PROSPECTUS

CODELCO

Corporación Nacional del Cobre de Chile

U.S.$600,000,000
7.50% Notes due 2019

Issue price: 98.229%

Interest payable January 15 and July 15

The notes will bear interest at the rate of 7.50% per year and will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2009. The notes will mature on January 15, 2019. The notes will not be redeemable prior to maturity except in the event of certain developments affecting taxation. See "Description of Notes—Tax Redemption".

The notes will be direct, unsecured and unsubordinated obligations of Corporación Nacional del Cobre de Chile ("CODELCO" or the "Company") and will rank *pari passu* with all other unsecured and unsubordinated obligations of CODELCO. See "Description of Notes—General".

Application will be made to list the notes on the Luxembourg Stock Exchange and trade the notes on the Euro MTF; however, the notes have not yet been listed.

See "Risk Factors" beginning on page 11 for a discussion of certain risks that you should consider in connection with an investment in the notes.

The notes have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws, and are being offered and sold only to (i) qualified institutional buyers under Rule 144A under the Securities Act and (ii) persons outside the United States under Regulation S under the Securities Act. For a description of certain restrictions on transfer of the notes, see "Transfer Restrictions" and "Plan of Distribution".

The initial purchasers expect that delivery of the notes will be made to purchasers in book-entry form only through the facilities of The Depository Trust Company ("DTC") on or about January 27, 2009.

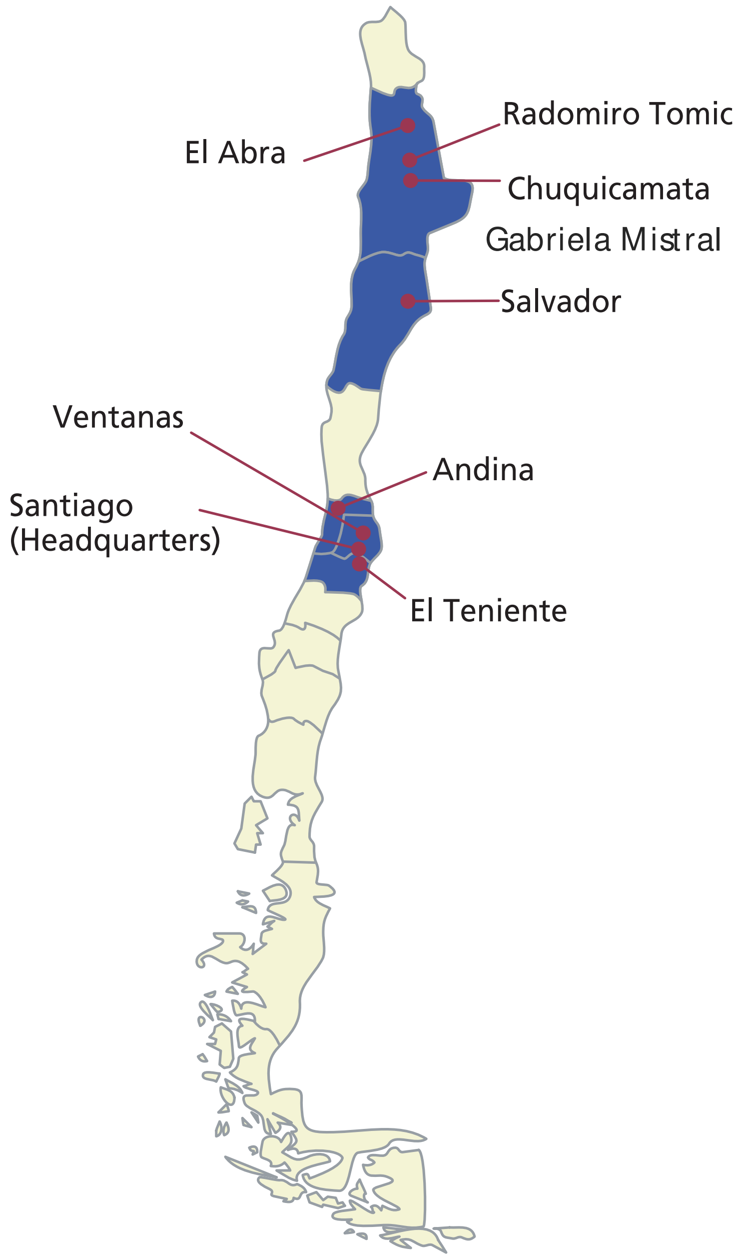
Joint book-running managers

HSBC **J.P.Morgan**

Co-Managers

Mitsubishi UFJ Securities RBC Capital Markets

January 27, 2009



(Illustrative map of continental Chile)

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not, and the initial purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. Prospective investors should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

After having made all reasonable inquiries, we confirm that the information contained in this prospectus is true and accurate in all material respects, that the opinions and intentions expressed herein are honestly held, and that there are no other facts the omission of which would make this prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading. CODELCO accepts responsibility accordingly.

Unless otherwise indicated or the context otherwise requires, all references in this prospectus to "CODELCO", the "Company", "we", "our", "ours", "us" or similar terms refer to Corporación Nacional del Cobre de Chile (CODELCO) together with its subsidiaries.

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The notes may not be offered or sold, directly or indirectly, in the Republic of Chile ("Chile") or to any resident of Chile, except as permitted by applicable Chilean law.

This prospectus has been prepared by CODELCO solely for use in connection with the proposed offering of the securities described herein. This prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. We and the initial purchasers reserve the right to reject for any reason any offer to purchase any of the notes.

This prospectus may only be used for the purposes of this offering.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this prospectus. Nothing contained in this prospectus is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future. CODELCO has furnished the information contained in this prospectus. The initial purchasers have not independently verified any of the information contained herein (financial, legal or otherwise) and assume no responsibility for the accuracy or completeness of any such information.

Neither the United States Securities and Exchange Commission ("SEC"), any state securities commission nor any other U.S. regulatory authority has approved or disapproved the securities nor has any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

In making an investment decision, prospective investors must rely on their own examination of CODELCO and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this prospectus as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This prospectus contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to CODELCO or the initial purchasers, and at the office of the Luxembourg paying agent.

IN CONNECTION WITH THIS OFFERING, ON BEHALF OF THE INITIAL PURCHASERS, HSBC SECURITIES (USA) INC. OR J.P. MORGAN SECURITIES INC., OR ANY PERSON ACTING FOR EITHER OF THEM, MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION FOR HSBC SECURITIES (USA) INC. OR J.P. MORGAN SECURITIES INC., OR ANY PERSON ACTING FOR EITHER OF THEM, TO DO THIS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this prospectus and the purchase, offer or sale of the notes and (2) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; neither we nor the initial purchasers shall have any responsibility therefor. See "Transfer Restrictions" for information concerning some of the transfer restrictions applicable to the notes.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this prospectus;

- you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision; and

- no person has been authorized to give any information or to make any representation concerning us or the notes, other than as contained in this prospectus and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) order 2001 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "relevant persons"). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

To the extent that the offer of the notes is made in any European Economic Area ("EEA") Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive") before the date of publication of a prospectus in relation to the notes which has been approved by the competent authority in that Member State in accordance with the Prospectus Directive (or, where appropriate, published in accordance with the Prospectus Directive and notified to the competent authority in that Member State in accordance with the Prospectus Directive), the offer (including any offer pursuant to this document) is only addressed to qualified investors in that Member State within the meaning of the Prospectus Directive or has been or will be made otherwise in circumstances that do not require the Company to publish a prospectus pursuant to the Prospectus Directive.

See "Risk Factors" immediately following the prospectus summary for a description of certain factors relating to an investment in the notes.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire Revised Statutes Annotated, or the RSA, with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of the State of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State of the State of New Hampshire has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. We may from time to time make forward-looking statements in our annual report, in prospectuses, press releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of these forward-looking statements include:

- projections of revenues, net income (loss), capital expenditures, dividends, capital structure or other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to anticipated trends, competition, regulation and rates;
- statements about our future economic performance or that of Chile or other countries in which we have investments; and
- statements of assumptions underlying these statements.

Words such as “believe”, “could”, “may”, “will”, “anticipate”, “plan”, “expect”, “intend”, “target”, “estimate”, “project”, “potential”, “predict”, “forecast”, “guideline”, “should” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in these forward-looking statements. These factors, some of which are discussed under “Risk Factors”, include economic and political conditions and government policies in Chile or elsewhere, inflation rates, exchange rates, regulatory developments, customer demand, competition, unanticipated mining and production problems, commodity prices, relations with employees and contractors, variances in ore grade, adverse weather conditions and natural disasters. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements.

You are cautioned not to place undue reliance on these forward-looking statements which reflect our views only as of the date they are made, and we do not undertake any obligation to update them or publicly to release the result of any revisions to these forward-looking statements in light of new information or future developments after the date of this prospectus.

ENFORCEABILITY OF CIVIL LIABILITIES

Corporación Nacional del Cobre de Chile (together with its consolidated subsidiaries, "CODELCO" or the "Company") is a state-owned enterprise organized under the laws of Chile. All of its directors and executive officers and certain experts named in this prospectus reside outside the United States (principally in Chile) and all or a substantial portion of the assets of CODELCO and of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States on, or bring actions or enforce foreign judgments against, CODELCO or such persons in U.S. courts. In addition, CODELCO has been advised by its Chilean counsel, Carey y Cía. Ltda., that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments. There is also doubt as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Chilean courts, however, have enforced judgments rendered in the United States by virtue of the legal principles of reciprocity and comity, subject to the review in Chile of the U.S. judgment in order to ascertain whether certain basic principles of due process and public policy have been respected, without reviewing the merits of the subject matter of the case. Lastly, CODELCO has been advised by Carey y Cía. Ltda. that there is doubt as to the enforceability in original actions in Chilean courts of liabilities predicated solely upon U.S. federal securities laws.

The notes, the Fiscal and Paying Agency Agreement and the Purchase Agreement will provide that CODELCO will appoint the Chilean consul in New York City as its agent upon whom process may be served in any action arising out of or based upon, respectively, the notes, the Fiscal and Paying Agency Agreement, the Purchase Agreement or the transactions contemplated thereby, which may be instituted in any federal or state court having "subject matter" jurisdiction. See "Description of Notes".

Pursuant to the Chilean Mining Code, mining concessions as well as certain raw materials and property related to the extraction of minerals cannot be subject to an order of attachment, except with respect to mortgages or in the case that the debtor consents to the attachment in the same enforcement proceeding. In addition, pursuant to the Chilean Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by CODELCO. As a result, the rights of holders to attach property of CODELCO in the event of a default under the notes would be limited by such provisions. See "Regulatory Framework—Mining Regulations".

PRESENTATION OF FINANCIAL AND STATISTICAL INFORMATION

In this prospectus, references to "U.S.$", "$", "U.S. dollars" and "dollars" are to United States dollars, references to "cents" are to United States cents (U.S.$0.01), references to "pesos" or "Ch$" are to Chilean pesos and references to "UF" are to "Unidades de Fomento". The UF is an inflation-indexed Chilean monetary unit which is linked to, and which is adjusted daily to reflect changes in, the Chilean consumer price index during the preceding 30 days.

The audited consolidated balance sheets of CODELCO as of December 31, 2006 and 2007 and the consolidated statements of income for each of the three years ended December 31, 2005, 2006 and 2007 (the "Year-end Consolidated Financial Statements"), as well as the unaudited interim consolidated balance sheets as of September 30, 2007 and 2008 and the consolidated statements of income for the nine months ended September 30, 2007 and 2008 (the "Interim Consolidated Financial Statements" and, together with the Year-end Consolidated Financial Statements, the "Consolidated Financial Statements") and, unless otherwise indicated, other financial information concerning CODELCO included herein are presented in U.S. dollars in conformity with Decree Law 1.350 of 1976 and in conformity with generally accepted accounting principles in Chile ("Chilean GAAP"). Decree Law 1.350 of 1976 is the Chilean law pursuant to which CODELCO was created and which provides for its governance. Because the notes offered hereby have not been and will not be registered with the SEC, the Consolidated Financial Statements do not and are not required to comply with the applicable requirements of the Securities Act, and the related rules and regulations adopted by the SEC, which would apply if the notes offered hereby were being registered with the SEC.

The U.S. dollar is the currency used in the primary economic environment in which CODELCO operates. Nevertheless, as an international company operating primarily in Chile as well as in several other Latin American countries, a portion of CODELCO's business is transacted in Chilean pesos and other non-dollar currencies.

Chilean GAAP as applied to CODELCO differs in certain important respects from U.S. GAAP. See "Annex A—Principal Differences between Chilean GAAP and U.S. GAAP" contained elsewhere in this prospectus for a description of the principal differences between Chilean GAAP and U.S. GAAP as they relate to CODELCO. Unconsolidated financial statements for CODELCO are not included in this prospectus.

Pursuant to Circular No. 368 promulgated by the *Superintendencia de Valores y Seguros* (SVS), or Chilean Superintendency of Securities and Insurance, beginning in 2010, Chilean companies will be required to report consolidated financial statements for the last fiscal year ending prior to 2010 and subsequent fiscal years thereafter, in accordance with the International Financial Reporting Standards ("IFRS"). However, some of the Chilean companies classified as a "major listed (Open) company" under the rules of the SVS will present their consolidated financial statements under IFRS for the year ended December 31, 2009. CODELCO is not classified as an "Open" company. As a result, CODELCO will first report consolidated financial statements presented pursuant to IFRS for the year ended December 31, 2010.

EBITDA data is included in this prospectus because such data is used by certain investors to measure a company's ability to service debt and fund capital expenditures, and it is included herein for convenience only. CODELCO calculates EBITDA by adding interest expense, taxes (including income and export taxes), depreciation and amortization to net income, in each case determined in accordance with Chilean GAAP. EBITDA is not a measure of financial performance or liquidity under either Chilean GAAP or U.S. GAAP and should not be considered in isolation or as a substitute for net income as a measure of operating performance, or as an alternative to cash flows as a measure of liquidity. Additionally, the Company's calculation of EBITDA may be different than the calculation used by other companies, and therefore comparability may be affected.

Under Chilean GAAP, operating income is calculated before provision for the 10% special export tax payable by CODELCO under Law 13.196, as well as the 5% royalty tax that became effective in January 2006 pursuant to a modification of Chilean Income Tax Law 824 (*Decreto Ley* 824).

Certain figures included in this prospectus and in the Consolidated Financial Statements have been rounded for ease of presentation. Percentage figures included in this prospectus have in some cases been calculated on the basis of such figures prior to rounding. For this reason, certain percentage amounts in this prospectus may vary from those obtained by performing the same calculations using the figures in the Consolidated Financial Statements. Certain other amounts that appear in this prospectus may not sum due to rounding.

The Observed Exchange Rate (as defined herein under “Exchange Rates”) reported by the Central Bank of Chile for December 31, 2007 was Ch$496.89 = U.S.$1.00, for December 31, 2008 was Ch$636.45 = U.S.$1.00 and for January 16, 2009 was Ch$625.63 = U.S.$1.00. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. See “Exchange Rates”.

All tonnage information in this prospectus is expressed in metric tons and all references to ounces are to troy ounces, in each case, unless otherwise specified. Certain terms relating to the copper mining business are defined in “Glossary of Certain Mining Terms”.

Market information regarding CODELCO’s share of copper production, reserves and relative cost position has been derived by CODELCO from third-party sources, including reports of Brook Hunt & Associates, and from CODELCO’s own industry research. Brook Hunt & Associates publishes periodic reports containing western world copper production data and cost analysis by mine site. While CODELCO believes that its estimates are reliable, such estimates have not been confirmed by independent sources. The Consolidated Financial Statements do not reflect the value of CODELCO’s mining concessions or its resources and reserves.

As used in this prospectus, “cash cost” is calculated in accordance with the methodology specified by Brook Hunt & Associates for determination of C1 cost, or net direct cash cost, and includes all direct cash costs of mining, including costs associated with extraction, leaching, smelting and further processing of copper ores into refined metal, as well as labor, transportation and physical plant costs associated with those processes, net of income from sales of by-products. Cash cost figures are given as nominal dollar amounts, usually expressed as cents per pound, and exclude provisions, amortization, depreciation and central office costs. Cash cost is presented because it is a widely used measure of costs, although it is not a U.S. or Chilean GAAP-based measure of cost. The Company believes that cash cost, while providing useful information, should not be considered in isolation or as a substitute for costs of sales, costs of selling and administrative expenses, or as an indicator of costs.

As used in this prospectus, “El Teniente”, “Andina” and “Salvador” refer to the divisions of CODELCO, not the mines having those names, unless otherwise required by context.

As used in this prospectus, the term “billion” means one thousand million (1,000,000,000).

SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this prospectus. Unless otherwise indicated, financial information with respect to CODELCO provided in this prospectus has been presented in U.S. dollars and in accordance with Chilean GAAP.

CODELCO is the world's largest copper producer and the largest company in Chile in terms of sales (U.S.$16.99 billion in 2007). As of December 31, 2007, CODELCO's total assets and equity amounted to U.S.$15.06 billion and U.S.$4.74 billion, respectively, without including the value of CODELCO's mining concessions and ore deposits (as of September 30, 2008, such amounts were U.S.$14.07 billion and U.S.$4.04 billion, respectively).

CODELCO engages primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore into refined copper and the international sale of refined copper and by-products. CODELCO is 100% owned by the Republic of Chile and controls approximately 10% of the world's demonstrated copper reserves, as such term is defined by the U.S. Geological Survey.

In 2007, CODELCO had an estimated 11.0% share of total world copper production, with production of approximately 1.66 million metric tons (including CODELCO's share of the El Abra deposit, which is mined by a joint venture, Sociedad Contractual Minera El Abra, owned 49% by CODELCO and 51% by Cyprus El Abra Corporation (a subsidiary of Freeport McMoRan Copper & Gold, Inc. ("Freeport McMoRan")) and an estimated 14% share of the world's molybdenum production with production of 27,857 metric tons.

CODELCO's main commercial product is Grade A cathode copper. In 2007, CODELCO derived 80.5% of its total sales from copper and 19.5% of its total sales from by-products of its copper production.

CODELCO's sales of refined copper in 2007 were geographically diversified with 48% of sales made to Asia, including 27% to China, 31% to Europe, 13% to North America and 8% to South America. CODELCO's top ten customers purchased approximately 34.7% of its total copper sales volume in 2007.

CODELCO's copper operations are consolidated into five divisions:

- The Codelco Norte Division, CODELCO's largest division, was formed in August 2002 by the combination of the former Chuquicamata and Radomiro Tomic Divisions. Chuquicamata, one of the largest copper producing mines in the world, ranking among the lowest cost producers, has been in operation since 1915 and includes smelting and refining capacity. Radomiro Tomic began its first full year of production in 1998 and is the world's largest producer of copper using the SX-EW technology. In 2007, Codelco Norte produced 896,308 metric tons of copper, representing 53.8% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit), with a cash cost of 33.1 cents per pound.

- The El Teniente Division is the operator of the El Teniente mine, which is the world's largest underground copper mine and has been in operation for approximately 100 years. The El Teniente Division includes the Caletones smelter. In 2007, this division produced 404,738 metric tons of copper, with a cash cost of 47.0 cents per pound.

- The Andina Division operates the Andina and Sur-Sur mines with production split among open-pit and underground mines. It does not have independent smelting capacity. Andina has been in operation since 1970 and produced 218,322 metric tons of copper in 2007, with a cash cost of 46.4 cents per pound.

- The Salvador Division includes the Salvador mine and concentrator and the smelter/refinery complex at Potrerillos, which has a capacity of 671,000 metric tons of concentrate. Salvador produced 63,885 metric tons of copper in 2007, with a cash cost of 77.6 cents per pound. In 2005, CODELCO's Board of Directors had decided to phase out mining operations at the Salvador mine by 2011. In May 2007, however, due to higher copper prices, CODELCO altered the schedule for phasing out mining operations and decided to continue exploitation of the oxide line through the end of 2010 and continue sulfide production through 2011. The Potrerillos smelter and refinery will continue to operate after the closure of Salvador's mining operations.

- The Ventanas Division was created in January 2005 in connection with the acquisition of the Ventanas smelter from the Republic of Chile's state-owned mining company Empresa Nacional de Minería ("ENAMI") in May 2005. The Ventanas smelter has a capacity of 425,000 metric tons of concentrate. Ventanas refined 370,698 metric tons of copper in 2007.

On May 19, 2008, the Gabriela Mistral Mine, which is referred to as Gaby, produced its first copper cathodes. The project was completed in 26 months with an investment of U.S.$1.03 billion and reached its full productive capacity during the second half of 2008. As of September 2008, Gaby had produced 28,958 metric tons of copper since startup, with a cash cost of 83.8 cents per pound. Gaby has a refinery capacity of 150,000 tons of fine copper per year. The electro-refined cathodes yield fine copper of 99.99% purity. The deposit is located in Chile's Second Region and contains demonstrated reserves of 555 million metric tons of oxidized mineral with a grade of 0.41% of total copper. See "Business and Properties—Copper Production—Joint Ventures and Partnerships".

In addition to its copper divisions, CODELCO is also involved in certain joint ventures, including (i) a 49% share of the project at the El Abra mine, which in 2007 produced a total of 166,000 metric tons of fine copper, (ii) a joint venture with Electroandina S.A., an electric power-generation and transmission company, which owns 992 megawatts of installed electric power-generating capacity in northern Chile; (iii) a joint venture with Empresa Eléctrica del Norte Grande S.A. ("Edelnor"), an electric power-generating and transmission company, which owns approximately 720 megawatts of installed electric power-generating capacity; (iv) a joint venture equally owned with China Minmetals Non-Ferrous Metals Co. Ltd. ("Minmetals"), a Chinese state-owned metals company, which created Copper Partners Investment Company Ltd, by which under a 15-year sales contract covering a total of 836,250 metric tons of copper, CODELCO sells cathodes to Copper Partners Investment Company Ltd., which in turn sells them to Minmetals; and (v) Sociedad GNL Mejillones S.A, a joint venture created in October 2007 and equally owned by CODELCO and Suez Energy Andino S.A., which is constructing a liquefied natural gas (LNG) regasification plant that is expected to be operational in the first quarter of 2010 and is intended to provide power supply in northern Chile by supplying energy generators with regasified LNG from natural gas originating in Trinidad and Tobago and purchased from SUEZ Global LNG Ltd. under a long-term supply contract; the project partners expect to finance this project, which under existing take-or-pay contracts with CODELCO and other mining companies is expected to sell a minimum of 26 Tera BTU (British Thermal Unit) per year in the period 2010-2012, through equity contributions of U.S.$440 million in the aggregate, of which at September 30, 2008, CODELCO and Suez Energy Andino S.A. had each paid U.S.$135 million. See "Business and Properties—Associations with Third Parties" and "Business and Properties—Copper Production—Joint Ventures and Partnerships".

On April 29, 2008, CODELCO, in association with other mining companies, signed an energy service support agreement with Gas Atacama Generación S.A. for the interconnected northern electrical grid in Chile, which is referred to as the SING, for the period from March 1, 2008 through December 31, 2011. Pursuant to the agreement, CODELCO's payments to Gas Atacama are capped at U.S.$194.71 million for the period. The agreement was signed to facilitate the operation of the SING by providing Gas Atacama with funds to maintain its generation capacity connected to the SING. CODELCO and the other mining companies make such periodic payments to Gas Atacama, in addition to the purchase price for electricity, so that Gas Atacama may remain solvent, but these companies do not receive equity in Gas Atacama in exchange for such payments. Absent the support from CODELCO and the other mining companies, Gas Atacama's ability to operate would be in doubt. Energy supply in the SING depends on Gas Atacama's energy production and is vital for the copper companies operating there, including CODELCO, though CODELCO purchases electricity from other energy generators. See "Business and Properties—Associations with Third Parties".

On December 19, 2008, ENAMI transferred to CODELCO an option for the price of U.S.$175 million for the right to purchase up to 49% of the equity of two wholly-owned subsidiaries of Anglo American plc ("Anglo American") that own certain properties in Chile, including the Los Bronces and El Soldado copper mines and the Chagres smelter (together, formerly known as La Disputada de Las Condes). The Ministry of Finance will set a timetable for the payment to ENAMI of the purchase price of the option by the Company over a six-year period. The contract gives CODELCO the right to exercise the option only during the month of January and only every third year, beginning in January 2009. The price is established in a formula set in the contract. For the exercise period of January 2009, the price is not less than U.S.$3 billion. CODELCO is evaluating whether to exercise this option.

Competitive Strengths

CODELCO believes it has certain distinguishing competitive strengths:

- *Market Presence*. CODELCO is the largest copper producer in the world, with an estimated 11% share of the total world copper production, with 1.66 million metric tons (including CODELCO's share of the El Abra deposit) of production in 2007, and is one of the largest producers of molybdenum in the world, with an estimated 14% share of total world molybdenum production, with 27,857 metric tons of production in 2007. CODELCO believes its significant market presence gives the Company certain advantages in the marketing of its products.

- *Copper Reserves*. CODELCO controls approximately 10% of the world's demonstrated copper reserves. In 2007, CODELCO's demonstrated reserves represented at least 30 years of future production at current levels.

- *Low Cost Producer*. CODELCO is one of the world's lowest cost producers of copper. In 2007, CODELCO's cash cost of production was 39.7 cents per pound, as compared with 22.7 cents in 2006 and 0.4 cents in 2005. For the first nine months of 2008, CODELCO's cash cost of production was 63.2 cents per pound, as compared to 34.1 cents for the first nine months of 2007. The appreciation of the peso, lower ore grades, higher mining costs, higher energy costs and costs of other inputs it consumes that are used in the production process, have resulted in an increased cash cost of producing copper over the period. However, CODELCO has benefited from higher prices over the past few years for molybdenum, a by-product of the copper production process, the sales of which offset the costs of producing copper. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview."

- *Research and Technological Innovation*. CODELCO remains competitive by developing and incorporating new technologies into its production processes, which aim to improve overall operations, including mining processes, efficiency, productivity, environmental protection, and worker safety.

- *Stable, Long-term and Geographically Diverse Client Base.* CODELCO has developed long-term relationships with a substantial majority of its clients, including some of the leading manufacturers in the world.

- *Financial Strength.* In 2007, CODELCO's earnings before interest expense, taxes (including income and export taxes), depreciation and amortization (EBITDA) amounted to U.S.$9.54 billion; total debt to capitalization as of December 31, 2007 was 48.3% and total debt to EBITDA was 0.46.

- *Management Efficiency and Flexibility*. CODELCO's copper reserves are concentrated in Chile and can therefore be managed efficiently. CODELCO believes that it has a highly experienced workforce and executive team with a proven track record of managing long-life copper reserves that is able to respond to market changes by adjusting the allocation of its resources and operations among several different methods of production and ore deposits.

- *A Leading Company in Chile.* CODELCO is the largest company in Chile in terms of sales as of December 31, 2007, and is a key contributor to the Chilean government budget. In 2007, CODELCO contributed U.S.$7.9 billion to the Chilean Treasury and accounted for approximately 21.9% of Chile's total exports.

Business Strategy

CODELCO's mission is to fully develop its mining and related business areas in a responsible and flexible manner, in order to maximize its long-term economic value and its contributions to the Chilean budget. CODELCO has defined six strategic points on which it intends to continue to focus its efforts: (i) fully developing its business potential, both in Chile and abroad; (ii) developing the capacity of workers and supervisors, enhancing participatory management and deepening the relationship between labor and management, which the Company refers to as the Strategic Alliance; (iii) ensuring the quality and improving the efficiency of its operations; (iv) incorporating technology as an essential requirement for competitiveness; (v) creating new markets and promoting the use and consumption of copper; and (vi) reinforcing its commitment to the environment and strengthening its ties with the community.

To meet these long-term objectives, CODELCO seeks to capitalize on its core strengths. Key elements of CODELCO's strategy include:

Cost Control Programs. CODELCO continues to develop and refine its mine management practices and programs to limit its cost increases. These include the following: (i) improved deposit identification and mining techniques; (ii) the development of the Strategic Alliance between CODELCO and its workforce, which CODELCO believes has resulted in improved management of absenteeism and overtime; (iii) the implementation of early retirement plans and workforce reduction programs; (iv) improved utilization of equipment and inputs used in the processes of copper production to increase productivity and efficiency; and (v) an acceleration of the development of key projects, including Mina Ministro Alejandro Hales (formerly Mansa Mina), Sulfides Radomiro Tomic and the Andina Expansion.

Investment Plans. In order to maintain and improve its competitive position in the industry, from 2008 through 2012, subject to the approval of CODELCO's Board of Directors and the Ministries of Mining and Finance, CODELCO expects to invest approximately U.S.$9 billion in expansion and development projects, including (i) the integrated development of the Alejandro Hales deposit (approximately U.S.$900 million) from 2009 through 2014; (ii) the exploitation of sulfides from the Radomiro Tomic mine where up to 100,000 metric tons are expected to be treated per day in the Chuquicamata processing plants (approximately U.S.$220 million) from 2008 through 2010; (iii) phases one and two of the Andina expansion (approximately U.S.$5.5 billion) from 2008 through 2015; (iv) the exploitation of a new sector of the El Teniente mine known as Pilar Norte (approximately U.S.$110 million) from 2008 through 2009; and (v) a new mining level at the El Teniente mine where exploitation is expected to begin in 2017 (approximately U.S.$2.3 billion) from 2010 through 2017. CODELCO's investment plans for any project may change over time as the Company obtains better information or modifies its projects. In addition to the U.S.$9 billion for expansion and development projects, CODELCO expects to invest an additional U.S.$3 billion in maintenance expenditures in all divisions.

As part of CODELCO's investment program, capital investments have also been made in certain environmental projects. CODELCO invested approximately U.S.$213.8 million in these projects from 2003 to 2007, and plans to continue implementing its pollution abatement plan through additional capital investments of approximately U.S.$497 million from 2008 through 2010. Of this total expected investment, in 2008 CODELCO invested approximately U.S.$98 million in environmental projects, including the enlargement of the molybdenum abatement plant at the Carén tailings dam in El Teniente and the enlargement of the Ovejeria tailing dam drainage system and various projects related with liquid wastes in the Andina Division. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO's compliance with environmental, health and safety laws may require increased capital commitments, and non-compliance may subject it to significant penalties".

CODELCO regularly considers new opportunities for suitable investments in Chile and abroad. Although the Company currently has no plans to do so, CODELCO may identify and pursue new opportunities in the future.

Associations with Third Parties. An important element of CODELCO's strategy has been its willingness to enter into joint ventures with third parties. In March 2006, CODELCO and Minmetals, a Chinese state-owned metals company, created a joint venture equally owned by both companies, Copper Partners Investment Company Ltd. Under a 15-year sales contract covering a total of 836,250 metric tons of copper, CODELCO sells cathodes to Copper Partners Investment Company Ltd., which in turn sells them to Minmetals. In Chile, CODELCO has developed several projects with private sector enterprises, including the U.S.$1.0 billion El Abra project, a joint venture with Cyprus El Abra Corporation (a subsidiary of Freeport McMoRan) (in which CODELCO holds a 49% interest and Cyprus El Abra Corporation a 51% interest) to develop the El Abra mine in northern Chile, one of the world's largest facilities of its kind, using the efficient SX-EW process described below. Sociedad Contractual Minera El Abra recently approved the Sulfolix Project, to extract and process (through the leaching process) sulfide ores, which is expected to extend mine life by 11.5 years and have the capacity to produce at least 155,000 metric tons of fine copper per year over a 13-year period. However, due to current copper market conditions, Sociedad Contractual Minera El Abra decided to postpone the project. CODELCO has entered into a joint venture with Nordeutsche Affinerie Group to produce copper cast wire rod in Germany, and has also entered into separate joint ventures with NTT and Nippon Mining and Metals Company to apply biotechnology to the mining process. In October 2007, CODELCO and Suez Energy Andino S.A. created Sociedad GNL Mejillones S.A, a joint venture equally owned by both companies that is constructing an LNG regasification plant, which is expected to be operational in the first quarter of 2010 and is intended to provide power supply in northern Chile by supplying energy generators with regasified LNG from natural gas originating in Trinidad and Tobago and purchased from SUEZ Global LNG Ltd. In addition, on April 29, 2008, CODELCO, in association with other mining companies, signed an agreement with Gas Atacama Generación S.A. to facilitate the operation of the SING. See "Business and Properties—Joint Ventures and Partnerships" and "Business and Properties—Resource Development".

Recent Developments

As a result of the abrupt decline in copper and molybdenum prices during the fourth quarter of 2008 and weakened global economic conditions in the second half of 2008, CODELCO is undergoing a complete reevaluation of investment, productivity, and operational targets and plans as part of an extensive contingency plan to reduce short and medium-term costs. CODELCO is implementing the following measures, among others, as part of the contingency plan: rescheduling maintenance, freezing contracting of laborers, revising third-party contracts and reducing administrative expenses. These measures are intended to allow the Company to generate income in spite of the fall in the prices of copper and molybdenum. CODELCO cannot provide any assurances that the contingency plan and other measures will reduce the Company's costs sufficiently to materially offset any decrease in revenues resulting from price declines and, therefore, sustain profitability. In addition, the contingency plan and other measures may have an adverse impact on the Company's medium-term growth prospects.

On January 5, 2009, President Michelle Bachelet announced an economic stimulus plan for Chile. The plan, subject to the approval of the Chilean Congress, includes among other features, a potential U.S.$1 billion capitalization of CODELCO, as well as a temporary suspension of the stamp tax.

CODELCO's principal executive offices are located at Huérfanos 1270, Santiago, Chile, and its telephone number is 562-690-3000. CODELCO was established by Decree Law 1.350, published in the Official Gazette of February 28, 1976.

The Offering

Issuer	Corporación Nacional del Cobre de Chile
Securities	7.50% notes due 2019.
Principal Amount	The aggregate principal amount of the notes will be U.S.$600,000,000.
Issue Price	The issue price of the notes is 98.229%.
Interest	The notes will bear interest at the rate of 7.50% per annum payable semi-annually in arrears on January 15 and July 15 of each year until maturity. See "Description of Notes".
Maturity	January 15, 2019.
Withholding Tax	Interest will be paid after withholding for or on account of certain taxes imposed by Chile. Under current Chilean law and regulations, payments of interest to holders of the notes that are not residents of Chile for purposes of Chilean taxation will generally be subject to Chilean withholding tax at a rate of 4.0%. Subject to specified exceptions and limitations, CODELCO will pay Additional Amounts (as defined in "Description of Notes—Payment of Additional Amounts) in respect of such withholding tax on interest payments. See "Description of Notes—Payment of Additional Amounts" and "Taxation—Chilean Taxation".
Tax Redemption	The notes are redeemable at the option of CODELCO in whole (but not in part), at any time at the principal amount thereof plus accrued and unpaid interest and any Additional Amounts due thereon if, as a result of changes in the laws or regulations affecting Chilean taxation, CODELCO becomes obligated to pay Additional Amounts on interest payments on the notes at a rate of withholding or deduction in excess of 4.0%. See "Description of Notes—Tax Redemption", "Taxation—Chilean Taxation" and "Risk Factors—Risks Relating to the Offering".
Form and Denomination	The notes will be issued in registered form only in denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof. The notes sold in reliance upon Rule 144A will be represented by Global Notes registered in the name of a nominee of the Depository Trust Company (DTC). The notes sold in offshore transactions in reliance upon Regulation S will be represented by Global Notes registered in the name of a nominee of

	DTC. See "Description of Notes".
Payments; Transfers	Payment of interest and principal with respect to interests in Global Notes will be credited by DTC, Euroclear or Clearstream, as the case may be, to the account of the holders of such interests with DTC, Euroclear or Clearstream, as the case may be. Transfers of interests in notes held through DTC, Euroclear or Clearstream will be conducted in accordance with the rules and operating procedures of the relevant system. There will be a Luxembourg paying agent.
Ranking	The notes will be the direct, unsecured and unsubordinated obligations of CODELCO ranking *pari passu* with all other unsecured and unsubordinated obligations of CODELCO, other than certain obligations granted preferential treatment pursuant to Chilean law. The notes will contain no restrictions on the amount of additional indebtedness which may be incurred by CODELCO or its subsidiaries; however, as set forth under "Description of Notes—Limitation on Liens", the notes will contain certain restrictions on the ability of CODELCO and its subsidiaries to incur secured indebtedness. See "Description of Notes".
Certain Covenants	The notes will contain certain covenants, including, but not limited to, covenants with respect to (i) limitations on liens, (ii) limitations on sale and lease-back transactions and (iii) limitations regarding consolidation, merger, conveyance, sale or lease transactions. See "Description of Notes—Limitation on Liens", "—Limitation on Sale and Lease-Back Transactions" and "—Consolidation, Merger, Conveyance, Sale or Lease".
Transfer Restrictions	The notes have not been and will not be registered under the Securities Act and are subject to restrictions on resales. See "Transfer Restrictions".
Further Issues	In accordance with the terms of the Fiscal and Paying Agency Agreement, CODELCO may issue additional notes of the same series as the notes offered hereby at a future date. See "Description of Notes—Further Issues of Notes".
Listing	Application will be made to list the notes on the Luxembourg Stock Exchange and trade the notes on Euro MTF in accordance with its rules and regulations. The notes are not yet listed. If any European or national legislation is adopted and is implemented or takes effect in Luxembourg in a manner that would require us to publish or produce

	financial statements according to accounting principles or standards that are different from Chilean GAAP, or that would otherwise impose requirements on us that we, in our discretion determine are impracticable or unduly burdensome, we may de-list the notes. In these circumstances, there can be no assurance that we would obtain an alternative admission to listing, trading and/or quotation for the notes by another listing authority, exchange and/or system within or outside the European Union. For information regarding the notice requirements associated with any delisting decision, see "Description of Notes—Notices".
Governing Law; Submission to Jurisdiction............................	The notes will be governed by the laws of the State of New York. CODELCO will submit to the jurisdiction of the United States federal and state courts located in the Borough of Manhattan in the City of New York in respect of any action arising out of or based on the notes. See "Description of Notes—Governing Law; Submission to Jurisdiction; Sovereign Immunity".
Rating...	The notes offered hereby will be assigned a rating by Moody's Investors Service, Inc. ("Moody's") and by Standard & Poor's rating group ("S&P"). CODELCO currently has a Foreign Currency Long Term Debt rating by Moody's of A1 and a Long Term Foreign Issuer Credit rating by S&P of A. A rating is not a recommendation to buy, sell or hold securities, is subject to revision or withdrawal at any time by the assigning rating organization and should be evaluated independently of any other rating.
Use of Proceeds	The net proceeds from the offering of the notes will be used to partially finance capital expenditures and refinance liabilities.

Risk Factors

Before investing, you should carefully consider the information set forth under "Risk Factors" beginning on page 11.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table presents CODELCO's summary consolidated financial data and other data as of and for each of the periods indicated. This data is qualified in its entirety by reference to, and should be read together with, CODELCO's Consolidated Financial Statements and notes thereto, from which all such data (other than the average London Metal Exchange ("LME") copper prices) has been derived. The unaudited interim information for the nine-month periods ended September 30, 2007 and 2008 includes all adjustments, consisting of only normal recurring adjustments, that in the opinion of management are necessary for the fair presentation of such information. The unaudited results of operations for the nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for the year ending December 31, 2008 or any other period. The data should also be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Consolidated Financial Statements are prepared in accordance with Chilean GAAP, which differs in certain significant respects from U.S. GAAP. See "Annex A—Principal Differences between Chilean GAAP and U.S. GAAP".

	As of and for the year ended December 31,					As of and for the nine months ended September 30,	
	2003	2004	2005	2006	2007	2007	2008
	(in thousands of U.S.$, except ratios and copper prices)					(unaudited)	
CONSOLIDATED INCOME STATEMENT DATA							
Total sales	$ 3,781,786	$ 8,203,661	$ 10,490,573	$ 17,077,032	$ 16,988,242	$ 12,878,431	$ 12,044,405
Cost of sales (1)	(2,781,209)	(4,484,556)	(4,801,086)	(7,272,311)	(8,058,827)	(5,873,947)	(6,946,204)
Gross profit	1,000,577	3,719,105	5,689,487	9,804,721	8,929,415	7,004,484	5,098,201
Selling and administrative expenses	(196,933)	(207,492)	(261,779)	(338,101)	(381,595)	(238,818)	(275,389)
Operating income	803,644	3,511,613	5,427,708	9,466,620	8,547,820	6,765,666	4,822,812
Non-operating income (expense) (2)	(445,989)	(808,930)	(1,356,493)	(1,565,577)	(1,478,181)	(1,073,615)	(992,318)
Income before income taxes and minority interest	357,655	2,702,683	4,071,215	7,901,063	7,069,639	5,692,051	3,830,494
Taxes (3)	(269,331)	(1,568,997)	(2,295,331)	(4,564,654)	(4,091,162)	(3,340,048)	(2,238,467)
Minority interest	906	487	3,725	2,349	3,101	1,911	2,537
Amortization of negative goodwill	—	—	—	31	41	0	31
Net Income	$ 89,230	$ 1,134,173	$ 1,779,609	$ 3,338,789	$ 2,981,619	$ 2,353,914	$ 1,594,595
BALANCE SHEET INFORMATION (END OF PERIOD)							
Total current assets	$ 1,851,063	$ 2,038,624	$ 2,794,856	$ 4,621,986	$ 5,861,670	$ 5,664,684	$ 4,335,212
Total property, plant and equipment	5,260,679	5,516,836	6,384,913	6,602,245	7,466,661	6,972,232	7,895,142
Investments in other companies (4)	415,003	563,554	726,462	1,011,247	866,591	967,935	1,071,075
Long-term accounts receivable	132,088	165,552	162,058	178,548	220,471	194,427	198,233
All other assets	432,967	548,800	670,759	618,817	642,491	666,371	567,175
Total assets	$ 8,091,800	$ 8,833,366	$ 10,739,048	$ 13,032,843	$ 15,057,884	$ 14,465,649	$ 14,066,837
Total current liabilities	1,326,354	1,030,611	2,200,056	2,071,804	3,172,286	2,564,177	3,482,399
Total long-term liabilities	3,941,992	4,929,065	5,594,939	6,430,865	7,137,094	6,779,711	6,538,400
Total liabilities	$ 5,268,346	$ 5,959,676	$ 7,794,995	$ 8,502,669	$ 10,309,380	$ 9,343,888	$ 10,020,799
Minority interest	2,035	1,743	3,019	2,573	4,301	4,140	3,310
Total equity	2,821,419	2,871,947	2,941,034	4,527,601	4,744,203	5,117,621	4,042,728
Total liabilities and equity	8,091,800	$ 8,833,366	$ 10,739,048	$ 13,032,843	$ 15,057,884	$ 14,465,649	$ 14,066,837
OTHER ITEMS							
Depreciation and amortization of assets (excluding goodwill)	$ 463,133	$ 554,414	$ 624,362	$ 776,241	$ 834,533	$ 592,245	$ 690,546
Interest income (expense), net	$ (97,104)	$ (129,659)	$ (166,847)	$ (177,961)	$ (148,212)	$ (120,210)	$ (131,761)
Ratio of earnings to fixed charges (5)	4.4	19.9	22.5	34.5	29.8	32.5	22.8
Average LME copper price (U.S. ¢ per pound) (6)	80.73	130.11	167.09	305.29	323.25	321.55	361.33
EBITDA (7)	$ 1,176,343	$ 3,998,545	$ 5,714,212	$ 10,227,186	$ 9,542,766	$ 7,506,909	$ 5,735,213
Ratio of debt to EBITDA	2.5	0.7	0.7	0.4	0.5	—	—
EBITDA coverage ratio (8)	12.1	30.8	34.2	57.5	64.4	62.4	43.5

(1) Cost of sales for any period includes direct and indirect costs, depreciation and amortization associated with the production of copper and by-products, as well as purchase costs of third-party copper, sold by CODELCO in that period.

(2) Non-operating income (expense) is comprised principally of gains and losses on sales of assets, interest income, interest expense, participation in income and losses from equity-method investments, costs related to retirement plan and severance indemnities and the 10% special export tax paid by the Company that is required by Law 13.196. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(3) Law 13.196 requires the payment of a 10% special export tax on the export of copper and related by-products produced by CODELCO, which is included in this table as a non-operating expense. Effective January 1, 2006, CODELCO also became subject to a new 5% mining royalty tax that is calculated on its operating income. In addition, CODELCO provides for income taxes, in accordance with current regulations, consisting of a corporate income tax of 17% (which has been 17% since 2004, and was 16.5% in 2003) and the 40% tax on the net earnings of state owned enterprises specified by Decree Law 2.398, Art. 2. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury".

(4) See Note 9 of Notes to the Consolidated Financial Statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business and Properties—Joint Ventures and Partnerships".

(5) For the purpose of calculating CODELCO's ratio of earnings to fixed charges, (i) earnings consist of income before provision for taxes and interest expense and (ii) fixed charges consist of interest expense.

(6) Average price on the LME for Grade A cathode copper during period.

(7) EBITDA is calculated by adding interest expense, taxes (including income and export taxes), depreciation and amortization to net income, in each case determined in accordance with Chilean GAAP. EBITDA is presented because it is a widely accepted indicator of funds available to service debt, although it is not a U.S. or Chilean GAAP-based measure of liquidity or performance. The Company believes that EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company's calculation of EBITDA may be different than the calculation used by other companies and therefore, comparability may be affected.

(8) EBITDA coverage ratio is the ratio of EBITDA to interest expense net of interest income.

RISK FACTORS

Prospective purchasers of the notes offered hereby should carefully consider all the information contained herein, including the risk factors set forth below. As a general matter, investing in the securities of an issuer, substantially all of whose operations are in a developing country such as Chile, involves a higher degree of risk than investing in securities of issuers with substantially all of their operations in the United States and other jurisdictions.

Risks Relating to CODELCO's Operations

CODELCO's business is highly dependent upon the price of copper.

CODELCO's financial performance is significantly affected by the market prices of copper. These prices have been historically subject to wide fluctuations and are affected by numerous factors beyond the control of CODELCO, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers and others, and actions of participants in the commodities markets. To a lesser extent, copper prices are also subject to the effects of inventory carrying costs and currency exchange rates. In addition, the market prices of copper have occasionally been subject to rapid short-term changes. In the first nine months of 2008, copper prices reached an average for the period of 361.3 cents per pound. Nevertheless, economic conditions in the second half of 2008 weakened significantly and there is uncertainty about the price outlook for copper. LME copper prices declined from 398.1 cents per pound at June 30, 2008, to 291.2 cents per pound at September 30, 2008, and 131.6 cents per pound at December 31, 2008, returning to 2005 levels. See "Overview of the Copper Market".

A decline in copper prices would have an adverse impact on CODELCO's revenues and financial results. In the event of a sustained decline in prices, CODELCO has in the past and could again determine to curtail operations or suspend certain of its mining and processing operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

CODELCO faces competition in the copper market from other copper producers.

CODELCO faces competition from other copper mining companies and producers of copper around the world. Although CODELCO is currently among the lowest cost copper producers in the world mining industry and continues to focus on reducing costs, there can be no assurance that competition from lower cost producers will not have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO.

The mining industry has experienced significant consolidation in recent years, including consolidation among some of CODELCO's main competitors, as a result of which an increased percentage of copper production is from companies that also produce other products and are, consequently, more diversified. There can be no assurance that the result of current or further consolidation in the industry will not have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO.

Most of CODELCO's copper output is dependent upon production from three of its main mining complexes.

Three of CODELCO's mining complexes produced over 78% of its copper output in 2007 (including CODELCO's share in El Abra). The Chuquicamata and Radomiro Tomic mines, which form part of the Codelco Norte Division, produced an aggregate of 896,308 metric tons of copper. The El Teniente Division, including the Caletones smelter, produced 404,738 metric tons of copper in 2007. If operations in any of these three mining complexes were significantly reduced, interrupted or curtailed, CODELCO's financial condition and its ability to make the required payments on the notes could be materially and adversely affected. CODELCO cannot assure you that production interruptions will not occur or that any such incident would not materially adversely affect its production. See "Business and Properties—Operations—Codelco Norte Division" and "Business and Properties—Operations—El Teniente Division".

The business of mining is subject to risks, some of which are not completely insurable.

The business of mining, smelting and refining copper is generally subject to a number of risks and hazards, including industrial accidents, labor disputes, unexpected geological conditions, mine collapses, changes in the regulatory environment, environmental hazards and weather and other natural phenomena such as earthquakes and floods. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, human exposure to pollution, personal injury or death, environmental and natural resource damage, delays in mining, monetary losses and possible legal liability. CODELCO maintains insurance typical in the copper mining industry and in amounts that it believes to be adequate, but which may not provide complete coverage in certain circumstances. Insurance against certain risks (including certain liabilities for environmental pollution and other hazards as a result of exploration and production) is not generally available to CODELCO or to other companies within the industry.

Under each of CODELCO's copper sales agreements, CODELCO or its customer may suspend or cancel delivery of copper during a period of force majeure. Events of force majeure under the agreements include acts of nature, strikes, fires, floods, wars, transportation delays, government actions or other events that are beyond the control of the parties. Any suspension or cancellation of deliveries under copper sales agreements that are not replaced by delivery under new contracts or sales on the spot market could have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO.

CODELCO's business is dependent on the availability of water for the production of copper and subject to environmental regulations regarding water usage. In the past, Chile has experienced droughts severe enough to adversely affect the energy sector of the economy in the central and southern regions of Chile. If Chile were to experience another drought, CODELCO's ability to conduct its operations in those regions could be impaired.

CODELCO's compliance with environmental, health and safety laws may require increased costs, including capital commitments, and non-compliance may subject it to significant penalties.

Chile has adopted environmental, health and safety regulations requiring industrial companies operating in Chile, including CODELCO, among other requirements, to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources, including water and air. If environmental authorities declare an area to be polluted, a pollution reduction or a pollution prevention plan is required. Either type of plan may contain measures that may increase the costs of developing new facilities or expanding existing ones in the designated area. Some of the areas where CODELCO operates have been declared polluted. The measures currently included in the pollution prevention or reduction plans that govern these areas are subject to change and may become more stringent if compliance with the quality standards is not achieved. CODELCO has had to comply with certain air quality environmental regulations regarding particulate matter (PM10) and sulfur dioxide (SO2) in the areas surrounding the Potrerillos, Caletones, Ventanas and Chuquicamata smelting plants. The Potrerillos, Caletones and Ventanas smelting plants have pollution reduction plans for such pollutants. Due to a reduction in the amount of SO2 emissions, a new pollution prevention plan for SO2 is being developed for the area surrounding the Chuquicamata smelting plant. In addition, because the pollution reduction plan for PM10 has not been successful at Chuquicamata, it is currently undergoing a review process. CODELCO is unable to fully assess yet what may be required of the Company or the cost of compliance with the revised PM10 pollution reduction plan or any future changes to the other plans covering the areas where CODELCO operates. See "Regulatory Framework—Environmental Regulation".

Environmental, health and safety laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. For example, changes to current environmental laws and regulations and additional environmental laws and regulations are pending and may be adopted in Chile, particularly those regarding water quality standards (including regulations to develop water quality standards for the Loa, Aconcagua and Cachapoal rivers) and mine closures. Each of these laws and regulations could result in significant additional environmental compliance costs. At September 30, 2008, for mine closure expenses, CODELCO had total provisions amounting to U.S.$435 million. CODELCO is currently unable to estimate the costs of complying with potential new regulations regarding mine closure, but such costs could be material. CODELCO's operations outside of Chile are also subject to extensive international, national and local environmental, health and safety laws and regulations.

CODELCO has or is developing and implementing environmental management systems at each of its divisions to monitor and achieve compliance with applicable environmental laws and regulations. While CODELCO has budgeted for future capital and operating expenditures to maintain compliance with these laws and regulations, there is no guarantee that current levels of expenditures and capital commitments will be sufficient to achieve future compliance. There also can be no assurance that CODELCO has been or will be at all times in complete compliance with environmental laws and regulations, or that proceedings or civil actions will not be brought, or that fines and other sanctions will not be imposed for such non-compliance in the future. In addition, there can be no assurance that more stringent enforcement of, or changes in, existing laws and regulations, the adoption of additional laws and regulations, or the discovery of new facts resulting in increased liabilities would not have a material adverse effect on CODELCO's business, financial condition, results of operations or prospects.

For further information on environmental matters, and current and proposed environmental laws and regulations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Environmental", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Environmental Matters" and "Regulatory Framework—Environmental Regulations".

Future compliance with a changing and complex regulation scheme may require changes in CODELCO's business.

CODELCO's exploration, mining, milling, smelting and refining activities are also subject to non-environmental Chilean laws and regulations (including certain industry technical standards) which change from time to time. Matters subject to regulation include, but are not limited to, concession fees, transportation, production, reclamation, export, taxation and labor standards.

While CODELCO does not believe that compliance with such laws and regulations will have a material adverse effect on its business, financial condition, results of operations or prospects, there can be no assurance that more stringent enforcement of, or change in, existing laws and regulations, the adoption of additional laws and regulations, or the discovery of new facts resulting in increased liabilities or costs would not have a material adverse effect on CODELCO's business, financial condition, results of operations or prospects.

CODELCO's business plans are based on estimates of the volume and grade of CODELCO's ore deposits that could be incorrect.

CODELCO's ore deposits (its resources and reserves) described in this prospectus constitute estimates based on standard evaluation methods generally used in the international mining industry and on assumptions as to production costs and market prices. The actual ore deposits may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels. Lower market prices, as well as increased production costs, reduced recovery rates and other factors, may render CODELCO's ore deposits uneconomic to exploit and may result in revision of its reserve and resource estimates from time to time. Reserve and resource data are not indicative of future results of operations. See "Business and Properties—Resources and Reserves".

CODELCO's business requires substantial capital expenditures.

CODELCO's business is capital intensive. Specifically, the exploration and exploitation of copper reserves, mining, smelting and refining costs, the maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. CODELCO must continue to invest capital to maintain or to increase the amount of copper reserves that it exploits and the amount of copper that it produces. No assurance can be given that CODELCO will be able to maintain its production levels or generate sufficient cash flow, or that it will have access to sufficient investments, loans or other financing alternatives to continue its exploration, exploitation and refining activities at or above its present levels.

Future performance of the Company depends on the results of current and future innovation and exploration.

CODELCO has a two-pronged exploration program that is focused on increasing reserves of its existing divisions and exploring for new deposits outside of its current operations. As the ore quality of CODELCO's reserves continue to decline over time, innovation and exploration is increasingly important to CODELCO's success. While initial results have been favorable, there can be no guarantee that CODELCO's exploration program will continue to meet with success. See "Business and Properties—Resource Development".

CODELCO has experienced high energy costs and may experience higher energy costs in the future.

Energy represents a portion of the production costs for CODELCO. The principal sources of energy for CODELCO's operations are electricity, purchased petroleum products and natural gas. The Chilean electrical generation market has been adversely affected recently by shortages in the supply of natural gas due to the cessation of natural gas exports from Argentina. CODELCO's production costs have increased due to these shortages, having to rely on electricity generated from more expensive sources, such as diesel, oil or coal, and such increased costs have adversely affected CODELCO's results. In addition, in the northern energy grid (SING), the procurement of electricity has been at risk, experiencing partial disruptions, because of the financial condition of Gas Atacama, an important generator of energy for the SING. CODELCO has taken actions to increase the capacity of plants that generate energy from coal, diversifying the sources from which it can procure electricity in the future (including its participation in the construction of an LNG regasification facility), and contributing together with other mining companies to preserve the solvency of Gas Atacama and reduce the possibility of energy disruptions. While the northern grid is currently operating in a normal way, there can be no guarantee that sufficient energy supply in the SING will continue. If CODELCO is unable to procure sufficient energy at reasonable prices in the future, it could adversely affect its profits and cash flow.

Labor disruptions involving CODELCO's employees or the employees of its independent contractors could affect CODELCO's production levels and costs.

Approximately 97.5% of CODELCO's work force is covered by collective bargaining agreements with labor unions. Most of these collective bargaining agreements have terms of two to four years. Although management believes its present labor relations are good, CODELCO has experienced material work slowdowns, work stoppages and strikes in the past.

Most of CODELCO's collective bargaining agreements have terms of two to four years. CODELCO was involved in negotiating seven collective bargaining agreements in 2007; six of them were negotiated before the termination of the contracts. CODELCO also negotiated two collective bargaining agreements in 2008, which were both negotiated before termination. There are no collective bargaining agreements with near-term expirations.

There can be no assurance that a work slowdown, a work stoppage or strike will not occur prior to or upon the expiration of the current collective bargaining agreements and management is unable to estimate the effect of any such work slowdown, stoppage or strike on CODELCO's production levels. Work slowdowns, stoppages or other labor-related developments affecting CODELCO could have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO.

There are currently 26,210 employees of regular independent operating contractors and 17,079 employees of contractors involved in the development of CODELCO's investment projects. At the end of July 2007, a small portion of contract workers that provide services to CODELCO went on a strike in various divisions that lasted 37 days. During 2007, CODELCO and the contracting companies signed a framework agreement that established programs to improve the benefits for the workers. Nevertheless, CODELCO experienced another strike in April and May of 2008 by workers of CODELCO's contractors that lasted 12 days at El Teniente and 20 days at Salvador. While none of the strikes in 2008 had a material effect on CODELCO's results of operations, CODELCO has experienced material and more protracted work actions in the past.

Work slowdowns, stoppages or other labor-related developments by employees could increase CODELCO's independent contracting costs. In addition, pursuant to the Labor Code of the Republic of Chile

(*Código Laboral*), CODELCO can be held liable for the payment of labor and social security obligations owed to the employees of the independent contractors if the independent contractors do not fulfill those payment obligations.

A new law governing subcontractors was passed by Congress in October 2006 and became effective in January 2007. The new law provides for incentives for companies to ensure that contractors and subcontractors comply with labor, health and safety regulations and standards with respect to their own employees. It also regulates the provision of transitory services by contractors and subcontractors enabling the creation of companies for this specific purpose.

For further information on employee and independent contractor matters, see "Business and Properties—Employees".

CODELCO engages in hedging activity, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO.

In July 2005, the Board of Directors determined to hedge certain future copper commitments and production in order to manage the risk associated with copper price volatility. The arrangements approved by the Board are to hedge CODELCO's copper price, irrespective of which mine actually produced the ore that is being hedged. As of September 30, 2008, these hedges had a range of maturities through March 2013, covered approximately 917,899 metric tons of copper (not exceeding 11% of anticipated annual production in any of the years covered), and had an outstanding negative exposure (mark-to-market value less than their carrying values) of approximately U.S.$3.0 billion. In the first nine months of 2008, CODELCO's production hedging activities had a negative impact of approximately U.S.$643.5 million on pre-tax income, with the effect of the hedges being reflected in CODELCO's sales at the time they are settled.

CODELCO's production hedging strategy could cause it to lose the benefit of an increase in copper prices if copper prices increase over the level of CODELCO's hedge position, as occurred in the first nine months of 2008. The cash flows from and the mark-to-market values of CODELCO's production hedges can be affected by factors such as the market price of copper, copper price volatility and interest rates, which are not under CODELCO's control.

CODELCO's production hedging agreements contain events of default and termination events that could lead to early close-outs of CODELCO's hedges. These include failure to pay, breach of the agreement, misrepresentation, default under CODELCO's loans or other hedging agreements and bankruptcy. In the event of an early termination of CODELCO's hedging agreements, the cash flows from the affected hedge instruments would cease and CODELCO and the relevant hedge counterparty would settle all of CODELCO's obligations at that time. In that event, there could be a lump sum payment to be made either to or by CODELCO. The magnitude and direction of such a payment would depend upon, among other things, the characteristics of the particular hedge instruments that were terminated and the market price of copper and copper price volatility and interest rates at the time of termination.

In addition to its production hedging activities, CODELCO has hedged a portion of its exchange rate and interest rate exposure, including by entering into forward exchange contracts to hedge against fluctuations in the UF to U.S. dollar exchange rate for its outstanding UF-denominated bonds. CODELCO also periodically enters into futures contracts at the request of customers with respect to certain sales of its own copper in order to provide its customers with protection against fluctuation in the sale price paid in connection with such sales. No assurance can be given that CODELCO will be adequately protected by its hedging activities.

See "Business and Properties—Marketing—Pricing and Hedging" and Note 24 to the Consolidated Financial Statements for further information on CODELCO's hedging activity.

Risks Relating to CODELCO's Relationship with the Chilean Government

Important corporate governance matters, the annual budget and financing programs are determined by or subject to the approval of the President of the Republic and the Ministries of Mining and Finance.

CODELCO is a mining, industrial and commercial state-owned enterprise created pursuant to and governed by Decree Law 1.350 of Chile. In accordance with that law, CODELCO is a legal entity that has its own capital. CODELCO's link to the Government of Chile is through the Ministry of Mining. The President of the Republic names CODELCO's seven directors and must approve any amendments to CODELCO's by laws. Pursuant to Decree Law 1.350, CODELCO's Board of Directors must also submit its proposed annual budget to the Ministries of Mining and Finance for approval and possible revision. In addition, Decree Law 1.350 directs CODELCO to include as part of its proposed annual budget a debt amortization budget that includes interest and principal payments on CODELCO's debts, including the notes. There is no guarantee that actions taken with respect to appointment of CODELCO's directors, amendments to its by laws, and revision and approval of its budget are or will be the same as they would be in a privately owned company. See "Regulatory Framework".

CODELCO's use of net income is restricted and is subject to the approval of the Ministries of Mining and Finance.

As a state-owned enterprise and according to its governing law, 100% of CODELCO's net income is transferred to the Chilean Treasury. However, CODELCO's Board of Directors may propose to the Ministries of Mining and Finance that a portion of its net income be kept by CODELCO as retained earnings. The Ministries may implement this proposal by joint decree. CODELCO cannot guarantee that the Ministries will issue such a decree when requested by the Board of Directors to do so. If CODELCO's funding through depreciation, amortization and deferred taxes were to prove insufficient to fund capital expenditures, and if a proposal to retain net income were made by the Company's Board of Directors and not approved by the Ministries, CODELCO's business could be adversely affected if it is unable to otherwise finance planned expenditures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources".

CODELCO is subject to special taxes and distributions.

Law 13.196 of Chile requires the payment of a 10% special export tax on the export of copper and related by-products produced by CODELCO. In addition, under Chilean Law, CODELCO's net earnings are subject to an additional tax of 40% above and beyond the usual first category company tax, which was 17% in 2008. This 40% tax is established by Article 2 of the Decree Law 2.398, and reduces CODELCO's net income. Effective January 1, 2006, CODELCO is also subject to a new 5% mining royalty tax that is calculated on its operating income. For 2007, CODELCO distributed a total of U.S.$7.9 billion (including income tax, and export tax payments and distributions) to the Chilean Treasury. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury" and "Regulatory Framework".

Constitutional amendments could be proposed that would allow private ownership of CODELCO.

CODELCO is 100% owned by the Republic of Chile and a constitutional amendment approved by the Chilean Congress would be required to allow private participation in CODELCO's ownership. Although there has been no formal governmental action to permit private investment in CODELCO, no assurance can be given that such a constitutional amendment will not be proposed to the Chilean Congress in the future. See "Regulatory Framework—Overview of the Regulatory Regime".

Risks Relating to Chile

CODELCO's growth and profitability depend on political stability in Chile and other emerging markets.

Almost all of CODELCO's revenues are derived from its operations in Chile. Accordingly, CODELCO's results of operations and general financial condition depend in part on Chilean markets for labor and certain materials and equipment, and on factors relating to Chilean political stability generally. While Chile has experienced relative political stability in recent years, there can be no assurance that future developments in or affecting the Chilean political situation, including economic or political instability in other emerging markets, will not result in material and adverse effects on CODELCO's business, financial condition or results of operations. CODELCO also could be adversely affected by legal or regulatory changes over which it has no control.

CODELCO's business performance is subject to the effects of inflation and changes in the value of the peso.

Although Chilean inflation has been reduced in recent years, Chile has experienced high levels of inflation in the past. High levels of inflation in Chile could adversely affect the Chilean economy and have an adverse effect on CODELCO's results of operations. There can be no assurance that Chilean inflation will not revert to prior levels in the future.

The following table shows the annual rate of inflation (as measured by changes in the Chilean consumer price index and as reported by the *Instituto Nacional de Estadísticas*, or the Chilean National Institute of Statistics) during the last five years ended December 31 and in the first nine months of 2008:

Year	Inflation (CPI) (in percentages)
2003	1.1
2004	2.4
2005	3.7
2006	2.6
2007	7.8
2008 (through September 30, 2008)	7.6

Source: Chilean National Institute of Statistics

A significant portion of CODELCO's operating costs are denominated in pesos and could therefore be significantly affected by the rate of inflation in Chile. If inflation in Chile were to increase without a corresponding depreciation of the peso, or if the value of the peso were to appreciate relative to the U.S. dollar without the peso experiencing corresponding deflation in Chile, the financial position and results of operations of CODELCO as well as the value of the notes could be materially and adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources".

The variation of the U.S. dollar against the peso constitutes the main exchange exposure of CODELCO. The mismatch between assets and liabilities denominated in pesos amounts to a net liability for the Company equivalent to U.S.$799 million (5.68% of the total amount of assets on a consolidated basis) as of September 30, 2008. In order to cover this risk, CODELCO has and currently is engaged in hedging transactions to partially mitigate the effects of the volatility of foreign exchange rates. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO".

Chile has different corporate disclosure and accounting standards than holders may be familiar with in the United States.

