES, CURRENT	3	157,954	229,181	115,694
INVENTORIES	4	1,782,506	1,471,776	1,546,598
CURRENT TAX ASSETS	6.a	194,226	147,866	436,954
<b>TOTAL CURRENT ASSETS</b>		<b>5,951,476</b>	<b>4,995,564</b>	<b>3,729,946</b>
<b>NON-CURRENT ASSETS:</b>				
OTHER NON-CURRENT FINANCIAL ASSETS	12	181,125	158,201	12,557
OTHER NON-CURRENT NON-FINANCIAL ASSETS	11	203,505	206,132	226,914
NON-CURRENT RECEIVABLES	2	198,785	198,102	149,234
ACCOUNTS RECEIVABLES FROM RELATED COMPANIES, NON-CURRENT	3	104,896	358,259	224
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8	1,260,774	1,100,156	1,084,470
INTANGIBLE ASSETS OTHER THAN GOODWILL	10.a	21,556	21,380	18,108
PROPERTY, PLANT AND EQUIPMENT	7	12,351,430	11,210,433	10,507,650
INVESTMENT PROPERTY		5,494	5,653	5,690
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,327,565</b>	<b>13,258,316</b>	<b>12,004,847</b>
<b>TOTAL ASSETS</b>		<b>20,279,041</b>	<b>18,253,880</b>	<b>15,734,793</b>

	NOTES	12-31-2010 ThUS\$	12-31-2009 ThUS\$	01-01-09 ThUS\$
<b>LIABILITIES AND EQUITY</b>				
<b>PASIVOS</b>				
<b>CURRENT LIABILITIES</b>				
OTHER CURRENT FINANCIAL LIABILITIES	13	1,918,908	1,394,422	1,232,783
TRADE AND OTHER CURRENT PAYABLES	16	1,803,276	1,822,752	1,153,119
ACCOUNTS PAYABLES TO RELATED COMPANIES, CURRENT	3	171,565	185,925	127,229
OTHER SHORT-TERM PROVISIONS	17	296,713	208,733	186,173
CURRENT TAX LIABILITIES	6.b	307,952	63,636	4,628
CURRENT PROVISIONS FOR EMPLOYEE BENEFITS	17	689,075	307,530	295,595
OTHER CURRENT NON-FINANCIAL LIABILITIES		56,338	113,617	23,314
TOTAL CURRENT LIABILITIES OTHER THAN LIABILITIES INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE LIABILITIES INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE				
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,243,827</b>	<b>4,096,615</b>	<b>3,022,841</b>
<b>NON-CURRENT LIABILITIES</b>				
OTHER NON-CURRENT FINANCIAL LIABILITIES	13	7,189,482	6,338,526	3,974,393
OTHER NON-CURRENT PAYABLES		2,658	142,584	177,157
ACCOUNTS PAYABLES TO RELATED COMPANIES, NON-CURRENT	3	349,204	388,767	429,968
OTHER LONG-TERM PROVISIONS	17	1,057,472	1,058,737	965,690
DEFERRED TAX LIABILITIES	5	711,382	722,417	1,860,935
NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS	17	1,191,112	997,824	738,779
OTHER NON-CURRENT NON-FINANCIAL LIABILITIES		2,692	65,183	764
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,504,002</b>	<b>9,714,038</b>	<b>8,147,686</b>
<b>TOTAL LIABILITIES</b>		<b>15,747,829</b>	<b>13,810,653</b>	<b>11,170,527</b>
<b>EQUITY</b>				
ISSUED CAPITAL		2,524,423	2,524,423	1,524,423
RETAINED EARNINGS		1,329,392	1,294,157	1,244,163
OTHER RESERVES	19	675,403	622,640	1,792,729
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT		4,529,218	4,441,220	4,561,315
NON-CONTROLLING INTERESTS	19	1,994	2,007	2,951
<b>TOTAL EQUITY</b>		<b>4,531,212</b>	<b>4,443,227</b>	<b>4,564,266</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>20,279,041</b>	<b>18,253,880</b>	<b>15,734,793</b>

Corporación Nacional del Cobre de Chile

**Consolidated Statements of Income**

For the periods between January 1st and December 31, 2010 and 2009

(In thousands of US dollars - ThUS\$)

	NOTES	01/01/10 12-31-2010	01/01/09 12-31-2009
<b>GROSS PROFIT</b>			
REVENUE	20	16,065,946	12,379,137
COST OF SALES		(9,088,740)	(7,484,231)
<b>GROSS PROFIT</b>		<b>6,977,206</b>	<b>4,894,906</b>
OTHER INCOME	21.a	141,473	308,363
DISTRIBUTION COSTS		(14,994)	(19,157)
ADMINISTRATIVE EXPENSES		(390,234)	(505,616)
OTHER EXPENSE	21.b	(2,058,867)	(1,458,441)
OTHER GAINS (LOSSES)		28,040	14,750
FINANCE INCOME		35,559	27,666
FINANCE COSTS	22	(331,132)	(318,757)
SHARE OF PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	8	303,395	310,651
EXCHANGE DIFFERENCES	24	(202,524)	(266,531)
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>4,487,922</b>	<b>2,987,834</b>
INCOME TAX EXPENSE	5	(2,611,601)	(1,813,643)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>1,876,321</b>	<b>1,174,191</b>
<b>PROFIT (LOSS)</b>		<b>1,876,321</b>	<b>1,174,191</b>
PROFIT (LOSS) ATTRIBUTABLE TO:			
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT		1,877,659	1,176,226
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	19	(1,338)	(2,035)
<b>PROFIT (LOSS)</b>		<b>1,876,321</b>	<b>1,174,191</b>

Corporación Nacional del Cobre de Chile

**Consolidated Statements of Comprehensive Income**

For the periods between January 1st and December 31, 2010 and 2009

(In thousands of US dollars - ThUS\$)

	NOTES	01/01/10 12-31-2010	01/01/09 12-31-2009
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>PROFIT (LOSS)</b>		<b>1,876,321</b>	<b>1,174,191</b>
<b>COMPONENTS OF OTHER COMPREHENSIVE INCOME, BEFORE TAX:</b>			
<b>EXCHANGE DIFFERENCES ON TRANSLATION</b>			
GAINS (LOSSES) ON EXCHANGE DIFFERENCES ON TRANSLATION, BEFORE TAX		490	2,426
OTHER COMPREHENSIVE INCOME, BEFORE TAX, EXCHANGE DIFFERENCES ON TRANSLATION		490	2,426
<b>CASH FLOW HEDGES</b>			
GAINS (LOSSES) ON CASH FLOW HEDGES, BEFORE TAX		111,508	(2,442,860)
OTHER COMPREHENSIVE INCOME (LOSS), BEFORE TAX, CASH FLOW HEDGES		111,508	(2,442,860)
SHARE OF OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD		136,560	(246,779)
OTHER COMPREHENSIVE INCOME (LOSS) BEFORE TAX		248,558	(2,687,213)
<b>INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME:</b>			
INCOME TAX RELATING TO CASH FLOW HEDGES OF OTHER COMPREHENSIVE INCOME	5	(63,560)	1,410,098
AGGREGATED INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME		(63,560)	1,410,098
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>184,998</b>	<b>(1,277,115)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>2,061,319</b>	<b>(102,924)</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
COMPREHENSIVE INCOME, ATTRIBUTABLE TO OWNERS OF PARENT		2,062,657	(100,889)
COMPREHENSIVE INCOME, ATTRIBUTABLE TO NON-CONTROLLING INTEREST		(1,338)	(2,035)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>2,061,319</b>	<b>(102,924)</b>

Corporación Nacional del Cobre de Chile

**Consolidated Statements of Cash Flows – Direct Method**

For the periods between January 1st and December 31, 2010 and 2009

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

	NOTES	01/01/10 12-31-2010	01/01/09 12-31-2009
<b>STATEMENT OF CASH FLOW</b>			
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>			
CLASSES OF CASH RECEIPTS FROM OPERATING ACTIVITIES			
RECEIPTS FROM SALES OF GOODS AND RENDERING OF SERVICES		16,974,027	11,671,870
OTHER CASH RECEIPTS FROM OPERATING ACTIVITIES	25	1,767,151	1,520,165
CLASSES OF CASH PAYMENTS			
PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES		(7,833,235)	(6,213,744)
PAYMENTS TO AND ON BEHALF OF EMPLOYEES		(1,784,501)	(1,190,622)
PAYMENTS TO AND ON BEHALF OF EMPLOYEES	25	(3,525,415)	(2,240,250)
DIVIDENDS RECEIVED		179,532	47,447
INCOME TAXES REFUND (PAID)		(2,515,754)	(320,560)
<b>NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>3,261,805</b>	<b>3,274,306</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>			
OTHER CASH PAYMENTS TO ACQUIRE INTERESTS IN JOINT VENTURES		(44,878)	(69,274)
LOANS MADE TO RELATED COMPANIES		(71,839)	(13,349)
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT		(2,309,484)	(1,680,532)
INTEREST RECEIVED		12,716	9,977
OTHER INFLOWS (OUTFLOWS) OF CASH		109,927	34,738
<b>NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(2,303,558)</b>	<b>(1,718,440)</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>			
PROCEEDS FROM LONG-TERM BORROWINGS		1,687,500	1,641,550
PROCEEDS FROM SHORT-TERM BORROWINGS		699,886	463,900
<b>TOTAL PROCEEDS FROM BORROWINGS</b>		<b>2,387,386</b>	<b>2,105,450</b>
REPAYMENTS OF BORROWINGS		(800,860)	(2,294,398)
DIVIDENDS PAID		(2,206,124)	(835,692)
INTEREST PAID		(237,686)	(251,347)
OTHER INFLOWS (OUTFLOWS) OF CASH		-	100,000
<b>NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(857,284)</b>	<b>(1,175,987)</b>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECTS OF EXCHANGE RATE CHANGES		100,963	379,879
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>100,963</b>	<b>379,879</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>773,076</b>	<b>393,197</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>874,039</b>	<b>773,076</b>

Corporación Nacional del Cobre de Chile

**Consolidated Statements of Changes In Equity**

For the periods between January 1 and December 31, 2010 and 2009

(In thousands of US dollars - ThUS\$)

DECEMBER 31, 2010	ISSUED CAPITAL	EXCHANGE DIFFERENCES ON TRANSLATION	RESERVES FOR CASH FLOW HEDGES	OTHER MISCELLANEOUS RESERVES	OTHER RESERVES	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
<b>EQUITY AT BEGINNING OF PERIOD 01/01/2010</b>	2,524,423	2,426	(1,017,519)	1,637,733	622,640	1,294,157	4,441,220	2,007	4,443,227
INCREASE (DECREASE) THROUGH CHANGES IN ACCOUNTING POLICIES	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) THROUGH CORRECTIONS OF ERRORS	-	-	-	-	-	-	-	-	-
<b>EQUITY AT BEGINNING OF PERIOD 01/01/2010</b>	2,524,423	2,426	(1,017,519)	1,637,733	622,640	1,294,157	4,441,220	2,007	4,443,227
<b>CHANGES IN EQUITY</b>									
<b>COMPREHENSIVE INCOME</b>									
PROFIT (LOSS)						1,877,659	1,877,659	(1,338)	1,876,321
OTHER COMPREHENSIVE INCOME (LOSS)		490	47,948	136,560	184,998		184,998	-	184,998
COMPREHENSIVE INCOME							2,062,657	(1,338)	2,061,319
DIVIDENDS PAID						(1,875,509)	(1,875,509)		(1,875,509)
INCREASE (DECREASE) THROUGH TRANSFERS AND OTHER CHANGES	-	-	-	(132,235)	(132,235)	33,085	(99,150)	1,325	(97,825)
<b>TOTAL INCREASE (DECREASE) IN EQUITY</b>	-	490	47,948	4,325	52,763	35,235	87,998	(13)	87,985
<b>EQUITY AT END OF PERIOD 12/31/2010</b>	2,524,423	2,916	(969,571)	1,642,058	675,403	1,329,392	4,529,218	1,994	4,531,212

DECEMBER 31, 2009	ISSUED CAPITAL	EXCHANGE DIFFERENCES ON TRANSLATION	RESERVES FOR CASH FLOW HEDGES	OTHER MISCELLANEOUS RESERVES	OTHER RESERVES	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
<b>EQUITY AT BEGINNING OF PERIOD 01/01/2009</b>	1,524,423	-	28,404	1,764,325	1,792,729	1,244,163	4,561,315	2,951	4,564,266
INCREASE (DECREASE) THROUGH CHANGES IN ACCOUNTING POLICIES	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) THROUGH CORRECTIONS OF ERRORS	-	-	-	-	-	-	-	-	-
<b>EQUITY AT BEGINNING OF PERIOD 01/01/2010</b>	1,524,423	-	28,404	1,764,325	1,792,729	1,244,163	4,561,315	2,951	4,564,266
<b>CHANGES IN EQUITY</b>									
<b>COMPREHENSIVE INCOME</b>									
PROFIT (LOSS)						1,176,226	1,176,226	(2,035)	1,174,191
OTHER COMPREHENSIVE INCOME (LOSS)		2,426	(1,045,923)	(233,618)	(1,277,115)		(1,277,115)	-	(1,277,115)
COMPREHENSIVE INCOME							(100,889)	(2,035)	(102,924)
DIVIDENDS PAID						(1,254,759)	(1,254,759)		(1,254,759)
INCREASE (DECREASE) THROUGH OTHER CONTRIBUTIONS BY OWNERS	1,000,000	-	-	-	-	-	1,000,000		1,000,000
INCREASE (DECREASE) THROUGH TRANSFERS AND OTHER CHANGES	-	-	-	107,026	107,026	128,527	235,553	1,091	236,644
<b>TOTAL INCREASE (DECREASE) IN EQUITY</b>	1,000,000	2,426	(1,045,923)	(126,592)	(1,170,089)	49,994	(120,095)	(944)	(121,039)
<b>EQUITY AT END OF PERIOD 12/31/2009</b>	2,524,423	2,426	(1,017,519)	1,637,733	622,640	1,294,157	4,441,220	2,007	4,443,227

# Notes to the Consolidated Financial Statements

## I. GENERAL ASPECTS

### 1. CORPORATE INFORMATION

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

The Corporation trades its products based on a policy aimed at selling refined copper to manufacturers or producers of semi-elaborated products.

Codelco is registered under Securities Registry No. 785 of the Superintendency of Securities and Insurance (the “Superintendency”) and is subject to the supervision of said Superintendency. According to Article 10 of Law No. 20,392 (on new Corporate Governance of Codelco), such supervision will be on the same terms as publicly traded corporations, notwithstanding the provisions in Decree Law (D.L.) No. 1,349 of 1976, which created the Comisión Chilena del Cobre (“Chilean Copper Commission”).

The corporate domicile and headquarters of Codelco are located in Santiago de Chile, at 1270 Huérfanos, telephone number (56 2) 6903000.

Codelco Chile was formed as stipulated by D.L. No. 1,350 of 1976, which is the statutory decree of the Corporation. In accordance with the decree law, Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity with its own equity. Codelco - Chile currently carries out its mining business through its divisions Chuquicamata, Radomiro Tomic, Salvador, Andina, El Teniente and Ventanas. Also, in May 2008, Codelco - Chile started exploiting the deposit known as Gabriela Mistral whose mining operations are under the responsibility of its subsidiary Minera Gaby S.A., 100% owned by the Company. In 2010 the Company was

authorized to invest in the operation of the new Division Ministro Hales Mine, whose estimated starting operating date is at the end of 2013. The Corporation also carries out similar activities in other mining deposits in association with third parties.

In accordance with letter e) of Article 10 of Law No. 20,392, Codelco is governed by its organic standards set forth in Decree Law No. 1,350 (D.L. No. 1,350) and that of its statutes, and in matters not covered by them and, insofar as they are compatible and do not go against the provisions of these rules, the rules that govern publicly traded corporations and the common laws as applicable to them.

In accordance with D.L. No. 1,350 Section IV related to the Company's Exchange and Budget Regulations, Codelco's financial activities are conducted following a budgeting system that is composed by an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The tax system applicable to Codelco's income is in accordance with Article 26 of D. L. No. 1,350, which refers to Decree Laws No. 824 on Income Tax of 1974 and Decree Law No. 2,398 (Article 2) of 1978, which are applicable. The Company's income is also subject to a tax in accordance with Law No. 20,026 of 2005 (Specific Mining Tax).

The Company is subject to Law No. 13,196 that requires the payment of a 10% tax over the foreign currency return on the export value of copper production, including its by-products.

Additionally, Codelco, as any company operating in Chile, is subject to Value Added Tax (VAT) Law in accordance with Decree Law No. 825 of 1974; and also to the duties and other taxes levying business activities carried out by companies in Chile. In accordance with the above, Codelco recovers VAT credit as an exporter.

The Corporation, in the development of its operation and investing activities, engages services, subject to Law No.

20,123 on subcontracting, which are executed by contractor companies with their own employees. The labor relationships inside such companies are of exclusive responsibility of each of these companies. Nevertheless, and in order to verify the compliance of the labor and social security regulations by the contractor companies, Codelco exercises the rights of information, withholding and payment in relation to the labor and social security obligations that such companies must comply with their employees.

The subsidiaries whose financial statements are included in these consolidated financial statements correspond to companies located in Chile and abroad, which are detailed in note II.2 e.

The associates correspond to companies located in Chile and abroad, which are detailed in note IV.8.

### 2. BASES OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Accounting Principles

These consolidated financial statements are stated in thousands of US dollars and were prepared based on the accounting records kept by Codelco - Chile and its subsidiaries, and have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (hereinafter “IASB”), and were approved by the Board of Directors in the meeting held on March 23, 2011.

These consolidated financial statements reflect the financial position of Codelco Chile and subsidiaries as of December 31, 2010 and 2009, and January 1, 2009, and also the results of their operations, changes in net equity and cash flows for the years ended in 2010 and 2009.

For statutory purposes, for the preparation of its consolidated financial statements during 2009 Codelco has used the accounting principles generally accepted in Chile (“Chilean GAAP”). The consolidated financial statements of

Codelco as of December 31, 2009, filed with the Superintendency of Securities and Insurance and approved by the Board of Directors on February 22, 2010, were prepared in conformity with accounting principles generally accepted in Chile, which were considered as the previous accounting principles, as defined in IFRS 1, prior to the preparation of the opening consolidated financial statements under IFRS.

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. CRITICAL ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATES

The application of the International Financial Reporting Standards requires the use of estimates and assumptions that affect the amounts of assets and liabilities reported at the date of financial statements and the amounts of income and expenses during the reporting period. The management of the Corporation will necessarily make judgments and estimates that could have a significant effect on the amounts presented in the financial statements according to IFRS. Likewise, changes in assumptions and estimates could have a significant impact on the financial statements in conformity with such standards. A summary of the key estimates and judgments used is as follows:

**a) Useful Economic Lives of Property, Plant and Equipment** – The useful lives of the assets of property, plant and equipment that are used for calculating the depreciation are determined based on technical studies prepared by specialists (both internal and external). When there are indicators that could lead to changes in the estimated useful lives of such assets, these changes shall be performed by using technical estimates.

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

**b) Ore Reserves** – The measurements of ore reserves are based on estimates of the ore resources that are economically exploitable, and reflect the technical considerations of the Corporation regarding the amount of resources that could be exploited and sold at prices

exceeding the total cost associated with the extraction and processing.

The Corporation applies judgment in determining the ore reserves, and as such, possible changes in these estimates could significantly impact the estimates of net revenues over time. For such reason, these changes would lead modifications in the usage estimates of certain assets and of the amount of certain decommissioning and restoration costs.

These estimates of reserves are based on methods and standards customary in the mining industry, which are supported by the historical experience and the assumptions of the Corporation regarding the production costs and the market prices.

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

**c) Impairment of Assets** – The Corporation reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss in regard to the carrying amount. In the evaluation of the impairment, the assets are grouped in cash generating units ("CGU's") to which the assets belong. The recoverable amount of these assets or CGU's is calculated as the present value of the cash flows expected to be derived from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of the assets is less than their carrying amount, an impairment loss exists.

The Corporation defines the CGUs and also estimates the timing and cash flows that such CGUs should generate. Subsequent changes in the grouping of the CGU, or changes in the assumptions supporting the estimates of the cash flows or the discount rate, could impact the carrying amounts of the corresponding assets.

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

The review for impairment includes the subsidiaries and associates.

**d) Provisions for Decommissioning and Site Restoration Costs** – An obligation to incur in decommissioning and site restoration costs when environmental disturbance is caused by the development or ongoing production of a mining property. Costs are estimated on the basis of a formal closure plan.

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

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

Decommissioning, site restoration and environmental provisions are provided for at the present value at the date such obligations are known, considering a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the related liabilities. The environmental costs are estimated by using also the work of external specialists and/or internal experts. The Corporation's management applies its judgment and experience to provide for and amortize these estimated costs over the useful life of the mine.

**e) Provision for Employee Benefits** – Employee benefits cost for severance payments and health benefits for services rendered by the employees, are determined based on actuarial calculations by using the Projected Credit

Unit Method, and are charged to profit or loss on an accrual basis.

The Corporation uses assumptions to determine the best estimate of these benefits. Such estimates, as well as the assumptions, are determined together with an external actuary. These assumptions include demographic assumptions, the discount rate and expected salary increases and the rotation levels, among others. Although the Corporation believes that the assumptions used are appropriate, a change in these assumptions could affect profit or loss.

**f) Provisions for Open Invoices** – The Corporation uses information on future copper prices, through which it performs adjustments to its revenues and trade receivables, due to the conditions of its provisional invoicing. These adjustments are updated on a monthly basis.

**g) Fair Value of the Derivatives and Other Instruments** – Management uses its criterion to elect an adequate and proper valuation method for the instruments that are not quoted in an active market. The Corporation applies customary valuation techniques used by other professionals in the industry. In the case of the derivative financial instruments, the assumptions are based on the quoted market rates, adjusted in conformity with the specific features of the instruments.

**h) Lawsuits and Contingencies** – The Corporation assesses on an ongoing basis the probabilities of lawsuits and contingencies losses according to estimations performed by its legal counselors. In case management and its legal counselors believe that a favorable outcome will be obtained or when the results are uncertain and the lawsuits are still pending of resolution, no provisions are recognized.

## 2. PRINCIPAL ACCOUNTING POLICIES

**a) Period Covered** – The accompanying consolidated financial statements of Corporación Nacional del Cobre de Chile include:

- › Statements of Financial Position as of December 31, 2010, December 31, 2009 and January 1st, 2009..

- › Statements of Comprehensive Income for the periods ended on December 31, 2010 and 2009, respectively.
- › Statements of Changes in Equity for the periods ended December 31, 2010 and 2009, respectively.
- › Statements of Cash Flows for the periods ended December 31, 2010 and 2009, respectively

**b) Basis of Preparation** – The consolidated financial statements of the Corporation as December 31, 2010 have been prepared in conformity with IFRS, as issued by the IASB.

The statements of financial position as of December 31, 2009 and January 1, 2009 and the statements of comprehensive income, of net equity and of cash flows for the period ended December 31, 2009, included for comparative purposes, have been prepared in conformity with IFRS, on a consistent basis with the criteria used by the Company for the same period ended on December 31, 2010.

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

**c) Responsibility for the Information and Use of Estimates** – The Board of Directors of the Corporation has been informed regarding the information included in these financial statements and expressly states its responsibility for the consistent and reliable nature of the information incorporated in the consolidated financial statements as of December 31, 2010, for whose effects have been applied in full the IFRS principles and criteria as issued by the International Accounting Standards Board. These financial statements were approved by the Board of Directors at its meeting held on March 23, 2011.

**d) Functional Currency** – The functional currency of Codelco is the US dollar, which is the currency of the primary economic environment in which the Corporation operates and the currency in which it receives its revenues. Transactions other than those in the

Corporation's functional currency are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at closing exchange rates. Gains and losses from on translation are included in profit or loss within the line item "Exchange rate differences".

The presentation currency of the consolidated financial statements of Codelco is the US dollar.

The functional currency of the subsidiaries, associates and jointly controlled entities, which is the same as Codelco, corresponds to the currency of the primary economic environment in which those entities operate and the currency in which they receive their revenues, as established in IAS 21. However, regarding those subsidiaries and associates that correspond only to an extension of the operations of Codelco (entities that are not self-sufficient and whose main transactions are performed with Codelco), the functional currency corresponds to the US dollar as this is the currency of Codelco.

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

**e) Basis of Consolidation** – The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries.

In the consolidation process all significant balances and transactions between the consolidated companies have been fully eliminated, and the participation of the non-controlling interest has been recognized and presented as "Non-controlling Interest". The consolidated financial statements take into account the elimination of intercompany balances, transactions and unrealized profit and loss between the consolidated companies, including foreign and local subsidiaries. The Companies incorporated in the consolidation are as follows:

TAXPAYER NUMBER	ENTITY	COUNTRY	FUNCTIONAL CURRENCY	12/31/10			12/31/09	01/01/09
				DIRECT	INDIRECT	TOTAL	OWNERSHIP PERCENTAGE TOTAL	OWNERSHIP PERCENTAGE TOTAL
FOREIGN	CHILE COPPER LIMITED	ENGLAND	GBP	100.000	-	100.000	100.000	100.000
FOREIGN	CODELCO SERVICES LIMITED	ENGLAND	GBP	-	100.000	100.000	100.000	100.000
FOREIGN	CODELCO GROUP USA INC.	UNITED STATES	USD	100.000	-	100.000	100.000	100.000
FOREIGN	CODELCO METALS INC.	UNITED STATES	USD	-	100.000	100.000	100.000	100.000
FOREIGN	COPPER TECHNOLOGY INVESTMENT INC.	UNITED STATES	USD	-	-	-	-	100.000
FOREIGN	SEMI SOLID METAL INVESTORS LLC.	UNITED STATES	USD	-	-	-	-	100.000
FOREIGN	CORPORACIÓN DEL COBRE INC.	UNITED STATES	USD	-	-	-	-	100.000
FOREIGN	CODELCO INTERNATIONAL LIMITED	BERMUDA	USD	100.000	-	100.000	100.000	100.000
FOREIGN	CODELCO TECHNOLOGIES LTD.	BERMUDA	USD	-	100.000	100.000	100.000	100.000
FOREIGN	CODELCO DO BRASIL MINERACAO	BRAZIL	BRL	-	100.000	100.000	100.000	100.000
FOREIGN	CODELCO KÜPFERHANDEL GMBH	GERMANY	EURO	100.000	-	100.000	100.000	100.000
FOREIGN	METALL AGENTUR GMBH	GERMANY	EURO	-	100.000	100.000	100.000	100.000
FOREIGN	ECOMETALES LIMITED	ANGLONONMANDARS	USD	-	100.000	100.000	100.000	100.000
59.087.530-9	ECOMETALES LTD.							
	AGENCIA EN CHILE	CHILE	USD	-	100.000	100.000	100.000	100.000
76.561.210-1	MINING INFORMATION COMMUNICATIONS AND MONITORING S.A.	CHILE	USD	66.000	-	66.000	66.000	66.000
78.712.170-5	COMPAÑÍA MINERA PICACHO (SCM)	CHILE	USD	99.990	0.010	100.000	100.000	100.000
78.860.780-6	COMPAÑÍA CONTRACTUAL MINERA LOS ANDES	CHILE	USD	99.970	0.030	100.000	100.000	100.000
76.063.022-5	INCA DE ORO S.A.	CHILE	USD	79.740	20.260	100.000	100.000	-
79.566.720-2	ISAPRE CHUQUICAMATA LTDA.	CHILE	CLP	98.300	1.700	100.000	100.000	100.000
79.681.920-0	SOCIEDAD ELABORADORA DE COBRE CHILENA LTDA.	CHILE	CLP	-	-	-	100.000	100.000
81.767.200-0	ASOCIACIÓN GARANTIZADORA DE PENSIONES	CHILE	CLP	96.690	-	96.690	96.690	96.690
88.497.100-4	CLÍNICA SAN LORENZO LIMITADA	CHILE	CLP	99.900	-	99.900	99.950	99.950
76.521.250-2	SAN LORENZO INSTITUCIÓN DE SALUD PREVISIONAL LTDA.	CHILE	CLP	-	99.900	99.900	100.000	100.000
89.441.300-K	ISAPRE RÍO BLANCO LTDA.	CHILE	CLP	99.990	0.010	100.000	100.000	100.000
96.817.780-K	EJECUTORA HOSPITAL DEL COBRE CALAMA S.A.	CHILE	USD	99.990	0.010	100.000	100.000	100.000
96.819.040-7	COMPLEJO PORTUARIO MEJILLONES S.A.	CHILE	USD	99.990	0.010	100.000	100.000	100.000
96.854.500-0	INSTITUTO DE INNOVACIÓN EN MINERÍA Y METALURGIA S.A.	CHILE	USD	99.930	-	99.930	99.930	99.930
96.876.140-4	SANTIAGO DE RÍO GRANDE S.A.	CHILE	USD	99.990	0.010	100.000	100.000	100.000
96.991.180-9	BIOSIGMA S.A.	CHILE	USD	66.670	-	66.670	66.670	66.670
EXTRANJERA	BIOSIGMA BERMUDAS LTDA.	BERMUDA	USD	-	66.670	66.670	66.670	66.670
99.569.520-0	EXPLORACIONES MINERAS ANDINAS S.A.	CHILE	USD	99.900	0.100	100.000	100.000	100.000
99.573.600-4	CLINICA RÍO BLANCO S.A.	CHILE	CLP	99.000	1.000	100.000	100.000	100.000
76.064.682-2	CENTRO DE ESPECIALIDADES MÉDICAS RÍO BLANCO LTDA.	CHILE	CLP	99.000	1.000	100.000	100.000	-
76.685.790-6	MINERA GABY S.A.	CHILE	USD	99.900	0.100	100.000	100.000	100.000
77.773.260-9	SOCIEDAD DE INVERSIONES COPPERFIELD LTDA.	CHILE	USD	99.990	0.010	100.000	100.000	100.000
76.883.610-8	ENERGÍA MINERA S.A.	CHILE	USD	99.000	1.000	100.000	100.000	100.000
76.883.530-6	TERMOELÉCTRICA FARELLONES S.A.	CHILE	USD	-	-	-	100.000	100.000
76.024.442-2	ECOSEA FARMING S.A.	CHILE	USD	-	-	-	-	90.000
76.043.396-9	INNOVACIONES EN COBRE S.A.	CHILE	USD	0.100	99.900	100.000	100.000	100.000
76.082.774-6	INVERSIONES TOCOPILLA 2B S.A.	CHILE	USD	99.990	0.010	100.000	-	-
76.082.158-6	INVERSIONES MEJILLONES 2 S.A.	CHILE	USD	34.800	65.200	100.000	-	-
70.905.700-6	FUSAT (SPECIAL PURPOSE ENTITY)	CHILE	CLP	-	-	-	-	-

For the purposes of these financial statements, subsidiaries, associates, acquisitions and disposals and jointly controlled entities are defined as follows:

► **Subsidiaries:** A subsidiary is an entity over which the Corporation has power to govern its operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows of Codelco and its subsidiaries, after eliminating all inter-company balances and transactions. For partly owned subsidiaries, the net assets and the net earnings attributable to the minority shareholders are presented as “Non-controlling interests” in the consolidated statements of financial position and consolidated statement of income.

Likewise, on consolidation, the Corporation incorporates those entities where does not hold any direct or indirect ownership interest but represent a special purpose entity, in accordance with the criteria established in SIC Interpretation 12, Consolidation - Special Purpose Entities.

► **Associates:** An associate is an entity over which Codelco is in the position to exercise significant influence, but not control or jointly control, through the power to participate in the financial and operating policy decisions of that entity.

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

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

► **Jointly Controlled Entities:** The entities that qualify as jointly controlled entities, in which there exists joint control over the operating and financial decisions, are accounted for by using the equity method.

► **Special Purpose Entities (SPE’s):** The substance of the relationship between Codelco and Fundación de Salud El Teniente (FUSAT), indicated that such entity is controlled by Codelco. As such, the consolidated financial statements of FUSAT are incorporated to the consolidation of Codelco. The consolidated financial statements of the FUSAT include the following entities:

ENTITY	Country	OWNERSHIP PERCENTAGE		
		12/31/10	12/31/09	01/01/09
CENTRO DE SERVICIOS MÉDICOS PORVENIR LTDA.	CHILE	99.00	99.00	99.00
INMOBILIARIA CENTRO DE ESPECIALIDADES TORRE MÉDICA S.A.	CHILE	75.09	75.09	75.09
INMOBILIARIA E INVERSIONES RIO CIPRECES LTDA.	CHILE	99.99	99.99	99.99
PRESTACIONES DE SERVICIOS DE LA SALUD INTERSALUD LTDA.	CHILE	99.00	99.00	99.00
INSTITUCIÓN DE SALUD PREVISIONAL FUSAT LTDA.	CHILE	99.69	99.69	99.69

**f) Foreign Currency Transactions –** Monetary assets and liabilities denominated in foreign currency have been translated into U.S. dollars at the closing exchange rate of the period.

At the reporting period-end, monetary assets and liabilities denominated in currency other than the functional currency, indexed in unidades de fomento (UF or inflation index-linked units of account) (12/31/2010: Ch\$21,455.55; 12/31/2009: Ch\$20,942.88; 1/1/2009: Ch\$21,452.57), are translated into U.S. dollars at the closing exchange rates.

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

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

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

► Assets and liabilities for each statement of financial position presented shall be translated at the closing rate at the date of that statement of financial position.

► Income and expenses for each statement of comprehensive income or separate income statement presented shall be translated at average exchange rates of the reporting period.

All resulting exchange differences are recognized as a separate component of net equity.

The exchange rates used in each period are as follows:

RATIO	YEAR-END EXCHANGE RATES		
	12/31/10	12/31/09	01/01/09
US\$ / CLP	0.00214	0.00197	0.00157
US\$ / GBP	1.54059	1.60617	1.44279
US\$ / BRL	0.60107	0.57372	0.42689
US\$ / EURO	1.32802	1.43328	1.41223

### g) Offsetting Balances and

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

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

### h) Property, Plant and Equipment

**and Depreciation** – The items of property, plant and equipment are initially recognized at cost. After their initial recognition, they are recorded at cost, less any accumulated depreciation and any accumulated impairment losses.

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

Furthermore, the investments in assets acquired under the method of lease contracts with purchase options that meet the characteristics of a financial lease are included in this item. These items are not legally owned by the Corporation until the corresponding purchase option is exercised.

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

ITEM	MINIMUM USEFUL LIFE	MAXIMUM USEFUL LIFE
BUILDINGS	15 YEARS	50 YEARS
PLANT AND EQUIPMENT	2 YEARS	35 YEARS
FIXTURES AND FITTINGS	2 YEARS	15 YEARS
MOTOR VEHICLES	5 YEARS	25 YEARS
MINING OPERATIONS	20 YEARS	35 YEARS
CONSTRUCTION IN PROGRESS (MINE DEVELOPMENT)	1 YEARS	5 YEARS
LAND IMPROVEMENTS	10 YEARS	35 YEARS
OTHERS	57 MONTHS	293 MONTHS

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

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

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

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

The ore deposits owned by the Corporation are recorded in the accounting records at US\$1 (one US dollar) and the economic value of these deposits differs from the accounting value.

Certain items of property, plant and equipment were, at the transition date

to IFRS, recorded at fair value and this fair value was used as their deemed cost, in conformity with the optional exemption established in IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1).

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

### i) Impairment of Property, Plant and Equipment and Intangible Assets –

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

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

The measurement of impairment includes the subsidiaries and associates.

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

If the recoverable value of an asset or cash generating unit is estimated to be less than its carrying amount, an impairment loss is immediately recognized reducing the carrying amount up to its recoverable amount with charge to net income. In case of a subsequent reversal of the impairment, the carrying amount increases to the reviewed estimate of the recoverable amount, but only to the point that it does not exceed the carrying amount that would have been determined, if no impairment would have been recognized previously. A reversal is recognized as a decrease in the charge for depreciation for the year.

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

**j) Exploration, Mine Development and Mining Operations Costs and Expenses** – The Corporation has defined an accounting criterion for each of these costs and expenses.

Development expenses of deposits in exploitation whose purpose is to maintain the production levels are charged to net income when incurred.

Exploration and drillings of deposits, expenses include the expenses destined to locate mineralized areas to

determine their possible commercial exploitation and are charged to net income when incurred.

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

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

**k) Income Taxes and Deferred Taxes**

– Codelco and its Chilean subsidiaries record Income Tax based on the net taxable income determined as per the standards established in the Income Tax Law and Article 2 of the D.L. 2,398, as well as the specific tax to the mining activity referred to in Law 20,026 of 2005. Its foreign subsidiaries record it according to the tax standards of each country.

The deferred taxes generated by temporary differences and other events giving rise to differences between the accounting and tax base of assets and liabilities are recorded according to IAS 12 "Income Taxes".

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

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

➤ **Finished Products and Products in Process:** These inventories are stated

at average production cost, according to the absorption costing method, including labor and the depreciation of the fixed assets, the amortization of the intangible assets and the indirect expenses of each period.

➤ **Materials in Warehouse:** These inventories are stated at acquisition cost and the Corporation determines a provision for obsolescence considering the permanence in stock of those slow moving materials in the warehouse.

➤ **Materials in Transit:** These inventories are stated at cost incurred until the period-end date. Any difference, due to the estimate of a lower net realizable value of the inventories, in relation to their accounting value, is adjusted with a charge to net income.

**m) Dividends** – The payment obligation of the net revenues presented in the financial statements, as determined in Article 6 of D.L. 1,350, is recognized based on the accrued payment obligation.

**n) Personnel Benefits** – Codelco recognizes provisions for personnel benefits when there is a current obligation as a result of the services provided.

The contract conditions stipulate, subject to the compliance of certain conditions, the payment of a termination indemnity when an employment contract ends. In general, this corresponds to the proportion of a month per year of service and considering the components of the final remunerations which are contractually defined as the basis for the indemnity. This benefit has been defined as a long-term benefit.

On the other hand, Codelco has agreed to post-retirement health plans with certain employees which are paid according to the fixed percentage over the monthly tax base of the employees covered by this agreement. This benefit has been defined as a long-term post-retirement health benefit.

The severance payment obligation and the post-retirement health plans are calculated in accordance with valuations performed by an independent

actuary, using the projected unit credit method, which are updated on a regular basis. The obligation recognized in the statement of financial position represents the net present value of the severance payment obligation and the health benefit. The actuarial gains and losses are recognized immediately in the statement of comprehensive income within the operating cost.

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

The Corporation in accordance with its operating optimization programs to reduce costs and increase labor productivity by incorporating new current technologies and/or practical management best practices has established employee retirement programs by means of related addenda to employees contracts or collective bargaining agreements with benefits that encourage employees to retire. Accordingly, the required provisions are established based on the accrued obligation at current value..

**o) Provisions for Dismantling and Restoration Costs** – An obligation arises when incurred in dismantling and restoration cost when an alteration is generated caused by a mining activity (in development or in production). The costs are estimated based on a formal closure plan and are subject to regular reviews.

The costs arising from the obligation of dismantling the installation of a plant or other works for the preparation of the site, discounted at their net present value, are accrued and capitalized at the beginning of each project, as soon as the obligation to incur in such costs is originated.

These dismantling costs are stated in net income through the depreciation of the asset that gave rise to such cost and the use of the provision when the dismantling takes place. The subsequent changes in the estimates of the liabilities related to dismantling are added to or deducted from the costs of the related assets in the period in which the adjustment is made.

The restoration costs are accrued at their net present value against operating income and the use of the provision is made in the period in which the restoration works are performed. The changes in the measurement of the liability related to the location of the mining activity are recorded in the operating income.

The effects of the update of the liability, due to the discount rate and/or time, are recorded as a financial expense.

**p) Leases** – Leases are classified as financial leases when the lease transfers substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The lease payments under operating leases are recognized as expenses over the lease term. Assets acquired under financial leases are initially recognized as net income at the lower of the fair value and the present value of the minimum lease payments discounted at the implicit interest rate of the contract. Interest is charged within financial expenses, at a constant interest rate, in the same depreciation period over the useful life the asset.

The service and supply contracts that meet the conditions established in IFRIC 4, Determining whether an Arrangement Contains a Lease are recorded as a financial or operating lease contract, as appropriate (IFRIC = International Financial Reporting Interpretations Committee).

**q) Revenue Recognition** – Revenues are recorded when the ownership rights and obligations have been substantially transferred to the purchaser, according to the shipment or dispatch of the products, in conformity with the agreed conditions and are subject to the variations related to the content and/or sales price at their liquidation date.

The sales contracts include a provisional price at the shipment date, whose final price is based on the price of the London Metal Exchange ("LME"). This final price will be fixed on the dates indicated in the contracts. The revenues at provisional prices are mark-to-market adjusted and are charge in net income.

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

As indicated in the note related to the hedging policies in the metal futures market, the Corporation performs operations in the futures market. The net results of these contracts are added to or discounted from the sales revenues

**r) Derivative Contracts** – Codelco uses derivative financial instruments to reduce the risk of fluctuations of the sales prices of its products from exchange rates and interest rates..

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

The effective part of the changes in fair value of the derivatives that are allocated as "effective cash flow hedges", is recognized directly in equity, net of taxes, in the item "Cash flow hedge reserves", while the ineffective part is recorded in net income. The amount recognized in net equity is not transferred to the income statement account until the results of the hedged operations are recorded in the income statement or until the maturity date of such operations.

