
CODELCO
Annual Report
08







Codelco obtained US$ 4.97 billion in profits and generated 58,098 direct job positions during 2008. The Company is the largest copper producer in the world and the most important company in Chile.





During 2008, Codelco invested US$ 1.962 billion in projects to maintain and increase production rates. During the second half of the year, Gabriela Mistral mine started operations in the district of Sierra Gorda, 2nd Region.

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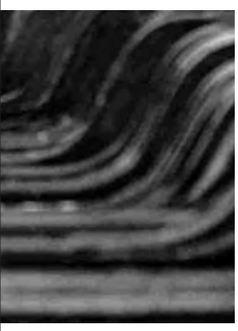












CODELCO





Chairman's Review

It is very satisfying, as Chairman of the Codelco Board of Directors, to state that in 2008 despite facing turbulent global conditions that strongly hit copper prices during the second half of the year, the Company had profits of US$ 4.97 billion, before taxes and Ley Reservada tax.

In this sense, I would like to stress the enormous contribution of US$ 22.645 billion in profits during the government of President Michelle Bachelet, which is excellent news for Codelco shareholders, i.e., all Chilean citizens.

The Company's results would have been even better, if it had not been for lower ore grades, a sharp increase in input costs and electricity rates; appreciation of exchange rate and certain contingencies that resulted in lower production than expected, such as a strike by a group of subcontractors, critical weather conditions and other difficulties. Such factors had a negative effect on the company's output and costs. In response to the foregoing, management efforts focused on controlling costs, improving operating efficiency, and increasing competitiveness.

In line with Codelco's strategic objectives - to competitively grow – 2008 was a record period in investments, totaling US$ 1.962 billion. Some of the main improvements and achievements were the start-up of Gabriela Mistral mine; it marked a new milestone since it is the second project, together with the Radomiro Tomic mine, that has been completely developed by the Company. This initiative should contribute approximately 150,000 tons of fine copper per year, replacing, in part, the lower ore grades of the older mines and helping to improve overall competitiveness and cost indicators.

Also during the year, the Radomiro Tomic sulfur project began to be implemented and progress was made in the projects Andina Development Plan - Phase I and Pilar Norte, which will start operating during the next two years.

As for the long-term outlook, Codelco has continued to develop engineering work for its structural projects to exploit its large mining resources and reserves. In 2008, prefeasibility studies were completed for various projects: New Mine Level, El Teniente, Andina Development Plan - Phase II, Andina Division, and Ministro Hales Mine, Codelco Norte.

Codelco management has given top priority to assuring power supply, developing its energy project portfolio, including the construction of a LNG facility at Mejillones; and a Mining Thermal Power Station at Ventanas Division.

In explorations, focus was mainly on the specific districts around the different division operations. However, the year also ended with positive results because new mining resources were identified in Chile. Such discoveries resulted in a 20% increase in proven and probable reserves.



Codelco's development strategy is based on collaboration with workers. In this area, important agreements were signed - Strategic Alliance - Phase III - with the Federation of Copper Workers (FTC), dealing with topics such as work safety, employee development, occupational health, quality of life, competitiveness and productivity. Likewise, agreements at divisions were reached in order to face the complex outlook for 2009, as a result of a sharp fall in copper prices and new world market conditions.

In sustainability, Codelco made progress, even though we had to regret the death of five workers in work-related accidents; these events drive us to continue implementing new measures and actions to improve our performance in safety. All the divisions have maintained their international ISO 14001 and OHSAS 18.001 certifications; except for Ventanas division that is currently implementing the last standard.

As for corporate social responsibility, in 2008 Codelco was ranked first in the national company ranking that MORI research conducts every year. In the framework of the Codelco Good Neigbor Program, the divisions and operations developed more than 100 projects in areas mainly related to education and environment. This shows the real concern the Company has for the economic, social and cultural development of the communities where it operates.

Codelco is and will continue to be a key company for the development of Chile, not only because of the direct contributions to the State, through profits and providing support to the communities, but also because of the great number of production linkages it generates. In 2008, it had more than 3,300 companies in its Supplier and Contractor Register; therefore it was also the central driving force behind the development of other economic activities.

Undoubtedly, 2009 presents tremendous challenges. The crisis has strongly hit the mining industry. Therefore, I ask all company executives, supervisors and employees to face, with responsibility and commitment, our duty to provide earnings to every Chilean. This requires everyone to make a great sacrifice, but we have an ethical challenge, because we have never failed the country. I can proudly say that I am sure that we shall contribute as we have always done to Chile's welfare.

I would also like to express my gratitude to the Board members who have accompanied me throughout the year in managing Codelco, who acting with zeal, dedication and professionalism, have constantly directed their efforts to fulfill their responsibilities.

I would also like to give a special recognition to Company management, represented by its Chief Executive Officer, for the management skills made evident through the abovementioned profits and progress made during this financial year, which contribute to the company's future development.

Finally, I would like to thank Codelco employees, for their commitment to the company's growth and development, since none of the resources generated for Chile during these years of high copper prices would have been possible without their involvement and constant dedication to their work in order to extract, process and market this valuable metal, that in the end is the welfare of all Chileans. The capacity of Codelco employees is solid and I am absolutely certain that the main company in the country will strive to continue transforming into wealth the mineral ore hidden in the bowels of the earth.



Santiago González Larraín
Minister of Mining





President & CEO's Review

2008 was a complex year for Codelco, as it has been for the rest of the mining sector. The global financial crisis caused a plunge in copper prices that until August had been traded at over 350 c/lb. The end of a market super-cycle was more abrupt than expected and it caused a sharp fall in company earnings, especially during the last quarter.

Nevertheless, Codelco managed to generate a US$ 4.97 billion surplus, profit before tax and Ley Reservada tax, thanks to the results obtained during the first 9 months of the year and to the measures implemented at the first signs of the crisis hitting metal prices.

Therefore, since 2006 Codelco has contributed US$ 22.645 billion to the Chilean State. In 2008, Codelco was once again the Chilean company with the highest comparable net income: if the same tax rate for private companies were applied, it would total US$ 3.953 billion.

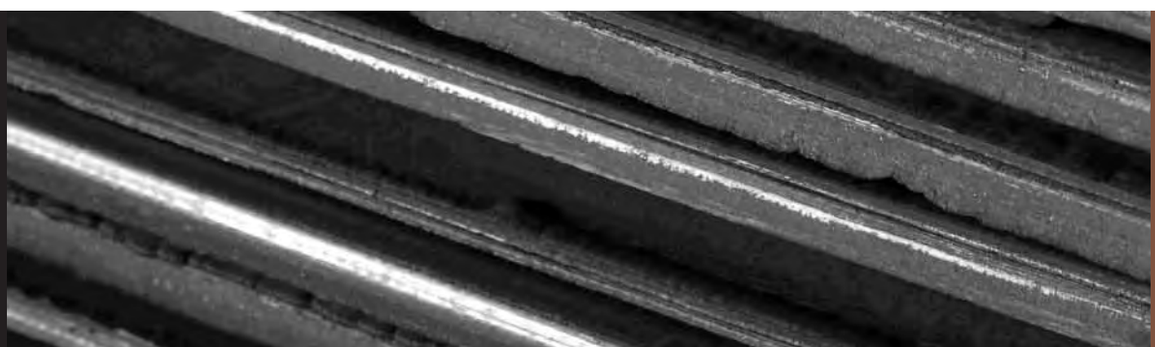
These positive results were obtained despite the falling output, which reached 1,548,000 metric tons of fine copper (mtf), including its stake in El Abra mine. This decline in copper output, 117,000 metric tons compared to 2007, is mainly due to the lower ore grades of minerals at aging mines. The average ore grade of minerals extracted by Codelco fell from 0.88% in 2007 to 0.78% in 2008.

Other issues that affected operations were violent protests by a group of subcontractors and weather conditions. The lower output was partly offset by the start-up operations of the Gabriela Mistral mine, in the Antofagasta region, that contributed 68,000 tons during the second half of the year.

Production costs increased due to lower ore grades, increased prices of main supplies, adjusted electricity rates and the effects of the CPI/exchange rate. Net cathode cost reached 119.6 cents per pound, 32.6 cents more than in 2007.

In 2008, the Corporation had the lowest global accident frequency rate in its history: 3.39 accidents/million worked hours (including Codelco employees and subcontractors). However, we regret the death of 5 workers in work-related accidents.

Additionally, Codelco did business with 2,516 suppliers of goods and 1,535 suppliers of services, whose contracts totaled US$4.257 billion. Business transactions increased 11.5% compared to 2007, essentially in services related to operations. Contracted business operations through public tenders increased 68%.



As important as the Company's efforts to gain profits for the benefit of all Chileans is the work to develop all its mining potential. For the second consecutive year, the Company made record investments totaling US$ 1.962 billion, resources that ensure its future development.

The most significant event in this area was the start-up of Gabriela Mistral Mine, after successfully finishing the Gaby project. Together with the Radomiro Tomic mine, it is one of two mining sites entirely developed by Codelco through all stages: engineering, construction, start-up and production. With a US$ 1.268 billion investment, it will produce over 150,000 metric tons of fine copper per year.

Other key projects were also developed:

- The Radomiro Tomic Sulfide Mining project was implemented quickly, so as to transport sulfide ore to the concentrator plants at Chuquicamata. Codelco Norte also completed the prefeasibility study for the Ministro Hales Mine project (MMH) and started the Chuquicamata Underground project.
- Gabriela Mistral mine started operations for stage 2, increasing output by up to 170,000 tons of fine copper per year.
- In addition to building the first stage of the Andina Division expansion through the Andina Development Plan Project (PDA), the prefeasibility study was completed for the New Andina Phase II Project.
- At El Teniente, the prefeasibility study was completed for the New Level Mine Project and works continue on the Pilar Norte project, which will replace the output of other mine sectors currently depleting.
- Construction on the LNG facility was started at Mejillones jointly with Suez Energy, in order to ensure power supply to Chile's northern power grid. Additionally, the international tender process continues for electricity supply for divisions connected to SIC.
- In sustainability, at the beginning of 2008 the Molybdenum Abatement Plant started operations, the only one in the world; it will help to meet environmental regulations for effluent waters at the Carén reservoir.

Developments in Explorations and Mining Base are very important for the future. In 2008, the proven geological resources recorded a 9% increase and mineral reserves (proven and probable) increased by 20%. Therefore, Codelco has 17% of the world copper reserves and its ore deposits ensure a useful life of more than 70 years.

In this area other significant events have occurred such as: the confirmed discovery of the ore body Casualidad - Cu-Fe-Au deposit - in the 2nd Region: the first positive drilling results in La Americana area in the Andina District; and assets sold after exploring in Brazil.



In 2008, Codelco invested more than US$ 50 million in research and technological innovation. Its goal is to streamline its current operations, and therefore find technological solutions to the problems faced by Codelco for which the market still has no solutions. Some of the main programs are Underground Mining, Open Cast Mining, Ore Processing, Smelting and Refining Plan, Bioleaching Sulfide Mineral Ore, On Site Mining and Robotization.

Codelco's business strategy is developed on the basis of cooperation with workers. In 2008, four collective bargaining procedures were held; there were no conflicts and everything turn out as expected.

Furthermore, in the framework of the Strategic Alliance, important agreements were reached between management and employees, who were represented by their union leaders: reinforce the Codelco management system and give a new impetus to a direct participation management tool; introduce a new time management system; implement a Performance Management System; implement ongoing training; alignments to develop ergonomics at Codelco; guidelines to consolidate policies on alcohol, drugs, and tobacco, and training on work health and safety for union leaders, and Health and Safety Joint Committees and unions. Another agreement was the the joint document on recommendations for best practices.

In professional excellence and People Development, the following are the most significant achievements:

- Participation at university employment fairs and entering into collaboration agreements with the main universities across the country that have courses in mining, geology and metallurgy.
- Beginning of the Corporate Graduate Program.
- Implementation of work practices with gender equality, involved Servicio Nacional de la Mujer (Sernam).
- Continued to identify, accredit and develop skills and align individual performance with the organizational strategy and the internal mobility process.
- Investment close to US$13 million in training programs. The resources funded 6,240 training initiatives related to Individual Development Program, with 47,903 participants and 603,519 trainer hours.
- In August 2008, Expert Career was officially launched at a corporate level.

For several years now, Codelco defined sustainability as a key component in its development strategy, incorporating environment, efficient use of water and energy, corporate social responsibility and community management and market development.



Apart from Ventanas division, currently undergoing OHSAS 18001 certification, all the Codelco divisions, Head Office, Exploration Management, meet the standards set out in ISO 14001 and OHSAS 18001.

In environmental performance, the following are the most important:

- Voluntary removal and transfer - authorized external end disposal - of arsenic powder and waste at the Salvador, Ventanas and El Teniente divisions.
- Enhance operational improvement and investment programs to guarantee complete and ongoing compliance of DS 90 at all divisions, including contact water.
- Investments for more than US$ 50 million in environmental projects, mainly related to managing tailings reservoirs, drainage water recycling, molybdenum abatement plant, liquid and solid waste and hazardous substances.
- Participation, through the Chilean Mining Council, in developing regulations that require an environmental assessment of projects that may affect glaciers, which was approved in November 2008.
- Contribution to the work of the International Copper Association (ICA) in developing a Life Cycle Inventory representative of the industry, so that in 2009 an average value is generated for Carbon Dioxide Footprint of Copper (Greenhouse Gases).
- Development of a Work Site Closedown Plan for all divisions and for the subsidiary GABY S.A.

Finally, regarding stakeholders and public opinion, Codelco is the leading mining company in Chile and has a Sustainability Report with a GRI A+ rating. Additionally, different surveys of public opinion confirm the company's leading position. The Mori survey on Corporate Social Responsibility, carried out in different countries, confirmed that Chileans still consider Codelco to be the most socially responsible company.

Such achievements and progress, and overcoming problems would not have been possible without the contribution of the men and women at Codelco. Everyone is aware of the tremendous responsibility it means to work at this key company and which makes the most contributions to the development of Chile. I would like to acknowledge their effort and loyalty that I am sure will allow us to continue creating resources, even in times of crisis.

Today, we work to overcome the difficulties we are facing now, but we always consider the future. That is our commitment to Codelco, to the country and to all Chileans.



José Pablo Arellano Marín
President & CEO





Board of Directors 08







Directors

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Senior Management

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Management Control and Operational Excellence Vice President
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Codelco Norte Division
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Mining Engineer
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Salvador Division
General Manager
Julio Cifuentes Vargas
Mining Engineer
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Andina Division
General Manager*
Armando Olavarría Couchot
Mining Engineer
RUT: 5.952.863-7



El Teniente Division
General Manager
Ricardo Álvarez Fuentes
Mining Engineer
RUT: 6.689.778-8

* Daniel Trivelli Oyarzún was the General Manager of Andina Division until 9 January 2009.



Shared
Services
Vice President

Project
Vice President

Ventanas Division
General Manager

Development and Sustainability
Vice President
Juan Enrique Morales Jaramillo
Mining Engineer
RUT: 5.078.923-3



Marketing
Vice President
Roberto Souper Rodríguez
Business Engineer
RUT: 4.604.770-2



Shared Services
Vice President*
Juan Medel Fernández
Civil Engineer
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Project
Vice President
Fernando Vivanco Giesen
Mining Engineer
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Ventanas Division
General Manager
Alex Acosta Maluenda
Economist
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Finance and Risk
Management Vice President
Mario Espinoza Durán
Industrial Engineer
RUT: 5.542.980-4



Corporate
General Counsel
Waldo Fortin Cabezas
Lawyer
RUT: 4.556.889-K



General
Auditor
Ignacio Muñoz Reyes
Accountant Auditor
RUT: 5.632.031-8

* Daniel Barría Iroumé was the Corporate Vice President of Shared Services until 31 October 2008.





Highlights

(US$ Millions)	2004	2005	2006	2007	2008
Sales	8,204	10,491	17,077	16,988	14,425
Pre-tax profits	3,301	4,901	9,215	8,460	4,970
Treasury payments	3,009	4,442	8,334	7,933	6,829
Total assets	8,833	10,739	13,033	15,186	13,707
Total liabilities (*)	5,961	7,798	8,505	10,442	9,831
Equity	2,872	2,941	4,528	4,744	3,876
Investment in fixed assets	893	1,845	1,219	1,605	1,975
Copper Production (thousands of fine metric tons) (1)	**1,840**	**1,831**	**1,783**	**1,665**	**1,548**
Direct employment (at 31 December)					
Company employees	16,778	17,880	17,936	18,211	19,300
Operations and services contractors	19,929	24,951	24,028	26,210	23,171
Investment contractors	8,683	12,601	8,620	17,079	15,627
Copper price (¢/lb) (LME grade A cathodes)	**130,1**	**167,1**	**305,3**	**323,2**	**315,3**

(*) Includes minority interest.
(1) Includes Codelco's share in El Abra mine.



"Today is a bright and luminous day because we are opening a new Codelco deposit. Since the historical 11 July in 1971, the day when copper was nationalized, only two new Codelco deposits have started operations: Radomiro Tomic 13 years ago, and now Gabriela Mistral".

Michelle Bachelet / President of the Republic of Chile,
9th December, at the opening of Gabriela Mistral mine.



Codelco has 6 operations, located between the 2nd and 6th Region of Chile; the Head Office is in Santiago.



Codelco Norte Division

Ore Body	Open pit mine. Chuquicamata operation since 1915 and Radomiro Tomic since 1997.
Location	Calama, 2nd Region of Antofagasta.
Products	Electro-refined and electro-won cathodes, and copper concentrates (Chuquicamata); electron-won cathodes (Radomiro Tomic).
Output	755,258 metric tons of fine copper.
Cash cost (C1)	67.9 ¢/lb.
Employees	8,621 people at 31 December 2008.





Salvador Division

Ore Body	Underground and open pit mine.
Operation	Since 1959.
Location	Diego de Almagro, 3rd Region of Atacama.
Products	Electro-refined and electro-won cathodes, and copper concentrates.
Output	42,682 metric tons of fine copper.
Cash cost (C1)	150.7 ¢/lb.
Employees	1,584 people at 31 December 2008.


N° 02



Ventanas Division

Activity	Smelter and refinery.
Operation	Since 1964, smelter; and since 1966, electrolytic refinery.
Location	Puchuncaví, 5th Region of Valparaíso.
Products	Copper cathodes, gold ingots and silver grains.
Employees	1,137 people at 31 December 2008.


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Andina Division

Ore Body	Underground and open pit mine.
Operation	Since 1970.
Location	Los Andes, 5th Region of Valparaíso.
Product	Copper concentrate.
Output	219,554 metric tons of fine copper.
Cash cost (C1)	70.7 ¢/lb.
Employees	1,607 people at 31 December 2008.





El Teniente Division

Ore Body	Underground mine.
Operation	Since 1905.
Location	Rancagua, 6th Region of Libertador General Bernardo O'Higgins.
Products	Fire-refined and copper anodes.
Output	381,224 metric tons of fine copper.
Cash cost (C1)	54.7 ¢/lb.
Employees	5,287 people at 31 December 2008.



Minera Gaby S.A.

Ore Body	Open pit mine.
Operation	Since 2008.
Location	Sierra Gorda, 2nd Region of Antofagasta.
Products	Electro-won cathodes.
Output	67,732 metric tons of fine copper.
Cash cost (C1)	111.9 ¢/lb.
Employees	351 people at 31 December 2008.




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Corporate Profile

Codelco is a world-class company. It has the world's largest copper reserves, it is at the forefront of mining technology and know-how, and has an organization and a business model that promotes value creation. Its employees are motivated and trained to participate in building the company's future, led by highly skilled executives.

Corporación Nacional del Cobre de Chile, Codelco, is the largest copper producer in the world and one of the industry's most profitable companies. It has assets accounting for US$13.707 billion and at the end of 2008 its equity reached US$3.876 billion. Its main commercial product is Grade A copper cathodes.

The company operates through four mining divisions: Codelco Norte (Chuquicamata and Radomiro Tomic ore body), Salvador, Andina and El Teniente. Since May 2005, the Ventanas Smelter and Refinery are Codelco's fifth division. As of May 2008, it incorporated the subsidiary Minera Gaby S.A., 100% owned by Codelco.

Furthermore, Codelco has a 49% interest in the copper company Sociedad Contractual Minera El Abra and it also has a stake in other mining ventures focused on geological exploration, both in Chile and abroad.

Codelco is a world-class company. It has the world's largest copper reserves, it is at the forefront of mining technology and know-how, and has an organization and a business model that promotes value creation.



Codelco is the world leader in the copper industry based on six main pillars:

Leading presence: In 2008, Codelco produced 1,547,705 metric tons of fine copper, including its stake in El Abra. This is equivalent to 10.2% of the world refined copper production.

The Company is one of the largest molybdenum producers in the world, totaling 20,525 metric tons of fine particles in 2008.

Copper reserves: Codelco has the largest reserves and resources known in world. It is estimated that current reserves will support mining operations for a further 70 years at current production rates.

Stable and diverse customer portfolio: Codelco has developed long-term relationships with a stable and geographically diverse customer base, including some of the world's major manufacturing companies.

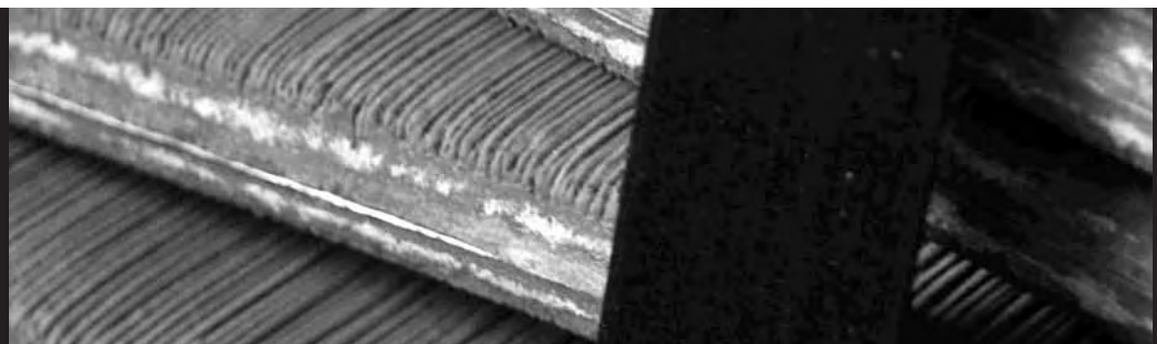
Research and technological innovation: Research, technological development and subsequent incorporation in the production processes, supporting and sustaining the company's competitive position.

From this perspective, innovation projects implemented by the company aim to streamline the mining operation processes, causing a high impact on efficiency, productivity, environmental care and protection, and also on worker safety.

Financial strength: At the end FY 2008, Codelco's EBITDA was US$ 6.233 billion.

Efficiency and competitiveness: Codelco promotes initiatives and programs at its operations to reduce production costs.

During 2008, the direct costs (C1) at Codelco reached 70.2 cents per pound. C1 is the type of cost used in the global mining industry to compare efficiency levels between different companies.



Creation and Legal Framework

Codelco is owned by the Chilean State, and it is in mining, trading and industrial activities. Decree Law No. 1,350 (1976) created a single company comprising the large ore deposits nationalized in 1971. Codelco reports to the Government through the Ministry of Mining and is governed by ordinary legislation, except for specific provisions included in the abovementioned decree.

Mission

Codelco's mission is to duly and responsibly develop all its mining and related business capacity in Chile and throughout the world, in order to maximize its long-term economic value and contribution to the State. Codelco undertakes its mission, focusing on a high-performance organization, and on employees' participation, creative innovation and knowledge as part of their ongoing development.

Legal name

Corporación Nacional del Cobre de Chile.

RUT (Fiscal ID number)

61.704.000-K.

Management

The company is managed and supervised by the Codelco Board of Directors, consisting of the following: Minister of Mining, who is the chairman; Minister of Finance; three members appointed by the President of Chile; and two members also appointed by the President of Chile, based on a list of candidates presented by employee and supervisor unions.

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

Budget

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

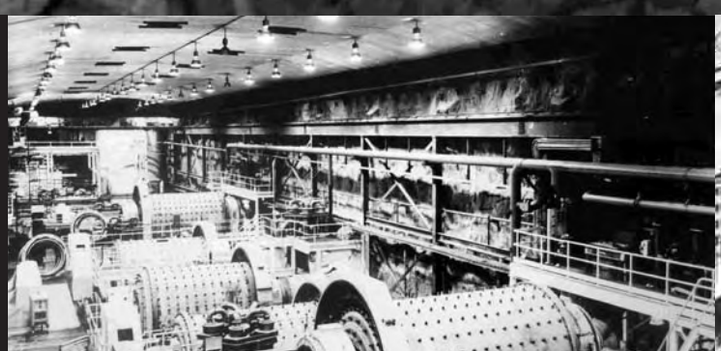
Supervision

Codelco is overseen by Chile's National Comptroller's Office (Contraloría General de la República) through the Chilean Copper Commission. The Company is registered with the Superintendency of Securities and Insurance (SVS), under No. 785. It is subject to the provisions under the Securities Market Law, and therefore has to submit to the SVS and the general public the same information that is required for all public companies.



"The copper industry is and will continue to be a fundamental activity for Chile and Codelco, in particular, has become a company that symbolizes the institutional and political capacity and moral courage of all Chileans when it was nationalized."

Ricardo Núñez / senator,
chairman of the Senate Commission on Mining and Energy.





History

The indigenous cultures that lived during the Pre-Columbian period in what is now Chile used copper to create different tools. They developed basic metallurgy enabling them to extract and work this metal, even producing alloys. Since then, the red metal has not only been an essential 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 copper. Between 1820 and 1900, the country produced 2 million tons of copper and was, for a while, the leading world producer and exporter.

The turn of the 19th century marked the beginning of a period of decline, due to the great impact of saltpeter that monopolized both interest and investments, together with the depletion of high grade deposits. In 1897, only 21,000 tons of copper were produced.

At the beginning of the 20th century, many American firms started to invest in El Teniente and Chuquicamata mines. At the time, Chile had a small stake in large-scale copper mining.

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

In 1955, the Senate passed a series of laws in order to guarantee a minimum income for the Chilean State and promote investment among major mining companies.

That same year on 5 May, the Copper Department was created in order to oversee and participate in the world copper market.



"Chileanization"

Law No. 16,425 was issued in 1966 which authorized the creation of joint venture companies between the Chilean State and foreign copper producers. In these joint ventures, the Chilean government had to hold at least 25% of the ore deposits controlled by foreign companies.

In 1967, El Teniente, Chuquicamata and Salvador mines became joint ventures, with Codelco acquiring a 51% holding. The remaining 49% went to the former owners: Braden Copper Company, a subsidiary of Kennecott Corporation, in the case of El Teniente; and Anaconda Copper Company, in the case of Chuquicamata and Salvador.

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

Nationalization

In 1971, with an amendment to Article 10 of the Chilean Constitution, the possibility to nationalize large-scale copper mining was introduced. The same constitutional reform added a temporary provision setting forth that: "as required by national interest and in exercising the State's inalienable and sovereign interest to freely dispose of natural resources and wealth, the foreign companies involved in Chile's large scale copper industry were nationalized and hence declared to be fully and exclusively owned by the Chilean State."

With this constitutional amendment, all the assets of the foreign copper producers operating in Chile were nationalized and five state-owned companies were created to manage these natural resources.

On 1 April 1976, with Decree Law No. 1,350 the Corporación Nacional del Cobre de Chile - Codelco Chile - was created and took over the nationalized mining deposits. As a result, the existing companies were brought together to form one mining, industrial and trading company, with legal capacity and equity capital, indefinitely valid, reporting to the Government through the Ministry of Mining.

In 1997, Radomiro Tomic started operations, the first deposit to be entirely developed by Codelco. In 2002, the Radomiro Tomic and Chuquicamata divisions formed part of Codelco Norte Division. In 2003, the Company had the highest production in history, totaling 1,840 thousand metric tons of fine copper. In May 2008, the Gaby Project was completed; it was the second mining site developed by Codelco from its engineering and construction to start-up and production.





"Codelco's contributions are both material and symbolic. In the first case, it is one of the main sources of wealth extraction; in the second case, it symbolizes the nationalization of resources and demonstrates that it is completely feasible for the State to take on large-scale mining."

Sonia Montecinos / director, Interdisciplinary Center of Gender Studies,
Faculty of Social Sciences, Universidad de Chile.



Codelco, with the largest copper reserves and resources known in the world, strives to improve results to maintain its leadership and competitive position.





Leader in World Mining




1420
1420

Mining Resources and Asset Management

Business and Development Plan

Codelco prepares an annual Business and Development Plan that has short, medium and long-term projections. The Plan includes cost, expenditure and income flows, investment and fundraising during the year and, based on the mining plan, are required to extract all the mining resources and reserves that sustain Codelco. It also includes market, mineral resources, strategic, environmental, financial, technical and contractual restrictions and other natural limitations that affect the mining industry, and it defines how much risk it is willing to run.

The Business and Development Plan, especially during the first five years, provides the best estimate for the Company's future flows and, in this sense, it is a commitment to the owner.

Mining Reserves and Resources

Pursuant to standard industrial practices, Codelco divides its mineral inventory in geological resources, mineral resources and mining reserves.

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

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

Since 2005, Codelco established criteria to divide resources into ore deposit types based on three fundamental aspects: quality of data, geological continuity and confidence in resource estimate. Therefore, Codelco applied world classification standards consistently throughout its divisions that systematically organize and monitor the classification process. The classification requires at least one sample drilling to define it as an inferred resource.

Therefore, Codelco has the same classification scheme at all divisions. This scheme is in line with the definitions in the Australasian Joint Ore Reserves Committee Code (JORC) for both mineral resources (proven and probable) and stockpile and broken ore. Additionally, Codelco reports a geological resource inventory at a cut-off grade of 0.2% copper.



"The Company gives Chileans the security of having an economic and social contribution (job creation) that allows us to move purposefully towards the development of the country."

Carmina Lapuente / chemical engineer,
Graduate Program, Chuquicamata Smelter.

Geological Resource Inventory
(Cut-off grade of 0.2% CuT / at 1 January 2008)

	Measured Resources		Indicated Resources		Demonstrated Resources		Inferred Resources		Total Identified Resources		
Divisions	Mineral (Mt)	Cu Grade (%)	Mineral (Mt)	Cu Grade (%)	Mineral (Mt)	Cu Grade (%)	Mineral (Mt)	Cu Grade (%)	Mineral (Mt)	Cu Grade (%)	Fine Cu (Mt)
Codelco Norte	1,727	0.755	2,950	0.590	4,677	0.651	12,611	0.477	17,287	0.524	90.6
Salvador	522	0.560	638	0.440	1,160	0.494	1,365	0.411	2,526	0.449	11.3
Andina	2,234	0.814	2,025	0.685	4,259	0.753	12,650	0.588	16,908	0.629	106.4
El Teniente	2,807	0.827	3,128	0.585	5,934	0.699	10,963	0.476	16,898	0.554	93.7
Minera Gaby S.A.	362	0.433	279	0.351	641	0.397	554	0.328	1,195	0.365	4.4
Total	**7,652**	**0.770**	**9,019**	**0.592**	**16,671**	**0.674**	**38,142**	**0.509**	**54,814**	**0.559**	**306.5**

Stockpile and Broken Ore Inventory
(Cut-off grade of 0.2% CuT / at 1 January 2008)

	Broken / Stockpile Resources		
Divisions	Mineral (Mt)	Cu Grade (%)	Fine Cu (Mt)
Codelco Norte	1,157	0.244	2.8
Salvador	1,214	0.205	2.5
Andina	189	0.717	1.4
El Teniente	2,264	0.552	12.5
Total	**4,824**	**0.397**	**19.2**

The Business and Development Plan is based on a mining scheme for the entire mine life. Therefore, it includes all the mineral resources economically feasible for extraction, including reserves that are not proven or probable, since current studies are still not completed. This occurs gradually and increasingly over time, always preceded by proven and probable reserves. Therefore, all the set classification codes are fulfilled.



2009 Mineral Resources - Business and Development Plan
(At cut-off grade in mining plan)

	Measured Resources		Indicated Resources		Demonstrated Resources		Inferred Resources		Total Identified Resources		
Divisions	Mineral (Mt)	Cu Grade (%)	Mineral (Mt)	Cu Grade (%)	Mineral (Mt)	Cu Grade (%)	Mineral (Mt)	Cu Grade (%)	Mineral (Mt)	Cu Grade (%)	Fine Cu (Mt)
Codelco Norte	1,158	0.798	1,482	0.666	2,640	0.723	2,093	0.736	4,734	0.729	34.5
Salvador	23	0.651	14	0.603	36	0.633			36	0.633	0.2
Andina	1,327	0.878	961	0.743	2,289	0.821	3,492	0.745	5,780	0.775	44.8
El Teniente	668	1.108	946	0.926	1,613	1.001	2,437	0.839	4,050	0.904	36.6
Minera Gaby S.A.	336	0.442	235	0.371	571	0.412	19	0.300	590	0.409	2.4
Total	**3,512**	**0.852**	**3,638**	**0.734**	**7,150**	**0.792**	**8,041**	**0.770**	**15,190**	**0.780**	**118.5**

Stockpile and Broken Ore Resources
2009 Business and development plan

	Broken / Stockpile Resources		
Divisions	**Mineral (Mt)**	**Cu Grade (%)**	**Fine Cu (Mt)**
Codelco Norte	641	0.252	1.6
Salvador	12	0.587	0.1
Andina	189	0.717	1.4
El Teniente	625	0.617	3.9
Total	**1,468**	**0.470**	**6.9**

During the initial periods production is almost exclusively based on proven and probable reserves, although broken ore or stockpiles are accepted in the mining plans, after analyzing the origin and characteristics of the material.

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

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



2009 Mining Reserves - Business and Development Plan
(At cut-off grade in mining plan)

	Proven Reserves			Probable Reserves			Total reserves		
Divisions	Mineral (Mt)	Cu Grade (%)	Fine Cu (Mt)	Mineral (Mt)	Cu Grade (%)	Fine Cu (Mt)	Mineral (Mt)	Cu Grade (%)	Fine Cu (Mt)
Codelco Norte	749	0.902	6.8	1,727	0.626	10.8	2,476	0.709	17.6
Salvador	23	0.651	0.1	14	0.603	0.1	36	0.633	0.2
Andina	923	0.893	8.2	1,057	0.761	8.0	1,980	0.822	16.3
El Teniente	668	1.108	7.4	946	0.926	8.8	1,613	1.001	16.1
Minera Gaby S.A.	336	0.442	1.5	235	0.371	0.9	571	0.412	2.4
Total	**2,698**	**0.890**	**24.0**	**3,978**	**0.718**	**28.6**	**6,677**	**0.787**	**52.6**

In 2008, geological resources fell 2%; while stockpile and broken ore increased by 1% compared to 2007 resources.

Demonstrated geological resources increased by 9%, due to a 15% increase in Codelco Norte and 22% in Andina, as a result of more prospective drilling and relevant changes in categories, from inferred to indicated resources and/or measured resources.

Mineral Resources (2009 Business and Development Plan), which include identified mineral resources and stockpile/broken ore, increased 6% over the 2008 Plan as a result of updating the mining plans at the different divisions. Reserves (proven and probable) increased by 20% as mineral resources became reserves; mainly 48% at Andina Division and 26% at Codelco Division.



Mining Exploration

During 2008, Codelco confirmed its first discovery of an ore deposit (Cu-Fe-Au), based on a basic exploration program in the 2nd Region.

Codelco's mining exploration ended 2008 with positive results after finding new mining resources in Chile, in the midst of an economic crisis that has caused a sharp fall in metal prices and which undoubtedly announces a strong contraction of investments in global exploration.

During the year, a six-year expansive cycle of world exploration expenditures came to an end; it reached a record US$ 13.2 billion, a third more than in 2007. Chile was ranked seventh again, growing approximately 50%. In copper exploration, which also reached an investment ceiling in this cycle of high base metal prices, Codelco maintained its expenditure level of US$ 35 million, preferably in Chile.

Several important events occurred during the year such as the confirmed discovery in the 2nd Region of Casualidad deposit (Cu-Fe-Au); the first positive drilling results in La Americana region of the Andina District; and the sale of assets generated by the exploration in Brazil for US$12.95 million.

Codelco transferred mining concessions to the National Mining Company (Enami), process regulated by Law No. 19,137. A total of 117.000 hectares, that have prospects with some indications of mineral resources that would interest small-scale mining companies, are at different stages of authorization and most are located between the 2nd and 3rd Region.

In innovation, development and technology transfer to support exploration, Codelco develops its own programs and collaborates with national and international organizations and institutions, such as University of Louisiana (USA); Free University of Berlin; Universidad de Chile and Universidad de Santiago.

Codelco was involved in Chile in scientific programs, such as Conicyt Projects (Anillo and Fondef); and abroad in multi-company programs such as AMIRA. It also participated in a pilot project to determine the feasibility of exploring targets in the Domeyko Mountain Range, based on available data.

During 2008, in line with the corporate approach to develop capabilities to find international opportunities, the Company began systematically monitoring business opportunities in exploration, targeting the Andean regions in South America and Central America.



"Codelco contributes economic and productive energy to the country. But its main contribution is the strength and courage of the people who day by day make Codelco the human community it is and has been in the history of our nation."

Humberto Maturana / doctor, biologist, natural philosopher,
Ph.D. in Biology, Harvard University.

Exploration activities, operating under management systems certified by ISO 14001 and OHSAS 18001 standards, had outstanding results in environmental, safety, occupational health and community relationship issues. In 2008, the most significant result was that there were no lost-time injuries.

Chile

Exploration activities for Cu-Fe-Au deposits in the Sierra Overa area (2nd Region) confirmed the discovery and increased geological resources contained in the Casualidad and Virgo ore bodies. Both total approximately 400 million tons of mineral ore, grading close to 0.6% copper, of which 100 million tons correspond to copper oxides.

Codelco identified other areas of interest in Sierra Overa that could be explored and eventually add new resources in a mining district where there are already other mines and projects owned by medium-sized mining companies (such as Centenario, Altamira and Franke). Sierra Overa is located about 60 km northeast of the town of El Salvador and 65 km from Tal Tal, an old gold mining district.

Halfway through 2008, based on the results from the Sierra Overa Cluster, Codelco made effective the option to buy from Enami, for US$ 1.5 million, the Virgo mining prospect located 5km from the Casualidad deposit.

In local exploration activities, Codelco continued to focus on specific areas in the proximity of the company's operations. Database was renewed and new exploration prospects were developed, by undertaking detailed geological survey maps in the Codelco Norte District.

At La American prospect in the Andina District, exploration involved both surface and underground drilling. This drilling work provided ore intersections with good copper and molybdenum ore grades that were interpreted to form a new large-scale ore body that should expand south of the South-South body.

Ideas were developed to define new prospects, applying new geological concepts and various prospecting techniques. During 2008, more than 70,000 meters were drilled as part of basic exploration programs in the north and center of Chile, mainly in areas surrounding the divisions.



Exploration Joint Ventures

Codelco has partnerships with third-parties in corporate mining properties. At present the contractual joint venture Sierra Mariposa mine is in effect; Barrick is the majority shareholder.

Other joint ventures in Chile currently under approval are: Pasaca and Exploradora, with Rio Tinto; Puntilla–Galenosa with Pucobre; and Anillo with Fortune Valley Resources Inc.

Exploration Joint Ventures

In Chile*	Partner	Type
Pasaca	Rio Tinto (England)	Copper
Exploradora	Rio Tinto (England)	Copper
Anillo	Fortune Valley (Canada)	Gold
Puntilla - Galenosa	Pucobre (Chile)	Copper
Abroad		
Gradaus	Barrick (Brazil)	Copper / gold

* Undergoing approval.

Mexico

At the end of the first quarter 2008, Codelco accepted it had not found any deposits that met company requirements and therefore terminated the exploration program in Mexico in the framework of the Pecobre joint venture. In December, Codelco sold its 49% stake to partner Minas Peñoles S.A. from C.V.

Brazil

In 2008, in line with corporate exploration guidelines, activities focused on finding opportunities and on completing prospective work in more promising areas of Codelco's mining property in Brazil. Most investments in explorations in Latin America go to Brazil.







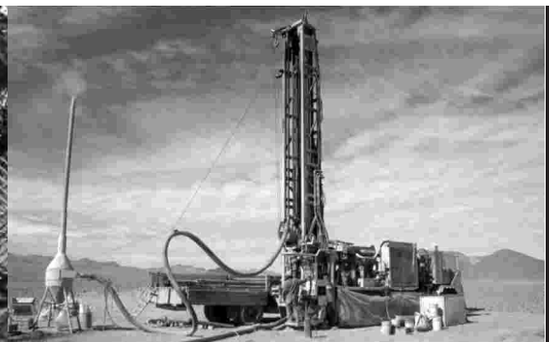
In 2008, the main priority was to assess the Codelco-Brazil mining property; the result was a 41% cut in mining concession hectares compared to 2007. Other options were also assessed in the states of Sao Paulo and Pará.

The joint venture with Anglo American continued assessing three property blocks in exploration; one was rejected during the year. In 2009, work will be completed for the two remaining blocks, and the Company will assess whether to include in the joint venture new areas from the Carajas mining district, the most important for copper exploration in Brazil.

Prospects Sales

Codelco Brazil sold the nickel prospects and its stake in Mineracao Vale do Curaca S.A., totaling MUS$ 12.95 million.





Investments and Projects

Gabriela Mistral S.A. Mineral

The most significant event in 2008 was the start-up of Gabriela Mistral mine, after completing the Gaby project. On 19 May, Minera Gaby S.A., Codelco owns 100% of the company, produced its first batch of electro-refined cathodes.

Therefore, Radomiro Tomic and Gabriela Mistral mines became the first two mining operations completely developed by Codelco, from engineering and construction works to start up and production.

The project required a US$ 1.268 billion investment and it was implemented as scheduled. Its output capacity is 150,000 tons of fine copper per year of high purity cathodes.

Additionally, **Gaby Project - Phase II is under development, its goal is to increase output capacity up to 1**70,000 tons of fine copper toward 2011.

Codelco Norte Division

In August 2008, **Radomiro Tomic Sulfur Mining** project was implemented as an emergency. It is a system to crush and transport sulfide ore from the Radomiro Tomic deposit to the concentrator plants in Chuquicamata, located at 8.2 km distance. It requires a US$ 382 million investment and, after start-up in 2010, it will produce 160,000 tons of fine copper per year.

In October 2008, the prefeasibility study was completed for **Ministro Hales Mine (MMH) project;** subsequently the feasibility study approval process and initial work was started. The MMH project requires a US$ 1.728 billion investment to produce 200,000 tons of fine copper per year, during at least 12 years, starting mid 2013.

The prefeasibility study for the **Chuquicamata Underground Mine** project is highly advanced, it aims to mine the resources located under the current open pit, which will slow down and stop being profitable by the end of the next decade. This initiative requires an estimated US$ 2 billion investment and the transformation of the world's largest open pit mine into an underground operation. Its full output capacity will be 340,000 tons of fine copper per year, for at least 50 years. The prefeasibility study for the Chuquicamata Underground Mine will begin in 2009.



Codelco Norte's 2008 ongoing investments were in projects that would support its current business. As for the continuity of sulfide operations, changes to the surface infrastructure around the Chuquicamata site were completed: Expansion 38 South D.

Work was started on raising the wall height of the Tailings Dam Talabre - VI Stage to 2,490 meters. The VI Stage is scheduled to be completed during the first half of 2010. Additionally, the prefeasibility studies to continue the tailing deposition systems were undertaken, which will support the medium and long-term viability of the sulfide line.

At the Radomiro Tomic mine, the truck fleet had new technology installed; 10 new trucks with 400 short-ton capacity (907 kg/ton) were acquired, the largest mining trucks in the world.

Investments were made in the Secondary Leaching - Phase V projects (spent ore), installing nearly 1.1 million m^2 of drainage systems, and Dump 2- Phase III, for low- grade oxide ore leaching, both in the Hidro Norte production line.

At the Northern Expansion of Mina Sur deposit construction work on the underground drainage system has been deployed to control groundwater levels in the gravel deposits. Work was also started on a heap leaching system for the ore that will be mined at the deposit.

As for investments in business development, work was undertaken to change the layout of the B-24 Route that joins Chuquicamata to the town of Calama. This investment will improve road safety and ensure the continuity of the geological demarcation and exploration process, both for Don Felipe deposit and Ministro Hales mine projects.

Salvador Division

Standards at the Potrerillos Smelter continued to be improved during 2008. This project includes capturing, cleaning and venting into the atmosphere the off gases from smelting concentrates (Teniente 5 convertor); and the recovery of white metal (slag cleaning in furnace 1 and 2). This will ensure compliance with legal environmental regulations on sulfur dioxide (SO_2) and arsenic (As) concentrations.

At the end of 2008, a prefeasibility study was authorized for the San Antonio project that will analyze the possibility of mining the rest of the ore body at the Old Potrerillos Mine.



Andina Division

In 2008, construction work advanced for the initial stage of the Division expansion, included in the **Andina Development Plan - Phase I**. The project consists of raising mine capacity from the current 72,000 tons per day (tpd) to 94,500 tpd. It requires a total US$ 990 million investment to transform the open pit mine and deploy a new crush/grind/float line in the underground concentrator. It will start operations in 2010.

Additionally, in mid-2008, the prefeasibility study was completed for the **New Andina Project - Phase II** and the approval process was underway for the feasibility study. Phase II will mean raising mineral output and processing capacity at Andina Division to produce up to 350,000 tons of fine copper per year. This initiative aims to expand open pit mining and build new concentrator facilities, in addition to other works.

It requires an estimated US$ 4.8 billion investment; Phase II is supported on the substantial base of the Andina mine, reserves contained in the open pit and underground mines total 5.8 billion tons and have an average copper grade of 0.8%.

Ventanas Division

One of the projects approved in 2008 was the **Optimization of electrodes in electrolytic cells for copper refining**, which should be completed within 9 months, raising commercial cathode output by 12,000 tons per year.

A feasibility study was developed for the **Smelter Gas Increased Treatment** project, in order to reduce sulfur dioxide (SO_2) emissions and, by compensating emissions, build a Mining Thermal Power Plant.

The prefeasibility study was well advanced for the **Ventana Division Development** project, as was the smelter and refinery business study; both will provide access to key information which will be used to program the Division's long-term business.

El Teniente Division

During 2008, progress was made in the **Pilar Norte** project. A US$ 133 million investment will contribute 55 thousand tons of fine copper per year, with an average copper grade of 1.32%. Pilar Norte will replace the production from zones within the El Teniente mine that are currently depleting. The work will be completed during 2010.



"I think that Codelco is emblematic and has a very important symbolic value. If you ask any Chilean, he/she will say that they feel Codelco is part of our national identity and since it is state-owned, it has made and makes a crucial contribution to the nation."

Cecilia Hidalgo / doctor,
National Award in Natural Sciences 2006.