The accounting, financial reporting and securities disclosure requirements in Chile differ from those in the United States. Accordingly, the information about CODELCO available to you will not be the same as the information available to investors in a U.S. company. See "Annex A — Principal Differences between Chilean GAAP and U.S. GAAP". Pursuant to Circular No. 368 promulgated by the SVS, beginning in 2010, Chilean companies will be required to report consolidated financial statements in accordance with IFRS for the last fiscal year ending prior to 2010 and subsequent fiscal years thereafter. However, some of the Chilean companies classified as a "major listed (Open) company" under the rules of the SVS will present their consolidated financial statements under IFRS for the year ended December 31, 2009. CODELCO is not classified as an "Open" company.

As a result, CODELCO will first report consolidated financial statements presented pursuant to IFRS for the year ended December 31, 2010.

The securities laws of Chile have as a principal objective promoting disclosure of all material corporate information to the public. Chilean disclosure requirements, however, differ from those in the United States in some important respects. In addition, although Chilean law imposes restrictions on insider trading and price manipulation, applicable Chilean laws are different from those in the United States and in certain respects the Chilean securities markets are not as highly regulated and supervised as the U.S. securities markets.

Risks Relating to the Offering

In case of a default under the notes, the ability of holders to attach property of CODELCO may be limited by law.

CODELCO's activities in Chile are dependent on concessions granted by the Chilean Ordinary Courts with respect to CODELCO's mining rights. These concessions are granted for indefinite terms in the case of exploitation concessions and for two-year periods in the case of exploration concessions (renewable with certain limitations). As a general matter, the Ordinary Courts, through legal proceedings brought by third parties (or by the Chilean Treasury in case of noncompliance with the obligation to pay annual fees), have the legal right to terminate or annul the concessions. Pursuant to the Chilean Mining Code, all mining concessions, as well as certain raw materials and property related to the extraction of minerals, cannot be subject to an order of attachment, except with respect to mortgages or where the debtor consents to the attachment in the relevant legal proceeding. In addition, pursuant to the Chilean Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by CODELCO. As a result, the rights of holders to attach property of CODELCO in the event of a default under the notes would be limited by such provisions. See "Regulatory Framework—Mining Regulations".

If certain changes to tax law were to occur, CODELCO would have the option to redeem the notes.

Under current Chilean law and regulations, payments of interest to holders of the notes that are not residents of Chile for purposes of Chilean taxation generally will be subject to Chilean withholding tax at a rate of 4.0%. Subject to certain exceptions, CODELCO will pay Additional Amounts (as defined in "Description of Notes—Additional Amounts") so that the amount received by the holder after Chilean withholding tax will equal the amount that would have been received if no such taxes had been applicable. The notes are redeemable at the option of CODELCO in whole (but not in part), at any time at the principal amount thereof plus accrued and unpaid interest and any Additional Amounts due thereon if, as a result of changes in the laws or regulations after the date of this prospectus affecting Chilean taxation, CODELCO becomes obligated to pay additional amounts with respect to interest on the notes at a rate of withholding or deduction in excess of 4.0%. CODELCO is unable to determine whether such an increase in the withholding tax rate will ultimately be presented to or enacted by the Chilean Congress; however, if such an increase were enacted, the notes would be redeemable at the option of CODELCO. See "Description of Notes—Tax Redemption" and "Taxation—Chilean Taxation".

The market value of the notes may depend on economic conditions in Latin America over which CODELCO has no control.

The market value of securities of Chilean companies, including CODELCO, is affected to varying degrees by economic and market conditions in other Latin American countries. Although economic conditions in such countries may differ significantly from economic conditions in Chile, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Chilean issuers. International financial markets have in recent years experienced volatility due to a combination of international political and economic events. There can be no assurance that deterioration of Latin American economies or other events in or outside of the region will not adversely affect the market value of the notes.

The transferability of the notes may be limited by the absence of an active trading market and restrictions on transfer under applicable securities law.

The notes have not been registered under the Securities Act or any state securities laws. CODELCO does not intend to list the notes on any national securities exchange or to seek admission of the notes for trading on any securities exchange in the United States; however, application will be made to list the notes on the Luxembourg Stock Exchange. Furthermore, CODELCO does not intend to exchange the notes for notes that are registered under the Securities Act. The initial purchasers are not obligated to make a market in the notes. No assurance can be given about the liquidity of any markets that may develop for the notes, the ability of holders to sell the notes or the prices at which the notes could be sold. Future trading prices of the notes will depend on many factors, including prevailing interest rates, CODELCO's operating results and the market for similar securities. There can be no assurance that any active trading market will develop for the notes or that you will be able to transfer or resell the notes without registration under applicable securities laws.

USE OF PROCEEDS

The total net proceeds from the offering of the notes are estimated to be U.S.$578,974,000 after deducting commissions paid to the initial purchasers, a Chilean stamp tax of U.S.$7,200,000 (to the extent payable at the closing date), and estimated legal fees and all other expenses payable by the Company in connection with the offering. The proceeds from the issuance of the notes will be used to partially finance capital expenditures and refinance short-term liabilities, which include the repayment of the HSBC Bank USA, National Association bridge financing. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources".

CAPITALIZATION

The following table sets forth the capitalization of CODELCO in accordance with Chilean GAAP at September 30, 2008 and as adjusted to give effect to the offering of the notes and the intended uses of proceeds thereof. This table is qualified in its entirety by reference to, and should be read together with, CODELCO's Consolidated Financial Statements, including the notes thereto, included elsewhere in this prospectus.

	September 30, 2008	
	Actual	**As Adjusted**
	(in thousands of U.S.$)	
Short-term debt		
Current portion of bank debt	$ 906,754	$ 606,754[1]
Current portion of bonds payable	357,682	357,682
Short-term notes payable	11,152	11,152
Total short-term debt	$ 1,275,588	$ 975,588
Long-term debt		
Bank debt	$ 400,000	$ 400,000
4.0% UF Notes due 2012[2]	266,490	266,490
6.375% Notes due 2012	435,000	435,000
5.500% Notes due 2013	500,000	500,000
4.750% Notes due 2014	500,000	500,000
3.29% UF Notes due 2025[3]	262,682	262,682
5.625% Notes due 2035	500,000	500,000
6.150% Notes due 2036	500,000	500,000
Long-term notes payable	77,075	77,075
Notes offered hereby	—	600,000
Total long-term debt	$ 3,441,247	$ 4,041,247
Minority interest	$ 3,310	$ 3,310
Equity		
Paid-in capital	$ 1,524,423	$ 1,524,423
Other reserves	1,758,484	1,758,484
Retained earnings	500,000	500,000
Profits to Chilean Treasury	(1,334,774)	(1,334,774)
Net income for the period	1,594,595	1,594,595
Total equity	$ 4,042,728	$ 4,042,728
Total capitalization[4]	$ 8,762,873	$ 9,062,873

(1) Reflects repayment of U.S.$300 million from proceeds of the notes offered hereunder.
(2) The approximate U.S.$ equivalent of UF 7 million aggregate principal amount of the 4.0% UF notes due 2012 at an exchange rate of U.S.$1 = UF 0.0263 at September 30, 2008.
(3) The approximate U.S.$ equivalent of UF 6.9 million aggregate principal amount of the 3.29% UF notes due 2025 at an exchange rate of U.S.$1 = UF 0.0263 at September 30, 2008.
(4) CODELCO has no convertible debt securities, warrants exercisable for debt securities or other similar securities outstanding.

EXCHANGE RATES

As a general matter, prior to 1989, Chilean law permitted the purchase and sale of foreign exchange only in those cases explicitly authorized by the Central Bank. The *Ley Orgánica Constitucional del Banco Central de Chile 18.840* (the "Chilean Central Bank Act") liberalized the rules that govern the purchase and sale of foreign currency. The act empowers the Central Bank to determine that certain purchases and sales of foreign currency specified by law must be carried out in the *Mercado Cambiario Formal* (the "Formal Exchange Market"). The Formal Exchange Market is formed by the banks and other entities so authorized by the Central Bank. For more information, see "Foreign Investment and Exchange Controls in Chile". The observed exchange rate for any given day equals the average exchange rate of the transactions conducted in the Formal Exchange Market on the immediately preceding banking day, as certified by the Central Bank (the "Observed Exchange Rate"). Even though the Central Bank is authorized to carry out its transactions at the rates it sets, it generally uses the spot rate for its transactions. Authorized transactions by other banks are generally carried out at the spot rate.

Purchases and sales of foreign exchange which may be effected outside the Formal Exchange Market can be carried out in the *Mercado Cambiario Informal* (the "Informal Exchange Market"). There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the Observed Exchange Rate.

The following table sets forth the annual high, low, average and period-end Observed Exchange Rate for U.S. dollars for each year beginning in 2003 as reported by the Central Bank of Chile. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

Observed Exchange Rates
(Ch$ per U.S.$)

	High (1)	Low (1)	Average (2)	Period-End (3)
2003	758.21	593.10	691.40	593.80
2004	649.45	557.40	609.41	557.40
2005	592.75	509.70	559.77	512.50
2006	549.16	511.44	530.28	532.39
2007	548.67	493.14	522.47	496.89
2008	676.75	431.22	521.79	636.45

(1) Rates shown are the actual low and high on a daily basis for periods indicated.
(2) Represents the average of average monthly rates for the periods indicated.
(3) Period ends on January 1 of the following year.
Source: Central Bank of Chile.

The Observed Exchange Rate reported by the Central Bank of Chile for January 16, 2009 was Ch$625.63 = U.S.$1.00.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents selected consolidated financial data of CODELCO and other data as of and for each of the periods indicated. This data is qualified in its entirety by reference to, and should be read together with, CODELCO's Consolidated Financial Statements and notes thereto, from which all such data (other than the average LME copper prices, cash cost and the components of total sales and total cost of sales) has been derived. The unaudited interim information for the nine-month periods ended September 30, 2007 and 2008 includes all adjustments, consisting of only normal recurring adjustments, that in the opinion of management are necessary for the fair presentation of such information. The unaudited results of operations for the nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for the year ending December 31, 2008 or any other period. The data should also be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Consolidated Financial Statements are prepared in accordance with Chilean GAAP, which differs in certain significant respects from U.S. GAAP. See "Annex A—Principal Differences between Chilean GAAP and U.S. GAAP".

	As of and for the year ended December 31,					As of and for the nine months ended September 30,	
	2003	**2004**	**2005**	**2006**	**2007**	**2007**	**2008**
	(in thousands of U.S.$, except for ratios and copper prices)					(unaudited)	
CONSOLIDATED STATEMENTS OF INCOME							
Total sales	$ 3,781,786	$ 8,203,661	$10,490,573	$17,077,032	$16,988,242	$12,878,431	$12,044,405
Sales of CODELCO's own copper	2,551,055	5,594,832	6,332,578	12,000,942	12,798,723	9,805,551	8,323,169
Sales of third-party copper	618,861	989,665	1,125,190	1,958,128	875,112	601,165	891,379
Sales of by-products	611,870	1,619,164	3,032,805	3,117,962	3,314,407	2,471,715	2,829,857
Total cost of sales (1)	(2,781,209)	(4,484,556)	(4,801,086)	(7,272,311)	(8,058,827)	(5,873,947)	(6,946,204)
Cost of CODELCO's own copper	(1,754,736)	(2,840,661)	(2,879,740)	(3,936,987)	(5,774,852)	(4,228,071)	(5,042,102)
Cost of third-party copper	(610,343)	(987,191)	(1,102,874)	(1,925,510)	(884,005)	(617,114)	(880,470)
Cost of by-products	(416,130)	(656,704)	(818,472)	(1,409,814)	(1,399,970)	(1,028,762)	(1,023,632)
Gross profit	1,000,577	3,719,105	5,689,487	9,804,721	8,929,415	7,004,484	5,098,201
Selling and administrative expenses	(196,933)	(207,492)	(261,779)	(338,101)	(381,595)	(238,818)	(275,389)
Operating income	803,644	3,511,613	5,427,708	9,466,620	8,547,820	6,765,666	4,822,812
Non-operating income (expense) (2)	(445,989)	(808,930)	(1,356,493)	(1,565,557)	(1,478,181)	(1,073,615)	(992,318)
Income before income taxes and minority interest	357,655	2,702,683	4,071,215	7,901,063	7,069,639	5,692,051	3,830,494
Taxes (3)	(269,331)	(1,568,997)	(2,295,331)	(4,564,654)	(4,091,162)	(3,340,048)	(2,238,467)
Minority interest	906	487	3,725	2,349	3,101	1,911	2,537
Amortization of negative goodwill	—	—	—	31	41	0	31
Net income	$ 89,230	$ 1,134,173	$ 1,779,609	$ 3,338,789	$ 2,981,619	$ 2,353,914	$ 1,594,595
BALANCE SHEET INFORMATION (END OF PERIOD)							
Cash	$ 15,784	$ 10,786	$ 15,526	$ 8,419	$ 21,607	$ 28,265	$ 41,322
Time deposits and marketable securities	44,060	244,242	202,116	824,724	2,052,858	1,811,791	488,823
Accounts, notes and other accounts receivable, net	484,322	796,454	1,326,387	1,744,157	1,310,889	1,725,615	938,966
Inventories	879,108	753,631	1,020,600	1,522,527	1,704,550	1,602,308	2,087,272
Prepaid expenses and all other current assets	427,789	233,511	230,227	522,159	771,766	496,705	778,829
Total current assets	1,851,063	2,038,624	2,794,856	4,621,986	5,861,670	5,664,684	4,335,212
Total property, plant and equipment	5,260,679	5,516,836	6,384,913	6,602,245	7,466,661	6,972,232	7,895,142
Long-term accounts receivable	132,088	165,552	162,058	178,548	220,471	194,427	198,233
Investments in other companies (4)	415,003	563,554	726,462	1,011,247	866,591	967,935	1,071,075
All other assets	432,967	548,800	670,759	618,817	642,491	666,371	567,175
Total assets	$ 8,091,800	$ 8,833,366	$10,739,048	$ 13,032,843	$ 15,057,884	$ 14,465,649	$ 14,066,837
Total current liabilities	$ 1,326,354	$ 1,030,611	$ 2,200,056	$ 2,071,804	$ 3,172,286	$ 2,564,177	$ 3,482,399
Total long-term liabilities	$ 3,941,992	$ 4,929,065	$ 5,594,939	$ 6,430,865	$ 7,137,094	$ 6,779,711	$ 6,538,400
Minority interest	2,035	1,743	3,019	2,573	4,301	4,140	3,310
Total equity	2,821,419	2,871,947	2,941,034	4,527,601	4,744,203	5,177,621	4,042,728
Total liabilities and equity	$ 8,091,800	$ 8,833,366	$10,739,048	$ 13,032,843	$ 15,057,884	$ 14,465,649	$14,066,837
OTHER ITEMS							
Depreciation and amortization of assets (excluding goodwill)	$ 463,133	$ 554,414	$ 624,362	$ 776,241	$ 834,533	$ 592,245	$ 690,546
Interest income (expense), net	(97,104)	(129,659)	(166,847)	(177,961)	(148,212)	(120,210)	(131,761)
Ratio of earnings to fixed charges (5)	4.4	19.9	22.5	34.5	29.8	32.5	22.8
Average LME copper price (U.S.¢ per pound) (6)	80.73	130.11	167.09	305.29	323.25	321.55	361.33
Cash cost (U.S. ¢ per pound) (7)	40.1	27.5	0.3	22.7	39.7	34.1	63.2
EBITDA (8)	$ 1,176,343	$ 3,998,545	$5,714,212	$ 10,227,186	$ 9,542,766	$ 7,506,909	$ 5,735,213
Ratio of debt to EBITDA	2.5	0.7	0.7	0.4	0.5	—	—
EBITDA coverage ratio (9)	12.1	30.8	34.2	57.5	64.4	62.4	43.5

(1) Cost of sales for any period includes direct and indirect costs, depreciation and amortization associated with the production of copper and by-products, as well as purchase costs of third-party copper, sold by CODELCO in that period.

(2) Non-operating income (expense) is comprised principally of profits and losses on sales of assets, interest income, interest expense, participation in income and losses from equity-method investments, costs of retirement plans and severance indemnities, and the 10% special export tax paid by the Company required by Law 13.196, among other items. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(3) Law 13.196 requires the payment of a 10% special export tax on the export of copper and related by-products produced by CODELCO, which is included in this table as a non-operating expense. Effective January 1, 2006, CODELCO also became subject to a new 5% mining royalty tax that is calculated on its operating income. In addition, CODELCO provides for income taxes, in accordance with current regulations, consisting of a corporate income tax of 17% (which has been 17% since 2004, and was 16.5% in 2003) and the 40% tax on the net earnings of state owned enterprises specified by Decree Law 2.398, Art. 2. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury".

(4) See Notes 9 and 10 of Notes to the Consolidated Financial Statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business and Properties—Joint Ventures and Partnerships".

(5) For the purpose of calculating CODELCO's ratio of earnings to fixed charges (i) earnings consist of income before provision for taxes and interest expense and (ii) fixed charges consist of interest expense.

(6) Average price on the LME for Grade A cathode copper during period.

(7) Cash cost is calculated in accordance with the methodology specified by Brook Hunt & Associates for determination of C1 cost, or net direct cash cost, and includes all direct cash costs of mining, including costs associated with extraction, leaching, smelting and further processing of copper ores into refined metal, as well as labor, transportation and physical plant costs associated with those processes, net of income from sales of by-products. Cash cost figures are given as nominal dollar amounts, usually expressed as cents per pound, and exclude provisions, amortization, depreciation and central office costs. Cash cost is presented because it is a widely used measure of costs, although it is not a U.S. or Chilean GAAP-based measure of cost. The Company believes that cash cost, while providing useful information, should not be considered in isolation or as a substitute for costs of sales, costs of selling and administrative expenses, or as an indicator of costs.

(8) EBITDA is calculated by adding interest expense, taxes (including income and export taxes), depreciation and amortization to net income, in each case determined in accordance with Chilean GAAP. EBITDA is presented because it is a widely accepted indicator of funds available to service debt, although it is not a U.S. or Chilean GAAP-based measure of liquidity or performance. The Company believes that EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company's calculation of EBITDA may be different than the calculation used by other companies and therefore, comparability may be affected.

(9) EBITDA coverage ratio is the ratio of EBITDA to interest expense net of interest income.

SELECTED OPERATING DATA

The following table sets forth a summary of the production and sales data of CODELCO for each of the years ended December 31, 2003, 2004, 2005, 2006 and 2007 and for the nine months ended September 30, 2007 and 2008. For more information regarding such data, see "Business and Properties".

	Year ended December 31,					Nine months ended September 30,	
	2003	**2004**	**2005**	**2006**	**2007**	**2007**	**2008**
COPPER MINING OPERATIONS							
Ore Mined (in thousands of dry metric tons):							
Codelco Norte Division(1)	—	—	—	118,661	125,004	92,411	93,933
Chuquicamata	59,208	68,502	68,786	—	—	—	—
Radomiro Tomic	58,122	58,010	58.898	—	—	—	—
El Teniente Division	35,257	44,946	47,692	47,079	47,224	35,002	32,250
Andina Division	24,339	25,072	25,013	25,619	24,312	18,098	16,996
Salvador Division	18,827	16,346	18,229	18,412	15,975	12,057	9,440
Gabriela Mistral							9,281
Total	195,753	212,876	218,618	209,771	212,515	157,568	161,900
Average Copper Ore Grade:							
Codelco Norte Division(1)	—	—	—	0.92%	0.85%	0.85%	0.66%
Chuquicamata	1.10%	1.11%	1.08%	—	—	—	—
Radomiro Tomic	0.63	0.63	0.62	—	—	—	—
El Teniente Division	1.09	1.09	1.04	1.00	1.00	1.00	0.92
Andina Division	1.10	1.10	1.13	1.06	1.04	1.05	1.07
Salvador Division	0.62	0.66	0.60	0.61	0.58	0.58	0.58
Gabriela Mistral							0.67
Weighted Average	0.91%	0.94%	0.91%	0.93%	0.88%	0.88%	0.75%
PLANT COPPER PRODUCTION							
(by division in metric tons):							
Codelco Norte Division(1)	—	—	—	940,613	896,308	641,195	55,617
Chuquicamata	600,629	691,811	676,157	—	—	—	—
Radomiro Tomic	306,539	291,006	288,773	—	—	—	—
El Teniente Division	339,440	435,658	437,393	418,332	404,738	291,690	270,942
Andina Division	235,834	239,862	248,137	236,356	218,322	163,313	159,241
Salvador Division	80,105	74,874	77,520	80,615	63,885	45,048	36,105
Gabriela Mistral							28,958
Total(2)	1,562,548	1,733,211	1,727,980	1,675,916	1,583,253	1,141,246	1,046,863
PLANT COPPER PRODUCTION							
(contained copper in metric tons):							
ER Cathodes	450,401	432,080	409,961	363,601	378,376	270,084	230,794
SX-EW Cathodes	456,548	446,276	448,452	486,148	452,830	330,067	370,969
Fire-refined	141,366	145,497	162,233	161,298	119,044	92,092	80,423
Anodos -Blister	205,991	207,976	228,125	273,175	296,103	213,468	180,838
Concentrates	308,242	501,382	479,209	391,694	336,900	235,535	183,839
Total	1,562,548	1,733,211	1,727,980	1,675,916	1,583,252	1,141,246	1,046,863
MOLYBDENUM PRODUCTION							
(contained molybdenum in metric tons)	23,173	32,324	36,567	27,204	27,857	20,594	14,893
COPPER SALES							
(in metric tons; includes sales of third-party copper):							
Cathodes	1,381,206	1,650,707	1,456,687	1,382,190	1,378,631	1,017,416	1,083,422
Fire-refined	135,774	145,120	168,530	157,716	124,105	96,437	74,096
Anodos —Blister	69,611	112,575	108,275	170,095	202,782	149,278	79,410
Concentrates	206,892	388,192	302,612	301,853	243,317	183,195	114,833
Total	1,793,483	2,296,594	2,036,104	2,011,854	1,948,835	1,446,326	1,351,811
COPPER EXPORTS							
(in metric tons; includes sales of third-party copper):							
Cathodes	1,333,008	1,529,562	1,385,445	1,293,734	1,331,626	966,119	1,025,005
Fire-refined	118,707	127,413	151,533	140,965	113,960	87,839	66,804
Blister	24,073	81,719	83,328	167,104	202,777	149,280	79,404
Concentrates	134,434	278,706	245,563	258,956	216,179	164,177	100,120
Total	1,610,222	2,080,400	1,865,869	1,860,759	1,864,542	1,367,415	1,271,333
INVENTORIES OF COPPER AT PERIOD-END							
(in metric tons)	337,980	151,699	187,775	200,199	162,204	125,369	102,293

(1) On August 1, 2002, CODELCO consolidated the Chuquicamata and Radomiro Tomic Divisions into the new Codelco Norte Division. See "Business and Properties—Copper Production—Codelco Norte Division". Since 2006, the Company no longer maintains separate information for the Norte Division.

(2) Excludes Codelco's share of El Abra.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and the notes thereto included elsewhere in this prospectus, as well as the data set forth in "Selected Consolidated Financial Data".

Overview

CODELCO is the world's largest copper producer and the largest company in Chile in terms of sales. CODELCO engages primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore into refined copper and the international sale of refined copper and by-products. In 2007, CODELCO derived 80.5% of its total sales from copper and 19.5% of its total sales from by-products of its copper production, primarily molybdenum.

CODELCO's financial performance is significantly affected by the market prices of copper. As with prices for other commodities, copper prices have historically been subject to wide fluctuations. LME copper prices averaged 323.2 cents per pound in 2007, as compared to 305.2 cents per pound in 2006 and 167.1 cents per pound in 2005. In the first half of 2008, the trend of increasing copper prices continued. Nevertheless, in the second half of 2008, economic conditions weakened dramatically and there is continued uncertainty about the price outlook for copper. LME copper prices declined from 398.1 cents per pound at June 30, 2008, to 291.2 cents per pound at September 30, 2008, and 131.6 cents per pound at December 31, 2008. See "Overview of the Copper Market".

CODELCO's cash cost of production was 0.3 cents, 22.7 cents and 39.7 cents per pound in 2005, 2006 and 2007, respectively, and 63.2 cents per pound for the first nine months of 2008. Because a significant portion of CODELCO's costs are in pesos, depreciation of the peso against the dollar reduces CODELCO's cash costs in dollar terms and appreciation increases these costs. See "Exchange Rates". During the period 2005-2007 and the first nine months of 2008, CODELCO's cash costs of producing copper increased as a result of factors which included the appreciation of the peso against the dollar, lower ore grades, higher mining costs, higher energy costs, costs of other inputs used in the production process from local and international suppliers that have increased globally (including energy), disruptions caused by workers employed by contractors and inclement weather. However, during this period, CODELCO benefited from higher prices for molybdenum, a by-product of the copper production process, the sales of which offset the costs of producing copper. Ore grades, the reduction of which tend to result in higher costs, were 15% lower on average in the first nine months of 2008 than they were in 2007.

CODELCO conducts hedging operations to reduce the risk associated with copper price volatility. CODELCO also periodically enters into futures contracts at the request of customers with respect to certain sales of its own copper in order to provide its customers with protection against fluctuation in the sale price paid in connection with such sales. In July 2005, the Board of Directors determined to hedge certain future copper commitments and production in order to manage the risk associated with copper price volatility. The arrangements approved by the Board generally relate to the protection of certain of CODELCO's deposits, and specifically to the production from the Gaby mineral deposit and the Company's supply commitment to the joint venture with Minmetals. As of September 30, 2008, these hedges had a range of maturities through March 2013, covered approximately 917,899 metric tons of copper (not exceeding 11% of anticipated annual production in any of the years covered), and had an outstanding negative exposure (mark-to-market less than their carrying values) of approximately U.S.$3.0 billion. In the first nine months of 2008, CODELCO's production hedging activities had a negative impact of approximately U.S.$643.5 million on pre-tax income, with the effect of the hedges being reflected in CODELCO's sales at the time they are settled.

In addition to its production hedging activities, CODELCO has hedged a portion of its exchange rate and interest rate exposure, including by entering into forward exchange contracts to hedge against fluctuations in the UF to U.S. dollar exchange rate for its outstanding UF-denominated bonds, and interest rate swaps to hedge contracts at fixed interest rates for future obligations denominated in U.S. dollars. See "Business and Properties—Marketing-Pricing and Hedging" and "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO". See also Note 24 to the Consolidated Financial Statements for further information on CODELCO's hedging activity.

Sale prices for CODELCO's products are established principally by reference to prices quoted on the LME and the New York Commodity Exchange ("COMEX") in the case of copper, or prices published in "Metals Weekly" in the case of molybdenum. The substantial majority of copper produced by CODELCO is sold under annual contracts to clients who have long-term relationships with CODELCO. Pricing under such contracts is based on prevailing average copper prices for a quotational period, generally for the month following shipment. Revenues under such contracts are recorded at provisional prices determined at the time of shipment. Usually, an adjustment is then made after delivery of the copper, based on the pricing terms contained in the applicable contract.

CODELCO's financial performance is also significantly affected by the relationship of copper prices to production costs. In 2007, CODELCO's annual production of its own copper was 1.66 million metric tons. Accordingly, each one cent change in CODELCO's average annual copper price per pound caused a variation in operating profit of approximately U.S.$35 million. CODELCO's copper production including CODELCO's share of the El Abra deposit, decreased to 1,107,000 metric tons for the first nine months of 2008 from 1,201,000 metric tons in the first nine months of 2007, due mainly to strikes and other disruptions caused by workers employed by subcontract companies, lower levels of ore grade, delays in the development of new projects and expansions, inclement weather and equipment disruptions. CODELCO expects production to improve modestly in 2009 and remain relatively flat in the future. By overcoming some of the non-permanent disruptions, such as inclement weather and strikes, and producing more copper at Gaby, the Company believes that it will be able to compensate for diminished production resulting from lower average ore grades, which themselves are expected to stabilize over time.

CODELCO continues to develop and refine its mine management practices and programs to limit and reduce its cost increases. These include the following: (i) improved deposit identification and mining techniques; (ii) the development of the Strategic Alliance between CODELCO and its workforce, which has resulted in improved management of absenteeism and overtime; (iii) the implementation of early retirement plans and workforce reduction programs; (iv) improved utilization of equipment and inputs used in the processes of copper production to increase productivity and efficiency; and (v) an acceleration of the development of key projects, including Mina Ministro Alejandro Hales, Sulfides Radomiro Tomic and the Andina Expansion. Cash costs of production are influenced by mining and production practices, as well as the type of ore from which copper is produced, production levels of and market prices for by-products, and exchange rates.

In 2007, CODELCO invested more than U.S.$1,605 million, mainly in the Gaby Project, the Andina Expansion Phase I, the LNG regasification plant in Mejillones and mine developments in Codelco Norte, El Teniente and Andina. See "Business and Properties".

In addition to selling its current production of copper, CODELCO may sell from its inventories of copper to meet the demand of its customers. CODELCO also purchases copper from third parties in the spot market for resale. The Company makes these purchases and sales of third-party copper to meet requirements under sales contracts and, to a lesser extent, to participate in the spot market for copper based on its evaluation of market conditions. Other than pursuant to the joint venture with Minmetals, CODELCO has no long-term commitments regarding third-party copper purchases or sales. CODELCO also engages in copper transactions with its affiliates at market terms. In addition, CODELCO purchases copper from its affiliates for further processing and resale.

The following table sets forth, for the three years ended December 31, 2007 and for the two nine-month periods ended September 30, 2007 and 2008, the components of CODELCO's consolidated statements of operations expressed as a percentage of total sales. This table is qualified in its entirety by reference to, and should be read together with, CODELCO's Consolidated Financial Statements, including the notes thereto, included elsewhere in this prospectus:

	Year ended December 31,			Nine months ended September 30,	
	2005	2006	2007	2007	2008
				(unaudited)	
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	(45.8)%	(42.6)%	(47.4)%	(45.6)%	(57.7)%
Gross profit	54.2%	57.4%	52.6%	54.4%	42.3%
Selling and administrative expenses	(2.5)%	(2.0)%	(2.2)%	(1.9)%	(2.3)%
Operating income	51.7%	55.4%	50.3%	52.5%	40.0%
Non-operating income (expense)	(12.9)%	(9.2)%	(8.7)%	(8.3)%	(8.2)%
Income before income taxes and minority interest	38.8%	46.2%	41.6%	44.2%	31.8%
Taxes	(21.9)%	(26.7)%	(24.1)%	(25.9)%	(18.6)%
Net income	16.9%	19.5%	17.6%	18.3%	13.2%

The following table sets forth, for the three years ended December 31, 2007 and for the nine months ended September 30, 2007 and 2008, certain price, volume and cost data:

	Year ended December 31,			Nine months ended September 30,	
	2005	2006	2007	2007	2008
				(unaudited)	
CODELCO Average Metal Price (per pound)(1)					
Copper	$ 1.62	$ 3.20	$ 3.25	$ 3.32	$ 3.05
Molybdenum	$ 31.26	$ 25.59	$ 29.23	$ 28.59	$ 32.53
CODELCO Sales Volume (in metric tons)					
Own copper	1,790,012	1,756,975	1,786,434	1,336,266	1,238,392
Third-party copper	246,092	245,879	162,401	110,060	113,419
Total copper	2,036,103	2,011,854	1,948,835	1,446,326	1,351,811
Molybdenum (in oxide and concentrate)	36,567	29,376	27,921	21,541	18,910
CODELCO's Cash Cost of Production (per pound)	0.3¢	22.7¢	39.7¢	34.1¢	63.2¢

(1) The average metal price is the weighted average of prices actually paid to CODELCO for its product mix.

Results of Operations for the Nine-Month Periods ended September 30, 2007 and 2008

The following table sets forth CODELCO's summarized results of operations for the nine months ended September 30, 2007 and 2008:

	Nine months ended September 30,		% Change
	2007	2008	2007/2008
	(in millions of U.S.$) (unaudited)		
Total Sales	$ 12,878	$ 12,044	(6.5)%
Cost of sales	(5,874)	(6,946)	18.2%
Gross profit	7,004	5,098	(27.2)%
Selling and administrative expenses	(238)	(275)	15.5%
Operating income	6,766	4,823	(28.7)%
Non-operating income (expense)	(1,074)	(992)	(7.6)%
Income before income taxes and minority interest	5,692,	3,831	(32.7)%
Taxes	(3,340)	(2,238)	(33.0)%
Minority interest	2	2	0.0%
Net income	2,354	1,595	(32.2)%

Total sales. The following table sets forth CODELCO's total sales for the nine months ended September 30, 2007 and 2008:

	Nine months ended September 30,		% Change
	2007	2008	2007/2008
	(in millions of U.S.$) (unaudited)		
Total Sales	$ 12,878	$ 12,044	(6.5)%
Sales of CODELCO's own copper	9,806	8,323	(15.1)%
Sales of third-party copper	601	891	48.3%
Sales of by-products and other	2,472	2,830	14.5%

Revenues from sales of CODELCO's own copper for the first nine months of 2008 decreased 15.1% to U.S.$8.32 billion, from U.S.$9.81 billion for the same period in 2007. This decrease in revenue was principally due to a decrease of 7.3% in the tonnage of CODELCO's own copper sold during the first nine months of 2008 as a result of lower levels of production due to strikes by workers employed by CODELCO's contractors, lower levels of ore grades, inclement weather and a 8.13% decrease in copper prices during the period.

Third-party copper sales totaled U.S.$891 million in the first nine months of 2008, as compared with U.S.$601 million in the first nine months of 2007, primarily due to the increase in world copper prices and the increase in the tonnage sold during the first nine months of 2008, primarily due to an increase in the volume of sales to third parties. In general, changes in the volume of third-party copper sold are dependent upon CODELCO's need to meet requirements under sales contracts and, to a lesser extent, to participate in the spot market for copper based on its evaluation of market conditions.

Sales of by-products and other increased by 14.5% to U.S.$2.83 billion in the first nine months of 2008, from U.S.$2.47 billion for the same period in 2007. This increase was due primarily to a 13.8% increase in the average price of molybdenum in the first nine months of 2008 compared to the same period in 2007, as a result of increased demand for steel, and an increase in sales of copper cast wire rod made by CODELCO's German operations, and partially offset by a decrease of 12.2% in the tonnage of molybdenum sold. Molybdenum is a significant component of CODELCO's by-product and other sales, and it is used to strengthen steel.

Cost of Sales. CODELCO's cost of sales in any period includes the mining and production costs of its own copper and by-products, as well as the purchase costs of third-party copper, sold by CODELCO in that period. The following table sets forth CODELCO's total cost of sales for the nine months ended September 30, 2007 and 2008:

	Nine months ended September 30,		% Change
	2007	2008	2007/2008
	(in millions of U.S.$) (unaudited)		
Cost of sales	$ 5,874	$ 6,946	18.2%
Cost of CODELCO's own copper	4,228	5,042	19.3%
Cost of third-party sales	617	880	42.6%
Cost of by-products and other	1,029	1,024	(0.5)%

CODELCO's total cost of sales increased 18.2% to U.S.$6.95 billion (57.7% of sales) in the first nine months of 2008 from U.S.$5.87 billion (45.6% of sales) in the first nine months of 2007.

CODELCO's cost of sales of its own copper increased by 19.3% to U.S.$5.04 billion in the first nine months of 2008 from U.S.$4.23 billion during the same period in 2007. This increase was primarily due to appreciation of the peso, lower ore grades, higher energy costs, costs of other inputs used in the production process and the strike of workers employed by CODELCO's contractors, partially offset by a 7.3% decline in tonnage sold.

The cost of copper purchased from third parties increased 42.6% in the first nine months of 2008 to U.S.$880 million, as compared with U.S.$617 million for the same period in 2007, primarily as a result of the increase in the average price of copper purchased and the increase in tonnage sold, as well as the need to buy copper of a certain ore grade for the smelter at Chuquicamata.

The cost of by-products and other increased 0.5% from U.S.$1,029 million in the first nine months of 2007 to U.S.$1,024 million in the first nine months of 2008, mainly due to the increase in the cost of copper cast wire rod sales made by CODELCO's German operations due to the increase in copper prices.

The depreciation of fixed assets is calculated by CODELCO according to the straight-line method based on the estimated useful life of the particular assets. The amortization of the development costs of mines is based on the proportion of the tons of mineral extracted from the mine as compared to the total reserves of the mine. Depreciation and amortization expense increased 16.6% to U.S.$691 million for the first nine months of 2008 from U.S.$592 million for the same period in 2007. The increase was due to higher levels of overall investment that resulted in depreciable assets.

Gross profit. Gross profit was U.S.$5.1 billion for the first nine months of 2008, as compared with U.S.$7.0 billion for the same period in 2007. The decrease is due to changes in the components of CODELCO's sales and cost of sales discussed above.

Selling and administrative expenses. Selling and administrative expenses were U.S.$275 million for the nine-month period ended September 30, 2008, as compared with U.S.$239 million for the same period in 2007, or 2.3% and 1.9% of total sales, respectively. This increase was due in part to the effect of the appreciation of the peso during the first nine months of 2008 on CODELCO's peso-denominated salaries.

Operating income. Operating income in the first nine months of 2008 amounted to U.S.$4.82 billion, as compared with U.S.$6.77 billion in the first nine months of 2007.

Non-operating income (expense). Non-operating income (expense) is comprised principally of income and losses on sales of assets, interest income, interest expense, CODELCO's equity participation in subsidiaries, export taxes, costs related to retirement plans and severance indemnities, price-level restatements and foreign exchange differences, among other items.

The following table sets forth the principal components of CODELCO's non-operating income (expense) for the periods indicated:

	Nine months ended September 30,		% Change
	2007	2008	2007/2008
	(in millions of U.S.$) (unaudited)		
Law 13.196 export tax	$ (1,040)	$ (1,036)	(0.38)%
Interest expense	(181)	(176)	(2.76)%
Equity participation in income (losses) of:			
Sociedad Contractual Minera El Abra	255	188	(26.27)%
Inversiones Tocopilla Ltda.	17	35	105.88%
Electroandina S.A.	(5)	-	100.00%
Inversiones Mejillones	23	38	65.22%
Copper Partners Investment ltd	7	12	71.43%
Sociedad GNL Mejillones SA	-	(5)	(100.00)%
Other equity investments, net	57	14	(75.44)%
Sale of assets	1	2	100.00%
Accrued expenses	(201)	(419)	108.46%
Other	(7)	355	(5,171.43)%
Total non-operating income (expense)	$ (1,074)	$ (992)	(7.64)%

Non-operating expense totaled U.S.$992 million in the first nine months of 2008, compared to an expense of U.S.$1,074 million in the first nine months of 2007.

In the first nine months of 2008 and 2007, CODELCO recorded U.S.$1,036 million and U.S.$1,040 million, respectively, pursuant to Law No. 13.196, which levies against CODELCO a 10% tax on exports of its own copper and related by-products. Under Chilean GAAP, this export tax is treated as a non-operating expense. The decrease of U.S.$4 million in the amount of this tax recorded in the first nine months of 2008 compared to the same period in 2007 is due to a corresponding decrease in sales of CODELCO's own copper. Non-operating expense in the first nine months of 2008 included U.S.$176 million of interest expense, as compared to interest expense of

U.S.$181 million in the first nine months of 2007, a decrease of U.S.$5 million. This decrease is primarily explained by lower interest rates. CODELCO's net equity participation in related companies decreased to a net gain of U.S.$282 million during the first nine months of 2008, as compared to a net gain of U.S.$354 million in 2007. This decrease is primarily due to CODELCO's share of the change in the financial results of El Abra, which decreased from a profit of U.S.$255 million during the first nine months of 2007 to a profit of U.S.$188 million during the first nine months of 2008.

In the first nine months of 2008, accrued expenses, which include among others, provisions for pre-investment expenses, severance indemnities, closure plans, contingency accrual and labor-related illness increased to U.S.$388 million from U.S.$198 million compared to the same period in 2007. This increase is primarily due to an increase of U.S.$144 million in provisions related to closure plans for all divisions, which increased after the Chilean government required CODELCO to undertake a new study regarding closure costs, to be finalized by February 2009 (whose results require increased provisions), closure provisions for Gaby recorded in 2008 and U.S.$35 million in severance indemnities, partially offset by a decrease of U.S.$7 million in contingencies during the first nine months of 2007, and an increase of U.S.$12 million in provisions related to health plans.

For more information on other non-operating income (expense) see Note 19 of Notes to CODELCO's Interim Consolidated Financial Statements.

Income before income taxes and minority interest. Income before income taxes and minority interest was U.S.$3.83 billion in the first nine months of 2008, as compared with U.S.$5.69 billion in the same period in 2007.

Taxes. The Company provides for income taxes of 57%, in accordance with regulations, comprising a corporate income tax of 17% and the 40% tax on the earnings of state-owned enterprises specified in Decree Law 2.398, Art 2. Beginning in 2006, CODELCO also paid a new 5% mining royalty tax that is calculated on its operating income. CODELCO's taxes on income were U.S.$2.24 billion and U.S.$3.34 billion for the first nine months of 2008 and 2007, respectively.

Net income. CODELCO's net income in the first nine months of 2008 was U.S.$1.59 billion, as compared with U.S.$2.35 billion in the same period of 2007.

Results of Operations for the Three Years ended December 31, 2007

The following table sets forth CODELCO's summarized results of operations for the years ended December 31, 2005, 2006 and 2007:

	Year ended December 31,			% Change	
	2005	2006	2007	2005/2006	2006/2007
	(in millions of U.S.$)				
Total sales	$ 10,491	$ 17,077	$ 16,988	62.8%	(0.5)%
Cost of sales	(4,801)	(7,272)	(8,059)	51.5	10.8
Gross profit	5,689	9,805	8,929	72.4	(8.9)
Selling and administrative expenses	(262)	(338)	(381)	29.0	12.7
Operating income	5,428	9,467	8,548	74.4	(9.7)
Non-operating income (expense)	(1,356)	(1,566)	(1,478)	15.5	(5.6)
Income before income taxes and minority interest	4,071	7,901	7,070	94.1	(10.5)
Taxes	(2,295)	(4,564)	(4,091)	98.9	(10.4)
Minority interest	4	2	3	(50.0)	50.0
Net income	1,780	3,339	2,982	87.6	(10.7)

Total sales. The following table sets forth CODELCO's total sales for the years ended December 31, 2005, 2006 and 2007:

	Year ended December 31,			% Change	
	2005	2006	2007	2005/2006	2006/2007
	(in millions of U.S.$)				
Total sales	$ 10,491	$ 17,077	$ 16,988	62.8%	(0.5)%
Sales of CODELCO's own copper	6,333	12,001	12,799	89.5	6.6
Sales of third-party copper	1,125	1,958	875	74.0	(55.3)
Sales of by-products and other	3,033	3,118	3,314	2.8	6.3

Revenues from sales of CODELCO's own copper in 2007 increased 6.6% to U.S.$12.8 billion from U.S.$12.00 billion in 2006 and increased 89.5% to U.S.$12.00 billion in 2006 from U.S.$6.33 billion in 2005. The increase in revenues in 2007 was principally due to a 2% increase in the average price of CODELCO's copper product mix and a 2% increase in sales volume. The increase in revenues in 2006 was primarily due to a 93% increase in the average price of CODELCO's copper product mix, which was partially offset by a decrease in volume of CODELCO's own copper sales resulting from lower production. Due to market fluctuations in the price of copper, the average price for CODELCO's copper product mix increased from 162 cents in 2005, to 320 cents in 2006 and further increased to 325 cents in 2007. See "Overview of the Copper Market". Sales volume of CODELCO's own copper totaled 1.79 million metric tons in 2007, 1.76 million metric tons in 2006 and 1.79 million metric tons in 2005.

Third-party copper sales totaled U.S.$875 million in 2007 and U.S.$1,958 million in 2006 as compared with U.S.$1,125 million in 2005. The 55.3% decrease in third-party copper sales in 2007 as compared to 2006 resulted from the decrease in tonnage sold. The increase in third-party copper sales in 2006 as compared to 2005 resulted from the increase in copper prices and the increase in tonnage sold. In general, changes in the volume of third-party copper sold are dependent upon CODELCO's need to meet requirements under sales contracts and, to a lesser extent, to participate in the spot market for copper based on its evaluation of market conditions.

Sales of by-products and other increased 6.3% to U.S.$3,314 million in 2007 from U.S.$3,118 million in 2006, principally due to a 22.15% increase in the average price of molybdenum. The increase of 2.8% to U.S.$3,118 million in 2006 from U.S.$3,033 million in 2005 was principally due to the increase in copper cast wire rod sales, made by CODELCO's German operations.

Cost of Sales. CODELCO's cost of sales in any period includes the mining and production costs of its own copper and by-products, as well as the purchase costs of third-party copper, sold by CODELCO in that period. The following table sets forth CODELCO's total cost of sales for the three years ended December 31, 2007:

	Year ended December 31,			% Change	
	2005	2006	2007	2005/2006	2006/2007
	(in millions of U.S.$)				
Cost of sales	$ 4,801	$ 7,272	$ 8,059	51.5%	10.8%
Cost of CODELCO's own copper	2,880	3,937	5,775	36.7	46.7
Cost of third-party sales	1,103	1,925	884	74.5	(54.1)
Cost of by-products and other	818	1,410	1,400	72.4	(0.7)

CODELCO's total cost of sales increased 10.8% to U.S.$8.06 billion (47.4% of sales) in 2007 from U.S.$7.27 billion (42.6% of sales) in 2006. Total cost of sales increased 51.5% to U.S.$7.27 billion (42.6% of sales) in 2006 from U.S.$4.80 billion (45.8% of sales) in 2005.

The cost of sales of CODELCO's own copper increased 46.7% to U.S.$5.78 billion in 2007 from U.S.$3.94 billion in 2006. The cost of sales of CODELCO's own copper increased 36.7% to U.S.$3.94 billion in 2006 from U.S.$2.88 billion in 2005. The increase in 2007 as compared to 2006 and the increase in 2006 as compared to 2005 were primarily due to the appreciation of the peso, inflation, lower ore grades and increased prices of inputs for operations used in the production process.

The cost of copper purchased from third parties decreased 54.1% to U.S.$884 million in 2007 from U.S.$1.93 billion in 2006 mainly due to a decrease in the volume of third-party copper purchased by CODELCO. The cost of copper purchased from third parties increased 74.5% to U.S.$1.93 billion in 2006 from U.S. $1.10 billion in 2005 due to the increase in the global price of copper.

The cost of sales of by-products and other decreased 0.7% in 2007 as compared to 2006 due to a 4.9% decrease in the tonnage of molybdenum sold. The 72.4% increase in CODELCO's by-products cost of sales in 2006 as compared to 2005 was primarily due to the increase in copper prices, which resulted in an increase in the cost of copper cast wire rod sales made by CODELCO's German operations.

Depreciation and amortization expense increased 7.5% to U.S.$834 million from U.S.$776 million in 2006 and increased 24.4% from U.S.$624 million in 2005. The increases in 2007 and 2006 were primarily the result of higher levels of investment that resulted in depreciable assets in 2007 and 2006.

Gross profit. Gross profit was U.S.$8.93 billion in 2007 as compared with U.S.$9.81 billion in 2006, and U.S.$5.69 billion in 2005. The 8.9% decrease in gross profit in 2007 is due to a reduction of the tonnage sold. The 72.42% increase in gross profit in 2006 compared to 2005 is due primarily to the increase in the average price received for CODELCO's product mix.

Selling and administrative expenses. Selling and administrative expenses were U.S.$381 million in 2007, as compared with U.S.$338 million in 2006 and U.S.$262 million in 2005, or 2.2%, 2.0% and 2.5% of total sales, respectively. The increases in 2007, 2006 and 2005, respectively, were due in part to the effect of the appreciation of the peso on CODELCO's peso-denominated salaries.

Operating income. Operating income in 2007 amounted to U.S.$8.5 billion as compared with U.S.$9.5 billion in 2006 and U.S.$5.4 billion in 2005. The 9.7% decrease in 2007 from 2006 is primarily due to the 10.8% increase in cost of sales and the decrease in the tonnage sold, and the 74.4% increase in 2006 from 2005 is primarily due to the increase in the average price received for CODELCO's product mix.

Non-operating income (expense). Non-operating income (expense) decreased to U.S.$1.48 billion in 2007 from an expense of U.S.$1.57 billion in 2006 and U.S.$1.35 billion in 2005.

The following table sets forth the principal components of CODELCO's non-operating expense for the periods indicated:

	Year ended December 31,			% Change	
	2005	2006	2007	2005/2006	2006/2007
	(in millions of U.S.$)				
Law 13.196 export tax	$ (826)	$ (1,311)	$ (1,390)	58.7%	6.0%
Interest expense	(189)	(236)	(245)	24.9	3.8
Equity participation in income (losses) of:					
Sociedad Contractual Minera El Abra	89	399	329	348.3	(17.5)
Inversiones Tocopilla Ltda	7	5	26	(28.6)	420.0
Electroandina S.A.	(3)	(4)	(2)	33.3	(50.0)
Inversiones Mejillones S.A.	14	10	31	(28.6)	210.0
Copper Partners Investment	0	20	12	100.0	(40.0)
Sociedad Contractual Minera Purén	0	16	64	100.0	300.0
Other equity investments, net	(7)	(2)	(2)	(71.4)	0.0
Sale of assets	0	2	83	100.0	4,050.0
Foreign currency translation	(108)	42	(72)	(138.9)	(271.4)
Accrued expenses	(335)	(400)	(404)	19.4	1.0
Other	2	(107)	92	(5,450.0)	186.0
Total non-operating income (expense)	$ (1,356)	$ (1,566)	$ (1,478)	15.5 %	(5.6)%

CODELCO recorded export taxes of U.S.$1,390 million, U.S.$1,311 million and U.S.$826 million in 2007, 2006 and 2005, respectively, pursuant to Law No. 13.196. The U.S.$79 million increase in export taxes in 2007 compared to 2006 was due to increased copper prices and increased export sales in 2007. The U.S.$485 million increase in export taxes in 2006 compared to 2005 was due to an increase in copper prices, partially offset by decreased export sales due to lower levels of production. Non-operating expense included interest expense of U.S.$245 million in 2007, U.S.$236 million of interest expense in 2006 and U.S.$189 million of interest expense in 2005. The increases in interest expense of U.S.$9 million from 2006 to 2007 and U.S.$47 million from 2005 to 2006 were primarily due to an increase in CODELCO's financial debt. CODELCO's net equity participation in related companies increased to U.S.$458 million in income in 2007 from U.S.$444 million in income in 2006 and U.S.$100 million in income in 2005. The income in 2007 was primarily the result of CODELCO's share in income reported by Sociedad Contractual Minera El Abra, Inversiones Mejillones, Inversiones Tocopilla Ltda. ("Tocopilla") and Sociedad Contractual Minera Purén. The income in each of 2006 and 2005 was primarily the result of CODELCO's share in income reported by Sociedad Contractual Minera El Abra

Income before income taxes and minority interest. Income before income taxes and minority interest was U.S.$7.07 billion in 2007 as compared with U.S.$7.90 billion in 2006 and U.S.$4.07 billion in 2005. The decrease of 10.5% in 2007 from 2006 is primarily due to a decrease in tonnage sold. The increases of 94.1% in 2006 from 2005 was primarily due to the increase in copper prices.

Taxes. The Company provides for income taxes totaling 57%, comprising a corporate income tax of 17% and the 40% tax on the earnings of state-owned enterprises specified in Decree Law 2.398, Article 2. Effective January 1, 2006, CODELCO also became subject to a new 5% mining royalty tax that is calculated on its operating income. Taxes on income were U.S.$4.09 billion, U.S.$4.56 billion and U.S.$2.29 billion for 2007, 2006 and 2005, respectively, reflecting CODELCO's income in these years. Because CODELCO pays estimated taxes quarterly, and makes the corresponding income tax provisions based on certain assumptions as to copper prices and revenues, the income tax provisions made by CODELCO vary from the taxes owed on its actual taxable income.

Net income. CODELCO's net income in 2007 was U.S.$2.98 billion as compared with U.S.$3.34 billion in 2006 and U.S.$1.78 billion in 2005. The decrease of U.S.$357 million in 2007 from 2006 was primarily due to the 10.8% increase in cost of sales and the decrease in the tonnage sold. The increase of U.S.$1.56 billion in 2006 from 2005 was primarily due to the increase in copper prices.

Liquidity and Capital Resources

CODELCO's primary sources of liquidity are funds from operations, domestic and international borrowings from banks, and debt offerings in the domestic and international capital markets. Due to CODELCO's current requirement to transfer 100% of its net income to the Chilean Treasury, CODELCO's funding with internally generated cash is limited to deferred taxes, amortization and depreciation. In 2007, funding available to CODELCO from these three sources totaled approximately U.S.$905 million. When deferred taxes become payable, the use of cash required for the payment of such taxes reduces the amount of internally generated funding available for investment. See Note 7 to the Consolidated Financial Statements for further information on deferred taxes.

Cash flow. For the nine months ended September 30, 2008, net cash flow from operating activities was U.S.$2.78 billion, a decrease of U.S.$0.95 million from U.S.$3.73 billion for the nine months ended September 30, 2007. This decrease was due principally to the increase in payments to suppliers and personnel due to higher energy costs and costs of other inputs used in the production process.

For the year ended December 31, 2007, CODELCO's net cash flow from operating activities was U.S.$4.69 billion, a U.S.$1.09 billion increase from U.S.$3.60 billion in 2006. The increase was principally due to a U.S.$919 million decrease in income taxes paid.

CODELCO's net cash flow from operating activities was U.S.$3.60 billion in 2006, a U.S.$1.20 billion increase from U.S.$2.40 billion in 2005. The increase was principally due to a U.S.$7.65 billion increase in collections from customers, partially offset by a U.S.$3.32 billion increase in payments to suppliers and personnel and a U.S.$2.98 billion increase in income taxes paid.

Bank debt. CODELCO's total financial debt as a percentage of its total capitalization was 46.9% at December 31, 2006, 48.3% at December 31, 2007 and 53.9% at September 30, 2008. CODELCO's total outstanding financial debt at December 31, 2007 and September 30, 2008 was U.S.$4.43 billion and U.S.$4.72 billion, respectively. At December 31, 2006, the total outstanding financial debt of CODELCO was approximately U.S.$4.00 billion. As adjusted to give effect to the offering of these notes and the application of proceeds as set forth under "Use of Proceeds", CODELCO's total financial debt as a percentage of its total capitalization would be 55.4%, and its total outstanding financial debt would be U.S.$5.02 billion as of September 30, 2008.

In June 2004, CODELCO entered into a U.S.$300 million five-year unsecured syndicated bank loan with a group of international financial institutions that bears interest at a rate of LIBOR plus a margin of 25 basis points and is repayable in its entirety at the end of the five-year term. The credit has been used to finance investments and refinance liabilities.

In September 2004, CODELCO renegotiated the interest rate applicable to two unsecured syndicated bank loans, each with an outstanding principal balance of U.S.$300 million. The two loans, which CODELCO had entered into in 2001 and 2003, were combined into a single U.S.$600 million amended and restated loan agreement. Through this transaction, CODELCO was able to reduce the applicable interest rate from an average of LIBOR plus a margin of 45 basis points to an interest rate that ranges from LIBOR plus 17.5 basis points to LIBOR plus 22.5 basis points. The term of the original loans remains unchanged, and the loans matured in two installments of U.S.$300 million each, one paid in December 2006 and the other matured in July 2008 and was prepaid in January 2008.

In August 2007, CODELCO entered into a U.S.$400 million, seven-year unsecured syndicated bank loan with a group of international financial institutions, that bears interest at a rate of LIBOR plus an average margin of 16.42 basis points. The loan requires three payments of principal in the fifth, sixth and seventh years.

Other Debt. In May 1999, CODELCO issued and placed in the international markets notes with an aggregate principal amount of U.S.$300 million. The notes will mature on May 1, 2009 and accrue interest at a rate of 7.375% per annum payable on a semi-annual basis.

In November 2002, CODELCO issued and placed in the Chilean market notes with an aggregate principal amount of UF 7 million, which accrue interest at an annual rate of 4.0%. In connection with that offering, CODELCO entered into a cross-currency swap (UF/dollars) for a notional amount equivalent to the principal amount of the issuance in order to eliminate its exposure to changes in the UF/dollar exchange rate. Additionally, investors in these notes hold a put option that enables them to require CODELCO to repurchase the notes from them in the event there is a change of control in the ownership of CODELCO.

In November 2002, CODELCO issued and placed in the international markets notes with an aggregate principal amount of U.S.$435 million. The notes will mature on November 30, 2012 and accrue interest at a rate of 6.375% per annum payable on a semi-annual basis.

In October 2003, CODELCO issued and placed in the international markets notes with an aggregate principal amount of U.S.$500 million. The notes will mature on October 15, 2013 and accrue interest at a rate of 5.500% per annum payable on a semi-annual basis.

In October 2004, CODELCO issued and placed in the international markets notes with an aggregate principal amount of U.S.$500 million. These notes will mature on October 15, 2014, and accrue interest at a rate of 4.750% per annum payable on a semi-annual basis.

In May 2005, CODELCO issued and placed in the Chilean market notes with an aggregate principal amount of UF 6.9 million, which accrue interest at an annual rate of 3.29%. In connection with that offering, CODELCO entered into a cross-currency swap (UF/dollars) for a notional amount equivalent to the principal amount of the issuance in order to eliminate its exposure to changes in the UF/dollar exchange rate. Additionally, investors in these notes hold a put option that enables them to require CODELCO to repurchase the notes from them in the event there is a change of control in the ownership of CODELCO.

In September 2005, CODELCO issued and placed in the international markets notes with an aggregate principal amount of U.S.$500 million. These notes will mature on September 21, 2035, and accrue interest at a rate of 5.625% per annum payable on a semi-annual basis.

In October 2006, CODELCO issued and placed in the international markets notes with an aggregate principal amount of U.S.$500 million. These notes will mature on October 24, 2036, and accrue interest at a rate of 6.150% per annum payable on a semi-annual basis.

CODELCO has short-term uncommitted lines of credit available for approximately U.S.$2,025 million, of which U.S.$600 million was utilized as of September 30, 2008. CODELCO has U.S.$650 million in direct guarantees for a stand-by letter of credit in favor of certain brokers. In addition, Codelco-Kupferhandel GMBH has a short-term line of credit for approximately U.S.$43 million, with a comfort letter provided by CODELCO.

In September 2008, CODELCO entered into a U.S.$250 million bridge loan with HSBC Bank USA, National Association repayable with the proceeds of this offering.

The following table sets forth the scheduled maturities of CODELCO's contractual obligations as of September 30, 2008, adjusted to give effect to the offering of the notes and the intended uses of proceeds thereof:

	Contractual Financial Obligations Outstanding (in millions of U.S.$)						
	Total	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-5 years**	**More than 5 years**	**Average Annual Interest Rate**
Contractual Financial Obligations							
Long-term debt	$ 700	$ 300	$ —	$ —	$ 133	$ 267	LIBOR + 0.193%
Notes payable	3,700	300	—	—	600	2,800	
Total	$ 4,400	$ 600	$ —	$ —	$ 733	$ 3,067	

In addition to the obligations set forth in the table above, CODELCO was party to certain commitments primarily to secure the payment of deferred customs duties and severance payment obligations payable upon retirement of individual employees, amounting to U.S.$65 million and U.S.$909 million, respectively, as of December 31, 2007. See Notes 25 and 15 of Notes to the Year-end Consolidated Financial Statements. As of September 30, 2008, CODELCO was party to certain commitments primarily to secure the payment of deferred customs duties and severance payment obligations payable upon retirement of individual employees, amounting to U.S.$65 million and U.S.$899 million, respectively. Additionally, CODELCO has deferred tax obligations of U.S.$1 million payable in 2008, U.S.$4 million payable in 2009, U.S.$10 million payable in 2010, U.S.$12 million in 2011 and U.S.$99 million payable after 2012. CODELCO also has hedged approximately 917,899 million metric tons of copper through March 2013. See "Business and Properties—Marketing—Pricing and Hedging" and "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO".

Investment Plans. In order to maintain and improve its competitive position in the industry, from 2008 through 2012, subject to the approval of CODELCO's Board of Directors and the Ministries of Mining and Finance, CODELCO expects to invest approximately U.S.$9 billion in expansion and development projects, including (i) the integrated development of the Alejandro Hales deposit (approximately U.S.$900 million) from 2009 through 2014; (ii) the exploitation of sulfides from the Radomiro Tomic mine where up to 100,000 metric tons are expected to be treated per day in the Chuquicamata processing plants (approximately U.S.$220 million) from 2008 through 2010; (iii) phases one and two of the Andina expansion (approximately U.S.$5.5 billion) from 2008 through 2015; (iv) the exploitation of a new sector of the El Teniente mine known as Pilar Norte (approximately U.S.$110 million) from 2008 through 2009; and (v) a new mining level at the El Teniente mine where exploitation is expected to begin in 2017 (approximately U.S.$2.3 billion) from 2010 through 2017. CODELCO's investment plan for any project may change over time as the Company obtains better information or modifies its projects. In addition to the U.S.$9 billion for expansion and development projects, CODELCO expects to invest an additional U.S.$3 billion in maintenance expenditures in all divisions.

In the first nine months of 2008, CODELCO invested approximately U.S.$1.49 billion on expansion and development projects, including the development of the Gaby deposit and the expansion of Andina, whereas, in the first nine months of 2007, CODELCO invested approximately U.S$1.05 billion in development projects. In 2007, CODELCO invested more than U.S.$1,605 million, mainly in the Gaby Project, the Andina Expansion Phase I, the LNG plant in Mejillones and mine developments in Codelco Norte, El Teniente and Andina.

For additional description of CODELCO's principal planned capital expenditures, see "Business and Properties—Copper Production—Operations".

CODELCO expects that it will have sufficient resources from operations, new borrowing from banks and capital markets to fund its anticipated capital expenditures and investment. As described in "Regulatory Framework—Overview of the Regulatory Regime" below, during 2006 and 2007, CODELCO kept a portion of its net income as retained earnings to fund capital expenditures based on the Ministries' approval. Even though this request has been approved, CODELCO expects to continue to utilize debt financing to finance its investments.

Cash flow from operations may, however, be affected by a variety of factors including copper price levels. In the event that CODELCO is unable to sell assets or obtain external financing with respect to such capital investments, it may be required to curtail such expenditures.

Environmental. An important part of CODELCO's investment policy is its pollution abatement plan, which includes several environmental projects undertaken to comply with Chilean law and to achieve its own environmental performance goals. See "Regulatory Framework—Environmental Regulations". CODELCO invested approximately U.S.$213.8 million in these projects from 2003 to 2007, and plans to continue implementing its pollution abatement plan through additional capital investments of approximately U.S.$497 million from 2008 through 2010. Of this total expected investment, in 2008 CODELCO invested approximately U.S.$98 million in environmental projects, including the enlargement of the molybdenum abatement plant at the Carén tailings dam in El Teniente, and the enlargement of the Ovejeria tailing dam drainage system and various projects related with liquid wastes in the Andina Division.

The following table sets forth CODELCO's principal environmental investments in the years 2003-2007:

Environmental Investments
(in millions of U.S.$)

	2003	2004	2005	2006	2007	Total
Decontamination plans	$ 32.1	$ 13.0	$ —	$ 2.2	$ 1.2	$ 48.5
Tailing dams	4.2	13.8	22.0	17.5	8.1	65.6
Solid wastes	2.1	0.4	0.6	2.8	0.1	6
Liquid wastes	0.6	2.2	7.4	37.1	41.7	89
Others	—	—	0.9	1.2	2.6	4.7
Total	$ 39.0	$ 29.4	$ 30.9	$ 60.8	$ 53.7	$ 213.8

Distributions to the Chilean Treasury. As a state-owned enterprise and according to its governing law, 100% of CODELCO's net income is transferred to the Chilean Treasury. However, CODELCO's Board of Directors may propose to the Ministries of Mining and Finance that a portion of its net income be kept by CODELCO as retained earnings. These Ministries may implement such a proposal by joint decree. As described in "Regulatory Framework—Overview of the Regulatory Regime", the Board of Directors made a proposal not to transfer retained earnings in January 2006, but the Ministries have not yet determined whether to implement it. In 2005, 2006 and 2007, CODELCO distributed U.S.$4.39 billion, U.S.$8.28 billion and U.S.$7.86 billion respectively, to the Chilean Treasury. While CODELCO makes advance payments to the Chilean Treasury, funded by cash flows from operations, throughout the year, it generally has distributions payable to the Chilean Treasury at the end of each year. These distributions are paid in the first quarter of the following year but are reflected in the prior year's financial statements.

The following table sets forth amounts paid in taxes (which due to the timing of payments may be different from tax amounts accrued) and payments and net income distributions made by CODELCO to the Chilean National Treasury for each of the three years ended December 31, 2007 and in the first nine months of 2008:

Contributions to Chilean Treasury
(in millions of U.S.$)

	Year Ended December 31,			Nine Months Ended September 30,
	2005	2006	2007	2008
				(unaudited)
Income tax payments	$ 2,214	$ 5,195	$ 4,265	$ 2,085
Export tax under Law 13.196	782	1,226	1,324	1,182
Subtotal	$ 2,996	$ 6,421	$ 5,589	$ 3,267
Net income distributions	1,389	1,857	2,268	2,989
Total	$ 4,385	$ 8,278	$ 7,857	$ 6,256

Production Hedging. In July 2005, the Board of Directors determined to hedge certain future copper commitments and production in order to manage the risk associated with copper price volatility. The arrangements approved by the Board generally relate to the protection of certain of CODELCO's deposits, and specifically to the production from the Gaby mineral deposit and the Company's supply commitment to the joint venture with Minmetals. As of September 30, 2008, these hedges had a range of maturities through March 2013, covered approximately 917,899 metric tons of copper (not exceeding 11% of anticipated annual production in any of the years covered), and had outstanding negative exposure (mark-to-market less than their carrying values) of approximately U.S.$3.0 billion. In the first nine months of 2008, CODELCO's production hedging activities had a negative impact of approximately U.S.$643.5 million on pre-tax income, with the effect of the hedges being reflected in CODELCO's sales at the time they are settled. In the first nine months of 2007, CODELCO's production hedging activities had a negative impact of approximately U.S.$239.3 million on pre-tax income, and for the year 2007, had a negative impact of approximately U.S.$320.7 million on pre-tax income.