A hedge is considered highly effective when the changes in fair value or in the cash flows of the underlying attributable to the hedged risk, are offset with the changes in the fair value or in the cash flows of the hedge instruments, with effectiveness between a range of 80% - 125%. The corresponding unrealized profit or loss is recognized in comprehensive income for the period, only in those cases in which the contracts are liquidated or when they no longer comply with hedging characteristics.

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

months, and as a current asset or liability, if the remaining maturity of the hedged item is lower than 12 months.

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

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

• **Hedging Policies for Exchange Rates and Interest Rates**

The Corporation enters into exchange rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are made in. It has also contracted interest rate hedge transactions to cover fluctuations of interest rates for future obligations denominated in US dollars. According to the policies of the Board of Directors these operations are only performed when there is a balance (asset or liability) or an existing flow supporting it, and not for investment or speculative reasons.

The results of the exchange rate hedge operations are recorded at the maturity or liquidation date of such contracts.

The results of the hedging contracts for interest rates for future liabilities are amortized over the term of those liabilities.

• **Hedging Policies in the Futures Metal Markets**

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

The hedging policies seek on the one hand to protect the expected cash flows from the sale of products by fixing the prices for a portion of future production, and on the other hand to adjust physical contracts to its commercial policy, when necessary.

When the sales agreements are fulfilled and the future contracts are settled, income from the sales and futures operations are offset.

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

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

• **Embedded Derivatives**

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

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

s) **Financial Information per Segment**

– For the purposes of IFRS 8, Operating Segments it has been defined that the segments are determined according to the Operating Divisions, adding Yacimiento Gabriela Mistral operation, which make up Codelco. Income and expenses of headquarters are distributed in the defined segments.

t) **Presentation of Financial**

**Statements** – For the purposes of IAS 1, Presentation of the Financial Statements, the Corporation establishes the presentation of its statement of financial position classified in "current and non-current" and of its statements of income in conformity with the "by function" method and its cash flow through the direct method.

u) **Current and Non-Current**

**Financial Assets** – The Corporation determines the classification of its investments upon initial recognition and reviews these at each closing date. This classification depends on the purpose for which such investments were acquired.

In this section the following categories are observed:

• **Financial Assets at Fair Value through Profit or Loss:**

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

• **Loans Granted and Accounts Receivable**

These correspond to financial assets with fixed or determined payments, and which are not quoted in an active market. They arise when the Corporation provides - for valuable consideration - cash, goods or services directly to a debtor without the intention of negotiating the accounts receivable that is generated by the transaction. Its initial recognition is at fair value which includes the transaction costs that are directly attributed to the acquisition or issuance of it. Subsequent to the initial recognition these are stated at amortized cost, recognizing in the income statement the accrued interest according to the effective interest rate and the possible losses in the value of these assets.

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

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

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

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

• **Available-for-Sale Financial Assets**

Financial assets available for sale are non-derivative financial assets designated specifically in this category, or not classified in any other category. They are included in non-current assets unless Management intends to dispose of the investment in the following 12 months after the date of the Statement of Financial Position.

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or when appropriate, a shorter period when the associated liability has a prepayment option that is considered to be exercised.

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

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

**w) Provisions for Doubtful Debts** –

The Corporation maintains an provisions for doubtful debts, based on the experience and analysis of Management regarding the portfolio of trade debtors and the aging of the entries.

**x) Intangible Assets** – Intangible assets

are recorded at the value of actual disbursements. Amortization, were appropriate, is recognized in accordance with IAS 38.

Intangible assets are amortized using the straight-line method over their economic useful life as follows:

ITEM	MINIMUM USEFUL LIFE	MAXIMUM USEFUL LIFE
OTHER INTANGIBLE ASSETS	17 YEARS	19 YEARS

The internally generated computer systems using the Company's own human resources and materials are charged to net income in the period in which they are incurred.

**y) Statement of Cash Flows** – For the purposes of preparing the statement of cash flows, the Corporation has defined the following:

Cash and cash equivalents include cash on hand, time deposits in credit institutions and other short-term investments of great liquidity with an original maturity of three months from their acquisition date. In the statement of financial position the bank overdrafts are classified as external resources in current liabilities.

**Operating Activities:**

These are the activities that constitute the main source of ordinary income of the Corporation, as well as other activities that cannot be classified as investment or financing activities.

**Investing Activities:**

These correspond to activities of acquisition, sale or disposal through other methods of long-term assets and other investments not included in cash and cash equivalents.

**Financing Activities:**

These are activities that cause changes in the size and composition of the net equity and of the financial liabilities.

**z) Law No. 13,196** – The amount for this concept is presented in the statement of income in the item other expenses, by function.

**aa) Cost of Sales** – Cost of sales is determined according to the absorption cost method, including the direct and indirect cost, depreciation, amortization and any other expenses associated with the production process.

**ab) Environment** – The Corporation adheres to the principles of sustainable development, which combines the economic development while safekeeping the environment and the health and safety of its collaborators. The Corporation recognizes that these principles are key for the wellbeing of its

collaborators, the care of its environment and to succeed in its operations.

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

### 3. NEW ACCOUNTING PRONOUNCEMENTS

As of the issuance date of these consolidated financial statements, the following IFRS and IFRIC interpretations have been issued by the IASB, but it was not obligatory to apply them<sup>1</sup>:

NEW IFRS	MANDATORY APPLICATION DATE
<b>IFRS 9</b> FINANCIAL INSTRUMENTS	ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2013
<b>AMENDMENTS TO IFRS</b>	<b>MANDATORY APPLICATION DATE</b>
<b>IFRS 1 (REVISED)</b> FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS- REMOVAL OF FIXED DATES FOR FIRST-TIME ADOPTER - SEVERE HYPERINFLATION.	ANNUAL PERIODS BEGINNING ON OR AFTER JULY 1, 2011
<b>IAS 12</b> DEFERRED TAXES - RECOVERY OF UNDERLYING ASSETS.	ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2012
<b>IAS 24</b> RELATED PARTY DISCLOSURES	ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2011
<b>IAS 32</b> CLASSIFICATION OF RIGHTS ISSUE	ANNUAL PERIODS BEGINNING ON OR AFTER FEBRUARY 1, 2010
<b>IFRS 7</b> FINANCIAL INSTRUMENTS: DISCLOSURES - TRANSFERS OF FINANCIAL ASSETS.	ANNUAL PERIODS BEGINNING ON OR AFTER JULY 1, 2010
<b>IFRS 9</b> FINANCIAL INSTRUMENTS: ADDITIONS TO IFRS 9 FOR FINANCIAL LIABILITY ACCOUNTING.	ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2013
IMPROVEMENTS TO IFRS MAY 2010 - SET OF AMENDMENTS TO SEVEN INTERNATIONAL FINANCIAL REPORTING STANDARDS	ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2011
<b>NEW INTERPRETATIONS</b>	<b>MANDATORY APPLICATION DATE</b>
<b>IFRIC 19</b> EXTINGUISHING FINANCIAL LIABILITIES WITH EQUITY INSTRUMENTS	ANNUAL PERIODS BEGINNING ON OR AFTER JULY 1, 2010
<b>IFRIC 14</b> THE LIMIT ON A DEFINED BENEFIT ASSET, MINIMUM FUNDING REQUIREMENTS AND THEIR INTERACTION	ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2011

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The Management early applied the Amendment to IFRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets in these financial statements.

Notwithstanding the above, the Management believes that these standards, amendments and interpretations, will be adopted in the consolidated financial statements of the Corporation in the respective years, and that their adoption will not have a significant impact in the financial statements of Codelco in the year of their initial application.

<sup>1</sup> IAS, INTERNATIONAL ACCOUNTING STANDARDS;  
IFRS, INTERNATIONAL FINANCIAL REPORTING STANDARDS;  
IFRIC, INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE

### III. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### 1. FIRST TIME ADOPTION OF IFRS

**a) Basis of Transition to IFRS** – Until December 31, 2009, Codelco Chile and subsidiaries prepared their financial statements in conformity with accounting principles generally accepted in Chile and standards and instructions issued by the Superintendency of Securities and Insurance.

As per the above stated, the Corporation established January 1, 2009 as its IFRS transition date, defining it as the period for the measurement of the effects of the first application.

#### Application of IFRS 1

The consolidated financial statements of the Corporation for the period ended December 31, 2009 are the first consolidated financial statements prepared in conformity with International Financial Reporting Standards (IFRS). The Corporation has applied IFRS 1 when preparing its consolidated financial statements.

In general, IFRS 1 requires the complete retrospective application of the standards and interpretations effective at the date of the first application. However, such standard allows certain exemptions to the retrospective application, in order to assist the companies with their transition process.

**b) The Corporation has analyzed these exemptions and has applied the following:**

- › **Business Combinations** – The Corporation decided not to apply retrospectively IFRS 3, Business Combinations, maintaining the previous carrying amounts of the previous combinations.
- › **Fair Value as Deemed Cost** – The Corporation measured certain items of property, plant and equipment existing at the transition date of IFRS at fair value and used that fair value as its deemed cost.
- › **Exchange Rate Differences on Translation** – The Corporation considered that the cumulative transla-

tion differences will be deemed to be zero at the transition date. Hereby, all profit or loss from subsequent disposals due to these operations will exclude translation differences originated before the transition date.

› **Assets and Liabilities of Subsidiaries, Associates and Joint Ventures** – The subsidiaries, associates and joint ventures have adopted IFRS on the same date as the Corporation.

› **Changes in Existing Liabilities for Decommissioning and Restoration** – The Corporation has measured the decommissioning obligation - at the transition date - through the calculation of the net present value of the liability, using a discount interest rate that is representative of its indebtedness, correcting the accumulated depreciation.

In relation to the restoration provision, this has been determined at the net present value of the liability at the transition date.

› **Leases** – The Corporation adopted the transitional provisions of IFRIC 4, Determining whether an arrangement contains a lease to determine whether the existing agreements and contracts at the transition date to IFRS, qualify as a lease based on the facts and circumstances at the transition date.

› **Borrowing Costs** – The Corporation adopted the criterion of capitalizing borrowing costs for work in progress, only for those works with a commencement date on or after January 1, 2009.

› **Financial Instruments** – The Corporation applies hedge accounting for its derivative instruments.

## 2. RECONCILIATIONS BETWEEN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CHILE (“CHILEAN GAAP”) AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

### a) Reconciliation of the Consolidated Net Equity

	12/31/09 THUS\$	01/01/09 THUS\$
<b>EQUITY UNDER CHILEAN GAAP</b>	<b>5,308,585</b>	<b>3,875,692</b>
IFRS TRANSITION ADJUSTMENTS:		
(i) EXPOSURE OF DERIVATIVES ON FUTURES CONTRACTS	(2,315,792)	187,699
(ii) EXPOSURE OF DERIVATIVES ON EXCHANGE RATE SWAPS	(50,532)	(103,258)
(iii) FINANCIAL OBLIGATIONS AT AMORTIZED COST	4,221	3,076
(iv) FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT AS DEEMED COST	1,545,971	1,803,700
(v) PROVISION FOR TRANSFER OF NET INCOME TO THE PUBLIC TREASURY	(503,738)	(84,671)
(vi) CRITERIA CHANGE DEFINED BENEFIT OBLIGATIONS WITH EMPLOYEES	263,418	270,383
(vii) SPECIAL PURPOSE ENTITY INCORPORATED ON CONSOLIDATION	8,844	7,105
(viii) CLOSURE PROVISION	(57,213)	(3,529)
(ix) EFFECT OF CONVERGENCE TO IFRS OF SUBSIDIARIES AND ASSOCIATES	(105,999)	(1,678)
(x) IMPAIRMENT ASSETS	(54,745)	(57,916)
(xi) VALUATION OF TRADE RECEIVABLES AT FAIR VALUE THROUGH PROFIT OR LOSS	242,826	-
(xii) CHANGE OF FUNCTIONAL CURRENCY IN SUBSIDIARIES	(6,108)	-
(xiii) CAPITALIZATION OF INTEREST	2,343	-
(xiv) DEFERRED TAX EFFECT	159,139	(1,335,288)
NON-CONTROLLING INTERESTS	2,007	2,951
<b>EQUITY UNDER IFRS</b>	<b>4,443,227</b>	<b>4,564,266</b>

### b) Reconciliation of Profit (Loss)

	INCOME (LOSS) JANUARY 1, 2009 DECEMBER 31, 2009 THUS\$
<b>PROFIT (LOSS) UNDER CHILEAN GAAP</b>	<b>1,261,718</b>
IFRS TRANSITION ADJUSTMENTS	
(i) EXPOSURE OF DERIVATIVES ON FUTURES CONTRACTS	-
(iii) FINANCIAL OBLIGATIONS AT AMORTIZED COST	435
(iv) FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT AS DEEMED COST – DEPRECIATION	(257,729)
(vi) CRITERIA CHANGE DEFINED BENEFIT OBLIGATIONS WITH EMPLOYEES	(45,137)
(vii) SPECIAL PURPOSE ENTITY INCORPORATED ON CONSOLIDATION	796
(viii) CLOSURE PROVISION	(53,684)
(ix) EFFECT OF CONVERGENCE TO IFRS OF SUBSIDIARIES AND ASSOCIATES	(16,003)
(x) IMPAIRMENT ASSETS	3,170
(xi) VALUATION OF TRADE RECEIVABLES AT FAIR VALUE THROUGH PROFIT OR LOSS	263,105
(xiii) CAPITALIZATION OF INTEREST	2,343
(xiv) DEFERRED TAX EFFECT	17,212
(=) PROFIT (LOSS) CONTROLLING	1,176,226
NON-CONTROLLING INTERESTS	(2,035)
PROFIT (LOSS) UNDER IFRS	1,174,191
OTHER COMPREHENSIVE INCOME UNDER IFRS	(1,277,115)
<b>TOTAL COMPREHENSIVE INCOME UNDER IFRS</b>	<b>(102,924)</b>

### c) Explanations of the Main Differences

#### (i) Exposure of Derivatives on Futures Operations

Under Chilean GAAP, these futures contracts were designated as hedging instruments in a cash flow hedge. Codelco recorded the exposure to the derivatives in control accounts, and the change in the fair value of these operations was disclosed in the explanatory notes to the financial statements. Under IFRS, in a cash flow hedge the portion of the profit or loss on the hedging instrument that is determined to be an effective hedge is recognized in equity.

The IFRS adjustment in profit or loss corresponds to the portion of the change in the time value of the option contracts that was designated as a hedging instrument.

#### (ii) Exposure of Derivatives on Exchange Rate Swaps

The adjustment in net equity corresponds to the same GAAP difference as for the exposure of derivatives on futures operations.

#### (iii) Financial Obligations at Amortized Cost

Under Chilean GAAP, Codelco recognized in profit or loss the expenses for bank loans and recognized in assets or liabilities the premiums, discounts and costs of transactions related to the issuance of bonds and whose effect in profit or loss was recognized amortizing these according to the straight-line method over the period of the respective obligations. Under IFRS, this methodology is modified amortizing the expenses under the amortized cost method, based on the effective rate of the obligation.

#### (iv) Fair Value of Property, Plant and Equipment as Deemed Cost

Codelco, making use of the exemption of IFRS 1, has restated certain items of property, plant and equipment based on a methodology of

determining the fair value applied by independent advisors. Useful lives associated to certain assets, based on technical and economic criteria were also redefined from such study.

The effect in net equity arises from the increase in the value of the asset, net of deferred taxes, while the effect in profit (loss) is generated by a higher depreciation associated to the amount added to the asset.

#### (v) Provision for the Transfer of net income for the public treasury

According to Article 6 of D.L. 1,350, the revenues generated by the Corporation belong to the State and, prior to discounting the authorized amounts - through the procedure indicated in such article - for the capitalization and reserve funds, they shall be incorporated to the general revenues of the State. Only at this point, as per Chilean GAAP, the corresponding amount was included in the financial statements. The application of IFRS determines the need to accrue a provision for the amounts transferred to the State, in the financial statements corresponding to the year in which the revenues to be transferred were generated.

#### (vi) Criteria Changes Defined Benefits Obligations with Employees

The obligations of the Corporation with its employees for the concept of severance payments were recorded, under Chilean GAAP, at their current value, that is, based on the final remuneration of the employee, multiplied by his service years. According to IFRS, these provisions are calculated at net present value discounted at a discount rate based on a representative indebtedness rate, adding the use of certain actuarial assumptions, such as the retirement rates, mortality, turnover, etc.

Its equity effects are derived from a decrease in the provision associated with these obligations, generated by the application of the financial discount, while the effect on profit or

loss is caused by the impact on costs of sales, financial expenses and exchange rate differences.

#### (vii) Special Purpose Entity Incorporated on Consolidation

According to the evaluation performed by the Corporation from the point of view of the application of SIC 12, Fundación de Salud El Teniente (FUSAT) meets the conditions to qualify as a Special Purpose Entity.

The consolidation of this entity implies that its net equity has to be added to the net equity of the Corporation. The effect on profit or loss is given by the consolidation of its profit (loss) in the results of Codelco.

#### (viii) Closure provision

The dismantling costs of assets, that are part of the provision made by Codelco according to Chilean GAAP for the concepts of closing mining sites, dams and other closure expenses, were charged directly in profit or loss for the year in which such a provision was generated. Due to the application of IFRS, some of these costs have to be charged to the value of the assets over which such disbursements were applied.

The impact on equity arises from the correction of the effect recorded in profit or loss of prior years, in which the total cost was charged under Chilean GAAP and which according to IFRS is deferred according to the depreciation of the assets to be dismantled, net of other effects associated with the calculation of this provision in accordance with IAS 37.

#### (ix) Effect of Convergence to IFRS of Subsidiaries and Associates

Each subsidiary and associate performed its convergence process to IFRS, in which impacts of different nature were generated. The effects of these impacts were transferred both to the consolidated net equity, as well as to the profit (loss) of Codelco.

**(x) Impairment of Assets**

At the date of transition to IFRS, the Corporation performed an asset impairment tests in accordance with IAS 36. Such tests concluded that the recoverable amounts of the assets for the Cash Generating Unit "División Ventanas" were lower than the carrying amounts of the assets of such unit. Consequently, the adjustments recorded as a result of were mainly the total write-off of the goodwill recognized in the Corporation's assets, which were previous the transition to IFRS and generated by the acquisition of Fundación Las Ventanas in 2005, in addition to the partial decrease in items of Property, Plant and Equipment of the aforementioned CGU, and the related negative effect on equity. At the Statement of Income by Function level, the effect of this adjustment was reversing the depreciation charges of the impaired assets in their corresponding proportion.

**(xi) Valuation of Trade Receivables at Fair Value through Profit or Loss**

When applying Chilean GAAP, the estimations of lower sales revenues, in open operations at year-end, were accrued with direct effect on profit or loss, according to the available information at the preparation date of the financial statements and are presented deducting the balance of the trade debtors. As per IFRS, both the estimations of lower and higher revenues are recognized directly in profit or loss.

**(xii) Change of Functional Currency in the Subsidiaries**

Some subsidiaries have changed their functional currency according to IAS 21, adopting the functional currency of Codelco (US dollar). Because under Chilean GAAP these companies continued to be valued in Chilean pesos, the effects of the adjustments to the change that were recorded in equity during year-end 2009, have to be reversed for the purposes of the application of IFRS.

**(xiii) Capitalization of Interest**

According to IFRS, there are financial costs that are directly related to the acquisition, construction or production of qualifying assets and, therefore, they need to be capitalized as a cost of such assets. According to this treatment, the Corporation has identified those qualifying assets and the directly related financing costs that must be capitalized.

In this context, the effect on equity is caused by a lower expense recognized in profit or loss for the capitalization of interest, treatment that was optional under Chilean GAAP.

**(xiv) Effect of Deferred Taxes**

The net deferred taxes generated by the IFRS adjustments subject to the tax rates are included.

**d) Reconciliation of Cash Flows**

	12/31/09 THUS\$	12/31/09 THUS\$	12/31/09 THUS\$
	CHILEAN GAAP	IFRS TRANSITION ADJUSTMENTS AND RECLASSIFICATIONS (*)	IFRS
A) NET CASH FLOWS FROM OPERATING ACTIVITIES	2,998,783	275,523	3,274,306
B) NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(1,831,089)	112,649	(1,718,440)
C) NET CASH FLOWS USED IN FINANCING ACTIVITIES	(924,640)	(251,347)	(1,175,987)
D) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	243,054	136,825	379,879
E) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	386,965	6,232	393,197
F) CASH AND CASH EQUIVALENTS AT END OF PERIOD	630,019	143,057	773,076

(\*) RECLASSIFICATIONS OF RESALE AGREEMENTS AND INCORPORATION OF FUNDACIÓN DE SALUD EL TENIENTE TO THE CONSOLIDATION OF THE CASH FLOWS.

## IV. EXPLANATORY NOTES

### 1. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents is as follows:

	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
CASH ON HAND	3,319	4,158	3,996
BANK BALANCES	17,012	19,889	23,441
TIME DEPOSITS	741,579	575,660	352,929
MUTUAL FUNDS	61,855	16,454	9,414
RESALE AGREEMENTS	50,274	156,915	3,417
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>874,039</b>	<b>773,076</b>	<b>393,197</b>

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

### 2. TRADE AND OTHER RECEIVABLES

#### a) Provisions for Open Sales Invoices

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

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

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

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

As per the above, the amounts are:

CLASSIFICATION OF THE PROVISION OF OPEN INVOICES	DEBIT (CREDIT) BALANCE		
	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
CURRENT ASSETS	406,837	267,014	(95,225)
CURRENT LIABILITIES	-	-	(194,523)

## b) Trade and Other Receivables

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

TRADE AND OTHER RECEIVABLES, CURRENT	CURRENT			NON-CURRENT		
	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JUN1, 2009 THUS\$	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JUN1, 2009 THUS\$
TRADE RECEIVABLES (1)	2,349,685	1,724,304	504,929	-	-	-
ALLOWANCE FOR BAD AND DOUBTFUL DEBTS (3)	(2,343)	(2,159)	(2,104)	-	-	-
SUBTOTAL TRADE RECEIVABLES, NET	2,347,342	1,722,145	502,825	-	-	-
OTHER RECEIVABLES (2)	370,878	344,684	338,945	198,785	198,102	149,234
ALLOWANCE FOR BAD AND DOUBTFUL DEBTS	(4,214)	(4,803)	(6,403)	-	-	-
<b>SUBTOTAL OTHER RECEIVABLES, NET</b>	<b>366,664</b>	<b>339,881</b>	<b>332,542</b>	<b>198,785</b>	<b>198,102</b>	<b>149,234</b>
<b>TOTAL</b>	<b>2,714,006</b>	<b>2,062,026</b>	<b>835,367</b>	<b>198,785</b>	<b>198,102</b>	<b>149,234</b>

(1) Trade debtors are generated by the sale of products of the Corporation, which in general are sold for cash or through bank documents.

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

- Personnel of the Corporation, including short-term loans and mortgage loans, both discounted on a monthly basis from their remunerations. The mortgage loans are backed by mortgage guarantees.
- Claims for insurance companies.
- Liquidations to the Central Bank as per Law 13,196.

- Advance payments to suppliers and contractors, to be discounted from the corresponding payment statements.

- Accounts receivable for toll services (Fundición Ventanas)..

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

The movement of the provision for doubtful accounts in the periods January to December 2010 and 2009 is as follows:

MOVEMENTS OF THE BAD DEBTS PROVISION	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$
OPENING BALANCE	6,962	8,507
INCREASES	184	55
WRITE-OFFS / APPLICATIONS	589	1,600
MOVEMENT, SUBTOTAL	(405)	(1,545)
<b>FINAL BALANCE</b>	<b>6,557</b>	<b>6,962</b>

Details of past due and not provided balances are as follows:

	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
LESS THAN 90 DAYS	18,814	33,672	101,498
BETWEEN 90 DAYS AND 1 YEAR	378	4,575	877
MORE THAN 1 YEAR	3,572	3,275	5,535
<b>TOTAL PAST-DUE AND NOT IMPAIRED</b>	<b>22,764</b>	<b>41,522</b>	<b>107,910</b>

### 3. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

#### a) Related Operations through Persons

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

Accordingly, Codelco cannot enter into agreements or acts in which one or more Directors, its Executive President, members of the Divisional Board of Directors, Vice Presidents, Corporate Auditor, Divisional General Managers and senior supervisory personnel, including their spouses, children and other relatives, up to the second degree of blood relationship, have direct personal interests, whether they are represented by third parties or they act as representatives of another person,

without prior authorization as set forth in the aforementioned policy and Regulation, and by the Board of Directors, when required by Law or the Company's By-Laws.

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

Without affecting to the above, the internal regulatory framework included in Corporate Regulation No. 18, is adjusted by the provisions of Title XVI of the Law on Corporations - of the operations with related parties in publicly traded companies and their subsidiaries - and in particular, to the final section of Article 147 b), which establishes exemption standards regarding operations with related parties, that are made according to general habitual policies determined by the Board of the Corporation. The Corporation has estab-

lished a general policy in this regard, adhering to the final section of Article 147 b) which establishes the operations that are habitual, and it is understood that these are those performed habitually with its related parties within its line of business, that contribute to a social interest and that are necessary for the normal development of the activities of Codelco and its subsidiaries.

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

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

#### TRANSACTIONS RELATED THROUGH PERSONS

COMPANY	TAXPAYER NUMBER	COUNTRY	NATURE OF THE RELATIONSHIP	DESCRIPTION OF THE TRANSACTION	01/01/10	EFFECTS ON	01/01/09	EFFECTS ON
					12/31/10	INCOME (CHARGES)/ CREDITS THU\$	12/31/09	INCOME (CHARGES)/ CREDITS THU\$
INDUSTRIAL SUPPORT COMPANY LTDA.	77.276.280-1	CHILE	EXECUTIVE'S RELATIVE	SERVICES	-	-	3,432	(3,432)
CMS TECNOLOGIA S.A.	96.893.530-5	CHILE	ASSOCIATE	SERVICES	-	-	7,913	(7,913)
INST. DE INNOVACION EN MIN. Y METAL S.A.	96.854.500-0	CHILE	SUBSIDIARY	SERVICES	-	-	39,500	(39,500)
QUADREM CHILE LTDA	77.546.140-3	CHILE	RELATED	SERVICES	2,034	(2,034)	225	(225)
R & Q INGENIERIA S.A.	84.865.000-5	CHILE	EXECUTIVE'S RELATIVE	SERVICES	-	-	4,879	(4,879)
JUAN PATRICIO ALVEAR ARRIAGADA	7.828.426-9	CHILE	EXECUTIVE'S RELATIVE	SERVICES	-	-	60	(60)
INGENIERIA INSITU S.A.	96.796.630-4	CHILE	EXECUTIVE'S RELATIVE	SERVICES	-	-	299	(299)
DOMINGO IRAOLA VERA	2.320.212-3	CHILE	EXECUTIVE'S RELATIVE	SERVICES	59	(59)	3,150	(3,150)
COMPAÑIA DE PETRÓLEOS DE CHILE S.A.	99.520.000-7	CHILE	DIRECTOR'S OWNERSHIP	PURCHASE OF SUPPLIES	-	-	248	(248)
PRODALAM S.A.	93.772.000-9	CHILE	DIRECTOR'S OWNERSHIP	SERVICES	-	-	1,790	(1,790)
PRODINSA S.A.	92.698.000-9	CHILE	DIRECTOR'S OWNERSHIP	SERVICES	-	-	1,303	(1,303)
CIS INGENIEROS Y ASOCIADOS	88.422.600-7	CHILE	DIRECTOR'S OWNERSHIP	SERVICES	170	(170)	-	-
MINING INDUSTRY ROBOTIC SOLUTIONS S.A.	76.869.100-2	CHILE	INVESTEE	SERVICES	-	-	1,073	(1,073)
SOCIEDAD CONTRACTUAL MINERA EL ABRA	96.701.340-4	CHILE	INVESTEE	SERVICES	8	(8)	-	-
PETRICIO INDUSTRIAL S.A.	96.799.310-7	CHILE	EXECUTIVE'S RELATIVE	SERVICES	-	-	223	(223)
ERNST & YOUNG LTDA.	77.802.430-6	CHILE	EXECUTIVE'S RELATIVE	SERVICES	2,489	(2,489)	-	-
CLUB DE DEPORTES COBRESAL	70.658.400-5	CHILE	CLUB PRESIDENT'S EMPLOYEE	SERVICES	340	(340)	-	-
SERVICIOS ARIDAM S.A.	76.033.531-2	CHILE	EXECUTIVE'S RELATIVE	SERVICES	192	(192)	-	-
CAID S.A.	76.069.751-6	CHILE	EXECUTIVE'S RELATIVE	SERVICES	771	(771)	-	-
B. BOSCH S.A.	84.716.400-K	CHILE	EXECUTIVE'S RELATIVE	SERVICES	473	(473)	-	-
IRENE ASTUDILLO FERNÁNDEZ	8.972.584-4	CHILE	EXECUTIVE'S RELATIVE	SERVICES	74	(74)	-	-
ENTEL S.A.	92.580.000-7	CHILE	EXECUTIVE'S RELATIVE	SERVICES	70	(70)	-	-
ECOMETALES LTD.	59.097.530-9	CHILE	SUBSIDIARY	SERVICES	27,735	(27,735)	14,199	(14,199)
CLÍNICA SAN LORENZO LIMITADA	88.497.100-4	CHILE	SUBSIDIARY	SERVICES	1,841	(1,841)	-	-
SAN LORENZO INSTITUCIÓN DE SALUD PREVISIONAL LTDA.	76.521.250-2	CHILE	SUBSIDIARY	SERVICES	1,353	(1,353)	-	-
SKM MINMETALS LTDA.	76.334.600-5	CHILE	EXECUTIVE'S RELATIVE	SERVICES	-	-	7,236	(7,236)
EXPLORACIONES MINERAS ANDINA S.A.	99.569.520-0	CHILE	SUBSIDIARY	SERVICES	-	-	44,700	(44,700)
MINING INFORMATION COMMUNICATIONS AND MONITORING S.A.	76.561.210-1	CHILE	SUBSIDIARY	SERVICES	25	(25)	-	-
BIOSIGMA S.A.	96.991.180-9	CHILE	SUBSIDIARY	SERVICES	12,000	(12,000)	-	-
MINERA GABY S.A.	76.685.790-6	CHILE	SUBSIDIARY	SERVICES	464,280	(464,280)	-	-
SINCLAIR KNIGHT MERZ (CHILE) LTDA.	76.334.600-5	CHILE	EXECUTIVE'S RELATIVE	SERVICES	9,223	(9,223)	-	-

## b) Key Personnel of the Corporation

In accordance with the policy established by the Board of Directors and its related regulation, those transactions

affecting the Directors, its Executive President, Vice presidents, Corporate Auditor, the members of the Divisional Boards of Directors and Divisional General Managers should be approved by this Board.

During 2010 and 2009, the members of the Board of Directors have received the following amounts as per diems, remunerations and fees:

NAME	ID NUMBER	COUNTRY	NATURE OF THE RELATIONSHIP	DESCRIPTION OF THE TRANSACTION	01/01/10 12/31/10		01/01/09 12/31/09	
					AMOUNT THUS\$	EFFECTS ON INCOME (CHARGES)/ CREDITS THUS\$	AMOUNT THUS\$	EFFECTS ON INCOME (CHARGES)/ CREDITS THUS\$
SANTIAGO GONZÁLEZ LARRAÍN	6.499.284-8	CHILE	CHAIRMAN OF THE BOARD OF DIRECTORS	DIRECTOR'S FEES	4	(4)	19	(19)
ANDRÉS VELASCO BRAÑES	6.973.692-0	CHILE	DIRECTOR	DIRECTOR'S FEES	4	(4)	19	(19)
NICOLÁS MAJLUF SAPAG	4.940.618-5	CHILE	DIRECTOR	DIRECTOR'S FEES	45	(45)	59	(59)
NICOLÁS MAJLUF SAPAG	4.940.618-5	CHILE	DIRECTOR	FEES	-	-	27	(27)
JORGE BANDE BRUCK	5.899.738-2	CHILE	DIRECTOR	DIRECTOR'S FEES	90	(90)	59	(59)
JORGE BANDE BRUCK	5.899.738-2	CHILE	DIRECTOR	FEES	-	-	27	(27)
JORGE CANDIA DÍAZ	8.544.205-8	CHILE	DIRECTOR	COMPENSATIONS	-	-	86	(86)
JORGE CANDIA DÍAZ	8.544.205-8	CHILE	DIRECTOR	DIETA DIRECTORIO	11	(11)	59	(59)
RAIMUNDO ESPINOZA CONCHA	6.512.182-4	CHILE	DIRECTOR	REMUNERACIONES	72	(72)	34	(34)
RAIMUNDO ESPINOZA CONCHA	6.512.182-4	CHILE	DIRECTOR	DIRECTOR'S FEES	70	(70)	59	(59)
GUSTAVO GONZÁLEZ JURE	6.866.126-9	CHILE	DIRECTOR	DIRECTOR'S FEES	11	(11)	59	(59)
ALBERTO ARENAS DE MESA	8.718.414-5	CHILE	DIRECTOR	DIRECTOR'S FEES	18	(18)	-	-
JAIME GUTIÉRREZ CASTILLO	6.772.588-3	CHILE	DIRECTOR	COMPENSATIONS	80	(80)	-	-
JAIME GUTIÉRREZ CASTILLO	6.772.588-3	CHILE	DIRECTOR	DIRECTOR'S FEES	59	(59)	-	-
ANDRÉS SANFUENTES VERGARA	4.135.157-8	CHILE	DIRECTOR	DIRECTOR'S FEES	18	(18)	-	-
GERARDO JOFRÉ MIRANDA	5.672.444-3	CHILE	CHAIRMAN OF THE BOARD OF DIRECTORS	DIRECTOR'S FEES	115	(115)	-	-
MARCOS BÜCHI BUC	7.383.017-6	CHILE	DIRECTOR	DIRECTOR'S FEES	70	(70)	-	-
FERNANDO PORCILE VALENZUELA	4.027.183-K	CHILE	DIRECTOR	DIRECTOR'S FEES	48	(48)	-	-
ANDRÉS TAGLE DOMÍNGUEZ	5.895.255-9	CHILE	DIRECTOR	DIRECTOR'S FEES	48	(48)	-	-
MARCOS LIMA ARAVENA	5.119.963-4	CHILE	DIRECTOR	DIRECTOR'S FEES	79	(79)	-	-
JUAN LUIS OSSA BULNES	3.638.915-K	CHILE	DIRECTOR	DIRECTOR'S FEES	48	(48)	-	-

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

- The monthly remuneration of the directors of Codelco is fixed in the amount of Ch\$3,000,000 - (three million Chilean pesos) for participating in the Board meetings.
- A unique monthly remuneration of Ch\$6,000,000 - (six million Chilean pesos) is established for the Chairman of the Board.
- In the case of the directors that shall participate in a Board Committee, whether the one referred to in Article 50 bis) of law No. 18,046 or another established by the by-laws of the Corporation, they shall receive a single additional monthly amount of Ch\$1,000,000 - (one million Chilean pesos) for their participation, notwithstanding the number of committees in which they participate. In addition, the

director holding the chair of the Directors' Committee shall receive a single monthly remuneration for his participation in committees of Ch\$2,000,000 - (two million Chilean pesos).

- The remunerations established in this legal document will be valid for a period of two years, as of March 1, 2010, and will be adjusted as of January 10, 2011, according to the same provisions that govern the general remuneration adjustment of the employees of the Public Sector of the Republic of Chile.

The short-term benefits related to the main executives of the Corporation, paid during the period January - December 2010, amount to ThUS\$6,658 (2009: ThUS\$5,718).

The non-current benefits paid during the period January - December 2010 amount to ThUS\$547 (2009: ThUS\$234).

The criteria to determine the remunerations of the executives were established by the Board on January 29, 2003. The current text of the policy, updated in the remunerations commit-

tee of the Board dated March 2, 2004, is the following:

- The fixed remuneration will be equal to the fixed remuneration corresponding to 50% of the fixed component of the remuneration of the position in the market of reference, with a range of approximately 15%.
- The non-guaranteed performance bonus will have an annual value that will fluctuate depending on the goal compliance and the individual performance between zero and three fixed monthly remunerations. In addition two limitations are established: first, that the annual surplus of the Corporation shall be higher than 20% of its equity (capital plus reserves), and, second, that the total bonuses shall not exceed 2.4 times the amount added to the monthly base remuneration of these executives.
- The total remuneration, that is to say, the sum of the guaranteed fixed remuneration plus the possible performance bonus, shall not exceed the total remuneration correspond-

ing to the 75 percentile of this position in the market of reference.

None of the main executives of Codelco received severance payments as of December 31, 2009 and 2010.

### c) Operations with Codelco Investees

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

The commercial operations with related companies refer to the purchase and sale of products or services, at market conditions and prices and which do not consider interests or indexation. These companies are the following: Sociedad GNL Mejillones S.A., Sociedad Contractual Minera Sierra Mariposa, Copper Partners Investment Company Ltd., Sociedad Contractual Minera Purén, Kairos Mining S.A., MI Robotic Solutions S.A., Inversiones Tocopilla Ltda., Sociedad Contractual Minera El Abra, Electroandina S.A., Agua de La

Falda S.A., CMS Tecnología S.A., Ecosea Farming S.A., Comotech S.A., Inversiones Mejillones S.A., E-CL S.A., Inversiones Tocopilla 2A S.A., Inversiones Tocopilla 2B S.A., Inversiones Mejillones 1 S.A., Inversiones Mejillones 2 S.A. and Deutsche Geissdraht GmbH, Quadrem Chile Ltda. And Suez Energy Andino S.A.

