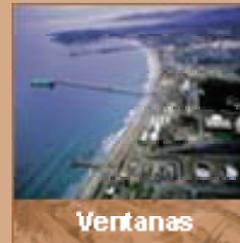
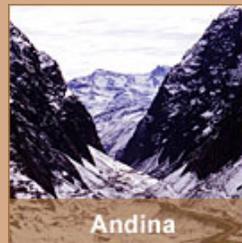




# Financial Report Codelco January – December 2009

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José Pablo Arellano, President & CEO  
Press Conference  
25 February 2010



# Overall Accident Rate 2009

(Staff & contract workers)

	2009	2008
Codelco Norte	2.47	3.39
Salvador	2.76	3.39
Andina	1.36	3.34
Ventanas	2.88	2.64
El Teniente	2.33	3.86
<b>Codelco</b>	<b>2.42</b>	<b>3.39</b>
Gaby	2.54	-

Accident Rate: lost time accidents per 1 million hours worked

# Income Statement 2009 (\*)

## Production & Price Information

	2009	2008
<b>Copper sales - (1,000 metric tons)</b>	<b>2,017</b>	<b>1,927</b>
own production	1,703	1,525
third-party	315	402
<b>Copper production - (1,000 metric tons)</b>	<b>1,702</b>	<b>1,466</b>
<b>Molybdenum Sales - (1,000 metric tons)</b>	<b>21</b>	<b>24</b>
<b>Molybdenum production - (1,000 metric tons)</b>	<b>22</b>	<b>21</b>
LME copper prices ( c/lb)	234.2	315.3
Metals Week molybdenum prices ( US\$/kg)	24.5	63.3
Exchange rate	560	522
CIP	99.0	97.6

(\*) Individual Financial Statements

# Income Statement 2009 (\*)

(in million of US\$)

	2009	2008
Revenues own copper sales	8,884	8,742
Cost of sales own copper	-4,750	-4,765
Gross margin own copper	4,134	3,977
Gross margin by-products & other products	550	1,600
SG&A expenses	-304	-350
<b>OPERATING INCOME</b>	<b>4,380</b>	<b>5,227</b>
Non-operating income	-659	-579
Related-company income	348	320
<b>PRE-TAX PROFIT</b>	<b>4,069</b>	<b>4,968</b>

(\*) Individual Financial Statements

# Pre-Tax Profit Distribution 2009

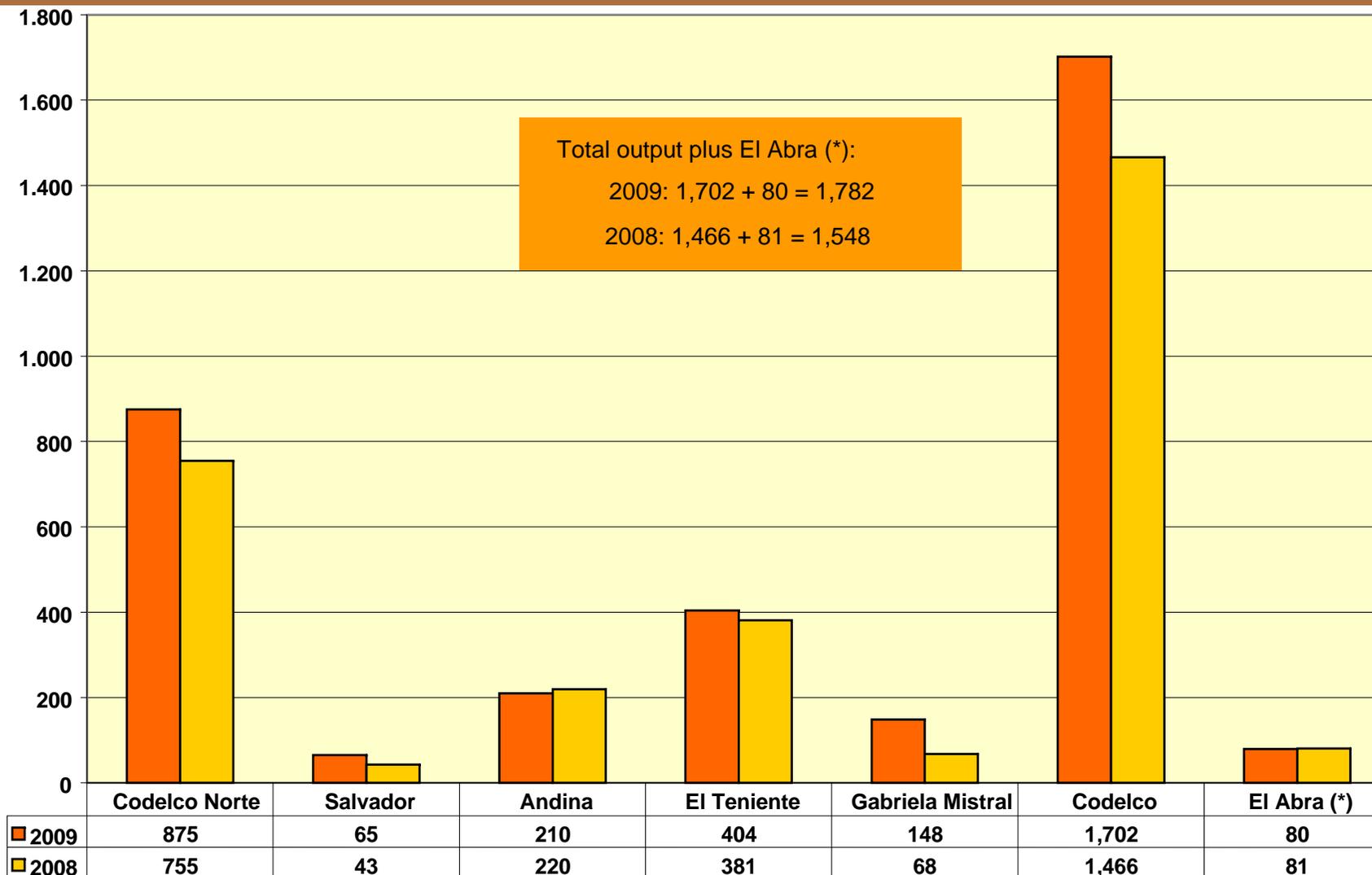
(in millions of US\$)

