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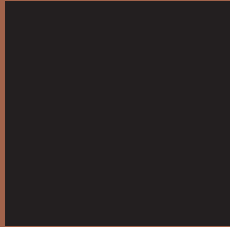


_ ANNUAL
_ REPORT
_ CODELCO
_ 2007



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_Letter from the Chairman of the Board

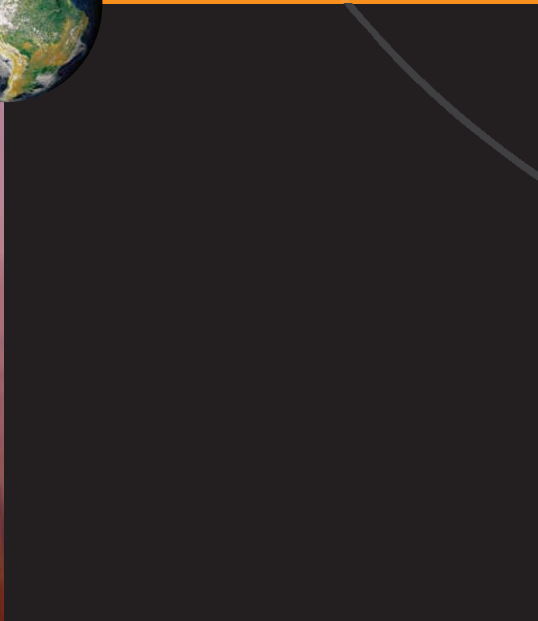


2007 was an especially favorable year for Codelco. The average annual copper price was stimulated by a very positive outlook for world copper demand and reached US\$ 323.2 cents per pound, surpassing the level achieved in 2006, as well as the expectations of market agents.

As a consequence, Codelco's pre-tax profit reached US\$ 8.451 billion, which is the largest comparable net profit of any company operating in Chile. This confirms that the Corporation has been, and is, a key company in Chile's development. Codelco is Chile's most valuable mining asset, and as such, we have to administer it efficiently and responsibly. All Chileans have a responsibility in caring for it.

Despite the rise in the value of copper and its by-products, the company continues to be affected by the high inflation of essential goods, the fall in the foreign exchange rate and the deterioration of mineral grades, all of which means a rising pressure in terms of cost. Within this scenario, the efforts that the company is making-- to restrain the rise in production costs—turn out to be very favorable.

But Codelco's contribution does not limit itself to pre-tax profit; the Corporation exercises an enormous impact through the linkages and dynamism that is transmitted to other sectors in the national economy. During 2007 it carried out commercial operations with a group of numerous companies, providers of goods and services, for a total business volume of more than US\$ 3.8 billion.



At the same time, Codelco made investments of more than US\$ 1.7 billion, constituting a historic record. These investments are fundamental in order to compensate the deterioration and aging of the company mining deposits and to raise short-term production to take advantage of positive market conditions and to advance Codelco's long-term Investment Plan. I have no doubt that speeding-up the development of new exploitation projects, in an impeccable way, constitutes a central strategic objective for Codelco.

The development of the LNG Mejillones Plant project, in a joint venture with Suez Energy, is one of such investments. In this respect, I would like to mention the Corporation's leadership on the topic of energy, which seeks to secure the electric system in the north of the country, favoring not only Codelco, but also other actors in the mining industry in the north and its inhabitants.

Nonetheless, in 2007, Codelco's management faced difficulties and challenges. The most important of which is safety, where we lament the loss of ten workers, despite the fact that we decreased the accident rate. For the Board and the Administration of Codelco, the safety of its workers is of utmost priority. We are decidedly committed to taking all necessary actions to confront this serious problem.

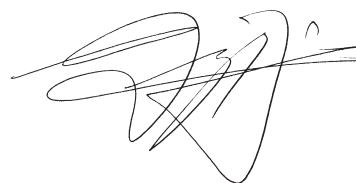
In other areas, I would like to highlight the endorsement of the Strategic Alliance III agreements with the Federation of Copper Workers (FTC) and the Federation of Copper Supervisors (FESUC). This ratifies the climate of cooperation and development that exists between the company workers, their representatives and the Administration of Codelco. Working groups were created to analyze the company's major challenges in order to maintain its competitiveness and contribution to the country over time.

In the institutional area, I would like to comment on the progress we have made on the New Corporate Governance project, which has already been sent to Congress for discussion. The growth and development of Codelco demands the modernization of its Corporative Governance in order to make it the modern administration it should be, one that will guide the most important company in Chile in this new century.

Major challenges confront Codelco today. The opportunity and form in which we confront them are fundamental, not only for the development and consolidation of the company, but also for the benefit of the country. Chile relies on the contribution that the company gives, which is so necessary for the development of the country.

Codelco as a state-owned company has the obligation and commitment to the citizens of this country to operate with transparency and efficiency, reflecting this through development and sustainable growth, controlling its costs and increasing its production, so that the country can count on the resources that it generates, as those resources are its reason for being as a state-owned company.

We put our faith in the capacity of Codelco's professionals and workers, trusting their commitment to the company and to Chile; we expect the most from them and that they be an example for the rest of workers, both in the private and public sectors. The largest company in Chile should be the leader in all of these aspects for the good of Chile.



SANTIAGO GONZÁLEZ LARRAÍN
Minister of Mining

_Letter from the President & CEO



During 2007, Codelco achieved a pre-tax profit of US\$ 8.451 billion. Along with the pre-tax profit generated in 2006, this constitutes the highest in history. The resources Codelco has given to the Treasury over the last two years were 20% higher than the total amount contributed in the period of 1990-2004.

The Corporation's pre-tax profit in 2007 is equivalent to giving nearly a million dollars per hour, 24 hours a day, 365 days a year to the Treasury. These substantial resources were given in a market context that once again, was very favorable, with an annual average copper price that was US\$ 323.2 cents per pound.

These market conditions would not have generated this valuable contribution to the State if the company had not developed ways to restrain the effects of the depletion of mineral grades and the aging of mining deposits, the pronounced rise in the price of key good and the reduction in the exchange rate. At the same time, these pre-tax profits are the product of the quick response in the wake of some contingencies: incidents in operations in Codelco Norte, the immediate continuation of activities after violent conflicts of a group of contract workers, earthquakes in Norte Grande and the freezing of water in El Teniente Mining Division, to name a few of the most relevant.

Despite the initiatives to restrain the rise in costs, they continue increasing, primarily as a result of the rise in the price of goods and the deterioration in mining variables. To this we have to add the incidents already mentioned that reduce the productivity and increase the per unit costs.

In the area of suppliers, during 2007, Codelco carried out commercial operations with 2,541 providers of goods and 1,544 service providers, with a total business volume of more than US\$ 3.8 billion.



THE PRE-TAX PROFIT GENERATED BY CODELCO
IN 2007 IS EQUIVALENT TO GIVING THE TREASURY
NEARLY A MILLION DOLLARS PER HOUR,
24 HOURS A DAY, 365 DAYS A YEAR.

One key aspect that I would like to comment on is safety. At the same time as we celebrate a decrease in the accident frequency rate (permanent employees plus contract workers) from 3.82 in 2006 to 3.51 in 2007, we have to lament the loss of ten workers in work-related accidents. Following a company-wide audit, the Executive Committee approved a Immediate Action Plan in safety matters that was presented to the Corporation's Board.

This Plan puts emphasis on strengthening leadership on safety issues, correcting substandard conditions, where they exist, and reinforcing safe practices; and includes an audit of the Safety, Occupational Health and Environmental Management Policies, whose latest version was emitted in December.

Through this letter, I would like to repeat, once again, the need for each and every worker in Codelco to make a commitment to work safely. Because safety comes first, life comes first.

During 2007, in concordance with the major strategic challenges for growth with competitiveness, Codelco made investments of more than US\$ 1.7 billion, the highest in history. Through these investments, solid progress was made on the implementation of the Gabriela Mistral project (95%) that during 2008 will contribute close to 80,000 tons of fine copper to the Corporation. Once fully operational, it will produce 150,000 tons of fine copper cathodes per year.

The progress made in other relevant projects is highlighted below:

- | Construction was begun on the Andina Phase I Development Project.
- | Continuation of the prefeasibility study for the Radomiro Tomic Sulfide (Codelco Norte) Project.
- | Development of the conceptual engineering for the Minister Alejandro Hales Mine and Chuqui Underground (Codelco Norte) Project.
- | Initiation of the Pilar Norte Project and progress on the New Level Mine (El Teniente) prefeasibility study.
- | Development of the LNG Mejillones Plant project, in a joint venture with Suez Energy, which seeks to ensure the power supply for the northern zone of the country. The topic of energy supply has become a key concern, as much for the company, as for the entire country.

In the longer term, we confirmed the discoveries of the Miranda and Casualidad ore deposits (both in Region II), which will contribute around four million tons of fine copper as a geological resource. In addition, the Amankay (Atacama Region) and Boa Esperanza prospects (Pará District in Brazil) were sold, transactions that brought in US\$ 96 million and that reflect the value of assets generated by explorations. These assets were sold because they do not project the mining resource potential necessary to be developed by the Corporation. In addition, in 2007 Codelco decided to make effective the option to buy the Mocha ore deposit (Region I), a prospect with *in-situ* resources of more than four million tons of fine low grade copper.



In the scope of technology, Codelco performed research and innovation activities equivalent to US\$ 45.3 million in 2007. This amount incorporates both the direct investment in its portfolio of studies and research and innovation programs, as well as the contributions to technology based companies made with their partners.

Without losing sight of the need to optimize current operations, Codelco has continued to put a strong emphasis on the search for new processes and technological breakthroughs to respond to the future challenges of the mining business, and for those without existing integral technical solutions in the market. Among the most relevant technological programs that stand out are those of Continuous Underground mining and Open pit (structured and initiated during 2007); Mineral processing; bio-leaching of sulfuric minerals and information technologies, communication and automation. For the development of these programs, we have generated alliances with first-rate actors worldwide.

The strategy of growth with competitiveness is developed on the basis of worker cooperation. During 2007, two important Strategic Alliance Phase III agreements were signed with the Federation of Copper Workers (FTC) and the Federation of Copper Supervisors (FESUC). The successful development of seven processes of Collective Negotiations – without conflict— in the Codelco Norte, Salvador and El Teniente Mining Divisions and the Head Office are an example of the cooperation and development between workers and supervisors.

Beyond the aforementioned achievements, we also highlight the efforts deployed in the area of human development, specifically on topics such as: consolidation of Career Development Systems; closing the gap in worker competencies with an emphasis on the areas and critical processes of the organization through permanent training; implementation of Performance Management Systems and design of a new Corporate System for Recruitment and Selection ; Development of Senior Management and Professionals with high potential; Development of Experts and Attraction of Talent.

EVERYONE WHO WORKS IN CODELCO
IS SERVING THEIR COUNTRY BY ADMINISTERING
AND MANAGING IN AN EFFICIENT AND RESPONSIBLE
WAY ITS MOST VALUABLE MINING ASSET.



For several years now, Codelco has defined sustainability as one of the key levers in its development strategy. During 2007, Codelco Norte, Salvador, Ventanas and El Teniente Mining Divisions, along with the Head Office and Explorations, after a process of external auditing, were recommended for maintaining their ISO 14001 certifications and OHSAS 18001. Said process will be performed in the Andina Division in 2008; while the Ventanas Division is in process of being certified under OHSAS 18001.

In another area of sustainability, during 2007 Codelco made investments in environmental and workplace safety projects for an amount of US\$ 119.2 million. The company continued its program on improvement and investments in order to fully comply with the Supreme Decree 90 (that regulates liquid waste discharge in continental and marine waters) highlighting:

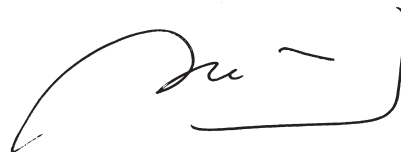
- | Start-up of a molybdenum treatment plant for the Carén effluent with an investment of US\$ 31 million in the El Teniente Division.
- | Completion of the construction of a siphon and tunnel for acid water treatment in the Andina Division with a total investment of US\$ 38 million.

In the context of the Clean Production Agreement, signed with Corfo's Clean Production Council, we continued developing actions to optimize the use of energy resources, applying plans to improve the efficiency, and maintained the search for renewable energies. One example is the study that analyzes the possibility of building a wind park to generate part of the electric energy required by the Gabriela Mistral project.

In 2007, once again, Codelco appears in the MORI Survey of Social Responsibility as the most socially responsible company, as much in the category of large international companies – first place – as in the local sphere – first place in a closed question.

Finally, in 2007, in the framework of the Codelco Good Neighbor Program, the different Divisions and work centers developed more than 60 projects in areas associated with themes of education, the environment and economic entrepreneurship. At the same time, the fourth internal call for tender was carried out in order to apply for resources provided by the Corporate Social Investment Fund.

In conclusion, I would like to thank all of the men and women of Codelco that, from their positions, have made it possible for to us to take opportunities – especially those that provide us with good juncture and market perspectives – to surpass the difficulties and confront our challenges. In this way, those who work in Codelco are serving their country by managing in a responsible and efficient way its most valuable mining asset.



JOSÉ PABLO ARELLANO MARÍN
Executive President & CEO



_Board of Directors

President

Santiago González Larraín
Minister of Mining
Civil engineer,
University of Santiago of Chile.

Directors

Andrés Velasco Brañes
Minister of Finance
Economist,
Columbia University, U.S.A.

Nicolás Majluf Sapag
**Representative of Her Excellency
the President of the Republic**
Industrial engineer,
Catholic University of Chile.

Directors

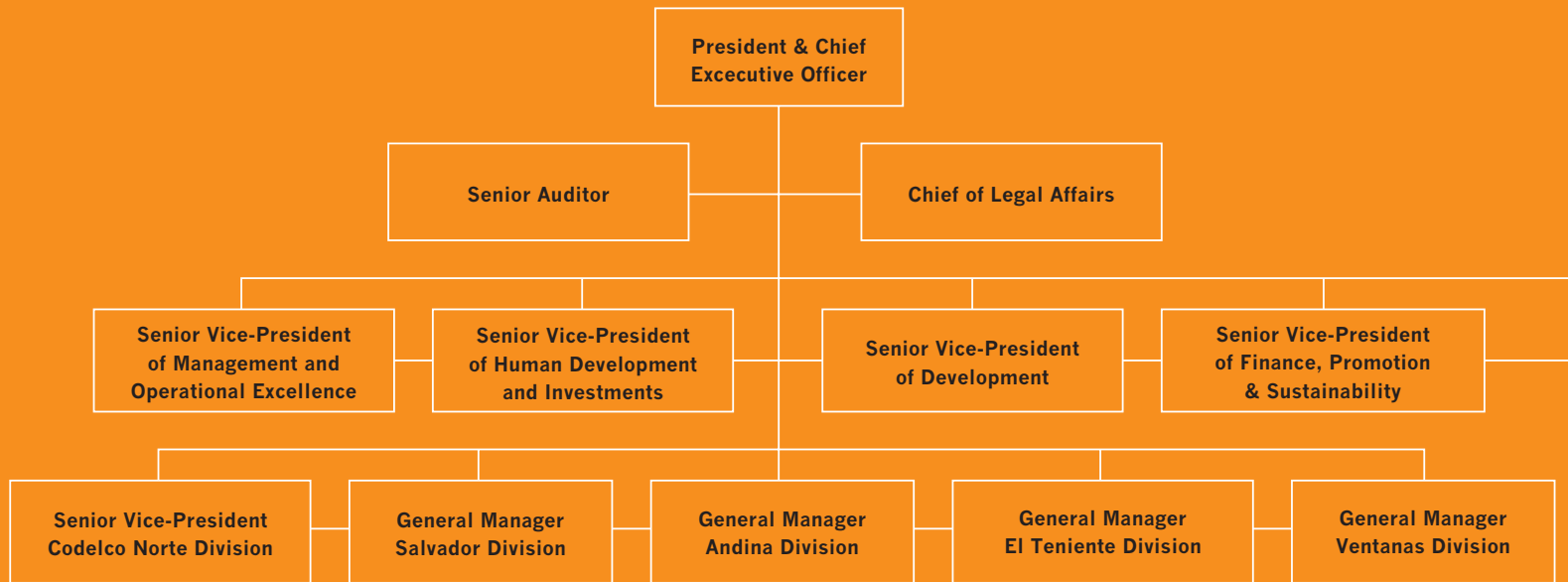
Jorge Bande Bruck
Representative of Her Excellency
the President of the Republic
Economist,
American University, U.S.A.

Raimundo Espinoza Concha
Representative of the Copper
Workers Federation
Electrical technician,
Technical University of Antofagasta.

Eduardo Gordon Valcárcel
Representative of Her Excellency
the President of the Republic,
Police Inspector General
Officer graduated in Police Sciences.

Jorge Candia Díaz
Representative of the National
Association of Copper Supervisors
Hydraulic engineer,
University of Chile.





President & Chief Executive Officer
José Pablo Arellano Marín
 Economist



Senior Vice-President of Management and Operational Excellence
Luis Farfás Lasarte
 Chemical engineer



Senior Vice-President of Development
Juan Enrique Morales Jaramillo
 Mine engineer



Senior Vice-President of Finance, Promotion & Sustainability
Isabel Marshall Lagarrigue
 Economist and sociologist

Senior Auditor
Luis Mualim Celume
 Chartered accountant

Chief of Legal Affairs
Waldo Fortín Cabezas
 Lawyer

Senior Vice-President of Human Development and Investments
Francisco Tomic Errázuriz
 Economist

_Senior Management



Senior Vice-President of Projects
Fernando Vivanco Giesen
Mine engineer

Senior Vice-President of Sales
Roberto Souper Rodríguez
Commercial engineer

Senior Vice-President of Shared Services
Daniel Barría Iroumé
Civil engineer

Senior Vice-President Codelco Norte Division
Sergio Jarpa Gibert
Mine engineer



General Manager Salvador Division
Julio Cifuentes Vargas
Mine engineer

General Manager Andina Division
Daniel Trivelli Oyarzún
Mine engineer

General Manager El Teniente Division
Ricardo Álvarez Fuentes
Mine engineer

General Manager Ventanas Division
Alex Acosta Maluenda
Economist



_Highlights

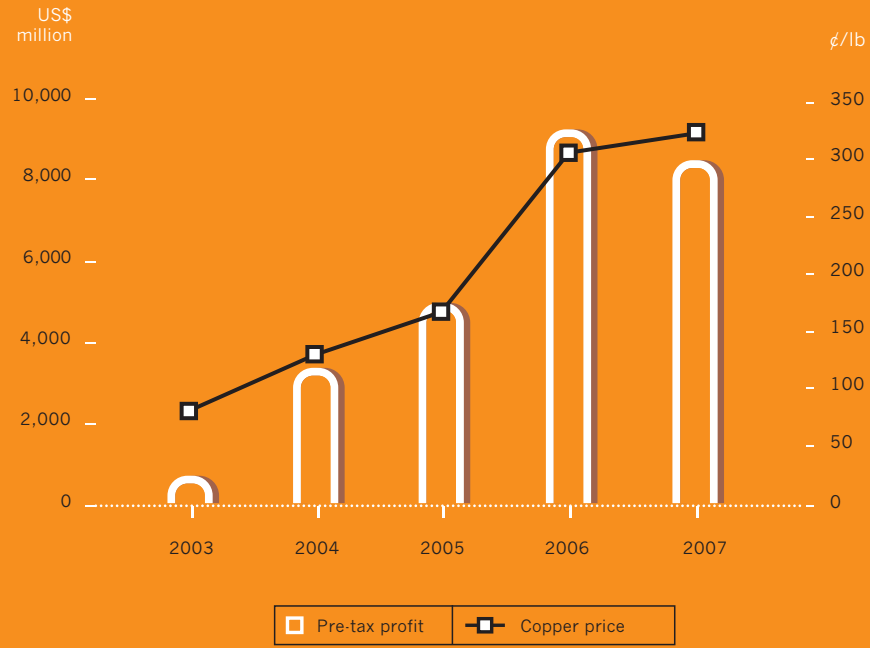
(US\$ million)	2003	2004	2005	2006	2007
Sales	3,782	8,204	10,491	17,077	16,988
Pre-tax profits	606	3,301	4,901	9,215	8,451
Treasury payments	735	3,009	4,442	8,334	7,944
Total assets	8,092	8,833	10,739	13,033	15,058
Total liabilities	5,268	5,960	7,798	8,503	10,309
Equity	2,821	2,872	2,941	4,528	4,744
Investment	895	893	1,845	1,219	1,605
Copper production (thousands of fine tons) ⁽¹⁾	1,674	1,840	1,831	1,783	1,665
Direct employment (as of December 31st)					
Own personnel	16,595	16,778	17,880	17,936	18,211
Operating contractors	17,614	19,929	24,951	24,028	26,210
Investment contractors	9,320	8,683	12,601	8,620	17,079
Copper price (¢/lb) (LME grade A cathodes)	80.7	130.1	167.1	305.3	323.2

(1) Includes Codelco's share of El Abra.



CODELCO GENERATED US\$ 8.451 BILLION
OF PRE-TAX PROFIT DURING 2007.
THE CORPORATION WAS THE COMPANY
THAT GAVE THE MOST CONTRIBUTIONS
TO THE STATE OF CHILE.

_PRE-TAX PROFITS AND THE COPPER PRICE



US\$ 8,451 billion



_Codelco Norte Division

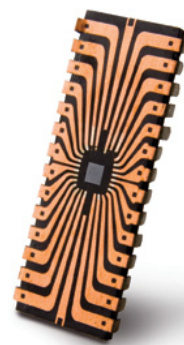
Ore body	Open pit mine.
Operation	Chuquicamata since 1915 and Radomiro Tomic since 1997.
Location	Calama, Second Region.
Products	Electro-refined and electro-won cathodes, and copper concentrate (Chuquicamata); electro-won cathodes (Radomiro Tomic).
Production	896,308 fine metric tons of copper.
Cash costs (C1)	33.1 ¢/lb.
Employees	8,420 as of December 31st, 2007.



CODELCO HAS **FIVE MINING DIVISIONS** BETWEEN THE SECOND AND SIXTH REGIONS. CODELCO'S HEAD OFFICE IS LOCATED IN SANTIAGO.

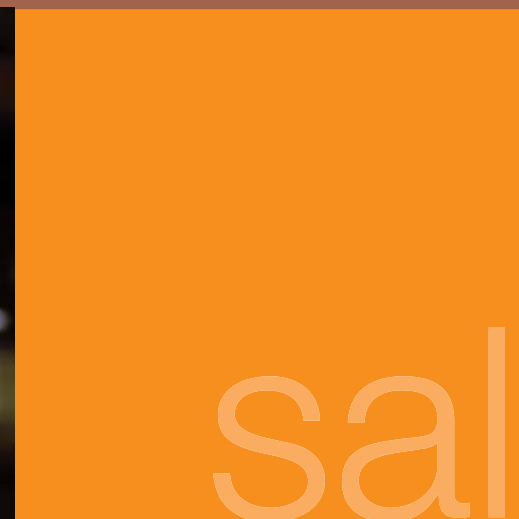


codelco norte



_Salvador Division

Ore body	Underground mine and open pit mine.
Operation	Since 1959.
Location	Diego de Almagro, Third Region.
Products	Electro-refined and electro-won cathods, and copper concentrate.
Production	63,885 fine metric tons of copper.
Cash costs (C1)	77.6 ¢/lb.
Employees	1,717 as of December 31st, 2007.





vador division



_Ventanas Division

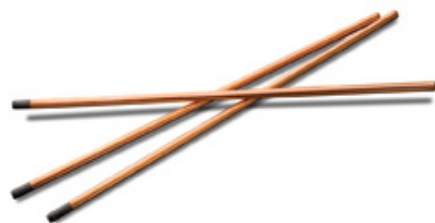
Ore body	Smelter and refinery.
Operation	Smelter since 1964 and refinery since 1966.
Location	Puchuncaví, Fifth Region.
Products	Copper cathodes, gold lingots and granules of silver.
Employees	1,038 as of December 31st, 2007.



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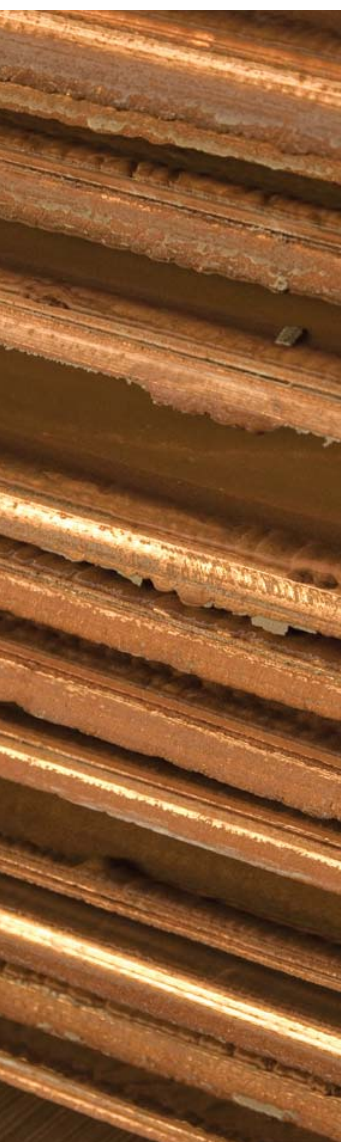


tanás division



_Andina Division

Ore Body	Underground mine and open pit mine.
Operation	Since 1970.
Location	Los Andes, Fifth Region.
Product	Copper concentrate.
Production	218,322 fine metric tons of copper.
Cash costs (C1)	34.7 ¢/lb.
Employees	1,298 as of December 31st, 2007.





División andina



_El Teniente Division

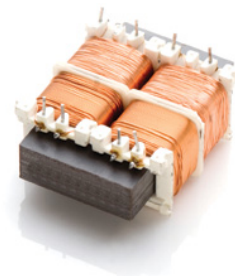
Ore body	Underground mine.
Operation	Since 1905.
Location	Rancagua, Sixth Region.
Products	Fire refined and copper anodes.
Production	404,738 fine metric tons of copper.
Cash costs	47.0 ¢/lb.
Employees	4,808 as of December 31st, 2007.



el te



niente division



_Corporate Profile



CORPORATE PROFILE

Codelco is a world-class Chilean company. It has the world's largest and best copper reserves. It is a leader in mining and processing technology and know-how. It has a business model and organization that stimulates value creation. Its employees are motivated and trained to participate in building the company's future, led by highly skilled executives.

The Corporación Nacional del Cobre de Chile, Codelco, is the world's top copper producer and one of the industry's most profitable companies. Codelco's owned assets are worth in excess of US\$ 15.058 billion, and in 2007 its equity reached US\$ 4.744 billion. Its main commercial product is grade A copper cathode.

CODELCO IS A WORLD-CLASS COMPANY, WITH THE
WORLD'S LARGEST AND BEST COPPER RESERVES,
ADVANCED TECHNOLOGY AND KNOW-HOW,
AND AN ORGANIZATION AND BUSINESS MODEL THAT
STIMULATES VALUE CREATION.

The company operates through four mining divisions: Codelco Norte (Chuquicamata and Radomiro Tomic ore bodies), Salvador, Andina and El Teniente. Since May 2005, the Ventanas Smelter and Refinery has become Codelco's fifth Division.

The company also holds shares in major mining ventures such as El Abra (49%) and other mining joint ventures focusing on geological exploration in Chile and abroad.





CODELCO HAS BUILT ITS WORLD
LEADERSHIP IN THE COPPER INDUSTRY
ON SIX MAJOR PILLARS:



LEADING PRESENCE_ In 2007, Codelco produced 1,664,600 fine metric tons of copper, including its share of El Abra. This is 11% of the total western world production.

Codelco, a leader in copper production, is one of the most competitive companies in this sector.

It is also one of the world's foremost molybdenum producers and produced 27,857 fine metric tons in 2007.

COPPER RESERVES_ Codelco owns the world's largest known copper reserves and resources. It is estimated that current reserves will ensure more than 70 years of operations at current production levels.

A STABLE AND GEOGRAPHICALLY DIVERSE CUSTOMER PORTFOLIO_ Codelco has developed long-term relationships with a stable and diverse group of customers that includes some of the world's main manufacturing companies.

RESEARCH AND TECHNOLOGICAL INNOVATION_ The research and development of technologies, and their incorporation into productive processes constitutes a pillar that sustains the competitiveness of the company.

In this perspective, innovation projects that the company is carrying out aim to substantially improve mining operation processes, generating high impacts in efficiency, productivity, environmental care and protection, and also for the security of workers and the operations.

FINANCIAL STRENGTH_ At the end of the 2007 fiscal year, Codelco's EBITDA stood at US\$ 9.382 billion.

EFFICIENCY AND COMPETITIVENESS_ Codelco permanently undertakes initiatives and programs to constrain and reduce its production costs to ensure the company's competitiveness within the industry. During 2007, direct costs (C1) were 39.7 cents per pound.

The future vision of Codelco aims to consolidate its leadership position as the top copper producer: maintain itself as one of the most competitive and lowest cost companies in the world industry, and to increase even more its contribution to the Chilean State.

CREATION AND LEGAL FRAMEWORK

Codelco belongs to the Chilean State and is involved in mining, selling and manufacturing.

Decree Law N° 1,350 (1976) brought together in a single company the large ore bodies nationalized in 1971. Codelco is related to the Government through the Ministry of Mining and is governed by ordinary law, except for specific provisions included in the above mentioned decree.

LEGAL NAME

Corporación Nacional del Cobre de Chile.

RUT

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ADMINISTRATION

The company is led and supervised by the Codelco Board of Directors, composed of the following: Minister of Mining, who heads it; the Minister of Finance; three members appointed by the President of Chile; and two members also appointed by the President of Chile from a list of candidates presented by the employees' and supervisors' unions.

The president and CEO is appointed by the Board and is responsible for supervising all of the company's productive, financial and administrative activities.

BUDGET

Codelco's annual budget is approved through a supreme decree jointly issued by the ministries of Mining and Finance.

FISCALIZATION

Codelco is monitored by the National Comptrollers Office of the Republic through the Chilean Copper Commission. The company is registered with the Superintendency of Securities and Insurance as N° 785. It is subject to the Securities Market Law, and as such, it must give the Superintendency and the general public the same information that public companies are required to give.



_History





HISTORY

The indigenous cultures that lived in our territory in the Pre-Colombian era used copper to produce different tools. They developed basic metallurgy that allowed them to exploit and work this metal, and they even created alloys. From then until now, the red metal has not only been a fundamental product of our economy, but it has also been part of our history and culture.

During the colonial period, copper mining remained a small industry. In 1810, the year of independence, Chile produced 19,000 tons of the metal. Between 1820 and 1900, Chile produced 2 million tons of copper and was, for a while, the world's top producer and exporter.

The end of the 19th century was the start of a period of decline due to the great impact of saltpeter that monopolized both interest and investment, together with the depletion of high grade deposits. In 1897, just 21,000 tons of copper were produced.

DURING THE 19th CENTURY, COPPER BECAME ONE OF THE MAIN
NATIONAL EXPORT PRODUCTS AND CHILE BECAME ONE OF THE WORLD'S
TOP THREE COPPER PRODUCERS. TODAY CODELCO IS THE WORLD'S
TOP EXPORTER OF COPPER.

In the early 20th century, many American firms made large investments in the El Teniente and Chuquibambilla mines. Until then, Chile accounted for a small share of large-scale copper mining.

In 1951 the Washington agreement was signed which gave Chile control of 20% of its copper production, allowing the government to significantly boost its participation in the copper industry.

In 1955, the Senate passed a series of laws to guarantee a minimum income for the Chilean State and foment investment by large mining companies.

On 5 May of the same year, the Copper Department was created to monitor and participate in the international copper market.





CHILENIZATION

In 1966, Law N° 16,425 authorized the creation of mixed ownership companies involving the Chilean state and foreign copper producers. In said mixed ownership companies, the Chilean government should have a minimum participation of at least 25% of the ore bodies in foreign companies' hands.

In 1967, the El Teniente, Chuquicamata and Salvador mines became mixed companies, with Codelco taking over 51% ownership. The remaining 49% went to the Braden Copper Company, subsidiary of the Kennecott Corporation in El Teniente's case; and the Anaconda Copper Company, in the case of Chuquicamata and Salvador.

In 1967, 25% of Andina and Exótica were taken over by Codelco, while the remaining 75% went to the Cerro Corporation and Anaconda respectively.



NATIONALIZATION

In 1971, with an amendment to Art. 10 of the Chilean constitution, the possibility of nationalizing large-scale copper mining was introduced. The same constitutional reform added a transitory law that established that: “as part of exercising the State’s inalienable and sovereign interest to freely dispose of natural resources and wealth, the foreign companies making up Chile’s large-scale copper industry were nationalized and declared as incorporated into the exclusive property of Chile”.

With this constitutional change, all foreign copper producers operating in Chile were nationalized and 5 State companies were created to manage the wealth.

On April 1, 1976, with Decree Law N° 1,350 the Corporación Nacional del Cobre de Chile, Codelco was created, which replaced the State companies, in terms of administering the nationalized mining deposits. As a consequence, the existing deposits were brought together into one mining company, industrial and commercial, with its own equity, of indefinite duration, dealing with the Government through the Ministry of Mining.





_Growth with competitiveness

th competitiveness

CODELCO OWNS THE LARGEST QUANTITY
OF RESOURCES AND COPPER RESERVES IN THE WORLD,
AND CENTERS ITS EFFORTS ON GENERATING RESULTS
THAT PERMIT IT TO MAINTAIN ITS LEADERSHIP
AND COMPETITIVENESS



_Asset and Mining Resource Management

BUSINESS AND DEVELOPMENT PLAN

Codelco elaborates an annual business and development plan, PND, that contains a business projection in the short, medium and long term.

The PND considers the income flows, costs and expenditures, investments and financing that is generated during the period that, in agreement with the Mining Plan, is required to extract all of the resources and reserves that sustain the business. It incorporates the market restrictions, mining resources, strategies, environment, financial, technical, contractual, and other restrictions that the Corporation faces, also the risk level that it is willing to assume.

RESOURCES AND MINING RESERVES

Codelco divides its mineral inventory: resources and reserves, as per standard industrial practices.

Resources are those deposits of economic interest that are identified and estimated through exploration activities, recognizance and sampling. Reserves, meanwhile, represent a fraction of the geological resource that is economically extractable according to a productive, technical and sustainable scenario, included in a mining plan.

_Resources inventory (to 31 March 2007)

(With a 0.2% Cu/ton cut-off grade)

DIVISIONS	MEASURED + INDICATED RESOURCES		INFERRED RESOURCES		BROKEN/STOCK RESOURCES		TOTAL RESOURCES IDENTIFIED		
	Mineral (Mt)	Copper grade (%)	Mineral (Mt)	Copper grade (%)	Mineral (Mt)	Copper grade (%)	Mineral (Mt)	Copper grade (%)	Fine Copper (Mt)
Codelco Norte	4,057	0.67	13,464	0.48	1,157	0.24	18,678	0.50	94.3
Salvador	1,178	0.49	1,372	0.41	1,177	0.21	3,727	0.37	13.9
Andina	3,496	0.73	13,304	0.57	222	0.73	17,022	0.61	103.7
El Teniente	5,996	0.70	11,826	0.48	2,209	0.54	20,031	0.56	111.2
Gaby S.A.	617	0.41	600	0.33	-	-	1,217	0.37	4.5
Codelco	15,344	0.67	40,565	0.51	4,765	0.40	60,674	0.54	327.6

(*) Broken/stock resources have a 0.0% Cu/ton cut-off grade.

In 2005 Codelco established a new criterion for classifying resources for its ore deposits. This is based on three fundamental pillars: quality of data, geological continuity and the reliability of the estimate. The new criterion of classification of Codelco's resources must consider at least one drilling to define the resource.

In this way, a single classification system for the Divisions was achieved, one that is also consistent with Australian code definitions by the *Joint Ore Reserves Committee, JORC*, as much for the resources, as for the proven and probable reserves.

The Business and Development Plan is based on a mining plan that considers the entire mine life. As a result, it includes mineral resources (other resources in the mining plan) that do not qualify as a proven or probable reserve, given that the studies that support them are not yet complete. This occurs in a gradual form and increasing over time, always preceded by proven and probable reserves. This meets the criteria established by valuation codes, such as Canada's CIMVAL (*Standard and Guidelines for Mineral Valuation of Mineral Properties*).

In reference to the total identified resources in 2006, those in 2007 increased by 1.0%, as a product of variations in the intervals of Andina's and Gabriela Mistral's resources. Elsewhere, the reserves fell by 4.2%, due primarily to the annual production and modifications in the mining plans.

The production in the initial periods are based almost exclusively on demonstrated reserves – proven and probable reserves – although the inclusion of broken ore or stock in the mining plans is accepted, only after the origin and the characteristics of these materials have been analyzed.

Reserves and Resources

(According to the cut-off level in the mining plan)

DIVISIONS	PROVEN+PROBABLE RESERVES		OTHER RESOURCES IN THE MINING PLAN		TOTAL RESERVES AND RESOURCES PND 2008		
	Mineral (Mt)	Copper grade (%)	Mineral (Mt)	Copper grade (%)	Mineral (Mt)	Copper grade (%)	Fine Copper (Mt)
Codelco Norte	1,965	0.84	3,198	0.55	5,163	0.66	34.0
Salvador	48	0.66	15	0.46	63	0.61	0.4
Andina	1,341	0.84	4,358	0.76	5,698	0.78	44.3
El Teniente	1,650	1.03	2,554	0.86	4,204	0.91	38.3
Minera Gaby S.A.	555	0.42	46	0.34	602	0.41	2.5
Codelco	5,559	0.85	10,171	0.71	15,730	0.76	119.5

(*) Codelco Norte reserves reflect the more fluid concept involving low-grade ore storage and its later consumption when it enters plant production.





_Mining Exploration

During 2007 Codelco's mining exploration had various significant achievements, like the confirmation of the discoveries in Chile of the Miranda ore deposit, in the Toki Cluster, Region II; and the Casualidad ore deposit, copper oxide and sulfide deposit, in the Sierra Overa sector, Region II. Miranda and Casualidad represent about 4 million tons of fine copper as a geological resources.

Additionally, during 2007 Codelco sold the Amankay prospect, in the Atacama Region, and the Boa Esperanza prospect, in the Pará district in Brazil, given that both ore deposits do not contain the mining resource potential of the projects that the Corporation develops. These transactions contributed US\$ 96 million.

In the international arena, and for the second consecutive year, 2007 registered a historic record of world expenditures in explorations that reached 10 billion dollars, 40% higher than in 2006. Chile was ranked seventh. In copper exploration, that was also the highest in history, Codelco maintained a notable participation, with a total expenditure of US\$ 37 million in 2007; nonetheless, this amount was 13% less than the average respective expenditure in the last 5 years.

During the period, the proactive use of the current mining property was driven by the transfer of ENAMI possessions. In 2007, the number of prospects that were incorporated into the process duplicated those performed since the date that Law N° 19,147, was applied (1992).

New Technologies

Innovation, development and the transfer of technology that supports explorations from different complementary technologies are of great importance to Codelco. The Corporation develops its own programs and also collaborates with organisms and national and international institutes like the University of Louisiana in United States; Royal Holloway College of the University of London; the University of Chile and the University of Santiago.





In 2007 there were advances in the area of the origin of ore deposits and the development of new and better geophysical and geochemical technologies and remote sensors. Codelco participated in scientific programs in Chile (Conicyt Projects, Anillo and Fondef) and abroad (Multi-company programs like AMIRA).

Additionally, experiments with a seismic telemetric system were performed in the large opening of the Toki cluster zone. It is the first experiment of this type to be performed in Chile and had promising results in setting itself up as a new exploration tool in covered zones.

The exploration was performed under the principles of Codelco's sustainable development policy that incorporates care for the environment, safety and worker's occupational health and the respect and development of the communities in the area of exploration activities. These management axes are controlled by certified systems under the standards ISO 14001 and OHSAS 18001.

Chile

During 2007 the delineation drilling into the mineralized body, Miranda, was completed, making it the fifth deposit discovered in the Toki cluster, in the area of the Codelco Norte Division. Its geological resources, that include copper oxides and sulfides, are estimated at 500 million tons of ore with a grade of almost .5% copper.

The exploration activities for copper oxide and sulfide deposits continued in the Sierra Overa sector, in the extreme south of Region II with new geological resources in the evaluation process.

At the beginning of 2007, Codelco decided to make effective the option to buy the mining property that surrounds the Mocha mine, in the Region I. This prospect, with an *in situ* resource superior to 4 million tons of fine copper with a low ore-grade, constitutes a future property that requires new technologies to ensure its viability.

At the same time, on the district and regional level, the exploration activities continue searching for ways to improve the portfolio potential. In 2007 advances were made in the generation of new areas in the surroundings of the Codelco Norte district, in the Andina district and in the basic exploration programs in the north of the country.

With respect to the association of third parties in corporate mining property, the contract company Sierra Mariposa was constituted, with the company Barrick having the majority in terms of participation. Other associations in Chile, in the process of approval, are: Pasaca and Exploradora (both with Rio Tinto) and Anillo (with Fortune Valley Resources), in properties of Region I and II, respectively.

CODELCO IS AN OUTSTANDING
ACTOR IN COPPER EXPLORATION
WORLDWIDE

The Inca de Oro prospect, located in the district with the same name in Region III, has a geological resource potential of 350 million tons of mineral with a grade of .5% copper. During 2007 the activities of advanced exploration came to a formal end, and geological reports and the evaluation of the ore deposit were developed.

Mexico

The most relevant result in 2007 of Peacobre S.A. de C.V., a joint venture with Codelco and the Mexican company Peñoles, was the identification of mineralization in the Bacanora prospect in the north state of Sonora.

The Bacanora prospect corresponds to a copper oxide and sulfide project, located in a 15 km² area. Drilling was performed in the sectors denominated El Cañon and Esperanza and mineralization was found. El Cañon's potential geological resources are estimated at 200 million tons of mineral with ore grades of .7% of copper; and in Esperanza, with a few dozen million tons with ore grades above 1% of copper.

Brazil

During 2007, Codelco redefined its exploration strategy in Brazil, focusing its efforts and resources only on the prospects in its portfolio with potential for corporate development and in the search for opportunities.

In the Rio Fresco district, in the State of Pará, the Iriri and Mariazinha prospects were identified. They will be studied during 2008, together properties that form part of the association of explorations with Anglo American.

During 2007 there were no positive results in the *joint ventures* of explorations with the company Teck Cominco (State of Pará), nor with the company Minera Caraiba S.A. (State of Bahía). The buying option was not finalized with the company Brasilca (State of Pará).



Exploration Associations

PROJECTS IN CHILE	Partner	Type
Pasaca	Río Tinto (England)	Copper
Explorador	Río Tinto (England)	Copper
Anillo	Fortune Valley (Canada)	Gold
PROJECTS ABROAD		
State of Sonora	Peñoles (Mexico)	Copper
Gradaus	Barrick (Brazil)	Copper/Gold
Vale do Curaça	Minera Caraiba S.A. (Brazil)	Copper

SALE OF PROSPECTS

The opportunity to capture the value of intermediate products in exploration materialized with the sale in Chile of the mining properties in association with Cementos Bío-Bío. In said properties, located 10 kilometers from Copiapó, is the Amankay prospect. The properties explored by Codelco that showed evidence of mineralization, were sold to a third-party. Codelco received 51% of the value of the sale of US\$ 15 million.

The Boa Esperanza ore deposit, located in the Río Fresco district in the State of Pará, Brazil, was discovered in 2005. At the end of 2007 a bid was issued and awarded for US\$ 81 million to the company Minera Caraiba S.A. Codelco's negotiations of assets generated by the exploration that are not in Codelco's line of development and that should be completed during the first semester of 2008 were added to this sale.



Investments and Project Advancement

CAPITAL INVESTMENT SYSTEM

This management system, which began in early 2006, made significant progress on its start-up. During 2007, as part of this process, information about the system was disseminated and nearly 300 people were trained via e-learning; in addition specialized presentations that took into account the user's needs were developed and presented.



CODELCO NORTE DIVISION

During 2007, Codelco Norte renewed a significant part of the Chuquicamata mine's fleet of mining trucks. 13 trucks were bought, each with a 360 ton capacity.

In the first trimester of 2007, the Radomiro Tomic work center acquired important mining equipment, primarily the fleet of shovels and drills, which made it possible to finish the movement of mineral considered in the mining plan.

Significant progress was also made on the outlining and exploration of **sulfides in Radomiro Tomic**. This project seeks to maximize the value of sulfide exploration in the context of Codelco Norte Division's Business and Development Plan.

The integral management that was developed in the **phase V secondary leaching** and **mineral leaching OBL** projects brought about important achievements, like the considerable savings in both initiatives regarding the authorized budget, which was a product of the synergy achieved.

During 2007, progress was made on the development of the **underground Chuquicamata mine** conceptual engineering project, which should be finished by March 2009. In parallel, progress was made on the development of **outlining for the underground mine basic engineering project**, whose projected end date is April 2009. The main milestones reached to date are: the project is 38% complete (equivalent to 2,365 meters of a total of 6,222 meters) in the development of the Ramp for phase III Exploration; and in September 2007, the 38,000 meter geological drilling campaign came to an end.

In December 2007 the relocation of families from the Chuquicamata camp to the city of Calama was completed.

SALVADOR DIVISION

At the end of 2007 the project was authorized to improve some of the substandard conditions in the **Potrerillos smelter**. This initiative includes the capturing, cleaning and evacuation of fugitive gases to the atmosphere in the fusion of concentrates (Teniente 5 converter) and the recovery of white metal (Slag Cleaning Furnace 1 and 2).

Having the highest capturing capacity will make it possible for us to meet legal resolutions regarding environmental concentrations for sulfur dioxide (SO₂) and (AS).

VENTANAS DIVISION

During 2007 training for Capital Investment system users was provided, reinforcing its role in projects and in conceptualizing and formulating projects.

Among the authorized projects, we would like to highlight the installation of the **fifth selenium roasting furnace in the noble metals plant**. This unit will allow us to increase the treatment of anode sludge by approximately 200 metric tons annually.

The investment is estimated at US\$ 1.4 million and has a 16 month project duration.

Regarding the pre-investment studies, **the prefeasibility development study of activity 1 in the Ventanas Division** was authorized to generate development options that in agreement with key factors permit the selection of sustainable alternatives, considering different technologies, sizes and configurations. The result of this study serves as a starting point for the **Corporate Business of Smelting and Refineries study**



ANDINA DIVISION

During 2007 Codelco began the construction of the first step in the Division's Business and Development plan, denominated **Andina Phase I Development Project**. This consists of increasing the mine capacity from the current 72,000 tons of mineral per day (ktpd) to values above 92 ktpd. It has an authorized investment of US\$ 605 million and is scheduled to be completed in November 2009.

In other areas, during 2007 the prefeasibility study of the **New Andina project** continues, which seeks to analyze alternatives that permit increasing current treatment capacity to above 200,000 tons per day by 2014. This study will be finished in 2008.

In December the **Detour Río Blanco project** was approved for US\$ 57 million. It will prepare new sectors for the waste deposit from the open pit mine beginning in 2012.

At the same time, in 2007 prefeasibility studies were completed on the **integral environmental solution for the acid drains** in the current waste deposits. The feasibility studies began in the first trimester of 2008. Simultaneously, during the year the geological deep drilling campaigns and the recognizance of mineral resources in the zones surrounding the open pit mine continued. The objective of this campaign is to provide basic information in order to evaluate the potential of these mineralized areas as sources of economic resources.





EL TENIENTE DIVISION

The investments are based on the consolidation of the **Teniente Development Plan** to maintain a fine copper production above 430,000 tons annually in the long term. In the context of said Plan, in 2007 the **Beneficiation Capacity Expansion project** was finalized.

At the beginning of 2007 the **Pilar Norte project** began with an investment of US\$ 100 million. Its estimated start-up will be mid 2009 and once functioning, it will contribute 17 ktpd of mineral with a copper grade of 1.32%.

At the same time, progress continued on the prefeasibility study for the development of the sector denominated **Nuevo Nivel Mina**. The objective of the project is the exploitation of the El Teniente mine for the next 40 years at a depth below the production sectors and existing transportation. Its operation from 2017 on, will not only allow us to maintain current production levels, replacing depleted mines, but also add important mineral volumes.

In the area of sustainability and complying with environmental standards, restitution of the capacity for the **Nº 1 Gas Cleaning Plant** in the Caletones Smelter is coming to an end. With respect to the projects for the handling of liquid industrial residues, we highlighted the start-up of the **Molybdenum Treatment Plant** in the effluents of the Carén tailings dam, and the **waste water treatment plant** in the industrial areas. The treatment plant is one of a kind world-wide and required an investment of US\$ 32 million.





GABRIELA MISTRAL PROJECT

The objective of this project, authorized at the beginning of 2006, is to develop a mining and SX-EW plant complex to recover the electroobtention with an average production capacity of 150,000 tons per year of fine copper cathodes. The Gabriela Mistral deposit is in Region II, 120 km south of Calama and 203 km east of Antofagasta.

During 2007 detailed engineering was completed, together with mine prestripping, meeting 91% of the EPCM contract by the end of the year. All major equipment is in the field and in the final installation stage. Towards the end of the year the main substation was charged and they began the construction of the acid transfer station.

The business structure of the Minera Gabriela Mistral is 90% complete and will take over the administration and operation once the project runs its course.

The current project only contemplates the exploitation of oxide minerals but there is potential for sulfide exploitation. Sulfide resources have a lesser degree of reconnaissance, for that reason during 2006, an exploration campaign was initiated that will be completed in the first trimester of 2008.

Currently, to strengthen the value of Gabriela Mistral, the Corporation studies, at the prefeasibility level, a process of **Secondary Leaching of tailing heaps** (Lixivación Secundaria de los Ripios), with a potential production between 30,000 and 50,000 tons of fine copper per year in the period 2011-2014.

Finally, it is worth mentioning that during 2007 a study was initiated to analyze the possibility of building a **wind power park** to generate a percentage of the electric energy required by the plant.

Investments 2007 (US\$ million)

Development projects	1,064
Equipment replacement and facility restoration	62
Environment, occupational safety and welfare	119
Research and studies	85
Explorations ⁽¹⁾	43
Mine development and deferred expenses	323
Others ^{(2) (3)}	198
Total	1,319

(1) Excludes operational costs and contributions to companies. (2) Includes donations to businesses or joint ventures. (3) Includes the Calama relocation project.





_Research and Technological Innovation

CODELCO HAS CONTINUED MAKING ITS STRATEGIC VISION
A REALITY WITH RESPECT TO THE IMPORTANCE OF INNOVATION AS ONE OF THE PILLARS
THAT SUSTAINS THE COMPANY'S COMPETITIVENESS.

The Corporation's current innovation projects point to substantially improving processes in current mining operations, generating high impact in productivity and environmental care and protection, as well as employee and operation safety. Without losing sight of the need to optimize operations, the company has strongly emphasized the search for new processes and technological breakthroughs to respond to the future challenges in the mining business.

During 2007, the Corporation made a total investment of US\$ 45.3 million in projects and technology research and innovation activities. The investments were primarily in support of its research and technological programs portfolio; contributions to technology-based businesses, in which Codelco has shares, and in collaborative initiatives with companies and institutions.

TECHNOLOGICAL PROGRAMS

Part of the investments made in 2007 were directed at corporate technological programs that undertake a portfolio of projects in search of solutions for those of Codelco's challenges that do not have complete technological solutions in the market. A few of them are discussed below:

Underground mining This program aims to boost the productivity and competitiveness of underground mining. It does so through the identification and investigation of processes, mining equipment, prototype development and the industrial validation of continuous mining technologies.

The process considers rock conditioning and the extraction with continuous handling of materials. The industrial validation tests are being performed at Salvador, Andina and El Teniente Division mines, with the participation of the Mining and Metallurgy Innovation Institute, IM2; suppliers of mining equipment; mining services companies, and Codelco professionals.

During 2007 we consolidated the application of technologies such as rock conditioning in three company underground mines. We obtained excellent results from the point of view of grading and caving, and we reduced significantly the risks of rock explosions.

The industrial validation for continuous mining is carried out in the India Muerto mine in the Salvador Division where we use equipment developed jointly with Bucyrus, the current owner of the German company DBT. In December 2007 we reinitiated the continuous mineral extraction, once the complementary work of fortification and blasting in the test sector was finalized. The validation of this process will continue during 2008.

Open pit mining_ The depth of operations and the consequent increase in transportation distances and stability of the slopes have negatively affected the operational costs of open pit mining. In this context, during 2007 we began a Technological Program to better its competitiveness. In the medium term, we will develop initiatives for an autonomous transportation of materials on a large-scale and with better energy efficiency.

At the end of 2007, after two years of testing in the Radomiro Tomic mine, the autonomous trucks technology has been programmed to industrial scale in the Gabriela Mistral mine project.

Mineral processing_ Among the main objectives of this program, which began in 2007, is the large-scale validation of comminution technology with Codelco's minerals, via roll crushing and mineral concentration through large size flotation cells (300 cubic meters).

In addition, we included the study of pre-concentration of mineral feed to flotation plants; the evaluation of selective mineral flotation alternatives, and the analysis of alternatives for water recovery from tailings.

Technological program for bioleaching sulfide ores_ This program is meant to validate technologies developed by BioSigma for the bioleaching of the company's (and its subsidiaries) various low grade sulfide resources. It includes the characterization of diverse resources, testing in terms of mineral-microorganisms compatibility and the validation of the technologies at the prototype plant level.

During 2007 we finished the semi-industrial testing of 5,000 ton leach pads for sulfide resources from the Radomiro Tomic mine and tailings from Chuquicamata. The metallurgy results that were achieved allowed us to begin the respective engineering profile studies.

Additionally, the Andina Division began the semi-industrial testing of a 50,000 tons leach pad of primary sulfide ores, operating an experimental plant at an altitude of more than 4,000 meters.



CORPORATE TECHNOLOGICAL PROJECTS

In this portfolio we include research and innovation technology initiatives for Codelco's challenges, in which we use scientific and technological knowledge that the Corporation owns. Among the main programs we highlight the following:

Continuous conversion_ With the participation of IM2, during 2007 we successfully developed the validation at the pilot industrial scale in the process of continuous conversion in a Teniente converter in the Codelco Norte Division. In this technology we carried out the conversion of matte and white metal to copper blister, without interrupting the blow while emptying the reactor (of blister or slag), producing conversion gases with sulfur dioxide, suitable for sulfuric acid plants.

In addition, we verified the production of a new slag (olivine) that is very fluid and contains less copper than the conventional process.

In situ leaching_ During 2007 we began this technology project to define and standardize the resource characterization for the application of in situ leaching. In this context we defined a conceptual framework, identifying the key aspects that determine the technical feasibility of the process; we defined the characterization and intervention techniques that are currently in the market, and we proposed a methodology to evaluate the application of the technology.



WORKING TOGETHER: THE PILLAR OF INNOVATION

The Corporation has implemented a system of working together through alliances with companies and organizations that are world leaders in research and development. The objective is to speed up the integration of knowledge and innovation into mining processes, adding value to the business.

The main initiatives developed in 2007 were:

PROJECTS AND COLLABORATIVE PROGRAMS

Technological copper road map_ This initiative includes the participation of 8 mining companies, coordinated by the *Australian Mineral Research Association, AMIRA*. The group identified projects with potential regarding the efficient use of water to be developed collectively.