CODELCO's production hedging strategy could cause it to lose the benefit of an increase in copper prices if copper prices increase over the level of CODELCO's hedge position, as occurred in the first nine months of 2008. The cash flows from and the mark-to-market values of CODELCO's production hedges can be affected by factors such as the market price of copper, copper price volatility and interest rates, which are not under CODELCO's control.

CODELCO's production hedging agreements contain events of default and termination events that could lead to early close-outs of CODELCO's hedges. These include failure to pay, breach of the agreement, misrepresentation, default under CODELCO's loans or other hedging agreements and bankruptcy. In the event of an early termination of CODELCO's hedging agreements, the cash flows from the affected hedge instruments would cease and CODELCO and the relevant hedge counterparty would settle all of CODELCO's obligations at that time. In that event, there could be a lump sum payment to be made either to or by CODELCO. The magnitude and direction of such a payment would depend upon, among other things, the characteristics of the particular hedge instruments that were terminated and the market price of copper and copper price volatility and interest rates at the time of termination.

See "Business and Properties—Marketing—Pricing and Hedging", "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO" and Note 24 to the Consolidated Financial Statements for further information on CODELCO's hedging activity.

Exchange Rates and Interest Rates. CODELCO's main currency exposure is between the Chilean peso and the U.S. dollar due to the fact that a significant portion of CODELCO's operating costs are denominated in pesos and paid pursuant to contracts providing for indexation to Chilean inflation, and approximately 99% of revenues are denominated in U.S. dollars or other foreign currencies. To minimize the risks associated with currency exposures and fluctuations in interest rates, CODELCO enters into interest rate futures contracts and foreign exchange forward contracts which reduce exposure to fluctuations in the peso/dollar exchange rate.

As of September 30, 2008, CODELCO had swap contracts in place to hedge the risk of future UF/U.S.$ exchange rate fluctuations with respect to a notional amount of approximately U.S.$373 million, which is equivalent to, and sufficient to cover, 100% of CODELCO's outstanding UF-denominated bonds.

As of September 30, 2008, approximately 28% of CODELCO's financial debt was at a variable interest rate and 72% had a fixed rate.

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles in Chile requires CODELCO to make a wide variety of estimates and assumptions that affect (1) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and (2) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements. CODELCO routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increases, these judgments become even more subjective and complex. CODELCO has identified the following accounting policies that are most important to the portrayal of its current financial condition and results of operations. For a full description of CODELCO's accounting policies, see Note 2 of Notes to the Consolidated Financial Statements, which are included elsewhere in this prospectus.

Pursuant to Circular No. 368 promulgated by the SVS, beginning in 2010, Chilean companies will be required to report consolidated financial statements in accordance with IFRS for the last fiscal year ending prior to 2010 and subsequent fiscal years thereafter. However, only Chilean companies classified as a "major listed (Open) company" under the rules of the SVS will present their consolidated financial statements under IFRS for the year ended December 31, 2009. CODELCO is not classified as an "Open" company. As a result, CODELCO will first report consolidated financial statements presented pursuant to IFRS for the year ended December 31, 2010.

Proven and Probable Reserves. On a periodic basis, CODELCO reviews its reserve estimates that reflect CODELCO's estimate of the quantities and grades of ore at CODELCO's mineral properties which CODELCO believes can be recovered and sold at prices in excess of the total cost associated with extraction and processing of the ore. CODELCO's calculations of proven and probable reserves are based on standard evaluation methods generally used in the international mining industry in compliance with relevant Chilean regulation and on assumptions as to production costs and market price.

Costs incurred during the development phase of projects up to the production phase are recorded as assets when it is considered feasible that these costs will produce future revenues. These costs include costs associated with extraction of waste material, building mine infrastructure, and other work carried out prior to the production phase. The amortization of these costs is based on the proportion of the amount of mineral extracted from the mines as compared to the total estimated reserves of the mines. The accounting estimates related to depreciation and amortization are critical accounting estimates because (1) the determination of copper reserves involves uncertainties with respect to the ultimate geological content, quantity and quality of CODELCO's reserves and the assumptions used in determining the economic feasibility of mining those reserves, including estimated copper prices and costs of conducting future mining activities and (2) changes in estimated and proven and probable recoverable copper reserves and useful lives of assets can have a material impact on net income, as they will have a significant impact on the amortization expense per unit of production. CODELCO performs periodic assessments of its existing assets, including a review of asset costs and depreciable lives, in connection with the review of mines' operating and development plans. When CODELCO determines that assigned asset lives do not reflect the expected remaining period of benefit, CODELCO makes prospective changes to its depreciable lives.

Costs relating to exploration and drilling, which are incurred in the identification of mineral deposits and determination of their possible commercial viability, are charged to income as incurred.

Reserve estimates may also require revision based on actual production experience once production commences. Declines in the market price of metals, as well as increased production or capital costs or reduced recovery rates, may render ore reserves uneconomic to exploit. Should that occur, changes in reserve estimates will have a significant impact on the amortization expense per unit of production, and some asset write-downs in the applicable accounting periods may be required. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. No assurance can be given that CODELCO's estimates of amounts of copper or levels of recovery of copper will be realized.

Revenue Recognition. Because revenue is a key component of CODELCO's results of operations, and CODELCO derives revenue primarily from the sale of its own copper, CODELCO's revenue recognition practices for these sales are significant. The substantial majority of copper produced by CODELCO is sold under annual contracts; pricing under such contracts is based on prevailing monthly average copper prices quoted on the LME for a quotational period, generally the month following the scheduled month of shipment. Revenues under such contracts are recorded at provisional prices determined at the time of shipment. Usually an adjustment is then made after delivery of the copper, based on the pricing terms contained in the applicable contract. According to Note 2t to the Consolidated Financial Statements related to metals 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.

Settlements for copper sales can occur up to one month after the end of the month in which the copper was shipped. At the end of each month CODELCO estimates and accrues for any reduction in the provisional sales price using information available at the time financial statements are generated; however, the amount estimated may differ from the amount received at settlement. Differences are reflected in the accounting period in which payments are received from the purchaser.

Environmental Matters. Chile has adopted environmental, health and safety regulations requiring industrial companies operating in Chile, including CODELCO, among other requirements, to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources, including water and air. Regional environmental authorities are empowered by Chilean law to declare areas in which CODELCO operates as "latent zones" (*zonas latentes*) or "saturated zones" (*zonas saturadas*) depending on the pollution level. If the amount of a regulated pollutant in a regulated zone reaches more than 80% of the relevant quality standard for such pollutant, the zone is considered to be "latent." If the amount of the pollution reaches 100% of the relevant quality standard of the pollutant being controlled, the zone is considered to be "saturated." If an area is declared to be a latent zone, then a pollution prevention plan is required, and if an area is declared to be a saturated zone, then a pollution reduction plan is required. Either type of plan may contain measures that may increase the costs of developing new facilities or expanding existing ones in that zone. The measures currently included in the pollution prevention or reduction plans that govern these areas are subject to change and may become more stringent if compliance with the quality standards is not achieved. CODELCO has had to comply with certain air quality environmental regulations regarding particulate matter (PM10) and sulfur dioxide (SO2) in the areas surrounding the Potrerillos, Caletones, Ventanas and Chuquicamata smelting plants. The Potrerillos, Caletones and Ventanas smelting plants have pollution reduction plans for such pollutants. The area surrounding the Chuquicamata smelting plant was recently declared to be a latent zone for sulfur dioxide (SO2) and a new pollution prevention plan for SO2 is under development. Because the pollution reduction plan for PM10 has not been successful at Chuquicamata, it is currently undergoing a review process. CODELCO is unable to fully assess yet what may be required of the Company or the cost of compliance with the revised PM10 pollution reduction plan, or any future changes to the other plans covering the areas where CODELCO operates. See "Regulatory Framework—Environmental Regulation".

Environmental, health and safety laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. For example, changes to current environmental laws and regulations and additional environmental laws and regulations are pending and may be adopted in Chile, particularly those regarding water quality standards (including regulations to develop water quality standards for the Loa, Aconcagua and Cachapoal rivers) and mine closures. Each of these laws and regulations could result in significant additional environmental compliance costs. CODELCO's operations outside of Chile are also subject to extensive international, national and local environmental, health and safety laws and regulations.

Regulations were enacted in February 2004 governing safety standards for mining operations. Pursuant to these regulations, all mining companies, including CODELCO, are required to provide closure plans for their mining facilities demonstrating compliance with safety standards. These plans must be updated every five years and must consider the requirements set forth in the environmental authorization issued for the respective facility, if any. CODELCO is in the final stage of the process of preparing closure plans for its facilities, which are required by February 2009. In connection with these plans, CODELCO may accrue a material provision.

New regulations concerning mine closure, which may include health, safety and environmental requirements along with mandatory provisions that would require financial guarantees, are currently being reviewed by the governmental authorities and may be sent to Congress for approval in the future. For mine closure purposes, CODELCO currently provides for the costs of disposing of tailings, which are part of the total costs associated with closing its mines. At September 30, 2008, CODELCO had total provisions amounting to U.S.$435 million for closure expenses, including those associated with Salvador's future closure and applicable governmental regulations pertaining to mine closure. CODELCO is currently unable to estimate the costs of complying with any new regulations relating to mine closures should they become effective, but such costs could be material.

The accounting estimates related to reclamation and closure costs are critical accounting estimates because (1) CODELCO will not incur most of these costs for a number of years, requiring it to make estimates over a long period, (2) future closure, reclamation and environment-related expenditures are difficult to estimate in many circumstances because investigation into these matters remains in its early stages and because there are uncertainties associated with defining the nature and extent of environmental contamination and uncertainties relating to specific reclamation and remediation methods and costs, (3) reclamation and closure laws and regulations could change in the future causing CODELCO to record further liabilities and (4) circumstances affecting CODELCO's operations could change, which could result in significant changes to its current plans, thus affecting its estimated liabilities as new information becomes known. Such a change in estimated liabilities could have a material effect on CODELCO's future operating results.

Derivatives. CODELCO has from time to time entered into various types of derivative contracts to manage market risk resulting from the volatility of copper prices. CODELCO has entered into futures contracts, which require payments to (or receipts from) counterparties based on the differential between (i) a fixed price and (ii) the commodity price for a fixed quantity of copper. The notional amounts of these financial instruments hedge cash flows associated with sales. In accordance with the provisions of Technical Bulletin Number 57 of the Chilean Institute of Accountants, the results of these hedging transactions are recorded at the date of settlement of the operations, as part of the revenues from the sales of the products.

CODELCO has also entered into cross-currency swaps contracts to hedge the risk of fluctuations in the UF to U.S. dollar exchange rate for its outstanding UF-denominated bonds. Also, CODELCO has entered into interest rate swaps to hedge contracts at variable interest rates for future obligations denominated in U.S. dollars. The results of the cross-currency swap contracts are recorded as of the date of maturity or settlement of the respective contracts, in accordance with the provisions of Technical Bulletin Number 57 of the Chilean Institute of Accountants. The results of the interest rate swaps are amortized over the term of the liabilities that have been hedged. CODELCO considers this accounting policy critical because of the impact of the fair value determination of its derivative instruments.

Severance Obligations. The liability associated with employee severance indemnities contained in current agreements and contracts is recorded on an undiscounted basis under the nominal value. In accordance with Technical Bulletin Number 8 of the Chilean Institute of Accountants, CODELCO could have chosen to record this liability at its present value, which is considered the preferred method by that Technical Bulletin. The recording of the liability at present value would result in an increase in the CODELCO's equity and would impact the future operating results of CODELCO. CODELCO considers this accounting policy critical because of the impact on CODELCO's indemnity obligations and cash flow.

Early Retirement Benefits. CODELCO, following its cost-reduction programs through the use of modern technologies, has established early retirement and workforce reduction programs. The liability for these benefits is recorded when the employees agree to retire under these plans. Material changes in these early retirement benefits costs may occur in the future due to changes in the mix of plan participants and changes in the level of benefits provided. CODELCO considers this accounting policy critical due to the estimated future costs of employees covered by these plans.

Health Care Post-Retirement Benefits. CODELCO has granted health care retirement benefits to some active and retired employees and members of their families, consisting of additional annual contributions to health care insurance companies, so that those employees can achieve a minimum health plan coverage after retirement. CODELCO has recorded a liability for these post-retirement health care benefits making assumptions about the additional costs of the health plans and the expected life of the eligible employees and their beneficiaries, and using a discount rate to determine the present value of this obligation. Because of the several assumptions made to recognize this liability, this is considered a critical accounting estimate.

BUSINESS AND PROPERTIES

CODELCO is the world's largest copper producer and the largest company in Chile in terms of sales (U.S.$16.99 billion in 2007). As of December 31, 2007, CODELCO's total assets and equity amounted to U.S.$15.06 billion and U.S.$4.74 billion, respectively, without including the value of CODELCO's mining concessions and ore deposits (as of September 30, 2008, such amounts were U.S.$14.07 billion and U.S.$4.04 billion, respectively). CODELCO engages primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore into refined copper and the international sale of refined copper and by-products. CODELCO is 100% owned by the Republic of Chile and controls approximately 10% of the world's demonstrated copper reserves, as such term is defined by the U.S. Geological Survey. In 2007, CODELCO had an estimated 11% share of the total world copper production, with production of approximately 1.66 million metric tons (including CODELCO's share of the El Abra deposit, which is mined by a joint venture, Sociedad Contractual Minera El Abra, owned 49% by CODELCO and 51% by Cyprus El Abra Corporation (a subsidiary of Freeport McMoRan)) and an estimated 14% share of the world's molybdenum production with production of 27,857 metric tons.

CODELCO's main commercial product is Grade A cathode copper. In 2007, CODELCO derived 80.5% of its total sales from copper and 19.5% of its total sales from by-products of its copper production.

The following table sets forth certain production, cost and price information relating to CODELCO:

Copper Production, Cash Cost of Production and Price Information
(production in thousands of metric tons and cash costs
and prices in cents per pound)

	Year ended December 31,					Nine months ended September 30,	
	2003	2004	2005	2006	2007	2007	2008
CODELCO's Copper Production	1,563	1,733	1,728	1,676	1,583	1,201	1,107
CODELCO's Cash Cost of Production	40.1	27.5	0.3	22.7	39.7	34.1	63.2
Average LME Price (1)	80.7	130.1	167.1	305.3	323.2	321.5	361.3

(1) Price for Grade A cathode copper.

CODELCO's mission is to fully develop its mining and related business areas in a responsible and flexible manner, in order to maximize its long-term economic value and its contributions to the Chilean budget. CODELCO has defined six strategic points on which it intends to continue to focus its efforts: (i) fully developing its business potential, (ii) developing the capacity of workers and supervisors, enhancing participatory management and deepening the relationship between labor and management, which the Company refers to as the Strategic Alliance, (iii) ensuring the quality and improving the efficiency of its operations, (iv) incorporating technology as an essential requirement for competitiveness, (v) creating new markets and promoting the use and consumption of copper and (vi) reinforcing its commitment to the environment and strengthening its ties with the community.

To meet these long-term objectives, CODELCO seeks to capitalize on its core strengths. Key elements of CODELCO's strategy include:

Cost Control Programs. CODELCO continues to develop and refine its mine management practices and programs to limit its cost increases. These include the following: (i) improved deposit identification and mining techniques; (ii) the development of the Strategic Alliance between CODELCO and its workforce, which CODELCO believes has resulted in improved management of absenteeism and overtime; (iii) the implementation of early retirement plans and workforce reduction programs; (iv) improved utilization of equipment and inputs used in the processes of copper production to increase productivity and efficiency; and (v) an acceleration of the development of key projects, including Mina Ministro Alejandro Hales (formerly Mansa Mina), Sulfides Radomiro Tomic and the Andina Expansion.

Investment Plans. In order to maintain and improve its competitive position in the industry, from 2008 through 2012, subject to the approval of CODELCO's Board of Directors and the Ministries of Mining and

Finance, CODELCO expects to invest approximately U.S.$9 billion in expansion and development projects, including (i) the integrated development of the Alejandro Hales deposit (approximately U.S.$900 million) from 2009 through 2014; (ii) the exploitation of sulfides from the Radomiro Tomic mine where up to 100,000 metric tons are expected to be treated per day in the Chuquicamata processing plants (approximately U.S.$220 million) from 2008 through 2010; (iii) phases one and two of the Andina expansion (approximately U.S.$5.5 billion) from 2008 through 2015; (iv) the exploitation of a new sector of the El Teniente mine known as Pilar Norte (approximately U.S.$110 million) from 2008 through 2009; and (v) a new mining level at the El Teniente mine where exploitation is expected to begin in 2017 (approximately U.S.$2.3 billion) from 2010 through 2017. CODELCO's investment plans for any project may change over time as the Company obtains better information or modifies its projects. In addition to the U.S.$9 billion for expansion and development projects, CODELCO expects to invest an additional U.S.$3 billion in maintenance expenditures in all divisions.

As part of CODELCO's investment program, capital investments have also been made in certain environmental projects. CODELCO invested approximately U.S.$213.8 million in these projects from 2003 to 2007, and plans to continue implementing its pollution abatement plan through additional capital investments of approximately U.S.$497 million from 2008 through 2010. Of this total expected investment, in 2008 CODELCO invested approximately U.S.$98 million in environmental projects, including the enlargement of the molybdenum abatement plant at the Carén tailings dam in El Teniente and the enlargement of the Ovejeria tailing dam drainage system and various projects related with liquid wastes in the Andina Division. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO's compliance with environmental, health and safety laws may require increased capital commitments, and non-compliance may subject it to significant penalties".

CODELCO regularly considers new opportunities for suitable investments in Chile and abroad. Although the Company currently has no plans to do so, CODELCO may identify and pursue new opportunities in the future.

Associations with Third Parties. An important element of CODELCO's strategy has been its willingness to enter into joint ventures with third parties. In March 2006, CODELCO and Minmetals, a Chinese state-owned metals company, created a joint venture equally owned by both companies, Copper Partners Investment Company Ltd. Under a 15-year sales contract covering a total of 836,250 metric tons of copper, CODELCO sells cathodes to Copper Partners Investment Company Ltd., which in turn sells them to Minmetals. In Chile, CODELCO has developed several projects with private sector enterprises, including the U.S.$1.0 billion El Abra project, a joint venture with Cyprus El Abra Corporation (a subsidiary of Freeport McMoRan) (in which CODELCO holds a 49% interest and Cyprus El Abra Corporation a 51% interest) to develop the El Abra mine in northern Chile, one of the world's largest facilities of its kind, using the efficient SX-EW process described below. Sociedad Contractual Minera El Abra recently approved the Sulfolix Project, to extract and process (through the leaching process) sulfide ores, which is expected to extend mine life by 11.5 years and the capacity to produce at least 155,000 metric tons of fine copper per year over a 13-year period. However, due to current copper market conditions, Sociedad Contractual Minera El Abra decided to postpone the project. CODELCO has entered into a joint venture with Nordeutsche Affinerie Group to produce copper cast wire rod in Germany, and has also entered into separate joint ventures with NTT and Nippon Mining and Metals Company to apply biotechnology to the mining process. In October 2007, CODELCO and Suez Energy Andino S.A. created Sociedad GNL Mejillones S.A, a joint venture equally owned by both companies that is constructing an LNG regasification plant, which is expected to be operational in the first quarter of 2010 and is intended to provide power supply in northern Chile. Electricity will be generated from the regasified LNG originating in Trinidad and Tobago and purchased from SUEZ Global LNG Ltd. See "—Joint Ventures and Partnerships" and "—Resource Development".

On April 29, 2008, CODELCO, in association with other mining companies, signed an energy service support agreement with Gas Atacama Generación S.A. for the SING, for the period from March 1, 2008 through December 31, 2011. Pursuant to the agreement, CODELCO's payments to Gas Atacama are capped at U.S.$194.71 million for the period. The agreement was signed to facilitate the operation of the SING by providing Gas Atacama with funds to maintain its generation capacity connected to the SING. CODELCO and the other mining companies make such periodic payments to Gas Atacama, in addition to the purchase price for electricity, so that Gas Atacama may remain solvent, but these companies do not receive equity in Gas Atacama in exchange for such payments. Absent the support from CODELCO and the other mining companies, Gas Atacama's ability to operate would be in doubt. Energy supply in the SING depends on Gas Atacama's energy production and is vital for the copper companies operating there, including CODELCO, though CODELCO purchases electricity from other energy generators.

On December 19, 2008, ENAMI transferred to CODELCO an option for the price of U.S.$175 million for the right to purchase up to 49% of the equity of two wholly-owned subsidiaries of Anglo American plc that own certain properties in Chile, including the Los Bronces and El Soldado copper mines and the Chagres smelter (together, formerly known as La Disputada de Las Condes). The Ministry of Finance will set a timetable for the payment to ENAMI of the purchase price of the option by the Company over a six-year period. The contract gives CODELCO the right to exercise the option only during the month of January and only every third year, beginning in January 2009. The price is established in a formula set in the contract. For the exercise period of January 2009, the price is not less than U.S.$3 billion. CODELCO is evaluating whether to exercise this option.

As a result of the abrupt decline in copper and molybdenum prices during the fourth quarter of 2008 and weakened global economic conditions in the second half of 2008, CODELCO is undergoing a complete reevaluation of investment, productivity, and operational targets and plans as part of an extensive contingency plan to reduce short and medium-term costs. CODELCO is implementing the following measures, among others, as part of the contingency plan: rescheduling maintenance, freezing contracting of laborers, revising third-party contracts and reducing administrative expenses. These measures are intended to allow the Company to generate income in spite of the fall in the prices of copper and molybdenum. CODELCO cannot provide any assurances that the contingency plan and other measures will reduce the Company's costs sufficiently to offset materially any decrease in revenues resulting from price declines and, therefore, sustain profitability. In addition, the contingency plan and other measures may have an adverse impact on the Company's medium-term growth prospects.

Copper Production

General

The copper deposits in CODELCO's mines exist in two principal forms—sulfide ore and oxide ore. The majority of CODELCO's mines, including Chuquicamata and El Teniente, yield primarily sulfide ore. The ore extracted from the Radomiro Tomic deposit is copper oxide and sulfides. CODELCO produces refined copper from oxide and sulfide ore using different processes. CODELCO believes that having these two different forms of copper deposits gives it a high level of flexibility to respond to market changes by adjusting its production and utilizing the two different refining processes mentioned below.

Sulfide Ores. Sulfide ores are found in CODELCO's open-pit and underground mines. In open-pit mines, the process of producing copper from sulfide ores begins at the mine pit. Waste rock and ores containing copper are first drilled and blasted and then loaded onto diesel-electric trucks by electric shovels. Waste is hauled to dump areas. In underground mines, copper ore is deposited on rail cars and transported to a crushing circuit where gyratory crushers break the ore into sizes no larger than 3/4 of an inch. In both types of mines, the ore is then transported to rod and ball mills which grind it to the consistency of powder. In the conventional concentrator/smelter/refinery process for sulfide ore, this finely ground ore is agitated in a water and chemical solution and pumped as a watery mixture to the flotation separator. The solution is then aerated, producing a froth which carries the copper minerals, but not the waste rock, to the surface. The froth is skimmed off and filtered to produce copper concentrates. The waste rock, called tailings, is sent to a tailings storage facility. The copper concentrates (which contain a copper grade of approximately 30%) are then sent to the smelter.

At the smelter, the concentrates are blended with fluxes and fed into reverberatory furnaces or a Teniente converter (a technologically advanced type of converter designed by CODELCO) where they are melted, producing "matte" and "slag". Matte from reverberatory furnaces contains approximately 45% copper, and matte from a Teniente converter contains approximately 75% copper. Slag is a residue of the smelting process containing iron and other impurities, which the Company disposes of with its other industrial solid waste. The matte is transferred by ladles to the converters and is oxidized in two steps. First, the iron sulfides in the matte are oxidized with silica, producing slag that is returned to the reverberatory furnaces. Second, the impurities in the matte sulfide are oxidized to produce blister copper. The blister copper contains approximately 98.5% copper. Some of the blister copper is sold to customers. The remainder is transferred to the electrolytic refinery.

After additional treatment in the anode furnace, the copper is cast into anodes and then moved to the refinery's electrolytic tank house. This anode copper is approximately 99.0% copper. In the electrolytic tank house, anodes are suspended in tanks containing an acid solution and copper sulfate. An electrical current is passed through the anodes and chemical solution to deposit clean copper on pure copper plates. The resulting refined copper cathodes are 99.99% copper. Silver and small amounts of other metals contained in the anodes settle on the bottom of the tanks and are recovered in a separate process.

Oxide Ores. Oxide ore is more scarce than sulfide ore, and is typically found closer to the surface of the earth. A different process (called the SX-EW process) is used to produce refined copper from oxide ores, which CODELCO employs at its SX-EW facilities in Chuquicamata, El Teniente, Salvador and Radomiro Tomic. In the first step of the SX-EW process, copper sulfide ore is mined, crushed and deposited into large piles. The piles are leached for a period of several days with a solution of sulfuric acid, resulting in the effusion from the piles of a solution with a high-concentration of copper. The copper solution is collected into large pools, from which copper is then recovered by solvent extraction, followed by a second recovery method called electrowinning, to produce high-grade copper cathodes. The SX-EW process involves lower overall refining costs, and can be used with a lower grade of ore, than the traditional concentrator/smelter/refinery process. The SX-EW process also enables CODELCO to recover copper by re-leaching waste material left over from prior copper extractions.

Operations

CODELCO's copper operations are consolidated into five divisions:

- The Codelco Norte Division, CODELCO's largest division, operates the Chuquicamata and Radomiro Tomic mines and related facilities. Chuquicamata has been in operation since 1915 and includes smelting and refining capacity, while Radomiro Tomic began its first full year of production in 1998. The Codelco Norte Division was created on August 1, 2002 by combining the formerly separate Chuquicamata and Radomiro Tomic Divisions. In 2007, Codelco Norte produced 896,308 metric tons of copper, representing approximately 53.8% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit). Chuquicamata is one of the largest copper-producing mines in the world, and ranks among the lowest-cost producers. Radomiro Tomic is the world's largest producer of copper using the SX-EW technology that enables it to achieve highly efficient copper recovery.

- The El Teniente Division is the operator of the world's largest underground copper mine and has been in operation for approximately 100 years. The El Teniente Division includes the Caletones smelter, and in 2007 produced 404,738 metric tons of copper.

- The Andina Division operates the Andina and Sur-Sur mines with production split among open-pit and underground mines. It does not have independent smelting capacity. In 2007, Andina produced 756,067 metric tons of concentrate containing 218,322 metric tons of copper.

- The Salvador Division includes the Salvador mine and concentrator and the smelter/refinery complex at Potrerillos, which has a capacity of 671,000 metric tons of concentrate. Salvador produced 63,885 metric tons of copper in 2007, with a cash cost of 77.6 cents per pound. In 2005, CODELCO's Board of Directors had decided to phase out mining operations at the Salvador mine by 2011. In May 2007, however, due to higher copper prices, CODELCO altered the schedule for phasing out mining operations and decided to continue exploitation of the oxide line through the end of 2010 and continue sulfide production through 2011. The Potrerillos smelter and refinery will continue to operate after the closure of Salvador's mining operations.

- The Ventanas Division was created in January 2005 in connection with the acquisition of the Ventanas smelter from the Republic of Chile's state-owned mining company ENAMI in May 2005. The Ventanas smelter has a capacity of 425,000 metric tons of concentrate. Ventanas refined 370,698 metric tons of copper in 2007.

On May 19, 2008, Gaby, produced its first copper cathodes. The project was completed in 26 months with an investment of U.S.$1.03 billion and reached its full productive capacity during the second half of 2008. As of September 2008, Gaby had produced 28,958 metric tons of copper since startup, with a cash cost of 83.8 cents per pound. Gaby has a refinery capacity of 150,000 tons of fine copper per year. The electro-refined cathodes yield fine copper of 99.99% purity. The deposit is located in Chile's Second Region and contains demonstrated reserves of 555 million metric tons of oxidized mineral with a grade of 0.41% of total copper.

CODELCO's copper production, including CODELCO's share of the El Abra deposit, decreased to 1,107,000 million metric tons for the first nine months of 2008 from 1,201,000 metric tons in the first nine months of 2007, due mainly to disruptions caused by workers employed by subcontractor companies, lower levels of ore grade and inclement weather.

The table below shows the production of copper from CODELCO's mines, as compared to private sector production in Chile, for the five-year period ended December 31, 2007:

Production of Copper from Chilean Mines (CODELCO and Private Sector)
(in thousands of metric tons)

	2003	2004	2005	2006	2007
Codelco Norte Division (1)				941	896
Chuquicamata	601	692	676		
Radomiro Tomic	306	291	289		
El Teniente	339	436	437	418	405
Andina Division	236	240	248	236	218
Salvador Division	80	75	78	81	64
El Abra (2)	111	107	103	107	81
CODELCO Total Production	**1,673**	**1,840**	**1,831**	**1,783**	**1,664**
Chilean Private Sector (3)	**3,231**	**3,573**	**3,490**	**3,578**	**3,893**
Total Chilean Production	**4,904**	**5,413**	**5,321**	**5,361**	**5,557**

(1) The Codelco Norte Division was created on August 1, 2002 and contains the former Chuquicamata and Radomiro Tomic Divisions. Since 2006, the Company no longer maintains separate information for the Norte Division.
(2) CODELCO's figures presented for El Abra include 49% of the mine's total production (the share of production which corresponds to CODELCO's 49% ownership interest in the mine). The balance of El Abra's production is included in the private sector figures.
(3) Source: Chilean Copper Commission.

The table below shows the breakdown of CODELCO's own copper output for the five-year period ended December 31, 2007:

Copper Output of CODELCO (excluding El Abra)
(in thousands of metric tons)

	2003	2004	2005	2006	2007
Cathodes	907	878	859	850	831
Fired Refined	141	145	162	161	119
Blister and anodes	206	208	228	273	296
Concentrates	308	501	479	392	337
Total	**1,563**	**1,733**	**1,728**	**1,676**	**1,583**

The following table sets forth CODELCO's principal investment projects for the period 2008-2012 (projects are subject to change at the discretion of the Company):

Principal Development Projects 2008-2012

Site	Project	Status	Investment
			(in millions of U.S.$)
Andina	Expansion of Production Capacity Phase I	In Execution	700
Andina	Expansion of Production Capacity Phase II	In Evaluation	4,800
Codelco Norte	Ministro Alejandro Hales	In Evaluation	900
Codelco Norte	Sulfides Radomiro Tonic	In Execution	220
El Teniente	Pilar Norte Sector	In Execution	110
El Teniente	New Mining Level	In Evaluation	2,300
Total of Principal Projects			**$9,030**

In addition to the U.S.$9 billion for CODELCO's principal expansion and development projects listed above for the period 2008-2012, CODELCO expects to invest an additional U.S.$3 billion in maintenance expenditures over the same period.

Codelco Norte Division

In order to benefit from the synergies resulting from unified management of its Chuquicamata and Radomiro Tomic Divisions, in August 2002 CODELCO combined the two divisions into a single division, the Codelco Norte Division.

Chuquicamata—Mining Operations. Prior to being combined into the Codelco Norte Division, Chuquicamata was CODELCO's largest division. The Chuquicamata mine is an open-pit operation that produces predominantly sulfide concentrates, which are smelted and refined on site. The pit size of the Chuquicamata mine is almost nine kilometers long in a north-south direction by five kilometers wide and one kilometer deep. The Chuquicamata mine is one of the largest copper producing mines in the world and ranked among the lowest-cost producers. Located in the Atacama Desert, 1,200 kilometers north of Santiago and 240 kilometers east of the Chilean city of Antofagasta, the mine has been in continuous operation since 1915.

The Chuquicamata deposit is a porphyry-type ore body. The most important feature of the ore body is a north-south regional fault, the West Fissure fault, which cuts the ore on the west side and creates a sharp limit on the deposit. An oxide ore zone was a large part of the deposit and has been almost totally mined out. The mine contains a supergene enrichment layer (a redeposit of copper, by natural forces, from higher to lower layers), which has a thickness of almost 800 meters near the center of the mine. Five kilometers north of Chuquicamata, the ore body narrows and merges with the Radomiro Tomic ore body.

In December 2007, CODELCO completed the Calama Integration Project, a major initiative undertaken to relocate the inhabitants of the town of Chuquicamata, which is situated on the outskirts of the mining facility, to the nearby city of Calama. CODELCO undertook the project to make more space available near the mine site for depositing the large piles of the mine's tailings and to move inhabitants away from mining activities near the growing project area. CODELCO invested approximately U.S.$317 million in the implementation of this project, which included the construction and financing of houses and apartments for mine employees and commercial centers in Calama. The site of the town of Chuquicamata is now being used as a new site for the deposit of waste rock and for SX-EW treatment dams.

Chuquicamata—Smelting Operations. Chuquicamata utilizes one Outokumpu flash furnace, five Pierce Smith converters and two Teniente converters to process 1.65 million metric tons of 32.5% copper concentrate per year. Chuquicamata performs all stages of copper production from the mining process through cathode production.

Radomiro Tomic. The Radomiro Tomic deposit lies five kilometers north of the main pit at Chuquicamata. Radomiro Tomic began production at the end of 1997 and was CODELCO's newest division prior to being combined into the Codelco Norte Division. Radomiro Tomic is a state of the art facility, and the world's largest producer of copper using the highly efficient SX-EW process.

During 2008, significant progress was made in the initial planning and exploitation of sulfides in Radomiro Tomic in a project that seeks to maximize the value of sulfides in Codelco Norte developments. It is expected that 100,000 metric tons of sulfides from Radomiro Tomic will be treated per day in the Chuquicamata processing plants.

Copper Production and Cash Cost—Codelco Norte

(production in thousands of metric tons and cash cost in cents per pound)

	2003	2004	2005	2006	2007
Copper Production Codelco Norte			965	941	896
Chuquicamata	601	692			
Radomiro Tomic	306	291			
Cash Cost Codelco Norte	36.6	16.9	(24.9)	10.3	33.1

As of December 31, 2007 the Codelco Norte Division employed 8,420 persons and produced 896,308 metric tons of copper at a cash cost of 33.1 cents per pound.

El Teniente Division

Mining Operations. The El Teniente Division is the second largest division of CODELCO and operates the El Teniente underground mine located 80 kilometers southeast of Santiago. With production of 404,738 metric tons in 2007, it is the world's largest underground copper mine.

The El Teniente deposit is also a porphyry-type ore body. The deposit covers a vertical span of over 1,500 meters. A tabular subvertical dacite porphyry intrusion two kilometers long by 200 meters wide is well exposed in the northern part of the deposit, and a quartz-diorite stock is located at the southeast side. Wall rocks are mostly andesites, which are strongly mineralized, containing a high concentration of chalcopyrite and bornite. The size of the deposit is at least three kilometers north-south and close to one kilometer wide.

El Teniente primarily produces concentrates that are smelted at the Caletones smelter. In addition to the principal mine at El Teniente, the division performs mining operations at several other areas of the main deposit, with a production of approximately 130,000 metric tons of ore per day. The Esmeralda area of the mine, which was opened in late 1998, is the main producing mine area, producing 45,000 metric tons of ore per day. As of December 31, 2007, El Teniente employed 4,808 persons.

Copper Production and Cash Cost —El Teniente Division
(production in thousands of metric tons and cash cost in cents per pound)

	2003	2004	2005	2006	2007
Copper Production	339	436	437	418	405
Cash Cost	42.1	39.1	32.7	38.9	47.0

Smelting Operations. The El Teniente Division includes the Caletones smelter, with capacity to smelt 1.25 million metric tons of concentrate per year. The El Teniente mine supplies 1.1 million metric tons of concentrate per year to the Caletones smelter. The balance of concentrate processed by the smelter is brought by railway from the Andina Division, 300 kilometers away.

The Caletones smelter operates two Teniente Modified Converters, three Pierce Smith Converters and several refining furnaces and gas treatment plants. El Teniente has no electrolytic refining plant, and smelter output is sold as fire-refined copper or anodes to be refined at other facilities such as the Ventanas refinery or Chuquicamata.

Andina Division

Mining Operations. The Andina Division operates the Andina mine and the Sur-Sur mine, which are located 50 kilometers northeast of Santiago. Production at the Andina Division is split among open-pit and underground mines. Andina does not operate a smelter. Its production is processed at the Caletones smelter of El Teniente, at the Ventanas refinery or at the Salvador Division, and some of its concentrate is sold to ENAMI or other purchasers. In 2007 Andina employed 1,298 persons (as of December 31) and produced 218,322 metric tons of copper.

The Rio Blanco-Los Bronces porphyry-type deposit, one of the largest copper ore bodies in Chile, is partially owned by the Andina Division. The northwest portion of this deposit is owned by Andina; the southeast portion is owned by Compañía Minera Disputada de Las Condes, a subsidiary of Anglo American. The deposit is characterized by plentiful tourmaline and breccia rock bodies mineralized with copper sulfides, mostly calcopyrite. CODELCO's portion of the deposit is four kilometers in length, in the northwest to southeast direction, with a maximum width of almost one kilometer. On December 19, 2008, ENAMI transferred to CODELCO an option for the price of U.S.$175 million for the right to purchase up to 49% of the equity of two wholly-owned subsidiaries of Anglo American that own properties located in the southwest portion of the deposit. See "Business and Properties—Associations with Third Parties".

Copper Production and Cash Cost—Andina Division
(production in thousands of metric tons and cash cost in cents per pound)

	2003	2004	2005	2006	2007
Copper Production	236	240	248	236	218
Cash Cost	45.3	28.5	27.8	42.1	46.4

CODELCO aims to increase the processing output of the Andina Division. CODELCO is currently developing phase I of the plans to expand the Andina mine to increase copper production by approximately 17.2% through a two-phase project from 2008 to 2015.

Salvador Division

Mining Operations. Salvador is the smallest of the CODELCO divisions. In 2007, it produced 63,885 metric tons of fine copper. The complex includes the mine and concentrator at Salvador and a smelter/refinery at Potrerillos. The Salvador mine is located 900 kilometers north of Santiago and 120 kilometers east of the Chilean port of Chañaral. Concentrates are transported 67 kilometers from the mine to the smelter at Potrerillos via pipeline and truck.

The Salvador Division has the smallest base reserve of ore among all of the CODELCO divisions. The Salvador deposit is a typical medium-sized porphyry-type ore body. There is an 80- to 200-meter thick leached capping covering a lensoid-shaped enrichment layer roughly one kilometer in diameter that attains a maximum thickness of about 250 meters. This enrichment layer is almost completely mined out. Mining is currently focused on the primary ore located underneath the secondary enrichment (the so-called Inca levels). As of December 31, 2007, Salvador employed 1,717 persons.

In 2005, CODELCO's Board of Directors had decided to phase out mining operations at the Salvador mine by 2011. In May 2007, however, due to higher copper prices, CODELCO altered the schedule for phasing out mining operations and decided to continue exploitation of the oxide line through the end of 2010 and continue sulfide production through 2011. The Potrerillos smelter and refinery will continue to operate after the closure of Salvador's mining operations.

Copper Production and Cash Cost—Salvador Division
(production in thousands of metric tons and cash cost in cents per pound)

	2003	2004	2005	2006	2007
Copper Production	80	75	78	81	64
Cash Cost	59.5	60.0	53.4	63.7	77.6

Smelting Operations. The smelting and refining operation is located at Potrerillos. This facility includes one Teniente converter and four Pierce Smith converters for a rated annual capacity of 671,000 metric tons of concentrate. CODELCO increased capacity of the Potrerillos smelter in May 2004, and is currently conducting conceptual engineering for a proposed expansion of capacity of the Potrerillos refinery.

Ventanas Division

Smelting and Refinery Operations. The Ventanas Division was created in January 2005 in connection with the acquisition of the Ventanas smelter and refinery from the Chilean state-owned mining company ENAMI in May 2005. The Ventanas smelter has a capacity of 425,000 metric tons of concentrate. Ventanas refined 370,698 metric tons of copper in 2007. Pursuant to the terms of the acquisition, CODELCO is required to provide the necessary smelting and refining capacity for the treatment of products for the small- and medium-sized mining industry that ENAMI serves.

Joint Ventures and Partnerships

CODELCO has undertaken several projects and business ventures with certain private sector mining and non-mining enterprises, including:

- *Copper Partners Investment Company Ltd.*: In March 2006, CODELCO and Minmetals, a Chinese state-owned metals company, created a joint venture equally owned by both companies. Under a 15-year sales contract covering a total of 836,250 metric tons of copper, CODELCO sells cathodes to Copper Partners Investment Company Ltd. The joint venture made an initial up-front payment of U.S.$550 million to CODELCO in March 2006 and will pay a price balance on shipments during the term of the contract. In turn, the joint venture sells the cathodes to Minmetals at market prices. Shipments under the contract commenced in June 2006. CODELCO also granted Minmetals an option to acquire, at market price, a minority interest in a company that will be formed to exploit the Gaby mineral deposit. In September 2008, CODELCO and Minmetals suspended the option indefinitely. The option may be revived upon the agreement of both parties. CODELCO and Minmetals also have agreed to identify joint opportunities in the future.

- *El Abra*: In 1994, CODELCO formed a 49%/51% joint venture Sociedad Contractual Minera El Abra with Cyprus El Abra Corporation (a subsidiary of Freeport McMoRan) to develop the El Abra mine in northern Chile. The mine is a porphyry copper open-pit facility located 105 kilometers north of the city of Calama at an altitude of 3,900 meters above sea level. El Abra started production seven months ahead of schedule in August 1996. Constructed at a cost of U.S.$1.05 billion, it is designed to produce 225,000 metric tons of copper per year and includes one of the world's largest SX-EW facilities. As of December 2007, the mine contained approximately 1,200 million metric tons of leachable oxide and sulfide copper, with an average ore grade of 0.43%. In 2007, El Abra produced 166,000 metric tons of fine copper at a cash cost of 111 cents per pound. For the nine months ended September 30, 2008, the production was 123,504 metric tons of fine copper with a cash cost of 176 cents per pound.

  The El Abra project was originally financed by a U.S.$850 million syndicated loan, which was repaid in full in November 2004. Since that time, CODELCO has received U.S.$1,007 million in dividends.

  CODELCO's equity participation in the net income of El Abra totaled U.S.$329.3 million in 2007 as compared to U.S.$398.7 million in 2006 and U.S.$88.54 million in 2005. As of September 30, 2008, CODELCO had an investment recorded on its balance sheet relating to El Abra in the net amount of U.S.$277.9 million.

The recently approved Sulfolix Project, to extract and process (by the leaching process) sulfide ores, which is expected to extend mine life by 11.5 years and produce at least 155,000 metric tons of fine copper over a 13-year period, which estimate includes 2009. This project, to commence production in 2010, is expected to include milling mine ores until 2023 and generate the last cathode in 2029 by leaching heap remains. The Sulfolix Project requires approximately U.S.$450 million of initial equity and U.S.$203 million to sustain the operations. The project will be financed by the joint venture company's internally generated cash flows. However, due to current copper market conditions, Sociedad Contractual Minera El Abra decided to postpone the project.

- *Purén*: CODELCO is a partner in a 35%/65% joint venture with Compañía Mantos de Oro, a subsidiary of Kinross Gold Corp., at Purén. Purén is an open pit mine located in the Atacama Region, east of the city of Copiapo. The joint venture company began the exploitation of gold and silver ore deposit in November 2005, having produced 647,000 ounces of equivalent gold in three years. Currently, the treatment plant is being fed only by ore in stock because the first phase of the project is completed and the next expansion stage is not scheduled to begin until the end of 2008.

  The joint venture company has delivered U.S.$96.25 million in dividends to CODELCO since 2005.

- *Agua de la Falda*: CODELCO is a partner in a 43%/57% joint venture with Minera Meridian Limitada, a subsidiary of Yamana Gold Inc. The joint venture company, Agua de la Falda S.A. was created to explore and exploit the Agua de la Falda deposit, which was in production until 2005. Currently, the joint venture company is completing a feasibility study for the Jeronimo gold deposit, containing 1.59 million ounces of gold. In the first nine months of 2008, a total of 81 reverse circulation and diamond drill holes, totaling 19,498 meters were completed on the Upper Jeronimo gold deposit.

- *Deutsche Giessradht GmbH*: CODELCO is a partner in a 40%/60% joint venture with Nordeutsche Affinerie Group in Deutsche Giessradht GmbH, a German corporation located in Emmerich, Germany. The company, which has been in existence since 1975, produces continuous copper cast wire rod. CODELCO indirectly supplies copper to Deutsche Giessradht GmbH.

Exploration Partnerships and agreements: In recent years, as various companies have formally expressed their interest in undertaking joint exploration efforts with CODELCO, the Company has executed numerous exploration agreements with strategic partners, some of them leading to the creation of mining companies, such as Sierra Mariposa, in association with Barrick Gold Inc., in which CODELCO maintained a 23.7% interest at September 30, 2008.

In 1999, CODELCO formed Minera Pecobre S.A. de C.V. ("Pecobre") in a 49%/51% joint venture with Mexican mining company Minera Peñoles, S.A. de C.V. As of September 30, 2008, Pecobre had invested approximately U.S.$40 million in copper exploration in the Sonora and Chiapas regions of Mexico. On December 29, 2008, CODELCO sold its 49% interest in Pecobre to its affiliate, Industrias Peñoles S.A. de C.V, for U.S.$5 million.

- *Electroandina and Tocopilla*: In January 1996, the former Tocopilla Division of CODELCO, which operated a thermoelectric plant that provided electricity to the Company's northern system in Chile (SING), was restructured into two companies: Electroandina and Tocopilla. Tocopilla, a holding company, controls 65.2% of the shares of Electroandina, and CODELCO owns the remaining 34.8%. CODELCO sold a portion of its interest in Tocopilla to Tractebel (currently Suez Energy Andino S.A.) and retained a 49% ownership interest. CODELCO purchases electricity for the Codelco Norte Division from Electroandina pursuant to long term power purchase agreements.

Electroandina is the main electrical power generator in the SING, responsible for 27.5% of its power generation (992 MW of 3,600 MW). For the year ended December 31, 2007, Electroandina had a net loss of U.S.$6.7 million, mainly due to the natural gas crisis in Argentina. As a result of renegotiation of its power purchase agreements with its clients, for the nine months ended September 30, 2008, Electroandina had a net loss of U.S.$1 million.

- *Edelnor*: On November 5, 2002, CODELCO and Tractebel (currently Suez Energy Andino S.A.) jointly acquired 82.34% of Edelnor, which owns approximately 720 MW of installed electric power generation capacity in northern Chile. Edelnor entered into and has since emerged from a Chapter 11 reorganization proceeding in the United States that included a restructuring of its debt. As of December 31, 2007, CODELCO owned, indirectly through Inversiones Mejillones S.A. and Inversiones Tocopilla Ltda., 54.95% of the equity of Edelnor. For the year ended December 31, 2007 Edelnor recorded net income of U.S.$60.8 million and for the nine months ended September 30, 2008, a net income of U.S.$99 million.

- *GNL Mejillones*: Due to the decrease and eventual termination of natural gas supply from Argentina, electrical power generation companies experienced diminished electricity generation. For this reason, CODELCO and Suez Energy Andino S.A. through GNL Mejillones S.A. (equally owned by both companies) initiated the construction of a liquefied natural gas (LNG) regasification plant, which is expected to be operational in the beginning of 2010. GNL Mejillones has the capacity to receive, process and store natural gas originating in Trinidad and Tobago and purchased from SUEZ Global LNG Ltd. under a long-term supply contract.

  GNL Mejillones is a strategic asset for CODELCO, which is intended to provide power supply in the SING, which is critically necessary for its operations. The project partners expect to finance this project, which under existing take-or-pay contracts with CODELCO and other mining companies is expected to sell a minimum of 26 Tera BTU (British Thermal Unit) per year in the period 2010-2012, through equity contributions of U.S.$440 million in the aggregate, of which at September 30, 2008, CODELCO and Suez Energy Andino S.A. had each paid U.S.$135 million. Under the contract, CODELCO must purchase or pay for 25% of the regasified LNG produced for use by an energy generator of its choice. The other mining companies have take-or-pay agreements covering the remainder of the regasified gas.

Technology and Research and Development Partnerships and Joint Ventures: CODELCO has entered into joint ventures with companies and organizations that are world leaders in research and development to increase the integration of knowledge and innovation into mining processes.

- *BioSigma S.A.*: CODELCO is a partner in a 66.67%/33.33% joint venture with the Japanese company Nippon Mining and Metals Company in BioSigma S.A., a company that develops processes and technology in the fields of genomics, proteomics and bioinformatics for mining. BioSigma has been working on the application of micro organism-based systems, focusing on the group of genes and proteins that have been identified as key in the bio-leaching process of copper sulfide ores. These microorganisms are applied to the bio-leaching process of secondary copper sulfide minerals. During 2007, BioSigma completed the validation of its technology for the bio-leaching of secondary sulfides in copper and tailings sands in the Norte Division. Based on the success of the trials, CODELCO and BioSigma are determining the scope and executing the conceptual engineering for the industrial application of BioSigma technology to CODELCO's secondary resources. In the Andina Division, BioSigma began the industrial validation of its technology for prime low-grade ores.

- *MI Robotic Solutions S.A.*: Joint venture among CODELCO (36%), Nippon Mining and Metals Co. (9%), Kuka Technology Corp. (2%), and Industrial Support Company – Highservice (53%), which purpose is to research and develop robotics products to be used in the mining industry and metallurgic and related services.

- *Mining Information Communications and Monitoring S.A.*: In April 2006, CODELCO and the Japanese technology company NTT created a joint venture, Mining Information Communications and Monitoring S.A. ("MiCoMo"), owned 66% by CODELCO and 34% by NTT. MiCoMo's goal is to adapt and incorporate communication and information technologies developed by NTT to the requirements of CODELCO's mining processes to make them more efficient and safer. MiCoMo plans to extend its business to other Chilean mining companies and abroad.

- *Kairos Mining S.A.*: Kairos Mining S.A. is a 40%/60% joint venture created in December 2006 in association with Honeywell Chile S.A. Kairos Mining S.A.'s purpose is to provide services for the automation and control of industrial and mining activities, and to supply related technology and software licenses.

The following table sets forth the major mining and exploration agreements to which CODELCO is a party, as of December 31, 2007:

Major Mining and Exploration Agreements
(As of September 30, 2008)

Mining Agreement Projects	**Partner**	**Type**
El Abra[(1)]	Cyprus El Abra Corporation (USA)	Copper
Agua de la Falda S.A.[(2)]	Meridian Gold (USA)	Gold
SCM Purén	Mantos de Oro (Chile)	Gold
Exploration Agreement Projects		
Chile		
Pasca	Rio Tinto (England)	Copper
Exploradora	Rio Tinto (England)	Copper
Esteli	Rio Tinto (England)	Copper
La Paloma	Rio Tinto (England)	Copper
Puntilla Galenosa	Pucobre (Chile)	Copper
Anillo	Fortune Valley (Canada)	Gold
Sierra Mariposa	Barrick Gold (Canada)	Copper
Abroad		
Sonora and others	Peñoles (Mexico)	Copper
Gradaus	Barrick do Brasil Mineração Ltda. (Brazil)	Copper/Gold

(1) A subsidiary of Freeport McMoRan.
(2) In September 2006, CODELCO acquired 56.7% of Agua de la Falda from Barrick, becoming the sole owner of the company; CODELCO later entered into a 43%/57% joint venture with Meridian Gold Inc.

Resources and Reserves

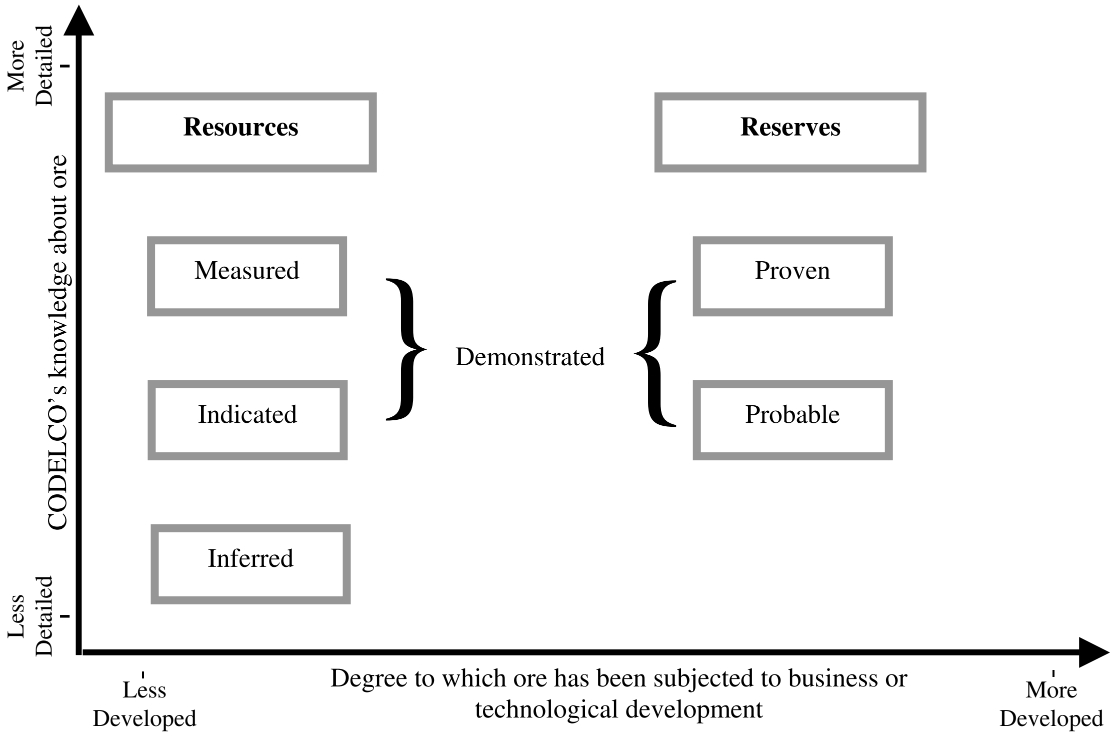
As is standard in the industry, CODELCO divides its mineral holdings into two categories, resources and reserves. *Resources* are ore bodies of economic value that have been identified and evaluated through exploration, reconnaissance and sampling. Resources are estimated based on geological knowledge about the deposit, which is based on scientific concepts concerning the formation of minerals such as oxides, sulfides and mixed ores, as well as available knowledge concerning the geological continuity of the mineralized sectors. This is based on technical parameters, such as robustness of the genetic-geological model and its validation through drillings. *Reserves* are the portion of the resource that can be extracted based on an economic, environmental and technological analysis set forth in a mining plan.

Resources and reserves are both subdivided further, based on the degree of knowledge that CODELCO has of their extent and composition. If CODELCO's knowledge of reserves is extensive and direct, they are *proven reserves*; and if CODELCO's knowledge of them is substantial but less extensive, they are *probable reserves*. Both categories of reserves are sometimes referred to as *demonstrated reserves*. As to resources, if CODELCO's knowledge of them is extensive and direct, they are *measured resources*; if CODELCO's knowledge of them is substantial but less extensive, they are *indicated resources*; and if CODELCO's knowledge of them is only indirect, they are *inferred resources*.

Measured resources are based on a dense grid of regularly distributed drillings, indicated resources are based on an intermediate grid of regularly distributed drillings, and inferred resources are based on irregularly, sometimes sporadically distributed drillings, where the continuity of ore grades is mostly supported by concepts on the theoretical continuity of geological events (for example, lithology, alteration and mineralization).

Resources that are either measured or indicated (as opposed to inferred) are sometimes together referred to as *demonstrated resources*. Resources of all three categories are sometimes together referred to as *identified resources*.

The following diagram sets forth the relationships among the different categories of resources and reserves:



Based on the methods and categories described above, CODELCO's demonstrated reserves include 47 million metric tons of copper ore, an amount that represents at least 30 years of future production at current levels. CODELCO's demonstrated resources include 103 million metric tons of copper ore, and its identified resources include 327 million metric tons of copper ore.

The following table sets forth the amount and grade of CODELCO's copper holdings by division as of December 31, 2007:

	Identified Resources(3)			Demonstrated Resources(3)			Demonstrated Reserves		
	Ore reserves(1)	**Grade copper**	**Fine copper(2)**	**Ore reserves(1)**	**Grade copper**	**Fine copper(2)**	**Ore reserves(1)**	**Grade copper**	**Fine copper(2)**
Codelco Norte	18,678	0.50%	94.3	4,057	0.67%	27	1,965	0.84%	17
Salvador	3,727	0.37	13.9	1,178	0.49	6	48	0.66	0
Andina	17,022	0.61	103.7	3,496	0.73	26	1,341	0.84	11
El Teniente	20,031	0.56	111.2	5,996	0.70	42	1,650	1.03	17
Gaby	1,217	0.37	4.5	617	0.41	2	555	0.42	2
Total	**60,674**	**0.54%**	**327.6**	**15,344**	**0.67%**	**103**	**5,559**	**0.85%**	**47**

(1) In millions of metric tons.
(2) In millions of metric fine tons.
(3) Resources cut-off grade 0.2% copper

The system described above for categorizing mineral ore is widely used within the mining industry (and codified in such international regulations as the Joint One Reserves Committee (JORC) code of Australia, the South African Mineral Resources Committee (SAMREC), and the Reporting Code of Great Britain). Other systems of categorization are also used; one such system is that used by the U.S. Geological Survey.

The following table sets forth the copper holdings of the world and of CODELCO using the U.S. Geological Survey system:

	World (in millions of tons)	CODELCO (in millions of tons)	CODELCO's share (%)
Resources..	1,600	328	20%
Demonstrated Reserves(1)......................	490	47	10%

(1) As defined by the U.S. Geological Survey.

In order to define the development strategy of CODELCO and each of its divisions, and to maximize the value of its vast mining resources, CODELCO has developed a "life-of-mine" business plan, or Business and Development Plan ("BDP").

The 2008 BDP enables CODELCO to develop a long-term mining plan. CODELCO reviews the terms of the BDP annually to update or modify it for changes in business trends.

The 2008 BDP uses inferred resources to define CODELCO's strategic vision for long-term resource development. However, the incorporation of such resources increases gradually over time and as the inferred resources become demonstrated reserves. This process is in accordance with criteria established by the CIMVAL code of Canada (Standard and Guidelines for Mineral Valuation of Mineral Properties).

In early stages of the 2008 BDP, production is almost exclusively based on demonstrated reserves and mining projects at advanced stages of engineering or at the investment stage. Mining projects must support their economic evaluation based on demonstrated reserves in order to be approved for investment.

Production Costs of Copper

CODELCO's production costs include all costs and expenses incurred in connection with the mining and production of its copper mix and related by-products. These production costs do not include administrative and operating costs incurred in connection with the processing of other copper products purchased from third parties.

In 2007, CODELCO's annual production of copper was 1.66 million metric tons, or 1.78 million metric tons including El Abra. As a result, each one cent change in CODELCO's average annual per pound copper price causes a variation in operating profit of approximately U.S.$35 million. CODELCO continues to focus on controlling and limiting production cost increases. In 2007, CODELCO's cash cost of production was 39.7 cents per pound compared to 22.7 cents in 2006. For the first nine months of 2008, copper production was 1.10 million metric tons with a cash cost of 63.2 cents per pound. CODELCO's cash cost in recent years has benefited from high prices for molybdenum, a by-product of the copper production process, the sales of which offset the cash costs of producing copper. Excluding the impact of the increased price of molybdenum, certain factors, such as the appreciation of the peso, lower ore grades, higher mining costs, higher energy costs and costs of other inputs used in the production process, caused an increase in CODELCO's cash cost of producing copper over the period.

In the long term, CODELCO continues to develop and refine its mine management practices and programs to limit and reduce its cost increases. These include the following: (i) improved deposit identification and mining techniques, (ii) the development of the Strategic Alliance between CODELCO and its workforce, which has resulted in improved management of absenteeism and overtime, (iii) the implementation of early retirement plans and workforce reduction programs (iv) increased productivity and efficiency due to the improved utilization of materials and inputs used in the processes of copper production and (v) an acceleration of the development of key projects, including Mina Ministro Alejandro Hales, Radomiro Tomic Sulfides and the Andina Expansion.

As a result of the abrupt decline in copper and molybdenum prices during the fourth quarter of 2008 and weakened global economic conditions in the second half of 2008, CODELCO is undergoing a complete reevaluation of investment, productivity, and operational targets and plans as part of an extensive contingency plan to reduce short and medium-term costs. CODELCO is implementing the following measures, among others, as part of the contingency plan: rescheduling maintenance, freezing contracting of laborers, revising third-party contracts and reducing administrative expenses. These measures are intended to allow the Company to generate income in spite of the fall in the prices of copper and molybdenum. CODELCO cannot provide any assurances that the contingency plan and other measures will reduce the Company's costs sufficiently to offset materially any decrease in revenues resulting from price declines and, therefore, sustain profitability. In addition, the contingency plan and other measures may have an adverse impact on the Company's medium-term growth prospects.

Resource Development

CODELCO holds an estimated 10% of the world's demonstrated copper reserves. CODELCO has a two-pronged exploration program that is focused on increasing new resources for its existing divisions and exploring for new deposits outside its current operations in Chile and abroad. Development and replacement of reserves is a major aspect of CODELCO's development strategy.

CODELCO's main exploration projects can be summarized, in order of economic importance, as follows:

- *Inca de Oro*: CODELCO plans to conduct an open bidding process to select a strategic third party in order to develop a medium-sized deposit located in Chile's Third Region. The deposit contains 345 million metric tons of total resources with an average copper grade of 0.47% (with a cut-off grade of 0.3%).

- *Toqui*: CODELCO estimates that this deposit discovered near Chuquicamata contains 2,600 million metric tons of resources with an average copper grade of 0.49% (with a cut-off grade of 0.3%). Exploration of this deposit is not yet included in development plans.

There are also a number of other locations within each division that are presently being studied and that will be reported when they reach more advanced stages of development. These locations provide CODELCO with exploration potential near deposits with which it is familiar.

Marketing

General

CODELCO has 17 sales representatives covering over 35 countries around the world. The following table shows the breakdown of CODELCO's sales by product type including third-party products for the five years ended December 31, 2007:

Sales by Product Type
(in thousands of metric tons)

	2003	2004	2005	2006	2007
Cathodes	1,381	1,651	1,457	1,398	1,371
Fired Refined	136	145	169	124	158
Blister	70	113	108	203	170
Concentrates	207	388	303	243	302
Total	1,794	2,297	2,036	1,968	2,001

CODELCO's marketing strategy is focused in four major areas:

- *Pricing.* CODELCO prices its products at prices competitive in the market.

- *Establishing long-term relationships.* CODELCO encourages sales through annual contracts and direct long-term relationships with copper consumers.

- *Quality and sales service.* CODELCO focuses on product quality and sales service based on timeliness, scheduling and conditions of product delivery.

- *Diversification.* CODELCO has a geographically diverse sales portfolio.

Pricing and Hedging

The substantial majority of copper produced by CODELCO is sold to customers with long-term relationships with CODELCO, generally under annual contracts. For such contracts, pricing is based on prevailing monthly average copper prices quoted on LME for a quotational period, generally the month following the scheduled month of shipment. To the extent not sold under annual contracts, copper is sold on commodity exchanges or on a spot sale basis to merchants and consumers.

CODELCO applies a premium policy in sales of its Grade A cathodes. Premium amounts for different markets are adjusted in accordance with prevailing ocean freight costs and keyed to the standard terms of payment in different markets, as well as to the individual characteristics and competitive conditions of those markets. For 2008, the base premium for CIF (shipments of copper including shipping and insurance costs) to Rotterdam was set at U.S.$110 per metric ton, as compared to the premium of U.S.$125 per metric ton established in 2007 and $105 in 2006. The estimated base premium for 2009 is U.S.$70 per metric ton.

CODELCO sells its copper concentrates under long-term contracts. These contracts generally have three-year terms with fixed volume. As a general rule, each year contracts covering one-third of the terms on one-third of the volume come up for negotiation. The selling price is based on world metal prices and is generally tied to the LME settlement prices for Grade A copper plus or minus certain premiums.

Molybdenum is sold in sulfide form to roasting plants and merchants and other refiners under annual contracts. Sales prices are based on prevailing monthly averages of molybdenum dealer oxide high/low prices as quoted in "Metals Week" for a quotational period, generally the month following the scheduled month of shipment.

