

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, 2009 and 2008, 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, 2009 and 2008, 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, 2009 and 2008, the direct and indirect investment of the Company in such investees and the total assets reflected by the financial statements of such subsidiaries represent 7.7% and 7.6%, respectively, of the total consolidated assets, and the year's net equity in income of these investees and the total sales reflected by the financial statements of these subsidiaries represent 9.0% and 9.6%, respectively, of the total consolidated sales.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports from other auditors, the consolidated financial statements, present fairly, in all material respects, the financial position of Corporación Nacional del Cobre de Chile and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

As indicated in Note 28, on January 1, 2010 the Company will adopt International Financial Reporting Standards as generally accepted accounting principles.

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 on this same date. Such financial statements contain additional information required by said 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.

The logo for Deloitte, featuring the word "Deloitte" in a blue, cursive script font.

February 22, 2010, except for Note 29
of March 1, 2010

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. dollars - ThUS\$)

ASSETS	At December 31,	
	2009	2008
	ThUS\$	ThUS\$
CURRENT:		
Cash and banks	24,057	25,351
Time deposits	595,322	353,469
Marketable securities	10,640	8,145
Trade receivables, net	1,453,481	494,402
Notes receivable, net	96	281
Other receivables, net	350,337	334,956
Due from related companies	114,619	115,484
Inventories, net	1,470,896	1,546,632
Recoverable taxes	147,084	445,952
Prepaid expenses	13,741	15,604
Deferred taxes	130,891	232,692
Other current assets	146,289	8,300
Total current assets	4,457,453	3,581,268
PROPERTY, PLANT AND EQUIPMENT:		
Land	80,357	62,672
Buildings and infrastructure	10,301,025	9,041,543
Machinery and equipment	8,474,658	8,243,011
Other plant and equipment	206,249	181,708
Technical appraisal revaluation	362,896	367,693
Accumulated depreciation	(10,221,008)	(9,682,744)
Net property, plant and equipment	9,204,177	8,213,883
OTHER ASSETS:		
Investments in related companies	1,115,200	1,076,780
Investments in other companies	2,007	2,354
Goodwill	18,143	19,319
Negative goodwill	-	(310)
Long-term receivables	227,384	177,302
Due from related companies	296,626	224
Intangibles	28,360	24,537
Accumulated amortization	(6,550)	(6,550)
Other assets	696,297	617,853
Total other assets	2,377,467	1,911,509
TOTAL ASSETS	16,039,097	13,706,660

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. dollars - ThUS\$)

LIABILITIES AND EQUITY	At December 31,	
	2009	2008
	ThUS\$	ThUS\$
CURRENT LIABILITIES:		
Banks and financial institutions:		
Current	215,403	557,846
Current portion of long-term debt	152	300,365
Current portion of bonds payable	55,183	336,849
Accounts payable	800,166	763,776
Notes payable	25	12
Miscellaneous payables	173,993	90,465
Due to related companies	185,674	112,764
Accruals	495,892	483,979
Withholdings	377,691	261,830
Income taxes payable	62,279	3,352
Deferred income	113,073	14,935
Other current liabilities	9,203	11,993
Total current liabilities	2,488,734	2,938,166
LONG-TERM LIABILITIES:		
Due to banks and financial institutions	800,000	650,000
Bonds payable	3,609,060	2,903,522
Notes payable	111,645	75,528
Miscellaneous payables	279,627	306,458
Due to related companies	388,767	429,665
Accruals	1,959,606	1,679,087
Deferred taxes	1,011,893	758,013
Other long-term liabilities	78,088	87,799
Total long-term liabilities	8,238,686	6,890,072
MINORITY INTEREST	3,092	2,730
EQUITY:		
Paid-in capital	2,524,423	1,524,423
Other reserves	1,773,465	1,757,914
Retained earnings:		
Retained earnings	500,000	500,000
Net income for the year	1,261,718	1,566,775
Profit distributions to the Chilean Treasury	(751,021)	(1,473,420)
Total net equity	5,308,585	3,875,692
TOTAL LIABILITIES AND EQUITY	16,039,097	13,706,660

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands of U.S. dollars - ThUS\$)

	For the years ended	
	December 31,	
	2009	2008
	ThUS\$	ThUS\$
SALES	12,147,819	14,424,756
COST OF SALES	<u>(7,454,172)</u>	<u>(8,840,972)</u>
GROSS PROFIT	4,693,647	5,583,784
ADMINISTRATIVE AND SELLING EXPENSES	<u>(309,093)</u>	<u>(354,186)</u>
OPERATING INCOME	<u>4,384,554</u>	<u>5,229,598</u>
Interest income	27,256	57,357
Equity in income of related companies	325,116	297,076
Other income	269,150	199,253
Equity in losses of related companies	(1,691)	(13,470)
Amortization of goodwill	(1,176)	(1,176)
Interest expense	(238,933)	(238,073)
Other expenses	(1,364,944)	(1,949,689)
Price level restatement	(313)	759
Foreign exchange differences	<u>(288,541)</u>	<u>228,646</u>
NON-OPERATING EXPENSES, NET	<u>(1,274,076)</u>	<u>(1,419,317)</u>
INCOME BEFORE INCOME TAXES	3,110,478	3,810,281
INCOME TAXES	<u>(1,850,811)</u>	<u>(2,245,965)</u>
INCOME BEFORE MINORITY INTEREST	1,259,667	1,564,316
MINORITY INTEREST	<u>2,051</u>	<u>2,418</u>
NET PROFIT	1,261,718	1,566,734
Amortization of negative goodwill	<u>-</u>	<u>41</u>
NET INCOME FOR THE YEAR	<u>1,261,718</u>	<u>1,566,775</u>

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of U.S. dollars - ThUS\$)

	For the years ended	
	December 31,	
	2009	2008
	ThUS\$	ThUS\$
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Collection of accounts receivable	11,701,738	16,038,164
Interest income collected	9,977	21,004
Dividends and other distributions collected	47,447	240,954
Other income collected	1,520,165	1,551,354
Payments to suppliers and personnel	(7,491,602)	(8,998,270)
Interest paid	(251,347)	(241,690)
Income taxes paid	(320,560)	(2,138,552)
Law No. 13,196 and other expenses paid	(1,236,523)	(2,122,282)
Value added tax and other similar taxes paid	(980,512)	(1,108,075)
Net cash provided by operating activities	2,998,783	3,242,607
NET CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans obtained	1,505,450	886,100
Bonds issued	600,000	-
Other financing sources	100,000	-
Profits distribution to the Chilean Treasury	(835,692)	(3,231,784)
Loan payment	(1,994,398)	(400,000)
Payment of bonds	(300,000)	-
Net cash provided by (used in) financing activities	(924,640)	(2,745,684)
NET CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	-	10,881
Proceeds from sales of permanent investments	-	3,770
Proceeds from sale of other investments	-	14,070
Other investment income	91,917	18,603
Purchases of property, plant and equipment	(1,644,571)	(1,975,490)
Investments in related companies	(69,274)	(186,654)
Loans to related companies	(13,349)	(27,390)
Other investment disbursements	(195,812)	(42,213)
Net cash used in investing activities	(1,831,089)	(2,184,423)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	243,054	(1,687,500)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	386,965	2,074,465
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	630,019	386,965

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of U.S. dollar - ThUS\$)

	For the years ended	
	December 31,	
	2009	2008
	ThUS\$	ThUS\$
RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the year	1,261,718	1,566,775
Proceeds from sales of assets:		
Proceeds from sales of property, plant and equipment	(4,523)	(9,795)
Proceeds from sales of investments	(2,245)	(1,667)
Charges (credits) to income which do not represent cash flows:		
Depreciation	686,396	657,459
Amortization of assets	398,900	346,368
Write-off and provisions	11,115	515,672
Equity in income of related companies	(325,116)	(297,076)
Equity in losses of related companies	1,691	13,470
Amortization of goodwill	1,176	1,176
Amortization of negative goodwill	-	(41)
Price level restatement, net	313	(759)
Foreign exchange differences	288,541	(228,646)
Other credits to income which do not represent cash flows	(101,720)	(76,318)
(Increase) decrease in assets that affect operating cash flows:		
Accounts receivable	(1,161,696)	488,217
Inventories	75,736	157,918
Other assets	398,535	319,481
Increase (decrease) in liabilities that affect operating cash flows:		
Accounts payable related to operating activities	69,015	(189,525)
Interest payable	(3,661)	(4,525)
Income taxes payable	958,927	(18,012)
Value added tax and other similar taxes payable	447,732	4,853
Minority interest	(2,051)	(2,418)
Net cash provided by operating activities	<u>2,998,783</u>	<u>3,242,607</u>

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2009 AND 2008

(In thousands of U.S. dollars - ThUS\$)

Management considers that these explanatory notes offer sufficient but less detailed information 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 1 - Description of the Business

Corporación Nacional del Cobre de Chile, Codelco - Chile ("Codelco", or the "Company") is registered under the Securities Registry N°785 of the Superintendency of Securities and Insurance ("Superintendency") and is subject to the supervision of said Superintendency (in accordance to article 10 of Law N°20,392, which will take effect on March 1st 2010, said supervision will be on the same terms as the public registered companies not withstanding Decree Law N°1,349 of 1976 created by the Chilean Copper Commission.