	2009	2008
<b>Reserve Law No. 13,196 tax</b>	<b>960</b>	<b>1,160</b>
<b>Income tax</b>	<b>1,671</b>	<b>2,026</b>
<b>Specific mining tax</b>	<b>177</b>	<b>215</b>
<b>Net profit</b>	<b>1,262</b>	<b>1567</b>
<b>PROFIT</b>	<b>4,069</b>	<b>4,968</b>
<b>COMPARABLE NET PROFIT</b>	<b>3,235</b>	<b>3,953</b>

(\*) Equivalent to Codelco's profits if subject to the same tax as a publicly traded company (17%)

# Copper Output – Own & Subsidiaries 2009

(in thousands of fine metric tons)



\* Share of production relative to Codelco's ownership interest

# Investments 2009

(in millions of US\$)

	2009	2008
<b>Buildings, machinery &amp; equipment</b>	<b>1,483</b>	<b>1,312</b>
<b>Mine development</b>	<b>457</b>	<b>378</b>
<b>Research &amp; studies</b>	<b>87</b>	<b>95</b>
<b>Other investments</b>	<b>9</b>	<b>13</b>
<b>Investments in related companies</b>	<b>91</b>	<b>192</b>
<b>Total</b>	<b>2,127</b>	<b>1,991</b>

# Costs

Items included	Total Costs & Expenses	Net Cathode Cost C3	Direct Cash Cost C1
Operating cost	✓	✓	✓
Non-operating expenses	✓	✓	-
Head Office	✓	✓	-
Interest expense	✓	✓	-
Depreciation & amortization	✓	✓	-
Treatment & refining costs /TC-RC)	-	✓	✓
By-product credits	-	✓	✓

# Codelco Costs 2009

(US\$ c/lb of copper)

	2009	2008
Total costs & expenses	157.8	178.0
Treatment & refining costs (TC-RC)	3.7	3.8
By-product credits	-22.9	-62.2
<b>Net Cathode Cost (C3)</b>	<b>138.6</b>	<b>119.6</b>
Depreciation & amortization	-27.1	-29.8
Non-operating & interest expenses	-15.4	-15.6
Head Office expenses	-3.2	-4.0
<b>Direct Cash- Cost (C1)</b>	<b>92.9</b>	<b>70.2</b>

# Costs & Expenses Variation Analysis

(US\$ c/lb of copper)

<b>TOTAL COSTS &amp; EXPENSES 2008</b>	<b>178.0</b>
Increase in input prices	4.6
Power rate compensation 2008	-3.0
Effect of CPI, exchange rate & US IPM	-6.6
<b>Subtotal</b>	<b>-5.0</b>
Mining effects (e.g. higher processing, higher grade, higher recovery)	-20.6
Higher input productivity	-1.6
Higher non-operating expenses	2.0
Higher depreciation & amortization	1.3
Other net variations	3.7
<b>TOTAL COSTS &amp; EXPENSES 2009</b>	<b>157.8</b>
<b>Difference</b>	<b>-20.2</b>

# Net Cathode Costs Variation Analysis

(US\$ c/lb of copper)