In July 2005, the Board of Directors determined to hedge certain future copper commitments and production in order to manage the risk associated with copper price volatility. The arrangements approved by the Board generally relate to the protection of certain of CODELCO's deposits, and specifically to the production from the Gaby mineral deposit and the Company's supply commitment to the joint venture with Minmetals. As of September 30, 2008, these hedges had a range of maturities through March 2013, covered approximately 917,899 metric tons of copper (not exceeding 11% of anticipated annual production in any of the years covered) and had an outstanding negative exposure (mark-to-market less than their carrying values) of approximately U.S.$3.0 billion. In the first nine months of 2008, CODELCO's production hedging activities had a negative impact of approximately U.S.$643 million on pre-tax income, with the effect of the hedges being reflected in CODELCO's sales at the time they are settled.

CODELCO also periodically enters into futures contracts at the request of customers with respect to sales of its own copper in order to provide protection to its customers against fluctuation in the sale price paid by them in connection with such sales.

See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO" and Note 24 to the Consolidated Financial Statements for further details regarding CODELCO's hedging activity.

Major Export Customers

As discussed above, most of CODELCO's customers receive shipments on a monthly basis. Consequently, CODELCO's sales volume is relatively consistent throughout the year. CODELCO's sales of refined copper in 2007 were geographically diversified, with 48% of sales made to Asia, including 27% to China, 31% to Europe, 13%

to North America and 8% to South America. CODELCO's top ten customers purchased approximately 34.7% of its total copper sales volume in 2007.

The following table shows CODELCO's copper sales for the three years ended December 31, 2007 to CODELCO's top export markets and in Chile:

CODELCO's Copper Sales by Destination
(in thousands of metric tons)

	2005	2006	2007
China	411	256	518
United States	277	319	203
South Korea	235	232	211
France	197	210	173
Italy	169	175	164
Chile	125	291	102
Germany	112	142	107
Brazil	72	68	57
Taiwan	68	81	59
Mexico	60	45	56
Spain	34	37	32
Japan	28	39	39
Others	248	117	228
Total	2,036	2,012	1,949

The decrease in sales made to the United States during 2007 as compared to 2006 was primarily due to the slowdown of the United States economy.

Competition

CODELCO believes that competition in the copper market is based upon price, quality of product and timing of delivery. CODELCO's products compete with other materials, including aluminum and plastics. CODELCO competes with other mining companies and private individuals in connection with the acquisition of mining concessions and mineral leases and in connection with the recruitment and retention of qualified employees.

Employees

At December 31, 2007, CODELCO employed 18,211 persons, approximately 97.5% of whom were covered by collective bargaining agreements with labor unions. Most of CODELCO's collective bargaining agreements have terms of two to four years. CODELCO was involved in negotiating seven collective bargaining agreements in 2007; six of them were negotiated before the termination of the contracts. CODELCO also negotiated two collective bargaining agreements in 2008, which were both negotiated before termination. There are no collective bargaining agreements with near-term expirations. Although management believes its present labor relations are good, there can be no assurance that a work slowdown, a work stoppage or strike will not occur prior to or upon the expiration of the current collective bargaining agreements and management is unable to estimate the effect of any such work slowdown, stoppage or strike on CODELCO's production levels.

The El Teniente Division experienced a short strike by approximately 1,500 employees of independent contractors in 2003, the Andina Division experienced an eleven-day strike in 2003 and the Codelco Norte Division experienced a nine-day strike in October 2004. None of these events had a material effect on production in the divisions.

CODELCO employed an average work force of 18,349 persons during 2007, an increase of 1.8% as compared with 2006. CODELCO employed 19,052 persons as of September 30, 2008. CODELCO spent U.S.$12 million during 2007 on staff development and training. Some 6,508 training sessions were held, with many employees attending multiple courses, for a total of 47,841 participants and 596,498 man-hours of instruction.

In 2007, CODELCO and the copper workers unions executed an agreement continuing the Strategic Alliance through 2010, a cooperative arrangement first established during the period 2001 to 2006 to facilitate the implementation of the Company's goals during that period. This arrangement is designed to allow the Company to promote growth with competitiveness, while developing the capacity of workers and supervisors, enhancing participatory management and deepening the relationship between labor and management in order to benefit all parties to the agreement, without reducing the independence and roles of any party. The Strategic Alliance focuses on the future of copper and CODELCO's role; values that must govern actions of the Company and its employees; its mission; business areas in which it will concentrate its efforts; targets and commitments; and its management model and strategic focuses or priorities.

There are currently 26,210 employees of regular independent operating contractors and 17,079 employees of contractors involved in the development of CODELCO's investment projects. At the end of July 2007, a small portion of contract workers that provide services to CODELCO went on a strike in various divisions that lasted 37 days. Also in 2007, CODELCO and the contracting companies signed a framework agreement that established programs to improve the benefits for the workers. Nevertheless, CODELCO experienced another strike in April and May of 2008 by workers of CODELCO's contractors that lasted 12 days in El Teniente and 20 days in El Salvador, reducing production by 30,000 metric tons.

Pursuant to the Labor Code, CODELCO can be held liable for the payment of labor and social security obligations owed to the employees of the independent contractors if the independent contractors do not fulfill those payment obligations. CODELCO has agreed with a Chilean governmental agency to provide a framework to facilitate this agency's supervision of the labor and social security obligations owed by the independent contractors to their employees.

As part of its compensation plan, CODELCO offers each employee the opportunity to partially finance the purchase of a first home or to obtain other personal loans granted through each employee's severance plan. Such home loans have a term of up to 15 years, and such personal loans have a term of less than one year. Loans of both kinds provide for interest rates of actual inflation plus a margin of between 1% and 5%. As of September 30, 2008, an aggregate of U.S.$241.6 million in principal amount of these loans was outstanding.

Number of Employees by Division(1)

Division	January-December 2006	January-December 2007	Variation (%) 2006/2007
Codelco Norte	8,006	8,182	2.20%
Salvador	1,684	1,707	1.37%
Andina	1,226	1,248	1.79%
El Teniente	4,751	4,721	(0.63)%
Headquarters	578	695	20.24%
Ventanas	903	938	3.88%
Share services	867	858	(1.04)%
Total	18,015	18,349	1.85%

(1) Average for the period

A new law governing subcontractors was passed by Congress in October 2006 and became effective in January 2007. The new law provides for incentives for companies to ensure that contractors and subcontractors comply with labor, health and safety regulations and standards with respect to their own employees. It also regulates the provision of transitory services by contractors and subcontractors enabling the creation of companies for this specific purpose.

Legal Proceedings

CODELCO is involved in various pending legal actions initiated by or against the Company. These lawsuits are inherent to the nature of the environment in which CODELCO develops its mining, industrial and commercial activities.

In October 2003, 23 workers from CODELCO's Andina Division initiated a civil legal proceeding against CODELCO before the Ordinary Courts of Los Andes for approximately U.S.$24 million in damages arising from alleged silicosis provoked by working conditions in the mines. A second civil legal proceeding for approximately U.S.$23 million for alleged silicosis due to working conditions was initiated in April 2004 by 24 other workers from the Andina Division. In May 2006, an additional 174 former workers from the division initiated a third civil legal proceeding for approximately U.S.$140 million on the same grounds. All these proceedings are pending before the Ordinary Courts of Los Andes and as of the date of this prospectus, no final resolution has been adopted regarding them.

In December 2003, CODELCO initiated a legal proceeding against a tax resolution of the Chilean Internal Revenue Service seeking a rebate of U.S.$42 million in connection with the resolution of a tax claim in respect of fiscal 2003. A final decision regarding this matter is pending.

In August 2005, Sukni Sukni initiated a civil legal ordinary proceeding against CODELCO, El Teniente Division, before the Courts of Rancagua seeking the annulment of a contract and payment of approximately U.S.$20 million in damages for an alleged breach of contract. This proceeding is pending.

In October 2006, CODELCO initiated a legal proceeding against a tax resolution of the Chilean internal revenue service seeking a rebate of U.S.$31.2 million in connection with the resolution of a tax claim related to fiscal years 2003, 2004 and 2005. A final decision regarding this matter is pending.

In April 2007, CODELCO's subsidiary Instituto de Innovación en Minería y Metalurgia S.A. (IM2) became involved in an arbitration proceeding regarding its alleged non-compliance with certain confidentiality and industrial property agreements between IM2 and Ultratech II S.A. CODELCO believes that its maximum exposure as shareholder of IM2 is limited to U.S.$3.8 million, the total amount of paid in capital in IM2 held by CODELCO. This proceeding is pending. However, this contingency has been classified by CODELCO's legal advisors as remote.

In July 2008, Equipos Industriales e Ingeniería de Procesos Limitada initiated a legal proceeding against CODELCO for U.S.$32.3 million in damages, based upon an alleged violation of industrial (intellectual) property rights. The alleged breach originated from the utilization of certain equipment by the Andina Division during the molybdenum production process. The parties have signed an agreement to settle the proceeding pursuant to which CODELCO has agreed to pay U.S.$400,000.

CODELCO believes that it has meritorious defenses to the claims against it and, accordingly, is defending vigorously its rights and interests in these proceedings.

OVERVIEW OF THE COPPER MARKET

Copper is an internationally traded commodity, the price of which is effectively established on terminal markets including the LME and COMEX. The following table sets forth quarterly average prices for refined copper since 2003 on the LME:

Average Copper Price
(U.S.¢/Pound)

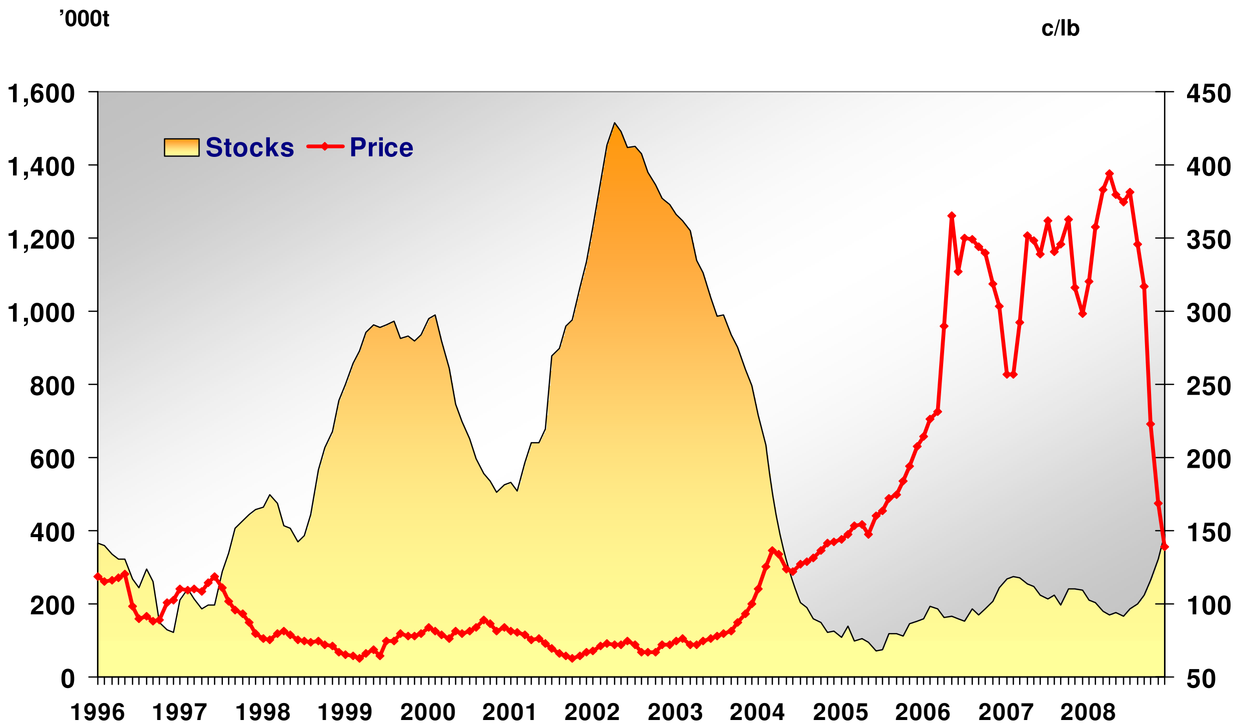
2003	
First Quarter	75.5
Second Quarter	74.4
Third Quarter	99.5
Fourth Quarter	93.4
2004	
First Quarter	123.9
Second Quarter	126.5
Third Quarter	129.3
Fourth Quarter	140.3
2005	
First Quarter	148.2
Second Quarter	153.7
Third Quarter	170.4
Fourth Quarter	195.1
2006	
First Quarter	224.1
Second Quarter	327.1
Third Quarter	347.9
Fourth Quarter	320.6
2007	
First Quarter	269.1
Second Quarter	346.6
Third Quarter	349.8
Fourth Quarter	326.0
2008	
First Quarter	353.6
Second Quarter	382.9
Third Quarter	348.4
Fourth Quarter	177.1

Source: London Metal Exchange, Monthly Average Settlement.

On January 16, 2009, the closing price for refined copper on the LME was 151.6 cents per pound.

The following graph compares average market prices for copper and the level of LME, Shanghai Metal Exchange and COMEX inventories The following graph compares average market prices for copper and the level of LME, Shanghai Metal Exchange and COMEX inventories from 1996 through 2008:

Current Prices and Stocks in Metal Exchanges



Source: Chilean Copper Commission.

Historically, copper prices have been subject to wide fluctuations and are affected by numerous factors, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers and others and actions of participants in the commodities markets. To a lesser extent, copper prices are also subject to the effects of inventory carrying costs and currency exchange rates. In addition, the market prices of copper have occasionally been subject to rapid short-term changes. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO's business is highly dependent upon the price of copper"**.**

Opportunities for Copper

Since 2002 to the end of the first half of 2008, copper prices have experienced some significant increases. LME copper prices averaged 323.2 cents per pound in 2007, as compared to 305.2 cents per pound in 2006 and 167.1 cents per pound in 2005. In the first nine months of 2008, copper prices averaged 361.3 cents per pound. The increase in prices reflects increased consumption rates combined with flat production growth due to continued high demand from China and other Asian economies such as Japan and India. Global demand for copper in 2007 grew by 3.8%, led by rapidly industrializing countries in Asia and Latin America, and specifically by China, where demand grew at 17.5%. China's consumption rate is based on domestic growth and the country's burgeoning export market.

Economic conditions weakened significantly in the second half of 2008 and there is uncertainty about the price outlook for copper. LME copper prices declined from 398.1 cents per pound at June 30, 2008, to 291.2 cents per pound at September 30, 2008, and 131.6 cents per pound at December 31, 2008. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO's business is highly dependent upon the price of copper".

Copper prices may remain volatile in the medium term, dependant on demand from China, economic activity in the U.S. and other industrialized countries, the timing of the development of new supplies of copper, and the production levels of mines and copper smelters. Nevertheless, CODELCO maintains a positive long-term outlook for copper prices, believing that limited copper supply, the absence of significant new development projects and continued copper requirements worldwide, especially from China, will benefit participants in the copper industry.

Demand for copper in recent years has risen due to the increased general use of copper tubing, particularly in air conditioning systems. The quantity of copper consumed in electrical applications in cars, trains and other vehicles has also increased. In the electricity generation and transmission area, the control of energy losses and a growing concern for higher energy efficiency are factors that have tended to increase demand for copper. The end of widespread substitution of aluminum for copper in overhead high-voltage transmission lines also bodes well for the metal's future. Reinforcing this development is a trend in the power transmission markets of the United States, Europe, Japan and other countries toward installation of underground cables, where copper has clear advantages. New technologies also hold promise for copper. These include: the electric car, a potentially large copper consumer; the copper rotor for electric motors; the copper radiator; and signal compression systems that use paired copper wiring.

Historically, demand and supply of copper have demonstrated continued growth during periods of oversupply as well as periods of overconsumption. The following graph shows the historical development of copper supply, demand and stocks in the world from 2007 through 2010 (estimated) (in thousands of metric tons):

World Balance of Production and Consumption Thousands tons

	2007	2008	2009e	2010e
Refined Copper Production	18,004	18,392	18,915	19,662
% Change	4.3%	1.9%	2.8%	3.9%
Refined Copper Consumption	18,064	18,353	18,365	19,097
% Change	4.1%	1.6%	0.1%	4.0%
Balance	-20	39	550	565

REGULATORY FRAMEWORK

Overview of the Regulatory Regime

CODELCO is a mining, industrial and commercial state-owned enterprise with its own capital. CODELCO was created pursuant to Decree Law 1.350 of Chile, which provides that CODELCO is governed by such Decree Law, CODELCO's bylaws and the general legal framework applicable to private companies (provided that they do not contravene Decree Law 1.350 and applicable regulations). Decree Law 1.350 also establishes CODELCO's principal corporate purpose as the exercise of the mining, exploration and other rights belonging to the Chilean Republic at the time of CODELCO's creation in 1976. Decree 146 of August 12, 1991 sets forth CODELCO's current bylaws and specifies that CODELCO's corporate existence is of indefinite duration.

The Chilean government and its agencies closely supervise CODELCO's operations. CODELCO is connected to the Government of Chile through the Ministry of Mining. The President of the Republic appoints CODELCO's seven directors and must approve any amendments to CODELCO's bylaws. A bill was recently sent by the President to the Chilean Congress that would amend CODELCO's bylaws. The final provisions of the proposed bylaws are subject to change by Congress, but in their current state, they mainly provide that Codelco's Board of Directors shall have the same powers and be subject to the same obligations as those of any open corporation governed by the Chilean Law on Corporations (Law 18.046) as well as modify the composition of the board. It is uncertain whether this bill will be passed.

Pursuant to Decree Law 1.350, CODELCO's Board of Directors must also submit its proposed annual budget to the Ministries of Mining and Finance for approval. In addition, Decree Law 1.350 directs CODELCO to include as part of its proposed annual budget a debt amortization budget that includes interest and principal payments on CODELCO's debts, including the notes. CODELCO's budget and financial statements are subject to both internal and external controls. CODELCO's Board of Directors is responsible for monitoring its operations, and CODELCO retains independent auditors to audit its consolidated financial statements and an internal comptroller to review its finances, accounting and administration. Chilean law requires CODELCO to obtain the approval of the Ministry of Finance before it can assume any financial indebtedness and before it can acquire assets outside of Chile with financial or payment terms exceeding one year. Although CODELCO is 100% owned by the Republic of Chile, Chile is not legally liable for CODELCO's obligations unless expressly guaranteed by Chile, nor do such obligations form any part of the direct public debt of the Republic of Chile. A constitutional amendment would be required to allow private participation in CODELCO's ownership.

CODELCO is subject to the supervision of (i) the *Contraloría General de la República*, or the General Comptroller of the Republic, and (ii) the *Comisión Chilena del Cobre*, or the Chilean Commission of Copper, governmental agencies that, among other authorities, are responsible for examining the compliance with certain regulations applicable to CODELCO's activities and report the relevant findings to its Chief Executive Officer. Furthermore, other government agencies in charge of specific areas, such as taxes and customs, exercise their legal authorities with respect to CODELCO as they do in regard to any other company of the Chilean private sector.

Finally, CODELCO is registered under the Securities Registry No. 785 of the *Superintendencia de Valores y Seguros*, or Chilean Superintendency of Securities and Insurance, and, as a result, it is subject to its regulations and supervision.

Mining Regulations

Legal framework. CODELCO's exploration, mining, milling, smelting and refining activities are subject to those Chilean laws and regulations which are generally applicable to Chilean companies in the mining sector. The legal framework which regulates CODELCO as a mining company is contained in the Constitutional Law Governing Mining Concessions (Law 18.097 of January 21, 1982) and the Mining Code (Law 18.248 of October 14, 1983). Under Chilean mining law, the Republic of Chile is the owner of all mineral and fossil substances, regardless of who owns the land in which such substances are located. Private persons and companies may obtain mining concessions for exploration and exploitation. These concessions are granted by judicial resolutions in accordance with the Mining Code.

Exploitation concessions are transferable, mortgageable and irrevocable and regulated by the same civil law that regulates real estate rights generally. The owner of an exploitation concession may occupy as much of the surface as is necessary for mining activities upon the creation of a mining easement and proper payment of a fee or upon other authorization given by the land owner, such as a lease agreement or a license. Exploitation concessions do not have a fixed duration. Exploration concessions are granted for two years, upon proper payment of a fee, and may be extended for two additional years. After the expiration of this second two-year period, exploration concessions must be converted to exploitation concessions or lost.

CODELCO owns mining concessions granted by the Chilean Ordinary Courts for its exploration and exploitation operations. Some of these concessions were previously held by foreign private mining companies before such being transferred to the Republic of Chile in 1971 and then to CODELCO upon its creation in 1976. CODELCO's principal concessions are those which give rights to the mineral deposits of the Chuquicamata, El Teniente, Andina, Salvador and Radomiro Tomic mines. CODELCO's concessions relating to land that is currently being mined essentially grant a perpetual right to conduct mining operations in that land, provided that annual concession fees are paid. In 2007, CODELCO paid total concession fees of U.S.$6.4 million.

Pursuant to the Mining Code, all mining concessions, as well as certain raw materials and property related to the extraction of minerals, cannot be subject, except in extremely limited circumstances, to an order of attachment. In addition, pursuant to the Chilean Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by CODELCO. As a result, the rights of holders to attach property of CODELCO in the event of a default under the notes would be limited by such provisions. See "Risk Factors—Risks Relating to the Offering—In case of a default under the notes, the ability of holders to attach property of CODELCO may be limited by law".

Environmental Regulations

CODELCO's operations are subject to national, regional and local regulations and foreign laws and regulations regarding the protection of the environment and natural resources and the effect of the environment on human health and safety, including laws and regulations concerning water, air and noise pollution, the handling, disposal and transportation of hazardous waste and occupational safety and health. The General Environmental Law (Law 19.300) enacted in March 1994 created the National Environmental Commission (CONAMA) and established a framework for environmental regulation in Chile. Chilean environmental laws and regulations, and the enforcement thereof, have become increasingly stringent in recent years, and it is likely that additional laws and regulations will be enacted in the future that may impose additional restrictions or costs on CODELCO, such as laws and regulations relating to environmental litigation and protection of the environment, particularly those relating to water quality standards and mine closures. As described in more detail below, CODELCO incurs, and may be required in the future to incur, substantial capital and operating costs relating to environmental compliance. Many of these costs are inextricably intertwined, however, with the operation of CODELCO's business as a whole.

The General Environmental Law, as supplemented by additional regulations, permits the government to (i) bring administrative and judicial proceedings against companies that violate environmental laws, (ii) close non-complying facilities, (iii) revoke required operating licenses and (iv) impose sanctions and fines when companies act negligently, recklessly or deliberately in connection with environmental matters. The General Environmental Law also grants any person the right to bring civil actions against companies that are not in compliance with environmental laws and regulations, after such non-compliance has been established by a judicial proceeding. CODELCO is currently not aware of any such lawsuits pending against it. Additionally, private citizens who are affected by environmental pollution may petition for relief to a Chilean Court of Appeals, which has the power to require the suspension of the offending activity and to adopt protective measures through a process called *recurso de protección* (protective action).

A new bill establishing a Ministry of the Environment was recently sent by the President to the Chilean Congress. Although the bill is expected to undergo significant modifications during the lengthy legislative process, the proposed Ministry is expected to have stronger enforcement powers than the current environmental authorities. A special Superintendency within this new Ministry would be charged with creating an integrated system for the enforcement of environmental regulations and obligations assumed by companies under the applicable environmental impact statutes.

The General Environmental Law contains certain rules on Evaluation of Environmental Impact which have been in effect since April 3, 1997 and which provide that CODELCO must conduct environmental impact studies of any future projects or activities that may significantly affect the environment. CODELCO has conducted these environmental impact studies pursuant to the General Environmental Law.

Chile has adopted environmental regulations requiring various industrial companies operating in Chile, including CODELCO, to undertake programs to reduce, control or eliminate various types of pollution. CODELCO has undertaken certain environmental projects to comply with such regulations. CODELCO invested approximately U.S.$213.8 million in these projects from 2003 to 2007, and plans to continue implementing its pollution abatement plan through additional capital investments of approximately U.S.$497 million from 2008 to 2010. Of the total expected investment, in 2008, CODELCO invested approximately U.S.$98 million in environmental projects, including the enlargement of the molybdenum abatement plant at the Carén tailings dam in El Teniente and the enlargement of the Ovejeria tailing dam drainage system and various projects related to liquid wastes in the Andina Division. Further, as part of its pollution abatement efforts, CODELCO continues to implement water recovery systems, the costs of which are also budgeted for in CODELCO's pollution abatement plan, to conserve resources and minimize contamination of natural bodies of water.

Under the General Environmental Law, Chile's environmental commission, CONAMA, is charged with national oversight of the process carried out at various governmental levels that may lead to the declaration of "latent zones" (*zonas latentes*) and "saturated zones" (*zonas saturadas*). Latent zones are areas in which there exists a high risk of excessive pollution (more than 80% of the corresponding quality standard for a pollutant in a certain area has been reached) and in which emissions are not permitted to increase. Saturated zones are areas in which an excessive level of pollution already has been reached (100% of the corresponding quality standard for a pollutant in a certain area has been reached) and in which emissions are required to be reduced. In connection with the declaration of a latent zone or a saturated zone, the relevant regional environmental commission, or COREMA, begins an investigation and public-consultation process to develop a pollution prevention or pollution reduction plan, as the case may be. This process may take more than a year. Upon publication of either type of plan, emission reductions and other environmental remediation actions may be required of industries inside the latent or saturated zone. The measures included in the prevention or reduction plans that govern our operations are subject to change and may become more stringent if compliance with the quality standards is not achieved.

The area covering the Potrerillos, Caletones and Ventanas smelting plants have been declared saturated zones for particulate matter (PM10) and sulfur dioxide (SO2). The areas have the corresponding pollution reduction plans in effect. There are also pollution reduction plans for PM10 and SO2 for the area where the Chuquicamata smelting plant is located. Because the pollution reduction plan for PM10 has not been successful in the area surrounding the Chuquicamata smelting plant, it is currently undergoing a review process. In addition, due to a reduction in the amount of SO2 emissions, the status of the area around the Chuquicamata smelting plant has been changed from a saturated zone to a latent zone for SO2 and a new pollution prevention plan is under development. Under the various plans covering the areas where CODELCO operates, net increases in emissions by industrial facilities in these zones, including any increased emissions from the Potrerillos, Caletones, Ventanas and Chuquicamata smelting plants, have been banned. Thus far, the impact of operating in latent and saturated zones has not been material; however, it could have a material effect in the future, particularly in the event of future expansions by CODELCO in these areas. In addition, further requirements may be imposed on CODELCO.

Supreme Decree 90, which sets standards for the discharge of liquid waste into surface water bodies, went into force in September 2006. CODELCO has invested significant amounts to reduce liquid waste emissions to date and anticipates that it will continue to incur costs related to compliance with Supreme Decree 90. In addition, the authorities are developing water quality standards for water bodies that the Company currently or may in the future discharge into, including the Loa, Aconcagua and Cachapoal rivers. Such standards could require CODELCO to incur additional costs to manage liquid waste discharges.

Regulations were enacted in February 2004 governing safety standards for mining operations. Pursuant to these regulations, all mining companies, including CODELCO, are required to provide closure plans for their mining facilities demonstrating compliance with safety standards. These plans must be updated every five years and must consider the requirements set forth in the environmental authorization issued for the respective facility, if any.

CODELCO is in the final stage of the process of preparing closure plans for its facilities, which are required by February 2009. In connection with these plans, CODELCO may accrue a material provision.

New regulations concerning mine closure, which may include health, safety and environmental requirements along with mandatory provisions that would require financial guarantees, are currently being reviewed by the governmental authorities and may be sent to Congress, for approval, in the future. For mine closure purposes, CODELCO currently provides for the costs of disposing of tailings, which are part of the total costs associated with closing its mines. At September 30, 2008, CODELCO had total provisions amounting to U.S.$435 million for closure expenses, including those associated with Salvador's future closure and applicable governmental regulations pertaining to mine closure. CODELCO is currently unable to estimate the costs of complying with any new regulations regarding mine closures should they become effective, but such costs could be material.

CODELCO first complied in 2003 with its commitment to certify under international standard ISO-14001 2004 Environmental Management Systems (EMSs) of all its divisions, operations and corporate head office, and had annual reviews and renewals issued in 2008. The certification accredits that CODELCO has a structure to control the environmental impact of its activities, products and services. The EMSs provide a structure for the Company's efforts to reduce the atmospheric emissions, handle adequately its solid and liquid waste products, evaluate the environmental impact of its projects and efficiently use resources.

CODELCO also obtained third-party certification under OHSAS-18001. OHSAS-18001 is an international occupational health and safety management assessment specification designed to assist management in eliminating or reducing occupational health and safety risks through the development of policies and procedures. The only exception is the Ventanas Division, which underwent an external pre-certification audit for OHSAS-18001 at the end of 2008 and has the second phase certification audit scheduled for June 2009. ISO and OHSAS certifications have been maintained in all of CODELCO's divisions following approval obtained in both the external ISO and OHSAS audits.

Future legislative or regulatory developments, private causes of action or the discovery of new facts relating to environmental matters could impose new restrictions or result in additional costs that could have a material adverse effect on CODELCO's business, financial condition, results of operations or prospects. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO's compliance with environmental, health and safety laws may require increased capital commitments, and non-compliance may subject it to significant penalties".

Enforceability of Obligations

CODELCO's commercial obligations are enforceable in the same manner as those of any privately owned company in Chile. Even though CODELCO is a state-owned enterprise, it is subject to the same laws and regulations applicable to all private Chilean corporations. This principle is consistent with the Constitution of 1980, which, in Article 19, No. 21 states that if the Republic of Chile and its bodies carry out commercial activities, they will be governed by common legislation applicable to private persons, unless a specific law approved by an absolute majority of representatives of Congress and senators dictates otherwise. No such law has been passed with respect to CODELCO.

Payment of Obligations

Article 23 of Decree Law 1.350 provides that CODELCO has the obligation to return the total proceeds of its exports to Chile, but has no obligation to convert the proceeds to Chilean pesos in excess of its peso requirements. The proceeds from its exports are deposited at the Central Bank of Chile, and withdrawals against such foreign exchange deposits are made to cover CODELCO's expenses. In addition, Article 13 of Decree Law 1.350 directs CODELCO to prepare a debt amortization budget which must include the payment of principal of CODELCO's debts and related interest payments, including the notes. This budget, as part of the general budget of CODELCO, is approved annually by joint decree of the Ministry of Mining and the Ministry of Finance and may be amended to meet non-budgeted expenses. The incurrence of any indebtedness by CODELCO must be authorized by an official letter from the Ministry of Finance. Authorization for the notes issued in connection with this document was received by CODELCO on July 30, 2008.

Statutory Documents

The statutory documents of CODELCO are contained in Decree Law 1.350 published in the Official Gazette of February 28, 1976 and Decree 146 published in the Official Gazette of October 25, 1991. These gazettes may be seen on-line on the Library of the Chilean Congress website (http://www.bcn.cl/portada.html) or in a booklet that CODELCO will issue upon request, which contains free translations of the regulations into English.

MANAGEMENT

The Board of Directors and the Chief Executive Officer have primary responsibility for the management and administration of CODELCO. The President of the Republic of Chile appoints, directly or indirectly, the seven members of CODELCO's Board of Directors which include: (i) the Minister of Mining; (ii) the Minister of Finance; (iii) three other directors, one of whom must be a senior officer of the Armed Forces or the Police of Chile, and one of whom must be a civil engineer; (iv) a representative of CODELCO's Confederation of Copper Workers; and (v) a representative of CODELCO's National Association of Copper Supervisors with at least five years tenure with CODELCO. The Minister of Mining and the Minister of Finance act as directors during their term of office. The other directors of CODELCO are named to four-year terms.

The Chief Executive Officer is named by the Board of Directors and remains in office so long as he/she maintains the confidence of the Board. The Chief Executive Officer is responsible for implementing the resolutions of the Board of Directors and supervising the activities of CODELCO.

José Pablo Arellano Marín was named Chief Executive Officer of CODELCO in March 2006. Five of the seven directors named below were each appointed in March 2006. Santiago González was appointed in January 2008, and Gustavo González was appointed in July 2008.

Directors and Executive Officers

The following table sets forth the current directors and executive officers of CODELCO and their positions:

Name	Position
Directors	
Santiago González Larraín	Chairman, Minister of Mining
Andrés Velasco Brañes	Director, Minister of Finance
Jorge Bande Bruck	Director(1)
Nicolás Majluf Sapag	Director(2)
Gustavo González Jure	Director(3)
Jorge Candia Díaz	Director(4)
Raimundo Espinoza Concha	Director(5)
Executive Officers	
José Pablo Arellano Marín	Chief Executive Officer and President
Luis Ivan Farias Lasante	Senior Vice President Planning and Control and Chief Strategy Officer
Francisco Tomic Errázuriz	Senior Vice President Human Development and Investment
Juan Enrique Morales Jaramillo	Senior Vice President Mine Development and Sustainability
Roberto Souper Rodríguez	Senior Vice President Sales
Juan Medel Fernández	Senior Vice President of Shared Services
Fernando Vivanco Giesen	Senior Vice President of Projects
Mario Espinoza Durán	Senior Vice President of Finance and Risk Management
José Antonio Alvarez López	Executive Vice President of Finance
Waldo Fortin Cabezas	General Counsel
Ignacio Muñoz Reyes	General Auditor
Sergio Jarpa Gibert	Senior Vice President - Codelco Norte Division
Alex Acosta Maluenda	General Manager - Ventanas Division
Ricardo Alvarez Fuentes	General Manager - El Teniente Division
Armando Olavarría Couchot	General Manager - Andina Division(6)
Julio Cifuentes Vargas	General Manager - Salvador Division

(1) Representative of the President of the Republic.
(2) Professor at the Engineering School of the Pontificia Universidad Católica de Chile, Representative of the President of the Republic.
(3) Inspector General of the Carabineros (Police of Chile), Representative of the President of the Republic
(4) Employee of CODELCO, Representative of the National Association of Copper Supervisors.
(5) Employee of CODELCO, Representative of the Federation of Copper Workers.
(6) Effective January 10, 2009.

There is no family relationship between any director or executive officer and any other director or executive officer. The mailing address for the executives and directors previously listed is Huérfanos 1270, 6th floor, Santiago, Chile. No executive holds a function outside of CODELCO. As listed in the previous table, several of the directors hold other positions outside of the Company. Please see the above table and its footnotes for further information.

Audit Committee

CODELCO's audit committee is comprised of three members of the Board of Directors (currently, Nicolás Majluf, Jorge Candia, and Gustavo González) and may invite others to assist in its work. The audit committee's primary responsibility is to support the Board of Directors by providing and improving internal controls, for which purposes it reviews transactions with related parties and also reviews the work of CODELCO's internal audit department. The committee analyzes and reviews the work and reports of the external auditors. The committee is also responsible for analyzing observations made by Chilean regulatory entities and for recommending measures to be taken by the management in response. CODELCO's audit committee is not subject to the independence and other requirements to which U.S. public companies are subject.

RELATED PARTY TRANSACTIONS

In the ordinary course of its business, CODELCO engages in a variety of transactions on arm's-length terms with certain related parties. For information concerning these transactions, see Note 5 to the Year-end Consolidated Financial Statements and to the unaudited interim consolidated financial statements for the nine months ended September 30, 2008.

In its dealings with El Abra, CODELCO acts through a subsidiary, as agent. CODELCO does not sell copper to Nordeutsche Affinerie Group.

Article 89 of the Chilean Corporations Act requires that transactions with related parties be on terms similar to those of an arm's length transaction. Directors and executive officers of companies that violate Article 89 are liable for losses resulting from such violations. In addition, Article 44 of the Chilean Corporations Act provides that any transaction in which a director has a personal interest or is acting on behalf of a third party must be approved by the Board of Directors, that the Board of Directors must have been informed of such director's interest, and that the terms of such transaction must be similar to those prevailing in the market. When it is not possible to determine comparable market terms, the Board of Directors (with the abstention of the interested director) may appoint two independent advisors to help the board determine whether to approve or reject the transaction. The resolution of the Board of Directors approving any such transaction must be disclosed at the next shareholders meeting following such resolution. However, pursuant to Decree Law 1.350, CODELCO does not hold shareholders meetings, therefore the requirement regarding the shareholders meeting disclosure is not applicable.

Any violation of Article 44 of the Chilean Corporations Act does not affect the validity of the related transaction. However, directors and executive officers of companies that violate Article 44 may face administrative sanctions and criminal prosecution, and may be liable for losses resulting from such violation.

In addition, CODELCO's policy for transactions with related parties is defined and governed by a specific internal regulation created pursuant to general policies established by the Board of Directors and in connection with the guidance provided by Decree Law 1.350 and the Chilean Corporations Act. CODELCO's internal regulation prescribes the manner in which transactions between CODELCO and related entities must be carried out and provides for sanctions if the requirements of the regulation are not met.

FOREIGN INVESTMENT AND EXCHANGE CONTROLS IN CHILE

As a general matter, the Central Bank is, among other things, responsible for monetary policies and for exchange controls in Chile. Most Chilean companies must inform the Central Bank of any international issue of bonds and if the proceeds of the issuance are not left abroad, should be brought into Chile through a bank or other participant in the Formal Exchange Market. Article 23 of Decree Law 1.350 provides that CODELCO has an obligation to return the total proceeds of its exports to Chile, but has no obligation to convert such proceeds to Chilean pesos beyond its peso requirements. These proceeds from its exports are deposited at the Central Bank of Chile, and withdrawals against such foreign exchange deposits are made to cover CODELCO's expenses. As a result, CODELCO does not require foreign exchange approval in connection with the issuance or placement of, or payments upon the notes. See "Regulatory Framework—Payment of Obligations".

DESCRIPTION OF NOTES

The notes will be issued pursuant to a Fiscal and Paying Agency Agreement (the "Fiscal and Paying Agency Agreement") dated as of January 27, 2009 between CODELCO and HSBC Bank USA, National Association, as fiscal and paying agent (the "Fiscal Agent"). The following description of certain provisions of the notes and of the Fiscal and Paying Agency Agreement is subject to and is qualified in its entirety by reference to the provisions of the notes and the Fiscal and Paying Agency Agreement, copies of which will be available for inspection at the office of the Fiscal Agent in The City of New York, currently located at 452 Fifth Avenue, New York, New York 10018 and at the office of the Luxembourg paying agent.

General

The notes will be issued by CODELCO and CODELCO will be liable therefor and obligated to perform all covenants and agreements to be performed by CODELCO pursuant to the notes and the Fiscal and Paying Agency Agreement, including the obligations to pay principal, interest and Additional Amounts (as defined below under "Payment of Additional Amounts"), if any. The fiscal agent under the Fiscal and Paying Agency Agreement is HSBC Bank USA, National Association (the "Fiscal Agent", which term shall include any successor fiscal agent under the Fiscal and Paying Agency Agreement).

Notes having the same date of maturity and Interest Payment Dates (as defined below), payable in the same currency, bearing interest at the same rate and the terms of which are otherwise identical, are referred to as a "Series". The Fiscal and Paying Agency Agreement provides for the issuance by CODELCO from time to time of notes in one or more Series up to an aggregate principal amount of notes as from time to time may be authorized by CODELCO, subject to all required government authorizations.

The notes will bear interest at the rate per annum set forth on the cover page of this prospectus from the date of issuance or from the most recent interest payment date to which interest has been paid or provided for. Interest on the notes will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2009, or, if any such date is not a Business Day (as defined below), on the next succeeding Business Day (each an "Interest Payment Date") to the person or persons (each a "Holder") in whose name such notes are registered in the Security Register (as defined below) at the close of business on January 1 and July 1, respectively, preceding such Interest Payment Dates (each a "Record Date"). Interest on the notes will be calculated on the basis of a 360-day year of twelve 30-day months. For the purposes hereof, the term "Business Day" means a day on which banks in The City of New York are not authorized or required by law or executive order to be closed.

Moneys paid by CODELCO to the fiscal agent for the payment of principal of or interest on any of the notes and remaining unclaimed at the end of two years after the date on which such principal or interest shall have become due and payable (whether at maturity, upon call for redemption or otherwise) shall, together with interest made available for payment thereof, be repaid to CODELCO, whereupon all liability of the fiscal agent with respect to such moneys shall cease.

Payments of interest and principal with respect to interests in the Global Notes (as defined below) will be credited by DTC, Euroclear or Clearstream, as the case may be, to the account of the holders of such interests with DTC, Euroclear or Clearstream, as the case may be.

The notes will mature on January 15, 2019. The notes will not be redeemable prior to maturity except in the event of certain developments affecting taxation at the price equal to the outstanding principal amount thereof, together with any Additional Amounts and accrued interest to the redemption date. On the maturity date of the notes, CODELCO will be required to pay 100% of the then outstanding principal amount of the notes plus accrued and unpaid interest thereon and Additional Amounts, if any. The notes will be direct, unsecured and unsubordinated obligations of CODELCO ranking *pari passu* among themselves and with all other unsecured and unsubordinated obligations of CODELCO, other than certain obligations granted preferential treatment pursuant to Chilean law. The notes contain no restrictions on the amount of additional indebtedness which may be incurred by CODELCO or its subsidiaries, however, as set forth under "—Limitation on Liens" below, the notes contain certain restrictions on the ability of CODELCO and its subsidiaries to incur secured indebtedness.

Registration, Form and Delivery

The notes will be issued upon the closing of this offering in definitive, fully registered form, without coupons, in denominations of U.S.$100,000 principal amount at maturity and multiples of U.S.$1,000 in excess thereof. The notes will be exchangeable and transfers thereof will be registrable, at the office of the Fiscal Agent (including the office of the Luxembourg transfer and paying agent). No charge will be made to holders of the notes in connection with any exchange or registration of transfer, except for the expenses of delivery by other than regular mail (if any) and except for the payment of a sum sufficient to cover any tax or other governmental charges or insurance charges that may be imposed in relation thereto.

The Fiscal Agent will maintain at its operations department in The City of New York, currently located at 452 Fifth Avenue, New York, New York, 10018, a security register (the "Security Register") with respect to the notes. The name and address of the registered Holder of each Note and the amount of each Note will be recorded in the applicable Security Register, and the Fiscal Agent and CODELCO may treat the person in whose name the Note is registered as the owner of such Note for all purposes. For so long as the notes are represented by one or more Global Notes, the registered owner of a Global Note, in accordance with the terms of the Global Notes, may be treated at all times and for all purposes by CODELCO and the Fiscal Agent as the sole owner with respect to such notes with respect to all payments on the notes and for all other purposes under the terms of the notes and the Fiscal and Paying Agency Agreement.

Global Notes; Book-Entry Form

The notes initially sold to qualified institutional buyers (or "QIBs"), as defined in Rule 144A under the Securities Act, will be evidenced by one or more permanent Rule 144A Global Notes (each a "144A Global Note"), which will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as DTC's nominee.

The notes initially sold to persons who acquire such notes in compliance with Regulation S under the Securities Act will be evidenced by one or more permanent Regulation S Global Notes (each a "Regulation S Global Note" and, together with the 144A Global Notes, the "Global Notes"), which will be deposited with, or on behalf of, DTC and registered in the name of Cede, as DTC's nominee.

Any resale or transfer of such interests to U.S. persons (as that term is defined in Regulation S) during the restricted period (as defined below) shall only be permitted as described in this prospectus. The 144A Global Notes and the Regulation S Global Notes are hereinafter sometimes referred to individually as a "Global Note" and collectively as the "Global Notes". Except as set forth below, the record ownership of the Global Note may be transferred, in whole or in part, only to DTC, another nominee of DTC or to a successor of DTC or its nominee.

Prior to the 40th day after the later of the commencement of the offering of the notes and the date of the closing of the sale of the notes (through and including the 40th day, the "restricted period"), transfers by an owner of a beneficial interest in the Regulation S Global Notes to a transferee who takes delivery of this interest through the 144A Global Notes will be made only in accordance with applicable procedures and upon receipt by the Fiscal Agent of a written certification from the transferor of the beneficial interest to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A. Such written certification will no longer be required after the expiration of the restricted period.

Transfers by an owner of a beneficial interest in the 144A Global Notes to a transferee who takes delivery of such interest through the Regulation S Global Notes will be made only upon receipt by the Fiscal Agent of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

QIBs may hold their interests in any of the 144A Global Notes directly through DTC, if they are participants in DTC ("Participants"), or indirectly through organizations that are Participants. Transfers between Participants will be effected in the ordinary way in accordance with DTC rules. Non-U.S. Persons may hold their interests in any of the Regulation S Global Notes through DTC as described, directly through Euroclear or

Clearstream, or indirectly through organizations that are participants in Euroclear or Clearstream ("Euroclear Participants" and "Clearstream Participants", respectively). Euroclear and Clearstream will hold interests in the relevant Regulation S Global Notes on behalf of their participants through DTC. Transfers between Euroclear Participants and between Clearstream Participants will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Any beneficial interest in a Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a 144A Global Note will, upon transfer, cease to be represented by a Regulation S Global Note and will become represented by a 144A Global Note and, accordingly, will be subject to the procedures applicable to beneficial interests in a 144A Global Note for as long as it remains such an interest. Any beneficial interest in a 144A Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Note will, upon transfer, cease to be represented by a 144A Global Note and will become represented by a Regulation S Global Note and, accordingly, will be subject to the procedures applicable to beneficial interests in a Regulation S Global Note for as long as it remains such an interest.

Cross-market transfers between Participants, on the one hand, and Euroclear or Clearstream Participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary, however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving beneficial interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to the depositories for Clearstream or Euroclear.

Because of time zone differences, the securities account of a Euroclear or Clearstream Participant purchasing a beneficial interest in a Global Note from a DTC Participant will be credited during the securities settlement processing day immediately following the DTC settlement date and such credit of any transactions in beneficial interests in such Global Note settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such business day. Cash received in Euroclear or Clearstream as a result of sales of beneficial interests in a Global Note by or through a Euroclear or Clearstream Participant to a Participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

Upon the issuance of the Global Notes, DTC will credit, on its book-entry registration and transfer system, the respective principal amounts of the notes represented by the Global Notes to the accounts of Participants. Each Global Note will be deposited on the date of the closing and sale of the notes with, or on behalf of, DTC and registered in the name of Cede, as nominee of DTC. The accounts to be credited will be designated by the initial purchasers. Ownership of beneficial interests in a Global Note will be limited to Participants or persons that may hold interests through Participants. Ownership of interests in such Global Notes will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC (with respect to Participants' interests) and such Participants (with respect to the owners of beneficial interests in such Global Notes). The laws of some jurisdictions require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited.

Persons who are not Participants may beneficially own interests in Global Notes held by DTC only through Participants, including Euroclear and Clearstream, or certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a Participant, either directly or indirectly, and have indirect access to the DTC System ("Indirect Participants"). So long as Cede, as the nominee of DTC, is the registered owner of the Global Notes, Cede for all purposes will be considered the sole Holder of the notes. Except as provided below, owners of beneficial interests in the Global Notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the holders thereof.

Each person owning a beneficial interest in the Global Notes must rely on the procedures of DTC and, if such person is not a Participant, on the procedures of the Participant through which such person owns its interest, to exercise any rights of a Holder of notes under the Global Notes and the Fiscal and Paying Agency Agreement. DTC may grant proxies and otherwise authorize Participants to take any action that DTC, as the holder of a Global Note, is entitled to take under such Global Note and the Fiscal and Paying Agency Agreement. CODELCO understands that under existing industry practice, in the event CODELCO requests any action of holders of notes or an owner of a beneficial interest in a Global Note desires to take any action that DTC, as the holder of such Global Note, is entitled to take, DTC would authorize the Participants to take such action, and the Participants would authorize beneficial owners owning through such Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Payment of principal of, and interest and any Additional Amounts on, the notes will be made by CODELCO in immediately available funds to Cede, the nominee for DTC, as the registered owner of the Global Notes. Neither CODELCO nor the Fiscal Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or the maintaining, supervising or reviewing of any records relating to such beneficial ownership interest.

Upon receipt of any payment on the Global Notes, DTC, under its current practice, will credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amounts of the Global Notes as shown on the records of DTC. Payments by Participants to owners of beneficial interests in the Global Notes held through such Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name", and will be the responsibility of such Participants.

Because DTC can act only on behalf of Participants, who in turn act on behalf of Indirect Participants and certain banks, the ability of a Holder of the notes to pledge such notes to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such notes, may be affected by the lack of a physical certificate for such notes.

Neither CODELCO nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations. DTC has advised CODELCO that it will take any action permitted to be taken by a holder only at the direction of one or more Participants to whose account with DTC notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction.

DTC has advised CODELCO as follows:

> DTC is a limited purpose trust company organized under the laws of the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve system, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly.

Certificated Notes

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by CODELCO within 90 days, CODELCO will issue notes in registered form without coupons ("Certificated Notes") in exchange for the Global Notes which will bear the legends referred to under the heading "Transfer Restrictions", as applicable.

If CODELCO issues Certificated Notes, the holder may present its notes for exchange with notes of a different authorized denomination, together with a written request for an exchange, at the office of the Fiscal Agent in the City of New York, or at the office of any paying agent. In addition, the holder of any Certificated Note may transfer it in whole or in part by surrendering it at any of these offices together with an executed instrument of transfer. CODELCO will not charge the holders of notes for the costs and expenses associated with the exchange, transfer or registration of transfer of the notes. CODELCO may, however, charge the holders of notes for certain delivery expenses as well as any applicable stamp duty, tax or other governmental charges. The Fiscal Agent may reject any request for an exchange or registration of transfer of any Note made within 15 days of the date for any payment of principal of or interest on the Note. CODELCO will notify the Euro MTF Market of the Luxembourg Stock Exchange and publish a notice in a daily newspaper in Luxembourg in the event that Certificated Notes are issued.

Consolidation, Merger, Conveyance, Sale or Lease

Nothing contained in the notes prevents CODELCO from consolidating with or merging into another corporation or conveying, transferring or leasing its properties and assets substantially as an entirety to any person, provided that (a) the corporation formed by such consolidation or into which CODELCO is merged or the person which acquires by conveyance or transfer, or which leases, the properties and assets of CODELCO substantially as an entirety is a corporation organized and existing under the laws of the Republic of Chile and expressly assumes, by supplemental agreement, executed and delivered to the Fiscal Agent, in form satisfactory to the Fiscal Agent, the due and punctual payment of the principal of and interest, if any, on the notes and the performance of every covenant of the notes on the part of CODELCO to be performed or observed; (b) immediately after giving effect to such transaction no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and (c) CODELCO has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, transfer or lease and supplemental agreement complies with the foregoing provisions relating to such transaction.

Limitation on Liens

Nothing contained in the notes in any way restricts or prevents CODELCO or any Restricted Subsidiary (as defined below) from incurring any indebtedness; provided that neither CODELCO nor any Restricted Subsidiary will (a) issue, assume or guarantee any indebtedness for money borrowed ("Debt") if such Debt is secured by a lien upon, or (b) directly or indirectly secure any outstanding Debt by a lien upon, any Principal Property (as defined below) or upon any shares of stock of, or indebtedness of, any Restricted Subsidiary, now owned or hereafter acquired, without effectively providing that the notes shall be secured equally and ratably with such Debt, except that the foregoing restrictions shall not apply to (i) liens on any Principal Property acquired, constructed or improved after the date of issuance of the notes to secure or provide for the payment of the purchase price or cost of construction or improvements (including costs such as increased costs due to escalation, interest during construction and similar costs) thereof incurred after the date of the issuance of the notes, or existing liens on property acquired, *provided* such liens shall not apply to any property theretofore owned by CODELCO or any Restricted Subsidiary other than theretofore unimproved real property, (ii) liens on any Principal Property or shares of stock or indebtedness acquired from a corporation merged with or into CODELCO or a Restricted Subsidiary, (iii) liens to secure Debt of a Restricted Subsidiary to CODELCO or another Subsidiary, (iv) the sale or other transfer of any interest in property of the character commonly referred to as a "production payment", (v) liens over any property at the time of acquisition of such property by CODELCO or any of its Restricted Subsidiaries which lien was not (or is not) created in connection with such acquisition, (vi) liens in existence on the date of the offering of the notes, (vii) liens on deposits to secure, or any lien otherwise securing, the performance of bids, statutory obligations, surety bonds, appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business, (viii) liens created on any property to secure Debt incurred in connection with the financing of such property, the repayment of which Debt is to be made from the revenues arising out of, or other proceeds of realization from, such property, with recourse to those revenues and proceeds and other property used in connection with, or forming the subject matter of, such property, but without recourse to any other property of CODELCO or any Restricted Subsidiary and (ix) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any lien referred to in the foregoing clauses (i) to (iii) or (v), (vi) and (viii), inclusive of any Debt secured thereby, *provided* that the principal amount of Debt so secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement lien shall be limited to all or part of the property which secured the lien extended, renewed or replaced (plus improvements on or additions to such property). Notwithstanding the foregoing, CODELCO and one or more Restricted Subsidiaries may issue, assume or guarantee Debt secured by liens which would otherwise be subject to the foregoing restrictions in an aggregate principal amount which, together with the aggregate outstanding principal amount of all other Debt of CODELCO and its Restricted Subsidiaries which would otherwise be subject to the foregoing restrictions (not including Debt permitted to be secured under clauses (i) through (ix) above) and the aggregate value of the sale and lease-back transactions described under "—Limitation on Sale and Lease-Back Transactions" below (other than sale and lease-back transactions the proceeds of which have been applied as provided in clause (b) under "—Limitation on Sale and Lease-Back Transactions" below), does not at the time of issuance, assumption or guarantee thereof exceed 20% of Consolidated Net Tangible Assets. "Consolidated Net Tangible Assets" is defined as the total of all assets (including reevaluations thereof as a result of commercial appraisals, price level restatement or otherwise) appearing on the consolidated balance sheet of CODELCO and its Subsidiaries prepared in accordance with Chilean GAAP as of the then most recent date filed by CODELCO with the Superintendencia de Valores y Seguros in Chile, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets (which term shall not be construed to include such reevaluations), less the aggregate of the current liabilities of CODELCO and its Subsidiaries appearing on such balance sheet. The term "Principal Property" means any mineral property, concentrator, smelter, refinery or rod mill located within the Republic of Chile, of CODELCO or any Subsidiary except any such property, plant or facility which the Board of Directors by resolution declares is not of material importance to the total business conducted by CODELCO and its Subsidiaries as an entity. The term "Subsidiary" means any corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by CODELCO and of which CODELCO has the power to direct the management. The term "Restricted Subsidiary" means (a) any Subsidiary which owns, directly or indirectly, any Principal Property and (b) any Subsidiary which owns, directly or indirectly, any stock or debt of a Restricted Subsidiary.

Limitation on Sale and Lease-Back Transactions

The notes provide that neither CODELCO nor any Restricted Subsidiary will enter into any arrangement with any person (other than CODELCO or a Restricted Subsidiary), or to which any such person is a party, providing for the leasing to CODELCO or a Restricted Subsidiary for a period of more than three years of any property or assets which has been or is to be sold or transferred by CODELCO or such Restricted Subsidiary to such person or to any person (other than CODELCO or a Restricted Subsidiary) to which funds have been or are to be advanced by such person on the security of the leased property or assets unless either (a) CODELCO or such Restricted Subsidiary would be entitled, pursuant to the provisions described under "—Limitation on Liens" above, to incur Debt in a principal amount equal to or exceeding the value of such sale and lease-back transaction, secured by a lien on the property or assets to be leased, without equally and ratably securing the notes, or (b) CODELCO, during or immediately after the expiration of six months after the effective date of such transaction (whether made by CODELCO or a Restricted Subsidiary), applies to the voluntary retirement of indebtedness of CODELCO (including the notes) maturing by its terms more than one year after the original creation thereof ("Funded Debt") an amount equal to the value of such transaction, less an amount equal to the sum of (i) the principal amount of notes delivered, within six months after the effective date of such arrangement, to the Fiscal Agent for retirement and cancellation and (ii) the principal amount of other Funded Debt voluntarily retired by CODELCO within such six-month period, in each case excluding retirements of notes and other Funded Debt as a result of conversions or pursuant to mandatory sinking fund or mandatory prepayment provisions or by payment at maturity.

Payment of Additional Amounts

All payments under the notes by CODELCO will be made without deduction or withholding for or on account of any present or future taxes, assessments, duties or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Chile or any political subdivision or territory or possession thereof or therein (the "Taxing Jurisdiction") unless the withholding or deduction of such taxes, assessments, duties or governmental charges is required by law or regulation or by the official interpretation thereof. In that event, CODELCO will pay to each Holder of a note such additional amounts ("Additional Amounts") as may be necessary in order that each net payment on such note after such deduction or withholding will not be less than the amount provided for in such note to be then due and payable; *provided, however*, that the foregoing obligation to pay Additional Amounts will not apply to:

(a) any tax, assessment, duty or other governmental charge that would not have been imposed but for (i) the existence of any present or former connection between the Holder or the beneficial owner of the note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Holder or beneficial owner, if such Holder or beneficial owner is an estate, trust, partnership or corporation) and the Taxing Jurisdiction imposing such tax, assessment, duty or other governmental charge, other than the mere receipt of payments in respect of a note or the holding or ownership of a note or beneficial interest therein; or (ii) the presentation of a note (where presentation is required) for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(b) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment, duty or other governmental charge;

(c) any tax, assessment, duty or other governmental charge that is payable other than by withholding from payments of (or in respect of) principal of, or any interest on, the notes;

(d) any tax, assessment, duty or other governmental charge that would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the Holder or beneficial owner of the note, if compliance is required by statute or by regulation of the Taxing Jurisdiction as a precondition to relief or exemption from the tax, assessment, duty or other governmental charge and proper notice has been sent to the Holder or beneficial owner; or

(e) any combination of items (a), (b), (c) and (d) above.

Nor shall Additional Amounts be paid with respect to any payment of the principal of or any interest on any note to any Holder or beneficial owner that is a fiduciary or partnership or other than the sole beneficial owner of such note to the extent such payment would be required by the laws of the Taxing Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been a Holder of such note. If CODELCO pays Additional Amounts in respect of the Chilean withholding tax on payments of interest or premium, if any, made by CODELCO in respect of the notes to a Foreign Holder (as defined in "Taxation") assessed at a rate of 4.0%, and a refund is provided with respect to such withholding tax, CODELCO shall have the right to receive such funds from the relevant Taxing Jurisdiction.

Tax Redemption

The notes may be redeemed at the election of CODELCO, in whole, but not in part, by the giving of notice as provided in "—Notices" below, at a price equal to the outstanding principal amount thereof, together with any Additional Amounts and accrued and unpaid interest to the redemption date, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the taxing jurisdiction, or any change in the official application, administration or interpretation of such laws, regulations or rulings in such jurisdiction, CODELCO has or will become obligated to pay Additional Amounts on the notes in excess of the Additional Amounts that would be payable were payments of interest on the notes subject to 4.0% withholding ("Excess Additional Amounts"), if such change or amendment is announced or becomes effective on or after the date of original issuance of the notes and such obligation cannot be avoided by CODELCO taking reasonable measures available to it; *provided, however*, that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which CODELCO would be obligated to pay such Excess Additional Amounts, were a payment in respect of the notes then due. Prior to the giving of notice of redemption of such notes, CODELCO will deliver to the Fiscal Agent an officers' certificate and a written opinion of recognized Chilean counsel independent of CODELCO to the effect that all governmental approvals necessary for CODELCO to effect such redemption, if any, have been or at the time of redemption will be obtained and in full force and effect and that CODELCO is entitled to effect such a redemption, and setting forth in reasonable detail the circumstances giving rise to such right of redemption. See “Taxation—Chilean Taxation”.

Defeasance

CODELCO may discharge its obligation to comply with the covenants specified above under “—Consolidation, Merger, Conveyance, Sale or Lease”, “—Limitation on Liens” and “—Limitation on Sale and Lease-Back Transactions” by depositing funds or obligations issued by the United States in an amount sufficient to provide for the timely payment of principal, interest and all other amounts due under the notes with the Fiscal Agent, acting as trustee for such purposes and by satisfying certain other conditions, including delivery to the Fiscal Agent of an opinion of independent tax counsel of recognized standing to the effect that U.S. Holders (as defined in “Taxation”) will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Events of Default

An Event of Default with respect to the notes is defined in the Fiscal and Paying Agency Agreement as being: default for 30 days in payment of any interest on the notes; default in payment of principal of the notes; default in the performance, or breach, of any covenant or warranty or obligation of CODELCO in the notes and continuance of such default or breach for a period of 60 days after written notice is given to CODELCO by the holders of at least 33 1/3% in aggregate principal amount of the notes; default under any bond, debenture, note or other evidence of indebtedness for money borrowed, or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by CODELCO or any Subsidiary, whether such indebtedness now exists or shall hereafter be created, in an aggregate principal amount exceeding U.S.$50 million (or its equivalent in any other currency or currencies) which default (i) shall constitute the failure to pay any portion of the principal of such indebtedness when due and payable, whether at maturity, upon redemption or acceleration or otherwise, or (ii) shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, in either case, if such default shall continue for more than 30 Business Days and within such 30 Business Days the time for payment of such amount has not been expressly extended (provided that if such default under such indenture or instrument shall be remedied or cured by CODELCO or waived by the holders of such indebtedness, then the event of default with respect to the notes shall be deemed likewise to have been remedied, cured or waived); and certain events of bankruptcy or insolvency of CODELCO or any Significant Subsidiary. “Significant Subsidiary” is defined in the notes as a Subsidiary, the total assets of which exceed 10% of the total assets of CODELCO and its subsidiaries on a consolidated basis as of the end of the most recently completed year.

Each note will provide that if any Event of Default shall have occurred and be continuing, the holder of such note may declare the principal of such note, together with unpaid accrued interest thereon, if any, to the date of repayment, to be due and payable by notice to CODELCO.

Notices

Notices to holders of notes will be given by mail to the addresses of such holders as they appear in the Security Register and will be published in a daily newspaper in circulation in Luxembourg. Notwithstanding, any notices relating to the delisting of the notes as described under “General Information — Listing” will be published in authorized newspapers. For purposes of such notices, authorized newspapers will be *The Wall Street Journal,* the *Financial Times* and the *Luxemburger Wort*. CODELCO will be deemed to have given this notice on the date of each publication or, if published more than once, on the date of the first publication. Notices may, at CODELCO’s option, be published on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Amendments

The Fiscal and Paying Agency Agreement may be amended by CODELCO without the consent of the holders of the notes in certain limited circumstances therein provided. The notes may be amended by CODELCO without the consent of the holders of notes for the purpose of correcting any manifest error. The Fiscal and Paying Agency Agreement may otherwise be amended, and the rights and obligations of CODELCO and the rights of the holders of notes under the notes may be modified, with the consent of holders of more than 66 2/3% in principal amount of the notes outstanding, except that the consent of all holders of notes will be required: to change the definition of Interest Payment Date; to reduce the principal amount of or the interest rate on any Note; to change the obligation to pay Additional Amounts or the option to redeem the notes (see "—Payment of Additional Amounts", and "—Tax Redemption"); to change the place of payment where, or the coin or currency in which, interest is payable; to impair the right of holders of notes to institute suit for the enforcement of payments of interest; to reduce the percentage amount of notes outstanding the consent of whose holders is required in order to amend the notes or the Fiscal and Paying Agency Agreement; and to modify the provisions of the notes or the Fiscal and Paying Agency Agreement governing the amendment of the notes or the Fiscal and Paying Agency Agreement.

Governing Law; Submission to Jurisdiction; Sovereign Immunity

The notes will be governed by, and will be construed and interpreted in accordance with, the law of the State of New York. The notes will provide that CODELCO will maintain at all times during the life of the notes an office or agent in the Borough of Manhattan, The City of New York, upon whom process may be served in any action arising out of or based on the notes which may be instituted in the Supreme Court of the State of New York or the United States District Court for the Southern District of New York, in either case in the Borough of Manhattan, The City of New York, by any holder of a Note, and CODELCO will expressly accept the jurisdiction of any such court.

To the extent that CODELCO may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to the notes, to claim for itself or its revenues or assets any immunity from suit, jurisdiction, attachment in aid or execution of a judgment or prior to a judgment, execution of a judgment or any other legal process with respect to its obligations under the notes, and to the extent that in any such jurisdiction there may be attributed to CODELCO such an immunity (whether or not claimed), CODELCO will irrevocably agree not to claim and will irrevocably waive such immunity to the maximum extent permitted by law.

Article 226 of the Mining Code of Chile prohibits the attachment and judicial sale of a debtor's mining concessions and installations and other goods permanently dedicated to exploration or extraction of minerals relating to those mining concessions, except with respect to mortgages. However, a debtor may consent to such attachment and sale, provided that the consent is given in the same judicial proceeding in which the attachment and sale is sought. The general waiver of immunity by CODELCO in the notes will not be effective with respect to immunity under Article 226. In addition, pursuant to the Chilean Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by CODELCO.

Further Issues of Notes

Without the consent of the holders, CODELCO may create and issue additional notes with terms and conditions that are the same (or the same except as to scheduled interest payments prior to the time of issue of the additional notes) as the terms and conditions of an outstanding series of notes, including the notes. CODELCO may consolidate the additional notes to form a single series with an outstanding series of notes, including the notes.

Additional notes may be issued with original issue discount for U.S. federal income tax purposes ("OID"). Purchasers of notes after the date of any further issue will not be able to differentiate between notes sold as part of the further issue and previously sold notes. Therefore, purchasers of notes after a further issue may be required to accrue OID for U.S. federal income tax purposes with respect to their notes. This may affect the price of outstanding note at the time of a further issue. Because of the possible application of the U.S. federal income tax rules regarding OID to a further issue of notes, purchasers are advised to consult their own tax advisors prior to purchasing such notes.

