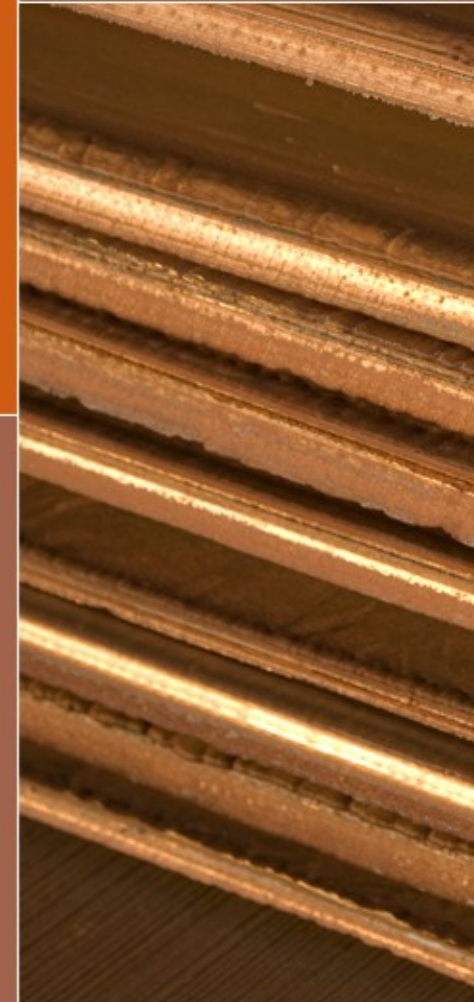




Financial Report Codelco January – June 2010

**Diego Hernández C.
President & CEO**

Press Conference | 10 September 2010



September 2010

Total Accident Rate January-June (Staff + Contract Workers)

	2010	2009
Codelco Norte	2.54	2.57
Salvador	1.62	3.17
Andina	1.73	1.76
Ventanas	3.60	3.90
El Teniente	1.31	2.49
Codelco	1.95	2.58
Gaby	2.98	2.39

Accident Rate : lost time accidents per 1 million hours worked



Income Statement January-June (Production and Price Information)

	2010	2009
Copper Sales – (1,000 metric tonnes)	921	928
Own copper	773	757
Third-party copper	149	171
Molybdenum Sales - (1,000 metric tonnes)	10	11
Own copper production - (1,000 metric tonnes)	799	783
Molybdenum production- (1,000 metric tonnes)	9	10
LME copper prices (c/lb)	323.4	183.5
Metals Week molybdenum prices (US\$/kg)	35.7	20.0
Exchange Rate	524.5	587.6



Income Statement January-June

(in millions of US\$)

	2010	2009
Sales revenue own copper	4,913	3,244
Costs of sales own copper	-2,427	-2,290
Gross profit own copper sales	2,486	954
Gross profit by-products & other products	371	206
GROSS PROFIT	2,857	1,160
Other income & expenses	-441	-568
Related company income	137	122
PRE-TAX PROFIT	2,552	714

Note: As of 2010, Codelco applies IFRS to prepare its financial statements. For comparison purposes, the financial statements 1Q 2009 were prepared adopting the same standards.



Pre-Tax Profit Distribution January-June (in millions of US\$)

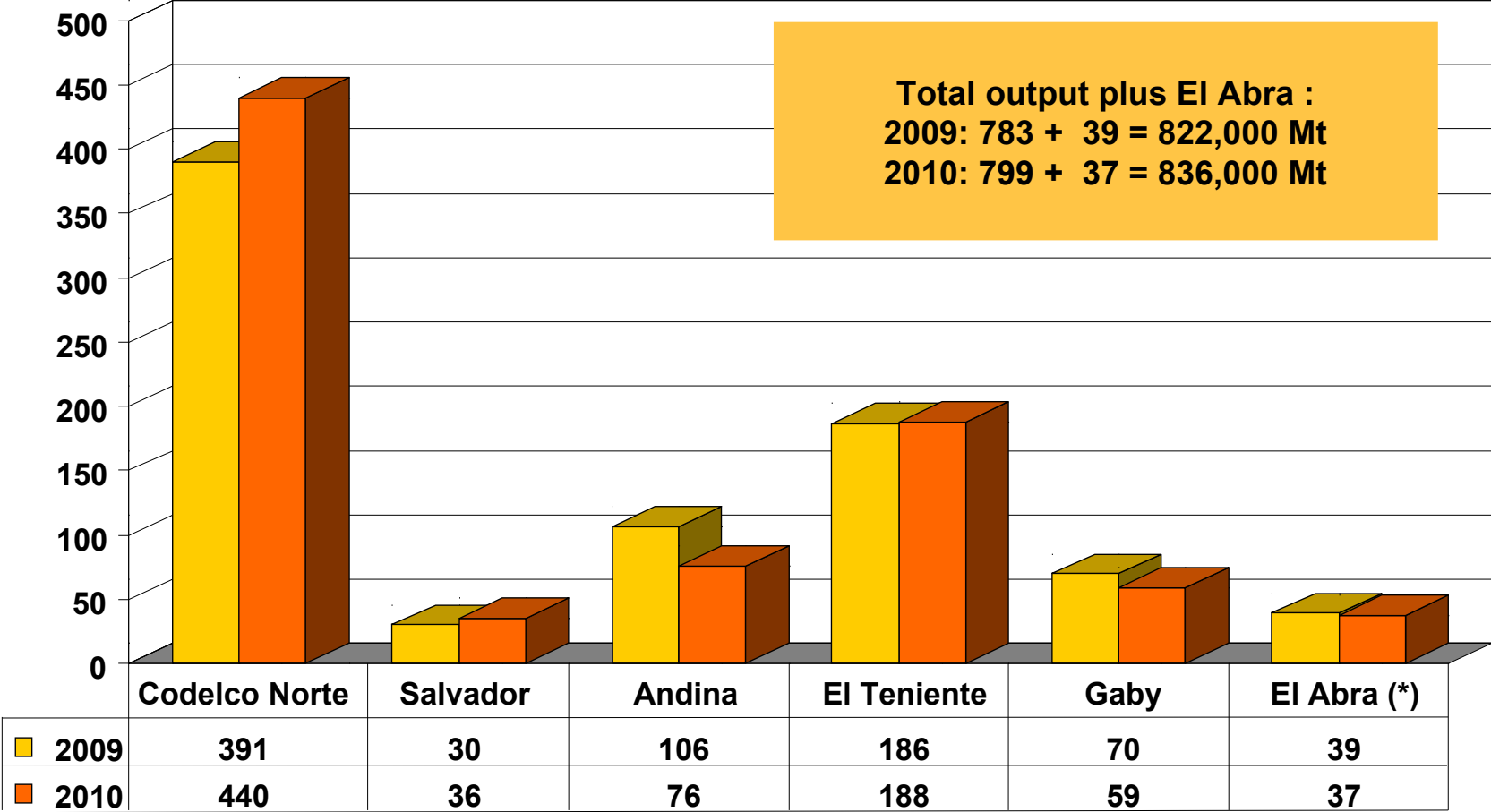
	2010	2009
Reserve Tax Law No. 13,196	543	364
Income Tax (57%)	1,056	172
Specific Mining Tax	121	33
Profit	832	145
TOTAL PROFIT	2,552	714
COMPARABLE NET PROFIT (*)	2,022	566