Mass mining technologies_ This program, in which 12 large-scale mining and service companies participate, aims to develop scientific and technological understanding in the underground exploitation of rock by *block, panel and sub-level caving*. The main initiatives in the study, in which IM2 has participated, are related to rock fracturing, the mechanics of falling and gravitational flow. This program began in March 2005 and will be completed in March 2008.



FONDEF PROJECTS

Since 1994, Codelco has participated as the industrial counterpart in 42 Fondef projects. In 2007, the company participated in the implementation of the following 7 projects:

Codelco - University of Chile

- | Development of experimental and scientific geochemical fundamentals of partial extraction and bio-geochemistry in mining prospects in covered zones: application in Chilean porphyry copper deposits.
- | Modelling of geological uncertainty and ore grades and their impact on the selection of mining exploitations.
- | Methodology to evaluate investments in long-term copper mining projects.
- | Tecnomagmatic Ring Control of Giant Ore Deposits in the *Subduction Factory of the High Chilean Andes between 32° y 36° S: A Multidisciplinary Approach*.

Codelco - University of Santiago

- | Mineral exploration through autonomous aerial vehicles.
- | Virtual supervisor of underground mining operations.

Codelco - Foundation La Palma

Large-scale energy generation using solar energy, a renewable and non-contaminating resource.



TECHNOLOGY BASED COMPANIES

BIOSIGMA_ First bio-leaching cathode

Codelco and the Japanese company, Nippon Mining & Metals, Co. Ltd., created BioSigma S.A. in 2002 to incorporate biotechnology advances (genomic, proteomic and bioinformatics) and to ensure the sustainability of benefits from low-grade resources and other secondary materials.

With the objective of speeding up its developments, BioSigma generates strategic alliances with universities, research groups in Chile and Japan; in addition to technology collaboration agreements with companies in the United States, Europe and Chile.

During 2007 the company completed the validation of its technology for the bio-leaching of secondary sulfides in copper and tailings sands in the Codelco Norte Division.

In the Andina Division they began the industrial validation of the BioSigma technology for prime low-grade ores. On May 22, 2007 the first cathode was produced through bio-leaching, using the isolated bacteria from BioSigma.

From the scientific point of view, a group of genes and proteins have been identified that are key in the bio-leaching process of copper sulfide ores. This is relevant information that will advance the understanding of the bio-leaching process of prime minerals and chalcopyrite.



ECOMETALS LTD._ More efficient smelters

EcoMetals consolidated the operations of the dust smelter treatment plant, meeting all of the Codelco Norte Division requirements. In 2007 the company processed nearly 50,000 tons of dust, surpassing the programmed amount for the year by more than 7,000 tons.

Additionally, EcoMetals invested nearly US\$ 4 million to upgrade the existing installations in the former Bioleaching plant, which will make it possible to have a safe, reliable, lucrative and efficient operation.

MICOMO LTD._ Communication technology and mining information

Codelco and the Japanese company Nippon Telegraph and Telephone Co. Ltd. (NTT), created Micomo (Mining, Information, Communication and Monitoring S.A.) in April 2006. It seeks to design, supply, install and maintain communications and information technology products for Codelco and other mining companies in Chile and abroad. This is based on NTT applied technologies with success in other industrial fields.

During 2007, Micomo made progress on the validation of the Geomechanical Operating System (BOTDR) in the El Teniente mine. This system permits the measuring of minimal rock deformations through the use of a fibre optic with elastic deformation capacity.

During 2007, the company also worked on the development of a system to control the particle material in the Chuquicamata mine, which integrates the geography of the mine pit, meteorological prognostics, production program, and emission and dispersion model.

At the end of 2007, Micomo completed the installation of the first photonic network in the Andina Division, which will permit us to increase the communication capacity of the business process networks in the mine and the concentrator.

KAIROS MINING_ Automation of concentrator plants

Kairos Mining is a company made up of Codelco and Honeywell to provide a service of integrated automation for concentrator plants and increase the productivity of the installations. In 2007 the company made significant progress on the incorporation of advanced process control systems in the SAG mill and in the crushing of *pebbles* in the Andina Division; and in the SAG1 and SAG2 mills in El Teniente Division.

In the Codelco Norte Division the company installed a reagents dosage system in the flotation plants with promising results. One important factor in the success of this initiative has been the participation and training of plant personnel in coordination with Kairos Mining.

MIRS_ Robotic mining solutions

In April 2007, Industrial Support Company Ltda. (HighService), Codelco, Nippon Mining and Metals Co Ltd. and KUKA Roboter GmbH created Mining Industry Robotic Solutions (MIRS), a private limited company, in which Codelco owns 36%. It was formed with the support of Innova Chile.

MIRS is dedicated to carrying out research, design, creation, invention, fabrication, installation, supply, provide maintenance, and commercialization of robotic solutions for the mining industry.

MANAGEMENT OF TECHNOLOGICAL KNOW-HOW

During 2007, Codelco established the Corporate Guidelines for the Protection of Intellectual Property. This tool will support the commitment to promote and facilitate actions to protect knowledge, and provide incentives for development, use and transference of technological innovations that impact productive processes.

In addition, as part of the plan to manage knowledge as an asset of Codelco, we incorporated 2 support systems in the area of technological innovation: the system of administration and control of technological innovation projects and the system for locating knowledge.

SALE OF CODELCO'S FUSION TECHNOLOGY

Codelco takes advantage of all of the potential in its technologies, through the sale, licensing and start-up services in other companies. In March 2007, Codelco finalized the sale of the Teniente Converter and equipment associated with the recovery of the Rayong Smelter operations in Thailand. This commercialization process generated income for Codelco and maintained the validity of Codelco's fusion technology in other smelters.

Additionally, Codelco made it possible for its professionals, as well as Chilean Engineering companies, to participate in the project in Thailand.





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_Codelco, the pride of all Chileans

ide of all Chileans

IN 2007, CODELCO GENERATED
US\$ 8.451 BILLION IN PRE-TAX PROFITS.
THIS IS EQUIVALENT TO US\$ 23 MILLION A DAY,
ALL 365 DAYS IN 2007.



_Economic-Financial Results

PRE-TAX PROFITS AND THE COPPER PRICE

The pre-tax profits generated by Codelco in 2007 were US\$ 8.451 billion, a figure that compares to the US\$ 9.215 billion obtained in 2006. This income refers to earnings before income tax and the application of Law N° 13,196, which charges 10% on returns in foreign currency resulting from copper sales and by-products abroad.

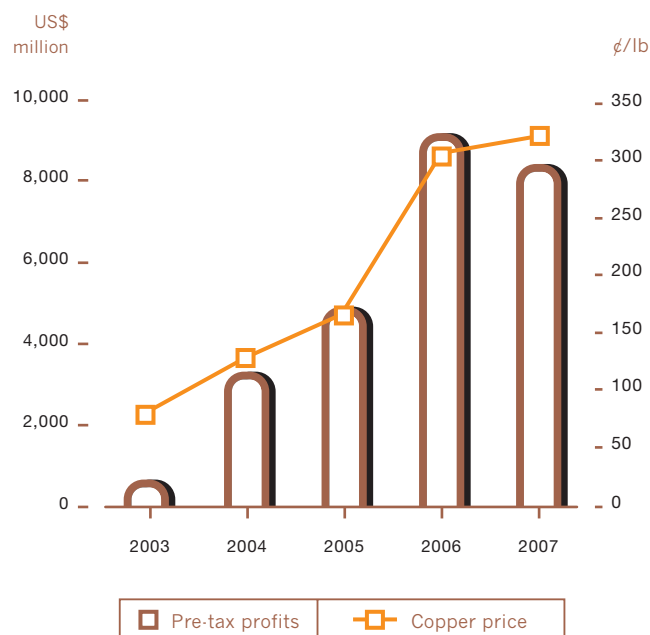
The average annual copper price on the London Metal Exchange reached 323.2 US cents per pound, up 5.9% over the 2006 price, which reached 305.3 US cents per pound.

The average annual price of molybdenum, according to Metal Week, increased from US\$ 54.6 per kilo in 2006 to US\$ 66.7 per kilo in 2007.

Operating revenues in 2007 reached US\$ 16.988 billion, down US\$ 89 million from 2006.

The operating income reached US\$ 8.548 billion with which EBITDA, calculated as operating revenue plus depreciation and amortization, reached US\$ 9.382 billion, down from the US\$ 10.243 billion in 2006.

_PRE-TAX PROFITS AND COPPER PRICE



CONTRIBUTION TO THE TREASURY	2007	2006
Dividends	2,267	1,857
Income tax	4,276	5,194
Law N° 13,196	1,324	1,226
Other charges	75	55
Total	7,944	8,334
US\$ million.		

CONTRIBUTION TO THE TREASURY

During 2007, the company contributed US\$ 7.944 billion to the Treasury. Codelco had the largest comparable net profit among companies operating in Chile in 2007.

PRODUCTION

Codelco's own copper production reached 1,583,253 metric tons of fine copper, which increased from 1,664,600 metric tons, including the 49% share from El Abra.

Codelco's own copper production in 2007 decreased 92,663 tmf with respect to 2006. This is explained by lower mineral grades, accentuated by a drop in the quantity of mineral processed, product of Codelco Norte incidents –the bucket wheel excavator broke and there was a fire in the electric substation in the mine Hidro Norte–; the conflict with contractors, which affected the production by more than 30,000 tons; together with earthquakes in the north and the freezing of the water supply at El Teniente.

The mineral processed in 2007 reached 214 million dry metric tons, less than the 220 million processed in 2006. The average mineral grade fell from .95% to .89%.

Copper and molybdenum production

(Fine metric tons)

DIVISIONS	COPPER		MOLYBDENUM	
	2007	2006	2007	2006
Codelco Norte	896,308	940,613	19,065	17,781
Salvador	63,885	80,615	1,214	1,366
Andina	218,322	236,356	2,525	3,308
El Teniente	404,738	418,332	5,053	4,749
Codelco	1,583,253	1,675,916	27,857	27,204
El Abra	81,347	107,122	–	–
Total	1,664,600	1,783,038	27,857	27,204



COSTS

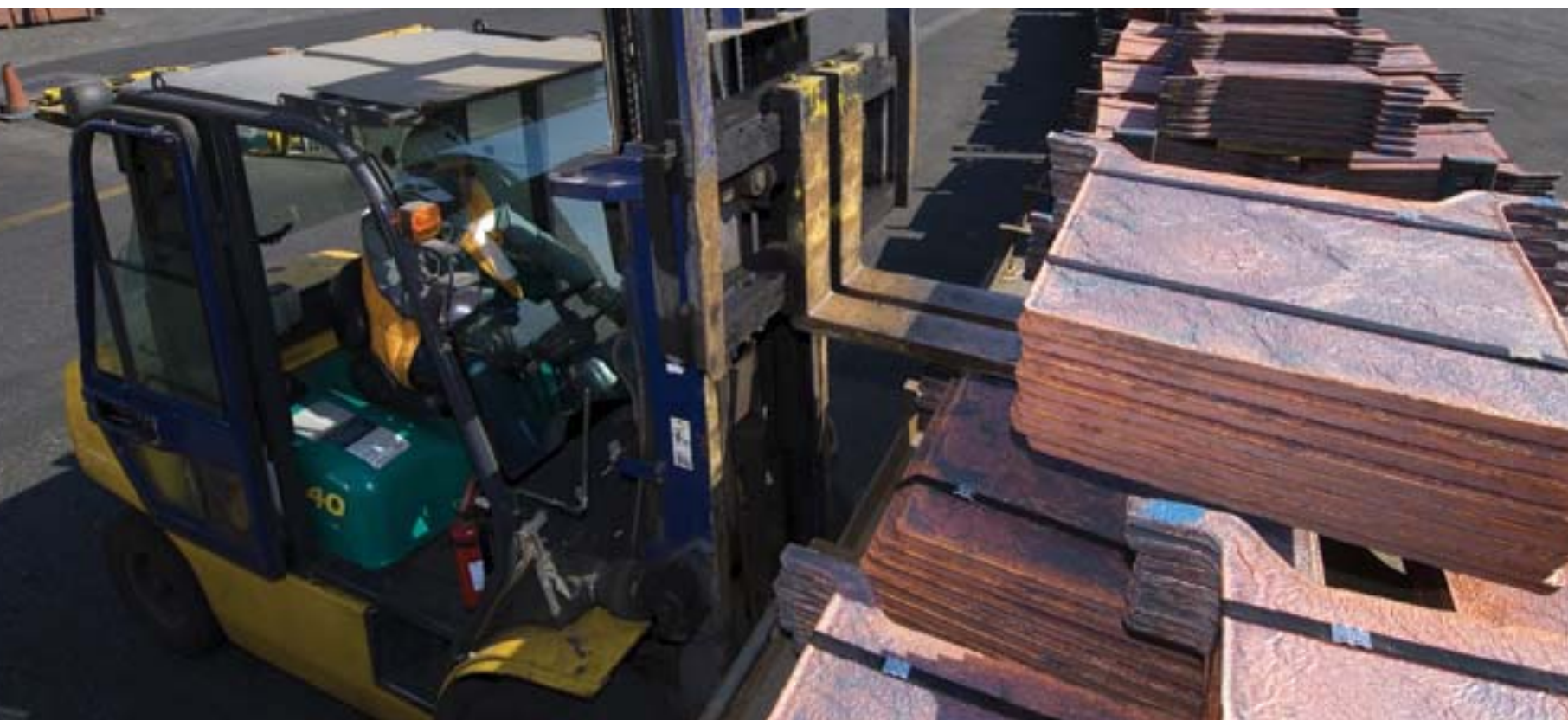
Total costs in 2007 reached an average of 142.3 cents per pound, 26.7 cents more than in 2006.

The net cathode costs (C3) are at 86.7 cents per pound, compared with 68.4 cents per pound in 2006. These costs include the homologation of cathodes (TC-RC), to convert the products with lower value added into cathodes, and include the credits for by-products.

The direct cash cost (C1) reached 39.7 cents per pound during 2007, higher than the 22.7 cents per pound registered in 2006. C1 is the type of cost that the mining industry uses to compare efficiency levels among distinct companies, corresponding to the mining operations cost, including administrative costs plus the sales costs incurred by the company.

The rise in cost is due to the lower mineral grade, lower quantity of mineral processed, the increase in the price of primary goods, the increase in the IPC and the fall in the dollar.

UNIT COST	2007	2006
Total costs	142.3	115.6
Net cathode costs (C3)	86.7	68.4
Direct cash cost (C1)	39.7	22.7
(US Cents per pound)		



PRODUCTIVITY

Codelco's productivity, which relates copper production to Codelco-hired personnel, reached 86.3 average tons per worker in 2007, less than that of 2006, which was 93.3 tons.

FINANCING

During 2007 Codelco obtained a syndicated loan for US\$ 400 million. The transaction has a seven year repayment term, with three payments of principal in years 5-7 and has a .1642 p.a. average margin above the Libor rate.

With this transaction, Codelco confirms its good credit world-wide, rated Aa3/A, by Moody's and Standard & Poor respectively, obtaining exceptional financial conditions once again.

Considering this new loan, the Corporation's financial debt, with financial institutions and public bonds, reached US\$ 4.354 billion as of December 31, 2007.

THIRD PARTIES RELATIONS

Goods and services

During 2007, Codelco did business with 2,541 suppliers of goods and 1,544 providers of services, whose contracts sum up to a total of US\$ 3.819 billion. The total business increased by 14.5% with respect to 2006, primarily due to services associated with investment projects that grew by 41%.

The total consumption of goods and services rose by almost 29% in 2007 with respect to the previous period. As well as the effect produced by the fall in the dollar value, the rise in consumption in 2007 –associated with operations– is due to the increase in electric energy costs, greater demand of rented machinery and equipment, and higher fuel costs.

Consumption of goods and services

(US\$ million)

	GOODS			SERVICES			TOTAL		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
Operations	788	953	1,049	1,266	1,518	1,734	2,054	2,471	2,783
Investments	165	159	323	661	517	950	826	676	1,273
Total	953	1,112	1,372	1,927	2,035	2,684	2,880	3,147	4,056

Value in nominal currency.



This table summarizes the total business (goods and services contracts), classified according to allocation and amount in the 2005-2007 period.

_Goods and services contracts

TYPE OF ALLOCATION	2005		2006		2007	
	(Th-US\$) Amount*	% Amount	(Th-US\$) Amount*	% Amount	(Th-US\$) Amount*	% Amount
Public bid	674,873	23.32%	910,452	27.30%	1,079,797	28.27%
Private bid	1,567,991	54.19%	2,007,930	60.21%	2,279,400	59.68%
Direct investment allocation	227,771	7.87%	104,639	3.14%	84,840	2.22%
Direct operation allocation	120,305	4.16%	72,053	2.16%	80,420	2.11%
Direct allocation, subsidiaries and joint venture with Codelco**	4,557	0.16%	52	0.00%	36,962	0.97%
Public or private bid with only one offer	5,491	0.19%	1,695	0.05%	4,570	0.12%
Single supplier (material and services)	157,778	5.45%	153,848	4.61%	181,291	4.76%
Buying procedure/ low value contract	4,319	0.15%	4,775	0.14%	3,660	0.10%
Strategic procedure exclusive use GCAB	118,653	4.10%	69,632	2.09%	64,598	1.69%
Acquisition for testing	11,716	0.40%	9,809	0.29%	2,995	0.08%
Total	2,893,455	100%	3,334,885	100%	3,819,163	100%

* Amounts in thousands of US dollars (Th-US\$).
 ** The signed contract with Micomo S.A. for the service of adapting and implanting NTT technology explains the amount of the direct allocation to subsidiaries and joint ventures corresponding to 2007.
 Amounts in nominal currency, in thousands of dollars (Th-US).

MODERNIZATION OF THIRD PARTY MANAGEMENT

Codelco has incorporated the use of a digital work book (Libro de Obra Digital), applying it in more than 650 contracts as a way of strengthening formal communications between parties during the execution of contracts.

With the objective of increasing processes efficiency and assuring transparency in supply management, Codelco continued to increase the levels of electronic interaction with its providers, reaching 96% of the bids on purchases of goods.

At the end of 2007, more than 4,000 suppliers could perform some type of commercial transaction via an electronic means with Codelco. The Corporation also obtained the appropriate certification from SII for electronic invoicing.





Supplier and contractor register

Codelco, in order to increase its understanding of the companies it maintains commercial relationships with, delegated the administration of the contractor register to an external company. Today this contract is shared by 4 mandators. This register (REGIC), which operates via internet, is a tool that enables Codelco to select companies invited to bid on contracts, based on objective parameters.

REGIC has more than 2,300 companies registered as of December 2007. Almost half of the companies that have a working contract with Codelco are in the register and represent more than 51% of the total business volume in 2007.

MANAGEMENT OF CONTRACT WORKERS

The Corporation has a Corporative Decalogue since 2006 with respect to the relationship that Codelco has with contractor companies and their workers. The document (published on the website www.codelco.com) defines the main responsibilities of contractor companies, and specifies that Codelco will give preference to companies that respect their workers.

Conflict

At the end of July 2007, a segment of contract workers that provide services to Codelco, went on strike illegally and committed violent acts to stop the Corporation's productive operations. The strike lasted 37 days and produced a loss of more than US\$ 200 million.

Agreements

During 2007, Codelco and contractor companies signed a framework agreement (July 23 and August 1, 2007) that established ways to improve the contractual standards, to perfect the selection practices of contractor companies and to optimize their behavior in reference to meeting these commitments. The agreement touches on the following topics, among others:

- | Productivity bonus.
- | Insurance for accidental death and permanent incapacity.
- | Complimentary health insurance for the worker and his/her family.
- | Scholarships for contractors' children to study at the higher education level.
- | Codelco will give preference to contractor companies that provide educational, health and housing benefits to their workers; those with unions, collective bargaining and those who develop their activities in a framework of social peace.

Management and fiscalization of contractor companies

During 2007 the Corporate Administration of Management and Fiscalization of contractor companies was created. It contributes to defining the Corporation's strategy in this area, as well as elaborates and applies policies and corporate standards for third party services. In addition, it should ensure that all labor standards are being effectively met and duly regulated.





_Risk Factors

FOREIGN EXCHANGE PARITIES AND INTEREST RATES

The company has defined policies for covering foreign exchange parities and interest rates. This coverage involves insurance against future fluctuation in the Unidad de Fomento (an inflation-indexed accounting unit) against the dollar, while interest rate hedging involves contracts that set rates on future obligations. As with the copper price, these operations do not involve speculation.

INSURANCE

Codelco has permanently insured all of its assets and the interruption of business, as follows:

- | Insured assets: all facilities used for its main business purposes within Chilean territory.
- | Type of coverage: all risk against loss due to material damage combined with interruption of activities, up to a maximum loss of US\$ 1 billion.

DERIVATIVE CONTRACTS

Hedging policy in the metals' futures markets

Codelco, in line with a policy defined by its Board, undertakes two types of metals hedging:

- | Commercial operations to increase the flexibility of existing copper, gold and silver contracts to adjust their conditions to the General Commercial Policy of Codelco.
- | Operations that aim to protect cash flow from specific projects by assuring prices for future production. Each of these hedging operations is submitted to the Board for approval.



In summary, Codelco undertakes futures operations to adjust –as necessary– some physical sales contracts to its commercial policy, and to protect cash flow from a portion of its future production.

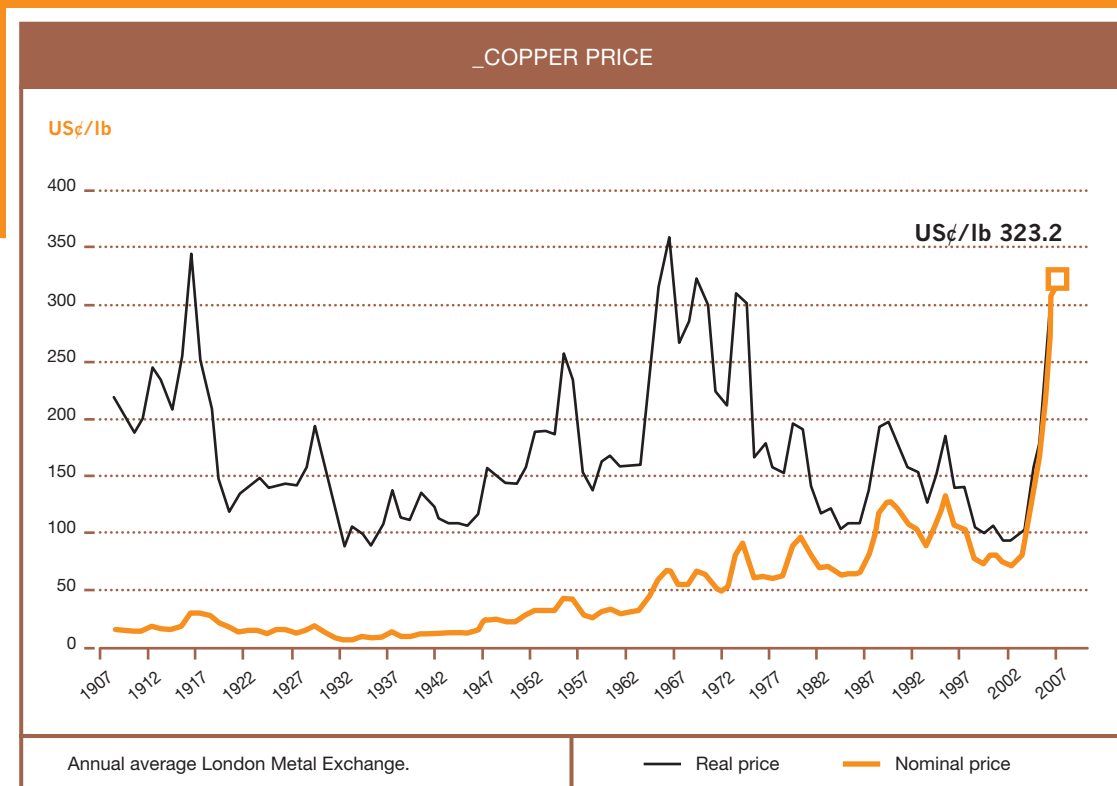
The income from these futures operations coincides with the accounting of their related transactions. Consequently, the results of the sales and futures contracts are compensated upon the execution of the sales commitments.

_Copper Market

IN 2007, THE AVERAGE DAILY COPPER PRICE
AT THE LONDON METAL EXCHANGE WAS 323.2 ¢/lb,
THE HIGHEST NOMINAL VALUE IN ITS HISTORY.

In 2007, the average daily copper price on the London Metal Exchange was 323.2 ¢/lb. With a positive world economic outlook, although affected by the impact of the US sub-prime mortgage crisis, China once again was positioned as the main driver of copper consumption.

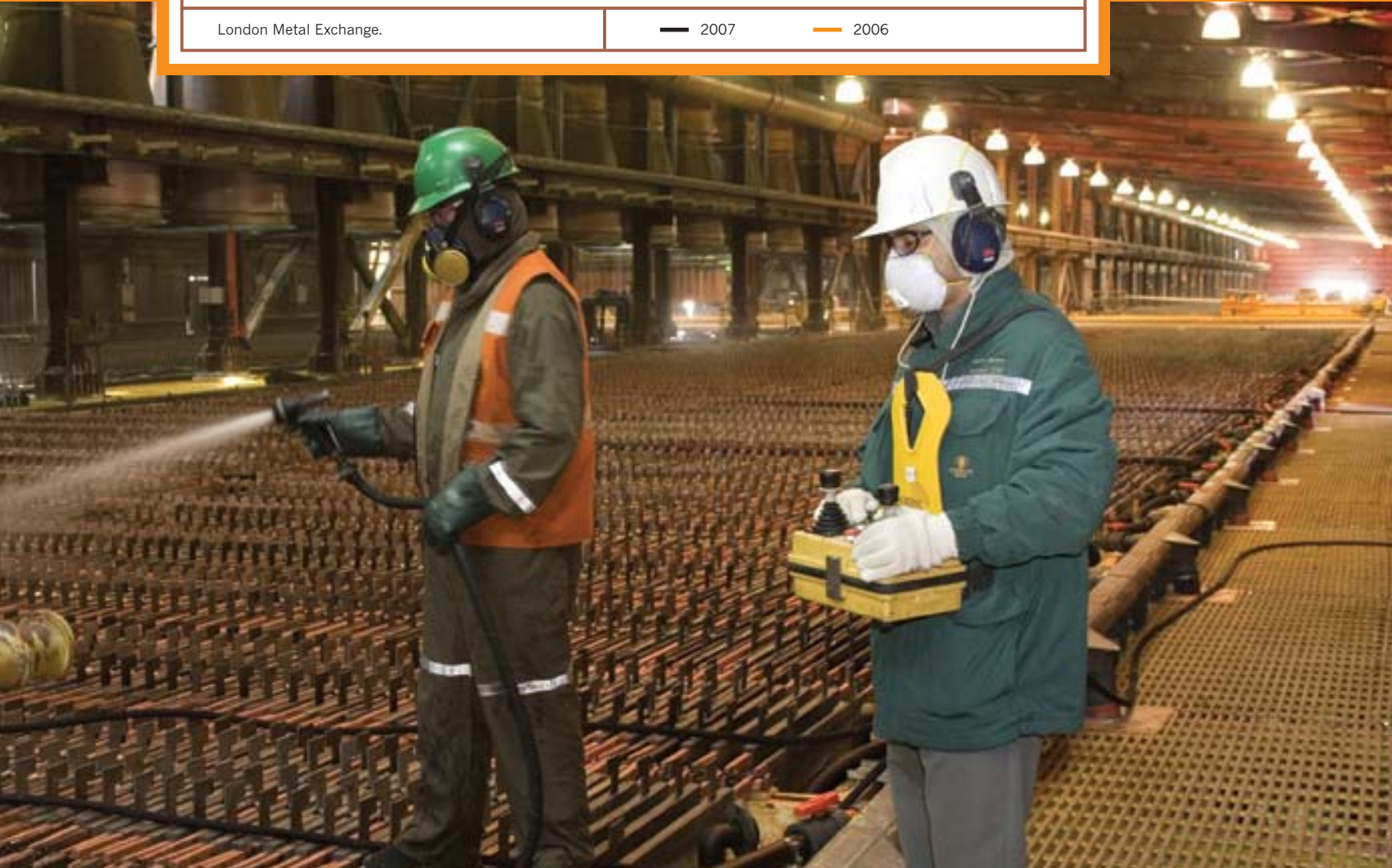
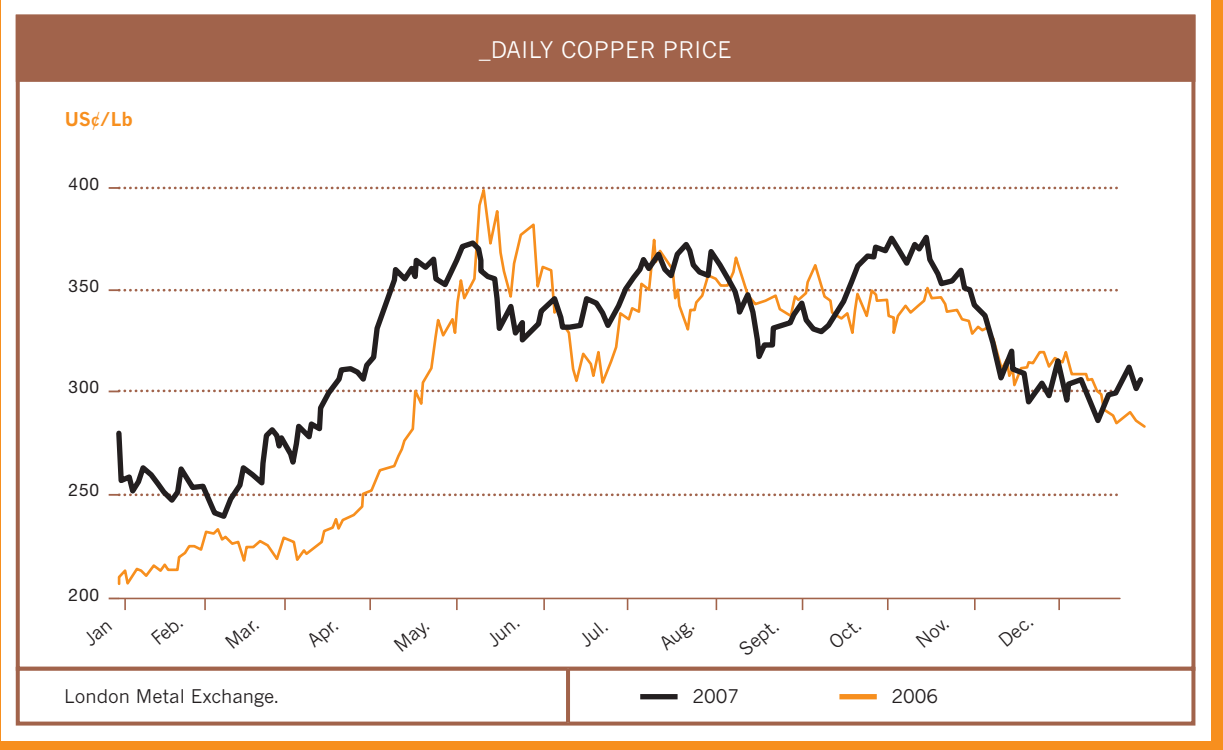
In real terms, the 2007 price continued to be less than that seen in other periods, such as in 1916 and the industrialization boom of the 1960s.

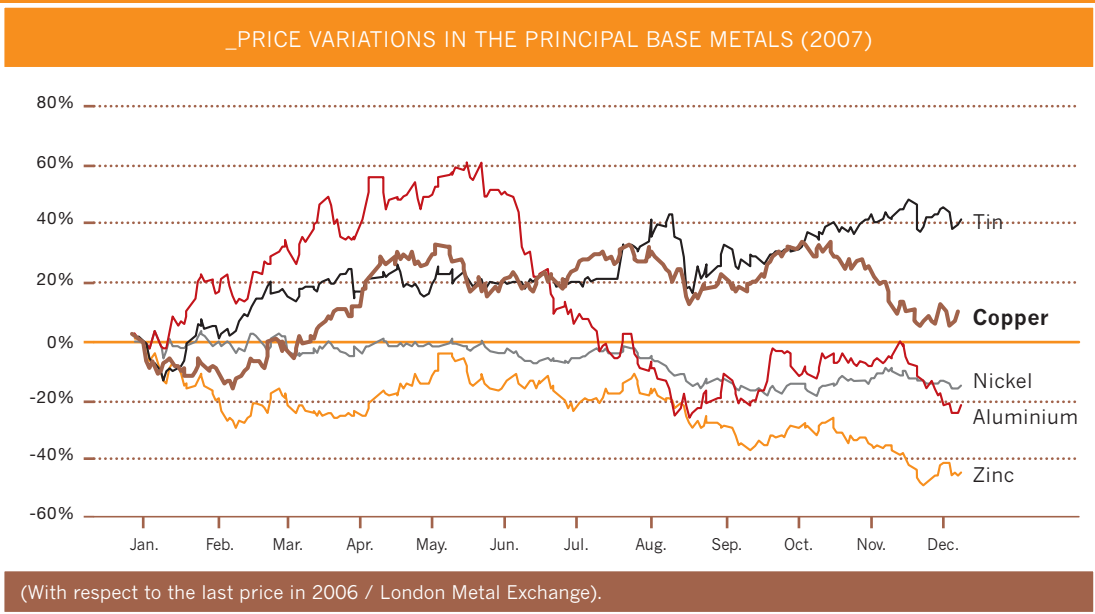


Low copper inventory levels at the exchanges, mine production that was lower than hoped for due to labor conflicts and operational problems that occurred at various mining operations and refineries around the world, and the weakness of the US dollar, were the main reasons that supported the high copper price during 2007.

COPPER PRICE

The copper price remained volatile in 2007, with various peaks and troughs that followed a similar pattern in form and magnitude to that seen in the previous year, and that coincided with seasonal factors.





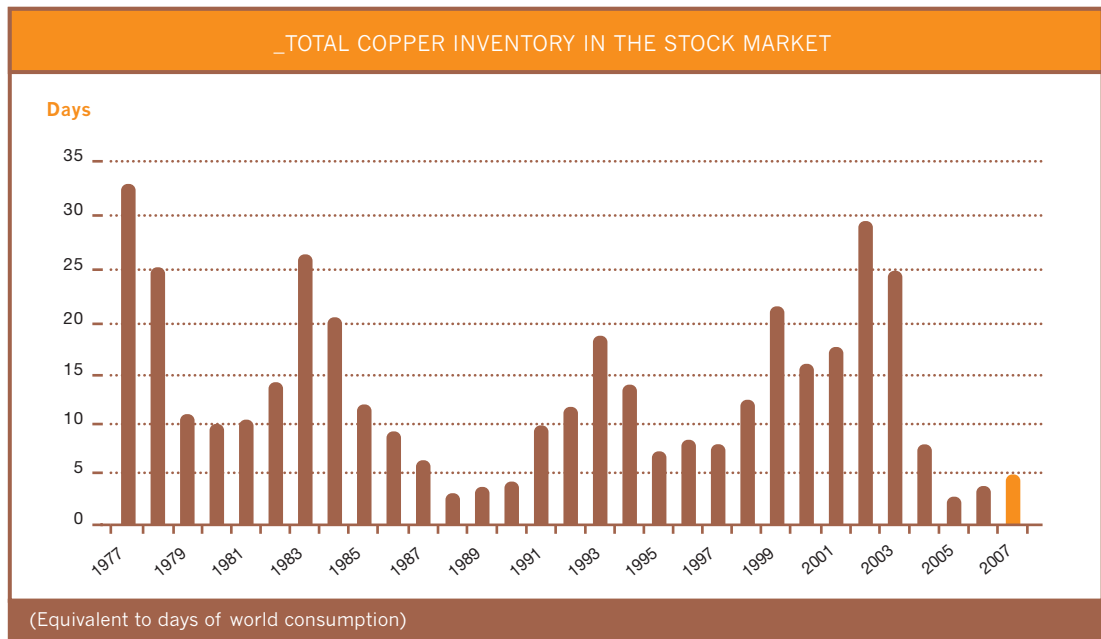
With regard to the other base metals traded on the London Metal Exchange, only copper and tin ended 2007 with higher values than at the close of 2006, a situation that was maintained through almost the entire year for these metals.

In the case of aluminium, from June 2007, as inventories in the exchanges increased, its price showed a pronounced deterioration.



EVOLUTION OF EXCHANGE INVENTORIES

The volume of copper inventories in exchange warehouses, in terms of days of consumption, remained at levels considered by the industry as critical for the third consecutive year. In 2007, the average inventory was barely sufficient enough to satisfy world copper consumption for 4.8 days.

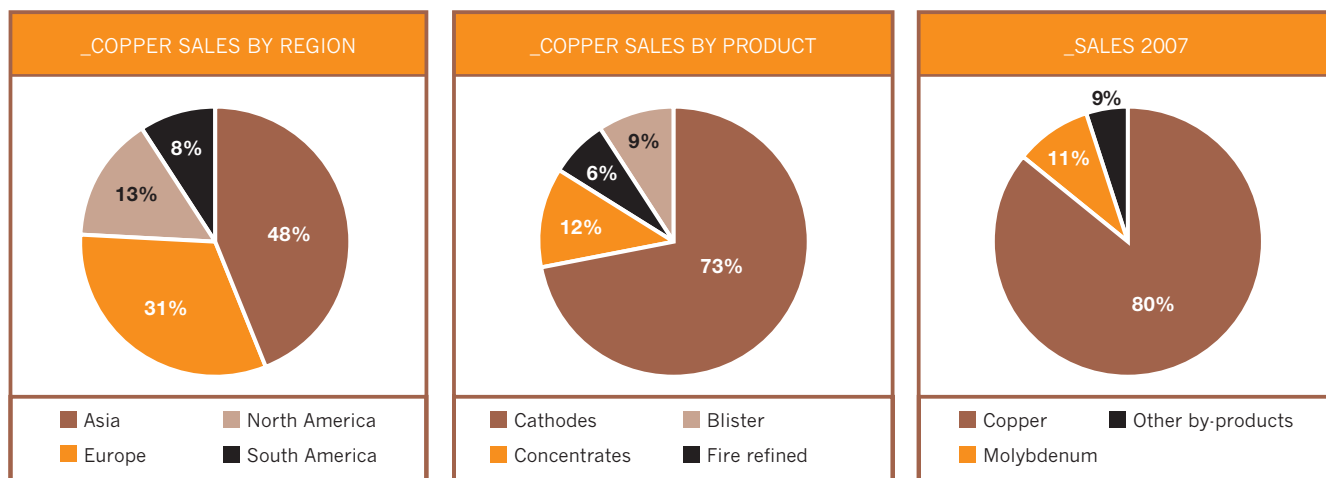


SALES

The total income from copper and by-product sales was US\$ 16.988 billion during 2007. 80% of the Corporation's total sales corresponded to copper (refined and concentrate), principal product of the company, while by-products represented 20%.

SALES 2007	
Own copper	12,799
Third party copper	875
Molybdenum	1,799
Other products	1,515
<hr/>	
Total	16,988
(US\$ million)	

The income from Codelco's own copper and third party copper reached US\$ 13.674 billion in 2007, corresponding to a total of 1.94 million metric tons, whose distribution is shown in the following graphs:



By-product sales contributed US\$ 3.314 billion during 2007. US\$ 1.799 billion of this corresponds to molybdenum products and the rest of the sales to anode sludge, sulfuric acid and precious metals.



_MAIN CUSTOMERS 2007 (refined copper)

Wieland Werke AG Metallwerke	Germany
Cobre Cerrillos S.A.	Chile
Manufacturas de Cobre S.A.	Chile
Tai-I Jiang Corporation	China
LG Cable LTD.	South Korea
Poongsan Corporation	South Korea
Taihan Electric Wire Co., Ltd.	South Korea
Outokumpu Copper Tubes S.A.	Spain
Nexans	France
Halcor Metalworks S.A.	Greece
Cumerio	Italy
Colata Continua Italiana SPA	Italy
Europa Metalli SPA	Italy
Ta Ya Electric Wire & Cable Co. Ltd.	Taiwan
Pacific Electric Wire and Cable Co.	Taiwan
Walsin Lihwa Corporation	Taiwan
Erbakir Elektrolitik Bakir	Turkey
Sarkuysan Elektrolitik Bakir	Turkey
Mueller Industries Inc.	USA
Southwire Company Inc.	USA





_Human Capital and Governance

_Phase III Strategic Alliance

During 2007, the administration and workers continued the dialog to develop a new phase of the Strategic Alliance, joining forces to agree upon a path that guarantees the permanence of Codelco in the long-term; to consolidate it as a large-scale mining, industrial and commercial company of all Chileans, and to situate it as a leader in the copper industry world-wide.

THE OBJECTIVE OF CODELCO, ITS ADMINISTRATION AND ITS WORKERS
IS TO DEVELOP AND GIVE VALUE TO THE COMPANY BY GENERATING AND HANDING
OVER THE PRE-TAX PROFITS AND BY MAKING POSSIBLE A MORE PARTICIPATORY,
JUST AND MODERN CHILE THAT INCLUDES SOCIAL PROTECTION
FOR THOSE THAT MOST NEED IT.

The strategic alliance, a process which came into being in 1994, constitutes a governance pact within Codelco and with its owner, the State of Chile. The principles that inspired it continue to be in force and are shared by the administration and workers, represented by the Federation of Copper Workers, FTC. The groups reaffirmed said pact, signing the Phase II Strategic Alliance, on September 27, 2007 in the city of Olmué.

Once this agreement was signed, the framework on which they will define methodologies and work plans for the period 2001-2010 was established, as was set out in the commitments signed by the parties.

The path travelled in the first phases of the Strategic Alliance, enables us to ensure that the best effort will be made to increase the competitiveness of Codelco and restrain and revert the tendency of rising costs. In this sense, the alliance contributes towards generating a climate of social peace, in which we will build the initiatives that – drawing on the management style of cooperation, participation and teamwork – will drive and consolidate Codelco's future image. The administration and supervisory team also signed an agreement for this new stage in the Strategic Alliance.

_Labor Relations

UNION ORGANIZATIONS AND PARTICIPATORY MANAGEMENT

One of Codelco's fundamental values is respect for its union organizations. The Strategic Alliance establishes a system of participatory management that helps boost workers competitiveness and their ability to fulfill the commitments agreed upon for the period 2007-2010.

Workers participate in Codelco's board of directors with two representatives. In 2007 those positions were occupied by Raimundo Espinoza Concha, a representative of the Federation of Copper Workers, and Jorge Candia Díaz, a representative of the National Association of Copper Supervisors.

Other areas of participation, which are directly related to workers' interests, are the unions and their committees. Additionally, all workers participate in the management of assets and in personnel development and sustainability through the Codelco management system.

Codelco has a high level of unionization and complies with all international norms and accords on fundamental human and labor rights and the principles of social responsibility.

As of December 31, 2007 the union affiliation rate of Codelco's own workers reached 97.5%. This number reflects the value and importance that workers give to union participation and the relationship with the administration.





COLLECTIVE BARGAINING

In 2007, 7 collection bargaining processes were completed. One of them corresponded to a full negotiation in Codelco Norte Division; while the other 6 were pre-emptory or early negotiations (3 in Codelco Norte, 1 in Salvador, 1 in El Teniente and 1 in the Head Office). The chart below summarizes the results of collective bargaining in this period.

The strategy designed to confront the negotiation processes enabled them to be developed within a framework of social peace, which will offer greater stability to labor relations while the agreements are in effect.

This allows us to guarantee the existence of solid democratic foundations and a legal framework that assures the necessary independence of social negotiators, conditions that make collective bargaining possible.

_Collective Negotiations 2007

DIVISION	Union	Type of negotiation	Base pay adjustment (%)	Duration (months)	End bonus (M\$)	Early negotiation (M\$)	Other (M\$)	Total (M\$)	Loan (M\$)	Result
Salvador	N° 2 and 6 unions	Anticipated	3%	36	2,166	4,232	-	6,400	1,600	Without conflict
Head Office	Rol B union	Anticipated	3%	40	1,350	3,000	-	4,350	1,600	Without conflict
El Teniente	Rol B union	Anticipated	3.50%	39	1,300	5,900	-	7,200	2,400	Without conflict
Codelco Norte	Chuquicamata union	Regulated	3.80%	37	2,400	-	Will sign soon 5,300	7,700	2,500	Without conflict
	Radomiro Tomic operative union	Anticipated	3.70%	40	2,300	5,700	-	8,000	2,000	Without conflict
	Radomiro Tomic mining union	Anticipated	3.70%	41	2,100	5,700	-	7,800	2,200	Without conflict
	Rol A union	Anticipated	3.80%	42	4,300	6,070	-	10,370	2,500	Without conflict

ORGANIZATIONAL CLIMATE

During 2007 the model of organizational climate was applied again in all of the Divisions and in the Head Office.

During September and November 2007 fact finding campaigns were carried out that served as a base for the development of reports on the organizational climate. These were presented to the executive committee, the extended committee and to worker representatives in each Division.

In this context, with the objective of having a direct impact on productivity in each Division, the Labor Relations and Quality of Life Administration, together with the report that measured the organizational climate, incorporated proposals with concrete actions to be carried out by the executive management in each Division in a framework of continuous improvement.





QUALITY OF WORKLIFE

During 2007, significant advances were made in the implementation of plans and programs generated through the Quality of Life Corporate Policy. In place since April 2003, this policy prioritizes overcoming flaws and improving standards in areas directly related to jobs and the socio-familial development of workers.

Among the most relevant advances in 2007 was the incorporation of quality of life themes into the company's formal management tools, reaching 85%.

Ergonomics

During this period, a multidisciplinary interdivisional team was conformed around ergonomics management in the company. We had a technical advisor from the University of Concepción, who has experience and is specialized in the topic. In addition, the advisor trained the corporate team.

Cardiovascular risk management

Based on the results of the five year study 2001-2005 of the corporal mass index in workers, performed by the University of Chile, a technical, multidisciplinary team was formed. The team began generating a conceptual and methodological model to look at the state of health of Codelco's workers from a global perspective.

Sports and recreation

During 2007 we performed, in work stations, activities like physical exercise, interactive breaks, anti-stress massage therapy and promotional campaigns for healthy lifestyles. We also restructured underutilized sporting facilities, making repairs and optimizing their implementation with trained instructors and exercise equipment.

In a coordinated effort with the supervisors in the productive areas and health services, we substantially increased the use of said resources, with groups of workers with cardiovascular risks and osteoarthritis problems. There was also an increase in the attendance of family members in health services.

Alcohol, drugs and tobacco policy

During 2007 we consolidated the installation of random alcohol and drugs testing programs in 4 of the 6 Divisions, as well as expanded the early detection exams in pre-occupational and accidentability categories.

We evaluated the 2 year program of early detection, which works with a corporate specialized services contract with the University of Chile Laboratory, which ended December 31, 2007. Given the maturity of the process we concluded that each Division would put out a bid for the program given their requirements, using the general corporate procedures as a base.

Family training

During 2007, the company, with SENCE funds, continued the training program for wives, children and family members of workers, with the objective of developing their potential and competencies for workforce insertion. In this way, program participants will contribute to improving of the quality of life of their family group.

Since the program began in 2003, it has improved course quality standards in terms of trade skills, intensifying learning and hands-on experience. During 2007, courses were focused on the following topics:

Information technologies

- | Intermediate and advanced-level computer skills and internet navigation.
- | Web page design.
- | Computer building and maintenance.

Entrepreneurship

- | Small business management.
- | Microenterprise development.

Services

- | Hotel industry, receptionist with english skills.
- | Cooking and pastry preparation.
- | Casino assistant.



www.aldeaminera.cl

The virtual community www.aldeaminera.cl is a portal operated by the Administration of Quality of Life for Codelco's workers, their families and communities.

It began operating in November 2003, and today, with a new version, has more than 20,000 registered users and over 9,000 visitors per month. Those who navigate the site can find activities and content related to bettering their lifestyles in terms of health; as well as on-line contests, interviews, news, photos, specialists available to respond to inquiries, forums on diverse topics and also classifieds.

www.aldeaminera.cl received the innovation prize in 2007 given out annually by the Fundación Chile Unido and the newspaper El Mercurio, in a competition that awards companies that offer the best policies for working mothers and fathers.

In addition, it was one of the 20 finalists in the Experiences in Social Innovation in Latin America and the Caribbean competition, organized by ECLAC and the Kellogg Foundation, in which more than 800 initiatives participated from the Region.



LABOR PRACTICES AND GENDER EQUALITY

During 2007 we advanced in the creation of a diagnostic assessment of equal opportunities for men and women in Codelco. We observed that the human capital management systems and the standards that regulate their application, guarantee all workers, independent of sex, equal remuneration, development and labor mobility. Additionally, said standards and systems do not establish impediments for the insertion of women into distinct activities in the company.

Codelco took various measures to facilitate the incorporation of women:

- | Technological application systems (via www.codelco.com).
- | Blind resumes (without photo, nor information about age or marital status).
- | Adequate infrastructure for women in productive areas (like bathrooms, lockers and changing stations).
- | Redesign of policies and procedures for internships and those working on theses, promoting the participation of youth in understand the reality of Codelco. In 2007, 35% of the interns in the company were women.

In December 2007, Codelco and the National Women's Service signed a collaborative agreement to apply the Program of Good Labor Practices with Gender Equity (www.igual.cl) in the company.

CAREER DEVELOPMENT

In 2007 we consolidated the implementation of all of the systems that make up career development. We increased the number of people that access training courses; there was an improvement in performance, and we focused on the quality of processes and results.

With these tools we are hoping that the system recognizes the exemplary performance and behavior of people, as well as gives us information on how to better the indicators that we find under par. Finally, we made progress on incorporating a methodology to evaluate the impact of management and investment in the area of people, in order to appreciate its contribution and profitability for the company.





PERMANENT TRAINING

During 2007, The Corporation invested nearly US\$ 12 million in training. These resources made it possible for us to finance 6,508 training activities associated with individual development plans, with a total of 47,841 participants and 596,498 man hours of instruction.

In these trainings we used, among other methodologies, *e-learning*, through which we trained 2,500 workers in activities designed with our own content, which translated into 8,150 man hours of instruction, tripling that of 2006.

Additionally, in 2007 Codelco ascribed to the computer skills certification program, through the *International Computer Driving License ICDL*. The company's goal is to ensure that at least 5,000 workers be ICDL certified by 2010.

PERFORMANCE MANAGEMENT

The corporate-wide implementation of the individual performance management system continued in 2007. Throughout the year, the worker and his/her supervisor –in consensus and in a participatory way– establish the principal challenges and commitments of each worker with respect to his/her contribution to the business and to the development of his/her competencies. In the period 2005-2007, more than 7,000 people were incorporated into this system.

In addition, the Regulations of Promotions and Mobility were applied for the first time with criteria based mainly on performance evaluations, other career development variables and labor behavior.

In 2007 the implementation focus was centered on process quality. We performed a corporate study to evaluate the implementation of the Performance Management System in the last years. The quantitative and qualitative results will be presented in March 2008, which will allow us to measure its contribution and detect improvements in the process. In April 2008 we will perform an exhaustive review of the goals met in all of the Divisions with respect to quality in order to preserve the corporate line and introduce improvements.

RECRUITMENT AND SELECTION OF PERSONNEL

During 2007 we made progress on the design of a Corporate System for Recruitment and Selection in which all of the Divisions participated. The system seeks to improve the transparency and efficiency of the process in order to secure an adequate performance of new staff.

Among the innovations in the system, we would like the human development areas to have a role in ensuring that new personnel met the basic qualifications necessary to continue their development within the organization.

Additionally, each area of the organization is responsible for selecting their candidates. They should have the competencies that ensure a positive incorporation into the team. In this system, the selection requirements are defined on the basis of curricular demands, a profile of personal characteristics that are transversal to the Corporation and management and technical requirements specific to each position.

SENIOR MANAGEMENT DEVELOPMENT

During 2007 we continued with the program of senior management development, which seeks to train and strengthen high-performance teams at the strategic level, as well as nurture capacity for change and *mentoring* at the individual senior management level.

Also we continued working on the development of leadership skills for professionals with high potential, in order to form replacement staff.





FORMATION OF EXPERTS

At the corporate level, in 2007 we began the implementation of the Expert track. In this context we gave continuity to the training program for senior management experts and incorporated it into the expert corps in each Division.

The Expert Track aims to promote and strengthen high-level corporate professionals related to the critical processes in the business (for example, geo-mining metallurgy). This is based on the present and future needs of Codelco and with the foresight to confront technical challenges that are becoming more complex daily, not only in the company, but also in the mining industry.

TALENT ATTRACTION

Codelco requires professionals that give viability to the major mining projects that will come into operation in the next decade. With this in mind, in 2007 we put into practice diverse plans to attract and give development opportunities to excellent professionals, preferably in the area of geo-mining metallurgy. Among the activities performed are the following:

- | Interesting professional internship and thesis writing programs in Codelco for outstanding university students.
- | In 2008 to attract young talent, we will develop a Corporate Program for Young Professionals, aimed at the development of technical skills and leadership, and closely linked to critical projects in the Divisions.



PERSONNEL MANAGEMENT

In 2007 the main activities developed were centered on the following:

- | Analysis of the **Personnel Planning and Management Model** was performed with a focus on processes. Also we considered, among other aspects, the staff balance (criteria: quantity, performance and skills); information on business operations and jobs, and future personnel demands. Based on this analysis the model generates management activities.
- | **Personnel Transfers** performed in 2007 from the Salvador Division to other Divisions in the Corporation was marked by the segmentation of personnel, which enabled us to develop a strategy and differential actions for each one of the three segments defined. This made it possible to develop a human resources solution in agreement with the reality of each worker and with the company
- | **Focused Personnel Exit** in the Andina and El Teniente Divisions. We used the assisted early termination plans for a focused segment of people who are close to retirement.
- | For the **Relocation due to Internationalization of Functions** in the Codelco Norte, Andina and El Teniente Divisions, diverse projects were developed to internalize and relocate positions, adapted to his/her medical restrictions, to sick professionals and to those with chronic illness.

During 2007, 59 workers were transferred, while 348 people left the Corporation through early termination plans, and another 52 workers were relocated through the internationalization of positions.





_Sustainable Development

MANAGEMENT SYSTEMS

Codelco's Divisions, the Head Office and Explorations have environmental and safety management systems, certified under the ISO 14001 standard and OHSAS 18001. Ventanas Division is in the process of certification under OHSAS 18001.

During 2007 external audits were done successfully to maintain our international certifications in the Codelco Norte, Salvador, Ventanas Division, the Head Office and Explorations. The Andina Division will carry out said process in 2008.

Through the systems of environmental and safety management, Codelco plans, operates and verifies prevention management, reducing and controlling environmental impacts and safety risks for people, resources and the environment.

MINING OPERATION CLOSURE PLAN

Based on world tendencies, every day more demanding in matters of mining operation closures, the Ministry of Mining emitted the Decree (DS) N° 132 in 2004, which modified the DS N° 72 (Mining Security Regulation). The new standard requires that all functioning mining operations hand in a closure plan to the National Service of Geology and Mining (Sernageomin). The deadline for meeting this standard is February 2009.

In September 2007, the company emitted the Corporate Policies for the closure of Codelco mining operations in Chile that establishes the common framework for the elaboration and implementation of said plans and the requirements that should be met.

With this objective, Codelco decided to perform a corporate study that would homologate technical criteria for the distinct solutions that the Divisions propose, including homogenous appraisals and deadlines. During 2007, the bid for this study was carried out with more than 10 prestigious national and international companies participating. The study will be developed during 2008.