The Company was formed as stipulated by Decree Law (D.L.) N° 1,350 of 1976, which is the statutory decree of Codelco. In accordance with the decree law, Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity with its own equity. Codelco currently carries out its mining business through its divisions Codelco Norte (made up of the following ex divisions: divisions Chuquicamata and Radomiro Tomic), Salvador, Andina, El Teniente and Ventanas. Also, in May 2008, Codelco started exploiting the ore deposit known as Gabriela Mistral whose mining operations are under the responsibility of Minera Gaby S.A. 100% owned by the Company. The Company also carries out similar activities in other mining deposits in association with third parties.

In accordance with letter e) of Article 10 of said Law N°20,392, Codelco is governed by its organic standards set forth in the Decree Law N°1,350 and that of its statutes, and in matters not covered by them and, insofar as they are compatible and do not go against the provisions of these rules, the rules that govern public registered companies and the common law as applicable to them.

In accordance with Decree Law N° 1,350 Section IV related to the Company's Exchange and Budget Regulations, Codelco's financial activities are conducted following a budgeting system that is composed by an Operations Budget, an Investments Budget and a Debt Amortization Budget.

The tax system applicable to the Codelco's income is in accordance with Article 26 of Decree Law N°1,350 regarding Decree Law N°824 on Income Tax, of 1974 and Decree Law N°2,398 (Article 2) of 1978, which are applicable. Also, in this regard the Company's income is subject to a tax in accordance with Law N°20,026 of 2005 on the Specific Mining Tax.

In addition to the above, the Company is subject to Law N°13,196 that requires the payment of a 10% contribution over the foreign currency return on the export value of copper production, including its by-products.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Description of the Business (continued)

Additionally, Codelco, as any company operating in Chile, is subject to the Value Added Tax (VAT) Law in accordance with the Decree Law N°825 of 1974; and also to the duties and other taxes levying business activities carried out by companies in Chile.

Note 2 - Summary of Significant Accounting Policies Applied

a. Accounting periods - These consolidated financial statements correspond to the period between January 1st to December 31, 2009 and 2008, respectively.

b. Basis of preparation - The consolidated financial statements have been prepared in accordance with generally accepted accounting principles issued by the Chilean Institute of Accountants, and regulations of the Superintendency.

Should there be any discrepancy between the above mentioned principles and regulations, the regulations of the Superintendency will prevail over accounting principles generally accepted in Chile.

c. Reporting currency - In accordance with Article 26 of D.L. N°1,350, the Company's records are 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.) (in 2008), Copper Technology Investments Inc. (U.S.A.) (in 2008), 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), 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, Sociedad Elaboradora de Cobre Chilena Limitada, Asociación Garantizadora de Pensiones, Prestadora de Servicios San Lorenzo Limitada, Isapre Río Blanco Limitada, 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., Termoelectrica Farellones S.A., Ecosea Farming S.A., San Lorenzo Instituto de Salud Previsional Ltda., Innovaciones del Cobre S.A., Inca de Oro S.A. and Centro de Especialidades Médicas Río Blanco Ltda. The interest that Codelco holds in the above companies fluctuates between 96% and 100%. Likewise, in Mining Information, Communication and Monitoring S.A., Ecosea Farming S.A. and Biosigma S.A. (and the subsidiary Biosigma Bermudas Ltd.), Codelco holds an interest of 66%, 68.4% and 66.67%, respectively.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies Applied (continued)

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 at December 31, 2009, as a result of the division of Inversiones Mejillones S.A. (existing at December 31, 2008) described in Note 9, directly and indirectly owns 66.75% of Inversiones Mejillones - 1 S.A. and Inversiones Mejillones - 2 S.A., the Company does not have control nor the management of them, 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:

Inversiones Mejillones - 1 S.A.

At December 31, 2009, Codelco directly owns 34.8% of Inversiones Mejillones - 1 S.A. and an indirect ownership interest through Inversiones Tocopilla 2A S.A., in which Codelco has a 49% interest and its strategic partner Suez Energy Andino S.A. has an interest of 51%. At December 31, 2009, Inversiones Tocopilla 2A S.A. owns 65.2% of the shares of Inversiones Mejillones - 1 S.A.

Inversiones Mejillones - 2 S.A.

At December 31, 2009, Codelco directly owns 34.8% of Inversiones Mejillones - 2 S.A. and an indirect ownership interest through Inversiones Tocopilla 2B S.A., in which Codelco has a 49% interest and its strategic partner Suez Energy Andino S.A. has an interest of 51%. At December 31, 2009, Inversiones Tocopilla 2B S.A. owns 65.2% of the shares of Inversiones Mejillones - 2 S.A.

Although at December 31, 2008, Codelco directly and indirectly owned 66.75% of Inversiones Mejillones - 1 S.A. and Inversiones Mejillones - 2 S.A. it had no control nor the management of them and therefore, in accordance with generally accepted accounting principles in Chile, did not meet the conditions to be incorporated them to the consolidated financial statement of Codelco.

The participations are:

Electroandina S.A.

At December 31, 2008, Codelco directly owned 34.8% of Electroandina S.A. and an indirect ownership interest through Inversiones Tocopilla Ltda., in which Codelco had an ownership interest of 49% and its strategic partner Suez Energy Andino S.A. had an interest of 51%. Inversiones Tocopilla Ltda. owned 65.2% of the shares of Electroandina S.A.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies Applied (continued)

Inversiones Mejillones S.A.

At December 31, 2008, Codelco directly owned 34.8% of Inversiones Mejillones S.A. and an indirect ownership interest through Inversiones Tocopilla Ltda., in which Codelco had an ownership interest of 49% and its strategic partner Suez Energy Andino S.A. had an interest of 51%. Inversiones Tocopilla Ltda. owned 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, 2009 and 2008 were -2.3% and 8.9%, respectively.

f. Basis of conversion

Assets and liabilities in local currency

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\$507.10 per US dollar as of December 31, 2009 (2008: Ch\$636.45).

UF-Denominated Assets and Liabilities

At December 31, 2009 and 2008, 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 (2009: Ch\$507.10 and 2008: Ch\$636.45) and the UF value on the closing dates of the financial statements (2009: Ch\$20,942.88; 2008: Ch\$21,452.57).

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 1st to December 31, 2009 and 2008 were Ch\$559.15 per US dollar (2008: Ch\$520.35).

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies Applied (continued)

Chilean Subsidiaries

Assets and liabilities and income statement accounts in Chilean pesos as of December 31, 2009 and 2008 have been translated into US dollars at the exchange rates on those dates (2009: Ch\$507.10 per US dollar and 2008: Ch\$636.45 per US dollar).

Foreign subsidiaries

As of December 31, 2009 and 2008, respectively, 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:

	<u>2009</u>	<u>2008</u>
	US\$	US\$
Pound sterling – UK	1.60617	1.44279
Euro	1.43328	1.41223
Mexican peso	0.07404	0.07234

g. Time deposits - Time deposits are recorded at cost plus accrued interest at each year-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 to lower realization values are made using the information available at the period-end.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies Applied (continued)

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 based on the book values of property, plant and equipment, 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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies Applied (continued)

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.

Non monetary transactions of investment in related companies are recorded at the fair value of the asset acquired.

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 over 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. N°824 of 1974, and Article 2 of D.L. N°2,398 of 1978; as well as the specific tax on mining activity referred to in Law N°20,026 of 2005.

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 of Securities and Insurance.

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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies Applied (continued)

The Company, following its operational optimization programs to reduce costs and increase labor productivity, facilitated by the incorporation of new modern technologies, and/or best management practices, has established personal severance programs - through the related addendum to the contracts or collective labor agreements - with benefits that encourage retirement, for which the necessary provisions for the total obligation accrued at nominal value 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 reduction of trade receivables or in accounts payable, as applicable. Sales in Chile are recorded in accordance with Chilean regulations under the Articles 7, 8 and 9 of Law N°16,624, amended by Article 15 of Decree Law N°1,349 of 1976, on setting the selling price prevailing in the domestic market.

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 also contracts interest rate hedge transactions to cover fluctuations of interest rates of obligations denominated in US dollars. In accordance with policies of the Board these operations are performed only when the Company has inventory (assets or liabilities) or an underlying flow behind it, and not for investment or speculative reasons.

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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies Applied (continued)

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 do 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 N°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 N°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 in the period in which they are 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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies Applied (continued)

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 N°13,196 - The amount is included in the item Other Expenses in the statement 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 N°1,370 dated January 30, 1998 issued by the Superintendency.

ad. Goodwill - Goodwill is determined using the purchase method in accordance with the standards established by the Technical Bulletin N°72 of the Chilean 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 N°72 of the Chilean Institute of Accountants.

af. Operations with resale and repurchase agreement - Purchases of financial instruments with resale and repurchase agreements are recorded at cost plus accrued interest and restatements at the period-end in accordance with the clauses of the respective contracts.

ag. Financial statements from January to December, 2008 - Certain 2009 figures have been reclassified to be comparative with 2008 figures.