TAXATION

General

The following is a summary of certain Chilean tax and U.S. federal income tax considerations relating to the purchase, ownership and disposition of notes. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase notes, nor does the summary describe any tax consequences arising under the laws of any national, state, or local taxing jurisdiction other than the United States and Chile.

This summary is based on the tax laws of Chile and the United States as in effect on the date of this prospectus, as well as regulations, rulings and decisions of Chile and the United States available on or before such date and now in effect. All of the foregoing are subject to change, which change could apply retroactively and could affect the continued validity of this summary.

Prospective purchasers of the notes should consult their own tax advisors as to the Chilean, United States or other tax consequences of the purchase, ownership and disposition of the notes, including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax.

There currently is no tax treaty between the United States and Chile.

Chilean Taxation

The following is a general summary of the material consequences under Chilean tax law, as currently in effect, of an investment in the notes made by a "Foreign Holder". Foreign Holder means either: (i) in the case of an individual, a person who is not a resident in Chile (for purposes of Chilean taxation, an individual holder is resident in Chile if he or she has resided in Chile for more than six months in one calendar year, or a total of more than six months in two consecutive years); or (ii) in the case of a legal entity, a legal entity that is not organized under the laws of Chile, unless the notes are assigned to a branch or a permanent establishment of such entity in Chile.

Under Chile's income tax law (the "Income Tax Law"), payments of interest or premium, if any, made by CODELCO in respect of the notes to a Foreign Holder will generally be subject to a Chilean withholding tax assessed at a rate of 4.0% (the "Chilean Interest Withholding Tax").

As described above, CODELCO has agreed, subject to specific exceptions and limitations, to pay to the holders of notes Additional Amounts in respect of the Chilean Interest Withholding Tax in order that the interest or premium, if any, the Foreign Holder receives, net of the Chilean Interest Withholding Tax, equals the amount which would have been received by such Foreign Holder in the absence of such withholding. See "Description of Notes—Payment of Additional Amounts".

Under existing Chilean law and regulations, a Foreign Holder will not be subject to any Chilean taxes in respect of payments of principal made by CODELCO with respect to the notes.

The Income Tax Law establishes that a Foreign Holder is subject to income tax on his Chilean source income. For this purpose, Chilean source income means earnings from activities performed in Chile or from the sale or disposition of, or other transactions in connection with, assets or goods located in Chile. Therefore, any capital gains realized on the sale or other disposition by a Foreign Holder of the notes generally will not be subject to any Chilean taxes provided that such sales or other dispositions are made outside of Chile to a Foreign Holder (except that any premium payable on redemption of the notes will be treated as interest and subject to the Chilean Interest Withholding Tax, as described above).

A Foreign Holder will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings unless notes held by a Foreign Holder are either located in Chile at the time of such Foreign Holder's death, or, if the notes are not located in Chile at the time of a Foreign Holder's death, if such notes were purchased or acquired with monies obtained from Chilean sources.

The issuance of the notes may be subject to a 1.2% stamp tax, which will be payable by CODELCO. On January 5, 2009, President Michelle Bachelet announced an economic stimulus plan for Chile. The plan, subject to the approval of the Chilean Congress, includes among other features, a temporary suspension of the stamp tax during the 2009 calendar year.

If the stamp tax is not paid when due, Chile's Income Tax Law imposes a penalty of up to three times the amount of the tax plus interest, which will also be payable by CODELCO. In addition, until such tax (and any penalty) is paid, Chilean courts would not enforce any action brought with respect to the notes.

United States Taxation

This summary of U.S. federal income tax considerations deals principally with U.S. Holders (as defined below) that will hold notes as capital assets and whose functional currency is the U.S. dollar. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor's decision to purchase notes and generally does not address the tax treatment of U.S. Holders that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities, partnerships or other entities classified as partnerships for U.S. federal income tax purposes or persons that will hold notes as part of an integrated investment (including a "straddle") consisting of the notes and one or more other positions, nor does it address the tax treatment of U.S. Holders that do not acquire notes as part of the initial distribution at the notes' "issue price", which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the notes is sold for money. As used in this section "—United States Taxation", the term "U.S. Holder" means a beneficial owner of a Note that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise will be subject to U.S. federal income taxation on its income irrespective of its source.

U.S. Treasury Circular 230 Notice. **The tax discussions contained in this prospectus were written to support the promotion or marketing of the transactions or matters addressed in this prospectus. These discussions were not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. tax penalties. Investors should consult their own tax advisors in determining the tax consequences to them of purchasing, owning, and disposing of the Notes, including the application in their particular circumstances of the U.S. tax considerations discussed below, as well as the application of state, local, foreign, or other tax laws and possible changes in tax laws.**

Taxation of Interest and Additional Amounts. The gross amount of interest and Additional Amounts (*i.e.*, without reduction for Chilean Interest Withholding Tax at the applicable rate) will be taxable to a U.S. Holder as ordinary interest income in respect of the notes at the time it accrues or is received in accordance with the holder's method of accounting for U.S. federal income tax purposes. Chilean Interest Withholding Tax is a foreign income tax eligible (i) for credit against such U.S. Holder's U.S. federal income tax liability, subject to generally applicable limitations and conditions, or (ii) at the election of such U.S. Holder, for deduction in computing such U.S. Holder's taxable income. Interest and Additional Amounts will constitute income from sources without the United States for foreign tax credit purposes. Such income generally will constitute "passive category income" or, in the case of certain U.S. Holders, "general category income".

The calculation of foreign tax credits and, in the case of a U.S. Holder that elects to deduct foreign taxes, the availability of such deduction, involves the application of rules that depend on a U.S. Holder's particular circumstances. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits and the treatment of Additional Amounts.

A holder that is, with respect to the United States, a foreign corporation, estate or trust or a nonresident alien individual (a "Non-U.S. Holder") generally will not be subject to U.S. federal income or withholding tax on interest income or Additional Amounts earned in respect of the notes, unless such income is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States.

Taxation of Dispositions. Gain or loss realized by a U.S. Holder on the sale, redemption or other disposition of notes (which does not include accrued but unpaid interest and Additional Amounts not previously included in income) generally will be capital gain or loss. Capital gain realized by an individual U.S. Holder with respect to property held for more than one year is generally taxed at a lower rate than ordinary income or short-term capital gain. The deduction of capital losses is subject to limitations.

A Non-U.S. Holder will not be subject to U.S. federal income or withholding tax on gain realized on the sale or other disposition of notes unless (i) such gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States or (ii) in the case of gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

Backup Withholding and Information Reporting

A U.S. Holder may, under certain circumstances, be subject to "backup withholding" with respect to certain payments to such U.S. Holder, unless such holder (i) is a corporation or comes within certain other exempt categories, and demonstrates this fact when so required, or (ii) provides a correct taxpayer identification number, certifies that it is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Any amount withheld under these rules will be creditable against the U.S. Holder's U.S. federal income tax liability. While Non-U.S. Holders generally are exempt from backup withholding, a Non-U.S. Holder may, in certain circumstances, be required to comply with certain information and identification procedures in order to prove entitlement to this exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished to the U.S. Internal Revenue Service. Information returns may be filed with the Internal Revenue Service in connection with payments on the notes and proceeds from a sale or other disposition of the notes, unless the holder is eligible for an exemption and demonstrates this fact when so required.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in the Purchase Agreement dated the date hereof, the initial purchasers named below (together, the "Initial Purchasers") have severally agreed to purchase, and CODELCO has agreed to sell to them, severally, the respective principal amount of notes set forth opposite their names below:

Initial Purchasers	Principal Amount
HSBC Securities (USA) Inc.	$ 270,000,000
J.P. Morgan Securities Inc.	270,000,000
Mitsubishi UFJ Securities International plc	30,000,000
RBC Capital Markets Corporation	30,000,000
Total	$ 600,000,000

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the notes are subject to the approval of certain legal matters by their counsel and to certain other conditions. The Initial Purchasers are committed to take and pay for all of the notes offered hereby if any are taken.

The Purchase Agreement provides that CODELCO will indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act.

The notes will constitute a new class of securities with no established trading market. CODELCO does not intend to list the notes on any exchange other than the Luxembourg Stock Exchange. The Initial Purchasers have advised CODELCO that they currently intend to make a market in the notes. However, they are not obligated to do so and any market-making activities with respect to the notes may be discontinued at any time without notice. Accordingly, CODELCO cannot give any assurance as to the liquidity of, or the trading market for, the notes.

In connection with this offering, on behalf of the Initial Purchasers, HSBC Securities (USA) Inc. or J.P. Morgan Securities Inc., or any person acting for either of them, may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation for HSBC Securities (USA) Inc. or J.P. Morgan Securities Inc., or any person acting for either of them, to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

CODELCO has been advised by the Initial Purchasers that the Initial Purchasers propose to resell the notes initially at the price set forth on the cover page hereof (a) within the United States to QIBs in reliance on Rule 144A under the Securities Act and (b) outside the United States to certain persons in reliance on Regulation S under the Securities Act. See "Transfer Restrictions". After the initial offering, the offering price and other selling terms of the notes may from time to time be varied by the Initial Purchasers.

The notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as described in the immediately preceding paragraph. For a description of certain restrictions on resale or transfer, see "Transfer Restrictions".

In connection with sales outside the United States, the Initial Purchasers have agreed that except for sales described in the second preceding paragraph, they will not offer, sell or deliver the notes to, or for the account of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and they will send to each dealer to whom they sell such notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. Resales of the notes are restricted as described below under "Transfer Restrictions".

In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another valid exemption therefrom.

As used herein, the terms “United States” and “U.S. person” have the meaning given to them in Regulation S under the Securities Act.

We expect to deliver the notes on or about January 27, 2009. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle within three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if you wish to trade notes on any day prior to the third business day before the date of delivery of the notes you and your counterparty will be required, by virtue of the fact that the notes initially will settle on a delayed basis, to agree to a delayed settlement cycle at the time of any such trade to prevent a failed settlement.

Mitsubishi UFJ Securities International plc is not a U.S. registered broker-dealer, and, therefore, to the extent that it intends to effect any sales of the notes in the United States, it will do so through one or more U.S. registered broker-dealers as permitted by the Financial Industry Regulatory Authority, Inc. (FINRA) regulations.

In relation to each Member State of the European Economic Area , or EEA, which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Initial Purchaser has represented and agreed that with effect from and including the date on which the European Union Prospectus Directive (the “EU Prospectus Directive”) is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive) subject to obtaining the prior consent of the book-making manager for any such offer; or

(d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State and the expression EU Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions set out below.

Each Initial Purchaser has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

For the purpose of items (a) and (d) of the aforementioned EEA selling restriction, each Initial Purchaser has further represented and agreed that no Notes have been offered or sold and will be offered or sold, directly or indirectly, to the public in France except to permitted investors ("Permitted Investors") consisting of persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (*investisseurs qualifiés*) acting for their own account and/or corporate investors meeting one of the four criteria provided in Article D. 341-1 of the French Code Monétaire et Financier and belonging to a "limited circle of investors" (*cercle restreint d'investisseurs*) acting for their own account with "qualified investors" and "limited circle of investors" having the meaning ascribed to them in Article L. 411-2, D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code Monétaire et Financier; none of this prospectus or other materials related to the offer or information contained therein relating to the notes has been released, issued or distributed to the public in France except to Permitted Investors; and the direct or indirect resale to the public in France of any Note acquired by any Permitted Investors may be made only as provided by Articles L. 412-1 and L. 621-8 of the French Code Monétaire et Financier and applicable regulations thereunder.

Each initial purchaser has acknowledged and agreed that the offering of the Notes has not been cleared by the Italian Securities Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, the "CONSOB") pursuant to Italian securities legislation and, accordingly, has represented and agreed that the Notes may not and will not be offered, sold or delivered, nor may or will copies of the prospectus or any other documents relating to the Notes or the global offering be distributed in Italy other than to professional investors (*operatori qualificati*), as defined in Article 31, paragraph 2 of CONSOB Regulation No. 11522 of July 1, 1998, as amended ("Regulation No. 11522").

Each initial purchaser has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of the prospectus or any other document relating to the Notes or the global offering in Italy may and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 385 of September 1, 1993, as amended, or the Italian Banking Law, Legislative Decree No. 58 of February 24, 1998, as amended, Regulation No. 11522, and any other applicable laws and regulations; (ii) in compliance with Article 129 of the Italian Banking Law and the implementing guidelines of the Bank of Italy; and (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Any investor purchasing the Notes in the global offering is solely responsible for ensuring that any offer or resale of the Notes it purchased in the global offering occurs in compliance with applicable laws and regulations.

This prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

The Notes may be offered in Switzerland only on the basis of a non-public offering. This prospectus does not constitute an issuance prospectus according to articles 652a or 1156 of the Swiss Federal Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss exchange. The Notes may not be offered or distributed on a professional basis in or from Switzerland and neither this prospectus nor any other offering material relating to the Notes may be publicly issued in connection with any such offer or distribution. The Notes have not been and will not be approved by any Swiss regulatory authority. In particular, the Notes are not and will not be registered with or supervised by the Swiss Federal Banking Commission, and investors may not claim protection under the Swiss Investment Fund Act.

Each Initial Purchaser has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the Securities and Futures Act or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the Securities and Futures Act, except: (1) to an institutional investor (for corporations, under Section 274 of the Securities and Futures Act) or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the Securities and Futures Act; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

The Initial Purchasers or their affiliates may from time to time provide investment banking and general financing and banking services to CODELCO. In addition, the Initial Purchasers and certain of their affiliates are lenders to CODELCO. In September 2008, certain affiliates of HSBC Securities (USA) Inc. made bridge loans to CODELCO totaling U.S.$250 million. Such bridge loans are expected to be repaid with the proceeds of this offering.

TRANSFER RESTRICTIONS

The notes have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except that notes may be offered or sold to (i) QIBs in reliance upon the exemption from the registration requirement of the Securities Act provided by Rule 144A and (ii) persons other than U.S. persons as such term is defined in Regulation S under the Securities Act ("Foreign Purchasers") in offshore transactions in reliance upon Regulation S.

Each purchaser of the notes that is not a Foreign Purchaser will be deemed to:

(1) represent that it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB and is aware that the sale to it is being made in reliance on Rule 144A;

(2) acknowledge that the notes have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) agree that if it should resell or otherwise transfer the securities, it will do so only pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction;

(4) agree that it will deliver to each person to whom it transfers notes notice of any restrictions on transfer of such notes; and

(5) acknowledge that CODELCO, the Fiscal Agent, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

Each 144A Global Note will bear the following legend:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAW. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT OR (B) IT IS A NON-U.S. PERSON OUTSIDE THE UNITED STATES WITHIN THE MEANING OF (OR AN ACCOUNT SATISFYING THE REQUIREMENTS OF PARAGRAPH (k)(2)(i) OF RULE 902 UNDER) REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE NOTES EVIDENCED HEREBY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER SUCH NOTES EXCEPT IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND ONLY (A) TO THE ISSUER OR A SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A

QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF APPLICABLE). PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (E) ABOVE, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS NOTE IS SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THE FISCAL AND PAYING AGENCY AGREEMENT REFERRED TO ON THE REVERSE HEREOF.

Each purchaser of notes that is a Foreign Purchaser will be deemed to:

(1) represent that it is purchasing the notes for its own account or an account for which it exercises sole investment discretion and that it and any such account is a Foreign Purchaser that is outside the United States and acknowledge that the notes have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(2) agree that if it should resell or otherwise transfer the notes prior to the expiration of a restricted period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the notes), it will do so only (a)(i) outside the United States in compliance with Rule 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A, and (b) in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction.

Each Regulation S Global Note will bear the following legend:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AGENCY IN ANY JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS SECURITY IS SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THE FISCAL AND PAYING AGENCY AGREEMENT REFERRED TO ON THE REVERSE HEREOF. PRIOR TO THE EXPIRATION OF A RESTRICTED PERIOD ENDING ON MARCH 13, 2009 OR SUCH LATER DATE AS THE COMPANY MAY NOTIFY TO THE FISCAL AGENT, THIS SECURITY, OR ANY BENEFICIAL INTEREST HEREIN, MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT (A)(1) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (2) TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN COMPLIANCE WITH RULE 144A, AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION.

The transfer or exchange of a beneficial interest in a Regulation S Global Note for a beneficial interest in a 144A Global Note during the restricted period may be made only upon receipt by the Fiscal Agent of a duly completed Rule 144A Certificate, as defined in the Fiscal and Paying Agency Agreement. Such Rule 144A Certificate will no longer be required after the expiration of the restricted period. The transfer or exchange of a beneficial interest in a 144A Global Note for a beneficial interest in a Regulation S Global Note may be made only upon receipt by the Fiscal Agent of a duly completed Regulation S Certificate, as defined in the Fiscal and Paying Agency Agreement.

For so long as the notes are listed on the Luxembourg Stock Exchange, if the notes are ever issued in certificated form:

- Certificated Notes will be delivered by the fiscal agent as described in this prospectus and at the offices of the Luxembourg paying agent; and

- holders of Notes in certificated form will be able to transfer or exchange their Notes at the offices of the Luxembourg transfer agent.

Any resale or other transfer, or attempted resale of other transfer, made other than in compliance with the above stated restrictions shall not be recognized by us.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfers of interests in Global Notes, see “Description of Notes—Global Notes; Book-Entry Form”.

We have prepared this prospectus solely for use in connection with the offer and sale of the notes outside the United States, for the private placement of the notes in the United States and for the listing on the Luxembourg Stock Exchange. We and the Initial Purchasers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of notes offered pursuant to Rule 144A under the Securities Act. This prospectus does not constitute an offer to any person in the United States other than any QIB under the Securities Act to whom an offer has been made directly by the Initial Purchasers or an affiliate of the initial purchasers.

Each purchaser of notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells notes or possesses or distributes this prospectus or any part of it and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or resales, and neither the company nor the Initial Purchasers shall have any responsibility therefor.

VALIDITY OF THE NOTES

The validity of the notes will be passed upon for CODELCO by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, United States counsel for CODELCO, and by Carey y Cía. Ltda., Chilean Counsel to CODELCO, and for the Initial Purchasers by Davis Polk & Wardwell, United States counsel for the Initial Purchasers, and by Philippi, Yrarrázaval, Pulido & Brunner Ltda., Chilean counsel for the Initial Purchasers. Cleary Gottlieb Steen & Hamilton LLP may rely without independent investigation as to all matters of Chilean law on Carey y Cía. Ltda., and Davis Polk & Wardwell may rely without independent investigation as to all matters of Chilean law on Philippi, Yrarrázaval, Pulido & Brunner Ltda.

INDEPENDENT ACCOUNTANTS

The Consolidated Financial Statements of CODELCO as of December 31, 2006 and 2007 and for each of the three years in the period ended December 31, 2007 except for the subsidiaries Codelco Kupferhandel GMBH and its subsidiary and Chile Copper Ltd. and its subsidiary and equity-method investees Inversiones Tocopilla Ltda., Electroandina S.A. and its subsidiaries, Inversiones Mejillones S.A., Sociedad Contractual Minera El Abra, Alliance Copper Ltd. as of December 31, 2005 and for the year ended December 31, 2005, and Copper Partner Investement Company Ltd. as of December 31, 2006 and 2007 and for each of the two years in the period ended December 31, 2007 included in this Prospectus, have been audited by Deloitte Auditores y Consultores Ltda., independent auditors as stated in their report appearing herein (which report expresses an unqualified opinion and includes an explanatory paragraph referring to the convenience of the translation of the financial statements into English).

The financial statements of the aforementioned subsidiaries and the equity-method investees (none of which are presented separately herein) were audited by other independent auditors.

With respect to the Unaudited Interim Consolidated Financial Statements of CODELCO as of and for the nine-month periods ended September 30, 2007 and 2008, except for the subsidiaries Codelco Kupferhandel GMBH and its subsidiary and Chile Copper Ltd. and its subsidiary and equity-method investees Inversiones Tocopilla Ltda., Electroandina S.A. and its subsidiaries, Inversiones Mejillones S.A., Sociedad Contractual Minera El Abra, and Copper Partner Investment Company Ltd., which are included herein (the report on which includes an explanatory paragraph referring to the convenience translation of the financial statements into English), Deloitte has applied limited procedures in accordance with professional standards in Chile for a review of such information. However, as stated in their report appearing elsewhere herein, they did not audit and they do not express an opinion on the Interim Consolidated Financial Statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The Unaudited Interim Financial Statements of the aforementioned subsidiaries and the equity-method investees (none of which are presented separately herein) have been reviewed by other independent auditors.

GLOSSARY OF CERTAIN MINING TERMS

Andesite: A fine-grained volcanic rock, usually dark grey in color, with an average composition of 50-60% sulphur dioxide.

Anode Copper: Blister copper that has undergone further refinement to remove impurities. In an anode furnace, the blister copper is blown with air and a hydrocarbon redundant to upgrade its purity to approximately 99.5% copper. It is then cast into keystone-shaped slabs that are shipped to an electrolytic refinery.

Blister Copper: Copper that has been cast after passing through a converter. Blister copper is approximately 99.0% copper and takes its name from the "blisters" that form on the surface during cooling.

Breccia: A rock conglomerate made up of highly angular coarse fragments.

Calcopyrite: A combination of copper and iron sulfide with a metallic yellow-gold color, containing 34.7% copper, 30% iron and 26% sulfur.

Cathode: Copper produced by an electrochemical refining process that has been melted and cast into cakes, billets, wire bars or rods usually weighing approximately 90kg.

Concentration: The process by which crushed and ground ore is separated into metal concentrates and reject material through processes such as flotation. Concentrates are shipped to a smelter for further processing.

Concentrator: A plant where concentration takes place.

Converter: A plant that conducts a principal phase of the smelting process, blowing oxygen-enriched air through, molten metal, causing oxidation and the removal of sulfur and other impurities. In the case of copper, the product of this process is blister copper.

Copper Concentrate: A product of the concentrator usually containing 25% to 30% copper. It is the raw feed material for smelting.

Copper Grade: The concentration of copper in a given volume of rock, usually expressed as a percentage.

Crushing and Grinding: The processes by which ore is broken into small pieces to prepare it for further processing.

Dacite: A fine-grained volcanic rock similar in composition to andesite but containing a greater abundance of quartz crystals that are frequently visible to the naked eye.

Development: Activities related to the building of infrastructure and the stripping and opening of mineral deposits, commencing when economically recoverable reserves can reasonably be estimated to exist and generally continuing until commercial production begins.

Demonstrated Reserves: Reserves that are both proven and probable.

Demonstrated Resources: Resources that are both proven and probable.

Diorite: A dark, coarsely crystalline igneous rock, similar in composition to granite that is composed principally of silica, alumina, calcium and iron.

Electrolytic Refining: Electrochemical refining of copper anodes. Copper anodes are placed between layers of refined copper sheets in a tank through which an acid copper sulfate solution is circulated. A low voltage current is introduced, causing the transfer of copper from the anodes to the pure copper sheets, and producing 99.98% copper cathodes. Impurities, often containing precious metals, settle to the bottom of the tank.

Electrowinning: The process of directly recovering copper from solution by the action of electric currents.

Exploration: Activities associated with ascertaining the existence, location, extent or quality of a mineral deposit.

Fine Copper: 99.99% pure copper obtained through metallurgical processes.

Flotation: A process of copper concentrate production in which mineral particles attach themselves to the bubbles in an oily froth and rise to the surface, where they are skimmed off. This process is used primarily for the concentration of sulfide ores.

Flux: A high grade silica, which reacts with iron oxides formed during smelting and converting stages to create a molten slag.

Grade A Copper: Electrolytic copper, in the form of cathodes, that (i) is at least 99.99% pure, (ii) meets the LME's highest standards for copper quality, and (iii) is named in the LME-approved list of brands of Grade A copper.

Identified Reserves: Proven and probable reserves, as well as inferred reserves.

Indicated Resources: Resources about which CODELCO's knowledge is substantial but less extensive than its knowledge of Measured Resources.

Inferred Resources: Resources about which CODELCO's knowledge is only indirect.

Intrusion: A geologic processes in which magmatic material flows to the earth's surface through pre-existing rocks.

Leached Capping: An abundant mass of iron oxide concentrated in the upper zones of a porphyry copper deposit.

Leaching: The process of extracting a soluble metallic compound from an ore by selectively dissolving it in a suitable solvent.

Matte: A high density liquid that is produced during the concentrate fusion stage of the pyro-metallurgical process.

Matte Sulfide: A high density liquid containing copper and iron sulfides that is produced of the concentrate fusion stage of the pyro-metallurgical process.

Measured Resources: Resources about which CODELCO's knowledge is both extensive and direct.

Mill: A machine used to grind ore to the consistency of powder or (in wet grinding) slurry.

Milling: A treatment process in which ore is ground into a fine powder.

Mine: Mines are the source of mineral-bearing material found near the surface or deep in the ground.

Mineral Deposit or Mineralized Material: A mineralized underground body that has been probed by a sufficient number of closely-spaced drill holes and/or underground sampling measurements to support an estimate of sufficient tonnage and ore grade to warrant further exploration or development. Mineral deposits or mineralized materials do not qualify as commercially minable ore reserves (*i.e.*, probable reserves or proven reserves), as prescribed under standards of the U.S. Bureau of Mines Circular No. 831 of 1980, until a final and comprehensive economic, technical, and legal feasibility study based upon the test results has been concluded.

Mineralization: A deposit of rock containing one or more minerals for which the economics of recovery have not yet been established.

Molybdenum: **A** metallic element, grayish in color, that resembles chromium and tungsten in many properties, and is used especially in strengthening and hardening steel.

Ore: A mineral or aggregate of minerals from which metal can be economically mined or extracted.

Ore Grade: The average amount of metal expressed as a percentage or in ounces per metric ton.

Ore Deposit: Category including all Resources and Reserves.

Ounces: Unit of weight. A troy ounce equals 31,103 grams or 1.097 avoirdupois ounces.

Outokumpu Flash Furnace: Pyro-metallurgical technology used to smelt copper concentrate.

Overburden: The alluvium and rock that must be removed in order to expose an ore deposit.

Oxide Ore: Metalliferous minerals altered by weathering, surface waters, and their conversion, partly or wholly, into oxides, carbonates, or sulfates.

Pierce Smith Converter: Horizontal furnace to remove impurities from white metal by oxidation.

Porphyry: Rock with siliceous minerals and fine-medium grained size.

Porphyry-type Ore Body: Deposit of porphyric rocks with economic mineralization.

Probable Reserves: Reserves about which CODELCO's knowledge is substantial but less extensive than its knowledge of Proven Reserves.

Proven Reserves: Reserves about which CODELCO's knowledge is both extensive and direct. Quantities of Proven Reserves are computed from dimensions revealed in outcrops, trenches, workings or drill holes, and grade and quality are computed from the results of detailed sampling. Sites for inspection, sampling and measurement of Proven Reserves are spaced so closely together, and the geologic character of the ore is so well defined, that its size, shape, depth and mineral content are well established.

Reclamation: The process of restoring mined land to a condition established by applicable law. Reclamation standards vary widely, but usually address issues of ground and surface water, topsoil, final slope gradients, overburden and revegetation.

Refining: The purification of crude metallic substances.

Reserves: Ore deposits for which CODELCO has established a business development plan.

Resources: Ore deposits for which CODELCO has not yet established a business development plan.

Reverberatory Furnace: A furnace with a shallow hearth and a ceiling that reflects flames toward the hearth or radiates heat toward the surface of the charge.

Rod Mill: A large rotating cylinder in which metal rods are used for grinding ore.

Smelting: A pyro-metallurgical process in which metal is separated by fusion from those impurities with which it may be chemically combined or physically mixed.

Solvent Extraction: A method of separating one or more substances from a chemical solution by treatment with a suitable organic solvent.

Subvertical: Amount of waste material removed during mining per metric ton of ore extracted in a near-vertical spatial orientation.

Sulfide Ore: Ore characterized by the inclusion of metal in the crystal structure of a sulfide mineral.

Tabular: Having a near-rectangular geometric configuration close to a rectangular shape.

Tailings: Finely ground rock from which valuable minerals have been extracted by concentration.

Teniente Converter: A horizontal rotary furnace into which matte, concentrates and flux are placed, and through which oxygen-rich air is blown to provide sufficient heat to smelt the concentrates. Off-gases are captured and transported to the acid plant.

Teniente Modified Converter: An advanced pyro-metallurgical technology used to smelt copper concentrate.

Tera: A metric prefix meaning 10^{12}, or one trillion.

Ton: A unit of weight. One metric ton equals 2,204.6 pounds. One short ton equals 2,000 pounds. Unless otherwise specified in this document, "tons" refers to metric tons.

Tourmaline: A dark-green hydrosilicate that exist in altered rock zones in some ore deposits.

GENERAL INFORMATION

Authorization

The Ministry of Finance of Chile authorized the issuance of the notes by Resolution No. 6 dated July 30, 2008 and Resolution No. 3 dated January 19, 2009.

CODELCO's Board of Directors authorized the issuance of the notes in session No. 9 on September 25, 2008 by means of Agreement No. 27/2008 and session No. 1 on January 15, 2009 by means of Agreement No. 1/2009. CODELCO has obtained all other consents and authorizations necessary under Chilean law for the issuance of the notes.

Litigation

CODELCO is not involved in any litigation or arbitration proceeding which is material in the context of the issuance of the notes. CODELCO is not aware of any material litigation or arbitration proceeding that is pending or threatened.

Clearing

CODELCO has applied to have the notes accepted into DTC's book-entry settlement system. The notes have been accepted for clearance through the clearing systems of Euroclear System and Clearstream Banking, *société anonyme*. The securities codes are:

	CUSIP	ISIN Number	Common Code
Rule 144A Global Note	21987BAM0	US21987BAM00	041044829
Regulation S Global Note	P3143NAJ3	USP3143NAJ39	041044870

Listing

CODELCO will apply to list the notes on the Luxembourg Stock Exchange and trade the notes on the Euro MTF, in accordance with its rules and regulations. According to Chapter VI, Article 3, point A/II/2 of the Rules and Regulations of the Luxembourg Stock Exchange, the notes shall be freely transferable and therefore no transaction made on the Luxembourg Stock Exchange shall be cancelled.

As long as the notes are listed on the Luxembourg Stock Exchange, you may receive free of charge copies of the following documents at the offices of the listing agent or the Luxembourg paying and transfer agents on any business day:

- this prospectus;
- the fiscal agency agreement attaching the forms of the notes;
- CODELCO's Interim Consolidated Financial Statements;
- CODELCO's statutory documents;
- English translations of the official letter authorizing the incurrence of indebtedness as issued by the Ministry of Finance; and
- the most recent annual report of CODELCO.

The notes have been issued in registered, book-entry form through the facilities of DTC, and will be issued in certificated form only under the limited circumstances described in this prospectus.

CODELCO has initially appointed Dexia Banque Internationale à Luxembourg to serve as its Luxembourg paying agent and transfer agent. You can contact the listing agent and the Luxembourg paying agent and transfer agent at the addresses listed on the inside back cover of this prospectus. CODELCO will maintain a paying agent and transfer agent so long as the notes are listed on the Luxembourg Stock Exchange, and such financial institution has been appointed in such way that the financial service of the notes is ensured in Luxembourg. Any change in the Luxembourg paying or transfer agent will be communicated to the Luxembourg Stock Exchange and through publication in a daily newspaper in Luxembourg.

CODELCO will apply to list the notes on the Luxembourg Stock Exchange and trade the notes on the Euro MTF in accordance with its rules and regulations. The notes are not yet listed. If any European or national legislation is implemented or takes effect in Luxembourg in a manner that would require us to publish or produce financial statements according to accounting principles or standards that are different from Chilean GAAP, or that would otherwise impose requirements on us that CODELCO, in its discretion determines are impracticable or unduly burdensome, CODELCO may de-list the notes. In these circumstances, there can be no assurance that CODELCO would obtain an alternative admission to listing, trading and/or quotation for the notes by another listing authority, exchange and/or system within or outside the European Union. For information regarding the notice requirements associated with any delisting decision, see "Description of Notes—Notices".

Financial Statements

There has been no material adverse change in CODELCO's financial condition since the date of the last audited financial statements.

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

Index to the Interim Consolidated Financial Statements

US$	-	United States dollars
ThUS$	-	Thousands of United States dollars
UF	-	The UF is a Chilean inflation-indexed, peso-denominated monetary unit that is set daily in advance based on the previous month's inflation
Ch$	-	Chilean pesos
ThCh$	-	Thousands of Chilean pesos

Deloitte.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

1. We have reviewed the accompanying interim consolidated balances sheets of Corporación Nacional del Cobre de Chile ("the Company") and subsidiaries as of September 30, 2007 and 2008, and the related interim consolidated statements of income and cash flows for the nine-month periods then ended. These interim financial statements (including the related notes) are the responsibility of the management of Corporación Nacional del Cobre de Chile. We have not reviewed the September 30, 2007 and 2008 interim financial statements of certain investees and subsidiaries. Those interim financial statements were reviewed by other accountants, whose review reports have been furnished to us and our review report, insofar as it relates to the amounts included for such investees and subsidiaries, is based solely on the review reports of such other accountants. At September 30, 2007 and 2008, the direct and indirect investment of the Company in such investees combined with the total assets of such subsidiaries represent 7.6% and 7.8% of total consolidated assets of the Company, respectively. The Company's share in net income of these investees in 2007 and 2008 combined with the total sales of these subsidiaries in those periods represent 10.7% and 10.2%, respectively, of the total consolidated sales of the Company.

2. We conducted our reviews in accordance with auditing standards established in Chile for a review of interim financial information. A review of interim financial information consists mainly of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Chile, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, these financial statements have not been audited and therefore we do not express such an opinion.

3. Based on our review and the reports of other accountants, we are not aware of any material modifications that should be made to the interim consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in Chile.

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

Deloitte

October 30, 2008, except for the Note 29 of December 19, 2008
Santiago, Chile

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2007 AND 2008
(In thousands of U.S. dollars - ThUS$)

ASSETS	Notes	2007	2008
		ThUS$	ThUS$
CURRENT:			
Cash and banks		28,265	41,322
Time deposits	31	1,809,966	482,941
Marketable securities		1,825	5,882
Trade receivables, net	4	1,406,184	531,438
Notes receivable	4	18,313	116
Other receivables, net	4	284,874	286,538
Due from related companies	5	16,244	120,874
Inventories, net	6	1,602,308	2,087,272
Income taxes recoverable		106,751	124,747
Prepaid expenses		31,257	30,110
Deferred taxes	7	237,382	615,097
Other current assets		121,315	8,875
Total current assets		5,664,684	4,335,212
PROPERTY, PLANT AND EQUIPMENT:			
Land	8	58,398	67,321
Buildings and infrastructure	8	7,968,158	9,315,663
Machinery and equipment	8	7,139,697	7,444,023
Other plant and equipment	8	117,086	178,483
Technical appraisal revaluation	8	368,218	368,148
Accumulated depreciation	8	(8,679,325)	(9,478,496)
Net property, plant and equipment		6,972,232	7,895,142
OTHER ASSETS:			
Investments in related companies	9	966,186	1,069,535
Investments in other companies		1,749	1,540
Goodwill	10	20,788	19,613
Negative goodwill	10	(361)	(320)
Long-term receivables	4	194,427	198,233
Due from related companies	5	53,743	-
Intangibles		17,804	23,491
Accumulated amortization		(6,690)	(6,550)
Other assets	11	581,087	530,941
Total other assets		1,828,733	1,836,483
TOTAL ASSETS		14,465,649	14,066,837

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2007 AND 2008
(In thousands of U.S. dollars - ThUS$)

LIABILITIES AND EQUITY	**Notes**	**2007**	**2008**
		ThUS$	ThUS$
CURRENT LIABILITIES:			
Banks and financial institutions:			
Current	12	43,028	600,502
Current portion of long-term debt	12	308,359	306,252
Current portion of bonds payable	14	57,514	357,682
Dividends payable		-	104,486
Accounts payable		618,551	705,659
Notes payable		10	11,152
Miscellaneous payables		85,595	226,830
Due to related companies	5	132,757	123,159
Accruals	15	734,668	594,769
Withholdings		106,336	141,198
Income taxes payable		410,813	247,222
Deferred income		63,153	57,959
Other current liabilities		3,393	5,529
Total current liabilities		2,564,177	3,482,399
LONG-TERM LIABILITIES:			
Due to banks and financial institutions	13	700,000	400,000
Bonds payable	14	3,256,462	2,964,172
Notes payable		80,168	77,075
Miscellaneous payables		109,179	142,323
Due to related companies	5	474,124	439,774
Accruals	15	1,345,150	1,637,646
Deferred taxes	7	715,639	740,740
Other long-term liabilities		98,989	136,670
Total long-term liabilities		6,779,711	6,538,400
MINORITY INTEREST	17	4,140	3,310
EQUITY:			
Paid-in capital	18	1,524,423	1,524,423
Other reserves	18	1,657,047	1,758,484
Retained earnings:			
Retained earnings	18	400,000	500,000
Net income for the period	18	2,353,914	1,594,595
Profit distributions to the Chilean Treasury	18	(817,763)	(1,334,774)
Total net equity		5,117,621	4,042,728
TOTAL LIABILITIES AND EQUITY		14,465,649	14,066,837

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2008

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

	Notes	**2007**	**2008**
		ThUS$	ThUS$
SALES		12,878,431	12,044,405
COST OF SALES		(5,873,947)	(6,946,204)
GROSS PROFIT		7,004,484	5,098,201
ADMINISTRATIVE AND SELLING EXPENSES		(238,818)	(275,389)
OPERATING INCOME		6,765,666	4,822,812
NON-OPERATING INCOME (EXPENSES):			
Interest income		60,336	44,158
Equity in income of related companies	9	359,940	288,888
Other income	19	149,060	227,097
Equity in losses of related companies	9	(6,573)	(7,307)
Amortization of goodwill	10	(882)	(882)
Interest expense		(180,546)	(175,919)
Other expenses	19	(1,413,317)	(1,499,814)
Price level restatement	20	(1,204)	(610)
Foreign exchange differences	21	(40,429)	132,071
NON-OPERATING EXPENSES, NET		(1,073,615)	(992,318)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST		5,692,051	3,830,494
INCOME TAXES	7	(3,340,048)	(2,238,467)
INCOME BEFORE MINORITY INTEREST		2,352,003	1,592,027
MINORITY INTEREST	17	1,911	2,537
NET PROFIT		2,353,914	1,594,564
Amortization of negative goodwill	10	-	31
NET INCOME FOR THE PERIOD		2,353,914	1,594,595

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2008

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

	Notes	2007	2008
		ThUS$	ThUS$
NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income for the period	18	2,353,914	1,594,595
Gain on sale of property, plant and equipment		(1,039)	(9,408)
Charges (credits) to income which do not represent cash flows:			
Depreciation		409,207	456,018
Amortization		183,038	234,528
Write-offs and accruals		337,200	578,566
Equity in income of related companies	9	(359,940)	(288,888)
Equity in losses of related companies	9	6,573	7,307
Amortization of goodwill	10	882	882
Amortization of negative goodwill	10	-	(31)
Price level restatement	20	1,204	610
Foreign exchange differences	21	40,429	(132,071)
Other debits to income which do not represent cash flows		(33,712)	(19,556)
Other credits to income which do not represent cash flows		-	7,053
(Increase) decrease in assets which affect operating cash flows:			
Trade receivables		63,202	291,270
Inventories		(79,781)	(382,722)
Other assets		331,239	271,435
Increase (decrease) in liabilities which affect operating cash flows:			
Accounts payable related to operations		(13,510)	40,435
Interest payable		(17,420)	10,953
Income tax payable		300,491	225,858
Value added tax and other similar taxes payable		208,324	(105,707)
Minority interest	17	(1,911)	(2,537)
Net cash provided by operating activities		3,728,390	2,778,590
NET CASH FLOWS FROM FINANCING ACTIVITIES:			
Loans obtained		3,206,700	4,217,100
Profit distributions to the Chilean Treasury		(2,067,800)	(2,988,652)
Loan repayments		(2,828,700)	(3,924,367)
Net cash used in financing activities		(1,689,800)	(2,695,919)
NET CASH FLOWS FROM INVESTING ACTIVITIES:			
Sales of other investments		-	14,070
Other investment income		61,365	63,833
Purchases of property, plant and equipment		(1,050,234)	(1,491,392)
Investments in related companies		(1,340)	(151,654)
Investments in financial instruments		(666)	-
Loans granted to related companies		(8,010)	(27,390)
Other investment disbursements		(32,792)	(34,478)
Net cash used in investing activities		(1,031,677)	(1,627,011)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,006,913	(1,544,340)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		833,143	2,074,485
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,840,056	530,145

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars - ThUS$)

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"). The Company is subject to the regulation of the Superintendency.

The Company was formed as stipulated by Law Decree (D.L.) N° 1350 dated 1976. Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity with its own equity. Codelco currently carries out its mining business through its Codelco Norte (made up of the following ex divisions: Chuquicamata and Radomiro Tomic), Salvador, Andina, El Teniente, and Ventanas Divisions. The Company also carries out similar activities in other mining deposits in association with third parties.

As is established in D.L. N°1350, Codelco's financial activities are conducted following a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The Company's tax regime is established in D.L. N°1350, 2398 and 824.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED

a. Accounting periods - These interim consolidated financial statements reflect the financial position of the Company and its subsidiaries as of September 30, 2007 and 2008 and the results of their operations and cash flows for the nine-month periods then ended.

b. Basis of preparation - The interim 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°1350, the Company's records are kept in United States dollars.

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

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:

	As of September 30, Equity Investment			
	2007	2008		
Entity	Total	Direct	Indirect	Total
	%	%	%	%
Chile Copper Limited - England	100.0000	99.9900	0.0100	100.0000
Codelco Services Limited - England	100.0000	-	100.0000	100.0000
Codelco Group USA Inc. - United States	100.0000	99.9900	0.0100	100.0000
Codelco Metals Inc. - United States	100.0000	-	100.0000	100.0000
Copper Technology Investment Inc. - United States	100.0000	-	100.0000	100.0000
Semi Solid Metal Investors Llc. - United States	100.0000	-	100.0000	100.0000
Corporación del Cobre (USA) Inc. - United States	100.0000	-	100.0000	100.0000
Codelco International Limited - Bermudas	100.0000	99.9900	0.0100	100.0000
Codelco Technologies Ltd. - Bermudas	100.0000	-	100.0000	100.0000
Codelco do Brasil Mineracao S.A. - Brazil	100.0000	-	100.0000	100.0000
Mineracao Vale do Curaca - Brazil	51.0000	-	-	-
Codelco Küpferhandel GMHB - Germany	100.0000	99.9900	0.0100	100.0000
Metall Agentur GMBH - Germany	100.0000	-	100.0000	100.0000
Ecometales Ltda.	100.0000	-	100.0000	100.0000
Mining Information Communications and Monitoring S.A.	66.0000	66.0000	-	66.0000
Compañía Minera Picacho SCM	100.0000	99.9900	0.0100	100.0000
Compañía Contractual Minera Los Andes	100.0000	99.9700	0.0300	100.0000
Isapre Chuquicamata Limitada	98.3000	98.3000	-	98.3000
Elaboradora de Cobre Chilena Limitada	100.0000	99.0000	1.0000	100.0000
Asociación Garantizadora de Pensiones	96.6900	96.6900	-	96.6900
Prestadora de Servicios San Lorenzo Limitada	99.9500	99.9500	-	99.9500
Isapre Río Blanco Limitada	99.9901	99.9900	0.0001	99.9901
CMS - Chile Sistema y Equipos Mineros S.A.	100.0000	99.9900	0.0100	100.0000
Ejecutora Proyecto Hospital del Cobre Calama	100.0000	99.9900	0.0100	100.0000
Complejo Portuario Mejillones S.A.	100.0000	99.9900	0.0100	100.0000
Instituto de Innovación en Minería y Metalurgia S.A.	99.9300	99.9300	-	99.9300
Santiago de Río Grande S.A.	100.0000	99.9800	0.0200	100.0000
Biosigma S.A.	66.6700	66.6700	0.0000	66.6700
Exploraciones Mineras Andinas S.A.	100.0000	99.9000	0.1000	100.0000
Clínica Río Blanco S.A.	100.0000	99.0000	1.0000	100.0000
Minera Gaby S.A.	100.0000	99.9000	0.1000	100.0000
Inversiones Copperfield Limitada	100.0000	99.9000	0.1000	100.0000
Energía Minera S.A.	-	99.0000	1.0000	100.0000
Termoeléctrica Farellones S.A.	-	99.0000	1.0000	100.0000
Ecosea Farming S.A.	-	90.0000	0.0000	90.0000
San Lorenzo Institución de Salud Previsional	99.00000	-	99.0000	99.0000
Biosigma Bermudas Ltda. (Bermudas)	100.0000	-	100.0000	100.0000

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

Although Codelco directly and indirectly owns 66.75% of Electroandina S.A. and Inversiones Mejillones S.A., the Company does not have control nor the management of these entities, and therefore, in accordance with generally accepted accounting principles in Chile, the conditions required to consolidate these subsidiaries are not met and they have, therefore, been accounted for using the equity method of accounting.

The participations are:

- Electroandina S.A.

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

- Inversiones Mejillones S.A.

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

e. Constant currency restatement - The financial statements of the Chilean subsidiaries, which keep their accounting records in Chilean pesos, have been price-level restated to recognize the effects of the variation in the currency's purchasing power during each period. In line with this, restatements for inflation have been determined using the figures reported by the Chilean Institute of Statistics. The variations reported by the aforementioned Institute for the nine-month periods ended September 30, 2007 and 2008 were 5.1% and 6.9%, respectively.

f. Basis of conversion - The Company's assets and liabilities in Chilean pesos, mainly composed of cash, other receivables, investments in companies in Chile, accounts payable and accruals, have been expressed in United States dollars at the observed exchange rate at each period-end of Ch$511.23 per US dollar as of September 30, 2007 and Ch$551.31 per US dollar as of September 30, 2008.

UF-Denominated Assets and Liabilities

At September 30, 2007 and 2008, assets and liabilities denominated in UF (an inflation index-linked unit used in Chile) have been translated using the US$ rates effective at the end of the period (2007: Ch$511.23 and 2008: Ch$551.31) and the UF value on the closing dates of the financial statements (2007: Ch$19,178.94; 2008: Ch$20,988.34).

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

The Company's income and expenses in Chilean pesos have been translated into US dollars at the observed exchange rate on the date on which each transaction was recorded in the accounting records.

Foreign exchange differences are debited or credited to income, in accordance with generally accepted accounting principles issued by the Chilean Institute of Accountants and regulations of the Superintendency.

The average exchange rates for the period from January 1 to September 30, 2007 and 2008 were Ch$529.29 per US dollar and Ch$483.41 per US dollar, respectively.

Chilean Subsidiaries

Assets and liabilities and income statement accounts in Chilean pesos as of September 30, 2007 and 2008 have been translated into US dollars at the exchange rates on those dates (Ch$511.23 per US dollar in 2007 and Ch$551.31 per US dollar in 2008).

Foreign subsidiaries

As of September 30, 2007 and 2008, 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:

	2007	**2008**
	US$	US$
Pound sterling – UK	2.04583	1.77651
Euro	1.42653	1.40667
Mexican peso	0.09144	0.09160

g. Time deposits - Time deposits are recorded at cost plus accrued interest at each period-end.

h. Marketable securities - Marketable securities include mutual fund units stated at market value and other investments defined as marketable securities stated at the lower of cost or market value.

i. Inventories - Inventories are valued at cost, which does not exceed their net realizable value. Cost has been determined using the following 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.

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 in corresponding assets and equity 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.

Codelco does not capitalize interest.

The ore bodies owned by the Company are recorded in the accounts at US$1 each. In accordance with the above, the economic value of these ore bodies differs from the accounting value.

l. Depreciation - Depreciation of property, plant and equipment is calculated on the book values of property, plant and equipment, including the revaluation mentioned in Note 2(k) above, using the straight-line method 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 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 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 production unit method to income over the period in which the benefits are obtained.

n. Leased assets - Property, plant and equipment under finance leasing contracts are recorded as other plant and equipment. These leased assets have been valued at their net present value applying the implicit interest rate in the contracts and are depreciated using the straight-line method over the useful lives of the assets. The Company does not legally own these assets until it exercises the respective purchase options.

o. Investments in related companies - Investments in domestic and foreign related companies, identified as permanent, are valued using the equity method in accordance with Technical Bulletins issued by the Chilean Institute of Accountants. Equity method investments in domestic companies, which are accounted for in Chilean pesos are expressed in US dollars at the period-end exchange rate. The differences which arise and are unrelated to the recognition of income are recognized in the item Other reserves in Equity. In applying the equity method, investments in foreign subsidiaries are expressed in US dollars.

Unrealized gains related to investments in related companies are credited to income at the same rate as the amortization of the transferred assets or mine production, as applicable.

p. Investments in other companies - The item investments in other companies represents the value of the shares that the Company has acquired for its operations but has no significant influence in their operations. These investments are recorded at cost, which do not exceed market value.

q. Intangibles - Intangibles are recorded at the amount of the disbursements made and are amortized in accordance with Technical Bulletin N°55 issued by the Chilean Institute of Accountants.

r. Income tax and deferred income taxes - Include taxes on first category taxable income and the specific mining activity tax according to D.L. N°824, and D.L. N°2398.

The Company recognizes the effects of deferred income taxes arising from temporary differences, which have a different treatment for financial and tax purposes, in accordance with the Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

s. Severance indemnities and other long-term benefits - The Company has an agreement with its employees for the payment of severance indemnities. It is the Company's policy to provide for the total obligation accrued at nominal value.

Additionally, the Company has recorded the necessary provisions for the payment of health benefits agreed with the employees and ex-employees. The provisions are calculated at net present value using a discount rate which is equivalent to the interest rate applied in all its financing operations and with a term of 10 years.

Following its cost-reduction programs through the use of modern technologies, the Company has established personnel severance programs, with benefits that encourage retirement, for which the necessary provisions are made when the employee commits to his/her retirement.

t. Revenue recognition - Revenue for sales overseas are recognized at the time of shipment or delivery of the products in conformity with contractual agreements and is subject to variations in contents and/or the sales price at the transaction settlement date. A provision is made for estimated decreases in sales values on unsettled operations at the end of the period based on the information available as of the date the financial statements are prepared and is presented deducting trade receivables. Sales in Chile are recorded in accordance with Chilean regulations.

According to the note related to metal future market hedging policies, the Company carries out operations in future markets recording the final effects of these hedging transactions at the settlement date of the contracts.

These results are added or deducted from sales.

u. Derivative contracts - The Company's derivative contracts are entered into based on the following hedging policies:

- Hedging policies for exchange and interest rates

The Company contracts exchange rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are made in.

The Company has also contracted interest rate hedge transactions to cover fluctuations of interest rates for future obligations denominated in US dollars.

The results of the exchange rate hedging contracts are recorded as of the date of maturity or settlement of the respective contracts, in conformity with Technical Bulletin N°57 issued by the Chilean Institute of Accountants.

The results of the hedging contracts for interest rates for future liabilities are amortized over the term of those liabilities.

- Hedging policies for future metal prices

In accordance with the policies approved by the Board of Directors the Company entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

The hedging policies seek on the one hand to protect the expected cash flows from the sale of products by fixing the prices for a portion of future production, and on the other hand to adjust physical contracts to its commercial policy, when necessary.

With the transactions that are carried out, the Company takes advantage of the opportunities provided by the market, which does not imply a risk for the Company.

When the sale agreements are fulfilled and the future contracts are settled, income from the sales and future operations are offset.

Hedging operations carried out by the Company in the futures markets are not of a speculative nature.

In accordance with the provisions of Technical Bulletin 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 as incurred.

x. Statement of cash flows - Cash and cash equivalents includes unrestricted cash and bank balances, time deposits maturing within 90 days and financial instruments classified as short-term marketable securities, in accordance with Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

The Company has recognized cash flows from operating, investing or financing activities as required by Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

y. Bonds - Bonds are presented at outstanding principal plus accrued interest at each period-end. The discount on bond issuance is capitalized as deferred expenses and the premium is capitalized as deferred income, and both are amortized using the straight-line method over the term of the bonds and are classified in the item Other Assets under Other Assets or in the item Other Long-Term Liabilities under Long-Term Liabilities, respectively.

z. Environmental exit costs - The Company has established a policy of accruing for future environmental exit costs, which mainly relate to tailing dams, which, subsequent to the end of their useful lives, continue to incur expenses. This policy allows for the recording of a mine's environmental exit costs during its exploitation stage.

aa. Law N° 13196 - Law N°13196 requires the payment of a 10% contribution to the Chilean Government on the export value of copper production and related by-products. The amount is included in the item Other Expenses in the statements of income.

ab. Cost of sales - Cost of sales includes direct and indirect costs and depreciation and amortization related to the production process.

ac. Bond issuance cost - Bond issuance cost is charged to the period's results, as is established in Circular N°1370 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 by our subsidiary Codelco Technologies Limited in July 2006, and results from the creditor difference generated between the cost of the investment and the equity method of accounting at the purchase date, in accordance with Technical Bulletin N°72 of the Chilean Institute of Accountants.

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

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

ag. Reclassification - Certain 2007 figures have been reclassified to be comparative with 2008 figures.

3. CHANGES IN ACCOUNTING PRINCIPLES

At September 30, 2008, there are no changes in accounting policies and accounting criteria described in Note 2, with respect to the prior period.

4. CURRENT AND LONG-TERM RECEIVABLES

Current and long - term trade receivables, notes and other receivables and related allowances for doubtful accounts as of September 30, 2007 and 2008 are as follows:

	Current						Long-term	
	Less than 90 days		90 days to 1 year		Total			
	2007	2008	2007	2008	2007	2008	2007	2008
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Trade receivables	1,408,184	532,953	-	-	1,408,184	532,953	-	-
Allowance for doubtful accounts	-	-	-	-	(2,000)	(1,515)	-	-
Total					1,406,184	531,438	-	-
Notes receivable	18,313	116	-	-	18,313	116	-	-
Other receivables	63,547	64,055	225,303	227,104	288,850	291,159	194,427	198,233
Allowance for doubtful accounts	-	-	-	-	(3,976)	(4,621)	-	-
Total					284,874	286,538	194,427	198,233

Current and long-term accounts receivables, notes and other receivables by geographical segment as of September 30, 2007 and 2008 are as follows:

	As of September 30,			
Country / Region	**2007**		**2008**	
	ThUS$	%	ThUS$	%
Chile	568,364	29.85	564,971	55.59
Europe and Africa	609,819	32.03	195,366	19.22
Asia	506,760	26.62	199,517	19.63
North America	205,390	10.79	53,187	5.23
Rest of South America	13,465	0.71	3,284	0.32
Total	1,903,798	100.00	1,016,325	100.00

Additional information

According to the criteria described in Note 2t, at September 30, 2008, trade receivables are presented net of the provisional pricing adjustment of ThUS$781,620 for unfinalized invoices for unsettled operations. No provisions of unfinalized invoices were accrued at September 30, 2007.

Due to the instability observed in the prices indicated as at September 30, 2008, this provisional pricing adjustment amount includes an additional provision of ThUS$445,040, that was calculated using the copper price information available as of October 28, 2008, which confirmed the downward trend of these prices.

5. TRANSACTIONS WITH RELATED COMPANIES

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, Vicepresidents, Corporate Internal Auditor, the members of the Divisional Boards of Directors and Divisional Chief Executive Officers should be approved by this Board.

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

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**	**September 30,**	
		2007	**2008**
		ThUS$	ThUS$
Insitu Ingeniería Construcción y Servicios S.A.	Relative of an executive	739	644
B. Bosch S.A.	Executive's spouse	664	708
Edyce S.A.	Relative of an employee	398	-
CMS Tecnología S.A.	Investee	13,832	-
Alejandro Mejía Correa	Relative of an employee	27	-
Juan Torres Peters	Relative of an executive	57	-
Compañía de Petróleos de Chile S.A.	Director's participation	14,771	1,082
Ara Worley Parsons S.A.	Executive participation	58	357
Carmen Pavez Díaz	Executive's spouse	-	81
Ingeniería Eléctrica Transboch Ltda.	Executive's spouse	-	38
Distrinor S.A.	Investee	117,400	-
Prodalam S.A.	Director's participation	47	566
Quadrem Chile Ltda.	Investee	45	69
Sodimac S.A.	Director's participation	28	-
Patricio Vergara Ramirez	Relative of an employee	72	-
Ricardo Parada Araya	Relative of an executive	112	-
Fundición Talleres S.A.	Investee	155	-
Dynal Industry S.A.	Relative of an executive	-	23
Mining Industry Robotic Solutions	Investee	-	5,000
Biosigma S.A.	Subsidiary	-	3,912
Ecometales Limited (Ex AC Limited)	Subsidiary	-	34,500
Prodinsa S.A.	Director's participation	-	111
Transelec S.A.	Relative of an executive	-	13
R & Q Ingeniería S.A.	Relative of an executive	-	1,609

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

b. Directors' Remuneration

During 2007 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	September 30, 2007	September 30, 2008
	ThUS$	ThUS$
Santiago González Larraín	-	16
Andrés Velasco Brañes	14	16
Nicolás Majluf Sapag	38	46
Jorge Bande Bruck	38	46
Eduardo Gordon Valcárcel	38	31
Jorge Candia Díaz	38	46
Raimundo Espinoza Concha	38	46
Gustavo González Jure	-	14
Karen Poniachik Pollak	14	-

b.2 Remuneration

Name	September 30, 2007	September 30, 2008
	ThUS$	ThUS$
Jorge Candia Díaz	55	67
Raimundo Espinoza Concha	46	31

b.3 Fees

Name	September 30, 2007	September 30, 2008
	ThUS$	ThUS$
Nicolás Majluf Sapag	-	33
Jorge Bande Bruck	-	33

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

c. Operations with Codelco investees

The Company also has commercial and financial transactions, that are necessary for its operations with entities in which it has a participation in equity. Financial transactions are mainly loans in current account. The conditions of loans to related companies that are current as at September 2007 and 2008 are detailed as follows:

c.1 Loans receivable:

		2007		2008	
Company	**Transaction**	**Interest**	**Term**	**Interest**	**Term**
Electroandina S.A. (1)	Line of credit	Libor+0.75% per annum	4 years	Libor+0.75% per annum	4 years
Electroandina S.A. (2)	Line of credit	Libor+1% per annum	2 years	Libor+1% per annum	2 years
CMS Tecnología S.A.	Mortgage	Libor 180 days+2.5% per annum	3 years	Libor 180 days+2.5% per annum	3 years

(1) Direct line of credit
(2) Line of credit in guarantee for external credits

c.2 Loans payable:

		2007		2008	
Company	**Transaction**	**Interest**	**Term**	**Interest**	**Term**
Electroandina S.A.	Leasing	23.3% per annum	74 months	23.3% per annum	74 months
Electroandina S.A. (3)	Leasing	-	-	8% per annum	40 months

(3) The subsidiary Minera Gaby S.A. has commissioned the design, construction, assembly and start up of the power supply line projects by means of a finance lease. Via this contract, Electroandina will assume ownership of the line project from provisional acceptance to the day on which Minera Gaby S.A. pays installment number 41, on which date it is agreed that the ownership of the line project will be transferred to Minera Gaby S.A. This line project has been operating since December 2007.

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

c.3 Notes and accounts receivable from related companies:

	As of September 30,			
	Current		Long-term	
Company name	**2007**	**2008**	**2007**	**2008**
	ThUS$	ThUS$	ThUS$	ThUS$
Minera Pecobre S.A. de C.V.	472	291	-	-
Copper Partners Investment Company Ltd.	10,157	9,562	-	-
Sociedad Contractual Minera El Abra	2,392	6,761	-	-
Electroandina S.A.	1,366	103,098	53,410	-
Agua de la Falda S.A.	247	260	-	-
CMS Tecnología S.A.	279	869	333	-
Fundición Talleres S.A.	1,331	-	-	-
Sociedad GNL Mejillones S.A.	-	24	-	-
Mining Industry Robotic Solutions S.A.	-	9	-	-
Total	16,244	120,874	53,743	-

c.4 Notes and accounts payable to related companies:

	As of September 30,			
	Current		Long – term	
Company name	**2007**	**2008**	**2007**	**2008**
	ThUS$	ThUS$	ThUS$	ThUS$
Copper Partners Investment Company Ltd.	36,667	36,667	464,433	427,775
Sociedad Contractual Minera El Abra	67,811	35,227	-	-
Electroandina S.A.	26,193	51,211	9,691	11,999
CMS Tecnología S.A.	180	54	-	-
Fundición Talleres S.A.	1,906	-	-	-
Total	132,757	123,159	474,124	439,774

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

d. Transactions

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., Minera Pecobre S.A., Sociedad Contractual Minera Sierra Mariposa, Copper Partners Investments Company Ltd., Sociedad Contractual Minera Purén, Kairos Mining S.A., MI Robotic Solutions S.A., Inversiones Tocopilla Ltda., Sociedad Contractual Minera El Abra, Electroandina S.A., Agua de La Falda S.A., Fundición Talleres S.A., CMS Tecnología S.A., Comotech S.A. and Inversiones Mejillones S.A.. The detail is as follows:

			As of September 30,			
			2007		2008	
Company name	Relationship	Description of the Transaction	Amount	Effect on Income gain (loss)	Amount	Effect on Income gain (loss)
			ThUS$	ThUS$	ThUS$	ThUS$
Sociedad Contractual Minera Purén	Investee	Dividends collected	63,000	-	15,750	-
Sociedad GNL Mejillones S.A.	Investee	Other expenses	2	-	170	-
		Capital contribution	2	-	110,000	-
Kairos Mining S.A.	Investee	Capital contribution	40	-	-	-
Sociedad Contractual Sierra Mariposa	Investee	Capital contribution	1,747	-	-	-
S.C. Minera El Abra	Investee	Purchase of products	365,121	(365,121)	426,806	(426,806)
		Sale of products	22,607	22,607	49,472	49,472
		Sale of services	4	4	-	-
		Purchase of services	27,690	(27,690)	2,649	(2,649)
		Commissions earned	95	95	133	133
		Dividends collected	308,700	-	183,750	-
Electroandina S.A.	Investee	Interest income	2,535	(2,535)	2,621	(2,621)
		Purchase of electricity	150,383	(150,383)	284,454	(284,454)
		Gas supply	5,571	(5,571)	4,827	(4,827)
		Loans	-	-	27,391	-
		Purchase of services	-	-	682	(682)
		Capital contribution	-	-	24,537	-
Agua de la Falda S.A.	Investee	Sale of services	40	40	-	-
Fundición Talleres S.A.	Investee	Purchase of products	14,735	(14,735)	-	-
		Sale of services	1,725	1,725	-	-
CMS Tecnología S.A.	Investee	Dividends colected	589	-	-	-
		Purchase of services	24,426	(24,426)	32,966	(32,966)
		Sale of services	245	245	-	-
		Interest	330	330	35	35
Mining Industry Robotic Solutions S.A.	Investee	Capital contribution	1,300	-	22,814	-
Inversiones Tocopilla S.A.	Investee	Capital contribution	-	-	14,836	-
Sociedad GNL Mejillones S.A.	Investee	Sales	4	4	13	13
		Lease of building	-	-	13	13
Copper Partners Investment Company Ltd.	Investee	Dividends collected	-	-	23,281	-
		Sale of products	89,059	89,059	111,851	111,851
Inversiones Mejillones S.A.	Investee	Dividends collected	-	-	8,352	-

e. Other information

At September 30, 2007 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 25c).

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

At September 30, 2007 and 2008, the long-term accounts receivable from the investee Electroandina S.A. corresponds to the balance of credit line pending amortization in accordance with the Shareholders Agreement.

6. INVENTORIES

The breakdown of inventories is as follows:

	As of September 30,	
	2007	**2008**
	ThUS$	ThUS$
Finished products	594,640	510,042
Work in progress	760,821	1,290,423
Materials in warehouse and others, net	246,847	286,807
Total	1,602,308	2,087,272

At September 30, 2008, the Company has started the operation activities related to the Gabriela Mistral project; therefore the total amount of inventories includes MTF25,456 from this deposit.

The value of inventories is presented net of the obsolescence allowance for materials in warehouse for ThUS$52,038 and ThUS$58,743 as of September 30, 2007 and 2008, respectively.

At September 30, 2007 and 2008 finished products are presented net of unrealized profits of ThUS$36,420 and ThUS$30,335, respectively, corresponding to purchase and sale operations to investees, which in accordance with generally accepted accounting principles in Chile, have to be deducted from the items that originated them.

7. INCOME AND DEFERRED TAXES

a. Deferred taxes:

The deferred tax calculated in accordance with the policy described in Note 2r) at September 30 2007, represents a net liability of ThUS$478,257 and of ThUS$125,643 as of September 30, 2007 and 2008, respectively.

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

b. Income taxes:

At September 30, 2007, and 2008 the charge to income for first category income tax is the following:

	As of September 30,	
	2007	2008
	ThUS$	ThUS$
First category Income tax (17%)	816,059	641,871
D.L. 2398 (40%)	2,071,706	1,609,077
Specific tax on mining activity (5%)	272,769	233,352
Total	3,160,534	2,484,300

The subsidiaries' income tax provision amounted to a charged to income of ThUS$381 at September 30, 2007 and a credit to income of ThUS$1,361 at September 30, 2008.