Codelco decided in 2007 to postpone the closure of oxide operations until 2010 and sulfides until 2011 in the Salvador Division. In this context, the Division continued with the necessary environmental and legal studies, engineering bids and relocation plans for workers, thinking of the future closure.

SOLID WASTE MANAGEMENT

All of the Divisions have solid waste management systems directed at minimizing the generation of waste and controlling the associated environmental aspects. Source separation recycling, recycling and recovery or secure disposal of this waste is a high priority for Codelco. For this reason we have waste management centers, where they classify, register, treat (in some cases) and prepare waste temporarily until it reaches its final destination.

During 2007, El Teniente Division in a coordinated effort with the authorities began the process of removing arsenic waste in the Cerro Minero deposit, for its final disposal in an authorized external center. While the Salvador and Ventanas Divisions began the removal of arsenic dust from smelters for their reprocessing in an authorized external company.

LIQUID WASTE MANAGEMENT

Beginning in September 2006, the Supreme Decree N° 90 came into full effect, becoming a legal requirement. This decree regulates the liquid waste discharge in continental and marine waters. Before September 2006, Codelco began making the necessary investments in order to comply with this standard, a complex process given the age of several of Codelco's operations and the magnitude of the flow of some of the effluents.

In 2002, the Divisions declared all of their liquid waste discharge to the authorities, in accordance with the standard, and turned in chronograms of activities to comply with the decree.

In 2007, for the first time, authorities applied sanctions for not complying with the DS N° 90. Of the 24 liquid waste declarations by Codelco, with the resolution of monitoring them, Codelco received 2 sanctions in the form of fines for non-fulfilment of the degree, 3 fine proposals with queries made to Coremas and one fine proposal with queries made to Directemar. In total, 6 liquid waste episodes were sanctioned or proposed to be sanctioned during 2007.



During 2007, Codelco continued with its improvement and investment program to comply with the DS N° 90 in all of the Divisions. The main achievements were the following:

- | Start-up of the molybdenum treatment plant for the Carén effluent with an investment of more than US\$ 31 million. El Teniente Division.
- | The completion of the siphon and tunnel construction for acid water treatment with an investment of US\$ 35 million. Andina Division.
- | Provisional solution for the recirculation of mine water. El Teniente Division.
- | Provisional solution for the discharge of the Potrerillos Smelter. Salvador Division.

As a result of these activities, as of December 2007, 21 of the 24 of Codelco's liquid wastes met the requirements of the DS N° 90. This information is periodically updated on the Corporation's web page for the general public to consult (www.codelco.com).

As a part of Codelco's policy of openness and transparency, in 2007 the Superintendents of Sanitation visited the Andina and El Teniente Divisions. In this last Division, a pilot training program to inspect liquid waste was carried out, having been solicited by the authorities.

SUPREME DECREE N° 80

In August 2006 the Official newspaper published the DS N° 80 that establishes an emission standard for molybdenum and sulfate for the effluent of the Carén dam, which El Teniente spills into the Carén stream bed.

This standard is based on studies that prove, given the area's conditions, that these levels of molybdenum (1.6 mg/liter) and sulfate (2,000 mg/liter) do not have harmful environmental effects. Both levels are higher than those fixed by the DS N° 90.

The decree was refuted by two groups of parliament members before the Constitutional Court, arguing a discriminatory treatment in favor of Codelco, given that other companies are ruled by the DS N° 90, which is stricter in both parameters. The 26th of April 2007, the Constitutional Court emitted a unanimous sentence, rejecting the requirement and declaring the constitutionality of the DS N° 80. This sentence is definitive and not open to appeal.





CLEAN PRODUCTION AGREEMENT

As part of Codelco's commitment to sustainable development, Codelco signed a Clean Production Agreement (APL) in August 2006 with Corfo's Council of Clean Production. This APL aims to reduce the molybdenum emissions in the Carén effluent (Ril Carén) in the El Teniente Division, and to reinforce the implementation of the Corporate Standard of Energy Efficiency in investment projects (Codelco's Corporate Standard N° 32, NCC 32).

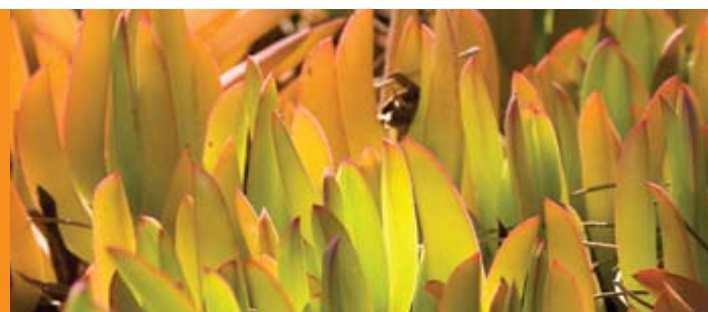
The Ril Carén evacuates the clear waters from the Carén dam. It contains molybdenum in its non sulfate form, coming from specific sectors in the mining deposit. Although the studies performed show that –in the eco-system associated with the Carén stream– the current contents of molybdenum do not have negative impacts on agriculture and livestock activities, the water quality will improve if these contents are reduced.

In this context, the El Teniente Division committed itself to a series of transitory measures to reduce the molybdenum content in the effluent, while Codelco constructs and puts into operation a molybdenum treatment plan, the only one of its type, whose operation was part of the commitments in the APL. These measures include minerals handling in the extraction points and the control of PH levels in the concentrator.

The treatment plant began its operations in December 2007. The commitment of Codelco in the APL, which was met completely, was to reach the end of the year with molybdenum levels less than the limit fixed by the DS N° 90, this is 1 mg of molybdenum per liter (despite the fact that the Decree N° 80 that controls this parameter in this effluent, has a limit of 1.6 mg per liter).

With respect to energy efficiency within the APL, another of Codelco's commitments is to ensure the optimization of energy resource use in the development of investment projects throughout the life cycle. This is independent of the method of administration or contract type for the project's development and execution, including all processes, installations and equipment considered for them.

In April 2007, a preliminary audit of the progress made on the APL was performed. It was complemented by a final audit done in December of the same year showing 100% fulfilment.





ENVIRONMENTAL AND OCCUPATIONAL SAFETY INVESTMENT

To comply with Chilean legislation and the internal standards of the company, Codelco has made significant investments in environmental and occupational safety projects.

In 2007, the Corporation invested US\$ 119.2 million, of which US\$ 53.7 million were used for environmental projects and US\$ 65.5 million on occupational safety.

The environmental investments were used mainly on projects associated with the handling of liquid waste and tailings. The following projects are highlighted:

- | Improvement of the dust collecting systems in the crusher room in the Codelco Norte Division.
- | Implementation of solutions for handling liquid waste in the Potrerillos Industrial complex in the Salvador Division.
- | Management of acidic drainage water from the dumps in the mine in the Andina Division.
- | Construction of a molybdenum treatment plant and investment in waste water treatment in the camp in the El Teniente Division.
- | Improvements in the management of handling dangerous waste in the Ventanas Division.

With respect to the investment projects in matters of occupational safety, the following are highlighted:

- | Improvement in the electric systems in operations and the change in the shell of conversion equipment in the smelting of concentrate in the Codelco Norte Division. Improvement in the ventilation systems inside the mine in the Andina Division.
- | Improvement in gas extraction in the Potrerillos Chemical Laboratory in the Salvador Division.
- | Improvement in the geotechnical stability and filtration control in the Sapos dam in the El Teniente Division.
- | Repairing the anti-acid floors in the refinery in the Ventanas Division.

During 2007, Codelco entered projects into the System of Environmental Impact Evaluation, SEIA. The company obtained favorable environmental resolutions for 14 projects for a total investment amount of more than US\$ 51 million. Another 6 projects for an amount of more than US\$ 600 million at the end of 2007 were in the process of being evaluated.

SUSTAINABILITY REPORT

Since 2002, Codelco's reports have been developed based on the global guide for sustainability reporting (GRI, for its abbreviation in English). In addition they undergo an external audit. Since 2004, Codelco has published, in the same report, the auditor's report, which has shown the permanent level of conformity with GRI guidelines.

A relevant change in this matter is that Codelco's 2007 Sustainability Report followed the GRI guidelines in its G3 version. With this, the company takes on a higher standard of transparency with its stakeholders.



SAFETY AND OCCUPATIONAL HEALTH

During 2007, Codelco lamented the loss of 10 workers in work-related accidents, 5 people were Codelco-hired workers and the other 5 were contract workers. Following a company wide audit process, the Executive Committee approved a Immediate Action Plan on Safety, which was also validated by the Board.

The Action Plan is based primarily on the reinforcement of safety leadership and included reviewing the Safety, Occupational Health and Environment Policy, whose new version was emitted in December. The policy incorporates new emphasis, for example: the commitment to center its business management on people; to maintain a visible, effective and permanent leadership; integrated management systems; to ensure that no production goal or operational emergency justifies exposing a worker to uncontrollable risks; to demand an effective performance in the fulfilment of action programs, and behaving in a responsible way with contractor companies in agreement with the new standard in effect on the topic.

Other areas of the Immediate Action Plan on Safety are:

- | Elimination of substandard conditions.
- | Change of behaviour (labor discipline, recognition and sanctions).
- | Working groups with union leaders.
- | Industry *Benchmarking*.
- | Highlight importance of safety in third-party contracts.



With respect to other safety aspects, the indicators of accidentability related to the frequency of accidents maintained a tendency to decrease, as they have in the past years. In 2007, the index of global frequency (including Codelco-hired workers and contract workers) was 3.51 accidents with time lost per million hours worked, currently at par with the industry.

During 2007, we also worked on internal and external initiatives, which aim to better work safety conditions, eradicate occupational disease and create health evaluation standards for workers exposed to occupational risks, such as the following:

- | Identification of new research methods for studying incidents and accidents; training for members of the Hygiene and Safety Parity Committees and for professionals in risk prevention in the Corporation.
- | Performing the Corporate “safety hour” activity, which included the mass participation of workers.
- | Development of the Third Corporate Encounter of Parity Committees on Hygiene and Safety in the city of Calama.
- | Participation in the multi-sector work group, led by the Ministry of Health for the eradication of silicosis in Chile; participation in the Second Regional Meeting for the Eradication of Silicosis by 2030.
- | Participation in the technical working group composed of professionals from the Chilean Association of Safety, the Institute of Work Safety and the Security Insurance Mutual, which elaborated a guide for the health evaluation of high-altitude work exposure.
- | In materials of industrial hygiene, we worked on the formulation of indicators that contribute to the prevention management of occupation illness, as a level of prevention; level of sealing in respiratory EPP (elements of personal protection); OHSAS 18001 management programs; systems of control for hygiene risk, and percentage of leave beyond the permitted limits.



STAKEHOLDERS

With the objective of evaluating the perception that the diverse stakeholders have regarding the performance of the Corporation in matters of sustainability, a perception study is performed annually in which the opinions of the communities and authorities in the area surrounding the company are given.

During 2007, the results of Codelco's Sustainability Study show progress with respect to last year. There is a higher appreciation, on the part of the communities and authorities, regarding the actions that Codelco takes, in terms of improving quality of life for the neighboring communities. They also recognize Codelco's concern for the environment, for labor conditions of workers –Codelco-hired and contract workers– in materials of occupational health and safety.

The results of the 2007 evaluation reflect the consolidation of a style of doing things and of relating to the Corporation's stakeholders. The exercise of corporate social responsibility is a substantial part of Codelco's day-to-day tasks. The value that citizens give corporate social responsibility serves to reinforce its importance.

All of the Divisions improved their evaluations in 2007, compared with those in 2006. In particular, the Andina and El Teniente Divisions achieved very high evaluations – close to the goal. Also there were improvements in the perception of Explorations, Codelco Norte, Ventanas, the Head Office and Salvador, this last one having been subject to strong tensions associated with the closure announcement for 2010 and 2011 in its oxide and sulfide lines respectively.

The results of the perception study "Sustainable Codelco" are important in the performance agreements in all of the Divisions, as well as in those of the company's upper management.

MORI SURVEY

Since 2001 the MORI Social Responsibility survey has been performed in distinct countries, including Chile. In 2007, the MORI survey in Chile had a representative sample of 30 cities of more than 40,000 inhabitants. In this survey, once again, Codelco appears as the most socially responsible company, first place in the category of large international companies, as well as first place in Chile – in a closed question format.





CODELCO GOOD NEIGHBOR

The Codelco Good Neighbor program puts into practice the company's Sustainability Policy, in particular, improving the quality of life of the communities surrounding our operations.

During 2007, the Divisions and work centers, through their own efforts and through the management of public/private alliances, developed more than 60 projects associated with the preferred themes: education, environment and economic entrepreneurship. The initiatives carried out with the Atacameña indigenous communities, like those with Aymaras and Quechuas, deserve a special mention.

In addition, we implemented the fourth internal competition for funds in the Corporate Fund for Social Investment (FIS). Since 2004, the FIS has financed 45 Good Neighbor projects; in 2008 a total of 44 projects applied for the FIS from all of the Divisions, Explorations and the Head Office. Codelco will support the execution of 19 of these projects in 2008.

The 2007 version of the FIS promoted the application and selection of projects in 2008 that had a link with primary and secondary educational projects with children from underprivileged sectors. This forms part of a corporate definition, which seeks to target actions that reach the most vulnerable sectors of the population on highly sensitive topics with potential social returns. Along with this, Codelco perfected the application guidelines, the selection method and the evaluation of the initiatives.

Some of the Good Neighbor projects developed in 2007:

_Didactic intercultural bilingual material for pre-schools in El Loa. Through an agreement with the National Association of Pre-schools – JUNJI, culturally pertinent didactic material for Atacameña teachers was developed (Codelco Norte Division).

_Information Technology in the Chañaral Province. Through the provision of computers students in 4 primary schools, the students' parents and the community in general worked together on digital literacy courses (Salvador Division).

_Women entrepreneurs. Highly vulnerable women heads of household were organized and received training in order to start-up the Heliciculture Center. This is the second phase of the project. This project receives support from the Archbishop of San Felipe to cultivate and commercialize snails (Andina Division).



_Occupational training for youth with special educational needs. Together with the Quintero Polytechnic School, workshops were developed on socio-occupational skills to learn a trade (Ventanas Division).

_Access to new information technologies in Alhué. Computers were given to a school in Alhué, previously benefited by government resources for digital literacy (El Teniente Division).

_Santiago health week. In the area surrounding the central office of Codelco, services were lent to passers-by on topics of healthy nutrition and controlling blood pressure (Head Office).

_A call for tender for local development. Together with neighborhood organizations in the northeast sector of Calama, we worked on the development, presentation and execution of projects for a call for tender on local development (Explorations).

LAW ON SUBCONTRACTING AND ITS IMPACT ON SUSTAINABILITY

The Law N° 20,123, regarding subcontracting, in effect since January 2007, introduced important modifications to the labor standards and social security that protect workers. The main transformations were in reference to the responsibilities that correspond to the companies that contract with others, the execution of work projects or the rendering of services within the jobsite, as well as the payment of remunerations and insurance quotas, and the obligation to protect the life of workers and occupational health and safety. In this last matter, the law incorporates the concept of jobsite as the place where employers, as well as principal companies, are obligated to protect their workers.

The duty of protection is translated into the obligation of implementing and maintaining a health and safety management system in all jobsites where there are more than 50 workers, including company staff and third parties; to be vigilant in terms of the protection measures adopted by the contractor and subcontractor; to have a Department of Jobsite Risk Prevention, with Safety and Hygiene Parity Committees; to notify immediately serious and fatal accidents to the corresponding authorities, and to suspend work in the affected area.

In compliance with the new law, the Corporation emitted in April 2007, the special regulation for the implementation of the occupational health and safety management system for contractor companies in Codelco. The purpose of the regulation is to facilitate the implementation, operation, maintenance and continual improvement of said system in all jobsites, Divisions and Corporate projects. The text covers the workers that work in their jobsites, whichever being their dependency, including workers from Codelco subsidiaries, contractors, subcontractors, and other people, such as consultants, interns and visitors.

At the same time, Codelco emitted a corporate guideline stating that the Departments of Risk Prevention (existing in the Divisions) will assume the functions of the Department of jobsites. In addition, the Safety and Hygiene Parity Committees (existing in distinct areas of the work centers) will now be called Jobsite Parity Committees.

With respect to the obligation of informing and suspending jobsites when a serious or fatal accident has occurred, the Corporation modified its corporate procedure, adjusting it to the new legal statutory standard.





_Market Development

PROMOTION AND DEFENSE OF COPPER

2007 meant big changes for the International Copper Association (ICA), organization that represents more than 80% of world copper production. Codelco has been a member since it was founded.

Annually, ICA raises funds from the international copper sector, as well as interested third parties (companies or associations, governments, regulators, technological institutes, among others), that are destined to projects focused on the defense and development of new markets for the red metal. During 2007, ICA achieved a historical level of financing of US\$ 75.8 million for more than 470 projects in more than 50 countries.

The ICA is implementing a new bi-weekly strategic plan that aims to confront the short-term threats and take advantage of the opportunities in existing strategic sectors, such as the promotion of the use of efficient, renewable and sustainable energy. It also explores new areas such as the public health initiative with programs that promote the anti-microbial characteristics of copper and that, in 2007, developed clinical tests in 4 continents.

Given the sustained development of the Chinese economy, ICA continues working with producers and manufacturers of that country to include their contributions in the structuring of an Asian market with high standards in construction, energy and technology efficiency, associated with the higher consumption of copper in general.

During 2007 important Chinese members joined ICA, these members led alliances like Copper, Decorative Material in Construction, that were directed by the new member Luoyang Copper; and CMD (project of heat recovery), led by Tongling Copper. Among the new alliances, 14 new manufacturing members also joined, that will permit the entrance of this Asian giant competitively with programs that impact the long term demand.

In the area of technology innovative actions were performed in order to confront the dynamic environment within the mining industry. During 2007 two projects were incorporated into ICA that targeted the development of technology capacity-building in Chile, through consortiums that have government financing, like Conicyt and Corfo, besides private members in the country.

The project *Copper for Energy* seeks to develop new applications of energy efficiency in an effort with private companies and Chilean technological institutions. Its first initiatives are the increase in efficiency of heat interchangers in water heaters and the use of solar energy for energy generation and desalination of sea water.

The other project, *EcoSea Farming*, has particular relevance given that it seeks to develop products for the salmon industry in the south of Chile. The copper alloy cages combat the adhesion of algae due to their bactericide properties; they resist the attack of sea lions and have long term durability. In this way, ICA and Codelco, with the help of other companies and national technological institutes, like Conicyt, Cofto-Innova, contribute to the development of new markets and support another important national industry in its effort to develop itself in an efficient and eco-friendly way.



The strong support of the copper industry and of third parties interested in ICA's work guarantees that the best weapon against the threat of substitutes (due to the relatively high copper cost) is the promotion and defense of markets. Copper remains an essential element in the modern world, always evolving in the search for ways to benefit human development.

INTERNATIONAL MOLYBDENUM ASSOCIATION

During 2007, Codelco reported income of US\$ 1.799 billion associated with the production of nearly 28,000 tons of molybdenum. These numbers show the strategic importance that this by-product has for the Company.

Codelco belongs to the International Molybdenum Association (IMOA), entity that groups together the most important agents in the industry of this metal worldwide, including producers, consumers and *traders*. Its mission is promoting, defending and researching with respect to the outstanding properties of this metal.

During 2007, Codelco assumed the presidency of the organization, an office that it will hold for the next two years. The leadership of the Corporation coincides with a period of growing regulatory pressures that particularly for the molybdenum industry demands working together in order to maintain access to different markets.

In this sense, 2007 brought big achievements to IMOA. Among its most important activities we would like to highlight the formation of the molybdenum consortium to comply with REACH (Registry, Evaluation, and Authorization of Chemical Substances), being the molybdenum industry one of the first to reach an understanding among all of the industry of metals. This consortium has more than 50 members and is presided by Codelco.

In parallel, the traditional IMOA programs (market, health and environment) continued with their work agenda in line with the strategic plan with an active participation of the Association's primary members and with an investment budget of US\$ 2.3 million.



MARKET ACCESS

In 2007 REACH came into effect, which is the new EU law to control chemical substances. REACH inverts the legal obligation in the conventional sense, demanding that the producers of the substance should be the ones to perform studies to determine dangers and associated risks, as well as methods of control.

Codelco decided to form part of two international consortiums to deal with these new requirements. The consortium for copper-based and molybdenum substances has the objective of generating information, at times highly sophisticated, that is required by the new law. In addition, the consortium permit cost reductions and assure the consistency of information that, at the end of 2010, should be handed in to the corresponding European authority.

The molybdenum consortium of IMOA was created in November 2007 and the copper consortium of ICA will be formed in 2008. Codelco will play an active role in both of them to collaborate in a joint effort in order to ensure that the European market will have continual access to its commercial products.



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_Sociedad Contractual Minera El Abra

December 31, 2007

Legal status

The company was created by public document on June 28, 1994, duly witnessed by the Santiago notary, Víctor Manuel Correa Valenzuela. The company's legal name is "Sociedad Minera el Abra".

The Sociedad Contractual Minera el Abra is a contract mining company established under the regulations included in articles 201 and thereafter in the Republic of Chile's Mining Code. It was recorded in Santiago's Commerce Registry, folio 149, N° 40, 1994. Stockholders registry 9054 folio 20, 1994.

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid in amounts to US\$ 647,059,000 divided into 100,000 shares. The shareholders are Cyprus El Abra Corporation with 51,000 shares, and the Corporación Nacional del Cobre de Chile with 49,000 shares.

Purpose

The purpose of this company is to prospect for, explore and exploit the ore deposit known as El Abra, located in the Second Region of Antofagasta, in its full extension, along with others adjoining or nearby; extracting, and processing the ore obtained from exploiting the properties that make up this ore body and surrounding areas; and transporting and selling products and by-products from processing ores and other activities involved in exploiting the deposit. To meet with this objective, the company can build and operate production and processing plants and facilities, stake mining claims or purchase it, and carry out all kinds of operations related to same. The company can carry out any actions, contracts and agreements that directly or indirectly contribute to meeting this objective.

Board of Directors

• Harry M. Conger	President of the Board of Directors
• Miguel Munizaga B.	Acting Director
• Jorge Riquelme	Acting Director
• Juan Eduardo Herrera	Acting Director (*)
• Juan Enrique Morales	Acting Director (*)
• Timothy R. Snider	Alternate
• David B. Travis	Alternate
• Cristián Morán	Alternate
• Mario Espinoza Durán	Alternate (*)

Executives

• David B. Travis	President and General Manager
• Rubén Funes	General Manager of Operations
• Mariano Neira Sáenz	Comptroller

Codelco's share of capital and changes during the fiscal year

Codelco's share is 49% and has not changed since the company was set up.

Commercial Relations with Codelco

The main business shared by the two firms is El Abra's sale of copper cathodes to Codelco. The annual amount is established in a marketing agreement, which states that it will sell 49% of production that has not been committed to third parties under contract to Codelco, or at least 30,000 metric tons.

Codelco also sells sulphuric acid to El Abra, the quantity and price of which is subject to annual negotiations.

Contract with Codelco

The copper sales agreement is covered by a marketing agreement, signed June 15, 1995, between Sociedad Contractual Minera el Abra and Codelco Services Ltd. This agreement expires on January 1, 2012 and can be automatically renewed on an annual basis.

Contracts for the sale of sulphuric acid that will be extended until December 31, 2008.

Investment as percentage of head office assets

- 2007 Investment in joint venture US\$ 269,734
- 2006 Invested in joint venture US\$ 456,861,000

Total investment as a percentage of head office assets

- 1.8%, 2007.

(*) Codelco Board member or Executive.

_Minera Gaby S.A.

December 31, 2007

Legal status

- Company name : Minera Gaby S.A.
- Legal status : Private Limited Company.
- Created on : September 22, 2006.
- R.U.T. : 76.685.790-6

Codelco's share capital and paid

As of 31 December 2007, the shareholders subscribed and paid in 1,000 registered common shares without nominal value, all in the same series.

The capital authorized, subscribed and paid in was more than US\$ 20,000,000.

Purpose

The purpose of the company is to explore, perform recognizance, prospect, research, develop and exploit the mineral deposits in order to extract, produce and process minerals, concentrate or other products from mineral substances, and for these effects, install and operate mineral treatment plants.

Board of Directors

- José Pablo Arellano : President of the Board (*)
- Juan Eduardo Herrera : Director (*)
- Juan Enrique Morales : Director (*)
- Fernando Vivanco : Director (*)
- Francisco Tomic : Director (*)
- Waldo Fortin : Director (*)
- Luis Fariás L. : Director (*)

General Manager

- Eliseo Pérez Delard

Principal Executives

- Ricardo Montoya Peredo : Production Manager
- Mario Serrano Lazo : Strategic Planning and Management Control Director
- Ricardo Sobarzo Ceballos : Legal Advisor
- Arturo Merino Espinoza : Human Development Director
- Sandra Riquelme Polanco : Sustainability Manager

Codelco's share of capital and changes during the fiscal year

Codelco's holdings account for 99.9% of subscribed and paid in shares.

Commercial relation with Codelco

The following commercial relations exist between Minera Gaby S.A. (MGSA) and Codelco:

- Mandate contract of legal representation to manage certain activities of the API Gaby Investment Project with a net income of US\$ 660,000 for MGSA.

- Contract of services rendered for the minimum preparation in the Gabriela Mistral Mine with a net income of US\$ 300,000. Modifications N^{os} 1 and 2 for the Execution of Mineral Deposits in the start-up phase and in the functioning of the Gabriela Mistral mine and industrial installations for a total committed amount from January to July, 2008, of US\$ 122,769,000, of which US\$ 10,202,000 that corresponds to the net income for MGSA.

- Services Contract for Supply and Contracts with the Corporate Vice-president of Shared Services, which represented an expenditure of US\$ 397,000 for MGSA.

- Services contract for Information Technologies and Communications with the GCTICA/VCSSCC, which represented an expenditure for MGSA for US\$ 2,472,000.

Other Contracts with Codelco for 2007

Minera Gaby S.A. has participated in the following transactions:

- Mutuum US\$ 1,000,000.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 8,340,000.
- 2006 Investment in joint venture US\$ 19,888,000.

Total investment as a percentage of head office assets

- 0.056%, 2007.

(*) Codelco Board member or Executive.

_Exploraciones Mineras Andinas S.A.

December 31, 2007

Legal status

Exploraciones Mineras Andinas S.A. was created on July 29, 2004, as a private limited company whose shareholders are: Corporación Nacional del Cobre, holding 99.9%; and Sociedad de Inversiones Copperfield Ltda. with 0.1%.

As of November 30, 2004, at the first special shareholders meeting, the company's name was changed from Exploraciones Mineras S.A. to Exploraciones Mineras Andinas S.A., and it may use the name "EM Exploraciones Mineras" or "Exploraciones Mineras Andinas".

Capital subscribed and paid

Capital subscribed and paid as of 31 December 2007 was US\$ 277,000.

Purpose

The purpose of this firm is "to carry out in Chile and abroad, on its own or with third parties, the planning, direction and execution of mining and water exploration programs and services, which involve the services of drilling, chemical analysis, sampling, laboratory analysis, geological and geophysical mapping, measurements of physical properties, characterization of materials, support services and all other services necessary to realize these programs; advisory services in the fields of geology, geo-techniques, geochemical, geo-metallurgy and hydrogeology; training of staff in areas related to mining exploration; seminars, workshops, and courses; and in general carry out contracts and related civil and commercial business, necessary or leading directly or indirectly to the fulfilment of the company's collective goals."

Board of Directors

- Fidel Báez Núñez President (*)
- Nicolás Saric Rendic (*)
- Jaime Piña Piña (*)
- Carlos Huete Lira (*)
- Alejandro Gómez Arenal (*)

Executives

- Sergio Rivera Cabello General Manager
- Francisco Ajenjo Henríquez Sub-manager of Administration and Finance

Codelco's share of capital and changes during the fiscal year

Shareholders' interests have not changed.

Commercial relations with Codelco

The firm provides geological exploration services and manages the database of Codelco's mining concessions.

Contracts with Codelco

- Contracts for Mining Exploration Services.

On 15 October 2004, the company signed a framework contract with Codelco to implement and execute exploration programs for Codelco in Chile, through which it will be responsible for drilling, chemical analysis, mapping, material characterization, geophysics, data processing and others, including supervision and quality control of these activities.

This contract, which requires that the company provide services solely to Codelco, expires 31 December 2007.

The contract ceiling for the first three years was \$ 31,180,200,000 pesos and may be renewed for successive three-year periods by common agreement between the two parties. On November 28, 2006, the parties agreed a contract modification through which the service capacity was extended to incorporate specialized geological foreign consulting, to cover areas like Brazil, Mexico and other countries. In addition, through this modification the contract was increased by \$ 2,700,000,000, making the new maximum amount \$ 33,880,200,000; amount that serves as a reference, given that the final amount depends upon the programs that the corporation requires the firm to perform. A second modification to the contract is currently in the approval stage for a maximum amount of \$ 57,607,236 for the payment of productivity incentives to subcontracted workers, according to the framework agreement signed in July and August of 2007 by Codelco with union organizations.

For the purpose of the technical and administrative elements of the contract, a management evaluation committee exists formed by executives within Codelco's exploration department (Gerencia Corporativa de Exploraciones) and the Corporative Vice-President of Development. This committee will meet quarterly to adjust and review programs.

For the continuity of this service beginning on January 1, 2008 a new contract "Exploration Mining Services for the Programs, period 2008-2009" is in the approval process, for a maximum amount of \$ 23,139,000,000 (equivalent to US\$ 42,850,000), amount that serves as a reference, given that the amounts depend on the programs that the Corporation turns over to the firm to operate. This new contract will be for a period of 2 years, from January 1, 2008 to December 31, 2009, which may be renewed by a common agreement for a similar period.

- Contract for Services of managing the databases of mining concessions.

The company signed a service provision contract with Codelco to maintain its mining concession database for one year starting January 3, 2005, for a total value of 51,200,280 pesos. This contract was renewed for one year (expires 31 December 2006) by means of the contract modification, increasing its value to 51,200,280 pesos, making the final contract amount \$ 102,400,560.

During December 2006, the parties agreed to extend the terms for an additional year (expiring on December 31, 2007) and increase the total value of the contract to \$ 169.346.280 pesos. On July 20, 2007, the third modification of the contract was signed to extend the services to the information management in the courts, registrars and other related institutions, and increasing the amount to \$ 175,730,310. Currently the fourth modification to the contract is in the approval process to extend the contact to March 31, 2008 and increase the total contract amount to \$ 196,080,342.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 561,000.
- 2006 Investment in joint venture US\$ 220,000.

Total investment as a percentage of head office assets

- 0.004%, 2007.

(*) Codelco Board member or Executive.

Electroandina S.A.

December 31, 2007

Legal status

- Company name : Electroandina S.A.
- R.U.T. : 96.731.500-1

The public limited company was created by public document on May 15, 1995, notarized by the Santiago Notary, Hugo Leonardo Pérez Pousa, under the name "Central Termoeléctrica Tocopilla S.A." Its constitution excerpt was recorded in Tocopilla's Registry of Commerce in folio 16 N° 11 in 1995 and was published in the Official newspaper N° 35,398 on May 18, 1995.

Capital subscribed and paid

As of December 31st, 2007, the capital subscribed and paid in by Codelco was US\$ 118,375,000.

Purpose

To generate and transmit electric power and provide port services involving industrial maintenance of transmission systems, and consulting and industrial training services. The company is the main electrical power generator in the SING, responsible for almost 30% of its power generation. It started-up in 1915 along with the Chuquicamata mine. In 1995, Codelco created the Electroandina company (ex-Central Termoeléctrica Tocopilla S.A.) based on its Tocopilla Division and sold a controlling interest to Tractebel (today Suez Energy and Andina S.A.).

Board of Directors

- Jan Flachet President
- Gabriel Marcuz
- Alexander Jean Keisser
- Pascal Brancart
- Philippe Tordoir
- Manlio Alessi Remedi
- Jacqueline Saintard Vera
- Jorge Navarrete Martínez
- Reinaldo Sapag Chain
- Ricardo Campano Gándara (*)
- Jorge Bande Brusk (*)

General Manager

- Lodewijk J. Verdeyen

Codelco's share of capital and changes during the fiscal year

Codelco controls 34.8% of the firm. There have been no changes in 2007.

Commercial relations with Codelco

Important commercial relationships exist between Electroandina S.A. and Codelco and some of their subsidiaries and joint ventures. The majority of them are associated with the supply and transmission of electric power and other energy-related goods.

Contracts with Codelco

The following commercial ties exist between the firm and Codelco's Divisions, subsidiaries and joint ventures:

- Contract for electric power supply, Codelco Norte Division, with the Chuquicamata work center that expires in 2009 and with the Radomiro Tomic work center that expires in 2017.
- Contract for electric power supply, Sociedad Contractual Minera el Abra.
- Contract for electric power supply, Alliance Copper Limited (ACL).
- Contract for natural gas supply between Distrinor S.A. (an Electroandina S.A. subsidiary) and Codelco Norte Division.
- Service Contract for Providing Reception, Storage and Loading of Sulphuric Acid between Electroandina and Codelco Chile.
- Contract for "Sale of Bituminous Coal" between Electroandina and Codelco Norte.
- Contract for electric power supply and transmission between Electroandina and Minera Gaby S.A.

The contracts for electric power supply for the Codelco Norte Division, the subsidiaries and joint ventures of Ecometales Limited, Sociedad Contractual Minera El Abra and Minera Gaby S.A. represent a significant part of operating costs for each.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 115,466,000.
- 2006 Investment in jointly held firm US\$ 117,816,000.

Total investment as a percentage of head office assets

- 0.778%, 2007.

_Complejo Portuario Mejillones S.A.

December 31, 2007

Legal status

Private limited company, created by public document on May 18, 1997, notarized by the Santiago Notary, Hugo Leonardo Pérez Pousa. It was recorded in Santiago's Registry of Commerce in folio 7,188, N° 5,679 on May 24, 1997.

- R.U.T. : 96.819.040-7

Capital subscribed and paid in

As of December 31, 2007, the capital subscribed and paid in by Codelco: US\$ 32,596,000.

Purpose

The purpose of this company is to project, build and run a port in Mejillones Bay, Second Region of Antofagasta. CPM developed the project and was awarded the building and operation of Terminal 1 through a 30-year concession contract granted to the Compañía Portuaria Mejillones S.A., a private consortium formed by Ultramar, constructora Belfi, and Inversiones Portuarias Norte Grande S.A.

Directors

- | | |
|----------------------------|---|
| • Roberto Souper Rodríguez | President of the Board of Directors (*) |
| • Jaime Gibson Aldunate | Vice-president |
| • Sergio Jarpa Gibert | Director (*) |
| • Alfonso Dulanto R. | Director |
| • Iván Simunovic Petricio | Director |

General Manager

- Alvaro Arroyo Albala

Codelco's share of capital and changes during the fiscal year

As of 31 December 2007: 99.99%.

There were no changes during the 2007 fiscal year.

Commercial relations with Codelco

Codelco provides different types of services to CPM, which are charged to its cost center. These include:

- Transportation (air fares, ground transport, etc.).
- Computer equipment, software, Internet access and e-mail.

CPM rents Codelco offices in the Terminal 1 Administration Building and provides consulting services for specific projects.

Contracts with Codelco

- Codelco guarantee contract: this is a guarantee signed by Codelco, the Complejo portuario Mejillones S.A. (the port complex) and the Compañía Portuaria Mejillones S.A. (the port company), in which Codelco guarantees the Compañía Portuaria Mejillones S.A. payment of any and all sums that CPM owes the port company as part of the contract to build port facilities and provide port services in Terminal 1, Mejillones (a BOT contract), signed by both in the event that CPM fails to do so.

- Contract for providing port services for shipping copper, dated November 15, 1999 (CTA contract). This contract governs the provision of port services (copper shipping and others) that the Compañía Portuaria Mejillones S.A. provides to Codelco. CPM has also signed this contract in its supervisory role.

- Contract in which CPM rents offices to Codelco in the Terminal 1 Administration building, October 2003.

- Consulting contract to develop the Baquedano – Mejillones route project.

- Consulting contract with the Vice-Presidency of Projects.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 26,787,000.
- 2006 Investment in subsidiary US\$ 22,699,000.

Total investment as a percentage of head office assets

- 0.180 %, 2007.

(*) Codelco Board member or Executive.

_Codelco International Limited

December 31, 2007

Legal status

Codelco International Limited is a company created in Bermuda, a British protectorate, in 2000, as per the laws of Bermuda, specifically the 1981 Companies Act, section 62(2). Its main business is included under the mining company category, as per its registry with the "Notice of Address of Register Office". It's inscription is recorded on document N° EC 28890.

Capital subscribed and paid in

As of December 31, 2007, the capital subscribed and paid in by Codelco was US\$ 49,323,000.

Purpose

The purpose of the company is to manage and control Codelco's interests in several international projects.

- Through this company and its subsidiary Codelco Technologies Limited, Codelco has made investments in the Firm Ecometales Limited (ex Alliance Copper Limited) formed in Jersey, the Channel Islands and its agency Ecometales Limited Agency in Chile, for the development and exploitation of modern technology, biological in base, applied to the processing of materials and copper concentrate and molybdenum.
- Codelco International Limited and Codelco Technologies Limited have set up the company, Codelco do Brasil Mineração Limitada, based in Brazil, whose purpose is to develop exploration and operate projects, commercial activities and market development.
- Also through Codelco International Limited, investments have been made in Quadrem International Holdings Limited, a global company formed by the world's main mining firms to operate an electronic market in which companies can buy and sell goods and services.
- During 2006 Codelco International Limited set up, in Bermuda (UK), the company Copper Partners Investment Ltd., jointly with Album Enterprises Limited, a Chinese Company subsidiary of China Minmetals Non-Ferrous Metal Co. Ltd. with a contribution of 50% each.

Board of Directors

- Mario Espinoza Durán Director and President of the Board of Directors (*)
- Waldo Fortin Cabezas Director y Vice-president of the Board of Directors (*)
- Christopher G. Garrod Company representative, resident in Bermuda.

Codelco's share of capital and changes during the fiscal year

Directly and indirectly Codelco holds 100% of company equity.

Commercial relations with Codelco

During the fiscal year, Codelco International Limited and its subsidiary Codelco Technologies Limited used capital from Codelco Chile to invest abroad in firms such as Codelco Brasil Mineração Limitada, and Copper Partners Investment Company Ltd. This strategy will continue, as decided by Codelco's Board of Directors.

Contracts with Codelco

There are no acts or contracts between Codelco and Codelco International Limited that substantially affect Codelco's operations or results.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 50,784,000.
- 2006 Investment in joint venture US\$ 8,249,000.

Total investment as a percentage of head office assets

- 0.342%, 2007.

(*) Codelco Board member or Executive.

_Instituto de Innovación en Minería y Metalurgia S.A.

December 31, 2007

Legal status

- Company name : Instituto de Innovación en Minería y Metalurgia S.A.
- Legal status : Private Limited Company.
- Founding date : Formed 24 September 1998, Index N° 3664/98 in the Santiago Notary, Antonieta Mendoza Escala.
- R.U.T. : 96.854500-0

Capital subscribed and paid

Capital subscribed and paid in by Codelco Chile as of 31 December 2007 was US\$ 3,872,000.

Purpose

The purpose of this company is to develop technological mining and metallurgy innovation.

Board of Directors

- Juan Enrique Morales Jaramillo President (*)
- Pedro Morales Cerda (*)
- Carlos Urzúa Ramírez (*)
- Pedro Sierra B.
- Andrés Weintraub P.

Principle Executives

- Julio Morales Olivares General Manager

Codelco's share of capital and changes during the fiscal year

Codelco currently holds 99.93%. There were no changes during 2007.

Commercial relations with Codelco

Currently, the main commercial relations between IM2 and Codelco are defined by the Convenio de Investigación e Innovación Tecnológica (an agreement on technological innovation and research) dated September 28, 1998, through which IM2 provides services for preparing, directing, managing and executing technological innovation and research programs and projects. The main link in the future with Codelco Chile will reflect development of the portfolio of innovative projects and programs as dictated by Codelco's strategic priorities. IM2 has been redefining its strategy to bring it in line with the structure of technological business to position itself better to add value to Codelco Chile.

During the period, it continued its activities within the framework of the Program or the Validation of Mining Technologies that was orientated to the transfer of mining knowledge and technology based on the validation of developments originating with the experience of IM2.

In function of the capacity and competence generated during its existence, the future link projected with Codelco Chile will be in the portfolio development of projects and programs on innovation and technology transfer in line with the strategic vision of the Corporation. This will be done via highly specialized consulting services and the development of advanced technology, which form part of the IM2 business model.

Contracts with Codelco

- Innovation and Technological Investigation agreement: Client.
- Contract to validate underground mining technologies: Client.
- Service agreement for Technical documentation center of Codelco: Provider.
- Service contract for information and telecommunications technologies: Provider.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 3,912,000.
- 2006 Investment in joint venture US\$ 3,779,000.

Total investment as a percentage of head office assets

- 0.026%, 2007.

(*) Codelco Board member or Executive.

Biosigma S.A.

December 31, 2007

Legal status

- Company name : Biosigma S.A.
- R.U.T. : 96.991.180-0

It is a private limited company set up by Codelco in association with the Nippon Mining and Metals Co., Ltd. of Japan, May 31, 2002, before the Santiago Notary, Nancy de la Fuente Hernández. An inscription extract was published in the Official Newspaper N° 37,287 on June 19, 2002 and was recorded in the Santiago Registry of Commerce of the Real Estate Registrar, folio 17,663, N° 14,532 in the same registry and year, and published in the Official Newspaper N° 37,307 on July 13, 2002.

Capital subscribed and paid in

As of 31 December 2007, capital subscribed and paid in by Codelco: US\$ 19,620,000.

Purpose

The purpose of the company is to develop processes and technology in the fields of genomics, proteomics and bioinformatics for mining and in general the application of micro organism-based systems, and other activities and business related to these areas. The activities it currently carries out involve research and technological confirmation of mineral bio-leaching at the pilot plant and commercial prototype levels.

Board of Directors

• Juan Enrique Morales Jaramillo	Director (*)
• Pedro Antonio Morales Cerda	Director (*)
• Mario Espinoza Durán	Director (*)
• Pedro Sierra Bosch	Director
• Keiichi Sato	Director
• Keiichi Goto	Director
• Luis Castelli Sandoval	Alternate (*)
• Gloria Parada Zamorano	Alternate (*)
• Juan González González	Alternate (*)
• José Robles Becerra	Alternate (*)
• Susumu Kubo	Alternate
• Hirofumi Nakata	Alternate

General Manager

- Ricardo Badilla Ohlbaum

Codelco's share of capital and changes during the fiscal year

Biosigma S.A. was set up by Codelco in association with the Nippon Mining and Metals Co., Ltd. of Japan, May 31, 2002. Codelco's holdings account for 66.67% of the subscribed and paid in shares and there were no changes in 2007.

Contracts with Codelco

During the 2007 fiscal year, Codelco had the following contracts with Biosigma S.A.:

- Addendum N° 1 Program Modifications, Technological Agreement between Codelco and Biosigma on December 22, 2006.
- Agreement for subscribing and payment of shares, January 17, 2007.
- Agreement for subscribing and payment of shares, April 25, 2007.
- Protocol of collaboration for the application of the technological agreement between Codelco and BioSigma S.A. in Minera Gaby S.A. on June 4, 2007.
- Protocol of collaboration for the application of the technological agreement between Codelco and BioSigma S.A. in Codelco's El Teniente Division on June 6, 2007.
- Agreement for subscribing and payment of shares, October 18, 2007.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 5,018,000.
- 2006 Investment in joint venture US\$ 3,192,000.

Total investment as a percentage of head office assets

- 0.034%, 2007.

(*) Codelco Board member or Executive.

_MI Robotic Solutions S.A. (MIRS S.A.)

December 31, 2007

Legal status

MIRS S.A. is a private limited company set up under Chilean jurisdiction by public document on April 11, 2007, before the Santiago Notary, René Benavente Cash, whose extract was recorded on folio 22,026, N° 16,060 in Santiago's Registry of Commerce of the Real Estate Registrar in 2007, and was published in the Office Newspaper on June 8 in the same year.

- R.U.T. : 76.869.100-2

Capital subscribed and paid

As of 31 December 2007, capital subscribed by the stockholders is \$ 3,670,849,806 and the capital paid in by them is \$ 1,910,106,207. The capital subscribed by Codelco is \$ 1,998,610,000 and the capital paid in by Codelco is \$ 683,735,001.

Purpose

The company will dedicate itself exclusively to carrying out, by themselves, through third parties and/or in association with third parties, the following:

- The research, design, invention, fabrication, installation, supply, maintenance, and commercialization under whatever form, of all types of robotics products, technological products associated with robotics or necessary or complementary goods needed for the commercialization and maintenance of said robotics products able to be used in the mining industry and metallurgy and related services;
- Products under licensing, license and commercialize product licences, processes and technological robotics services for the mining industry and metallurgy, like all other forms of use by third parties of products or services based on said technology.
- The firm is able to form all types of limited liability companies or public limited companies and incorporate members or stockholders in any of the existing companies, to develop their own activities by themselves or through firms in which they are members.

Board of Directors

- | | |
|------------------------------|--------------|
| • Enrique Cooper Aguilera | President |
| • Hugo Salamanca Poblete | Director |
| • Eugenio Barhar Bortschenko | Director |
| • Juan Carlos Barros Monge | Director |
| • José Robles Becerra | Director (*) |
| • Pedro Sierra Bosch | Director |
| • Keiichi Goto | Director |

General Manager

- Juan Carlos Barros Monge

Codelco's share of capital and changes during the fiscal year

MIRS emitted a total of 188,680 stocks. Codelco's holdings account for 36% or 67,925 stocks. The remaining shares are distributed among the following shareholders: Industrial Support Company Limitada with 100,000 stocks, equivalent to 53%, Nippon Mining & Metals Co. Ltd. with 16,981 stocks, equivalent to 9% and Kuka Roboter GmbH with 3,744 stocks, equivalent to 2%.

Contracts with Codelco

Currently MIRS S.A. does not have contracts with Codelco, although it has a subcontract with Industrial Support Company to carry out two contracts that it has with Codelco: Robotized systems for the cleaning of the molybdenum roasting furnace and the flash furnace robotics system.

Investment as a percentage of total head office

- 2007 Investment in subsidiary US\$ 1,230,000.
- 2006 Investment in subsidiary US\$ 0.

Total investment as a percentage of head office assets

- 0.008%, 2007.

(*) Codelco Board member or Executive.

_Prestadora de Servicios San Lorenzo Ltda.

December 31, 2007

Legal status

Prestadora de Servicios San Lorenzo (San Lorenzo Servicios Ltda.) was formed originally under the name Salud Previsional San Lorenzo Limitada ("Isapre San Lorenzo Ltda."), by public document on November 24, 1981, notarized by El Salvador Notary, Ricardo Olivares Pizarro, recorded in extract folio 47, N° 28 in the Property Registry of Chañaral's Real Estate 1981. The firm's original purpose was to provide health services and health insurance.

As established by Law 20,015, the Institutions of Health Insurance should have as their only objective that of insurance, on April 16, 2006, "Isapre San Lorenzo Ltda.," created a subsidiary with the name San Lorenzo Institución de Salud Previsional Limitada, with a different legal identity, to which the registry number of the health insurance institution was transferred, converting it into the legal continuation of this company.

On May 17, 2007, the company, "Isapre San Lorenzo Ltda." having lost its character of health insurance provider, modified its statutes and changed its name to Prestadora de Servicios San Lorenzo Limitada, enabling its use for civil, commercial or publicity purposes, including banking, financial institutions or any public or private organism, with the name San Lorenzo Services Ltda.

The modification of the company and statutes were put on record on May 17, 2007 before Diego de Almagro substitute notary, Patricia Rojas Miranda, in place of Mr. Pedro Felipe Villarino Krumm, with the index N° 238/2007. The extract of the document was recorded in Diego de Almagro's Commerce Registry of the Real Estate Registrar, folio 5, N° 38,782 on June 7, 2007.

• R.U.T. : 88.497.100-4

Capital subscribed and paid

As of 31 December 2007, Capital subscribed and paid in by Codelco was US\$ 20,000 (\$ 9,990,000).

Purpose

Provide professional services and administer health services. In both cases, these services are given exclusively to related companies under the conditions stipulated in Law 18,045, letter b.

San Lorenzo Services Ltda. is a company related to San Lorenzo Isapre Limitada, whose exclusive purpose is to provide professional services intra-Holding to satisfy the company's needs. It is not open to the general public.

Board of Directors

• María Etcheberry Court	President
• Álvaro Covarrubias Risopatrón	Director
• Marcos Vergara Iturriaga	Director
• Juan Aguilera Espinoza	Director (*)
• René Carvajal Llana	Director (*)

General Manager

• Carlos Alejandro Pardo Chandia

Codelco's share of capital and changes during the fiscal year

Codelco Chile Division Salvador: 99.9%.

Note: There was no change in Codelco's share of equity during the past fiscal year.

Commercial relations with Codelco

Codelco's Salvador Division commissioned the integral health care of the Division's beneficiary population to San Lorenzo Servicios Ltda., through transferring the majority of the Division's Medical Services.

Contracts with Codelco

Services contract, "Servicios de Prestacion Medicas", that considers actions of education, promotion, prevention, recuperation and rehabilitation related to health as necessary to maintain and improve the beneficiary population's state of health.

On January 1, 2007 the document entitled "Acta de Pronto Inicio" was signed, in which Codelco awarded the medical services contract to Prestadora de Servicios San Lorenzo Limitada for a period of 24 months from the mentioned date. The purpose of service is to give health services to the beneficiaries of the Salvador Division in order to meet the collective bargaining agreements.

Investment as a percentage of total head office

- 2007 Investment in subsidiary US\$ 909,000.
- 2006 Investment in subsidiary US\$ 1,096,000.

Total investment as a percentage of head office assets

- 0.006%, 2007.

(*) Codelco Board member or Executive.

_Ejecutora Proyecto Hospital del Cobre - Calama S.A.

December 31, 2007

Legal status

- Company name : Ejecutora Proyecto Hospital del Cobre - Calama S.A.
- Legal status : Private Limited Company.

Capital subscribed and paid

The shareholders are Codelco Chile with 99.9% and Isapre San Lorenzo with 0.01%.

Capital Subscribed and paid in by Codelco is US\$ 436,000.

Purpose

- To plan and build, by itself or through third parties, a building to be used as a hospital in the city of Calama.
- To carry out all activities necessary to meet this purpose, including agreements and contracts as necessary.
- To rent or sublet hospital premises; hire insurance and carry out maintenance, repairs and improvements to said premises.

Board of Directors

- Sergio Jarpa Gibert President (*)
- Alejandro Salinero Benardi Director (*)
- Francisco Coddou Pereda Director (*)
- María Rosa Martínez Núñez Director (*)

General Manager

- Héctor Cerda Ortíz (*)

Codelco's share of capital and changes during the fiscal year

Codelco-Chile: 99.99%.

Isapre San Lorenzo: 0.01%.

Commercial relations with Codelco

Framework agreement signed between Codelco-Chile, Ejecutora Proyecto Hospital del Cobre-Calama S.A., and Las Américas Administradora Fondos de Inversión S.A. This provides the regulatory framework governing the relationship between these parties, for a 20-year period (until 31 March 2021).

Contracts with Codelco

- Sublet the Hospital del Cobre, Dr. Salvador Allende G., until March 2021, as per framework agreement.
- Accounting and billing service provided to the executing company by Codelco until March 31, 2021.
- Conceptual engineering for the expansion of the primary care center, provided by Codelco until December 31, 2004.

Signed contract for CAP expansions projects

1. Mutuum between Corporación Nacional del Cobre de Chile, Codelco Chile and Sociedad Ejecutora Proyecto Hospital del Cobre Calama S.A. until March 17, 2005.

2. Contract between Sociedad Ejecutora Proyecto Hospital del Cobre Calama S.A. and J.E.J Ingeniería y Servicios Ltda. signed February 1, 2005.

3. General construction Contract between Sociedad Ejecutora Proyecto Hospital del Cobre Calama S.A. and Empresa Constructora y Montajes Industriales Ocegtel S.A. signed February 6, 2006.

4. Sublet contract between Sociedad Ejecutora Proyecto Hospital del Cobre Calama S.A. and Codelco Chile, Codelco Norte Division for the expansion of the Primary Care Unit, CAP, within the Calama Hospital del Cobre. It was signed on July 1, 2007.

Investments as a percentage of total head office

- 2007 Investment in joint venture US\$ 0.
- 2006 Investment in joint venture US\$ 17,000.

Total investment as a percentage of head office assets

- 0%, 2007.

(*) Codelco Board member or Executive.

_Sociedad Contractual Minera Purén

December 31, 2007

Legal status

- Company name : Sociedad Contractual Minera Purén.
- R.U.T. : 76.028.880-2
- Created on : September 23, 2003.
- Notary : Fernando Opazo Larraín.

Inscription registry of the property folio 121, N° 31, in 2003 and Stockholders Registry folio 185, N° 207, year 2003, both in Santiago's Mine Registrar

Capital subscribed and paid

Codelco holds 35% of the shares and Compañía Minera Mantos de Oro 65%.

Total capital subscribed and paid by Mantos de Oro: US\$ 18,410,000.

Capital subscribed and paid in by Codelco: US\$ 9,913,000.

Purpose

The purpose of the company is to explore, perform recognizance, prospect, research, develop and operate mining deposits to extract, produce and process ores, concentrates or other products coming from minerals. For these purposes it can install and run plants to process and treat ores; claim and purchase mining rights of any kind; sell, transport, export and commercialize mining substances and products, enabling it to execute all of the acts and contracts directly or indirectly related to meeting its mission.

Board of Directors

- | | |
|-------------------------------|-------------------------------------|
| • Juan Carlos Alfaro González | President of the Board of Directors |
| • Horacio Bruna Orchard | Director |
| • Carlos González Spaletta | Director |
| • Alejandro Gómez Arenal | Director (*) |
| • Nicolás Saric | Director (*) |
| • José Luis Illanes | Alternate |
| • Miguel Baeza | Alternate |
| • Erling Villalobos | Alternate |
| • Carlos Huete Lira | Alternate (*) |
| • José Robles Becerra | Alternate (*) |

General Manager

- Oscar Flores Lemaire

Codelco's share of capital and changes during the fiscal year

Codelco's share is 35% with 350 shares of a total of 1,000. There were no changes in this period.

Commercial relations with Codelco

There were no sales or purchases of goods or services between this firm and Codelco.

Contracts with Codelco

There are no contracts significantly influencing Codelco's operations and results.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 7,830,000.
- 2006 Investment in jointly held firm US\$ 24,864,000.

Total investment as a percentage of head office assets

- 0.053%, 2007.

(*) Codelco Board member or Executive.

_Agua de la Falda S.A.

December 31, 2007

Legal status

Agua de la Falda S.A. was set up on July 25, 1996, as a private limited company, whose shareholders are the Corporación Nacional del Cobre de Chile (Codelco) with 49% and Minera Homestake Chile S.A. with 51%. In 2004, Codelco did not agree to a capital increase, decreasing its share participation to 43.28%. Minera Meridian Ltd. owns the other 56.72 %. This change was produced in September 2006, when Codelco acquired 56.72% from the firm Inversiones Copperfield Ltda. and afterwards, Inversiones Copperfield Ltda. sold its participation to Minera Meridian Limitada.

- R.U.T. : 96.801.450-1
- Address : Av. Ricardo Lyon N° 222, Oficina 1403, Providencia.