The prefeasibility study was completed for the **New Mine Level** project; thereby extending the life of El Teniente mine a further 50 years, at current production rates. Furthermore, the feasibility and initial work stage underwent approval. It requires an estimated US$ 1.48 billion investment to start the New Mine Level operations which are scheduled for 2017.

In terms of sustainability, at the beginning of 2008, the **Molybdenum abatement plant** project started operations; it is the first plant of its kind in the world. During the first year, the facility operated successfully; effluents from the Carén dam - discharged from the Carén stream – comply with current environmental regulations and the Clean Production Agreement, entered into by Codelco in August 2006.

Finally, the feasibility stage was completed for **Carén Dam V Stage Construction** project; the following stage is investment. Raising the wall height will increase the dam's storage volume from 549 million m^3 to 725 million m^3, extending its useful life until 2015.

2008 Investments
US$ million

Development Projects	**899**
Equipment replacement & mine site refurbishment	102
Environment, occupational safety and welfare	114
Pre-investment studies & research	180
Geological exploration	45
Mine development & deferred expenses	389
Others*	233
Total	**1,962**

* Includes contributions to business or shareholding.
In nominal currency.



Research & Technological Innovation

Incorporating research and technology development in the industrial processes form part of Codelco's strategy to increase production, reduce accident risks, benefit employees' health and help to protect the environment.

In 2008, Codelco invested US$ 52.4 million in this area: US$ 25 million in corporate research and technological innovation programs and studies; US$ 7.5 million in contributions to technological firms; US$ 3.1 million in contributions to other firms and institutions; and US$ 16.8 million in technological development through Codelco subsidiaries.

As for knowledge management, corporate guidelines for intellectual property protection were improved. These guidelines aim to protect technological innovation information developed by Codelco. Furthermore, a survey was conducted of all the patent applications submitted between 1991 and 2007 to the Industrial Property Department under the Ministry of Economy, as well as the patents awarded, rejected or abandoned during such period.

In May, a Codelco and Subsidiary Conference on Technologies was held in Beijing, China. This initiative forms part of the Company's new business program organized by the Codelco Management in China which was created in January 2008.

A month later, Codelco held in Calama the IV Technological Convergence Conference, gathering close to 400 people, from different fields such as IT, telecommunications and automation experts; businessmen and senior executives related to mining and other industries.

In August, Corporate executives visited Silicon Valley (USA) to explore business opportunities between Codelco and six leading IT, communications and automation companies. In December, Codelco signed an agreement with Intel to find and develop technological solutions for the mining industry.



Corporate Technological Programs

The purpose of these projects is to find solutions to the specific challenges faced by Codelco when there are no solutions available in the market.

Underground Mining

This initiative aims to boost output in underground mining, by identifying and analyzing processes and mining equipment, creating prototypes and validating continuous mining technologies in the industry.

It includes a process of rock mass pre-conditioning and continuous mining with materials handling. These research and industrial validation tests have been applied in the mines at Salvador, Andina and El Teniente divisions; different research centers are involved, from the mining services and supplier industry, as well as Codelco experts.

In 2008, the most significant achievement was the industrial application of rock mass pre-conditioning in Codelco's three underground mines. Excellent results were obtained and the fragmentation and caving characteristics were analyzed in depth, in addition to significantly reducing rock blasting risks.

Another event in consolidating continuous underground mining was the industrial validation of the new equipment, jointly developed with Bucyrus DBT, at Salvador Division.

Open Pit Mining

In 2008, the Company's approach was to develop automation and other technologies to transport materials, applying competitive, safety, connectivity and energy efficiency standards.

The objective of this program is for continuous mining to be totally automated, low cost, high yield and environmentally friendly by 2012. Its medium-term objective is to develop theoretical blast models; slope engineering; new drill patterns; and also industrial development and assessment of autonomous transport initiatives, both large-scale and energy efficient.

Mineral Processing

This is the second program of its kind at Codelco and it will continue until the end of 2009. In 2008, activities focused on recovering molybdenum and using water and energy efficiently.



Regarding water, studies were undertaken to determine the impact of applying paste technology to thicken, transport and deposition tailings. The main results demonstrated that it is feasible to obtain tailings with over 65% solids, reducing by at least 35% water usage in concentrator plants.

In energy, an industry-wide assessment of roll crusher technologies for copper ore was conducted at El Teniente Division and of large-volume flotation cells (300 m^3) at Codelco Norte Division. The results demonstrated a 10% cut in power consumption for both technologies.

In order to increase molybdenum output, Codelco is researching new plant characterization techniques and choosing equipment to improve metallurgical recovery.

Smelting and Refining Plan

In 2008 validation tests were completed with promising results for continuous conversion technology for both solid and liquid inputs at Codelco Norte Division.

This information was used to support profile and conceptual engineering required to apply the technology at the Codelco Norte smelter. At present, the same work is being applied at the Potrerillos smelter, Salvador Division.

Other projects were developed, such as industrial validation of self-cleaning nozzle technology; building an induction heating channel to transport molten materials at high temperature, design of steel molds for casting copper anodes.

Bioleaching of Sulfide Ores

This programs aims to validate technologies developed by BioSigma for bioleaching low-grade sulfide ores at Codelco and related companies.

In-situ Leaching

Its goal is to define and standardize a resource characterization framework to apply in-situ leaching. During 2008, a conceptual framework was defined; characterizations technologies were validated for the Indio Muerto deposit at Salvador Division; intervention techniques to improve rock mass permeability were assessed; and a phenomenological model of the process was developed.



"Codelco is Chile's salary, of course. But it should be much more: the nation's great engine of scientific, technological and, undeniably, cultural innovation."

Carlos Franz / writer.

Robotics

2008 marked the beginning of the robotics program for mining operations. Together with MIRS (company related to Codelco) work was undertaken on the conceptualization of seven robotic solutions, such as the following:

- Ensure mineral transport capacity on trains;
- Ensure primary crushing capacity when removing lump ore from the feed screen;
- Facilitate opening and closing of the flash furnace passages;
- Handle RAF copper ingots, and
- Overall removal, cleaning and handling of cathodes at copper electrowinning facilities.

Alliances to Promote Mining Innovation

Codelco has developed association schemes by forming alliances with companies and organizations that are world leaders in research and development. In several cases, such alliances have evolved into partnerships, boosting and integrating innovation into mining processes.

Mass Mining Technologies

This initiative aims to develop scientific and technological knowledge to apply innovation to underground mass mining by *Block, Panel and Sub Level Caving*. The 2009-2011 program was structured; it comprises 14 companies and will be located at the University of Queensland, Australia.

Rock Slope Stability in Large Open Pit Mines

The second phase of the project was completed, led by CSIRO, an Australian research center, and it involved eight different mining companies. The third phase was started, which focuses on studying the effect of stress and pore pressures on slope stability and on developing rock characterization methods for deep drillings, using geophysical techniques.

Hybrid Stress Blasting Model

The meeting to mark the end of this international project was held in Viña del Mar; six mining companies participated. At the event, international experts held workshops to report results and training sessions which were attended by employees from Codelco Norte, Andina and IM2, a Codelco subsidiary.



Fondef Projects

Since 1994, Codelco has participated as the industrial counterpart in 42 Fondef projects (scientific research) developed with Chilean universities. In 2008, the Company helped to implement the following projects:

- Mining exploration using autonomous air vehicles (Universidad de Santiago).
- Modeling geological and ore grade uncertainty, and their impact on the selectivity of mining operations (Universidad de Chile).
- Virtual supervision of underground mining operations (Universidad de Santiago).
- Methodology to assess investments in long-term copper mining projects (Universidad de Chile).
- Large-scale power generation using solar energy, renewable and non polluting energy source (Fundación Palma).
- Anillo Project: Tecnomagmatic control of giant ore deposits in the subduction factory in the high Chilean Andes between 32° and 36° S: a multidisciplinary approach (Universidad de Chile).

Codelco also formed part of teams that presented three new initiatives to the XVI Fondef Project Competition, which are as follows:

- Development of a method to program preparation work for underground mining.
- Multivariable model for geo-mining-metallurgical applications.
- Development of a knowledge management system for open pit mining operations.

Codelco also participated, through the Mining Council, in the first innovation project competition for the Mining Cluster, organized by Corfo-Innova. The following projects were chosen at the event:

- Development of local skills and knowledge platform to create new products that use antimicrobial properties of copper (International Copper Association, ICA).



- Prospecting to standardize mining objects (Universidad de Chile and Freeport McMoran).

- Applications and challenges of molybdenum for Chilean researchers and industry (Universidad de Chile and Molymet).

Technological Companies

BioSigma

Codelco and the Japanese company Nippon Mining & Metals, Co. Ltd. created BioSigma S.A. in 2002 to incorporate biotechnology breakthroughs (genomics, proteomics and bioinformatics) and ensure economic benefits from the vast low-grade resources and other secondary material.

In 2008, in addition to continuing pilot operations to validate BioSigma technology at the Codelco Norte and Andina divisions, BioSigma completed profile engineering studies for potential applications in five Codelco mining resources.

Results indicate that BioSigma technology is competitive and has application potential in the mining industry worldwide. For this reason, a feasibility study was undertaken for the first commercial application at Codelco Norte, and it is scheduled to be in operation by the end of 2009.

From a scientific approach, in the alliances with the Mathematical Modelling Center at Universidad de Chile and the Metabolomics Center at Keio University, Japan, BioSigma had important scientific breakthroughs and was able to establish the database for microorganisms and microbial consortia, their genes, proteins, (enzymes) and metabolites found in the bioleaching process of copper sulfide ores. This key information will help to develop the chalcopyrite bioleaching process.

The bases for a metallurgical process were developed, in a laboratory, to recover significant amounts of copper from chalcopyrite. In 2009 a pilot test will be done for this process.

Mining and Metallurgy Innovation Institute (IM2)

In 1988, Codelco created IM2, a subsidiary to promote and create knowledge for developing technological innovation in mining and metallurgy. Its focus is on technological programs for underground mining, mineral processing, open pit mining and high altitude processes.

In 2008, the IM2 carried out over 100 projects. During this period, it applied for 11 inventions patents in Chile and 6 were awarded for different topics.



EcoMetales

The objective of this Codelco subsidiary is to treat products with high impurity levels; in 2008, it achieved a reliable, safe and efficient processing capacity of more than 60,000 tons of dust recovered from concentrate smelting operations, transporting to Codelco Norte Division 12,000 tons of pure copper.

The company also implemented the basic engineering work for an antimony and arsenic abatement project to precipitate and confine 9,000 tons of arsenic (ferric-arsenic).

Micomo

In 2006, Codelco and the Japanese company Nippon Telegraph and Telephone Co. Ltd. (NTT) created Micomo (Mining, Information, Communication and Monitoring S.A.). Its goal is to design, supply, install and maintain IT and communications technology products, using other NTT developments applied to other industrial areas.

Since Micomo began operations it has implemented technological services that enhance efficiency and safety at Codelco, such as:

- First photonic network with multiple and redundant typology at Andina Division. The network increases communications capacity of mine business processes.
- Phototonic backbone networks for Codelco Norte and El Teniente divisions that significantly increase service speed, capacity and safety. Digital highways were set up for Radomiro Tomic, Calama and Chuquicamata (Codelco Norte Division); and also for Rancagua, Colón and Mina (El Teniente Division).
- Online security and process monitoring system using high-quality video surveillance with cameras connected through a wireless communications network at the Codelco Norte operations.

During the period under review, Micomo also worked on the start-up of an optic fiber system to monitor deformations in mining structures. It monitors remotely, continuously and uniformly in a given space (every 10 cm), deformations in pillars, bolts, boreholes, and the crushing chamber at El Teniente division. The project is jointly funded by Corfo-Innova.



At Codelco Norte Division the start-up was completed for an online monitoring system for six particulate matter (PM10) and local meteorology stations, connected through a wireless network. The trial run was carried out for a PM10 impact forecasting system, based on the phenomenological models for non-EPA fluid dynamics (USA). The system monitors the area surrounding Chuquicamata, covering over 60 km^2 and using 300 m^2 grids.

Micomo agreed with Acumine Pty Ltd., an Australian company, to determine a cooperation plan to deploy and improve the Acumine collision avoidance system. The system will be used to provide assisted navigation in mine haul vehicles in the open pit operations at Andina Division.

In December 2008, Sumitomo International accepted to trade Micomo products and services worldwide. This conglomerate will provide and open up new business opportunities for the Company.

Kairos Mining

Codelco and Honeywell (market leader in process control and automation systems) joined to install next generation automation systems in the concentrator plants. Hence, increasing output and sustaining Codelco's long-term business.

In 2008, mills in Andina and El Teniente divisions had a high rate of autonomous operation from the stability control system at the SAG mill (multivariable, predictive and adaptive). On average it was over 90% of the time, reducing the variability in ore feed tonnage, pause pressure and power consumption.

In June, a stability control system was installed (multivariable, predictive and adaptive) in the A-1 rougher flotation at Codelco Norte Division. As a result, usage increased to over 90% in December, obtaining positive metallurgical performance in copper recovery.

The Corporate Support Center started operations in Santiago. Its goal is to keep all the automatic control systems in optimum conditions, always updated and online, for the concentrator facilities at the Codelco Norte, Andina and El Teniente Divisions.



Mining Industry Robotic Solutions (MIRS)

MIRS is a closely held company formed by Industrial Support Company Ltda. (HighService), Codelco, Nippon Mining & Metals Co Ltd. and KUKA Roboter GmbH. Codelco holds a 36% interest in the company.

MIRS is involved in different spheres ranging from research, design, creation, manufacturing and installation to supply, maintenance and marketing robotic solutions for the mining industry. Since it was created, with the support of Innova-Chile, MIRS has targeted the Chilean and Peruvian market, launching an intense marketing campaign. As a result, exploratory studies were undertaken to identify opportunities and two robotic solutions were marketed.

In September 2008, a framework agreement was signed between Codelco and MIRS whereby robotic solutions began to be implemented throughout the Company.

Codelco Technology Transfer

In the framework of technology transfer and marketing, Codelco did the conceptual engineering in order to install Teniente technology on concentrate fusion and slag cleaning at the Mednogorsk smelter, Russia.

Another project provided training on cleaning the slag from electric furnaces at the Ust-Kamenogorsk smelter in Kazajistan; the training was done at Ventanas Division.

Codelco also entered into six collaboration agreements in China with non-ferrous mining and engineering companies, and with research institutes to jointly explore and validate technologies and business opportunities.



"I think that during the next few years Codelco will take a huge step forward in terms of technology and production, mainly because of the contribution that we have to make: employees, professionals and executives. I still see Codelco as a state-owned company, but its corporate management will be modern and independent from the Government in office."

Sergio Sierra Salvo / marathon runner.
Project Supply Department Head, Andina Division.



Codelco deploys all its business capacity to maximize in the long run its economic value and contribution to the Chilean State.





Codelco, leading company and pride of Chile



Economic – Financial Results

In 2008, Codelco reported the best results in the Chilean mining industry: higher output, higher comparable net profit and higher contribution to the State, in addition to lower direct cash cost (C1).

Pre-tax Profits and Copper Price

In 2008, Codelco's pre-tax profits were US$4.97 billion, compared to the US$8.46 billion in 2007. This income refers to earnings before income tax and Law Nº 13,196 that imposes a 10% tax on copper sales and by-product sales.

The average annual price of copper on the London Metal Exchange was 315.3 US cents per pound, 2.4% below the 2007 price, which reached 323.2 cents per pound.

The average annual price for molybdenum, according to Metals Week, dropped from US$66.6 per kilogram in 2007 to US$62.7 per kilogram in 2008.

In 2008, copper operating income totaled US$10.068 billion lower than the US$12.378 billion in 2007. This difference is due to slowing sales and a sharp plunge in copper prices during the last quarter.

Operating income reached US$5.23 billion, and EBITDA, calculated as operating revenue plus depreciation and amortization, totaled US$6.233 billion, down from the US$9.449 billion in 2007.

Comparable net income in 2008, applying the same tax as private companies, totaled US$3.953 billion; hence Codelco has the largest net income compared to other companies operating in Chile.



Contribution to the Treasury

In 2008, Codelco contributed to the National Treasury a total of US$ 6.829 billion, which below is compared to 2007.

	US$ billion	
Contribution to the Treasury	**2008**	**2007**
Dividends	3.232	2.268
Income Tax	2.134	4.265
Law Nº 13,196	1.375	1.325
Other charges	88	75
Total	**6.829**	**7.933**

Production

Codelco´s own copper output stood at 1,466,450 metric tons of fine copper, which increases to 1,547,705 fine metric tons with its 49% stake in El Abra mine.

Codelco's own copper output was down 117,000 fine metric tons (fmt) compared to 2007. This is due to lower ore grades treated at plant, resulting in 152,000 fmt lower output. Other reasons include violent protests by a group of subcontractors and adverse weather conditions in the central region. This lower production was partly compensated by the start-up of Gabriela Mistral mine, which produced 68,000 fmt during the second half of the year.

In 2008, the amount of ore treated totaled 221 million dry metric tons; more than the 214 million treated the previous year. The average ore grade dropped from 0.88% in 2007 to 0.79% in 2008.



Copper and Molybdenum Production (Fine metric tons)

	Copper		Molybdenum	
Division	**2008**	**2007**	**2008**	**2007**
Codelco Norte	755,258	896,308	12,940	19,065
Salvador	42,682	63,885	872	1,214
Andina	219,554	218,322	2,133	2,525
El Teniente	381,224	404,738	4,580	5,053
Gaby S.A.	67,732	-	-	-
Codelco	1,466,450	1,583,253	20,525	27,857
El Abra	81,255	81,347		
Total	**1,547,705**	**1,664,600**	**20,525**	**27,857**

Costs

In 2008, total costs and expenses reached an average 178.0 cents per pound, up 35.7 cents over 2007.

Net cathode costs (C3) include Treatment and Refining Costs (TC-RC) and by-products credits, are at 119.6 cents, compared to 86.7 cents in 2007.

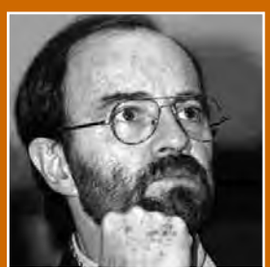
Cash costs (C1) were 70.2 cents per pound, higher than the 39.7 cents recorded in 2007. C1 is the type of cost that the mining industry uses to compare efficiency rates between different companies. This is the mining operations cost, and it includes (TC-RC), by-product credits and selling expenses.

Cost increased due to two reasons. First, operations costs were higher as a result of lower ore grades and more ore was processed. Second, key input prices and the CPI rose. The CPI affects costs that are calculated in Chilean pesos.





Unit Costs (Cents per pound)	2008	2007
Total costs	178.0	142.3
Net cathode costs (C3)	119.6	86.7
Direct cash cost (C1)	70.2	39.7



"The contributions Codelco makes to the country are many. Maybe the two most important are: to have given the country confidence that we could mine our copper resources; and second, of course, the enormous economic contribution to the Treasury made by Codelco during it 30 or more years of existence."

Gustavo Lagos / director,
Copper Research Center, Pontificia Universidad Católica de Chile.

Funding

Despite the world economic crisis, during the last months of 2008, Codelco obtained an important support from international funding institutions. The Company obtained US$ 750 million, in repayment terms between 2 and 24 months, from the main financial institutions in North America, Asia and Europe.

Codelco has an important investor base that accounts for US$ 3.24 billion in issued bonds, both in the local and foreign markets. The maturity dates will be between 2009 and 2035.

The Company is analyzed and assessed by 5 risk rating agencies: Fitch Rating, Feller Rate, Moody´s, Standard & Poor´s and DBRS. In 2008, Codelco had good credit ratings, AA3/A, assigned by Moody´s and Standard & Poor´s, respectively.

Foreign Exchange and Interest Rates

Codelco has defined policies for covering foreign exchange rates and interest rates. Coverage of exchange rates includes insurance for future fluctuations in the Unidad de Fomento (inflation-indexed unit of account) against the dollar; while interest rate hedging involves contracts setting rates on future obligations. As with the copper price, these operations do not involve speculation.

Insurance

Codelco has all its assets and potential business interruption permanently insured, based on market conditions, with the following insurance coverage:

- Insured assets: All facilities used for its main business within Chilean territory.
- Type of coverage: Comprehensive and property insurance, combined with business interruption, to a maximum loss of US$ 1 billion.



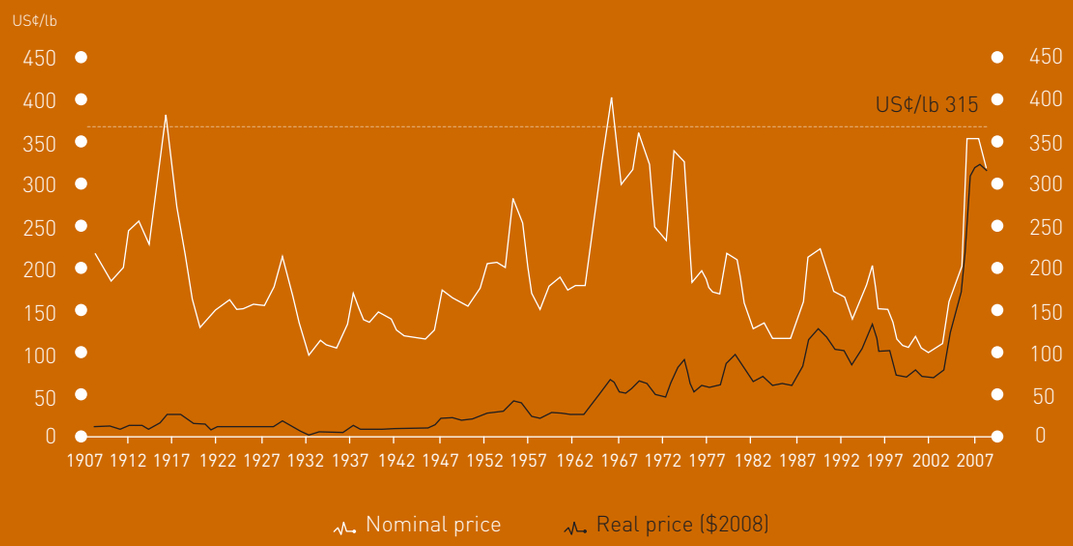
Copper Market

In 2008, the average daily copper price on the London Metal Exchange was 315.3 US¢/lb.

The price of copper continued its upward trend during the first nine months of the year, reaching its highest rate on 3 July, when it recorded 407.55 US¢/lb.

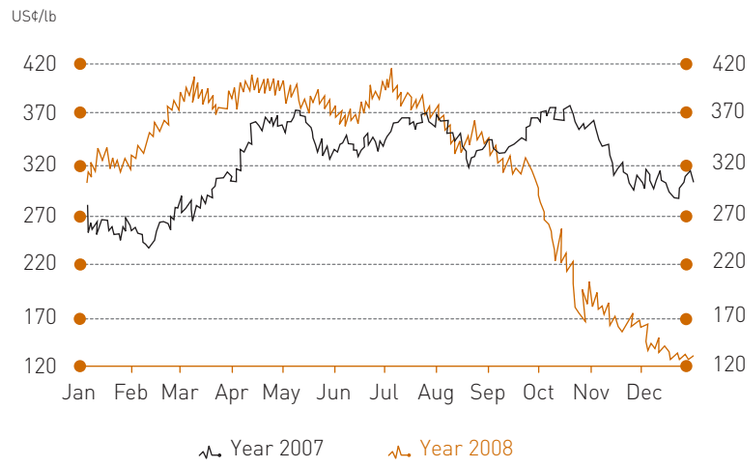
However, since the last quarter, prices fell sharply due to the world economic crisis, recording its lowest rate at 125.65 US¢/lb on 24 December.

Copper Prices
(LME annual average price)



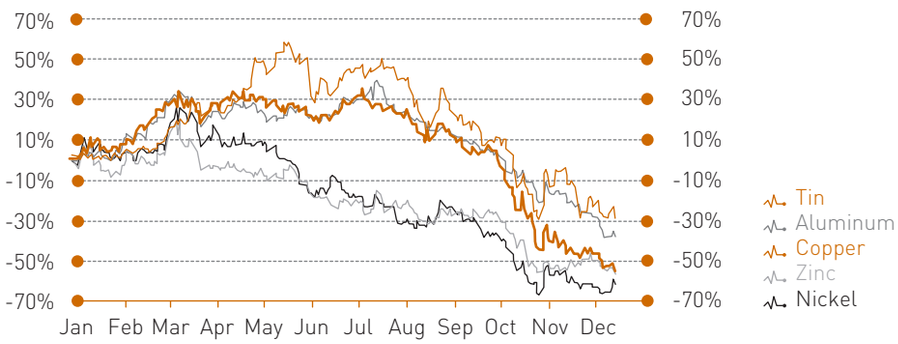


Daily copper prices 2007-2008 (London Metal Exchange)



All base metals traded at the London Metal Exchange underwent a sharp fall in prices towards the end of the year, as a result of the world economic crisis.

Price variation compared to price on 2 January 2008

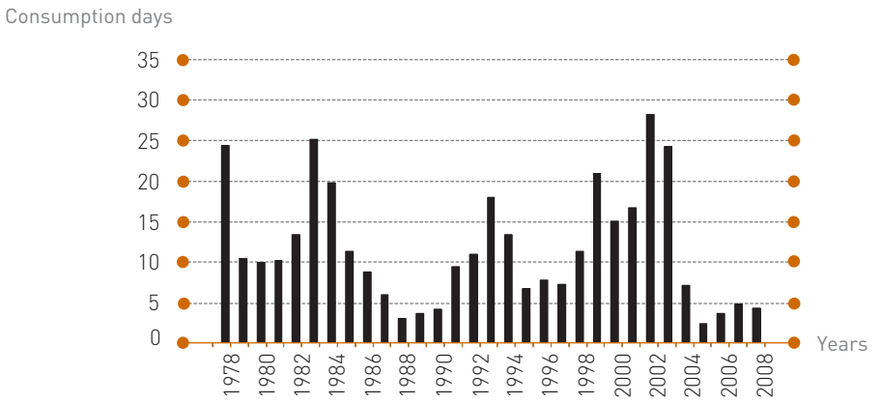




Evolution of Exchange Inventories

In 2008, the average volume of copper inventories in exchange warehouses was 4.36 days of world consumption.
This average volume is slightly lower than the average inventory in metal exchange warehouses in 2007, which was 4.8 days of world copper consumption.

Total copper inventories in exchange market (days of world consumption)



Sales

Total revenue from copper processing services, plus copper and by-product sales was US$14.425 billion in 2008. In total sales, 76% represented copper and 24% by-products. Total copper sales revenue accounts for 1.88 million metric tons.

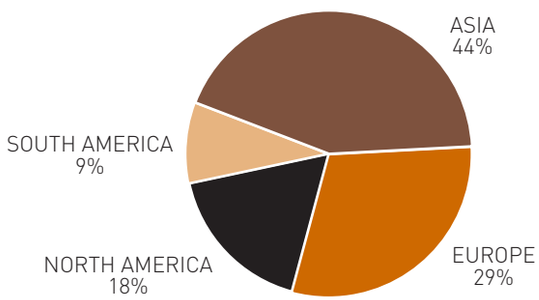
Own copper and third-party sales revenue totaled US$ 11.004 billion in 2008; while by-product sales totaled US$3.421 billion over the same period. Under other products are included anodic sludge, sulfuric acid, precious metals, wire rods and revenues from copper processing services.

Sales 2008
(US$ billion)

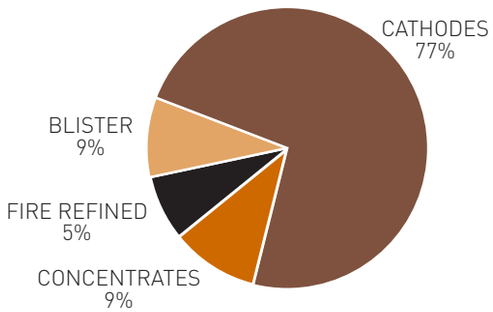
Own copper	10.068
Third-party copper	936
Molybdenum	1.585
Other products	1.836
Total	**14.425**



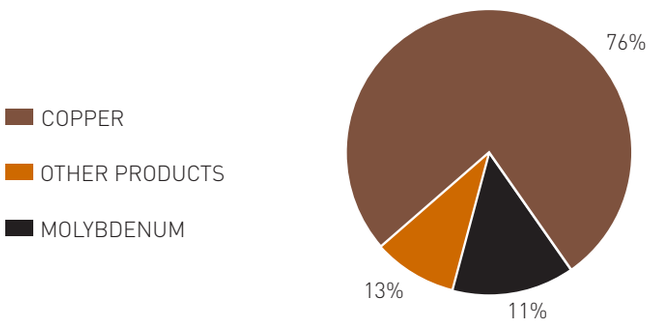
Copper sales by region



Copper sales by products



Sales 2008







Main customers 2008 (refined copper)

Customer	Country
Cobre Cerrillos S.A.	Chile
Cumerio	Italy
Erbakir Electrolitik Bakir	Turkey
Europa Metalli SPA	Italy
LS Cable LTD.	South Korea
Manufacturas de Cobre S.A.	Chile
Mueller Industries Inc.	USA
Nexans	France
Pacific Electric Wire and Cable Co.	Taiwan
Poongsan Corporation	South Korea
Sarkuysan Elektrolitik Bakir	Turkey
Southwire Company Inc.	USA
Taihan Electric Wire Co., Ltd.	South Korea
Walsin Lihwa Corporation	Taiwan
Wieland Werke AG Metallwerke	Germany



Third-Party Relations

Goods and Services

In 2008, Codelco dealt with 2,516 suppliers of goods and 1,535 providers of services, whose contracts totaled US$ 4.257 billion. Total business increased by 11.5% over 2007, mainly due to services related to operations.

Business by type of allocation

		2006			2007			2008		
Type of allocations		Business	Amount US$K*	%	Business	Amount US$K*	%	Business	Amount US$K*	%
Public bid	Investment	15	5,569	0.2%	111	180,213	4.7%	302	633,829	14.9%
	Operation	29,387	904,883	27.1%	31,906	899,584	23.6%	29,717	1,181,399	27.8%
	Total	29,402	910,452	27.3%	32,017	1,079,797	28.3%	30,019	1,815,228	42.6%
Private bid	Investment	1,103	1,201,052	36.0%	1,354	1,631,729	42.7%	1,350	888,764	20.9%
	Operation	8,860	806,879	24.2%	6,349	647,672	17.0%	3,550	874,965	20.6%
	Total	9,963	2,007,930	60.2%	7,703	2,279,400	59.7%	4,900	1,763,729	41.5%
Direct allocation	Investment	481	104,639	3.1%	513	84,840	2.2%	619	175,659	4.1%
	Operation	2,706	72,053	2.2%	1,250	80,420	2.1%	1,058	117,456	2.8%
	Total	3,187	176,692	5.3%	1,763	165,260	4.3%	1,677	293,115	6.9%
Other allocations [1]	Investment	336	59,665	1.8%	69	39,284	1.0%	374	63,214	1.5%
	Operation	9,489	180,146	5.4%	5,111	255,421	6.7%	3,805	321,641	7.6%
	Total	9,825	239,811	7.2%	5,180	294,706	7.7%	4,179	384,855	9.1%
	Investment	1,935	1,370,925	41.1%	2,047	1,936,066	50.7%	2,645	1,761,466	41.4%
	Operation	50,442	1,963,961	58.9%	44,616	1,883,097	49.3%	38,130	2,495,461	58.6%
Total	**Total**	**52,377**	**3,334,885**	**100%**	**46,663**	**3,819,163**	**100%**	**40,775**	**4,256,926**	**100%**

(1) See following table.

* Values in nominal currency.

Amount of contracted business in 2008 through public bids increased by 68% over 2007; representing nearly 43% of total allocated business.

In 2008, total consumption of goods and services increased by 23.7% compared to the previous year. The rise in electricity and fuel rates explains half of the increase in operation costs. In general, the rest is due to higher input prices and a rise in consumption related to increased activity.



Other allocation

	2006			2007			2008		
	Business	Amount US$K*	%	Business	Amount US$K*	%	Business	Amount US$K*	%
Direct allocation Codelco subsidiaries and related companies	3	52	0%	6	36,962	13%	9	7,913	2%
Public or private bid with only one offer	358	1,695	0.7%	55	4,570	1.6%	20	26,903	7.0%
Single suppler (materials or services)	2,386	153,848	64.2%	1,052	181,921	61.7%	649	94,279	24.5%
Small amount purchase or contract procedure	6,903	4,775	2.0%	3,962	3,660	1.2%	3,394	4,551	1.2%
Strategic supplier	25	69,632	29.0%	24	64,598	21.9%	33	223,327	58.0%
Test acquisition	150	9,809	4.1%	81	2,995	1.0%	74	27,881	7.2%
Total	**9,825**	**239,811**	**100%**	**5,180**	**294,706**	**100%**	**4,179**	**384,855**	**100%**

* Values in nominal currency.

Goods and services consumption (US$ million)

	Goods			Services			Total		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Operations	953	1,049	1,356	1,518	1,734	2,433	2,471	2,783	3,789
Investments	159	323	356	517	950	897	676	1,273	1,253
Total	**1,112**	**1,372**	**1,712**	**2,035**	**2,684**	**3,330**	**3,147**	**4,056**	**5,042**

Amount in nominal currency.



Supplier and Contractor Register

In order to know more about the companies it does business with, Codelco has assigned the administration of the supplier and contractor register (Regic) to an external company, shared by seven mandators, three more than in 2007. It is an online register and a useful tool that helps Codelco select companies invited to submit bids on contracts, based on objective parameters.

By December 2008, Regic had more than 3,300 companies registered, i.e., 43% more than in 2007. Almost half the companies that have contracts in force with Codelco are listed in the register and represent more than 70% of total business volume.

Contractor Management

Legislation defines subcontracted work as: "work carried out under a work contract by an employee for an employer, called contractor or subcontractor who, because of a contractual agreement, undertakes work or services, at their own risk and on their account and with employees under their responsibility, for a natural or legal third party, owner of the work, company or operation, called main company, where services are developed or the contracted work is carried out."

In this sense, Codelco has defined a management model where it directly performs activities related to its know-how and outsources to specialized contractor companies – through civil or commercial contracts –provision of services, such as food, transportation and safety.

Contractor companies that provide services to Codelco are exclusively responsible for labor relations with their own workers.

Notwithstanding the above, Codelco is always concerned about protecting the life, health and safety of all the people who are within its premises and facilities. The Company has a Special Regulation in force to implement an Occupational Health and Safety Management System for Codelco Contractor Companies.

Additionally, the Company is constantly trying to enhance relationships with contractors that provide services.



Codelco's declarations of principles and definitions of guidelines and regulations have directed contracts entered into with contractor companies, in addition to the standards required for working conditions of contract workers. In this sense, certain initiatives have been developed such as:

Corporate Decalogue

The Decalogue sets out the framework of Codelco's business relationships with contractor companies and the labor relations such companies have with their workers. The document (www.codelco.com) defines the main responsibilities of contractor companies such as training, quality of life, respect for freedom of association, and collective bargaining, occupational health, safety and responsible environmental behavior.

For example, in 2008 a higher education scholarship fund was implemented for the children of contract workers who provide services. Furthermore, the Company together with contractors implemented social training schemes for contract workers and/or their respective family groups, using part of the Sence fund surplus to which Codelco is entitled to.

Bid Conditions

Codelco requires contractor companies, under current bid conditions, to include in their technical-economic bids, benefits for their workers, such as attendance and productivity incentives, readjust wages every six months, compensations proportional to time worked, accidental death and permanent disability insurance and additional health insurance.

The Corporation also requires contractor and subcontractor companies to have high food, safety and transportation standards.

Contract Workers on Strike

Despite the abovementioned initiatives, between 16 April and 2 May 2008, certain contract worker groups who provide services to Codelco went on a violent strike, partially affecting operations in some divisions.

To end the conflict direct agreements were signed by the contractor companies and their workers.



"The distant and recent history of the Corporación Nacional del Cobre presents it as the state-owned company without which Chile would not be the growing and developing country it is today. Therefore, long live Codelco."

Alejandro Jiménez Mardones / national director,
Gendarmería de Chile.

Human Capital and Governance

STRATEGIC ALLIANCE - PHASE III

The Strategic Alliance between Codelco management and workers, represented by the Federation of Copper Workers, FTC, was created in 1994 as a governance pact within Codelco.

In 2008, the Alliance achieved agreements to ensure the continuity of Codelco in the long term, consolidate it as the great mining, industrial and commercial company of all Chileans, and position it as leader in the world copper industry.

In 2008, Strategic Alliance Phase III – implemented in September 2007- created five working committees: quality of life; comprehensive people development; occupational health and safety; comprehensive staff management, and competitive edge and productivity.

As a result, Codelco management and the FTC National Board signed the following agreements:

- Guidelines to consolidate corporate policy on alcohol, drugs and tobacco.
- Guidelines to develop ergonomics at Codelco.
- Deploy a new time management system.
- Strengthen the Codelco management system and relaunch the direct participation management tool.
- Safety in action days.
- Training method and contents on health and safety at work for FTC, union, and health and safety parity committee leaders.
- Implement ongoing training.
- Implement performance management system.

In the above context, the document "Recommendations on Best Practices at Codelco" was also signed.



Human Development

In 2008, people development management focused on creating tools for new business challenges and organizational change requirements, strongly emphasizing structural investment projects and short-term competitiveness challenges.

Staff Management and Planning

Codelco's major structural projects, such as transforming Chuquicamata into an underground mine, the new mine level at El Teniente or an approximate US$ 5 billion investment at Andina, require changes to the Company's organizational culture and practices.

For this reason, People Development Management started to work with the teams in charge of implementing these investments. Hence, the Company is addressing, in advance, challenges relating to human capital, work organization, social responsibility, productivity, compensations and organizational and functional structure.

Codelco also proceeded to implement a staff comprehensive management and planning model for the services and operations areas, accomplishing the following:

- Identification and management of opportunities to improve staff estimate, work organization, human capital provision, absenteeism, skills, knowledge management, organizational and functional structure and productivity.

- Benchmark excellence experiences in human capital management that may be reproduced in other business areas and/or used as a referent when designing investment projects.

Attracting Talent

In 2008, Codelco participated in university job fairs and signed collaboration agreements with the main institutions that have courses in mining, geology and metallurgy in order to jointly guide, educate and develop top-level students.



In this context, the Company gave scholarships, opportunities to do internships and degree theses, and also technical visits to operation sites and talks with experts.

In 2008, the corporate graduate program was launched with 43 top professionals chosen from 1,250 applicants. Work focused on business knowledge and developing technical and leadership skills. The divisions focused on training graduates, giving tutorials and getting involved in their critical projects.

At the same time, a special internship program was developed for 84 students from geological, mining and metallurgical courses, from a total of 300 applicants.

Training

In 2008, the Company invested close to US$13 million in its training program. These resources funded 6,240 training activities related to individual development plans, totaling 47,903 participants and 603,519 trainer hours.

During this period, e-learning was widely used, which has several advantages such as coverage, costs, relevance, capitalization and distribution of knowledge. In 2008, the Company offered 35 different courses, resulting in 3,000 people learning through this method and a US$ 162,000 investment; twice as much as in 2007.

Codelco continued to implement the computer skills certification program, through an International Computer Driving License (ICDL). 250 workers completed the ICDL certification.

Family Training

Codelco, with the remaining Sence funds, offered 26 courses which involved 478 people and 2,520 training hours. The courses were for the wives, children and family members dependent on workers, who needed to enter the labor market. The training courses included the following subjects:

- Computer and Information Technology.
- Entrepreneurship and Business Management.
- Hotel Management and Tourism.
- Capabilities and Skills in Services and Small Businesses.
- Occupational Skills for Disabled Family Members.



Management Training

During this period, leadership and managerial skills training sessions continued to be developed. Managers and supervisors received tools to successfully manage the changes required by the business, take advantage of the initiative to generate replacement staff, retain top-level talent and promote the development of networks.

As a result of the 2006 and 2007 management development programs, 2008 saw more internal promotions and talent retention.

Supervision development programs were carried out at Codelco Norte, Andina, El Teniente and Head Office.

Career Development

In 2008, we continued to identify, recognize and develop skills and align individual performance with the organizational strategy and internal mobility process.

Currently, Codelco has defined the skills for 100% of the main job positions based on the value chain. Over 90% of employees have their individual development plans, more than 9,000 workers bridged their skills gap and 35% joined the Performance Management System.

Additionally, a recognition and consequences program was validated, based on merits, motivating workers who make valuable contributions to the goals of Codelco. Sanctions were also applied to employees who did not adjust to the agreed requirements or their behavior was not in keeping with the Company's management style and values.

In August 2008, expert career was officially launched, a program aimed at retaining, developing and promoting top-level talent, who could assume and undertake the present and future technical challenges faced by the Company in the field of geology, mining and metallurgy.

Labor Practices and Gender Equality

In 2008, we proceeded to implement labor practices for gender equality, engaged with the National Service for Women (Sernam). Our aim is to ensure that all employees – men and women – have equal opportunities in the recruiting and selection process, wages, professional development and labor mobility.



"I think that the main contribution of Codelco is the money it gives the State. These resources cover many needs in housing, health and education. Another important point is the amount of work created in Santiago and the divisions. For example, I'm a contract worker and I started working here ten years ago and I'm happy to contribute to this great company."

María Eugenia Mella / service contract worker,
Head Office.

Main Achievements and Initiatives in 2008:

- Raise internal awareness about changes in the role of women in today's society; their contribution to production and work teams; the value of having diversity, understanding labor practices with gender equality, through e-learning courses given during the second half of 2008.
- Promote the inclusion of women in the mining industry, by creating job opportunities at Codelco, technical visits for students, internships and degree theses.
- Include more women in Codelco projects. At Minera Gaby mine, women account for 23% of the staff, a record in the Chilean mining industry.

In 2009, new initiatives will be launched in order to obtain the Equal Seal awarded by Sernam.

Labor Relations

Unions and Participatory Management

Codelco respects the role and participation of unions and union leaders.

Employees appoint two members to the Board of Directors; in 2008, the employees appointed were Raimundo Espinoza Concha, representative of the Federation of Copper Workers (FTC), and Jorge Candia Díaz, representative of the National Association of Copper Supervisors (ANSCO).

Other collaboration alternatives are the unions and parity committees, in addition to intervening in development processes through the Codelco management system.

The Company is highly unionized, specifically 96.3% of its own employees. Codelco complies with all the regulations and international agreements on labor and fundamental human rights, and with the principles of social responsibility.

Collective Bargaining

In 2008, four collective bargaining processes were carried out early and concluded by signing the relevant collective agreements. These processes were undertaken with the following unions:



- Supervisor Union A. Andina Division.
- Union no. 1, B and shift Union B. Ventanas Division.
- Supervisor Union A. Head Office.

Negotiations developed in a peaceful context, ensuring a solid relationship between stakeholders, the needed independence and respect for legal provisions.

Organizational climate

The organizational climate environment was assessed via employee surveys that measure the perception they have of relevant subjects related to the strategies and policies promoted by the Company.

The model was adapted to Codelco's organizational conditions and requirements and its main goal is to have access to information that helps to design strategies, plans and programs.

The organizational climate survey results are used by each Division to design initiatives to improve aspects negatively assessed by workers.

Quality of work life

In 2008, a milestone was the consolidation of quality of work life issues in all of Codelco's management tools. The most relevant issues were self care and promotion of healthy eating and healthy life style; prevention of alcohol, drug and tobacco use and abuse; stress; ergonomics and work-related physical activity. We also continued to develop various programs and initiatives in line with the quality of life policy.

Alcohol, drugs and tobacco policies

In 2008, the initiatives of this policy were reinforced across all divisions, in terms of prevention, early diagnosis and treatment. However, Ventanas is the only exception because it is currently at an induction and raise awareness stage.



As for early diagnosis tests for alcohol and drug consumption, a random testing program was implemented. This focused and compulsory testing was developed gradually in pre-work, industrial accidents, critical areas and preventive medicine.

Addiction treatments were reinforced and adapted to outpatient service models at Codelco medical centers. Difficult cases were derived to specialized medical centers.

Physical Activity and Recreation

At Head Office and divisions different programs were developed to promote workstation exercises, such as:

- Preventive and compensatory exercises.
- Work break exercises.
- Activities to reduce body mass index.
- Activities to manage stress.
- Exercises to prevent and recover musculoskeletal disorders.

The Strategic Alliance III quality of life commission incorporated in its agenda the task of proposing focused and relevant activities from the policy on physical activity, sports and recreation, to promote self care and health prevention among workers.

Ergonomics

In 2008, the International Seminar on Ergonomics was held. Additionally, Codelco and Universidad de Concepción created an ergonomics manual applied to mining and developed the contents required for an e-learning introductory training course.

Psychosocial Risk Factors

A seminar was held on the psychosocial risk factors in companies, which included the participation of prominent experts from the Universidad de Valencia, Spain. Progress was made on developing an assessment methodology and intervention strategies.





Aldeaminera.cl - The Mining Village

In 2008, the Codelco quality of life website - www.aldeaminera.cl - is a virtual community created five years ago, and it has more than 20,000 registered users and an average 9,300 different visitors per month.

The website includes information on technology, sports activities, budget control, mental health, nutrition and healthy lifestyle in general, in addition to online competitions.

Users can upload classified ads, personal fotologs, participate in online forums and ask questions to different experts, such as lawyers, nutritionists, midwives, pediatricians, psychologists, general practitioners, child psychiatrists, family councilors and social workers.



"Codelco's role has become more important in the life of the country through history. First it was saltpeter, then the silver mines, gold in the 4th Region. Now we are in the copper age, fortunately."

Arturo Adasme Vásquez / worker,
El Teniente Division, winner of the AldeaMinera name competition.

Sustainable Development

Codelco considers sustainability essential to its business strategy, in addition to managing its assets and developing human resources.

Its initiatives are based on a comprehensive model that incorporates occupational health, safety, environment, social responsibility, community management, resource-use efficiency (especially water and energy) and market development.

This area is under the responsibility of the Development and Sustainability Senior Management. Whereas divisions have sustainability, professional risk managements or equivalent structures, depending on the size, complexity and specific characteristics of each area, in order to implement plans and programs.

Except for Ventanas, that is currently undergoing certification for OSHAS 18001 standards, all Codelco divisions, Head Office and Exploration Corporate Management comply with the ISO 14001 and OHSAS 18001 standards.

Therefore, they all have environmental and safety management focused on preventing, reducing and controlling environmental impact and risks to both people and the environment.

Health and Safety

In 2008, the Company regretted the death of 5 workers in work-related accidents, 4 people from its own staff and 1 contract worker. The overall accident frequency rate was the lowest in its history: 3.39 incidents per million worked hours (including own workers and contract workers).

The overall severity rates (own workers and contract workers) reached 416, demonstrating a positive evolution, but still high for company standards.