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

The detail of the accounts receivable from and payable to related companies as of December 31, 2010, December 31, 2009 and January 1, 2009, is presented in the following tables:

#### DUE FROM RELATED COMPANIES

TAXPAYER NUMBER	NAME	HOME COUNTRY	NATURE OF THE RELATIONSHIP	INDEXATION CURRENCY	CURRENT			NON CURRENT		
					DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JUN 1, 2009 THUS\$	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JUN 1, 2009 THUS\$
96.731.500-1	ELECTROANDINA S.A.	CHILE	ASSOCIATE	USD	-	-	101,743	-	-	-
76.775.710-7	GNL MEJILLONES S.A.	CHILE	ASSOCIATE	USD	52,655	30,241	14	104,672	170,278	-
96.701.340-4	SOCIEDAD CONTRACTUAL MINERA EL ABRA	CHILE	ASSOCIATE	USD	1,217	5,842	2,746	-	-	-
	FOREIGN COPPER PARTNERS INVEST. COMPANY LTD.	BERMUDAS	JOINT VENTURE	USD	100,121	123,238	9,708	-	61,633	-
88.006.900-4	E-CL S.A.	CHILE	ASSOCIATE	USD	2,453	412	-	-	126,124	-
96.801.450-1	AGUA DE LA FALDA S.A.	CHILE	ASSOCIATE	USD	-	-	-	224	224	224
96.893.530-5	CMS TECNOLOGÍA S.A.	CHILE	ASSOCIATE	CLP	-	-	1,275	-	-	-
96.885.200-0	SUEZ ENERGY ANDINO S.A.	CHILE	PARTNER	CLP	-	69,387	-	-	-	-
76.024.442-2	ECOSEA FARMING S.A.	CHILE	ASSOCIATE	CLP	64	59	208	-	-	-
76.009.778-0	COMOTECH S.A.	CHILE	ASSOCIATE	CLP	165	-	-	-	-	-
76.082.774-6	INVERSIONES TOCOPILLA 2B S.A.	CHILE	ASSOCIATE	CLP	-	2	-	-	-	-
76.869.100-2	MINING INDUSTRY ROBOTIC SOLUTIONS S.A.	CHILE	ASSOCIATE	CLP	1,279	-	-	-	-	-
<b>TOTAL</b>					<b>157,954</b>	<b>229,181</b>	<b>115,694</b>	<b>104,896</b>	<b>358,259</b>	<b>224</b>

#### DUE TO RELATED COMPANIES

TAXPAYER NUMBER	NAME	HOME COUNTRY	NATURE OF THE RELATIONSHIP	INDEXATION CURRENCY	CURRENT			NON CURRENT		
					DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JUN 1, 2009 THUS\$	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JUN 1, 2009 THUS\$
FOREIGN	COPPER PARTNERS INVESTMENT COMPANY LTD.	BERMUDAS	JOINT VENTURE	USD	36,666	36,667	49,162	345,324	381,975	418,938
FOREIGN	DEUTSCHE GEISSDRAHT GMBH	ALEMANIA	ASSOCIATE	EURO	2,081	1,319	2,542	-	-	-
76.781.030-K	KAIROS MINING S.A.	CHILE	ASSOCIATE	CLP	13,845	10,642	-	-	-	-
76.869.100-2	MINING INDUSTRY ROBOTIC SOLUTIONS S.A.	CHILE	ASSOCIATE	CLP	-	848	115	-	-	-
77.546.140-3	QUADREM CHILE LTDA.	CHILE	OTHER INVESTMENT	CLP	66	241	-	-	-	-
88.006.900-4	E-CL S.A.	CHILE	ASSOCIATE	USD	53,091	93,476	-	3,880	-	-
96.701.340-4	SOCIEDAD CONTRACTUAL MINERA EL ABRA	CHILE	ASSOCIATE	USD	50,670	42,732	16,692	-	-	-
96.731.500-1	ELECTROANDINA S.A.	CHILE	ASSOCIATE	USD	-	-	57,888	-	6,792	11,030
96.893.530-5	CMS TECNOLOGÍA S.A.	CHILE	ASSOCIATE	CLP	-	-	830	-	-	-
76.775.710-7	GNL MEJILLONES S.A.	CHILE	ASSOCIATE	USD	15,146	-	-	-	-	-
<b>TOTAL</b>					<b>171,565</b>	<b>185,925</b>	<b>127,229</b>	<b>349,204</b>	<b>388,767</b>	<b>429,968</b>

The transactions performed between the Corporation and its related entities during the periods January - December 2010 and 2009, are detailed in the next chart together with their corresponding effects on profit or loss of such periods:

TAXPAYER NUMBER	COMPANY	DESCRIPTION OF THE TRANSACTION	DECEMBER 31, 2010		DECEMBER 31, 2009	
			AMOUNT THUS\$	EFFECTS ON INCOME (CHARGES) /CREDITS THUS\$	MONTO THUS\$	EFFECTS ON INCOME (CHARGES) /CREDITS THUS\$
FOREIGN	COPPER PARTNERS INVESTMENT CO. LTD.	SALE OF PRODUCTS	143,902	143,902	153,496	153,496
FOREIGN	COPPER PARTNERS INVESTMENT CO. LTD.	CAPITAL REDUCTION	-	-	44,805	-
76.024.442-2	ECOSEA FARMING S.A.	CAPITAL CONTRIBUTION	-	-	-	-
76.082.152-7	INVERSIONES MEJILLONES 3 S.A.	SALE OF SHARES	-	-	32	-
76.708.710-1	CENTRAL TERMOELÉCTRICA ANDINA S.A.	LOAN	-	-	13,392	-
76.775.710-7	SOCIEDAD GNL MEJILLONES S.A.	CAPITAL CONTRIBUTION	-	-	67,500	-
76.775.710-7	SOCIEDAD GNL MEJILLONES S.A.	CAPITAL DECREASE	-	-	200,500	-
76.775.710-7	SOCIEDAD GNL MEJILLONES S.A.	LOAN	157,322	-	200,500	-
76.775.710-7	SOCIEDAD GNL MEJILLONES S.A.	PURCHASE OF ENERGY	105,658	(105,658)	-	-
76.775.710-7	SOCIEDAD GNL MEJILLONES S.A.	EXPENSE REIMBURSEMENT	5	-	1,646	-
76.781.030-K	KAIROS MINING S.A.	PURCHASE OF SERVICES	14,345	(14,345)	17,185	(17,185)
76.869.100-2	MINING INDUSTRY ROBOTIC SOLUTIONS S.A.	CAPITAL CONTRIBUTION	-	-	200	-
76.869.100-2	MINING INDUSTRY ROBOTIC SOLUTIONS S.A.	PURCHASE OF SERVICES	1,448	(1,448)	2,656	(2,656)
78.835.420-7	INVERSIONES TOCOPILLA LTDA.	DIVIDENDS RECEIVED	-	-	12,831	-
78.835.420-7	INVERSIONES TOCOPILLA UNO S.A.	CAPITAL CONTRIBUTION	-	-	171,486	-
78.835.420-7	INVERSIONES TOCOPILLA UNO S.A.	CAPITAL CONTRIBUTION	-	-	19,920	-
78.835.420-7	INVERSIONES TOCOPILLA UNO S.A.	DIVIDENDS RECEIVED	-	-	34,973	-
88.006.900-4	E-CL S.A.	PROMISSORY NOTE	-	-	19,920	-
88.006.900-4	E-CL S.A.	LOAN	-	-	113,144	-
96.701.340-4	SCM EL ABRA	PURCHASE OF PRODUCTS	447,027	(447,027)	373,861	(373,861)
96.701.340-4	SCM EL ABRA	DIVIDENDS RECEIVED	147,000	-	-	-
96.701.340-4	SCM EL ABRA	SALE OF PRODUCTS	28,179	28,179	54,776	54,776
96.701.340-4	SCM EL ABRA	PURCHASE OF SERVICES	1,607	(1,607)	4,138	(4,138)
96.701.340-4	SCM EL ABRA	COMMISSIONS RECEIVED	145	145	166	166
88.006.900-4	E-CL S.A.	INTEREST AND COMMISSIONS	-	-	3,472	3,472
88.006.900-4	E-CL S.A.	PURCHASE OF ENERGY	466,955	(466,955)	509,438	(509,438)
88.006.900-4	E-CL S.A.	M&O SERVICES	1,007	(1,007)	614	(614)
88.006.900-4	E-CL S.A.	LOAN	130,627	-	53,400	-
88.006.900-4	E-CL S.A.	DIVIDENDS RECEIVED	32,040	-	-	-
96.782.220-5	SUEZ ENERGY ANDINO S.A.	ACQUISITION OF CENTRA SHARE	-	-	21,695	-
96.782.220-5	SUEZ ENERGY ANDINO S.A.	ACQUISITION OF RIGHTS	-	-	30,416	-
96.782.220-5	SUEZ ENERGY ANDINO S.A.	SALE OF SHARE OF INVERSIONES	-	-	172,500	39,940
88.006.900-4	E-CL S.A.	PURCHASE OF SERVICES	-	-	986	(986)
88.006.900-4	E-CL S.A.	GAS SUPPLY	-	-	4,910	(4,910)
99.990.660-0	INVERSIONES MEJILLONES S.A.	DIVIDENDS RECEIVED	-	-	13,976	-

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#### d) Additional Information

The current and non-current account payable to the company Copper Partners Investment Company Ltd., corresponds to the balance of an advance payment received (US\$550 million) due to the commercial agreement with the company Minmetals.

#### 4. INVENTORIES

The inventories at December 31, 2010, December 31, 2009 and January 1, 2009 are detailed as follows:

	Dec 31, 2010 ThUS\$	Dec 31, 2009 ThUS\$	Jun 1, 2009 ThUS\$
FINISHED PRODUCTS	418,394	315,838	384,232
<b>SUBTOTAL FINISHED PRODUCTS, NET</b>	<b>418,394</b>	<b>315,838</b>	<b>384,232</b>
PRODUCTS IN PROCESS	1,055,664	908,764	891,454
<b>SUBTOTAL PRODUCTS IN PROCESS, NET</b>	<b>1,055,664</b>	<b>908,764</b>	<b>891,454</b>
MATERIALS IN WAREHOUSE AND OTHERS	381,932	318,011	360,356
OBSOLESCENCE PROVISION ADJUSTMENT	(73,484)	(70,837)	(89,444)
<b>SUBTOTAL PRODUCTS IN PROCESS, NET</b>	<b>308,448</b>	<b>247,174</b>	<b>270,912</b>
<b>TOTAL INVENTORIES</b>	<b>1,782,506</b>	<b>1,471,776</b>	<b>1,546,598</b>

The value of the finished products is stated net of an unrealized profit corresponding to the purchase and sale operations of associates and subsidiaries, and which according to accounting standards need to be discounted from the entries that originated them.

The inventories recognized as an expense in the costs of sales during the years ended December 31, 2010 and 2009, correspond to finished products and amount to ThUS\$8,777,024 and ThUS\$5,326,908, respectively.

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

## 5. DEFERRED TAXES AND INCOME TAXES

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

In accordance with the Law 20,455 on Reconstruction due to the earthquake, the income tax rates were changed for tax years 2012 and 2013. The current tax rate will temporarily increase from 17% to 20% and 18.5%, respectively.

The effect of such tax rate change resulted in recognizing a deferred tax asset crediting net income for ThUS\$22,735. The deferred taxes that will be reversed in tax years 2012 and 2013 (fiscal years 2011 and 2012), amount to ThUS\$17,379 and ThUS\$5,356, respectively.

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

The following table shows the detail of the deferred tax assets and liabilities:

	DEC 31, 2010	DEC 31, 2009	JAN 1, 2009
	THUS\$	THUS\$	THUS\$
<b>DEFERRED TAX ASSETS:</b>			
PROVISIONS	671,737	513,489	655,626
UNREALIZED GAINS	49,246	51,885	60,703
FINANCIAL LEASE	18,862	13,855	8,693
SPECIFIC MINING TAX	7,452	-	-
DERIVATIVES - FUTURES	1,232,505	1,320,002	-
ADVANCES FROM CLIENTS	217,734	238,626	259,522
DERIVATIVES INTEREST RATE SWAPS	52,740	28,803	58,857
HEALTH CARE PLANS	20,081	7,641	5,333
OTHERS	31,754	73,226	30,534
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>2,302,111</b>	<b>2,247,527</b>	<b>1,079,268</b>

	DEC 31, 2010	DEC 31, 2009	JAN 1, 2009
	THUS\$	THUS\$	THUS\$
<b>DEFERRED TAX LIABILITIES:</b>			
FINANCIAL LIABILITIES UNDER EFFECTIVE INTEREST RATE	8,000	8,378	7,899
DERIVATIVES EXCHANGE RATE SWAPS	-	-	-
SPECIFIC MINING TAX	-	30,792	25,898
PRICE-LEVEL RESTATEMENT OF PROPERTY, PLANT AND EQUIPMENT (FIRST APPLICATION OF IFRS)	832,594	881,203	1,028,109
VALUATION OF SEVERANCE INDEMNITY	200,568	172,119	159,986
ACCELERATED DEPRECIATION	1,915,741	1,735,279	1,584,453
DERIVATIVES - FUTURES	-	-	106,678
PROVISIONS	46,808	134,177	56
OTHERS	9,782	7,996	27,124
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>3,013,493</b>	<b>2,969,944</b>	<b>2,940,203</b>

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

	DEC 31, 2010	DEC 31, 2009	JAN 1, 2009
	THUS\$	THUS\$	THUS\$
<b>DEFERRED TAXES AFFECTING EQUITY:</b>			
CASH FLOW HEDGE	(63,560)	1,394,332	37,651
<b>TOTAL DEFERRED TAXES AFFECTING EQUITY</b>	<b>(63,560)</b>	<b>1,394,332</b>	<b>37,651</b>

The following table shows the reconciliation of taxes considering the legal tax rate and the calculation of the taxes actually paid:

	DECEMBER 31, 2010				
	TAXABLE BASE	TAXABLE BASE	TAX RATE	ADIC.	TOTAL
	17% THUS\$	40% THUS\$	17% THUS\$	TAX RATE 40% THUS\$	
PROFIT BEFORE TAXES	4,487,922	4,487,922	762,947	1,795,169	2,558,116
PERMANENT DIFFERENCES 17%	(588,768)	-	(100,091)	-	(100,091)
PERMANENT DIFFERENCES 40%	-	(290,069)	-	(116,028)	(116,028)
INCOME FROM CORPORATIONS AND OTHERS	(72,774)	(72,774)	(12,372)	(29,110)	(41,482)
INCOME FROM CONTRACTUAL COMPANIES	(234,402)	-	(39,848)	-	(39,848)
INCOME FROM ISAPRES	(2,174)	-	(370)	-	(370)
TRANSLATION EXCHANGE DIFFERENCES	826	826	140	330	471
SPECIFIC MINING TAX	(304,652)	(304,652)	(51,791)	(121,861)	(173,652)
DIVIDENDS RECEIVABLE	-	106,244	-	42,498	42,498
OTHERS	24,408	(19,713)	4,149	(7,885)	(3,736)
SPECIFIC MINING TAX NET OF DEFERRED TAX	-	-	-	-	291,039
EFFECT OF SUBSIDIARIES	-	-	-	-	(21,435)
<b>TOTAL TAX EXPENSE</b>			<b>662,856</b>	<b>1,679,141</b>	<b>2,611,601</b>

	DECEMBER 31, 2009				
	TAXABLE BASE	TAXABLE BASE	TAX RATE	ADIC.	TOTAL
	17% THUS\$	40% THUS\$	17% THUS\$	TAX RATE 40% THUS\$	
PROFIT BEFORE TAXES	2,881,765	2,987,834	489,900	1,195,134	1,685,034
PERMANENT DIFFERENCES 17%	(265,421)	-	(45,122)	-	(45,122)
PERMANENT DIFFERENCES 40%	-	(3,629)	-	(1,452)	(1,452)
INCOME FROM CORPORATIONS AND OTHERS	(140,640)	(246,709)	(23,909)	(98,684)	(122,593)
INCOME FROM CONTRACTUAL COMPANIES	(192,286)	-	(32,689)	-	(32,689)
INCOME FROM ISAPRES (PRIVATE HEALTH INSURANCE COMPANIES)	468	-	80	-	80
TRANSLATION EXCHANGE DIFFERENCES	8,534	8,534	1,451	3,414	4,865
SPECIFIC MINING TAX	(169,763)	(169,763)	(28,860)	(67,905)	(96,765)
DIVIDENDS RECEIVABLE	-	170,495	-	68,198	68,198
OTHERS	228,266	228,266	38,805	91,306	130,111
SPECIFIC MINING TAX NET OF DEFERRED TAX	-	-	-	-	173,987
EFFECT OF SUBSIDIARIES	-	-	-	-	3,415
<b>TOTAL TAX EXPENSE</b>			<b>444,778</b>	<b>1,191,463</b>	<b>1,813,643</b>

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## 6. CURRENT TAX ASSETS AND LIABILITIES

### a) Current Tax Assets

This item shows the right to collect VAT fiscal credit, income taxes and other taxes receivable, and is detailed as follows:

	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
VAT FISCAL CREDIT	153,347	123,334	83,763
OTHER TAXES	5,153	4,308	4,708
INCOME TAX	35,726	20,224	348,483
<b>TOTAL</b>	<b>194,226</b>	<b>147,866</b>	<b>436,954</b>

### b) Current Tax liabilities

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

	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
INCOME TAX PAYABLE	307.952	63.636	4.628
<b>TOTAL</b>	<b>307.952</b>	<b>63.636</b>	<b>4.628</b>

## 7. PROPERTY, PLANT AND EQUIPMENT

a) The balances of Property, plant and equipment at December 31, 2010 comparative with December 31, 2009 and January 1, 2009, are as follows:

PROPERTY, PLANT AND EQUIPMENT, GROSS	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
CONSTRUCTION IN PROGRESS	2,756,793	2,492,101	1,361,417
LAND	108,087	106,924	94,650
BUILDINGS	3,163,952	3,105,730	3,074,943
PLANT AND EQUIPMENT	9,767,914	8,955,969	8,744,234
FIXTURES AND FITTINGS	35,600	31,770	32,086
MOTOR VEHICLES	1,106,413	1,097,051	976,108
LAND IMPROVEMENTS	3,067,271	2,772,167	2,671,457
MINING OPERATIONS	2,670,080	2,570,495	2,196,619
MINE DEVELOPMENT	737,544	659,615	659,559
OTHER ASSETS	735,895	672,157	676,821
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT, GROSS</b>	<b>24,149,549</b>	<b>22,463,979</b>	<b>20,487,894</b>

PROPERTY, PLANT AND EQUIPMENT ACCUMULATED DEPRECIATION	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
BUILDINGS	1,905,162	1,915,566	1,794,303
PLANT AND EQUIPMENT	5,407,138	4,927,764	4,298,190
FIXTURES AND FITTINGS	24,123	25,612	24,748
MOTOR VEHICLES	643,353	643,164	551,174
LAND IMPROVEMENTS	1,820,174	1,748,969	1,653,993
MINING OPERATIONS	1,305,938	1,414,156	1,097,353
MINE DEVELOPMENT	316,568	312,942	276,766
OTHER ASSETS	375,663	265,373	283,717
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT, ACCUMULATED DEPRECIATION</b>	<b>11,798,119</b>	<b>11,253,546</b>	<b>9,980,244</b>

PROPERTY, PLANT AND EQUIPMENT, NET	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
CONSTRUCTION IN PROGRESS	2,756,793	2,492,101	1,361,417
LAND	108,087	106,924	94,650
BUILDINGS	1,258,790	1,190,164	1,280,640
PLANT AND EQUIPMENT	4,360,776	4,028,205	4,446,044
FIXTURES AND FITTINGS	11,477	6,158	7,338
MOTOR VEHICLES	463,060	453,887	424,934
LAND IMPROVEMENTS	1,247,097	1,023,198	1,017,464
MINING OPERATIONS	1,364,142	1,156,339	1,099,266
MINE DEVELOPMENT	420,976	346,673	382,793
OTHER ASSETS	360,232	406,784	393,104
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT, NET</b>	<b>12,351,430</b>	<b>11,210,433</b>	<b>10,507,650</b>

**b) Movement of Property, plant and equipment**

MOVEMENTS THUS\$	CONSTRUCTION IN PROGRESS	LAND	BUILDINGS	PLANT EQUIPMENT	FIXTURES AND FITTINGS	MOTOR VEHICLES	LAND IMPROVEMENTS	MINING OPERATIONS	MINE DEVELOPMENT	OTHER ASSETS	TOTAL
OPENING BALANCE 1/1/2009	1,361,417	94,650	1,280,640	4,446,044	7,338	424,934	1,017,464	1,099,266	382,793	393,104	10,507,650
INCREASES	1,710,915	1,581	535	8,850	305	68	-	262,022	-	107,927	2,092,203
WRITE-OFFS	(16,587)	(2,062)	4,606	(6,763)	(45)	(256)	225	(50)	-	(48,917)	(69,849)
CAPITALIZATIONS	(452,531)	14,318	21,312	194,556	10	120,038	102,757	-	56	-	516
DEPRECIATION AND AMORTIZATION	-	-	(120,034)	(629,188)	(1,830)	(91,986)	(94,976)	(316,803)	(36,176)	19,248	(1,271,745)
RECLASSIFICATIONS	(112,840)	(1,782)	(827)	8,917	300	983	(2,272)	111,904	-	(4,383)	-
IMPAIRMENT	-	-	-	1,867	-	-	-	-	-	-	1,867
OTHERS	1,727	219	3,932	3,922	80	106	-	-	-	(60,195)	(50,209)
<b>TOTAL MOVEMENTS</b>	<b>1,130,684</b>	<b>12,274</b>	<b>(90,476)</b>	<b>(417,839)</b>	<b>(1,180)</b>	<b>28,953</b>	<b>5,734</b>	<b>57,073</b>	<b>(36,120)</b>	<b>13,680</b>	<b>702,783</b>
<b>FINAL BALANCE 12/31/2009</b>	<b>2,492,101</b>	<b>106,924</b>	<b>1,190,164</b>	<b>4,028,205</b>	<b>6,158</b>	<b>453,887</b>	<b>1,023,198</b>	<b>1,156,339</b>	<b>346,673</b>	<b>406,784</b>	<b>11,210,433</b>

MOVEMENTS THUS\$	CONSTRUCTION IN PROGRESS	LAND	BUILDINGS	PLANT EQUIPMENT	FIXTURES AND FITTINGS	MOTOR VEHICLES	LAND IMPROVEMENTS	MINING OPERATIONS	MINE DEVELOPMENT	OTHER ASSETS	TOTAL
OPENING BALANCE 1/1/2009	2,492,101	106,924	1,190,164	4,028,205	6,158	453,887	1,023,198	1,156,339	346,673	406,784	11,210,433
INCREASES	2,227,531	172	4,761	16,383	705	27	-	324,906	-	39,618	2,614,103
WRITE-OFFS	(55,184)	(198)	(14,981)	(26,520)	(523)	(6,820)	(8,838)	(26,957)	-	(57,506)	(197,527)
CAPITALIZATIONS	(1,661,144)	55	166,091	923,208	6,361	105,288	335,136	4,901	107,015	13,089	-
DEPRECIATION AND AMORTIZATION	-	-	(97,258)	(600,038)	(1,610)	(92,054)	(102,023)	(317,433)	(32,910)	(47,303)	(1,290,629)
RECLASSIFICATIONS	(242,132)	-	11,088	727	439	2,732	4,562	222,386	198	-	-
IMPAIRMENT	-	-	-	1,867	-	-	-	-	-	-	1,867
OTHERS	(4,379)	1,134	(1,075)	16,944	(53)	-	(4,938)	-	-	5,550	13,183
<b>TOTAL MOVIMIENTOS</b>	<b>264,692</b>	<b>1,163</b>	<b>68,626</b>	<b>332,571</b>	<b>5,319</b>	<b>9,173</b>	<b>223,899</b>	<b>207,803</b>	<b>74,303</b>	<b>(46,552)</b>	<b>1,140,997</b>
<b>FINAL BALANCE 12/31/2010</b>	<b>2,756,793</b>	<b>108,087</b>	<b>1,258,790</b>	<b>4,360,776</b>	<b>11,477</b>	<b>463,060</b>	<b>1,247,097</b>	<b>1,364,142</b>	<b>420,976</b>	<b>360,232</b>	<b>12,351,430</b>

**c)** The value of construction in progress, is directly associated with the operating activities of the Corporation and its subsidiaries, and relates to the acquisition of equipment and projects in construction.

**d)** The Corporation has contracted insurance policies to cover the potential risks to which the various elements of property, plant and equipment are subject to, and any claims that could arise from their activities. These policies provide adequate coverage of the potential risks.

**e)** Revaluation of property, plant and equipment assets at the date of transition to IFRS.

revaluated certain property, plant and equipment assets invoking the exemptions included in IFRS 1. This valuation was mainly focused on assigning value to those assets that according to Chilean GAAP, had accumulated depreciation equal or close to their gross value, but nevertheless continued to be employed in the Corporation's normal operations.

The work was performed by an independent consultant and was based mainly on the valuation model of Marston and Agg, which determined an increase in asset value of US\$1,804 million at January 1, 2009.

At the date of transition to IFRS (January 1, 2009), the Corporation

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT, NET AT JANUARY 1, 2009 BETWEEN CHILEAN GAAP AND IFRS	THUS\$
<b>PROPERTY, PLANT AND EQUIPMENT, NET UNDER CHILEAN GAAP (NET FIXED ASSETS) AT JANUARY 1, 2009</b>	<b>8,460,452</b>
REVALUATION UNDER IFRS 1 AT JANUARY 1, 2009	1,803,700
IMPAIRMENT OF ASSETS AS OF JANUARY 1, 2009	(38,597)
CAPITALIZATION OF DECOMMISSIONING COSTS AT JANUARY 1, 2009	283,355
OTHER IFRS EFFECTS	(1,260)
<b>PROPERTY, PLANT AND EQUIPMENT, NET UNDER IFRS AT JANUARY 1, 2009</b>	<b>10,507,650</b>

**f)** Restrictions on ownership and assets given in guarantee.

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

In addition, under no circumstance has management granted assets in guarantee to third parties to allow performance of its normal business activities or as a commitment to secure the payment of its obligations.

## 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	EQUITY METHOD			ACCRUED INCOME	
	DEC 31, 2010	DEC 31, 2009	JAN 1, 2009	01/01/2010 12/31/10	01/01/09 12/31/09
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
ASSOCIATES EQUITY METHOD ACCOUNTED INVESTMENTS	1,234,139	1,100,156	966,870	287,607	287,633
JOINT VENTURES	26,635	-	117,600	15,788	23,018
<b>TOTAL</b>	<b>1,260,774</b>	<b>1,100,156</b>	<b>1,084,470</b>	<b>303,395</b>	<b>310,651</b>

### a) Associates

#### Agua de la Falda S.A.

At December 31, 2010, Codelco has a 43.28% interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

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

#### Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994. At December 31, 2010, Codelco has a 49% interest in Sociedad Contractual Minera El Abra, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

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

#### Sociedad Contractual Minera Purén

At December 31, 2010, Codelco has a 35% interest in Sociedad Contractual Minera Purén, with the remaining 65% owned by Compañía Minera Mantos de Oro.

Its object is to explore, identify, survey, investigate, develop and exploit mineral deposits in order to extract, produce and process ore.

#### Sociedad Contractual Minera Sierra Mariposa

At December 31, 2010 and January 1, 2009, Codelco has a 23.73% interest in Sociedad Contractual Minera Sierra Mariposa, with the remaining 76.27% owned by Exploraciones e Inversiones PD Chile Limitada.

Its object is to explore, identify, survey, investigate, develop and exploit mineral deposits in order to extract, produce and process ore concentrates or other mineral products.

#### Kairos Mining S.A.

At December 31, 2010, Codelco has a 40% interest in Kairos Mining S.A., with the remaining 60% owned by Honeywell Chile S.A.

Its corporate purpose is to provide automation and control services for industrial and mining activities and to license technology and software licenses.

#### Mining Industry Robotic Solutions S.A.

As at 31 December 2010, Codelco has a 36% interest in Mining Industry Robotic Solutions S.A., with the remainder owned by Support Company Limited 53%, Nippon Mining & Metals Co. Ltd., 9% and Kuka Roboter GmbH, 2%.

The company's corporate purpose is the research, design, creation, invention, manufacture, installation, supply, maintenance and marketing in any

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

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

At December 31, 2010, Codelco has a 37% interest in Sociedad GNL Mejillones S.A., with the remaining 63% owned by Suez Energy Andino S.A. These interests were established on November 5, 2010 when the Corporation did not increase the capital agreed by the meeting of shareholders of such company. Before the actual increase, both the Corporation and Suez Energy Andino S.A. had a 50% interest each.

Its corporate purpose is the production, storage, marketing, transportation and distribution of all types or classes of fuel, and the acquisition, construction, maintenance and operation of infrastructure facilities and physical works necessary for transport, reception, processing and storage both in Chile and abroad, singly or in partnership with third parties.

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

At December 31, 2010, Codelco has a 33.33% interest in Comotech S.A. through its indirect subsidiary Innovaciones en Cobre S.A., Molibdenos y Metales S.A. and Universidad de Chile, each own a 33.33% interest.

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

#### **Merger of Electric Energy Assets**

On November 6, 2009, Codelco and Suez Energy Andino S.A. (at that date,

the indirect controller of E-CL S.A. through Inversiones Mejillones S.A. and Inversiones Tocopilla Ltda.) agreed to execute and sign the acts and contracts for the defined merger process to gather in a single company all of the shares and rights that Codelco and Suez Energy Andino S.A. own in E-CL SA, Electroandina SA, and other companies. This merge process included the following acts which directly affected the composition of the shareholders of this company:

The split on November 13, 2009, of Inversiones Mejillones S.A. (which until before this act was its direct controlling entity) into three entities: Inversiones Mejillones-1 S.A., Inversiones Mejillones- 2 S.A. and Inversiones Mejillones- 3 S.A., with the first two, as owners of 27.37% and 54.93% of E-CL S.A., respectively.

The transformation on November 20, 2009, of Inversiones Tocopilla Ltda. (which until before the act was its indirect controlling entity through Mejillones- 1 S.A. e Inversiones Mejillones-2 S.A.) into Inversiones Tocopilla 1 S.A. and its split into three corporations: the continuing company Inversiones Tocopilla 1 S.A., Inversiones Tocopilla 2-A S.A. and Inversiones Tocopilla 2-B S.A., leaving the latter two as a direct controlling entities of 65.2% of Inversiones Mejillones-1 S.A. and Inversiones Mejillones-2 S.A. respectively.

The December 29, 2009, merger between this company and Inversiones Tocopilla 1 S.A., where the latter was absorbed, which meant that the direct interest of Codelco in Inversiones Tocopilla 1 S.A., through a share swap, Codelco became a direct shareholder of E-CL S.A.

Therefore, at December 31, 2010, the ownership of E-CL S.A. is composed of a 16.35% direct interest held by Codelco, 11.78% by Inversiones Mejillones-1 S.A., 23.65% by Inversiones Mejillones 2 S.A. and 40.62% by Suez Energy Andino S.A., with a 7.6% remainder held by minority shareholders.

At December 31, 2010, the Corporation has a 16.3471% ownership interest in E-CL S.A., with 173,382,461 total shares.

As a result the Corporation has the following ownership interest in the companies:

► **Inversiones Tocopilla 2-B S.A.:** At December 30, 2010, Codelco holds a 100% direct and indirect interest in Inversiones Tocopilla 2-B S.A.

The company's corporate purpose is the investment in any class of shares, corporate rights and other forms of participation in companies of any nature and to exercise the corresponding rights.

Through this company the Corporation holds a 23.65% indirect interest in E-CL S.A.

► **E-CL S.A. (Ex - Edelnor S.A.):** At December 31, 2010, Codelco holds a 16.35% direct interest in E-CL S.A.

Its corporate purpose is the production, distribution and supply of electricity to industrial customers and mining companies established in the Northern part of Chile.

ASSOCIATES	TAXPAYER NUMBER	FUNCTIONAL CURRENCY	OWNERSHIP PERCENTAGE			EQUITY METHOD OF ACCOUNTING			ACCRUED INCOME	
			12/31/10	12/31/09	01/01/09	12/31/10	12-31-2009	01/01/09	01/01/10	01/01/09
			%	%	%	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
DEUTSCHE GEISSDRAHT GMBH	FOREIGN	EURO	40.00%	40.00%	40.00%	4,141	3,961	5,143	1,816	1,429
AGUA DE LA FALDA S.A.	96.801.450-1	USD	43.28%	43.00%	43.00%	5,810	5,783	6,111	28	(328)
SOCIEDAD CONTRACTUAL MINERA EL ABRA MINERA PUREN SCM	96.701.340-4	USD	49.00%	49.00%	49.00%	542,625	448,014	202,101	236,833	230,447
SOCIEDAD GNL MEJILLONES S.A.	76.028.880-2	USD	35.00%	35.00%	35.00%	5,407	7,810	7,653	(2,403)	157
KAIROS MINING S.A.	76.775.710-7	USD	37.00%	50.00%	50.00%	-	-	201,424	(28,927)	(87,507)
MI ROBOTIC SOLUTIONS S.A.	76.781.030-K	CLP	40.00%	40.00%	40.00%	105	94	45	1	39
E - CL S.A.	76.869.100-2	CLP	36.00%	36.00%	36.00%	2,537	2,238	1,688	45	86
INVERSIONES TOCOPILLA 2-A S.A.	88.006.900-4	USD	40.00%	16.35%	-	672,409	258,011	-	80,096	15,889
INVERSIONES TOCOPILLA 2-B S.A.	76.082.774-6	USD	0.00%	49.00%	0.00%	-	59,410	-	-	3,659
INVERSIONES MEJILLONES-1 S.A. (1)	76.082.774-6	USD	-	49.00%	0.00%	-	119,274	-	-	7,345
INVERSIONES MEJILLONES-2 S.A. (1)	96.990.660-0	USD	0.00%	34.80%	0.00%	-	64,714	-	-	3,985
ELECTROANDINA S.A. (2)	76.082.158-6	USD	-	34.80%	0.00%	-	129,921	-	-	8,000
INVERSIONES TOCOPILLA LTDA.	96.731.500-1	USD	0.00%	0.00%	34.80%	-	-	143,805	-	26,077
INVERSIONES MEJILLONES S.A. (2)	78.835.420-7	USD	0.00%	0.00%	49.00%	-	-	259,457	-	50,767
SOCIEDAD CONTRACTUAL MINERA SIERRA MARIPOSA	96.990.660-0	USD	0.00%	0.00%	34.80%	-	-	138,288	-	29,225
OTHERS	76.913.610-K	USD	0.00%	23.73%	23.73%	-	-	1,030	-	(1,126)
<b>TOTAL</b>						<b>1,234,139</b>	<b>1,100,156</b>	<b>966,870</b>	<b>287,607</b>	<b>287,633</b>

(1) AT DECEMBER 31, 2009, ALTHOUGH AS A RESULT OF THE DIVISION OF INVERSIONES MEJILLONES S.A. (EXISTING AT JANUARY 1, 2009), CODELCO HAD DIRECTLY AND INDIRECTLY A 66.75% INTEREST IN INVERSIONES MEJILLONES-1 S.A. AND INVERSIONES MEJILLONES-2 S.A., IT DID NOT HAVE CONTROL OR MANAGEMENT OF THESE; THEREFORE, ACCORDING TO IFRS, THEY DID NOT SATISFY THE CONDITIONS FOR INCLUSION IN THE CONSOLIDATION OF THE CORPORATION'S FINANCIAL STATEMENTS.

(2) ALTHOUGH AT JANUARY 1, 2009 CODELCO HAD DIRECTLY AND INDIRECTLY A 66.75% INTEREST IN ELECTROANDINA S.A. AND INVERSIONES MEJILLONES S.A., IT DID NOT HAVE CONTROL OR MANAGEMENT OF THESE. THEREFORE, ACCORDING TO IFRS, THEY DID NOT SATISFY THE CONDITIONS FOR INCLUSION IN THE CONSOLIDATION OF THE CORPORATION'S FINANCIAL STATEMENTS.

The following tables provide details of the assets, liabilities and major movements in investments in associates accounted for under the equity method and their respective results during 2009 and 2010:

ASSETS AND LIABILITIES	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
CURRENT ASSETS	1,725,246	1,642,794	597,649
NON-CURRENT ASSETS	3,611,736	3,163,332	2,289,867
CURRENT LIABILITIES	892,494	1,211,534	416,370
NON-CURRENT LIABILITIES	1,371,759	572,775	101,734

NET INCOME	01/01/10 12/31/10 THUS\$	01/01/09 12/31/09 THUS\$
REVENUE	2,694,143	2,327,259
RECURRENT EXPENSES	2,048,076	1,387,278
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>646,067</b>	<b>939,981</b>

MOVEMENTS OF INVESTMENTS IN ASSOCIATES	01/01/10 12/31/10 THUS\$	01/01/09 12/31/09 THUS\$
OPENING BALANCE	1,100,156	966,870
CONTRIBUTIONS	-	67,700
DIVIDENDS	(179,040)	(61,780)
CAPITAL REDUCTION / WRITE-OFFS	(2)	(200,500)
NET INCOME FOR THE PERIOD	287,607	287,633
EXCHANGE DIFFERENCES	262	1,076
REALIZED GAINS	4,778	15,465
TRANSFER OF NEGATIVE EQUITIES	42,976	41,922
ENERGY GROUP MERGER	-	(20,576)
OTHER COMPREHENSIVE INCOME	-	348
OTHERS	(22,599)	1,998
<b>FINAL BALANCE</b>	<b>1,234,139</b>	<b>1,100,156</b>

**b) Joint Ventures**

At December 31, 2010, the Corporation participates in the Copper Partners Investment Company Limited Joint venture. This partnership dates from March 2006 when Codelco Chile through its subsidiary Codelco

International Ltd., executed the agreement with Album Enterprises Limited (a subsidiary of Minmetals) to form the company, in which both companies hold equal interests.

IDENTIFICATION OF THE COMPANY	OWNERSHIP PERCENTAGE
COPPER PARTNERS INVESTMENT COMPANY LIMITED	50%

JOINT VENTURE	TAX PAYER NUMBER	FUNCTIONAL CURRENCY	OWNERSHIP PERCENTAGE			EQUITY VALUE			ACCRUED INCOME	
			12/31/10	12/31/09	01/01/09	12/31/10	12/31/09	01/01/09	01/01/10	01/01/09
			%	%	%	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
COPPER PARTNERS INVESTMENT COMPANY	FOREIGN	USD	50.00%	50.00%	50.00%	26,635	-	117,600	15,788	23,018

ASSETS AND LIABILITIES	Dec 31, 2010 THUS\$	Dec 31, 2009 THUS\$	JAN 1, 2009 THUS\$
CURRENT ASSETS	138,824	116,362	108,032
NON-CURRENT ASSETS	345,324	381,975	418,636
CURRENT LIABILITIES	258,021	296,917	46,639
NON-CURRENT LIABILITIES	172,858	330,103	244,829

NET INCOME	01/01/10 12/31/10 THUS\$	01/01/09 12/31/10 THUS\$
REVENUE	434,426	309,902
COSTS OF SALES	(402,850)	(263,867)
PROFIT (LOSS)	31,576	46,035

MOVEMENTS OF INVESTMENTS IN JOINT VENTURES	01/01/10 12/31/10 THUS\$	01/01/09 12/31/09 THUS\$
OPENING BALANCE	-	117,600
NET INCOME FOR THE PERIOD	15,788	23,018
DISTRIBUTION	(12,431)	(17,679)
TRANSFER OF NEGATIVE EQUITIES	(64,342)	64,342
OTHER COMPREHENSIVE INCOME	87,620	(187,281)
<b>FINAL BALANCE</b>	<b>26,635</b>	<b>-</b>

**c) Fair Value of Investments for Which There Are Published Price Quotations**

Investments in associates for which there are public quoted prices, have the following value for the Corporation, as set forth in the following table<sup>1</sup>:

ENTITY	Dec 31, 2010 THUS\$	Dec 31, 2009 THUS\$
E-CL S.A. (FORMERLY EDELNOR S.A.)	2,755,536	1,942,616
INVESTMENT ATTRIBUTABLE TO THE CORPORATION 40%	1,102,214	777,046

**d) Interest in Negative Equities**

The Corporation, at December 31, 2010 and December 31, 2009, has an interest in the following negative equities (amounts expressed in ThUS\$):

ENTITY	OWNERSHIP PERCENTAGE	NEGATIVE EQUITY	
		Dec 31, 2010 THUS\$	Dec 31, 2009 THUS\$
SOCIEDAD GNL MEJILLONES S.A.	37%	(116,152)	(41,924)
COPPER PARTNERS INVESTMENT COMPANY LIMITED	50%	-	(128,683)

(1) THE FAIR VALUE IS DETERMINED FROM THE QUOTED PRICES AND THE COMPANY'S MARKET PRESENCE, PROVIDED AS FINANCIAL BACKGROUND ON THE SITE [HTTP://WWW.BOLSADESANTIAGO.COM](http://www.bolsadesantiago.com)

### e) Additional Information about Unrealized Profit

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

The balance of the unrealized profit to be recognized as of December 31, 2010 is ThUS\$86,240 (12/31/2009: ThUS\$91,018; 1/1/2009: ThUS\$106,483). This figure is shown deducting the investing in this company. The recognition of profit is performed in accordance with the depletion of the ore reserves of the company. In 2010 profit for ThUS\$4,778 (2009: ThUS\$15,465) was recognized.

Codelco carries out copper purchases and sales with this company. At December 31, 2001, December 31, 2009 and January 1, 2009, the value of finished products in Inventories does not have an unrealized profit provision.

## 9. SUBSIDIARIES

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

ASSETS AND LIABILITIES	Dec 31, 2010 ThUS\$	Dec 31, 2009 ThUS\$	JAN 1, 2009 ThUS\$
CURRENT ASSETS	338,871	304,403	238,925
NON-CURRENT ASSETS	721,681	303,346	360,581
CURRENT LIABILITIES	231,351	302,655	196,135
NON-CURRENT LIABILITIES	297,303	248,441	256,084

NET INCOME	01/01/10 12/31/10 MUS\$	01/01/09 12/31/09 MUS\$
REVENUE	1,273,466	923,882
COSTS	1,216,205	897,294
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>57,261</b>	<b>26,588</b>

## 10. INTANGIBLE ASSETS OTHER THAN GOODWILL

### a) Balance of Intangible Assets.

INTANGIBLE ASSETS, GROSS	Dec 31, 2010 ThUS\$	Dec 31, 2010 ThUS\$	JAN 1, 2009 ThUS\$
SOFTWARE LICENSES	474	536	950
WATER RIGHTS	12,172	12,172	10,627
OTHERS	15,806	15,540	13,310
<b>TOTAL</b>	<b>28,452</b>	<b>28,248</b>	<b>24,887</b>

INTANGIBLE ASSETS, ACCUMULATED AMORTIZATION	Dec 31, 2010 ThUS\$	Dec 31, 2010 ThUS\$	JAN 1, 2009 ThUS\$
SOFTWARE LICENSES	346	318	229
WATER RIGHTS	6,550	6,550	6,550
OTHERS	-	-	-
<b>TOTAL</b>	<b>6,896</b>	<b>6,868</b>	<b>6,779</b>

INTANGIBLE ASSETS, NET	Dec 31, 2010 ThUS\$	Dec 31, 2010 ThUS\$	JAN 1, 2009 ThUS\$
SOFTWARE LICENSES	128	218	721
WATER RIGHTS	5,622	5,622	4,077
OTHERS	15,806	15,540	13,310
<b>TOTAL</b>	<b>21,556</b>	<b>21,380</b>	<b>18,108</b>

### b) Movement of Intangible Assets.

MOVEMENTS ThUS\$	SOFTWARE LICENSES	WATER RIGHTS	OTHERS	TOTAL
OPENING BALANCE 01/01/09	721	4,077	13,310	18,108
ADDITIONS	16	1,545	2,027	3,588
DISPOSALS	(10)	-	-	(10)
CAPITALIZED COSTS	9	-	-	9
AMORTIZATION	(526)	-	(1,237)	(1,763)
RECLASSIFICATIONS	-	-	-	-
IMPAIRMENT	-	-	-	-
OTHER	8	-	1,440	1,448
TOTAL MOVEMENTS	(503)	1,545	2,230	3,272
<b>FINAL BALANCE 12/31/09</b>	<b>218</b>	<b>5,622</b>	<b>15,540</b>	<b>21,380</b>

MOVEMENTS OF INTANGIBLE ASSETS THUS\$	SOFTWARE LICENSES	WATER RIGHTS	OTHERS	TOTAL
OPENING BALANCE 01/01/10	218	5,622	15,540	21,380
ADDITIONS	18	-	-	18
DISPOSALS	(1)	-	-	(1)
CAPITALIZED COSTS	(90)	-	(352)	(442)
AMORTIZATION	(21)	-	-	(21)
RECLASSIFICATIONS	-	-	-	-
IMPAIRMENT	-	-	618	618
OTHER	4	-	-	4
TOTAL MOVEMENTS	(90)	-	266	176
<b>FINAL BALANCE 12/31/10</b>	<b>128</b>	<b>5,622</b>	<b>15,806</b>	<b>21,556</b>

### c) Research and Development.

DISBURSEMENTS FOR RESEARCH AND DEVELOPMENT RECOGNIZED AS EXPENSES IN THE PERIOD	01/01/10 12/31/10	01/01/09 12/31/09
	THUS\$	THUS\$
	72,375	86,864

## 11. OTHER NON-CURRENT NON-FINANCIAL ASSETS

### a) Other Non-Current Non-Financial Assets.

The detail of the item Other non-current non-financial assets of the Statement of Financial Position at December 31, 2010, December 31, 2009 and January 1, 2009 is as follows:

OTHER NON-CURRENT NON-FINANCIAL ASSETS	DEC 31, 2010 THUS\$	DEC 31, 2009 THUS\$	JAN 1, 2009 THUS\$
ANGLO AMERICAN PURCHASE OPTION <sup>(1)</sup>	155,700	155,700	155,700
RESERVED LAW ASSET <sup>(2)</sup>	38,199	41,864	45,530
OTHERS	9,606	8,568	25,684
<b>TOTAL</b>	<b>203,505</b>	<b>206,132</b>	<b>226,914</b>

(1) ON DECEMBER 19, 2008, EMPRESA NACIONAL DE MINERÍA (ENAMI) ASSIGNED CODELCO CHILE THE RIGHT TO ACQUIRE UP TO 49% OF THE SHARES OF ANGLO AMERICAN SUR S.A. THIS RIGHT MAY BE EXERCISED BY THE CORPORATION UNTIL 2027, DECIDING WHETHER OR NOT TO EXERCISE EVERY THREE YEARS.