Note 3 - Changes in accounting principles

At December 31, 2009, there are no changes in accounting policies and accounting criteria described in Note 2, with respect to the prior period.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 N°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, Vice-presidents, Corporate Internal Auditor, the members of the Divisional Boards of Directors and Divisional Chief Executive Officers should be approved by this Board.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Balances and transactions with related companies (continued)

The Board of Directors became aware of transactions regulated by Corporate Regulation N°18 which, in accordance with this internal policy, should be approved by it. The main transactions are indicated below for the total amounts, which should be performed in the terms specified by each agreement.

Company name	Nature of the relationship	Amount of Transaction	
		2009 ThUS\$	2008 ThUS\$
Industrial Support Company Ltda.	Relative of an executive	3,432	-
B. Bosch S.A.	Executive's spouse	-	708
CMS Tecnología S.A.	Investment in other company	7,913	-
Instituto de Innovación en Minería y Metalurgia S.A.	Subsidiary	39,500	-
Compañía de Petróleos de Chile S.A.	Director's participation	248	1,082
Ara Worley Parsons S.A.	Executive participation	-	357
Carmen Pavez Díaz	Executive's spouse	-	81
Ingeniería Eléctrica Transboch Ltda.	Executive's spouse	-	4,984
Quadrem Chile Ltda.	Investment in other company	225	69
R & Q Ingeniería S.A.	Relative of an executive	4,879	1,609
Juan Patricio Alvear Arriagada	Relative of an executive	60	-
Insitu Ingeniería Construcción y Servicios S.A.	Relative of an executive	299	742
Domingo Iraola Vera	Relative of an executive	3,150	-
Prodalam S.A.	Director's participation	1,790	714
Mining Industry Robotic Solutions S.A.	Investee	1,073	5,000
Prodinsa S.A.	Director's participation	1,303	170
Petricio industrial S.A.	Relative of an executive	223	-
Dynal Industry S.A.	Relative of an executive	-	23
Biosigma S.A.	Subsidiary	-	3,912
Transec S.A.	Relative of an executive	-	13
SKM Minmetals Ltda.	Relative of an executive	7,236	-
Ecometales Limited (Ex ACL Limited)	Subsidiary	14,199	34,500
Exploraciones Mineras Andinas S.A.	Subsidiary	44,700	-
Idesol Ingenieros S.A.	Relative of an employee	-	28
S y S Consultores Ltda.	Relative of an employee	-	13
Consorcio Ara Worley Parson-SNC LAVALIN	Executive's participation	-	3,029

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Balances and transactions with related companies (continued)

b. Directors' Remuneration

During 2009 and 2008, 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	
	2009 ThUS\$	2008 ThUS\$
Santiago González Larraín	19	20
Andrés Velasco Brañes	19	20
Nicolás Majluf Sapag	59	57
Jorge Bande Bruck	59	57
Eduardo Gordon Valcárcel	-	31
Jorge Candia Díaz	59	57
Raimundo Espinoza Concha	59	57
Gustavo González Jure	59	25

b.2 Remuneration

Name	Amount of transaction	
	2009 ThUS\$	2008 ThUS\$
Jorge Candia Díaz	86	84
Raimundo Espinoza Concha	34	55

b.3 Fees

Name	Amount of transaction	
	2009 ThUS\$	2008 ThUS\$
Nicolás Majluf Sapag	27	39
Jorge Bande Bruck	27	39

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Balances and transactions with related companies (continued)

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 of December 31, 2009 and 2008 are detailed as follows:

Loans receivable:

Company	Transaction	2009		2008	
		Interest	Term	Interest	Term
Electroandina S.A. (1)	Line of credit	-	-	Libor+0.75% per annum	4 years
Electroandina S.A. (2)	Line of credit	-	-	Libor+1% per annum	2 years
Edelnor S.A. (3)	Mortgage	Libor+90 days +3% per annum	18 months	-	-
Edelnor S.A. (4)	Loan	Libor+90 days +3% per annum	18 months	-	-
Central Termoeléctrica Andina S.A. (5)	Loan	Libor+90 days +3% per annum	1 month	-	-
Edelnor S.A. (6)	Loan	Libor+90 days +3% per annum	18 months	-	-
Sociedad GNL Mejillones S.A.	Loan	Libor +3% per annum	28 quarters	-	-
CMS Tecnología S.A.	Mortgage	-	-	Libor 2.5 % per annum	3 years

(1) Direct line of credit

(2) Line of credit in guarantee for external credits

(1), (2) and (3) On July 24, 2009, the commercial account was modified in which the loan granted under the line of credit opening contract and the loan granted under the Shareholders Support Agreement ((1) and (2)). This changed the 180 days +3% annual LIBOR rate conditions with a 17-month term. Later, on December 29, 2009, within the merging operation of companies linked to Codelco and Suez Group, this commercial account contract was terminated early and converted into a mortgage with a 90-day+ 3% annual LIBOR rate and six-quarters term. On December 30, this mortgage was transferred to Edelnor S.A. for the latter to take on payment of this debt under the conditions agreed upon (3), a situation that is effective at December 31, 2009.

(4) On November 6, within the merging operation of companies linked to Codelco and Suez Group, and as a result of Central Termoeléctrica Andina S.A. (CTA) share sale to Codelco by Suez Energy Andino S.A., the latter rendered the Corporation a loan in benefit of Suez Energy Andino S.A. in which CTA was the debtor. Later, on December 30, this loan was transferred to Edelnor S.A. for this company to take on payment of the debt under the conditions agreed upon, a situation that is effective at December 31, 2009.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Balances and transactions with related companies (continued)

(5) Through debt recognition dated November 24, 2009, Central Termoeléctrica Andina S.A. (CTA) acknowledges that it owes the Company an amount associated to the execution of the construction, installation, and start-up project for a thermoelectric plant of the steam/coal type with an approximate power of 165 megawatts that CTA is executing in the Mejillones District.

(6) On December 23, 2009, within the merging operation of companies linked to Codelco and Grupo Suez, Inversiones Tocopilla 1 S.A. distributed dividends to Codelco and Suez Energy Andino S.A., which were documented by mutual consent. Later, on December 29, 2009, due to the absorption of Inversiones Tocopilla 1 S.A. absorption by Edelnor S.A., the merged entity took on the debt.

Loans payable:

Company	Transaction	2009		2008	
		Interest	Term	Interest	Term
Electroandina S.A.	Leasing	23.3% annual	74 months	23.3% annual	74 months
Electroandina S.A. (7)	Leasing	8% annual	40 months	8% annual	40 months
Edelnor (8)	Mortgage	(no interest)	1 month	-	-

(7) The subsidiary Minera Gaby S.A. has commissioned the design, construction, assembly and start up of the power supply line project 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.

(8) On November 27, 2009, within the merging operation of companies linked to Codelco and Suez Group, Codelco subscribed a capital increase of Tocopilla 1 S.A., which was paid by taking out a loan.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Balances and transactions with related companies (continued)

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., Pecobre S.A. de CV (in 2008), Sociedad Contractual Minera Sierra Mariposa, Copper Partners Investments Company Ltd., Sociedad Contractual Minera Purén, Kairos Mining S.A., MI Robotic Solutions S.A., Sociedad Contractual Minera El Abra, Agua de la Falda S.A., CMS Tecnología S.A., Commotech S.A., Inversiones Mejillones S.A., Inversiones Mejillones 1 S.A., Inversiones Mejillones 2 S.A., Inversiones Tocopilla 2A S.A., Inversiones Tocopilla 2B S.A., Electroandina S.A. and Edelnor S.A. The detail is as follows:

	<u>Amount of transaction</u>	
	<u>2009</u>	<u>2008</u>
	ThUS\$	ThUS\$
Capital contribution	67,700	186,654
Dividends received	61,780	240,955
Sales of products and services	208,272	209,279
Purchase of products and services	913,788	941,073
Loans	327,036	27,391
Interest and commissions	3,472	3,580
Reimbursement of expenses	46,451	97,904
Commissions received	166	176
Loan payable	19,920	-
Decrease of capital	200,500	-
Loans recovered	53,400	-
Sale of shares	32	-
Capital increase	191,406	-
Purchase of shares	21,695	-
Purchase of rights	30,416	-
Sale of investments	172,500	-

d. Other information

At December 31, 2009 and 2008, 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 20c).

At December 31, 2009, the Suez Energy Andino S.A. short-term account receivable corresponds to the net receivable balance from the sale of 18% of Codelco's shares in Inversiones Tocopilla 1 S.A. before this company's absorption by Edelnor S.A.

On November 6, 2009, Codelco entered into the following long-term electric supply contracts with Electroandina S.A.:

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Balances and transactions with related companies (continued)

a. Contract replacing the one entered into on November 22, 1995, for the provision of electric power at Chuquicamata site, effective for fifteen years as of January 2010, supplying between 200 and 280 MW, and the associated electric power. The contract involves an approximate cost of ThUS\$1,380 million for the entire period.

b. Modification of contract entered into on December 21, 1995, for the supply of electricity for the Radomiro Tomic site for a maximum power of 10 MW, and through which new prices for power and energy are established as of January 2010, as well as a new price adjustment formula.

At December 31, 2008, the short term account receivable from the associated company Electroandina S.A. corresponds to the line of credit balance to be repaid according to the Shareholders Agreement.