This provision is presented in Income tax payable, net of estimated provisional monthly tax payments and other tax credits.

c. Deferred taxes:

The detail of deferred taxes is as follows:

	As of September 30,					
	2007			2008		
	Asset		Liability	Asset		Liability
Temporary differences	Current	Long-term	Long-term	Current	Long-term	Long-term
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Allowance for doubtful accounts	-	2,267	-	-	2,634	-
Deferred income	22,041	285,627	-	20,191	264,732	-
Vacation accrual	58,996	-	-	64,307	-	-
Leased assets	-	355	-	-	8,705	-
Depreciation PP&E	-	-	1,481,676	-	-	1,493,896
Other accruals	126,721	64,987	-	500,642	73,781	121,748
Obsolescence provisions	-	29,658	-	-	33,484	-
Contingencies accrual	-	51,274	-	-	47,551	-
Environmental exit costs provision	-	101,923	-	-	248,079	-
Hedging of bonds	-	40,124	3,520	-	62,218	-
Unrealized gains with related parties	22,776	73,826	-	17,291	63,445	-
Domestic and foreign bonds costs	-	-	15,227	-	-	13,709
Special retired employees plan accrual	6,848	26,596	-	12,666	23,512	-
Health program accrual	-	108,147	-	-	110,969	-
Others from subsidiaries	-	-	-	-	-	50,497
Total	237,382	784,784	1,500,423	615,097	939,110	1,679,850

d. Income tax expense:

	Nine-month period ended September 30,	
	2007	**2008**
Item	ThUS$	ThUS$
Current tax	(3,160,915)	(2,482,939)
Deferred tax	(179,133)	244,472
Total	(3,340,048)	(2,238,467)

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

8. PROPERTY, PLANT AND EQUIPMENT

The composition of property, plant and equipment is as follows:

a. Property, plant and equipment, gross

	As of September 30,	
	2007	**2008**
	ThUS$	ThUS$
Land		
Land	58,173	66,941
Mining rights	225	380
Subtotal	58,398	67,321
Buildings and infrastructure		
Infrastructure	1,935,664	2,020,330
Buildings	2,118,534	2,168,090
Housing	129,253	152,864
Construction in progress	1,228,092	2,093,642
Development of mines and mining operations	2,432,880	2,710,617
Forestation and forest development	944	1,260
Buildings and infrastructure of subsidiaries	122,791	168,860
Subtotal	7,968,158	9,315,663
Machinery and equipment		
Machinery and equipment	6,238,964	6,592,978
Transport equipment	811,305	806,018
Furniture and fixtures	24,718	24,882
Machinery and equipment of subsidiaries	64,710	20,145
Subtotal	7,139,697	7,444,023
Other plant and equipment		
Improvements in leased land	4,722	4,721
Leased buildings	94,708	99,062
Leased machinery and equipment	15,446	36,497
Leased transport equipment	-	21,650
Other leased assets	2,210	1,454
Other assets of subsidiaries	-	15,099
Subtotal	117,086	178,483
Technical appraisal revaluation	368,218	368,148
Total gross property, plant and equipment	15,651,557	17,373,638

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

b. Accumulated depreciation

	As of September 30,	
	2007	**2008**
	ThUS$	ThUS$
Buildings and infrastructure		
Infrastructure	1,564,464	1,661,275
Buildings	1,527,169	1,598,536
Housing	166,068	165,769
Development of mines and mining operations	1,002,700	1,271,500
Subtotal	4,260,401	4,697,080
Machinery and equipment		
Machinery and equipment	3,820,686	4,149,133
Transport equipment	505,393	534,446
Furniture and fixtures	23,717	23,675
Subtotal	4,349,796	4,707,254
Other plant and equipment		
Improvements in leased land	669	1,140
Leased buildings and infrastructure	18,931	25,949
Leased machinery and equipment	3,020	7,102
Leased transport equipment	-	2,968
Subtotal	22,620	37,159
Accumulated depreciation from subsidiaries	46,508	37,003
Total accumulated depreciation	8,679,325	9,478,496

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

c. Depreciation for the period

	Nine-month period ended September 30,	
	2007	**2008**
	ThUS$	ThUS$
Buildings and infrastructure		
Infrastructure	50,684	92,173
Buildings	55,082	54,693
Housing	690	943
Development of mines and mining operations	167,954	170,386
Subtotal	274,410	318,195
Machinery and equipment		
Machinery and equipment	241,850	249,247
Transport equipment	46,780	45,620
Furniture and fixtures	233	228
Subtotal	288,863	295,095
Other plant and equipment		
Improvements in leased land	354	354
Leased buildings and infrastructure	4,829	5,077
Leased machinery and equipment	1,555	4,250
Leased transport equipment	-	2,234
Subtotal	6,738	11,915
Depreciation and amortization from subsidiaries	2,540	1,199
Total depreciation and amortization for the period	572,551	626,404

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

d. Technical appraisal revaluation

	As of September 30, 2007 Technical appraisal revaluation			
	Property, plant and equipment, gross	Accumulated depreciation	Depreciation for the period	Property, plant and equipment, net
	ThUS$	ThUS$	ThUS$	ThUS$
Buildings	110,693	(108,104)	(1,198)	2,589
Transport equipment	850	(764)	(5)	86
Housing	44,531	(43,359)	(179)	1,172
Machinery	10,433	(10,210)	(97)	223
Furniture and fixtures	19	(19)	-	-
Infrastructure	201,692	(184,765)	(1,418)	16,927
Total	368,218	(347,221)	(2,897)	20,997

	As of September 30, 2008 Technical appraisal revaluation			
	Property, plant and equipment, gross	Accumulated depreciation	Depreciation for the period	Property, plant and equipment, net
	ThUS$	ThUS$	ThUS$	ThUS$
Buildings	110,693	(109,703)	(351)	990
Transport equipment	850	(771)	(5)	79
Housing	44,461	(43,557)	(156)	904
Machinery	10,433	(10,333)	(20)	100
Furniture and fixtures	19	(19)	-	-
Infrastructure	201,692	(186,656)	(1,372)	15,036
Total	368,148	(351,039)	(1,904)	17,109

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

e. Other plant and equipment

Other plant and equipment includes assets acquired under capital leases as follows:

	As of September 30,	
	2007	**2008**
Leased Assets:	ThUS$	ThUS$
Improvements in leased land		
Improvements in leased land	4,722	4,721
Subtotal	4,722	4,721
Buildings and infrastructure		
Buildings and infrastructure	94,708	99,062
Subtotal	94,708	99,062
Leased machinery and equipment		
Leased machinery and equipment	15,446	36,497
Leased transport equipment	-	21,650
Subtotal	15,446	58,147
Accumulated depreciation:		
Improvements in leased land		
Improvements in leased land	669	1,454
Subtotal	669	1,454
Buildings and infrastructure		
Buildings and infrastructure	18,931	25,949
Subtotal	18,931	25,949
Leased machinery and equipment		
Leased machinery and equipment	3,020	7,102
Leased transport equipment	-	2,968
Subtotal	3,020	10,070

f. Additional information

f.1 On January 9, 2006, the Board of Directors of Codelco approved the Gaby Project, which involves the exploitation of 555 million tons. At September 30, 2008, said project is under construction and ThUS$1,024,829 are included in the Construction in progress item related to the Gaby Project.

f.2 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.

9. INVESTMENTS IN RELATED COMPANIES

Investments in foreign companies:

Codelco's foreign subsidiaries facilitate the Company's commercial activity in different foreign markets.

The Company has not assumed any liabilities as hedging instruments to cover its foreign investments.

Additional information:

The following are the companies in which Codelco has participation and which have not been consolidated:

- Agua de la Falda S.A.

In 1996, Agua de La Falda S.A. was formed by Codelco (49%) and Minera Homestake (51%).

The company's business objective is the exploration and exploitation of gold and other ore deposits in Region III of Chile.

In 2004, Codelco - Chile did not participate in the capital increase carried out by Agua de la Falda S.A., decreasing its participation from 49% to 43%.

In September 2006, the Corporation adquired 56,72% through its subsidiary Inversiones Copperfield Ltda. The purchase of said participation amounted to ThUS$12,000. Subsequently, Inversiones Copperfield Ltda. sold its participation in ThUS$20,000 to Minera Meridian Ltda. generating a gain of ThUS$8,000.

- Geotérmica del Norte S.A.

Geotérmica del Norte S.A. is a private company whose business objective is the exploration and exploitation of geothermal deposits located between the Regions I, II and III of Chile and the sale, of all products and by-products derived directly or indirectly from the conduct of the aforementioned activities. In March 2006, the Company sold 45.1% of its ownership to Enel Latin America (Chile) S.A., and therefore at March 31 it records a 5% interest. The sale price of the shares was ThUS$1,215 generating a loss of ThUS$12.

- 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.

- Inversiones Tocopilla Ltda. and Electroandina S.A.

Inversiones Tocopilla Ltda. is a holding company in which Suez Energy Andino S.A. has a 51% interest and Codelco a 49% interest.

The main business of Electroandina S.A., a public company, is the generation, transmission and distribution of electric energy in Region II of Chile. Inversiones Tocopilla Ltda. holds 65.2% and Codelco holds 34.8%. Electroandina S.A.'s main assets were acquired from Codelco's former Tocopilla Division.

Codelco has direct and indirect ownership of 66.75% of Electroandina S.A.

On July 24, 2008, the market was informed regarding the merger between Suez S.A. (controlling entity of Suez Energy Andino S.A., through Suez-Tractabel S.A.) and Gas de France S.A. Due to this operation, the new controlling entity of the holding changed its name to GDF Suez S.A.

The Extraordinary Shareholders' Meeting of Electroandina S.A., held on July 29, 2008, approved a capital increase of said company, under which on September 26, 2008, Codelco subscribed 25,687,934 Serie B shares, for a total amount of ThUS$24,537, maintaining its ownership percentage in Electroandina S.A.

- Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994 by Codelco (49%) and Cyprus El Abra Company (51%), with Cyprus Amax Minerals Company as a guarantor, both linked to the Phelps Dodge mining consortium, to develop and exploit the El Abra deposit.

Codelco's investment in the project consisted of the contribution of a number of mining properties. The financing agreements for the project became effective September 15, 1995 and include the following obligations during the term of the agreements:

a) A long-term trading agreement with Codelco Services Ltd. for a portion of the production of El Abra.

b) The commitment from the partners to maintain majority ownership of the property of Sociedad Contractual Minera El Abra.

c) A pledge on the ownership rights of Sociedad Contractual Minera El Abra in favor of the lending institutions.

Since March 19, 2007, Phelps Dodge Corporation is a subsidiary of Freeport McMoran Copper & Gold Inc.

- Inversiones Mejillones S.A.

Inversiones Mejillones S.A. was formed on March 20, 2002, with a direct ownership of 34.8% by Codelco and 65.2% by Inversiones Tocopilla Ltda. Codelco owns 49% of the capital of Inversiones Tocopilla Ltda.

Inversiones Mejillones S.A. was formed with the objective of acquiring an 82.34% of the shares of Empresa Eléctrica del Norte S.A. (Edelnor), and with the purpose of rescheduling its financial obligations and coordinating the operations of Electroandina S.A. (of which Codelco and Inversiones Tocopilla Ltda. are partners) and Edelnor.

Codelco has direct and indirect ownership of 66.75% of Inversiones Mejillones S.A.

- Sociedad Contractual Minera Purén

Sociedad Contractual Minera Purén was formed on September 23, 2003 by Corporación Nacional del Cobre de Chile and Compañía Minera Mantos de Oro, with shareholding of 35% and 65%, respectively.

The company's objective is the exploration, prospecting, research, development and exploitation of mining projects.

- Fundición Talleres S.A.

Fundicion Talleres S.A. is a private company formed on October 1, 2003 by Codelco and Elaboradora de Cobre Chilena Ltda. On October 23, 2003 Fundición Talleres S.A. acquired, from the Talleres Division of Codelco, machinery and other operational assets at a book value of ThCh$8,066,432 (historic) (ThUS$12,560). On January 23, 2004 Codelco sold 60% of its ownership to Compañía Electro Metalúrgica S.A., generating a loss of ThUS$2,744, which was charged to 2004 results.

On December 10, 2007, Elecmetal S.A. exercised the option to purchase 40% of the shares issued by Fundición Talleres S.A. that were owned by Codelco. The sale price was ThUS$9,575, generating a ThUS$845 gain that was recognized in income at December 31, 2007.

Its purpose is the manufacture of steel, fittings and spare parts.

- CMS Tecnología S.A.

CMS Tecnología S.A. is a private company, whose purpose is to manufacture, market, maintain, repair and distribute mining equipment and spares.

On October 4, 2005, the Company sold 70% of CMS Tecnología S.A. shares to ABB Chile S.A. for ThUS$7,000, resulting in a gain of ThUS$832.

- Quadrem International Limited and Copper Partners Invertment Company Ltd.

Through Codelco International and its subsidiary Codelco Technologies Limited, the Company has invested in Quadrem International Holdings Limited, a global company comprised of 18 of the most significant global mining companies to operate in an electronic market, in which companies may buy and sell goods and services.

In March 2006, Codelco Chile through its subsidiary Codelco International Ltd., signed an agreement with Minmetals for the creation of the company Copper Partners Investment Company Ltd, which is equally owned by the two parties.

- Sociedad Contractual Minera Sierra Mariposa

Sociedad Contractual Minera Sierra Mariposa was formed on March 15, 2007, with Codelco holding a 33.3% ownership interest and Exploraciones e Inversiones PD Chile Limitada holding a 66.7% ownership interest, with the business purpose of exploring, surveying, prospecting, investigating, developing and exploiting mining deposits in order to extract, produce and process ore concentrates or other mineral products. Its capital is ThUS$5,247, with Codelco having 33.3% interest.

On October 9, 2007, an Extraordinary Shareholders Meeting was held to modify the company's capital. The Corporation did not subscribe, which caused its ownership interest to be reduced to 23.73%.

- Kairos Mining S.A.

On January 22, 2007, Codelco Chile, together with Honeywell Chile S.A., formed Sociedad Kairos Mining S.A., with an initial capital of ThUS$100, with a 40% and 60% ownership interest, respectively.

The corporate purpose is:

a) To supply automation and control services for industrial and mining activities;

b) To develop advanced control system technology and applications for industrial and mining activities;

c) To license technology and software, together with the services set out in letter a);

d) To commercialize, distribute, import, export and generally trade, on its own or through third parties, any of the services mentioned in letter a) and any other service for industrial or mining activities.

- Mining Industry Robotic Solutions S.A.

On August 29, 2007, Codelco Chile and Support Company Limitada, Nippon Mining & Metals Co Ltd. and Kuka Roboter GmbH, formed Mining Industry Robotic Solutions S.A., in which Codelco holds a 36% ownership interest.

The corporate purpose is:

a) The research, design, creation, invention, manufacture, installation, supply, maintenance and commercialization in any form, of robotic products, robotic technology products or necessary or complementary inputs for the commercialization and maintenance of such products that are capable of being used in the mining and metallurgical industries and their related services.

b) To produce under license, to license and commercialize product licenses processes and services of robotic nature for the mining and metallurgical industry, as well as all other forms of use by third parties of products or services based on such technology.

c) The Company may also form all kinds of limited liability companies and private corporations and become a partner or a shareholder of any existing company, being able to develop business activities on its own or through companies that it forms or of which it becomes a partner.

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

- Sociedad GNL Mejillones S.A.

On January 31, 2007, Codelco Chile and Sociedad de Inversiones Copperfield Ltda. formed Sociedad GNL Mejillones S.A., with a capital of ThCh$1,000 (one million Chilean pesos), with Codelco holding a 99.9% ownership interest. Its business purpose is the production, storage, transport and distribution of all types or classes of fuel, and the acquisition, construction, maintenance and exploitation of the infrastructure facilities and physical works necessary to transport, receive, process and store, both in Chile and abroad, singly or in partnership with third parties.

On October 4, 2007, Codelco Chile's Board of Directors, in an extraordinary meeting, unanimously agreed to confirm Codelco's participation in the GNL Project, through GNL Mejillones S.A., changing its ownership interest in that company to 50%. The remaining 50% is assumed by Suez Energy Andino S.A.

- Comotech S.A.

Comotech S.A. is a private company formed on January 24, 2008 by Copper Technology Investments Inc., Molibdenos y Metales S.A. and Universidad de Chile, each with a 33.33% ownership interest in that company.

The corporate purpose is to develop investigation activities in order to increase the demand of molybdenum locally and internationally through new and better applications, uses and or markets.

Contributions to paid in capital of related companies

During the periods between January 1 and September 30, 2007 and 2008 Codelco made capital contributions, in cash or by capitalizing accounts receivable, for ThUS$3,087 and ThUS$151,654 respectively, as follows:

	2007	**2008**
	ThUS$	ThUS$
Sociedad Kairos Mining S.A.	40	-
Sociedad Contractual Minera Sierra Mariposa	1,747	-
Sociedad GNL Mejillones S.A.	-	110,000
Mining Industry Robotic Solutions S.A.	1,300	2,281
Inversiones Tocopilla Ltda.	-	14,836
Electroandina S.A.	-	24,537

These capital contributions were recorded at book value in accordance with Technical Bulletin Nº72 issued by the Chilean Institute of Accountants.

Additional information on unrealized gains:

The Company has recognized unrealized gains on the contribution of products, mining properties, property, plant and equipment and ownership rights. The most significant transactions are detailed as follows:

Sociedad Contractual Minera El Abra

The Company contributed mining rights to Sociedad Contractual Minera El Abra in 1994. The gain is recognized based on the depletion of Sociedad Contractual Minera El Abra. At September 30, 2007 and 2008 gains of ThUS$11,218 and ThUS$14,472, respectively, were recognized. At September 30, 2007 and 2008 finished products are presented under the Inventories item, net of unrealized gains for ThUS$16,911 and ThUS$0, respectively.

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

The detail of investments in related companies is as follows:

Company	Number of Shares	Percentage owned 2007 %	Percentage owned 2008 %	Equity in income (loss) 2007 ThUS$	Equity in income (loss) 2008 ThUS$	Unrealized gain 2007 ThUS$	Unrealized gain 2008 ThUS$	Book value of the investment 2007 ThUS$	Book value of the investment 2008 ThUS$
Minera Pecobre S.A. de C. V .	1,268,270	49.00	49.00	(1,122)	(678)	-	-	325	193
Quadrem International Holdings Ltd.	1,319,797	6.00	6.00	-	-	-	-	706	706
Cooper Partners Investment Company Ltd.	-	50.00	50.00	7,271	12,154	-	-	113,807	107,585
Soc. Contractual Minera Sierra Mariposa	-	33.30	23.73	(120)	(247)	-	-	1,627	1,161
Soc. Contractual Minera Purén	350	35.00	35.00	55,372	15,644	-	-	17,057	7,723
Soc. GNL Mejillones S.A.	-	99.90	50.00	-	(5,249)	-	-	-	127,879
Kairos Mining S.A.	400	40.00	40.00	(6)	8	-	-	37	56
Mining Industry Robotic Solutions S.A.	67,925	36.00	36.00	-	(499)	-	-	1,300	1,770
Inversiones Tocopilla Ltda.	-	49.00	49.00	16,556	34,716	-	-	198,336	256,994
S.C. Minera El Abra	49,000	49.00	49.00	254,815	188,182	129,518	111,307	397,283	277,916
Electroandina S.A.	126,319,895	34.80	34.80	(5,095)	(382)	-	-	112,720	139,623
Agua de La Falda S. A.	17,052	43.00	43.00	2,116	49	-	-	6,067	6,120
CMS Tecnología S.A.	603,045	30.00	30.00	(230)	(252)	-	-	1,634	1,649
Inversiones Mejillones S.A.	18,671	34.80	34.80	23,110	38,135	-	-	102,912	140,160
Fundición Talleres S.A.	426,429	40.00	-	700	-	-	-	12,375	-
Total				353,367	281,581	129,518	111,307	966,186	1,069,535

(All amounts as of September 30.)

10. GOODWILL AND NEGATIVE GOODWILL

Goodwill

The detail of goodwill is as follows:

Company	2007 Amount amortized in the period ThUS$	2007 Total goodwill ThUS$	2008 Amount amortized in the period ThUS$	2008 Total goodwill ThUS$
Fundición y Refinería Las Ventanas	882	20,788	882	19,613

(As of September 30.)

Law N°19993 dated December 17, 2004 authorized Empresa Nacional de Minería (ENAMI) to sell real estate, equipment, a laboratory, furniture and vehicles, rights and licenses and other movable goods and intangible goods, forming the industrial mining metallurgical complex called Fundición y Refinería Las Ventanas.

Such acquisition was completed on May 1, 2005 for US$391 million plus VAT for US$2.5 million on taxed fixed assets. Such transaction mainly consisted in the acquisition of the assets of the industrial complex and certain liabilities related to the industrial complex's employee benefits.

As a result of this transaction goodwill was generated which is amortized over 20 years since the date of acquisition in accordance with the estimated life of return on the investment.

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

Negative goodwill

The detail of negative goodwill is as follows:

	As of September 30,			
	2007		2008	
Company	**Amortization in negative goodwill**	**Negative goodwill**	**Amortization in negative goodwill**	**Negative goodwill**
	ThUS$	ThUS$	ThUS$	ThUS$
Alliance Copper Ltd. (now Ecometales Ltd.)	-	361	31	320

On July 31, 2006, the subsidiary Codelco Technologies Limited acquired the remaining 50% ownership in Alliance Copper Limited (now Ecometales Ltd.) for ThUS$10,000. Said operation generated a net negative goodwill of ThUS$361 in 2007 and ThUS$320 in 2008.

The indirect subsidiary Codelco Technologies Ltd. recorded the increase of this investment according to Technical Bulletin N°72 issued by the Chilean Institute of Accountants.

11. OTHER ASSETS

At September 30, 2007 and 2008, other assets are as follows (net values):

	As of September 30,	
	2007	2008
	ThUS$	ThUS$
Interest rate hedging (1)	6,176	-
Complementary activities (2)	17,451	12,686
Discount on issues of bonds (3)	26,714	24,051
Nueva Calama integration project (4)	361,016	251,957
Hedging - exchange rates (5)	148,461	156,171
Law N°13196 (6)	-	46,444
Other	21,269	39,632
Total	581,087	530,941

(1) Corresponds to payments made for variations in interest rate hedging operations related to bank obligations in U.S. dollars and which were paid in January 2008 (Note 24a).

(2) Corresponds to disbursements related to improvements to tailing dams and hydro and geological activities, which are amortized over a maximum period of 6 years, depending on the related activity.

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

(3) Corresponds to bond discount on issuances made in Chile and United States. These are amortized using the straight-line method over the term of these bonds to the maturity dates (2012, 2013, 2014, 2035 and 2036).

(4) Corresponds to expenses incurred in moving the camp from Chuquicamata to Calama City due to the development of the mine, the extension of waste tips and the improvement of the environmental conditions in the camp.

(5) Corresponds to the net account receivable in connection with exchange rate hedging contracts entered into to protect the Company against the future variation of other currencies against the U.S. dollar which are used in Codelco's operations (Note 24b).

(6) Corresponds to the obligation related to Law N°13196, which is also shown in the item Accruals under Current liabilities. This amount relates to the advance received by the Company as a result of the sales agreement signed with Copper Partners Investment Company Limited (Note 25c). This amount will be amortized according to the actual shipments.

12. CURRENT LIABILITIES DUE TO BANKS AND FINANCIAL INSTITUTIONS

a. Current obligations

Bank or financial institution	Currency	As of September 30, 2007	2008
		ThUS$	ThUS$
Dresdner Bank	Euros	38,708	-
Thrinkaus & Burkhardt	Euros	4,320	-
ABN AMRO Bank N.Y.	US$	-	200,088
Export Development Canada	US$	-	100,011
The Bank of Tokyo - Mitsubishi Ltd.	US$	-	50,006
HSBC Bank U.S.A., National Association	US$	-	250,035
Others	Chilean $	-	362
Total		43,028	600,502
Principal outstanding		43,028	600,000
Average interest rate	US$	-	-
Average interest rate	Euros	4.41%	-
Percentage of obligations in US dollars		-	100%
Percentage of obligations in Euros		100%	-

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

Additional information

U.S. dollar (SPOT) sales operation, maturing within no more 48 hours, are presented in Current liabilities with banks and financial institutions.

b. Current portion of long-term obligations

Bank or financial institution	Currency	As of September 30, 2007	As of September 30, 2008
		ThUS$	ThUS$
Citibank N.A.	US$	303,538	300,000
The Bank of Tokyo - Mitsubishi Ltd.	US$	4,703	2,773
BBVA Bancomer S.A.	US$	118	3,479
Total		308,359	306,252
Principal outstanding	US$	300,000	300,000
Average interest rate	US$	5.50%	3.43%
Percentage of obligations in US dollars		100%	100%

13. BANKS AND FINANCIAL INSTITUTIONS LONG-TERM

These obligations accrue interest at variable rates based on Libor.

Bank or financial institution	Currency	As of September 30, 2007 Total	As of September 30, 2008 Years to maturity: After 1 year but within 2 years	After 5 years but within 10 years	Total	Annual average interest rate
		ThUS$	ThUS$	ThUS$	ThUS$	%
BBVA Bancomer S.A.	US$	400,000	-	400,000	400,000	3.30
The Bank of Tokyo - Mitsubishi Ltd.	US$	300,000	-	-	-	
Total		700,000		400,000	400,000	
Percentage of obligations in US dollars		100%			100%	

14. CURRENT AND LONG-TERM BONDS PAYABLE

On May 4, 1999, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$300,000. These bonds mature in a single installment on May 1, 2009, at an interest rate of 7.375% per annum with interest paid semi-annually.

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.

On November 30, 2002, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$435,000. These bonds mature in a single installment on November 30, 2012, at an interest rate of 6.375% per annum interest paid semi-annually.

On October 15, 2003, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$500,000. These bonds mature in a single installment on October 15, 2013, at an interest rate of 5.5% per annum interest paid semi-annually.

On October 15, 2004, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$500,000. These bonds mature in a single installment on October 15, 2014, at an interest rate of 4.750% per annum interest paid semi-annually.

On May 10, 2005, the Company issued and placed bonds in the local market, for a nominal amount of UF6,900,000 of a single denominated B Series, and are represented by 6,900 certificates for UF1,000 each. These bonds mature in a single installment on April 1, 2025, at an interest rate of 3.29% per annum with interest paid semi-annually.

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.

On October 19, 2006, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$500,000. These bonds mature in a single installment on October 24, 2036, at an interest rate of 6.15% per annum interest paid semi-annually.

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

				As of September 30, Par value	
Instrument	**Currency**	**Interest rate**	**Interest date/ maturity date**	**2007**	**2008**
		%		ThUS$	ThUS$
Current portion of bonds payable:					
Bond capital and interest payable 144-A and Reg S	US$	7.375	Semi-annually	9,199	309,199
Bond interest payable Series A	UF	4.000	Semi-annually	876	922
Bond interest payable 144-A and Reg S	US$	6.375	Semi-annually	9,344	9,344
Bond interest payable 144-A and Reg S	US$	5.500	Semi-annually	12,843	12,848
Bond interest payable 144-A and Reg S	US$	4.750	Semi-annually	11,092	11,096
Bond interest payable Series B	UF	3.290	Semi-annually	28	58
Bond interest payable 144-A and Reg S	US$	5.625	Semi-annually	773	856
Bond interest payable 144-A and Reg S	US$	6.150	Semi-annually	13,359	13,359
Total				57,514	357,682

				As of September 30, Par value	
Instrument	**Currency**	**Interest rate**	**Interest date/ maturity date**	**2007**	**2008**
		%		ThUS$	ThUS$
Long-term bonds payable:					
Long-term bond 144-A and Reg S	US$	7.375	May-1-2009	300,000	-
Long-term bond Series A	UF	4.000	Sep-1-2012	262,607	266,490
Long-term bond 144-A and Reg S	US$	6.375	Nov-30-2012	435,000	435,000
Long-term bond 144-A and Reg S	US$	5.500	Oct-15-2013	500,000	500,000
Long-term bond 144-A and Reg S	US$	4.750	Oct-15-2014	500,000	500,000
Long-term bond Series B	UF	3.290	Apr-01-2025	258,855	262,682
Long-term bond 144-A and Reg S	US$	5.265	Sep-21-2035	500,000	500,000
Long-term bond 144-A and Reg S	US$	6.150	Oct-24-2036	500,000	500,000
Total				3,256,462	2,964,172

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

15. ACCRUALS

The composition of current and long-term accruals is as follows:

	As of September 30,			
	Current		Long-term	
Item	2007	2008	2007	2008
	ThUS$	ThUS$	ThUS$	ThUS$
Collective bargaining bonus	88,000	-	-	-
Cost of sales - miscellaneous (1)	3,376	-	-	-
Operating costs - miscellaneous (2)	23,914	56,164	-	-
Other employee benefits - collective bargaining	3,070	3,271	-	-
Severance indemnity	39,344	28,597	825,281	870,087
Export tax (Law N°13196)	259,601	185,524	-	-
Profit sharing bonus	29,340	30,513	-	-
Payroll (3)	151,865	132,642	-	-
Vacations	103,502	112,819	-	-
Miscellaneous	20,642	21,498	9,952	9,940
Early retirement program (4)	12,014	22,221	46,659	41,249
Environmental exit costs (5)	-	-	178,812	435,227
Contingencies	-	1,520	97,784	89,732
Health programs (6)	-	-	186,662	191,411
Total	734,668	594,769	1,345,150	1,637,646

(1) Corresponds to an accrual related to the sales area, including freight expenses, loading, and unloading not invoiced as of the end of the period.

(2) Corresponds to an accrual for customs duties, freight charges on purchases, and electricity, among others.

(3) Corresponds to benefits granted to the Company's employees which are accrued as of the closing date of these financial statements.

(4) Corresponds to benefits granted to the Company's employees under early retirement programs for those who have agreed to retire, under these plans.

(5) Corresponds to the policy established by the Company with respect to the provision of future environmental exit costs of mines, which principally relate to the tailing dams and other assets which are 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.

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

(6) Corresponds to a provision made at net present value in order to cover Company's commitments for contributions to health institutions as agreed upon with employees and former employees. The provision considers an annual discount rate that is equivalent to the interest rate which the Company obtains its financing operations and is over 10 years.

16. SEVERANCE INDEMNITIES

The changes in the accrual for severance indemnities are summarized as follows:

	As of September 30,			
	Current		Long-term	
	2007	2008	2007	2008
	ThUS$	ThUS$	ThUS$	ThUS$
Balance as of January 1	36,056	29,551	729,216	879,903
Payments made	(19,819)	(32,814)	-	-
Provision for the period (including effects of variations in exchange rates)	-	-	119,172	22,044
Transfer to current liabilities	23,107	31,860	(23,107)	(31,860)
Total	39,344	28,597	825,281	870,087

17. MINORITY INTEREST

The detail of minority interest included in liabilities and net income is as follows:

	As of September 30,			
	2007		2008	
Companies	**Liabilities**	**Net income (loss)**	**Liabilities**	**Net income (loss)**
	ThUS$	ThUS$	ThUS$	ThUS$
Asociación Garantizadora de Pensiones	22	1	20	1
Biosigma S.A.	1,775	1,721	2,615	2,284
Inst. de Innov. en Min. y Metalurgia S.A.	2	-	2	-
Isapre Chuquicamata Ltda.	56	(9)	53	(5)
Prestadora de Servicios San Lorenzo Ltda.	1	-	1	-
Isapre Río Blanco Ltda.	2	-	1	-
Mineracao Vale Do Curaca	1,375	-	-	-
Mining Information Communications and Monitoring S.A.	907	198	618	257
Total	4,140	1,911	3,310	2,537

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

18. EQUITY

a. Corporación Nacional del Cobre de Chile, Codelco-Chile was formed by D.L. N°1350 dated 1976, which establishes that all net income earned by the Company goes to the benefit of the Chilean Government after deducting amounts that, by a charge to net earnings for each year, must be maintained in Other Reserves as established in Article 6 of D.L. N°1350, and have to be included in the proposal made by the Board of Directors to the Ministry of Mining and the Ministry of Finance.

On February 28, 2007, in accordance with Article 6 of D.L. Nº1350, 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. Nº1350, the Board of Directors agreed to request the Ministries of Mining and Finance the creation of a reserve fund charging to 2007 net income for an amount of ThUS$198,762.

On January 10, 2008 and on February 15, 2008, the Company paid ThUS$400,000 and ThUS$400,000, respectively, for fiscal surpluses on account of 2007 profit.

The composition of Other Reserves as of September 30, 2008 is as follows:

Detail	Nine-month period	Accumulated
	ThUS$	ThUS$
Capitalization of net income and reserves	105,492	1,062,683
Cumulative translation adjustment - subsidiaries	(2,932)	36,134
Reserve for housing programs	-	35,100
Technical appraisal revaluation reserve - D.L. Nº3648	-	624,567
Balance of other reserves as of September 30, 2008	102,560	1,758,484

b. At September 30, 2008, the Company recognized profit distributions to the Chilean Treasury for ThUS$1,334,774, charged to the January-September 2008 period income, which reduces equity.

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

c. As of September 30, 2007 and 2008, the composition of the cumulative translation adjustment in Other reserves, which corresponds to the investments in subsidiaries and investees whose currency is other than the United States dollars, is as follows:

	As of September 30,					
	2007			2008		
	As of January 1	Period	Accumulated	As of January 1	Period	Accumulated
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Ejecutora Hospital del Cobre Calama S. A.	2	1	3	4	3	7
Instituto de Innovación en Minería y Metalurgia S.A.	1,003	362	1,365	1,563	(148)	1,415
Compañía Contractual Minera Los Andes	(531)	(32)	(563)	(580)	14	(566)
CMS Chile S.A.	(3,255)	(119)	(3,374)	(3,449)	298	(3,151)
CMS Tecnología S.A.	(338)	55	(283)	(193)	(58)	(251)
Electroandina S.A. (2)	15,327	-	15,327	15,327	-	15,327
Inversiones Tocopilla Ltda. (2)	18,684	-	18,684	18,684	-	18,684
Complejo Portuario Mejillones S.A. (1)	(853)	-	(853)	(853)	-	(853)
Santiago de Río Grande S.A.C.	4	2	6	7	(1)	6
Sociedad Elaboradora de Cobre	(123)	115	(8)	54	(48)	6
Asociación Garantizadora de Pensiones	(80)	28	(52)	(35)	(66)	(101)
Isapre Chuquicamata Ltda.	716	244	960	1,047	(110)	937
Prestadora de Servicios San Lorenzo Ltda.	233	105	338	348	(34)	314
Isapre Rio Blanco Ltda.	323	184	507	563	(48)	515
Sociedad Contractual Minera Picacho	(26)	13	(13)	(5)	(6)	(11)
Geotérmica del Norte S.A.	(366)	(3)	(369)	(369)	(522)	(891)
Biosigma S.A.	1,664	893	2,557	2,986	(401)	2,585
Inversiones Mejillones S.A. (2)	2,655	-	2,655	2,655	-	2,655
Fundición Talleres S.A.	1,784	1,020	2,804	-	-	-
SCM Minera Purén	(1,220)	(180)	(1,400)	(1,400)	-	(1,400)
Exportaciones Mineras Andinas S.A.	39	20	59	72	(21)	51
Clínica Río Blanco Ltda.	511	255	766	906	(106)	800
Inversiones Copperfield Limitada	6	770	776	1,197	(341)	856
Micomo S.A.	50	188	238	340	(93)	247
Minera Gaby S.A.	73	(17)	56	56	-	56
Kairos Mining S.A.	-	3	3	6	(2)	4
Mining Robotic Solutions S.A.	-	-	-	135	(1,242)	(1,107)
Total	36,282	3,907	40,189	39,066	(2,932)	36,134

(1) Effective January 1, 2003, the subsidiary Complejo Portuario Mejillones S.A., was authorized to keep its accounting records in US dollars.

(2) Effective January 1, 2004, the investees Electroandina S.A., Inversiones Tocopilla Ltda. and Inversiones Mejillones S.A. keep their accounting records in US dollars.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars - ThUS$)

Changes in equity are as follows:

Movements	As of September 30, 2007 Paid-in capital	Other Reserves	Retained earnings	Profit distributions	Net income for the period	As of September 30, 2008 Paid-in capital	Other Reserves	Retained earnings	Profit distributions	Net income for the period
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Beginning balance - January 1	1,524,423	1,332,432	-	(1,668,043)	3,338,789	1,524,423	1,655,924	400,000	(1,817,763)	2,981,619
Transfer of prior year income	-	-	-	1,668,043	(1,668,043)	-	-	-	1,817,763	(1,817,763)
Profit distributions against prior year	-	-	-	-	(950,038)	-	-	-	-	(958,364)
Capitalization of reserves and/or other income	-	320,708	400,000	-	(720,708)	-	105,492	100,000	-	(205,492)
Net changes in equity in subsidiaries and investees	-	3,907	-	-	-	-	(2,932)	-	-	-
Net income for the period	-	-	-	-	2,353,914	-	-	-	-	1,594,595
Interim distributions	-	-	-	(817,763)	-	-	-	-	(1,334,774)	-
Total	1,524,423	1,657,047	400,000	(817,763)	2,353,914	1,524,423	1,758,484	500,000	(1,334,774)	1,594,595

19. NON-OPERATING INCOME AND EXPENSES

Non-operating income and expenses at September 30, 2007 and 2008 are detailed below:

a. Non-operating income

Item	For the nine-month period ended September 30, 2007	2008
	ThUS$	ThUS$
Administration - Satep	3,645	4,031
Fines on suppliers	3,183	8,732
Sale of bid contract terms	273	178
Miscellaneous sales	24,088	30,021
Sales of services	6,485	10,478
Sales of property, plant and equipment	1,039	2,120
Realized gains	11,218	14,472
Collective bargaining bonus compensation	52,649	84,361
Others	46,480	72,704
Total	149,060	227,097

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

b. Non-operating expenses

Item	Nine- month period ended September 30, 2007	2008
	ThUS$	ThUS$
Export tax (Law Nº13196)	1,040,156	1,035,686
Severance indemnities expense	52,832	87,594
Administration - Satep expenses	5,225	-
Loss on disposal of property, plant and equipment	3,709	1,923
Collective bargaining bonuses	139,007	23,184
Write-off of obsolete inventory	2,147	-
Environmental exit costs	67,630	211,159
Pre-investment expenses	34,037	45,963
Expenses ex Talleres Division	826	1,925
Expenses ex Tocopilla Division	840	966
Non recoverable VAT	955	1,915
Other expenses	19,752	16,009
Retirement plans expense	8,638	30,875
Health programs	6,995	18,833
Accrual for contingencies	30,568	23,782
Total	1,413,317	1,499,814

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

20. PRICE LEVEL RESTATEMENT

The composition of price-level restatement (charged) credited to the statements of income is as follows:

	Nine - month period ended September 30,	
	2007	**2008**
	ThUS$	ThUS$
Property, plant and equipment	605	1,044
Other current assets	11	26
Income taxes recoverable	25	11
Other non-monetary assets	96	269
Expense and cost accounts	-	308
Total net credits - assets	737	1,658
Non-monetary liabilities	(230)	(2,085)
Accruals	(117)	(183)
Other liabilities	(1,488)	-
Income accounts	(106)	-
Total net charges - liabilities	(1,941)	(2,268)
Loss from price-level restatement	(1,204)	(610)

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

21. FOREIGN EXCHANGE DIFFERENCES

The (charge) credit to income for foreign exchange differences is as follows:

Assets (Charges) / Credits	Currency	Nine-month period ended September 30,	
		2007	2008
		ThUS$	ThUS$
Cash and banks	Ch$	289	(9,865)
Trade receivables	Ch$	4,058	(2,256)
Other receivables	Ch$	1,193	1,496
Other current assets	Ch$	7,434	(19,002)
Long-term receivables	Ch$	10,178	(3,495)
Other	Ch$	847	(11,000)
Total net credits (charges)		23,999	(44,122)
Liabilities (Charges) / Credits			
Accounts payable	Ch$	(17,581)	30,602
Other payables	Ch$	(1,213)	(2,142)
Other current liabilities	Ch$	(5,790)	236
Other long-term liabilities	Ch$	(5,443)	40,463
Sundry accruals	Ch$	(34,401)	107,034
Total net credits (charges)		(64,428)	176,193
Total		(40,429)	132,071

22. EXPENSES OF ISSUANCE AND PLACEMENT OF BONDS

Expenses incurred in the issuance and placement of bonds detailed in Note 14, were charged to income of the corresponding January - September period ThUS$1,114 in 2007 and ThUS$1,104 in 2008.

The discount on the placement of bonds is capitalized as a deferred expense and is included in Others under Other Assets and is amortized using the straight-line method over the term of the bonds (2012, 2013, 2014, 2035 and 2036). As indicated in Note 11, as of September 30, 2007 and 2008, the balance of this item amounts to ThUS$26,714 and ThUS$24,051, respectively, while the amortization for the period was an income of ThUS$54 and ThUS$137, respectively.

The premium from the bond placements is included in Other long-term liabilities and is amortized using the straight-line method over the term of the bonds (2025). At September 30, 2007 and 2008, the balance of this liability amounted to ThUS$25,281 and ThUS$24,196, respectively.

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

23. STATEMENT OF CASH FLOWS

The detail of supplemental information to the interim consolidated statements of cash flows is as follows:

Other investment income	Nine-month period ended September 30,	
	2007	2008
	ThUS$	ThUS$
Recovery of loans granted to employees and others	61,365	63,833

24. DERIVATIVE CONTRACTS

As is mentioned in Note 2 u), 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 September 30, 2008 the Company has no outstanding contracts. The contracts existing at September 30, 2007 (ThUS$300,000) finalized in January, 2008.

b. Exchange rate hedge

The Company has exchange rate hedge contracts for ThUS$373,001, which mature in August 2012 and April 2025. At September 30, 2008, these contracts show a positive exposure of ThUS$70,671. The net accounts receivable for said contracts (Note 11) amount to ThUS$148,461 in 2007 and ThUS$156,171 in 2008 and are classified in Others under Other Assets. In addition, costs arising from said contracts for ThUS$70,393 in 2007 and ThUS$109,154 in 2008, are recorded in Other long-term liabilities and amortized over the term of the respective liabilities.

c. Contracts for pricing operations and adjustments to the commercial policy

In order to protect its cash flows and adjust when 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 September 30, 2008, said operations generated a net lower income of ThUS$682,672, 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-September, 2008, the Company has carried out operations in future markets, which represent 231,050 metric tons of fine copper. These hedging operations are part of the commercial policy of the Company and mature until March 2010.

The outstanding contracts at September 30, 2008, show a positive exposure of ThUS$140,382, 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 September 30, 2008 generated a net positive effect on income of ThUS$18,982 which is deducted from the amounts paid for purchase contracts and added to the amounts received for the contracts for sales of products involved in said pricing operations (ThUS$6,558 for purchases and ThUS$12,424 for sales).

c.2 Commercial operations for outstanding gold and silver contracts

At September 30, 2008, the Company has gold pricing hedging operations for 5.4 thousand troy ounces and silver pricing hedging operations for 731.4 thousand troy ounces.

At that date, the negative exposure amounted to ThUS$27

The operations that ended between January 1 and September 30, 2008 generated a positive effect on income of ThUS$1,208, which is added to the amounts received for the contracts for the sale of products involved in said pricing operations. These hedging operations mature until March 2009.

c.3 Operations to protect cash flows based on future production

Also, in order to protect its future cash flows by guaranteeing levels of selling prices of part of the production, future operations have been carried out for 917,899 metric tons of fine copper. These hedging contracts mature until March 2013.

Outstanding future operations at September 30, 2008, show a negative exposure of ThUS$2,980,443, 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 September 30, 2008, related to the production sold generated a lower income of ThUS$643,493, which is the result of the compensation between the hedging operation and revenues arising from 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 September 30, 2008, the Company has min-max option agreements (put purchases and call sales) in order to protect its future cash flows by means of ensuring a minimum sale price for 149,925 metric tons of fine copper. At September 30, 2008, these operations show a negative exposure of ThUS$35,066. These hedging operations mature until March 2010.

The min-max operations ended between January 1 and September 30, 2008 generated a lower income of ThUS$59,369.

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

As of September 30, 2008 the detail is as follows:

		Description of contracts							Financial statements			
					Position	Transaction hedged		Amount of	Asset/Liability		Effect in results	
Type of Derivative	Type of Contract	Contract amount	Maturity or expiry	Specific item	Purchase/ sale	Name	Amount	transaction hedged	Name	Amount	Realized	Unrealized
		ThUS$								ThUS$	ThUS$	ThUS$
FU	CCTE	11,451	March 2010	Copper	S	Sale contracts (MTF)	231,050	181,250	Long term assets	140,382		140,382
FU	CCTE	652,263	March 2012	Copper	S	Production (MTF)	216,325	216,325	Long term liabilities	712,945		(712,945)
FU	CCTE	1,877,820	March 2013	Copper	S	Production (MTF)	624,999	624,999	Long term liabilities	2,039,111		(2,039,111)
FU	CCTE	255,619	September 2011	Copper	S	Production (MTF)	76,575	76,575	Long term liabilities	228,386		(228,386)
FU	CCTE	-	March 2009	Silver	S	Sale contracts (MOZT)	731	731	Short term liabilities	86		86
FU	CCTE	-	September 2008	Gold	S	Sale contracts (MOZT)	5	5	Short term liabilities	112		(112)
EO	CCTE	-	March 2010	Copper	S	Production (MTF)	149,925	149,925	Long term liabilities	35,066		(35,066)
S	CCTE	208,519	April 2025	UF	S	Foreign exchange hedge	208,519	262,682	Other assets	82,664		82,664
S	CCTE	164,482	August 2012	UF	S	Foreign exchange hedge	164,482	266,490	Other assets	1,993		(1,993)

MOZT: Thousands of troy ounces
MTF: Metric tons of fine copper
FU: Future
EO: European option
S: Swap

25. CONTINGENCIES AND COMMITMENTS

Lawsuits and contingencies

Codelco is involved in various lawsuits and legal actions initiated by, or against, the Company which result from the inherent nature of the industry in which the Company operates. In general, these lawsuits are from civil, tax, labor and mining actions, all of which are related to the Company's operating activities.

In the Company management's and legal advisors' opinion, these lawsuits do not represent significant loss contingencies. The Company defends its rights and uses all legal and procedural resources available.

Below is a summary of the most significant lawsuits to which Codelco is a party:

- Tax lawsuits: There are several tax assessments issued by the Chilean Internal Revenue Service for which the Company has presented its corresponding objections.

- Labor lawsuits: Labor lawsuit initiated by employees of Andina Division against the Company in relation to professional diseases (silicosis).

- Mining lawsuits: The Company has been involved, and will probably continue to be involved, as a defendant and plaintiff in a number of proceedings, through which it seeks to protect certain mining concessions already established or in the process of being established. Currently these proceedings have no determined amounts and do not significantly affect Codelco's development.

A case by case analysis of these lawsuits has shown that there are a total of 126 lawsuits with an estimated amount. The Company estimates that 15 of them for ThUS$1,526 could have negative results against the Company. Also, there are 70 lawsuits for ThUS$38,801 for which there is no certainty if they will be against Codelco. For the 41 remaining lawsuits for ThUS$21,427, the legal advisers estimate they will not have a negative result for Codelco. Additionally there are 84 lawsuits for unknown amounts, of which 33 of them could have a negative ruling against Codelco.

The necessary provisions exist for all the abovementioned lawsuits, which are recorded in the accruals for contingencies.

It is public knowledge that the Corporation has presented a petition at the corresponding Court of Appeals, in relation to the reports issued by the Labor's Inspection Office, as a consequence of Law N° 20123, which regulates the work in terms of subcontracting and temporary service companies. The Company has achieved five favorable sentences regarding these petitions and one against which it has appealed. Currently, all the cases are pending at the Supreme Court.

Litigation in subsidiaries

The subsidiary Instituto de Innovación en Minería y Metalurgia S.A., has an arbitration lawsuit regarding an alleged non-compliance of confidentiality and industrial property obligations, derived from agreements and contracts signed between the subsidiary and the company Ultratech II S.A., in the years from 1999 to 2002.

This arbitration claim was filed by the trustee of the bankruptcy of the company Ultratech II S.A. in liquidation, for an exact amount of ThUS$681,150, considering the concepts of consequential damage, loss of earnings and moral damages.

Instituto de Innovación en Minería y Metalurgia S.A. was notified of this contingency on April 25, 2007, and at present the discussion stage has concluded, and therefore the evidence stage of the trial will soon start.

According to the case details, information provided by Instituto de Innovación en Minería y Metalurgia S.A. and its legal advisors, this contingency has been classified as remote and therefore no provision has been recorded by Instituto de Innovación en Minería y Metalurgia S.A.

In addition, due to the status of this case, and due to the defense expenses and costs incurred as of this date, an additional maximum cost of Ch$80 million has been estimated for 2008. This contingency, is considered to be a loss classified as "certain" as the plaintiff is currently in liquidation stage (and apparently it lacks the assets to respond to this new liability).

Other commitments

a. On April 29, 2008 the Company and other mining companies signed a backup energy service contract with Gas Atacama Generación S.A. in the Interconnected Northern System (SING) for the period between March 1st, 2008 and December 31, 2011, whose related expense will be recognized in relation to the consumption of all the participating companies. Codelco's share will not exceed ThUS$194,710 during the entire period covered by said contract.

b. In July 2005, the Board of Directors of the Company was informed of the Salvador mineral situation; and therefore Management initiated activities in order to close the oxide line by 2008 at the latest and the sulphides line by 2011 at the latest.

   Additionally, on September 5, 2005, the Board of Directors approved the 2006 exploration plan, which includes the closing of oxide and sulphide mining operations in 2008 and 2011 respectively, as well as the transition plan for that period.

   Regardless of the above, on May 8, 2007 considering new studies related to market conditions, the Board of Directors decided to extend the exploitation of the Salvador Division's oxide line for two more years, postponing the close of the oxide line until 2010.

   Additionally, during the second half of 2005, and in accordance with the evaluated impact of this decision, and the mine closure plan, the corresponding provisions were recorded.

   Additionally, at December 31, 2005, the Company wrote-off assets related to the activities that will have to be closed.

c. On May 31, 2005, Codelco through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to create a company, in which both companies will participate equally. They also agreed on the terms of a 15-year sales agreement regarding cathodes for the joint venture and a purchase agreement with Minmetals for the same term and monthly shipments until completing 836,250 metric tons. Codelco will receive a payment in advance of US$550 million from the joint venture. Each shipment will be paid by the purchaser at a price composed of a fixed and a variable component, which will depend on the current price of the copper at the time of the shipment.

   On the other hand, Codelco has granted Minmetals an option to acquire, at market price, a minority ownership in a company that will exploit the Gaby mineral deposit, subject to the conditions that Codelco establishes and approves to go forward with said initiative.

   On September 23, 2008, Codelco Chile and Minmetals agreed to suspend indefinitely the rights and obligations regarding to the option over the Gabriela Mistral ore body. Any possible reposition of this option will require the agreement of both parties.

At the same time, both companies agreed to work together, on a case by case basis, in the study of new business and exploration opportunities in the international copper mining sector, mainly in Latin America and Africa.

During the first quarter of 2006, based on agreed financial conditions, the financing contracts with the China Development Bank were signed, allowing the Copper Partners Investment Company Ltd. to make the US$550 million payment in March 2006 to Codelco.

At September 30, 2008, the contract is operating and the monthly shipments began in June 2006.

Based on the abovementioned agreements with Minmetals the Board of Directors of Codelco authorized hedge transactions for 139,325 tons (including the abovementioned tons), on behalf of Copper Partners Investment Company Ltd., which were completed during January and February 2006 (76,575 metric tons of fine copper at September 30, 2008). Copper Partners Investment Company assumes the result of this hedge.

The agreement with Minmetals was reported as a significant event to the Superintendency on February 22, 2006 and additional explanatory communications dated February 27 and March 7, 2006.

d. The Company has subscribed gas supply contracts with its investee GNL Mejillones S.A., which will operate as from October 2010. Through these contracts, the investee agreed to sell as a minimum the equivalent to 27 annual Tera of BTU (Bristish Thermal Unit) in the period 2010-2012. 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°19993 dated December 17, 2004, that authorized the purchase of the assets of Fundición y Refinería Las Ventanas from ENAMI, establishes that the Company should guarantee the necessary smelting and refining capacity, with no restrictions or limitations, for the treatment of products of the small and medium size mining industry that ENAMI sends for processing or under other terms agreed to by both parties.

f. Following its cost-reduction programs through the use of modern technologies, the Corporation has established early severance programs for its personnel that qualify for retirement, with benefits that encourage retirement, for which obligations are recognized as a provision when the employee commits to his/her retirement.

Additional information

In connection with the financial liabilities incurred by the investee Copper Partners Investment Company Ltd. with the China Development Bank, Codelco Chile and Codelco International Ltd. must fulfill certain covenants, mainly referred to providing financial information.

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

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 has no restrictions or covenants associated with obligations with banks and financial institutions or with the public.

Direct guarantees

Creditor	Debtor	Type of guarantee	Outstanding Payments 2007	2008
			ThUS$	ThUS$
Tesorería General de la República	Codelco Chile	Customs duties	147	-
Tesorería General de la República	Codelco Chile	Use of tax credit	69	5
Other	Codelco Chile	Guarantee notes	40,158	64,882
Macquarie Bank Limited	Codelco Chile	Standby letter	250,000	245,000
Sempra Metals Limited	Codelco Chile	Standby letter	80,000	80,000
Calyon (Co.and Invest. Bank)	Codelco Chile	Standby letter	75,000	110,000
Barclays Bank Plc.	Codelco Chile	Standby letter	180,000	215,000
Guarantees future metal markets	Codelco Chile	Deposits	105,868	-

Indirect guarantees

Creditor	Debtor	Type of guarantee	Outstanding Payments 2007	2008
			ThUS$	ThUS$
ABN Amro Bank N.V.	Electroandina	Guarantee	30,038	30,038
Barclays Bank Plc.	Soc. GNL Mejillones S.A.	Guarantor	-	100,000
Morgan Stanley Capital Group Inc.	Soc. GNL Mejillones S.A.	Guarantor	-	200,000
Koch Supply & Trading LP	Soc. GNL Mejillones S.A.	Guarantor	-	60,000
China Development Bank	Copper Partners Inv. Co.Ltd.	Rights	282,857	235,714

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

26. GUARANTEES 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. Considering the large number of guarantees received as of September 30, 2007 and 2008 and the many suppliers and contractors involved, the amounts covered are presented by Division as follows:

	As of September 30,	
	2007	**2008**
	ThUS$	ThUS$
Division:		
Andina	25,189	40,664
Codelco Norte	68,437	48,871
Head Office	245,704	191,015
Salvador	81	155
El Teniente	51,250	54,674
Fundición Ventanas	694	913
Total	391,355	336,292

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

27. ASSETS AND LIABILITIES IN LOCAL AND FOREIGN CURRENCIES

Assets and liabilities by currency are as follows:

a. Assets

Item	Currency	As of September 30, 2007	2008
		ThUS$	ThUS$
Cash and banks	Ch$	4,628	17,651
Cash and banks	US$	19,257	11,056
Cash and banks	Pounds Sterling	40	46
Cash and banks	Euro	4,340	12,569
Time deposits	US$	1,781,125	476,443
Time deposits	Ch$	21,430	3,264
Time deposits	Pounds Sterling	7,411	3,234
Marketable securities	US$	1,825	857
Marketable securities	Ch$	-	5,025
Trade accounts receivable	Ch$	1,597	623
Trade accounts receivable	US$	1,289,972	457,979
Trade accounts receivable	Pounds Sterling	1,830	-
Trade accounts receivable	Euro	112,785	72,836
Notes receivable	Ch$	513	116
Notes receivable	Euro	17,800	-
Other receivables	Ch$	123,510	115,579
Other receivables	US$	159,677	168,555
Other receivables	Euro	1,575	2,294
Other receivables	Pounds Sterling	112	110
Due from related companies	US$	16,244	120,874
Inventories	US$	1,530,103	2,057,174
Inventories	Euro	71,844	29,745
Inventories	Ch$	361	353
Recoverable taxes	Ch$	98,161	113,529
Recoverable taxes	US$	1,775	8,185
Recoverable taxes	Euro	6,815	3,033
Prepaid expenses	Ch$	8,753	4,700
Prepaid expenses	US$	22,132	25,210
Prepaid expenses	Pounds Sterling	215	85
Prepaid expenses	Euro	157	115
Deferred taxes	US$	236,996	614,618
Deferred taxes	Ch$	386	479
Other current assets	US$	117,585	7,115
Other current assets	Ch$	3,730	1,760
Fixed assets - net	US$	6,957,196	7,874,397
Fixed assets - net	Ch$	14,976	20,700
Fixed assets - net	Pounds Sterling	4	1
Fixed assets - net	Euro	56	44
Investments in related companies	Ch$	100,474	133,412
Investments in related companies	US$	825,565	891,837
Investments in related companies	Euro	36,977	41,402
Investments in related companies	Pounds Sterling	2,845	2,691
Investments in related companies	Mexican pesos	325	193
Investments in other companies	Ch$	180	167
Investments in other companies	Euro	1,569	1,373
Goodwill	US$	20,788	19,613
Negative goodwill	US$	(361)	(320)
Long-term receivables	Ch$	-	139
Long-term receivables	US$	194,427	198,094
Due from related companies	US$	53,743	-
Intangibles	US$	17,804	23,491
Amortization of intangibles	US$	(6,690)	(6,550)
Other assets	US$	580,924	525,426
Other assets	Ch$	163	5,515
Total assets	Ch$	378,862	423,012
	US$	13,820,087	13,474,054
	Pounds Sterling	12,457	6,167
	Euro	253,918	163,411
	Mexican pesos	325	193
Total assets		14,465,649	14,066,837

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

b. Current liabilities

		As of September 30,							
		Up to 90 days				90 days to 1 year			
		2007		2008		2007		2008	
Item	Currency	Amount	Average annual interest rate	Amount	Average annual interest rate	Amount	Average annual interest rate	Amount	Average Annual Interest rate
		ThUS$	%	ThUS$	%	ThUS$	%	ThUS$	%
Banks and financial institutions	US$	-		306,252		-		-	
Banks and financial institutions	Ch$	-		362		-		-	
Banks and financial institutions	Euro	43,028	4.41	-		-		-	
Banks and financial institutions	UF	-		-		-		-	
Banks and financial institutions	US$	308,359		600,140	3.43	-		-	
Bonds payable	US$	56,610	5.82	356,702	3.69	-		-	
Bonds payable	UF	904	3.76	980		-		-	
Dividends payable	US$	-		104,486		-		-	
Accounts payable	Ch$	5,493		2,924		-		-	
Accounts payable	Pounds Sterling	6,091		431		-		-	
Accounts payable	Euro	29,325		11,833		-		-	
Accounts payable	US$	577,642		690,471		-		-	
Miscellaneous payables	US$	71,942		183,032		-		-	
Miscellaneous payables	Ch$	13,106		43,500		-		-	
Miscellaneous payables	Euro	547		298		-		-	
Due to related companies	US$	116,410		123,159		-		-	
Due to related companies	Euro	16,250		-		-		-	
Due to related companies	Pounds Sterling	97		-		-		-	
Notes payable	Ch$	-		14		-		-	
Notes payable	US$	10		11,138		-		-	
Accruals	Ch$	342,089		333,656		-		-	
Accruals	US$	392,515		260,899		-		-	
Accruals	Euro	64		214		-		-	
Withholdings	Ch$	59,005		69,740		-		-	
Withholdings	US$	47,331		71,458		-		-	
Income taxes	US$	394,234		233,304		-		-	
Income taxes	Pounds Sterling	97		-		-		-	
Income taxes	Euro	16,250		13,615		-		-	
Income taxes	Ch$	232		303		-		-	
Deferred income	US$	63,142		57,564		-		-	
Deferred income	Pounds Sterling	11		174		-		-	
Deferred income	Ch$	-		221		-		-	
Other current liabilities	US$	3,008		5,314		-		-	
Other current liabilities	Ch$	385		46		-		-	
Other current liabilities	Pounds Sterling	-		169		-		-	
Total current liabilities		2,564,177		3,482,399		-		-	
	US$	2,031,203		3,003,919		-		-	
	Ch$	420,310		450,766		-		-	
	Euro	105,464		25,960		-		-	
	UF	904		980		-		-	
	Pounds Sterling	6,296		774		-		-	
Total current liabilities		2,564,177		3,482,399		-		-	

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

c. Long-term liabilities

September 30, 2007:		**1 to 3 years**		**3 to 5 years**		**5 to 10 years**		**Over 10 years**	
	Currency	**Amount**	**Average annual interest rate**	**Amount**	**Average annual interest rate**	**Amount**	**Average annual interest rate**	**Amount**	**Average annual interest rate**
		ThUS$	%	ThUS$	%	ThUS$	%	ThUS$	%
Banks and financial institutions	US$	700,000	5.805	-		-		-	
Bonds payable	US$	300,000	7.375	-		1,435,000	5.503	1,000,000	5.888
Bonds payable	UF	-		-		262,607	4.00	258,855	3.290
Notes payable	Ch$	-		-		-		-	
Notes payable	US$	80,168		-		-		-	
Other payables	US$	109,179		-		-		-	
Other payables	Ch$	-		-		-		-	
Accruals	Ch$	790,113		-		-		-	
Accruals	US$	555,037		-		-		-	
Deferred taxes	US$	715,639		-		-		-	
Other liabilities	Ch$	-		-		-		-	
Other liabilities	US$	98,989		-		-		-	
Due to related companies	US$	474,124		-		-		-	
Total long-term liabilities		3,823,249				1,697,607		1,258,855	
	US$	3,033,136		-		1,435,000		1,000,000	
	UF					262,607		258,855	
	Ch$	790,113		-					
Total long-term liabilities		3,823,249		-		1,697,607		1,258,855	

September 30, 2008:		**1 to 3 years**		**3 to 5 years**		**5 to 10 years**		**Over 10 years**	
	Currency	**Amount**	**Average annual interest rate**	**Amount**	**Average annual interest rate**	**Amount**	**Average annual interest rate**	**Amount**	**Average annual interest rate**
		ThUS$	%	ThUS$	%	ThUS$	%	ThUS$	%
Banks and financial institutions	US$	400,000	3.30	-		-		-	
Banks and financial institutions	Ch$	-		-		-		-	
Bonds payable	US$	-		435,000	6.375	1,000,000	5.503	1,000,000	5.888
Bonds payable	UF	-		266,490	4.000	-		262,682	3.290
Notes payable	US$	77,075		-		-		-	
Due to related companies	US$	439,774		-		-		-	
Accruals	US$	871,193		-		-		-	
Accruals	Ch$	766,453		-		-		-	
Deferred taxes	US$	740,740		-		-		-	
Other payables	US$	138,729		-		-		-	
Other payables	Ch$	3,594		-		-		-	
Other liabilities	Ch$	1,169		-		-		-	
Other liabilities	US$	135,501		-		-		-	
Total long-term liabilities		3,574,228		701,490		1,000,000		1,262,682	
	US$	2,803,012		435,000		1,000,000		1,000,000	
	Ch$	771,216		-		-		-	
	UF	-		266,490		-		262,682	
Total long-term liabilities		3,574,228		701,490		1,000,000		1,262,682	

28. SANCTIONS

At September 30, 2007 and 2008, Codelco-Chile, its Directors and Management have not been subject to sanctions applied by the Superintendency or other administrative authorities.

29. SUBSEQUENT EVENTS

On October 9, 2008, it was announced that Mr. Daniel Barría Iroumé Corporate Vice - President of Shared Services, had tendered his resignation, effective by the end of October.

On October 10, a capital contribution was made to the investee GNL Mejillones S.A. for ThUS$35,000.

On October 28, 2008, Mr. Juan Medel Fernández was assigned as new Corporate Vice - President of Shared Services, in replacement of Mr. Daniel Barría Iroumé.

On October 28 and October 29, 2008, it was informed that it was necessary to postpone the restart of the exploitation of the areas with a higher ore grade of the Mine Chuquicamata until next year. This decision implies an adjustment of approximately 10% in the annual production plan of such Division. This 10% is estimated to be 78,000 metric tons of fine copper, which represents approximately 4.9% of the total estimated production of Codelco.

On October 30, 2008, the Company paid an amount of ThUS$138,646 for fiscal surpluses on account of surplus for 2008.

On December 5, 2008, Codelco informed that its investee Sociedad Contractual Mineral El Abra has decided temporarily postpone the execution of the Sulfolix Project. This decision is based on the change in the financial and cash situation of the company, as well as due to the variation in the prices of the production supplies and the lower copper price. This project is being re-assessed in relation to its execution dates and the company expects to execute it once the market conditions improve. Codelco Chile owns 49% of El Abra and Freeport McMoran controls the remaining 51%.

On December 15, 2008, Codelco informed that Daniel Trivelli Oyarzún, the General Management of Andina Division, tendered his resignation, due to personal reasons. As of January 10, 2009, Armando Olavarría Couchot will take over the position of General Manager of Andina Division. He is a Civil Engineer in Mining and has been employed since March 2004 as Deputy General Manager of El Teniente Division.