(2) IT CORRESPONDS TO THE RECORDING OF THE COMMITMENT RELATED TO LAW 13,196, FOR THE ADVANCE RECEIVED FOR THE COPPER SALES CONTRACT SIGNED WITH COPPER PARTNERS INVESTMENT COMPANY LIMITED. THIS AMOUNT WILL BE AMORTIZED ACCORDING TO THE SHIPMENTS MADE.

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## 12. CURRENT AND NON-CURRENT FINANCIAL ASSETS

The following tables show the breakdown of the current and non-current financial assets included in the statement of financial position:

CLASSIFICATION IN THE STATEMENT OF FINANCIAL POSITION	DECEMBER 31, 2010				
	AT FAIR VALUE THROUGH PROFIT OR LOSS THUS\$	LOANS AND RECEIVABLES THUS\$	HEDGING DERIVATIVES THUS\$	AVAILABLE FOR SALE THUS\$	TOTAL FINANCIAL ASSETS THUS\$
CASH AND CASH EQUIVALENTS	61,855	812,184	-	-	874,039
TRADE AND OTHER CURRENT RECEIVABLES	2,303,951	410,055	-	-	2,714,006
RIGHTS RECEIVABLE, NON - CURRENT	-	198,785	-	-	198,785
DUE FROM RELATED COMPANIES, CURRENT	-	157,954	-	-	157,954
DUE FROM RELATED COMPANIES, NON-CURRENT	-	104,896	-	-	104,896
OTHER CURRENT FINANCIAL ASSETS	-	8,117	187,021	-	195,138
OTHER NON-CURRENT FINANCIAL ASSETS	-	7,826	173,299	-	181,125
<b>TOTAL</b>	<b>2,365,806</b>	<b>1,699,817</b>	<b>360,320</b>	<b>-</b>	<b>4,425,943</b>

DECEMBER 31, 2009					
CLASSIFICATION IN THE STATEMENT OF FINANCIAL POSITION	AT FAIR VALUE THROUGH PROFIT OR LOSS THUS\$	LOANS AND RECEIVABLES THUS\$	HEDGING DERIVATIVES THUS\$	AVAILABLE FOR SALE THUS\$	TOTAL FINANCIAL ASSETS THUS\$
CASH AND CASH EQUIVALENTS	16,454	756,622	-	-	773,076
TRADE AND OTHER CURRENT RECEIVABLES	1,684,147	377,879	-	-	2,062,026
RIGHTS RECEIVABLE, NON - CURRENT	-	198,102	-	-	198,102
DUE FROM RELATED COMPANIES, CURRENT	-	229,181	-	-	229,181
DUE FROM RELATED COMPANIES, NON-CURRENT	-	358,259	-	-	358,259
OTHER CURRENT FINANCIAL ASSETS	-	7,920	284,964	-	292,884
OTHER NON-CURRENT FINANCIAL ASSETS	-	7,600	150,601	-	158,201
<b>TOTAL</b>	<b>1,700,601</b>	<b>1,935,563</b>	<b>435,565</b>	<b>-</b>	<b>4,071,729</b>

JANUARY 1, 2009					
CLASSIFICATION IN THE STATEMENT OF FINANCIAL POSITION	AT FAIR VALUE THROUGH PROFIT OR LOSS THUS\$	LOANS AND RECEIVABLES THUS\$	HEDGING DERIVATIVES THUS\$	AVAILABLE FOR SALE THUS\$	TOTAL FINANCIAL ASSETS THUS\$
CASH AND CASH EQUIVALENTS	9,414	383,783	-	-	393,197
TRADE AND OTHER CURRENT RECEIVABLES	483,737	351,630	-	-	835,367
RIGHTS RECEIVABLE, NON - CURRENT	-	149,234	-	-	149,234
DUE FROM RELATED COMPANIES, CURRENT	-	115,694	-	-	115,694
DUE FROM RELATED COMPANIES, NON-CURRENT	-	224	-	-	224
OTHER CURRENT FINANCIAL ASSETS	-	5,712	380,301	-	386,013
OTHER NON-CURRENT FINANCIAL ASSETS	-	6,279	6,278	-	12,557
<b>TOTAL</b>	<b>493,151</b>	<b>1,012,556</b>	<b>386,579</b>	<b>-</b>	<b>1,892,286</b>

• **Financial assets designated as fair value through profit or loss:** At December 31, 2010, this category mainly includes unfinished product sale invoices and mutual fund investments made by Codelco Chile subsidiaries.

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

No material impairments were recognized in accounts receivable.

• **Hedging derivatives:** Correspond to the receivable balances for derivative contracts, for the exposure generated by existing operations. The detail of derivative transactions is included in Note 27.

• **Available-for-sale financial assets:** These correspond primarily to non-derivative financial assets that are specifically designated as available for sale or are not classified as: a) loans and receivables, b) investments held to maturity or c) financial assets carried at fair value through profit or loss.

Within the period presented, there was no reclassification of financial instru-

ments among the different categories established under IAS 39.

### 13. INTEREST-BEARING BORROWINGS

Current and non-current interest-bearing borrowings correspond to Borrowings from financial institutions, Bond obligations and Financial leases, which are recorded by the Corporation at amortized cost using the effective interest rate method.

These items are generated by the following situations:

• **Borrowings from financial institutions:**

The loans obtained by the Corporation for up to a twelve-month term, contracted at the market interest rate to finance its production operations oriented to for the foreign market.

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

• **Bond obligations:**

On May 4, 1999, the Corporation issued

and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$300,000. These bonds were payable in a single installment on May 1, 2009, with a 7.375% annual interest rate and with six-monthly interest payments.

On November 18, 2002, the Corporation issued and placed bonds in the domestic market, under the rules of the Superintendency of Securities and Insurance. These bonds were issued for a nominal amount of UF7,000,000, in a single series denominated Series A, and consists of 70,000 bonds for UF100 each. These bonds are payable in a single installment on September 1, 2012, with a 4.0% annual interest rate and with six-monthly interest payments.

On November 30, 2002, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$435,000. These bonds are payable in a single installment on November 30, 2012, with a 6.375% annual interest rate and with six-monthly interest payments.

On October 15, 2003, the Corporation issued and placed bonds in the U.S.

market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$500,000. These bonds are payable in a single installment on October 15, 2013, with a 5.5% annual interest rate and with six-monthly interest payments.

On October 15, 2004, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$500,000. These bonds are payable in a single installment on October 15, 2014, with a 4.750% annual interest rate and with six-monthly interest payments.

On May 10, 2005, the Corporation issued and placed bonds in the domestic market for a nominal amount of UF6,900,000, in a single series denominated Series B, and consists of 6,900 bonds for UF1,000 each. These bonds are payable in a single installment on April 1, 2025, with a 3.29% annual interest rate and with six-monthly interest payments.

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

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

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

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

• **Financial debt commissions and expenses:**

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

• **Finance leases:**

Financial leasing transactions are generated for service contracts, principally for buildings and machinery.

The following tables detail the composition of the Other financial liabilities, current and non-current:

ITEMS	DECEMBER 31, 2010					
	CURRENT			NON-CURRENT		
	LOANS AND OTHER PAYABLES	HEDGE DERIVATIVES	TOTAL	LOANS AND OTHER PAYABLES	HEDGE DERIVATIVES	TOTAL
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
LOANS FROM FINANCIAL ENTITIES	340,613	-	340,613	1,296,050	-	1,296,050
BONDS	61,933	-	61,933	4,647,841	-	4,647,841
FINANCIAL LEASE	17,367	-	17,367	122,503	-	122,503
HEDGE OBLIGATIONS	-	1,493,312	1,493,312	-	1,028,308	1,028,308
OTHER FINANCIAL LIABILITIES	5,683	-	5,683	94,780	-	94,780
<b>TOTAL</b>	<b>425,596</b>	<b>1,493,312</b>	<b>1,918,908</b>	<b>6,161,174</b>	<b>1,028,308</b>	<b>7,189,482</b>

ITEMS	DECEMBER 31, 2009					
	CURRENT			NON-CURRENT		
	LOANS AND OTHER PAYABLES	HEDGE DERIVATIVES	TOTAL	LOANS AND OTHER PAYABLES	HEDGE DERIVATIVES	TOTAL
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
LOANS FROM FINANCIAL ENTITIES	215,026	-	215,026	795,779	-	795,779
BONDS	55,183	-	55,183	3,601,966	-	3,601,966
FINANCIAL LEASE	20,734	-	20,734	132,318	-	132,318
HEDGE OBLIGATIONS	-	1,097,233	1,097,233	-	1,736,546	1,736,546
OTHER FINANCIAL LIABILITIES	6,246	-	6,246	71,917	-	71,917
<b>TOTAL</b>	<b>297,189</b>	<b>1,097,233</b>	<b>1,394,422</b>	<b>4,601,980</b>	<b>1,736,546</b>	<b>6,338,526</b>

ITEMS	JANUARY 1, 2009					
	CURRENT			NON-CURRENT		
	LOANS AND OTHER PAYABLES	HEDGE DERIVATIVES	TOTAL	LOANS AND OTHER PAYABLES	HEDGE DERIVATIVES	TOTAL
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
LOANS FROM FINANCIAL ENTITIES	858,054	-	858,054	646,924	-	646,924
BONDS	336,849	-	336,849	2,901,237	-	2,901,237
FINANCIAL LEASE	14,609	-	14,609	130,832	-	130,832
HEDGE OBLIGATIONS	-	14,740	14,740	-	246,920	246,920
OTHER FINANCIAL LIABILITIES	8,531	-	8,531	48,480	-	48,480
<b>TOTAL</b>	<b>1,218,043</b>	<b>14,740</b>	<b>1,232,783</b>	<b>3,727,473</b>	<b>246,920</b>	<b>3,974,393</b>

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

AT DECEMBER 31, 2010												
TYPE OF DEBT	FINANCIAL ENTITIES	INSTITUTION	MATURITY	RATE	CURRENCY	AMOUNT	TYPE OF AMORTIZATION	PAYMENT OF INTEREST	NOMINAL RATE	EFFECTIVE INTEREST RATE	CURRENT BALANCE THUS\$	NON-CURRENT BALANCE THUS\$
EXPORT PRE-FUNDING CREDIT		BANK OF TOKYO-MITSUBISHI	12/22/15	FLOATING	US\$	100,000	MATURITY	QUARTERLY	1.05%	1.15%	-	99,602
EXPORT PRE-FUNDING CREDIT		HSBC BANK BERMUDA LIMITED	12/17/15	FLOATING	US\$	162,500	MATURITY	QUARTERLY	1.15%	1.27%	-	161,695
EXPORT PRE-FUNDING CREDIT		BBVA BANCOMER	09/27/14	FLOATING	US\$	400,000	MATURITY	QUARTERLY	0.45%	0.45%	-	399,509
EXPORT PRE-FUNDING CREDIT		BANK OF TOKYO-MITSUBISHI	06/29/11	FLOATING	US\$	100,000	MATURITY	QUARTERLY	0.65%	0.65%	100,005	-
EXPORT PRE-FUNDING CREDIT		BANCO SANTANDER	12/09/11	FLOATING	US\$	200,000	MATURITY	QUARTERLY	0.95%	0.95%	200,030	-
EXPORT PRE-FUNDING CREDIT		EXPORT. DEV. CANADA	12/28/15	FLOATING	US\$	250,000	MATURITY	QUARTERLY	1.10%	1.22%	-	248,752
EXPORT PRE-FUNDING CREDIT		EXPORT. DEV. CANADA	03/26/12	FLOATING	US\$	200,000	MATURITY	QUARTERLY	0.95%	0.95%	-	200,000
EXPORT PRE-FUNDING CREDIT		BANCO SANTANDER LONDRES	11/30/15	FLOATING	US\$	75,000	MATURITY	QUARTERLY	1.14%	1.26%	-	74,639
EXPORT PRE-FUNDING CREDIT		BANCO SANTANDER	12/23/15	FLOATING	US\$	100,000	MATURITY	QUARTERLY	1.15%	1.27%	-	99,503
		OTHER INSTITUTIONS									40,578	12,350
<b>TOTAL</b>											<b>340,613</b>	<b>1,296,050</b>

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BONDS	INSTITUTION	MATURITY	RATE	CURRENCY	AMOUNT	TYPE OF AMORTIZATION	PAYMENT OF INTEREST	NOMINAL RATE	EFFECTIVE INTEREST RATE	CURRENT BALANCE THUS\$	NON-CURRENT BALANCE THUS\$
BCODE-A	BANCO DE CHILE - B. EN UF	09/01/12	FIXED	U.F.	7,000,000	MATURITY	SEMI-ANNUAL	3.96%	4.45%	4,389	319,000
144-A REG.S	JP-MORGAN	11/30/12	FIXED	US\$	435,000	MATURITY	SEMI-ANNUAL	6.38%	6.48%	2,528	434,222
144-A REG.S	JP-MORGAN	10/15/13	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	5.50%	5.57%	6,044	499,092
144-A REG.S	HSBC USA	10/15/14	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	4.75%	4.99%	5,219	495,913
BCODE-B	BANCO DE CHILE - B. EN UF	04/01/25	FIXED	U.F.	6,900,000	MATURITY	SEMI-ANNUAL	4.00%	3.24%	3,196	342,976
144-A REG.S	JP-MORGAN	09/21/35	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	5.63%	5.78%	8,003	489,931
144-A REG.S	THE DEUTSCHE BANK	10/24/36	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	6.15%	6.22%	5,914	495,730
114-A REG.S	JP-MORGAN	01/15/19	FIXED	US\$	600,000	MATURITY	SEMI-ANNUAL	7.50%	7.79%	20,665	589,839
114-A REG.S	HSBC USA	11/04/20	FIXED	US\$	1,000,000	MATURITY	SEMI-ANNUAL	3.75%	3.98%	5,975	981,138
<b>TOTAL</b>										<b>61,933</b>	<b>4,647,841</b>

AT DECEMBER 31, 2009

TYPE OF DEBT LOANS WITH FINANCIAL ENTITIES	INSTITUTION	MATURITY	RATE	CURRENCY	AMOUNT	TYPE OF AMORTIZATION	PAYMENT OF INTEREST	NOMINAL RATE	EFFECTIVE INTEREST RATE	CURRENT BALANCE THUS\$	NON-CURRENT BALANCE THUS\$
EXPORT PRE- FUNDING CREDIT	BANK OF TOKYO-MITSUBISHI	12/23/10	FLOATING	US\$	100,000	MATURITY	QUARTERLY	0.63%	0.63%	100,004	-
EXPORT PRE- FUNDING CREDIT	HSBC BANK USA	12/30/10	FLOATING	US\$	100,000	MATURITY	MONTHLY	0.79%	0.79%	100,015	-
EXPORT PRE- FUNDING CREDIT	BBVA BANCOMER	09/27/14	FLOATING	US\$	400,000	MATURITY	SEMI-ANNUAL	0.44%	0.46%	-	398,593
EXPORT PRE- FUNDING CREDIT	EXPORT. DEV. CANADA	03/26/12	FLOATING	US\$	200,000	MATURITY	QUARTERLY	1.24%	1.21%	-	198,593
EXPORT PRE- FUNDING CREDIT	BANCO SANTANDER	12/09/11	FLOATING	US\$	200,000	MATURITY	QUARTERLY	1.20%	1.20%	153	198,593
	OTHERS INSTITUTIONS									14,854	-
<b>TOTAL</b>										<b>215,026</b>	<b>795,779</b>

BONDS	INSTITUTION	MATURITY	RATE	CURRENCY	AMOUNT	TYPE OF AMORTIZATION	PAYMENT OF INTEREST	NOMINAL RATE	EFFECTIVE INTEREST RATE	CURRENT BALANCE THUS\$	NON-CURRENT BALANCE THUS\$
BCODE-A	BANCO DE CHILE - B. EN UF	09/01/12	FIXED	U.F.	7,000,000	MATURITY	SEMI-ANNUAL	4.00%	4.45%	3,920	300,373
144-A REG.S	JP-MORGAN	11/30/12	FIXED	US\$	435,000	MATURITY	SEMI-ANNUAL	6.38%	6.48%	2,605	430,058
144-A REG.S	JP-MORGAN	10/15/13	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	5.50%	5.57%	6,044	495,058
144-A REG.S	HSBC USA	10/15/14	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	4.75%	4.99%	5,220	495,058
BCODE-B	BANCO DE CHILE - B. EN UF	04/01/25	FIXED	U.F.	6,900,000	MATURITY	SEMI-ANNUAL	3.29%	3.24%	2,960	296,243
144-A REG.S	JP-MORGAN	09/21/35	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	5.63%	5.78%	8,002	495,058
144-A REG.S	THE DEUTSCHE BANK	10/24/36	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	6.15%	6.22%	5,766	495,059
114-A REG.S	JP-MORGAN	01/15/19	FIXED	US\$	600,000	MATURITY	SEMI-ANNUAL	7.50%	7.79%	20,666	595,059
<b>TOTAL</b>										<b>55,183</b>	<b>3,601,966</b>

At January 1st, 2009												
TYPE OF DEBT	FINANCIAL ENTITIES	INSTITUTION	MATURITY	RATE	CURRENCY	AMOUNT	TYPE OF AMORTIZATION	PAYMENT OF INTEREST	NOMINAL RATE	EFFECTIVE INTEREST RATE	CURRENT BALANCE THUS\$	NON-CURRENT BALANCE THUS\$
EXPORT PRE-FUNDIN CREDIT		ABN AMRO BANK	12/24/09	FLOATING	US\$	200,000	MATURITY	MONTHLY	2.65%	3.16%	200,121	-
EXPORT PRE-FUNDIN CREDIT		EXPORT DEVELOPMENT CANADA	03/31/09	FLOATING	US\$	100,000	MATURITY	MONTHLY	1.81%	2.11%	301	98,975
EXPORT PRE-FUNDIN CREDIT		EXPORT DEVELOPMENT CANADA	12/30/10	FLOATING	US\$	150,000	MATURITY	QUARTERLY	3.04%	3.16%	-	148,975
EXPORT PRE-FUNDIN CREDIT		BANK OF TOKYO-MITSUBISHI	06/25/09	FLOATING	US\$	350,000	MATURITY	QUARTERLY	4.60%	4.60%	350,029	-
EXPORT PRE-FUNDIN CREDIT		HSBC BANK USA	01/27/09	FLOATING	US\$	250,000	MATURITY	MONTHLY	2.68%	3.44%	250,031	-
SINDICATED LOAN		BBVA BANCOMER	09/27/14	FLOATING	US\$	400,000	MATURITY	SEMI-ANNUAL	3.30%	3.33%	35	398,974
		OTHER INSTITUTIONS									57,537	-
<b>TOTAL</b>											<b>858,054</b>	<b>646,924</b>

BONDS	INSTITUTION	MATURITY	RATE	CURRENCY	AMOUNT	TYPE OF AMORTIZATION	PAYMENT OF INTEREST	NOMINAL RATE	EFFECTIVE INTEREST RATE	CURRENT BALANCE THUS\$	NON-CURRENT BALANCE THUS\$
144-A REG. S	MERRILL LYNCH	05/04/09	FIXED	US\$	300,000	MATURITY	SEMI-ANNUAL	7.38%	7.47%	303,728	-
144-A REG. S	JP-MORGAN	11/30/12	FIXED	US\$	435,000	MATURITY	SEMI-ANNUAL	6.38%	6.48%	2,528	435,000
144-A REG. S	JP-MORGAN	10/15/13	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	5.50%	5.57%	6,044	500,000
144-A REG. S	HSBC USA	10/15/14	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	4.75%	4.99%	5,220	500,000
144-A REG. S	JP-MORGAN	09/21/35	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	5.63%	5.78%	8,002	500,000
144-A REG. S	THE DEUTSCHE BANK	10/24/36	FIXED	US\$	500,000	MATURITY	SEMI-ANNUAL	6.15%	6.22%	5,745	500,000
BCODE SERIE A	BANCO DE CHILE - B. EN UF	09/01/12	FIXED	U.F.	7,000,000	MATURITY	SEMI-ANNUAL	3.96%	4.45%	3,166	235,946
BCODE SERIE B	BANCO DE CHILE - B. EN UF	04/01/25	FIXED	U.F.	6,900,000	MATURITY	SEMI-ANNUAL	4.00%	4.00%	2,416	230,291
<b>TOTAL</b>										<b>336,849</b>	<b>2,901,237</b>

The amounts due undiscounted that the Corporation has with financial institutions are summarized as follows:

**DECEMBER 31, 2010**

DEBTOR'S NAME	THE DEBTOR COUNTRY	CREDITOR'S NAME	CREDITOR COUNTRY	CURRENCY	EFFECTIVE INTEREST RATE	NOMINAL RATE
CODELCO CHILE	CHILE	BBVA BANCOMER S. A.	UNITED STATES OF AMERICA	US\$	0.45280%	0.45280%
CODELCO CHILE	CHILE	BANCO SANTANDER S. A.	UNITED STATES OF AMERICA	US\$	0.95219%	0.95219%
CODELCO CHILE	CHILE	EDC	CANADA	US\$	0.95281%	0.95281%
CODELCO CHILE	CHILE	BANCO SANTANDER LONDRES	UNITED STATES OF AMERICA	US\$	1.14438%	1.14438%
CODELCO CHILE	CHILE	HSBC BANK BERMUDA LIMITED	BERMUDA	US\$	1.15188%	1.15188%
CODELCO CHILE	CHILE	BANK OF TOKYO MITSUBISHI LTD.	UNITED STATES OF AMERICA	US\$	1.05281%	1.05281%
CODELCO CHILE	CHILE	BANCO SANTANDER S. A.	UNITED STATES OF AMERICA	US\$	1.15281%	1.15281%
CODELCO CHILE	CHILE	EDC	CANADA	US\$	1.10281%	1.10281%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	6.37500%	6.37500%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	5.50000%	5.50000%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	4.75000%	4.75000%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	5.62500%	5.62500%
CODELCO CHILE	CHILE	DEUTSCHE BANK SECURITIES INC.	UNITED STATES OF AMERICA	US\$	6.15000%	6.15000%
CODELCO CHILE	CHILE	HSBC	UNITED STATES OF AMERICA	US\$	7.50000%	7.50000%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	3.75000%	3.75000%

CODELCO CHILE	CHILE	BANCO DE CHILE	CHILE	U.F.	3.96080%	3.96080%
CODELCO CHILE	CHILE	BANCO DE CHILE	CHILE	U.F.	4.00000%	4.00000%

**DECEMBER 31, 2009**

DEBTOR'S NAME	THE DEBTOR COUNTRY	CREDITOR'S NAME	CREDITOR COUNTRY	CURRENCY	EFFECTIVE INTEREST RATE	NOMINAL RATE
CODELCO CHILE	CHILE	THE BANK OF TOKYO-MITSUBISHI	ESTADOS UNIDOS	USD	0.59875%	0.59875%
CODELCO CHILE	CHILE	HSBC BANK USA NATIONAL	ESTADOS UNIDOS	USD	0.75063%	0.75063%
CODELCO CHILE	CHILE	BBVA BANCOMER S.A.	ESTADOS UNIDOS	USD	0.43250%	0.43250%
CODELCO CHILE	CHILE	BANCO SANTANDER S. A.	ESTADOS UNIDOS	USD	1.20656%	1.20656%
CODELCO CHILE	CHILE	EDC	CANADA	USD	1.58250%	1.58250%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	ESTADOS UNIDOS	USD	6.37500%	6.37500%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	ESTADOS UNIDOS	USD	5.50000%	5.50000%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	ESTADOS UNIDOS	USD	4.75000%	4.75000%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	ESTADOS UNIDOS	USD	5.62500%	5.62500%
CODELCO CHILE	CHILE	DEUTSCHE BANK SECURITIES INC.	ESTADOS UNIDOS	USD	6.15000%	6.15000%
CODELCO CHILE	CHILE	HSBC	ESTADOS UNIDOS	USD	7.50000%	7.50000%

CODELCO CHILE	CHILE	BANCO DE CHILE	CHILE	U.F.	3.96080%	3.96080%
CODELCO CHILE	CHILE	BANCO DE CHILE	CHILE	U.F.	4.00000%	4.00000%

**01/01/09**

DEBTOR'S NAME	THE DEBTOR COUNTRY	CREDITOR'S NAME	CREDITOR COUNTRY	CURRENCY	EFFECTIVE INTEREST RATE	NOMINAL RATE
CODELCO CHILE	CHILE	ABN-AMRO BANK N.V.	UNITED STATES OF AMERICA	US\$	3.11625%	3.11625%
CODELCO CHILE	CHILE	ABN-AMRO BANK N.V.	UNITED STATES OF AMERICA	US\$	3.11625%	3.11625%
CODELCO CHILE	CHILE	THE BANK OF TOKYO-MITSUBISHI	UNITED STATES OF AMERICA	US\$	3.56625%	3.56625%
CODELCO CHILE	CHILE	HSBC BANK	UNITED STATES OF AMERICA	US\$	2.22125%	2.22125%
CODELCO CHILE	CHILE	EDC	CANADA	US\$	1.80625%	1.80625%
CODELCO CHILE	CHILE	EDC	CANADA	US\$	0.84625%	0.84625%
CODELCO CHILE	CHILE	EDC	CANADA	US\$	3.03563%	3.03563%
CODELCO CHILE	CHILE	BBVA BANCOMER	UNITED STATES OF AMERICA	US\$	1.59130%	1.59130%
CODELCO CHILE	CHILE	THE BANK OF TOKYO	UNITED STATES OF AMERICA	US\$	1.71625%	1.71625%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	7.37500%	7.37500%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	6.37500%	6.37500%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	5.50000%	5.50000%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	4.75000%	4.75000%
CODELCO CHILE	CHILE	THE BANK OF NEW YORK	UNITED STATES OF AMERICA	US\$	5.62500%	5.62500%
CODELCO CHILE	CHILE	DEUTSCHE BANK SECURITIES INC.	UNITED STATES OF AMERICA	US\$	6.15000%	6.15000%

CODELCO CHILE	CHILE	BANCO DE CHILE	CHILE	U.F.	3.96800%	3.96800%
CODELCO CHILE	CHILE	BANCO DE CHILE	CHILE	U.F.	4.00000%	4.00000%

TYPE OF AMORTIZATION	CURRENT			NON CURRENT			
	LESS THAN 90 DAYS THUS\$	OVER 90 DAYS THUS\$	TOTAL CURRENT THUS\$	ONE TO THREE YEARS THUS\$	THREE TO FIVE YEARS THUS\$	MORE THAN FIVE YEARS THUS\$	TOTAL NON-CURRENT THUS\$
SEMI-ANNUAL	453	1,358	1,811	405,061	-	-	405,061
SEMI-ANNUAL	360	201,465	201,825	-	-	-	-
SEMI-ANNUAL	471	1,435	1,906	200,482	-	-	200,482
SEMI-ANNUAL	141	718	859	2,575	75,846	-	78,421
SEMI-ANNUAL	395	1,477	1,872	5,615	164,434	-	170,049
SEMI-ANNUAL	237	816	1,053	3,158	101,103	-	104,261
SEMI-ANNUAL	263	890	1,153	3,458	101,210	-	104,668
SEMI-ANNUAL	666	2,091	2,757	8,271	252,933	-	261,204
SEMI-ANNUAL	11,555	16,177	27,732	461,191	-	-	461,191
SEMI-ANNUAL	7,944	19,556	27,500	550,340	-	-	550,340
SEMI-ANNUAL	6,861	16,889	23,750	567,556	-	-	567,556
SEMI-ANNUAL	6,094	22,031	28,125	84,375	84,375	1,008,594	1,177,344
SEMI-ANNUAL	9,738	21,013	30,751	92,250	92,250	1,090,144	1,274,644
SEMI-ANNUAL	1,750	43,250	45,000	135,000	135,000	652,125	922,125
SEMI-ANNUAL	12,917	24,583	37,500	112,500	112,500	1,112,083	1,337,083
<b>TOTAL THUS\$</b>	<b>59,845</b>	<b>373,749</b>	<b>433,594</b>	<b>2,631,832</b>	<b>1,119,651</b>	<b>3,862,946</b>	<b>7,614,429</b>

SEMI-ANNUAL	43,899	233,357	277,256	-	7,191,769	-	7,191,769
SEMI-ANNUAL	92,000	184,000	276,000	-	828,000	828,000	1,656,000
TOTAL U.F.	135,899	417,357	553,256	-	8,019,769	828,000	8,847,769
<b>SUBTOTAL THUS\$</b>	<b>6,230</b>	<b>19,133</b>	<b>25,363</b>	<b>367,660</b>	<b>37,959</b>	<b>410,695</b>	<b>816,314</b>
<b>TOTAL THUS\$</b>	<b>66,075</b>	<b>392,882</b>	<b>458,957</b>	<b>2,999,492</b>	<b>1,157,610</b>	<b>4,273,641</b>	<b>8,430,743</b>

TYPE OF AMORTIZATION	CURRENT			NON CURRENT			
	LESS THAN 90 DAYS THUS\$	OVER 90 DAYS THUS\$	TOTAL CURRENT THUS\$	ONE TO THREE YEARS THUS\$	THREE TO FIVE YEARS THUS\$	MORE THAN FIVE YEARS THUS\$	TOTAL NON-CURRENT THUS\$
QUARTELY	136	321	457	-	-	-	-
QUARTELY	186	573	759	-	-	-	-
QUARTELY	433	1,298	1,731	5,190	401,398	-	406,588
QUARTELY	456	1,957	2,413	202,333	-	-	202,333
QUARTELY	791	2,374	3,165	204,009	-	-	204,009
SEMI-ANNUAL	6,933	20,798	27,731	489,307	-	-	489,307
SEMI-ANNUAL	6,875	20,625	27,500	578,222	-	-	578,222
SEMI-ANNUAL	5,938	17,813	23,751	71,250	520,385	-	591,635
SEMI-ANNUAL	7,031	21,094	28,125	84,375	84,375	1,037,109	1,205,859
SEMI-ANNUAL	7,688	23,063	30,751	92,250	92,250	1,121,321	1,305,821
SEMI-ANNUAL	11,250	33,750	45,000	135,000	135,000	697,750	967,750
<b>TOTAL THUS\$</b>	<b>47,717</b>	<b>143,666</b>	<b>191,383</b>	<b>1,861,936</b>	<b>1,233,408</b>	<b>2,856,180</b>	<b>5,951,524</b>

SEMI-ANNUAL	69,314	207,942	277,256	7,472,876	-	-	7,472,876
SEMI-ANNUAL	69,000	207,000	276,000	828,000	828,000	9,238,333	10,894,333
TOTAL U.F.	138,314	414,942	553,256	8,300,876	828,000	9,238,333	18,367,209
<b>SUBTOTAL THUS\$</b>	<b>5,712</b>	<b>17,137</b>	<b>22,849</b>	<b>342,820</b>	<b>34,196</b>	<b>381,537</b>	<b>758,553</b>
<b>TOTAL THUS\$</b>	<b>53,429</b>	<b>160,803</b>	<b>214,232</b>	<b>2,204,756</b>	<b>1,267,604</b>	<b>3,237,717</b>	<b>6,710,077</b>

TYPE OF AMORTIZATION	CURRENT			NON CURRENT			
	LESS THAN 90 DAYS THUS\$	OVER 90 DAYS THUS\$	TOTAL CURRENT THUS\$	ONE TO THREE YEARS THUS\$	THREE TO FIVE YEARS THUS\$	MORE THAN FIVE YEARS THUS\$	TOTAL NON-CURRENT THUS\$
QUARTELY	60,467	-	60,467	-	-	-	-
QUARTELY	141,091	-	141,091	-	-	-	-
QUARTELY	50,436	-	50,436	-	-	-	-
MONTHLY	250,478	-	250,478	-	-	-	-
MONTHLY	100,161	-	100,161	-	-	-	-
MONTHLY	100,073	-	100,073	-	-	-	-
QUARTELY	1,138	3,415	4,553	154,946	-	-	154,946
QUARTELY	1,609	4,774	6,383	19,096	19,096	400,619	438,811
QUARTELY	1,301	3,862	5,163	15,446	305,521	-	320,967
SEMI-ANNUAL	5,531	301,905	307,436	-	-	-	-
SEMI-ANNUAL	6,933	20,798	27,731	517,423	-	-	517,423
SEMI-ANNUAL	6,875	20,625	27,500	82,500	523,604	-	606,104
SEMI-ANNUAL	5,938	17,813	23,751	71,250	544,465	-	615,715
SEMI-ANNUAL	7,031	21,094	28,125	84,375	84,375	1,065,625	1,234,375
SEMI-ANNUAL	7,688	23,063	30,751	92,250	92,250	1,152,498	1,336,998
<b>SUBTOTAL MUS\$</b>	<b>746,750</b>	<b>417,349</b>	<b>1,164,099</b>	<b>1,037,286</b>	<b>1,569,311</b>	<b>2,618,742</b>	<b>5,225,339</b>

SEMI-ANNUAL	69,440	208,320	277,760	7,755,353	-	-	7,755,353
SEMI-ANNUAL	69,000	207,000	276,000	828,000	828,000	9,518,167	11,174,167
TOTAL U.F.	138,440	415,320	553,760	8,583,353	828,000	9,518,167	18,929,520
<b>SUBTOTAL THUS\$</b>	<b>4,666</b>	<b>13,999</b>	<b>18,665</b>	<b>289,316</b>	<b>27,909</b>	<b>320,825</b>	<b>638,050</b>
<b>TOTAL THUS\$</b>	<b>751,416</b>	<b>431,348</b>	<b>1,182,764</b>	<b>1,326,602</b>	<b>1,597,220</b>	<b>2,939,567</b>	<b>5,863,389</b>

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

FINANCIAL LEASE	DECEMBER 31, 2010			DECEMBER 31, 2009			JANUARY 1, 2009		
	GROSS THUS\$	INTEREST THUS\$	NET THUS\$	GROSS THUS\$	INTEREST THUS\$	NET THUS\$	GROSS THUS\$	INTEREST THUS\$	NET THUS\$
LESS THAN ONE YEAR	36,810	(19,443)	17,367	40,094	(19,360)	20,734	32,918	(18,309)	14,609
BETWEEN ONE YEAR AND FIVE YEARS	99,176	(48,376)	50,800	179,491	(62,312)	117,179	136,990	(80,498)	56,492
MORE THAN FIVE YEARS	123,539	(51,836)	71,703	57,866	(42,727)	15,139	121,534	(47,194)	74,340
<b>TOTAL</b>	<b>259,525</b>	<b>(119,655)</b>	<b>139,870</b>	<b>277,451</b>	<b>(124,399)</b>	<b>153,052</b>	<b>291,442</b>	<b>(146,001)</b>	<b>145,441</b>

#### 14. FAIR VALUE OF ITEMS RECORDED AT AMORTIZED COST

The fair values of the principal financial assets and liabilities that in the Statement of Financial Position are not presented at fair value are as follows:

12-31-2010	CARRYING AMOUNT			FAIR VALUE THUS\$
	CURRENT THUS\$	NON-CURRENT THUS\$	TOTAL THUS\$	
<b>ASSETS</b>	<b>5,951,476</b>	<b>14,327,565</b>	<b>20,279,041</b>	<b>20,279,041</b>
<b>LIABILITIES</b>				
LOANS AND BONDS	402,546	5,943,891	6,346,437	6,629,248
OTHER	4,841,281	4,560,111	9,401,392	9,401,392

12-31-2009	CARRYING AMOUNT			FAIR VALUE THUS\$
	CURRENT THUS\$	NON-CURRENT THUS\$	TOTAL THUS\$	
<b>ASSETS</b>	<b>4,995,564</b>	<b>13,258,316</b>	<b>18,253,880</b>	<b>18,253,880</b>
<b>LIABILITIES</b>				
LOANS AND BONDS	270,209	4,397,745	4,667,954	4,941,050
OTHER	3,826,406	5,316,293	9,142,699	9,142,699

The methodology and assumptions used in fair value calculation are as follows:

- The Fair Value of the Bonds was determined based on market reference prices, as these instruments are traded in the market under standard conditions and are highly liquid.
- Other items measured at Amortized Cost are a good approximation of Fair Value.

#### 15. FAIR VALUE HIERARCHY

Each of the estimated market values for the Corporation's portfolio of financial instruments, is based on a calculation and data input methodology. Each

of these methodologies has been analyzed to determine to which of the following levels they can be assigned:

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

and Liabilities that are not supported by observable market data.

Based on the methodologies, inputs, and previous definitions the following market levels have been established for the financial instruments portfolio held by the Corporation at December 31, 2010:

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE RANKED	DECEMBER 31, 2010			
	LEVEL 1 THUS\$	LEVEL 2 THUS\$	LEVEL 3 THUS\$	TOTAL THUS\$
<b>FINANCIAL ASSETS AT FAIR VALUE RECORDED IN PROFIT/LOSS</b>				
UNFINISHED INVOICES FOR SALE OF PRODUCTS	2,303,951	-	-	2,303,951
CROSS CURRENCY SWAP	-	173,299	-	173,299
MUTUAL FUND UNIT	61,855	-	-	61,855
FUTURES	187,021	-	-	187,021
<b>FINANCIAL LIABILITIES AT FAIR VALUE RECORDED IN PROFIT/LOSS</b>				
FUTURES	2,441,236	-	-	2,441,236

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

## 16. TRADE AND OTHER PAYABLES

Total trade payables, current and non-current, are shown in the following table:

ITEM	CURRENT LIABILITIES		
	12/31/2010 THUS\$	12/31/2009 THUS\$	01/01/09 THUS\$
TRADE PAYABLES	1,292,895	843,436	779,270
DIVIDENDS PAYABLE	173,134	503,738	84,671
PAYABLES TO EMPLOYEES	31,310	197,138	29,769
OTHER PAYABLES	305,937	278,440	259,410
<b>TOTAL</b>	<b>1,803,276</b>	<b>1,822,752</b>	<b>1,153,120</b>

## 17. OTHER PROVISIONS

The detail of Other short-term provisions and non-current liabilities at the indicated dates is as follows:

OTHER PROVISIONS, CURRENT / NON-CURRENT	CURRENT			NON-CURRENT		
	12/31/2010 THUS\$	12/31/2009 THUS\$	01/01/09 THUS\$	12/31/2010 THUS\$	12/31/2009 THUS\$	01/01/09 THUS\$
TRADE <sup>(1)</sup>	38,191	42,502	8,335	-	-	-
OPERATING <sup>(2)</sup>	22,835	20,751	42,115	-	-	-
LAW 13.196	202,711	130,197	110,431	-	-	-
SUNDRY <sup>(3)</sup>	32,976	15,283	24,252	48,466	26,620	5,548
CLOSURE <sup>(4)</sup>	-	-	1,040	887,142	942,093	843,011
CONTINGENCIES	-	-	-	121,864	90,024	117,131
<b>TOTAL</b>	<b>296,713</b>	<b>208,733</b>	<b>186,173</b>	<b>1,057,472</b>	<b>1,058,737</b>	<b>965,690</b>

CURRENT PROVISIONS FOR EMPLOYEES' BENEFITS	CURRENT			NON-CURRENT		
	12/31/2010 THUS\$	12/31/2009 THUS\$	01/01/09 THUS\$	12/31/2010 THUS\$	12/31/2009 THUS\$	01/01/09 THUS\$
EMPLOYEES ACCORDING TO COLLECTIVE BARGAINING AGREEMENTS	203,301	104,511	116,998	-	-	-
SEVERANCE INDEMNITY	37,283	34,321	24,227	809,177	685,264	479,314
BONUS	4,524	3,144	2,601	-	-	-
COMPENSATIONS <sup>(5)</sup>	-	-	-	-	-	-
VACATIONS	150,000	140,425	110,879	-	-	-
HEALTH PROGRAMS <sup>(6)</sup>	480	488	134	304,876	212,739	197,098
TERMINATION PLANS <sup>(7)</sup>	282,414	11,881	33,042	-	-	-
OTHERS	11,073	12,760	7,714	77,059	99,821	62,367
<b>TOTAL</b>	<b>689,075</b>	<b>307,530</b>	<b>295,595</b>	<b>1,191,112</b>	<b>997,824</b>	<b>738,779</b>

(1) CORRESPONDS TO A SALES RELATED PROVISION, WHICH INCLUDES CHARGES FOR FREIGHT, LOADING, AND UNLOADING, WHICH WERE NOT INVOICED AT END OF THE PERIOD.