(*) Equivalent to Codelco's profits applying the same tax requirements as private sector companies



Copper Output - Own & Subsidiaries - January-June

(in thousands of fine metric tonnes)



(*) Share of production relative to Codelco's ownership interest



Costs

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



CodeLco Costs - January-June

(US\$ c/lb of copper)

	2010	2009
Total costs & expenses	178.4	169.4
TC-RC	1.9	3.6
By-product credit	-23.0	-21.1
Net Cathode Cost (C3)	157.3	152.0
Depreciation & amortization	-35.3	-29.9
Interest expenses	-7.6	-6.8
Total non-operating costs	-8.2	-18.0
Direct Cash Cost (C1)	106.1	97.2



Costs & Expenses Variation Analysis

(US\$ c/lb of copper)

Total Costs & Expenses 1H 2009	169.4
Increase in input prices	2.1
Effect of CPI/Exchange Rate & IPM USA	11.5
Subtotal	13.6
Mining Variables (less ore treatment, improved ore grade and recovery)	6.8
Other lower net costs	-6.2
Higher depreciation	5.8
Lower non-operating expenses	-11.0
Total Costs & Expenses 1H 2010	178.4
Difference	9.0



Net Cathode Costs Variation Analysis

(US\$ c/lb of Copper)

Net Cathode Cost (C3) 1H 2009	152.0
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Higher total costs & expenses	9.0
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Lower TC/RC costs	-1.7
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More by-product credits	-1.9
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Net Cathode Cost (C3) 1H 2010	157.3
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Difference	5.3
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Highlights – First Half 2010

- **Accident Rate** : The total accident frequency rate dropped to 1.95. However, in August the Company had to regret 5 fatal accidents.
- **Corporate Governance** : In February, Codelco's new Corporate Governance Law was applied. The first Board of Directors assumed their positions on 1 March. Furthermore, on 11 May, the President of the Republic, Sebastián Piñera, appointed three new Board members, who replaced those appointed by President Bachelet.

Impact of Earthquake on Operations: The earthquake had little impact on mining sites and operations. Due to electricity shortage, production losses were estimated at 11,300 tonnes of fine copper and a lower cathode output by 2,600 tonnes, at Ventanas Division.

- **Investments & Projects:** The 2010 investment plan was approved and totalled US\$ 2.3 billion. Key projects in progress: Andina Expansion Plan (PDA) Phase I: 99.5%; Pilar Norte deposit: 96.3%, and Gaby Project Phase II, 96.3%.

At the end of the first six months of the year, all structural projects are at a feasibility study or basic engineering stage. Chuquicamata Underground Mine and El Teniente New Mine Level entered the Environmental Impact Assessment System.

In June, the Radomiro Tomic Sulphide deposit project phase 1 started operations, totalling US\$ 370 million, which will enable the North District to increase the amount of ore transported from Radomiro Tomic to the Chuquicamata plants.



Highlights – First Half 2010

- **Certifications:** Codelco is the world's first copper mining company to begin registering its commercial products in order to comply with REACH standards (Registration, Evaluation, and Authorisation of Chemicals) that will be fully in force in the European Community as of January 2011.
- **Human Resources and Labour Relations :** After 2 days on strike at the beginning of January, trade unions No. 1, 2 and 3 at Chuquicamata operations accepted the Company's offer.
- **Energy:** Codelco signed two long-term contracts (15 and 30-year terms) with Colbún, to supply electricity to Salvador, Andina, Ventanas and El Teniente Divisions. During this period, GNL Mejillones started operations. In terms of Non-Conventional Renewable Energy, a wind park in Calama was put to tender.
- **Cu+ Brand:** En the context of launching the 11th Sustainability Report, Codelco presented in Chile the Cu+ brand, developed by ICA for copper bactericidal alloys. At the Copper Hospital, *Hospital del Cobre Dr. Salvador Allende*, in Calama, scientific measurements confirmed the anti-germ properties of copper, reducing bactericidal level up to 92%.
- **Technology:** The Operation Integrated Centre Room was opened at Andina Division, where reliable real-time mining data is recorded and processed.

In June, the 5th Technological Gathering was held in Calama, with 400 participants.