Whereas in 2008, Minera Gaby S.A. had an overall frequency rate of 3.27 and an overall severity rate of 27.55, with no fatal incidents during the period. It must be noted that while building the Gaby project, which required 19,756,140 man hours, between May 2006 and September 2008, the total frequency rate was 2.3 and the total severity rate was 70.5.



Accident incident rate 2008

Staff	Accident incidents	Frequency	Severity	Fatal accident
Codelco	0.69%	3.44	950	0.11
Contractor companies	0.70%	3.37	169	0.01
Total	**0.69%**	**3.39**	**416**	**0.04**

Accident Incident Rate: Number of lost time injuries for every 100 employees. Includes fatal accidents.

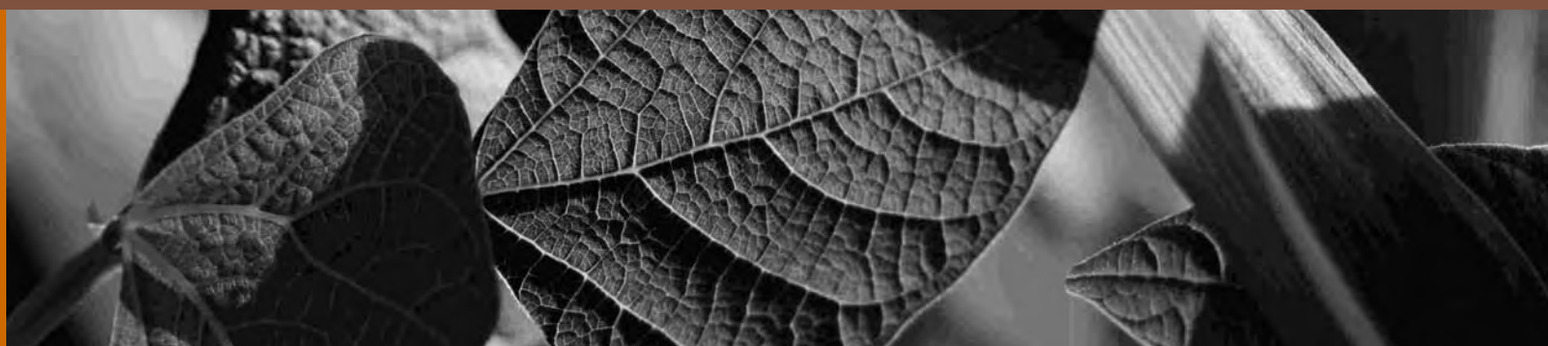
Accident Frequency Rate: Number of accidents with lost time per million hours worked. Includes fatal injuries (Supreme Decree 40).

Severity Rate: Number of lost work days per million hours worked. Includes days absent per accident.

Fatal Accident Rate: The number of fatalities per million hours worked.

During the year under review, 79 new resolutions of occupational illnesses affected active workers, which are listed in the following table:

Occupational Illnesses of Active Workers 2008 - Resolution -	
Silicosis	22
Hypoacusia	40
Musculoskeletal Disorders	17
Total	**79**



Investments in Health and Safety

In 2008, Codelco invested US$ 58 million in initiatives to improve safety conditions and habitability at its different operations. Some of the main projects are:

Codelco Norte Division

- Reinstall operations of electric-power substation (Radomiro Tomic).
- Improve safety conditions of electric flotation and mill system.

Salvador Division

- Restore operating conditions of underground mine, water and electric power supply.

Andina Division

- Improve ventilation and dust extraction system at crushing plant.
- Air distribution project for underground mine.

El Teniente Division

- Replace bridge crane cabins 1 and 2, converters Caletones Smelter.
- Replace and refurbish the elevator installation main shaft C.

Ventanas Division

- Repair anti-acids floors in refinery.
- Improve north access to Division.

Minera Gaby S.A.

- Implement road signs.

Environmental Performance

During 2008, Codelco submitted 23 projects to the Environmental Impact Evaluation System (SEIA). One project was withdrawn and another was not processed; both projects were from Codelco Norte Division.

Of the total number of projects submitted, 22 were Declarations of Environmental Impact (DIA); the Disposal of Stones and Drainage Management System at Andina Division was an Environmental Impact Study (EIA).



Projected submitted to the Environmental Impact Evaluation System 2008

Division	Total	EIA	DIA	Approved DIA	Not accepted / withdrawn DIA	In process EIA	In process DIA
Codelco Norte	15	0	15	8	2		5
Salvador	2	0	2				2
Andina	2	1	1	1		1	
Ventanas	0	0	0				
El Teniente	4	0	4	2			2
Head Office	0	0	0				
	23	**1**	**22**	**11**	**2**	**1**	**9**

Solid Waste

All the divisions have hazardous solid waste management plans, as provided in the health regulations by which they are regulated (SD No. 148) and also for non-hazardous solid waste. In 2008 the key events in terms of solid waste were as follows:

- Voluntary withdrawal and transfer to external end disposal, authorized by the National Commission for the Environment (Conama), of arsenic waste from cell 12-A from the Cerro Minero deposit, at El Teniente Division. The definitive closure of the deposit is being assessment by the Environmental Impact System, through a Declaration of Environmental Impact.

- Elimination of arsenic powder waste sent to an authorized end disposal, totaling 10,000 tons at Salvador Division and 5,000 tons at Ventanas Division.

- Minera Gaby S.A. has a waste management plan that includes collection centers, waste management and hazardous waste, and a controlled domestic waste dump.



"The main strength that I see in Codelco is that decision making is not only focused on the shareholders of a company, who necessarily aim to maximize profits, but on the always present altruistic, long-term strategy that thinks of Chile and its future generations."

Carlos Conca / mathematical engineer, Universidad de Chile,
National Award of Exact Sciences 2003.

Liquid Waste

Since September 2006, industrial wastewater discharge into the sea and continental surfaces are regulated by SD 90.

At December 2008, Codelco had 24 discharges with a resolution to be monitored every month by the Superintendency of Sanitary Services (SISS). Theses discharges have to comply with the SD 90 and the distribution by Division is as follows:

Discharges monitored by the SISS

Division	2008
Salvador	2
Andina	14
Ventanas	1
El Teniente	7
Total	24

For the molybdenum and sulfate parameters in clear waters at the Carén dam, the industrial wastewater is regulated by SD 80.

In July 2008, Andina Division started operating an acid mine water disposal at Minera Sur Andes, providing a solution for the acid mine water drainage at its current mine level. The SISS no longer oversees the Ventanas Division; it is now the responsibility of the General Management of Sea Territory and Merchant Navy (Dirección General del Territorio Marítimo y Marina Mercante).

Additionally, programs were implemented to streamline operations and investments to ensure full and ongoing compliance with SD 90 at all divisions, including contact waters.



Neither Codelco Norte nor the new Gabriela Mistral mine discharge liquid industrial waste into surface, continental or sea waters, therefore, DS 90 is not applicable.

Codelco's liquid and solid waste information is updated and publicly available at www.codelco.com.

Environmental Investments

During 2008, Codelco invested US$ 54 million in environmental projects, mainly related to managing tailing dams; recycling drainage water; molybdenum abatement plant; liquid, solid and hazardous waste. The main projects are as follows:

Codelco Norte Division
- Remodel and build a hazardous substance warehouse.

Salvador Division
- Build a channel authorized for hazardous waste.

Andina Division
- Control irrigation infiltrations, build pits and raise drainage walls at Ovejería dam.
- Complements for mine water drainage outflow for external use.

Ventanas Division
- Adapt temporary collection center for industrial waste.

El Teniente Division
- Extend molybdenum abatement plant for the Carén outflow.
- Increase recycling capacity of mine water drainage to processes.
- Solution and mitigation measures for solid and liquid waste, and sewage from the mine camps La Junta, Colón, Caletones and Coya.



NEW REGULATIONS

Codelco is actively involved in national and international regulatory processes, and therefore is fully informed of trends and regulations that could affect the development of its business.

National Regulations

Codelco, through the Chilean Mining Council, actively participated in developing regulations that were approved in November 2008. These regulations require all projects that could affect glaciers to undergo an environmental assessment.

The Company has monitored the draft project that regulates fine particulate matter concentrations (PM 2.5).

EU Chemicals Policy

In June 2007, the Registration Evaluation and Authorization of Chemicals (REACH) legislation entered into force in the European Union. This legal body requires, along with other issues, producers of any chemical substance to provide extensive information on hazards, risks, and control measures related to their products.

In order to ensure Codelco's European market share, in November 2008, Codelco registered in advance the chemical substances it produces, including different types of copper, roasted molybdenum and other smelter and refinery substances. The preregistration was done by the subsidiary Chile Copper Ltd., an exclusive representative located in London, and it marked the culmination of a program started several years before.

New Classification of Hazardous Substances

The Globally Harmonized Systems (GHS) of Classification of Hazardous Chemicals is developed by the United Nations to standardize criteria used to estimate and report the hazard levels of chemical substances, which also includes labeling. Although GHS will be implemented globally in the next few years, its implementation is imminent in Europe.

Codelco, as member of international organizations, has been involved in the analysis process that will enable the industry to present, within the stipulated legal periods, a well-founded proposal of classification before the European Authority.



Carbon Footprint

In 2008 the number of customers who required a carbon footprint for copper increased, i.e., the tons of greenhouse gas (GHG) emissions released into the atmosphere in order to produce a ton of metal.

This inventory should include all our own and third-party operations that are essential for the production process, including emissions required to produce inputs such as electricity or steel balls used in the mills.

Codelco has also collaborated with Cochilco to provide appropriate information and develop the GHG emissions inventory for Chilean mining.

The International Copper Association (ICA) has advanced in developing a Life Cycle Inventory representative of the industry, and Codelco made an important contribution to this project. Due to this initiative, it is expected that in 2009 the ICA will be ready to generate an average value of the carbon footprint for copper.

Through the International Molybdenum Association (IMOA), Codelco updated the molybdenum inventory of its main commercial products.

CLOSURE PLAN FOR MINING OPERATIONS

According to Supreme Decree No. 72 (amended by SD No. 132), in February 2009 all the mining operations in Chile have to present a closure plan for approval by the National Service of Geology and Mining (Sernageomín).

In order to comply with the foregoing, during 2008 Codelco developed a mining operation closure plan for all its divisions, which was submitted to authorities within the stipulated period. The subsidiary Minera Gaby S.A. has had an approved closure plan since the beginning of the project.



Corporate Concept

After copper was nationalized in July 1971, Codelco inherited the national resources and historical legacy of various mining companies with foreign capital that had basically started their operations during the first half of the 20th century.

These mining companies were in very remote locations far from populated areas and at the time Chile had incipient infrastructure, therefore they had to build their own roads and towns for their workers (Sewell, Salvador, Chuquicamata, Saladillo), including hospitals, schools, stores (pulperías) and recreational centers.

This situation, which no longer prevails at Codelco divisions, developed labor and social relationships that were highly dependent on the mining operations, and consequently the Company became responsible for these relationships.

For this reason, Codelco's mining operation closure concept identifies four aspects that directly impact the closure of any of its operations:

- Technical closure that ensures the safety and integrity of both people and environment.
- Labor reintegration or retrain its workers.
- Social impact on the communities in close proximity to mining operations such as: trade, transportation, services.
- Decision about assets that do not form part of the mining operations such as: water rights, mining property, hospitals, schools, recreational centers, buildings, housing.

Salvador Division

The Salvador Division has set the closure date for oxide operations such as sulfide operations for 2011, with technology currently in effect. The closure of these mining operations will mark an important milestone for the industry, because of its magnitude and because it is the first Codelco operation to undergo this process.

Salvador has already presented a closure plan to Sernageomín, as provided in the SD 72. Nevertheless, it is studying the remaining mining resources and assessing alternative projects, in addition to developing environmental, climatological, soil and hydro-geological studies. These studies will be fundamental to define the measures that will be adopted to close mine operations, and which have to be approved by the authority.



Corporate Social Responsability

The Codelco Good Neighbor (Buen Vecino) program puts into practice its sustainability policy on social responsibility and management toward communities neighboring our operations.

This program aims to improve the quality of life of the communities next to Codelco, establishing close and transparent cooperation ties with social organizations, local authorities and the population in general.

All Company divisions undertake management initiatives with the communities, based on the needs of the corporate definitions and business plan; the goal is to increase the reputational capital of the company and consolidate good relationships with the surrounding environment, in order to ensure appropriate conditions for a positive business development.

In this context, the Good Neighbor program has three key guidelines:

- Division initiatives based on the requirements of the business plan and the needs and characteristics of the surrounding environment.
- Projects with two common approaches for all the company: education and environment, and the projects have applied to be co-funded by the Corporate Social Investment Fund.
- Training activities preferably developed in the proximity of the division, using remaining Sence funds that boost labor integration possibilities for the unemployed or lower income groups.

In 2008, Codelco developed approximately 250 projects, representing a $ 1.144 billion investment using the remaining Sence funds. These projects targeted people over 18, unemployed and/or are looking for work for the first time, with minimum income or at social risk. These initiatives include English courses applying a novel learning method called Tomatis and construction specialized training for people from Tocopilla, who helped to repair the town after it was hit by an earthquake.

In 2008, the divisions, Explorations Corporate Management and Head Office developed more than 100 social projects in topics preferably relating to education, environment and economic entrepreneurship, in alliance with both public and private institutions.



"The symbolic contribution is very relevant, since copper and Codelco have become a symbolic referent of what Chile is, for us and for the world. This dimension is clearly visible in our music, in our cinema, literature, visual arts, cultural traditions etc."

Nivia Palma / national director,
Library and Archives Authority.

Codelco Norte

This Division concentrates its main community projects in education, environment and social integration, and it works jointly with public organizations such as Provincial Government, Municipalities, Sernam, Junji, Conaf and Conadi.

In 2008 mass activities were held in environmental education, focusing on schools in Calama; they included public safety and restoring public spaces to strengthen neighborhood associations, and activities relating to mental health, providing shelter and strengthening social protection networks among the vulnerable and low income groups of society.

We also continued to implement and fit out ethnical nursery schools, so as to have more equality in the education of small children in the Region of Antofagasta.

Salvador

Initiatives have focused on trade education and training to directly support the changes that will affect the region's economic structure during the next few years. The Division works preferably with social organizations and public institutions, such as Sernam and Social Organization Division (DOS).

A key initiative are the project creation and development workshops, aimed at providing people and social organizations with the skills required to design projects and subsequently have access to funding lines available.

Computers were also provided and renovated at two schools: Diego de Almagro and Chañaral, in addition to the instructions on how to use them. The objective was to take technology to low-income youths and their families.



Andina

In 2008, the division focused on relationships and direct work with social organizations, mainly neighborhood organizations and district association. Working sessions were undertaken to jointly create projects. These initiatives are in the field of education, entrepreneurship, organizational promotion and they have been backed by public and private organizations.

An outstanding initiative is the creation and development of a Children's Symphony Orchestra of Los Andes, which has 114 children and youths in situation of social vulnerability, with the support of the Municipality and the Provincial Government.

In 2008, as a result of a ten-year alliance with DOS, leadership and organizational strengthening workshops were held, where 800 members from different kinds of organizations participated.

Ventanas

The Division focused on community management issues in social integration, education and environment. It developed initiatives with social organizations, schools and environmental organizations.

During this period, the neighborhood organization infrastructure was improved, for example in La Canela they now have a public area for community activities. This rural community, located in a small closed valley in the central region, does not have a school or a social center, nor does it have access to Internet, hence this initiative is a step toward driving local development through connectivity and sociability.

In turn, together with the ecological organization Chinchimén, the Division supported the operation and maintenance of a coast fauna rehabilitation center, with wide-spread coverage of their activities and an environmental education program open to the community.



El Teniente

This Division has preferably focused on issues relating to education, training and environment, and has worked with public organizations such as Conaf, and private organizations, such as Corporación Pro O'Higgins.

A significant initiative is the collaboration agreement Teniente-Conaf that for over 25 years has implemented environmental education programs for children and teenagers. This program has helped to restore degraded soils and reforest vast areas of land.

Codelco developed jointly with Corporación Pro O'Higgins reading promotion projects for children from low-income families. Additionally, educational institutions in the 6th Region received educational material. This project also created an updated map of Chile, approved by the Military Geographic Institute and the Ministry of Education, which was distributed in classrooms at 120 schools in the province of Cachapoal and the district of Alhué (Metropolitan Region).

Explorations

In community management 2008, a noteworthy project was the development of a dual education program at Liceo A-25 Eleuterio Ramírez Molina, a school in Calama. Every year, twelve fourth year students can receive direct geological knowledge and do an internship at the Exploration Corporate Management facilities and at the subsidiary Exploraciones Mineras S.A.

Head Office

In 2008, Codelco worked together with the alliance Fundación Educere - Corporación Manos y Naturaleza, on preventing and reducing child labor; work focused on containing school dropout rates at an early age in the district of Puente Alto.

Three shelter centers (club houses) were implemented in the towns of Padre Hurtado, El Volcán San José II and Pedro Lira, where children who work or are at risk of dropping out of school go and receive educational support.





Minera Gaby S.A.

The community management initiative target: indigenous people; environment; health and prevention; education, tourism and culture, and employability and training.

There were several projects implemented, one outstanding project was at a school in the district of Sierra Gorda; the school presented a hydroponic project at the environmental fair. The project won, and subsequently the mine installed a state-of-the-art greenhouse that will be a source of income for the pupils' activities.





Market Development

In 2008 Codelco, through the Market Development Corporate Management, strengthened its commitment to promote, defend and provide market access to its key products.

ICA: International Copper Association

Since it was founded in 1989, Codelco has been an active member in the International Copper Association (ICA). This organization explores new uses for metal; identifies and defends its competitive advantages against other products; ensuring market access and, thus increasing the medium and long-term demand.

In 2008, ICA raised a record US$ 84 million fund to implement its annual operating plan that involved 217 programs in nearly 60 countries.

The more significant developments in the use of copper are: copper alloy nets for aquaculture; bio-energy systems to generate electricity in remote rural areas; antibacterial applications for hospital use; solar systems to generate electric power, and desalination of water; development of protective layers for copper against corrosion in heat exchangers. These and many other initiatives are summarized in (Copper Applications Technology Roadmap).

All these applications are consistent with the strategic plan 2007-2011, which focuses on construction and sustainable electrical power sectors, manufactured equipment industry and public health.

In March 2008, the EPA (U.S. Environmental Protection Agency) certified the bactericidal properties of copper alloys used in contact surfaces, recognizing for the first time this attribute to a metal. This certification opens the possibility to identify and market new applications for copper and, consequently, strengthen the demand.

IMOA: International Molybdenum Association

In 2008 and 2009, Codelco will preside over the IMOA, an organization whose members are the most important companies in the molybdenum industry.



The most significant achievements during this period are: the risk assessment of molybdenum on soil, water, and human health studies were completed. The most important aspect of these studies is that they prove that, from an environmental perspective, molybdenum is a very low-risk metal. This work forms part of our efforts to generate sound scientific information that supports the industry in all the regulatory processes.

The industry also finished updating its life cycle inventory, key information for future work with the molybdenum value chain, mainly for the steel sector.

In market development, in addition to ongoing promotion initiatives in the stainless steel industry, Codelco together with the Materials Research Center, Universidad de Chile, made the first invitation for tenders to the scientific world in order to detect key research work on molybdenum. We received 90 proposals from 27 countries, which are currently being assessed before being co-funded by IMOA.

Technology and New Uses for Copper

In 2008, the Codelco board authorized the creation of a subsidiary INCuBA S.A., to promote the development of technological projects that create a demand for the Company's key products, copper and molybdenum.

Based on the different opportunities detected for developing markets, INCuBA will participate in entrepreneurships that must generate a high level of interest in Chile and abroad, incorporating private capital in projects and having a significant and potential impact on demand.

In 2008, INCuBA, ICA and IMOA developed different entrepreneurial and business activities; the most significant were the following:

- **Ecosea Farming:** develops copper applications for the aquaculture sector, such as copper cages for the salmon industry. A total investment of US$ 4.2 million, Conicyt gave US$1.6 million to this initiative.
- **CoMoTech:** focused on creating and developing a molybdenum technological platform. This initiative has funds totaling US$ 1.9 million, of which US$ 200,000 were funded by Corfo-Innova.
- **Copper for energy, C4E:** it promotes copper applications for energy efficiency. The Project applied for Corfo-Innova funding and it currently has US$ 2.5 million investment.
- **Public health initiative:** promotes copper applications that protect a person's health and the bacterial properties of the red metal. The project received US$ 600,000 from Corfo-Innova: the total investment was US$1 million.



Stakeholders and Public Opinion

Sustainability Report

Codelco has prepared sustainability reports, under different names and scopes, since 1999, and is the pioneer in Chile in terms of information and transparency in this area.

Since 2002, the sustainability reports are based on the GRI sustainability reporting guidelines. As of 2004, the sustainability report includes a report by the external assurance company, provides evidence of ongoing alignment and compliance with the GRI, and also the veracity of the data submitted.

A relevant change in this subject matter is the 2007 Sustainability Report – developed according to the GRI G3 guidelines - are the enhanced standards for disclosure and information available to stakeholders.

Therefore, Codelco is the first Chilean mining company with a Sustainability Report rated GRI A^+, which means the highest content scope and that it was also reviewed by independent auditors.

Information and Disclosure

Codelco permanently collaborates with the regional, national and international media. According to the Communications Corporate Management, in 2008 media coverage was as follows: 10,553 reports and articles in newspapers, magazines, radios and Chilean TV channels about different issues on Codelco management.

The Company, also, reported its performance through direct communication channels, such as web pages, emails, magazines and printed articles, targeting different audiences. Codelco also disclosed its quarterly economic-financial results at a press conference.

According to SVS regulations, the Company has an Information Management Manual - available at www.codelco.com that aims to contribute to the truthful, transparent and timely disclosure of information relevant to the markets. This portal also includes the Material Facts of the company, information of interest and press reports by official sources of Codelco.



In addition to the press information, the www.codelco.com site publishes data about the most relevant Company issues. In 2008, the portal recorded an average 168,792 visitors per month.

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

Public Opinion Survey

Codelco has special interest in knowing the information and perception that various stakeholders have about the company; therefore it periodically conducts quantitative and qualitative surveys.

National Survey

In order to prepare a baseline to gauge Codelco's reputation, mid-2008 the Company commissioned the polling company Adimark to do a public opinion survey.

The results gave Codelco a solid leadership as the main company in the country. When people were asked about which were the most important companies in Chile, the majority (50.9%) spontaneously answered Codelco and 1 out of every 3 mentioned it in first place (35.3%).

Based on those polled, the main contributions made by Codelco to the country are growth and economic welfare, job creation, social welfare work and community assistance.

The sample included approximately 11,500 people, men and women over 18, who live in 31 cities that have more than 40,000 inhabitants, located between the 1st and 15th Region. The survey is an interview in person, i.e. face-to-face. The margin of sampling error is estimated as 0.9% nationwide sample and 3.5% region-wide sample.



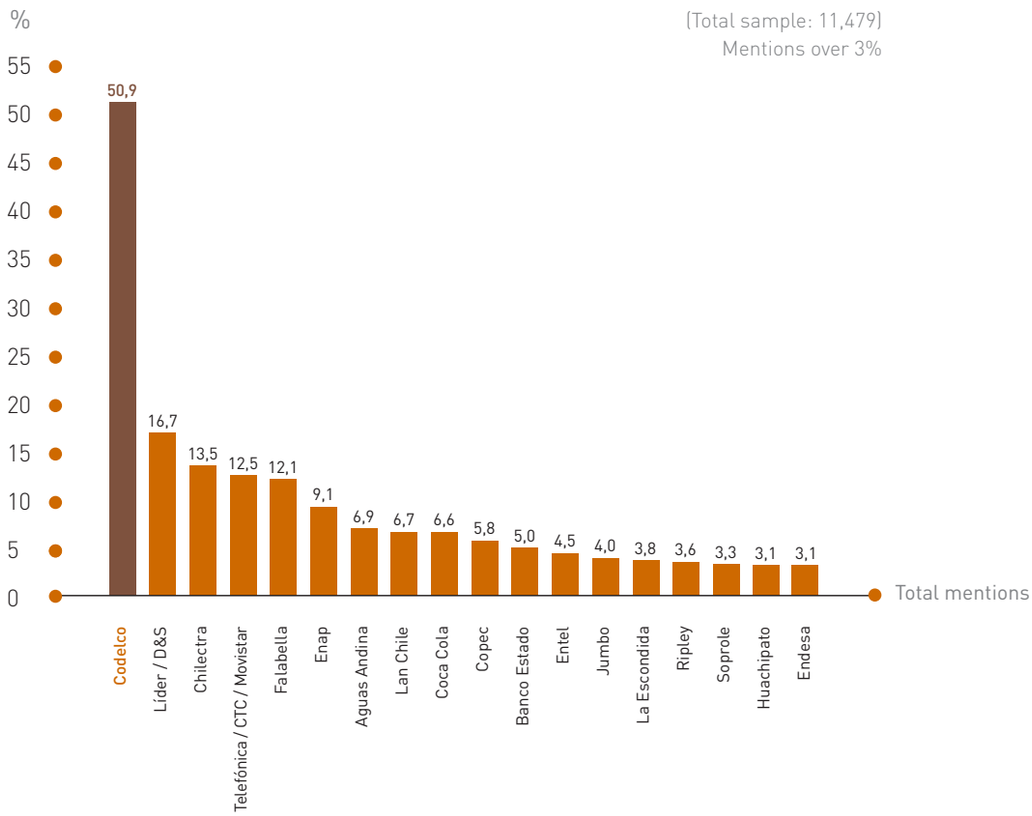
"Codelco is a reflection that the State can be efficient and diligent with Chile's natural resources."

Carlos Huneeus / director,
Barómetro Cerc.

Codelco public opinion survey 2008

(September 2008)

Taking into account the different nationwide companies, in your opinion: which are the most important companies in the country?



MORI SURVEY

Codelco placed first in the category of major and multinational companies in the last Mori survey on Corporate Social Responsibility. This survey is conducted every year.
In a spontaneous question format, Codelco was also ranked first, increasing by 6% over last year, reaching 12% of mentions. This is the best result for the company since this survey has been conducted (9 years).



The Mori survey was conducted in Chile in December 2008; 1,000 interviews in person were carried out at different households, population over 18, from the 1st to 15th Region, representing 90% of the population and a 3% sampling error.

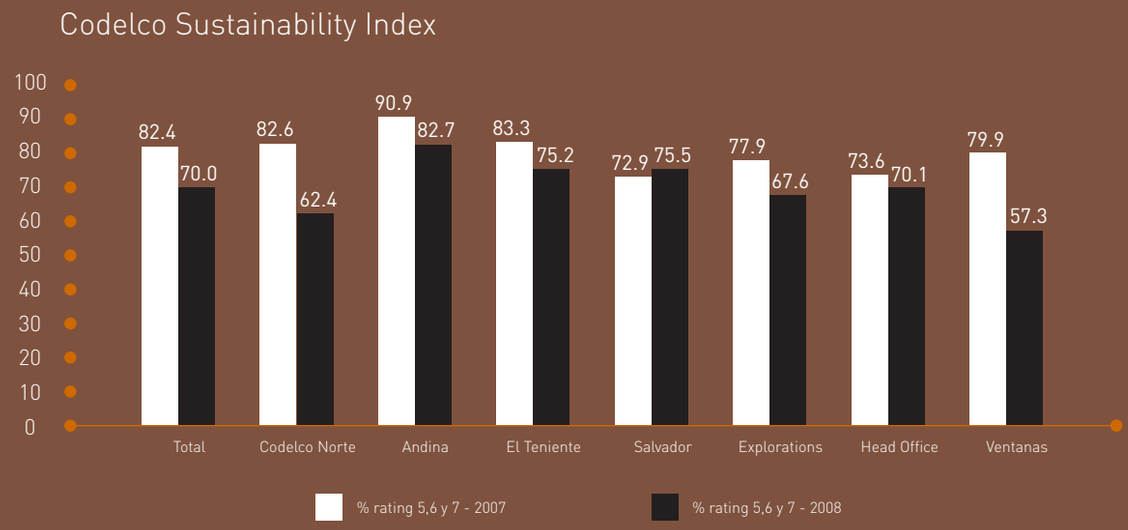
SUSTAINABLE CODELCO PERCEPTION SURVEY

Codelco conducts this survey since 2003 in order to know how the neighboring community, its authorities and opinion leaders and the beneficiaries of the Codelco Good Neighbor program perceive the Company.

Specifically, the survey asks about Codelco's environmental and safety management, relationships with the community and its workers. In general, the 2008 survey results show a highly positive assessment; however, results are lower compared to previous years.

It can be inferred from the 2008 results that Codelco continues to be considered the most important company in Chile, both for authorities and opinion leaders, and also for neighboring communities. Its importance for the country is acknowledged and, in general, it receives a positive assessment.

As for the survey dimensions, operations safety had the best evaluation. The population considered that Codelco has a positive performance in this area, especially regarding its own workers. In environmental issues, it received a negative assessment; this is a warning sign that forces the company to increase its efforts in this area.





- SOCIEDAD GNL MEJILLONES S.A.
- ISAPRE CHUQUICAMATA LTDA.
- PRESTADORA DE SERVICIOS SAN LORENZO LTDA.
- CLÍNICA RÍO BLANCO S.A.
- ISAPRE RÍO BLANCO LTDA.
- INSTITUTO DE INNOVACIÓN EN MINERÍA Y METALURGIA S.A.
- BIOSIGMA S.A.
- SOCIEDAD CONTRACTUAL MINERA EL ABRA
- COMPLEJO PORTUARIO MEJILLONES S.A.
- ENERGÍA MINERA S.A.
- SOCIEDAD CONTRACTUAL MINERA PURÉN
- CHILE COPPER LTD.
- SCM SIERRA MARIPOSA
- CMS TECNOLOGÍA S.A.
- ELABORADORA DE COBRE CHILENA LIMITADA
- INVERSIONES TOCOPILLA LTDA.
- ELECTROANDINA S.A.
- CODELCO INTERNATIONAL LIMITED
- EXPLORACIONES MINERAS ANDINAS S.A.
- EJECUTORA PROYECTO HOSPITAL DEL COBRE-CALAMA S.A.



Subsidiaries and Related Companies

- COMPLEJO PORTUARIO MEJILLONES S.A.
- KAIROS MINING S.A.
- MINING INFORMATION, COMMUNICATION AND MONITORING S.A. (MICOMO S.A.)
- ASOCIACIÓN GARANTIZADORA DE PENSIONES
- MI ROBOTIC SOLUTIONS S.A. (MIRS S.A.)
- CODELCO KÜPFERHANDEL GmbH
- AGUA DE LA FALDA S.A.
- CODELCO GROUP USA INC.
- TERMOELÉCTRICA FARELLONES S.A.
- SANTIAGO DE RÍO GRANDE S.A.C.
- INVERSIONES MEJILLONES S.A.
- MINERA GABY S.A.
- SOCIEDAD DE INVERSIONES COPPERFIELD LIMITADA
- COMPAÑÍA MINERA PICACHO SCM
- CMS CHILE S.A.
- COMPAÑÍA CONTRACTUAL MINERA LOS ANDES, CCMLA
- MINERA PECOBRE S.A. DE C.V.



SOCIEDAD GNL MEJILLONES S.A.
At 31 December 2008

Legal status
RUT: 76.775.710-7
Closely held company, created by public deed on 31 January 2007.
Santiago Notary: Osvaldo Pereira González.
An abstract of the deed was recorded in the Santiago Registry of Commerce on page 6,625 No.4,909, in 2007, and it was published in the Official Gazette on 8 February 2007.

Subscribed and paid-in capital
At 31 December 2008, the capital paid by Codelco Chile: US$ 170,000 thousand.

Corporate purpose
Production, storage, marketing, transport and distribution of all kinds of fuel; and the acquisition, construction, and operation of the facilities and infrastructure and other physical works required to transport, receive, process and store, both in Chile and abroad, by the company or in a third-party partnership.

Board of directors
Juan Eduardo Herrera C. (*) Chairman
Jan Flachet, Director
Jean Louis Pairon, Director
Manlio Alessi, Director
Jorge Bande B., Director (*)
Luis Valenzuela P., Director

General Manager
Frederik Janssens

Codelco's capital interest and changes during fiscal year
At 31 December 2008, Codelco's interest in Sociedad GNL Mejillones S.A. was 50%. Prior to the last amendment to the articles of association of Sociedad GNL Mejillones S.A., agreed at the Extraordinary Shareholders' Meeting on 9 October 2007, Codelco had 99% interest.

Business relations with Codelco
Sociedad GNL Mejillones S.A. supplies Codelco Chile with regasified natural gas.

Contracts with Codelco
Sociedad GNL Mejillones S.A. has a regasified natural gas sales contract with Codelco, as per a take-or-pay agreement, and the corresponding technical appendix. It also has this sort of contract with SCM El Abra, a Codelco subsidiary.
Between Sociedad GNL Mejillones S.A. and Codelco, there is an options contract which entitles to the future use of facilities with Codelco as client; and also other contracts with Complejo Portuario Mejillones, a subsidiary of Codelco.

Investment percentage of total Head Office
2008 Investment in related company US$ 157,629 thousand.
2007 Investment in related company US$ 23,128 thousand.
Investment Percentage of Head Office total assets: 1.150%, 2008.

*Codelco Directors or Executives.



ISAPRE CHUQUICAMATA LTDA.
At 31 December 2008

Legal status
RUT: 79.566.720-2
Corporate name: Isapre Chuquicamata Ltda.
Limited Liability Company.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled $ 1.18 thousand.

Corporate purpose
Provision of health services and benefits, either directly or through funding, pursuant to the regulations contained in D.F.L. No. 3 issued by the Ministry of Health. In order to meet its objective, the company may perform and enter into any kind of contract, even create and form part of other companies.

Advisory council board
Sergio Jarpa G., Chairman (*)
Humberto Fernandois Olivares (*)
Manuel Zeballos Mundaca (*)
Sergio Gómez Núñez (*)
Miguel Cortés Gallardo (*)
Jorge Hernández Donoso (*)
Juan Carlos Canales (*)
Hilario Ramírez González
Hernán Polanco Salfate
Hernán Guerrero Maluenda
Paulina Troncoso Espinoza
Alex Guerra Pérez
Guillermo Cárceles Chamorro
Pilar Carvajal V.

General Manager
María Rosa Martínez

Codelco's capital interest and changes during fiscal year
Codelco's share: 98.3%
Fusat's share: 1.7%

Business relations with Codelco
Health services provision to all Codelco workers affiliated to this private insurance firm (Isapre), and their dependent family members, and all affiliates who are former workers of Codelco. The Isapre pays Codelco on a monthly basis for the total amount of medical care services provided during the month.

Contracts with Codelco
Medical care contract (1 June 1982).
Medical equipment and instrument rental contract (1 June 1998).
Services provision contract (1 June 1998).

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 2,597 thousand.
2007 Investment in subsidiary company US$ 2,932 thousand.
Investment Percentage of Head Office total assets: 0.019%, 2008.

* Codelco Directors or Executives.

PRESTADORA DE SERVICIOS SAN LORENZO LTDA.

At 31 December 2008

Legal status
RUT: 88.497.100-4
Originally incorporated as Isapre San Lorenzo Ltda. Its original objective was to provide Isapre and health services. Since Law 20,015 set forth that Health Insurance Institutions could only be Isapres, on 16 April 2006, the company created a subsidiary under the name San Lorenzo Isapre Ltda. transferring its health insurance institution registry number so that it could be the legal continuation of this business.
On 17 May 2007, Isapre San Lorenzo Ltda. amended its articles of incorporation and changed its name to: Prestadora de servicios San Lorenzo Ltda.
Registered: Index No. 238/2007.
Diego de Almagro Notary's Office: Acting Notary Patricia Rojas Miranda. Recorded in the Registry of Commerce of the Real Estate Registrar, at Diego de Almagro, on page 5 No.5, 2007 and it was published in the Official Gazette No. 38.782 on 7 June 2007.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco was US$16 thousand.

Corporate purpose
Provide professional and administrative services, and also health care services. In both cases, these services are exclusively provided to related companies, as provided in the terms and conditions set forth in letter b) under Law 18,045. It has a 99% stake in San Lorenzo Isapre Ltda.

Board of directors
María Etcheverry Court, Chairman
Álvaro Covarrubias Risopatrón, Director
Marcos Vergara Iturriaga, Director
Juan Aguilera Espinoza, Director (*)
René Carvajal Llaneza, Director (*)

General Manager
Carlos Alejandro Pardo Chandia

Codelco's equity interest and changes during fiscal year
Codelco Salvador Division: 99.99%. Codelco did not change its equity interest during the period under review.

Business relations with Codelco
Codelco's Salvador Division commissioned the comprehensive health care for the Division's beneficiary population to San Lorenzo Servicios Ltda., by transferring most of the Division's Medical Services.

Contracts with Codelco
Medical Services Provision Contract, that includes activities in health education, promotion, prevention, recovery and rehabilitation, required to care for and improve the beneficiary population's state of health at the Salvador Division.
On 1 January 2007 the "Acta de Pronto Inicio" document was signed, whereby Codelco awarded the medical services provision contract to San Lorenzo Limitada, for a 24-month period.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 695 thousand.
2007 Investment in subsidiary company US$ 909 thousand.
Investment percentage of Head Office total assets: 0,005%, 2008.

* Codelco Directors or Executives.



CLÍNICA RÍO BLANCO S.A.

At 31 December 2008

Legal status
RUT: 99.573.600-4
Corporate name: Clínica Río Blanco S.A.
Closely held Company.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco $4,316,000.

Corporate purpose
Provisions of health services and benefits, either directly and providing all kinds of medical services and care, for which it can create, maintain and administrate clinics and other health care establishments, provide ambulatory and emergency health care services, and paramedics; carry out lab tests, pharmacology, analyses, radiology tests and, in general, any medical and nursing activity.

Board of directors

Daniel Trivelli Oyarzún (*)
Héctor Cáceres Vicencio (*)
Daniel Michea (*)
Juan Carlos Joannon
Desiderio Astorga Leyton
Pablo Fernández
Fernando Condell M.

Acting directors

Leonardo Whittle Ferrer (*)
Manuel Opazo Mortola (*)
Carlos Arroyo L. (*)
Luis Galdames C. (*)
Christian Muñoz T.
Juan Carlos Olguín P.
Juan Montecinos R.

General Manager
Juan Carlos Cabezas Beroiza

Codelco's capital interests and changes during fiscal year
Codelco Chile Andina Division: 99%
Isapre Río Blanco Ltda.: 1%
There were no changes during the period under review.

Business relations with Codelco
Provision of medical, health and emergency services, paramedics, lab tests, pharmacology, radiology and, in general, the provision of medical and nursing care to workers at Codelco's Andina Division.

Contracts with Codelco
Occupational health contract with industrial and occupational health department: Contract No. 4500525276, Service Provision Contract, Law 16,744.
Contract with GMIN (Mine Management): Contract No. 4500604608, Services for physical, medical and psychological care and psycho-technical services.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 1,765 thousand.
2007 Investment in subsidiary company US$ 2,845 thousand.
Investment Percentage of Head Office total assets: 0.013%, 2008.

*Codelco Directors or Executives.

ISAPRE RÍO BLANCO LTDA.
At 31 December 2008

Legal status
RUT: 89.441.300-K
Limited Liability Company.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled US$ 843 thousand.

Corporate purpose
Health Insurance Institution (Isapre).

Board of directors
María Elena Etcheberry Court
Daniel Trivelli Oyarzún (*)
Héctor Cáceres Vicencio (*)
Marcos Vergara Iturriaga
Álvaro Covarrubias Risopatrón

Acting directors
Leonardo Whittle Ferrer (*)
Manuel Opazo Mortola (*)

General Manager
Jaime Del Solar Zorzano

Codelco's capital interest and changes during fiscal year
Codelco Chile Andina Division: 99.99%
Isapre San Lorenzo Ltda.: 0.01%

Business relations with Codelco
Andina Division is required under the contracts and/or collective agreements signed with its workers, to fund the worker and his/her legally recognized dependent relatives, the provision of health care services when he/she signs a work contract with Division and pays the legally required private health care insurance in Isapre Río Blanco.
Furthermore, the Company is also required to provide health services to former workers who are covered by a specific retired plan, so that they and their legally recognized dependent relatives receive benefits such as medical, pharmaceutical, and dental care covered by health regulations for the specific period of time set in the retired plan.
The Division pays the difference of the relevant compulsory health care insurance plan for each worker.

Contracts with Codelco
Contract No. 4500623027, to provide medical services to workers, former workers and their dependent relatives. Andina Division entrusts Isapre Río Blanco Ltda., to fund the preceding services, based on the terms and conditions of the Isapre's health plan.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 1,220 thousand.
2007 Investment in subsidiary company US$ 1,274 thousand.
Investment Percentage of Head Office total assets: 0.009%, 2008.

* Codelco Directors or Executives.



INSTITUTO DE INNOVACIÓN EN MINERÍA Y METALURGIA S.A.
At 31 December 2008

Legal status
RUT: 96.854500-0
Closely held company.
Incorporated on: 24 September 1998.
Index No. 3664/98.
Santiago Notary: Antonieta Mendoza Escala.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled $2,097,806 thousand.

Corporate purpose
Develop metallurgical and mining technological innovation.

Board of directors
Juan Enrique Morales Jaramillo, Chairman (*)
Pedro Morales Cerda (*)
Carlos Urzúa Ramírez (*)
Pedro Sierra B.
Andrés Weintraub P.

General Manager
Julio Morales Olivares.

Codelco's capital interest and changes during fiscal year
Codelco's current interest: 99.93%. There were no changes during the year under review.

Business relations with Codelco
At present, the main business relations between IM2 and Codelco is defined by the Technological Innovation and Research Agreement, dated 28 September 1998, whereby IM2 provides services for preparing, managing, and implementing technological innovation and research programs and projects, and technological transfer projects.

Contracts with Codelco
Technological innovation and research contract. As client.
Contract to validate underground mining technologies. As client.
Agreement for services of Codelco's technical documentation center. As Provider.
IT and Communications service contract. As provider.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 3,439 thousand.
2007 Investment in subsidiary company US$ 3,912 thousand.
Investment Percentage of Head Office total assets: 0.025%, 2008.

* Codelco Directors or Executives.

BIOSIGMA S.A.

At 31 December 2008

Legal Status
RUT: 96.991.180-0
Closely held company.
Incorporated by public deed on 31 May 2002.
Santiago Notary: Nancy de La Fuente Hernández.
Abstract was published in the Official Gazette No.37,287, on 19 June 2002 and then registered in the Santiago Registry of Commerce of the Real Estate Registrar, on page 14,849 No.12.239 in 2002, and it was rectified on page 17.663 No.14.532 in the same registry and year; and published in the Official Gazette No.307, on 13 July 2002.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled US$ 20,266 thousand.

Corporate purpose
Develop processes and technology in the scope of genomics, proteomics and bioinformatics for mining and, in general, apply the microorganism-based systems and other activities and businesses related to the preceding areas. The activities currently developed are technological validation and research of mineral bioleaching at the pilot plants and commercial prototype levels.

Board of directors
Juan Enrique Morales Jaramillo (*)
Pedro Antonio Morales Cerda (*)
Mario Espinoza Durán (*)
Pedro Sierra Bosch
Keiichi Sato
Kenichi Murakami

Acting directors
Luis Castelli Sandoval (*)
Gloria Parada Zamorano (*)
José Robles Becerra (*)
Juan González G. (*)
Susumu Kubo
Hirofumi Nakata

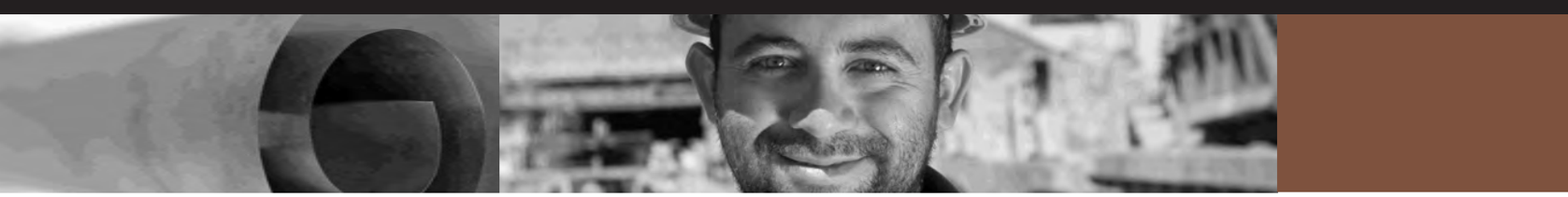
General Manager
Ricardo Badilla Ohlbaum

Codelco's capital interest and changes during fiscal year
Incorporated by Codelco in association with Nippon Mining and Metals Co. Ltd., a Japanese company. At 31 December 2008, Codelco's had 66.67% interest and there were no changes during the year under review.

Contracts with Codelco
To date, Biosigma S.A. has entered into the following contracts with Codelco:
Addendum No.1 Program Amendment, Technological Agreement by and between Codelco and BioSigma, dated 22 December 2006.
Several agreements to subscribe and pay shares.
Collaboration protocol to apply technological agreement between Codelco and BioSigma S.A. for Minera Gaby S.A.
Collaboration protocol to apply technological agreement between Codelco and BioSigma S.A. at different Codelco division operations.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 3,657 thousand.
2005 Investment in subsidiary company US$ 5,018 thousand.
Investment Percentage of Head Office total assets: 0.027%, 2008.

* Codelco Directors or Executives.



SOCIEDAD CONTRACTUAL MINERA EL ABRA

At 31 December 2008

Legal status
RUT: 96.701.340-4
Incorporated by public deed on 28 June 1994.
Santiago Notary: Víctor Manuel Correa Valenzuela.
Corporate name: Sociedad Contractual Minera El Abra (SCM El Abra).
Contract mining company created in accordance with regulations contained in articles 201 and following under the Republic of Chile's Mining Code. Registered in the Santiago Registry of Commerce on page 149, No.40 in 1994. Shareholder Register 9054 page 20, 1994.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid in totaled US$647,059 thousand divided into 100,000 shares. Shareholders are: Cyprus El Abra Corporation with 51,000 shares, and Corporación Nacional del Cobre de Chile with 49,000 shares.

Corporate purpose
Its purpose is to prospect, explore and mine the ore deposit known as El Abra, located in the 2nd Region of Antofagasta, in its full extension, including the adjacent or nearby areas. Also, extract, process and treat the ore mined at the ore body and surrounding areas; and transport and trade the products and by-products obtained from processing the ore and other mining activities at the deposit.

Board of directors
Harry M. Conger, Chairman
Miguel Munizaga B.
Jorge Riquelme
Juan Eduardo Herrera (*)
Juan Enrique Morales (*)

Acting directors
Kathleen Quirk
David B. Travis
Steve I. Tanner
Iván Valenzuela R
Mario Espinoza Durán (*)

Senior executives
David B. Travis, Chairman and General Manager
Rubén Funes, Operations General Manager

Codelco's capital interest and changes during fiscal year
Codelco has a 49% interest, which has not changed since the company was incorporated.