On December 19, 2008, Codelco informed that Empresa Nacional de Minería (ENAMI), in conformity with the contract signed between ENAMI and Exxon Minerals Chile Inc., dated January 24, 1978, modified through the contract signed between ENAMI and Inversiones Anglo American Dos Limitada (IAADL), Anglo American Chile Dos Limitada (AACDL) and Anglo American Plc (AAplc), dated November 13, 2002, has decided to appoint Corporación Nacional del Cobre de Chile (Codelco) to exercise its right granted by the aforementioned contracts to purchase from IAADL and AACDL (or its legal continuing entities), a social interest in "Disputada" (as defined in the contracts), up to a maximum amount, in such a way that the Social Interest purchased by ENAMI (or by Codelco due to the appointment by ENAMI), when added to the total of the Social Interest owned by persons other than IAADL and AACDL, or any other subsidiary of these companies or AAplc, does not exceed the forty nine percent of the Social Interest existing at the purchase date.

On December 19, 2008, for the purpose of these financial statements, the Company reclassified ThUS$104,486 recorded at September 30, 2008, from Miscellaneous payable to Dividends payable.

Economic conditions have weakened dramatically in recent months and there is uncertainty about the price outlook for copper. LME copper prices declined from US$2.91 per pound at September 30, 2008, to US$1.28 per pound at December 19, 2008.

Codelco maintains a positive long-term outlook for its business, recognizing limited copper supply and continued copper requirements worldwide. Codelco is revising its operating plans to responds to the downturn and uncertain near-term to target reduction in costs.

The Management of Codelco is not aware of any other significant event, financial or other, occurred between September 30, 2008 and the issuance date of these financial statements (October 30, 2008, except for the Note 29 whose issuing date is December 19, 2008), that might significantly affect them.

30. ENVIRONMENT

The practice of exploration and recognition of new resources, which are environmentally sustainable, has been a significant concern for the Company. Consequently, since 1998 the Company has defined its environmental commitments, which are controlled through an environmental management system for explorations that has been improved over time to conform to the worldwide standard ISO 14001, which has assisted in geology, geochemical, geophysical and sounding work directed towards exploration of mineral resources both in Chile and abroad.

Under these circumstances at September 30, 2008, Codelco Norte, formed by the ex-divisions Chuquicamata and Radomiro Tomic Divisions, Andina, Salvador and El Teniente Divisions and Head Office have received the ISO 14001 certification.

In accordance with this policy, at September 30, 2007 and 2008, the Company has made investments, related to environmental issues for ThUS$37,315 and ThUS$34,549, respectively.

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

31. TIME DEPOSITS

The composition of time deposits is as follows:

2007

Bank	Annual interest rate	Amount
	%	ThUS$
Sumitomo Mitsui Banking Corporation - N.Y.	5.7000	52,240
Sumitomo Mitsui Banking Corporation - N.Y.	5.5000	77,122
Sumitomo Mitsui Banking Corporation - N.Y.	5.0000	40,000
Sumitomo Mitsui Banking Corporation - N.Y.	5.0300	80,278
Banco Santander Central Hispano, New York	5.0000	194,087
Banco del Estado de Chile, New York	5.0000	75,000
Banco del Estado de Chile, New York	4.9200	105,965
Natixis New York Bank	5.0500	162,530
Natixis New York Bank	5.1500	130,027
Barclays Bank PLC, Miami Agency	5.5100	100,000
Barclays Bank PLC, Miami Agency	4.9000	47,697
Barclays Bank PLC, Miami Agency	5.1100	98,162
Barclays Bank PLC, Miami Agency	5.1145	24,300
Bank of Tokyo-Mitsubishi Ltd.	5.3500	50,000
Bank of Tokyo-Mitsubishi Ltd.	5.3400	62,757
Bank of Tokyo-Mitsubishi Ltd.	5.0000	67,827
Banca di Roma - New York	4.9000	100,000
Banco Crédito e Inversiones, Miami Agency	5.8000	130,000
Banco Crédito e Inversiones, Miami Agency	5.7000	40,000
Banco Bilbao Vizcaya Argentina	5.2900	115,052
Citi New York	4.7000	15,500
Citi New York	4.6000	2,340
BBVA	6.0000	3,039
BBVA	5.0500	4,033
Banco de Chile	6.2400	6,041
Santander Santiago	6.1200	13,887
Others	-	12,082
Total		1,809,966

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

2008

Bank	**Annual interest rate**	**Amount**
	%	ThUS$
Commerzbank - NY	3.9900	179,037
Banco Crédito e Inversiones, Miami Agency	6.5000	33,000
Bank of Tokyo-Mitsubishi Ltd.	5.5000	100,000
Sumitomo Mitsui Banking Corporation – N.Y.	4.5000	100,000
Citi New York	0.9000	6,558
Citi New York	1.8000	5,300
BBVA	5.8500	2,850
ABN AMRO Bank	14.5000	39,873
Banco de Chile	9.3000	10,725
Others	-	5,598
Total		482,941

32. MINING SITES

The Company's productive activities are conducted in its Divisions; Codelco Norte, (Chuquicamata and Radomiro Tomic), Salvador, Andina, Ventanas and El Teniente. These Divisions operate with independent administrative departments which report to the Chief Executive Officer. The characteristics of each Division are as follows:

Chuquicamata

Type of deposit:	Open pit mine
Operation:	Since 1915
Location:	Calama, Chile's Second Region
Products:	SX-EW copper cathodes and copper concentrate

Radomiro Tomic

Type of deposit:	Open pit mine
Operation:	Since 1997
Location:	Calama, Chile's Second Region
Products:	SX-EW copper cathodes

Salvador

Type of deposit: Underground mine
Operation: Since 1926
Location: Salvador, Chile's Third Region
Products: SX-EW copper cathodes and copper concentrate

Andina

Type of deposit: Underground mine and open pit mine
Operation: Since 1970
Location: Los Andes, Chile's Fifth Region
Products: Copper concentrate

El Teniente

Type of deposit: Underground mine
Operation: Since 1905
Location: Rancagua, Chile's Sixth Region
Products: Blister and copper anodes

* * * * *

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

Index to the Audited Consolidated Financial Statements

US$	-	United States dollars
ThUS$	-	Thousands of United States dollars
UF	-	The UF is a Chilean inflation-indexed, peso-denominated monetary unit that is set daily in advance based on the previous month's inflation
Ch$	-	Chilean pesos
ThCh$	-	Thousands of Chilean pesos

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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, 2006 and 2007, and the related consolidated statements of income and cash flows for the each of the three years in the period ended December 31, 2007. 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, 2006 and 2007, of certain investees and subsidiaries. Those financial statements were audited by other auditors, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for such investees and subsidiaries, is based solely on the reports of such other auditors. At December 31, 2006 and 2007, the direct and indirect investment of the Company in such investees combined with the total assets of such subsidiaries represent 8.6% and 6.9% of the total consolidated assets of the Company, respectively. The Company´s share in net income of these investees in 2005, 2006 and 2007 combined with the total sales of these subsidiaries represent 7.1%, 7.6% and 5.4%, respectively, of the total consolidated sales of the Company.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, 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 of the other auditors, such 2006 and 2007 consolidated financial statements fairly present, in all material respects, the financial position of Corporación Nacional del Cobre de Chile and subsidiaries as of December 31, 2006 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in Chile.

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

Deloitte

February 15, 2008
Santiago, Chile

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2006 AND 2007
(In thousands of U.S. dollars - ThUS$)

ASSETS	Notes	2006	2007
		ThUS$	ThUS$
CURRENT:			
Cash and banks		8,419	21,607
Time deposits	31	821,466	2,048,598
Marketable securities		3,258	4,260
Trade receivables, net	4	1,470,158	933,303
Notes receivable	4	9,739	265
Other receivables, net	4	248,788	340,531
Due from related companies	5	15,472	36,790
Inventories, net	6	1,522,527	1,704,550
Income taxes recoverable		95,166	262,750
Prepaid expenses		9,186	10,295
Deferred taxes	7	375,875	449,406
Other current assets		41,932	49,315
Total current assets		4,621,986	5,861,670
PROPERTY, PLANT AND EQUIPMENT:			
Land	8	58,674	66,168
Buildings and infrastructure	8	7,389,756	8,443,896
Machinery and equipment	8	6,871,901	7,252,721
Other plant and equipment	8	116,999	168,110
Technical appraisal revaluation	8	368,741	368,171
Accumulated depreciation	8	(8,203,826)	(8,832,405)
Net property, plant and equipment		6,602,245	7,466,661
OTHER ASSETS:			
Investments in related companies	9	1,009,968	864,987
Investments in other companies		1,279	1,604
Goodwill	10	21,670	20,494
Negative goodwill	10	(392)	(351)
Long-term receivables	4	178,548	220,471
Due from related companies	5	46,679	53,410
Intangibles		21,391	19,766
Accumulated amortization		(6,748)	(6,698)
Other assets	11	536,217	555,870
Total other assets		1,808,612	1,729,553
TOTAL ASSETS		13,032,843	15,057,884

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2006 AND 2007
(In thousands of U.S. dollars - ThUS$)

LIABILITIES AND EQUITY	**Notes**	**2006**	**2007**
		ThUS$	ThUS$
CURRENT LIABILITIES:			
Banks and financial institutions:			
Current	12	61,049	23,824
Current portion of long-term debt	12	8,506	308,341
Current portion of bonds payable	14	36,717	37,427
Dividends payable		300,000	800,000
Accounts payable		596,450	829,806
Notes payable		649	1,942
Miscellaneous payables		65,694	119,343
Due to related companies	5	145,962	115,090
Accruals	15	505,865	715,476
Withholdings		150,631	134,807
Income taxes payable		110,322	21,364
Deferred income		87,348	54,362
Other current liabilities		2,611	10,504
Total current liabilities		2,071,804	3,172,286
LONG-TERM LIABILITIES:			
Due to banks and financial institutions	13	600,000	700,000
Bonds payable	14	3,213,739	3,283,924
Notes payable		81,853	78,622
Miscellaneous payables		106,952	149,394
Due to related companies	5	492,291	469,512
Accruals	15	1,179,540	1,526,162
Deferred taxes	7	674,999	819,521
Other long-term liabilities		81,491	109,959
Total long-term liabilities		6,430,865	7,137,094
MINORITY INTEREST	17	2,573	4,301
EQUITY:			
Paid-in capital	18	1,524,423	1,524,423
Other reserves	18	1,332,432	1,655,924
Retained earnings:			
Retained earnings	18	-	400,000
Net income for the year	18	3,338,789	2,981,619
Profit distributions to the Chilean Treasury	18	(1,668,043)	(1,817,763)
Total net equity		4,527,601	4,744,203
TOTAL LIABILITIES AND EQUITY		13,032,843	15,057,884

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

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2007
(In thousands of U.S. dollars - ThUS$)

	Notes	2005	2006	2007
		ThUS$	ThUS$	ThUS$
SALES		10,490,573	17,077,032	16,988,242
COST OF SALES		(4,801,086)	(7,272,311)	(8,058,827)
GROSS PROFIT		5,689,487	9,804,721	8,929,415
ADMINISTRATIVE AND SELLING EXPENSES		(261,779)	(338,101)	(381,595)
OPERATING INCOME		5,427,708	9,466,620	8,547,820
NON-OPERATING INCOME (EXPENSES)				
Interest income		22,361	58,124	97,275
Equity in income of related companies	9	110,032	451,877	463,719
Other income	19	105,759	164,741	235,497
Equity in losses of related companies	9	(10,514)	(7,573)	(6,338)
Amortization of goodwill	10	(810)	(1,176)	(1,176)
Interest expense		(189,208)	(236,085)	(245,487)
Other expenses	19	(1,285,963)	(2,037,565)	(1,948,651)
Price level restatement	20	(240)	(264)	(1,303)
Foreign exchange differences	21	(107,910)	42,364	(71,717)
NON-OPERATING EXPENSES, NET		(1,356,493)	(1,565,557)	(1,478,181)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST		4,071,215	7,901,063	7,069,639
INCOME TAXES	7	(2,295,331)	(4,564,654)	(4,091,162)
INCOME BEFORE MINORITY INTEREST		1,775,884	3,336,409	2,978,477
MINORITY INTEREST	17	3,725	2,349	3,101
NET PROFIT		1,779,609	3,338,758	2,981,578
Amortization of negative goodwill	10	-	31	41
NET INCOME FOR THE YEAR		1,779,609	3,338,789	2,981,619

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
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2007
(In thousands of U.S. dollars - ThUS$)

	Notes	2005	2006	2007
		ThUS$	ThUS$	ThUS$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the year	18	1,779,609	3,338,789	2,981,619
Gain on sale of assets:				
Gain on sale of property, plant and equipment		(3,638)	(10,366)	(62,007)
Gain on sale of investments		(832)	-	(8,572)
Charges (credits) to income which do not represent cash flows:				
Depreciation		457,642	520,367	543,548
Amortization		166,720	255,874	290,985
Write-offs and accruals		144,635	25,340	347,337
Equity in income of related companies	9	(110,032)	(451,877)	(463,719)
Equity in losses of related companies	9	10,514	7,573	6,338
Amortization of goodwill	10	810	1,176	1,176
Amortization of negative goodwill	10	-	(31)	(41)
Price level restatement	20	240	269	1,303
Foreign exchange differences	21	107,910	(42,364)	71,717
Other credits to income which do not represent cash flows		(111,733)	(27,675)	(52,132)
(Increase) decrease in assets which affect operating cash flows:				
Trade receivables		(498,771)	(320,101)	542,048
Inventories		(266,969)	(501,927)	(182,023)
Other assets		(43,083)	(71,101)	262,302
Increase (decrease) in liabilities which affect operating cash flows:				
Accounts payable related to operations		161,285	620,880	159,196
Interest payable		9,163	18,146	(13,761)
Income tax payable		158,926	(35,682)	(88,958)
Value added tax and other similar taxes payable		446,129	279,783	353,263
Minority interest	17	(3,725)	(2,349)	(3,101)
Net cash provided by operating activities		2,404,800	3,604,724	4,686,518

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
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2007
(In thousands of U.S. dollars - ThUS$)

	Notes	2005	2006	2007
		ThUS$	ThUS$	ThUS$
NET CASH FLOWS FROM FINANCING ACTIVITIES:				
Loans obtained		390,000	150,000	578,800
Bonds issued		718,737	500,000	-
Other financing activities		7,870	-	-
Profit distributions to the Chilean Treasury		(1,389,247)	(1,857,009)	(2,267,800)
Loan repayments		(393,600)	(468,000)	(200,800)
Net cash used in financing activities		(666,240)	(1,675,009)	(1,889,800)
NET CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of property, plant and equipment		44	391	89,187
Proceeds from sales of permanent investments		7,000	-	9,575
Proceeds from sales of other investments		-	1,619	307
Collection from related companies		34,300	-	-
Other investment income	23	87,111	65,174	61,351
Purchases of property, plant and equipment		(1,844,681)	(1,218,725)	(1,604,951)
Investments in related companies		(4,098)	(111,046)	(2,340)
Investments in financial instruments		(3,080)	(3,775)	(10,295)
Loans granted to related companies		(12,170)	-	(28,010)
Other investment disbursements		(39,572)	(47,852)	(70,220)
Net cash used in investing activities		(1,775,946)	(1,314,214)	(1,555,396)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(37,386)	615,501	1,241,322
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		255,028	217,642	833,143
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		217,642	833,143	2,074,465

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

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"). The Company is subject to the regulation of the Superintendency.

The Company was formed as stipulated by Law Decree (D.L.) N° 1350 dated 1976. Codelco is a state-owned mining, industrial and commercial company, which is a separate legal entity with its own equity. Codelco currently carries out its mining business through its Codelco Norte (made up of the following ex divisions: Chuquicamata and Radomiro Tomic), Salvador, Andina, El Teniente, and Ventanas Divisions. The Company also carries out similar activities in other mining deposits in association with third parties.

As is established in D.L. N° 1350, Codelco's financial activities are conducted following a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The Company's tax regime is established in D.L. N° 1350, 2398 and 824.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED

a. Accounting periods - These consolidated financial statements reflect the financial position of the Company and its subsidiaries as of December 31, 2006 and 2007 and the results of their operations and cash flows for each of the three years in the period ended December 31, 2007.

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

c. Reporting currency - In accordance with Article 26 of D.L. N°1350, the Company's records are kept in United States dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars - ThUS$)

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:

	As of December 31, Equity Investment				
	2005	2006	2007		
Entity	Total %	Total %	Direct %	Indirect %	Total %
Chile Copper Limited - England	100.0000	100.0000	99.9900	0.0100	100.0000
Codelco Services Limited - England	100.0000	100.0000	-	100.0000	100.0000
Codelco Group USA Inc. - United States	100.0000	100.0000	99.9900	0.0100	100.0000
Codelco Metals Inc. - United States	100.0000	100.0000	-	100.0000	100.0000
Copper Technology Investment Inc. - United States	100.0000	100.0000	-	100.0000	100.0000
Semi Solid Metal Investors Llc. - United States	100.0000	100.0000	-	100.0000	100.0000
Corporación del Cobre (USA) Inc. - United States	100.0000	100.0000	-	100.0000	100.0000
Codelco International Limited - Bermudas	100.0000	100.0000	99.9900	0.0100	100.0000
Codelco Technologies Ltd. - Bermudas	100.0000	100.0000	-	100.0000	100.0000
Codelco do Brasil Mineracao S.A. - Brazil	100.0000	100.0000	-	100.0000	100.0000
Mineracao Vale do Curaca - Brazil	51.0000	51.0000	-	51.0000	51.0000
Codelco Küpferhandel GMHB - Germany	100.0000	100.0000	99.9900	0.0100	100.0000
Metall Agentur GMBH - Germany	100.0000	100.0000	-	100.0000	100.0000
Ecometales Ltda.	-	-	-	100.0000	100.0000
Mining Information Communications and Monitoring S.A.	66.0000	66.0000	66.0000	-	66.0000
Compañía Minera Picacho SCM	100.0000	100.0000	99.9900	0.0100	100.0000
Compañía Contractual Minera Los Andes	100.0000	100.0000	99.9700	0.0300	100.0000
Isapre Chuquicamata Limitada	98.3000	98.3000	98.3000	-	98.3000
Elaboradora de Cobre Chilena Limitada	100.0000	100.0000	99.0000	1.0000	100.0000
Asociación Garantizadora de Pensiones	96.6900	96.6900	96.6900	-	96.6900
Prestadora de Servicios San Lorenzo Limitada	99.9500	99.9500	99.9500	-	99.9500
Isapre Río Blanco Limitada	99.9901	99.9901	99.9900	0.0001	99.9901
CMS - Chile Sistema y Equipos Mineros S.A.	100.0000	100.0000	99.9900	0.0100	100.0000
Ejecutora Proyecto Hospital del Cobre Calama	100.0000	100.0000	99.9900	0.0100	100.0000
Complejo Portuario Mejillones S.A.	100.0000	100.0000	99.9900	0.0100	100.0000
Instituto de Innovación en Minería y Metalurgia S.A.	99.9300	99.9300	99.9300	-	99.9300
Santiago de Río Grande S.A.	100.0000	100.0000	99.9800	0.0200	100.0000
Biosigma S.A.	66.6700	66.6700	66.6700	0.0000	66.6700
Exploraciones Mineras Andinas S.A.	100.0000	100.0000	99.9000	0.1000	100.0000
Clínica Río Blanco S.A.	100.0000	100.0000	99.0000	1.0000	100.0000
Minera Gaby S.A.	-	100.0000	99.9000	0.1000	100.0000
Inversiones Copperfield Limitada	-	100.0000	99.9000	0.1000	100.0000
Energía Minera S.A.	-	-	99.0000	1.0000	100.0000
Termoeléctrica Farellones S.A.	-	-	99.0000	1.0000	100.0000
Sociedad Geotérmica del Norte S.A.	50.0100	-	-	-	-

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

Although Codelco directly and indirectly owns 66.75% of Electroandina S.A. and Inversiones Mejillones S.A., the Company does not have control nor the management of these entities, and therefore, in accordance with generally accepted accounting principles in Chile, the conditions required to consolidated these subsidiaries are not met and they have, therefore, been accounted for using the equity method of accounting.

The participations are:

- Electroandina S.A.

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

- Inversiones Mejillones S.A.

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

e. Constant currency restatement - The financial statements of the Chilean subsidiaries, which keep their accounting records in Chilean pesos, have been price-level restated to recognize the effects of the variation in the currency's purchasing power during each year. In line with this, restatements for inflation have been determined using the variations in the Consumer Price Index reported by the Chilean Institute of Statistics. The variations reported by the aforementioned Institute for the years ended December 31, 2005, 2006 and 2007 were 3.6%, 2.1% and 7.4%, respectively.

f. Basis of conversion - The Company's assets and liabilities in Chilean pesos, mainly composed of cash, other receivables, investments in companies in Chile, accounts payable and accruals, have been expressed in United States dollars at the observed exchange rate at each year-end of $512.50 per US dollar as of December 31, 2005, Ch$532.39 per US dollar as of December 31, 2006 and Ch$496.89 per US dollar as of December 31, 2007.

UF-Denominated Assets and Liabilities

At December 31, 2005, 2006 and 2007, assets and liabilities denominated in UF (an inflation index-linked unit used in Chile) have been translated using the US$ rates effective at the end of the year (2005: Ch$512.50; 2006: Ch$532.39; 2007: Ch$496.89) and the UF value on the closing dates of the financial statements (2005: Ch$17,974.81; 2006: Ch$18,336.38; 2007: Ch$19,622.66).

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

The Company's income and expenses in Chilean pesos have been translated into US dollars at the observed exchange rate on the date on which each transaction was recorded in the accounting records.

Foreign exchange differences are debited or credited to income, in accordance with generally accepted accounting principles issued by the Chilean Institute of Accountants and regulations of the Superintendency.

The average exchange rates in the years ended December 31, 2005, 2006 and 2007 were Ch$559.68, Ch$530.34 and Ch$522.55 per US dollar, respectively.

Chilean Subsidiaries

Assets and liabilities and income statement accounts in Chilean pesos as of December 31, 2005, 2006 and 2007 have been translated into US dollars at the exchange rates on those dates, (Ch$512.50 per US dollar in 2005, Ch$532.39 per US dollar in 2006 and Ch$496.89 per US dollar in 2007).

Foreign subsidiaries

As of December 31, 2005, 2006 and 2007, the financial statements of foreign subsidiaries have been translated from their respective foreign currencies into US dollars using the exchange rates as of the respective year-end, as follows:

	2005	**2006**	**2007**
	US$	US$	US$
Pound sterling – UK	1.71792	1.95695	1.99124
Euro	1.18259	1.31874	1.47102
Mexican peso	0.09241	0.09259	0.09175

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 stated at market value and other investments defined as marketable securities stated at the lower of cost or market value.

i. Inventories - Inventories are valued at cost, which does not exceed their net realizable value. Cost has been determined using the following 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.

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 in corresponding assets and equity 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.

Codelco does not capitalize interest.

The ore bodies owned by the Company are recorded in the accounts at US$1 each. In accordance with the above, the economic value of these ore bodies differs from the accounting value.

l. Depreciation - Depreciation of property, plant and equipment is calculated on the book values of property, plant and equipment, including the revaluation mentioned in Note 2(k) above, using the straight-line method, 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 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 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 production unit method to income over the period in which the benefits are obtained.

n. Leased assets - Property, plant and equipment under finance leasing contracts are recorded as other plant and equipment. These leased assets have been valued at their net present value applying the implicit interest rate in the contracts and are depreciated using the straight-line method over the useful lives of the assets. The Company does not legally own these assets until it exercises the respective purchase options.

o. Investments in related companies - Investments in Chilean and foreign related companies, identified as permanent, are valued using the equity method in accordance with Technical Bulletins issued by the Chilean Institute of Accountants. Equity method investments in domestic companies, which are accounted for in Chilean pesos are expressed in US dollars at the year-end exchange rate. The differences which arise and are unrelated to the recognition of income are recognized in the item Other reserves in Equity. In applying the equity method, investments in foreign subsidiaries are expressed in US dollars.

Unrealized gains related to investments in related companies are credited to income at the same rate as the amortization of the transferred assets or mine production, as applicable.

p. Investments in other companies - The item Investments in other companies represents the value of the shares that the Company has acquired for its operations but has no significant influence in their operations. These investments are recorded at cost, which do not exceed market value.

q. Intangibles - Intangibles are recorded at the amount of the disbursements made and are amortized in accordance with Technical Bulletin N°55 issued by the Chilean Institute of Accountants.

r. Income tax and deferred income taxes - Include taxes on first category taxable income and the specific mining activity tax according to D.L. N°824, and D.L. N°2398.

The Company recognizes the effects of deferred income taxes arising from temporary differences, which have a different treatment for financial and tax purposes, in accordance with the Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

s. Severance indemnities and other long-term benefits - The Company has an agreement with its employees for the payment of severance indemnities. It is the Company's policy to provide for the total obligation accrued at nominal value.

Additionally, the Company has recorded the necessary provisions for the payment of health benefits agreed with the employees and ex-employees. The provisions are calculated at net present value using a discount rate which is equivalent to the interest rate applied in all its financing operations and with a term of 10 years.

Following its cost-reduction programs through the use of modern technologies, the Company has established personnel severance programs, with benefits that encourage retirement, for which the necessary provisions are made when the employee commits to his/her retirement.

t. Revenue recognition - Revenue for sales overseas are recognized at the time of shipment or delivery of the products in conformity with contractual agreements and is subject to variations in contents and/or the sales price at the transaction settlement date. A provision is made for estimated decreases in sales values on unsettled operations at the end of the period based on the information available as of the date the financial statements are prepared and is presented deducting trade receivables. Sales in Chile are recorded in accordance with Chilean regulations.

According to the note related to metal future market hedging policies, the Company carries out operations in future markets recording the final effects of these hedging transactions at the settlement date of the contracts.

These results are added or deducted from sales.

u. Derivative contracts - The Company's derivative contracts are entered into based on the following hedging policies:

- Hedging policies for exchange and interest rates

The Company contracts exchange rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are made in.

The Company has also contracted interest rate hedge transactions to cover fluctuations of interest rates for future obligations denominated in US dollars.

The results of the exchange rate hedging contracts are recorded as of the date of maturity or settlement of the respective contracts, in conformity with Technical Bulletin N°57 issued by the Chilean Institute of Accountants.

The results of the hedging contracts for interest rates for future liabilities are amortized over the term of those liabilities.

- Hedging policies for future metal prices

In accordance with the policies approved by the Board of Directors, the Company entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

The hedging policies seek on the one hand to protect the expected cash flows from the sale of products by fixing the prices for a portion of future production, and on the other hand to adjust physical contracts to its commercial policy, when necessary.

With the transactions that are carried out, the Company takes advantage of the opportunities provided by the market, which does not imply a risk for the Company.

When the sale agreements are fulfilled and the future contracts are settled, income from the sales and future operations are offset.

Hedging operations carried out by the Company in the futures markets are not of a speculative nature.

In accordance with the provisions of Technical Bulletin 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 as incurred.

x. Statement of cash flows - Cash and cash equivalents includes unrestricted cash and bank balances, time deposits maturing within 90 days and financial instruments classified as short-term marketable securities, in accordance with Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

The Company has recognized cash flows from operating, investing or financing activities as required by Technical Bulletins issued by the Chilean Institute of Accountants and the regulations of the Superintendency.

y. Bonds - Bonds are presented at outstanding principal plus accrued interest at each period-end. The discount on bond issuance is capitalized as deferred expenses and the premium is capitalized as deferred income, and both are amortized using the straight-line method over the term of the bonds and are classified in the item Other Assets under Other Assets or in the item Other Long-Term Liabilities under Long-Term Liabilities, respectively.

z. Environmental exit costs - The Company has established a policy of accruing for future environmental exit costs, which mainly relate to tailing dams, which, subsequent to the end of their useful lives, continue to incur expenses. This policy allows for the recording of a mine's environmental exit costs during its exploitation stage.

aa. Law N° 13196 - Law No. 13196 requires the payment of a 10% contribution to the Chilean Government on the export value of copper production and related by-products. The amount is included in the item Other Expenses in the statements of income.

ab. Cost of sales - Cost of sales includes direct and indirect costs and depreciation and amortization related to the production process.

ac. Bond issuance cost - Bond issuance cost is charged to the year's results, as is established in Circular N°1370 dated January 30, 1998 issued by the Superintendency.

ad. Goodwill - Goodwill is determined using the purchase method in accordance with the standards established by the Technical Bulletin N°72 of the Chilean Association of Accountants. Goodwill is amortized over the period in which the benefits are expected to be obtained.

ae. Negative goodwill - Negative goodwill corresponds to the investment made by our subsidiary Codelco Technologies Limited in July 2006, and results from the creditor difference generated between the cost of the investment and the equity method of accounting at the purchase date, in accordance with Technical Bulletin N°72 of the Chilean Institute of Accountants.

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

ag. Reclasifications - Certain 2005 and 2006 figures have been reclassified to be comparative with 2007 figures.

3. CHANGES IN ACCOUNTING PRINCIPLES

From January 1, 2006, the Company records in income collective bargaining bonuses. Until December 31, 2005, these bonuses were capitalized and amortized over the period of the respective collective bargaining agreements. At December 31, 2005, there was an asset for ThUS$14,805 for collective bargaining bonuses, net of deferred taxes, which was also recognized in 2006 income (Note 19).

At December 31, 2007, there are no changes in accounting policies and accounting criteria described in Note 2, with respect to the previous year.

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

4. CURRENT AND LONG-TERM RECEIVABLES

Current and long - term trade receivables, notes and other receivables and related allowances for doubtful accounts as of December 31, 2006 and 2007 are as follows:

	Current						Long-term	
	Less than 90 days		90 days to 1 year		Total			
	2006	2007	2006	2007	2006	2007	2006	2007
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Trade receivables	1,472,158	935,303	-	-	1,472,158	935,303	-	-
Allowance for doubtful accounts	-	-	-	-	(2,000)	(2,000)	-	-
Total					1,470,158	933,303	-	-
Notes receivable	9,739	265	-	-	9,739	265	-	-
Other receivables	45,809	75,910	206,467	269,137	251,946	345,047	178,548	220,471
Allowance for doubtful accounts	-	-	-	-	(3,158)	(4,516)	-	-
Total					248,788	340,531	178,548	220,471

Current and long-term accounts receivable, notes and other receivables by geographical segment as of December 31, 2006 and 2007 are as follows:

	As of December 31,			
Country / Region	**2006**		**2007**	
	ThUS$	%	ThUS$	%
Chile	590,774	30.98	671,217	44.91
Europe and Africa	569,676	29.87	353,007	23.62
Asia	556,760	29.19	432,316	28.93
North America	140,167	7.35	29,064	1.94
Rest of South America	49,856	2.61	8,966	0.60
Total	1,907,233	100.00	1,494,570	100.00

Addional information

According to the criteria described in Note 2t, at December 31, 2006, trade receivables are presented net of the provisional pricing adjustment of ThUS$152,676 (ThUS$192,312 at December 31, 2007) for unfinalized invoices for unsettled operations at the end of the year.

5. TRANSACTIONS WITH RELATED COMPANIES

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars - ThUS$)

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	December 31, 2006	December 31, 2007
		ThUS$	ThUS$
Juan Costella Montt	Employee's brother	2,606	-
Insitu Ingeniería Construcción y Servicios S.A.	Relative of an executive	1,700	739
Alquimia Ingenieros S.A.	Executive's ex-spouse	488	-
Cimm Tecnologías y Servicios S.A.	Executive	261	-
Cristian Aguilera Alcayaga	Executive' son	15	-
Sebastián Sánchez Arenas	Executive' son	8	-
Bosch S.A.	Executive's spouse	-	664
Edyce S.A.	Relative of an employee	-	398
CMS Tecnología S.A.	Investee	-	23,580
Alejandro Mejía Correa	Employee's relative	-	27
Juan Torres Peters	Relative of an executive	-	57
Distrinor S.A.	Investee	-	117,400
Compañía de Petróleos de Chile S.A.	Director's participation	-	14,771
Prodalam S.A.	Director's participation	2	80
Quadrem Chile Ltda.	Investee	-	1,045
Domingo Iraola Vela	Relative of an employee	9	-
Sodimac S.A.	Director	1	-
Consorcio Ingenieros ARA - PM Ltda.	Executive participation	60	3,040
Ara Worley Parsons	Executive participation	-	2,851
Fundición Talleres S.A.	Investee	-	310
Consorcio Cioc S.A.	Executive participation	-	3,404
Patricio Vergara Ramírez	Relative of an employee	-	72
Mining Information Comunication and Monitoring	Subsidiary	-	33,131
Ricardo Parada Araya	Relative of an executive	-	112

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

b. Directors' Remuneration

During 2006 and 2007, the members of the Board of Directors have received the following amounts as per diems, remunerations and fees:

b.1 Directors' Per Diems

Name	December 31, 2006	December 31, 2007
	ThUS$	ThUS$
Karen Poniachik Pollak	11	14
Andrés Velasco Brañes	11	14
Nicolás Majluf Sapag	36	39
Jorge Bande Bruck	36	39
Eduardo Gordon Valcárcel	34	39
Jorge Candia Díaz	36	39
Raimundo Espinoza Concha	35	39
José Alfonso Dulanto Rencoret	3	-
Nicolás Eyzaguirre Guzmán	3	-
Patricio Meller Bock	8	-
Jorge Navarrete Martínez	8	-
Ricardo Ortega Terrier	8	-
Bismarck Robles Guzmán	8	-
René Valdenegro Oyaneder	8	-

b.2 Remuneration

Name	December 31, 2006	December 31, 2007
	ThUS$	ThUS$
Jorge Candia Díaz	62	96
Raimundo Espinoza Concha	27	55
Bismarck Robles Guzmán	7	-
René Valdenegro Oyaneder	14	-

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

b.3 Fees

Name	December 31, 2006	2007
	ThUS$	ThUS$
Jorge Navarrete Martínez	12	-

c. Operations with Codelco investees

The Company also has commercial and financial transactions, that are necessary for its operations with entities in which it has a participation in equity. Financial transactions are mainly loans in current account. The conditions of loans to related companies that are current as at December 2006 and 2007 are detailed as follows:

Loans receivable:

		2006		2007	
Company	**Transaction**	**Interest**	**Term**	**Interest**	**Term**
Electroandina S.A. (1)	Line of credit	Libor+0.75% per annum	4 years	Libor+0.75% per annum	4 years
Electroandina S.A. (2)	Line of credit	-	-	Libor+1% per annum	2 years
CMS Tecnología S.A.	Mortgage	Libor 180 days+2.5% per annum	3 years	Libor 180 days+2.5% per annum	3 years
Sociedad GNL Mejillones S.A.	Current account financing	-	-	2.6% per annum	6 months

(4) Direct line of credit
(5) Line of credit in guarantee for external credits.

Loans payable:

		2006		2007	
Company	**Transaction**	**Interest**	**Term**	**Interest**	**Term**
Electroandina S.A. (3)	Leasing	-	-	8% per annum	40 months

(6) The subsidiary Minera Gaby S.A. has commissioned the design, construction, assembly and start up of the power supply line projects by means of a finance lease. Via this contract, Electroandina will assume ownership of the line project from provisional acceptance to the day on which Minera Gaby S.A. pays installment number 41, on which date it is agreed that the ownership of the line project will be transferred to Minera Gaby S.A.. This line project has been operating since December 2007.

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

c.1 Notes and accounts receivable from related companies:

	As of December 31,			
	Current		Long-term	
Company name	**2006**	**2007**	**2006**	**2007**
	ThUS$	ThUS$	ThUS$	ThUS$
Minera Pecobre S.A. de C.V.	45	59	-	-
Copper Partners Investment Company Ltd.	9,552	13,459	612	-
Sociedad GNL Mejillones S.A.	-	12	-	-
Soc. Contractual Minera el Abra	1,771	1,453	-	-
Electroandina S.A.	610	20,972	45,400	53,410
Agua de la Falda S.A.	256	232	-	-
CMS Tecnología S.A.	1,822	603	667	-
Fundición Talleres S.A.	1,416	-	-	-
Total	15,472	36,790	46,679	53,410

c.2 Notes and accounts payable to related companies:

	As of December 31,			
	Current		Long - term	
Company name	**2006**	**2007**	**2006**	**2007**
	ThUS$	ThUS$	ThUS$	ThUS$
Copper Partners Investment Company Ltd.	36,667	36,667	492,291	455,309
Sociedad Contractual Minera El Abra	71,198	50,037	-	-
Electroandina S.A.	35,362	28,215	-	14,203
CMS Tecnología S.A.	1,259	171	-	-
Fundición Talleres S.A.	1,476	-	-	-
Total	145,962	115,090	492,291	469,512

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c.3 Transactions

Commercial transactions with related companies correspond 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., Minera Pecobre S.A., Sociedad Contractual Minera Sierra Mariposa, Copper Partners Investments Company Ltd., Sociedad Contractual Minera Purén, Kairos Mining S.A., MI Robotic Solutions S.A., Inversiones Tocopilla Ltda., Sociedad Contractual Minera El Abra, Electroandina S.A., Agua de La Falda S.A., Fundición Talleres S.A., CMS Tecnología S.A., Sociedad Geotérmica del Norte S.A. and Inversiones Mejillones S.A.. The detail is as follows:

			As of December 31,					
			2005		2006		2007	
Company name	Relationship	Description of the Transaction	Amount ThUS$	Effect on income gain (loss) ThUS$	Amount ThUS$	Effect on income gain (loss) ThUS$	Amount ThUS$	Effect on income gain (loss) ThUS$
Minera Pecobre S.A. de C.V.	Investee	Capital contribution	2,548	-	3,030	-	1,000	-
Copper Partners Investment Company Ltd.	Investee	Cash advance	-	-	550,000	-	-	-
		Sale of products	-	-	89,674	89,674	155,431	155,431
		Dividends collected	-	-	-	-	23,632	-
		Reimbursement of expenses	-	-	-	-	136,142	136,142
Sociedad Contractual Sierra Mariposa	Investee	Capital contribution	-	-	-	-	1,747	-
Sociedad Contractual Minera Purén	Investee	Dividends collected	-	-	-	-	80,500	-
		Capital contribution	-	-	8,771	-	-	-
		Loans	3,880	-	-	-	-	-
Sociedad GNL Mejillones S.A.	Investee	Other expenses	-	-	-	-	2,058	(2,058)
		Loans	-	-	-	-	5,000	-
		Interest	-	-	-	-	65	65
		Capital contribution	-	-	-	-	25,000	-
		Purchase of services	-	-	-	-	3	(3)
Kairos Mining S.A.	Investee	Capital contribution	-	-	-	-	39	-
S.C. Minera El Abra	Investee	Purchase of products	334,831	(334,831)	612,339	(561,225)	510,114	(474,266)
		Sale of products	24,591	24,591	29,879	29,879	26,681	26,681
		Purchase of services	-	-	1,197	(1,197)	675	(675)
		Interest income	835	835	-	-	-	-
		Commissions earned	-	-	218	(218)	177	(177)
		Refundable loans	34,300	-	-	-	-	-
		Dividends collected	-	-	-	-	504,700	-
Electroandina S.A.	Investee	Interest income	2,163	2,163	3,041	3,041	3,288	3,288
		Purchase of electricity	156,649	(156,649)	158,321	(158,321)	205,655	(205,655)
		Gas supply	8,522	(8,522)	9,222	(9,222)	5,828	(5,828)
		Supply contract	-	-	-	-	10,366	-
Agua de La Falda S.A.	Investee	Sales of services	56	56	19	19	-	-
C.M.S. Tecnología S.A.	Investee	Purchase of services	34,715	(34,715)	29,679	(29,679)	-	-
		Interest income	-	-	120	120	93	93
		Sales of services	187	187	87	87	-	-
Fundición Talleres S.A.	Investee	Purchase of materials	14,172	(14,172)	20,324	(20,324)	-	-
		Sales of services	2,575	2,575	2,331	2,331	-	-
Mining Industry Robotic Solutions	Investee	Capital contribution	-	-	-	-	1,300	-

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

d. Other information

At December 31, 2006 and 2007, the short term and long-term accounts payable to the investee Copper Partners Investment Company Ltd. correspond to the balance of the advance received (US$550 million) in accordance with the commercial agreement with Minmetals (Note 25b).

At December 31, 2006 and 2007, the long-term accounts receivable from the investee Electroandina S.A. corresponds to the balance of credit line pending amortization in accordance with the Shareholders Agreement.

6. INVENTORIES

The breakdown of inventories is as follows:

	As of December 31,	
	2006	**2007**
	ThUS$	ThUS$
Finished products	655,210	781,688
Work in progress	660,984	673,250
Materials in warehouse and others, net	206,333	249,612
Total	1,522,527	1,704,550

The value of inventories is presented net of the obsolescence allowance for materials in warehouse for ThUS$49,837 and ThUS$51,673 as of December 31, 2006 and 2007, respectively.

At December 31, 2006 and 2007 finished products are presented net of unrealized profits of ThUS$68,725 and ThUS$34,003, respectively, corresponding to purchase and sale operations to investees, which in accordance with generally accepted accounting principles in Chile, have to be deducted from the items that originated them.

7. 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$299,124 and ThUS$370,115 as of December 31, 2006 and 2007, respectively.

b. Income taxes:

At December 31, 2006 and 2007, the provisions for first category income tax and D.L. N°2398 amounted to a charge to income of ThUS$4,724,510 and ThUS$3,637,899, respectively, and are shown in the item Income taxes payable in Current liabilities, net of estimated monthly payments of taxes and other tax credits.

The subsidiaries' income tax provisions charged to income amounted to ThUS$156 in 2006 and ThUS$16,513 in 2007 and are presented in Income tax payable, net of estimated provisional monthly tax payments and other tax credits.

c. Tax Law N°20026:

On June 16, 2005, income tax law D.L. 824 was modified by Law 20026, establishing a progressive tax rate on mining activity operating margins in Chile (5% for companies with sales over 50,000 metric tons of equivalent copper) and will be applied as of January 2006. In October 2005, the Chilean Internal Revenue Service issued a regulation regarding the Law.

At December 31, 2006 and 2007, the provisions for specific tax on mining activities amounted to a charge of ThUS$440,909 and ThUS$347,837, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars - ThUS$)

d. Deferred taxes:

The detail of deferred taxes is as follows:

	As of December 31,					
	2006			2007		
	Asset		Liability	Asset		Liability
Temporary differences	Current ThUS$	Long-term ThUS$	Long-term ThUS$	Current ThUS$	Long-term ThUS$	Long-term ThUS$
Allowance for doubtful accounts	-	1,988	-	-	2,574	-
Deferred income	68,310	301,308	-	41,908	280,426	-
Vacation accrual	51,525	-	-	62,137	-	-
Leased assets	-	1,262	-	-	5,515	-
Depreciation property, plant and equipment	-	-	1,421,366	-	-	1,512,322
Other	206,692	71,542	-	314,219	66,620	153,074
Obsolescence provisions	-	28,407	-	-	29,454	-
Contingencies accruals	-	43,709	-	-	54,203	-
Environmental exit costs provision	-	73,994	-	-	173,173	-
Hedging of bonds	-	31,668	6,480	-	44,429	2,534
Unrealized gains with related parties	39,173	80,220	-	19,382	71,694	-
Domestic and foreign bonds costs	-	-	16,366	-	-	14.848
Special retired employees plan accrual	10,175	24,533	-	11,760	25,847	-
Health program accrual	-	110,582	-	-	109,322	-
Total	375,875	769,213	1,444,212	449,406	863,257	1,682,778

e. Income tax expense:

	Year ended December 31,		
	2005	2006	2007
Item	ThUS$	ThUS$	ThUS$
Current tax expense	(2,427,871)	(5,165,575)	(4,002,757)
Prior year adjustment	-	-	(17,414)
Deferred tax expense	132,540	600,921	(70,991)
Total	(2,295,331)	(4,564,654)	(4,091,162)

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

8. PROPERTY, PLANT AND EQUIPMENT

The composition of property, plant and equipment is as follows:

g. Property, plant and equipment, gross

	As of December 31,	
	2006	**2007**
	ThUS$	ThUS$
Land		
Land	58,450	65,941
Mining rights	224	227
Subtotal	58,674	66,168
Buildings and infrastructure		
Infrastructure	1,887,338	1,964,210
Buildings	2,094,071	2,158,108
Housing	129,292	128,157
Construction in progress	910,475	1,501,600
Development of mines and mining operations	2,246,194	2,531,546
Forestation and forest development	944	944
Buildings and infrastructure of subsidiaries	121,442	159,331
Subtotal	7,389,756	8,443,896
Machinery and equipment		
Machinery and equipment	6,062,643	6,429,513
Transport equipment	723,172	783,770
Furniture and fixtures	25,429	24,554
Machinery and equipment of subsidiaries	60,657	14,884
Subtotal	6,871,901	7,252,721
Other plant and equipment		
Improvements in leased land	4,722	4,722
Leased buildings	94,708	99,062
Leased machinery and equipment	15,446	52,850
Other assets of subsidiaries	2,123	11,476
Subtotal	116,999	168,110
Technical appraisal revaluation	368,741	368,171
Total gross property, plant and equipment	14,806,071	16,299,066

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

h. Accumulated depreciation

	As of December 31, 2006	As of December 31, 2007
	ThUS$	ThUS$
Buildings and infrastructure		
Infrastructure	1,514,240	1,572,705
Buildings	1,475,135	1,546,583
Housing	165,541	165,250
Development of mines and mining operations	833,343	1,068,898
Subtotal	3,988,259	4,353,436
Machinery and equipment		
Machinery and equipment	3,668,465	3,907,715
Transport equipment	468,529	490,642
Furniture and fixtures	24,243	23,621
Subtotal	4,161,237	4,421,978
Other plant and equipment		
Improvements in leased land	315	787
Leased buildings and infrastructure	14,102	20,872
Leased machinery and equipment	1,465	4,815
Subtotal	15,882	26,474
Accumulated depreciation from subsidiaries	38,448	30,517
Total accumulated depreciation	8,203,826	8,832,405

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

i. Depreciation for the year

	Year-Ended December 31,		
	2005	**2006**	**2007**
	ThUS$	ThUS$	ThUS$
Buildings and infrastructure			
Infrastructure	60,067	64,868	69,150
Buildings	88,261	80,381	74,671
Housing	1,191	965	908
Development of mines and mining operations	135,434	227,563	231,452
Subtotal	284,953	373,777	376,181
Machinery and equipment			
Machinery and equipment	248,906	307,440	333,804
Transport equipment	52,945	56,704	62,851
Furniture and fixtures	264	329	302
Subtotal	302,115	364,473	396,957
Other plant and equipment			
Improvements in leased land	-	315	472
Leased buildings and infrastructure	4,907	6,345	6,770
Leased machinery and equipment	-	1,368	3,350
Subtotal	4,907	8,028	10,592
Depreciation and amortization from subsidiaries	1,102	1,652	8,730
Total depreciation and amortization for the year	593,077	747,930	792,460

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

j. Technical appraisal revaluation

As of December 31, 2006
Technical appraisal revaluation

	Property, plant and equipment, gross	Accumulated depreciation	Depreciation for the year	Property, plant and equipment, net
	ThUS$	ThUS$	ThUS$	ThUS$
Buildings	110,957	(106,363)	(1,985)	4,594
Transport equipment	850	(757)	(191)	93
Housing	44,655	(43,219)	(265)	1,436
Machinery	10,558	(10,129)	(204)	429
Furniture and fixtures	19	(19)	-	-
Infrastructure	201,702	(182,361)	(2,414)	19,341
Total	368,741	(342,848)	(5,059)	25,893

As of December 31, 2007
Technical appraisal revaluation

	Property, plant and equipment, gross	Accumulated depreciation	Depreciation for the year	Property, plant and equipment, net
	ThUS$	ThUS$	ThUS$	ThUS$
Buildings	110,693	(109,702)	(1,596)	991
Transport equipment	850	(771)	(7)	79
Housing	44,484	(43,557)	(198)	927
Machinery	10,433	(10,333)	(123)	100
Furniture and fixtures	19	(19)	-	-
Infrastructure	201,692	(186,657)	(1,891)	15,035
Total	368,171	(351,039)	(3,815)	17,132

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

k. Other plant and equipment

Other plant and equipment includes assets acquired under capital leases as follows:

	As of December 31,	
	2006	**2007**
Leased Assets:	ThUS$	ThUS$
Improvements in leased land		
Improvements in leased land	4,722	4,722
Subtotal	4,722	4,722
Buildings and infrastructure		
Buildings and infrastructure	94,708	99,062
Subtotal	94,708	99,062
Leased machinery and equipment		
Leased machinery and equipment	15,446	52,850
Subtotal	15,446	52,850
Accumulated depreciation:		
Improvements in leased land		
Improvements in leased land	315	787
Subtotal	315	787
Buildings and infrastructure		
Buildings and infrastructure	14,102	20,872
Subtotal	14,102	20,872
Leased machinery and equipment		
Leased machinery and equipment	1,465	4,815
Subtotal	1,465	4,815

l. Additional information

f.1 In 2005, the Company deducted ThUS$46,791 from its assets for those mining sectors of Salvador Division that will shut down. They were presented in said year in Other non-operating expenses (Note 19b).

f.2 On January 9, 2006, the Board of Directors of Codelco approved the Gaby Project, which involves the exploitation of 584 million tons with a total investment of US$898 million. At December 31, 2007, said project is under construction and ThUS$732,779 are included in the Construction in progress item related to the Gaby Project.

f.3 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.

9. INVESTMENTS IN RELATED COMPANIES

Investments in foreign companies:

In general, Codelco's foreign subsidiaries facilitate the Company's commercial activity in different foreign markets.

The Company has not assumed any liabilities as hedging instruments to cover its foreign investments.

Additional information:

The following are the companies in which Codelco has participation and which have not been consolidated:

- Agua de la Falda S.A.

In 1996, Agua de la Falda S.A. was formed by Codelco (49%) and Minera Homestake (51%).

The company's business objective is the exploration and exploitation of gold and other ore deposits in Region III of Chile.

In 2004, Codelco - Chile did not participate in the capital increase carried out by Agua de la Falda S.A., decreasing its participation from 49% to 43%.

In September 2006, the Corporation 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 shareholdings of 51% and 49%, respectively.

The Company's line of business is the exploration of copper and by-products in mining area concessions in the state of Sonora, Mexico. Through other mining companies, the company also explores processes and sells minerals found in the mining areas.

- Inversiones Tocopilla Ltda. and Electroandina S.A.

Inversiones Tocopilla Ltda. is a holding company in which Suez Energy Andino S.A. has a 51% interest and Codelco a 49% interest.

The main business of Electroandina S.A., a public company, is the generation, transmission and distribution of electric energy in Region II of Chile. Inversiones Tocopilla Ltda. holds 65.2% and Codelco holds 34.8%. Electroandina S.A.'s main assets were acquired from Codelco's former Tocopilla Division.

Codelco has direct and indirect ownership of 66.75% of Electroandina S.A.

- Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994 by Codelco (49%) and Cyprus El Abra Company (51%), with Cyprus Amax Minerals Company as a guarantor, both linked to the Phelps Dodge mining consortium, to develop and exploit the El Abra deposit.

Codelco's investment in the project consisted of the contribution of a number of mining properties. The financing agreements for the project became effective September 15, 1995 and include the following obligations during the term of the agreements:

a) A long-term trading agreement with Codelco Services Ltd. for a portion of the production of El Abra.

b) The commitment from the partners to maintain majority ownership of the property of Sociedad Contractual Minera El Abra.

c) A pledge on the ownership rights of Sociedad Contractual Minera El Abra in favor of the lending institutions.

- Inversiones Mejillones S.A.

Inversiones Mejillones S.A. was formed on March 20, 2002, with a direct ownership of 34.8% by Codelco and 65.2% by Inversiones Tocopilla Ltda. Codelco owns 49% of the capital of Inversiones Tocopilla Ltda.

Inversiones Mejillones S.A. was formed with the objective of acquiring an 82.34% of the shares of Empresa Eléctrica del Norte S.A. (Edelnor), and with the purpose of rescheduling its financial obligations and coordinating the operations of Electroandina S.A. (of which Codelco and Inversiones Tocopilla Ltda. are partners) and Edelnor.

Codelco has direct and indirect ownership of 66.75% of Inversiones Mejillones S.A.

- Sociedad Contractual Minera Purén

Sociedad Contractual Minera Purén was formed on September 23, 2003 by Corporación Nacional del Cobre de Chile and Compañía Minera Mantos de Oro, with shareholding of 35% and 65%, respectively.

The company's objective is the exploration, prospecting, research, development and exploitation of mining projects.

- Fundición Talleres S.A.

Fundicion Talleres S.A. is a private company formed on October 1, 2003 by Codelco and Elaboradora de Cobre Chilena Ltda. On October 23, 2003 Fundición Talleres S.A. acquired, from the Talleres Division of Codelco, machinery and other operational assets at a book value of ThCh$8,066,432 (historic) (ThUS$12,560). On January 23, 2004 Codelco sold 60% of its ownership to Compañía Electro Metalúrgica S.A., generating a loss of ThUS$2,744, which was charged to 2004 results.

On December 10, 2007, Elecmetal S.A. exercised the option to purchase 40% of the shares issued by Fundición Talleres S.A. that were owned by Codelco. The sale price was ThUS$9,575, generating a ThUS$845 gain that was recognized in income at December 31, 2007.

Its purpose is the manufacture of steel fittings and spare parts.

- CMS Tecnología S.A.

CMS Tecnología S.A. is a private company, whose purpose is to manufacture, market, maintain, repair and distribute mining machinery, 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.

- Geotérmica del Norte S.A.

Geotérmica del Norte S.A. is a private company whose business objective is the exploration and exploitation of geothermal deposits located between the Regions I, II and III of Chile and the sale, of all products and by-products derived directly or indirectly from the conduct of the aforementioned activities. In March 2006, the Company sold 45.1% of its ownership to Enel Latin America (Chile) S.A., and therefore at March 31 it records a 5% interest. The sale price of the shares was ThUS$1,215 generating a loss of ThUS$12.

- Quadrem International Limited and Copper Partners Invertment Company Ltd.

Through Codelco International and its subsidiary Codelco Technologies Limited, the Company has invested in Quadrem International Holdings Limited, a global company comprised of 18 of the most significant global mining companies to operate in an electronic market, in which companies may buy and sell goods and services.

In March 2006, Codelco Chile through its subsidiary Codelco International Ltd., signed an agreement with Minmetals for the creation of the company Copper Partners Investment Company Ltd, which is equally owned by the two parties.

- Sociedad Contractual Minera Sierra Mariposa

Sociedad Contractual Minera Sierra Mariposa was formed on March 15, 2007, with Codelco holding a 33.3% ownership interest and Exploraciones e Inversiones PD Chile Limitada holding a 66.7% ownership interest, with the business purpose of exploring, surveying, prospecting, investigating, developing and exploiting mining deposits in order to extract, produce and process ore concentrates or other mineral products. Its capital is ThUS$5,247, with Codelco having 33.3% interest.

On October 9, 2007, an Extraordinary Shareholders Meeting was held to modify the company's capital. The Corporation did not subscribe, which caused its ownership interest to be reduced to 23.73%.

- Kairos Mining S.A.

On January 22, 2007, Codelco Chile, together with Honeywell Chile S.A., formed Sociedad Kairos Mining S.A., with an initial capital of ThUS$100, with a 40% and 60% ownership interest, respectively.

The corporate purpose is:

a) To supply automation and control services for industrial and mining activities;

b) To develop advanced control system technology and applications for industrial and mining activities;

c) To license technology and software, together with the services set out in letter a);

d) To commercialize, distribute, import, export and generally trade, on its own or through third parties, any of the services mentioned in letter a) and any other service for industrial or mining activities.

- Mining Industry Robotic Solutions S.A.

On August 29, 2007, Codelco Chile and Support Company Limitada, Nippon Mining & Metals Co Ltd and Kuka Roboter GmbH, formed Mining Industry Robotic Solutions S.A., in which Codelco holds a 36% ownership interest.

The corporate purpose is:

a) The research, design, creation, invention, manufacture, installation, supply, maintenance and commercialization in any form, of robotic products, robotic technology products or necessary or complementary inputs for the commercialization and maintenance of such products that are capable of being used in the mining and metallurgical industries and their related services.

b) To produce under license, to license and commercialize product licenses processes and services of robotic nature for the mining and metallurgical industry, as well as all other forms of use by third parties of products or services based on such technology.

c) The Company may also form all kinds of limited liability companies and private corporations and become a partner or a shareholder of any existing company, being able to develop business activities on its own or through companies that it forms or of which it becomes a partner.

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

- 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 al1 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.

Contributions to paid in capital of related companies:

During 2006 and 2007 Codelco made capital contributions, in cash or by capitalizing accounts receivable, for ThUS$121,801 and ThUS$29,087 respectively, as follows:

	2006	**2007**
	ThUS$	ThUS$
Minera Pecobre S.A. de C.V.	3,030	1,000
Sociedad Contractual Minera Purén	8,771	-
Sociedad Kairos Mining S.A.	-	40
Sociedad Contractual Minera Sierra Mariposa	-	1,747
Sociedad GNL Mejillones S.A.	-	25,000
Mining Industry Robotic Solutions S.A.	-	1,300
Copper Partners Investment Company Ltd.	110,000	-

These capital contributions were recorded at book value in accordance with Technical Bulletin Nº72 issued by the Chilean Institute of Accountants.

Additional information on unrealized gains:

The Company has recognized unrealized gains on the contribution of mining properties, property, plant and equipment and ownership rights. The most significant transactions are detailed as follows:

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

Sociedad Contractual Minera El Abra

The Company contributed mining rights to Sociedad Contractual Minera El Abra in 1994. The gain is recognized based on the depletion of Sociedad Contractual Minera El Abra. At December 31, 2005, 2006 and 2007, gains of ThUS$20,566 ThUS$16,019 and ThUS$14,957, respectively, were recognized. At December 31, 2006 and 2007 finished products are presented under the Inventories item, net of unrealized gains for ThUS$37,359 and ThUS$10,721, respectively.

Electroandina S.A.

There is an unrealized gain on the contribution of property, plant and equipment in 1996. The gain was recognized in annual installments until February 2006. At December 31, 2005 and 2006, a gain of ThUS$18,159 and ThUS$3,026, respectively, was recognized.

Inversiones Tocopilla Ltda.

There is an unrealized gain on the initial contribution of ownership rights generated in 1996. The gain was recognized in annual installments until February 2006. At December 31, 2005 and 2006, a gain of ThUS$6,532 and ThUS$1,089, respectively, was recognized.

The detail of investments in related companies is as follows:

				As of December 31,					
Company	Number of Shares	Percentage owned		Equity in income (loss)		Unrealized gain		Book value of the investment	
		2006	2007	2006	2007	2006	2007	2006	2007
		%	%	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Minera Pecobre S.A. de C. V .	481,794	49.00	49.00	(2,992)	(1,588)	-	-	1,414	873
Quadrem International Holdings Ltd.	1,319,797	6.00	6.00	-	-	-	-	706	706
Cooper Partners Investment Company Ltd.	-	50.00	50.00	20,168	12,175	-	-	130,168	118,712
Soc. Contractual Minera Sierra Mariposa	-	-	23.73	-	(331)	-	-	-	1,408
Soc. Contractual Minera Purén	350	35.00	35.00	16,495	63,645	-	-	24,864	7,830
Soc. GNL Mejillones S.A.	-	-	50.00	-	(1,871)	-	-	-	23,128
Kairos Mining S.A.	-	-	40.00	-	5	-	-	-	50
Mining Industry Robotic Solutions S.A.	-	-	36.00	-	(200)	-	-	-	1,230
Inversiones Tocopilla Ltda.	-	49.00	49.00	5,274	25,938	-	-	181,780	207,441
S.C. Minera El Abra	49,000	49.00	49.00	398,662	329,254	140,736	125,779	456,861	269,734
Electroandina S.A.	126,319,895	34.80	34.80	(4,305)	(2,348)	-	-	117,816	115,466
Agua de La Falda S. A.	17,052	43.00	43.00	(276)	2,121	-	-	3,950	6,072
CMS Tecnología S.A.	603,044	30.00	30.00	349	6	-	-	1,794	1,960
Sociedad Geotérmica del Norte S.A.	210,116,752	50.00	5.00	-	-	-	-	159	-
Inversiones Mejillones S.A.	18,671	34.80	34.80	10,043	30,575	-	-	79,802	110,377
Fundición Talleres S.A.	426,429	40.00	-	886	-	-	-	10,654	-
Total				444,304	457,381	140,736	125,779	1,009,968	864,987

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

10. GOODWILL AND NEGATIVE GOODWILL

a. Goodwill

The detail of goodwill is as follows:

	As of December 31,			
	2006		2007	
Company	**Amount amortized in the year**	**Total Goodwill**	**Amount amortized in the year**	**Total Goodwill**
	ThUS$	ThUS$	ThUS$	ThUS$
Fundición y Refinería Las Ventanas	1,176	21,670	1,176	20,494

Law N°19993 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 including VAT of US$2.5 million on taxable property, plant and equipment. Such transaction mainly consisted in the acquisition of the assets of the industrial complex and certain liabilities related to the industrial complex's employee benefits.

As a result of this transaction goodwill was generated which is amortized over 20 years since the date of acquisition in accordance with the estimated life of return on the investment.

b. Negative goodwill

The detail of negative goodwill is as follows:

	As of December 31,			
	2006		2007	
Company	**Amortization in negative goodwill**	**Negative goodwill**	**Amortization in negative goodwill**	**Negative goodwill**
	ThUS$	ThUS$	ThUS$	ThUS$
Alliance Copper Ltd. (now Ecometales Ltd.)	31	392	41	351

At July 31, 2006, the subsidiary Codelco Technologies Limited acquired the remaining 50% ownership in Alliance Copper Limited (now Ecometales Ltd.) for ThUS$10,000. Said operation generated a net negative goodwill of ThUS$392 in 2006 and ThUS$351 en 2007.

The indirect subsidiary Codelco Technologies Ltd. recorded the increase of this investment according to Technical Bulletin N°72 issued by the Chilean Institute of Accountants.

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

11. OTHER ASSETS

At December 31, 2006 and 2007, other assets are as follows (net values):

	As of December 31,	
	2006	**2007**
	ThUS$	ThUS$
Interest rate hedging (1)	11,369	4,445
Complementary activities (2)	23,171	15,543
Discount on issues of bonds (3)	28,712	26,049
Nueva Calama integration project (4)	349,702	317,338
Hedging - exchange rates (5)	105,737	175,927
Other	17,526	16,568
Total other assets	536,217	555,870

(7) Corresponds to payments made for variations in interest rate hedging operations related to bank obligations in U.S. dollars that are amortized using the straight-line method until September, 2008, date of maturity date of said obligations (Note 24a).

(8) Corresponds to disbursements related to improvements to tailing dams and hydro and geological activities, which are amortized over a maximum period of 6 years, depending on the related activity.

(9) Corresponds to bond discount on issuances made in Chile and United States. These are amortized using the straight-line method over the term of these bonds to the maturity dates (2012, 2013, 2014, 2035 and 2036).

(10) Corresponds to expenses incurred in moving the camp from Chuquicamata to Calama City due to the development of the mine, the extension of waste tips and the improvement of the environmental conditions in the camp.

(11) Corresponds to the net account receivable in connection with exchange rate hedging contracts entered into to protect the Company against the future variation of other currencies against the U.S. dollar, which are used in Codelco's operations (Note 24 b).

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12. CURRENT LIABILITIES DUE TO BANKS AND FINANCIAL INSTITUTIONS

a. Current obligations

Bank or financial institution	Currency	As of December 31, 2006	2007
		ThUS$	ThUS$
Dresdner Bank	Euros	26,030	20,869
Thrinkaus & Burkhardt	Euros	13,019	2,955
Banco Santander (SPOT)	US$	11,000	-
JP Morgan Chase Bank (SPOT)	US$	3,000	-
BankBoston (SPOT)	US$	3,000	-
BBVA - BHIF	US$	5,000	-
Total		61,049	23,824
Principal outstanding	US$	61,049	23,824
Average interest rate	US$	-	-
Average interest rate	Euros	4.28%	4.49%
Percentage of obligations in US dollars		36.04%	0%
Percentage of obligations in Euros		63.96%	100%

Additional information

U.S. dollar (SPOT) sales operations, maturing within no more than 48 hours, are presented in Current liabilities with banks and financial institutions.

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

b. Current portion of long-term obligations

Bank or financial institution	Currency	As of December 31, 2006	As of December 31, 2007
		ThUS$	ThUS$
Citibank N.A.	US$	8,085	307,820
The Bank of Tokyo - Mitsubishi Ltd.	US$	421	300
BBVA Bancomer S.A.	US$	-	221
Total		8,506	308,341
Principal outstanding	US$	-	300,000
Average interest rate	US$	5.72%	5.22%
Percentage of obligations in US dollars		100%	100%

13. BANKS AND FINANCIAL INSTITUTIONS LONG-TERM

Additional information

These obligations accrue interest at variable rates based on Libor.

Bank or financial institution	Currency	As of December 31, 2006 Total	As of December 31, 2007 Years to maturity After 1 year but within 2 years	As of December 31, 2007 Years to maturity After 5 years but within 10 years	As of December 31, 2007 Total	As of December 31, 2007 Annual average interest rate
		ThUS$	ThUS$	ThUS$	ThUS$	%
BBVA Bancomer S.A.	US$	300,000	-	400,000	400,000	5.13
The Bank of Tokyo - Mitsubishi Ltd.	US$	300,000	300,000	-	300,000	4.96
Total		600,000	300,000	400,000	700,000	
Percentage of obligations in US dollars		100%			100%	

14. CURRENT AND LONG-TERM BONDS PAYABLE

On May 4, 1999, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$300,000. These bonds mature in a single installment on May 1, 2009, at an interest rate of 7.375% per annum with interest paid semi-annually.