Note 5 - Inventories

At December 31, 2009 and 2008, inventories amounted to ThUS\$1,470,896 and ThUS\$1,546,632, respectively, and include finished products, products in process, material in warehouse and others.

In 2008, the Company has started the operation activities related to the Gabriela Mistral deposit; therefore the total amount of inventories includes MTF30,446.7 (MTF5,158.7 corresponding to finished products and MTF25,281 to products in process) from this deposit for ThUS\$49,192 in 2009 (2008; MTF22,701, equivalent to ThUS\$52,112).

At December 31, 2009 finished products are presented net of unrealized profits of ThUS\$34,538 (2008; ThUS\$809), corresponding to purchase and sale operations with investees, which in accordance with generally accepted accounting principles in Chile, have to be deducted from the items that originated them.

At December 31, 2009 finished products and products in process do not present and adjustment of provision for lower realization value, whereas in 2008, said provision amounts to 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\$70,836 as of December 31, 2009 (December 31, 2008, ThUS\$89,444).

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6 - Income and deferred taxes

a. Deferred taxes:

The deferred tax calculated in accordance with the policy described in Note 2r) represents a net liability of ThUS\$881,002 at December 31, 2009, composed of assets of ThUS\$1,209,265 and liabilities of ThUS\$2,090,267. At December 31, 2008 deferred taxes represent a net liability of ThUS\$525,321, composed of assets of ThUS\$1,299,681 and liabilities of ThUS\$1,825,002.

b. Income taxes:

At December 31, 2009 and 2008 the charge to income for first category income tax was the following:

	2009	2008
	ThUS\$	ThUS\$
First category income tax (17%)	369,134	530,467
D.L. 2,398 (40%)	952,019	1,351,073
Specific tax on mining activity (5%)	<u>169,762</u>	<u>210,756</u>
Total income taxes	<u>1,490,915</u>	<u>2,092,296</u>

This provision is presented in current liabilities under the tax payable item, net of estimated provisional monthly tax payments and other tax credits for ThUS\$1,435,241 which include ThUS\$900,000 corresponding to the payment of provisional voluntary tax recognized by the Chilean I.R.S.. At December 31, 2008, this income tax provision is presented in the recoverable taxes item in current assets, net of estimated provisional monthly tax payments for ThUS\$2,430,143 and other tax credits.

At December 31, 2009 and 2008, the subsidiaries' income tax provision amounted to a charge to income of ThUS\$2,912 and a credit to income of ThUS\$1,537, respectively.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Property, plant and equipment

The composition of property, plant and equipment at December 31, 2009 and 2008 is as follows:

a. Property, plant and equipment, gross

	2009	2008
	ThUS\$	ThUS\$
Land and mining rights	80,357	62,672
Buildings and infrastructure	10,301,025	9,041,543
Machinery and equipment	8,474,658	8,243,011
Other property, plant and equipment	206,249	181,708
Technical appraisal revaluation	<u>362,896</u>	<u>367,693</u>
 Total gross property, plant and equipment	 <u>19,425,185</u>	 <u>17,896,627</u>

b. Accumulated depreciation and depreciation for the year

	2009	2008
	ThUS\$	ThUS\$
Buildings and infrastructure	(4,952,591)	(4,799,528)
Machinery and equipment	(5,157,575)	(4,803,241)
Other property, plant and equipment	(58,505)	(41,786)
Accumulated depreciation from subsidiaries	<u>(52,337)</u>	<u>(38,189)</u>
 Total accumulated depreciation	 <u>(10,221,008)</u>	 <u>(9,682,744)</u>
 Depreciation and amortization for the year	 <u>1,040,360</u>	 <u>958,662</u>

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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies

At December 31, 2009 and 2008, total investments in investees which have not consolidated their financial statements with the Company amount to ThUS\$1,115,200 and ThUS\$1,076,780, respectively. The net profits of these companies for 2009 and 2008 amounted to ThUS\$323,425 and ThUS\$283,606, respectively.

These investments are expressed net of unrealized gains for ThUS\$91,018 and ThUS\$106,483 in 2009 and 2008, respectively.

In general 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 a 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 acquired 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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies (continued)

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 gain of ThUS\$1,667.

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.

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.

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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies (continued)

On October 8, 2009, the Company exercised the put option of 603,045 shares that it held in CMS Tecnología S.A. which represent 30% of the capital in said company. This transaction amounted ThUS\$3,244 generated again before tax of ThUS\$2,245.

Copper Partners Invertment Company Ltd.

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 a 33.3% interest.

On October 9, 2007, an Extraordinary Shareholders Meeting was held to modify the company's capital. The Corporation did not subscribe the increase, 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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies (continued)

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 a 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.

At December 31, 2009, the Company made capital contributions for ThUS\$200 (December 31, 2008; ThUS\$2,281).

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.

At December 31, 2009, Codelco made capital contributions for ThUS\$67,500, (December 2008, ThUS\$145,000).

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies (continued)

On December 29, 2009, in the General Shareholders Meeting of GNL Mejillones S.A., the Company made a capital decrease of ThUS\$401,000, corresponding to Codelco a decrease of ThUS\$200,500. Additionally, the Company gave a loan for the same amount to GNL Mejillones S.A.. This account receivable will accrue interest, with quarterly payments from the second quarter of 2010 to the last quarter of 2016, as follows:

LIBOR + 3% until December 30, 2012

LIBOR + 4.5% from December 31, 2012 until the payment of the above mentioned loan

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 abovementioned assets and liabilities were transferred at the book value recorded in Copper Technology Investment Inc. at the date of this transaction.

Inversiones Tocopilla Ltda.

Inversiones Tocopilla Ltda., was formed on January 17, 1996, as a holding of Suez Energy Andino S.A. (51%) and of Codelco (49%).

On July 24, 2008, the market was informed about the merger between Suez S.A. (holding company of Suez Energy Andino S.A. through Suez – Tractebel S.A.) and Gas de France S.A.. As a result of this operation, the new controller holding was renamed GDF Suez S.A.

On November 6, 2009, Codelco and Suez Energy Andino S.A. (at said date, direct controller of Inversiones Tocopilla S.A.) agreed to execute and enter into actions and contracts leading to a defined merging process in order to gather, in one single company, all the shares and rights that Codelco and Suez Energy Andino S.A. may have in Edelnor S.A. and Electroandina S.A., among other companies. This merging process included transforming Inversiones Tocopilla Ltda. into a registered Company that would change its name to Inversiones Tocopilla 1 S.A. and its division into three corporations: one that would be the same company with the same corporate existence, and the other two resulting from the division would operate under the names of Inversiones Tocopilla 2-A S.A. and Inversiones Tocopilla 2-B S.A.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies (continued)

On December 29, 2009, Empresa Eléctrica del Norte Grande S.A. (Edelnor S.A.) Shareholders' Extraordinary Meeting approved the merger of Inversiones Tocopilla 1 S.A. and Edelnor S.A., the latter becoming the absorbing company through a share swap with Codelco whereby acquired 173,382,461 shares of Edelnor S.A., with a 16.3471% direct ownership in the merged company's equity.

Inversiones Tocopilla 2-A S.A.

On November 20, 2009, Inversiones Tocopilla 2-A S.A., was incorporated through a public deed a company resulting from the division of Inversiones Tocopilla-1 S.A., which resulted from the transformation of Inversiones Tocopilla Ltda. Said incorporation took place with Suez Energy Andino S.A. (51%) and Codelco (49%) direct ownership. Share percentages were maintained at December 31, 2009.

The purpose of the company is investing in all kind of shares, company rights, or other forms of ownership in companies of any nature, and exercising the corresponding rights.

Inversiones Tocopilla 2-B S.A.

On November 20, 2009, Inversiones Tocopilla 2-B S.A., was incorporated through a public deed a company resulting from the division of Inversiones Tocopilla-1 S.A., which resulted from Inversiones Tocopilla Ltda. transformation. Said incorporation took place with Suez Energy Andino S.A. (51%) and Codelco (49%) direct ownership. Share percentages were maintained at December 31, 2009.

The purpose of the company is investing in all kind of shares, company rights, or other forms of ownership in companies of any nature, and exercising the corresponding rights.

Inversiones Mejillones S.A.

Inversiones Mejillones S.A. was formed on March 20, 2002, with a direct ownership by Codelco of 34.8% and by Inversiones Tocopilla Ltda. of 65.2%, 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 shares of Empresa Eléctrica del Norte S.A. (Edelnor S.A.), and with the purpose of rescheduling its financial liabilities and coordinating the operations of Electroandina S.A. (of which Codelco and Inversiones Tocopilla were partners at December 31, 2008) and Edelnor S.A.

At December 31, 2008, Codelco had direct and indirect ownership of 66.75% of Inversiones Mejillones S.A.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies (continued)

On November 6, 2009, Codelco and Suez Energy Andino S.A. (until that date, indirect controller of Inversiones Mejillones S.A. through Inversiones Tocopilla Ltda.) agreed to execute and enter into actions and contracts leading to a defined merging process in order to gather, in one single company, all the shares and rights that Codelco and Suez Energy Andino S.A. may have in Edelnor S.A. and Electroandina S.A., among other companies. This merging process included the division of Inversiones Mejillones S.A. in three entities: Inversiones Mejillones-1 S.A., which would be its legal continuation and keeping the same corporate existence, Inversiones Mejillones-2 S.A., and Inversiones Mejillones-3 S.A.