Business relations with Codelco
The main business between the two firms: El Abra sells copper cathodes to Codelco. Codelco also sells sulfuric acid to SCM El Abra. The amount and price is negotiated on a yearly basis.

Contracts with Codelco
The copper sales agreement is covered by a Marketing Agreement, signed on 15 June 1995, between SCM El Abra and Codelco Services Ltd. This agreement sets forth the termination date as 1 January 2012 and it can be automatically renewed on a year-to-year basis. Sulfuric acid sales contracts are extended until 31 December 2008.

Investment percentage of total Head Office
2008 Investment in related company US$ 263,520 thousand.
2007 Investment in related company US$ 269,734 thousand.
Investment Percentage of Head Office total assets: 1.92%, 2008.

*Codelco Directors or Executives.

COMPLEJO PORTUARIO MEJILLONES S.A.
At 31 December 2008

Legal status
RUT: 96.819.040-7
Closely held company, incorporated by public deed on 18 March 1997.
Santiago Notary: Hugo Leonardo Pérez Pousa. Registered in the Santiago Registry of Commerce on 24 March 1997 on page 7,188 No. 5.679.

Capital subscribed and paid by Codelco
At 31 December 2008, the capital subscribed and paid by Codelco totaled US$ 32,596 thousand.

Corporate purpose
The purpose of the company is to project, build and operate a port in the Mejillones bay, 2nd Region of Antofagasta. CPM developed the project and awarded the construction and operation of Terminal 1 through a 30-year concession contract to Compañía Portuaria Mejillones S.A., a private consortium originally formed by Grupo Ultramar, Inversiones y Construcciones Belfi Ltda. and Inversiones Portuarias Norte Grande S.A.

Directors of the board
Chairman: Roberto Souper Rodríguez (*)
Deputy Chairman: Jaime Gibson Aldunate
Director: Sergio Jarpa Gilbert (*)
Director: Julio Urzúa Negrete
Director: Iván Simunovic Petricio

General Manager
Álvaro Arroyo Albala

Codelco's capital interest and changes during fiscal year
At 31 December 2008: 99.99%
There were no changes during 2008.

Business relations with Codelco
Codelco provides different kinds of services to CPM, which are charged to the cost center and then invoiced. CPM rents out offices to Codelco at Terminal 1 administration building.

Contracts with Codelco
Codelco Guarantee Contract: it is a guarantee contract entered into by Codelco, Complejo Portuario Mejillones S.A. and Compañía Portuaria Mejillones S.A., whereby Codelco guarantees to Compañía Portuaria Mejillones S.A. the payment of any and all sums payable by CPM to the Compañía Portuaria under the Contract to Build Port Facilities and Provide Port Services at Terminal 1, Mejillones (BOT Contract), entered into by both companies, in the event that CPM fails to comply.
Contract whereby CPM rents out offices to Codelco at Terminal 1 administration building, October 2003.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 30,863 thousand.
2007 Investment in subsidiary company US$ 26,787 thousand.
Investment Percentage of Head Office total assets: 0.225%, 2008.

* Codelco Directors or Executives.



ENERGÍA MINERA S.A.
At 31 December 2008

Legal status
RUT: 76.883.610-8
Closely held company incorporated by public deed on 15 June 2008.
Santiago Notary: Osvaldo Pereira González.
Registered in the Santiago Registry of Commerce on page 25340 No.18444, under number 19324, on 22 June 2008.
Published in Official Gazette No. 38,797, on 25 June 2008.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled US$ 990,000 thousand for 990 shares equivalent to 99% of capital.

Corporate purpose
The purpose of the company is to develop, directly or through a related party, individually or jointly with others, within the Chilean territory or abroad, the following activities: generate, supply, purchase and sell electricity; provide all kinds of energy services; obtain, transfer, purchase, rent, tax or operate in whatever way the relevant concessions and markets pursuant to the General Electric Services Law and other regulations that regulate energy services; request permits, authorizations and franchises to preserve, promote or develop the firm's business; purchase, sell, import, export, manufacture, produce, market, and distribute all kinds of goods or inputs, that are related to any kind of energy.

Board of directors
Waldo Fortin Cabezas, Chairman (*)
Juan Eduardo Herrera Correa, Director (*)
Ricardo Campano Gándara, Director (*)

General Manager
Juan Eduardo Herrera Correa (*)

Codelco's capital interest and changes during fiscal year
At 31 December 2008, Codelco had a 99% interest and there were no changes during the period under review.

Business relations with Codelco
No business relations to date.

Contracts with Codelco
Codelco has not entered any contracts.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 0.
2007 Investment in subsidiary company US$ 0.
Investment Percentage of Head Office total assets: 0.0%, 2008.

*Codelco Directors or Executives.

SOCIEDAD CONTRACTUAL MINERA PURÉN

At 31 December 2008

Legal status
RUT.: 76.028.880-2
Corporate name: Sociedad Contractual Minera Purén.
Incorporation: 23 September 2003, notary's office: Fernando Opazo Larraín.
Registration: Property Register on page 121, no.31 in 2003 and Stockholders' Register on page 185, no.207 in 2003, both at the Santiago Mine Registrar.

Subscribed and paid-in capital
Codelco shareholders have 35% interest, and Compañía Minera Mantos de Oro holds 65%.
Capital subscribed and paid by Mantos de Oro total: US$ 18,410 thousand.
Capital subscribed and paid by Codelco: US$ 9,913 thousand.

Corporate purpose
The purpose of the company is to explore, search, prospect, research, develop and operate mining deposits, in order to extract, produce and process ores, concentrates and other mineral products. Additionally to install and operate ore process and treatment plants; claim and purchase mining rights of any kind; sell, transport, export and market mineral substances and products. Also perform any action and enter into any contract and agreements that indirectly or directly result in performing its business objective.

Board of directors
Juan Carlos Alfaro González, Chairman
Óscar Florez Lemaire
Carlos González Spaletta
Alejandro Gómez Arenal (*)
Nicolás Saric (*)

Acting directors
José Luis Illanes
Miguel Baeza
Erling Villalobos
Carlos Huete Lira
Loreto Urqueta J.

General Manager
Marcelo Castillo F.

Codelco's capital interest and changes during fiscal year
Codelco has 35% interest with 350 shares subscribed from a total of 1,000.
There were no changes during the year.

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

Contracts with Codelco
There are no contracts that substantially influence Codelco's operations and results.

Investment percentage of total Head Office
2008 Investment in related company US$ 7,653 thousand.
2007 Investment in related company US$ 7,830 thousand.
Investment Percentage of Head Office total assets: 0.056%, 2008.

*Directores o ejecutivos de Codelco.





CHILE COPPER LTD.

At 31 December 2008

Legal status
Limited liability company created in England on 29 March 1971.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco Chile, totaled £ 1,000, subscribed in 1,000 shares. Codelco Chile holds 998 shares. Codelco Chile together with Gonzalo Cuadra hold 2 shares.

Corporate purpose
Codelco Chile Sales Agent and representatives for copper and molybdenum products in the UK, Spain, Scandinavia, Bulgaria, Turkey and other European and Middle Eastern markets.
It owns 80% of the affiliated company Codelco Services Ltd., the remaining 20% is owned by Codelco Kupferhandel GmbH.

Board of directors
Roberto Souper R. (*)
Juan Eduardo Herrera (*)
Conrado Venegas (*)

General Manager
Gonzalo Cuadra

Codelco's capital interest and changes during fiscal year
Codelco has 100%.
There were no changes in 2008.

Business relations with Codelco
Codelco sales agent.
Through its affiliated company Codelco Services Ltd. It trades copper and molybdenum to comply with Codelco Chile contracts; and it also carries out coverage operations for Codelco Chile and its affiliated company Codelco Kupferhandel GmbH.

Contracts with Codelco
Copper sales agency contract.
Molybdenum sales agency contract.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 2,197 thousand.
2007 Investment in subsidiary company US$ 2,840 thousand.
Investment Percentage of Head Office total assets: 0.016%, 2008.

*Codelco Directors or Executives.

SCM SIERRA MARIPOSA

At 31 December 2008

Legal status
A contract mining company, incorporated by public deed on 9 February 2008, before the Santiago Notary Osvaldo Pereira González. Its abstract was registered on page 42, No.13 in the Property Registry of the Santiago Mining Registrar.

Subscribed and paid-in capital
Capital subscribed and paid by Codelco at 31 December 2008 totaled US$1,747,376, which corresponds to 3,330 shares, and a 23.73% interest. The remaining 76.27% is owned by Exploraciones e Inversiones PD Chile Ltda.

Corporate purpose
Its purpose is to explore, search, prospect, research, develop and operate mining deposits in order to extract, produce and process minerals, concentrates and other mineral based products. Additionally install and operate mineral treatment and processing plants; form and purchase any kind of mining rights; sell, transport and market mineral products and substances, and also perform any action and enter into any contract or agreement that directly or indirectly results in achieving its business objective.

Board of directors
Jorge Skármeta (*)
Raúl Guerra Ríos
Igor González Galindo
Kevin Atkinson Tear
Manuel Fumagalli D.

Acting directors
Loreto Urqueta J. (*)
Gonzalo Montoya
Laura Emeri
Arturo Galleguillos
Craig Mc Ewan

General Manager
Raúl Guerra Ríos

Codelco's capital interest and changes during fiscal year
Codelco Chile has a 23.73% stake in SCM Sierra Mariposa, down from 33.3% during the period under review since it did not partake in the firm's capital increase on 9 October 2007.

Business relations with Codelco
SCM Sierra Mariposa does not have business relations with Codelco.

Contracts with Codelco
SCM Sierra Mariposa does not have contracts with Codelco.

Investment percentage of total Head Office
2008 Investment in related company US$ 1,030 thousand.
2007 Investment in related company US$ 1,408 thousand.
Investment Percentage of Head Office total assets: 0.008%, 2008.

*Codelco Directors or Executives.



CMS TECNOLOGÍA S.A.

At 31 December 2008

Legal status
RUT: 96.893.530-5
Closely held company incorporated by public deed on 1 July 1999. Santiago Notary: Álvaro Bianchi Rosas. It was registered in the Santiago Registry of Commerce on page 17,141, No. 13.649, under no.14,560, on 22 July 1999 and it was published in the Official Gazette No. 36,423 on 27 July 1999.

Subscribed and paid-in capital
In 2005, Codelco Chile sold 70% of the company to ABB Services S.A. (Asea Brown Bovery). At 31 December 2008, the capital subscribed and paid totaled $ 2,355,878 thousand.

Corporate purpose
The purpose of this company is to provide comprehensive maintenance services for production units, machinery or mining equipment at the main operations in large-scale mining in northern and central Chile. ABB Services S.A., entered in October 2005 as controlling partner; the business strategy is focused on including the Full Service Contract concept in order to provide services in the field of comprehensive plant maintenance, and its main goal in Chile is to provide services in the copper mining industry.

Board of directors
Enrique Daniel Rohde (Chairman)
Patricio Huencho Montecinos
Marco Lima A.
Alex Acosta Maluenda (*)
José Robles Becerra (*)

Acting directors
Mauricio Rossi
Renato Valdivia
Wilson Monteiro
Agustín Sepúlveda O.
Hernán Sepúlveda A.

General Manager
Paulo Cerqueira

Codelco's capital interest and changes during fiscal year
Codelco Chile has a 30% interest in CMS Tecnología S.A. and there were no changes during the period under review.

Business relations with Codelco
CMS Tecnología has important plant maintenance contracts with different Codelco divisions.

Contracts with Codelco
At present, CMS has different contract with Codelco, at its divisions: Codelco Norte (Radomiro Tomic and Chuquicamata) and El Teniente.

Investment percentage of total Head Office
2008 Investment in related company US$ 0.
2007 Investment in related company US$ 1,960 thousand.
Investment Percentage of Head Office total assets: 0.0%, 2008.

*Codelco Directors or Executives.

ELABORADORA DE COBRE CHILENA LIMITADA

At 31 December 2008

Legal status
RUT: 79.681.920-0
Corporate name: Elaboradora de Cobre Chilena Limitada.
Incorporation: 18 December 1995.
Notary: María Gloria Acharán Toledo.
Registered on page 20,932, No. 10,784 in Santiago Registry of Commerce in 1995.

Subscribed and paid-in capital
Capital subscribed and paid at 31 December 2008 totaled $ 1,286 thousand.

Corporate purpose
Originally incorporated in 1985 by Codelco and Madeco S.A. as a limited liability company, in order to study and develop projects and investments on producing and marketing non-ferrous metal manufactured and semi-manufactured products, either directly or in partnership with a third party. By public deed, on 17 April 1998 the company changed its shareholder structure. Through an amendment Sociedad, Madeco S.A. withdrew as shareholder and Codelco-Chile held 99% interest firm and Minera Picacho held 1%.

Board of directors
Mario Espinoza Durán (*)
Carlos Urzúa Ramírez (*)

General Manager
José Antonio Álvarez López (*)

Codelco's capital interest and changes during fiscal year
Codelco-Chile holds 99% interest.
Compañía Minera Picacho SCM holds 1%.
There were no equity interest changes in 2008.

Business relations with Codelco
There were no business relations between companies.

Contracts with Codelco
There were no contracts that significantly influenced Codelco's operations.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 1,105 thousand.
2006 Investment in subsidiary company US$ 1,332 thousand.
Investment Percentage of Head Office total assets: 0.008%, 2008.

*Codelco Directors or Executives.





INVERSIONES TOCOPILLA LTDA.

At 31 December 2008

Legal status
RUT: 78.835.420-7
Limited liability company incorporated by public deed on 17 January 1996.
Santiago Notary: Nancy de la Fuente Hernández.
Registered in the Santiago Registry of Commerce on page 5,316, No. 4.373, on 1 March 1996 and it was published in the Official Gazette No. 35,407 on 11 March 1996.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco was US$174,739 thousand, which corresponds to 49% of capital.

Corporate purpose
The purpose of the company is to buy and sell, for any reason, shares, bonds and other securities issued by Electroandina S.A. Exercise all rights and perform all obligations arising from being a shareholder and holder of such securities, as per the law and articles of association and, in general, buy, sell and invest shares and rights to companies, provided the such companies are in the electric power business. Manage such investments and receive returns, participate in any other business or activity directly or indirectly related, associated 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

Acting directors
Valerie Barnich
Albert Verhoeven
Pascal Brancart
Diane de Viron
Mario Espinoza D. (*)
Loreto Urqueta J . (*)

General Manager
Manlio Alessi Remedi

Codelco's capital interest and changes during fiscal year
Codelco has a 49% equity interest and there were no changes during the period under review.

Business relations with Codelco
There were no business relations between companies.

Contracts with Codelco
Codelco did not have any commercial contracts in 2008.

Investment percentage of total Head Office
2008 Investment in related company US$ 252,695 thousand.
2007 Investment in related company US$ 207,441 thousand.
Investment Percentage of Head Office total assets: 1.844%, 2008.

*Codelco Directors or Executives.

ELECTROANDINA S.A.
At 31 December 2008

Legal status
RUT: 96.731.500-1
Corporate name: Electroandina S.A. Public limited company incorporated by public deed on 15 May 1995.
Santiago Notary: Hugo Leonardo Pérez Pousa, under the name Central Termoeléctrica Tocopilla S.A.. The abstract is registered in the Tocopilla Registry of Commerce, on page 16 No.11 in 1995 and published in the Official Gazette No.35,398, on 18 May 1995.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled US$142,915 thousand.

Corporate purpose
Its purpose is to generate and supply electric power and provide port services involving industrial maintenance for transmission, consulting and industrial training systems.

Board of directors
Jan Flachet (Chairman)
Jacqueline Saintard Vera
Gabriel Marcuz
Jorge Navarrete Martínez
Alexander Jean Keisser
Reinaldo Sapag Chain
Pascal Brancart
Ricardo Campano Gándara (*)
Philippe Tordoir
Jorge Bande Bruck (*)
Manlio Alessi Remedi

General Manager
Lodewijk J. Verdeyen

Codelco's capital interest and changes during fiscal year
Codelco has a 34.8% interest in the company, and the remaining 65.2% is held by Inversiones Tocopilla Limitada. No changes in 2008.

Business relations with Codelco
Important business relations exist between Electroandina S.A. and Codelco and some of their affiliated and subsidiary companies, the majority involve supplying and transmitting electricity and other energy supplies.

Contracts with Codelco
There are different power transmission and supply contracts with Codelco and its subsidiary and affiliated companies, within the Norte Grande Grid System, and the electric power supply contracts for Codelco Norte Division and its affiliated and subsidiary companies Ecometales Limited, Sociedad Contratual Minera El Abra and Minera Gaby S.A., a significant part of operating costs at each entity.

Investment percentage of total Head Office
2008 Investment in related company US$ 139,838 thousand.
2007 Investment in related company US$ 115,466 thousand.
Investment Percentage of Head Office total assets: 1.020%, 2008.

*Codelco Directors or Executives.



CODELCO INTERNATIONAL LIMITED
At 31 December 2008

Legal status
Company created in Bermuda, a British protectorate, in 2000 pursuant to laws of Bermuda set forth in The Companies Act 1981, section 62 (2). Its main business is under the Mining Company category, as per its registration in the Notice of Address of Register Office. This registration is recorded in document No. EC-28890.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled US$ 49,323 thousand.

Corporate purpose
Its purpose is to manage and control Codelco's interest in the various international projects.
Through its subsidiary Codelco Technologies Limited it has investments Ecometales Limited, a firm in Jersey-Channel Island, and its operating agency Ecometales Limited – Agency in Chile, to develop and mine biologically based technologies applied to copper and molybdenum materials and concentrates.
Codelco International Limited and Codelco Technologies Limited have incorporated Codelco do Brasil Mineraçao Limitada, in Brasil in order to develop exploration and mining and market development projects. The firm has a 6% stake in Quadrem International Holdings Limited, a world company formed by companies related to mining, to operate in the electronic market in purchasing and transferring goods and services. In partnership with the Chinese company Album Enterprises Limited (affiliate China Minmetals) created in Bermuda (UK), the trading company Copper Partners Investment Ltd, each holding 50%.

Board of directors
Mario Espinoza Durán, Office Set Director and Chairman (*)
Waldo Fortin Cabezas, Office Set Director and Deputy Chairman (*)
Nicolás Saric Rendic (Director)
Christopher G. Garrod, Company representative residing in Bermuda

Codelco's capital interest and changes during fiscal year
Codelco has 100% equity interest.

Business relations with Codelco
In 2008, Codelco International Limited and its affiliated company Codelco Technologies Limited have received dividends from Codelco do Brasil Mineraçao and Copper Partners Investment Company Ltd.

Contracts with Codelco
There are no activities or contracts between Codelco and Codelco International Limited that significantly influence Codelco's operations or results.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 70,146 thousand.
2007 Investment in subsidiary company US$ 50,784 thousand.
Investment Percentage of Head Office total assets: 0.512%, 2008.

*Codelco Directors or Executives.

EXPLORACIONES MINERAS ANDINAS S.A.
At 31 December 2008

Legal status
RUT: 99.569.520-0
Exploraciones Mineras Andinas S.A. was incorporated by public deed on 29 July 2004.
A closely held company whose shareholders are: Corporación Nacional del Cobre de Chile has a 99.9% interest, and Sociedad de Inversiones Copperfield Ltda. has 0.1%.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled US$ 236 thousand.

Corporate purpose
Its purpose is to provide planning, management and implementation services for mining exploration and water resources exploration programs, that involve providing services in: drilling, chemical analysis, sampling, lab analysis, geological and geophysical mapping, physical property measurement, material characterization, support and other services required to implement such programs; consulting services in geology and related fields; staff training in areas related to mining explorations; seminars, workshops and course; publications.

Board of directors
Fidel Báez Núñez (Chairman) (*)
Nicolás Saric Rendic (*)
Jaime Piña Piña (*)
Carlos Huete Lira (*)
Alejandro Gómez Arenal (*)

General Manager
Sergio Rivera Cabello

Codelco's capital interest and changes during fiscal year
At 31 December 2008, Codelco had a 99.9% interest. There were no changes during the year under review.

Business relations with Codelco
The firm provides geological exploration services and database maintenance services for Codelco's mining concessions.

Contracts with Codelco
Contract for mining exploration services:
Since 15 October 2004, the firm has entered into several contracts with Codelco in order to implement and execute Codelco's exploration programs in Chile. The contract currently in force is "Mining Exploration Services for 2008-2009 Programs."
Contracts for database maintenance services for mining concessions:
The firm signed a service provision contract with Codelco to do database maintenance for Codelco's mining concessions.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 574 thousand.
2007 Investment in subsidiary company US$ 561 thousand.
Investment Percentage of Head Office total assets: 0.004%, 2008.

*Codelco Directors or Executives.



EJECUTORA PROYECTO HOSPITAL DEL COBRE-CALAMA S.A.
At 31 December 2008

Legal status
Corporate name: Ejecutora Proyecto Hospital del Cobre-Calama S.A.
A closely held company.

Subscribed and paid-in capital
Shareholders are Codelco with 99%; and Isapre San Lorenzo with 0.01%.
At 31 December 2008, the capital subscribed and paid by Codelco at 31 December 2008, totaled $ 371 thousand.

Corporate purpose
Its purposes is to plan and construct, the firm or a third party, a building to be used as a hospital in the city of Calama; rent or sublet hospital facilities; take out insurance and carry out repairs, maintenance and improvements to hospital facilities that are rented or sublet.

Board of directors
Sergio Jarpa Gibert , Chairman (*)
Alejandro Salinero Benardi, Director (*)
Francisco Coddou Pereda, Director (*)
María Rosa Martínez Núñez, Director (*)

General Manager
Héctor Cerda Ortiz, (*)

Codelco's capital interest and changes during fiscal year
Codelco-Chile: 99.99%
Prestadora de Servicios San Lorenzo Limitada: 0.01%

Business relations with Codelco
Framework agreement entered into by: Codelco-Chile, Ejecutora Proyecto Hospital del Cobre-Calama S.A. and Las Américas Administradora Fondos de Inversión S.A. It is the regulatory framework governing the relationship between the abovementioned parties, for a 20-year period (until 31 March 2021).

Contracts with Codelco
Sublet the Hospital del Cobre Dr. Salvador Allende G., until March 2021, as per the Framework Agreement.
Accounting and billing services provided to the company Ejecutora by Codelco, until 31 March 2021.
Detailed and Basic Engineering Services by Codelco applied to the expansion of the Primary Health Care Center, CAP, terminated in 2004.
Various contracts started in 2005, related to the same CAP Expansion Project.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 0.
2006 Investment in subsidiary company US$ 0.
Investment Percentage of Head Office total assets: 0%, 2008.

*Codelco Directors or Executives.

KAIROS MINING S.A.
At 31 December 2008

Legal status
RUT: 76.781.030-K
Closely held company incorporated by public deed on 12 December 2006.
Santiago Notary: Eduardo Avello Concha.
It was registered in the Registry of Commerce on page 363, no.295 in 2008 and it was published in the Official Gazette No.38,671 on 24 January 2008.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco Chile totaled US$40,000 (forty thousand US dollars) equivalent to 400 shares. The remaining 60% of shares is held by Honeywell Chile S.A.

Corporate purpose
The purpose of this company is to provide automation and control services for industrial and mining activities, and also provide technology and software licenses.

Board of directors
Claudio Zamora Larreboure (Chairman)
Luis Castelli Sandoval (*)
José Robles Becerra (*)
Terri K. Luckett
Mark Neas

General Manager
Fernando Lorca Arancibia

Codelco's capital interest and changes during fiscal year
Codelco Chile has a 40% interest in Kairos Mining S.A. and there were no changes during the year under review.

Business relations with Codelco
Kairos Mining S.A. has a long-term service framework agreement currently in force with Codelco Chile.

Contracts with Codelco
Services Framework Agreement to develop an automation program at the Codelco concentrator plants, during a 5-year period (as of 3 April 2008); it can be extended for equal and successive 5-year periods.

Investment percentage of total Head Office
2008 Investment in related company US$ 45 thousand.
2007 Investment in related company US$ 50 thousand.
Investment Percentage of Head Office total assets: 0%, 2008.

*Codelco Directors or Executives.



MINING INFORMATION, COMMUNICATION AND MONITORING S.A. (MICOMO S.A.)
At 31 December 2008

Legal status
RUT: 76.561.210-1
Corporate name: Mining Information, Communication and Monitoring S.A. (MICOMO S.A.).
Legal Status: Closely held company.
Public Deed: 10 April 2006.
Santiago Notary: César Ricardo Sánchez García.
The deed abstract is registered in the Registry of Commerce of the Santiago Real Estate Registrar, on page 16,702, No.11,490, in 2006, and published in the Official Gazette No. 38,455, on 5 May 2006. This information was registered on 8 May 2006 at the Santiago Notary's Office César Ricardo Sánchez García, no.36.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled $1,069,200 thousand.

Corporate purpose
MICOMO S.A. was incorporated by Codelco jointly with NTT Advanced Technology Corporation (Japan) and NTT Leasing (USA), Inc. The purpose of the company is to provide, design and maintain ITC products (information technology and communications) and services related to Codelco; and extend the aforementioned business to mining companies in Chile and abroad.

Board of directors
Juan Enrique Morales Jaramillo, Chairman (*)
Pedro Antonio Morales Cerda (*)
Marco Orellana Silva (*)
Daniel Barría Iroumé
Hiroshi Kotera NTT Advanced Technology Co.
Toshihiro Ichino NTT Leasing, Co. Ltd.

General Manager
Luis Felipe Mujica Toro

Codelco's capital interest and changes during fiscal year
Codelco has 66% of subscribed and paid shares. There were no changes in 2008.

Contracts with Codelco
An agreement to develop a corporate information and telecommunications road map.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 1,682 thousand.
2007 Investment in subsidiary company US$ 1,793 thousand.
Investment Percentage of Head Office total assets: 0.012%, 2008.

*Codelco Directors or Executives.

ASOCIACIÓN GARANTIZADORA DE PENSIONES

At 31 December 2008

Legal status
Asociación Garantizadora de Pensiones is a mutual and pension fund, non-profit, private with legal capacity under Decree No. 1625 dated 18 June 1927, incorporated to guarantee, replacing the associated companies, the payment of pensions under Occupational Accident Law No. 4,055. It is a non-profit company and, therefore, is exempt from income tax law regulations.

Corporate purpose
Exclusively for the purpose of paying pension funds pursuant to Occupational Accident Law No. 4,055.

Board of directors
It members are appointed by the controlling partner, Codelco:

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

Acting directors
María Elena Brahm Z. (*)
Gloria Parada Z. (*)

Manager
Elly García Inostroza

Codelco's capital interest and changes during fiscal year
Codelco has 96.688338% interest in the firm, which has not changed during the last few fiscal years.

Business relations with Codelco
The firm has no business relations with Codelco.

Contracts with Codelco
The firm has no business relations with Codelco.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 504 thousand.
2007 Investment in subsidiary company US$ 668 thousand.
Investment Percentage of Head Office total assets: 0.004%, 2008.

*Codelco Directors or Executives.



MI ROBOTIC SOLUTIONS S.A. (MIRS S.A.)

At 31 December 2008

Legal status
RUT: 76.869.100-2
Closely held company incorporated by public deed on 11 April 2008. Santiago Notary: René Benavente Cash. The abstract was registered on page 22,026 No. 16.060 in the Registry of Commerce of the Santiago Real Estate Registrar in 2008 and published in the Official Gazette on 08 June 2008.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed by Codelco totaled US$3,800 thousand and paid-in capital was US$3,581 thousand.

Corporate purpose
Research, design, creation, invention, manufacture, installation, supply, maintenance and marketing in whatever form, all kinds of robotic products, robotic technology products or inputs required or complementary to market and maintain such products in the mining and metallurgical industry, and related services; produce under licensing, license, and market product licenses, robotic technology processes and services for the mining and metallurgical industry and, also form any kind of firm and become a partner or shareholder in any existing firm.

Board of directors
Hugo Salamanca Poblete
Eugenio Barhar Bortschenko
Juan Carlos Barros Monge
José Robles Becerra (*)
Pedro Sierra Bosch (*)
Masanori Kato

General Manager
Edgar Happke A.

Codelco's capital interest and changes during fiscal year
Codelco holds 67.925 shares, equivalent to 36.00% and the remaining shares are distributed between Industrial Support Company Limitada, 53.00%, Nippon Mining & Metals Co. Ltd., 9.00% and Kuka Roboter GmbH, 2.00%.

Contracts with Codelco
Currently MIRS S.A. does not have any contracts with Codelco; however, it has a subcontract with Industrial Support Company to perform contracts that this company has with Codelco.

Investment percentage of total Head Office
2008 Investment in related company US$ 1,688 thousand.
2007 Investment in related company US$ 1,230 thousand.
Investment Percentage of Head Office total assets: 0.012%, 2008.

*Codelco Directors or Executives.

CODELCO KÜPFERHANDEL GmbH

At 31 December 2008

Legal status
A limited liability company incorporated in Hamburg on 27 March 1981.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco Chile, totaled ¤ 3,000,000, as the sole shareholder.

Corporate purpose
Its purpose is to import, export, trade and transform metal in any form, especially copper; and trade equipment for the copper producing industry. The goal of this company is also to acquire and manage shareholding in metal manufacturing companies, especially copper, and also undertake research work in obtaining, and manufacturing metals.
It holds 100% interest in the affiliated company CK Metall Agentur GmbH and 40% in the wire rod production plant Deutsche Giessdraht GmbH; in the latter it manages the cathodes supply, and also markets the wire rods produced.

Board of directors
José Pablo Arellano M. (*)
Roberto Souper R. (*)
Juan Eduardo Herrera (*)

General Manager
Heribert Heitling

Codelco's capital interest and changes during fiscal year
Codelco has 100% interest.
There were no changes in 2008.

Business relations with Codelco
Through the affiliate CK Metall Agentur, GmbH acts as the commercial operations agent for Codelco Chile in Germany, Austria, Holland and Denmark (Northern Europe countries).

Contracts with Codelco
Cathode contract.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 40,552 thousand.
2007 Investment in subsidiary company US$ 15,488 thousand.
Investment Percentage of Head Office total assets: 0.296%, 2008.

*Codelco Directors or Executives.



AGUA DE LA FALDA S.A.

At 31 December 2008

Legal status
RUT: 96.801.450-1
Incorporated by public deed on 25 July 1996, as a closely held company; its shareholders were 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, reducing its equity interest to 43.28%. The current partner, holds 56.72% and the remaining is owned by Minera Meridian Limitada.
This change occurred in September 2006, when Codelco took up 56.72% of the firm through its affiliated company Copperfield Ltda. and subsequently, Inversiones Copperfield Ltda. sold its share to Minera Meridian Limitada.

Subscribed and paid-in capital
Capital subscribed and paid by Codelco: $ 17.052,000.

Corporate purpose
Its purpose is to prospect, explore and operate mining properties containing gold, precious metals and other metals, traded in any form.

Board of directors
Roberto Alarcón Bittner, Chairman
Antenor Silva
Charles Bruce Main
Nicolás Saric Rendic (*)
Edmundo Tulcanaza Navarro (*)

Acting directors
Sergio Orrego Flory
Alejandro Gordon Farfán
Jacqueline Francois Fuentes
Loreto Urqueta J. (*)
Carlos Huete Lira (*)

General Manager
Felipe Núñez Cordero

Codelco's capital interest and changes during fiscal year
Codelco has a 43.28% interest and there were no changes in 2008.

Business relations with Codelco
There were no goods and services purchased or sold apart from the contracts between the firm and Codelco.

Contracts with Codelco
The firm has the following service contracts with Codelco:
To supply fresh water, industrial water, electricity and leasing contract.

Investment percentage of total Head Office
2008 Investment in related company US$ 6,111 thousand.
2007 Investment in related company US$ 6,072 thousand.
Investment Percentage of Head Office total assets: 0.045%, 2008.

*Codelco Directors or Executives.

CODELCO GROUP USA INC.
At 31 December 2008

Legal status
Incorporated on 21 December 1992 as a corporation chartered in the State of Delaware, pursuant to section 108 (c) under the General Corporation Law.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco Chile corresponds to 1,000 shares totaling US$ 1,000.

Corporate purpose
Any action or activity permitted under the General Corporation Laws in the State of Delaware.
At 31 December 2008, under this company there are 2 affiliated companies: Codelco-USA Inc. and Codelco Metals Inc; their objective is to act, but not limited to, as sales agent and representative of Codelco Chile for copper products and byproducts in Nafta markets; trade copper internally in Nafta markets applying the logistics processes. On 23 December 2008, the decision was made to dissolve the third affiliated company Copper Technologies Inc.; its corporate purpose was to develop investment projects for new uses of copper and its byproducts.

Board of directors
Roberto Souper (*)
Waldo Fortin (*)
Conrado Venegas (*)

General Manager
Michael Galetzki

Codelco's capital interest and changes during fiscal year
Codelco has 100% interest.
There were no changes in 2008.

Business relations with Codelco
Business relations with Codelco are established through the affiliated companies in Codelco Group Inc.; one as Codelco Sales Agent; another as a copper and molybdenum Trading Company.

Contracts with Codelco
Agency contract and copper purchase contracts.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 2,320 thousand.
2007 Investment in subsidiary company US$ 2,654 thousand.
Investment Percentage of Head Office total assets: 0.017%, 2008.

*Codelco Directors or Executives.





TERMOELÉCTRICA FARELLONES S.A.
At 31 December 2008

Legal status
RUT: 76.883.530-6
Closely held corporation incorporated by public deed on 15 June 2008. Santiago Notary: Osvaldo Pereira González.
It was registered in the Santiago Registry of Commerce on page 25339, No. 18443, under no.19323, on 22 June 2008 and published in the Official Gazette No.38,797, on 25 June 2008.

Subscribed and paid-in capital
The firm's capital is $1 million divided into one thousand common, registered, non-par-value shares, all in the same series, subscribed and paid in full, as follows: Corporación Nacional del Cobre de Chile subscribed and paid 990 shares, equivalent to 99% of the capital. Sociedad Inversiones Copperfield Limitada subscribed 10 shares and paid $10,000, equivalent to 1% of the capital

Corporate purpose
Its purpose is to develop, directly or through a third party, individually or jointly, within Chilean territory or abroad the following activities: generate, supply, purchase and sell electric power; provide all kinds of energy services; obtain, transfer, purchase, rent, tax or operate in whatever manner the relevant concessions and markets provided in the Electric Services General Law and other energy standards that regulate energy activity; request permits, authorizations, and franchises to preserve, promote and develop the company's business; purchase, sell, import, export, manufacture, produce, trade and distribute all kinds of goods and inputs related to energy.

Board of directors
Waldo Fortin Cabezas, Chairman (*)
Juan Eduardo Herrera Correa, Director (*)
Ricardo Campano Gándara, Director (*)

General Manager
Juan Eduardo Herrera Correa (*)

Codelco's capital interest and changes during fiscal year
At 31 December 2008, Codelco has a 99% interest in Termoeléctrica Farellones S.A. and there were no changes during the period under review.

Business relations with Codelco
No business relations so far.

Contracts with Codelco
No contracts have been signed with Codelco.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 0.
2007 Investment in subsidiary company US$ 0.
Investment Percentage of Head Office total assets: 0.0%, 2008.

*Codelco Directors or Executives.

SANTIAGO DE RÍO GRANDE S.A.C.
At 31 December 2008

Legal status
A closely held company incorporated by public deed on 2 October 1998. Notary: Doña Gloria Cortez Escaida.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled US$ 24,000.

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

Board of directors
Juan Enrique Morales Jaramillo (*)
Álvaro Puig Godoy (*)
Pedro Cortez Navia (*)

General Manager
Mirtha Solari Espinoza (*)

Codelco's capital interest and changes during fiscal year
Codelco has a 100% direct and indirect interest.

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

Contracts with Codelco
During the period under review there were no contracts with Codelco.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 9 thousand.
2006 Investment in subsidiary company US$ 21 thousand.
Investment Percentage of Head Office total assets: 0.0%, 2008.

*Codelco Directors or Executives.



INVERSIONES MEJILLONES S.A.
At 31 December 2008

Legal status
RUT: 96.990.660-0
Closely held company incorporated by public deed on 20 March 2002. Santiago Notary: María Gloria Acharán Toledo.
Registered in the Santiago Registry of Commerce on page 10,004, No.3.240, under No.8,770, on 19 April 2002, and published in the Official Gazette no. 37.244, on 26 April 2002.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled US$27,832 thousand, equivalent to 18,671 shares.

Corporate purpose
Its purpose is to buy and sell any securities held as shares, bonds and other instruments issued by Empresa Eléctrica del Norte Grande S.A. (EDELNOR). Exercise all the rights and perform all the obligations as shareholder and holder of such securities, pursuant to the law and articles of association and, in general, buy, sell, invest in all kinds of intangible property, such as company bonds, shares, deposits, mutual fund quotas, share certificates, bills of credit, securities, etc.; manage such investments and receive returns; and participate in any other business or activity directly or indirectly related, associated and/or complementary to the corporate business.

Board of directors
Jan Flachet, Chairman
Manlio Alessi Remedi
Albert Verhoeven
Ricardo Campano Gándara (*)
Jorge Navarrete Martínez

General Manager
Manlio Alessi Remedi

Codelco's capital interest and changes during fiscal year
Codelco has a 34.80% interest and there were no changes in 2008.

Business relations with Codelco
There were no business relations between companies.

Contracts with Codelco
There were no business contracts with Codelco in 2008.

Investment percentage of total Head Office
2008 Investment in related company US$ 135,348 thousand.
2007 Investment in related company US$ 110,377 thousand.
Investment Percentage of Head Office total assets: 0.987%, 2008.

*Codelco Directors or Executives.

MINERA GABY S. A.
At 31 December 2008

Legal status
RUT: 76.685.790-6
Corporate Name Social: Minera Gaby S.A.
Legal Status: Closely held company.
Incorporation: 22 September 2006.

Subscribed and paid-in capital
At 31 December 2008, shareholders subscribed and paid 1,000 common, registered, non-par-value shares, all in the same series. The authorized, subscribed and paid capital totaled US$ 20,000 thousand.
The shareholders are: Corporación Nacional del Cobre de Chile, with 99.9%, and Sociedad Inversiones Copperfield Limitada, with 0.1%.

Corporate purpose
Its purpose is to explore, search, prospect, research, develop and operate ore deposits in order to extract, produce and process minerals, concentrated and other mineral products, and for this purpose install and operate mineral processing and treatment plants.

Board of directors
José Pablo Arellano Marín, Chairman (*)
Juan Eduardo Herrera Correa (*)
Juan Enrique Morales (*)
Fernando Vivanco Giesen (*)
Francisco Tomic Errázuriz (*)
Waldo Fortin Cabezas (*)
Luis Farías Lasarte (*)

General Manager
Eliseo Pérez Delard

Codelco's capital interest and changes during fiscal year
Codelco has 99.9% stake in subscribed and paid-in shares.

Business relations with Codelco
Between Minera Gaby S.A. (MGSA) and Codelco there are business relations and contracts relating to the Gabriela Mistral mine operations and its processing plants, under a Service Provision Contract, with 10% profit over MGSA budgeted expenditures and costs. Other relations are developed such as mandate contracts of legal representation, project investment activity management, IT and communications services.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 18,037 thousand.
2007 Investment in subsidiary company US$ 8,340,000 thousand.
Investment Percentage of Head Office total assets: 0.132%, 2008.

*Codelco Directors or Executives.



SOCIEDAD DE INVERSIONES COPPERFIELD LIMITADA
At 31 December 2008

Legal status
RUT: 77.773.260-9
Limited liability company incorporated by public deed on 12 December 2001.
Notary: Álvaro Bianchi Rosas, and registered in the Registry of Commerce on page 32430 No. 26478, on 14 December 2001.

Subscribed and paid-in capital
At 31 December 2008, the capital subscribed and paid by Codelco totaled $3,138,812,150.

Corporate purpose
Its purpose is to explore and operate mining resources and processing plants; purchase, build and operate property, deposits and mining rights; and participate in any kind of company, taking up, directly or indirectly, rights and shareholding.

Representative of partners
Waldo Fortin Cabezas (*)
Mario Espinoza Durán (*)
Francisca Castro Fones (*)

Codelco's capital interest and changes during fiscal year
Codelco originally had a 99.9% interest and Santiago de Río Grande S.A. had 0.1%. When the articles of association were amended on 16 December 2008, Codelco had 99.985198753% interest and Santiago de Río Grande owned 0.014801247%.

In 2008, it received contributions from Codelco to participate as partner and form the company Innovaciones en Cobre S.A.; for this purpose, US$2,071,930 were authorized of which US$ 500,000 were paid.

Business relations with Codelco
At present, Inversiones Copperfield Ltda. does not have business relations with Codelco, except as minority shareholder in the following companies: Exploraciones Mineras Andinas S.A (0.1%), Minera Gaby S.A. (0.1%), Termoeléctrica Farellones S.A.(1.0%) and Energía Minera S.A.(1.0%); and majority shareholder in Innovaciones en Cobre S.A. (99.9%). In 2007, by instruction of its owners, Codelco exercised its purchase option in the Mocha prospect.

Contracts with Codelco
During the period under review no contracts were entered into with Codelco.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 12,073 thousand.
2007 Investment in subsidiary company US$ 8,816 thousand.
Investment Percentage of Head Office total assets: 0.088%, 2008.

*Codelco Directors or Executives.

COMPAÑÍA MINERA PICACHO SCM
At 31 December 2008

Legal status
RUT: 78.712.170-5
Corporate name: Compañía Minera Picacho SCM.
Incorporated: 26 September 1994.
Notary: Andrés Rubio Flores, under Index No. 6552/94.

Subscribed and paid-in capital
Capital subscribed and paid by Codelco (9,999 shares) and Santiago de Río Grande S.A.C. (1 share) totaled US$1,382 thousand.

Corporate purpose
Originally incorporated in 1994 by Codelco and Sociedad Minera Mount ISA Chile S.A., to carry out geological exploration on property owned by Codelco and Mount ISA.
In 1997, Codelco bought Mount ISA's shares and expanded the company's business activities in order to apply for water exploration permits and obtain water use rights, recently becoming its main business activity.

Board of directors
Nicolás Saric Rendic (*), Chairman
Carlos Huete Lira (*)
Hernán Sepúlveda Astorga (*)

General Manager
Álvaro Puig Godoy (*)

Codelco's capital interest and changes during fiscal year
Codelco holds directly and indirectly 100% of capital.

Business relations with Codelco
No business relations.

Contracts with Codelco
Mandate to Codelco that authorizes the performance of exploration activities in areas where Picacho has exploration requests approved and/or undergoing approval.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 128 thousand.
2007 Investment in subsidiary company US$ 159 thousand.
Investment Percentage of Head Office total assets: 0.001%, 2008.

*Codelco Directors or Executives.



CMS CHILE S.A.
At 31 December 2008

Legal status
Sistemas y Equipos Mineros S.A. (CMS Chile S.A.) was a closely held company, incorporated by public deed on 29 July 1992, which was dissolved on 22 December 2008.

Corporate purpose
The purpose of the company is to manufacture, market and distribute in Chile and abroad, machinery, equipment and spare parts. Until 2005, through its affiliated company CMS Tecnología S.A., it provided comprehensive maintenance services to the main large-scale mining operations in northern and central Chile.

Board of directors at closure date
Alex Acosta Maluenda, Chairman (*)
Waldo Fortin Cabezas, Director (*)
Mario Espinoza Durán, Director (*)
Luis Farías Lasarte (*)

Codelco's capital interest and changes during fiscal year
When the company was closed, Codelco Chile held 100% interest in CMS Chile S.A. This equity interest caused the dissolution of the company as per article 103, No. 2, under Law 18,046 on public limited companies, that stipulates that if all the shares of a company are held by a single shareholder, it is considered dissolved. This occurred on 22 December 2008, by a public deed before the Notary María Gloria Acharán Toledo, the company Compañía Elaboradora de Cobre Ltda, sold and transferred to Codelco all its shareholding in CMS Chile S.A.

Business relations with Codelco
There were no business activities during 2008, given that in 2005 its total equity interest in CMS Tecnología S.A. was sold and since there would not be any business activities in the future, the decision was to sell off the company.

Investment percentage of total Head Office at closure date
2008 Investment in subsidiary company US$ 0.
2007 Investment in subsidiary company US$ 0.
Investment Percentage of Head Office total assets: 0%, 2008.

*Codelco Directors or Executives.

COMPAÑÍA CONTRACTUAL MINERA LOS ANDES, CCMLA

At 31 December 2008

Legal status
RUT: 78.860.780-6
Corporate name: Compañía Contractual Minera Los Andes (CCMLA).
Incorporation: 16 May 1996, Series No.273.
Notary: M. Gloria Acharán Toledo. Registered on page. 117, in 1996, in the Property Registry and on page 9550, in the Shareholders' Book of the Santiago Mining Registrar.

Subscribed and paid-in capital
Capital subscribed and paid by Codelco 15,215,354 shares (99.97 %) and Minera Picacho 5,100 shares (0.03 %) totaling US$ 16,476 thousand.

Corporate purpose
Geological and other explorations in order to discover and survey ore bodies in Chile or abroad. Exploration activities are temporarily suspended.

Board of directors
Waldo Fortin Cabezas, Chairman (*)
Francisca Castro Fones (*)
Juan Enrique Morales Jaramillo (*)
Carlos Huete Lira (*)
Nicolás Saric Rendic (*)

General Manager
Nicolás Saric Rendic (*)

Codelco's capital interest and changes during fiscal year
Codelco owns 99.97 %, there were no changes in equity interest in 2008.

Business relations with Codelco
During the period under review, Codelco, at its own expense, paid for the mining property maintenance, the related expenditures are recorded under accounts payable.

Contracts with Codelco
There were no contracts that significantly influenced Codelco operations.

Investment percentage of total Head Office
2008 Investment in subsidiary company US$ 0.
2007 Investment in subsidiary company US$ 0.
Investment Percentage of Head Office total assets: 0.0%, 2008.

*Codelco Directors or Executives.





MINERA PECOBRE S.A. DE C.V.

At 31 December 2008

Legal status
Incorporated on 21 June 1999 in Mexico City, D.F.
Amended on 7 October 1999 to include Corporación Nacional del Cobre de Chile.
The Corporación Nacional del Cobre de Chile, on 23 December 2008, sold its equity interest to Minas Peñoles S.A. de C.V., as provided by the Codelco Board of Directors No.32/2008 on 30 October 2008, to sell Codelco's stake in Minera Pecobre S.A. de C.V.

Corporate purpose
Its purpose is to explore, develop and mine copper ore deposits in the Republic of Mexico.

Board of directors until Codelco sold stock to Minas Peñoles
Jaime Lomelín Guillén, Chairman
Octavio Alvídrez Cano
Andreas Raczynski
Juan Enrique Morales Jaramillo (*)
Nicolás Saric Rendic (*)

Codelco's capital interest and changes during fiscal year
Codelco had 49% equity interest until 23 December 2008. Afterward, it sold all its shares, and therefore had no ownership over this company.