(2) CORRESPONDS TO A PROVISION FOR CUSTOMS DUTIES, FREIGHT ON PURCHASES, ELECTRICITY, AMONG OTHERS.

(3) INCLUDES A PROVISION OF UNCOMPLETED INVOICES FOR PRODUCT PURCHASES, WHICH LOWERS THE CURRENT PROVISION BALANCE.

(4) CORRESPONDS TO A PROVISION FOR FUTURE CLOSING COSTS PRIMARILY RELATED TO TAILING DAMS, MINE CLOSURE AND OTHER ASSET.

(5) CORRESPONDS TO COMMITMENTS WITH THE CORPORATION'S EMPLOYEES WHICH HAVE BEEN ACCRUED AT THE DATE OF CLOSURE OF THE FINANCIAL STATEMENTS.

(6) CORRESPONDS TO A PROVISION FOR CONTRIBUTIONS TO HEALTH INSTITUTIONS AGREED WITH EMPLOYEES AND FORMER EMPLOYEES.

(7) CORRESPONDS TO A PROVISION FOR EMPLOYEES WHO HAVE AGREED TO RETIRE IN ACCORDANCE WITH PLANS IN FORCE FOR PERSONNEL RETIREMENT.

## 18. EMPLOYEE BENEFITS

### Severance Indemnity and Health Plans

The severance indemnity provision covers the severance indemnity liabilities to be paid to employees when they leave the Corporation based on the agreements in the employment contracts or collective bargaining agreements.

The health plans provision is to cover payment obligations that the Corporation has contracted with its employees, according to contracts or collective bargaining agreements, to partially cover the costs of medical services.

These provisions are recorded in the statement of financial position, at the present value of estimated future obligations. These obligations are calculated using actuarial methods and assumptions defined by independent actuaries. The discount rate applied is determined on the basis of the rates of financial instruments in the same currency in which the obligations are to be paid and with similar maturities.

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

#### i Actuarial Assumptions for Determining the Severance Indemnity Provision

ACTUARIAL ASSUMPTIONS	
DISCOUNT RATE	5.16% - ANNUAL
TURNOVER RATE - RESIGNATION	1.5% - ANNUAL
(AVERAGE) WAGE INCREASE	0.9% - ANNUAL
MEN'S RETIREMENT AGE	65
WOMEN'S RETIREMENT AGE	60

#### ii Reconciliation of Service Indemnity balances

	01/01/10 12/31/2010	01/01/09 12/31/2009
MOVEMENTS	THUS\$	THUS\$
<b>OPENING BALANCE</b>	<b>719,585</b>	<b>503,541</b>
COST	43,187	32,498
FINANCIAL EXPENSE	35,976	28,261
TAXES PAID	(22,379)	(25,579)
SUBTOTAL	776,369	538,721
(GAINS) LOSSES FROM EXCHANGE DIFFERENCES	70,091	180,864
<b>FINAL BALANCE</b>	<b>846,460</b>	<b>719,585</b>

#### iii Expenses by Nature of the Benefits

	01/01/10 12/31/2010	01/01/09 12/31/2009
MOVEMENTS OF EXPENSES ACCORDING TO THE NATURE OF THE BENEFITS	THUS\$	THUS\$
SHORT-TERM BENEFITS	1,640,202	1,303,336
POST-EMPLOYMENT BENEFITS	59,410	7,176
TERMINATION BENEFITS	254,669	8,825
BENEFITS FOR YEARS OF SERVICE	25,691	-
<b>TOTAL</b>	<b>1,979,972</b>	<b>1,319,337</b>

## 19. NET EQUITY

Article 6 of Decree Law 1,350, stipulates that the profit generated by the Corporation belong to the State and must be credited to general government revenue, after deduction of the amounts authorized for capitalization and reserves through the procedure specified in the Article.

The balance of payable dividends in the respective periods is presented reducing the equity of the Corporation and recognizing a liability under Trade and other payables in current liabilities. At December 31, 2010 the Corporation has a liability for ThUS\$173,134.

The Corporation has recorded this liability as a provision for the difference that exists in the respective periods between the financial profit generated and the dividends and advances paid to the Treasury of Chile, charged to the same periods as established in article 6 of DL 1,350 and its amendments, which govern the Corporation. The law referred to above allows the Board of the Corporation - at the end of this fiscal year - to propose the capitalization of part of this year's profit, which must be approved by a joint decree of the Ministries of Finance and Mining.

As a reference, by agreements of the Board and by the issue of the respective decrees referred to above, in 2007 and 2008 the Corporation capitalized approximately US\$500 million, with

charge to the respective period's profit. Additionally, for the same purpose of financing the Corporation's investment plan, in 2009 the Corporation received a capital increase of US\$1,000 million, as stipulated in transitory Article 6 of Law No.20,392.

The "Statement of Changes in Equity" discloses the changes in the Corporation's equity.

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

### a) Other Reserves

The details of the other reserves in equity, are listed in the table below, at the dates indicated in each case.

OTHER RESERVES	12-31-2010 ThUS\$	12-31-2009 ThUS\$	01-01-09 ThUS\$
EXCHANGE DIFFERENCES ON TRANSLATION RESERVES	2,916	2,426	-
CASH FLOW HEDGES RESERVES	(969,571)	(1,017,519)	28,404
OTHER RESERVES	1,642,058	1,637,733	1,764,325
<b>TOTAL</b>	<b>675,403</b>	<b>622,640</b>	<b>1,792,729</b>

### b) IFRS First-Time Adoption Adjustments in Net Equity

The balance to be realized of the main IFRS first-time adoption adjustments that were recorded in the Corporation's net equity and the amount that has been realized in 2010 and 2009, is as follows:

	OPENING BALANCE	UNREALIZED BALANCE		REALIZED BALANCE IN THE PERIOD	
	01/01/2009 ThUS\$	12/31/2009 ThUS\$	12/31/2010 ThUS\$	12/31/2009 ThUS\$	12-31/2010 ThUS\$
<b>MAIN IFRS ADJUSTMENTS CREDITED/(DEBITED) TO RETAINED EARNINGS</b>					
FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT AS DEEMED COST	1,803,700	1,545,971	1,327,497	(257,729)	(218,474)
DEFINED BENEFIT OBLIGATIONS WITH EMPLOYEES	279,739	244,560	187,776	(35,179)	(56,784)
EFFECT ON DEFERRED TAXES	(1,291,732)	(1,110,129)	(939,469)	181,603	170,660
<b>TOTAL</b>	<b>791,707</b>	<b>680,402</b>	<b>575,804</b>	<b>(111,305)</b>	<b>(104,598)</b>

**c) Non-Controlling Ownership Interest**

The details of non-controlling ownership interest, included in liabilities and net income are listed in the table below, at the dates indicated in each case.

ENTITY	NET EQUITY			PROFIT (Loss)	
	12/31/2010	12/31/2009	01/01/09	01/01/10 12/31/2010	01/01/09 12/31/2009
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
ASOCIACIÓN GARANTIZADORA DE PENSIONES	24	25	21	(2)	(1)
BIOSIGMA S.A.	1,023	987	1,805	(1,284)	(1,898)
INSTITUTO DE INNOVACIÓN EN MINERÍA Y METALURGIA S.A.	4	3	2	-	1
CLÍNICA SAN LORENZO LTDA.	11	13	11	3	-
MICOMO S.A.	914	967	1,103	(53)	(136)
FUNDACIÓN DE SALUD EL TENIENTE	18	12	9	(2)	(1)
<b>TOTAL</b>	<b>1,994</b>	<b>2,007</b>	<b>2,951</b>	<b>(1,338)</b>	<b>(2,035)</b>

**20. REVENUE**

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

ITEM	01/01/10 12/31/2010	01/01/09 12/31/2009
	THUS\$	THUS\$
REVENUE FROM SALES OF THE COMPANY'S COPPER	14,501,055	10,684,457
REVENUE FROM SALE OF THIRD PARTIES' COPPER	1,255,682	826,320
REVENUE FROM SALES OF MOLYBDENUM	719,831	512,031
REVENUE FROM SALES OF OTHER PRODUCTS	631,447	743,433
LOSS IN FUTURES MARKET	(1,042,069)	(387,104)
<b>TOTAL</b>	<b>16,065,946</b>	<b>12,379,137</b>

**21. OTHER REVENUES AND EXPENSES BY FUNCTION**

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

**a) Other Revenues by Function**

ITEM	01/01/10 12/31/10	01/01/09 12/31/09
	THUS\$	THUS\$
PENALTIES TO SUPPLIERS	8,111	7,175
REALIZED INCOME	4,778	15,465
OUTSOURCING	6,295	5,129
MISCELLANEOUS SALES (NET)	98,168	65,894
OTHER SUNDRY INCOME	24,121	214,700
<b>TOTAL</b>	<b>141,473</b>	<b>308,363</b>

**b) Other Expenses by Function**

ITEM	01/01/10 12/31/10	01/01/09 12/31/09
	THUS\$	THUS\$
LAW N° 13.196	(1,310,733)	(979,906)
YEAR-END EXPENSES	(14,810)	(128,286)
BONUS FOR THE END OF COLLECTIVE BARGAINING	(208,083)	(127,226)
EARLY RETIREMENT PLAN	(288,246)	(15,622)
OTHER EXPENSES	(236,995)	(207,401)
<b>TOTAL</b>	<b>(2,058,867)</b>	<b>(1,458,441)</b>

## 22. FINANCE COSTS

ITEM	01/01/10 12/31/2010 THUS\$	01/01/09 12/31/2009 THUS\$
BOND INTEREST	(208,925)	(182,887)
BANK LOAN INTEREST	(11,756)	(28,325)
EXCHANGE DIFFERENCIACION SEVERANCE INDEMNITY PROVISION	(35,976)	(28,261)
EXCHANGE DIFFERENCES ON OTHER NON-CURRENT PROVISIONS	(56,139)	(50,967)
OTHER	(18,336)	(28,317)
<b>TOTAL</b>	<b>(331,132)</b>	<b>(318,757)</b>

## 23. OPERATING SEGMENTS

In Section II, "Summary of Significant Accounting Policies" it has been indicated that, for purposes of IFRS No. 8, "Operating Segments", these are determined according to the Divisions that make up Codelco. On the other hand, the revenues and expenses of the headquarters, are distributed among the defined segments.

The mining sites in operation, in which the Corporation carries out its extractive and processing production processes, are managed by Chuquicamata, Radomiro Tomic, Salvador, Andina and El Teniente divisions. The Ventanas division is dedicated exclusively to smelting and refining processes. These divisions operate under separate management, which report to the Executive President. Additionally, in May 2008, the Gabriela Mistral mine site was added. The characteristics of each division and their respective mine sites are detailed below:

### CHUQUICAMATA

**Type of mine sites:** open pit mines.  
**Operating:** since 1915  
**Location:** Calama - Region II  
**Products:** electrorefined and electro-obtained copper cathodes and copper concentrate.

### RADOMIRO TOMIC

**Types of mine sites:** open pit mines  
**Operating:** since 1997  
**Location:** Calama - Region II  
**Products:** electrorefined and electro-obtained copper cathodes and copper concentrate

### SALVADOR

**Types of mine sites:** underground mine  
**Operating:** since 1926  
**Location:** Salvador - Region III  
**Products:** electrorefined and electro-obtained copper cathodes and copper concentrate

### ANDINA

**Types of mine sites:** underground and open pit mines  
**Operating:** since 1970  
**Location:** Los Andes - Region V  
**Product:** copper concentrate

### EL TENIENTE

**Type of mine sites:** underground mine  
**Operating:** since 1905  
**Location:** Rancagua - Region VI  
**Products:** fire-refined copper and copper anodes

### GABRIELA MISTRAL

**Types of mine sites:** open pit mine  
**Operating:** since 2008  
**Location:** Calama - Region II  
**Products:** electro-obtained cathodes.

### HEADQUARTERS

#### DISTRIBUTION

The revenue and expenses of the headquarters and the Corporation's Subsidiaries are added to the direct revenue and expenses of the operating divisions, according to bases established for each year, as evidenced by the Statement of Income and Expenses of the headquarters and the Subsidiaries. In addition, revenue and costs between operating segments are eliminated. Principal items are allocated as the criteria:

**The Sales and Selling Costs of Headquarters Commercial Transactions**

- › The distribution to the Operating Divisions is made proportionally to the value of the products and sub-products invoiced by each Division.

**Administration and Sales Expenses**

- › The cost centers identified with each Division are allocated directly.
- › The cost centers associated with the sales function and administration and sales expenses are allocated in proportion to the invoiced and recorded value of products and byproducts shipped by each Division.
- › The cost centers associated to the supply function are allocated in relation to the warehouse accounting balances of each Operating Division.
- › The remaining cost centers are allocated in relation to the operating expenditures of the respective Divisions.

**Other Revenue**

- › The revenue associated and identified with each specific Division is allocated directly.
- › The recognition of realized revenue and other revenue of the headquarters are allocated in proportion to the invoiced and recorded value of products and byproducts shipped by each Division.
- › The remainder is distributed in proportion to the sum of the balances of the “Other revenue” and the “Financial revenue” items of the respective Divisions.

**Other Expenses**

- › The expenses associated and identified with each specific Division are allocated directly.
- › The expenses of pre-investment studies and the non-operating expenses of the Subsidiaries are allocated in proportion to the invoiced and recorded value of the shipped products and byproducts invoiced by each Division.
- › The remainder is allocated in proportion to the sum of the balances of the “Other expenses” and the “Financial costs” items of each Division.

The following tables detail the information according to the Corporation's operating segments:

AT DECEMBER 31, 2010 (THUS\$)											
SEGMENTS	CHUQUICAMATA	R. TOMIC	SALVADOR	ANDINA	EL TENIENTE	VENTANAS	G. MISTRAL	M. HALES	CODELCO TOTAL HEADQUARTERS	SUNSDIARIES NET	CONSOLIDATED TOTAL
REVENUE FROM SALES OF COPPER	5,094,736	2,373,076	1,088,075	1,341,566	3,159,811	621,224	919,008	-	14,597,496	513,680	15,111,176
REVENUE FROM SALE OF THIRD PARTIES' COPPER	-	-	-	-	-	153,129	-	-	153,129	1,102,553	1,255,682
REVENUE FROM SALES OF MOLYBDENUM	381,074	-	44,032	98,916	195,809	-	-	-	719,831	-	719,831
REVENUE FROM SALES OF OTHER PRODUCTS	210,421	-	110,140	17,768	91,835	286,256	-	-	716,420	(84,973)	631,447
REVENUE FROM FUTURES MARKET	(401,061)	(168,938)	(78,597)	(96,208)	(231,889)	-	(64,582)	-	(1,041,275)	(794)	(1,042,069)
REVENUE BETWEEN SEGMENTS									-	(610,121)	(610,121)
OTHER REVENUE									-	-	-
INCOME FROM REGULAR ACTIVITIES	5,285,170	2,204,138	1,163,650	1,362,042	3,215,566	1,060,609	854,426	-	15,145,601	920,345	16,065,946
COST OF SALES OF THE COMPANY'S COPPER	(2,899,503)	(744,202)	(784,451)	(598,133)	(1,184,452)	(635,176)	(400,401)	-	(7,246,318)	(553,174)	(7,799,492)
COST OF SALES OF THIRD PARTIES' COPPER	-	-	-	-	(329)	(160,077)	-	-	(160,406)	(1,096,325)	(1,256,731)
COST OF SALES OF MOLYBDENUM	(74,460)	-	(13,993)	(17,891)	(34,721)	-	-	-	(141,065)	-	(141,065)
COST OF SALES OF OTHER PRODUCTS	(95,586)	-	(104,310)	20,790	(97,220)	(309,157)	-	-	(585,483)	85,161	(500,322)
COSTS OF SALES BETWEEN SEGMENTS	(13,570)	(5,659)	(2,988)	(3,497)	(8,256)	(2,723)	(2,194)	-	(38,887)	959,473	920,586
OTHER COSTS OF SALES									-	(311,716)	(311,716)
COST OF SALES	(3,083,119)	(749,861)	(905,742)	(598,731)	(1,324,978)	(1,107,133)	(402,595)	-	(8,172,159)	(916,581)	(9,088,740)
GROSS PROFIT	2,202,051	1,454,277	257,908	763,311	1,890,588	(46,524)	451,831	-	6,973,442	3,764	6,977,206
OTHER REVENUE PER FUNCTION	27,110	11,536	10,839	27,601	54,161	3,757	196	-	135,200	6,273	141,473
DISTRIBUTION COSTS	(3,081)	(1,295)	(3,832)	(866)	(2,241)	(622)	(485)	-	(12,422)	(2,572)	(14,994)
ADMINISTRATIVE EXPENSES	(116,492)	(33,189)	(30,926)	(33,644)	(95,651)	(19,560)	(24,157)	(210)	(353,829)	(36,405)	(390,234)
OTHER EXPENSES PER FUNCTION	(906,468)	(250,084)	(156,173)	(154,340)	(424,539)	(81,402)	(83,459)	-	(2,056,465)	(2,402)	(2,058,867)
OTHER GAINS (LOSSES)	-	-	-	-	-	-	-	-	-	28,040	28,040
FINANCE INCOME	14,536	3,705	2,735	4,248	7,885	1,054	1,564	-	35,727	(168)	35,559
FINANCE COSTS	(107,456)	(11,630)	(6,092)	(61,745)	(88,041)	(15,309)	(36,162)	(2)	(326,437)	(4,695)	(331,132)
SHARE IN THE PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR BY THE EQUITY METHOD	114,589	43,491	22,832	27,203	63,448	20,928	2,080	-	294,571	8,824	303,395
EXCHANGE DIFFERENCES	(56,628)	(9,410)	(15,220)	(24,192)	(82,960)	(8,618)	(4,747)	-	(201,775)	(749)	(202,524)
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>1,168,161</b>	<b>1,207,401</b>	<b>82,071</b>	<b>547,576</b>	<b>1,322,650</b>	<b>(146,296)</b>	<b>306,661</b>	<b>(212)</b>	<b>4,488,012</b>	<b>(90)</b>	<b>4,487,922</b>
INCOME TAX EXPENSES	(676,240)	(711,367)	(37,259)	(322,324)	(781,162)	96,183	(178,313)	129	(2,610,353)	(1,248)	(2,611,601)
<b>PROFIT (Loss)</b>	<b>491,921</b>	<b>496,034</b>	<b>44,812</b>	<b>225,252</b>	<b>541,488</b>	<b>(50,113)</b>	<b>128,348</b>	<b>(83)</b>	<b>1,877,659</b>	<b>(1,338)</b>	<b>1,876,321</b>

At DECEMBER 31, 2009 (THUS\$)										
SEGMENTS	CHUQUICAMATA	R. TOMIC	SALVADOR	ANDINA	EL TENIENTE	VENTANAS	G. MISTRAL	TOTAL CODELCO	SUNSDIARIES HEADQUATERS NET	CONSOLIDATED TOTAL
REVENUE FROM SALES OF COPPER	3,600,541	1,740,864	770,923	1,222,116	2,178,028	386,749	805,959	10,705,179	409,438	11,114,617
REVENUE FROM SALE OF THIRD PARTIES' COPPER	-	-	-	-	-	61,307	-	61,307	765,013	826,320
REVENUE FROM SALES OF MOLYBDENUM	325,672	-	22,899	47,195	116,265	-	-	512,031	-	512,031
REVENUE FROM SALES OF OTHER PRODUCTS	174,116	-	118,762	23,544	152,004	275,012	(5)	743,433	-	743,433
GAIN ON FUTURE MARKET	(141,137)	(67,977)	(27,340)	(47,382)	(70,889)	-	(32,253)	(386,978)	(126)	(387,104)
REVENUE BETWEEN SEGMENTS	-	-	-	-	-	-	-	-	(430,160)	(430,160)
OTHER REVENUE	-	-	-	-	-	-	-	-	-	-
INCOME FROM REGULAR ACTIVITIES	3,959,192	1,672,887	885,244	1,245,473	2,375,408	723,068	773,701	11,634,972	744,165	12,379,137
COST OF SALES OF THE COMPANY'S COPPER	(1,903,304)	(787,452)	(263,934)	(528,630)	(1,091,510)	(64,702)	(371,781)	(5,011,313)	(442,452)	(5,453,765)
COST OF SALES OF THIRD PARTIES' COPPER	(428,832)	-	(387,902)	-	-	(397,529)	-	(1,214,263)	(747,818)	(1,962,081)
COST OF SALES OF MOLYBDENUM	(67,784)	-	(8,720)	(15,090)	(34,325)	-	-	(125,919)	-	(125,919)
COST OF SALES OF OTHER PRODUCTS	(42,395)	-	(107,697)	(492)	(115,512)	(283,842)	(1)	(549,940)	-	(549,940)
COSTS OF SALES BETWEEN SEGMENTS	(8,561)	(3,606)	(1,916)	(2,689)	(5,136)	(1,552)	(1,668)	(25,128)	915,037	889,909
OTHER COSTS OF SALES	-	-	-	-	-	-	-	-	(282,435)	(282,435)
COST OF SALES	(2,450,877)	(791,058)	(770,169)	(546,901)	(1,246,484)	(747,625)	(373,450)	(6,926,563)	(557,668)	(7,484,231)
GROSS PROFIT	1,508,315	881,829	115,076	698,572	1,128,924	(24,557)	400,250	4,708,409	186,497	4,894,906
OTHER REVENUE PER FUNCTION	37,482	66,819	50,270	36,021	97,000	13,558	1,053	302,203	6,160	308,363
DISTRIBUTION COSTS	(5,854)	(2,466)	(1,310)	(1,838)	(3,512)	(1,061)	(1,140)	(17,182)	(1,975)	(19,157)
ADMINISTRATIVE EXPENSES	(85,272)	(29,699)	(23,695)	(38,206)	(74,411)	(19,201)	(16,551)	(287,035)	(218,581)	(505,616)
OTHER EXPENSES PER FUNCTION	(631,384)	(169,937)	(83,843)	(152,377)	(290,202)	(52,422)	(76,642)	(1,456,807)	(1,634)	(1,458,441)
OTHER PROFITS (LOSSES)	-	-	-	-	-	-	-	-	14,750	14,750
FINANCE INCOME	9,721	2,745	2,042	2,689	7,423	899	638	26,158	1,508	27,666
FINANCE COSTS	(125,250)	(44,603)	(16,496)	(37,661)	(72,297)	(9,728)	(8,078)	(314,112)	(4,645)	(318,757)
SHARE IN THE PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR BY THE EQUITY METHOD	103,387	43,538	22,403	32,324	62,006	18,739	20,135	302,533	8,118	310,651
EXCHANGE DIFFERENCES	(181,508)	7,524	(11,236)	(22,317)	(52,911)	(19,135)	2,255	(277,328)	10,797	(266,531)
<b>PROFIT (LOSS), BEFORE TAXES</b>	<b>629,637</b>	<b>755,751</b>	<b>53,212</b>	<b>517,206</b>	<b>802,020</b>	<b>(92,907)</b>	<b>321,920</b>	<b>2,986,839</b>	<b>995</b>	<b>2,987,834</b>
INCOME TAX EXPENSES	(401,942)	(449,825)	(30,530)	(309,473)	(486,336)	56,702	(189,209)	(1,810,613)	(3,030)	(1,813,643)
<b>PROFIT (LOSS)</b>	<b>227,696</b>	<b>305,926</b>	<b>22,682</b>	<b>207,732</b>	<b>315,684</b>	<b>(36,205)</b>	<b>132,711</b>	<b>1,176,226</b>	<b>(2,035)</b>	<b>1,174,191</b>

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The assets and liabilities related to each operating segment, including the Corporation's corporate center (headquarters) at December 31, 2010 and at

December 31, 2009, are detailed in the following tables:

## At DECEMBER 31, 2010

BALANCE SHEET ITEM	CHUQUICAMATA THUS\$	RADOMIRO TOMIC THUS\$	SALVADOR THUS\$	ANDINA THUS\$	EL TENIENTE THUS\$	VENTANAS THUS\$	G. MISTRAL THUS\$	M. HALES THUS\$	PARENT HEADQUATERS COMPANY CONSOLIDATED THUS\$	
									THUS\$	THUS\$
CURRENT ASSETS	1,697,367	524,568	489,662	467,567	795,830	310,335	251,597	4,318	1,410,232	5,951,476
NON-CURRENT ASSETS	3,118,643	1,233,388	428,352	3,042,902	2,771,088	278,212	916,073	131,803	2,407,104	14,327,565
CURRENT LIABILITIES	696,405	93,134	113,621	285,423	459,953	138,851	541	42,692	3,413,207	5,243,827
NON-CURRENT LIABILITIES	827,355	118,390	164,582	174,766	597,336	35,300	11,552	93,641	8,481,080	10,504,002

## At DECEMBER 31, 2009

BALANCE SHEET ITEM	CHUQUICAMATA THUS\$	RADOMIRO TOMIC THUS\$	SALVADOR THUS\$	ANDINA THUS\$	EL TENIENTE THUS\$	VENTANAS THUS\$	G. MISTRAL THUS\$	M. HALES THUS\$	PARENT HEADQUATERS COMPANY CONSOLIDATED THUS\$	
									THUS\$	THUS\$
CURRENT ASSETS	1,329,738	513,156	407,270	279,741	579,670	270,398	186,260	-	1,429,329	4,995,564
NON-CURRENT ASSETS	3,655,301	940,986	364,215	2,814,741	3,201,128	424,348	1,261,809	-	595,788	13,258,316
CURRENT LIABILITIES	761,808	64,517	82,019	228,870	365,324	158,492	3,525	-	2,432,059	4,096,615
NON-CURRENT LIABILITIES	1,125,457	97,673	245,541	245,625	747,845	44,756	14,828	-	7,192,313	9,714,038

Revenue segregated by geographical area is as follows:

INCOME PER GEOGRAPHICAL AREAS	01/01/10	01/01/09
	12/31/2010	12/31/2009
	THUS\$	THUS\$
TOTAL REVENUE FROM LOCAL CUSTOMERS	1,211,955	985,679
TOTAL REVENUE FROM FOREIGN CUSTOMERS	14,853,991	11,393,458
<b>TOTAL</b>	<b>16,065,946</b>	<b>12,379,137</b>

## 24. EXCHANGE DIFFERENCES

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

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

GAIN (LOSS) FROM EXCHANGE DIFFERENCES RECOGNIZED IN INCOME	01/01/10	01/01/09
	12/31/2010	12/31/2009
	THUS\$	THUS\$
GAIN FROM EXCHANGE DIFFERENCES	84,996	188,478
LOSS FROM EXCHANGE DIFFERENCES	(287,520)	(455,009)
<b>TOTAL EXCHANGE DIFFERENCES</b>	<b>(202,524)</b>	<b>(266,531)</b>

## 25. STATEMENT OF CASH FLOWS

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

OTHER COLLECTIONS FROM OPERATING ACTIVITIES	01/01/10	01/01/09
	12/31/2010	12/31/2009
	THUS\$	THUS\$
VAT REFUND	1,242,491	1,011,662
OTHERS	524,660	508,503
<b>TOTAL</b>	<b>1,767,151</b>	<b>1,520,165</b>

OTHER PAYMENTS FOR OPERATING ACTIVITIES	01/01/10	01/01/09
	31/12/10	31/12/09
	THUS\$	THUS\$
CONTRIBUTION TO THE CHILEAN TREASURY (Law No.13,196)	(1,270,940)	(912,498)
FINANCIAL HEDGES AND SALES	(986,624)	(324,025)
VAT AND OTHER SIMILAR PAID	(1,267,851)	(1,003,727)
<b>TOTAL</b>	<b>(3,525,415)</b>	<b>(2,240,250)</b>

## 26. FINANCIAL RISK MANAGEMENT

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

The Market Risk Management Committee and the Vice-presidency of Administration and Finance are responsible for this.

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

The following are the risks to which Codelco is exposed, along with a brief description of the actions that are implemented in each case.

### a. Financial Risks

#### • Exchange rate risk:

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

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

The transactions in currencies other than US\$ are mainly in Chilean pesos.

Taking the assets and financial liabilities at December 31, 2010 as the base, a fluctuation (positive or negative) of 10 Chilean pesos against the U.S. dollar (keeping the other variables constant), could affect profit by + / - US\$30 million.

#### • Interest Rate Risk:

This risk is generated by interest rate fluctuations in Codelco's investment and financing activities. This movement can affect future cash flows or

the market value of fixed rate financial instruments.

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

It is estimated that, on the basis of net debt at December 31, 2010 and 2009, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US\$10 million change in financial expenses at 31 December 2010.

Total fixed and variable interest rate obligations maintained by Codelco at December 31, 2010, amount to ThUS\$4,672,235 and ThUS\$1,587,500, respectively.

### b. Market Risks

#### • Commodity Price Risk:

As a result of its commercial operations and activities, the results of the Corporation are principally exposed to the volatility of copper prices and certain sub products such as gold and silver.

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

At December 31, 2010, if the future price of copper were to vary by + / - 5% (with the other variables constant), net income would vary + / - US\$172 million as a result of the mark to market adjustment of sales revenue at provisional prices current at December 31, 2010 (ThTMF 401).

In order to protect its cash flows and, if necessary, adjust its sales contracts to its commercial policy, the Corporation

performs transactions in the futures market, recording their results at maturity. These results are added or deducted from sales revenue. This addition or deduction is made because sales revenue incorporates the positive or negative effect of market prices.

The note "Derivative Contracts" describes the financial hedging instruments that exist at December 31, 2010 and December 31, 2009 to minimize market risk.

At December 31, 2010 and December 31, 2009, a one cent (US\$) variation in the price of the pound of copper, because of the effect on derivative instrument contracts entered into by the Corporation, would mean a variation in revenue or payments for existing contracts (exposure) of US\$7 and US\$13 million, respectively.

No hedging contracts have been entered into for the specific purpose of mitigating the price risk caused by fluctuations in the price of production supplies.

### c. Liquidity Risk

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

In this sense Codelco Chile maintains resources at its availability, whether in cash, liquid financial instruments and credit facilities that are sufficient to meet its obligations.

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

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

MATURITIES OF FINANCIAL LIABILITIES AT DECEMBER 31, 2010	LESS THAN ONE YEAR THUS\$	BETWEEN ONE YEAR AND FIVE YEARS THUS\$	MORE THAN FIVE YEARS THUS\$
LOANS TO FINANCIAL INSTITUTIONS	340,613	1,296,050	-
BONOS	61,933	1,748,227	2,899,614
FINANCIAL LEASES	17,367	50,800	71,703
DERIVATIVES	1,493,312	1,028,308	-
OTHER FINANCIAL LIABILITIES	5,683	94,780	-
<b>TOTAL</b>	<b>1,918,908</b>	<b>4,218,165</b>	<b>2,971,317</b>

#### d. Credit Risk

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

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

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

The maximum credit risk exposure at December 31, 2010 is reliably represented by the financial assets items that are presented in the Corporation's Statement of Financial Position.

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

The client items include provisions, which are not significant, based on the review of the debt balances and the cli-

ents' characteristics, to cover possible insolvencies.

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

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

At December 31, 2010, December 31, 2009 and January 1, 2009, there are no receivable balances that have been renegotiated.

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

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

During the third quarter of 2010 and 2009, no assets have been obtained as a result of the execution of guarantees contracted to insure the collection of third party debt.

Personnel loans are principally generated by mortgage loans, according to

programs included in collective agreements, which are guaranteed by housing mortgages and payment is made through payroll discounts.

## 27. DERIVATIVES CONTRACTS

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

### a. Interest Rate Hedges

At December 31, 2010 and 2009, the Corporation has no current contracts.

### b. Exchange Rate Hedges

The Corporation has interest rate hedging transactions for a total of ThUS\$173,299, which mature in August 2012 and April 2025.

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

DECEMBER 31, 2010						
HEDGED ITEM	BANK	TYPE OF DERIVATIVE CONTRACT	AMOUNT OF HEDGED ITEM THUS\$	SWAP VALUE THUS\$	EXPOSURE THUS\$	
BOND IN UF MATURING IN 2012	BCO. CHILE - JP MORGAN	SWAP	320,909	164,482	34,665	
BOND IN UF MATURING IN 2025	CREDIT SUISSE	SWAP	316,326	208,519	138,634	
<b>TOTAL</b>			<b>637,235</b>	<b>373,001</b>	<b>173,299</b>	

ThUS\$67,030 at December 31, 2010 (December 31, 2009: ThUS\$49,253; January 1, 2009: ThUS\$59,338) are included in Other Non-Current Financial Liabilities. The collections originated by these contracts are recorded at the respective obligations maturity.

### c. Cash Flow and Commercial Policy Adjustment Hedging Contracts

The Corporation performs transactions in the futures market, recording their results at maturity. These results are added to or deducted from sales revenue. This addition or deduction is made because sales revenue incorporates the positive or negative effect of market prices. At December 31, 2010, these operations generated lower net income of ThUS\$1,043,294 (plus an effect of

lower net income equivalent to ThUS\$794 in subsidiaries), which is detailed below:

#### c.1. Commercial Operations of Current Copper Contracts

The purpose of these contracts is to adjust the price of shipments to the Corporation's related policy, defined in accordance with the London Metal Exchange (LME). In the January to December 2010 period, the Corporation has performed futures market transactions that represent 237,045 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts at December 31, 2010 present a ThUS\$153,947 posi-

tive exposure, and their final result will only be known at their maturity, offsetting the hedging transactions with revenue from the sale of the hedged products.

The transactions completed between January 1 and December 30, 2010 generated a net negative effect on net income of ThUS\$28,419, which is deducted from the amounts paid for purchase contracts and added to the values received for sales contracts of the products affected by these pricing transactions.

### c.2. Commercial Transactions of Current Gold and Silver Contracts

At December 31, 2010 the Corporation maintains contracts for pricing the sale of gold for ThTOZ 3 and silver for ThTOZ 994.

At December 31, 2010 the Corporation maintains contracts for pricing the sale of gold for ThTOZ 3 and silver for ThTOZ 994.

The transactions completed between January 1 and December 30, 2010 generated a negative effect on net income of ThUS\$9,194, which is deducted from the amounts received for the sales contracts of the products affected by these pricing transactions. These hedging transactions mature up to March 2012.

### c.3. Cash Flow Hedging Operations Backed by Future Production

Also, to hedge future cash flows by ensuring the sale price of part of its production, copper futures transactions have been entered into for 365,550 tons of fine copper (TMF). The copper futures sales contracts mature up to March 2013.

The current futures contracts at December 31, 2010 present a ThUS\$2,409,632 negative exposure, and their final result will only be known at their maturity, offsetting their effects with the sale of the hedged products.

The futures transactions completed between January 1 and December 31, 2010, related to production sold, generated a lower revenue of ThUS\$1,005,680, which is the result of offsetting the hedging transaction and sales revenue from the sale of the products affected by this pricing. These results are presented reducing net operating results.

At December 31, 2010, the Corporation does not have any option contracts.

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

DECEMBER 31, 2010		MATURITY DATE					
THUS\$	2010	2011	2012	2013	2014	FOLLOWING	TOTAL
FLEX COM COPPER (ASSETS)	-	186,776	(3,637)	-	-	-	183,139
FLEX COM COPPER (LIABILITIES)	-	(29,192)	-	-	-	-	(29,192)
FLEX COM GOLD/SILVER	-	245	-	-	-	-	245
COPPER PRICING	-	(1,450,766)	(957,641)	-	-	-	(2,408,407)
METAL OPTIONS	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>(1,292,937)</b>	<b>(961,278)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,254,215)</b>

DECEMBER 31, 2009		MATURITY DATE					
THUS\$	2010	2011	2012	2013	2014	FOLLOWING	TOTAL
FLEX COM COPPER (ASSETS)	284,761	74	-	-	-	-	284,835
FLEX COM COPPER (LIABILITIES)	(1,323)	-	-	-	-	-	(1,323)
FLEX COM GOLD/SILVER	203	-	-	-	-	-	203
COPPER PRICING	(1,088,384)	(994,183)	(693,128)	-	-	-	(2,775,695)
METAL OPTIONS	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>(804,743)</b>	<b>(994,109)</b>	<b>(693,128)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,491,980)</b>

DECEMBER 31, 2010		MATURITY DATE					
TH MT/OZ	2010	2011	2012	2013	2014	FOLLOWING	TOTAL
COPPER FUTURES [MT]	-	422	26	-	1	-	449
GOLD / SILVER FUTURES [OZ]	-	997	-	-	-	-	997
COPPER PRICING [MT]	-	202	150	-	-	-	352
METAL OPTIONS [MT]	-	-	-	-	-	-	-

DECEMBER 31, 2009		MATURITY DATE					
TH MT/OZ	2010	2011	2012	2013	2014	FOLLOWING	TOTAL
COPPER FUTURES [MT]	360	22	-	-	-	-	382
GOLD / SILVER FUTURES [OZ]	260	-	-	-	-	-	260
COPPER PRICING [MT]	252	216	150	-	-	-	618
METAL OPTIONS [MT]	-	-	-	-	-	-	-

## 28. CONTINGENCIES AND RESTRICTIONS

### i Litigations and Contingencies

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

In the opinion of Management and its legal advisors, the lawsuits in which the Company is being sued do not represent significant loss contingencies. Codelco defends its rights and employs all corresponding relevant legal instances, resources and procedures.

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

- Tax Lawsuits: There are different tax lawsuits for Internal Revenue Service tax assessments for which the Corporation has filed the corresponding opposition.
- Labor Lawsuits: Labor lawsuits filed by workers of the Andina Division against the Corporation, referred to occupational illness (silicosis).
- Mining Lawsuits and others derived from operations: The Corporation has been participating and will probably continue to participate as a plaintiff and defendant in certain lawsuits relating to its operations and mining activities, through which it seeks to exercise or oppose certain

actions or exceptions with regard to certain mining concessions that have been established or are pending constitution, and its other activities. The amounts related to these processes have not been currently determined and do not essentially affect Codelco's development.

A case by case analysis of these lawsuits has shown that there are a total of 302 cases that have an estimated value. It is estimated that 51 of these, that represent 17% of the universe and which amount to ThUS\$33,623, could have a negative result for the Corporation. There are also 129 lawsuits, that represent 43% of the total and which amount to ThUS\$81,777, about which there is no certainty that the outcome would be unfavorable for Codelco. For the 122 remaining cases, amounting to ThUS\$13,825, the Corporation's legal advisors believe an unfavorable outcome is unlikely. In addition, there are 161 lawsuits for undetermined amounts; it is believed that the result of 27 of these could be unfavorable to Codelco.

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

The necessary provisions have been made for the lawsuits with probable losses and their legal costs. These provisions are recorded as contingency provisions.

As is public knowledge, the Corporation has submitted Appeals for Protection before the respective Courts of Appeals, challenging the records of finding notified by the Labor Department, for inspections performed under the framework of Law No.20,123, which regulates subcontracted work schemes and temporary service firms. Five of these appeals were accepted and one was rejected, the latter has been appealed by the Corporation. All appeals are currently pending in the Supreme Court.

### ii Other Commitments

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

b) On February 29, 2010, the Board agreed to continue the mining operations of the Salvador Division until 2016, and if market and operating conditions are maintained, until 2021. Both extensions are subject to the condition that management improvements and cost reductions commitments made by the Division are met. These commitments were filed at the Board of Directors in August 2010. And the extension was approved.

**c)** On May 31, 2005, Codelco, through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to form a company, Copper Partners Investment Company Ltd., in which both companies have equal participation. A 15-year copper cathode sales contract to that associated company was agreed, as well as a purchase contract from Minmetals to the latter for the same period and for equal monthly shipments to complete a total of 836,250 metric tons. Each shipment shall be paid by the buyer at a price formed by a fixed readjustable component plus a variable component, which depends on current copper prices at the time of shipment.

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

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

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

At December 31, 2010, the contract is operational, and monthly shipments began in June 2006.

On the basis of the agreements with Minmetals, Codelco's Board of Directors authorized hedging transactions for a total of 139,325 tons, by Copper Partners Investment Company Ltd., which were completed during the months of January and March 2006

(13,900 TMF outstanding at December 31, 2010), maturing until July 2011. Copper Partners Investment Company Ltd. assumes the results of the hedging transactions.

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

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

**d)** On January 30, 2009, the Corporation informed Anglo American Sur S.A. of its decision to postpone the exercise of the option it has - initially belonging to Empresa Nacional de Minería (ENAMI) and transferred to Codelco for consideration - to acquire up to 49% of the shares of said company, for the next contract period from January 1 to 31, 2012.

On February 22, 2010, Codelco made an advance payment of ThUS\$163,935 for the assignment of ENAMI's option to purchase Anglo American Sur S.A. shares, in three installments, the first two of ThUS\$60,000 were paid on February 22 and 25, 2010, respectively, and a third installment for the balance, was paid on March 1, 2010.

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

- Acquire the right to the long-term use of the terminal's capacity from the end of the contract, or
- To acquire the company's shares; the companies are committed to choosing one or other of these two alternatives.

The Corporation has signed guarantees for 50% of the total exposure of the derivative transactions made by GNL Mejillones S.A., up to a maximum of ThUS\$360,000.

**f)** Law 19,993 dated December 17, 2004, which authorized the purchase of the Fundación y Refinería Las Ventanas assets from ENAMI, established that the Corporation must ensure the smelting and refining capacity required, without any restriction and limitation, for treating the products of the small and medium mining sector sent by ENAMI, under the form of toll production mode or other form agreed by the parties.

**g)** The obligations with the public for bond issues means that the Corporation must meet certain restrictions related to limits on pledges and leaseback transactions on its principal assets and on its ownership interest in subsidiaries.