Capital Subscribed and paid

Capital subscribed and paid in by Codelco: US\$ 16,942,000.

Purpose

The purpose of the company is to prospect, explore for and exploit mining properties containing gold, other precious and other metals, and their sale in any form.

Board of Directors

- | | |
|-------------------------------|-------------------------------------|
| • Roberto Alarcón Bittner | President of the Board of Directors |
| • Edgar A. Smith | Director |
| • Peter C. Dougherty | Director |
| • Nicolás Saric Rendic | Director (*) |
| • Edmundo Tulcanaza Navarro | Director (*) |
| • Sergio Orrego Flory | Alternate |
| • Alejandro Gordon Farfán | Alternate |
| • Jacqueline Francois Fuentes | Alternate |
| • Juan Eduardo Herrera Correa | Alternate (*) |
| • Carlos Huete Lira | Alternate (*) |

General Manager

- Felipe Núñez Cordero

Codelco's share of capital and changes during the fiscal year

Codelco's share is 43.28% and it has remained unchanged in 2007.

Commercial relations with Codelco

There were no sales or purchases of goods and services besides those between this company and Codelco.

Contracts with Codelco

The company has a contract with Codelco for the following services:

- Fresh water supply.
- Industrial water supply.
- Rental agreement.

Investment as percentage of head office assets

- 2007 Investment in jointly held firm US\$ 6,072,000.
- 2006 Investment in jointly held firm US\$ 3,950,000.

Total investment as a percentage of head office assets

- 0.041%, 2007.

(*) Codelco Board member or Executive.

_Minera Pecobre S.A. de C.V.

December 31, 2007

Legal status

Created on June 21, 1999 in Mexico City, D.F., under the name Minera Peñodelco, S.A. de C.V., as per act 275,615, volume 10,293, before Notary N° 10 in the D.F., Tomás Lozano Molina. Modified October 7, 1999, to include the Corporación Nacional del Cobre de Chile. On January 25, 2000, an extraordinary meeting of shareholders changed the company's name to Minera Pecobre, S.A. de C.V.

Capital subscribed and paid in (Mexican pesos)

Fixed capital: 100,000
Variable capital: 406,411,200
Registered capital: 420,766,044

Purpose

To explore, develop and exploit copper deposits in the Republic of Mexico.

Board of Directors

- Jaime Lomelín Guillén President
- Octavio Alvidrez Cano
- Andreas Raczynski
- Juan Enrique Morales Jaramillo (*)
- Nicolás Saric Rendic (*)

Codelco's share of capital and changes during the fiscal year

Codelco's share 49%.
In 2007, Codelco contributed US\$ 1,000,000 equivalent to 10.94 million Mexican pesos.

Commercial relations with Codelco

Codelco provides Minera Pecobre with a range of services in the field of exploration, mainly by assigning experienced, highly skilled professionals to explore for ore deposits who work with Pecobre's projects in Mexico, participating in geological, geochemical and geophysical explorations, and applying other specialized techniques required for defining the potential interest of ore deposits in the regions under exploration.

In 2007, Codelco assigned exploration professionals to the projects in the Grupo Norte: Flobar, Flobar Norte, Bacanora, Santa Bárbara and the rest of Mexico projects.

Contracts with Codelco

Codelco has a contract with Pecobre that in 2006 billed Minera Pecobre, S.A. de C.V. for US\$ 876,944 for exploration services with the following projects: Cobre Sonora, Franja Cananea. Generativo IOCG and the rest of Mexico; during 2007 it billed US\$ 583,396 for exploration services performed in the Grupo Norte and Grupo Sur projects.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 873,000.
- 2006 Investment in jointly held firm US\$ 1,414,000.

Total investment as a percentage of head office assets

- 0.006%, 2007.

(*) Codelco Board member or Executive.

_Compañía Minera Picacho SCM

December 31, 2007

Legal Status

- Company name : Compañía Minera Picacho SCM.
- R.U.T. : 78.712.170-5
- Created on : September 26, 1994.
Index N° 6552/94.
- Notary : Andrés Rubio Flores.

Capital subscribed and paid

Capital subscribed and paid in by Codelco (9,999 shares) and Santiago de Rio Grande S.A.C. (1 share) totalling US\$ 1,551,000.

Purpose

Originally set up in 1994 by Codelco and Sociedad Minera Mount ISA Chile S.A., to carry out geological exploration in Codelco and Mount ISA properties. In 1997, Codelco purchased Mount ISA's share and expanded the company's activities to allow it to apply for water exploration permits and obtain water use rights, which has become its main activity in recent times.

Board of Directors

- Nicolás Saric Rendic President (*)
- Carlos Huete Lira (*)
- Hernán Sepúlveda Astorga (*)

General Manager

- Álvaro Puig Godoy (*)

Codelco's share of capital and changes during fiscal year

Directly and indirectly, Codelco holds 100% of company equity.

Commercial relations with Codelco

There were none.

Contracts with Codelco

Mandate to Codelco which authorizes the execution of exploration activities in sectors where Picacho has approved and/or in process explorations requests.

Investments as a percentage of total head office

- 2007 Investment in subsidiary US\$ 159,000.
- 2006 Investment in subsidiary US\$ 140,000.

Total Investments as a percentage of head office assets

- 0.001%, 2007.

(*) Codelco Board member or Executive.

_Compañía Contractual Minera Los Andes, CCMLA

December 31, 2007

Legal status

- Company name : Compañía Contractual Minera Los Andes (CCMLA).
- R.U.T. : 78.860.780-6

The company was created on May 16, 1996. Index N° 273, Notary M. Gloria Acharán Toledo, recorded on folio 117 in 1996 in the Registry of Property and folio 9,550 in the stockholder's book in Santiago's Registrar of Mining.

Capital subscribed and paid

Capital subscribed and paid in by Codelco was 15,215,354 shares (99.97%), with Minera Picacho holding 5,100 shares (0.03%), for a total of US\$ 18,918,000.

Purpose

Geological or other explorations whose purpose is to discover and reconnoiter ore deposits in the country or abroad. Exploration activities temporarily suspended.

Board of Directors

- Waldo Fortin Cabezas President (*)
- Francisco Castro Fones (*)
- Juan Enrique Morales Jaramillo (*)
- Carlos Huete Lira (*)
- Nicolás Saric Rendic (*)

General Manger

- Nicolás Saric Rendic (*)

Codelco's share of capital during the fiscal year

Codelco's share is 99.97%. There were no changes in equity in 2007.

Commercial Relations with Codelco

During the year, in the name of the company, Codelco made payments for the maintenance of the mining property, the related expenditures have been registered as a debt to pay.

Contracts with Codelco

There were no contracts substantially influencing Codelco's operations.

Percentage as an investment of total head office

- 2007 Investment in joint venture US\$ 0.
- 2006 Investment in joint venture US\$ 0.

Total investment as a percentage of head office assets

- 0%, 2007.

(*) Codelco Board member or Executive.

_Santiago de Río Grande S.A.C.

December 31, 2007

Legal status

A private limited company, set up by public document dated October 2, 1998, notarized by Gloria Cortez Escada.

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid by Codelco was US\$ 31,000.

Purpose

To obtain water rights and explore for mining resources.

Board of Directors

- Juan Enrique Morales Jaramillo (*)
- Alvaro Puig Godoy (*)
- Pedro Cortez Navia (*)

General Manager

- Mirtha Solari Espinoza (*)

Codelco's share of capital and changes during the fiscal year

Directly and indirectly, Codelco holds 100% of the equity.

Commercial relations with Codelco

At the moment, Santiago de Río Grande does not have commercial relations with Codelco.

Contracts with Codelco

There were no contracts signed with Codelco during the period.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 21,000.
- 2006 Investment in joint venture US\$ 21,000.

Total investment as a percentage of head office assets

- 0%, 2007.

(*) Codelco Board member or Executive.

_Sociedad de Inversiones Copperfield Limitada

December 31, 2007

Legal status

Limited liability Company created by public document on December 12, 2001, by Notary Alvaro Bianchi Rosas, recorded in the Commerce Registry, folio 32,430 N° 26,478, on December 14, 2001.

- R.U.T. : 77.773.260-9

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid in by Codelco was US\$ 1,406,000.

Purpose

The purpose of the company is the exploration and exploitation of mining resources and the acquisition, constitution and exploitation of assets, deposits and mining rights.

Owner's representatives

- José Pablo Arellano Representative (*)
- Mario Espinoza Durán Representative (*)
- Waldo Fortin Cabezas Representative (*)

Codelco's share of capital and changes during the fiscal year

Codelco holds 99.9% of the company's equity, and Santiago de Río Grande S.A. 0.1%.

During 2007, the firm has received diverse minor contributions from Codelco in order to participate as a member in the creation of the companies LGN Mejillones S.A., Termoeléctrico Farellones S.A. and Energía Minera S.A., as well as to buy belongings and assets from the Mocha prospect; for an approximate amount of US\$ 4,500,000 during the period.

Commercial relations with Codelco

At the moment, Codelco does not have commercial relations with Inversiones Copperfield Ltda. except as a minority partner in the companies Exploraciones Mineras Andinas S.A. (.1%) and Minera Gaby S.A. (1%), Termoeléctrica Farellones S.A. (1%) and Energía Minera S.A. (1%). The original 1% of the firm's holdings from LGN Mejillones S.A. was transferred to Codelco on October 9, 2007. During 2007, by instruction from its owners, Codelco exercised the option to buy that they had for the Mocha prospect.

Contracts with Codelco

During the informed period no contracts have been subscribed with Codelco.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 8,816,000.
- 2006 Investment in joint venture US\$ 8,032,000.

Total investment as a percentage of head office assets

- 0.059%, 2007.

(*) Codelco Board member or Executive.

_Kairos Mining S.A.

December 31, 2007

Legal status

Kairos Mining S.A. is a private limited company created by public document on December 12, 2006 before the Santiago Notary, Eduardo Avello Concha, and was recorded in the Commerce Registry, folio 363 N° 295 in 2007 and was published in the Official Newspaper N° 38,671 on January 24, 2007.

- R.U.T. : 76.781.030-K

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid in by Codelco was US\$ 40,000 equivalent to 400 shares. The remaining 60% of the stocks belong to Honeywell Chile S.A.

Purpose

The main purpose of the company is to provide services of automation and control of industrial and mining activities and to provide technology and software licences.

Board of Directors

- Claudio Zamora Larrebourg President
- Luis Castelli Sandoval (*)
- José Robles Becerra (*)
- Frank Whitsura
- Terri Luckett

General Manager

- Fernando Lorca Arancibia

Codelco's share of capital and changes during the fiscal year

Codelco holds 40% of Kairos Mining S.A. No modifications were present in this period.

Commercial relations with Codelco

Currently Kairos Mining S.A. has a long-term services framework agreement with Codelco.

Contracts with Codelco

Services framework agreement to develop an automation program in the Codelco Concentrator plants for a period of 5 years (beginning on April 3, 2007), proratable for equal successive periods.

Investment as a percentage of total head office

- 2007 Investment in subsidiary US\$ 50,000.
- 2006 Investment in subsidiary US\$ 0.

Total investment as a percentage of head office assets

- 0%, 2007.

(*) Codelco Board member or Executive.

_SCM Sierra Mariposa

December 31, 2007

Legal status

SCM Sierra Mariposa is a Contract Mining Company created by public document on February 9, 2007, by Santiago Notary Osvaldo Pereira González. Its extract was recorded in the Property Registry of the Mining Registrar, 42 N° 13.

Capital subscribed and paid

Capital subscribed and paid in by Codelco as of December 31, 2007 was US\$ 1,792,024, which corresponds to 3,330 shares. The remaining 76.3% of the shares belong to Exploraciones e Inversiones PD Chile Limitada.

Purpose

The purpose of the company is to explore, perform recognizance, prospect, investigate, develop and exploit mineral deposits in order to extract, produce and process minerals, concentrate and other products made from mineral substances, enabling the installation and operation of mineral treatment plants; to create and acquire mineral rights; to sell, transport, export and commercialize substances and mineral products, enabling the execution of all acts and contracts that directly or indirectly led to meeting its objective.

Board of Directors

- Alistair Baker
- Igor Gonzales
- Kevin Atkinson
- Nicolás Saric Rendic (*)
- Jorge Skarmeta (*)

General Manager

- Alistair Baker

Codelco's share of capital and changes during the fiscal year

Codelco holds 23.7% in SCM Sierra Mariposa, down from 33.3%, given that it did not participate in the firm's capital increase on October 9, 2007.

Commercial relations with Codelco

At the moment, SCM Sierra Mariposa does not have commercial relations with Codelco.

Contracts with Codelco

During the informed period no contracts have been subscribed with Codelco.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 1,408,000.
- 2006 Investment in joint venture US\$ 0.

Total investment as a percentage of head office assets

- 0.009%, 2007.

(*) Codelco Board member or Executive.

_Elaboradora de Cobre

Chilena Limitada

December 31, 2007

Legal status

- Company name : Elaboradora de Cobre Chilena Limitada.
- R.U.T. : 79.681.920-0
- Created on : December 18, 1995.
- Notary : María Gloria Acharán Toledo.

Inscription folio 20,932 N° 10,784 in Santiago's Commercial Registry, 1995.

Capital subscribed and paid

The capital subscribed and paid in as of 31 December 2007 was US\$ 1,170,000.

Purpose

Originally set up in 1985 by Codelco and Madeco S.A. as a limited liability company whose purpose was to study and develop projects and investment in producing and selling manufactured and semi-manufactured non-ferrous metals, whether directly or in association with third parties.

Through a public document signed and notarized on April 17, 1998, the company changed its share structure, with Madeco SA withdrawing, Codelco-Chile taking a 99% interest in the firm, and Minera Picacho holding 1%.

Board of Directors

- Mario Espinoza Durán Director (*)
- Carlos Urzúa Ramírez Director (*)

General Manager

- José Antonio Álvarez López (*)

Codelco's share of capital and changes during the fiscal year

Codelco holds 99% of the shares.
Compañía Minera Picacho SCM holds the remaining 1%.
There were no changes in equity participation in 2007.

Commercial relations with Codelco

There were no commercial relations between these companies in this period.

Contracts with Codelco

There were no contracts substantially influencing Codelco's operations.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 1,332,000.
- 2006 Investment in joint venture US\$ 1,180,000.

Total investment as a percentage of head office assets

- 0.009%, 2007.

(*) Codelco Board member or Executive.

_CMS Chile S.A.

December 31, 2007

Legal status

Sistemas y Equipos Mineros S.A. is a private limited company set up by public document on July 29, 1992.

Capital subscribed and paid

CMS Chile's capital is US\$ 9,965,000 and consists of 69,000 shares. These shares have no nominal value.

Purpose

The purpose of this company is to manufacture, sell and distribute in Chile and abroad, machinery equipment and replacement parts. Furthermore, through its subsidiary, CMS Tecnología S.A., it provides integrated maintenance services to the main large-scale mining operations in northern and central Chile.

Board of Directors

- Alex Acosta Maluenda President Board of Directors (*)
- Waldo Fortin Cabezas Director (*)
- Mario Espinoza Durán Director (*)
- Luis Farías Lasarte Director (*)

General Manager

- José Robles Becerra (*)

Codelco's share of capital and changes during the fiscal year

Codelco Chile owns 100% of CMS Chile S.A.

Commercial relations with Codelco

The company had no commercial activity in 2007, after the sale of its total CMS Tecnología S.A. shares in 2005, and is not expected to have any in the future. The owners have decided to close the company. This closure is currently underway.

Contracts with Codelco

The company had no commercial activity in 2007.

Investment as a percentage of total head office

- 2006 Investment in joint venture US\$ 0.
- 2005 Investment in joint venture US\$ 0.

Total investment as a percentage of head office assets

- 0%, 2007.

(*) Codelco Board member or Executive.

_CMS Tecnología S.A.

December 31, 2007

Legal status

CMS Tecnología S.A. is a private limited company, set up by public document on July 1, 1999, notarized by Santiago Notary, Alvaro Bianchi Rosas and was recorded in the Commerce Registry, folio 17,141, N° 13,649, under N° 14,560, July 22, 1999 and was published in the Official Newspaper N° 36,423 on July 27, 1999.

- R.U.T. : 96.893.530-5

Capital subscribed and paid

In October 2005, Codelco Chile sold 70% of this company to ABB Services SA (Asea Brown Boveri). As of December 31, 2007, the capital subscribed and paid in by Codelco Chile was US\$ 4,355,000.

Purpose

The purpose of this company is to provide integrated maintenance services to productive units, machinery and mining equipment in the main locations where large-scale mining is occurring in northern and central Chile. With the inclusion of ABB Services S.A. in October 2005 as the controlling partner, the business strategy has focused on incorporating the "Full Service Contract" concept in the field of integrated Plant Management, with its central purpose in Chile being the provision of copper mining services.

Board of Directors

- Enrique Daniel Rohde
- Gustavo Renom Molina
- Patricio Huencho Montecinos
- Alex Acosta Maluenda (*)
- José Robles Becerra (*)

General Manager

- Paulo Cerqueira

Codelco's share of capital and changes during the fiscal year

Codelco Chile holds 30% of the shares in CMS Tecnología S.A. and there were no modifications during 2007.

Commercial relations with Codelco

CMS Tecnología has important plant maintenance contracts with the different Divisions within Codelco.

Contracts in effect with Codelco

At the moment, CMS has the following contracts with Codelco:

- Radomiro Tomic: General mechanical maintenance service.
- Chuquicamata: Electro-mechanical maintenance service, crusher work center superintendence.
- El Teniente: Assistance with the maintenance of the General Management plants, Colón contract and the contract renovation of the Sewell crusher plant and mill, full service for 2 years.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 1,960,000.
- 2006 Investment in jointly held firm US\$ 1,794,000.

Total investment as a percentage of head office assets

- 0.013%, 2007.

(*) Codelco Board member or Executive.

_Geotérmica del Norte S.A.

December 31, 2007

Legal status

- Company name : Geotérmica del Norte S.A.
- R.U.T. : 96.971.330-6

It was set up by public document on December 29, 2000, notarized by Santiago Notary, José Musalem Saffie, index N° 13,010/2000. The extract of the document was recorded in the Commerce Registry of the Real Estate Registrar, folio 2, N° 2, in 2001 and was published in the Official Newspaper N° 36,583 on January 4, 2001.

Capital subscribed and paid in

Capital subscribed and paid in by Codelco, as of 31 December 2007: US\$ 491,000.

Purpose

According to Article 4 of its incorporation papers, the company's purpose is to:

- Research, explore for and exploit geothermal deposits in the First, Second, and Third Regions of the country.
- Commercialize, in any form, all products, by-products, raw materials, manufactured or semi-manufactured products, derived directly or indirectly from the activities mentioned in the previous section.
- The company can also carry out other activities, directly or indirectly related to the above that optimize the organization.

Board of Directors

- | | |
|----------------------------|----------------|
| • Nelson Muñoz Guerrero | President |
| • José Manuel Soffia Celis | Vice-president |
| • Valerio Cecchi | Director |
| • Luca Rossini | Director |
| • Lisandro Rojas | Alternate |
| • Julio Mayanz | Alternate |
| • Carlos Zorzoli | Alternate |
| • Fernando Ramírez | Alternate |

General Manager

- Oscar Valenzuela Schneider

Codelco's share of capital and changes during the fiscal year

Codelco's share, as of 31 December 2007 corresponds to 5% of the capital. There were no modifications during 2007.

Commercial relations with Codelco

There were no commercial relations between the firms.

Contracts with Codelco

At the end of 2007 there was one contract between the firms, establishing the possibility that Codelco carry out certain tasks, upon request from the subsidiary through work orders, which may or may not be accepted.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 0.
- 2006 Investment in jointly held firm US\$ 159,000.

Total Investment as a percentage of head office assets

- 0%, 2007.

(*) Codelco Board member or Executive.

_Inversiones Tocopilla Ltda.

December 31, 2007

Legal status

Inversiones Tocopilla Ltda. is a private limited company created by public document on January 17, 1996, notarized by Santiago Notary, Nancy de la Fuente Hernández and was recorded in Santiago's Commerce Registry, folio 5,316 N° 4,373, March 1, 1996 and was published in the Official newspaper N° 35,407 on March 11, 1996.

- R.U.T. : 78.835.420-7

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid in by Codelco was US\$ 152,209,000, 49% of the shares.

Purpose

To purchase or sell, for any reason, shares, bonds and other securities issued by Electroandina S.A. Exercise all rights and meet all obligations deriving from its status as shareholder and holder of these securities, as per the law and company statutes and, in general, purchase, sell and invest shares and rights to companies, provided the object of said companies is the electric power business in any of its forms; manage such investment and receive the yields thereof; and participate in any other business or activity directly or indirectly related, associated with and/or complementary to the company's purpose.

Board of Directors

- Jan Flachet
- Manlio Alessi Remedi
- Luis Rosales Michelson
- Alexandre Jean Keisser
- Ricardo Campano Gándara (*)
- Jorge Bande Bruck (*)
- Jorge Navarrete Martínez

Alternates

- Frederik Janssens
- Albert Verhoeven
- Pascal Brancart
- Diane de Viron
- Mario Espinoza D. (*)
- Juan E. Herrera C. (*)
- Carlos Urzúa R. (*)

General Manager

Jan Flachet

Codelco's share of capital and changes during the fiscal year

Codelco owns a 49% of the company's equity and there were no changes during the year.

Commercial relations with Codelco

There were no commercial ties between the companies.

Contracts with Codelco

There were no contracts with Codelco during 2007.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 207,441,000.
- 2006 Investment in jointly held firm US\$ 181,780,000.

Total investment as a percentage of head office assets

- 1.397%, 2007.

(*) Codelco Board member or Executive.

_Inversiones Mejillones S.A.

December 31, 2007

Legal status

Inversiones Mejillones S.A. is a private limited company created by public document on March 20, 2002, notarized by Santiago Notary, María Gloria Acharán Toledo and was recorded in Santiago's Commerce Registry, folio 10,004, N° 3,240, under N° 8,770 on April 19, 2002 and was published in the Official Newspaper N° 37,244 on April 26, 2002.

- R.U.T. : 96.990.660-0

Capital subscribed and paid

Capital subscribed and paid in by Codelco, as of December 31st 2007 was US\$ 27,832,000 equivalent to 18,671 shares.

Purpose

To buy and sell any security held as shares, bonds and other instruments issued by the Empresa Electrica del Norte Grande S.A. (Edelnor). Exercising all rights and fulfilling all obligations deriving from its status as shareholder and holder of these securities, as per the law and company statutes and, in general, acquire, sell, invest in all kinds of intangible property, such as shares, company bonds, deposits, mutual fund quotas, share certificates, bills of credit, securities, etc.; manage these investments and receive their yields; and participate in any other business or activity directly or indirectly related, connected and/or complementary to the company's purpose.

Board of Directors

- Jan Flachet President
- Manlio Alessi Remedi
- Albert Verhoeven
- Ricardo Campano Gándara (*)
- Jorge Navarrete Martínez (*)

General Manager

- Manlio Alessi Remedi

Codelco's share of capital and changes during the fiscal year

Codelco's share is 34.8%, and there were no changes in 2007.

Commercial relations with Codelco

There were no commercial relations between the companies.

Contracts with Codelco

There were no contracts with Codelco during 2007.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 110,377,000.
- 2006 Investment in jointly held firm US\$ 79,802,000.

Total investment as a percentage of head office assets

- 0.743%, 2007.

(*) Codelco Board member or Executive.

_Sociedad LGN Mejillones S.A.

December 31, 2007

Legal status

Sociedad LGN Mejillones S.A. is a private limited company created by public document on January 31, 2007, notarized by Santiago Notary, Osvaldo Pereira González. An extract of the document was recorded in Santiago's Commerce Registry, folio 6,625, N° 4,909 and was published in the Official Newspaper on February 8, 2007.

- R.U.T. : 76.775.710-7

Capital subscribed and paid

Capital subscribed and paid in by Codelco, as of December 31, 2007 was US\$ 25,000,000.

Purpose

The production, storage, commercialization, transport and distribution of all type or class of fuel, and the acquisition, construction, maintenance and exploitation of the infrastructure installations and physical works necessary for the transport, reception, processing and storage, in Chile, as well as outside of Chile, by the firm or together with third parties.

Board of Directors

- Juan Eduardo Herrera C. President (*)
- Jan Flachet Director
- Jean Louis Pairon Director
- Manlio Alessi Director
- Jorge Bande B. Director (*)
- Luis Valenzuela P. Director

General Manager

- Frederik Janssens

Codelco's share of capital and changes during the fiscal year

As of December 31, 2007, Codelco's share in Sociedad LGN Mejillones S.A. is 50%. Before the last modification of the Sociedad LGN Mejillones S.A. statutes, agreed by an extraordinary shareholders meeting, on October 9, 2007 Codelco's holdings were increased to 99%.

Commercial relations with Codelco

Sociedad LGN Mejillones S.A. provides (or will provide) Codelco with regasified natural gas.

Contracts with Codelco

Sociedad LGN Mejillones S.A. has a sales contract of regasified natural gas with Codelco, under the take or pay modality, and its respective technical annex. It has this same type of contract with SCM El Abra, a Codelco joint venture.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 23,128,000.
- 2006 Investment in jointly held firm US\$ 0.

Total investment as a percentage of head office assets

- 0.026%, 2007.

(*) Codelco Board member or Executive.

_Termoeléctrica Farellones S.A.

December 31, 2007

Legal status

Termoeléctrica Farellones S.A. is a private limited company created by public document on June 15, 2007, notarized by Santiago Notary, Osvaldo Pereir González, and was recorded in Santiago's Commerce Registry, folio 25,339, N° 18,443, under N° 19,323 on June 22, 2007. It was published in the Official Newspaper N° 38,797 on June 25, 2007.

Capital subscribed and paid

The firm's capital is 1 million pesos, divided into one thousand common, nominative, without nominal value stocks, all in the same series, subscribed and paid in their totality in the following way: Codelco subscribed and paid 990 shares, for an amount of 990,000 pesos which is equivalent to 99% of the capital. The Sociedad Inversiones Copperfield Limitada subscribed 10 shares, for an amount of 10,000 pesos, equivalent to 1% of the capital.

Purpose

The company's objective is to develop, directly or through a third party, individually or with others, within Chilean territory or abroad the following activities: generate, supply, buy and sell electric power; provide energy services of all types; obtain, transfer, buy, rent, tax or exploit in any form the respective concessions and markets in reference to the law of Electric Services and other standards that regulate energy activity; solicit permits, authorizations and franchises to conserve, promote or develop the objectives of the society; buy, sell, import, export, elaborate, produce, commercialize and distribute all class of goods or products that are related to energy in any way.

Board of Directors

- Daniel Barría Iroumé (*)
- Juan Eduardo Herrera Correa (*)
- Waldo Fortin Cabezas (*)
- Patricio Mac Niven
- Ricardo Campano Gándara (*)

General Manager

- Álvaro Nicolás Vilaplana Barberis (*)

Codelco's share of capital and changes during the fiscal year

As of December 31, 2007, Codelco's share of Termoeléctrica Farellones S.A. was 99%, and there were no changes in 2007.

Commercial relations with Codelco

There were no commercial relations between the companies.

Contracts with Codelco

The firm has not had any contracts with Codelco.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 0.
- 2006 Investment in jointly held firm US\$ 0.

Total investment as a percentage of head office assets

- 0%, 2007.

(*) Codelco Board member or Executive.

_Energía Minera S.A.

December 31, 2007

Legal status

Energía Minera S.A. is a private limited company created by public document on June 15, 2007, notarized by Santiago Notary, Osvaldo Pereira González, and was recorded in Santiago's Commerce Registry, folio 25,340, N° 18,444, under N° 19,324 on June 22, 2007. It was published in the Official Newspaper N° 38,797 on June 25, 2007.

Capital subscribed and paid

As of December 31, 2007, the subscribed and paid in capital from Codelco was US\$ 2,000. Paid by 990 shares that are equivalent to 99% of the capital.

Purpose

The company's objective is to develop, directly or through a third party, individually or with others, within Chilean territory or abroad the following activities: generate, supply, buy and sell electric power; provide energy services of all type; obtain, transfer, buy, rent, tax or exploit in any form the respective concessions and markets in reference to the law of Electric Services and other standards that regulate energy activity; solicit permits, authorizations and franchises to conserve, promote or develop the objectives of the society; buy, sell, import, export, elaborate, produce, commercialize and distribute all class of goods or products that are related to energy in any way.

Board of Directors

- Daniel Barría Iroumé (*)
- Juan Eduardo Herrera Correa (*)
- Waldo Fortin Cabezas (*)
- Patricio Mac Niven
- Ricardo Campano Gándara (*)

General Manager

- Álvaro Nicolás Vilaplana Barberis (*)

Codelco's share of capital and changes during the fiscal year

As of December 31, 2007, Codelco's share was 99%, and there were no changes in 2007.

Commercial relations with Codelco

There were no commercial relations between the companies.

Contracts with Codelco

The firm has not had any contracts with Codelco.

Investment as a percentage of total head office

- 2007 Investment in jointly held firm US\$ 0.
- 2006 Investment in jointly held firm US\$ 0.

Total investment as a percentage of head office assets

- 0%, 2007.

(*) Codelco Board member or Executive.

_Codelco Group USA Inc.

December 31, 2007

Legal status

Set up on December, 21 1992 as a corporation in the State of Delaware, as per Section 108 (c) of the General Corporation Law.

Capital subscribed and paid in

As of December 31, 2007, the capital subscribed and paid in by Codelco corresponds to 1,000 shares for a total amount of US\$ 1,000.

Purpose

Any action or activity permitted under the State of Delaware's General Corporation Laws.

This company owns three subsidiaries, whose purpose is, among others, acting as a sales agent and representative of Codelco Chile for copper and by-products in the Nafta markets, trade the copper throughout Nafta with its respective logistic processes, as also the development of technology investment projects for new copper uses.

Board of Directors

- Roberto Souper President (*)
- Waldo Fortin (*)
- Conrado Venegas (*)

General Manager

- Cristian José Lira

Codelco's share of capital and changes during the fiscal year

Codelco's share was 100%. There were no changes in 2007.

Commercial relations with Codelco

Through the 3 Codelco Group, Inc. subsidiaries there are commercial relations with Codelco, the first as Codelco sales agents, another as a trading company for copper and molybdenum, and the third as a company that conduct technology investment and market development for copper and molybdenum.

Contracts with Codelco

Agency contracts and contracts and to buy copper.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 2,654,000.
- 2006 Investment in joint venture US\$ 2,491,000.

Total investment as a percentage of head office assets

- 0.018%, 2007.

(*) Codelco Board member or Executive.

_Mining Information, Communication and Monitoring S.A. (MICOMO S.A.)

December 31, 2007

Legal status

- Company name : Mining Information, Communication and Monitoring S.A. (MICOMO S.A.).
- Legal status : Private Limited Company.
- R.U.T. : 76.561.210-1

It was created by public document on April 10, 2006, notarized by Santiago Notary, Cesar Ricardo Sánchez García. The extract was recorded in Santiago's Commerce Registry in the Real Estate Registrar, folio 16,702, N° 11,490, in 2006, and was published in the Official Newspaper N° 38,455 on May 5, 2006. These records were protocolized on May 8, 2006 in the Santiago Notary César Ricardo Sánchez García under N° 36.

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid in by Codelco was US\$ 3,256,000.

Purpose

Micomo S.A. was formed jointly with NNT Advanced Technology Corporation (Japan) and NTT Leasing (USA), Inc. The purpose of the company is to provide, design and maintain the information technology and communications products and their related services to Codelco and extends the aforementioned abroad and to Chile's mining companies.

Board of Directors

- Juan Enrique Morales Jaramillo President (*)
- Daniel Barría I. (*)
- Pedro Antonio Morales Cerda (*)
- Marco Orellana Silva (*)
- Hiroshi Kotera NTT Advanced Technology
- Toshihiro Ichino NTT Leasing Co. Ltd.

General Manager

- José Robles Becerra (*)

Codelco's share of capital and changes during the fiscal year

Capital subscribed and paid in represents 66%. There were no changes during 2007.

Contracts with Codelco

Agreement to develop the corporate information and telecommunications road map.

Investments as a percentage of total head office

- 2007 Investment in subsidiary US\$ 1,793,000.
- 2006 Investment in subsidiary US\$ 1,959,000.

Total investment as a percentage of head office assets

- 0.012%, 2007.

(*) Codelco Board member or Executive.

_Chile Copper Ltd.

December 31, 2007

Legal status

Limited Liability Company created in England on March 29, 1971.

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid in was £ 1,000, subscribed in 1,000 shares. Codelco owns 998 shares. Codelco Chile jointly with Gonzalo Cuadra owns the other 2 shares.

Purpose

Codelco's sales agent and representative for copper and molybdenum products in the UK, Spain, Scandinavia, Bulgaria, Turkey and other European and Middle Eastern countries markets.

It owns 80% of the subsidiary Codelco Services Ltd., the other 20% is property of Codelco K pferhandel GmbH.

Board of Directors

- Roberto Souper R. (*)
- Juan Eduardo Herrera (*)
- Conrado Venegas (*)

General Manager

- Gonzalo Cuadra

Codelco's share of capital and changes during the fiscal year

Capital subscribed and paid in by Codelco represents 100%. There were no changes during 2007.

Commercial relations with Codelco

Codelco Sales agent.

Through its subsidiary Codelco Services Ltd. it conducts copper and molybdenum trading to meet Codelco Chile contracts, and performs coating operations for Codelco Chile and its subsidiary Codelco K pferhandel GmbH.

Contracts with Codelco

Copper sales agency contract.
Molybdenum sales agency contract.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 2,840,000.
- 2006 Investment in joint venture US\$ 2,533,000.

Total investment as a percentage of head office assets

- 0.019%, 2007.

(*) Codelco Board member or Executive.

_Codelco Kupferhandel GMBH

December 31, 2007

Legal status

Limited Liability Company set up in Hamburg on March 27, 1981.

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid in by Codelco Chile was € 3,000,000 as the sole shareholder.

Purpose

To import, export and sell metals in all forms, especially copper, sales of equipment for the copper manufacturing industry. The purpose of the company is also the acquisition and share management in metal manufacturing companies, especially copper, as well as performing research in the field of obtaining and developing metals.

Board of Directors

- Jos  Pablo Arellano (*)
- Roberto Souper R. (*)
- Juan Eduardo Herrera (*)

General Manager

- Heribert Heitling

Codelco's share of capital and changes during the fiscal year

Capital subscribed and paid in by Codelco represents 100%. There were no changes during 2007.

Commercial relations with Codelco

Through its subsidiary, CK Metal Agentur GmbH, it acts as a commercial operations agent for Codelco Chile for Germany and Northern Europe.

Contracts with Codelco

Cathodes contract.

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 15,488,000.
- 2005 Investment in joint venture US\$ 30,038,000.

Total investment as a percentage of head office assets

- 0.104%, 2007.

(*) Codelco Board member or Executive.

_Isapre Chuquicamata Ltda.

December 31, 2007

Legal status

- Company name : Isapre Chuquicamata Ltda.
- Legal status : Limited Liability Company.
- R.U.T. : 79.566.720-2

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid in by Codelco was US\$ 1,511,000.

Purpose

Provision of health services and benefits, either directly or through financing them, as per the regulations contained in DFL N° 3 published by the Ministry of Health. To meet this objective the company can act and enter into any kind of contract, including forming other companies and joining them.

Board of Directors of the Advisory Council

- | | |
|-------------------------------|---|
| • Sergio Jarpa G. | President of the Board of Directors (*) |
| • Humberto Fernando Olivares | Director (*) |
| • Manuel Zeballos Mundaca | Director (*) |
| • Sergio Gómez Núñez | Director (*) |
| • Miguel Cortés Gallardo | Director (*) |
| • Jorge Hernández Donoso | Director (*) |
| • Juan Carlos Canales | Director (*) |
| • Hilario Ramírez González | Director |
| • Hernán Polanco Salfate | Director |
| • Hernán Guerrero Maluenda | Director |
| • Paulina Troncoso Espinoza | Director |
| • Alex Guerra Pérez | Director |
| • Guillermo Cárceles Chamorro | Director |

General Manager

- María Rosa Martínez

Codelco's share of capital and changes during the fiscal year

Codelco's share: 98.3%
Fusat's share 1.7%

Commercial Relations with Codelco

Provision of health care through medical services to all Codelco workers affiliated with this private health insurance firm (Isapre), their family members, and all Codelco's non-working affiliates. The Isapre pays the amount of these services monthly to Codelco.

Contracts with Codelco

Contract for health care services (June 1, 1982).
Medical equipment and instrument rental contract (June 1, 1998).
Service provision contract (June 1, 1998).

Investment as a percentage of total head office

- 2007 Investment in joint venture US\$ 2,932,000.
- 2006 Investment in joint venture US\$ 2,544,000.

Total Investment as a percentage of head office assets

- 0.020%, 2007.

(*) Codelco Board member or Executive.

_Isapre Río Blanco Ltda.

December 31, 2007

Legal status

- Company name : Isapre Río Blanco Limitada.
- Legal status : Limited Liability Company.
- R.U.T. : 89.441.300-K

Capital subscribed and paid

As of 31 December 2007, the capital subscribed and paid in by Codelco was US\$ 1,060,000.

Purpose

Health care institution (Isapre).

Board of Directors

- | | |
|---------------------------------|---------------------|
| • María Elena Etcheberry Court | President |
| • Daniel Trivelli Oyarzún | Acting Director (*) |
| • Hector Cáceres Vicencio | Acting Director (*) |
| • Marcos Vergara Iturriaga | Vice-president |
| • Álvaro Covarrubias Risopatrón | Acting Director |
| • Leonardo Whittle Ferrer | Alternate (*) |
| • Manuel Opazo Mortola | Alternate (*) |

Executives

- | | |
|-------------------------------|---|
| • Jaime Del Solar Zorzano | General Manager |
| • Jaime Cortez Ramírez | Medical Director |
| • María Eugenia Villarroel V. | Administrative and Financial Vice-manager |

Codelco's share of capital and changes during the fiscal year

Codelco Chile Division Andina: 99.99%
Isapre San Lorenzo Ltda.: 0.01%

Commercial relations with Codelco

Andina division has been required –through contracts and/or collective bargaining agreements signed with its workers– to finance health services for its workers and their families when a Work Contract with the Division has been signed and subsequently pay the legal health quota at the Isapre Río Blanco.

Likewise it has been obliged to provide ex-workers covered by severance plans, and their registered dependents with health care benefits, including medical, pharmaceutical and dental benefits offered by the internal health regulations for the time limit established by the same severance plan.

The contribution of the Division complements the health care quota that is obligatory for each and every worker, when the price of the health care plan of the Isapre cannot be fully covered by the worker.

Contracts with Codelco

Contract N° 4500623027, for providing health care to workers, former workers and their dependents. Andina Division entrusts the Isapre Río Blanco Ltda., the financing of the aforementioned services in agreement with the conditions of the health plans offered by the Isapre.

Investment as a percentage of total head office

- 2007 Investment in subsidiary US\$ 1,274,000.
- 2006 Investment in subsidiary US\$ 1,927,000.

Total investment as a percentage of head office assets

- 0.009%, 2007.

(*) Codelco Board member or Executive.

_Clínica Río Blanco S.A.

December 31, 2007

Legal status

- Company name : Clínica Río Blanco S.A.
- Legal status : Private Limited Company.
- R.U.T. : 99.573.600-4

Capital subscribed and paid

As of December 31, 2007, the capital subscribed and paid in by Codelco was US\$ 5,070,000 (equivalent to \$ 2,522,469,697).

Purpose

Provision of health services and benefits, either directly or through financing them, for which it can create, maintain and administer clinics or other health care establishments, provide ambulatory health care, emergency and paramedics; perform laboratory exams, pharmacology, analysis, radiology tests, and, in general, any action appropriate to medicine and nursing.

Board of Directors

- | | |
|--------------------------------|------------------|
| • Daniel Trivelli Oyarzún | President (*) |
| • Francisco Peragallo Carrasco | Director |
| • Alfredo Sánchez Vivanco | Director |
| • Rosa María Urzúa Pilotti | Director |
| • Pablo Fernández Valenzuela | Director |
| • Leonardo Whittle Ferrer | Alternate (*) |
| • Manuel Opazo Mortola | Alternate (*) |
| • Héctor Cáceres V. | Alternate (*) |
| • Luis Galdames Cisterna | Alternate (*) |
| • Juan Montecinos Rivero | Alternate (*) |
| • Fernando Condell Meza | Alternate (*) |
| • Vilma Olave Carrido | Medical Director |

General Manager

- Juan Carlos Cabezas Beroiza

Codelco's share of capital and changes during the fiscal year

Codelco Chile Andina Division: 99%.

Isapre Río Blanco Ltda.: 1%.

There were no changes during 2007.

Commercial relations with Codelco

The provision of medical health services, out-patient care, emergency care, paramedics, laboratory exams, pharmacology, radiology and, in general, the provision of medicine and nursing to the workers in Codelco's Andina Division.

Contracts with Codelco

- Occupational Health contracts with the Occupational Health and Industrial Hygiene Department. Contract N° 4500525276 entitled "contract for services rendered, Law 16,744".

- Contract with GMIN (Mining Administration) Contract N° 4500604608, entitled "Services for physical, medical, psychological care and psycho-technical exams".

Investment as a percentage of total head office

- 2007 Investment joint venture US\$ 2,845,000.
- 2006 Investment joint venture US\$ 2,664,000.

Total investment as a percentage of head office assets

- 0.019%, 2007.

(*) Codelco Board member or Executive.

_Asociación Garantizadora de Pensiones

December 31, 2007

Legal status

The Asociación Garantizadora de Pensiones is a private corporation that serves as a non-profit, social benefit mutual insurance company; it was legally constituted by Decree N° 1,625, June 18, 1927, to guarantee, by replacing associated companies, the payment of pensions under the occupational accident law, Ley de Accidentes del Trabajo N° 4,055. Because it is non-profit, it is exempt from income tax law regulations.

Purpose

Exclusively for the purpose of paying pensions under the labor accidents law, Ley de accidentes del Trabajo N° 4,055.

Board of Directors

It is composed of the following people, appointed by the major affiliate, Codelco.

Board of Directors

- José Antonio Álvarez L. (*)
- Carlos Urzúa R. (*)
- Óscar Salgado W. (*)
- Patricio Lustig G. (*)
- María Carolina Vargas V. (*)

Alternates

- María Elena Brahm Z. (*)
- Gloria Parada Z. (*)
- Gustavo Sippa C. (*)

Manager

- Elly García Inostroza

Codelco's share of capital and changes during the fiscal year

Codelco's share is 96.688338% and has not changed in recent fiscal years.

Commercial relations with Codelco

This firm has no commercial relations with Codelco.

Contracts with Codelco

This firm has no commercial contracts with Codelco.

Investment as a percentage of total head office

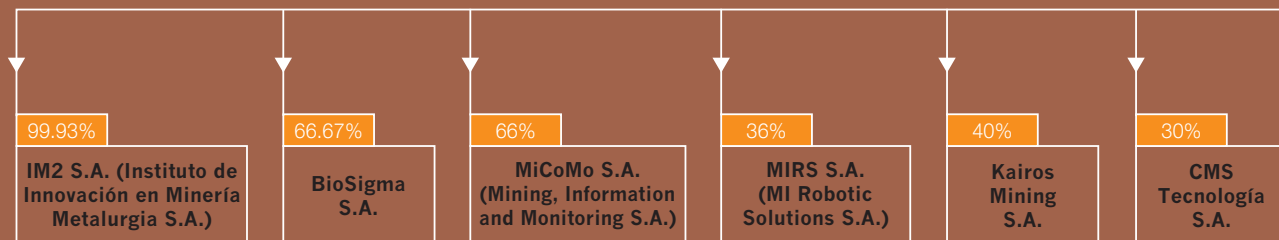
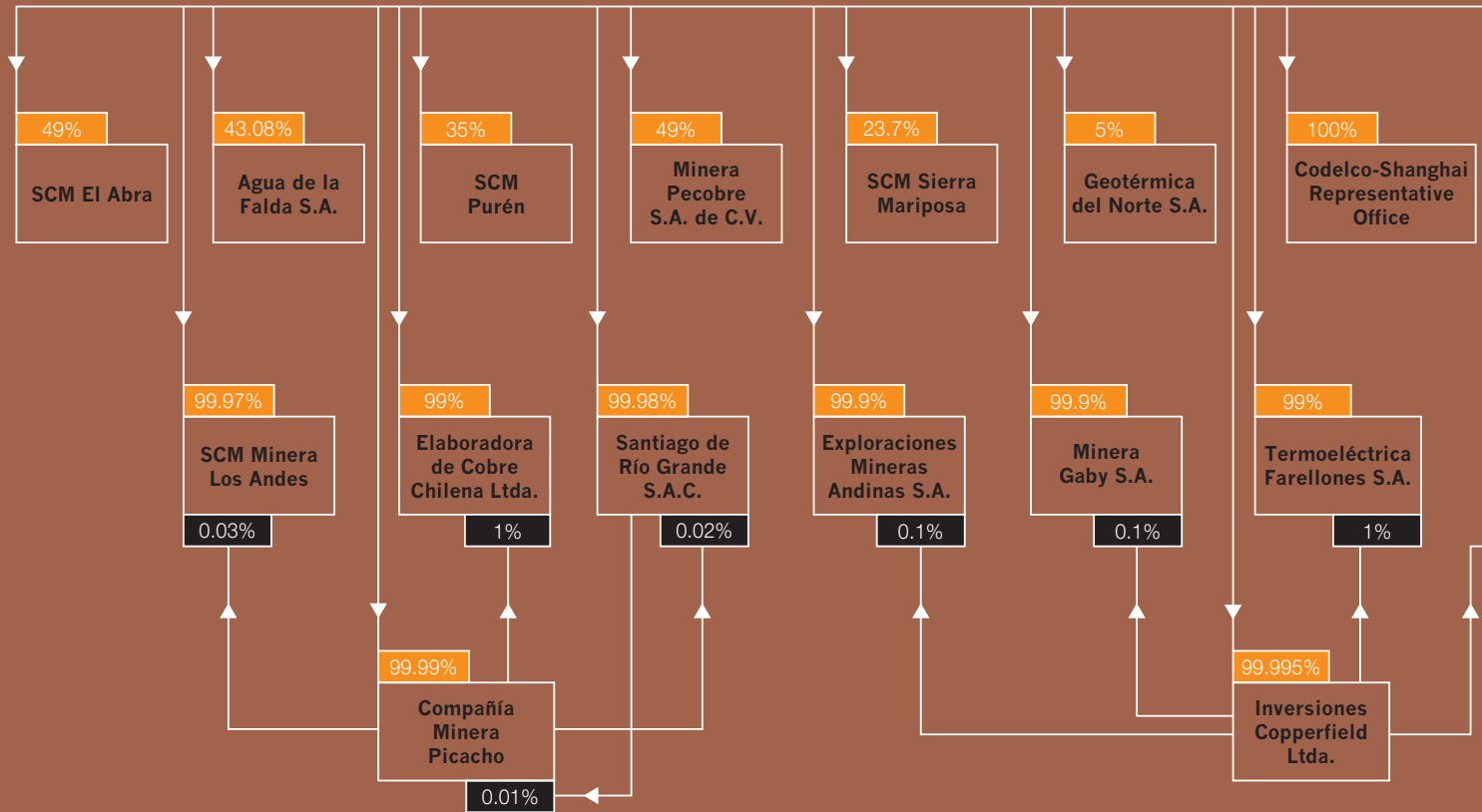
- 2007 Investment in joint venture US\$ 668,000.
- 2006 Investment in subsidiary US\$ 657,000.

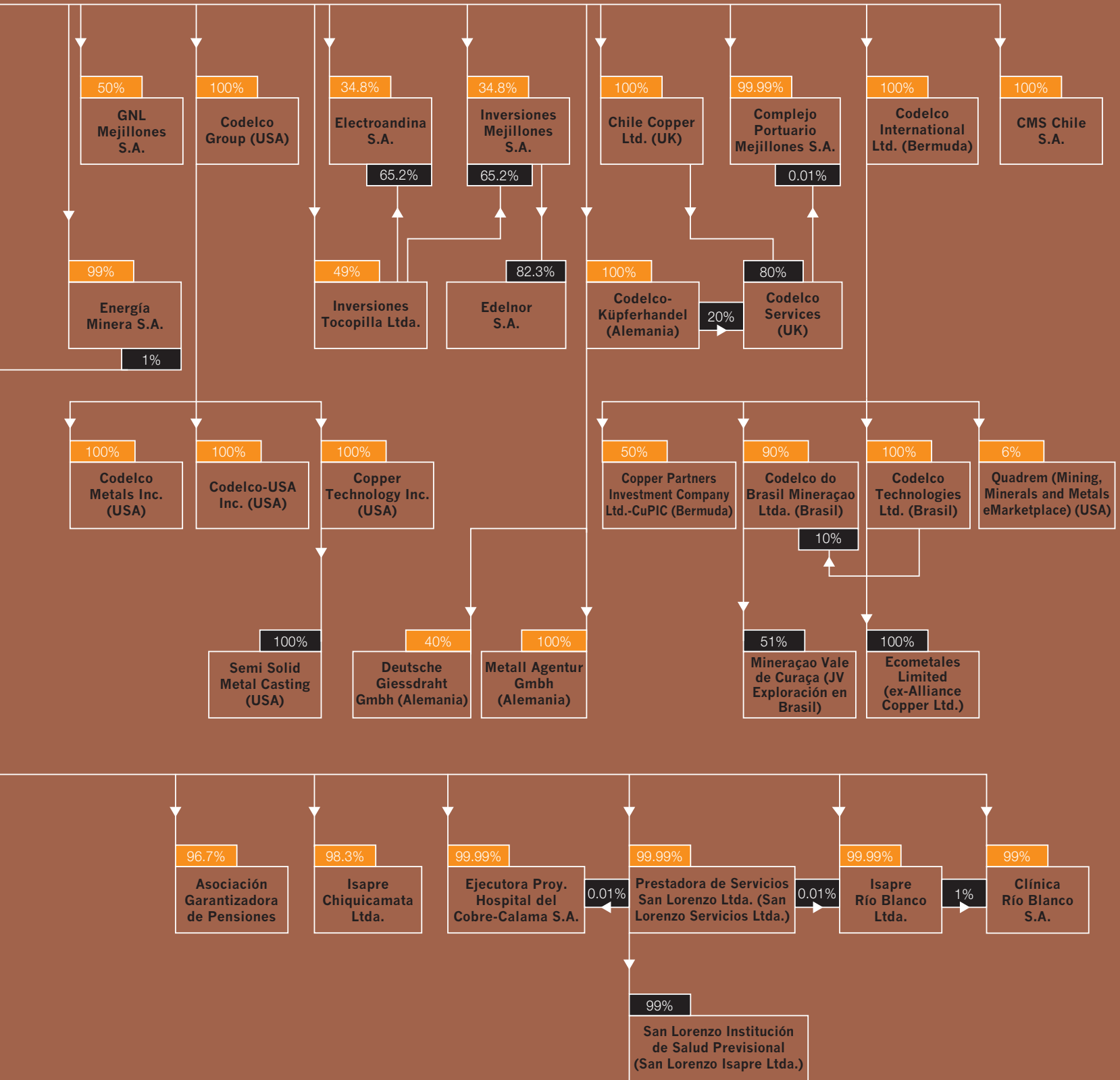
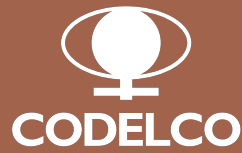
Total investment as a percentage of head office assets

- 0.004%, 2007.

(*) Codelco Board member or Executive.

_Network of Subsidiaries and Joint Ventures







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\$	Chilean pesos
M\$	Thousands of chilean pesos

US\$	US dollars
ThUS\$	Thousands of US dollars



_Simplified Consolidated Financial Statements



Independent Auditors' Report

TO THE CHAIRMAN AND MEMBERS
OF THE BOARD OF DIRECTORS
OF CORPORACIÓN NACIONAL DEL COBRE DE CHILE

Deloitte.

We have audited the accompanying consolidated balance sheets of Corporación Nacional del Cobre de Chile (the "Company") and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income and of cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the management of Corporación Nacional del Cobre de Chile. Our responsibility is to express an opinion on these financial statements based on our audits. We have not audited the financial statements at December 31, 2007 and 2006, of certain investees 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 and subsidiaries, is based solely on the reports of such other auditors. At December 31, 2007 and 2006, the direct and indirect investment of the Company in such investees and the total assets reflected by the financial statements of such subsidiaries represent 6.9% and 8.6%, respectively, of the total consolidated assets, and the year's net equity in income of these investees and the total sales reflected by the financial statements of these subsidiaries represent 5.4% and 7.6%, respectively, of the total consolidated sales.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports from other auditors, the 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, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

The notes to the accompanying financial statements are a simplified version of those included in the consolidated financial statements of Corporación Nacional del Cobre de Chile and subsidiaries filed with the Superintendency of Securities and Insurance, upon which we have issued our report under this same date. Such financial statements contain additional information required by such Superintendency, which is not indispensable for their adequate interpretation.

The accompanying financial statements have been translated into English for the convenience of readers outside of Chile.