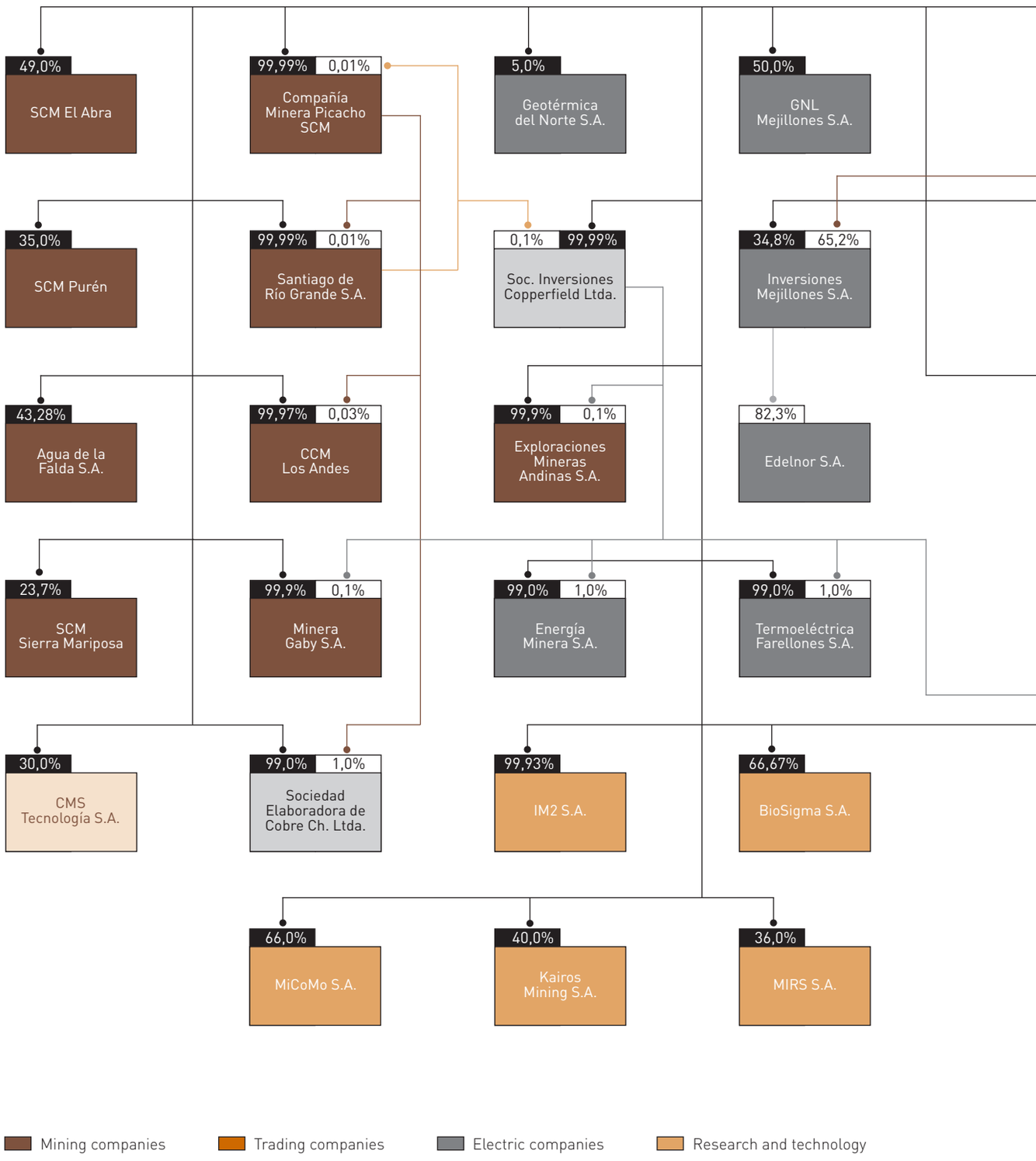
Business relations with Codelco until sold
Codelco provided services to Minera Pecobre in explorations, mainly by appointing experts in ore body explorations.

Contracts with Codelco until sold
Codelco had a contract with Pecobre while it had equity interest, for exploration services relevant to various projects in Mexico.

Investment percentage of total Head Office
2008 Investment in related company US$ 0.
2007 Investment in related company US$ 873 thousand.
Investment Percentage of Head Office total assets: 0%, 2008.

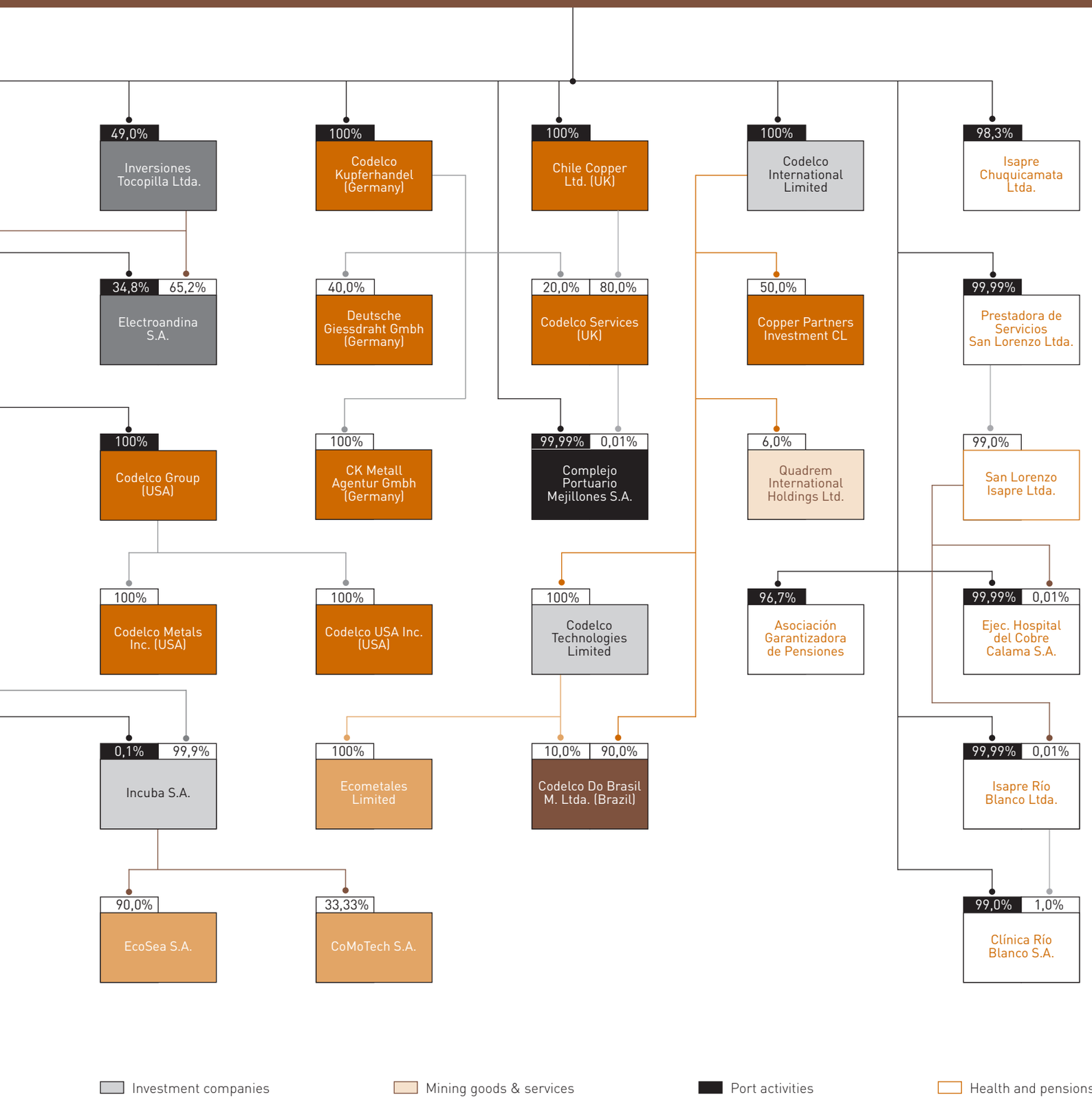
*Codelco Directors or Executives.

Subsidiary and Related Company Network





Codelco


49,0%
Inversiones Tocopilla Ltda.
100%
Codelco Kupferhandel (Germany)
100%
Chile Copper Ltd. (UK)
100%
Codelco International Limited
98,3%
Isapre Chuquicamata Ltda.
34,8%
65,2%
Electroandina S.A.
40,0%
Deutsche Giessdraht Gmbh (Germany)
20,0%
80,0%
Codelco Services (UK)
50,0%
Copper Partners Investment CL
99,99%
Prestadora de Servicios San Lorenzo Ltda.
100%
Codelco Group (USA)
100%
CK Metall Agentur Gmbh (Germany)
99,99%
0,01%
Complejo Portuario Mejillones S.A.
6,0%
Quadrem International Holdings Ltd.
99,0%
San Lorenzo Isapre Ltda.
100%
Codelco Metals Inc. (USA)
100%
Codelco USA Inc. (USA)
100%
Codelco Technologies Limited
96,7%
Asociación Garantizadora de Pensiones
99,99%
0,01%
Ejec. Hospital del Cobre Calama S.A.
0,1%
99,9%
Incuba S.A.
100%
Ecometales Limited
10,0%
90,0%
Codelco Do Brasil M. Ltda. (Brazil)
99,99%
0,01%
Isapre Río Blanco Ltda.
90,0%
EcoSea S.A.
33,33%
CoMoTech S.A.
99,0%
1,0%
Clínica Río Blanco S.A.
Investment companies
Mining goods & services
Port activities
Health and pensions



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- INDEPENDENT AUDITOR'S REPORT
- CONSOLIDATED BALANCE SHEETS
- CONSOLIDATED STATEMENTS OF INCOME
- CONSOLIDATED STATEMENTS CASH FLOWS
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- STAND-ALONE FINANCIAL STATEMENTS
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Consolidated Financial Statements

Deloitte.

Independent Auditors' Report

To the Chairman and Members of the Board of Directors of Corporación Nacional del Cobre de Chile

We have audited the accompanying consolidated balance sheets of Corporación Nacional del Cobre de Chile (the "Company") and subsidiaries as of December 31, 2008 and 2007, 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, 2008 and 2007, 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, 2008 and 2007, the direct and indirect investment of the Company in such investees and the total assets reflected by the financial statements of such subsidiaries represent 7.6% and 6.9%, 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 9.6% and 5.4%, 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, 2008 and 2007, 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 solely for the convenience of readers outside of Chile.



February 25, 2009



Mario Muñoz V.

Consolidated Balance Sheets

At December 31, (In thousands of U.S. dollars - ThUS$)

Assets	2008 ThUS$	2007 ThUS$
Current		
Cash and banks	25,351	21,607
Time deposits	353,469	2,048,598
Marketable securities	8,145	4,260
Trade receivables, net	494,402	1,061,313
Notes receivable	281	265
Other receivables, net	334,956	340,531
Due from related companies	115,484	36,790
Inventories, net	1,546,632	1,704,550
Recoverable taxes	445,952	262,750
Prepaid expenses	15,604	10,295
Deferred taxes	232,692	449,406
Other current assets	8,300	49,315
Total current assets	**3,581,268**	**5,989,680**
Property, plant and equipment		
Land	62,672	66,168
Buildings and infrastructure	9,034,901	8,443,896
Machinery and equipment	8,243,011	7,252,721
Other plant and equipment	181,708	168,110
Technical appraisal revaluation	367,693	368,171
Accumulated depreciation	(9,682,744)	(8,832,405)
Net property, plant and equipment	**8,207,241**	**7,466,661**
Other assets		
Investments in related companies	1,077,486	864,987
Investments in other companies	1,648	1,604
Goodwill	19,319	20,494
Negative goodwill	(310)	(351)
Long-term receivables	177,302	220,471
Due from related companies	224	53,410
Intangibles	31,179	19,766
Accumulated amortization	(6,550)	(6,698)
Other assets	617,853	555,870
Total other assets	**1,918,151**	**1,729,553**
TOTAL ASSETS	**13,706,660**	**15,185,894**

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

Consolidated Balance Sheets

At December 31, (In thousands of U.S. dollars - ThUS$)

Liabilities and Equity	2008 ThUS$	2007 ThUS$
Current liabilities:		
Banks and financial institutions:		
Current	808,147	23,824
Current portion of long-term debt	300,064	308,341
Current portion of bonds payable	336,849	37,427
Dividends payable	-	800,000
Accounts payable	763,776	955,419
Notes payable	12	1,942
Miscellaneous payables	90,465	119,343
Due to related companies	112,764	115,090
Accruals	483,979	717,873
Withholdings	261,830	134,807
Income taxes payable	3,352	21,364
Deferred income	14,935	54,362
Other current liabilities	11,993	10,504
Total current liabilities	**3,188,166**	**3,300,296**
Long-term liabilities:		
Due to banks and financial institutions	400,000	700,000
Bonds payable	2,903,522	3,283,924
Notes payable	75,528	78,622
Miscellaneous payables	306,458	149,394
Due to related companies	429,665	469,512
Accruals	1,679,087	1,526,162
Deferred taxes	758,013	819,521
Other long-term liabilities	87,799	109,959
Total long-term liabilities	**6,640,072**	**7,137,094**
MINORITY INTEREST	2,730	4,301
Equity:		
Paid-in capital	1,524,423	1,524,423
Other reserves	1,757,914	1,655,924
Retained earnings:		
Retained earnings	500,000	400,000
Net income for the year	1,566,775	2,981,619
Profit distributions to the Chilean Treasury	(1,473,420)	(1,817,763)
Total net equity	**3,875,692**	**4,744,203**
TOTAL LIABILITIES AND EQUITY	**13,706,660**	**15,185,894**

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

Consolidated Statements of Income

For the years ended December 31, (In thousands of U.S. dollars - ThUS$)

	2008 ThUS$	2007 ThUS$
Sales	14,424,756	16,988,242
Cost of sales	(8,840,972)	(7,991,137)
Gross Profit	**5,583,784**	**8,997,105**
Administrative and Selling expenses	(354,186)	(382,465)
OPERATING INCOME	**5,229,598**	**8,614,640**
Non-operating Income (expenses):		
Interest income	57,357	97,275
Equity in income of related companies	297,076	463,719
Other income	199,253	236,367
Equity in losses of related companies	(13,470)	(6,338)
Amortization of goodwill	(1,176)	(1,176)
Interest expense	(238,073)	(245,487)
Other expenses	(1,949,689)	(2,016,341)
Price level restatement	759	(1,303)
Foreign exchange differences	228,646	(71,717)
NON-OPERATING EXPENSES, NET	**(1,419,317)**	**(1,545,001)**
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	**3,810,281**	**7,069,639**
INCOME TAXES	**(2,245,965)**	**(4,091,162)**
INCOME BEFORE MINORITY INTEREST	**1,564,316**	**2,978,477**
Minority interest	**2,418**	**3,101**
NET PROFIT	**1,566,734**	**2,981,578**
Amortization of negative goodwill	**41**	**41**
NET INCOME FOR THE YEAR	**1,566,775**	**2,981,619**

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

Consolidated Statements of Cash Flows

For the years ended December 31, (In thousands of U.S. dollars - ThUS$)

	2008 ThUS$	2007 ThUS$
Net cash flows from operating activities:		
Collection of accounts receivable	16,038,164	17,931,727
Interest income collected	21,004	71,411
Dividends and other distributions collected	240,954	610,682
Other income collected	1,551,354	1,086,263
Payments to suppliers and personnel	(8,998,270)	(8,092,524)
Interest paid	(241,690)	(180,138)
Income taxes paid	(2,138,552)	(4,276,553)
Law No. 13,196 and other expenses paid	(2,122,282)	(1,578,042)
Value added tax and other similar taxes paid	(1,108,075)	(886,308)
Net cash provided by operating activities	**3,242,607**	**4,686,518**
Net cash flows from financing activities:		
Loans obtained	886,100	578,800
Profits distribution to the Chilean Treasury	(3,231,784)	(2,267,800)
Loan payment	(400,000)	(200,800)
Net cash used in financing activities	**(2,745,684)**	**(1,889,800)**
Net cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	10,881	89,187
Proceeds from sales of permanent investments	3,770	9,575
Proceeds from sale of other investments	14,070	307
Other investment income	18,603	61,351
Purchases of property, plant and equipment	(1,975,490)	(1,604,951)
Investments in related companies	(186,654)	(2,340)
Investments in financial instruments	-	(10,295)
Loans to related companies	(27,390)	(28,010)
Other investment disbursements	(42,213)	(70,220)
Net cash used in investing activities	**(2,184,423)**	**(1,555,396)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	**(1,687,500)**	**1,241,322**
CASH AND CASH EQUIVALENT AT THE BEGINNING OF YEAR	**2,074,465**	**833,143**
CASH AND CASH EQUIVALENT AT THE END OF YEAR	**386,965**	**2,074,465**

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

Consolidated Statements of Cash Flows

For the years ended December 31, In thousands of U.S. dollar - ThUS$)

Reconciliation between net income and cash Flows from operating activities:	2008 ThUS$	2007 ThUS$
Net income for the year	**1,566,775**	**2,981,619**
Proceeds from sales of assets:		
Proceeds from sales of property, plant and equipment	(9,795)	(62,007)
Proceeds from sale of investments	(1,667)	(8,572)
Charges (credits) to income which do not represent cash flows:		
Depreciation	657,459	543,548
Amortization of assets	346,368	290,985
Write-off and provisions	515,672	494,664
Equity in income of related companies	(297,076)	(463,719)
Equity in losses of related companies	13,470	6,338
Amortization of goodwill	1,176	1,176
Amortization of negative goodwill	(41)	(41)
Price level restatement, net	(759)	1,303
Foreign exchange differences	(228,646)	71,717
Other credits to income which do not represent cash flows	(76,318)	(52,132)
(Increase) decrease in assets that affect operating cash flows:		
Accounts receivable	488,217	542,048
Inventories	157,918	(182,023)
Other assets	319,481	262,302
Increase (decrease) in liabilities that affect operating cash flows:		
Accounts payable related to operating activities	(189,525)	159,196
Interest payable	(4,525)	(13,761)
Income taxes payable	(18,012)	(88,958)
Value added tax and other similar taxes payable	4,853	205,936
Minority interest	**(2,418)**	**(3,101)**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3,242,607**	**4,686,518**

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

Simplified notes to the Consolidated Financial Statements

For the years ended december 31, 2008 and 2007/ In thousands of U.S. 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 | Description of the Business

Corporación Nacional del Cobre de Chile, Codelco - Chile ("Codelco", or the "Company") is registered under the Securities Registry No.785 of the Superintendency of Securities and Insurance ("Superintendency"). The Company is subject to the regulation of the Superintendency.

The Company was formed as stipulated by Law Decree (D.L.) No. 1350 dated 1976. Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity 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. No.1350, 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. No.1350, 2398 and 824.

Note 02 | Summary of Significant Accounting Policies Applied

a) Accounting periods

These consolidated financial statements correspond to the period between January 1st to December 31, 2008 and 2007.

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. No.1350, the Company's records are kept 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 the following subsidiaries:

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), Biosigma Ltda. (Bermudas), Ecometales Ltd., Mining Information Communication 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., Sociedad 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., Sociedad de Inversiones Copperfield Ltda., Energía Minera S.A., Termoeléctrica Farellones S.A., Ecosea Farming S.A., San Lorenzo Instituto de Salud Previsional Ltda. e Innovaciones del Cobre S.A. The interest that Codelco holds in the above companies fluctuates between 96% and 100%. Likewise, in Minning Information Communication and Monitoring S.A. and Biosigma S.A., Codelco holds an interest of 66% and 66.67%, respectively.

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

Although Codelco directly and indirectly owns 66.75% of Electroandina S.A. and Inversiones Mejillones S.A., the Company does not have control nor the management of these entities, and therefore,

in accordance with generally accepted accounting principles in Chile, the conditions required to consolidate these subsidiaries are not met and they have, therefore, been accounted for using the equity method of accounting. The participations are:

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) Constant currency 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 period in accordance with price-level restatement regulations. 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 years ended December 31, 2008 and 2007 were 8.9% and 7.4%, respectively.

f) Basis of conversion

The Chilean peso assets and liabilities 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 period-end of Ch$636.45 per US dollar as of December 31, 2008 and Ch$496.89 per US dollar as of December 31, 2007.

UF-Denominated Assets and Liabilities

At December 31, 2008 and 2007, assets and liabilities denominated in Chilean pesos or UF (an inflation index-linked unit used in Chile) have been translated using the US$ rates effective at the end of each period (2008: Ch$636.45 and 2007: Ch$496.89) and the UF value on the closing dates of the financial statements (2008: Ch$21,452.57; 2007: Ch$19,622.66).

The Chilean peso income and expenses 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 period from January 1 to December 31, 2008 and 2007 were Ch$520.35 per US dollar and Ch$522.55 per US dollar, respectively.

Chilean Subsidiaries

Assets and liabilities and income statement accounts in Chilean pesos as of December 31, 2008 and 2007 have been translated into US dollars at the exchange rates on those dates (Ch$636.45 per US dollar in 2008 and Ch$496.89 per US dollar in 2007).

Foreign subsidiaries

As of December 31, 2008 and 2007, the financial statements of foreign subsidiaries have been translated from their respective foreign currencies into US dollars using the exchange rates as of the respective period-end, as follows:

	2008 US$	2007 US$
Pound sterling - UK	1.44279	1.99124
Euro	1.41223	1.47102
Mexican peso	0.07234	0.09175

g) Time deposits

Time deposits are recorded at cost plus accrued interest at each period-end.

h) Marketable securities

Marketable securities include mutual fund units 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 criteria:

- **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 and amortization of property, plant and equipment and indirect expenses.

- **Materials in warehouse:** Materials in warehouse are valued at acquisition cost.

The Company calculates an obsolescence provision depending on the length of time in stock of materials experiencing slow turnover.

- **Materials in transit:** Materials in transit are valued at the cost incurred.The provisions related with lower realization values are made using the information available at the year-end.

j) Allowance for doubtful accounts

The Company records an allowance for doubtful accounts based on Management's 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 their 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 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 under the production unit method over the estimated period of future mineral production. These costs include extraction of waste material, constructing the mine's infrastructure and other work carried out prior to the normal 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 of exploitation and of mining operations (property, plant and equipment):** These costs are recorded in property, plant and equipment and are amortized under the production unit method to income over the period in which the benefits are obtained.

n) Leased assets

Property, plant and equipment under finance leasing contracts are recorded as other plant and equipment. These leased 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 over the useful lives of the assets. The Company does not legally own these assets until it exercises the respective purchase options.

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 period-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 acquired for its operations but has no significant influence in their 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 No. 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. No.824, and D.L. No.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 the payment of severance indemnities. It is the Company's policy to provide for the total obligation accrued at nominal value.

Additionally, the Company has recorded the necessary provisions for the payment of health benefits agreed with the employees and ex-employees. The provisions are calculated at net present value using a discount rate which is equivalent to the interest rate applied in all its financing operations and with a term of 10 years.

Following its cost-reduction programs through the use of modern technologies, the Company 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 overseas 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. A provision is made for estimated decreases in sales values on unsettled operations at the end of the period based on the information available as of the date the financial statements is prepared and is presented as a reductin of trade receivables or in accounts payable, as applicable. 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.

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 No. 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 the policies approved by the Board of Directors the Company entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

The hedging policies seek on the one hand to protect the expected cash flows from the sale of products by fixing the prices for a portion of future production, and on the other hand to adjust physical contracts to its commercial policy, when necessary.

With the transactions that are carried out, the Company takes advantage of the opportunities provided by the market, which does not imply a 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 in the futures markets are not of a speculative nature.

In accordance with the provisions of Technical Bulletin No.57 of the Chilean Institute of Accountants, the results of these hedging transactions are recorded at the settlement date of the hedging operations, as part of the sales revenue of the products.

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 No. 981 dated December 28, 1990 of the Superintendency, 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 equivalents includes unrestricted cash and bank balances, time deposits maturing within 90 days and financial instruments classified as short-term marketable securities, 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 on bond issuance is capitalized as deferred expenses and the premium is capitalized as deferred income, and both are amortized using the straight-line method over the term of the bonds and are classified in the item Other Assets under Other Assets or in the item Other Long-Term Liabilities under Long-Term Liabilities, respectively.

z) Closure costs

The Company has established a policy of accruing for future closure costs, which mainly relate to the closure of tailing dams, mining operations and other assets, which, subsequent to the end of their useful lives, continue to incur expenses. This policy allows for the recording of a mine's closure costs during its exploitation stage.

This accrual is calculated at net present value using a discount rate that is equivalent to the interest rate at which the Company obtains its financing and with a term according to the mining plan of each Division.

aa) Law No. 13196

Law No.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 statements of income.

ab) Cost of sales

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 period's results, as is established in Circular No.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 No.72 of the Chilean Institute of Accountants. Goodwill is amortized over the period in which the benefits are expected to be obtained.

ae) Negative goodwill

Negative goodwill corresponds to the investment made in Alliance Copper Ltd. by our subsidiary Codelco Technologies Limited in July 2006, and results from the difference generated between the cost of the investment and the equity method of accounting at the purchase date, in accordance with Technical Bulletin No.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 accrued interest and restatements at the period-end in accordance with the clauses of the respective contracts.

ag) Financial statements from January to December, 2007

Certain 2007 figures have been reclassified to be comparative with 2008 figures.

Note 3 | Changes in accounting principles

At December 31, 2008, there are no changes in accounting policies and accounting criteria described in Note 2, with respect to the prior year.

Note 4 | 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 according to which business with individuals and companies related to the Corporation should be conducted. This has been monitored by Management since December 1, 1995 through Corporate Regulation No.18 and its related administrative procedures.

Accordingly, Codelco cannot enter into agreements or acts in which one or more Directors, its Executive President, members of the Divisional Board of Directors, Vice Presidents, Corporate 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 those 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 Corporate Regulation No.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	December 31, 2008 ThUS$	2007 ThUS$
Insitu Ingeniería Construcción y Servicios S.A.	Relative of an executive	742	739
B. Bosch S.A.	Executive's spouse	708	664
Edyce S.A.	Relative of an employee	-	398
CMS Tecnología S.A.	Investee	-	23,545
Alejandro Mejía Correa	Relative of an employee	-	27
Juan Torres Peters	Relative of an executive	-	57
Compañía de Petróleos de Chile S.A.	Director's participation	1,082	14,771
Ara Worley Parsons S.A.	Executive participation	357	2,801
Carmen Pavez Díaz	Executive's spouse	81	-
Ingeniería Eléctrica Transboch Ltda.	Executive's spouse	4,984	-
Distrinor S.A.	Investee	-	117,400
Prodalam S.A.	Director's participation	714	47
Quadrem Chile Ltda.	Investee	69	1,045
Sodimac S.A.	Director's participation	-	28
Patricio Vergara Ramirez	Relative of an employee	-	72
Ricardo Parada Araya	Relative of an executive	-	112
Fundición Talleres S.A.	Investee	-	155
Dynal Industry S.A.	Relative of an executive	23	-
Mining Industry Robotic Solutions S.A.	Investee	5,000	-
Biosigma S.A.	Subsidiary	3,912	-
Ecometales Limited (Ex ACL Limited)	Subsidiary	34,500	-
Prodinsa S.A.	Director's participation	170	-
Transelec S.A.	Relative of an executive	13	-
R & Q Ingeniería S.A.	Relative of an executive	1,609	-
SyS Consultores Ltda.	Relative of an employee	13	-
Consorcio Ara Worley Parson-SNC LAVALIN	Executive participation	3,029	3,040
Idesol Ingenieros S.A.	Relative of an employee	28	-
Mining Information Communication and Monitoring S.A.	Subsidiary	-	33,131

b) Directors' Remuneration

During 2008 and 2007, 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 2008 ThUS$	2007 ThUS$
Santiago González Larraín	20	-
Andrés Velasco Brañes	20	14
Nicolás Majluf Sapag	57	39
Jorge Bande Bruck	57	39
Eduardo Gordon Valcárcel	31	39
Jorge Candia Díaz	57	39
Raimundo Espinoza Concha	57	39
Gustavo González Jure	25	-
Karen Poniachik Pollak	-	14

b.2) Remuneration

Name	Amount of transaction 2008 MUS$	2007 MUS$
Jorge Candia Díaz	84	96
Raimundo Espinoza Concha	55	55

b.3) Fees

Name	Amount of transaction 2008 ThUS$	2007 ThUS$
Nicolás Majluf Sapag	39	-
Jorge Bande Bruck	39	-

c) Operations with Codelco investees

The Company also has commercial and financial transactions, that are necessary for its operations with entities in which it has a participation in equity. Financial transactions are mainly loans in current account. The conditions of loans to related companies that are current as at December 2008 and 2007 are detailed as follows:

Loans receivable:

Company	Transaction	2008 Interest	2008 Term	2007 Interest	2007 Term
Electroandina S.A. (1)	Line of credit	Libor + 0.75% per annum	4 years	Libor + 0.75% per annum	4 years
Electroandina S.A. (2)	Line of credit	Libor + 1% per annum	2 years	Libor + 1% per annum	2 years
CMS Tecnología S.A.	Mortgage	Libor 180 days + 2.5% per annum	3 years	Libor 180 days + 2.5% per annum	3 years
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	2008 Interest	2008 Plazo	2007 Interés	2007 Plazo
Electroandina S.A.	Leasing	23.3% per annum	74 months	23.3% per annum	74 months
Electroandina S.A. (3)	Leasing	8% per annum	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 project has been operating since December 2007.

Commercial transactions with related companies correspond to the purchase and sale of products or services at market conditions and values and they are not subject to interest or readjustments. These companies are: Sociedad GNL Mejillones 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., CMS Tecnología S.A., Comotech S.A. and Inversiones Mejillones S.A.. The detail is as follows:

	Amount of transaction 2008 ThUS$	2007 ThUS$
Capital contribution	186,654	29,087
Dividends received	264,236	608,832
Sales of products and services	209,279	182,112
Purchase of products and services	941,073	751,569
Loans	27,391	5,000
Interest	46	158
Interest and commissions	3,580	3,288
Reimbursment of expenses	97,904	136,142
Commissions paid	176	177
Various expenses	-	2,058
Lease	13	-

d. Other information

At December 31, 2008 and 2007, the short-term and long-term accounts 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 19c).

At December 31, 2007, the long-term accounts receivable from the investee Electroandina S.A. corresponds to the balance of the credit line pending amortization in accordance with the Shareholders Agreement.

Note 05 | Inventories

At December 31, 2008 and 2007, inventories amounted to ThUS$1,546,632 and ThUS$1,704,550, respectively, and include finished products, products in process, material in warehouse and others.

At December 31, 2008, the Company has started the operation activities related to the Gabriela Mistral project; therefore the total amount of inventories includes FMT22,701 (FMT2,508 corresponding to finished products and FMT20,193 to products in process) from this deposit (ThUS$52,112).

At December 31, 2008 and 2007 finished products are presented net of unrealized profits of ThUS$809 and ThUS$34,003, respectively, 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.

At December 31, 2008 finished products and products in process are presented net of the provision for lower realization value of ThUS$7,293 and ThUS$34,539, respectively.

The value of material in warehouse and others are presented net of the obsolescence allowance for materials in warehouse of ThUS$89,444 and ThUS$51,673 as of December 31, 2008 and 2007, respectively.

Note 06 | Income and deferred taxes

a. Deferred taxes:

The deferred tax calculated in accordance with the policy described in Note 2r) at December 31 2008, represents a net liability of ThUS$525,321 conformed by assets for ThUS$1,299,681 and liabilities for ThUS$1,825,002 and of ThUS$370,115 conformed by assets for ThUS$1,312,663 and liabilities for ThUS$1,682,778 as of December 31, 2007.

b. Income taxes:

At December 31, 2008 and 2007 the charge to income for first category income tax is the following:

	2008 ThUS$	2007 ThUS$
First category Income tax (17%)	530,467	1,035,407
D.L. 2,398 (40%)	1,351,073	2,602,492
Specific tax on mining activity (5%)	210,756	347,837
Total income taxes	2,092,296	3,985,736

This provision is presented in Income tax payable, net of estimated provisional monthly tax payments and other tax credits.

The subsidiaries' income tax provision amounted to a credit to income of ThUS$1,537 at December 31, 2008 and a charge to income of ThUS$17,021 at December 31, 2007.

Note 07 | Property, plant and equipment

The composition of property, plant and equipment is as follows:

a) Property, plant and equipment, gross

	As of December 31, 2008 ThUS$	2007 ThUS$
Land and mining rights	62,672	66,168
Buildings and infrastructure	9,034,901	8,443,896
Machinery and equipment	8,243,011	7,252,721
Other property, plant and equipment	181,708	168,110
Technical appraisal revaluation	367,693	368,171
Total gross property, plant and equipment	17,889,985	16,299,066

On January 9, 2006, the Board of Directors of Codelco approved the Gaby Project, which involves the exploitation of 555 million tons. At December 31, 2008, said project is still in construction and ThUS$1,062,561 (2007; ThUS$0) are included in property, plant and equipment and ThUS$36,381 (2007; ThUS$732,779) are included in works in construction item related to the Gaby Project.

b) Accumulated depreciation

	As of December 31, 2008 ThUS$	2007 ThUS$
Buildings and infrastructure	(4,799,528)	(4,353,436)
Machinery and equipment	(4,803,241)	(4,421,978)
Other property, plant and equipment	(41,786)	(26,474)
Accumulated depreciation from subsidiaries	(38,189)	(30,517)
Total accumulated depreciation	(9,682,744)	(8,832,405)
Depreciation and amortization for the year	897,422	792,460

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, 2008 and 2007, total investments in investees which have not consolidated their financial statements with the Company amount to ThUS$1,077,486 and ThUS$864,987, respectively. The net profits of these companies for 2008 and 2007 amounted to ThUS$283,606 and ThUS$457,381, respectively.

These investments are expressed net of unrealized gains for ThUS$106,483 and ThUS$125,779 in 2008 and 2007, respectively.

The 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.

a) Main investees of Codelco

The following are the companies in which Codelco has participation and which have not been consolidated:

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 adquired 56.72% through its subsidiary Inversiones Copperfield Ltda. The purchase of said participation amounted to ThUS$12,000. Subsequently, Inversiones Copperfield Ltda. sold its participation in ThUS$20,000 to Minera Meridian Ltda. generating a gain of ThUS$8,000.

Minera Pecobre S.A. de C.V.

Minera Pecobre 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.

On December 29, 2008, Codelco Chile agreed to sell to Industrias Peñoles S.A. de C.V. its shares in Sociedad Pecobre S.A. de C.V. corresponding to 49% of the capital of said company in US$5,000,000 gross, generating an after tax income of ThUS$1,667.

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 65.2% and Codelco holds 34.8%. Electroandina S.A.'s main assets were acquired from Codelco's former Tocopilla Division.

Codelco has direct and indirect ownership of 66.75% of Electroandina S.A.

On July 24, 2008, the market was informed regarding the merger between Suez S.A. (controlling entity of Suez Energy Andino S.A., through Suez-Tractabel S.A.) and Gas de France S.A. Due to this operation, the new controlling entity of the holding changed its name to GDF Suez S.A.

The Extraordinary Shareholders' Meeting of Electroandina S.A., held on July 29, 2008, approved a capital increase of said company, under which on September 26, 2008, Codelco subscribed 25,687,934 Serie B shares, for a total amount of ThUS$24,537, maintaining its ownership percentage in 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.

Since March 19, 2007, Phelps Dodge Corporation is a subsidiary of Freeport McMoran Copper & Gold Inc.

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 of 66.75% of Inversiones 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.

Fundición Talleres S.A.

Fundicion 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 the Talleres Division of Codelco, machinery and other operational assets at a book value of ThCh$8,066,432 (historic) (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 by Fundición Talleres S.A. that were owned by Codelco. The sale price was ThUS$9,575, generating a ThUS$845 gain that was recognized in income at December 31, 2007.

Its purpose is the manufacture of steel parts and fittings.

CMS Tecnología S.A.

CMS Tecnología S.A. is a private company, whose purpose is to manufacture, market, maintain, repair and distribute mining equipment and spares.

On October 4, 2005, the Company sold 70% of CMS Tecnología S.A. shares to ABB Chile S.A. for ThUS$7,000, resulting in a gain of ThUS$832.

Quadrem International Limited and Copper Partners Invertment Company Ltd.

Through Codelco International 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 International 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 to be 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 types or classes 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 GNL Mejillones S.A., changing its ownership interest in that company to 50%. The remaining 50% is assumed by Suez Energy Andino S.A.

Comotech S.A.

Comotech S.A. is a private company formed on January 24, 2008 by Copper Technology Investments Inc., Molibdenos y Metales S.A. and Universidad de Chile, each with a 33.33% ownership interest in that company.

The corporate purpose is to develop investigation activities in order to increase the demand of molybdenum locally and internationally through new and better applications, uses and or markets.

On December 30, 2008, Copper Technology Investment Inc., transferred the ownership and assets and liabilities of Comotech S.A. to Innovaciones Cobre S.A. (an indirect subsidiary of Codelco Chile through Sociedad de Inversiones Copperfield Ltda.). The aforementioned assets and liabilities were transferred at the book value recorded in Copper Technology Investment Inc. at the date of this transaction.

b) Contributions to paid in capital of related companies

During the periods between January 1 and December 31, 2008 and 2007 Codelco made capital contributions, in cash or by capitalizing accounts receivable, for ThUS$186,654 and ThUS$29,087 respectively, as follows:

	2008 ThUS$	2007 ThUS$
Minera Pecobre S.A.	-	1,000
Sociedad GNL Mejillones S.A.	145,000	25,000
Sociedad Kairos Mining S.A.	-	40
Sociedad Contractual Minera Sierra Mariposa	-	1,747
Mining Industry Robotic Solutions S.A.	2,281	1,300
Inversiones Tocopilla Ltda.	14,836	-
Electroandina S.A.	24,537	-

These capital contributions were recorded at their book value in accordance with Technical Bulletin No.72 issued by the Chilean Institute of Accountants.

c) Unrealized gains:

The Company has recognized unrealized gains on the contribution of products, mining properties, property, plant and equipment and ownership rights. The most significant transactions are detailed as follows:

- Sociedad Contractual Minera El Abra

The Company contributed mining rights to Sociedad Contractual Minera El Abra in 1994, whose unrealized gain for ThUS$106,483 in 2008 and ThUS$125,779 in 2007 are presented net of the investment. The gain is recognized based on the depletion of Sociedad Contractual Minera El Abra. At December 31, 2008 and 2007 gains of ThUS$19,296 and ThUS$14,957, respectively, were recognized. At December 31, 2008 and 2007 finished products are presented under the Inventories item, net of unrealized gains for ThUS$0 and ThUS$10,721, respectively.

Note 09 | Goodwill and negative goodwill

a) Goodwill

Law No.19,993 dated December 17, 2004, authorized Empresa Nacional de Minería (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.

As a result of this transaction goodwill was generated which is amortized over 20 years since the date of acquisition in accordance with the estimated life of return on the investment.

b) Negative goodwill

On July 31, 2006, the subsidiary Codelco Technologies Limited acquired the remaining 50% ownership in Alliance Copper Limited (now Ecometales Ltd.) for ThUS$10,000. Such operation generated a net negative goodwill of ThUS$310 in 2008 and ThUS$351 in 2007, respectively net of amortization.

The indirect subsidiary Codelco Technologies Ltd. recorded the increase of this investment according to Technical Bulletin No.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$808,147 and ThUS$23,824 in 2008 and 2007, respectively. In 2008 ThUS$786,563 are denominated in US dollars and pay no interest and ThUS$21,427 are denominated in euros at 4.52% annual interest rate. In 2007, ThUS$23,824 are denominated in euros at a 4.49% annual interest rate.

Long - term bank obligations due within one year amount to ThUS$300,064 in 2008 and ThUS$308,341 in 2007, they are denominated in US dollars at an average annual interest rate of 1.72% in 2008 and 5.22% in 2007.

Note 11 | Obligations with banks and financial institutions - long term

At December 31, 2008, these obligations amount to ThUS$400,000 (2007; ThUS$700,000), are denominated in US dollars at an interest rate based on Libor. The average annual interest rate was 1.59% in 2008 (5.06% in 2007). At December 31, 2008 these obligations mature in 2014.

Note 12 | Current and long-term bonds payable

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, 2008 and 2007, the current liability for each year is ThUS$303,728 and ThUS$3,708, respectively.

On November 18, 2002, the Company issued and placed bonds in the Chilean market, under the regulations of the Superintendency. These bonds were issued for a nominal amount of UF7,000,000, of a single denominated A Series, and are represented by 70,000 certificates for UF100 each. These bonds mature of a single installment on September 1, 2012, at an interest rate of 4.0% per annum with interest paid semi-annually. At December 31, 2008 and 2007, the current liability for each year is ThUS$3,166 and ThUS$3,670, 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, 2008 and 2007, the current liability for each year is ThUS$2,528 and ThUS$2,438, 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, 2008 and 2007, the current liability for each year is ThUS$6,044 and ThUS$6,011, 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, 2008 and 2007, the current liability for each year is ThUS$5,220 and ThUS$5,192, respectively.

On May 10, 2005, the Company issued and placed bonds in the local market, for a nominal amount of UF6,900,000 of a single denominated B Series, and are represented by 6,900 certificates for UF1,000 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, 2008 and 2007 the current liability for each year is ThUS$2,416 and ThUS$2,814, respectively.

Note 12 | Current and long-term bonds payable (continued)

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, 2008 and 2007 the current liability for each year is ThUS$8,002 and ThUS$7,881, 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, 2008 and 2007, the current liability for each year is ThUS$5,745 and ThUS$5,713, respectively.

Note 13 | Accruals

At December 31, 2008 and 2007, long-term accruals amount to ThUS$1,679,087 and ThUS$1,526,162, respectively. These accruals cover the Company's commitments that will take place in the long term, arising from closure 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:

Movemets	Long-term liability 2008 ThUS$	2007 ThUS$
Balance as of January 1,	879,903	729,216
Provision for the year (including effects for variations in exchange rates)	(66,069)	176,842
Transfers to current liability	(35,091)	(26,155)
Total severance indemnities	778,743	879,903

Note 14 | Change in equity

a) Corporación Nacional del Cobre de Chile, Codelco-Chile was formed by D.L. No.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. No.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. No.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 advance by Codelco as a result of the advance received from clients for ThUS$550,000 in accordance with the commercial agreement with Minmetals. At said meeting, the Board also asked to maintain as retained earnings an amount of ThUS$400,000. Both proposals were accepted.

On February 28, 2008, in accordance with Article 6 of D.L. No.1,350, the Board of Directors agreed to propose to the Ministries of Mining and Finance the creation of a reserve fund charging to 2007 net income for an amount of ThUS$198,762.

On January 10, 2008 and on February 15, 2008, the Company paid ThUS$400,000 and ThUS$400,000, respectively, for fiscal surpluses on account of 2007 profit.

The composition of Other Reserves as of December 31, 2008 is as follows:

Detail	Year ThUS$	Accumulated ThUS$
Capitalization of net income and reserves	105,492	1,062,683
Cumulative translation adjustment - subsidiaries	(3,078)	35,988
Net changes in equity in subsidiaries and investees	(424)	(424)
Reserve for housing programs	-	35,100
Technical appraisal revaluation reserve - D.L. No.3,648	-	624,567
Balance of other reserves as of December 31, 2008	101,990	1,757,914

b) At December 31, 2008, the Company recognized profit distributions to the Chilean Treasury for ThUS$1,473,420, charged to the January-December 2008 period income, which reduces equity.

Changes in equity are as follows:

	As of December 31, 2008				
Movements	**Paid-in capital ThUS$**	**Other reserves ThUS$**	**Retained earnings ThUS$**	**Profit distributions ThUS$**	**Net income for the year ThUS$**
Beginning balance - January 1	1,524,423	1,655,924	400,000	(1,817,763)	2,981,619
Transfer of prior year income	-	-	-	1,817,763	(1,817,763)
Profit distributions against prior year	-	-	-	-	(958,364)
Capitalization of reserves and/or other income	-	105,492	100,000	-	(205,492)
Net changes in equity in subsidiaries and investees	-	(3,502)	-	-	-
Net income for the year	-	-	-	-	1,566,775
Interim dividend	-	-	-	(1,473,420)	-
Total	1,524,423	1,757,914	500,000	(1,473,420)	1.566.775

	As of December 31, 2007				
Movements	**Paid-in capital ThUS$**	**Other reserves ThUS$**	**Retained earnings ThUS$**	**Profit distributions ThUS$**	**Net income for the year ThUS$**
Beginning balance - January 1	1,524,423	1,332,432	-	(1,668,043)	3,338,789
Transfer of prior year income	-	-	-	1,668,043	(1,668,043)
Profit distributions against prior year	-	-	-	-	(950,038)
Capitalization of reserves and/or other income	-	320,708	400,000	-	(720,708)
Net changes in equity in subsidiaries and investees	-	2,784	-	-	-
Net income for the year	-	-	-	-	2,981,619
Interim dividend	-	-	-	(1,817,763)	-
Total	1,524,423	1,655,924	400,000	(1,817,763)	2,981,619

Note 15 | Non-operating income and expenses

Non-operating income and expenses at December 31, 2008 and 2007 are detailed below:

a) Non-operating income

Item	2008 ThUS$	2007 ThUS$
Administration - Satep	5,140	5,042
Fines on suppliers	9,426	4,916
Miscellaneous sales	32,669	44,841
Sales of services	14,265	10,012
Sales of property, plant and equipment (1)	2,507	83,377
Realized gains	19,296	14,957
Others	115,950	73,222
Total	**199,253**	**236,367**

(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 profit obtained in this operation for ThUS$60,090 was recognized in net revenue of said subsidiary.

b) Non-operating expenses

Item	2008 ThUS$	2007 ThUS$
Export tax (Law No.13,196)	1,159,804	1,389,965
Severance indemnities expense	108,111	77,684
Loss on disposal of property, plant and equipment	14,978	6,124
Collective bargaining bonuses	27,205	161,556
Closure costs	295,880	194,922
Pre-investment expenses	94,945	54,222
Other expenses	93,010	52,477
Retirement plans expense	48,009	28,064
Health programs	24,355	11,545
Accrual for contingencies	83,392	39,782
Total	**1,949,689**	**2,016,341**

Note 16 | Price level restatement

As stipulated in D.L. No. 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$759 and ThUS$1,303 in 2008 and 2007, respectively.

Note 17 | Exchange 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$228,646 in 2008 and net debit to income for ThUS$71,717 in 2007.

Note 18 | Derivative contracts

As is mentioned in Note 2 t), 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, 2008 the Company has no outstanding contracts. The contracts existing at December 31, 2007 (ThUS$300,000) finalized in January, 2008.