Inversiones Mejillones-1 S.A.

Inversiones Mejillones-1 S.A. is the legal continuation of Inversiones Mejillones S.A. since November 13, 2009, when Codelco and Inversiones Tocopilla Ltda. owned 34.8% and 65.2% of that company.

As a result of the merging process agreed upon by Codelco and Suez Energy Andino S.A., which included the division of Inversiones Tocopilla Ltda., on December 31, 2009, Inversiones Tocopilla 2A S.A. became the owner of 65.2% of this company's shares, while the Corporation keeps 34.8% direct ownership and 66.748% indirect ownership through Inversiones Tocopilla 2A S.A.

The purpose of the company is the acquisition and disposal, in any way, of shares, bonds, and other securities issued by Edelnor S.A. and the exercise of rights and obligations resulting from its condition as shareholder and holder of the said securities. At December 31, 2009, its ownership in Edelnor S.A. is 11.78%.

Inversiones Mejillones-2 S.A.

On November 13, 2009, Inversiones Mejillones-2 S.A., was incorporated through a public deed a company resulting from Inversiones Mejillones S.A. division, and formed with the direct ownership of Inversiones Tocopilla Ltda. (65.2%) and Codelco (34.8%).

As a result of the merging process agreed upon by Codelco and Suez Energy Andino S.A., which included the division of Inversiones Tocopilla Ltda., on December 31, 2009, Inversiones Tocopilla 2B S.A. became the owner of 65.2% of this company's shares, while the Corporation maintains a 34.8% direct ownership and a 66.748% indirect ownership through Inversiones Tocopilla 2B S.A.

The company's purpose is investing in any type of shares, company rights, or other forms of ownership in companies of any nature, and exercising the corresponding rights. Its ownership in Edelnor S.A. was 23.65% at December 31, 2009.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies (continued)

Inversiones Mejillones-3 S.A.

On November 13, 2009, Inversiones Mejillones-3 S.A., was incorporated through a public deed a company resulting from Inversiones Mejillones S.A. division, and formed with Inversiones Tocopilla Ltda. (65.2%) and Codelco (34.8%) direct ownership.

As a result of the merging process agreed upon by Codelco and Suez Energy Andino S.A., which included the division of Inversiones Tocopilla Ltda., on November 20, 2009, Inversiones Tocopilla 1 S.A. became the owner of 66.748% of the company's shares and the Company maintained a 34.8% direct ownership and a 66.748% indirect ownership through Inversiones Tocopilla 1 S.A.

The purpose of the company is investing in all types of shares, company rights, or other forms of company ownership, of any nature, and exercising the corresponding rights.

On November 26, 2009, Codelco exchanged its shares in Inversiones Mejillones 3 S.A. for shares in Inversiones Tocopilla 1 S.A., diluting its ownership in this company.

Electroandina S.A.

Electroandina S.A. is a public company whose main business is the generation, transmission, and distribution of electric energy in Region II. At December 31, 2008, Inversiones Tocopilla Ltda. held 65.2%, and Codelco owned 34.8% of this company, respectively. Electroandina S.A.'s main assets were acquired from Codelco's ex-Tocopilla Division.

The extraordinary Shareholders' Meeting of Electroandina S.A. held on July 29, 2008, approved a capital increase of said company. On September 26, 2008, Codelco subscribed 25,687,934 B Series shares for a total amount of MUS\$24,537, maintaining its ownership in Electroandina S.A. which, at December 31, 2008, directly and indirectly reached 66.748%, considering the indirect ownership through Inversiones Tocopilla Ltda.

On November 6, 2009, Codelco and Suez Energy Andino S.A. (to that date indirect controller of Electroandina S.A. through Inversiones Tocopilla Ltda.) agreed to execute and enter into actions and contracts leading to a defined merging process to gather, in one single company, all the shares and rights Codelco and Suez Energy Andino S.A. may have in Edelnor S.A. and Electroandina S.A., among other companies. This merging process included the contribution by Codelco to Inversiones Tocopilla 1 S.A. of its full ownership (less one share) in Electroandina S.A. (34.8%), a situation that was completed on November 26, 2009. Later, on December 29, 2009, the merging of Inversiones Tocopilla 1 S.A. and Edelnor S.A. took place, with the latter absorbing the former. This way, at December 31, 2009, 99.9% of Electroandina S.A. belongs to Edelnor S.A. and the Corporation owns one share.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies (continued)

Edelnor S.A.

Empresa Eléctrica del Norte Grande S.A. (Edelnor S.A.) is a public company traded on the Chilean stock exchange, whose main business objective is the production, transmission and supply of electricity the sale of liquid, solid or gaseous fuels, maintenance, repair, and engineering services.

At December 31, 2008, Inversiones Mejillones S.A. held 82.34% of Edelnor S.A.

On November 6, 2009, Codelco and Suez Energy Andino S.A. (until then, indirect controller of Edelnor S.A. through Inversiones Mejillones S.A. and Inversiones Tocopilla Ltda.) agreed to execute and enter into actions and contracts leading to a defined merging process in order to gather, in one single company, all the shares and rights that Codelco and Suez Energy Andino S.A. may have in Edelnor S.A. and Electroandina S.A., among other companies. This merging process included the following actions that directly affected this company's shareholders composition:

- The November 13, 2009, Inversiones Mejillones S.A. division (which until this action was its direct controller) in three entities: Inversiones Mejillones-1 S.A., Inversiones Mejillones-2 S.A., and Inversiones Mejillones-3 S.A. The first two ones became owners of 27.37% and 54.93% of Edelnor S.A., respectively
- The November 20, 2009, transformation of Inversiones Tocopilla Ltda. (which before the said action was its indirect controller through Inversiones Mejillones-1 S.A. and Inversiones Mejillones-2 S.A.) into Inversiones Tocopilla 1 S.A. and its division into three entities, the continuing Inversiones Tocopilla 1 S.A., Inversiones Tocopilla 2-A S.A., and Inversiones Tocopilla 2-B S.A., where the latter two remained as direct controllers of 65.2% of Inversiones Mejillones-1 S.A. and Inversiones Mejillones-2 S.A., respectively.
- The merger of December 29, 2009, between this company and Inversiones Tocopilla 1 S.A., where the latter was absorbed, implied that Codelco's direct ownership in Inversiones Tocopilla 1 S.A. made Codelco a direct shareholder in Edelnor S.A. through the share swap.

Therefore, at December 31, 2009, Edelnor S.A.'s ownership is 16.35% Codelco's direct ownership; 11.78% corresponding to Inversiones Mejillones-1 S.A.; 23.65% corresponding to Inversiones Mejillones 2 S.A., and 40.62% corresponding to Suez Energy Andino S.A. The remaining 7.6% belong to minority shareholders.

At December 31, 2009, the Corporation holds 16.3471% of Edelnor S.A., with a total of 173,382,461 shares.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Investments in related companies (continued)

b) Contributions to paid in capital of related companies

During the periods between January 1 and December 31, 2009 and 2008 Codelco-Chile made cash contributions by capitalizing accounts receivable or transferring mining properties for ThUS\$67,700 and ThUS\$186,654, respectively, as follows:

	2009	2008
	ThUS\$	ThUS\$
Sociedad GNL Mejillones S.A.	67,500	145,000
Mining Industry Robotic Solutions S.A.	200	2,281
Inversiones Tocopilla Ltda.	-	14,836
Electroandina S.A.	-	24,537

These capital contributions were recorded at their book value in accordance with Technical Bulletin N°72 issued by the Chilean Institute of Accountants.

The movements related to the acquisitions and merger of electric assets are as follows:

	2009
	ThUS\$
Purchase of shares:	
Central Termoeléctrica Andina S.A.	21,695
Contribution in shares:	
Inversiones Tocopilla 1 S.A.	191,406
Electroandina S.A.	(149,759)
Central Termoeléctrica Andina S.A.	(21,695)
Inversiones Mejillones 3 S.A.	(32)
Share swap:	
Inversiones Tocopilla 1 S.A.	(158,554)
Edelnor S.A.	202,432

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:

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
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Note 8 - Investments in related companies (continued)

Sociedad Contractual Minera El Abra

The Company contributed mining rights to Sociedad Contractual Minera El Abra in 1994, whose unrealized gain for ThUS\$91,018 in 2009 and ThUS\$106,483 in 2008 are presented net of the investment. The recognition of gains is performed in accordance with the depletion of the ore reserves of Sociedad Contractual Minera El Abra. At December 31, 2009 gains for ThUS\$15,465 (2008, ThUS\$19,296) were recognized. It should be noted that in the second half of 2009 Sociedad Contractual Minera El Abra reviewed the calculations of the depletion of the ore reserves and determined that it will be necessary to make certain adjustments in 2009. At December 31, 2009 and 2008, the value of finished products of inventories item does not have an unrealized gain provision.

Note 9 - Goodwill and negative goodwill

a. Goodwill

Law N°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 of US\$2.5 million on taxed fixed assets. Said 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 indirect 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 whose net of amortization amounts is ThUS\$310.