The Corporation, at December 31, 2010 and 2009, has met these conditions.

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

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

This contract is based on energy production from Colbún's Santa María thermal power station that is currently

under construction. This plant is coal-fired; therefore, the electric energy tariff rate applied for the energy supplied to Codelco is linked to the price of coal.

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

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

- This Contract replaces the one signed on November 22, 1995, for the supply of electricity to the Chuquicamata work center, for a 15-year term beginning in January 2010 for between 200 and 280 MW in power and all associated electric energy. The approximate cost of the contract is US\$1,380 million for the whole period.

- Modification of the contract dated December 21, 1995 for the Radomiro Tomic work center, for a maximum power of 110 MW, in which new prices are established, for the power and energy contemplated in the contract as well as their new adjustment formulas from January 2010.

j) On December 31, 2009, Codelco has signed a purchase contract with Empresa Nacional de Electricidad S.A., for the purchase of power and electricity from the Central Interconnected System (SIC) to meet Codelco's requirements for its Salvador Division.

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

## 29. GUARANTEES

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

The guarantees given by Codelco include those granted to financial institu-

tions. The main ones are detailed in the following tables:

### DIRECT GUARANTEES PROVIDED TO FINANCIAL INSTITUTIONS

CREDITOR OF THE GUARANTEE	TYPE OF GUARANTEE	Maturity	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
			Guaranteed Amount THUS\$	Guaranteed Amount THUS\$	Guaranteed Amount THUS\$
MACQUARIE BANK LIMITED	STANDBY LETTER - BANCO INTESA SANPAOLO	JANUARY, 2011	60,000	165,000	-
MACQUARIE BANK LIMITED	STANDBY LETTER - BANCO INTESA SANPAOLO	-	-	-	60,000
SEMPRA METALS LIMITED	STANDBY LETTER - BANCO SANTANDER CHILE	JULY, 2010	-	-	80,000
MACQUARIE BANK LIMITED	STANDBY LETTER - BANCO INTESA SANPAOLO	JANUARY, 2011	55,000	-	-
KOCH SUPPLY & TRADING LP	STANDBY LETTER - BANCO SANTANDER CHILE	JANUARY, 2011	55,000	55,000	-
KOCH SUPPLY & TRADING LP	STANDBY LETTER - BANCO INTESA SANPAOLO	MARCH, 2011	30,000	-	-
KOCH SUPPLY & TRADING LP	STANDBY LETTER - BANCO INTESA SANPAOLO	MARCH, 2011	50,000	-	-
<b>TOTAL</b>			<b>250,000</b>	<b>220,000</b>	<b>140,000</b>

### INDIRECT GUARANTEES PROVIDED TO FINANCIAL INSTITUTIONS

CREDITOR OF THE GUARANTEE	GUARANTEED DEBTOR	RELATIONSHIP	TYPE OF GUARANTEED	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
				Guaranteed Amount THUS\$	Guaranteed Amount THUS\$	Guaranteed Amount THUS\$
BARCLAYS BANK PLC	SOCIEDAD GNL MEJILLONES S.A.	ASSOCIATE	GUARANTOR	100,000	100,000	100,000
MORGAN STANLEY CAPITAL GROUP INC.	SOCIEDAD GNL MEJILLONES S.A.	ASSOCIATE	GUARANTOR	200,000	200,000	200,000
KOCH SUPPLY & TRADING LP	SOCIEDAD GNL MEJILLONES S.A.	ASSOCIATE	GUARANTOR	60,000	60,000	60,000
CHINA DEVELOPMENT BANK	COPPER PARTNERS INVESTMENT Co. LTD.	JOINT VENTURE	RIGHTS	26,635	-	117,600
<b>TOTAL</b>				<b>386,635</b>	<b>360,000</b>	<b>477,600</b>

The documents obtained as guarantees principally cover supplier and contractor obligations related to the various projects in progress. Considering the large amount of documents received and the large number of suppliers and contractors, the information regarding these guarantees, is grouped according to the Operating Divisions that have received them.

#### GUARANTEES RECEIVED FROM THIRD PARTIES

DIVISION	12/31/2010 THUS\$	12/31/2009 THUS\$	01/01/09 THUS\$
ANDINA	50,026	78,224	94,892
CHUQUICAMATA	54,907	59,065	51,959
CASA MATRIZ	202,116	166,103	186,079
SALVADOR	536	190	188
EL TENIENTE	67,026	81,841	77,506
FUNDICIÓN VENTANAS	2,127	2,167	897
<b>TOTAL</b>	<b>376,738</b>	<b>387,590</b>	<b>411,521</b>

### 30. BALANCE BY FOREIGN CURRENCY

#### a) Assets by Type of Currency

ITEM	12/31/2010 THUS\$	12/31/2009 THUS\$
▶ LIQUID ASSETS	<b>1,069,177</b>	<b>1,065,960</b>
US DOLLARS	983,905	879,566
EUROS	558	4,412
OTHER CURRENCIES	21,780	2,984
NON-INDEXED CH\$	62,934	171,745
U.F.	-	7,253
▶ CASH AND CASH EQUIVALENTS	874,039	773,076
US DOLLARS	792,409	591,822
EUROS	-	2,256
OTHER CURRENCIES	21,779	-
NON-INDEXED CH\$	59,851	171,745
U.F.	-	7,253
▶ OTHER CURRENT FINANCIAL ASSETS	195,138	292,884
US DOLLARS	191,496	287,744
EUROS	558	2,156
OTHER CURRENCIES	1	2,984
NON-INDEXED CH\$	3,083	-
U.F.	-	-
▶ OTHER CURRENT FINANCIAL ASSETS	<b>3,175,641</b>	<b>2,847,568</b>
US DOLLARS	2,628,357	2,247,579
EUROS	67,926	34,933
OTHER CURRENCIES	459,333	1,643
NON-INDEXED CH\$	18,835	561,727
U.F.	1,190	1,686
▶ SHORT AND LONG-TERM RECEIVABLES	2,714,006	2,062,026
US DOLLARS	2,363,430	1,725,845
EUROS	67,926	34,933
OTHER CURRENCIES	265,486	1,643
NON-INDEXED CH\$	15,974	297,919
U.F.	1,190	1,686

ITEM	12/31/2010 THUS\$	12/31/2009 THUS\$
	198,785	198,102
US DOLLARS	3,585	3,742
EUROS	-	-
OTHER CURRENCIES	193,847	-
NON-INDEXED CH\$	1,353	194,360
U.F.	-	-
<b>▶ RIGHTS RECEIVABLE, NON-CURRENT</b>	157,954	229,181
US DOLLARS	156,446	159,733
EUROS	-	-
OTHER CURRENCIES	-	-
NON-INDEXED CH\$	1,508	69,448
U.F.	-	-
<b>▶ DUE FROM RELATED COMPANIES, CURRENT</b>	104,896	358,259
US DOLLARS	104,896	358,259
EUROS	-	-
OTHER CURRENCIES	-	-
NON-INDEXED CH\$	-	-
U.F.	-	-
<b>▶ DUE FROM RELATED COMPANIES, NON-CURRENT</b>	16,034,223	14,340,352
US DOLLARS	11,754,576	12,724,782
EUROS	460,807	-
OTHER CURRENCIES	3,530,536	-
NON-INDEXED CH\$	250,197	1,615,570
U.F.	38,107	-
<b>▶ REST OF ASSETS</b>	20,279,041	18,253,880
US DOLLARS	15,366,838	15,851,927
EUROS	529,291	39,345
OTHER CURRENCIES	4,011,649	4,627
NON-INDEXED CH\$	331,966	2,349,042
U.F.	39,297	8,939

## b) Liability by Type of Currency

CURRENT LIABILITIES BY CURRENCY	DEC 31, 2010		DEC 31, 2009	
	UNTIL 90 DAYS THUS\$	FROM 90 DAYS TO 1 YEAR THUS\$	UNTIL 90 DAYS THUS\$	FROM 90 DAYS TO 1 YEAR THUS\$
	3.324.919	1.918.908	-	4.096.615
US DOLLARS	3.072.346	1.904.206	-	3.205.916
EUROS	-	3.979	-	44.102
OTHER CURRENCIES	95.386	25	-	366.324
NON-INDEXED CH\$	336	-	-	351.067
U.F.	156.851	10.698	-	129.206
<b>▶ CURRENT LIABILITIES</b>	-	1.918.908	-	1.394.422
US DOLLARS	-	1.904.206	-	1.375.981
EUROS	-	3.979	-	2.217
OTHER CURRENCIES	-	25	-	856
NON-INDEXED CH\$	-	-	-	-
U.F.	-	10.698	-	15.368
<b>▶ OTHER CURRENT FINANCIAL LIABILITIES</b>	-	340.613	-	215.026
US DOLLARS	-	336.440	-	211.268
EUROS	-	1.060	-	2.071
OTHER CURRENCIES	-	-	-	-
NON-INDEXED CH\$	-	-	-	-
U.F.	-	3.113	-	1.687
	-	61.933	-	55.183
US DOLLARS	-	54.348	-	48.303
EUROS	-	-	-	-
OTHER CURRENCIES	-	-	-	-
NON-INDEXED CH\$	-	-	-	-
U.F.	-	7.585	-	6.880

CURRENT LIABILITIES BY CURRENCY	DEC 31, 2010		DEC 31, 2009	
	UNTIL 90 DAYS THUS\$	FROM 90 DAYS TO 1 YEAR THUS\$	UNTIL 90 DAYS THUS\$	FROM 90 DAYS TO 1 YEAR THUS\$
▶ FINANCIAL LEASE	-	17.367	-	20.734
US DOLLARS	-	17.116	-	19.732
EUROS	-	226	-	146
OTHER CURRENCIES	-	25	-	856
NON-INDEXED CH\$	-	-	-	-
U.F.	-	-	-	-
▶ OTHERS	-	1.498.995	-	1.103.479
DÓLARES	-	1.496.302	-	1.096.678
EUROS	-	2.693	-	-
OTRAS MONEDAS	-	-	-	-
\$ NO REJUSTABLES	-	-	-	-
U.F.	-	-	-	6.801
▶ OTHER CURRENT LIABILITIES	<b>3.324.919</b>	-	-	<b>2.702.193</b>
DÓLARES	3.072.346	-	-	1.829.935
EUROS	-	-	-	41.885
OTRAS MONEDAS	95.386	-	-	365.468
\$ NO REJUSTABLES	336	-	-	351.067
U.F.	156.851	-	-	113.838

NON-CURRENT LIABILITIES BY CURRENCY	DECEMBER 31, 2010				DECEMBER 31, 2009			
	FROM 1 YEAR TO 3 YEARS THUS\$	FROM 3 TO 5 YEARS THUS\$	FROM 5 TO 10 YEARS THUS\$	MORE THAN 10 YEARS THUS\$	FROM 1 YEAR TO 3 YEARS THUS\$	FROM 3 TO 5 YEARS THUS\$	FROM 5 TO 10 YEARS THUS\$	MORE THAN 10 YEARS THUS\$
<b>▶ NON-CURRENT LIABILITIES</b>	<b>6,024,775</b>	<b>1,579,613</b>	<b>1,570,977</b>	<b>1,328,637</b>	<b>7,392,116</b>	<b>1,014,785</b>	<b>20,777</b>	<b>1,286,360</b>
US DOLLARS	4,594,673	1,579,613	1,570,977	985,661	5,912,979	1,002,269	14,362	990,117
EUROS	476	-	-	-	2,087	-	-	-
OTHER CURRENCIES	2,444	-	-	-	67	-	-	-
NON-INDEXED CH\$	1,022,154	-	-	-	1,094,174	-	-	-
U.F.	405,028	-	-	342,976	382,809	12,516	6,415	296,243
<b>▶ OTHER NON-CURRENT FINANCIAL LIABILITIES</b>	<b>2,710,255</b>	<b>1,579,613</b>	<b>1,570,977</b>	<b>1,328,637</b>	<b>4,016,604</b>	<b>1,014,785</b>	<b>20,777</b>	<b>1,286,360</b>
US DOLLARS	2,257,146	1,579,613	1,570,977	985,661	3,639,268	1,002,269	14,362	990,117
EUROS	476	-	-	-	-	-	-	-
OTHER CURRENCIES	-	-	-	-	-	-	-	-
NON-INDEXED CH\$	64,921	-	-	-	-	-	-	-
U.F.	387,712	-	-	342,976	377,336	12,516	6,415	296,243
<b>▶ BANK LOANS</b>	<b>212,350</b>	<b>1,083,700</b>	<b>-</b>	<b>-</b>	<b>397,186</b>	<b>398,593</b>	<b>-</b>	<b>-</b>
US DOLLARS	212,350	1,083,700	-	-	397,186	398,593	-	-
EUROS	-	-	-	-	-	-	-	-
OTHER CURRENCIES	-	-	-	-	-	-	-	-
NON-INDEXED CH\$	-	-	-	-	-	-	-	-
U.F.	-	-	-	-	-	-	-	-
<b>▶ SECURED DEBENTURES</b>	<b>1,252,314</b>	<b>495,913</b>	<b>1,570,977</b>	<b>1,328,637</b>	<b>1,720,547</b>	<b>595,059</b>	<b>-</b>	<b>1,286,360</b>
US DOLLARS	933,314	495,913	1,570,977	985,661	1,420,174	595,059	-	990,117
EUROS	-	-	-	-	-	-	-	-
OTHER CURRENCIES	-	-	-	-	-	-	-	-
NON-INDEXED CH\$	-	-	-	-	-	-	-	-
U.F.	319,000	-	-	342,976	300,373	-	-	296,243
<b>▶ FINANCIAL LEASE</b>	<b>122,503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,318</b>	<b>-</b>	<b>-</b>	<b>-</b>
US DOLLARS	53,315	-	-	-	67,871	-	-	-
EUROS	476	-	-	-	-	-	-	-
OTHER CURRENCIES	-	-	-	-	-	-	-	-
NON-INDEXED CH\$	-	-	-	-	-	-	-	-
U.F.	68,712	-	-	-	64,447	-	-	-
<b>▶ OTHERS</b>	<b>1,123,088</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,766,553</b>	<b>21,133</b>	<b>20,777</b>	<b>-</b>
US DOLLARS	1,058,167	-	-	-	1,754,037	8,617	14,362	-
EUROS	-	-	-	-	-	-	-	-
OTHER CURRENCIES	-	-	-	-	-	-	-	-
NON-INDEXED CH\$	64,921	-	-	-	-	-	-	-
U.F.	-	-	-	-	12,516	12,516	6,415	-
<b>▶ OTHER NON-CURRENT LIABILITIES</b>	<b>3,314,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,375,512</b>	<b>-</b>	<b>-</b>	<b>-</b>
US DOLLARS	2,337,527	-	-	-	2,273,711	-	-	-
EUROS	-	-	-	-	2,087	-	-	-
OTHER CURRENCIES	2,444	-	-	-	67	-	-	-
NON-INDEXED CH\$	957,233	-	-	-	1,094,174	-	-	-
U.F.	17,316	-	-	-	5,473	-	-	-

### 31. SANCTIONS

At December 31, 2010 and 2009, neither Codelco Chile, nor its Directors and Managers, have been sanctioned by the Superintendency of Securities and Insurance or other administrative authorities.

### 32. SUBSEQUENT EVENTS

**a.** On January 7, 2011, it was reported in a matter of material fact, that the Corporation's Board of Directors decided to approve the starting of the process to sell up to all the shares that it directly and indirectly has in E-CL S.A., a publicly traded company registered in the Securities Register under number 273, representing 40% of the shareholding of this company.

**b.** On January 7, 2011, it was reported that Mr. Waldo Fortin Cabezas will no longer be the Legal Counsel of Codelco Chile from March 1, 2011. He will be replaced by Mr. Patricio Enei Villagra.

**c.** On January 27, 2011, it was reported in a matter of material fact the placement of 424,251,415 shares issued by E-CL S.A. (representing 40% of the shareholding of this company) directly owned by Codelco Chile and its subsidiary Inversiones Mejillones 2 S.A. in E-CL S.A. The sale of shares was performed in Santiago Stock Exchange using the stock exchange method called "Auction Sale of One Order Book" and started on January Wednesday 19, 2011 and finished on January Thursday 27, 2011. As a result of the above, the total amount of the placement of shares is Ch\$509,101,698,000, equivalent to ThUS\$1,051,558 at the exchange rate at the corresponding current day. The resulting financial income after taxes for this transaction was ThUS\$29,819.

**d.** On February 11, 2011, it was reported in a matter of material fact that Codelco Chile chose Ernst & Young as the Company's external auditors for the period 2011 - 2013, both years included. The selection process of the aforementioned auditing company considered a limited bidding where the main local companies were invited, excluding the current external auditors Deloitte, in accordance with the policy of turnover of this kind of services defined by the Corporation's Board of Directors. The appointment of Ernst & Young is subject to the approval of the Meeting of Shareholders. The related proposal has been filed at the aforementioned meeting in accordance with Article 11 of the Corporation's Statutory Decree Law 1,350 and Article 52 of Law 18,046.

**e.** On February 22, 2011, it was reported complementing a matter of material fact dated February 26, 2010 and March 8, 2010, that Supreme Decree No.1048 of the Treasury Department (the Chilean Treasury being aware of this on February 15, 2011), approved Codelco's partnership with Minera PanAust IDO Ltda., related to Inca de Oro deposit. This partnership will be executed through Sociedad Inca de Oro S.A. As a result of the above, there was a revised agreement with a valuation in accordance with the new market terms. This agreement stated that PanAust IDO Ltda. will have 66% of ownership in Inca de Oro S.A. and Codelco will have 34% of ownership in

Inca de Oro S.A. PanAust IDO Ltda. will invest US\$55.3 million of its own capital in Inca de Oro S.A. to purchase 66% of the company, which will be the owner of the efforts made and the properties of the project. Also, the agreement states that Inca de Oro S.A. will pay a royalty to Codelco for the net returns of smelting from Inca de Oro Project, with a maximum of US\$30 million (at the exchange rate ruling in 2010). The financial effects of this transaction will result in profit after taxes for Codelco for US\$ 22 million.

**f.** On March 16, 2011 it was reported that Codelco's Development Vice President, Juan Enrique Morales Jaramillo, submitted his letter of resignation from the Corporation. He will be in his position until March 31, 2011.

The Management of the Corporation is not aware of other significant financial events or events of other nature, occurred between January 1, 2011 and the date of issuance of these financial statements (March 23, 2011), that could materially affect them.

### 33. ENVIRONMENT

The environmentally sustainable exploitation, exploration and search for new resources has been an important concern for the Corporation. That is why since 1998 the Corporation has defined its environmental commitments. The Corporation controls its environmental commitments through an environmental management system used for its exploration and exploitation activities, which has been perfected over time to conform to the ISO 14001 Standard. This standard has been applied to the work performed in geology, geochemistry, geophysics and drilling in exploring for mineral resources in Chile and abroad.

In this respect, at December 31, 2010, Chuquicamata, Radomiro Tomic, Andina, Salvador, El Teniente divisions, and the headquarters have been certified under the ISO 14001 standard.

Below is a detail of the Corporation's principal expenditures related to the environment during the periods between January 1 and December 31, 2010 and 2009, respectively:

ENVIRONMENTAL INVESTMENTS PROJECTED FUTURE EXPENSES	2011 THUS\$
<b>TOTAL CODELCO CHILE</b>	<b>21,066</b>
<b>ANDINA</b>	<b>19,096</b>
INFRASTRUCTURE IMPROVEMENTS FOR SPILL MANAGEMENT - PROJECTED	1,000
LINE ENHANCEMENTS FOR MAIN WALL STIRRUPS	503
CONSTRUCTION OF WATER TRAP FOR BALLAST DEPOSIT - PROJECTED	4,922
IMPROVEMENT TUNNEL 3 HANDLING OF OVEJERÍA RESIDUE - PROJECTED	1,000
DRAINAGE CONSTRUCTION DL D2 TO PORT - PROJECTED	1,766
ACID WATER TREATMENT DLN AND PROJECTED	9,905
<b>EL TENIENTE</b>	<b>2,970</b>
ONLINE MONITORING CANAL RESIDUE - TTE - PROJECTED	100
LIQUID WASTE SEWAGE SOLUTION - SEWEL	2,870

ENVIRONMENTAL INVESTMENTS REAL NOMINAL EXPENSE	12/31/2010 THUS\$	12/31/2009 THUS\$
<b>TOTAL CODELCO - CHILE</b>	<b>61,620</b>	<b>44,550</b>
<b>CODELCO NORTE</b>	-	<b>1,608</b>
REMODELING AND CONSTRUCTION OF A WAREHOUSE FOR HAZARDOUS SUBSTANCES	-	1,608
<b>SALVADOR</b>	<b>1,334</b>	<b>2,942</b>
IMPLEMENTATION OF SOLUTION FOR HANDLING OF LIQUID WASTE AND WATER	1,006	1,471
COMPLIANCE WITH LIGHTING STANDARD	-	387
CONSTRUCTION OF HAZARDOUS WASTE DITCH	-	247
SOLUTION TO OXYGEN PLANT WATER TREATMENT AND WATER PLANTS	328	837
<b>ANDINA</b>	<b>10,492</b>	<b>25,123</b>
DISPATCH DRAINAGE DUMP FOR EXTERNAL USE IN THE LA UNIÓN STAGE 1 SECTOR	-	1,026
OVEJERÍA RESERVOIR CONTROL	-	444
IMPROVEMENT TO CONTROL DISCHARGE OF RESIDUE THICKENER	39	1
ENHANCE DRAINAGE AND WALL EAST OF OVEJERÍA RESERVOIR	-	6,167
REMEDIATION WORKS - RESIDUE TRANSPORT TUNNELS	1,670	2,686
REPLACEMENT OF RESIDUE LINES AT LOS LEONES RESERVOIR	-	665
IMPLEMENTATION OF INFRASTRUCTURE FOR RECOVERY OF REJECTED CONCENTRATE	-	1,387
CONSTRUCTION OF UPTAKE TOWER N°3 FOR OVEJERÍA RESERVOIR	2,744	1,084
LINE ENHANCEMENT OF MAIN WALL STIRRUP AT OVEJERÍA RESERVOIR	292	185
EMERGENCY CONSTRUCTION HYDRAULIC BARRIER	3,573	11,021
CONSTRUCTION OF WATER TRAP FOR BALLAST DEPOSIT - PROJECTED	743	-
IMPROVEMENT TO HUECHUN IRRIGATION WATER FUNNELING	-	457
CONSTRUCTION OF PLUG FOR EVACUATION TOWER N° 1	691	-
SLOPE IMPROVEMENTS AND PROTECTION	209	-
ACQUISITION OF INDEPENDENT PUMP EQUIPMENT	6	-
IMPROVEMENT TO TUNNEL 3 HANDLING OF OVEJERÍA RESIDUE - PROJECTED	26	-
DRAINAGE CONSTRUCTION DL D2 TO PORT - PROJECTED	499	-
<b>EL TENIENTE</b>	<b>48,399</b>	<b>14,493</b>
ENHANCEMENT OF MOLYBDENUM ABATEMENT PLANT FROM CARÉN RESERVOIR TRIBUTARY	-	4,926
INCREASE OF RECIRCULATION CAPACITY OF MINE DRAINAGE WATERS TO PROCESSES	-	4,772
UPLIFT OF GEOTECHNICAL VULNERABILITIES RELATED TO COLÓN RESIDUE CANAL FOR CACHAPOAL BRIDGE	-	4,276
CONSTRUCTION OF 5TH STAGE IN CAREN RESERVOIR	39,941	-
DECONTAMINATION AND CONDITIONING OF LABORATORY	133	143
LIQUID WASTE SEWAGE SOLUTION - SEWEL	8,325	376
<b>VENTANAS</b>	<b>1,395</b>	<b>384</b>
SILENCER DISCHARGE 3 AND 4	-	53
OVERHAUL INTERCHANGE W23	246	307
CONSTRUCTION OF NEW TEMPORARY STORAGE FACILITY (RESPEL)	1,149	24

Corporación Nacional del Cobre de Chile

## Ratio Analysis of the Consolidated Financial Statements

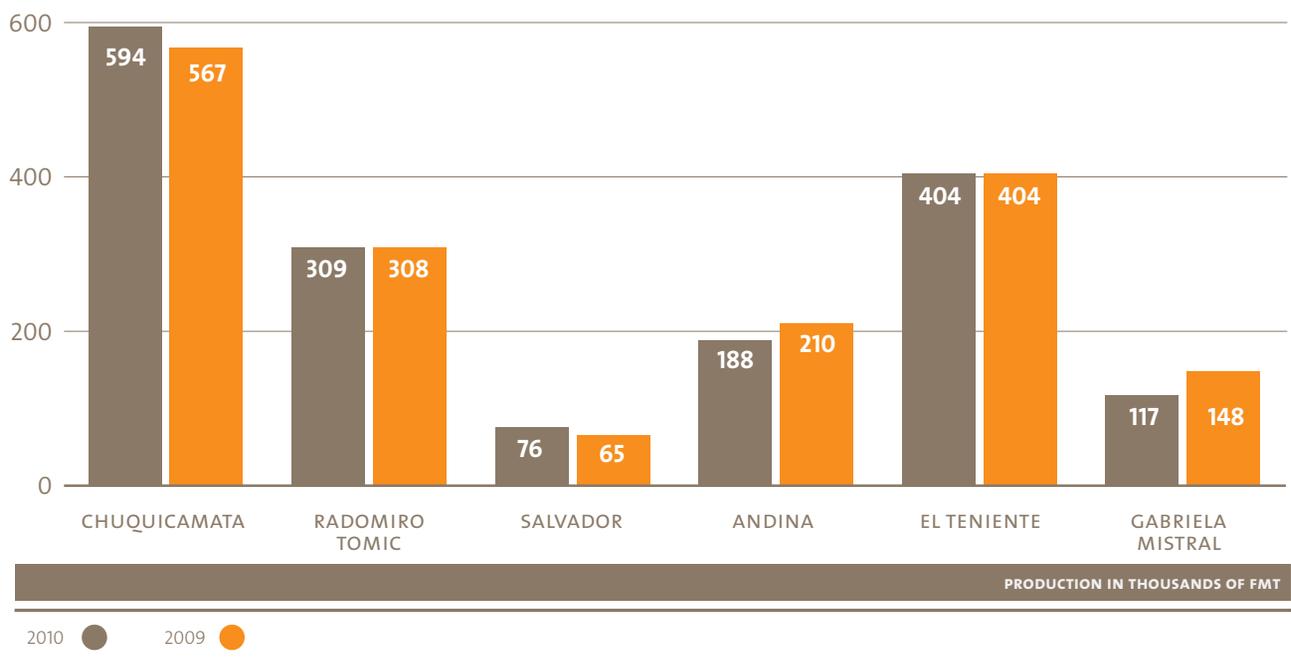
As of December 31, 2010

The purpose of this document is to facilitate the analysis of the Consolidated Financial Statements of Corporación Nacional del Cobre de Chile, for the year between January 1 and December 31, 2010 and the corresponding comparison with 2009.

In that sense, it should be understood as a supplementary report to the consolidated financial statements and their notes and it must be read in conjunction with them in order to gain a full understanding of the issues set forth.

### I – ANALYSIS OF THE OPERATING RESULTS

#### 1. 1. Production



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As of December 31, 2010, the total copper production of Codelco Chile, generator of 92% of the total revenues of the period, reached ThFMT 1,688, representing a decline in production of -0.8% compared to 2009.

At divisional level, such behavior is explained by an increase in the production of operating divisions such as Chuquicamata, Radomiro Tomic and Salvador, which aggregated contribution significantly neutralizes the declines in production recorded in the Andina and Gabriela Mistral divisions.

The Teniente division maintains a stable contribution to the production.

This aggregated productive behavior represents a significant management effort towards adverse factors presented in the mining operation such as the decrease in ore grade, increased rock hardness, increased depth of ore deposits and the resulting increased transport distances, among others.

## 2. Volume of physical sales

Sales, expressed in fine metric tons of own and third-party copper and molybdenum are detailed as follows:

DISPATCHES	12.31.2010 FMT	12.31.2009 FMT	VARIATION %
OWN COPPER	1,672,667	1,714,759	-2.45%
OWN COPPER THIRD-PARTY MINERALS	225,641	222,026	1.63%
COPPER PURCHASED TO THIRD-PARTIES	161,552	156,169	3.45%
<b>TOTAL COPPER SALES</b>	<b>2,059,860</b>	<b>2,092,954</b>	<b>-1.58%</b>
OWN AND THIRD-PARTY MOLYBDENUM	21,358	21,347	0.05%

TABLE 2: TOTAL PHYSICAL SALES OF COPPER AND MOLYBDENUM.

Compared to 2009, total copper dispatches during 2010 present a slight decrease in sales of own copper produced from the mineral resources of Codelco's ore deposits (MFMT -42.1 ; -2.45%). The effect of the higher amount of physical dispatches of copper purchased to third-parties (MFMT + 5.4; + 3.45%), is a factor that accom-

panies the increase in revenues arisen between the abovementioned periods as a result of the increase in copper prices observed in the market<sup>1</sup>. On the other hand, the dispatched volume of molybdenum remains stable. Revenues from the sale of this by-product increased mainly due to the higher price effect.

(1) LME COPPER PRICE FOR THE PERIODS JAN-DEC 2010 AND 2009: cUS/LB 341.98 AND 234.22 RESPECTIVELY.

## 3. Profit for the period (expressed in millions of U.S. dollars, MUS\$)

ITEM	12.31.2010 MUS\$	12.31.2009 MUS\$	VARIATION (%)
<b>REVENUES FROM ORDINARY ACTIVITIES:</b>	<b>16,066</b>	<b>12,379</b>	<b>30%</b>
REVENUES FROM SALE OF COPPER	14,501	10,684	36%
REVENUES FROM SALE OF THIRD-PARTY COPPER	1,256	826	52%
REVENUES FROM SALES OF MOLYBDENUM	720	512	41%
REVENUES FROM SALE OF OTHER PRODUCTS AND SERVICES	631	743	-15%
REVENUES FROM FUTURE MARKET	(1,042)	(387)	169%
<b>COST OF SALE:</b>	<b>(9,089)</b>	<b>(7,484)</b>	<b>21%</b>
COST OF OWN COPPER SOLD	(7,191)	(5,982)	20%
COST OF THIRD-PARTY COPPER SOLD	(1,257)	(827)	52%
COST OF SALE OF MOLYBDENUM	(141)	(126)	12%
COST OF SALE OF OTHER PRODUCTS AND SERVICES	(500)	(550)	-9%
<b>GROSS PROFIT</b>	<b>6,977</b>	<b>4,895</b>	<b>43%</b>
FINANCE COST	(331)	(319)	4%
DEPRECIATION FOR THE YEAR	(909)	(683)	33%
AMORTIZATION OF INTANGIBLE ASSETS	(396)	(399)	-1%
EBIT ( <i>Earnings Before Interests and Taxes</i> )	4,819	3,307	46%
LAW No. 13.196	(1,311)	(960)	37%
INCOME TAX EXPENSE	(2,612)	(1,814)	44%
EBITDAL ( <i>Earnings Before Interest, Depreciation, Amortization and Law No. 13.196</i> )	7,434	5,348	39%
CORPORATE SURPLUS	5,799	3,947	47%
PROFIT FOR THE PERIOD	1,876	1,174	60%

CHART 3: CONSOLIDATED PROFIT AS OF DECEMBER 31, 2010 AND 2009.

The chart above shows the behavior of Codelco's Statement of Income – duly standardized under the IFRS framework – as of December 31, 2010 and 2009, respectively. The first aspect that should be highlighted is the notorious influence of copper price and, to a lesser extent, although important, of the by-products (mainly Molybdenum), whose increases noted in the market from the middle of the second half of 2009, have a significant influence on the generation of greater revenue, where the absolute increase is mainly explained by those revenue from copper.

In its turn, the gross profit as of December 31, 2010 amounted to MUS\$ 6,977, which is greater by MUS\$ 2,082 to the amount recorded during the same period of 2009, which is mainly explained by an increase in sales revenue, offset by greater production costs, attributable to monetary factors (such as the adverse effect of the exchange rate on costs denominated in domestic currency), combined with increases in the price of supplies and increased complexity in mining exploitation. The latter, in regard to the variation in costs among the periods under review, is indicated in the chart as follows:

TYPE OF COST (US\$/LB)	DEC-10	DEC-09	VAR (%)
<b>TOTAL COSTS</b>	<b>196,90</b>	<b>157,80</b>	<b>25%</b>
<b>NET COST TO CATHODE (C3)</b>	<b>171,00</b>	<b>138,60</b>	<b>23%</b>
<b>DIRECT CASH COST (C1)</b>	<b>105,30</b>	<b>92,90</b>	<b>13%</b>

CHART 4: PRODUCTION COSTS AS OF DECEMBER 31, 2010 AND 2009.

#### 4. Other income and expenses by function

Other expenses and income by function (net effect) of MUS\$ -1,917 as of December 31, 2010, includes MUS\$ -1,311 related to Law No.13.196 with a tax of 10% on the return from exports of copper and byproducts.

#### 5. Surpluses, profit (loss) before taxes and net profit (loss)

As of December 31, 2010, Codelco's surpluses (profit (loss) before taxes and Law No. 13.196 tax) amounted to MUS\$ 5,799, which were by far greater than the sum of MUS\$ 3,947 at the same date of 2009, mainly due to an increase in gross profit of MUS\$ 2,082 indicated above.

Likewise, the profit before taxes amounted to MUS\$ 4,488 whereas net profit amounted to MUS\$1,876, which represents yield on assets and equity – accumulated as of December 31, 2010 – of 9% and 41%, respectively. However, the Company's tax burden, which, in 2010 is in the order of 62% on surpluses before taxes. Within this context, the yield on assets and equity, without considering the tax burden, Law No.13.196 tax, interest, depreciation and

amortization, amounts to 37% and 164%, respectively.

#### II – STATEMENT OF FINANCIAL POSITION

ITEM	12-31-2010 MUS\$	12-31-2009 MUS\$	VARIATION %
CURRENT ASSETS	5,951	4,996	19%
NON-CURRENT ASSETS	14,328	13,258	8%
<b>TOTAL ASSETS</b>	<b>20,279</b>	<b>18,254</b>	<b>11%</b>
CURRENT LIABILITIES	5,244	4,097	28%
NON-CURRENT LIABILITIES	10,504	9,714	8%
<b>TOTAL LIABILITIES</b>	<b>15,748</b>	<b>13,811</b>	<b>14,0%</b>
EQUITY	4,531	4,443	2%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,279</b>	<b>18,254</b>	<b>11%</b>

CHART 5: CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2010 AND 2009.

From total assets as of December 31, 2010, close to 29% relates to current asset items, whereas the remaining percentage is composed of non-current assets, from which "Property, Plant and Equipment" is equivalent to 86%.

As of December 31, 2010, current liabilities represent 26% of liabilities and equity. Non-current liabilities and equity represent 52% and 22%, respectively.

### 1. Assets

As of December 31, 2010, current assets amounted to MUS\$ 5,951, mainly composed of Inventories of MUS\$ 1,783 (30%), Trade and other receivables of MUS\$ 2,714 or 46%, Cash and cash

equivalents of MUS\$ 874 (15%), Other current financial assets of MUS\$ 195 or 3% and the difference is comprised by other current asset accounts.

The increase in inventories compared to December 31, 2009 is due to isolated and seasonal physical increases in inventories of products-in-process and finished products, which were also affected by valuations where it has influenced the increase in costs attributable to the exchange rate variation and greater actual payroll costs because of the effect of collective negotiations in certain divisions. In addition, materials in warehouse record a seasonal variation the size of which does not represent the behavior of the trend in this variable.

The detail of inventories at the end of the half is as follows:

INVENTORY	DECEMBER		JANUARY 2009 MUS\$	VARIATION	
	2010 MUS\$	2009 MUS\$		D10/D09 MUS\$	D09/FY09 MUS\$
<b>TOTAL INVENTORIES</b>	<b>1.783</b>	<b>1.472</b>	<b>1.515</b>	<b>311</b>	<b>267</b>
<b>TOTAL INVENTORIES - CODELCO</b>	<b>1.690</b>	<b>1.418</b>	<b>1.443</b>	<b>272</b>	<b>247</b>
<b>FINISHED PRODUCTS</b>	<b>404</b>	<b>309</b>	<b>333</b>	<b>95</b>	<b>(24)</b>
COPPER OWN MINERALS	286	220	270	66	(50)
COPPER WITH THIRD PARTY MINERALS	57	29	27	28	2
COPPER ACQUIRED FROM THIRD PARTIES	-	-	2	-	(2)
OWN MOLYBDENUM	20	19	26	1	(7)
OTHER BY-PRODUCTS	41	41	8	-	33
<b>PRODUCTS-IN-PROGRESS</b>	<b>1015</b>	<b>878</b>	<b>854</b>	<b>137</b>	<b>24</b>
COPPER	964	832	811	132	21
MOLYBDENUM	20	23	17	(3)	6
OTHER BY-PRODUCTS	31	23	26	8	(3)
<b>WAREHOUSE</b>	<b>271</b>	<b>231</b>	<b>258</b>	<b>40</b>	<b>(27)</b>
MATERIALS	342	302	347	40	(45)
ALLOWANCE FOR OBSOLETE MATERIALS	(71)	(71)	(89)	-	18
<b>CONSOLIDATION WITH SUBSIDIARIES</b>	<b>93</b>	<b>54</b>	<b>72</b>	<b>39</b>	<b>(18)</b>

CHART 6: INVENTORIES AS OF DECEMBER 31, 2010, DECEMBER 31, 2009 AND JANUARY 1, 2009.

The chart below includes the comments on property, plant and equipment items as of December 31, 2010:

PROPERTY, PLANT AND EQUIPMENT	12-31-2010	12-31-2009	01-01-2009	VARIATION	
	MUS\$	MUS\$	MUS\$	D10/09 %	D09/FY09 %
PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION, GROSS	2,571	2,492	1,362	3%	83%
LAND, GROSS	108	107	95	1%	13%
BUILDINGS, GROSS	3,182	3,106	3,075	2%	1%
PLANT AND EQUIPMENT, GROSS	9,768	8,956	8,744	9%	2%
FIXTURES AND ACCESSORIES, GROSS	36	32	32	12%	-1%
MOTOR VEHICLES, GROSS	1,114	1,097	976	2%	12%
LAND IMPROVEMENTS, GROSS	3,076	2,772	2,671	11%	4%
MINING OPERATIONS, GROSS	2,850	2,570	2,197	11%	17%
MINE DEVELOPMENT, GROSS	738	660	660	12%	-
OTHER ASSETS, GROSS	708	672	677	5%	-1%
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT, GROSS</b>	<b>24,150</b>	<b>22,464</b>	<b>20,488</b>	<b>8%</b>	<b>10%</b>
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>11,798</b>	<b>11,254</b>	<b>9,980</b>	<b>5%</b>	<b>13%</b>
<b>NET AMOUNT</b>	<b>12,351</b>	<b>11,210</b>	<b>10,508</b>	<b>10%</b>	<b>7%</b>

CHART 7: PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31, 2010, DECEMBER 31, 2009 AND JANUARY 1, 2009.

In net terms, there was an increase of MUS\$ 1,141 compared to the balance existing as of December 31, 2009. This change in property, plant and equipment corresponds to the execution of Codelco's investment program, which starts having a growing pace due to the effect of structural projects (aiming at maintaining and/or replenishing or increasing, the operating divisions' productive capacities).

In addition, accumulated depreciation increased during 2009 due to the depreciation of the revaluation of property, plant and equipment items performed on January 1, 2009 as part of the transition to IFRS.

## 2. Liabilities

As of December 31, 2010, current liabilities amounted to MUS\$ 5,244 (MUS\$ 4,097 as of December 31, 2009) and is composed of other current financial liabilities of MUS\$ 1,919 (37%), trade and other payables of MUS\$ 1,803 (34%), current provisions for employee benefits of MUS\$ 689 (13%) plus other miscellaneous liabilities.

As of December 31, 2010, non-current liabilities amounted to MUS\$ 10,504 (MUS\$ 9,714 as of December 31, 2009), mainly composed of other non-current financial liabilities of MUS\$ 7,189 (68%), non-current provisions for employee benefits of MUS\$ 1,191 (11%), a deferred tax liability of MUS\$ 711 (7%), other long-term provisions of MUS\$ 1,057 (10%) plus other non-current liabilities.

Other current and non-current financial liabilities within liabilities include financial obligations with banks, financial institutions and bonds payable issued in the local and international market.

Movements in obligations with banks and financial institutions between January 1 and December 31, 2010 relates to the accrual of financial interest.

In regard to provisions, Codelco has recorded payment commitments for future benefits agreed with its employees, as well as those which might arise from litigation related to management

activities. These have been classified as current and non-current depending on their estimated payment term.

As of December 31, 2010, equity amounts to MUS\$ 4,531 (MUS\$ 4,443 and MUS\$ 4,564 as of December 31, 2009 and January 1, 2009, respectively), which includes an extraordinary capital contribution of MUS\$ 1,000 received during 2009 as provided by transitional Article 6 of Law No. 20.392. In addition, it includes a reserve fund of MUS\$ 500 and a provision for dividends payable of MUS\$ 173.