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, 2008, these contracts show a negative exposure of ThUS$7,737. The net accounts receivable for said contracts amount to ThUS$95,520 in 2008 and ThUS$175,927 in 2007 and are classified in Others under Other Assets. In addition, costs arising from said contracts for ThUS$59,338 in 2008 and ThUS$77,946 in 2007, are recorded in Other long-term liabilities and are 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 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, 2008, said operations generated a lower net revenue of ThUS$723,769, which is 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 the period January-December, 2008, the Company has carried out operations in future markets, which represent 244,154 metric tons of fine copper. These hedging operations are part of the commercial policy of the Company and mature until March 2010.

The outstanding contracts at December 31, 2008, show a net positive exposure of ThUS$217,009, whose final result will 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, 2008 generated a net positive effect on income of ThUS$2,993 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$6,331 for purchases and ThUS$3,338 for sales).

c.2 Commercial operations for outstanding gold and silver contracts

At December 31, 2008, the Company has gold pricing hedging operations for 4.2 thousand troy ounces and silver pricing hedging operations for 181.6 thousand troy ounces.

At that date, the negative exposure amounted to ThUS$384.

The operations that ended between January 1 and December 31, 2008 generated a positive effect on income of ThUS$1,811, which is added to the amounts received for the contracts for the sale of products involved in said pricing operations. These hedging operations mature until March 2009.

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 have been carried out for 867,700 metric tons of fine copper. These hedging contracts mature until March 2013.

Outstanding future operations at December 31, 2008, show a negative exposure of ThUS$127,422, whose final result will 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, 2008, related to the production sold generated a lower revenue of ThUS$679,550, which is the result of the compensation between the hedging operation and revenues arising from the operation and revenues arising from the contracts for the sale of products involved in said pricing operations. Said results are shown as a reduction in net operating income.

At December 31, 2008, the Company has min-max option agreements (put purchases and call sales) in order to protect its future cash flows by means of ensuring a minimum sale price for 120,900 metric tons of fine copper. At December 31, 2008, these operations show a positive exposure of ThUS$111,294. These hedging operations mature until March 2010.

The min-max operations ended between January 1 and December 31, 2008 generated a lower revenue of ThUS$49,023.

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 do not represent significant loss contingencies. The Company defends its rights and uses all legal and procedural resources available.

Below is a summary of the most significant lawsuits to which Codelco is a party:

- 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.

A case by case analysis of these lawsuits has shown that there are a total of 136 lawsuits with an estimated amount. The Company estimates that 18 of them for ThUS$2,095 could have negative results against the Company. Also, there are 84 lawsuits for ThUS$41,508 for which there is no certainty if they will be against Codelco. For the 34 remaining lawsuits for ThUS$20,549, the legal advisers estimate they will not have a negative result for Codelco. Additionally there are 82 lawsuits for unknown amounts, of which 34 of them could have a negative ruling against Codelco.

The necessary provisions exist for all the abovementioned lawsuits, which are recorded in the accruals for contingencies.

It is public knowledge that the Corporation has presented a petition at the corresponding Court of Appeals, in relation to the reports issued by the Labor's Inspection Office, as a consequence of Law No. 20,123, which regulates the work in terms of subcontracting and temporary service companies. The Company has achieved five favorable sentences regarding these petitions and one against which it has appealed. Currently, all the cases are pending at the Supreme Court.

Litigation in subsidiaries

The subsidiary Instituto de Innovación en Minería y Metalurgia S.A., has an arbitration 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 claim 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 earnings and moral damages.

Instituto de Innovación en Minería y Metalurgia S.A. was notified of this contingency on April 25, 2007, and at present the discussion stage has concluded, and therefore the evidence stage of the trial will soon start.

According to the case details, information provided by Instituto de Innovación en Minería y Metalurgia S.A. and its legal advisors, this contingency has been classified as remote and therefore no provision has been recorded by Instituto de Innovación en Minería y Metalurgia S.A.

In addition, due to the status of this case, and due to the defense expenses and costs incurred as of this date, an additional maximum cost of Ch$50 million (Chilean pesos) has been estimated for 2009. This contingency, is considered to be a loss classified as "certain" as the plaintiff is currently in liquidation stage (and apparently it lacks the assets to respond to this new liability).

Other commitments

a) On April 29, 2008, the Company and other mining companies signed a backup energy service contract with Gas Atacama Generación S.A. in the Interconnected Northern System (SING) for the period between March 1st, 2008 and December 31, 2011, whose related expense will be recognized in relation to the consumption of all the participating companies. Codelco's share will not exceed ThUS$194,710 during the entire period covered by said contract.

b) In July 2005, the Board of Directors of the Company was informed of the Salvador mineral situation; and therefore 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 of the above, on May 8, 2007 considering new studies related to market conditions, the Board of Directors decided to extend the exploitation of the Salvador Division's oxide line for two more years, 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 related to the activities that will have to be closed.

c) 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. They also agreed on the terms of a 15-year sales agreement regarding cathodes for the 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.

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 and approves to go forward with said initiative.

On September 23, 2008, Codelco Chile and Minmetals agreed to suspend indefinitely the rights and obligations regarding to the option over the Gabriela Mistral ore body. Any possible reposition of this option will require the agreement of both parties.

At the same time, both companies agreed to work together, on a case by case basis, in the study of new business and exploration opportunities in the international copper mining sector, mainly in Latin America and Africa.

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, 2008, the contract is operating and the monthly shipments began in June 2006.

Based on the abovementioned agreements with Minmetals the Board of Directors of Codelco authorized 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 (69,600 metric tons of fine copper at December 31, 2008). Copper Partners Investment Company assumes the result of this hedge.

d) The Company has subscribed gas supply contracts with its investee GNL Mejillones S.A., which will operate as from October 2010. Through these contracts, the investee agreed to sell as a minimum the equivalent to 27 annual Tera of BTU (Bristish Thermal Unit) in the period 2010-2012. Additionally, the Company, jointly with other mining companies, has signed an option contract with GNL that include the following options:

i) To purchase the right to use the terminal's capacity after the maturity of the contract, or

ii) To purchase shares of GNL

The companies are required to take one of these options.

The Company has subscribed guarantees for 50% of the total amount of GNL Mejillones S.A derivative contract exposure, with a maximum of ThUS$360,000.

e) Law No.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 the treatment of products of the small and medium size mining industry that ENAMI sends for processing or under other terms agreed to by both parties.

f) Following its cost-reduction programs through the use of modern technologies, the Corporation has established early severance programs for its personnel that qualify for retirement, with benefits that encourage retirement, for which obligations are 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 51% ownership 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.

The Company's bond payables establish some restrictions related with limitations on the pledge and limitations on leaseback transactions over the mainly Company's property, plant and equipment and investment in significant subsidiaries.

Note 20 | Direct guarantees

The Company has obligations with the Chilean Treasury according to Law No.18,634 on deferred customs rights for ThUS$5 (2007; ThUS$216). In addition, the Company records documents delivered as guarantee for ThUS$64,882 in 2008 (2007; ThUS$64,858).

At December 31, 2008, the Company has direct guarantees corresponding to Stand by letter of ThUS$140,000 (2007; ThUS$660,000) and deposits in guarantee of ThUS$16,009 in 2007 to certain Brokers in order to guarantee future metal market operations.

Note 21 | Indirect guarantees

At December 31, 2008 and 2007, the Company records and indirect debt for ThUS$30,038 from guarantees to its investee Electroandina S.A.

At December 31, 2008 the Company has subscribed guarantees for the 50% of the total exposition of derivatives transactions taken by the subsidiary GNL Mejillones S.A. up to amount of ThUS$360,000 (ThCh$0 in 2007).

At December 31, 2008 and 2007 the subsidiary Codelco International Ltd. agreed to cede to China Development Bank, as a security collateral, its rights in Copper Partner Investment Company Limited in the amount of ThCh$235,714 and ThCh$267,143 respectively.

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$411,521 in 2008 and ThUS$413,267 in 2007.

Note 23 | Assets and liabilities in local and foreign currencies

At December 31, 2008, the Company has assets traded in local currency for ThUS$937,260 (2007; ThUS$1,029,350) and liabilities for ThUS$1,219,521 (2007; ThUS$1,364,068).

Note 24 | Sanctions

At December 31, 2008 and 2007, Codelco-Chile, its Directors and Management have not been subject to sanctions applied by the Superintendency 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 the exploration of mineral resources both in Chile and abroad.

Under these circumstances at December 31, 2008, Codelco Norte, formed by the ex-divisions Chuquicamata and Radomiro Tomic Divisions, Andina, Salvador and El Teniente Divisions and Head Office have received the ISO 14001 certification.

In accordance with this policy, at December 31, 2008 and 2007, the Company has made investments, related to environmental issues for ThUS$53,936 and ThUS$53,741, respectively.

Note 26 | Time deposits

The composition of time deposits is as follows:

		2008
Bank	**Annual interest rate %**	**Amount ThUS$**
Banco del Estado de Chile	0.2500	78,126
Banco Bilbao Vizcaya Argentaria	0.2000	56,840
Sumitomo Mitsui Banking Corporation	0.2200	10,000
Sumitomo Mitsui Banking Corporation	0.3000	35,004
Banco del Estado de Chile	0.2300	19,170
Intesa Sanpaolo SpA, New York	0.2500	90,001
Citi New York	0.1000	2,324
Citi New York	0.1300	8,370
BCI	7.9200	7,130
Banco de Chile	8.5200	1,224
Banco de Chile	8.7600	9,504
BBVA	2.2000	1,445
HSBC	1.2000	902
ABN AMRO Bank	14.5000	32,270
Others	-	1,159
Total		353,469

		2007
Bank	**Annual interest 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 Argentaria, 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
Others	-	11,025
Total		2,048,598

Note 27 | Subsequent events

On January 20, 2009, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$600,000. Said placement was led by HSBC and JP Morgan, matures in a single installment on 2019, at an interest rate of 7.5% per annum.

On January 30, 2009 the Company informed to Anglo American Sur S.A. its decision to delay the exercise of the option to acquire up to 49% of that company until the next contractual period (January 2012).

The Company's management has no knowledge of any other significant events of a financial nature or any other nature, occurring between December 31, 2008 and the date of issuance of these financial statements (February 25, 2009) which might affect them.



José Pablo Arellano Marín
Executive President



Juan Medel Fernández
Corporate Vice-President
for Shared Services



Mario Allende Gallardo
Chief Accountant

Rationale of the Consolidated Financial Statements

The following report 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, 2008 and December 31, 2007, respectively

This Ratio Analysis is a report which complements the financial statements and footnotes and considering this, it must be read in conjunction with the consolidated financial statements.

I | Analysis of the Income Statement

1. Physical sales volume:

Sales of own copper and molybdenum fine metric tons and copper and molybdenum fine metric tons acquired from third parties are detailed in the chart below:

Chart 1 | Physical statistics

Dispatches	12/31/2008 (FMT)	12/31/2007 (FMT)	Variation (%)
Own copper	1,737,074	1,789,434	-2.93%
Copper acquired from third parties	143,400	162,401	-11.70%
Total own copper and copper acquired from third parties	1,880,474	1,951,835	-3.66%
Own molybdenum and acquired from third parties	23,525	27,921	-15.74%

Lower Fine metric tons of copper dispatched as of December 2008 compared to December 2007 are explained due to lower sales of own copper.

Codelco's sales of own copper and copper acquired from third parties in 2008 include FMT 32,353 conducted by the subsidiaries in the United Kingdom and the United States (FMT 75,219 in 2007.)

2. Results for the year:

Chart 2 I Consolidated results for the years ended December 31, 2008 and 2007

Ingres	12/31/2008 ThUS$	12/31/2007 ThUS$	Variation (%)
Sales:	14,424,756	16,988,242	-15%
Own copper	10,068,270	12,377,630	-19%
Copper acquired from third parties	936,001	1,296,205	-28%
Own molybdenum and molybdenum acquired from third parties	1,584,389	1,799,436	-12%
Other by-products	1,836,096	1,514,971	21%
Cost of sales:	(8,840,972)	(7,991,137)	11%
Own copper	(6,571,647)	(5,303,057)	24%
Copper acquired from third parties	(929,903)	(1,291,911)	-28%
Own molybdenum and molybdenum acquired from third parties	(123,173)	(166,084)	-26%
Other by-products	(1,216,249)	(1,230,085)	-1%
Operating income, net	5,229,598	8,614,640	-39%
Non-operating loss, net	(1,419,317)	(1,545,001)	-8%
Financial expenses	(238,073)	(245,487)	-3%
Depreciation	(657,459)	(543,548)	21%
Amortization of intangible assets	(346,368)	(290,985)	19%
EBIT	3,810,281	7,069,639	-46%
Law No. 13.196 tax	(1,159,804)	(1,389,965)	-17%
Income tax	(2,245,965)	(4,091,162)	-45%
EBITDAei (1)	5,052,181	8,149,659	-38%
Amortization of negative goodwill	41	41	0%
Net income	1,566,775	2,981,619	-47%

(1) EBITDAei.: Earnings before taxes, interest, depreciation, amortization and extraordinary items.

Operating income:

Operating income for 2008 amounted to ThUS$ 5,229,598, which is lower by ThUS$3,385,042 than that obtained in 2007. Sales revenues amount to ThUS$ 14,424,756, which is lower by ThUS$2,563,486 that that achieved in 2007 mainly due to a decrease of ThUS$1,919,527 in revenues from sales of own copper (without considering an adjustment for unrealized gains or gains (losses) from the future market), of which ThUS$ -1,328,667 are explained by a price effect and ThUS$ -590,860 by a quantity effect.

The sales price of Codelco's product mix (own copper and copper acquired from third parties) for the period between January and December 2008 amounted to US$ 262.91 per pound (the same as in the prior year 2007, US$ 313.45 per pound.)

The profit margin for the sale of own copper amounted to ThUS$ 3,496,623, which is lower by ThUS$ 3,577,950 than that obtained in the prior year. This lower margin is due to greater costs, lower dispatches and sales revenues. Among the main variances which explain greater costs, there were increases during 2008 in the prices of main supplies and lower ore grades. On the other hand, lower dispatches are the result of lower production due to conflicts with contractors and climatic events occurred during 2008 together with the impact of lower ore grades. Lower sales revenues are the result of that indicated in the first paragraph of this report.

In addition, molybdenum sales provided a profit margin of ThUS$ 1,461,216, which is lower by ThUS$ (172,136) than that obtained in the prior year, which is mainly explained by the decrease in tonnage dispatched (-15.74%) and, to a lower extent, by a drop in prices of this product, which during the year between January and December 2008, had an average of US$ 28.421 per lb. compared to the average obtained in 2007 of US$ 29.91 per lb. (Source: Cochilco.)

Subsidiary operations in aggregate generated during the year between January and 2008 sales of ThUS$784,884 and cost of sales of ThUS$777,932.

With regard to copper acquired from third parties, Codelco obtained a positive margin of ThUS$6,098, which is greater than the positive margin obtained in the prior year of ThUS$4,294.

Administrative and selling expenses amounted to ThUS$ 354,186, which are lower by ThUS$28,279 than those of the prior year, which is mainly explained by the exchange rate fluctuation occurred between 2007 and 2008, which is partly offset by greater expenses due to the commencement of the operations of the Gabriela Mistral deposit during 2008.

Non-operating income and expense:

Non-operating income and expense amounted to a net loss of ThUS$1,419,317 (for 2007 a net loss of ThUS$ 1,545,001). Other non-operating expenses amounted to ThUS$1,949,689 and includes ThUS$1,159,804 (59.76%) related to Law No.13.196 tax which is charged by 10% to the return from exports of own copper and by-products.)

Income, Income Before Taxes And Net Income:

As of December 31, 2008 income of Codelco (income before income taxes, extraordinary items, Law No.13.196 tax and minority interest) amounted to ThUS$ 4,970,085, which is lower than those ThUS$8,459,604 obtained in the same period of prior year, mainly due to lower operating income of ThUS$3,385,042..

As a result, income before income taxes and extraordinary items amounted to ThUS$3,810,281 and net income amounted toThUS$1,566,775.

II | Consolidated Balance Sheet

Chart 3 | Consolidated balance sheet as of December 31, 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)	Variation %
Assets			
Current Assets	3,581,268	5,989,680	-40%
Property, Plant and Equipment	8,207,241	7,466,661	10%
Other Assets	1,918,151	1,729,553	11%
Total assets	13,706,660	15,185,894	-10%
Liabilities			
Current Liabilities	3,188,166	3,300,296	-3%
Long-Term Liabilities	6,640,072	7,137,094	-7%
Total Liabilities	9,828,238	10,437,390	-6%
Minority interest liability	2,730	4,301	-37%
Equity	3,875,692	4,744,203	-18%
Total liabilities and equity	13,706,660	15,185,894	-10%

Of Total Assets as of December 31, 2008, 26.13% relates to by Current Assets; 59.88% to Property, Plant and Equipment and 13.99% to Other Assets.

Of Total Liabilities and Equity as of December 31, 2008, 23.26% relates to Current Liabilities, 48.44% to Lon-term Liabilities and 28.28% to Equity.

Assets

As of December 31, 2008, current assets amounted to ThUS$3,581,268 (ThUS$5,989,680 as of December 31, 2007) related mainly to Inventories (net) for ThUS$1,546,632 (43.19%), Trade accounts receivable of ThUS$494,402 (13.81%), Miscellaneous receivables of ThUS$ 334,956 (9.35%), Income taxes recoverable of ThUS$445,952 (12.45%), Time deposits of ThUS$353,469 (9.87%) and the difference relates to other current asset accounts.

With respect to inventories, their decrease as of December 31, 2008 compared to the same period of prior year is due to lower stocks of copper and molybdenum as of December 2008 compared to the amount as of December 2007 together with an amount of ThUS$41,832, which decreases inventories and adjusts them to their net realizable value. Below, we provide a detail of inventories at year-end:

Chart 4 I Inventories as of December 31, 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)	Variation %
Finished products	421,731	781,688	(359,957)
Product in progress	853,311	673,250	180,061
Materials in warehouse and others, net	271,590	249,612	21,978
Balance at year-end	1,546,632	1,704,550	(157,918)

As of December 31, 2008, Property, plant and equipment accounts increased in net terms by ThUS$ 740,580, compared to the balance existing as of December 31, 2007 mainly due to the growth of machinery and equipment linked to the commencement of operations in the Gabriela Mistral deposit.

Chart 5 I Property, plant and equipment as of December 31, 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)	Variation (ThUS$)
Codelco's Property, Plant and Equipment, Net	8,207,241	7,466,661	740,580
Land	59,655	58,051	1,604
Buildings and infrastructure:			
Land improvements	2,148,987	1,964,210	184,777
Buildings	2,369,219	2,158,108	211,111
Rooms	152,338	128,157	24,181
Work-in-progress	1,337,280	1,501,600	(164,320)
Mine development	1,399,971	549,502	850,469
Deposit delimitation	15,720	15,720	-
Mining operations	1,440,487	1,966,324	(525,837)
Forestation and forest development	1,260	944	316
Machinery and equipment	7,303,564	6,429,513	874,051
Transportation equipment	888,133	783,770	104,363
Furniture and equipment	25,985	24,554	1,431
Subsidiaries	213,628	193,808	19,820
Lease fixed assets	166,065	156,634	9,431
Technical appraisal	367,693	368,171	(478)
Depreciation reserve	(9,682,744)	(8,832,405)	(850,339)

Liabilities

As of December 31, 2008, current liabilities amount to ThUS$3,188,166 (ThUS$3,300,296 for 2007) and is comprised by Accounts payable for ThUS$763,776 (23.96%), Accrued expenses of ThUS$ 483,979 (15,18%), Obligations with banks and financial institutions of ThUS$1,445,060 (45.33%) plus other miscellaneous obligations.

Movements of obligations with banks and financial institutions are presented as follows:

Chart 61 | Movements in obligations with banks and financial institutions as of December 31, 2008

	Short-term (ThUS$)	Long-term (ThUS$)
Balance as of January 1, 2008	332,165	700,000
Transfers to the short-term	300,000	(300,000)
Amortization	(400,000)	-
Increases	876,046	-
Balance as of December 31, 2008	1,108,211	400,000

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. The balance owed for this concept is presented under Long-term accounts payable to related companies.

As of December 31, 2008, long-term liabilities amounted to ThUS$ 6,640,072 (ThUS$7,137,094 in 2007) mainly composed of by obligations with banks and obligations with the public amounting to ThUS$3,303,522 (49.75%), deferred income taxes of ThUS$758,013 (11.42%) and long-term accrued expenses amounting to ThUS$1,679,087 (25.29%.)

Long-term liabilities include the balance of US$419 million received in advance and which will have to be applied to sales committed with the affiliate, Copper Partners Investment.

With respect to accrued expenses, Codelco has recorded payment commitments with future benefits agreed with its employees, as well as those which might derive from own lawsuits related to the management of Codelco's activities. These have been classified in the short and long-term depending on their estimated payment horizon.

As of December 31, 2008, equity amounts to ThUS$3,875,692 (ThUS$4,744,203 in 2007), which includes the capitalization of income of 2007 of ThUS$205,492 and a reserve fund of ThUS$500,000. In accordance with the Board of Directors' agreement No. 12 dated February 28, 2008, capitalization amounts to ThUS$105,492.

III | Financial Indicators

Chart 71 | Consolidated financial ratios for the years ended December 31, 2008 and 2007

	12/31/2008 Ratio	12/31/2007 Ratio
Liquidity Ratios		
Current liquidity: Current assets/Current liabilities	1.12	1.81
Acid test: (Current assets -Inventories-Prepaid expenses)/Current liabilities	0.63	1.30
Indebtedness Ratios		
Indebtedness ratio: Total debt (TL)/Equity (times)	2.54	2.20
Short-term to total debt: Current liabilities/Total debt (TL)	0.32	0.32
Long-term to total debt ratio: Long-term liabilities/Total debt (TL)	0.68	0.68
Financial expense coverage: Income before taxes and interest/Financial expenses	17.01	29.80
Profitability Ratios (Income after taxes)		
Return on assets %	11.43	19.63
Return on equity %	40.43	62.85
Operating asset performance (2) %	12.41	20.82
Net income plus income tax and Law No. 13.196 tax	4,972,544	8,462,746
Activity Ratios		
Account receivable turnover	29.18	16.01
Collection recovery (days)	12	22
Inventory turnover (times)	5.72	4.69
Inventory permanence (days)	63	77
Total assets	13,706,660	15,185,894
Investments in other companies and property, plant and equipment	1,975,490	1,604,951
Sales of assets	14,631	98,762

(2) Total assets less investments in other related companies are considered to be operating assets.

As of December 31, 2008, liquidity ratios decreased compared to December 31, 2007 due to a decrease in current assets (-40%), due to a lower balance in Time deposits, reduced due to the salvage of instruments during the first half of 2008 and due to the decrease in Trade accounts receivable the balance of which reflects the most recent sales invoices, which reflect the prices of copper and molybdenum for the last quarter of 2008, where there was an abrupt drop in prices in the international market.

As of December 31, 2008, Codelco's total indebtedness amounted to ThUS$9,828,238 (ThUS$10,437,390 in 2007) determining a greater indebtedness ratio for the year of 2.54 times (2.2 times as of December 31, 2007), derived from the increase in short-term loans, long-term accrued expenses due to the close of dams and mining work, which increased compared to 2007 and the decrease in equity due to lower net income.

Accounts receivable associated with trade accounts receivable decreased compared to the prior year due to an improvement in the collection recovery ratio (12 days as of December 2008 compared to 22 days in the prior year), due to a drop in Trade accounts receivable because of the drop in prices in the last quarter of 2008.

IV | Statement of Cash Flows

Net cash flows from operating activities for the year ended December 31, 2008 determined a positive cash flow of ThUS$3,242,607, which is lower by ThUS$1,443,911 compared to the prior year, mainly lower collection of trade accounts receivable related to the drop in sales and an increase in payment to suppliers and employees due to the fluctuation in the exchange rate generated during the first half of 2008.

Cash flows from operating activities highlight the following:

Chart 8 | Cash flows from operating activities for the years between January and December 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)
Collections of trade accounts receivable	16,038,164	17,931,727
Payment of income tax	2,138,552	4,276,553
Payment of Law No. 13.196 tax and others	2,122,282	1,578,042

On the other hand, financing activities for the year ended December 31, 2008 generated a negative flow of ThUS$(2,745,684), which is greater than the negative flow of ThUS$(1,889,800) generated during the prior year, which is explained mainly by a greater payment of tax surpluses.

Cash flows from financing activities highlight the following:

Chart 9 | Cash flows generated by financing activities for the years between January and December 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)
Bank loans obtained	886,100	578,800
Payment of dividends	(3,231,784)	(2,267,800)
Payment of bank loans	(400,000)	(200,800)

Finally, investment activities generated a net negative cash flow of ThUS$(2,184,423) as of December 2008, which is greater than the negative flow of ThUS$(1,555,396) obtained in 2007. The explanation for this is mainly due to the greater additions to property, plant and equipment, which is partly related to the commencement of the exploitation of the Gabriela Mistral deposit.

Considering cash flows indicated above plus opening cash balances, Codelco obtained final cash and cash equivalents balance of ThUS$386,965 as of December 31, 2008 lower than the balance of ThUS$2,074,465 determined at the end of 2007.

V | Main differences between the carrying value and the market or economic value of Codelco's assets

Codelco's deposits are recorded in the accounting records at a value of US$1 each. Under those terms, the economic value of these deposits differs from their carrying value.

This generates the effect that equity for accounting purposes and assets are underestimated compared to their economic value.

VI | Information on market and competition

Codelco is the World's biggest producer of copper with estimated worldwide share of 11% in copper production and is one of the biggest producers of molybdenum in the world with an estimated percentage of 14% in the worldwide production of molybdenum. Codelco controls approximately 10% of the world's proven copper reserves.

Price of products::

As widely known by the public, from the end of 2005 up to the first half of 2008, there was a sustained increase in the international copper prices. It should also be noted that the price of molybdenum increased between 2004 and 2005 and showed an increase between 2006 and the first half of 2008. However, this trend was reversed during the last quarter of 2008, where prices of copper and molybdenum dropped abruptly in the international markets. The table below shows annual average balances beginning in 2000:

Chart 101 | Annual average prices of copper and molybdenum.

Year	Copper US$/FMT	Molybdenum US$/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
2008	6,951.53	62,192.39

Source: Cochilco

VII | Market Risk Analysis

1) Interest rate coverage

As of December 31, 2008, Codelco has no agreements in force. Agreements which were in force as of December 31, 2007 (ThUS$300,000) ended in January 2008.

2) Exchange rate coverage

Codelco has hedging operations against variations in exchange rate variations which amount to ThUS$ 373,001, which expire in August 2012 and April 2025 and present a positive exposure of ThUS$17,523 as of December 31, 2008. Other within Other assets present a balance of ThUS$95,520 (ThUS$175,927 in 2007) related to the net account receivable for these exchange rate hedging agreements. In addition, Other long-term liabilities include the balance of ThUS$59,338 (ThUS$77,946 in 2007.) Collections for these agreements are amortized over the term of expiration of the respective obligations.

3. Cash flow hedging operation and business policy adjustment agreements

In order to hedge its cash flows and adjust; when required, its sales agreements to the business policy. Codelco conducts operations in future markets recording the results at the end of each agreement. These results are added to or deducted from revenues from sales. This addition or deduction is performed given that revenues from sales include the positive or negative effect of market prices. As of December 31, 2008, these operations generated lower net revenues of ThUS$723,769, which is detailed as follows:

3a) Business operations related to copper agreements in force

In line with the policy of hedging its cash flows and adjustment to its business policy, during the year between January and December 2008, Codelco has conducted future market operations, which represent 244,154 metric tons of fine copper. These hedging operations form a part of Codelco's business policy and they expire in March 2010.

Agreements in force as of December 31, 2008 present a net positive exposure of ThUS$ 217,009, the final result of which could only be known at the expiration of these operations after offsetting between hedging operations and revenues from sales of hedged products.

Operations ended between January 1 and December 31, 2008 generated a net positive effect on income of ThUS$2,993, which are deducted from the amounts paid related to purchase agreements and are added to the amounts received related to sales agreements of products affected by these price setting operations (greater revenues of ThUS$ 6,331 related to purchases and lower revenues from sales of ThUS$3,338.)

3b) Business operations for gold and silver agreements in force

As of December 31, 2008, Codelco has agreements for setting the sales prices of gold for MOZT 4.2 and for silver of MOZT 181.6.

The negative exposure at that date amounts to ThUS$ 384.

Operations ended between January 1 and December 31, 2008, generated a positive effect on income of ThUS$1,811, which is added to amounts received related to the sale of products affected by this price setting. These hedging operations expire in March 2009.

3c) Operations for cash flow hedging supported with future production

In addition, in order to hedge its cash flows through ensuring sales price levels of a portion of the production, future operations have been conducted for FMT 867,700. Agreements related to future production sales expire in March 2013.

Future operations in force as of December 31, 2008 present a negative exposure of ThUS$127,422, the final result of which could only be known at the expiration of these agreements offsetting the related effect with the sale of hedged products.

Future operations ended between January 1 and December 31, 2008, related to production sold, generated lower income of ThUS$ 679,550, which is the result of the offsetting between the hedging operation and sales revenues associated with sales agreements for products affected by this price setting. These results are presented as a deduction of net operating results.

As of December 31, 2008, Codelco has minimum-maximum option agreements (put purchase and call sell options) to hedge its cash flows by ensuring a sales minimum amount for FMT 120,900. As of December 31, 2008, these operations present a positive exposure of ThUS$111,294. These hedging operations expire in March 2010.

Minimum-maximum options ended between January 1 and December 31, 2008 generated lower revenues of ThUS$49,023.



Stand-alone Financial Statements

Deloitte.

Independent Auditors' Report

To the Chairman and Members of the Board of Directors of Corporación Nacional del Cobre de Chile

We have audited the accompanying balance sheets of Corporación Nacional del Cobre de Chile (the "Company") and subsidiaries as of December 31, 2008 and 2007, 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, 2008 and 2007, 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, 2008 and 2007, the direct and indirect investment of the Company in such investees and the total assets reflected by the financial statements of such subsidiaries represent 6.7% and 5.2%, 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 2.1% and 2.9%, 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 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.

The abovementioned financial statements have been prepared to reflect the stand-alone financial position of Corporation 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 from other auditors, the financial statements, present fairly, in all material respects, the financial position of Corporación Nacional del Cobre de Chile and subsidiaries as of December 31, 2008 and 2007, 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 stand-alone 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 solely for the convenience of readers outside of Chile.

Deloitte

February 25, 2009

Mario Muñoz V.

Balance Sheets

At December 31, (In thousands of U.S. dollars - ThUS$)

Assets	2008 ThUS$	2007 ThUS$
Current:		
Cash and banks	18,842	13,090
Time deposits	299,835	1,947,196
Marketable securities	1	1
Trade receivables, net	483,584	1,008,754
Notes receivable	52	216
Other receivables, net	329,412	336,375
Due from related companies	147,674	68,855
Inventories, net	1,474,291	1,634,709
Recoverable taxes	426,319	257,487
Prepaid expenses	13,781	9,811
Deferred taxes	232,198	446,633
Other current assets	1,134	34,882
Total current assets	**3,427,123**	**5,758,009**
Property, plant and equipment:		
Land	59,655	58,051
Buildings and infrastructure	8,865,262	8,284,565
Machinery and equipment	8,217,682	7,237,837
Other plant and equipment	166,065	156,634
Technical appraisal revaluation	367,693	368,171
Accumulated depreciation	(9,644,555)	(8,801,888)
Net property, plant and equipment	**8,031,802**	**7,303,370**
Other assets:		
Investments in related companies	1,159,120	882,702
Investments in other companies	144	185
Goodwill	19,319	20,494
Long-term receivables	177,235	220,316
Due from related companies	115,206	226,745
Intangibles	31,179	19,766
Accumulated amortization	(6,550)	(6,550)
Other assets	608,014	550,806
Total other assets	**2,103,667**	**1,914,464**
TOTAL ASSETS	**13,562,592**	**14,975,843**

The accompanying notes are an integral part of these financial statements

Balance Sheets

At December 31, (In thousands of U.S. dollars - ThUS$)

Liabilities and equity	2008 Thus$	2007 Thus$
Current liabilities:		
Banks and financial institutions:		
Current	786,563	-
Current portion of long-term debt	300,064	308,341
Current portion of bonds payable	336,849	37,427
Dividends payable	-	800,000
Accounts payable	715,678	914,273
Miscellaneous payables	86,635	115,289
Due to related companies	160,627	124,275
Accruals	466,087	703,231
Withholdings	253,585	133,425
Deferred income	14,585	26,915
Other current liabilities	9,913	10,385
Total current liabilities	**3,130,586**	**3,173,561**
Long-term liabilities:		
Due to banks and financial institutions	400,000	700,000
Bonds payable	2,903,522	3,283,924
Miscellaneous payables	302,154	146,456
Due to related companies	435,413	470,095
Accruals	1,674,476	1,527,517
Deferred taxes	758,488	823,733
Other long-term liabilities	82,261	106,354
Total long-term liabilities	**6,556,314**	**7,058,079**
Equity:		
Paid-in capital	1,524,423	1,524,423
Other reserves	1,757,914	1,655,924
Retained earnings:		
Retained earnings	500,000	400,000
Net income for the year	1,566,775	2,981,619
Profit distributions to the Chilean Treasury	(1,473,420)	(1,817,763)
Total net equity	**3,875,692**	**4,744,203**
TOTAL LIABILITIES AND EQUITY	**13,562,592**	**14,975,843**

The accompanying notes are an integral part of these financial statements

Statements of Income

For the years ended December 31, (In thousands of U.S. dollars - ThUS$)

	2008 ThUS$	2007 ThUS$
Sales	13,639,872	15,630,414
Cost of Sales	(8,063,040)	(6,646,230)
Gross profit	**5,576,832**	**8,984,184**
Administrative and selling expenses	(349,603)	(338,258)
OPERATING INCOME	**5,227,229**	**8,645,926**
Non-operating income (expenses):		
Interest income	54,823	92,816
Equity in income of related companies	320,246	529,399
Other income	174,122	141,636
Equity in losses of related companies	(19,298)	(25,636)
Amortization of goodwill	(1,176)	(1,176)
Interest expense	(236,974)	(242,264)
Other expenses	(1,940,913)	(2,006,863)
Foreign exchange differences	230,202	(72,749)
NON-OPERATING EXPENSES, NET	**(1,418,968)**	**(1,584,837)**
INCOME BEFORE INCOME TAXES	**3,808,261**	**7,061,089**
INCOME TAXES	**(2,241,486)**	**(4,079,470)**
NET INCOME FOR THE YEAR	**1,566,775**	**2,981,619**

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows

For the years ended December 31, (In thousands of U.S. dollars - ThUS$))

	2008 ThUS$	2007 ThUS$
Net cash flows from operating activities:		
Collection of accounts receivable	15,247,320	16,577,409
Interest income collected	18,470	66,952
Dividends and other distributions collected	240,954	610,682
Other income collected	1,526,223	1,072,992
Payments to suppliers and personnel	(8,224,790)	(6,737,876)
Interest paid	(240,591)	(176,915)
Income taxes paid	(2,134,073)	(4,264,861)
Law No. 13,196 and other expenses paid	(2,122,282)	(1,578,042)
Value added tax and other similar taxes paid	(1,099,299)	(876,830)
Net cash provided by operating activities	**3,211,932**	**4,693,511**
Net cash flows from financing activities:		
Loans obtained	886,100	578,800
Profits distribution to the Chilean Treasury	(3,231,784)	(2,267,800)
Loan payment	(400,000)	(200,800)
Net cash used in financing activities	**(2,745,684)**	**(1,889,800)**
Net cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	10,881	7,727
Proceeds from sales of permanent investments	3,750	9,575
Proceeds from sale of other investments	14,070	327
Payments received from other loans to related companies	92,239	-
Other investment income	18,603	61,351
Purchases of property, plant and equipment	(1,870,934)	(1,554,221)
Investments in related companies	(192,332)	(32,816)
Investments in financial instruments	-	(10,295)
Loans to related companies	(141,921)	(44,844)
Other investment disbursements	(42,213)	(70,220)
Net cash used in investing activities	**(2,107,857)**	**(1,633,416)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	**(1,641,609)**	**1,170,295**
CASH AND CASH EQUIVALENT AT THE BEGINNING OF YEAR	**1,960,287**	**789,992**
CASH AND CASH EQUIVALENT AT THE END OF YEAR	**318,678**	**1,960,287**

The accompanying notes are an integral part of these financial statements

Statements of cash flows

For the years ended December 31, (In thousands of U.S. dollar - ThUS$)

Reconciliation between net income and cash Flows from operating activities:	2008 ThUS$	2007 ThUS$
Net income for the year	**1,566,775**	**2,981,619**
Proceeds from sales of assets:		
Proceeds from sales of property, plant and equipment	(2,507)	(1,917)
Proceeds from sale of investments	(1,667)	(8,572)
Charges (credits) to income which do not represent cash flows:		
Depreciation	648,005	552,278
Amortization of assets	346,368	290,985
Write-off and provisions	508,270	482,370
Equity in income of related companies	(320,246)	(529,399)
Equity in losses of related companies	19,298	25,636
Amortization of goodwill	1,176	1,176
Foreign exchange differences	(230,202)	72,749
Other credits to income which do not represent cash flows	(76,318)	(52,132)
(Increase) decrease in assets that affect operating cash flows:		
Accounts receivable	446,351	529,213
Inventories	160,418	(178,405)
Other assets	327,212	259,716
Increase (decrease) in liabilities that affect operating cash flows:		
Accounts payable related to operating activities	(196,352)	214,722
Interest payable	(4,525)	(13,761)
Income taxes payable	-	(102,532)
Value added tax and other similar taxes payable	19,876	169,765
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3,211,932**	**4,693,511**

The accompanying notes are an integral part of these financial statements

Simplified Notes to the Financial Statements

For The Years Ended December 31, 2008 And 2007 (In thousands of U.S. 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 | Description of the Business

Corporación Nacional del Cobre de Chile, Codelco - Chile ("Codelco", or the "Company") is registered under the Securities Registry No.785 of the Superintendency of Securities and Insurance ("Superintendency"). The Company is subject to the regulation of the Superintendency.

The Company was formed as stipulated by Law Decree (D.L.) No. 1350 dated 1976. Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity 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. No.1350, 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. No.1350, 2398 and 824.

Note 02 | Summary of significant accounting policies applied

a) Accounting periods

These financial statements correspond to the period between January 1st to December 31, 2008 and 2007.

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 the 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. No.1350, the Company's records are kept in United States dollars.

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 period-end of Ch$636.45 per US dollar as of December 31, 2008 and Ch$496.89 per US dollar as of December 31, 2007.

UF-Denominated Assets and Liabilities

At December 31, 2008 and 2007, assets and liabilities denominated in Chilean pesos or UF (an inflation index-linked unit used in Chile) have been translated using the US$ rates effective at the end of each period (2008: Ch$636.45 and 2007: Ch$496.89) and the UF value on the closing dates of the financial statements (2008: Ch$21,452.57; 2007: Ch$19,622.66).

The Chilean pesos income and expenses 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 period from January 1 to December 31, 2008 and 2007 were Ch$520.35 per US dollar and Ch$522.55 per US dollar, respectively.

Chilean Subsidiaries

Assets and liabilities and income statement accounts in Chilean pesos as of December 31, 2008 and 2007 have been translated into US dollars at the exchange rates on those dates (Ch$636.45 per US dollar in 2008 and Ch$496.89 per US dollar in 2007).

Foreign subsidiaries

As of December 31, 2008 and 2007, the financial statements of foreign subsidiaries have been translated from their respective foreign currencies into US dollars using the exchange rates as of the respective period-end, as follows:

	2008 US$	2007 US$
Pound sterling - UK	1.44279	1.99124
Euro	1.41223	1.47102
Mexican peso	0.07234	0.09175

e) Time deposits

Time deposits are recorded at cost plus accrued interest at each period-end.

f) Inventories

Inventories are valued at cost, which does not exceed their net realizable value. Cost has been determined using the following criteria:

- 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 and amortization of property, plant and equipment and indirect expenses.

- Materials in warehouse: Materials in warehouse are valued at acquisition cost. The Company calculates an obsolescence provision depending on the length of time in stock of materials experiencing slow turnover.

- Materials in transit: Materials in transit are valued at the cost incurred. The provisions related with lower realization values are made using the information available at the year-end.

g) Allowance for doubtful accounts

The Company records an allowance for doubtful accounts based on Management's 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 their 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 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 under the production unit method over the estimated period of future mineral production. These costs include extraction of waste material, constructing the mine's infrastructure and other work carried out prior to the normal 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 of exploitation and of mining operations (property, plant and equipment): These costs are recorded in property, plant and equipment and are amortized under the production unit method to income over the period in which the benefits are obtained.

k) Leased assets

Property, plant and equipment under finance leasing contracts are recorded as other plant and equipment. These leased 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 over the useful lives of the assets. The Company does not legally own these assets until it exercises the respective purchase options.

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 period-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 the shares that the Company has acquired for its operations but has no significant influence in their 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 No. 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. No.824, and D.L. No.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 the payment of severance indemnities. It is the Company's policy to provide for the total obligation accrued at nominal value.

Additionally, the Company has recorded the necessary provisions for the payment of health benefits agreed with the employees and ex-employees. The provisions are calculated at net present value using a discount rate which is equivalent to the interest rate applied in all its financing operations and with a term of 10 years.

Following its cost-reduction programs through the use of modern technologies, the Company 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 overseas 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. A provision is made for estimated decreases in sales values on unsettled operations at the end of the period based on the information available as of the date the financial statements is prepared and is presented as a reductin of trade receivables or in accounts payables, as applicable. 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.

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 No. 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 the policies approved by the Board of Directors the Company entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

The hedging policies seek on the one hand to protect the expected cash flows from the sale of products by fixing the prices for a portion of future production, and on the other hand to adjust physical contracts to its commercial policy, when necessary.

With the transactions that are carried out, the Company takes advantage of the opportunities provided by the market, which does not imply a 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 in the futures markets are not of a speculative nature.

In accordance with the provisions of Technical Bulletin No.57 of the Chilean Institute of Accountants, the results of these hedging transactions are recorded at the settlement date of the hedging operations, as part of the sales revenue of the products.

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 No. 981 dated December 28, 1990 of the Superintendency, 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.

t) Research and development expenses

Research and development expenses are charged to income as incurred.

u) Statement of cash flows

Cash and cash equivalents includes unrestricted cash and bank balances, time deposits maturing within 90 days and financial instruments classified as short-term marketable securities, 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 on bond issuance is capitalized as deferred expenses and the premium is capitalized as deferred income, and both are amortized using the straight-line method over the term of the bonds and are classified in the item Other Assets under Other Assets or in the item Other Long-Term Liabilities under Long-Term Liabilities, respectively.

w) Closure costs

The Company has established a policy of accruing for future closure costs, which mainly relate to the closure of tailing dams, mining operations and the assets, which, subsequent to the end of their useful lives, continue to incur expenses. This policy allows for the recording of a mine's closure costs during its exploitation stage.

This accrual is calculated at net present value using a discount rate that is equivalent to the interest rate at which the Company obtains its financing and with a term according to the mining plan of each Division.

x) Law No. 13196

Law No.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 statements of income.

y) Cost of sales

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 period's results, as is established in Circular No.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 No.72 of the Chilean Institute of Accountants. Goodwill is amortized 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 accrued interest and restatements at the period-end in accordance with the clauses of the respective contracts.

ac) Financial statements from January to December, 2007

Certain 2007 figures have been reclassified to be comparative with 2008 figures.

Note 03 | Changes in accounting principles

At December 31, 2008, there are no changes in accounting policies and accounting criteria described in Note 2, with respect to the prior 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 according to which business with individuals and companies related to the Corporation should be conducted. This has been monitored by Management since December 1, 1995 through Corporate Regulation No.18 and its related administrative procedures.