February 15, 2008



Consolidated Balance Sheets

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

ASSETS	2007	2006
	ThUS\$	ThUS\$
CURRENT ASSETS		
Cash and banks	21,607	8,419
Time deposits	2,048,598	821,466
Marketable securities	4,260	3,258
Trade receivables, net	933,303	1,470,158
Notes receivable	265	9,739
Other receivables, net	340,531	248,788
Due from related companies	36,790	15,472
Inventories, net	1,704,550	1,522,527
Taxes recoverable	262,750	95,166
Prepaid expenses	10,295	9,186
Deferred taxes	449,406	375,875
Other current assets	49,315	41,932
Total current assets	5,861,670	4,621,986
PROPERTY, PLANT AND EQUIPMENT		
Land	66,168	58,674
Buildings and infrastructure	8,443,896	7,389,756
Machinery and equipment	7,252,721	6,871,901
Other plant and equipment	168,110	116,999
Technical appraisal revaluation	368,171	368,741
Accumulated depreciation	(8,832,405)	(8,203,826)
Net property, plant and equipment	7,466,661	6,602,245
OTHER ASSETS		
Investments in related companies	864,987	1,009,968
Investments in other companies	1,604	1,279
Goodwill	20,494	21,670
Negative goodwill	(351)	(392)
Long-term receivables	220,471	178,548
Due from related companies	53,410	46,679
Intangibles	19,766	21,391
Accumulated amortization	(6,698)	(6,748)
Other assets	555,870	536,217
Total other assets	1,729,553	1,808,612
TOTAL ASSETS	15,057,884	13,032,843



Consolidated Balance Sheets

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

LIABILITIES AND EQUITY	2007	2006
	ThUS\$	ThUS\$
CURRENT LIABILITIES		
Banks and financial institutions:		
- Current	23,824	61,049
- Current portion of long-term debt	308,341	8,506
Current portion of bonds payable	37,427	36,717
Dividends payable	800,000	300,000
Accounts payable	829,806	596,450
Notes payable	1,942	649
Miscellaneous payables	119,343	65,694
Due to related companies	115,090	145,962
Accruals	715,476	505,865
Withholdings	134,807	150,631
Income taxes payable	21,364	110,322
Deferred income	54,362	87,348
Other current liabilities	10,504	2,611
Total current liabilities	3,172,286	2,071,804
LONG-TERM LIABILITIES		
Due to banks and financial institutions	700,000	600,000
Bonds payable	3,283,924	3,213,739
Notes payable	78,622	81,853
Miscellaneous payables	149,394	106,952
Due to related companies	469,512	492,291
Accruals	1,526,162	1,179,540
Deferred taxes	819,521	674,999
Other long-term liabilities	109,959	81,491
Total long-term liabilities	7,137,094	6,430,865
MINORITY INTEREST	4,301	2,573
EQUITY		
Paid-in capital	1524,423	1,524,423
Other reserves	1,655,924	1,332,432
Retained earnings:		
- Retained earnings	400,000	-
- Net income for the year	2,981,619	3,338,789
- Profits distribution to the Chilean Treasury	(1,817,763)	(1,668,043)
Total net equity	4,744,203	4,527,601
TOTAL LIABILITIES AND EQUITY	15,057,884	13,032,843

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



Consolidated Income Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
OPERATING INCOME		
Sales	16,988,242	17,077,032
Cost of sales	(8,058,827)	(7,272,311)
Gross profit	8,929,415	9,804,721
Administrative and selling expenses	(381,595)	(338,101)
OPERATING INCOME	8,547,820	9,466,620
NON-OPERATING EXPENSES		
Interest income	97,275	58,124
Equity in income of related companies	463,719	451,877
Other income	235,497	164,741
Equity in losses of related companies	(6,338)	(7,573)
Amortization of goodwill	(1,176)	(1,176)
Interest expenses	(245,487)	(236,085)
Other expenses	(1,948,651)	(2,037,565)
Price level restatement	(1,303)	(264)
Foreign exchange differences	(71,717)	42,364
NON-OPERATING EXPENSES	(1,478,181)	(1,565,557)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	7,069,639	7,901,063
INCOME TAXES	(4,091,162)	(4,564,654)
INCOME BEFORE MINORITY INTEREST	2,978,477	3,336,409
MINORITY INTEREST	3,101	2,349
NET PROFIT	2,981,578	3,338,758
Amortization of negative goodwill	41	31
NET INCOME FOR THE YEAR	2,981,619	3,338,789



Consolidated Cash Flow Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
NET CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of accounts receivable	17,931,727	18,504,378
Interest income collected	71,411	48,573
Dividends and other distributions collected	610,682	318,500
Other income collected	1,086,263	822,495
Payments to suppliers and personnel	(8,200,443)	(8,580,429)
Interest paid	(72,219)	(69,797)
Income taxes paid	(4,276,553)	(5,194,888)
Law N° 13,196 and other expenses paid	(1,578,042)	(1,464,048)
Value added tax and other similar taxes paid	(886,308)	(780,060)
Net cash provided by operating activities	4,686,518	3,604,724
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Loans obtained	578,800	150,000
Bonds payable	-	500,000
Profits distribution to the Chilean Treasury	(2,267,800)	(1,857,009)
Loan payment	(200,800)	(468,000)
Net cash used in financing activities	(1,889,800)	(1,675,009)
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	89,187	391
Proceeds from sales of permanent investments	9,575	-
Proceeds from sale of other investments	307	1,619
Other investment income	61,351	65,174
Purchases of property, plant and equipment	(1,604,951)	(1,218,725)
Investments in related companies	(2,340)	(111,046)
Investments in financial instruments	(10,295)	(3,775)
Loans to related companies	(28,010)	-
Other investment disbursements	(70,220)	(47,852)
Net cash used in investing activities	(1,555,396)	(1,314,214)
NET INCREASE IN CASH AND CASH EQUIVALENT	1,241,322	615,501
CASH AND CASH EQUIVALENT AT THE BEGINNING OF YEAR	833,143	217,642
CASH AND CASH EQUIVALENT AT THE END OF YEAR	2,074,465	833,143



Consolidated Cash Flow Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	2,981,619	3,338,789
Proceeds from sale of assets		
Proceeds from sales of property, plant and equipment	(62,007)	(10,366)
Proceeds from sale of investments	(8,572)	-
Charges (credits) to income which do not represent cash flows		
Depreciation	543,548	520,367
Amortization of assets	290,985	255,874
Write-off and provisions	347,337	25,340
Equity in income of related companies	(463,719)	(451,877)
Equity in losses of related companies	6,338	7,573
Amortization of goodwill	1,176	1,176
Amortization of negative goodwill	(41)	(31)
Price level restatement, net	1,303	269
Foreign exchange differences	71,717	(42,364)
Other credits to income which do not represent cash flows	(52,132)	(27,675)
(Increase) decrease in assets that affect operating cash flow		
Accounts receivable	542,048	(320,101)
Inventories	(182,023)	(501,927)
Other assets	262,302	(71,101)
Increase (decrease) in liabilities that affect operating cash flow		
Accounts payable related to operating activities	159,196	620,880
Interest payable	(13,761)	18,146
Income taxes payable	(88,958)	(35,682)
Value added tax and other similar taxes payable	353,263	279,783
Minority interest	(3,101)	(2,349)
Net cash provided by operating activities	4,686,518	3,604,724



Simplified Notes to the Consolidated Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

Management considers these explanatory notes offer sufficient information but less detailed than that contained in the explanatory notes that are an integral part of the consolidated financial statements which were filed with the Superintendency of Securities and Insurance, and are available to the general public. This information is also available at the Company's office.

NOTE 01 - REGISTRATION IN THE SECURITIES REGISTER

Corporación Nacional del Cobre de Chile, Codelco - Chile ("Codelco", or the "Company") is registered under the Securities Registry N° 785 of the Superintendency of Securities and Insurance (the "Superintendency"). The Company is subject to the regulation of the Superintendency.

Codelco-Chile was formed as stipulated by Law Decree (D.L.) N° 1,350 dated 1976. Codelco is a state-owned mining, industrial and commercial company, which is a legal entity in itself and with its own equity. Codelco currently carries out its mining business through its Codelco Norte (made up of the following ex divisions: Chuquicamata and Radomiro Tomic), Salvador, Andina, El Teniente, and Ventanas Divisions. Also, the Company also carries out similar activities in other mining deposits in association with third parties.

As is established in D.L. N° 1,350, Codelco's financial activities are conducted following a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The Company's tax regime is established in D.L. N°s 1,350, 2,398 and 824.

NOTE 02 - SIGNIFICANT ACCOUNTING POLICIES APPLIED

a) Accounting periods

These consolidated financial statements correspond to the period between January 1°, to December 31, 2007 and 2006.

b) Basis of preparation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles issued by the Chilean Institute of Accountants, and regulations of the Superintendency. Should there be any discrepancy between the above mentioned principles and regulations, the regulations of the Superintendency will prevail over accounting principles generally accepted in Chile.

c) Reporting currency

In accordance with Article 26 of D.L. N° 1,350, the Company's records are maintained in United States dollars.

d) Basis of consolidation

In accordance with the regulations of the Superintendency and Technical Bulletins issued by the Chilean Institute of Accountants. The consolidated financial statements of the Company and its subsidiaries include the assets, liabilities, results of operations, and cash flows of the Company and its subsidiaries:

Simplified Notes to the Consolidated Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

Chile Copper Limited (U.K.), Codelco Services Limited (U.K.), Codelco Group USA Inc. (U.S.A.), Codelco Metals Inc. (U.S.A.), Copper Technology Investment Inc.(U.S.A.), Semi Solid Metal Investors Llc. (U.S.A.), Corporación del Cobre (USA) Inc. (U.S.A.), Codelco International Limited (Bermudas), Codelco Technologies Ltd. (Bermudas), Codelco Do Brasil Mineracao (Brazil), Mineracao Vale do Curaca (Brazil), Codelco Kupferhandel GMBH (Germany), Metall Agentur GmbH (Germany), Ecometales Ltd., Mining Information Communications and Monitoring S.A., Compañía Minera Picacho (SCM), Compañía Contractual Minera Los Andes, Isapre Chuquicamata Limitada, Elaboradora de Cobre Chilena Limitada, Asociación Garantizadora de Pensiones, Prestadora de Servicios San Lorenzo Limitada, Isapre Río Blanco Limitada, CMS - Chile Sistemas y Equipos Mineros S.A., Ejecutora Proyecto Hospital del Cobre Calama S.A., Complejo Portuario Mejillones S.A., Instituto de Innovación en Minería y Metalurgia S.A., Santiago de Río Grande S.A., Biosigma S.A., Exploraciones Mineras Andinas S.A., Clínica Río Blanco S.A., Minera Gaby S.A., Inversiones Cooperfield Ltda., Energía Minera S.A., Termoeléctrica Farellones S.A.. The interest that Codelco holds in the above companies fluctuates between 96% and 100%. Likewise, in Mineracao Vale Do Curaca (Brazil), Mining Information Communications and Monitoring S.A. and Biosigma S.A., Codelco holds an interest of 51%, 66% and 66.67%, respectively.

The consolidated financial statements take into account the elimination of balances, significant intercompany transactions and unrealized gains and losses between consolidated companies, including foreign and local subsidiaries and the participation of minority investors has been recorded as minority interest.

Although Codelco owns 66.75% of Electroandina S.A. and Inversiones Mejillones S.A., directly or indirectly, the Company does not control the management of these companies, and therefore, in accordance with generally accepted accounting principles in Chile, the conditions to include these subsidiaries in the Codelco financial statements consolidation are not met, the ownership is as follows:

Electroandina S.A.

Codelco directly owns 34.8% of Electroandina S.A. and an indirect ownership interest through Inversiones Tocopilla Ltda., in which Codelco has an ownership interest of 49% and its strategic partner Suez Energy Andino S.A. has an interest of 51%. Inversiones Tocopilla Ltda. owns 65.2% of the shares of Electroandina S.A.

Inversiones Mejillones S.A.

Codelco directly owns 34.8% of Inversiones Mejillones S.A. and an indirect ownership interest through Inversiones Tocopilla Ltda., in which Codelco has a 49% interest and its strategic partner Suez Energy Andino S.A. has an interest of 51%. Inversiones Tocopilla Ltda. owns 65.2% of the shares of Inversiones Mejillones S.A.

e) Price level restatement

The financial statements of the Chilean subsidiaries, which keep their accounting records in Chilean pesos, have been price-level restated to recognize the effects of the variation in the currency's purchasing power during each year. In line with this, restatements for inflation have been determined using the figures reported by the Chilean Institute of Statistics. The variations reported by the aforementioned Institute for the year ended December 31, 2007 and 2006 were 7.4% and 2.1%, respectively.

f) Basis of conversion

The Company's assets and liabilities in Chilean pesos, mainly composed of cash, other receivables, investments in companies in Chile, accounts payable and accruals, have been expressed in United States dollars at the observed exchange rate at each year-end of Ch\$ 496.89 per US dollar as of December 31, 2007 (2006: Ch\$ 532.39).

UF-Denominated assets and liabilities

At December 31, 2007 and 2006, assets and liabilities in local currency denominated in UF (an inflation index-linked unit used in Chile) have been translated using the US\$ rates effective at the end of the period (2007: Ch\$ 496.89 and 2006: Ch\$ 532.39) and the UF value on the closing dates of the financial statements. (2007: \$ 19,622.66; 2006: \$ 18,336.38).

The Company's income and expenses in Chilean pesos have been translated into US dollars at the observed exchange rate on the date on which each transaction was recorded in the accounting records.

Foreign exchange differences are debited or credited to income, in accordance with generally accepted accounting principles issued by the Chilean Institute of Accountants and regulations of the Superintendency.

The average exchange rate for the year ended December 31, 2007 was Ch\$ 522.55 per US dollar, (2006: Ch\$ 530.34).

Chilean subsidiaries

Assets and liabilities and income statement accounts in pesos as of December 31, 2007 and 2006 have been translated into US dollars at the exchange rates on those dates, (Ch\$ 496.89 and Ch\$ 532.39 per US dollar, respectively).

Foreign subsidiaries

As of December 31, 2007 and 2006, the financial statements of foreign subsidiaries have been translated from their respective foreign currencies into US dollars using the closing exchange rates as of the respective year-end, as follows:

	2007	2006
	US\$	US\$
Pound sterling	1.99124	1.95695
Euro	1.47102	1.31874
Mexican peso	0.09175	0.09259

g) Time deposits

Time deposits are recorded at cost plus interest accrued at each year-end.

h) Marketable securities

Marketable securities include mutual fund units stated at market value and other investments defined as marketable securities stated at the lower of cost or market value.

i) Inventories

Inventories are valued at cost, which does not exceed their net realizable value. Cost has been determined using the following methods:

- **Finished products and products in process:** Following the full-cost absorption method, finished products and products in process are valued at average production cost. Production costs include depreciation of property, amortization of property, plant and equipment and indirect expenses.

Simplified Notes to the Consolidated Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

- **Materials in warehouse:** Materials in warehouse are valued at purchase cost. The Company calculates an obsolescence provision depending on the length of time in stock of slow turnover in the warehouse.
- **Materials in transit:** Materials in transit are valued at the cost incurred as at the year-end.

j) Allowance for doubtful accounts

Management estimates the allowance for doubtful accounts based on its experience and analysis, as well as the aging of the balances.

k) Property, plant and equipment

Property, plant and equipment are valued at historical cost as increased by technical appraisals performed by The American Appraisal Co. during 1982 to 1984, net of accumulated depreciation.

Construction in progress includes the amounts invested in property, plant and equipment under construction and in mining development projects.

The ore bodies owned by the Company are recorded in the accounts at US\$1 each. In accordance with the above, the economic value of these ore bodies differs from the accounting value.

l) Depreciation

Depreciation of property, plant and equipment is calculated on the book values of property, plant and equipment, including the revaluation mentioned in Note 2(k) above, using the straight-line method, and is booked in accordance therewith over the estimated useful lives of the assets.

m) Exploration, mine development and mine operating costs and expenses

- **Deposit exploration and drilling expenses:** Deposit exploration and drilling expenses are incurred in the identification of mineral deposits and the determination of their possible commercial viability and are charged to income as incurred.
- **Mine pre-operation and development costs (property, plant and equipment):** Costs incurred during the development phase of projects up to the production stage are capitalized and amortized over future mineral production. These costs include extraction of waste material, constructing the mine's infrastructure and other work carried out prior to the production phase.
- **Expenses of developing existing mines:** These expenses are incurred for the purpose of maintaining the production volumes from deposits and are charged to income as incurred.
- **Costs of delineating new deposit areas in exploitation and of mining operations (property, plant and equipment):** These costs are recorded in property, plant and equipment and are amortized to income in the period in which the benefits are obtained.

n) Leased assets

Property, plant and equipment recorded under finance leasing contracts are recorded as Other property, plant and equipment item. These assets have been valued at their net present value applying the implicit interest rate in the contracts and are depreciated using the straight-line method based on the useful lives of the assets. The Company does not legally own these assets until it exercises the respective purchase option.

o) Investments in related companies

Investments in domestic and foreign related companies, identified as permanent, are valued using the equity method in accordance with Technical Bulletins issued by the Chilean Institute of Accountants. Equity method investments in domestic companies, which are accounted for in Chilean pesos are expressed in US dollars at the year-end exchange rate. The differences which arise and are unrelated to the recognition of income are recognized in the item Other reserves in Equity. In applying the equity method, investments in foreign subsidiaries are expressed in US dollars.

Unrealized gains related to investments in related companies are credited to income at the same rate as the amortization of the transferred assets or mine production, as applicable.

p) Investments in other companies

The item "investments in other companies" represents the value of the shares that the Company has been required to acquire for its operations. These investments are recorded at cost, which do not exceed market value.

q) Intangibles

Intangibles are recorded at the amount of the disbursements made and are amortized in accordance with Technical Bulletin N° 55 issued by the Chilean Institute of Accountants.

r) Income tax and deferred income taxes

Include taxes on first category taxable income and the specific mining activity tax according to D.L. N° 824, and D.L. N° 2,398.

The Company recognizes the effects of deferred income taxes arising from temporary differences, which have a different treatment for financial and tax purposes, in accordance with the Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

s) Severance indemnities and other long-term benefits

The Company has an agreement with its employees for payment of severance indemnities. It is the Company's policy to provide for the total accrued obligation under the shut-down method.

The Company, following its cost-reduction programs through the use of modern technologies, has established personnel severance programs, with benefits that encourage retirement, for which the necessary provisions are made when the employee commits to his/her retirement.

t) Revenue recognition

Revenue for sales to abroad are recognized at the time of shipment or delivery of the products in conformity with contractual agreements and is subject to variations in contents and/or the sales price at the transaction settlement date. Estimations for lower sales value on unsettled operations at the end of the period are accrued based on the information available as of the date the financial statements are prepared and is presented deducting trade receivables. Sales in Chile are recorded in accordance with Chilean regulations.

According to the note related to metal future market hedging policies, the Company carries out operations in future markets recording the final effects of these hedging transactions at the settlement date of the contracts. These results are added or deducted from sales.

Simplified Notes to the Consolidated Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

u) Derivative contracts

The Company's derivative contracts are entered into based on the following hedging policies:

• Hedging policies for exchange and interest rates

The Company contracts exchange rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are made in.

The Company has also contracted interest rate hedge transactions to cover fluctuations of interest rates for future obligations denominated in US dollars.

The results of the exchange rate hedging contracts are recorded as of the date of maturity or settlement of the respective contracts, in conformity with Technical Bulletin N° 57 issued by the Chilean Institute of Accountants.

The results of the hedging contracts for interest rates for future liabilities are amortized over the term of those liabilities.

• Hedging policies for future metal prices

In accordance with policies approved by the Board of Directors the Company entered into contracts in order to hedge future metal prices supported by physical production minimizing the inherent risks to the fluctuation of the prices.

The hedging policy seeks to protect foremost the expected cash flows from sale of products and set prices for a portion of future production also adjust physical contracts to its commercial policy, when it will be necessary.

With the transactions that are carried out, the Company takes advantage of the opportunities provided by the market, which does not imply risk for the Company.

When the sale agreements are fulfilled and the future contracts are settled, income from the sales and future operations are offset.

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

In accordance with the provisions of Technical Bulletin N° 57 of the Chilean Institute of Accountants, the results of these hedging transactions are recorded at the settlement date of the operations, as part of the procedures of the settlement of sale of products.

v) Computer software

The costs associated with computer systems developed using the Company's own human resources and materials are charged to income in the period in which they are incurred.

In accordance with Circular N° 981 dated December 28, 1990 of the Superintendency of Securities and Insurance, computer systems acquired by the Company are capitalized at acquisition cost plus all related costs and are amortized over a period not exceeding four years.

w) Research and development expenses

Research and development expenses are charged to income as incurred.

x) Statement of cash flows

Cash and cash equivalent include unrestricted cash and bank balances, time deposits and as short-term marketable securities maturing within 90 days, in accordance with Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

The Company has recognized cash flows from operating, investing or financing activities as required by Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

y) Bonds

Bonds are presented at outstanding principal plus accrued interest at each period-end. The discount or premium on bond issuance is capitalized as deferred expenses, is amortized using the straight-line method over the term of the bonds and is classified in the Other Assets under Other on in the item Other long-term liabilities under long-term liabilities, respectively.

z) Environmental exit costs

The Company has established a policy of accruing for future environmental exit costs, which mainly relate to tailing dams, which, subsequent to the end of their useful lives, continue to incur expenses. This policy allows for the allocation of a mine's environmental exit costs during its exploitation stage.

aa) Law N° 13,196

Law N° 13,196 requires the payment of a 10% contribution to the Chilean Government on the export value of copper production and related by-products. The amount is included in the item Other expenses in the income statements.

ab) Cost of sales

The cost of sales includes direct and indirect costs and depreciation and amortization related to the production process.

ac) Bond issuance cost

Bond issuance cost is charged to the year's results, as is established in Circular N° 1,370 dated January 30, 1998 issued by the Superintendency.

ad) Goodwill

Goodwill is determined using the purchase method in accordance with the standards established by the Technical Bulletin N° 72 of the Chilean Association of Accountants. Goodwill is amortized over the period in which the benefits are expected to be obtained.

ae) Negative goodwill

The negative goodwill corresponds to the investment made by our subsidiary Codelco Technologies Limited in July 2006, and results from the creditor difference generated between the cost of the investment and the equity method of accounting at the purchase date, in accordance with Technical Bulletin N° 72 of the Chilean Institute of Accountants.

af) Operations with resale and repurchase agreement

Purchases of financial instruments with resale and repurchase agreements are recorded at cost plus interest and restatements at the year-end in accordance with the clauses of the respective contracts.

Simplified Notes to the Consolidated Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

ag) Financial statements from January to December, 2006

Certain 2006 figures have been reclassified for comparative purposes with 2007 figures.

NOTE 03 - CHANGES IN ACCOUNTING PRINCIPLES

From January 1, 2006, the Company records in income collective bargaining bonuses. Until December 31, 2005, these bonuses were capitalized and amortized over the period of the respective collective bargaining agreements. At December 31, 2005, there was an asset for ThUS\$ 14,805 for collective bargaining bonuses, net of deferred taxes, which was also recognized in 2006 income (Note 15).

At December 31, 2007, there are no changes in accounting policies and accounting criteria described in Note 2, with respect to the previous year.

NOTE 04 - BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Accounts receivable and payable to related Companies are presented in the balance sheets.

a) Related transactions

Codelco Chile's Board of Directors has established the policy under which business transacted with individuals and companies related to the Corporation should be conducted. This has been monitored by management since December 1, 1995 through Corporate Regulation N° 18 and its related administrative procedure.

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 Internal Auditor, Divisional Chief Executive Officers 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.

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

In accordance with the policy established by the Board of Directors and its related regulation, those transactions affecting the Directors, its Executive President, Vicepresidents, Corporate Internal Auditor, the members of the Divisional Boards of Directors and Divisional Chief Executive Officers should be approved by this Board.

The Board of Directors became aware of transactions regulated by the Corporate Regulation N° 18 which, in accordance with this internal policy, should be approved by it. The main transactions are indicated below for the total amounts, which should be performed in the terms specified by each agreement:

Company name	Nature of the relationship	Amount of transaction	
		2007 ThUS\$	2006 ThUS\$
Juan Costella Montt	Employee's brother	-	2,606
Insitu Ingeniería Construcción y Servicios S.A.	Executive's relative	739	1,700
Alquimia Ingenieros S.A.	Executive's ex-spouse	-	488
CIMM Tecnologías y Servicios S.A.	Executive	-	261
Cristian Aguilera Alcayaga	Executive' son	-	15
Sebastián Sánchez Arenas	Executive' son	-	8
Bosch S.A.	Executive's spouse	664	-
Edyce S.A.	Employee's relative	398	-
CMS Tecnología S.A.	Subsidiary	23,580	-
Alejandro Mejía Correa	Employee's relative	27	-
Juan Torres Peters	Executive's relative	57	-
Distrinor S.A.	Investee	117,400	-
Compañía de Petróleos de Chile S.A.	Director's participation	14,771	-
Prodalam S.A.	Director's participation	80	2
Quadrem Chile Ltda.	Investee	1,045	-
Domingo Iraola Vela	Employee's relative	-	9
Sodimac S.A.	Director	-	1
Consortio Ingenieros ARA - PM Ltda.	Executive participation	3,040	60
Ara Worley Parsons	Executive participation	2,851	-
Fundición Talleres S.A.	Investee	310	-
Consortio Cioc S.A.	Executive participation	3,404	-
Patricio Vergara Ramírez	Employee's relative	72	-
Mining Information Communication and Monitoring	Subsidiary	33,131	-
Ricardo Parada Araya	Executive's relative	112	-

b) Directors' remunerations

During 2007 and 2006, the members of the Board of Directors have received the following amounts as per diems, remunerations and fees:

Simplified Notes to the Consolidated Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

b.1) Directors' per diems

Name	Amount of transaction	
	2007	2006
	ThUS\$	ThUS\$
Karen Poniachik Pollak	14	11
Andrés Velasco Brañes	14	11
Nicolás Majluf Sapag	39	36
Jorge Bande Bruck	39	36
Eduardo Gordon Valcárcel	39	34
Jorge Candia Díaz	39	36
Raimundo Espinoza Concha	39	35
José Alfonso Dulanto Rencoret	-	3
Nicolás Eyzaguirre Guzmán	-	3
Patricio Meller Bock	-	8
Jorge Navarrete Martínez	-	8
Ricardo Ortega Terrier	-	8
Bismarck Robles Guzmán	-	8
René Valdenegro Oyaneder	-	8

b.2) Remunerations

Name	Amount of transaction	
	2007	2006
	ThUS\$	ThUS\$
Jorge Candia Díaz	96	62
Raimundo Espinoza Concha	55	27
Bismarck Robles Guzmán	-	7
René Valdenegro Oyaneder	-	14

b.3) Fees

Name	Amount of transaction	
	2007	2006
	ThUS\$	ThUS\$
Jorge Navarrete Martínez	-	12

c) Operations with Codelco investees

In addition, the Company also performs the necessary commercial and financial transactions related to its operations with subsidiaries or investees. Financial transactions are mainly loans in current account, the conditions of loans to related companies in use at December 2007 and 2006 are detailed as follows:

Loans receivable

Company	Transaction	2007		2006	
		Interest	Term	Interest	Term
Electroandina S.A. (1)	Line of credit	Libor + 0.75% annual	4 years	Libor + 0,75% annual	4 years
Electroandina S.A. (2)	Line of credit	Libor + 1% annual	2 years	-	-
CMS Tecnología S.A.	Morgage	Libro 180 days + 2.5% annual	3 years	Libro 180 days + 2,5% annual	3 years
Sociedad GNL	Current account	2.6% annual	6 months	-	-
Mejillones S.A.	financing				

(1) Direct line of credit

(2) Line of credit in guarantee for external credits.

Loans payable

Company	Transaction	2007		2006	
		Interest	Term	Interest	Term
Electroandina S.A. (3)	Leasing	8% annual	40 months	-	-

(3) The subsidiary Minera Gaby S.A. has commissioned the design, construction, assembly and start up of the power supply line projects by means of a finance lease. Via this contract, Electroandina will assume ownership of the line project from provisional acceptance to the day on which Minera Gaby S.A. pays installment number 41, on which date it is agreed that the ownership of the line project will be transferred to Minera Gaby S.A.. This line projects has been operating since December, 2007.

Commercial transactions with related companies are referred to purchase and sale of products or services at market conditions and values and they are not subject to interests and readjustments. These companies are: Sociedad GNL Mejillones S.A., Minera Pecobre S.A., Sociedad Contractual Minera Sierra Mariposa, Copper Partners Investments 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., Fundación Talleres S.A., CMS Tecnología S.A., Sociedad Geotérmica del Norte S.A. and Inversiones Mejillones S.A.. The detail is as follows:

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For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

	Amount of transaction	
	2007	2006
	ThUS\$	ThUS\$
Capital contribution	29,086	11,801
Advance from clients	.	550,000
Sales of products and services	182,112	121,971
Received dividends	608,832	.
Reimbursement of expenses	136,142	.
Purchase of products and services	716,447	821,860
Overheads	2,058	.
Interest	158	120
Loans	5,000	.
Commissions paid	177	218
Interests and commissions	3,288	3,041
Gas supply	5,828	9,222
Contract supply	10,366	.

d) Other information

At December 31, 2007 and 2006, the short term and long-term account payable to the investee Copper Partners Investment Company Ltd. correspond to the balance of the advance received (US\$ 550 million) in accordance with the commercial agreement with Minmetals (Note 19b) for ThUS\$ 491,976 (ThUS\$ 528,958 in 2006).

At December 31, 2007 and 2006, the long-term account receivable to the investee Electroandina S.A. corresponds to the balance of credit line pending of amortization in accordance with Shareholders Agreement for ThUS\$ 53,410 (ThUS\$ 45,400 in 2006).

NOTE 05 - INVENTORIES

At December 31, 2007 and 2006, inventories amounted to ThUS\$ 1,704,550 and ThUS\$ 1,522,527, respectively, and include finished products, products in process and material in warehouse and others.

Inventory values are net of obsolescence allowance for material in warehouse for ThUS\$ 51,673 and ThUS\$ 49,837 as of December 31, 2007 and 2006, respectively.

At December 31, 2007 finished product are presented net of unrealized profits of ThUS\$ 34,003 (ThUS\$ 68,725 in 2006), corresponding to purchase and sale operations to investees, which in accordance with generally accepted accounting principles in Chile, have to be deducted from the items that originated them.

NOTE 06 - DEFERRED TAXES AND INCOME TAXES

a) Deferred taxes

The deferred tax calculated in accordance with the policy described in Note 2r) at December 31, 2007 represents a net liability of ThUS\$ 370,115 conformed by assets for ThUS\$ 1,312,663 and liabilities for ThUS\$ 1,682,778. At December 31, 2006 represents a net liability of ThUS\$ 299,124 conformed by assets for ThUS\$ 1,145,088 and liabilities for ThUS\$ 1,444,212.

b) Income taxes

At December 31, 2007, the provision for first category income tax and D.L. N° 2,398 amounted to a charge to income of ThUS\$ 3,637,899 (2006: ThUS\$ 4,724,510), and are shown in the item income taxes payable in current liabilities, net of estimated monthly payments of taxes and other tax credits.

The subsidiaries' income tax provision charged to income amounted to ThUS\$ 16,513 in 2007 and ThUS\$ 156 in 2006 and is presented in income tax payable, net of estimated provisional monthly tax payments and other tax credits.

c) Tax Law N° 20,026

On June 16, 2005, income tax law D.L. N° 824 was modified by Law N° 20,026, establishing a progressive tax rate on mining activity operating margins in Chile (5% for companies with sales over 50,000 metric tons of equivalent copper) and will be applied as of January 2006. In October 2005, the Chilean Internal Revenue Service issued a regulation regarding the law.

At December 31, 2007, the provision for specific tax on mining activities amounted to a charge of ThUS\$ 347,837 (ThUS\$ 440,909 in 2006).

NOTE 07 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 2007 and 2006 are detailed below:

a) Property, plant and equipment

	2007	2006
	ThUS\$	ThUS\$
Land and mining rights	66,168	58,674
Buildings and infrastructure	8,443,896	7,389,756
Machinery and equipment	7,252,721	6,871,901
Other plant and equipment	168,110	116,999
Technical appraisal revaluation	368,171	368,741
Total gross property, plant and equipment	16,299,066	14,806,071

In 2005, the Company deducted ThUS\$ 46,791 from its assets for those mining sectors of Salvador Division that will shut down, they were presented in said year in Other non-operating expenses.

On January 9, 2006, the Board of Directors of Codelco approved the Gaby Project, which involves the exploitation of 584 million tons with a total investment of US\$ 898 million. At December 31, 2007, said project is still in construction and ThUS\$ 732,779 are included in works in construction item related to the Gaby Project.



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b) Accumulated depreciation and depreciation for the year

	2007	2006
	ThUS\$	ThUS\$
Buildings and infrastructure	(4,353,436)	(3,988,259)
Machinery and equipment	(4,421,978)	(4,161,237)
Other plant and equipment	(26,474)	(15,882)
Accumulated depreciation - subsidiaries	(30,517)	(38,448)
Total accumulated depreciation	(8,832,405)	(8,203,826)
Depreciation and amortization for the year	792,460	747,930

c) Other assets

Assets acquired through capital leases correspond to mainly to buildings, infrastructure and machinery and equipment, and are included in Other property, plant and equipment. Contracts are expressed in UF, at an average annual interest rate of 7.92%, and with amortization periods of up to 300 months and are included in Miscellaneous payables, according to their maturity.

NOTE 08 - INVESTMENTS IN RELATED COMPANIES

At December 31, 2007 and 2006, total investments in investees which have not consolidated its financial statements with the Company amount to ThUS\$ 864,987 and ThUS\$ 1,009,968, respectively. The net profits of these companies for 2007 and 2006 amounted to ThUS\$ 457,381 and ThUS\$ 444,304, respectively.

These investments are expressed net of unrealized gains for ThUS\$ 125,779 and ThUS\$ 140,736 in 2007 and 2006, respectively.

In general, Codelco's foreign subsidiaries facilitate the Company's commercial activity in different foreign markets.

The Company has not assumed any liabilities as hedging instruments to cover its foreign investments.

The following are the companies in which Codelco has participation and they have not been consolidated:

a) Main investees of Codelco

Agua de la Falda S.A.

In 1996, Agua de la Falda S.A. was formed by Codelco (49%) and Minera Homestake (51%).

The company's business objective is the exploration and exploitation of gold and other ore deposits in Region III of Chile.

In 2004, Codelco - Chile did not participate in the capital increase carried out by Agua de la Falda S.A., decreasing its participation from 49% to 43%.

In September 2006, the Corporation acquired 56,72% through its subsidiary Inversiones Copperfield Ltda. The purchase of said participation amounted to ThUS\$ 12,000. Afterwards, Inversiones Copperfield Ltda. sold its participation in ThUS\$ 20,000 to Minera Meridian Ltda. which generated an income of ThUS\$ 8,000.

Minera Pcobre S.A. de C.V.

Minera Pcobre S.A. de C.V. is a Mexican Company with variable capital formed by the Mexican company Minas Peñoles S.A. de C.V. and Codelco, with share holdings of 51% and 49%, respectively.

The Company's line of business is the exploration of copper and by-products in mining area concessions in the state of Sonora, Mexico. Through other mining companies, the company also explores processes and sells minerals found in the mining areas.

Inversiones Tocopilla Ltda. and Electroandina S.A.

Inversiones Tocopilla Ltda. is a holding company in which Suez Energy Andino S.A. has a 51% interest and Codelco a 49% interest.

The main business of Electroandina S.A., a public company, is the generation, transmission and distribution of electric energy in Region II of Chile. Inversiones Tocopilla Ltda. holds a 65.2% and Codelco holds 34.8%. Electroandina S.A.'s main assets were acquired from the Codelcos' former Tocopilla Division.

Codelco has direct and indirect ownership for 66.75% of Electroandina S.A.

Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994 by Codelco (49%) and Cyprus El Abra Company (51%), with Cyprus Amax Minerals Company as a guarantor, both linked to the Phelps Dodge mining consortium, to develop and exploit the El Abra deposit.

Codelco's investment in the project consisted of the contribution of a number of mining properties. The financing agreements for the project became effective September 15, 1995 and include the following obligations during the term of the agreements:

- a) A long-term trading agreement with Codelco Services Ltd. for a portion of the production of El Abra.
- b) The commitment from the partners to maintain majority ownership of the property of Sociedad Contractual Minera El Abra.
- c) A pledge on the ownership rights of Sociedad Contractual Minera El Abra in favor of the lending institutions.

Inversiones Mejillones S.A.

Inversiones Mejillones S.A. was formed on March 20, 2002, with a direct ownership of 34.8% by Codelco and 65.2% by Inversiones Tocopilla Ltda. Codelco owns 49% of the capital of Inversiones Tocopilla Ltda.

Inversiones Mejillones S.A. was formed with the objective of acquiring an 82.34% of the shares of Empresa Eléctrica del Norte S.A. (Edelnor), and with the purpose of rescheduling its financial obligations and coordinating the operations of Electroandina S.A. (of which Codelco and Inversiones Tocopilla Ltda. are partners) and Edelnor.

Codelco has direct and indirect ownership for 66.75% of inversions Mejillones S.A.

Sociedad Contractual Minera Purén

Sociedad Contractual Minera Purén was formed on September 23, 2003 by Corporación Nacional del Cobre de Chile and Compañía Minera Mantos de Oro, with shareholding of 35% and 65%, respectively.

The company's objective is the exploration, prospecting, research, development and exploitation of mining projects.



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Fundición Talleres S.A.

Fundición Talleres S.A. is a private company formed on October 1, 2003 by Codelco and Elaboradora de Cobre Chilena Ltda. On October 23, 2003 Fundición Talleres S.A. acquired, from Talleres Division of Codelco, machinery and other operational assets at a book value of Th\$ 8,066,432 (historics) (ThUS\$ 12,560). On January 23, 2004 Codelco sold 60% of its ownership to Compañía Electro Metalúrgica S.A., generating a loss of ThUS\$ 2,744, which was charged to 2004 results.

On December 10, 2007, Elecmetal S.A. exercised the option to purchase 40% of the shares issued for Fundición Talleres S.A. that were property of Codelco Chile. The sale was for ThUS\$ 9,575, earning a ThUS\$ 845 profit that was recognized in income at December 31, 2007.

Its purpose is production of steel parts and fittings.

CMS Tecnología S.A.

CMS Tecnología S.A., a non-public company, whose purpose is to manufacture, market and distribute mining equipment and spares and to provide maintenance and repair service for equipment.

On October 4, 2005, the Company sold to ABB Chile S.A. 70% of CMS Tecnología S.A. shares for ThUS\$ 7,000, gaining a ThUS\$ 832 profit.

Geotérmica del Norte S.A.

Geotérmica del Norte S.A. is a non-public limited liability company whose business objective is the exploration and exploitation of geothermal deposits located between the Regions I, II and III of Chile and the sale, of all products and by-products derived directly or indirectly from the conduct of the aforementioned activities. In March 2006, the Company sold 45.1% of its ownership to Enel Latin America (Chile) S.A., and therefore at March 31 it records a 5% interest. The selling price of the shares was ThUS\$ 1,215 generating a loss of ThUS\$ 12.

Quadrem International Limited and Copper Partners Investment Company Ltd.

Through Codelco Internacional and its subsidiary Codelco Technologies Limited, the Company has invested in Quadrem International Holdings Limited, a global company comprised of 18 of the most significant global mining companies to operate in an electronic market, in which companies may buy and sell goods and services.

In March 2006, Codelco Chile through its subsidiary Codelco Internacional Ltd., signed an agreement with Minmetals for the creation of the company Copper Partners Investment Company Ltd, which is equally owned by the two parties.

Sociedad Contractual Minera Sierra Mariposa

Sociedad Contractual Minera Sierra Mariposa was formed on March 15, 2007, with Codelco holding a 33.3% ownership interest and Exploraciones e Inversiones PD Chile Limitada holding a 66.7% ownership interest, with the business purpose of exploring, surveying, prospecting, investigating, developing and exploiting mining deposits in order to extract, produce and process ore concentrates or other mineral products. Its capital is ThUS\$ 5,247, with Codelco having 33.3% interest.

On October 9, 2007, an Extraordinary Shareholders Meeting was held to modify the Company's capital, the corporation did not subscribe, which caused its ownership interest was reduced to 23.73%.

Kairos Mining S.A.

On January 22, 2007, Codelco Chile, together with Honeywell Chile S.A., formed Sociedad Kairos Mining S.A., with an initial capital of ThUS\$ 100, with a 40% and 60% ownership interest, respectively.

The corporate purpose is:

- a) To supply automation and control services for industrial and mining activities;
- b) To develop advanced control system technology and applications for industrial and mining activities;
- c) To license technology and software, together with the services set out in letter a);
- d) To commercialize, distribute, import, export and generally trade, on its own or through third parties, any of the services mentioned in letter a) and any other service for industrial or mining activities.

Mining Industry Robotic Solutions S.A.

On August 29, 2007, Codelco Chile and Support Company Limitada, Nippon Mining & Metals Co. Ltd. and Kuka Roboter GmbH, formed Mining Industry Robotic Solutions S.A., in which Codelco holds a 36% ownership interest.

The corporate purpose is:

- a) The research, design, creation, invention, manufacture, installation, supply, maintenance and commercialization in any form, of robotic products, robotic technology products or necessary or complementary inputs for the commercialization and maintenance of such products that are capable of being used in the mining and metallurgical industries and their related services.
- b) To produce under license, to license and commercialize product licenses processes and services of robotic nature for the mining and metallurgical industry, as well as all other forms of use by third parties of products or services based on such technology.
- c) The Company may also form all kinds of limited liability companies and private corporations and become a partner or a shareholder of any existing company, being able to develop business activities on its own or through companies that it forms or of which it becomes a partner.

Sociedad GNL Mejillones S.A.

On January 31, 2007, Codelco Chile and Sociedad de Inversiones Copperfield Ltda. formed Sociedad GNL Mejillones S.A., with a capital of ThCh\$ 1,000 (one million Chilean pesos), with Codelco holding a 99.9% ownership interest. Its business purpose is the production, storage, transport and distribution of all type or class of fuel, and the acquisition, construction, maintenance and exploitation of the infrastructure facilities and physical works necessary to transport, receive, process and store, both in Chile and abroad, singly or in partnership with third parties.

On October 4, 2007, Codelco Chile's Board of Directors, in an extraordinary meeting, unanimously agreed to confirm Codelco's participation in the GNL Project, through the GNL Mejillones S.A., changing its ownership interest in that company to 50%. The remaining 50% is assumed by Suez Energy Andino S.A.



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b) Contributions to related companies

During 2007 and 2006 Codelco-Chile made capital contributions to investees, in cash or by capitalizing accounts receivable, for ThUS\$ 29,087 and ThUS\$ 121,801 respectively, as follows:

	2007	2006
	ThUS\$	ThUS\$
Minera Pcobre S.A. de C.V.	1,000	3,030
Sociedad Contractual Minera Purén	-	8,771
Sociedad Kairos Mining S.A.	40	-
Sociedad Contractual Minera Sierra Mariposa	1,747	-
Sociedad GNL Mejillones S.A.	25,000	-
Mining Industry Robotic Solutions S.A.	1,300	-
Copper Partners Investment Company Ltd.	-	110,000

These capital contributions were recorded in accordance with Technical Bulletin N° 72 issued by the Chilean Institute of Accountants.

c) Unrealized gains

The Company has recorded unrealized gains on contributions from mining properties, fixed assets and ownership rights. The most significant transactions are detailed below:

Sociedad Contractual Minera El Abra

The Company contributed mining rights to Sociedad Contractual Minera El Abra in 1994. The recognition of income is in relation to the depletion of Sociedad Contractual Minera El Abra. At December 31, 2007 gains for ThUS\$ 14,957 (2006, ThUS\$ 16,019) were recognized. At December 31, 2007 finished products are presented under inventories item, net of unrealized gains for ThUS\$ 10,721 (2006, ThUS\$ 37,359).

Electroandina S.A.

There is an unrealized gain on the contribution of fixed assets generated in 1996. The gain was recognized in annual installments until February 2006. At December 31, 2006, a gain of ThUS\$ 3,026 was recognized.

Inversiones Tocopilla Ltda.

There is an unrealized gain on the initial contribution of ownership rights generated in 1996. The gain was recognized in annual installments until February 2006. At December 31, 2006, a gain of ThUS\$ 1,089 was recognized.

NOTE 09 - GOODWILL AND BAD GOODWILL**a) Goodwill**

The Law N° 19,993 dated December 17, 2004 authorized ENAMI to sell real estate, equipment, a laboratory, furniture and vehicles, rights and licenses and other movable goods and intangible goods, forming the industrial mining metallurgical complex called Fundición y Refinería Las Ventanas.

Such acquisition was completed on May 1, 2005 for US\$ 391 million plus VAT for US\$ 2.5 million on taxed fixed assets. Such transaction mainly consisted in the acquisition of the assets of the industrial complex and certain liabilities related to the industrial complex's employee benefits.

At December 31, 2007, the goodwill resulting of this transaction, is amortized in 20 years, since that date in accordance with the estimated life of the investment.

b) Negative goodwill

At July 31, 2006, the subsidiary Codelco Technologies Limited acquired the remaining 50% of the ownership in Alliance Cooper Limited (now Ecometales Ltd.) in ThUS\$ 10,000. Said operation generated a net negative goodwill of ThUS\$ 351 (2006: ThUS\$ 391).

The indirect subsidiary Codelco Technologies Ltd. booked the increase of this investment according to Technical Bulletin N° 72 issued by the Chilean Institute of Accountants.

NOTE 10 - OBLIGATIONS WITH BANKS AND FINANCIAL INSTITUTIONS - CURRENT

Current obligations with banks and financial institutions amount to ThUS\$ 23,824 and ThUS\$ 61,049 in 2007 and 2006, respectively. In 2007, US\$ 23,824 are denominated in euros at a 4.49% annual interest rate. In 2006, ThUS\$ 22,000 are denominated in US dollars and pay no interest and ThUS\$ 39,049 are denominated in euros at a 4.28% annual interest rate.

Long-term bank obligations due within one year amount to ThUS\$ 308,341 in 2007 and ThUS\$ 8,506 in 2006, they are in US dollars at an average annual interest rate of 5.22% in 2007 and 5.72% in 2006.

NOTE 11 - OBLIGATIONS WITH BANKS AND FINANCIAL INSTITUTIONS - LONG TERM

At December 31, 2007 and 2006, these obligations amount to ThUS\$ 700,000 (2006: ThUS\$ 600,000), are denominated in US dollars at an interest rate based on Libor. The average annual interest rate was 5.06% in 2007 (5.72% in 2006). At December 31, 2007 these obligations mature as follows: ThUS\$ 300,000 in 2009 and ThUS\$ 400,000 in 2014.

NOTE 12 - CURRENT AND LONG-TERM BONDS

On May 4, 1999, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 300,000. These bonds mature in a single installment on May 1, 2009, at an interest rate of 7.375% per annum with interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 3,708 and ThUS\$ 3,728, respectively.

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On November 18, 2002, the Company issued and placed bonds in the Chilean market, under Superintendency of Securities and Insurance regulations. These bonds were issued for a nominal amount of UF 7,000,000, in a single denominated A Series, and are represented by 70,000 certificates for UF 100 each. These bonds mature in a single installment on September 1, 2012, at an interest rate of 4.0% per annum with interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 3,670 and ThUS\$ 3,227, respectively.

On November 30, 2002, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 435,000. These bonds mature in a single installment on November 30, 2012, at an interest rate of 6.375% per annum interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 2,438 and ThUS\$ 2,451, respectively.

On October 15, 2003, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 15, 2013, at an interest rate of 5.5% per annum interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 6,011 and ThUS\$ 5,969, respectively.

On October 15, 2004, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 15, 2014, at an interest rate of 4.750% per annum interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 5,192 and ThUS\$ 5,155, respectively.

On May 10, 2005, the Company issued and placed bonds in the local market, for a nominal amount of UF 6,900,000 in a single denominated B Series, and are represented by 6,900 certificates for UF 1,000 each. These bonds mature in a single installment on April 1, 2025, at an interest rate of 3.29% per annum with interest paid semi-annually. At December 31, 2007 and 2006 the current liability for each year is ThUS\$ 2,814 and ThUS\$ 2,433, respectively.

On September 21, 2005, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on September 21, 2035, at an interest rate of 5.6250% per annum with interest paid semi-annually. At December 31, 2007 and 2006 the current liability for each year is ThUS\$ 7,881 and ThUS\$ 7,925, respectively.

On October 19, 2006, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 24, 2036, at an interest rate of 6.15% per annum interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 5,713 and ThUS\$ 5,829, respectively.

NOTE 13 - ACCRUALS

At December 31, 2007 and 2006, long-term accruals amount to ThUS\$ 1,526,162 and ThUS\$ 1,179,540, respectively. These accruals cover the Company's commitments that will take place in the long term, arising from exit plans, contingencies, severance indemnities and others related to personnel benefits in union contracts.

The changes in the long-term accruals for severance indemnities are summarized below:

Movements	Long-term liability	
	2007	2006
	ThUS\$	ThUS\$
Balance as of January 1,	729,216	696,033
Provision for the year (including effects for variations in exchange rates)	176,842	62,065
Transfers to current liability	(26,155)	(28,882)
Total severance indemnities	879,903	729,216

NOTE 14 - CHANGES IN EQUITY

a) Corporación Nacional del Cobre de Chile, Codelco-Chile was formed by D.L. N° 1,350 dated 1976, which establishes that all net income earned by the Company goes to the benefit of the Chilean Government after deducting amounts that, by a charge to net earnings for each year, must be maintained in Other Reserves as established in Article 6 of D.L. N° 1,350, and have to be included in the proposal made by the Board of Directors to the Ministry of Mining and the Ministry of Finance.

On February 28, 2007, in accordance with Article 6 of D.L. N° 1,350, the Board of Directors agreed to request the Ministries of Mining and Finance the creation of a reserve fund charging to 2006 net income for an amount equivalent to the total amount of taxes (ThUS\$ 313,500), which corresponds to the income tax and additional tax paid in advanced by Codelco as a result of the advance received from the clients for ThUS\$ 550,000 in accordance with the commercial agreement with Minmetals. At said meeting, the Board also asked to maintain as a retained earnings an amount of ThUS\$ 400,000. Both proposals were accepted.

The composition of Other Reserves as of December 31, 2007 is as follows:

Detail	Year	Accumulated
	ThUS\$	ThUS\$
Capitalization of net income and reserves	320,708	957,191
Cumulative translation adjustment - subsidiaries	2,784	39,066
Reserves for housing programs	-	35,100
Technical appraisal revaluation D.L. N° 3,648	-	624,567
Balance of other reserves as of December 31, 2007	323,492	1,655,924

b) At December 31, 2007, the Company recognized a surplus in favor of the Chilean Treasury for ThUS\$ 1,817,763, charged to 2007 income, which reduces equity.



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Changes in equity during 2007 and 2006 are detailed below:

2007

Movements	Paid-in capital	Other reserves	Retained earnings	Profit distributions	Net income for the year
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Beginning balance - January 1	1,524,423	1,332,432	-	(1,668,043)	3,338,789
Transfer to reserves and profit distributions	-	-	-	1,688,043	(1,668,043)
Profit distributions against prior year results	-	-	-	-	(950,038)
Capitalization of reserves and/or other income	-	320,708	400,000	-	(720,708)
Net changes in equity in subsidiaries and investees of the company	-	2,784	-	-	-
Net income for the year	-	-	-	-	2,981,619
Provisional profit distributions to Chilean Treasury	-	-	-	(1,817,763)	-
Totals	1,524,423	1,655,924	400,000	(1,817,763)	2,981,619

2006

Movements	Paid-in capital	Other reserves	Profit distributions	Net income for the year
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Beginning balance - January 1	1,524,423	1,325,390	(1,688,388)	1,779,609
Transfer to reserves and profit distributions	-	-	1,688,388	(1,688,388)
Profit distributions against prior year results	-	-	-	(81,966)
Capitalization of reserves and/or other income	-	9,255	-	(9,255)
Net changes in equity in subsidiaries and investees of the company	-	(2,213)	-	-
Net income for the year	-	-	-	3,338,789
Provisional profit distributions to Chilean Treasury	-	-	(1,668,043)	-
Totals	1,524,423	1,332,432	(1,668,043)	3,338,789



NOTE 15 - NON-OPERATING INCOME AND EXPENSES

Non-operating income and expenses at December 31, 2007 and 2006 are detailed below:

a) Other income

	2007	2006
	ThUS\$	ThUS\$
Satep delegated management	5,042	4,768
Penalties to suppliers	4,916	7,541
Sale of basis	303	171
Miscellaneous sales	44,841	39,005
Service sales	10,012	8,540
Proceeds from sales of property, plant and equipment (1)	83,377	2,254
Realized gains on contributions to companies	14,957	20,134
Others	72,049	82,328
Totals	235,497	164,741

b) Other expenses

	2007	2006
	ThUS\$	ThUS\$
Export tax (Law N° 13,196)	1,389,965	1,311,417
Adjustments to severance indemnity	77,684	42,667
Satep delegate administration	6,409	7,433
Write-off of property, plant and equipment	6,124	48,506
Collective bar gaining browses	93,866	180,492
Write-off	3,031	5,083
Bond issuance expenses	-	1,634
Closure costs	194,922	105,937
Pre-investment expenses	54,222	65,562
Expenses ex División Talleres	924	1,028
Expenses ex División Tocopilla	941	605
Stamp tax	6,000	8,040
Material inventories	415	115
Non recovered VAT	1,290	1,105
Others	29,926	63,006
Other employee's expenses	3,541	7,960
Retirement plans	28,064	20,104
Health plans	11,545	83,178
Contingencies accrued	39,782	83,693
Totals	1,948,651	2,037,565

(1) At December 31, 2007, the subsidiary Codelco Internacional Ltd. through its indirect subsidiary Codelco Mineracao Ltda., has an income for ThUS\$ 81,460 corresponding to the sale of Boa Esperanca Project. The income obtained in this operation for ThUS\$ 60,090 was recognized in results of said subsidiary.

Simplified Notes to the Consolidated Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

NOTE 16 - PRICE LEVEL RESTATEMENT

As stipulated in D.L. N° 1,350 of 1976, the Company records its operations in U.S. dollars. Therefore price level restatement figures stem from the consolidation with subsidiaries, which registered a net charge to income of ThUS\$ 1,303 and ThUS\$ 264 in 2007 and 2006, respectively.

NOTE 17 - EXCHANGE RATE DIFFERENCES

Assets and liabilities, traded in currencies other than US dollars, have been converted at the year-end exchange rate, resulting in a net charge to income of ThUS\$ 71,717 and net debit to income for ThUS\$ 42,364 in 2006.

NOTE 18 - DERIVATIVE CONTRACTS

As was mentioned in Note 2u), the Company had hedge operations to mitigate the risk of fluctuation in interest rates, foreign currency exchange rates and changes in selling prices, as follows:

a) Interest rate hedge

At December 31, 2007, the Company has contracts in place to fix the interest rate fluctuations of US dollar - denominated bank loans for ThUS\$ 300,000. Deferred payments under these contracts amounted to ThUS\$ 4,445 (2006: ThUS\$ 11,369), which are shown in Others under Other Assets and amortized over the term of the respective liabilities, from January 2008 to September 2008. A positive exposure of ThUS\$ 3,031 has been determined as of December 31, 2007.

b) Exchange rate hedge

The Company has exchange rate hedge contracts for ThUS\$ 373,001, which mature in August 2012 and April 2025. At December 31, 2007, these contracts show a positive exposure of ThUS\$ 132,615. The net account receivable for said contracts amounts to ThUS\$ 175,927 (2006: ThUS\$ 105,737), are classified in Others under Other Assets. In addition, costs arising from said contracts for ThUS\$ 77,946 (2006: ThUS\$ 55,558), are recorded in Other long-term liabilities and amortized over the term of the respective liabilities.

c) Contracts for pricing operations and adjustments to the commercial policy

In order to protect its cash flows and adjust when is necessary its sale contracts to its commercial policy, the Company carries out operations in future markets recording the results of these hedging transactions at the maturity date of the contracts. Said results are added to or deducted from sales. The addition or deduction is due to the fact that sales include the positive or negative effect of market prices. At December 31, 2007, said operations generated a net lower income of ThUS\$ 315,232 (lower income for sales of ThUS\$ 317,767 and higher income for purchases of ThUS\$ 2,535), which are detailed as follows:

c.1 Commercial operations of outstanding copper contracts

In accordance with the policy of cash flow hedge and adjustment to its commercial policy, in 2007, the Company has carried out operations in future markets, which represent 260,325 metric tons of fine copper. These hedging operations are part of the commercial policy of the Company and mature until March 2009.

The outstanding contracts at December 31, 2007 show a positive exposure of ThUS\$ 283,196, whose final result could only be known at the maturity date of said operations, after the compensation between the hedging operations and the income from the sale of hedged products.

The operations that ended between January 1 and December 31, 2007 generated a net positive effect on income of ThUS\$ 5,995 which is deducted from the amounts paid for purchase contracts and added to the amounts received for the contracts for sales of products involved in said pricing operations (ThUS\$ 2,535 for purchases and ThUS\$ 3,460 for sales).

c.2 Commercial operations for outstanding gold and silver contracts

At December 31, 2007, the Company has silver pricing hedging operations for MOZT 2,218 troy ounces.

At that date, the negative exposure amounted to ThUS\$ 115.

The operations that ended between January 1 and December 31, 2007 generated a negative effect on income of ThUS\$ 81, which is deducted from the amounts received for the contracts for sale of products involved in said pricing operations. These hedging operations mature until March 2008.

c.3 Operations to protect cash flows based on future production

Also, in order to protect its future cash flows by guaranteeing levels of selling prices of part of the project production, future operations related to said projects have been carried out for MTF 1,077,829. These hedging contracts mature until March 2013.