## III – FINANCIAL RATIOS

LIQUIDITY RATIOS	12-31-2010	12-31-2009	VARIATION (%)
<b>CURRENT LIQUIDITY:</b>	<b>1.13</b>	<b>1.22</b>	<b>-6.93%</b>
CURRENT ASSETS / CURRENT LIABILITIES			
<b>ACID TEST:</b>	<b>0.79</b>	<b>0.86</b>	<b>-7.80%</b>
(CURRENT ASSETS-INVENTORIES-PREPAYMENTS /CURRENT LIABILITIES)			

INDEBTEDNESS RATIOS	12-31-2010	12-31-2009	VARIATION (%)
<b>INDEBTEDNESS RATIO:</b>	<b>3.48</b>	<b>3.11</b>	<b>11.81%</b>
TOTAL LIABILITIES / EQUITY (TIMES)			
<b>SHORT-TERM DEBT TO TOTAL DEBT:</b>	<b>0.33</b>	<b>0.30</b>	<b>12.26%</b>
CURRENT LIABILITIES / TOTAL LIABILITIES			
<b>LONG-TERM DEBT TO TOTAL DEBT:</b>	<b>0.67</b>	<b>0.70</b>	<b>-5.17%</b>
NON-CURRENT LIABILITIES/TOTAL LIABILITIES			

HEDGING AND PROFITABILITY RATIOS	12-31-2010	12-31-2009	VARIATION (%)
INCOME BEFORE TAXES AND INTEREST / FINANCE COSTS (TIMES)	14.55	10.37	40%
RETURN ON ASSETS %	9%	6%	44%
RETURN ON EQUITY %	41%	26%	57%
RETURN ON OPERATING ASSETS %	9,87%	6,85%	44%

ACTIVITY RATIOS	12-31-2010	12-31-2009	VARIATION (%)
ACCOUNT RECEIVABLE TURNOVER (TIMES)	5.54	5.82	-5%
COLLECTION RECOVERY (DAYS)	65	62	5%
INVENTORY TURNOVER (TIMES)	5.10	5.08	-
INVENTORY PERMANENCE (DAYS)	71	71	-
TOTAL ASSETS (MILLIONS OF US\$)	20,279	18,254	11%

As of December 31, 2010, liquidity ratios decreased compared to December 31, 2009 due to a net increase in current assets of 28%, mainly due to an increase in short-term financial debt balance of, which was the subject of refunding through the issue of long-term bonds and current provisions for employee benefits.

As of December 31, 2010, Codelco's total indebtedness amounted to MUS\$15,748 (MUS\$13,811 as of December 31, 2009), which reflects an increase of MUS\$1,937 between both periods. The percentage increase in the indebtedness ratio is mainly explained by an increase in long-term debt bonds payable issued by the Corporation as of December 31, 2010.

#### IV – STATEMENT OF CASH FLOWS

Net cash flows from operating activities for the year ended December 31, 2010 determined a positive cash flow of MUS\$3,262, which is lower by MUS\$-13 compared to the same period of prior year, mainly because an increase in the payment of income taxes directly related to the increase in revenue obtained by Codelco due to the effects of the prices of copper and molybdenum.

Cash flows from operating activities highlight the following:

	12-31-2010 MUS\$	12-31-2009 MUS\$
COLLECTIONS FROM SALES OF GOODS AND RENDERING OF SERVICES	16.974	11.672
PAYMENTS TO SUPPLIERS FOR THE SUPPLY OF GOODS AND SERVICES	(7.833)	(6.214)
INCOME TAXES PAID	(2.516)	(321)

CHART 8: CASH FLOWS PROVIDED BY OPERATING ACTIVITIES AS OF DECEMBER 31, 2010 AND 2009.

On the other hand, financing activities for the year ended December 31, 2010 resulted in a negative flow of MUS\$-857 compared to the negative flow of MUS\$-1,176 generated during the same period of prior year, which is mainly explained by the payment of dividends

to the Chilean Treasury as of December 31, 2010.

Cash flows from financing activities highlight the following:

	12-31-2010 MUS\$	12-31-2009 MUS\$
TOTAL AMOUNTS OBTAINED FROM BORROWINGS	2.387	2.105
PAYMENT OF BANK BORROWINGS	(801)	(2.294)
PAYMENT OF INTEREST	(238)	(251)
DIVIDENDS PAID	(2.206)	(836)

CHART 9: CASH FLOWS FROM OPERATING ACTIVITIES AS OF DECEMBER 31, 2010 AND 2009.

Finally, investment activities generated a net negative cash flow of MUS\$-2,304 as of December 2010, which is greater than the negative flow of MUS\$-585 in the same period of prior year. Figures for January-December 2010, show the significant investment levels which the Corporation has been making during the last year for the development of projects which are relevant for Codelco.

Considering cash flows indicated above plus opening cash balances as of December 31, 2010, Codelco obtained final cash and cash equivalents balance of MUS\$874, which is greater than the balance of MUS\$773 determined at the end of the January-December 2009 period.

#### V – MAIN DIFFERENCES BETWEEN THE CARRYING VALUE AND THE MARKET OR ECONOMIC VALUE OF CODELCO'S ASSETS

Codelco's deposits are recorded in the accounting records in conformity with the industry's customary policies at a nominal value of US\$1 each, which naturally implies a significant difference in their carrying value compared to the actual economic value of these deposits.

This generates the effect that equity for accounting purposes and assets are a subgroup of the Corporation's economic value.

#### VI – INFORMATION ON MARKET AND COMPETITION

Codelco is the World's biggest producer of copper with worldwide share of 11% of the World's production and a third of domestic production during 2010. In addition, Codelco has the World's biggest reserves of copper, contained in world class deposits and is one of the biggest producers of molybdenum.

Codelco has six mining divisions, Chuquicamata, Radomiro Tomic, Salvador, Andina, El Teniente and the recently incorporated Ministro Hales division, which is currently under construction. The Ventanas Division (Smelter and Refinery) and the subsidiary Minera Gaby S.A. are also added to these divisions. In addition, the Corporation has 49% interest in Sociedad Contractual Minera El Abra and has interest in different companies focused on technology exploration and development.

Over the last 20 years, the total amount of contributions by Codelco to the Chilean Treasury exceeded MUS\$57 expressed in 2010 currency representing 11% of the Central Government's revenue. During the same period, Codelco represented a fifth of Chilean exports and its investments were equivalent to 80% of the total foreign investment in mining (Decree Law No. 600).

In addition to its direct contributions to Chilean development, Codelco generates a significant amount of clusters.

During 2010, the Corporation had more than 3,800 suppliers, 90% of which were domestic suppliers. In addition, Codelco is the biggest electric customer in Chile and has a significant role in the development of new sources of energy and renewable, non-conventional energy projects.

During 2010, Codelco implemented the new Corporate Government Law and adopted the institutional framework which includes the best worldwide practices in this matter. The new Corporation's Board of Director appointed Diego Hernández as the Executive Chairman who took office of his position on May 19.

During 2010, the average price of copper was US¢ 342 per pound, recording an increase of 46% compared to the prior year. This increase was within the context of a deficit in the market with dynamic consumption thanks to the impulse in China and recovery by the Advanced Economies, as well as a copper supply able to respond to such demand. On the other hand, the quoted price of molybdenum increased from 24.5 US\$/kg in 2009 to 34.8 US\$/kg in 2010.

Market perspectives in the medium and long-term continue to be promising. The ongoing recovery of the worldwide economy, the expected growth in China and other Emerging Economies, which are at development stage with intensive use of copper and new uses and applications for copper might sustain consumption growth at a pace greater than the historical average. In regard to supply perspectives, the aging and decreasing wealth of the current deposits, greater complexities of new projects and greater geopolitical risks of the new mining districts set up a challenging landscape.

In order to answer those challenges posed, the Corporation has defined a new Strategic Plan. A core priority for this Plan is the development of the most ambitious project portfolio in its history, which highlights the structural projects: Ministro Hales, Underground Chuquicamata mine, Mine New Level and Andina Development Plan Phase II. During 2010, the projects Radomiro Tomic Sulfides Exploration Phase I,

Andina Development Plan Phase I, Pilar Norte (El Teniente) and Gaby Phase II commenced operations and the Ministro Hales project was approved.

Aiming more to the long-term, Codelco continues making its exploitation efforts at domestic and international level for maintaining and expanding its mining base.

The Corporation, aware of big competitive challenges for today and tomorrow, is working and promoting the development of innovations in mining and metallurgical processes and is implementing actions for generational change, as well as to attract, retain and manage talent.

Finally, Codelco has defined sustainability as one of its strategic objectives and priorities, including safety, occupational health, the environment, territory, community management, efficiency in the use of natural resources, and market defense and development.

#### VII – MARKET RISK ANALYSIS

Corporación Nacional del Cobre de Chile (Codelco-Chile) has created instances within its organization which search for generating strategies to minimize market risks to which the Corporation may be exposed.

For further analysis on this subject, please refer to Notes 26 and 27 to the Financial Statements.

**DIVISIONAL STATEMENTS OF INCOME  
FOR THE YEAR 2010**







## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of  
Corporación Nacional del Cobre de Chile

We have audited the accompanying divisional statements of income of Corporación Nacional del Cobre de Chile for the year ended December 31, 2010. These divisional statements of income are the responsibility of the management of Corporación Nacional del Cobre de Chile. Our responsibility is to express an opinion on the divisional statements of income based on our audits. The divisional statements of income are derived from the Corporation and Subsidiaries consolidated financial statements for the year ended December 31, 2010 and the statement of allocation of income and expenses controlled by the Corporación Nacional del Cobre de Chile's Head office and Subsidiaries for the year ended December 31, 2010, on which, based on our audits and the reports of the other auditors, who audited certain associates, jointly controlled entities and subsidiaries, we have expressed an unqualified opinion on the same date of this report.

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

The accompanying divisional statements of income have been prepared in compliance with the Corporation's by-laws, in conformity with International Financial Reporting Standards and the bases described in Notes 1 to 2 thereto.

In our opinion, based on our audits and the reports of the other auditors, such divisional statements of income present fairly, in all material respects, the results of operations of the Corporación Nacional del Cobre de Chile's Divisions for the year ended December 31, 2010, in conformity with International Financial Reporting Standards and the bases described in Notes 1 to 2 thereto.

Our audits were conducted for the purpose of expressing an opinion on the divisional statements of income for 2010. The accompanying consolidated divisional statement income for 2010 is presented for the purposes of further analysis. This additional information has been subjected to the auditing procedures applied in our audit of the divisional statements of income and, in our opinion, is fairly presented, in all material respects, in relation to the divisional statements of income taken as a whole.

The accompanying divisional statements of income have been translated into English solely for the convenience of readers outside Chile.

March 23, 2011

Corporación Nacional del Cobre de Chile

**Divisional Statement of Income - Chuquicamata**

For the year ended december 31, 2010

(expressed in thousands of US dollars - ThUS\$)

	DECEMBER 31, 2010 THUS\$
REVENUE:	
REVENUE FROM SALES OF OWNED PRODUCTS	4,659,744
REVENUE FROM SALES OF THIRD PARTIES PURCHASED COPPER	384,744
REVENUE FROM SALES OF BY-PRODUCTS AND OTHERS	584,795
REVENUE FROM TRANSFERS	7,756
<b>TOTAL REVENUE</b>	<b>5,637,039</b>
COST OF SALES:	
COST OF SALES FROM OWNED COPPER	(2,880,067)
COST OF SALES FROM THIRD PARTIES PURCHASED COPPER	(382,571)
COST OF SALES FROM BY-PRODUCTS AND OTHERS	(156,012)
COST OF SALES FROM TRANSFERS	(15,024)
<b>TOTAL COST OF SALES</b>	<b>(3,433,674)</b>
<b>GROSS PROFIT:</b>	<b>2,203,365</b>
OTHER INCOME, BY FUNCTION	29,299
DISTRIBUTION COSTS	(3,979)
ADMINISTRATIVE EXPENSES	(129,196)
OTHER EXPENSES, BY FUNCTION	(907,306)
OTHER GAINS	9,785
FINANCIAL INCOME	14,477
FINANCIAL COSTS	(109,094)
SHARE PROFIT OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	117,668
EXCHANGE DIFFERENCES	(56,890)
PROFIT BEFORE TAXES	1,168,129
INCOME TAX EXPENSE	(676,675)
PROFIT	491,454
PROFIT (LOSS) ATTRIBUTABLE TO:	
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	491,921
LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(467)
<b>PROFIT</b>	<b>491,454</b>

Corporación Nacional del Cobre de Chile

**Divisional Statement of Income - Radomiro Tomic**For the year ended december 31, 2010  
(expressed in thousands of US dollars - ThUS\$)

	DECEMBER 31, 2010 ThUS\$
REVENUE:	
REVENUE FROM SALES OF OWNED PRODUCTS	2,189,987
REVENUE FROM SALES OF THIRD PARTIES PURCHASED COPPER	160,455
REVENUE FROM SALES OF BY-PRODUCTS AND OTHERS	440
REVENUE FROM TRANSFERS	-
<b>TOTAL REVENUE</b>	<b>2,350,882</b>
COST OF SALES:	
COST OF SALES FROM OWNED COPPER	(736,097)
COST OF SALES FROM THIRD PARTIES PURCHASED COPPER	(159,548)
COST OF SALES FROM BY-PRODUCTS AND OTHERS	(413)
COST OF SALES FROM TRANSFERS	-
<b>TOTAL COST OF SALES</b>	<b>(896,058)</b>
<b>GROSS PROFIT:</b>	<b>1,454,824</b>
OTHER INCOME, BY FUNCTION	12,449
DISTRIBUTION COSTS	(1,669)
ADMINISTRATIVE EXPENSES	(38,487)
OTHER EXPENSES, BY FUNCTION	(250,434)
OTHER GAINS	4,081
FINANCIAL INCOME	3,681
FINANCIAL COSTS	(12,313)
SHARE PROFIT OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	44,775
EXCHANGE DIFFERENCES	(9,519)
PROFIT BEFORE TAXES	1,207,388
INCOME TAX EXPENSE	(711,549)
PROFIT	495,839
PROFIT (LOSS) ATTRIBUTABLE TO:	
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	496,034
LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(195)
<b>PROFIT</b>	<b>495,839</b>

Corporación Nacional del Cobre de Chile

**Divisional Statement of Income - Salvador**For the year ended december 31, 2010  
(expressed in thousands of US dollars - ThUS\$)

	DECEMBER 31, 2010 THUS\$
REVENUE:	
REVENUE FROM SALES OF OWNED PRODUCTS	1,002,008
REVENUE FROM SALES OF THIRD PARTIES PURCHASED COPPER	84,710
REVENUE FROM SALES OF BY-PRODUCTS AND OTHERS	127,272
REVENUE FROM TRANSFERS	27,132
<b>TOTAL REVENUE</b>	<b>1,241,122</b>
COST OF SALES:	
COST OF SALES FROM OWNED COPPER	(780,172)
COST OF SALES FROM THIRD PARTIES PURCHASED COPPER	(84,231)
COST OF SALES FROM BY-PRODUCTS AND OTHERS	(77,348)
COST OF SALES FROM TRANSFERS	(41,173)
<b>TOTAL COST OF SALES</b>	<b>(982,924)</b>
<b>GROSS PROFIT:</b>	<b>258,198</b>
OTHER INCOME, BY FUNCTION	11,321
DISTRIBUTION COSTS	(4,030)
ADMINISTRATIVE EXPENSES	(33,723)
OTHER EXPENSES, BY FUNCTION	(156,357)
OTHER GAINS	2,154
FINANCIAL INCOME	2,722
FINANCIAL COSTS	(6,453)
SHARE PROFIT OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	23,510
EXCHANGE DIFFERENCES	(15,278)
PROFIT BEFORE TAXES	82,064
INCOME TAX EXPENSE	(37,355)
PROFIT	44,709
PROFIT (LOSS) ATTRIBUTABLE TO:	
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	44,812
LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(103)
<b>PROFIT</b>	<b>44,709</b>

Corporación Nacional del Cobre de Chile

**Divisional Statement of Income - Andina**For the year ended december 31, 2010  
(expressed in thousands of US dollars - ThUS\$)

	DECEMBER 31, 2010 THUS\$
REVENUE:	
REVENUE FROM SALES OF OWNED PRODUCTS	1,236,613
REVENUE FROM SALES OF THIRD PARTIES COPPER	99,152
REVENUE FROM SALES OF BY-PRODUCTS AND OTHERS	115,197
REVENUE FROM TRANSFERS	1,759
<b>TOTAL REVENUE</b>	<b>1,452,721</b>
COST OF SALES:	
COST OF SALES FROM OWNED COPPER	(593,124)
COST OF SALES FROM THIRD PARTIES PURCHASED COPPER	(98,593)
COST OF SALES FROM BY-PRODUCTS AND OTHERS	(18,763)
COST OF SALES FROM TRANSFERS	21,407
<b>TOTAL COST OF SALES</b>	<b>(689,073)</b>
<b>GROSS PROFIT:</b>	<b>763,648</b>
OTHER INCOME, BY FUNCTION	28,165
DISTRIBUTION COSTS	(1,097)
ADMINISTRATIVE EXPENSES	(36,918)
OTHER EXPENSES, BY FUNCTION	(154,556)
OTHER GAINS	2,522
FINANCIAL INCOME	4,233
FINANCIAL COSTS	(62,167)
SHARE PROFIT OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	27,997
EXCHANGE DIFFERENCES	(24,259)
PROFIT BEFORE TAXES	547,568
INCOME TAX EXPENSE	(322,436)
PROFIT	225,132
PROFIT (LOSS) ATTRIBUTABLE TO:	
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	225,252
LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(120)
<b>PROFIT</b>	<b>225,132</b>

Corporación Nacional del Cobre de Chile

**Divisional Statement of Income - El Teniente**

For the year ended december 31, 2010

(expressed in thousands of US dollars - ThUS\$)

	DECEMBER 31, 2010 ThUS\$
REVENUE:	
REVENUE FROM SALES OF OWNED PRODUCTS	2,907,278
INCOME FROM SALES OF THIRD PARTIES PURCHASED COPPER	234,083
INCOME FROM SALES OF BY-PRODUCTS AND OTHERS	288,176
REVENUE FROM TRANSFERS	110
<b>TOTAL REVENUE</b>	<b>3,429,647</b>
COST OF SALES:	
COST OF SALES FROM OWNED COPPER	(1,172,627)
COST OF SALES FROM THIRD PARTIES PURCHASED COPPER	(233,089)
COST OF SALES FROM BY-PRODUCTS AND OTHERS	(144,866)
COST OF SALES FROM TRANSFERS	12,323
<b>TOTAL COST OF SALES</b>	<b>(1,538,259)</b>
<b>GROSS PROFIT:</b>	<b>1,891,388</b>
OTHER INCOME, BY FUNCTION	55,493
DISTRIBUTION COSTS	(2,787)
ADMINISTRATIVE EXPENSES	(103,380)
OTHER EXPENSES, BY FUNCTION	(425,049)
OTHER GAINS	5,953
FINANCIAL INCOME	7,849
FINANCIAL COSTS	(89,038)
SHARE PROFIT OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	65,321
EXCHANGE DIFFERENCES	(83,119)
PROFIT BEFORE TAXES	1,322,631
INCOME TAX EXPENSE	(781,427)
PROFIT	541,204
PROFIT (LOSS) ATTRIBUTABLE TO:	
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	541,488
LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(284)
<b>PROFIT</b>	<b>541,204</b>

Corporación Nacional del Cobre de Chile

**Divisional Statement of Income - Ventanas**For the year ended december 31, 2010  
(expressed in thousands of US dollars - ThUS\$)

	DECEMBER 31, 2010 THUS\$
REVENUE:	
REVENUE FROM SALES OF OWNED PRODUCTS	614,415
REVENUE FROM SALES OF THIRD PARTIES PURCHASED COPPER	230,338
REVENUE FROM SALES OF BY-PRODUCTS AND OTHERS	235,227
REVENUE FROM TRANSFERS	51,241
<b>TOTAL REVENUE</b>	<b>1,131,221</b>
COST OF SALES:	
COST OF SALES FROM OWNED COPPER	(631,276)
COST OF SALES FROM THIRD PARTIES PURCHASED COPPER	(236,850)
COST OF SALES FROM BY-PRODUCTS AND OTHERS	(243,825)
COST OF SALES FROM TRANSFERS	(65,531)
<b>TOTAL COSTOS DE VENTAS</b>	<b>(1,177,482)</b>
<b>GROSS PROFIT:</b>	<b>(46,261)</b>
OTHER INCOME, BY FUNCTION	4,196
DISTRIBUTION COSTS	(802)
ADMINISTRATIVE EXPENSES	(22,109)
OTHER EXPENSES, BY FUNCTION	(81,570)
OTHER GAINS	1,964
FINANCIAL INCOME	1,042
FINANCIAL COSTS	(15,638)
SHARE PROFIT OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	21,546
EXCHANGE DIFFERENCES	(8,670)
LOSS BEFORE TAXES	(146,302)
INCOME TAX EXPENSE	96,095
LOSS	(50,207)
PROFIT (LOSS) ATTRIBUTABLE TO:	
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	(50,113)
LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(94)
<b>LOSS</b>	<b>(50,207)</b>

Corporación Nacional del Cobre de Chile

**Divisional Statement of Income - Gabriela Mistral**For the year ended december 31, 2010  
(expressed in thousands of US dollars - ThUS\$)

	DECEMBER 31, 2010 ThUS\$
REVENUE:	
REVENUE FROM SALES OF OWNED PRODUCTS	848,941
REVENUE FROM SALES OF THIRD PARTIES PURCHASED COPPER	62,200
REVENUE FROM SALES OF BY-PRODUCTS AND OTHERS	171
REVENUE FROM TRANSFERS	-
<b>TOTAL REVENUE</b>	<b>911,312</b>
COST OF SALES:	
COST OF SALES FROM OWNED COPPER	(397,259)
COST OF SALES FROM THIRD PARTIES PURCHASED COPPER	(61,849)
COST OF SALES FROM BY-PRODUCTS AND OTHERS	(160)
COST OF SALES FROM TRANSFERS	-
<b>TOTAL COST OF SALES</b>	<b>(459,268)</b>
<b>GROSS PROFIT:</b>	<b>452,044</b>
OTHER INCOME, BY FUNCTION	550
DISTRIBUTION COSTS	(630)
ADMINISTRATIVE EXPENSES	(26,211)
OTHER EXPENSES, BY FUNCTION	(83,595)
OTHER GAINS	1,581
FINANCIAL INCOME	1,555
FINANCIAL COSTS	(36,427)
SHARE PROFIT OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	2,578
EXCHANGE DIFFERENCES	(4,789)
PROFIT BEFORE TAXES	306,656
INCOME TAX EXPENSE	(178,383)
PROFIT	128,273
PROFIT (LOSS) ATTRIBUTABLE TO:	
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	128,348
LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(75)
<b>PROFIT</b>	<b>128,273</b>

Corporación Nacional del Cobre de Chile

**Divisional Statement of Income - Ministro Hales**For the year ended december 31, 2010  
(expressed in thousands of US dollars - ThUS\$)

	DECEMBER 31, 2010 THUS\$
REVENUE:	
REVENUE FROM SALES OF OWNED PRODUCTS	-
REVENUE FROM SALES OF THIRD PARTIES PURCHASED COPPER	-
REVENUE FROM SALES OF BY-PRODUCTS AND OTHERS	-
REVENUE FROM TRANSFERS	-
<b>TOTAL REVENUE</b>	<b>-</b>
COST OF SALES:	
COST OF SALES FROM OWNED COPPER	-
COST OF SALES FROM THIRD PARTIES PURCHASED COPPER	-
COST OF SALES FROM BY-PRODUCTS AND OTHERS	-
COST OF SALES FROM TRANSFERS	-
<b>TOTAL COST OF SALES</b>	<b>-</b>
<b>GROSS PROFIT:</b>	<b>-</b>
OTHER INCOME, BY FUNCTION	-
DISTRIBUTION COSTS	-
ADMINISTRATIVE EXPENSES	(210)
OTHER EXPENSES, BY FUNCTION	-
OTHER GAINS	-
FINANCIAL INCOME	-
FINANCIAL COSTS	(2)
SHARE PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	-
EXCHANGE DIFFERENCES	-
LOSS BEFORE TAXES	(212)
INCOME TAX EXPENSES	129
LOSS	(83)
LOSS ATTRIBUTABLE TO PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	(83)
LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-
<b>LOSS</b>	<b>(83)</b>

Corporación Nacional del Cobre de Chile

**Consolidated Divisional Statements of Income**

For the years ended december 31, 2010

(Expressed in thousands of US dollars - ThUS\$)

ESTADO DE RESULTADOS	CHUQUICAMATA	R. TOMIC	SALVADOR	ANDINA
<b>REVENUE</b>				
REVENUE FROM SALES OF OWNED PRODUCTS	4,659,744	2,189,987	1,002,008	1,236,613
REVENUE FROM SALES OF THIRD PARTIES PURCHASED COPPER	384,744	160,455	84,710	99,152
REVENUE FROM SALES OF BY-PRODUCTS AND OTHERS	584,795	440	127,272	115,197
REVENUE FROM TRANSFERS	7,756	-	27,132	1,759
<b>TOTAL REVENUE</b>	<b>5,637,039</b>	<b>2,350,882</b>	<b>1,241,122</b>	<b>1,452,721</b>
<b>COST OF SALES</b>				
COST OF SALES FROM OWNED COPPER	(2,880,067)	(736,097)	(780,172)	(593,124)
COST OF SALES FROM THIRD PARTIES PURCHASED COPPER	(382,571)	(159,548)	(84,231)	(98,593)
COST OF SALES FROM BY-PRODUCTS AND OTHERS	(156,012)	(413)	(77,348)	(18,763)
COST OF SALES FROM TRANSFERS	(15,024)	-	(41,173)	21,407
<b>TOTAL COST OF SALES</b>	<b>(3,433,674)</b>	<b>(896,058)</b>	<b>(982,924)</b>	<b>(689,073)</b>
<b>GROSS PROFIT (LOSS)</b>	<b>2,203,365</b>	<b>1,454,824</b>	<b>258,198</b>	<b>763,648</b>
OTHER INCOME, BY FUNCTION	29,299	12,449	11,321	28,165
DISTRIBUTION COSTS	(3,979)	(1,669)	(4,030)	(1,097)
ADMINISTRATIVE EXPENSES	(129,196)	(38,487)	(33,723)	(36,918)
OTHER EXPENSES, BY FUNCTION	(907,306)	(250,434)	(156,357)	(154,556)
OTHER GAINS	9,785	4,081	2,154	2,522
FINANCIAL INCOME	14,477	3,681	2,722	4,233
FINANCIAL COSTS	(109,094)	(12,313)	(6,453)	(62,167)
SHARE PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	117,668	44,775	23,510	27,997
EXCHANGE DIFFERENCES	(56,890)	(9,519)	(15,278)	(24,259)
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>1,168,129</b>	<b>1,207,388</b>	<b>82,064</b>	<b>547,568</b>
INCOME TAX EXPENSE	(676,675)	(711,549)	(37,355)	(322,436)
<b>PROFIT (LOSS)</b>	<b>491,454</b>	<b>495,839</b>	<b>44,709</b>	<b>225,132</b>
PROFIT (LOSS) ATTRIBUTABLE TO:				
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	491,921	496,034	44,812	225,252
LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(467)	(195)	(103)	(120)
<b>PROFIT (LOSS)</b>	<b>491,454</b>	<b>495,839</b>	<b>44,709</b>	<b>225,132</b>

EL TENIENTE	VENTANAS	GABRIELA MISTRAL	M. HALES	CONSOLIDATED	ADJUSTMENTS	TOTAL
2,907,278	614,415	848,941	-	13,458,986	-	13,458,986
234,083	230,338	62,200	-	1,255,682	-	1,255,682
288,176	235,227	171	-	1,351,278	-	1,351,278
110	51,241	-	-	87,998	(87,998)	-
3,429,647	1,131,221	911,312	-	16,153,944	(87,998)	16,065,946
(1,172,627)	(631,276)	(397,259)	-	(7,190,622)	-	(7,190,622)
(233,089)	(236,850)	(61,849)	-	(1,256,731)	-	(1,256,731)
(144,866)	(243,825)	(160)	-	(641,387)	-	(641,387)
12,323	(65,531)	-	-	(87,998)	87,998	-
<b>(1,538,259)</b>	<b>(1,177,482)</b>	<b>(459,268)</b>	<b>-</b>	<b>(9,176,738)</b>	<b>87,998</b>	<b>(9,088,740)</b>
<b>1,891,388</b>	<b>(46,261)</b>	<b>452,044</b>	<b>-</b>	<b>6,977,206</b>	<b>-</b>	<b>6,977,206</b>
55,493	4,196	550	-	141,473	-	141,473
(2,787)	(802)	(630)	-	(14,994)	-	(14,994)
(103,380)	(22,109)	(26,211)	(210)	(390,234)	-	(390,234)
(425,049)	(81,570)	(83,595)	-	(2,058,867)	-	(2,058,867)
5,953	1,964	1,581	-	28,040	-	28,040
7,849	1,042	1,555	-	35,559	-	35,559
(89,038)	(15,638)	(36,427)	(2)	(331,132)	-	(331,132)
65,321	21,546	2,578	-	303,395	-	303,395
(83,119)	(8,670)	(4,789)	-	(202,524)	-	(202,524)
<b>1,322,631</b>	<b>(146,302)</b>	<b>306,656</b>	<b>(212)</b>	<b>4,487,922</b>	<b>-</b>	<b>4,487,922</b>
(781,427)	96,095	(178,383)	129	(2,611,601)	-	(2,611,601)
541,204	(50,207)	128,273	(83)	1,876,321	-	1,876,321
541,488	(50,113)	128,348	(83)	1,877,659	-	1,877,659
(284)	(94)	(75)	-	(1,338)	-	(1,338)
<b>541,204</b>	<b>(50,207)</b>	<b>128,273</b>	<b>(83)</b>	<b>1,876,321</b>	<b>-</b>	<b>1,876,321</b>

## Basis of Preparation of The Divisional Statements of Income

On November 19, 2010, it was authorized the operation of the Mina Ministro Hales, which will be managed by the new Division Mina Ministro Hales, whose estimated date for commencing operations will be by the end of 2013.

The divisional statements of income are prepared in compliance with the Corporation's by-laws in conformity with International Financial Reporting Standards and the following internal bases:

### Note 1. Interdivisional transfers

Interdivisional transfers of products and services were carried out and recorded at prices equivalent to those that prevail in market conditions. Therefore, these divisional statements of income include the following concepts:

- › Revenues from sales to third parties of products received from other Divisions and the divisional income from transfers to other Divisions are presented in separate lines.
- › Consistently with the above, costs of products received from other Divisions and sold to third parties and costs allocated to divisional income from transfers to other Divisions are also presented in separate lines.

### Note 2. Allocation of Corporate income and expenses

Income and expenses controlled by Corporation's Head Office and Subsidiaries are added to direct income and expenses of the Divisions, in accordance with current bases established for the year, as established in the Statement of Allocation of Income and Expenses Controlled by Head Office and Subsidiaries to the Divisions.

Other operating expenses include the expense derived from Law N°13,196, which levies the Corporation by 10% over the foreign currency received from sales of its copper production abroad, including by-products and their allocation by Division is as follows:

	THUS\$
CHUQUICAMATA	492,070
RADOMIRO TOMIC	208,301
SALVADOR	103,028
ANDINA	104,418
EL TENIENTE	271,230
VENTANAS	51,331
YACIMIENTO GABRIELA MISTRAL	80,355
<b>TOTAL LAW No. 13,196</b>	<b>1,310.733</b>



## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of  
Corporación Nacional del Cobre de Chile

We have audited the accompanying statement of allocation of income and expenses controlled by Corporación Nacional del Cobre de Chile's Head office and Subsidiaries to its Divisions for the year ended December 31, 2010. The statement of allocation of income and expenses is the responsibility of the management of Corporación Nacional del Cobre de Chile. Our responsibility is to express an opinion on this statement of allocation of income and expenses based on our audit. The statement of allocation of income and expenses is derived from the consolidated financial statements of Corporación Nacional del Cobre de Chile and Subsidiaries for the year ended December 31, 2010, on which, based on our audit and the reports of the other auditors, who audited certain associates, jointly controlled entities and subsidiaries, we have expressed an unqualified opinion on the same date of this report.

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

The accompanying statement of allocation of income and expenses has been prepared in compliance with the Corporation's by-laws, in conformity with the allocation criteria described in Notes 1 to 12 thereto.

In our opinion, based on our audit and the reports of the other auditors, such statement of allocation of income and expenses presents fairly, in all material respects, the allocated income and expenses controlled by Corporación Nacional del Cobre de Chile's Head office and Subsidiaries to its Divisions for the year ended December 31, 2010, in conformity with the allocation criteria described in Notes 1 to 12 thereto.

The accompanying statement of allocation of income and expenses has been translated into English solely for the convenience of readers outside Chile.

Corporación Nacional del Cobre de Chile

## Statement of Allocation of Income and Expenses Controlled by the Head Office and Subsidiaries to the Corporation's Divisions

January 1 and december 31, 2010

(Expressed in thousands of US dollars - ThUS\$)

GASTOS DE ADMINISTRACIÓN, DE VENTAS, FINANCIEROS Y OTROS	TOTAL THUS\$	CHUQUICAMATA THUS\$	R.TOMIC THUS\$	SALVADOR THUS\$	ANDINA THUS\$	EL TENIENTE THUS\$	VENTANAS THUS\$	GABRIELA MISTRAL THUS\$	M. HALES THUS\$
HEAD OFFICE AND SUBSIDIARIES REVENUE	1,050,107	366,443	152,822	80,681	94,435	222,948	73,536	59,242	-
HEAD OFFICE AND SUBSIDIARIES COST OF SALES	(1,043,466)	(364,125)	(151,856)	(80,170)	(93,839)	(221,537)	(73,072)	(58,867)	-
ADJUSTMENT UNEARNED INCOME SUBSIDIARIES	(41,764)	(14,574)	(6,078)	(3,209)	(3,756)	(8,867)	(2,924)	(2,356)	-
OTHER INCOME, BY FUNCTION	31,192	7,400	3,273	2,623	5,309	10,721	1,316	550	-
DISTRIBUTION COSTS	(11,167)	(3,897)	(1,625)	(858)	(1,004)	(2,371)	(782)	(630)	-
ADMINISTRATIVE EXPENSES	(208,474)	(87,842)	(28,496)	(13,984)	(20,091)	(42,378)	(7,288)	(8,395)	-
OTHER EXPENSES, BY FUNCTION	(72,622)	(31,310)	(6,423)	(4,644)	(7,147)	(15,973)	(3,885)	(3,240)	-
OTHER GAINS	28,040	9,785	4,081	2,154	2,522	5,953	1,964	1,581	-
FINANCIAL INCOME	26,007	10,629	3,477	1,361	3,041	5,618	477	1,404	-
FINANCIAL COSTS	(4,695)	(1,638)	(683)	(361)	(422)	(997)	(329)	(265)	-
SHARE PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD	317,828	117,521	44,775	23,639	27,669	65,321	21,546	17,357	-
EXCHANGE DIFFERENCES	(64,225)	(26,182)	(8,600)	(3,389)	(7,478)	(13,869)	(1,237)	(3,470)	-
CONTRIBUTION TO THE STATE OF CHILE LAW No. 13,196	(1,310,733)	(492,070)	(208,301)	(103,028)	(104,418)	(271,230)	(51,331)	(80,355)	-
INCOME TAX EXPENSE	(2,611,601)	(676,675)	(711,549)	(37,355)	(322,436)	(781,427)	96,095	(178,383)	129
<b>TOTAL</b>	<b>(3,915,573)</b>	<b>(1,186,535)</b>	<b>(915,183)</b>	<b>(136,540)</b>	<b>(427,615)</b>	<b>(1,048,088)</b>	<b>54,086</b>	<b>(255,827)</b>	<b>129</b>

Corporación Nacional del Cobre de Chile

## Criteria Applied to the Allocation of Income and Expenses Controlled by the Head Office and Subsidiaries to its Divisions

On November 19, 2010, it was authorized the operation of the Mina Ministro Hales, which will be managed by the new Division Mina Ministro Hales, whose estimated date for commencing operations will be by the end of year 2013.

Income and expenses controlled by the Head Office and Subsidiaries are allocated to its Divisions in accordance with the criteria set forth for each item of the income statement accounts, as follows:

### 1. Revenue and cost of sales of the commercial activities of the Head Office and Subsidiaries and adjustment for unrealized sales in Subsidiaries

The allocation to divisions is made in proportion to the revenue by each Division.

### 2. Other income, by function

- Other income, by function, associated with and identified in each particular Division are directly allocated.
- Recognition of subsidiaries' realized profits and other income by function, are allocated in proportion to the revenue by each Division.
- The remaining other income is allocated in proportion to the aggregate of balances under "other income" and under "financial income" by the respective Divisions.

### 3. Distribution costs

- Costs associated with and identified in each Division are directly allocated.
- Distribution costs of subsidiaries are allocated in proportion to the revenue by each Division.

### 4. Administrative expenses

- Administrative expenses recorded in cost centers identified in each Division are directly allocated.

- Administrative expenses recorded in cost centers associated with the sales function and administrative expenses of subsidiaries are allocated in proportion to the revenue by each Division.

- Administrative expenses recorded in cost centers associated with the supply function are allocated in relation to material account balances in each Division warehouses.

- The remaining expenses recorded in cost centers are allocated in relation to operating cash outflows in the respective Divisions.

### 5. Other expenses, by function

- Other costs associated with and identified in each particular Division are directly allocated.
- Pre-investment expenses and other expenses by function are allocated in proportion to the revenue by each Division.

### 6. Other gains

- Other gains associated with and identified in each particular Division are directly allocated.
- Other gains from subsidiaries are allocated in proportion to the revenue by each Division.

### 7. Financial income

- Financial income associated with and identified in each particular Division are directly allocated.
- Interest income from subsidiaries is allocated in proportion to the revenue of each Division.
- The remaining financial income is allocated in relation to operating cash outflows of each Division.

### 8. Financial costs

- The financial costs associated with and identified in each particular Division are allocated directly.

- The financial costs of subsidiaries are allocated in proportion to the revenue of each Division.

### 9. Share of profit (loss) of associates and joint venture accounted for using equity method

- Share of profits or losses of associates and joint ventures identified in each particular Division are directly allocated.

### 10. Exchange differences

- Exchange differences are identified in each particular Division are directly allocated.
- Exchange differences of subsidiaries are allocated in proportion to revenue of each Division.
- The remaining exchange differences are allocated in relation to operating cash outflows of each Division.

### 11. Contribution to the State of Chile Law No. 13,196

- This contribution is allocated and recorded in relation to the amounts billed and accounted for by exports of copper and by-products by each division affected to the contribution.

### 12. Income taxes

- Income and D.L. N°2,398 tax and the specific tax on mining activities, are allocated in accordance with the income before tax by each Division, considering for these purposes the effects of the Head Office and Subsidiaries' allocation of income and expenses criteria mentioned above.
- Specific tax on mining activities and other tax expenses are allocated based on the income and D.L. 2,398 tax attributable to each Division.

## Summarised Financial Statements of Subsidiaries and Special Purpose Entities

(Expressed in thousands of US dollars - ThUS\$)

	CHILE COPPER LTD. (ENGLAND)	CODELCO KÜPFERHANDEL (GERMANY)	CODELCO GROUP (USA)	CODELCO INTERNATIONAL LIMITED	CÍA. CONTRACTUAL MINERA LOS ANDES	CÍA. MINERA PICACHO SCM	INCA DE ORO S.A.	SANTIAGO DE RÍO GRANDE S.A.	EXPLORACIONES MINERAS ANDINAS S.A.	MINERA GABY
2010	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
<b>ASSETS</b>										
TOTAL CURRENT ASSETS	3,121	156,072	10,006	69,585	-	197	1,064	-	4,530	100,704
TOTAL NON-CURRENT ASSETS	275	6,368	75	83,922	752	-	2,665	-	260	53,848
<b>TOTAL ASSETS</b>	<b>3,396</b>	<b>162,440</b>	<b>10,081</b>	<b>153,507</b>	<b>752</b>	<b>197</b>	<b>3,729</b>	<b>-</b>	<b>4,790</b>	<b>154,552</b>
<b>LIABILITIES AND EQUITY</b>										
TOTAL CURRENT LIABILITIES	561	126,035	7,790	56,651	449	70	18	17	3,386	110,646
TOTAL NON-CURRENT LIABILITIES	65	2,444	-	77,057	-	-	-	-	346	10,329
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT	2,323	33,961	2,291	19,799	303	127	2,959	(17)	1,058	33,577
NON-CONTROLLING INTERESTS	447	-	-	-	-	-	752	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,396</b>	<b>162,440</b>	<b>10,081</b>	<b>153,507</b>	<b>752</b>	<b>197</b>	<b>3,729</b>	<b>-</b>	<b>4,790</b>	<b>154,552</b>
<b>STATEMENTS OF INCOME</b>										
<b>GROSS PROFIT</b>	<b>11</b>	<b>5,332</b>	<b>424</b>	<b>5,548</b>	<b>-</b>	<b>-</b>	<b>(1,976)</b>	<b>-</b>	<b>(94)</b>	<b>13,528</b>
<b>OTHER INCOMES (EXPENSES) AND PROFITS (LOSSES)</b>										
PROFIT (LOSS) BEFORE TAX	(204)	3,109	(285)	16,445	(434)	(5)	(2,320)	(10)	(86)	8,790
INCOME TAX EXPENSE	(5)	(421)	(19)	-	-	-	470	-	48	(1,442)
PROFIT (LOSS)	(209)	2,688	(304)	16,445	(434)	(5)	(1,850)	(10)	(38)	7,348
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>										
	846	(27,322)	(772)	(6,510)	(13)	(17)	(2,837)	(17)		34,265
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>										
	(14)	23	1,350	9,119	-	-	-	2		(15,693)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>										
	-	27,293	-	44,075	13	17	-	(5)		-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECTS OF EXCHANGE RATE CHANGES</b>										
	832	(7)	578	46,684	-	-	(2,837)	(20)		18,572
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>										
	-	57	-	2,567	-	-	6	-		(261)

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED ACCORDING TO UNIFORM ACCOUNTING POLICIES USED FOR THE PARENT FOR LIKE TRANSACTIONS AND OTHER ECONOMICS FACTS.