Accordingly, Codelco cannot enter into agreements or acts in which one or more Directors, its Executive President, members of the

Divisional Board of Directors, Vice Presidents, Corporate 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 those 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 Corporate Regulation No.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	December 31, 2008 ThUS$	December 31, 2007 ThUS$
Insitu Ingeniería Construcción y Servicios S.A.	Relative of an executive	742	739
B. Bosch S.A.	Executive's spouse	708	664
Edyce S.A.	Relative of an employee	-	398
CMS Tecnología S.A.	Investee	-	23,545
Alejandro Mejía Correa	Relative of an employee	-	27
Juan Torres Peters	Relative of an executive	-	57
Compañía de Petróleos de Chile S.A.	Director's participation	1,082	14,771
Ara Worley Parsons S.A.	Executive participation	357	2,801
Carmen Pavez Díaz	Executive's spouse	81	-
Ingeniería Eléctrica Transboch Ltda.	Executive's spouse	4,984	-
Distrinor S.A.	Investee	-	117,400
Prodalam S.A.	Director's participation	714	47
Quadrem Chile Ltda.	Investee	69	1,045
Sodimac S.A.	Director's participation	-	28
Patricio Vergara Ramirez	Relative of an employee	-	72
Ricardo Parada Araya	Relative of an executive	-	112
Fundición Talleres S.A.	Investee	-	155
Dynal Industry S.A.	Relative of an executive	23	-
Mining Industry Robotic Solutions S.A.	Investee	5,000	-
Biosigma S.A.	Subsidiary	3,912	-
Ecometales Limited (Ex ACL Limited)	Subsidiary	34,500	-
Prodinsa S.A.	Director's participation	170	-
Transelec S.A.	Relative of an executive	13	-
R & Q Ingeniería S.A.	Relative of an executive	1,609	-
SyS Consultores Ltda.	Relative of an employee	13	-
Consorcio Ara Worley Parson-SNC LAVALIN	Executive participation	3,029	3,040
Idesol Ingenieros S.A.	Relative of an employee	28	-
Mining Information Communication and Monitoring S.A.	Subsidiary	-	33,131

b) Directors' Remuneration

During 2008 and 2007, 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 2008 ThUS$	2007 ThUS$
Santiago González Larraín	20	-
Andrés Velasco Brañes	20	14
Nicolás Majluf Sapag	57	39
Jorge Bande Bruck	57	39
Eduardo Gordon Valcárcel	31	39
Jorge Candia Díaz	57	39
Raimundo Espinoza Concha	57	39
Gustavo González Jure	25	-
Karen Poniachik Pollak	-	14

b.2) Remuneration

Name	Amount of transaction 2008 ThUS$	2007 ThUS$
Jorge Candia Díaz	84	96
Raimundo Espinoza Concha	55	55

b.3) Fees

Name	Amount of transaction 2008 ThUS$	2007 ThUS$
Nicolás Majluf Sapag	39	-
Jorge Bande Bruck	39	-

c) Operations with Codelco investees

The Company also has commercial and financial transactions, that are necessary for its operations with entities in which it has a participation in equity. Financial transactions are mainly loans in current account. The conditions of loans to related companies that are current as at December 2008 and 2007 are detailed as follows:

Loans receivable:

Company	Transaction	2008 Interest	2008 Term	2007 Interest	2007 Term
Electroandina S.A. (1)	Line of credit	Libor + 0.75% per annum	4 years	Libor + 0.75% per annum	4 years
Electroandina S.A. (2)	Line of credit	Libor + 1% per annum	2 years	Libor + 1% per annum	2 years
CMS Tecnología S.A.	Mortgage	Libor 180 days + 2.5% per annum	3 years	Libor 180 days + 2.5% per annum	3 years
Minera Gaby S.A.	Mortgage	5.5% per annum	18 months	5.5% per annum	18 months
Soc. Ejecutora Hospital del Cobre Calama S.A.	Mortgage	8.25% per annum	129 months	8.25% per annum	129 months
Clínica Río Blanco S.A.	Line of credit	6% per annum	12 semesters	6% per annum	12 semesters
Clínica Río Blanco S.A.	Mortgage	4% per annum	60 months	4% per annum	60 months
Sociedad GNL Mejillones S.A.	Current account financing.	-	-	2.6% per annum	6 months

(1) Direct line of credit

(2) Line of credit in guarantee for external credits

Loans payable:

Company	Transaction	2008 Interest	2008 Term	2007 Interest	2007 Term
Soc. Ejecutora Hospital del Cobre Calama S.A.	Leasing	8.25% per annum	120 months	6% per annum	120 months
Electroandina S.A.	Leasing	23.3% per annum	74 months	23.3% per annum	74 months

Commercial transactions with related companies correspond to the purchase and sale of products or services at market conditions and values and they are not subject to interest or readjustments. These companies are: Asociación Garantizadora de Pensiones, Isapre Chuquicamata Limitada., Instituto de Innovación en Minería y Metalurgia S.A., Prestadora de Servicios San Lorenzo Limitada., Isapre Río Blanco Limitada., Chile Copper Limited (Inglaterra), Codelco Group Usa Inc. (Estados Unidos), Codelco International Limited (Bermudas), Codelco Kupferhandel GmbH (Alemania), Codelco Services Limited (Inglaterra), Metall Agentur GmbH (Alemania), Codelco Metals Inc. (Estados Unidos), Codelco Technology Investment Inc. (Bermudas), Codelco Do Brasil Mineracao (Brasil), Copper Technology Investment Inc. (Estados Unidos), Semi Solid Metal Investors Llc. (Estados Unidos), Corporación del Cobre (USA) Inc. (Estados Unidos), Compañía Minera Pichaco (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 S.A., Mineracao Vale Do Curaca (Brasil), Mining Information, Communication and Monitoring S.A., Sociedad GNL Mejillones S.A., Energía Minera S.A., Termoeléctrica Farellones 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., Fundición Talleres S.A., CMS Tecnología S.A., Ecosea Farming S.A., Comotech S.A., Innovaciones en Cobre S.A. and Inversiones Mejillones S.A.. The detail is as follows:

	Amount of transaction 2008 ThUS$	2007 ThUS$
Capital contribution	196,832	34,564
Dividends received	240,955	610,405
Sales of products and services	713,532	609,697
Purchase of products and services	1,166,279	807,416
Loans	37,395	5,985
Mortgage	50,370	1,100
Interest on loans	128	154
Interest	71	292
Reimbursment of expenses	197,562	139,268
Current account	59,636	8,473
Various expenses	-	2,530
Commissions paid	793	942
Interest and commissions	3,580	3,288
Rental	3,275	3,854

d) Other information

At December 31, 2008 and 2007, the Company has ThUS$111,252 and ThUS$166,135 in long-term notes and accounts receivable, respectively mainly correponding to Codelco International 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, 2008 and 2007, the short-term and long-term accounts 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 18c).

At December 31, 2007, the long-term accounts receivable from the investee Electroandina S.A. corresponds to the balance of credit line pending amortization in accordance with the Shareholders Agreement.

At December 31, 2008, the balance due to Minera Gaby S.A. increased as a result of the contract service agreement entered into with this Company, for the operation of Gabriela Mistral's mineral deposit.

Note 05 | Inventories

At December 31, 2008 and 2007, inventories amounted to ThUS$1,474,291 and ThUS$1,634,709, respectively, and include finished products, products in process, material in warehouse and others.

At December 31, 2008, the Company has started the operation activities related to the Gabriela Mistral project; therefore the total amount of inventories includes FMT22,701 (FMT2,508 corresponding to finished products and FMT20,193 to products in process) from this deposit (ThUS$52,112).

At December 31, 2007 finished products are presented net of unrealized profits of ThUS$10,721, 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.

At December 31, 2008 finished products and products in process are presented net of the provision for lower realization value of ThUS$7,293 and ThUS$34,539, respectively.

The value of material in warehouse and others are presented net of the obsolescence allowance for materials in warehouse of ThUS$89,444 and ThUS$51,673 as of December 31, 2008 and 2007, respectively.

Note 06 | Income and deferred taxes

a) Deferred taxes:

The deferred tax calculated in accordance with the policy described in Note 2.o) at December 31 2008, represents a net liability of ThUS$526,290 conformed by assets for ThUS$1,298,712 and liabilities for ThUS$1,825,002 and of ThUS$377,100 conformed by assets for ThUS$1,305,678 and liabilities for ThUS$1,682,778 as of December 31, 2007.

b) Income taxes:

At December 31, 2008 and 2007 the charge to income for first category income tax is the following:

	2008 ThUS$	2007 ThUS$
First category Income tax (17%)	530,467	1,035,407
D.L. 2,398 (40%)	1,351,073	2,602,492
Specific tax on mining activity (5%)	210,756	347,837
Total income taxes	2,092,296	3,985,736

This provision is presented in Income tax payable, net of estimated provisional monthly tax payments and other tax credits.

Note 07 | Property, plant and equipment

The composition of property, plant and equipment is as follows:

a) Property, plant and equipment, gross

	As of December 31, 2008 ThUS$	2007 ThUS$
Land and mining rights	59,655	58,051
Buildings and infrastructure	8,865,262	8,284,565
Machinery and equipment	8,217,682	7,237,837
Other property, plant and equipment	166,065	156,634
Technical appraisal revaluation	367,693	368,171
Total gross property, plant and equipment	17,676,357	16,105,258

On January 9, 2006, the Board of Directors of Codelco approved the Gaby Project, which involves the exploitation of 555 million tons. At December 31, 2008, said project is still in construction and ThUS$1,062,561 (2007; ThUS$0) are included in property, plant and equipment and ThUS$36,381 (2007; ThUS$732,779) are included in works in construction item related to the Gaby Project.

b. Accumulated depreciation

	As of December 31, 2008 ThUS$	2007 ThUS$
Buildings and infrastructure	(4,799,528)	(4,353,436)
Machinery and equipment	(4,803,241)	(4,421,978)
Other property, plant and equipment	(41,786)	(26,474)
Total accumulated depreciation	(9,644,555)	(8,801,888)
Depreciation and amortization for the year	887,968	783,730

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, 2008 and 2007, total investments in investees which have not consolidated their financial statements with the Company amount to ThUS$1,159,120 and ThUS$882,702, respectively. The net profits of these companies for 2008 and 2007 amounted to ThUS$300,948 and ThUS$503,763, respectively.

These investments are expressed net of unrealized gains for ThUS$107,292 and ThUS$149,061 in 2008 and 2007, respectively.

The 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.

a) Main investees of Codelco

The following are the companies in which Codelco has participation:

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 has a 100% interest in the Semi Solid Metal Investors LLC. In addition, it has a 90% interest in Ecosea Farming S.A. and a 33.33% of interest in Comotech S.A.

On December 30, 2008, Company Copper Technology Investment Inc., transferred the ownership and the assets and liabilities of Ecosea Farming S.A. and Comotech S.A., to Innovaciones en Cobre S.A. (indirectly owned by Codelco Chile through its subsidiary Inversiones Copperfield Ltda.). Such assets and liabilities, were transferred at their carrying value recorded as of the transaction date, in the accounting books of Copper Technology Investment Inc.

Codelco Küpferhandel GmbH (Germany)

Codelco Küpferhandel 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 Küpferhandel GmbH has a 40% interest.

Codelco Küpferhandel Metall Agentur, a subsidiary of Codelco Küpferhandel 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. Its 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 International 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.

On March 3, 2008, the sale of the interest ownership that Codelco Chile has in the Company Minera Vale do Curaca S.A. was formalized. The total sale price for the shares representing 51% of interest ownership in the Company was ThUS$3,327, resulting in a net loss amounting to ThUS$2,061.

Instituto de Innovación en Minería y Metalurgia S.A.

Instituto de Innovación en Minería y Metalurgia 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 Río Blanco Limitada are civil limited liability companies whose objective is the providing of healthcare services and benefits to Codelco´s present and former employees.

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 adquired 56,72% through its subsidiary Inversiones Copperfield Ltda. The purchase of said participation amounted to ThUS$12,000. Subsequently, Inversiones Copperfield Ltda. sold its participation in ThUS$20,000 to Minera Meridian Ltda. generating a gain of ThUS$8,000.

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 the Exploradora, Sierra Jardín, María Delia and Sierra Morena prospects located in Regions I, II and III of Chile.

The business that was faced through 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 Pecobre S.A. de C.V.

Minera Pecobre 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.

On December 29, 2008, Codelco Chile agreed to sell to Industrias Peñoles S.A. de C.V. its shares in Sociedad Pecobre S.A. de C.V. corresponding to 49% of the capital of said company in US$5,000,000 gross, generating an after tax income of ThUS$1,667.

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 65.2% and Codelco holds 34.8%. Electroandina S.A.'s main assets were acquired from Codelco's former Tocopilla Division.

Codelco has direct and indirect ownership of 66.75% of Electroandina S.A.

On July 24, 2008, the market was informed regarding the merger between Suez S.A. (controlling entity of Suez Energy Andino S.A., through Suez-Tractabel S.A.) and Gas de France S.A. Due to this operation, the new controlling entity of the holding changed its name to GDF Suez S.A.

The Extraordinary Shareholders' Meeting of Electroandina S.A., held on July 29, 2008, approved a capital increase of said company, under which on September 26, 2008, Codelco subscribed 25,687,934 Serie B shares, for a total amount of ThUS$24,537, maintaining its ownership percentage in 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.

Since March 19, 2007, Phelps Dodge Corporation is a subsidiary of Freeport McMoran Copper & Gold Inc.

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 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 of 66.75% of Inversiones Mejillones S.A.

Inversiones Copperfield Ltda.

This Company was formed on December 12, 2001, whose business objetive 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 Río 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 fron 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 shareholding of 35% and 65%, respectively.

The company's objective is the exploration, prospecting, research, development 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.

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.

Its business objective is to provide mining planning, managing and performance and hydric resources services.

CMS Chile S.A. and CMS Tecnología S.A.

CMS Chile S.A. and CMS Tecnología S.A. are private companies, whose purpose is to manufacture, market, maintain, repair and distribute mining equipment and spares.

On October 4, 2005, the Company sold 70% of CMS Tecnología S.A. shares to ABB Chile S.A. for ThUS$2,898, resulting in a gain of ThUS$757.

On December 22, 2008, Compañía Elaboradora de Cobre Ltda. and Corporación Nacional del Cobre de Chile entered into a Sales Contract Agreement for the shares and transfer of rights of CMS Chile Sistemas y Equipos Mineros S.A.. As a consequence of that transaction, Codelco absorbed CMS Chile S.A., resulting in a net loss amounting to ThUS$4,964 recognized in the income statement of Codelco Chile.

Micomo S.A.

On April 11, 2006, the Company in association with NTT Advance Technology Corporation (Japan) 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%.

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 to be reduced to 23.73%.

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 types or classes 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 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 paid in capital of related companies

During the periods between January 1 and December 31, 2008 and 2007 Codelco made capital contributions, in cash or by capitalizing accounts receivable, for ThUS$196,832 and ThUS$34,564 respectively, as follows:

	2008 ThUS$	2007 ThUS$
Biosigma S.A.	5,178	5,477
Minera Pecobre S.A.	-	1,000
Sociedad GNL Mejillones S.A.	145,000	25,000
Sociedad Kairos Mining S.A.	-	40
Sociedad Contractual Minera Sierra Mariposa	-	1,747
Mining Industry Robotic Solutions S.A.	2,281	1,300
Inversiones Tocopilla Ltda.	14,836	-
Electroandina S.A.	24,537	-
Inversiones Copperfield Ltda.	5,000	-

These capital contributions were recorded at book value in accordance with Technical Bulletin No.72 issued by the Chilean Institute of Accountants.

c) Unrealized gains:

The Company has recognized unrealized gains on the contribution of products, mining properties, property, plant and equipment and ownership rights. The most significant transactions are detailed as follows:

- Sociedad Contractual Minera El Abra

The Company contributed mining rights to Sociedad Contractual Minera El Abra in 1994, whose zed gain for ThUS$106,483 in 2008 and ThUS$125,779 in 2007 are presented net of the investment. The gain is recognized based on the depletion of Sociedad Contractual Minera El Abra. At December 31, 2008 and 2007 gains of ThUS$19,296 and ThUS$14,957, respectively, were recognized. At December 31, 2008 and 2007 finished products are presented under the Inventories item, net of unrealized gains for ThUS$0 and ThUS$10,721, respectively.

- Codelco Group USA Inc.

The recorded unrealized gain 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, 2008 unrealized gains of ThUS$342 are presented as a deduction from the investment.

- Codelco Küpferhandel GmbH

The recorded unrealized gain 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, 2008 unrealized gains of ThUS$467 (2007;ThUS$23,282), are presented as a deduction from the investment.

Note 09 | Goodwill

Law No.19,993 dated December 17, 2004 authorized, Empresa Nacional de Minería (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.

As a result of this transaction goodwill was generated which is amortized over 20 years since the date of acquisition in accordance with the estimated life of return on the investment.

Note 10 | Obligations with banks and financial institutions - current

Current obligations with banks and financial institutions amount to ThUS$786,563 in 2008. In 2008, these obligations are denominated in US dollars and pay no interest.

Long - term bank obligations due within one year amount to

ThUS$300,064 in 2008 and ThUS$308,341 in 2007, they are denominated in US dollars at an average annual interest rate of 1.72% in 2008 and 5.22% in 2007.

Note 11 | Obligations with banks and financial institutions - long term

At December 31, 2008, these obligations amount to ThUS$400,000 (2007; ThUS$700,000), are denominated in US dollars at an interest rate based on Libor. The average annual interest rate was 1.59% in 2008 (5.06% in 2007). At December 31, 2008 these obligations mature in 2014.

Note 12 | Current and long-term bonds payable

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, 2008 and 2007, the current liability for each year is ThUS$303,728 and ThUS$3,708, respectively.

On November 18, 2002, the Company issued and placed bonds in the Chilean market, under the regulations of the Superintendency. These bonds were issued for a nominal amount of UF7,000,000, of a single denominated A Series, and are represented by 70,000 certificates for UF100 each. These bonds mature of a single installment on September 1, 2012, at an interest rate of 4.0% per annum with interest paid semi-annually. At December 31, 2008 and 2007, the current liability for each year is ThUS$3,166 and ThUS$3,670, 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, 2008 and 2007, the current liability for each year is ThUS$2,528 and ThUS$2,438, 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, 2008 and 2007, the current liability for each year is ThUS$6,044 and ThUS$6,011, 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, 2008 and 2007, the current liability for each year is ThUS$5,220 and ThUS$5,192, respectively.

On May 10, 2005, the Company issued and placed bonds in the local market, for a nominal amount of UF6,900,000 of a single denominated B Series, and are represented by 6,900 certificates for UF1,000 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, 2008 and 2007 the current liability for each year is ThUS$2,416 and ThUS$2,814, 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, 2008 and 2007 the current liability for each year is ThUS$8,002 and ThUS$7,881, 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, 2008 and 2007, the current liability for each year is ThUS$5,745 and ThUS$5,713, respectively.

Note 13 | Accruals

At December 31, 2008 and 2007, long-term accruals amount to ThUS$1,674,476 and ThUS$1,527,517, respectively. These accruals cover the Company's commitments that will take place in the long term, arising from closure 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:

	Long-term liability	
Movements	2008 ThUS$	2007 ThUS$
Balance as of January 1,	879,903	729,216
Provision for the year (including effects for variations in exchange rates)	(66,069)	176,842
Transfers to current liability	(35,091)	(26,155)
Totalseverance indemnities	778,743	879,903

Note 14 | Change in equity

a) Corporación Nacional del Cobre de Chile, Codelco-Chile was formed by D.L. No.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. No.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. No.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 advance by Codelco as a result of the advance received from clients for ThUS$550,000 in accordance with the commercial agreement with Minmetals. At said meeting, the Board also asked to maintain as retained earnings an amount of ThUS$400,000. Both proposals were accepted.

On February 28, 2008, in accordance with Article 6 of D.L. No.1,350, the Board of Directors agreed to purpose to the Ministries of Mining and Finance the creation of a reserve fund charging to 2007 net income for an amount of ThUS$198,762.

On January 10, 2008 and on February 15, 2008, the Company paid ThUS$400,000 and ThUS$400,000, respectively, for fiscal surpluses on account of 2007 profit.

The composition of Other Reserves as of December 31, 2008 is as follows:

Detail	Year ThUS$	Accumulated ThUS$
Capitalization of net income and reserves	105,492	1,062,683
Cumulative translation adjustment - subsidiaries	(3,078)	35,988
Net changes in equity in subsidiaries and investees	(424)	(424)
Reserve for housing programs	-	35,100
Technical appraisal revaluation reserve - D.L. No.3,648	-	624,567
Balance of other reserves as of December 31, 2008	101,990	1,757,914

b) At December 31, 2008, the Company recognized profit distributions to the Chilean Treasury for ThUS$1,473,420, charged to the January-December 2008 period income, which reduces equity.

	As of December 31, 2008				
Movements	**Paid-in capital ThUS$**	**Other reserves ThUS$**	**Retained earnings ThUS$**	**Profit distributions ThUS$**	**Net income for the year ThUS$**
Beginning balance - January 1	1,524,423	1,655,924	400,000	(1,817,763)	2,981,619
Transfer of prior year income				1,817,763	(1,817,763)
Profit distributions against prior year					(958,364)
Capitalization of reserves and/or other income		105,492	100,000		(205,492)
Net changes in equity in subsidiaries and investees		(3,502)			
Net income for the year					1,566,775
Interim dividend				(1,473,420)	
Total	1,524,423	1,757,914	500,000	(1,473,420)	1,566,775

	As of December 31, 2007				
Movements	**Paid-in capital ThUS$**	**Other reserves ThUS$**	**Retained earnings ThUS$**	**Profit distributions ThUS$**	**Net income for the year ThUS$**
Beginning balance - January 1	1,524,423	1,332,432		(1,668,043)	3,338,789
Transfer of prior year income				1,668,043	(1,668,043)
Profit distributions against prior year					(950,038)
Capitalization of reserves and/or other income		320,708	400,000		(720,708)
Net changes in equity in subsidiaries and investees		2,784			
Net income for the year					2,981,619
Interim dividend				(1,817,763)	
Total	1,524,423	1,655,924	400,000	(1,817,763)	2,981,619

Note 15 | Non-operating income and expenses

Non-operating income and expenses at December 31, 2008 and 2007 are detailed below:

a) Non-operating income

Item	December 31, 2008 ThUS$	2007 ThUS$
Administration - Satep	5,140	5,042
Fines on suppliers	9,426	4,916
Miscellaneous sales	32,669	44,841
Sales of services	14,265	10,012
Sales of property, plant and equipment	2,507	1,917
Realized gains	19,296	14,957
Others	90,819	59,951
Total	174,122	141,636

b) Non-operating expenses

Item	December 31, 2008 ThUS$	2007 ThUS$
Export tax (Law No.13,196)	1,159,804	1,389,965
Severance indemnities expense	108,111	77,684
Loss on disposal of property, plant and equipment	14,978	6,124
Collective bargaining bonuses	27,205	161,556
Environmental exit costs	295,880	194,922
Pre-investment expenses	94,945	54,222
Other expenses	84,234	42,999
Retirement plans expense	48,009	28,064
Health programs	24,355	11,545
Accrual for contingencies	83,392	39,782
Total	1,940,913	2,006,863

Note 16 | Exchange 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$230,202 in 2008 and net debit to income for ThUS$72,749 in 2007.

Note 17 | Derivative contracts

As is mentioned in Note 2 r), 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, 2008 the Company has no outstanding contracts. The contracts existing at December 31, 2007 (ThUS$300,000) finalized in January, 2008.

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, 2008, these contracts show a negative exposure of ThUS$7,737. The net accounts receivable for said contracts amount to ThUS$95,520 in 2008 and ThUS$175,927 in 2007 and are classified in Others under Other Assets. In addition, costs arising from said contracts for ThUS$59,338 in 2008 and ThUS$77,946 in 2007, are recorded in Other long-term liabilities and are 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 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, 2008, said operations generated a lower net revenue of ThUS$723,769, which is 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 the period January-December, 2008, the Company has carried out operations in future markets, which represent 244,154 metric tons of fine copper. These hedging operations are part of the commercial policy of the Company and mature until March 2010.

The outstanding contracts at December 31, 2008, show a net positive exposure of ThUS$217,009, whose final result will 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, 2008 generated a net positive effect on income of ThUS$2,993 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$6,331 for purchases and ThUS$3,338 for sales).

c.2 Commercial operations for outstanding gold and silver contracts

At December 31, 2008, the Company has gold pricing hedging operations for 4.2 thousand troy ounces and silver pricing hedging operations for 181.6 thousand troy ounces.

At that date, the negative exposure amounted to ThUS$384.

The operations that ended between January 1 and December 31, 2008 generated a positive effect on income of ThUS$1,811, which is added to the amounts received for the contracts for the sale of products involved in said pricing operations. These hedging operations mature until March 2009.

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 have been carried out for 867,700 metric tons of fine copper. These hedging contracts mature until March 2013.

Outstanding future operations at December 31, 2008, show a negative exposure of ThUS$127,422, whose final result will 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, 2008, related to the production sold generated a lower revenue of ThUS$679,550, which is the result of the compensation between the hedging operation and revenues arising from the operation and revenues arising from the contracts for the sale of products involved in said pricing operations. Said results are shown as a reduction in net operating income.

At December 31, 2008, the Company has min-max option agreements (put purchases and call sales) in order to protect its future cash flows by means of ensuring a minimum sale price for 120,900 metric tons of fine copper. At December 31, 2008, these operations show a positive exposure of ThUS$111,294. These hedging operations mature until March 2010.

The min-max operations ended between January 1 and December 31, 2008 generated a lower revenue of ThUS$49,023.

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 do not represent significant loss contingencies. The Company defends its rights and uses all legal and procedural resources available.

Below is a summary of the most significant lawsuits to which Codelco is a party:

- 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.

A case by case analysis of these lawsuits has shown that there are a total of 136 lawsuits with an estimated amount. The Company estimates that 18 of them for ThUS$2,095 could have negative results against the Company. Also, there are 84 lawsuits for ThUS$41,508 for which there is no certainty if they will be against Codelco. For the 34 remaining lawsuits for ThUS$20,549, the legal advisers estimate they will not have a negative result for Codelco. Additionally there are 82 lawsuits for unknown amounts, of which 34 of them could have a negative ruling against Codelco.

The necessary provisions exist for all the abovementioned lawsuits, which are recorded in the accruals for contingencies.

It is public knowledge that the Corporation has presented a petition at the corresponding Court of Appeals, in relation to the reports issued by the Labor's Inspection Office, as a consequence of Law No. 20,123, which regulates the work in terms of subcontracting and temporary service companies. The Company has achieved five favorable sentences regarding these petitions and one against which it has appealed. Currently, all the cases are pending at the Supreme Court.

Other commitments

a) On April 29, 2008, the Company and other mining companies signed a backup energy service contract with Gas Atacama Generación S.A. in the Interconnected Northern System (SING) for the period between March 1st, 2008 and December 31, 2011, whose related expense will be recognized in relation to the consumption of all the participating companies. Codelco's share will not exceed ThUS$194,710 during the entire period covered by said contract.

b) In July 2005, the Board of Directors of the Company was informed of the Salvador mineral situation; and therefore 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 of the above, on May 8, 2007 considering new studies related to market conditions, the Board of Directors decided to extend the exploitation of the Salvador Division's oxide line for two more years, 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 related to the activities that will have to be closed.

c) 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. They also agreed on the terms of a 15-year sales agreement regarding cathodes for the 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.

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 and approves to go forward with said initiative.

On September 23, 2008, Codelco Chile and Minmetals agreed to suspend indefinitely the rights and obligations regarding to the option over the Gabriela Mistral ore body. Any possible reposition of this option will require the agreement of both parties.

At the same time, both companies agreed to work together, on a case by case basis, in the study of new business and exploration opportunities in the international copper mining sector, mainly in Latin America and Africa.

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, 2008, the contract is operating and the monthly shipments began in June 2006.

Based on the abovementioned agreements with Minmetals the Board of Directors of Codelco authorized 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 (69,600 metric tons of fine copper at December 31, 2008). Copper Partners Investment Company assumes the result of this hedge.

d) The Company has subscribed gas supply contracts with its investee GNL Mejillones S.A., which will operate as from October 2010. Through these contracts, the investee agreed to sell as a minimum the equivalent to 27 annual Tera of BTU (Bristish Thermal Unit) in the period 2010-2012. Additionally, the Company, jointly with other mining companies, has signed an option contract with GNL that include the following options:

i) To purchase the right to use the terminal's capacity after the maturity of the contract, or

ii) To purchase shares of GNL

The companies are required to take one of these options.

The Company has subscribed guarantees for 50% of the total amount of GNL Mejillones S.A derivative contract exposure, with a maximum of ThUS$360,000.

e) Law No.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 the treatment of products of the small and medium size mining industry that ENAMI sends for processing or under other terms agreed to by both parties.

f) Following its cost-reduction programs through the use of modern technologies, the Corporation has established early severance programs for its personnel that qualify for retirement, with benefits that encourage retirement, for which obligations are 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 51% ownership 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.

The Company's bond payables establish some restrictions related with limitations on the pledge and limitations on leaseback transactions over the mainly Company's property, plant and equipment and investment in significant subsidiaries.

Note 19 | Direct guarantees

The Company has obligations with the Chilean Treasury according to Law No.18,634 on deferred customs rights for ThUS$5 (2007; ThUS$216). In addition, the Company records documents delivered as guarantee for ThUS$64,882 in 2008 (2007; ThUS$64,858).

At December 31, 2008, the Company has direct guarantees corresponding to Stand by letter of ThUS$140,000 (2007; ThUS$660,000) and deposits in guarantee of ThUS$16,009 in 2007 to certain Brokers in order to guarantee future metal market operations.

Note 20 | Indirect guarantees

The Company is acting as debt guarantor of its subsidiary Complejo Portuario Mejillones S.A., as of December 31, 2008 and 2007, its indirect debt amounting to ThUS$78,622 and ThUS$81,716, respectively.

At December 31, 2008 and 2007, the Company records an indirect debt for ThUS$30,038 from guarantees to its investee Electroandina S.A.

At December 31, 2008 the Company has subscribed guarantees for the 50% of the total exposition of derivatives transactions taken by the subsidiary GNL Mejillones S.A. up to amount of ThUS$360,000 (ThUS$0 in 2007).

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$411,521 in 2008 and ThUS$413,267 in 2007.

Note 22 | Assets and liabilities in local and foreign currencies

At December 31, 2008, the Company has assets traded in local currency for ThUS$982,288 (2007; ThUS$524,519) and liabilities for ThUS$1,202,446 (2007; ThUS$1,328,675).

Note 23 | Sanctions

At December 31, 2008 and 2007, Codelco-Chile, its Directors and Management have not been subject to sanctions applied by the Superintendency 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 the exploration of mineral resources both in Chile and abroad.

Under these circumstances at December 31, 2008, Codelco Norte, formed by the ex-divisions Chuquicamata and Radomiro Tomic Divisions, Andina, Salvador and El Teniente Divisions and Head Office have received the ISO 14001 certification.

In accordance with this policy, at December 31, 2008 and 2007, the Company has made investments, related to environmental issues for ThUS$53,936 and ThUS$53,741, respectively.

Note 25 | Time deposits

The composition of time deposits is as follows:

		2008
Bank	**Annual interest rate %**	**Amount ThUS$**
Banco del Estado de Chile	0.2500	78,126
Banco Bilbao Vizcaya Argentaria	0.2000	56,840
Sumitomo Mitsui Banking Corporation	0.2200	10,000
Sumitomo Mitsui Banking Corporation	0.3000	35,004
Banco del Estado de Chile	0.2300	19,170
Intesa Sanpaolo SpA, New York	0.2500	90,001
Citi New York	0.1000	2,324
Citi New York	0.1300	8,370
Total		299,835

		2007
Bank	**Annual interest rate %**	**Amount ThUS$**
Banco Bilbao Vizcaya Argentaria, 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

Note 26 | Subsequent events

On January 20, 2009, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$600,000. Said placement was led by HSBC and JP Morgan, matures in a single installment on 2019, at an interest rate of 7.5% per annum.

On January 30, 2009 the Company informed to Anglo American Sur S.A. its decision to delay the exercise of the option to acquire up to 49% of that company until the next contractual period (January 2012).

The Company's management has no knowledge of any other significant events of a financial nature or any other nature, occurring between December 31, 2008 and the date of issuance of these financial statements (February 25, 2009) which might affect them.



José Pablo Arellano Marín
Executive President



Juan Medel Fernández
Corporate Vice-President for
Shared Services



Mario Allende Gallardo
Chief Accountant

Rationale of the Individual Financial Statements

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, 2008 and December 31, 2007, respectively

This Ratio Analysis is a report which complements the financial statements and footnotes and considering this, it must be read in conjunction with the individual financial statements.

III. Analysis of the Income Statement

1. Physical sales volume:

Sales of own copper and molybdenum fine metric tons and copper and molybdenum fine metric tons acquired from third parties are detailed in the chart below:

Chart 11 | Physical statistics

Dispatches	12/31/2008 (FMT)	12/31/2007 (FMT)	Variation (%)
Own copper	1,793,553	1,845,595	-2.82%
Copper acquired from third parties	133,147	122,438	8.75%
Total own copper and copper acquired from third parties	1,926,700	1,968,033	-2.10%
Own molybdenum and acquired from third parties	23,525	27,921	-15.74%

Lower fine metric tons of copper dispatched as of December 2008 compared to December 2007 are explained due to lower sales of own copper.

2. Results for the year:

Chart 21 Individual results for the years ended December 31, 2008 and 2007

	12/31/2008 ThUS$	12/31/2007 ThUS$	Variation (%)
Sales:	13,639,872	15,630,414	-13%
Own copper	10,413,406	12,522,769	-17%
Copper acquired from third parties	876,286	843,933	4%
Own molybdenum and molybdenum acquired from third parties	1,584,389	1,799,436	-12%
Other by-products	765,791	464,276	65%
Cost of sales:	(8,063,040)	(6,646,230)	21%
Own copper	(6,556,284)	(5,262,055)	25%
Copper acquired from third parties	(870,398)	(839,801)	4%
Own molybdenum and molybdenum acquired from third parties	(123,173)	(166,084)	-26%
Other by-products	(513,185)	(378,290)	36%
Operating income, net	5,227,229	8,645,926	-40%
Non-operating loss, net	(1,418,968)	(1,584,837)	-10%
Financial expenses	(236,974)	(242,264)	-2%
Depreciation	(648,005)	(552,278)	17%
Amortization of intangible assets	(346,368)	(290,985)	19%
EBIT	3,808,261	7,061,089	-46%
Law No. 13.196	(1,159,804)	(1,389,965)	-17%
Income tax	(2,241,486)	(4,079,470)	-45%
EBITDAei (1)	5,039,608	8,146,616	-38%
Amortization of negative goodwill	-	-	-
Net income	1,566,775	2,981,619	-47%

(1) EBITDAei.: Earnings before taxes, interest, depreciation, amortization and extraordinary items.

Operating income:

Operating income for 2008 amounted to ThUS$ 5,227,229, which is lower by ThUS$ 3,418,697 than that obtained in 2007. Sales revenues amount to ThUS$ 13,639,872, which is lower by ThUS$ 1,990,542 that that achieved in 2007 mainly due to a decrease of ThUS$ 1,719,531 in revenues from sales of own copper (without considering an adjustment for unrealized gains or gains (losses) from the future market), of which ThUS$ -1,130,972 are explained by a price effect and ThUS$ -588,559 by a quantity effect.

The sales price of Codelco's product mix for the period between January and December 2008 amounted to US$ 263.36 per pound (the same as in the prior year 2007, US$ 307.48 per pound.)

The profit margin for the sale of own copper amounted to ThUS$ 3,857,122, which is lower by ThUS$ 3,403,592 than that obtained in the prior year. This lower margin is due to greater costs, lower dispatches and sales revenues. Among the main variances which explain greater costs, there were increases during 2008 in the prices of main supplies and lower ore grades. On the other hand, lower dispatches are the result of lower production due to conflicts with contractors and climatic events occurred during 2008 together with the impact of lower ore grades. Lower sales revenues are the result of that indicated in the first paragraph of this section.

In addition, molybdenum sales provided a profit margin of ThUS$ 1,461,216, which is lower by ThUS$ (172,136) than that obtained in the prior year, which is mainly explained by the decrease in tonnage dispatched (-15.74%) and, to a lower extent, by a drop in prices of this product, which during the year between January and December 2008, had an average of US$ 28.421 per lb. compared to the average obtained in 2007 of US$ 29.91 per lb. (Source: Cochilco.)

With regard to copper acquired from third parties, Codelco obtained a positive margin of ThUS$5,888, which is greater than the positive margin obtained in the prior year of ThUS$4,132.

Administrative and selling expenses amounted to ThUS$ 349,603, which are greater by ThUS$11,345 than those of the prior year, which is mainly explained by greater expenses due to the commencement of the operations of the Gabriela Mistral deposit during 2008, which is partly offset by the fluctuation of the exchange rate occurred between 2007 and 2008.

Non-operating income and expense:

Non-operating income and expense amounted to a net loss of ThUS$1,418,968 (for 2007 a net loss of ThUS$ 1,584,837). Other non-operating expenses amounted to ThUS$1,940,913 and includes ThUS$1,159,804 (59.76%) related to Law No.13.196 tax which is charged by 10% to the return from exports of own copper and by-products.)

Income, Income Before Taxes And Net Income:

As of December 31, 2008 income of Codelco (income before income taxes, extraordinary items, Law No.13.196 tax and minority interest) amounted to ThUS$ 4,968,065, which is lower than those ThUS$ 8,451,054 obtained in the same period of prior year, mainly due to lower operating income of ThUS$3,418,697.

As a result, income before income taxes and extraordinary items amounted to ThUS$3,808,261 and net income amounted toThUS$1,566,775.

II | Individual Balance Sheet

Chart 3 | Individual balance sheet as of December 31, 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)	Variation %
Assets			
Current Assets	3,427,123	5,758,009	-40%
Property, Plant and Equipment	8,031,802	7,303,370	10%
Other Assets	2,103,667	1,914,464	10%
Total assets	13,562,592	14,975,843	-9%
Liabilities			
Current Liabilities	3,130,586	3,173,561	-1%
Long-Term Liabilities	6,556,314	7,058,079	-7%
Total Liabilities	9,686,900	10,231,640	-5%
Equity	3,875,692	4,744,203	-18%
Total liabilities and equity	13,562,592	14,975,843	-9%

Of Total Assets as of December 31, 2008, 25.27% relates to by Current Assets; 59.22% to Property, Plant and Equipment and 15.51% to Other Assets.

Of Total Liabilities and Equity as of December 31, 2008, 23.08% relates to Current Liabilities, 48.34% to Lon-term Liabilities and 28.58% to Equity.

Assets

As of December 31, 2008, current assets amounted to ThUS$ 3,427,123 (ThUS$ 5,758,009 as of December 31, 2007) related mainly to Inventories (net) for ThUS$1,474,291 (43.02%); Income taxes recoverable of ThUS$426,319 (12.44%), Miscellaneous receivables of ThUS$ 329,412 (9.61%), Trade accounts receivable of ThUS$483,584 (14.11%), Time deposits of ThUS$ 299,835 (8.75%) and the difference relates to other current asset accounts.

With respect to inventories, their decrease as of December 31, 2008 compared to the same period of prior year is due to lower stocks of copper and molybdenum as of December 2008 compared to the amount as of December 2007 together with an amount of ThUS$41,832, which decreases inventories and adjusts them to their net realizable value. Below, we provide a detail of inventories at year-end:

Chart 4 | Inventories as of December 31, 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)	Variation %
Finished products	363,504	712,144	(348,640)
Product in progress	853,311	673,250	180,061
Materials in warehouse and others, net	257,476	249,315	8,161
Balance at year-end	1,474,291	1,634,709	(160,418)

As of December 31, 2008, Property, plant and equipment accounts increased in net terms by ThUS$ 728,432, compared to the balance existing as of December 31, 2007 mainly due to the growth of machinery and equipment linked to the commencement of operations in the Gabriela Mistral deposit.

Chart 5 | Property, plant and equipment as of December 31, 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)	Variation (ThUS$)
Codelco's Property, Plant and Equipment, Net	8,031,802	7,303,370	728,432
Land	59,655	58,051	1,604
Buildings and infrastructure:			
Land improvements	2,148,987	1,964,210	184,777
Buildings	2,369,219	2,158,108	211,111
Rooms	152,338	128,157	24,181
Work-in-progress	1,337,280	1,501,600	(164,320)
Mine development	1,399,971	549,502	850,469
Deposit delimitation	15,720	15,720	-
Mining operations	1,440,487	1,966,324	(525,837)
Forestation and forest development	1,260	944	316
Machinery and equipment	7,303,564	6,429,513	874,051
Transportation equipment	888,133	783,770	104,363
Furniture and equipment	25,985	24,554	1,431
Lease fixed assets	166,065	156,634	9,431
Technical appraisal	367,693	368,171	(478)
Depreciation reserve	(9,644,555)	(8,801,888)	(842,667)

Liabilities

As of December 31, 2008, current liabilities amount to ThUS$3,130,586 (ThUS$3,173,561 for 2007) and is comprised by Accounts payable for ThUS$715,678 (22.86%), Accrued expenses of ThUS$ 466,087(14,89%), Obligations with banks and financial institutions of ThUS$1,423,476 (45.47%) plus other miscellaneous obligations.

Movements of obligations with banks and financial institutions are presented as follows:

Chart 61 Movements in obligations with banks and financial institutions as of December 31, 2008

	Short-term (ThUS$)	Long-term (ThUS$)
Balance as of January 1, 2008	308,341	700,000
Transfers to the short-term	300,000	(300,000)
Amortization	(400,000)	-
Increases	878,286	-
Balance as of December 31, 2008	1,086,627	400,000

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. The balance owed for this concept is presented under Long-term accounts payable to related companies.

As of December 31, 2008, long-term liabilities amounted to ThUS$ 6,556,314 (ThUS$7,058,079 in 2007) mainly composed of by obligations with banks and obligations with the public amounting to ThUS$3,303,522 (50.39%), deferred income taxes of ThUS$758,488 (11.57%) and long-term accrued expenses amounting to ThUS$1,674,476 (25.54%.)

Long-term liabilities include the balance of US$ 419 million received in advance and which will have to be applied to sales committed with the affiliate, Copper Partners Investment.

With respect to accrued expenses, Codelco has recorded payment commitments with future benefits agreed with its employees, as well as those which might derive from own lawsuits related to the management of Codelco's activities. These have been classified in the short and long-term depending on their estimated payment horizon.

As of December 31, 2008, equity amounts to ThUS$3,875,692 (ThUS$4,744,203 in 2007), which includes the capitalization of income of 2007 of ThUS$205,492 and a reserve fund of ThUS$500,000. In accordance with the Board of Directors' agreement No. 12 dated February 28, 2008, capitalization amounts to ThUS$105,492.

III | Financial Indicators

Chart 7 | Individual financial ratios for the years ended December 31, 2008 and 2007

	12/31/2008 Ratio	12/31/2007 Ratio
Liquidity Ratios		
Current liquidity:	**1.09**	**1.81**
Current assets/Current liabilities		
Acid test:		
(Current assets -Inventories-Prepaid expenses)/Current liabilities	0.62	1.30
Indebtedness Ratios		
Indebtedness ratio:	2.50	2.16
Total debt (TL)/Equity (times)		
Short-term to total debt:	**0.32**	**0.31**
Current liabilities/Total debt (TL)		
Long-term to total debt ratio:	**0.68**	**0.69**
Long-term liabilities/Total debt (TL)		
Financial expense coverage:	**17.07**	**30.15**
Income before taxes and interest/Financial expenses		
Profitability Ratios (Income after taxes)		
Return on assets %	11.55	19.91
Return on equity %	40.43	62.85
Operating asset performance (2) %	12.63	21.16
Net income plus income tax and Law No. 13.196 tax	4,968,065	8,451,054
Activity Ratios		
Account receivable turnover	28.21	15.49
Collection recovery (days)	13	23
Inventory turnover (times)	5.47	4.07
Inventory permanence (days)	66	89
Total assets	13,562,592	14,975,843
Investments in other companies and property, plant and equipment	1,870,934	1,554,221
Sales of assets	14,631	17,302

(2) Total assets less investments in other related companies are considered to be operating assets.

As of December 31, 2008, liquidity ratios decreased compared to December 31, 2007 due to a decrease in current assets (-40%), due to a lower balance in Time deposits, reduced due to the salvage of instruments during the first half of 2008 and due to the decrease in Trade accounts receivable the balance of which reflects the most recent sales invoices, which reflect the prices of copper and molybdenum for the last quarter of 2008, where there was an abrupt drop in prices in the international market.

As of December 31, 2008, Codelco's total indebtedness amounted to ThUS$9,686,900 (ThUS$10,231,640 in 2007) determining a greater indebtedness ratio for the year of 2.5 times (2.16 times as of December 31, 2007), derived from the increase in short-term loans, long-term accrued expenses due to the close of dams and mining work, which increased compared to 2007 and the decrease in equity due to lower net income.

Accounts receivable associated with trade accounts receivable decreased compared to the prior year due to an improvement in the collection recovery ratio (13 days as of December 2008 compared to 23 days in the prior year), due to a drop in Trade accounts receivable because of the drop in prices in the last quarter of 2008.

IV | Statement of Cash Flows

Net cash flows from operating activities for the year ended December 31, 2008 determined a positive cash flow of ThUS$3,211,932, which is lower by ThUS$1,481,579 compared to the prior year, mainly lower collection of trade accounts receivable related to the drop in sales and an increase in payment to suppliers and employees due to the fluctuation in the exchange rate generated during the first half of 2008.

Cash flows from operating activities highlight the following:

Chart 8 | Cash flows from operating activities for the years between January and December 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)
Collections of trade accounts receivable	15,247,320	16,577,409
Payment of income tax	2,134,073	4,264,861
Payment of Law No.13.196 tax and others	2,122,282	1,578,042

On the other hand, financing activities for the year ended December 31, 2008 generated a negative flow of ThUS$(2,745,684), which is greater than the negative flow of ThUS$(1,889,800) generated during the prior year, which is explained mainly by a greater payment of tax surpluses.

Cash flows from financing activities highlight the following:

Chart 9 | Cash flows generated by financing activities for the years between January and December 2008 and 2007

	12/31/2008 (ThUS$)	12/31/2007 (ThUS$)
Bank loans obtained	886,100	578,800
Payment of dividends	(3,231,784)	(2,267,800)
Payment of bank loans	(400,000)	(200,800)

Finally, investment activities generated a net negative cash flow of ThUS$(2,107,857) as of December 2008, which is greater than the negative flow of ThUS$(1,633,416) obtained in 2007. The explanation for this is mainly due to the greater additions to property, plant and equipment, which is partly related to the commencement of the exploitation of the Gabriela Mistral deposit.

Considering cash flows indicated above plus opening cash balances, Codelco obtained final cash and cash equivalents balance of ThUS$318,678 as of December 31, 2008 lower than the balance of ThUS$1,960,287 determined at the end of 2007.

V | Main differences between the carrying value and the market or economic value of Codelco's assets

Codelco's deposits are recorded in the accounting records at a value of US$1 each. Under those terms, the economic value of these deposits differs from their carrying value.

This generates the effect that equity for accounting purposes and assets are underestimated compared to their economic value.

VI | Information on market and competition

Codelco is the World's biggest producer of copper with estimated worldwide share of 11% in copper production and is one of the biggest producers of molybdenum in the world with an estimated percentage of 14% in the worldwide production of molybdenum.

Codelco controls approximately 10% of the world's proven copper reserves.

1) Price of products:

As widely known by the public, from the end of 2005 up to the first half of 2008, there was a sustained increase in the international copper prices. It should also be noted that the price of molybdenum increased between 2004 and 2005 and showed an increase between 2006 and the first half of 2008. However, this trend was reversed during the last quarter of 2008, where prices of copper and molybdenum dropped abruptly in the international markets. The table below shows annual average balances beginning in 2000:

Chart 101 Annual average prices of copper and molybdenum.

Year	Copper US$/FMT	Molybdenum US$/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
2008	6,951.53	62,657.56

Source: Cochilco

VII | Market Risk Analysis

1) Interest rate coverage

As of December 31, 2008, Codelco has no agreements in force. Agreements which were in force as of December 31, 2007 (ThUS$300,000) ended in January 2008.

2) Exchange rate coverage

Codelco has hedging operations against variations in exchange rate variations which amount to ThUS$ 373,001, which expire in August 2012 and April 2025 and present a positive exposure of ThUS$17,523 as of December 31, 2008. Other within Other assets present a balance of ThUS$95,520 (ThUS$175,927 in 2007) related to the net account receivable for these exchange rate hedging agreements. In addition, Other long-term liabilities include the balance of ThUS$59,338 (ThUS$77,946 in 2007.) Collections for these agreements are amortized over the term of expiration of the respective obligations.

3. Cash flow hedging operation and business policy adjustment agreements

In order to hedge its cash flows and adjust; when required, its sales agreements to the business policy. Codelco conducts operations in future markets recording the results at the end of each agreement. These results are added to or deducted from revenues from sales. This addition or deduction is performed given that revenues from sales include the positive or negative effect of market prices. As of December 31, 2008, these operations generated lower net revenues of ThUS$723,769, which is detailed as follows:

3.1) Business operations related to copper agreements in force

In line with the policy of hedging its cash flows and adjustment to its business policy, during the year between January and December 2008, Codelco has conducted future market operations, which represent 244,154 metric tons of fine copper. These hedging operations form a part of Codelco's business policy and they expire in March 2010.

Agreements in force as of December 31, 2008 present a net positive exposure of ThUS$ 217,009, the final result of which could only be known at the expiration of these operations after offsetting between hedging operations and revenues from sales of hedged products.