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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
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Note 10 - Obligations with banks and financial institutions - current

Current obligations with banks and financial institutions amount to ThUS\$215,403 and ThUS\$557,846 in 2009 and 2008, respectively. In 2009, ThUS\$200,019 are denominated in US dollars and pay no interest, ThUS\$12,720 are denominated in Euros at 1.6% interest rate and ThUS\$2,664 are nominated in Chilean pesos and pay no interest. In 2008, ThUS\$536,262 are denominated in US dollars and pay no interest, ThUS\$21,427 are denominated in Euros at 4.52% interest rate and ThUS\$157 are denominated in Chilean pesos and pay no interest.

Long - term bank obligations due within one year amount to ThUS\$152 in 2009 and ThUS\$300,365 in 2008, they are denominated in US dollars at an average annual interest rate of 1.21% in 2009 and 1.72% in 2008.

Note 11 - Obligations with banks and financial institutions - long term

At December 31, 2009, these obligations amount to ThUS\$800,000 (2008; ThUS\$650,000), are denominated in US dollars at an interest rate based on Libor. The average annual interest rate was 0.9125% in 2009 (1.59% in 2008). At December 31, 2009 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 had a maturity in a single installment on May 1, 2009, at an interest rate of 7.375% per annum with interest paid semi-annually. The amount of this obligation was paid at its maturity date. At December 31, 2009 and 2008, the current liability for each year is ThUS\$0 and ThUS\$303,728, 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, 2009 and 2008, the current liability for each year is ThUS\$3,920 and ThUS\$3,166, 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 with interest paid semi-annually. At December 31, 2009 and 2008, the current liability for each year is ThUS\$2,605 and ThUS\$2,528, 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 with interest paid semi-annually. At December 31, 2009 and 2008, the current liability for each year is ThUS\$6,044 and ThUS\$6,044, respectively.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12 - Current and long-term bonds payable (continued)

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 with interest paid semi-annually. At December 31, 2009 and 2008, the current liability for each year is ThUS\$5,220 and ThUS\$5,220, 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, 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, 2009 and 2008 the current liability for each year is ThUS\$2,960 and ThUS\$2,416, 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, 2009 and 2008 the current liability for each year is ThUS\$8,002 and ThUS\$8,002, 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 with interest paid semi-annually. At December 31, 2009 and 2008, the current liability for each year is ThUS\$5,766 and ThUS\$5,745, respectively.

On January 20, 2009, the Company issued and placed bonds in the American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS\$600,000. These bonds mature in a single installment on January 15, 2019, at an interest rate of 7.5% per annum with interest paid semi-annually. At December 31, 2009 and 2008 current liabilities have a balance of ThUS\$20,666 and ThUS\$0, respectively.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 13 - Accruals

At December 31, 2009 and 2008, long-term accruals amount to ThUS\$1,959,605 and ThUS\$1,697,087, 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:

Movements	Long-term liability	
	2009	2008
	ThUS\$	ThUS\$
Balance as of January 1,	778,743	879,903
Provision for the period (including effects for variations in exchange rates)	273,018	(66,069)
Transfers to current liability	(26,577)	(35,091)
Total severance indemnities	<u>1,025,184</u>	<u>778,743</u>

Note 14 - Changes in equity

- a. Corporación Nacional del Cobre de Chile (Codelco-Chile) was created by Decree Law N°1,350 of 1976, which establishes in its Article 6 that all net income, in accordance with the balance sheet before the deduction of amounts that in accordance with joint, reserved and exempt decree issued by the Chilean Mining Department and the Chilean Treasury Department, and proposal of the Company's Board of Directors are authorized to use for the capital development fund and reserves, will belong to the Chilean State and will be included in the Chilean government revenues.

On February 28, 2007, in accordance with Article 6 of D.L. N°1,350, the Board of Directors agreed to request the Ministries of Mining and Finance the creation of a reserve fund charging to 2006 net income for an amount equivalent to the total amount of taxes (ThUS\$313,500), which corresponds to the income tax and additional tax paid in 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. N°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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 14 - Changes in equity (continued)

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.

On December 4, 2009, the Company received an extraordinary capital contribution of ThUS\$1,000,000 in accordance with the transitional Article N°6 of Law N°20,392 of the same year, destined to finance of Codelco's investments program. The capital contribution received as cash flow amounted to ThUS\$100,000 which is the difference between said cash flow and the capital increase, which corresponds to the recognition by the Chilean IRS of a voluntary provisional tax payment of ThUS\$900,000 that will be used as credit to income tax payable in March, 2010.

The composition of Other Reserves as of December 31, 2009 is as follows:

Detail	Year	Accumulated
	ThUS\$	ThUS\$
Capitalization of net income and reserves	8,684	1,071,367
Cumulative translation adjustment - subsidiaries	8,534	44,522
Net changes in equity in subsidiaries and investees	(1,667)	(2,901)
Reserve for housing programs	-	35,100
Technical appraisal revaluation reserve - D.L. N°3,648	-	624,567
Balance of other reserves as of December 31, 2009	15,551	1,773,465

- b. At December 31, 2009, Codelco has generated a net income for the year for ThUS\$1,261,718 (2008: ThUS\$1,566,775) and has anticipated profit distributions for the Chilean Treasury for ThUS\$751,021 with charges to said income, which are presented reducing equity.

Changes in equity in 2009 and 2008 are as follows:

Movements	2009					2008				
	Paid-in capital ThUS\$	Other reserves ThUS\$	Retained earnings ThUS\$	Profit distributions ThUS\$	Net income for the year ThUS\$	Paid-in capital ThUS\$	Other reserves ThUS\$	Retained earnings ThUS\$	Profit distributions ThUS\$	Net income for the year ThUS\$
Opening balance	1,524,423	1,757,914	500,000	(1,473,420)	1,566,775	1,524,423	1,655,924	400,000	(1,817,763)	2,981,619
Distribution of prior period	-	-	-	1,473,420	(1,473,420)	-	-	-	1,817,763	(1,817,763)
Fined dividend prior period	-	-	-	-	(84,671)	-	-	-	-	(958,364)
Capitalization of reserve and for profits	-	8,684	-	-	(8,684)	-	105,492	100,000	-	(205,492)
Net equity changes in subsidiaries and investees	-	6,867	-	-	-	-	(3,502)	-	-	-
Capital increase	1,000,000	-	-	-	-	-	-	-	-	-
Net income for the year	-	-	-	-	1,261,718	-	-	-	-	1,566,775
Interim dividends to the Chilean Treasury	-	-	-	(751,021)	-	-	-	-	(1,473,420)	-
Total	2,524,423	1,773,465	500,000	(751,021)	1,261,718	1,524,423	1,757,914	500,000	(1,473,420)	1,566,775

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 15 - Non-operating income and expenses

Non-operating income and expenses at June 30, 2009 and 2008 are detailed below:

a. Non-operating income

	2009 ThUS\$	2008 ThUS\$
Administration - Satep	5,129	5,140
Fines on suppliers	7,175	9,426
Miscellaneous sales	38,495	32,669
Sales of services	12,831	14,265
Sales of property, plant and equipment	4,522	2,507
Realized gains	15,465	19,296
Compensation for damages	62,514	-
Others	123,019	115,950
	<u>269,150</u>	<u>199,253</u>
Total	<u>269,150</u>	<u>199,253</u>

b. Non-operating expenses

	2009 ThUS\$	2008 ThUS\$
Export tax (Law N°13,196)	959,626	1,159,804
Severance indemnities expense	10,757	108,111
Disposal of property, plant and equipment	19,647	14,978
Collective bargaining bonuses	127,226	27,205
Closure costs	88,626	295,880
Pre-investment expenses	86,864	94,945
Other expenses	35,582	93,010
Retirement plans expense	3,227	48,009
Health programs	7,176	24,355
Accrual for contingencies	26,213	83,392
	<u>1,364,944</u>	<u>1,949,689</u>
Total	<u>1,364,944</u>	<u>1,949,689</u>

Note 16 - Price level restatement

As stipulated in D.L. N°1,350 of 1976, the Company records its operations in U.S. dollars. Therefore price level restatement figures stem from the consolidation with subsidiaries, which recorded a net charge to income of ThUS\$313 in 2009 and a net debit to income of ThUS\$759 in 2008.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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\$288,541 in 2009 and net debit to income of ThUS\$228,646 in 2008.

Note 18 - Derivative contracts

In accordance with the Corporate Policy for Financial Risk Management, ratified by the Board of Directors on March 27, 2009, and also indicated 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, 2009 and 2008, the Company does not have any outstanding contracts.

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, 2009, these contracts show a positive exposure of ThUS\$150,527. The net accounts receivable for said contracts amount to ThUS\$203,482 in 2009 and ThUS\$95,520 in 2008 and are classified in Others under Other Assets. In addition, costs arising from said contracts for ThUS\$49,253 in 2009 and ThUS\$59,338 in 2008, 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, 2009, said operations generated a lower net revenue of ThUS\$378,503 (lower revenue and cost for ThUS\$386,978 and ThUS\$8,475, respectively), 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, 2009, the Company has carried out operations in future markets, which represent 204,050 metric tons of fine copper. These hedging operations are part of the commercial policy of the Company and mature until March 2014.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18 - Derivative contracts (continued)

The outstanding contracts at December 31, 2009, show a net positive exposure of ThUS\$283,512, 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, 2009 generated a net positive effect on income of ThUS\$27,140 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.

c.2 Commercial operations for outstanding gold and silver contracts

At December 31, 2009, the Company has gold pricing hedging operations for 6.71 thousand troy ounces and silver pricing hedging operations for 253.09 thousand troy ounces.