Outstanding futures operations at December 31, 2007 show a negative exposure of ThUS\$ 3,596,775, whose final result could only be known at the maturity date of said contracts, compensating their effects with the sale of the hedged products.

The future operations ended between January 1 and December 31, 2007, related to the production sold generated a lower income of ThUS\$ 320,728, which is the result of the compensation between the hedging operation and revenues arising from the contracts for the sale of products involved in said pricing operations. As part of the Company's commercial policy, said results reduce net operating income.

At December 31, 2007, the Company keeps Min/Max option agreements (put purchase and call sales) in order to protect their future cash flows by means of ensuring a minimum sale price of MTF 237,000. These operations record at December 31, 2007, a negative exposure of ThUS\$ 102,065. These hedging operations mature on March 2010.

The operations ended between January 1 and December 31, 2007 generated a minor income for ThUS\$ 418.

NOTE 19 - CONTINGENCIES AND COMMITMENTS

Lawsuits and contingencies

Codelco is involved in various lawsuits and legal actions initiated by, or against, the Company which result from the inherent nature of the industry in which the Company operates. In general, these lawsuits are from civil, tax, labor and mining actions, all of which are related to the Company's operating activities.

In the Company management's and legal advisors' opinion, these lawsuits against to the Company do not represent significant loss contingencies. The Company defends its rights and uses all legal and proceeding resources available.



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The most significant lawsuits to which Codelco is a party are related with the following matters:

- **Tax lawsuits:** There are several tax assessments issued by the Chilean Internal Revenue Service for which the Company has presented its corresponding objections.
- **Labor lawsuits:** Labor lawsuit initiated by employees of Andina Division against the Company in relation to professional diseases (silicosis).
- **Mining lawsuits:** The Company has been involved, and will probably continue to be involved, as a defendant and plaintiff in a number of proceedings, through which it seeks to protect certain mining concessions already established or in the process of being established. Currently these proceedings have no determined amounts and do not significantly affect Codelco's development.

An analysis case by case related with these lawsuits against to the Company has shown that exists a total of 121 lawsuits with an estimate amount, 34 of them for ThUS\$ 6,523 could have negative results against to the Company. Also there are 36 lawsuits for ThUS\$ 21,008 for which there is no certainty they will be against to Codelco. For the 51 remaining lawsuits for ThUS\$ 23,842, legal advisers estimate they will not have negative result to Codelco. Additionally there are 92 lawsuits without amount, 21 of them could have negative judicial decision against to Codelco.

For all the abovementioned lawsuits, there are necessary provisions which are recorded in contingency provisions.

As publicly known, the Corporation filed a petition at the corresponding Courts of Appeals, in relation to the reports issued by the Labor's Inspection Office, as a consequence of Law N° 20,123, which regulates the work in terms of subcontracting and transitory services companies. The Corporation has achieved five favorable sentences regarding these petitions and it has appealed to one of them.

Litigation in subsidiaries

The subsidiary Instituto de Innovación en Minería y Metalurgia S.A., has a labor lawsuit regarding an alleged non-compliance of confidentiality and industrial property obligations, derived from agreements and contracts signed between the subsidiary and the company Ultratech II S.A., in the years from 1999 to 2002.

This arbitration demand was filed by the trustee of the bankruptcy of the company Ultratech II S.A. in liquidation, for an exact amount of ThUS\$ 681,150, considering the concepts of consequential damage, loss of future earnings and moral damage.

This contingency was notified to the Instituto de Innovación en Minería y Metalurgia S.A. on April 25, 2007, and at present the discussion stage has concluded and the evidence period has started, situation which will be extended at least until April 2008.

According to the case information, the informed by the the Instituto de Innovación en Minería y Metalurgia S.A. and its legal advisors, the claim has low probabilities of success.

Other commitments

a) In July 2005, the Board of Directors of the Company was informed of the Salvador mineral situation; and hence management initiated activities in order to close the oxide line by 2008 at the latest and the sulphides line by 2011 at the latest.

Additionally, on September 5, 2005, the Board of Directors approved the 2006 exploration plan, which includes the closing of oxide and sulphide mining operations in 2008 and 2011 respectively, as well as the transition plan for that period.

Regardless to the above mentioned on May 8, 2007 considering new studies related to market conditions the Board of Directors, decided to extend in two years the exploitation of the Salvador Division's oxide line, postponing the close of the oxide line until 2010.

Additionally, during the second half of 2005, and in accordance with the evaluated impact of this decision, and the mine closure plan the corresponding provisions were recorded.

Additionally, at December 31, 2005, the Company wrote-off assets associated with the activities being closed.

b) On May 31, 2005, Codelco through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to create a company, in which both companies will participate equally. Also, they agreed on the terms of a 15-year sales agreement regarding cathodes for that joint venture and a purchase agreement with Minmetals for the same term and monthly shipments until completing 836,250 metric tons. Codelco will receive an advance of US\$ 550 million as a payment from the joint venture. Each shipment will be paid by the purchaser at a price composed of a fixed and a variable component, which will depend on the current price of the copper at the time of the shipment.

On the other hand, Codelco has granted Minmetals an option to acquire, at market price, a minority ownership in a company that will exploit the Gaby mineral deposit, subject to the conditions that Codelco establishes to go forward with said initiative.

During the first quarter of 2006, based on agreed financial conditions, the financing contracts with the China Development Bank were signed, allowing the Copper Partners Investment Company Ltd. to make the US\$ 550 million payment in March 2006 to Codelco.

At December 31, 2007 is operating and the monthly shipments began in June 2006, the contract in operation.

According to the abovementioned agreement of the Board of Directors and the agreements with Minmetals, Codelco contracted hedge transactions for 139,325 tons (including the abovementioned tons), on behalf of Copper Partners Investment Company Ltd., which were completed during January and February 2006 (97,450 MTF at December 31, 2007). Copper Partners Investment Company assumes the result of this hedge.

The agreement with Minmetals was reported as a significant event to the Superintendency on February 22, 2006 and explanatory additional communications dated February 27 and March 7, 2006.

c) The Company has subscribed gas supply contracts with its investee GNL Mejillones S.A., which will operate as from October 2010, through this contract, the investees agreed to sell as a minimum the equivalent to 27 TBtu annually in the period 2010-2012.

d) Law N° 19,993 dated December 17, 2004 that authorized the purchase of the assets of Fundición y Refinería Las Ventanas from ENAMI, establishes that the Company should guarantee the necessary smelting and refining capacity, with no restrictions or limitations, for products of the small and medium size mining industry that ENAMI serves, upon terms agreed to by both parties.

e) The Corporation, following its cost-reduction programs through the use of modern technologies, has established personnel early severance programs, with benefits that encourage retirement, which obligation is recognized as a provision when the employee commits to his/her retirement.



Simplified Notes to the Consolidated Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

Additional information

In connection with the financial liabilities incurred by the investee Copper Partners Investment Company Ltd. with the China Development Bank, Codelco Chile and Codelco International Ltd. must fulfill certain covenants mainly referred to providing financial information. Additionally, Codelco Chile has to maintain its ownership of 51% in Codelco International Limited.

In accordance with the Sponsor Agreement dated March 8, 2006, the subsidiary Codelco International Ltd. agreed to transfer its rights held in Copper Partners Investment Company Ltd. as collateral security in favor of China Development Bank.

There are no restrictions or covenants associated with the Company's financial or public obligations.

NOTE 20 - DIRECT GUARANTEES

The Company has obligations with the Chilean Treasury according to Law N° 18,634 on deferred customs rights for ThUS\$ 216 (2006: ThUS\$ 801). In addition, the Company records documents delivered as guarantee for ThUS\$ 64,858 in 2007 (2006: ThUS\$ 40,628).

At December 31, 2007, the Company has direct guarantees corresponding to Stand by letter of ThUS\$ 660,000 to certain Brokers in order to guarantee future metal market operations.

NOTE 21 - INDIRECT GUARANTEES

At December 31, 2007 and 2006, the Company records and indirect debt for ThUS\$ 30,038 from guarantees to its investee Electroandina S.A.

NOTE 22 - SURETIES OBTAINED FROM THIRD PARTIES

The Company has received a number of guarantees that mainly cover supplier and contractors' obligations related to various projects under development in its operating Divisions, which amount to ThUS\$ 413,266 in 2007 and ThUS\$ 314,256 in 2006.

NOTE 23 - ASSETS AND LIABILITIES IN LOCAL AND FOREIGN CURRENCY

At December 31, 2007, the Company has assets traded in local currency for ThUS\$ 1,029,350 (2006: ThUS\$ 495,600) and liabilities for ThUS\$ 1,361,671 (2006: ThUS\$ 1,500,268).

NOTE 24 - SANCTIONS

In exempt resolution N° 317 dated August 1, 2007, the Company received a sanction of censure from the Superintendency of Securities and Insurance for infringement penalized in Article 44 of the Chilean Law N° 18,046 on corporations.

At December 31, 2007, and 2006, Codelco-Chile, its Directors and Management have not been subject to other sanctions applied by the Superintendence or other administrative authorities.



NOTE 25 - ENVIRONMENT

The practice of exploration and recognition of new resources, which are environmentally sustainable, has been a significant concern for the Company. Consequently, since 1998 the Company has defined its environmental commitments, which are controlled through an environmental management system for explorations that has been improved over time to conform to the worldwide standard ISO 14001, which has assisted in geology, geochemical, geophysical and sounding work directed towards exploration of mineral resources both in Chile and abroad.

At December 31, 2007, Codelco Norte, formed by Chuquicamata and Radomiro Tomic Divisions, Andina, El Salvador and Teniente Divisions, and the head office received ISO 14001 certification.

In accordance with this policy, at December 31, 2007, the Company has made investments, related to environmental issues, which amount ThUS\$ 53,741 (2006: ThUS\$ 60,826).

NOTA 26 - TIME DEPOSITS

The composition of time deposits as of December 31, 2007 and 2006 is as follows:

2007

Bank	Interest annual rate	Amount
	%	ThUS\$
Banco de Chile	6.3600	817
Banco de Chile	7.2800	6,326
Banco de Crédito e Inversiones	5.1600	1,001
Banco Bilbao Vizcaya Argentina, N.Y.Branch	4.3800	102,405
Banco del Estado de Chile, N.Y.Branch	4.2500	16,894
Banco del Estado de Chile, N.Y.Branch	4.9500	100,096
Barclays Bank PLC, Miami Agency	4.4000	20,007
Barclays Bank PLC, Miami Agency	4.9000	130,363
BCI, Miami Branch	4.5000	180,068
Citi New York	3.6000	25,040
Natixis, New York Branch	4.4000	200,073
Natixis, New York Branch	4.4200	100,037
Standard Chartered Bank, N. York	4.4700	360,133
Sumitomo Mitsui Banking Co., N.Y.	4.4700	220,082
Sumitomo Mitsui Banking Co., N.Y.	4.8200	60,201
Sumitomo Mitsui Banking Co., N.Y.	4.8500	71,620
The Bank of Tokyo-M Ltd., N.Y.	4.5200	170,064
The Bank of Tokyo-M Ltd., N.Y.	4.7900	70,047
The Bank of Tokyo-M Ltd., N.Y.	4.9500	120,066
ABN AMRO	-	82,233
Other Institutions	-	11,025
Total		2,048,598



Simplified Notes to the Consolidated Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

2006

Bank	Interest	Amount
	annual rate	ThUS\$
	%	
Banco de Chile	5.6400	232
Banco de Chile	5.8200	771
Banco de Crédito e Inversiones	5.5200	18,989
ABN AMRO Bank, Grand Cayman	5.2400	60,026
Banco Español de Crédito S.A - Banesto N.Y.	5.2900	106,779
Barclays Bank PLC, Miami Agency	5.2875	41,024
Barclays Bank PLC, Miami Agency	5.2900	41,525
Barclays Bank PLC, Miami Agency	5.3200	60,044
Citi New York	3.8000	27,182
Citi New York	5.0225	29,300
Sanpaolo IMI Bank, N.Y. Branch	5.2700	97,643
Sumitomo Mitsui Banking Co., N.Y.	5.3000	64,634
Sumitomo Mitsui Banking Co., N.Y.	5.3100	60,044
The Bank of Tokyo-M Ltd., N.Y.	5.3100	138,537
Banca Di Roma, N.Y. Branch	5.2500	60,026
Other Institutions	-	14,710
Total		821,466


NOTE 27 - SUBSEQUENT EVENTS

On January 9, 2008, Mr. Santiago González assumes as a new President of Board of Directors replacing to Mrs. Karen Poniachik Pollak.

On January 10, 2008, the Company paid an amount of ThUS\$ 400,000 for fiscal surpluses on account of surplus for 2007.

On February 15, 2008, the Company paid an amount of ThUS\$ 400,000 for fiscal surpluses on account of surplus for 2007.

The Company's management has no knowledge of any significant events of a financial nature or any other nature, occurring between December 31, 2007 and the date of issuance of these financial statements (February 15, 2008) which might affect them.



José Pablo Arellano Marín
Executive President



Daniel Barría Iroumé
Corporate Vice-President
for Shared Services



Mario Allende Gallardo
Chief Accountant



_Analysis of Consolidated Financial Statements

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

The following section is intended to improve the ease of the interpretation of the Consolidated Financial Statements of Corporación Nacional del Cobre de Chile (Codelco) between the years ended December 31, 2007 and December 31, 2006, respectively.

Using the amounts in the financial statements we built the following indicators (expressed in thousands of US\$)

FINANCIAL INDICATORS

Balance Sheet	2007	2006	Variation
	Ratio	Ratio	%
Liquidity			
Current assets/Current liabilities	1.85	2.23	-17%
(Current assets-Inventories-Prepaid expenses)/Current liabilities	1.31	1.49	-12%
Indebtedness			
Total debt (L)/Equity times	2.17	1.88	16%
Current liabilities/Total debt (L)	0.31	0.24	26%
Long-term liabilities/Total debt (L)	0.69	0.76	-8%
	2007	2006	Variation
	ThUS\$	ThUS\$	%
Liabilities (L)	10,309,380	8,502,669	21%
Income for the year plus income tax and Law N° 13,196	8,462,746	9,214,860	-8%
	2007	2006	Variation
	Ratio	Ratio	%
Activity			
Trade accounts receivable turnover	18.20	11.62	57%
Collection recovery (days)	20	31	-36%
Inventory turnover (times)	4.73	4.78	-1%
Inventory permanence (days)	76	75	1%
Profitability (Income after taxes)			
% Return on assets	19.80	25.62	-23%
% Return on equity	62.85	73.74	-15%
% of operating asset performance (2)	21.01	27.77	-24%

	2007	2006	Variation
	ThUS\$	ThUS\$	%
Results			
Net sales	16,988,242	17,077,032	-1%
Cost of sales	(8,058,827)	(7,272,311)	11%
Net operating income	8,547,820	9,466,620	-10%
Net non-operating loss	(1,478,181)	(1,565,557)	-6%
Interest expense	(245,487)	(236,085)	4%
Depreciation for the year	(543,548)	(520,367)	4%
Amortization of intangible assets	(290,985)	(255,874)	14%
EBIT	7,069,639	7,901,063	-11%
Law N° 13,196	(1,389,965)	(1,311,417)	6%
Income tax	(4,091,162)	(4,564,654)	-10%
EBITDAie (1)	8,149,659	8,913,389	-9%
Amortization of negative goodwill	41	31	
Net income	2,981,619	3,338,789	-11%
Equity			
Equity	4,744,203	4,527,601	5%
Net property, plant and equipment	7,466,661	6,602,245	13%
Total assets	15,057,884	13,032,843	16%
Net income/(Loss) per share in US\$	Not applicable	Not applicable	

	2007	2006	Variation
	FMT	FMT	%
Physical sales volume (own copper and third party copper)	1,948,835	2,011,854	-3.13%

(1) EBITDAie: Equity before taxes, interest, depreciation, amortization and extraordinary items.

(2) Total assets less investments in other companies and in related companies are considered to be operating assets.

MINE DEPOSITS

The Company's deposits are recognized in accounting at US\$ 1 each. Under these terms, the economic value of these deposits differs from their carrying value.

This generates the effect that shareholders' equity for accounting purposes and assets understatement compared to their economic value.



Analysis of Consolidated Financial Statements

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

MARKET

As of December 31, 2007, markets in which the Company commercializes its products have experienced no significant changes. As known by the public, from the end of 2005 to November 2006 there have been ongoing increase in copper international prices. It is also convenient to note that the price of molybdenum had an increase between 2004 and 2005 and showed growth between 2006 and the beginning of 2007.

The table below shows annual average amounts beginning in 2000:

	Copper	Molybdenum
	US\$/FMT	US\$/FMT
2000	1,814.27	5,652.65
2001	1,577.78	5,222.31
2002	1,567.64	8,488.68
2003	1,779.88	11,993.36
2004	2,870.90	37,237.39
2005	3,683.44	70,481.10
2006	6,730.60	54,558.00
2007	7,126.35	66,645.72

BALANCE SHEET

Amounts in the balance sheet show growth in assets mainly generated by operating activities and as a result of greater copper prices which generate increases in the Company's collection, which is reflected in the increase in time deposits.

As of December 31, 2007, current assets amounted to ThUS\$ 5,861,670 (2006: ThUS\$ 4,621,986) mainly composed of inventory (net) of ThUS\$ 1,704,550 (29.08%), trade accounts receivable of ThUS\$ 933,303 (15.92%), time deposits of ThUS\$ 2,048,598 (34.95%) and the difference is composed by other accounts in current assets.

Accounts receivable associated with trade accounts receivable decreased compared to the prior year due to an improvement in collection recovery (20 days as of December 2007 compared to 31 days in the prior year.)

The increase in inventory as of December 31, 2007 compared to the same period of prior year is due to greater inventory stocks at year-end and greater process cost. Below, we provide the detail of inventory at year-end.

	2007	2006
	ThUS\$	ThUS\$
Finished products	781,688	655,210
Products-in-process	673,250	660,984
Materials in warehouse and other, net	249,612	206,333
Balance at year-end	1,704,550	1,522,527

As of December 31, 2007, property, plant and equipment entries have showed a net increase of ThUS\$ 864,416, compared to the balance as of December 31, 2006.

Concept	2007	2006	Variation
	ThUS\$	ThUS\$	ThUS\$
Codelco's property, plant and equipment, net	7,466,661	6,602,245	864,416
Land	66,168	58,674	7,494
Buildings and infrastructure			
- Land improvements	1,964,210	1,887,338	76,872
- Buildings	2,158,108	2,094,071	64,037
- Rooms	128,157	129,292	(1,135)
- Work-in-progress	1,501,600	910,475	591,125
- Mine development	549,502	549,496	6
- Deposit delimitation	15,720	15,720	-
- Mining operations	1,966,324	1,680,978	285,347
- Forest plantation and development	944	944	-
Machinery and equipment	6,429,513	6,062,643	366,870
Transportation equipment	783,770	723,172	60,598
Furniture and equipment	24,554	25,429	(876)
Subsidiaries	185,691	184,222	1,469
Lease fixed assets	156,634	114,876	41,758
Technical appraisal	368,171	368,741	(570)
Depreciation reserve	(8,832,405)	(8,203,826)	(628,579)

As of December 31, 2007, current liabilities amount to ThUS\$ 3,172,286 (ThUS\$ 2,071,804 as of December 31, 2006) and are composed of accounts payable of ThUS\$ 829,806 (26.16%), accrued expenses of ThUS\$ 715,476 (25.55%) and dividends payable of ThUS\$ 800,000 (25.22%) plus other miscellaneous liabilities.



Analysis of Consolidated Financial Statements

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

Movements in obligations with banks and financial institutions are as follows:

	Short-term	Long-term
	ThUS\$	ThUS\$
Balance as of January 1, 2007	69,555	600,000
Transfers to the short-term portion	300,000	(300,000)
Amortization	(216,190)	-
Increases	178,800	400,000
Balance as of December 31, 2007	332,165	700,000

Current liabilities include the short-term portion of US\$ 37 million owed to Copper Partners Investment, which will have to be applied to invoices which document effective shipments to be performed in the next period. The balance owed for this concept is presented under long-term accounts payable to related companies.

Because of all these movements as of December 31, 2007, current liquidity dropped from 2.23 to 1.85 compared to December 31, 2006 due to a greater proportional increase in current liabilities (increase in accounts payable, accrued expenses, dividends payable and decrease in income taxes) compared to current assets (increase in time deposits, inventory and deferred income taxes as well as a decrease in trade accounts receivable.)

As of December 31, 2007, long-term liabilities amounted to ThUS\$ 7,137,094 (ThUS\$ 6,430,865 as of December 31, 2006), mainly composed of obligations with banks and obligations with the public (bonds payable) of ThUS\$ 3,983,924 (55.82%), deferred income taxes of ThUS\$ 819,521 (11.48%) and long-term accrued expenses of ThUS\$ 1,526,162 (21.38%)

Long-term liabilities include US\$ 455 million related to the prepayment of US\$ 550 million received which will have to be applied to sales committed with the affiliate Copper Partner Investment.

With respect to accrued expenses, the Company has recorded payment commitments related to future benefits agreed with its employees, as well as those which might arise from lawsuits related to the management of the Company's normal business activities. These have been recognized in the short and long-term portions depending on their estimated payment horizon.

Amounts included above determine ratios and indicators shown in previous pages.

As of December 31, 2007, shareholders' equity amounts to ThUS\$ 4,744,203 (2006: ThUS\$ 4,527,601.)

As of December 31, 2007, the Company's total debt amounted to ThUS\$ 10,309,380 (2006: ThUS\$ 8,502,669) determining greater indebtedness ratio for the year of 2.17 times (2006: 1.88 times), derived from an increase in current liabilities and long-term liabilities.

ANALYSIS OF RESULTS

Operating income for 2007 amounted to ThUS\$ 8,547,820, which is lower by ThUS\$ 918,800 than the amount recorded in 2006. Net sales amounted to ThUS\$ 16,988,242, which is lower by ThUS\$ 88,790 than the amount obtained in 2006 mainly due to lower dispatches of Codelco's product mix (own and third party products.)

The sales price of the Company's product mix (own copper and third party copper) for the period between January and December 2007 amounted to US\$ 3.254 per pound (US\$ 3.204 per pound for the period between January and December 2006.)

Highlights for the period between January 1 and December 31, 2007:

Revenues can be subdivided according to the different concepts from which they arise. This is presented in the chart below.

Revenues from sales	2007	2006
	ThUS\$	ThUS\$
Own copper	12,798,723	12,000,942
Copper acquired from third parties	875,112	1,958,128
Own and third party molybdenum	1,799,436	1,657,294
Other by-products	1,514,971	1,460,668

As a result of the consolidation, subsidiaries' operations as a whole generated income of ThUS\$ 1,357,828 in the year ended December 31, 2007.

With respect to Codelco-Chile's sales of own copper and third party copper in 2007 these amounted to FMT 1,948,835 (2006: FMT 2,011,854), which include 75,219 FMT sold by the subsidiaries in England and the United States (2006: FMT 77,125). The detail is as follows:

Dispatches	2007	2006
	FMT	FMT
Own copper	1,786,434	1,756,975
Copper acquired from third parties	162,401	254,879
Own and third party molybdenum	27,921	29,376



Analysis of Consolidated Financial Statements

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

Costs associated with these revenues detailed are as follows:

Cost of sales	2007	2006
	ThUS\$	ThUS\$
Own copper	(5,774,852)	(3,936,987)
Copper acquired from third parties	(884,005)	(1,925,510)
Own and third party molybdenum	(168,388)	(298,635)
Other by-products	(1,231,582)	(1,111,179)

As a result of consolidation, subsidiaries' operations, as a whole, generated cost of ThUS\$ 1,344,907 for the year ended December 31, 2007.

Non-operating results generated net expense of ThUS\$ 1,478,181 (ThUS\$ 1,565,557 as of December 31, 2006.) Other non-operating expenses of ThUS\$ 1,948,651 include ThUS\$ 1,389,965 (71.33%) related to Law N° 13,196 tax of 10% on income from exports of own copper and by-products.

Codelco-Chile's consolidated income as of December 31, 2007 (before income tax, extraordinary items, minority interest and rebate related to Law 13,196, the latter of which is included under other non-operating expenses) amounted to ThUS\$ 8,459,604, which is lower than the balance of ThUS\$ 9,212,480 obtained in 2006, mainly due to a decrease in operating income of ThUS\$ 918,800.

As a result, income before income taxes and extraordinary items amounted to ThUS\$ 7,069,639 and net income amounted to ThUS\$ 2,981,619.

ANALYSIS OF THE STATEMENT OF CASH FLOWS

Net cash flows from operating activities for the year ended December 31, 2007 determined a positive flow of ThUS\$ 4,686,518, which is greater by ThUS\$ 1,081,794 compared to the prior year, mainly due to a decrease in the payment of taxes because of lower results obtained.

With respect to concepts in cash flows from operating activities, highlights are the following:

	2007	2006
	ThUS\$	ThUS\$
Collection of trade accounts receivable	17,931,727	18,504,378
Payment of income tax	4,276,553	5,194,888
Payment of Law N° 13,196 and other taxes	1,578,042	1,464,048

On the other hand, financing activities for the year ended December 31, 2007 generated a negative flow of ThUS\$ (1,889,800), which is greater than the negative flow of ThUS\$ (1,675,009) generated in the same period of prior year, which is mainly explained by an increase in payment of fiscal surpluses.

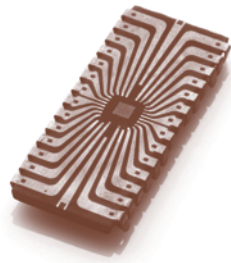
With respect to concepts in cash flows from financing activities, highlights are as follows:

	2007	2006
	ThUS\$	ThUS\$
Loans assumed	578,800	150,000
Payment of dividends	(2,267,800)	(1,857,009)
Payment of obligations with banks	(200,800)	(468,000)

Finally, investing activities generated a net negative flow of ThUS\$ (1,555,376) as of December 2007, which is greater than the negative cash flow of ThUS\$ (1,314,214) in 2006 . The explanation for this is mainly the greater acquisition of assets.

In consideration of these cash flows plus opening cash flows, the Company obtained cash and cash equivalents at end of year of ThUS\$ 2,074,485 as of December 31, 2007, which is greater than those ThUS\$ 833,143 obtained at the end of 2006.

_Simplified Financial Statements



Independent Auditors' Report

TO THE CHAIRMAN AND MEMBERS
OF THE BOARD OF DIRECTORS
OF CORPORACIÓN NACIONAL DEL COBRE DE CHILE

Deloitte.

We have audited the accompanying balance sheets of Corporación Nacional del Cobre de Chile (the "Company") as of December 31, 2007 and 2006, and the related statements of income and of cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the management of Corporación Nacional del Cobre de Chile. Our responsibility is to express an opinion on these financial statements based on our audits. We have not audited the financial statements at December 31, 2007 and 2006, of certain investees 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 and subsidiaries, is based solely on the reports of such other auditors. At December 31, 2007 and 2006, the direct and indirect investment of the Company in such investees and subsidiaries represents 5.2% and 6.8%, respectively of the total assets and the year's net equity in income of these companies represents 2.9% and 2.7% in 2007 and 2006, respectively of the total sales.

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 financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The abovementioned financial statements have been prepared to reflect the stand-alone financial position of Corporación Nacional del Cobre de Chile, based on the criteria described in Note 2, before consolidating the financial statements of the subsidiaries detailed in Note 8. Consequently, for an adequate interpretation, these stand-alone financial statements should be read and analyzed together with the consolidated financial statements of Corporación Nacional del Cobre de Chile and subsidiaries, which are required by accounting principles generally accepted in Chile.

In our opinion, based on our audits and the reports of other auditors, the financial statements, present fairly, in all material respects, the financial position of Corporación Nacional del Cobre de Chile as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with the principles described in Note 2.

The notes to the accompanying financial statements are a simplified version of those included in the stand-alone financial statements of Corporación Nacional del Cobre de Chile filed with the Superintendency of Securities and Insurance, upon which we have issued our report under this same date. Such financial statements contain additional information required by such Superintendency, which is not indispensable for their adequate interpretation.

The accompanying financial statements have been translated into English for the convenience of readers outside Chile.



February 15, 2008



Balance Sheets

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

ASSETS	2007	2006
	ThUS\$	ThUS\$
CURRENT ASSETS		
Cash and banks	13,090	3,227
Time deposits	1,947,196	786,764
Marketable securities	1	1
Trade receivables, net	880,744	1,432,372
Notes receivable	216	72
Other receivables, net	336,375	244,253
Due from related companies	68,855	46,440
Inventories, net	1,634,709	1,456,304
Taxes recoverable	257,487	88,994
Prepaid expenses	9,811	6,113
Deferred taxes	446,633	375,626
Other current assets	34,882	7,188
Total current assets	5,629,999	4,447,354
PROPERTY, PLANT AND EQUIPMENT		
Land	58,051	55,021
Buildings and infrastructure	8,284,565	7,268,314
Machinery and equipment	7,237,837	6,811,244
Other plant and equipment	156,634	114,876
Technical appraisal revaluation	368,171	368,741
Accumulated depreciation	(8,801,888)	(8,165,378)
Net property, plant and equipment	7,303,370	6,452,818
OTHER ASSETS		
Investments in related companies	882,702	967,393
Investments in other companies	185	183
Goodwill	20,494	21,670
Long-term receivables	220,316	178,548
Due from related companies	226,745	210,792
Intangibles	19,766	21,317
Accumulated amortization	(6,550)	(6,550)
Other assets	550,806	529,904
Total other assets	1,914,464	1,923,257
TOTAL ASSETS	14,847,833	12,823,429



_Balance Sheets

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

LIABILITIES AND EQUITY	2007	2006
	ThUS\$	ThUS\$
CURRENT LIABILITIES		
Banks and financial institutions:		
- Current	-	22,000
- Current portion of long-term debt	308,341	8,506
Current portion of bonds payable	37,427	36,717
Dividends payable	800,000	300,000
Accounts payable	788,660	536,989
Miscellaneous payables	115,289	61,318
Due to related companies	124,275	169,088
Accruals	700,834	503,110
Withholdings	133,425	149,885
Income taxes payable	-	102,532
Deferred income	26,915	47,835
Other current liabilities	10,385	965
Total current liabilities	3,045,551	1,938,945
LONG-TERM LIABILITIES		
Due to banks and financial institutions	700,000	600,000
Bonds payable	3,283,924	3,213,739
Miscellaneous payables	146,456	106,949
Due to related companies	470,095	493,178
Accruals	1,527,517	1,185,120
Deferred taxes	823,733	676,406
Other long-term liabilities	106,354	81,491
Total long-term liabilities	7,058,079	6,356,883
EQUITY		
Paid-in capital	1,524,423	1,524,423
Other reserves	1,655,924	1,332,432
Retained earnings:		
- Retained earnings	400,000	-
- Net income for the year	2,981,619	3,338,789
- Profits distribution to the Chilean Treasury	(1,817,763)	(1,668,043)
Total net equity	4,744,203	4,527,601
TOTAL LIABILITIES AND EQUITY	14,847,833	12,823,429



Income Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
OPERATING INCOME		
Sales	15,630,414	15,824,999
Cost of sales	(6,713,920)	(6,014,778)
Gross profit	8,916,494	9,810,221
Administrative and selling expenses	(337,388)	(312,922)
OPERATING INCOME	8,579,106	9,497,299
NON-OPERATING EXPENSES		
Interest income	92,816	55,586
Equity in income of related companies	529,399	450,280
Other income	140,766	144,403
Equity in losses of related companies	(25,636)	(13,834)
Amortization of goodwill	(1,176)	(1,176)
Interest expenses	(242,264)	(233,735)
Other expenses	(1,939,173)	(2,035,979)
Foreign exchange differences	(72,749)	40,643
NON-OPERATING EXPENSES	(1,518,017)	(1,593,812)
INCOME BEFORE INCOME TAXES	7,061,089	7,903,487
Income taxes	(4,079,470)	(4,564,698)
NET INCOME FOR THE YEAR	2,981,619	3,338,789



Cash Flow Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
NET CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of accounts receivable	16,577,409	16,735,698
Interest collected income	66,952	46,035
Dividends and other distributions collected	610,682	318,500
Other income collected	1,072,992	801,969
Payments to suppliers and personnel	(6,845,795)	(6,751,670)
Interest paid	(68,996)	(67,447)
Income taxes paid	(4,264,861)	(5,194,952)
Law N° 13,196 and other expenses paid	(1,578,042)	(1,464,048)
Value added tax and other similar taxes paid	(876,830)	(778,271)
Net cash provided by operating activities	4,693,511	3,645,814
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Loans obtained	578,800	150,000
Bonds payable	.	500,000
Loans due to related companies	.	8,000
Profits distribution to the Chilean Treasury	(2,267,800)	(1,857,009)
Loan payments	(200,800)	(468,000)
Net cash used in financing activities	(1,889,800)	(1,667,009)
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	7,727	391
Proceeds from sale of permanent investments	9,575	.
Proceeds from sales other investment	327	1,619
Other investment income	61,351	65,174
Purchases of property, plant and equipment	(1,554,221)	(1,208,928)
Investments in related companies	(32,816)	(34,584)
Investments in financial instruments	(10,295)	(3,775)
Loans to related companies	(44,844)	(139,504)
Other investment disbursements	(70,220)	(47,852)
Net cash used in investing activities	(1,633,416)	(1,367,459)
NET INCREASE IN CASH AND CASH EQUIVALENT	1,170,295	611,346
CASH AND CASH EQUIVALENT AT THE BEGINNING OF YEAR	789,992	178,646
CASH AND CASH EQUIVALENT AT THE END OF YEAR	1,960,287	789,992



Cash Flow Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	2,981,619	3,338,789
Proceeds from sale of assets		
Proceeds from sales of property, plant and equipment	(1,917)	(2,254)
Proceeds from sale of investments	(8,572)	.
Charges (credits) to income which do not represent cash flows		
Depreciation	552,278	518,715
Amortization of assets	290,985	255,874
Write-off and provisions	335,043	(213,101)
Equity in income of related companies	(529,399)	(450,280)
Equity in losses of related companies	25,636	13,834
Amortization of goodwill	1,176	1,176
Foreign exchange differences	72,749	(40,643)
Other credits to income which do not represent cash flows	(52,132)	(27,675)
(Increase) decrease in assets that affect operating cash flow		
Accounts receivable	529,213	(258,419)
Inventories	(178,405)	(492,277)
Other assets	259,716	(42,590)
Increase (decrease) in liabilities that affect operating cash flow		
Accounts payable related to operating activities	214,722	569,968
Interest payable	(13,761)	18,146
Income taxes payable	(102,532)	(39,251)
Value added tax and other similar taxes payable	317,092	495,802
Net cash provided by operating activities	4,693,511	3,645,814



Simplified Notes to the Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

Management considers these explanatory notes offer sufficient information but less detailed than that contained in the explanatory notes that are an integral part of the stand-alone financial statements which were filed with the Superintendency of Securities and Insurance, and are available to the general public. This information is also available at the Company's office.

NOTE 01 - REGISTRATION IN THE SECURITIES REGISTER

Corporación Nacional del Cobre de Chile, Codelco - Chile ("Codelco", or the "Company") is registered under the Securities Registry N° 785 of the Superintendency of Securities and Insurance (the "Superintendency"). The Company is subject to the regulation of the Superintendency.

Codelco-Chile was formed as stipulated by Law Decree (D.L.) N° 1,350 dated 1976. Codelco is a state-owned mining, industrial and commercial company, which is a legal entity in itself and with its own equity. Codelco currently carries out its mining business through its Codelco Norte (made up of the following ex divisions: Chuquicamata and Radomiro Tomic), Salvador, Andina, El Teniente and Ventanas Divisions. The Company also carries out similar activities in other mining deposits in association with third parties.

As is established in D.L. N° 1,350, Codelco's financial activities are conducted following a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The Company's tax regime is established in D.L. N° 1,350; 2,398 and 824.

NOTE 02 - SIGNIFICANT ACCOUNTING POLICIES APPLIED

a) Accounting periods

These financial statements correspond to the period between January 1°, to December 31, 2007 and 2006.

b) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles issued by the Chilean Institute of Accountants, and regulations of the Superintendency, except for investments in subsidiaries, which are recorded at the equity method in a single line of the balance sheet and, therefore, have not been consolidated on a line-by-line basis. This treatment does not modify the net income for the year nor equity.

Should there be any discrepancy between the above mentioned principles and regulations, the regulations of the Superintendency will prevail over accounting principles generally accepted in Chile.

These financial statements have been issued only for a stand-alone analysis of the Company and, consequently, should be read together with the consolidated financial statements, which are required by generally accepted accounting principles in Chile.

c) Reporting currency

In accordance with Article 26 of D.L. N° 1,350, the Company's records are maintained in United States dollars.



Simplified Notes to the Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

d) Basis of conversion

The Company's assets and liabilities in Chilean pesos, mainly composed of cash, other receivables, investments in companies in Chile, accounts payable and accruals, have been expressed in United States dollars at the observed exchange rate at each year-end of Ch\$ 496.89 per US dollar as of December 31, 2007 (2006: Ch\$ 532.39).

UF - Denominated Assets and Liabilities

At December 31, 2007 and 2006, assets and liabilities in local currency denominated in UF (an inflation index-linked unit used in Chile) have been translated using the US\$ rates effective at the end of the period (2007: Ch\$ 496.89; 2006: Ch\$ 532.39) and the UF value on the closing dates of the financial statements (2007: Ch\$ 19,622.66; 2006: Ch\$ 18,336.38).

The Company's income and expenses in Chilean pesos have been translated into US dollars at the observed exchange rate on the date on which each transaction was recorded in the accounting records.

Foreign exchange differences are debited or credited to income, in accordance with generally accepted accounting principles issued by the Chilean Institute of Accountants and regulations of the Superintendency.

The average exchange rates for the year ended December 31, 2007 was Ch\$ 522.55 per US dollar (2006: Ch\$ 530.34).

Chilean Subsidiaries

Assets and liabilities and income statement accounts in pesos as of December 31, 2007 and 2006 have been translated into US dollars at the exchange rates on those dates (Ch\$ 496.89 and Ch\$ 532.39 per US dollar, respectively).

Foreign subsidiaries

As of December 31, 2007 and 2006, the financial statements of foreign subsidiaries have been translated from their respective foreign currencies into US dollars using the closing exchange rates as of the respective year-end as follows:

	2007	2006
	US\$	US\$
Pound sterling	1.99124	1.95695
Euro	1.47102	1.31874
Mexican peso	0.09175	0.09259

e) Time deposits

Time deposits are recorded at cost plus interest accrued at each year-end.

f) Inventories

Inventories are valued at cost, which does not exceed their net realizable value. Cost has been determined using the following methods:

- **Finished products and products in process:** Following the full-cost absorption method, finished products and products in process are valued at average production cost. Production costs include depreciation, amortization of property, plant and equipment and indirect expenses.

- **Materials in warehouse:** Materials in warehouse are valued at purchase cost.
The Company calculates an obsolescence provision depending on the length of time in stock of slow turnover materials in the warehouse.
- **Materials in transit:** Materials in transit are valued at the cost incurred as at the year - end.

g) Allowance for doubtful accounts

Management estimates the allowance for doubtful accounts based on its experience and analysis, as well as the aging of the balances.

h) Property, plant and equipment

Property, plant and equipment are valued at historical cost as increased by technical appraisals performed by The American Appraisal Co. during 1982 to 1984, net of accumulated depreciation.

Construction in progress includes the amounts invested in property, plant and equipment under construction and in mining development projects.

The ore bodies owned by the Company are recorded in the accounts at US\$ 1 each. In accordance with the above, the economic value of these ore bodies differs from the accounting value.

i) Depreciation

Depreciation of property, plant and equipment is calculated on the book values of property, plant and equipment, including the revaluation mentioned in Note 2 h) above, using the straight-line method, and is booked in accordance therewith over the estimated useful lives of the assets.

j) Exploration, mine development and mine operating costs and expenses

- **Deposit exploration and drilling expenses:** Deposit exploration and drilling expenses are incurred in the identification of mineral deposits and the determination of their possible commercial viability and are charged to income as incurred.
- **Mine pre-operation and development costs (property, plant and equipment):** Costs incurred during the development phase of projects up to the production stage are capitalized and amortized over future mineral production. These costs include extraction of waste material, constructing the mine's infrastructure and other work carried out prior to the production phase.
- **Expenses of developing existing mines:** These expenses are incurred for the purpose of maintaining the production volumes from deposits and are charged to income as incurred.
- **Costs of delineating new deposit areas in exploitation and of mining operations (property, plant and equipment):** These costs are recorded in property, plant and equipment and are amortized to income in the period in which the benefits are obtained.

k) Leased assets

Property, plant and equipment recorded under finance leasing contracts are recorded as Other property, plant and equipment item. These assets have been valued at their net present value applying the implicit interest rate in the contracts and are depreciated using the straight-line method based on the useful lives of the assets. The Company does not legally own these assets until it exercises the respective purchase option.

Simplified Notes to the Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

l) Investments in related companies

Investments in domestic and foreign related companies, identified as permanent, are valued using the equity method in accordance with Technical Bulletins issued by the Chilean Institute of Accountants. Equity method investments in domestic companies, which are accounted for in Chilean pesos are expressed in US dollars at the year-end exchange rate. The differences which arise and are unrelated to the recognition of income are recognized in the item Other reserves in Equity. In applying the equity method, investments in foreign subsidiaries are expressed in US dollars.

Unrealized gains related to investments in related companies are credited to income at the same rate as the amortization of the transferred assets or mine production, as applicable.

m) Investments in other companies

The item "investments in other companies" represents the value of other shares that the Company has been required to acquire for its operations. These investments are recorded at cost, which do not exceed market value.

n) Intangibles

Intangibles are recorded at the amount of the disbursements made and are amortized in accordance with Technical Bulletin N° 55 issued by the Chilean Institute of Accountants.

o) Income tax and deferred income taxes

Include taxes on first category taxable income and the specific mining activity tax according to D.L. N° 824, and D.L. N° 2,398.

The Company recognizes the effects of deferred income taxes arising from temporary differences, which have a different treatment for financial and tax purposes, in accordance with the Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

p) Severance indemnities and other long-term benefits

The Company has an agreement with its employees for payment of severance indemnities. It is the Company's policy to provide for the total accrued obligation under the shut-down method.

The Company, following its cost-reduction programs through the use of modern technologies, has established personnel severance programs, with benefits that encourage retirement, for which the necessary provisions are made when the employee commits to his/her retirement.

q) Revenue recognition

Revenue for sales to abroad are recognized at the time of shipment or delivery of the products in conformity with contractual agreements and is subject to variations in contents and/or the sales price at the transaction settlement date. Estimations for lower sales value on unsettled operations at the end of the period are accrued based on the information available as of the date the financial statements are prepared and is presented deducting trade receivables. Sales in Chile are recorded in accordance with Chilean regulations.

According to the note related to metal future market heading policies, the Company carries out operations in future markets recording the final effects of these hedging transactions at the settlement date of the contracts.

These results are added or deducted from sales.

r) Derivative contracts

The Company's derivative contracts are entered into based on the following hedging policies:

• **Hedging policies for exchange and interest rates**

The Company contracts exchange rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are made in.

The Company has also contracted interest rate hedge transactions to cover fluctuations of interest rates for future obligations denominated in US dollars.

The results of the exchange rate hedging contracts are recorded as of the date of maturity or settlement of the respective contracts, in conformity with Technical Bulletin N° 57 issued by the Chilean Institute of Accountants.

The results of the hedging contracts for interest rates for future liabilities are amortized over the term of those liabilities.

• **Hedging policies for future metal prices**

In accordance with policies approved by the Board of Directors the Company entered into contracts in order to hedge future metal prices supported by physical production minimizing the inherent risks to the fluctuation of the prices.

The hedging policy seeks to protect foremost the expected cash flows from sale of products and set prices for a portion of future production also adjust physical contracts to its commercial policy, when it will be necessary.

With the transactions that are carried out, the Company takes advantage of the opportunities provided by the market, which does not imply risk for the Company.

When the sale agreements are fulfilled and the future contracts are settled, income from the sales and future operations are offset.

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

In accordance with the provisions of Technical Bulletin N° 57 of the Chilean Institute of Accountants, the results of these hedging transactions are recorded at the settlement date of the operations, as part of the procedures of the settlement of sale of products.

s) Computer software

The costs associated with computer systems developed using the Company's own human resources and materials are charged to income in the period in which they are incurred.

In accordance with Circular N° 981 dated December 28, 1990 of the Superintendency of Securities and Insurance, computer systems acquired by the Company are capitalized at acquisition cost plus all related costs and are amortized over a period not exceeding four years.

Simplified Notes to the Financial Statements

For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

t) Research and development expenses

Research and development expenses are charged to income as incurred.

u) Statement of cash flows

Cash and cash equivalent include unrestricted cash and bank balances, time deposits and as short-term marketable securities maturing within 90 days, in accordance with Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

The Company has recognized cash flows from operating, investing or financing activities as required by Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

v) Bonds

Bonds are presented at outstanding principal plus accrued interest at each period-end. The discount or premium on bond issuance is capitalized as deferred expenses, is amortized using the straight-line method over the term of the bonds and is classified in the item Other Assets under Other or in the item Other Long-Term Liabilities under Long-Term Liabilities, respectively.

w) Environmental exit costs

The Company has established a policy of accruing for future environmental exit costs, which mainly relate to tailing dams, which, subsequent to the end of their useful lives, continue to incur expenses. This policy allows for the allocation of a mine's environmental exit costs during its exploitation stage.

x) Law N° 13,196

Law N° 13,196 requires the payment of a 10% contribution to the Chilean Government on the export value of copper production and related by-products. The amount is included in the item Other Expenses in the income statements.

y) Cost of sales

The cost of sales includes direct and indirect costs and depreciation and amortization related to the production process.

z) Bond issuance cost

Bond issuance cost is charged to the year's results, as is established in Circular N° 1,370 dated January 30, 1998 issued by the Superintendency.

aa) Goodwill

Goodwill is determined using the purchase method in accordance with the standards established by the Technical Bulletin N° 72 of the Chilean Institute of Accountants. Goodwill is amortized to income over the period in which the benefits are expected to be obtained.

ab) Operations with resale and repurchase agreement

Purchases of financial instruments with resale and repurchase agreements are recorded at cost plus interest and restatements at the year - end in accordance with the clauses of the respective contracts.

ac) Financial statements from January to December, 2006

Certain 2006 figures have been reclassified for comparative purposes with 2007 figures.

NOTE 03 - CHANGES IN ACCOUNTING PRINCIPLES

From January 1, 2006, the Company records in income collective bargaining bonuses. Until December 31, 2005, these bonuses were capitalized and amortized over the period of the respective collective bargaining agreements. At December 31, 2005, there was an asset for ThUS\$ 14,805 for collective bargaining bonuses, net of deferred taxes, which was also recognized in 2006 income (Note 15).

At December 31, 2007, there are no changes in accounting policies and accounting criteria described in Note 2, with respect to the previous year.

NOTE 04 - BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Accounts receivable and payable to related companies are presented in the balance sheets.

a) Related transactions

Codelco Chile's Board of Directors has established the policy under which business transacted with individuals and companies related to the Corporation should be conducted. This has been monitored by management since December 1, 1995 through Corporate Regulation N° 18 and its related administrative procedure.

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 Internal Auditor, Divisional Chief Executive Officers 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.

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

In accordance with the policy established by the Board of Directors and its related regulations, those transactions affecting the Directors, its Executive President, Vice Presidents, Corporate Internal Auditor, the members of the Divisional Boards of Directors and Divisional Chief Executive Officers should be approved by this Board.

The Board of Directors became aware of transactions regulated by the Corporate Regulation N° 18 which, in accordance with this internal policy, should be approved by it. The main transactions are indicated below for the total amounts, which should be performed in the terms specified by each agreement.

Simplified Notes to the Financial Statements

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Company name	Nature of the relationship	Amount of transaction	
		2007 ThUS\$	2006 ThUS\$
Juan Costella Montt	Employee's brother	-	2,606
INSITU Ingeniería Construcción y Servicios S.A.	Executive's relative	739	1,700
Alquimia Ingenieros S.A.	Executive's ex-spouse	-	488
Cimm Tecnologías y Servicios S.A.	Executive	-	261
Cristian Aguilera Alcayaga	Executive' son	-	15
Sebastián Sánchez Arenas	Executive's son	-	8
Bosch S.A.	Executive' spouse	664	-
Edyce S.A.	Employee's relative	398	-
CMS Tecnología S.A.	Subsidiary	23,580	-
Alejandro Mejía Correa	Employee's relative	27	-
Juan Torres Peters	Executive's relative	57	-
Distrinor S.A.	Investee	117,400	-
Compañía de Petróleos de Chile S.A.	Director's participation	14,771	-
Prodalam S.A.	Director's participation	80	2
Quadrem Chile Ltda.	Investee	1,045	-
Domingo Iraola Vela	Employee's relative	-	9
Sodimac S.A.	Director	-	1
Consortio Ingenieros ARA - PM Ltda.	Executive participation	3,040	60
Ara Worley Parsons	Executive participation	2,851	-
Fundición Talleres S.A.	Subsidiary	310	-
Consortio Cioc S.A.	Executive participation	3,404	-
Patricio Vergara Ramírez	Employee's relative	72	-
Mining Information Communication and Monitoring	Investee	33,131	-
Ricardo Parada Araya	Employee's relative	112	-

b) Directors' remunerations

During 2007 and 2006, the members of the Board of Directors have received the following amounts as per diems, remunerations and fees:

b.1) Directors' per diems

Name	Amount of transaction	
	2007	2006
	ThUS\$	ThUS\$
Karen Poniachik Pollak	14	11
Andrés Velasco Brañes	14	11
Nicolás Majluf Sapag	39	36
Jorge Bande Bruck	39	36
Eduardo Gordon Valcárcel	39	34
Jorge Candia Díaz	39	36
Raimundo Espinoza Concha	39	35
José Alfonso Dulanto Rencoret	-	3
Nicolás Eyzaguirre Guzmán	-	3
Patricio Meller Bock	-	8
Jorge Navarrete Martínez	-	8
Ricardo Ortega Terrier	-	8
Bismarck Robles Guzmán	-	8
René Valdenegro Oyaneder	-	8

b.2) Remunerations

Name	Amount of transaction	
	2007	2006
	ThUS\$	ThUS\$
Jorge Candia Díaz	96	62
Raimundo Espinoza Concha	55	27
Bismarck Robles Guzmán	-	7
René Valdenegro Oyaneder	-	14

b.3) Fees

Name	Amount of transaction	
	2007	2006
	ThUS\$	ThUS\$
Jorge Navarrete Martínez	-	12

c) Operations with Codelco investees

In addition, the Company also performs the necessary commercial and financial transactions related to its operations with subsidiaries or investees. Financial transactions are mainly loans in current account, the conditions of loans to related companies in use at December 2007 and 2006 are detailed as follows::

Simplified Notes to the Financial Statements

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Loans receivable

Company	Transaction	2007		2006	
		Interest	Term	Interest	Term
Electroandina S.A. (1)	Line of credit	Libor + 0.75% annual	4 years	Libor + 0.75% annual	4 years
Electroandina S.A. (2)	Line of credit	Libor + 1% annual	2 years	-	-
CMS Tecnología S.A.	Morgage	Libor 180 days + 2.5% annual	3 years	Libor 180 days + 2.5% annual	3 years
Minera Gaby S.A.	Morgage	5.5% annual	18 months	-	-
Sociedad Ejecutora Hospital del Cobre de Calama S.A.	Morgage	6.0% annual	129 months	6% annual	129 months
Clínica Río Blanco S.A.	Line of credit	6.0% annual	12 semesters	-	-
Clínica Río Blanco S.A.	Morgage	4.0% annual	60 months	4% annual	60 months
Sociedad GNL Mejillones S.A.	Current account financing	2.6% annual	6 months	-	-

(1) Direct line of credit.

(2) Line of credit in guarantee for external credits.

Loans payable

Company	Transaction	2007		2006	
		Interest	Term	Interest	Term
Sociedad Ejecutora Hospital del Cobre de Calama S.A.	Leasing	6% annual	120 months	6% annual	120 months

Comercial transactions with related companies are referred to purchase and sale of products or services at market conditions and values and they are not subject to interests and readjustments. These companies are: Asociación Garantizadora de Pensiones, Isapre Chuquicamata Limitada, Instituto de Innovación en Minería y Metalurgia S.A., Prestadora Servicios San Lorenzo Limitada, Isapre Río Blanco Limitada, Chile Copper Limited (U.K.), Codelco Group Usa Inc. (U.S.A.), Codelco Internacional Limited (Bermudas), Codelco Kupferhandel GmbH (Germany), Codelco Services Limited (U.K.), Metall Agentur GmbH (Germany), Codelco Metals Inc. (U.S.A.), Codelco Technologies Ltd. (Bermudas), Codelco Do Brasil Mineracao (Brazil), Copper Technology Investment Inc. (U.S.A.), Semi Solid Metal Investors Llc. (U.S.A.), Corporación del Cobre (U.S.A.) Inc. (U.S.A.), Compañía Minera Picacho (SCM), Compañía Contractual Minera Los Andes, Elaboradora de Cobre Chilena Limitada, CMS - Chile Sistemas y Equipos Mineros S.A., Ejecutora Proyecto Hospital del Cobre Calama S.A., Complejo Portuario Mejillones S.A., Santiago de Río Grande S.A., Biosigma S.A., Exploraciones Mineras Andinas S.A., Inversiones Copperfield Ltda., Ecometales Ltd., Minera Gaby S.A., Clínica Río Blanco., Mineracao Vale Do Curaca (Brazil), Mining Information Communications and Monitoring S.A., Sociedad GNL Mejillones S.A., Energía Minera S.A., Termoelectrica Farellones S.A., Minera Pecobre 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., Fundación Talleres S.A., CMS Tecnología S.A. and Inversiones Mejillones S.A. The detail is as follows:

	Amount of transaction	
	2007	2006
	ThUS\$	ThUS\$
Capital contribution	34,563	38,767
Advance from clients	.	550,000
Sales of products and services	612,169	621,437
Received dividends	610,405	.
Reimbursement of expenses	136,796	29
Purchases of products and services	747,423	853,832
Overheads	3,511	334
Interest	446	165
Loans	7,085	886
Commissions paid	942	1,243
Interests and commissions	3,288	3,041
Gas supply	5,828	9,222
Services given	11,786	10,356
Operating services	1,018	.
Current account financing	6,578	140,289
Current account	1,895	7,100
Lease of real state property	3,854	3,486
Purchase of fixed assets	.	998

d) Other information

At December 31, 2007 and 2006, the Company has ThUS\$ 166,135 and ThUS\$ 160,292 in Long-term notes and accounts receivable, respectively mainly corresponding to Codelco Internacional from a loan granted to said subsidiary for its contribution to Copper Partners Investment Company Ltd., and which, at the date the financial statements were issued, has not been capitalized.

At December 31, 2007, the short term and long-term account payable to the investee Copper Partners Investment Company Ltd. correspond to the balance of the advance received (US\$ 550 million) in accordance with the commercial agreement with Minmetals (Note 18 b) for ThUS\$ 491,976 (ThUS\$ 528,958 in 2006).

At December 31, 2007 and 2006, the long-term account receivable to the investee Electroandina S.A. corresponds to the balance of credit line pending of amortization in accordance with Shareholder Agreement for ThUS\$ 53,410 (ThUS\$ 45,400 in 2006).