<b>NET CATHODE COST 2008 (C3)</b>	<b>119.6</b>
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Lower costs & expenses	-20.2
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Lower TC/RC costs	-0.1
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Lower by-product credits	39.3
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<b>NET CATHODE COST 2009 (C3)</b>	<b>138.6</b>
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Difference	19.0
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# Highlights 2009

- **Accident Rate** : Record indicators, total accident frequency rate is 24.2, despite the unfortunate death of three workers at the Codelco Norte, Andina and El Teniente,.
- **Corporate Governance & Capitalization**: Codelco's new Corporate Governance Law was approved by Congress on 6 October and enacted by the President of the Republic, Michelle Bachelet, on 4 November. This law modernizes the company's board of directors and its governance structure, and incorporates a permanent capitalization mechanism. Furthermore, the law was approved for just one capital increase consisting of US\$ 1 billion.
- **Work Indicators**: Reduced corporate absenteeism: the rate fell from 4.88 in 2008 to 4.07 in 2009; overtime rate fell from 5.09 in 2008 to 3.62 in 2009. Both factors significantly helped to lower costs. During the year, two collective negotiations were conducted (Andina Division and Codelco Norte Division). On 29 December 2008, 51% of employees in trade unions 1, 2 and 3 at Chuquicamata rejected the Company's offer.
- **Projects in progress**: The four structural projects (Chuquicamata Underground Mine, Ministro Hales Mine, New Andina Phase II and New Level El Teniente Mine), are currently developing Feasibility Studies (basic engineering), the last three are at an initial work stage. Among the main projects that are under development, RT Sulphides RT Phase I (Codelco Norte) is 93.7% complete; Andina Phase I Development Plan is 87.5% complete, and Pilar Norte (El Teniente) is 93.3% complete. All these projects will start-up operations during the first six months of this year.
- **49% share option in Los Bronces is postponed**: In January Codelco reported that it would postpone a share option in Los Bronces, owned by AngloAmerican.

# Highlights 2009

- **US\$600 million bond issue in New York** : Codelco was the first Latin American company to raise funds in international markets after July 2008.

- **Energy**: Codelco and Colbún agreed to sign two contracts, 15 and 30-year term, to supply electricity to the divisions in the SIC power grid; in SING power grid, the Company and Electroandina signed a 15-year supply agreement for para Codelco Norte. In the north, the GNL Mejillones plant works are 98% complete.

Codelco and its partner GDF Suez agreed a merger of its power assets, creating a more powerful plant; the Company will hold a 40% stake in the new Edelnor S.A.

- **Innovation & Technology**: Codelco patented in Chile (INAPI) and the US (Patent and Trade Office, USPTO) the world's first bioleaching microorganism patent: Wenelén. Codelco leads in companies that obtain industrial patents in Chile.

Codelco announced the construction of a mineral bioleaching industrial plant with BioSigma technology at Codelco Norte, a US\$ 5.5 million investment.

Codelco and Rio Tinto entered into the “Rio de Cobre” technological alliance agreement, that aims to pursue and integrate next generation global technological developments in underground and open cut mining and metallurgical processing.

Codelco and Microsoft signed an agreement to create a Mining Innovation Centre with offices in Calama.

- **Exploration**: Codelco and the Ecuatorean Government entered into an agreement to explore the central-south region of Ecuador. It also sealed exploration partnerships with Rio Tinto and Pucobre in Chile.

# Highlights 2009

- **Higher Education Scholarships:** 2,000 higher education scholarships were granted to the children of the company's contract workers.
- **Corporate Social Responsibility (CSR):** The Mori's CSR survey awarded Codelco the first place as the most socially responsible company; and the CERC survey once again recognised Codelco as the biggest contributor to the country (33%). Ventanas Division received an award for its environmental management from the Region Chamber of Trade and Production. Codelco signed a Tax CSR agreement with the Chilean Internal Revenue Service (SII) to promote electronic billing among SME suppliers (MIPYME ).
- **Transparency & Reporting:** In addition to complying with the Transparency Law (Law No. 20,285), Codelco issued its 10th Sustainability Report and, in May began reporting its quarterly report on environmental key indicators on its website: [www.codelco.com](http://www.codelco.com). It also updated its Business Conduct and Ethics Code and created a safe and confidential complaint hotline, to receive information on potential noncompliance.
- **Uses of Copper:** After the first harvest of salmon farmed in copper cages, EcoSea Farming S.A, a Codelco subsidiary, began implementing a lease model for copper alloy fish cages in Chile and working on the model and design for a submersible copper alloy cage exposed to the elements.

At Codelco Norte Hospital, research on the bactericidal properties of copper showed an average 90% reduction in the total bacterial load in objects coated in copper or copper alloys, compared to those without this metal. This is the preliminary result of study undertaken by Codelco, ICA, UNTEC and Innova Chile Corfo.