At that date, the positive exposure amounted to ThUS\$203.

The operations that ended between January 1 and December 31, 2009 generated a negative effect on income of ThUS\$2,354, which is deducted from the amounts received for the contracts for the sale of products involved in said pricing operations. These hedging operations mature until June 2010.

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 617,800 metric tons of fine copper. These hedging contracts mature until March 2013.

Outstanding future operations at December 31, 2009, show a negative exposure of ThUS\$2,775,695, 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, 2009, related to the production sold generated a lower revenue of ThUS\$416,138, 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, 2009, the Company does not hold min-max option agreements. The min-max operations ended between January 1 and December 31, 2009 generated a increase revenue of ThUS\$12,849.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19 - Statement of cash flows

Transactions that did not involve cash flows

- a) On December 29, 2009, the General Shareholders Meeting of GNL Mejillones S.A., made a capital decrease of ThUS\$401,000, corresponding to Codelco a decrease of ThUS\$200,500. Additionally, the Company gave a loan for the same amount to GNL Mejillones S.A. This account receivable will accrue interest, with quarterly payments from the second quarter of 2010 to the last quarter of 2016, as follows:

LIBOR + 3% until December 30, 2012

LIBOR + 4.5% from December 31, 2012 until the payment of the above mentioned loan

- b) On December 4, 2009, the Company received an extraordinary capital contribution of ThUS\$1,000,000 in accordance with the transitional Article No. 6 of Law N°20,392 of the same year, destined to finance Codelco's investments program. The capital contribution received as cash flow amounted ThUS\$100,000 which is the difference between said cash flow and the capital increase, which corresponds to the recognition by the Chilean IRS of a voluntary provisional tax payment of ThUS\$900,000 that will be used as a credit to income tax payable in March, 2010.
- c) The Extraordinary Shareholders' Meeting of Empresa Eléctrica del Norte S.A. (EDELNOR) held On December 29, 2009, approved the merging process that will lead to Codelco to maintain its direct and indirect ownership of 40% of EDELNOR., the operations made as a part of the process, implied acquisitions and disposals of assets, loans given and the recording of obligations which did not represent cash flows.

The operations that did not involve cash flow will be liquidated according to the merger agreement, recognizing the cash inflows and outflows in subsequent periods.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19 - Statement of cash flows (continued)

The main transactions associated with this merging process that did not involve cash flows are:

	2009 ThUS\$
Purchase of shares:	
Central Termoeléctrica Andina S.A.	21,695
Contribution in shares:	
Inversiones Tocopilla 1 S.A.	191,406
Electroandina S.A.	(149,759)
Central Termoeléctrica Andina S.A.	(21,695)
Inversiones Mejillones 3 S.A.	(32)
Share swaps:	
Inversiones Tocopilla 1 S.A.	(158,554)
Edelnor S.A.	202,432

Note 20 - 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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20 - Contingencies and commitments (continued)

A case by case analysis of these trials showed that there are 179 lawsuits with estimated amounts. It is estimated that 33 of them, which represent 18% of the total for ThUS\$26,923, could have a negative effect on the Company. Also, there are 77 lawsuits representing 43% of the total for ThUS\$63,100, about which there is no certainty that their verdict will be unfavorable for the Company. For the rest of the 69 lawsuits for ThUS\$4,628, Codelco's legal advisors consider that it is unlikely that they will be unfavorable. Also, there are 106 lawsuits with an uncertain amount, of which 13 are estimated to have verdicts that could be unfavorable for the Company.

For litigations with probable loss and related court cost, the Company has the required provisions, which are recorded as contingency provisions.

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 N°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., had 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.

The contingency was notified to Instituto de Innovación en Minería y Metalurgia S.A. on April 25, 2007, and the arbitration decision dated April 9, 2009 (in first instance – without right to appeal) determining the rejection of the lawsuit in all its parts, without court costs. Later on, the counterparty y presented a claim against the Judge that was integrally rejected by the Santiago Court of Appeals by means of a court decision dated October 21, 2009, whose final character was certified by said Court in November 30, 2009.

As a result of the aforementioned, the contingency is considered concluded.

The defense expenses and costs incurred as of this date, amounted Th\$68,000 in 2009.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20 - Contingencies and commitments (continued)

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 closure 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 the option over the Gabriela Mistral ore body. Any possible repossession of this option will require the agreement of both parties.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20 - Contingencies and commitments (continued)

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, 2009, 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 (41,750 metric tons of fine copper at December 31, 2009). 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 from October 2010. Through these contracts, the investee agreed to sell as a minimum the equivalent to 27 annual Tera of BTU (British Thermal Unit) in the period 2010-2012. Additionally, the Company, jointly with other mining companies, has signed an option contract with GNL that includes 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 N°19,993 dated December 17, 2004, that authorized the purchase of the assets of Fundición y Refinería Las Ventanas from ENAMI, establishes that the Company should guarantee the necessary smelting and refining capacity, with no restrictions or limitations, for 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.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20 - Contingencies and commitments (continued)

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 (Note 12) establish some restrictions related with limitations on the pledge and limitations on leaseback transactions mainly over the Company's property, plant and equipment and investment in significant subsidiaries.

At December 31, 2009 and 2008, the Company has complied with these conditions.

b) On November 6, 2009, Codelco entered into the following long-term electricity supply contracts with Electroandina S.A.:

a. Contract replacing the one entered into on November 22, 1995, for the provision of electric power at Chuquicamata site, effective for fifteen years as of January 2010, supplying between 200 and 280 MW, and the associated electric power. The contract involves an approximate cost of ThUS\$1,380 million for the entire period.

b. Modification of the contract entered into on December 21, 1995, for the supply of electricity for the Radomiro Tomic site for a maximum power of 110 MW, and through which new prices for power and energy are established as of January 2010, as well as a new price adjustment formula.

c) At December 31, 2009, Codelco entered into a purchase and sale power and electric energy agreement of the Central Interconnected System with Empresa Nacional de Electricidad S.A., in order to satisfy Codelco requirements for the Salvador Division.

The agreement is in force from April 1, 2010 and until March 31, 2013. The agreed maximum power reaches HP 70 (MW) and HFP 71 (MW).

d) In virtue of the merger agreement, at November 6, 2009, held between Codelco Chile, Suez Energy Andino Investment S.A. and Suez Energy Andino S.A. (SEA), companies that jointly with Codelco declare and guarantee that all disclosures and guarantees contained in the agreement are complete and real in all its significant aspects at the date of the referred agreement, and except otherwise communicated by SEA or Codelco, these guarantees are equally complete and real at the closure date. At the signature of the agreement, the aforementioned parties are obliged to finance Central Termoeléctrica Andina S.A. (CTA), up to the closure of the aforementioned agreement, in 33,254% and 66,746% for SEA and Codelco respectively.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20 - Contingencies and commitments (continued)

At the closure of the agreement, SEA and Codelco will lend Edelnor, in the proportion of 56.71% and 43.29% respectively, a total amount equal to what the companies (that are part of the merger process), including Edelnor, owe SUEZ and Codelco from credit operations held prior to the closure date.

Note 21 - Direct guarantees

The Company has obligations with the Chilean Treasury according to Law N°18,634 on deferred customs rights for ThUS\$5 (2008; ThUS\$5). In addition, the Company records documents delivered as guarantee for ThUS\$106,474 in 2009 (2008; ThUS\$64,882).

At December 31, 2009, the Company has direct guarantees corresponding to Stand by Letter of ThUS\$220,000 (2008; ThUS\$140,000) and deposits in guarantee of ThUS\$3,400 in 2009 (2008: Th\$0) to certain Brokers in order to guarantee future metal market operations.

Note 22 - Indirect guarantees

At December 31, 2009 and 2008, the Company has an indirect debt for ThUS\$30,038 from guarantees to its investee Electroandina S.A.

At December 31, 2009 and 2008 the Company has subscribed guarantees for 50% of the total exposure of derivative transactions signed by the subsidiary GNL Mejillones S.A. up to a maximum amount of ThUS\$360,000

At December 31, 2009 and 2008 the subsidiary Codelco International Ltd. agreed to give to China Development Bank, as a security collateral, its rights in Copper Partner Investment Company Limited in the amount of ThCh\$240,565 and ThCh\$272,641 respectively.

Note 23 - 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\$387,591 in 2009 and ThUS\$411,521 in 2008.