NOTE 05 - INVENTORIES

At December 31, 2007 and 2006, inventories amounted to ThUS\$ 1,634,709 and ThUS\$ 1,456,304 respectively, and include finished products, products in process and material in warehouse and others.

Inventory values for material in warehouse and others are net of obsolescence allowance for ThUS\$ 51,673 and ThUS\$ 49,837 as of December 31, 2007 and 2006, respectively.

At December 31, 2007, finished product are presented net of unrealized profits of ThUS\$ 10,721 (ThUS\$ 37,359 in 2006), corresponding to purchase and sale operations to investees, which in accordance with generally accepted accounting principles in Chile, have to be deducted from the items that originated them.



Simplified Notes to the Financial Statements

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NOTE 06 - DEFERRED TAXES AND INCOME TAXES

a) Deferred taxes

The deferred tax calculated in accordance with the policy described in Note 2 o) at December 31, 2007 represents a net liability of ThUS\$ 377,100 conformed by assets for ThUS\$ 1,305,678 and liabilities of ThUS\$ 1,682,778. At December 31, 2006 represents a net liability for ThUS\$ 300,780 conformed by assets for ThUS\$ 1,143,432 and liabilities for ThUS\$ 1,444,212.

b) Income taxes

At December 31, 2007, the provision for first category income tax and D.L. N° 2,398 amounted to a charge to income of ThUS\$ 3,637,899 (2006: ThUS\$ 4,724,510) and are shown in the item income taxes payable in current liabilities, net of estimated monthly payments of taxes and other tax credits.

c) Tax Law 20,026

On June 16, 2005, income tax law D.L.824 was modified by Law N° 20,026, establishing a progressive tax rate on mining activity operating margins in Chile (5% for companies with sales over 50,000 metric tons of equivalent copper) and will be applied as of January 2006. In October 2005, the Chilean Internal Revenue Service issued a regulation regarding the law.

At December 31, 2007, the provision for specific tax on mining activities amounted to a charge of ThUS\$ 347,837 (ThUS\$ 440,909 in 2006).

NOTE 07 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 2007 and 2006 are detailed below:

a) Property, plant and equipment

	2007	2006
	ThUS\$	ThUS\$
Land and mining rights	58,051	55,021
Buildings and infrastructure	8,284,565	7,268,314
Machinery and equipment	7,237,837	6,811,244
Other plant and equipment	156,634	114,876
Technical appraisal revaluation	368,171	368,741
Total gross property, plant and equipment	16,105,258	14,618,196

In 2005, the Company deducted ThUS\$ 46,791 from its assets for those mining sectors of Salvador Division that will shut down, they were presented in said year in Other non-operating expenses.

On January 9, 2006, the Board of Directors of Codelco approved the Gaby Project, which involves the exploitation of 584 million tons with a total investment of US\$ 898 million. At December 31, 2007, said project is still in construction and ThUS\$ 732,779 are included in works in construction item related to the Gaby project.

b) Accumulated depreciation and depreciation for the year

	2007	2006
	ThUS\$	ThUS\$
Buildings and infrastructure	(4,353,436)	(3,988,259)
Machinery and equipment	(4,421,978)	(4,161,237)
Other plant and equipment	(26,474)	(15,882)
Total accumulated depreciation	(8,801,888)	(8,165,378)
Depreciation and amortization for the year	783,730	746,279

c) Other assets

Assets acquired through capital leases correspond mainly to buildings, infrastructure and machinery and equipment, and are included in Other property, plant and equipment. Contracts are expressed in UF, at an average annual interest rate of 7.92%, and with amortization periods of up to 300 months and are included in Miscellaneous payables, according to their maturity.

NOTE 08 - INVESTMENTS IN RELATED COMPANIES

At December 31, 2007 and 2006, total investments in investees amount to ThUS\$ 882,702 and ThUS\$ 967,393, respectively. The net profits of these companies for 2007 and 2006 amounted to ThUS\$ 503,763 and ThUS\$ 436,446, respectively.

These investments are expressed net of unrealized gains for ThUS\$ 149,061 in 2007 and ThUS\$ 165,600 in 2006.

In general, Codelco's foreign subsidiaries facilitate the Company's commercial activity in different foreign markets.

The Company has not assumed any liabilities as hedging instruments to cover its foreign investments.

The following are the companies in which Codelco has participation:

a) Main investees of Codelco**Codelco Group Inc. (U.S.A.)**

Codelco Group Inc. is a holding company which owns the operating companies Codelco (U.S.A.) Inc., Copper Technology Investment Inc. and Codelco Metals Inc.

Codelco (U.S.A.) Inc. is a sales agent for Codelco and manages sales contracts and settlements and coordinates product delivery for markets in the U.S.A., Canada and Mexico.

Codelco Metals Inc. carries out metal sale and purchase operations with Codelco and other companies, and covers the North American market.

Copper Technology Investment Inc., an investment company created for the development and promotion of the Semi Solid Metal Casting technology. This company has a 100% interest in the Semi Solid Metal Investors LLC.



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Codelco K pferhandel GmbH (Germany)

Codelco K pferhandel GmbH operates in the copper wire business, through the conversion of refined copper at a plant in Emmerich, Germany, owned by Deutsche Giessdraht GmbH in which Codelco K pferhandel GmbH has a 40% interest.

Codelco K pferhandel Metall Agentur, a subsidiary of Codelco K pferhandel GmbH, is a sales agent for Codelco, manages sales contracts and settlements and coordinates product delivery principally to markets in Germany, Austria, Holland and Denmark.

Chile Copper Limited (United Kingdom)

Chile Copper Limited is a sales agent for Codelco and manages sales contracts and settlements and coordinates product delivery for markets in England, Finland, Norway and Sweden.

Codelco Services Limited, a subsidiary of Chile Copper Limited, carries out metal sale and purchase operations with Codelco and other companies, covering principally the European market.

Codelco International Limited (Bermuda)

Codelco International Limited was formed in July 2001. The Company's business objective is the management and control of the interest of Codelco in several international projects. Through this company and its subsidiary, Codelco Technologies Limited, investments were made in 2006 which allowed to acquire 100% of ownership interest in Alliance Copper Limited (now Ecometales Ltd.), a company that develops modern technology for mining operations. In addition, Codelco made investments through Codelco International Limited in Quadrem International Holdings Limited, a global company comprised of 18 of the most significant global mining companies to operate in an electronic market in which companies may buy and sell goods and services. At December 31, 2007, the indirect investee Codelco do Brasil Mineracao Ltda., shows an income for ThUS\$ 81,460 corresponding to the sale of Boa Esperanca project. The profit in this operation for ThUS\$ 60,090 was recognized in the financial statements of said indirect investee.

Codelco International Limited and Codelco Technologies Limited formed Codelco Do Brasil Mineracao Limitada. The latter has formed Mineracao Vale do Curaca in 2005 whose objective is developing projects for exploration and exploitation, business and market development activities in Brazil. In March 2006, Codelco Chile through its subsidiary Codelco Internacional Ltd., signed an agreement with Minmetals for the creation of the company Copper Partners Investment Company Ltd, which is equally owned by the two parties.

Instituto de Innovaci n en Miner a y Metal rgia S.A.

Instituto de Innovaci n en Miner a y Metal rgia S.A. is a non-public limited liability company which performs activities in connection with research, development and technological innovation in the areas of mining and metallurgy.

Complejo Portuario Mejillones S.A.

Complejo Portuario Mejillones S.A., a non-public limited liability company, which manages studies and development activities in connection with a port project in Mejillones, Region II of Chile.

Healthcare institutions

Isapre Chuquicamata Limitada, Prestadora de Servicios San Lorenzo Limitada and Isapre R o Blanco Limitada are civil limited liability companies whose objective is the providing of healthcare services and benefits to Codelco's present and former employees.

Geotérmica del Norte S.A.

Geotérmica del Norte S.A. is a non-public limited liability company whose business objective is the exploration and exploitation of geothermal deposits located between the Regions I, II and III of Chile and the sale, of all products and by-products derived directly or indirectly from the conduct of the aforementioned activities. In March 2006, the Company sold 45.1% of its ownership to Enel Latin America (Chile) S.A, and therefore at March 31 it records a 5% interest. The selling price of the shares was ThUS\$ 1,215 generating a loss of ThUS\$ 12.

Agua de la Falda S.A.

In 1996, Agua de la Falda S.A. was formed by Codelco (49%) and Minera Homestake (51%).

The company's business objective is the exploration and exploitation of gold and other ore deposits in Region III of Chile.

In September 2006, Minera Meridian Limitada acquired 56.72% of Agua de la Falda from Inversiones Copperfield Ltda. who held this investment at that date through a purchase at the same date, from Minera Homestake Chile S.A.

Compañía Contractual Minera Los Andes

Compañía Contractual Minera Los Andes was formed in 1996 through contributions made by Codelco, AMP Chile Holding Ltda. and Australian Mutual Provident Society for the exploitation and development of Exploradora, Sierra Jardín, María Delia and Sierra Morena prospects located in Regions I, II and III of Chile.

The business through both Compañía Contractual Minera Los Andes and Inversiones Minera Los Andes S.A. did not produce the expected results and, therefore, Codelco and AMP Holdings Chile Ltda. opted to terminate their association.

As a result, the Company's Board of Directors extended powers to the Chief Executive Officer to carry out the steps required to reach an agreement with AMP Holdings Chile Ltda. as to the conditions for the termination of the aforementioned association, for which each partner would maintain control of the company most related with its specialty. Under these conditions, in 2001, Codelco assumed the majority control of Compañía Contractual Minera Los Andes S.A. in exchange for its participation in Inversiones Minera Los Andes S.A.

Minera P cobre S.A. de C.V.

Minera P cobre S.A. de C.V. is a Mexican Company with variable capital formed by the Mexican company Minas Peñoles S.A. de C.V. and Codelco, with share holdings of 51% and 49%, respectively.

The company's line of business is the exploration of copper and by-products in mining area concessions in the state of Sonora, Mexico. Through other mining companies, the company also explores processes and sells minerals found in the mining areas.

Inversiones Tocopilla Ltda. and Electroandina S.A.

Inversiones Tocopilla Ltda. is a holding company in which Suez Energy Andino S.A. has a 51% interest and Codelco 49%.

The main business of Electroandina S.A., a public company, is the generation, transmission and distribution of electric energy in Region II of Chile. Inversiones Tocopilla Ltda. holds a 65.2% and Codelco holds 34.8%. Electroandina S.A.'s main assets were acquired from the Codelcos' former Tocopilla Division.

Codelco has direct and indirect ownership for 66.75% of Electroandina S.A.



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Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994 by Codelco (49%) and Cyprus El Abra Company (51%), with Cyprus Amax Minerals Company as a guarantor, both linked to the Phelps Dodge mining consortium, to develop and exploit the El Abra deposit.

Codelco's investment in the project consisted of the contribution of a number of mining properties. The financing agreements for the project became effective June 15, 1995 and include the following obligations during the term of the agreements:

- a) A long-term trading agreement with Codelco Services Ltd. for part of the production of El Abra.
- b) The commitment from the partners to maintain majority ownership of the property of Sociedad Contractual Minera El Abra.
- c) A pledge on the ownership rights of Sociedad Contractual Minera El Abra in favor of the lending institutions.

Biosigma S.A.

Biosigma S.A. is a non-public limited liability company formed on May 31, 2002 by Codelco and Nippon Mining & Metals Co. Ltd. with shareholdings of 66.67% and 33.33%, respectively.

Biosigma S.A.'s business objective is the commercial development of process and technology for mining purposes.

Inversiones Mejillones S.A.

Inversiones Mejillones S.A. was formed as a non-public company on March 20, 2002, with direct ownership of 34.8% by Codelco and 65.2% by Inversiones Tocopilla Ltda. Codelco owns 49% of the capital of Inversiones Tocopilla Ltda.

Inversiones Mejillones S.A., was formed with the objective of acquiring 82.34% of the shares of Empresa Eléctrica del Norte S.A. (Edelnor), and with the purpose of rescheduling its financial obligations and coordinating the operations of Electroandina S.A. (of which Codelco and Inversiones Tocopilla Ltda. are partners) and Edelnor.

Codelco has direct and indirect ownership for 66.75% of Inversiones Mejillones S.A.

Inversiones Copperfield Ltda.

This Company was formed on December 12, 2001, whose business objective is exploring and exploiting mining resources and ore enrichment plants, the acquisition and setting up of mining properties, deposits and mining rights, and assets related to ore extraction and ore enrichment activities, and to carry out mining business activities.

Codelco Chile has 99.9% direct ownership interest and Santiago de Rio Grande S.A. 0.1% ownership interest in the company.

Fundición Talleres S.A.

Fundición Talleres S.A. is a private company formed on October 1, 2003 by Codelco and Elaboradora de Cobre Chilena Ltda. On October 23, 2003 Fundición Talleres S.A. acquired from Talleres Division of Codelco, machinery and other operational assets at a book value of ThCh\$ 8,066,432 (historic) (ThUS\$ 12,560) which did not generate unrealized gains. On January 23, 2004 Codelco sold 60% of its ownership to Compañía Electro Metalúrgica S.A., generating a loss of ThUS\$ 2,744, which was charged to 2004 results.

On December 10, 2007, Elecmetal S.A. exercised the option to purchase 40% of the shares issued for Fundición Talleres S.A. that were property of Codelco Chile. The sale was for ThUS\$ 9,575, earning a ThUS\$ 845 profit that was recognized in income at December 31, 2007.

The Company's objective is production of steel parts and fittings.

Sociedad Contractual Minera Purén

Sociedad Contractual Minera Purén was formed on September 23, 2003 by Corporación Nacional del Cobre de Chile and Compañía Minera Mantos de Oro, with shareholdings of 35% and 65%, respectively.

The company's objective is the exploration, prospecting, researching, developing and exploitation of mining projects.

Clínica Río Blanco S.A.

Clínica Río Blanco S.A. is a non-public company formed on September 30, 2004 by Corporación Nacional del Cobre de Chile and Isapre Río Blanco Limitada with shareholdings of 99.9% and 0.1%, respectively.

Clínica Río Blanco S.A.'s business objective is to provide medical care to the employees.

Exploraciones Mineras Andinas S.A.

Exploraciones Mineras Andinas S.A. is a non-public company formed on July 29, 2004 and is a wholly owned subsidiary of Corporación Nacional del Cobre de Chile.

Exploraciones Mineras Andinas S.A.'s business objective is to provide planning, managing and performing mining services and hydric resources.

CMS Chile S.A. and CMS Tecnología S.A.

CMS Chile S.A. and CMS Tecnología S.A. are non-public companies whose purpose is to manufacture, market and distribute mining, equipment and spares and to provide maintenance and repair service for equipment.

On October 4, 2005 the Company sold to ABB Chile S.A. 70% of CMS Tecnología S.A. shares for ThUS\$ 2,898, gaining a ThUS\$ 757, profit.

Micomo S.A.

On April 11, 2006, the Company in association with NTT Advance Technology Corporation (Japón) and NTT Leasing (USA), Inc. formed the non-public company Mining Information Communication and Monitoring S.A., whose business purpose is to adapt and incorporate advanced information and communication technologies, developed in Japan, to the needs of Codelco mining processes. Its capital is US\$ 3 million, and the ownership of Codelco Chile is 66%.

Minera Gaby S.A.

On September 22, 2006, the Company in association with Inversiones Copperfield Ltda., formed Minera Gaby S.A., whose business purpose is exploiting, recognizing, prospecting, researching, and developing ore bodies in order to extract, produce, and process minerals, concentrated or other products obtained from mineral substances. Its capital is US\$ 20 million, and the ownership of Codelco Chile is 99.99%.



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Sociedad Contractual Minera Sierra Mariposa

Sociedad Contractual Minera Sierra Mariposa was formed on March 15, 2007, with Codelco holding a 33.3% ownership interest and Exploraciones e Inversiones PD Chile Limitada holding a 66.7% ownership interest, with the business purpose of exploring, surveying, prospecting, investigating, developing and exploiting mining deposits in order to extract, produce and process ore concentrates or other mineral products. Its capital is ThUS\$ 5,247, with Codelco having 33.3% interest.

On October 9, 2007, an Extraordinary Shareholders Meeting was held to modify the Company's capital, the corporation did not subscribe, which caused its ownership interest was reduced to 23.7%.

Sociedad GNL Mejillones S.A.

On January 31, 2007, Codelco Chile and Sociedad de Inversiones Copperfield Ltda. formed Sociedad GNL Mejillones S.A., with a capital of ThCh\$ 1,000 (one million Chilean pesos), with Codelco holding a 99.9% ownership interest. Its business purpose is the production, storage, transport and distribution of all type or class of fuel, and the acquisition, construction, maintenance and exploitation of the infrastructure facilities and physical works necessary to transport, receive, process and store, both in Chile and abroad, singly or in partnership with third parties.

On October 4, 2007, Codelco Chile's Board of Directors, in an extraordinary meeting, unanimously agreed to confirm Codelco's participation in the GNL Project, through the GNL Mejillones S.A., changing its ownership interest in that company to 50%. The remaining 50% is assumed by Suez Energy Andino S.A..

Kairos Mining S.A.

On January 22, 2007, Codelco Chile, together with Honeywell Chile S.A., formed Sociedad Kairos Mining S.A., with an initial capital of ThUS\$ 100, with a 40% and 60% ownership interest, respectively.

The corporate purpose is:

- a) To supply automation and control services for industrial and mining activities;
- b) To develop advanced control system technology and applications for industrial and mining activities;
- c) To license technology and software, together with the services set out in letter a);
- d) To commercialize, distribute, import, export and generally trade, on its own or through third parties, any of the services mentioned in letter a) and any other service for industrial or mining activities.

Mining Industry Robotic Solutions S.A.

On August 29, 2007, Codelco Chile and Support Company Limitada, Nippon Mining & Metals Co. Ltd. and Kuka Roboter GmbH, formed Mining Industry Robotic Solutions S.A., in which Codelco holds a 36% ownership interest.

The corporate purpose is:

- a) The research, design, creation, invention, manufacture, installation, supply, maintenance and commercialization in any form, of robotic products, robotic technology products or necessary or complementary inputs for the commercialization and maintenance of such products that are capable of being used in the mining and metallurgical industries and their related services.

- b) To produce under license, to license and commercialize product licenses processes and services of robotic nature for the mining and metallurgical industry, as well as all other forms of use by third parties of products or services based on such technology.
- c) The Company may also form all kinds of limited liability companies and private corporations and become a partner or a shareholder of any existing company, being able to develop business activities on its own or through companies that it forms or of which it becomes a partner.

Termoeléctrica Farellones S.A.

On June 15, 2007, Codelco Chile and Inversiones Copperfield Limitada formed Termoeléctrica Farellones S.A. with 99% and 1% ownership interests, respectively.

The Company's business purpose is to develop, directly or through third parties, individually or jointly with others, in the Republic of Chile or abroad, the following activity: to generate, supply, purchase and sell electric energy and to render all types of energy services.

Energía Minera S.A.

On June 15, 2007, Codelco Chile and Inversiones Copperfield Limitada formed Energía Minera S.A. with 99% and 1% ownership interests, respectively.

The Company's business purpose is to develop, directly or through third parties, individually or jointly with others, in the Republic of Chile or abroad, the following activity: To generate, supply, purchase and sell electric energy and to render all types of energy services.

b) Contributions to related companies

During 2007 and 2006 Codelco-Chile made capital contributions to investees, in cash or by capitalizing accounts receivable, for ThUS\$ 34,563 and ThUS\$ 38,767, respectively, as follows:

	2007	2006
	ThUS\$	ThUS\$
Codelco Group USA Inc.	-	500
Biosigma S.A.	5,477	3,199
Minera Pecobre S.A. de C.V.	1,000	3,030
Sociedad Contractual Minera Purén	-	8,771
Mining Information Communication and Monitoring S.A.	-	1,980
Sociedad Kairos Mining S.A.	40	-
Sociedad Contractual Minera Sierra Mariposa	1,747	-
Sociedad GNL Mejillones S.A.	25,000	-
Mining Industry Robotic Solutions S.A.	1,300	-
Sociedad Inversiones Copperfield Limitada	-	1,307
Minera Gaby S.A.	-	19,980

These capital contributions were recorded in accordance with Technical Bulletin N° 72 issued by the Chilean Institute of Accountants.



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For the years ended December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

c) Unrealized gains

The Company has recorded unrealized gains on contributions from mining properties, fixed assets and ownership rights. The most significant transactions are detailed below:

Sociedad Contractual Minera El Abra

The Company contributed mining rights to Sociedad Contractual Minera El Abra in 1994. The recognition of income is in relation to the depletion of Sociedad Contractual Minera El Abra. At December 31, 2007 gains for ThUS\$ 14,957 (2006: ThUS\$ 16,019) were recognized. At December 31, 2007 finished products are presented under inventories item, net of unrealized gains for ThUS\$ 10,721 (2006, ThUS\$ 37,359).

Electroandina S.A.

There is an unrealized gain on the contribution of fixed assets generated in 1996. The gain was recognized in annual installments until February 2006. At December 31, 2006, a gain of ThUS\$ 3,026 was recognized.

Inversiones Tocopilla Ltda.

There is an unrealized gain on the initial contribution of ownership rights generated in 1996. The gain was recognized in annual installments until February 2006. At December 31, 2006, a gain of ThUS\$ 1,089 was recognized.

Codelco Group USA Inc.

Unrealized gain, which is the margin from sales of products that at year-end have balances in the subsidiary. The gain will be recognized insofar as the inventories which generated this gain are sold. At December 31, 2006 unrealized gains of ThUS\$ 8,994 were accrued for, of which ThUS\$ 2,492 are presented as a deduction from the investment and ThUS\$ 6,502 are presented in Long-term Provisions in Long-term Liabilities.

Codelco K pferhandel GmbH

Unrealized gain, corresponds to is the margin from sales of copper that at year-end have balances in the subsidiary. The gain will be recognized insofar as the inventories which generated this gain are sold. At December 31, 2007 unrealized gains of ThUS\$ 23,282 (2006: ThUS\$ 22,372) were accrued for and are presented as a deduction from the investment.

NOTE 09 - GOODWILL

The Law N° 19,993 dated December 17, 2004 authorized ENAMI to sell real estate, equipment, a laboratory, furniture and vehicles, rights and licenses and other movable goods and intangible goods, forming the industrial mining metallurgical complex called Fundici n y Refiner a Las Ventanas.

Such acquisition was completed on May 1, 2005 for US\$ 391 million plus VAT for US\$ 2.5 million on taxed fixed assets. Such transaction mainly consisted in the acquisition of the assets of the industrial complex and certain liabilities related to the industrial complex's employee benefits.

At December 31, 2007, the goodwill resulting of this transaction, is amortized in 20 years since that date, in accordance with the estimated life of the investment.

NOTE 10 - OBLIGATIONS WITH BANKS AND FINANCIAL INSTITUTIONS – CURRENT

At December 31, 2006 current obligations with banks and financial institutions amount to ThUS\$ 22,000.

Long-term bank obligations due within one year amount to ThUS\$ 308,341 in 2007 and ThUS\$ 8,506 in 2006, they are in US dollars at an average annual interest rate of 5.22% in 2007 and 5.72% in 2006.

NOTE 11 - OBLIGATIONS WITH BANKS AND FINANCIAL INSTITUTIONS - LONG TERM

At December 31, 2007, these obligations amount to ThUS\$ 700,000 (2006: ThUS\$ 600,000), are denominated in US dollars at an interest rate based on Libor. The average annual interest rate was 5.06% in 2007 (5.72% in 2006). At December 31, 2007 these obligations mature as follows: ThUS\$ 300,000 in 2009 and ThUS\$ 400,000 in 2014.

NOTE 12 - CURRENT AND LONG-TERM BONDS

On May 4, 1999, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 300,000. These bonds mature in a single installment on May 1, 2009, at an interest rate of 7.375% per annum with interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 3,708 and ThUS\$ 3,728, respectively.

On November 18, 2002, the Company issued and placed bonds in the Chilean market, under Superintendency of Securities and Insurance regulations. These bonds were issued for a nominal amount of UF 7,000,000, (equivalent to ThUS\$ 241,091 and ThUS\$ 245,510 at December 31, 2006 and 2005, respectively) in a single denominated A Series, and are represented by 70,000 certificates for UF 100 each. These bonds mature in a single installment on September 1, 2012, at an interest rate of 4.0% per annum with interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 3,670 and ThUS\$ 3,227, respectively.

On November 30, 2002, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 435,000. These bonds mature in a single installment on November 30, 2012, at an interest rate of 6.375% per annum interest paid semi-annually. At December 31, 2007 and 2006 and, the current liability for each year is ThUS\$ 2,438 and ThUS\$ 2,451, respectively.

On October 15, 2003, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 15, 2013, at an interest rate of 5.5% per annum interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 6,011 and ThUS\$ 5,969, respectively.

On October 15, 2004, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 15, 2014, at an interest rate of 4.750% per annum interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 5,192 and ThUS\$ 5,155, respectively.

On May 10, 2005, the Company issued and placed bonds in the local market for a nominal amount of UF 6,900,000, (equivalent at December 31, 2006 to ThUS\$ 242,002) in a single denominated B Series, and are represented by 6,900 certificates for UF 1,000 each. These bonds mature in a single installment on April 1, 2025, at an interest rate of 3.29% per annum with interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 2,814 and ThUS\$ 2,433, respectively.



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On September 21, 2005, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on September 21, 2035, at an interest rate of 5.6250% per annum interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 7,881 and ThUS\$ 7,925, respectively.

On October 19, 2006, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$ 500,000. These bonds mature in a single installment on October 24, 2036, at an interest rate of 6.15% per annum interest paid semi-annually. At December 31, 2007 and 2006, the current liability for each year is ThUS\$ 5,713 and ThUS\$ 5,829, respectively.

NOTE 13 - ACCRUALS

At December 31, 2007 and 2006, long-term accruals amount to ThUS\$ 1,527,517 and ThUS\$ 1,185,120, respectively. These accruals cover the Company's commitments that will take place in the long term, arising from exit plans, contingencies, severance indemnities and others related to personnel benefits in union contracts.

The changes in the long-term accruals for severance indemnities are summarized below:

Movements	Long-term liability	
	2007	2006
	ThUS\$	ThUS\$
Balance as of January 1,	729,216	696,033
Provision for the year (including effects for variations in exchange rates)	176,842	62,065
Transfers to current liability	(26,155)	(28,882)
Total severance indemnities	879,903	729,216

NOTE 14 - CHANGES IN EQUITY

a) Corporación Nacional del Cobre de Chile, Codelco-Chile was formed by D.L. N° 1,350 dated 1976, which establishes that all net income earned by the Company goes to the benefit of the Chilean Government after deducting amounts that, by a charge to net earnings for each year, must be maintained in Other Reserves as established in Article 6 of D.L. N° 1,350, and have to be included in the proposal made by the Board of Directors to the Ministry of Mining and the Ministry of Finance.

On February 28, 2007, in accordance with Article 6 of D.L. N° 1,350, the Board of Directors agreed to, request the Ministries of Mining and Finance the creation of a reserve fund charging 2006 net income for an amount equivalent to the total amount of taxes (ThUS\$ 313,500), which corresponds to the income tax and additional tax paid in advanced by Codelco as a result of the advance received from the clients for ThUS\$ 550,000 in accordance with the commercial agreement with Minmetals. At said meeting, the Board also asked to maintain as a retained earnings an amount of ThUS\$ 400,000. Both proposals were accepted.

The composition of Other Reserves as of December 31, 2007 is as follows:

Detail	Year	Accumulated
	ThUS\$	ThUS\$
Capitalization of net income and reserves	320,708	957,191
Cumulative translation adjustment - subsidiaries	2,784	39,066
Reserves for housing programs	-	35,100
Technical appraisal revaluation D.L. N° 3,648	-	624,567
Balance of Other reserves as of December 31, 2007	323,492	1,655,924

b) At December 31, 2007, the Company recognized a surplus in favor of the Chilean Treasury for ThUS\$ 1,817,763, charged to 2007 income, which reduces equity.

Changes in equity during 2007 and 2006 are detailed below:

2007

Movements	Paid-in capital	Other reserves	Retained earnings	Profit distributions	Net income for the year
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Beginning balance - January 1	1,524,423	1,332,432	-	(1,668,043)	3,338,789
Transfer to reserves and profit distributions	-	-	-	1,688,043	(1,668,043)
Profit distributions against prior year results	-	-	-	-	(950,038)
Capitalization of reserves and/or other income	-	320,708	400,000	-	(720,708)
Net changes in equity in subsidiaries and investees of the company	-	2,784	-	-	-
Net income for the year	-	-	-	-	2,981,619
Provisional profit distributions to Chilean Treasury	-	-	-	(1,817,763)	-
Totals	1,524,423	1,655,924	400,000	(1,817,763)	2,981,619

2006

Movements	Paid-in capital	Other reserves	Profit distributions	Net income for the year
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Beginning balance - January 1	1,524,423	1,325,390	(1,688,388)	1,779,609
Transfer to reserves and profit distributions	-	-	1,688,388	(1,688,388)
Profit distributions against prior year results	-	-	-	(81,966)
Capitalization of reserves and/or other income	-	9,255	-	(9,255)
Net changes in equity in subsidiaries and investees of the company	-	(2,213)	-	-
Net income for the year	-	-	-	3,338,789
Provisional profit distributions to Chilean Treasury	-	-	(1,668,043)	-
Totals	1,524,423	1,332,432	(1,668,043)	3,338,789

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NOTE 15 - NON-OPERATING INCOME AND EXPENSES

Non-operating income and expenses at December 31, 2007 and 2006 are detailed below:

a) Other income

	2007	2006
	ThUS\$	ThUS\$
Satep delegate management	5,042	4,768
Penalties to suppliers	4,916	7,541
Sales of basis	303	171
Miscellaneous sales	44,841	39,005
Service sales	10,012	8,540
Gains on sale of property, plant and equipment	1,917	2,254
Realized gains on contributions to companies	14,957	20,134
Others	58,778	61,990
Totals	140,776	144,403

b) Other expenses

	2007	2006
	ThUS\$	ThUS\$
Export tax (Law N° 13,196)	1,389,965	1,311,417
Adjustments to severance indemnity	77,684	42,667
Satep delegate management	6,409	7,433
Write-off of property, plant and equipment	6,124	48,506
Collective bargaining browses	93,866	180,492
Write-off	3,031	5,083
Bond issuance expenses	-	1,634
Closure costs	194,922	105,937
Pre-investment expenses	54,222	65,562
Expenses ex División Talleres	924	1,028
Expenses ex División Tocopilla	941	605
Stamp tax	6,000	8,040
Material inventories	415	115
Non recovered VAT	1,290	1,105
Others	20,448	61,420
Other employee's expenses	3,541	7,960
Retirement plans	28,064	20,104
Health plans	11,545	83,178
Contingences accrued	39,782	83,693
Totals	1,939,173	2,035,979

NOTE 16 - EXCHANGE RATE DIFFERENCES

Assets and liabilities, traded in currencies other than US dollars, have been converted at the year-end exchange rate, resulting in a net credit to income of ThUS\$ 72,749 in 2007 and a net debit to income for ThUS\$ 40,643 in 2006.

NOTE 17 - DERIVATIVE CONTRACTS

As was mentioned in Note 2r), the Company has hedge operations to mitigate the risk of fluctuation in interest rates, foreign currency exchange rates and changes in selling prices, as follows:

a) Interest rate hedge

At December 31, 2007, the Company has contracts in place to fix the interest rate fluctuations of US dollar - denominated bank loans for ThUS\$ 300,000. Deferred payments under these contracts amounted to ThUS\$ 4,445 (2006: ThUS\$ 11,369), which are shown in Others under Other assets and amortized over the term of the respective liabilities, from January 2008 to September 2008. A positive exposure of ThUS\$ 3,031 has been determined as of December 31, 2007.

b) Exchange rate hedge

The Company has exchange rate hedge contracts for ThUS\$ 373,001, which mature in August 2012 and April 2025. At December 31, 2007, these contracts show a positive exposure of ThUS\$ 132,615. The net account receivable for said contracts amounts of ThUS\$ 175,927 (2006: ThUS\$ 105,737), are classified in Others under other Assets. In addition, costs arising from said contracts for ThUS\$ 77,946 (2006: ThUS\$ 55,558), are recorded in Other long-term liabilities and amortized over the term of the respective liabilities.

c) Contracts for pricing operations and adjustments to the commercial policy

In order to protect its cash flows and adjust when is necessary its sale contracts to its commercial policy, the Company carries out operations in future markets recording the results of these hedging transactions at the maturity date of the contracts. Said results are added to or deducted from sales. The addition or deduction is due to the fact that sales include the positive or negative effect of market prices. At December 31, 2007, said operations generated a net lower income of ThUS\$ 315,232 (lower income for sales of ThUS\$ 317,767 and higher income for purchases of ThUS\$ 2,535), which are detailed as follows:

c.1 Commercial operations of outstanding copper contracts

In accordance with the policy of cash flow hedge and adjustment to its commercial policy, in 2007, the Company has carried out operations in future markets, which represent 260,325 metric tons of fine copper. These hedging operations are part of the commercial policy of the Company and mature until March 2009.

The outstanding contracts at December 31, 2007 show a positive exposure of ThUS\$ 283,196, whose final result could only be known at the maturity date of said operations, after the compensation between the hedging operations and the income from the sale of hedged products.

The operations ended between January 1 and December 31, 2007 generated a net positive effect on income of ThUS\$ 5,995 which is deducted from the amounts paid for purchase contracts and added to the amounts received for the contracts for sales of products involved in said pricing operations (ThUS\$ 2,535 for purchases and ThUS\$ 3,460 for sales).



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c.2 Commercial operations for outstanding silver contracts

At December 31, 2007, the Company has silver pricing hedging operations for MOZT 2,218 troy ounces.

At that date, the negative exposure amounted to ThUS\$ 115.

The operations ended between January 1 and December 31, 2007 generated a negative effect on income of ThUS\$ 81, which is deducted from the amounts received for the contracts for sale of products involved in said pricing operations. These hedging operations mature until March 2008.

c.3 Operations to protect cash flows based on future production

Also, in order to protect its future cash flows by guaranteeing levels of selling prices of part of the production, future operations related to said projects have been carried out for MTF1,077,829. These hedging contracts mature until March 2013.

Outstanding future operations at December 31, 2007 show a negative exposure of ThUS\$ 3,596,775, whose final result could only be known at the maturity date of said contracts, compensating their effects with the sale of the hedged products.

The future operations ended between January 1 and December 31, 2007, related to the production sold, generated a lower income of ThUS\$ 320,728, which is the result of the compensation between the hedging operation and revenues arising from the contracts for the sale of products involved in said pricing operations. As part of the Company's commercial policy, said results reduce net operating income.

At December 31, 2007, the Company keeps Min/Max option agreements (put purchases and call sales) in order to protect their future cash flows by means of ensuring a minimum sale price of MTF 237,000. These operations record at December 31, 2007, a negative exposure of ThUS\$ 102,065. These hedging operations mature on March 2010.

The operations ended between January 1 and December 31, 2007 generated a minor income for ThUS\$ 418.

NOTE 18 - CONTINGENCIES AND COMMITMENTS

Lawsuits and contingencies

Codelco is involved in various lawsuits and legal actions initiated by, or against, the Company which result from the inherent nature of the industry in which the Company operates. In general, these lawsuits are from civil, tax, labor and mining actions, all of which are related to the Company's operating activities.

In the Company management's and legal advisors' opinion, these lawsuits against to the Company, which could have negative results do not represent significant loss contingencies. The Company defends its rights and uses all legal and proceeding resources available.

The most significant lawsuits to which Codelco is a party are related with the following matters:

- **Tax lawsuits:** There are several tax assessments issued by the Chilean Internal Revenue Service for which the Company has presented its corresponding objections.
- **Labor lawsuits:** Labor lawsuits initiated by employees of Andina Division against the Company in relation to professional diseases (silicosis).



- **Mining lawsuits:** The Company has been involved, and will probably continue to be involved, as a defendant and plaintiff in a number of proceedings, through which it seeks to protect certain mining concessions already established or in the process of being established. Currently these proceedings have no determined amounts and do not significantly affect Codelco's development.

An analysis case by case related with these lawsuits against to the Company has shown that exists a total of 121 lawsuits with an estimate amount, 34 of them for ThUS\$ 6,523 could have negative results against to the Company. Also there are 36 lawsuits for ThUS\$ 21,008 for which there is no certainty they will be against to Codelco. For the 51 remaining lawsuits for ThUS\$ 23,842, legal advisers estimate they will not have negative result to Codelco. Additionally there are 92 lawsuits without amount, 21 of them could have negative judicial decision against to Codelco.

For all the abovementioned lawsuits, there are necessary provisions which are recorded in contingency provisions.

As publicly known, the Corporation filed a petition at the corresponding Courts of Appeals, in relation to the reports issued by the Labor's Inspection Office, as a consequence of Law N° 20.123, which regulates the work in terms of subcontraction and transitory services companies. The Corporation has achieved five favorable sentences regarding these petitions and it has appealed to one of them.

Other commitments

a) In July 2005, the Board of Directors of the Company was informed of the Salvador mineral situation; and hence management initiated activities in order to close the oxide line by 2008 at the latest and the sulphides line by 2011 at the latest.

Additionally, on September 5, 2005, the Board of Directors approved the 2006 exploration plan, which includes the closing of oxide and sulphide mining operations in 2008 and 2011 respectively, as well as the transition plan for that period.

Regardless to the above mentioned on May 8, 2007, considering new studies related to market conditions the Board of Directors, decided to extend in two years the exploitation of the Salvador Division's oxide line, postponing the close of the oxide line until 2010.

Additionally, during the second half of 2005, and in accordance with the evaluated impact of this decision and the mine closure plan the corresponding provisions were recorded.

Additionally, at December 31, 2005, the Company wrote-off assets associated with the activities being closed.

b) On May 31, 2005, Codelco through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to create Copper Partners Investment Company Ltd., in which both companies will participate equally. Also, they agreed on the terms of a 15-year sales agreement regarding cathodes for that joint venture and a purchase agreement with Minmetals for the same term and monthly shipments until completing 836,250 metric tons. Each shipment will be paid by the purchaser at a price composed of a fixed and a variable component, which will depend on the current price of the copper at the time of the shipment.

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On the other hand, Codelco has granted Minmetals an option to acquire, at market price, a minority ownership in a company that will exploit the Gaby mineral deposit, subject to the conditions that Codelco establishes to go forward with said initiative.

During the first quarter of 2006, based on agreed financial conditions, the financing contracts with the China Development Bank were signed, allowing the Cooper Partners Investment Company Ltd. to make the US\$ 550 million payment in March 2006 to Codelco.

At December 31, 2007 is operating and the monthly shipments began in June 2006, the contract in operation.

According to the abovementioned agreement of the Board of Directors and the agreements with Minmetals, Codelco contracted hedge transactions for 139,325 tons (including the abovementioned tons), on behalf of Copper Partners Investment Company Ltd., which were completed during January and February 2006 (97,450 MTF at December 31, 2007). Copper Partners Investment Company assumes the result of this hedge.

The agreement with Minmetals was reported as a significant event to the Superintendency on February 22, 2006 and explanatory additional communications dated February 27 and March 7, 2006.

c) The Company has subscribed gas supply contracts with its investee GNL Mejillones S.A., which will operate as from October 2010, through this contract, the investee agreed to sell as a minimum the equivalent to 27 TBtu annually in the period 2010-2012.

d) Law N° 19,993 dated December 17, 2004 that authorized the purchase of the assets of Fundación y Refinería Las Ventanas from ENAMI, establishes that the Company should guarantee the necessary smelting and refining capacity, with no restrictions or limitations, for products of the small and medium size mining industry that ENAMI serves, upon terms agreed to by both parties.

e) The Corporation, following its cost-reduction programs through the use of modern technologies, has established personnel early severance programs, with benefits that encourage retirement, which obligation is recognized as a provision when the employee commits to his/her retirement.

Additional information

In connection with the financial liabilities incurred by the investee Copper Partners Investment Company Ltd. with the China Development Bank, Codelco Chile and Codelco International Ltd. must fulfill certain covenants mainly referred to providing financial information. Additionally, Codelco Chile has to maintain its ownership of 51% in Codelco International Limited.

In accordance with the Sponsor Agreement dated March 8, 2006, the subsidiary Codelco International Ltd. agreed to transfer its rights held in Copper Partners Investment Company Ltd. as collateral security in favor of China Development Bank.

There are no restrictions or covenants associated with the Company's financial or public obligations.

NOTE 19 - DIRECT GUARANTEES

The Company has obligations with the Chilean Treasury according to Law N° 18,634 on deferred customs rights for ThUS\$ 216 (2006: ThUS\$ 801). In addition, the Company records documents delivered as guarantee for ThUS\$ 64,858 in 2007 (2006: ThUS\$ 40,628).

At December 31, 2007, the Company has direct guarantees corresponding to Stand by letter of ThUS\$ 660,000 to certain Brokers in order to guarantee future metal market operations.

NOTE 20 - INDIRECT GUARANTEES

At December 31, 2007 and 2006, the Company records an indirect debt for ThUS\$ 30,038, from guarantees granted to its investee Electroandina S.A.

The Company is jointly and severally liable of Complejo Portuario Mejillones S.A., recording an indirect guarantee in favor of Empresa Portuaria Mejillones S.A. for ThUS\$ 83,285 at December 31, 2007, ThUS\$ 86,365 in 2006.

NOTE 21 - SURETIES OBTAINED FROM THIRD PARTIES

The Company has received a number of guarantees that mainly cover supplier and contractors' obligations related to various projects under development in its operating Divisions, which amount to ThUS\$ 413,267 in 2007 and ThUS\$ 314,256 in 2006.

NOTE 22 - ASSETS AND LIABILITIES IN LOCAL AND FOREIGN CURRENCY

At December 31, 2007, the Company has assets traded in local currency for ThUS\$ 524,519 (2006: ThUS\$ 409,943) and liabilities for ThUS\$ 1,326,278 (2006: ThUS\$ 1,669,346).

NOTE 23 - SANCTIONS

In exempt resolution N° 317 dated August 1, 2006, the Company received a sanction of censure from the Superintendency of Securities and Insurance for infringement penalized in Article 44 of the Chilean Law N° 18,046 on corporations.

At December 31, 2007, and 2006, Codelco-Chile, its Directors and Management have not been subject to other sanctions applied by the Superintendence or other administrative authorities.

NOTE 24 - ENVIRONMENT

The practice of exploration and recognition of new resources, which are environmentally sustainable, has been a significant concern for the Company. Consequently, since 1998 the Company has defined its environmental commitments, which are controlled through an environmental management system for explorations that has been improved over time to conform to the worldwide standard ISO 14001, which has assisted in geology, geochemical, geophysical and sounding work directed towards exploration of mineral resources both in Chile and abroad.

At December 31, 2007, Codelco Norte, formed by former Chuquicamata and Radomiro Tomic Divisions, Andina, El Salvador and Teniente Divisions, and the head office received ISO 14001 certification.

In accordance with this policy, at December 31, 2007 the Company has made investments, related to environmental issues, which amount to ThUS\$ 53,741 (2006: ThUS\$ 60,826).

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NOTA 25 - TIME DEPOSITS

The composition of time deposits as of December 31, 2007 and 2006 is as follows:

2007

Bank	Interest annual rate	Amount
	%	ThUS\$
Banco Bilbao Vizcaya Argentina, N.Y. Branch	4.3800	102,405
Banco del Estado de Chile, N.Y. Branch	4.2500	16,894
Banco del Estado de Chile, N.Y. Branch	4.9500	100,096
Barclays Bank PLC, Miami Agency	4.4000	20,007
Barclays Bank PLC, Miami Agency	4.9000	130,363
BCI, Miami Branch	4.5000	180,068
Citi New York	3.6000	25,040
Natixis, New York Branch	4.4000	200,073
Natixis, New York Branch	4.4200	100,037
Standard Chartered Bank, N. York	4.4700	360,133
Sumitomo Mitsui Banking Co., N.Y.	4.4700	220,082
Sumitomo Mitsui Banking Co., N.Y.	4.8200	60,201
Sumitomo Mitsui Banking Co., N.Y.	4.8500	71,620
The Bank of Tokyo-M Ltd., N.Y.	4.5200	170,064
The Bank of Tokyo-M Ltd., N.Y.	4.7900	70,047
The Bank of Tokyo-M Ltd., N.Y.	4.9500	120,066
Total		1,947,196

2006

Bank	Interest annual rate	Amount
	%	ThUS\$
ABN AMRO Bank, Grand Cayman	5.2400	60,026
Banco Español de Crédito S.A - Banesto N.Y.	5.2900	106,779
Barclays Bank PLC, Miami Agency	5.2875	41,024
Barclays Bank PLC, Miami Agency	5.2900	41,525
Barclays Bank PLC, Miami Agency	5.3200	60,044
Citi New York	3.8000	27,182
Citi New York	5.0225	29,300
Sanpaolo IMI Bank, N.Y. Branch	5.2700	97,643
Sumitomo Mitsui Banking Co., N.Y.	5.3000	64,634
Sumitomo Mitsui Banking Co., N.Y.	5.3100	60,044
The Bank of Tokyo-M Ltd., N.Y.	5.3100	138,537
Banca Di Roma, N.Y. Branch	5.2500	60,026
Total		786,764

NOTE 26 - SUBSEQUENT EVENTS

On January 9, 2008, Mr. Santiago González assumes as a new President of Board of Directors replacing to Mrs. Karen Poniachik Pollak.

On January 10, 2008, the Company paid an amount of ThUS\$ 400,000 for fiscal surpluses on account of surplus for 2007.

On February 15, 2008, the Company paid an amount of ThUS\$ 400,000 for fiscal surpluses on account of surplus for 2007.

The Company's management has no knowledge of any other significant events of a financial nature or any other nature, occurring between December 31, 2007 and the date of issuance of these financial statements (February 15, 2008) which might affect them.



José Pablo Arellano Marín
Executive President



Daniel Barría Iroumé
Corporate Vice-President
for Shared Services



Mario Allende Gallardo
Chief Accountant



_Analysis of Individual Financial Statements

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

The following section is intended to improve the ease of the interpretation of the Individual Financial Statements of Corporación Nacional del Cobre de Chile (Codelco) between the years ended December 31, 2007 and December 31, 2006, respectively.

Using the amounts in the financial statements we built the following indicators (in thousands of US\$):

FINANCIAL INDICATORS

Balance Sheet	2007	2006	Variation
	Ratio	Ratio	%
Liquidity			
Current assets/Current liabilities	1.85	2.29	-19%
(Current assets-Inventory-Prepaid expenses)/Current liabilities	1.31	1.54	-15%
Indebtedness			
Total debt (Liabilities)/Equity (times)	2.13	1.83	16%
Current liabilities/Total debt (liabilities)	0.30	0.23	29%
Long-term liabilities/Total debt (liabilities)	0.70	0.77	-9%
	2007	2006	Variation
	ThUS\$	ThUS\$	%
Liabilities	10,103,630	8,295,828	22%
Income for the period plus income tax and Law N° 13.196 tax	8,451,054	9,214,904	-8%
	2007	2006	Variation
	Ratio	Ratio	%
Activity			
Accounts receivable turnover	17.75	11.05	61%
Collection recovery (days)	20	33	-38%
Inventory turnover (times)	4.11	4.13	-1%
Inventory permanence (days)	88	87	1%
Profitability (Income after taxes)			
Return on assets %	20.08	26.04	-23%
Return on equity %	62.85	73.74	-15%
% of operating asset performance (2)	21.35	28.16	-24%

	2007	2006	Variation
	ThUS\$	ThUS\$	%
Results			
Net sales	15,630,414	15,824,999	-1%
Cost of sales	(6,713,920)	(6,014,778)	12%
Operating income	8,579,106	9,497,299	-10%
Non-operating loss	(1,518,017)	(1,593,812)	-5%
Interest expense	(242,264)	(233,735)	4%
Depreciation	(552,278)	(518,715)	6%
Amortization of intangible assets	(290,985)	(255,874)	14%
EBIT	7,061,089	7,903,487	-11%
Law N° 13,196	(1,389,965)	(1,311,417)	6%
Income tax	(4,079,470)	(4,564,698)	-11%
EBITDAie (1)	8,146,616	8,911,811	-9%
Net income	2,981,619	3,338,789	-11%
Equity			
Equity	4,744,203	4,527,601	5%
Property, plant and equipment, net	7,303,370	6,452,818	13%
Total assets	14,847,833	12,823,429	16%
Profit/Loss per share in US\$	Not applicable	Not applicable	

	2007	2006	Variation
	FMT	FMT	%
Physical sales volume (own and third party copper)	1,968,033	2,001,019	-1.65%

(1) EBITDAie: Equity before taxes, interest, depreciation, amortization and extraordinary items.

(2) Total assets less investments in other companies and in related companies are considered to be operating assets.

MINE DEPOSITS

The Company's deposits are recognized in accounting at US\$ 1 each. Under these terms, the economic value of these deposits differs from their carrying value.

This generates the effect that shareholders' equity for accounting purposes and assets understatement compared to their economic value.



Analysis of Individual Financial Statements

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

MARKET

As of December 31, 2007, markets in which the Company commercializes its products have experienced no significant changes. As known by the public, from the end of 2005 to November 2006 there have been ongoing increase in copper international prices. It is also convenient to note that the price of molybdenum had an increase between 2004 and 2005 and showed growth between 2006 and the beginning of 2007.

The table below shows annual average amounts beginning in 2000:

	Copper	Molybdenum
	US\$/FMT	US\$/FMT
2000	1,814.27	5,652.65
2001	1,577.78	5,222.31
2002	1,567.64	8,488.68
2003	1,779.88	11,993.36
2004	2,870.90	37,237.39
2005	3,683.44	70,481.10
2006	6,730.60	54,558.00
2007	7,126.35	66,645.72

BALANCE SHEET

Amounts in the balance sheet show growth in assets mainly generated by operating activities and as a result of greater copper prices which generate increases in the Company's collection, which is reflected in the increase in time deposits.

As of December 31, 2007, current assets amounted to ThUS\$ 5,629,999 (2006: ThUS\$ 4,447,354) mainly composed of inventory (net) of ThUS\$ 1,634,709 (29.04%), trade accounts receivable of ThUS\$ 880,744 (15.64%), time deposits of ThUS\$ 1,947,196 (34.59%) and the difference is composed by other accounts in current assets.

Accounts receivable associated with trade accounts receivable decreased compared to the prior year due to an improvement in collection recovery (20 days as of December 2007 compared to 33 days in the prior year.)

The increase in inventory as of December 31, 2007 compared to the same period of prior year is due to greater inventory stocks at year-end and greater process cost. Below, we provide the detail of inventory at year-end.

	2007	2006
	ThUS\$	ThUS\$
Finished products	712,144	589,463
Products-in-process	673,250	660,508
Materials in warehouse and other, net	249,315	206,333
Balance at year-end	1,634,709	1,456,304

As of December 31, 2007, property, plant and equipment entries have showed a net increase of ThUS\$ 850,552, compared to the balance as of December 31, 2006.

Concept	2007	2006	Variation
	ThUS\$	ThUS\$	ThUS\$
Codelco's property, plant and equipment, net	7,303,370	6,452,818	850,552
Land	58,051	55,021	3,030
Buildings and infrastructure			
- Land improvements	1,964,210	1,887,338	76,872
- Buildings	2,158,108	2,094,071	64,037
- Rooms	128,157	129,292	(1,135)
- Work-in-progress	1,501,600	910,475	591,125
- Mine development	549,502	549,496	6
- Deposit delimitation	15,720	15,720	-
- Mining operations	1,966,324	1,680,978	285,346
- Forest plantation and development	944	944	-
Machinery and equipment	6,429,513	6,062,643	366,870
Transportation equipment	783,770	723,172	60,598
Furniture and equipment	24,554	25,429	(875)
Lease fixed assets	156,634	114,876	41,758
Technical appraisal	368,171	368,741	(570)
Depreciation reserve	(8,801,888)	(8,165,378)	(636,510)

As of December 31, 2007, current liabilities amount to ThUS\$ 3,045,551 (ThUS\$ 1,938,945 as of December 31, 2006) and are composed of accounts payable of ThUS\$ 788,660 (25.90%), accrued expenses of ThUS\$ 700,834 (23.01%) and dividends payable of ThUS\$ 800,000 (26.27%) plus other miscellaneous liabilities.



Analysis of Individual Financial Statements

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

Movements in obligations with banks and financial institutions are as follows:

	Short-term	Long-term
	ThUS\$	ThUS\$
Balance as of January 1, 2007	30,506	600,000
Transfers to the short-term portion	300,000	(300,000)
Amortization	(200,965)	-
Increases	178,800	400,000
Balance as of December 31, 2007	308,341	700,000

Current liabilities include the short-term portion of US\$ 37 million owed to Copper Partners Investment, which will have to be applied to invoices which document effective shipments to be performed in the next period. The balance owed for this concept is presented under long-term accounts payable to related companies.

Because of all these movements as of December 31, 2007, current liquidity dropped from 2.29 to 1.85 compared to December 31, 2006 due to a greater proportional increase in current liabilities (increase in accounts payable, accrued expenses, dividends payable and decrease in income taxes) compared to current assets (increase in time deposits, inventory and deferred income taxes as well as a decrease in trade accounts receivable.)

As of December 31, 2007, long-term liabilities amounted to ThUS\$ 7,058,079 (ThUS\$ 6,356,883 as of December 31, 2006), mainly composed of obligations with banks and obligations with the public (bonds payable) of ThUS\$ 3,983,924 (56.44%), deferred income taxes of ThUS\$ 823,733 (11.67%) and long-term accrued expenses of ThUS\$ 1,527,517 (21.64%).

Long-term liabilities include US\$ 455 million related to the prepayment of US\$ 550 million received which will have to be applied to sales committed with the affiliate Copper Partner Investment.

With respect to accrued expenses, the Company has recorded payment commitments related to future benefits agreed with its employees, as well as those which might arise from lawsuits related to the management of the Company's normal business activities. These have been recognized in the short and long-term portions depending on their estimated payment horizon.

Amounts included above determine ratios and indicators shown in previous pages.

As of December 31, 2007, shareholders' equity amounts to ThUS\$ 4,744,203 (2006: ThUS\$ 4,527,601.)

As of December 31, 2007, the Company's total debt amounted to ThUS\$ 10,103,630 (2006: ThUS\$ 8,295,828) determining greater indebtedness ratio for the year of 2.13 times (2006: 1.83 times), derived from an increase in current liabilities and long-term liabilities.

ANALYSIS OF RESULTS

Operating income for 2007 amounted to ThUS\$ 8,579,106, which is lower by ThUS\$ 918,193 than the amount recorded in 2006. Net sales amounted to ThUS\$ 15,630,414, which is lower by ThUS\$ 194,585 than the amount obtained in 2006 mainly due to lower dispatches of Codelco's product mix (own and third party products.)

The sales price of the Company's product mix (own copper and third party copper) for the period between January and December 2007 amounted to US\$ 3.15213 per pound (US\$ 3.1628 per pound for the period between January and December 2006.)

Highlights for the period between January 1 and December 31, 2007:

Revenues can be subdivided according to the different concepts from which they arise. This is presented in the chart below.