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 in a single installment on September 1, 2012, at an interest rate of 4.0% per annum with interest paid semi-annually.

On November 30, 2002, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$435,000. These bonds mature in a single installment on November 30, 2012, at an interest rate of 6.375% per annum interest paid semi-annually.

On October 15, 2003, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$500,000. These bonds mature in a single installment on October 15, 2013, at an interest rate of 5.5% per annum interest paid semi-annually.

On October 15, 2004, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$500,000. These bonds mature in a single installment on October 15, 2014, at an interest rate of 4.750% per annum interest paid semi-annually.

On May 10, 2005, the Company issued and placed bonds in the local market, for a nominal amount of UF6,900,000 of a single denominated B Series, and are represented by 6,900 certificates for UF1,000 each. These bonds mature in a single installment on April 1, 2025, at an interest rate of 3.29% per annum with interest paid semi-annually.

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.

On October 19, 2006, the Company issued and placed bonds in the North American market, under Regulation 144-A and Regulation S, for a nominal amount of ThUS$500,000. These bonds mature in a single installment on October 24, 2036, at an interest rate of 6.15% per annum interest paid semi-annually.

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

The detail is as follows:

Instrument	Currency	Interest rate	Interest date/ maturity date	As of December 31, Par value 2006	2007
		%		ThUS$	ThUS$
Current portion of bonds payable:					
Bond interest payable 144-A and Reg S	US$	7.375	Semi-annually	3,728	3,708
Bond interest payable Series A	UF	4.000	Semi-annually	3,227	3,670
Bond interest payable 144-A and Reg S	US$	6.375	Semi-annually	2,451	2,438
Bond interest payable 144-A and Reg S	US$	5.500	Semi-annually	5,969	6,011
Bond interest payable 144-A and Reg S	US$	4.750	Semi-annually	5,155	5,192
Bond interest payable Series B	UF	3.290	Semi-annually	2,433	2,814
Bond interest payable 144-A and Reg S	US$	5.625	Semi-annually	7,925	7,881
Bond interest payable 144-A and Reg S	US$	6.150	Semi-annually	5,829	5,713
Total				36,717	37,427

Instrument	Currency	Interest rate	Interest date/ maturity date	As of December 31, Par value 2006	2007
		%		ThUS$	ThUS$
Long-term bonds payable:					
Long-term bond 144-A and Reg S	US$	7.375	May-1-2009	300,000	300,000
Long-term bond Series A	UF	4.000	Sep-1-2012	241,091	276,437
Long-term bond 144-A and Reg S	US$	6.375	Nov-30-2012	435,000	435,000
Long-term bond 144-A and Reg S	US$	5.500	Oct-15-2013	500,000	500,000
Long-term bond 144-A and Reg S	US$	4.750	Oct-15-2014	500,000	500,000
Long-term bond Series B	UF	3.290	Apr-1-2025	237,648	272,487
Long-term bond 144-A and Reg S	US$	5.265	Sep-21-2035	500,000	500,000
Long-term bond 144-A and Reg S	US$	6.150	Oct-24-2036	500,000	500,000
Total				3,213,739	3,283,924

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15. ACCRUALS

The composition of current and long-term accruals is as follows:

	As of December 31,			
	Current		**Long-term**	
Item	**2006**	**2007**	**2006**	**2007**
	ThUS$	ThUS$	ThUS$	ThUS$
Cost of sales – miscelaneous (1)	3,601	1,827	-	-
Operating costs - miscelaneous (2)	13,176	55,428	-	-
Other employee benefits - collective bargaining	2,489	3,246	-	-
Severance indemnity	36,057	29,551	729,216	879,903
Export tax (Law N°13196)	207,232	272,622	-	-
Profit sharing bonus	3,331	3,063	-	-
Payroll (3)	121,513	188,918	-	-
Vacations	90,395	109,012	-	-
Miscellaneous	10,220	31,177	9,273	5,633
Early retirement program (4)	17,851	20,632	43,040	45,345
Environmental exit costs (5)	-	-	129,815	303,813
Contingencies	-	-	76,682	102,921
Health programs (6)	-	-	191,514	188,547
Total	505,865	715,476	1,179,540	1,526,162

(7) Corresponds to an accrual related to sales area, including freight expenses, loading, and unloading not invoiced as of the end of the year.

(8) Corresponds to an accrual for customs duties, freight charges on purchases, and electricity, among others.

(9) Corresponds to benefits granted to the Company’s employees which are accrued as of the closing date of these financial statements.

(10) Corresponds to benefits granted to the Company’s employees under early retirement programs for those who have agreed to retire, under these plans.

(11) Corresponds to the policy established by the Company with respect to the provision of future environmental exit costs of mines, which principally relate to the tailing dams and other assets which are calculated at 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.

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

(12) Corresponds to a provision made at net present value in order to cover the Company's commitments for contributions to health plans as agreed upon with employees and former employees. The provision considers an annual discount rate that is equivalent to the interest rate at which the Company obtains its financing and it is over 10 years.

16. SEVERANCE INDEMNITIES

The changes in the accrual for severance indemnities are summarized as follows:

	As of December 31,			
	Current		Long-term	
	2006	2007	2006	2007
	ThUS$	ThUS$	ThUS$	ThUS$
Balance as of January 1	35,661	36,056	696,033	729,216
Payments made	(28,486)	(32,660)	-	-
Provision for the year (including effects of variations in exchange rates)	-	-	62,065	176,842
Transfer to current liabilities	28,882	26,155	(28,882)	(26,155)
Total	36,057	29,551	729,216	879,903

17. MINORITY INTEREST

The detail of minority interest included in liabilities and net income is as follows:

	As of December 31,					
	2005		2006		2007	
Companies	**Liabilities**	**Net income (loss)**	**Liabilities**	**Net income (loss)**	**Liabilities**	**Net income (loss)**
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Asociación Garantizadora de Pensiones	31	-	23	1	22	2
Biosigma S.A.	1,595	1,467	1,546	1,879	2,510	2,403
Inst. de Innov. en Min. y Metalurgia S.A.	2	-	2	-	3	-
Isapre Chuquicamata Ltda.	46	(1)	42	-	50	-
Prestadora de Servicios San Lorenzo Ltda.	-	-	-	-	1	-
Isapre Río Blanco Ltda.	2	-	1	432	1	1
Mineracao Vale Do Curaca	(58)	2,247	(50)	37	791	459
Micomo S.A.	-	-	1,009	-	923	236
Soc. Geotérmica del Norte S.A.	1,401	12				
Total	3,019	3,725	2,573	2,349	4,301	3,101

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

18. EQUITY

a. Corporación Nacional del Cobre de Chile, Codelco-Chile was formed by D.L. N°1350 dated 1976, which establishes that all net income earned by the Company goes to the benefit of the Chilean Government after deducting amounts that, by a charge to net earnings for each year, must be maintained in Other Reserves as established in Article 6 of D.L. N°1350, and have to be included in the proposal made by the Board of Directors to the Ministry of Mining and the Ministry of Finance.

On February 28, 2007, in accordance with Article 6 of D.L. Nº1350, the Board of Directors agreed to request the Ministries of Mining and Finance the creation of a reserve fund charging to 2006 net income for an amount equivalent to the total amount of taxes (ThUS$313,500), which corresponds to the income tax and additional tax paid in advanced by Codelco as a result of the advance received from 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.

The composition of Other Reserves as of December 31, 2007 is as follows:

Detail	**Year**	**Accumulated**
	ThUS$	ThUS$
Capitalization of net income and reserves	320,708	957,191
Cumulative translation adjustment - subsidiaries	2,784	39,066
Reserve for housing programs	-	35,100
Technical appraisal revaluation reserve - D.L. Nº3,648	-	624,567
Balance of other reserves as of December 31, 2007	323,492	1,655,924

b. At December 31, 2007, the Company recognized profit distributions to the Chilean Treasury for ThUS$1,817,763, charged to 2007 income, which reduces equity.

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

c. As of December 31, 2006 and 2007, the composition of the cumulative translation adjustment in Other reserves, which corresponds to the investments in subsidiaries and investees whose currency is other than the United States dollars, is as follows:

	As of December 31,					
	2006			2007		
	As of January 1 ThUS$	Year ThUS$	Accumulated ThUS$	As of January 1 ThUS$	Year ThUS$	Accumulated ThUS$
Hospital del Cobre S. A.	2	-	2	2	2	4
Instituto de Innovación en Minería y Metalurgia S.A.	1,063	(60)	1,003	1,003	560	1,563
Compañía Contractual Minera Los Andes	(538)	7	(531)	(531)	(49)	(580)
CMS Chile S.A.	(3,385)	130	(3,255)	(3,255)	(194)	(3,449)
CMS Tecnología S.A.	(315)	(23)	(338)	(338)	145	(193)
Electroandina S.A. (2)	15,327	-	15,327	15,327	-	15,327
Inversiones Tocopilla Ltda. (2)	18,684	-	18,684	18,684	-	18,684
Complejo Portuario Mejillones S.A. (1)	(853)	-	(853)	(853)	-	(853)
Santiago de Río Grande S.A.C.	4	-	4	4	3	7
Sociedad Elaboradora de Cobre	(106)	(17)	(123)	(123)	177	54
Yabricoya SCM	(37)	37	-	-	-	-
Asociación Garantizadora de Pensiones	(54)	(26)	(80)	(80)	45	(35)
Isapre Chuquicamata Ltda.	756	(40)	716	716	331	1,047
Prestadora de Servicios San Lorenzo Ltda.	250	(17)	233	233	115	348
Isapre Rio Blanco Ltda.	354	(31)	323	323	240	563
Sociedad Contractual Minera Picacho	(24)	(2)	(26)	(26)	21	(5)
Geotérmica del Norte S.A.	(353)	(13)	(366)	(366)	(3)	(369)
Biosigma S.A.	1,348	316	1,664	1,664	1,322	2,986
Inversiones Mejillones S.A. (2)	2,655	-	2,655	2,655	-	2,655
Fundición Talleres S.A.	2,658	(874)	1,784	1,784	(1,784)	-
SCM Minera Purén	452	(1,672)	(1,220)	(1,220)	(180)	(1,400)
Exportaciones Mineras Andinas S.A.	42	(3)	39	39	33	72
Clínica Río Blanco Ltda.	565	(54)	511	511	395	906
Inversiones Copperfield Limitada	-	6	6	6	1,191	1,197
Micomo S.A.	-	50	50	50	290	340
Minera Gaby S.A.	-	73	73	73	(17)	56
Kairos Mining S.A.	-	-	-	-	6	6
Mining Robotic Solutions S.A.	-	-	-	-	135	135
Total	38,495	(2,213)	36,282	36,282	2,784	39,066

(3) Effective January 1, 2003, the subsidiary Complejo Portuario Mejillones S.A., was authorized to keep its accounting records in US dollars.

(4) Effective January 1, 2004, the investees Electroandina S.A., Inversiones Tocopilla Ltda. and Inversiones Mejillones S.A. keep their accounting records in US dollars.

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

Changes in equity are as follows:

Movements	As of December 31, 2006				As of December 31, 2007				
	Paid-in capital	Other Reserves	Profit distributions	Net income for the year	Paid-in capital	Other Reserves	Retained earnings	Profit distributions	Net income for the year
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Beginning balance – January 1	1,524,423	1,325,390	(1,688,388)	1,779,609	1,524,423	1,332,432	-	(1,668,043)	3,338,789
Transfer of prior year income	-	-	1,688,388	(1,688,388)	-	-	-	1,668,043	(1,668,043)
Profit distributions against prior year	-	-	-	(81,966)	-	-	-	-	(950,038)
Capitalization of reserves and/or other income	-	9,255	-	(9,255)	-	320,708	400,000	-	(720,708)
Net changes in equity in subsidiaries and investees	-	(2,213)	-	-	-	2,784	-	-	-
Net income for the year	-	-	-	3,338,789	-	-	-	-	2,981,619
Interim distributions	-	-	(1,668,043)	-	-	-	-	(1,817,763)	-
Total	1,524,423	1,332,432	(1,668,043)	3,338,789	1,524,423	1,655,924	400,000	(1,817,763)	2,981,619

19. NON-OPERATING INCOME AND EXPENSES

Non-operating income and expenses at December 31, 2005, 2006 and 2007 are detailed below:

c. Non-operating income

Item	For the Year-Ended December 31,		
	2005	2006	2007
	ThUS$	ThUS$	ThUS$
Administration-Satep	4,950	4,768	5,042
Fines on suppliers	1,672	7,541	4,916
Sale of bid contract terms	230	171	303
Miscellaneous sales	9,968	39,005	44,841
Sales of service	10,627	8,540	10,012
Sales of property, plant and equipment (1)	-	2,254	83,377
Realized gains on contributions to companies	45,257	20,134	14,957
Others	33,055	82,328	72,049
Total	105,759	164,741	235,497

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

d. Non-operating expenses

Item	For the Year-Ended December 31, 2005	2006	2007
	ThUS$	ThUS$	ThUS$
Export tax (Law Nº13196)	825,702	1,311,417	1,389,965
Severance indemnities expense	19,198	42,667	77,684
Administration-Satep expenses	8,657	7,433	6,409
Loss on disposal of property, plant and equipment	5,072	48,506	6,124
Collective bargaining bonuses	-	180,492	93,866
Write-off of obsolete property, plant and equipment	10,258	5,083	3,031
Bond issue expenses	1,262	1,634	-
Environmental exit costs	69,500	105,937	194,922
Pre-investment expenses	89,348	65,562	54,222
Expenses ex Talleres Division	411	1,028	924
Expenses ex Tocopilla Division	491	605	941
Stamp duty	11,687	8,040	6,000
Materials inventory write off	478	115	415
Non recoverable VAT	1,067	1,105	1,290
Others	76,833	63,006	29,926
Other personnel expense	6,416	7,960	3,541
Retirement plans expenses	68,625	20,104	28,064
Health programs	90,958	83,178	11,545
Accrual for contingencies	-	83,693	39,782
Total	1,285,963	2,037,565	1,948,651

(1) At December 31, 2007, the subsidiary Codelco Internacional Ltd. through its indirect subsidiary Codelco do Brasil Mineracao Ltda. has income for ThUS$81,460 corresponding to the sale of Boa Esperanca Project. The gain obtained in this operation of ThUS$60,090 was recognized in net income of said subsidiary.

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

20. PRICE LEVEL RESTATEMENT

The composition of price-level restatement (charged) credited to the statements of income is as follows:

	For the Year-ended December 31,		
	2005	2006	2007
	ThUS$	ThUS$	ThUS$
Property, plant and equipment	183	128	481
Investments in related companies	51	6	-
Other current assets	26	-	26
Income taxes recoverable	-	7	1
Other non-monetary assets	55	154	687
Expense and cost accounts	(54)	47	456
Total net credits - assets	261	342	1,651
Other liabilities	(266)	-	-
Other Non-monetary liabilities	-	(552)	(2,581)
Accruals	-	(33)	(75)
Non-monetary liabilities	(304)	(12)	-
Income accounts	69	(9)	(298)
Total net charges - liabilities	(501)	(606)	(2,954)
Loss from price-level restatement	(240)	(264)	(1,303)

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

21. FOREIGN EXCHANGE DIFFERENCES

The (charge) credit to income for foreign exchange differences is as follows:

		For the Year-ended December 31,		
	Currency	2005	2006	2007
		ThUS$	ThUS$	ThUS$
Assets (Charges) / Credits				
Cash and banks	Ch$	(323)	3,107	770
Trade receivables	Ch$	(7,442)	9,186	5,256
Other receivables	Ch$	817	521	1,039
Other current assets	Ch$	9,703	(24,748)	17,233
Long-term receivables	Ch$	5,195	2,541	16,016
Other	Ch$	407	(758)	(827)
Total net credits (charges)		8,357	(10,151)	39,487
Liabilities (Charges) / Credits				
Accounts payable	Ch$	(35,472)	20,461	(35,853)
Other payables	Ch$	(2,063)	(688)	(2,385)
Other current liabilities	Ch$	(8,333)	189	(9,750)
Other long-term liabilities	Ch$	(13,188)	4,793	(9,342)
Sundry accruals	Ch$	(57,211)	27,760	(53,874)
Total net credits (charges)		(116,267)	52,515	(111,204)
Total		(107,910)	42,364	(71,717)

22. EXPENSES OF ISSUANCE AND PLACEMENT OF BONDS

Expenses incurred in the issuance and placement of bonds detailed in Note 14, were charged to income of the corresponding period. ThUS$14,333 in 2005, ThUS$11,664 in 2006 and ThUS$1,494 in 2007.

The discount on the placement of bonds is capitalized as a deferred expense and is included in Others under Other Assets and is amortized using the straight-line method over the term of the bonds (2012, 2013, 2014, 2035 and 2036). As indicated in Note 11, as of December 31, 2005, 2006 and 2007, the balance of this item amounts to ThUS$27,768, ThUS$28,712 and ThUS$26,049, respectively, while the amortization for the year was an expenses of ThUS$482, ThUS$21 and an income of ThUS$99, respectively.

The premium from the bond placements is included in Other long-term liabilities and is amortized using the straight-line method over the term of the bonds (2025). At December 31, 2007, the balance of this liability amounted to ThUS$26,234.

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

23. STATEMENT OF CASH FLOWS

The detail of supplemental information to the consolidated statements of cash flows is as follows:

	For the Year-ended December 31,		
	2005	**2006**	**2007**
	ThUS$	ThUS$	ThUS$
Other investment income			
Recovery of loans granted to employees and others	87,111	65,174	61,351

24. DERIVATIVE CONTRACTS

As is mentioned in Note 2u), 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, 2006 and 2007, the Company has contracts in place to fix the interest rates of US dollar - denominated bank loans for ThUS$300,000. Deferred payments under these contracts amounted to ThUS$11,369 in 2006 and ThUS$4,445 in 2007, which are shown in Others under Other Assets (Note 11) and amortized over the term of the respective liabilities, from January 2008 to September 2008. A positive exposure of ThUS$3,031 has been determined as of December 31, 2007.

b. Exchange rate hedge

The Company has exchange rate hedge contracts for ThUS$373,001, which mature in August 2012 and April 2025. At December 31, 2007, these contracts show a positive exposure of ThUS$132,615. The net accounts receivable for said contracts (Note 11) amount to ThUS$105,737 in 2006 and ThUS$175,927 in 2007, are classified in Others under Other Assets. In addition, costs arising from said contracts for ThUS$55,558 in 2006 and ThUS$77,946 in 2007, are recorded in Other long-term liabilities and amortized over the term of the respective liabilities.

c. Contracts for pricing operations and adjustments to the commercial policy

In order to protect its cash flows and adjust when 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, 2006, said operations generated a net lower income of ThUS$220,784 (lower income for sales of ThUS$228,863 and higher income for purchases of ThUS$8,079). At December 31, 2007, said operations generated a net lower income of ThUS$315,232 (lower income for sales of ThUS$317,767 and higher income for purchases of ThUS$2,535), which are detailed as follows:

c.1 Commercial operations of outstanding copper contracts

In accordance with the policy of cash flow hedge and adjustment to its commercial policy, in 2007, the Company has carried out operations in future markets, which represent 260,325 metric tons of fine copper. These hedging operations are part of the commercial policy of the Company and mature until March 2009.

The outstanding contracts at December 31, 2007 show a positive exposure of ThUS$283,196, whose final result 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 the hedged products.

The operations that ended between January 1 and December 31, 2006 generated a net positive effect on income of ThUS$34,513 which is deducted from the amounts paid for purchase contracts and added to the amounts received for the contracts for sales of products involved in said pricing operations (ThUS$8,079 for purchases and ThUS$26,434 for sales).

The operations that ended between January 1 and December 31, 2007 generated a net positive effect on income of ThUS$5,995 which is deducted from the amounts paid for purchase contracts and added to the amounts received for the contracts for sales of products involved in said pricing operations (ThUS$2,535 for purchases and ThUS$3,460 for sales).

c.2 Commercial operations for outstanding gold and silver contracts

At December 31, 2007, the Company has silver pricing hedging operations for MOZT2218 troy ounces.

At that date, the negative exposure amounted to ThUS$115.

The operations that ended between January 1 and December 31, 2006 generated a negative effect on income of ThUS$293, which is deducted from the amounts received for the contracts for the sale of products involved in said pricing operations.

The operations that ended between January 1 and December 31, 2007 generated a negative effect on income of ThUS$81, which is deducted from the amounts received for the contracts for the sale of products involved in said pricing operations. These hedging operations mature until March 2008.

c.3 Operations to protect cash flows based on future production

Also, in order to protect its future cash flows by guaranteeing levels of selling prices of part of the production, future operations have been carried out for 1,077,829 metric tons of fine copper. These hedging contracts mature until March 2013.

Outstanding futures operations at December 31, 2007 show a negative exposure of ThUS$3,596,775, whose final result 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, 2006 related to the production sold generated a lower income of ThUS$255,004, which is the result of the compensation between the hedging operation and revenues arising from the contracts for the sale of products involved in said pricing operations. Said results are shown as a reduction in net operating income.

The future operations ended between January 1 and December 31, 2007, related to the production sold generated a lower income of ThUS$320,728, which is the result of the compensation between the hedging operation and revenues arising from the contracts for the sale of products involved in said pricing operations. Said results are shown as a reduction in net operating income.

At December 31, 2007, the Company has Min-Max option agreements (put purchases and call sales) in order to protect its future cash flows by means of ensuring a minimum sale price for MTF 237,000. At December 31, 2007 these operations show a negative exposure of ThUS$102,065. These hedging operations mature until March 2010.

The min-max operations ended between January 1 and December 31, 2007 generated a lower income for ThUS$418.

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

As of December 31, 2007 the detail is as follows:

	Description of contracts								Financial statements			
					Position	Transaction hedged		Amount of	Asset/Liability		Effect in results	
Type of derivative	Type of Contract	Contract amount ThUS$	Maturity or expiry	Specific item	Purchase/ sale	Name	Amount	transaction hedged	Name	Amount ThUS$	Realized ThUS$	Unrealized ThUS$
FU	CCTE	45,266	March 2009	Copper	S	Sale contracts (MTF)	260,325	187,675	Long term assets	283,196		283,196
FU	CCTE	790.826	March 2012	Copper	S	Production (MTF)	271,050	271,050	Long term liabilities	968,141		(968,941)
FU	CCTE	2,137,651	March 2013	Copper	S	Production (MTF)	709,329	709,329	Long term liabilities	2,321,446		(2,321,446)
FU	CCTE	327,452	September 2011	Copper	S	Production (MTF)	97,450	97,450	Long term liabilities	307,188		(307,188)
FU	CCTE	-	March 2008	Silver	S	Sale contracts (MOZT)	2,218	2,218	Short term liabilities	115		(115)
EO	CCTE	-	March 2010	Copper	S	Production (MTF)	237,000	237,000	Long term liabilities	102,065		(102,065)
S	CCTE	300,000	September 2008	Interest rate	S	Interest rate fixing	300,000	300,000	Other assets	3,031		3,031
S	CCTE	208,519	April 2025	UF	S	Foreign exchange hedge	208,519	272,488	Other assets	101,397		101,397
S	CCTE	164,482	August 2012	UF	S	Foreign exchange hedge	164,482	276.437	Other assets	31,218		31,218

MOZT: Thousands of troy ounces
MTF: Thousands of metric tons of copper
FU: Future
EO: European option
S: Swap

25. CONTINGENCIES AND COMMITMENTS

Lawsuits and contingencies

Codelco is involved in various lawsuits and legal actions initiated by, or against, the Company which result from the inherent nature of the industry in which the Company operates. In general, these lawsuits are from civil, tax, labor and mining actions, all of which are related to the Company's operating activities.

In the Company management's and legal advisors' opinion, these lawsuits do not represent significant loss contingencies. The Company defends its rights and uses all legal and procedural resources available.

Below is a summary of the most significant lawsuits to which Codelco is a party:

- Tax lawsuits: There are several tax assessments issued by the Chilean Internal Revenue Service for which the Company has presented its corresponding objections.

- Labor lawsuits: Labor lawsuit initiated by employees of Andina Division against the Company in relation to professional diseases (silicosis).

- Mining lawsuits: The Company has been involved, and will probably continue to be involved, as a defendant and plaintiff in a number of proceedings, through which it seeks to protect certain mining concessions already established or in the process of being established. Currently these proceedings have no determined amounts and do not significantly affect Codelco's development.

A case by case analysis of these lawsuits has shown that there are a total of 121 lawsuits with an estimated amount. The Company estimates that 34 of them for ThUS$6,523 could have negative results against the Company. Also, there are 36 lawsuits for ThUS$21,008 for which there is no certainty if they will be against Codelco. For the 51 remaining lawsuits for ThUS$23,842, the legal advisers estimate that they will not have a negative result for Codelco. Additionally there are 92 lawsuits for unknown amounts of which 21 could have a negative ruling against Codelco.

The necessary provisions exist for all the abovementioned lawsuits, which are recorded in the accruals for contingencies.

This public knowledge that the Corporation filed a petition at the corresponding Courts of Appeals, in relation to the reports issued by the Labor's Inspection Office, as a consequence of Law N° 20123, which regulates the work in terms of subcontraction and temporary service companies. The Corporation has achieved five favorable sentences regarding these petitions and one against which it has appealed.

Litigation in subsidiaries

The subsidiary Instituto de Innovación en Minería y Metalurgia S.A., has an arbitration lawsuit regarding an alleged non-compliance of confidentiality and industrial property obligations, derived from agreements and contracts signed between the subsidiary and the company Ultratech II S.A., in the years from 1999 to 2002.

This arbitration claim was filed by the trustee of the bankruptcy of the company Ultratech II S.A. in liquidation, for an exact amount of ThUS$681,150, considering the concepts of consequential damage, loss of earnings and moral damages.

Instituto de Innovación en Minería y Metalurgia S.A. was notified of this contingency on April 25, 2007, and at present the discussion stage has concluded and the evidence period has started, situation which will last at least until April 2008.

According to the case details, information provided by Instituto de Innovación en Minería y Metalurgia S.A. and its legal advisors, the claim has a low probability of success.

Other commitments

a) In July 2005, the Board of Directors of the Company was informed of the Salvador mineral situation; and therefore Management initiated activities in order to close the oxide line by 2008 at the latest and the sulphides line by 2011 at the latest.

Additionally, on September 5, 2005, the Board of Directors approved the 2006 exploration plan, which includes the closing of oxide and sulphide mining operations in 2008 and 2011 respectively, as well as the transition plan for that period.

Regardless of the above, on May 8, 2007 considering new studies related to market conditions, the Board of Directors decided to extend the exploitation of the Salvador Division's oxide line for two more years, postponing the close of the oxide line until 2010.

Additionally, during the second half of 2005, and in accordance with the evaluated impact of this decision, and the mine closure plan, the corresponding provisions were recorded.

Additionally, at December 31, 2005, the Company wrote-off assets related to the activities that will have to be closed.

b) On May 31, 2005, Codelco through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to create a company, in which both companies will participate equally. 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. Codelco will receive a payment in advance of US$550 million from the joint venture. Each shipment will be paid by the purchaser at a price composed of a fixed and a variable component, which will depend on the current price of the copper at the time of the shipment.

On the other hand, Codelco has granted Minmetals an option to acquire, at market price, a minority ownership in a company that will exploit the Gaby mineral deposit, subject to the conditions that Codelco establishes to go forward with said initiative.

During the first quarter of 2006, based on agreed financial conditions, the financing contracts with the China Development Bank were signed, allowing the Copper Partners Investment Company Ltd. to make the US$550 million payment in March 2006 to Codelco.

At December 31, 2007, 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 (97,450 MTF at December 31, 2007). Copper Partners Investment Company assumes the result of this hedge.

The agreement with Minmetals was reported as a significant event to the Superintendency on February 22, 2006 and additional explanatory communications dated February 27 and March 7, 2006.

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

c) The Company has subscribed gas supply contracts with its investee GNL Mejillones S.A., which will operate as from October 2010. Through this contract, the investee agreed to sell as a minimum the equivalent to 27 annual Tera of BTU (British Thermal Unit) in the period 2010-2012.

d) Law N°19993 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.

e) Following its cost-reduction programs through the use of modern technologies, the Corporation has established early severance programs for its personnel, that qualify for retirement with benefits that encourage retirement, for which obligations are recognized as a provision when the employee commits to his/her retirement.

Additional information

In connection with the financial liabilities incurred by the investee Copper Partners Investment Company Ltd. with the China Development Bank, Codelco Chile and Codelco International Ltd. must fulfill certain covenants, mainly referred to providing financial information. Additionally, Codelco Chile has to maintain its 51% ownership in Codelco International Limited.

In accordance with the Sponsor Agreement, dated March 8, 2006, the subsidiary Codelco International Ltd. agreed to transfer its rights held in Copper Partners Investment Company Ltd. as collateral security in favor of China Development Bank.

The Company has no restrictions or covenants associated with obligations with banks and financial institutions or with the public.

Direct guarantees

Creditor	Debtor	Type of guarantee	Outstanding Payments 2006 ThUS$	Outstanding Payments 2007 ThUS$
Tesorería General de la República	Codelco Chile	Customs duties	690	147
Tesorería General de la República	Codelco Chile	Use of tax credit	111	69
Other	Codelco Chile	Guarantee notes	40,628	64,858
Macquarie Bank Limited	Codelco Chile	Standby letter	-	275,000
Sempra Metals Limited	Codelco Chile	Standby letter	-	80,000
Calyon (Co.and Invest. Bank)	Codelco Chile	Standby letter	-	75,000
Barclays Bank Plc.	Codelco Chile	Standby letter	-	230,000

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

Indirect guarantees

Creditor	Debtor	Type of guarantee	Outstanding Payments 2006 ThUS$	Outstanding Payments 2007 ThUS$
ABN Amro Bank N.V.	Electroandina	Guarantee	30,038	30,038

26. GUARANTEES 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. Considering the large number of guarantees received as of December, 2006 and 2007 and the many suppliers and contractors involved, the amounts covered are presented by Division as follows:

	As of December 31, 2006 ThUS$	As of December 31, 2007 ThUS$
Division:		
Andina	17,714	21,660
Codelco Norte	43,691	51,272
Head Office	171,569	274,753
Salvador	166	137
El Teniente	80,186	64,748
Fundición Ventanas	930	697
Total	314,256	413,267

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars - ThUS$)

27. ASSETS AND LIABILITIES IN LOCAL AND FOREIGN CURRENCIES

Assets and liabilities by currency are as follows:

a. Assets

Item	Currency	As of December 31, 2006 ThUS$	As of December 31, 2007 ThUS$
Cash and banks	Ch$	2,329	3,219
Cash and banks	US$	5,530	16,808
Cash and banks	Pounds Sterling	378	124
Cash and banks	Euro	182	1,456
Time deposits	US$	810,272	2,034,439
Time deposits	Ch$	3,281	9,476
Time deposits	Pounds Sterling	7,913	4,683
Marketable securities	US$	316	4,260
Marketable securities	Ch$	2,942	-
Trade accounts receivable	Ch$	58,015	1,156
Trade accounts receivable	US$	1,375,603	858,221
Trade accounts receivable	Pounds Sterling	11,815	98
Trade accounts receivable	Euro	24,725	73,828
Notes receivable	Ch$	1,101	265
Notes receivable	Euro	8,638	-
Other receivables	Ch$	119,285	163,029
Other receivables	US$	128,009	175,833
Other receivables	Euro	1,372	1,547
Other receivables	Pounds Sterling	122	122
Due from related companies	US$	15,472	36,790
Inventories	US$	1,470,390	1,634,709
Inventories	Euro	42,856	69,544
Inventories	Ch$	411	297
Inventories	Pounds Sterling	8,870	-
Recoverable taxes	Ch$	92,027	257,775
Recoverable taxes	US$	615	2,086
Recoverable taxes	Euro	2,524	2,889
Prepaid expenses	Ch$	1,733	2,644
Prepaid expenses	US$	4,403	7,267
Prepaid expenses	Pounds Sterling	2,876	152
Prepaid expenses	Euro	174	232
Deferred taxes	US$	375,629	2,831
Deferred taxes	Ch$	246	446,575
Other current assets	US$	40,380	34,920
Other current assets	Ch$	1,552	14,395
Fixed assets - net	US$	6,590,692	7,439,048
Fixed assets - net	Ch$	11,538	27,552
Fixed assets - net	Pounds Sterling	5	3
Fixed assets - net	Euro	10	58
Investments in related companies	Ch$	87,871	103,599
Investments in related companies	US$	887,878	718,645
Investments in related companies	Euro	30,271	39,030
Investments in related companies	Pounds Sterling	2,533	2,840
Investments in related companies	Mexican pesos	1,415	873
Investments in other companies	Ch$	183	185
Investments in other companies	Euro	1,096	1,419
Goodwill	US$	21,670	20,494
Badwill	US$	(392)	(351)
Long-term receivables	Ch$	114,214	155
Long-term receivables	US$	64,334	220,316
Due from related companies	US$	46,679	53,410
Intangibles	US$	21,317	19,766
Intangibles	Euro	74	-
Amortization of intangibles	Ch$	(6,748)	(6,698)
Other assets	US$	530,205	549,793
Other assets	Ch$	6,012	6,077
Total assets	Ch$	495,600	1,029,350
	US$	12,389,394	13,829,636
	Pounds Sterling	34,512	8,022
	Euro	111,922	190,003
	Mexican pesos	1,415	873
Total assets		13,032,843	15,057,884

CORPORACION NACIONAL DEL COBRE DE CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars - ThUS$)

b. Current liabilities

		As of December 31,							
		Up to 90 days				90 days to 1 year			
		2006		2007		2006		2007	
Item	Currency	Amount ThUS$	Average annual interest rate %	Amount ThUS$	Average annual interest rate %	Amount ThUS$	Average annual interest rate %	Amount ThUS$	Average Annual Interest rate %
Banks and financial Institutions	US$	22,000	-	-	-	-	-	-	-
Banks and financial Institutions	Euro	39,049	4.28%	23,824	4.41%	-	-	-	-
Banks and financial Institutions	US$	8,506	5.79%	308,341	-	-	-	-	-
Bonds	US$	31,057	5.93%	30,943	5.82%	-	-	-	-
Bonds	UF	5,660	3.65%	6,484	3.76%	-	-	-	-
Accounts payable	Ch$	383,128	-	3,152	-	-	-	-	-
Accounts payable	Pounds Sterling	27,222	-	1,133	-	-	-	-	-
Accounts payable	Euro	12,683	-	25,276	-	-	-	-	-
Accounts payable	US$	173,417	-	800,245	-	-	-	-	-
Miscellaneous payables	US$	53,024	-	99,477	-	-	-	-	-
Miscellaneous payables	Ch$	12,571	-	19,826	-	-	-	-	-
Miscellaneous payables	Euro	99	-	40	-	-	-	-	-
Due to related companies	US$	145,962	-	101,724	-	-	-	-	-
Due to related companies	Euro	-	-	9,266	-	-	-	-	-
Due to related companies	Pounds	-	-	113	-	-	-	-	-
Due to related companies	Ch$	-	-	3,987	-	-	-	-	-
Notes payable	US$	649	-	1,942	-	-	-	-	-
Accruals	Ch$	429,818	-	362,156	-	-	-	-	-
Accruals	US$	75,742	-	353,083	-	-	-	-	-
Accruals	Euro	305	-	237	-	-	-	-	-
Withholdings	Ch$	112,697	-	77,296	-	-	-	-	-
Withholdings	US$	37,934	-	57,511	-	-	-	-	-
Income taxes	US$	104,009	-	300	-	-	-	-	-
Income taxes	Pounds Sterling	131	-	113	-	-	-	-	-
Income taxes	Euro	5,717	-	9,266	-	-	-	-	-
Income taxes	Ch$	465	-	11,685	-	-	-	-	-
Deferred income	US$	87,134	-	53,443	-	-	-	-	-
Deferred income	Pounds Sterling	214	-	919	-	-	-	-	-
Other current liabilities	US$	1,072	-	10,077	-	-	-	-	-
Other current liabilities	Ch$	1,539	-	427	-	-	-	-	-
Dividends payable	US$	300,000	-	800,000	-	-	-	-	-
Total current liabilities		2,071,804		3,172,286					
	US$	936,497		2,616,786		-		-	
	Ch$	1,044,227		478,829		-		-	
	Euro	57,853		67,909		-		-	
	UF	5,660		6,484		-		-	
	Pounds Sterling	27,567		2,278		-		-	
Total current liabilities		2,071,804		3,172,286					

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

c. Long-term liabilities

December 31, 2006:		1 to 3 years		3 to 5 years		5 to 10 years		Over 10 years	
	Currency	Amount	Average annual interest rate	Amount	Average annual interest rate	Amount	Average annual interest rate	Amount	Average annual interest rate
		ThUS$	%	ThUS$	%	ThUS$	%	ThUS$	%
Banks and financial institutions	US$	600,000	5.805%	-	-	-	-	-	-
Bonds	US$	300,000	7.378%	-	-	1,435,000	5.503%	1,000,000	5.888%
Bonds	UF	-	-	-	-	241,091	4.000%	237,648	3.290%
Notes payable	Ch$	137	-	-	-	-	-	-	-
Notes payable	US$	81,716	-	-	-	-	-	-	-
Other payables	US$	106,952	-	-	-	-	-	-	-
Other payables	Ch$	-	-	-	-	-	-	-	-
Accruals	Ch$	455,904	-	-	-	-	-	-	-
Accruals	US$	723,636	-	-	-	-	-	-	-
Deferred taxes	US$	674,999	-	-	-	-	-	-	-
Other liabilities	US$	81,491	-	-	-	-	-	-	-
Due to related companies	US$	492,291	-	-	-	-	-	-	-
Total long-term liabilities		3,517,126		-		1,676,091		1,237,648	
	US$	3,061,085		-		1,435,000		1,000,000	
	UF	-		-		241,091		237,648	
	Ch$	456,041		-		-		-	
Total long-term liabilities		3,517,126		-		1,676,091		1,237,648	

December 31, 2007:		1 to 3 years		3 to 5 years		5 to 10 years		Over 10 years	
	Currency	Amount	Average annual interest rate	Amount	Average annual interest rate	Amount	Average annual interest rate	Amount	Average annual interest rate
		ThUS$	%	ThUS$	%	ThUS$	%	ThUS$	%
Banks and financial institutions	US$	700,000	5.805%	-	-	-	-	-	-
Bonds	US$	300,000	7.375%	435,000	6.375%	1,000,000	5.503%	1,000,000	5.503%
Bonds	UF	-	-	276,437	4.000%	-	-	272,487	3.290%
Notes payable	US$	78,622	-	-	-	-	-	-	-
Due to related companies	US$	469,512	-	-	-	-	-	-	-
Accruals	US$	646,258	-	-	-	-	-	-	-
Accruals	Ch$	879,904	-	-	-	-	-	-	-
Deferred taxes	US$	819,521	-	-	-	-	-	-	-
Other payables	US$	109,959	-	-	-	-	-	-	-
Miscelaneous payables	US$	146,456	-	-	-	-	-	-	-
Miscelaneous payables	Ch$	2,938	-	-	-	-	-	-	-
Total long-term liabilities		4,153,170		711,437		1,000,000		1,272,487	
	US$	3,270,328		435,000		1,000,000		1,000,000	
	Ch$	-		276,437		-		272,487	
	UF	882,842		-		-		-	
Total long-term liabilities		4,153,170		711,437		1,000,000		1,272,487	

28. SANCTIONS

In exempt resolution N°317 dated August 1, 2007, the Company received a sanction of censure from the Superintendency for an infringement penalized in Article 44 of the Chilean Law 18046 on corporations.

At December 31, 2006 and 2007, Codelco-Chile, its Directors and Management have not been subject to other sanctions applied by the Superintendency or other administrative authorities.

29. SUBSEQUENT EVENTS

On January 9, 2008, Mr. Santiago González Larraín assumes as a new President of Board of Directors replacing to Mrs. Karen Poniachik Pollak.

On January 10, 2008, the Company paid an amount of ThUS$400,000 for fiscal surpluses on account of surplus for 2007.

On February 15, 2008, the Company paid an amount of ThUS$400,000 for fiscal surpluses on account of surplus for 2007.

The Company’s Management has no knowledge of any other significant events of a financial nature or any other nature, occurring between December 31, 2007 and the date of issuance of these financial statements (February 15, 2008) which might affect them.

30. ENVIRONMENT

The practice of exploration and recognition of new resources, which are environmentally sustainable, has been a significant concern for the Company. Consequently, since 1998 the Company has defined its environmental commitments, which are controlled through an environmental management system for explorations that has been improved over time to conform to the worldwide standard ISO 14001, which has assisted in geology, geochemical, geophysical and sounding work directed towards exploration of mineral resources both in Chile and abroad.

At December 31, 2007, Codelco Norte, formed by the ex - Chuquicamata and Radomiro Tomic Divisions, Andina, Salvador and El Teniente Divisions, and the head office received ISO 14001 certification.

In accordance with this policy, at December 31, 2006 and 2007, the Company has made investments, related to environmental issues of ThUS$60,826 and ThUS$53,741, respectively.

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

31. TIME DEPOSITS

The composition of time deposits is as follows:

2006

Bank	Interest annual rate %	Amount ThUS$
Banco de Chile	5.6400	232
Banco de Chile	5.8200	771
Banco de Crédito e Inversiones	5.5200	18,989
ABN AMRO Bank, Grand Cayman	5.2400	60,026
Banco Español de Crédito S.A. - Banesto N.Y.	5.2900	106,779
Barclays Bank PLC, Miami Agency	5.2875	41,024
Barclays Bank PLC, Miami Agency	5.2900	41,525
Barclays Bank PLC, Miami Agency	5.3200	60,044
Citi New York	3.8000	27,182
Citi New York	5.0225	29,300
Sanpaolo IMI Bank, N.Y. Branch	5.2700	97,643
Sumitomo Mitsui Banking Co., N.Y.	5.3000	64,634
Sumitomo Mitsui Banking Co., N.Y.	5.3100	60,044
The Bank of Tokyo-M Ltd., N.Y.	5.3100	138,537
Banca Di Roma, N.Y. Branch	5.2500	60,026
Other Institutions	-	14,710
Total		821,466

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

2007

Bank	**Interest annual rate** %	**Amount** ThUS$
Banco de Chile	6.3600	817
Banco de Chile	7.2800	6,326
Banco de Crédito e Inversiones	5.1600	1,001
Banco Bilbao Vizcaya Argentaria, N.Y.Branch	4.3800	102,405
Banco del Estado de Chile, N.Y.Branch	4.2500	16,894
Banco del Estado de Chile, N.Y.Branch	4.9500	100,096
Barclays Bank PLC, Miami Agency	4.4000	20,007
Barclays Bank PLC, Miami Agency	4.9000	130,363
BCI, Miami Branch	4.5000	180,068
Citi New York	3.6000	25,040
Natixis, New York Branch	4.4000	200,073
Natixis, New York Branch	4.4200	100,037
Standard Chartered Bank, N. York	4.4700	360,133
Sumitomo Mitsui Banking Co., N.Y.	4.4700	220,082
Sumitomo Mitsui Banking Co., N.Y.	4.8200	60,201
Sumitomo Mitsui Banking Co., N.Y.	4.8500	71,620
The Bank of Tokyo-M Ltd., N.Y.	4.5200	170,064
The Bank of Tokyo-M Ltd., N.Y.	4.7900	70,047
The Bank of Tokyo-M Ltd., N.Y.	4.9500	120,066
ABN AMRO	-	82,233
Other Institutions	-	11,025
Total		2,048,598

32. MINING SITES

The Company's productive activities are conducted in its Divisions; Codelco Norte, (Chuquicamata and Radomiro Tomic), Salvador, Andina, Ventanas and El Teniente. These Divisions operate with independent administrative departments which report to the Chief Executive Officer. The characteristics of each Division are as follows:

Chuquicamata

Type of deposit:	Open pit mine
Operation:	Since 1915
Location:	Calama, Chile's Second Region
Products:	SX-EW copper cathodes and copper concentrate

Radomiro Tomic

Type of deposit:	Open pit mine
Operation:	Since 1997
Location:	Calama, Chile's Second Region
Products:	SX-EW copper cathodes

Salvador

Type of deposit:	Underground mine
Operation:	Since 1926
Location:	Salvador, Chile's Third Region
Products:	SX-EW copper cathodes and copper concentrate

Andina

Type of deposit:	Underground mine and open pit mine
Operation:	Since 1970
Location:	Los Andes, Chile's Fifth Region
Products:	Copper concentrate

El Teniente

Type of deposit:	Underground mine
Operation:	Since 1905
Location:	Rancagua, Chile's Sixth Region
Products:	Blister and copper anodes

* * * * * *

ANNEX A

PRINCIPAL DIFFERENCES BETWEEN CHILEAN GAAP AND U.S. GAAP

There are differences between accounting standards generally accepted in Chile ("Chilean GAAP") and accounting principles generally accepted in the United States ("U.S. GAAP"). Such differences involve certain methods for measuring the amounts shown on the face of the financial statements, as well as additional footnote disclosures. A summary of what we believe to be the significant differences between Chilean GAAP and U.S. GAAP that specifically apply to the financial statements of CODELCO (or the "Company") are discussed below. This summary is not intended to be a complete explanation of such differences, and accordingly, it is recommended that consideration be given to the respective pronouncements of the accounting profession in Chile and in the United States. Additionally, it should be noted that there are numerous differences in disclosures required by Chilean GAAP and U.S. GAAP, not all of which are addressed below.

Differences in Measurement Methods

The principal methods applied in the preparation of the accompanying financial statements which would result in amounts that differ from those that would have otherwise been determined under U.S. GAAP are as follows:

a) Technical Revaluation of Fixed Assets

Certain property, plant and equipment are recorded in the financial statements at cost plus adjustments determined in accordance with technical appraisals performed during 1982 through 1984 and in accordance with the special Law 18,110 and Law Decree 3.649 enacted for CODELCO in those periods. The difference between the carrying value and the revalued amount is included in equity in "Other reserves" and is subject to depreciation. Revaluation of property, plant and equipment is an accounting principle not generally accepted under U.S. GAAP. The application of U.S. GAAP would result in a decrease in property, plant and equipment, a decrease in equity, and depreciation expense.

b) Derivative Instruments

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133". In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133". In April 2003, the FASB issued SFAS No.149 "Amendment of Statement No. 133 on Derivative Instrument and Hedging Activities" ("SFAS No. 149"), which clarifies the circumstances under which a contract with an initial net investment meets the characteristic of a derivative as discussed in SFAS No. 133. In addition, SFAS No. 149 clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. U.S. GAAP requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria for certain types of financial instruments are met. Special accounting for qualifying (fair value) hedges may permit a derivative instrument's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

A description of the differences between Chilean GAAP and U.S. GAAP, by derivative contract type is included below:

i) Cross-currency swaps: Under Chilean GAAP, cross-currency swaps are valued at the closing spot exchange rate with gains or losses recognized in earnings as other non-operating income or expense.

ii) Futures and min max option contracts: Effects of metals derivatives contracts, entered into in order to protect the Company from risks inherent in the fluctuation of the price of metals, are recorded at contractual maturity or settlement date as a charge or credit to income from sale of products.

Under U.S. GAAP, in order to qualify for hedge accounting, strict documentation rules must be followed. A company must document its risk management objectives and strategy for undertaking the hedge and must set out a basis for how it plans to assess the hedging instrument's effectiveness. As CODELCO does not have such formal documentation in place and because such documentation is not required under local accounting rules, the Company's derivatives contracts do not currently qualify for hedge accounting.

Under U.S. GAAP, derivative contracts including both cross-currency swaps and futures and min max option contracts that do not qualify for hedge accounting must be booked at fair value based on the estimated forward exchange rates or metal price. The mark to market adjustment would be charged (credited) to the income statement at each period-end.

iii) Interest rate swaps: Under Chilean GAAP, CODELCO recognizes gains or losses from the settlement of swaps in income. Premiums or discounts are amortized over the term of the swap.

Under U.S. GAAP, should these contracts qualify for "hedge" accounting under the documentation requirements of SFAS No. 133, these instruments would be accounted for as cash flow hedges as follows:

(a) the mark to market adjustment associated with the portion of the financial instrument which is determined to be effective under SFAS No. 133 would be recognized through comprehensive income outside earnings, and reclassified in the same period or periods during which the hedged forecasted transaction affects earnings, and,

(b) the mark to market adjustment associated with the ineffective portion of the financial instrument would be charged (credited) to income.

iv) Embedded derivatives: Current Chilean accounting rules do not consider the existence of derivative instruments embedded in other contracts and therefore they are not reflected in the financial statements. For U.S. GAAP purposes, certain implicit or explicit terms included in host contracts that affect some or all of the cash flows or the value of other exchanges required by the contract in a manner similar to a derivative instrument, must be separated from the host contract and accounted for at fair value only if all the criteria in SFAS No. 133 paragraph 12 are met. The Company would separately measure embedded derivatives as freestanding derivative instruments at their estimated fair values recognizing changes in such fair values based on the appropriate accounting as defined under SFAS No.133 when they occur. The gain or loss on a derivative instrument not designated as a hedging instrument shall be recognized currently in earnings.

v) Long-term product supply contracts: Certain long-term product supply contracts may qualify as a derivative instrument and hence qualify for fair value accounting under SFAS No. 133 paragraph 6(c). These contracts would not be considered derivatives under Technical Bulletin 57 of Chilean GAAP. The nature and terms of the contract would be analyzed to determine the appropriate accounting for any fair value adjustments necessary under SFAS No. 133.

Applying SFAS No. 133 would alter the Company's net income and shareholder's equity.

c) Capitalization of Interest

Under Chilean GAAP companies may, but are not required to capitalize interest incurred for borrowings that are directly attributable to acquisition, construction or production of "qualifying" assets, which the Company has not elected to do. Under U.S. GAAP, SFAS No. 34.9, the capitalization of interest on qualifying assets under construction is required and is intended to be that portion of the interest cost incurred during the assets' acquisition periods that theoretically could have been avoided if expenditures for the assets had not been made.

Interest capitalized under U.S. GAAP would be included in the cost of the corresponding assets reducing interest expense. Capitalized interest is depreciated as part of the cost basis of the associated fixed asset over the assets' useful life.

d) Asset Impairment

In accordance with U.S. GAAP, under SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," a long-lived asset (asset group) must be tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If the carrying amount is not recoverable an impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value. If the undiscounted cash flows are less than carrying value, the related assets should be written down to fair value. Under Chilean GAAP, a write-down should be performed when there is evidence that the Company would be permanently unable to generate enough revenues to absorb all its costs, including depreciation.

e) Bond Issuance Costs

The Company expensed bond issuance costs under Chilean GAAP resulting from the bond issuances during 1999, 2002, 2003, 2004, 2005 and 2006. Under U.S. GAAP, such costs should be deferred and amortized over the term of the bonds under the effective interest rate method. The effect of the application of U.S. GAAP to the accompanying financial statements would be an increase in equity and an increase in net income in 1999, 2002, 2003, 2004, 2005 and 2006 with decreases in net income for the following years until the costs are completely amortized.

f) Discount and premium on debt issuance

The Company classified the discount and premium associated with the proceeds from its debt issuances as other assets or other long-term liabilities, respectively. Under U.S. GAAP, such discount or premium would be recorded as a contra asset or liability.

g) Accrual of net income distributions

As required by the Chilean law, the Company must distribute all of its net income to the Chilean government, except for amounts approved by the Board of Directors to be capitalized. Since the payment of distributions is required by Chilean law, under U.S. GAAP, an accrual would be made to reflect the liability for net income distributions at each period-end in order to comply with this legal requirement. Under Chilean GAAP, no provision is made for this liability prior to its approval by the annual Directors meeting, which takes place subsequent to the year-end or shareholders' meeting in the case of public corporations. The effect of the application of U.S. GAAP to the accompanying financial statements would be a decrease in equity with a corresponding increase in accrued liabilities at each period-end which results in the timing difference described above.

h) Computer software costs

Under Chilean GAAP, the Company has recognized as expense costs associated with creating computer software for internal use. Under U.S. GAAP, computer software costs that are incurred in the preliminary project stage should be expensed as incurred. Once the capitalization criteria of the SOP 98-1 have been met, external direct costs of materials and services consumed in developing or obtaining internal-use computer software; payroll and payroll-related costs for employees who are directly associated with and who devote time to the internal-use computer software project (to the extent of the time spent directly on the project); and interest costs incurred when developing computer software for internal use should be capitalized. Training costs and data conversion should be expensed as incurred. The effect of the application of U.S. GAAP to the accompanying financial statements would be an increase in income and equity with a corresponding increase in property, plant and equipment in the year the software is capitalized. This is offset in the following years by decreases in income represented by the amortization of the computer software.

i) Foreign currency exchange difference

Foreign currency exchange differences arising from translation of foreign subsidiaries and foreign equity-method investments are recorded in earnings. Under U.S. GAAP, SFAS No. 52, such foreign currency exchange differences would have been recorded in equity on a consistent basis for all periods until sale or until complete or substantially complete liquidation of the net investment in the foreign entity takes place.

j) Investments in related companies

Due to the differences between Chilean GAAP and U.S. GAAP of the equity-method investees of the Company, there could arise the recognition of additional differences between Chilean GAAP and U.S. GAAP to the Company.

k) Constant currency restatement

Under Chilean GAAP, financial statements of subsidiaries and equity-method investees, for which the functional currency is Chilean pesos are price-level restated to recognize the effects of the variation in the currency's purchasing power during each year.

Under U.S. GAAP, the circumstances under which price-level restatement is permitted are limited and such restatement would not have been performed during the periods which the included financial statements cover.

l) Consolidation Policy

Under Chilean GAAP, the requirements for consolidation of a subsidiary or equity-method investee in financial statements are based upon majority ownership or management control.

Consolidation under U.S. GAAP through the effective date of Financial Accounting Interpretation 46R "Consolidation of Variable Interest Entities" ("FIN 46R") for existing entities in the consolidated group was governed by Accounting Research Bulletin 51 "Consolidated Financial Statements" ("ARB 51") which required evidence of "control" of an entity prior to the application of the consolidation method of accounting. Evidence of control includes such characteristics as voting rights, veto rights, management appointments, etc. FIN 46R would have been effective for the Company for the first reporting period ending after March 15, 2004. Under FIN 46R, the identification of controlling financial interests in entities that are not related to voting interests, the obligation to absorb the expected losses of the entity and right to receive the expected residual returns of the entity or in which the equity investors do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support, may result in consolidation of such entities by the "primary beneficiary" as defined in FIN 46R. The concept of variable interest entities does not exist under Chilean GAAP.

m) Asset retirement obligations

Under Chilean GAAP, asset retirement obligations, which consist of costs of disposing of tailing dams, are recorded using the undiscounted estimated obligation value accrued over the useful life of the associated asset.

Under U.S. GAAP, an entity shall recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred. An entity shall capitalize an asset retirement cost by increasing the carrying amount of the related long-lived asset by the same amount as the liability (defined in the literature as the legal obligation associated with the retirement of the asset that a party is required to settle as the result of existing or enacted law, statute or ordinance or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel) in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate of fair value (using the present value technique as defined) cannot be made in the period the asset retirement obligation is incurred, the liability shall be recognized when a reasonable estimate of fair value can be made.

n) Gain on Sale of Assets

Under Chilean GAAP, the Company has recorded a partial gain on the sale of property to an equity-method investee for the difference between the purchase price and the carrying value multiplied by the percentage of interest held by the minority interest and a deferred gain on the sale of property for the percentage of the difference represented by the interest CODELCO holds. The deferred gain is amortized into income over the life of the related property which amortization is offset by the depreciation of the asset recorded at the equity-method investee level. The deferred gain is recorded as a decrease in the investment book value. Under U.S. GAAP, to the extent that the gain relates to third parties' interests in the equity-method investee, this gain would be recognized in income at the time of sale of the assets. However, under U.S. GAAP, no deferred gain similar to that recorded under Chilean GAAP is recognized. See Note 9 of Notes to the Consolidated Financial Statements.

o) Lump-sum payments under union contracts

Until 2005, the Company policy was to amortize the lump-sum payments under union contracts over such contracts period. From January 1, 2006, the Company changed that policy and expensed the remaining capitalized amount from prior years. Under U.S. GAAP, all or a portion of a lump sum payment may be deferred and amortized only when it is clear that the payment will benefit a future period in the form of a lower base wage rate than otherwise would have existed.

p) Health care benefit obligations

Under U.S. GAAP, SFAS No. 87, an obligation for post-retirement benefits expected to be provided is recognized over the period of time in which the employee attains full eligibility. That accounting reflects the fact that at the full eligibility date the employee has provided all of the service necessary to earn the right to receive all of the benefits that the employee is expected to receive under the plan. The expected postretirement benefit obligation for an employee is the actuarial present value as of a particular date of the postretirement benefits expected to be paid by the employer's plan to or for the employee, the employee's beneficiaries, and any covered dependents pursuant to the terms of the plan. Measurement of the expected postretirement benefit obligation is based on the expected amount and timing of future benefits, taking into consideration the expected future cost of providing the benefits and the extent to which those costs are shared by the employer, the employee (including consideration of contributions required during the employee's active service period and ensuing retirement, deductibles, coinsurance provisions, and so forth), or others (such as through governmental programs).

The Company has recognized health care post-retirement benefits granted to some active and retired employees and members of their families, consisting in additional annual contributions to heath institutions, so that those employees can achieve a minimum health plan coverage after retirement. CODELCO has recorded a liability for these post-retirement health care benefits making assumptions about the additional costs of the health plans and the expected life of the eligible employees and their beneficiaries and using a discount rate to determine the present value of this obligation. Because the U.S. GAAP standard is broader and requires specific actuarial calculations to determine the expected liability instead of the present value method used by CODELCO, differences in the application of the accounting principles would arise impacting the operating results of Company.

q) Development, exploration, evaluation and pre-operational costs

Under Chilean GAAP, development, exploration and evaluation costs are capitalized on a "successful effort" basis which differs from that defined under U.S. GAAP. Certain development costs of a project are capitalized which may not qualify for capitalization under U.S. GAAP as a final feasibility study indicating the existence of commercially recoverable reserves is the trigger point for capitalization under U.S. GAAP. Additionally, certain pre-operational costs capitalized for Chilean GAAP may be considered start-up costs. Under U.S. GAAP, SFAS No. 2.12 "Accounting for Research and Development Costs," with the exception of software development costs, all research and development costs must be expensed as incurred.

r) Costs to exit an activity

Under Chilean GAAP, there is no specific literature associated with the recognition of costs related to exit activities. The Company has established a policy to recognize the cost of the shut-down of its division facilities, based on the best estimates of the costs of its exit plan at the present value of the obligation.

Under U.S. GAAP, SFAS No. 146, a liability for a cost associated with an exit activity is recognized and measured at its fair value in the period in which the liability is incurred.

s) Revenue recognition

Under Chilean GAAP, revenue is recognized when significant risk and rewards of ownership of the products pass to the customers.

Under U.S. GAAP, revenues may only be recognized when, among other things, the price of the product is fixed or determinable. As certain invoicing of the Company is provisionally accrued and subsequently adjusted based on market price, the Company may have a timing difference in revenue recognition under U.S. GAAP.

According to Note 2t to the Consolidated Financial Statements related to metals 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.

t) Purchase accounting and impairment of Goodwill

In accordance with Chilean GAAP (Technical Bulletin 42) through December 31, 2003, business combinations are accounted for at the book value of the underlying net assets with the excess of cost over net book value recorded as goodwill to be amortized to income over a period not exceeding 20 years. Any book value in excess of acquisition cost resulting in the recording of negative goodwill should be amortized over a period not exceeding 20 year.

With the effective date of Technical Bulletin 72 on January 1, 2004, Chilean GAAP adopted purchase method accounting for business combinations requiring all assets acquired and liabilities assumed to be recorded at their fair value. The excess of cost over net fair value net assets is recorded as goodwill and amortized to income over a period not exceeding 20 years. Any fair value of net assets in excess of acquisition cost resulting in the recording of negative goodwill should be amortized over the useful live of the non-monetary assets of the acquired entity.

The Company amortizes goodwill over a maximum period of 20 years and negative goodwill over the useful lives of non monetary assets of the acquired entity.

Under US GAAP, SFAS No. 141 was effective as of January 1, 2002 and applied to all business combinations consummated after June 30, 2001. SFAS No. 141 requires purchase accounting to be applied to business combinations.

Under SFAS No. 141, the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed is recognized as goodwill. If the sum of the amounts assigned to assets acquired and liabilities assumed exceed the cost of the acquired entity (negative goodwill), that excess is allocated as a pro rata reduction of the amounts that are otherwise assigned to all of the acquired assets except (a) financial assets other than investments accounted for by the equity method, (b) assets to be disposed of by sale, (c) deferred tax assets, (d) prepaid assets relating to pension or other postretirement benefit plans, and (e) any other current assets. If any excess remains after reducing to zero the amounts that otherwise would have been assigned to those assets, that remaining excess shall be recognized as an extraordinary gain.

Under U.S. GAAP, in accordance with the adoption of SFAS No.142 on March 1, 2002, goodwill is no longer amortized, but an impairment test is performed on the reporting unit level annually or whenever indicators of impairment arise. The Company tests goodwill for impairment by comparing the carrying value of net assets on a reporting unit basis to the fair value of the related operations. If the fair value is determined to be less than carrying value, a second step is performed to compute the amount of the impairment.

u) Moving costs

Under Chilean GAAP, there is no specific literature associated with the recognition of moving costs. The Company has capitalized the moving costs of its Calama Project and amortized them over the period during which the move will benefit a future period in the form of a higher capacity of copper production and improvement of environmental quality.

Under U.S. GAAP, moving costs are expensed as incurred.

v) Income tax

Under Chilean GAAP, interim tax expense is calculated based on the permanent and temporary differences existing at that period end.

Under U.S. GAAP, FIN 18, interim tax expense is accounted for using the expected effective annual tax rate.

Additionally, under U.S. GAAP companies will have to adopt FASB Interpretation No. 48: "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109: "Accounting for Income Taxes" ("FAS 109"). The Interpretation prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken within an income tax return. For each tax position, the enterprise must determine whether it is more likely than not that the position will be sustained upon examination by taxing authorities, based on the technical merits of the position, including resolution of any related appeals or litigation. For tax positions that meet the more likely than not threshold, the benefit to be recognized is the largest amount that is greater than 50% likely of being realized upon ultimate settlement.

w) Income statement classifications

Certain income and expense items, which under U.S. GAAP would be classified as operating costs are classified as non operating items under Chilean GAAP.

Additionally, under US GAAP severance indemnity expenses should be classified under operating costs.

x) Statement of cash flows

Certain cash payments items, specifically, lease payments, which under U.S. GAAP would be classified as cash payments resulting from financing activities are classified as cash payments resulting from investing activities under Chilean GAAP.

Additional Disclosure Requirements

The following disclosures, specific to the financial statements of CODELCO, are not generally required for presentation in the financial statements under Chilean accounting principles but are required under U.S. GAAP:

a) Financial instruments

Under U.S. GAAP, there are a number of additional disclosures required in connection with financial instruments including:

i. Fair values

The fair values of all financial instruments would be disclosed. Financial instrument fair values represent a reasonable approximation of amounts that the Company would have received or paid to counterparties as at the date of the balance sheet to unwind positions or settle debt prior to maturity.

ii. Credit risk

The financial instruments, which potentially subject to the Company to significant concentrations of credit risk and the strategies employed to mitigate such risks, would be disclosed.

b) Income taxes

Under U.S. GAAP, the Company would be required to provide additional disclosure related to the amounts of Chilean versus foreign income taxes.

c) Lease commitments

Under U.S. GAAP, the total lease commitment and the minimum lease commitments for each of the next five years and the remaining amount thereafter for both operating and capital leases would be disclosed. Additionally, the Company would disclose its rent expense for the years presented in the financial statements.

d) Bank loans, other credit arrangements and related covenants

Under U.S. GAAP, the Company would be required to disclose the individual annual average interest rate, the individual year-end interest rate and the term to maturity for each class of bank loan held. Additionally, the Company would disclose the unused portion of its available lines of credit at the balance sheet date and the cost of maintaining such credit facilities.

e) Reporting segment and geographic area information

Under U.S. GAAP, the Company would disclose reporting segment information. Specific disclosure of export sales by geographic area would also be disclosed.

f) Depreciation and amortization

Under U.S. GAAP, the Company would be required to disclose, for each specific class of assets, the specific methodology and the range of useful lives selected for the calculation of the related depreciation or amortization expense.

g) Mine closure and environmental remediation costs

Under U.S. GAAP, the Company would be required to disclose the nature of the specific environmental laws with which it must comply and the policies and procedures that the Company has implemented to ensure compliance with such laws. The nature of the pollutants, the site polluted by the Company's operations, the current year provision and expenditures for mine closure and environmental remediation would be disclosed.

h) Purchase commitments

Under U.S.GAAP certain disclosures are required in connection with future purchases which have been committed to in fixed amounts under contract such as the nature of the obligation and amounts payable in the succeeding years, among others.

i) Pension and post-retirement benefit obligations

Under U.S. GAAP, certain disclosures are required for pension and post-retirement benefit obligations, such as contributions, benefits paid, assumptions used in the determination of the obligation among others.

j) Recent accounting pronouncements

Under Chilean GAAP, there is no specific literature associated with this matter.

Under U.S. GAAP the Company would be required to include the recent accounting pronouncements.

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U.S.$600,000,000
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Prospectus

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