Operations ended between January 1 and December 31, 2008 generated a net positive effect on income of ThUS$2,993, which are deducted from the amounts paid related to purchase agreements and are added to the amounts received related to sales agreements of products affected by these price setting operations (greater revenues of ThUS$ 6,331 related to purchases and lower revenues from sales of ThUS$3,338.)

3.2) Business operations for gold and silver agreements in force

As of December 31, 2008, Codelco has agreements for setting the sales prices of gold for MOZT 4.2 and for silver of MOZT 181.6.

The negative exposure at that date amounts to ThUS$ 384.

Operations ended between January 1 and December 31, 2008, generated a positive effect on income of ThUS$1,811, which is added to amounts received related to the sale of products affected by this price setting. These hedging operations expire in March 2009.

3.3) Operations for cash flow hedging supported with future production

In addition, in order to hedge its cash flows through ensuring sales price levels of a portion of the production, future operations have been conducted for FMT 867,700. Agreements related to future production sales expire in March 2013.

Future operations in force as of December 31, 2008 present a negative exposure of ThUS$127,422, the final result of which could only be known at the expiration of these agreements offsetting the related effect with the sale of hedged products.

Future operations ended between January 1 and December 31, 2008, related to production sold, generated lower income of ThUS$ 679,550, which is the result of the offsetting between the hedging operation and sales revenues associated with sales agreements for products affected by this price setting. These results are presented as a deduction of net operating results.

As of December 31, 2008, Codelco has minimum-maximum option agreements (put purchase and call sell options) to hedge its cash flows by ensuring a sales minimum amount for FMT 120,900. As of December 31, 2008, these operations present a positive exposure of ThUS$111,294. These hedging operations expire in March 2010.

Minimum-maximum options ended between January 1 and December 31, 2008 generated lower revenues of ThUS$49,023.



Divisional Statements of Income

Deloitte.

Independent Auditors' Report

To the Chairman and Members of the Board of Directors of Corporación Nacional del Cobre de Chile

We have audited the accompanying divisional statements of income of Corporación Nacional del Cobre de Chile for the years ended December 31, 2008 and 2007. 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 and Subsidiaries consolidated financial statements for the years ended December 31, 2008 and 2007 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, 2008, 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, 2007, 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 15, 2008.

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, 2008 and 2007, 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 2008 and 2007. The accompanying divisional consolidated income statements for 2008 and 2007 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 solely for the convenience of readers outside Chile.

Deloitte

February 25, 2009

Mario Muñoz V.

Divisional Statements of Income - Norte

For the years ended December 31, (Expressed in thousands of US dollars - ThUS$)

	2008 ThUS$	2007 ThUS$
Operating revenue		
Income from the sale of owned products	5,526,018	7,198,403
Sale of copper acquired from third parties	441,308	480,337
Income from the sale of by-products and others	1,795,560	1,945,079
Total revenue	**7,762,886**	**9,623,819**
Cost of products of owned copper	(3,775,381)	(2,985,466)
Cost of copper acquired from third parties	(434,735)	(474,575)
Cost of sales of by-products and others	(518,906)	(647,684)
Total costs	**(4,729,022)**	**(4,107,725)**
GROSS MARGIN	3,033,864	5,516,094
Administrative and selling expenses	(140,012)	(207,125)
OPERATING INCOME	2,893,852	5,308,969
Non-Operating Expenses	**(772,174)**	**(777,468)**
Financial income	34,310	57,283
Equity in income of related companies	159,819	262,702
Other income	73,708	88,009
Equity in losses of related companies	(6,855)	(2,740)
Financial expenses	(145,499)	(142,725)
Other expenses	(1,013,400)	(997,487)
Price-level restatement	408	(738)
Exchange differences	125,335	(41,772)
INCOME BEFORE INCOME TAX	2,121,678	4,531,501
Income tax	(1,250,591)	(2,641,175)
INCOME BEFORE MINORITY INTEREST	871,087	1,890,326
MINORITY INTEREST	1,302	1,757
NET INCOME	872,389	1,892,083
Amortization of negative goodwill	22	23
NET INCOME FOR THE YEAR	872,411	1,892,106

The accompanying notes are an integral part of these statements

Divisional Statements Of Income - Salvador

For the years ended December 31, (Expressed in thousands of US dollars - ThUS$)

	2008 ThUS$	2007 ThUS$
Operating revenue		
Income from the sale of owned products	681,542	646,566
Sale of copper acquired from third parties	53,537	43,132
Income from the sale of by-products and others	210,573	179,131
Total revenue	**945,652**	**868,829**
Cost of products of owned copper	(653,905)	(797,184)
Cost of copper acquired from third parties	(52,957)	(42,333)
Cost of sales of by-products and others	(129,413)	(97,708)
Total costs	**(836,275)**	**(937,225)**
GROSS MARGIN (NEGATIVE MARGIN)	109,377	(68,396)
Administrative and selling expenses	(34,676)	(28,544)
OPERATING INCOME (LOSS)	74,701	(96,940)
Non-Operating Expenses	**(176,615)**	**(223,703)**
Financial income	4,087	7,442
Equity in income of related companies	19,464	23,715
Other income	10,241	10,872
Equity in losses of related companies	(913)	(596)
Financial expenses	(13,712)	(18,313)
Other expenses	(215,377)	(237,890)
Price-level restatement	50	(67)
Exchange differences	19,545	(8,866)
LOSS BEFORE INCOME TAX	(101,914)	(320,643)
Income tax	73,852	215,085
LOSS BEFORE MINORITY INTEREST	(28,062)	(105,558)
MINORITY INTEREST	159	159
NET LOSS	(27,903)	(105,399)
Amortization of negative goodwill	3	2
NET LOSS FOR THE YEAR	**(27,900)**	**(105,397)**

The accompanying notes are an integral part of these statements

Divisional Statements of Income - Andina

For the years ended December 31, (Expressed in thousands of US dollars ThUS$)

	2008 ThUS$	2007 ThUS$
Operating revenue		
Income from the sale of owned products	1,092,155	1,438,409
Sale of copper acquired from third parties	107,814	91,955
Income from the sale of by-products and others	299,427	325,938
Total revenue	**1,499,396**	**1,856,302**
Cost of products of owned copper	(517,173)	(429,004)
Cost of copper acquired from third parties	(105,377)	(92,497)
Cost of sales of by-products and others	(92,391)	(115,428)
Total costs	**(714,941)**	**(636,929)**
GROSS MARGIN	784,455	1,219,373
Administrative and selling expenses	(51,458)	(45,493)
OPERATING INCOME	732,997	1,173,880
Non-operating expenses	**(121,808)**	**(121,107)**
Financial income	4,637	6,881
Equity in income of related companies	31,000	50,669
Other income	35,506	62,732
Equity in losses of related companies	(1,979)	(1,681)
Financial expenses	(22,845)	(21,535)
Other expenses	(187,795)	(209,066)
Price-level restatement	79	(142)
Exchange differences	19,589	(8,965)
INCOME BEFORE INCOME TAX	611,189	1,052,773
Income tax	(367,007)	(620,342)
INCOME BEFORE MINORITY INTEREST	244,182	432,431
MINORITY INTEREST	250	338
NET INCOME	244,432	432,769
Amortization of negative goodwill	4	5
NET INCOME FOR THE YEAR	**244,436**	**432,774**

The accompanying notes are an integral part of these statements.

Divisional Statements of Income - El Teniente

For the years ended December 31, (Expressed in thousands of US dollars - ThUS$)

	2008 MUS$	2007 MUS$
Operating revenue		
Income from the sale of owned products	2,235,412	2,987,333
Sale of copper acquired from third parties	182,944	159,759
Income from the sale of by-products and others	813,089	628,621
Total revenue	**3,231,445**	**3,775,713**
Cost of products of owned copper	(1,064,427)	(996,434)
Cost of copper acquired from third parties	(180,967)	(157,097)
Cost of sales of by-products and others	(306,601)	(311,372)
Total costs	**(1,551,995)**	**(1,464,903)**
GROSS MARGIN	1,679,450	2,310,810
Administrative and selling expenses	(85,873)	(76,637)
OPERATING INCOME	1,593,577	2,234,173
Non-operating expenses	**(270,548)**	**(376,297)**
Financial income	11,930	21,575
Equity in income of related companies	66,511	103,061
Other income	64,540	66,963
Equity in losses of related companies	(2,853)	(1,075)
Financial expenses	(48,242)	(52,604)
Other expenses	(418,239)	(507,197)
Price-level restatement	170	(290)
Exchange differences	55,635	(6,730)
INCOME BEFORE INCOME TAX	1,323,029	1,857,876
Income tax	(795,939)	(1,092,321)
INCOME BEFORE MINORITY INTEREST	527,090	765,555
MINORITY INTEREST	542	689
NET INCOME	527,632	766,244
Amortization of negative goodwill	9	9
NET INCOME FOR THE YEAR	**527,641**	**766,253**

The accompanying notes are an integral part of these statements.

Divisional Statements of Income - Ventanas

For the years ended December 31, (Expressed in thousands of US dollars - ThUS$)

	2008 ThUS$	2007 ThUS$
Operating revenue		
Income from the sale of owned products	329,241	528,012
Sale of copper acquired from third parties	137,114	99,929
Income from the sale of by-products and others	284,370	235,638
Total revenue	**750,725**	**863,579**
Cost of products of owned copper	(350,591)	(515,899)
Cost of copper acquired from third parties	(142,724)	(104,478)
Cost of sales of by-products and others	(280,619)	(223,978)
Total costs	**(773,934)**	**(844,355)**
GROSS MARGIN	(23,209)	19,224
Administrative and selling expenses	(25,767)	(24,666)
OPERATING LOSS	(48,976)	(5,442)
Non-operating expenses	**(51,167)**	**(46,426)**
Financial income	2,342	4,094
Equity in income of related companies	15,452	23,572
Other income	14,544	7,791
Equity in losses of related companies	(663)	(246)
Amortization of goodwill	(1,176)	(1,176)
Financial expenses	(7,757)	(10,310)
Other expenses	(80,959)	(64,701)
Price-level restatement	40	(66)
Exchange differences	7,010	(5,384)
LOSS BEFORE INCOME TAX	(100,143)	(51,868)
Income tax	64,179	47,591
LOSS BEFORE MINORITY INTEREST	(35,964)	(4,277)
MINORITY INTEREST	126	158
NET LOSS	(35,838)	(4,119)
Amortization of negative goodwill	2	2
NET LOSS FOR THE YEAR	**(35,836)**	**(4,117)**

The accompanying notes are an integral part of these statements.

Divisional Statements of Income - Gaby

For the period between May 19 and December 31, (Expressed in thousands of US dollars - ThUS$)

	2008 ThUS$
Operating Revenue	
Income from the sale of owned products	203,902
Sale of copper acquired from third parties	13,284
Income from the sale of by-products and others	17,466
Total revenue	**234,652**
Cost of products of owned copper	(210,171)
Cost of copper acquired from third parties	(13,141)
Cost of sales of by-products and others	(11,493)
Total costs	**(234,805)**
GROSS NEGATIVE MARGIN	(153)
Administrative and selling expenses	(16,400)
OPERATING LOSS	**(16,553)**
Non-operating expenses	**(27,005)**
Financial income	51
Equity in income of related companies	4,830
Other income	714
Equity in losses of related companies	(207)
Amortization of goodwill	(18)
Financial expenses	(33,919)
Other expenses	12
Price-level restatement	1,532
Exchange differences	
LOSS BEFORE INCOME TAX	(43,558)
Income tax	29,541
LOSS BEFORE MINORITY INTEREST	(14,017)
MINORITY INTEREST	39
NET LOSS	(13,978)
Amortization of negative goodwill	1
NET LOSS FOR THE PERIOD	**(13,977)**

The accompanying notes are an integral part of these statements

Basis of preparation of the divisional statements of income

On May 19, 2008, the Gaby Division was created as a result of the development of the mineral deposit Gabriela Mistral.

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

LIncome 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 from the sale of its copper production abroad, including by-products and their distribution by Division is as follows:

	2008 ThUS$	2007 ThUS$
Codelco Norte	666,194	790,754
Salvador	76,658	105,282
Andina	123,449	152,484
El Teniente	235,981	287,194
Ventanas	36,652	54,251
Gaby	20,870	-
Total Law N°13,196	**1,159,804**	**1,389,965**

Note 03 | Reclassifications

Certain items of the divisional statements of income at December 31, 2007, have been reclassified for comparative purposes.



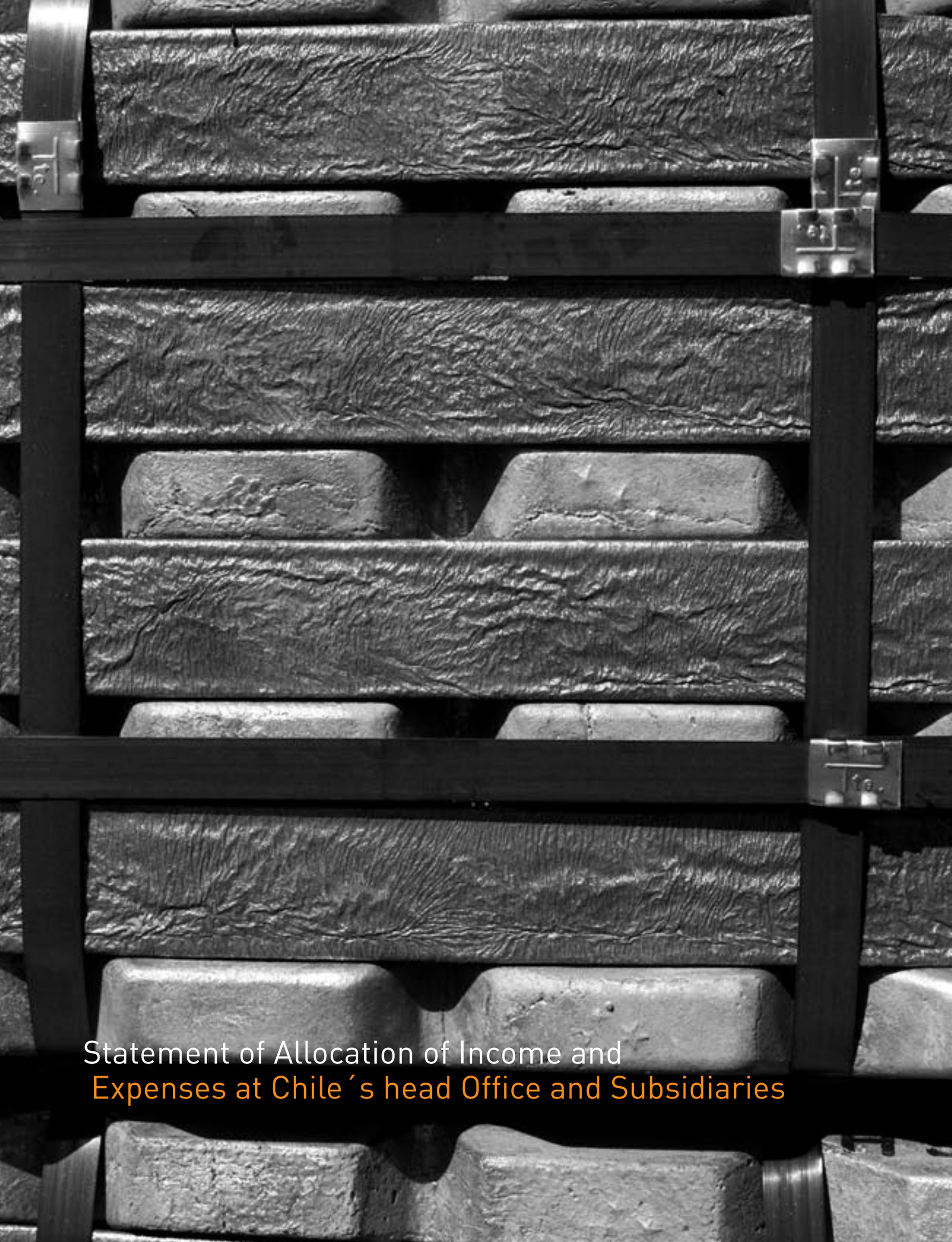
2008 / Division	Codelco Norte ThUS$	Salvador ThUS$	Andina ThUS$	El Teniente ThUS$	Ventanas ThUS$	Gaby ThUS$	Consolidated ThUS$
Operating Revenue							
Income from the sale of owned products	5,526,018	681,542	1,092,155	2,235,412	329,241	203,902	10,068,270
Sale of copper acquired from third parties	441,308	53,537	107,814	182,944	137,114	13,284	936,001
Income from the sale of by-products and others	1,795,560	210,573	299,427	813,089	284,370	17,466	3,420,485
TOTAL REVENUE	7,762,886	945,652	1,499,396	3,231,445	750,725	234,652	14,424,756
Cost of products of owned copper	(3,775,381)	(653,905)	(517,173)	(1,064,427)	(350,591)	(210,171)	(6,571,648)
Cost of copper acquired from third parties	(434,735)	(52,957)	(105,377)	(180,967)	(142,724)	(13,141)	(929,901)
Cost of sales by-products and others	(518,906)	(129,413)	(92,391)	(306,601)	(280,619)	(11,493)	(1,339,423)
TOTAL COSTS	(4,729,022)	(836,275)	(714,941)	(1,551,995)	(773,934)	(234,805)	(8,840,972)
GROSS MARGIN (NEGATIVE MARGIN)	3,033,864	109,377	784,455	1,679,450	(23,209)	(153)	5,583,784
Administrative and selling expenses	(140,012)	(34,676)	(51,458)	(85,873)	(25,767)	(16,400)	(354,186)
OPERATING INCOME (LOSS)	2,893,852	74,701	732,997	1,593,577	(48,976)	(16,553)	5,229,598
NON-OPERATING INCOME (EXPENSES) Add (less):							
Financial income	34,310	4,087	4,637	11,930	2,342	51	57,357
Equity in income of related companies	159,819	19,464	31,000	66,511	15,452	4,830	297,076
Other income	73,708	10,241	35,506	64,540	14,544	714	199,253
Equity in losses of related companies	(6,855)	(913)	(1,979)	(2,853)	(663)	(207)	(13,470)
Amortization of goodwill	-	-	-	-	(1,176)	-	(1,176)
Financial expenses	(145,499)	(13,712)	(22,845)	(48,242)	(7,757)	(18)	(238,073)
Other expenses	(1,013,400)	(215,377)	(187,795)	(418,239)	(80,959)	(33,919)	(1,949,689)
Price-level restatement	408	50	79	170	40	12	759
Exchange differences	125,335	19,545	19,589	55,635	7,010	1,532	228,646
NON-OPERATING EXPENSES	(772,174)	(176,615)	(121,808)	(270,548)	(51,167)	(27,005)	(1,419,317)
INCOME (LOSS) BEFORE INCOME TAX	2,121,678	(101,914)	611,189	1,323,029	(100,143)	(43,558)	3,810,281
Income tax	(1,250,591)	73,852	(367,007)	(795,939)	64,179	29,541	(2,245,965)
NET INCOME (LOSS) BEFORE MINORITY INTEREST	871,087	(28,062)	244,182	527,090	(35,964)	(14,017)	1,564,316
MINORITY INTEREST	1,302	159	250	542	126	39	2,418
NET INCOME (LOSS) BEFORE AMORTIZATION OF NEGATIVE GOODWILL	**872,389**	**(27,903)**	**244,432**	**527,632**	**(35,838)**	**(13,978)**	**1,566,734**
Amortization of negative goodwill	22	3	4	9	2	1	41
NET INCOME (LOSS) FOR THE YEAR	872,411	(27,900)	244,436	527,641	(35,836)	(13,977)	1,566,775

Consolidated Divisional Statements Of Income

Year ended December 31, 2008 and 2007 (Expressed in thousands of US dollars - ThUS$)

2007 / DIVISION	Codelco Norte ThUS$	Salvador ThUS$	Andina ThUS$	El Teniente ThUS$	Ventanas ThUS$	Consolidated 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
Sale of copper acquired from third parties	480,337	43,132	91,955	159,759	99,929	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
TOTAL REVENUE	9,623,819	868,829	1,856,302	3,775,713	863,579	16,988,242
Cost of products of owned copper	(2,985,466)	(797,184)	(429,004)	(996,434)	(515,899)	(5,723,987)
Cost of copper acquired from third parties	(474,575)	(42,333)	(92,497)	(157,097)	(104,478)	(870,980)
Cost of sales of by-products and others	(647,684)	(97,708)	(115,428)	(311,372)	(223,978)	(1,396,170)
TOTAL COSTS	(4,107,725)	(937,225)	(636,929)	(1,464,903)	(844,355)	(7,991,137)
GROSS MARGIN (NEGATIVE MARGIN)	5,516,094	(68,396)	1,219,373	2,310,810	19,224	8,997,105
Administrative and selling expenses	(207,125)	(28,544)	(45,493)	(76,637)	(24,666)	(382,465)
OPERATING INCOME (LOSS)	5,308,969	(96,940)	1,173,880	2,234,173	(5,442)	8,614,640
NON-OPERATING INCOME (EXPENSES)						
Add (less):						
Financial income	57,283	7,442	6,881	21,575	4,094	97,275
Equity in income of related companies	262,702	23,715	50,669	103,061	23,572	463,719
Other income	88,009	10,872	62,732	66,963	7,791	236,367
Equity in losses of related companies	(2,740)	(596)	(1,681)	(1,075)	(246)	(6,338)
Amortization of goodwill	-	-	-	-	(1,176)	(1,176)
Financial expenses	(142,725)	(18,313)	(21,535)	(52,604)	(10,310)	(245,487)
Other expenses	(997,487)	(237,890)	(209,066)	(507,197)	(64,701)	(2,016,341)
Price-level restatement	(738)	(67)	(142)	(290)	(66)	(1,303)
Exchange differences	(41,772)	(8,866)	(8,965)	(6,730)	(5,384)	(71,717)
NON-OPERATING EXPENSES	(777,468)	(223,703)	(121,107)	(376,297)	(46,426)	(1,545,001)
INCOME (LOSS) BEFORE INCOME TAX	4,531,501	(320,643)	1,052,773	1,857,876	(51,868)	7,069,639
Income tax	(2,641,175)	215,085	(620,342)	(1,092,321)	47,591	(4,091,162)
NET INCOME (LOSS) BEFORE MINORITY INTEREST	1,890,326	(105,558)	432,431	765,555	(4,277)	2,978,477
MINORITY INTEREST	1,757	159	338	689	158	3,101
NET INCOME (LOSS) BEFORE AMORTIZATION OF NEGATIVE GOODWILL	1,892,083	(105,399)	432,769	766,244	(4,119)	2,981,578
Amortization of negative goodwill	23	2	5	9	2	41
NET INCOME (LOSS) FOR THE YEAR	1,892,106	(105,397)	432,774	766,253	(4,117)	2,981,619

The accompanying notes are an integral part of these statements



Statement of Allocation of Income and Expenses at Chile´s head Office and Subsidiaries

Deloitte.

Independent Auditors' Report

To the Chairman and Members of the Board of Directors of Corporación Nacional del Cobre de Chile

We have audited the accompanying statement of allocation of income and expenses controlled by Corporación Nacional del Cobre de Chile's Head office and Subsidiaries for the year ended December 31, 2008. 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 and Subsidiaries for the year ended December 31, 2008, 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 on the same date of this report.

We conducted our audit in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of allocation of income and expenses is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of allocation of income and expenses. An audit also includes assessing the accounting principles used and the significant estimates made by the 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, 2008, 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 solely for the convenience of readers outside Chile.



February 25, 2009



Mario Muñoz V.

Statement of Allocation of Income and Expense Controlled by the Head Office and Subsidiaries to the Corporation´S Operating Divisions

For the year ended december 31, 2008
(Expressed in thousands of us dollars - thus$)

Administrative, selling, financial and other expenses	Total	Codelco Norte	Salvador	Andina	El Teniente	Ventanas	Gaby
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Head Office and Subsidiaries sales	1,545,222	831,585	101,301	160,619	346,161	80,420	25,136
Head Office and Subsidiaries cost of sales	(1,529,674)	(823,216)	(100,280)	(159,003)	(342,679)	(79,612)	(24,884)
Adjustment unearned revenue Subsidiaries	-	-	-	-	-	-	-
Administrative and selling expenses	(151,863)	(89,909)	(9,083)	(15,130)	(31,460)	(5,500)	(781)
Financial income	42,637	26,071	2,489	4,134	8,535	1,367	41
Equity in income of related companies	296,898	159,778	19,464	30,863	66,511	15,452	4,830
Other income	81,075	39,151	5,688	9,380	22,259	3,885	712
Equity in losses of related companies	(12,737)	(6,855)	(835)	(1,324)	(2,853)	(663)	(207)
Financial expenses	(236,530)	(145,638)	(13,712)	(22,836)	(47,020)	(7,306)	(18)
Other expenses	(1,251,041)	(709,243)	(89,008)	(131,479)	(257,282)	(41,623)	(22,406)
Price-level restatement	759	408	50	79	170	40	12
Exchange differences	216,818	120,791	19,546	18,872	49,234	6,843	1,532
Income tax	(2,245,965)	(1,250,591)	73,852	(367,007)	(795,939)	64,179	29,541
Minority interest	2,418	1,302	159	250	542	126	39
Amortization of negative goodwill	41	22	3	4	9	2	1
Totals	(3,241,942)	(1,846,344)	9,634	(472,578)	(983,812)	37,610	13,548

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:

01 | 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.

02 | 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 made by each Division.

- The cost centers related to the supply function are allocated based on the warehouse accounting balances of each Operating Division.

- The remaining cost centers are allocated based on the operating cash disbursements of the respective Divisions.

03 | Financial income

- The financial income associated and identified with each Division are allocated directly.

- The financial income of Subsidiaries is allocated based on the values billed and accounted as deliveries of products and by-products made by each Division.

- Any remaining financial income is allocated based on the operating cash income of each Division.

04 | 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 made by each Division.

05 | . 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 made by each Division.

- Any remaining other income is allocated based on the sum of the balances of the "Equity in income of related companies" and "Other income" items of each Division.

06 | 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 made by each Division.

07 | 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 made by each Division.

- Any remaining financial expense is allocated based on the operating cash disbursements of each Division.

08 | Other expenses

a) 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 made by each Division.

- Any remaining other expense is allocated based on the balances of the "Other expenses" and "Financial expenses" items of each Division.

b) 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 as deliveries of copper and by-products made by, each Division's that are subject to this law.

09 | Price-level restatement

The price-level restatement balance of Subsidiaries is allocated based on the value billed and accounted as deliveries of products made by each Division.

10 | Exchange differences

- The exchange differences identifiable with each Division are allocated directly.

- The exchange differences of Subsidiaries are allocated based on the values billed and accounted as deliveries of products and by-products made by each Division.

- Any remaining balance is allocated based on the operating cash disbursements of each Division.

11 | Income tax

- Income and D.L. N°2,398 tax, 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 mentioned above.

- Specific tax on mining activities and other tax expenses, are allocated based on the income and D.L.2,398 tax assigned to 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 made by 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 made by each Division.

	Chile Copper Ltd.	(1) Codelco Küpferhandel GmbH	(2) Codelco Group USA Inc.	Codelco International Limited. y Filiales	(1)(2) S.C. Minera Picacho	Complejo Portuario Mejillones S.A.	Ejecutora Hosp. del Cobre Calama S.A.	(1)(2) Soc. Elab. de Cobre Chilena Ltda.	Inst. de Innovación en Min. y Metal. S.A.	Asoc. Garantizadora de Pensiones
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Assets										
Total currents assets	5.042	80.890	9.544	40.596	145	12.059	369	1.126	5.005	531
Total fixed assets	-	45	17	32.440	-	97.226	-	-	80	-
Total other assets	-	2.021	72	111.608	11	381	814	-	-	-
TOTAL ASSETS	5.042	82.956	9.633	184.644	156	109.666	1.183	1.126	5.085	531
Liabilities										
Total current liabilities	2.348	41.936	6.971	3.246	27	3.265	580	10	1.643	1
Total long-term liabilities	-	-	-	111.252	-	75.535	690	-	-	8
Minority interest	-	-	-	-	-	-	-	12	2	18
Total net equity	2.694	41.020	2.662	70.146	129	30.866	(87)	1.104	3.440	504
TOTAL LIABILITIES AND EQUITY	5.042	82.956	9.633	184.644	156	109.666	1.183	1.126	5.085	531
Income Statements										
Operating income	(1.135)	1.965	(42)	(1.357)	(9)	(1.041)	-	(9)	350	(59)
non-operating expenses	1.326	2.993	72	20.725	1	5.560	(45)	(23)	(212)	41
Income before income taxes	191	4.958	30	19.368	(8)	4.519	(45)	(32)	138	(18)
Income taxes	(52)	(1.159)	(22)	(6)	-	(443)	15	-	(24)	-
NET INCOME (LOSS) FOR THE YEAR	**139**	**3.799**	**8**	**19.362**	**(8)**	**4.076**	**(30)**	**(32)**	**114**	**(18)**
"Net cash provided by Net cash provided by (used in) operating activities"	(775)	-	(2.709)	2.993	-	(4.146)	3	-	386	(62)
Net cash provided by (used in) financing activities	125	-	(1)	(59.530)	-	-	-	1.123	-	-
Net cash provided by (used in) investing activities	-	-	-	6.933	-	7.638	-	-	(24)	-
Effect of price level restatement on cash and cash equivalents	-	-	-	-	-	-	(3)	9	(49)	1
Net increase (decrease) in cash and cash equivalents	(650)	-	(2.710)	(49.604)	-	3.492	-	1.132	312	(61)

Summarised Financial Statements of Subsidiaries

At December 31, 2008 (In thousands of dollars - ThUS$)

(1)(2) Santiago de Río Grande S.A.	Isapre Chuquicamata Ltda.	Prestadora de Serv. San Lorenzo Ltda.	Isapre Río Blanco Ltda.	Biosigma S.A.	Mining Inf. Com. and Monitoring S.A.	Minera Gaby S.A.	Compañía Contract. Minera Los Andes	Explor. Mineras Andinas S.A.	Clínica Río Blanco S.A.	(1)(2) Inversiones Copperfield Ltda.	Termoeléctrica Farellones S.A.	Energía Minera S.A.
ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
19	3.423	1.462	955	4.200	5.065	78.026	-	3.831	1.874	343	-	-
-	1.582	75	205	3.195	9.626	25.719	-	374	4.854	1	-	-
-	2.606	585	1.568	-	335	1.191	-	9	471	12.453	-	-
19	7.611	2.122	2.728	7.395	15.026	104.936	-	4.214	7.199	12.797	-	-
9	2.867	885	1.288	1.910	5.433	79.184	6	3.198	1.861	463	-	-
-	2.103	530	218	-	7.044	7.697	302	441	3.555	289	-	-
-	46	1	2	1.827	867	18	-	-	18	(31)	-	-
10	2.595	706	1.220	3.658	1.682	18.037	(308)	575	1.765	12.076	-	-
19	7.611	2.122	2.728	7.395	15.026	104.936	-	4.214	7.199	12.797	-	-
-	(862)	(569)	221	(7.188)	1.116	8.519	(10)	42	(536)	(26)	-	-
(9)	897	491	(84)	2.189	(955)	3.870	15	69	(279)	1.465	-	-
(9)	35	(78)	137	(4.999)	161	12.389	5	111	(815)	1.439	-	-
-	6	-	-	-	(4)	(2.692)	-	(14)	161	(242)	-	-
(9)	41	(78)	137	(4.999)	157	9.697	5	97	(654)	1.197	-	-
-	235	(105)	106	(7.144)	3.822	13.673	-	1.364	223	-	-	-
-	-	164	-	6.267	(388)	(124.100)	-	-	157	-	-	-
-	492	-	(115)	(306)	(4.718)	108.045	-	(206)	(191)	-	-	-
-	(163)	(27)	(49)	(105)	1	-	-	157	(14)	-	-	-
-	564	32	(59)	(1.288)	(1.283)	(2.382)	-	1.315	176	-	-	-

(1) It has not prepared cash flow statements.
(2) Unaudited financial statements.

	Chile Copper Ltd.	(1) Codelco Küpferhandel GmbH	(2) Codelco Group USA Inc.	Codelco International Ltd. y Filiales	(1)(2) S.C. Minera Picacho	(1) CMS Chile S.A.	Complejo Portuario Mejillones S.A.	Ejecutora Hosp. del Cobre Calama S.A.	(1)(2) Soc. Elab. de Cobre Chilena Ltda.	Inst. de Innovación en Min. y Metal. S.A.
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Assets										
Total currents assets	5.660	118.450	25.176	89.981	170	1	8.454	690	1.347	4.885
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
Liabilities										
Total current liabilities	2.165	81.843	22.634	23.091	25	118	4.508	871	2	1.058
Total long-term liabilities	-	-	-	166.135	-	2.885	79.607	819	-	-
Minority interest	-	-	-	-	-	-	-	-	14	3
Total net equity	3.498	38.770	2.654	51.575	158	(3.002)	26.790	(68)	1.331	3.910
TOTAL LIABILITIES AND EQUITY	5.663	120.613	25.288	240.801	183	1	110.905	1.622	1.347	4.971
Income Statements										
Operating income	(1.678)	5.459	72	(7.518)	(3)	(2)	(1.103)	-	(2)	(341)
non-operating expenses	2.058	1.953	205	86.943	1	-	5.473	(63)	(23)	(177)
Income before income taxes	380	7.412	277	79.425	(2)	(2)	4.370	(63)	(25)	(518)
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)
"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)
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	-	-
Net increase (decrease) in cash and cash equivalents	(3.696)	-	3.170	82.483	-	-	6.576	(18)	1.344	61

Summarised Financial Statements of Subsidiaries

At December 31, 2007 (In thousands of dollars - ThUS$)

Asoc. Garantizadora de Pensiones	(1)(2) Santiago de Río Grande S.A.	Isapre Chuquicamata Ltda.	Isapre San Lorenzo Ltda.	Isapre Río Blanco Ltda.	Biosigma S.A.	Mining Inf. Com. and Monitoring S.A.	Minera Gaby S.A.	Compañía Contract. Minera Los Andes	Explor. Mineras Andinas S.A.	Clínica Río Blanco S.A.	(1)(2) Inversiones Copperfield Ltda.	Termoeléctrica Farellones S.A.	Energía Minera S.A.
ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
700	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	-	-
700	23	9.850	2.384	2.831	8.706	6.464	28.212	-	2.372	8.208	8.877	-	-
1	1	4.222	715	1.309	1.179	810	14.487	-	1.416	1.348	-	-	-
8	-	2.645	748	247	-	2.938	5.377	368	395	3.987	52	-	-
22	-	50	1	1	2.510	923	1	-	-	29	-	-	-
669	22	2.933	920	1.274	5.017	1.793	8.347	(368)	561	2.844	8.825	-	-
700	23	9.850	2.384	2.831	8.706	6.464	28.212	-	2.372	8.208	8.877	-	-
(78)	(2)	(2.086)	(833)	(814)	(6.932)	(786)	(17.232)	(4)	258	(3)	(51)	-	-
44	-	2.120	459	(154)	2.124	186	3.325	16	78	(285)	(356)	-	-
(34)	(2)	34	(374)	(968)	(4.808)	(600)	(13.907)	12	336	(288)	(407)	-	-
-	-	(22)	24	29	-	144	2.364	-	(28)	73	-	-	-
(34)	(2)	12	(350)	(939)	(4.808)	(456)	(11.543)	12	308	(215)	(407)	-	-
-	-	(470)	(48)	390	(6.699)	(160)	(7.914)	-	448	105	-	-	-
(127)	-	-	341	-	9.100	(48)	1.100	-	-	-	-	-	-
-	-	330	(8)	(29)	(732)	(1.730)	(398)	-	(262)	(299)	-	-	-
(24)	-	(141)	(6)	-	(136)	631	-	-	(8)	(29)	-	-	-
(151)	-	(281)	279	361	1.533	(1.307)	(7.212)	-	177	(224)	-	-	-

(1) It has not prepared cash flow statements.
(2) Unaudited financial statements.

Significant Accounting Policies Applied

Note 01 | Summary of the main accounting principles applied

a) Period

These financial statements are for the fiscal year from 1 January to 31 December 2008 and 2007.

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 lo 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 8.9% update as of December 31, 2008 (7.4% in 2007).

f) Basis of conversion

As of December 31, 2008 and 2007, assets and liabilities in foreign currency and unidades de fomento (an inflation indexed accounting unit) have been converted lo current pesos according lo parities existing al the end of the fiscal year, as follows:

	2008 US$	2007 US$
Pound sterling - UK	1.44279	1.99124
Euro	1.41223	1.47102
Mexican peso	0.07234	0.09175
Unidad de fomento	33,7066	39.4909

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 a lower),

i) Inventories

Inventories are valued al 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 al 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: Al 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 al their historic cost, net accumulated depreciation. Construction works include the value invested in fixed construction assets.

l) Depreciation

Fixed asset depreciation la 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 al 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.

Investments in other firms is posted by purchasing value, which is not higher than market value.

o) Intangibles

The value of actual disbursements and amortization ¡a 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 lo 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 leas ore 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 02 | 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.

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, 2008 end 2007, said statement is presented.

Moreover in exercises 2008 end 2007, 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, 2007, there are no changes in the application of the accounting principles and criteria with regard to the previous year.

Relevant Events

During the years between January and December 2008 and 2007, the Company has reported to the Chilean Superintendency of Securities and Insurance (SVS) the following relevant events:

01 | Incorporation of Companies

On April 20, 2007, Codelco 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 (Main Interconnected Grid System.).

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 GNL Mejillones S.A. with opening capital of ThCh$1,000 (one million Chilean pesos.).

On October 4, 2007, the Board of Directors of Codelco-Chile at an Extraordinary Meeting unanimously agreed to confirm Codelco-Chile's involvement in the LNG Project through GNL 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 GNL Mejillones S.A. for the financing of this project for up to US$200 million.

On October 11, 2007, the Company's subsidiary, GNL 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, GNL 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 incorporation of a company by subscribing shares for US$ 3,800,000 (three million and eight hundred thousand United States dollars.) of total capital which will amount to US$11,020,000 (eleven million and twenty thousand United States dollars.)

On December 29, 2008, Codelco agreed to sell to its partner Industrias Peñoles S.A. de C.V., the total amount of the shares it has in Pecobre S.A. de C.V.., related to 49% of the share capital of the aforementioned company at a gross price of US$ 5,000,000, thereby generating income after tax of ThUS$1,667.

02 | Change in Codelco's Executives

Beginning on September 1, 2007, Luis Farias Lasarte replaced Juan Eduardo Herrera as the Company's Corporate Vice President of Strategy and Businesses.

On January 9, 2008, Mr. Santiago González Larraín assumed as the Chairman of the Board of Directors replacing Mrs. Karen Poniachik Pollak.

On June 30, 2008, Mr. Luis Mualim Celume the Auditor General was replaced as interim Auditor General by Mr. Carlos Russell Hidalgo, the assistant manager of general audit.

On July 11, 2008, Codelco's Corporate Vice President of Finance, Promotion and Sustainability, Isabel Marshall Lagarrigue resigned due to personal issues. This resignation will become effective at the end of July.

On July 31, 2008, at an Ordinary Meeting of the Board of Directors Mr. Gustavo Adolfo González Jure, the former Director of the Chilean Police became a member of the Board of Directors replacing in this position General Mr. Eduardo Gordon Varcárcel.

On August 26, 2008, Codelco's Executive Chairman has appointed Ignacio Muñoz Reyes as the new Auditor General who began his work on September 8, 2008.

On October 9, 2008, Codelco reported that the Corporate Vice President of Shared Services Mr. Daniel Barría Iroumé resigned. This will become effective at the end of October.

On October 28, 2008, Mr. Juan Medel Fernández was appointed as Corporate Vice President of Shared Services to replace Mr. Daniel Barría Iroumé.

On December 15, 2008, Codelco reported that the General Manager of the Andina Division Mr. Daniel Trivelli Oyarzún resigned.

Armando Olavarría Couchot, Civil Mine Engineer, who since March 2004 was the General Assistant Manager of El Teniente Division will assume as the General Manager of the Andina Division beginning on January 10, 2009.

03 | Appointment of external auditors

At the meeting held on August 27, 2008, the Board of Directors authorized the renewal of the agreement with Deloitte & Touche Limitada as Codelco's external auditors for the period between 2009 and 2010.

04 | Strategic alliances

At the Ordinary Meeting held on July 3, 2008, the Board of Directors agreed to approve the bases and conditions for public bid for the incorporation of third parties in the development of the Inca de Oro project located in Region III of Chile. This relates to the exploitation of copper porphyry which contains estimated oxide and sulphide resources for 345 million tons with copper ore grade of 0.47% and presence of gold, silver and molybdenum.

On July 3, 2008, Codelco's Board of Directors agreed to authorize Codelco's participation and involvement in the Sulfolix Project of Sociedad Contractual Minera El Abra. This project implies exploiting copper sulphides through a leaching process, which means extending mine production by at least a decade beginning in 2010.

On September 23, 2008, Codelco and Minmetals agreed to indefinitely suspend the rights and obligations related to the option for the Gabriela Mistral deposit. Any possible reposition of this option will require an agreement by both parties.

Likewise, both companies agreed to work together on a case-by-case basis, in the analysis of new businesses and exploration opportunities in international copper mining mainly in Latin America and in Africa.

On October 28, 2008, Codelco reported of the need for resuming the exploitation of high ore grade of the Chuquicamata mine up to next year. This decision implies an adjustment in the annual production plan for this Division in the order of 10% of that committed. This 10% is estimated as FMT 78,000, which represents 4.9% of Codelco's total scheduled production.

On December 5, 2008, Sociedad Contractual Minera El Abra has opted to postpone the execution of the Sulfolix project. This project is being re-analyzed in respect to their time and its execution is expected to occur when market conditions become adequate. Note that Codelco has ownership interest of El Abra, and that Freeport McMoran has the remaining 51%.

On December 19, 2008, Empresa Nacional de Minería (ENAMI), acting in conformity with that provided in the agreement entered by Empresa Nacional de Minería and Exxon Minerals Chile Inc, on January 24, 1978, before the Notary Public of Santiago Patricio Zaldívar Mackenna, amended through the agreement entered by Empresa Nacional de Minería and Inversiones Anglo American Dos Limitada (IAADL), Anglo American Chile Dos Limitada (AACDL) and Anglo American PLC (AAplc,), entered before the Notary public of Santiago José Musalem Saffie, on November 13, 2002, has opted to appoint Codelco to exercise the right provided by the aforementioned agreements of acquiring from IAADL and AACDL (or their successor companies), a social interest on "Disputada" (as defined by the agreements), up to a maximum amount so that the social interest acquired by ENAMI (or by Codelco as the entity

appointed by ENAMI), when it is added to the total social interest which entities other than IAADL and AACDL or any other subsidiary of these or of AAplc have does not exceed forty-nine per cent of the total ownership interest existing at the acquisition date.

05 | Investment Projects

On May 19, 2008, the Gabriela Mistral mine commenced its copper production activities. The project considers estimated production of annual FMT 150,000 for a period of 15 years.

This mine has electro-refined cathodes with 99.99% copper purity. The deposit is located in Region II of Chile (in the commune of Sierra Gorda) and has 618 million tons of oxidized ore with total copper medium ore grade of 0.41%.

06 | Collective bargaining agreements

On February 21, 2007, the collective bargaining agreement between the Codelco Norte division and the union of mining workers which includes the Division's 503 employees ended and will be in force for a period of thirty-seven months beginning on March 1, 2007.

07 | Mine closure

In consideration of favorable market conditions, which allowed obtaining new coverage for production, on May 8, 2007, Codelco made the technical and economic decision of extending the exploitation of the oxide line of business of its Salvador Division for a period of two years; thereby postponing mine closure from 2008 to 2010.

08 | Financing

On August 17, 2008, Codelco obtained a syndicated loan for US$400 million led by Banco BBVA, N.Y. branch in which Banco BBVA - Bancomer de México acts as the agent.

The overall conditions for this loan are as follows:

Amount: US$ 400 million.
Term : 7 years with three amortization payments for equal amounts on the fifth, sixth and seventh year.
Interest rate: Libor.
Spread: 0.125% a.p. for year 1;
0.150% a.p. for year 2 to year 4;
0.175% a.p. for year 5;
0.200% a.p. for year 7.

Board of Directors and Management Remuneration

At 31 December 2008 and 2007 / (in thousands - MUS$)

In 2008 and 2007, members of the board of directors received the amounts stated in the transaction table as expenses, remunerations and fees.

Board of Directors' Expenses	2008 MUS$	2007 MUS$
Santiago González Larraín	20	-
Andrés Velasco Brañes	20	14
Nicolás Majluf Sapag	57	39
Jorge Bande Bruck	57	39
Eduardo Gordon Valcárcel	31	39
Jorge Candia Díaz	57	39
Raimundo Espinoza Concha	57	39
Gustavo González Jure	25	-
Karen Poniachik Pollak	-	14

Fees	2008 MUS$	2007 MUS$
Nicolás Majluf Sapag	39	-
Jorge Bande Bruck	39	-

Remunerations	2008 MUS$	2007 MUS$
Jorge Candía Díaz	84	96
Raimundo Espinoza Concha	55	55

In 2008, remunerations of Codelco's senior executives totaled MUS$5,572. This amount includes a performance bonus for MUS$245.

The criteria to determine the remunerations were set by the Board of Directors by agreement on 29 January 2003. The effective remuneration policy, updated by the remunerations committee of the Board of Directors dated 2 March 2004, is as follows:

a) Fixed remuneration will be equal to the fixed remuneration relevant to 50.0 percentile of the fixed component for the remuneration level for comparable roles in the relevant market; applying a +/- 15% range.

b) The performance bonus, not guaranteed, will have an annual value that varies – depending on goals achieved and individual performance – between zero and three fixed monthly remunerations. Additionally, two restrictions were set: first, that the Company's annual profit has to be more than 20% of its equity (capital plus reserves), and, second, that the total bonds must not exceed 2.4 times the aggregate amount of the monthly base salary of these senior executives.

c) The total remuneration, i.e., the sum of the guaranteed fixed remuneration plus the non-guaranteed performance bonus, shall not exceed the total remuneration corresponding to 75 percentile of the relevant market.

As for compensation for each year of service, none of Codelco's senior executives received compensation as at 31 December 2008.

Statement of Responsibility

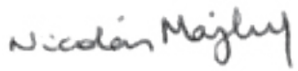
The undersigned, as members of the Board of Directors of Corporación Nacional del Cobre de Chile, located in Santiago, at Huérfanos 1270, in order to comply with the provisions set forth in the General Regulation No. 30 under Superintendency of Securities and Insurance, we declare and testify, under oath, in this instrument and under our sole responsibility, regarding the whole and absolute truth and authenticity of all the information provided by Codelco in the 2008 Annual Report.



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President of the Republic
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Gustavo González Jure
Representative of H.E.
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General Inspector of Carabineros,
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Raimundo Espinoza Concha
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Jorge Candia Díaz
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Santiago, April 2009

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