Sales revenues	2007	2006
	ThUS\$	ThUS\$
Own copper	12,522,769	12,253,618
Copper acquired from third parties	843,933	1,448,073
Own and third party molybdenum	1,799,436	1,595,292
Other by-products	464,276	528,016

With respect to Codelco-Chile's sales of own copper and third party copper in 2007 these amounted to FMT 1,968,033 (2006: FMT 2,001,019),. The detail is as follows:

Dispatches	2007	2006
	FMT	FMT
Own copper	1,845,595	1,790,140
Copper acquired from third parties	122,438	210,879
Own and third party molybdenum	27,921	29,376

Analysis of Individual Financial Statements

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

Costs associated with these revenues detailed are as follows:

Cost of sales	2007	2006
	ThUS\$	ThUS\$
Own copper	(5,312,919)	(3,956,530)
Copper acquired from third parties	(852,826)	(1,470,080)
Own and third party molybdenum	(168,388)	(182,416)
Other by-products	(379,787)	(405,752)

Non-operating results generated net expense of ThUS\$ 1,518,017 (ThUS\$ 1,593,812 as of December 31, 2006.) Other non-operating expenses of ThUS\$ 1,939,173 include ThUS\$ 1,389,965 (71.68%) related to Law N° 13,196 tax of 10% on income from exports of own copper and by-products.

Codelco-Chile's income as of December 31, 2007 (before income tax, extraordinary items, minority interest and rebate related to Law 13,196, the latter of which is included under other non-operating expenses) amounted to ThUS\$ 8,451,054, which is lower than the balance of ThUS\$ 9,214,904 obtained in 2006, mainly due to a decrease in operating income of ThUS\$ 918,193.

As a result, income before income taxes and extraordinary items amounted to ThUS\$ 7,061,089 and net income amounted to ThUS\$ 2,981,619.

ANALYSIS OF THE STATEMENT OF CASH FLOWS

Net cash flows from operating activities for the year ended December 31, 2007 determined a positive flow of ThUS\$ 4,693,511, which is greater by ThUS\$ 1,047,697 compared to the prior year, mainly due to a decrease in the payment of taxes because of lower results obtained.

With respect to concepts in cash flows from operating activities, highlights are the following:

	2007	2006
	ThUS\$	ThUS\$
Collection of trade accounts receivable	16,577,409	16,735,698
Payment of income tax	4,264,861	5,194,952
Payment of Law N° 13,196 and other taxes	1,578,042	1,464,048

On the other hand, financing activities for the year ended December 31, 2007 generated a negative flow of ThUS\$ (1,889,800), which is greater than the negative flow of ThUS\$ (1,667,009) generated in the same period of prior year, which is mainly explained by an increase in payment of fiscal surpluses.

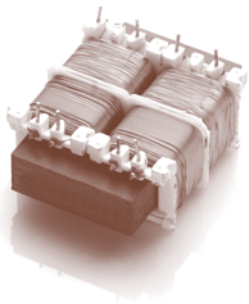
With respect to concepts in cash flows from financing activities, highlights are as follows:

	2007	2006
	ThUS\$	ThUS\$
Loans assumed	578,800	150,000
Payment of dividends	(2,267,800)	(1,857,009)
Payment of obligations with banks	(200,800)	(468,000)

Finally, investing activities generated a net negative flow of ThUS\$ (1,633,416) as of December 2007, which is greater than the negative cash flow of ThUS\$ (1,367,459) in 2006 . The explanation for this is mainly the greater acquisition of assets.

In consideration of these cash flows plus opening cash flows, the Company obtained cash and cash equivalents at end of year of ThUS\$ 1,960,287 as of December 31, 2007, which is greater than those ThUS\$ 789,992 obtained at the end of 2006.

_Divisional Statements of Income



_Independent Auditors' Report

TO THE CHAIRMAN AND MEMBERS
OF THE BOARD OF DIRECTORS
OF CORPORACIÓN NACIONAL DEL COBRE DE CHILE

Deloitte.

We have audited the accompanying divisional statements of income of Corporación Nacional del Cobre de Chile for the years ended December 31, 2007 and 2006. The 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's consolidated financial statements for the years ended December 31, 2007 and 2006 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, 2007, on which, based on our audits and the reports of the other auditors, who audited certain affiliates and subsidiaries, we have expressed an unqualified opinion on the same date of this report 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, 2006, on which, based on our audit and the reports of the other auditors, who audited certain affiliates and subsidiaries, we expressed an unqualified opinion on February 7, 2007.

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 Corporation, as well as evaluating the overall presentation of the divisional statements of income. 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 statutes, in conformity with accounting principles generally accepted in Chile and the bases described in Notes 1 to 3 thereto.

In our opinion, based on our audits and the reports of other auditors, such divisional statements of income present fairly, in all material respects, the results of operations of Corporación Nacional del Cobre de Chile's Divisions for the years ended December 31, 2007 and 2006, in conformity with accounting principles generally accepted in Chile and the bases described in Notes 1 to 3 thereto.

Our audits were conducted for the purpose of expressing an opinion on divisional statements of income for 2007 and 2006. The accompanying divisional consolidated income statements for 2007 and 2006 are presented for the purposes of additional 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 stated, 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 for the convenience of readers outside Chile.



February 15, 2008



Divisional Statements of Income - Codelco Norte

For the years ended December 31, 2007 and 2006 | (Expressed in thousands of US dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
OPERATING REVENUE		
Income from the sale of owned products	7,198,403	6,368,014
Sale of copper acquired from third parties	480,337	1,365,605
Income from the sale of by-products and others	1,945,079	1,775,005
Total revenue	9,623,819	9,508,624
Cost of products of owned copper	(3,025,872)	(1,605,443)
Cost of copper acquired from third parties	(481,954)	(1,360,740)
Cost of sales of by-products and others	(650,494)	(666,112)
Total costs	(4,158,320)	(3,632,295)
GROSS MARGIN	5,465,499	5,876,329
Administrative and selling expenses	(206,255)	(167,550)
OPERATING INCOME	5,259,244	5,708,779
NON-OPERATING INCOME (EXPENSES)		
Financial income	57,283	31,841
Equity in income of related companies	262,702	262,841
Other income	87,139	43,437
Equity in losses of related companies	(2,740)	(3,989)
Financial expenses	(142,725)	(120,048)
Other expenses	(949,432)	(1,011,247)
Price-level restatement	(738)	(153)
Exchange differences	(41,772)	27,942
NON-OPERATING INCOME (EXPENSES)	(730,283)	(769,376)
INCOME BEFORE INCOME TAX	4,528,961	4,939,403
Income tax	(2,641,175)	(2,868,764)
INCOME BEFORE MINORITY INTEREST	1,887,786	2,070,639
MINORITY INTEREST	1,757	1,366
NET INCOME	1,889,543	2,072,005
Amortization of negative goodwill	23	19
INCOME FOR THE YEAR	1,889,566	2,072,024



Divisional Statements of Income - Salvador

For the years ended December 31, 2007 and 2006 | (Expressed in thousands of US dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
OPERATING REVENUE		
Income from the sale of owned products	646,566	895,517
Sale of copper acquired from third parties	43,132	98,743
Income from the sale of by-products and others	179,131	224,859
Total revenue	868,829	1,219,119
Cost of products of owned copper	(798,160)	(810,783)
Cost of copper acquired from third parties	(42,999)	(93,686)
Cost of sales of by-products and others	(97,800)	(112,079)
Total costs	(938,959)	(1,016,548)
GROSS MARGIN	(70,130)	202,571
Administrative and selling expenses	(28,544)	(37,974)
OPERATING INCOME	(98,674)	164,597
NON-OPERATING INCOME (EXPENSES)		
Financial income	7,442	8,485
Equity in income of related companies	23,715	33,741
Other income	10,872	33,934
Equity in losses of related companies	(596)	(511)
Financial expenses	(18,313)	(40,719)
Other expenses	(235,812)	(225,036)
Price-level restatement	(67)	(20)
Exchange differences	(8,866)	2,686
NON-OPERATING INCOME (EXPENSES)	(221,625)	(187,440)
LOSS BEFORE INCOME TAX	(320,299)	(22,843)
Income tax	215,085	40,690
(LOSS) INCOME BEFORE MINORITY INTEREST	(105,214)	17,847
MINORITY INTEREST	159	175
NET (LOSS) INCOME	(105,055)	18,022
Amortization of negative goodwill	2	2
(LOSS) INCOME FOR THE YEAR	(105,053)	18,024



Divisional Statements of Income - Andina

For the years ended December 31, 2007 and 2006 | (Expressed in thousands of US dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
OPERATING REVENUE		
Income from the sale of owned products	1,438,409	1,555,575
Sale of copper acquired from third parties	91,955	161,593
Income from the sale of by-products and others	325,938	292,117
Total revenue	1,856,302	2,009,285
Cost of products of owned copper	(436,032)	(310,217)
Cost of copper acquired from third parties	(93,920)	(153,317)
Cost of sales of by-products and others	(115,845)	(137,534)
Total costs	(645,797)	(601,068)
GROSS MARGIN	1,210,505	1,408,217
Administrative and selling expenses	(45,493)	(41,743)
OPERATING INCOME	1,165,012	1,366,474
NON-OPERATING INCOME (EXPENSES)		
Financial income	6,881	3,427
Equity in income of related companies	50,669	55,146
Other income	62,732	45,629
Equity in losses of related companies	(1,681)	(1,553)
Financial expenses	(21,535)	(20,964)
Other expenses	(201,684)	(246,976)
Price-level restatement	(142)	(32)
Exchange differences	(8,965)	2,565
NON-OPERATING INCOME (EXPENSES)	(113,725)	(162,758)
INCOME BEFORE INCOME TAX	1,051,287	1,203,716
Income tax	(620,342)	(706,366)
INCOME BEFORE MINORITY INTEREST	430,945	497,350
MINORITY INTEREST	338	287
NET INCOME	431,283	497,637
Amortization of negative goodwill	5	4
INCOME FOR THE YEAR	431,288	497,641



Divisional Statements of Income - El Teniente

For the years ended December 31, 2007 and 2006 | (Expressed in thousands of US dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
OPERATING REVENUE		
Income from the sale of owned products	2,987,333	2,742,872
Sale of copper acquired from third parties	159,759	303,568
Income from the sale of by-products and others	628,621	582,486
Total revenue	3,775,713	3,628,926
Cost of products of owned copper	(998,889)	(769,561)
Cost of copper acquired from third parties	(159,992)	(292,594)
Cost of sales of by-products and others	(311,824)	(293,909)
Total costs	(1,470,705)	(1,356,064)
GROSS MARGIN	2,305,008	2,272,862
Administrative and selling expenses	(76,637)	(69,961)
OPERATING INCOME	2,228,371	2,202,901
NON-OPERATING INCOME (EXPENSES)		
Financial income	21,575	11,925
Equity in income of related companies	103,061	100,149
Other income	66,963	40,424
Equity in losses of related companies	(1,075)	(1,520)
Financial expenses	(52,604)	(43,529)
Other expenses	(498,508)	(498,685)
Price-level restatement	(290)	(59)
Exchange differences	(6,730)	7,912
NON-OPERATING INCOME (EXPENSES)	(367,608)	(383,383)
INCOME BEFORE INCOME TAX	1,860,763	1,819,518
Income tax	(1,092,321)	(1,053,820)
INCOME BEFORE MINORITY INTEREST	768,442	765,698
MINORITY INTEREST	689	521
NET INCOME	769,131	766,219
Amortization of negative goodwill	9	6
INCOME FOR THE YEAR	769,140	766,225



Divisional Statements of Income - Ventanas

For the years ended December 31, 2007 and 2006 | (Expressed in thousands of US dollars - ThUS\$)

	2007	2006
	ThUS\$	ThUS\$
OPERATING REVENUE		
Income from the sale of owned products	528,012	438,964
Sale of copper acquired from third parties	99,929	28,619
Income from the sale of by-products and others	235,638	243,495
Total revenue	863,579	711,078
Cost of products of owned copper	(515,899)	(440,983)
Cost of copper acquired from third parties	(105,140)	(25,173)
Cost of sales of by-products and others	(224,007)	(200,180)
Total costs	(845,046)	(666,336)
GROSS MARGIN	18,533	44,742
Administrative and selling expenses	(24,666)	(20,873)
OPERATING INCOME	(6,133)	23,869
NON-OPERATING INCOME (EXPENSES)		
Financial income	4,094	2,446
Equity in income of related companies	23,572	-
Other income	7,791	1,317
Equity in losses of related companies	(246)	-
Amortization of goodwill	(1,176)	(1,176)
Financial expenses	(10,310)	(10,825)
Other expenses	(63,215)	(55,621)
Price-level restatement	(66)	-
Exchange differences	(5,384)	1,259
NON-OPERATING INCOME (EXPENSES)	(44,940)	(62,600)
LOSS BEFORE INCOME TAX	(51,073)	(38,731)
Income tax	47,591	23,606
LOSS BEFORE MINORITY INTEREST	(3,482)	(15,125)
MINORITY INTEREST	158	-
NET LOSS	(3,324)	(15,125)
Amortization of negative goodwill	2	-
LOSS FOR THE YEAR	(3,322)	(15,125)



Basis of Preparation of the Divisional Statements of Income

At December 31, 2007 and 2006 | (Expressed in thousands of US dollars - ThUS\$)

The divisional statements of income are prepared in compliance with the Corporation's statutes, in conformity with generally accepted accounting principles in Chile and the following bases:

NOTE 01. INTERDIVISIONAL TRANSFERS

Interdivisional transfers of products and services were carried out and recorded at market conditions. Therefore, these divisional statements of income include the following concepts:

- Sales to third parties of products received from other divisions and the divisional income from transfers to other Divisions are presented in separate lines.
- In accordance with the above, costs of products received from other Divisions and sold to third parties and costs applicable to divisional income from transfers to other divisions are also presented in separate lines.

NOTE 02. ALLOCATION OF CORPORATE INCOME AND EXPENSES

Income and expenses of the Corporation's Head Office and Subsidiaries are added to direct income and expenses of operating Divisions, in accordance with current bases established for each year, as stated in the Statement of Allocation of Income and Expenses of Head Office and Subsidiaries.

Other operating expenses include the expense derived from Law N° 13,196, which levies the Corporation by 10% on the foreign currency received for the sale of its copper production abroad, including by-products and their distribution by division is as follows:

	2007	2006
	ThUS\$	ThUS\$
Codelco Norte	790,754	725,690
Salvador	105,282	125,492
Andina	152,484	154,705
El Teniente	287,194	260,843
Ventanas	54,251	44,687
Total Law N° 13,196	1,389,965	1,311,417

NOTA 03. RECLASSIFICATIONS

Certain items of the divisional statements of income at December 31, 2006, have been reclassified for comparative purposes.

Consolidated Divisional Statements of Income

For the years ended December 31, 2007 and 2006 | (Expressed in thousands of US dollars - ThUS\$)

2007 | DIVISION	Codelco Norte	Salvador	Andina	El Teniente	Ventanas	Consolidated	Ajustments	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
OPERATING REVENUE								
Income from the sale								
of owned products	7,198,403	646,566	1,438,409	2,987,333	528,012	12,798,723	-	12,798,723
Sale of copper acquired								
from third parties	480,337	43,132	91,955	159,759	99,929	875,112	-	875,112
Income from the sale of by-products								
and others	1,945,079	179,131	325,938	628,621	235,638	3,314,407	-	3,314,407
Total revenue	9,623,819	868,829	1,856,302	3,775,713	863,579	16,988,242	-	16,988,242
Cost of products of owned copper	(3,025,872)	(798,160)	(436,032)	(998,889)	(515,899)	(5,774,852)	-	(5,774,852)
Cost of copper acquired from								
third parties	(481,954)	(42,999)	(93,920)	(159,992)	(105,140)	(884,005)	-	(884,005)
Cost of sales of by-products and others	(650,494)	(97,800)	(115,845)	(311,824)	(224,007)	(1,399,970)	-	(1,399,970)
Total costs	(4,158,320)	(938,959)	(645,797)	(1,470,705)	(845,046)	(8,058,827)	-	(8,058,827)
GROSS MARGIN	5,465,499	(70,130)	1,210,505	2,305,008	18,533	8,929,415	-	8,929,415
Administrative and selling expenses	(206,255)	(28,544)	(45,493)	(76,637)	(24,666)	(381,595)	-	(381,595)
OPERATING INCOME	5,259,244	(98,674)	1,165,012	2,228,371	(6,133)	8,547,820	-	8,547,820
NON-OPERATING INCOME (EXPENSES)								
Add (less):								
Financial income	57,283	7,442	6,881	21,575	4,094	97,275	-	97,275
Equity in income of related companies	262,702	23,715	50,669	103,061	23,572	463,719	-	463,719
Other income	87,139	10,872	62,732	66,963	7,791	235,497	-	235,497
Equity in losses of related companies	(2,740)	(596)	(1,681)	(1,075)	(246)	(6,338)	-	(6,338)
Amortization of goodwill	-	-	-	-	(1,176)	(1,176)	-	(1,176)
Financial expenses	(142,725)	(18,313)	(21,535)	(52,604)	(10,310)	(245,487)	-	(245,487)
Other expenses	(949,432)	(235,812)	(201,684)	(498,508)	(63,215)	(1,948,651)	-	(1,948,651)
Price-level restatement	(738)	(67)	(142)	(290)	(66)	(1,303)	-	(1,303)
Exchange differences	(41,772)	(8,866)	(8,965)	(6,730)	(5,384)	(71,717)	-	(71,717)
NON-OPERATING EXPENSES	(730,283)	(221,625)	(113,725)	(367,608)	(44,940)	(1,478,181)	-	(1,478,181)
INCOME (LOSS) BEFORE INCOME TAX	4,528,961	(320,299)	1,051,287	1,860,763	(51,073)	7,069,639	-	7,069,639
Income tax	(2,641,175)	215,085	(620,342)	(1,092,321)	47,591	(4,091,162)	-	(4,091,162)
NET INCOME (LOSS) BEFORE								
MINORITY INTEREST	1,887,786	(105,214)	430,945	768,442	(3,482)	2,978,477	-	2,978,477
MINORITY INTEREST	1,757	159	338	689	158	3,101	-	3,101
NET INCOME (LOSS) BEFORE								
AMORTIZATION OF NEGATIVE								
GOODWILL	1,889,543	(105,055)	431,283	769,131	(3,324)	2,981,578	-	2,981,578
Amortization of negative goodwill	23	2	5	9	2	41	-	41
NET INCOME (LOSS) FOR THE YEAR	1,889,566	(105,053)	431,288	769,140	(3,322)	2,981,619	-	2,981,619



2006 | DIVISION	Codelco Norte	Salvador	Andina	El Teniente	Ventanas	Consolidated	Ajustments	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
OPERATING REVENUE								
Income from the sale of owned products	6,368,014	895,517	1,555,575	2,742,872	438,964	12,000,942	-	12,000,942
Sale of copper acquired from third parties	1,365,605	98,743	161,593	303,568	28,619	1,958,128	-	1,958,128
Income from the sale of by-products and others	1,775,005	224,859	292,117	582,486	243,495	3,117,962	-	3,117,962
Total revenue	9,508,624	1,219,119	2,009,285	3,628,926	711,078	17,077,032	-	17,077,032
Cost of products of owned copper	(1,605,443)	(810,783)	(310,217)	(769,561)	(440,983)	(3,936,987)	-	(3,936,987)
Cost of copper acquired from third parties	(1,360,740)	(93,686)	(153,317)	(292,594)	(25,173)	(1,925,510)	-	(1,925,510)
Cost of sales by-products and others	(666,112)	(112,079)	(137,534)	(293,909)	(200,180)	(1,409,814)	-	(1,409,814)
Total costs	(3,632,295)	(1,016,548)	(601,068)	(1,356,064)	(666,336)	(7,272,311)	-	(7,272,311)
GROSS MARGIN	5,876,329	202,571	1,408,217	2,272,862	44,742	9,804,721	-	9,804,721
Administrative and selling expenses	(167,550)	(37,974)	(41,743)	(69,961)	(20,873)	(338,101)	-	(338,101)
OPERATING INCOME	5,708,779	164,597	1,366,474	2,202,901	23,869	9,466,620	-	9,466,620
NON-OPERATING INCOME (EXPENSES)								
Add (less):								
Financial income	31,841	8,485	3,427	11,925	2,446	58,124	-	58,124
Equity in income of related companies	262,841	33,741	55,146	100,149	-	451,877	-	451,877
Other income	43,437	33,934	45,629	40,424	1,317	164,741	-	164,741
Equity in losses of related companies	(3,989)	(511)	(1,553)	(1,520)	-	(7,573)	-	(7,573)
Amortization of goodwill	-	-	-	-	(1,176)	(1,176)	-	(1,176)
Financial expenses	(120,048)	(40,719)	(20,964)	(43,529)	(10,825)	(236,085)	-	(236,085)
Other expenses	(1,011,247)	(225,036)	(246,976)	(498,685)	(55,621)	(2,037,565)	-	(2,037,565)
Price-level restatement	(153)	(20)	(32)	(59)	-	(264)	-	(264)
Exchange differences	27,942	2,686	2,565	7,912	1,259	42,364	-	42,364
NON-OPERATING INCOME (EXPENSES)	(769,376)	(187,440)	(162,758)	(383,383)	(62,600)	(1,565,557)	-	(1,565,557)
INCOME (LOSS) BEFORE INCOME TAX	4,939,403	(22,843)	1,203,716	1,819,518	(38,731)	7,901,063	-	7,901,063
Income tax	(2,868,764)	40,690	(706,366)	(1,053,820)	23,606	(4,564,654)	-	(4,564,654)
NET INCOME (LOSS) BEFORE MINORITY INTEREST	2,070,639	17,847	497,350	765,698	(15,125)	3,336,409	-	3,336,409
MINORITY INTEREST	1,366	175	287	521	-	2,349	-	2,349
NET INCOME (LOSS) BEFORE AMORTIZATION OF NEGATIVE GOODWILL	2,072,005	18,022	497,637	766,219	(15,125)	3,338,758	-	3,338,758
Amortization of negative goodwill	19	2	4	6	-	31	-	31
NET INCOME (LOSS) FOR THE YEAR	2,072,024	18,024	497,641	766,225	(15,125)	3,338,789	-	3,338,789

The accompanying notes are an integral part of these statements.



_Statement of Allocation of Income and Expenses Controlled by the
Head Office and Subsidiaries to the Corporation's Operating Divisions



_Independent Auditors' Report

TO THE CHAIRMAN AND MEMBERS
OF THE BOARD OF DIRECTORS
OF CORPORACIÓN NACIONAL DEL COBRE DE CHILE

Deloitte.

We have audited the accompanying 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, 2007. The statement of allocation of controlled 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 controlled 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 for the year ended December 31, 2007, on which, based on our audit and the reports of the other auditors, who audited certain affiliates and subsidiaries, we have expressed an unqualified opinion under 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 Corporation, as well as evaluating the overall presentation of the statement of allocation of income and expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of allocation of controlled income and expenses has been prepared in compliance with the Corporation's statutes, in conformity with the allocation criteria described in Notes 1 to 13 thereto.

In our opinion, based on our audit and the reports of other auditors, such statement of allocation of income and expenses presents fairly, in all material respects, the allocated income and expenses of Corporación Nacional del Cobre de Chile's Head office and Subsidiaries for the year ended December 31, 2007, in conformity with the allocation criteria described in Notes 1 to 13 thereto.

The accompanying statement of allocation of income and expenses has been translated into English for the convenience of readers outside Chile.



February 15, 2008



Statement of Allocation of Income and Expenses Controlled by the Head Office and Subsidiaries to the Corporation's Operating Divisions

For the year ended December 31, 2007 | (Expressed in thousands of US dollars - ThUS\$)

	Total	Codelco Norte	Salvador	Andina	El Teniente	Ventanas
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Administrative, selling, financial and other expenses						
Sales of Head Office and Subsidiaries	2,075,946	1,176,019	106,171	226,838	461,390	105,528
Cost of sales of Head Office and Subsidiaries	(2,063,998)	(1,169,252)	(105,559)	(225,533)	(458,733)	(104,921)
Adjustment unearned revenue subsidiaries	8,083	4,580	413	884	1,796	410
Administrative and selling expenses	(207,559)	(119,894)	(13,682)	(20,004)	(44,281)	(9,698)
Financial income	87,614	51,270	6,508	7,810	18,465	3,561
Equity in income of related companies	463,707	262,690	23,715	50,669	103,061	23,572
Other income	133,998	67,588	6,176	21,725	32,431	6,078
Equity in losses of related companies	(4,836)	(2,740)	(247)	(528)	(1,075)	(246)
Financial expenses	(243,538)	(142,695)	(18,313)	(21,514)	(51,216)	(9,800)
Other expenses	(1,463,720)	(818,089)	(119,470)	(160,602)	(310,273)	(55,286)
Price-level restatement	(1,303)	(738)	(67)	(142)	(290)	(66)
Exchange differences	(77,861)	(43,781)	(8,841)	(9,557)	(10,195)	(5,487)
Income tax	(4,091,162)	(2,641,175)	215,085	(620,342)	(1,092,321)	47,591
Minority interest	3,101	1,757	159	338	689	158
Amortization of negative goodwill	41	23	2	5	9	2
TOTALS	(5,381,487)	(3,374,437)	92,050	(749,953)	(1,350,543)	1,396



Criteria Applied to the Allocation of Income and Expenses Controlled by the Head Office and Subsidiaries

Income and expenses controlled by the Head Office and Subsidiaries are allocated to each operating Division in accordance with the criteria set forth for each item of the income statement accounts, as follows:

1. SALES AND COST OF SALES OF THE COMMERCIAL ACTIVITIES OF THE HEAD OFFICE AND SUBSIDIARIES AND ADJUSTMENT FOR UNREALIZED SALES IN SUBSIDIARIES

- Sales and cost of sales of commercial activities are allocated based on the values of products and by-products billed by each Division.

2. ADMINISTRATIVE AND SELLING EXPENSES

- The cost centers identifiable with each Division are allocated directly.
- The cost centers related to the sales function and administrative and selling expenses of subsidiaries are allocated based on the values billed and accounted as deliveries of products and by-products of each Division.
- The cost centers related to the supplying function are allocated based on the warehouse accounting balances of each Operating Division.
- The remaining cost centers are allocated based on the operating cash expenses of the respective Divisions.

3. FINANCIAL INCOME

- The financial income associated and identified with each Division are allocated directly.
- The financial income of subsidiaries are allocated based on the values billed and accounted as deliveries of products and by-products of each division.
- Any remaining financial income is allocated based on the operating cash income of each Division.

4. EQUITY IN INCOME OF RELATED COMPANIES

- The income associated and identified with each Division is allocated directly.
- Any remaining income is allocated based on the values billed and accounted as deliveries of products and by-products of each Division.

5. OTHER INCOME

- The other income associated and identified with each Division are allocated directly.
- Realized gains and other income of subsidiaries are allocated based on the values billed and accounted as deliveries of products and by-products of each Division.
- Any remaining other income is allocated based on the balances of the item "Other income" of each Division.



_ Criteria Applied to the Allocation of Income and Expenses Controlled by the Head Office and Subsidiaries

6. EQUITY IN LOSSES OF RELATED COMPANIES

- The loss associated and identified with each Division is allocated directly.
- Any remaining loss is allocated based on the values billed and accounted as deliveries of products and by-products of each Division.

7. FINANCIAL EXPENSES

- The financial expenses associated and identified with each Division are allocated directly.
- The financial expenses of subsidiaries are allocated based on the values billed and accounted as deliveries of products and by-products of each Division.
- Any remaining financial expense is allocated based on the operating cash expenses of each Division.

8. OTHER EXPENSES

8.1 Other expenses

- The other expenses associated and identified with each Division are allocated directly.
- Pre-investment expenses and other expenses of subsidiaries are allocated based on the value billed and accounted as deliveries of products and by-products of each Division.
- Any remaining other expense is allocated based on the balances of the items "Other expenses" and "Financial expenses" of each Division.

8.2 Contribution to the Chilean Government Law N° 13,196

- The amount of the contribution to the Chilean Government is allocated based on the values billed and accounted for from each Division's exports of copper and by-products, which are under this law.

9. PRICE-LEVEL RESTATEMENT

- The price-level restatement balance of Subsidiaries is allocated based on the value billed and accounted as deliveries of products of each Division.

10. EXCHANGE DIFFERENCES

- The identifiable income with each Division is allocated directly.
- The exchange differences of Subsidiaries are allocated based on the values billed and accounted as deliveries of products and by-products of each Division.
- Any remaining balance is allocated based on the operating cash expenses of each Division.

11. INCOME TAX

- Income tax and D.L. N° 2,398, are allocated in accordance with income before tax of each Division, considering for these purposes the effects of head office and subsidiaries' allocation of income and expenses criteria abovementioned.
- Specific tax on mining activities and other tax expenses, are allocated based on the income tax and D.L. N° 2,398 of each Division.

12. MINORITY INTEREST

- Minority interest is allocated to each Division based on the value billed and accounted as deliveries of products and by-products of each Division.

13. AMORTIZATION OF NEGATIVE GOODWILL

- Amortization of negative goodwill is allocated to each Division based on the value billed and accounted as deliveries of products and by-products of each Division.

Summarised Financial Statements of Subsidiaries

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

	Chile Copper Ltd.	Codelco Küpperhandel GMBH (1)	Codelco Group USA Inc.	Codelco International Limited y Filiales	Minera Picacho (1) (2)	CMS Chile S.A. (1) (2)	Complejo Portuario Mejillones S.A.	Ejecutora Hospital del Cobre Calama S.A.	Sociedad Elaboradora de Cobre Chilena Ltda.	Instituto de Innovación en Min. y Metal. S.A.	Asociación Garantizadora de Pensiones
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
ASSETS											
Total current assets	5,660	118,450	25,176	89,981	170	1	8,454	690	1,347	4,885	700
Total fixed assets	3	58	40	31,481	-	-	101,628	-	-	86	-
Total other assets	-	2,105	72	119,339	13	-	823	932	-	-	-
Total assets	5,663	120,613	25,288	240,801	183	1	110,905	1,622	1,347	4,971	700
LIABILITIES											
Total current liabilities	2,165	81,843	22,634	23,091	25	118	4,508	871	2	1,058	1
Total long-term liabilities	-	-	-	166,135	-	2,885	79,607	819	-	-	8
Minority interest	-	-	-	-	-	-	-	-	14	3	22
Total net equity	3,498	38,770	2,654	51,575	158	(3,002)	26,790	(68)	1,331	3,910	669
Total liabilities and equity	5,663	120,613	25,288	240,801	183	1	110,905	1,622	1,347	4,971	700
INCOME STATEMENTS											
Operating income	(1,678)	5,459	72	(7,518)	(3)	(2)	(1,103)	-	(2)	(341)	(78)
Non-operating expenses	2,058	1,953	205	86,943	1	-	5,473	(63)	(23)	(177)	44
Income before income taxes	380	7,412	277	79,425	(2)	(2)	4,370	(63)	(25)	(518)	(34)
Income taxes	(111)	(2,148)	(115)	(11,685)	-	-	(281)	(24)	-	88	-
Net income (loss) for the year	269	5,264	162	67,740	(2)	(2)	4,089	(87)	(25)	(430)	(34)
Net cash provided by (used in) operating activities	(4,916)	-	3,172	20,191	-	-	355	(5,312)	-	163	-
Net cash provided by (used in) financing activities	1,221	-	-	(18,627)	-	-	-	-	1,344	(38)	(127)
Net cash provided by (used in) investing activities	(1)	-	(2)	80,919	-	-	6,221	-	-	(64)	-
Effect of price level restatement on cash and cash equivalents	-	-	-	-	-	-	-	5,294	-	-	(24)
Net increase (decrease) in cash and cash equivalents	(3,696)	-	3,170	82,483	-	-	6,576	(18)	1,344	61	(151)

Santiago de Río Grande S.A. (1) (2)	Isapre Chuquícama Ltda.	Isapre San Lorenzo Ltda.	Isapre Río Blanco Ltda.	BioSigma S.A.	Mining Information and Monitoring S.A.	Minera Gaby S.A.	Compañía Contractual Minera Los Andes	Exploraciones Mineras Andinas S.A.	Clínica Río Blanco S.A.	Inversiones Coperfield Ltda. (1) (2)	Termoeléctrica Farellones S.A. (1) (2)	Energía Minera S.A. (1) (2)
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
23	3,597	1,491	778	4,676	4,343	15,514	-	1,990	2,095	-	-	-
-	2,564	169	94	4,030	1,958	10,358	-	373	5,708	4,741	-	-
-	3,689	724	1,959	-	163	2,340	-	9	405	4,136	-	-
23	9,850	2,384	2,831	8,706	6,464	28,212	-	2,372	8,208	8,877	-	-
1	4,222	715	1,309	1,179	810	14,487	-	1,416	1,348	-	-	-
-	2,645	748	247	-	2,938	5,377	368	395	3,987	52	-	-
-	50	1	1	2,510	923	1	-	-	29	-	-	-
22	2,933	920	1,274	5,017	1,793	8,347	(368)	561	2,844	8,825	-	-
23	9,850	2,384	2,831	8,706	6,464	28,212	-	2,372	8,208	8,877	-	-
(2)	(2,086)	(833)	(814)	(6,932)	(786)	(17,232)	(4)	258	(3)	(51)	-	-
-	2,120	459	(154)	2,124	186	3,325	16	78	(285)	(356)	-	-
(2)	34	(374)	(968)	(4,808)	(600)	(13,907)	12	336	(288)	(407)	-	-
-	(22)	24	29	-	144	2,364	-	(28)	73	-	-	-
(2)	12	(350)	(939)	(4,808)	(456)	(11,543)	12	308	(215)	(407)	-	-
-	(470)	(48)	390	(6,699)	(160)	(7,914)	-	448	105	-	-	-
-	-	341	-	9,100	(48)	1,100	-	-	-	-	-	-
-	330	(8)	(29)	(732)	(1,730)	(398)	-	(262)	(299)	-	-	-
-	(141)	(6)	-	(136)	631	-	-	(8)	(29)	-	-	-
-	(281)	279	361	1,533	(1,307)	(7,212)	-	177	(224)	-	-	-

Summarised Financial Statements of Subsidiaries

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

	Chile Copper Ltd.	Codelco Kupferhandel GMBH (1)	Codelco Group USA Inc. (2)	Codelco International Limited y Filiales	S.C. Minera Picacho (1)	CMS Chile S.A. (1)	Complejo Portuario Mejillones S.A.	Ejecutora Hospital del Cobre Calama S.A.	Sociedad Elaboradora de Cobre Chilena Ltda. (1) (2)	Instituto de Innovación en Min. y Metal. S.A.
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
ASSETS										
Total currents assets	32,121	112,718	54,321	7,083	149	1	1,692	463	1,195	5,003
Total fixed assets	5	10	54	31,859	.	.	105,961	.	.	54
Total other assets	.	1,887	84	131,139	12	.	1,103	896	.	.
Total assets	32,126	114,615	54,459	170,081	161	1	108,756	1,359	1,195	5,057
LIABILITIES										
Total current liabilities	28,993	84,578	51,967	1,590	20	110	4,250	530	3	1,276
Total long-term liabilities	.	.	.	160,292	.	2,698	81,805	813	.	.
Minority interest	.	.	.	.	.	.	.	.	12	2
Total net equity	3,133	30,037	2,492	8,199	141	2,807	22,701	16	1,180	3,779
Total liabilities and equity	32,126	114,615	54,459	170,081	161	5,615	108,756	1,359	1,195	5,057
INCOME STATEMENTS										
Operating income	(1,515)	985	526	(24,308)	(3)	(111)	(1,341)	.	(2)	7
non-operating expenses	1,952	2,640	200	30,270	1	.	(363)	40	36	23
Income before										
income taxes	437	3,625	726	5,962	(2)	(111)	(1,704)	40	34	30
Income taxes	(131)	1,339	(298)	.	.	.	290	(20)	.	(9)
Net income (loss) for the year	306	4,964	428	5,962	(2)	(111)	(1,414)	20	34	21
Net cash provided by										
(used in) operating activities	24,887	.	437	17,188	.	.	23	60	.	327
Net cash provided by										
(used in) financing activities	1,113	.	500	140,289	.	.	.	819	.	.
Net cash provided by										
(used in) investing activities	4	.	22	120,635	.	.	912	879	.	13
Effect of price level restatement										
on cash and cash equivalents	.	.	.	.	.	.	.	.	.	17
Net increase (decrease) in										
cash and cash equivalents	26,004	.	959	278,112	.	.	935	1,758	.	357

Asociación Garantizadora de Pensiones	Santiago de Río Grande S.A. (1)	Isapre Chuquicamata Ltda.	Isapre San Lorenzo Ltda.	Isapre Río Blanco Ltda.	BioSigma S.A.	Mining Information Communication and Monitoring S.A.	Minera Gaby S.A.	Compañía Contractual Minera Los Andes (1) (2)	Exploraciones Mineras Andinas S.A.	Clínica Río Blanco S.A.	Inversiones Coperfield Ltda. (1)
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
751	22	4,183	1,359	2,083	2,064	3,011	20,031	-	1,707	1,765	9,398
1	-	2,804	174	40	3,296	1	-	-	187	4,981	-
-	-	4,433	699	1,113	-	-	33	-	16	339	20
752	22	11,420	2,232	3,236	5,360	3,012	20,064	-	1,910	7,085	9,418
16	1	6,229	803	1,118	681	44	146	-	1,450	3,167	1,378
55	-	2,604	322	189	137	-	10	330	240	1,227	-
23	-	42	-	1	1,546	1,009	2	-	-	28	-
658	21	2,545	1,107	1,928	2,996	1,959	19,906	330	220	2,663	8,040
752	22	11,420	2,232	3,236	5,360	3,012	20,064	660	1,910	7,085	9,418
(77)	-	(546)	(403)	118	(5,236)	(145)	(156)	(68)	(104)	(511)	-
41	(2)	576	473	(30)	1,596	52	(44)	3	143	(509)	8,104
(36)	(2)	30	70	88	(3,640)	(93)	(200)	(65)	39	(1,020)	8,104
-	-	3	(23)	(82)	-	22	34	-	(7)	304	(1,378)
(36)	(2)	33	47	6	(3,640)	(71)	(166)	(65)	32	(716)	6,726
39	-	1,556	166	82	4,822	20	9	-	1,377	452	-
2	-	-	506	-	5,324	3,009	20,021	-	-	-	-
1	-	1,130	127	225	1,136	1	-	-	101	231	-
-	-	79	2	1	524	-	-	-	16	3	-
42	-	2,765	801	308	11,806	3,030	20,030	-	1,494	686	-

Significant Accounting Policies Applied

At December 31, 2007 and 2006

NOTE - 1 SUMMARY OF THE MAIN ACCOUNTING PRINCIPLES APPLIED

a) Period

These financial statements are for the fiscal year from 1 January to 31 December 2007 and 2006.

b) Basis of presentation

These financial statements have been prepared according to accounting principles generally accepted in Chile as issued by the professional association of accountants, the Colegio de Contadores de Chile A.G. and regulations and instructions issued by the Superintendent of Securities and Insurance. In the case of a difference, the latter takes precedence.

c) Currency of measure

These financial statements are expressed in the currency in effect in the country of origin of the affiliated company.

d) Basis of consolidation

According to regulations issued by the Superintendent of Securities and Insurance and Technical Bulletins issued by the Colegio de Contadores de Chile A.G., these companies have prepared these consolidated financial statements including assets, liabilities, results and cash flows of subsidiaries.

All significant effects and amounts corresponding to transactions between consolidated Companies have been eliminated and the equity corresponding to minority investors has been treated as minority interest. Consolidated financial statements involve the elimination of balances, transactions and unrealized profits between consolidated firms, including foreign and domestic subsidiaries.

e) Currency correction

The financial statements of domestic subsidiaries whose accounting is conducted in Chilean pesos have incorporated the effects of the pesos changing purchasing power for the respective fiscal years, according to regulations governing currency correction. Updates have been based on official consumer price indices maintained by the National Statistics Bureau, giving rise to a 7.4% update as of December 31, 2007 (2.1% in 2006).

As of December 31, 2007 and 2006, assets and liabilities in foreign currency and unidades de fomento (an inflation indexed accounting unit) have been converted to current pesos according to parities existing at the end of the fiscal year, as follows:

	2007	2006
	ThUS\$	ThUS\$
Pounds sterling	1.99124	1.95695
Euro	1.47102	1.31874
Mexican pesos	0.09175	0.09259
Unidad de fomento	39.4909	34.4416

g) Time deposits

Time deposits have been posted at their investment value plus the corresponding interest accruing at the close of each fiscal year.

h) Negotiable securities

This item includes mutual funds and other easily liquidated instruments, posted at their cost or market value (whichever is lower).

i) Inventories

Inventories are valued at cost, which is no higher than their net implementation value. This cost has been determined using the following methods:

- **Finished products and those in production:** Using absorption costing, including depreciation of fixed assets and indirect costs at the end of each fiscal year. These inventories are valued at their average production cost.
- **Warehoused materials:** At acquisition cost. The company sets a provision for obsolescence considering the duration in inventory of those materials that turnover slowly.
- **Material in transit:** At cost incurred by the end of the fiscal year.

j) Estimate of non-performing debt

The company posts a provision for non-performing debt, based on administrative experience and analysis, the debtor portfolio and the age of entries.

k) Fixed assets

Fixed assets are valued at their historic cost, net accumulated depreciation. Construction works include the value invested in fixed construction assets.

l) Depreciation

Fixed asset depreciation is based on respective book values, using the linear method and based on the goods' estimated remaining years of use.

m) Leased assets

Fixed assets belonging to subsidiaries through financial leasing contracts are posted under Other Fixed Assets. These goods have been evaluated at current value applying the interest rate implicit in contracts and depreciated using the linear method, based on the goods' estimated remaining years of use. Legally speaking, these goods do not belong to the companies until the respective purchasing option has been exercised.

n) Investment in related firms

Investment in related firms, both Chilean and foreign, of a permanent nature are valued using the proportional equity method, according to rules established in the Technical Bulletins published by the Colegio de Contadores de Chile A.G., except for investment in the subsidiaries in England and Germany.

Investment in other firms is posted by purchasing value, which is not higher than market value.

_ Significant Accounting Policies Applied

At December 31, 2007 and 2006

o) Intangibles

The value of actual disbursements and amortization is estimated according to rules established in Technical Bulletin N° 55 of the Colegio de Contadores de Chile A.G.

p) Income tax and deferred income taxes

Income tax is provided for according to the legal requirements in effect.

Companies include in their Financial statements the effect of deferred income taxes assignable to temporary differences, which receive different treatment for tax and accounting purposes, as per Technical Bulletins published by the Colegio de Contadores de Chile A.G. and requirements set by the Superintendent of Securities and Insurance de Chile.

q) Computer software

Computer systems developed using the company's own human and material resources are charged to the result of the fiscal year in which these expenses were incurred.

r) Research and development costs

Spending on research and development is charged to the fiscal year in which it occurred.

s) Cash flow statement

Cash on hand, in banks, time deposits and financial instruments classified as unrestrictive short-term negotiable securities maturing in 90 days or less are treated as cash or cash equivalents as per instructions in the Technical Bulletins published by the Colegio de Contadores de Chile A.G. and regulations from the Superintendent of Securities and insurance.

The company has classified operations-or finance-related cash movements as per the Technical Bulletins issued by the Colegio de Contadores de Chile A.G. and regulations issued by the superintendent of Securities and Insurance.

NOTE - 2 ACCOUNTING CHANGES

Since January 1, 2006 came into force the application of the Technical Bulletin N° 72 published by the Colegio de Contadores de Chile A.G, about investment in related firms.

Codelco International limited y filiales

January 1, 2007 the administration of the subsidiary EcoMetales Limited, proceeded to redefine the useful lives of the goods of the fixed assets, which meant a smaller charge to results of US\$ 4,383,000.

Complejo Portuario Mejillones S.A.

The accumulated deficit during the development period that ended January 1, 2004, was presented until December 2006 lowering the equity. Since January 1, 2007, according to the dispositions by the Superintendent of Securities and Insurance, this balance was reclassified in accumulated losses. For presentation effects, the accumulated deficit as of December 31, 2006 was reclassified in accumulated losses.

Asociación Garantizadora de Pensiones

During year 2000, the company chose to present the cash flow statement for the first time. The preparation of this statement took place under the indirect method and since exercise 2003, the direct method was applied, remembering that the readjustments and interests of time deposits and promissory notes do not affect the result, but they are directly credited into equity, accordingly as of December 31, 2007 and 2006, said statement is presented.

Moreover in exercises 2007 and 2006, the financial statements are presented according to the Technical Bulletin N° 63 of the Colegio de Contadores de Chile A.G., which rules all the nonprofit entities. According to this Bulletin, the financial statements changed their name, as shown in the following detail:

- Balance Sheet becomes Financial Position Statement.
- Income Statements became Activity Statement.
- Cash Flow Statement keeps its name.

As of December 31, 2006, there are no changes in the application of the accounting principles and criteria with regard to the previous year.

_ Highlights

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

During 2007 and 2006, the Company has reported to the Chilean Superintendency of Securities and Insurance (SVS) the following relevant events:

1. INCORPORATION OF COMPANIES

On April 20, 2007, Codelco-Chile and Exploraciones e Inversiones PD Chile Limitada incorporated Sociedad Contractual Minera Sierra Mariposa, the line of business of which is the exploitation, recognition, prospecting, research, development and exploitation of mining deposits for the extraction, production and processing of minerals, concentrates and other products from mineral substances for which it is allowed to install and operate mineral benefit and treatment plants; the constitution and acquisition of mining rights of any type, the sale, transport, export and commercialization of mineral substances and products for which it is allowed to execute all the acts and enter all agreements and conventions which direct or indirectly lead to compliance of its business objective.

On April 2, 2007, the Board of Directors of Codelco-Chile agreed to authorize the formation of two companies with capital of Ch\$ 1,000,000 (one million Chilean pesos) each to improve the ease of the process for contracting Corporate Electric Supply for divisions connected to the SIC.

The Board of Directors of Codelco-Chile agreed to authorize the Executive Chairman to represent the Company in the incorporation of a private shareholders' corporation together with Sociedad de Inversiones Copperfield Limitada, under the name of "Minera Gaby S.A." subscribing shares of up to US\$ 19,999,000.

On January 22, 2007, Codelco-Chile and Honeywell Chile S.A. incorporated Kairos Mining S.A. with opening capital of ThUS\$ 100.

On January 31, 2007, Codelco-Chile and Sociedad de Inversiones Copperfield Ltda. Incorporated Sociedad LGN Mejillones S.A. with opening capital of ThCh\$ 1,000 (one million Chilean pesos.).

On October 4, the Board of Directors of Codelco-Chile at an Extraordinary Meeting unanimously agreed to confirm Codelco-Chile's involvement in the LGN Project through LGN Mejillones S.A. with ownership of 50% in this company.

Likewise, the Company authorized and entitled the Executive Chairman to represent Codelco-Chile in the increase in share capital of LGN Mejillones S.A. for the financing of this project for up to US\$ 200 million.

On October 11, 2007, the Company's subsidiary, LGN Mejillones S.A. increased its capital to US\$ 400 million. In addition, Suez Energy Andino S.A. entered the ownership of this company and both shareholders have the same ownership. Accordingly, LGN Mejillones S.A. is no longer a subsidiary of Codelco-Chile.

Of the capital increase agreed, both shareholders subscribed and paid shares for US\$ 50 million in the related proportional amount.

On March 1, 2007, Codelco-Chile agreed to participate, together with High Service, Nippon Mining Co. and KUKA Roboter GmbH in the capital which will amount to US\$ 11,020,000 (eleven million and twenty thousand United States dollars) for which it subscribed shares for US\$ 3,800,000 (three million and eight hundred thousand United States dollars.)

2. OBLIGATIONS WITH THE PUBLIC (BONDS PAYABLE)

The Board of directors of Codelco-Chile at their Meeting N° 9 of September 28, 2006, authorized the issuance of bonds by Corporación Nacional del Cobre de Chile for up to US\$ 500 million under best term conditions between 10 and 30 years, interest rate, commissions and expenses, which may be achieved in the financial market.

On October 19, 2006, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S for a nominal amount of ThUS\$ 500,000. This bond expires in one single installment on October 24, 2036 with annual interest rate of 6.15% and semi-annual payment of interest. Bond placement agents in the foreign market were Deutsche Bank Securities and Mitsubishi UFJ Securities.

3. CHANGE IN EXECUTIVES

On March 30, 2006, the Company elected its new Board of Directors' members for the period between 2006 and 2010. New members are as follows:

- Karen Poniachik Pollak Ministry of Mining Chairman
- Andrés Velasco Brañes Ministry of Finance
- Jorge Bande Bruck
- Nicolás Majluf Sapag
- Eduardo Gordon Valcarcel
- Jorge Candia Díaz
- Raimundo Espinoza Concha

Beginning on March 31, 2006, José Pablo Arellano Marín replaced Juan Villarzú Rohde and became the Company's new Executive Chairman.

Beginning on June 1, 2006, Sergio Jarpa Gilbert replaced Nelson Pizarro Contador and became the new Corporate Vice President of the Codelco Norte (Codelco North) Division.

Beginning on July 1, 2006, Daniel Barría Iroumé replaced Fernando Moure Rojas and became the new Corporate Vice President of Shared Services.

On August 21, 2006, Mario Espinoza Durán was appointed as the Company's Vice President of Finance and Risk Management.

Beginning on August 24, 2006, Luis Mualim Celume replaced Antonio Nawrath Venegas and became the Company's new Chief Auditor.

Beginning on September 1, 2007, Luis Farias Lasarte replaced Juan Eduardo Herrera as the Company's Corporate Vice President of Strategy and Businesses.



_ Highlights

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

4. APPOINTMENT OF EXTERNAL AUDITORS

With the prior bidding of external audit services, the Board of Directors at their Meeting held in February 2006 renewed Deloitte & Touche Limitada as the Company's external auditors for the period between 2006 and 2008, both years inclusive.

5. STRATEGIC ALLIANCES

With respect to the agreement entered with Billiton Jersey Limited at the Board of Directors' Meeting held on July 27, 2006, the directors approved the proposal for the purchase of the shares of Billiton Jersey Limited in Alliance Copper Limited (ACL) and the financing of the costs for the closure of the ACL's business.

China Minmetals Non-ferrous Metals Co. Ltd. ("Minmetals") and Codelco-Chile have formalized a strategic alliance to take advantage of opportunities offered by the growing demand for copper in China and the Company's strengths, capacities and abundant mining reserves.

For these purposes, Minmetals and Codelco-Chile through its subsidiary Codelco International Limited incorporated a company the ownership of which will be shared in equal parts. At a first stage, the company will destine US\$ 550 million to the financing of the prepayment to Codelco-Chile of a portion of a long-term copper supply agreement. The parties have agreed that this method of financing might achieve a maximum amount of US\$ 2,000 million. China Development Bank, which will act as the Company's financing agent, will cover the Company's financing needs.

In addition, Codelco-Chile has granted to Minmetals an option to acquired, at market price, minority interest in the company which will exploit the Gaby deposit provided that Codelco-Chile opts to undertake this initiative.

6. LAWSUITS

On July 26, 2006, the arbitration award between Codelco-Chile and Colbún S.A. ended. This gave rise to the obligation for Codelco-Chile to pay the resettlement of payments for energy consumption made between April 1, 2004 and June 30, 2006 related to the Electric Supply Agreement entered in September 2001. The Company had to pay ThUS\$ 31,152 net of value added tax on July 26, 2007 for the resettlement of payments the resettlement of payments related to energy consumption between April 1, 2004 and June 30, 2006 with respect to the Electric Supply Agreement entered on September 7, 2001.

7. CASUALTIES

On July 23, 2006, there was a rock detachment in the cave of the M-1 crushing system transfer of the Chuquicamata mine of the Codelco Norte Division. This impacted production through lower crushing capacity in the sulphide production line, which achieved a maximum of 480 FMT/day.



8. COLLECTIVE NEGOTIATIONS

Through the approval of the proposal agreed with the management of the Salvador Division and the management of the El Salvador Role A Supervisor Union the collective negotiation ended.

The collective agreement of the Division's professionals and supervisors will be in force between November 1, 2006 and October 31, 2010.

On October 10, 2006, the Company performed an anticipated collective negotiation with the Andina (Andean) Division's employees and a collective bargaining agreement was entered for a period of thirty-six months.

In addition, during December 2006, the Company ended the collective negotiation process with six unions of the Codelco Norte Division. Consequently, contracts at 38 months were entered for three of them and contracts at 36 months were entered for the other three unions.

On February 21, 2007, the Codelco Norte Division ended a collective negotiation with the Mining Union, which includes 503 employees. This will be effective for a period of thirty-seven months beginning on March 1, 2007.

9. MINE CLOSURE

In consideration of favorable market conditions, which allowed obtaining new coverage for its production, on May 8, 2007, the Company made the technical and economic decision of extending the exploitation of the oxide line of its Salvador Division for a period of two years, thereby postponing the close of this mine from 2008 to 2010.

10. FINANCING

On August 17, 2007, Codelco-Chile obtained a syndicated loan for US\$ 400 million, led by Banco BBVA, New York branch for which Banco BBVA - Bancomer de Mexico is the agent.

This transaction's general conditions are as follows:

- Amount : MUS\$ 400.
- Term : 7 years with three same value payments on the fifth, sixth and seventh year.
- Interest rate : Libor.
- Spread : 0.125% a.p. for year 1;
0.150% a.p. for years 2 to 4;
0.175% a.p. for year 5;
0.200% a.p. for year 7.



Directors' Remunerations

At December 31, 2007 and 2006 | (In thousands of dollars - ThUS\$)

During 2007 and 2006, the members of the Board Directors have received the following amounts as per diems, remunerations and fees:

Directors per Diems

	2007	2006
	ThUS\$	ThUS\$
Karen Poniachik Pollak	14	11
Andrés Velasco Brañes	14	11
Nicolás Majluf Sapag	39	36
Jorge Bande Bruck	39	36
Eduardo Gordón Valcárcel	39	34
Jorge Candía Díaz	39	36
Raimundo Espinoza Concha	39	35
José Alfonso Dulanto Rencoret	-	3
Nicolás Eyzaguirre Guzmán	-	3
Patricio Meller Bock	-	8
Jorge Navarrete Martínez	-	8
Ricardo Ortega Perrier	-	8
Bismarck Robles Guzmán	-	8
René Valdenegro Oyaneder	-	8

Remuneration

	2007	2006
	ThUS\$	ThUS\$
Jorge Candia Díaz	96	62
Raimundo Espinoza Concha	55	27
Bismarck Robles Guzmán	-	7
René Valdenegro Oyaneder	-	14

Fees

	2007	2006
	ThUS\$	ThUS\$
Jorge Navarrete Martínez	-	12

The remuneration of the main executives of the company in 2007 totalled US\$ 4.406 million. Of this, US\$ 325 million corresponds to fixed pay to performance incentives from.

Guidelines for setting wages were established by a Board resolution (January 29, 2003) and amended by the Board wage committee (March 2, 2004), and are as follows:

- a) Fixed wages will be set at the 50th percentile of the fixed component of wages, plus or minus 15%, for the equivalent position in the reference market.
- b) The annual value of the non-guaranteed performance bonus will fluctuate according to compliance with targets and individual performance, from zero to three fixed monthly wages. Moreover, two limitations exist: first, Codelco's annual revenues must be higher than 20% of its equity (capital plus reserves) and, second, total bonuses cannot be more than 2.4 times the aggregate amount of the monthly base wage of these executives.
- c) The total wage, that is the sum of guaranteed fixed wages plus any eventual performance bonus, will not exceed total wages corresponding to the 75th percentile for the equivalent position in the reference market.

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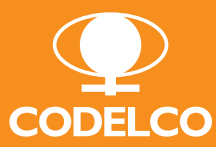
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