	SOC. INVERSIONES COPPERFIELD LTDA.	INVERSIONES TOCOPILLA 2B LTDA.	SOCIEDAD ELABORADORA DE COBRE CH. LTDA.	COMPLEJO PORTUARIO DE COBRE CH. LTDA.	IM2 S.A.	BIOSIGMA S.A.	MICOMO S.A.	ASOCIACIÓN GARANTIZADORA DE PENSIONES	CLÍNICA RÍO BLANCO S.A.	CENTRO DE ESP. MÉDICAS RÍO BLANCO LTDA.	EJEC. HOSPITAL DEL COBRE CALAMA S.A.	ISAPRE RÍO BLANCO LTDA.	ISAPRE CHUQUICAMATA LTDA.	PRESTADORA DE SERVICIOS SAN LORENZO LTDA.	FUSAT (HOSPITAL)	ENERGÍA MINERA S.A.
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
	13,169	78	-	30,749	8,099	3,348	2,863	616	4,364	3,767	2,268	2,919	5,942	1,695	24,679	3
	15,007	397,562	-	105,060	308	1,816	14,525	143	8,872	1,735	28,863	1,671	3,506	1,001	55,244	4
	28,176	397,640	-	135,809	8,407	5,164	17,388	759	13,236	5,502	31,131	4,590	9,448	2,696	79,923	7
	1,576	19	-	16,745	3,098	1,595	6,818	7	5,976	3,585	2,550	1,778	3,879	2,226	17,514	26
	12,419	-	-	93,074	-	500	7,883	16	5,986	1,077	28,700	512	1,465	664	50,516	4
	14,179	259,245	-	25,990	5,305	2,046	1,773	712	1,274	832	(119)	2,300	4,034	(205)	11,875	(23)
	2	138,376	-	-	4	1,023	914	24	-	8	-	-	70	11	18	-
	28,176	397,640	-	135,809	8,407	5,164	17,388	759	13,236	5,502	31,131	4,590	9,448	2,696	79,923	7
	<b>26</b>	<b>-</b>	<b>-</b>	<b>3,116</b>	<b>1,598</b>	<b>(2,703)</b>	<b>1,854</b>	<b>-</b>	<b>2,100</b>	<b>1,724</b>	<b>-</b>	<b>1,621</b>	<b>2,048</b>	<b>1,488</b>	<b>19,114</b>	<b>-</b>
	363	47,340	(31)	(3,601)	(1,022)	(1,149)	(2,109)	(67)	(2,248)	(1,682)	(19)	(1,273)	(1,581)	(1,682)	(17,685)	(18)
	389	47,340	(31)	(485)	576	(3,852)	(255)	(67)	(148)	42	(19)	348	467	(194)	1,429	(18)
	(24)	-	-	(29)	(9)	-	98	-	48	38	-	-	(317)	68	248	-
	365	47,340	(31)	(514)	567	(3,852)	(157)	(67)	(100)	80	(19)	348	150	(126)	1,677	(18)
	(3,845)	12,353	-	197	(236)	(3,623)	40	(64)	212	(115)	-	(616)	(578)	(10)	5,572	-
	(5,803)	-	-	-	(14)	(687)	-	-	(1,696)	(428)	-	22	622	-	(3,376)	-
	11,185	(12,431)	-	-	-	3,960	-	-	1,293	363	-	-	-	-	(211)	2
	1,537	(78)	-	197	(250)	(350)	40	(64)	(191)	(180)	-	(594)	44	(10)	1,985	2
	-	-	-	640	77	72	-	-	18	21	-	38	245	1	(201)	-

## Summarised Financial Statements of Subsidiaries and Special Purpose Entities

(Expressed in thousands of US dollars - ThUS\$)

	CHILE COPPER LTD. (ENGLAND)	CODELCO KÜPPERHANDEL (GERMANY)	CODELCO GROUP (USA)	CODELCO INTERNATIONAL LIMITED	CÍA. CONTRACTUAL MINERA LOS ANDES	CÍA. MINERA PICACHO SCM	INCA DE ORO S.A.	SANTIAGO DE RÍO GRANDE S.A.	EXPLORACIONES MINERAS ANDINAS S.A.	MINERA GABY
<b>2009</b>	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$
<b>ASSETS</b>										
TOTAL CURRENT ASSETS	4.701	91.916	8.614	17.793	-	177	3.803	22	3.907	64.494
TOTAL NON-CURRENT ASSETS	245	6.696	81	36.300	1.127	11	2.135	-	365	42.616
<b>TOTAL ASSETS</b>	<b>4.946</b>	<b>98.612</b>	<b>8.695</b>	<b>54.093</b>	<b>1.127</b>	<b>188</b>	<b>5.938</b>	<b>22</b>	<b>4.272</b>	<b>107.110</b>
<b>LIABILITIES AND EQUITY</b>										
TOTAL CURRENT LIABILITIES	1.817	62.781	6.100	4.354	399	56	377	29	2.849	70.831
TOTAL NON-CURRENT LIABILITIES	66	2.087	-	134.126	-	-	-	-	327	10.050
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT	2.545	33.744	2.595	(84.387)	728	132	4.434	(7)	1.096	26.229
NON-CONTROLLING INTERESTS	518	-	-	-	-	-	1.127	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4.946</b>	<b>98.612</b>	<b>8.695</b>	<b>54.093</b>	<b>1.127</b>	<b>188</b>	<b>5.938</b>	<b>22</b>	<b>4.272</b>	<b>107.110</b>
<b>STATEMENTS OF INCOME</b>										
<b>GROSS PROFIT</b>	<b>18</b>	<b>7.497</b>	<b>630</b>	<b>4.259</b>	<b>-</b>	<b>-</b>	<b>(2.984)</b>	<b>-</b>	<b>21</b>	<b>12.079</b>
<b>OTHER INCOMES (EXPENSES) AND PROFITS (LOSSES)</b>										
PROFIT (LOSS) BEFORE TAX	(229)	7.125	(65)	19.724	(514)	4	(2.662)	(17)	282	9.190
INCOME TAX EXPENSE	42	(1.287)	(9)	-	-	-	573	-	(34)	(1.507)
PROFIT (LOSS)	(187)	5.838	(74)	19.724	(514)	4	(2.089)	(17)	248	7.683
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>										
	(958)	10.053	303	2.289	(16)	(17)	(3.197)	(17)	2.199	19.259
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>										
	27	(54)	(1.350)	(4.722)	(1.550)	-	(13)	(1)	37	(10.936)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>										
	-	(9.962)	-	(24.423)	1.566	17	6.100	19	7	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECTS OF EXCHANGE RATE CHANGES</b>										
	(931)	38	(1.047)	(26.856)	-	-	2.890	1	2.243	8.323
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>										
	-	(31)	-	3.508	-	-	516	-	(1.028)	279

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED ACCORDING TO UNIFORM ACCOUNTING POLICIES USED FOR THE PARENT FOR LIKE TRANSACTIONS AND OTHER ECONOMICS FACTS.

	SOC. INVERSIONES COPPERFIELD LTDA.	INVERSIONES TOCOPILLA 2B LTDA.	SOCIEDAD ELABORADORA DE COBRE CH. LTDA.	COMPLEJO PORTUARIO MEJILLONES S.A.	IM2 S.A.	BIOSIGMA S.A.	MICOMO S.A.	ASOCIACIÓN GARANTIZADORA DE PENSIONES	CLÍNICA RÍO BLANCO S.A.	CENTRO DE ESP. MÉDICAS RÍO BLANCO LTDA.	EJEC. HOSPITAL DEL COBRE CALAMA S.A.	ISAPRE RÍO BLANCO LTDA.	ISAPRE CHUQUICAMAYTA LTDA.	PRESTADORA DE SERVICIOS SAN LORENZO LTDA.	FUSAT (HOSPITAL)	ENERGÍA MINERA S.A.
	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$
	9.160	-	1.430	21.673	6.883	2.659	4.416	627	2.711	2.126	1.881	1.938	5.167	1.515	17.740	-
	7.545	-	1	81.217	281	2.332	14.110	134	7.001	1.129	27.687	1.558	4.333	823	48.836	1
	16.705	-	1.431	102.890	7.164	4.991	18.526	761	9.712	3.255	29.568	3.496	9.500	2.338	66.576	1
	2.875	-	34	7.376	2.410	2.030	6.290	4	3.599	1.712	2.113	1.297	4.227	1.672	20.364	7
	-	-	1	68.825	13	-	9.392	12	4.837	847	27.546	398	1.976	726	37.366	1
	13.830	-	1.396	26.689	4.738	1.974	1.877	720	1.276	689	(91)	1.801	3.241	(73)	8.834	(7)
	-	-	-	-	3	987	967	25	-	7	-	-	56	13	12	-
	16.705	-	1.431	102.890	7.164	4.991	18.526	761	9.712	3.255	29.568	3.496	9.500	2.338	66.576	1
	-	-	-	<b>2.978</b>	<b>1.848</b>	<b>(4.765)</b>	<b>1.133</b>	-	<b>1.834</b>	<b>290</b>	-	<b>1.040</b>	<b>1.524</b>	<b>146</b>	<b>15.970</b>	-
	363	47.340	(31)	(3.601)	(1.022)	(1.149)	(2.109)	(67)	(2.248)	(1.682)	(19)	(1.273)	(1.581)	(1.682)	(17.685)	(18)
	(162)	-	(19)	2.644	1.430	(5.695)	(464)	(41)	(326)	(4)	18	298	402	(655)	1.040	(7)
	-	-	-	(449)	(76)	-	63	-	(145)	161	(1)	-	(92)	(24)	(245)	-
	(162)	-	(19)	2.195	1.354	(5.695)	(401)	(41)	(471)	157	17	298	310	(679)	795	(7)
	(683)	78	-	666	(219)	(3.508)	18	(40)	852	(274)	-	472	414	(203)	6.874	-
	(2.223)	-	-	-	(3)	(81)	-	-	(872)	(18)	-	130	(307)	-	(4.952)	-
	3.663	-	-	-	-	3.240	-	-	(197)	556	-	-	-	-	(176)	-
	757	78	-	666	(222)	(349)	18	(40)	(217)	264	-	602	107	(203)	1.746	-
	-	-	-	2.747	231	202	-	-	90	-	-	130	549	28	-	-

Corporación Nacional del Cobre de Chile

## Relevant Events to the Consolidated Financial Statements

As of December 31, 2010 and 2009

The Corporation has reported to the Chilean Securities and Insurance Supervisor the following relevant events occurred for the year from January to December 2010:

### 1) CREATION OF COMPANIES

On April 14, 2009, Codelco Chile's Board of Directors authorized its Chairman to create a closely held corporation with the purpose of developing markets for the use of copper and molybdenum through carrying out research and participating in projects, managing the contributions made by Codelco in different market development opportunities. The authorization includes an initial capital contribution of US\$2,074,000 which is directly paid by Codelco (0.1%) and Sociedad Inversiones Copperfield (99.9%).

On June 1, 2009, Codelco Chile's Board of Directors authorized its Chairman to create a closely held corporation with the purpose of developing the studies required for the continuity of the Inca del Oro Project. The partner in charge of developing the Project will join this new company and Codelco will make a contribution of ThUS\$6,100. The name of the new company is Inca del Oro S.A. and Codelco will hold a 79.74% interest and Compañía Contractual Minera Los Andes, the remaining 20.26%. Compañía Contractual Minera Los Andes is a subsidiary owned by Codelco, which will contribute the "Porteñas" mining properties which adjoin with the Inca del Oro Project.

On October 8, 2009, Codelco sold the 603,045 shares it owned in CMS Tecnología S.A. which represented 30% of total capital. Income before income taxes will amount to US\$1,212,246.65.

On November 6, 2009, Codelco's Board of Directors approved the agreement reached with the Suez Group (Suez Energy Andino ("SEA") and Suez Energy Investments S.A.), in relation to carrying out a merger with the purpose of gathering in a single company all the shares and rights held by Suez Group and Codelco, whether directly or indi-

rectly, in EDELNOR, Electroandina, Central Termoeléctrica Andina S.A. ("CTA"), Inversiones Hornitos S.A. ("HORNITOS"), Gasoducto Nor Andino Argentina S.A. ("GASODUCTO ARGENTINA") and Gasoducto Nor Andino S.A. ("GASODUCTO CHILE"). This gave rise to the following transactions:

- a. The sale by SEA and Electropacífico Inversiones Limitada of: 100% of CTA's series B shares to CODELCO; and (ii) 49% of CTA's series A shares to Inversiones Tocopilla Ltda. ("Tocopilla").
- b. Transference to CODELCO by SEA of 66.7461% of certain credits receivable from CTA.
- c. The division of Inversiones Mejillones S.A. ("MEJILLONES") into three entities: one that will be the legal successor remaining the same legal entity and changing its name to INVERSIONES MEJILLONES-1 S.A.; and, other two companies that will be created under the names of INVERSIONES MEJILLONES-2 S.A. and INVERSIONES MEJILLONES-3 S.A. INVERSIONES MEJILLONES-2 S.A. will hold 66.74% of the shares of EDELNOR, and INVERSIONES MEJILLONES-3 S.A. will hold 1% of the rights in Energía del Pacífico Limitada ("ENERPAC").
- d. The transformation of TOCOPILLA into a public company under the new name of INVERSIONES TOCOPILLA 1 S.A. and its division into three public companies: one being the same legal entity and the other two created under the names of INVERSIONES TOCOPILLA 2-A S.A. and INVERSIONES TOCOPILLA 2-B S.A. INVERSIONES TOCOPILLA 2-A S.A. and INVERSIONES TOCOPILLA 2-B S.A. will hold the shares owned by TOCOPILLA in INVERSIONES MEJILLONES-1 S.A. and INVERSIONES MEJILLONES-2 S.A.
- e. The contribution made by SEA to INVERSIONES TOCOPILLA 1 S.A. of all its interest in GASODUCTO CHILE (78.91%), GASODUCTO ARGENTINA

(78.91%), HORNITOS (60%), and 51% of its series A shares in CTA..

- f. The contribution made by CODELCO to INVERSIONES TOCOPILLA 1 S.A. of all its interest (less 1 share) in ELECTROANDINA (34.8%), CTA (34.797%) and INVERSIONES MEJILLONES 3 S.A. (34.8%).
  - g. The transfer by CODELCO to SEA of 18% of the shares of INVERSIONES TOCOPILLA 1 S.A. for a total amount of US\$172.5 million.
  - h. The take-over merger between EDELNOR and INVERSIONES TOCOPILLA 1 S.A. under which EDELNOR became the owner of the shares and rights held by INVERSIONES TOCOPILLA 1 S.A. in Electroandina, CTA, HORNITOS, GASODUCTO CHILE and GASODUCTO ARGENTINA.
  - i. The exchange between SEA and CODELCO of the shares the latter holds in INVERSIONES TOCOPILLA 2-A S.A. and INVERSIONES MEJILLONES 1 S.A. for the shares SEA holds in INVERSIONES TOCOPILLA 2-B S.A. so that SEA becomes the holder of all the shares of INVERSIONES TOCOPILLA 2-A S.A. and INVERSIONES MEJILLONES-1 S.A., and CODELCO becomes the holder of all the shares of INVERSIONES TOCOPILLA 2-B S.A.
  - j. The termination of the agreement between CODELCO and SEA in relation to TOCOPILLA named Limited Liability Company Agreement which was signed on March 6, 1996, and the shareholder agreement granted by the same parties in relation to MEJILLONES via public instruments on March 20, 2002 and July 4, 2002. In the parties' opinion, should the mentioned actions and agreements occur, SEA's interest in EDELNOR will be 52.4% while CODELCO's interest will be 40%, and SEA will maintain control.
- The execution and signing of the mentioned actions and agreements involves, among others, the appoint-

ment and holding of a Extraordinary Meeting of the Shareholders of EDELNOR and INVERSIONES TOCOPILLA-1 S.A. Such meetings were held on December 29, 2009, and the take-over merger was agreed. As a result, INVERSIONES TOCOPILLA-1 S.A. was dissolved and transferred all of its assets and liabilities to EDELNOR.

In addition to the transfer of the assets and liabilities, EDELNOR will transfer to the shareholders of INVERSIONES TOCOPILLA-1 S.A. 604,176,440 issued shares based on the interest they held in the taken-over company. Thus, SEA and CODELCO received 430,793,979 and 173,382,461 shares of EDELNOR respectively. Considering the interest both of these companies hold in the Company through INVERSIONES MEJILLONES-1 S.A. and INVERSIONES MEJILLONES-2 S.A., the direct and indirect interest held by SEA, the controller of EDELNOR, is approximately 52.4% while Codelco's direct and indirect interest is approximately 40%.

The issuance of these 604,176,440 new shares will be covered by transferring to EDELNOR's capital account an amount of US\$705,404,607.11 from the capital accounts INVERSIONES TOCOPILLA-1 S.A. had at the moment of the merger. For such purposes, at the Extraordinary Shareholders Meeting, EDELNOR shareholders approved to increase paid-in capital by US\$705,404,607.11 through the issuance of the mentioned 604,176,440 shares.

The approval of the merger gives rise to the right of withdrawal of the dissident shareholders. Should this right of withdrawal be exercised by EDELNOR's minority shareholders holding more than 5% of the total shares, Codelco or SEA, as applicable, can request that the other party takes all the actions as direct or indirect EDELNOR's shareholders, with the purpose of revoking the merger. Nevertheless and notwithstanding the fact that this option is exercised by one party, the other party can oppose to such action and request that the agreements related to the merger become final, as long as this

party obliges itself to acquire from EDELNOR all the shares it acquires as a result of the exercise of the right of withdrawal by minority shareholders of the shares (i) exceeding 5% of all EDELNOR shares with voting rights issued before the merger; and, (ii) that have not been placed by EDELNOR in the preferred share offer made to shareholders or a public offer within the ten months following the acquisition date of the shares.

On January 29, 2010, the Company was informed about the fact that some dissident shareholders of Empresa Eléctrica del Norte Grande S.A. (EDELNOR) exercised their right of withdrawal in relation to the merger agreement reached at the Extraordinary Shareholders Meeting held on December 29, 2009. This right of withdrawal expired on January 28, 2010. These shareholders held 7,176,940 shares which represented 1.572331% of total shares issued by EDELNOR before the merger; this percentage is lower than the one that would have enabled Suez Energy Andino S.A. and Codelco to revoke the merger, as agreed in the Merger Agreement signed on November 6, 2009.

Consequently, the merger process between EDELNOR and INVERSIONES TOCOPILLA-1 S.A. became final through the take-over of INVERSIONES TOCOPILLA 1 S.A. by EDELNOR. As a result, INVERSIONES TOCOPILLA 1 S.A. was dissolved and transferred all its assets and liabilities to EDELNOR. Thus, EDELNOR became the owner of the shares INVERSIONES TOCOPILLA-1 S.A. owned in Electroandina S.A. (99.99%), Central Termoelectrica Andina S.A. (99.99%), Inversiones Hornitos S.A. (60%), Gasoducto Norandino S.A. (78.91%) and Gasoducto Norandino Argentina S.A. (78.91%).

In conformity with current legislation, EDELNOR must pay the shareholders exercising the right of withdrawal an amount of Ch\$955.10 per share, which is equivalent to the average weighted price of EDELNOR's shares in the Chilean stock exchanges during the two months prior the Meeting.

On January 29, 2010, Suez Energy Andino S.A. exchanged with CODELCO 51,000 shares issued by Inversiones Tocopilla 2-B S.A., for 49,000 shares issued by Inversiones Tocopilla 2-A S.A., plus 22,648 shares issued by Inversiones Mejillones-1 S.A. As a result, Suez Energy Andino S.A. ceased to hold interest in the company through which CODELCO participates in EDELNOR (Inversiones Tocopilla 2-B S.A.), and CODELCO ceased to hold interest in the companies through which Suez Energy Andino S.A. participates in EDELNOR (Inversiones Tocopilla 2-A S.A. and Inversiones Mejillones-1 S.A.). In addition, on the same date, Suez Energy Andino S.A. and CODELCO terminated all the Shareholder Agreements granted in relation to the companies in which they held joint interest (Inversiones Tocopilla-1 S.A., Inversiones Tocopilla 2-A S.A. and Inversiones Tocopilla 2-B S.A., Inversiones Mejillones-1 S.A., Inversiones Mejillones-2 S.A. and Inversiones Mejillones-3 S.A.).

On January 29, 2010, in compliance with the obligations assumed in the Merger Agreement and taking into account that as of the mentioned date all the actions and contracts to be completed by the closing date had been executed and all the related payments had been made, Suez Energy Andino S.A. and Codelco terminated the Agreement stating there are no charges or observations to be made between them.

## 2) CHANGES IN EXECUTIVES AND THE ORGANIZATIONAL STRUCTURE

On March 3, 2009, the General Manager of the Salvador Division, Mr. Julio Cifuentes, resigned Codelco. Since April 1, 2009, Mr. Cifuentes was replaced by Mr. Jaime Rojas Espinoza, Metallurgical Engineer, who previously acted as the Operation Manager at Fundación Refinería Potrerillos in the Salvador Division.

On April 20, 2010, the Corporation's Board of Director unanimously agreed to appoint Mr. Diego Hernández Cabrera as the new Chairman. Mr. Hernández took charge of his position on May 19, 2010.

On April 29, 2010, it was informed that Mr. Roberto Souper Rodríguez will cease acting as Codelco Chile's Marketing Corporate Vice President since May 1, 2010. This position was filled by Mr. Raúl de la Piedra Ramírez, the current Copper Sales Corporate Manager.

On May 11, 2010, the President of the Republic appointed Fernando Porcile Valenzuela, Juan Luis Ossa Bulnes and Andrés Tagle Domínguez as new members of the Corporation's Board of Directors. Mr. Gerardo Jofré Miranda was appointed as the Board President. The new appointed directors replaced Nicolás Majluf Sapag, Alberto Arenas de Mesa and Andrés Sanfuentes Vergara because their appointment period had ended.

On May 14, 2010, it was informed that Mr. Francisco Tomic Errázuriz will cease acting as Codelco's Investment and Human Development Corporate Vice President. On June 15, Mr. Jaime Piña Piña was appointed for this position provisionally.

On May 19, 2010, it was informed that Mr. Rodrigo Toro Ugarte has been appointed to act as Codelco's Marketing Corporate Vice President starting his activities on June 1, 2010.

On June 16, 2010, it was informed that Mr. Thomas Keller Lippold has been appointed to act as Codelco's Finance and Administration Corporate Vice President starting his activities on July 1, 2010.

On July 30, 2010, it was informed as an essential fact that from August 16, 2010, Mr. Sebastián Conde Donoso has been appointed as the Human Resources Vice President.

On August 26, 2010, it was informed as an essential fact that Mr. Fernance Vivanco Giesen has resigned his position of Project Corporate Vice President since October 1, 2010. Mr. Sergio Fuentes Sepúlveda, the Chuquicamata Underground Mine Manager of the Project Corporate Vice Presidency.

On August 27, 2010, it was informed as an essential fact that, from that date, it has been decided to eliminate from Codelco's organizational structure the

Shared Services Corporate Vice Presidency and the Risk Management and Finance Vice Presidency. Their tasks and functions were transferred to the Finance and Administration Vice Presidency.

As a result of the above, Mr. Juan Medel Fernández and Mr. Mario Espinoza Durán, who acted as Shared Services Corporate Vice President and Risk Management and Finance Vice President, respectively, will assume other functions within the Corporation.

On September 1, 2010, it was informed as an essential fact that, taking into account the need to tailor the Company's organization based on future challenges thus preparing its structure to reach maximum competitiveness standards as well as generating the conditions required for the development and operation of the main projects ensuring the Corporation's long-term sustainability, the following changes in the Corporation's structure will be made:

- i)** Creating the Ministro Hales Mine Division, which will be in charge of operating the Ministro Hales Mine.
- ii)** Creating the North Operations Vice Presidency and the Center South Operations Vice Presidency, which main objective is to assure operational excellence and synergies among the Divisions, representing the Chairman in all issues related to the Divisions' operational management, in conformity with the policies established by the Corporation's Board of Directors and the powers granted by the Chairman.
- iii)** The North Operations Vice Presidency will be in charge of the Divisions Codelco Norte, Ministro Hales Mine and Salvador.
- iv)** The Center South Operations Vice Presidency will be in charge of the Divisions Andina, El Teniente and Ventanas.
- v)** Mr. Luis Fariás Lasarte, the current Operational Excellence and Control Management Vice President, was

appointed as the North Operations Vice President.

- vi)** Mr. Ricardo Alvarez Fuentes, the current General Manager of the El Teniente Division, was appointed as the Center South Operations Vice President.
- vii)** Mr. Juan Medel Fernández was appointed as the General Manager of the Ministro Hales Mine Division.
- viii)** The position of Operational Excellence and Control Management Vice President, previously filled by Mr. Luis Fariás Lasarte, was eliminated.
- ix)** The position of Vice President of the Codelco Norte Division was eliminated starting from September 17, 2010..
- x)** Mr. Sergio Jarpa Gibert was appointed as Advisor for the Executive Presidency up to November 30, 2010, in order to allow for an adequate transference of duties and responsibilities considering the new structure of the organization.
- xi)** Mr. Juan Carlos Avendaño was appointed as the Interim General Manager of the Codelco Norte Division since September 17, 2010.
- xii)** Mr. Octavio Araneda Osés was appointed as the Interim General Manager of the El Teniente Division.

All these changes and appointments shall be effective from September 1, 2010, except when expressly stated otherwise.

On November 18, 2010, it was informed as an essential fact the resignation of the General Manager of the Ventanas Division, Mr. Alex Acosta Maluenda, who will remain in his position up to December 31, 2010, at the Corporation's request.

On November 19, 2010, it was informed as an essential fact that, starting from December 1, 2010, the Chuquicamata Division and Radomiro Tomic Division were created from the current Codelco

Norte Division. From the same date, Mr. Julio Aranís Vargas was appointed as the General Manager of the Chuquicamata Division and Mr. Juan Carlos Avendaño Díaz was appointed as the General Manager of the Radomiro Tomic Division.

On November 19, 2010, it was informed that from that date, Mr. Sergio Fuentes Sepúlveda has been appointed as the Project Vice President, who was previously filing the same position in an interim manner.

On November 29, 2010, it was informed the appointment of the new General Managers of the two divisions that comprise the Vice-presidency of Operations of the Central-Southern region: Mr. Octavio Araneda in the El Teniente Division, who was internally in charge and Mr. José Sanhueza in the Ventanas Division, who will take office as from January 1, 2011 replacing Mr. Alex Acosta Maluenda. Also, it was informed that Mr. Armando Olavarría will remain as the General Manager of the Andina Division.

On November 19, 2010, it was informed on the authorization, by Codelco's Board, of the investment in the amount of US\$ 2,077 million for the exploitation of the Ministro Hales Mine, which will be in charge of the I Ministro Hales Division and the Vice-presidency of Projects.

With this approval, the new Ministro Hales Division of Codelco becomes the highest investment in the history of this mining company. It is also the first structural project of the Corporation that enters into the execution stage – with a 36-month period until its implementation – and the only that develops a new ore deposit. To keep the continuity that assures the execution in the abovementioned periods, the Corporation's Board also authorized the anticipation of expenses during this year in the amount of ThUS\$133.4.

It is estimated that once in production operations, by late 2013, the Ministro Hales Division will contribute with an average annual production of 163 thousand fine copper metric tons.

### 3) STRATEGIC ALLIANCES

On January 30, 2009, the Corporation communicated to Anglo American Sur S.A., its decision of postponing the exercise of the option to acquire up to 49% of the shares of such companies for the next contractual period from January 1 to January 31, 2012.

Notwithstanding the above, Codelco has communicated to Anglo American its interest and will to continue and going into the conversations on cooperation and complementation alternatives of the operations of Los Bronces and Andina, which can produce value increases for both companies.

On September 15, 2009, Codelco signed an agreement with Colbún S.A. for the long-term electric supply for its divisions Salvador, Andina, Ventanas and El Teniente, which involves the hiring of an electric supply for power up to 510 MW and its associated energy of around 4,000 GWh a year by means of two Supply Agreements with terms of 15 and 30 years starting on March 1, 2013 with 328 MW of power until reaching the total of 510 MW on January 1, 2015 or on a subsequent date if certain agreed conditions are met.

The agreement includes an option given to Colbún S.A. for the acquisition of certain assets that are part of one of Codelco's developing projects called Central Termoeléctrica Energía Minera (CETEM) (Mining Energy Thermoelectric Power Plant), which include an environmental impact study, an option to buy the land in which it would be built and certain engineering projects. The supply agreements are not linked to such option, therefore, they do not consider any commitments for disbursement and/or delivery of assets, and their annual amount will depend mainly on the price of the fuels (coal, and diesel oil) they are referred to as well as the hydrology of the period and the international inflation indexes. Their annual value may vary between US\$300 and US\$330 million, depending on the evolution of the abovementioned parameters over the term of the agreements.

On October 8, 2009, the Board of Directors of Sociedad Contractual Minera El Abra approved the resumption of the construction activities of the Sulfoix Project, which, by late 2008, had been deferred for the conditions of the market.

The project considers the development of a big sulphide deposit which will extend the life of the mine by ten years and will produce approximately 300 million pounds of copper. The total capital investment until 2015 is estimated in US\$600 million. The capital investment of the initial phase of the project – which would be completed in 2012 – amounts approximately to US\$ 450 million, from which there is a US\$350 million surplus.

On November 6, 2009, Codelco subscribed the following long-term electric supply agreements with ELECTROANDINA S.A.:

**a.** Agreement that supersedes the one signed on November 22, 1995 for the supply of electric power of the Chuquicamanta division, valid for 15 years starting in January 2010 and for a power range between 200 and 280 MW and all its associated electric power. The contract has an approximate cost of MUS\$1,380, for the entire period.

**b.** Modification of the agreement signed on December 21, 1995 for the Radomiro Tomic division for a maximum power of 110 MW, by means of which, starting on January 2010, new prices are established for the power and energy involved in the contract as well as their new adjustment formulas.

On January 20, 2010, Codelco and Colbún S.A. subscribed the "Long-term Electric Supply Agreements" referred to in Relevant Events dated September 15, 2009 and September 22, 2009, by which it was communicated the Agreement between Colbún and Codelco for the long-term electric supply for the Salvador, Andina, Ventanas and El Teniente divisions.

On February 25, 2010, the Corporation's Board of Directors approved the binding offer of US\$ 45 million made by the Australian com-

pany PanAust Limited, to purchase the 66% ownership interest of Inca de Oro S.A. This operation will be subject to the approval by the President of the Republic through the issuance of a supreme decree, in conformity with Law 19137, which allows Codelco partnering with third parties for the development of mining projects.

On February 22, 2010, Codelco made an advanced payment of the price of the transfer of the purchase option of the shares of Enami in Anglo American Sur S.A. in the amount of ThUS\$163,935 in three installments, the first two will be payable on February 22 and 25, 2010, respectively, and the third installment payable on March 1, 2010.

The board of directors of GNL Mejillones S.A., a company whose ownership is shared by Codelco and the GDF Suez Group, approved on October 28, 2010, an investment of US\$ 200 million for the construction of a storage pond for liquefied natural gas, which will replace the current system based on gas carrier ships.

Although Codelco will not participate in the funding of this initiative, it will hold 37% of the company's ownership interest; the remaining ownership will be controlled by the GDF Suez Group.

#### 4) SITE CLOSURE

Due to the favorable market conditions, which allowed obtaining new hedges for its production, on May 8, 2007, the Corporation made the technical and economic decision of extending the exploitation of the line of oxides of the Salvador Division by two years, thereby postponing the closing that work from 2008 to 2010.

On February 26, 2010, the Corporation reported on the agreement signed by the Board of Directors in regards to the continuation of the mining operations of the Salvador Division until 2016, if market and operation conditions remain stable until 2021, both extensions will be subject to the condition of complying with management improvement commitments and the reduction of costs promised by the Division.

To make the abovementioned decision, the Board of Directors took into account the new business plan prepared with current price parameters and economic indicators of management and costs, which generates a positive VAN and makes possible the profitable exploitation of the Division's mining resources.

#### 5) CORPORATE GOVERNANCE

On November 14, 2009, Law 20392 was published in the Official Gazette; this law modifies the organic law of Corporación Nacional del Cobre de Chile. The new legal instrument implies for the Corporation, that the Chilean Securities and Insurance Supervisor will oversee Codelco in the same terms applied to Public Companies. Additionally, the law includes the introduction of significant changes in the composition, appointment and attributions of the Board of Directors of Codelco together with the authorization of an extraordinary contribution in the amount of MUS\$1,000, which has been consigned in Article 60 of this law and will be used for the setting of the funding structure of Codelco's investment program. The aforementioned contribution was received on December 4, 2009.

In February 11, it was reported that the Corporation was informed through a formal notification of the Ministry of Mining on the decision of the President of the Republic regarding the appointment of the members of the new Board of Directors of Codelco. The new board was composed of Mr. Alberto Arenas de Mesa, Andrés Sanfuentes Vergara, Nicolás Majluf Sapag, Raimundo Espinoza Concha, Jaime Roberto Gutiérrez Castillo, Marcos Lima Aravena, Marcos Büchi Buc, Gerardo Jofré Miranda and Jorge Bande Bruck. Mr. Nicolás Majluf Sapag was appointed Chairman of the Board.

The aforementioned board took office on March 1, 2010.

On March 1, 2010, it was held a meeting of the new Board of Directors of the Corporation, appointed by Supreme Decree No.35 dated February 12, 2010.

On March 22, 2010, Codelco Chile informed on the meeting of the Corporation's Directors Committee, which is comprised by Mr. Gerardo Jofré Miranda (President), Jorge Bande Bruck (Vice-president), Marcos Lima Aravena and Marcos Büchi Buc..

#### 6) CONTINGENCES, STRIKES AND STOPPAGE OF ACTIVITIES AND OTHERS

At a voting held on December 28, 2009 and whose results were certified by the attester in the early hours of the morning of December 29, 2009; most of the workers from trade unions 1, 2, and 3 of the Chuquicamata site of the Codelco Norte Division, involved in the collective bargaining process, rejected the last offer of the Company.

Consequently, it was approved the strike that should take place in the three-day term following the approval of this action unless any of the circumstances (included in the law) that may avoid this strike arises. The company's last offer considered Ch\$11.5 million for bonuses, Ch\$3 million for soft loans, an adjustment of 3.8% in addition to a series of other benefits.

In regards to the collective bargaining of the members of the trade unions 1, 2, and 3 of the Chuquicamata site of the Codelco Norte Division, aimed to replace the collective agreements expiring on December 31, 2009, the workers voted on January 5, 2010 in favor of the company's offer and the legal strike started on January 4, 2010 was ended. Normal activities were taken up as from the first shift of January 6, 2010.

In short, the new collective agreement subscribed on January 6, 2010 is valid for 38 months, considers an only adjustment of 4% and the payment of single liquid bonuses in the amount of Ch\$12.14 million plus an optional soft loan of Ch\$3 million.

These benefits amounted to ThUS\$ 204,857, and were paid in January 2010.

On April 30, 2010, it was informed that the "General Policy of Frequency for Operations between Related Parties" was approved on April 29, 2010.

## 7) FUNDING

On January 20, 2009, the Corporation placed and issued a bond for US\$ 600 million in the American market, under the standard 144-A and regulation S. Such issuance was led by HSBC and JP Morgan, with an annual interest rate of 7.5% and expiring in a single deposit in 2019.

On October 1, it was communicated as a relevant event that the Corporation's Board of Directors agreed at the Ordinary Session dated July 29, 2010, to authorize the Executive President to start the bargaining process to obtain bank loans and/or issue bonds with terms between 1 and 30 years, internal or external in domestic or foreign currency for an amount up to US\$ 1,810 million; and to empower the Executive President to exercise and sign by itself or by the agents appointed for such purpose, all the actions and agreements required for that purpose.

Note that the agreement was adopted as private and confidential. At this date, Codelco Chile informs that the agreement is no longer classified as private and confidential.

On October 28, 2010, Codelco Chile accessed to international markets through the issuance of bonds for US\$1,000 million at a 10-year term, with a coupon of 3.75% a year and a return of 3.96% a year.

This is the eighth bond issuance of the Corporation and was led by Deutsche Bank and HSBC. The final conditions were achieved after a roadshow process that comprised more than 45 investors and included Europe and the United States.

These resources will allow the refunding of liabilities and the funding of the mining investment plan of Codelco.

## 8) INSURANCE POLICIES

On August 28, 2009, the Corporation and the insurance companies La Interamericana, Compañía de Seguros Generales S.A. and Penta Security S.A., came to a full agreement regarding the casualties for the three events occurred in the Codelco Norte Division between July 2006 and May 2007.

By virtue of the agreement, the insured party will receive a total compensation in the amount of ThUS\$62,514, regarded by the parties as the fair evaluation of all the damages covered by the insurance policy and occurred as a result of these events; the Corporation will record this amount as non operating income with a positive effect on profit or loss for the period 2009.

## Director's and Manager's Compensation

As of December 31, 2010 and 2009. (In thousands of U.S. Dollars - ThUS\$)

During 2010 and 2009, the directors have received the amounts which are indicated in the chart of transactions with related entities for the concepts of allowance for attendance to meetings, remuneration and fees.

### 1) DIRECTORS' ALLOWANCE

NAME	2010 THUS\$	2009 THUS\$
SANTIAGO GONZÁLEZ LARRAÍN	4	19
ANDRÉS VELASCO BRAÑES	4	19
NICOLÁS MAJLUF SAPAG	45	59
JORGE BANDE BRUCK	90	59
JORGE CANDIA DÍAZ	11	59
RAIMUNDO ESPINOZA CONCHA	70	59
GUSTAVO GONZÁLEZ JURE	11	59
ALBERTO ARENAS DE MESA	18	-
JAIME GUTIÉRREZ CASTILLO	59	-
ANDRÉS SANFUENTES VERGARA	18	-
GERARDO JOFRÉ MIRANDA	115	-
MARCOS BÜCHI BUC	70	-
FERNANDO PORCILE VALENZUELA	48	-
ANDRÉS TAGLE DOMÍNGUEZ	48	-
MARCOS LIMA ARAVENA	79	-
JUAN LUIS OSSA BULNES	48	-

### 2) REMUNERATION

NAME	2010 THUS\$	2009 THUS\$
RAIMUNDO ESPINOZA CONCHA	72	34
JAIME GUTIÉRREZ CASTILLO	80	-
JORGE CANDIA DÍAZ	-	86

### 3) FEES

NAME	2010 THUS\$	2009 THUS\$
NICOLÁS MAJLUF SAPAG	-	27
JORGE BANDE BRUCK	-	27

Remuneration of the Corporation's main executives for 2010 amount to ThUS\$ 6,658. This amount includes a performance bonus of ThUS\$ 493.

Criteria for determining remuneration were established by the Board of Directors through an agreement dated January 29, 2003. The text in force of the policy, as updated at the Board of Directors' meeting dated March 2, 2004, is as follows:

**a)** Fixed remuneration will be to fixed remuneration related to percentile 50.0 of the fixed component of remuneration for the position in the reference market with a range of more or less 15%.

**b)** The unguaranteed performance bonus will have an annual amount which will fluctuate - depending on compliance with goals and individual performance - between zero and three monthly fixed salaries. Additionally, two limitations are established: i) that the Company's annual surplus must be greater than 20% of its equity (capital and reserves), and ii) that the total amount of bonuses could not exceed 2.4 times the added amount of monthly base salary of these executives.

**c)** Total remuneration; i.e., the addition of fixed guaranteed remuneration plus the possible performance bonus will

not exceed total remuneration related to percentile 75 for the position in the reference market.

With respect to severance indemnities none of the executives received any payment for this concept as of December 31, 2010.

## Statement of Responsibility

As members of the Board of Directors of Corporación Nacional del Cobre de Chile, with business address at calle Huérfanos 1270, Santiago, in order to comply with the provisions set forth in the General Regulation no. 30 under the Superintendency of Securities and Insurance, we the undersigned declare and testify, under oath, in this instrument and are accountable for the whole and absolute truth and authenticity of the information reported by Codelco in the 2010 Annual Report.



**GERARDO JOFRÉ**  
BOARD CHAIRMAN  
RUT: 5.672.444-3



**FERNANDO PORCHÉ VALENZUELA**  
BOARD DEPUTY CHAIRMAN  
RUT: 4.027.183-K



**JUAN LUIS OSSA BULNES**  
DIRECTOR  
RUT: 3.638.915-K



**ANDRÉS TAGLE DOMÍNGUEZ**  
DIRECTOR  
RUT: 5.895.259-9



**MARCOS LIMA ARAVENA**  
DIRECTOR  
RUT: 5.119.963-4



**MARCOS BÜCHI BUC**  
DIRECTOR  
RUT: 7.383.017-6



**JORGE BANDE BRUCK**  
DIRECTOR  
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**RAIMUNDO ESPINOZA CONCHA**  
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**JAIME GUTIÉRREZ CASTILLO**  
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