In virtue of the merger agreement, on November 6, 2009, between Codelco Chile, Suez Andino Investment S.A. and Suez Energy Andino S.A. (SEA), the latter declares and guarantees Codelco that, to the best of its knowledge the guarantees granted to each of the companies that are the object of representations and that are part of this agreement, are complete and real in all their significant aspects at the date of the referred agreement and except as otherwise communicated by SEA to Codelco, they will be equally complete and real at the closure date.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 24 - Assets and liabilities in local and foreign currencies

At December 31, 2009, the Company has assets traded in local currency for ThUS\$913,520 (2008; ThUS\$1,147,483) and liabilities for ThUS\$1,984,584 (2008; ThUS\$1,397,850).

Note 25 - Sanctions

At December 31, 2009 and 2008, Codelco-Chile, its Directors and Management have not been subject to sanctions applied by the Superintendency or other administrative authorities.

Note 26 - Environment

The practice of exploration and discovery 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, 2009, 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, 2009 and 2008, the Company has made investments, related to environmental issues for ThUS\$44,550 and ThUS\$53,936, respectively.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 27 - Time deposits

The composition of time deposits at December 31, 2009 and 2008 is as follows:

2009

Bank	Annual interest rate %	Amount ThUS\$
Citibank New York	0.2300	194,115
Citibank New York	0.0500	793
BCI	0.8000	179,916
Banco Deutsche Bank	0.8000	10,000
BCI Miami	0.8000	50,044
HSBC	0.5000	22,000
Banco Deutsche Bank	0.5000	9,000
BCI Miami	0.7000	49,971
BBVA	0.8500	37,095
Banco de Chile	0.7500	11,845
Banco de Chile	0.8400	800
BCI	0.1900	4,405
BCI	0.2500	9,773
BBVA	0.0700	3,183
BBVA	2.2000	1,607
BRADESCO	0.9850	3,793
SANTANDER	0.9850	3,449
Others	0.0000	3,533
Total		<u>595,322</u>

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		<u>353,469</u>

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 28 - Adoption of International Financial Reporting Standards

It is public knowledge that Chile is committed to develop a convergence plan to fully adopt International Financial Reporting Standards (IFRS). In accordance with what is established on this matter by the Chilean Institute of Accountants and the Superintendency of Securities and Insurance in Circular N°427 dated December 28, 2007, the Company and its subsidiaries will adopt IFRS on January 1, 2010. This will result in changes in equity balances at January 1, 2010 and affect the calculation of results for future years. For comparative purposes, 2009 annual and interim financial statements must be presented in 2010 in accordance to the new standards, and they may differ from those presented here.

Note 29 - Subsequent events

In the collective negotiation of workers members of Labor Unions 1, 2 and 3 of Chuquicamata Work Center of Codelco Norte Division, in order to replace collective contracts that expired at December 31, 2009, said workers by ballot dated January 5, 2010, voted in favour of the Company's offer, with which the legal strike that started in January 4, 2010 came to an end, resuming the normal activities from the first shift of January 6, 2010.

The new collective agreement entered into from January 6, 2010, is in force for 38 months, considers a readjustment of 4% for one time only, and the payment of net bonuses – for one time only – of Ch\$12,140,000 plus an optional low interest loan of CL\$3,000,000.

These benefits were for ThUS\$204,857, which were paid in January 2010. At December 31, 2009, the Corporation recorded a provision of ThUS\$96,083 applicable to benefits accrued at this date, which are included in withholdings.

On January 20, 2010, Codelco and Colbún S.A. entered into the applicable “Long-term electric supply agreements”, mentioned in Significant events dated September 15, 2009 and September 22, 2009, under which the agreement between Colbún and Codelco was communicated for the long-term electric supply of Salvador, Andina, Ventanas, and El Teniente Divisions.

On January 29, 2010, the Company informed on the retirement right exercised by dissident shareholders of Empresa Eléctrica del Norte Grande S.A. (EDELNOR) with respect to the merger agreement adopted by Edelnors' Extraordinary Shareholders' Meeting held on December 29, 2009. The term to exercise said withdrawal expired on January 28, 2010. Said shareholders were holders of 7,176,940 shares that represented 1.572331% of the total shares issued by EDELNOR prior to the merger. This percentage is lower to the one allowed to Suez Energy Andino S.A. and CODELCO to revoke the merger or leave the same without effect, in agreement with contracts established among said shareholders in the document called (“Merger Agreement” entered into on November 6, 2009.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES
SIMPLIFIED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 29 - Subsequent events (continued)

Thus, the merger process of EDELNOR with INVERSIONES TOCOPILLA-1 S.A. has taken place by means of the absorption of the latter by EDELNOR, as a consequence of which INVERSIONES TOCOPILLA-1 S.A. was dissolved, transferring its total assets and liabilities to EDELNOR. EDELNOR became the owner of the shares that INVERSIONES TOCOPILLA-1 S.A. had in Electroandina S.A. (99.99%), Central Termoeléctrica Andina S.A. (99.99%), Inversiones Hornitos S.A. (60%), Gasoducto Norandino S.A. (78.91%) and Gasoducto Norandino Argentina S.A. (78.91%).

In agreement with current regulations, EDELNOR should pay shareholders that exercised this right Ch\$955.10 per share, equivalent to the weighted average transaction price of EDELNOR'S shares in Chilean Stock Exchange during the two months prior to the Shareholders' Meeting.

On January 29, 2010, Suez Energy Andino S.A. exchanged with CODELCO 51,000 shares issued by Inversiones Tocopilla 2-B S.A., for 49,000 shares issued by Inversiones Tocopilla 2-A S.A. plus 22,648 shares issued by Inversiones Mejillones-1 S.A., as a consequence of which Suez Energy Andino S.A. no longer has ownership in the Company, and through which CODELCO has ownership in EDELNOR (Inversiones Tocopilla 2-B S.A.), and CODELCO no longer has ownership in the companies through which Suez Energy Andino S.A. participates in EDELNOR (Inversiones Tocopilla 2-A S.A. and Inversiones Mejillones-1 S.A.) In addition, on the same date, Suez Energy Andino S.A. and CODELCO terminated all the shareholders' agreements provided in relation with the companies where they had jointly ownership (Inversiones Tocopilla-1 S.A., Inversiones Tocopilla 2-A S.A. and Inversiones Tocopilla 2-B S.A., Inversiones Mejillones-1 S.A., Inversiones Mejillones-2 S.A. and Inversiones Mejillones-3 S.A.).

On January 29, 2010, in compliance with obligations assumed in the aforementioned Merger Agreement, Suez Energy Andino S.A. and Codelco, considering that at that date all acts and agreements that should have been materialized at closure date were executed and entered into, and all payments to be made at that date were effectively made, the parties consider the Agreement terminated declaring that there are no charges or observations to formulate between them.

On February 5, 2010, the Corporación paid a surplus advance to the Chilean State for ThUS\$11,126. Said advance is charged to income of 2010.

On February 11, the Corporación acknowledges that by a Chilean Mining Department Communiqué, it was informed that the Chilean President designed as members of the new Codelco Chile Board of Directors Mr. Alberto Arenas de Mesa, Mr. Andrés Sanfuentes Vergara, Mr. Nicolás Majluf Sapag, Mr. Raimundo Espinoza Concha, Mr. Jaime Roberto Gutiérrez Castillo, Mr. Marcos Lima Aravena, Mr. Marcos Büchi Buc, Mr. Gerardo Jofré Miranda and Mr. Jorge Bande Bruck. Mr. Nicolás Majluf Sapag was designed as President of the Board of Directors.

The aforementioned Board of Directors will assume on March 1, 2010.

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Note 29 - Subsequent events (continued)

The decree containing the aforementioned designations is being processed.

On February 22, 2010, Codelco made a payment in advance for the price of the Enami shares purchase option in Anglo American Sur S.A. for ThUS\$163,935 in three installments. The two first of ThUS\$60,000 to be paid on February 22 and February 25, 2010, respectively, and a third installment to be paid on March 1, 2010.

On February 26, 2010, the Australian company PanAust Limited presented an offer of US\$45 million for the Corporation in order to acquire 66% of the ownership share of Inca de Oro S.A., which was approved by the Corporación.

On February 29, 2010, the Board of Directors agreed to continue with the mining operations of Salvador Division until 2016, and until 2021 if market and operation conditions remain the same. Both extensions will be subject to the condition of complying with management improvement commitments and cost reductions committed to by the Division.

On March 1, 2010, the new Board of Directors of the Corporation was formed, designed by Supreme Decree N°35 dated February 12, 2010, made up by Mr. Nicolás Majluf Sapag, President; Mr. Alberto Arenas de Mesa, Vice-president; Mr. Andrés Sanfuentes Vergara; Mr. Raimundo Espinoza Concha; Mr. Marcos Büchi Buc and Mr. Gerardo Jofré Miranda. In addition, as the Law N°20.392 came into effect, which establishes the new corporate governance, the Board of Directors designed Mr. José Pablo Arellano Marín as Executive President. Mr. Arellano accepted to remain in this position until a decision is adopted in relation with his successor.

The Company's management has no knowledge of any other significant events of a financial nature or any other nature, occurring between December 31, 2009 and the date of issuance of these financial statements (February 22, 2010, except for the Note 29 of March 1, 2010) which might affect them.

José Pablo Arellano Marín
Executive President

Juan Medel Fernández
**Corporate Vice-President for Shared
Services**

Héctor Espinoza Villarroel
Chief Accountant

Gonzalo Zamorano Martínez
General Accountant

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